



The Board of Trustees of Oregon State University

Joint Meeting of the Finance & Administration and
Academic Strategies Committees
January 19, 2017
Horizon Room, Memorial Union
Corvallis, Oregon

MINUTES

Finance & Administration Committee Members Present: Mark Baldwin, Patty Bedient, Julia Brim-Edwards, Darry Callahan, Mike Green (*ex officio*), Brett Morgan, Laura Naumes (*by phone*), Pat Reser (*ex officio*), and Kirk Schueler (*chair*)

Academic Strategies Committee Members Present: Ron Adams (*ex officio*), Mike Bailey, Michele Longo Eder (*vice chair*), Paul Kelly (*chair*), Preston Pulliams, Pat Reser, and Cindy Sagers (*ex officio*)

Other Trustees Present: Rani Borkar and Ed Ray

University Staff Present: Jennifer Almquist, Anita Azarenko, Sherm Bloomer, Susie Brubaker-Cole, Susan Capalbo, Steve Clark, Debbie Colbert, Becca Gose, Mark Huey, Jan Lewis, Clay Simmons, Patti Snopkowski, and Marcia Stuart

Guests: Susan Musselman (*director, Financial Advisory, Public Financial Management*) and Thomas Toepfer (*senior managing consultant, PFM*)

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

Finance & Administration Committee Chair Kirk Schueler called the meeting to order at 10:45 a.m., asked Assistant Board Secretary Mark Huey to call the roll, noted a quorum, and welcomed the members of the Academic Strategies Committee to the joint meeting. Schueler noted that the meeting was being held jointly since scenarios in the Ten-Year Business Forecast include initial investment and priorities around student success. So, it made sense for the committees to consider the forecast as a package, rather than separately.

2. Action Item

a. Ten-Year Business Forecast for Oregon State University

Chair Schueler asked Interim Provost and Executive Vice President Ron Adams to kick off the presentation. Adams reminded the trustees that in spring 2015, the Board directed university leadership to develop a ten-year business forecast to serve as a framework for long-term planning. He said the goal of a framework is to identify priorities and strategic needs and review them against projected resources in order to more holistically consider the future of OSU. He also added that the process of developing the forecast brought together representatives from across the university. The three areas identified as high priorities for new investment include improving success for graduate and undergraduate students; advancing research, scholarship, and creative activity; and expanding high-impact practices in outreach and engagement. Adams also noted that future priorities would be informed by efforts to develop the next iteration of the university's strategic plan. He specifically drew the attention of trustees to Tab K, Appendix A, which details specific tactics for resource commitments to student success.

Interim Vice President for Finance and Administration and Chief Financial Officer Mike Green provided additional context by saying that the ten-year forecast is dynamic and will be reviewed and updated on a regular schedule. Specifically, the forecast will be updated and reviewed with the Board in January of even-numbered years, with the next update in January 2018 and at subsequent two-year intervals. He also added that developing a ten-year forecast is a new endeavor for OSU and is not something that most public universities have undertaken.

Next, Director of Budget and Fiscal Planning Sherm Bloomer shared an overview of the process to develop the forecast over the last 16 months, beginning with building an operating forecast to project current programs, costs, and revenues out ten years. This “benchmark” scenario assumes significant growth at OSU-Cascades and through Ecampus, with more modest growth in Corvallis. In addition to considering known costs and current enrollment trends, the planning process also included consideration of important strategic commitments to advance the strategic plan. One strategic commitment is transformative education, which, in addition to the university’s student success initiative, includes commitments to provide faculty development, revise the Baccalaureate Core, and continue progress on healthy campus initiatives. Strategic commitments to advancing research and scholarship would include continued development of the Marine Studies Initiative, coordinated hiring for research clusters, shared facilities and instrumentation for research. Strategic commitments would also be needed to increase the impact of OSU regionally and globally. Bloomer noted that, in order to fulfill these proposed strategic commitments, the university will need to pursue new revenue-generating opportunities as well as cost-saving strategies. Azarenko then provided an overview of the ten-year capital forecast, which aims to prioritize new construction, renovation, and infrastructure improvement based on a number of criteria. Bloomer concluded the presentation by reviewing financial statement projections which involved looking at long-term trends in OSU’s financial statements. Future Perfect, a tool provided by the university’s financial advisor, Public Financial Management, was used to project financial statement measures.

As discussion began, trustees acknowledged the work of OSU’s staff and remarked on the value of developing a ten-year forecast in support of the university’s strategic plan. Trustee Bedient stated that it would be helpful to see debt burden and viability ratios with and without GASB (Governmental Accounting Standards Board) statements, noting that it was important to include both sets of data in tracking the metric projections. Trustee Kelly said that he was pleased to see plans to fund the next phase of student success initiatives. He also asked for more information about what the university was doing to explore possible savings in retirement and health offerings. Green replied that significant changes would require legislative action, adding that the Finance & Administration Committee will be discussing this in more detail at the March 2017 meeting. Trustee Brim-Edwards noted that the benchmark scenario used to develop the ten-year forecast contains assumptions about enrollment growth and asked whether the Board would have the opportunity to review the impact of actual enrollment numbers, and Bloomer confirmed that would be part of the Board’s annual budget discussions each June. Trustee Eder also remarked on assumptions related to enrollment and asked about the university’s assessment of whether it is meeting the demands of in-state students. President Ray noted that the Board will need to continue to pay attention to the percentage of undergraduate students who are Oregon residents to ensure the university remains consistent with its mission to serve Oregonians.

Bloomer remarked that, while the amount and stability of state funding remained uncertain, creating a ten-year forecast offered an opportunity for OSU to think about innovative ways

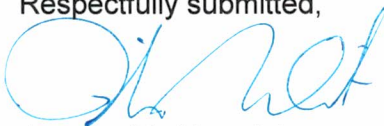
to maintain service to Oregonians. He said that the current ten-year forecast was developed using the Governor's Recommend Budget, which proposes "flat" funding for public universities for the 2017-19 biennium. If the Board approves the plan, next steps will include continuing to urge state lawmakers to increase funding for higher education, finalizing the budget for Fiscal Year 2017-18, and making revisions to the ten-year forecast as needed. Trustee Reser reflected on the Board's consideration of tuition scenarios for the next fiscal year and the impact any increase may have on students, and she stressed the importance of continuing to make financial decisions in a way that reflected a commitment to OSU students and to their success. She asked whether there would be opportunities for students to continue to provide input prior to the Board's March meeting, and Bloomer confirmed that he and his staff would continue to seek their input in developing a tuition proposal.

Following the discussion, a motion was made and seconded by the Finance & Administration Committee to recommend the ten-year business forecast to the Board for approval, with the understanding that the forecast will be updated and presented at the January 2018 Board meeting and at two-year intervals thereafter. The motion carried.

3. Adjournment

With no further business proposed, Finance & Administration Committee Chair Schueler adjourned the meeting at 12:13 p.m.

Respectfully submitted,



Jennifer M. Almquist
Assistant Board Secretary