

**Western Oregon University Board of Trustees:
Finance & Administration Committee
Meeting No. 11 – April 5, 2018
Public Site: Werner University Center, Columbia Room
9:00 AM – 1:00 PM**

MINUTES

I. CALL-TO MEETING / ROLL CALL

The meeting was called to order at 9:04am.

Committee members present: Jaime Arredondo, Marshall Habermann-Guthrie Guthrie, Jay Kenton (Interim VP for Finance and Administration & CFO), Cec Koontz (chair)

Others present: Penny Burgess, Camarie Campfield, Reina Daugherty (Assistant), Michael Ellis, Rex Fuller, Malissa Larson, Sue Monahan, Katherine Schmidt, Darin Silbernagel, Michael Smith, Laura Tierney, Emily Wanous

II. COMMITTEE CHAIR'S WELCOME / ANNOUNCEMENTS

Chair Koontz welcomed everyone to the meeting. Jay Kenton was introduced as the interim Vice President for Finance and Administration. He will be helping out until June while WOU searches for a permanent replacement.

III. CONSENT AGENDA

- 1) Approval [January 4, 2018 Meeting Minutes](#)

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

IV. ACTION ITEMS:

- 1) FY2018 [February 28, 2018 Management Report](#) – Jay Kenton/Camarie Campfield

VP Kenton introduced the new budget manager, Camarie Campfield.

Camarie shared that there is a healthy fund balance and no real areas of concern. She pointed out that the adopted budget was negative \$1.3 million and the actual projected budget is positive \$4.2 million. If this money is not used the resulting

fund balance is expected to be 21.96%, but there are some suggestions that will be discussed later for how to use this money. Kenton shared that departments only have the ability to manage about 20% of their budget. We are working on moving to a more decentralized model where departments will be able to keep vacancy savings and have more freedom to make purchases that they need. The University Budget Committee is currently vetting proposals for new initiatives, including one time and recurring expenses. President Fuller shared that we had savings from the University Shared Services Enterprise. This money was invested back into University Computing Services since their department was responsible for the savings. It will fund two new programmers. With a back log of IT projects, these new positions will help the staff get caught up so campus needs can be met in a more timely manner.

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

2) [2019-21 and Beyond Capital Budget Review](#) – Michael Smith

Michael Smith provided an update on the capital projects on campus. The Natural Science building remodel is well on its way. There were \$3.5 million in bonds approved for the remodel. The ITC and OMA projects should be done September of 2020. There is a possibility of saving some money by using the same contractor and running both projects concurrently. Five hundred thousand of this came from university reserves and the rest is state funded. The renovation to relocate student advising was done on time and under budget. It was mostly done in house.

HECC has asked for capital budgets by the first of May. Michael proposed that we submit the following list (in order): old education building, new physical education building, health sciences building, administrative programs and support center, Rice Auditorium, McArthur Stadium, and Valsetz Dining Hall. We will most likely only have one, or part of one, project funded. Our list of projects will likely take 14 years to go through unless there is a large donor willing to fund some of our capital needs.

The master plan process is underway and should be finished by June.

Marshall made a motion to recommend the board approve the capital budget as presented. Jaime seconded the motion and all were in favor.

3) Tuition and Fees – Jay Kenton
a. [2018-19 Proposed Rates](#)

Emily Wanous (Tuition Advisory Committee) and Katherine Schmidt (University Budget Committee) presented information on tuition. WOU is working on increasing fee

remissions to make tuition more affordable for the large population of low income and first generation students we have. By increasing remissions we can attract more students and provide an opportunity for students to get a college education who otherwise might not be able to. Katherine shared that a student on the committee was concerned about the rate that international graduate students pay and now that student category will not have a tuition increase next year. Student voices do make a difference. Similarly, the graduate council requested that the tuition rate be frozen for the Master of Arts in Interpreting Studies to narrow the gap between that program and the other graduate programs. The Tuition Advisory Committee endorsed an increase of 4.25% for resident undergraduate tuition, with \$400 thousand of the revenue to go to additional fee remissions for low income, first generation, and other underserved student populations. The promise rate will only increase 2% to help narrow the gap between the promise and non-promise rate. Marshall suggested that it would be useful for the university to have a cross-functional discussion about how the fee remissions can best be used by creating a remission plan.

Darin Silbernagel, Director of Business Services, presented on the [tuition and fee book](#). Texas is one of the few states that has a growing population of students going to college so we are now extending the WUE rate to Texas students to try to recruit more students from there.

Marshall made a motion to recommend the board adopt the tuition and fee book, with \$400k of the tuition revenue for underserved student populations. Jaime seconded the motion and all were in favor.

b. WOU Tuition Promise

VP Kenton proposed that we consider discontinuing the [tuition promise rate](#). He explained that it was a good deal when the program was first offered because tuition rates were unpredictable so it was nice for students to have the option of going with a set rate that they knew wouldn't increase. Now tuition rates are more stable with a "do not exceed" 5% budget note and it turns out that often the promise rate actually ends up being more expensive. The rate will still need to be offered in 2018-2019 because it has already been advertised to incoming students. The decision to put it on hold would need to be for 2019-2020 so admissions counselors have time to revise their promotional materials to remove that option. Once all students are on the traditional rate tuition increases could potentially be lower because they will apply to all students. Currently, with 40% of students on the promise rate, tuition increases only apply to 60% of the student population.

Marshall made a motion to put the tuition promise program in inactive status for new students starting in 2019-2020. Jaime seconded the motion and all were in favor.

c. HB4141: Tuition Advisory Committee

VP Kenton shared that [house bill 4141](#) passed, which mandates how the universities include students in the tuition setting process. The bill dictates who should be on the council and prescribes what they have to discuss. The process WOU uses currently is pretty similar to what the bill requires so we will not have to change much.

V. DISCUSSION ITEMS:

1) Investment Report – Penny Burgess

Penny Burgess from USSE reported on the [Q2 FY18 investment report](#). The Public University Fund (PUF) investment returns as of December 31 were a positive 0.1% for the quarter and positive 0.6% for the fiscal year. The PUF's three-year average total return was 1.4%. The annualized yield during the same three-year period was 1.6%.

The Short-Term fund returned 0.4% for the quarter, outperforming its benchmark by 10 basis points, and increased 0.8% for the fiscal year, outperforming its benchmark by 30 basis points.

The Core Bond Fund returned -0.2% for the quarter, outperforming its benchmark by 10 basis points. The volatility in the short and intermediate sectors of the fixed income market during Q2 clearly have an impact on the performance of the Core Bond Fund. Rising short-term and intermediate-term interest rates put downward price pressure on the underlying securities in the Core Bond Fund.

WOU had \$46 million in operating cash and investments on deposit with the PUF, equivalent to 8.0% of the total invested assets.

The PUF Administrator distributed over \$234K in earnings to WOU during the second quarter.

2) [UBC Report](#) – Katherine Schmidt

Katherine reported on the UBC's progress over the last 11 months. She shared that, as a new committee, they are trying to figure out a good process to help the committee move forward. It would be helpful to have criteria for what comes to the UBC (types of proposals and also possibly dollar amount). Last year the committee looked at reductions and this year they are looking at initiatives. A new form is being created that will move the process online for next year.

3) 2018-2019 Budget Preparation Update – Jay Kenton/Camarie Campfield

VP Kenton shared that he and Camarie are meeting with each unit to discuss their budget. Departments will get more money for student wages to account for minimum wage increases. Graduate assistants were being paid minimum wage before and they now will get \$15 an hour instead. Fee remissions will increase from 11.4% to 12.4%. The goal is to eventually get to 15%, but that will need to be over time.

4) [A New Paradigm in Administration at WOU](#) – Jay Kenton

VP Kenton explained that budgets will be managed differently going forward. Previously they were managed at the line item and now departments will just be held accountable to the bottom line. If departments save money on one thing they can spend it on something else as they deem appropriate to move the mission forward. In general there will be a focus on trying to keep the workload at a manageable level by reducing unnecessary processes and instead re-focusing efforts on more value adding activities.

5) Quasi Endowment – Jay Kenton

VP Kenton proposed an idea to invest \$1 million (or less) of one-time funds in a quasi-endowment to be used to fund student scholarships. Penny shared that the Oregon intermediate term pool is one option that currently yields about 2.5% one year average. Investing through the foundation is also an option. A third option is to have it managed by the state treasury. If the university decides to pursue this as an option then it will be an action item at the July board meeting.

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

VP Kenton shared that the VPFA position is now advertised. We have contracted with an outside agency to enhance the pool. The goal is to have the new person in place by July 1st.

The committee discussed which items they would like to take to the full board.

VII. ADJOURNMENT

The meeting was adjourned at 12:50pm.