

Finance and Facilities Committee also Sitting as the Audit Committee Agenda

	<u>Page</u>
1. Call to Order/Roll/Declaration of a Quorum (8:00am) <i>Chair Vince Jones</i>	
2. Consent Agenda <i>Chair Vince Jones</i>	
2.1 Approve Minutes of the June 2, 2022 Meeting	1
3. Reports	
3.1 Quarterly Finance, Facilities & Audit Update (8:05am) (85 min) <i>VP John Harman</i>	4
3.1.1 FYE 2021-22 Management Report (A)	
3.1.2 FYE 2021-22 Financial Dashboard (B)	
3.1.3 FYE 2021-22 Investments Update (C)	
3.1.4 FY 2022-23 YTD August Management Report (D)	
3.1.6 Briefing on Higher Education Funding in Oregon verbal	
3.1.7 FOAC Update from October Meeting verbal	
3.1.8 FY 2020-21 Single Audit (previously OMB Circular A-133) (E)	16
3.1.9 Q-1 Capital Projects Report (F)	17
3.1.10 Title IX Audit and FY 2022-23 Risk Assessment <i>Trever Campbell,</i> <i>Kernutt Stokes</i>	18
15 Minute Break – Approximately 9:30am	
4. Action Items	
4.1 External Audit Recommendation - Clifton Larson Allen (9:45am) (10 min) <i>VP John Harman</i>	24
4.2 Doctor of Physical Therapy (DPT) Program FY 2022-23 Tuition Recommendation (9:55am) (10 min) <i>VP John Harman</i>	25
5. Discussion Items	
5.1 Facilities Master Plan Update (10:05am) (5 min) <i>VP John Harman</i> (verbal only)	
5.2 Campus Geothermal Infrastructure Report (10:10am) (10 min) <i>VP John Harman</i> (verbal only)	

- 5.3 DPT Research Space at Sky Lakes Medical Center** (10:20am) (5 min) *VP John Harman*
(verbal only)
- 5.4 GF loan to Auxiliaries for emergency CU repairs** (10:25am) (5 min) *VP John Harman*
(verbal only)
- 6. Other Business/New Business** (10:30am) (5 min) *Chair Vince Jones*
- 7. Adjournment** (10:35am)

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

Trustees Present:

Vince Jones, Chair Paul Stewart
Jessica Gomez Michele Vitali

Trustees Unable to Attend:

Mike Starr

Other Trustees in Attendance:

Rose McClure

University Staff and Faculty Present in person:

Abdy Afjeh, Vice Provost-Research & Academic Affairs
Dina Battaglia, Associate Vice Provost Academic Excellence
Trevor Campbell, KernuttStokes, LLC
Kyle Chapman, Associate Professor-Humanities & Social Sciences
Thom Darrah, Director-Facilities Management Services
Don DaSaro, President-Fiscal Operations Advisory Council
Alicia Dillon, Associate Vice President of Finance & Controller
Ken Fincher, Vice President University Advancement
David Groff, General Counsel & Interim Board Secretary
Pam Grove, Assistant to University General Counsel & Interim Board Secretary
John Harman, Vice President Finance & Administration
Tom Keyser, Dean College of Engineering, Technology & Management
Haley Lyons, KernuttStokes, LLC
Kelsey McCauley, Government Relations
Michelle Meyer, Accounting Services Manager-Business Affairs
Joanna Mott, Provost & VP of Academic Affairs
Nagi Naganathan, President
Adria Paschal, Senior Executive Assistant to the President
Dan Peterson, Dean College of Health, Arts & Sciences
Hope Rogers, KernuttStokes, LLC
Bryan Wada, Information Technology Consultant 2
Mason Wichmann, Student

1. **Call to Order/Roll/Declaration of a Quorum** *Chair Vince Jones*
Chair Jones called the meeting to order at 8:06am. The Board Secretary called roll and a quorum was declared.
2. **Consent Agenda** *Chair Vince Jones*
 - 2.1 **Approve Minutes of the April 7, 2022 Meeting**
No changes voiced. Minutes approved as submitted.
3. **Reports**
 - 3.1 **Fiscal Operations Advisory Council** *FOAC President Don DaSaro*
President DeSaro provided a synopsis of the May 16, 2022 meeting, which focused predominantly on FY 2023 budget goals, budget projections and plans to close anticipated deficits, and tuition settings. FOAC also reviewed the strategic investments for the Facilities Master Plan, the Business Continuity and Disaster Recovery Study, and the Compensation Equity Study.
 - 3.2 **Quarterly Finance, Facilities & Audit Update** *VP John Harman*
VP Harman reviewed the quarterly report, which addressed the FY 2022 budget performance, revenue and enrollment indicators, facilities, equipment, a capital projects update, and invested funds, as well as external and internal audit coordination.
 - 3.3 **FY 2021-22 Internal Audit Update** *Haley Lyons and Trever Campbell, Kernutt Stokes*
Trevor Campbell, Hailey Lyons, and Claire Pahlmeyer of **KernuttStokes** (KS) provided a bi-annual Hotline Report. They also advised that Capital Projects Management and Title IX audits are currently under way, with an anticipated completion at the end of fiscal year 2022. The Procurement and Contracting audit and the Fixed Assets & Inventory audits are on hold until current projects are completed. Due to current staffing constraints in the Business Affairs Office (BAO) it has been determined to be impractical to begin auditing this area. KS reported that the 2022/2023 Risk Assessment is underway and nearly completed.
4. **Action Items**
 - 4.1 **Approve 2022-2023 Budget Recommendation to Board** *VP John Harman*
VP Harman reviewed the PowerPoint Presentation included with the agenda packet. He stated that primary sources of funding for Oregon Tech are through the Public University Support Fund (PUSF), the Engineering and Technology Sustaining Fund (ETSF), and the Oregon Renewable Energy Center (OREC). There are also additional funds such as investment earnings, grant cost recovery, clinical revenues, student tuition and fees which makes up about 55% of total funding. VP Harman advised that reliance on considerable forecasting and assumptions, early enrollment projections which drive tuition revenue estimates, uncontrollable medical and retirement costs and long-term organized labor contract commitments are among some of the persistent budget challenges facing Oregon Tech. He stated that Tuition and Fees account for 51% of Oregon Tech's budget, State Allocations account for 45%, and other services account for about 4%. He also said that 68% of our spending is student centric. **Chair Jones** stated that when developing the budget, VP Harman and his team must be agile due to the unknowns when putting

together the budget. For example, having to understand what student enrollment might be, which will affect the funding and the budget. He asked VP Harman how he and his team ensure that they have all information to make the best projections possible for enrollment. **VP Harman** shared that he and his team work closely with Dr. Mott and her team to track enrollment, deposits, and housing numbers, and we also look at trends from previous years. He shared that this year the numbers are encouraging but are not indicating significant growth. However, it is still early, and we may see numbers peak in June and early July. VP Harman stated that we do our best to be as practical and realistic as we can be without being too conservative. We would rather err on the side of conservancy, rather than on the side of being too optimistic.

Trustee Paul Stewart moved to recommend to the full board that the FY 2022-23 all-funds budget as provided be adopted and approved.

Trustee Michelle Vitali seconded the motion. With all trustees present and voting aye, the motion passed unanimously.

5. Discussion Items

5.1 RFP for External Audit Firm *VP John Harman*

VP Harman explained that as an independent public body, Oregon Tech is required to have an annual independent audit of the financial statements for each fiscal year. Additionally, as the recipient of federal funds the Office of Management and budget (OMB) requires an annual compliance audit in accordance with the OMB “Uniform Guidance.” The current independent auditor’s agreement, originating with FYE 2016, expires upon completion of the June 30, 2022 fiscal year end audit. Much of the work for this audit will be performed in the fall of 2022 with the final report expected to be shared with the Board in January 2023. The request for proposal (RFP) will include independent financial audit services, as well as consultative support. Because of the evolving support levels at the University Shared Services (USSE), Oregon Tech will also rely more on the non-attest services of the selected firm to assist in yearend compilation and review procedures in preparation for the work of independent auditors. It is expected that the Agreement for services will be a multi-year agreement.

6. Other Business/New Business *Chair Vince Jones*

None.

7. Adjournment

Chair Jones adjourned the meeting at 9:47am.

Respectfully submitted,



David P. Groff

University General Counsel & Interim Board Secretary



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General Fund Monthly Report

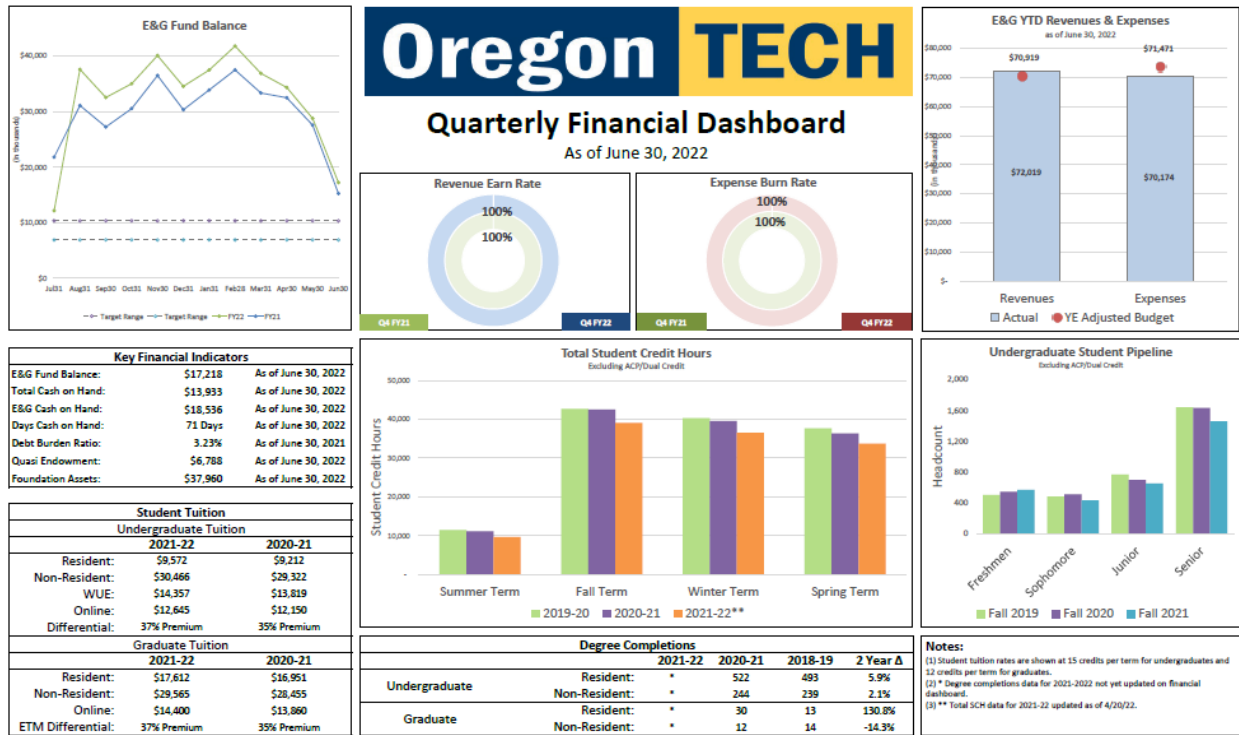
FY 2021-22 Year End (In thousands)

	YTD Comparison		FY 2021-22 Budget & Forecast				Notes
	FY 2020-21 Year End Actuals	FY 2021-22 Year End Actuals	FY 2020-21 Year End Actuals	FY 2021-22 Board Adopted Budget (BAB)	FY 2021-22 Adjusted Budget	Actuals to BAB Variance	
Revenue							
State Allocations	\$32,117	\$37,407	\$32,117	\$32,215	\$32,330	\$5,192	(1)
Tuition & Fees	39,575	38,190	39,575	41,882	41,882	(3,692)	(2)
Remissions	(5,296)	(5,837)	(5,296)	(6,039)	(6,039)	202	
Other	2,699	2,259	2,699	2,746	2,746	(487)	
Total Revenue	\$69,094	\$72,019	\$69,094	\$70,804	\$70,919	\$1,115	
Expenses							
Administrative Staff Salary	\$6,776	\$8,204	\$6,776	\$9,046	\$9,257	(\$843)	
Faculty Salary	13,122	12,783	13,122	13,104	13,087	(321)	
Adjunct and Admin/Faculty Other Pay	4,797	3,726	4,797	3,945	3,986	(219)	
Classified	5,481	5,838	5,481	6,270	6,327	(432)	
Student	656	755	656	980	981	(225)	
GTA	68	74	68	121	121	(47)	
OPE	16,756	17,207	16,756	18,260	18,571	(1,053)	
Total Labor Expense	\$47,656	\$48,588	\$47,656	\$51,727	\$52,329	(\$3,140)	(1)
Service & Supplies	\$11,887	\$12,762	\$11,887	\$17,483	\$15,608	(\$4,721)	
Internal Sales	(1,267)	(\$1,272)	(1,267)	(1,317)	(1,317)	45	
Debt Service	2,212	\$631	2,212	1,219	1,301	(588)	(4)
Capital	717	\$153	717	253	601	(100)	
Utilities	1,285	\$1,820	1,285	-	1,369	1,820	(3)
Transfers In	-	-	-	-	-	-	
Transfers Out	1,362	1,433	1,362	1,433	1,433	-	
Total Direct Expense	\$16,196	\$15,527	\$16,196	\$19,072	\$18,995	(\$3,545)	
Total All Expense	\$63,851	\$64,115	\$63,851	\$70,799	\$71,324	(\$5,685)	
Net from Operations before Other Resources (Uses)	\$5,243	\$7,904	\$5,243	\$4	(\$406)	\$7,600	
Other Resources (Uses)							
Transfers In	\$57	\$78	\$57	\$-	\$-	\$78	
Transfer Out	(3,487)	(6,059)	(3,487)	-	(146)	(\$6,059)	(8)
Total Other Resources (Uses)	(\$3,430)	(\$5,981)	(\$3,430)	\$-	(\$146)	(\$5,981)	
Net from Operations	\$1,813	\$1,923	\$1,813	\$4	(\$551)	\$1,919	
Beginning Fund Balance	13,593	15,235	13,593	15,235	15,235	(0)	
Fund Balance Adjustment	(170)	60	(170)	-	-	60	
Ending Fund Balance	\$15,235	\$17,218	\$15,235	\$15,235	\$16,684	\$1,679	
Operating Revenues as % of Fund Balance	22.0%	23.9%	22.0%	21.5%	20.7%		
Ending Cash Balance	\$17,397	\$18,536	\$17,397				

Notes:

- (1) **FY 2021-22 YTD Actuals** - Received full one-time biennial allocation for Center of Excellence in Applied Computing and Rural Health Initiatives in Q1
- (2) **FY 2021-22 Actuals** - Student credit hours are down 6.2% over last academic year. A 1% increase in enrollment for FY 2022 was budgeted.
- (3) **FY 2021-22 Actuals** - Net salary savings is \$5.6M (includes \$2.5M in salary savings originally budgeted)
- (4) **FY 2021-22 Actuals** - One-year reduction in debt service principal due to May 2021 bond refunding
- (5) **FY 2021-22 Adjusted Budget** - Utilities moved from S&S to separate line item
- (6) **FY 2021-22 Actuals** - Transfers out include the following:
 \$5.5M Allocation of Applied Computing and Rural Health Initiatives to be strategically deployed in FY 2022-23
 \$118k Prior biennium state allocation for rapid tooling moved to support grant project, and
 \$350k Support of Athletics' teams travel to national championships

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FY2022 Q4 Investment Report

BACKGROUND

The Oregon Tech (university) investment report for the fourth quarter (Q4) of FY2022 is presented in the following sections:

- **FY2022 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.
- **FY2022 Q4 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the fourth quarter of FY2022 (i.e., April 1 – June 30, 2022).

FY2022 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). As of June 30, 2022, Oregon Tech had \$30.4 million on deposit in the PUF. The PUF decreased 1.0% for the quarter and 2.6% for the fiscal year. The PUF's three-year and five-year average returns were a positive 2.1% and 2.2%, respectively.

The Oregon Short-Term Fund returned 0.2% for the quarter, outperforming its benchmark by 10 basis points. The Core Bond Fund declined 2.3% for the quarter, outperforming its benchmark by 10 basis points. Interest rates resumed their upward climb due to expectations for continued rate increases by the Federal Reserve amid persistently high inflation. While the portfolio management team continues to be concerned about long-term inflation, there are increasing signs of economic weakness pertaining to the slowing housing demand, changing consumer spending behaviors due to food and energy prices, and increasing job layoffs. The Core Bond Fund remains underweight duration and corporate credit while retaining exposure to structured credit, primarily through floating rate bonds.

The PUF investment yield was 0.4% for the quarter and 1.3% for the fiscal year.

The PUF administrator allocated \$30 million of assets into the Core Bond Fund during the quarter and \$150 million of assets during the fiscal year.

Oregon Tech Quasi-Endowment Fund

The Oregon Tech Quasi-Endowment assets decreased 2.5% for the quarter and 6.8% for the fiscal year. The Oregon Intermediate-Term Pool underperformed its benchmark by 10 basis points for the quarter and outperformed its benchmark by 50 basis points for the fiscal year. The Endowment assets were valued at \$6.8 million, as of June 30, 2022.

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Oregon Tech
Investment Summary
as of June 30, 2022
 (Net of Fees)

	Quarter Ended 6/30/2022	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Target
OIT Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.2%	0.6%	0.8%	1.2%	1.6%	1.1%	\$ 14,323,948	47.1%	¹
Benchmark - 91 day T-Bill	0.1%	0.2%	0.1%	0.6%	1.1%	0.6%			
PUF Core Bond Fund	-2.3%	-6.7%	2.7%	0.7%	1.6%	N/A	16,112,070	52.9%	¹
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	-2.4%	-7.3%	0.2%	-0.2%	1.1%	1.4%			
Public University Fund Total Return	-1.0%	-2.6%	1.4%	1.0%	1.7%		<u>\$ 30,436,018</u>	<u>100.0%</u>	
Public University Fund Investment Yield ³	0.4%	1.3%	1.8%	2.1%	2.2%				
OIT Endowment Assets									
Oregon Intermediate-Term Pool	-2.5%	-6.8%	2.9%	0.5%	1.4%	N/A	\$ 6,788,058	100.0%	
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ⁴	-2.4%	-7.3%	-0.2%	-0.5%	0.9%	1.2%			

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 The reported investment yield for the quarter and fiscal year-to-date represent earned yields for the period and are not annualized rates.

⁴ 100% 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

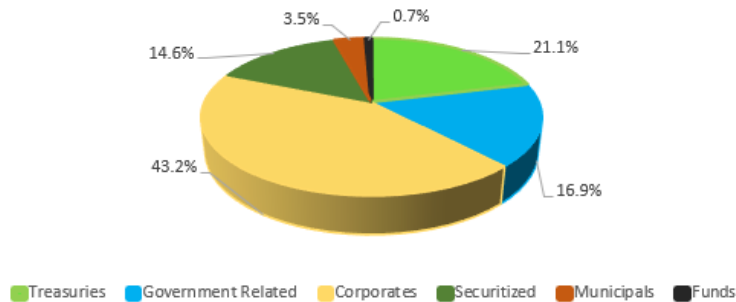
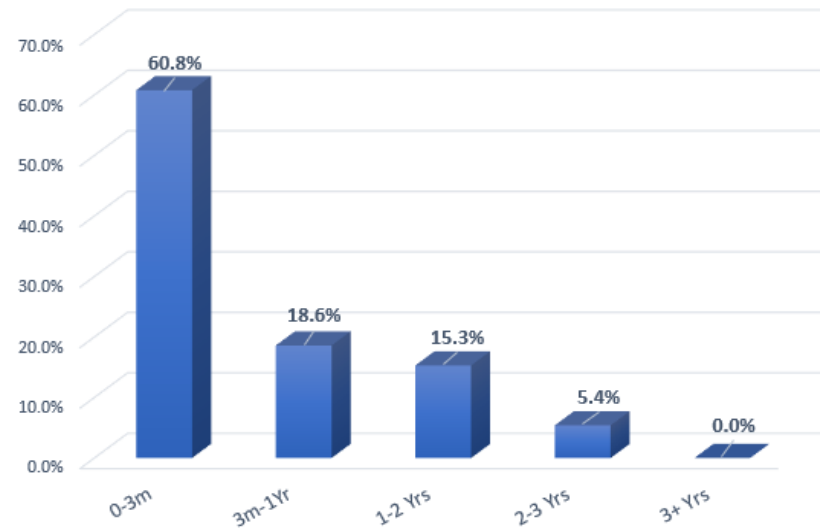
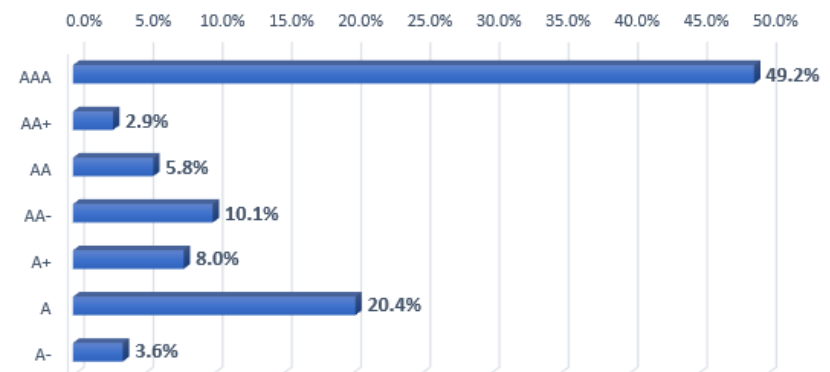
June 30, 2022

Portfolio Characteristics

Market Value 6/30/2022	\$ 286,514,711
Weighted Average Credit Quality	AA
Book Yield (%)	1.38%
Weighted Average Maturity (years)	1.05
Duration (years)	0.51
Spread Duration (rate)	0.79

Top 10 Issuers

United States Treasury	21.4%
Federal Home Loan Banks	4.1%
Canada (Government of)	3.8%
Bank of America Corporation	2.8%
Royal Bank of Canada	2.4%
Federal Farm Credit Banks Funding Corporaton	2.3%
JPMorgan Chase & Company	2.3%
Toyota Motor Corporation	2.2%
Morgan Stanley	2.2%
Goldman Sachs Group Incorporated (The)	2.0%
Total	45.5%

Sector Allocations**Maturity Breakdown****Credit Quality Distribution**

Source: Oregon State Treasury

Core Bond Fund

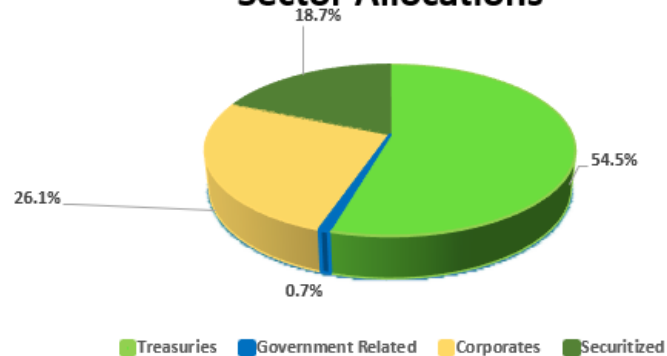
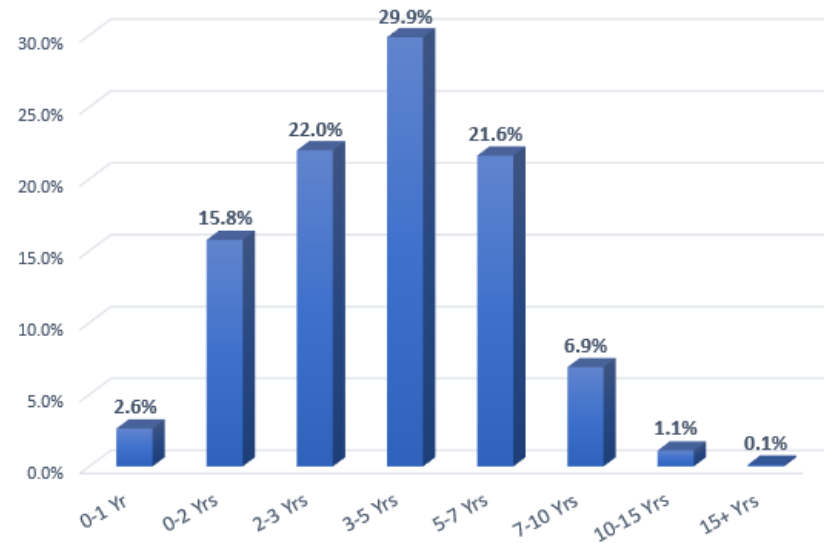
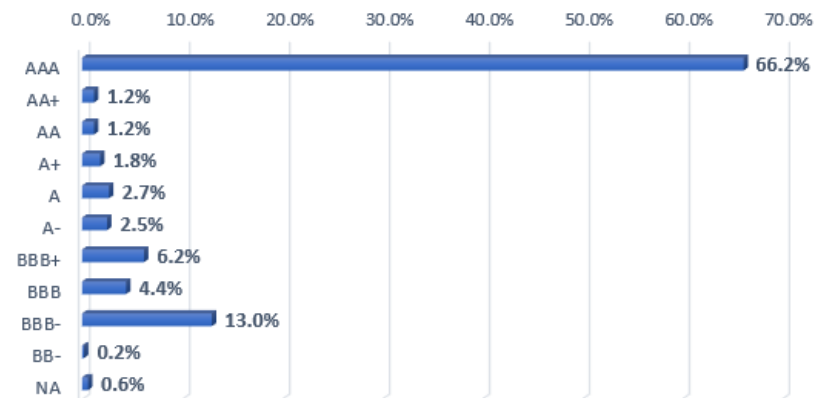
June 30, 2022

Portfolio Characteristics

Market Value 6/30/2022	\$ 322,281,619
Weighted Average Credit Quality	AA
Book Yield (%)	2.85%
Weighted Average Maturity (years)	4.54
Duration (years)	3.80
Spread Duration (rate)	1.71

Top 10 Issuers

United States Treasury	55.9%
Deutsche Telekom AG	4.1%
Oscar US Funding Trust	2.7%
Franklin BSP Lending Corporation	2.4%
Monroe Capital MML	1.8%
Federal National Mortgage Association	1.8%
TRP LLC	1.7%
Sixth Street Specialty Lending Incorporated	1.7%
Fairfax Financial Holdings LTD	1.7%
F&G Global Funding	1.7%
Total	75.5%

Sector Allocations**Maturity Breakdown****Credit Quality Distribution**

Source: Oregon State Treasury

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FY2022 Q4 MARKET COMMENTARY

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

Report on Investments – as of June 30, 2022

Economic and Market Update

Global markets resumed their sell-off in June as inflation surged in the U.S. and Europe.

- In response, the U.S. Federal Reserve increased interest rates 75 basis points (above prior expectations). Markets also repriced the growth outlook downward.
- All major equity indices suffered steep declines in June. Emerging markets proved slightly more resilient than developed markets on a partial re-opening in China from pandemic related lockdowns.
- In a reversal of the prior trend growth stocks outperformed value stocks in June.
- The global bond selloff resumed, as inflation fears and policy expectations weighed on all major bond markets.

Persistently high inflation and the expected policy response, the war in Ukraine, lingering COVID-19 issues, and lockdowns in China will all have considerable economic and financial consequences for the global economy.

Market Returns¹ June 30, 2022

	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	-8.3%	-16.1%	-20.0%	-10.6%	10.6%	11.3%	11.1%	13.0%
MSCI EAFE-ND	-9.3%	-14.5%	-19.6%	-17.8%	1.1%	2.2%	2.7%	5.4%
MSCI EM-ND	-6.6%	-11.4%	-17.6%	-25.3%	0.6%	2.2%	2.8%	3.1%
MSCI China-ND	6.6%	3.4%	-11.3%	-31.8%	-0.6%	2.1%	1.7%	5.5%
Bloomberg US Aggregate	-1.6%	-4.7%	-10.3%	-10.3%	-0.9%	0.9%	1.4%	1.5%
Bloomberg US TIPS	-3.2%	-6.1%	-8.9%	-5.1%	3.0%	3.2%	2.8%	1.7%
Bloomberg US Corporate High Yield	-6.7%	-9.8%	-14.2%	-12.8%	0.2%	2.1%	3.5%	4.5%
ICE BofAML US 3-Month Treasury Bill	0.0%	0.1%	0.1%	0.2%	0.6%	1.1%	0.9%	0.6%
ICE BofAML 1-3 Year US Treasury	-0.6%	-0.5%	-2.8%	-3.3%	0.2%	0.9%	0.8%	0.8%
ICE BofAML 10+ Year US Treasury	-1.0%	-10.9%	-20.0%	-17.4%	-2.6%	0.7%	2.0%	1.7%

¹Source: Oregon State Treasury

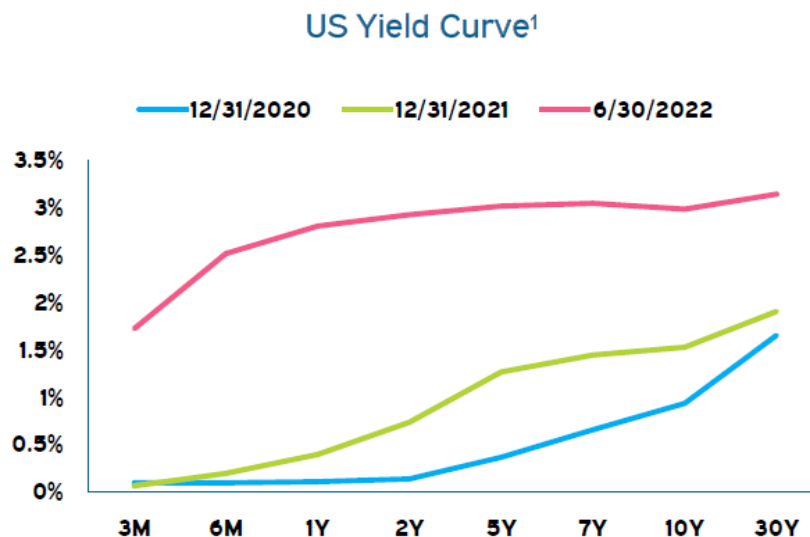
For the quarter and fiscal year, all major asset classes posted negative returns on renewed inflation and economic growth fears, with equities experiencing the largest declines.

U.S. Equities: The S&P 500 experienced steep losses for the quarter and fiscal year, declining 16.1% and 10.6%, respectively. Declines during the quarter were led by the consumer discretionary sector (-26.2%) and the communications sector (-20.7%).

International Equities: The Morgan Stanley Capital International (MSCI) Europe, Australasia and Far East (EAFE) index - declined 14.5% for the quarter and the MSCI Emerging Markets declined 11.4% for the quarter. Non-U.S. developed and emerging market stocks trailed the U.S. for the fiscal year, declining 17.8% and 28.3%, respectively. The war in Ukraine, high inflation, and the likely monetary policy response, and slowing growth continue to weigh on sentiment.

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Fixed Income: The fixed income markets posted historical declines for the fiscal year as the Bloomberg Aggregate Bond Index fell 4.7% for the quarter and 10.3% for the fiscal year. Persistently high inflation readings (CPI) led to renewed inflation fears driving interest rates higher and weighing on the broad U.S. investment grade bond market. The nominal 10-year Treasury yield peaked at 3.47% before declining to 3.01% by month-end, while the 2-year Treasury yield declined from 3.43% to 2.95%. U.S. credit spreads widened, particularly for high yield debt, leading to it having the worst results among bonds for the month.



¹ Source: Bloomberg. Data is as of June 30, 2022.

Rates across the yield curve remain much higher than at the start of the calendar year. In June, rates rose across maturities (particularly short-dated), as markets continue to reflect elevated inflation and rate expectations. The curve continued to flatten in June with the spread between two-year and ten-year Treasuries falling from 30 basis points at the end of May to just 5 basis points by the end of June. Since June month-end, the spread between two-year and ten-year Treasuries became negative, which historically has often signaled a coming recession. Inflation expectations (break-evens) fell further in June on declining growth expectations and anticipated tighter monetary policy. Trailing twelve-month CPI rose in June (9.1% versus 8.6%) and notably came in above expectations. Inflation levels in the U.S. remain well above the long-term average of 2.4%. Rising prices for energy (particularly oil), food, housing, and for new and used cars, remain key drivers of higher inflation.

Global Economic Outlook

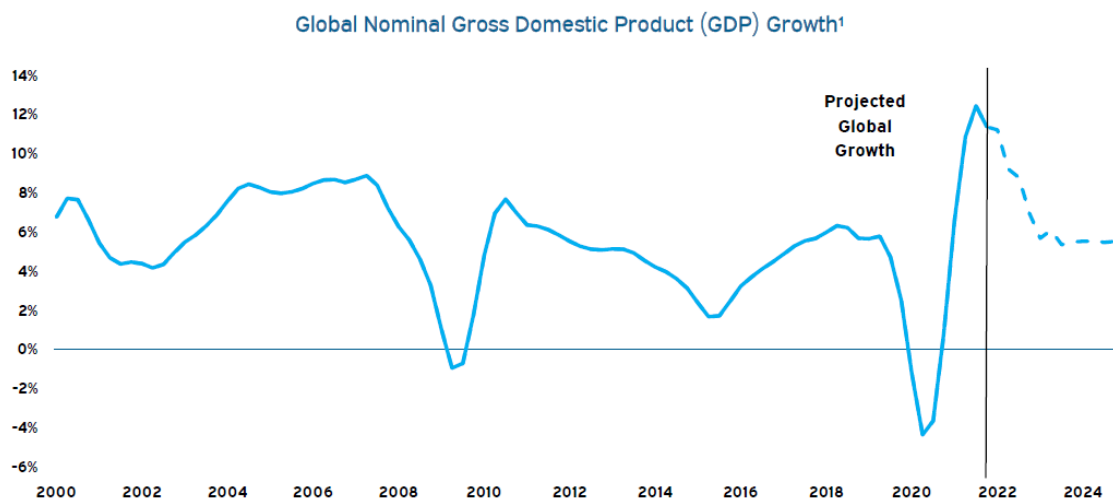
The International Monetary Fund (IMF) significantly lowered global growth forecasts in their latest projections, driven by the economic impacts of the war in Ukraine. The IMF forecasts final global gross domestic products (GDP) growth to come in at 6.1% in calendar year 2021 and 3.6% in calendar year 2022 (0.8% below the prior calendar year 2022 estimate), both still above the past ten-year average of 3.0%. In advanced economies, GDP is projected to increase 3.3% in calendar year 2022 and 2.4% in calendar year 2023. The U.S. has limited economic ties with Russia but saw another downgrade in the calendar year 2022 growth forecast (3.7% versus 4.0%) largely due to policy tightening happening faster than previously expected. The euro area saw a significant downgrade in expected growth (2.8% versus 3.9%) in calendar year 2022 as

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rising energy prices particularly weigh on the region that is a net importer of energy. The Japanese economy is expected to grow 2.4% this calendar year.

Growth projections for emerging markets are higher than developed markets, at 3.8% in calendar year 2022 and 4.4% in calendar year 2023. China's growth was downgraded (4.4% versus 4.8%) for calendar year 2022 given tight COVID-19 restrictions and continued property sector problems. The global inflation forecast was significantly increased for calendar year 2022 (7.4% versus 3.8%).

Global economies are expected to slow in calendar year 2022 compared to calendar year 2021 with fears of potential recessions in areas increasing recently given persistently high inflation and related tighter monetary policy. Looking forward, the delicate balancing act of central banks trying to reduce inflation without dramatically impacting growth will remain key.

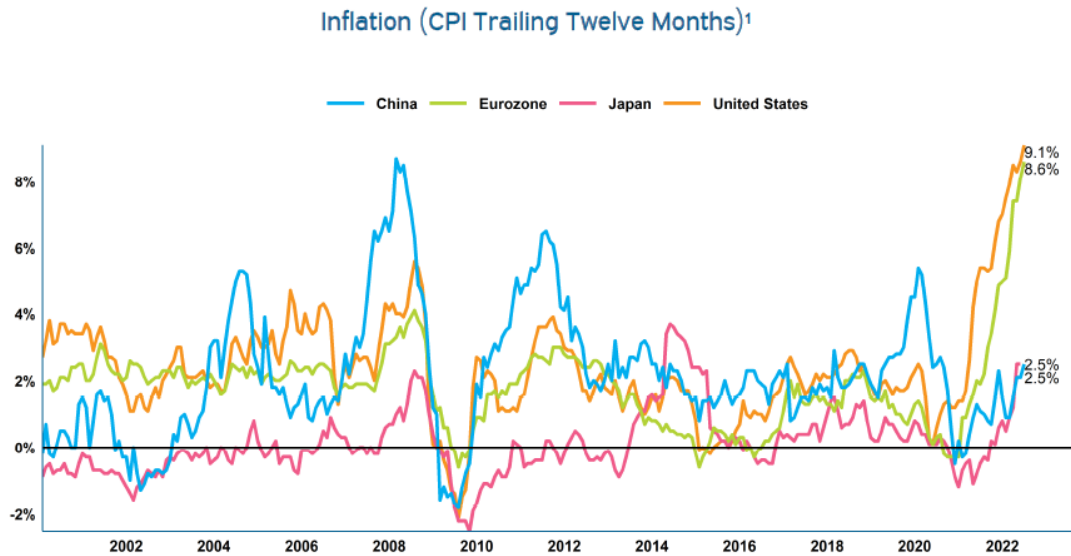


¹ Source: Oxford Economics (World GDP, US\$ prices & PPP exchange rate, nominal, % change YoY. Data is as of June 2022.

After global central banks took extraordinary action to support economies during the pandemic, including policy rate cuts and emergency stimulus through quantitative easing (QE), many are reducing or considering reducing support, in the face of high inflation. The pace of withdrawing support will likely vary across central banks with the U.S. expected to take a more aggressive approach. The risk remains for a policy error, particularly overtightening, as record inflation, the war in Ukraine, and a tough COVID-19 policy in China could suppress global growth. The one notable central bank outlier is China, where the central bank recently lowered rates and reserve requirements in response to slowing growth.

Inflation increased dramatically from the lows of the pandemic, particularly in the U.S. and Eurozone where it has reached levels not seen in decades. Supply issues related to the pandemic, record monetary and fiscal stimulus, strict COVID-19 restrictions in China, and higher prices in many commodities driven by the war in Ukraine have been key drivers of inflation globally.

ATTACHMENT C



As economies have largely reopened, helped by vaccines for the virus, improvements have been seen in the labor market. U.S. unemployment, which experienced the steepest rise from the pandemic, declined back to pre-pandemic levels. The broader measure (U-6) that includes discouraged and underemployed workers declined and is currently at 6.7%.

The US dollar continued higher in June on safe-haven flows, relatively strong growth, and higher interest rates. The euro, yen, and yuan have all experienced significant declines versus the dollar, adding to inflation and slowing growth concerns.

Summary - Key Trends in Calendar 2022:

- The impacts of record high inflation will remain key going forward, with volatility likely to remain high.
- The war in Ukraine has created significant uncertainty, with a wide range of potential outcomes.
- Expect growth to slow globally in calendar year 2022 to the long-term trend or below. Inflation, monetary policy, and the war will all be key.
- The end of many fiscal programs is expected to put the burden of continued growth on consumers. Higher energy and food prices will depress consumers' spending in other areas.
- Monetary policy will likely tighten globally but will remain relatively accommodative. The risk of overtightening policy remains.
- Valuations have significantly declined in the U.S., approaching long-term averages.

Outside the U.S., equity valuations remain lower in both emerging and developed markets, but risks remain, including continued strength in the U.S. dollar, higher inflation particularly weighing on Europe, and China maintaining its

ATTACHMENT D

General Fund Monthly Report FY 2022-23 August (in thousands)

	YTD Comparison		FY 2022-23 Budget & Forecast					Notes
	FY 2021-22 August Actuals	FY 2022-23 August Actuals	FY 2021-22 Year End Actuals	FY 2022-23 Board Adopted Budget (BAB)	FY 2022-23 Adjusted Budget	FY 2022-23 Forecast	Forecast to Budget Variance	
Revenue								
State Allocations	\$16,106	\$11,635	\$37,407	\$32,385	\$32,385	\$ -	\$ -	(1)
Tuition & Fees	14,843	14,814	38,190	39,832	39,832	-	-	
Remissions	(34)	(65)	(5,837)	(5,546)	(5,546)	-	-	
Other	217	307	2,259	2,302	2,302	-	-	
Total Revenue	\$31,132	\$26,691	\$72,019	\$68,972	\$68,972	\$ -	\$ -	
Expenses								
Administrative Staff Salary	\$1,354	\$1,393	\$8,204	\$9,700	\$9,700	\$ -	\$ -	
Faculty Salary	454	418	12,783	14,227	14,227	-	-	
Adjunct and Admin/Faculty Other Pay	718	798	3,726	3,457	3,457	-	-	
Classified	897	1,008	5,838	6,321	6,321	-	-	
Student	77	84	755	1,063	1,063	-	-	
GTA	8	9	74	121	121	-	-	
OPE	2,409	2,417	17,207	19,252	19,252	-	-	
Total Labor Expense	\$5,919	\$6,128	\$48,588	\$54,142	\$54,142	\$ -	\$ -	
Service & Supplies	\$2,687	\$3,872	\$12,762	\$21,463	\$21,463	\$ -	\$ -	
Internal Sales	(218)	(221)	(1,272)	1,335	1,335	-	-	
Debt Service	60	553	631	1,189	1,189	-	-	(2)
Capital	175	19	153	185	185	-	-	
Utilities	144	120	1,820	(1,356)	(1,356)	-	-	
Transfers In	-	-	-	-	-	-	-	
Transfers Out	-	-	1,433	1,462	1,462	-	-	
Total Direct Expense	\$2,847	\$4,344	\$15,527	\$24,279	\$24,279	\$ -	\$ -	
Total All Expense	\$8,766	\$10,472	\$64,115	\$78,421	\$78,421	\$ -	\$ -	
Net from Operations before Other Resources (Uses)	\$22,366	\$16,219	\$7,904	(\$9,449)	(\$9,449)	\$ -	\$ -	
Other Resources (Uses)								
Transfers In	\$ -	\$0	\$78	\$8,000	\$8,000	\$ -	\$ -	
Transfer Out	-	(200)	(6,059)	(51)	(51)	-	-	
Use of Reserve	-	-	-	1,500	1,500	-	-	
Total Other Resources (Uses)	\$ -	(\$200)	(\$5,981)	\$9,449	\$9,449	\$ -	\$ -	
Net from Operations	\$22,366	\$16,019	\$1,923	(\$0)	(\$0)	\$ -	\$ -	
Beginning Fund Balance	15,235	17,218	15,235	17,218	17,218	-	-	
Fund Balance Adjustment	-	-	60	(1,500)	(1,500)	-	-	(3)
Ending Fund Balance	\$37,601	\$33,237	\$17,218	\$15,718	\$15,718	\$ -	\$ -	
Fund Balance as % Operating Revenues	120.8%	124.5%	23.9%	22.8%	22.8%			
Ending Cash Balance	\$75,818	\$71,931	\$18,536					

Notes:

(1) FY 2021-22 YTD Actuals - FY 2021-22 Q1 state allocation included full distribution of \$5.5M for Applied Computing and Rural Health Initiatives

(2) FY 2022-23 YTD Actuals - Debt service higher than FY 2021-22 due to front-loaded savings in FY 2021-22 from May 2021 state bond refinancing

(3) FY 2022-23 BAB & FY 2022-23 Adjusted Budget - "Use of Reserve" adjustment is presented as a separate line item to balance the budget, and therefore is reduced as a "Fund Balance Adjustment" to reflect actual fund balances

OREGON INSTITUTE OF TECHNOLOGY
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

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BOARD OF TRUSTEES / 10.17.2022



Oregon Tech's - Capital Projects Update

Thom Darrah | Director of Facilities & Capital Planning

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KERNUTTSTOKES

Internal Audit Update

October 17, 2022

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Capital Projects Management
Internal Audit Report
June 30, 2022

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Title IX
Internal Audit Report
September 26, 2022

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Internal Audit Plan – 2022/2023

DRAFT
For Discussion Purposes

Control +Click or right click and select “Open Link” on image above to view PowerPoint

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	
Completed Activities	Status
Capital Projects Management	Report included in Board materials
Title IX	Report included in Board materials
2022/2023 Risk Assessment Update & Audit Plan	Draft to Board for Review/Approval
Up-coming Activities	Schedule
Audit projects ~ <i>Based on Board approval:</i> <ul style="list-style-type: none"> • Policy and procedure review: University-wide • Procurement and Contracting – Goods and Services 	To be determined
Prior audit lookback	Planned - Winter 2023
Fraud, Waste, & Abuse Ethics Line Monitoring	Year-round

The internal audit of Capital Projects Management was finalized June 30, 2022. No issues were added or changed since the status was last presented, but management responses and action plans have been included.

The internal audit of Title IX was completed, and the report finalized on September 26, 2022. Fourteen total issues were identified (4 Findings, 5 Observations, and 5 PIRs). Management responses, action plans, and timelines are included in the final report.

The 2022/2023 Risk Assessment has been completed and included in the Board materials for review. IA conducted 13 interviews in the Spring/Summer of 2022 including administration, management, Board, and external auditors. Key risks were identified and grouped into 35 potential risks to the University. Based on the risk assessment, and discussion with University management, IA is recommending two projects for the 2023 fiscal year. In addition, IA will also conduct look-back progress updates on prior audit projects with outstanding action plans and continue monitoring the Fraud, Waste, & Abuse Ethics Line throughout the year.

Fraud, Waste, and Abuse Ethics Line Update:

Fraud, Waste, and Abuse Ethics Line Report Log (Fiscal year)					
Complaint Source	2019	2020	2021	2022	2023
Hotline	7	8	9	4	3
Direct to IA	0	0	0	0	0
Oregon State Audits Division	0	1	0	0	0
Total	7	9	9	4	0
Issues Resolved					
Resolved	7	9	9	4	2
Monitoring	0	0	0	0	0
Open	0	0	0	0	1

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.

There have been seven new case submissions since the last presentation. Four occurred near the end of fiscal year 2022, which have all been investigated, resolved, and closed. Three have occurred since the start of fiscal year 2023. Two have been investigated, resolved, and closed. One is still being investigated at this time.

ACTION

Agenda Item No. 4.1

Request Authorization for Staff to Negotiate and Execute a Multi-year Agreement for Professional Audit Services

Background

As an independent public body, Oregon Tech is required to have an annual independent audit of the financial statements for each fiscal year. Additionally, as the recipient of federal funds, the Office of Management and Budget (OMB) requires an annual compliance audit in accordance with the OMB “Uniform Guidance” (Title 2 CFR Part 200 Subpart F, *Uniform Administrative Requirements, Cost Principles and Requirements for Federal Awards*).

At the June 2, 2022 Board meeting, staff advised that the existing professional audit services agreement, executed on June 23, 2016, expires following completion of the audit of the FYE 2021-22 financial statements. Since a new professional audit services agreement would require compliance with the state public procurement provisions, staff informed the Board that it would proceed with finalizing a statement of work to incorporate into an open request for proposals (RFP). Staff indicated that at the next meeting of the Board, it would request an authorization to negotiate and execute a multi-year agreement for professional audit services with the firm chosen by the RFP selection committee.

Oregon Tech released the RFP in July of 2022 and received proposals from qualified contractors to perform professional audit services. In August, following a review and careful consideration of proposals, the selection committee chose Clifton, Larson, Allen, LLP as the vendor best suited to perform the services outlined in the RFP scope of service.

Staff Recommendation

Staff requests a **Motion to recommend that the full Board authorize staff to negotiate and execute a multi-year Agreement with Clifton Larson, Allen, LLP to provide professional audit services to Oregon Tech, for a term to begin on or about February 1, 2023 and extend to January 31, 2028, with an option for two additional one-year periods thereafter.**

Attachments

- A. [RFP for Audit Services](#)
- B. [Clifton, Larson, Allen, LLC Proposal](#)
- C. [Clifton, Larson, Allen, LLP Cost Schedule](#)

ACTION ITEM

Agenda Item No. 4.2

Request for Approval: Summer Term 2023 Tuition & Fees for Doctor of Physical Therapy Program

Background

The Oregon Tech Board of Trustees is authorized under Oregon Revised Statute (ORS) 352.102 to establish tuition and mandatory enrollment fees each year. Oregon Tech Board Tuition and Mandatory Fees Policy further codifies the University's tuition and mandatory fee setting process.

The Doctor of Physical Therapy (DPT) program is a new Oregon Tech graduate degree program, importantly Oregon Tech's first doctoral program, open to both resident and non-resident students. DPT program tuition and fees were not included in the tuition and fees recommendation submitted for consideration by the Board at its April 7, 2022 meeting. This is because, at that time, it was not anticipated that DPT students may begin classes as early as Summer Term 2023.

The Dean of Health, Arts, and Sciences and the DPT Program Director conducted a regional and state comparative analysis and arrived at the appropriate tuition proposal for the new DPT Program beginning the Summer Term of 2023. The focus of pricing tuition for the new program was on maintaining student affordability and market competitiveness while still appropriately reflecting the value of the program.

Because many professional degree programs, particularly professional doctorate programs, are configured as a cohort, tuition is often established as block tuition where the same amount is charged per term during the 12-month university tuition & fees schedule, rather than by credit hour. As such, and to assist students while comparing program options, the Dean and Program Director applied this concept to arrive at the recommended tuition for Summer Term 2023. President Naganathan has endorsed this proposal in his memo to the Board (Please see Attachment-A).

If the President's recommendation for Summer Term 2023 tuition and fees is approved, in subsequent years, the rate will be subject to change when the Board adopts adjustments to tuition and mandatory fees. With this recommendation, inaugural tuition for the new Oregon Tech DPT program will be competitive with other institutions featuring similar programs within and outside the state and the region.

In accordance with the above, the staff is recommending a **motion** by the Finance and Facilities Committee as follows:

Motion to recommend that the full Board set the Summer Term 2023 Tuition and Fees for the Doctor of Physical Therapy program in accordance with the President's recommendation memo (Attachment A, with the tuition and fees numbers restated below in

Tables 1 &2) and authorize the President or their designee, 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.

Table-1

Oregon Tech New Program Tuition Recommendation		
Doctor of Physical Therapy Klamath Falls Campus		Summer Term 2023 Tuition
	Resident	\$6,942.37
	Non-Resident	\$11,654.49

Table-2

Mandatory Fees approved by the BOT in its April 2022 meeting		
FY 2022-23 Fees		
(Some Fees may be prorated for Summer Term)		
Klamath Falls	Building	\$45.00
	Incidental	\$397.50
	Health Services	\$195.00
	Student Rec Center	\$69.00

Attachments and Additional Information

Attachment A- Tuition Recommendation Memo - President Naganathan

ATTACHMENT A

DPT Program Tuition Recommendation Memo – President Naganathan



Oregon Institute of Technology

OFFICE OF THE PRESIDENT

3201 Campus Drive, Klamath Falls, OR 97601

541.885.1100 (office) 541.885.1101 (fax) www.oit.edu/president

To: Oregon Tech Board of Trustees
From: President Nagi Naganathan
Re: Recommendation for Summer Term 2023 Tuition & Fees for the
Doctor of Physical Therapy (DPT) program
Date: October 10, 2022

As required by statute and Board Policy through this memorandum, I submit my recommendation for Summer Term 2023 tuition and fees for the Doctor of Physical Therapy (DPT) program to the Oregon Tech Board of Trustees.

The DPT is a new Oregon Tech graduate degree program, importantly Oregon Tech's first doctoral program, open to both resident and non-resident students. DPT program tuition and fees were not included in the tuition and fees recommendation submitted for consideration by the Board at its April 7, 2022 meeting. This is because, at that time, it was not anticipated that DPT students may begin classes as early as Summer Term 2023.

The Dean of Health, Arts, and Sciences and the DPT Program Director conducted a regional and state comparative analysis and arrived at the appropriate tuition proposal for the new DPT Program beginning the Summer Term of 2023. The focus of pricing tuition for the new program was on maintaining student affordability and market competitiveness while still appropriately reflecting the value of the program.

Because many professional degree programs, particularly professional doctorate programs, are configured as a cohort, tuition is often established as block tuition where the same amount is charged per term during the 12-month university tuition & fees schedule, rather than by credit hour. As such, and to assist students while comparing program options, the Dean and Program Director applied this concept to arrive at the recommended tuition for Summer Term 2023.

Please see the recommended Summer Term 2023 tuition recommendation in Table-1 below.

Table-1

Oregon Tech New Program Tuition Recommendation		
Doctor of Physical Therapy Klamath Falls Campus		Summer Term 2023 Tuition
	Resident	\$6,942.37
	Non-Resident	\$11,654.49

The Board had already approved mandatory fees for the Klamath Falls campus through Summer Term 2023 at its April 2022 meeting, which is applied to the new DPT program for Summer Term 2023. They are included in Table 2 below for your immediate reference.

Table-2

Mandatory Fees approved by the BOT in its April 2022 meeting		
FY 2022-23 Fees		
(Some fees may be prorated for Summer Term)		
Klamath Falls	Building	\$45.00
	Incidental	\$397.50
	Health Services	\$195.00
	Student Rec Center	\$69.00

After careful consideration and in consultation with the executive staff and members of the university, I am recommending Summer Term 2023 Tuition for the Doctor of Physical Therapy program as outlined in Table-1 above and the Summer Term 2023 Fees for the Doctor of Physical Therapy program as outlined in Table-2 above. Further, I request delegation of authority to the president or their designee, 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.

If this recommendation for Summer Term 2023 tuition and fees is approved by our Board, in subsequent years, the rate will be subject to change when the Board adopts adjustments to tuition and mandatory fees.

With this recommendation, inaugural tuition for the new Oregon Tech DPT program tuition will be competitive with other institutions featuring similar programs within and outside the state and the region. Thank you for your consideration of this recommendation.■

