

Board of Trustees Meeting Agenda

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1. Call to Order/Roll/Declaration of a Quorum (1:30 pm) <i>Chair Jessica Gomez</i>	
2. Reports	
2.1 President (1:35pm) (20 min) <i>President Naganathan</i>	1
2.2 ASOIT (1:55pm) (10 min) <i>Presidents Brie Landis (KF) and Jack Zoucha (PM)</i>	2
2.3 Administrative Council (2:05pm) (10 min) <i>Chair Becky Burkeen – verbal only</i>	
2.4 Strategic Enrollment Management (2:15pm) (15 min) <i>Provost and VP for Academic Affairs and Strategic Enrollment Management Joanna Mott</i>	3
2.5 Faculty Senate (2:30pm) (20 min) <i>President Terri Torres – verbal only</i>	
2.6 Legislative (2:50pm) (5 min) <i>Assistant Director for Government Affairs Kelsey McCauley</i>	4
2.7 COVID-19 <i>Written report only, VP Erin Foley</i>	7
2.8 Academic Quality and Student Success Committee (2:55pm) (5 min) <i>Trustee Jeremy Brown</i>	
2.9 Finance and Facilities Committee (3:00pm) (5 min) <i>Vice Chair Vince Jones</i>	
2.10 Campus Climate Assessment Update (3:05pm) (5 min) <i>Chair Jessica Gomez</i>	
2.11 Executive Committee (3:10pm) (5 min) <i>Chair Jessica Gomez</i>	
3. Consent Agenda (3:15pm) (5 min) <i>Chair Jessica Gomez</i>	
3.1 Approval of the Minutes of the April 7, 2022 Meeting	8
3.2 Approval of the Minutes of the May 13, 2022 Meeting	16
4. Action Items	
4.1 Approve FY 2022-2023 Budget (3:20pm) (45 min) <i>VP John Harman</i>	28
5. Discussion Items – none	
6. Other Matters – none	
7. Public Comment (4:05pm) (15 min)	
8. Adjournment (4:20pm)	

President's Report

Dr. Nagi Naganathan, President

Oregon Tech Board of Trustees - June 2, 2022



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KF-ASOIT
Board of Trustees
June 2022

Brie Landis, ASOIT President

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Attachment A: [May 13, 2022 ASOIT Tuition Update Official Statement](#)

Attachment B: [Shared Governance Res 15-2 Annotated](#)

Attachment C: [Shared Governance Res Clean](#)



PM-ASOIT
Board of Trustees Report

Jack Zoucha, President



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REPORT

Agenda Item No. 2.6

Legislative Update – June 2, 2022

2022 Legislative Session Recap:

The Oregon Legislature adjourned sine die the February legislative session on Friday March 4th 2022 after making large investments in programs targeting homelessness, workforce development, and education. Governor Brown’s “Future Ready Oregon”, a \$200 million workforce development package aimed to connect job seekers to trainings, apprenticeship opportunities, and education programs was approved by the legislature.

Future Ready Oregon will be administered through the [Higher Education Coordinating Commission \(HECC\)](#), Bureau of Labor and Industries (BOLI), and the Department of Education in partnership with local workforce board and community-based organizations. Investments include \$95 million for a new workforce readiness grant program, \$35 million to help low-income workers find jobs in partnership with local workforce development boards, \$20 million to expand apprenticeship programs, and \$10 million to establish benefits navigator positions to help workers navigates available benefits. The HECC is currently working to release funding and applications where appropriate this Spring for the various components of the investment package.

Public Universities were successful in advocating for continuing funding for a second year of Summer Bridge/Strong Start with \$7.5 million distributed to institutions based on individual university programs. Oregon Tech is expected to receive approximately \$430,000 for Strong Start funding for summer of 2022. The Oregon Legislature approved an additional \$30 million in capital improvement and renewal funding to help mitigate the cost escalations from the university capital projects approved by the legislature in 2020 and 2021. This represents approximately half of the identified need across all seven universities for the cost escalation of capital projects. Lastly, \$19 million was invested for the [Oregon Tribal Student Grant](#) which is fully funded for the 2022-2023 academic year. This grant offers cost of attendance awards to students at community colleges and public and private universities who are enrolled members of Oregon’s federally recognized tribes.

The Senate Rules committee held confirmation hearings on February 8th to consider the Governor’s January slate of nominations to various boards and commissions. On February 10th, the full Senate voted to approve these nominees for appointment. New Oregon Tech nominees who were confirmed include Stefan Bird, John Davis, Kanth Gopalpur, and Celia Núñez. They will begin their terms this summer. Oregon Tech reappointments include Vice-Chair Vince Jones, Michele Vitali, and Mike Starr.

Public University Consolidated Funding Request 2023-2025:

Oregon’s Public Universities submitted the [2023-2025 consolidated funding request \(CFR\)](#) to the Higher Education Coordinating Commission on April 20, 2022. The CFR was presented to the

HECC Funding and Achievement subcommittee on May 11th and will be the basis for the HECC Agency Recommended Budget (ARB) that is submitted to the Governor's office to be part of the 2023-2025 Governor's Recommended Budget (GRB).

For the 2023-2025 biennium, the public universities are requesting the university base funding level of \$978 million, 8.67% about the 2021-2023 legislatively approved funding level of \$900 million for the Public University Support Fund (PUSF). This amount was calculated jointly by the public universities to determine what funding level will cover the anticipated cost increases. It includes a continuation of funding for the Benefits navigator positions, required under HB 2835 (2021), but does not include any new investments. Public universities are also requesting an additional \$20 million in continuing funding for the Strong Start/summer bridge programs started in 2020 to offer targeted support services for students transitioning into college during the COVID pandemic. In addition to those funding requests, the public universities are requesting a \$50 million Equity Achievement Investments that will include targeted programming to support diverse student populations tailored at each institution to their own unique student populations.

Public universities are requesting a 10 percent and 10.1 percent increase, respectively, to the University State Programs and Statewide Public Service Programs which includes a base funding increase of 8.67 percent and a funding restoration for both programs from the 2021-2023 biennium funding shortfall. Oregon Tech's Oregon Renewable Energy Center (OREC) receives state funding through the state programs budget. Additionally, Oregon Tech receives funds from the Energy Technology Sustaining Funds (ETSF) to support engineering and technology programs. Universities are requesting a fully funded Sports Lottery program at 1 percent of total lottery revenues. Lastly, public universities are requesting a \$50 million increase in the Oregon Opportunity Grant.

Joint Taskforce On Student Success for Underrepresented Students in Higher Education

The Legislative Taskforce on Underrepresented Students in Higher Education, created under HB 2590 (2021) began its site visits to public universities and community colleges across the state of Oregon at the end of March. The first two site Portland area site visits were held at Portland State University and Mt Hood Community College. Oregon Tech President Dr Nagi Naganathan and ASOIT-PM Vice President Justin Ringle participated in the institutional and community leader roundtable. The Central Oregon site was held virtually on May 31st with participation from Oregon Tech, Oregon State University – Cascades, Central Oregon Community College, Klamath Community College, and Columbia River Community College. The Taskforce is expected to provide policy and funding recommendations to the legislature for the 2023 legislative session.

2022 Governor's Race and General Election Preview:

Oregon held its Primary Election on May 17th ahead of the November 2022 General Election. This included many highly competitive races. For the Governor's race, Democrat Tina Kotek and Republican Christine Drazan will advance to the November General election where they will also compete against former Democratic State Senator, Betsy Johnson who is running as an unaffiliated candidate.

Oregon Tech will see a new Representative for its Klamath Falls campus in January 2023. Representative E. Werner Reschke, who has represented House District 56 since 2018, is running for the redrawn adjacent House District 55 this election cycle. Democrat Jonathan Chenjeri and Republican Emily McIntire had uncontested Primary races and both advanced to the November general election for House District 56. The Portland-Metro campus will have a new Congressional representative since Oregon gained one seat in the U.S. House of Representatives after the 2020 census. Oregon's 6th Congressional District will now include the Portland-Metro campus which will be represented by the winner of the general election race between Democrat Andrea Salinas and Republican Mike Erickson, who won their respective primary races.

In the January 2023 legislative session, nearly two-thirds of the legislature will be comprised of new members due to retirements, current Members running for other elected office, and changes in legislative district maps from the 2021 Redistricting Process. There will also be a dramatic shift in legislative leadership after resignations and retirements of legislative leaders. In January 2022, Representative Dan Rayfield (D-Corvallis) was elected Speaker of the House and Representative Vikki Breese Iverson (R-Prineville) was elected as House Minority Leader. Senate President Peter Courtney announced his retirement from the legislature after the 2022 session. Depending on the outcome of the legislative races in November, either party may gain or lose seats which would also alter the make-up of the legislative and committee leadership for the 2023 legislative session.

June 2022 Revenue Forecast:

The [second quarter revenue forecast](#) was released on May 18th, 2022, and showed a continuation of post-pandemic economic growth. Legislators will have an additional \$427 million for the 2021-2023 biennium than previously expected. A personal kicker of \$3 billion and a corporate kicker of \$931 million are projected for the 2023-2025 biennium. This is the eight consecutive revenue forecast demonstrating revenues exceeding prior fiscal projections and legislative spending.

Staff Recommendation

Report only, no action necessary.



COVID-19 Report to the Oregon Tech Board of Trustees

May 19, 2022

By Erin Foley, Vice President for Student Affairs and COVID-19 Response Lead

The end of winter term brought changes to campus around the COVID requirements that were in place since spring, 2020. With the start of the new term, the face covering requirement ended with a recommendation that anyone at higher risk for COVID personally or due to living with another person(s) with higher risks continue to wear a mask, as well as anyone that chooses to continue to mask up. The start of the term also ended the weekly testing requirement for unvaccinated students and staff. The weekly COVID email to the campus community also ended in March. These changes also have allowed more activities to be held on campus spring term.

Unfortunately, COVID is still on campus this term with the following breakdown of the 40 reported positive cases since March 28 (as of May 19):

- 16 KF students
- 5 PM students
- 1 Salem students
- 18 Employees (all locations)

The current messaging to the Oregon Tech campus is to report to Student Health if symptomatic, test positive for COVID or have an exposure to a COVID positive individual. Additionally, we encourage all campus community members to be up to date with their COVID vaccinations, and special messaging to students living on campus next year to be fully vaccinated. The safety and health of our campus locations remains our highest priority.

The COVID reports since fall 2020 were required under the Governor's Executive Order which ended March 11, 2022. So unless the Board requests otherwise, this will be the last such regular report. Thank you.

Board of Trustees Meeting
DRAFT MINUTES

Trustees Present:

Jessica Gomez, Chair
Jeremy Brown
Tim Hasty
Kathleen Hill

Vince Jones
Jill Mason
Rose McClure
Kelley Minty-Morris

Nagi Naganathan, President
Mike Starr
Michele Vitale
Fred Ziari

Trustees Unable to Attend:

Lisa Graham
Paul Stewart

University Staff and Faculty Present:

Abdy Afjeh, Vice Provost-Research & Academic Affairs
Thomas Cooper, Information Technology Consultant 2
Thom Darrah, Director-Facilities Management Services
Don DaSaro, President-Fiscal Operations Advisory Council
Erin Foley, Vice President & Dean of Students
David Groff, General Counsel & Interim Board Secretary
Pam Grove, Assistant to University General Counsel & Interim Board Secretary
John Harman, Vice President Finance & Administration
Lacey Jarrell, Marketing, Communications & Public Affairs
Tom Keyser, Dean College of Engineering, Technology & Management
Billy Kimmel, ASOIT Officer, Portland-Metro
Kelsey McCauley, Government Relations
Michelle Meyer, Accounting Services Manager
Travis Miller, Information Technology Consultant 2
Michael Moghtader, Academic Advisor-Retention Coordinator – Retention Services
Joanna Mott, Provost & VP of Academic Affairs
Adria Paschal, Senior Executive Assistant to the President
Dan Peterson, Dean College of Health, Arts & Sciences
Mario Segura, Oregon Tech Student
Terri Torres, Faculty Senate President
Bryan Wada, Information Technology Consultant 2
Mason Wichmann, Oregon Tech Student
Hannah Wolf, Oregon Tech Student
Jack Zoucha, ASOIT President, Portland-Metro

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

Chair Gomez called the meeting to order at 1:35pm. The Board Secretary called roll and a quorum was declared.

2. Reports

2.1 **President Naganathan** reviewed his written report included in the agenda packet. He shared the news of Oregon Tech's new Trustees: Stefan Bird, John Davis, Kanth Gopalpur and Celia Nunez, who's terms will begin July 1, 2022. President Naganathan advised that Oregon Tech's Respiratory Program has received continuing accreditation, and the sixth-year accreditation study has been submitted to the Northwest Commission on Colleges and Universities. He advised that the speakers for the June 10, 2022 commencement will be Scott Kelly of Assante (HAS-Klamath Falls, June 10, 2022), Terry Cross (ETM-Klamath Falls, June 11, 2022 and Dr. Elizabeth Steiner Hayward, Senate Chair for the Ways & Means Committee (Portland-Metro, June 12, 2022). President Naganathan discussed the recent study which reports that there are 40% fewer community college students in Oregon which translates to 59,000 fewer students in community colleges; and 17% or 10,000 fewer public university students in Oregon over the last decade. He also reported that the HECC's new strategic roadmap funding formula is causing much concern for Oregon Tech.

2.2 **ASOIT**, *President Brie Landis (KF) and Jack Zoucha (PM)*

KF-ASOIT: **President Brie Landis** reviewed their PowerPoint presentation and reported that ASOIT elections are under way for 2022-2023. They shared that the ASOIT is undergoing officer restructuring, as well as revising position responsibilities. Landis also provided an update on Resolution 15-2 on Shared Governance and that aspects of the AGB report will be incorporated. They discussed lobbying for Higher Education and the ranking of Oregon with respect to public spending on higher education.

PM-ASOIT: **President Jack Zoucha** reviewed his PowerPoint presentation included in the agenda packet and discussed campus involvement and suggestions have been made for events such as Engineer's Week, trivia, hands-on workshops and a Dean's dinner with students, faculty and administration. He also advised that lobbying efforts are underway with members in Wilsonville and surrounding areas to get Oregon Tech Renewable Energy Engineering programs out into the community, such as the Pedestrian Bridge at Willamette River and a traffic study for I-5 Bridge at Willamette River. ASOIT is actively looking for ways to increase state and federal funding and encouraging lobbying the HECC against recent changes to the funding formula. Zoucha addressed the 2022-23 incidental fees, health fees and tuition increases.

2.3 **Faculty Senate Report**, *President Terri Torres*

President Torres reported that she is currently finishing the term of Don McDonald and reported that she's been elected to the position of Faculty Senate President for the next two years. She discussed the progress made in Faculty Senate (FS) with respect to the reorganization of the FS, and reported on her collaboration with the Provost's Office on charges for academic committees. She reported her most important goal for this year is the

non-tenure track promotion policy. The hope is to have this policy in place by fall. According to Dr. Torres, this would affect 23% of Oregon Tech faculty. She reiterated her request for the board to have informal meetings with faculty and students. **Trustee Hasty** asked when the committee charges normally go forward, and **Dr. Torres** responded that it would have to have been last quarter. **Chair Gomez** thanked President Torres for her report and assured her that the board is listening. Chair Gomez thanked President Torres for continuing to be here and striving for engagement, and said we'll be looking for additional ways to help faculty to feel heard.

2.4 **Climate Assessment: Preliminary Review**, *Rich Boyer – Modern Think*

Mr. Boyer advised that his colleague on this project was Diana Wrench, who was also remotely present. He said the Board had put out an RFP to conduct a comprehensive climate assessment to include faculty, staff, students, and potentially other audiences. Boyer reviewed his PowerPoint presentation included in the agenda packet and shared the background and methodology which included the deployment of the survey at the end of February 2022, and over 44 individual interviews with faculty, staff and students. Ultimately, those findings will be integrated into the formal report that will be submitted to the Board. In terms of preliminary findings, Boyer said there were some who suggested early on that some of the issues of climate were a vocal minority of faculty, that were primarily due to the unionization, the strike, or the vote of no confidence. The findings reflect more than just the institutional response to these issues. The sentiment, both positive and negative he characterized as widespread and deeply held. Some of the things heard loud and clear during the interviews, was that today Oregon Tech was not a high trust environment.

Boyer characterized the formal findings in terms of institutional strengths and opportunities. Boyer said strengths include a tremendous sense of connection to mission and connection to students. He said there is appreciation not just for the mission, but the sense of job fit and the ability to do work that is meaningful, and an appreciation for the benefits. Boyer said another strength is individuals' experience with their immediate supervisor, noting that they were collectively among the most positive responses on the survey. On the student side, Boyer reported the thing that most stood out is an appreciation for the faculty interaction. With respect to the mission for academic and career support, there are some foundational strengths on which to build and some real legitimate opportunities.

Boyer said one opportunity for institutional improvement, is increasing awareness of, and support for, vision and values. When people were asked about their awareness of the strategic plan or their ability to articulate any of the number of values, a number of people were unable to respond. Boyer said another opportunity is to address concerns and/or uncertainty regarding the evolution around expectations concerning service, teaching and research, and what that looks like moving forward. He said there are significant leadership concerns; some directed at President Naganathan, some directed at senior leadership, and some directed at the Board of Trustees. Boyer said there is frustration with shared governance, and one of the things that emerges clearly is that there is not a common understanding of shared governance in general, or what the shared governance model is at

Oregon Tech. For many faculty, there is a frustration with what is today the faculty experience relative to what it had been. There is a clear plea for collaboration. He said there are some concerns regarding potential whistleblowers, and whether people feel comfortable speaking up when they see something that they believe is wrong or that is incongruent with the values or perhaps unethical. Boyer said Oregon Tech is at higher risk for more student activism issues.

Boyer said some of the secondary issues include communication and collaboration within and across departments and the institution, greater focus on the well-being of students, faculty and staff, diversity, inclusion and belonging, professional development. He advised that if we want a culture of integrity or a culture of excellence, it is important that our performance management processes be sound and effective.

Boyer said his recommendation is that Oregon Tech needs to be very intentional and very systemic in the post-survey approach. In the coming weeks, Modern Think will be providing its full report to the Board as detailed in the RFP and will continue to work with VP Harman, the committee and Dr. Naganathan in terms of what the path moving forward looks like.

Chair Gomez thanked Mr. Boyer for the presentation of his data. She said it is really important that we move forward, and that this report is used to actually bring Oregon Tech together and create a stronger university and a great environment for all.

2.5 **Coffee with Klamath Falls Faculty**, *Chair Gomez*

Chair Gomez reported on her February 23-24, 2022, meetings with Klamath Falls faculty, which was intended to get a sense of how people were feeling. She reported she met with approximately 60% of the faculty in groups of 2 to 6 faculty at a time and had some productive communication during those meetings. Chair Gomez shared that a few themes that arose, some structural and some cultural in nature. She said one theme was the timing of when faculty jobs are posted, and that Oregon Tech has been out of sync with the typical posting period for quite some time. Other themes included concerns about terminal degree requirements, engineering versus technical, the length of time it takes to do things and some of the challenges with IT, specifically with Heroes software and the complexity of the complex approval processes. Chair Gomez explained that she heard some angst about Oregon Tech's moves to do more applied research and some faculty asked for more information, about how to do this as it's a pretty big shift for Oregon Tech. Chair Gomez said there was also mention of challenges with administration being accessible. She said her hope is the systems get adjusted and we figure out how to make a mature university structure work well for us, so it doesn't feel like it's a hinderance. She said shared governance also came up; and some expressed they were unsure about what this means, and believe there needs to be improved shared governance. She reported some faculty feel as though put in a lot of work, and the administration is not necessarily taking that work into consideration when making decisions. Chair Gomez indicated that this is something that needs to be worked on to assure that if we ask people to work on something they get

feedback as to whether their ideas were taken into consideration during the decision making, and that their work is valued.

Chair Gomez relayed that there were questions about whether decisions are made at the Chair level, Dean, Provost, or President's level. She said we need to work on clarifying some of those decision-making structures.

Chair Gomez said that people are feeling the strain of being short-handed and recognized that Oregon Tech has been trying to fill positions for quite some time. She noted the workforce is a struggle for everyone, and her hope is that some of the changes to the timing of when positions are posted will help with that. She heard from faculty that stressors on the students are at a high point, and that she appreciated that students have open communication with faculty on those issues.

Chair Gomez recognized that during these meetings, some came in a bit unsure of the nature of the meetings, and a bit guarded about talking to her. By the time the meetings were completed, she had been able to have some real conversations about how people were feeling. She thanked all faculty that made the time and effort to participate, and that she hopes to get to Portland-Metro campus and meet with faculty there, as well as students, staff, and administration.

2.6 Academic Quality and Student Success Committee, *Chair Jeremy Brown*

Committee Chair Brown summarized the reports and presentations made at the AQSS Committee meeting, which included a presentation by students Hanna Wolf and Mario Segura and their InventOR contest winning entry, Dean Peterson and Provost Mott's group working on an Academic Strategic Plan, the status of vacancies and the efforts to address the vacancies and searches. He noted the Respiratory Care program has been accredited for ten years and all faculty members who were up for tenure were approved. He said as we emerge from Covid, there are more student activities under way, which will help with a sense of community.

2.7 Finance and Facilities Committee, *Chair Vince Jones*

Committee Chair Jones summarized the Vice President of Finance & Administration's reports, including updates on capital projects, budget performance, revenue and enrollment indicators, invested funds as well as internal and external audit coordination. Chair Jones advised that the committee voted to approve and recommend to the Full Board the request for the 2022-23 Academic year tuition and fees, as well as the request for approval for a reduced scope and modified bond financing authority for construction of a smaller new student housing facility.

2.8 Executive Committee, *Chair Gomez* – See 3.1 below

3. Discussion Items

3.1 Comprehensive Presidential Evaluation, Board Chair Jessica Gomez

Chair Gomez advised that the board policy concerning comprehensive evaluations of the President states this task should be undertaken between year four and five of the President's contract, and we are at the beginning of year five. She shared that she spoke with President Naganathan about this, and we believe it is time to begin the evaluation process. The Executive Committee has been designated to be responsible for this process, and Oregon Tech will bring on a consultant to assist with the process to assure the evaluation is comprehensive and follows best practices. The goal is to complete the evaluation by the first part of June.

Due to scheduling issues, at this point in the meeting **Chair Gomez** asked **Vice Chair Jones** to step in for her and run the remainder of the meeting.

4. Consent Agenda

4.1 Approval of the Minutes of the January 27, 2022 Meeting

No changes voiced. Minutes approved as submitted.

5. Action Items

5.1 Approve 2022-2023 Tuition, VP Harman

VP Harman reviewed his presentation provided during the Finance & Facilities Committee meeting and discussed the role of the Tuition Recommendation Committee (TRC), which is to analyze the budget as well as legislative, scholarship and programmatic information, and collect feedback on tuition scenarios and options. The TRC acted by consensus and 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. VP Harman explained that the TRC recommendation was to increase base tuition and fees by 8.0%, contingent upon the HECC's approval, and if that approval is not forthcoming the increase would be 5.0%. The ASOIT recommendation is to increase base tuition and fees by 5.0%. This is comprised of a 4.6% tuition increase and increasing the health service fees at the Klamath Falls campus to \$195 from \$172 and at the Portland-Metro campus to increase to \$63 from \$43 for students enrolled for the regular academic year. VP Harman explained that the Presidential recommendation to the Board of Trustees is to increase academic year 2022-23 base tuition and fees by 7.0% contingent upon HECC approval, as set out in the Board materials. VP Harman said we have been put in a very difficult position, because although the SSCM formula funding revision was a collaborative process, the numbers changed quite a bit after the revised model was approved by the HECC. What we are really experiencing is no growth in funding from the state to maintain a consistent percentage coverage of expenditures by state revenues in the current year and in FY 2023, whereas other schools got a minimum of about \$3 to \$3.5 million more per year.

VP Harman further explained that Oregon Tech does not want to increase expenses on our students more than necessary and imagines that if we thought enrollment would quickly recover, we could expect the related additional \$3-\$3.5 million in tuition revenue, and we would be in a much different position for FY 2023

Trustee Fred Ziari moved to approve academic year 2022-23 tuition and fees be set in accordance with the President's Tuition Recommendation Memo (Attachment A to Agenda) as follows:

- increase academic year 2022-23 base tuition and fees to 7.0% contingent upon HECC approval.
 - o The increase is comprised of a 6.6% tuition increase and increasing health service fees at the Klamath Falls campus to \$195 from \$172 and at the Portland-Metro campus to \$63 from \$43 for students enrolled for the regular academic year.
- Differential tuition related to Health and Engineering Technology programs shall remain at the current 37% premium on base tuition rates.
- Tuition remissions shall continue at approximately 14% of tuition revenue, and an additional \$200,000 shall be targeted for underserved and disadvantaged students.
- Incidental fees shall remain unchanged at \$397.50 for the Klamath Falls campus and will increase to \$80 from \$50 at the Portland-Metro campus for student enrolled during the regular academic year.
- If HECC approval is not forthcoming at the level approved by the Board, the increase shall be the alternate amount approved by the HECC or 5.0%, whichever is larger.

Trustee Mike Starr seconded the motion. With all trustees present voting, there were 11 ayes, 1 no, and 1 abstention; the motion passed.

5.2 Student Housing, *VP Harman*

VP Harman reviewed his presentation provided during the Finance & Facilities Committee meeting and discussed the reduced scope and modified bond financing authority for construction of a smaller new student housing facility. He explained that in June of 2021, the Legislature approved \$55 million in bonding authority through Article XI-F bonds for Oregon Tech to construct a student housing facility. A recommendation was made to the Board at the July 15, 2021 meeting to approve a resolution on bond issuance for a new student residence hall. The Board authorized acceptance of the \$55 million in bonding authority at that time. Since that time, construction costs have increased on average between 25-30%, which increased original estimated construction costs by an additional \$15-18 million. To maintain the original project scope, Oregon Tech would have to fund the escalation out of existing funds or seek additional bonding authority through the legislature. Neither option is feasible, as Oregon Tech cannot commit \$15 million from existing funds and additional bond debt would financially impair the project. As a result of material changes in key assumptions, the new student housing facility as originally envisioned and approved by the Board is no longer financially viable and requires a revision in project scope.

Trustee Mike Starr moved to approve a modification in Oregon Tech's Article XI-F series bond authority from \$55 million to no more than \$35 million to construct a new housing facility with no less than 500 beds on the Klamath Falls campus and to authorize management to use a portion of auxiliary or general reserves with payments in the start-up years if necessary until occupancy reaches 95%.

Trustee Tim Hasty seconded the motion. With all trustees present voting and 10 voting aye, and 1 no vote, the motion passed unanimously.

6. Reports, continued

6.1 Strategic Enrollment Management, *Provost and VP for Academic Affairs and Strategic Enrollment Management Joanna Mott* – written report only

6.2 AGB Report Review, *Interim Board Secretary David Groff*

Mr. Groff briefly reviewed the Association of Governing Board Association (AGB) report on governance at Oregon universities and highlighted 12 recommendations to university governing boards and universities found at pages 18 and 19 of the report. He suggested reviewing an inventory of practices for boards to consider in addressing engagement with the stakeholders on campuses, found at page 26.

6.3 COVID-19, *Vice President & Dean of Students Erin Foley* – written report only

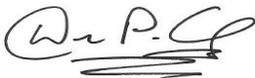
7. Other Business – none.

8. Public Comment

Billy Kimmel identified himself as a Junior in the Renewable Energy Engineering program at Oregon Tech. Mr. Kimmel reminded the board of his last visit and addressed issues about transparency. He said he would like to see the results and data of the climate assessment survey published by the university. Mr. Kimmel said the most common criticism he has heard at this university, is the Deans, Provost, and VP positions do not have enough power to swiftly adapt a change and remove problems for those beneath them. I've also observed a common criticism about the chain of command not being properly followed.

Meeting adjourned at 4:45pm.

Respectfully submitted,



David P. Groff

University General Counsel & Interim Board Secretary

BOARD OF TRUSTEES MEETING
DRAFT MINUTES

Trustees Present:

Jessica Gomez, Chair	Vince Jones	Nagi Naganathan, President
Lisa Graham	Rose McClure	Mike Starr
Tim Hasty	Kelley Minty-Morris	Michele Vitali

University Staff and Faculty Present:

David Groff, General Counsel & Interim Board Secretary
John Harman, VP for Finance & Administration

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

Chair Gomez called the meeting to order at 8:04am. The Secretary called roll and a quorum was declared.

2. Reports - None

3. Consent Agenda - None

Approval of the April 7, 2022 meeting to be submitted at the June 2, 2022 meeting.

4. Action Items

4.1 Request to Approve Revised 2022-23 Academic Year Tuition and Fees

Chair Gomez advised that there is only one action item for this meeting, and it has to do with tuition. She acknowledged that it was tough to approve a higher tuition increase, as recommended by our tuition setting committee. Chair Gomez expressed appreciation for the Board's willingness to consider the increase and to make the right decision for Oregon Tech's financial health, for the students, and for the long-term sustainability of the university. She shared that there has been some good news this past week, and asked President Naganathan to introduce the action item.

President Naganathan thanked the Trustees for taking the time to consider this important request from the administration for the benefit of our students. He reminded the Board that after due process, Oregon Tech's Tuition Recommendation Committee originally recommended an 8% tuition increase earlier this year. After that recommendation, Oregon Tech was informed by the Higher Education Coordinating Committee (HECC) staff that an additional \$340,000 would be provided through the periodic allocation adjustment process. As a result, President Naganathan recommended at the April meeting, that the benefit of this additional funding be given to our students, by

reducing the tuition increase burden from 8% to 7%. At the April Board meeting, after discussion the Board approved this 7% increase with the understanding that the HECC would have to review and approve the increase, since the approved rate was more than 5%. Dr. Naganathan reported since that time, staff members have been continuing their efforts in-house, as well as with their counterparts at the HECC, to better understand the elements of the revised student success completion model. President Naganathan shared that during the course of the last two weeks, Oregon Tech was able to confirm with the HECC staff that the original implementation of the model did not include appropriate and intended cost weights for certain health programs. The HECC staff kindly agreed to implement these changes effective the next fiscal year and going forward, which results in additional permanent dollars for Oregon Tech. Oregon Tech also has written assurance from the HECC that we can count on at least \$1.2 million more for Fiscal Year 2023. He conveyed his deep appreciation to Director Ben Cannon at the HECC for actively listening to Oregon Tech's request, and for working closely with himself and his staff, to arrive at this collaborative solution. President Naganathan expressed his sincere thank you to the HECC Chair Terry Cross and Vice Chair Sandy Rowe for their support in making this revision possible. He also recognized Jim Pinkard, CFO at the HECC and his staff for their kind assistance, and our colleagues at the other six public universities for their unanimous support of this model revision. He acknowledged the outstanding work of Oregon Tech's leadership team and staff, Vice President of Finance & Administration John Harman, Assistant Director of Budget, Anna Clark, Provost Joanna Mott, and Director of Institutional Research Farooq Sultan in Academic Affairs for their dedication and hard work. He acknowledged there are many demands on the restored dollars, and the requested the Board prioritize the use of the additional funding to benefit students by decreasing the tuition increase to 5% instead of the previously approved 7% increase.

VP Harman reminded the Board that the Student Success and Completion Model is the funding allocation model that allocates the greatest portion of Oregon Tech's state funding. It was revised after a collaborative effort between the HECC staff and the seven publicly funded institutions back in approximately November of 2020, and it was approved by the commission at that time. The model demonstrated that Oregon Tech could expect to lose about \$1 million in funding per year because of the restructuring of the model. Oregon Tech felt that as an institution, with our growth we could overcome that. We weren't overly concerned and realized that the model's revision was for the best to assure the best outcomes and activities and our mission. VP Harman explained that when the funding numbers came out for Fiscal Year 2022, the numbers had changed substantially. What had started out as a \$1 million reduction in funding was really a \$3.2 million reduction in funding, or \$6.5 million over the biennium. Oregon Tech was very concerned about this and began to ask questions of our colleagues at the HECC. VP Harman stated that about the same time, the legislature wrapped up its session in June of 2021, and Oregon Tech knew that additional funding would be added to the public universities' support fund. That did in fact happen and an additional \$63 million was added. We anticipated that additional funding would help off-set the loss under the new model, and it did, but only to a certain extent. Oregon Tech still faced the \$2.6 million reduction in funding over the new biennium.

Oregon Tech quickly worked with our colleagues at the HECC to discover and explore what could be leading to that financial outcome, and to also address what could be done in the short run to help cover the loss that we would sustain as an institution. The HECC was very supportive and quickly brought us a solution in collaboration with our peer institutions, to establish what is called a hold-harmless which meant our funding in the current year, fiscal year 2022 would be the same as our funding in Fiscal Year 2021. He explained that this helped Oregon Tech to essentially to buy some time to further study the model with the HECC and understand how Oregon Tech could impact the model, and whether the model was in fact yielding the intended results. We continued through our collaboration with the HECC throughout the year, we gathered additional information and approximately late March it was discovered jointly between Oregon Tech and the HECC that there were certain weights in our allied health programs that had not been applied as intended under the original model developed and finalized by the work group and then subsequently approved by the commission in November 2020. The HECC quickly convened a meeting and recognized the issue and they confirmed that there was a flaw in the application of the model, and they were intent on correcting that but wanted to collaborate with their peer institutions, because this model can impact all institutions if there is a change for any one. He said he is appreciative that our peer institutions and their VPs of Finance & Administration have supported the revision of the model, and all agreed that was the intent and that it needed to be revised to reflect that. VP Harman shared that as a result, the HECC will convene its regular meeting in June to adopt a temporary rule to enact this change in weights for these four different categories. Later in the fall it will adopt a permanent administrative rule to codify that into the structure. VP Harman shared that Oregon Tech can expect to recover about \$1.2 million in funding which is significant for this year's budget. Oregon Tech appreciates the support of our colleagues at the HECC who have been very collegial, specifically Executive Director Ben Cannon and Jim Pinkard, who have been very supportive and helpful throughout the process.

Chair Gomez but commented that VP Harman has been very, very gracious in complementing the HECC, and I think that's wonderful. She advised that without the work of President Naganathan and this team, we would have had a long-term hole in the budget. She recognized all the work, the negotiation with the HECC, the multiple meetings that those involved have worked through to get this outcome. She said this is a fantastic thing for students and for Oregon Tech and thanked everyone for putting in the time and effort. Chair Gomez expressed that because of this this outcome and the tenacity required to make sure that the formula is right, Oregon Tech has been able to work through this in a timely manner, and can now reduce the increase to something that is more manageable for students in the long term, and make sure that we are leaving our university in a good financial position as well.

Trustee Starr stated that after the HECC ran their initial formula, Oregon Tech was \$2.6 million for the biennium below where we forecast Oregon Tech would be. The HECC then decided to do this hold harmless for 2022, which added back the \$340,000, is that correct?

VP Harman explained that it added back about \$2.4 million. One of the confusing things about the formula is we only get 49% the first year, and then we get 51% the second year so you can't really look at them as equal years. There is always have more in the second

year. In Oregon Tech's case, we are actually going to get less in the second year, because the first year put us in a hold harmless capacity from the prior years. Otherwise, the increase would actually turn out to be a decrease.

Trustee Starr explained that what he is trying to understand, is that if the initial funding was \$2.6 million below, and as President Naganathan said we recover \$1.2 million. Where were we before we thought the forecast was \$2.6 million to now?

VP Harman explained that as we initially went through the process, Oregon Tech was expecting about a \$1.1 million funding reduction from the current year going into 2023. We were trying to figure out how do we cover that \$1.1 million reduction. Subsequently, an adjustment for \$343,000 was made back in March before we presented to the Board. When we went to the Board, we were expecting about \$800,000 less in 2023 and 2022. In fact, Oregon Tech is netting about \$1.2 million more than we anticipated we would get from state funding. That's a significant amount, and certainly enough to cover a 2% reduction in the original recommendation for the tuition and fees.

Trustee Starr asked if Oregon Tech is actually positive \$400,000.

VP Harman acknowledged that \$400,000 is correct. He explained that the good thing is that this impacts our base, so when the funding is voted on by the legislature for the next biennium, the base that it is figured in will be higher and should help position us in a much better position with regard to the percentage of funding in our budget.

Trustee Starr clarified that the 4.5% increase in tuition is due to the \$400,000 Oregon Tech received is still 4.5% at least below what the inflation or expansion of what are costs are.

VP Harman explained it is a bit of a swap as we reduce the tuition recommendation, it will be off-set by the increase from the state funding. Oregon Tech will still need to use a portion of the Covid dollars, and a small portion from the reserves to cover our budget. That's primarily because we had an enrollment short-fall this year for the first time in a number of years. Oregon Tech did not project an increase going into 2023 because it's too early to know if we will see an increase in the fall. As of now, it looks like it's flat. Things could change as we get through the summer and more students complete their applications and make deposits.

Trustee Starr asked whether Oregon Tech will come in with a pretty flat net budget on the next proposal with this increase.

VP Harman advised that yes, he believes Oregon Tech will be able to submit a balanced budget, contingent upon using \$3 million in Covid funds and about \$1.5 million in reserve dollars.

Chair Gomez explained that it is a delicate balance, because there are some unknowns in Oregon Tech's budget when we make these decisions. Tuition is set sometimes before we know what the legislature is going to do, and we are always trying to balance these unknowns. We do the very best we can in creating budgets. The hope is that we are good

estimators and aren't being overly optimistic so we don't get ourselves into trouble later on in the second part of the biennium or the last part of the year. When students start to come in, and then we realize maybe admissions aren't what we thought it would be.

Trustee Jones expressed that Oregon Tech still has some work to do here, and the questions that Trustee Starr raised are good questions. The Covid dollars really helped, but as he understands it, that's a one-time allocation. With the Covid dollars, before it was recognized that the calculations were off for the formula, Oregon Tech was looking at taking more dollars from the reserves in order to present a balanced budget. Oregon Tech is now in a position where we still must take dollars from the reserves, but not as much. There's will be this same type of scenario next budget cycle. This year, Oregon Tech was able to close the gap and reduce the tuition increase substantially. Oregon Tech is looking at taking some dollars from reserves, and will find out how to close the gaps as we move forward.

VP Harman responded that is correct Trustee Jones. Oregon Tech is always striving to improve its efficiencies and make certain we are good stewards of the state's money and the students' money, as we administrate the institutions. VP Harman expressed that he is optimistic that enrollment is going to grow. He's also optimistic that Oregon Tech is on the verge of making some important investments with our student housing project. The new housing is going to attract and retain students. He believes that people understand that Oregon Tech is a very viable institution, and that its students are very successful upon graduation.

Trustee Hasty asked whether this is bringing Oregon Tech back to the initial projection. Will this now open up those projects that were put on hold, or are those going to be sidelined further.

VP Harman clarified that in regard to construction, Oregon Tech's construction is funded separately from the funding from our students, or through the state formula. Oregon Tech construction is funded through the state bond program. Depending on the project, sometimes Oregon Tech commits to a match as was done for the Boivin Hall renovations. The vast majority of the funding comes from the state's issuance of Q Bonds and D Bonds. Oregon Tech has already funded the \$1.4 million for the Boivin project. Oregon Tech has submitted three projects, but we won't know the status of those until late in the fall, after they are ranked by the HECC.

Trustee Jones: moved to approve setting of academic year 2022-2023 tuition and fees in accordance with the President's recommendation memo that's attached to the agenda as follows:

- **Reduce Board approved 7% increase in academic year 2022-23 base tuition and fees to 5%.**
 - **The above increase is comprised of a 4.5% tuition increase and increasing the health service fees at Klamath Falls campus to \$195 from \$172 and at the Portland-Metro campus to \$63 from \$43 for students enrolled for the regular academic year.**

- Differential tuition related to Health and Engineering Technology programs shall remain at the current 37% premium on base tuition rates.
- Tuition remissions shall continue at approximately 14% of tuition revenue and an additional \$200,000 shall be targeted for underserved and disadvantaged student.
- Incidental fees shall remain unchanged at \$397.50 for the Klamath Falls campus and will increase to \$80 from 450 at the Portland-Metro campus for student enrolled during the regular academic year, and;
- Finally, the President or his designee is delegated such authority as available under policy and law to make minor and technical adjustments to these proposed rates as necessary to correct mathematical rounding, errors, inconsistencies, or omissions and execute the Board's directives.

Trustee Minty-Morris Seconded the motion. With all trustees present voting and voting aye, the motion passed unanimously.

5. Other Matters - none

6. Adjournment

Meeting adjourned at 8:33am.

Respectfully submitted,



David P. Groff

University General Counsel & Interim Board Secretary

ACTION

Agenda Item No. 4.1

Fiscal Year 2022-23 Oregon Tech All Funds Budget

Background:

Each year, Oregon Tech conducts an extensive and collaborative process in developing the All-Funds Budget for the next fiscal year. The All-Funds Budget includes the Education and General, Auxiliary, Service Operations and Designated Operations Funds budgets. The General Fund (GF) is the primary operating budget for the university. The General Fund budget includes “Special General Fund” budgets which are fee-for-service activities such as clinic revenues and grant indirect charges. Distance Education and Boeing operations are included in the General Fund budget since revenues from these programs are used to support general operations of the university.

The General Fund includes revenues from tuition and fees, state appropriations through the Public University Support Fund (PUSF), Engineering & Technology Sustaining Fund (ETSF) and Oregon Renewable Energy Center (OREC) along with other miscellaneous income. These revenues are used to fund instruction, research administration, public service, academic support, institutional support, student services and facilities operations of the institution.

Auxiliary, Service and Designated operating funds are separate pools of restricted or dedicated resources and are included separately. Auxiliary budgets include student housing operations, campus life, athletics, parking, student health and other various non-core operations. These operations are expected to be self-supporting and maintain balanced budgets throughout the fiscal year.

COVID-19 Implications

The COVID pandemic continued to have an impact on Oregon Tech operations during FY 2021-22, as with nearly every other university across the country. The FY 2021-22 budget required continued spending reductions and operational changes resulting from the pandemic and an enrollment shortfall and related uncertainties concerning revenue and campus operations. Through careful planning and fiscal discipline, Oregon Tech has weathered the worst of the pandemic and has emerged more resilient. Federal COVID relief funds administered through the Higher Education Emergency Relief Funds (HEERF) program have provided some targeted financial relief both for students and universities to address some of the urgent financial, environmental and healthcare challenges caused by the pandemic. Additional federal relief funding is not expected as the pandemic continues to wind down and universities return to more normal operations with in-person classes and the discontinuation of mask and social distancing mandates.

During FY 2021-22, Oregon Tech students received over \$3.3M in federal relief funds distributed as grants through the university. The source of these funds was from the \$3.7M awarded to Oregon Tech through HEERF for students. Oregon Tech administered these funds to students with demonstrated need and were intended to help offset their additional costs related to the pandemic and to improve their ability to stay enrolled and continue their education.

Oregon Tech was allocated \$7.7M in federal funds through the HEERF programs designated for institutional use to help offset revenues lost from state funding reductions, enrollment shortfalls and the decline in auxiliary revenues. These funds were utilized to reimburse the institution for the additional costs of converting to remote

classroom instruction, investing in information technology, personal protective equipment (PPE), training and space reconfigurations to promote social distancing, etc. Oregon Tech has worked to carefully prioritize how these funds are spent to best meet the needs of the University, while also following the federal guidance. Although \$4.7M has been expended or committed for specific projects to date, \$3M remains available to help support the FY 2022-23 budget.

The impact from COVID is expected to continue to dissipate over the summer, but it could be a few years before enrollment has fully recovered. The economic impact on the economy from the pandemic is expected to have lingering effects on higher education as families struggle to recover and resume normal lives.

Process

In developing the FY 2022-23 Budget, the university adhered to a set of budget development principles previously established by the Board of Trustees to ensure fiscal responsibility in developing a realistic budget along with operational efficiencies to position the university for continued success in driving its strategic plan and achieving its mission. These principles were jointly developed between the President, Senior Leadership Team and the Fiscal Operations Advisory Council (FOAC) and are as follows:

- 1) Balance revenue, other resources and expenses within the operating budget
- 2) Prioritize recruiting, retaining, and graduating students to ensure long-term sustainability
- 3) Align programs and initiatives with industry and employer demand
- 4) Invest in faculty, staff, and infrastructure to support student and institutional success
- 5) Use an open and transparent budget development process

A budget process timeline was developed and distributed to the Leadership Team, FOAC and the Board. Because of persistent revenue uncertainties around the final tuition and fees increase and funding from the Higher Education Coordinating Commission (HECC) related to a formula review, some deviation from the original budget planning and development calendar was necessary. The process was designed to meet budget objectives supported by the Board and to involve FOAC in the review and advisory process. See Table 1 below.

Table 1

<u>FY 2022-23 Budget Original Development Calendar (with modifications)</u>	
December, 2021	Budget template development starts
January, 2022	Budget Office provides budget training as needed
January, 2022	TRC meetings #1 and #2
January, 2022	Senior Leadership determines cut/investment strategy
January, 2022	Template preparation complete
February, 2022	2022 Legislative short session begins
February, 2022	Budget Office distributes budget templates
February, 2022	TRC meetings #3, #4 and 2 student forums held
February, 2022	Targets available to departments (moved to May)
March, 2022	Budgets due to Budget Office (moved to May)
March, 2022	Budget Office reviews templates (moved to May)
April, 2022	FOAC reviews/makes recommendation to President (moved to May)
April, 2022	Board Meeting - FY 2022-23 Tuition & Fees
April, 2022	Senior Leadership reviews budget (moved to May)
June, 2022	Board Meeting - FY 2022-23 Budget Review and Approval
June, 2022	Board Approved Budget loaded to finance system

Budget Assumptions

The following assumptions were used in establishing the FY 2022-23 General Fund budget:

Revenues:

1. The Tuition Recommendation Committee (TRC) recommended an 8% increase in FY 2022-23 base tuition and fees. The President subsequently reduced the recommendation advanced to the Board in April to 7%, based on an a projected \$343K in additional revenue for FY 2022-23 resulting from a correction in the Student Success and Completion Model (SSCM) communicated by HECC on March 15, 2022. The Board of Trustees approved the recommendation for a 7% base tuition and fees increase at its April 7, 2022 meeting, contingent upon approval by the HECC, as required by statute because the amount of the increase exceeded 5%. Prior to the scheduled appearance by Oregon Tech at the HECC to seek permission to proceed with a 7% increase in base tuition and fees, the HECC agreed to modify selected allied health program weights in the SSCM model. This modification was estimated by HECC to yield an additional \$1.2M in funding through the SSCM for Oregon Tech in FY 2022-23. This development eliminated the need for Oregon Tech to pursue approval from HECC for a 7% increase in base tuition and fees. At a special meeting of the Board on May 13, 2022, the Board approved a revised base tuition and fees request of 5% for FY 2022-23 as presented by the president. The increase was comprised of a 4.5% increase for base tuition, 0.05 % increase for fees and no increase in differential tuition and is budgeted for FY 2022-23.
2. Fee remissions are budgeted to remain at approximately 14% of gross tuition, along with an additional \$200K targeted for under-represented and disadvantaged students which was approved by the Board.
3. State appropriations were budgeted using the revised SSCM calculation provided by the HECC on March 15, 2022 plus the estimated additional \$1.2M allocation confirmed by HECC on May 6, 2022 related to modified weights for selected allied health programs and assumes the PUSF remains funded at \$900M for the 2021-23 biennium.
4. Enrollment is assumed to be flat, at about 8% less than budgeted for FY 2021-22, and is consistent with assumptions used during the TRC process. While new freshman deposit trends are encouraging and student retention remains strong, overall enrollment is not expected to increase in FY 2022-23.

Table 2

State Revenue Allocations					
	<u>Biennium</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>\$ Variance</u>	<u>% Variance</u>
Public University Support Fund	\$60,985,957	\$30,282,842	\$30,703,115	\$420,273	1.4%
Engineering Technology Support Fund	2,246,747	1,102,082	1,144,665	42,583	3.9%
Oregon Renewable Energy Center	558,503	273,667	284,836	11,169	4.1%
State Energy Loan Program	267,072	133,536	133,536	-	0.0%
Benefits Navigator	233,450	115,000	118,450	3,450	3.0%
Applied Computing and Rural Health Initiatives	5,500,000	5,500,000	=	(5,500,000)	-100.0%
Total	\$69,791,729	\$37,407,127	\$32,384,602	(\$5,022,525)	-13.4%

Expenses and Budget Targets:

1. PERS rates are adjusted at the onset of the first fiscal year of a biennium. For the 2021-23 biennium, PERS rates were expected to increase by 6.6%. Other payroll expenses are expected to increase in relation to increasing salaries during FY 2022-23.
2. FY 2022-23 budgeted base salaries and other payroll expenditures (OPE) for Association of America University Professors (OT-AAUP) faculty increased over the prior year budget by the amount of negotiated raises for CY 2022. Unclassified staff base salaries and OPE are budgeted to increase by as much as 2.0% in CY 2023, contingent upon available funds. Salary pools were budgeted for estimated CY 2023 OT-AAUP faculty and chairs and unclassified staff salary increases.

3. Divisions were given budget goals which included funding for continuing CY 2022 salary increases and estimated increases for FY 2022-23 retirement and healthcare costs. See Table 3 below.
4. Salary recapture of \$2.5M was budgeted and may be swept quarterly from department and division budgets to ensure these funds are spent in support of strategic institutional initiatives and to reach overall budget targets. Salary pools were established for estimated January 2023 faculty, administrative and classified staff adjustments. See Table 4 below.
5. New and ongoing strategic investments, approved in prior years, will continue and a modest operating contingency was established to allow for mid-year adjustments as necessary and will be utilized at the discretion of the President.
6. Special General Fund operations, excluding Boeing and Distance Education, set their own revenue targets and are expected to manage expenses within those revenue targets or adjust expenses downward during the year.

Table 3

FY 2022-23 Oregon Tech Regular General Fund Budget by Division							
Division	FY 2021-22 Adj. Permanent Budget	FY 2022-23 Faculty Adjustments	FY 2022-23 Admin. Adjustments	FY 2022-23 Classified Increases	Other Adjustments	FY 2022-23 Perm Budget	Variance to Prior Fiscal Year
President	\$3,138,404	-	\$11,990	-	(\$804,817)	\$2,345,577	-25.3%
Provost & Academic Affairs	39,120,340	192,953	28,330	159,894	328,262	39,829,779	1.8%
Student Affairs	4,537,256	-	9,004	41,573	(75,860)	4,511,973	-0.6%
Enrollment Management	5,841,996	-	13,197	36,591	-	5,891,784	0.9%
Finance and Administration	13,642,100	-	26,691	185,217	1,093,016 ¹	14,947,024	9.6%
Advancement & Marketing	2,031,888	-	7,876	25,950	27,000	2,092,714	3.0%
Institutional General	3,002,783	=	=	=	=	3,002,783	0.0%
Total	\$71,314,767	\$192,953	\$97,088	\$449,225	\$567,601	\$72,621,634	1.8%

¹ Human Resources is moving from President's Division to Finance and Administration Division in FY 2022-23

Budget Risks

Although the COVID-19 pandemic has subsided, some budget risks remain that could impact the university over the next fiscal year. Although they cannot be quantified, they will be noted and monitored as the year progresses. These include, but are not limited to:

- Continuing public health and possible legal implications related to the pandemic
- Achieving enrollment, housing, student services, research and clinical activities targets
- Changing federal monetary policy could impact Oregon state economy
- Escalating inflation, labor costs and supply-chain disruptions
- Changes in Oregon tax and lottery revenues could impact higher education funding
- Evolving state priorities and competing demands on resources from other sectors in the economy could impact higher education funding
- Labor relations and other employee impacts stemming from health concerns and economic changes in the university

Table 4

FY 2022-23 Oregon Tech General Fund Budget			
	FY 2021-22	FY 2022-23	Variance to Prior Fiscal Year
Revenue			
State Allocation	\$32,215,454	\$32,384,602	0.5% (1)
Tuition and Fees (less special general funds)	41,891,640	39,290,381	-6.2% (2)
Tuition Remissions	(6,039,143)	(5,346,310)	-11.5%
Additional Targeted Remissions	-	(200,000)	
Other Revenue (less special general funds)	827,627	994,813	
Special General Fund	<u>1,908,372</u>	<u>1,848,613</u>	
Total Revenue	<u>\$70,803,949</u>	<u>\$68,972,099</u>	-2.6%
Expenses			
Beginning Permanent Budget	\$68,992,094	\$72,621,634	5.3%
Salary Recapture	(2,500,000)	(2,500,000)	
Special General Fund Expenses	1,908,372	1,848,613	
Contingency Reserve	419,441	432,923	(3)
Administrative Salary Pool (effective January 1, 2023)	270,914	103,948	
Faculty Salary Pool (effective January 1, 2023)	513,603	279,981	(4)
Classified Salary Pool	460,188	-	
Applied Computing and Rural Health Initiatives	=	5,000,000	(5)
Sub Total Expenses	<u>\$70,064,612</u>	<u>\$77,787,099</u>	11.0%
Strategic Investments			
DICE Director	\$192,399	-	
Portland Metro Academic Advisor	80,059	-	
Portland Metro Grants Business Manager	89,649	-	
CEET Facilities Costs	272,757	-	
Facilities Master Plan	100,000	\$100,000	
Administrative Staff Pay Equity Study	-	100,000	
Faculty Pay Equity Study	-	150,000	
Business Continuity/Disaster Recovery Plan	-	150,000	
Polytechnic Cost Study	-	185,000	
Total Strategic Investments	<u>\$734,864</u>	<u>\$685,000</u>	-6.8%
Total Expenses	<u>\$70,799,476</u>	<u>\$78,472,099</u>	10.8%
Other Resources			
Transfer In - Applied Computing and Rural Health Funds	-	\$5,000,000	(5)
Transfer In - COVID Relief Funds (HEERF)	-	3,000,000	
Reserves	=	1,500,000	
Total Net	<u>\$4,473</u>	<u>\$0</u>	

(1) FY 2021-22 Board Adopted budget was realigned for format changes

(2) Tuition revenue assumes 0% enrollment increase

(3) Contingency fund is 1.3% of new state allocation

(4) FY 2022-23 portion of January 1, 2022 (CY 2022) faculty increases are already in FY 2022-23 division budgets

(5) Special state allocation received in FY 2021-22, but to be expended in FY 2022-23

(6) Strategic investments are contingent upon actual state allocations received in October, 2022

Fund Balance

Oregon Tech is forecasting a yearend surplus for FY 2021-22, primarily resulting from salary savings/recapture related to vacant positions and reduced spending on Supplies and Services. The reserve balance at FYE 2021-22 is expected to total just over \$17M or approximately 23% of forecasted operating revenue, after the transfer-out of about \$5.0M of the original \$5.5M in one-time state funds for applied computing and rural health initiatives received in FY 2021-22, but which will not be fully expended until FY 2022-23. With the recommended FY 2022-23 budget, the ending reserve balance for FY 2022-23 is expected to total \$15.5M or 22% of budgeted operating revenue. This amount falls within the top half of the range that the Board has prescribed as acceptable.

Summary

The state's most recent revenue forecast continues to provide encouraging information about the strength of Oregon's economy. This optimism and confidence supported the state's additional \$63M investment in higher education through the PUSF for the 2021-23 biennium. While Oregon Tech did not initially benefit from this increased funding, its leadership was able to collaborate with the HECC to ensure the SSCM was correctly implemented, beginning with FY 2022-23 allocations, through applying modified weights for select allied health programs as was intended and modeled in the final report from the formula advisory work group and approved by the HECC in November of 2020.

Recommendation:

After review of the proposed FY 2022-23 All-funds Budget and related documents, and with the recommendation from the Finance and Facilities Committee, staff recommends a **Motion to approve the FY 2022-23 All-funds Budget as provided herein.**

Attachments:

Auxiliary, Designated Operations and Service Fund Budget Overview

Attachment

Auxiliary, Designated Operations and Service Fund Budget Overview:

FY 2022-23 Oregon Tech Budget Non-E&G Funds			
	Auxiliary	Designated	Service
Revenues			
Academic Affairs (HAS only)	\$500,000	-	-
Student Affairs	9,917,073	-	-
F&A	2,163,528	20,530	192,000
OMIC	941,525	=	=
Total Revenue	<u>\$13,522,126</u>	<u>\$20,530</u>	<u>\$192,000</u>
Expenses			
Academic Affairs (HAS only)	\$500,000	-	-
Student Affairs	9,992,073	-	-
F&A	2,035,913	20,530	192,000
OMIC	850,975	=	=
Total Expenses	<u>\$13,378,961</u>	<u>\$20,530</u>	<u>\$192,000</u>
Net	<u>\$143,165</u>	<u>\$0</u>	<u>\$0</u>

