



Oregon State
University

The Board of Trustees of Oregon State University

Meeting of the OSU Board of Trustees

March 14, 2025

9:30 am – 3:20 pm

Memorial Union Horizon Rm.

MINUTES

Trustees present: Kasaundra (Kassy) Bonanno, Julia Brim-Edwards, Stephanie Bulger, Kate Carter-Cram, Maria Chávez-Haroldson, Susan Clark, Lisa Hale, Román Hernández (*chair*), Grant Kitamura, Toby Luther, Greg Macpherson, Julie Manning, Elise McClure, Marlina (MJ) Mirho (*nonvoting member*), Jayathi Murthy (*ex officio*), Camille Palmer

Trustees absent: Karla Chambers

University staff: Jackie Bangs, Jessica Brubaker, Bruce Daley, Tom DeLuca, Kevin Dougherty, Ed Feser, Alix Gitelman, Becca Gose, Brent Gustafson, Carla Ho‘ā, Jen Humphreys, Stacy Jeffries, Stephen Jenkins, Deb Mott, Shannon Murray, Nicole Neuschwander, Vincent Nguyen, Paul Odenthal, Melanie Rose, Patti Snopkowski, Mark Swanson, Irem Tumer, Scott Vignos

Invited guests: Penny Atkins (OSUF), Ben Cannon (HECC), Madison Jones (ASOSU), Whitney McFarlane (ASCC), Sophia Nowers (ASOSU), Audrey Schlotter (ASOSU), Andrew Valls (Faculty Senate)

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

Board Chair Román Hernández called the meeting to order at 9:30 a.m. Board Secretary Jackie Bangs called the roll and verified a quorum.

Chair Hernández read the university's land acknowledgment statement.

2. Opening comments and reports

a. Chair's comments

Board Chair Román Hernández thanked Dean Tom Deluca and the College of Forestry for hosting the board and providing an informative program the previous evening and an opportunity for trustees to interact with forestry students over breakfast before the board meeting.

The chair recognized Associated Students of Oregon State University (ASOSU) leadership and Student Fee Committee members for their efforts in recommending student fee levels for the upcoming academic year. Hernández commended the open deliberation and decision-making process, which uphold the values of shared governance. He noted that the president had accepted the recommendation for a modest increase in student fees, which was included in the 2025-2026 tuition proposal to the board.

Hernández clarified that trustees would evaluate tuition options and make a decision for the next year in their roles as fiduciaries of the university. He emphasized they would consider the educational success and well-being of students along with the needs of the institution and acknowledged the sensitivity around raising costs, which affect many students and their families. He noted that the tuition proposal would also help fund increased financial aid and student support services.

Chair Hernández expressed hope for mitigating the impact of a cost increase for students.

b. President's report

President Murthy began her report by sharing good news on the enrollment front, noting a 3% increase in enrollments over last year for the spring quarter and positive indications for fall enrollment numbers. She emphasized the university's commitment to offering pathways to an OSU degree for every Oregon student, including support for transfer students through partnerships with community colleges and other public universities.

She provided updates on leadership changes, noting that Ed Feser's last day as provost and executive vice president was March 31, with Belinda Batten stepping in as interim provost starting April 1. She reported that recruitment efforts for Feser's successor were progressing well, with finalist visits scheduled for late April and an announcement expected in May.

President Murthy commented on the university's advocacy for OSU students during the 2025 legislative session. She reported she had traveled to Salem to meet with lawmakers and emphasize the importance of greater investment in higher education and OSU. She cited concerns over potential reductions in federal funding for state programs, but stressed she would continue to advocate for higher education in tough times. She mentioned an op-ed she co-authored in *The Oregonian* highlighting the state's major research universities as drivers of economic growth.

The president reaffirmed the university's commitment to its mission and values in the face of potential negative consequences of proposed federal funding cuts and shifting priorities for OSU. She emphasized the importance of inclusive excellence and ensuring that OSU campuses are welcoming places that maintain academic freedom and freedom of speech.

Murthy provided an update on ASOSU, addressing concerns about the work environment within student government and efforts to support student leaders. She noted a temporary pause in ASOSU activities to allow for a comprehensive review and action plan.

The president provided an update on *Prosperity Widely Shared*, highlighting the university's momentum in implementing the strategic plan and announcing two university-wide summits to exchange ideas and measure progress. The first summit, scheduled for April 22, will focus on the plan's goal that every student graduates, and the second summit, scheduled for October 20, will focus on big discoveries and big solutions.

She reported on her recent trip to Asia, where she visited alumni, incoming students and their families and made connections with leaders and students. She said the trip highlighted OSU's global connections and commitment to creating opportunities for all students.

Chair Hernández thanked President Murthy for her leadership during challenging times and her efforts to raise OSU's profile abroad.

c. Associated Students of Oregon State University Report

ASOSU President Audrey Schlotter introduced her colleagues Madison Jones and Sophia Nowers, the Judicial Council chair and Student Fee Committee chair. She congratulated Andrew Valls – a former professor of hers – for taking on the role of faculty senate president in January and expressed gratitude for the support from OSU faculty leadership.

Schlotter announced that ASOSU Vice President Zach Kowash had resigned on February 25. She thanked Zach for his service and said she had decided not to appoint a new vice president, believing it would be a disservice to anyone stepping into the role given current challenges within student government.

She noted the temporary pause in ASOSU activities until May 2 to restructure the organization and create a positive work environment and expressed hope that the pause would help course correct and regain the ability for students to learn while representing their peers.

Schlotter announced the launch of a free at-home STI testing program for students and thanked the student health team and the Center for Advocacy Prevention and Education (CAPE) for their support of this ASOSU initiative.

She encouraged board members to join OSU students in Salem on April 3 to lobby for state funding and lessen the financial burden on students. She announced plans for legislative action in Washington, D.C., with representatives from the Corvallis and Cascades campuses and also mentioned collaboration with student body presidents from other public universities at a collective lobbying day in Salem on May 7.

Chair Hernández thanked Schlotter and her colleagues for their leadership and advocacy.

In response to a question from Trustee Bonanno regarding effects of the pause in ASOSU activities, Schlotter clarified that this year's student fee recommendations were submitted to the president before the pause was announced.

Vice Chair Chávez-Haroldson inquired about the activities on April 3 at the Capitol, and Schlotter explained that groups of students and possibly President Murthy would be meeting with legislators to advocate for higher education funding. She invited board members to join the lobbying efforts and emphasized the importance of their perspective.

d. Associated Students of Cascades Campus report

ASCC President Whitney McFarlane provided updates on recent changes in student government structure and processes at the Cascades campus. She announced the introduction of a Judicial Affairs Committee (JAC) on a trial basis to archive documents, update the constitution and bylaws and strengthen checks and balances.

McFarlane reported that the Student Fee Committee was able to keep the fee increase at OSU-Cascades below 4% and that the ASCC is working to revise the process and document revisions with clear deadlines.

She provided updates on various subsidies and initiatives, including the composting initiative, food pantry improvements, housing subsidy and Student Professional Development Fund. She noted that \$6,850 had been allocated for housing subsidies and \$3,025 had been allocated through the development fund.

McFarlane mentioned the ongoing ASCC elections and the goal of 10% voter turnout. As the only candidate running for president, she expressed optimism about working closely with the board for another year.

She provided updates on the Student Success Center, which has been fully operational for about a month with significant student support. She noted that the ASCC has moved to its own dedicated space in the center, making it more visible to students.

McFarlane concluded her report with an overview of upcoming lobbying efforts, noting that four members of the ASCC would join members of the ASOSU in Washington, D.C. to advocate for a variety of higher education issues. She reported the ASCC would also bring students to Salem for OSU-Cascades Day on May 5 and would join the ASOSU and other Oregon universities in Salem on May 7.

Trustee Mirho asked about projects and aspirations for next year, and McFarlane mentioned ongoing lobbying efforts for the OSU-Cascades phase 3 land remediation and the Student Health and Recreation Center.

Chair Hernández asked about the food pantry initiative and how the idea of taking leftovers from the dining hall came about. McFarlane explained that the idea came from a student who was vocal about their struggles. She added that she worked with the dining hall to implement the process and get food handler certification for ASCC staff.

Trustee Chávez-Haroldson asked about the composting initiative. McFarlane explained that each floor of the residence hall has a composting bin, and the ASCC director of sustainable initiatives – who proposed the project – collects the bags twice a week and works with the dining hall to compost them. She expressed hope for expanding the initiative as the campus grows.

Trustee Mirho asked a follow-up question about where the compost goes, and McFarlane said that it is processed along with compost from the dining hall.

e. Faculty Senate Report

Faculty Senate President Andrew Valls began by acknowledging the importance of student government and offering support to the ASOSU and President Audrey Schlotter.

He then addressed the topic of core education, providing historical background and emphasizing the significance of shared governance in the development of the core education curriculum.

Valls explained that the Faculty Senate Executive Committee formed a work group to examine the baccalaureate core in 2018, noting the general education curriculum had been in place for about 30 years and had grown to include nearly 1,000 courses. He highlighted the need for reform due to changes like an increased focus on career preparation and the onboarding of first-generation and transfer students, with the Faculty Senate passed a proposal to reconstitute the baccalaureate core in 2023.

Valls emphasized the collaboration between the Faculty Senate and university administrators – particularly in Academic Affairs – in creating the core education curriculum. He reported that the new core education curriculum will be rolled out in the summer and fall and expressed excitement about its potential to promote student success and retention and improve graduation rates.

Valls concluded by emphasizing the importance of faculty control over the curriculum and the need for collaboration with administrators and staff who have knowledge about market needs,

assessment, alignment with other colleges and other matters required to offer the curriculum and serve students. He expressed gratitude for the university's commitment to shared governance.

Vice Chair Chávez-Haroldson asked about the criteria for determining which courses were canceled and which were continued. Valls explained the lengthy process, which involved designing the curriculum, laying out learning outcomes and criteria for each component and proposing new or revised courses.

f. OSU Foundation report

Penny Atkins, chair of the OSU Foundation Board, joined the meeting by Zoom to provide an update on foundation activities.

Atkins expressing gratitude for the collaboration and partnership between the OSU Foundation and the OSU governing board and gave an overview of the mission of the OSU Foundation, which includes engaging the community, inspiring investment in Oregon State and stewarding resources to support the university's activities.

She provided a fundraising update, noting that, as of Dec. 31, donors have given \$102.2M toward the baseline goal of \$147M for the year ending June 30, with a stretch goal of \$180M. She reported that this represents a \$20M increase compared to the same time last year and the five-year average.

Atkins emphasized the importance of engaging the global community, particularly in Asia, and mentioned President Murthy and OSU Foundation President and CEO Shawn Scoville's successful trip to Bangkok, Taipei and Seoul, noting meetings with alumni, donors, accepted students, partner universities, high schools, prospective students and the press.

She provided information on the university's endowment, which closed the 2024 calendar year with a market value of \$940.1M, down slightly from \$952.82M in November, which was the highest point in OSU's history. She expressed optimism about reaching the goal of \$1B.

Atkins discussed the OSU Foundation's support for the university's strategic goals. She noted the 2026 opening the Jen-Hsun Huang and Lori Mills Huang Collaborative Innovation Complex, which is supported by lead gifts from the Huangs and the Valley Foundation. She also cited the foundation's partnership with the Office of the Provost on a faculty match program to incentivize new endowed faculty positions.

She announced the launch of a new Student Success Donor Society for donors who have given \$50K or more to support OSU students and noted the overall goal of increasing six-year graduation rates to 80%.

Atkins highlighted the work of Rebecca Robinson, associate vice president for Economic Development and Industry Relations, especially with the university's priority sectors like the food and beverage industry. She also announced the appointment of Marlys Amundson as the new senior director of development for corporate relations for the foundation.

Trustee Macpherson mentioned the work of the foundation through the Beaver Caucus and encouraged trustees to join this year's Lobby Day in Salem on April 3.

g. Higher Education Coordinating Commission report

Ben Cannon, executive director of the Higher Education Coordinating Commission (HECC), joined the meeting by Zoom to deliver his standing report.

He addressed the federal landscape, noting that HECC is observing and assessing changes made by the administration and their implications for Oregon higher education institutions. He noted that the HECC has established a webpage reaffirming the state's commitment to equity, inclusion and belonging and stressed that the HECC remains committed to complying with state and federal law.

Cannon expressed appreciation for OSU's response to the U.S. Department of Education letter issued on February 14, which had potentially profound implications for enforcement action against colleges and universities. He shared OSU's response – which emphasized the university's commitment to inclusive excellence – with other Oregon higher education institutions and colleagues around the country.

He recognized the board's upcoming action on tuition and fee setting and confirmed the proposal being considered did not trigger the need for HECC review and potential action, as it does not exceed a 5% increase for resident undergraduates. He noted that Jim Pinkard, director of the Office of Postsecondary Finance and Capital, was present along with other staff to report back to the commission on the board's process and any action taken on tuition and fees.

Cannon reported that the Ways and Means Committee would consider a bill to adjust funding for the remainder of the biennium. He expected an increase of approx. \$6M in state funding for the Oregon Tribal Student Grant and the Oregon Promise Grant and emphasized the high demand for these financial aid programs and additional funding to fulfill commitments to students.

He announced that budget hearings for HECC and higher education and workforce development in Oregon are set to begin at the end of March and welcomed participation and advocacy for investments in higher education.

Cannon reported that HECC Chair Sandy Rowe and Vice Chair Greg Hamann will soon complete their visits to all 24 public institutions in Oregon, including all seven public universities and 17 community colleges. He said Rowe and Hamann would share reflections and potential suggestions for success in post-secondary education and workforce training for all Oregonians.

Chair Hernández emphasized the need for increased support from the state in higher education, noting that Oregon lags significantly behind other states, and asked for legislative support from HECC in addressing student needs.

Trustee Bulger asked if the additional state funding Cannon had mentioned was \$6M total for the two grants. Cannon confirmed that it was approximately \$6.3M for both grants, along with authorization to spend additional funds for the Oregon Opportunity Grant.

3. Consent agenda

a. Minutes of the Jan. 17, 2025, Meeting of the Board of Trustees

b. Minutes of the Jan. 17, 2025, Executive Session of the Board of Trustees

A motion to approve the consent agenda was made by Trustee Brim-Edwards and seconded by Trustee Luther. The consent agenda was approved by all board members in attendance.

4. Reports of standing committees of the board

a. Academic Strategies Committee

Committee Chair Julie Manning provided a brief overview of the March 7, 2025, meeting of the Academic Strategies Committee meeting held by Zoom.

(See minutes of the March 7, 2025, Academic Strategies Committee meeting for full details.)

b. Finance and Administration Committee

Committee Chair Elise McClure provided a summary of the virtual Finance and Administration Committee meeting held March 7.

(See minutes of the March 7, 2025, Finance and Administration Committee meeting for full details.)

c. Executive, Audit and Governance Committee

Board Chair Román Hernández summarized last week's virtual meeting of the Executive, Audit and Governance Committee (EAGC).

(See minutes of the March 7, 2025, Executive, Audit and Governance Committee meeting for full details.)

5. Public comments

The following individuals provided public comments on issues affecting OSU faculty, including collective bargaining, compensation, increased cost of living, possible budget cuts, future challenges for higher education and difficult decisions regarding courseloads: Eliza Barstow, Sharyn Clough, Alicia Leytem, Jan Medlock, Joseph Orosco and Kara Ritzheimer.

Connor Chen provided comments on increasing tuition rates for non-resident students.

Matteo Paola, Dylan Perfect and Adison Rowe provided comments regarding student government, including the temporary pause in operations for the Associated Students of Oregon State University (ASOSU), the termination of organizers and the approval of student incidental fees.

Jaron Rosenau provided comments on vehicle access to the Corvallis campus core.

6. Discussion item

a. Legislative Update

Katie Fast, executive director of Government Relations, provided the board with a legislative update.

She gave an overview of the state budget, noting that the revenue forecast for the biennium predicted an additional \$350M, for a total of \$1B in available resources. Despite this positive forecast, she stressed that Oregon's economy faces challenges due to tariffs and the uncertainty of inflation trends and that the state's budget is heavily dependent on federal funds, which make up 31% of the current budget.

Fast gave an update on federal funding and budget challenges. She reported that the state is preparing for significant reductions in federal funds, with legislative leadership facing challenges in balancing the budget due to commitments to K-12 education, wildfire costs, housing shortages and homelessness. Fast encouraged trustees to engage with legislators on April 3 during OSU Day at the state Capitol.

Fast reported that the co-chairs of the Ways and Means Committee will release their budget framework next week, with the final revenue forecast used to set the state budget for the next two years expected May 14.

Trustee Manning asked about the process for establishing the legislative agenda and funding priorities. Fast explained the need to strike a balance between staying at the table if the situation stabilizes while accepting certain realities. She noted OSU continues to work for increased funding for the Public University Support Fund and Oregon Opportunity Grant. She said the university needs balance from the state in the face of federal uncertainty and stressed the need to continue repeating that point.

Trustee McClure asked how to balance support for higher education without taking funding away from K-12 education. Fast said the university's strategy has been to focus on education as a continuum that requires funding for everything from primary schools through community colleges and four-year institutions.

7. Action Items

a. FY2026 Tuition Rates, Mandatory Fees and Student Incidental Fees

Finance and Administration Committee Chair Elise McClure introduced the tuition and fees agenda item. She noted the committee had engaged in extensive discussion at its meeting last week and recommended that the board approve the proposed tuition rates, mandatory fees and student incidental fees.

Vice President for Finance and Administration Carla Ho'ā and Associate Vice President for Budget and Resource Planning Brent Gustafson repeated the presentation given at the March 7 FAC meeting.

Ho'ā emphasized the importance of balancing the university's operational needs, strategic investments and financial health while keeping tuition as low as possible, noting that tuition and fees represent a significant portion of the university's budget given the low level of state funding and increasing uncertainty about the federal landscape.

Gustafson provided a detailed breakdown of the university's revenue sources. In response to a question from Chair Hernández, Gustafson clarified that tuition and fees constitute about 55% of the E&G (Education and General Fund) budget.

Gustafson also provided background information on the tuition and fee setting process, which relies on shared governance through engagement with students, academic faculty and professional faculty on the University Budget Committee (UBC).

Ho'ā and Gustafson addressed the following topics in conversation with trustees:

In response to questions from Chair Hernández and Vice Chair Chávez-Haroldson about the building services fee, Gustafson explained that the fee has a long history at OSU going back to the Oregon University System. He clarified that the students paying the building fee are those physically present on campus, which is why the fee is not lumped in with tuition. Gustafson further explained that buildings like the Memorial Union and Dixon Recreation Center have multiple funding sources in addition to the building fee, including rental fees for MU space.

Trustee Bonanno asked how many years in a row OSU has approved a tuition and fee increase, and Provost Feser confirmed Gustafson's response that those increases are a year-on-year practice. In

response to a follow-up question from Trustee Bonanno about what other funding sources the university considers, Gustafson noted state appropriations, interest income and sales and services. Ho'ā added that, ideally, OSU could increase revenue by increasing enrollment but noted the challenge of space constraints related to housing and classrooms.

Trustee Hale asked about sticker price and if there were analytics that show the growth of tuition and scholarships relative to tuition. Gustafson explained that institutional support was about \$114M in the aggregate for the current year, and Trustee Hale asked for this information to be provided in the future.

Trustee Clark asked about the rationale for differential tuition in the College of Business, and Gustafson explained that the higher cost reflected the pay structure within those disciplines.

Trustee Mirho asked how the university would offset costs for students receiving financial aid if funding sources disappear. Ho'ā explained that OSU is focusing time and attention on the potential scale of impact to think through an appropriate response.

The board welcomed public comment from Sophia Nowers, fourth-year OSU student in the College of Agricultural Sciences, who expressed concerns about the high cost of tuition, especially on out-of-state students. She urged the university to lobby for higher education funding.

Chair Hernández sought a motion to approve the academic year 2025-2026 and summer 2025 tuition and mandatory fees at the rates documented in Attachment 1, Exhibit A, noting that the principal recommendations are for a 4.8% increase for continuing undergraduates at Corvallis and OSU-Cascades; a 5.3% increase for new undergraduate students at Corvallis and OSU-Cascades; and a 4.8% increase for Ecampus students continuing and new.

A motion was made by Trustee McClure and seconded by Trustee Macpherson. Trustee Brim-Edwards, Trustee Bulger, Vice Chair Chávez-Haroldson, Trustee Clark, Trustee Hale, Chair Hernández, Trustee Kitamura, Trustee Luther, Trustee Macpherson, Trustee Manning, Trustee McClure and Trustee Palmer voted yea, and Trustee Bonanno and Trustee Carter-Cram voted nay. The motion carried.

b. Tualatin Mountain Forest Acquisition

Senior Associate Vice President for Administration Paul Odenthal, Director of Leasing and Strategic Real Property Management Nicole Neuschwander and Dean of the College of Forestry Tom DeLuca presented the details of the proposed Tualatin Mountain Forest acquisition.

Chair Hernández noted that the vote on this item would be held after the board returns from its executive session on the topic, and that members of the public would have an opportunity to provide comments before the vote was taken.

Odenthal explained that acquisition discussions began in 2022 when the Trust for Public Lands approached Dean DeLuca with the idea of transferring the property as a gift to OSU. He noted that the full acquisition cost is covered by grants and other funds, with no cost to OSU, and that approval of the acquisition was contingent on the receipt of those funds.

DeLuca noted that, if acquired, the forest would join an existing network of nine OSU research forests across the state. He said the forest, located just north of Portland, would be valuable for education and outreach, especially for the K-12 Portland community. DeLuca added that public access to the forest would be retained, with hiking trails added to existing mountain bike trails.

DeLuca said research priorities for the 3,000-acre forest include thriving communities and economies; sustainable forest management; wildfire resilience; water quality; forest resilience to exotic pests and drought stress; and fish and wildlife habitat. He stressed that engagement with tribes, state, and federal agencies is crucial.

DeLuca clarified that \$23.5M in funding will come from the Forest Legacy Program and \$3.5M will come from Portland Metro funds. He repeated that no OSU funds would be used for the acquisition. He added that revenue for maintenance and research activities would come from forest management and timber harvest, with philanthropy and research grant proposals included as additional funding sources.

Neuschwander provided an overview of acquisition due diligence, including an appraisal, environmental site assessment, title review, deed restrictions and ongoing funding.

Chair Hernández sought clarification that OSU would be acquiring the forest at no cost, and Odenthal confirmed that was the case. The chair asked a follow-up question regarding how the forest would be used for urban youth outreach. DeLuca noted several possibilities, including field trips, educational programs and immersive experiences in the forest.

Trustee Luther asked if an environmental site assessment was done and if there were concerns OSU needed to be aware of. DeLuca confirmed the assessment had been done and there are no known endangered species on the property. Luther asked a follow-up question about the level of harvest relative to growth, and DeLuca confirmed that productivity is high.

Trustee Mirho asked how OSU was partnering with tribes and how Indigenous knowledge and Indigenous people themselves were being integrated into the management of the forest. DeLuca noted OSU had requested a meeting with the Grand Ronde Tribal Council to talk about the property, which is on their ancestral lands, adding that they are already working with OSU on management concepts for the McDonald-Dunn Forest. DeLuca added the university is also working with the Warm Springs and Siletz Tribal Councils to build trust and promote opportunities for collaboration. He also mentioned a tribal symposium held in January for all nine Oregon tribes to inform the university of their needs related to forest management.

Trustee Bulger asked about current staff capacity to manage the forest. DeLuca said the plan was to add an additional one FTE to augment existing forest management staff. He added that position would also take responsibility for oversight of the Blodgett Forest and that existing staff and extension foresters would assist in management and outreach efforts.

Vice Chair Chávez-Haroldson asked about specific bird species in the Tualatin Mountain Forest. Mark Swanson, interim director of the research forests, confirmed there were red-breasted sapsuckers, a species emblematic of forest avifauna OSU would like to restore. He added the project would dovetail well with K-12 educational opportunities.

Trustee McClure asked about challenges related to urban proximity. DeLuca cited fire management and managing logging operations alongside active recreation. He noted that higher human density usually equals more fire starts.

The board moved into back-to-back executive sessions.

The first was held pursuant to ORS 192.660(2)(f) to consider information or records that are exempt from public disclosure on the basis that they are protected by attorney-client privilege, and ORS 192.660(2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.

The second was held pursuant to ORS 192.660(2)(h) to consult with legal counsel concerning the legal rights and duties of Oregon State University with regard to current litigation and litigation likely to be filed, and ORS 192.660(2)(f) to consider information that is exempt from public disclosure on the basis that it is protected attorney by attorney-client privilege.

Chair Hernández stressed that no decisions would be made in either executive session.

There was no further discussion and no public comment on the Tualatin Mountain Forest acquisition after trustees returned to the public session. Chair Hernández sought a motion to approve the acquisition of the Tualatin Mountain Forest, consistent with the details outlined in the presentation and the written materials and contingent on the receipt of funding from non-OSU sources that is sufficient to cover the full cost of acquisition. A motion was made by Vice Chair Chávez-Haroldson, seconded by Trustee Hale and approved by all board members in attendance. The motion carried.

8. Action Item

a. Resolution of Appreciation

The board recognized the exceptional leadership and wise counsel of outgoing Provost and Executive Vice President Ed Feser. Academic Strategies Committee Chair Julie Manning delivered the resolution of appreciation for Feser, who will soon begin his tenure as the 34th president of St. Louis University after eight years at OSU.

The chair sought a motion to approve the board's resolution of appreciation for Provost Feser. A motion was made by Vice Chair Chávez-Haroldson, seconded by Trustee Manning and approved by all board members in attendance. The motion carried.

9. Adjournment

With no further discussion or business before the board, Chair Hernández adjourned the meeting.

Respectfully submitted,



Stacy Jeffries
Executive Assistant, Office of the Board of Trustees

Fiscal Year 2026 Operating Budget

EXECUTIVE SUMMARY

This agenda item includes Oregon State University’s fiscal year (FY) 2026 operating budget for the university, which supports the goals of *Prosperity Widely Shared—The Oregon State Plan* (PWS) and reflects allocations and estimated revenue of \$1.85 billion (B) for the fiscal year that begins July 1, 2025 and ends June 30, 2026 (referred to as FY26 throughout).

The proposed budget incorporates the projected financial impact of tuition and fee increases approved by the board in March 2025 and includes estimates about major external revenues that have varying levels of uncertainty. Also incorporated is the impact of internal budget reallocation and realignment decisions. These decisions have engaged broad segments of the university in a process aimed at reducing expenditures to manage within the anticipated revenue, to build financial resilience and make strategic investments in FY26 and beyond.

BACKGROUND

The OSU Board of Trustees is charged with reviewing and approving the university’s annual operating budget. Each year’s budget is the compilation of estimates for major revenue sources such as tuition and fees, state appropriations, indirect cost reimbursement, sales and services, grants, and gifts. Additionally, the university makes estimates for expenditures that reflect operating decisions as well as assumptions about cost escalation across major spending categories such as personnel and services and supplies.

Attachment 2 provides a set of notes that explain budget terminology in more detail.

For FY26, the university’s proposed operating budget is \$1.85B in revenues and \$1.84B in expenditures, net transfers and fund deductions:

The university’s finances are grouped into three operating fund types as summarized below. Detailed tables for each operating fund are provided in Tables 1, 2, and 3.

- Education and General (E&G) Funds** support instructional, research, and outreach work on the Corvallis campus, on the OSU-Cascades campus in Bend, and in the Statewide Public Services (SWPS). E&G detail among these units is provided in Table 4.

Education & General Fund (\$millions)	
Beginning balance	\$163.3
Revenue	\$1,009.3
Expenditures & Net Transfers	(\$1,010.5)
Net	(\$1.2)
Ending balance	\$162.1

- Self-Support Funds** include Auxiliaries (Athletics, University Housing & Dining Services, Student Centers, etc.), Service Centers, Designated Operations, and Royalties.

Self-Support Funds (\$millions)	

Beginning balance	\$7.9
Revenue	\$285.6
Expenditures & Net Transfers	(\$297.7)
Net	(\$12.1)
Ending balance	(\$4.3)

- Restricted Funds** include expenditures from externally funded grants and contracts and gift expenditures from the OSU Foundation and other entities. Revenues and expenses are consistently at or near balance in these funds, as expenditures are limited by revenue.

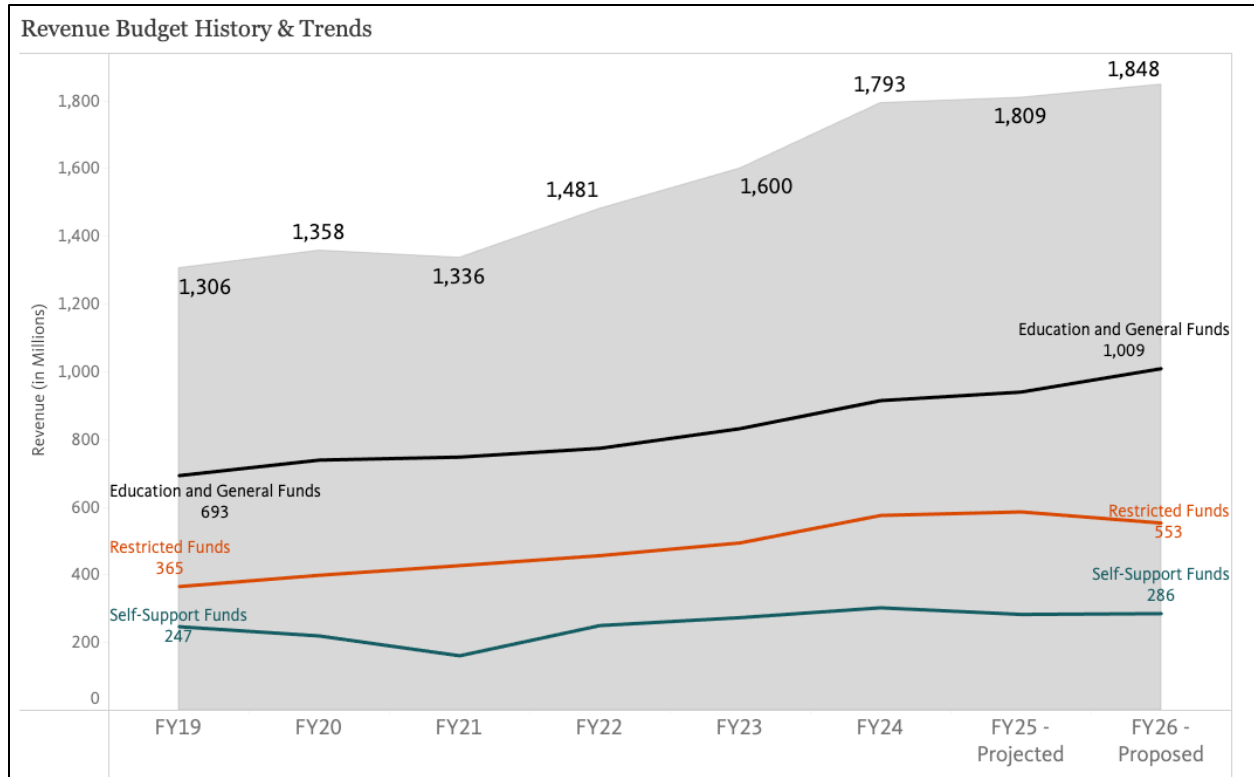
Restricted Funds (\$millions)	
Beginning balance	\$5.6
Revenue	\$553.1
Expenditures & Net Transfers	(\$530.4)
Net	\$22.7
Ending balance	\$28.3

BUDGET CONTEXT

OSU’s operating budget provides a plan to develop and distribute resources for employees to pursue the goals outlined in the *Prosperity Widely Shared* plan. These goals guide decisions about developing and distributing budget to academic units, service and support units, and long-term strategic investments like capital and fundraising.

FY26 Overview

The graph below indicates the history of these operating fund revenues as well as the aggregate operating budget for the university. It’s important to recognize that Oregon State approaches a period of budgeting uncertainty from a position of relative strength, having experienced consistent revenue growth, as well as planning for modest additional revenue for FY26.



E&G revenues are projected to increase in FY26, primarily due to projected enrollment growth in Ecampus, an anticipated modest increase in state appropriations, and an increase in tuition rates. Self-support revenues are projected to be only modestly higher compared to FY25 due to increases in charges for housing and dining, offset by declines in Athletics revenue. Restricted revenues are projected to decline from FY25 levels due to an anticipated decrease in federal funding for research activities.

EDUCATION AND GENERAL FUNDS

E&G funds support Corvallis academic and support operations, OSU-Cascades academic and support operations, operations of the Statewide Public Services (SWPS), and the state’s Outdoor School program.

As part of developing the FY26 E&G budget, all academic and administrative divisions and units underwent a scenario development exercise to reduce expenditures relative to base funding. Each unit had the same set of parameters for developing scenarios, but the university has made differential reduction decisions that reflect OSU’s strategic priorities and align with *Prosperity Widely Shared* goals. As part of this budget realignment, each unit is experiencing some level of expense reduction relative to their FY25 base level of funding. This is to help bridge an anticipated imbalance of revenues and expenditures, as well as reallocate resources toward strategic priorities.

Revenues

The total revenue in E&G funds, as compared to the FY25 third quarter (Q3), is projected to increase 7.4% or \$69.3M. This assumes modest growth in Corvallis and OSU-Cascades (similar to recent years), continued growth in Ecampus, and relatively flat graduate and professional

enrollment. Revenue increases are also the result of rising tuition rates and an anticipated increase in state appropriations. Total operating revenues are projected to be \$1.01B. Approximately \$20M of this increase is attributable to the restoration of funding for Outdoor School. In FY25, the Oregon Legislature made a one-time reduction to the Outdoor school funding in order to draw down accumulated funds. Restoring more “normal” funding results in an outsized annual increase.

Expenditures and Net Transfers

Budgeted expenditures in E&G funds are rising 7.4% overall, relative to FY25 Q3 year-end projections (Tables 1, 4). Despite implementation of budget reductions, the FY26 budget framework will provide an inflationary-type adjustment to allocated resources which allows flexibility for the projected net increase in FY26 expected spending (relative to FY25’s third quarter spending levels).

Net transfers out in FY26 are projected to be \$11.5M, a sharp decrease from FY25 levels due to a change in the E&G support for Athletics. For FY26, the E&G funds for Athletics will be directly budgeted instead of transferred between two operating funds.

Uncertainties, Issues, and Opportunities

The proposed operating budget is an *estimate* of the resources and spending for the next fiscal year, so there are always uncertainties in the projections. The FY26 budget has a greater degree of uncertainty than has been typical in recent years.

State Appropriations – Corvallis, OSU-Cascades, Statewide Public Services

State appropriations for the 2025-27 biennium are still under development by the Oregon legislature. The current legislative session will conclude in June with appropriations bills. These bills will set the total state support for the Public University Support Fund, targeted state programs, and funding levels for the Statewide Public Services. Specific allocations to each of the state’s public universities will be finalized in the fall. This budget incorporates the most recent information available for estimating OSU’s support from the state, but the final outcome of the appropriations process is not yet known.

Enrollment – Tuition and Fees

Tuition and fees are OSU’s largest single source of revenue, which introduces a level of uncertainty regarding enrollment and the resulting revenue from student charges. Although national trends affect the overall higher education sector, the budget process attempts to model specific revenue estimates based on OSU’s profile and experience. Flagship and land grant universities have generally shown relatively strong enrollment patterns since the pandemic, while regional publics, mid-market private institutions, and especially community colleges are struggling to varying degrees. An emerging concern relates to international enrollment in light of a shifting landscape for students from abroad. The impacts of potential U.S. policy changes or shifts in the market demand from international students are not specifically factored into the budget estimates.

OSU has experienced a long period of enrollment growth that is unmatched among similar public universities. The budgeted revenue assumes that enrollment will continue to grow in

FY26. Only modest enrollment growth is assumed for Corvallis (1.5%) and OSU-Cascades (5%), so most of the enrollment growth is expected to come from Ecampus students (7%).

Federal F&A revenue

Similar to other research universities, OSU's budget is partially supported by revenue from the federal government and other grantors. This revenue is intended to reimburse the university for the facilities and administrative costs of conducting research on behalf of external funding partners. This funding goes by a variety of names—indirect cost recovery (ICR), facilities and administrative reimbursement (F&A), or returned overhead (ROH). This revenue is paid by external funding agencies as part of receiving research awards.

Since the start of the new federal administration, federal granting agencies have either announced or attempted to implement restrictions on this type of F&A revenue for universities and others who receive federal research funding. While court orders have restricted actual implementation of F&A caps, these types of changes are also part of federal budget discussions and could emerge from the appropriations process as a federal budgetary savings measure.

Beyond limitations or caps on reimbursement rates, the other factor that creates uncertainty for F&A revenue is the level of potential funding for federally-sponsored research. A reduction in federal research activity would also result in lower F&A revenue earned on those projects (see Restricted Funds section below). With this in mind, the FY26 budget contains an estimate of F&A revenue that is 15% lower relative to projected FY25 levels.

Contingency and Strategic Investment

Given the relatively greater level of uncertainty in budgeting for FY26, the budget plan includes setting aside a greater level of contingency funds than in recent years—an additional 1% of projected E&G expenses. An additional 1% has been set aside for strategic investments to support Prosperity Widely Shared.

SELF-SUPPORT FUNDS

Self-Support Funds (Table 2) include the operations of the Auxiliaries (Athletics, University Housing & Dining Services, Student Centers, Student Health Services, Transportation Services, and other smaller units); Service Centers (Telecommunications, Network Services, Motor Pool, Printing and Mailing, and others); Designated Operations; and expenditures from Royalty Funds.

Structure of Self-Support Operations

Self-support operations provide a variety of essential services to students, university employees, stakeholders, and alumni. In the long-run, self-support operations need to have sufficient revenue to maintain balanced operating budgets. There are limited circumstances when a self-support operation must operate at a loss for a period of time.

Revenues

Within self-support operations, revenues are expected to be up only 0.8% over FY25's third quarter. Over time, self-support funds have grown as OSU's enrollment has grown. Given that anticipated enrollment growth is largely from Ecampus students, growth in revenue in self-supports stems more from increases in rates than from the volume of students paying. The

rising revenue within Housing and Dining and other self-support operations is offset by declining revenue for Athletics.

Expenditures

Personnel Services are projected to decline by about 4.5%. This is the net result of projected compensation increases that are more than offset by the movement of a portion of Athletics compensation to direct E&G funding (in lieu of transferring funds from E&G to self-supports as was done in prior years). Supplies & Services costs are projected to increase 4.8% from FY25 projected levels.

Uncertainties, Issues, and Opportunities

The self-support operations include a wide range of operations, so there are a variety of uncertainties. UHDS is expected to be at full occupancy again this coming year, which in turn puts pressure on the capital renewal timeline for UHDS.

Athletics faces continued uncertainty; however the rebuilding of the Pac-12 Conference presents a picture of the future that is somewhat clearer than the budget planning of a year ago. Conference revenues and the shifting landscape of athlete transfers and compensation will increase the financial pressures on Athletics, while the university remains committed to student athletes' ability to compete at the highest level.

RESTRICTED FUNDS

Restricted Funds (Table 3) include grants and contracts for research awarded by the federal government, states, and other agencies; federal financial aid dollars; gifts from the OSU Foundation (including scholarships); and support from other entities such as Oregon counties. Restricted funds are awarded for specific purposes and are spent directly for those purposes. Revenue and expense generally match closely in any given year.

Structure of Restricted Funds

Restricted funds do not provide discretionary revenues to the university. However, they are an essential part of supporting OSU's missions of scholarship and student success and do require some investments from Education and General funds to ensure continued success.

Successful competition for federal research awards requires suitable facilities and instrumentation. The E&G investments to support capital renewal can directly impact the quality of research (and other) facilities and support the long-term success in research funding.

Revenues

Restricted fund revenues are expected to decline by 5.6% from FY25 Q3 projections, driven largely by expected decreases in federal grant and contract awards and the expenditures tied to these awards.

Expenditures

Total expenditures are expected to decrease by about 5.6% when compared to FY25 projections. Transfers out from restricted funds are principally to plant funds, and these transfers are expected to be much lower than FY25's higher level related to the PacWave project.

Uncertainties, Issues, and Opportunities

The outlook for federal research funding has changed since the start of the new federal administration. Funding agencies have been undergoing pauses and reviews that have in some cases slowed or narrowed the scope of grant awards for which faculty researchers might compete. The university has been actively engaged in assessing risks and options, but there remains substantially more uncertainty for this type of funding than in prior years. That being said, growing the externally-sponsored research portfolio of the university remains a key priority of *Prosperity Widely Shared*, even if the pace of that growth may differ from previous expectations.

RECOMMENDATION

Staff recommend that the Finance & Administration Committee recommend to the Board of Trustees approval of the proposed operating budget for FY26 as presented in Tables 1-4.

Table 1: Education and General Funds Revenues and Expenditures projected for FY25.

EDUCATION & GENERAL (Corvallis, Cascades, Statewide Public Services)								
(in thousands)	2023 Actual	2024 Actual	2025 Q3 Projection	2026 Budget	2023-24 % Chg.	2024-25% % Chg.	2025-26 % Chg.	
State General Fund	270,348	302,677	287,961	336,506	12.0%	-4.9%	16.9%	
Tuition & Resource Fees, net of Remissions	432,881	469,746	515,614	571,645	8.5%	9.8%	10.9%	
Other	128,798	142,369	136,410	101,136	10.5%	-4.2%	-25.9%	
Total Revenues	832,027	914,792	939,985	1,009,286	10.5%	2.8%	7.4%	
Personnel Services	(613,600)	(671,512)	(722,468)	(772,590)	9.4%	7.6%	6.9%	
Supplies & Services & Capital Outlay	(201,873)	(220,948)	(210,223)	(229,000)	9.4%	-4.9%	8.9%	
Total Expenditures	(815,473)	(892,460)	(932,691)	(1,001,590)	10.5%	4.5%	7.4%	
Net from Operations	16,554	22,332	7,294	7,696				
Transfers In	4,784	8,691	4,124	2,625	81.7%	-52.5%	-36.3%	
Transfers Out	(22,281)	(30,254)	(35,271)	(11,527)	35.8%	16.6%	-67.3%	
Fund Additions/(Deductions)	0	0	0	0				
Change in Fund Balance	(943)	769	(23,853)	(1,205)				
Beginning Unrestricted Net Assets	187,311	186,368	187,137	163,284				
Ending Unrestricted Net Assets	\$186,368	\$187,137	\$163,284	\$162,079	10.5%	-12.7%	-0.7%	
% Operating Revenues	22.4%	20.5%	17.4%	16.1%				

Table 2: Self-support Funds Revenues and Expenditures projected for FY25.

SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments							
(in thousands)	2023 Actual	2024 Actual	2025 Q3 Projection	2026 Budget	2023-24 % Chg.	2024-25% % Chg.	2025-26 % Chg.
Enrollment Fees	\$47,164	\$50,678	\$55,609	\$56,115	7.5%	9.7%	0.9%
Sales & Services	175,466	203,955	178,787	190,382	16.2%	-12.3%	6.5%
Other	<u>51,109</u>	<u>48,184</u>	<u>48,809</u>	<u>39,095</u>	-5.7%	1.3%	-19.9%
Total Revenues	273,739	302,817	283,205	285,592	10.6%	-6.5%	0.8%
Personnel Services	(124,699)	(132,510)	(140,515)	(134,168)	6.3%	6.0%	-4.5%
Supplies & Services & Capital Outlay	<u>(127,083)</u>	<u>(146,101)</u>	<u>(130,035)</u>	<u>(136,338)</u>	15.0%	-11.0%	4.8%
Total Expenditures	(251,782)	(278,611)	(270,550)	(270,505)	10.7%	-2.9%	0.0%
Net from Operations	21,957	24,206	12,655	15,087			
Transfers In	10,571	10,759	20,155	2,068	1.8%	87.3%	-89.7%
Transfers Out	(20,485)	(32,095)	(19,279)	(12,699)	56.7%	-39.9%	-34.1%
Additions/(Deductions) to Unrestricted Net Assets	<u>(12,191)</u>	<u>(14,028)</u>	<u>(18,162)</u>	<u>(16,587)</u>			
Change in Unrestricted Net Assets	(148)	(11,158)	(4,631)	(12,131)			
Beginning Unrestricted Net Assets	23,804	23,656	12,498	7,867			
Ending Unrestricted Net Assets	\$23,656	\$12,498	\$7,867	(\$4,264)	-47.2%	-37.1%	-154.2%
% Operating Revenues	8.6%	4.1%	2.8%	-1.5%			

May 8-9, 2025, Board of Trustees Meetings

Table 3: Restricted Funds Revenues and Expenditures projected for FY25.

RESTRICTED FUNDS							
(in thousands)	2023 Actual	2024 Actual	2025 Q3 Projection	2026 Budget	2023-24 % Chg.	2024-25% % Chg.	2025-26 % Chg.
Federal	\$348,530	\$412,200	\$428,071	\$389,800	18.3%	3.9%	-8.9%
State	42,256	47,467	51,115	53,700	12.3%	7.7%	5.1%
Other	<u>103,730</u>	<u>115,961</u>	<u>106,805</u>	<u>109,600</u>	11.8%	-7.9%	2.6%
Total Revenues	494,516	575,628	585,991	553,100	16.4%	1.8%	-5.6%
Personnel Services	(168,256)	(186,449)	(190,225)	(177,600)	10.8%	2.0%	-6.6%
Supplies & Services & Capital Outlay	<u>(302,651)</u>	<u>(351,300)</u>	<u>(361,710)</u>	<u>(343,300)</u>	16.1%	3.0%	-5.1%
Total Expenditures	(470,907)	(537,749)	(551,935)	(520,900)	14.2%	2.6%	-5.6%
Net from Operations	23,609	37,879	34,056	32,200			
Transfers In	0	3,851	570	0			-100.0%
Transfers Out	(24,325)	(44,505)	(35,276)	(9,500)	83.0%	-20.7%	-73.1%
Additions/(Deductions) to Restricted Net Ass	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>			
Change in Restricted Net Assets	(716)	(2,775)	(650)	22,700			
Beginning Restricted Net Assets	9,789	9,073	6,298	5,648			
Ending Restricted Net Assets	\$9,073	\$6,298	\$5,648	\$28,348	-30.6%	-10.3%	401.9%
% Operating Revenues	1.8%	1.1%	1.0%	5.1%			

Table 4: Summary of budgeted inter-fund transfers for FY25.

OREGON STATE UNIVERSITY - Budgeted Transfers
Fiscal Year 2026

		Education & General			
	<u>Transfers In</u>			<u>Transfers Out</u>	
	From Self Support			To Self Support	
	Royalties (Trademark fund)	1,551,023		various Auxiliaries	10,000
	Auxiliaries	228,060		various Service Centers	1,637,000
	Termination of Plant Funds	500,000		Designated Operations	168,000
	From Plant Funds (Cascades)	346,155		Royalties	3,000
				Cascades to Auxiliary	200,000
				Cascades to Des Ops	50,000
				To Plant	8,837,000
				SWPS - AES to Plant	622,000
	Total Transfers In	2,625,238		Total Transfers Out	11,527,000
Self Support	<u>Transfers In</u>			<u>Transfers Out</u>	
	From Education & General - Cascades (Aux)	200,000		To Education & General - Royalties (Trademark)	1,551,023
	From Education & General - various Auxiliaries	10,000		To Education & General - Athletics	228,060
	From Education & General - Misc Service Centers	1,637,000		To Plant - UHDS	7,000,000
	From Education & General - Cascades (Des Ops)	50,000		To Plant - Student Centers	3,000,000
	From Education & General - Designated Operations	168,000		To Plant - Misc Service Centers	920,000
	From Education & General - Royalties	3,000			
	Total Transfers In	2,068,000		Total Transfers Out	12,699,083
Restricted Funds	<u>Transfers In</u>			<u>Transfers Out</u>	
				To Plant	9,500,000
	Total Transfers In	-		Total Transfers Out	9,500,000
	Transfer In	4,693,238		Transfer Out	33,726,083

May 8-9, 2025, Board of Trustees Meetings

Table 5: Detail for Education and General Fund Operations Projected for FY25.

FY26 Budget Request to Board

E&G Projections	E&G-Corvallis	E&G-Cascades	AES	EXT	FRL	OS	Total
State Appropriation	\$ 182,493,766	\$ 10,740,593	\$ 50,498,502	\$ 55,614,206	\$ 7,248,332	\$ 29,910,500	\$ 336,505,899
Net Tuition & Resource Fees	554,182,893	17,461,760	-				\$ 571,644,653
Other Revenue	93,691,386	111,204	2,433,000	2,200,000	2,700,000		\$ 101,135,590
	830,368,045	28,313,557	52,931,502	57,814,206	9,948,332	29,910,500	\$ 1,009,286,142
Personnel Services	649,373,781	27,986,337	33,886,500	50,290,000	8,792,671	2,260,504	\$ 772,589,793
Supplies & Services & Capital Outlay	171,118,347	5,606,356	15,122,000	8,347,586	1,155,661	27,649,996	\$ 228,999,946
	820,492,128	33,592,693	49,008,500	58,637,586	9,948,332	29,910,500	\$ 1,001,589,738
Net Operating Gain (Loss)	9,875,917	(5,279,136)	3,923,002	(823,380)	(0)	0	\$ 7,696,403
Transfers In	2,279,083	346,155					\$ 2,625,238
Transfers Out	(10,655,000)	(250,000)	(622,000)				\$ (11,527,000)
Change in Fund Balance	1,500,000	(5,182,981)	3,301,002	(823,380)	(0)	0	\$ (1,205,359)
Beg Est Fund Balance-FY25 3rd Qtr Est	134,484,430	3,422,638	17,421,222	15,389,205	6,195,888	171,856	\$ 177,085,239
FY26 Estimated Ending Fund Balance	\$ 135,984,430	\$ (1,760,343)	\$ 20,722,224	\$ 14,565,825	\$ 6,195,888	\$ 171,856	\$ 175,879,880
	16.4%	-6.2%	39.1%	25.2%	62.3%	0.6%	17.4%

BUDGET EXPLANATORY NOTES

Oregon State University, like most colleges and universities, uses fund accounting. Fund accounting recognizes the diversity of sources and purposes of resources and emphasizes accountability for the proper use of those resources. Each fund type is self-balancing and has its own resources, expenditures, assets, liabilities, and fund balance.

Fund Types

E&G Funds: These are unrestricted current funds expendable for any purpose in performing the primary objectives of the institution (instruction, research, and public service).

E&G Funds come principally from tuition and fees paid by students and state appropriations. They also include indirect costs paid by external grants and contracts (termed Facilities and Administrative, or F&A costs) to defray the added costs of providing support for funded research projects. Additionally, there are miscellaneous sources of income such as interest and sales and services fees within academic units. The E&G funds provide the primary support for the instructional, academic support, institutional management, outreach and engagement, and some research activities of the university.

Self-Support Funds: Self-Support Funds are for units that are expected to generate revenues sufficient to cover most of their expenses. OSU defines three kinds of self-support operations.

- **Auxiliary Enterprises:** Self-sustaining units which provide goods or services primarily to students, faculty, and staff as individuals. They charge a fee directly related to, although not necessarily equal to, the cost of the goods or services. The general public may be served incidentally by auxiliary enterprises. Examples of Auxiliary Enterprises at OSU include University Housing & Dining Services, Athletics, Student Health Services and Parking Services.
- **Service Centers:** Self-sustained activities which provide goods or services to the academic university community. No more than 20% of revenue may be from external sales. Examples of Service Centers at OSU include Telecom, Printing & Mailing, Motor Pool and Surplus Property.
- **Designated Operations:** Self-sustaining activities related to instruction and public service where 80% or greater of the revenue is derived from external sources. Examples include non-credit instruction portion of field trips and international education, community education (non-credit conferences, workshops, seminars), the OSU Press, and public service (testing services) like the Seed Certification Lab.

Revenues from royalty payments are also managed with the self-support funds.

Restricted Funds: Restricted Funds are provided to the university for specific purposes and projects.

The most common types are grants or contracts from:

- Federal, state, and private foundations for research and scholarships;
- Federal financial aid awards;
- Gift funds distributed from the OSU Foundation;
- Other endowments for scholarships, endowed professorships, research projects; and

- Other specifically designated activities.

Revenue and Expense Categories

The summary budget reports in Tables 1 through 3 include the following components:

Revenue:

- State General Fund: Appropriations authorized by the State of Oregon. These include funds for general operations of the university as well as funds designated for specific university functions such as the Statewide Public Services and the Oregon Climate Change Research Institute
- Tuition and Resource Fees, net of Remissions: These are tuition and fee charges to students, less waivers of tuition made as financial aid. Tuition waivers are the principal form of institutional financial aid provided to undergraduates.
- Other E&G Revenue: These include the F&A costs paid by grants, sales and service income generated within departments and colleges outside designated operations, and interest income from various university accounts
- Enrollment Fees: Some student fees are directed to self-support operations such as the Memorial Union and Student Health Services
- Sales & Service: Many of the self-support operations sell goods and services to the university community and the general public. Examples include ticket sales in Athletics, dining hall revenues, and housing contract charges.
- Other Self-Support Revenue: The self-support operations have other sources of revenues including charges to other university units, interest revenue, and lottery proceeds
- Federal Restricted Funds: Awards from Federal agencies for research and scholarship projects
- State Restricted Funds: Awards from State agencies for research and scholarship projects
- Other Restricted Funds: Research grants or contracts from other government entities, private foundations, and other universities

Expense:

- Personnel Services: These include salaries for classified employees, unclassified employees, students, and graduate assistants and benefits including retirement, health insurance, taxes, and graduate tuition remissions.
- Supplies & Services & Capital Outlay: Office expenses, utilities, telecommunications, assessments, debt payments, non-capital equipment, contract services, capitalized equipment and property

Other Adjustments:

- Transfers in: Transfer from other funds in support of operations
- Transfers out: Transfers to plant funds or other funds in support of operations
- Other Additions/Deductions: Primarily the use of working capital to purchase capital assets or pay long-term debt.

Capital Project Stage Gate II: Dixon Recreation Center Improvements


EXECUTIVE SUMMARY

This project provides updates and system renewals to the Dixon Recreation Center in order to better serve student health and wellbeing with enhanced safety and accessibility. Board of Trustee approval is required for capital projects when the projected budget exceeds the \$10M threshold. The estimated budget for this capital renewal project is \$11.5M. The Finance and Administration Committee approved this project at Stage Gate I during its March 2025 meeting. The project has progressed and is now ready for Stage Gate II approval – budget approval and advancement to the construction phase.

BACKGROUND

The Dixon Recreation Center Improvements project is included in the Ten-Year Capital Forecast. The following information is provided for consideration by the Finance and Administration Committee to advance this project to the construction phase pursuant to the board’s [Approval of Capital Projects policy](#).

PROJECT SUMMARY

 <p style="text-align: center;">DIXON RECREATION CENTER IMPROVEMENTS</p>	Floor Area (SF)	~8,000
	Estimated project budget	\$11,500,000
	Rec Sports Building Reserves	\$11,500,000
	Deferred maintenance reduction	~\$7,700,000
	Estimated carbon reduction	No effect
	Estimated project completion	Fall 2026
	Location	425 SW 26th St., Corvallis

The Department of Recreational Sports (Rec Sports) enriches students' health and well-being through a variety of facilities, services and programs, including fitness classes, intramural sports, sport clubs and adventure-based learning. By fostering a sense of community and connection, Rec Sports has helped over 18,000 unique students (79% of the on-campus student body) thrive physically, socially and academically.

The project includes:

- Updated and improved life-safety features and accessibility with new emergency generator, egress pathways and lighting on the north side of the basketball gym.
- Replacement of the roof, skylights, and HVAC over Dixon Recreation Center Administration offices.
- Replacement of the climbing gym surfaces and reconfigured east entry.
- Retrofit and improvements to racquetball and squash courts, to optimize space utilization.
- Interior improvements to the east entry of the building and remodel of an existing racquetball court to provide new Athletic Training Center space.

The project seeks to optimize space utilization for the nearly 800,000 annual recorded distinct visits to Dixon Recreation Center, accommodating high usage and enhancing entry and exit flow beyond the original design.

ADVANCING OSU’S STRATEGIC GOALS

<p>Goal 1 A university focused on big discoveries that drive big solutions</p>	<p>Goal 2 A university where every student graduates</p>	<p>Goal 3 A university that fuels a thriving world</p>
<p>This project extends and optimizes the operational lifespan and enhances the life safety of Dixon Recreation Center, a facility crucial to improving the overall campus experience and supporting the wellbeing of the OSU Community.</p>	<p>The Dixon Recreation Center plays a vital role in supporting student health and wellness, which is closely tied to academic success. An Inside Higher Ed survey¹ revealed that many students believe their physical health and wellness significantly affects their academic performance. Engagement around the Recreational Sports program builds a strong sense of community and belonging. When students feel connected to their campus, they are more likely to stay engaged, overcome challenges, and achieve higher retention and graduation rates.</p>	<p>Participants and student employees in the Recreational Sports program at Dixon gain valuable technical skills, discover their passions, and form strong affinity groups. This project will create more opportunities, helping to prepare OSU students to contribute and excel in an ever-evolving world.</p>

IDENTIFICATION OF RISKS AND MITIGATION STRATEGIES

The following risks have been identified for the project. Given these risks, the owner, design, and construction contingencies have been set at 5%, 3% and 5%, respectively.

Risks	Likelihood	Severity	Consequences	Mitigation Strategy
<i>Discovery of unforeseen building issues</i>	Medium	Medium	Use of contingency funds and the possible extension of the project scope to include additional systems.	The building has been renovated several times and record drawings are available. The project also provided a construction scan of the affected building areas during design development to ensure accurate design information.
<i>Systems and materials manufacturing delays</i>	Medium	Low	Delayed schedule due to long lead items.	The project plans to do early procurement on large equipment and long lead items.
<i>Tariffs on imported construction materials could increase the cost of construction projects</i>	High	Medium	The effects of tariffs and when they might occur is yet unknown. Tariffs may drive up the availability and cost of construction materials.	Consider source of materials specified. Early purchase of as many construction materials as possible. Extra contingency has been added to the project in anticipation. In worst case, project can reduce scope to stay in budget.

¹ [Physical Health and Wellness Linked to Student Success](#), Inside Higher Ed, May 31, 2023

TOTAL COST OF OWNERSHIP

The estimated life cycle ownership costs for the Dixon Recreation Center Improvements project are summarized in the following table. A pro forma is not included, as the project is not utilizing revenue financing.

Forecasted Total Cost of Ownership Dixon Recreation Center Improvements	
ITEM	COST
Total Project Cost	\$11,500,000
Rec Sports Building Reserves, including Student Building Loan/Debt Fee Cash Funding	\$11,500,000
Total Cost Avoidance	(\$7,700,000)
Removal of Deferred Maintenance	(\$7,700,000)

RECOMMENDATION

Staff recommend that the Finance & Administration Committee recommend to the board approval of a capital project budget of \$11.5M for the Dixon Recreation Center Improvements Project and advancement of the project to the construction phase.

Fundamentals of Board Governance Annual Refresher

OSU Board of Trustees

May 9, 2025

Governance

Board Chair Román D. Hernández

Overview

- A review of the fundamentals of good governance
- Annual board work plan
 - board accountability and performance
- Focus on strategic governance
- Refresher on ethics & conflicts of interest

See [Annual Board Work Plan](#)

Fundamentals: board charter and policies

- OSU Board of Trustees Bylaws
- Delegating Authority to the University
- Responsibilities of Individual Trustees Policy
- Trustee Code of Ethics
- Trustee Conflicts of Interest & Recusal

Responsibilities of Individual Trustees

- Safeguard the university's assets and foster its capacity to serve others
- Speak candidly, foster openness and trust, respect the opinions of others
- Remember that the board chair speaks for the board and the president speaks for the university
- Avoid personal agenda
- Support the president while exercising critical judgment
- Distinguish between management and governance issues
- Avoid even the perception of conflict of interest

See: [Responsibilities of Individual Trustees Policy](#)

Principles of Trusteeship



Principles of Trusteeship

Three key themes:

- **Understand Governance...**by embracing all of your responsibilities in a structure of shared leadership.
- **Lead By Example...**by upholding the highest standards of integrity.
- **Think Strategically...**by focusing on what matters most to the long-term success of the whole enterprise.

Governance in Three Simple Questions

Where is the institution going?

Strategic Plan



Who will take it there?

President Selection and Support



Is the institution progressing toward its goals?

Relentless Assessment

DISCUSSION

Ethics and Conflicts of Interest

Vice President and General Counsel Becca Gose

Ethics & Conflicts of Interest

Board Policies

- [Trustee Code of Ethics](#)
- [Trustee Conflicts of Interest & Recusal](#)

Oregon Ethics Law

- Conflicts of Interest
- Use of Office
- Gifts
- Nepotism
- Campaigning and Lobbying
- Annual Statement of Economic Interest

Conflicts of Interest

Participation in official action that *could* or *would* result in financial benefit or detriment to you, your relative or a business with which either is associated.

Two types of conflicts:

- Potential (“could”) – Must announce and may participate
- Actual (“would”) – Must announce and refrain/recuse

Use of Office

- Public officials are prohibited from using the position held for financial gain or to avoid financial detriment.
- This applies to you, as well as your relatives and members of your households

Gifts

- A “gift” is something of economic value given to a public official that is not extended to others who are not public officials on the same terms and conditions
- \$50 aggregate limit from any single source with an economic interest, distinct from that of general public, in any matter subject to decision by the board
- This applies to all public officials, their relatives and members of their households

Nepotism

- You may not participate in any interview, discussion or debate regarding the appointment, employment or promotion of a relative or member of the household
- You may serve as a reference
- You may participate if relative or member of household is applying for or in an unpaid volunteer position

Campaigning and Lobbying

- In your OSU capacity, you may not promote or oppose election petitions, candidates, political committees, or ballot measures. (You may do so in your personal capacity.)
- You may engage in discussions/actions to influence legislators and other state actors to advocate for policy/legal agendas to benefit OSU
- OSU must register any public officials acting on its behalf who spend either 24 hours or \$100 in one calendar quarter on lobbying activities (e.g., attempting to influence legislative actions)

Annual statement of economic interest

- An annual report that all trustees must file with the Oregon Government Ethics Commission by April 15
- Requires disclosure of financial interests and income sources that may be relevant to your official duties
- OGEC provides training resources and guides
- Board Office provides lists of vendors and contractors

DISCUSSION