



**Western Oregon University Board of Trustees:
Finance & Administration Committee
Meeting No. 1 – October 21, 2015
Public Site: Werner University Center, Ochoco Room
9:00 AM – 1:00 PM**

MINUTES

(1) CALL-TO-MEETING AND ROLL CALL

Chair Taylor called the meeting to order at 10:03 am.

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

Others present: Reina Morgan (Assistant), Judy Vanderburg, Tom Neal

(2) VP FINANCE/CFO INFORMATIONAL

The meeting started out with informational items from VP Yahnke and his direct reports. Judy Vanderburg (HR Director) presented information related to the proposed upcoming classification/compensation plan. The plan was started four years ago, prior to the closing of the Oregon University System (OUS), and was created in collaboration with SEIU through the University Shared Services Enterprise. She explained that the new system is in accordance with the trend in higher education across the United States to move from a narrow class system to a broad class system. The new system focuses on the type and scope of work and groups positions together based on similar abilities and skill level. The plan is still awaiting full approval and the compensation component still needs to be determined.

Tom Neal (Physical Plant Director) shared information on WOU's master plan. He explained that the current plan was fully approved in June of 2011 and was updated January of 2014, with the next update due in 2016. The master plan committee is made up of a diverse group of constituents including administrators, faculty, staff, students, and community members who are responsible for updating the entire plan every 10 years. Tom expressed an interest in making sure WOU is a walkable campus by having all parking on the perimeters of campus.

He also discussed WOU's capital plan that is submitted to the state for approval for major items. These projects are approved two years prior to when they are funded. Some current items in WOU's capital plan are the new College of Education building

and the renovation of the Natural Science building. The renovation will be focusing on ADA compliance and reducing the cost of utilities. Another request for funding is for the New PE building which currently doesn't have any second floor elevator access. VP Yahnke expressed that with OUS no longer around, coming up with the capital plan was a collaborative effort among the schools. The schools had to look at what funding was available, bargain with other institutions, and present their proposals to HECC. The USSE helps coordinate some aspects of capital projects but not to the same extent that OUS did, leaving a lot more work for the institutions to do on their own, including working directly with underwriters.

The last informational piece Tom covered was deferred maintenance. He explained that every biennium we receive a lump sum from the state for this purpose and that last time around we received \$1.6 million. Some of this money is being used to put the room number and Public Safety phone number inside every classroom in case of an emergency. This will allow individuals to quickly and accurately explain where they are to emergency responders. There is also a desire to install a PA system across campus, but that is not feasible at the time being as it will cost millions. Tom shared about the ADA study that was conducted on campus recently and explained that the ADA features will be incorporated into buildings as repairs are made. Lastly, he shared that the new College of Education building is on-time and on-budget with an expected completion date of next June.

VP Yahnke presented financial metrics from HECC to see if the committee would like to use those metrics or something different. Cec shared that it would be helpful to know the fund balance and cash on hand as well as see how we measure up with the 10 year projections from the business plan. VP Yahnke shared that we ended 2014-2015 with a 15.9% fund balance due to a few last minute transactions that posted, as a result of the closure of OUS.

(3) FY15 MANAGEMENT REPORT AND BUDGET

The committee reviewed and discussed WOU's budget and quarterly management report. The projected fund balance is 15% and is based on a 10 year forecast that is informed by the strategic plan. The fund balance has a 2% interest rate. The budget book will hopefully be ready by Thanksgiving and it has full disclosure for all operations. It will be presented at the meeting in January as well as the updated budget with actuals.

WOU received a \$5.2 million increase in state appropriations over last year and had a 2% tuition rate increase based on predicted enrollment. The expected enrollment hasn't shown up, resulting in a \$3.3 million difference. WOU opportunity grant is giving \$1

million back to students who are ineligible for Pell grants due to having an EFC in the middle range.

The committee discussed tuition prices and Chair Taylor pointed out that just because tuition is less some places doesn't mean that it is really cheaper when you take into account living costs and additional expenses. In Monmouth you can live off of less each month due to cheaper housing and not needing to pay for public transportation. So while we might have higher tuition, the cost of living is lower. Chair Taylor suggested that perhaps emphasizing our low cost of living could be an effective marketing tool.

VP Yahnke explained that enrollment is a serious immediate concern that will cause a reduction in funding. While funding is now based on number of degrees awarded instead of enrollment, we can't award degrees if we have no students, so therefore enrollment still plays a really important role. There is an ongoing discussion about the school's marketing plan and the school is wanting to target students who left close to finishing their degree. We are currently recruiting a Veterans' Coordinator and there is a grant that will be helping fund that position. Trio is also in the process of hiring and has been funded.

There are \$4.3 million in requests for budget enhancements, but no decisions have been made yet since faculty bargaining is still ongoing. Faculty salaries are at the top of the list for what to do with extra money and once that is determined budget enhancement requests can be decided. Chair Taylor asked if WOU is able to be competitive as a D2 school with half the athletics scholarships of other schools. VP Yahnke explained that this is something the President is looking into, both for NCAA scholarships (that are based on athletic performance) and need and academic based scholarships.

Chair Taylor asked if we are looking at occupational trends and designing our curriculum accordingly. VP Yahnke shared that Faculty Senate and the Provost's Council are re-evaluating curriculum. Cec Koontz added that right now Business is our biggest major even though there is an extreme teaching shortage in Oregon. She said that the districts are working with us to get people teaching degrees and there is a program set up for some bilingual students to be able to get a full ride scholarship and have jobs waiting for them in the summer if they commit to returning to their home district to teach.

Ivan Hurtado asked what he should walk away from the meeting with so VP Yahnke provided some key points. WOU is financially stable, received an increase of over \$4 million in state appropriations, tuition revenue is flat, faculty salaries are a priority, and enrollment is key. The sooner we can reverse the downward enrollment trend the better. VP Yahnke explained the new model that focuses on degrees awarded, as opposed to

enrollment as has been historically done. The three year look back on degrees awarded is focusing 80% on enrollment and 20% on outcomes right now. But next year enrollment will be down to 60% and outcomes will be up to 40%. The year after that enrollment will be 40% and outcomes will be 60%.

More students are living on campus this year and University Housing is able to meet their debt service payments. Campus finances are in healthy shape overall. Chair Taylor asked if the school has considered looking into self-insuring. VP Yahnke explained that it wouldn't really be an affordable option because right now the university gets a really good rate as a group with five of the other universities.

(4) DISCUSSION

The committee discussed what level of information should be presented to the board as well as what they felt was working well so far. Cec Koontz moved to recommend adoption of the budget to the full board. All were in favor. Cec also moved to recommend the quarterly management report to the full board for adoption. Again, all were in favor.

VP Yahnke concluded his presentation with some updates on projects that are in progress, including banner effort load & reporting, document imaging, a workgroup for the student success outcomes model, and the 2016 financial statements and budget book.

The committee set up meeting times for the rest of the academic year.

The meeting concluded at 12:48 pm.