
Finance and Facilities Committee also Sitting as the Audit Committee
Agenda

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|--|-------------|
| 1. Call to Order/Roll/Declaration of a Quorum (8:00am) <i>Chair Sliva</i> | |
| 2. Consent Agenda <i>Chair Sliva</i> | |
| 2.1 Approve Minutes of May 4, 2016 Meeting | 1 |
| 3. Action Items | |
| 3.1 Request to Select an Internal Auditor and Authorize Staff to Enter into a Contract (8:05am - 30 min) <i>Director Meyer</i> | 10 |
| 3.2 Request to Recommend Adoption of an Amended Tuition and Fee Policy to the Board (8:35am – 20 min) <i>Interim VPFA Kenton</i> | 12 |
| 3.3 Request to Recommend Approval of the Cornett Hall Renovation Project to the Board (8:55am – 20 min) <i>Interim VPFA Kenton</i> | 21 |
| 3.4 Request to Recommend Adoption of the 2016-17 Education and General Fund Budget to the Board (9:15am – 60 min) <i>Interim VPFA Kenton</i> | 24 |

BREAK 10:15am-10:30am

4. Discussion Items *Interim VPFA Kenton*
 - 4.1 VPFA Selection Update (10:30am - 10 min)
 - 4.2 June 30, 2016 E&G Budget Projection (10:40am - 25 min)
 - 4.3 Adjunct Pay (11:05am - 30 min)
 - 4.4 Recreation Center Update (11:35am - 5 min)
 - 4.5 Soccer Field Project Update (11:40am - 5 min)
5. Other Business/New Business (11:45am) *Chair Sliva*
6. Adjournment (noon)

Noon to 1pm (in Sunset): Lunch and Presentation by Medical Imaging Technology and Natural Sciences Professor Tanya McVay



**Special Meeting of the
Oregon Tech Board of Trustees
Finance and Facilities Committee
Sunset Room, Klamath Falls Campus
Public listening site: Room 130 Wilsonville
May 4, 2016
Noon – 5pm**

Draft Minutes

Trustees Present:

Steve Sliwa, Chair
Melissa Ceron

Jessica Gomez
Jill Mason

Paul Stewart

Other Trustees Present:

Chris Maples, President

University Staff and Faculty Present:

Erin Foley, VP of Student Affairs/Dean of Students
Lori Harris, Senior Fiscal Manager
Jay Kenton, Interim VP Finance and Administration
Laura McKinney, VP of Wilsonville
Michelle Meyer, Director of Business Affairs Office
Denise Reid, Assistant Director of Business Affairs Office
Tracy Ricketts, AVP Development and Alumni Relations
Di Saunders, AVP Communications and Public Affairs
Paul Rowan, AVP Information Technology Services/CIO
Sue Cain, Senior Budget and Planning Officer

Others Present:

Jean Bushong, CliftonLarsenAllen
Chris Harder, Oregon Business Development Department
Betsy Johnson, District 16 Senator
Caroline Wright, CliftonLarsenAllen

1. Call to Order/Roll/Declaration of a Quorum

Chair Sliwa called the meeting to order at 12:05pm. The Secretary called roll and a quorum was declared.

2. Consent Agenda

2.1 Approve Minutes of February 22, 2016 Meeting

Trustee Mason amended the second sentence of Section 5.1 of the minutes: change “affect” to “effect”.

Trustee Stewart moved to approve the consent agenda with the amendment to the minutes. Trustee Ceron seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

*Note: Action and Discussion items on the agenda were taken out of order: 3.1 tabled, 3.2, 4.6, 3.1, 4.1, 4.7, Break, 4.4, Break, 4.3, 4.2, 4.5, 4.9. Item 4.8 was postponed.

3. Action Items

3.1 Request to Select an External Auditor and Authorize Staff to Enter into a Contract (12:05pm-12:15pm and 12:40pm-1pm)

Director Meyer outlined the timeline and process of the selection committee. The committee reviewed three proposals from Eide Bailly, Moss Adams, and CliftonLarsenAllen (CLA); and recommended entering into a contract with CLA. The firm specializes in higher education, will provide limited training to Oregon Tech staff, and will serve as an advisor to the Board. **Interim VP Kenton** stated the firm was employed by the Oregon University System (OUS) for approximately 5 years, they are familiar with Oregon Tech staff, Oregon Tech accounting processes, and Shared Services staff. Five other universities previously in the OUS (PSU, EOU, WOU, SOU, and OSU) have also contracted with the firm. The original budget for the contract was \$110K-\$120K but the proposal came in at \$75K-\$85K.

The item was tabled at 12:15pm until 12:40pm when representatives Jean Bushong and Caroline Wright with CLA called in. **Ms. Bushong** stated one of the firm’s primary industries is higher education and they have experience working with other Oregon universities coming out of the OUS. She responded to **Chair Sliwa’s** inquiry to whether the firm could identify areas of growth for the university, stating the contract will be focused on the financial aspects of the organization but if the Board requests operational assistance such as a program analysis they can offer those services. **Ms. Bushong** responded to **Interim VP Kenton’s** request to address the options the university has regarding an internal audit: to retain a CPA firm or directly employ an individual on staff. She stated the first thing CLA will do for the external audit is to review Oregon Tech’s levels of controls, including the internal audit function. It is important to have someone addressing risk who reports directly to the board; the function is beneficial to prevent the organization from the risk of growth. She identified pros and cons to hiring out and employing staff to address university risk management.

Trustee Ceron moved to select CliftonLarsenAllen, LLP as the external auditor and authorize staff to enter into a contract with the firm subject to the Request For Proposal protest period. Trustee Mason seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

3.2 **Request for a Recommendation to the Board of Trustees to Retroactively Approve the Corrected 2015-16 Mandatory Fee Schedule for Wilsonville (12:15pm-12:20pm)**

This item was discussed when item 3.1 was tabled. **Interim VP Kenton** explained when the fee schedule was adopted for the current year (2015-16) there were two errors: total fees were overstated by \$15; and the incidental fee was overstated by \$15 and the health fee was understated by \$15. HECC reviewed the fees and discovered there was an increase greater than 3%; the health fee appeared to be doubling. All corrections to student accounts were made but a retroactive correction is required from the Board. Memos supporting the retroactive correction were received from Klamath Falls ASOIT President, Associate Dean of Students and Wilsonville ASOIT President, and the Student Health Advisory Committee.

Trustee Mason moved to recommend the Board of Trustees retroactively approve the corrected 2015-16 mandatory fee schedule for students enrolled at the Wilsonville campus. **Trustee Gomez** seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

4. Discussion Items

4.1 **Internal Audit (1pm-1:10pm)**

Interim VP Kenton explained the internal audit historically was provided by the OUS and the Legislature provided some funding to each university for the service after the transition to independent governing boards. The university is not required by law to have an internal audit function; however, the function is beneficial. The options for an internal audit are to outsource or create an internal position. He stated he spoke with members from private industry and local governments and found none had an internal audit function. He explained that when he contacted a local accounting firm to gauge interest and ability to provide the service; the firm stated it would respond if an RFP was issued. **Interim VP Kenton** suggested retaining a local firm to perform the internal audit function. The existing check-and-balance process in place is a fraud, waste, and abuse hotline which can be used to report actions or issues that don't appear to be appropriate or legal. He stated the university will conduct an annual risk assessment to look at its biggest exposures. The approximate cost to outsource the internal audit service is \$100K per year with each audit (payroll, cash handling, etc.) ranging from \$15K-20K.

Trustee Stewart favored the internal audit function and suggested contracting out and evaluating the effectiveness after a year. **Trustee Gomez** supported pursuing an outsourced firm. **Chair Sliwa** stated a multi-person office or outsourcing are the options. He supports moving forward with an RFP process and the committee being the formal conduit. **Consensus to have staff bring options for the internal audit function forward to the Committee.**

4.2 **Budget Update (3:30pm-3:45pm)**

Interim VPFA Kenton stated the average increase in enrollment over a 15 year period was 4.5%; a 1% increase in enrollment equates to roughly \$300K. He stated Executive Staff will meet on May 17 to work on creating a balanced budget to bring to the Board at the June 29-30 meeting. Collective bargaining agreements were incorporated into the

budget and faculty and administrative staff salaries reflect a 4% salary increase to be given mid-contract.

Chair Sliwa suggested looking into discounting tuition as an option; he suggested it be based on maximizing revenue whereas merit or need are the common bases. **Interim VP Kenton** stated the VP of Enrollment Management should be able to analyze the option.

4.3 **Financial Projection and Model** (3:45pm-4:05pm)

Interim VP Kenton walked through the estimated end of year financial projection which is based on year to date actuals, previous year actuals, and the average burn rate. He walked through the spreadsheet model and the assumptions and variables considered. He stated FOAC received this information and the budget staff will produce this report monthly. He discussed the need to look at our faculty model to balance out the type of faculty to assist in serving growing enrollments.

Trustee Mason rejoined the call at 4:00pm

4.4 **Oregon Tech Participation in the Oregon Manufacturing Innovation Center (OMIC)** (1:40pm -3:10pm)

Chair Sliwa stated this project is supportive of the university's strategic objectives: augmenting the offerings of the Wilsonville campus and pursuing technical and remote education in the region. He asked the Committee to consider the benefits, risks, and possible endorsement of the proposal to the Board so it may take action at its meeting later this week. Time is of the essence as there is an offer on the property and if the Board is interested an offer needs to be made by May 9.

VP McKinney explained the concept of an advanced manufacturing research center: industry comes together, pools research and development dollars, contracts with university researchers to complete applied research projects and connect those projects with education in the area. One of the earlier efforts was the establishment of the Northwest Collaboratory for Sustainable Manufacturing. The NWCSM is in its third year and Oregon Tech has two Manufacturing Engineering faculty positions funded through this program. Oregon Tech's Wilsonville Program Director for ME is funded through ETIC. Boeing is the proposed anchor tenant and they want to accelerate the manufacturing process in Oregon. In the fall of 2015 discussion started regarding the creation of a manufacturing research center and representatives from Oregon universities, community colleges, industry and the Legislature visited Adrian Allen and the Advanced Manufacturing Research Center in Sheffield, England in January 2016.

Senator Johnson stated she helped solicit funds from the Legislature for NWCSM and is a strong advocate of the Oregon Manufacturing Industry. She explained the collaboration and growth at the AMRC and the positive ramifications of establishing a similar facility in Scappoose, Oregon. Boeing established 14 facilities around the world but this would be the first in the United States. The structure of the AMRC includes partnerships between business, government and education; she would like to include philanthropic organizations to the structure and has broached the idea with Meyer, Murdock, OCS and Ford Foundations.

Chris Harder with Business Oregon stated this is a unique opportunity for Oregon. He anticipates funds coming forth along with requirements and expectations related to the research and development aspect of the project. He confirmed that the Legislature approved \$7.5M in lottery bonds to stimulate this project: \$5M to Portland Community College to build a training facility and \$2.5M to Business Oregon to allocate to a university to help fund a facility to house the R&D portion. A Phase-1 business plan was submitted to the Legislature two weeks ago and will be presented to e-board on May 23 with a request to lift the limitation, allowing Business Oregon to start the process to issue lottery bonds. The purchase price of the building and property in question is \$4.2M with an estimate of infrastructure costs of \$1.5M. If the legislative process moves forward there would be access to \$2.5M. He is looking for state and local resources for infrastructure development. Business Oregon needs to see a minimum operating commitment of partners in place before letting the \$2.5M; this involves commitments from industry to participate (Boeing and additional tier one partner each at \$300K/year) and from the universities (programmatic staffing and equipment). Business Oregon also needs an investment recapture requirement to protect state resources should the mission/vision not materialize in the future.

Interim VP Kenton gave an overview of the “Jersey” property and the potential partnerships with PSU and OSU. The estimated operating costs are between \$150K-200K per year with increases as operations increase. To keep this opportunity alive he suggested the university submit an offer with significant earnest money and authorize staff to work with our Miller-Nash counsel to draft a contract with contingencies. The proposed process is to submit an offer and request 45 days to focus on standard real estate contingencies, followed by board review of the due diligence findings and approval to move forward with the second phase of contingencies. The second phase is to ensure industry commitments, government commitments, anchor tenants, and to put lease agreements in place with university partners; the findings from phase two would then be brought to the board for approval to close the transaction. There is an economic development grant opportunity that could earmark \$3M for the training and R&D centers.

Secretary Fox stated **Trustee Mason** had to leave the meeting at 2pm but she submitted the following comments: she is very supportive of the initiative in general with appropriate stipulations in place to protect Oregon Tech, while furthering the process.

Chair Sliwa stated there are some backup plans if this property purchase falls through but this option is the quickest catalyst for the project. **Senator Johnson** stated local government is very supportive of this proposal.

Trustee Stewart asked about the connection to Oregon Tech and why would we take on the risk. He is supportive of the collaborative nature and it fits in the university’s wheel house; however, he is not convinced the university needs to be the one taking on the risk. He voiced his concern that the type of risk the university is taking on is more in line with what he would expect a larger university (PSU or OSU) to enter into. **VP McKinney** outlined some of the benefits of being a lead in the project: all of the applied research from the center can be leveraged across the state; the project creates an additional revenue stream; we are attempting to offer our students applied skills; and the proposal falls into the hub and spoke model for the Wilsonville campus of investing in remote delivery. We

cannot provide floor space and access to equipment at the Wilsonville location for a similar setup. She walked through the risks of entering into the project.

Trustee Gomez stated a big part of the investment seems to be the land; she asked about the potential to build additional structures and the availability and quality of utilities.

Interim VP Kenton stated the property (10 acres) was filled with certified clean fill on a reclaimed gravel pit but due diligence on many aspects is required prior to purchase.

Trustee Stewart confirmed the request is to endorse moving forward with due diligence, placing \$250-500K in earnest money with the addition of \$1M in earnest money upon completion of the primary due diligence, and upon closing, in mid-October, the full \$4.2M is due. **Chris Harder** stated the \$2.5M raised through the sale of bonds would go toward the purchase of the building with a recapture agreement for the investment over 10 year if the asset is sold. He will also search for funds to assist with infrastructure and EDA is looking for funds also. **Trustee Stewart** received confirmation that Oregon Tech paid for President Maples' travel to Sheffield, England.

Trustee Ceron asked for clarification on the return on investment and recouping front end costs. **VP McKinney** stated after the 3rd or 4th year the expectation is for the university to be net positive but more will be known during the second phase of due diligence.

Trustee Stewart stated he wished the committee had more time consider the proposal to better understand the potential direct benefits to OIT. **He asked for a space analysis of Wilsonville showing what it would take to get the space required for this project.**

VP McKinney addressed whether there would be additional asks for the project from Oregon Tech, stating the equipment commitment for Oregon Tech through the NWCSM grant is \$100,000 matched by an industry commitment of \$100,000.

Trustee Stewart asked where this project has been discussed besides this board committee. **Interim VP Kenton** stated FOAC heard the proposal on Monday and he outlined the issues raised by the committee. He is meeting with the Executive Committee of Faculty Senate next Friday and will bring it up.

Trustee Gomez stated she sits on the Business Oregon Council; she supported directing staff to draft a purchase document and recommend the board support the proposal by placing earnest funds.

VP Kenton stated Oregon Tech will spend approximately \$50K to hire third parties to conduct due diligence.

Trustee Stewart moved to support the OMIC project and recommend the Board direct staff to begin preparation of legal documents to move the project forward, limiting the universities exposure to \$1.75M. **Trustee Gomez** seconded the motion. **With Trustees Stewart, Ceron and Gomez voting aye, the motion passed unanimously.**

4.5 Administrative Delegation (4:05pm-4:17pm)

Interim VPFA Kenton suggested a different way to operate. He explained the impetus behind relaxing some of the control processes to improve accountability, empowering people to accomplish tasks, and enticing them to better themselves and the university. His goal is to have the university operate in a transparent manner.

4.6 **Project Update: Cornett/Center for Excellence in Engineering and Technology (CEET)** (12:20pm - 12:40pm)

Interim VPFA Kenton explained Oregon Tech received \$10.9M in state bonds to be matched by \$750,000 in school funds to build a new engineering building and renovate Cornett Hall. Originally Oregon Tech requested \$48M for the complete project but the state asked for it to be broken into phases. The original architect was recently re-engaged to formulate a plan to move forward with the CEET project, to look at a new student facilities structure and recreation center, and to modernize Boivin Hall. Through meetings with faculty and staff, it was determined it would be best to renovate Cornett hall with existing allocated funds and go back to the state for 2017-19 biennium to ask for funds for the reconstruction of the new CEET structure. All seven universities worked together to prioritize the top tier capital requests for the state with a \$250M dollar cap for top tier. Oregon Tech's top tier request was \$42M for finishing renovation of Cornett and for the new engineering building. The proposed student success center is in the second tier and Boivin Hall is in third tier. It is highly unlikely funds will be available for second and third tier projects. The second part of the request for funds is \$65M for capital repair and deferred maintenance which is divided among universities based on square footage of educational buildings. The proposed budget was conveyed to HECC on April 30, HECC will convey the budget to Governor by August 31, the Governor will tender his/her budget to the Legislature by November 1, and the Legislature will deliberate and establish a budget in May or June 2017. **Interim VPFA Kenton** outlined the needs of the Cornett building: ADA access, asbestos remediation, seismically retrofitted, renovate labs to improve functionality. Existing services offered in the structure can be accommodated while improvements are made. The project timeframe is dependent on whether the original bill allocating funds requires an amendment to reflect a remodel versus new construction. The Oregon Tech Foundation agreed to raise \$2M to match \$2M of state bonds and will have 3 years to raise that match; bonds will not be sold until spring 2019. If the Foundation cannot raise all of the funds the university can supplement with other funds. The Legislative Affairs Directors are working on a marketing packet for the Tier 1 projects; we could use something similar to assist the Foundation in fundraising.

4.7 **Project Update: Oregon Health Science University/Sky Lakes Medical Center/Oregon Institute of Technology Rural Health Care Campus** (1:10pm-1:30pm)

AVP Ricketts stated there were recent meetings between the hospital leadership and OHSU and Oregon Tech academic leadership to talk about partnership opportunities for the rural health care campus including benefits from shared clinical space and faculty expertise. The Foundation is interested in participating in the project provided the project is a priority of the university.

Chair Sliwa stated an initiative of the university was to focus on assisting rural health. **Trustee Stewart** stated the intent is to partner with OHSU to raise at least \$50M to construct a clinical education building and endow funds to sustain academic programs

which complement what OIT and OHSU offer. The intent is to collaborate with OHSU fundraising. He hopes the Oregon Tech Board would endorse this as a project so they can use OIT in fundraising and formal marketing materials. He would like the OIT foundation board to endorse it also and assist in fundraising. The goal is to use the next 24 months for the fundraising campaign; the optimistic timeline is to break ground on the educational/clinical facility in the summer of 2018. There would be no direct programmatic request of OIT but programs that OIT wants to develop, such as the Doctorate of Physical Therapy, could be linked to the clinical site setting with some clinical education. The sustainability funds could endow some clinical operations of OIT. If the university chooses not to participate, OHSU and SLMC will move ahead but would continue to want to partner with OIT on externships and clinical space.

Chair Sliwa summarized that the request is to endorse and join the project and identify programs Oregon Tech could offer that would benefit from and provide benefit to the project.

Trustee Stewart stated OHSU and SLMC have offered a Family Medicine training program over 20 years in rural environments in hopes the resident doctors would practice in rural environments. The idea of the rural campus is to replicate that process in other health professions. OHSU's goal is to rotate all 600 students through a rural health program whether it be an OIT program, OHSU rural program, or a joint degree program. Everyone is in the brainstorming phase right now. **Trustee Stewart** stated SLMC is supportive of pursuing the DPT program and understands Oregon Tech's need to engage a consultant to identify curriculum and satisfy the accreditation process. SLMC is committed to donating \$100,000 towards the DPT startup expense. He stated the project does not require Oregon Tech to contribute capital expense funds towards the building/center but a partnership with an educational component is requested. Any capital raised above \$32M-35M will go toward endowments.

Consensus to put the SLMC/OHSU/OIT rural health project on the June meeting agenda for endorsement; the academic team will provide a briefing and report on potential programs.

4.8 Financial Ratios/Benchmark – postponed to the June 29, 2016 meeting

4.9 General Finance and Administration Update (4:17pm - 4:20pm)

Interim VPFA Kenton stated the soccer field project went out to bid, one bid was received for \$1.5M (funds allocated are \$1.8M), notice of intent to award a contract was issued, and additional storm drain issues will be addressed south of the field as part of the project.

He stated Brian Adair, who has 25 years of experience with facilities management mostly with community colleges in California, was hired as the Facilities Director; he will start on May 23.

The VPFA search committee interviewed 5 candidates by phone; narrowed it down to 3 and those individuals will be invited to campus in the next few weeks and a candidate should be identified by the end of May or beginning of June.

5. Other Business/New Business - none

6. Adjournment

Meeting adjourned at 4:21pm.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'S. Fox', is written over a faint, light blue circular stamp.

Sandra Fox,
Board Secretary

ACTION

Agenda Item No. 3.1

Request to Select an Internal Auditor and Authorize Staff to Enter into a Contract

Background

In May 2016, Oregon Tech received proposals from qualified contractors to provide internal audit activities. The objectives are for the successful proposer to perform an annual risk assessment; using the first annual risk assessment as a guide, prioritize the areas for internal audit work to be performed through the term of the contract and develop a multi-year internal audit schedule; and monitor and perform case management of Oregon Tech's Fraud, Waste, and Abuse Ethics line. The purpose of this internal audit function is to provide independent, objective examination and consulting activities that will add value and improve Oregon Tech operations, while upholding the principles of integrity, objectivity, confidentiality, and competency.

Typical Engagement Cycle for this service is as follows:

Annual Risk Assessment & Campus Presentations

Annual Risk Assessment: August – September 2016

Present audit work plan to

Oregon Tech Board of
Trustees Audit Committee: Fall 2016

Present audit update to

Oregon Tech Board of
Trustees Audit Committee: January 2017

Present audit update to

Oregon Tech Board of
Trustees Audit Committee: Spring 2017

Present audit update to

Oregon Tech Board of
Trustees Audit Committee: Summer 2017

The internal audit firm evaluation was designed to identify the firm with the strongest qualifications based upon ratings of their submitted proposer's qualifications; scope of work; experience of performing the service; price of the goods or services; quality of proposal; and responsiveness to submittal component. All proposers were ranked based on evaluation criteria. One firm ranked significantly higher, which is the basis for the recommendation.

Recommendation

Staff recommend that the Audit Committee approve the firm selected by the evaluation team, Kernutt Stokes LLP, authorizing staff to enter into a contract with the firm subject to the RFP protest period (three business days from issuance of Notice of Intent to Award Contract). The resulting contract will be initially awarded for services for the year ending June 30, 2017. The contract may be extended to perform the services for up to two (2) additional one-year periods, for a possible total of three audit periods ending June 30, 2019, as such services are needed.

Attachment

Under Separate Cover: [Kernutt Stokes LLP Proposal](#)

ACTION

Agenda Item No. 3.2

Recommendation to the Board to Adopt a Revised Tuition and Fee Policy

Background:

In February 2016 the Board reviewed and provisionally approved a tuition and fee policy. However, during that meeting the Board asked that the policy be further refined and brought back for subsequent consideration.

Since the February meeting the revised policy as shown below was discussed with Executive staff, the Fiscal Operations Advisory committee (FOAC), Faculty Senate and student leaders. The primary changes are as follows:

1. Further elaboration on the various types of mandatory fees covered by this policy and their applicability to each of the campuses.
2. Expanding the role of the tuition advisory committee to have purview over all types of tuition and mandatory fees as opposed to simply focusing on resident undergraduate tuition rates.
3. Adding the chair of the FOAC to the tuition advisory committee.
4. Establishing a goal of remitting 12% of gross tuition for fee remissions to be used for access, affordability, athletic and merit purposes.

Staff Recommendation:

Staff recommend that the Finance and Facilities committee endorse this policy change and recommend this revised policy to the full Board for adoption.

Attachments:

- Proposed policy with tracked changes
- Proposed policy

Board Policy on Tuition and Fee Process
Board of Trustees of Oregon Institute of Technology

1.0 Purpose

It is the policy of Oregon Institute of Technology that tuition, ~~fees,~~ ~~fees,~~ ~~fees~~ and other charges are to be developed, approved, issued and communicated in a transparent and consistent manner, with the engagement of appropriate University stakeholders. The purpose of this policy is to outline and clarify the process for setting tuition, ~~fees,~~ ~~fees,~~ ~~fees~~ and other charges at the University.

2.0 Background

2.1 Tuition and Mandatory Enrollment Fees. ORS 352.102(2) requires the Board of Trustees to establish a process for determining tuition and mandatory enrollment fees. Some of these fees (primarily the incidental and health service fees) will be different between Klamath Falls and Wilsonville due to the availability and extent of services provided at each campus.

2.2 Incidental Fees. ORS 352.102(3) requires the ~~institutional p~~President to submit the joint recommendation of the president and the Associated Students of Oregon Institute of Technology (ASOIT) prior to the Board taking action on incidental fees. ORS 352.105 requires the Board to collect mandatory incidental fees upon the request of ASOIT, except in certain circumstances. ORS 352.105(1) requires that ASOIT consult with the Board in the establishment of a process for requesting mandatory student incidental fees.

2.3 Health Service Fees. Set each year upon recommendation by the Health Service Advisory Committee to the presidents of both ASOIT and OIT. Assessed to enrolled students who are recipients of health services.

2.4 Building Fees. Historically this fee was set by the Legislature and funds were used to pay for bond debt service associated with projects for student facilities, such as student unions, etc. However, with the change in governance, this fee is now set by the institution to be used for various building projects. Set each year by the Board upon recommendation by the institutional president.

2.2.5 Other Mandatory Fees. Currently there are none, however, should students decide to pass a referendum for a recreation center fee or for other projects or purposes this could be a new category of mandatory fee assessed to all students in certain locations or based on other attributes. To be set based on a successful referendum and vote of the students and upon recommendation of the institutional president with approval by the Board.

3.0 Definitions

3.1 Associated Students of Oregon Institute of Technology (ASOIT) The recognized student government of the University.

3.2 Incidental Fee Committee The ASOIT committee responsible for recommending the amount and allocation of the Incidental Fee to ASOIT and the President and for developing Student Fee Guidelines which are subject to review and approval by the President and are to be provided at least annually to the Board's Finance and Facilities Committee.

Adopted: 02/22/16
 Amended:

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3.3 Tuition Recommendation Committee This committee is responsible for recommending the ~~resident undergraduate~~ tuition and mandatory fee rates to the institutional pPresident. Comprised of six ~~undergraduate~~ students representing both campuses appointed by the ASOIT pPresident(s); and the chair of the Fiscal Operations Advisory Council (FOAC) with and support from senior administrators.

~~3.3.4~~ **Fiscal Operations Advisory Council (FOAC)** - The Fiscal Operations Advisory Council is a faculty/administrative council for the purpose of advising the President on budget and financial matters. The Council will recommend fiscal management priorities to align with strategic goals of Oregon Tech. It will review the institution's annual budget and advise the President on the development of new budget initiatives and allocations. The Council will function as an integral group in strategic planning activities. Members of the Council include the Provost, the Vice President for Wilsonville, the Vice Presidents for Finance & Administration, and Student Affairs, a member of the Faculty Senate Executive Committee, a member of Academic Council, a representative of the Administrative Council, a representative of the Budget and Resource Planning, the ASOIT President and designee, and four senior faculty members appointed jointly by the President and the Faculty Senate President. The chair is appointed by the president.

4.0 Roles and Responsibilities

4.1 The Board of Trustees retains authority and responsibility to annually establish Tuition and Mandatory Student Fees.

4.2 The Board delegates to the President, who may further delegate to the Vice President for Finance and Administration, authority and responsibility to annually establish other fines, fees, and charges, as provided in Section 6.0 of this policy.

5.0 Setting of Tuition and Mandatory Student Fees, and Incidental Fees

Tuition and Mandatory Enrollment Fees, and Incidental Fees, are established annually by the Board, generally at the Board's meeting in March prior to the applicable academic year in accordance with the requirements of ORS 352.102 and ORS 352.105.

5.1 Process for Setting of Tuition and Mandatory Enrollment Fees. The Tuition Recommendation Committee will meet at least twice between January and February prior to providing the President advice and comment on proposed ~~resident undergraduate~~ tuition and mandatory fee rates for the upcoming academic year. A minimum of one public forum will be held at each campus location to discuss and obtain input on the proposed tuition and mandatory fees; and broad notification of the forum will be made to the university community.

When advising the pPresident, the Tuition Recommendation Committee will include input received at the public forum and considerations regarding historical tuition and fee trends, comparative data for peer institutions, the University's budget and projected cost increases,

Adopted: 02/22/16
Amended:

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and anticipated state appropriation levels. The President will bring [this](#) recommendation to the Board for [approval/consideration](#).

When setting tuition and fees, the Board may consider a number of factors, including the desire to (a) create affordable access to degree programs, (b) create a diverse student body, (c) maintain strong degree programs at every level, [and](#) (d) develop and maintain the human and physical infrastructure necessary to support the university's educational outcome goals, [and \(e\) maintain the fiscal integrity of the institution](#).

5.3 Process for Setting of Incidental Fees. An incidental fee is assessed each term to support institutional student programs that enhance the academic mission and function of the University. Funds generated by the incidental fee are used to fund college union operations, student clubs and programs, and athletics.

The Incidental Fee Committee is responsible for recommending the amount and allocation of the incidental fee to the ASOIT and the President, pursuant to the Student Fee Guidelines. ASOIT and the President are to work together to reach agreement regarding a joint recommendation regarding the incidental fee. Once approved, the President will bring the joint recommendation to the Board for consideration.

5.4 Limits on Tuition and Mandatory Student Fees Increases. When setting Tuition and Mandatory Student Fees, the Board shall consider the following limits:

- 5.4.1 The Board may not increase the total of Tuition and Mandatory Student Fees by more than five percent annually unless the Board first receives approval from the Higher Education Coordinating Commission or the Legislative Assembly (ORS 352.102(4)(a)).
- 5.4.2 The Board will attempt to limit the annual increases in Tuition and Mandatory Student Fees for undergraduate students who are enrolled in a degree program and have established residency in Oregon to a percentage that is not greater than the percentage increase in the Higher Education Price Index, as compiled by the [Commonfund Institute](#) (ORS 352.102(4)(b)).

5.5 Fee Remissions. Tuition rates set by the Board ~~do not preclude the President or delegate from establishing and applying fee remissions towards the cost of tuition~~ [shall also include an allowance for fee remissions to be used for access, affordability, athletic and merit purposes. We shall strive to remit ~12% of tuition in order to maintain a predictable level of fee remissions each year.](#)

6.0 Setting of Other Fines, Fees and Charges

6.1 Process for Setting Other Fines, Fees and Charges. The President is authorized to establish other fines, fees and charges to cover specified costs of the University or for other purposes. Such other fines, fees and charges are to be reconsidered annually.

Adopted: 02/22/16

Amended:

Page 3 of 4

Provided for reference only – Statutory guidance on tuition and mandatory fees:

352.102 Tuition and mandatory enrollment fees. (1) Except as set forth in this section, the governing board may authorize, establish, eliminate, collect, manage, use in any manner and expend all revenue derived from tuition and mandatory enrollment fees.

(2) The governing board shall establish a process for determining tuition and mandatory enrollment fees. The process must provide for participation of enrolled students and the recognized student government of the university.

(3) The governing board shall request that the president of the university transmit to the board the joint recommendation of the president and the recognized student government before the board authorizes, establishes or eliminates any incidental fees for programs under the supervision or control of the board and found by the board to be advantageous to the cultural or physical development of students.

(4) In determining tuition and mandatory enrollment fees for undergraduate students who are enrolled in a degree program and are qualified to pay resident tuition:

(a) The governing board may not increase the total of tuition and mandatory enrollment fees by more than five percent annually unless the board first receives approval from:

(A) The Higher Education Coordinating Commission; or

(B) The Legislative Assembly.

(b) The governing board shall attempt to limit annual increases in tuition and mandatory enrollment fees for undergraduate students who are enrolled in a degree program and have established residency in Oregon to a percentage that is not greater than the percentage increase in the Higher Education Price Index, as compiled by the Commonfund Institute.

(5) The governing board may not delegate authority to determine tuition and mandatory enrollment fees for undergraduate students who are enrolled in a degree program and are qualified to pay resident tuition. [2013 c.768 §10]

Note: Section 30, chapter 840, Oregon Laws 2015, provides:

Sec. 30. (1) Notwithstanding any law limiting tuition and mandatory enrollment fee increases at public universities listed in ORS 352.002, if a public university listed in ORS 352.002 increases either resident undergraduate tuition or mandatory enrollment fees by more than three percent for the 2016-2017 academic year, the public university must report the justification for the increase to the Higher Education Coordinating Commission and the Joint Committee on Ways and Means, or the Joint Interim Committee on Ways and Means.

(2) Subsection (1) of this section does not apply to public universities currently subject to existing financial agreements or plans with the Higher Education Coordinating Commission, or to four-year tuition guarantees or high cost, high demand degree programs that currently charge differential tuition.

(3) This section is repealed on December 31, 2018. [2015 c.840 §30]

Adopted: 02/22/16

Amended:

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Board Policy on Tuition and Fee Process
Board of Trustees of Oregon Institute of Technology

1.0 Purpose

It is the policy of Oregon Institute of Technology that tuition, fees, fines and other charges are to be developed, approved, issued and communicated in a transparent and consistent manner, with the engagement of appropriate University stakeholders. The purpose of this policy is to outline and clarify the process for setting tuition, fees, fines and other charges at the University.

2.0 Background

2.1 Tuition and Mandatory Enrollment Fees. ORS 352.102(2) requires the Board of Trustees to establish a process for determining tuition and mandatory enrollment fees. Some of these fees (primarily the incidental and health service fees) will be different between Klamath Falls and Wilsonville due to the availability and extent of services provided at each campus.

2.2 Incidental Fees. ORS 352.102(3) requires the institutional president to submit the joint recommendation of the president and the Associated Students of Oregon Institute of Technology (ASOIT) prior to the Board taking action on incidental fees. ORS 352.105 requires the Board to collect mandatory incidental fees upon the request of ASOIT, except in certain circumstances. ORS 352.105(1) requires that ASOIT consult with the Board in the establishment of a process for requesting mandatory student incidental fees.

2.3 Health Service Fees. Set each year upon recommendation by the Health Service Advisory Committee to the presidents of both ASOIT and OIT. Assessed to enrolled students who are recipients of health services.

2.4 Building Fees. Historically this fee was set by the Legislature and funds were used to pay for bond debt service associated with projects for student facilities, such as student unions, etc. However, with the change in governance, this fee is now set by the institution to be used for various building projects. Set each year by the Board upon recommendation by the institutional president.

2.5 Other Mandatory Fees. Currently there are none, however, should students decide to pass a referendum for a recreation center fee or for other projects or purposes this could be a new category of mandatory fee assessed to all students in certain locations or based on other attributes. To be set based on a successful referendum and vote of the students and upon recommendation of the institutional president with approval by the Board.

3.0 Definitions

3.1 Associated Students of Oregon Institute of Technology (ASOIT) The recognized student government of the University.

3.2 Incidental Fee Committee The ASOIT committee responsible for recommending the amount and allocation of the Incidental Fee to ASOIT and the President and for developing

Adopted: 02/22/16

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Student Fee Guidelines which are subject to review and approval by the President and are to be provided at least annually to the Board's Finance and Facilities Committee.

3.3 Tuition Recommendation Committee This committee is responsible for recommending the tuition and mandatory fee rates to the institutional president. Comprised of six students representing both campuses appointed by the ASOIT president(s); and the chair of the Fiscal Operations Advisory Council (FOAC) with support from senior administrators.

3.4 Fiscal Operations Advisory Council (FOAC) - The Fiscal Operations Advisory Council is a faculty/administrative council for the purpose of advising the President on budget and financial matters. The Council will recommend fiscal management priorities to align with strategic goals of Oregon Tech. It will review the institution's annual budget and advise the President on the development of new budget initiatives and allocations. The Council will function as an integral group in strategic planning activities. Members of the Council include the Provost, the Vice President for Wilsonville, the Vice Presidents for Finance & Administration, and Student Affairs, a member of the Faculty Senate Executive Committee, a member of Academic Council, a representative of the Administrative Council, a representative of the Budget and Resource Planning, the ASOIT President and designee, and four senior faculty members appointed jointly by the President and the Faculty Senate President. The chair is appointed by the president.

4.0 Roles and Responsibilities

4.1 The Board of Trustees retains authority and responsibility to annually establish Tuition and Mandatory Student Fees.

4.2 The Board delegates to the President, who may further delegate to the Vice President for Finance and Administration, authority and responsibility to annually establish other fines, fees, and charges, as provided in Section 6.0 of this policy.

5.0 Setting of Tuition and Mandatory Student Fees, and Incidental Fees

Tuition and Mandatory Enrollment Fees, and Incidental Fees, are established annually by the Board, generally at the Board's meeting in March prior to the applicable academic year in accordance with the requirements of ORS 352.102 and ORS 352.105.

5.1 Process for Setting of Tuition and Mandatory Enrollment Fees. The Tuition Recommendation Committee will meet at least twice between January and February prior to providing the President advice and comment on proposed tuition and mandatory fee rates for the upcoming academic year. A minimum of one public forum will be held at each campus location to discuss and obtain input on the proposed tuition and mandatory fees; and broad notification of the forum will be made to the university community.

When advising the president, the Tuition Recommendation Committee will include input received at the public forum and considerations regarding historical tuition and fee trends, comparative data for peer institutions, the University's budget and projected cost increases,

Adopted: 02/22/16
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and anticipated state appropriation levels. The President will bring the recommendation to the Board for approval.

When setting tuition and fees, the Board may consider a number of factors, including the desire to (a) create affordable access to degree programs, (b) create a diverse student body, (c) maintain strong degree programs at every level, (d) develop and maintain the human and physical infrastructure necessary to support the university's educational outcome goals, and (e) maintain the fiscal integrity of the institution.

5.3 Process for Setting of Incidental Fees. An incidental fee is assessed each term to support institutional student programs that enhance the academic mission and function of the University. Funds generated by the incidental fee are used to fund college union operations, student clubs and programs, and athletics.

The Incidental Fee Committee is responsible for recommending the amount and allocation of the incidental fee to the ASOIT and the President, pursuant to the Student Fee Guidelines. ASOIT and the President are to work together to reach agreement regarding a joint recommendation regarding the incidental fee. Once approved, the President will bring the joint recommendation to the Board for consideration.

5.4 Limits on Tuition and Mandatory Student Fees Increases. When setting Tuition and Mandatory Student Fees, the Board shall consider the following limits:

- 5.4.1 The Board may not increase the total of Tuition and Mandatory Student Fees by more than five percent annually unless the Board first receives approval from the Higher Education Coordinating Commission or the Legislative Assembly (ORS 352.102(4)(a)).
- 5.4.2 The Board will attempt to limit the annual increases in Tuition and Mandatory Student Fees for undergraduate students who are enrolled in a degree program and have established residency in Oregon to a percentage that is not greater than the percentage increase in the Higher Education Price Index, as compiled by the Commonfund Institute (ORS 352.102(4)(b)).

5.5 Fee Remissions. Tuition rates set by the Board shall also include an allowance for fee remissions to be used for access, affordability, athletic and merit purposes. We shall strive to remit ~12% of tuition in order to maintain a predictable level of fee remissions each year.

6.0 Setting of Other Fines, Fees and Charges

6.1 Process for Setting Other Fines, Fees and Charges. The President is authorized to establish other fines, fees and charges to cover specified costs of the University or for other purposes. Such other fines, fees and charges are to be reconsidered annually.

Adopted: 02/22/16
Amended:

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Provided for reference only – Statutory guidance on tuition and mandatory fees:

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(2) The governing board shall establish a process for determining tuition and mandatory enrollment fees. The process must provide for participation of enrolled students and the recognized student government of the university.

(3) The governing board shall request that the president of the university transmit to the board the joint recommendation of the president and the recognized student government before the board authorizes, establishes or eliminates any incidental fees for programs under the supervision or control of the board and found by the board to be advantageous to the cultural or physical development of students.

(4) In determining tuition and mandatory enrollment fees for undergraduate students who are enrolled in a degree program and are qualified to pay resident tuition:

(a) The governing board may not increase the total of tuition and mandatory enrollment fees by more than five percent annually unless the board first receives approval from:

(A) The Higher Education Coordinating Commission; or

(B) The Legislative Assembly.

(b) The governing board shall attempt to limit annual increases in tuition and mandatory enrollment fees for undergraduate students who are enrolled in a degree program and have established residency in Oregon to a percentage that is not greater than the percentage increase in the Higher Education Price Index, as compiled by the Commonfund Institute.

(5) The governing board may not delegate authority to determine tuition and mandatory enrollment fees for undergraduate students who are enrolled in a degree program and are qualified to pay resident tuition. [2013 c.768 §10]

Note: Section 30, chapter 840, Oregon Laws 2015, provides:

Sec. 30. (1) Notwithstanding any law limiting tuition and mandatory enrollment fee increases at public universities listed in ORS 352.002, if a public university listed in ORS 352.002 increases either resident undergraduate tuition or mandatory enrollment fees by more than three percent for the 2016-2017 academic year, the public university must report the justification for the increase to the Higher Education Coordinating Commission and the Joint Committee on Ways and Means, or the Joint Interim Committee on Ways and Means.

(2) Subsection (1) of this section does not apply to public universities currently subject to existing financial agreements or plans with the Higher Education Coordinating Commission, or to four-year tuition guarantees or high cost, high demand degree programs that currently charge differential tuition.

(3) This section is repealed on December 31, 2018. [2015 c.840 §30]

Adopted: 02/22/16

Amended:

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ACTION

Agenda Item No. 3.3

Recommendation to the Board to Approve the Cornett Hall Renovation Project

Background:

In the 2015-17 Legislative session, Oregon Tech received an authorization for bonds for the Engineering Center for Excellence project – Phase One. This was to be the first phase of a multi-phased project to both build a new engineering building (in phase 1) and renovate Cornett Hall on the Oregon Tech campus in Klamath Falls (in a subsequent phase(s)). The budget/bond bill language for this project is as follows:

HB 5005 2015-17 Legislative Session:

Oregon Institute of Technology The Subcommittee approved the following project: • Center for Excellence in Engineering and Technology, Phase One: approved \$785,000 Article XI-G bonds and \$10,395,000 Article XI-Q bonds for construction of a laboratory and classroom building adjacent to Cornett Hall. The approved amount includes \$10,920,000 for project costs and \$260,000 for costs of issuing the bonds. The university will use funds from campus auxiliaries and a legal settlement for the constitutionally required fifty percent match against the Article XI-G bonds. Debt service on the bonds will be paid with General Fund.

The \$11,705,000 in total funding is not adequate to build much of an Engineering Building (let alone a Center for Excellence). In conversations with faculty earlier this year it became clear that Oregon Tech needed to re-conceptualize this project and the sequencing of both the renovation of Cornett and the construction of the new building. DiMella Schafer architects was engaged to assist us with this re-conceptualization process. During their work and discussion with stakeholders, it became clear that renovating Cornett Hall first with the \$11.705M available made the most sense. They also determined that Cornett could be renovated by moving occupants into one side of the building while renovating the other side over one summer, and then renovating the other side the following summer, thereby eliminating the need for a new building to use as swing space during the Cornett renovation.

Thus, Oregon Tech is now asking the Legislature, to allow us to re-purpose these bonds to switch the order of the phasing as described above and use these bonds and matching funds to renovate Cornett Hall. Oregon Tech is also currently seeking \$40M in additional State bonds and \$2.0M university match in the 2017-19 Legislative session to fund the construction of a new Engineering building and complete any remaining renovations of Cornett Hall. Given this, we are now seeking Board approval to proceed with the Cornett renovation design this fall by retaining architects to design the renovations and then selecting a general contractor this winter so they can begin work on Cornett during Summer 2017 and complete that work during the summer of 2018 (see attached project schedule from DiMella Schafer).

This renovation project will redress ADA access issues (by eliminating stairways, adding ramps and elevators), abate asbestos, seismically brace the building to current code requirements, upgrade electrical power for the building, improve life safety systems in the building (via improved lighting

and ventilation) and make the facility more usable with improved circulation, added gathering/study areas and classroom and laboratory improvements.

Proposed Action:

While Oregon Tech has yet to obtain Legislature authorization for this change in the bond authorization, in discussions with Legislative leadership and staff, all agree that they will re-authorize this change early in the 2017-19 Legislative session. Thus, the risk of that not happening seems to be minimal. Therefore, we are seeking the Committee's and Board's approval to proceed with the revised sequencing of this project. The early expenditures associated with this project will be charged as follows:

\$350,000 from asbestos legal settlement funds and indirect building reserves
\$435,000 from proceeds from the sale of the Harmony campus or E&G fund balances
\$785,000 Total Match Required

Oregon Tech will enter into a reimbursement resolution to use bond proceeds from the sale of the bonds for any subsequent project expenditures that occur before the bonds are sold. Reimbursement resolutions can only be used to cover expenditures that occur up to 180 days prior to the bond sale which is planned for April/May 2017. Given that, we will begin the project by spending our match funding which should put us into the 6 month window for the bond sale so that any added expenditures incurred prior to the bond sale can be reimbursed when the bonds are sold.

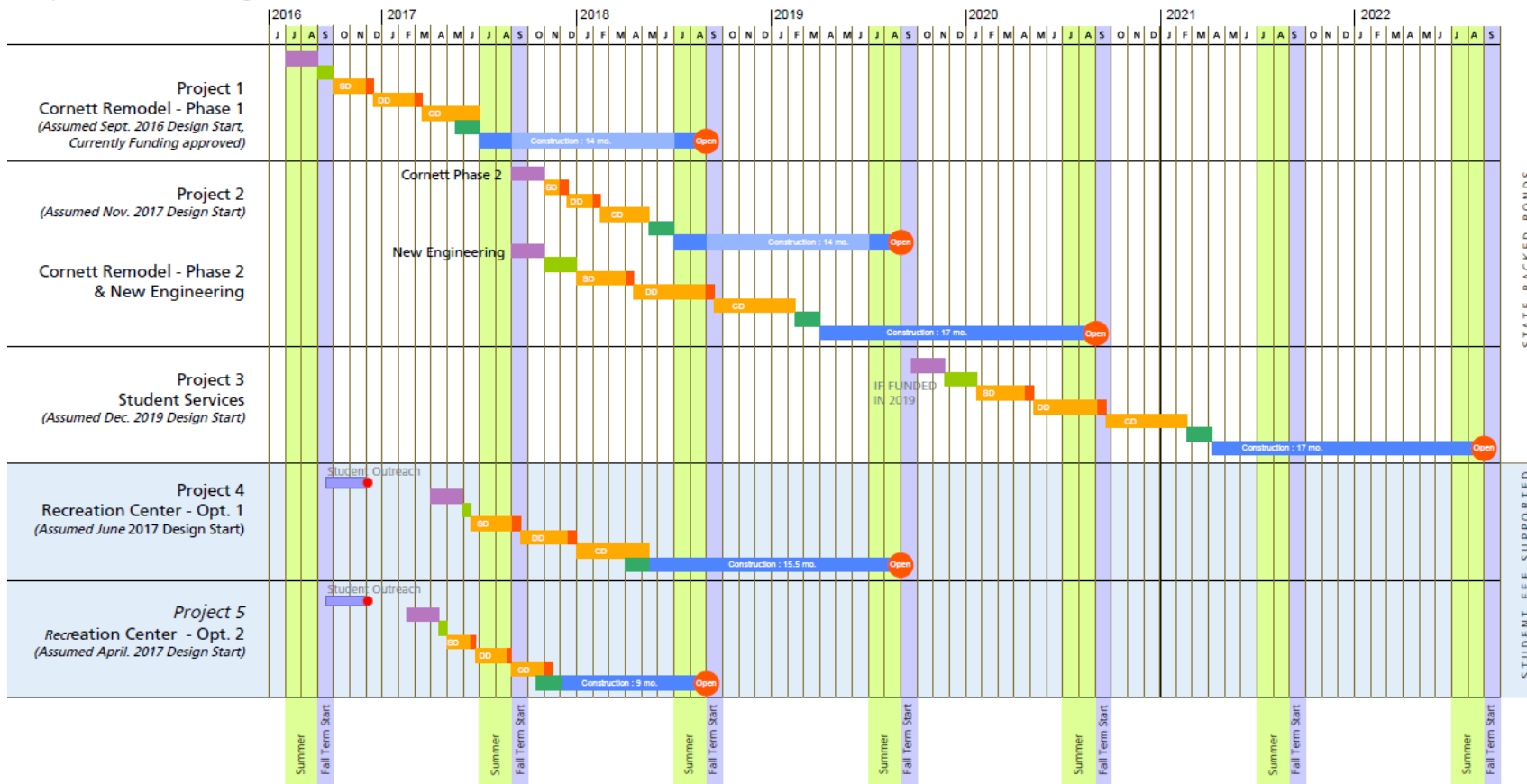
Staff Recommendation:

Staff recommend that the Finance and Facility Committee endorse the revised plan for the use of bonds and other funds to renovate Cornett Hall; and that the Committee recommend approval to the full Board at its June 30, 2016 meeting to undertake this \$11,705,000 renovation project in the recommended revised sequence.

Attachments:

Composite timeline for design and construction

Composite Timeline for Design and Construction



STATE BACKED BONDS

STUDENT FEE SUPPORTED

ACTION

Agenda Item No. 3.4

Recommendation to the Board to Adopt the 2016-17 Education and General Fund Operating Budget

Background:

The Education and General fund operating budget is the primary budget for Oregon Tech. It includes revenues from tuition and fees, State General Fund appropriations and other income. These revenues are used to fund instruction, research, public service, academic support, student service, physical plant and administrative expenses of the institution. Adoption of this budget is one of the primary duties of the Board of Trustees each year.

Process:

The process used to adopt the budget included the following steps:

For revenues, using the projected 2015-16 revenues as a base:

1. We inflated tuition and fees based on the tuition and fee increase approved by the Board in March 2016. This increase averaged 3% which generated nearly \$975K in new revenues for the 2016-17 year.
2. We initially budgeted for a 2% enrollment increase for 2016-17 which also increased revenues by another ~\$650,000.
3. Fee remissions were budgeted at initially at 12% of gross tuition an increase over the approximate 10% from the prior year.
4. State appropriations are budgeted based on projections made by the HECC using the second year phased implementation of the new outcome based funding formula.
5. Other income was also increased based on enrollment growth and inflation in certain fees and higher cash balances which will generate increased investment earnings.

For expenses, again using the 2015-16 projected expenditures as the base:

1. We initially rolled forward the salary roster from 2015-16 which included 54 positions (15% of the total positons) that had been vacant in 2015-16. We also budgeted for salary increases included in our collective bargaining agreement with SEIU and budgeted for a 4% mid contract increase for all unclassified employees; however, this increase is predicated on achieving enrollment goals. Student pay was increased by 6.9% to reflect both an inflationary increase and the new State minimum wage based on region.
2. Other payroll expenses were indexed to salaries, but also included an inflationary adjustment to the cost of health care coverage.
3. Services and supplies were initially inflated by inflationary adjustments of 2%.
4. Capital outlay was increased to prior year levels as in 2015-16 many of these items were deferred.
5. Transfers were increased to fully fund the agreements made with athletics and the library which are recipients of this funding.

Once these two steps were completed the projected expenditures were compared to revenues and showed ~\$2.5 million more in expenditures compared to projected revenues. At that point the Executive staff engaged in a process to align the expense and revenue budgets. These adjustments included the following:

1. Increasing the enrollment forecast to 3%, thereby adding \$325,000 in revenues.
2. Reducing the Fee remissions to 11%, again adding \$325,000 in net revenues.
3. Eliminating 11 vacant positions from the salary roster saving ~\$1.0 million.
4. Reducing the services and supplies budgets by 5.5% or \$550,000.
5. Eliminating budgets for accounts that had no activity in the past three years saving \$140,000
6. Increasing other income by ~\$155,000.

Other Budget Items to be Highlighted:

This budget contains the following reserves totaling \$1,991,000:

| | Total Amount |
|---|-------------------------|
| <u>General Reserve - YRV001</u> | |
| Accreditation Costs | \$ 85,000 |
| Classroom Modification Budget Request | 100,000 |
| Equipment - RBC Award pool | 159,000 |
| Equipment Replacement – Academics | 50,000 |
| Equipment Replacement – Academics | 391,000 |
| Equipment Replacement - ETM Division | 16,000 |
| Equipment Replacement – Facilities | 42,000 |
| Equipment Replacement - HAS Division | 16,000 |
| Equipment Replacement Reserve - Labs - ITS | 84,000 |
| Executive Positions Search Costs – Estimated | 250,000 |
| General Reserve – Wilsonville | 6,611 |
| Small One-Time Projects on Campus | 100,000 |
| Small Rehab Projects – Facilities | 30,000 |
| Utility Reserve-Pacific Power Savings from Geothermal | 250,000 |
| Less 5% Services & Supplies Budget Reduction | (53,981) |
| Total General Reserve | \$ 1,525,630 |
| <u>Payroll Reserve - YRV004</u> | |
| Unclassified Faculty COLA Reserve | \$ 247,454 |
| Unclassified Administrative COLA Reserve | 119,899 |
| Retirement Expense – Faculty | 46,769 |
| Retirement Expense – Administrative | 22,661 |
| Other OPE – Faculty | 19,549 |
| Other OPE – Administrative | 9,472 |
| Total Payroll Reserve | \$ 465,804 |
| Total Reserves Budget | \$ 1,991,434 |

Should enrollment fall below the 3% increase as noted above, the reserves will be concomitantly reduced to absorb this shortfall and salary increases for the current year will be reduced. These

reserves are also in addition to the projected carryforward fund balances at June 30, 2016 which are in excess of \$16.0M; thus we feel there are adequate safeguards in place should enrollment fail to materialize at projected levels.

The budget includes 10.97 FTE of new positions in the following areas:

| New FY17 Positions | FTE |
|-------------------------------------|---------------------|
| EERE Faculty | 1.00 |
| MMET Faculty – NWCSM | 0.50 |
| MMET Faculty – NWCSM | 0.50 |
| EMS Faculty | 0.49 |
| Library Tech 2 | 1.00 |
| Library Tech 2 | 0.50 |
| Associate Provost for Research | 1.00 |
| Web Online position | 1.00 |
| Lab Tech – Wilsonville | 1.00 |
| Add: DH Faculty | 0.50 |
| Add: MMET Faculty position .49 FTE | 0.49 |
| Add: Online position .5 FTE | 0.50 |
| Add: Senior Admissions Counselor | 1.00 |
| Add: Disability Services Specialist | 0.49 |
| Add: Academic Excellence position | 1.00 |
| New Positions Added in FY17 | <u>10.97</u> |

The 2016-17 budget also includes 10.0 FTE in new positions added in 2015-16 that were not filled in 2015-16 as follows:

| New Positions in FY16-Never Filled | FTE |
|--|---------------------|
| Risk & Strategic Procurement Analyst | 1.00 |
| ETIC - KF Position | 1.00 |
| ETIC - EERE-WLV-Power Engineering | 1.00 |
| ETIC - MMET-WLV | 1.00 |
| ETIC - CSET-WLV | 1.00 |
| Lab Manager – CSET | 1.00 |
| Receptionist/Events Coordinator in WLW | 1.00 |
| Vice President for Enrollment Management | 1.00 |
| Title IX Coordinator | 1.00 |
| MFT Clinical Director | 1.00 |
| Total New FY16 Positions Not Filled | <u>10.00</u> |

We have also increased the salaries for the president, vice president, provost, deans and numerous other positions to ensure we can attract and retain quality candidates for these positions.

Planned Use of Carryforward Balances:

We have numerous requests to use carryforward balances as shown below and believe that more may be forthcoming. No decisions have been made regarding the use of these funds, however, promises were made for the significant equipment purchases after having been largely deferred in 2015-16 and some funds have been designated for student success initiatives. Decisions regarding the use of these funds will be made by the Executive Staff after Fall enrollment is more clear:

| Index Title | Amount | Purpose |
|----------------------------|------------------|--|
| Academic Agreements | 10,000 | Work station, Oregon Tech promotional items for ACP/HST students |
| Retention Initiatives | 150,000 | Starting up Program |
| Disability Services | 118,000 | Assistive technology, upgrade classrooms to ADA, etc. |
| Peer Consulting (Tutoring) | 10,345 | Additional tutors and wage increases |
| Registrar's Office | 59,000 | Curriculum/Catalog Management Software |
| Small Campus Projects | 166,000 | Campus beautification, painting, flooring, ADA, etc. |
| Equipment | 13,000 | Transfer to PLT600 for Vehicle/Equip - Requested \$18K |
| Academic Equipment | 666,600 | Permission was granted to hold over to next year. |
| HAS Equipment Maint | 100,000 | Funding for equipment parts and services for maintaining our own medical equipment |
| Total Requested | 1,292,945 | |
| Additional Reserve | 150,000 | |
| Total Requests | <u>1,442,945</u> | |

This budget has been reviewed with the Fiscal Operations Advisory Commission (FOAC). No issues were noted during this review, though they did ask for a history of spending by program and how this budget compared to past patterns of spending. Said analysis is shown in Attachment A – Budget and Expenses by Program.

As noted in this attachment, the significant increase in institutional support costs is due to Oregon Tech picking up the costs of shared services (payroll, benefits, financial statements, audits, treasury management, risk management, 5th Site administrative computing services, labor relations), board costs, legal, Title IX compliance, emergency management, increased administrative salaries and more fully staffing the development operations. Much of the reserves will be spent on academic equipment and salaries, thus bolstering that category when expended.

Comparing the proposed 2016-17 E&G budget to last year's budget and projected 6/30/16 actuals yields the following:

2016-17 Proposed Operating Budget**Education and General Fund**

Revised Projection as of May 31, 2016

| | <u>2015-16 Budget as Approved</u> | <u>6/30/16 Projected Revenues and Expenses</u> | <u>2016-17 Proposed Budget</u> | <u>Difference 2016-17 to 2015-16 Projected Actuals</u> |
|--------------------------|---|--|--|--|
| Revenues: | | | | |
| Gross Tuition | \$31,429,630 | \$30,941,315 | \$32,552,000 | \$1,610,685 |
| Fee remissions | <u>(\$3,698,761)</u> | <u>(\$3,080,000)</u> | <u>(\$3,415,000)</u> | (\$335,000) |
| Net Tuition | \$27,730,869 | \$27,861,315 | \$29,137,000 | \$1,275,685 |
| State Funding | \$24,955,580 | \$24,830,169 | \$26,135,000 | \$1,304,831 |
| Other Income | <u>\$786,482</u> | <u>\$908,281</u> | <u>\$1,053,000</u> | <u>\$144,719</u> |
| Total Income | \$53,472,931 | \$53,599,765 | \$56,325,000 | \$2,725,235 |
| Expenses: | | | | |
| Unclassified | \$20,943,073 | \$20,744,399 | \$23,048,000 | \$2,303,601 |
| Classified | \$5,064,894 | \$4,737,162 | \$5,366,000 | \$628,838 |
| Student | \$663,044 | \$724,117 | \$739,000 | \$14,883 |
| GTA | \$40,000 | \$33,159 | \$40,000 | \$6,841 |
| OPE | \$13,292,333 | \$12,065,357 | \$13,717,000 | \$1,651,643 |
| S&S | \$10,190,631 | \$8,982,476 | \$9,902,000 | \$919,524 |
| Travel | \$546,814 | \$918,003 | \$977,000 | \$58,997 |
| Capital Outlay | \$829,183 | \$434,807 | \$807,000 | \$372,193 |
| Service credits | incl. above | (\$941,884) | (\$933,000) | \$8,884 |
| Transfers | \$1,094,611 | \$1,190,112 | \$1,190,000 | (\$112) |
| Debt Service | <u>\$1,610,362</u> | <u>\$1,610,362</u> | <u>\$1,472,000</u> | <u>(\$138,362)</u> |
| Total Expenses | \$54,274,945 | \$50,498,070 | \$56,325,000 | \$5,826,930 |
| Other Non-Recurring | | | | |
| Harmony Sale | | \$4,200,000 | | |
| Cornett Match | | | (\$435,000) | |
| OMIC | | (\$50,000) | (\$1,700,000) | |
| Planned use of fund bal. | | | (\$1,442,000) | |
| Sale of Pres. Res. | | | \$250,000 | |
| Net | (\$802,014) | \$7,251,695 | (\$3,327,000) | |
| Fund Balance | \$9,394,318 | \$16,646,013 | \$13,319,013 | |

Staff Recommendation:

Staff recommends the Finance and Facilities Committee endorse this proposed Fiscal Year 2016-17 Budget and move to recommend such to the Board for approval and adoption.

Attachment:

Budget and Expenses by Program.

ATTACHMENT A – Budget and Expenses by Program

| Attachment A | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|------------------------------|----------------------------|---------|--------------------|---------|---------------------|---------|---------------------|---------|---------------------|---------|---------------------|---------|---------------------|---------|---------------------|---------|---------------------|---------|---------------------|---------|---------------------|---------|---------------------|---------|
| Oregon Tech | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Expenditures by Program | | | | | | | | | | | | | | | | | | | | | | | | | |
| Education & General Funds (Fund Type 11) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| Program | Title | 2016-17 Budget as Proposed | % Total | 5/31/16 YTD Actual | % Total | Jun-2015 YTD Actual | % Total | Jun-2014 YTD Actual | % Total | Jun-2013 YTD Actual | % Total | Jun-2012 YTD Actual | % Total | Jun-2011 YTD Actual | % Total | Jun-2010 YTD Actual | % Total | Jun-2009 YTD Actual | % Total | Jun-2008 YTD Actual | % Total | Jun-2007 YTD Actual | % Total | Jun-2006 YTD Actual | % Total |
| 00000 | Instruction & Dept Research | 29,068,953 | 51.6% | 23,857,136 | 51.2% | 25,576,616 | 54.9% | 24,603,854 | 57.8% | 21,854,749 | 54.2% | 21,789,522 | 58.3% | 21,189,487 | 56.9% | 19,833,624 | 57.6% | 20,244,137 | 57.7% | 18,503,470 | 54.3% | 16,659,797 | 56.8% | 16,089,704 | 57.4% |
| 10000 | Research | 429,957 | 0.8% | 172,398 | 0.4% | 261,735 | 0.6% | 271,987 | 0.6% | 112,503 | 0.3% | 71,049 | 0.2% | 71,286 | 0.2% | 48,755 | 0.1% | 119,977 | 0.3% | 115,006 | 0.3% | 34,852 | 0.1% | 5,576 | 0.0% |
| 20000 | Public Services | 1,083 | 0.0% | 575 | 0.0% | 768 | 0.0% | 585 | 0.0% | 296 | 0.0% | 48,466 | 0.1% | 42,175 | 0.1% | 42,951 | 0.1% | 53,038 | 0.2% | 60,613 | 0.2% | 33,897 | 0.1% | 25,794 | 0.1% |
| 30000 | Academic Support | 6,456,320 | 11.5% | 5,693,498 | 12.2% | 5,563,558 | 11.9% | 5,194,677 | 12.2% | 6,403,277 | 15.9% | 4,765,716 | 12.7% | 4,786,729 | 12.9% | 4,810,141 | 14.0% | 4,705,256 | 13.4% | 5,741,728 | 16.9% | 3,674,539 | 12.5% | 3,265,334 | 11.7% |
| 40001 | Student Services | 4,329,629 | 7.7% | 3,293,421 | 7.0% | 3,793,692 | 8.1% | 3,124,533 | 7.3% | 2,797,203 | 6.9% | 2,557,934 | 6.8% | 2,129,781 | 5.7% | 1,992,302 | 5.8% | 2,315,224 | 6.6% | 2,260,717 | 6.6% | 1,888,721 | 6.4% | 1,780,815 | 6.4% |
| 45000 | Auxiliary Services | 1,174,298 | 2.1% | 1,083,971 | 2.3% | 814,091 | 1.7% | 801,422 | 1.9% | 505,796 | 1.3% | 861,731 | 2.3% | 846,599 | 2.3% | 807,468 | 2.3% | 752,958 | 2.1% | 725,969 | 2.1% | 696,306 | 2.4% | 656,587 | 2.3% |
| 50000 | Physical Plant Oper & Maint | 3,930,290 | 7.0% | 3,409,899 | 7.3% | 4,173,106 | 9.0% | 3,549,003 | 8.3% | 3,529,229 | 8.7% | 2,852,633 | 7.6% | 3,304,634 | 8.9% | 2,795,215 | 8.1% | 2,798,957 | 8.0% | 2,530,004 | 7.4% | 2,304,676 | 7.9% | 2,255,132 | 8.1% |
| 60000 | Institutional Mgmt & Support | 8,943,651 | 15.9% | 6,511,443 | 14.0% | 6,417,999 | 13.8% | 5,254,601 | 12.4% | 5,143,854 | 12.7% | 4,450,065 | 11.9% | 4,873,107 | 13.1% | 4,081,402 | 11.9% | 4,080,683 | 11.6% | 4,110,374 | 12.1% | 4,026,563 | 13.7% | 3,932,414 | 14.0% |
| 81000 | Reserves | 1,991,434 | 3.5% | 26,364 | 0.1% | - | 0.0% | (255,940) | -0.6% | - | 0.0% | 356 | 0.0% | - | 0.0% | 9,411 | 0.0% | (10,000) | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| | Total Expenditures | 56,325,615 | 100.0% | 44,038,705 | 94.5% | 46,601,565 | 100.0% | 42,544,722 | 100.0% | 40,346,907 | 100.0% | 37,397,472 | 100.0% | 37,243,798 | 100.0% | 34,421,269 | 100.0% | 35,060,230 | 100.0% | 34,047,881 | 100.0% | 29,319,351 | 100.0% | 28,011,356 | 100.0% |

Note: Increase in FY17 Budget for Institutional Support is largely due to additional expense of \$1.5M for Shared Services operations, Board expenses, increased salaries, adding emergency management, Title IX compliance, legal, fully staffing development, etc.

| | Total Amount |
|---|---------------------|
| General Reserve - YRV001 | |
| Accreditation Costs | \$ 85,000 |
| Classroom Modification Budget Request | 100,000 |
| Equipment - RBC Award pool | 159,000 |
| Equipment Replacement - Academics | 50,000 |
| Equipment Replacement - Academics | 391,000 |
| Equipment Replacement - ETM Division | 16,000 |
| Equipment Replacement - Facilities | 42,000 |
| Equipment Replacement - HAS Division | 16,000 |
| Equipment Replacement Reserve - Labs - ITS | 84,000 |
| Executive Positions Search Costs - Estimated | 250,000 |
| General Reserve - Wilsonville | 6,611 |
| Small One-Time Projects on Campus | 100,000 |
| Small Rehab Projects - Facilities | 30,000 |
| Utility Reserve-Pacific Power Savings from Geothermal | 250,000 |
| Less 5% Services & Supplies Budget Reduction | (53,981) |
| Total General Reserve | \$ 1,525,630 |
| Payroll Reserve - YRV004 | |
| Unclassified Faculty COLA Reserve | \$ 247,454 |
| Unclassified Administrative COLA Reserve | 119,899 |
| Retirement Expense - Faculty | 46,769 |
| Retirement Expense - Administrative | 22,661 |
| Other OPE - Faculty | 19,549 |
| Other OPE - Administrative | 9,472 |
| Total Payroll Reserve | \$ 465,804 |
| Total Reserves Budget | \$ 1,991,434 |