
**Finance and Facilities Committee
also Sitting as the Audit Committee
Agenda**

	<u>Page</u>
1. Call to Order/Roll/Declaration of a Quorum (8:00am) <i>Chair Vince Jones</i>	
2. Consent Agenda <i>Chair Vince Jones</i>	
2.1 Approve Minutes of the January 27, 2022 Meeting	1
3. Reports	
3.1 Quarterly Finance, Facilities & Audit Update <i>VP John Harman</i> (8:05am) (40 min)	4
3.2 FY 2021-22 Internal Audit Update (8:45am) (10 min) <i>Haley Lyons and Trevor Campbell, Kernutt Stokes</i>	16
4. Action Items	
4.1 Approve FY 2021-22 External Audit (8:55am) <i>Jean Bushong, Clifton Larson Allen LLP</i> (15 min)	23
4.2 Approve 2022-2023 Tuition Recommendation to Board <i>VP John Harman</i> (9:10am) (30 min)	25
4.3 Approve Reduction in Scope Student Housing Project <i>VP John Harman</i> (9:40am) (15 min)	36
5. Discussion Items	
6. Other Business/New Business (9:55am) (5 min) <i>Chair Vince Jones</i>	
Adjournment (10:00am)	

**Finance and Facilities Committee
also Sitting as the Audit Committee**
DRAFT MINUTES

Trustees Present:

Vince Jones, Committee Chair (remote)	Jessica Gomez, Board Chair Nagi Naganathan, President	Paul Stewart (remote) Michele Vitali
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Other Trustees present in person:

Tim Hasty	Rose McClure
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University Faculty and Staff Present in person

Abdy Afjeh, Vice Provost-Research & Academic Affairs
Carl Agrifoglio, Operations Manager & Systems Administrator-Information Technology Services
Erin Foley, Vice President & Dean of Students
Ken Fincher, Vice President-Institutional Advancement
David Groff, General Counsel & Interim Board Secretary
Pam Grove, Assistant to University General Counsel & Interim Board Secretary
John Harman, Vice President Finance & Administration
Tom Keyser, Dean College of Engineering, Technology & Management
Kelsey McCauley, Government Relations
Joanna Mott, Provost & VP of Academic Affairs
Adria Paschal, Senior Executive Assistant to the President
Dan Peterson, Dean College of Health, Arts & Sciences
Terri Torres, Faculty Senate President
Bryan Wada, Consultant 2-Information Technology Services
Jack Zoucha, ASOIT President, Portland-Metro
None

Others Present:

7. Call to Order/Roll/Declaration of a Quorum

Chair Jones called the meeting to order at 8:05am. The Board Secretary called roll and a quorum was declared.

8. Consent Agenda

2.1 Approve Minutes of the November 18, 2021 Meeting

No changes voiced. Minutes approved as submitted.

9. Reports

3.1 Finance, Facilities Quarterly Update: 2nd Quarter FY 2021-22

VP Harman reviewed the quarterly report, which addressed the FY 2022 management report, facilities and capital projects update, the FY 2021-22 internal audit update, tuition development process preview, student housing project, and the status of FY 2021 financial report and audit.

3.2 FY 2021-22 Internal Audit Update

VP Harman reported the capital projects management audit is currently under way with an anticipated completion in February 2022. The Title IX audit is in progress. The Funds, Assets and Inventory audit is scheduled for spring 2022. The Procurement and Contracting audit is on hold, with a tentative plan to reschedule winter/spring 2022. He reported the Fraud, Waste & Abuse Ethics Hotline has received no reports 2021, and none in 2022 as of January.

3.3 Tuition Setting Process Preview

VP Harman discussed the FY 2023 tuition development process and shared that the Policy on Resident Undergraduate Tuition and Mandatory Enrollment Fee process requires establishment of an annual Tuition Recommendation Committee (TRC). The TRC's 2021-22 work plan is designed to conform to university policy, meet the requirements of HB-4141, and satisfy the criteria established by the Higher Education Coordinating Commission (HECC) if requesting a tuition increase above 5%. The procedure is designed to provide for a collaborative and inclusive tuition setting process focused on supporting student affordability, long-term financial stability of the university and ensuring high-quality degree programs. The first series of meetings of the TRC is scheduled to begin January 21, 2022, and additional meetings to be held through the beginning of March 2022.

10. Action Items - none

11. Discussion Items

5.1 Student Housing

VP Harman reported that the key assumptions for the approved project have changed since the April 2021 Board of Trustees meeting. Construction costs have risen by 25-30% which will require an additional \$15 million or a reduction of the number of suite style beds from 850 to 450-500. It will be necessary to reevaluate assumptions integral to the project and pursue additional due diligence in identifying other options.

5.2 Preliminary External Audit

VP Harman reported that this audit began in October 2021 and that there have been delays due to new systems and new people, but that a final report is expected January 26, 2022, and that a final report will be presented at the April Board of Trustees meeting.

12. Other Business/New Business - none

13. Adjournment

Meeting adjourned at 9:04am.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. P. Groff", with a horizontal line underneath.

David P. Groff

University General Counsel & Interim Board Secretary



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BOARD PRESENTATION / 4.7.2022



Oregon Tech's - Capital Projects Update

Thom Darrah | Director of Facilities & Capital Planning

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REPORT

Agenda Item No. 3.1

Finance, Facilities and Audit Status: Quarterly Update

Background

The Quarterly Finance, Facilities and Audit Status Report provides information on major responsibility areas under the Finance and Administration Division of Oregon Tech. The Report generally highlights budget performance, revenue and enrollment indicators, facilities, equipment, capital projects and invested funds, as well as internal and external audit coordination. Depending on the timing of the quarterly Board meeting, some data may not yet be available for reporting. The information contained in the Report is used by the Office of the Vice President of Finance and Administration to track progress toward achieving the institution's financial and operational goals.

The report is shared with the Finance Facilities and Audit Committee on a quarterly basis to provide information essential in supporting the Board's governance and fiduciary responsibilities.

Staff Recommendation

No action required. For information and discussion purposes only.

Attachments

Due to the timing of the April 2022 Board meeting and the related document submission deadline of March 24th, some Q3 data is not yet available. Finance, Facilities and Audit Status Reports include the following Attachments:

- A. Feb YTD FY 2021-22 Management Report
- B. Q-2 FY 2021-22 Financial Dashboard
- C. Q-2 FY 2021-22 Investment Report
- D. Q-3 Facilities and Capital Projects Report

Attachment A

General Fund Monthly Report

FY 2021-22 February (in thousands)

Acct	YTD Comparison		FY 2022 Budget & Forecast					Notes
	FY 2020-21 February Actuals	FY 2021-22 February Actuals	FY 2020-21 Year End Actuals	FY 2021-22 Board Adopted Budget	FY 2021-22 Adjusted Budget	FY 2021-22 Forecast	Forecast to Budget Variance	
State Allocations	\$26,972	\$33,114	\$32,117	\$32,215	\$32,215	\$37,407	\$5,192	(1)
Tuition & Fees	37,004	36,206	39,575	41,882	41,882	38,616	(3,266)	(2)
Remissions	(3,608)	(3,977)	(5,296)	(6,039)	(6,039)	(5,599)	440	
Other	1,880	1,190	2,699	2,746	2,746	1,785	(960)	
Total Revenue	\$62,248	\$66,533	\$69,094	\$70,804	\$70,804	\$72,209	\$1,405	
Administrative Staff Salary	4,147	5,455	6,776	9,046	9,277	8,706	(341)	
Faculty Salary	7,672	7,588	13,122	13,104	13,104	12,716	(388)	
Adjunct and Admin/Faculty Other Pay	2,707	2,125	4,797	3,945	3,945	4,345	400	
Classified	3,550	3,901	5,481	6,270	6,327	5,912	(358)	
Student	379	431	656	980	980	750	(230)	
GTA	36	43	68	121	121	100	(21)	
OPE	10,511	11,289	16,756	18,260	18,581	17,267	(993)	
Total Labor Expense	\$29,001	\$30,830	\$47,656	\$51,727	\$52,336	\$49,796	(\$1,932)	(3)
Service & Supplies	7,668	8,062	11,887	17,483	15,666	12,700	(4,783)	
Internal Sales	(905)	(861)	(1,267)	(1,317)	(1,317)	(1,289)	27	
Debt Service	828	317	2,212	1,219	1,301	317	(902)	(4)
Capital	19	681	717	253	253	400	147	
Utilities	593	1,017	1,285	-	1,368	1,768	1,768	(5)
Transfers In	(56)	(72)	(57)	-	-	(72)	(72)	
Transfers Out	1,025	-	4,849	1,433	1,433	1,433	-	
Total Direct Expense	\$9,172	\$9,144	\$19,626	\$19,072	\$18,705	\$15,257	(\$3,815)	
Total All Expense	\$38,173	\$39,974	\$67,282	\$70,799	\$71,041	\$65,053	(\$5,747)	
Net From Operations	\$24,075	\$26,559	\$1,813	\$4	\$(237)	\$7,156	\$7,152	
Fund Additions/(Deductions)	(170)	-	(170)					
Change in Fund Balance	\$23,905	\$26,559	\$1,642	\$4	\$(237)	\$7,156	\$7,152	(6)
Beginning Fund Balance	13,593	15,235	13,593	15,235	15,235	15,235		
Ending Fund Balance	\$37,497	\$41,794	\$15,235	\$15,239	\$14,998	\$22,391	\$7,152	
Ending Cash Balance	25,481	33,737	\$17,397					
% Operating Revenues	60.2%	62.8%	22.0%	21.5%		31.0%		

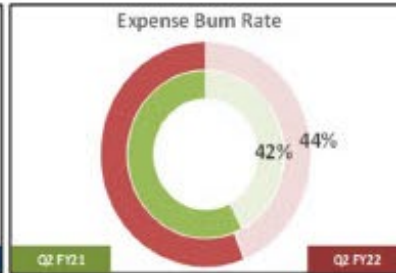
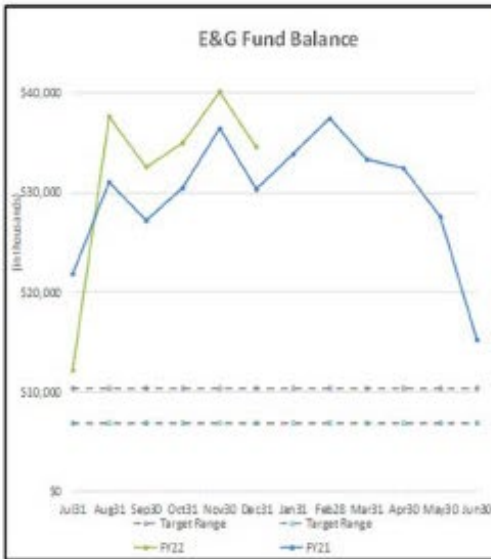
Notes:

Education & General

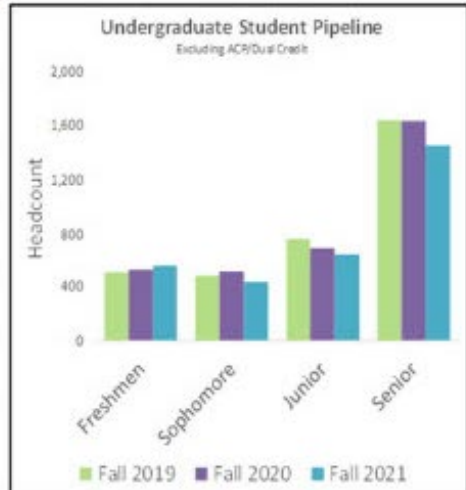
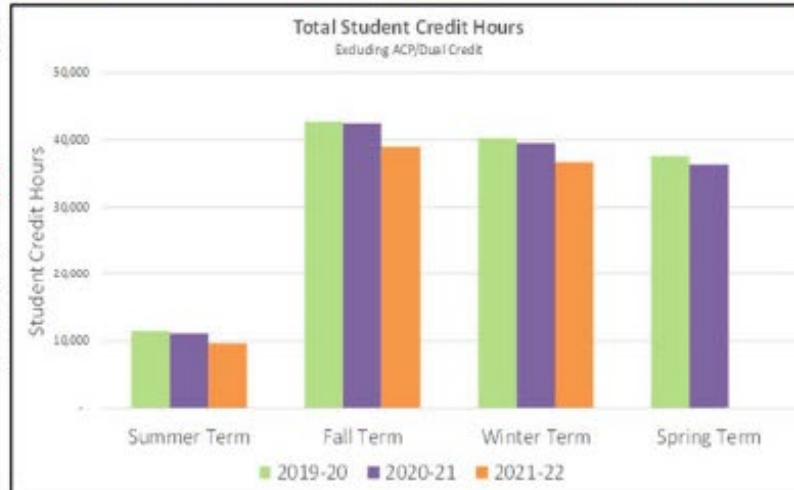
- (1) FY 2021-22 YTD Actuals - Received full one-time biennial allocation for Center of Excellence in Applied Computing and Rural Health Initiatives in Q1
- (2) FY 2021-22 Forecast - Enrollment is down over last academic year. We budgeted a 1% increase in enrollment for FY 2022
- (3) FY 2021-22 Forecast - Net salary savings projected at \$4.4M (\$2.5M in salary savings was budgeted)
- (4) FY 2021-22 Forecast - One-year reduction in debt service principal due to May 2021 bond refunding
- (5) FY 2021-22 Adjusted Budget - Utilities moved from S&S to separate line item
- (6) FY 2021-22 Forecast - Includes impact from one-time funding for Center of Excellence in Applied Computing and Rural Health Initiatives

Oregon TECH

Quarterly Financial Dashboard As of December 31, 2021



Key Financial Indicators (\$ in thousands)		
E&G Fund Balance:	\$34,552	As of Dec 31, 2021
Total Cash on Hand:	\$14,553	As of Dec 31, 2021
E&G Cash on Hand:	\$29,423	As of Dec 31, 2021
Days Cash on Hand:	102 Days	As of Dec 31, 2021
Debt Burden Ratio:	3.01%	As of June 30, 2021
Quasi Endowment:	\$7,583	As of June 30, 2021
Foundation Assets:	\$39,593	As of June 30, 2021



Student Tuition		
Undergraduate Tuition		
	2021-22	2020-21
Resident:	\$9,572	\$9,212
Non-Resident:	\$30,466	\$29,322
WUE:	\$14,357	\$13,819
Online:	\$12,645	\$12,150
Differential:	37% Premium	35% Premium
Graduate Tuition		
	2021-22	2020-21
Resident:	\$17,612	\$16,951
Non-Resident:	\$29,565	\$28,455
Online:	\$14,400	\$13,860
ETM Differential:	37% Premium	35% Premium

Degree Completions					
		2020-21	2019-20	2018-19	3 Year Δ
Undergraduate	Resident:	522	493	545	-4.2%
	Non-Resident:	244	239	208	17.3%
Graduate	Resident:	30	13	16	87.5%
	Non-Resident:	12	14	11	9.1%

Notes:
Student tuition rates are shown at 15 credits per term for undergraduates and 12 credits per term for graduates.

FY 2021-22 Q2 Investment Report

BACKGROUND

The Oregon Tech (university) investment report for the second quarter (Q2) of FY2021-22 is presented in the following sections:

- **FY2021-22 Q2 Oregon Tech Investment Report** – This section includes a report on the investments of the operating and endowment assets of the university. This report reflects the university's operating assets that are invested in the Public University Fund and the university's endowment assets managed by the Oregon State Treasury.
- **FY2021-22 Q2 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the second quarter of FY2021-22 (i.e., October 1 – December 31, 2021).

FY2021-22 Q2 OREGON TECH INVESTMENT REPORT

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

Public University Fund

(Prepared by the Public University Fund Administrator)

Oregon Tech's operating assets are invested in the Public University Fund (PUF). As of December 31, 2021, Oregon Tech had \$14.9 million on deposit in the PUF. The PUF decreased 0.1% for the quarter and increased 0.3% fiscal year-to-date. The PUF's three-year and five-year average returns were 3.0% and 2.6%, respectively.

The Oregon Short-Term Fund returned 0.1% for the quarter, outperforming its benchmark by 10 basis points. The Core Bond Fund decreased 0.4% for the quarter, outperforming its benchmark by 20 basis points. The PUF investment yield was 0.3% for the quarter and 0.7% fiscal year-to-date.

The Core Bond Fund's performance decline was a result of rising interest rates across the intermediate term structure of the yield curve, as investors priced in concerns about rising inflation. While the portfolio composition remains defensively positioned versus its benchmark, the Oregon State Treasury's portfolio management team forecasts inflation will moderate in the coming months as supply chain shocks are resolved and economic deflationary forces resume.

Oregon Tech Quasi-Endowment Fund

The Oregon Tech Quasi-Endowment assets decreased 0.3% for the quarter and increased 0.1% fiscal year-to-date. The Oregon Intermediate-Term Pool outperformed its benchmark by 30 basis points for the quarter and 60 basis points fiscal year-to-date. The Endowment assets were valued at \$7.3 million, as of December 31, 2021.

Attachment C

Oregon Tech Investment Summary as of December 31, 2021 (Net of Fees)

	Quarter Ended 12/31/2021	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Target
OIT Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.1%	0.5%	0.5%	1.5%	1.6%	1.1%	\$ 7,632,778	51.1%	¹
Benchmark - 91 day T-Bill	0.0%	0.0%	0.1%	1.0%	1.1%	0.6%			
PUF Core Bond Fund	-0.4%	0.1%	2.2%	4.6%	N/A	N/A	7,299,159	48.9%	¹
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	-0.6%	-0.5%	0.9%	3.7%	2.9%	2.4%			
Public University Fund Total Return	-0.1%	0.3%	1.0%	3.0%	2.6%		<u>\$14,931,937</u>	<u>100.0%</u>	
Public University Fund Investment Yield	0.3%	0.7%	1.2%	2.4%	2.3%				
OIT Endowment Assets									
Oregon Intermediate-Term Pool	-0.3%	0.1%	2.6%	4.4%	N/A	N/A	\$ 7,292,056	100.0%	
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ³	-0.6%	-0.5%	0.7%	3.4%	2.6%	2.0%			

¹ The Public University Fund (PUF) policy guidelines define investment allocation targets based upon total participant dollars committed. Core balances in excess of liquidity requirements for the participants are available for investment in the Core Bond Fund. Maximum core investment allocations are determined based upon anticipated average cash balances for all participants during the fiscal year.

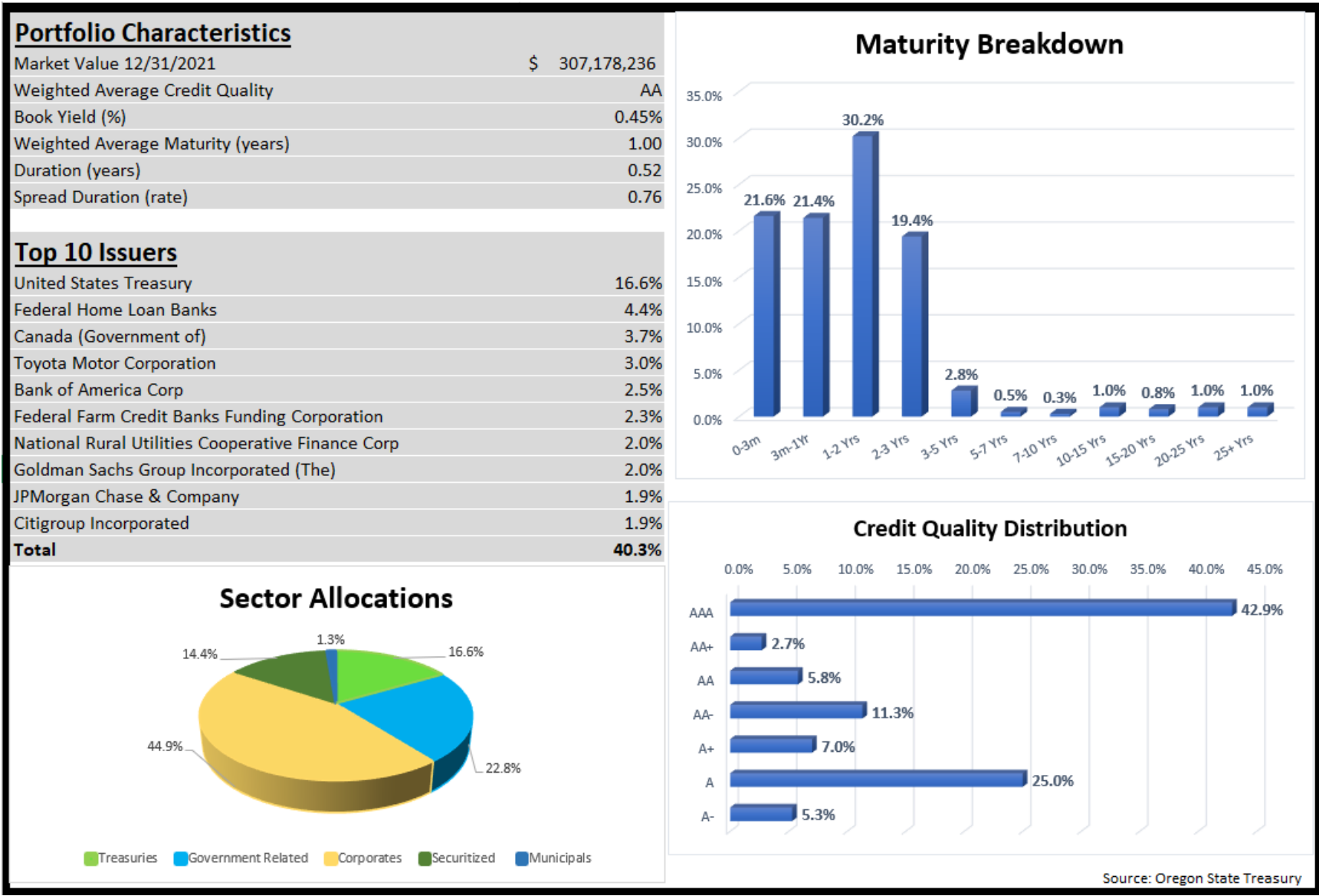
² 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of February 1, 2021. From April 1, 2017 to January 31, 2021, the benchmark was 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

³ 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of January 1, 2021. From June 1, 2015 to December 31, 2020 the benchmark was Bloomberg Barclays 3-5 Year U.S. Aggregate Index.

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

December 31, 2021

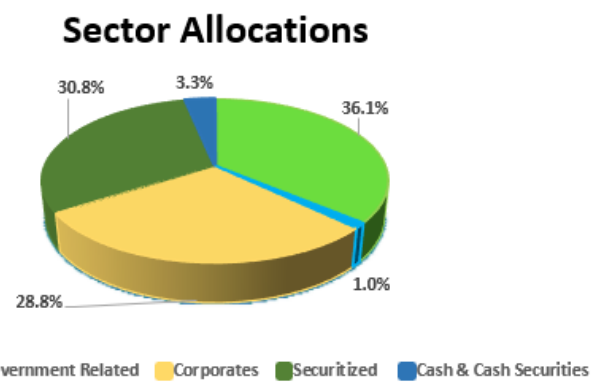
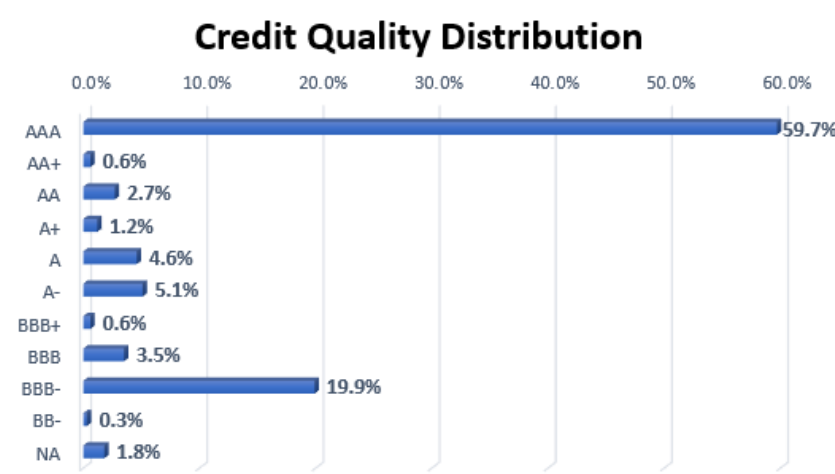
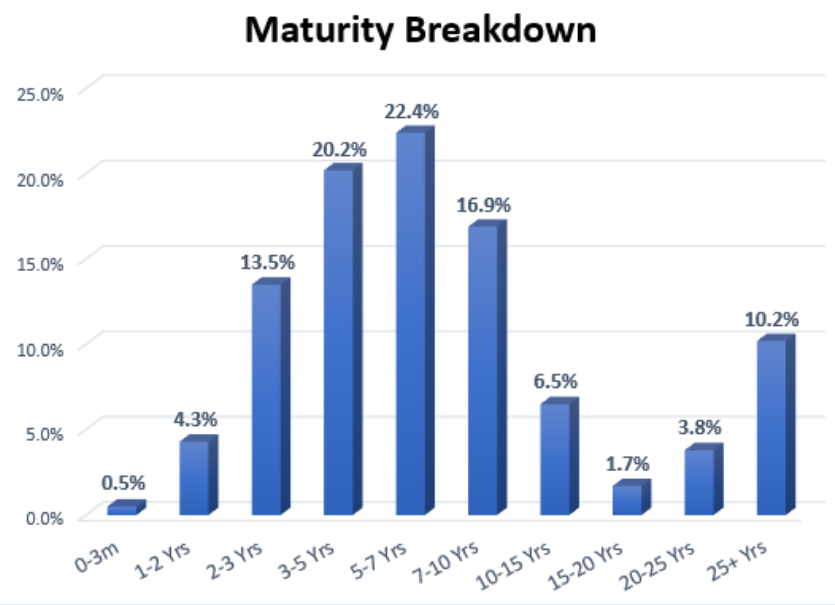


Core Bond Fund

December 31, 2021

Portfolio Characteristics	
Market Value 12/31/2021	\$ 293,751,860
Weighted Average Credit Quality	AA-
Book Yield (%)	1.74%
Weighted Average Maturity (years)	4.82
Duration (years)	3.86
Spread Duration (rate)	2.76

Top 10 Issuers	
United States of America	37.4%
Deutsche Telekom AG	3.3%
Franklin BSP Lending Corp	3.0%
Federal National Mortgage Association	2.7%
Oscar US Funding Trust	2.7%
Oregon State Treasury	2.7%
TRP LLC	2.5%
Ashtead Group PLC	2.5%
OZLM LTD	2.2%
Monroe Capital MML	2.1%
Total	61.1%



Source: Oregon State Treasury

FY2021-22 Q2 MARKET COMMENTARY*(Prepared by Meketa Investment Group, consultants to the Oregon Investment Council)***Report on Investments – as of December 31, 2021****Economic and Market Update**

Declining fears over the Omicron variant and expectations for continued corporate strength contributed to global equity markets posting positive returns for December. Developed markets led the way with international equities – Morgan Stanley Capital International Europe, Australasia and Far East (MSCI EAFE) – outpacing U.S. equities (S&P 500). Emerging markets lagged mainly due to continued concerns related to China. Overall, in calendar year 2021, U.S. equities had the best results given continued policy support, relative success in reopening the economy, and strong corporate fundamentals. In December, rising inflation and expectations for less accommodative policy led to the U.S. bond market (Bloomberg Barclays Aggregate) declining slightly, while high yield bonds increased in the risk-on environment. For the year, Treasury Inflation Protected Securities led the way in bonds, up 6%, followed by high yield with the broad bond market index declining by 1.5%.

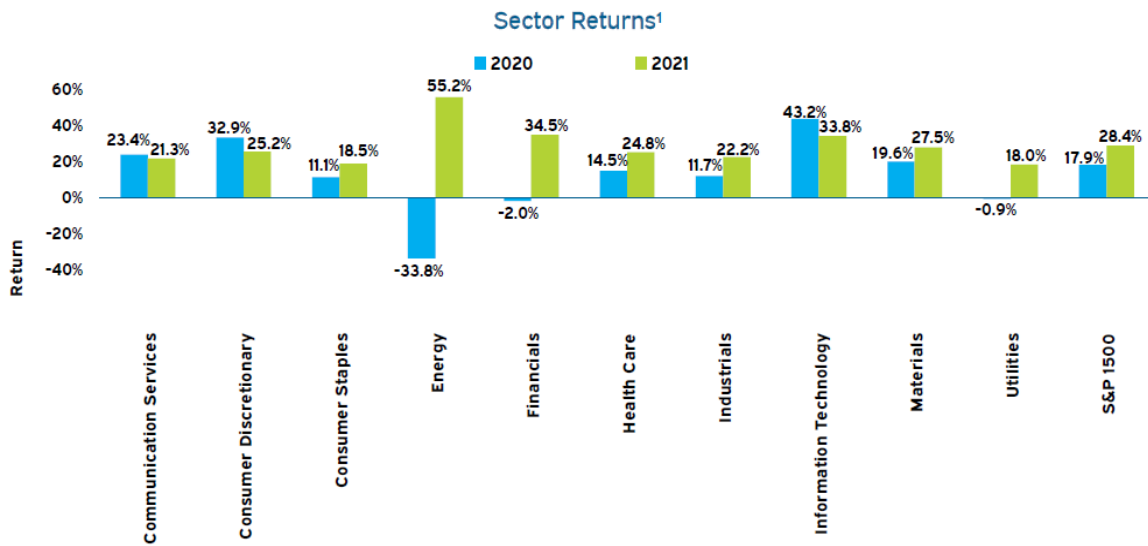
Market Returns¹
December 31, 2021

	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	4.5%	11.0%	28.7%	28.7%	26.1%	18.5%	14.9%	16.6%
MSCI EAFE-ND	5.1%	2.7%	11.3%	11.3%	13.5%	9.5%	6.8%	8.0%
MSCI EM-ND	1.9%	-1.3%	-2.5%	-2.5%	10.9%	9.9%	6.1%	5.5%
MSCI China-ND	-3.2%	-6.1%	-21.7%	-21.7%	7.8%	9.4%	5.5%	7.2%
Bloomberg US Aggregate	-0.3%	0.0%	-1.5%	-1.5%	4.8%	3.6%	3.0%	2.9%
Bloomberg US TIPS	0.3%	2.4%	6.0%	6.0%	8.4%	5.3%	4.2%	3.1%
Bloomberg US Corporate High Yield	1.9%	0.7%	5.3%	5.3%	8.8%	6.3%	6.1%	6.8%
ICE BofAML US 3-Month Treasury Bill	0.0%	0.0%	0.0%	0.0%	1.0%	1.1%	0.9%	0.6%
ICE BofAML 1-3 Year US Treasury	-0.2%	-0.5%	-0.6%	-0.6%	2.0%	1.6%	1.4%	1.1%
ICE BofAML 10+ Year US Treasury	-1.4%	3.0%	-4.6%	-4.6%	8.6%	6.4%	4.6%	4.4%

¹Source: Oregon State Treasury

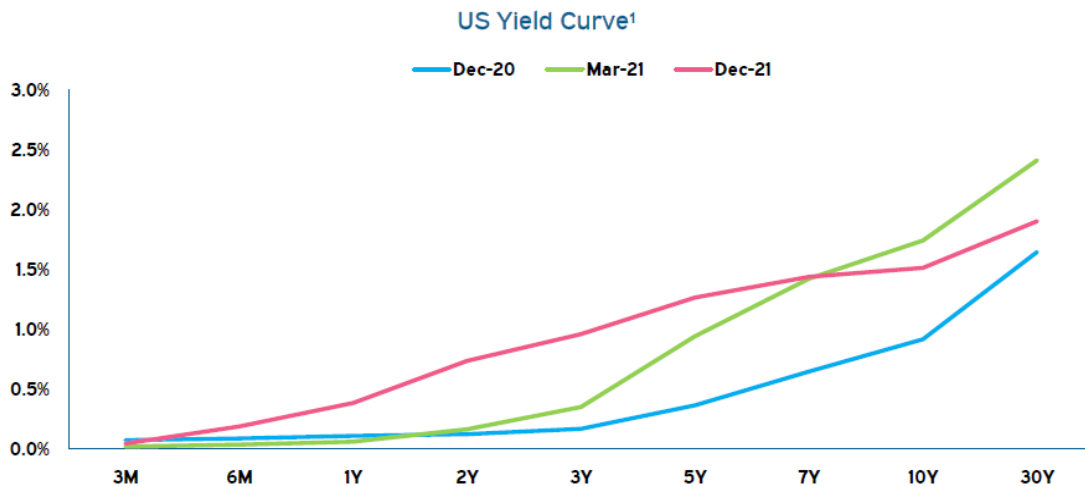
All sectors advanced in 2021 with energy leading the way followed by financials, a reversal of the 2020 trend. The technology sector also produced strong results last year building on the 40%+ returns in the prior year.

Attachment C



¹ Source: Bloomberg. Data is as of December 31, 2021.

During the first half of 2021, the Treasury yield curve steepened on both higher growth and inflation expectations as vaccines were deployed and economic growth prospects improved on the opening of the economy, while monetary policy anchored short-dated rates near 0%. Over the latter-half of the year, however, shorter-dated yields from 1- to 5-years rose sharply as the Federal Open Market Committee signaled that policy rates may be tightened more aggressively than previously anticipated.



¹ Source: Bloomberg. Data is as of December 31, 2021

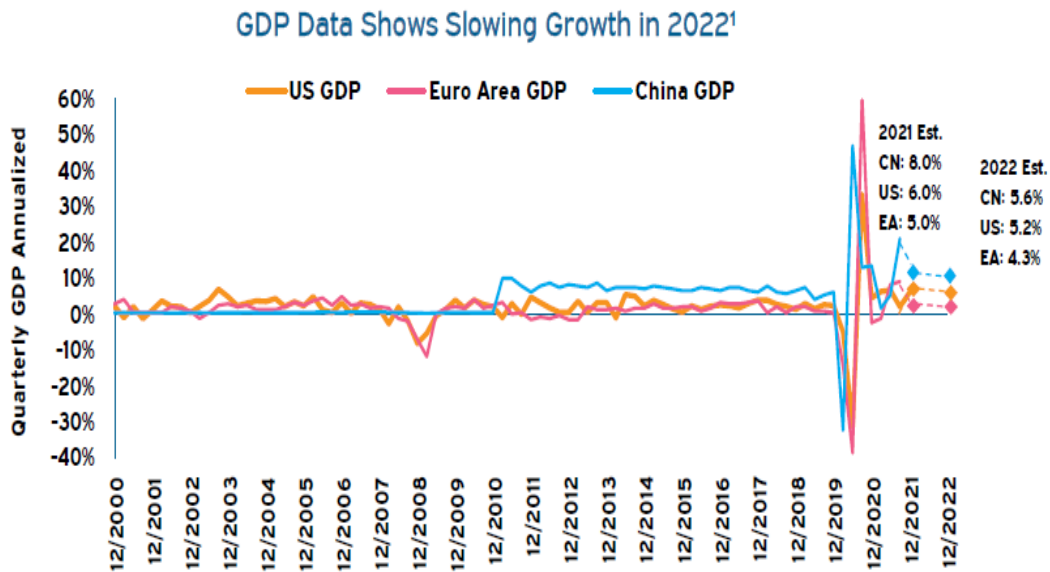
Inflation expectations finished the calendar year higher than they started, ending at a level well above the Federal Reserve’s 2% target. Supply chain issues potentially persisting as new variants of the virus increase the risk of re-shuttering sectors of the global economy and wage pressures remain key drivers of inflation expectations. Additionally, changes to Federal Reserve policy focused on an average inflation target may play a role in inflation market dynamics and,

Attachment C

specifically, the risk that consumer inflation expectations get entrenched at higher inflation growth rates.

In late calendar year 2020 and early calendar year 2021, major economies grew at rates far above potential. These high rates of growth are expected to decline slightly, with projections continuing to decline due to supply disruptions, reopening trends moderating, and some countries continuing to struggle with the virus.

The U.S. is expected to grow faster than the euro area again in calendar year 2022, with some growth pulled forward due to the relative success in distributing the vaccine and a substantially larger fiscal stimulus response to the pandemic. China is projected to grow at 8.0% in calendar year 2021 and 5.6% in calendar year 2022, both above the expected U.S. growth rate. Questions remain, though, about the highly levered property market and increased government regulations.



¹ Source: Bloomberg, and IMF; Euro Area and China figures annualized by Meketa. Projections via October 2021 IMF World Economic Outlook and represent annual numbers.

KERNUTTSTOKES

Internal Audit Update

April 7, 2022

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Audit Status

Internal Audit

Oregon Tech has contracted Kernutt Stokes LLP (IA) for internal audit services. IA reports directly to the Audit Committee of the Board of Trustees (Board).

The statuses of open and planned projects are as follows:

Internal Audit Projects Update	
Activities	Status
Capital Projects Management	Testing 75% complete – stalled due to OIT staff constraints
Title IX	Restarted in March
Fixed Assets and Inventory	On hold to concentrate on/complete open projects
Procurement and Contracting	Tentatively scheduled for Spring 2022
Monitor Fraud, Waste, and Abuse Ethics Hotline	Report included for Board review

The internal audit of Capital Projects Management is about 75% completed. Testing work has stalled due to staffing constraints in various departments at OIT. IA and the VP of Finance and Administration are currently working together to get the project moving again in an effort to complete testing. Once the audit testing work is completed IA will work with the OIT management team to develop a report and action plan for any issues identified. We anticipate this report will be final and presented for Board review by the end of fiscal year 2022.

The Title IX internal audit was paused to try and concentrate on Capital Projects Management completion. Since Capital Projects became delayed due to staffing shortages, IA is now restarting work on Title IX. IA is coordinating with OIT human resources and Title IX management to obtain the necessary information to complete testing. This project is still anticipated to be completed by the end of fiscal year 2022.

The Procurement and Contracting audit is tentatively scheduled to begin in May 2022. This project will begin once the other current projects are in the wrap-up / reporting phase.

Fixed Assets and Inventory has been put on hold. Staff constraints in the BAO make it impractical to begin this audit until other projects have been completed.

IA was also engaged to assist with the special projects and grants department while the University searches for a new SPGA Director. Our work helping to organize the records and create new policies/procedures was completed in January 2022. Once a new Director is hired, we will continue to be a resource assisting them in coordinating the department effectively going forward.

Fraud, Waste, and Abuse Ethics Line Update:

Fraud, Waste, and Abuse Ethics Line Report Log (Fiscal-year)					
Complaint Source	2018	2019	2020	2021	2022
Hotline	5	6	8	9	0
Direct to IA	0	0	0	0	0
Oregon State Audits Division	0	0	1	0	0
Total	5	6	9	9	0
Issues Resolved					
Resolved	5	6	9	9	0
Monitoring	0	0	0	0	0
Open	0	0	0	0	0

IA monitors and performs case management for Oregon Tech’s Fraud, Waste, and Abuse Ethics Line, engaging OIT’s General Council and other appropriate offices at Oregon Tech. A five-year report log is shown with dates representing fiscal years.

There have been no new case submissions since the start of fiscal year 2022, and there are currently no outstanding cases under review.

IA prepared a bi-annual hotline report showing the last five years of hotline reports that summarizes the types of reports typically submitted and the most common reporting sources. That report is included in the Board materials for review and discussion.



Fraud, Waste, Abuse, Ethics Hotline
Bi-Annual Report
March 1, 2022

KERNUTTSTOKES

To: Board of Trustees and Management of Oregon Tech
From: Internal Audit
Date: March 1, 2022
Subject: Fraud, Waste, Abuse, Ethics Hotline (Ethics Hotline) Bi-Annual Report

ETHICS HOTLINE BI-ANNUAL REPORT

BACKGROUND

Oregon Tech has a third-party anonymous hotline service, provided by EthicsPoint. An individual may contact the hotline service either by the toll-free phone or via the internet, 24 hours a day, 7 days a week. EthicsPoint immediately prepares a report for each contact and sends the report to Internal Audit where they are reviewed and directed to the appropriate Oregon Tech official for follow up. The Oregon Tech official receiving the report is required to provide resolution of each report to Internal Audit. Internal Audit tracks each report to ensure the assigned Oregon Tech official properly completes follow up actions. This report summarizes the activity of the Ethics Hotline for the fiscal year ending June 30, 2018, through March 1, 2022.

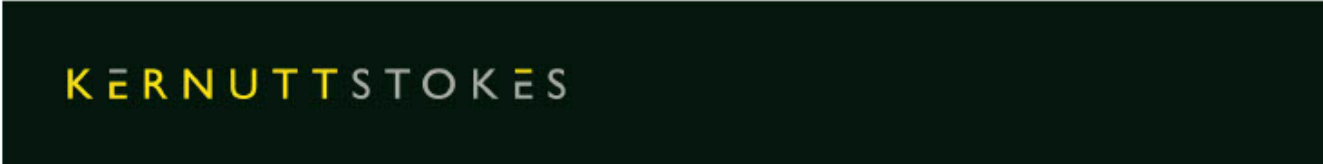
OBJECTIVE AND SCOPE

The objectives of this review were to summarize the data related to the Ethics Hotline for the year ending June 30, 2018, through March 1, 2022.

SUMMARY

There have been 30 reports submitted through the Ethics Hotline and other sources between the year ending June 30, 2018, and through March 1, 2022. An investigation has been completed on all 30 hotline reports.

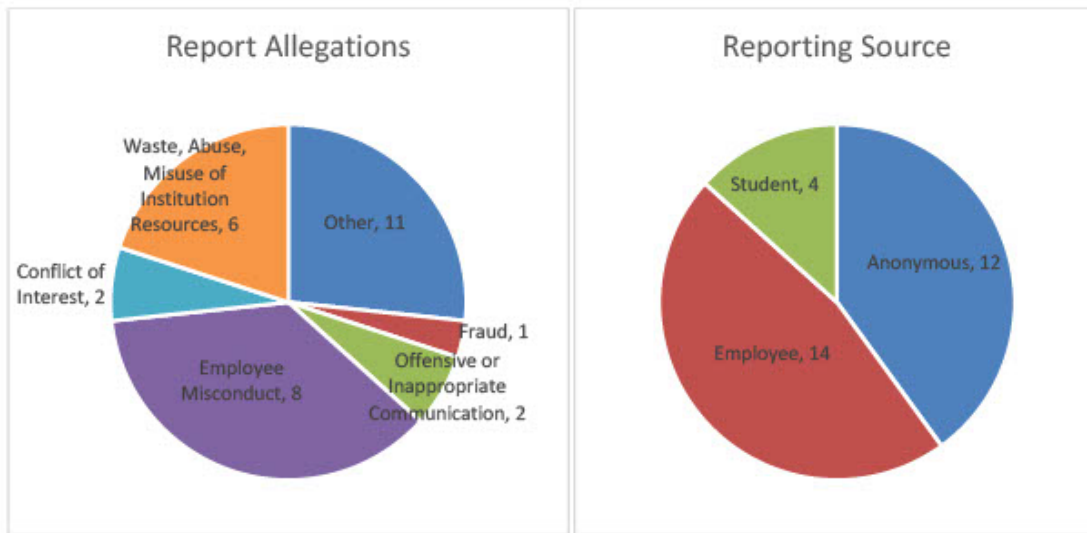
Complaint Source	2018	2019	2020	2021	2022
Hotline	5	7	8	9	0
Direct to IA	0	0	0	0	0
Oregon State Audits Division	0	0	1	0	0
Total	5	7	9	9	0
Issue Status					
Resolved	5	6	9	9	0
Monitoring	0	1	0	0	0
Open	0	0	0	0	0



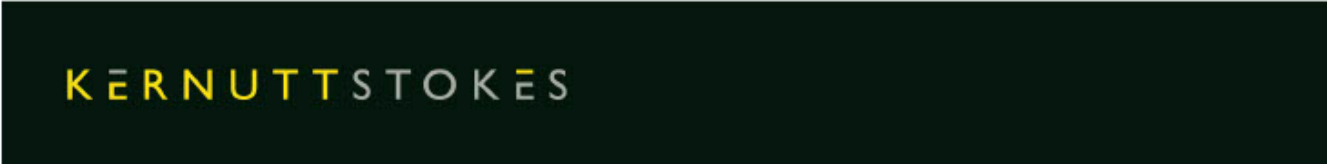
ETHICS HOTLINE DATA

As part of the University’s collective efforts to achieve its strategic objectives, the University has a confidential reporting tool to assist students, faculty, staff and the general public in working to address concerns related to fraud, workplace misconduct, waste of University resources, and ethics violations all while cultivating a positive work environment. The Ethics Hotline is available either by toll-free phone or via the internet, 24 hours a day, 7 days a week. EthicsPoint, a third party provider, manages the hotline service. Upon submission of a report, an inquiry, or a concern, EthicsPoint immediately prepares a report for each contact and notifies Internal Audit. Internal Audit reviews all reports and forwards them to the University’s General Counsel unless circumstances dictate another University official is more appropriate. The University official receiving the report is required to provide resolution of each report to Internal Audit. If additional information is required, Internal Audit can communicate with the reporter via EthicsPoint and vice versa which maintains anonymity, should the reporter wish to do so. As cases are resolved, reporters are notified that cases are closed. In some instances, it may not be appropriate for the reporter to be notified of how an issue was resolved, particularly if it involves a personnel matter, but a reporter can be assured that the matter was received, investigated and resolved.

Report Allegations and Reporting Source



The “other” classification for report allegations includes at least one report from each of these five areas: improper disclosure of financial records, improper supplier/contractor activity, inappropriate former employee communication, safety concern, complaint about faculty or hiring, and other.



The Ethics Hotline allows individuals to remain anonymous if they choose. It also provides the individual the opportunity to identify themselves by either including their name or only including their connection to the University, such as a student or employee.

Report Resolutions

Internal Audit, with the help of Legal Counsel, has documented resolutions for all reports received through the Ethics Hotline and other sources.



Control +Click or right click and select "Open Link" on image above to view report

ACTION

Agenda Item No. 4.1

Request for Approval: 2020-21 Annual Financial Report

Background

The Oregon Tech 2021 Annual Financial Report was prepared by Oregon Tech in conjunction with the University Shared Services Enterprise (USSE). The audit opinion issued by CliftonLarsonAllen LLP (CLA) is an unmodified (clean) opinion. This audit opinion is attached via link below.

CLA has prepared a Governance Communication Letter to communicate certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process. The Governance Communication Letter is attached below.

CLA has issued an unmodified opinion on Oregon Tech's 2021 Annual Financial Report.

The 2021 Annual Financial Report can be found at the following link <https://www.oit.edu/faculty-staff/finance-administration/annual-financial-report> and printed copies will be provided to all members of the Board of Trustees.

Staff Recommendation

After review of the external audit materials, **staff recommends a Motion to approve the Oregon Tech FY 2021-22 Annual Financial Report.**

Attachments

[Oregon Tech 2021 Annual Financial Report Governance Communication Letter](#)
[Oregon Tech 2021 Annual Financial Report Management Letter](#)

ACTION ITEM

Agenda Item No. 4.2

Request for Approval: 2022-23 Academic Year Tuition and Fees

Legislative and HECC Background

A primary responsibility of the Oregon Tech Board of Trustees is to establish tuition and mandatory enrollment fees each year. Oregon Revised Statute (ORS) 352.102 outlines the Board's responsibilities relative to tuition and mandatory enrollment fees. The statute stipulates that the Governing Board shall:

- *establish a collaborative and inclusive process for determining tuition and mandatory enrollment fees,*
- *require the university to establish a written process describing the role of an advisory board and its relationship to the president and the university,*
- *outline specific information and analysis which must be presented to the advisory board,*
- *request the president transmit a joint tuition and fee recommendation, including both the president's and the recognized student government's tuition and fee recommendations or any minority report,*
- *stipulate limitations on authority to adjust tuition and mandatory enrollment fees to increases at or below 5% without prior authorization from the HECC or legislature, and*
- *limit its ability to delegate the responsibility to set tuition and mandatory enrollment fees.*

The Oregon Tech Board of Trustees established its Policy on Resident Undergraduate Tuition and Mandatory Enrollment Fee Process in compliance with ORS 352.102. This policy establishes the Tuition Recommendation Committee (TRC) as the university's advisory body for developing tuition recommendations, as well as a tuition setting process and policy framework as required by ORS 352.102, Section 5.1, which specifically states:

The Tuition Recommendation Committee shall meet at least twice between January and February prior to providing the president with written recommendations on proposed tuition and mandatory fee rates for resident undergraduate students for the upcoming academic year; these meetings shall be open to the student body. A minimum of one public forum shall be held at the Klamath Falls campus and a minimum of one at the Portland-Metro campus to discuss and solicit input on the proposed tuition and mandatory fees; and broad notification of the forum shall be made to the university community.

To assist in making its recommendations, the Tuition Recommendation Committee shall receive a plan for how the Board of Trustees and Administration are managing costs on an ongoing basis and a plan for how resident tuition and mandatory enrollment fees could be decreased if the university receives more moneys from the state than anticipated.

When advising the president, the Tuition Recommendation Committee shall include input received at the public forum and considerations regarding the mechanisms by which moneys are appropriated by the Legislative Assembly to the Higher Education Coordinating Commission for allocation to universities, historical tuition and fee trends, comparative data for peer institutions, the University's budget and projected cost increases, and anticipated state appropriation levels. In addition to the recommendations, the report shall convey deliberations and observations of the Tuition Recommendation Committee and must include any minority report requested by a Tuition Recommendation Committee member and any documents produced or received by the Tuition Recommendation Committee. The president shall bring the recommendations report and all associated documents to the Board for approval.

When setting tuition and fees, the Board may consider a number of factors, including the intent to (a) create affordable access to degree programs, (b) create a diverse student body, (c) maintain strong degree programs at every level, (d) develop and maintain the human and physical infrastructure necessary to support the university's educational outcome goals, and (e) maintain the fiscal integrity of the institution over the long-term.

The Higher Education Coordinating Commission (HECC), in an effort to increase transparency and predictability for universities during the tuition setting process, approved criteria during 2018 to be utilized in determining whether or not a proposed tuition increase of greater than five percent is “appropriate,” as is required by Oregon Law. Barring extreme or unforeseen circumstances, these criteria will be the only criteria utilized by the Commission in evaluating tuition increases. The university’s compliance with the criteria will be judged using a “reasonableness” standard and determined using the totality of the institution’s submission. These criteria were folded into the TRC deliberation process so that if the TRC were to advance a proposed tuition increase of greater than 5% the university would be able to meet the objectives delineated by the HECC. These criteria include three focus areas:

Focus Area One: Fostering an Inclusive and Transparent Tuition-Setting Process. Specifically, the institution must demonstrate that students had multiple opportunities to engage in the tuition-setting process, and that information about the tuition-setting process was easily accessible and in compliance with ORS 352.102.

Focus Area Two: Safeguarding Access and Support for Degree Completion by Historically Underrepresented Students. Specifically, the institution must demonstrate the impact of tuition increases above and below five percent on remission programs and support services for underrepresented students; and that the university has a plan for reducing tuition if there is additional state funding available.

Focus Area Three: Financial Conditions Demonstrating the Need for Resident, Undergraduate Tuition to be Increased More than 5%. Specifically, the university is required to explain the cost drivers and revenue dynamics that are causing tuition to increase above five percent and the impact on the university’s mission; and that the university is implementing cost containment efforts.

Committee Principles

The TRC established a set of guiding principles to inform the deliberation and recommendation process. The Committee also read and reviewed the statutory and policy requirements of the group at its first and subsequent meetings. These guiding principles were referenced during meetings and forums.

Guiding Principles:

- Consider long-term factors when recommending the single-year decisions
- Recognize the importance of affordability for students
- Tuition levels should be developed using data and information, including internal budget, comparative institutions, and external cost indices.
- Maintain the service level, quality and support that Oregon Tech currently provides students.

Process Requirements:

- Transparent communication with stakeholders with an appropriate level of detail
- Committee will utilize data and information throughout the process (see Attachment E)
- Respectful communications and ask questions.

Tuition Recommendation Committee and ASOIT Recommendations

The Tuition Recommendation Committee (TRC) is comprised of students, faculty, staff and the chair of the Fiscal Operations Advisory Council (FOAC) and met four times, between January and February 2022. The Committee also held two public forums in conjunction with the Associated Students of Oregon Institute of Technology (ASOIT) through virtual media conferencing with the Klamath Falls and Portland-Metro campuses. These forums were held in February to educate the campus community on the tuition setting process and budget dynamics impacting the university, as well as to solicit feedback from students on a range of tuition scenarios developed by the TRC. Feedback from the forums was incorporated into the TRC recommendation.

TRC acted by consensus and reviewed financial projections, current tuition, and fee rates at other Oregon public universities and competitor institutions outside the state as well as other information and background materials.

The TRC submitted a recommendation to ASOIT in March based on the TRC Staff Report dated March 4, 2022. ASOIT developed a slightly modified recommendation based on subsequent notification from the HECC on March 15th that Oregon Tech FY 2023 funding through the Student Success and Completion Model (SSCM) would increase by \$343,965 over previous forecasted allocations due to a HECC formula error. Both recommendations are provided below:

TRC 2022-23 Tuition and Fees Recommendation (based on information as of March 4th):

- Increase academic year 2022-23 base tuition and fees by 8.0%, contingent upon HECC approval, and if that approval is not forthcoming the increase shall be 5.0%, (see Tables below)
 - This is comprised of a 7.6% increase to base tuition, along with an increase in health service fees at the Klamath Falls campus to \$195 from \$172 and at the Portland-Metro campus to \$63 from \$43 for students enrolled for the regular academic year.
- If allocations to Oregon Tech for FY 2022-23 from the Student Success and Completion Model (SSCM) exceed the amount previously forecasted by HECC (\$29,137,735), consideration shall be given to reducing the amount of the 2022-23 increase,
- Differential tuition related to Health and Engineering Technology programs shall remain at the current 37% premium on base tuition rates (see Attachment F),
- Tuition remissions continue at approximately 14% of tuition revenue and that an additional \$200,000 shall be targeted for underserved and disadvantaged students, and;
- Finally, the president or his designee is delegated such authority as available under policy and law to make minor and technical adjustments to these proposed rates as necessary to correct mathematical round-offs, errors, inconsistencies, or omissions and execute the Board's directives.

ASOIT 2022-23 Tuition and Fees Recommendation:

- Increase academic year 2022-23 base tuition and fees by 5.0%,
 - This is comprised of a 4.6% tuition increase and increasing the health service fees at the Klamath Falls campus to \$195 from \$172 and at the Portland-Metro campus to increase to \$63 from \$43 for students enrolled for the regular academic year.
- If allocations to Oregon Tech for FY 2022-23 from the Student Success and Completion Model (SSCM) exceed the amount previously forecasted by HECC (\$29,137,735), consideration be given to reducing the amount of the 2022-23 increase,
- Differential tuition related to Health and Engineering Technology programs remain at the current 37% premium on base tuition rates,
- Tuition remissions increase to approximately 17% of tuition revenue and that an additional

\$200,000 be targeted for underserved and disadvantaged students.

Based on this recommendation, ASOIT also made suggestions regarding services and interactions they believe would be beneficial to the student body. These are as follows:

- Oregon Tech administration should continue efforts to engage the HECC and legislature to restore/increase equitable state funding to Oregon Tech.
- Expedite recruitment for budgeted vacant faculty positions.
- Increase monitoring of movable equipment on Portland-Metro campus for purposes of evaluating

The Incidental Fee Commission (IFC) has made various recommendations related to changes in incidental fees. The Commission recommended no change in Incidental Fees for students enrolled in 6 or more credit hours at the Klamath Falls campus and no change for those with 1 to 5 credit hours. The IFC recommended an increase from \$50 to \$80 in Incidental Fees at the Portland-Metro campus.

These tuition and fee recommendations are outlined in the Tables below.

Subsequent Event to TRC Tuition and Fees Recommendation:

The TRC recommended an 8% increase in tuition and fees. The TRC also recommended that consideration be given to reducing the amount of the 2022-23 increase if FY 2022-23 allocations to Oregon Tech from the Student Success and Completion Model (SSCM) exceed the amount (\$29,137,735) previously forecasted by the HECC. On March 15, 2022 Oregon Tech was informed by the HECC staff that an additional \$343K will be provided through the allocation adjustment process for FY 2022-23. This equates to about 1% of tuition revenue. The president's recommendation below, takes this additional funding into consideration through recommending a 1.0% reduction to the TRC recommendation so that we pass this benefit to our students by reducing the final tuition and fees rate increase to 7%..

Presidential Recommendation

In consideration of the recommendations of the TRC, IFC, and ASOIT (see Attachments B, C, and D), and after consultation with the executive staff and members of the university, the president is recommending to the Board of Trustees:

- Increase academic year 2022-23 base tuition and fees by 7.0%, contingent upon HECC approval.
 - The above increase is comprised of a 6.6% tuition increase and increasing the health service fees at the Klamath Falls campus to \$195 from \$172 and at the Portland-Metro campus to \$63 from \$43 for students enrolled for the regular academic year.
- Differential tuition related to Health and Engineering Technology programs shall remain at the current 37% premium on base tuition rates (see Attachment F),
- Tuition remissions shall continue at approximately 14% of tuition revenue, and an additional \$200,000 shall be targeted for underserved and disadvantaged students,
- Incidental fees shall remain unchanged at \$397.50 for the Klamath Falls campus and will increase to \$80 from \$50 at the Portland-Metro campus for students enrolled during the regular academic year,
- If HECC approval is not forthcoming at the level approved by the Board, the increase shall be the alternate amount approved by the HECC or 5.0%, whichever is larger, and;
- Finally, the president or his designee is delegated such authority as available under policy and law to make minor and technical adjustments to these proposed rates as necessary to correct mathematical rounding, errors, inconsistencies, or omissions and execute the Board's directives.

The Tables below summarize the recommended changes at the level of an 8%, 7% and 5% increase in tuition

and fees. With these revised tuition and fees rates, Oregon Tech tuition will continue to be competitive with other institutions featuring similar programs both within and outside the state.

If the Board approves the changes in tuition and fees, as recommended by the president and outlined in the staff recommendation, it will require subsequent review and approval by the HECC or the Legislative Assembly as outlined in ORS 352.102(4)(a), because the increase in undergraduate resident tuition and fees for 2022-23 will exceed 5 percent.

Staff Recommendation

After review of the Tuition Recommendation Committee Report and related attachments, staff recommends a **Motion to recommend to the full Board that academic year 2022-23 Tuition and Fees be set in accordance with the president's recommendation memo (Attachment A) and restated below:**

- **Increase academic year 2022-23 base tuition and fees by 7.0%, contingent upon HECC approval.**
 - **The above increase is comprised of a 6.6% tuition increase and increasing the health service fees at the Klamath Falls campus to \$195 from \$172 and at the Portland-Metro campus to \$63 from \$43 for students enrolled for the regular academic year.**
- **Differential tuition related to Health and Engineering Technology programs shall remain at the current 37% premium on base tuition rates (see Attachment F),**
- **Tuition remissions shall continue at approximately 14% of tuition revenue, and an additional \$200,000 shall be targeted for underserved and disadvantaged students,**
- **Incidental fees shall remain unchanged at \$397.50 for the Klamath Falls campus and will increase to \$80 from \$50 at the Portland-Metro campus for students enrolled during the regular academic year,**
- **If HECC approval is not forthcoming at the level approved by the Board, the increase shall be the alternate amount approved by the HECC or 5.0%, whichever is larger, and;**
- **Finally, the president or his designee is delegated such authority as available under policy and law to make minor and technical adjustments to these proposed rates as necessary to correct mathematical rounding, errors, inconsistencies, or omissions and execute the Board's directives.**

Table- 8% Increase to Oregon Tech Tuition & Fees				
		FY 2021-22	FY 2022-23	Net %
		Rate/SCH	Rate/SCH	Change
Undergraduate	Resident	\$212.70	\$228.87	7.6%
	WUE	\$319.05	\$343.31	7.6%
	Non-Resident	\$677.02	\$728.47	7.6%
	Differential	37%	37%	
Special Programs	Medical Lab Sciences (R)	\$291.40	\$313.55	7.6%
	Medical Lab Sciences (NR)	\$526.88	\$566.92	7.6%
	Paramedic (R)	\$232.63	\$250.31	7.6%
	Paramedic (NR)	\$333.59	\$358.94	7.6%
	Chemeketa Dental Hygiene (R)	\$232.63	\$250.31	7.6%
	Chemeketa Dental Hygiene (NR)	\$755.49	\$812.91	7.6%
Graduate	Resident	\$489.21	\$526.39	7.6%
	Non-Resident	\$821.25	\$883.67	7.6%
	Differential	37%	37%	
Fees				
		FY 2021-22	FY 2022-23	Net %
				Change
Klamath Falls	Building	\$45.00	\$45.00	0.0%
	Incidental	\$397.50	\$397.50	0.0%
	Health Services	\$172.00	\$195.00	13.4%
	Student Rec Center	\$69.00	\$69.00	0.0%
Portland Metro	Building	\$45.00	\$45.00	0.0%
	Incidental	\$50.00	\$80.00	60.0%
	Health Services	\$43.00	\$63.00	46.5%

Table- 7% Increase to Oregon Tech Tuition & Fees

Table- 7% Increase to Oregon Tech Tuition & Fees				
		FY 2021-22	FY 2022-23	% Change
		Rate/SCH	Rate/SCH	
Undergraduate	Resident	\$212.70	\$226.74	6.6%
	WUE	\$319.05	\$340.11	6.6%
	Non-Resident	\$677.02	\$721.70	6.6%
	Differential	37%	37%	
Special Programs	Medical Lab Sciences (R)	\$291.40	\$310.63	6.6%
	Medical Lab Sciences (NR)	\$526.88	\$561.65	6.6%
	Paramedic (R)	\$232.63	\$247.98	6.6%
	Paramedic (NR)	\$333.59	\$355.61	6.6%
	Chemeketa Dental Hygiene (R)	\$232.63	\$247.98	6.6%
	Chemeketa Dental Hygiene (NR)	\$755.49	\$805.35	6.6%
Graduate	Resident	\$489.21	\$521.50	6.6%
	Non-Resident	\$821.25	\$875.45	6.6%
	Differential	37%	37%	
Fees				
		2021-22	2022-23	% Change
Klamath Falls	Building	\$45.00	\$45.00	0.0%
	Incidental	\$397.50	\$397.50	0.0%
	Health Services	\$172.00	\$195.00	13.4%
	Student Rec Center	\$69.00	\$69.00	0.0%
Portland Metro	Building	\$45.00	\$45.00	0.0%
	Incidental	\$50.00	\$80.00	60.0%
	Health Services	\$43.00	\$63.00	46.5%

Table- 5% Increase to Oregon Tech Tuition & Fees				
		FY 2021-22 Rate/SCH	FY 2022-23 Rate/SCH	Net % Change
Undergraduate	Resident	\$212.70	\$222.27	4.5%
	WUE	\$319.05	\$333.41	4.5%
	Non-Resident	\$677.02	\$707.49	4.5%
	Differential	37%	37%	
Special Programs	Medical Lab Sciences (R)	\$291.40	\$304.51	4.5%
	Medical Lab Sciences (NR)	\$526.88	\$550.59	4.5%
	Paramedic (R)	\$232.63	\$243.10	4.5%
	Paramedic (NR)	\$333.59	\$348.60	4.5%
	Chemeketa Dental Hygiene (R)	\$232.63	\$243.10	4.5%
	Chemeketa Dental Hygiene (NR)	\$755.49	\$789.49	4.5%
Graduate	Resident	\$489.21	\$511.22	4.5%
	Non-Resident	\$821.25	\$858.21	4.5%
	Differential	37%	37%	
Fees				
		2021-22	2022-23	Net % Change
Klamath Falls	Building	\$45.00	\$45.00	0.0%
	Incidental	\$397.50	\$397.50	0.0%
	Health Services	\$172.00	\$195.00	13.4%
	Student Rec Center	\$69.00	\$69.00	0.0%
Portland Metro	Building	\$45.00	\$45.00	0.0%
	Incidental	\$50.00	\$80.00	60.0%
	Health Services	\$43.00	\$63.00	46.5%

8% Increase to Oregon Tech Tuition and Fees (7.6% on Tuition)

2022-2023 ONLINE TUITION AND FEES RATES	
	2022-2023 Rates
TUITION	RATES
Online Undergraduate Tuition	\$302.00/Credit
Online Graduate Tuition	\$430.00/Credit
Online Graduate Allied Health Tuition	\$430.00/Credit
Online Graduate Engineering & Technology Tuition	\$626.00/Credit
FEES	RATES
Online Tech Fee	\$65.00/Online Course
Matriculation Distance Ed Fee	One-time fee of \$50 for Online Students
2022-2023 STAFF & STAFF DEPENDENT FEE PRIVILEGES	
TUITION	RATES
OIT Staff Undergraduate and Graduate Tuition (on-campus & online credits)	\$68.50/Credit (up to 12 credits)
OIT Staff Undergraduate and Graduate Dependent Tuition (on-campus & online credits)	\$68.50/Credit (up to 12 credits)
Other Institution Staff Undergraduate and Graduate Tuition (on-campus credits only)	\$68.50/Credit (up to 12 credits)
Other Institution Staff Undergraduate and Graduate Dependent Tuition (on-campus credits only)	\$68.50/Credit (up to 12 credits)
FEES	RATES
OIT and Other Institution Staff Fees	Staff do not pay Building, Incidental, Student Rec Center and Health Service Fees but they do pay extra class fees.
OIT and Other Institution Staff Dependent Fees	Staff Dependents pay all on-campus fees and extra class fees
2022-2023 DUAL CREDIT PROGRAM (HST) & ADVANCED CREDIT PROGRAM (ACP)	
TUITION	RATES
Dual Credit Program (HST)	\$25.00/Credit
Advanced Credit Program (ACP)	\$100.00/Course
2022-2023 BOEING RATES	
TUITION	RATES
Undergraduate Tuition	\$557.04/Credit
Graduate Tuition	\$712.13/Credit

7% Increase to Oregon Tech Tuition and Fees (6.6% on Tuition)	
2022-2023 ONLINE TUITION AND FEES RATES	
	2022-2023 Rates
TUITION	RATES
Online Undergraduate Tuition	\$300.00/Credit
Online Graduate Tuition	\$426.00/Credit
Online Graduate Allied Health Tuition	\$426.00/Credit
Online Graduate Engineering & Technology Tuition	\$620.00/Credit
FEES	RATES
Online Tech Fee	\$65.00/Online Course
Matriculation Distance Ed Fee	One-time fee of \$50 for Online Students
2022-2023 STAFF & STAFF DEPENDENT FEE PRIVILEGES	
TUITION	RATES
OIT Staff Undergraduate and Graduate Tuition (on-campus & online credits)	\$68.00/Credit (up to 12 credits)
OIT Staff Undergraduate and Graduate Dependent Tuition (on-campus & online credits)	\$68.00/Credit (up to 12 credits)
Other Institution Staff Undergraduate and Graduate Tuition (on-campus credits only)	\$68.00/Credit (up to 12 credits)
Other Institution Staff Undergraduate and Graduate Dependent Tuition (on-campus credits only)	\$68.00/Credit (up to 12 credits)
FEES	RATES
OIT and Other Institution Staff Fees	Staff do not pay Building, Incidental, Student Rec Center and Health Service Fees but they do pay extra class fees.
OIT and Other Institution Staff Dependent Fees	Staff Dependents pay all on-campus fees and extra class fees
2022-2023 DUAL CREDIT PROGRAM (HST) & ADVANCED CREDIT PROGRAM (ACP)	
TUITION	RATES
Dual Credit Program (HST)	\$25.00/Credit
Advanced Credit Program (ACP)	\$100.00/Course
2022-2023 BOEING RATES	
TUITION	RATES
Undergraduate Tuition	\$557.04/Credit
Graduate Tuition	\$712.13/Credit

5% Increase to Oregon Tech Tuition and Fees (4.5% increase in Tuition)	
2022-2023 ONLINE TUITION AND FEES RATES	
	2022-2023 Rates
TUITION	RATES
Online Undergraduate Tuition	\$294.00/Credit
Online Graduate Tuition	\$418.00/Credit
Online Graduate Allied Health Tuition	\$418.00/Credit
Online Graduate Engineering & Technology Tuition	\$608.00/Credit
FEES	RATES
Online Tech Fee	\$65.00/Online Course
Matriculation Distance Ed Fee	One-time fee of \$50 for Online Students
2022-2023 STAFF & STAFF DEPENDENT FEE PRIVILEGES	
TUITION	RATES
OIT Staff Undergraduate and Graduate Tuition (on-campus & online credits)	\$66.50/Credit (up to 12 credits)
OIT Staff Undergraduate and Graduate Dependent Tuition (on-campus & online credits)	\$66.50/Credit (up to 12 credits)
Other Institution Staff Undergraduate and Graduate Tuition (on-campus credits only)	\$66.50/Credit (up to 12 credits)
Other Institution Staff Undergraduate and Graduate Dependent Tuition (on-campus credits only)	\$66.50/Credit (up to 12 credits)
FEES	RATES
OIT and Other Institution Staff Fees	Staff do not pay Building, Incidental, Student Rec Center and Health Service Fees but they do pay extra class fees.
OIT and Other Institution Staff Dependent Fees	Staff Dependents pay all on-campus fees and extra class fees
2022-2023 DUAL CREDIT PROGRAM (HST) & ADVANCED CREDIT PROGRAM (ACP)	
TUITION	RATES
Dual Credit Program (HST)	\$25.00/Credit
Advanced Credit Program (ACP)	\$100.00/Course
2022-2023 BOEING RATES	
TUITION	RATES
Undergraduate Tuition	\$557.04/Credit
Graduate Tuition	\$712.13/Credit

Attachments and Additional Information

- Attachment A [Tuition Recommendation Memo- President Naganathan](#)
- Attachment B [Tuition Recommendation Committee Staff Report](#)
- Attachment C [Tuition Recommendation Memo- ASOIT](#)
- Attachment D [Incidental Fee Recommendation Memo- ASOIT KF](#)
- Attachment D [Incidental Fee Recommendation Memo- ASOIT PM](#)
- Attachment E [Tuition Recommendation Committee Material](#)
- Attachment F [Differential Major List](#)

Action

Agenda Item No. 4.3

Request for Approval: Reduced Scope and Modified Bond Financing Authority for Construction of a Smaller New Student Housing Facility

Background

Oregon Tech received approval from the Board of Trustees at its April 8, 2021 meeting to pursue Article XI-F bond financing to construct a new student housing facility. The scope, justification and draft financial pro forma were shared with the Board and outlined in Board Agenda Item No. 4.3 entitled, “*Request for Approval to Pursue Bond Financing for Construction of a New Student Housing Project*”. (see Attachment A)

Oregon Tech subsequently submitted its request, through the Higher Education Coordinating Commission (HECC), to be included in the legislative capital project funding process for consideration by the 82nd Oregon Legislature in the spring of 2021. In June of 2021, the Legislature approved \$55 million in bonding authority through Article XI-F bonds for Oregon Tech to construct a student housing facility. Agenda Item No. 4.4 entitled, “*Recommendation to Approve a Resolution on Bond Issuance for a New Student Residence Hall Project*”, was presented to the Board of Trustees at its July 15, 2021 meeting requesting authorization for Oregon Tech to accept the \$55 million in bonding authority. (see Attachment B) The Board approved Resolution No. 21-01 entitled:

A RESOLUTION THAT SUFFICIENT REVENUE EXISTS TO SUPPORT FULLY SELF-FINANCING AND SELF-LIQUIDATING ARTICLE XI-F(1) BONDS, TOTALLING FIFTY-FIVE MILLION DOLLARS IN NET PROCEEDS THROUGH ARTICLE XI-F(1) BONDS TO BE ISSUED BY THE STATE OF OREGON FOR THE BENEFIT OF OREGON TECH TO CONSTRUCT A NEW STUDENT RESIDENCE HALL PROJECT ON THE KLAMATH FALLS CAMPUS

Since that time, several key assumptions relied upon in developing the scope, justification and financial pro forma for the original approved Student Housing proposal have materially changed, including:

- Construction costs have increased on average between 25-30 percent. This has increased original estimated construction costs by an additional \$14-15 million. To maintain the original project scope, Oregon Tech would have to fund the escalation out of existing funds or seek additional bonding authority through the legislature. Neither option is feasible because Oregon

Tech cannot commit \$15M from existing funds and additional bond debt would financially impair the project.

- State appropriations were reduced due to the reconfiguration of the Student Success and Completion Model (SSCM) allocation formula. This uniquely and negatively impacted Oregon Tech and will result in at least \$1.1 million less in annual state appropriations in FY 2023 and between \$1.2-1.4 million less in subsequent years compared to FY 2021. Thus, there is no expectation for growth in state appropriations through FY 2025.
- Like publicly funded universities across the state, Oregon Tech experienced declining tuition revenues related to the enrollment shortfall during Fall term FY 2022. We believe this is attributable to the continued impact from COVID and associated economic factors. Enrollment numbers are expected to recover and continue to grow in the near-term.

As a result of material changes in these key assumptions, the new student housing facility, as originally envisioned and approved by the Board, is no longer financially viable and requires a revision in project scope.

Oregon Tech remains committed to constructing new modern student housing on the Klamath Falls campus. The University has seen significant growth in freshman enrollment in recent years. This is due in large part to several popular degree programs and the success graduates have in finding careers in their chosen field of study once they complete their education. Current on-campus housing is at near capacity, while off-campus housing alternatives in Klamath Falls are severely constrained or non-existent. Expanded student housing is integral to support anticipated enrollment growth and student retention, enhance student safety and enrich the overall student experience.

As such, Oregon Tech has developed an alternative proposal to revise the scope of the original student housing project through reducing the size, reconfiguring the proposed layout and by adopting value engineering concepts to achieve a facility that is large enough to provide opportunity for enrollment growth and yet address the constraints introduced through escalating construction costs, temporary enrollment shortfalls and the prolonged reduction in state appropriations over the next several years. The new student housing proposal is described in the attached Revised Student Housing Project Conceptual Description (see Attachment C) and supported by the accompanying revised Student Housing Financial Pro Forma (see Attachment D). The newly envisioned student housing facility would be approximately eighty-two thousand square feet with around 500 beds in a combination of one and two bed units and would cost an estimated \$35 million to design and build.

Staff Recommendation

After review of the report and related materials, staff recommends a **Motion to approve a modification in Oregon Tech’s Article XI F-Series bond authority from \$55 million to no more than \$35 million to construct a new housing facility with no less than 500 beds on the Klamath Falls campus, and to authorize management to use a portion of auxiliary or general fund reserves (with repayment) in the start-up years, if necessary, until occupancy reaches 95%..**

Attachments

Attachment A- Board Agenda Item 4.4, “*Request for Approval to Pursue Bond Financing for Construction of a New Student Housing Project*”, including its Attachments A & B via link below: https://www.oit.edu/sites/default/files/2021/documents/2021.04.08%20FF%20Agenda%20reduced_0.pdf

Attachment B- Board Agenda Item No. 4.3, “*Recommendation to Approve a Resolution on Bond Issuance for a New Student Residence Hall Project*” via link below: https://www.oit.edu/sites/default/files/2021/documents/2021.07.15%20Schedule%20and%20Agenda_1.pdf

Attachment C- Revised Student Housing Project Conceptual Description, below.

Attachment D- Student Housing Financial Pro Forma, below.

Attachment C

Revised Oregon Tech New Student Housing Project Description

April 7, 2022

Oregon Tech desires to have its original approved Article XI-F bond authority reduced from \$55 million to no more than \$35 million of 30-year bonds through the Oregon Public Bonds Program. The proceeds from the bonds will be used to construct a new student housing facility on the Klamath Falls campus with approximately 500 beds.

The accompanying financial pro forma is based on current market indices with regard to bond interest rates and repayment terms. Construction expense estimates are based on industry benchmarks and on-board professional expertise in developing similar student housing projects. Operating revenues and expenditures are based on a combination of current and projected student housing fees and expense ratios along with other measures adjusted for given assumptions about inflation, new construction size, design, finishing standards and projected occupancy.

The project will follow applicable bid guidelines and will feature a building of approximately 82,000 square feet on 3-4 floors and will be located on the Klamath Falls campus within close proximity to existing dining, and other student services as well as the College Union and Student Recreation Center. Estimated total construction costs, including architectural and programming fees, per gross square foot are market competitive, at about \$425/GSF and reflect recent escalations in overall construction costs.

The building will feature some steel and concrete, but will also incorporate composite materials and value engineering features throughout to contain costs and improve design ergonomics. There will be at least one elevator bank to support easy access for residents, especially those with physical mobility challenges. Design will reflect a traditional dormitory layout with a combination of 1 and 2 bed rooms. Each floor will have a common kitchen area along with common bathrooms conveniently located on each floor. The building will take advantage of the sunny climate of Klamath Falls and will feature natural lighting where appropriate and sustainable or renewable energy elements.

The first floor of the facility will feature offices for housing staff, community shared space, laundry room and utilities. The facility will feature secure card entrance and will be fully climate controlled throughout.

The existing student residence hall will be evaluated by the university and could include retrofitting and updating or repurposing the facility for mixed use, student housing overflow, office space or razing the building. No determination has been made at this time. Such decisions will be based on the rate of enrollment growth and the timing of the new project.

The Facilities and Finance and Administration teams have developed the attached Financial Pro Forma related to the project (see Attachment D).

Revised: March 8, 2022

Oregon Tech- Revised New Student Housing Financial Pro Forma (500 beds)

Facility Assumptions	Oregon Tech Project	Benchmark Median ⁽¹⁾
Number of Beds	500	800
Avg Sq Ft Per Room	153	142
Avg Sq Ft Common Space per bed	58	60
Avg Gross sq ft per bed	165	202
Avg. Prorata Revenue per bed- Yr 1	\$6,776	\$7,710
Avg. Occupancy Rate over 10 yrs	97%	95%
Construction Project Costs per Bed	\$70,000	\$84,373
Total Sq. Footage	82,308	96,772
Cost per Sq. Foot	\$425.23	\$450.00
Project Cost (inc. contingency)	\$35,000,000	\$ 65,000,000
Series XI-F Series Bond Interest Rate	4.50%	
Bond Repayment Period (years)	30	
Annual Debt Repayment	\$2,223,228	
Occupancy (excl. RA)	100%	
Base Year Max Revenue at 100%	\$3,387,898	

⁽¹⁾ Median Numbers are not Relational

Room Configuration	Beds	Rooms	Bed Wt	Sqft/rm	N/A	Sqft Rm Wt	Assigned Sqft
Single	200	200	40%	125		40%	25,000
Double	300	150	60%	190		60%	28,500
Triple	0	0	0%	0	250	0%	-
Total Assigned	500	350	100%	315		100%	53,500
Common Sqft							28,808
Building GSF							82,308
Avg Sqft/room		153					
Avg Sqft/bed	58						
Avg GSF/bed	165						

OT Fall 2021	FY 2022 Yr Rate	3 Yr Inflation	In 3 yrs	Weighted	Prorata Avg
Single rate	\$6,278	118%	7,408	40%	\$2,963
Double rate	\$5,385	118%	6,354	60%	\$3,813
Triple rate (est)	\$4,631	118%	5,465	0%	\$0
Prorata/Bed					\$6,776
Villages	\$6,776	118%	7,996	100%	

Peer Institution Student Housing Rates FY 2021-22		
Comparison	Single	Double
EOU North/Daugherty Halls ^(*)	\$7,655	\$6,155
WOU Heritage/Ackerman Halls ^(*)	\$7,574	\$6,580
SOU McLoughlin Hall ^(*)	\$12,150	\$9,780
SOU Greensprings ^(*)	\$10,860	\$8,235
Oregon Tech Residence Hall	\$6,278	\$5,385
Oregon Tech Proposed in 3 years	\$7,408	\$6,354

* From published website

Pro Forma Assumptions Rev/Exp	
Revenue Inflation	2.5%
Expense Inflation	2.5%
Staff Inflation	2.5%
Utilities (per SF)	\$2.25
Professional Staff Total FTE	3.0
Staff Salary	\$75,000
Staff OPE Rate	53%
Resident Assistant Pay + Board	\$5,500
Resident Assistants per Resident	28
Resident Assistants	18

Footnotes & Assumptions
1. Enrollment strategy is to capture a larger share of residents and non-residents due to high-demand STEM/Health programs.
2. Market comparison with similar universities and adjusted pricing used to get to a weighted base-year revenue per bed of \$6776.
3. Academic strategy focused on workforce needs in computer science, engineering, business and health related fields.
4. Enrollment strategy focuses on key markets in high schools, community colleges and in non-resident markets.
5. Old student dorm may be used for student housing over-flow, renovated or repurposed for mixed use, but no decision has yet been made.
6. Approximately 690 students were housed on campus during fall 2021. Existing on-campus housing is approaching capacity.
7. 30 year bonds are priced at prevailing interest rates. Bond offering is expected as early as the May-June sale of 2023.
8. Upon completion, existing residence hall will be closed and students/staff transferred to new facility. Villages remain unchanged.
9. Dorm style configuration with common kitchens and bathrooms on each floor is preferred by students.
10. Consideration may be given to requiring freshmen to live on campus.
11. Construction costs remain stable over next 24-36 months.
12. Annual enrollment growth resumes.
13. Ultimately, architectural design may yield some differences in the final number of beds or GSF.
14. Existing housing debt will be retired over remaining schedule.
15. Project may require some support from auxiliary or general reserve funds (with repayment) in early years.

New Student Housing Financial Pro Forma													
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
New Student Housing (500 Beds)	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	FY 2035-36
Students In New Housing		460	470	475	480	490	495	495	495	490	495	490	490
Relevant Occupancy Rate		92%	94%	95%	96%	98%	99%	99%	99%	98%	99%	98%	98%
Weighted Annual Avg. Room Rate		\$6,776	\$6,945	\$7,119	\$7,297	\$7,479	\$7,666	\$7,858	\$8,054	\$8,256	\$8,462	\$8,674	\$8,890
Housing Revenues		\$3,116,866	\$3,264,240	\$3,381,440	\$3,502,460	\$3,664,813	\$3,794,765	\$3,889,634	\$3,986,875	\$4,045,268	\$4,188,710	\$4,250,060	\$4,356,311
Events and Supplies		\$75,000	\$76,875	\$78,797	\$80,767	\$82,786	\$84,856	\$86,977	\$89,151	\$91,380	\$93,665	\$96,006	\$98,406
Utilities		185,192	189,822	194,568	199,432	204,418	209,528	214,766	220,135	225,639	231,280	237,062	242,988
O&M		700,000	717,500	735,438	753,823	772,669	791,986	811,785	832,080	852,882	874,204	896,059	918,461
Professional Staffing		344,250	352,856	361,678	370,720	379,988	389,487	399,224	409,205	419,435	429,921	440,669	451,686
Resident Assistants		99,000	101,475	104,012	106,612	109,277	112,009	114,810	117,680	120,622	123,637	126,728	129,897
Operating Expenses		\$1,403,442	\$1,438,528	\$1,474,492	\$1,511,354	\$1,549,138	\$1,587,866	\$1,627,563	\$1,668,252	\$1,709,958	\$1,752,707	\$1,796,525	\$1,841,438
Debt Service	\$1,575,000	\$2,223,228	\$2,223,228	\$2,223,228	\$2,223,228	\$2,223,228	\$2,223,228	\$2,223,228	\$2,223,228	\$2,223,228	\$2,223,228	\$2,223,228	\$2,223,228
Total Costs	\$1,575,000	\$3,626,670	\$3,661,757	\$3,697,720	\$3,734,582	\$3,772,366	\$3,811,094	\$3,850,791	\$3,891,480	\$3,933,186	\$3,975,935	\$4,019,753	\$4,064,666
Net Income/(Loss) from New Project	(\$1,575,000)	(\$509,804)	(\$397,517)	(\$316,280)	(\$232,122)	(\$107,553)	(\$16,330)	\$38,843	\$95,395	\$112,082	\$212,775	\$230,307	\$291,645

The Villages (existing and continuing)													
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
The Villages (264 beds)	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	FY 2035-36
Students in Villages	264	259	259	261	259	261	259	261	259	261	259	261	259
Relevant Occupancy Rate		98%	98%	99%	98%	99%	98%	99%	98%	99%	98%	99%	98%
Annual Room Rate (up 18% from 2021)		\$7,996	\$8,196	\$8,400	\$8,610	\$8,826	\$9,046	\$9,273	\$9,504	\$9,742	\$9,986	\$10,235	\$10,491
Housing Revenue		\$2,068,642	\$2,120,358	\$2,195,545	\$2,227,702	\$2,306,694	\$2,340,479	\$2,423,470	\$2,458,966	\$2,546,159	\$2,583,451	\$2,675,058	\$2,714,238
Operating Expenses (up 15% from 2021)		\$851,022	\$872,297	\$894,105	\$916,457	\$939,369	\$962,853	\$986,924	\$1,011,597	\$1,036,887	\$1,062,809	\$1,089,380	\$1,116,614
Outstanding Old Debt Retirement		\$1,002,266	\$982,194	\$980,721	\$950,960	\$906,321	\$763,449	\$765,021	\$788,050	\$781,350	\$774,050	\$763,250	\$763,500
Total Costs		\$1,853,288	\$1,854,491	\$1,874,825	\$1,867,417	\$1,845,690	\$1,726,302	\$1,751,945	\$1,799,647	\$1,818,237	\$1,836,859	\$1,852,630	\$1,880,114
Net Income/(Loss) from The Villages		\$215,355	\$265,868	\$320,719	\$360,285	\$461,004	\$614,177	\$671,526	\$659,318	\$727,921	\$746,591	\$822,428	\$834,124
Cumulative Housing Net Income/(Loss)		(\$294,450)	(\$131,649)	\$4,439	\$128,162	\$353,452	\$597,847	\$710,368	\$754,713	\$840,003	\$959,366	\$1,052,735	\$1,125,769

Series F- Bond Retirement Schedule

Year	Fiscal Year	Bond Balance	Principal	Interest	Tot Debt Svc
1	2023-24	\$35,000,000	\$0	\$1,575,000	\$1,575,000
2	2024-25	\$35,000,000	\$648,228	\$1,575,000	\$2,223,228
3	2025-26	\$34,351,772	\$677,398	\$1,545,830	\$2,223,228
4	2026-27	\$33,674,373	\$707,881	\$1,515,347	\$2,223,228
5	2027-28	\$32,966,492	\$739,736	\$1,483,492	\$2,223,228
6	2028-29	\$32,226,756	\$773,024	\$1,450,204	\$2,223,228
7	2029-30	\$31,453,732	\$807,810	\$1,415,418	\$2,223,228
8	2030-31	\$30,645,922	\$844,162	\$1,379,066	\$2,223,228
9	2031-32	\$29,801,760	\$882,149	\$1,341,079	\$2,223,228
10	2032-33	\$28,919,611	\$921,846	\$1,301,382	\$2,223,228
11	2033-34	\$27,997,765	\$963,329	\$1,259,899	\$2,223,228
12	2034-35	\$27,034,436	\$1,006,679	\$1,216,550	\$2,223,228
13	2035-36	\$26,027,758	\$1,051,979	\$1,171,249	\$2,223,228
14	2036-37	\$24,975,779	\$1,099,318	\$1,123,910	\$2,223,228
15	2037-38	\$23,876,461	\$1,148,787	\$1,074,441	\$2,223,228
16	2038-39	\$22,727,673	\$1,200,483	\$1,022,745	\$2,223,228
17	2039-40	\$21,527,190	\$1,254,505	\$968,724	\$2,223,228
18	2040-41	\$20,272,686	\$1,310,957	\$912,271	\$2,223,228
19	2041-42	\$18,961,728	\$1,369,950	\$853,278	\$2,223,228
20	2042-43	\$17,591,778	\$1,431,598	\$791,630	\$2,223,228
21	2043-44	\$16,160,180	\$1,496,020	\$727,208	\$2,223,228
22	2044-45	\$14,664,160	\$1,563,341	\$659,887	\$2,223,228
23	2045-46	\$13,100,819	\$1,633,691	\$589,537	\$2,223,228
24	2046-47	\$11,467,127	\$1,707,207	\$516,021	\$2,223,228
25	2047-48	\$9,759,920	\$1,784,032	\$439,196	\$2,223,228
26	2048-49	\$7,975,888	\$1,864,313	\$358,915	\$2,223,228
27	2049-50	\$6,111,575	\$1,948,207	\$275,021	\$2,223,228
28	2050-51	\$4,163,368	\$2,035,877	\$187,352	\$2,223,228
29	2051-52	\$2,127,491	\$2,127,491	\$95,737	\$2,223,228
30	2052-53	(\$0)	\$2,223,228	(\$0)	\$2,223,228

