

April 13, 2023

FY23 Financial Forecast & FY24 Budget Update

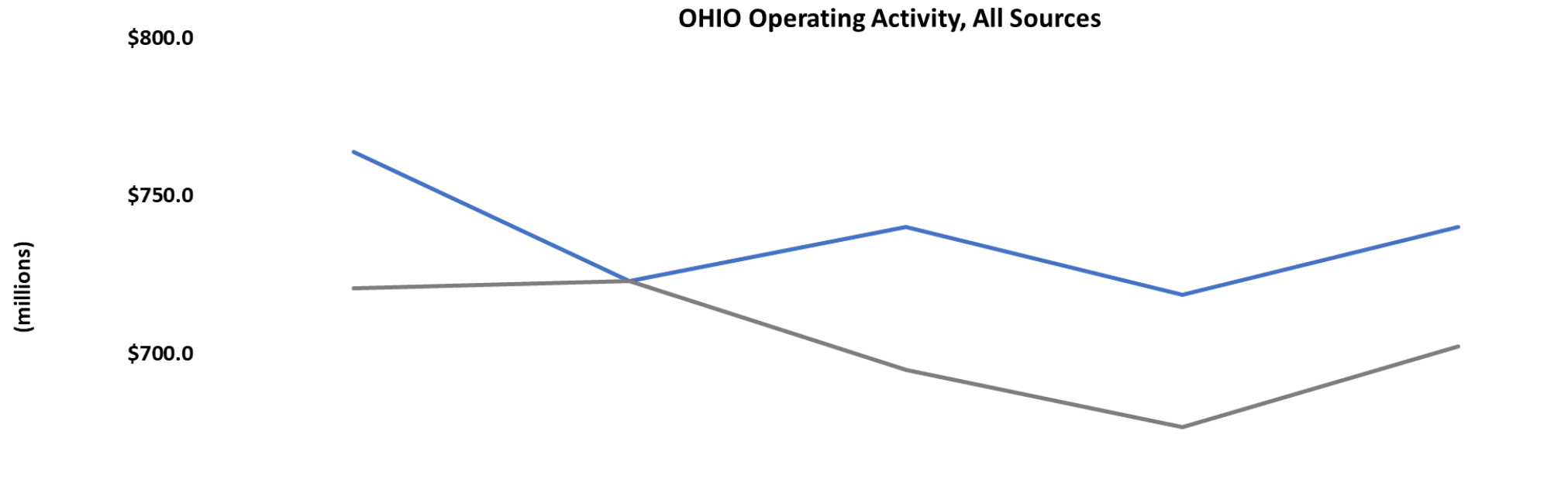
Budget Planning Council

FY23 Financial Forecast

FY23 Financial Forecast

OHIO Operating Units, All Sources, as of March 2023
 Multi-Year Revenues & Expenses

(In Millions)



	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Forecast
— Revenues	\$763.8	\$723.0	\$740.0	\$718.6	\$740.1
— Expenses	\$720.7	\$723.0	\$694.8	\$676.8	\$702.3
Results of Operations	\$43.1	-\$0.1	\$45.2	\$41.9	\$37.8

FY23 Financial Forecast

OHIO Operating Units, All Sources, as of March 2023

(In Millions)

	Auxiliaries	College of Medicine	Regional Campuses	Athens Campus	FY23 Forecast	FY23 Forecast to Budget Variance
REVENUES (in millions)						
State Appropriations	-	27.1	18.8	139.6	185.5	5.4
Net Undergraduate Tuition & Fees	(21.5)	0.1	18.1	172.0	168.7	7.6
Net Graduate Tuition & Fees	(0.0)	43.5	-	52.1	95.6	(2.3)
Room & Board	98.7	-	-	-	98.7	8.4
Grants & Contracts	-	5.5	3.5	59.1	68.1	21.8
Endowment Distributions & Contributions	1.7	2.4	1.2	51.2	56.5	16.5
Investment Income	0.0	-	-	6.5	6.5	(0.0)
Internal & External Sales	18.7	0.6	0.5	40.8	60.6	0.3
Total Revenues	97.5	79.2	42.1	521.3	740.1	57.6
Spending Authorization	17.9	-	0.5	(18.4)	-	0.0
Total Revenues & Revenue Allocation	115.4	79.2	42.6	502.9	740.1	57.6
Total Funding Transfers						
	6.0	(1.5)	0.1	(4.6)	-	-
EXPENSES						
Compensation Expenses	36.1	42.7	29.0	350.2	457.9	10.8
Non-Compensation Expenses	46.4	21.3	4.0	172.6	244.4	8.1
Total Direct Expenses	82.5	64.0	33.0	522.7	702.3	18.8
Internal Allocations	11.1	12.5	5.5	(29.1)	-	(0.0)
Total Expenses & Expense Allocations	93.5	76.5	38.5	493.7	702.3	18.8
Results of Operations						
	15.9	4.1	4.0	13.8	37.8	38.8

FY23 Financial Forecast

OHIO Operating Units, All Sources, as of March 2023

(In Millions)

A large portion of the positive variance for FY23 is a result of having more students than budgeted last spring.

- The original budget adopted by the Trustees in April 2022, was built on 3,711 new students.
- The actual number of new students was 4,441
- This results in \$6.7M more in tuition and 8.4M in additional room and board.
- This is offset by graduate tuition coming in \$2.2M lower than budgeted primarily because of issues with Pearson in Business and Health Sciences programs which has resulted in a move from Pearson to Wiley.

Budget Category	FY23 Budget	FY23 Forecast	Operations Impact
Net UG Tuition & Fees- Athens	\$ 144.0	\$ 150.7	\$ 6.7
Gross UG Tuition & Fees - Athens	226.1	231.1	5.0
UG Financial Aid- Athens	(82.1)	(80.4)	1.7
Net UG Tuition & Fees- Regionals	\$ 17.2	\$ 18.1	\$ 0.9
Gross UG Tuition & Fees - Regionals	23.2	23.2	(0.0)
UG Financial Aid- Regionals	(6.0)	(5.1)	0.9
Net Graduate Tuition & Fees	\$ 97.8	\$ 95.6	\$ (2.2)
Gross Graduate Tuition & Fees	126.5	126.9	0.4
Graduate Financial Aid	(28.7)	(31.4)	(2.7)
Total Room & Board	\$ 90.3	\$ 98.7	\$ 8.4
Room	54.1	58.4	4.3
Board	36.2	40.3	4.1
Net Tuition & Fees, Room & Board	\$ 349.3	\$ 363.0	\$ 13.7

FY23 Financial Forecast

OHIO Operating Units, All Sources, as of March 2023

(In Millions)

Remaining variances between the Budget and Forecast include

- Our performance was strong compared to other institutions, so subsidy came in \$5.5M better than budgeted.
- Federal Grants & Contracts came in better than expected but those are restricted funds so expenditures will eventually offset this so this does not help the Athens Operating Budget
- Gifts are higher but \$13.1M of this is the Patton gift which was not assumed to materialize this year.
- Compensation & Benefits are higher because additional faculty and staff were hired to handle the larger freshman class.

So, while there is a large positive balance in revenues, \$38M of that is in Grants and Gifts and of the remaining \$19M, \$18M is consumed in hiring additional staff and increased non-compensation costs.

Budget Category	FY23 Budget	FY23 Forecast	Operations Impact
Net Tuition & Fees; Room & Board	349.3	363.0	13.7
State Appropriations	180.0	185.5	5.5
Gifts & Endowment Distributions	40.0	56.3	16.3
Grants & Contracts	46.3	68.0	21.7
Investment Income	6.5	6.5	0.0
Internal & External Sales	60.4	60.6	0.2
Total Revenues	\$ 682.5	\$ 739.9	\$ 57.4
Compensation	447.2	457.9	(10.7)
Supplies, Services, & Capital Costs	179.8	187.3	(7.5)
Debt Service	56.5	56.9	(0.4)
Total Expenses	\$ 683.5	\$ 702.1	\$ (18.6)
Results of Operations	\$ (1.0)	\$ 37.8	\$ 38.8

FY24 Budget Update

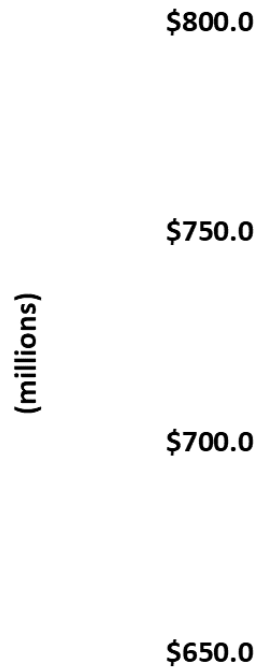
FY24 Budget Update

OHIO Operating Units, All Sources, as of March 2023

Multi-Year Revenues & Expenses

(In Millions)

OHIO Operating Activity, All Sources



	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Forecast	FY24 Budget
— Revenues	\$763.8	\$723.0	\$740.0	\$718.6	\$740.1	\$724.3
— Expenses	\$720.7	\$723.0	\$694.8	\$676.8	\$702.3	\$718.9
Results of Operations	\$43.1	-\$0.1	\$45.2	\$41.9	\$37.8	\$5.4

FY24 Planning Assumptions

As of March 2023, subject to change for final budget

- As this is the beginning of a new biennium, restrictions on tuition increases and rates for subsidy are not determined. This budget assumes no increase in either.
- Budget will go to the board in June when we hopefully know more.
- There is potential upside:
 - +3% SSI is in the governors budget
 - +4.6% CPI for UG tuition if legislature does not change
- Possible increase in the assumed incoming freshman class.
- Room & Board increases are assumed in the budget for Housing master plan and inflationary cost increases for Culinary (needs Chancellor approval).

Budget Planning Assumptions	FY24
<i>Ohio University Revenue Assumptions</i>	
UG Gross Tuition	
UG Guarantee Rate Increases	0.0%
UG Freshman: Fall Enrollments	4,200
<i>Ohio University Expense Assumptions</i>	
Compensation & Benefits	
Raise Pool	2.0%
Healthcare: Standard Benefit Rate**	5.0%

**Healthcare: Standard Benefit Rate Collection is set annually to offset the University's total Healthcare Expense budget, managed by BAC.

FY24 Budget Update

OHIO's ability to balance FY24 revenues and expenses within its Operating Activity is impacted by the following key drivers:

- Incoming cohort enrollment assumptions that builds upon our FY23 successes
- Strong continuing cohorts progressing through their undergraduate career
- Continuing to adjust budgeting practices to incorporate historical vacancy savings within compensation and balancing non-compensation trends with inflationary increases
- Planning units absorbed healthcare and raise pool increases by reducing non-compensation budgeted expenses

FY24 Draft Budget

State Appropriations: Currently assuming 0% increase. Projecting lower SSI than FY23 due to the lagged lower historical enrollment

Net Tuition & Fees: Currently assuming a smaller FY24 incoming cohort (4200) than FY23 (4441). Currently assuming 0% tuition rate increase.

Gifts & Endowment Contributions: FY23 has a \$13.1M receipt from Patton gift so FY24 is projected lower.

Compensation & Benefits: Investments made in areas across the University. Budgeted a 2% raise pool and 5% healthcare increase.

	Auxiliaries	College of Medicine	Regional Campuses	Athens Campus	FY24 DRAFT Budget	FY23 Forecast
REVENUES (in millions)						
State Appropriations	-	25.9	17.3	139.0	182.3	185.5
Net Undergraduate Tuition & Fees	(27.9)	0.1	16.5	175.1	163.8	168.7
Net Graduate Tuition & Fees	(0.0)	44.6	-	46.7	91.2	95.6
Room & Board	108.3	-	-	-	108.3	98.7
Grants & Contracts	-	5.7	3.1	55.3	64.1	68.1
Endowment Distributions & Contributions	0.5	2.6	1.3	41.2	45.5	56.5
Investment Income	-	-	-	7.1	7.1	6.5
Internal & External Sales	19.2	0.6	0.5	41.5	61.9	60.6
Total Revenues	100.0	79.6	38.7	506.0	724.3	740.1
Spending Authorization	18.0	-	0.5	(18.5)	(0.0)	-
Total Revenues & Revenue Allocation	118.1	79.6	39.1	487.5	724.3	740.1
Total Funding Transfers						
	7.4	(1.5)	(0.6)	(5.3)	-	-
EXPENSES						
Compensation Expenses	39.5	47.5	28.6	357.5	473.1	457.9
Non-Compensation Expenses	50.2	21.4	5.6	168.4	245.6	244.4
Total Direct Expenses	89.7	68.9	34.2	525.9	718.7	702.3
Internal Allocations	12.0	12.4	5.0	(29.5)	(0.0)	-
Total Expenses & Expense Allocations	101.7	81.3	39.2	496.4	718.7	702.3
Results of Operations						
	8.9	(0.2)	0.6	(3.6)	5.6	37.8