

**Western Oregon University Board of Trustees:
Finance & Administration Committee (FAC)
Meeting No. 35 – April 2, 2024 | 1:00-4:00PM
Public Meeting: via [Zoom](#) | Meeting ID: 852 8295 4209**

AGENDA

- I. CALL-TO MEETING / ROLL CALL (1:00-1:01pm)**
- II. COMMITTEE CHAIR’S WELCOME / ANNOUNCEMENTS (1:01-1:05pm)**
- III. CONSENT AGENDA (1:05-1:10pm)**
 - 1) [Approval January 24, 2024 Meeting Minutes](#) (page 3)
- IV. ACTION ITEMS:**
 - 1) [Accept FY2024 Management Report \(as of February 29, 2024\)](#) (1:10-1:30pm) | *Dr. Ana Karaman, Vice President Finance & Administration and Camarie Moreno, Director of Budget & Planning* (page 8)
 - 2) [Recommend for Approval Tuition & Fees for 2024-25 Academic Year & Summer 2024](#) (1:30-2:30pm) | *Dr. Ana Karaman, Vice President Finance & Administration and Camarie Moreno, Director of Budget & Planning* (page 17)
- V. REPORTS & DISCUSSION ITEMS:**
 - 1) [University Budget Advisory Committee](#) (UBAC) (2:30-2:45pm) | *Tri-chairs Cara Groshong, Melanie Landon-Hays, and Zach Hammerle* (page 42)
 - 2) [University Technology Advisory Committee](#) (UTAC) (2:45-3:00pm) | *Tri-chairs Chelle Batchelor, Amy Clark, & Tom Litterer* (page 44)
 - 3) [Finance & Administration Report](#) (3:00-3:30pm) | *Dr. Ana Karaman, Vice President Finance & Administration & Camarie Moreno, Director of Budget & Planning* (page 45)
 - a. Cash flow projections | *Dr. Ana Karaman, Vice President Finance & Administration and Darin Silbernagel, Treasurer*
 - b. Update on Quasi Endowment Performance | *Dr. Ana Karaman, Vice President Finance & Administration*
 - c. Update on Capital Projects | *Jason Krawczyk, Director of Capital Planning & Construction*

d. Review of Budget Dashboard | *Camarie Moreno, Director of Budget & Planning*

VI. APRIL 16-17, 2024 BOARD MEETING PREPARATION (3:30-3:45pm)

VII. UPDATES AND AROUND-THE-TABLE (3:45-4:00pm)

VIII. ADJOURNMENT (4:00pm)



**Western Oregon University Board of Trustees:
Finance & Administration Committee (FAC)
Meeting No. 33 – January 24, 2024 | 11:00AM-3:00PM**

DRAFT MINUTES

I. CALL-TO MEETING / ROLL CALL

Chair Evans called the meeting to order at 11:07 am.

The following Trustees were present: Chair Gayle Evans, Trustee Angela Fasana, Trustee Cec Koontz,

The following Trustees were excused: Trustee Lupe Diaz and Trustee Leah Mitchell.

Others Present: Jesse Peters, Shadron Lehman, Kristen Diggs, Melonie Landon-Hays, Zach Cameron, Michael Ellis, Sean Roush, Shadron Lehman, Darin Silbernagel, Rebecca Chiles, Ricardo Lujan Valerio, Evan Sorce

II. COMMITTEE CHAIR'S WELCOME / ANNOUNCEMENTS

Chair Evans welcomed everyone to the January Finance and Administration Meeting and hoped everyone enjoyed the holiday season as they chose to celebrate it. Chair Evans then gave a brief overview of the agenda for this meeting and then transitioned to the consent agenda.

III. CONSENT AGENDA

Trustee Koontz moves and Trustee Fasana seconded the approval of the October 23, 2023 minutes as submitted in the docket. There was no additional discussion The motion was passed unanimously.

IV. ACTION ITEMS:

- I. FY2023 Financial Statements Audit and Single Audit**
 - a. Financial Statements Highlights**
 - b. Eide Bailly Presentation**

Chair Evans gave a brief background into this agenda item and reminded the committee members that Secretary Sorce sent out an email with the reports and asking for questions committee members had for the auditors so they could be prepared to answer the questions. Members of the committee submitted no questions. The Reports can be found in the docket starting on page 8. Secretary Sorce introduced Kristen Diggs, the lead auditor for Eide Bailly, to this project, and Kristen ran through her audit presentation, which can be found on page 15. The Trustees reviewed the past adjustments and findings and have no questions or concerns.

Chair Evans asked WOU Controller Shadron Lehman to present the Financial Statements Highlights. The highlights can be found in the docket on page 10 for review. There were no additional questions from the Trustees for Controller Lehman

Trustee Koontz moved and Trustee Fasana seconded that the Western Oregon University Finance and Administration Committee recommend to the Western Oregon University Board of Trustees the Approval of the FY 2023 Financial Statements Audit. There was no additional discussion. The motion passed unanimously.

Chair Evans then asked Controller Lehman to present Management's Response to the Auditor's Findings, which includes the summary schedule of Prior Audit Findings and a Corrective Action Plan. Controller Lehman walked through the response and the corrective action plan, which can be found on page 11 in the docket. Trustee Koontz emphasized that one of the corrective actions was because the regulation changed, and management had a month to address the change to the regulation, which was not possible.

Trustee Koontz recommended and Trustee Fasana seconded that the Western Oregon University Finance and Administration Committee recommend to the Western Oregon University Board of Trustees to accept the University's fiscal year 2023 Single Audit and Management's proposed Corrective Action Plan. There was no additional discussion. The motion was approved unanimously.

II. Accept FY 2024 Management Report (as of November 30, 2023)

Controller Shadron Lehman presented the FY 2024 Management Report (as of November 30, 2023). The report can be found starting on page 27 in the docket. Trustee Koontz and President Peters emphasized that the management report is projecting higher than projected than the FY24 adjusted budget is very good news and a positive indicator that the budget is heading in the right direction.

Trustee Koontz moved, and Trustee Fasana seconded that the Western Oregon University Finance and Administration Committee accept the FY24 Projected Year-End Report and the overall Management Report as of November 30, 2023. There was no additional discussion. The motion was approved unanimously.

REPORTS & DISCUSSION ITEMS:

a. University Technology Advisory Committee (UTAC)

Director of University Computer Services Tom Litterer presented the UTAC update. You can find their report on page 38 in the docket for review. Trustee Koontz mentioned that a few years ago, the university surveyed

the students and found that a majority of students didn't have their own devices and that a significant number of students were doing their classwork on their phones. There were attempts by the university to address the gap, but not much success was achieved. Director Litterer mentioned in the UTAC report that most students bring their devices to the university. Does that mean that the need has been addressed? Director Litterer answers that it has evolved a bit because, during the pandemic, most people used their devices to participate in classes. Hence, a much higher percentage of students have access to their own devices. The university also provides loaner devices in the library, including iPads and Chromebooks; however, there is no money available to keep up with that supply of devices, and folks are actively working to identify funding to fill that gap. As for computer labs, the university has shifted from expensive desktop computer labs to more terminal systems that log into the servers, which are cheaper to operate and last longer. Chair Evans took the time to mention she appreciates the seven categories mentioned in the report and the collaborative efforts of all the stakeholders involved. Chair Evans also mentioned that she would like to hear more about what the university can do to ensure we are doing our due diligence on cybersecurity and the use of artificial intelligence in this committee and in the full board.

Chair Evans gaveled the meeting into a 15-minute recess at 12:10pm

Chair Evans gaveled the meeting back from recess at 12:25pm

b. University Budget Advisory Committee (UBAC)

Two of the Tri Chairs, Dr. Melanie Landon Hays and Zach Hammerle presented the University Budget Advisory Committee (UBAC) report. It can be found on page 36 of the docket for review. Trustee Evans asked what the committee is doing to ensure the proposals that didn't fit into the request but important to the university, what did you do to those proposals? Chair Landon Hays said they got proposals like that and next meeting will be going through those and identifying which member of senior leader should get the proposals. The step after that is to collect budgeting stories that will help with the prioritization of budget requests.

c. Finance and Administration Report

Assistant Vice President for Safety and Operations Rebecca Chiles presented the Finance and Administration report on page 39 in the docket for review. In addition to what was mentioned in that report, she gave an update on the impacts of the recent ice storm on campus. The event started with a natural gas curtailment, which cost the University about \$12,000 in diesel fuel alone because of how cold it was on campus. There were a couple of leaks that could have been related to the freeze, but we won't know for a bit longer. There were also issues with roof work from the weather. Thankfully, the damage was minimal, and facilities are thankful for

that. There were a couple of minor falls and injuries on campus during the storm. No major injuries were reported.

I. Cash Flow Report:

Western Oregon University Treasurer Darren Silbernagel presented the cash flow report which can be found on page 41 of the docket for review. There were no questions from the committee.

II. Update on Quasi Endowment Performance

Western Oregon University Treasurer Darren Silbernagel presented the Quasi Endowment Performance update. It can be found on page 44 of the docket.

III. Update on Capitol Projects

Western Oregon University Director of Capitol Planning & Construction Jason Krawzchyk presented his report to the committee. The design documents for the steam tunnel have been submitted to the city of Monmouth for their review. The plan is to schedule a meeting with the city and put together a communication plan so that the university can start to prepare everyone for the closure of Monmouth Avenue.

The WOU Occupational Therapy renovations at WOU Salem are at 50% design development, and we will be meeting with the program leadership tomorrow to go over the design drawings. That project is still on schedule to be completed by the fall.

The Student Success Center had the topping out ceremony last week but the poor weather delayed the actual topping out. That will be happening in a couple of days. The project is still on schedule for opening during the winter of 2025.

Trustee Koontz wanted to add that there was a lot of consternation about the trees that had to be removed from Monmouth Ave for the steam pipe project and confirmed earlier this week that the city has not received any complaints nor has any city counselors so kudos to the Western team for clearly communicating with the campus community around the plan and then carrying it out.

Trustee Evans asked about purchasing materials in advance of starting some projects just to help get ahead of inflation and supply chain issues. Director Krawzchyk mentioned that his team has already purchased a transformer as well as the switch gear

in the next couple of weeks in order to ensure we have this equipment on campus when it comes time to need it. The team has also purchased several tons of gravel and stainless steel pipes to minimize the impact of trucking on the city and ensure there is little to no delay from supply issues.

Sustainability Funs Update:

Western Oregon University Director of Government Affairs Ricardo Lujan Valerio updated the committee on the the sustainability funds process. He provided the background of what these sustainability funds are and what has been the conversation about how to spend this money. When the legislature approved the \$25 million in sustainability funds for the regional universities, they did it in 2 phases. The first phase was dollars that the HECC would immediately release to the institutions to start building this proof of concept, which was about \$6 million. The second phase is what is about to start, which is that \$18 million were put into a Special appropriations fund. Each university has to make the case of why these additional dollars should be released based on how the universities invested the initial dollars but also how the five regional institutions have been working collaboratively amongst all five institutions. It's been a rough process, and it is asking a lot in a short time frame. In December, the 5 regional universities submitted a report to the HECC, which was approved, and it feels like the 5 universities, as well as labor and student organizations, are working together. It sounds like there is agreement in a collaborative effort with representatives across the five universities which will be peer reviewed and not controlled or owned by the HECC exclusively.

V. February 13-14, 2024 BOARD MEETING PREPARATION

The only action items are the Management report as well as the audits both will be on the full board consent agenda.

VI. UPDATES AROUND THE TABLE

There was the robust conversation about scheduling our next meeting. We identified Tuesday April 2nd.

VII ADJOURNMENT

Meeting was adjourned 2:50 pm

Finance & Administration Committee (FAC), April 2, 2024, FY2024 Management Report

Period 8 YTD Actual to Actual Variance:

This report provides eight months of actual revenue and expense activity (as of February 29, 2024) as compared to the same period in prior fiscal year.

Education & General Fund:

Revenues:

Tuition revenues are \$721K more than the prior year, reflecting partial Summer 2023, Fall 2023, and Winter 2024 assessed tuition, due to a combination of tuition increases (3.1% for resident & WUE UG, 0% for nonresident UG and all GR) and an approximate 1.2% UG enrollment increase in Fall 2023, and 0.8% UG enrollment decrease in Winter 2024, respective to the same term prior year. Overall, online course fees have increased \$103K from prior year and other fees have decreased \$309K. Fee remissions have decreased \$204K from the prior year. Altogether, this results in net tuition and fees for Period 8 being \$719K more than the prior year.

Government resources & allocations have increased by \$2.159M from the prior year based on the state's increased funding to the Public University Support Fund (PUSF) for the 2023-25 biennium of \$1B. 49% of PUSF is distributed in year 1 (FY24) and the remaining 51% will be distributed in year 2 (FY25) and allocated among the public universities according to the Student Success and Completion Model (SSCM). The \$29.336M received so far reflects the first, second, and third quarter distributions, as well as \$1.022M of sustainability funds.

Gift grants and contracts revenue has decreased by \$225K from prior year. Other revenues have increased by \$26K from the prior year.

Overall, total revenues are \$54.484M, \$2.680M more than the prior year.

Expenses:

Personnel expenses are \$458K more than the prior period and reflect variations in faculty/staff from the prior year. T/TT faculty received step increases, NTT faculty received a 1.7% COLA effective September 2023, unclassified staff received a 4% COLA effective July 1, 2023, and classified staff received step increases. Classified staff will also receive a 6.5% COLA effective April 1, 2024.

Services and supplies expenses are \$620K more than the prior year.

Overall, total expenses are \$41.775M, \$1.078M more than the prior year.

Net Revenues less Expenses:

Net revenues less expenses have increased by \$1.602M compared to prior year.

Auxiliary Enterprises:

Auxiliary Enterprises is comprised of Athletics, University Housing, Campus Dining, Parking, Bookstore, Student Health & Counseling Center (SHCC), Child Development Center (CDC), Incidental Fee, and other minor operations.

Revenues:

Enrollment Fees have increased by \$536K, due to a combination of increased enrollment, increase to the incidental fee (in FY23 the fee was \$372, with a reduced fee of \$200 for students not enrolled on the Monmouth campus; in FY24 this increased to \$415 and \$210, respectively), and increase to the health service fee (in FY23 the fee was \$154 mandatory for Monmouth-campus students only, in FY24 this increased to \$162, with a reduced fee of \$120 for students not enrolled on the Monmouth campus). Health Service Fee revenue is up \$310K and incidental fee revenue is up \$213K from the prior period. Sales and Services are up \$1.755M from the prior year, primarily in University Housing & Dining (\$1.431M), due to more students living on campus. Other Revenue decreased by \$272K, primarily in Housing due to decreased internal sales from Destination Western. Altogether, auxiliary revenue totals \$13.990M and has increased \$2.019M from the prior year.

Expenses:

Personnel expenses are \$157K more than the prior year. Service & Supplies are \$825K more than the prior year, primarily in Housing/Dining (\$338K) and Athletics (\$783K). Altogether, auxiliary expenses total \$15.626M, an increase of \$982K from the prior year.

Net Revenues less Expenses:

Net revenues less expenses total -\$1.637M and have increased by \$1.037M compared to prior year.

Designated Operations, Service Departments, Clearing Funds:

Designated Operations, Service Departments, and Clearing Funds is comprised primarily of Telecommunications and Oregon Council of Presidents. The Clearing Fund is cleared on a quarterly basis. As of February 29th, the clearing fund reflects temporary revenue and expense balances, these balances can cause misleading comparisons as a result.

Revenues are comparable to prior year, up \$312K. Expenses are up \$16K from the prior year, for a net difference from prior year of \$296K.

FY24 Projected Year-End:

This report provides year-end projections. The projected year-end methodology is a combination of actual revenues and expenses for the first eight months of operations and projections for the remaining four months of FY24. Projections for periods nine through twelve are based on the actual FY23 realization/burn rates for period nine, which are applied to FY24 revenues and expenses.

Education & General Fund:

Revenues:

Total revenues are projected to be \$70.735M, \$173K less than the FY24 adjusted budget. Altogether, net student fees & tuition are projected to be \$105K less than the adjusted budget; the adjusted budget assumed 6% attrition between fall and winter, and winter and spring terms, and actual attrition between fall and winter was 7.5% (based on total FTEs). Gifts, grants, and contracts are projected at \$2.217M, \$23K higher than the FY24 adjusted budget. Other revenues are projected to be \$2.587M, \$13K less than the FY24 adjusted budgeted amount.

Expenses:

Total expenses are projected to be \$68.864M, \$953K less than the FY24 adjusted budget. Personnel is projected to be \$57.434M, \$462K less than the budget due to salvage savings from vacant positions; \$1.357M of salvage savings were incorporated into the FY24 adjusted budget. The FY24 adjusted budget also incorporated \$215K of funds earmarked for upcoming bargaining; projections now incorporate \$350K for increases to classified staff based on negotiations (6.5% COLA effective April 1, 2024 and one-time payment of \$1,500). Service and supplies are projected to be \$11.430M, \$491K less than the FY24 adjusted budget.

Transfer Schedule:

A projected transfer schedule is attached to provide details for the projected transfers in and out. This includes the standard transfers out of support to Athletics and the Child Development Center.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a loss of \$3.232M versus the FY24 adjusted budget of a loss of \$4.015M. This difference is primarily due to projected savings in personnel and service and supplies expenses. Projected year-end fund balance is \$10.793M, or 15.26% of projected revenues.

Auxiliary Enterprises:

Revenues:

Total revenues are projected to be \$22.564M, \$2.695M more than the FY24 adjusted budget. Enrollment fees are projected to be \$5.871M, \$269K more than the budget, primarily due to increased enrollment resulting in increased fee revenue for incidental fee and health service. Sales and services are projected to be \$14.379M, \$2.273M more than budgeted, primarily due to the increase of students living on campus. Other revenues are projected to be \$2.314M, \$154K more than the FY24 adjusted budget.

Expenses:

Total expenses are projected to be \$24.617M, \$1.453M more than the budget. Personnel is projected to be \$10.801M, \$96K more than the adjusted budget. Service and supplies are projected to be \$13.816M, \$1.357M more than the adjusted FY24 budget.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a gain of \$1.307M compared to the FY24 adjusted budget of \$40K. This results in a projected year end fund balance of \$4.789M.

Designated Operations, Service Departments, Clearing Funds:

Revenues:

Total revenues are projected to be \$2.080M, \$187K less than budget.

Expenses:

Total expenses are projected to be \$2.271M, \$4K over the budget.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a loss of \$191K compared to the FY24 net zero budget.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee accept the FY24 Projected Year-End Report and the overall Management Report as of February 29, 2024.

Western Oregon University
P8 YTD Actual to Actual Variance

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

As of February 29, 2024
For the Fiscal Year Ended June 30, 2024

	P8 FY23		P8 FY24		Variance		Note
	P8 FY23 Actuals	Realization/ Burn Rate %	P8 FY24 Actuals	P8 FY24 % of Budget	Actuals	%	
Education & General Fund							
Revenues							
Tuition	21,405		22,127		721		
Online Course Fees	2,250		2,353		103		
Other Fees	1,317		1,008		(309)		
Less: Fee Remissions	(3,417)		(3,213)		204		
Net Student Fees & Tuition	21,556	69.76%	22,275	71.27%	719	1.50%	
Government Resources & Allocations	27,177	83.89%	29,336	84.16%	2,159	0.26%	FY24 includes \$1.022M of Sustainability funds
Gift Grants and Contracts	1,314	49.15%	1,090	49.67%	(225)	0.51%	
Other Revenue	1,757	57.77%	1,783	68.58%	26	10.81%	
Total Revenues	51,804	75.07%	54,484	76.84%	2,680	1.77%	
Expenses							
Personnel	34,642	62.29%	35,100	60.63%	(458)	-1.66%	
Service & Supplies	6,055	64.00%	6,675	55.99%	(620)	-8.01%	
Total Expenses	40,697	62.54%	41,775	59.83%	(1,078)	-2.70%	
Net Revenues less Expenses	11,107		12,708		1,602		

Western Oregon University
P8 YTD Actual to Actual Variance

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

As of February 29, 2024
For the Fiscal Year Ended June 30, 2024

	P8 FY23 Actuals	P8 FY23 Realization/ Burn Rate %	P8 FY24 Actuals	P8 FY24 % of Budget	Variance		Note
					Actuals	%	
Auxiliary Enterprises Funds							
Revenues							
Enrollment Fees	3,492	68.61%	4,028	71.90%	536	3.29%	
Sales and Services	6,458	57.12%	8,213	67.84%	1,755	10.72%	
Other Revenue	2,020	75.58%	1,749	80.96%	(272)	5.38%	
Total Revenues	11,971	62.77%	13,990	70.41%	2,019	7.64%	
Expenses							
Personnel	6,902	65.35%	7,059	65.94%	(157)	0.59%	
Service & Supplies	7,743	62.01%	8,567	68.76%	(825)	6.75%	
Total Expenses	14,645	63.54%	15,626	67.46%	(982)	3.92%	
Net Revenues less Expenses	(2,674)		(1,637)		1,037		
Designated Operations, Service Departments, Clearing Funds							
Revenues							
Enrollment Fees	366	695.49%	912	1895.39%	547	1199.89%	
Sales and Services	92	63.01%	88	69.23%	(4)	6.22%	
Other Revenue	1,416	65.49%	1,185	56.65%	(231)	-8.84%	
Total Revenues	1,873	79.38%	2,185	96.40%	312	17.02%	
Expenses							
Personnel	529	60.86%	691	70.47%	(161)	9.61%	
Service & Supplies	855	62.49%	710	55.18%	145	-7.30%	
Total Expenses	1,384	61.85%	1,401	61.79%	(16)	-0.06%	
Net Revenues less Expenses	489		784		296		

Western Oregon University
 FY24 Projected Year-End
 (Unaudited, non-GAAP, for management purposes only)
 (in thousands)

As of February 29, 2024
 For the Fiscal Year Ended June 30, 2024

	FY23 Year-End Actuals	FY24 Projected Year-End	FY24 Adjusted Budget	Variance FY24 Projected Year-End to Budget	Note
Education & General Fund					
Student Fees & Tuition (net of remissions)	30,898	31,150	31,255	(105)	Projection based on latest schedule from HECC
Government Resources & Allocations	32,394	34,782	34,859	(77)	
Gift Grants and Contracts	2,674	2,217	2,194	23	
Other Revenue	3,042	2,587	2,600	(13)	
Total Revenues	69,007	70,735	70,908	(173)	
Personnel	55,614	57,434	57,896	462	Projection based on transfer schedule
Service & Supplies	9,462	11,430	11,921	491	
Total Expenses	65,076	68,864	69,818	953	
Net Transfers	5,088	5,103	5,105	2	
Total Expenses and Transfers	70,164	73,968	74,923	955	
Net Revenues less Expenses	(1,156)	(3,232)	(4,015)	783	
Fund Balance at the Beginning of the Year	15,090	14,025	14,025		
Additions/Deductions to Fund Balance	92	-	-		
Fund Balance at the End of the Year	14,025	10,793	10,010		
Fund Balance as a Percentage of Revenues	20.32%	15.26%	14.12%		

Western Oregon University
FY24 Projected Year-End
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of February 29, 2024
For the Fiscal Year Ended June 30, 2024

	FY23 Year-End Actuals	FY24 Projected Year-End	FY24 Adjusted Budget	Variance FY24 Projected Year-End to Budget	Note
Auxiliary Enterprises Funds					
Enrollment Fees	5,090	5,871	5,602	269	
Sales and Services	11,307	14,379	12,107	2,273	
Other Revenue	2,673	2,314	2,160	154	
Total Revenues	19,070	22,564	19,869	2,695	
Personnel	10,561	10,801	10,705	(96)	
Service & Supplies	12,486	13,816	12,459	(1,357)	
Total Expenses	23,047	24,617	23,164	(1,453)	
Net Transfers	(4,213)	(3,360)	(3,335)	25	Projection based on transfer schedule
Total Expenses and Transfers	18,834	21,257	19,829	(1,428)	
Net Revenues less Expenses	236	1,307	40	1,267	
Additions/Deductions to Fund Balance	(1,873)	(1,898)			
Fund Balance at the Beginning of the Year	7,017	5,380			
Fund Balance at the End of the Year	5,380	4,789			
Fund Balance as a Percentage of Revenues	28.21%	21.23%			
Designated Operations, Service Departments, Clearing Funds					
Enrollment Fees	53	131	48	83	
Sales and Services	146	139	127	12	
Other Revenue	2,162	1,809	2,092	(282)	
Total Revenues	2,360	2,080	2,266	(187)	
Personnel	870	1,135	980	(155)	
Service & Supplies	1,368	1,136	1,287	150	
Total Expenses	2,238	2,271	2,266	(4)	
Net Transfers	(1)	-	-	-	Projection based on transfer schedule
Total Expenses and Transfers	2,237	2,271	2,266	(4)	
Net Revenues less Expenses	123	(191)	-	(191)	
Additions/Deductions to Fund Balance	(243)	(221)			
Fund Balance at the Beginning of the Year	2,741	2,621			
Fund Balance at the End of the Year	2,621	2,209			
Fund Balance as a Percentage of Revenues	111.06%	106.21%			

Western Oregon University
Transfers Schedule - Projected FY24
(Unaudited, non-GAAP, for management purposes only)

	E&G		Auxiliary		Des Ops - Serv Dept.	Plant fund	Other	Total
Transfers In E&G							(a)	
Actual							2,141	2,141
Upcoming							408,893	408,893
Transfers Out E&G			(b)	(c)		(d)	(a)	
Actual			-	-		-	2,684	2,684
Upcoming			5,000,000	150,000		294,000	67,583	5,511,583
Transfers In AUX	(b)	(c)				(e)	(f)	
Actual	-	-				22,551	2,684	25,235
Upcoming	5,000,000	150,000				-	-	5,150,000
Transfers Out AUX							(f)	
Actual							-	-
Upcoming							1,814,917	1,814,917
Transfers In DO, SD								
Actual								-
Upcoming								-
Transfers Out DO, SD								
Actual								-
Upcoming								-

Type	Description
(a)	Miscellaneous (endowment matches, cost shares, etc.)
(b)	Athletic operations support
(c)	Child Development Center support
(d)	Small-Scale Energy Loan Program debt service
(e)	Auxiliary transfers to/from building/equipment reserves
(f)	Misc. auxiliary transfers, including debt payments for Housing and Recreation Center Building Fee
(g)	Misc. designated operations and service departments transfers



Western Oregon
UNIVERSITY

2024 – 2025 Academic Year &
2024 Summer Session
Tuition and Fee Book

Adopted by Western Oregon University Board of Trustees at the April __, 2024, meeting. All prior tuition and fee books are superseded except as to the rights and obligations previously acquired or incurred therein.

2024-25 ACADEMIC YEAR & SUMMER 2024 TUITION

Credits	Undergraduate			Graduate ⁽³⁾
	Resident	WUE/Texas	Non-Resident	
1	210	315	669	483
2	420	630	1,338	966
3	630	945	2,007	1,449
4	840	1,260	2,676	1,932
5	1,050	1,575	3,345	2,415
6	1,260	1,890	4,014	2,898
7	1,470	2,205	4,683	3,381
8	1,680	2,520	5,352	3,864
9	1,890	2,835	6,021	4,347
10	2,100	3,150	6,690	4,830
11	2,310	3,465	7,359	5,313
12	2,520	3,780	8,028	5,796
13	2,730	4,095	8,697	6,279
14	2,940	4,410	9,366	6,762
15	3,150	4,725	10,035	7,245
16	3,360	5,040	10,704	7,728
17	3,570	5,355	11,373	8,211
18	3,780	5,670	12,042	8,694
<i>Each Add'l Credit Hour</i>	210	315	669	483

Notes:

- (1) Tuition for undergraduate students under the Western Undergraduate Exchange (WUE) program or who are from Texas is assessed at 150% of the resident tuition rate.
- (2) Tuition rates apply to all courses regardless of modality (face-to-face, hybrid, online) or location (Monmouth, Salem).
- (3) Graduate students enrolled in the Occupational Therapy Doctorate are assessed tuition of \$8,725 per term.

MANDATORY FEES – ACADEMIC YEAR

Credits	Undergraduate Mandatory Fees					
	Building	<u>Incidental</u>	<u>Health Service</u>	Student Health Bldg	Student Rec Ctr Bldg	Total
1	23	415	175	11	42	666
2	25	415	175	11	42	668
3	27	415	175	11	42	670
4	29	415	175	11	42	672
5	31	415	175	11	42	674
6	33	415	175	11	42	676
7	35	415	175	11	42	678
8	37	415	175	11	42	680
9	39	415	175	11	42	682
10	41	415	175	11	42	684
11	43	415	175	11	42	686
12 or more	45	415	175	11	42	688

Notes:

- (1) A one-time Matriculation Fee of \$365 is assessed to all new and transfer undergraduate students.
- (2) Online courses are subject to an online course fee of \$53 per credit.
- (3) Building, Student Health Bldg, and Student Rec Ctr Bldg fees are based on Monmouth campus credit hours.
- (4) Students not enrolled at the Monmouth campus are assessed a discounted incidental fee of \$210 and may opt into the Student Rec Ctr Bldg fee to access the Health & Wellness Center.
- (5) Students not enrolled at the Monmouth campus are assessed a discounted Health Service Fee of \$130.

MANDATORY FEES – ACADEMIC YEAR (cont.)

Credits	Graduate Mandatory Fees (Monmouth Campus only)					
	Building	<u>Incidental</u>	<u>Health Service</u>	Student Health Bldg	Student Rec Ctr Bldg	Total
1	23	415	175	11	42	666
2	25	415	175	11	42	668
3	27	415	175	11	42	670
4	29	415	175	11	42	672
5	31	415	175	11	42	674
6	33	415	175	11	42	676
7	35	415	175	11	42	678
8	37	415	175	11	42	680
9 or more	45	415	175	11	42	688

Credits	Graduate Mandatory Fees (WOU:Salem only)		
	<u>Incidental</u>	<u>Health Service</u>	Total
1 or more	210	130	340

Credits	Graduate Mandatory Fees (Online only)			
	<u>Incidental</u>	<u>Health Service</u>	Online	Total
1 or more	210	130	53 per credit	Calculated by credit

Notes:

- (1) A one-time Matriculation Fee of \$315 is assessed to all new and transfer graduate students.
- (2) Online courses are subject to an online course fee of \$53 per credit.
- (3) Building, Student Health Bldg, and Student Rec Ctr Bldg fees are based on Monmouth campus credit hours.
- (4) Students not enrolled at the Monmouth campus are assessed a discounted incidental fee of \$210 and may opt into the Student Rec Ctr Bldg fee to access the Health & Wellness Center.
- (5) Students not enrolled at the Monmouth campus are assessed a discounted Health Service Fee of \$130.

MANDATORY FEES – SUMMER 2023

Credits	Undergraduate & Graduate Mandatory Fees					Total
	Building	<u>Incidental</u>	<u>Health Service</u>	Student Health Bldg	Student Rec Ctr Bldg	
1 or more	34	150	175	11	35	405

Notes:

- (1) A one-time Matriculation Fee of \$365 for undergraduate and \$315 for graduate is assessed to all new and transfer students.
- (2) Online courses are subject to an online course fee of \$53 per credit.
- (3) Building, Student Health Bldg, and Student Rec Ctr Bldg fees are based on Monmouth campus credit hours.
- (4) Students not enrolled at the Monmouth campus are assessed the incidental fee of \$150 and may opt into the Student Rec Ctr Bldg fee to access the Health & Wellness Center.
- (5) Students not enrolled at the Monmouth campus are assessed a discounted Health Service Fee of \$130.

MANDATORY FEES – DESCRIPTION

Fee	Description
Building	This fee is allocated to pay debt service associated with past construction and renovation projects on the WOU campus. Any additional funds collected are put into a reserve or used for small construction projects. The building fee is a mandatory fee assessed to all students taking 1 or more credit hours on the Monmouth campus and varies depending on the number of credits a student is enrolled in.
Incidental	This fee funds services such as Abby's House, Food Pantry, Access, ASWOU, Athletics, Campus Recreation, Childcare, Creative Arts, Student Engagement, Student Activities Board, Student Media, and WOLF Ride. The Incidental Fee Committee is responsible for recommending the amount and allocation of the incidental fee to ASWOU and the President. The incidental fee is a mandatory fee assessed to all students.
Health Service	The fee is in place to support all the services offered by the Student Health & Counseling Center. The health service fee is a mandatory fee assessed to all students.
Student Health Building	This fee is allocated to pay debt service associated with the construction of the Student Health & Counseling Center building. This fee is a mandatory fee assessed to all students taking 1 or more credit hours on the Monmouth campus. This fee began Fall 2016 and will end Spring 2031.
Student Recreation Center Building	This fee is allocated to pay debt service associated with the construction of the Health & Wellness Center. This fee is a mandatory fee assessed to all students taking 1 or more credit hours on the Monmouth campus. This fee began Spring 2010 and will end Spring 2039.
Matriculation (one-time fee)	The matriculation fee is mandatory for all new undergraduate, graduate, and postbaccalaureate students. The fee is \$365 for undergraduates and \$315 for graduates; this is a one-time fee billed at the beginning of your first term at WOU.

Online courses have an additional fee of \$53 per credit.

UNIVERSITY HOUSING AND CAMPUS DINING

	Room and Board Rates				
		Annual	Fall	Winter	Spring
Landers	Double (2 people/2 person room)	6,086	2,130	2,130	1,826
	Single (1 person/1 person room)	8,035	2,812	2,812	2,411
	Super Single (1 person/2 person room)	8,744	3,060	3,060	2,624
Ackerman & Heritage	Double (2 people/2 person room)	6,981	2,443	2,443	2,095
	Single (1 person/1 person room)	8,035	2,812	2,812	2,411
	Super Single (1 person/2 person room)	8,744	3,060	3,060	2,624
Arbor Park	Individual Rate for shared apt. (4 people/apt.)	7,850	2,748	2,748	2,354
Meal Plans	Resident Meal Plan #1	4,161	1,432	1,432	1,297
	Resident Meal Plan #2	4,635	1,590	1,590	1,455
	Resident Meal Plan #3	5,103	1,746	1,746	1,611
	Resident Meal Plan #4	6,045	2,060	2,060	1,925

Notes:

(1) Room rates and dining overhead to be charged 35% in fall and winter terms and 30% in spring term. Meal plan dollars to be distributed evenly each term.

(2) Students residing in Landers, Heritage, and Ackerman must select a meal plan and are charged dining overhead of \$2,615. Meal plans are optional for students in Arbor Park.

(3) Rates include laundry, data line, wireless network, movie streaming service when on-campus, and a social activities fee.

Family Housing	Knox Street Housing	780/month
	Alderview Townhouse	1,030/month interior unit; 1,065/month exterior unit

Notes:

(1) Knox: Includes utilities, internet through Minet fiber, free laundry in community laundry room.

(2) Alderview: Includes utilities, campus internet, wireless access, movie streaming service when on-campus, and in-unit washer and dryer.

(3) Family Housing does not include meal plans.

ADDITIONAL INFORMATION

Resident UG Credit Rate	\$ Increase	% Increase	Estimated Change in Gross Tuition		
			Scenario 1 -3% Enroll	Scenario 2 0% Enroll	Scenario 3 3% Enroll
200	-	0.00%	(788,940)	-	787,802
201	1	0.50%	(673,771)	118,732	910,095
202	2	1.00%	(540,115)	256,523	1,052,018
203	3	1.50%	(424,946)	375,255	1,174,311
204	4	2.00%	(291,290)	513,046	1,316,234
205	5	2.50%	(176,121)	631,778	1,438,527
206	6	3.00%	(42,465)	769,569	1,580,450
207	7	3.50%	72,704	888,301	1,702,743
208	8	4.00%	206,360	1,026,092	1,844,666
209	9	4.50%	321,529	1,144,824	1,966,959
210	10	5.00%	455,185	1,282,615	2,108,882

Figure 1: Estimated change in gross tuition revenues for FY2024 for each respective resident undergraduate tuition rate given the various enrollment scenarios.

TFAC uses an interactive model while they are developing their recommendation. This model is two-fold, with the first estimating the impact on tuition revenues for the university of different enrollment and tuition rate scenarios that the individual can change, as well as projecting the ending fund balance.

Western Oregon University		Tuition and Fees Projection Model		UG Enrollment Assumption		0.00%	
University Revenue Impact		GR Enrollment Assumption		0.00%			
	Current	Projected FY25	FY25 Credit Rates		Rate	Projected FY25	
	Credit Rates	Credits	% Increase	Rounded %			
Revenues							
UG Tuition							
UG Resident	200	99,673	5.00%	5.00%	210		20,931,330
UG WUE/Texas	300	19,059			315		6,003,585
UG Non-Resident	638	988	0.00%	0.00%	638		630,344
GR Tuition	460	8,753	0.00%	0.00%	460		4,026,380
Other		-					2,360,000
Total Gross Tuition		128,473					33,951,639
Online Fees							3,036,105
Other Fees							1,050,000
Fee Remissions							(5,500,000)
Total Net Tuition & Fees		44.7%					32,537,744
State Appropriations		48.4%					33,836,673
Gifts Grants & Contracts							2,194,070
Investment							2,000,000
Sales & Services							500,000
Other Revenues							100,000
Total Revenues							71,168,487
Expenses							
Personnel							57,576,074
Service & Supplies							9,891,869
Total Expenses							67,467,943
Net Transfers							5,458,238
Total Expenses and Transfers							72,926,181
Recurring Net Revenues less Expenses							(1,757,694)
One Time Activites							-
Net Revenues less Expenses							(1,757,694)
Beginning Fund Balance							9,009,980
Projected Ending Fund Balnce							7,252,286
% of Revenues							10.19%

Figure 2: A snapshot of TFAC's university revenue projection interactive model

The second piece of the TFAC model looks at the individual student and how that will impact their cost. The model allows the student to change the credit hour load as well as personalize their financial aid awards to see their net impact.

**Western Oregon University
Tuition and Fees Projection Model
Individual Impact Estimation**

13 UG Credit Hours (average 13/term)
9 GR Credit Hours (full-time 9/term)

	Current Credit Rates	FY25 Credit Rates	Mandatory Fees*				Total Per Term Cost	Total 2024-25 Cost	Total 2023-24 Cost	Incr. for Cont. Students	
			Tuition	Building	Health	Incidental				\$ Increase	% Increase
Undergrad:											
Resident	200	210	2,730	98	175	415	3,418	10,254	9,609	645	6.71%
WUE/Texas	300	315	4,095	98	175	415	4,783	14,349	13,509	840	6.22%
Non-Resident	638	638	8,294	98	175	415	8,982	26,946	26,691	255	0.96%
Graduate											
	460	460	4,140	98	175	415	4,828	14,484	14,229	255	1.79%

***Mandatory Fee Assumptions**

Building Fees includes \$45 Building Fee (staggered for less than full-time), \$11 Student Health Building Fee, and \$42 Student Recreation Center Building Fee
Health Service Fee is currently \$162, assessed at in-person Credit 1
Incidental Fee is currently at \$415 assessed at Credit 1 for in-person, \$210 for completely online/Salem students; determined by the Incidental Fee Committee

Out-of-Pocket Cost Analysis (Resident Undergrad):

Total Tuition & Fees	10,254	Financial Aid Award Package based on Total Cost of Attendance https://wou.edu/admission/tuition-and-aid/
Aid:		
Pell	7,395	Approx. 40% of our students are Pell-eligible; maximum is \$7,395 for 2023-24
Oregon Opportunity Grant	-	Maximum is \$7,524 for 2023-24
Federal Direct Loans	5,500	Maximum for first-year dependent student is \$5,500
Parent PLUS Loans	-	Maximum is cost of attendance less any other financial assistance
Private Scholarships	1,000	WOU Scholarships, or external private scholarships
WOU Fee Remissions	1,500	Varies by individual; some students receive up to \$6,000, average award is \$1,500
Total Aid (including loans)	15,395	
Net Cost/(Refund)	(5,141)	Students also need to pay for housing/other bills

Some examples of Fee Remissions:

Presidential (Merit)	1,000-5,000	Starting at 3.5 GPA
New Student Merit	1,000-5,000	Starting at 3.0 GPA; for incoming students Fall 2022
Bilingual Teacher Scholarship	3,000	
Diversity Commitment	6,000	

Full details can be found here: <https://wou.edu/finaid/scholarships/incoming-students/>

Figure 3: A snapshot of TFAC's individual impact estimation interactive model

The graphs and figures below were presented to TFAC to provide additional context related to tuition and fees.

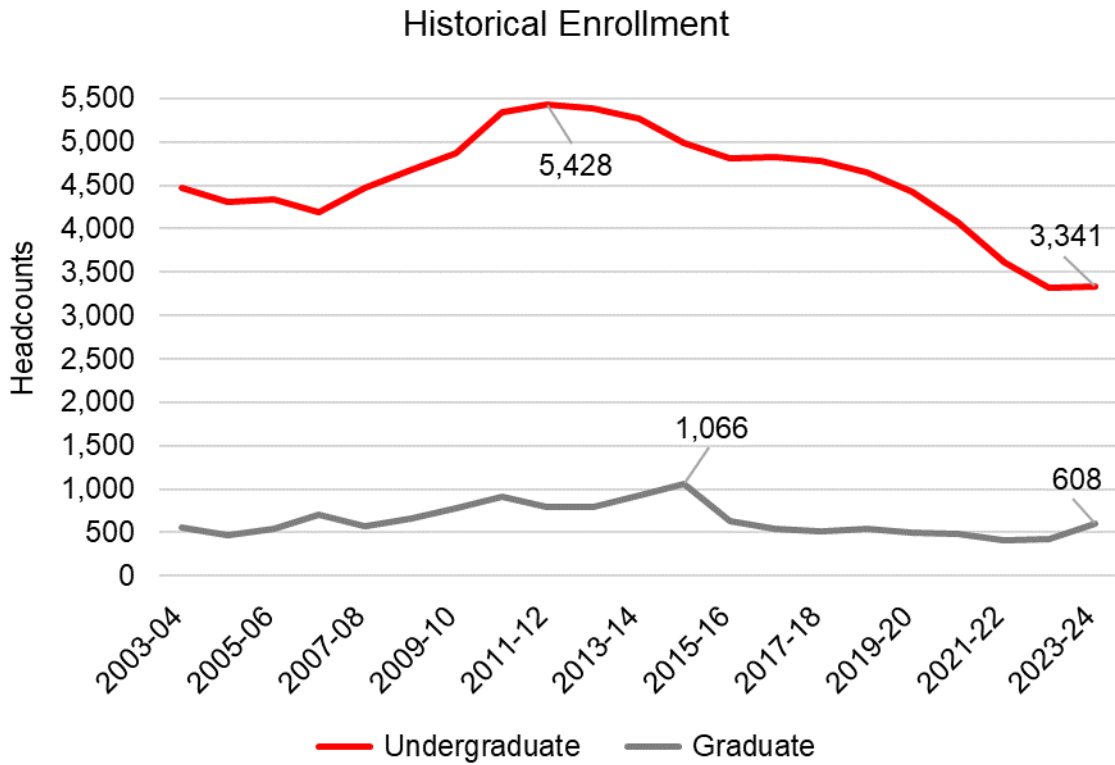


Figure 4: Historical enrollment headcounts (fall-term census)

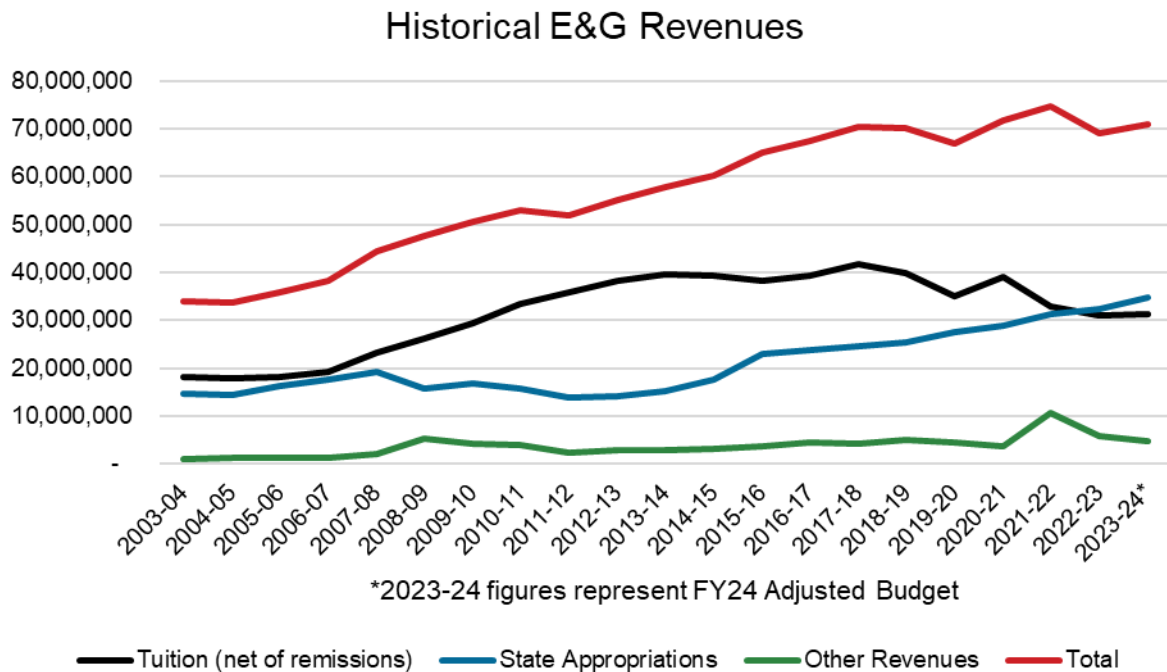


Figure 5: Historical Education & General fund revenues

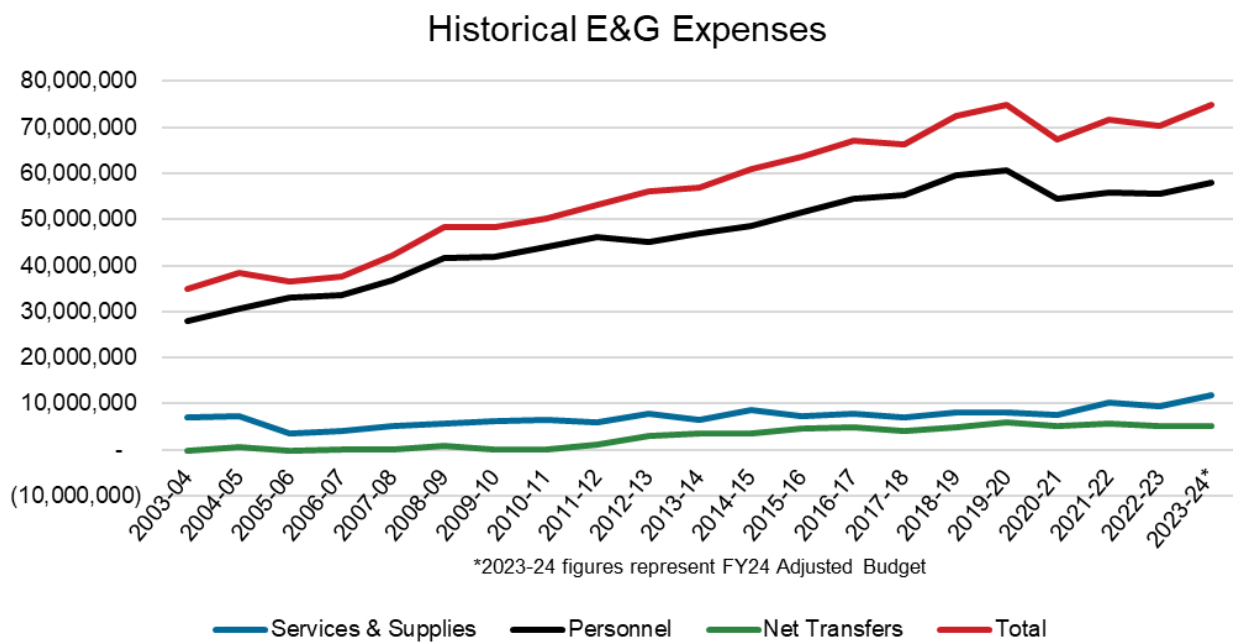


Figure 6: Historical Education & General fund expenses

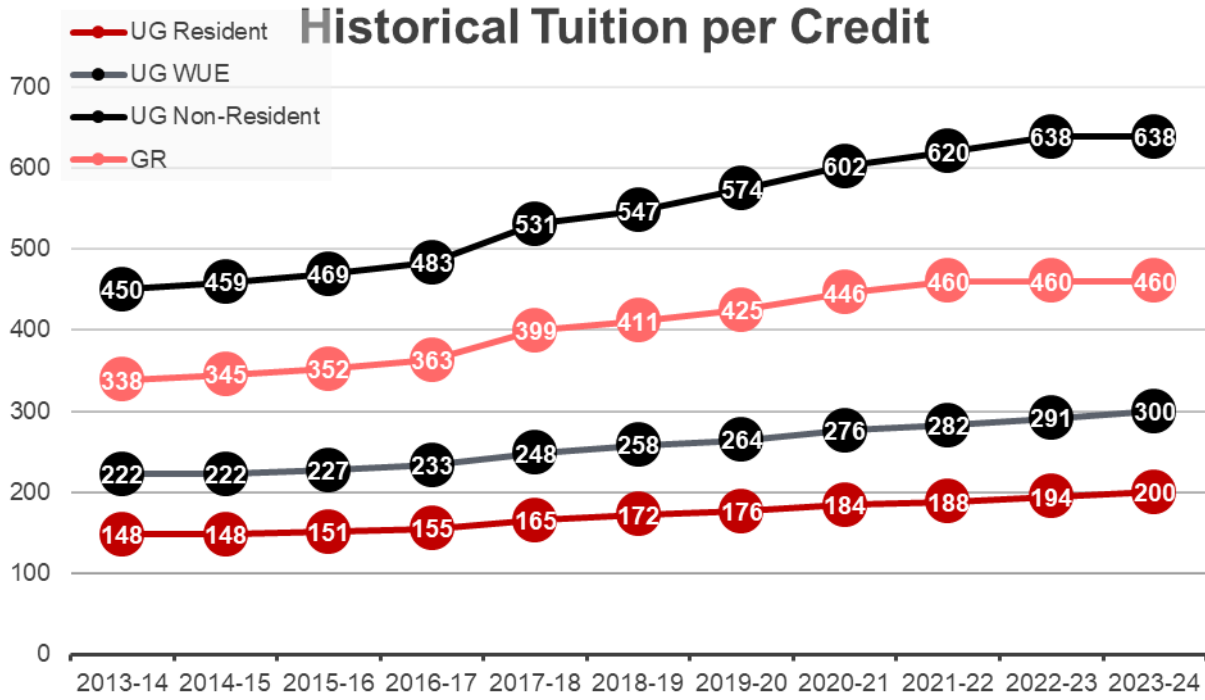


Figure 7: Historical tuition rate per credit

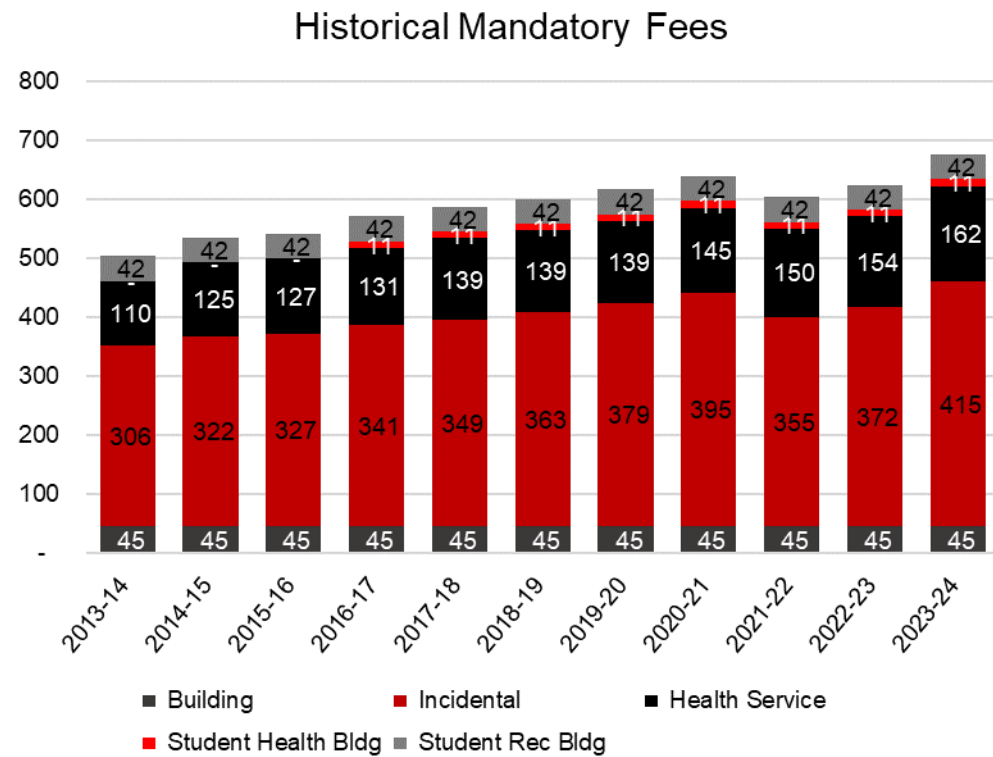


Figure 8: Historical mandatory fees

2023-24 Oregon Public Universities Cost Comparison

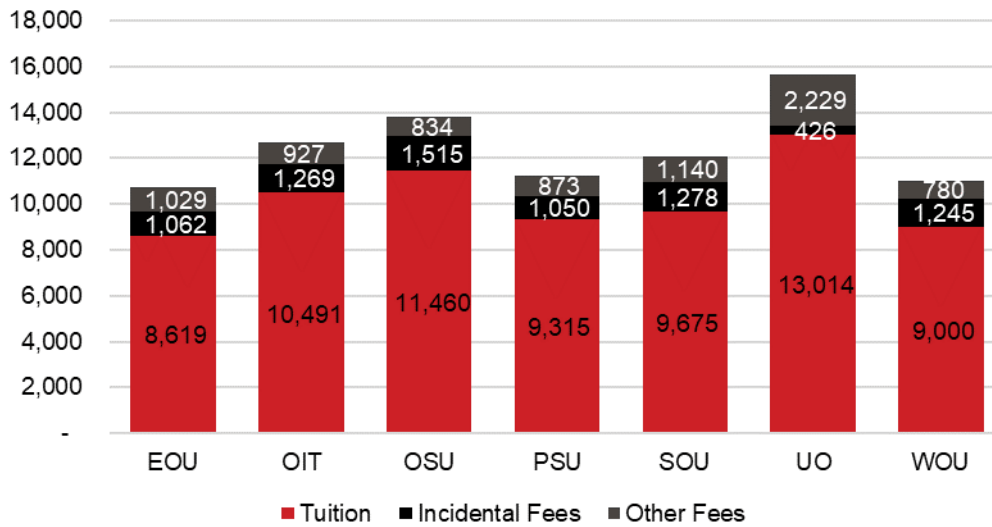


Figure 9: Oregon public universities' cost comparison for resident undergraduate (assumes 15 credits/term)

March 21, 2024

To: President Peters and the WOU Board of Trustees

Subj: Recommendation from the Tuition & Fee Advisory Committee

After several months of continuous meetings, gathering student input, and many lively discussions as a Committee while trying to keep the student at the forefront of our minds, we recommend a resident undergraduate tuition rate increase of 5.00%, \$10 per credit hour. Although the Committee overall supports this, there were strong feelings expressed by students in the TFAC survey towards recommending a no increase (0%). While the committee understands that not every student pays out of pocket, there are many students who do and will feel this increase directly. As a committee and through the results of our student survey (survey results attached), we think it is imperative that the Board direct the university to support rebuilding and strengthening academic programs, faculty supports, and student success human infrastructure.

We estimate that this will result in \$1,282,615 of additional revenues, and request that the Board direct the University to reinvest to maintain the quality of education through supporting our staff and faculty so they can provide more classes. Our students have voiced their concerns that required classes are only available once a year, making it difficult or impossible to not experience delays in graduation. Our committee members have seen the students most impacted by this would be our student athletes who have to choose between practice and required classes.

In our student survey with 377 respondents, 208 students responded that keeping tuition at the current rate of \$200 (for resident undergraduates) is the maximum they would be willing to pay for their courses (Question 4). Additionally, we asked students to rank their priorities between affordability, access to health services, access to academic support, on-campus experiences, maintaining quality programs, and other (Question 5). 299 students ranked affordability as one of their top three priorities. On our student survey, also of note in the ranking priorities question (Question 4) was that 251 students ranked maintaining quality programs as one of their top three priorities. This sparked a discussion about keeping the university affordable while also financing at a level that continues to offer sufficient classes to ensure that students can graduate on time. It was unanimous with our students on the committee that we need to raise tuition by 5% to increase financial stability of the university while also trying to keep the increase to a minimum to respect the students who took the survey.

Additionally, we recommend a 8.02%, \$13/term increase (from \$162 to \$175 per term) for health service fee with a recommendation to use additional funds to diversify staff and provide Spanish-speaking bilingual counselors.

Eva Alvarez (ASWOU Director of Student Organizations)

Elizabeth Priddy (ASWOU Director of Business and Finance)

Delaney Sheltra (Student)

Ricardo Lujan Valerio (Director of Government)

Darin Silbernagel (University Treasurer)

Patty Flatt (Faculty)

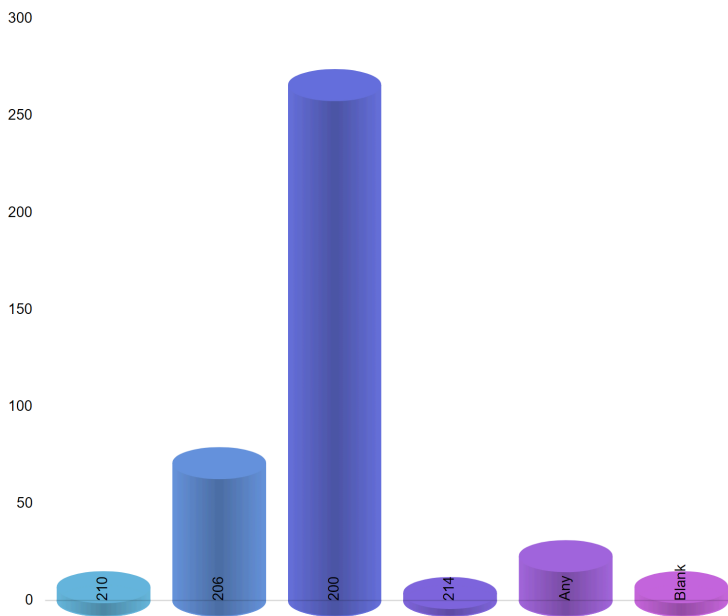
Becka Morgan (Faculty and TFAC Chair)

Appendix: Survey Results

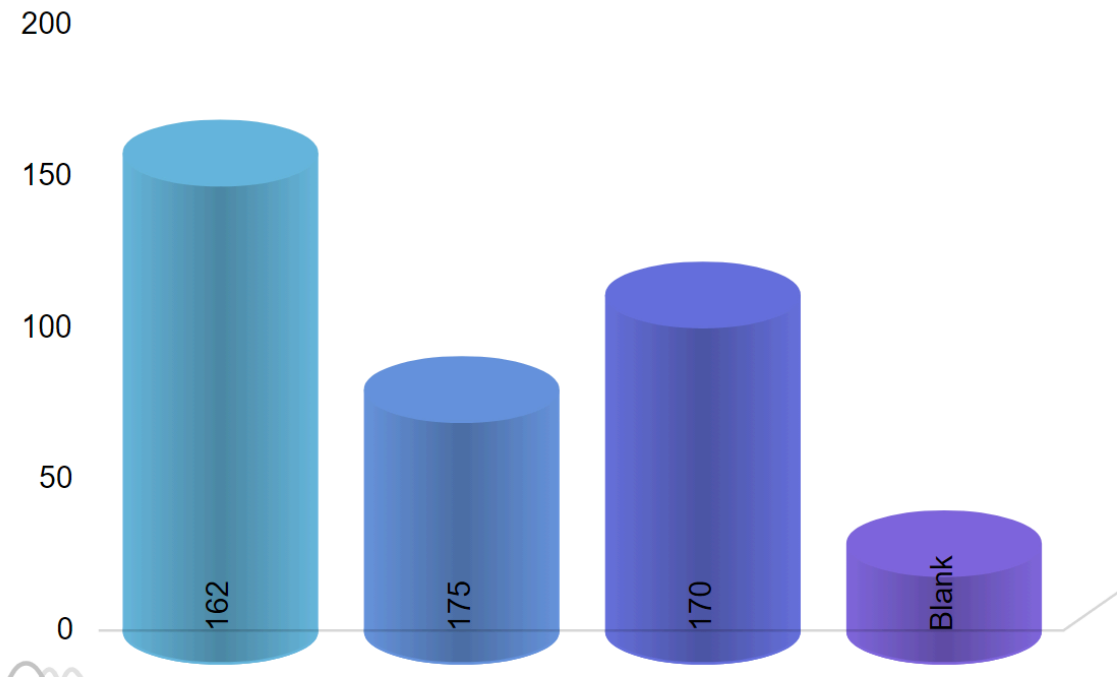
TFAC Campus-Wide Survey Results

Total Responses: 377

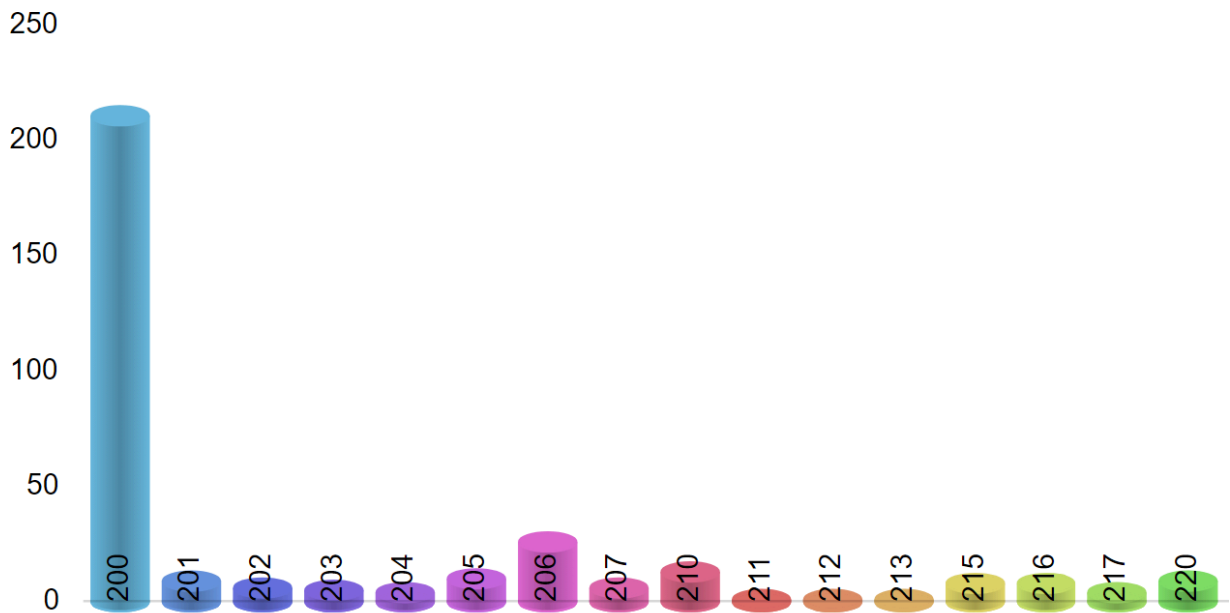
Question 1: WOU continues to face a large budgetary deficit as a result of flat enrollments, increasing expenses, and decreased state funding (click here for more information). The students and faculty of the Tuition and Fee Advisory Committee (TFAC) are considering the following options to recommend to the President for the resident undergraduate tuition rate increase next year -- which would you be most supportive of?



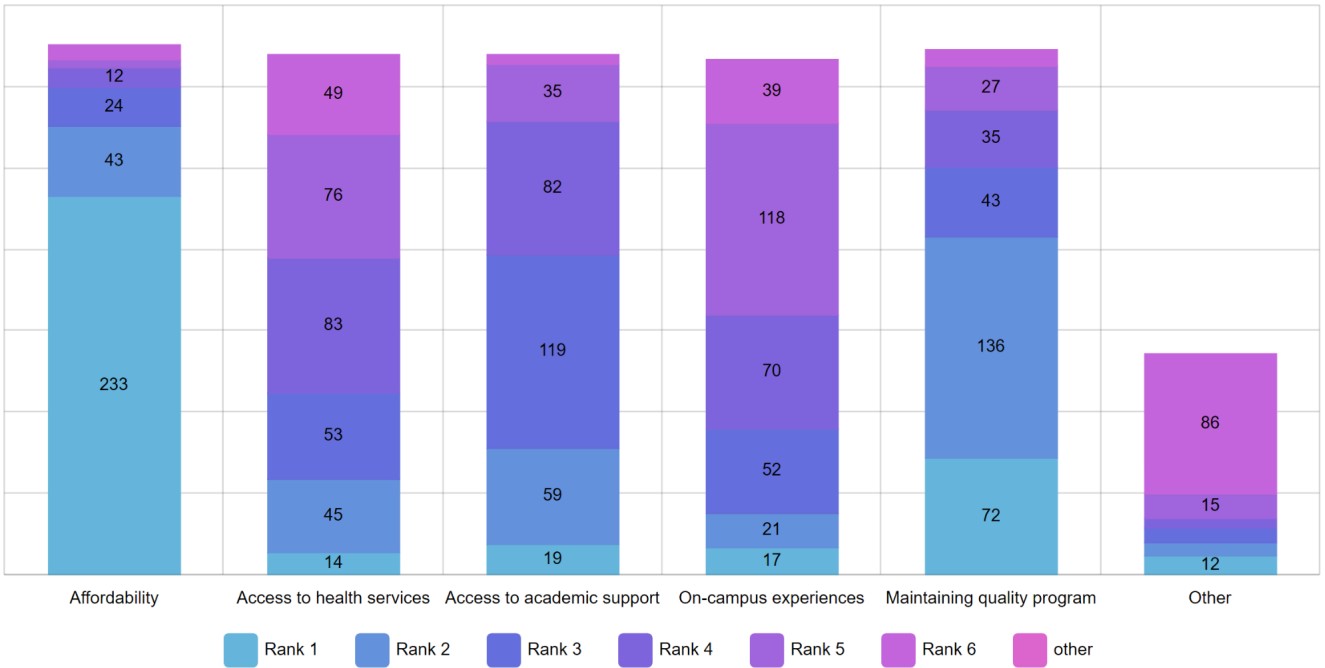
Question 2: What increase to the health service fee would you be most in support of?



Question 3: What is the maximum per credit you would consider investing in your classes to support your academic goals?



Question 4: Please rank your priorities for next year from 1 (highest) to 6 (lowest):



OTHER responses

Access to classes that arent a waste of time

Affordable food

All the classes I need offered multiple times per year

Athletics

Athletics

Better Valsetz food

Better sporting atmosphere

Bruh idk I live off campus make online classes cheaper

Campus Rec (the pool)

Club Funding

Gym hours expanded earlier in the day

Health and Wellness Center/Library

Hiring better staff that cares about student success

I have one term left

I'd prefer to opt out of health services, I have health insurance. Why are we forced to get it here

Low to no cost books.

N/A

N/A

None

Not forcing out of state student to pay more for the same education.

Not having more programs cut.

On Campus Activities (e.g., intramurals)

Online courses

Screw your profit margins. For profit education should be illegal

Stop charging so much for parking passes

Support for online only students

Supports for graduate students

Tutoring

Veteran Programs and Support

cross cultural experience

dining and fees

inclusivity

international student financial support

maintaining campus recreation

on campus employment

Memorandum

To: Dr. Breeann Flesch, Interim Dean of Graduate Studies and Research

From: Dr. Katrina Hovey, Program Coordinator of MEd: Special Education

Dr. David Foster, Program Coordinator of MA: Organizational Leadership

Amber Deets, Director of Graduate Student Success and Recruitment

Amanda Wheeler-Kay, Master of Arts in Interpreting Studies graduate student

Ayla Adkins, Master of Arts in Interpreting Studies graduate student

Date: March 13, 2024

Re: Recommendation for Tuition for the 2024-2025 Academic Year

As members of the Tuition Advisory Group, representing diverse roles within the graduate education community at Western Oregon University, we collectively wish to express our concerns and provide valuable input regarding the proposed 5% increase in tuition for the upcoming 2024-2025 academic year.

While we understand the University's need to address budgetary challenges, we wish to draw your attention to specific aspects that could significantly impact the graduate student body. Our collective experience and perspectives have led us to propose a reconsideration of certain ancillary fees, specifically the Student Health Fee and online course fees, which, when combined with the proposed tuition increase, create a substantial financial burden on our graduate students.

We acknowledge the necessity of maintaining the quality of education and student services, but we believe a comprehensive approach to fee structures is essential to ensure affordability and accessibility to graduate programs for all students.

Student Health Fee:

We recognize the importance of the Student Health Fee in ensuring the well-being of our graduate students. However, as stewards of students' fiscal interests, we propose a thorough examination of the fee structure associated with health services. A transparent breakdown of how these funds are allocated and utilized would help justify the costs and build trust among the student body. Additionally, we recommend considering an opt-

in/opt-out option for students who are online or living outside of Oregon and may already have private insurance coverage.

Online Course Fee:

Shining a light on a noteworthy financial contrast, our online students bear additional fees for exclusive access to Canvas, a platform also utilized by campus students at no extra cost. While both groups share the same platform, online learners make a unique financial investment. On average a 9-credit load student bears a \$477 online course fee assessment in addition to their tuition and other mandatory fees. This prompts an essential inquiry: with transparency in mind, what precisely does the online course fee contribute to? Are online students receiving added benefits from Canvas that go beyond what their campus counterparts experience? This financial distinction underscores the need to delve into the specific uses of the online course fee, ensuring clarity regarding the additional value it provides to enhance the educational experience for online students. If no additional benefits are identified, thoughtful consideration should be given to the possibility of removing or reducing this extra fee for online students.

Online Graduate Tuition Trends at WOU:

Our analysis of tuition trends over the past six years reveals a significant majority of WOU graduate students (approximately 95%) enrolled in online programs. Despite paying more than in-person graduate students, online students have fewer opportunities to access services covered by mandatory fees. We believe that the evolution of education should not inadvertently burden students financially but rather foster an inclusive and accessible learning environment for all. This summary outlines changes in online graduate tuition and fees over the six years, shedding light on the evolving financial landscape for remote learners.

Tuition History:

Academic Year	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Tuition/Credit (\$)	493.00	493.00	493.00	460.00	460.00	460.00
Tuition (\$)						
9 credits	4,437.00	4,437.00	4,437.00	4,140.00	4,140.00	4,140.00
Mandatory Fees (\$)	-	-	477.00	832.00	677.00	807.00
Total (\$)	4,437.00	4,437.00	4,914.00	4,972.00	4,817.00	4,947.00

Tuition Overview:

In the 2018-2019 and 2019-2020 academic years, online graduate students faced a higher tuition rate per credit hour but were exempt from typical mandatory fees. For instance, in the 2019-2020 academic year, on-campus classes cost \$425 per credit hour, while online classes were priced at \$493 per credit hour. This differential tuition is aimed at maintaining equity in student costs and WOU revenue, irrespective of the mode or location of instruction.

In the 2020-2021 academic year, WOU opted for transparency and discontinued differential tuition. Instead, a \$53 per credit online course fee was introduced for students taking online classes. This additional fee led to a 10.5% increase in the cost of attendance for online graduate students without any corresponding tuition reduction.

From the 2021-2022 academic year to 2023-2024 academic year, online graduate tuition stabilized at \$460 per credit hour. However, new fees were introduced: an online course fee and, starting in the 2023-2024 academic year, a mandatory health service fee. Consequently, online graduate students experienced an 11.5% increase in their cost of attendance in terms of tuition and fees since the 2018-2019 academic year. Despite paying more than in-person graduate students, online students have fewer opportunities to access services covered by these fees.

In-Person Tuition and Fees:

Academic Year	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Tuition/Credit (\$)	411.00	425.00	446.00	460.00	460.00	460.00
Tuition (\$)						
9 credits	3,699.00	3,825.00	4,014.00	4,140.00	4,140.00	4,140.00
Mandatory Fees (\$)	600.00	616.00	638.00	603.00	624.00	675.00
Total (\$)	4,299.00	4,441.00	4,652.00	4,743.00	4,764.00	4,815.00

Considering the financial constraints faced by students, we respectfully implore a thoughtful reconsideration of the magnitude of these fees. As education undergoes transformative changes, striking a balance between the necessity of these fees and a steadfast commitment to maintaining affordability becomes paramount.

We understand that the decision to increase tuition is complex, and we appreciate your dedication to the welfare of the university. Our intention is not to obstruct necessary adjustments but to ensure that these changes are made with a comprehensive understanding of their impact on graduate students' financial well-being.

We would welcome the opportunity to engage in a dialogue with you and your team to discuss these concerns further and explore potential solutions that align with the university's financial goals while prioritizing the accessibility of education for all graduate students.

Thank you for your time and consideration. We look forward to the opportunity to collaborate on finding solutions that benefit the entire graduate student community.



Finance & Administration Committee (FAC), March 26, 2024

University Budget Advisory Committee (UBAC Report)

DATE: April 2, 2024

TO: WESTERN OREGON UNIVERSITY BOARD OF TRUSTEES:

FINANCE & ADMINISTRATION COMMITTEE

FROM: UNIVERSITY BUDGET ADVISORY COMMITTEE

RE: UBAC REPORT

Since our last report, the UBAC committee met three times:

February 1 from 2:00-4:00 PM

February 15 from 2:00-4:00 PM

March 7 from 2:00-4:00 PM

For the Winter term, our focus has been to begin collecting budget stories from across campus. This was a project we discussed last year and had hoped to implement in this year to help us advocate better as a committee.

At our February 1st meeting, we focused on discussing our charge as UBAC and made a list of campus stakeholders that we will invite to UBAC meetings in Spring Term. We began to put out invitations for Spring Term meetings and to hope have at least two “guest speakers” from across campus at each of our meetings. These include the Provost to represent Academic Affairs, the enrollment management team, Noah from the Foundation, and Rico to update us on legislative initiatives.

We also began discussing how to collect budget stories. We decided that we should structure the outreach and target different campus groups with different surveys. The stories from students are really different from what faculty and staff will submit, and we realized we should differentiate for staff as well. We thought deliberately about how we put this survey together to help people recognize that they have a story that they can share. We decided on open ended response, so that people can respond in authentic ways.

At our February 15th meeting, we began workshopping our surveys, beginning with a draft that Mleanie created and then soliciting feedback and support to create a survey that would not be too onerous for respondents, and would still give us good information. With 8 different people working on this, you can imagine that it took the whole meeting to draft and we still did not finish. But it was a thoughtful and collaborative effort that

seems to be what good committee work should look like, as voices from stakeholder groups across campus got to have input.

At our March 7th meeting, we finalized our draft surveys settling on a combined survey for faculty and staff, after MUCH discussion. OUR final decision was based on efficiency in answering and knowing that many of our faculty and staff serve in two roles and can answer from different perspectives. For example, Zach works in campus recreation but is also an adjunct instructor in HEXS. Shelby Worthing contributed to our understanding of getting student responses. The surveys can be viewed here:

[Faculty and Staff survey](#)
[Student survey](#)

We sent the surveys out on March 14th (faculty and staff) and March 19th (students) and have received 58 responses for the faculty and staff survey and 51 responses for the student survey so far. We will send a reminder on the Monday after Spring Break and close the survey on April 5th.

In our Spring meetings, our focus will be on discussing these results, hosting guest speakers, and finding ways to disseminate our findings from the earlier sustainability survey that was put out in the Fall. We've had some people write about follow up on this, and our goal will be to update campus on where the funds are, while still sharing the ideas that were sent to us with appropriate parties, given the delay in that funding from being released. We also hope to get updates on projections for next year from Camarie and Ana.

As a final note, we'd like to invite Gayle Evans, the chair of the finance committee on the Board of Trustees to come and talk with us in Spring Term. The dates for Spring Term are below. We'll make a connection soon!

Spring Term UBAC Dates:

- April 4th (Rico will present), we're looking for others
- April 18th
- May 2nd
- May 16th



University Technology Advisory Committee (UTAC) Update for Apr 2, 2024 FAC Meeting

The University Technology Advisory Committee (UTAC) met two times during the Winter 2024 quarter. During this period, the committee reviewed the University Computing Services (UCS) 18 Month Themes and Goals, which included 56 planned projects UCS will work on in the upcoming 18 months. This document and the process it exemplifies provides the university with a foundation for strategic prioritization of technology requests and projects. UCS Director Tom Litterer will continue to refine the process, including incorporating a system for UTAC to approve new technology requests per our committee charge. UTAC also reviewed and approved a draft project charter for the Mobile Environment for Students UTAC Subcommittee.

Progress on Equity Audit Action Plan:

Assess utilization of the library's equipment borrowing system

Library Chromebooks are the most heavily used item in the equipment borrowing system. All 60 Chromebooks were checked out by the second week of fall quarter, and any Chromebook that was returned before the due date was checked out immediately. Also, more than half of these Chromebooks are past their "planned obsolescence" and their batteries are beginning to fail. In our February UTAC meeting, the committee reviewed available usage data for lab computers on campus. Although the data were imperfect, the data we do have supports 1) consolidating labs, 2) replacing Windows PCs with VLAN machines in some labs and 3) reducing the total number of lab computers in the Library, both in our computer classroom and in our public spaces.

Based on this information, President Peters approved the allocation of \$40,000 in TRU Sustainability funds to kickoff a new Laptop Checkout Program with the purchase of 100 Chromebooks. As UCS works with departments to reduce the number of lab computers, the replacement funds for those computers will be reallocated to purchasing new or replacement laptops for checkout to students (approximately 25 per year). These actions will create a sustainable laptop loan program to ensure equitable access to computing resources for WOU students.

Implement the institutional policy on names

The University Names Policy Committee has been tasked with developing process maps or lists of jobs and processes that may be impacted by the policy implementation. Those documents are due to the committee chairs in mid-April.

Board of Trustees

Cash Flow Narrative FY24

Executive Summary:

- **Beginning cash balance is \$36,796,782**
- **Projected ending cash balance is \$23,952,721**
- **Projected ending cash balance includes \$4,210,000 restricted to the steam pipeline project**
- **The operating projected cash ending balance net of the restricted steam line fund is \$19,742,721.**

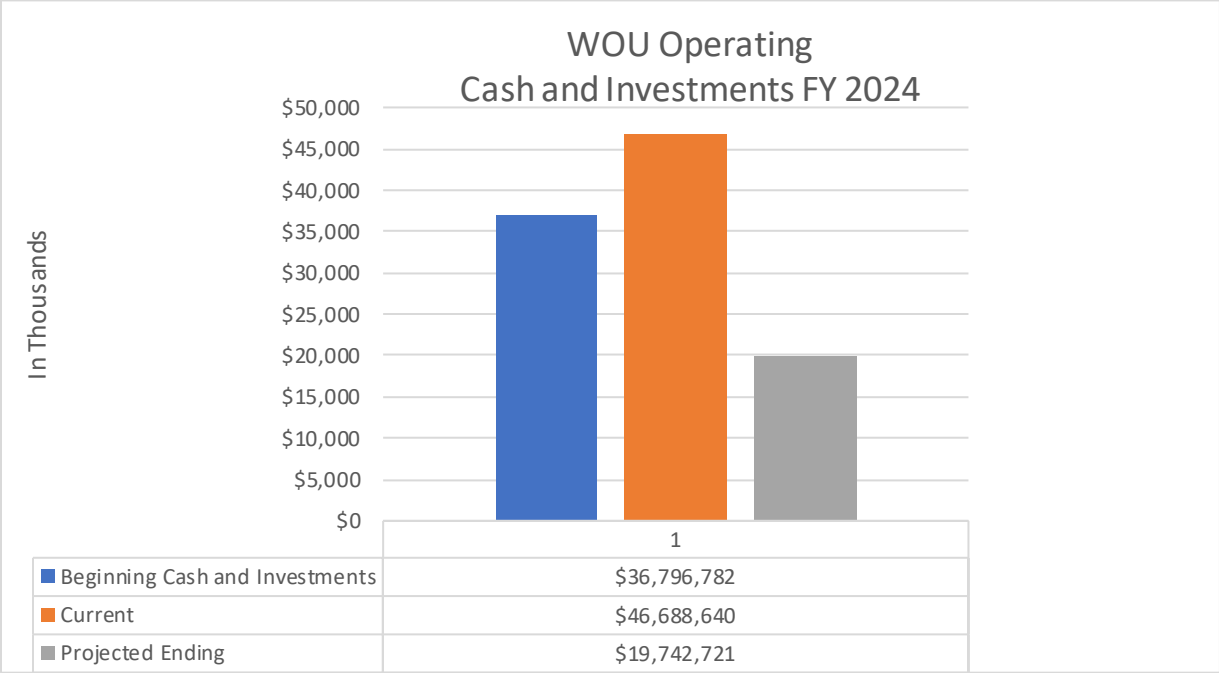
The statement of cash flows enables users of the financial statements to determine how well an entity's income generates cash and to predict the potential of an entity to generate cash in the future. The purpose of the cash flow forecast is to present cash inflows and outflows for a reporting period to the reader of the report. Cash flows are not readily apparent when just reviewing the income statement, especially when that document is created under the accrual basis of accounting. Accrual accounting requires that certain non-cash revenue and expense items be included in the income statement, potentially in substantial amounts.

We began FY2024 with a cash & investment balance of \$36.796M.

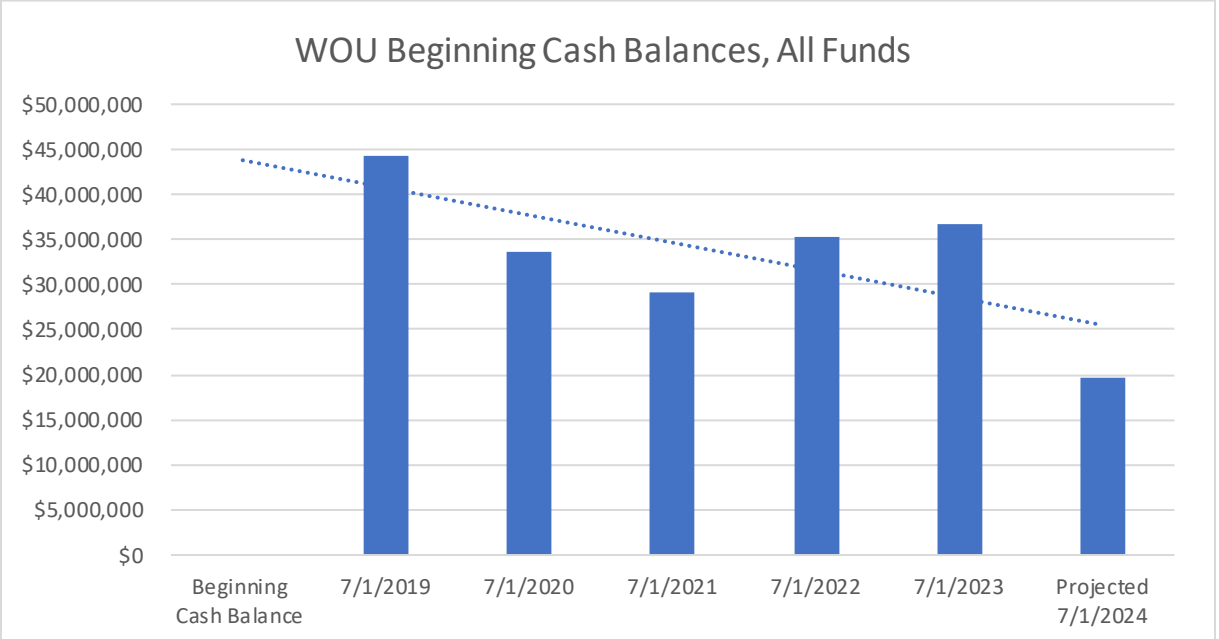
You will note this does not have a one-to-one relationship with the Management Report, this is due to two reasons. The Management Report looks at individual fund activity for Education & General, Auxiliaries, and Designated Operations & Service funds; while these funds are the main funds for the University, other funds exist as well (such as Capital, Grant and Agency funds). The Cash Flow forecast incorporates all cash & investments for the University other than the cash balance related to Perkins loans (\$676,749 as mandated) and the quasi endowment. Additionally, the Management Report shows accounting activity using accrual-based accounting. Accrual accounting creates timing differences between income statement accounts (revenues & expenses as shown on the Management Report) and cash. A revenue transaction may be recorded in a different fiscal year than the year the cash related to that revenue is received. One purpose of the statement of cash flows is that users of the financial statements can see the amount of cash inflows and outflows during a year in addition to the amount of revenue and expense shown on the income statement.

For FY2024, the cash flow projection is based on actuals through February then several assumptions including a flat enrollment revenue overall for the year, the Board approved tuition increases, a 5% increase in services & supplies (S&S). The Steam Line Project is included but noted below the cash flow since are restricted dollars and cannot be used for operations. Salary increases and Other Payroll Expenses (OPE) rate increases have been included as of what we understand currently. We forecasted in for the onetime classified payout of approximately 225K Overall, the cash flow projection shows a \$12.844M decrease.

We will continue to monitor and adjust monthly. Current financial conditions continue to put pressure on cash flow.



Data is based upon the accounting system information
 Actual cash and investments on deposit at 07/01/24 is projected as \$23,952,721
 Projected Ending Data excludes Restricted Cash for the Steam Line Project (\$4.21M)



Note: The positive amounts in 2021-2023 is primarily related to the Federal stimulus funding received

Projected 7/1/2024 Balance is reduced by \$4.21M for Steam Line Project

Western Oregon University
Monthly Cash Flow and Accrual Forecast

	Actuals										Estimates	
	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024
<i>Starting Cash and investment FY2024 (June 30, 2023)</i>												
\$	36,796,782											
Beginning Cash Estimate	\$ 36,796,782	40,948,978	37,617,051	45,309,170	44,220,655	47,286,286	42,281,589	51,068,687	46,688,640	38,123,496	39,082,153	40,276,576
<i>Adjusted Beginning Cash and investment Balance (Actual)</i>	36,796,782	40,948,978	37,617,051	45,309,170	44,220,655	47,286,286	42,281,589	51,068,687	46,688,640	-	-	-
Inflows												
Monthly Revenue Estimates	9,853,202	20,914,823	9,276,900	5,683,729	11,528,177	7,315,106	28,692,740	4,452,474	20,580,792	12,816,235	15,979,650	12,443,206
Estimated Cash Impacts GL Accrual Activity	4,163,809	(3,343,815)	7,735,916	(1,207,838)	3,232,393	(5,068,361)	8,817,029	(4,365,443)	(3,717,576)	1,992,726	(1,512,322)	(7,309,450)
Total Revenue and GL Inflows	14,017,011	17,571,009	17,012,816	4,475,891	14,760,570	2,246,745	37,509,768	87,032	16,863,216	14,808,961	14,467,328	5,133,756
Outflows												
Monthly Labor Estimates	4,446,939	4,375,792	4,637,892	7,125,694	7,030,884	6,901,384	7,012,371	6,990,748	7,257,134	7,503,971	7,329,379	8,241,431
Monthly Expense Estimates	2,265,301	3,399,367	10,831,397	5,476,823	2,909,503	3,099,466	13,978,901	3,373,768	18,171,226	6,346,333	5,943,526	13,136,529.00
Monthly Debt Estimates	616,288	-	-	-	-	-	69,793	-	-	-	-	79,651
Total Operating Ledger Outflows	\$ 7,328,528	\$ 7,775,159	\$ 15,469,288	\$ 12,602,517	\$ 9,940,387	\$ 10,000,851	\$ 21,061,065	\$ 10,364,516	\$ 25,428,360	\$ 13,850,304	\$ 13,272,905	\$ 21,457,611
Net Flows	6,688,483	9,795,849	1,543,527	(7,755,418)	4,820,183	(7,754,106)	16,448,703	(10,277,484)	(8,565,144)	958,657	1,194,423	(16,323,855)
Ending Cash Estimate	43,485,264	50,744,827	39,160,578	37,553,752	49,040,838	39,532,180	58,730,293	40,791,203	38,123,496	39,082,153	40,276,576	23,952,721
<i>Actual Ending Cash Balance (Banner)</i>	\$ 40,948,978	\$ 37,617,051	\$ 45,309,170	\$ 44,220,655	\$ 47,286,286	\$ 42,281,589	\$ 51,068,687	\$ 46,688,640				
<i>Actual Less Forecast</i>	(2,536,286)	(13,127,777)	6,148,592	6,666,903	(1,754,553)	2,749,409	(7,661,606)	5,897,437	(38,123,496)	(39,082,153)	(40,276,576)	(23,952,721)
<i>% Deviation from Original Forecast</i>	-5.83%	-25.87%	15.70%	17.75%	-3.58%	6.95%	-13.05%	14.46%	-100.00%	-100.00%	-100.00%	-100.00%
30 Day Cash Outflow Requirement	7,328,528	7,775,159	15,469,288	12,602,517	9,940,387	10,000,851	21,061,065	10,364,516	25,428,360	13,850,304	13,272,905	21,457,611
Excess/(Shortfall) over 30 Day Outflow Requirement	\$ 29,468,253	\$ 33,173,819	\$ 22,147,763	\$ 32,706,653	\$ 34,280,268	\$ 37,285,435	\$ 21,220,524	\$ 40,704,171	\$ 21,260,280	\$ (13,850,304)	\$ (13,272,905)	\$ (21,457,611)
60 Day Cash Outflow	15,103,687	23,244,447	28,071,805	22,542,904	19,941,237	31,061,915	31,425,581	35,792,876	39,278,664	27,123,209	34,730,516	21,457,611
Excess/(Shortfall) over 60 Day Outflow	\$ 21,693,094	\$ 17,704,531	\$ 9,545,245	\$ 22,766,266	\$ 24,279,417	\$ 16,224,371	\$ 10,856,009	\$ 15,275,811	\$ 7,409,976	\$ (27,123,209)	\$ (34,730,516)	\$ (21,457,611)
Forecast for Steamline Project Expenses, \$4.21M in FY25		30,000							4,199,349			4,199,349
QT 1 Allotment if not received until October 2023 + est. increase			149,427	100,000	75,000		75,000			150,000		
Student Success 22M - 15 M on reimbursement	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00



Public University Fund (PUF)

**Investment Statement
October 1, 2023 - December 31, 2023
Q2 FY24**

Western Oregon University
Ana Karaman, Vice President for Finance & Administration
Darin Silbernagel, Treasurer
345 Monmouth Ave N.
Monmouth, OR 97361

**Quarter-to-Date
as of 12/31/2023**

Beginning Market Value	\$45,190,918
+ Contributions	4,074,537
- Withdrawals	(5,645,331)
+/- Change in Market Value	1,070,280
Ending Market Value	\$44,690,404

Units Owned	462,843.953
Price per Unit	\$96.55609

	<u>Quarter-to-Date</u>	<u>Year-to-Date</u>
Gross Investment Earnings	\$552,373	\$977,779
Participant Fees	(6,660)	(17,759)
Participant Fee Credit	-	1,323
Net Investment Earnings	<u>\$545,713</u>	<u>\$961,343</u>
Realized Gain/(Loss) on Sale of Investments*	(204,359)	(309,848)
Unrealized Gain/(Loss) on Investments		(560,401)

**Year-to-Date total includes adjustment for prior quarter.*

Questions? Please contact Mary Hatfield, 541.737.0843

mary.hatfield@oregonstate.edu

FY2024 Q2 Investment Report

BACKGROUND

The Western Oregon University (university) investment report for the second quarter (Q2) of FY2024 is presented in the following sections:

- **FY2024 Q2 Western Oregon University 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 quasi-endowment investments managed by the Oregon State Treasury.
- **FY2024 Q2 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the second quarter of FY2024 (i.e., October 1 – December 31, 2023).

FY2024 Q2 WESTERN OREGON UNIVERSITY INVESTMENT REPORT

The schedule of Western Oregon University's investments is shown in the investment summary below.

Public University Fund

(Prepared by the Public University Fund Administrator)

Western Oregon University's operating assets are invested in the Public University Fund (PUF). As of December 31, 2023, WOU had \$44.7 million invested in the PUF. The PUF increased 2.3% for the quarter and 3.5% fiscal year-to-date. The PUF's three-year and five-year average returns were 0.9% and 2.2%, respectively.

The Oregon Short-Term Fund increased 1.3% for the quarter and 2.4% fiscal year-to-date, underperforming its benchmark by 10 basis points and 30 basis points respectively. The Core Bond Fund increased 4.6% for the quarter and 3.8% for the fiscal year, equal to its benchmark for the quarter and outperforming its benchmark by 10 basis points for the fiscal year. The PUF investment yield was 1.3% for the quarter and 2.3% fiscal year-to-date.

Investors cheered as the Federal Reserve signaled an end to the current rate increase regime and alluded to potential rate cuts during calendar 2024, moving bond prices higher. The Core Bond Fund's 18% allocation to structured credit, particularly mortgage-backed securities, supported the Fund's strong performance during the quarter. The Fund's investment officers initiated positions in corporate bonds within the financial sector during the period, given the rising expectations that interest rates have peaked for this current rate cycle.

Western Oregon University Quasi-Endowment Fund

The WOU Quasi-Endowment Fund (Fund) increased 10.0% for the quarter and 5.7% fiscal year-to-date, outperforming its benchmark by 110 basis points for the quarter and 10 basis points fiscal year-to-date. The Fund ended the quarter with a balance of \$3.1 million.

The Fund's assets are allocated to a global equity index strategy (BlackRock All-Country World Index – 55.7%) and an “actively” managed fixed income fund (Western Asset Core Plus Bond – 39.6%). The remaining assets are invested in the Oregon Short Term Fund (4.7%).

For the three months ended December 31, 2023, the Blackrock All-Country World Index increased 11.2%, outperforming its benchmark by 10 basis points. The Western Asset Core Plus Bond Fund's increased 9.4% for the period, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index by 260 basis points.

Western Oregon University
Investment Summary
as of December 31, 2023
(Net of Fees)

	Quarter Ended 12/31/2023	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Target
WOU Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	1.3%	2.4%	1.0%	2.1%	2.0%	1.6%	\$ 11,624,234	26.0%	1
Benchmark - 91 day T-Bill	1.4%	2.7%	1.3%	2.2%	1.9%	1.3%			
PUF Core Bond Fund	4.6%	3.8%	-1.4%	-0.8%	2.1%	N/A	33,066,170	74.0%	1
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	4.6%	3.7%	-1.6%	-1.6%	1.5%	2.0%			
Public University Fund Total Return	2.3%	3.5%	-0.5%	0.9%	2.2%	N/A	<u>\$ 44,690,404</u>	<u>100.0%</u>	
Public University Fund Investment Yield ³	1.3%	2.3%	1.4%	2.6%	2.7%	N/A			
WOU Endowment Assets									
BlackRock ACWI IMI B	11.2%	7.4%	2.7%	5.7%	N/A	N/A	\$ 1,718,067	55.7%	55.0%
Benchmark - MSCI ACWI IMI Net	11.1%	7.4%	2.6%	5.5%	11.5%	7.8%			
Western Asset Core Plus Bond Fund	9.4%	3.5%	-3.4%	-5.4%	N/A	N/A	1,221,149	39.6%	40.0%
Benchmark - Bloomberg Barclays Aggregate Index	6.8%	3.4%	-3.0%	-3.3%	1.1%	1.8%			
Cash	1.3%	2.4%	1.0%	2.1%	N/A	N/A	143,830	4.7%	5.0%
Benchmark - 91 day T-Bill	1.4%	2.7%	1.3%	2.2%	1.9%	1.3%			
Total Endowment Assets	10.0%	5.7%	0.6%	1.3%	N/A	N/A	<u>\$ 3,083,046</u>	<u>100.0%</u>	
Policy Benchmark ⁴	8.9%	5.6%	0.4%	1.9%	N/A	N/A			

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 Policy Benchmark Composition: 55% Morgan Stanley Capital Indices All-Country World Investable Market Index Net , 40% Bloomberg Barclays Aggregate Bond Index, 5% 91 day T-Bill.

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

December 31, 2023

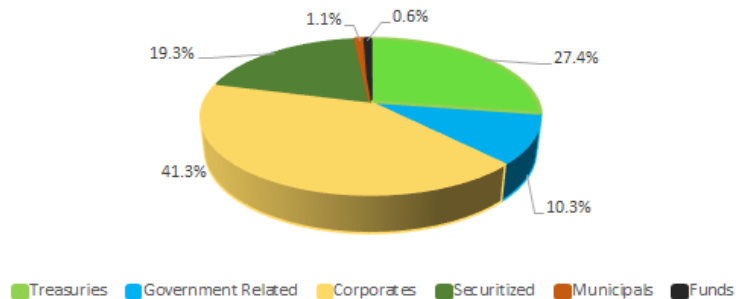
Portfolio Characteristics

Market Value 12/31/2023	\$ 135,757,928
Weighted Average Credit Quality	AA
Book Yield (%)	5.04%
Weighted Average Maturity (years)	127 Days
Duration (years)	0.31
Spread Duration (years)	0.58

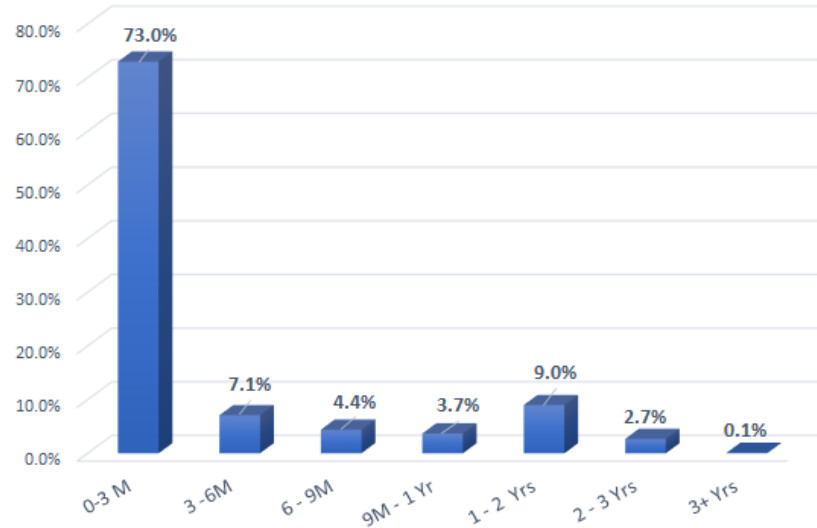
Top 10 Issuers

United States Treasury	27.4%
Royal Bank of Canada	2.0%
Canada Pension Plan Investment Board Capital Incorporated	2.0%
JPMorgan Chase & Company	1.9%
National Rural Utilities Cooperative Finance Corporation	1.8%
Federal Home Loan Banks	1.7%
American Honda Finance Corporation	1.6%
Bank of America Corporation	1.6%
Toyota Motor Credit Corporation	1.5%
CDP Financial Incorporated	1.3%
Total	42.8%

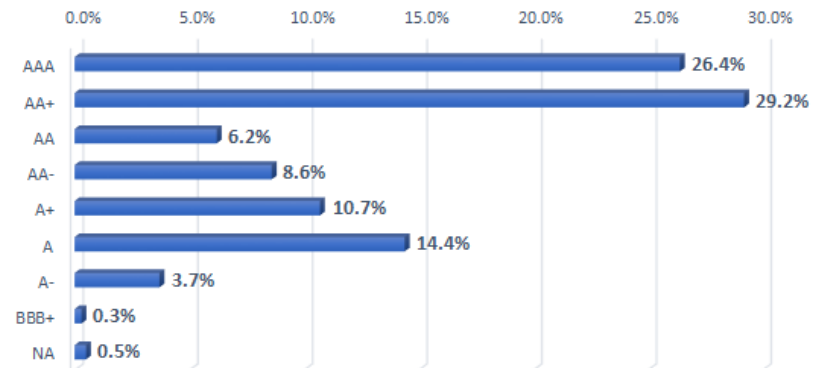
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

Core Bond Fund

December 31, 2023

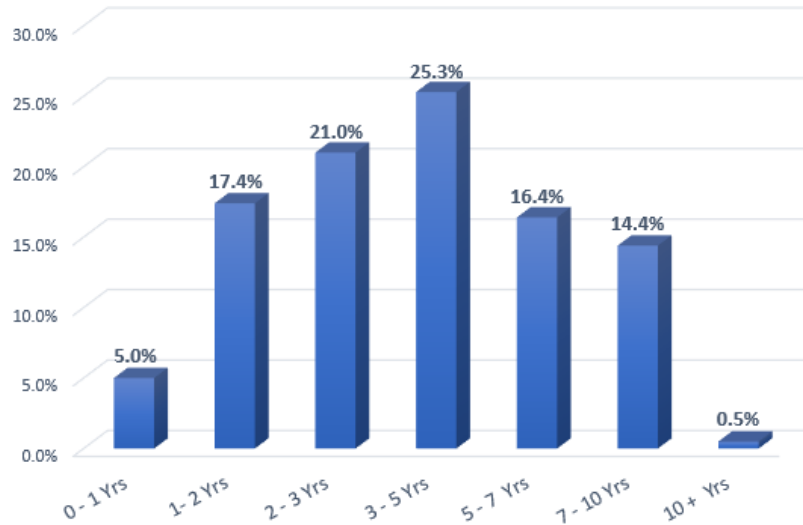
Portfolio Characteristics

Market Value 12/31/2023	\$ 386,175,513
Weighted Average Credit Quality	AA-
Book Yield (%)	4.83%
Weighted Average Maturity (years)	4.46
Duration (years)	3.81
Spread Duration (rate)	1.72

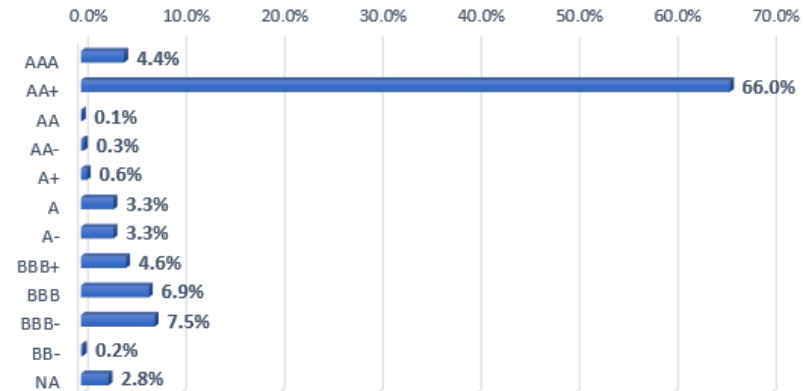
Top 10 Issuers

United States Treasury	55.9%
Federal Home Loan Mortgage Corporation	4.2%
Charles Schwab Corporation (The)	3.3%
Federal National Mortgage Association	2.5%
Rexford Industrial Realty Incorporated	2.5%
F&G Global Funding	2.4%
Agree Realty Corporation	2.4%
Gracie Point International Funding	1.7%
Oscar US Funding Trust	1.6%
Ford Credit Trust 22-C	1.6%
Total	78.1%

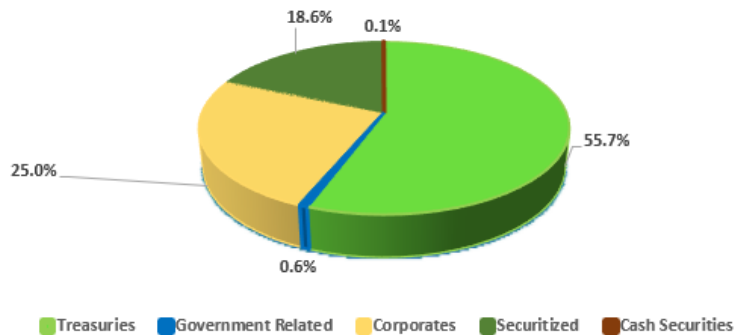
Maturity Breakdown



Credit Quality Distribution



Sector Allocations



Source: Oregon State Treasury

FY2024 Q2 MARKET COMMENTARY

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

Report on Investments – as of December 31, 2023

Economic and Market Update

Markets rallied during the fourth calendar quarter in anticipation of central bank policy rate cuts ahead in 2024.

- Major central banks have largely paused interest rates hikes. Markets are now largely expecting the Federal Open Market Committee (FOMC) to maintain interest rates at the current levels and begin cutting rates as soon as calendar Q1 2024.
- Inflation rose in December in the U.S. and Europe, but both finished the calendar year much lower than where they started. China remained in deflationary territory (-0.3%) at calendar year-end.
- U.S. equities (S&P 500 index) posted strong gains for the quarter (11.7%), raising full calendar year results to +26.3%. Most sectors rallied, driven by growth sectors.
- Non-U.S. developed equity markets also rallied in the fourth calendar quarter (Morgan Stanley Capital International (MSCI) Europe, Australasia, and Far East (EAFE) 10.4%), with the weakening of the U.S. dollar contributing meaningfully (10.4% versus 5.0% ex-U.S. dollar influence). The performance difference between U.S. and international developed equities for the calendar year remained wide (26.0% versus 18.2%).
- Emerging market equities were up 7.9% in the fourth calendar quarter and 9.8% for calendar 2023 but trailed developed markets due to lagging returns in China (-4.2% Q4/-11.2% one-year). Emerging market equities ex-China returned 20% in 2023.
- Interest rates generally fell in the fourth calendar quarter, particularly for longer-dated maturities. The broad U.S. bond market rallied (6.8%) for the quarter, lifting calendar year 2023 returns into positive territory (5.5%).

Looking to 2024, the paths of inflation and monetary policy, China's economic disorder and slowing economic growth, and the wars in Ukraine and Israel, will be key.

After a tough start to the quarter on lingering fears that the Federal Reserve might keep interest rates "higher for longer", markets rallied in November and December. Economic data generally coming in below expectations sparked expectations that the Federal Reserve might really be done raising policy rates for this cycle.

Strong results for the quarter built on gains for the year with all asset classes finishing in positive territory in calendar year 2023, except commodities.

Market Returns¹ December 31, 2023

	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	4.50%	11.70%	26.30%	26.30%	10.00%	15.70%	13.40%	12.00%
MSCI EAFE-ND	5.30%	10.40%	18.20%	18.20%	4.00%	8.20%	6.90%	4.30%
MSCI EM-ND	3.90%	7.90%	9.80%	9.80%	-5.10%	3.70%	5.00%	2.70%
MSCI China-ND	-2.40%	-4.20%	-11.20%	-11.20%	-18.40%	-2.80%	1.20%	0.90%
Bloomberg US Aggregate	3.80%	6.80%	5.50%	5.50%	-3.30%	1.10%	1.30%	1.80%
Bloomberg US TIPS	2.70%	4.70%	3.90%	3.90%	-1.00%	3.20%	2.50%	2.40%
Bloomberg US Corporate High Yield	3.70%	7.20%	13.40%	13.40%	2.00%	5.40%	4.60%	4.60%
ICE BofAML US 3-Month Treasury Bill	0.50%	1.40%	5.00%	5.00%	2.20%	1.90%	1.70%	1.30%
ICE BofAML 1-3 Year US Treasury	1.10%	2.50%	4.30%	4.30%	0.00%	1.30%	1.20%	1.10%
ICE BofAML 10+ Year US Treasury	8.10%	12.00%	2.80%	2.80%	-11.00%	-1.10%	0.10%	2.30%

¹Source: Oregon State Treasury

U.S. Equities: U.S. equities had a strong final quarter of the calendar year, driven by expectations that rate cuts may be ahead in 2024. Small cap stocks outperformed their large cap peers for the quarter while growth outpaced value with the exception of small cap. Large cap stocks outperformed small cap stocks by a wide margin for the calendar year and growth outpaced value across market caps. Calendar year results were clearly driven by large cap technology stocks. Within the S&P 500 index, the “Magnificent 7” stocks generated more than 50% of the total gains.

All sectors posted gains for the fourth calendar quarter, except for energy (-7.2%) given crude oil's 19% price decline during the fourth calendar quarter. Technology (+16.2%) led the way for the quarter followed by financials (+14.6%). In calendar year 2023, technology (+64.7%) and consumer discretionary (+35.0%) sectors had the best results, helped respectively by artificial intelligence optimism and a healthy U.S. consumer. Traditionally defensive sectors like utilities (-7.8%) and consumer staples (-5.0%) trailed.

Foreign Equity: Optimism around lower inflation and potentially peaking and declining policy rates drove gains in the U.K. and Europe. Japan had weaker results for the quarter as concerns over a strengthening yen weighed on returns in December. Overall weakness in the U.S. dollar also contributed to quarterly and full calendar year results across developed markets.

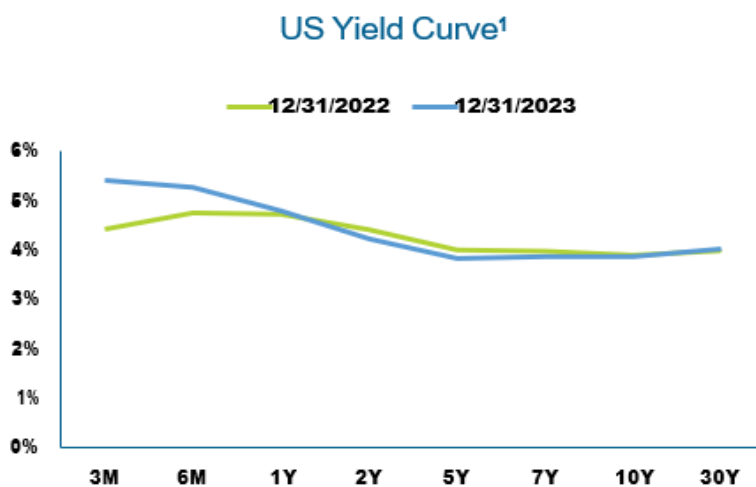
Emerging markets also experienced strong performance in the fourth calendar quarter but trailed developed markets. China weighed on relative results for the quarter and calendar year, declining 4.2% and 11.2%, respectively. Slowing growth, issues in the property sector, and on-going tensions with the U.S. all weighed on results.

Given the strong technology-driven rally last calendar year, the U.S. equity price-to-earnings ratio increased above its 21st century average. Fourth calendar quarter gains brought valuations to their highest level for the calendar year. International equity valuations also increased in the fourth quarter but remain below the U.S. In the case of developed markets, valuations finished the calendar year close to their long-term average, while emerging markets remained well below their average.

Fixed Income: Policy rate expectations swung from pessimism to optimism in November and December. Signs of the labor market cooling and improving inflation led investors to bring forward expectations for interest rate cuts to early 2024, leading to one of the best quarterly results in over twenty years.

The broad U.S. bond market (Bloomberg Aggregate) rallied 6.8% for the quarter, lifting full-year performance into positive territory (+5.5%). The broader Treasury Inflation-Protected Securities (TIPS) index rose 4.7% for the quarter and 3.9% for the calendar year, while the less interest-rate-sensitive short-term TIPS index rose 2.6% and 4.6% over the same periods.

High yield bonds rallied on better risk sentiment (+7.2%), as did emerging market bonds (+8.1%). Both asset classes produced double-digit results during calendar year 2023.



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

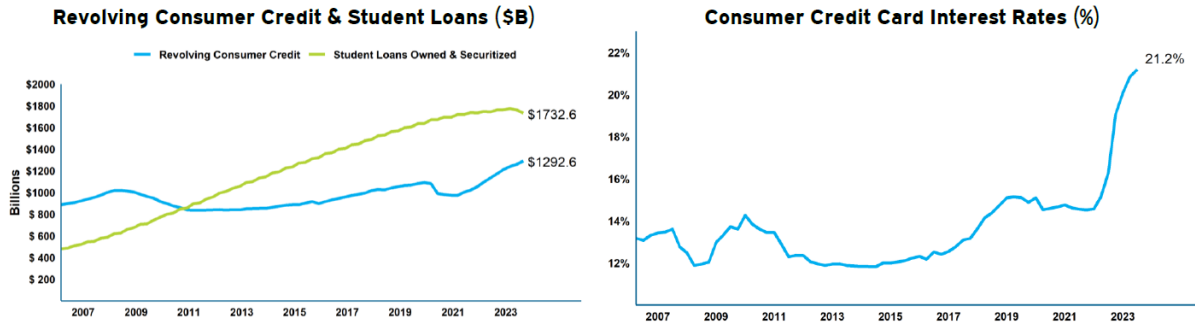
For the quarter, two-year Treasury yields fell from 5.05% to 4.24% while ten-year Treasury yields declined from 4.56% to 3.88%. The yield curve remained inverted at calendar year-end despite a recent flattening trend. The spread between the 2-year and 10-year Treasury was -0.37% at the end of December.

Expectations of peaking policy rates and the corresponding increase in risk appetite benefited credit in the fourth calendar quarter with spreads (the added yield above a comparable maturity Treasury) narrowing. All spreads remain below their respective long run averages. High yield spreads continue to be the furthest below their long-term average given the overall risk appetite last year and lower duration. Investment-grade corporate and emerging market spreads are also below their respective long-term averages, but by smaller margins.

Year-over-year headline inflation rose from 3.1% to 3.4% in December, coming in above expectations of 3.2%. An increase in shelter (+6.2%) drove results, with food also increasing from a year prior (+2.7%) and energy prices falling (-2.0%). Month-over-month inflation came in at 0.3%, above expectations of 0.2% and the prior reading of 0.1%. Core inflation - excluding food and energy – declined in December (3.9% versus 4.0%) year-over-year, with shelter costs again driving the total core index increase. Inflation expectations (breakevens) have remained relatively stable despite the recent significant volatility in inflation.

Overall, the U.S. labor market remains healthy with the unemployment rate relatively low, wage growth now positive in real terms, and initial claims for unemployment staying subdued. In December, U.S. unemployment remained unchanged (3.7%) and came in slightly below expectations of an increase to 3.8%. The number of jobs added did come in above expectations (216k versus 175k) though with the most jobs added in the government, leisure and hospitality, and health care sectors.

US Consumer Under Stress?¹



¹ Source: Federal Reserve Economic Data. Data is as of September 2023. Revolving Consumer Credit data is seasonally adjusted to remove distortions during the holiday season.

Despite the strong labor market and higher wages, pressures have started to build on the U.S. consumer. This is an important consideration as consumer spending has been a key driver of economic growth. Revolving consumer credit surged to new highs in 2023 even as credit card interest rates hit levels not seen before (the prior peak was around 19% in the 1980s). The return of student loan repayments after a three-year pandemic-related reprieve could add to pressures on consumers' budgets. This might be partially mitigated by recently initiated repayment and forgiveness programs. As we look ahead, the strength of the U.S. consumer will remain key as this sector makes up most of the gross domestic economy (GDP).

Global Inflation (CPI Trailing Twelve Months)¹



¹ Source: Federal Reserve Economic Data. Data is as of December 2023. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

Slowing inflation and growth have led to expectations for a reduction in the pace of aggressive policy tightening. The Fed has been on hold since July 2023 when it raised rates to a range of 5.25%-5.50%. Markets are pricing in six rate cuts next year given the track of economic data and recent comments from the Fed, while the Fed itself is only predicting three. How this discrepancy is resolved will be key in calendar year 2024.

The European and U.K. central banks also recently paused their rate increases on slowing inflation. In Japan, the Bank of Japan (BOJ) has further relaxed its yield curve control on the 10-year bond, and expectations for further policy normalization are rising. The central bank in China has maintained interest rates at record low levels and continues to inject liquidity into the banking system, as weaker than expected economic data appears to indicate a widespread slowdown.

The U.S. dollar declined around 5% in the fourth calendar quarter as generally weaker economic data led investors to anticipate the end of FOMC tightening and interest rate cuts in 2024. Overall, the dollar finished the year only slightly below where it started but it was a volatile year for the U.S. currency as expectations related to monetary policy evolved.

Summary-Key Trends:

- The impact of inflation still above policy targets will remain important, with bond market volatility likely to stay high.
- Global monetary policies could diverge going forward. The risk of policy errors remains elevated as central banks try to further reduce inflation toward targets while not tipping their economies into recession. In the case of the U.S. the resolution of the disparity between market expectations for the path of interest rates versus the Fed's dot plot will be key.
- Global growth is expected to slow next year, with some economies forecasted to tip into recession. However, optimism has been building that certain economies could experience soft landings. Inflation, monetary policy, and geopolitical issues will remain key in 2024.
- U.S. consumers could feel pressure as certain components of inflation (e.g., shelter), remain high, borrowing costs are elevated, and the job market may weaken.
- A focus for U.S. equities going forward, will be whether earnings can remain resilient if growth continues to slow.
- Also, the future paths of the large technology companies that have driven market gains will be important.
- Equity valuations remain lower in emerging and developed markets, but risks remain, including the potential for China's economic slowdown and on-going weakness in the real estate sector that could spill over into key trading partners' economies. Japan's recent hint at potentially tightening monetary policy along with changes in corporate governance in the country could influence relative results.
- Recent, heightened tensions in Israel could add to overall uncertainty and drive safe haven flows.