



**Meeting of the Finance and Administration Committee**

January 16, 2026

8:00 – 10:10 a.m.

Memorial Union Horizon Room, Corvallis, OR

**MINUTES**

**Committee Members Present:**

Lauren Camou (*via Zoom*), Karla Chambers, Eric J. Gleske, Nikki Gold (*nonvoting member*), Lisa Hale, Román Hernández (*ex officio*), Carla Ho‘ā (*ex officio*), Grant Kitamura (*vice chair*), Elise McClure (*chair*)

**Other trustees present:**

Kate Carter-Cram, Greg Macpherson, Julie Manning, Jayathi Murthy (*ex officio member of the board*), Julia Phillips

**University Staff Present:**

Maxine Agather, Jackie Bangs, Penny Burgess, Jenny Chambers-Taube, Bruce Daley, Kevin Dougherty, Alix Gitelman, Becca Gose, Brent Gustafson, Carla Ho‘ā, Jen Humphreys, Josh Ingram, Stacy Jeffries, Deb Mott, Rob Odom, Lissa Perrone, Libby Ramirez, Melanie Rose, Dave Terry, Irem Tumer

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

Committee Chair Elise McClure called the meeting to order at 8:00 a.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.

Ho‘ā reported that OSU continues to face a tightening financial environment driven by state budget uncertainty, volatility in federal funding, mandated cost increases (particularly employee benefits) and limited margins in many colleges and units.

Ho‘ā highlighted the Administrative Modernization Program (AMP), which is modernizing HR, finance, research administration and procurement systems. She reported that AMP is designed to reduce manual transactional work and redirect time toward mission-critical activities. She confirmed the project remains on schedule for a July 1 go-live date.

She commended Andrea Ballinger, OSU’s former chief information officer, for her leadership in planning and executing AMP. She reported that Ballinger will continue to support the university as a strategic advisor to the provost, remaining engaged through the post-go-live period this summer to ensure continuity for AMP during a critical stage.

She described the Strategic Resource Renewal (SRR) effort, a major institutional initiative central to building OSU's long-term financial resilience. The project will evaluate institutional resource allocation using a structured, data-informed process to improve cost effectiveness, identify sustainable revenue opportunities and support strategic reinvestment.

Ho'ā reviewed several leadership transitions. She introduced Amanda Bailey as interim chief Human Resources officer; Joshua Ingram as treasurer; and Lisa Frasier as incoming assistant vice president and controller, while recognizing the service of outgoing interim leaders Denise Laussade and Lissa Perrone.

Regarding investment policy amendments on the agenda, Ho'ā clarified that only housekeeping updates were scheduled for action today and that more substantive items – including Responsible Investing Task Force recommendations and performance benchmark revisions – would be brought to the committee at a future meeting for separate consideration.

Committee Chair McClure thanked Ho'ā for her report, noting her appreciation for the long-term focus on durable institutional capacity. She said that hearing about tuition and financial aid together would be helpful to understand the big picture.

Committee Vice Chair Kitamura commended Ho'ā's leadership and proactive approach to challenges facing the university.

Trustee Chambers asked about AMP's projected cost savings, and Ho'ā stated that anticipated recurring annual savings remain approximately \$10.8M.

Trustee Chambers also referenced increases in the university's net pension liability and asked what strategies could be considered. Ho'ā replied that these benefit programs are managed by the State of Oregon and that any changes would require state-level policy discussions.

Trustee Chávez-Haroldson commended Ho'ā's leadership and Andrea Ballinger's contributions to OSU.

### **3. Consent agenda**

- a. Minutes of the Oct. 22, 2025, Finance & Administration Committee Meeting**
- b. FY2026 Q1 Investment Reports**
- c. FY2026 Q1 Operating Management Report**

Committee Chair McClure asked to move the investment reports off of the consent agenda. She sought a motion to approve the modified consent agenda. A motion was made by Committee Vice Chair Kitamura, seconded by Trustee Hale and approved by all voting committee members in attendance: Trustee Chambers, Trustee Gleske, Trustee Hale, Committee Vice Chair Kitamura, and Committee Chair McClure. The motion carried.

### **4. Discussion Items**

- a. FY2021-2025 Financial Metrics Update**

Assistant Vice President and Controller Lissa Perrone and Treasurer Josh Ingram presented this agenda item.

They gave an overview of four key indicators of Oregon State University's financial health, drawn from the audited FY2025 financial statements with comparisons to the prior four fiscal

years (FY2021–FY2024). The metrics covered were: (1) EBITDA margin (Earnings Before Interest, Taxes, Depreciation, and Amortization); (2) total cash and investments to operating expenses; (3) cash and investments to adjusted debt; and (4) debt service coverage ratio.

Perrone covered the first two metrics, citing an EBITDA margin of 8%, within the board's established 8 – 18% range. She explained that the margin helps indicate the university's ability to fund operations, service debt and make strategic investments.

She reported that operating revenue rose 1.3% (~\$2M), led by a 7.7% increase in net tuition revenue, with adjusted operating expenses increasing \$34M, driven primarily by compensation and benefits and partially offset by a \$27M decrease in services and supplies.

Perrone reported that total cash and investments to operating expenses was 0.93x, within the board's 0.75 – 1.25x range. She explained that this liquidity metric measures how many times available cash and investments could cover annual operating expenditures

Treasurer Josh Ingram presented the measure of reserve levels relative to adjusted debt and pension obligations, indicating the university's capacity to meet such obligations from liquid resources. He reported a FY2025 ratio of 0.8x, within the board's established range, meaning OSU could have repaid 80% of total adjusted debt and pension obligations with available cash and investments at year's end. Ingram stated that adjusted debt decreased by approximately \$291M, primarily due to a lower pension liability, which improved the ratio compared to FY2024.

He reported that the debt service coverage ratio was below the board's target range at 1.1x but explained that, excluding the \$60M commercial paper repayment, the ratio would have been 2.5x. He added that FY2026 annual debt service is expected to be lower than FY2025 due to that repayment.

Trustee Hale asked that future presentations indicate when the debt service coverage improvements will appear in the reported metrics and whether there is a projected forecast for FY2026–2027. Ingram responded that a forecast would be available at a future meeting.

Trustee Macpherson raised concerns about OSU's exposure to pension related obligations given the potential for a pullback in public markets following several strong years. He asked if there had been any financial modeling for the consequences of a market decline affecting the PERS system. Ingram replied that such modeling was not yet available but would be included in a future set of forecasted metrics.

Trustee Chambers asked about a controversy in the state treasurer's office regarding PERS investment management not getting out of private equity. She asked how much OSU sets aside to cover Other Payroll Expenses (OPE) for every dollar in faculty and classified salary. Ingram replied that he did not have the number readily available.

Committee chair McClure noted that trustee questions about PERS reflected broader concerns about the potential impacts of an economic downturn on university budgets. She thanked the presenters and requested that the forecasting elements discussed be included in the next report.

**b. FY2026 Operating Budget Mid-Year Update**

Chief Budget Officer Brent Gustafson delivered a mid-year update. He structured his presentation around what has changed since the board approved the FY26 budget in May 2025; the outcomes of the internal budget process; and the outlook for the remainder of the fiscal year.

Gustafson explained that moving the midyear update from fall to January was intended to replace early year guesswork with midcycle actual results, particularly on enrollment, and to align the update with the tuition/fee planning calendar. He also noted the university's first deployment of new adaptive planning budgeting software under the Administrative Modernization Program (AMP), which should strengthen forecasting going forward.

Referring to fall actuals rather than spring projections, Gustafson reported that the fall freshman class is slightly smaller than last year and Ecampus enrollment is roughly flat rather than growing as budgeted, due largely to sharp declines in one of its largest programs – the post-baccalaureate computer science. He added that tuition remains up, just below the growth level assumed in the FY26 budget.

He reported that the appropriations OSU modeled last spring were essentially on target, but the state's ability to fund them has weakened following federal reconciliation legislation over the summer. He said that, while the current biennium impact appears modest, the next two biennia face significant pressure, and the Higher Education Coordinating Commission (HECC) has asked public universities to scenario plan for a 5% reduction. He noted a late session reduction to Outdoor School funding, which passes through OSU to school districts.

He said that, following last spring's plan, colleges and divisions implemented reductions averaging 5.2% (some higher; some lower), generating about \$36M in actions, with roughly \$22-23M from personnel (mostly elimination of vacant positions).

Recognizing elevated uncertainty, Gustafson noted that central leadership held back larger than usual contingency and strategic investment reserves at the start of the year, with very little allocated to date due to several active risks, including tuition underperformance, potential state reductions and internal imbalances.

Gustafson reported that federal F&A revenue is tracking estimates but added that policy flux in Washington keeps a wide range of outcomes on the table for future years. He noted that the Division of Research and Innovation continues to monitor the changing landscape.

In summary, Gustafson reported that the combination of unit imbalances, possible late year state reductions and tuition revisions would likely cause the university to draw down the Education & General (E&G) fund balance in FY26, adding it could dip below the board's 10–20% target range, depending on the scale and timing of impacts. He said the March conclusion of the legislative short session should give clarity for the FY27 budget setting.

**c. Preliminary FY2027 Tuition and Fees Scenarios and Education and General Budget Planning**

Vice President for Finance and Administration Carla Ho‘ā joined Gustafson for an overview of the tuition and fees scenarios and Education and General Budget planning for fiscal year 2027.

Ho‘ā thanked Gustafson and the University Budget Committee (UBC) for developing scenarios in a challenging environment. She emphasized tuition is only one lever among many, and choices must balance affordability, price sensitivity and the need to sustain OSU’s resilience. She reminded trustees these are preliminary scenarios and that formal action is planned for March.

Gustafson reiterated that OSU’s general practice for continuing undergraduates is annual tuition increases in roughly the 2–5% range tied to cost escalation, with new cohorts beginning at a slightly higher base.

He reported that several fees previously treated as incidental fees will move to mandatory fees (e.g., Memorial Union, Recreational Sports, Family Resource Center). He also outlined two proposals under UBC consideration: an Athletics Excellence Fee (broad support for Athletics; not for salaries, student tickets or scholarships) and a Distance Education fee to support Ecampus program delivery.

Gustafson provided tuition comparisons for peer institutions, noting that OSU ranks second highest among Oregon publics on resident base tuition and is in the middle among national strategic peers, with Ecampus pricing competitive among top-ranked online providers.

He reported that a weighted tuition plus mandatory fee increase of 5% or more for resident undergraduates requires review and approval by the Higher Education Coordinating Commission (HECC), noting that incidental fees, the one-time matriculation fee and the distance education fee (if adopted) are excluded from that calculation.

He reported that the UBC is evaluating scenarios aligned to approximately 3%, 4%, and 5% increases by HECC’s standards, with those scenarios resulting in \$20M, \$22.5M and \$26M in marginal revenue, respectively. He said the UBC had also discussed an option above the 5% HECC limit.

Gustafson noted OSU’s recent practice of expanding nonresident enrollment to bolster institutional aid for Oregonians of modest means and reminded the committee that the Vice Provost for Enrollment Management will present OSU’s financial aid strategy in March.

Board Chair Hernández asked how the university is ensuring students know about upcoming tuition and fee forums, since they are directly affected by increases. Gustafson said OSU was partnering with student governments; leveraging student fee committees; using social media channels; and even rescheduling a forum that conflicted with a student fee committee meeting to avoid forcing students to choose between the two.

Trustee Phillips asked for an example to define what structural imbalances are. Gustafson defined these imbalances as persistent, recurring gaps between a unit’s ongoing revenues and expenses, not one-time anomalies like the pandemic. His example was a college where instructional costs exceed enrollments and budget allocations, requiring long-term correction rather than temporary fixes.

Trustee Phillips asked about OSU's dependence on international students. Gustafson estimated international students make up about 8% of total enrollment, acknowledging this varies across undergraduate and graduate populations.

Trustee Phillips said that some states have managed multi-year tuition freezes and asked whether OSU has benchmarked how those institutions achieved this. Gustafson said OSU does not yet have that specific comparative analysis.

Trustee Chambers emphasized the importance of demographic shifts on enrollment and tuition, noting historical and projected declines in the K-12 pipeline and a looming tipping point for higher education. She requested deeper market analysis for the March meeting. Ho'ā agreed and emphasized the need to diversify beyond traditional students.

Trustee Manning asked whether OSU expects the 5% share of revenue from indirect cost recovery (F&A) projections to continue in FY27, noting previous board discussions about federal uncertainty. Gustafson noted multiple federal policy issues that could reshape how F&A is charged or reimbursed. He anticipated F&A would be a significant point of analysis again during May budget deliberations.

Trustee Manning asked about OSU moving several fees from incidental to mandatory, the benefit of those changes and how they would be implemented. Gustafson said implementation of how the money flows would be unchanged by the recategorization. Vice President for Student Affairs Dan Larson added that fees tied to year-over-year operational obligations should not be considered discretionary.

Committee Chair McClure asked about the role of ASOSU and ASCC in voting on incidental fees. Larson noted that two-thirds of incidental fees were moved to mandatory, with one-third remaining incidental. He added that the ASOSU / ASCC can still vote to initiate new fees.

Trustee Bulger asked for clarification on major federal financial aid changes that may influence OSU's enrollment assumptions. Gustafson explained that federal reconciliation legislation adds new borrowing caps to some programs, which may reduce some families' ability to finance attendance.

#### **d. 2025 Committee Assessment Results**

Committee Chair Elise McClure, Board Secretary Jackie Bangs and Vice President for Finance and Administration Carla Ho'ā presented the 2025 committee assessment results.

Committee Chair McClure thanked committee members for completing the annual assessment and summarized results as generally positive. She highlighted key areas for improvement, including balancing the volume of materials with discussion time and refining the level of detail provided to trustees. She emphasized that ongoing trustee feedback is welcomed and reflects a strong, engaged committee.

Bangs explained that annual self-assessments are a longstanding governance practice and noted the importance of tracking trends over time.

Ho'ā emphasized the critical importance of the Finance and Administration Committee and acknowledged areas where improvements are needed. She committed to working closely with

Chair McClure, Vice Chair Kitamura and Board Secretary Bangs to adjust delivery of meeting materials and encouraged trustees to reach out with any specific recommendations.

Committee Vice Chair Kitamura noted that the volume of financial information has grown as OSU faces increasingly complex challenges, which makes it more difficult for trustees to absorb.

Trustee Chambers noted that the university can no longer rely on assumptions that guided its last two decades of growth and emphasized the importance of helping the committee think through long-term risks.

## **5. Action items**

### **a. FY2026 Q1 Investment Reports**

Committee Chair McClure requested that the first quarter FY2026 Investment Reports be removed from the consent agenda so she could address an ongoing performance concern. She noted that the Neuberger Berman Fund had been underperforming for several quarters, showing a return of approximately 1% compared to a 12% benchmark for the most recent quarter. She asked university financial staff to return in March with a more in-depth analysis of the fund's performance.

There being no further discussion and no questions from other trustees, the chair sought a motion to approve the first quarter FY2026 investment reports. A motion was made by Trustee Chambers, seconded by Trustee Kitamura and approved by all voting committee members in attendance: Trustee Chambers, Trustee Gleske, Trustee Hale, Committee Vice Chair Kitamura and Committee Chair McClure. The motion carried.

### **b. Amendments to OSU Investment Policy**

Interim Associate Vice President and Deputy Chief Financial Officer Jenny Chambers-Taube, Treasurer Josh Ingram and Executive Director of the University Shared Services Enterprise Penny Burgess presented proposed amendments to the OSU Investment Policy.

Chambers-Taube outlined the purpose of the amendments and described a series of housekeeping updates, including additions of applicable federal laws; refinements to restrictions and exclusions; updated delegation of authority to the vice president for Finance and Administration/Chief Financial Officer (with the ability to delegate to the treasurer); and a more detailed articulation of investment manager responsibilities.

Burgess gave an overview of the sections of the policy that introduced new sub-account policies and asset allocation models, explaining that OSU is shifting from a single maximum allocation structure to minimum-maximum allocation bands with target allocations to improve flexibility and discipline.

Burgess noted the most substantive strategic change: adjustments to the bond repayment portfolio, which was originally 100% equity. She explained that the portfolio, which was funded with 2020 revenue bond proceeds and intended to support maturities 80–90 years out, has achieved significant unrealized gains, and that OSU now recommends shifting to an 80% equity / 20% fixed income allocation to lock in yields above the 3% hurdle rate and reduce long-term risk.

Chambers-Taube addressed the amendment incorporating OSU's newly established trust for the Oregon Paid Family and Medical Leave Plan, explaining that OSU opted out of the state plan and moved administration in-house under University Human Resources as of January 1. Because employee contributions must be managed in a separate trust rather than through operating funds, the investment policy must now recognize this new sub-account.

There being no further discussion or questions, Committee Chair McClure sought a motion to recommend that the board approve the amendments to the OSU Investment Policy.

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

**c. Capital Project Stage Gate II: Field Sports Building**

Associate Vice President for Facilities, Planning and Management Bruce Daley and University Architect and Director of Capital Resources Libby Ramirez gave an overview of the Field Sports Building, the first of two capital projects at stage gate II.

Daley noted that the project is included in the ten-year capital forecast and received stage gate I approval in April 2024. He reported that the project budget remained unchanged at \$25M, emphasizing that the project is fully funded through donor gifts already in hand. He reported that construction would begin in July 2026 and be completed by July 2027.

Ramirez provided details of the project, which includes a 15,000-square-foot facility designed to support approximately 150 student-athletes across five sports with dedicated locker rooms, coaching spaces and training areas. She explained that the building represents the final component of OSU Athletics' facilities master plan and a key goal of the university's facility commitments toward gender equity.

There being no questions or further discussion, Committee Chair McClure sought a motion to recommend to the board approval of a capital project budget not to exceed \$25M for the Field Sports Building and advancement to the construction phase.

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

**d. Capital Project Stage Gate II: Sinnhuber Aquatic Research Laboratory (SARL)**

Daley and Ramirez presented the second capital project at stage gate II: the Sinnhuber Aquatic Research Laboratory (SARL).

Daley noted that the project received stage gate I approval in March 2025 and that the current total budget is structured around a \$7.5M National Institutes of Health (NIH) grant (with the notice of award anticipated shortly), plus \$2M from the College of Agricultural Sciences reserves; \$1M from state Capital Improvement and Renewal (CIR) reserves; and \$3M from the Research Office. If the project is approved, construction is planned to start in late February of this year with a one-year schedule to completion in February 2027.

Ramirez summarized the modernization scope and facility benefits, noting that the project renovates an existing 3,500-square-foot aquatic facility by replacing life-support systems;

automating and modernizing fish housing; adding high-capacity tank-washing systems; and creating specialty rooms and engineering space.

Committee Chair McClure expressed personal interest in touring the facility after completion.

Trustee Hale congratulated the team on securing the NIH grant and asked what mitigation plan exists if the grant is delayed or canceled. Daley responded that the risk of non-award is very low given OSU's near-term expectation of the notice and frequent contact with NIH during the recent federal pause. He added that, if the unlikely occurred, the university would seek alternative grant funding.

Trustee Macpherson added that he had toured the facility previously while serving on the OSU Foundation Board and found it highly interesting yet in need of modernization, adding he looks forward to touring it again after the renovation.

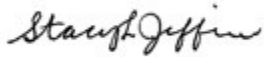
There being no questions or further discussion, Committee Chair McClure sought a motion to recommend to the board approval of a capital project budget of \$13,528,453 for the SARL modernization project and advancement of the project to the construction phase.

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

## **6. Adjournment**

With no further discussion or business before the committee, Chair McClure adjourned the meeting at 10:18 a.m.

Respectfully submitted,



Stacy Jeffries

Executive Assistant, Office of the Board of Trustees