
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 May 27, 2021 Meeting</u> <i>Minutes of the May 27, 2021 Meeting</i>	1
3. Reports (8:05am)	
3.1 Fiscal Operations Advisory Council <i>FOAC President Don DaSaro (verbal)</i> (10 min)	
3.2 <u>Quarterly Finance, Facilities Update</u> <i>VP John Harman</i> (8:15am) (45 min)	4
3.3 <u>FY 2021-22 Internal Audit Update</u> (9:00am) (20 min) <i>Haley Lyons and</i> <i>Trever Campbell, Kernutt Stokes</i>	46
4. Action Items - none	
5. Discussion Items - none	
6. Other Business/New Business (9:20am) (5 min) <i>Chair Vince Jones</i>	
Adjournment (9:25am)	

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

Trustees Present:

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

Other Trustees present in person:

Tim Hasty
Rose McClure

University Faculty and Staff Present in person

Abdy Afjeh, Vice Provost Research and Academic Affairs
Richard Bailey, FOAC President and Management Professor
Thom Darrah, Facilities Management Services Director
Erin Foley, VP Student Affairs and Dean of Students
David Groff, General Counsel
John Harman, VP Finance and Administration
Tom Keyser, Dean of the College of ETM
Travis Miller, Information Technology Consultant
Joanna Mott, Provost and VP Academic Affairs and SEM

Others Present:

Trever Campbell, Kernutt Stokes (virtual)
Haley Lyons, Kernutt Stokes (virtual)

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

Chair Jones called the meeting to order at 8:02am. The Board Secretary called roll and a quorum was declared.

2. Consent Agenda

2.1 Approve Minutes of the April 8, 2021 Meeting

With no amendments identified, the minutes of the April 8, 2021 meeting stand as published.

3. Reports

3.1 Fiscal Operations Advisory Council

FOAC President Bailey stated the council's recent meetings focused on the budget build for the 2021-22 fiscal year. He summarized the council's recommendations: provide more detailed information to the council in a timely manner to support a transparent evaluation and recommendation process; look into salary savings through an early retirement program; do not postpone filling critical positions for the sake of saving salaries to balance the budget; and pursue additional sources of funding.

3.2 Finance, Facilities and Audit Update: 3rd Quarter FY 2020-21

VP Harman reviewed the quarterly report, cash flow statement, investment report and the financial dashboard included in the agenda report. He noted the state appropriations for this year will likely exceed projections as a result of an adjustment by HECC, tuition and fees collected were less than projected due to a drop in out of state students, but overall, for revenue, a net of \$500,000 is anticipated. Direct expenses are approximately \$2 million under the budgeted amount because of less travel, vacant positions and salary savings. The total projected year-end net is \$3.7M and the university will pay off some loans to the foundation with this money. He noted that a reserve balance between 10% and 15% of annual operating revenues is recommended and no plan is required if the balance is between 5% and 33%. He estimated the year-end reserve balance to be 24.5%. He explained the increase in debt service is payment of a loan made by the Foundation. The year-end cashflow is estimated at \$10M. He explained the university has two investment pools and both portfolios are performing well despite lower return rates which are to be expected currently. He noted that operating funds, rather than reserve funds, will be used as the match for the Boivin construction bond.

Director Darrah reviewed the capital projects PowerPoint presentation included in the agenda report. He noted the CEET project completion date was extended two months, to late October, due to delays in equipment and material acquisition and delivery; the Boivin Hall renovation is in the design phase and the completion date is estimated to be fall 2023; the Campus Way/Dan O'Brien roundabout will go out to bid in June; the track portion of the track/stadium project is underway and will be complete by fall term 2021; the Integrated Student Health Center addition project is out to bid; and the Cornett and student rec center renovations are complete with the art portions to be in place this summer.

4. Action Items

4.1 Approval of FY 2021-22 Internal Audit Plan

Mr. Campbell reviewed the caseload from the fraud, waste, and abuse ethics hotline noting that all but one case have been resolved and that one open case just recently came in. A more in-depth report will be given at the next meeting. He stated the two current audits, Clery Act and Procurement and Contracting, are both underway and no significant issues are noted to date. He reviewed the fiscal year 2021-2022 Audit Plan proposing three audits: Capital Projects, Title IX, and Fixed Assets and Inventory.

Trustee Starr moved to approve the fiscal year 2021-2022 Internal Audit Plan as presented. Trustee Vitali seconded the motion. With all trustees present voting aye, the motion passed unanimously.

5. **Discussion Items** - none

6. **Other Business/New Business** - none

7. **Adjournment**

Meeting adjourned at 8:57am.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. P. Groff", with a stylized flourish underneath.

David P Groff

REPORT

Agenda Item No. 3.2

Finance, Facilities and Audit Status Update: FYE 2021 and Quarterly Update

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

FYE 2021 Finance, Facilities and Audit Status Reports include the following Attachments:

- A. FYE 2021 Management Report Mention CLA audit Timeline
- B. FYE 2021 Financial Dashboard
- C. FYE 2021 Investment Report
- D. 2021-23 Biennium HECC Funds Summary
- E. Sept. FY 2022 Q-1 Management Report
- F. Sept. FY 2022 Q-1 Financial Dashboard
- G. Sept. FY 2022 Q-1 Investment Report Verbal Report from FOAC Chair- Don DaSaro
- H. FYE 2021 Outstanding Bonds Summary
- I. Facilities and Capital Projects Report- Mention Campus Master Plan
- J. COVID-19 Relief Funds Report
- K. Audit Status Updates (K&S)
- L. Oregon Tech Foundation FYE 2021 Financial Dashboard- (Informational)

Attachment A

General Fund Monthly Report

FYE 2021 Close (in thousands)

	YTD Comparison		FY 2021 Budget	
	FYE 2020 Actuals	FYE 2021 Actuals	FY 2021 Board Adopted Budget	FY 2021 Adjusted
State Allocations	\$31,311	\$32,117	\$29,836	\$29,836
Tuition & Fees	39,203	39,575	41,862	41,862
Remissions	(4,697)	(5,296)	(5,058)	(5,058)
Other	<u>2,767</u>	<u>2,699</u>	<u>2,763</u>	<u>2,763</u>
Total Revenue	<u>\$68,584</u>	<u>\$69,094</u>	<u>\$69,402</u>	<u>\$69,402</u>
Unclassified	25,039	24,695	24,219	23,057
Classified	5,907	5,481	6,058	6,100
Student	660	656	1,093	1,077
GTA	80	68	121	121
OPE	<u>16,763</u>	<u>16,756</u>	<u>18,141</u>	<u>17,351</u>
Total Labor Expense	<u>\$48,449</u>	<u>\$47,656</u>	<u>\$49,632</u>	<u>\$47,706</u>
Service & Supplies	11,954	11,887	18,247	18,315
Internal Sales	(926)	(1,267)	(2,167)	(2,167)
Debt Service	1,771	2,212	624	1,885
Capital	449	717	458	1,620
Utilities	1,053	1,285	1,247	944
Transfers In	(328)	(57)	(1)	(1)
Transfers Out	<u>2,156</u>	<u>4,849</u>	<u>1,362</u>	<u>1,362</u>
Total Direct Expense	<u>\$16,130</u>	<u>\$19,626</u>	<u>\$19,771</u>	<u>\$21,958</u>
Total All Expense	<u>\$64,578</u>	<u>\$67,282</u>	<u>\$69,402</u>	<u>\$69,664</u>
Net From Operations	<u>\$4,006</u>	<u>\$1,813</u>	<u>\$()</u>	<u>\$(262)</u>
Carryforward & Rollover Xfrs	(460)	-		
Fund Additions/(Deductions)	46	(170)	-	
Change in Fund Balance	<u>\$3,592</u>	<u>\$1,642</u>	<u>\$()</u>	<u>\$(262)</u>
Beginning Fund Balance	10,001	13,593	13,593	13,593
Ending Fund Balance	<u>\$13,593</u>	<u>\$15,235</u>	<u>\$13,593</u>	<u>\$13,331</u>
Ending Cash Balance	\$12,128	\$17,397		
% Operating Revenues		19.8%	22.0%	19.6%

Notes:

Education & General

- (1) **FYE 2021 Actuals** - Increased debt service expense is due to early repayment of RDS equipment loan
- (2) **FYE 2021 Actuals** - Transfers out comprised mainly of the following: (in thousands)

\$1,350 GF Support of Athletics

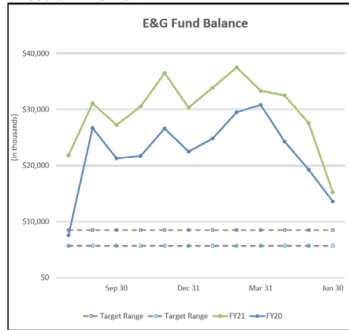
\$1,015 Boivin Match

\$643 CEET Building Furniture, Fixtures, and Equipment

\$607 Funding prior purchase of Klamath Falls property

\$451 Remodel of space for DPT program
\$314 To clear deficit in Cybersecurity Defense Center
\$200 Relocation of Marketing and Registrar's offices

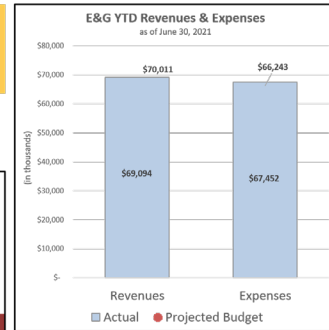
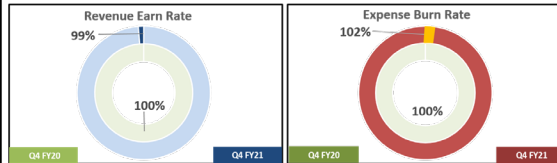
Attachment B



Oregon TECH

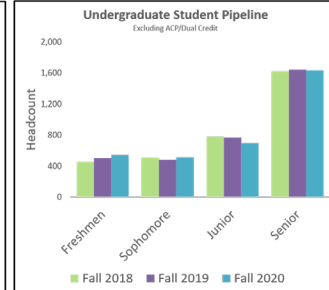
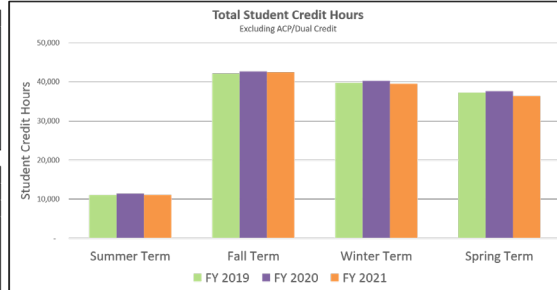
Quarterly Financial Dashboard

As of June 30, 2021



Key Financial Indicators		
E&G Fund Balance:	\$15,235	As of June 30, 2021
Total Cash on Hand:	\$20,707	As of June 30, 2021
E&G Cash on Hand:	\$17,397	As of June 30, 2021
Days Cash on Hand:	72 Days	As of June 30, 2021
Debt Burden Ratio:	3.60%	As of June 30, 2020
Quasi Endowment:	\$7,583	As of June 30, 2021
Foundation Assets:	\$39,593	As of June 30, 2021

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



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

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

Attachment C

FY2021 Q4 Investment Report

BACKGROUND

The Oregon Tech (university) investment report for the fourth quarter (Q4) of FY2021 is presented in the following sections:

- **FY2021 Q4 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 Q4 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the fourth quarter of FY2021 (i.e., April 1 – June 30, 2021).

FY2021 Q4 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 increased 0.5% for the quarter and 1.4% for the fiscal year through June 30, 2021. The PUF's three-year and five-year average returns were 3.5% and 2.5%, respectively.

The Oregon Short-Term Fund (OSTF) returned 0.1% for the quarter and 0.8% for the fiscal year, outperforming its benchmark by 10 and 70 basis points, respectively. The Core Bond Fund returned 1.2% for the quarter and 2.7% for the fiscal year, outperforming its benchmark by 20 and 250 basis points, respectively. The investment yield on the PUF portfolio was 1.8% for the fiscal year.

In July, Oregon State Treasury fixed income investment officers, Will Hampson and John Lutkehaus, conducted a quarterly performance review with university staff. The Core Bond Fund's relative overweight in corporate bonds (10% points) and underweight in U.S. Government Treasuries (40% points) contributed to the portfolio's 20 basis point relative outperformance versus the benchmark during the quarter. Demand for corporate credit remained strong for the second quarter in a row as investment grade corporate bonds returned 3.6% during the quarter, while short-duration U.S. Treasuries returned 0.0%. During the quarter, the PUF Administrator allocated \$75 million of excess liquidity into the Core Bond Fund for longer term investment. The Core Bond Fund's book yield, as of June 30, 2021, was 2.03%.

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 increased by 1.3% for the quarter and 2.9% for the fiscal year. The Oregon Intermediate-Term Pool outperformed its benchmark by 30 basis points for the quarter and 310 basis points for the fiscal year. The Endowment assets were valued at \$7.6 million, as of June 30, 2021.

Oregon Tech
Investment Summary
as of June 30, 2021
(Net of Fees)

	Quarter Ended 6/30/2021	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	0.1%	0.8%	2.2%	1.8%	1.7%	1.0%	\$ 10,686,053	49.6%	¹
Benchmark - 91 day T-Bill	0.0%	0.1%	1.6%	1.3%	1.2%	0.6%			
PUF Core Bond Fund	1.2%	2.7%	6.5%	5.2%	N/A	N/A	10,864,445	50.4%	¹
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	1.0%	0.2%	7.0%	4.6%	2.5%	3.1%			
Public University Fund Total Return	0.5%	1.4%	4.2%	3.5%	2.5%		<u>\$ 21,550,498</u>	<u>100.0%</u>	
Public University Fund Investment Yield	0.3%	1.8%	3.1%	2.6%	2.3%				
OIT Endowment Assets									
Oregon Intermediate-Term Pool	1.3%	2.9%	5.8%	4.9%	N/A	N/A	\$ 7,583,217	100.0%	
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ³	1.0%	-0.2%	6.5%	4.2%	2.4%	2.2%			
Total Endowment Assets	1.3%	2.9%	5.8%	4.9%			<u>\$ 7,583,217</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.

² 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of February 1, 2021. From April 1, 2017 to January 31, 2021, the benchmark was 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

³ 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of January 1, 2021. From June 1, 2015 to December 31, 2020 the benchmark was Bloomberg Barclays 3-5 Year U.S. Aggregate Index.

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

June 30, 2021

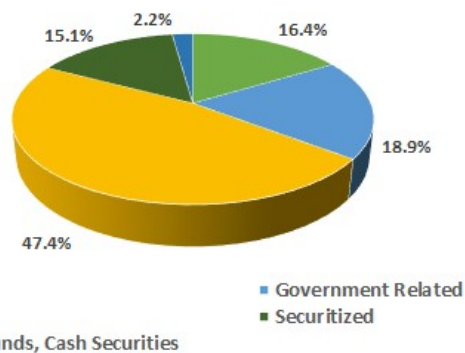
Portfolio Characteristics

Market Value 06/30/2021	\$ 265,655,797
Weighted Average Credit Quality	AA
Book Yield (%)	0.59%
Weighted Average Maturity (years)	1.13
Duration (years)	0.59
Spread Duration (rate)	0.85

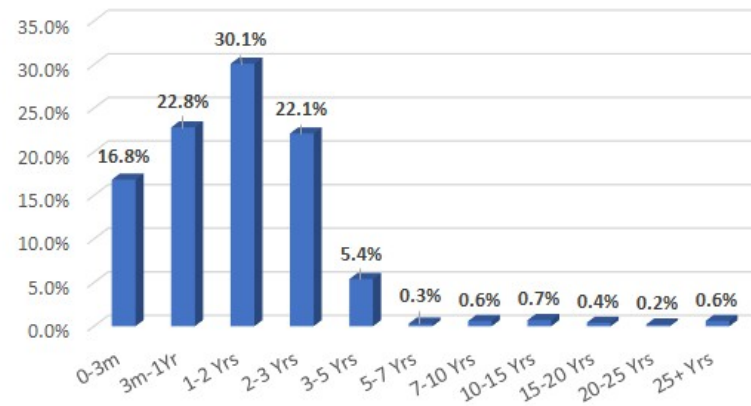
Top 10 Issuers

United States Treasury	16.0%
Federal Farm Credit Banks Funding Corporation	3.2%
Toyota Motor Corporation	2.9%
Citigroup Incorporated	2.6%
JPMorgan Chase & Company	2.3%
Barclays Plc	2.3%
Goldman Sachs Group Incorporated (The)	2.2%
Toronto-Dominion Bank (The)	2.0%
Canada (Government of)	1.9%
Wells Fargo & Company	1.9%
Total	37.3%

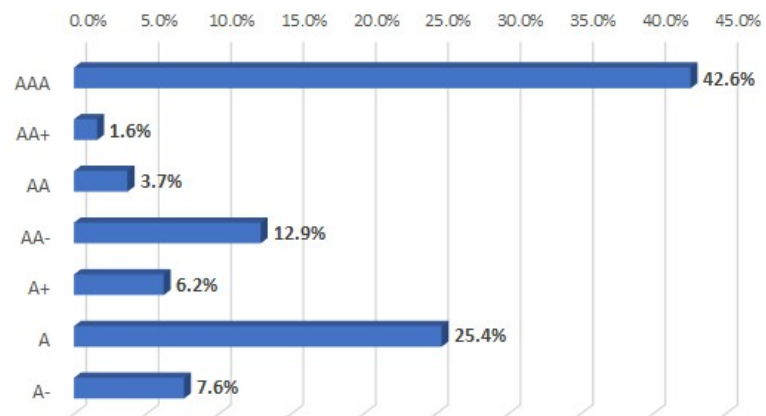
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

Core Bond Fund

June 30, 2021

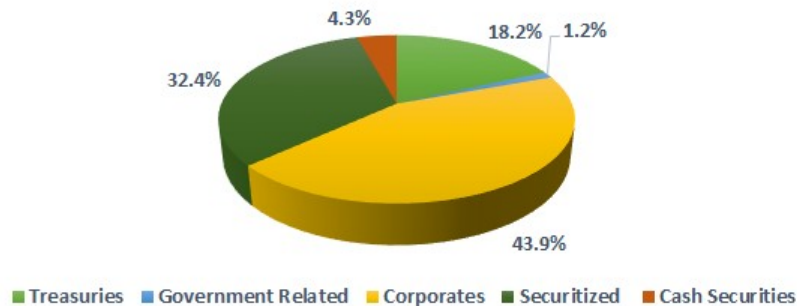
Portfolio Characteristics

Market Value 06/30/2021	\$ 270,090,652
Weighted Average Credit Quality	A+
Book Yield (%)	2.03%
Weighted Average Maturity (years)	4.97
Duration (years)	3.86
Spread Duration (rate)	3.41

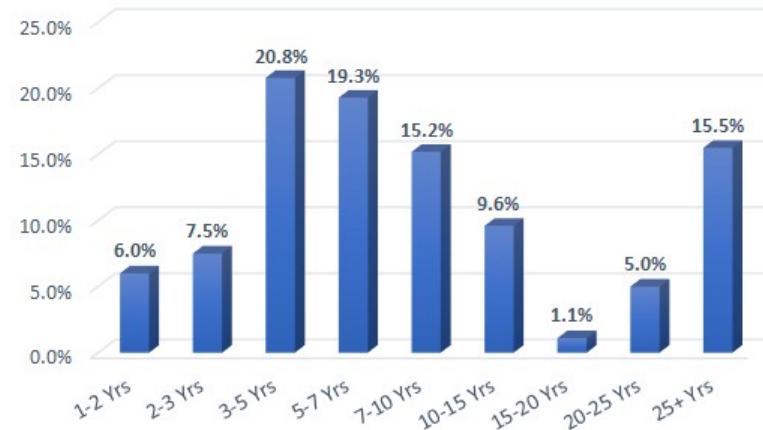
Top 10 Issuers

United States Treasury	19.8%
Oregon State Treasury (Oregon Short-Term Fund)	4.3%
Ashtead Group PLC	4.2%
Federal National Mortgage Association	3.5%
Sixth Street Specialty Lending Incorporated	3.5%
Triton International Limited	3.0%
Business Development Corporation of America	2.9%
TRP LLC	2.8%
Owl Rock Capital Corporation	2.7%
OZLM Limited	2.4%
Total	49.1%

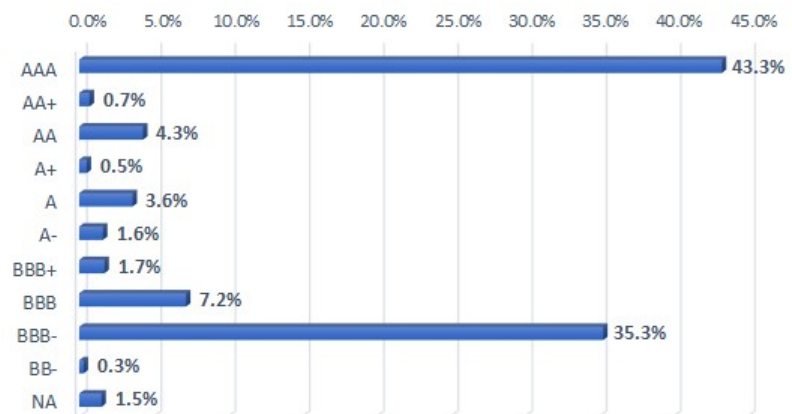
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

FY2021 Q4 MARKET COMMENTARY

(Prepared by USSE and Meketa Investment Group, consultants to the Oregon Investment Council)

Report on Investments – as of June 30, 2021

Economic and Market Update

So far this year, global risk assets continue to appreciate, leading to significant gains over the trailing year. This has largely been driven by record fiscal and monetary policy stimulus and positive developments with the COVID-19 vaccine.

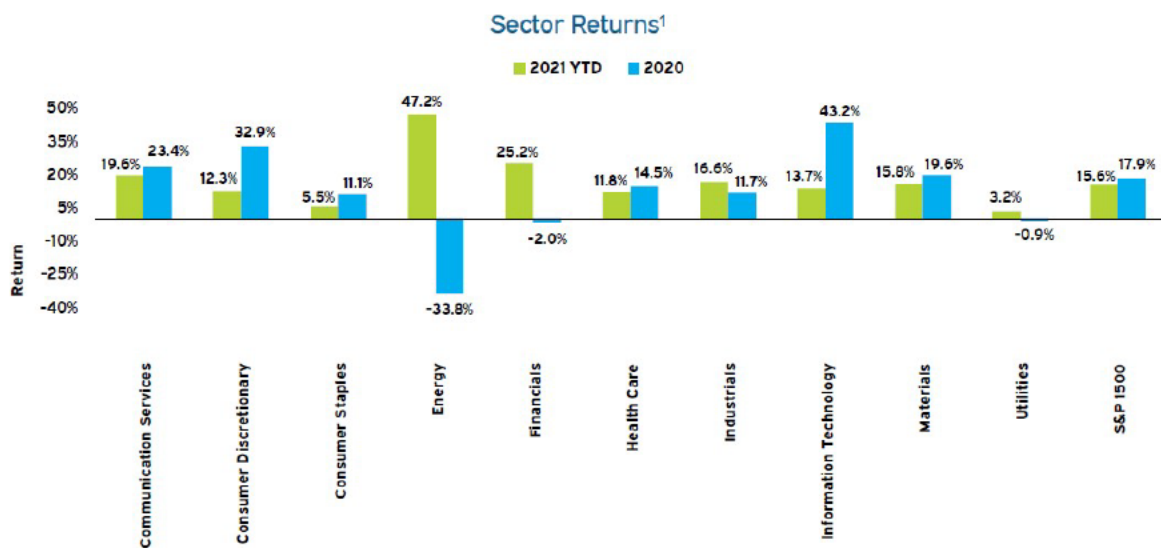
Market Returns¹

June 30, 2021

	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	8.5%	15.3%	40.8%	18.7%	17.6%	14.1%	14.8%
MSCI EAFE-ND	5.2%	8.8%	32.4%	8.3%	10.3%	5.0%	5.9%
MSCI EM-ND	5.0%	7.4%	40.9%	11.3%	13.0%	6.4%	4.3%
MSCI China-ND	2.3%	1.8%	27.4%	10.4%	16.6%	10.9%	7.7%
Bloomberg Barclays US Aggregate	1.8%	-1.6%	-0.3%	5.3%	3.0%	3.3%	3.4%
Bloomberg Barclays US TIPS	3.2%	1.7%	6.5%	6.5%	4.2%	3.3%	3.4%
Bloomberg Barclays US Corporate High Yield	2.7%	3.6%	15.4%	7.4%	7.5%	5.5%	6.7%
ICE BofAML US 3-Month Treasury Bill	0.0%	0.0%	0.1%	1.3%	1.2%	0.9%	0.6%
ICE BofAML 1-3 Year US Treasury	0.0%	-0.1%	0.1%	2.7%	1.6%	1.5%	1.2%
ICE BofAML 10+ Year US Treasury	6.6%	-7.5%	-10.1%	7.9%	3.1%	5.7%	6.5%

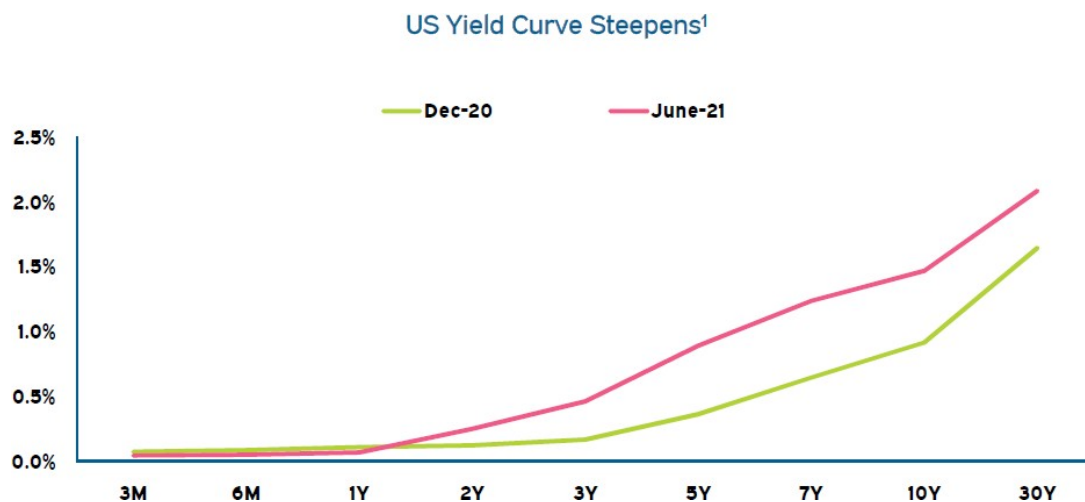
¹Source: Oregon State Treasury

In June, Treasuries continued to recover, particularly longer dated issues, as inflation concerns declined. Equity markets had mixed results in June with the US leading the way. A stronger US dollar and continued vaccine rollout struggles weighed on international equity markets.



¹Source: Bloomberg. Data is as of June 30, 2021.

Despite growth's recovery in June, cyclical sectors like energy and financials continue to lead the way in calendar 2021, as some investors rotate out of stay-at-home focused companies in the technology sector as the economy reopens.



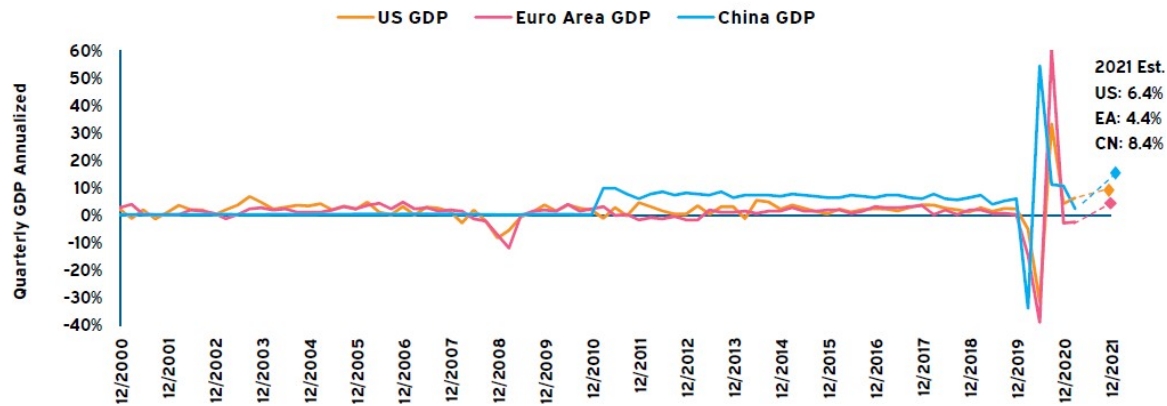
Overall, for calendar 2021, the yield curve steepened on inflation fears related to gradual signs of economic improvement given the vaccine rollout. Shorter-dated rates have been largely unmoved given Fed policy, while longer-dated rates recently declined from their peak as investors consider whether inflationary pressures have topped. Looking ahead, the yield curve could resume its steepening if growth and inflation pressures build beyond current expectations. Alternatively, if the economy weakens, or if economic progress is simply accelerated versus the prior expectations, the flattening trend could continue.

In calendar 2021, inflation expectations remain well above long-term averages, with the vaccine roll-out, high raw material prices, and expected additional fiscal stimulus as key drivers. Recently though, inflation expectations declined from their highs as base effects wane, growth forecasts moderate, and cost pressures slow. Looking forward, the track of economic growth and the inflationary effects of the unprecedented U.S. fiscal response will be key issues. Additionally, changes to Fed policy focused on an average inflation target may play a role in the inflation market dynamics.

Credit spreads (the spread above a comparable maturity Treasury) for investment-grade and high yield corporate debt continued to compress in June. Policy support and the search for yield in a low, and in some cases negative, rate environment have been key drivers in the decline in U.S. credit spreads to below long-term averages, particularly for high yield.

Major economies experienced historic declines in growth during the second quarter of calendar 2020, followed by record increases in the third quarter driven by pent-up demand from the lockdown measures earlier in the year. Looking forward, strong growth is expected in calendar 2021 particularly for China, projected to grow at an impressive 8.4%, due in part to their ability to quickly control the virus and reopen their economy. The U.S. is expected to grow faster than the euro area this year, with some growth pulled forward due to the success in distributing the vaccine.

GDP Data Shows Projected Improvements in 2021¹



Attachment D



BOARD OF TRUSTEES- FINANCE & FACILITIES COMMITTEE

NOVEMBER 18, 2021

Overview of Oregon Tech Funding from 2021 Legislative Session

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

Oregon Higher Education Funding Model



- Primary Sources of State Funding
 - Public University Support Fund (PUSF)
 - Funds the Student Success and Completion Model (SSCM)
 - Engineering and Technology Sustaining Fund (ETSF)
 - Oregon Renewable Energy Center (OREC)
- Other Funds- Investment earnings, grants cost recovery, etc.
- Student Tuition and Fees
- Funds not in General Fund Budget
 - Sports Lottery and auxiliary funds
 - Capital Improvement and Renewal funding (CIR)
 - Bonded capital construction funds
 - Federal COVID relief funds

Higher Education Funding for Key Elements- 2021-23 Biennium (All 7 Public Universities)



- Public University Support Fund (PUSF)
 - Increased by \$63.1M to \$900M
- Engineering and Technology Sustaining Fund (ETSF)
 - Increased to \$28.6M for the biennium (5.8% increase)
- Sports Lottery
 - Increased to \$16.5M (1% of lottery proceeds)
- Capital Projects Funding
 - \$369M in funded capital projects
 - \$80M for Capital Improvement and Renewal (CIR)

2021-23 Biennium Higher Education Funding



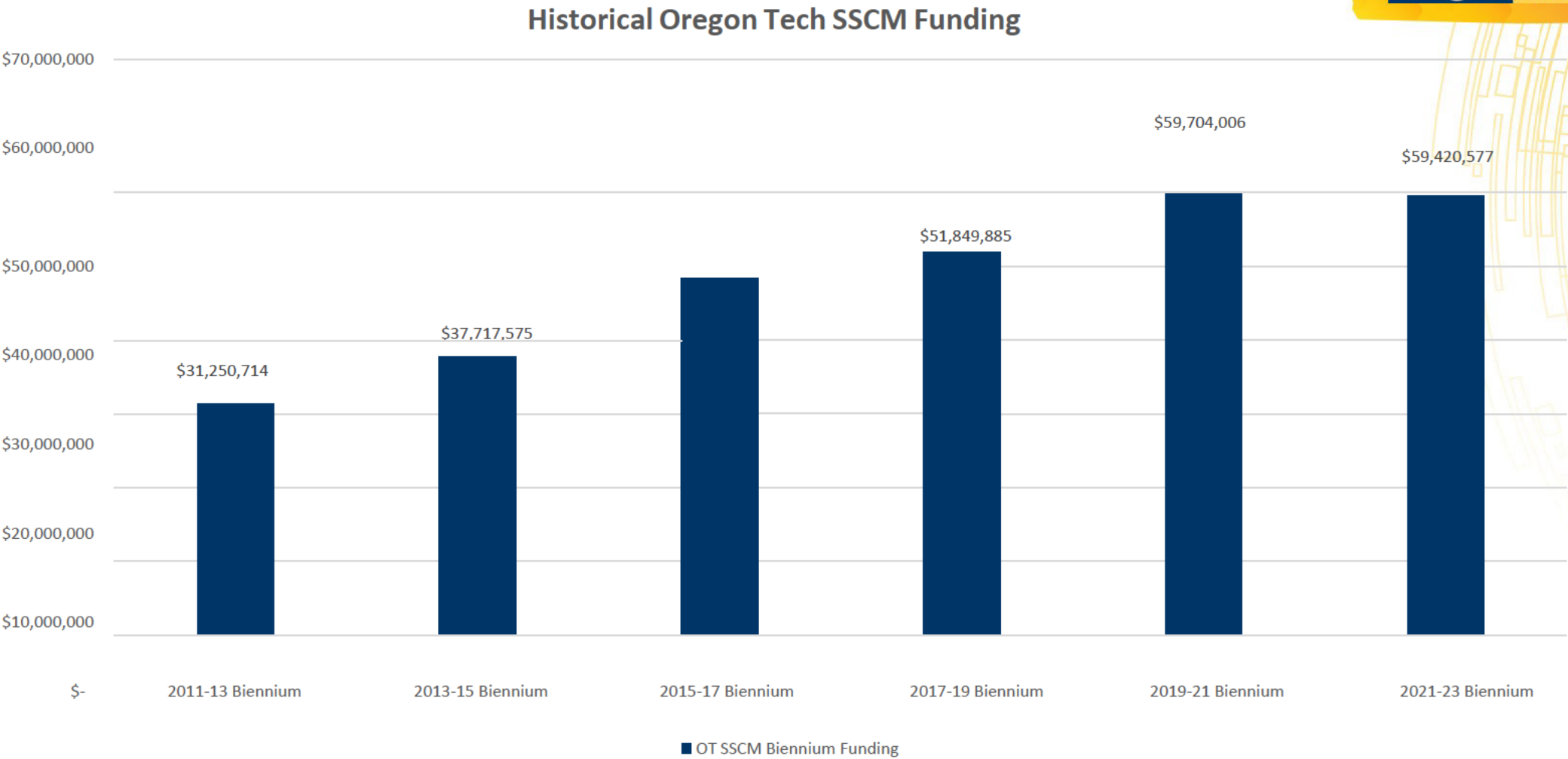
- HECC revised the Student Success and Completion Model (SSCM) funding formula beginning with 2021-23 biennium
 - Reduced the “Mission” component allocation- **significant portion of OT funding**
 - Increased allocations for “Activity” and “Outcomes” components
 - Reduced STEM premium
 - Changed weights of some degree programs
- Governor’s 2021-23 biennium Budget released in December 2020
 - Featured no increase for Higher Education, PUSF to remain at \$836.9M
 - With no expected increase in funding and significant changes to the SSCM, **Oregon Tech expected a funding reduction** over the 2021-23 biennium
- Legislature passed, and the Governor approved, a \$63.1M increase in funding, raising the PUSF to \$900M for 2021-23 biennium
 - Because of the PUSF increase, HECC discontinued the Stop-Loss feature used in prior years for allocation of funds
 - Result: By June **Oregon Tech faced a \$2.6M reduction** over the 2021-23 biennium

Final SSCM Allocation



- Oregon Tech leadership worked collaboratively with legislators, HECC administrators and Commissioners to support a HECC Administrative Rule change to secure “Hold-Harmless” funding for Oregon Tech in FY 2022
- Result: Oregon Tech funding in FY 2022 will be the same as in FY 2021
- However, because of HECC funding allocation methodology, Oregon Tech SSCM **funding in FY 2023 will be \$1.1M less** than in FY 2022
- For the 2021-23 biennium overall SSCM funding for Oregon Tech will be **\$283K less than the 2019-21 biennium**
- No SSCM funding growth over this biennium for Oregon Tech, *yet the other 6 public universities saw significant increases*
- The revised SSCM funding model has a disproportionately negative impact on Oregon Tech and we continue to assert that position with the HECC as we pursue additional initiatives to improve the balance of funding allocations to Oregon Tech

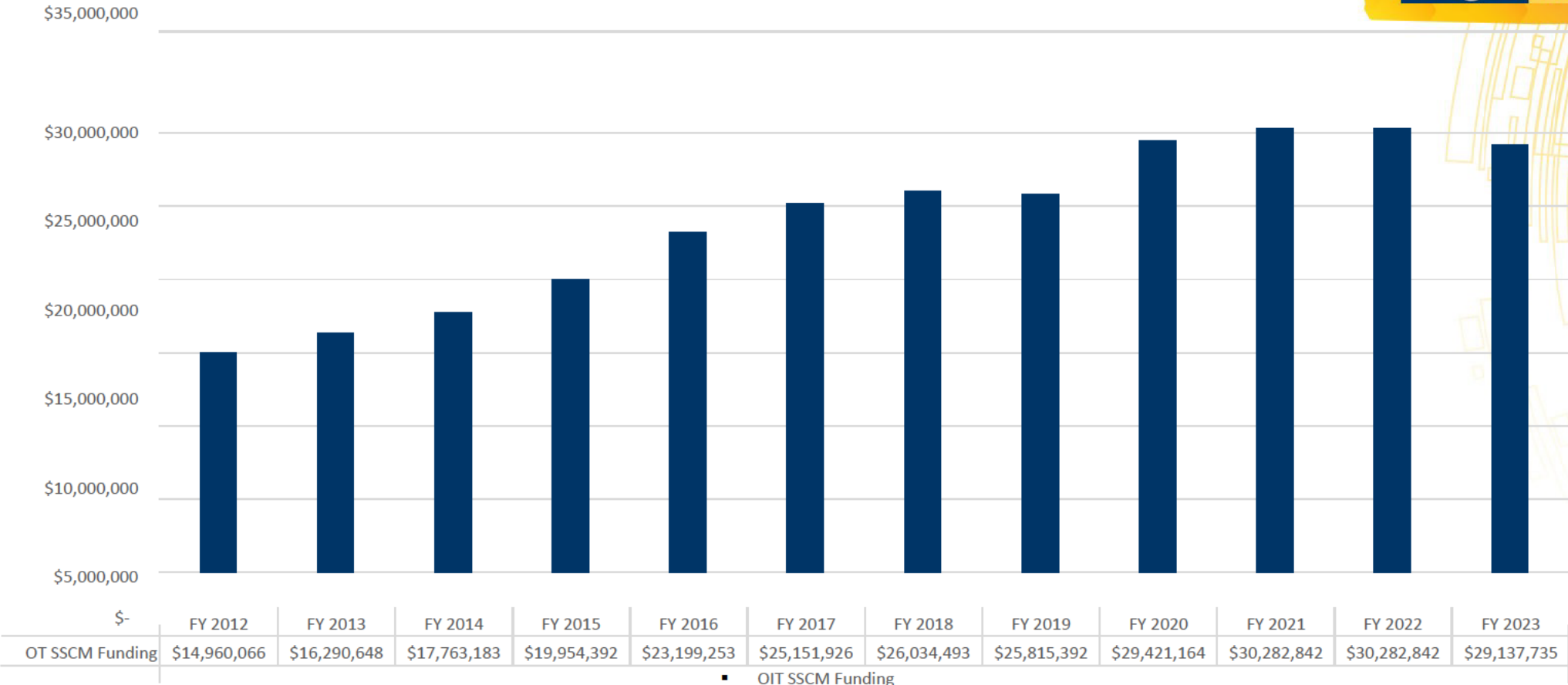
Historical SSCM Funding by Biennium



Historical SSCM Funding by Fiscal Year



Historical Oregon Tech Fiscal Year SSCM Allocation and FY 2023 Projected



■ OIT SSCM Funding

Oregon Tech Funding Summary for 2021-23 Biennium



<u>Oregon Tech Legislative Funding Summary</u>	<u>2019-21 Biennium</u>		<u>2021-23 Biennium</u>		
<u>Funding</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>Estimated FY 2023</u>	<u>Increase/(Decrease) vs. prior Biennium</u>
Student Success and Completion Model (SSCM) ⁽¹⁾	\$29,421,165	\$30,282,842	\$30,282,842	\$29,137,735	(\$283,430)
Engineering Technology Sustaining Fund (ETSF)	1,129,986	1,191,197	1,100,065	1,144,665	(76,453)
Oregon Renewable Energy Center (OREC)	258,475	242,650	273,666	284,836	57,377
Oregon Manufacturing and Innovation Center (OMIC)	220,500	207,000	-	-	(427,500)
Sports Lottery	1,067,745	1,372,815	1,400,686	1,457,857	417,983
Special Item Funding ⁽²⁾ - Center of Excellence in Applied Computing and Rural Health Initiatives- <u>One-time Funds</u>	-	-	5,500,000	-	5,500,000
Total by Biennium		\$65,394,375		\$70,582,352	\$5,187,977

<u>Capital Project and Improvement and Renewal Summary</u>		
<u>Capital Funding Items</u>		
Student Housing- XI-F Bonds ⁽³⁾	\$55,650,000	
Phase 2 OMIC Additive Manufacturing- XI-Q Bonds ⁽⁴⁾	\$5,105,000	
Capital Improvement and Renewal (CIR) Allocation ⁽⁵⁾	\$3,548,556	

(1) The Higher Education Coordinating Commission Student Success and Completion Model formula revised beginning 2021-23 biennium.

(2) One-time funding to support specific initiatives in Applied Computing and Rural Health.

(3) Amount shown includes bond-issuance costs. Bond payments will be made from OT auxiliary housing revenues.

(4) Amount shown includes bond issuance costs. Bond payments are funded by the State of Oregon.

(5) Capital Improvement and Renewal formula was reconfigured in FY 2021 and a Stop-Loss was applied to the 2021-23 biennium.

Summary and Fiscal Outlook



- Stable financial position as a result of careful planning and enrollment growth
- Key partnerships with business and industry for experiential learning collaboratives
- Dedicated faculty and challenging degree programs that prepare students for success
- Continued enrollment growth will be important
- Formula driven funding from HECC could be flat over the next few years
- Manage expenditures and explore ways to enhance revenues



Questions

Attachment E

General Fund Monthly Report

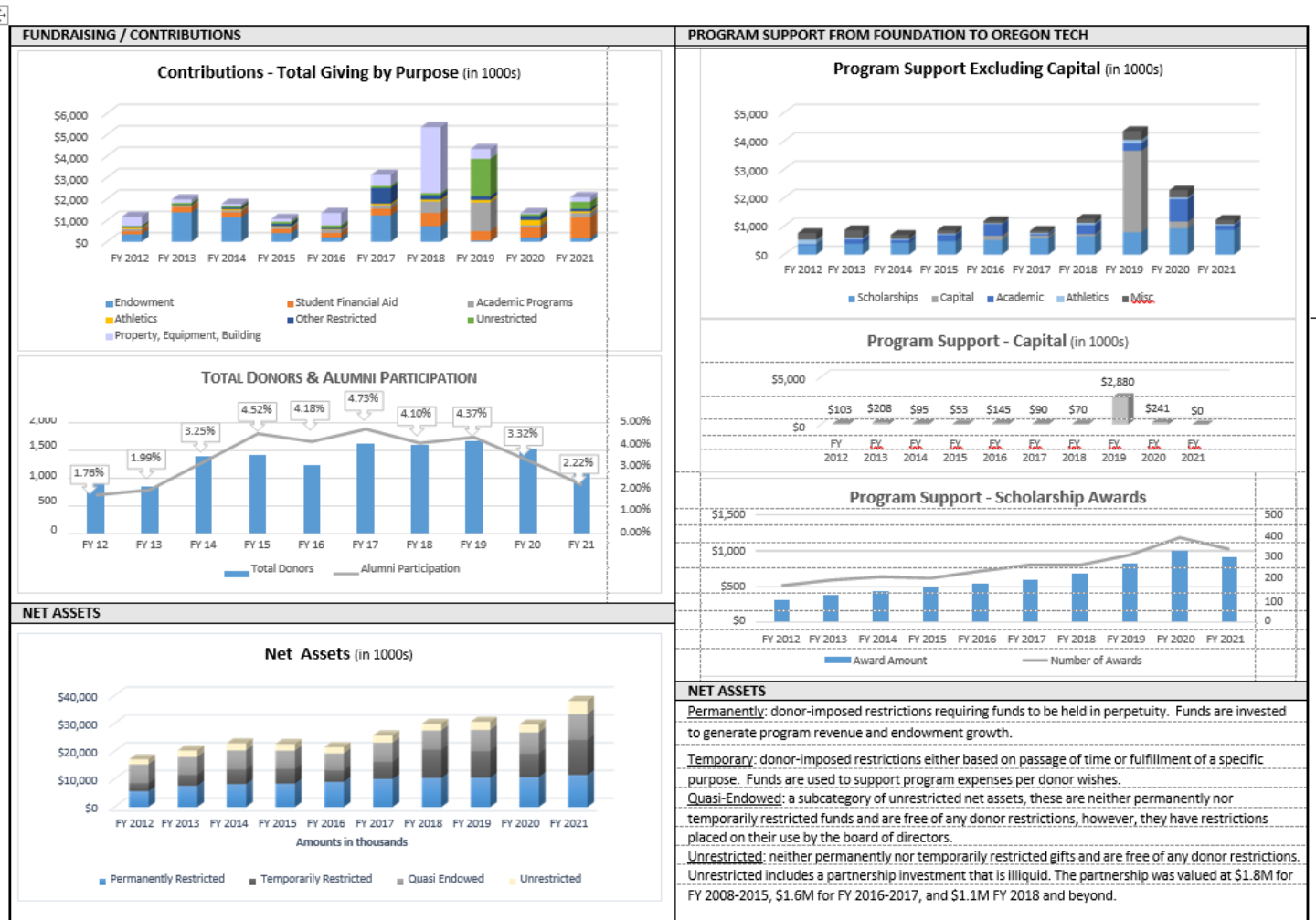
Acct	YTD Comparison		FY 2022 Budget & Forecast			
	FY 2021 September	FY 2022 September Actuals	FY 2021 Year End Actuals	FY 2022 Board Adopted Budget	FY 2022 Adjusted Budget	FY 2022 Forecast
State Allocations	\$11,347	\$16,106	\$32,117	\$32,215	\$32,215	\$37,405
Tuition & Fees	15,960	15,404	39,575	41,882	41,882	37,571
Remissions	(1,561)	(1,706)	(5,296)	(6,039)	(6,039)	(5,112)
Other	907	663	2,699	2,746	2,746	2,197
Total Revenue	\$26,653	\$30,468	\$69,094	\$70,804	\$70,804	\$72,060
Unclassified	3,391	3,736	24,695	26,096	26,096	25,305
Classified	1,202	1,359	5,481	6,270	6,270	5,988
Student	95	114	656	980	980	980
GTA	13	10	68	121	121	121
OPE	3,592	3,713	16,756	18,260	18,260	17,116
Total Labor Expense	\$8,293	\$8,931	\$47,656	\$51,727	\$51,727	\$49,511
Service & Supplies	4,560	3,993	11,887	17,483	16,033	13,212
Internal Sales	(528)	(327)	(1,267)	(1,317)	(1,317)	(1,306)
Debt Service	545	73	2,212	1,219	1,301	1,301
Capital	7	236	717	253	253	253
Utilities	135	263	1,285	-	1,368	1,968
Transfers In	(1)	(1)	(57)	-	-	(1)
Transfers Out	-	-	4,849	1,433	1,433	1,433
Total Direct Expense	\$4,718	\$4,237	\$19,626	\$19,072	\$19,072	\$16,861
Total All Expense	\$13,011	\$13,169	\$67,282	\$70,799	\$70,799	\$66,371
Net From Operations	\$13,642	\$17,299	\$1,813	\$4	\$4	\$5,689
Fund Additions/(Deductions)	-	-	(170)			
Change in Fund Balance	\$13,642	\$17,299	\$1,642	\$4	\$4	\$5,689
Beginning Fund Balance	13,593	15,235	13,593	15,235	15,235	15,235
Ending Fund Balance	\$27,234	\$32,534	\$15,235	\$15,239	\$15,239	\$20,924
Ending Cash Balance	\$19	\$26,759	\$17,397			
% Operating Revenues		102.2%	106.8%	22.0%	21.5%	29.0%

Notes:Education & General

- (1) **FY 2022 YTD Actuals** - Received full one-time biennial allocation for Center of Excellence in Applied Computing and Rural Health Initiatives in Q1
- (2) **FY 2022 Forecast** - Fall enrollment is down over last academic year. We budgeted a 1% increase in enrollment for FY 2022
- (3) **FY 2022 Forecast** - Net salary savings projected at \$2.2M (\$2.5M in salary savings was budgeted)
- (4) **FY 2022 Adjusted Budget** - Utilities moved from S&S to separate line item
- (5) **FY 2022 Forecast** - Includes impact from one-time funding for Center of Excellence in Applied Computing and Rural Health Initiatives

Attachment F

OREGON TECH FOUNDATION TRUSTEE DASHBOARD FOR FISCAL YEAR 2021



Attachment G

Sept. FY 2022 Q-1 Investment Report Verbal Report from FOAC Chair – Don DaSaro

Attachment H

Series XI-F Non-taxable Bonds -Debt Service Funded by OT	Campus Location	Original Balance	Balance Bond Balance	Annual Debt	Payoff Date	Payoff Fiscal Year	Bond Length
REFUNDING: Housing, Parking, Dow Center, Portland-Metro Campus	K- Falls & Portland-Metro	\$10,350,000	\$10,350,000	-	July 1, 2036	FY2037	15
REFUNDING: Campus Student-Centered Improvements	K- Falls	360,000	360,000	-	July 1, 2029	FY2030	10
REFUNDING: Housing, Athletics, Portland Metro Campus	K- Falls & Portland-Metro	11,380,000	11,380,000	-	July 1, 2043	FY2044	23
REFUNDING: Housing	K- Falls	355,000	355,000	-	July 1, 2029	FY2030	9
Student Recreation Center	K- Falls	4,305,000	4,175,000	-	July 1, 2039	FY2040	20
REFUNDING: Housing, Geothermal	K- Falls	1,910,000	1,530,000	-	July 1, 2031	FY2032	14
Housing, Geothermal	K- Falls	7,635,000	7,190,000	-	July 1, 2038	FY2039	23
Portland-Metro Campus	Portland-Metro	567,147	72,254	-	July 1, 2023	FY2023	10
REFUNDING: Housing	K- Falls	1,646,057	437,351	-	July 1, 2023	FY2024	10
REFUNDING: Housing, Dow Center	K- Falls	12,305,275	1,428,060	-	July 1, 2023	FY2024	10
Campus Student-Centered Improvements	K- Falls	241,164	25,118	-	July 1, 2023	FY2024	10
Campus Student-Centered Improvements	K- Falls	508,864	97,193	-	July 1, 2022	FY2023	10
Geothermal	K- Falls	388,006	388,006	-	July 1, 2029	FY2030	19
Geothermal	K- Falls	656,136	353,990	-	July 1, 2025	FY2026	16
Campus Student-Centered Improvements	K- Falls	10,741	10,741	-	July 1, 2021	FY2022	21
Subtotal at FYE 2021⁽¹⁾		<u>\$52,618,390</u>	<u>\$38,152,713</u>	<u>\$1,804,000</u>			
Estimated at FYE 2023			\$35,667,838	\$2,841,333			
Add new Student Housing	K- Falls	\$55,000,000	\$55,000,000	\$3,494,000	July 1, 2052	FY2053	30
Estimated Total at FY 2023		<u>\$107,618,390</u>	<u>\$90,667,838</u>	<u>\$6,335,333</u>			

⁽¹⁾ Includes payment credit for refunding through FY 2022

<u>XI-Q Bonds (Debt Service Funded by the State)</u>							
CEET, Boivin, Cornett, OMIC, Capital Improvement and Renewal	Both	<u>\$86,475,672</u>	<u>\$80,131,903</u>	<u>\$8,026,900</u>			
<u>XI-G Bonds (Debt Service funded by the State)</u> ⁽²⁾							
Boivin, CEET, Dow, Coronett, Geothermal	K- Falls	<u>\$12,818,457</u>	<u>\$11,568,707</u>	<u>\$1,177,000</u>			

⁽²⁾ Requires initial University match

Attachment I

BOARD OF TRUSTEES PRESENTATION / 11-18-2021



Oregon Tech's - Capital Projects Update

Thom Darrah | Director of Facilities & Capital Planning

Attachment J

Oregon Tech COVID-19 Funds- Tracking Document

Source	Funding Program for Institutions	Amount
Federal Government/Department of Education	HEERF I CARES Act	\$903,636
	HEERF II - CRRSAA	3,241,539
	HEERF III - ARPA	<u>3,599,859</u>
Total Institutional Funds Awarded		<u>\$7,745,034</u>

PPE spending prior to April 1, 2021	Oregon Tech COVID-19 Relief for Expenses	(556,503)
Safe Campus	#1 Library Student Study Spaces	(150,000)
Class Room Transformation	#3 CEET Classroom Technology	(286,000)
IT infrastructure to Support Education	#4 CEET Building Networking and Wireless	(215,000)
IT infrastructure to Support Education	#6 Dual Modality Class Delivery	(50,000)
IT infrastructure to Support Education	#7 Wireless Upgrades for Klamath Falls	(500,000)
IT infrastructure to Support Education	#8 Microsoft WVD Administrative Software	(43,200)
Class Room Transformation	#9 Classroom Technology Upgrades	(950,000)
Support Remote Learning	#16 CARES Loaner Computers	(10,600)
Support Remote Learning	#17 Gradescope for Remote Assignment Feedback	(4,500)
Oregon Tech	#19 Heartful Editor	(10,000)
Student Excellence	#20 TutorMe Support	(45,500)
Student Excellence	#21 Mathematics Initiative	(140,000)
Class Room Transformation	#25 MLS Microscope Cameras	(30,077)
Class Room Transformation	#26 Respondus Monitor Seats	(5,900)
IT Infrastructure to Support Education	#27 Electronic Signatures for Patient Clinics	(7,701)
Safe Campus	#29 Facilities Custodial Services	(40,000)
Student Excellence	#31 Civitas Advising and Retention CRM	(225,700)
Support Remote Learning	#33 Bandwidth Upgrade Res Hall	(40,000)
Support Remote Learning	#34 Wireless Upgrade Village	(110,000)
Support Remote Learning	#36 Faculty/Staff Communication Devices	(9,600)
Total Institutional Funds Expended		\$ (3,430,281)
Remaining Institutional Funds		<u>\$4,314,753</u>

Source	Funding Program for Students	Amount
Federal Government/Department of Education	HEERF Student	\$3,734,000
Student Financial Support	Emergency Grants	<u>(\$916,229)</u>
Remaining Student Funds	BALANCE	<u>\$2,817,771</u>

Attachment K

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	
2020/2021 Activities	Status
Clery Act	<u>Issued</u> : Included in Board materials
Capital Projects Management	In-progress
Title IX	In-progress
Fixed Assets and Inventory	Scheduled for Spring 2022
Procurement and Contracting	On hold: Tentatively rescheduled for Winter/Spring 2022
Monitor Fraud, Waste, and Abuse Ethics Hotline	Summary below for Board review

The Clery Act: Audit was completed and issued in August 2021. The audit focused 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.

The audit report noted 6 total issues (3 Findings, 1 Observation, and 2 Process Improvement Recommendations).

Internal audits of Capital Projects Management and Title IX were recently started and are in progress in the initial phases. Both projects are anticipated to be completed in early 2022.

Fixed Assets and Inventory is scheduled for Spring of 2022.

The Procurement and Contracting: Audit was originally planned for 2020, but has been delayed due to staffing and workload capacity shortages. It is currently on hold, but we are hoping to get that project back on track in Winter or Spring of 2022.

Since the end of the SPGA audit, IA has also been engaged to assist with the organization of grants and resolving the issues noted in the audit, while the SPGA searches for a new SPGA Director and to ensure active grants are properly tracked. That work is currently underway and will be completed by the end of January 2022.

Fraud, Waste, and Abuse Ethics Line Update:

Fraud, Waste, and Abuse Ethics Line Report Log (Fiscal-year)					
Complaint Source	2018	2019	2020	2021	2022
Hotline	5	6	8	9	0
Direct to IA	0	0	0	0	0
Oregon State Audits Division	0	0	1	0	0

Total	5	6	9	9	0
Issues Resolved					
Resolved	5	6	9	9	0
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 shown with dates representing fiscal years.

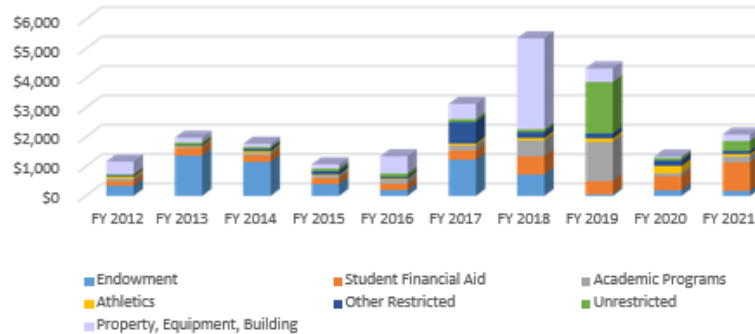
During fiscal year 2021 there were nine total cases submitted through the Oregon Tech Hotline. All cases have been reviewed, resolved, and closed.

There have been no new case submissions since the start of fiscal year 2022.

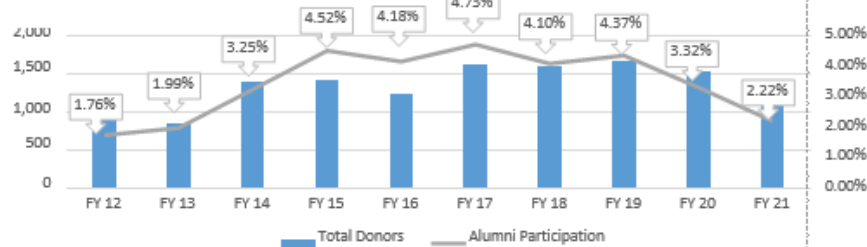
OREGON TECH FOUNDATION TRUSTEE DASHBOARD FOR FISCAL YEAR 2021

FUNDRAISING / CONTRIBUTIONS

Contributions - Total Giving by Purpose (in 1000s)

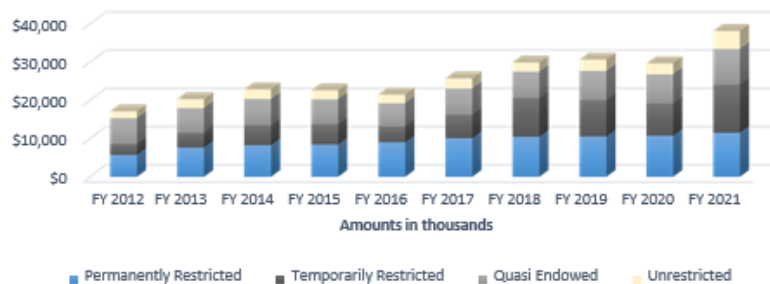


TOTAL DONORS & ALUMNI PARTICIPATION



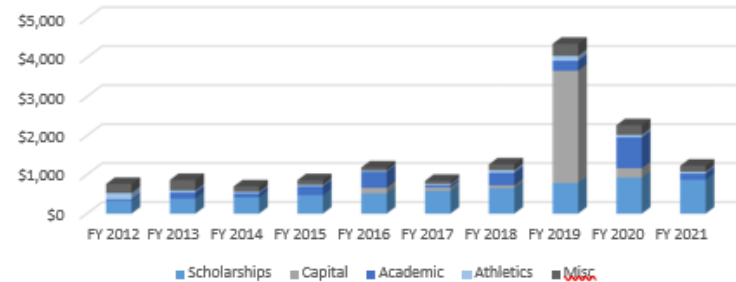
NET ASSETS

Net Assets (in 1000s)

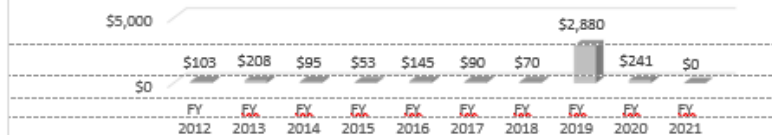


PROGRAM SUPPORT FROM FOUNDATION TO OREGON TECH

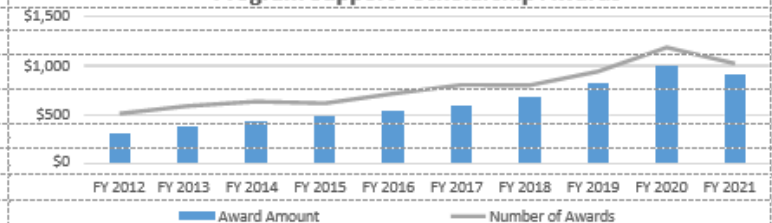
Program Support Excluding Capital (in 1000s)



Program Support - Capital (in 1000s)



Program Support - Scholarship Awards



NET ASSETS

Permanently: donor-imposed restrictions requiring funds to be held in perpetuity. Funds are invested to generate program revenue and endowment growth.

Temporary: donor-imposed restrictions either based on passage of time or fulfillment of a specific purpose. Funds are used to support program expenses per donor wishes.

Quasi-Endowed: a subcategory of unrestricted net assets, these are neither permanently nor temporarily restricted funds and are free of any donor restrictions, however, they have restrictions placed on their use by the board of directors.

Unrestricted: neither permanently nor temporarily restricted gifts and are free of any donor restrictions. Unrestricted includes a partnership investment that is illiquid. The partnership was valued at \$1.8M for FY 2008-2015, \$1.6M for FY 2016-2017, and \$1.1M FY 2018 and beyond.