



# Western Oregon UNIVERSITY

## Financial Resources Review

Western Oregon University

Submitted February 28, 2025

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# Introduction

This Financial Resources Review (FRR) is being submitted in response to the July 12, 2024 notification and official record of action and the Notice of Concern from the Northwest Commission on Colleges and Universities (NWCCU) regarding the Spring 2024 Ad Hoc Report of Western Oregon University (WOU). The official record of action taken by NWCCU at its meeting on June 18-21, 2024 included the acceptance of the Spring 2024 Ad Hoc Report and rating Recommendation 2: Spring 2023 Evaluation of Institutional Effectiveness Continued as Needs Improvement and revised to Recommendation 1: Spring 2024 Ad Hoc Report.

Recommendation 1: Spring 2024 Ad Hoc Report - *Expediently implement plans for development of financial resources, including strategic enrollment management, to ensure short term financial health and long-term financial stability and sustainability. (2020 Standard(s) 2.E.2)*

## Financial and Enrollment Strengths and Concerns

### Financial Outlook

During FY24, moderate enrollment growth, combined with expense containment activities outlined in our five-year financial sustainability and enrollment growth model, put the University on a more solid financial footing going into FY25. Fall 2024 shows that the University lost some ground in enrollment, most likely a result of the challenges created by the FAFSA issues. WOU's financially stable and prosperous future will depend on the University's continuing to follow a sustainability plan, adjusting to current conditions as they become clear. Establishing a balanced level of revenues and expenses is the key to financial stability. To that end, we have secured dedicated state funding to modernize our key business systems over the next three years in order to streamline processes and improve results. Our work to adjust to current conditions will also continue to include careful cost management to align with projections, being strategic as we take advantage of future opportunities. At the same time, WOU needs to find creative and sustainable ways to invest in targeted academic programs and growing needs in important student services. For the 2025-27 biennium, the Governor's recommended budget includes a moderate inflation adjustment (7% for the biennium) to the public university funding level, which is below the actual inflation of continuing service level costs. Given the most recent positive economic forecast for Oregon, which is an income-tax dependent state, there may be an opportunity for securing funding beyond that level through the legislative process that concludes in June of 2025.

The [current five-year financial sustainability plan](#) projected that WOU would, in FY25, generate \$1.0M in new net revenues (net of \$500k in new expenses), reduce recurring expenditures by \$3.5M, hit a recurring deficit target of \$3.5M, and have an ending fund balance of \$4.0M. This was predicated on achieving enrollment growth of 0% in FY24 and 5.1% in FY25. We are on target to hit the \$3.5M recurring deficit for FY25 and will surpass the fund balance target by

some \$5.1M (not including the \$2.8M quasi-endowment funds). The fund balance is well above our goal because of strategies choices, including conservative budgeting of non-tenure track faculty salary costs and a reduction of general spending. Even though labor costs have risen, we remain on track for deficit spending through a more precise budgeting of non-tenure track salary expense projections. Our student-to-faculty ratio remains at an unsustainable 13:1, and we are finalizing a [working draft of the updated 5-year financial sustainability plan](#) for, in part, addressing this ratio. We are currently resetting our long-range enrollment projections, workforce and financial needs, and putting in place an updated sustainability plan.

Rather than implementing sudden and massive budget cuts as many universities have chosen to do, we have taken an approach that uses some of our financial runway (reserves) as we reset our culture, systems, and expenditures. This approach seeks to preserve the strengths of the institution as we adapt to changing realities, thus placing us in a stronger position for the future. We have adopted the following strategies:

- 1) Reduce and reset spending patterns & eliminate unfilled positions
- 2) Improve systems for efficiency and results (advising, admissions, HR, marketing, etc.)
- 3) Develop and implement a new strategic plan (sustainability as a main goal)
- 4) Develop and implement a five-year financial sustainability plan (reevaluated each year based on actuals)
- 5) Address instructional costs (e.g., freeze on tenure track faculty hires in 2025; allocating non-tenured/tenure track instructors based on program course needs).
- 6) Invest in new programs and revenue generation (OTD program, DAS partnership, etc.)

So far, we have met our deficit spending targets while exceeding our fund balance targets. Our fund balance is within the targets set by the Board of Trustees.

## Enrollment

Western Oregon University recognizes that building a robust and sustainable student population is central to our mission as a public, regional comprehensive institution. Like many institutions, we have faced challenges in maintaining a seamless enrollment experience, partly due to infrastructure and technology systems that have not always supported the most efficient pathways for both prospective and continuing students. Additionally, high turnover in key student services offices—such as admissions, financial aid, and advising—has made it more difficult to sustain continuity in recruitment and retention initiatives. Compounding these issues, our enrollment management approach in the recent past was often piecemeal and data-agnostic, limiting our ability to achieve a cohesive, informed strategy. We have made significant shifts to address these weaknesses over the last two years, and we will continue to do so.

Despite our challenges, WOU is actively re-focusing on the tenets of its mission. Last year, we concentrated much of our recruitment efforts on out-of-state regions where we had little traction. Having seen limited returns, we have since shifted our focus to our primary, secondary, and

tertiary markets along the West Coast, where we have stronger name recognition and existing pipelines. In parallel, we are recommitting to robust partnerships with local schools and community-based organizations, ensuring a wide array of students—including those who are Pell-eligible, first-generation, and from diverse racial and ethnic backgrounds—have meaningful access to higher education and see WOU as the clear choice for them. Similarly, as we approach the threshold of becoming a Hispanic-Serving Institution (HSI), we are encouraged that our Hispanic student outcomes largely mirror those of the general population, indicating that our evolving student success strategies are serving these students equitably (Figure 1).

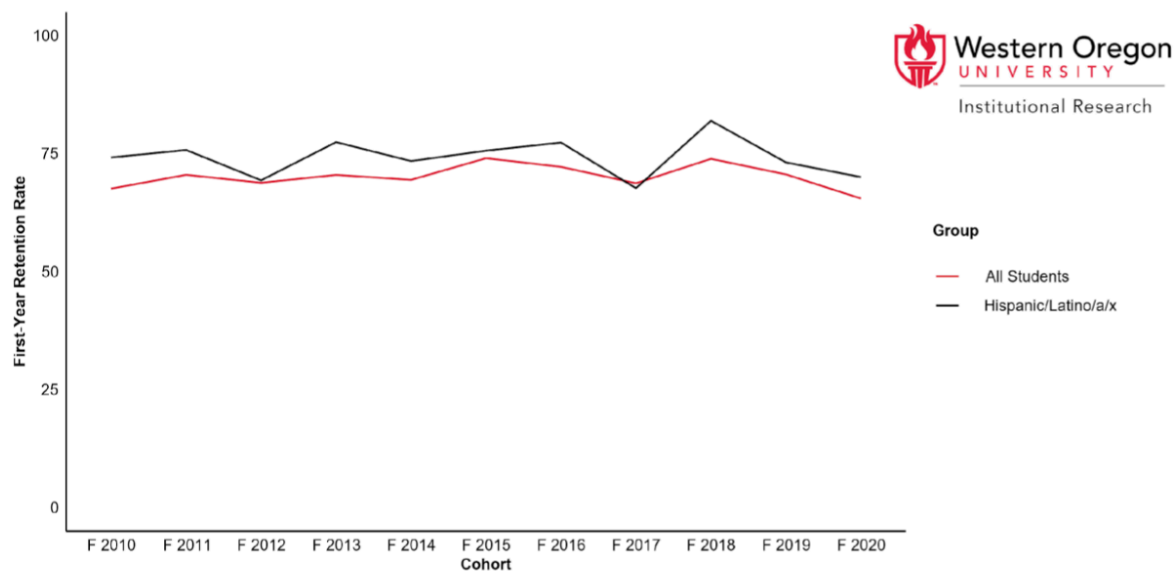


Figure 1: First Year Retention Rates for Hispanic/Latinx students compared with all students

There are also encouraging signs of progress. [We have made strides in improving retention](#) and persistence, indicating that the changes we have implemented—and continue to refine—are yielding positive results. By applying a similarly data-informed and thoughtful approach to recruitment and admissions, WOU can further strengthen its enrollment landscape. Through refining our enrollment processes, leveraging community partnerships, and fully embracing our identity as an emerging HSI, we will ensure that the University remains an accessible, supportive, and dynamic learning environment for all students.

These initiatives are reflected in the new university strategic plan, approved last February: [Education. Innovation. Community.](#) This plan serves as the guide for decision-making and resource allocation while also setting us apart from the other universities in Oregon.

Our Mission: “Western Oregon University provides a personalized learning community where individuals experience a deep sense of belonging and empowerment.”

Core Values: Centering Students, Embracing Diversity, Fostering Accessibility, and Valuing Community

## Plans and a Framework

### Financial Plans

We will present an updated 5-year financial plan ([working draft](#)) in support of our preliminary FY26 budget presentation to our board of trustees this coming June. The plan incorporates underlying baseline assumptions:

- 4% tuition rate increases (anticipated impact of an actual 5% tuition rate increase due to discounted rates),
- state funding increases of 3.43% in FY26, 3.57% in FY27, and 3% in the years after (FY26/27 based on the Governor's Recommended Budget),
- faculty salary rate increases of 6% in FY26 and 3% in the years after (6% in FY26 having already been bargained for in the current WOUFT Collective Bargaining Agreement),
- unclassified salary rates of 3%, classified salary rates of 10% in FY26 and 5% in the years after (10% in FY26 having already been bargained for in SEIU's CBA; 5% in anticipation that the average classified step is ~4.25%),
- health benefit cost increases of 10% in FY26 and 3% in the following years (10% in FY26 due to known health cost increases),
- retirement benefit cost increases of 3% in FY26 and 0% in years after applied to retirement rates as a ratio of pay (FY26/27 based on published rates), and
- service and supplies inflationary adjustment of 3% each year.

The updated 5-year financial plan also incorporates the following:

- Updated enrollment projections ([see model](#) for rationale) of -0.40% in FY26, 1.8% in FY27, 1.6% in FY28, 1.1% in FY29 and 0% in FY30
- New faculty workforce plan that will trim some \$3.755M in recurring costs over the next two years and increase our student-to-faculty ratio to 16:1 and drive significant recurring cost reductions
- Reduction in the cost of our intercollegiate athletics program of ~\$1M
- Reduction of administrative expenses of ~\$1M

With these actions, the updated 5-year financial plan projects a balanced budget by FY28 and projects our ending E&G fund balance to be \$5.2M, which is 6.2% of revenues. Given the planned reduction in E&G fund balance in this plan, we will also be putting in place quarterly monitoring processes to help ensure that we can make timely adjustments to our plans as necessary. It should be noted that the WOU Board of Trustees, in FY2018-2019, set aside a portion of the university's Education and General fund balance in a quasi-endowment to help

create a perpetual income stream to support scholarships and other programs. The balance of the quasi-endowment fund was \$2.8M at June 30, 2024, which is not included in our Education and General fund balance for financial planning purposes.

## Enrollment Plans

In the summer of 2024, Western Oregon University (WOU) reorganized most of its key recruitment and retention functions under the leadership of a chief enrollment officer. Previously, enrollment management at WOU was overseen by a large committee of about 30 people. While this broad-based approach encouraged collaboration and reinforced the idea that student access and success is everyone's responsibility, it also presented a major challenge: when a task belongs to everyone, it often becomes no one's primary responsibility.

Under the new structure, admissions now falls within the Division of Academic Affairs, reporting to the Assistant Provost of Enrollment Management and Student Success, who also oversees advising and retention efforts. To support this shift, an Enrollment Management Advisory Committee has replaced the former, larger Enrollment Strategies Committee. This more focused [model](#) has helped clarify roles, streamline responsibilities, and ensure greater accountability in achieving WOU's enrollment and retention goals.

In collaboration with a more focused enrollment management advisory committee, the Assistant Provost of Enrollment Management and Student Success developed the [Enrollment Management Logic Model and Project Planning framework](#) to advance the [Strategic Enrollment Management Plan](#). Highlighted tactics and strategies include:

- Implemented the Common App, resulting in a significant increase in application volume during the current recruitment cycle.
- Introduced direct admissions, offering automatic merit awards to a top local feeder high school, with plans to expand this initiative to other regional high schools, who serve over 5,400 high school students combined.
- Enhanced enrollment marketing strategies and overall brand awareness efforts targeted at 30,000 sophomores and juniors in our primary and secondary markets and directly connected to our strategic plan.
- Strengthened our internal data and technology capabilities to ensure a data-informed recruitment plan that fully leverages key technologies WOU has invested in previously but not utilized to their full potential.
- Continued progress in making administrative processes more transparent and student-centered, ensuring students can efficiently complete tasks and access support without unnecessary delays or confusion that may hinder re-enrollment.

## Projected and Actual Enrollments

The linked file contains our [Actual and Projected Headcount \(second tab is model\)](#).

While we expect to see modest increases in the size of our incoming class, overall undergraduate enrollment is projected to decline in FA25 by 1.7% and remain fairly flat thereafter.

### Assumptions of model

The projected headcount model assumes a 22% increase in first year application numbers and a 5% increase in transfer applications. This model assumes our yield rate will decrease 2%. These estimates are based on progress within the current recruitment cycle. Both increased application volume as well as projected decreased yield is attributed to the recent implementation of the Common App.

With regard to continuing students, this model assumes that (1) retention and graduation rates remain steady with very modest increases in persistence based on progress in the past few years; (2) retained students in the current class level are moving on to the next class level in order to avoid duplication of headcount; and (3) postbaccalaureate and non degree seeking student numbers remain steady year over year.

This model also assumes that our new Occupational Therapy Doctorate program continues to recruit up to 25 new students with each cohort through 2026-2027.

### Supplemental Materials

[Enrollment Projections Worksheet](#)

[Strategic Enrollment Management Plan](#)

[Enrollment Management Project Planning Worksheet](#) (ie. tactics and measures)

[FA25 New Student Enrollment Indicators](#)

## Board of Trustees Involvement in Financial Planning

Western Oregon University is governed by a 17-member [Board of Trustees](#), which includes President Jesse Peters as an ex officio, non-voting member. The board's work is supported by four committees: Academic and Student Affairs Committee; Finance and Administration Committee; Executive, Governance and Trusteeship Committee; and the Diversity, Equity, Inclusion, and Accessibility Committee.

The Board of Trustees actively engages in financial planning and monitoring in compliance with the [Board Statement on the Delegation of Authority](#).

### Finance and Administration Committee

Finance and Administration Committee which is a subcommittee of the Board of Trustees, meets at least four times a year between September and June. At every meeting the committee

receives a quarterly management report, reviews a cash flow forecast, investment report, and budget dashboard. Staff provide these reports in the docket as well as verbally walk through them during the Committee meeting, always providing opportunity for the Trustees to ask any questions that may arise. Each report serves to update the Board on our current fiscal condition. Additionally, the Board also receives a written and verbal report from the University Budget Advisory Committee. Examples of these reports can all be found in the latest docket [here](#). Additionally, all dockets and minutes can be found on the Board website [here](#).

## Quarterly Reports

### Management Report

The Management Report covers the Education & General (E&G), Auxiliary, and Designated Operations/Service/Clearing Funds, and includes a period-to-period comparison of actuals in the current fiscal year to the prior fiscal year, projects current fiscal year ending balances, and compares that projection to current year budget. The financial report is also accompanied by a narrative that details the assumptions and explains variances. This also is the tool the Board utilizes to ensure the University is following the [Board Statement on Education & General Fund Balance Standards](#). The Subcommittee votes to accept the Management Report, which then goes to the consent agenda for the next full board meeting.

### Cash Flow Forecast

The Cash Flow Forecast reports actual cash flow activity to date as well as projecting balances for the remainder of the current fiscal year. The Cash Flow forecast incorporates all cash & investments for the University other than the cash balance related to Perkins loans and the quasi endowment.

### Investment Report

The Investment Report reports 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.

### Budget Dashboard

The [Budget Dashboard](#) visually provides historical information including undergraduate enrollment, graduate enrollment, gross tuition & remissions, net tuition & fees per FTE, cost per FTE, E&G fund balances as a percentage of revenues, E&G expenses, and 5 year sustainability plan progress.

### University Budget Advisory Committee (UBAC) Report

UBAC is an advisory group consisting of representation from faculty, classified staff, unclassified exempt staff, students and administrators. The UBAC hosts campus budget conversations and



serves as an educational platform for learning about the university's finances. The UBAC makes recommendations to the President on budget prioritization to both sustain and grow the university. The UBAC Report updates the Finance & Administration Committee on the current work of the Committee and allows opportunity for the UBAC members representing campus to directly communicate with the Board.

## Annual Reports

Additionally on an annual basis, the Finance & Administration Committee reviews the Annual Financial Report, Audit, & Single Audit, Tuition & Fees, a Preliminary Budget, and an Adjusted Budget. While the quarterly reports have a focus of reporting on the current university's fiscal status, the annual reports not only provide a current look, but also look to the future of what fiscal challenges the university faces and how they are being addressed.

### Annual Financial Report, Audit, & Single Audit

The committee reviews the annual financial report, audit of that financial report, and single audit at the second Finance & Administration Committee meeting of the academic year, which usually occurs in January. Apart from the Management's Discussion & Analysis which is included as a part of the annual financial report, management also provides financial statement highlights that summarize key differences from the prior year. The public accounting firm (currently Eide Bailly) is also invited to the Committee meeting, and Trustees are given the opportunity to speak to the auditors without university staff present, if they so wish. The Finance & Administration Committee ultimately recommends that the full board accept the audit of the financial statements and the single audit, where a condensed process is repeated at the full board level for final approval.

### Tuition & Fees

The committee considers the proposed tuition & fees, which are detailed in the Tuition & Fees Book, for the upcoming summer and academic year at the third Finance and Administration Committee meeting of the academic year, which usually occurs in April. The Tuition & Fees Book includes all tuition rates (by level and residency) and mandatory fees. The proposed rates for Undergraduate tuition and mandatory fees are informed by a collaborative process including the Tuition & Fee Advisory Committee (TFAC), which is composed of faculty, staff, and students, who make their recommendation to the President. This group is also invited to the committee meeting to speak to the trustees directly about how they felt the process went and what their recommendation is. As part of the TFAC process, they review how increases to the tuition rate as well as changes to enrollment impact the projected university budget. Similarly, proposed Graduate tuition rates are informed by the Graduate Tuition Advisory Group. The Finance & Administration Committee ultimately recommends that the full board approve the Tuition & Fees Book, where the process is repeated at the full board level for final approval.

## Preliminary Budget

The committee considers the preliminary budget in the last Finance and Administration Committee meeting of the academic year, which usually occurs in late May. The Preliminary Budget covers Education & General, Auxiliary, and Designated Operations & Service funds. Alongside the budget, a detailed narrative is included that describes the budget process, key assumptions that were incorporated, and details all other changes that were made from the prior budget. Also included are different levels of detail of the budgets themselves (high-level all operating funds, detailed Education & General fund, auxiliary breakout by individual component), as well as comparison to prior budget and projected year-end actuals. Also included is the 5 year financial sustainability plan that was developed, with comparison of how the university is tracking to date with actuals as well as the proposed budget. The Preliminary Budget also provides an opportunity to speak to the potential fiscal challenges in the next year, and actions may be taken given different enrollment or state funding scenarios. The Subcommittee votes to forward the Preliminary Budget, which then goes to the next full board meeting where it is once again reviewed, and ultimately voted on for approval.

## Adjusted Budget

The first meeting of the next academic year, which usually occurs in October, is when the Finance & Administration Committee considers the adjusted budget. The Adjusted Budget is simply an updated version of the Preliminary Budget. Often when the Preliminary Budget is being developed in the spring, key components are not yet known for the following year, such as raises for faculty or classified staff (both negotiated through collective bargaining processes), raises for unclassified staff, enrollment, and state funding levels. An Adjusted Budget is prepared in the fall that not only updates for the known factors, but also gives management an opportunity to incorporate any necessary adjustments to expenses as a result of the updated figures. Similar to the Preliminary Budget, the Adjusted Budget is accompanied in the docket by a lengthy narrative that details all the changes from the Preliminary Budget, as well as incorporating graphs to visually represent the figures, and an updated status comparison to the 5 year financial sustainability plan. The Subcommittee votes to forward the Adjusted Budget, which then goes to the next full board meeting where it is once again reviewed, and ultimately voted on for approval.

# FY 2023-2024 Financial Statements

## Independent Audit

The FY 2023-2024 financial statements were audited by Eide Bailly, LLP, an independent certified public accounting and business advisory firm with locations in 17 states (see attached). Eide Bailly issued an unmodified, or “clean” audit opinion, indicating that the WOU financial statements present fairly, in all material respects, the financial position of the university and the WOU Foundation. As a part of the audit, the independent auditors issued their report on internal control over financial reporting and on compliance with other matters (see attached).

The auditors reported material weakness in internal control over financial reporting relating to the proper reporting of payroll benefit liabilities and to the proper classification of restricted cash as a current asset. The auditors also reported a material weakness in internal control over compliance related to the Student Financial Assistance cluster, noting that certain reconciliations of the School Account Statement were not performed. In addition, the auditors reported a significant deficiency in internal controls relating to changes to student enrollment status, as well as a significant deficiency in internal controls relating to reducing Resident Advisors' financial need for the direct payments received to cover the cost of their housing. Management has agreed with all of the auditors' findings and has begun corrective action.

## Analysis of Financial Statements

The university's liquidity remains stable, with a current ratio exceeding 1:1. Net Position increased from FY24 by \$17.5M, primarily due to the addition of capital assets funded by the State. Unrestricted net position remains in deficit position due to the net pension and OPEB liabilities. Revenues from operations, plus state operating appropriations, increased approximately \$3.6M year-over-year while operating expenses increased \$3.3M, improving net results by \$300,000. The recent interest rate increases have resulted in an increase in interest income that helps support operations.

Of note is the recent success of the WOU Development Foundation, which in FY2023-2024 showed an annual increase in contributions of \$2.2M, or 78.1% from the prior year. Investment returns of the WOU Development Foundation also increased significantly from the prior year, totaling \$3.7M, which is \$1.5M or 71.4% above the prior year, driven by a \$3.8M increase in the endowment balance and strong market results.

## Nature & Results of Efforts

Since the initial five-year plan, we have made key leadership changes and those new leaders are engaged in work to rebase the key elements of our plans, shore up our enrollment strategies, align our workforce plans with new enrollment projections, and streamline operations to help ensure a realistic and achievable financial sustainability plan. We have a new provost, a new HR director, a new enrollment manager, a new chief information officer, and are currently recruiting for a new director of admissions and a new vice president for finance and administration.

We will work with our shared governance partners to share the updated enrollment, workforce, and overall financial pro-forma to gather feedback and help shape the final plan that we take to our Board in June.

The President and the senior leadership take the fiscal sustainability of the university very seriously. As indicated earlier, our strategy is to set achievable goals and implement tactics to

achieve those goals within a clear timeline. We seek to reinforce the strengths of the institution, strengths that have made us a clear and growing choice for diverse students, while also balancing the budget. But we are also working to maintain the student-centered culture that links our employees around a strong identity.

We are putting systems, and strategies in place that will be flexible enough to achieve our goals as predicted. We are willing and able to be nimble and to shift resources quickly depending on the realities we experience.