

**Western Oregon University Board of Trustees:
Finance & Administration Committee
Meeting No. 10 – January 4, 2018
Public Site: Werner University Center, Willamette Room
9:00 AM – 1:00 PM**

MINUTES

I. CALL-TO MEETING / ROLL CALL

The meeting was called to order at 9:07am.

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

Others present: Kristin Diggs (Eide Bailly, via teleconference), Kella Helyer (Financial Aid Director), Malissa Larson, Brandon Neish (Budget & Payroll Manager), Emily Pfeiffer, Greg Zobel

II. COMMITTEE CHAIR'S WELCOME / ANNOUNCEMENTS

Chair Koontz welcomed everyone to the meeting. There were no announcements to be made at this time.

III. CONSENT AGENDA

- 1) Approval October 12, 2017 Meeting Minutes

Marshall made a motion to approve the minutes as is. Jaime seconded the motion and all were in favor.

IV. ACTION ITEM:

- 1) [FY2017 Annual Financial Statements](#)

Kristin Diggs of Eide Bailly shared about the audit they conducted. The focus was on areas that are considered risky--student financial aid, federal grants, student receivables/student revenue, and GASB 68 and 71. This process started in May of 2017 with planning procedures and federal revenue testing and ended in November of 2017 with the issuance of the financial statements and compliance report. Eide Bailly gave an unmodified audit opinion, which is the highest opinion that can be given. Everything was found to be materially accurate. They also found that the

findings from last year had been addressed by the university.

Jaime made a motion to recommend that the board approve the 2017 financial statements. Marshall seconded the motion and all were in favor.

2) FY2018 Q2 Management Report

Brandon Neish shared the details of the second quarter management report. Due to the timing of this meeting the management report is in preliminary form with numbers that will still change before the period closes (including the addition of December payroll). We are projecting a 14.5% fund balance for this year. We had anticipated a 3% decline in enrollment, but we are seeing about a 2% decline instead. While this is better than what was budgeted, it is still down from last year and is the seventh year in a row of declining enrollment.

Ivan made a motion to recommend that the board accept the preliminary Q2 management report. Marshall seconded the motion and all were in favor.

V. **DISCUSSION ITEMS:**

1) Capital Allocation Update

The seven vice presidents met to revise allocation methodology for prioritizing capital construction projects. At a bit of a standstill until the status of the OSU Cascades campus is more clear. For right now we are continuing to do what has been done in the past with each campus submitting the projects that are most important to them. ITC and OMA phase 2 were funded. There is an RFP out for a lobbyist for the four TRUs. We are hoping to have someone in place for the February session.

2) All-in Cost of Attendance

VP Yahnke shared about the cost drivers we face that influence our tuition increases. Salary and benefits make up over 80% of our total cost. Our current service level calculation has been updated with negotiated salary and benefit rate increases and the PERS rate increase that is expected in the next biennium. WOU's biennial increase is \$11.9 million, an 8.5% increase. This is primarily because about 25% of our employees are in tier 1 and tier 2. Retirement costs will increase about \$4.8 million (29%) for the biennium. The cost per student --to cover this increase--comes out to \$2,600 per student FTE per biennium (or \$19 per credit hour for the student's portion).

Remissions currently make up 11.4% (\$4.9 million) of our gross tuition revenue. Traditionally we've been around 10%. The national average is around 14 or 15%, but those institutions don't have the promise program that freezes tuition.

VP Yahnke introduced Kella Helyer (Financial Aid Director) to share how we help our students meet their educational expenses. Kella provided a list of our remissions programs and initiatives since 2015-2016 and discussed each one in detail.

VI. **UPDATES AND AROUND-THE-TABLE / BOARD MEETING PREP**

The Tuition Advisory Committee has started meeting. The committee provides an informal setting for students to ask questions about university finances.

The campus master plan process is underway. SRG is the firm facilitating the process. There are several meetings scheduled for January and February and we will be getting a phase one report the beginning of February. The project is expected to be completed this spring. The natural science building renovation project is moving forward and there will be some savings from not needing to fully move them over to the old COE building. The contract for the redesign of OMA and ITC has been awarded to Hennebery Eddy Architects.

University Budget Committee (UBC) meetings are ongoing. The committee reviewed cost reduction proposals from last year and is discussing the process for new initiatives. We are looking at a \$1.4 million structural deficit. The cuts supported by the UBC total around \$3 million, which could provide extra money for new initiatives. We will be hosting a workshop this month to open the process to campus. Currently there are in excess of 20 requests for various opportunities.

Public safety held an active killer drill in December. The policy and operations teams conducted a tabletop exercise following the drill.

VP Yahnke announced that a re-organization has taken place and the Payroll office is now a function of Human Resources.

VII. **ADJOURNMENT**

The meeting was adjourned at 12:47pm.