



**Oregon State
University**

The Board of Trustees of Oregon State University

Meeting of the Finance and Administration Committee

May 8, 2025

12:55 – 3:15 p.m.

Memorial Union Horizon Room, Corvallis, OR

MINUTES

Committee members present: Kasaundra (Kassy) Bonanno, Karla Chambers, Susan Clark, Lisa Hale, Román Hernández (*ex-officio*), Carla Ho‘ā (*ex-officio*), Grant Kitamura (*vice chair*), Toby Luther, Elise McClure (*chair*), Marlena (MJ) Mirho (*nonvoting member*)

Other trustees present: Kate Carter-Cram, Maria Chávez-Haroldson, Greg Macpherson, Julie Manning, Jayathi Murthy, Camille Palmer

University staff present: Andrea Ballinger, Jackie Bangs, Belinda Batten, Dale Bettencourt, Bill Callender, Bruce Daley, Kevin Dougherty, Becca Gose, Brent Gustafson, Carla Ho‘ā, Jen Humphreys, Stacy Jeffries, Deb Mott, Vincent Nguyen, Paul Odenthal, Rob Odom, Melanie Rose, Patti Snopkowski, Brian Stroup, Irem Tumer, Scott Vignos

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

Committee Chair Elise McClure called the meeting to order at 12:56 p.m. Board Secretary Jackie Bangs called the roll and verified a quorum.

2. Vice President for Finance and Administration’s report

Vice President for Finance and Administration Carla Ho‘ā delivered her report to the committee.

She reported that, as a result of an update to the provost’s portfolio, the University Human Resources Office now reports to the vice president for Finance and Administration, with the human resources team continuing to be important strategic partners serving the entire university.

Ho‘ā further reported that the HR team is building an in-house executive recruiting function to streamline and expedite that process. She also noted the success of OSU’s mental health and wellbeing program for employees.

Vice President Ho‘ā then provided an update on the university’s budget realignment planning process, which began earlier this year. She explained how OSU engaged leaders across the institution to develop a range of budget reduction scenarios. After a series of meetings with leaders to understand impacts and opportunities, the final outcome is a 5.2% total reduction in expenses, with individual units having greater or lesser targets.

Ho‘ā explained that 3.2% of the overall 5.2% reduction will be used to balance the university’s budget beginning in the coming year. She added that 1% will be for a contingency fund to address potential risks related to Education and General funds, and 1% will be applied toward strategic

investments that advance the university's goals.

Committee Chair McClure expressed appreciation for the contingency pool and asked if the 5.2% reduction would lead to headcount reductions. Ho'ā indicated that reductions were not yet a known quantity, adding that most scenarios focus on vacant positions and reorganizations rather than layoffs.

Trustee Luther asked if the board could see unit-level budget impacts, and Ho'ā indicated those numbers are not yet published, but that reductions are categorized (<4%, 4–6%, >6%) and could be shared post-approval.

Trustee Chambers shared Chair McClure's appreciation for the contingency pool and asked for a breakdown and a dollar amount of the 5.2% reduction. Ho'ā clarified that each 1% is approx. \$8.5M, and that the 5.2% reduction includes 3.2% for balancing; 1% for contingency; and 1% for strategic investment.

Board Chair Hernández asked if there were plans to revisit the budget if federal or state funding changes over the summer. Ho'ā confirmed that adjustments will be considered if funding exceeds expectations, adding that the contingency and investment pools would provide flexibility. She expressed hope that adjustments would not go beyond the 1% contingency pool, but said future conversations may be necessary if that happens.

Board Vice Chair Chávez-Haroldson asked about major funding risks. Ho'ā cited potential caps to indirect cost recovery (F&A) from federal research, state appropriations and enrollment fluctuations.

Trustee Mirho asked if there were particular units or departments that may be targeted first for reductions. Ho'ā recognized the challenges unique to each unit and emphasized taking a comprehensive look at the situation.

Ho'ā confirmed Trustee Chambers' big-picture estimate was a cut of approx. \$44M, or approximately 2.5% of the overall budget.

Trustee Hale asked if trustees could see a breakdown of F&A cost recovery risk. Ho'ā said the amount received for the F&A component last year was about \$55M, with a current negotiated rate of 48.5%. She added that some agencies are considering a 15% cap – including the National Science Foundation, the largest contributor for OSU.

Trustee Palmer asked how many graduate students were affected by future funding for graduate positions, and Ho'ā replied that was unknown at this time.

3. Consent agenda

- a. **Minutes of the March 7, 2025, Finance & Administration Committee Meeting**
- b. **FY2025 Q3 Operating Management Report**

Committee Chair McClure sought a motion to approve the consent agenda. A motion was made by Trustee Hale, seconded by Trustee Chambers and approved by all committee members in attendance: Trustee Bonanno, Trustee Chambers, Trustee Clark, Trustee Hale, Committee Vice Chair Kitamura, Trustee Luther and Committee Chair McClure. The motion carried.

4. Action Items

- a. ~~**Ten-Year Business Forecast Update**~~
- b. **FY2026 Operating Budget**

Vice President for Finance and Administration Carla Ho‘ā and Associate Vice President for Budget and Resource Planning Brent Gustafson presented the operating budget for fiscal year (FY) 2026.

Ho‘ā provided an introduction, noting that the proposed budget for FY26 includes an estimated \$1.85B in allocations and revenues. She said that total includes tuition and fee increases approved by the board in March 2025; estimates for external revenue (state and federal funding); internal budget reallocations and realignments; and strategic investments and expenditure reductions.

Gustafson provided background on the budget development process, which was driven by the need to address structural imbalances in the Corvallis and Cascades E&G budgets. He reported a scenario planning approach had been used to guide unit-level planning, with 3%, 5% and 7% reductions, with an emphasis on financial resiliency and alignment with *Prosperity Widely Shared* (PWS) priorities.

He reported that key assumptions informing the proposed budget include modest enrollment growth; continued state and federal funding at projected levels; compensation increases (merit and contractual); and 7% projected growth in Ecampus enrollment.

He mentioned the following risks and uncertainties:

- Federal Research Funding: Potential declines could reduce indirect cost recovery.
- State Appropriations: Final decisions are pending; current assumptions are based on the Governor’s and legislative co-chairs’ recommendations.
- Enrollment: Especially international enrollment, which has declined post-pandemic.
- Student Loan Risk Sharing: Potential \$4.5M cost to OSU if federal policy changes are enacted.
- Pell Grant Uncertainty: Could impact financial aid strategy and student affordability.

Gustafson added that a strategic budget reserve of 1% of E&G funds would be set aside for contingencies, with an additional 1% reserved for strategic investments.

The following were cited as opportunities:

- Diversifying research funding beyond federal sources
- Leveraging new programs and infrastructure (e.g., supercomputing) for competitive advantage
- Exploring alternative tuition structures for sustainability and affordability
- Enhancing industry partnerships and commercialization efforts.

Ho‘ā and Gustafson addressed the following topics in discussion with trustees:

Board Chair Hernández asked for clarification on why declining international enrollment is a risk. Gustafson said the key issue is the aggregate number of students, with fewer students meaning less revenue. He said the risk is a combination of a lower aggregate number of students and a lower number of international students, who pay higher tuition. Gustafson added that the proportion of international students in the current year is just over 8%, or about 2,100 students.

Trustee Chambers asked if the 1% contingency would go back to programs and units if it wasn’t needed. Ho‘ā said it was good practice to always have some degree of contingency.

Trustee Chambers asked a follow-up question about ongoing tuition increases. Ho'ā said there were plans to examine tuition structures, adding that alternative structures may allow the university to balance financial sustainability with affordability.

Trustee Palmer asked about the impact of federal research funding on tuition (which goes back to E&G funds) for graduate researchers' appointments. Gustafson stressed the role of uncertainty, noting funding was expected to drop but it was unknown how many graduate assistants might be affected. He said a decline in graduate tuition is among the risks but had not been factored into the current proposal.

President Murthy asked about the impact of passing down some of the costs of federal student loan default to universities and if Ho'ā had an idea of what that would cost the university. Ho'ā said estimates on risk-sharing proposals were about \$4.5M for OSU.

Trustee Bonanno asked if there were contingency plans for Pell Grant reductions. Ho'ā said those discussions were ongoing within enrollment management, adding the situation was a catalyst to think about financial aid overall.

Committee Chair McClure asked how the 7% Ecampus growth projection compared to past and consultant forecasts. Gustafson said 7% is within the range predicted by Huron Consulting and consistent with university projections, though he added it will take longer to reach that target on the current trajectory than originally expected.

Trustee Hale asked if there were forecasts for externally sponsored research growth. Gustafson said yes, but added that those forecasts were conservative, with declines in large projects like PacWave factored in.

Trustee Chambers expressed a desire to hear more about opportunities to increase revenue, citing plans for the supercomputer and possible competitive advantage. Ho'a noted the university's reliance on federal funding for research and said there were opportunities to diversify research funding, for example through industry partnerships. President Murthy added that there were opportunities even in the federal space; she said that overall funding might go down, but there would be funding opportunities in fields like AI, robotics and nuclear research. Murthy stressed the need for the university to indemnify itself against shifts in funding.

Trustee Manning asked if the current budget approach was a reset indicative of what trustees could expect to see in the coming years. Ho'ā indicated it is more of an evolution than a reset and stressed the importance of not being reactionary and focusing on cuts, but thinking about reinvestment and eventually reinvention.

There being no further questions or discussion, Committee Chair McClure sought a motion to recommend to the board that it approve the operating budget for fiscal year 2026 as presented in Tables 1-4.

A motion was made by Trustee Chambers. Vice Chair Kitamura seconded the motion, which was approved by all committee members in attendance: Trustee Bonanno, Trustee Chambers, Trustee Clark, Trustee Hale, Committee Vice Chair Kitamura, Trustee Luther and Committee Chair McClure. The motion carried.

c. Capital Project Stage Gate II: Dixon Recreation Center Improvements

Bruce Daley, associate vice president for University Facilities, Infrastructure and Operations and Bill Callender, associate director for facilities and risk management for Recreational Sports, presented information on this project, which was presented to the board at stage gate I in March.

Daley provided an overview of key improvements for the maintenance project, which include accessibility and egress updates, roof and skylight replacements, replacement of the climbing gym surfaces, reconfiguration of the East entry and retrofits of the racquetball and squash courts.

Callender noted that Dixon Recreation Center is nearing its 50th anniversary and has undergone two significant renovations and several smaller retrofits. He noted the proposed improvements supports the university's goals of enhancing student well-being; promoting career readiness through student employment; and fostering community and belonging by improving access and inclusivity. He added that the \$11.5M improvements would be fully cash-funded by unit reserves and student building loan debt fee funds.

Daley reported that the design phase for the project was complete and that it is currently in the bidding phase, by the end of the month, OSU will have a guaranteed maximum price (GMP), with the general contractor giving the university a contractual obligation for the price of the project.

He said concerns about tariffs had prompted early procurement of the generator and certain electrical components and consideration of alternatives to Canadian-sourced fiber resin panels for the racquetball courts due to cost and availability concerns. In closing, he added that full project completion is targeted for May 2026.

There being no further discussion and no questions from trustees, Committee Chair McClure sought a motion to recommend to the board that it approve a capital project budget of \$11.5M for the Dixon Recreation Center improvement project and advance the project to the construction phase.

A motion was made by Trustee Luther, seconded by Trustee Chambers and approved by all committee members in attendance: Trustee Bonanno, Trustee Chambers, Trustee Clark, Trustee Hale, Committee Vice Chair Kitamura, Trustee Luther and Committee Chair McClure. The motion carried.

d. Capital Project Stage Gate I: Corvallis Campus Housing and Dining Vision Phase I

Dale Bettencourt, project manager for capital planning and development and Brian Stroup, director of operations and facilities for University Housing and Dining Services, joined Bruce Daley to present phase one of the Corvallis Campus Housing and Dining Vision.

Daley gave an overview of the \$190M project, which includes \$169M for a new residence hall and \$21M for an offsite dining support facility to streamline food production and house University Catering. He noted the project's aggressive timeline, which aims to have facilities open and operating in 2027.

Stroup clarified that the project is part of a long-term plan to increase on-campus housing capacity from 5,000 to 7,500 beds with the goal of housing 30% of the student population (up from 22%). He added that phase I would add 680 beds, bringing the university over 25% of the way toward its housing goal.

Bettencourt provided specifics of the project, adding that the residence hall would be an 8-story, 186,000-square-foot mass timber building. He mentioned realignment of the parking garage access road and improvements to pedestrian and emergency access routes and demolition of existing

structures near Cascade Hall. Stroup said the project aimed to mitigate any loss of parking spaces through use of underutilized lots and ongoing coordination with transportation services.

Trustee Clark raised concerns about increased demand for parking due to 680 added beds. Bettencourt acknowledged a net loss of 74 parking spots but emphasized that nearby lots are underused and there is also additional capacity in the parking garage. Daley added that OSU has 73% peak parking utilization, again emphasizing that underused lots were available.

Chair Hernández requested additional details on the dining support facility. Stroup explained it will function like a commissary kitchen, centralizing food preparation and bakery operations to improve consistency and efficiency. He added that hot food will still be prepared at individual dining centers.

Vice Chair Chávez-Haroldson asked how the new building would affect housing for first-year students. Stroup explained that most current housing is for first-year students due to the live-on requirement and that the new building is designed to be attractive to both first-year and upper-division students, noting high demand and long waitlists for housing.

Committee Chair McClure asked about room layouts and how they reflect current student needs. Stroup said rooms will be larger than standard doubles, with some singles possible. He said that residents would have access to private, single-use bathrooms and showers and added that lounge spaces would be integrated to foster community.

There being no further discussion or questions from trustees, Committee Chair McClure sought a motion to approve advancing the Corvallis Campus Housing and Dining Vision Phase I project to the design development phase.

A motion was made by Trustee Hale, seconded by Trustee Chambers and approved by all committee members in attendance: Trustee Bonanno, Trustee Chambers, Trustee Clark, Trustee Hale, Committee Vice Chair Kitamura, Trustee Luther and Committee Chair McClure. The motion carried.

5. Discussion item

a. Administrative Modernization Program Update

The update was presented by Vice President for Finance and Administration Carla Ho‘ā; Interim Provost Belinda Batten; Vice Provost for University Information and Technology and Chief Information Officer Andrea Ballinger; and Dean of the Honors College and AMP Steering Committee Member Toni Doolen.

Ho‘ā began the presentation by recognizing Heather Riney, executive director of the Administrative Modernization Program (AMP), whom Ho‘ā described as the “heart and brains” of the project. Ho‘ā emphasized that AMP would reduce administrative burden; create capacity for teams to engage in more mission-driven work supporting *Prosperity Widely Shared*; and generate cost savings.

Batten emphasized that AMP is critical to the success of *Prosperity Widely Shared*, noting the role of centralizing and improving access to the data needed to make the kind of data-driven decisions emphasized in the strategic plan. She said improved access to data would allow administrators to look at the holistic picture of things like faculty workload and how much is being spent on grants with multiple Co-PIs and graduate students.

Doolen spoke about the change management aspect of the project, reiterating Batten’s comments about the importance of accessing data needed to make informed decisions. She mentioned that three change readiness assessments had been conducted, with results indicating increased

awareness and ownership, positive response to communications and emerging concerns about role impacts.

Doolen reported the first implementation milestone: the launch of the Workday Adaptive Planning budgeting tool in February. She said that lessons from this rollout are informing broader implementation strategies.

Doolen reported that the AMP steering committee had made two major scope decisions: adding a full procurement cycle (“process to pay”) and scaling back on employee training to focus on critical training only. She reported that AMP remains on track to go live in July 2026 and that spending for the project was currently 16% below plan – adding that this is attributed to timing of vendor invoices and staffing needs and not necessarily long-term savings.

Ballinger addressed the risk of change fatigue, reporting that anxiety and resistance among staff are increasing as they realize how their roles will change. She said AMP is addressing this through support systems including Lyra Health and over 60 change champions embedded within units across campus.

Ballinger also spoke about resource reallocation concerns, noting that budget realignment efforts are causing some staff to fear cuts, leading to protective behaviors that could hinder AMP participation. She said communication and engagement strategies are in place to mitigate these concerns.

Trustee Manning asked how AMP will remain adaptable over time. Ballinger emphasized that the system is being designed to be software-agnostic from the start, allowing OSU to plug in and unplug tools without repeating a full implementation. She reported that AI capabilities are also being built in, with policies being developed to guide their use.

Trustee Hale asked the total cost of the project. Ballinger reported \$83M is the approved total, including contingency, with a \$72M working budget.

6. Adjournment

With no further discussion or business before the committee, Chair McClure adjourned the meeting.

Respectfully submitted,



Stacy Jeffries
Executive Assistant, Office of the Board of Trustees