



**Western Oregon University Board of Trustees:
Finance & Administration Committee
Meeting No. 8 – July 13, 2017
Public Site: Werner University Center, Calapooia Room
12:00 – 4:00 PM**

AGENDA

- 1) Call-to Meeting / Roll Call**
- 2) Chair's Welcome / Announcements**
- 3) Consent Agenda**
 - (a) Approval April 14, 2017 FAC meeting minutes
- 4) Discussion Items:**
 - (a) Capital construction update
 - (b) FY2018 FAC Meeting Schedule
- 5) Action Item:**
 - (a) FY2017 Q4 Management Report
 - (b) FY2018 University Budget
- 6) Updates and Around-the-Table / Board meeting prep**
- 7) Adjournment**



**Western Oregon University Board of Trustees:
Finance & Administration Committee
Meeting No. 7 – April 14, 2017
Public Site: Hamersly Library, Room 205
1:00 – 5:00 PM**

DRAFT

MINUTES

1) Call-to Meeting / Roll Call

Vice chair Hurtado called the meeting to order at 1:04 pm.

Committee members present: Jaime Arredondo, Marshall Guthrie, Ivan Hurtado (via teleconference), Cec Koontz, Eric Yahnke (Vice President for Finance and Administration & CFO)

Others present: Penny Burgess (USSE), Louann Casares, Sam Dunaway, Michael Ellis, David Foster, Tina Fuchs, Richard Kavanagh, Malissa Larson, Natalie Legras, Leo Mejia Aguilar, Reina Morgan (Assistant), Brandon Neish, Rosita Olalde, Cynthia Olivares, Katherine Schmidt, Darin Silbernagel, Michael Smith, Laura Tierney

2) Chair's Welcome / Announcements

Vice chair Hurtado welcomed everyone to the meeting and invited VP Yahnke to offer some introductions. Yahnke introduced Michael Smith, the new director of the Physical Plant; Darin Silbernagel, the director of the business office; Tuition Advisory Committee students; Brandon Neish, the payroll manager; Penny Burgess from USSE; and members of the newly formed University Budget Committee.

3) Consent Agenda

- (a) Approval [January 6, 2017 FAC meeting minutes](#)

Koontz made a motion to approve the January meeting minutes as presented. Arredondo seconded the motion and all were in favor.

4) Reports

- (a) Q2 Investment Report – Penny Burgess

Penny shared that the P.U.F. investment return as of December 31st was negative 0.7% for the quarter and negative 0.3% fiscal year-to-date. The short-term fund returned a positive 0.3% for the quarter, 0.5% fiscal year-to-date, and 0.6% for the three year average. It outperformed its 91-day T-bill benchmark in all three periods.

The intermediate-term pool returned a negative 1.7% for the quarter, negative 1.4% fiscal year-to-date and positive 1.8% average over three years. It outperformed its benchmark for all three periods.

The long-term pool returned a negative 1.8% for the quarter, negative 1.2% fiscal year-to-date and positive 2.6% average over three years. It outperformed its benchmark for the quarter and fiscal year-to-date, but underperformed by 50 basis points for the three year average.

WOU ended the second quarter with just over \$43 million in operating cash and investments.

Penny also shared that the OSU Board approved changes to the PUF investment policy to incorporate fossil fuel restrictions, the creation of a new core bond fund, and a custom benchmark to track the new fund's performance. They also approved a framework to guide the evaluation of future PUF investment policy change requests.

Additionally, Penny discussed WOU's outstanding debt balances and bond sale. As of April 1st the total amount of outstanding debt issued on behalf of WOU was \$111.2 million. WOU is obligated to repay \$50.4 million of it and the remainder is the state's obligation.

Every year the state's debt manager reviews the bond portfolio for refunding opportunities. The state identified some XI-F and XI-G bonds that met the state's criteria for refunding. The estimated refund savings was \$1.1 million over the life of the bonds.

5) Action Item:

(a) [FY17 Q3 Management Report](#)

Brandon Neish discussed the Q2 management report and responded to questions. Arredondo made a motion to recommend the report to the board for approval. Guthrie seconded the motion and all were in favor.

(b) 2017-2018 Tuition and Fees

VP Yahnke discussed the process that has gone on in order to set proposed rates for tuition and fees. He shared the challenges the university is facing with regards to

enrollment, the new funding allocation methodology, and flat state funding. Yahnke invited students from the Tuition Advisory Committee to share their comments and concerns.

Yahnke shared a chart that shows the proposed rate increase--contingent on state funding--with a maximum increase of 10%.

Koontz made a motion to recommend the rates to the board for approval as outlined. Guthrie seconded the motion and all were in favor.

6) Discussion Items:

(a) Capital construction update

VP Yahnke gave an update on capital construction. The new student health and counseling center should be ready for use in July. It will be ready on time, but slightly over budget due to additional excavation and HVAC needs.

The old college of education building is being used as swing space while the natural science building is being renovated. An architect designed the swing space to meet the needs of their programs and should be ready for move in by mid to late June and classes will be taught there for a year.

The Oregon Military Academy sale will be complete in September.

7) Updates and Around-the-Table / Board meeting prep

The committee discussed what items should be presented at the upcoming full board meeting. A response to the governor's letter and an overview of the new University Budget Committee will be included in addition to the action items.

8) Adjournment

The meeting was adjourned at 3:17 pm.

Koontz reconvened the meeting at 3:19 pm with Koontz, Arredondo, and Guthrie present in order to accept a [letter](#) from the tuition advisory committee as part of the meeting record. Koontz made the motion, Arredondo seconded the motion, and all were in favor.

The meeting was adjourned again at 3:20 pm.

Oregon University System
Quarterly Management Report
(Unaudited, non-GAAP, for management purposes only)

As of July 10, 2017
For the Fiscal Year Ended June 30, 2017

WESTERN OREGON UNIVERSITY	Projected to Prior Year				Notes	Projected to Budget			Projection	Notes
	FY16 Actual	FY17 Projected	\$ chg Current/ Prior YTD	% chg Current/ Prior YTD		Adjusted Budget	Variance from Adj. Budget	Variance % of Adjusted Budget	Chg since Prior Report	
(in thousands except enrollment)										
EDUCATION & GENERAL										
State General Fund	22,988	23,899	911	4%		23,888	11	0%	11	
Tuition & Resource Fees, net of Remissions	38,388	39,095	707	2%		39,179	(84)	0%	(144)	
Other	3,792	4,040	248	7%	(1)	3,561	479	13%	428	(1)
Total Revenues	65,168	67,034	1,866	3%		66,628	406	1%	295	
Personnel Services	(51,509)	(54,175)	(2,666)	5%	(2)	(54,686)	511	-1%	(400)	
Supplies & Services and Capital Outlay	(7,443)	(7,974)	(531)	7%		(8,961)	987	-11%	778	(3)
Total Expenditures	(58,952)	(62,149)	(3,197)	5%		(63,647)	1,498	-2%	378	
Net from Operations	6,216	4,885	(1,331)			2,981	1,904		673	
Transfers In	529	144	(385)	-73%	(4)	0	144	n/a	108	
Transfers Out	(5,069)	(4,889)	180	-4%	(5)	(2,982)	(1,907)	64%	(1,097)	(5)
Fund Additions/(Deductions)	0	(490)	(490)			0	(490)		(490)	
Change in Fund Balance	1,676	(350)	(1,821)			(1)	(349)		183	
Beginning Fund Balance	9,618	11,294	1,676			11,294	0		0	
Ending Fund Balance	11,294	10,944	(350)			11,293	(349)	-3%	(806)	
% Operating Revenues	17.3%	16.3%				16.9%		-4%		
Student FTE (Tuition Based)	4,744	4,506	(238)	-5%		4,552	(46)	-1%	(31)	
AUXILIARY ENTERPRISES										
Enrollment Fees	6,844	7,260	416	6%	(6)	6,845	415	6%	0	(6)
Sales & Services	14,865	14,508	(357)	-2%		15,075	(567)	-4%	237	
Other	1,714	1,916	202	12%	(7)	1,706	210	12%	85	(7)
Total Revenues	23,423	23,684	261	1%		23,626	58	0%	322	
Personnel Services	(10,176)	(10,436)	(260)	3%		(10,668)	232	-2%	45	
Supplies & Services and Capital Outlay	(13,016)	(12,358)	658	-5%	(8)	(14,367)	2,009	-14%	987	(8)
Total Expenditures	(23,192)	(22,794)	398	-2%		(25,035)	2,241	-9%	1,032	
Net from Operations	231	890	659			(1,409)	2,299		1,354	
Transfers In	2,930	3,155	225	8%	(9)	2,807	348	12%	125	(9)
Transfers Out	(2,133)	(2,974)	(841)	39%	(10)	(514)	(2,460)	479%	(374)	(10)
Additions/(Deductions) to Unrestricted Net Assets	(1,717)	(2,499)	(782)			(660)	(1,839)		61	
Change in Unrestricted Net Assets	(689)	(1,428)	(739)			224	(1,652)		1,166	
Beginning Unrestricted Net Assets	9,530	8,841	(689)			8,841	0		0	
Ending Unrestricted Net Assets	8,841	7,413	(1,428)			9,065	(1,652)	-18%	1,166	
						38.4%		-100%		

**Oregon University System
Quarterly Management Report**

(Unaudited, non-GAAP, for management purposes only)

**As of July 10, 2017
For the Fiscal Year Ended June 30, 2017**

WESTERN OREGON UNIVERSITY	Projected to Prior Year				Notes	Projected to Budget			Projection	Notes
	FY16 Actual	FY17 Projected	\$ chg Current/ Prior YTD	% chg Current/ Prior YTD		Adjusted Budget	Variance from Adj. Budget	Variance % of Adjusted Budget	Chg since Prior Report	
(in thousands except enrollment)										
DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS										
Enrollment Fees	112	142	30	27%	(11)	143	(1)	-1%	(25)	
Sales & Services	469	322	(147)	-31%	(12)	397	(75)	-19%	(167)	
Other	2,067	2,606	539	26%	(13)	2,645	(39)	-1%	(39)	
Total Revenues	2,648	3,070	422	16%		3,185	(115)	-4%	(231)	
Personnel Services	(565)	(959)	(394)	70%	(14)	(1,038)	79	-8%	(120)	(14)
Supplies & Services and Capital Outlay	(1,188)	(1,527)	(339)	29%	(15)	(1,811)	284	-16%	284	(15)
Total Expenditures	(1,753)	(2,486)	(733)	42%		(2,849)	363	-13%	164	
Net from Operations	895	584	(311)			336	248		(67)	
Transfers In	103	289	186	181%	(16)	54	235	435%	223	(16)
Transfers Out	(126)	0	126	-100%	(17)	0	0	n/a	0	
Additions/(Deductions) to Unrestricted Net Assets	(414)	(609)	(195)			(302)	(307)		(307)	
Change in Unrestricted Net Assets	458	264	(194)			88	176		(151)	
Beginning Unrestricted Net Assets	801	1,259	458			1,259	0		0	
Ending Unrestricted Net Assets	1,259	1,523	264			1,347	176	13%	(151)	
% Operating Revenues	47.5%	49.6%				42.3%		17%		
Total unrestricted fund balance	21,394	19,880				21,705				
Days of expenditures	93	83				87				

Notes:

General Fund:

- (1) Increase in Other Revenue from budget and prior YTD due to additional interest income (\$200k) resulting from an increase of receivables over FY17 of \$1.7 million and increased earnings on PUF.
- (2) Personnel Services year-to-date higher than prior year-to-date due to negotiated salary increases and new positions that began this fiscal year.
- (3) TBD - Actual expenditure amounts and analysis are pending year-end close proceedings.
- (4) Prior year Transfers In are related to capital construction bridge funding returned from the RWEC project.
- (5) Prior year Transfers Out are related to transfers to support capital projects on-campus not expected for FY17.
Year-to-date Transfers Out higher than budget due to University support for equipment replacements and Natural Science renovation.

Auxiliary:

- (6) Current year increase in Sales & Services Revenue from prior year and budget due to new building fee for Student Health Center and additional Incidental Fee revenue.
- (7) Current year Other Revenue higher than prior year and budget due to additional payment to Housing for classroom use in Ackerman Building and new grant funding for the Childcare Center.
- (8) Supplies & Services and Capital Outlay less than budget due to savings from bond refunding (\$700k) and reduced merchandise spending in Dining and the Bookstore (including associated administrative overhead).
- (9) Projected Transfers In higher than FY16 and budget due to increased support for Athletic staff/coaches and Athletic projects.
- (10) Projected Transfers Out higher than FY16 and budget due to transfer of \$1.9M for construction of the new Student Health & Counseling Center and increased transfers to support building and equipment reserves by departments.

Designated Operations, Service Departments, Clearing Funds:

- (11) Enrollment Fees revenue higher in current year due to addition of Traffic Safety Program.
- (12) Current year Sales & Services revenue lower than prior year due to payment from Sprint for microwave lease in FY16.
- (13) Projected Other Revenue higher than prior year due to inclusion of Council of Presidents this fiscal year.
- (14) Personnel Services expense higher in FY17 due to the addition of Council of Presidents and staffing changes in Telecommunications.
- (15) Supplies & Services and Capital Outlay FY17 expense higher due to the addition of Council of Presidents
- (16) Projected Transfers In higher than prior year and budget due to transfer from equipment reserve for new vehicle for desktop support and transfer from University general fund for UPS.
- (17) Transfers Out in FY17 are not expected.

Western Oregon University
Transfers Schedule
For the Fiscal Year Ended June 30, 2017
(Unaudited, non-GAAP, for management purposes only)

	E&G	Auxiliary			Des Ops - Serv Dept.	Plant fund				Grant/Other		Total
<u>Transfers In E&G</u>		(a) 36,661				(b) 100,000				(c) 7,000		143,661
<u>Transfers Out E&G</u>		(d) 2,787,680	(e) 30,776	(f) 150,657	(g) 103,117	(h) 400,000	(i) 208,903	(j) 250,000	(k) 120,000	(o) 20,624	(c) 7,000	
					(w) 117,529	(l) 93,060	(m) 300,000	(n) 300,000				4,889,347
<u>Transfers In AUX</u>	(d) 2,787,680	(e) 30,776	(f) 150,657					(p) 186,189				3,155,303
<u>Transfers Out AUX</u>		(a) 36,661			(q) 48,356	(r) 2,050,000	(s) 765,000	(t) 73,686				2,973,703
<u>Transfers In DO, SD</u>	(g) 103,117			(q) 48,356	(w) 117,529		(u) 12,169			(v) 8,065		289,236
<u>Transfers Out DO, SD</u>												-

DRAFT

Type	Description
(a) Actual	Transfers in recover of E&G funds used to cover backfill for FY16 TR Child Development Centers' deficit
(b) Actual	Return bridge funding for Woodcock Education Center capital construction project.
(c) Actual	Bridge funding for federal/state tax payments.
(d) Actual	Year-to-date Athletic operations support.
(e) Actual	University support for Baseball/Softball travel due to home field conditions.
(f) Projected	Transfer out to backfill TR Child Development Center deficit.
(g) Actual	Transfer to Telecommunications to replace failed UPS power redundancy.
(h) Actual	Transfer in support of Natural Science renovation.
(i) Actual	Year-to-date transfer out to SELP debt service.
(j) Projected	Transfer out to fund miscellaneous capital repair.
(k) Projected	Transfer out to fund capital repairs of WOU Soccer field.
(l) Projected	Transfer remaining AIC funds designated for capital repairs to plant fund.
(m) Projected	Old Student Health Renovation
(n) Projected	Capital Construction Contingency
(o) Projected	Transfer out to cover over-expended SEOG and Pell Grant funds.
(p) Actual	Transfer in from reserves to cover equipment purchases.
(q) Projected	Auxiliary funded scholarships.
(r) Actual	Transfer out for new Student Health Center construction.
(s) Actual	Fund building & equipment reserves for Housing, Parking Services and the University Center.
(t) Projected	Fund building & equipment replacement reserves for HWC.
(u) Actual	Transfer in from equipment reserve to replace computer maintenance vehicle.
(v) Actual	Transfer from TR grant funds to close fund.
(w) Projected	Transfer out to backfill Willamette Promise deficit.

Western Oregon University
Education and General Fund Operations
2017 - 19 Preliminary Biennial Budget Projection
DRAFT (Discussion Purposes Only)

GRB/Appropriations	\$737.0M	
Resident Undergrad Choice	6.50%	5%
Resident Promise	6.50%	5%
Enrollment Change	-5%	0%
Salaries - TT/NTT Faculty & Unclassified	2%	2%
Classified Steps @ 4.75% & 2% Cola	6.75%	6.75%

	PROJECTED								
	2017 Projected Actual	FY17 Budget - FY16 Actual		2018 Projected Budget	FY18 Budget - FY17 Budget		2019 Projected Budget	FY19 Budget - FY18 Budget	
		\$ Δ	% Δ		\$ Δ	% Δ		\$ Δ	% Δ
Government Appropriations									
State Appropriations	23,899,007	910,668	4.0%	24,433,299	534,292	2.2%	25,203,462	770,163	3.2%
Total Government Appropriations	23,899,007	910,668	4.0%	24,433,299	534,292	2.2%	25,203,462	770,163	3.2%
Tuition and Resource Fees, Net of Remissions									
Tuition Revenue									
Academic Year Tuition									
Resident Undergraduate	19,923,225	226,867	1.2%	20,135,015	211,790	1.1%	21,077,078	942,063	4.7%
Nonresident Undergraduate	4,689,041	(313,871)	-6.3%	4,903,254	214,213	4.6%	5,152,572	249,318	5.1%
Resident Graduate	1,464,070	(13,300)	-0.9%	1,528,330	64,259	4.4%	1,604,938	76,608	5.0%
Nonresident Graduate	697,875	(117,686)	-14.4%	734,342	36,467	5.2%	771,552	37,210	5.1%
Western Undergrad Exchange (WUE)	6,877,290	477,324	7.5%	6,953,701	76,410	1.1%	7,257,687	303,987	4.4%
Continuing Education	6,702,188	351,141	5.5%	6,802,721	100,533	1.5%	7,142,857	340,136	5.0%
Faculty & Staff	293,812	(43,136)	-12.8%	297,000	3,188	1.1%	308,880	11,880	4.0%
Total Academic Year Tuition	40,647,502	567,338	1.4%	41,354,362	706,860	1.7%	43,315,564	1,961,201	4.7%
Summer Session Tuition	832,467	(352,317)	-29.7%	861,655	29,187	3.5%	903,120	41,465	4.8%
Total Tuition Revenue	41,479,969	215,021	0.5%	42,216,017	736,048	1.8%	44,218,683	2,002,667	4.7%
Student Fees									
Technology	21,940	(9,035)	-29.2%	30,975	9,035	41.2%	31,904	929	3.0%
Matriculation	681,061	69,304	11.3%	691,862	10,801	1.6%	712,618	20,756	3.0%
Other Student Fees	1,130,335	55,669	5.2%	1,074,666	(55,669)	-4.9%	1,106,907	32,241	3.0%
Student Fee Revenue	1,833,335	115,938	6.8%	1,797,503	(35,833)	-2.0%	1,851,429	53,926	3.0%
Less Fee Remissions	4,218,552	(375,783)	-8.2%	4,440,000	221,448	5.2%	4,421,868	(18,132)	-0.4%
Tuition and Resource Fees, Net of Remission	39,094,753	706,743	1.8%	39,573,519	478,767	1.2%	41,648,244	2,074,725	5.2%
<i>% Fee Remission to Gross tuition</i>	<i>10.17%</i>		<i>-1.0%</i>	<i>10.52%</i>		<i>0.3%</i>	<i>10.00%</i>		<i>-0.5%</i>
Other Revenue									
Indirect Cost Recoveries	622,930	103,646	20.0%	503,000	(119,930)	-19.3%	503,000	-	0.0%
Sales & Services, Other Revenue	3,417,424	145,203	4.4%	3,127,435	(289,989)	-8.5%	3,127,435	-	0.0%
Other Revenue	4,040,354	248,848	6.6%	3,630,435	(409,919)	-10.1%	3,630,435	-	0.0%
Total Operating Revenue	67,034,113	1,866,259	2.9%	67,637,253	603,139	0.9%	70,482,140	2,844,888	4.2%
Expenditures									
Total Personnel	54,174,911	2,914,859	5.7%	57,096,023	2,921,112	5.4%	59,658,255	2,562,232	4.5%
Supplies & Services	7,514,658	463,974	6.6%	9,270,427	1,755,769	23.4%	9,270,427	-	0.0%
Capital Outlay	459,349	101,194	28.3%	202,691	(256,658)	-55.9%	202,691	-	0.0%
Total Expenditures	62,148,917	3,231,120	5.5%	66,569,141	4,420,224	7.1%	69,131,373	2,562,232	3.8%
Transfers									
Transfers In	(143,661)	385,401	-72.8%	-	143,661	0.0%	-	-	0.0%
Transfers Out - Other	2,070,890	(339,475)	-14.1%	175,000	(1,895,890)	-91.5%	175,000	-	0.0%
Transfers Out - Athletics Support	2,818,456	159,469	6.0%	2,880,003	61,546	2.2%	2,961,724	81,721	2.8%
Total Transfers	4,745,686	205,396	4.5%	3,055,003	(1,690,683)	-35.6%	3,136,724	81,721	2.7%
Fund Additions/(Deductions)	(490,000)								
Change in Fund Balance	(350,489)			(1,986,891)			(1,785,956)		
Beginning Fund Balance	11,293,642			10,943,153			8,956,262		
Ending Fund Balance	10,943,153	(384,814)	-3.4%	8,956,262	(1,986,891)	-18.2%	7,170,305	(1,785,956)	-19.9%
% Operating Revenues	16.3%			13.2%			10.2%		