

Western Oregon University Board of Trustees:
Finance & Administration Committee (FAC)
Meeting No. 16 – June 3, 2019
Public Site: Hamersly Library, Room 301-A
12:00 PM – 4:00 PM

AGENDA

I. CALL TO MEETING/ ROLL CALL

II. COMMITTEE CHAIR’S WELCOME / ANNOUNCEMENTS

III. CONSENT AGENDA

- 1) Approval April 4, 2019 Meeting Minutes

IV. DISCUSSION ITEMS:

- 1) Emergency Operations Plan – *Rebecca Chiles, Director Campus Public Safety*
- 2) University Budget Advisory Committee – *Richard Kavanagh and Cheryl Beaver, Co-Chairs*
- 3) University Technology Advisory Committee – *Bill Kernan, Co-Chair*
- 4) Modernizing Accounting & Business Services – *Christeena Whitfield, Controller*
 - a. Payment Due Dates
 - b. Collections
 - c. Travel Policy
- 5) Capital Projects – *Michael Smith, Director Facilities Services*
- 6) Salem Capital Project – *Dr. Ana Karaman, Vice President Finance & Administration*
- 7) [Quasi-Endowment Update](#) – *Dr. Ana Karaman, Vice President Finance & Administration*
- 8) Bond Proceeds & Transfer Back Date – *Camarie Campfield, Budget Manager*

V. ACTION ITEMS:

- 1) FY2019 Financial Update – *Camarie Campfield, Budget Manager*
 - a. FY19 Management Report (as of April 30, 2019)



2) FY2020 Budget – *Dr. Ana Karaman, Vice President Finance & Administration*
Camarie Campfield, Budget Manager

3) Fund Balance Target – *Dr. Ana Karaman, Vice President Finance & Administration*

VI. June 12, 2019 BOARD MEETING PREPARATION

VII. UPDATES AND AROUND-THE-TABLE

VIII. ADJOURNMENT



Western Oregon University Board of Trustees:
Finance & Administration Committee (FAC)
Meeting No. 15 – April 4, 2019
Public Site: Hamersly Library, Room 301-A
10:00 AM – 2:00 PM
MINUTES

I. CALL-TO MEETING/ ROLL CALL

Committee members present: Jaime Arredondo, Gayle Evans, Ana Karaman, Gavin Keulks, Cec Koontz

Others present: Cheryl Beaver, Camarie Campfield, Gabe Dougherty, Reina Daugherty, Michael Ellis, Rex Fuller, Richard Kavanagh, Dave McDonald, Jim Pinkard, Janeanne Rockwell-Kincanon, Darin Silbernagel, Michael Smith, Christeena Whitfield

II. COMMITTEE CHAIR'S WELCOME / ANNOUNCEMENTS

Chair Koontz welcomed everyone to the meeting.

III. CONSENT AGENDA

1) Approval January 3, 2019 Meeting Minutes

Keulks made a motion to approve with revisions as presented. Evans seconded the motion and all were in favor.

IV. DISCUSSION ITEMS:

1) University Budget Advisory Committee - *Richard Kavanagh and Cheryl Beaver, Co-Chairs*

Beaver was introduced as a new co-chair of UBAC. Beaver and Kavanagh provided an update on the committee's recent events, including proposal presentations, feedback to proposers, and assessment development.

2) University Technology Advisory Committee – *Michael Ellis, Assistant Director, University Computing Solutions*

Ellis shared that UTAC is facilitating a review of our learning management system, finalizing the WOU mobile app, contracting with DUO for multi-factor authentication, and reviewing university technology plans.

3) Quasi Endowment Update - *Dr. Ana Karaman, Vice President, Finance & Administration*



VP Karaman announced that the quasi endowment has been fully funded as outlined in the investment policy.

V. ACTION ITEMS:

1) Tuition & Fees

Dr. Ana Karaman, Vice President, Finance & Administration

Christeena Whitfield, Controller

Camarie Campfield, Budget Manager

a. Tuition & Fee Advisory Committee Recommendation

VP Karaman introduced Morgan and Bahari-Kashani from the Tuition and Fee Advisory Committee (TFAC). Morgan explained the IFC process and how that relates to the work that TFAC does. The committee was made up of five student members, two faculty, and two administrators. Morgan elaborated on the process the committee went through and how they decided on a recommendation of a 2.5% increase for undergraduate resident tuition. Karaman added that it is important for us to stay competitive and that we have a large amount of students with an EFC of 0.

Evans made a motion to accept the recommendation letter provided by TFAC. Keulks seconded the motion and all were in favor.

b. [2019-2020 Tuition & Fee Book](#)

VP Karaman shared that many changes have been made to the tuition and fee book in an effort to simplify it. There are many improvements to the tuition structure that will benefit our students including the elimination of a differential tuition rate for MAIS and a reduced tuition rate for MAOL and Salem site tuition to match the traditional face-to-face rate. All tuition rates were shared and President Fuller recommended that students who opted for the tuition promise be allowed to pay the lower traditional tuition rate since the decision has been made to discontinue the program going forward.

Arredondo made a motion to recommend the tuition and fee book to the full board for approval. Evans seconded the motion and all were in favor.

c. Special Course Fee & General Services Book

Campfield shared that all existing fees were reviewed and cleaned up to remove outdated and inaccurate information. Many fee tables will be housed in the departments now to keep this document shorter and easier to navigate. Keulks expressed concerns about course fees and would like to see a more extensive audit done.



Evans made a motion to endorse the Special Course Fee & General Services Book. Arredondo seconded the motion. Keulks expressed dissent. Koontz was in favor.

2) Capital Projects

Camarie Campfield, Budget Manager

Michael Smith, Director, Facilities Services

a. Natural Science Building Transfer of Operating Funds

\$500K from E&G funds was requested to transfer out as bridge funding to cover the expenses of the Natural Science renovation until the bond revenue is received. Keulks made a motion to approve the transfer. Evans seconded the motion and all were in favor.

b. Information Technology Center Budget Approval

Smith shared options for seismic updates to ITC. Providing upgrades in accordance with Oregon code is estimated at \$3.967M more than the original estimate in 2015 for a basic level of upgrades. A recommended source of funds was provided. Keulks made a motion to recommend that the full board approve the proposed use of funds to cover the seismic upgrades. Evans seconded the motion and all were in favor.

3) FY2019 Financial Update

Camarie Campfield, Budget Manager

a. FY19 Management Report (as of February 28, 2019)

Campfield provided details on the February 28 management report. Net revenues less expenses is projected to be a loss of \$878K. Projected year end fund balance is 20.86% of projected revenues. Evans made a motion to recommend the management report to the full board for acceptance. Keulks seconded the motion and all were in favor.

VI. UPDATES AND AROUND-THE-TABLE

VP Karaman announced some recent accomplishments in Finance and Administration.

VII. ADJOURNMENT

The meeting was adjourned at 1:51 pm.

The background of the slide is a grayscale image of a circuit board. It features a central dark horizontal band. Above and below this band, there are intricate patterns of circuit traces, including straight lines, right-angle turns, and circular pads. Four large black circles are positioned along the top edge of the circuit traces, and four more are along the bottom edge. The overall aesthetic is technical and modern.

University Technology Advisory Committee (UTAC)

June 2019

DUO UPDATE

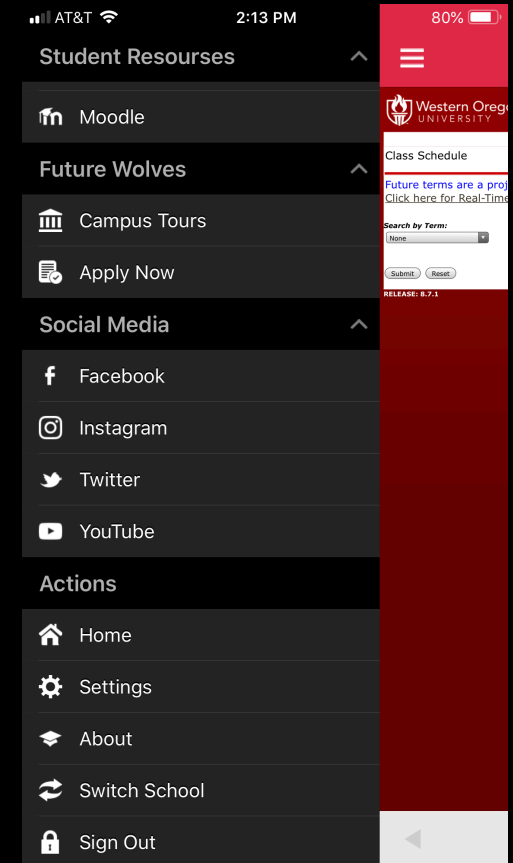
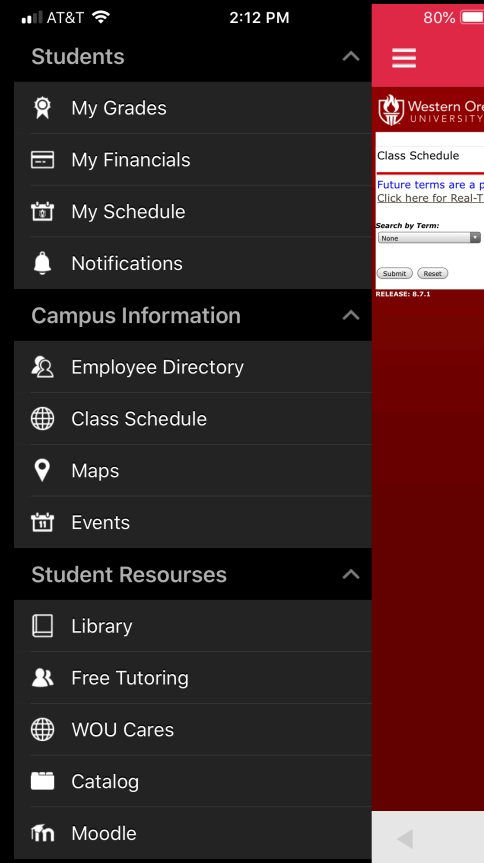
- What is DUO?
 - Multifactor authentication
- Why use multifactor authentication
 - Credentials are easily compromised through social engineering
- Where will it be used?
 - Portal login (phase 1)
 - Account lookup (phase 2)
- Rollout plan
 - Phase 1 - Begins: May 2019 Complete: October 2019
 - All of UCS – completed
 - Banner users – started
 - Non-Banner staff
 - Non-Banner faculty
 - Students – opt-in

Learning Management System

- LMS Review Committee, subcommittee of UTAC
 - Review outcome
 - Stay with our current LMS – active since 2008
 - Make a change to a new LMS
 - Make recommendations on better ways to support our LMS
 - The process
 - <http://www.wou.edu/wp/lms-review/project-overview/>
 - If there is a new LMS, full implementation would begin Fall 2020
 - Old LMS would be supported for a designated period of time

Ellucian Mobile

- Currently in production
- Additional functionality will be added, when available
 - College Scheduler
 - ...and others



Technology Plan

- Subcommittee formed
 - Technology plan will be directly related to each section of the University Strategic Plan
 - Expect a draft outline related to student success by the June UTAC meeting
 - Completion goal: Spring 2020



Western Oregon
UNIVERSITY
Business Services



Modernizing Accounting & Business Services



Western Oregon
UNIVERSITY

Division of Finance & Administration

- Mission
 - The Division of Finance & Administration supports WOU by providing a culture of leadership, innovative solutions, and efficiency through transparency, collaboration, and integrity.
- Vision
 - To be the partner of choice.
- Finance & Planning Goal
 - Provide transparent and sustainable operations through modernization.



All Objectives – Finance & Planning

- Improve quality of receivables
- Improve process efficiencies & establish best practices for all financial functions
- Educate campus on accounting & budgeting processes
- Increase financial reporting and processes self-sufficiency



Objective:

- Improve Quality of Receivables

Action Items FY 2019-2020

- Extend 1st payment due date by one month beginning Fall 2019
- Establish collections policy that reflects best practices
- All AR over 10 years are reviewed on ongoing basis
- Develop a dashboard to evaluate the quality of receivables on a monthly basis
- Electronic Billing



WOU Accounting and Business Services Calendar

June						
Su	M	Tu	W	Th	F	Sa
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23	24	25	26	27	28	29
30						

July						
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August						
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September						
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29	30					

October						
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December						
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March						
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29	30	31				

April						
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May						
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24	25	26	27	28	29	30
31						

	<p>Notes:</p> <p>Beginning fall term 2019 late fees, revolving, and interest will be later in the term.</p> <p>Due Dates:</p> <p>Summer 2019 - June 28, 2019</p> <p>Fall 2019 - October 30, 2019</p> <p>Winter 2020 - February 5, 2020</p> <p>Spring 2020 - April 29, 2020</p>
<p>Spring term 2020 ends June 12, 2020</p>	



Objective:

- Improve process efficiencies & establish best practices for all financial functions

Action Items FY 2019-2020

- Drafted travel policy that simplifies travel reimbursement for both WOU and employees
- Implementing document management system for AP invoices, Journal Vouchers, P-Card reports and receipts
- Implementing credit card terminals for Cashiers, AR Accountant, and Collection Accountant
- Creating Desk Manuals for each position



Objective:

- Educate campus on accounting & budget processes

Action Items FY 2019-2020

- Produce Banner 9 Accounting related user self-study training videos (Director of Accounting & FA Accountant)
- Produce Banner 9 Budget related user self-study training videos (Budget Manager)
- P-Card training videos (P-Card & Procurement Accountant)
- Document management system training (TBD)



Objective:

- Increase financial reporting and process self-sufficiency

Action Items FY 2019-2020

- FYE 6/30/19 – produce audited FY19 financial statements in tandem with USSE
- Utilize GASB Reporting Function in Banner to generate quarterly & annual financial statements
- Implement bank reconciliations and cash flow projections in-house (Treasurer)



WOU Board of Trustees

FINANCE & ADMINISTRATION COMMITTEE ~
June 3, 2019



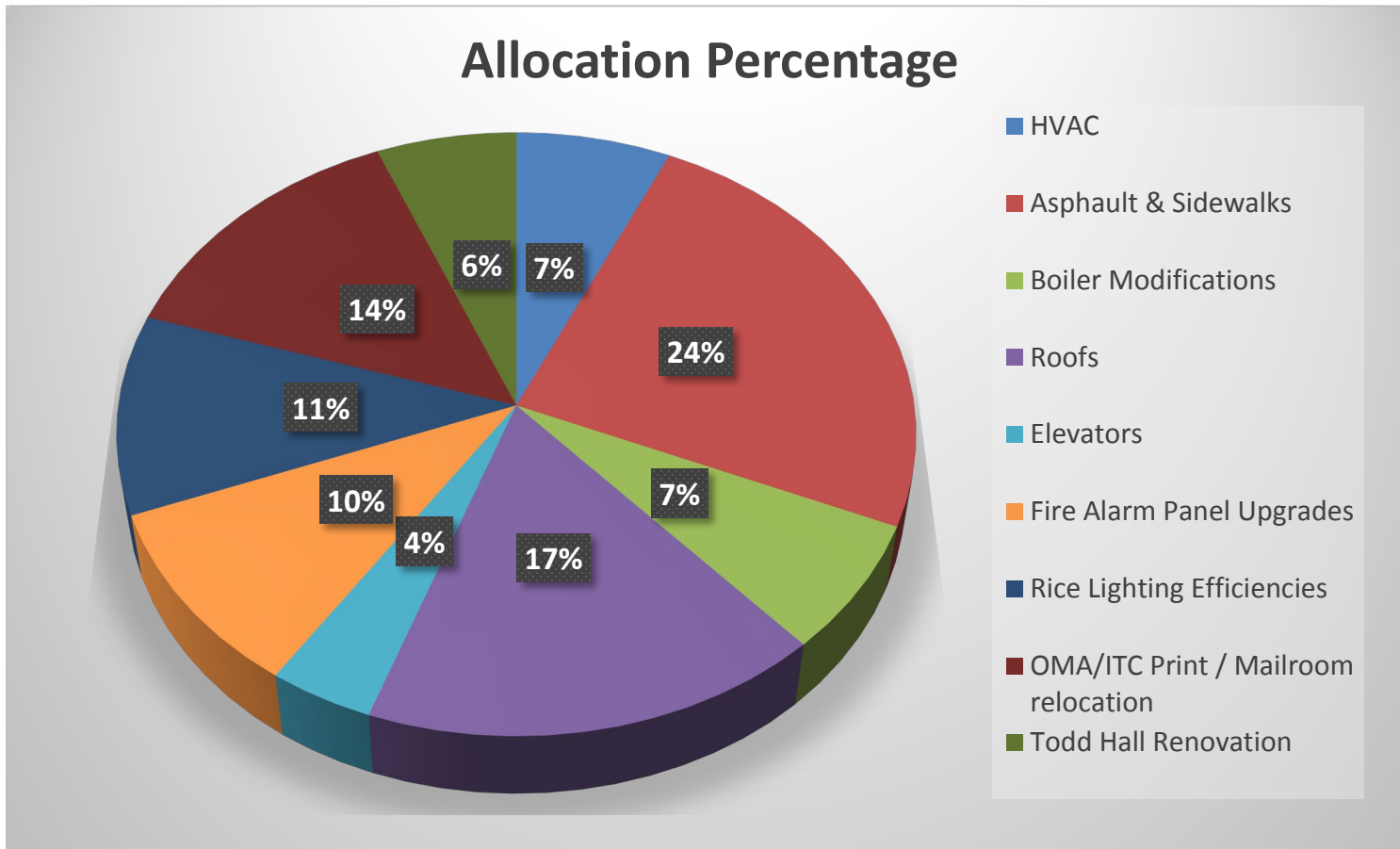
Western Oregon
UNIVERSITY

WOU Facilities Services

2019 Summer Projects

WOU SUMMER PROJECTS 2019

Capital Improvements & Deferred Maintenance



Totals By Project

CIR-Cap Repairs XI-Q 2017A & XI-2019A	
Non-related ITC or OMA Cap Repairs Spending:	
Admin HVAC Efficiencies	\$ (210,000.00)
Asphalt & Concrete ADA Improvements	\$ (750,000.00)
Boiler Modifications	\$ (212,000.00)
Cottage Roof Improvements	\$ (150,000.00)
Elevator Upgrades	\$ (120,000.00)
Fire Alarm Panel Upgrades	\$ (300,000.00)
Rice Lighting Efficiencies	\$ (327,000.00)
OMA Sidewlks	\$ (103,000.00)
Other Sidewalks	\$ (147,000.00)
Natural Science Roof replacement	\$ (375,000.00)
OMA/ITC Print / Mailroom relocation	\$ (425,000.00)
Todd Hall Renovation	\$ (190,000.00)
Total	\$ (3,309,000.00)



WOU:Salem Capital Purchase: 525 Trade St. SE, Salem, OR 97301



Total Sq. Ft: 36,197 Sq Ft

Basement: 11,867 Sq Ft

First Floor: 12,165 Sq Ft

Second Floor: 12,165 Sq Ft

Private Parking Lot: 40 spaces

List Price: \$2,950,000 (reduced from \$3,100,000)

Conditional Agreed Upon Price: \$2,725,000

Due Diligence: 90 Days

Inspections Deadline: July 22

Final Board of Trustee Approval Deadline: August 21

Upon removal of contingencies and Board of Trustee approval, closing no later than September 20.

Zoned CB – Central Business District

Adult and Post-Secondary Education is permitted

Most recent traffic count (2017) had 17,000 cars per day

Walking distance to State Capitol Building and Transit Mall, and in the heart of downtown Salem makes this property appealing for visibility (signage = marketing and awareness), access to amenities, and convenience for students.

Finance & Administration Committee (FAC), June 3, 2019 Bond Proceeds & Transfer Back Date

Article XI-F bond proceeds of \$3.5M are anticipated the week of June 10-14 to support the second year of the phased Natural Science renovation project. Previously this fiscal year, as approved by the Board, we had transferred a total of \$995K of E&G funds to float the cash needed for expenditures accrued prior to summer. We will be transferring back the \$995K to E&G once we receive the funds.

Finance & Administration Committee (FAC), June 3, 2019 Management Report

I. Period 10 Actual to Actual and Percent Variance Education & General Fund:

This report provides ten months of actual revenue and expense activity (as of April 30, 2019) as compared to the same period in prior fiscal year.

Revenues:

Student fees & tuition (net of remissions) are \$1.847 million less than the prior year due to an overall decrease in enrollment this academic year. From the prior year, fall term enrollment decreased by 3.3%, winter term enrollment decreased by 4.3%, and spring term enrollment decreased by 4.6%. Government resources & allocations have increased by \$842k from prior year based on the HECC's Public University Support Fund (PUSF) allocation. Gift, grants, and contracts as well as other revenue are higher than the prior period primarily due to timing differences.

Expenses:

Personnel expenses include the FY19 portion of a two year retirement window program payment of \$844k; the second equivalent payment will be made in FY20. Personnel expenses also increased from prior year due to the increases in salary rates. Total increase in personnel expenses is \$3.293 million. Services and supplies expenses have also increased by \$756k from prior period.

Net Revenues less Expenses:

Net revenues less expenses have decreased by \$4.403 million.

FY19 Projected Year-End for Education and General Fund:

The projected year-end methodology is a combination of actual revenues and expenses for the first ten months of operations and projections for the remaining two months of FY19. Projections for periods eleven through twelve are based on the actual FY18 realization/burn rates for period ten, which are applied to FY19 revenues and expenses.

Revenues:

Total revenues are projected to be \$70.346 million, slightly less than the FY19 adjusted budget. Tuition is projected to be \$1.1 million less than the adjusted budget, but is partially offset by high gift, grants, contracts, and other revenues.

Expenses:

Total expenses are projected to be \$1.229 million under the FY19 adjusted budget due to projected salary and benefit savings from regular position turnover.

Net Revenues less Expenses

Net revenues less expenses is projected to be a gain of \$2.813 million versus the FY19 adjusted budget of \$2.088 million. The \$1 million transfer out to the quasi-endowment is included in the net revenue less expenses line on the FY19 Projected Year-End sheet. Projected year end fund balance is \$13.816 million, or 19.64% of projected revenues.

Transfer Schedule:

A projected transfer schedule is attached to provide details for the projected transfers in and out.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers is projected to be a loss of \$1.822 million versus the FY19 adjusted budget of \$1.428 million. The \$1 million transfer out to the quasi-endowment is included in this figure. Projected year end fund balance is \$13.816 million, or 19.64% of projected revenues.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee accept the FY19 Projected Year-End Report and the overall Management Report as of April 30, 2019.

Western Oregon University
P10 YTD Actual to Actual Variance Education & General Fund
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of April 30, 2019
For the Fiscal Year Ended June 30, 2019

	P10 YTD FY18	P10 YTD FY19	Variance	Note
	Actuals	Actuals		
Revenues				
Student Fees & Tuition (net of remissions)	41,143	39,296	(1,847)	Lower enrollment
Government Resources & Allocations	24,506	25,348	842	HECC higher allocation
Gift Grants and Contracts	371	644	273	Timing differences
Other Revenue	2,824	3,331	507	Timing differences
Total Revenues	68,844	68,619	(225)	
Expenses				
Personnel	44,942	48,235	3,293	Retirement window payment and rate increases
Service & Supplies	4,578	5,334	756	
Capital Expense	98	226	129	Purchase of Netapp Disk Shelf to enhance LMS performance.
Total Expenses	49,618	53,795	4,178	
Net Revenues less Expenses	19,226	14,824	(4,403)	

Western Oregon University
P10 Percent Actual Variance Analysis Education & General Fund
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of April 30, 2019
For the Fiscal Year Ended June 30, 2019

	P10 FY18 Realization/ Burn Rate %	P10 FY19 % of Adjusted 2019 Budget	Variance
Revenues			
Student Fees & Tuition (net of remissions)	98.46%	95.78%	-2.68%
Government Resources & Allocations	100.00%	100.00%	0.00%
Gift Grants and Contracts	63.72%	110.23%	46.52%
Other Revenue	77.22%	85.59%	8.36%
Total Revenues	97.61%	96.85%	-0.76%
Expenses			
Personnel	81.40%	79.53%	-1.88%
Service & Supplies	67.86%	67.45%	-0.41%
Capital Expense	36.99%	111.62%	74.63%
Total Expenses	79.75%	78.23%	-1.51%

Western Oregon University
FY19 Projected Year-End
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of April 30, 2019
For the Fiscal Year Ended June 30, 2019

	FY18 Year-End Actuals	FY19 Year-End Projected	FY19 Adjusted Budget	Variance FY19 Projected Year-End to Adjusted Budget	Note
Education & General Fund					
Student Fees & Tuition (net of remissions)	41,788	39,912	41,027	(1,115)	Lower enrollment
Government Resources & Allocations	24,506	25,348	25,348	0	
Gift Grants and Contracts	582	773	584	189	Projected using periodical method rather than realization rate.
Other Revenue	3,657	4,314	3,892	422	
Total Revenues	70,533	70,346	70,851	(505)	
Personnel	55,209	59,062	60,652	1,591	Adjusted for retirement window program payment made on July 1, 2018. Projected savings due to regular labor savings.
Service & Supplies	6,746	7,860	7,907	48	
Capital Expense	264	612	203	(409)	Purchase of Netapp Disk Shelf to enhance LMS performance.
Total Expenses	62,219	67,533	68,762	1,229	
Net Revenues less Expenses	8,314	2,813	2,088	725	
Net Transfers In/Out	3,999	4,634	3,516	(1,118)	Projection is based on transfer schedule, includes \$1M transfer out to quasi-endowment.
Net Revenues less Expenses and Transfers Additions/Deductions to Fund Balance	4,315	(1,822)	(1,428)	(393)	Includes \$1M transfer to quasi-endowment.
Fund Balance at the Beginning of the Year	11,323	15,638			
Fund Balance at the End of the Year	15,638	13,816			Excludes \$1M investment in quasi-endowment
Fund Balance as a Percentage of Revenues	22.17%	19.64%			
Auxiliary Enterprises Funds					
Enrollment Fees	7,293	7,090	7,021	70	
Sales and Services	14,760	14,233	14,969	(736)	
Other Revenue	1,879	1,816	1,570	246	
Total Revenues	23,933	23,139	23,560	(420)	
Personnel	11,071	11,500	11,556	56	
Service & Supplies & Capital Expense	12,871	13,151	13,866	715	
Total Expenses	23,942	24,652	25,422	770	
Net Revenues less Expenses	(9)	(1,512)	(1,862)	350	
Net Transfers In/Out	(3,031)	(2,787)	(2,198)	589	Projection is based on transfer schedule.
Net Revenues less Expenses and Transfers Additions/Deductions to Fund Balance	3,022	1,275	336	169	
Fund Balance at the Beginning of the Year	12,448	12,851			
Fund Balance at the End of the Year	12,851	11,636			
Fund Balance as a Percentage of Revenues	53.70%	50.28%			
Designated Operations, Service Departments, Clearing Funds					
Enrollment Fees	105	95	102	(6)	

Western Oregon University
FY19 Projected Year-End
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of April 30, 2019
For the Fiscal Year Ended June 30, 2019

	FY18 Year-End	FY19 Year-End	FY19	Variance FY19	
	Actuals	Projected	Adjusted Budget	Projected Year-End to	Note
				Adjusted Budget	
Sales and Services	416	361	352	10	
Other Revenue	2,406	2,268	2,359	(91)	
Total Revenues	2,927	2,725	2,812	(87)	
Personnel	1,222	1,199	1,253	54	
Service & Supplies & Capital Expense	1,497	1,236	1,502	266	
Total Expenses	2,718	2,435	2,755	320	
Net Revenues less Expenses	209	290	57	233	
Net Transfers In/Out	(272)	(201)	(219)	(18)	Projection is based on transfer schedule.
Net Revenues less Expenses and Transfers	480	491	276	(105)	
Additions/Deductions to Fund Balance	(408)	369			
Fund Balance at the Beginning of the Year	2,893	2,965			
Fund Balance at the End of the Year	2,965	3,825			
Fund Balance as a Percentage of Revenues	101.32%	140.37%			

Western Oregon University
Transfers Schedule - Projected

(Unaudited, non-GAAP, for management purposes only)

As of April 30, 2019
For the Fiscal Year Ended June 30, 2019

	E&G		Auxiliary		Des Ops - Serv Dept.	Grant	Plant fund				Quasi-Endowment	Total
Transfers In E&G							(a)	(b)				
Actual							17,483					17,483
Upcoming								995,000				995,000
Transfers Out E&G			(c)	(d)	(e)		(f)	(g)	(h)	(i)	(j)	
Actual							194,028	495,000	31,802	100,000	1,000,000	1,820,830
Upcoming			3,107,158	87,863	150,000		(19,028)	500,000				3,825,993
Transfers In AUX	(c)	(d)					(k)					
Actual							201,876					201,876
Upcoming	3,107,158	87,863										3,195,021
Transfers Out AUX					(l)		(k)					
Actual							50,737					50,737
Upcoming					48,920		509,790					558,710
Transfers In DO, SD	(e)		(l)			(m)						
Actual						2,179						2,179
Upcoming	150,000		48,920									198,920
Transfers Out DO, SD												
Actual												-
Upcoming												-

Type	Description
(a) Actual	Transfer from excess Devolder project
(b) Upcoming	Return of temporary transfer funds for Natural Science remodel when XI-F bonds are issued in June
(c) Upcoming	Athletic operations support
(d) Upcoming	Conference Services program staff support
(e) Upcoming	Child Development Center support
(f) Actual & Upcoming	Transfer out of funds to Small-Scale Energy Loan Program debt service fund for payment
(g) Actual & Upcoming	Temporary transfer for Natural Science remodel until XI-F bonds are issued in June
(h) Actual	Transfer out of funds to support Office of Disability Services remodel
(i) Actual	Transfer out of additional funds to support Child Development Center remodel
(j) Actual	Quasi-endowment
(k) Actual & Upcoming	Building & equipment replacement reserves for Housing, Dining, Parking, Health & Wellness Center, and the Werner University Center
(l) Upcoming	Vending income sponsored scholarships
(m) Actual	TRI fixed price agreement award

Finance & Administration Committee (FAC), June 3, 2019, FY20 Budget

Budget Creation Process

For the past several months, we have been working towards developing the FY20 Budget. This is the first year we are undergoing this process in a decentralized budget environment. Thus, we supported the process by providing budget training in multiple capacities, including in-person meetings, a video training, and written instructions. The overall purpose of the budgeting process was to engage all relevant campus stakeholders in setting fiscal targets and levels of expenditures, allocating resources in conformity with fiscal targets and University's Strategic Plan, and addressing issues of operational efficiency and performance standards.

The process involved having 26 meetings with stakeholders across campus, including LAS, COE, divisions of Academic Affairs, Student Affairs, General Counsel, Development and Advancement, Finance and Administration, and Auxiliary Services. In addition, the budgeting process included University Budget Advisory Committee's (UBAC) review of campus-wide initiative and efficiency proposals, Tuition and Fee Advisory Committee's (TFAC) involvement in the tuition setting process, and Incidental Fee Committee's (IFC) involvement in setting the incidental fee.

Budget formulation took place in an uncertain state funding environment with the Governor Recommended Budget (GRB) allocating no additional funds from the previous biennium to higher education. The Co-Chair's Recommended Budget allocated an additional \$40.5M from the prior biennium to higher education (PUSF).

Proposed FY20 Budget Highlights:

Revenue:

1. State appropriations remain uncertain. As a result, the FY20 budget is built upon the assumption of an additional \$40.5M being invested into the PUSF, but also includes the impact of \$60M, \$80M, \$100M, and \$120M scenarios on the revenue side.
2. Tuition revenues are based on the assumption of flat enrollment.
3. Tuition revenues have been adjusted for the rates approved by the Board (a Resident Undergraduate tuition increase of 2.33%), for a projected budgetary increase of \$980K.
4. Other revenues projected to be equivalent to FY19's projected actual earnings, for a projected budgetary increase of \$837K.
5. Fee remission budget increased by \$1.6M to enhance enrollment and retention.

Expenses:

1. Total expense increase is \$3.045M.

2. Increase to PERS expense of \$1.25M, which is offset by the \$750K reserve built into the FY19 budget.
3. Projected budgetary increase to salaries totals \$1.5M, which includes faculty raises as per the CBA, step increases for classified staff (based on FY19 contract), and a pool for raises for unclassified staff and changes to the classified staffs' contract.
4. An overall increase in S&S of \$614K. This includes \$100K added for a budget contingency, \$202K added for the Natural Science debt repayment to begin next year, and \$100K added for bad debt expense (\$0 of bad debt expense was budgeted in FY19).
5. An overall increase in transfers out of \$103K to account for an increase in athletics' subsidy due to funding men's soccer head and assistant coach positions.
6. New initiatives invested in the proposed budget include:
 - a. Salem presence of \$401K
 - b. Organizational Leadership program of \$150K
 - c. Two new positions in the Financial Aid office totaling \$129K
 - d. A new Institutional Research Analyst totaling \$102K
 - e. A new Paralegal position for General Counsel totaling \$88K
 - f. Open Educational Resource incentives/textbook rental initiative of \$45K
 - g. Strong Start Scholars program to support students interested in STEM fields of \$19K
 - h. Funding to continue CASA services that were previously funded by a grant of \$103K
 - i. Funding to improve experiential learning of \$12K
 - j. Funding for a temporary position to improve web marketing of \$77K

Budget Summary

With the uncertain level of state funding and an environment of dwindling enrollment across the state, the budget proposed is in deficit. WOU's conservative financial history has provided reserves that can be utilized in times such as these. While we recognize that this is not a sustainable approach to these challenges over time, we believe it is the best decision for our students this year.

Additionally, an adjusted proposed FY20 budget will be prepared in the fall once actual state appropriations and enrollment are known. At that time, the expense side of the budget will be reassessed and adjusted as necessary.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee approve the FY20 Budget as presented.

Western Oregon University
Proposed FY20 Budget

	FY19 Budget	Proposed FY20 Budget	Variance	Note
Revenues				
Tuition				
UG Resident	20,083,733	20,551,684	467,951	
UG WUE	7,413,916	7,586,660	172,744	
UG NonResident	3,813,263	4,001,638	188,375	
UG Online	6,233,714	6,288,571	54,857	
Summer UG Resident	357,694	372,896	15,202	
Summer UG NonResident	433,815	446,829	13,014	
			-	
G Resident	1,090,366	1,127,548	37,182	
G NonResident	394,342	413,822	19,480	
G Online	3,489,789	3,489,789	-	
Summer G Resident	165,225	170,182	4,957	
Summer G NonResident	39,431	39,431	-	
			-	
Fac/Staff	<u>214,367</u>	<u>219,362</u>	<u>4,995</u>	
Total Gross Tuition	43,729,655	44,708,412	978,757	
Fees	1,966,865	1,966,865	-	
Fee Remissions	(4,670,000)	(6,270,000)	(1,600,000)	Increase of \$1.6M in budget
State	25,348,067	25,765,566	417,499	Assumed \$40.5M level of funding
Gifts Grants & Contracts	584,000	1,010,336	426,336	Assumed equivalent to FY19 actuals
Investment	3,374,000	3,815,203	441,203	Assumed equivalent to FY19 actuals
Sales & Services	357,000	383,172	26,172	Assumed equivalent to FY19 actuals
Other Revenues	<u>161,000</u>	<u>104,628</u>	<u>(56,372)</u>	Assumed equivalent to FY19 actuals
Total Revenue	<u>70,850,587</u>	<u>71,484,182</u>	<u>633,595</u>	
Expenses				
Personnel	59,824,387	62,196,159	(2,371,772)	Includes raises, new positions, and increase in retirement by 3.1%
Service & Supplies	8,100,006	8,714,119	(614,113)	Natural Science debt repayment, UBAC initiatives, contingency of \$100K
Net Transfers	<u>3,428,607</u>	<u>3,619,069</u>	<u>(190,462)</u>	Increase to athletics
Total Expenses	<u>71,353,000</u>	<u>74,529,347</u>	<u>(3,176,347)</u>	
Net Revenues less Expenses	<u>(502,413)</u>	(3,045,165)	(2,542,752)	
Net Adjusted for Different Levels of Additions to the PUSF:				
	WOU's Year 1		Difference from	
	Level of Funding	FY20 Budget Deficit	Base Budget	
Additional \$40.5M	25,765,566	(3,045,165)	-	
Additional \$60M	26,394,882	(2,415,849)	629,316	
Additional \$80M	26,947,370	(1,863,361)	1,181,804	
Additional \$100M	27,499,859	(1,310,872)	1,734,293	
Additional \$120M	28,052,345	(758,386)	2,286,779	

DRAFT FY20 Budget Overview

Net Changes from FY19 Adjusted Budget to Proposed FY20 Budget

(in thousands)

Revenues

Increase in fee remissions	(1,600)	
Increase in other revenues based on FY19 Overrealization	837	
Increase in tuition from new rates	980	
Increase in state funding (at \$40.5M level)	<u>417</u>	634

Expenses

Increase to salary cost - due to raises/COLA	(1,500)	
Increase to retirement expense	(1,250)	
Retirement increase built into budget last year	750	
Natural Science Debt Service payment added	(202)	
Contingency added	(100)	
Bad debt expense added	(100)	
Increase in athletics subsidy	(103)	
New initiatives invested in		
Salem presence	(401)	
Organizational Leadership program	(150)	
Financial Aid (2 new positions)	(129)	
Institutional Research (IR) Analyst (new position)	(102)	
General Counsel Paralegal (new position)	(88)	
Open Educational Resource Incentives/Textbook Rental	(45)	
Strong Start Scholars	(19)	
CASA	(103)	
Experiential Learning	(12)	
Web Marketing (temp)	(77)	
Reallocated budget	<u>586</u>	(3,045)

Net Revenue less Expenses **(2,411)**

Fund Balance Projected at FY19 Year-End **13,816**

Fund Balance as a Percent of Revenues 19.64%

Existing FY19 Budget Deficit (502)

FY19/20 non-recurring budget expenses (900)

Fund Balance Projected at FY20 Year-End with Proposed Budget **10,003**

13.90%

Fund Balance Projected at FY20 Year-End Adjusted for State Funding Levels

% of Revenues

Additional \$40.5M	10,003	13.90%
Additional \$60M	10,632	14.77%
Additional \$80M	11,185	15.54%
Additional \$100M	11,737	16.30%
Additional \$120M	12,290	17.07%

Finance & Administration Committee (FAC), June 3, 2019 Education & General Fund Balance Target Recommendation

Fund balance percentage is calculated as the percent of ending fund balance to total operating revenue. Currently, WOU's policy is to maintain a fund balance percentage between 10-20% with a target of 15% for the Education & General fund. This policy originally stems from the Oregon University System; at the time, the other public institutions were given a fund balance percentage range of 5-15% with a target of 10%. WOU was given a higher fund balance range and target due to the Tuition Promise that was in place, which allowed little flexibility in tuition rates, and therefore, revenues.

The last Tuition Promise cohort began fall 2018. However, beginning fall 2019, students who have elected the Tuition Promise will be assessed the lower Basic Tuition rate. The practice of honoring the lower rate (between Promise and Basic) for Tuition Promise students will continue until the Tuition Promise is completely phased out. For 2019-20, it is projected that approximately 23% of students will have elected the Tuition Promise option; this will decrease by approximately 7% each of the following years until entirely phased out.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee approve the policy of an Education & General fund balance percentage range of 5-15% with a target of 10-12%.