

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 <u>Approve Minutes of the January 28, 2021 Meeting</u>	1
3. Reports (8:05am) (25 min)	
3.1 <u>Finance and Facilities Update: Quarter Two FY 2020-21</u> <i>VP John Harman</i>	4
4. Action Items	
4.1 <u>Internal Audit Update and Acceptance of the Internal Audit: Sponsored Projects and Grant Administration</u> (8:30am) (15 min) <i>Haley Lyons and Trever Campbell, Kernutt Stokes</i>	22
4.2 <u>Internal Audit Risk Assessment Update and Approval of the Revised FY 2020-21 Audit Plan</u> (8:45am) (15 min) <i>Haley Lyons and Trever Campbell, Kernutt Stokes</i>	54
4.3 <u>Recommendation to the Board to Approve the 2021-22 Academic Year Tuition and Fees</u> (9:00am) (20 min) <i>VP John Harman</i>	63
4.4 <u>Recommendation to the Board for Approval to Pursue Bond Financing for Construction of a New Student Housing Facility</u> (9:20am) (15 min) <i>VP John Harman</i>	95
5. Discussion Items	
5.1 <u>State Budget Outlook</u> (9:35am) (5 min) <i>VP John Harman</i>	99
6. Other Business/New Business (9:40am) (5 min) <i>Chair Vince Jones</i>	
Adjournment (9:45am)	



**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
DRAFT MINUTES**

Trustees Present:

Vince Jones, Committee
Chair

Jessica Gomez, Board Chair

Nagi Naganathan, President
(in person)

Mike Starr

Paul Stewart
Michele Vitali

Other Trustees present:

Trustee Brown

University Faculty and Staff Present:

Thom Darrah, Facilities Management Services Director (in person)

Maureen DeArmond, AVP Human Resources

Erin Foley, VP Student Affairs and Dean of Students (in person)

Ken Fincher, VP Institutional Advancement

David Groff, General Counsel

Scotty Hayes, Information Technology Consultant (in person)

Joanna Mott, Provost and VP Academic Affairs and SEM

Adria Paschal, Senior Executive Assistant to the President

Stephanie Pope, Assistant VP Financial Operations (in person)

Others Present:

Jean Bushong, CliftonLarsonAllen

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

Chair Jones called the meeting to order at 8:00am. The Board Secretary called roll and a quorum was declared.

2. Consent Agenda

2.1 Approve Minutes of the November 12, 2020 Meeting

With no amendments proposed, the minutes for the November 12, 2020 meeting stood as published.

3. Reports

3.1 Finance, Facilities and Audit Status Update: Quarter Two Fiscal Year 2021 Report

AVP Stephanie Pope reviewed the General Fund Monthly Report in the agenda report. She noted the PUSF was not cut as drastically as originally budgeted, budget was based on 5% increase in tuition and 1% increase in enrollment but enrollment is down from the projected and the enrollment mix changed to more resident students. Remissions appear doubled due to timing of running the reports and when the terms started. She explained the 'other revenue' category includes grant funds, investment income, service and clinic revenue and miscellaneous accounts. Trending approximately \$1M over estimate. Expenses for salaries are down as a result of furloughs of staff. The COVID/CARES Act funds will be moved to the associated grant fund. Staff will look at the debt service figure as a result of the summer refinancing. Total direct expenses are forecasted to be higher than original budget; change in fund balance is estimated at \$500K in the positive. She noted there is still uncertainty in many of the variables that impact the budget. **Director Thom Darrah** gave an update on the CEET project noting the project is on budget and the completion date is four weeks off of the original date and is anticipated to be occupied in August; the project is more than 50% complete. **Chair Jones** requested Director Darrah attend the next committee meeting and review the capital projects in more depth.

4. Action Items

4.1 Acceptance of the Annual Financial Report

Ms. Bushong reviewed a PowerPoint presentation. She explained the responsibilities of CliftonLarsonAllen (CLA) under external auditing standards, the scope of CLA's engagements, unique audit issues including COVID-19 requirements, audit results, and required communications. An unmodified (clean) opinion was issued, no material weaknesses or significant deficiencies were identified. One audit adjustment to remove accumulated depreciation for disposal was identified. **AVP Pope** explained the discrepancy in the amount of CARES funding received versus spent: the audit only accounts for fiscal year 2020 but the remaining dollars were spent before the December 31, 2020 deadline. **Ms. Bushong** reviewed the annual financial statement noting the figures in the document represent audited information; however, the Foundation's information is included in the document but CLA does not audit that information, it is audited by an independent auditor. She gave an overview of the required communications to Governance. **AVP Pope** explained the university contracts with an external company to collect institutional loans (debt), working with the VPFA to age the loans out and write them off.

Board Chair Gomez moved to accept the Oregon Tech 2020 Annual Financial Report. **Trustee Starr** seconded the motion. With all trustees present voting aye, the motion passed unanimously.

5. Discussion Items

5.1 Tuition Development Process Update

President Naganathan stated the process is usually headed by the VPFA but in the time of transition of that position VP Foley is leading the process. He reviewed the HB4141, Board policy on tuition, and HECC criteria. **VP Foley** stated the TRC committee is set and the first meeting was held last week and last year's principles were adopted. There is significant student engagement at this phase of the process. She explained the main purpose of the TRC is to establish the undergraduate-resident tuition rate and the

remaining tuition rates are often derived from that base. The TRC will meet weekly with public forums held throughout and a recommendation to the President at the end of Winter term, ideally in early March. This will allow President Naganathan to bring a recommendation to the board at the April 8 meeting. She noted all of the tuition materials and links to the meetings are posted on the website.

6. Other Business/New Business - none

7. Adjournment

Meeting was adjourned at 9:21am.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Sandra Fox', with a stylized flourish at the end.

Sandra Fox
Board Secretary

REPORT

Agenda Item No. 3.1

Finance, Facilities and Audit Status: Quarterly Review

Background

The Quarterly Finance, Facilities and Audit Status Report provides information on major responsibility areas under the Finance and Administration Division of Oregon Tech. The Report generally highlights budget performance, revenue and enrollment indicators, facilities, equipment, capital projects and invested funds, as well as internal and external audit coordination. Depending on the timing of the quarterly Board meeting, some data may not yet be available for reporting. The information contained in the Report is used by the Office of the Vice President of Finance and Administration to track progress toward achieving the institution's financial and operational goals.

The report is shared with the Finance and Facilities Committee on a quarterly basis to provide information essential in supporting the Board's governance and fiduciary responsibilities.

Staff Recommendation

No action required. For discussion purposes only.

Attachments

Q3 FY 2021 Quarterly Finance, Facilities and Audit Status Reports including the following:

- A. [Quarterly Managerial Report](#)
- B. [Quarterly Investment Report](#)
- C. [Facilities and Capital Projects Report](#)
- D. [Audit Status Update](#)

ATTACHMENT A

QUARTERLY MANAGERIAL REPORT

General Fund Monthly Report							
FY21 February							
Acct	YTD Comparison		FY21 Forecast				Notes
	FY20 YTD Feb Actuals	FY21 YTD Feb Actuals	FY20 Year End Actuals	Board Adopted	Adjusted Budget	Year-End Forecast	
State Allocations	26,282	26,972	31,311	29,836	29,836	32,281	(1)
Tuition & Fees	36,861	37,004	39,203	41,862	41,862	39,356	(2)
Remissions	(3,145)	(3,608)	(4,697)	(5,058)	(5,058)	(4,715)	
Other	1,678	1,880	2,767	2,763	2,763	2,988	(3)
Total Revenue	61,676	62,248	68,584	69,402	69,402	69,911	
Unclassified (incl. Faculty)	15,629	14,525	25,039	24,659	24,821	26,351	(4)
Classified	3,989	3,550	5,907	6,173	6,083	6,173	
Student	478	379	660	1,093	1,084	553	
GTA	42	36	80	121	121	78	
OPE	10,765	10,511	16,763	18,335	18,623	18,571	
Salary Savings				(750)	(1,882)	(2,918)	
Total Labor	30,904	29,001	48,449	49,632	48,850	48,808	(5)
Service & Supplies	8,597	7,668	11,954	18,247	19,089	15,241	(8)
Internal Sales	(896)	(905)	(926)	(2,167)	(2,167)	(1,385)	
Debt Service	1,184	828	1,771	624	775	775	
Capital	339	19	449	458	477	1,896	(9)
Utilities	540	593	1,053	1,247	1,278	1,053	
Transfers Out	1,191	1,025	1,462	1,362	1,362	1,362	(6)
Total Direct Expense	10,955	9,228	15,764	19,771	20,814	18,943	(7)
Total All Expense	41,858	38,229	64,212	69,403	69,664	67,751	
Net From Operations	19,817	24,019	4,372	(1)	(262)	2,160	
Extraordinary Transfers In	310	56	328	1	1	56	
Extraordinary Transfers Out	(185)	-	(694)	-	-	-	
Carryforward & Rollover Xfrs from	(460)	-	(460)				
Fund Additions/(Deductions)	46	(170)	46	-	-	(170)	
Change in Fund Balance	19,529	23,905	3,592	0	(262)	2,046	
Beginning Fund Balance	10,001	13,593	10,001	13,593	13,593	13,593	
Ending Fund Balance	29,530	37,497	13,593	13,593	13,331	15,638	
Ending Cash Balance	16,564	25,481	12,128				
% Operating Revenues	47.9%	60.2%	19.8%	19.6%	19.2%	22.4%	

is:

ation & General

Forecast - March 2020 correction from HECC on state appropriation funding

Forecast - Tuition forecast assumes no events that disrupt enrollments

Forecast - Reforecast for other revenue Spring 2021

FY21 YTD Actuals - Lower Unclassified, Classified, and OPE amounts due to furlough savings.

Forecast - Labor and OPE expenses forecast based on known savings, anticipated savings and anticipated additional spend

FY21 YTD Actuals - Regular Athletics & Shaw transfers completed in January 2021

Forecast - Forecast expenses with continued instability continues to create uncertainty

Forecast - Includes known budgeted expenditures, unplanned budgeted expenditures, and estimates of total spend

FY20 YTD Actuals - Capital expenses included large marketing, vehicle, and equipment expenditures in FY20 which have not occurred thus far in FY21.

ATTACHMENT B

FY2021 Q2 INVESTMENT REPORT

BACKGROUND

The Oregon Tech (university) investment reports for the second quarter (Q2) of FY2021 are presented in the following sections:

- **FY2021 Q2 Oregon Tech Investment Report** – This section includes a report on the investments of the operating and endowment assets of the university. This report reflects the university's operating assets that are invested in the Public University Fund and the university's endowment assets managed by the Oregon State Treasury.
- **FY2021 Q2 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the second quarter of FY2021 (i.e., October– December 31, 2020).

FY2021 Q2 OREGON TECH INVESTMENT REPORT

The schedule of Oregon Tech's investments is shown in the investment summary below.

Public University Fund

(Prepared by the Public University Fund Administrator)

Oregon Tech's operating assets are invested in the Public University Fund (PUF). The PUF gained 0.5% for the quarter. The PUF's three-year and five-year average returns were 3.5% and 2.8%, respectively.

The Oregon Short-Term Fund (OSTF) returned 0.2% for the quarter and 0.5% fiscal year-to-date, outperforming its benchmark by 20 and 40 basis points, respectively. The Core Bond Fund returned 1.2% for the quarter and 2.2% fiscal year-to-date, outperforming its benchmark by 80 and 130 basis points, respectively.

In January, Oregon State Treasury fixed income investment officers, Will Hampson and John Lutkehaus, conducted a quarterly performance review with university staff. Corporate Bonds were strong performers during the quarter, supporting the Core Bond Fund's 80 basis point relative outperformance. The investment officers continued to reduce the Core Bond Fund's duration risk during the period on forecasts for rising interest rates triggered by improving economic growth during the second half of calendar 2021.

A factsheet detailing each investment pool's portfolio characteristics and market exposures is included with this report.

Oregon Tech Quasi-Endowment Fund

The Oregon Tech Quasi-Endowment assets gained 1.4% for the quarter and 2.6% fiscal year-to-date. The Oregon Intermediate-Term Pool outperformed its benchmark by 100 basis points for the quarter and 190 basis points fiscal year-to-date. The Endowment assets were valued at \$7.6 million, as of December 31, 2020.

Oregon Tech
Investment Summary
as of December 31, 2020
 (Net of Fees)

	Quarter Ended 12/31/2020	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Target
OIT Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.2%	0.5%	1.3%	2.1%	1.7%	1.1%	\$ 20,324,654	67.6%	¹
Benchmark - 91 day T-Bill	0.0%	0.1%	1.0%	1.6%	1.2%	0.6%			
PUF Core Bond Fund	1.2%	2.2%	1.6%	4.8%	N/A	N/A	9,744,276	32.4%	¹
Blended Benchmark ²	0.4%	0.9%	1.9%	4.5%	3.5%	3.5%			
Public University Fund Total Return	0.5%	1.0%	1.5%	3.5%	2.8%		<u>\$ 30,068,930</u>	<u>100.0%</u>	
Public University Fund Investment Yield	0.3%	1.2%	1.5%	2.7%	2.3%				
OIT Endowment Assets									
Oregon Intermediate-Term Pool	1.4%	2.6%	1.7%	4.6%	N/A	N/A	\$ 7,556,323	100.0%	
Benchmark - Bloomberg Barclays 3-5 Year Index	0.4%	0.7%	1.8%	4.3%	3.3%	2.5%			
Total Endowment Assets	1.4%	2.6%	1.7%	4.6%			<u>\$ 7,556,323</u>	<u>100.0%</u>	

¹ The Public University Fund (PUF) policy guidelines define investment allocation targets based upon total participant dollars committed.
 Core balances in excess of liquidity requirements for the participants are available for investment in the Core Bond Fund.
 Maximum core investment allocations are determined based upon anticipated average cash balances for all participants during the fiscal year.

² Blended Benchmark Composition: 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

December 31, 2020

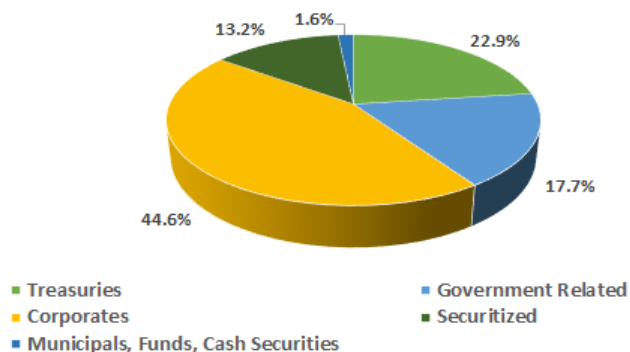
Portfolio Characteristics

Market Value 12/31/2020	\$ 406,081,734
Weighted Average Credit Quality	AA
Book Yield (%)	0.82%
Weighted Average Maturity (years)	1.05
Duration (years)	0.57
Spread Duration (rate)	0.77

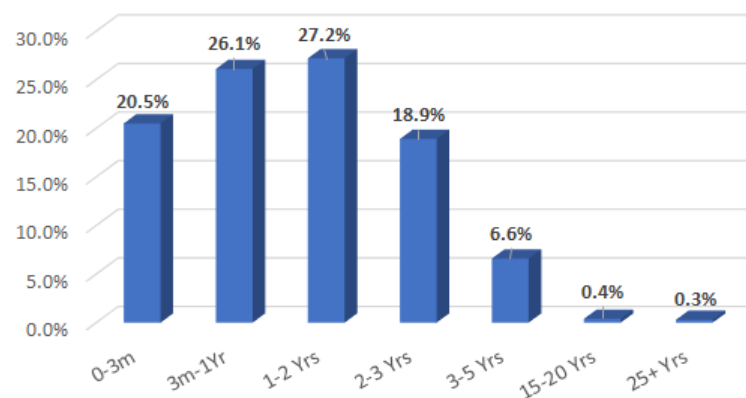
Top 10 Issuers

United States Treasury	22.8%
Toyota Motor Corporation	3.4%
Federal Farm Credit Banks Funding Corporation	3.4%
Wells Fargo & Company	2.6%
Citigroup Incorporated	2.6%
Canadian Imperial Bank of Commerce	2.4%
Koch Industries Incorporated	2.2%
Morgan Stanley	2.2%
Royal Bank of Canada	2.0%
Germany (Federal Republic of)	1.9%
Total	45.5%

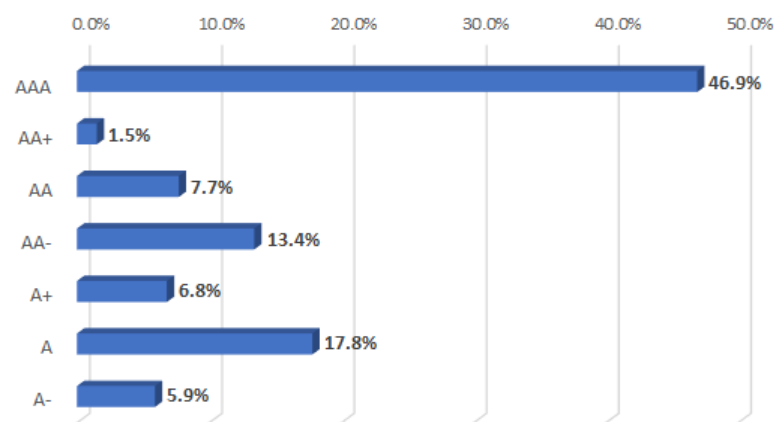
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

Core Bond Fund

December 31, 2020

Portfolio Characteristics

Market Value 12/31/2020	\$ 194,688,306
Weighted Average Credit Quality	AA-
Book Yield (%)	1.77%
Weighted Average Maturity (years)	4.45
Duration (years)	3.55
Spread Duration (rate)	2.74

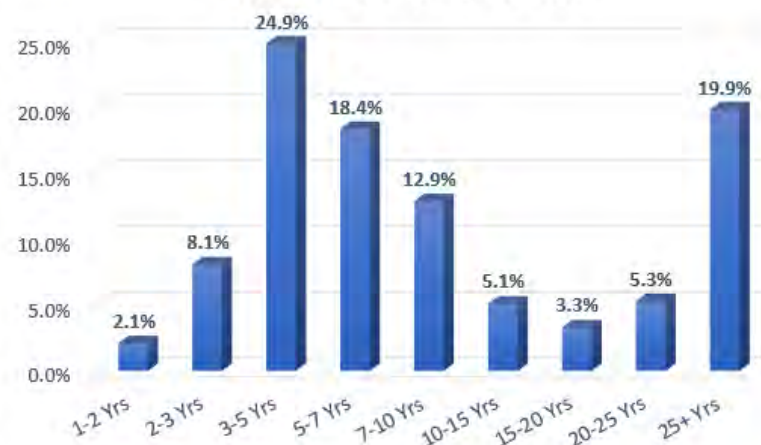
Top 10 Issuers

United States Treasury	29.5%
Oregon State Treasury (Oregon Short-Term Fund)	8.8%
Federal National Mortgage Association	7.9%
Citibank Credit Card Issuance Trust	3.0%
Expedia Group Incorporated	2.6%
Marriott International Incorporated	2.6%
Corporate Office Properties Trust	2.5%
SLM Student Loan Trust	2.5%
Fannie Mae ACES 19-M24	2.4%
Federal Home Loan Mortgage Corporation	2.2%
Total	64.0%

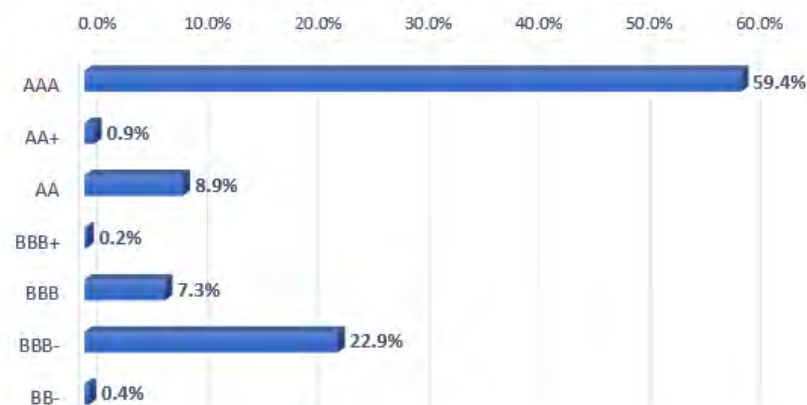
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

ATTACHMENT C
FACILITIES AND CAPITAL PROJECTS REPORT

FOUNDATION BOARD PRESENTATION / 4.08.2021



Oregon Tech's - Capital Projects Update

Thom Darrah | Director of Facilities & Capital Planning

Presentation Outline

Capital Projects – Underway

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

Capital Projects - Completed

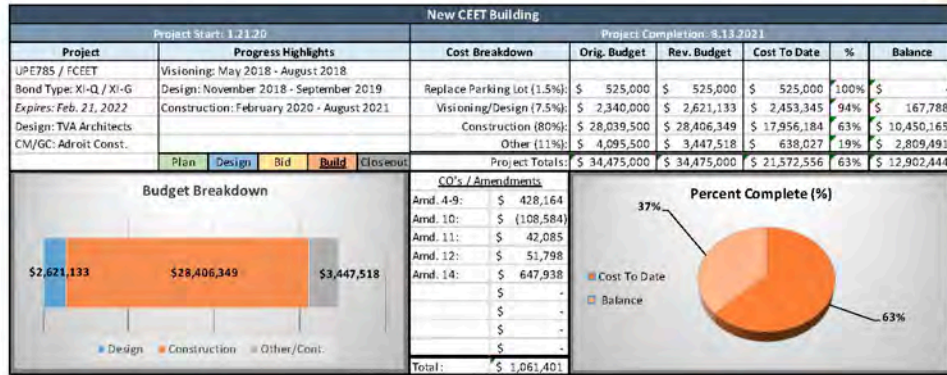
- Cornett Renovation - Phase 2
- Student Rec Center

** Both projects complete except the % for art requirements.*

Capital Improvement Replacement

- FY 19/20 - Underway
- FY 21/22 – Pending

New CEET Building



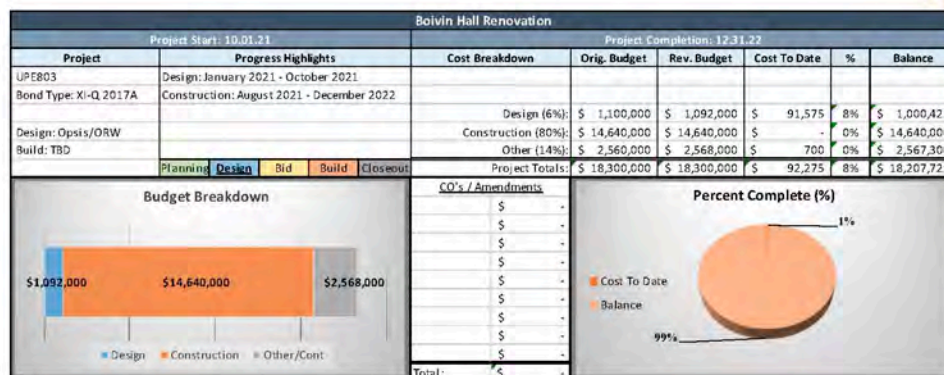
New CEET Building



New CEET Building



Boivin Hall Renovation



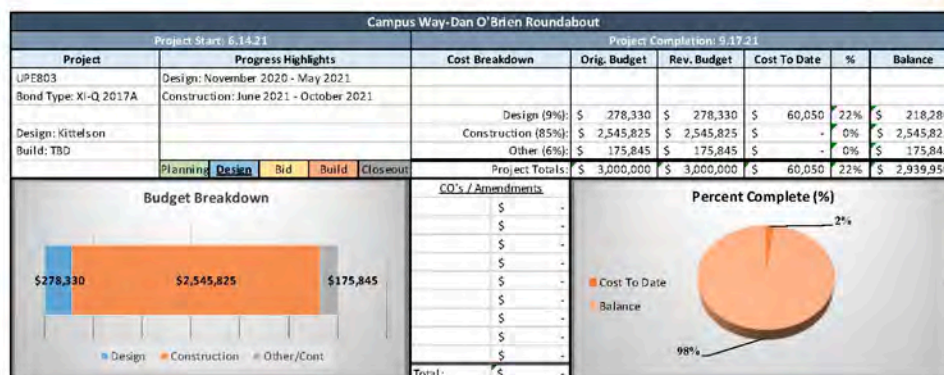
Boivin Hall Renovation



FLOOR PLANS

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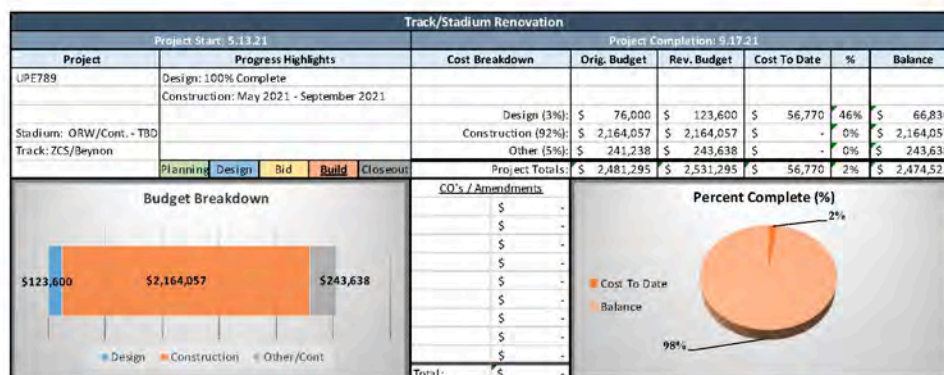
Campus Way/Dan O'Brien Roundabout



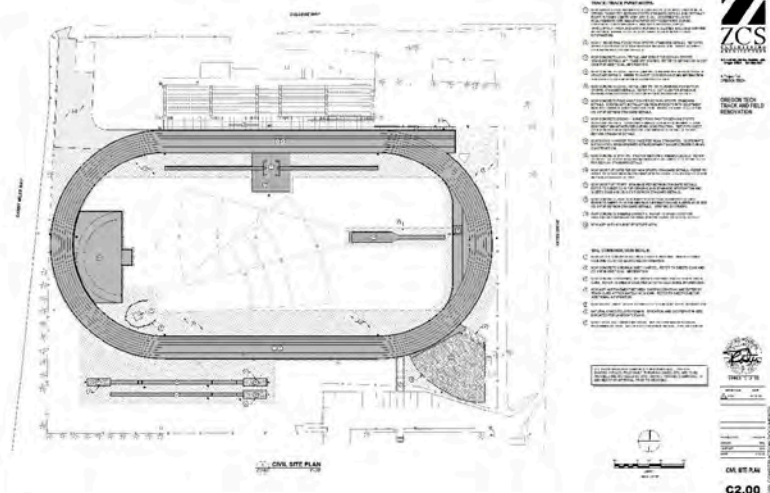
Campus Way/Dan O'Brien Roundabout



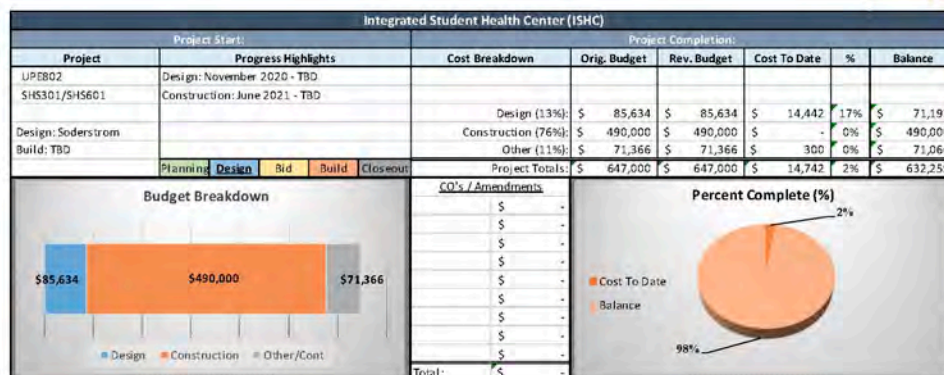
Track/Stadium Renovation



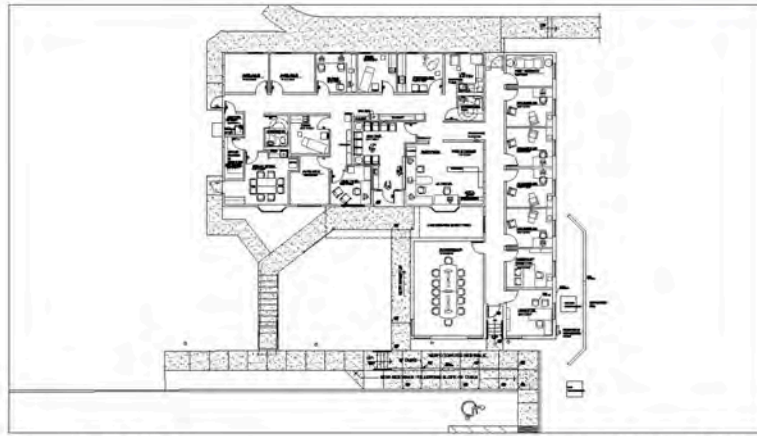
Track/Stadium Renovation



Integrated Student Health Center Addition



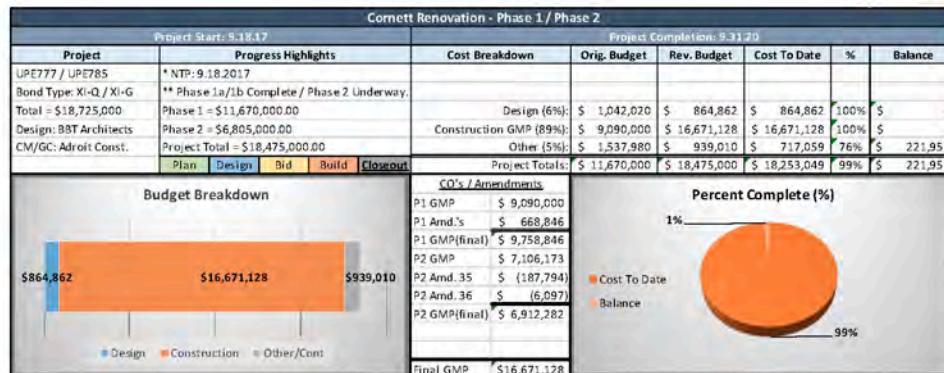
Integrated Student Health Center Addition



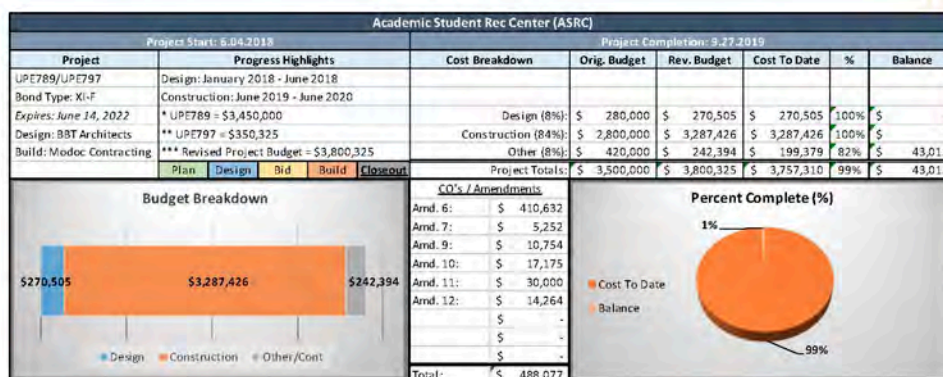
OREGON TECH
Student Health Clinic Addition
11/17/20

INITIAL DESIGN CONCEPT
Soderstrom Architects | A1

Cornett Renovation – Phase 1 / Phase 2



Student Recreation Center



Capital Improvement Replacement Projects

UPE797 – FY19/20 CRR Projects



OR - UPE797, FY 19/20						
#	Project Description	Est. Cost	Final Cost	Revd. Balance	Status	Date Complete
	UPE797			\$ 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	Fire Alarm Upgrades - Purvine/IRC	\$ (40,000)	\$ -	\$ 2,202,672	Underway	TBD
5	Purvine Chiller Replacements	\$ (20,000)	\$ (8,160)	\$ 2,194,512	Completed	Aug. 2020
6	Purvine Entry Doors Upgrades	\$ (60,000)	\$ -	\$ 2,134,512	Underway	TBD
7	Purvine Flooding 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)	\$ (1,484)	\$ 898,426	Underway	TBD
11	Portland-Metro: HVAC Lab 248	\$ (7,500)	\$ -	\$ 890,926	Pending	TBD
12	Portland-Metro: Concrete Repairs	\$ (25,000)	\$ -	\$ 865,926	Pending	TBD
13	Portland-Metro: 4th Floor Hall Carpet	\$ (50,000)	\$ (33,640)	\$ 832,286	Completed	TBD
14	Lot D - Electrical Upgrades	\$ (15,000)	\$ (12,996)	\$ 819,290	Completed	Aug. 2020
15	Semon Compressor	\$ (8,000)	\$ -	\$ 811,290	Underway	TBD
16	Dow Hot Water Pump Replacement	\$ (10,000)	\$ -	\$ 801,290	Underway	TBD
17	Snell Exterior Renovation	\$ (475,000)	\$ -	\$ 326,290	Pending	TBD
18	Portland-Metro: ADA Grab Bars	\$ (7,500)	\$ -	\$ 328,790	Pending	TBD
19	Portland-Metro: Replace Ceiling Tile	\$ (110,000)	\$ -	\$ 218,790	Underway	TBD
20	Portland-Metro: Window Sealant	\$ (10,000)	\$ -	\$ 208,790	Pending	TBD
21	Portland-Metro: Concrete Curb Repair	\$ (35,000)	\$ -	\$ 273,790	Pending	TBD
22	Semon Control/HX Upgrade	\$ (110,000)	\$ -	\$ 163,790	Pending	TBD
23	Athletics Offices (4) HVAC Replacement	\$ (30,000)	\$ -	\$ 133,790	Pending	TBD
24	Purvine Geo System Renovation	\$ (35,000)	\$ -	\$ 98,790	Pending	TBD
25	Phase 3 - Bottle Fill Stations	\$ (30,000)	\$ -	\$ 68,790	Pending	TBD
26	Athletics Lift Pumps - 70%	\$ (17,500)	\$ -	\$ 51,290	Pending	TBD
27		\$ -	\$ -	\$ 51,290		
28		\$ -	\$ -	\$ 51,290		
29		\$ -	\$ -	\$ 51,290		
		\$ -	\$ -	\$ 51,290		
	Balance			\$ 51,290		

* Portland-Metro projects are shown in red.

UPE – FY21/22 CRR Projects



OR - UPE805, FY 20/21						
#	Project Description	Est. Cost	Final Cost	Revd. Balance	Status	Date Complete
	UPE805			\$ 3,548,556		
	Balance Forward - UPE 797	\$ -	\$ -	\$ 3,548,556		
1	HX Upgrades	\$ (455,000)	\$ -	\$ 3,093,556		
2	Athletics Roof and Skylight Replacement	\$ (350,000)	\$ -	\$ 2,743,556		
3	Injection Well 1 Recase	\$ (450,000)	\$ -	\$ 2,293,556		
4	Semon Abatement/Replacement	\$ (150,000)	\$ -	\$ 2,143,556		
5	Facilities Abatement/Replacement	\$ (100,000)	\$ -	\$ 2,043,556		
6	Athletics HVAC Upgrades	\$ (500,000)	\$ -	\$ 1,543,556		
7	Purvine Expand DDC Controls	\$ (55,000)	\$ -	\$ 1,488,556		
8	IRC Expand DDC Controls	\$ (45,000)	\$ -	\$ 1,443,556		
9	Geo Valves / HX Pump Replacement	\$ (300,000)	\$ -	\$ 1,143,556		
10	Portland-Metro: Project Allowance	\$ 355,000	\$ -	\$ 1,498,556		
11		\$ -	\$ -	\$ 1,498,556		
12		\$ -	\$ -	\$ 1,498,556		
13		\$ -	\$ -	\$ 1,498,556		
14		\$ -	\$ -	\$ 1,498,556		
15		\$ -	\$ -	\$ 1,498,556		
		\$ -	\$ -	\$ 1,498,556		
	Balance			\$ 1,498,556		

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

* Portland-Metro projects set aside allowance is shown in red, projects to be determined.



Contact Information

Thom Darrah, Director of Facilities

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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 and planned projects are as follows:

Internal Audit Projects Update	
2019/2020 Engagements	Status
Sponsored Projects and Grant Administration (SPGA)	Report Issued – Included in Board materials
2020/2021 Engagements	Status
2020/2021 Risk Assessment and Audit Plan Update	Completed – Included in Board materials
Clery Act	Planning and kick-off stage. <u>Anticipated completion:</u> End of fiscal year
Procurement and Contracting	Planning and kick-off stage. <u>Anticipated completion:</u> End of fiscal year
Monitor Fraud, Waste, and Abuse Ethics Hotline	Summary below for Board review
2021/2022 Engagements	Status
2021/2022 Audit Plan Update	Draft presented to management and the Board for review and approval.
Internal Audit #1: TBD	Planning
Internal Audit #2: TBD	Planning
Internal Audit #3: TBD	Planning

Fiscal Year 2020/2021 Activities:

Two audits have been selected and are in the planning, kick-off, and scheduling phases at this time.

- Clery Act: Audit will focus on reviewing whether the University is complying with the tracking, reporting, and disclosure of campus crime statistics and security information in accordance with Title IV of the Higher Education Act.
- Procurement and Contracting: Audit will focus on reviewing compliance with policies and procedures around contracts with third-parties including: vendor selection, vendor evaluation, change orders, bidding, purchase thresholds, legitimate business purposes, and compliance with government regulations.

It is anticipated that both of these projects will be performed in the spring of 2021 with target completion dates before the end of the fiscal year.

Fiscal Year 2021/2022 Activities:

The risk assessment update was used to develop an internal audit plan for 2021/2022. IA is contracted to perform three audits during the coming fiscal year. Those audits have not yet been determined at this time, but are being reviewed by management and the Board.

Fraud, Waste, and Abuse Ethics Line Update:

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

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.

- During fiscal year 2021 there have been five cases reported through the Oregon Tech Hotline. All cases have been reviewed and closed.
- Related to fiscal year 2020, at the time of the last board meeting one case was in a monitoring status. That case has now been fully resolved as is closed.

ACTION ITEM

Agenda Item No. 4.1

Internal Audit Update and Report– Sponsored Projects and Grant Administration

Summary

Internal Audit has completed the Sponsored Projects and Grant Administration (SPGA) audit within Academic Affairs. The audit is dated March 24, 2021 and relates to the 2018/19 fiscal year.

Internal audit results are classified into three categories; findings, observations, and process improvement recommendations in declining order of significance.

The Sponsored Projects and Grant Administration audit identified 13 findings, 5 observations and 6 process improvement recommendations spanning across several audit objectives. These include items related to Award Administration and Organization, Financial Conflict of Interest, Expenditure Tracking and Processing, Effort Reporting, Project Closeout, and Procurement of Grant Assets.

Management has identified appropriate remediation plans to all findings, observations and process improvement recommendations.

Additional detail can be found in the attached internal audit report.

Staff Recommendation

Internal Audit recommends that the Audit Committee of the Board of Trustees accept the attached Sponsored Projects and Grant Administration (SPGA) internal audit.

Attachments

- A. [Internal Audit Report – Sponsored Projects and Grant Administration](#)
- B. [PowerPoint Presentation](#)



Sponsored Projects and Grants
Internal Audit Report
March 24, 2021



To: Board of Trustees and Management of Oregon Tech

From: Kernutt Stokes, Internal Auditors (IA)

Date: March 24, 2021

Subject: Oregon Tech Sponsored Projects and Grants Administration (SPGA)

EXECUTIVE SUMMARY

The objective of this audit was to conduct a review of SPGA related to the effectiveness of existing policies and procedures, to evaluate whether the administration of awards is clear and organized, to determine the sufficiency of training, to determine that financial conflicts of interests of sponsored projects and grants are disclosed timely, and to review that indirect costs are approved and charged as allowed under the agreements.

Results of the audit are classified into three categories. The categories are defined below, ranking from most consequential to least.

- **Finding** – Most serious in nature, a finding is an instance of a breakdown or partial breakdown, leading to a potential failure of Oregon Tech’s objectives. A finding requires immediate corrective action.
- **Observation** – An instance of a minor deviation from an otherwise well-implemented process. An observation requires noting in the audit report and should be evaluated and corrected as resources and time allow.
- **Process Improvement Recommendation (PIR)** – An instance of a potential improvement opportunity. A recommendation does not require action, but is encouraged for improvement.

Focus Area	Page	Findings	Observations	PIRs
Award Administration and Organization	5	6	2	3
Financial Conflict of Interest	14	1	2	2
Expenditure Tracking and Processing	17	3	-	1
Effort Reporting	21	-	1	-
Project Closeout	22	2	-	-
Procurement of Grant Assets	24	1	-	-
Total		13	5	6

For a detailed explanation of the results, please refer to the individual objectives contained in the body of this audit report.

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BACKGROUND

The mission of the SPGA is to help facilitate funded applied research, projects, and programs at Oregon Tech. The SPGA works with faculty and staff to develop and submit proposals for foundation, corporate, state, and federal government funding. The broad services offered by the SPGA are encapsulated by three critical areas: stimulating new sponsored projects and grants, consultation and administrative guidance, and management of proposal submission and post-award management. The SPGA is the first stop for faculty and staff who wish to pursue external sources of funding.

Sponsored projects and grants include all work performed under grants or contracts funded by external sources such as federal agencies, state agencies, and private organizations. There are generally two main components of sponsored project and grant administration: pre-award, which includes activities such as proposal development, review, and submission prior to acceptance of funds; and post-award, which includes administration of a sponsored project and grant after the grant or contract has been awarded.

The audit performed was related to the 2018/2019 fiscal year of Oregon Tech. During the 2019/2020 fiscal year, Oregon Tech shifted some of the responsibilities of the SPGA related to the administration of sponsored projects and grants for both pre-award and post-award activities to other departments. Pre-award activities continue to be administered by the SPGA, including proposal development, budget, proposal submission, and submission of effort certifications. Currently, certain post-award activities are to be administered by the Business Affairs Office (BAO), including basic financial administration,

Additionally, Oregon Tech is currently in the process of revising and rewriting the *Grant Management Procedures* document. That document had not been finalized at the time of this audit. IA considered both of these changes when identifying issues throughout the audit and when developing recommendations for improvement in coordination with Oregon Tech management.

Based on the 2019/2020 annual risk assessment, IA focused on the following areas and objectives:

- **Award administration and organization** – Determine if clear policies and procedures have been established for pre-award and post-award administration of sponsored projects and grants. Determine if there are clear lines of organizational authority and responsibility within the policies and procedures and if awards are well organized and documented.

Objective: Ensure award administration and organization policy and procedures are clear, organized, correctly implemented, and adhered to.

- **Financial Conflict of Interest (FCOI)** – Analyze and inquire about FCOI disclosure forms, documentation of training, and timeliness of training and disclosures.

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Objective: Analyze adherence to FCOI disclosure and training requirements.

- **Expenditure Tracking and Processing** – Review and test a selection of SPGA sponsored project and grant expenditures for the fiscal year 2018/2019.

Objective: Determine if financial systems and controls are in place to ensure that costs charged to sponsored projects and grants are monitored, allowable, allocable, and reasonable and within accordance of the sponsor requirements and Oregon Tech policy and procedures.

- **Effort Reporting** – Determine if effort reporting was properly completed. Ensure effort reporting certifications are accurate, timely, and properly supported.

Objective: Ensure effort reporting certifications are accurate, timely, and properly supported for all applicable sponsored projects and grants.

- **Project Closeout** – Review and test the project closeout process.

Objective: Determine if sponsored projects and grants are closed out timely and in accordance with sponsor requirements and Oregon Tech policy and procedures.

- **Procurement of Grant Assets** – Review the policies regarding procurement of assets related to grant and special projects agreements.

Objective: Review the current Oregon Tech policy with regard to grant and special project asset procurement in relation to state statutes and industry best practices.

GLOSSARY OF ABBREVIATIONS

BAO – Business Affairs Office
BPO – Budget and Planning Office
FCOI – Financial Conflict of Interest
FinOps – Financial Operations (BAO and BPO, both)
Foundation – The Oregon Tech Foundation
IA – Oregon Tech Internal Audit
SPGA – Special Projects and Grant Administration
PACS – Procurement and Contract Services
PAF – Proposal Approval Form
PI – Principal Investigator
PIR – Process Improvement Recommendation
OUS – Oregon University System

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SCOPE AND METHODOLOGY

Our audit was conducted in accordance with the guidelines set forth in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. The standards set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of the internal auditing department.

To achieve the audit objectives, we reviewed the 2018/2019 Oregon Tech policies and procedures pertaining to sponsored projects and grants. The purpose of this policy is to provide an outline of the procedure for employees within the SPGA office. We also reviewed sponsored project and grant agreements and specific guidance set forth for federal and state grants.

The scope of this audit included interviews, walkthroughs, and detailed testing on certain aspects of sponsored projects and grants including policies and procedures, expenditures and compliance of sponsored projects and grants during the 2018/2019 fiscal year.

Below is a table of the project types and amounts reviewed by IA:

Type of Project	Tested Count	Tested Amount	Total Count	Total Amount
Federal	5	\$ 474,956	25	\$ 1,355,760
State	5	826,516	23	2,182,164
Foundation	3	98,166	8	417,509
Industry	3	223,000	10	332,948
Total	16	\$ 1,622,638	66	\$ 4,288,381

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AUDIT RESULTS

Award Administration and Organization

- **Objective:** Ensure award administration and organization policies and procedures are clear, organized, and adhered to.
- **Audit work performed:** IA selected 16 grants and sponsored projects to review whether there was sufficient adherence to and sufficiency of policies and procedures for the pre-award and post-award processes.

Findings	Observations	PIRs
6	2	3

- 1) **Finding:** Throughout the audit of the SPGA, IA noted inconsistencies and confusion when working with the various departments involved in the grant and special projects processes. Different departments, and individuals within the departments, were often unclear regarding who had access, or who should have access, to certain documents (such as grant contracts or master agreements), and regarding where those documents were stored for reference or use.

There were inconsistencies from project to project on which documents were completed. In some cases, the differences were attributed to which sponsoring agency was involved (i.e. Federal, State, Industry, or Foundation).

In some cases, certain documents critical to administering projects effectively were not retained by Oregon Tech, and the SPGA had to reach out to sponsoring organizations, such as the Foundation, or the Principal Investigator (PI) to try and obtain those documents necessary to audit the administration of the project.

Recommendation: As the administrative arm of Oregon Tech for special projects and grants, the SPGA should have complete documentation for all projects regardless of who the sponsoring agency is, and as a best practice, we recommend the SPGA take on a more comprehensive role in the administration of all aspects of the special projects and grants that are awarded to Oregon Tech.

There are several departments or individuals who need access to project documents, and those should continue to be provided either through a centralized storage space or by providing copies, but that should not relieve the SPGA from retaining a complete set of documents to support the project.

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Additionally, IA recommends a checklist be created that lists all documents that are expected to be completed and retained for each project (see recommendation in issue 11 below). The checklist should be stored with the project documentation. Those involved with administering the grant or running the project should sign-off on the checklist when documents have been completed and stored, and should note any exceptions for items that are not considered necessary or are not part of the project file.

This will enable for more consistent processes and easier administration and review of projects throughout their lifecycle. There may be additional measures needed, beyond creating a checklist, to create the comprehensive structure needed for more complete organization; however, the checklist should serve as a roadmap to assist in identifying where any additional gaps are.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will maintain complete, consistent documentation for all sponsored programs and grants regardless of funding source. This documentation will be maintained in a pre-determined, centralized electronic location so that it may be readily accessible to the various University stakeholders throughout the institution. Additionally, SPGA has developed a project documentation checklist for all projects; this will contain a complete and consistent record of all funded projects' documents and be kept in the project file. The checklist organizes the project dataset into pre-award and post-award categories, which similarly define the document storage organization. SPGA will also conduct an analysis for any additional measures that may be needed, and will implement additional changes as required to allow for comprehensive and easy access to the sponsored programs and grants documentation while also ensuring the secure maintenance of the records.	SPGA	December 2021

- 2) **Finding:** For ten out of 16 selected projects reviewed, IA was unable to obtain a listing of deliverables. In some cases, these were for projects that were being administered through the Foundation, for which very little documentation was available. In other cases, the documentation requested was listed as not applicable or not available. Based on IA's review of the available contracts and/or master agreements it was not clear for these projects which deliverables were required or why a list of deliverables were considered not applicable.

Recommendation: A list of clearly defined deliverables or expected outcomes should be documented with each proposal along with all other required forms. If a project does not require deliverables, that should be clearly noted as part of the complete proposal documentation. If deliverables are changed or added during the course of a project, the PI should communicate that to the SPGA so they can effectively monitor and enforce Oregon Tech's commitment and responsibility to the sponsoring agency. We recommend implementing the recommendations to issues 1, 3, and 6 to address this issue.

Management Response	Responsible Party	Target Date
Management respectfully agrees. As part of implementing Award Administration and Organization recommendation 1, SPGA will require and retain documentation related to project deliverables or expected outcomes, including support for projects where sponsors do not require specific deliverables or why items might be considered not applicable for awarded grants in accordance with applicable document retention policy(s). Any modifications to scope, deliverables, budget, and duration of project will be recorded through a new PAF, which requires documenting project proposal revisions or sponsors' amendments to the award by submitting a new PAF that documents such changes.	SPGA	December 2021

- 3) **Finding:** Proposal approval forms (PAF) for the selected projects were administered and completed inconsistent with documented processes. For example, if a sponsored project or grant was a renewal (change in scope, additional funding requested, or change in timeline), a PAF was not completed. In addition, if a sponsored project or grant was awarded through the Foundation, no PAF was completed.

Current Oregon Tech policy does not define or distinguish grant extensions or renewals from new projects, which can lead to confusion and different practices in documentation by those involved.

Recommendation: Management should define what constitutes a project extension or renewal that does not require a new PAF. Consideration should be given to whether the changes in the extension or renewal add additional cost, change or extend use of facilities, extend staff time, extend timelines or deadlines, add additional funding requests, etc.



Sponsored projects and grants that are new or have significantly changed from the original scope (based on criteria noted above) should complete a PAF regardless of the funding agency involved.

IA recommends, when updating the *Grant Management Procedures* document, an index of what is required for each proposal should be clearly identified in the procedures and on the PAF. This should include the party responsible for completing each section, what should be attached to the PAF, and the party responsible for signing the form and/or the proposal.

Management Response	Responsible Party	Target Date
Management respectfully agrees. The PAF, which has been revised, lists all project types requiring a PAF submission. This explicitly includes Foundation grants. Amendments to any funded project's scope, deliverables, budget, or duration are also listed as requiring a new PAF, with an ID system designed to identify versions. The requirements for each new or revised proposal are on the new PAF and will be documented in the updated <i>Grant Management Procedures</i> document. Parties required to complete or approve the proposal submission requirements and required attachments are clearly stated on the PAF.	SPGA	December 2021

- 4) **Finding:** During the course of the audit, IA interviewed individuals in the SPGA, BAO, and various PIs in departments that oversee grants and special projects. In those inquiries, it was noted that at times, grants and projects are applied for directly with outside private agencies without the involvement of the SPGA. In one case it was noted that the Foundation brought a grant directly to a department, administered the funds, and reported back to the grantor without the SPGA or PI ever even seeing the grant specifications or contract directly.

According to Oregon Tech policy, "The Sponsored Projects Office is the University's authorized officiant that submits ALL Proposals to sponsors." The risks associated with lack of grant oversight are considerable, including the potential for improper reporting to sponsoring agencies, undue administrative burden placed upon PIs, and potential that a PI could commit to a project that Oregon Tech does not have capacity to take on or complete.

Recommendation: The SPGA should be the administrative arm of all special projects and grants for Oregon Tech and the central repository for all documentation. In this capacity, the SPGA can act as the appropriate safeguard to Oregon Tech and support for PIs. We recommend implementing the recommendations in issues 1 and 6 to address this issue.

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Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will administer all grants and sponsored projects, submissions, proposals, acceptance of awards and contracts, management of awards, and closing out awards and contracts. SPGA will ensure that Oregon Tech Grant Management procedures are applied equally to Foundation grants including their documentation and final reporting. The BAO will continue to ensure appropriate financial policies and procedures are followed regardless of funding source.	SPGA, BAO	June 2021

- 5) **Finding:** Five out of the 16 selected projects reviewed did not have a scope of work attached to the PAF. Four of the projects were being administered through the Foundation (which included one industry project) and IA was not able to verify if the necessary documentation was complete. Documentation for the fifth project was missing. According to current Oregon Tech policy, "The scope of work should be both referenced within the proposal and attached to the completed proposal approval form."

Recommendation: IA recommends instituting the recommendations in issues 3 and 6 to address this issue.

Management Response	Responsible Party	Target Date
Management respectfully agrees. The new PAF explicitly lists project scope as one of the PAF required attachments. SPGA will require and maintain full documentation on all awarded grants.	SPGA, BAO	Completed November 2020

- 6) **Finding:** The Foundation is currently treated more like an alternative to the SPGA within Oregon Tech and not as a third party with respect to the administration and handling of grants that pass through from donors to Oregon Tech.

Recommendation: The Foundation should be treated the same as any other granting agency (i.e. federal, state, industry) by Oregon Tech departments when dealing with grant money. While the Foundation exists to promote educational, cultural, charitable, and service functions of Oregon Tech, it is also a separate legal entity, and not an administrative branch of Oregon Tech.

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Current Oregon Tech policies do not make a distinction between funds obtained from the Foundation vs. other granting agencies. IA believes the current policy should be applied to grants/projects from the Foundation.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will apply all Oregon Tech policies to Oregon Tech Foundation Grants. The Foundation will be treated as a third party subject to same policies and grant procedures and documentation requirements as other grantor agencies.	SPGA	June 2021

- 7) **Observation:** There are currently inconsistencies between the documented Oregon Tech policies and procedures for the SPGA office and the information provided on the Oregon Tech SPGA office website.

While the revised procedures describe the bifurcation of responsibilities between the SPGA and BAO, the website still describes the SPGA as the responsible department for all functions, activities, and services including proposal submission and post-award management.

Recommendation: The Oregon Tech website and current policy documents should reflect the same processes regarding the role of the SPGA in managing grants and special projects.

Differing information in multiple locations leads to confusion and inconsistent adherence to policies and procedures even by those intending to follow them correctly. Oregon Tech management is currently working to finalize an updated *Grant Management Procedures* document; which once finalized should be uniform in all locations.

In the interim, we recommend that the SPGA communicate to all departments, budget authorities, and PIs the current best practices as determined by Oregon Tech management regarding sponsored project and grant procedures.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will update its website upon completion of the <i>Grant Management Procedures</i> document. In the interim, SPGA will post a best practice guide communicating sponsored project and grant procedures best practices to all departments, budget authorities, and PIs.	SPGA	December 2021

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- 8) **Observation:** During the audit, IA found that much of the requested documentation related to signatures was being stored or delivered via email chains instead of the forms developed for signature approval. In particular, this was present in both the proposal approval forms and grant set-up forms.

The current policy does not address email approval as a valid alternative to signing the forms. Oregon Tech should be cautious when using email as a primary storage location as it is typically less secure than a document storage system. Additionally, the document retention guidelines setup in email may not match those required by a specific grant or special project.

Recommendation: We recommend that the updated *Grant Management Procedures* document include email authorizations as a valid “signature” for certain approvals or invest in e-signing technology to accommodate the movement towards a more paperless work environment. If email authorizations are used, a copy of the authorization should be stored (in hard or soft copy) with the rest of the project documentation in a uniform and consistent place for review and access, until such time that an established document retention date for that project has passed.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will utilize the University's electronic signature software and the electronic system for purchase approvals to obtain, store, and retain applicable authorizations and approvals per Award Administration and Organization recommendations 1 and 2. SPGA will update the <i>Grant Management Procedures</i> document to include electronic signature and purchase approvals.	SPGA	December 2021

- 9) **PIR:** Current SPGA policies and procedures do not address a specific timeline for documentation to be retained for special projects and grants.

Recommendation: The updated *Grant Management Procedures* document should include specific document retention guidelines, developed by the SPGA based on legal, contractual, and practical experience of necessary retention times, for records associated with all special projects and grants.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will update the <i>Grant Management Procedures</i> document to include document retention periods as required by	SPGA	December 2021



applicable grant agreements, Uniform Grant Guidance, University policy, and other applicable compliance requirements as applicable.		
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- 10) PIR:** IA noted from our procedures that there were projects applied for and entered into that did not appear to follow the required involvement from the SPGA. Additionally, some departments maintain their own internal records (i.e. Excel spreadsheets) for expenditure tracking as FAST records were difficult to work with and did not always reflect remaining budgets on projects at a given point in time.

The risks associated with projects being applied for or entered into without sufficient oversight by the SPGA are considerable, including the potential for improper reporting to sponsoring agencies, undue administrative burden placed upon PIs, and potential that a PI could commit to a project that Oregon Tech does not have capacity to take on or complete.

Recommendation: As changes are made to the SPGA procedures and policies, management should make sure to communicate those to both current and future PIs and Budget Authorities.

PIs should be advised that all proposals need to go through same process, utilizing the SPGA, even if the PIs have direct relationships already established with sponsors or granting agencies.

PIs should not work directly with any agency to develop or submit a proposal without the knowledge of the SPGA, as the SPGA will need to maintain a complete set of documentation for the project throughout its lifecycle. The SPGA should meet with current PIs to discuss what frustrations they may have regarding budgeting and cost tracking to determine if there is a better way to access the information needed that can be provided by Oregon Tech's current system vs. creating workaround systems and secondary tracking spreadsheets.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will develop and implement procedures and policies as safeguards to ensure agreements are not entered into without SPGA and University review and approval. In addition, SPGA will meet with departments, budget authorities, and PIs to identify issues and barriers, and will work with campus stakeholders in addressing these issues and barriers. Financial Operations will provide necessary standardized financial information system (FIS) training to PIs as needed.	SPGA, FinOps	December 2021

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- 11) PIR:** There is currently no administrative list for SPGA projects that details which documents, or other support, should be included as part of each individual project file.

Recommendation: As a best practice IA recommends creating an administrative index that lists all the types of documents or other support that could be part of a complete special project or grant file. This index should be completed as part of the documentation for each project by the PIs in coordination with SPGA staff. Items in the index that are not applicable to certain projects can be marked as N/A with the appropriate comments for why that response is justified. Other files should be expected to be included in the project file for reference and review. (Also see recommendations in issue 1.)

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA has an administrative list of documents needed and steps to be completed both for pre-award and post-award administration of proposals and awards. From this list, SPGA will create a list of documents that are to be required and retained in the project file. SPGA staff will complete this list throughout the award duration and closeout to ensure SPGA maintains a complete set of documentation of all awards. The list will be part of each project's documentation and is kept with the project file. List items that are not applicable to certain projects will be marked as "N/A" with appropriate comments and documentation, supporting the "N/A" response.	SPGA	December 2021



Financial Conflict of Interest

- **Objective:** Analyze adherence to FCOI disclosure and training requirements.
- **Audit work performed:** Reviewed a sample of sponsored projects and grants and their FCOI disclosure forms and training documentation.

Findings	Observations	PIRs
1	2	2

- 1) **Finding:** FCOI forms for federal awards were not completed timely. Three of the five federal awards reviewed had FCOI forms that were completed after the project commencement date.

Recommendation: We recommend the creation of a system to track and monitor the completion of FCOI training and disclosure forms by PIs prior to project commencement to ensure compliance with internal policies and procedures.

Management Response	Responsible Party	Target Date
<p>Management respectfully agrees. SPGA has developed and implemented a tracking and monitoring system that enforces completion of FCOI training and completing the federal FCOI disclosure forms. Submission of FCOIs for each proposal is part of the required documentation for evaluation of proposals and thus FCOI disclosure forms are always included when SPGA submits a proposal to sponsors. Requiring completion of federal FCOI disclosure forms at the time of proposal submission ensures that this federal compliance is met before a project's commencement.</p> <p>To meet this requirement, SPGA has provided a link to online FCOI training on its public-facing webpage, which is available to all PIs submitting a proposal.</p>	SPGA	Completed November 2020

- 2) **Observation:** IA was able to confirm that proper training and FCOI forms had been completed for all Federal projects tested; however, the retention methods for these documents were inconsistent. Many of these forms were retained with the PIs of the projects vs. with the SPGA. As part of the administrative function of monitoring special projects and grants, the SPGA should have records of these on-hand to ensure all federal requirements are being met.

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Recommendation: Currently, there are many documents, such as FCOI forms, that are not retained in a consistent location (noted in Award Administration and Organization issue 1). This makes the process of tracking FCOI forms to ensure they are completed and up-to-date difficult. We recommend instituting the recommendations in Award Administration and Organization issue 1. Additionally, these forms should be reviewed at least annually for each individual project worked on by a PI.

Management Response	Responsible Party	Target Date
Management respectfully agrees. As part of response to Award Administration and Organization recommendation 1, SPGA will include FCOI documents in the centralized project file location and follow the document retention procedures outlined in SPGA's response to Award Administration and Organization issue 9 above. In addition, SPGA will review FCOI forms periodically, no less than annually, for each multi-year project worked on by a PI, with the review documented, stored, and retained per Financial Conflict of Interest recommendation 1 and Award Administration and Organization recommendation 9. SPGA will review the <i>Grant Management Procedures</i> document for inclusion of FCOI documentation and annual FCOI review requirement and related procedures.	SPGA	December 2021

- 3) **Observation:** FCOI forms are currently completed based on the PI involved vs. the project. If a PI works on more than one project, they are only required to complete one FCOI form. Unlike FCOI training, financial conflicts should be evaluated on a project by project basis as the same individual may have no conflicts on one project, but many conflicts on another. These forms should be renewed, by project, at least annually.

Recommendation: FCOI forms should be completed for each project and retained as part of the project file. These forms should be renewed by every PI, by project, at least annually while the project is ongoing.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA has implemented this recommendation. SPGA requires completion and submission of federal FCOI forms to SPGA forms for each proposal at the time of proposal	SPGA	Completed November 2020

submission. SPGA will keep a record of FCOI documents in project files. SPGA performs an annual review of FCOI forms in multi-year projects to evaluate the information.		
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- 4) **PIR:** FCOI forms are only required to be completed for federal awards. Although FCOI is a federal requirement, IA believes this is a best practice for all grants or special projects and should be instituted by Oregon Tech and administered by the SPGA.

Recommendation: We recommend that Oregon Tech implement a policy requiring FCOI training and disclosure forms to be completed by all PIs working on sponsored projects and grants. Adequate administration of FCOI forms and training decrease the risk of noncompliance with grant requirements and the potential of fraud for misappropriated funds.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA has implemented this requirement. The PAF lists FCOI forms as required attachments to the PAF for all grants or special projects regardless of funding sources.	SPGA	Completed November 2020

- 5) **PIR:** IA interviewed various PIs during the audit and noted that they were unsure about which projects required FCOI training and FCOI forms, how often they needed to be completed or updated, and who was responsible for storing the forms or training certificates.

Recommendation: We recommend that the updated *Grant Management Procedures* document include clear guidelines on FCOI training, forms, timelines, etc. and that the recommendations in Award Administration and Organization issue 1 be implemented for consistent storing of documents.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA has provided access to online FCOI training and FCOI forms to all faculty via a weblink on the SPGA webpage. The PAF has been updated to clearly articulate the FCOI requirements, including annual review of FCOI forms for multi-year projects. The <i>Grant Management Procedures</i> document will be updated to reflect this requirement as well.	SPGA	December 2021



Expenditure Tracking and Processing

- **Objective:** Determine if financial systems and controls are in place to ensure that costs charged to sponsored projects and grants are monitored, allowable, allocable, and reasonable and within accordance of the sponsor requirements and Oregon Tech policies and procedures.
- **Audit work performed:** IA reviewed a sample of 16 sponsored projects and grants that had expenditures during 2018/2019 for compliance with project reporting requirements such as: were expenses allowed per the contract, were costs allocated correctly per the contract, did the charges follow Oregon Tech policies for reimbursement or procurement and were they submitted timely, and were financial reports submitted timely to the sponsoring agencies. From those projects, IA selected 37 expenditures to test the completeness of documentation for the expense, authorized approvals, and that expenditures were in accordance with contract parameters.

Findings	Observations	PIRs
3	-	1

- 1) **Finding:** The SPGA did not have financial reports on file for many of the projects selected, nor any record of financial reports being submitted to the sponsor. As a result, IA was unable to determine if financial reports had been submitted timely to the sponsor.

Recommendation: While the SPGA is not solely responsible for monitoring or approving all expenditures for all projects, as this is the PIs responsibility, as the administrative branch of Oregon Tech with respect to these projects they should maintain complete records for each project.

We recommend implementing the recommendations in Award Administration and Organization issue 1 to address this issue.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will maintain all financial reports, ensuring complete records for each project. Those documents will be located and retained in project files.	SPGA	December 2021

- 2) **Finding:** No documented approval was provided for two of the 37 expenditures tested. Both expenditures were noted to be Procurement Card (P-Card) transactions. IA was informed that for one of the projects, verbal approval had been obtained, whereas for the other, the approval was missing.

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Recommendation: All approvals for expenses should be documented and retained with each project file. Verbal approvals are not considered sufficient and should be additionally documented in some way. Approvals obtained via email should comply with the recommendation in Award Administration and Organization issue 8.

Management Response	Responsible Party	Target Date
Management respectfully agrees. The University will utilize its existing electronic signature software to obtain and retain authorization signatures as required by the existing Procurement Card policy. In addition, Management is planning to increase its efforts in P-Card monitoring and oversight, including additional department training, spot-checking, and record audits.	BAO	December 2021

- 3) **Finding:** IA conducted interviews with individuals in the SPGA, BAO, and PIs in various departments. Based on those discussions it was concluded that there is currently no detailed review of expenditures taking place outside of the initial review performed by PIs on the projects.

As noted previously, there is considerable confusion around which departments are responsible for handling components of the special project and grant administrative processes by all parties involved. There have been significant changes made to the administrative processes over the last two fiscal years; however, that appears to have left some general misunderstanding and gaps in critical functions related to records availability, subsequent review, compliance reporting, staffing, etc.

As part of the audit, IA reviewed a few select expenditures in detail and did not note any issues with the types of expenditures, the justification for the purchases, or the review and approval by the PI. However, IA believes the current gaps could lead to critical failures in project monitoring or reporting if not addressed, even if none currently exist or have yet to be identified.

Recommendation: We recommend that Oregon Tech management evaluate some of the administrative duties that have been spread between the SPGA, BAO, and Budget Planning Office to ensure there are no gaps in the necessary administrative functions and that staffing in those departments will be sufficient to meet all of the assigned duties and requirements.

As a best practice, we recommend the SPGA take on a more comprehensive role in the administration of all aspects of special projects and grants that are awarded to Oregon Tech.

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While the grant accountant in the BAO will have the necessary accounting knowledge to process payments and prepare financial reports for grants, they likely do not have the knowledge or complete understanding of all project contracts, federal and state requirements, etc. to evaluate compliance with critical terms, reporting dates, sponsor requests, etc. That type of role should be the purview of a professional in the SPGA department that specializes in that type of understanding and who has helped to set-up and administer these projects throughout their lifecycle.

The current policy and practice of isolating the SPGA to only a grant and special project set-up role creates a disaggregated process without a department at the center of project coordination.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will develop and implement a more comprehensive administration process including allowable cost and compliance reviews. A Grants Accounting Manager will conduct oversight and monitoring of grant expenditures with the SPGA.	SPGA	June 2022

- 4) **PIR:** IA interviewed various PIs for specific projects during the audit. Some PIs noted that they submit financial reports to granting agencies when requested independent of the SPGA or the BAO and often without their knowledge.

Recommendation: While it is good that PIs are complying with the requests of sponsoring organizations and fulfilling the reporting requirements of the projects, the SPGA should be aware of all reporting activity required and performed for all projects.

We recommend formal training for all new PIs on the processes for reporting, including notifying the SPGA of requests received from sponsoring organizations and when they have been fulfilled.

The updated *Grant Management Procedures* document should expand and enhance the current policy language which says only that, "Any additional materials must be submitted to the agency by the PI" to "Any additional materials requested or required by sponsoring organizations should be submitted to the agency by the PI with copies also provided to the SPGA."

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will update the <i>Grant Management Procedures</i> document requiring PIs to inform SPGA of additional requests, relay to SPGA	SPGA	December 2021



when those requests have been or should be fulfilled, and provide SPGA with copies of information provided to grantor agencies. That documentation will be located and retained in accordance with Award Administration and Organization recommendations 1 and 9. In addition, SPGA will develop and implement formal PI training on processes for reporting to, SPGA notification of, and documentation of, direct communication with grantor agencies.		
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Effort Reporting

- **Objective:** Ensure effort reporting certifications are accurate, timely, and properly supported for all applicable sponsored projects and grants.
- **Audit work performed:** Reviewed 5 federal grants for effort reporting certifications compliance during 2018/2019 (effort reporting is a federal requirement only).

Findings	Observations	PIRs
-	1	-

- 1) **Observation:** Oregon Tech policy states that personnel activity reports are processed on a calendar quarter basis and reviewed and certified by the PI. For one of the projects reviewed, the PI certified and signed the effort of an entire fiscal year at one time.

Recommendation: We recommend that the SPGA enforce the Oregon Tech policy currently in place by tracking those projects with required effort reporting and notifying PIs at the end of each calendar quarter that their effort reports are due.

Management Response	Responsible Party	Target Date
Management respectfully agrees. SPGA will enforce the University's current Effort Reporting policies. Effort reporting will be included on the Administrative Index Listing and Closeout Checklist documents. In addition, SPGA, in collaboration with ITS, will develop a process to implement an electronic quarterly PI notification and effort reporting certification system.	SPGA	June 2022

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Project Closeout

- **Objective:** Determine if sponsored projects and grants are closed out timely and in accordance with sponsor requirements and Oregon Tech policy and procedures.
- **Audit work performed:** Reviewed a sample of sponsored projects and grants that closed during 2018/2019.

Findings	Observations	PIRs
2	-	-

- 1) **Finding:** Throughout the audit, IA noted that there was confusion and misunderstanding regarding the assignment of post-award compliance within the various departments that participate in administering special projects and grants, including the project closeout process.

IA was not provided documentation to prove that project closeouts were completed timely in accordance with the award agreement or in accordance with Oregon Tech procedures. Therefore, IA was unable to verify whether these procedures are being completed in accordance with granting agency requirements.

Based on our interviews, each department involved thought that another department was responsible for monitoring the closeout requirements. In some cases, IA found that PIs were working directly with sponsoring agencies to provide the required documentation without the knowledge or tracking of the SPGA or BAO. While this may indicate that many requirements of granting agencies are being met, there is currently no way to monitor or evaluate if this is true for all projects.

Recommendation: As a best practice, we recommend that the SPGA develop a closeout checklist that should be completed for every special project and grant. The checklist should include both sponsor requirements and Oregon Tech procedures including: all deliverables, reports, dates, etc. that are required by the contract along with a signature by the PI, SPGA, BAO, etc. for the responsible party for each step.

The completed checklist should accompany the project packet stored by the SPGA until document retention dates have passed. The updated *Grant Management Procedures* should address the closeout procedures including the checklist requirements, and should clearly define the responsible parties for each checklist area.

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Clear and adequate documentation of the special project and grant closeout process decreases the risk of noncompliance with contract requirements that could lead to penalties, funding disallowances, or difficulty in obtaining future contracts.

Management Response	Responsible Party	Target Date
Management respectfully agrees. A Closeout Checklist will be developed and implemented for every project that will include both the sponsor and University closeout requirements. This information will be included in the <i>Grant Management Procedures</i> document. The checklist will be part of the award file and retained with other award documents.	SPGA, BAO	December 2021

- 2) **Finding:** IA was unable to test or verify that closeout procedures had been completed for any of the projects for which funding was awarded to Oregon Tech through the Foundation as the SPGA does not maintain documentation for Foundation projects.

As the administrative arm of Oregon Tech's grants and special projects, the SPGA should have copies of all documentation. The Foundation is a separate legal entity that should be treated the same as any other sponsoring agency with respect to Oregon Tech. Sponsoring agencies should not be responsible for retaining documentation or monitoring Oregon Tech projects.

Recommendation: We recommend implementing the recommendations in Award Administration and Organization issue 6 and Project Closeout issue 1 to address this issue.

Management Response	Responsible Party	Target Date
Management respectfully agrees. Through SPGA's implementation of response to Project Closeout recommendation 1, a Closeout Checklist will be included in the project for every award including Foundation grants, and the process will be included in the <i>Grant Management Procedure</i> document.	SPGA, BAO	December 2021

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Procurement of Grant Assets

- **Objective:** Review the Oregon Tech policy regarding procurement of assets related to grant and special projects agreements.
- **Audit work performed:** Obtained current Oregon Tech policy regarding procurement of grant or special project assets and interviewed or inquired with individuals in the SPGA, BAO and Procurement and Contracts Services (PACS).

Findings	Observations	PIRs
1	-	-

- 1) **Finding:** Under current Oregon Tech policy, it is believed that expenditures for outside goods or services do not need to go through the standard procurement process if they are associated with grants and special projects as these areas are exempt of this requirement by an Oregon Statute. The Oregon Tech policy referenced is section 580-62-0020(7)(t) and (D) which states the following under Methods of Procurement:

(7) Exempt. Public Universities need not follow, regardless of value, a Competitive Process when seeking or acquiring or paying for the following goods and services:

(t) Grants, including Grant applications and proposals

(D) Grant-funded projects where professional or personal service providers are named in Grant or identified in the Grant budget, unless Public University determines it is in its best interest to require a Competitive Process.

Additionally, the Purchasing at a Glance document addresses grant purchases under Direct Procurement – Type as:

All other agreements, regardless of dollar amount (except grants and employment contracts)

IA reviewed these procurement policies for grants, as well as the Oregon Statute (ORS Volume 9: Chapter 351) that was cited as the basis for Oregon Tech's policy and notes the following:

- The referenced Oregon Statute – ORS 351, was related to the now disbanded Oregon University System (OUS). It is no longer a valid Oregon Statute and is now listed as part of "Former Provisions". Oregon Tech adopted this statute as a policy when the disbanding of the OUS occurred in 2015 and has not updated it since that time.
- IA believes that the language within the statute, now policy, has been misinterpreted. The exempt language was not intended to apply to all procurement costs associated with projects that are labeled as grants. The language applies to costs associated with

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seeking, acquiring, or paying for grants; such as Oregon Tech using an outside service provider to assist in their grant writing or application process or other costs associated with obtaining grant funding. Additionally, part (D) of the policy addresses costs that are specifically identified in the grant or grant budget related to service providers. That language would not be necessary if all costs associated with obtaining and purchasing goods and services for grants were already covered by part (t).

Recommendation: The procurement policies related to grants should be updated to be more clear and relevant to Oregon Tech.

While adopting the policies of the OUS was a good short-term solution, those policies were designed and written with a much larger, statewide organization in mind. Over time, departments within Oregon Tech that are operating under those policies should work to refine them to be more useful to an organization of Oregon Tech's size and design.

With respect to the policy for grants, the current procurement policy should be updated with language that is explicit and less open to misinterpretation. The SPGA, BAO, PIs, and PACS should all be informed of these updated policies.

The updated policy should note that grants should follow the same procurement process as the rest of Oregon Tech, unless the goods or services being purchased are specifically identified in the grant contract. Purchases of specifically identified goods or services should be reviewed by the PI and the Grants Accounting Manager, to ensure they are correct before they are processed.

Management Response	Responsible Party	Target Date
<p>Management respectfully agrees.</p> <p>PACS is updating the policy to read as follows:</p> <p><i>(7) Exempt. Public Universities need not follow, regardless of value, a Competitive Process when seeking or acquiring or paying for the following goods and services:</i></p> <p><i>(w) Grant-funded projects where A) professional or personal service providers are named in the Grant or identified in the Grant budget, B) equipment is identified with specificity in the Grant or identified in the Grant budget, or C) new equipment or software needs to be compatible with existing equipment or software, unless</i></p>	PACS, SPGA	Next PACS meeting

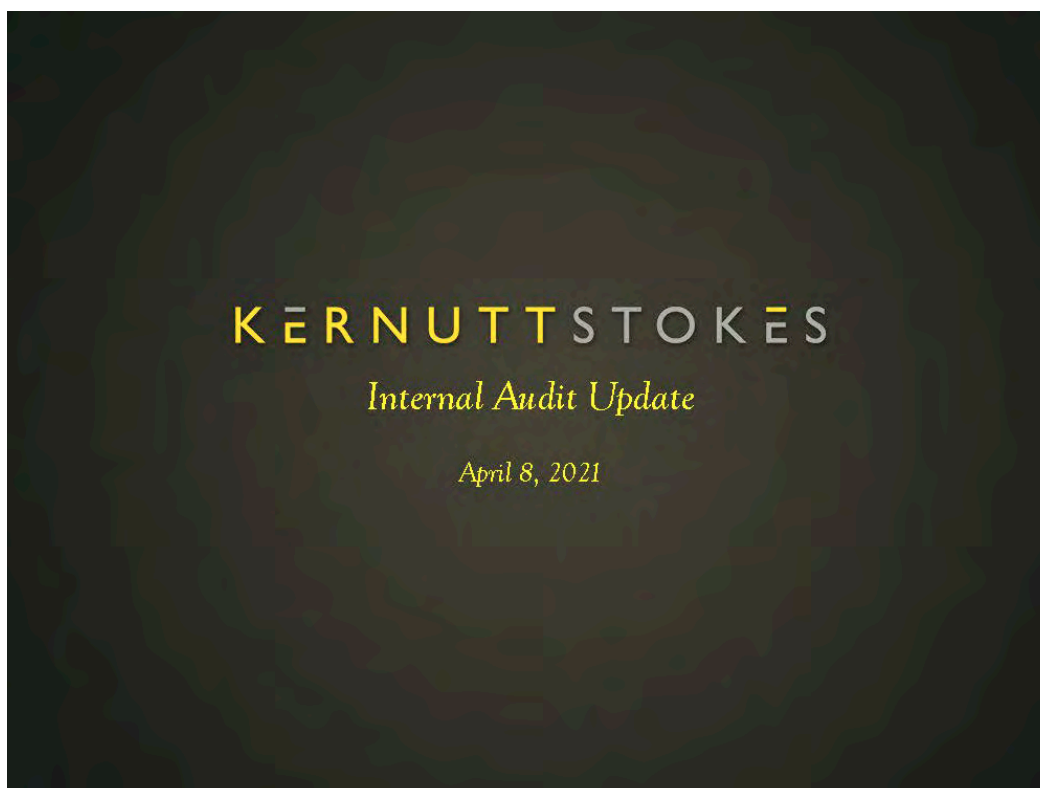


<p><i>Public University determines it is in its best interest to require a Competitive Process.</i></p> <p>SPGA has implemented this recommendation and follows the University's procurement process for grant purchases consistent with the state procurement requirements. SPGA will allow exceptions from normal procurement requirements only when a purchase is explicitly authorized by a grant sponsor or required for compatibility with existing research equipment or software.</p>		
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ACKNOWLEDGEMENT

We appreciate the courtesy and cooperation we received from the management, staff, and faculty, specifically in the SPGA and BAO offices throughout this audit. We thank them for the effort and time they extended to provide us with requested information throughout the course of the audit.

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Internal Audit Update Agenda

- Audit Projects Update
 - SPGA – Completed and Report Issued
- Fraud, Waste, and Abuse Ethics Hotline Update
 - Report included in Board packet
- 2020/2021 Risk Update and Audit Plan
 - Included in Board packet
 - Clery Act
 - Procurement and Contracting
- 2021/2022 Audit Plan

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Audit Projects Update

- Special Projects and Grants Administration (SPGA):

- Project started Fall term of 2019
- Report Issued March 24, 2021
- 24 Issues Identified:
 - 13 Findings
 - 5 Observations
 - 6 Process Improvement Recommendations
- Audit focus areas included:
 - Award Administration and Organization
 - Financial Conflict of Interests
 - Expenditure Tracking and Processing
 - Effort Reporting
 - Project Closeout
 - Procurement of Grant Assets

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Fraud, Waste, and Abuse Ethics Hotline Update

- Five-year Status Report – Included in Board Packet
- Status Update
 - 5 cases opened through hotline in 2020/2021
 - All cases have been investigated, resolved, and closed
 - 1 previously open case from April 2019 was also resolved and closed this year.
 - Five-year case log status (fiscal year):

Complaint Source	2017	2018	2019	2020	2021
Hotline	10	5	6	8	5
Direct to IA	0	0	0	0	0
Oregon State Audits Division	0	0	0	1	0
Total	10	5	6	9	5
Issue Status					
Resolved	10	5	6	9	5
Monitoring	0	0	0	0	0
Open	0	0	0	0	0

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2020/2021 Risk Update and Audit Plan

- Full risk update and audit plan included in Board packet
- Risk assessment update was performed to evaluate risk changes based on COVID-19 impacts to the University.
 - Utilized prior risk assessments
 - Interviews conducted with administration, faculty, and the Board
- In accordance with 2021 IA contract two audits selected:
 - Clery Act
 - Procurement and Contracting

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2020/2021 Risk Update and Audit Plan

- **Clery Act** – Approx. 100 Hours
 - IA will review proper tracking, reporting, and disclosure of campus crime statistics and security information.
- **Procurement and Contracting** – Approx. 200 Hours
 - IA will review policies and procedures around contracts with third-parties including:
 - vendor selection,
 - vendor evaluation,
 - change orders,
 - bidding,
 - purchase thresholds,
 - legitimate business purpose, and
 - compliance with government regulations.

Both audits are being planned currently and are anticipated to be performed and completed before the end of the fiscal year.

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2021/2022 Audit Plan

- Risk Assessment Update was utilized along with additional data collected.
- 30 potential audits were identified.
- 3 audits will be selected for fiscal year 2021/2022
- Preliminary report has been developed for review and approval by University management and the Board.

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Questions?

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ACTION ITEM

Agenda Item No. 4.2

Internal Audit Risk Assessment Update and Approval of the Revised FY 2020-21 Audit Plan

Summary

Internal Audit, has updated and revised its annual Risk Assessment and Internal Audit Plan for Fiscal Year 2020-21. This update was developed after evaluating changes to the University's risk environment resulting from COVID-19 and other circumstances occurring since the three year audit plan was formed in the fall of 2019. To evaluate the changing risks for this update Internal Audit (IA) interviewed twelve members of the University's management (administration and faculty) as well as members of the Board of Trustees.

Recommendation

Internal Audit recommends that the Audit Committee of the Board of Trustees approve the Revised Internal Audit Plan: FY 2021/2022 as included in this report.

Attachment

Revised FY 2020-21 Audit Plan



Internal Audit Risk Update & Audit
Plan: 2020/2021

**OREGON TECH
INTERNAL AUDIT RISK UPDATE & AUDIT PLAN: 2020/2021**

CONTENTS	PAGE
INTERNAL AUDIT PLAN UPDATE	1
HEAT MAP	2
RISK RANKING	3
AUDIT RISK METHODOLOGY	5

OREGON TECH**Internal Audit Risk Update & Audit Plan: 2020/2021****Internal Audit Plan Update**

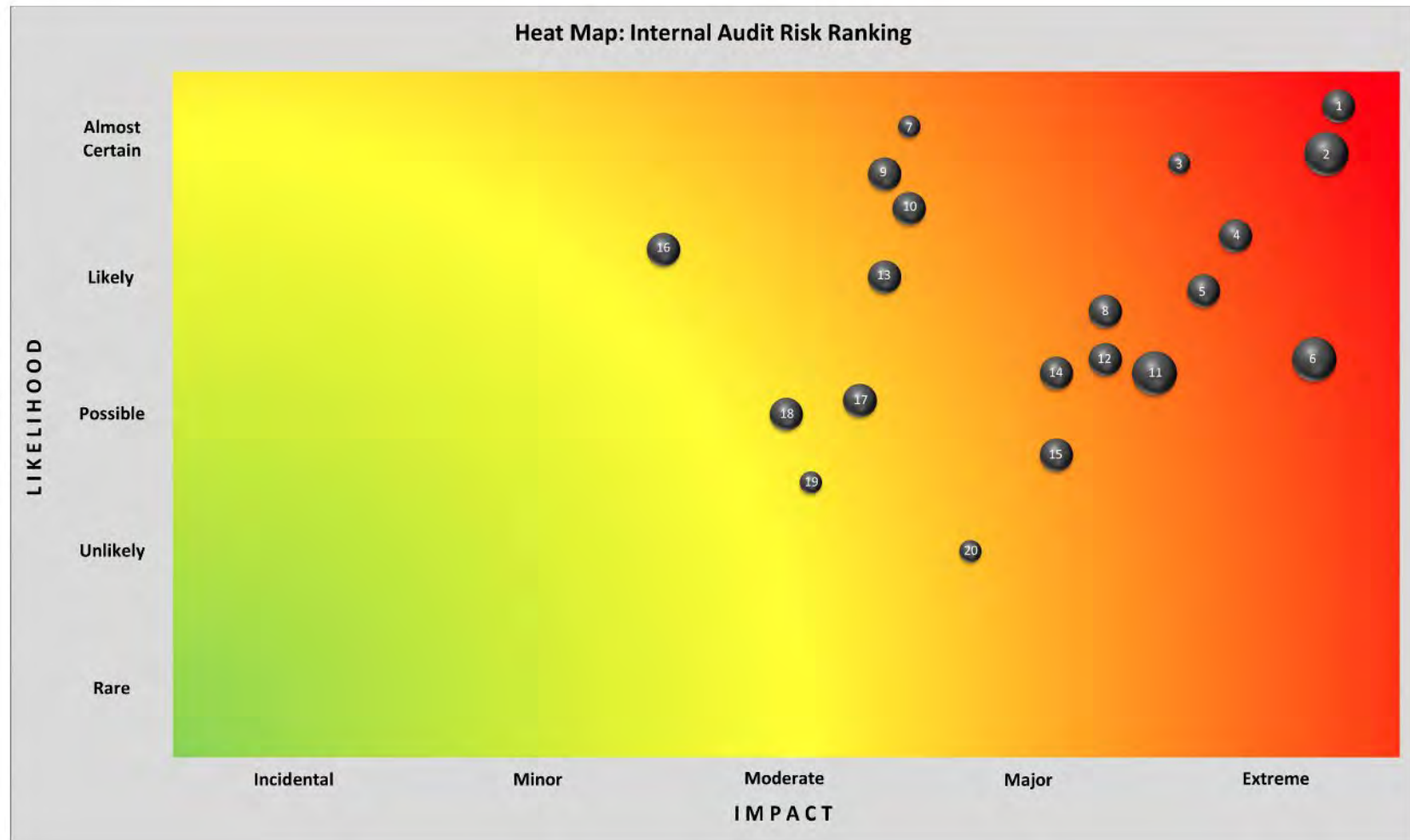
This update was developed after evaluating changes to the University's risk environment resulting from COVID-19 and other circumstances occurring since the three year audit plan was formed in the fall of 2019. To evaluate the changing risks for this update Internal Audit (IA) interviewed twelve members of the University's management (administration and faculty) as well as members of the Board of Trustees.

Audit Plan for Fiscal Year 2020/2021:

Audit Unit	Audit Focus	Budget*	Timeframe
Risk Assessment and Audit Plan Update	Update risk assessment and audit plan for impacts of COVID-19 with targeted interviews with the Board and management	40	Winter 2020
Monitor Fraud, Waste, and Abuse Ethics Hotline	Monitor reports made to the Fraud, Waste, and Abuse Ethics Hotline. Coordinate responses with University General Counsel and report activity to the Board.	20	Year-round
Prior Audit Follow-up	Look back at audits performed in prior years to review progress and/or continued areas for improvement.	20	Winter & Spring 2021
Board and Management Reporting	Prepare monthly and quarterly reports and presentations for the board and management for audit statuses, issues encountered, decision needed, and actions taken.	40	Year-round
Clery Act	Review proper tracking and disclosure of campus crime statistics and security information	100	Winter & Spring 2021
Contract procurement, administration, and review	Review policies and procedures around contracts with third-parties including: vendor selection, vendor evaluation, change orders, bidding, purchase thresholds, legitimate business purpose, and compliance with government regulations.	200	Winter & Spring 2021
Total Budget		420	

* Budgeted hours are approximate and may change depending on project scope to be determined by IA, OIT management, and the Board. Hours shown are provided for planning purposes.

OREGON TECH
Internal Audit Risk Update & Audit Plan: 2020/2021



OREGON TECH**Internal Audit Risk Update & Audit Plan: 2020/2021****Risk Ranking:**

Departments Affected or Responsible	Potential Internal Audit Focus	Risk to Oregon Tech	Heat Map Risk Rank
University-wide	N/A	Decreases to state funding due to ongoing COVID-19 issues could impact all departments and functions.	1
Information Technology	Cybersecurity; business email compromise; change procedures review	Cybersecurity, remote work environments, and increasing business email compromise could cause wide-spread issues. Policies and procedures may not be designed or adequate for current environment. Insurance coverage may be lacking or insufficient for potential incidents. Incident response plan may need to be updated. Super user access and change procedures may be lacking or not enforced.	2
University-wide	N/A	Policy setting and change process is too slow and non-reactive to frequently changing University environment and risks. Policy committee does not meet frequently enough.	3
Facilities Management	Capital project management review	Capital projects could create significant negative financial impacts if not managed correctly or if there is insufficient contractor oversight and check procedures.	4
University-wide	N/A	Collective bargaining agreement between administration and faculty could cause campus disruption.	5
Information Technology	Disaster recovery process review	Disaster recovery during major catastrophic event could cause campus shutdown or loss of important data.	6
Budget and Resource Management	Budget process review	Budgeting process involves antiquated systems and processes leading to manual workarounds and non-coordinated practices between departments. Budgets may not be able to be relied upon to make decisions.	7
Human Resources, Affirmative Action, and Title IX	Title IX compliance review	Title IX may not be sufficiently followed or complied with. Policies and procedures may be outdated or insufficient resulting in inadequate processing of complaints, communication and documentation, and victim and whistleblower confidentiality.	8
Human Resources and Affirmative Action	Review policies	Policies for: Labor Law compliance, hiring (OFCCP regs), FMLA, OFLA, etc. are outdated and lacking. The University lacks a Compliance Officer.	9
Procurement, Contracts, & Risk Management, Business Affairs	Contract procurement, administration, and review; Vendor selection and evaluation	Contract procurement, administration, and review policies and practices are outdated which could result in the University entering into suboptimal agreements or contracts that are not compliant with government requirements. Vendor selection, evaluation, and review practices may be outdated and could result in the University using inappropriate vendors with undisclosed relationships to staff or faculty.	10

Continued ~

OREGON TECH**Internal Audit Risk Update & Audit Plan: 2020/2021**

Departments Affected or Responsible	Potential Internal Audit Focus	Risk to Oregon Tech	Heat Map Risk Rank
Human Resources and Affirmative Action, Campus Security	Sexual assault and harassment on campus	Sexual assault and harassment on campus could result in harm to students, staff, or faculty. There may be inadequate policies and procedures related to reporting and investigation of incidents or mechanisms for reporting of incidents currently in place. Inadequate training for staff, faculty, and students.	11
Campus Security	Clery Act review	Clery act may not be sufficiently followed or complied with.	12
Information Technology	Review protection of confidential information and PII	Protection of confidential information and personally identifiable information (PII) may be inadequate and could result in damaging losses to the University, its staff, or its students.	13
College of Engineering Technology & Management	Review of safety records and current practices	Student safety and legal compliance may be inadequate in labs on campus. Events may not be appropriately communicated outside of the department.	14
College of Health, Arts, and Sciences	Review HIPPA compliance, etc.	HIPAA compliance and insurance billing practices may be insufficient in on-campus labs or dentistry center.	15
Online Education	Online course management review	Online course management may be sub-optimal resulting in poor student and faculty experience that could impact enrollment. There may be inadequate review and tracking of employee agreements, reporting results, and accountability.	16
Auxiliaries: College Union or Campus Dining	Fiscal and operational review	Financial impacts from campus shut-down could result in cost cutting or other restrictions that will impact students negatively. Fiscal management may be inadequate.	17
Information Technology	Review procedures for system implementation	Information systems implementation may not be efficient or may result in sub-optimal outcomes, training, etc.	18
Human Resources and Affirmative Action	Evaluate performance review process	Performance reviews are not performed routinely which may result in improper promotions, raises, and poor employee relationships.	19
Alumni Relations/ Oregon Tech Foundation	Review use of donor funds	Use of gifts and donations may not be following donor intent or restrictions across campus organizations. Could damage donor and alumni relationships with the University as a whole.	20

OREGON TECH**Internal Audit Risk Update & Audit Plan: 2020/2021****Audit Risk Methodology**

The potential audits were evaluated based on the impact, likelihood, and velocity that each audit risk would represent to the University based on standard internal audit practices. Each audit was plotted on a heat map (see page 8). Below are the criteria used to make those evaluations:

Likelihood: The chance that a risk could occur and impact the University. Likelihood is represented by the vertical axis of the heat map. Likelihood is determined and evaluated based on the following factors:

Descriptor	Frequency		Probability
Almost Certain	Immediate	Very often or expected	90% chance
Likely	≤ 3 months	Often or multiple times per year	60%-90% chance
Possible	12 months	Periodically or annually	30%-60% chance
Unlikely	24 months	Occasionally or bi-annually	10%-30% chance
Rare	60 months	Rarely or remote possibility	<10% chance

Velocity: The speed at which a risk can occur and have a material impact on the University. Velocity is represented by the size of the point plotted on the heat map such that the larger the point, the faster the potential onset of the risk. Velocity is determined and evaluated based on the following factors:

Descriptor	Speed	Time Period
Fast	Rapid or instantaneous onset with little or no warning	Occurs within hours or a few days
Moderate	Quick onset with some warning requiring a response	Occurs in a matter of a couple of weeks or months
Slow	Slow onset with enough warning to attempt remedy	Occurs over many months or years

OREGON TECH**Internal Audit Risk Update & Audit Plan: 2020/2021**

Impact: The extent of the consequences a risk could have on the University. Impact is plotted on the horizontal axis of the heat map. Impact is evaluated based on the following factors:

Descriptor	Strategic	Operational	Compliance	Financial	Reputational	Safety
Extreme	Loss of confidence by all stakeholder groups. Potential closing of University.	Enterprise wide. Inability to continue normal operations across entire University. Multiple board members or senior leaders leave.	Board and/or management indictments. Significant prosecution and fines. Large scale legal action. Regulatory sanctions.	Financial cost or lost opportunity greater than \$5M	Significant and long-term national negative media coverage. Major loss of market share.	Loss of life
Major	Loss of confidence by two or more stakeholder groups. Multiple changes in senior leadership. Significant changes to University's strategic plan. Potential closing of multiple University branches or services.	Significant interruptions to University operations. Some senior leaders leave. High turnover of experienced staff. Not perceived as an employer of choice.	Management challenges. Large legal liabilities. Reports to regulators requiring major corrective action. Regulatory fines.	Financial cost or lost opportunity between \$1M - \$5M	Substantial state-wide media coverage. Potentially temporary or remediable situation. Significant loss of market share.	Permanent or significant injury
Moderate	Loss of confidence by more than one stakeholder group. Changes in senior leadership or staffing. Significant changes to University's execution of strategic plan.	Moderate interruptions to University operations. Widespread staff morale problems and high turnover.	Review of management decisions. Legal action considered or reserved for. Report of breach to regulator with immediate corrective action implemented. Regulatory investigation.	Financial cost or lost opportunity between \$100K - \$1M	Minor local media coverage. Likely temporary and remediable. Potential harm to market share.	Minor injury
Minor	Loss of confidence by one stakeholder group. Refinements or adjustments to University's strategic plan and/or execution.	Minor interruptions to University operations. General staff morale problems and increasing turnover.	Management unaffected. Minimal liabilities. Reportable incident to regulator with no follow-up required. Increased regulatory attention.	Financial cost or lost opportunity between \$25K - \$100K	Local media coverage easily remedied. No harm to market share.	Chance of injury and perception of danger
Incidental	Minor concern by 1 or more stakeholder groups. Minimal or no changes to University plans.	Minimal or no interruption to University operations. Isolated staff dissatisfaction.	Minimal or no liabilities. Not reportable to regulator. No regulatory impact.	Financial cost or lost opportunity less than \$25K	No impact	No injuries, perception of safety

ACTION ITEM

Agenda Item No. 4.3

Request for Approval: 2021-22 Academic Year Tuition and Fees

Legislative and HECC Background

A primary responsibility of the Oregon Tech Board of Trustees is to establish tuition and mandatory enrollment fees each year. Oregon Revised Statute (ORS) 352.102 outlines the Board's responsibilities relative to tuition and mandatory enrollment fees. The statute stipulates that the Governing Board shall:

- *establish a collaborative and inclusive process for determining tuition and mandatory enrollment fees,*
- *require the university to establish a written process describing the role of an advisory board and its relationship to the president and the university,*
- *outline specific information and analysis which must be presented to the advisory board,*
- *request the President transmit a joint tuition and fee recommendation, including both the President's and the recognized student government's tuition and fee recommendations or any minority report,*
- *stipulate limitations on authority to adjust tuition and mandatory enrollment fees to increases at or below 5% without prior authorization from the HECC or legislature, and*
- *limit its ability to delegate the responsibility to set tuition and mandatory enrollment fees.*

The Oregon Tech Board of Trustees established its Policy on Resident Undergraduate Tuition and Mandatory Enrollment Fee Process in compliance with ORS 352.102. This policy establishes the Tuition Recommendation Committee (TRC) as the university's advisory board for developing tuition recommendations, as well as a tuition setting process and policy framework as required by ORS 352.102, Section 5.1, which specifically states:

The Tuition Recommendation Committee shall meet at least twice between January and February prior to providing the President with written recommendations on proposed tuition and mandatory fee rates for resident undergraduate students for the upcoming academic year; these meetings shall be open to the student body. A minimum of one public forum shall be held at the Klamath Falls campus and a minimum of one at the Portland-Metro campus to discuss and solicit input on the proposed tuition and mandatory fees; and broad notification of the forum shall be made to the university community.

To assist in making its recommendations, the Tuition Recommendation Committee shall receive a plan for how the Board of Trustees and Administration are managing costs on an ongoing basis and a plan for how resident tuition and mandatory enrollment fees could be decreased if the university receives more money from the state than anticipated.

When advising the president, the Tuition Recommendation Committee shall include input received at the public forum and considerations regarding the mechanisms by which moneys are appropriated by the Legislative Assembly to the Higher Education Coordinating Commission for allocation to universities, historical tuition and fee trends, comparative data for peer institutions, the University's budget and projected cost increases, and anticipated state appropriation levels. In addition to the recommendations, the report shall convey deliberations and observations of the Tuition Recommendation Committee and must include any minority report requested by a Tuition Recommendation Committee member and any documents produced or received by the Tuition Recommendation Committee. The President shall bring the recommendations report and all associated documents to the Board for approval.

When setting tuition and fees, the Board may consider a number of factors, including the intent 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 over the long-term.

The Higher Education Coordinating Commission (HECC), in an effort to increase transparency and predictability for universities during the tuition setting process, approved criteria during 2018 to be utilized in determining whether or not a proposed tuition increase of greater than five percent is “appropriate,” as is required by Oregon Law. Barring extreme or unforeseen circumstances, these criteria will be the only criteria utilized by the Commission in evaluating tuition increases. The university's compliance with the criteria will be judged using a “reasonableness” standard and determined using the totality of the institution's submission. These criteria were folded into the TRC deliberation process so that if the TRC were to advance a proposed tuition increase of greater than 5% the university would be able to meet the objectives delineated by the HECC. These criteria include three focus areas:

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

Specifically, the institution must demonstrate that students had multiple opportunities to engage in the tuition-setting process, and that information about the tuition-setting process was easily accessible and in compliance with ORS 352.102.

Focus Area Two: Safeguarding Access and Support for Degree Completion by Historically Underrepresented Students. Specifically, the institution must demonstrate the impact of tuition increases above and below five percent on remission programs and support services for underrepresented students; and that the university has a plan for reducing tuition if there is additional state funding available.

Focus Area Three: Financial Conditions Demonstrating the Need for Resident, Undergraduate Tuition to be Increased More than 5%. Specifically, the university is required to explain the cost drivers and revenue dynamics that are causing tuition to increase above five percent and the impact on the university's mission; and that the university is implementing cost containment efforts.

Committee Principles

The TRC established a set of guiding principles to inform the deliberation and recommendation process. The Committee also read and reviewed the statutory and policy requirements of the group at its first and subsequent meetings. These guiding principles were reviewed or referenced at the beginning of every meeting.

Guiding Principles:

- Consider long-term factors when recommending the single-year decisions
- Recognize the importance of affordability for students
- Tuition levels should be developed using data and information, including internal budget, comparative institutions, and external cost indices.
- Maintain the service level, quality and support that Oregon Tech currently provides students.

Process Requirements:

- Transparent communication with stakeholders with an appropriate level of detail
- Committee will utilize data and information throughout the process (see Attachment E)
- Respectful communications and ask questions.

Tuition Recommendation Committee and ASOIT Recommendations

The Tuition Recommendation Committee (TRC) is comprised of students, faculty, staff and the chair of the Fiscal Operations Advisory Committee (FOAC) and met six times, between January and March 2021. The Committee also held three public forums in conjunction with the Associated Students of Oregon Institute of Technology (ASOIT) through virtual media conferencing with the Klamath Falls and Portland-Metro campuses. These forums were held in February to educate the campus community on the tuition setting process and budget dynamics impacting the university, as well as one forum at the beginning of March designed to solicit feedback from students on a range of tuition scenarios developed by the TRC. Feedback from the forums was incorporated into the TRC recommendation and is available on the TRC's public website.

TRC reviewed financial projections, current tuition, and fee rates at other Oregon public universities and competitor institutions outside the state as well as other information and background materials.

The TRC submitted a recommendation to ASOIT in March, and ASOIT supported the recommendation to increase current Resident Undergraduate base tuition by 4.9%, and increase the Health Program and Engineering Technology differential tuition by 2 percentage points from a 35% to a 37% premium over base tuition.

The TRC also recommended maintaining financial aid remissions at 15% of tuition revenue. Additionally, the TRC recommended a process be developed to fund students challenged to cover the cost of meeting the requirement to bring their own device.

Finally, the TRC recommended that the base rate tuition increase recommended by the TRC and ASOIT for academic year 2021-22 be reduced by 1% if the approved state budget increases the Public University Support Fund (PUSF) for the 2021-23 biennium by an additional \$50 million over the current biennium amount.

Based on the TRC recommendation, ASOIT also made suggestions regarding services and interactions they believe would be beneficial to the student body. These are as follows:

Portland-Metro Campus:

- Increased frequency of campus visits by administrators (i.e., vice presidents and academic deans)
- Commitment to improve communication around issues and the student experience

The Incidental Fee Commission (IFC) has made various recommendations related to changes in the incidental fees. The Commission recommended a decrease in Incidental Fees for students enrolled in 6 or more credit hours at the Klamath Falls campus and no change for those with 1 to 5 credit hours. The IFC recommended no change in Incidental Fees at the Portland-Metro campus. These recommendations are outlined in the table below.

The Tuition Recommendation Committee acted by consensus and all members of that body support the recommendation of the TRC and ASOIT.

Presidential Recommendation

Consistent with the recommendations of the TRC, IFC, and ASOIT, the President is recommending to the Finance and Facilities Committee and Board of Trustees an increase of base undergraduate tuition of 4.9% and an increase in the Health Program and Engineering Technology differential tuition from a 35% to a 37% premium over base tuition rates. This continues a multi-year strategy to increase differential tuition to better align with high cost, equipment intensive, and low cohort size programs. These programs tend to have very high median wages and thus continue Oregon Tech's tradition of high return on investment programs.

Additionally, the President is recommending a decrease to the incidental fee in Klamath Falls to \$397.50 from \$399.50 per term and that incidental fees remain flat at the Portland-Metro campus for students enrolled during the regular academic year at \$50.00. The table below summarizes the recommended changes.

After conferring with the interim chair of the TRC and the ASOIT representatives, the President is recommending a 1% reduction in TRC and ASOIT recommended base tuition increases for the 2021-22 academic year if the approved 2021-23 biennium state budget provides at least an additional \$49 million (rather than \$50 million) in revenue to the PUSF over the current biennium funding level.

With these revised tuition rates, Oregon Tech tuition will continue to be competitive with other institutions featuring similar programs both within and outside the state.

If the Board approves the changes in tuition and fees, as recommended by the President and outlined in the staff recommendation, it will *not* trigger subsequent review and approval by the HECC or the Legislative Assembly as outlined in ORS 352.102(4)(a).

The recommendations outlined above from the President, ASOIT, IFC, and the TRC are appended to this agenda item.

Recommended Committee Motion

Motion to recommend the Board approve the Academic Year 2021-22 tuition and mandatory fee schedule as presented in this agenda item and authorize the President and/or his designee(s) to take necessary actions to implement and enforce the tuition and fees.

Oregon Tech Tuition Recommendation				
		2020-21	2021-22	% Change
		Per Credit	Per Credit	
Undergraduate	Resident	\$204.72	\$214.75	4.9%
	WUE	\$307.08	\$322.13	4.9%
	Non-Resident	\$651.61	\$683.54	4.9%
	Differential	35%	37%	
Special Programs	Medical Lab Sciences (R)	\$276.37	\$294.21	6.5%
	Medical Lab Sciences (NR)	\$499.71	\$532.19	6.5%
	Paramedic (Res)	\$223.90	\$234.87	4.9%
	Paramedic (NR)	\$321.07	\$336.80	4.9%
	Chemeketa Dental Hygiene (Res)	\$223.90	\$234.87	4.9%
	Chemeketa Dental Hygiene (NR)	\$727.13	\$762.76	4.9%
Graduate	Resident	\$470.85	\$493.92	4.9%
	Non-Resident	\$790.42	\$829.15	4.9%
	Differential	35%	37%	
Fees				
		2020-21	2021-22	% Change
Klamath Falls	Building	\$45.00	\$45.00	0.0%
	Incidental	\$399.50	\$397.50	-0.5%
	Health Services	\$172.00	\$172.00	0.0%
	Student Rec Center	\$69.00	\$69.00	0.0%
Wilsonville	Building	\$45.00	\$45.00	0.0%
	Incidental	\$50.00	\$50.00	0.0%
	Health Services	\$43.00	\$43.00	0.0%

2021-2022 ONLINE TUITION AND FEES RATES

	2021-2022 Rates
TUITION	RATES
Online Undergraduate Tuition	\$283.00/Credit
Online Graduate Tuition	\$404.00/Credit
Online Master of Science in Allied Health (MSAH) Tuition	\$404.00/Credit
Online Master of Science in Engineering (MSE) Tuition	\$587.00/Credit
FEES	RATES
Online Tech Fee	\$65.00/Online Course
Matriculation Distance Ed Fee	One-time fee of \$50 for Online Students

2021-2022 STAFF & STAFF DEPENDENT FEE PRIVILEGES

TUITION	RATES
OIT Staff Undergraduate and Graduate Tuition (on-campus & online credits)	\$64.50/Credit (up to 12 credits)
OIT Staff Undergraduate and Graduate Dependent Tuition (on-campus & online credits)	\$64.50/Credit (up to 12 credits)
Other Institution Staff Undergraduate and Graduate Tuition (on-campus credits only)	\$64.50/Credit (up to 12 credits)
Other Institution Staff Undergraduate and Graduate Dependent Tuition (on-campus credits only)	\$64.50/Credit (up to 12 credits)
FEES	RATES
OIT and Other Institution Staff Fees	Staff do not pay Building, Incidental, Student Rec Center and Health Service Fees but they do pay extra class fees.
OIT and Other Institution Staff Dependent Fees	Staff Dependents pay all on-campus fees and extra class fees

2021-2022 DUAL CREDIT PROGRAM (HST) & ADVANCED CREDIT PROGRAM (ACP)

TUITION	RATES
Dual Credit Program (HST)	\$25.00/Credit
Advanced Credit Program (ACP)	\$100.00/Course

2021-2022 BOEING RATES

TUITION	RATES
Undergraduate Tuition	\$557.04/Credit
Graduate Tuition	\$712.13/Credit

Attachments and Additional Information

- A. [Tuition Recommendation Memo - President Naganathan](#)
- B. [Tuition Recommendation Committee Staff Report](#)
- C. [Tuition Recommendation Memo - ASOIT](#)
- D. [Incidental Fee Recommendation Memo - ASOIT](#)
- E. [Tuition Recommendation Committee Material PowerPoint Presentation](#)

ATTACHMENT A
TUITION RECOMMENDATION MEMO – PRESIDENT NAGANATHAN



To: Oregon Tech Board of Trustees
 From: President Naganathan *Nagi G. Naganathan*
 Re: Academic Year 2021-22 Tuition Recommendation
 Date: March 29, 2021

As required by statute, through this memorandum, I submit to the Oregon Tech Board of Trustees my recommendation for tuition and fees for the 2021-2022 academic year. This recommendation was developed through an open and consensus driven process led by the Tuition Recommendation Committee (TRC), a dedicated group comprised of students, faculty, and administrators from both major campuses. The TRC met six times beginning in January of this year and concluded their process in March after campus forums in January and February. I sincerely appreciate their dedication to the university and the engagement of students during the complex and time-consuming process. The Committee's responsibilities, process and guiding principles are more outlined in the Tuition Recommendation Committee Staff Report (see Attachment B).

The TRC has recommended a 4.9% increase in the base tuition rate and a two-percentage point increase in differential tuition, from 35% to 37%. Differential tuition rates apply to the Health and Engineering Technology programs. The increase to base tuition equates to a \$10.03 per credit hour increase for most students and a \$17.84 per credit hour increase for those in majors which have differential tuition. This recommendation was supported by a consensus opinion of all students, faculty and staff representatives on the TRC and by the Associated Students of Oregon Institute of Technology (ASOIT) Presidents on each campus (see Attachment C). The TRC and ASOIT recommendation also included guidance related to continuing financial aid remission levels at 15% of tuition revenue to support students most impacted by tuition increases. Finally, the TRC and ASOIT recommended a 1% reduction in base tuition for the 2021-22 academic year if the approved 2021-23 biennium state budget provides an additional \$50 million in revenue to the Public University Support Fund (PUSF) over the current biennium funding level.

ASOIT, acting through the Incidental Fee Commission (IFC), recommended a moderate decrease in the Klamath Falls Campus Incidental Fee that funds Student Services, Athletics, and the College Union (see Attachment D).

After much consideration and conferring with the interim chair of the TRC and the ASOIT presidents from the Klamath Falls and Portland-Metro campuses, I am endorsing the TRC and ASOIT tuition and fee recommendations as referenced above and outlined in Attachments C and D with one

exception. After conferring with the interim chair of the TRC and ASOIT representatives, I am recommending a 1% reduction in the TRC and ASOIT recommended base tuition for 2021-22 academic year if the approved 2021-23 biennium state budget provides at least an additional \$49 million (rather than \$50 million) in revenue to the PUSF over current biennium funding.

Specific tuition and fees level recommendations are outlined in the following tables.

Oregon Tech Tuition Recommendation				
		2020-21 Per Credit	2021-22 Per Credit	% Change
Undergraduate	Resident	\$204.72	\$214.75	4.9%
	WUE	\$307.08	\$322.13	4.9%
	Non-Resident	\$651.61	\$683.54	4.9%
	Differential	35%	37%	
Special Programs	Medical Lab Sciences (R)	\$276.37	\$294.21	6.5%
	Medical Lab Sciences (NR)	\$499.71	\$532.19	6.5%
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	Chemeketa Dental Hygiene (NR)	\$727.13	\$762.76	4.9%
Graduate	Resident	\$470.85	\$493.92	4.9%
	Non-Resident	\$790.42	\$829.15	4.9%
	Differential	35%	37%	

Fees				
		2020-21	2021-22	% Change
Klamath Falls	Building	\$45.00	\$45.00	0.0%
	Incidental	\$399.50	\$397.50	-0.5%
	Health Services	\$172.00	\$172.00	0.0%
	Student Rec Center	\$69.00	\$69.00	0.0%
Wilsonville	Building	\$45.00	\$45.00	0.0%
	Incidental	\$50.00	\$50.00	0.0%
	Health Services	\$43.00	\$43.00	0.0%

It is important to note that the TRC and university administration considered tuition options both above and below the final recommended amount. When reflecting on the principles articulated by the students, faculty and staff of the Committee, evaluating comparator university tuition, internal budget projections, salary data for graduates and many other data points, the group agreed the best interest of students is served by adequately supporting quality programs and continuing the investment in our recognized professional programs.

The university committed to continuously improving operational efficiencies to offset cost increases and unpredictable levels of state funding which is compounded by the current economic climate and continuing pandemic.

ATTACHMENT B
TUITION RECOMMENDATION COMMITTEE REPORT



Tuition Recommendation
Committee Staff Report for
Academic Year 2021-2022

Tuition Setting Process Report

March 26, 2021

Academic Year 2021-2022 Tuition Recommendation

The Tuition Recommendation Committee (TRC), through an inclusive and consensus-driven process, has recommended a moderate tuition increase for the 2021-2022 academic year. The recommendation assumes state funding will be at the Governor's recommended budget level in fiscal year 2022. The TRC discussed the dynamics impacting the university's budget in the short and long-term as well as the state's funding allocation methodology. These deliberations were guided by a set of principles established by the Committee with a particular focus on balancing the quality and return on investment of an Oregon Tech degree while minimizing the impact to students, especially those most sensitive to tuition increases, from the unfortunate budget realities faced by the university.

Specifically, in order to maintain quality and return on investment of an Oregon Tech education and to ensure continued investments in equipment intensive programs and increased levels of financial aid to support student affordability and completion, the TRC recommended to the President an increase to the base rate and differential rate for the 2021-2022 academic year. Specifically, the base tuition rate increase is recommended at 4.9% and the differential rate increase is recommended at 2 percentage points, increasing from 35% to 37%.

The TRC also recommended maintaining financial aid remissions at 15% of tuition revenue and asked that a process be established to fund students challenged to cover the cost of the institution's bring-your-own-device requirement.

The TRC further recommended that the increase to the base tuition rate be reduced by 1% if the final approved state budget provides an additional \$50 million to the Public University Support Fund (PUSF) for the 2021-23 biennium over the amount funded during the current biennium.

Tuition Recommendation Committee Charter, Principles, and Membership

The Tuition Recommendation Committee is established by Board of Trustees policy and is operationalized through a charter and committee membership approved by the president annually.

The Board Policy on Resident Undergraduate Tuition and Mandatory Enrollment Fee Process establishes a minimum number of meetings, public forums and notification requirements to the student body. The policy also outlines the President's, or President's designee's, responsibility to support and provides information to the TRC related to the budget of the university and impact of state funding. The Board Policy further assigns the TRC the role of recommending to the President, changes in tuition and conveying the substance of the group's deliberations and feedback provided at campus open forums.

Oregon Tech's President annually approves charters and membership of university standing committees, commissions, and councils. Administrative members of the TRC are appointed by the president and student members are appointed by the Vice President of Student Affairs in consultation with the ASOIT. There are certain membership requirements established by ORS 352.102. These are incorporated into university policy by the Board of Trustees and were followed in establishing the composition of the committee. The TRC Charter, as approved by the President, is as follows:

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 fees 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 six students representing both the Klamath Falls and Portland-Metro campuses and is 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 shall seem appropriate.

The membership and affiliation of the Tuition Recommendation Committee is listed below:

<u>Name</u>	<u>Affiliation</u>	<u>Campus Location</u>
Hassan Alhayek	Student Representative	Portland-Metro
Richard Bailey	Department of Business Management, ETM & FOAC Chair	Klamath Falls
Erin Foley, Interim Chair	Vice President for Student Affairs & Dean of Students	Klamath Falls
John Harman	Vice President for Finance & Administration	Klamath Falls
Wendy Ivie	University Registrar	Klamath Falls
Erik Johnson	Director of Admissions	Klamath Falls
Joanna Mott	Provost & Vice President for Academic Affairs	Klamath Falls
LeQuynhDao Nguyen	Student Representative	Portland-Metro
Rosanna Overholser	Department of Mathematics, HAS	Klamath Falls
Sasha Rabich	Student Representative	Klamath Falls
Peter Sherwood	Student Representative	Klamath Falls
Peter Wantuck	ASOIT President	Portland-Metro
Mason Wichmann	ASOIT President	Klamath Falls

The Committee was supported by, and is grateful to a staff members, from varying units across the university, tasked with providing information to the Committee, these include:

<u>Name</u>	<u>Affiliation</u>	<u>Campus Location</u>
Jaron Hartman	Research Analyst for Institutional Research	Klamath Falls
Stephanie Pope	Associate Vice President for Financial Operations	Klamath Falls
Nellie Stewart	Executive Assistant for Finance & Administration	Klamath Falls

At the TRC's first meeting on January 22, 2021, the Committee discussed and approved by consensus a set of governing principles and process guidelines for the tuition development process. These guidelines established both how the group would conduct its meetings and engagements with students throughout the development and decision-making process and the priorities it had to balance in recommending tuition levels to the President for the 2021-2022 academic year. These principles were referenced or reviewed at every TRC meeting and in all campus and community forums, as these were integral to the TRC's deliberations. The TRC Guiding Principles and Process Guidelines are as follows:

Guiding Principles:

- Consider long-term factors when recommending the single year decisions
- 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
- Maintain the current service level, quality and support that Oregon Tech provides to students

Process Framework:

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

ORS 352.102 Process Requirements & HECC Tuition Increase Criteria

ORS 352.102 outlines certain requirements for the composition of each university's tuition advisory body and the process by which it operates.

Oregon Tech has a long and successful history of an inclusive tuition setting process, including students, faculty, and administrative staff. The Oregon Tech Board of Trustees' policy on tuition setting and the presidential charge of the TRC included in the Oregon Tech Committees, Commissions, and Councils (2021-22) are in alignment with the requirements of ORS 352.102. Below is an analysis of the requirements outlined by ORS 352.102, and the steps taken by the TRC to meet these requirements.

Section 2(1) requires that each public university establish "...an advisory body to advise the president of the university on the president's recommendation to the governing board regarding tuition and mandatory enrollment fees for the upcoming academic year."

- The TRC is the "advisory body," as contemplated by ORS 352.102 for Oregon Tech.

Section 2(2) outlines certain requirements regarding committee membership and "...establish a written document describing the role of the advisory body[.]"

- This was accomplished through the distribution of membership as agreed to between the Vice President of Student Affairs and ASOIT for student members, and as assigned by the president for faculty and administrative members of the Committee. The president's charge for the

committee and the Oregon Tech Board of Trustees' Policy on Resident Undergraduate Tuition and Mandatory Enrollment Fee Process outline the role and relationships of the advisory body, the university, the President and the Board of Trustees in the tuition setting process.

Section 2(3) includes training requirements regarding the university's budget, state appropriations and mechanisms of their distribution, historical relationships between state appropriations and tuition for Committee members.

- Training requirements under this section were accomplished through a series of meetings at the outset of the TRC process spanning from January through February 2021 when tuition setting deliberations began. High level information regarding these topics were provided to the student body during the three virtual tuition forums held to ensure participants had sufficient background information to meaningfully participate in the deliberation and recommendation process. Material presented is available at www.oit.edu/trc.

Section 2(4) requires the university provide “[a] plan for how the university is managing its costs on an ongoing basis and how resident tuition and mandatory enrollment fees may be decreased if the public university receives more moneys from the state than anticipated.”

- Information on how the university is managing and its cost structure was incorporated into the TRC's deliberations through modeling the medium-term impact of different tuition levels in relation to known and anticipated cost drivers and then identifying required use of reserves or budget cuts necessary to maintain the financial integrity of the university. This task is challenged by the need for consistent replacement of high-cost equipment in the university's technology focused programs, and the university's continuing to growth in enrollment and complexity.

Section 2(5) requires the advisory body, if its recommendation is to increase tuition and mandatory enrollment fees greater than five percent, to document the impact on historically underserved students and the mission of the university.

- The TRC allowed for broad student engagement and discussion of factors impacting the university's budget, including how increasing tuition and the use of increased remissions could offset these impacts.

Section 2(6) requires that the TRC “provide meaningful opportunities” for the student government and students more broadly to participate in the TRC process and deliberations and report such deliberations in writing to the President. The written report must provide any minority report requested by a member of the advisory body.

- The ASOIT presidents from the Portland-Metro and Klamath Falls campuses were members of the TRC. During the deliberation process, the TRC held meetings that were open to the campus community and public generally, as well as virtual student forums for both campuses, specifically designed to elicit student feedback and incorporate it into committee deliberations. As a further step to involve ASOIT, the student government is requested to provide a final tuition recommendation to the President outside of the TRC's recommendation to ensure that students are highly involved in the process. This document constitutes a staff summary of the TRC's deliberations as required by ORS 352.102. No member of the advisory body has requested the inclusion of, or submitted, a minority report.

Section 2(7) requires the university establish a website including all material provided by the university and utilized by the advisory body during its deliberations.

- The university hosted and advertised a website for the TRC – www.oit.edu/trc – and ensured that it was easy and simple for students to find the website. This website includes all material, meeting minutes and tuition setting calendars.

At the Higher Education Coordinating Commission’s (HECC’s) December 2018 meeting, the Commission approved criteria to be utilized in determining whether or not a proposed tuition increase of greater than five percent is appropriate, as is required by Oregon Law. It reaffirmed these guidelines at its February 2020 meeting. Barring extreme or unforeseen circumstances, these criteria will be the only criteria utilized by the Commission in evaluating tuition increases. The university’s compliance with the criteria will be judged using a “reasonableness” standard and determined using the totality of the institution’s submission. The TRC was briefed on the HECC criteria at its first meeting in January 2021. These criteria are split into three areas of focus, and are outlined below. A brief description of the TRC’s steps taken to ensure that Oregon Tech met the criteria is also provided.

Focus Area One: Fostering an Inclusive and Transparent Tuition-Setting Process. Specifically, the institution must demonstrate that students had multiple opportunities to engage in the tuition-setting process and that information about the tuition-setting process was easily accessible and in compliance with HB 4141 (ORS 352.102).

The TRC is comprised of primarily students and held virtual tuition forums for students at both the Portland-Metro and Klamath Falls campuses. These forums were sponsored and organized by the respective campus student government and advertised heavily in written and electronic communications and through multiple channels, including email, website, student mobile apps, etc. All TRC materials and meetings were publicly posted on the TRC’s website and material was available electronically. Means for feedback from students, either electronically or in person, were provided and supplied to the Committee. All process requirements of ORS 352.102 were met, as outlined previously in this document.

Focus Area Two: Safeguarding Access and Support for Degree Completion by Historically Underrepresented Students. Specifically, the institution must demonstrate the impacts of tuition increases above and below five percent on remission programs and support services for underrepresented students; and that the university has a plan for reducing tuition if there is additional state funding available.

The TRC did not consider tuition increases above five percent during this year’s process.

Focus Area Three: Financial Conditions Demonstrating the Need for Resident, Undergraduate Tuition to be Increased More than 5%. Specifically, the university is required to explain the cost drivers and revenue dynamics that are causing tuition to increase above five percent and the impact on the university’s mission; and that the university is implementing cost containment efforts.

The TRC began its tuition development process by examining the composition of the university’s budget and the forces acting on all major budget categories, many of which are direct responses to meeting both the university’s mission of statewide polytechnic education and the HECC’s focus areas,

including broad access to and completion from high quality degree programs in a broad and equitable manner. Current state-imposed cost increases and likely future increases, particularly those related to retirement and health care expenses are increasing dramatically, are not being funded, and are likely to cause increasing and ongoing tuition pressure. Despite these pressures, the TRC focused on an increase below five percent.

Given the depth and breadth of information provided to the TRC by the university and through the TRC's good faith efforts, deliberations, and outreach to students the university has met the HECC Tuition Increase Criteria.

Conclusion

After significant deliberation and discussion spanning several months of concentrated effort, the TRC completed its charge as outlined by the President, and to the extent possible met all process and review criteria established by the HECC through its Tuition Increase Criteria and relevant law as embodied in ORS 352.102. Through this document, the TRC outlines its recommendation for tuition levels at Oregon Tech for the 2021-2022 academic year.

The TRC found it important when discussing any tuition recommendation to acknowledge the value of maintaining, if not increasing, the quality and strong return on investment an Oregon Tech education provides. This is one of the major reasons why students enroll in Oregon Tech as their institution of choice.

Specifically, in order to maintain the quality and strong return on investment an Oregon Tech education provides, ensure continued investments in equipment intensive programs, and create the space for increased levels of financial aid to support student affordability and completion, the TRC recommends to President Naganathan that for the 2021-2022 academic year:

1. The base tuition rate increase be 4.9% and the differential rate increase by 2 percentage points from 35% to 37%.
2. The financial aid remissions remain at 15% of tuition revenue and that a process be established to fund students challenged to cover the cost of the bring-your-own-device requirement; and
3. The TRC recommended increase to base tuition rate for the 2021-22 academic year be reduced by 1% if the approved state budget adds \$50 million in funds to the PUSF for the 2021-23 biennium over the funding level for the current biennium.

ATTACHMENT C
TUITION RECOMMENDATION MEMO



March 17, 2021

President Nagi Naganathan
Oregon Institute of Technology
Sent via Email only

Dr. Nagi,

Oregon Tech's Tuition Recommendation Committee (TRC) met six times, beginning in January and completing its work on March 12, 2021 after holding three virtual TRC/ASOIT student forums spread between the Klamath Falls and Portland-Metro campuses (one per campus and one combined with both campuses). The TRC was comprised of a broad and diverse group of students from both campuses, including those from different majors and residency statuses as well as faculty from both the College of Engineering, Technology and Management and Health, Arts and Sciences and administrators. ASOIT leadership was an active participant in the TRC. As a group the Committee communicated openly and transparently with each other and, as importantly, with stakeholders across both campuses through student forums.

ASOIT, with support of Student Affairs and Finance and Administration, advertised TRC meetings, student forums and provided links to material and feedback opportunities on the TRC website at www.oit.edu/trc in order to facilitate student and community feedback.

During TRC meetings and at the campus forums the Committee discussed internal budget projections for upcoming academic years, tuition rates at competitor institutions, state funding levels, and state mandated cost increases, among other factors. This information was used to develop the tuition recommendation for the 2021-2022 academic year and can be found on the TRC website.

At its March 12 meeting, the TRC established a tuition recommendation by reflecting on the principles established during its first meetings. These principles are as follows:

- 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

The TRC recognizes the continued uncertainty of state funding coupled with the continued increase in employee healthcare and retirement costs which are not within the university's control. Those factors place the university in a tenuous position while positioning itself to ensure continued investments in equipment intensive programs and new initiatives. The Committee's recommendation for 2021-22 academic year, resident tuition is:

- Increase by 4.9% over current base tuition rates
- Increase by 2% the Health Program and Engineering Technology Differentials

During the ASOIT forums, students from each campus provided comments and/or asked questions. While the KF students had questions about the overall budget and its pressures, and how tuition is used, a couple of the PM students made it clear that a tuition increase was strongly opposed as it would have a significant impact on them.

One comment from a Financial Aid staff member noted that the amount of a maximum Pell grant and the estimated tuition per year in 2012-2013 was a difference of \$2,204, and in 2020-2021 this difference has increased to \$4,924. However, the Allied Health and Engineering students are looking at a difference of \$8,148 due to the differential tuition rates.

The TRC also recommends maintaining financial aid remissions at 15% of the tuition revenue. Additionally, the TRC recommends a process to fund students challenged to cover the cost to meet the requirement to bring their own device.

The TRC recommends that the base tuition rate is decreased 1% if the state provides an additional \$50M to the PUSF.

Specific considerations for the Portland Metro campus that the TRC wants to highlight include:

- Campus visits by administrators (i.e., vice presidents, academic deans)
- Commitment to improve communication around issues and the student experience

The TRC appreciates the level of engagement of the members as well as the transparent information provided around the university's budget.

Sincerely,


Mason Wichmann
ASOIT President, KF

 /cs
Peter Wantuck
ASOIT President, PM

Cc: Dr. Erin Foley, TRC Chair, VP for Student Affairs
John Harman, VP for Finance & Administration
Sandra Fox, Secretary for Board of Trustees

ATTACHMENT D
INCIDENTAL FEE RECOMMENDATION MEMO – ASOIT
MEMORANDUM



Date: March 10, 2021
To: Dr. Nagi Naganathan, President, Oregon Institute of Technology
From: Mason Wichmann, President, ASOIT-KF
CC: Dr. Erin Foley, Shellie Wilson, John Van Dyke, Josie Hudspeth, Stephanie Pope
RE: 2021-2022 Incidental Fee Commission Recommendations

The IFC convened on March 3, 2021 and reviewed the budgets presented by the Director of Athletics (John Van Dyke), the Director of Student Involvement & Belonging (Josie Hudspeth), and Manager of the College Union (Shellie Wilson). Financial Information is provided in more detail below.

After thorough review, the Incidental Fee Commission (IFC) has decided to recommend a decrease to the Incidental Fees for the 2021-2022 academic year. The recommendation is that the Klamath Falls Incidental Fee decreases from \$399.50 to **\$397.50** per term for every student enrolled in six or more credits and that the fee structure remain for students with 1 to 5 credit hours (a step increase for each additional credit). Specifically, the fee for 1 credit would be \$222.50, with an additional \$35 for each additional credit; therefore, 5 credits would be \$362.50.

Financial Data

IFC Funding Areas	2020-2021		2021-2022 Recommended		
	\$ Budgeted	% of Total	\$ Budgeted	\$ Inc./ (Dec.)	New Allocation %
Athletics	\$855,000	35.9%	\$855,000	\$0	36.5%
Student Involvement & Belonging	\$864,733	36.4%	\$830,733	(\$34,000)	35.4%
College Union	\$660,000	27.7%	\$660,000	\$0	28.1%
Totals	\$2,379,733	100%	\$2,345,733	(\$34,000)	100%

The reduction to the SIB budget is as follows: \$24,000 cut to The Edge and \$10,000 cut to OTB (two student programs).

Portland-Metro Campus

Portland Metro students also have an incidental fee and the recommendation by ASOITPM is to keep the same fee amount for 2021-22, which is \$50 per term. They are recommending to keep the health fee at \$43 per term.

Summer 2022 Fees

The summer 2022 Incidental Fee for Klamath Falls students will remain \$70, regardless of the number credit hours enrolled. For the Portland-Metro Campus, Incidental Fees will remain at \$50, regardless of the number of hours enrolled and the health fee will remain at \$43.

We appreciate your consideration, and I welcome any and all questions you may have. Thank you for your time.

ATTACHMENT E

TUITION RECOMMENDATION COMMITTEE MATERIAL

The Tuition Recommendation Committee Reviewed an extensive amount of material relevant to its decision-making process. Because of the volume of material and for the convenience of the reader this material is hereby incorporated into the report by reference is available at www.oit.edu/trc.

FINANCE & FACILITIES COMMITTEE | 4.8.2021



2020-21 Academic Year Tuition and Fees Recommendation

John Harman, MBA, CGMA, CMPE | VP Finance & Administration

Presentation Outline



1. Tuition Recommendation Committee (TRC)
2. TRC Overview & Process
3. Budget Context & Tuition Comparisons
4. Student Feedback
5. TRC Recommendation
6. President's Recommendation



Tuition Recommendation Committee Overview and Process

How the Tuition Recommendation Committee works



Role

- TRC reviews budget, legislative, scholarship, programmatic information and collects feedback on tuition scenarios and options
- TRC evaluates different options and input from campus stakeholders and develops a tuition recommendation for ASOIT and the President who in turn recommends tuition to the Board

Guiding Principles

- Consider long-term factors when recommending the single year decisions. (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.

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 **six 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 shall seem appropriate.

Committee Membership



Erin Foley (Interim Chair)	Vice President for Student Affairs & Dean of Students	Klamath Falls
Hassan Alhayek	Student Representative	Portland-Metro
Richard Bailey	Professor of Business Management & FOAC Chair	Klamath Falls
Erik John	Director of Admissions	Klamath Falls
Wendy Ivie	University Registrar	Klamath Falls
Joanna Mott	Provost & Vice President for Academic Affairs	Klamath Falls
LeQuynhDao Nguyen	Student Representative	Portland-Metro
Rosanna Overholser	Assistant Professor of Applied Mathematics	Klamath Falls
Sasha Rabich	Student Representative	Klamath Falls
Peter Sherwood	Student Representative	Klamath Falls
Peter Wantuck	ASOIT President	Portland-Metro
Mason Wichmann	ASOIT President	Klamath Falls
Jaron Hartman (Additional Attendee)	Research Analyst for Institutional Research	Klamath Falls
Stephanie Pope (Additional Attendee)	Assistant Vice President for Financial Operations	Klamath Falls
Nellie Stewart (Committee Secretary)	Executive Assistant for Finance & Administration	Klamath Falls

Tuition Setting Timeline



January 22, 2021	TRC Charge, Principles and Process, Calendar
February 5, 2021	University Budget, Management Report, Quarterly Financial Dashboard
February 12, 2021	Enrollment & FY22 Planning, Student Memo: ASOIT Wants to Hear from YOU!
February 19, 2021	FY22 Budget, Tuition Questions Student Feedback, TRC Committee Questions
February 24, 2021	TRC & ASOIT Campus Open Forum for Klamath Falls Campus
February 26, 2021	TRC & ASOIT Campus Open Forum for Portland-Metro Campus
March 3, 2021	TRC & ASOIT Campus Open Forum for University-wide
March 5, 2021	Forum Feedback, TRC Recommendation Development
March 12, 2021	Finalize TRC Recommendation
March 15, 2021	President Review Recommendation
April 8, 2021	Oregon Tech Board Review and Approval

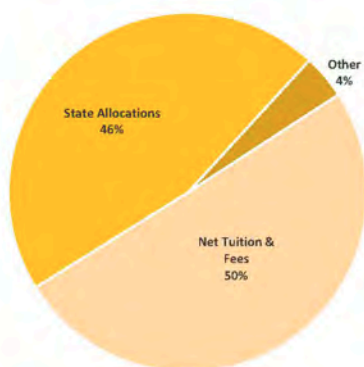


Budget Context & Tuition Comparisons

Tuition and Budget Dynamics



FY20 Revenues



FY20 Expenditures



Managing the University Budget



Balanced approach across four categories:

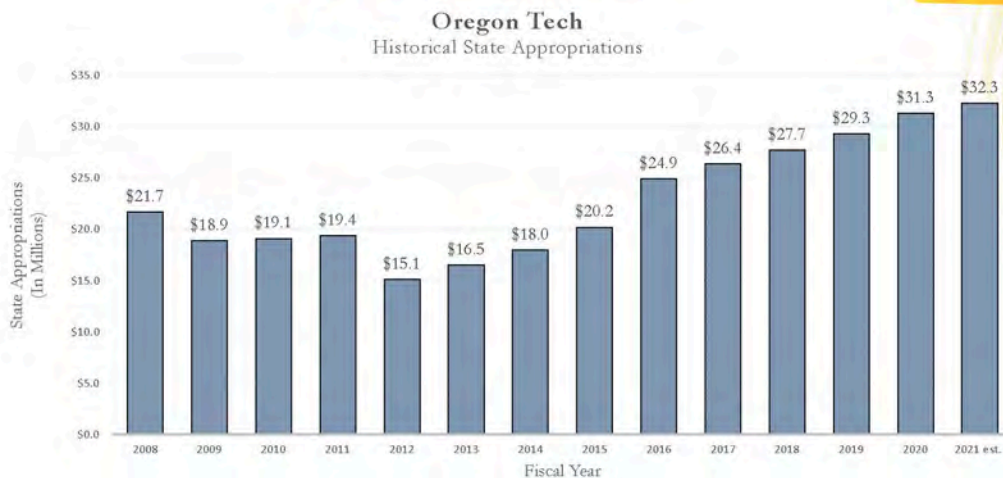
- Focusing on **securing state appropriations** for operations, capital and equipment
- **Using institutional reserves** to invest in new improved programs, equipment and student services
- **Reducing expenses** and improving efficiencies to focus resources on student services and education
- **Balancing tuition increases** with increases in remissions and scholarships

Comparative Tuition



Base Annual Tuition Comparatives (15 hrs)	
University	Base Tuition
Oregon Tech	\$9,664
Oregon State University	\$12,165
University of Oregon	\$13,857
Portland State University	\$10,081
University of Portland	\$49,424
Portland CC	\$5,535
Cal Poly San Luis Obispo	\$10,071
Washington State University	\$25,702
George Fox	\$37,840
Cal Poly Pomona	\$8,613

Historical Annual State Appropriations



University Cost Dynamics



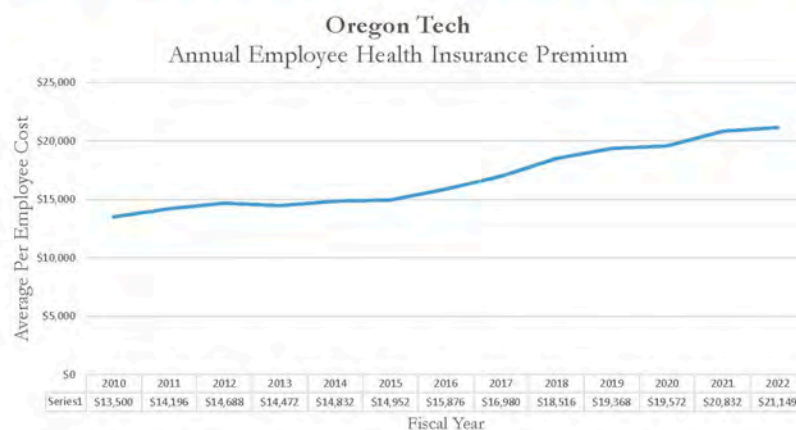
Controllable

- Number of Employees
- Some Supplies & Services
- Equipment investments
- New capital projects
- Salaries (Admin/Faculty)

Uncontrollable

- Salaries (SEIU)
- Benefits
- Utilities
- Regulatory compliance
- Debt Service
- Rent/Leased Space
- Software costs
- Service & Supplies inflation
- Equipment/infrastructure/buildings system failures

Rising Employee Healthcare Costs





Student Feedback

Student Forum Feedback



- Students are concerned about unpredictability of state funding and impact on tuition costs
- Students believe maintaining quality and high ROI programs is important
- Strengthening programs, ensuring quality education are most important to students
- Some students are not satisfied with some online course experiences
- Certain equipment needs updating or replacement
- Understand value and importance of adequate funding, but also worried about increasing costs of education



Committee Tuition Recommendation

TRC Recommendation



- Increase Base Tuition by 4.9%
- Increase Health Program, Engineering & Technology Differentials by 2 percentage points from 35% to 37% premium
- If approved state budget for 2021-23 biennium increases funding to the PUSF by \$50 million over the current biennium level, decrease the TRC recommended 2021-22 academic year base tuition increase by 1%

TRC Service Recommendation



- Continue tuition remissions at 15% of tuition revenue.
- Consider process to fund students challenged to cover the cost to meet the requirement to bring your own device
- Increase campus visits by administrators (i.e., vice presidents, academic deans, PM)
- Commitment to improve communication around issues and the student experience



Tuition and Fees Recommendation

President's Tuition Recommendation 2021-22 Academic Year



In concurring with the TRC and ASOIT Recommendations,* the President Recommends:

- Undergraduate Base Tuition: (Res/WUE/Non-Res) +4.9%
- Differential Tuition: +2 percentage points from 35% to 37%
- Graduate Tuition: +4.9%
- If approved state 2021-23 biennium budget increases funding to the PUSF by at least \$49 million, over current biennium funding, implement a 1% reduction in TRC and ASOIT recommended base tuition increase for 2021-22 academic year

** Exception: TRC and ASOIT recommended a 1 percent reduction in academic year 2021-22 TRC and ASOIT recommended tuition increase if approved 2021-23 biennium state budget added an additional \$50 million to the PUSF.*

Note: Remissions and institutional investments are incorporated into the budget development process.

Tuition Recommendation Example

4.9% Base Tuition Increase/37% Differential



Student Type	Rate	Current Tuition	Tuition Recommendation	Change
Resident	Per Credit	\$204.72	\$214.75	\$10.03
	15 Credits (term)	\$3,070.80	\$3,221.25	\$150.45
	45 Credits (year)	\$9,212.40	\$9,663.75	\$451.35
	Differential (additional)	\$71.65	\$79.46	\$7.81
WUE	Per Credit	\$307.08	\$322.13	\$15.05
	15 Credits (term)	\$4,606.20	\$4,831.95	\$227.75
	45 Credits (year)	\$13,818.60	\$14,495.85	\$677.25
	Differential (additional)	\$107.48	\$119.19	\$11.71
Non-Resident	Per Credit	\$651.61	\$683.54	\$31.93
	15 Credits (term)	\$9,774.15	\$10,253.10	\$478.95
	45 Credits (year)	\$29,322.45	\$30,759.30	\$1,436.85
	Differential	\$228.06	\$252.91	\$24.85

Presidential Fee Recommendation: Academic Year 2021-22



	Klamath Falls		Portland-Metro	
	2020-21	2021-22	2020-21	2021-22
Incidental Fee	\$399.50	\$397.50	\$50	\$50
Health Services Fee	\$172	\$172	\$43	\$43
Building Fee	\$45	\$45	\$45	\$45
Student Rec Center Fee	\$69	\$69	N/A	N/A



Questions

ACTION

Agenda Item No. 4.4

Recommendation to the Full Board for Approval to Pursue Bond Financing for Construction of a New Student Housing Facility

Background

Oregon Tech has seen significant growth in freshman enrollment in recent years. This is due in large part to a number of popular degree programs and the success our graduates have in finding careers in their chosen field of study once they complete their education.

Freshman enrollment increased by 9% percent in the Fall of 2018, by 14% in the Fall of 2019 and by an additional 11% in the Fall of 2020. First-time transfer students totaled 489 in 2020 and overall applications were up 450% percent. As a result of this exciting growth, Oregon Tech is on pace to exceed its available on-campus housing capacity within a few years. Fall 2020 on-campus housing occupancy reached 94% of capacity.

In addition to the approaching campus housing shortage, existing campus student housing was constructed decades ago during the 1970's, and although there have been some renovations over the years, they are worn and outdated. Prospective freshmen visiting our campus often remark about the age of the housing units and the lack of modern features such as climate control. These 40-year-old facilities and their sub systems are deteriorating and would be very expensive and disruptive to renovate into anything comparable to new construction.

Building technologies and designs have evolved significantly in recent years and modern facilities feature welcoming and warm colors and patinas as well as ergonomically designed traffic flows and functional features which improve the efficiency of space assignment and utilization. Safe and modern on-campus student housing often makes a significant impression on prospective students and families and can be a primary factor in a student's ultimate decision on where to attend school. The growth in students living on campus supports a robust dining service, utilization of fitness facilities, the library and also builds a strong and engaged campus community.

Staff Recommendation

Oregon Tech is requesting authorization to participate in the Oregon public bonds program to issue \$55 million in 30-year Series XI-F bonds to support the construction of a new student housing facility with approximately 85 beds on the Klamath Falls campus in order to support growing enrollment and to better serve the housing needs of students while enriching the campus experience.

Attachments

- A. [Project Description](#)
- B. [Project Financial Pro Forma](#)

ATTACHMENT A

OREGON TECH NEW STUDENT HOUSING PROJECT DESCRIPTION

Oregon Tech desires to pursue the sale of \$55 million of 30-year Series XI-F bonds through the Oregon State Bond Program, the proceeds from which will be used to construct a new 850 bed student housing facility on the Klamath Falls campus. Oregon Tech based the accompanying financial pro forma on current market indices with regard to bond interest rates and repayment term. The revenue and expense estimates are based on industry benchmarks and on-board professional expertise in developing similar student housing projects. Operating expenditures are based on a combination of current institutional expense ratios and adjusted measures given assumptions about new construction size, design, finish standards and projected occupancy.

The project will follow applicable bid guidelines and will feature a building of approximately 114,000 square feet on 4-5 floors and will be located on the campus within close proximity to existing dining, and other student services as well as the Student Union and Student Recreation Center. Estimated total construction costs, including architectural and programming fees, per gross square foot are more than adequate, at \$485/SF, compared to the industry average of \$360/SF.

The building will be comprised of a steel frame with concrete floors and will feature at least one twin elevator bank to support easy access for residents, especially those with physical mobility challenges. The building will take advantage of the sunny climate of Klamath Falls and will feature natural lighting where appropriate and sustainable or renewable energy elements and rainfall recycling.

The first floor of the facility will feature small group study rooms, and rooms for social gatherings and academic groups as well as resident assistant offices, laundry room, vending, activity rooms and utilities. The facility will feature secure card entrance with video surveillance and will be fully climate controlled throughout with individual thermostatic controls by room. Environmental controls in the common areas will be centrally controlled.

The existing student residence hall will be evaluated by the university and could include retrofitting and updating the current facility, repurposing the facility for office space or razing the building. No determination has been made at this time. Such decisions will be based on the rate of enrollment growth and the timing of the new project.

The Facilities and Finance and Administration teams have developed the attachment financial pro forma and project specifications document to support our request for permission to work with the Legislative Fiscal Office to issue self-funded bonds for financing the project (see Attachment B).

ATTACHMENT B

PROJECT FINANCIAL PRO FORMA

Oregon Tech - New Student Residence Hall to Support Student Growth

Facility Assumptions	Tech Project	Benchmark Median ⁽¹⁾
Number of Beds	850	800
Sq Ft Per Room	100	142
Sq Ft Common Space per bed	33	60
Total Gross sq ft per bed	133	202
Revenue per bed	\$7,000	\$7,710
Avg. Occupancy Rate	95%	95%
Construction Project Cost per Bed	\$64,706	\$84,373
Total Sq. Footage	113,305	96,772
Cost per Sq. Foot	\$485.42	\$360.08
Construction Cost (inc. contingency)	\$55,000,000	\$65,000,000
Series XI-F Series Bond Interest Rate	4.50%	
Bond Repayment Period (years)	30	
Annual Debt Repayment	\$3,493,644	
Occupancy (excl. RA)	100%	
Base Year Max Revenue at 100%	\$5,950,000	

⁽¹⁾ Median Numbers are not Relational

Peer Institution Student Housing Rates		
Comparison	Term	Annual
SOU Greensprings (double)	\$2,562	\$7,686
SOU Shasta (quad)	\$2,893	\$8,679
SOU McLaughlin (quad)	\$3,047	\$9,141
OIT Village (quad)	\$2,150	\$6,450
Average	\$2,663	\$7,989

Pro Forma Assumptions	
Revenue Inflation	2.5%
Expense Inflation	2.5%
Staff Inflation	5.0%
Utilities (per SF)	\$2.00
Professional Staff Total FTE	1.0
Staff Salary	\$60,000
Staff OPE Rate	53%
Resident Assistant Pay + Board	\$4,500
Resident Assistants per Resident	28
Resident Assistants	30

Series F- Bond Retirement Schedule					
Year	Fiscal Year	Bond Balance	Principle	Interest	Tot Debt Svc
1	2022-23	\$55,000,000	\$0	\$2,475,000	\$2,475,000
2	2023-24	\$55,000,000	\$1,018,644	\$2,475,000	\$3,493,644
3	2024-25	\$53,981,356	\$1,064,483	\$2,429,161	\$3,493,644
4	2025-26	\$52,916,872	\$1,112,385	\$2,381,259	\$3,493,644
5	2026-27	\$51,804,487	\$1,162,442	\$2,331,202	\$3,493,644
6	2027-28	\$50,642,045	\$1,214,752	\$2,278,892	\$3,493,644
7	2028-29	\$49,427,293	\$1,269,416	\$2,224,228	\$3,493,644
8	2029-30	\$48,157,877	\$1,326,540	\$2,167,104	\$3,493,644
9	2030-31	\$46,831,337	\$1,386,234	\$2,107,410	\$3,493,644
10	2031-32	\$45,445,103	\$1,448,615	\$2,045,030	\$3,493,644
11	2032-33	\$43,996,488	\$1,513,802	\$1,979,842	\$3,493,644
12	2033-34	\$42,482,686	\$1,581,923	\$1,911,721	\$3,493,644
13	2034-35	\$40,900,762	\$1,653,110	\$1,840,534	\$3,493,644
14	2035-36	\$39,247,652	\$1,727,500	\$1,766,144	\$3,493,644
15	2036-37	\$37,520,152	\$1,805,237	\$1,688,407	\$3,493,644
16	2037-38	\$35,714,915	\$1,886,473	\$1,607,171	\$3,493,644
17	2038-39	\$33,828,442	\$1,971,364	\$1,522,280	\$3,493,644
18	2039-40	\$31,857,078	\$2,060,076	\$1,433,568	\$3,493,644
19	2040-41	\$29,797,002	\$2,152,779	\$1,340,865	\$3,493,644
20	2041-42	\$27,644,223	\$2,249,654	\$1,243,990	\$3,493,644
21	2042-43	\$25,394,568	\$2,350,889	\$1,142,756	\$3,493,644
22	2043-44	\$23,043,680	\$2,456,679	\$1,036,966	\$3,493,644
23	2044-45	\$20,587,001	\$2,567,229	\$926,415	\$3,493,644
24	2045-46	\$18,019,772	\$2,682,755	\$810,890	\$3,493,644
25	2046-47	\$15,337,017	\$2,803,479	\$690,166	\$3,493,644
26	2047-48	\$12,533,539	\$2,929,635	\$564,009	\$3,493,644
27	2048-49	\$9,603,904	\$3,061,469	\$432,176	\$3,493,644
28	2049-50	\$6,542,435	\$3,199,235	\$294,410	\$3,493,644
29	2050-51	\$3,343,200	\$3,343,200	\$150,444	\$3,493,644
30	2051-52	(\$0)	\$3,493,644	(\$0)	\$3,493,644

Student Residence Hall Financial Pro Forma													
Description	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29	Projected 2029-30	Projected 2030-31	Projected 2031-32	Projected 2032-33	Projected 2033-34	Projected 2034-35
Students In Residence Hall		680	723	748	782	808	808	808	816	816	816	816	816
Relevant Occupancy Rate		80%	85%	88%	92%	95%	95%	95%	96%	96%	96%	96%	96%
Annual Room Rate		\$ 7,000	\$ 7,175	\$ 7,354	\$ 7,538	\$ 7,727	\$ 7,920	\$ 8,118	\$ 8,321	\$ 8,529	\$ 8,742	\$ 8,961	\$ 9,185
Housing Revenues		\$ 4,760,000	\$ 5,183,938	\$ 5,501,073	\$ 5,894,899	\$ 6,239,302	\$ 6,395,285	\$ 6,555,167	\$ 6,789,773	\$ 6,959,517	\$ 7,133,505	\$ 7,311,843	\$ 7,494,639
Events and Supplies		\$127,500	\$130,688	\$133,955	\$137,304	\$140,736	\$144,255	\$147,861	\$151,557	\$155,346	\$159,230	\$163,211	\$167,291
Utilities		\$226,610	\$232,275	\$238,082	\$244,034	\$250,135	\$256,388	\$262,798	\$269,368	\$276,102	\$283,005	\$290,080	\$297,332
O&M		\$825,000	\$845,625	\$866,766	\$888,435	\$910,646	\$933,412	\$956,747	\$980,666	\$1,005,182	\$1,030,312	\$1,056,070	\$1,082,471
Professional Staffing		\$91,800	\$96,390	\$101,210	\$106,270	\$111,583	\$117,163	\$123,021	\$129,172	\$135,630	\$142,412	\$149,533	\$157,009
Resident Assistants		\$135,000	\$140,636	\$146,508	\$152,625	\$158,997	\$165,635	\$172,550	\$179,754	\$187,259	\$195,077	\$203,221	\$211,706
Debt Service	\$2,475,000	\$3,493,644	\$3,493,644	\$3,493,644	\$3,493,644	\$3,493,644	\$3,493,644	\$3,493,644	\$3,493,644	\$3,493,644	\$3,493,644	\$3,493,644	\$3,493,644
Housing Project Expenses	\$2,475,000	\$4,899,554	\$4,939,258	\$4,980,164	\$5,022,311	\$5,065,741	\$5,110,496	\$5,156,621	\$5,204,161	\$5,253,164	\$5,303,680	\$5,355,758	\$5,409,454
Net Revenue from New Project		\$ (139,554)	\$ 244,679	\$ 520,908	\$ 872,588	\$ 1,173,561	\$ 1,284,789	\$ 1,398,546	\$ 1,585,612	\$ 1,706,353	\$ 1,829,826	\$ 1,956,084	\$ 2,085,185
Other Related Expenditures													
Debt on The Village (Ret. FY 2039)		\$ (1,002,266)	\$ (982,194)	\$ (980,721)	\$ (950,960)	\$ (906,321)	\$ (763,449)	\$ (765,021)	\$ (788,050)	\$ (781,350)	\$ (774,050)	\$ (763,250)	\$ (763,500)
Net Revenue After Old Debt Payment		\$ (1,141,820)	\$ (737,515)	\$ (459,812)	\$ (78,372)	\$ 267,240	\$ 521,340	\$ 633,525	\$ 797,562	\$ 925,003	\$ 1,055,776	\$ 1,192,834	\$ 1,321,685
Footnotes and Assumptions													
1. Oregon Tech's enrollment growth strategy is designed to capture a larger share of the total student pipeline of residents and a larger segment of non-residents because of its high-demand STEM/health programs.													
2. Oregon Tech used a market basket approach from similar institutions and current pricing to get to a base-year revenue per bed of \$7000K. This is conservatively priced.													
3. Oregon Tech has positioned its academic strategy on workforce needs in computer science, engineering, business and health related fields which are industry growth segments with strong student demand.													
4. Oregon Tech has redirected its enrollment strategy in a new direction focusing on key markets in high schools, community colleges and in non-resident markets of inter-mountain west, PNW and mid-west.													
5. Oregon Tech's objective is to retain existing student dorms for repurposing at a later date for other student centric support services or institutional and academic support services.													
6. Approximately 650 students are currently housed in the residence halls at Oregon Tech. Demand for on-campus housing in increasing year over year and is expected to reach over 750 students within the next 2 to 4 years.													
7. Duration of bond retirement is 30 years and is priced at prevailing interest rates. Bond offering is expected as early as the May-June sale of 2022.													
9. Oregon Tech has consulted with contractors to explore a Public-Private development. However, these projects typically feature wood-framing with less steel/concrete than traditional residence halls which is preferred.													

Discussion Item

Agenda Item No. 5.1

State Budget Outlook

Background

Oregon's Governor, the Honorable Kate Brown, released her proposed budget for the 2021-23 biennium on December 1, 2020 totaling \$25.6 billion. Funding for higher education through the Public University Support Fund (PUSF) was unchanged from the prior biennium and remained at \$836.9 million in the proposed budget.

Oregon's 7 public universities have urged the legislature to increase funding for the PUSF to \$900 million for the 2021-23 biennium in order to maintain or enhance the quality of programs in higher education at institutions across the state to ensure they continue to provide value, while meeting the expectations of students.

Current year state funding for Oregon Tech is expected to total just over \$32 million, with the largest portion coming from the Student Success and Completion Model (SSCM) formula. The Higher Education Coordinating Commission (HECC) revised the SSCM formula for the upcoming biennium to incorporate revised weights and the latest institutional measures from academic year 2020. Under the revised formula, unless the PUSF is increased, Oregon Tech stands to lose just over \$1.1 million in funding over the next biennium. (see Attachment A)

For the 2021-23 biennium Oregon Tech identified five key priorities for legislative support or increased funding related for focused institutional growth and continuing excellence (see Attachment B). These include:

- ***Public University Support Fund***- Increase funding for new biennium to \$900 million
- ***Engineering Technology Sustaining Funds***- Engineering and Technology Support
- ***Oregon Renewable Energy Center***- Applied Research Center Support
- ***Sports Lottery***- Fully fund at 1% of total lottery revenues
- ***Self-funded dorm***- \$55 million project to meet housing needs for increasing enrollment

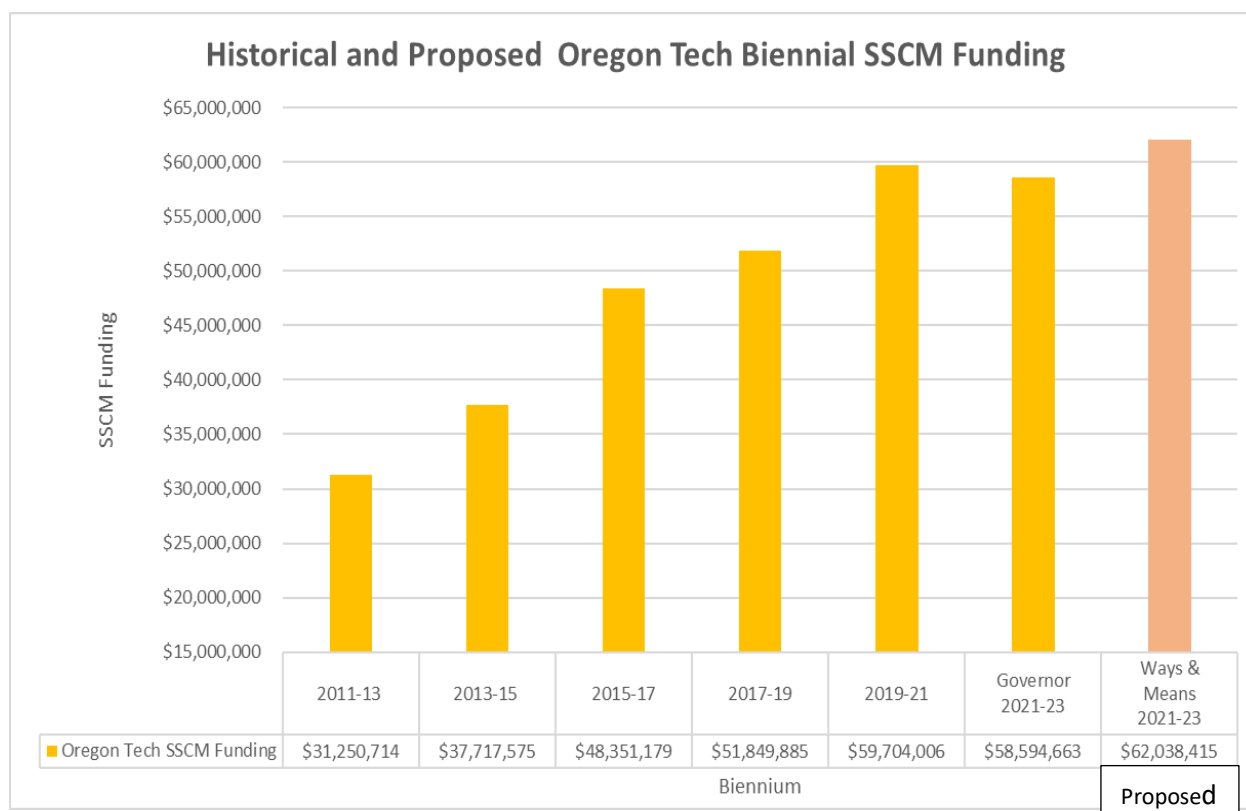
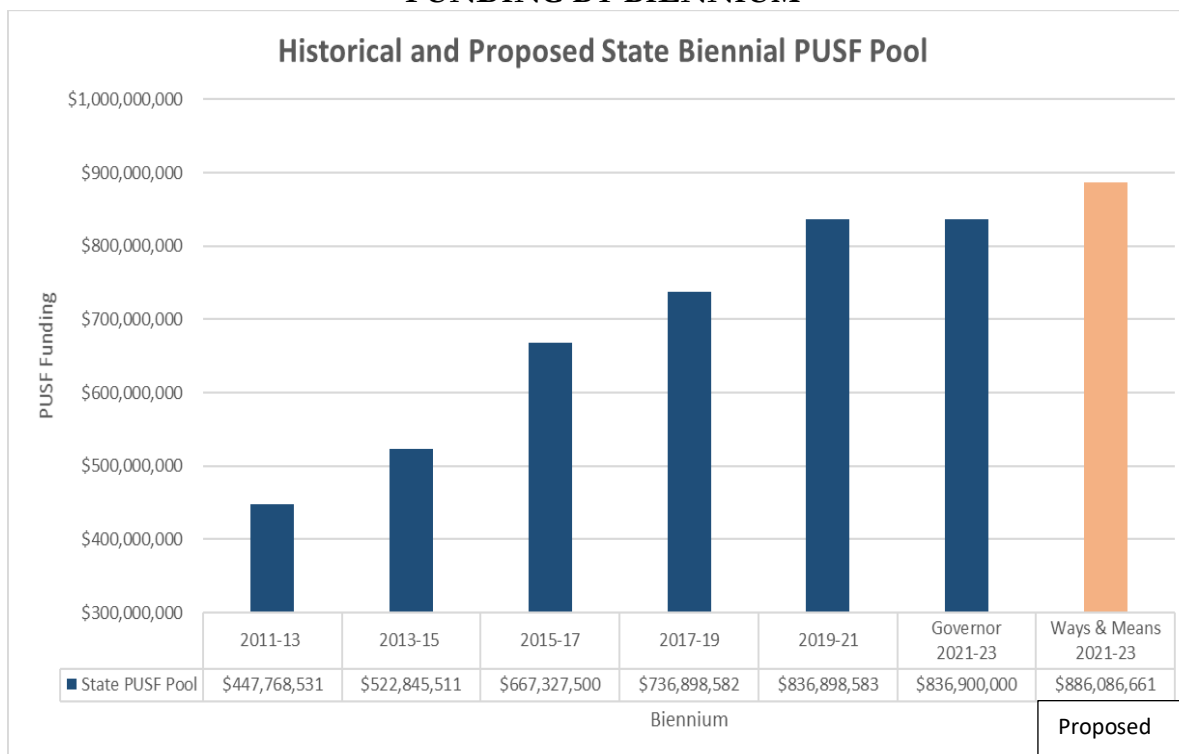
Staff Recommendation

No action required. For discussion purposes only.

Attachments

- A. [Historical and Forecasted PUSF Pool and Oregon Tech SSCM Funding by Biennium](#)
- B. [Oregon Tech Legislative Budget Priorities 2021-23 Biennium](#)

ATTACHMENT A



ATTACHMENT B

OREGON TECH LEGISLATIVE BUDGET PRIORITIES 2021-23 BIENNIUM

Public University Support Fund (PUSF)

Investing in Oregon's university students is critical to Oregon's economic recovery. Oregon Tech, in partnership with Oregon's public universities, supports a **PUSF funded at \$900M** which will help universities shield students from significant tuition increases and help maintain academic advisors and other wrap-around services for students. An insufficient state investment in the PUSF will lead to elimination or scaling back of critical programs and services at a time when students need support the most.

Engineering Technology Sustaining Funds (ETSF)

Oregon Tech received approximately \$2.3 million of the **\$27 million for ETSF in the HECC budget** in the 2019-2021 biennium, under a formula that prioritizes Oregon resident's completing engineering degrees and is linked with their wages at Oregon companies. These funds also support the ongoing operations/capacity of core engineering disciplines (mechanical, manufacturing, electrical, renewable, etc.) within the College of Engineering, Technology, and Management and the university's ability to create new degree programs that are aligned with industry demand.

Oregon Renewable Energy Center (OREC)

Established at Oregon Tech in 2001, it is one of the statewide programs. As an applied research center, it speeds the integration and optimization of renewable energy resource with current power generation systems and accelerations of clean energy technologies in collaboration with industry partners. OREC is also exploring various forms of external funding to expand current research capabilities, including both private investment and federal appropriations. In HB 5024, the 2019 Legislature appropriated **\$527,500** that funds the Director, student workers, research investment and professional development.

Sports Lottery

For the 2019-2021 biennium, Oregon Tech was allocated \$2.4 million of the \$14 million appropriated through the Sports Lottery. This is a significant portion of the athletics budget at Oregon Tech, and includes support for scholarships for student athletes, sending teams to compete in regional and national tournaments, and greater stability for the athletic department as a whole. It offsets what would either need to be a subsidy from the university's Education and General budget for athletics or significant reduction in the number of sports and athletes. Oregon Tech is advocating for **full funding of the Sports Lottery program at 1% of total lottery revenues**.

Self-funded dorm

Oregon Tech is seeking bonding authorization from the Oregon Legislature for a **\$55 million self-funded, 30-year bond** to fund the construction of a new dorm on the Klamath Falls campus. Enrollment has grown 40% overall in the past decade and in the last three years has seen over 10% growth year over year in first-time freshman on the Klamath Falls campus. This has resulted in continued pressure of on-campus housing capacity and with the continued growth in enrollment, Oregon Tech will run out of on-campus housing in a few years.