

Western Oregon University Board of Trustees:

Finance & Administration Committee (FAC)

Meeting No. 25 – November 4, 2021

12:00PM-4:00PM

Public Meeting: via Zoom | Meeting ID: 882 5703 9589

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Minutes

I. CALL TO MEETING/ ROLL CALL

Chair Cec Koontz called the meeting to order at 12:00pm.

The following trustees were present:

Cec Koontz
Jerry Ambris
Leah Mitchell

The following trustees were not present:

Dave Foster

Others present include:

Camarie Moreno
Ana Karaman
Lacey Davis
Rebecca Chiles
Michael Smith
Bill Kernan
Dona Vasas
Shadron Lehman
Jay Kenton
Heather Mercer
Darin Silbernagel
Arlette Tapia
Makana Ripley
Cara Groshong
Tad Shannon
Kevin Thibeault
Dana Richardson
Samantha Cameron
Sione Fillimoehala

II. COMMITTEE CHAIR'S WELCOME / ANNOUNCEMENTS

III. CONSENT AGENDA

Approval of May 25, 2021 Meeting Minutes

Leah Mitchell motioned to approve the minutes, Jerry Ambris seconded the motion, and the approval of the minutes passed unanimously.

IV. ACTION ITEMS:

FY2022 Proposed Budget

Vice President Ana Karaman and Camarie Moreno, Director of Budget and Planning discussed the budget on page 9 of the docket. The budget presented at the meeting on May 25, 2021 was a preliminary budget because there were many unknowns at the time. WOU now has a clearer enrollment picture since fall term is in process. This proposed budget incorporates actual fall term enrollment, additional investments made in hopes of boosting enrollment, and 3 million dollars of reimbursement from the (Higher Education Emergency Relief Fund (HEERF)). It does not include what WOU will receive with the adjusted SSCM or any pay increases across all classes of employees (classified, unclassified, and faculty) because WOU does not have that information at this time.

When the second week of fall term ended, official census data (which is shared with the Integrated Postsecondary Education Data System (IPEDS), showed that fall enrollment is down 12.8% on undergraduate FTEs and overall approximately 12% down from last fall. The original budget assumption was based on a 10% decline, so it is a little worse than originally anticipated. An assumption was also built on a 6% attrition of students from fall to winter term and a 6% attrition of students from winter to spring term. Fee remissions were budgeted at 5.5 million because the Director of Financial Aid was continuing to package financial aid for some students.

The SSCM is allocated at about 30 million, which is unchanged from the preliminary budget. Although the preliminary budget was based on a total allocation for all universities of 886 million, and 900 million ended up being allocated, WOU's proportion of the allocation decreased and there were new changes such as the hold harmless assumption, so WOU will see additional adjustments to the SSCM.

The preliminary budget assumed undergraduate courses being 25% online and 75% in-person. It is now known that 40% undergraduate FTEs are taking courses online, so the online course fee budget has been increased by \$400,000.

Chair Koontz commented that even though the university knows that enrollment is down greater than what was in the preliminary budget, there will not be a change in the tuition budget because of the difference in the make-up of students.

Ana Karaman confirmed Chair Koontz's comment and added that WOU has more graduate students than budgeted in the preliminary budget, which is why after careful analysis WOU left the tuition revenues where they were on the FY2022 Preliminary Budget. Totals revenues are \$66,478,331.

Ana Karaman discussed the expense assumptions and explained that the personnel budget was adjusted for the new positions that were created since the preliminary budget, with hopes of boosting enrollment. Expenses on Services and Supplies (S&S) have also been adjusted since the preliminary budget for everything that is known at this time, such as the contract with EAB, Ruffalo Noel Levitz (Financial Aid optimization contract), increase to PURMIT, and creation of the Freedom Center and Diversity, Equity, and Inclusion (DEI) Offices.

The things that are currently unknown are whether there will be increases across different classes of employees (with the exception of the regular step increases for classified) and regular promotions for faculty. The variance (increase/decrease) is shown in the last column of the document. The total increase is 965,580 on personnel with OPE. Trustee Mitchell asked if it is typical to not budget for cost of living adjustments (COLA) and additional salary increases. Ana Karman mentioned that WOU is currently in negotiations with the Western Oregon University Federation of Teachers (WOUFT) and Service Employees International Union (SEIU). Typically, WOU would know the WOUFT information by this time in the year, but they agreed to postpone negotiations. An estimate looking at where the Department of Administrative Services (DAS) settled, is what is typically used to estimate for SEIU.

Expenses increases by \$1,882,708 from the preliminary budget to the proposed budget. The total recurring expenses and transfers are \$70,794,226, leaving a \$4,315,895 shortage. Incorporating the CARES III reimbursement of \$3,000,000 and other one-time activities, helps to minimize the deficit for FY2022 to \$2,240,706. Enrollment increases and other revenue streams will be necessary for next year without the \$3 million from CARES III.

Trustee Ambris commented that the narrative was helpful in following the document and highlighted that the \$3 million saved the university this year, but WOU will not have this next year and enrollment is still down 12%. Ana Karaman commented that the situation is very serious and cautioned to not mislead anyone into thinking that the budget is good due to these one-time funds that are saving the university.

All of the institutional award of CARES III has been preliminary allocated. \$200,000 was allocated to help with retention efforts by helping students close to graduating with their debt. Once these students graduate, they will factor into WOU's SSCM funds. WOU has also been purchasing masks and protective gear

for people to feel more comfortable returning to in person.

Camarie Moreno discussed the auxiliary component of the budget. \$1.7 million of CARES III has been earmarked for auxiliaries, but auxiliaries are actually doing better than expected. Therefore, WOU may be able to use some of that \$1.7 million for additional relief to the Education & General (E&G) fund. The University Housing revenue budget has increased by \$75K. The preliminary budget was based on occupancy in Arbor Park, Heritage Hall, and Ackerman Hall, but University Housing has also opened Barnum Hall due to more students being on campus. Campus Dining's revenue is slightly under what was budgeted for in the preliminary budget, but this has been subsidized by conference income (such as Destination Western) and by increased sales in Café Allegro. The Student Health and Counseling Center's revenues fell because online courses ended up being higher than anticipated which benefits E&G's budget, but hurts auxiliaries which depend on in person fees. Athletics budget has increased for the addition of two men's soccer coaches. Parking revenue is also better than expected. Last year WOU had low parking revenue due to less students and staff being on campus. Auxiliaries currently has a \$326,761 deficit, which is an improvement from the preliminary budget that was shared in June which was showing a deficit close to \$1 million.

Incidental Fees and Designated Operations & Service Departments (primarily Telecommunications and Oregon Council of Presidents) has not changed. Ana Karaman highlighted how different components of our budgets react differently to different triggers. E&G is a result of declining enrollment, while auxiliaries are a subject to all of the shortages that were generated by the pandemic. As students come back, these things go back up and auxiliaries starts to recover while E&G continues to reflect the declining enrollment.

Trustee Ambris motioned to recommend presenting the FY2022 Budget to the full board for approval, Trustee Mitchell seconded the motion, and the motion passed unanimously.

FY2022 Management Report (as of Sept 30, 2021)

Ana Karaman and Camarie Moreno discussed the management report on page 16. Ana highlighted that the year-end projections on the management report are the same as what is presented in the FY2022 Proposed Budget. Camarie shared that when comparing period 3 FY2021 (9/30/2020) to period 3 FY2022 (9/30/2021) tuition has decreased by about two million dollars due to lower enrollment. Although WOU had anticipated a 10% enrollment decline, it actually ended up being a 12% decline. Online course fees are also down because there are not as many online courses as there were last year. Fee remissions are also down. The SSCM dollars are larger this year because this years' allocation is higher.

The FY2022 period 3 total revenue is about \$1.7 million less than the FY2021 period 3 total revenue and about \$2.8 million less in net revenue less expenses. Auxiliaries is doing better this year now that more students are on campus. Personnel and S&S have increased as a result of the increased auxiliary activity. Ana Karaman highlighted that the online fees helped on the revenue side for E&G during FY2021, but this was a one-time influx of revenues because 98% of offerings were online. This year, WOU is already seeing a slowing down of online fees. Trustee Mitchell motioned to approve the management report, Trustee Ambris seconded the motion, and the motion passed unanimously.

Education Advisory Board (EAB) Contract

Ana Karaman explained the Educational Advisory Board (EAB) contract on page 25 of the docket. EAB specializes in higher education consulting and contracted with WOU for a 3-year contract. They are helping to revitalize graduate enrollment and adult learners (specifically for WOU:Salem). A group consisting of Vice President Winningham, Associate Vice President for Public Affairs and Strategic Initiatives, Dave McDonald, Vice President Dukes, Vice President Karaman, and WOU's Marketing and Communications department looked at the proposals to solicit applications outside of our traditional pool of applicants that we would use. Traditionally, Admissions would be working with high school students and transfer students. Because of COVID-19, there have been disruptions in the path a student takes. For example, a pool of high school graduates who decided to not go to college directly after high school are now considered nontraditional students (adult learners). The definition of adult learning has changed. Traditionally it used to be individuals outside the ages of 18-22, but now it includes students who take a gap year after high school.

EAB will use social media to create a profile of a typical student. The most compelling argument from EAB was that they are providing WOU with additional marketing in addition to what WOU already does, and they can reach those populations that WOU is not currently reaching. It is adding to WOU's current efforts instead of replacing existing efforts

Trustee Mitchell asked about EAB's success rate and Ana Karaman shared that EAB says they typically have an 8:1 return on investment, but guarantees a 4:1 return (cautioning that there are no guarantees). Ana Karaman also explained that the Vice Presidents received references from EAB and had meetings with other institutions and the reviews from other universities were positive.

Chair Koontz asked about data privacy around EAB creating profiles of current students to use for modeling for their analytics. Ana Karaman shared that names and majors are not protected by the Family Educational Rights and Privacy Act (FERPA) and that WOU can learn from what EAB is doing since this is a more up to date approach.

Trustee Ambris motioned to recommend the EAB contract, Trustee Mitchell seconded the motion, and the motion passed unanimously.

V. REPORTS & DISCUSSION ITEMS:

University Budget Advisory Committee (UBAC)

UBAC Co-Chair Tad Shannon discussed the UBAC report on page 26.

University Technology Advisory Committee (UTAC)

UTAC Co-Chair Bill Kernan discussed the UTAC report on page 27.

Finance & Administration Report

Ana Karaman discussed the Finance & Administration report on page 29 of the docket. The Freedom Center Co-Chairs, Makana Ripley and Arlette Tapia provided an update on the Freedom Center and the fundraising events that took place during Latinx Heritage Month. Makana and Arlette thanked the trustees for supporting the Freedom Center.

Ana mentioned that the presenter at the Board of Trustees Retreat stated that higher education was not developed around students, but was instead developed around faculty and staff and that is something that WOU needs to consider. Trustee Ambris echoed Ana's comment.

Director of Capital Planning and Construction, Michael Smith presented on the WOU Main Steam Line Project on page 46 of the docket. Michael explained that the current scope starts at the physical plant and runs down to Todd Hall. This is an inground pipe system that has been in place since 2008-2009. Moisture has resulted in the corrosion of the insulation on the 12-inch pipe, as can be seen on page 48. Michael also discussed the high vault water mark, cracks in the vaults, and sump pump failures. WOU does not currently have sufficient funding for this project. Ana Karaman explained that repairing the pipeline was a summer project. WOU receives Capital Improvement and Renewal (CIR) XI-Q bonds which happens in two steps. The Higher Education Coordinating Commission (HECC) proposes what the 7 Oregon public universities need, and then it is distributed across the 7 universities. WOU received \$3.8 million this biennium. WOU is the only Oregon university that has the steam pipeline system completely underground. In 2008-2009 it was also an emergency project. The life is supposed to be 20 years, but it has already failed. President Kenton and Dave McDonald plan to go to the emergency board to ask the legislation to help WOU with a 50-year tunnel system.

Interim Executive Director of Human Resources, Heather Mercer provided a Human Resources update. Human Resources (HR) joined the Finance and Administration division in July 2021. Heather and Ana met with Trustee Gayle Evans, and updated the mission statement for HR at the annual HR retreat, moving HR from a task-oriented unit, to become a human-centered organization and leading human culture at the university. HR has recently created a revised Remote Work Agreement and a new COVID-19 leave policy was created to give employees 80 hours of COVID-19 leave. A vacation payout policy for unclassified staff is in the works as well as a sick leave donation. This is to address the unclassified employees who have been left out in the past since they are not represented by a union.

Darin Silbernagel provided an update on the cash flows on page 45 of the docket. The net cash position as of September 30, 2021 is \$35,599,570. Ana and Darin both discussed the

Quasi Endowment Performance projections on page 36.

Interim Controller, Shadron Lehman provided an update on the annual audit of financial statements and the single audit. The goal is to complete the audit by the extension deadline of December 1, 2021. Round 1 of the American Rescue Plan (ARP) Higher Education Emergency Relief Fund III student disbursements are complete. Checks were mailed to students on October 18, 2021.

Assistant Vice President for Safety & Operations, Rebecca Chiles provided an update on both Campus Public Safety and Facilities Services. WOU participated in the “Shakeout” on Thursday, October 21, 2021. Facilities staff placed air purifiers and cleaning kits in all classroom and meeting spaces at the start of the term.

Director of University Computing Solutions (UCS), Bill Kernan discussed the implementation of Zoom phone which took place on September 1, 2021. Bill also shared that WOU upgraded ten classrooms with technology that will allow remote participants to be able to connect to WOU Technology Enhanced Classroom systems using video conferencing software.

VI. NOVEMBER 18, 2020 BOARD MEETING PREPARATION

VII. UPDATES AND AROUND-THE-TABLE

VIII. ADJOURNMENT

The meeting adjourned at 2:36 p.m.