



The Board of Trustees of Oregon State University

Meeting of the Finance and Administration Committee

April 13, 2023

12:30 – 3:25 p.m.

Memorial Union, Horizon Room

Corvallis, OR

MINUTES

Committee Members Present: Darry Callahan (*chair*), Román Hernández (*vice chair*), Patty Bedient, Susan Clark, Jax Richards, Kirk Schueler (*ex officio*), Mike Green (*ex officio*)

Committee Members Absent: Rani Borkar

Other Trustees Present: Julie Manning, Jayathi Murthy, Preston Pulliams, Inara Scott

University Staff Present: Jackie Bangs, Belinda Batten, Sherm Bloomer, Steve Clark, Ed Feser, Becca Gose, Mike Green, Jen Humphreys, Stacy Jeffries, Deb Mott, Paul Odenthal, Melanie Rose, Patti Snopkowski, Irem Tumer, Scott Vignos, Brian Wall

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

Committee Chair Darry Callahan called to the meeting to order at 12:30 p.m. Board Secretary Jackie Bangs called the roll and verified a quorum.

2. Vice President for Finance and Administration's Report

Mike Green, vice president for finance and administration, delivered a report on the OSU-Cascades Innovation District being planned at the Bend campus. He was joined by Belinda Batten, the provost's senior advisor for strategic initiatives, and Brian Wall, associate vice president for research, innovation and economic impact.

They discussed OSU's broader innovation network and how the OSU-Cascades project would fit into the university's existing ecosystem, including ATAMI, the Hatfield Science Center, the Food Innovation Center, and the upcoming Jen-Hsun and Lori Huang Collaborative Innovation Complex.

They gave an overview of the benefits to businesses and the university, stating that the OSU-Cascades Innovation District would create an economic driver in central Oregon that generates revenue for the university, provides students with experiential learning opportunities and career pathways, and bolsters student and faculty retention.

They announced that a workgroup is engaged in due diligence and best practices for the project. The university will engage a consultant to assist with a financial feasibility analysis, including recommendations for structuring the district.

The committee discussed the need to have a clear vision that will attract the industries OSU wants to work with, rather than take a "build it and they will come" approach.

Staff plan to request approval to advance a capital project to develop the initial infrastructure for the innovation district later this calendar year. They will continue to bring the board updates as the

innovation district concept is developed.

3. Consent Agenda

- a. Minutes of the January 19, 2023 Finance & Administration Committee Meeting**
- b. FY2023 Q2 Operating Management Report**
- c. FY2023 Q2 Investment Reports**

Committee Vice Chair Hernández made a motion to approve the consent agenda, and Board Vice Chair Bedient seconded the motion. The motion was approved by all trustees in attendance.

4. Action Items

- a. Ten-Year Business Forecast**

Vice President for Finance and Administration Mike Green, Associate Vice President for Budget and Resource Planning Sherm Bloomer and Senior Associate Vice President for Administration Paul Odenthal presented the ten-year business forecast.

Green said this year's report considers what needs to be done to generate new revenue to fund the next strategic plan. He reported that expenses are growing faster than revenues and cautioned that the university will start having net losses if action is not taken.

Bloomer gave an overview of the business forecast approach. He said the current forecast models possible choices the university could make, while previous forecasts modeled responses to worst-case scenarios.

Odenthal discussed major components of the ten-year capital forecast, giving an overview of significant projects underway and planned for the near future, noting they represent arts, education, research, student support, student housing and athletics. He cited a cost of \$3B across 10 years. Odenthal highlighted the Jen-Hsun and Lori Huang Collaborative Innovation Complex. The university has asked HECC for \$75M in state funding in support of this project, whose budget includes \$75M in private gifts along with other sources of funds.

Presenters answered questions from trustees regarding the future use of Community Hall (it will likely continue as educational classrooms), and the pace and scope of delivering the capital forecast as it relates to the university's capacity and strategic needs. Trustees discussed how the longer-term nature of the forecast allows for ongoing consideration of future plans, allowing for adjustments to be made along the way as circumstances change.

Bloomer reported on the enrollment piece of the business forecast, noting that housing capacity can put limits on the size of OSU's incoming class. He said current assumptions take Corvallis to a head count of approximately 26,000, with total enrollment of around 45,000 students.

He reported strong revenue growth for the Education and General Fund (E&G) and discussed scenarios for potential net revenue, including growing masters' programs and Ecampus.

Bloomer, Odenthal and Green engaged in discussion with trustees regarding OSU's enrollment growth relative to other state institutions and where OSU's market share is coming from; the ratio of resident to non-resident undergraduates; and what to do about a business forecast that necessitates exceeding the board's designated reserve ratio for several years, as industry best practices have evolved over time.

Committee Chair Callahan sought a motion to approve the ten-year business forecast. Trustee Bedient made a motion, which was seconded by Trustee Pulliams and approved by all trustees in attendance.

b. FY2024 Tuition Rates, Mandatory Fees and Student Incidental Fees, including FY24 Operating Budget Outlook

Mike Green and Sherm Bloomer led the discussion on FY2024 tuition rates, mandatory fees and student incidental fees.

Green described a cohort-based tuition model that considers pricing for continuing students differently than for new students.

Bloomer gave an overview of the process for setting tuition and fees, which involves collaboration with the University Budget Committee and student committees through ASOSU in Corvallis and ASCC in Cascades.

He provided information on cohort pricing, explaining the effort to limit tuition increases to no more than the local rate of inflation for continuing students. For new students, the increase would be slightly above the rate of local inflation. There will be a maximum of six cohorts, based on the number of years students are typically engaged with the university.

Bloomer noted that tuition increases typically average 3% to 4% per year, and that about two-thirds of OSU's revenue comes from tuition. He introduced a web-based tuition estimator, which will soon be made available to the public.

Committee Chair Callahan commented that a tuition increase of \$400 a year was painful for a lot of students and would probably cause some to drop out. He acknowledged that it was necessary but urged trustees and others in attendance to remember that raising tuition affects real people and shouldn't be an easy decision.

There was discussion with trustees regarding the success of the cohort tuition strategy and details about the university's financial aid programs and their impact on the budget.

Committee Chair Callahan sought a motion to recommend to the board tuition rates, mandatory fees and student incidental fees for FY2024. Trustee Bedient made a motion, which was seconded by Trustee Richards. The motion was approved by all trustees in attendance.

c. Capital Project Stage Gate II – OSU-Cascades Student Success Center

Steve Pitman, interim chief operations officer at OSU-Cascades, and Jarrod Penttila, associate director of Capital Planning and Construction at OSU-Cascades, provided information on the OSU-Cascades Student Success Center capital construction project.

Pitman noted that the board granted stage gate I approval for the project in May 2021. He added that the student success center will be a home for student government, student clubs and student life.

He mentioned the project is using a design-build contract, adding that this is the first time the method has been used at OSU-Cascades. He also noted significant cost escalation during the life of the project, which is expected to break ground this August and be completed late in calendar year 2024.

Penttila emphasized the importance of the project for students and stated the goals of increasing graduation and retention rates and giving students a sense of belonging on the OSU-Cascades campus.

Penttila and Pitman engaged in discussion with trustees about student health and wellness; where

student services are currently housed; if space would be freed up in other buildings when the student success center opens; and if there is classroom space or a welcome center planned for the building.

Committee Chair Callahan sought a motion to recommend to the board approval of a capital project budget of \$21.6M to advance the OSU-Cascades Student Success Center to the construction phase. Trustee Pulliams made a motion, which was seconded by Trustee Richards. The motion was approved by all trustees in attendance.

5. Discussion Items

a. Insurance and Risk Management Update

Paul Odenthal, senior associate vice president for administration and Christina McKnight, director of Insurance and Risk Management Services presented the university's approach to mitigating risk on a broad scale and insuring against asset losses.

They reported that, in this fiscal year, OSU had 79 insurance policies and has spent approximately \$12.9M on premiums, claim costs, deductibles and other expenses.

There was discussion with trustees about different programs like worker's compensation, property insurance, and various specialty insurance types, including cyber.

Odenthal and McKnight also discussed OSU's participation in the Public Universities Risk Management and Insurance Trust, a structure that makes insurance procurement and costs more manageable by pooling the risk of six of Oregon's public universities.

6. Adjournment

With no other discussion or business, Committee Chair Callahan adjourned the meeting.

Respectfully submitted,



Stacy Jeffries
Executive Assistant, Office of the Board of Trustees