Western Oregon University Board of Trustees:
Finance & Administration Committee
Meeting No. 6 – January 6, 2017
Public Site: Werner University Center, Calapooia Room
9:00 AM – 1:00 PM

AGENDA

1) **Call-to Meeting / Roll Call**

2) **Chair's Welcome / Announcements**

3) **Consent Agenda**

   (a) Approval of FY15 and FY16 FAC meeting minutes

4) **Action Item:**

   (a) WOU 2016 Annual Financial Report

5) **Break**

6) **Action Item:**

   (b) FY17 Q2 Management Report

7) **Discussion Items:**

   (a) Natural Sciences Building renovation update

   (b) Tuition Increase Range

8) **Updates and Around-the-Table / Board meeting prep**

9) **Adjournment**

Western Oregon UNIVERSITY

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

MINUTES

DRAFT

(1) CALL-TO-MEETING AND ROLL CALL

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

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

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

(2) VP FINANCE/CFO INFORMATIONAL

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

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

He also discussed WOU's capital plan that is submitted to the state for approval for major items. These projects are approved two years prior to when they are funded.

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

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

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

(3) FY15 MANAGEMENT REPORT AND BUDGET

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

WOU received a $5.2 million increase in state appropriations over last year and had a 2% tuition rate increase based on predicted enrollment. The expected enrollment hasn't shown up, resulting in a $3.3 million difference. WOU opportunity grant is giving $1 million back to students who are ineligible for Pell grants due to having an EFC in the middle range.

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

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

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

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

Ivan Hurtado asked what he should walk away from the meeting with so VP Yahnke provided some key points. WOU is financially stable, received an increase of over $4 million in state appropriations, tuition revenue is flat, faculty salaries are a priority, and enrollment is key. The sooner we can reverse the downward enrollment trend the better. VP Yahnke explained the new model that focuses on degrees awarded, as opposed to enrollment as has been historically done. The three year look back on degrees awarded is focusing 80% on enrollment and 20% on outcomes right now. But next year enrollment will be down to 60% and outcomes will be up to 40%. The year after that enrollment will be 40% and outcomes will be 60%.

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

(4) DISCUSSION

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

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

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

The meeting concluded at 12:48 pm.

4

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

MINUTES

DRAFT

(1) CALL-TO-MEETING AND ROLL CALL

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

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

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

(2) CHAIR'S WELCOME/ANNOUNCEMENTS

Chair Taylor was absent and did not provide any announcements.

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

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

With the dissolution of the Oregon University System (OUS) the pooled fund from building fees was distributed to each of the seven universities. From that Western got about $2 million that can be used for this project. Dukes explained that he would like to request $1.9 million from the reserve to fund the rest of this project. It would be paid back over 15 years at an interest rate not to exceed 4%. Using the $1.9 million from the reserve will leave $1 million in the reserve for other potential needs. Hurtado asked if there is a possibility for an educational piece and VP Dukes explained that wellness education is an existing part of the SHCC in the form of the Peer Mentor program and there is space in the building where the program is housed, though the bulk of their work is done out on campus and in the residence halls.

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

(4) 2014 – 2015 AUDITED FINANCIAL STATEMENTS

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

(5) FY16 BUDGET DOCUMENT

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

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

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

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

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

(7) 10-YEAR FINANCE PROJECTION

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

(8) PROJECTED FY17-19 CSL

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

(9) FY17 BUDGET DEVELOPMENT CALENDAR

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

(10) TUITION AND FEE SETTING – PROCESS CALENDAR

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

(11) HB5005 CAPITAL INVESTMENT FUNDING

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

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

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

(13) ADJOURNMENT

The meeting was adjourned at 11:43 am.

Western Oregon UNIVERSITY

Western Oregon University Board of Trustees
Finance & Administration Committee
Meeting No. 3 - April 20, 2016
Hamersly Library Room 205
MINUTES

DRAFT

(1) CALL-TO-MEETING AND ROLL CALL

The meeting was called to order at 9:07 am.

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

Others present: Reina Morgan (Assistant), Penny Burgess (USSE), Marshall Guthrie (Board Member), Brandon Neish (Budget Manager)

(2) CHAIR'S WELCOME/ANNOUNCEMENTS

Chair Taylor thanked people for coming and reviewed the topics to be covered.

(3) FY 16: Q2 INVESTMENT REPORT

Presentation: Penny Burgess, CFA | Director of Treasury Management Services – USSE Oregon State University

Penny Burgess, Director of Treasury Operations at the University Shared Services Enterprise (USSE), presented on the quarter two investment report. During the quarter that ended December 31, 2015, the Oregon Short-Term Fund (O.S.T.F), the Oregon Intermediate-Term Pool (O.I.T.P) and the Long-Term Pool (L.T.P.) each outperformed their respective benchmarks by 10 basis points. Investment earnings distributed to WOU totaled $167,795. The market value of WOU's allocable share of the Public University Fund was $47,719,965.

When WOU became independent we inherited the former OUS investment policy. We are currently transitioning OUS policies over to WOU through a newly created Policy Council, so we will soon have our own investment policy.

The schools will be discussing whether or not they are leaning towards the exclusion of fossil fuel related investments at the April VPFA meeting. Ultimately it is at the discretion of each university to make that decision. We have set up a socially responsible fund at The Foundation for people who want to give a gift to that fund. We are open to looking into doing that with our cash balances as well. There is minimal difference (about five basis points) in yields between investing or not investing in fossil fuels, but if they do decide to exclude fossil fuels it will be quite a bit of work because that will require a change to the benchmarks that we currently measure investments against. There is a benefit to the schools siding together because if any schools separate out then there won't be as much money in the fund.

(4) ACTION ITEM

(a) FY 16 - Q3, Management Report / Status Report

Brandon Neish (Budget Manager) presented on the FY 16 3rd quarter management report. There is a small positive change to tuition revenue. The revised projection is up $267,000, or 1%. This is still down from what was initially budgeted by about three quarter of a million dollars. In the "other" revenue section there was a small revision due to the one-time sale of the University House. This section is down from what was budgeted, but still better than last year.

Personnel services are currently 6% higher than last year at this time due to salary and Other Personnel Expense (OPE) increases. We recently settled with the faculty union and faculty were given retroactive pay back to September during the March payroll period. That cost was captured in this report. There is $1.7 million in vacancy savings due to positions that are budgeted but not filled. Currently there are 25 positions (at a total of 20.5 FTE) that are vacant.

The current year transfers out is lower than the prior year due to a one-time transfer out to support the Woodcock Education project fund in FY15. There is a 1% decline to student FTE from the last quarter, but we still have a 16.8% projected fund balance. In sales and services we brought in about 10% more than this time last year, partially due to housing occupancy being up 4.6%. Bookstore sales were also up. Cec Koontz added that athletic ticket sales were also up 130% due to the success of the men's basketball team as well as having more home football games than normal.

There is an increase in enrollment fees in the designated operations and service centers due to a new summer program for the Regional Center for Deaf and Hard of Hearing Adults (RCDHHA). Projected sales and services revenue increased due to increased use of the print shop. Current print shop volume is 59% higher than the prior year to date. There is a 7% increase to "other" revenue from prior year to date due to an increase in telecommunication rates. Personnel services in designated operations and service centers have increased due to the new RCDHHA summer program. There is a projected decrease in personnel services due to salary savings from a position reorganization and vacancy in telecommunications and the print shop.

Capital outlay is lower than prior year to date due to a capital expense that moved to the general ledger last year that hasn't happened yet this year. Transfers in are lower this year than the prior year to date due to additional transfers in FY15 for telecommunications projects and there is a projected increase in transfers in due to an unanticipated transfer from telecommunications equipment reserve for replacement technology. Cec moved to recommend the quarterly management report to the board for approval. Ivan seconded the motion and all were in favor.

(5) UPDATES

(a) Oregon Military Academy Transition

VP Yahnke gave an update on the Oregon Military Academy (OMA) building that will become property of WOU in August of 2017. The building is a little over 60,000 square feet and has dorms, showers, and a dining facility in addition to classroom space. The building was toured to see if we can relocate the Student Health and Counseling Center there but it would require too much remodeling and isn't an ideal location. Some ideas for the facility are a state of the art live-learn center, conference center, student success center, or a new home for the business and economics division. We could also continue using the classrooms for instruction and the upstairs to house camps. Capital requests have been made in the amount of $8.2 million. Phase one was approved and $5 million in taxable bonds have sold. The final decision on the use of the building will depend on if the second round of bonds is also sold as taxable (non-taxable would limit possible options). The strategic planning process that is starting up will need to discuss the use of this building as well as the use of the old College of Education building for swing space during other campus renovations.

(b) Richard Woodcock Education Center Construction

VP Yahnke also gave an update on the Woodcock Education building. This project is on budget and on time. The building should be ready for us to move in over the summer and we will be able to have all of the College of Education faculty in one building for the first time.

(6) ACTION ITEM

(a) FY 17 Tuition Rate Proposal

VP Yahnke discussed tuition and the fee book. Last time the committee agreed on a tuition increase not to exceed 3%. Since then the rate has been brought down a couple dollars to a 2.65% increase in order to stay competitive with the other universities and in the press. The promise rate is still the same as was previously shown. We will be providing about $50,000 in opportunity grants for students in the middle income range who make too much to receive a pell grant, but don't make enough to be able to afford tuition. The fee book was revised to omit mention of OUS and the rates were set after undergoing tuition advisory committee meetings to get student input. Jaime made a motion for approval to move the fee book to the board for final acceptance. Cec seconded the motion and all were in favor.

(7) DISCUSSION ITEMS

(a) FY 17 Revenue and Expense Projections

A 10 year projection was presented that includes increases for PERS, PEBB and the new minimum wage. This model is assuming flat enrollment. VP Yahnke explained that while an increase in enrollment will help with tuition revenue, it doesn't necessarily mean we will get more state appropriations. If we grow, but other institutions grow quicker, then they will see more funding than us. This means that how the other institutions are doing is important, in addition to our own enrollment.

In regards to tuition and state appropriations there is a settle up for enrollment and outcomes still to come for this year. We have reduced funding due to lower enrollment, but that is being offset by increased funding for regional support. The stop loss provision from the outcomes model saved us equal to our reduction in funding, but there is a three year phase out for the stop loss provision so we will not have a safety net once that time frame is up.

(b) Refined FY 17 Budget

In education and general fund operations there is a budgeted increase in tuition revenue (based on flat enrollment). Another change is the matriculation fee was raised from $300 to $350. Positions that are currently vacant have been budgeted, but could change if we see that enrollment is going to decline. There is a budgeted 16.6% increase.

The general fund budget for FY17 looks similar to the current year. Instruction is our mission and as such is the biggest component of the budget. There may be a reduction to the number of student employees due to the minimum wage increase, but it is up to each department how they allocate the student employment funds that they are awarded.

We have 30% of total participants who are in PERS tier 1 and tier 2 which are the most expensive programs. A retirement incentive package has been offered to reduce the number of employees in those tiers. The incentive package offered a half lump sum so employees can still work 1039 hours and receive benefits.

(c) CSL Projection & Consolidated HECC Funding Request

Discussions have been going on related to what it will cost us in the future to provide the same services as today, or in other words what are current service level (CSL) is. The universities have put together multiple scenarios based on different levels of potential funding from the state. WOU is at a disadvantage because of the promise rate we offer and the number of older employees that are in the high cost PERS tiers. There are benefits to offering a promise rate to students as well as having seasoned employees, but there are risks and costs associated with it as well. WOU has a current service level increase of 10% whereas other universities have a lower increase of 7.9%. Some of the scenarios would require tuition increases upward of 20%, whereas the more preferred scenarios would keep tuition increases around 3-5%.

(d) Capital Construction

VP Yahnke discussed the 2017-2019 preliminary capital requests. All of the universities will be prioritizing projects at the VPFA meeting to submit to HECC. The OMA building that we will be taking ownership of is in need of some remodeling, as well as the Information Technology Center, the New PE building, and the Administration building.

(8) ADJOURNMENT

The meeting was adjourned at 12:56 pm.

Western Oregon UNIVERSITY

Western Oregon University Board of Trustees
Finance & Administration Committee
Meeting No. 4 - July 18, 2016
Peter Courtney Health & Wellness Center, Room 306

MINUTES

DRAFT

1) CALL-TO-MEETING AND ROLL CALL

The meeting was called to order at 9:08 am.

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

Others present: Reina Morgan (Assistant), Penny Burgess (USSE)

2) CHAIR'S WELCOME/ANNOUNCEMENTS

Chair Taylor shared that he and VP Yahnke spoke on the phone within the last couple weeks and he thinks the meeting should be pretty calm. There will be discussions around debt finance, the fourth quarter management report, capital construction, and the FY 17 budget outlook.

3) DISCUSSION ITEM

(a) Debt Financing – Penny Burgess, CFA | Director of Treasury Management Services – USSE

Penny Burgess from USSE presented on debt management and WOU's current debt profile. Municipal bonds are issued by municipalities or government entities and are tax exempt. Right now there is a $4 trillion marketplace and the current interest rate is favorable to issuers of debt. State bond financing options are state general obligation (GO) bonds (Article XI-F, XI-G, XI-Q), lottery bonds, and state energy loan program (SELP) loans.

GO bonds are backed by the full faith and credit of the State of Oregon and are authorized by articles in the Oregon constitution. Bond issuance must be authorized by legislative action and repayment can come from the legislature or the university. Article XI-F(1) bonds can be used to acquire, construct, improve, equip, and furnish buildings and other projects that benefit higher education. They are typically issued for auxiliary enterprise projects like housing, dining, and athletics facilities, but can also be used for academic facilities. The university must demonstrate sufficient operating revenues to pay the debt service and general fund appropriations cannot be used to repay the bond. In 2014 WOU received $1.1 million in F bonds to renovate the football field and build an addition to the Student Health and Counseling Center.

Article XI-G bonds are used to acquire, construct, improve, equip and furnish academic buildings or other projects that benefit higher education and are authorized to receive aid from the state general fund. WOU or the legislature must provide a dollar-for-dollar match to the bond and that cannot come from another type of GO bond. WOU received a $1.4 million G bond in 2015 for the new college of education facility.

Article XI-Q bonds can be used to acquire, construct, remodel, repair, equip or furnish real or personal property including infrastructure related to real or personal property. The repayment source is determined by legislative action. A recent example is a $15.7 million bond received in 2015 for the college of education project.

Another type of bond the university can use as a funding source is a bond backed by lottery revenues. Lottery bonds can be used to acquire, construct, remodel, repair, equip, or furnish educational projects. Repayment comes from future lottery revenues and it must be authorized by legislative action. In 2013 WOU received $7.2 million in lottery bonds for the Natural Science lab project.

The State Energy Loan Program (SELP) loans are offered and approved though the Oregon Department of Energy (ODE) and financed by an ODE revenue bond program. They can be used for projects that save energy, produce energy from renewable resources, use recycled materials to create products, or use alternative fuels. Repayment is typically made from university revenues, but can be made from state general fund appropriations as determined by legislative action. In 2011 WOU received a $4.1 million loan for the physical education building. The SELP program is managing existing debt, but is not taking new requests at this time.

Other borrowing options include revenue bonds, internal loans, and external loans. Revenue bonds are backed by a revenue pledge of the university and require WOU to obtain and maintain its own credit rating. Repayment is made from pledged revenues. Internal loans can be inter-fund or inter-departmental short term loans and external loans can be in the form of a credit line, term loan, or direct placement bonds.

WOU’s total projected debt issued through the 15-17 biennium is $113.5 million, $61.1 million of which is state funded and $52.4 million is WOU funded.

For XI-G and XI-Q bonds are refunded when they see savings in the marketplace. For XI-F bonds there is a conversation between the university and the state. For lottery bond the state makes the decision on refinancing. They are always looking for savings to pass along to the universities.

4) ACTION ITEM

(a) FY16: Q4, Management Report

VP Yahnke presented on the fourth quarter management report. The report is still preliminary as the fiscal year doesn't close until July 21st. There will be some minor changes to services and supplies and the fund balance. Since the numbers are not finalized yet it shouldn't officially be accepted until the September board meeting. There was roughly $2.1 million in vacancy savings due to 27 FTE worth of vacant positions across campus.

5) DISCUSSION ITEM

(a) Capital construction update

There are three significant components to consider related to capital projects. VP Yahnke proposed that $500k be transferred out to use as bridge funding for the natural science building renovation. He also requested that the board approve the use of $500k each to be used a bond match for the ITC building renovation and the military academy renovation. The $500k bridge funding for the natural science building we will get back, but the $500k for ITC and $500k for the military academy we will not get back. There is $100k still out there as contingency funding for the Woodcock building in case the Department of Administrative Services doesn't approve the use of bond funding for purchasing furniture and fixtures. We have received feedback from HECC regarding the prioritization of projects. WOU projects are number nine and ten on the list. Koontz made a motion to recommend to the board that $500k be transferred to the capital construction fund for the natural science building renovation until funding is secured and transferred back to the general fund. Koontz made a motion to recommend to the board that $500k be transferred to the capital construction fund to be used as a match for the OMA building. Hurtado seconded the motion. Everyone was in favor. Koontz made a motion to recommend to the board that $500k be transferred to the capital construction fund as a match for the remodel of the ITC building. Arredondo seconded the motion. All were in favor.

6) DISCUSSION ITEM

(a) FY17 Budget outlook

There is a decline in enrollment for summer term. Summer term is declining quicker than our academic year enrollment so it is being watched very closely. There are ongoing discussions regarding what to do about summer and online enrollment.

Enrollment overall is down 6.5% from the prior year. If you look at just online instruction it is down about 13%. We had another record year of graduations, which has an impact on summer term. We are looking at a fund balance of a little over 17% for last year, which will become the beginning fund balance for this year. Another 5% decline in enrollment is projected. Assuming that is correct, we are still looking at being able to keep a fund balance of over 15% for the end of FY 17. We expect to see more vacancy savings as it might take a quarter or half a year before some positions are filled. Faculty positions remain open for a year while the search is ongoing and more NTTs are on board during that time and then there is a year transition where the new faculty is not yet working up to a full load while they get curriculum developed and then after two years the NTT budget can be adjusted back down once the new faculty is at a full load.

There have been $2 million worth of enhancement requests from departments, but so far only about $60-70k worth have been approved because there are so many things to consider such as the upcoming PERS increases, the decline in enrollment, and the ongoing strategic planning process that will play a role in where funding goes.

The results of the budget allocations are fully published on the internet. Koontz pointed out that people don’t always know how to pull up a budget document and read it so it is important for people to come to the meetings or meet with VP Yahnke to understand it. Hurtado suggested that the group consider offering an educational portion at the beginning of the committee meetings where people can come learn something new.

The budget development process will be finalized over the summer and can be brought to the next board meeting in the fall. The change to minimum wage is reflected in what is budgeted for the general fund. Around $60-80k has been set aside to address that. FY 16 was a year of anomalies, with more vacancy savings than usual, unspent federal work study dollars (which is usually used up by May), and unspent student wage dollars. The supplies budget typically has some unspent, but this year was higher than in the past. During the summer months we will be working with HECC on operating and capital projects.

Dashboard development is ongoing. The hope is to have something fully developed in the fall. It is directly connected to the data warehouse and is searchable. You can focus on just a few years and deselect items to customize what you see. It is meant to be a high level look and is a beta site right now just so we can see what we’re doing, but once done will be available to the public.

7) UPDATES & AROUND THE TABLE - BOARD MEETING PREP

The committee discussed what items should be brought to the upcoming full board meeting and what pieces would be covered by Chair Taylor and what VP Yahnke would cover.

8) ADJOURNMENT

The meeting was adjourned at 11:54 am.

Western Oregon UNIVERSITY

Western Oregon University Board of Trustees:
Finance & Administration Committee
Meeting No. 5 – October 13, 2016
Public Site: Werner University Center, Calapooia Room
9:00 AM – 1:00 PM

MINUTES

DRAFT

1) Call-to Meeting / Roll Call

In the absence of the chair, Ivan Hurtado called the meeting to order at 9:20 am.

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

Others present: Penny Burgess (USSE), Jodi Daugherty (Eide Bailly), Reina Morgan (Assistant)

2) Chair's Welcome / Announcements

Hurtado thanked the committee for coming and asked if there were any announcements. VP Yahnke announced that Jodie Daugherty is leading the financial audit on campus and is present to update the committee on the work the auditing team is doing. Jodie shared that her team was here in July to start the process of testing federal awards and now has returned to continue with the process. Student financial aid is the biggest of the four programs they are testing. There are a lot of compliance items that need to be followed and some recent changes to those rules, but it shouldn't change much in terms of how our financial aid office actually processes things. Her team pulled information on 60 students and tests all of the financial aid that they receive. The things they look for include the student qualifying for the award, the disbursement of funds being done in accordance with the guidelines, appropriate funds being returned if a student withdraws, and the student meeting academic progress and grade requirements. The final report is due to the state on November 15th and we are on track to meet that deadline. Jodie will present the report at the January full Board meeting.

3) Approval of July 18, 2016 Draft Minutes

The approval of minutes is on hold as a result of not having quorum.

4) Discussion Items:

(a) FY16 Q4 Investment Report – Penny Burgess, CFA | Director of Treasury Management

Penny Burgess presented the fourth quarter FY 16 investment report, which includes the performance of the university's operating assets that are invested in the Public University Fund (PUF). She shared that in the materials the committee has a market commentary that provides a general discussion on the economy and market performance during the quarter. Market highlights that are underpinning investment performance include:

o British voters narrowly approving Britain's exit from the European Union. Shocked by the outcome, investors sought safety in fixed income as global markets reacted fiercely through the end of the quarter.
o The U.S. dollar climbed 7.0 percent versus the U.K. pound while declining 2 percent compared to a basket of foreign currencies.
o The Barclays U.S. Aggregate Bond Index gained 2.2 percent during the quarter; bond yields dropped to record lows overseas after the surprise outcome from the referendum in the U.K. The S&P 500 closed up 2.5 percent for the quarter, despite the price volatility during the quarter.

In regards to the University's investment returns, the PUF investments consist of an allocation to the following investment pools: the Oregon short-term fund, the Oregon intermediate-term pool, and the PUF long-term pool. The PUF investment return for the quarter was 1.0% and a positive 2.5% for the fiscal year ended June 30, 2016. The total market value of WOU's operating cash and investment deposits on June 30 was $47.5 million, equivalent to 10.3% of the total PUF balance of $463.2 million.

The Short-Term fund outperformed its benchmark for the quarter and year-to-date by 10 and 40 basis points respectively, and outperformed the 3-year benchmark return by 50 basis points. The Intermediate-Term Pool outperformed its benchmark for the quarter by 20 basis points while lagging the benchmark by 60 basis points for the fiscal year. The returns of the Long-Term pool lagged the benchmark for the quarter by 10 basis points and 140 basis points for the fiscal year.

At the beginning of the fiscal year, the State Treasury investment team believed the slow and steady growth in the U.S. economy would lead to rising short-term interest rates, creating price volatility for intermediate and longer term fixed income securities. Given this view, the portfolio manager positioned the Intermediate and Long-term pools with securities of shorter duration or maturities compared to their respective benchmarks. However, several economic events around the globe drove interest rates lower, fueling a bond market rally and resulting in the relative underperformance in the Intermediate-Term and Long-Term pools for the fiscal year.

During the quarter, the PUF administrator distributed over $198,000 of earnings to WOU.

There are some upcoming policy changes and investment strategies for the Public University Fund. The strategy changes target divestment from fossil fuel related securities and restrictions for future investment in fossil fuel related securities. The Vice Presidents for Finance and Administration from the six universities participating in the Public University Fund expressed a desire, earlier this year, to seek an investment strategy for their operating cash that would restrict investment into companies from fossil fuel related sectors such as oil, gas and coal mining.

To address the participant's request, Oregon State University in their role as the Designated University, collaborated with the Oregon State Treasury, OSU's investment advisor, PFM and the University Shared Services staff to design a portfolio strategy to incorporate fossil fuel restrictions, while maintaining a low-cost, total return strategy similar to the present PUF investment strategy. All strategy and policy changes have been reviewed and agreed upon by each participating university's Vice President for Finance and Administration. Additionally, the Oregon State Treasury and their oversight committee, the Oregon Investment Council have reviewed and approved of the investment strategy and policy changes.

At present, the three PUF investment pools do not restrict investment into fossil fuel related companies. In order to begin a divestment from fossil fuel exposure and incorporate a policy restriction, a new investment portfolio will be established by the Oregon State Treasury which I will refer to as the Fossil Fuel Free Fund. The new Fossil Fuel Free Fund will replace the investment allocations into the Oregon Intermediate-Term pool and the Long-Term pool.

The new Fossil Fuel Free Fund will combine many elements of the existing Intermediate-Term Pool and Long-Term Pool portfolios. As a result, the PUF's share of securities owned in the Intermediate-Term Pool and Long-Term Pool will be transferred into the new fossil fuel free portfolio with the exception of any existing investments in fossil fuel securities. Cash will be received in exchange for the restricted fossil fuel related securities and reinvested into securities from sectors in compliance with the policy. For the purposes of the new investment strategy, restricted fossil fuel companies are defined by the Fossil Free Indexes globally recognized list of the world's top 100 oil and gas companies and top 100 coal mining companies as measured by their calculated carbon emissions derived from reported proven reserves, also known as the Carbon Underground 200.

The liquidity portion of the investment strategy will continue to be directed into the Oregon Short-Term Fund. While the Short-Term Fund's investment policy does not restrict investment into the fossil fuel related securities and there are no expectations the policy will be amended to include such a restriction, the State Treasury investment team has recently advised, the team has no intentions of purchasing new securities from the fossil fuel related sectors. As such, the Oregon Short-Term Fund's current 1.1% allocation to fossil fuels is slated to mature over the next 18 months, eliminating the allocation by March of 2018. A quarterly compliance monitor will be established to review exposures to the companies listed on the Carbon Underground 200 list. Fossil-fuel strategy updates will also be requested during quarterly conference calls with the investment managers.

Given the PUF's total allocation to the fossil fuel sector is approximately 1.7% of invested assets, the divestment from these securities results in minor changes to the portfolio composition and overall characteristics. A conservative estimate of the gross investment yield will remain unchanged at 1.6% after divestment, generating just under $8 million dollars on an average portfolio of $512 million. One benefit from combining the Intermediate-Term Pool and Long-Term Pool strategy into one investment portfolio is a small reduction to the investment management fees of approximately 13% or $18,000.

The investment strategy changes if approved by the Designated University's Board of Trustees, require changes to the PUF investment policy. The primary changes affect Portfolio Rules 3 through 10. Portfolio Rules 3,4 and 8 capture the investment strategy changes moving from three investment pools to two and defining the fossil fuel restriction and how it will be monitored per the Carbon Underground 200 list.

A custom benchmark to measure the performance of the new fossil fuel free portfolio strategy is defined in Portfolio Rule 10 as: 75% weighted to the Bloomberg Barclays U.S. Aggregate 3-5 year index and 25% to the Bloomberg Barclays U.S. Aggregate 5-7 year index. The 3-5 year aggregate index was the benchmark for the Oregon Intermediate-Term Pool and the 5-7 year aggregate index was the benchmark for the Long-Term Pool. To address the issues of relative portfolio underperformance associated with active management or active decisions compared to the benchmark, two portfolio rules have been modified. The allowed variance in the average modified duration or average maturities of the new portfolio's securities compared to the stated benchmark has been modified to +/- 10% from +/- 20% in Portfolio Rule 7. Secondly, the performance expectations have been modified to performing "in-line" with the stated benchmark from the current "outperform" the stated benchmark addressed in Portfolio Rule 10.

In Summary, the Public University Fund's transition to a fossil fuel free investment strategy can be easily executed, resulting in the immediate divestment of the fossil fuel related securities held in the Intermediate-Term Pool and Long-Term Pool and a gradual divestment from exposures in the Short-Term Fund with full divestment anticipated by March 2018. However, no guarantees can be made regarding future investments to fossil fuel related sectors within the Short-Term Fund.

The reinvestment of the proceeds, received from divestment, will be directed into securities with similar income and return characteristics, resulting in minor anticipated changes to the Public University Fund's income or gross portfolio yield of 1.6%. The investment policy changes reflect the strategy changes mentioned and modify the active investment management guidelines by lowering the allowed variance in average maturity of the underlying securities compared to the benchmark to +/- 10% and seek a total portfolio return in-line with the stated custom benchmark.

(b) Capital construction update

VP Yahnke shared that the opening of the new Richard Woodcock Education Center went very well. There were a lot of people in attendance, including long time alumni, Richard Woodcock, and the governor. The building was well prepared and there was a good opening ceremony. In the completion of the project there were some questions about the use of bond money for furniture. It would be nice to be able to see funding up front in the future rather than having to wait until after the fact to provide receipts to get the funding through a burdensome process. In the grant and loan agreements it states that reimbursements will be receive within two weeks but there are millions of dollars owed that have been delayed six or more weeks.

VP Yahnke also shared that the recruitment is under way for an associate director for the Physical Plant, with the hope of bringing them on board before the director retires. The selection has been narrowed down to two candidates and references are currently being checked on one of them. They both have experience in the public sector.

We formally broke ground on the new student health building. Building permits and system development charges from the city are coming in higher than planned. VP Yahnke said he is hoping for some partnership with the city given that it is a university building and a health care facility. Koontz shared that there are currently several positions open on city council so it could be a very different council in three months than it is now.

VP Yahnke shared that he received some questions from DAS regarding OMA, ITC, and Natural Science Building projects. One question was in regards to whether they are for public or private use. Another question was about having the bond match in hand for the requests. VP Yahnke was happy to be able to respond that we do indeed have the money in hand and are ready to go. Hopefully that will help it move forward. A concern has been voiced to HECC about the big institutions outgrowing us in E&G square footage. VP Yahnke suggested perhaps only including buildings that are 10 years or older because new buildings shouldn't have repair needs. Our building inventory that was submitted doesn't currently have the new education building or the OMA building on it so VP Yahnke will be getting those added.

5) Action Items

(a) FY17 Q1 Management Report

VP Yahnke presented on the management report. At this point what was projected matches what was budgeted because we are so early on. There are still a number of budgeted positions that are vacant so we are expecting vacancy savings again this year. There are between 10 and 15 positions that are generating savings at this point, but it is too early to give a dollar amount. We have a projected fund balance of 17%. The state appropriation settle up for last year came in and there was no change to that dollar amount from what we were expecting. There are however some concerns in the FY 17 funding allocation true up summary. Those concerns are in regards to receiving less than projected in the activity based, outcomes based, and stop loss/stop gain adjustment. We received additional dollars in regional support funding due to enrollment being down and enrollment in Willamette Promise really helped us out. A major concern going forward is the stop loss/stop gain provision. It helped us out this time around, but there is a phase out period and we won't have that luxury going forward.

Tuition revenue was originally budgeted at a 5% decline in enrollment. The census date isn't until the end of the fourth week of the term so we don't currently have the final numbers. The fee remission budget is down from the prior year actual. This reduction reflects enrollment being down and an increase in rates. The amount in capital outlay was primarily for technology purchases. The transfers out was to support athletics, primarily for salaries and OPE for coaches and administrators. Expenditures and transfers out are comparable to what has been done in past years. There some increases for the incidental fee rate and we may see further variance there driven by the enrollment decline as we are trying to maintain the current service level with a smaller student base. The board members who were in attendance reviewed the management report and felt that it was acceptable. Koontz stated that had enough members been present should would've moved to recommend it to the board for approval.

(b) FY17 Initial Budget

VP Yahnke went over the FY 17 budget and pointed out several new features in the budget book. There is a new organization chart style visual that makes it easier to quickly see where the funds are allocated. For those who want to dive in deeper there are schedules that break out detail of those totals. There is also an organization chart that shows the budget oversight and development. This details out the existing process and says who gets budget worksheets and monthly budget/status reports for each department. The expectation is that the people in charge of their department's budget are involving department constituents. People will be able to easily see who in their department they should go to if they have questions about their budget or wish to know why funds were allocated a certain way. New this year there is also a history on lottery funding and the progression of the incidental fee.

We had been planning on a PERS increase of 3-3.2%. The actual increase was 5.21%.

The AIC committee is a faculty senate subcommittee that reviews proposals and makes recommendations on funding for technology and capital improvements. This past year the committee decided to only take on technology requests so they received $100k worth of funding instead of the usual $200k. The $100k for capital was transferred out and put in the capital improvement fund. The majority of that ended up being spent remodeling and sound proofing parts of Smith Music Hall. The AIC is asked to consider any and all proposals and provides us a good mechanism for seeing what is out there that needs to be funded. There is a possibility of extending the funding beyond the $200k if there is a need for it and the funding is available.

There will be a new budget committee that reviews the base budgets as well as the requests for enhancements. Koontz voiced that there will be complications due to people across campus not being familiar with budget stuff and not understand it all. You almost need a 10 hour orientation so people know what they're looking at. VP Yahnke shared that it's a modified zero based budget. It starts out with the amount from the year before and then the focus is on what they *strategically* need differently from the year before. He shared that they also look at the mix of tenure track and non-tenure track within the department. The expectation is for the budget committee to have a revised budget by July 1st. The process will change the timing of things, but shouldn't be a burden and the benefits of the new process far outweigh the challenges of moving to a new way of doing things.

Koontz shared that she feels a big point of confusion for people is regarding the fund balance. They want to know why we can't use that money and why can't carry over the money that they didn't spend the prior year. VP Yahnke shared that if a department has significant savings that they want to use there is the potential of being able to use it if they can show what they want to do with it and how it will support the mission. He also shared that at the end of the year we look at what some of the University's bigger, broader needs are and will use any extra money on those things so it is really important for departments to not overspend because it reduces what we are able to use for addressing our larger needs.

Koontz gave an example at her workplace of taking the unspent dollars and putting it into a reserve for the increasing PERS costs that they knew would be coming. If they had instead used that money to hire additional aids then that would have been an ongoing cost for future years that then would always have to be budgeted and in those years there may not be those same savings to be able to cover that expense. It is the difference of a one-time expense versus an ongoing expense. Money that is leftover one year is not guaranteed to also be leftover in future years.

Koontz suggested that VP Yahnke hold some presentations on the budget process as part of the strategic planning work that is underway. She will put together a proposal, agenda, and suggested timeline for VP Yahnke to use.

VP Yahnke provided an update on a request from HECC regarding the funding scenarios. In order to keep tuition rates at a 5% increase in year two of the biennium, an increase of 25% would be needed in the first year. This would be an increase of $818 per student. The promise cohorts would be excluded from the increase since they are locked in at their current rate. These figures assume no cuts and flat enrollment.

HECC is doing an evaluation of all of the Oregon public universities. The document on WOU is still in draft form, but will include things such as student teacher ratio, strategic initiatives, financial ratios, participation in USSE, and details about the Board and how it operates.

Earlier this fall the decision making and response teams on campus participated in a tabletop exercise where they worked through different scenarios and on October 20th WOU will be participating in the Great Shakeout. The idea will be to address it as if it is a real earthquake. If there is an earthquake or other natural disaster WOU has insurance coverage through the PURMIT. If the committee is interested our General Counsel or Public Safety director could present to them on our coverage. VP Yahnke also shared that we received a rebate on our workers' compensation insurance for the seventh year in a row.

6) Updates and Around-the-Table / Board meeting prep

Hurtado will give the committee report at the full board meeting. He will be discussing budget and the quarterly management report and providing highlights on the audit, investment report, investment policy, capital updates, and the change in funding for WOU.

7) Adjournment

The meeting was adjourned at 12:52 pm.

Western Oregon University
Education and General Fund Operations
For the Fiscal Years Ending June 30th
Fiscal Year 2017 - Q2 Update (thru 12/28/2016)
DRAFT (Discussion Purposes Only)

	2016 Actual	2017 Initial Budget	FY17 Initial Budget - FY16 Actual $ Δ	FY17 Initial Budget - FY16 Actual % Δ	2017 Projected	FY17 Budget - FY17 Projected $ Δ	FY17 Budget - FY17 Projected % Δ
Government Appropriations							
State Appropriations	22,988,339	23,887,904	899,565	3.9%	23,887,904	-	0.0%
Total Government Appropriations	**22,988,339**	**23,887,904**	**899,565**	**3.9%**	**23,887,904**	**-**	**0.0%**
Tuition and Resource Fees, Net of Remissions							
Tuition Revenue							
Academic Year Tuition							
Resident Undergraduate	19,696,359	19,662,345	(34,014)	-0.2%	19,816,010	153,665	0.8%
Nonresident Undergraduate	5,002,912	5,151,195	148,283	3.0%	5,136,889	(14,306)	-0.3%
Resident Graduate	1,477,370	1,528,956	51,586	3.5%	1,606,991	78,035	5.1%
Nonresident Graduate	815,562	834,480	18,918	2.3%	631,943	(202,537)	-24.3%
Western Undergrad Exchange (WUE)	6,399,967	6,351,885	(48,082)	-0.8%	6,841,112	489,227	7.7%
Continuing Education	6,351,047	6,519,286	168,240	2.6%	6,776,111	256,825	3.9%
Faculty & Staff	336,949	351,090	14,141	4.2%	316,394	(34,696)	-9.9%
Total Academic Year Tuition	**40,080,164**	**40,399,237**	**319,073**	**0.8%**	**41,125,450**	**726,213**	**1.8%**
Summer Session Tuition	**1,184,784**	**1,187,217**	**2,433**	**0.2%**	**1,040,733**	**(146,484)**	**-12.3%**
Total Tuition Revenue	**41,264,948**	**41,586,454**	**321,507**	**0.8%**	**42,166,183**	**579,729**	**1.4%**
Student Fees							
Technology	30,975	30,975	-	0.0%	33,699	2,725	8.8%
Matriculation	611,757	691,862	80,105	13.1%	656,804	(35,058)	-5.1%
Other Student Fees	1,074,666	1,074,667	1	0.0%	1,103,510	28,842	2.7%
Student Fee Revenue	**1,717,398**	**1,797,504**	**80,106**	**4.7%**	**1,794,013**	**(3,491)**	**-0.2%**
Less Fee Remissions	**4,594,335**	**4,204,496**	(389,839)	-8.5%	**4,204,496**	-	**0.0%**
Tuition and Resource Fees, Net of Remissions	**38,388,010**	**39,179,462**	**791,452**	**2.1%**	**39,755,700**	**576,238**	**1.5%**
% Fee Remission to Gross tuition	***11.13%***	***10.11%***			***9.97%***		***-1.2%***
Other Revenue							
Indirect Cost Recoveries	519,284	503,000	(16,284)	-3.1%	624,620	121,620	24.2%
Sales & Services, Other Revenue	3,272,221	3,058,285	(213,937)	-6.5%	2,968,079	(90,206)	-2.9%
Other Revenue	**3,791,506**	**3,561,285**	**(230,221)**	**-6.1%**	**3,592,698**	**31,414**	**0.9%**
Total Operating Revenue	**65,167,855**	**66,628,651**	**1,460,796**	**2.2%**	**67,236,302**	**607,652**	**0.9%**
Expenditures							
Personnel Services	51,508,959	54,685,542	3,176,583	6.2%	54,685,542	-	0.0%
Supplies & Services	7,050,683	8,757,964	1,707,281	24.2%	8,757,964	-	0.0%
Capital Outlay	358,155	202,691	(155,464)	-43.4%	202,691	-	0.0%
Total Expenditures	**58,917,797**	**63,646,197**	**4,728,400**	**8.0%**	**63,646,197**	**-**	**0.0%**
Transfers							
Transfers In	(529,062)	-	529,062	-100.0%	(73,417)	(73,417)	0.0%
Transfers Out - Other	2,410,365	175,000	(2,235,365)	-92.7%	175,000	-	0.0%
Transfers Out - Athletics Support	2,658,987	2,807,453	148,466	5.6%	2,807,453	-	0.0%
Total Transfers	**4,540,290**	**2,982,453**	**(1,557,837)**	**-34.3%**	**2,909,036**	**(73,417)**	**-2.5%**
Change in Fund Balance	**1,709,768**	**-**			**681,069**		
Beginning Fund Balance	**9,618,199**	**11,327,967**			**11,327,967**		
Ending Fund Balance	**11,327,967**	**11,327,967**	**-**	**0.0%**	**12,009,036**	**681,069**	**6.0%**
% Operating Revenues	**17.4%**	**17.0%**			**17.9%**		

	2016 Actual	2017 Initial Budget	FY17 Initial Budget - FY16 Actual $ Δ	FY17 Initial Budget - FY16 Actual % Δ	2017 Projected	FY17 Budget - FY17 Projected $ Δ	FY17 Budget - FY17 Projected % Δ
Expenditures & Transfers Out by Program							
Instruction & Dept. Research	30,910,860	31,863,393	952,533	3.1%	31,863,393	-	0.0%
Research	752,953	656,604	(96,348)	-12.8%	656,604	-	0.0%
Academic Support	9,043,877	9,509,964	466,087	5.2%	9,509,964	-	0.0%
Student Services	6,203,442	6,626,976	423,534	6.8%	6,626,976	-	0.0%
Operations/Maint.	4,511,721	4,943,874	432,153	9.6%	4,943,874	-	0.0%
Institutional Support	9,905,309	10,220,387	315,078	3.2%	10,220,387	-	0.0%
Athletics Support	2,658,987	2,807,453	148,466	5.6%	2,807,453	-	0.0%
Total Expenditures & Transfers by Program	**63,987,149**	**66,628,651**	**2,641,502**	**4.1%**	**66,628,651**	**-**	**0.0%**

Source: WOU COGNOS Warehouse

Western Oregon University
Quarterly Management Report
(Unaudited, non-GAAP, For management purposes only)

As of December 28, 2016
For the Fiscal Year Ended June 30, 2017

DRAFT FOR DISCUSSION PURPOSES ONLY

(in thousands except enrollment)	Year-to-Date YTD Actual	YTD as a % of Projected	Prior QTD as % of PY Actual	% chg Current/ Prior YTD	Notes	Prior Yr. Actual	Budget Adjusted Budget	Projections Projected 6/30/2016	Variance from Adj. Budget	Chg since Prior Report	% chg Projection to PY Actual	Notes
EDUCATION & GENERAL												
State General Fund	14,294	60%	60%	4%		22,988	23,888	23,888	0	0	4%	
Tuition & Resource Fees, net of Remissions	27,711	70%	67%	7%		38,388	39,179	39,756	577	577	4%	
Other	1,644	46%	48%	-10%	(1)	3,792	3,561	3,593	32	32	-5%	
Total Revenues	43,649	65%	63%	6%		65,168	66,628	67,237	609	609	3%	
Personnel Services	(18,252)	33%	43%	-17%	(2)	(51,509)	(54,686)	(54,686)	0	0	6%	
Supplies & Services & Capital Outlay	(3,105)	35%	39%	7%	(3)	(7,409)	(8,961)	(8,961)	0	0	21%	
Total Expenditures	(21,357)	34%	42%	-14%		(58,918)	(63,647)	(63,647)	0	0	8%	
Net from Operations	22,292					6,250	2,981	3,590	609	609		
Transfers In	37	51%	99%	-93%	(4)	529	0	73	73	73	-86%	(5)
Transfers Out	(1,219)	41%	32%	-26%	(6)	(5,069)	(2,982)	(2,982)	0	0	-41%	
Fund Additions/(Deductions)	0					0	0	0	0	0		
Change in Fund Balance	21,110					1,710	(1)	681	682	609		
Beginning Fund Balance	11,328					9,618	11,328	11,328	0	0		
Ending Fund Balance	32,438					11,328	11,327	12,009	682	682	6%	
% Operating Revenues						17.4%	17.0%	17.9%			3%	
Student FTE Enrollment - Summer, Fall & Winter	3,083	68%	65%	0%		4,744	4,552	4,565	13	13	-4%	
AUXILIARY ENTERPRISES												
Enrollment Fees	4,789	70%	67%	4%		6,844	6,845	6,845	0	0	0%	
Sales & Services	5,391	36%	40%	-10%		14,865	15,075	15,075	0	0	1%	
Other	780	46%	41%	10%	(7)	1,714	1,706	1,706	0	0	0%	
Total Revenues	10,960	46%	48%	-3%		23,423	23,626	23,626	0	0	1%	
Personnel Services	(3,999)	38%	47%	-16%		(10,176)	(10,668)	(10,481)	187	187	3%	
Supplies & Services & Capital Outlay	(4,659)	32%	39%	-8%		(13,016)	(14,367)	(14,367)	0	0	10%	
Total Expenditures	(8,658)	35%	42%	-12%		(23,192)	(25,035)	(24,848)	187	187	7%	
Net from Operations	2,302					231	(1,409)	(1,222)	187	187		
Transfers In	1,310	44%	52%	-14%	(8)	2,930	2,807	2,987	180	180	2%	
Transfers Out	(1,937)	80%	47%	60%	(9)	(2,558)	(514)	(2,414)	(1,900)	(1,900)	-6%	(9)
Additions/(Deductions) to Unrestricted Net Assets	(3,879)			128%	(11)	(1,292)	(660)	(2,560)	(1,900)	(1,900)		(11)
Change in Unrestricted Net Assets	(2,204)					(689)	224	(3,209)	(3,433)	(3,433)		
Beginning Unrestricted Net Assets	8,841					9,530	8,841	8,841	0	0		
Ending Unrestricted Net Assets	6,637					8,841	9,065	5,632	(3,433)	(3,433)	-36%	
						37.7%	38.4%	23.8%				

Western Oregon University
Quarterly Management Report
(Unaudited, non-GAAP, For management purposes only)

As of December 28, 2016
For the Fiscal Year Ended June 30, 2017

DRAFT FOR DISCUSSION PURPOSES ONLY

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(in thousands except enrollment)	Year-to-Date: YTD Actual	YTD as a % of Projected	Prior QTD as % of PY Actual	% chg Current/ Prior YTD	Notes	Prior Yr. Actual	Budget: Adjusted Budget	Projections: Projected 6/30/2016	Variance from Adj. Budget	Chg since Prior Report	% chg Projection to PY Actual	Notes
DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS												
Enrollment Fees	84	59%	56%	33%	(12)	112	143	143	0	0	28%	
Sales & Services	161	41%	27%	29%	(13)	469	397	397	0	0	-15%	
Other	1,120	42%	46%	18%	(14)	2,067	2,645	2,645	0	0	28%	
Total Revenues	1,365	43%	43%	20%		2,648	3,185	3,185	0	0	20%	
Personnel Services	(377)	38%	56%	19%	(15)	(566)	(1,038)	(982)	56	56	73%	(15)
Supplies & Services & Capital Outlay	(842)	46%	58%	16%	(16)	(1,251)	(1,811)	(1,811)	0	0	45%	
Total Expenditures	(1,219)	44%	57%	17%		(1,817)	(2,849)	(2,793)	56	56	54%	
Net from Operations	146					831	336	392	56	56		
Transfers In	6	11%	44%	-87%	(17)	103	54	54	0	0	-48%	
Transfers Out	0	n/a	100%	-100%	(18)	(126)	0	0	0	0	-100%	
Additions/(Deductions) to Unrestricted Net Assets	208					(302)	(302)	(302)	0	0		
Change in Unrestricted Net Assets	360					506	88	144	56	56		
Beginning Unrestricted Net Assets	1,307					801	1,307	1,307	0	0		
Ending Unrestricted Net Assets	1,667					1,307	1,395	1,451	56	56	11%	
						49.4%	43.8%	45.6%				
Total unrestricted fund balance						21,476	21,787	19,092				
Days of expenditures						93	87	76				

Notes:

General Fund:

(1) Other Revenue, budget and projected, reduced from prior year due to the prior year sale of University House.
(2) Personnel Services budget and projection increase reflects negotiated salary increases and new positions beginning this fiscal year.
(3) Supplies & Services & Capital Outlay second quarter burn rate higher than prior year to date due to timing differences.
(4) Prior year Transfers-in are related to capital construction bridge funding returned from the RWEC project.
(5) Transfers In projected to increase for repayment of E&G funds used to cover overdrawn TR Child Development Centers.
(6) Budgeted transfers out lower than prior year due to bridge funding in prior year to support upcoming capital projects.

Auxiliary:

(7) Current YTD Other Revenue higher than prior year due to earlier payment to Housing for classroom use in Ackerman Building.
(8) Transfers In actual YTD higher than prior fiscal year due to pay raises and staffing changes in Athletics.
(9) Current YTD and projected Transfers Out higher than prior year due to transfer of $1.9M for the construction of the new Student Health & Counseling Center.
(10) Change in Additions/(Deductions) to Unrestricted Net Assets compared to prior year due to recognition of liability for Student Health & Counseling construction loan.

Designated Ops/Service Cntrs:

(12) Enrollment Fees actual YTD and budgeted increased for the addition of the Traffic Safety Program.
(13) Sales & Services YTD revenue higher than prior year related to timing of Telecommunications recipts. Budget and projected Sales & Services expected to be lower than prior year
(14) Other Revenue YTD increase due to the addition of the Council of Presidents this fiscal year.
(15) Personnel Services budget higher for 2017 due to addition of the Council of Presidents and staffing changes in Telecommunications.
(16) Service & Supplies budget increased for the addition of the Council of Presidents.
(17) Transfers-In made in 2016 for Telecommunications equipment are not expected in 2017.
(18) Transfers-out in FY17 are not expected.

Western Oregon University
Transfers Schedule
As of December 28, 2016
For the Fiscal Year Ended June 30, 2017

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

DRAFT FOR DISCUSSION PURPOSES ONLY

	E&G		Auxiliary		Des Ops - Serv Dept.	Grants	Plant fund		Total
Transfers In E&G			(a) 36,661	(b) 36,756					73,417
Transfers Out E&G			(c) 1,130,306	(d) 1,677,147			(e) 88,266	(f) 86,734	2,982,453
Transfers In AUX	(c) 1,130,306	(d) 1,677,147					(g) 179,195		2,986,648
Transfers Out AUX					(h) 48,356		(i) 465,221	(j) 1,900,000	2,413,577
Transfers In DO, SD				(h) 48,356		(k) 5,694			54,050
Transfers Out DO, SD									-

Type	Description
(a) Actual	Transfers In for repayment of E&G funds used to cover overdrawn TR Child Development Centers.
(b) Budgeted	Projected for repayment of E&G funds used to cover overdrawn TR Child Development Centers.
(c) Actual	Year to date Athletic operations support
(d) Budgeted	Athletic operations support - Staff/Coach salaries and OPE
(e) Actual	Year to date transfer out of funds to SELP
(f) Budgeted	Transfer out of funds to SELP debt service fund for payment
(g) Actual	Transfer in funds from equipment reserve for replacement equipment
(h) Budgeted	Auxiliary funded scholarships
(i) Budgeted	Fund building & equipment replacement reserves for Housing, Dining, Parking, Health & Wellness Center, and the Werner University Center.
(j) Actual	Trasnfer out of funds for new Student Health Center construction
(k) Actual	Transfer from TR grant funds to close fund.