



**Western Oregon University Board of Trustees:
Finance & Administration Committee
Meeting No. 2 – January 20, 2016
Public Site: Werner University Center, Rogue Room
9:00 AM – 1:00 PM**

MINUTES

(1) CALL-TO-MEETING AND ROLL CALL

The meeting was called to order at 8:04 am.

Committee members present: Jaime Arredondo, Ivan Hurtado, Cec Koontz, Eric Yahnke (Vice President for Finance and Administration & CFO)

Others present: Reina Morgan (Assistant), Gary Dukes (VPSA), Diana Barkelew (USSE), Trina McGaughy (USSE), Mark Perlman (Faculty)

(2) CHAIR'S WELCOME/ANNOUNCEMENTS

Chair Taylor was absent and did not provide any announcements.

(3) STUDENT HEALTH AND COUNSELING CENTER CAPITAL PROJECT (JOINT STUDENT AFFAIRS/FINANCE & ADMINISTRATION PRESENTATION)

VP Gary Dukes shared with the committee about the construction of a new Student Health and Counseling Center (SHCC). The SHCC offers free counseling services to students as well as medical services with only a small charge for things like tests and medication. A 3,400 square foot addition was considered, but wouldn't work well and it is only \$1.9 million more for a whole new building. The new facility will be more efficient and cost 30% less to run. The old building could possibly be turned into a student success center. The existing medical equipment will be relocated and will continue being used, but the counseling side could use new furniture if funding allows. To pay for the new building an \$11 fee will be assessed to students. This has been vetted by student groups on campus and they understand the necessity of it. In the first round of surveys that went out about 80% of students were in favor of an \$11.55 fee and in the second round of surveys over 70% were in favor.

With the dissolution of the Oregon University System (OUS) the pooled fund from building fees was distributed to each of the seven universities. From that Western got about \$2 million that can be used for this project. Dukes explained that he would like to request \$1.9 million from the reserve to fund the rest of this project. It would be paid

back over 15 years at an interest rate not to exceed 4%. Using the \$1.9 million from the reserve will leave \$1 million in the reserve for other potential needs. Hurtado asked if there is a possibility for an educational piece and VP Dukes explained that wellness education is an existing part of the SHCC in the form of the Peer Mentor program and there is space in the building where the program is housed, though the bulk of their work is done out on campus and in the residence halls.

The Incidental Fee Committee (IFC) is looking at adding \$18+ to their fee that will be an added expense to students on top of this new \$11 fee. Koontz asked what would happen if enrollment drops and VP Yahnke offered that it could be made part of the general fund expense or the loan could be extended. Ackerman is on a 30 year bond so 15 years really isn't that long for a building. Hurtado voiced concern about not knowing what will happen with enrollment but felt good about having backup plans in place. VP Yahnke expressed that he thinks this project is worth it because of the benefit to students with health needs. Koontz was in favor of moving the request to the board. Arredondo seconded it and Hurtado was also in favor.

(4) 2014 – 2015 AUDITED FINANCIAL STATEMENTS

Barkelaw and McGaughy from the University Shared Services Enterprise (USSE) presented on the university's financial statements. The [financial statements](#) can be found on the Business Office website. Last year WOU chose to be audited though it was not required at that time. This is our second year having a comprehensive financial audit report. The process was held up by the state this year, but statements should be ready to issue earlier in the future. The USSE had to prepare six statements this year with the same staff that previously only had to prepare one statement. The auditor found one deficiency in internal control, though it was a comment only and not an official finding. The comment was in regard to a journal entry that shouldn't have been made because PERS and PEBB are paid as one despite being separate entities and having different tax IDs. For that to be the only concern they had is pretty impressive. No state has ever broken apart like this so it is a learning experience. Most states consolidate into systems instead of choosing to be independent. The auditor will be presenting the financial to statements to the full board.

(5) FY16 BUDGET DOCUMENT

VP Yahnke walked the committee through the operating budget and shared that state appropriations have increased, allowing for an additional \$1 million in fee remissions. A \$200,000 increase to the fund balance is needed in order to keep a 15% reserve. The [budget book](#) can be found on the budget office website. Everything is outlined in detail organized by department and type of employee with transparency as the main goal.

We have seen a three year downward trend in enrollment and at this point we are projecting an enrollment *decrease* of 2% instead of the 2% *increase* that was expected. We don't know for sure why enrollment is down but some reasons could be low high school graduation rates, students receiving college credits in high school, and students attending community colleges instead of four year institutions. There is a drop in nonresident students, specifically international students. There is also a drop in junior and senior enrollment. It is challenging to figure out if they are graduating early, dropping out, or transferring elsewhere. As we move from the Resource Allocation Model (RAM) for funding to the Student Success and Completion Model (SSCM) enrollment is still critical because we can't grant degrees to students who aren't here. WOU is working on programs to get students to WOU from the community colleges. One strategy for getting more graduates is to forgive the debt of students who are close to completing their degree so they can return to WOU and complete their coursework.

Tuition rates for next year will be discussed soon with the Tuition Advisory Committee, but there has been difficulty recently in getting students to participate in these types of conversations. There is a student spot available at the bargaining table, but no one has yet taken the opportunity to fill it. Right now 70% of the total revenue comes from tuition and only 30% comes from the state, whereas in the past the state has provided a much higher percentage. As of right now we are looking at a 3-5% tuition rate increase.

(6) FY16 Q2 MANAGEMENT REPORT – FY16 Q2 ACTUAL & FYE PROJECTION

VP Yahnke shared the quarterly management report with the committee. Committee members felt that there were no real concerns and thought the notes that were provided addressed any potential questions or concerns. Koontz voted to forward it to the board. Hurtado seconded it. Arredondo was also in favor.

(7) 10-YEAR FINANCE PROJECTION

There has been a proposed increase of \$13.50 to the minimum wage, with a push to eventually get to \$15 an hour. If passed it would require WOU to cut 500-600 student positions. A 10 year projection has been created that takes the proposed minimum wage increase into consideration as well as projected faculty increases, the new sick leave law increases, and PEBB and PERS increases.

(8) PROJECTED FY17-19 CSL

The seven Oregon public universities have an ongoing collaborative effort to determine how much funding is needed to continue performing at the current service level. If we could increase enrollment by 500 students the university would bring in an extra \$1 million in gross revenue. Enrollment really is critical.

(9) FY17 BUDGET DEVELOPMENT CALENDAR

The [budget development calendar](#) is available on the budget office website. Budget hearings will be happening on campus as part of the budget development process. The deans, VPs, and president will be participating in those meetings.

(10) TUITION AND FEE SETTING – PROCESS CALENDAR

The budget for the coming year is due to the Higher Education Coordinating Commission (HECC) in April. A special board meeting may need to be called in order to approve the budget. It can't be done over the phone or via email because of the public meeting notice requirement.

(11) HB5005 CAPITAL INVESTMENT FUNDING

House Bill 5005 changed the thresholds authorized for bonds. Because of this change the \$500,000 that was going to be rededicated to the capital grid no longer can be.

(12) ACTION ITEM: REPURPOSE ELECTRICAL GRID REPAIR/XI-Q BONDS

VP Yahnke suggested repurposing that \$500,000 for small projects and then using Q bonds for the big projects. He asked for approval to repurpose the appropriated grid funds. Koontz was in favor of bringing the request to the full board. Arredondo seconded the motion and Hurtado was also in favor.

(13) ADJOURNMENT

The meeting was adjourned at 11:43 am.