
BOARD OF TRUSTEES MEETING 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