



Meeting of the
Oregon Tech Board of Trustees
Finance and Facilities Committee
Sunset Room, Klamath Falls Campus
And virtually via Microsoft Teams
January 28, 2021
8:00am – 9:25am

**Finance and Facilities Committee
also Sitting as the Audit Committee
Agenda**

	<u>Page</u>
1. Call to Order/Roll/Declaration of a Quorum (8:00am) <i>Chair Vince Jones</i>	
2. Consent Agenda <i>Chair Vince Jones</i>	
2.1 Approve Minutes of the November 12, 2020 Meeting	1
3. Reports (8:05am) (30 min)	
3.1 Finance, Facilities and Audit Status Update: Quarter Two Fiscal Year 2021 Report <i>AVP Stephanie Pope and Director Thom Darrah</i>	5
4. Action Items (8:35am) (30 min)	
4.1 Acceptance of the Annual Financial Report <i>Jean Bushong, CliftonLarsonAllen</i>	22
5. Discussion Items	
5.1 Tuition Development Process Update (9:05am) (15 min) <i>VP Erin Foley and President Naganathan</i>	34
6. Other Business/New Business (9:20am) (5 min) <i>Chair Vince Jones</i>	
Adjournment (9:25am)	



**Meeting of the
Oregon Tech Board of Trustees
Finance and Facilities Committee
Sunset Room, Klamath Falls Campus
And virtually via Microsoft Teams
November 12, 2020
1:00pm – 3:00pm**

**Finance and Facilities Committee
also Sitting as the Audit Committee
DRAFT MINUTES**

Trustees Present:

Vince Jones, Chair	Nagi Naganathan, President	Mike Starr
Jessica Gomez (in person)	(in person)	Paul Stewart

Other Trustees present:

Tim Hasty (in person)	Rose McClure (in person)	Michele Vitali
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University Faculty and Staff Present in Person:

Craig Campbell, Director of OMIC R&D
Brian Fox, VP Finance and Administration
Erin Foley, VP Student Affairs and Dean of Students
David Groff, General Counsel
Scotty Hayes, Information Technology Consultant
Stephanie Pope, Assistant VP Financial Operations

Others Present:

Haley Lyons, Kernutt Stokes, LLP

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

Chair Jones called the meeting to order at 1:02pm. The Board Secretary called roll and a quorum was declared.

2. Consent Agenda

2.1 Approve Minutes of the July 24, 2020 Meeting

With no amendments proposed, the minutes for the July 24, 2020 meeting stand as published.

3. Reports

3.1 FOAC

Chair Bailey stated FOAC met and reviewed the budget and completed, underway and planned capital projects. He stated the year-end actuals from the fiscal year 2019-20 showed the university had a strong fund balance and the budget for fiscal year 2020-21

looks good but enrollment is the key because it provides tuition revenue and state funding. He noted that to attract students to Oregon Tech we need to provide degrees that students are looking for and that provide a high ROI for students. He explained HECC is revising the funding model and it could have a negative impact on Oregon Tech; he suggested trustees contact HECC and lobby for Oregon Tech. He also noted the need to provide quality delivery of courses and the possibility to continue to improve on remote delivery and use it after we return to in-person teaching, to increase enrollment.

3.2 Fiscal Year 2020 Fourth Quarter Dashboard

3.3 Fiscal Year 2021 First Quarter Dashboard

AVP Pope reviewed the dashboards and managerial reports included in the agenda report. She pointed out the fourth quarter revenue was on par with expectations and expenses were reduced as a result of the savings from classified and administrated staff furloughing for six weeks as well as the position control process used; the net balance at the end of the fiscal year was positive. She noted for the first quarter managerial report the revenue is similar to the previous year's quarter one, but the expenses are more conservative as a result of COVID-19. The year-end forecast is not complete given the unknown expenses as a result of COVID. **VP Fox** explained the budget was created based on two assumptions for revenue: a 1% increase in student credit hour enrollment and a 10% reduction in state funding based on the state budget forecast. He stated we received more state funding than anticipated. **AVP Pope** stated the furlough savings are expected through the end of the calendar year and expenditures will return to the normal base in January 2021. **Chair Jones** explained the board approved a deficit budget of \$1.8M for fiscal year 2019-20 and staff and faculty worked to end up with a positive \$3.5M. The board most recently approved a balanced budget for fiscal year 2020-21 and the first quarter shows the university making progress to stay on budget but we need to continue to be conservative as there are unknowns ahead. He briefed the committee on the status of the capital projects underway. **President Naganathan** thanked staff for the sacrifices made during furloughs and noted the \$1.4M salary savings will not be in the fiscal year 2021-22 budget.

3.4 OMIC Annual Report

Director Campbell reviewed the written report in the agenda packet explaining memberships continue to grow with 35 members now, the physical plant is expanding, they are now taking on research from non-members as part of the goal to become financially sustainable, research projects are successfully executed, they are aligning research capabilities with industry needs, research staff is increasing to take advantage of equipment, OMIC and Oregon Manufacturing Extension Partnership: Factory of Tomorrow was established to de-mystify processes and equipment for small and medium business manufacturers, and they are moving forward on capital projects. He explained how projects are chosen each year. **Chair Jones requested to hear an update on OMIC robotics projects at the next meeting.**

4. Action Items

4.1 Acceptance of the Internal Audit: Housing and Residence Life

Haley Lyons stated there were no findings for the audit for Housing and Residence Life and the observations and process improvement recommendations are already addressed or are in the process of being addressed. She gave an update on the Sponsored Projects and

Grants audit report that has not been issued yet. The audit work was completed in April and Dr. Afjeh is working on management's response to the 13 findings, 5 observations and 6 process improvement recommendations items identified and resolve issues identified. She hopes to have an issued report at the next meeting. She gave an update on the Fraud, Waste and Abuse Ethics Hotline: 8 cases were submitted through the hotline for FY ending June 30, 2020 all but one are resolved; 2 cases were reported since July 1, 2020 but nothing is open at this time. The significance of the issues reported are minor. She addressed the need to review and update the previously created 3-year Risk Assessment and Audit Plan to reflect the COVID environment. The plan is to complete two audits through June 30, 2021.

Trustee Starr moved to accept the Housing and Residence Life internal audit as presented in the agenda packet. Chair Gomez seconded the motion. With all trustees present voting aye, the motion passed unanimously.

4.2 Recommendation to the full board to Authorize the Boivin Hall Capital Project Budget

VP Fox stated this project was brought before HECC in 2018 for consideration and was finally approved in a special session this summer. He reviewed the details of the project including the need to find swing-space for the current occupants while the renovation occurs. The total project cost is \$20M, of which \$19M will come from the state and \$1M will come from the university, ideally through the Foundation and fundraising.

Trustee Starr moved to recommend the board:

1. authorize the Boivin Hall Rehabilitation Project as described in the docket,
2. delegate authority to the President or designee to manage the project in accordance with best interest of Oregon Tech, including amending the project scope to match available resources as necessary, and
3. request staff report to the F&F Committee on project progress on a periodic basis.

Chair Gomez seconded the motion. With all trustees present voting aye, the motion passed unanimously.

4.3 Recommendation to the full board to Authorize the Track and Stadium Renovation Project

VP Fox reviewed the scope of the project: removal and replacement of the existing track, replacement of other track and field facilities, grading the inner field, repaving the track skirting, renovating the restrooms and press booth, and replacing the structure siding. The estimated cost is \$2.4-2.5M and no E&G resources will be used. Approximately \$1M remains of the recreation facility bond used for the student rec center that must be spent on athletic facilities and must be committed by summer 2021. There is also \$600K in unexpected revenue in sports lottery funds. The Executive Committee of the Foundation Board supports moving forward with funding the remaining balance that would be repaid through fundraising and will make a recommendation to the full Foundation Board to do so. **VP Foley** explained the campus outreach conducted regarding this project: faculty senate presentation, ASOIT student survey, and open forums. There is support so long as no student fees are increased to fund this project. **Trustee Starr** stated he is concerned about the message we are sending with spending funds on capital projects at the same time

we are making operating cuts. **VP Fox** explained the need to be competitive by offering newer and updated facilities and that the resources for this project are coming from specific funds and not from the general fund.

Trustee Stewart moved to recommend to the full board approve, contingent on execution of a funding agreement with the Oregon Tech Foundation:

1. authorize the rehabilitation of the track and field facility and associated stadium utilizing resources available only for athletic and recreation improvements,
2. delegate authority to the President or designee to manage the project in accordance with best interest of Oregon Tech, including amending the project scope to match available resources as necessary, and
3. request staff report to the F&F Committee on project progress on a periodic basis.

Trustee Starr seconded the motion. With all trustees present voting aye, the motion passed unanimously.

5. Discussion Items

5.1 Internal Auditing Services Contract Report

VP Fox reported that the internal auditing services contract was awarded to Kernutt Stokes.

5.2 Financial Planning Outlook

VP Fox reviewed the PowerPoint presentation from the agenda packet. He explained the upcoming decision to make investments that grow top line revenue and/or decrease expenses. Many of the growth-related topics are on the academic side and will need to be addressed by the Academic Quality and Student Success Committee. He reviewed revenue and expenses, the state budget, potential changes to the HECC funding formula, base assumptions and forecast results, revenue and expense levers, and choices and timelines.

6. Other Business/New Business – none

7. Adjournment

Meeting was adjourned at 2:58pm.

Respectfully submitted,



Sandra Fox
Board Secretary

REPORT

Agenda Item No. 3.1

Finance, Facilities and Audit Status: Quarterly Review

Background

The following Quarterly Finance, Facilities and Audit Status Report provides information on the major areas of responsibility for the Finance and Administration Division of Oregon Tech. This typically includes budget, forward looking revenue and enrollment indicators, facilities, equipment and capital projects as well as internal and external audit coordination. This information is used by the Office of the Vice President of Finance and Administration to track progress of the institution in meeting its financial and operational goals, and reported to the Finance and Facilities Committee on a quarterly basis.

Note that the Ratio Analysis and Quarterly Investment Report, usually provided in the quarterly dashboard, are not included during the VPFA transition period.

Staff Recommendation

No action required. For discussion purposes only.

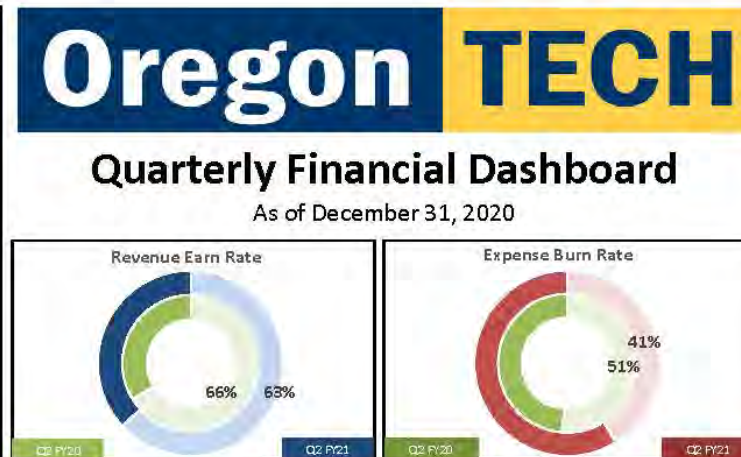
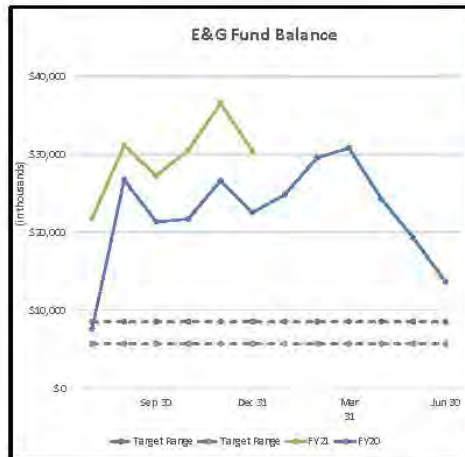
Attachments

Q2 FY 2020 Quarterly Finance, Facilities and Audit Status Reports including the following:

- A. [Financial and Enrollment Dashboard](#)
- B. [Quarterly Managerial Report](#)
- C. [Facilities and Capital Projects](#)
- D. [Audit Status Updates](#)

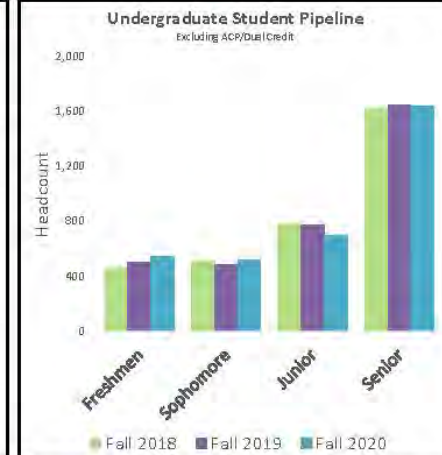
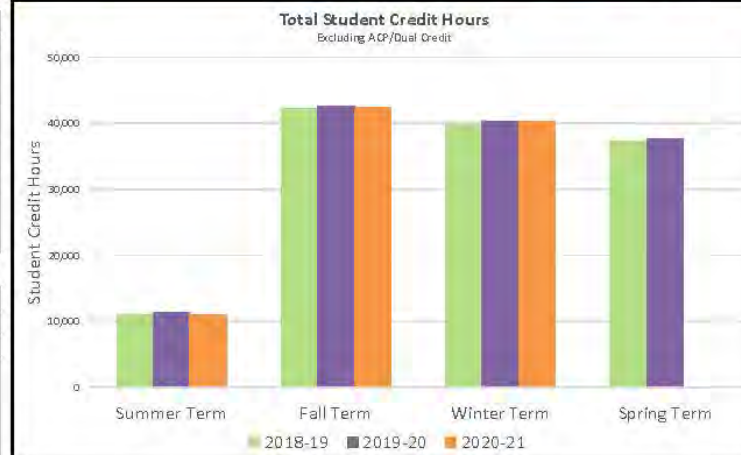
ATTACHMENT A

Financial and Enrollment Dashboard Report



Key Financial Indicators		
E&G Fund Balance:	\$30,328	As of Dec. 31, 2020
Total Cash on Hand:	\$30,291	As of Jan. 04, 2021
E&G Cash on Hand:	\$22,510	As of Jan. 04, 2021
Days Cash on Hand:	105 Days	As of Jan. 04, 2021
Debt Burden Ratio:	3.60%	As of June 30, 2020
Quasi Endowment:	\$8,168	As of June 30, 2020
Foundation Assets:	\$31,173	As of June 30, 2020

Student Tuition		
Undergraduate Tuition		
	2020-21	2019-20
Resident:	\$9,212	\$8,774
Non-Resident:	\$29,322	\$27,926
WUE:	\$13,819	\$13,160
Online:	\$12,150	\$11,565
Differential:	35% Premium	30% Premium
Graduate Tuition		
	2020-21	2019-20
Resident:	\$16,951	\$16,143
Non-Resident:	\$28,455	\$27,100
Online:	\$13,860	\$13,212
ETM Differential:	35% Premium	30% Premium



Degree Completions					
		2019-20	2018-19	2017-18	3 Year Δ
Undergraduate	Resident:	493	545	516	-4.5%
	Non-Resident:	239	208	212	12.7%
Graduate	Resident:	13	16	7	85.7%
	Non-Resident:	14	11	11	27.3%

Notes:

Student tuition rates are shown at 15 credits per term for undergraduates and 12 credits per term for graduates.

ATTACHMENT B

Quarterly Managerial Report Q2 FY2021

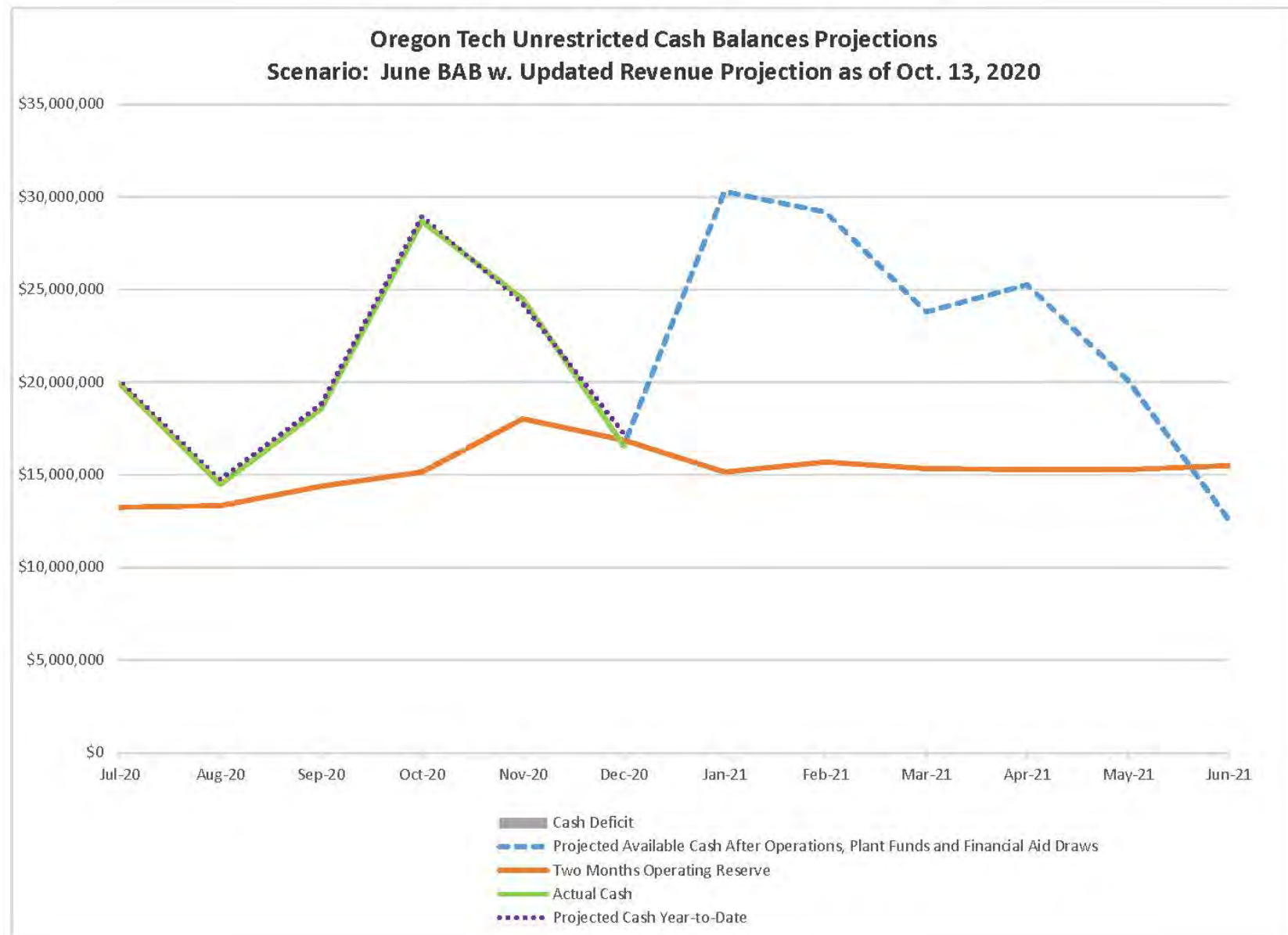
General Fund Monthly Report FY21 December

Acct	YTD Comparison		FY21 Forecast				Notes
	FY20 YTD Dec Actuals	FY21 YTD Dec Actuals	FY20 Year End Actuals	Adopted Budget	Adjusted Budget	Year-End Forecast	
State Allocations	18,766	19,256	31,311	29,836	29,836	33,082	(1)
Tuition & Fees	26,856	27,686	39,203	41,862	41,862	40,074	(2)
Remissions	(1,644)	(3,296)	(4,697)	(5,058)	(5,058)	(5,099)	
Other	1,402	1,496	2,767	2,763	2,763	2,763	(3)
Total Revenue	45,381	45,142	68,584	69,402	69,402	70,820	
Unclassified	10,969	10,085	25,039	24,659	24,659	25,363	(4)
Classified	2,974	2,598	5,907	6,173	6,173	6,173	
Student	361	268	660	1,093	1,093	1,093	
GTA	29	23	80	121	121	121	
OPE	7,705	7,509	16,763	18,335	18,335	18,335	
Salary Savings				(750)	(750)	(2,328)	
Total Labor	22,038	20,484	48,449	49,632	49,632	48,757	(5)
Service & Supplies	6,734	7,356	11,954	18,247	18,247	18,675	(8)
Internal Sales	(741)	(1,060)	(926)	(2,167)	(2,167)	(1,901)	
Debt Service	827	491	1,771	624	624	624	
Capital	307	24	449	458	458	1,798	
Utilities	467	425	1,053	1,247	1,247	1,053	
Transfers Out	919	687	1,462	1,362	1,362	1,362	(6)
Total Direct Expense	8,513	7,923	15,764	19,771	19,771	21,611	(7)
Total All Expense	30,551	28,407	64,212	69,403	69,403	70,368	
Net From Operations	14,830	16,735	4,372	(1)	(1)	452	
Extraordinary Transfers In	21	1	328	1	1	1	
Extraordinary Transfers Out	(185)	(1)	(694)	-	-	-	
Carryforward & Rollover Xfrs from	(460)	-	(460)	-	-	-	
Fund Additions/(Deductions)	127	-	46	-	-	-	
XFR Ot Foundation Load-RCP	(1,800)	-	-	-	-	-	
Change in Fund Balance	12,533	16,736	3,592	0	0	453	
Beginning Fund Balance	10,001	13,593	10,001	13,593	13,593	13,593	
Ending Fund Balance	22,534	30,328	13,593	13,593	13,593	14,046	
Ending Cash Balance	10,554	21,597	12,128				
% Operating Revenues	49.7%	67.2%	19.8%	19.6%	19.6%		

Notes:

Education & General

- (1) **Forecast** - October 2020 update from HECC on state appropriation funding
- (2) **Forecast** - Tuition forecast assumes normal retention Winter, Spring, Summer terms and assumes no events that disrupt enrollments
- (3) **Forecast** - Other revenue for FY21 will be reforecast in Spring 2021
- (4) **FY21 YTD Actuals** - Lower Unclassified, Classified, and OPE amounts due to furlough savings.
- (5) **Forecast** - Labor and OPE expenses have not been reforecast for end of year, and will be beginning in January 2021
- (6) **FY21 YTD Actuals** - Regular Athletics & Shaw transfers not yet completed, will be in January 2021
- (7) **Forecast** - Early forecast expenses with continued instability has large error bars
- (8) **Forecast** - Includes known budgeted expenditures, unplanned budgeted expenditures, and estimates of total spend.



ATTACHMENT C
Facilities and Capital Projects

FOUNDATION BOARD PRESENTATION / 1.28.2021



Oregon Tech's - Capital Projects Update

Thom Darrah | Director of Facilities & Capital Planning

Presentation Outline

Capital Projects – Ongoing

- CEET
- Boivin Hall Renovation
- Campus Way/Dan O'Brien Roundabout
- Track/Stadium Renovation
- ISHC Addition

Capital Projects - Completed

- Cornett Renovation - Phase 2
 - Student Rec Center
- *Projects complete except the % for Art requirements.*

Capital Renewal - Replacement

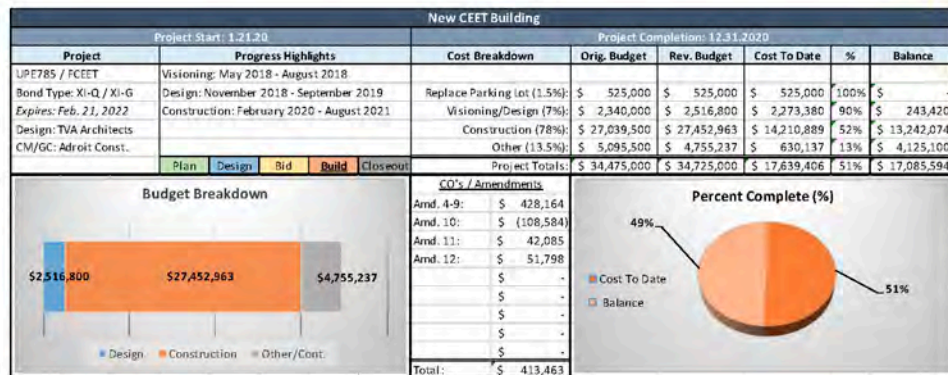
- FY 19/20
- FY 21/22

Sewer/Water Use – Savings

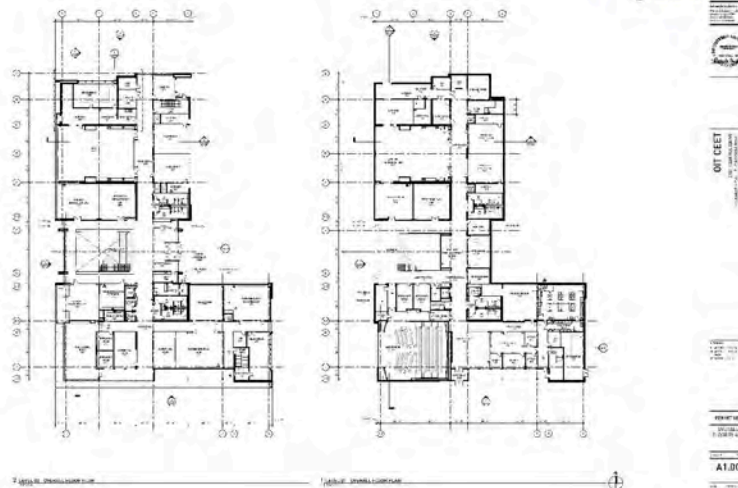
- FY 17 through FY 20



New CEET Building



New CEET Building



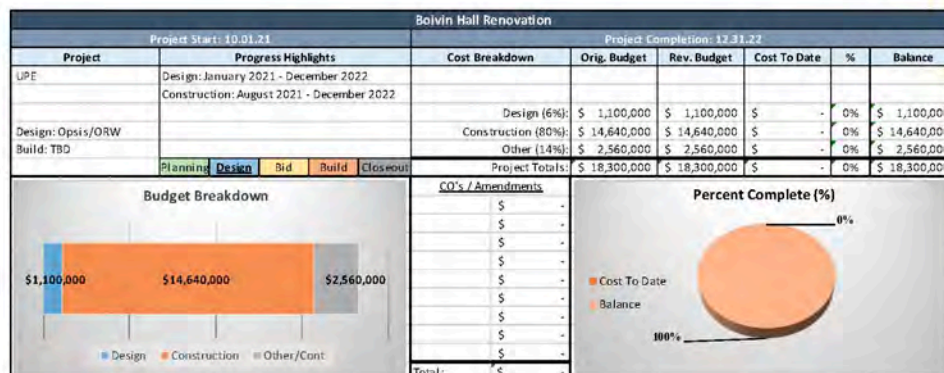
New CEET Building



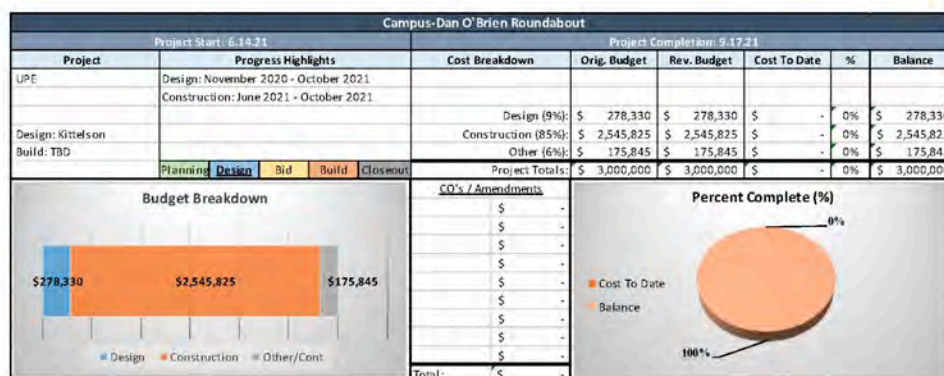
New CEET Building



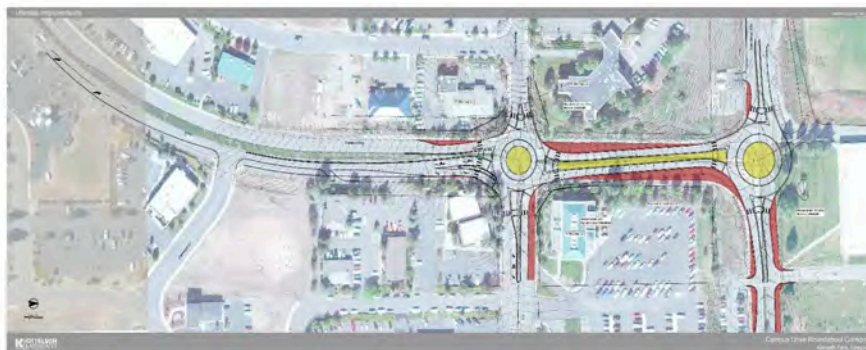
Boivin Hall Renovation



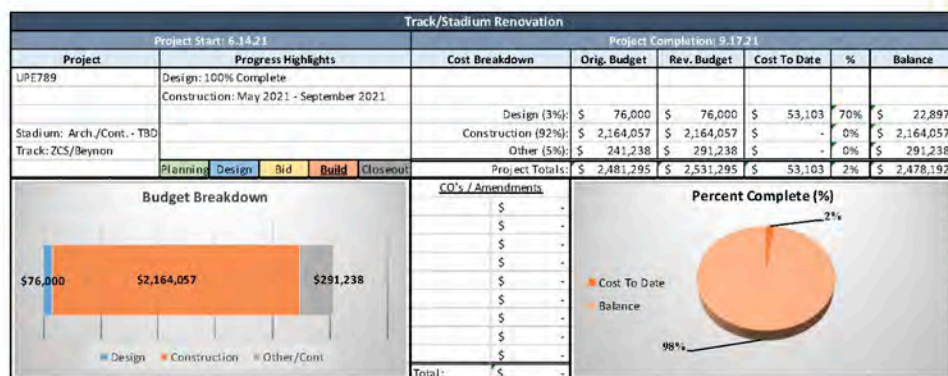
Campus Way/Dan O'Brien Roundabout



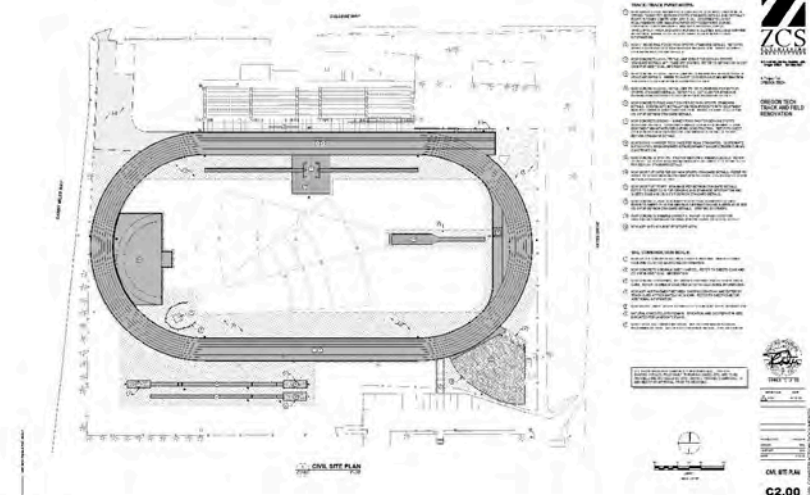
Campus Way/Dan O'Brien Roundabout



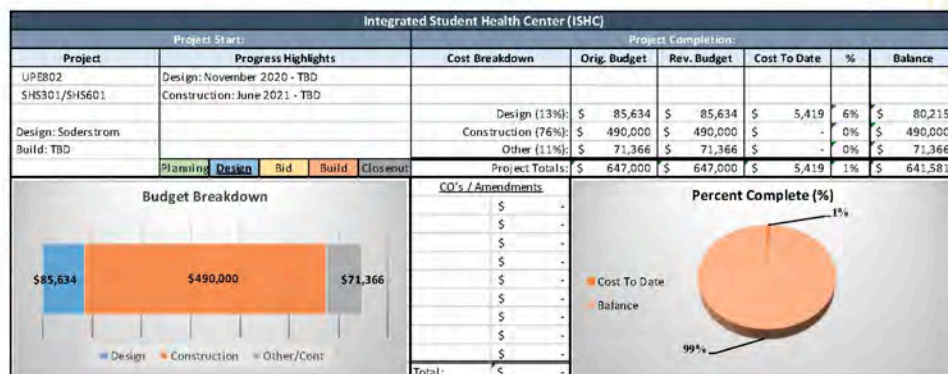
Track/Stadium Renovation



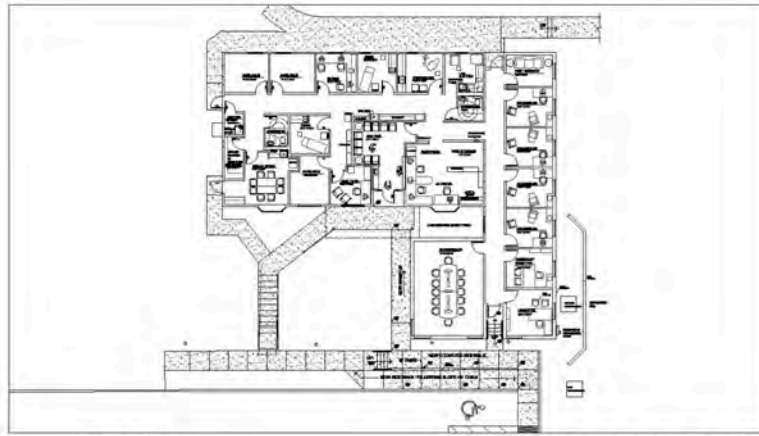
Track/Stadium Renovation



Integrated Student Health Center Addition



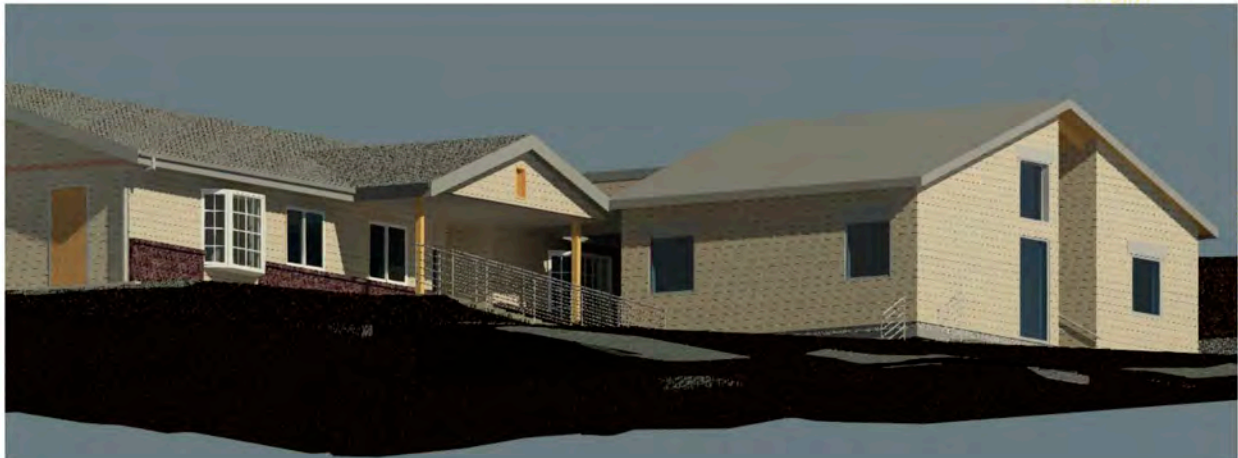
Integrated Student Health Center Addition



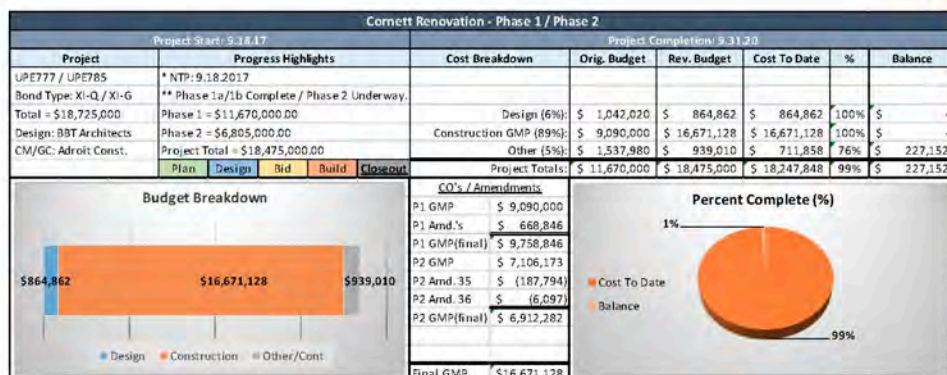
OREGON TECH
Student Health Clinic Addition
11/17/20

INITIAL DESIGN CONCEPT
Soderstrom Architects | A1

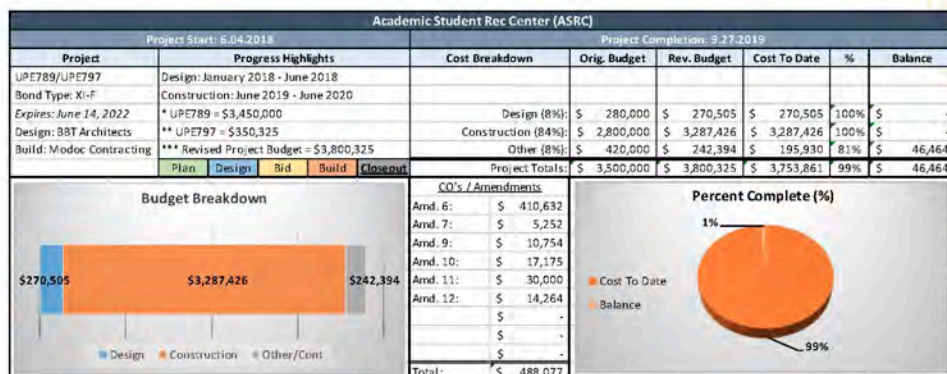
Integrated Student Health Center Addition



Cornett Renovation



Student Recreation Center





Capital Renewal Replacement Projects

UPE797 – FY19/20 CRR Projects



CRR - UPE 797, FY 19/20						
#	Project Description	Est. Cost	Final Cost	Reord. Balance	Status	Date Complete
	UPE 797			\$ 2,591,025		
	Balance Forward - UPE 773	\$ (113,391)		\$ 2,477,634		
1	Fuel Management System Upgrade	\$ (10,000)	\$ (6,213)	\$ 2,471,421	Completed	Jul. 2020
2	Metasys Upgrade	\$ (210,000)	\$ -	\$ 2,261,421	Underway	TBD
3	Ath. Tower Fan Controls Upgrade - 70%	\$ (25,000)	\$ (18,750)	\$ 2,242,672	Completed	Jun. 2020
4	Hire Alarm Upgrades - Purvine/LRC	\$ (40,000)	\$ -	\$ 2,202,672	Underway	TBD
5	Purvine Chiller Replacement	\$ (20,000)	\$ (8,160)	\$ 2,194,512	Completed	Aug. 2020
6	Purvine Entry Doors Upgrades	\$ (60,000)	\$ -	\$ 2,134,512	Underway	TBD
7	Purvine Flooring Upgrades	\$ (20,000)	\$ (19,602)	\$ 2,114,909	Completed	Oct. 2020
8	Campus Site Electrical Upgrades	\$ (365,000)	\$ -	\$ 1,749,909	Underway	TBD
9	Well 5 Rehab - Phase 2	\$ (850,000)	\$ -	\$ 899,909	Hold	TBD
10	Portland-Metro: ADA Signs	\$ (11,500)	\$ -	\$ 888,409	Underway	TBD
11	Portland-Metro: HVAC Lab 248	\$ (7,500)	\$ -	\$ 880,909	Pending	TBD
12	Portland-Metro: Concrete Repairs	\$ (25,000)	\$ -	\$ 855,909	Pending	TBD
13	Portland-Metro: 4th Floor Hall Carpet	\$ (50,000)	\$ -	\$ 805,909	Underway	TBD
14	Lot D - Electrical Upgrades	\$ (15,000)	\$ (12,996)	\$ 802,913	Completed	Aug. 2020
15	Semon Compressor	\$ (8,000)	\$ -	\$ 794,913	Underway	TBD
16	Dow Hot Water Pump Replacement	\$ (10,000)	\$ -	\$ 784,913	Underway	TBD
17	Snell Exterior Renovation	\$ (475,000)	\$ -	\$ 319,913	Pending	TBD
18	Portland-Metro: ADA Grab Bars	\$ (7,500)	\$ -	\$ 312,413	Pending	TBD
19	Portland-Metro: Replace Ceiling Tile	\$ (10,000)	\$ -	\$ 302,413	Underway	TBD
20	Portland-Metro: Window Sealant	\$ (10,000)	\$ -	\$ 292,413	Pending	TBD
21	Portland-Metro: Concrete Curb Repair	\$ (35,000)	\$ -	\$ 257,413	Pending	TBD
22	Semon Control Upgrade	\$ (50,000)	\$ -	\$ 207,413	Pending	TBD
23		\$ -	\$ -	\$ 207,413		
24		\$ -	\$ -	\$ 207,413		
25		\$ -	\$ -	\$ 207,413		
	Balance	\$ -	\$ -	\$ 207,413		

* Portland-Metro projects are shown in red.

UPE – FY21/22 CRR Projects



CRR - UPE - FY 21/22						
#	Project Description	Est. Cost	Final Cost	Bond Balance	Status	Date Complete
	UPE			\$ 3,735,447		
	Balance Forward - UPE 797	\$ -	\$ -	\$ 3,735,447		
1	HX Upgrades	\$ (455,000)	\$ -	\$ 3,280,447		
2	Athletics Roof and Skylight Replacement	\$ (350,000)	\$ -	\$ 2,930,447		
3	Injection Well 1 Recase	\$ (450,000)	\$ -	\$ 2,480,447		
4	Semon Abatement/Replacement	\$ (110,000)	\$ -	\$ 2,370,447		
5	Facilities Abatement/Replacement	\$ (100,000)	\$ -	\$ 2,270,447		
6	Athletics HVAC Upgrades	\$ (500,000)	\$ -	\$ 1,770,447		
7	Purline Expand DDC Controls	\$ (55,000)	\$ -	\$ 1,675,447		
8	UAC Expand DDC Controls	\$ (45,000)	\$ -	\$ 1,630,447		
9	Geo Valves / HX Pump Replacement	\$ (300,000)	\$ -	\$ 1,330,447		
10	Portland Metro Project Allowance	\$ (375,000)	\$ -	\$ 955,447		
11		\$ -	\$ -	\$ 955,447		
12		\$ -	\$ -	\$ 955,447		
13		\$ -	\$ -	\$ 955,447		
14		\$ -	\$ -	\$ 955,447		
15		\$ -	\$ -	\$ 955,447		
	Balance	\$ -	\$ -	\$ 955,447		

* Projects shown are placeholders and may change based on future/changing priorities.

* Portland Metro projects set aside allowance is shown in red.

Sewer/Water Use-Savings



FY17 - Water Use			
Date	\$	Use (HCF)	Use (gal)
Jul. 2016	\$34,059.70	4,042	3,023,416
Aug. 2016	\$32,913.22	3,906	2,921,688
Sept. 2016	\$27,239.83	3,233	2,418,284
Oct. 2016	\$35,256.76	4,184	3,129,632
Nov. 2016	\$36,824.74	4,370	3,268,760
Dec. 2016	\$26,305.99	3,015	2,255,220
Jan. 2017	\$14,564.14	1,670	1,249,160
Feb. 2017	\$28,171.71	3,229	2,415,292
Mar. 2017	\$27,711.52	3,176	2,375,648
Apr. 2017	\$19,645.00	2,252	1,684,496
May. 2017	\$32,740.00	3,752	2,806,496
Jun. 2017	\$32,495.56	3,724	2,785,552
FY17 Total	\$347,928.17	40,553	30,333,644
FY17 Ave.	\$28,994.01	3,379	2,527,804

FY18 - Water Use			
Date	\$	Use (HCF)	Use (gal)
Jul. 2017	\$26,017.90	2,982	2,230,536
Aug. 2017	\$28,252.78	3,237	2,421,276
Sept. 2017	\$28,802.77	3,300	2,468,400
Oct. 2017	\$25,075.06	2,873	2,149,004
Nov. 2017	\$14,369.58	1,647	1,231,956
Dec. 2017	\$13,900.66	1,593	1,191,564
Jan. 2018	\$14,559.94	1,633	1,221,484
Feb. 2018	\$31,562.00	3,539	2,647,172
Mar. 2018	\$27,734.78	3,110	2,326,280
Apr. 2018	\$27,422.58	3,075	2,300,100
May. 2018	\$33,461.42	3,752	2,806,496
Jun. 2018	\$52,701.86	5,909	4,419,932
FY18 Total	\$323,861.33	36,650	27,114,200
FY18 Ave.	\$26,988.44	3,054	2,284,517

Sewer/Water Use-Savings



FY19 - Water Use			
Date	\$	Use (HCF)	Use (gal)
Jul. 2018	\$45,574.86	5,110	3,822,280
Aug. 2018	\$31,579.30	3,541	2,648,668
Sept. 2018	\$9,743.14	1,093	817,564
Oct. 2018	\$11,979.56	1,344	1,005,312
Nov. 2018	\$14,292.34	1,603	1,199,044
Dec. 2018	\$9,181.18	1,030	770,440
Jan. 2019	\$5,316.16	583	436,084
Feb. 2019	\$21,688.75	2,376	1,777,248
Mar. 2019	\$25,876.92	2,835	2,120,580
Apr. 2019	\$26,223.86	2,873	2,149,004
May. 2019	\$21,777.55	2,386	1,784,728
Jun. 2019	\$24,416.12	2,675	2,000,900
FY19 Total	\$247,649.74	27,449	20,531,852
FY19 Ave.	\$20,637.48	2,287	1,710,988

FY20 - Water Use			
Date	\$	Use (HCF)	Use (gal)
Jul. 2019	\$9,351.62	1,025	766,700
Aug. 2019	\$12,946.34	1,419	1,061,412
Sept. 2019	\$5,927.37	650	486,200
Oct. 2019	\$8,310.80	911	681,428
Nov. 2019	\$10,079.52	1,105	826,540
Dec. 2019	\$5,453.11	598	447,304
Jan. 2020	\$5,037.68	543	406,164
Feb. 2020	\$10,497.70	1,131	845,988
Mar. 2020	\$4,833.30	521	389,708
Apr. 2020	\$8,800.13	948	709,104
May. 2020	\$5,948.10	641	479,468
Jun. 2020	\$4,712.53	508	379,984
FY20 Total	\$91,898.20	10,000	7,480,000
FY20 Ave.	\$7,658.18	833	623,333



Contact Information

Thom Darrah, Director of Facilities

Phone: 541.885.1661

Email: Thom.Darrah@oit.edu

ATTACHMENT D

Audit Status

Internal Audit

Oregon Tech has contracted Kernutt Stokes LLP (IA) for internal audit services. IA reports directly to the Audit Committee of the Board of Trustees (Board).

The statuses of open projects and projects planned for the fiscal year 2020/2021 are as follows:

Internal Audit Projects Update	
2019/2020 Engagements	Status
Issue Report for Internal Audit of Sponsored Projects and Grant Administration (SPGA)	SPGA management has developed responses to issues identified in the audit. Those responses are currently being reviewed internally by IT management and other departments that will need to collaborate to accomplish the action plans. <u>Anticipated completion:</u> Early February 2021.
2020/2021 Engagements	Status
Complete interviews and update the University's risk assessment	Interviews have been completed. Information is being compiled and risk assessment document is being updated. <u>Anticipated completion:</u> Early February 2021.
Internal audit project #1 – TBD	Winter/Spring 2021
Internal audit project #2 – TBD	Winter/Spring 2021
Prior audit follow-up	Spring 2021
Monitor Fraud, Waste, and Abuse Ethics Hotline	Summary below for Board review

IA monitors and performs case management for Oregon Tech's Fraud, Waste, and Abuse Ethics Line, engaging OIT's General Council and other appropriate offices at Oregon Tech. A five-year report log is available below; with dates representing fiscal years.

- Currently in fiscal year 2021 there have been two cases reported through the Oregon Tech Hotline. Both cases have been reviewed and closed.
- Related to fiscal year 2020, one case remains in a monitoring state although IA anticipates it will be completed and closed in the near future.

Fraud, Waste, and Abuse Ethics Line Report Log					
Complaint Source	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Hotline	10	5	6	8	2
Direct to IA	0	0	0	0	0
Oregon State Audits Division	0	0	0	1	0
Total	10	5	6	9	2
Issues Resolved					
Resolved	10	5	6	8	2
Monitoring	0	0	0	1	0
Open	0	0	0	0	0

Fiscal Year 2020/2021 Activities:

IA interviewed 12 individuals in management and board positions with OIT in December 2020. Based on those interviews and other data we are updating the previously developed risk assessment to account for events and other matters that have impacted the University since the Fall of 2019 when the last risk assessment was performed. The updated risk assessment will be presented to and discussed with the University President, Chair of the Audit Committee, and other members of Oregon Tech management as needed, to identify two internal audits to be performed during the winter, spring, and early summer of 2021. The audits planned will be communicated to the Board as soon as possible in 2021.

The risk assessment will also be used to begin planning the internal audit activities for fiscal year 2021/2022. A report will be developed and presented to the Board for approval prior to the end of the 2020/2021 fiscal year.

Annual Financial and Compliance Audit

The audit opinions and the Annual Financial Report were issued in the later part of 2020; dated October 16, 2020. The Single Audit Report is delayed due to late guidance from the Department of Education. It is anticipated that this report will be completed early in calendar year 2021.

Results of the fiscal year will be presented by CLA at this meeting.

Planning for the fiscal year-end 2021 annual financial and compliance audits will begin in February 2021.

The VPFA Office oversees the progression and completion of the annual financial and compliance audits with work performed by the Business Affairs Office, Financial Aid Office, Human Resources Office, Information Technology Services, and Office of Sponsored Projects and Grants.

ACTION

Agenda Item No. 4.1

Annual Financial Report

Background

The Oregon Tech 2020 Annual Financial Report was prepared by Oregon Tech in conjunction with the University Shared Services Enterprise (USSE). The audit opinion issued by CliftonLarsonAllen LLP (CLA) is an unmodified opinion. This audit opinion is attached.

CLA has prepared a Governance Communication Letter to communicate certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process. The Governance Communication Letter is attached.

CLA has issued an unmodified opinion on Oregon Tech's 2020 Annual Financial Report.

The 2020 Annual Financial Report can be found at the following link and was mailed under separate cover to each Trustee: <https://www.oit.edu/finance-administration/annual-financial-report>.

Staff Recommendation

Staff recommends the Finance and Facilities Committee, acting as the Audit Committee, accept the Oregon Tech 2020 Annual Financial Report.

Attachments

Oregon Tech 2020 Annual Financial Report Governance Communication Letter



CliftonLarsonAllen LLP
CLAAconnect.com

Oregon Tech
Members of the Audit Committee

We have audited the financial statements of the business-type activities and the discretely presented component unit of Oregon Tech (the University), a component unit of the State of Oregon, as of and for the year ended June 30, 2020, and have issued our report thereon dated October 16, 2020. Our report includes a reference to other auditors who audited the financial statements of the Oregon Tech Foundation as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing or other matters that are reported on separately by those auditors. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 1 to the financial statements.

As described in Note 1, the University implemented GASB Statement No. 84, *Fiduciary Activities*, during fiscal year ending June 30, 2020. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Implementation of this standard did not materially impact the University's financial statements.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for doubtful accounts is based on historical collection rates



Members of the Audit Committee
Oregon Tech
Page 2

- Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from five to 50 years.
- Compensated absences and related personnel expenses are recognized based on estimated balances due to employees for vacation leave. The limitations on such payments are defined by the rules associated with the personnel systems at the University.
- Oregon Public Employees Retirement System (PERS) net pension liability is recognized based on estimated actuarial data determined by PERS. The University is allocated a percentage of this liability determined by PERS and the Oregon Department of Administrative Services and this allocated percentage is then reviewed by the Secretary of State Audits Division.
- Other post-employment benefits liabilities, assets, and related deferrals are recognized based on estimated actuarial data determined by an actuary. The University is allocated a percentage of these amounts determined by the State of Oregon's Department of Administrative services and this allocated percentage is then reviewed by the Secretary of State Audits Division.
- Congress did not renew the Perkins Loan Program after September 30, 2017. As a result, no loan disbursements to students were permitted after June 30, 2018. The lack of renewal also means that the federal portion of the revolving loan program must be repaid to the Department of Education (ED) as by students repay loans to the school. As such, the Perkins Program Loan Liability is based upon the percentage of the federal capital contribution (reported annually on the FISAP) applied to the Perkins Loans Fund asset balance. This is the University's best estimate of the amount of funds that will be repaid to the ED as loans are collected from student.
- Scholarship Allowances are the difference between the stated charge for tuition, fees, and housing provided by the University and the amount that is billed to the student and/or third parties making payments on behalf of the student. To the extent that revenues from such programs are applied to tuition, fees, and other student charges, the University has reported a corresponding scholarship allowance.

We evaluated the key factors and assumptions used to develop the estimates described above in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. See Note 18, Subsequent Events, for the University's discussion regarding the future unknown impacts of the COVID-19 pandemic. There were no other particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, we want to inform you that the Single Audit will be issued at a later date due to a delay in the issuance of the United States Office of Management and Budget Compliance Supplement Addendum pertaining to CARES Act Funds. As of the date of this report, the Compliance Supplement Addendum for CARES Act funding was not issued. Once issued, we will coordinate timing of testing with the University and subsequent release of the Single Audit Report.

Members of the Audit Committee
Oregon Tech
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Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The following misstatement was detected as a result of audit procedures were corrected by management:

Account	Debit	Credit
Adjusting Journal Entries JE #1		
To adjust accumulate depreciation for library assets disposed		
Accumulated Depreciation	\$ 377,812	\$ -
Other Nonoperating Revenue	-	377,812
	<u>\$ 377,812</u>	<u>\$ 377,812</u>

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated October 16, 2020.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Members of the Audit Committee
Oregon Tech
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Quality of component auditor's work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

The Message from the President accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Audit Committee and management of the University and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
October 16, 2020



October 16, 2020

CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 600
Greenwood Village, CO 80111

This representation letter is provided in connection with your audits of the financial statements of Oregon Tech (the University), which comprise the respective financial position of the business-type activities and the discretely presented component unit as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 16, 2020, the following representations made to you during your audit of the financial statements as of and for the year ended June 30, 2020 and 2019.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 30, 2020, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds (business type activity) and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions used in making those estimates, and we believe the estimates (including those measured at fair value) and the significant assumptions used in making those accounting estimates are reasonable.

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Oregon Tech Board of Trustees

CliftonLarsonAllen LLP
 October 16, 2020
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5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We have not identified or been notified of any uncorrected financial statement misstatements.
9. You have proposed an adjusting journal entry that have been posted to the University's accounts. We have reviewed and approved the adjusting journal entry and understand the nature of the change and its impact on the financial statements. We are in agreement with the adjustments and accept responsibility for it. A summary of the Adjustment is below:

Account	Debit	Credit
Adjusting Journal Entries JE #1		
To adjust accumulate deprecation for library assets disposed		
Accumulated Depreciation	\$ 377,812	\$ -
Other Nonoperating Revenue	-	377,812
	<u>\$ 377,812</u>	<u>\$ 377,812</u>

10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP, as applicable.
11. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
12. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements (as applicable).
13. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
14. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

CliftonLarsonAllen LLP
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15. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity, except as disclosed in the financial statements.
16. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. The University has disclosed the temporary impairment of the geothermal plant due to being out of service for repairs at year end. For other assets, impairment loss and insurance recoveries have been properly recorded, if applicable.
17. We believe that all material expenditures that have been recorded as prepaid expenses and deferred outflows will be recoverable in future periods.
18. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.
19. We are not aware of any potential or frequent changes to the State of Oregon pension and other postretirement benefit plans for which the University is a participant.
20. We believe we have appropriately reported and disclosed the effect of the GASB 72 *"Fair Value Measurement and Application"*.
21. We have no knowledge of an asset retirement obligation in accordance with U.S GAAP (GASB 83, *Asset Retirement Obligations*). We are not aware of an external obligating event related to an asset retirement that includes the following:
 - a. Approval of federal, state, or local laws and regulations.
 - b. Creation of a legally binding contract
 - c. Issuance of a court judgment
22. Our participation in the Public Universities Risk Management and Insurance Trust has been properly reported and disclosed in the financial statements.

Information Provided

23. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

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- d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.
 - f. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.
 - g. Access to all audit or relevant monitoring reports, if any, received from funding sources.
24. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
25. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
26. We have no knowledge of any fraud or suspected fraud that affects the University and involves:
- h. Management;
 - i. Employees who have significant roles in internal control; or
 - j. Others when the fraud could have a material effect on the financial statements.
27. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the University's financial statements communicated by employees, former employees, grantors, regulators, or others.
28. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
29. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
30. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
31. We have disclosed to you the identity of the University's related parties and all the related party relationships and transactions of which we are aware.
32. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.

33. We have a process to track the status of audit findings and recommendations.
34. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
35. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
36. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the University, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds/accounts.
37. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
38. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
39. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
40. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
41. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations, as applicable.
42. The financial statements properly classify all activities.
43. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
44. Investments, derivative instruments, and land and other real estate held by endowments (as applicable) are properly valued.
45. Provisions for uncollectible receivables have been properly identified and recorded.
46. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

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47. Revenues are appropriately classified within operating and nonoperating and other (capital). Operating/exchange revenues have been recognized as earned and non-exchange revenues have been recognized in accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.
48. Internal and intra-entity activity and balances have been appropriately eliminated.
49. Deposits and investment securities and derivative instruments (if applicable) are properly classified as to risk and are properly valued and disclosed.
50. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
51. We have reviewed our capital assets for potential asset retirement obligations and believe there are no significant liabilities to be recorded or disclosed.
52. We have appropriately disclosed the entity's practice regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the current practice.
53. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
54. The University has not been notified by the U.S. Department of Education of the loss of eligibility for one or all of the Title IV programs due to high default rates.
55. The University has reported to the U.S. Department of Education for investigations all known criminal misconduct, if any, involving Title IV funds by any student, employee, third-party servicer, or other agent of the institution involved in the administration of the University's Title IV programs.
56. The University or its employees have not received any direct or indirect benefits from lenders related to the University's Title IV loan programs.

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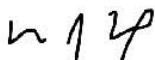
57. There are approximately 7 persons enrolled in the early resignation/retirement incentive program (ERIP) as of June 30, 2020 which are properly accrued for at year end.



Michelle Meyer
Manager of Accounting Services



Stephanie Pope
Assistant Vice President for Financial Operations



Brian Fox
Vice President of Finance and Administration



Dr. Nagi G. Naganathan
President

DISCUSSION

Agenda Item No. 5.1

Tuition Development Process Update

Summary

In order to ensure a consultative tuition development process annually the Board of Trustees, through its adoption of a tuition policy, has established the Tuition Recommendation Committee (TRC). The Committee's 2020-21 work plan is designed to conform to university policy, meet the process requirements of HB 4141 (2018), and satisfy the criteria established by the Higher Education Coordinating Commission (HECC) for approving tuition above five percent. Most importantly, the process is designed to provide for a consultative and inclusive tuition setting process focused on supporting student affordability, long-term sustainability of the university and ensuring high-quality degree programs. This agenda report provides an update on the TRC process to date and relevant criteria for approving tuition at the HECC and state.

The TRC began meeting the third week of Winter Term 2021 and will continue to meet through the beginning of March 2021 to provide the President and ASOIT the necessary information for a recommendation at the April 8, 2021 meeting of the Board of Trustees. This timeline will include the hosting of student open forums led by ASOIT. These open forums are designed to provide meaningful opportunities for students at-large to participate in the tuition setting process and elicit student feedback for the TRC and for ASOIT on their priorities during the tuition setting process. In prior years these events have provided an opportunity to inform and receive feedback from the university community on the university's and state's budgets and plans going forward. The TRC is expected to conclude its process during March in advance of students leaving for Spring Break.

Tuition Recommendation Committee

The TRC is composed of the following members:

Dr. Erin Foley, <i>Interim Chair</i>	Vice President for Student Affairs and Dean of Students	Klamath Falls
Richard Bailey	Department of Management, ETM	Klamath Falls
Wendy Ivie	Registrar	Klamath Falls
Erik Johnson	Director of Admissions	Klamath Falls
Dr. Joanna Mott	Provost and Vice President for Academic Affairs	Klamath Falls
Dao Nguyen	Student Representative	Portland-Metro
Dr. Rosanna Overholser	Department of Mathematics, HAS	Klamath Falls
Hemi Patel	Student Representative	Portland-Metro
Peter Sherwood	Student Representative	Klamath Falls
Peter Wantuck	ASOIT President	Portland-Metro
Mason Wichmann	ASOIT President	Klamath Falls

Support staff for the TRC include:

Stephanie Pope	Assistant Vice President for Fiscal Operations	Klamath Falls
Jaron Hartman	Research Analyst 4	Klamath Falls
Nellie Stewart	Executive Assistant to the VPFA	Klamath Falls

The TRC meets or exceeds all requirements established by HB 4141 (2018), including a broad and diverse group of students from both the Klamath Falls and Portland Metro campuses, faculty, and senior administrators.

Process Guidelines and Principles

In order to facilitate the tuition setting process the President has established a committee charter for the TRC. This charter is included in the annual catalog of [Standing Committees, Commission and Councils](#) (page 13). At the TRC's first meeting it will establish a working calendar as well as guiding principles and a process framework to ensure that the group had a guidepost to measure their deliberative process and the outcome by.

2020-21 Tuition Recommendation Committee Charter

The Tuition Recommendation Committee is responsible for recommending the tuition and mandatory fee rates to the President who must in turn report and recommend mandatory tuition and fee to the Board of Trustees in accordance with ORS 352.102. The Board of Trustees shall request that the President transmit to the Board the joint tuition recommendation of the President and the recognized student government.

This committee is comprised of five students representing both campuses and appointed by the ASOIT president(s), two of which represent ASOIT and two of which represent historically underserved students of the university, as defined by the university; the Fiscal Operations Advisory Council (FOAC) chair and at least two administrators. Any changes to the Committee structure required by ORS 352.102, subsequent controlling statutes or Board Policy may be made without notification. The President shall designate one member to chair the committee.

Before making any recommendation to increase tuition and mandatory fees but especially when the proposed increase is more than five percent annually, the Committee must document its consideration of the impact on students, and the necessity of the increase in achieving the mission of the University. The Committee shall provide meaningful opportunities for members of the student government and students at large to participate in the process and deliberations.

The committee will meet at least twice during January – February. Its meetings shall be open to the public and broad notification of the meetings shall be made to the university community. The committee will consider the guidelines provided by the Board, information provided by the Administration, and such other matters as appropriate.

Guiding Principles (to be updated/approved by this year's TRC)

- Consider long-term factors when recommending the single year decisions (important to have a forward-looking vision).
- Recognize the importance of affordability for students.
- Tuition levels should be developed using data and information, including internal budget, comparator institutions, and external cost indices.
- Ensure we maintain the current service level, quality and support that Oregon Tech provides to students.

Process Framework (to be updated/approved by this year's TRC)

- Communicate openly and transparently with all stakeholders at an appropriate level of detail.
- The committee will utilize data and information throughout the process.
- Communicate respectfully and ask questions.

Deliberative Process

Throughout the two-month long tuition setting process the TRC will meet multiple times, host campus forums open to anyone from any campus location, and hear from university teams including, Financial Aid, Budget and Planning, Enrollment Management, Student Affairs, and Institutional Research. This process will include training on the major components of and pressures affecting Oregon Tech's and state's budget, as well as historical data on tuition and fees. Staff will outline for the TRC how the university is managing its costs and continues to evaluate scenarios which include reductions in tuition if additional state support is available.

HB 4141 (2018) lays out a stringent series of requirements for public universities during the tuition setting process. This codifies many of the practices Oregon Tech has long undertaken to ensure broad engagement and inclusion throughout the tuition setting process. In 2018-19, HECC further clarified its evaluative focus if a tuition increase beyond 5% is proposed by a university. These include three specific criteria:

1. Fostering an Inclusive and Transparent Tuition Setting Process
 - a. The institution can demonstrate that students had multiple opportunity [sic] to engage in the tuition-setting process including, but not limited to, participation on the institution's advisory committee.
 - b. The institution demonstrates that information about the tuition setting process was easily accessible, that the tuition-setting process was transparent and in compliance with House Bill 4141 (2018).
2. Safeguarding Access and Support for Degree Completion by Historically Underrepresented Students
 - a. Demonstration of impacts, with and without a tuition increase of more than 5%, on remission programs and support services that bolster retention and completion of underrepresented students.
 - b. The institution has a plan for reducing tuition costs if the PUSF exceeds the funding level upon which the tuition increase is predicated.
3. Financial Conditions Demonstrating the Need for Resident, Undergraduate Tuition to be Increased More than 5%
 - a. The institution demonstrates that current and projected financial conditions compelling the need for the increase request to meet the critical portions of its HECC-approved mission or goals set in the HECC's strategic plan, including documentation that alternatives to raising tuition above 5% were considered.
 - b. The institution demonstrates that it has considered and implemented cost containment efforts for those costs that are within their control.

Staff believes that the process outlined by HB 4141 (2018) and the evaluation criteria established by the HECC have been met or are in process of being met.

Staff Recommendation

No action necessary, for discussion purposes only.

Attachments

- [House Bill 4141](#)
- [HECC Tuition Increase Criteria](#)

House Bill 4141 (2018)

79th OREGON LEGISLATIVE ASSEMBLY--2018 Regular Session

Enrolled
House Bill 4141

Sponsored by Representative HERNANDEZ, Senator DEMBROW, Representatives ALONSO LEON, BYNUM, HEARD, Senators ROBLAN, THATCHER; Representatives KENY-GUYER, MCLAIN, NOSSE, SALINAS, SOLLMAN (Presession filed.)

CHAPTER

AN ACT

Relating to setting the costs of attending public universities; creating new provisions; amending ORS 352.102; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2018 Act is added to and made a part of ORS 352.025 to 352.146.

SECTION 2. (1) Each public university listed in ORS 352.002 shall have an advisory body to advise the president of the university on the president's recommendations to the governing board regarding resident tuition and mandatory enrollment fees for the upcoming academic year.

(2) The public university shall:

(a) Establish a process to ensure that the advisory body required under subsection (1) of this section is composed of no fewer than:

(A) Two administrators of the university;

(B) Two faculty members of the university;

(C) Two students representing the recognized student government of the university; and

(D) Two students representing historically underserved students of the university, as defined by the public university.

(b) Establish a written document describing the role of the advisory body and the relationship of the advisory body to the public university, president of the university and the governing board.

(3) The public university shall ensure that all members of the advisory body are offered training on:

(a) The budget of the public university;

(b) The mechanisms by which moneys are appropriated by the Legislative Assembly to the Higher Education Coordinating Commission for allocation to public universities; and

(c) Historical data regarding the relationship between the amount of resident tuition and mandatory enrollment fees charged by the public university and the amount of state appropriations that the commission allocates to the public university.

(4) In order to assist the advisory body in making its recommendations, the public university shall provide the advisory body with:

(a) A plan for how the governing board and the public university's administration are managing costs on an ongoing basis; and

(b) A plan for how resident tuition and mandatory enrollment fees could be decreased if the public university receives more moneys from the state than anticipated.

(5) Before making a recommendation to the president of the university that resident tuition and mandatory enrollment fees should be increased by more than five percent annually, the advisory body must document its consideration of:

(a) The impact of the resident tuition and mandatory enrollment fees that the advisory body intends to recommend to the president of the public university on:

(A) Students at the public university, with an emphasis on historically underserved students, as defined by the public university; and

(B) The mission of the public university, as described by the mission statement adopted under ORS 352.089; and

(b) Alternative scenarios that involve smaller increases in resident tuition and mandatory enrollment fees than the advisory body intends to recommend to the president of the public university.

(6) The advisory body shall:

(a) Provide meaningful opportunities for members of the recognized student government and other students enrolled at the public university to participate in the process and deliberations of the advisory body; and

(b) At a time established by the public university, provide a written report to the president of the university that sets forth the recommendations, deliberations and observations of the advisory body regarding resident tuition and mandatory enrollment fees for the upcoming academic year. The written report must include any minority report requested by a member of the advisory body and any documents produced or received by the advisory body under subsections (4) and (5) of this section.

(7) Each public university shall ensure that the process of establishing resident tuition and mandatory enrollment fees at the public university is described on the Internet website of the public university. This material must include, but is not limited to:

(a) The written document produced by the public university under subsection (2)(b) of this section; and

(b) All relevant documents, agendas and data that are considered by the advisory body during its deliberations.

(8) As used in this section, "resident tuition and mandatory enrollment fees" means the tuition and mandatory enrollment fees for undergraduate students who are enrolled in a degree program and have established residency in Oregon.

SECTION 3. ORS 352.102 is amended to read:

352.102. (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.]*

(a) Include the use of an advisory body in the manner set forth in section 2 of this 2018 Act; and

(b) Ensure that the governing board receives and considers all written reports and minority reports, including all recommendations, deliberations and observations of the advisory body that are provided to the president of the university under section 2 of this 2018 Act.

(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) If the governing board of a public university requests that the commission approve an increase in the total amount of tuition and mandatory enrollment fees of more than five percent under subsection (4)(a) of this section, the public university shall provide to the commission:

(a) All written reports and minority reports, including all recommendations, deliberations and observations of the advisory body that are provided to the president of the university under section 2 of this 2018 Act; and

(b) Any other information or materials the commission determines are necessary in order for the commission to determine whether to approve the proposed increase in the total amount of tuition and mandatory enrollment fees.

[(5)] (6) 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.

SECTION 4. Section 2 of this 2018 Act and the amendments to ORS 352.102 by section 3 of this 2018 Act first apply to the process used to establish tuition and mandatory enrollment fees for the 2019-2020 academic year.

SECTION 5. This 2018 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2018 Act takes effect on its passage.

Passed by House February 20, 2018

Received by Governor:

Repassed by House March 3, 2018

.....M.,....., 2018

Approved:

.....
Timothy G. Sekerak, Chief Clerk of House

.....M.,....., 2018

.....
Tina Kotek, Speaker of House

.....
Kate Brown, Governor

Filed in Office of Secretary of State:

Passed by Senate March 1, 2018

.....M.,....., 2018

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Peter Courtney, President of Senate

.....
Dennis Richardson, Secretary of State

Enrolled House Bill 4141 (HB 4141-B)

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HECC Tuition Increase Criteria



HIGHER EDUCATION COORDINATING COMMISSION

February 7, 2019

Docket Item #: 11.2a

Tuition Increase Criteria

The following criteria shall be used by the HECC in determining whether or not a proposed university increase to its undergraduate resident tuition rate of greater than 5% is “appropriate” (ORS 350.075 (3)(h)(B)).

The following constitute the criteria the Commission will employ during the tuition review process. In determining whether or not an institution has met any particular criterion, the Commission will employ a “reasonableness” test; in other words, taking into account context and constraints, can the institution be understood to have taken all prudent and reasonable measures to meet the standard suggested by the criterion?

Finally, when making its final determination about whether a university’s above-threshold tuition increase is appropriate, the Commission will consider the totality of the institution’s submission. An institution’s shortcoming or success with respect to any one criterion will not necessarily determine the Commission’s overall conclusion about the appropriateness of the proposed tuition increase.

Focus Area One: Fostering an Inclusive and Transparent Tuition-Setting Process

Goals: Inclusion, Transparency

Why this focus area is important: Student engagement in tuition-setting decisions is a core priority for students, public universities, the state, and the HECC. The HECC seeks assurance that the tuition-setting process is open, fair and provides ample opportunities for student participation.

In order to assess the criterion in this focus area, evidence must be provided regarding the engagement of students throughout the process and that student engagement informed the development of an institution’s final tuition proposal. This impact should be clearly documented by the available materials produced by the tuition advisory committee as well as the views of students and student organizations involved, either directly or indirectly, in the tuition-setting process.

Criteria for this Focus Area:

- A. The institution can demonstrate that students had multiple opportunity to engage in the tuition-setting process including, but not limited to, participation on the institution’s tuition advisory committee.

Fulfillment of this criterion: The Commission determines that engagement with students occurred throughout the tuition-setting process and that student input was fully considered in the institution’s tuition proposal.

HIGHER EDUCATION COORDINATING COMMISSION

Adopted by the Commission

December 13, 2018

- B. The institution demonstrates that information about the tuition setting process was easily accessible, that the tuition-setting process was transparent and in compliance with House Bill 4141 (2018).

Fulfillment of this criterion: Information on the institution's process is available and accessible and meets or exceeds the requirements of HB 4141. Data that can be used to support this determination include: Tuition advisory committee structure; student outreach strategies that were undertaken at the institution with a particular focus on outreach to underrepresented student groups; extent of information available to tuition advisory committee members, particularly students; and how dissenting comments are reflected and incorporated into official tuition deliberations and/or recommendations.

Focus Area Two: Safeguarding Access and Support for Degree Completion by Historically Underrepresented Students

Goals: Mitigate impacts of tuition increase, Plan for use of additional state resources

Why this focus area is important: The HECC's strategic plan emphasizes the importance of increasing the participation and completion of historically underrepresented students at every level. At a minimum, the HECC wants to ensure that the impact of any tuition increases on these highly vulnerable groups is mitigated.

These criteria allow universities to identify how they will help targeted groups more by approving these increases than by not doing so – for example via targeted remissions or student support programs. In addition, criteria require detailing how tuition would decrease should the final PUSF exceed the funding level upon which the tuition increase is predicated.

Criteria for this Focus Area:

- A. Demonstration of impacts, with and without a tuition increase of more than 5%, on remission programs and support services that bolster retention and completion of underrepresented students.

Fulfillment of this criterion: The institution demonstrates that it reduced or mitigated impacts on underrepresented students under the proposed increase. Specific examples should be provided as related to programs that support these students, especially resident students.

- B. The institution has a plan for reducing tuition costs if the PUSF exceeds the funding level upon which the tuition increase is predicated.

Fulfillment of this criterion: Completion of a schedule linking PUSF increases with tuition decreases.

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Adopted by the Commission

December 13, 2018

Focus Area Three: Financial Conditions Demonstrating the Need for Resident, Undergraduate Tuition to be Increased More than 5%

Goals: Explanation of cost drivers and revenue dynamics triggering tuition increase, Demonstrated consideration of alternatives, Implementation of cost containment efforts and long-term sustainability of the university

Why this focus area is important: The tuition-setting process presents an opportunity to describe the impact of state-mandated cost pressures as well as to understand institutional efforts to contain costs and improve long-run fiscal sustainability. The universities and the HECC agree that certain funding levels by the state must be met to cover state-mandated cost drivers. The criteria under this focus area highlight these considerations.

Additionally, although universities establish tuition rates annually, this focus area highlights that decisions about tuition should consider the long-term consequences of annual decisions on the financial health of the institution, programs supporting student success, the quality of academic programs, and the institution's ability to recruit and retain faculty and staff.

Criteria for this Focus Area:

- A. The institution demonstrates that current and projected financial conditions compelling the need for the increase request to meet the critical portions of its HECC-approved mission or goals set in the HECC's strategic plan, including documentation that alternatives to raising tuition above 5% were considered.

Fulfillment of this criterion: A clear explanation, backed up with appropriate quantitative evidence, that the institution's increase in excess of 5% is necessary to support the long-term need to meet the institution's core mission or its ability to meet the HECC's strategic plan.

- B. The institution demonstrates that it has considered and implemented cost containment efforts for those costs that are within their control.

Fulfillment of this criterion: The institution has a demonstrable history of cost control efforts, including engaging in a systematic review of cost efficiencies. In addition, these efficiency reviews and the resulting data/monitoring have been incorporated into an institution's budgetary decision-making process for an institution's cost control efforts to receive a passing analysis under this criterion.