

Board of Trustees Agenda

Thursday September 10, 2015

1. **Call to Order/Roll/Declaration of a Quorum** (1:00pm) *Chair Graham*

2. **Financial Strategies and Tactics** (1:05pm – 3:30pm) *Interim VP Meyer*

Break (2:15-2:30pm)

3. **Higher Education Opportunities** (3:30pm) *President Maples*

a. **Oregon Tech's Footprint**

b. **Trends in Higher Education and the Impact on Oregon Tech**

c. **New Areas to Consider**

Adjourn the meeting until September 11, 2015 at 8:30am. (5:00pm)

Friday September 11, 2015

4. **Call to Order/Roll/Declaration of a Quorum** (8:30am) *Chair Graham*

5. **Possible Directions & Prioritization** (8:35am – 11am) *President Maples*

Break (9:45am-10:00am)

6. **How to Redirect Efforts to Free Up More Resources for New Directions** (11am-2:15pm)
President Maples

Lunch (noon-1:00pm)

7. **Roundtable** (2:15pm)

8. **Public Comment** (2:45pm)

9. **Adjournment** (3pm)

REPORT

Agenda Item No. 2

Financial Strategies and Tactics

Summary

Presentation of 4-year budget projection and assumptions, and general discussion on financial metrics.

Staff Recommendation

None. No action required.

Attachments

- Draft 4-year E&G budget projections with FY15 as a comparison
- Assumptions

Oregon Tech E&G Projection Fiscal- Years 2015 through 2019

Using SSCM Allocation Schedule provided by HECC

General enrollment growth 3% per year; Tuition 3% per year basic resident tuition 5%-per year differential tuition

Unclassified COLA's (Faculty & Administrative) 2% per yr; Classified COLA and Merit estimated at 5% (currently negotiating)

Sick leave costs HB2662- (\$173K); add'l positions (\$434K); TOP/TRIO other costs; add'l commitments for STEM & DPT

	Actuals 2014-15	Forecast Budget 2015-16	% Inc Over Prior Yr	Forecast Budget 2016-17	% Inc Over Prior Yr	Forecast Budget 2017-18	% Inc Over Prior Yr	Forecast Budget 2018-19	% Inc Over Prior Yr
Revenues									
State General Fund	\$ 20,187,769	\$ 22,397,623	10.9%	\$ 23,258,875	3.8%	\$ 22,850,538	-1.8%	\$ 23,731,599	3.9%
Shared Services Carve Out (estimated)	-	1,521,622		1,521,622		1,556,619		1,592,422	
Engineering and Technology Industry Council (ETIC)	539,532	958,007		1,245,437		1,245,437		1,245,437	
Tuition and Fees	28,582,335	31,252,881		33,564,360		35,989,935		38,551,395	
Tuition Remissions	(3,074,294)	(3,228,009)		(3,356,436)		(3,598,993)		(3,855,140)	
Other Revenue	506,179	488,839		503,945		519,574		535,744	
Total Revenues	\$ 46,741,521	\$ 53,390,963	14.2%	\$ 56,737,803	6.3%	\$ 58,563,110	3.2%	\$ 61,801,458	5.5%
Expenditures									
Personnel Costs									
Teaching Faculty Salaries/Stipends	\$ 11,300,075	\$ 12,397,457		\$ 13,089,941		\$ 13,525,140		\$ 13,969,043	
Teaching Faculty Adjunct/Overloads	3,493,472	3,627,567		3,662,391		3,699,015		3,736,005	
Administrative Salaries	4,795,257	6,347,119		6,525,062		6,655,563		6,839,674	
Classified Salaries	4,387,241	5,253,617		5,516,298		5,834,113		6,125,819	
Student Grad Assist	25,560	40,400		40,804		41,212		41,624	
Student Other	673,709	600,224		627,257		636,666		646,216	
Benefits:									
Retirement	4,041,402	5,089,844		5,319,251		7,875,991		8,139,431	
Health	4,965,132	6,192,984		6,553,172		6,951,584		7,354,882	
Grad Assist Benefits	109,088	109,088		109,088		109,088		109,088	
Other	2,174,504	2,629,625		2,742,668		2,834,462		2,930,024	
Temporary Salary & OPE Savings	-	-		-		-		-	
Total Personnel Costs	\$ 35,965,440	\$ 42,287,925	17.6%	\$ 44,185,932	4.5%	\$ 48,162,834	9.0%	\$ 49,891,806	3.6%
Other Costs									
Supplies and Services	\$ 2,766,852	\$ 2,844,994		\$ 2,899,836		\$ 2,956,434		\$ 3,014,842	
Athletic and Shaw Library Support	1,039,798	1,090,997		1,145,073		1,201,842		1,261,441	
Utilities	1,182,324	1,220,159		1,259,204		1,299,498		1,341,082	
Contractual and Other Commitments	2,957,795	3,952,152		4,153,482		4,387,586		4,639,542	
Travel and Training	816,484	842,611		869,575		897,401		926,118	
Capital Outlay	500,236	505,238		510,291		515,394		520,548	
One Time Commitments	-	979,971		416,000		-		-	
Total Other Costs	\$ 9,263,489	\$ 11,436,123		\$ 11,253,460		\$ 11,258,155		\$ 11,703,572	
Total Personnel and Other Costs	\$ 45,228,929	\$ 53,724,048	18.8%	\$ 55,439,392	3.2%	\$ 59,420,989	7.2%	\$ 61,595,378	3.7%
Debt Service									
Wilsonville Debt Service	\$ 666,500	\$ 666,500		\$ 666,500		\$ 666,500		\$ 666,500	
Debt Service due to Sale of Harmony	-	73,654		-		-		-	
Debt Service Matching- Funds Cornett-	-	-		-		765,000-		-	
Other General Fund Debt	986,218	872,208		872,208		808,764		781,164	
Total Debt Service	\$ 1,652,718	\$ 1,612,362		\$ 1,538,708		\$ 2,240,264		\$ 1,447,664	
Operating Income	\$ (140,127)	\$ (1,945,447)		\$ (240,297)		\$ (3,098,143)		\$ (1,241,584)	
Nonoperating Revenue (Expense)									
Sale of Harmony (estimated net proceeds)		\$ 3,900,000							
Reserve Proceeds from Sale of Harmony		(3,826,346)							
Interest Income	\$ 289,216	\$ 289,216		\$ 296,446		\$ 303,857		\$ 311,454	
Total Nonoperating Revenue (Expense)	\$ 289,216	\$ 362,870		\$ 296,446		\$ 303,857		\$ 311,454	
Change in Fund Balance (Revenue less Expenditures)	\$ 149,089	\$ (1,582,578)		\$ 56,149		\$ (2,794,286)		\$ (930,131)	
Additions to Fund Balance (Debt Service % Other)	\$ 558,447	\$ -		\$ -		\$ -		\$ -	
Beginning Fund Balance (Prior Year Ending Balance)	8,686,782	9,394,318		7,811,740		7,867,889		5,073,603	
Ending Fund Balance	\$ 9,394,318	\$ 7,811,740		\$ 7,867,889		\$ 5,073,603		\$ 4,143,473	
Ending Fund Balance % to Revenue	20.1%	14.6%		13.9%		8.7%		6.7%	

8/23/2015

Summary

Assumptions**State Appropriations**

	Actuals 2014-15	Forecast Budget 2015-16	Forecast Budget 2016-17	Forecast Budget 2017-18	Forecast Budget 2018-19
PUSF-SSCM Allocation (from allotment docs & est. 2.3% inflation FY18-FY19)	17,222,636	\$ 21,100,669	\$ 21,961,921	\$ 21,585,984	\$ 22,467,045
PUSF Tuition- Buydown (HB5101)-assume current funding will continue	1,688,980	1,107,390	1,107,390	1,107,390	1,107,390
Subtotal	18,911,616	22,208,059	23,069,311	22,693,374	23,574,435
PUSF Shared- Services Carve Out (assume 2.3% inflation rate FY17-FY19)	1,083,826	1,521,622	1,521,622	1,556,619	1,592,422
Subtotal PUSF Allocation	19,995,442	23,729,681	24,590,933	24,249,994	25,166,857
Debt Service (SELP Loans)-from debt schedule	192,327	189,564	189,564	157,164	157,164
Subtotal	\$ 20,187,769	\$ 23,919,245	\$ 24,780,497	\$ 24,407,158	\$ 25,324,021
ETIC Funding Assume- FY17 base going forward	539,532	958,007	1,245,437	1,245,437	1,245,437
Total State Appropriations	\$ 20,727,301	\$ 24,877,252	\$ 26,025,934	\$ 25,652,595	\$ 26,569,458

Student Enrollment Growth Increases

General Klamath-Falls & Wilsonville Growth- of 164 HC within 4 years	3.0%	3.0%	3.0%	3.0%
Online Learning Grow- 300 HC within 4 years	11.2%	10.1%	9.1%	8.4%
Extensions Grow-100 HC Boeing within 4 years; assumed no growth in dental hygiene program	17.4%	14.8%	12.9%	11.4%
Clinical Lab Science Program	0.0%	0.0%	0.0%	0.0%
Paramedic Program	0.0%	0.0%	0.0%	0.0%
Graduate Program Resident- and Non-Resident	10.0%	10.0%	10.0%	10.0%
Advance Credit Program (ACP)	2.0%	2.0%	2.0%	2.0%
Other Continuing Education	0.0%	0.0%	0.0%	0.0%
Overall Average Increase	3.4%	3.3%	3.2%	3.1%

Impact of 1% student headcount decrease = ~\$284K

Tuition Rate Increases

Undergrad Resident	5.0%	3.0%	3.0%	3.0%
Undergrad Non-Resident	5.0%	5.0%	3.5%	3.5%
WUE	5.0%	3.0%	3.0%	3.0%
Grad Resident and Non-Resident	3.2%	3.2%	3.2%	3.2%
Distance Ed	3.2%	3.0%	3.0%	3.0%
Boeing	0.0%	0.0%	0.0%	0.0%
CLS	0.0%	0.0%	2.0%	2.0%
EMT (Paramedic)	0.0%	0.0%	2.0%	2.0%
ACP	0.0%	0.0%	0.0%	0.0%
Other CE	0.0%	0.0%	0.0%	0.0%
Allied Health Tuition	5.0%	5.0%	5.0%	5.0%
Engineering & Technology Tuition	5.0%	5.0%	5.0%	5.0%

Tuition Remissions

Remissions as a Percentage of Total Tuition & Fees	10.8%	10.3%	10.0%	10.0%	10.0%
--	-------	-------	-------	-------	-------

Salary Increases

Faculty Increases	2.0%	2.0%	2.0%	2.0%
Faculty Adjuncts/Stipends	1.0%	1.0%	1.0%	1.0%
Administrative Salary Increases	2.0%	2.0%	2.0%	2.0%
Classified Salary Increases (unknown-currently bargaining-estimating 5%)	5.0%	5.0%	5.0%	5.0%

Impact of 1% Salary Increase (based on budgeted base salaries for FY16)

Faculty	-\$151K
Admin	-\$74K
Classified	-\$62K

8/23/2015 Assumptions

Assumptions

Number of New Positions (See Salary Breakdown for Details)

Faculty
 Administrative
 Enrollment Management Position
 Classified

Actuals 2014-15	Forecast Budget 2015-16	Forecast Budget 2016-17	Forecast Budget 2017-18	Forecast Budget 2018-19
--------------------	-------------------------------	-------------------------------	----------------------------	-------------------------------

6
 2
 1
 1
 3
 1
 2
 1

Benefit Percentages

Health Insurance Increases
 Average Retirement Rates (estimating impact of PERS changes in FY18)
 Other OPE Rates

-
 19.6%
 9.0%
 5.0%
 20.0%
 8.6%
 5.0%
 20.0%
 8.6%
 5.0%
 28.0%
 8.6%
 5.0%
 28.0%
 8.6%

Other Costs Increases

General Inflation for Services and Supplies
 Capital Outlay

3.2%
 1.0%
 3.2%
 1.0%
 3.2%
 1.0%
 3.2%
 1.0%

One-Time Non-Personnel Commitments

Science, Technology, Engineering and Math (STEM) Hub
 Incentive funding for Start-Up of Doctorate in Physical Therapy (DPT)

\$ 159,000
 \$ 416,000

Items NOT Included in Budget Projection

Costs for Adjunct Health Care
 Unknown Debt Issuance Costs

8/23/2015 Assumptions

