
Finance and Facilities Committee Agenda

1. **Call to Order/Roll/Declaration of a Quorum** (10:30 am) (5 min) *Chair Vince Jones*
2. **Consent Agenda** (10:35 am) (5 min) *Chair Vince Jones*
 - 2.1 **Approve Minutes of the April 2023 meeting**
3. **Reports**
 - 3.1 **FOAC Report** (10:40 am) (5 min) *Professor Don DaSaro (Verbal only)*
 - 3.2 **Quarterly Finance, Facilities and Audit Report**
 - **3.2.1 FY 2022-23 YTD Management Report (A)** (10:45 am) (10 min)
VP John Harman
 - **3.2.2 Q-3 Financial Dashboard (B)** (10:55 am) (5 min) *VP Harman*
 - **3.2.3 Q-3 Investments Report (C)** (11:00 am) (5 min) *VP Harman*
 - **3.2.4 Q-4 Capital Projects Update (D)** (11:05 am) (10 min) *Director Thom Darrah*
 - **3.2.5 Q-4 Internal Audit Report (E)** (11:15 am) (10 min) *Trever Campbell;
KernuttStokes*
4. **Action Items**
 - 4.1 **FY 24 Budget** (11:25 am) (30 min) *VP Harman*
5. **Discussion Items** (11:55 am) (5 min) *Chair Jones*
6. **Other Business/New Business** (12:00 pm) (15 min) *Chair Jones*
7. **Adjournment** (12:15 pm)

Finance and Facilities Committee
DRAFT Minutes

Trustees Present:

Vince Jones, Chair	Michele Vitali	Dr. Nagi Naganathan (<i>ex officio</i>)
Stefan Bird	Mason Wichmann	Kanth Gopalpur
Mike Starr		

Other Trustees in Attendance:

John Davis

University Staff and Faculty Present in person:

Joanna Mott, Provost and Vice President of Academic Affairs and Strategic Enrollment
Thom Darrah, Director-Facilities Management Services
Don DaSaro, President-Fiscal Operations Advisory Council
Ken Fincher, Vice President University Advancement & Interim Board Secretary
Erin Foley, Vice President of Student Affairs & Dean of Students
David Groff, General Counsel
John Harman, Vice President Finance & Administration
Adria Paschal, Senior Executive Assistant to the President
Lori Garrard, Executive Assistant to the VP of University Advancement
Bryan Wada, Information Technology Consultant 2
Jean Bushong, CLA
Eric Talbot, Soderstrom Architects
Kurt Haapala, Mahlom Architects
Mike Shea, Soderstrom Architects
Don DaSaro, Professor and President of FOAC
Trevor Campbell, KernuttStokes
Bryan Simkanich, CLA
Hope Rogers, KernuttStokes

- 1. Call to Order/Roll/Declaration of a Quorum** *Chair Vince Jones*
Chair Jones called the meeting to order at 8:02 am. The Board Secretary called roll and a quorum was declared.
- 2. Consent Agenda** *Chair Vince Jones*
 - 2.1 Approve Minutes of the January 25, 2023 Meeting**
No changes to minutes voiced. Minutes approved as submitted.

3. Reports

3.1 Fiscal Operations Advisory Council FOAC Professor Don DaSaro (*Verbal only*)

- **Professor DaSaro** advised that the university needs more operating revenue and long-term funding. Tuition and state funding are on a downward trend, and they are the primary sources of funding for the university.
- **Professor DaSaro** stated there was a meeting with Faculty Senate President Torres, VP Harman, and himself to discuss enrollment, and a good conversation occurred with many good ideas.
- **Professor DaSaro** met with senior leadership to share ideas to help increase funding.
- The viability of the geothermal plant was discussed, as well as the maintenance and improvements to the infrastructure of the geothermal system on campus.

3.2 Quarterly Finance, Facilities, and Audit Report

- **VP Harman** shared his presentation and discussed the YTD performance report.

3.2.1 FY 2022-2023 YTD February Management Report (A) *VP John Harman*

- Projections show that reserve funds may not be needed this year to cover expenses. **Trustee Gopalpur** asked if there were deferred expenses. VP Harman advised that it is primarily because of salary savings from unfilled positions. However, we would spend more next year when the positions are filled.

3.2.2 Q-2 Financial Dashboard(B) *VP John Harman*

- The Q-2 FY 2022-23 Quarterly financial dashboard was shared and explained.

3.2.3 Q-2 Investment report (C) *VP John Harman*

- **VP Harman** shared the investment report and performance with the benchmark and advised that we are close to the benchmark and performing well.

3.2.4 Master Facilities Planning Update *Soderstrom Architects*

- Mike Shea from Soderstrom Architects shared his presentation to show the progress of the facilities master plan. There is currently a conditions assessment of all the buildings to create a repair and replacement list for the next 10-15 years as well as the campus infrastructure, including the geothermal system. They have created a site plan for proposed improvements. One priority identified was the front entrance and creating a student services building and parking improvements. Another priority is the dental hygiene clinic. They suggest moving the clinic to Purvine Hall with more space and parking. They also propose improving outdoor space for recreation activities and a banquet facility that could be community-based.
- **Chair Jones** clarified that there has been a need for an updated facilities master plan for several years, which is needed to understand the needs of the Klamath Falls and Portland Metro campuses. He asked Mr. Shea if this was a draft or a progress report. **Shea** advised that this draft is close to being shared with everyone, and there will be a final draft by the end of May 2023. **Shea** addressed the housing need at the Portland Metro

campus, and there is the ability to build housing on-site, and the City of Wilsonville is willing to assist.

- **Chair Jones** addressed the student services building proposal and why the location was chosen. **Shea** explained the importance of the front entrance of the campus and how the student service building would be the official welcome point with support services. **Chair Jones** stated he would like the facilities master plan to be presented to the entire Board.
- **President Naganathan** asked **VP Harman** to talk about how the facilities planning council has been engaged and their interaction with the campus community in the process. **VP Harman** spoke about the collaborative process as well as shared governance as the facilities planning commission is made up of students, faculty, and staff.
- **Chair Davis** asked if there was data on the effect that campus beautification in a master plan has on enrollment and attractiveness of a university for incoming students. **Mike Shea** discussed creating an attractive campus does typically help to attract students and thus, with enrollment.
- **Mike Shea** advised that the next steps are to create drafts and documents that can be used with a 10–15-year timeline.
- **President Naganathan** clarified that the geothermal plant referred to is the power plant, while Oregon Tech’s current year efforts at the State Legislature are about the geothermal infrastructure.

3.2.5 Student Housing Planning Update *Mahlum Architects*

- **Kurt Haapala** from Mahlum Architects shared his presentation regarding the student housing project. There is an Oregon Tech steering committee along with the design team who collaborated on this project.
- **Haapala** shared the proposed sites for the new student housing building and other details for the project.
- The following steps are schematic design, general contractor onboarding, and cost estimating.
- **Chair Jones** asked for background information on Mahlum Architects and other projects they have completed, which Kurt Haapala provided.

3.2.6 Q-3 Capital Projects Update (D) *Director Thom Darrah*

- **Director Thom Darrah** shared his presentation to review projects underway: Boivin Hall Renovation, which is on budget and schedule and will be complete in June 2023; Track/Stadium Renovation is on track to be completed by May 2023; and the OMIC – Additive Innovation Center.
- The new project is the new student housing facility. It is moving into the schematic design phase.
- **Director Darrah** also reviewed the Capital Improvement & Renewal (CIR) projects.

3.2.7 Q-3 Internal Audit Report (E) *Kernutt Stokes*

- **Trever Campbell** and **Hope Rogers** from KernuttStokes presented the internal audit update. Two current projects are being reviewed, procurement and contracting and policy and procedure review. Hope Rogers advised that there was only one issue in procurement and contracting.
- **Trever Campbell** shared the policy and procedure review and advised that the audit will begin in May.
- The Fraud, Waste, and Abuse Ethics Hotline cases have been investigated and resolved.

Action Items

4.1 Academic Year 2023-24 Tuition and Fees Recommendation - *VP John Harman*

- **VP Harman** shared the state and board policy guiding the transparent and collaborative process.
- **Harman** discussed that state funding for higher education is inadequate and other essential factors impacting the budget; he shared expenses, university funding, and the history of tuition costs as factors. As a result, a \$6.8 million spending gap is anticipated, and a resolution to balance the budget must be found.
- The TRC (Tuition Recommendation Committee) recommended a 5% increase in tuition and fee increase. This was also supported by the ASOIT. That will result in a \$163 increase per term for a student taking a course load of 15 hours. VP Harman advised that President Naganathan has recommended a 4.9% increase.
- **Trustee Starr** asked if the cost of living and other economic expenses were considered. **VP Harman** stated that students are very aware of the inflation in Oregon and in higher education institutions.
- **Trustee Gopalpur** was concerned about long-term trends with state funding and a decrease in enrollment. Oregon Tech's most significant expense is labor. **VP Harman** advised that **President Naganathan** has been talking with leadership in the legislature and the governor's office and stated we are being proactive on campus, including hiring visiting instructors where appropriate. The Technical and Regional Universities are also pursuing a sustainability funding effort with Governor Kotek's office.
- **Chair Davis** stated he and **President Naganathan** met with legislators a few weeks ago regarding tuition trends, pointing out the shift in financial burden from the state to the student. Chair Davis also addressed the decrease in enrollment and encouraged all members of the university to take ownership of the situation.
- **President Naganathan** thanked members of the Board for testifying in front of the legislature and encouraged all of them to participate in Polytechnic Pride Day on May 23rd.
- Staff requests a **Motion by the Committee to the full Board that the Academic Year 2023-24 Tuition and Fees be increased by 4.9% in accordance with the President's recommendation** memo 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.

Motion: Mike Starr

Second: Kanth Gopalpur

Roll Call vote: Trustee Jones aye, Trustee Gopalpur, Trustee Starr aye, Trustee Vitali aye, Trustee Wichmann aye, Trustee Bird aye. Motion passes.

4.2 2022 Single Audit and FY 2023 Audit Planning – *Jean Bushong CLA*

- **Jean Bushong** reviewed the single audit at Oregon Tech. Her colleague Bryan Simkanich reviewed the results of the single audit. There were three findings during the audit. They include suspension and debarment, earmarking, and reporting. The earmarking and reporting issues were resolved, but the suspension and debarment were not resolved due to the timing of the corrective action. **Jean Bushong** clarified the timing of the suspension and debarment issue and advised that it is easy to resolve.
- **Jean Bushong** explained the audit process and approach.

After review of the FY 2022 Single Audit Report, staff requests a **Motion to the full Board recommending acceptance of the Oregon Tech FY 2022 Single Audit Report.**

Motion: Trustee Gopalpur

Second: Trustee Vitali

Roll call vote: Trustee Jones aye, Trustee Bird aye, Trustee Gopalpur aye, Trustee Vitali aye, Trustee Wichmann aye.

With all trustees present and voting aye, the motion passed unanimously.

5. Discussion Items *Chair Vince Jones*

None

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

None

7. Adjournment: 10:28 am

REPORT

Agenda Item No. 3.2

Finance, Facilities and Audit: Quarterly Update

Background

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

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

Staff Recommendation

No action required. For information and discussion purposes only.

Attachments

Due to the timing of the June 2023 Board meeting and the related document submission deadline, financial data through the end of the fourth quarter (June 2023) is not yet available. Finance, Facilities and Audit Status Reports include the following Attachments:

- A. FY 2022-23 YTD April Management Report (Item 3.2.1)
- B. Q-3 Financial Dashboard (Item 3.2.2)
- C. Q-3 Investment Report (Item 3.2.3)
- D. Q-4 Capital Projects Report (Item 3.2.4)
- E. Q-4 Internal Auditor Report- *Kernutt-Stokes* (Item 3.2.5)

Attachment A (Item 3.2.1)

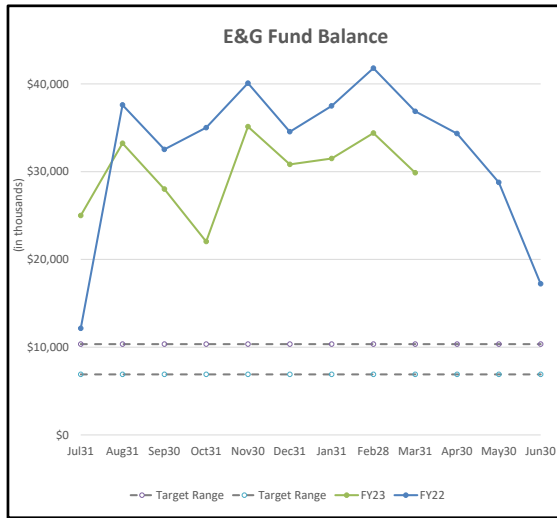
General Fund Monthly Report

FY 2022-23 April (in thousands)

YTD Comparison			FY 2022-23 Budget & Forecast					
	FY 2021-22 April Actuals	FY 2022-23 April 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	Notes
Revenue								
State Allocations	\$37,407	\$33,744	\$37,407	\$32,385	\$32,385	\$33,744	\$1,360	(1)
Tuition & Fees	37,522	37,168	38,190	39,832	39,973	37,708	(2,124)	(2)
Remissions	(5,711)	(6,554)	(5,837)	(5,546)	(5,546)	(6,649)	(1,103)	
Other	1,863	2,646	2,259	2,302	2,156	3,000	698	
Total Revenue	\$71,081	\$67,003	\$72,019	\$68,972	\$68,967	\$67,803	(\$1,169)	
Expenses								
Administrative Staff Salary	\$6,807	\$7,063	\$8,204	\$9,700	\$9,636	\$8,518	(\$1,182)	
Faculty Salary	10,291	10,559	12,783	14,227	14,291	\$13,182	(1,046)	
Adjunct and Admin/Faculty Other Pay	2,583	2,393	3,726	3,457	3,457	\$3,562	105	
Classified	4,854	5,106	5,838	6,321	6,323	\$5,998	(324)	
Student	590	690	755	1,063	1,055	\$842	(221)	
GTA	60	82	74	121	121	\$120	(1)	
OPE	14,319	14,486	17,207	19,252	19,252	17,268	(1,983)	
Total Labor Expense	\$39,505	\$40,380	\$48,588	\$54,142	\$54,136	\$49,490	(\$4,651)	(3)
Service & Supplies	\$9,807	\$11,832	\$12,762	\$21,463	\$21,632	\$14,230	(\$7,233)	(4)
Internal Sales	(1,063)	(1,064)	(1,272)	(1,356)	(1,356)	(1,306)	49	
Debt Service	404	1,420	631	1,189	1,189	1,952	763	(5)
Capital	704	227	153	185	231	350	165	
Utilities	1,274	1,380	1,820	1,335	1,335	1,669	334	
Transfers In	-	-	-	-	-	-	-	
Transfers Out	1,421	1,433	1,433	1,462	1,433	1,433	(29)	
Total Direct Expense	\$12,547	\$15,230	\$15,527	\$24,279	\$24,465	\$18,328	(\$5,951)	
Total All Expense	\$52,051	\$55,609	\$64,115	\$78,421	\$78,601	\$67,819	(\$10,602)	
Net from Operations before Other Resources (Uses)	\$19,030	\$11,394	\$7,904	(\$9,449)	(\$9,633)	(\$16)		(6)
Other Resources (Uses)								
Transfers In	\$73	\$36	\$78	\$8,000	\$8,000	\$48		
Transfer Out	(0)	(340)	(6,059)	(51)	(140)	(340)		
Use of Reserve	-	-	-	1,500	1,500	-		
Total Other Resources (Uses)	\$73	(\$304)	(\$5,981)	\$9,449	\$9,360	(\$292)		(7)
Total from Operations and Other Resources (Uses)	\$19,102	\$11,090	\$1,923	(\$0)	(\$273)	(\$308)		(8)
Beginning Fund Balance	\$15,235	\$17,218	\$15,235	\$17,218	\$17,218	\$17,218		
Fund Balance Adjustment	-	-	60	(1,500)	(1,500)	-		
Ending Fund Balance	\$34,337	\$28,308	\$17,218	\$15,718	\$15,445	\$16,910		
Fund Balance as % Operating Revenues	N/A	N/A	23.9%	22.79%	22.4%	24.9%		
Ending Cash Balance	\$36,121	\$30,359	\$18,536					

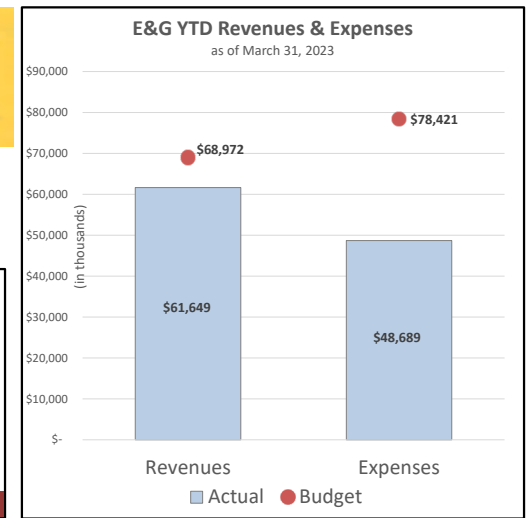
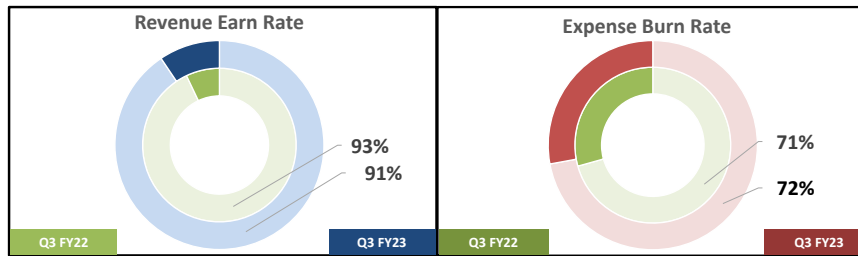
Notes:

- (1) **FY 2022-23 State Allocations Forecast** - State allocation increased by \$1.3M following HECC October 2022 formula corrections and data reconciliation.
- (2) **FY 2022-23 Tuition Forecast** - Reflects impact of unexpected 5.9% enrollment decline (excludes ACP). Flat enrollment was budgeted for FY 2022-23.
- (3) **FY 2022-23 Labor Expense Forecast** - Reflects budgeted positions remaining unfilled along with benefits and other payroll expenditures being less than expected.
- (4) **FY 2022-23 Forecast** - \$5.0M in reduced spending is anticipated from a slower pace of expenditures related to Applied Computing and Rural Health Initiatives. Unexpended Special Item Funds for this initiative were rolled forward from FY 2021-22 and budgeted as a transfer-in for FY 2022-23 as intended from state allocation.
- (5) **FY 2022-23 YTD Actuals** - Debt service is higher than prior year due to front-loaded savings from May 2021 state bond refinancing for improved interest rates.
- (6) **FY 2022-23 Net from Operations before Transfers In and Out Forecast** - Because of reduced spending, the net loss at yearend is forecasted to be less than budgeted.
- (7) **FY 2022-23 Forecast for Use of Non-operating Funds** - Net transfers-in from non-operating resources is expected to be less due to pace of spending in Applied Computing and Rural Health Initiatives and savings in other areas.
- (8) **FY 2022-23 Yearend Forecast** - Trending close to breakeven.



Quarterly Financial Dashboard

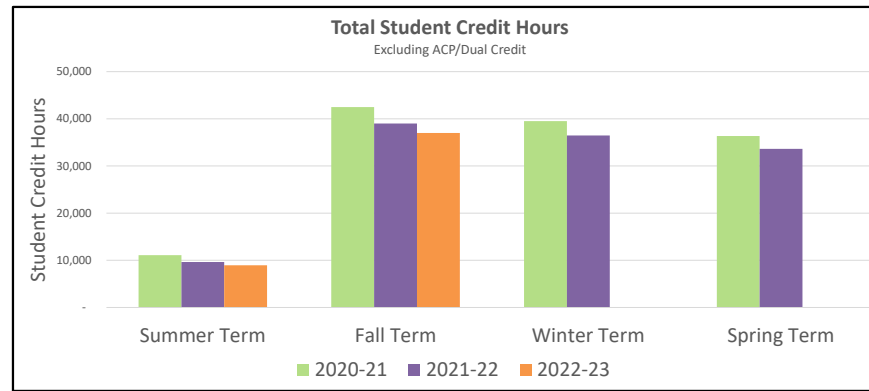
As of March 31, 2023



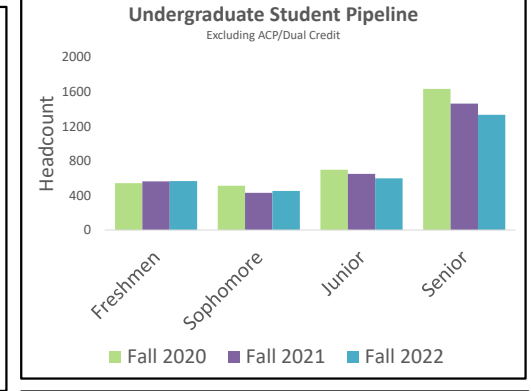
Key Financial Indicators		
E&G Fund Balance:	\$29,874	As of March 31, 2023
Debt Burden Ratio:	3.34%	As of June 30, 2022
Quasi Endowment:	\$6,397	As of Dec 31, 2022
Foundation Assets:	\$37,960	As of June 30, 2022

Student Tuition		
Undergraduate Tuition		
	2022-23	2021-22
Resident:	\$10,002	\$9,572
Non-Resident:	\$31,837	\$30,466
WUE:	\$15,003	\$14,357
Online:	\$13,230	\$12,645
Differential:	37% Premium	37% Premium

Graduate Tuition		
	2022-23	2021-22
Resident:	\$18,404	\$17,612
Non-Resident:	\$30,896	\$29,565
Online (MS-AH):	\$15,048	\$14,400
Online (MS-ET):	\$21,888	\$20,952
Differential:	37% Premium	37% Premium



Degree Completions					
		2021-22	2020-21	2018-19	3 Year Δ
Undergraduate	Resident:	528	522	493	7.1%
	Non-Resident:	236	244	239	-1.3%
Graduate	Resident:	25	30	13	92.3%
	Non-Resident:	16	12	14	14.3%



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

FY2023 Q3 Investment Report

BACKGROUND

The Oregon Tech (university) investment report for the third quarter (Q3) of FY2023 is presented in the following sections:

- **FY2023 Q3 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.
- **FY2023 Q3 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the third quarter of FY2023 (i.e., January 1 – March 31, 2023).

FY2023 Q3 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 March 31, 2023, Oregon Tech had \$41.2 million on deposit in the PUF. The PUF increased 1.9% for the quarter and 1.4% fiscal year-to-date. The PUF's three-year and five-year average returns were 0.4% and 1.9%, respectively.

The Oregon Short-Term Fund returned 0.9% for the quarter, underperforming its benchmark by 20 basis points. The Core Bond Fund increased 2.7% for the quarter, outperforming its benchmark by 40 basis points. The PUF investment yield was 1.0% for the quarter and 2.4% fiscal year-to-date.

The Oregon State Treasury investment officers maintain a conservative positioning in the Core Bond Fund given the investment team's view of a looming recession in the U.S. The portfolio's allocation to corporate credit remains underweight compared to its benchmark (27.7% versus 30.5%). The investment team continues to seek opportunities to extend duration (average portfolio maturity) ahead of any significant risk-off events.

Oregon Tech Quasi-Endowment Fund

The Oregon Tech Quasi-Endowment assets increased 2.7% for the quarter and 1.2% fiscal year-to-date. The Oregon Intermediate-Term Pool outperformed its benchmark by 40 basis points for the quarter and 50 basis points fiscal year-to-date. The Endowment assets were valued at \$6.6 million, as of March 31, 2023.

Attachment C (Item 3.2.3)

Oregon Tech Investment Summary as of March 31, 2023 (Net of Fees)

	Quarter Ended 3/31/2023	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	0.9%	1.9%	0.5%	1.2%	1.7%	1.3%	\$ 14,731,946	35.8%	1
Benchmark - 91 day T-Bill	1.1%	2.4%	0.1%	0.9%	1.4%	0.9%			
PUF Core Bond Fund	2.7%	1.3%	-4.5%	-0.4%	1.9%	N/A	26,426,026	64.2%	1
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	2.3%	0.7%	-5.0%	-1.5%	1.4%	1.4%			
Public University Fund Total Return	1.9%	1.4%	-1.7%	0.4%	1.9%	N/A	<u>\$ 41,157,972</u>	<u>100.0%</u>	
Public University Fund Investment Yield ³	1.0%	2.4%	0.9%	2.2%	2.4%	N/A			
OIT Endowment Assets									
Oregon Intermediate-Term Pool	2.7%	1.2%	-4.5%	-0.2%	N/A	N/A	\$ 6,568,981	100.0%	
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ⁴	2.3%	0.7%	-5.0%	-1.7%	1.1%	1.1%			

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

March 31, 2023

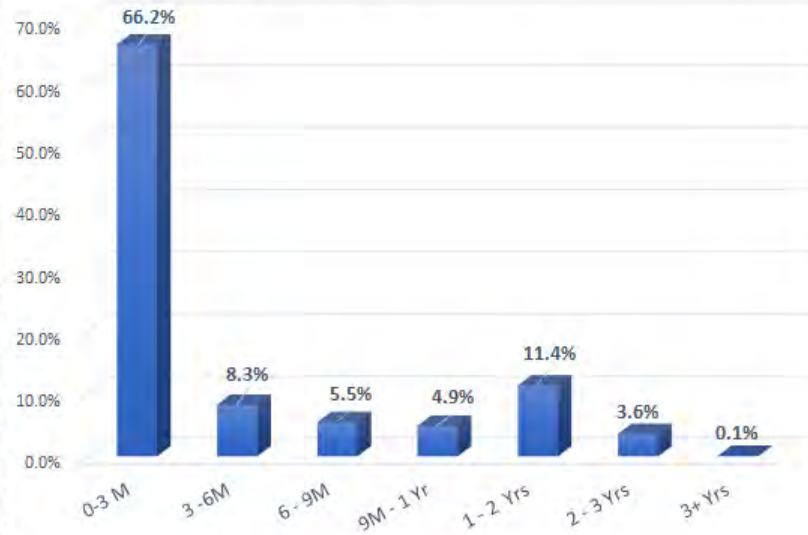
Portfolio Characteristics

Market Value 03/31/2023	\$ 216,004,702
Weighted Average Credit Quality	AA
Book Yield (%)	3.98%
Weighted Average Maturity (years)	146 Days
Duration (years)	0.41
Spread Duration (rate)	0.64

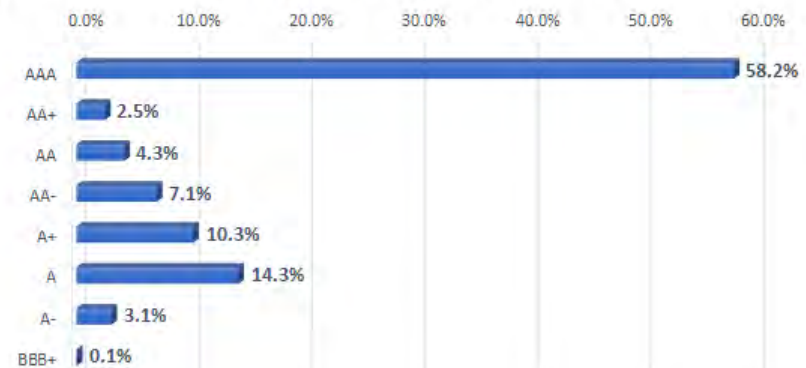
Top 10 Issuers

United States Treasury	31.9%
Federal Home Loan Banks	3.4%
JPMorgan Chase & Company	2.9%
Royal Bank of Canada	2.5%
CPPIB Capital Incorporated	2.3%
Bank of America Corporation	2.2%
Toyota Motor Credit Corporation	1.7%
Morgan Stanley	1.7%
Export Development Canada	1.4%
Federal Farm Credit Banks Funding Corporation	1.4%
Total	51.4%

Maturity Breakdown



Credit Quality Distribution



Sector Allocations



Source: Oregon State Treasury

Core Bond Fund

March 31, 2023

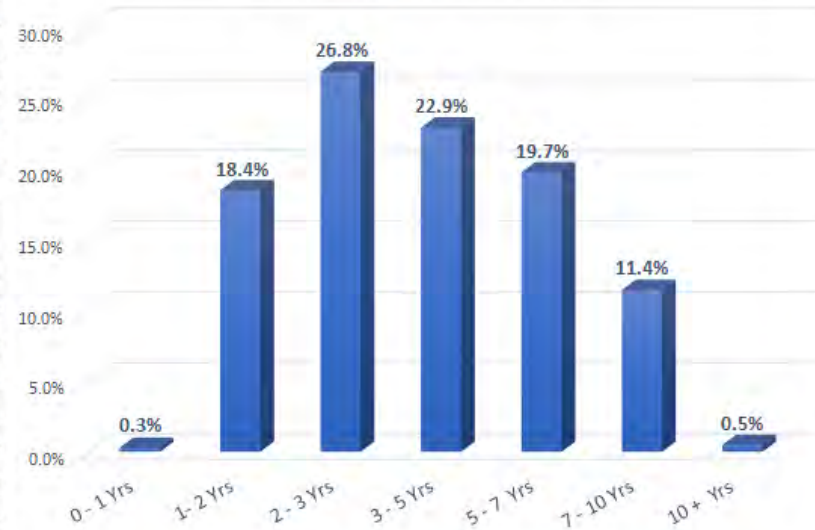
Portfolio Characteristics

Market Value 03/31/2023	\$ 387,467,216
Weighted Average Credit Quality	AA
Book Yield (%)	4.14%
Weighted Average Maturity (years)	4.45
Duration (years)	3.92
Spread Duration (rate)	1.65

Top 10 Issuers

United States Treasury	56.3%
Deutsche Telekom AG	2.9%
F&G Global Funding	2.7%
Oregon State Treasury	2.1%
Agree Realty Corporation	1.9%
Ford Credit Trust 22-C	1.8%
Oscar US Funding Trust	1.6%
Targa Resources Corporation	1.4%
TRP LLC	1.3%
OCI N.V.	1.3%
Total	73.3%

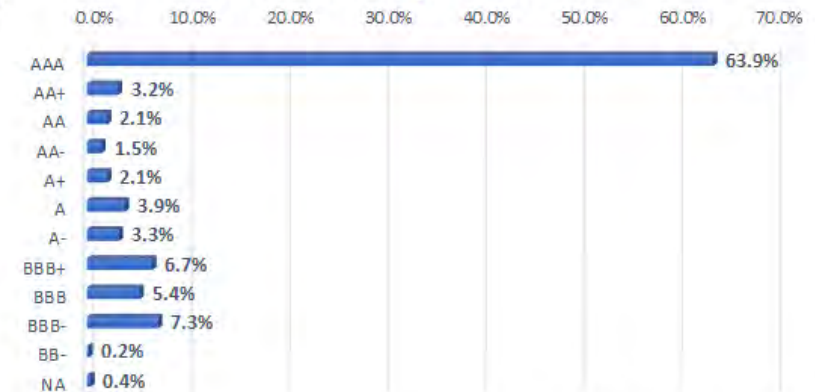
Maturity Breakdown



Sector Allocations



Credit Quality Distribution



Source: Oregon State Treasury

Attachment C (Item 3.2.3)

FY2023 Q3 MARKET COMMENTARY

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

Report on Investments – as of March 31, 2023

Economic and Market Update

It was a volatile quarter for most asset classes driven by evolving monetary policy expectations and high-profile bank failures. Ultimately, investors remained focused on slowing inflation and potentially peaking rate hikes leading to positive results across most asset classes for the quarter.

- The Federal Reserve's, and others, quick responses to pressures in the banking sector brought confidence back to the markets in March with the crisis driving the terminal policy rate expectations lower.
- U.S. equity markets (Russell 3000) rallied in March (+2.7%) finishing the first calendar quarter in strongly positive territory (+7.2%). Growth significantly outperformed value for the quarter, driven by the technology sector.
- Non-U.S. developed equity markets ((Morgan Stanley Capital International (MSCI) Europe, Australasia, and Far East (EAFE) +2.5%) also posted positive returns in March. They returned 8.5% for the calendar quarter, finishing ahead of U.S. equities.
- Emerging market equities had positive returns for the month (+3.0%) supported by Chinese equities (+4.5%) and a weaker U.S. dollar. They trailed developed market equities for the calendar quarter partly due to higher U.S.-China tensions.
- On expectations for lower inflation and concerns over the banking sector, bonds rallied in March, with the broad U.S. bond market (Bloomberg Aggregate) rising 2.5%. For the calendar quarter, the broad U.S. bond market was up 3.0%.

Despite volatility during the quarter, public markets, except commodities, finished the first calendar quarter of 2023 in positive territory adding to the strong gains from the fourth calendar quarter of last year.

Market Returns¹ March 31, 2023

	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	3.7%	7.5%	7.5%	-7.7%	18.6%	11.2%	12.4%	12.2%
MSCI EAFE-ND	2.5%	8.5%	8.5%	-1.4%	13.0%	3.5%	6.2%	5.0%
MSCI EM-ND	3.0%	4.0%	4.0%	-10.7%	7.8%	-0.9%	4.9%	2.0%
MSCI China-ND	4.5%	4.7%	4.7%	-4.7%	-2.6%	-4.0%	4.4%	3.4%
Bloomberg US Aggregate	2.5%	3.0%	3.0%	-4.8%	-2.8%	0.9%	0.9%	1.4%
Bloomberg US TIPS	2.9%	3.3%	3.3%	-6.1%	1.8%	2.9%	2.4%	1.5%
Bloomberg US Corporate High Yield	1.1%	3.6%	3.6%	-3.3%	5.9%	3.2%	5.1%	4.1%
ICE BofAML US 3-Month Treasury Bill	0.4%	1.1%	1.1%	2.5%	0.9%	1.4%	1.2%	0.9%
ICE BofAML 1-3 Year US Treasury	1.6%	1.6%	1.6%	0.2%	-0.8%	1.1%	0.8%	0.8%
ICE BofAML 10+ Year US Treasury	4.8%	6.0%	6.0%	-15.2%	-11.1%	-0.2%	-0.4%	1.5%

¹Source: Oregon State Treasury

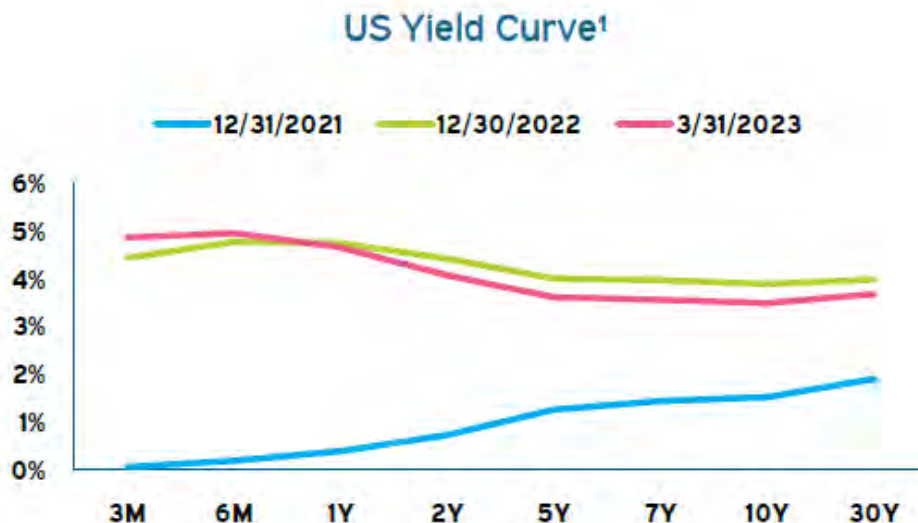
Attachment C (Item 3.2.3)

This year, the path of inflation and monetary policy, slowing global growth, and the war in Ukraine, as well as recent pressures in small and medium-sized regional banks in the U.S., will all be key.

U.S. Equities: The Russell 3000 Index rose 2.7% in March and 7.2% in Q1 calendar year 2023. U.S. stocks rose in aggregate for the month and quarter as investors were optimistic that the Federal Reserve may end its policy tightening earlier than expected. However, turmoil in the regional banking industry weighed on segments of the market. The small cap and value indices were more exposed to the banking turmoil and underperformed their broad market indices by significant margins. Large cap stocks were driven higher by the continued strength of the technology and communication services sectors. This same dynamic contributed to the continued outperformance of growth stocks against their value counterparts across the capitalization spectrum.

International Equities: Developed international equities (MSCI EAFE) rose 2.5% in March and 8.5% for the quarter. Emerging market equities (MSCI Emerging Markets (EM) rose 3.0% for the month and 4.0% in the first calendar quarter. Non-U.S. equities also recovered in March with developed markets (MSCI EAFE) outpacing U.S. equities (8.5% versus 7.2%) for the calendar quarter and emerging markets (MSCI EM) trailing (4.0% versus 7.2%). Developed market equities also benefited from expectations that monetary policy may be peaking on declining inflation. The continued weakness in the U.S. dollar also added to the quarterly results (+1%) for U.S. investors. Emerging market equities started the calendar year with optimism over the reopening of China's economy, but the escalation of U.S.-China tensions and the broader banking crisis led to weaker relative results compared to developed markets.

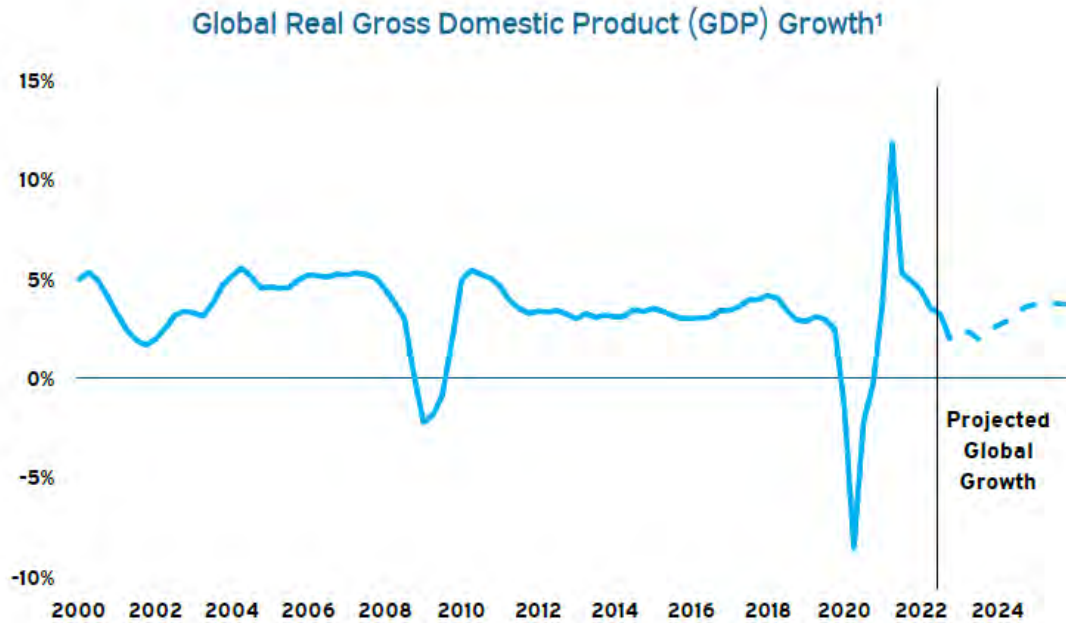
Fixed Income: The Bloomberg U.S. Aggregate Index rose 2.5% in March and 3.0% for the quarter. The broad Treasury Inflation-Protected Securities (TIPS) index outperformed the broad U.S. bond market (Bloomberg Aggregate) in March and for the quarter. High yield bonds had the weakest results in March driven by banking sector weakness but outperformed the broad U.S. bond market for the quarter.



¹ Source: Bloomberg. Data is as of March 31, 2023.

Global Economic Outlook

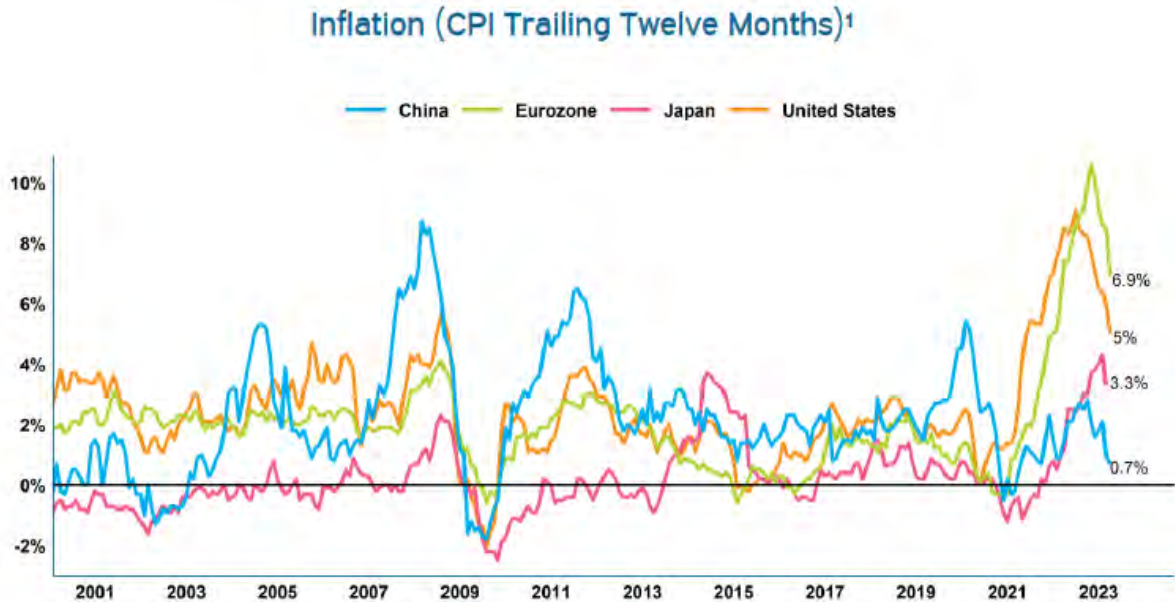
Global economies are expected to slow in calendar year 2023 compared to calendar year 2022, with risks of recession increasing given persistently high inflation and related tighter monetary policy. The delicate balancing act of central banks trying to reduce inflation without dramatically impacting growth will remain key.



¹ Source: Oxford Economics (World GDP, US\$ prices & PPP exchange rate, real, % change YoY. Updated March 2023.

In calendar 2022, many central banks aggressively reduced pandemic-era policy support in the face of high inflation with the U.S. taking the most aggressive approach. Slowing inflation and recent signs of instability in the banking sector have led to expectations for the slowing of policy tightening going forward. In March, the Fed, FDIC, and Treasury provided deposit guarantees after high profile bank failures revealed bank capital losses on U.S. Treasuries related to higher interest rates and lax risk management. China’s central bank is one notable exception. They are expected to maintain an accommodative monetary stance to support the economy. They cut bank reserves requirements to improve bank liquidity and banks have also securitized over \$390 billion in non-performing loans to improve loan quality ratios. Looking ahead the risk remains for a policy error as central banks attempt to balance bringing down inflation, maintaining financial stability, and growth.

Attachment C (Item 3.2.3)



¹ Source: Bloomberg. Data is as of March 31, 2023. The most recent data for Japan and China is as of February 2023.

Inflation increased dramatically from the lows of the pandemic, particularly in the U.S. and Eurozone where it reached levels not seen in many decades. Inflation pressures are slowly declining in the U.S. as supply issues ease, but they remain elevated, while in Europe they have also started to fall as energy prices have eased. Lingering supply issues related to the pandemic, record monetary and fiscal stimulus, strict COVID-19 restrictions in China, and higher commodity prices driven by the war in Ukraine have been key global drivers of inflation.

Labor markets have significantly improved from the pandemic as economies have largely reopened. Despite slowing growth and high inflation, the U.S. labor market remains a particular bright spot. Unemployment in the U.S., which experienced the steepest rise, recently has returned to pre-pandemic levels. Broader measures of unemployment (U-6) remain higher at 6.7% but have also declined dramatically from their peak. The strong labor market and higher wages, although beneficial for workers, motivates the Fed's efforts to fight inflation, likely leading to higher unemployment.

The dollar finished calendar 2022 much higher than it started, due to the increased pace of policy tightening, stronger relative growth, and safe-haven flows. Late last calendar year and into early this calendar year, the dollar experienced some weakness though as investors anticipated the end of Fed tightening. Overall, the U.S. dollar depreciated in March and finished the quarter slightly lower than where it started as weaker economic data and bank turmoil drove interest rates lower in the U.S. This year, the track of inflation across economies and the corresponding monetary policies will likely be key drivers of currency moves.

Summary - Key Trends:

- The impacts of record high inflation will remain key, with market volatility likely to stay high.
- Recent issues related to the banking sector have created a delicate balance for central banks to continue to fight inflation but also try to maintain financial stability. Growth will

Attachment C (Item 3.2.3)

continue to slow globally during calendar year 2023, with many economies likely falling into recessions. Inflation, monetary policy, and the war will all be key.

- Global monetary policies could diverge in the calendar year 2023 with the Fed pausing and others continuing to tighten. The risk of policy errors remains elevated given persistent inflation pressures and a strong U.S. labor market.
- Growth is expected to slow globally this year, with many economies forecast to tip into recession. Inflation, monetary policy, and the war will all be key.
- In the U.S., the end of many fiscal programs is expected to put the burden of continued growth on consumers. Costs for shelter, medical care, and education could continue to rise, keeping 'sticky price' inflation at elevated levels.
- The key for U.S. equities going forward will be whether earnings can remain resilient if growth continues to slow.
- Outside the U.S., equity valuations remain lower in both emerging and developed markets, but risks remain, including potential continued strength in the U.S. dollar, higher inflation particularly weighing on Europe, and China's rushed exit from COVID-19 restrictions and on-going weakness in the real estate sector.

FINANCE AND FACILITIES COMMITTEE OF THE BOARD
MAY 31, 2023



Oregon Tech's - Capital Projects Update

Thom Darrah | Director of Facilities & Capital Planning

Presentation Outline

Capital Projects – Underway

- Boivin Hall Renovation
- Stadium Renovation
- New Student Housing

**Report reflects progress through
4.30.2023*



Boivin Hall Renovation



Boivin Hall Renovation									
Project Start: 2.7.22				Project Completion: 6.30.23					
Project	Progress Highlights			Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance
UPE803 - FBHREN FY21	Design: March 2021 - December 2021								
Bond Type: XI-Q 2021A / XI-G 2021F	Construction: February 2022 - July 2023								
	Project underway.								
Design: Opsis/ORW				Design (6%):	\$ 1,100,000	\$ 1,192,000	\$ 1,072,800	90%	\$ 119,200
Build: Adroit				Construction (83%):	\$ 14,500,000	\$ 16,789,969	\$ 15,446,770	92%	\$ 1,343,199
				Other (11%):	\$ 1,700,000	\$ 2,018,031	\$ 395,430	20%	\$ 1,622,601
				Project Totals:	\$ 17,300,000	\$ 20,000,000	\$ 16,915,000	85%	\$ 3,085,000
	Plan	Design	Bid	Build	Closeout				

Budget Breakdown	
Design	\$1,192,000
Construction	\$16,789,969
Other/Cont	\$2,018,031

CO's / Amendments	
Amd. 2-6:	\$ 1,837,473
Amd. 7-10:	\$ 237,647
Amd. 11:	\$ 98,505
Amd. 12:	\$ (1,010)
Amd. 13:	\$ 117,354
	\$ -
	\$ -
	\$ -
	\$ -
Total:	\$ 2,289,969

Percent Complete (%)	
Complete	85%
Remaining	15%

Boivin Hall Renovation



Boivin Hall Renovation



Boivin Hall Renovation



Track/Stadium Renovation



Track/Stadium Renovation							
Project Start: 5.13.21				Project Completion: 5.31.23			
Project	Progress Highlights	Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance
UPE789: \$995,470	Design: 100% Complete						
UPE807 Lottery: \$1,610,000	Track Renovation: 100% Complete						
UPE821: \$875,825	Stadium Renovation Underway						
	Project underway.	Design (4%):	\$ 149,890	\$ 171,028	\$ 142,511	83%	\$ 28,517
		Construction (83%):	\$ 2,624,084	\$ 2,911,635	\$ 2,804,585	96%	\$ 107,050
		Other (13%):	\$ 707,321	\$ 398,632	\$ 325,403	82%	\$ 73,229
Stadium: ORW / DCI							
Track: ZCS / Beynon	Plan Design Bid Build Closeout	Project Totals:	\$ 3,481,295	\$ 3,481,295	\$ 3,272,499	94%	\$ 208,796
<h3>Budget Breakdown</h3> <p>■ Design ■ Construction ■ Other/Cont</p>		CO's / Amendments		<h3>Percent Complete (%)</h3> <p>■ Complete ■ Remaining</p>			
		Beynon: CO1	\$ 47,288				
		Beynon: CO2	\$ 4,990				
		Beynon: CO3	\$ 7,818				
		DCI: CO1-CO8	\$ 102,778				
		DCI: CO9	\$ 75,733				
		DCI: CO10	\$ 27,151				
		DCI: CO11	\$ -				
		DCI: CO12	\$ 21,793				
			\$ -				
	\$ -						
	Total: \$ 287,551						

Track/Stadium Renovation



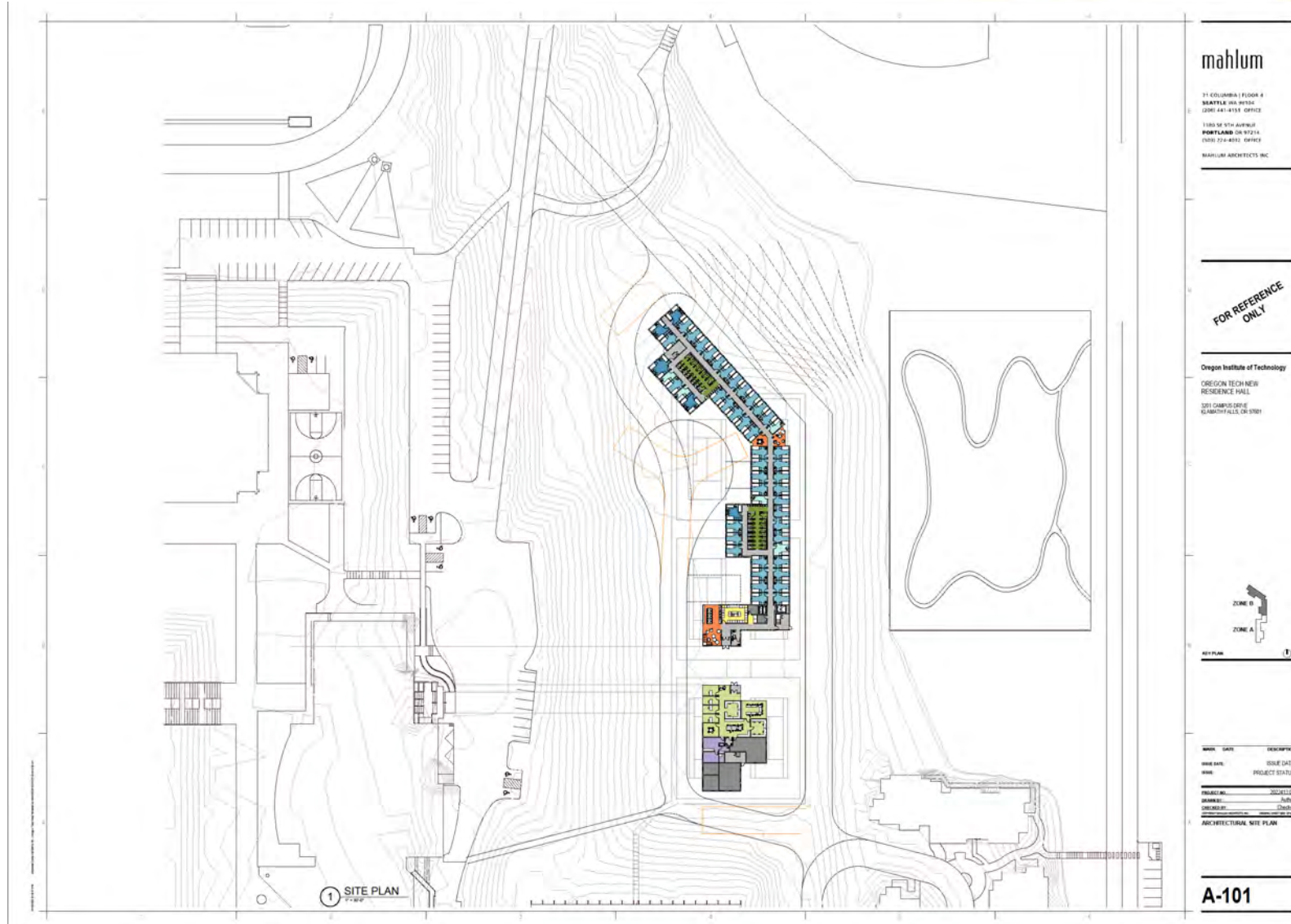
Track/Stadium Renovation



Track/Stadium Renovation



New Student Housing





Contact Information

Thom Darrah, Director of Facilities

Phone: 541.885.1661

Email: Thom.Darrah@oit.edu

KERNUTTSTOKES

Internal Audit Update

May 31, 2023

Internal Audit Update Agenda

Completed Projects:

- Procurement and Contracting – Goods and Services

Current Projects:

- Audit Follow-ups
- Policy and Procedure Review – University-wide

Fraud, Waste, and Abuse Ethics Line Update:

- Summary included in Board packet

Completed Projects

- Procurement and Contracting – Goods and Services:
 - Issued May 4, 2023
 - One issue identified during testing.
 - The PACS department indicated through management response that it has revised the process and has mitigated the risk of such errors occurring in the future.

Current Projects

- Audit Lookbacks:
 - Perform lookback of audits completed through fiscal-year 2022 to evaluate actions performed in response to previous audit issues.
 - Report will be issued by end of June 2023
 - Areas being looked at include:
 - Integrated Student Health Center
 - Expense Reimbursements
 - Accounts Payable
 - Educational Partnerships and Outreach
 - OMIC
 - Special Projects and Grant Administration
 - Capital Projects
 - Clery Act
 - Title IX
 - Housing and Residence Life

Current Projects

- Policy and Procedure Review – University-wide:
 - In-process:
 - Oregon Tech advisory group has met twice
 - Current goals:
 - Consolidate all current Board, University, and Department policies
 - Provide the University with tools such as:
 - » Organizational chart
 - » Distinguishing policy vs procedure
 - » Create a policy template
 - » Create a department index
 - » Create a style guide

Fraud, Waste, and Abuse Ethics Hotline Update

- Status Update

- No new cases
- Four total cases since the start of FY 2023
- All cases have been investigated, resolved, and closed
- Five-year case log status (fiscal year):

Complaint Source	2019	2020	2021	2022	2023
Hotline	7	8	9	4	4
Direct to IA	0	0	0	0	0
Oregon State Audits Division	0	1	0	0	0
Total	7	9	9	4	4
Issue Status					
Resolved	7	9	9	4	4
Monitoring	0	0	0	0	0
Open	0	0	0	0	0



IA Transition

The University has decided to contract with a new firm for internal audit services in the upcoming fiscal year. Kernutt Stokes' contract will end June 30, 2023. We are working with management to facilitate a smooth transition of our projects by the end of our contract term.



Questions?



Oregon Tech

Procurement and Contract Services

Internal Audit Report

May 4, 2023

Presented by

KERNUTTSTOKES

EXECUTIVE SUMMARY

The objective of this audit was to conduct a review of the Procurement and Contract Services Department (PACS) and related policies and procedures around contracts with third parties including: vendor selection, procurement process, purchase thresholds, legitimate business purpose, and compliance with government regulations.

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

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

Audit Area	Page	Findings	Observations	PIRs
Procurement Process	4	-	1	-
Policy & Procedure	5	-	-	-
Vendor Selection	6	-	-	-
Vendor Approval & Tracking	8	-	-	-
Compliance	9	-	-	-
Total		-	1	-

BACKGROUND, SCOPE, AND METHODOLOGY

Background

The mission of the PACS is to assist departments in obtaining maximum value for Oregon Tech expenditures, including expenditures on goods, services, and construction. The services offered by the PACS help individuals at Oregon Tech navigate the process of soliciting large purchases from vendors, preparing requests for public bids on construction projects, and ensuring unbiased, ethical procurement of assets and services for Oregon Tech. PACS strives to obtain the best value for expenditures from its prospective vendors, while also considering all requirements set by state, local, or federal regulations and institutional policies. PACS' code of ethics includes the necessity to promote competition by encouraging the participation of Oregon businesses, emerging small and minority-owned and women-owned businesses; demand honesty in representations made by prospective vendors; foster fair, ethical, and legal trade practices; and to conduct business in an atmosphere of good faith.

Based on the risk assessment, Internal Audit (IA) focused on:

1. Procurement Process

Objective: Review and test procurements and determine whether the appropriate procurement process was used according to Oregon Tech policy and procedure.

2. Policy & Procedure

Objective: Review and test procurements for appropriate documentation and support for applicable Oregon Tech policy and procedure.

3. Vendor Selection

Objective: Review and test the evaluation and selection of vendors based on criteria set forth by Oregon Tech policy and procedure.

4. Vendor Approval & Tracking

Objective: Review and test the approved vendor list for appropriate authorization and tracking.

5. Compliance

Objective: Review Oregon Tech policies and procedure documents for adherence to applicable state, local, and federal regulations.

Scope and Methodology

To achieve the audit objectives, IA reviewed Oregon Tech policy documents as they related to the PACS department. These policy documents included Oregon Tech's:

- Chapter 580, Division 61: Procurement and Contracting Code
- Chapter 580, Division 62: Purchasing and Contracts for Personal or Professional Services and Goods and Services
- Chapter 580, Division 63: Capital Construction and Contracting

The purpose of these policies is to provide an outline of the procedure for PACS to follow when procuring goods and services for use at Oregon Tech.

The scope of this audit included interviews and detailed testing on certain aspects of the PACS' procurement process including evaluation of the procurement process, policies and procedures, vendor selection, purchase order authorization, and compliance with state and government regulations. Tests surrounding active vendors were conducted on the most recent data available in November of 2022. The audit tests performed on procurement contracts and purchase orders were limited to procurement transactions within the 2020 and 2021 fiscal years and were further limited to mid-range procurement amounts greater than \$10,000 and less than the large capital projects threshold of \$1,000,000. IA scoped out these large capital projects to avoid duplicating work completed on the previous internal audit of Capital Projects Management. Based on auditor judgement, IA selected procurement contracts and purchase orders with a wide range of estimated values within the previously defined scope for detail testing.

RESULTS AND RECOMMENDATIONS

1. Procurement Process

Objective: Review and test procurements and determine whether the appropriate procurement process was used according to Oregon Tech policy and procedure.

Audit work performed: IA reviewed documentation for each procurement selected for testing to ensure the appropriate procurement process was utilized by the PACS for the type of procurement.

FINDINGS	-
OBSERVATIONS	1
PIRS	-

1.1	
OBSERVATION	In one instance during testing a purchase was submitted on a Bid/Quote Tabulation Form for amounts between \$5,000.01 - \$10,000.00, however the bid price was greater than \$10,000.00. PACS confirmed the incorrect form was used by the requesting department and that this issue was not detected at the time it was received and filed. PACS has since changed its procedure to directly track form versions and requires that the current version of all forms be used.
RECOMMENDATION	The PACS department should continue to track form versions directly and ensure the current version of forms are used for each submission.
MANAGEMENT RESPONSE	Management respectfully agrees with the observation. As observed, the cited instance reflects a PACS clerical error where the office failed to recognize that an older version of the Bid/Quote Tabulation Form had been submitted. PACS has since revised its Bid/Quote Tabulation Form to track document versions and requires that the most current and correct form be submitted.

Issue Testing Detail

IA was provided with a listing of all procurement transactions that occurred within the scope of the audit from which IA made a judgmental selection of these transactions. These selections included a range of both purchase orders and contracts and covered all possible types of procurement. The types of procurements available for testing include Public Improvement Invitation to Bid (BID), Invitation to Bid (ITB), Request for Proposal (RFP), Request for Quotes (RFQ), Sole Source Contracts (SS), and Bid/Quote Tabulation Requirements (BidTab). Each type of procurement requires different treatment and documentation by the PACS. IA selected 20 procurement transactions for testing.

Further testing included review of documentation supporting that the solicitation was presented on the Oregon Buy’s website for each procurement that required a public bidding process.

2. Policy and Procedure

Objective: Review and test procurements for appropriate documentation and support for applicable Oregon Tech policy and procedure.

Audit work performed: IA reviewed various forms provided by the PACS department to analyze if there were issues in the formation of or the University’s ability to follow the current policies and procedures.

FINDINGS	-
OBSERVATIONS	-
PIRS	-

Issue Testing Detail

IA made a judgmental selection of 20 procurement transactions. For each of the 20 procurements selected, IA requested Conflict of Interest (COI) forms as required by Oregon Tech policy. These forms are used to disclose whether the signing individual has a conflict of interest with the vendor being selected during the procurement of goods or services. This test allowed IA to determine whether the PACS department is retaining appropriate documentation from its decision-makers during the process of selecting vendors. Not all procurement transactions selected for testing required a COI form to be signed. IA found that in all instances where a COI form was required, PACS was able to provide the appropriate supporting documentation.

For each of the 20 procurements selected, IA requested proof of insurance or bonding documentation as required by Oregon Tech policy. This documentation is required to be provided by the vendor to the University prior to the commencement of work on the contract and should be active throughout the contract period. IA found that in all instances selected for testing in which proof of insurance was required, PACS was able to provide the appropriate supporting documentation.

For each of the 20 procurements selected, IA requested additional documentation to determine that all procurement contracts and purchase orders were authorized by the appropriate personnel throughout the University based on the type of procurement. IA utilized the Delegation of Contract Authority provided by the PACS for the years under audit and compared this to the signatures included on each contract reviewed and each purchase order reviewed. IA found that in all instances, appropriate authorization was documented.

IA identified no issues during this testing.

3. Vendor Selection

Objective: Review and test the evaluation and selection of vendors based on criteria set forth by Oregon Tech policy and procedure.

Audit work performed: IA reviewed contracts and purchase orders and tested compliance with state law and Oregon Tech policy and procedures related to vendor selection.

FINDINGS	-
OBSERVATIONS	-
PIRS	-

Issue Testing Detail

IA made a judgmental selection of 20 procurement contracts and purchase orders. IA reviewed documentation provided by the PACS which supported the decision-making process for each vendor chosen to provide goods or services to the University. IA tested each selection to ensure the University had performed appropriate due diligence in implementing policy requirements. IA’s selections included Bids, ITBs, RFPs, RFQs, SS, and BidTab, which each have certain requirements. IA confirmed that each procurement tested went through the correct procedures based on the type and that the type was correct based on the dollar amount and type of good or service being sought. IA reviewed records related to:

- Contracts, amendments, and change orders
- Actions used to develop the contract
- Solicitation documents
- Statements of justification for the selection of a certain vendor or the procurement method used, when appropriate
- Negotiation of specifications, changes to statement of work, contract price, or other terms after the intent to award
- Information on how the vendor was selected and the basis for awarding the contract, when appropriate
- Names of the entities and cost estimates considered
- Delegation of Authority
- Insurance and bonding
- Timeliness of payments by the University to contractors
- Solicitations were posted on public websites, like Oregon Buys, when appropriate

These records were tested against the following policies:

1. Comply with ORS 279.835 – 279.855, which states that a public agency that intends to procure a product or service on the procurement list that the Oregon Department of Administrative Services established under ORS 279.845 shall, in accordance with the department’s rules, procure the product or service at the price the department establishes from a qualified nonprofit agency for individuals with disabilities, provided that the product or service is of the appropriate specifications and is available within the period the public agency requires.

2. Expand economic opportunities for Historically Underrepresented Businesses by offering them the contracting and subcontracting opportunities available through University contracts.
3. Implement the Emerging Small Business Program by any of the following methods:
 - a. Priority of Contract Award. In the event of a tie low Bid, when price is the sole determinative factor, give priority to a certified Emerging Small Business.
 - b. Exclusive Emerging Small Business Opportunities. The University has the authority to create opportunities that are only open to certified Emerging Small Businesses. When the University issues a Solicitation Document, the University may determine that it is in the University's interest to limit the opportunity to only qualified and certified Emerging Small Businesses.
 - c. Evaluation Criteria. The University may identify in a Solicitation Document that it will award additional evaluation points based on certified Emerging Small Business status.

IA identified no issues during this testing.

4. Vendor Approval & Tracking

Objective: Review and test the approved vendor list for appropriate authorization and tracking.

Audit work performed: IA reviewed the active vendor listing provided by the Business Affairs Office (BAO) and compared a selection of procurement transactions to the listing to ensure there was appropriate approval for the vendors utilized by the PACS.

FINDINGS	-
OBSERVATIONS	-
PIRS	-

Issue Testing Detail

IA was provided with a list of all active vendors utilized by the University. The vendor list is maintained in the financial information system (the system) and updated by the BAO. New vendors must submit an information packet and go through a robust vetting and approval process by the BAO in order to be set up as an active vendor in the system. Vendors that have not been used for two years or more go inactive and must undergo similar vetting before being reactivated for use.

Only certain people within the BAO are authorized to add vendors or edit vendors from inactive to active status. IA reviewed all current vendors, both active and inactive, and verified that all vendors had been added by the appropriate personnel in the current financial information system, Financial Edge NXT (FENXT). Vendors added prior to the conversion to FENXT were imported under a common “Supervisor” name as part of original system implementation and IA was unable to perform the same steps on those accounts.

For 20 procurement transactions, IA compared the vendor utilized by the PACS department to the active vendor listing. All vendors utilized were approved vendors listed on the active vendor listing. Additionally IA cross-tested these vendors against the University’s employee data to identify if any conflicts may exist that were not disclosed. There were no matches with employee records for the vendors tested.

IA identified no issues during this testing.

5. Compliance

Objective: Review Oregon Tech policies and procedure documents for adherence to applicable state, local, and federal regulations.

Audit work performed: IA reviewed the policy documents provided by PACS, including Oregon Tech Chapter 580, Division 61: Procurement and Contracting Code, Oregon Tech Chapter 580, Division 62: Purchasing and Contracts for Personal or Professional Services and Goods and Services, and Oregon Tech Chapter 580, Division 63: Capital Construction and Contracting.

FINDINGS	-
OBSERVATIONS	-
PIRS	-

Issue Testing Detail

Oregon Revised Statutes (ORS) are the codified laws of the State of Oregon. Oregon Tech is a public university in the State of Oregon and is required to adhere to certain ORS'. IA reviewed Oregon Tech's policies and compared them to applicable ORS' to ensure the University was in compliance with all applicable state, local, and federal regulations.

IA identified no issues during this review.

Acknowledgement

We appreciate the courtesy and cooperation we received from the management, staff, and faculty, specifically in the Procurement and Contract Services Department and Business Affairs Office throughout this audit. We thank them for the effort and time they extended to provide us with requested information throughout the course of the audit.

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	
Procurement and Contracting – Goods and Services	Issued May 4, 2023
In Process Activities	Status
Prior audit lookback	In-Process
Policy and Procedure Review: University-wide	In-Process
Fraud, Waste, & Abuse Ethics Line Monitoring	Year-round

The internal audit report for Procurement and Contracting – Goods and Services was issued May 4, 2023. One issue was identified during testing. Management’s response indicated the PACS department has revised its process and through this revision has mitigated the risk of such errors occurring in the future.

Prior audit lookbacks are underway. IA is working with management of various departments throughout the University to conduct interviews and testing of management’s implementation of IA recommendations for previously completed audits through fiscal year 2022 that previously had unresolved issues or incomplete action plans. This project will be completed with a report issued by the end of June 2023.

The Policy and Procedure Review: University-wide project is in process. An advisory group made up of Oregon Tech management team representatives was assembled to assist IA in selecting the scope of review, priorities to focus on, and the first departments/activities to analyze at the outset of the engagement. The initial meeting with IA and this advisory group was conducted in February, a second meeting was conducted in May. Oregon Tech management has consolidated current policies into a central location and IA has begun creating templates for departmental use such as a University-wide organizational chart, policy templates, department indexes, policy and procedure development guidelines, and a style guide.

The University has decided to contract with a new firm for internal audit services in the upcoming fiscal year. Kernutt Stokes’ contract will end June 30, 2023. We are working with management to facilitate a smooth transition of our projects by the end of our contract term.

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	4
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	4
Monitoring	0	0	0	0	0
Open	0	0	0	0	0

IA monitors and performs case management for Oregon Tech's Fraud, Waste, and Abuse Ethics Line, engaging the University'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 no new case submissions since the last presentation. Four have occurred since the start of fiscal year 2023. All four have been investigated, resolved, and closed.

ACTION

Agenda Item No. 4.1

Fiscal Year 2023-24 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 also includes “Special General Fund” budgets which are fee-for-service activities such as clinic revenues and grant indirect charges. Distance Education, Advanced College Placement, and Boeing operations are included in the Special General Fund budget since revenues from these programs are used to support general operations of the university. “Other Revenue” includes interest earnings, gain or loss on sale of investments and miscellaneous revenue.

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 distinctly. 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 some lingering effects on Oregon Tech operations during FY 2022-23, as with most universities across the country. The FY 2022-23 budget required continued spending reductions and operational changes resulting from the pandemic and the second consecutive year of an enrollment shortfall along with the related impact on revenue and campus operations.

Oregon Tech has managed the continuing challenges through careful planning and fiscal discipline. In FY 2023-24, Oregon Tech will direct additional resources toward strategic enrollment and student retention initiatives as well as investment in online programs with the focus on strengthening and accelerating sustainable enrollment growth.

Additional federal relief funding is not expected as the pandemic has wound down and universities have returned to a more traditional operating model. However, the economic impact on the economy from the pandemic is expected to have a prolonged effect on higher education. This is further complicated in Oregon where there is one of the lowest rates of student matriculation to college upon

high school completion as well as one of the lowest rates nationally for the amount of state funding provided per student FTE at its public universities.

Process

In developing the FY 2023-24 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 collaboratively developed and distributed. 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

FY 2023-24 Budget Development Calendar		
December	2022	Budget template build starts
January	2023	Budget build begins
January	2023	First Tuition Recommendation Committee meeting
January	2023	Senior Leadership determines reduction/investment strategy
January	2023	Template preparation complete
January	2023	2023 Legislative long session begins
February	2023	Budget Office distributes budget templates
February	2023	Second and third Tuition Recommendation Committee meetings
March	2023	Targets available to departments
April	2023	Budgets due to Budget Office
April	2023	Budget Office reviews templates
April	2023	Board meeting - Academic Year 2023-24 Tuition & Fees
May	2023	FOAC reviews and recommends to President
May	2023	Senior Leadership reviews budget
June	2023	Board meeting - budget review/approval
June	2023	Board Approved Budget loaded to finance system

Budget Assumptions

The following assumptions were used in establishing the FY 2023-24 General Fund budget:

Revenues:

1. Tuition and fees are budgeted to increase by 4.9%. The Tuition Recommendation Committee (TRC) recommended a 5% increase in Academic Year 2023-24 base tuition and fees. The President subsequently reduced the recommendation advanced to the Board in April to 4.9%. The Board of Trustees approved the recommendation for a 4.9% base tuition and fees increase at its April 13, 2023 meeting.
2. Fee remissions are budgeted to remain at approximately 15% of gross tuition.
3. State appropriations were budgeted using the Governor's Recommended Budget (GRB) 2023-25 biennium budget which designated an increase of 4% for the Public University Support Fund (PUSF). It is not clear yet what the final budget recommendation by the legislature will be for the upcoming biennium. However, the current co-chairs budget does not even provide for continuing service level (CSL) funding for higher education.
4. Enrollment is budgeted to be flat, at about 5.9% less than budgeted for FY 2022-23, and is consistent with assumptions used during the TRC process. Overall enrollment is not expected to increase in FY 2023-24 and is projected to be down 15.7% from FY 2021-22.

Expenses and Budget Targets:

1. Retirement rates are adjusted at the onset of the first fiscal year of a biennium. For the 2023-25 biennium, all PERS tiers increased. The tier with the majority of employees increased by 5.7%. Other payroll expenses increased by 0.45% as a result of the new Paid Leave Oregon program and are also expected to escalate further in relation to increasing salaries during FY 2023-24.
2. FY 2023-24 budgeted base salaries and other payroll expenditures (OPE) for American Association of University Professors (OT-AAUP) faculty increased over the prior year budget by the amount of negotiated raises for CY 2023 and 2024. Both years included a 1% across-the-board increase along with an additional 1% set aside for equity/merit adjustments. Unclassified staff base salaries and OPE are budgeted to increase by as much as 2.0% in CY 2024, contingent upon available funds. Salary pools were budgeted for estimated CY 2024 OT-AAUP faculty and chairs and unclassified staff salary increases.
3. Divisions were given budget goals which included funding for continuing CY 2023 salary increases and estimated increases for FY 2023-24 retirement and other OPE costs. Budget goals also included a 1.9% reduction in funding compared to the prior year budget and will not impact current faculty or staff. See Table 2 below.
4. Salary recapture of \$3.5M 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 2024 faculty and administrative staff adjustments. See Table 3 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, Advanced College Placement, Sponsored Projects and Grants Administration, and Distance Education established their own revenue

targets and are expected to manage expenses within those revenue targets or adjust expenses downward during the year.

- Finally, to preserve academic program quality and offerings and to continue important student support services, \$3.0M is budgeted from the reserve to support a balanced budget.

Table 2

FY 2023-24 Oregon Tech Regular General Fund Budget by Division										
Division	FY 2022-23	FY 2023-24				FY 2023-24		FY 2023-24	FY 2023-24	Variance to FY 2022-23 Budget
	Perm. Budget	Faculty Increases	Admin. Increases	Classified Increases	OPE Increases	Other Adjustments ¹	Budget Reductions	Budget		
President	\$ 2,355,278	\$ -	\$ 9,788	\$ -	\$ 9,204	\$ 100,000	\$ (46,273)	\$ 2,427,997	3.1%	
Academic Affairs	40,110,588	145,471	27,445	61,269	192,968	-	(790,061)	39,747,680	-0.9%	
Student Affairs	4,518,244	-	6,323	3,519	7,971	(1,098,774)	(66,991)	3,370,292	-25.4%	
Enrollment Management	5,906,003	-	14,346	16,541	22,294	75,948	(117,622)	5,917,510	0.2%	
Finance and Administration	14,976,489	-	29,744	125,243	74,384	1,022,826	(316,289)	15,912,397	6.2%	
University Advancement	2,102,992	-	8,751	15,295	12,870	-	(41,706)	2,098,202	-0.2%	
Institutional General	3,002,784	-	-	-	-	-	-	3,002,784	0.0%	
Total	\$ 72,972,378	\$ 145,471	\$ 96,397	\$ 221,867	\$ 319,691	\$ 100,000	\$ (1,378,942)	\$ 72,476,862	-0.7%	

¹ Resilience, Emergency Management and Safety and Campus Safety are moving from Student Affairs to Finance and Administration; Peer Consulting Coordinator is moving from Student Affairs to SEM in FY 2023-24

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:

- 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 3

FY 2023-24 General Fund Budget			
	FY 2022-23	FY 2023-24	Variance FY 2022-23 to FY 2023-24
Revenues			
State Allocation	\$ 32,384,602	\$ 33,819,717	4% (1)
Tuition and Fees (less special general funds)	39,290,381	38,807,036	-1% (2)
Remissions	(5,346,310)	(5,805,377)	9%
New Targeted Remissions	(200,000)	-	-100%
Other Revenues (less special general funds)	994,813	1,275,771	28%
Special General Fund Revenues	1,848,613	1,926,987	4%
Total Revenues	\$ 68,972,099	\$ 70,024,134	2%
Expenses			
Permanent Budget	\$ 72,621,634	\$ 72,476,862	0%
Salary Recapture	(2,500,000)	(3,500,000)	40% (3)
Special General Fund Expenses	1,848,613	1,926,987	4%
Contingency Reserve	432,923	517,603	20% (4)
Administrative Salary Pool (effective January 2024)	103,948	114,343	10%
Faculty Salary Pool (effective January 2024)	279,981	273,337	-2% (5)
Applied Computing and Rural Health Initiatives	5,000,000	-	-100% (6)
Total Budgeted Expenses	\$ 77,787,099	\$ 71,809,132	-8%
Strategic Investments			
Facilities Master Plan	\$ 100,000	\$ -	
Administrative Staff Pay Equity Study	100,000	-	
Faculty Pay Equity Study	150,000	-	
Business Continuity/Disaster Recovery Study	150,000	-	
Polytechnic Cost Study	185,000	-	
Math Learning Lab	-	40,000	
Bridge Funding for AIRE Lab	-	100,000	
AVP Strategic Enrollment Management and Retention	-	263,366	
Assistant Director of Admissions Operations	-	104,195	
Director of Career Services	-	159,559	
AVP Student Affairs and Dean of Students	-	187,241	
Associate Director of Environmental Health and Safety	-	131,877	
Associate Dean of Health, Arts, and Sciences	-	228,764	
Total Strategic Investments	\$ 685,000	\$ 1,215,002	77%
Total Expenses	\$ 78,472,099	\$ 73,024,134	-7%
Net from Operations Before			
Other Resources (Uses)	\$ (9,500,000)	\$ (3,000,000)	
Other Resources (Uses)			
Transfer In - Applied Computing and Rural Health Funds	\$ 5,000,000	\$ -	
Transfer In - COVID Relief Funds (HEERF)	3,000,000	-	
Use of Reserve	1,500,000	3,000,000	
Total from Operations and			
Other Resources (Uses)	\$ -	\$ -	

(1) Public University Support Fund (PUSF) budgeted at 4% increase (Governor's Recommended Budget). Other state appropriations budgeted at a 5.4% increase (Joint Committee on Ways and Means Co-Chair Budget).

(2) Tuition revenue assumes a 0% enrollment increase over FY 2022-23 actual.

(3) Salary recapture budget increased to reduce budgeted dependence on reserve and reductions – budgeted amount is within range of savings realized over the past three fiscal years.

(4) Contingency fund is 1.5% of new state allocation.

(5) FY 2023-24 portion of January 1, 2023 faculty increases are already in FY 2023-24 budget.

(6) Special state appropriation received in full in FY 2022-23.

Fund Balance

The reserve balance at FYE 2022-23 is expected to total just under \$17M or approximately 24.9% of forecasted operating revenue. With the recommended FY 2023-24 budget, the ending reserve balance for FY 2023-24 is expected to total \$13.9M or 19.9% of budgeted operating revenue. This percentage is above the amount required by Board Policy and is within the top half of the range that the Board has prescribed as acceptable.

Summary

The state budget for higher education funding in the 2023-25 biennium is not likely to reach the minimum continuing service level (CSL) funding required to support inflation on current expenditures covered by state appropriations. Oregon Tech enrollment is not expected to increase during FY 2023-24 but will require an investment in strategic enrollment management and student retention services during the upcoming year to position Oregon Tech for a more innovative approach to growing sustainable enrollment in an increasingly competitive higher education marketplace. Even with a 4.9% increase in student tuition and a 1.9% reduction in budgeted spending for FY 2023-24, before strategic investments, an additional investment is necessary from the reserve to bridge the lack of growth in state appropriations and two consecutive years of enrollment shortfalls. In the recommended FY 2023-34 budget, Oregon Tech is prioritizing preservation of academic program quality and course offerings, faculty and staff jobs and student support services essential to strengthening retention and student success. This will be achieved through utilizing a \$3.0M investment from the reserve to support to balance the FY 2023-24 budget.

Recommendation:

After review of the proposed FY 2023-24 All-funds Budget and related documents, **staff recommends a Motion from the Finance and Facilities Committee to the full Board for approval of the FY 2023-24 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 2023-24 Non E&G Funds Budget			
	Auxiliary	Designated	Service
Revenues			
Academic Affairs (HAS only)	\$ 500,000	\$ -	\$ -
Student Affairs	9,987,517	-	-
Finance & Administration	2,996,050	4,430	187,000
OMIC	941,525	-	-
Total Revenues	<u>\$ 14,425,092</u>	<u>\$ 4,430</u>	<u>\$ 187,000</u>
Expenses			
Academic Affairs (HAS only)	\$ 500,000	\$ -	\$ -
Student Affairs	9,987,517	-	-
Finance & Administration	2,673,586	4,000	187,000
OMIC	941,525	-	-
Total Expenses	<u>\$ 14,102,628</u>	<u>\$ 4,000</u>	<u>\$ 187,000</u>
Net	<u>\$ 322,464</u>	<u>\$ 430</u>	<u>\$ -</u>

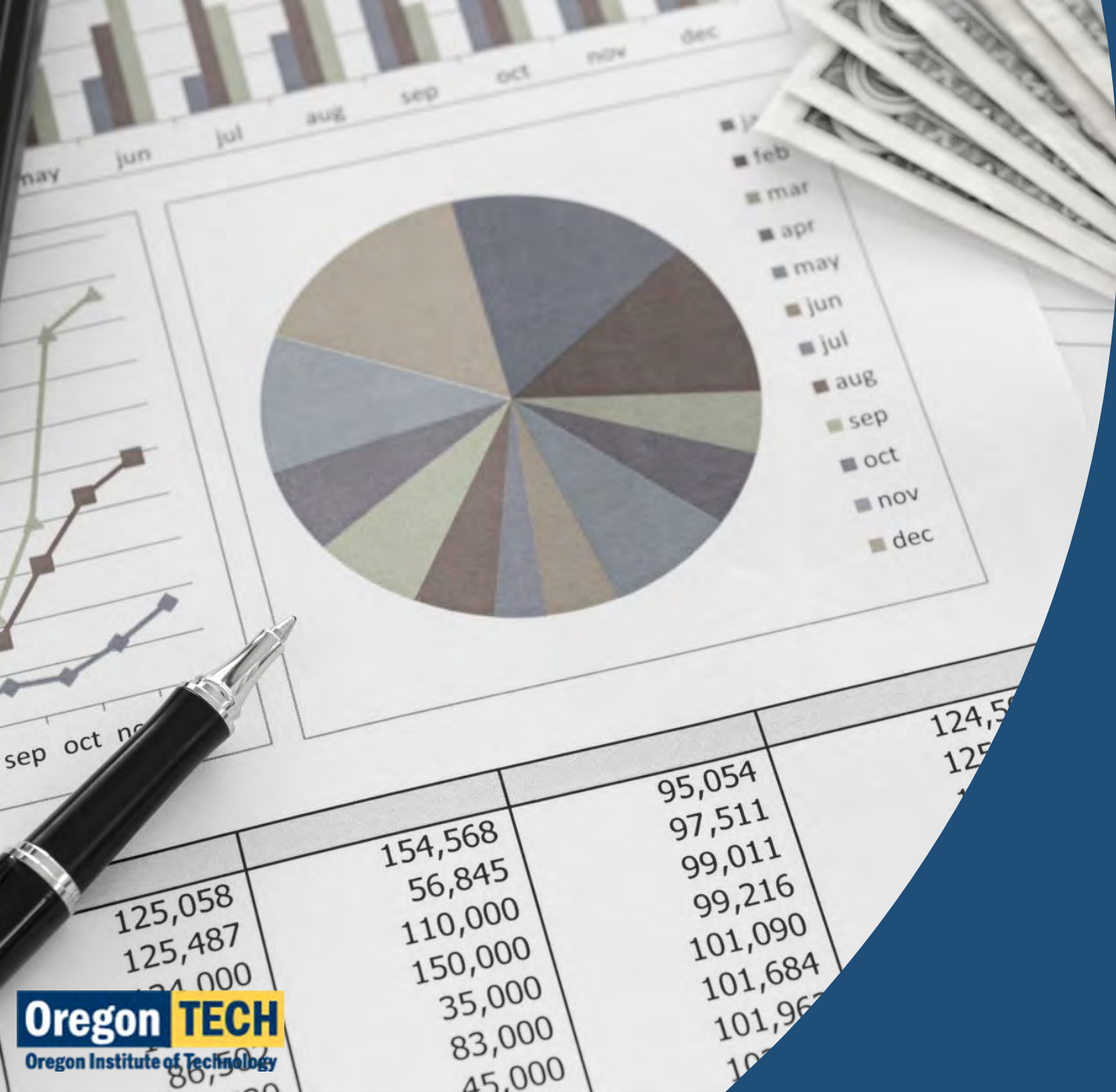
Report to Finance & Facilities Committee

(also Sitting as the Audit Committee)

Oregon Tech Board of Trustees

May 31, 2023

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



Finance & Facilities Committee* Reports

*Also serving as the Audit Committee

Finance, Facilities & Audit Agenda Items

- **3. Finance, Facilities and Audit: Update**
 - 3.1- Fiscal Operations Advisory Council (FOAC) Report
 - 3.2- Quarterly Finance, Facilities and Audit Report
 - 3.2.1- FY 2022-23 YTD April Management Report
 - 3.2.2- Q-3 Financial Dashboard
 - 3.2.3- Q-3 Investment Report
 - 3.2.4- Q-4 Capital Projects Report
 - 3.2.5- Q-4 Internal Auditor Report- *Kernutt Stokes*
- **4. Action Items**
 - 4.1- Recommend Approval of FY 2023-24 Budget

FY 2022-23 Budget Performance YTD February



Forecast based on YTD April figures is trending cautiously positive



Tuition revenue is down related to 5.9% enrollment shortfall (excludes ACP students)



Spending is below budget for labor and non-labor categories



Required transfers-in may be less than budgeted based on spending patterns



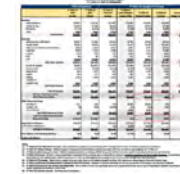
**FY 2022-23 budget was balanced using:
\$3.0M COVID Funds &
\$1.5M Reserve Funds**



Must continue to be strategic in managing our resources

General Fund Monthly Report

FY 2022-23 April (in thousands)



FY 2022-23 YTD April Management Report

YTD Comparison		FY 2022-23 Budget & Forecast						
	FY 2021-22 April Actuals	FY 2022-23 April 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	Notes
Revenue								
State Allocations	\$37,407	\$33,744	\$37,407	\$32,385	\$32,385	\$33,744	\$1,360	(1)
Tuition & Fees	37,522	37,168	38,190	39,832	39,973	37,708	(2,124)	(2)
Remissions	(5,711)	(6,554)	(5,837)	(5,546)	(5,546)	(6,649)	(1,103)	
Other	1,863	2,646	2,259	2,302	2,156	3,000	698	
Total Revenue	\$71,081	\$67,003	\$72,019	\$68,972	\$68,967	\$67,803	(\$1,169)	
Expenses								
Administrative Staff Salary	\$6,807	\$7,063	\$8,204	\$9,700	\$9,636	\$8,518	(\$1,182)	
Faculty Salary	10,291	10,559	12,783	14,227	14,291	\$13,182	(1,046)	
Adjunct and Admin/Faculty Other Pay	2,583	2,393	3,726	3,457	3,457	\$3,562	105	
Classified	4,854	5,106	5,838	6,321	6,323	\$5,998	(324)	
Student	590	690	755	1,063	1,055	\$842	(221)	
GTA	60	82	74	121	121	\$120	(1)	
OPE	14,319	14,486	17,207	19,252	19,252	17,268	(1,983)	
Total Labor Expense	\$39,505	\$40,380	\$48,588	\$54,142	\$54,136	\$49,490	(\$4,651)	(3)
Service & Supplies	\$9,807	\$11,832	\$12,762	\$21,463	\$21,632	\$14,230	(\$7,233)	(4)
Internal Sales	(1,063)	(1,064)	(1,272)	(1,356)	(1,356)	(1,306)	49	
Debt Service	404	1,420	631	1,189	1,189	1,952	763	(5)
Capital	704	227	153	185	231	350	165	
Utilities	1,274	1,380	1,820	1,335	1,335	1,669	334	
Transfers In	-	-	-	-	-	-	-	
Transfers Out	1,421	1,433	1,433	1,462	1,433	1,433	(29)	
Total Direct Expense	\$12,547	\$15,230	\$15,527	\$24,279	\$24,465	\$18,328	(\$5,951)	
Total All Expense	\$52,051	\$55,609	\$64,115	\$78,421	\$78,601	\$67,819	(\$10,602)	
Net from Operations before Other Resources (Uses)	\$19,030	\$11,394	\$7,904	(\$9,449)	(\$9,633)	(\$16)		(6)
Other Resources (Uses)								
Transfers In	\$73	\$36	\$78	\$8,000	\$8,000	\$48		
Transfer Out	(0)	(340)	(6,059)	(51)	(140)	(340)		
Use of Reserve	-	-	-	1,500	1,500	-		
Total Other Resources (Uses)	\$73	(\$304)	(\$5,981)	\$9,449	\$9,360	(\$292)		(7)
Total from Operations and Other Resources (Uses)	\$19,102	\$11,090	\$1,923	(\$0)	(\$273)	(\$308)		(8)
Beginning Fund Balance	\$15,235	\$17,218	\$15,235	\$17,218	\$17,218	\$17,218		
Fund Balance Adjustment	-	-	60	(1,500)	(1,500)	-		
Ending Fund Balance	\$34,337	\$28,308	\$17,218	\$15,718	\$15,445	\$16,910		
Fund Balance as % Operating Revenues	N/A	N/A	23.9%	22.79%	22.4%	24.9%		
Ending Cash Balance	\$36,121	\$30,359	\$18,536					

Notes:

- FY 2022-23 State Allocations Forecast**- State allocation increased by \$1.3M following HECC October 2022 formula corrections and data reconciliation.
- FY 2022-23 Tuition Forecast**- Reflects impact of unexpected 5.9% enrollment decline (excludes ACP). Flat enrollment was budgeted for FY 2022-23.
- FY 2022-23 Labor Expense Forecast**- Reflects budgeted positions remaining unfilled along with benefits and other payroll expenditures being less than expected.
- FY 2022-23 Forecast** - \$5M in reduced spending is anticipated from a slower pace of expenditures related to Applied Computing and Rural Health Initiatives. Unexpended Special Item Funds for this initiative were rolled forward from FY 2021-22 and budgeted as a transfer-in for FY 2022-23 as intended from state allocation.
- FY 2022-23 YTD Actuals** - Debt service is higher than prior year due to front-loaded savings from May 2021 state bond refinancing for improved interest rates.
- FY 2022-23 Net from Operations before Transfers In and Out Forecast**- Because of reduced spending, the net loss at yearend is forecasted to be less than budgeted.
- FY 2022-23 Forecast for Use of Non-operating Funds** - Net transfers-in from non-operating resources is expected to be less due to pace of spending in Applied Computing and Rural Health Initiatives and savings in other areas.
- FY 2022-23 Yearend Forecast** - Trending close to breakeven before budgeted transfers-in.

FY 2022-23 YTD April Revenue and Labor Expenses

General Fund Monthly Report

FY 2022-23 April (in thousands)

	YTD Comparison		FY 2022-23 Budget & Forecast					Notes
	FY 2021-22 April Actuals	FY 2022-23 April 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	
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Total Revenue	<u>\$71,081</u>	<u>\$67,003</u>	<u>\$72,019</u>	<u>\$68,972</u>	<u>\$68,967</u>	<u>\$67,803</u>	<u>(\$1,169)</u>	
Expenses								
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Student	590	690	755	1,063	1,055	\$842	(221)	
GTA	60	82	74	121	121	\$120	(1)	
OPE	14,319	14,486	17,207	19,252	19,252	17,268	(1,983)	
Total Labor Expense	<u>\$39,505</u>	<u>\$40,380</u>	<u>\$48,588</u>	<u>\$54,142</u>	<u>\$54,136</u>	<u>\$49,490</u>	<u>(\$4,651)</u>	(3)

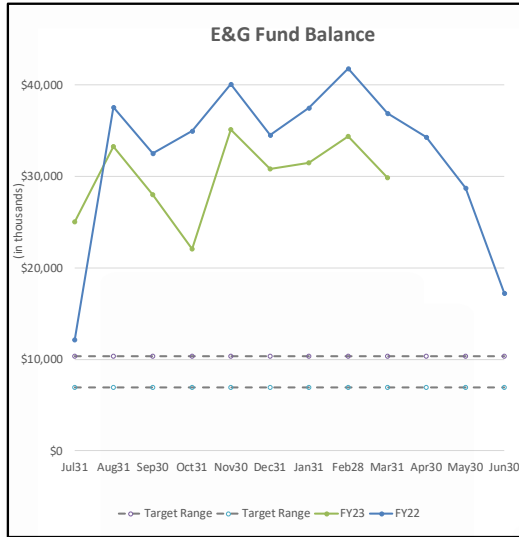
YTD April Direct Expenditures and Net from Operations

General Fund Monthly Report

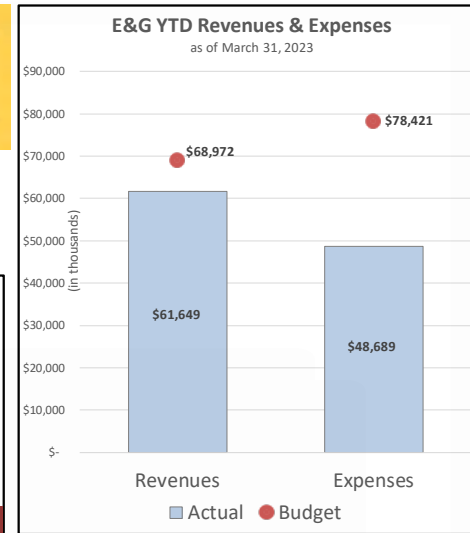
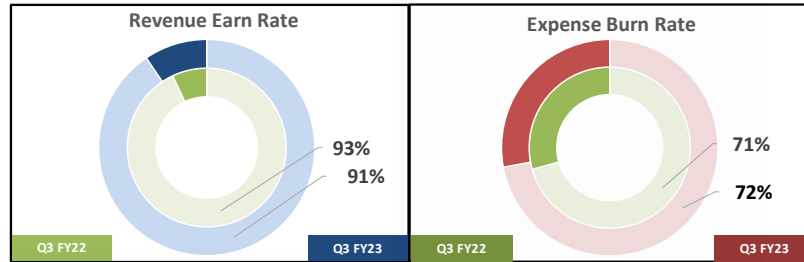
FY 2022-23 April (in thousands)

	YTD Comparison		FY 2022-23 Budget & Forecast					
	FY 2021-22 April Actuals	FY 2022-23 April 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	Notes
Service & Supplies	\$9,807	\$11,832	\$12,762	\$21,463	\$21,632	\$14,230	(\$7,233)	(4)
Internal Sales	(1,063)	(1,064)	(1,272)	(1,356)	(1,356)	(1,306)	49	
Debt Service	404	1,420	631	1,189	1,189	1,952	763	(5)
Capital	704	227	153	185	231	350	165	
Utilities	1,274	1,380	1,820	1,335	1,335	1,669	334	
Transfers In	-	-	-	-	-	-	-	
Transfers Out	<u>1,421</u>	<u>1,433</u>	<u>1,433</u>	<u>1,462</u>	<u>1,433</u>	<u>1,433</u>	(29)	
Total Direct Expense	\$12,547	\$15,230	\$15,527	\$24,279	\$24,465	\$18,328	(\$5,951)	
Total All Expense	\$52,051	\$55,609	\$64,115	\$78,421	\$78,601	\$67,819	(\$10,602)	
Net from Operations before Other Resources (Uses)	\$19,030	\$11,394	\$7,904	(\$9,449)	(\$9,633)	(\$16)		(6)
Other Resources (Uses)								
Transfers In	\$73	\$36	\$78	\$8,000	\$8,000	\$48		
Transfer Out	(0)	(340)	(6,059)	(51)	(140)	(340)		
Use of Reserve	-	-	-	1,500	1,500	-		
Total Other Resources (Uses)	\$73	(\$304)	(\$5,981)	\$9,449	\$9,360	(\$292)		(7)
Total from Operations and Other Resources (Uses)	\$19,102	\$11,090	\$1,923	(\$0)	(\$273)	(\$308)		(8)

Q-3 Financial Dashboard



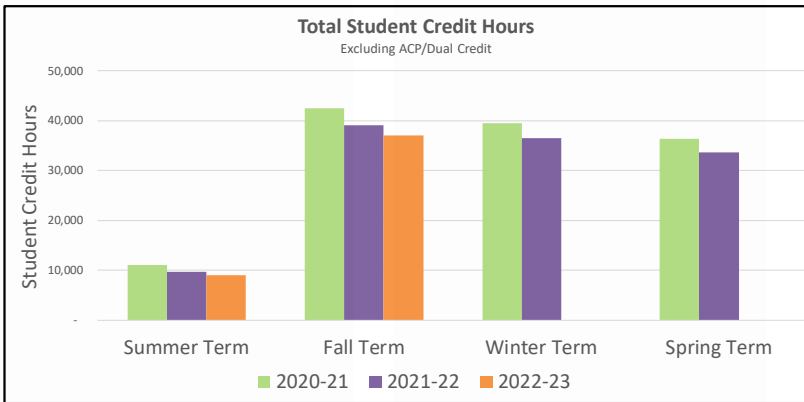
Quarterly Financial Dashboard As of March 31, 2023



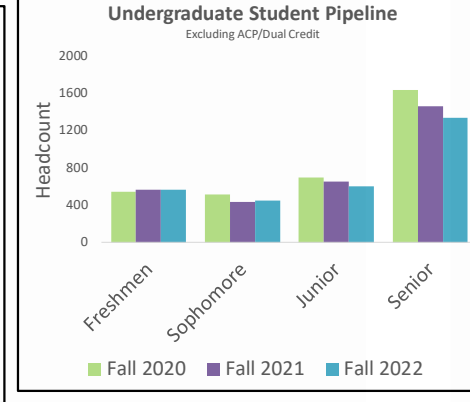
Key Financial Indicators		
E&G Fund Balance:	\$29,874	As of March 31, 2023
Debt Burden Ratio:	3.34%	As of June 30, 2022
Quasi Endowment:	\$6,397	As of Dec 31, 2022
Foundation Assets:	\$37,960	As of June 30, 2022

Student Tuition		
Undergraduate Tuition		
	2022-23	2021-22
Resident:	\$10,002	\$9,572
Non-Resident:	\$31,837	\$30,466
WUE:	\$15,003	\$14,357
Online:	\$13,230	\$12,645
Differential:	37% Premium	37% Premium

Graduate Tuition		
	2022-23	2021-22
Resident:	\$18,404	\$17,612
Non-Resident:	\$30,896	\$29,565
Online (MS-AH):	\$15,048	\$14,400
Online (MS-ET):	\$21,888	\$20,952
Differential:	37% Premium	37% Premium



Degree Completions					
		2021-22	2020-21	2018-19	3 Year Δ
Undergraduate	Resident:	528	522	493	7.1%
	Non-Resident:	236	244	239	-1.3%
Graduate	Resident:	25	30	13	92.3%
	Non-Resident:	16	12	14	14.3%



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

Investment Report: Q-3 FY 2022-23

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 March 31, 2023, Oregon Tech had \$41.2 million on deposit in the PUF. The PUF increased 1.9% for the quarter and 1.4% fiscal year-to-date. The PUF's three-year and five-year average returns were 0.4% and 1.9%, respectively.
- The Oregon Short-Term Fund returned 0.9% for the quarter, underperforming its benchmark by 20 basis points. The Core Bond Fund increased 2.7% for the quarter, outperforming its benchmark by 40 basis points. The PUF investment yield was 1.0% for the quarter and 2.4% fiscal year-to-date.
- The Oregon State Treasury investment officers maintain a conservative positioning in the Core Bond Fund given the investment team's view of a looming recession in the U.S. The portfolio's allocation to corporate credit remains underweight compared to its benchmark (27.7% versus 30.5%). The investment team continues to seek opportunities to extend duration (average portfolio maturity) ahead of any significant risk-off events.

Oregon Tech Quasi-Endowment Fund

- The Oregon Tech Quasi-Endowment assets increased 2.7% for the quarter and 1.2% fiscal year-to-date. The Oregon Intermediate-Term Pool outperformed its benchmark by 40 basis points for the quarter and 50 basis points fiscal year-to-date. The Endowment assets were valued at \$6.6 million, as of March 31, 2023.

Investment Performance to Benchmark Q-3 FY 2022-23

Oregon Tech
Investment Summary
as of March 31, 2023
(Net of Fees)

	Quarter Ended 3/31/2023	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	0.9%	1.9%	0.5%	1.2%	1.7%	1.3%	\$ 14,731,946	35.8%	1
Benchmark - 91 day T-Bill	1.1%	2.4%	0.1%	0.9%	1.4%	0.9%			
PUF Core Bond Fund	2.7%	1.3%	-4.5%	-0.4%	1.9%	N/A	26,426,026	64.2%	1
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	2.3%	0.7%	-5.0%	-1.5%	1.4%	1.4%			
Public University Fund Total Return	1.9%	1.4%	-1.7%	0.4%	1.9%	N/A	<u>\$ 41,157,972</u>	<u>100.0%</u>	
Public University Fund Investment Yield ³	1.0%	2.4%	0.9%	2.2%	2.4%	N/A			
OIT Endowment Assets									
Oregon Intermediate-Term Pool	2.7%	1.2%	-4.5%	-0.2%	N/A	N/A	\$ 6,568,981	100.0%	
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ⁴	2.3%	0.7%	-5.0%	-1.7%	1.1%	1.1%			

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.

Placeholder for next Topics

- Placeholder for Q-3 Capital Projects Report
- Placeholder for Internal Auditor Report



Finance and Facilities Committee/Audit Committee Action Items

Recommendation for Approval of Fiscal Year Year 2023- 24 Budget (Action item)

FY 2023-24 Budget Development Calendar

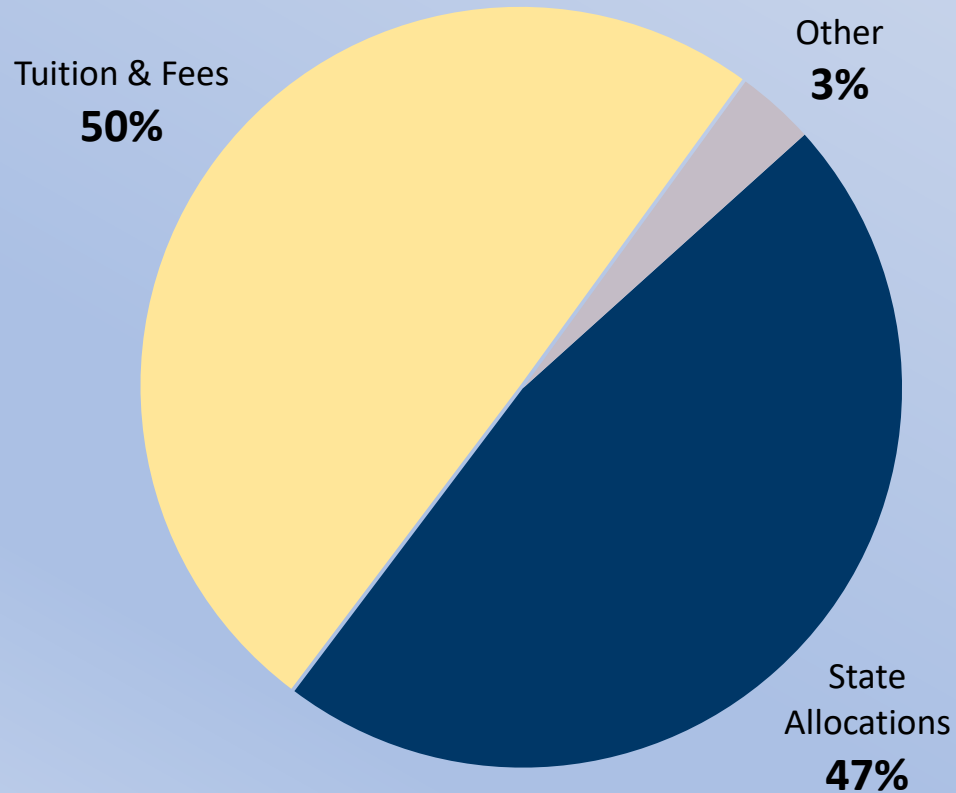
FY 2023-24 Budget Development Calendar		
December	2022	Budget template build starts
January	2023	Budget build begins
January	2023	First Tuition Recommendation Committee meeting
January	2023	Senior Leadership determines reduction/investment strategy
January	2023	Template preparation complete
January	2023	2023 Legislative long session begins
February	2023	Budget Office distributes budget templates
February	2023	Second and third Tuition Recommendation Committee meetings
March	2023	Targets available to departments
April	2023	Budgets due to Budget Office
April	2023	Budget Office reviews templates
April	2023	Board meeting - Academic Year 2023-24 Tuition & Fees
May	2023	FOAC reviews and recommends to President
May	2023	Senior Leadership reviews budget
June	2023	Board meeting - budget review/approval
June	2023	Board Approved Budget loaded to finance system

FY 2023-24 Budget Development

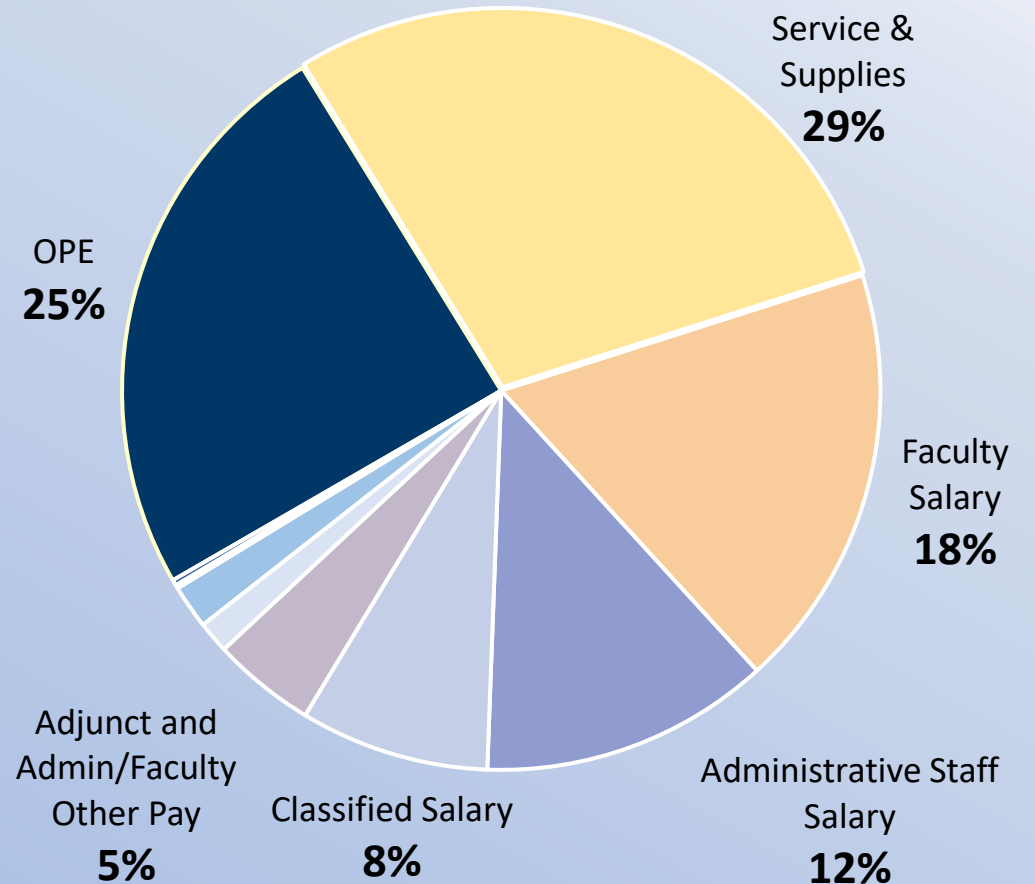
- Primary Sources of State Funding
 - Public University Support Fund (PUSF)
 - Funds the Student Success and Completion Model (SSCM)
 - Engineering and Technology Sustaining Fund (ETSF)
 - Oregon Renewable Energy Center (OREC)
- Other Types of Funds- Investment earnings, grant cost recovery, clinical revenues, etc.
- Student Tuition and Fees
- Funds not in Operating Budget
 - Capital Improvement and Renewal Funding (CIR)
 - Bonded capital construction funds

Major Components of E&G Budget

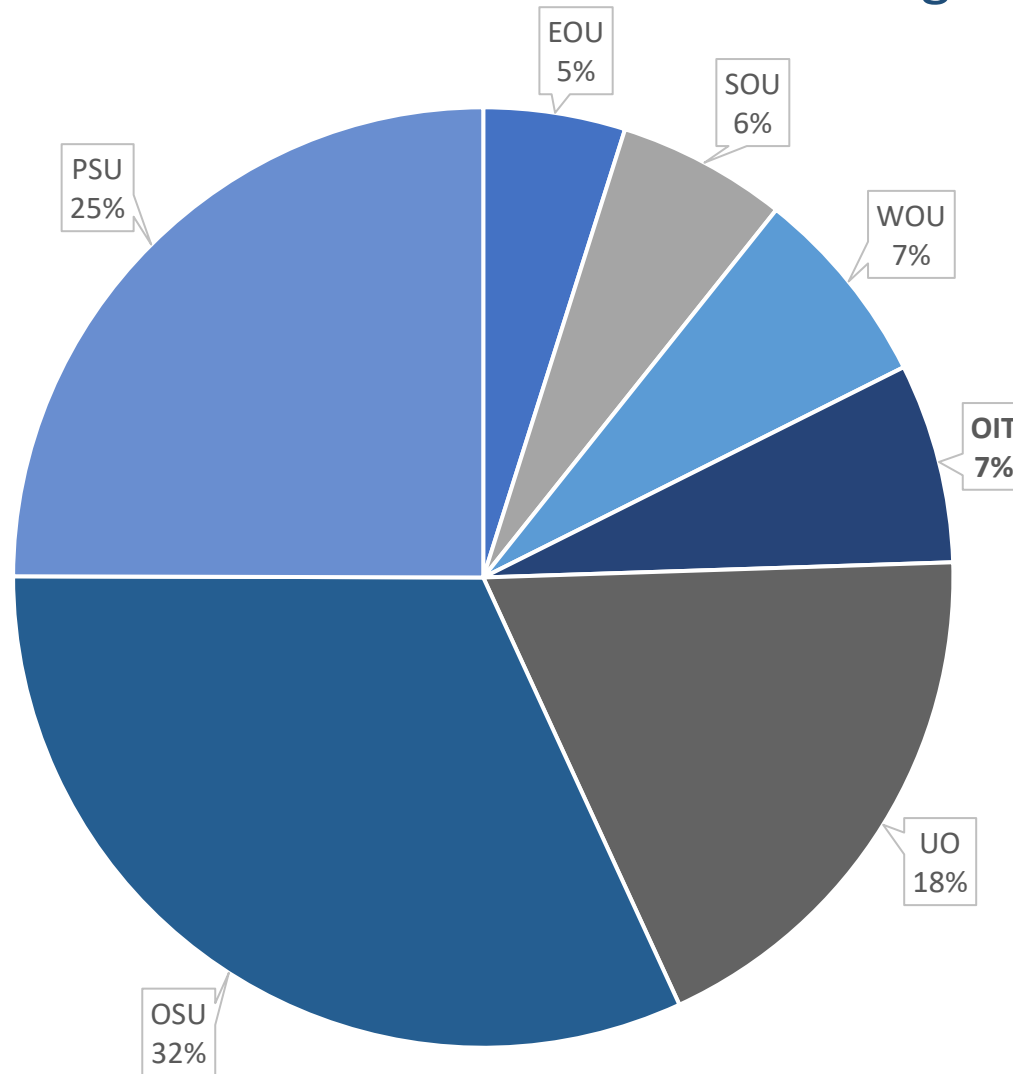
Budgeted Revenue



Budgeted Expenses



FY 2022-23 Distribution of PUSF Funding



Public
University
Support Fund
FY 2022-23
Distribution

FY 2023-24 Budget Development

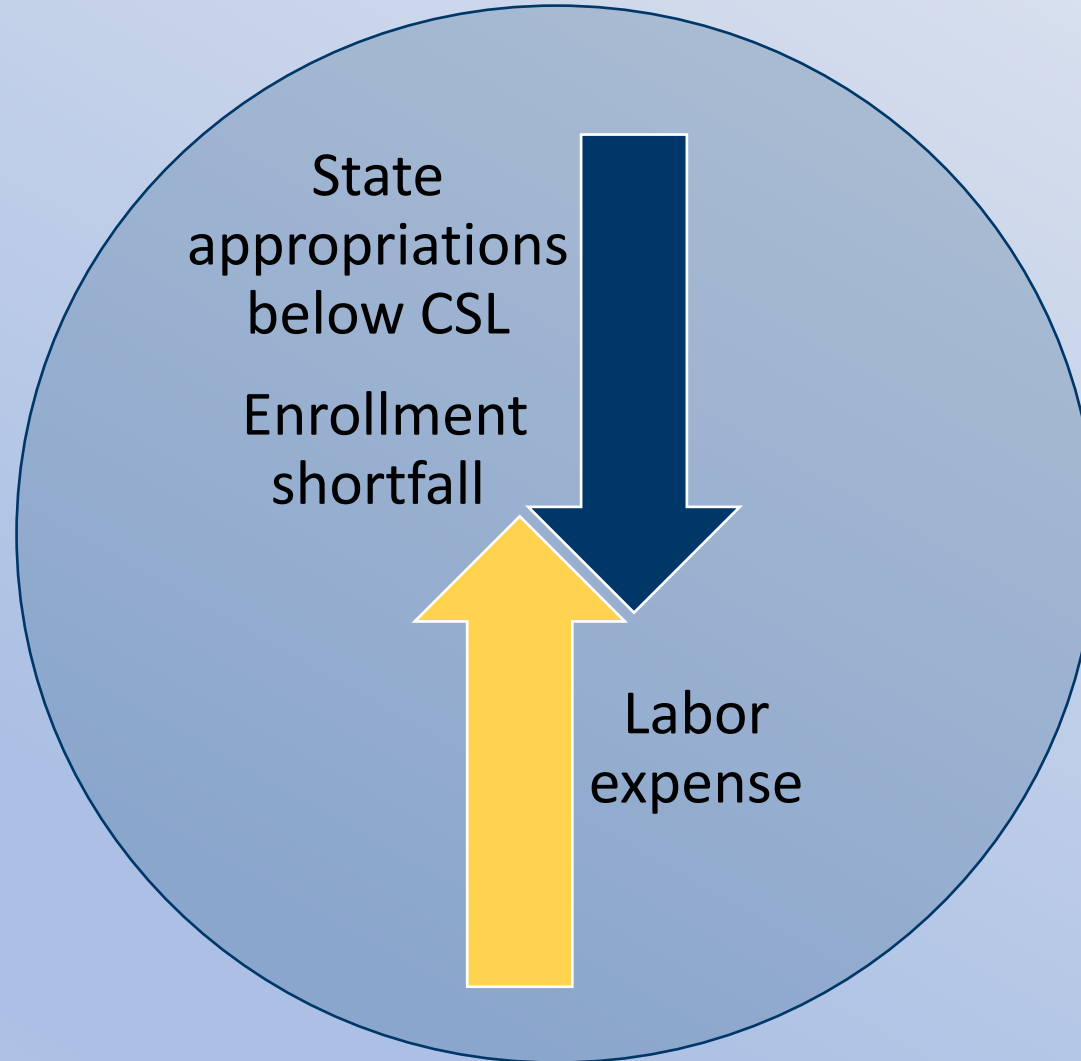
Budgeting Challenges

- Reliance on forecasting and assumptions
- Early enrollment projections drive tuition estimates
- FY 2022-23 enrollment was down 15.7% compared to two years ago (excluding ACP/dual credit students)
- State appropriations are based on GRB because final legislative biennium budget is not known
- HECC formula funding is subject to October true-up
- Uncontrollable PEBB and PERS benefits costs
- Organized labor contract commitments
- Challenge is to preserve quality of programs and student experience, despite changing environmental dynamics

Strategic Budget Investments

- AVP for Strategic Enrollment Management and Retention- enhanced focus and more tailored approach to recruiting students
- Assistant Admissions Director- personalized engagement and follow-up for students in pipeline
- Director of Career Services- for student success
- Assistant Director of Environmental Health and Safety- support campus training and compliance
- Salary pools for faculty and staff adjustments
- Dean for Online and global programs
- AIRE (Advanced Interdisciplinary Research on Environment) and math lab

FY 2023-24 Core Challenge



FY 2023-24 Budget Development

- Incremental Budget Model was utilized, as in prior years
- FY 2023-24 budget targets were based on prior year revised budget and adjusted for:
 - CY 2023 salary increases
 - Contract labor agreement obligations
 - Estimated benefits and medical insurance increases
- Pools were budgeted for:
 - Estimated AAUP CY 2024 increases and OPE
 - Contingent unclassified staff salary increases and estimated OPE
- Estimated salary recapture was also budgeted as in the past
- Important Strategic Investments were estimated and included
- Fiscal Operations Advisory Council (FOAC) reviewed FY 2023-24 Budget and supports advancing for approval

FY 2023-24 Budget by Division

FY 2023-24 Oregon Tech Regular General Fund Budget by Division									
Division	FY 2022-23 Perm. Budget	FY 2023-24 Faculty Increases	FY 2023-24 Admin. Increases	FY 2023-24 Classified Increases	FY 2023-24 OPE Increases	Other Adjustments ¹	FY 2023-24 Budget Reductions	FY 2023-24 Budget	Variance to FY 2022-23 Budget
President	\$ 2,355,278	\$ -	\$ 9,788	\$ -	\$ 9,204	\$ 100,000	\$ (46,273)	\$ 2,427,997	3.1%
Academic Affairs	40,110,588	145,471	27,445	61,269	192,968	-	(790,061)	39,747,680	-0.9%
Student Affairs	4,518,244	-	6,323	3,519	7,971	(1,098,774)	(66,991)	3,370,292	-25.4%
Enrollment Management	5,906,003	-	14,346	16,541	22,294	75,948	(117,622)	5,917,510	0.2%
Finance and Administration	14,976,489	-	29,744	125,243	74,384	1,022,826	(316,289)	15,912,397	6.2%
University Advancement	2,102,992	-	8,751	15,295	12,870	-	(41,706)	2,098,202	-0.2%
Institutional General	<u>3,002,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,002,784</u>	0.0%
Total	\$ <u>72,972,378</u>	\$ <u>145,471</u>	\$ <u>96,397</u>	\$ <u>221,867</u>	\$ <u>319,691</u>	\$ <u>100,000</u>	\$ <u>(1,378,942)</u>	\$ <u>72,476,862</u>	-0.7%

¹ Resilience, Emergency Management and Safety and Campus Safety are moving from Student Affairs to Finance and Administration; Peer Consulting Coordinator is moving from Student Affairs to SEM in FY 2023-24

FY 2023-24 General Fund Budget

FY 2023-24 General Fund Budget

Footnotes

(1) Public University Support Fund (PUSF) budgeted at 4% increase (Governor's Recommended Budget). other state appropriations budgeted at a 5.4% increase (Joint Committee on Ways and Means Co-Chair Budget).

(2) Tuition revenue assumes a 0% enrollment increase over FY 2022-23 actual and a 4.9% tuition increase

(3) Salary recapture budget increased to limit budgeted dependence on reserve and expense reductions. Budgeted amount is within the range of savings realized over the past three fiscal years.

(4) Contingency fund is 1.5% of new state allocation.

(5) January 2023 faculty increases are already in FY 2023-24 budget.

(6) Special state appropriation received in full in FY 2021-22 and transferred back in for FY 2022-23.

	FY 2022-23	FY 2023-24	Variance FY 2022-23 to FY 2023-24
Revenues			
State Allocation	\$ 32,384,602	\$ 33,819,717	4% (1)
Tuition and Fees (less special general funds)	39,290,381	38,807,036	-1% (2)
Remissions	(5,346,310)	(5,805,377)	9%
New Targeted Remissions	(200,000)	-	-100%
Other Revenues (less special general funds)	994,813	1,275,771	28%
Special General Fund Revenues	1,848,613	1,926,987	4%
Total Revenues	\$ 68,972,099	\$ 70,024,134	2%
Expenses			
Permanent Budget	\$ 72,621,634	\$ 72,476,862	0%
Salary Recapture	(2,500,000)	(3,500,000)	40% (3)
Special General Fund Expenses	1,848,613	1,926,987	4%
Contingency Reserve	432,923	517,603	20% (4)
Administrative Salary Pool (effective January 2024)	103,948	114,343	10%
Faculty Salary Pool (effective January 2024)	279,981	273,337	-2% (5)
Applied Computing and Rural Health Initiatives	5,000,000	-	-100% (6)
Total Budgeted Expenses	\$ 77,787,099	\$ 71,809,132	-8%

FY 2023-24 General Fund Budget (continued)

FY 2023-24 General Fund Budget

	FY 2022-23	FY 2023-24	Variance FY 2022-23 to FY 2023-24
Strategic Investments			
Facilities Master Plan	\$ 100,000	\$ -	
Administrative Staff Pay Equity Study	100,000	-	
Faculty Pay Equity Study	150,000	-	
Business Continuity/Disaster Recovery Study	150,000	-	
Polytechnic Cost Study	185,000	-	
Math Learning Lab	-	40,000	
Bridge Funding for AIRE Lab	-	100,000	
AVP Strategic Enrollment Management and Retention	-	263,366	
Assistant Director of Admissions Operations	-	104,195	
Director of Career Services	-	159,559	
AVP Student Affairs and Dean of Students	-	187,241	
Associate Director of Environmental Health and Safety	-	131,877	
Associate Dean of Health, Arts, and Sciences	-	228,764	
Total Strategic Investments	\$ 685,000	\$ 1,215,002	77%
Total Expenses	\$ 78,472,099	\$ 73,024,134	-7%
Net from Operations Before Other Resources (Uses)	\$ (9,500,000)	\$ (3,000,000)	
Other Resources (Uses)			
Transfer In - Applied Computing and Rural Health Funds	\$ 5,000,000	\$ -	
Transfer In - COVID Relief Funds (HEERF)	3,000,000	-	
Use of Reserve	1,500,000	3,000,000	
Total from Operations and Other Resources (Uses)	\$ -	\$ -	

FY 2023-24 Non-E&G Funds Budget

FY 2023-24 Non E&G Funds Budget			
	Auxiliary	Designated	Service
Revenues			
Academic Affairs (HAS only)	\$ 500,000	\$ -	\$ -
Student Affairs	9,987,517	-	-
Finance & Administration	2,996,050	4,430	187,000
OMIC	941,525	-	-
Total Revenues	\$ 14,425,092	\$ 4,430	\$ 187,000
Expenses			
Academic Affairs (HAS only)	\$ 500,000	\$ -	\$ -
Student Affairs	9,987,517	-	-
Finance & Administration	2,673,586	4,000	187,000
OMIC	941,525	-	-
Total Expenses	\$ 14,102,628	\$ 4,000	\$ 187,000
Net	\$ 322,464	\$ 430	\$ -

Recommendation for Approval of the Fiscal Year 2023-24 Budget

(Action item)

Finance and Facilities Committee Action Item 4.1: FY 2023-24 **Oregon Tech All Funds Budget**

Motion:

After review of the proposed FY 2023-24 All-Funds Budget and related documents, **staff requests a Motion by the Finance and Facilities Committee to the full Board for approval of the FY 2023-24 All-Funds Budget.**

Board Action Item 7.2: FY 2023-24 Oregon Tech All Funds Budget

Motion:

After review of the proposed FY 2023-24 All-Funds Budget and related documents, and with the recommendation of the Finance and Facilities Committee, **staff requests a Motion by the Board for approval of the Fiscal Year 2023-24 Oregon Tech All-Funds Budget.**

Questions?