
**Finance and Facilities Committee
also Sitting as the Audit Committee
Agenda**

1. Call to Order/Roll/Declaration of a Quorum (1:00pm) *Chair Vince Jones*
2. Consent Agenda *Chair Vince Jones*
 - 2.1 [Approve Minutes of the July 24, 2020 Meeting](#) 1
3. Reports
 - 3.1 FOAC (1:05pm) (5 min) *Chair Richard Bailey*
 - 3.2 [Fiscal Year 2020 Fourth Quarter Dashboard](#) (1:10pm) (15 min) *VP Brian Fox* 4
 - 3.3 [Fiscal Year 2021 First Quarter Dashboard](#) (1:25pm) (20 min) *VP Brian Fox* 16
 - 3.4 [OMIC Annual Report](#) (1:45pm) (5 min) *Craig Campbell* 30
4. Action Items
 - 4.1 [Acceptance of the Internal Audit: Housing and Residence Life](#) (1:50pm) 42
(10 min) *Haley Lyons and Trever Campbell, Kernutt Stokes*
 - 4.2 [Recommendation to the full board to Authorize the Boivin Hall Capital Project Budget](#) (2:00pm) (10 min) *VP Brian Fox* 58
 - 4.3 [Recommendation to the full board to Authorize the Track and Stadium Renovation Project](#) (2:10pm) (10 min) *VP Brian Fox* 62
5. Discussion Items
 - 5.1 [Internal Auditing Services Contract Report](#) (2:20pm) (5 min) *VP Brian Fox* 68
 - 5.2 [Financial Planning Outlook](#) (2:25pm) (30 min) *VP Brian Fox* 69
6. Other Business/New Business (2:55pm) (5 min) *Chair Vince Jones*
7. Adjournment (3:00pm)



**Meeting of the
Oregon Tech Board of Trustees
Finance and Facilities Committee
Sunset Room, Klamath Falls Campus
And virtually via Microsoft Teams
July 24, 2020
8:00am – 9:00am**

**Finance and Facilities Committee
also Sitting as the Audit Committee
DRAFT MINUTES**

Trustees Present:

Vince Jones, Chair

Jessica Gomez (in person)

Nagi Naganathan, President

(in person)

Grace Rusth (in person)

Mike Starr (in person)

Paul Stewart

Other Trustees present:

Trustee McClure (in person)

University Faculty and Staff Present in Person:

Brian Fox, VP Finance and Administration

Erin Foley, VP Student Affairs and Dean of Students

David Groff, General Counsel

Scotty Hayes, Information Technology Consultant

Joanna Mott, Provost/VP of Academic Affairs and Strategic Enrollment Management (via Teams)

Adria Paschal, Senior Executive Assistant to the President (via Teams)

Others Present:

Haley Lyons, Kernutt Stokes, LLP

Jana Cain, Kernutt Stokes, LLP

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

Chair Jones called the meeting to order at 8:02am. The Board Secretary called roll and a quorum was declared.

2. Consent Agenda

2.1 Approval of the Minutes of the June 30, 2020 Meeting

With no amendments proposed, the minutes for the June 30, 2020 meeting stand as published.

3. Reports – none

4. Action Items

4.1 Acceptance of the Internal Audit: Educational Partnerships and Outreach

Ms. Lyons reviewed a PowerPoint presentation outlining the progress on the internal audit scheduled projects: the audit for Sponsored Projects and Grant Administration is awaiting management responses to the findings, the Housing and Residence Life audit report will be issued next week, and the Title IX audit is postponed. **Ms. Cain** outlined the findings and recommendations for the Educational Partnership and Outreach (EPO) audit including the slow collection of dual credit tuition. She stated the percent of collection is on average with other universities. **VP Fox** explained that the university anticipates a low rate of collection given the nature of the program but we will focus on improving the processes associated with billing and collection. He noted the uncollected amounts are included in the bad-debt expenses at the end of the year. **Trustee Rusth** explained there are two funding sources for the dual credit program: the student fee and state revenue. **President Naganathan** explained that matriculation and increasing our conversion rate are more beneficial than collecting the fee. **Provost Mott** reiterated we are receiving some funds from the state despite not receiving some student fees and we are getting Oregon Tech's name and reputation out to the pipeline of students; we are the largest dual credit provider in the state at this time. **Chair Gomez** recommended we work on obtaining payment and collection of funds but cautioned the amount of staff time spent to do so. **Ms. Cain** reviewed the process improvement requirement related to the inability of parents to pay for dual credit courses if the name on their credit card did not match the student name. She noted the finding related to employees manually re-entering application information was resolved with a Banner update in May. Another finding related to processes is that the EPO does not have a way to measure the utilization of articulation agreements; the agreements did not seem to be used by students transferring into the university. EPO also was not renewing agreements in a timely manner; many were expired and this leaves the university open to reputational risk. She gave credit to the EPO for reducing the number of agreements through consolidation and for making process improvements. A final finding is the need to identify a process to measure the impacts of summer programs; to determine if the students attending the camps ultimately attend Oregon Tech. A process was put into place but it will be a few years before results are known. She noted there was no metrics in place to measure the strategic alignment with the overall strategy of the university. **Ms. Lyons** reviewed the sponsored projects and grants audit themes noting the audit report is awaiting management responses. She also previewed the Housing and Residence Life audit report. She gave an update on the fraud, waste, and abuse ethics hotline.

Chair Gomez moved to accept the Internal Audit: Educational Partnerships and Outreach. Trustee Rusth seconded the motion. With all trustees present the motion passed unanimously.

4.2 Internal Auditing Services RFP Update and Re-issuance Authorization

VP Fox stated a request for proposals for internal auditing services was sent out pre-COVID and responses were received prior to and during the pandemic. Many responses were high-priced and others did not identify any travel or in-person meetings on campus. As a result, he proposed cancelling the RFP with a revision of the scope to include the auditors presence on campus and during board meetings and reducing the scope from 4 audits to 2-3 audits per year to reduce the cost of services. Kernutt Stokes is willing to

provide a contract extension to keep them engaged until we award a new RFP. There are enough hours left in the contact to cover the costs. He explained the rationale asking the committee to authorize the president to award the contract: this keeps the VPFA separate from the final decision as he sits on the selection committee.

Chair Gomez moved to authorize the President or designee to:

- 1) cancel the existing Request for Proposal for internal auditing services,**
- 2) issue a revised RFP for internal audit services utilizing the draft revised internal audit scope outlined in the agenda report as a basis, making any technical corrections as necessary, and**
- 3) award the contract to the winning proposer upon the recommendation of the RFP selection committee.**

Trustee Starr seconded the motion. With all trustees present voting aye, the motion passed unanimously.

5. Discussion Items - none

6. Other Business/New Business - none

7. Adjournment

Meeting was adjourned at 8:50am.

Respectfully submitted,



Sandra Fox
Board Secretary

REPORT

Agenda Item No. 3.2

Finance, Facilities and Audit Status: Q4 FY 2020 Quarterly Review

Background

The following Quarterly Finance, Facilities and Audit Status Report provides information on the major areas of responsibility for the Finance and Administration Division of Oregon Tech. The Q4 2020 Management Report is truncated to focus on the Q4 FY 2020 unaudited year-end E&G Management Report, Dashboard and Investment Results. Capital and Audit reports will be provided in the Q1 FY 2021 Quarterly Dashboard.

Staff Recommendation

No action required. For discussion purposes only.

Attachments

Q4 FY 2020 Quarterly Finance, Facilities and Audit Status Reports including the following:

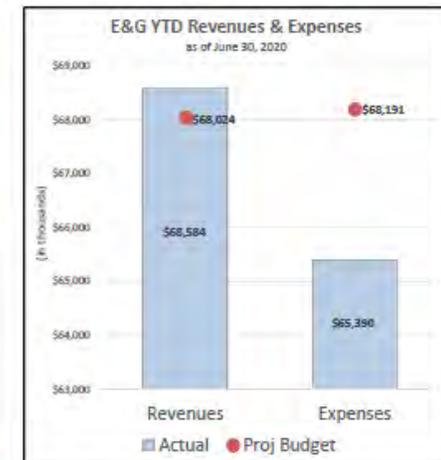
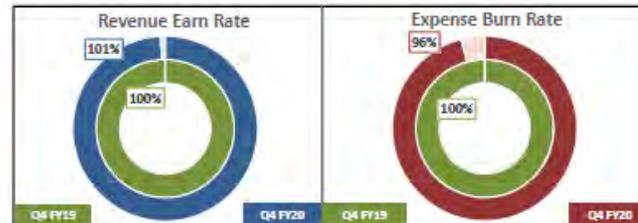
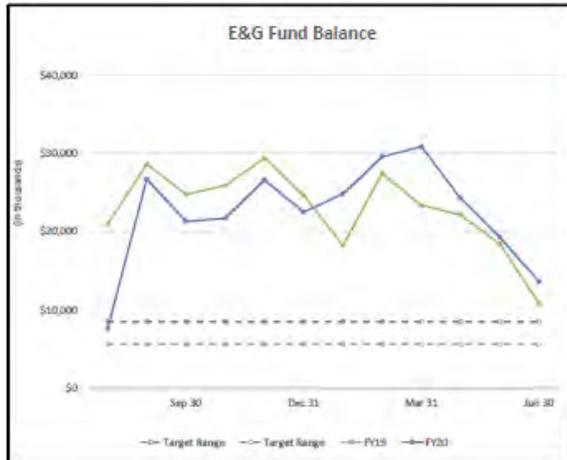
- A. [Financial and Enrollment Dashboard](#)
- B. [Quarterly Managerial Report](#)
- C. [Quarterly Investment Report](#)

ATTACHMENT A

Financial and Enrollment Dashboard
Q4 FY2020 – **UNAUDITED**

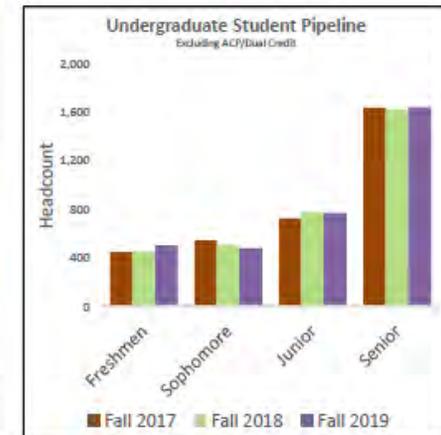
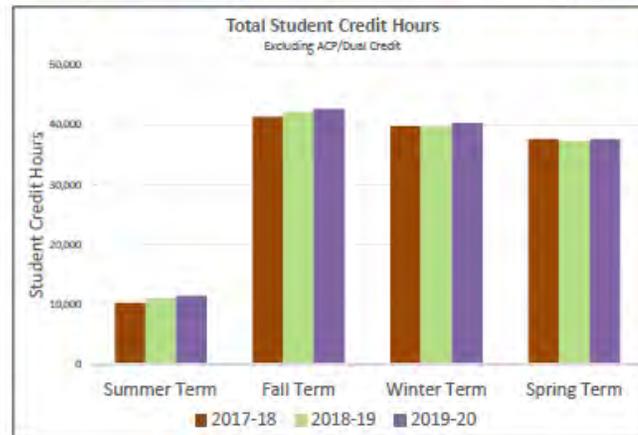


Quarterly Financial Dashboard
FY20 Fiscal Year End



Key Financial Indicators

E&G Fund Balance:	\$13,593	As of June 30, 2020
Total Cash on Hand:	\$26,801	As of June 30, 2020
E&G Cash on Hand:	\$12,607	As of June 30, 2020
Days Cash on Hand:	100 Days	As of June 30, 2020
Debt Burden Ratio:	3.60%	As of June 30, 2020
Quasi Endowment:	\$8,168	As of June 30, 2020
Foundation Assets:	\$32,288	As of June 30, 2019



Student Tuition

Undergraduate Tuition		
	2019-20	2018-19
Resident:	\$8,774	\$8,277
Non-Resident:	\$27,926	\$26,345
WUE:	\$13,160	\$12,416
Online:	\$11,565	\$11,025
Differential:	30% Premium	25% Premium
Graduate Tuition		
	2019-20	2018-19
Resident:	\$16,143	\$15,375
Non-Resident:	\$27,100	\$25,809
Online:	\$16,200	\$15,138
ETM Differential:	30% Premium	25% Premium

Degree Completions

	2018-19	2017-18	2016-17	3 Year Δ
Undergraduate Resident:	545	516	557	-2.2%
Undergraduate Non-Resident:	208	212	218	-4.6%
Graduate Resident:	16	7	4	300.0%
Graduate Non-Resident:	11	11	13	-15.4%

Notes:
- Undergraduate tuition calculated at 15 credits; Graduate tuition at 12 credits

ATTACHMENT B
Quarterly Managerial Report
Q4 FY2020 - UNAUDITED

General Fund Monthly Report							
FY20 Year End (Final Close, Does Not Include OMIC Aux)							
Acct	YTD Comparison		FY20 Forecast				Notes
	FY19 June FYE Actuals	FY20 June FYE Actuals	FY19 Year End Actuals	Board Adopted Budget	Adjusted Budget	FY20 Fiscal Year End	
State Allocations	28,945	31,311	28,945	29,259	31,311	31,311	(1)
Tuition & Fees	35,791	39,203	35,791	39,369	38,304	39,203	(2)
Remissions	(3,946)	(4,697)	(3,946)	(4,500)	(4,500)	(4,697)	
Other	7,067	2,767	7,067	2,891	2,915	2,767	(3), (4)
Total Revenue	67,857	68,584	67,857	67,019	68,030	68,584	
Unclassified	25,519	25,039	25,519	26,605	27,687	25,039	
Classified	5,637	5,907	5,637	5,738	5,991	5,907	(5)
Student	904	660	904	966	989	660	
GTA	67	80	67	116	116	80	
OPE	16,138	16,763	16,138	18,248	19,644	16,763	(6)
Salary Savings				(2,000)	(3,577)		
Total Labor	48,266	48,449	48,266	49,672	50,850	48,449	
Service & Supplies	16,310	11,954	16,310	13,145	14,006	11,954	
Internal Sales	(852)	(926)	(852)	(1,558)	(1,561)	(926)	
Debt Service	1,514	1,771	1,514	1,369	1,771	1,771	
Capital	766	449	766	753	897	449	
Utilities	1,263	1,053	1,263	1,298	1,298	1,053	
Transfers Out	1,684	1,462	1,684	1,882	1,519	1,462	(7)
Total Direct Expense	20,686	15,764	20,686	16,890	17,929	15,764	
Total All Expense	68,951	64,212	68,951	66,562	68,780	64,212	
Net From Operations	(1,094)	4,372	(1,094)	457	(750)	4,372	
Extraordinary Transfers In	178	328	178	522	23	328	
Extraordinary Transfers Out	(1,938)	(694)	(1,938)	-	(618)	(694)	
Carryforward & Rollover Xfrs from FY19		(460)				(460)	
Strategic Investment Fund				(1,482)	(525)		
Contingency Fund				(1,342)	(367)		
Fund Additions/(Deductions)	44	46	44	-	-	46	(8)
Change in Fund Balance	(2,810)	3,592	(2,810)	(1,844)	(2,236)	3,592	
Beginning Fund Balance	13,080	10,001	13,080	10,001	10,001	10,001	
Ending Fund Balance	10,270	13,593	10,001	8,157	7,765	13,593	
Ending Cash Balance	9,896	12,128	9,896			12,128	
% Operating Revenues	15.1%	19.8%	14.7%	12.2%	11.4%		

Notes:**Education & General**

- (1) **Adjusted Budget** - increase of \$2,052k reflects state funding increase, net of settle-up, to be partially offset by reduction of Resident Tuition rate.
- (2) **Adjusted Budget** - reflects \$1,085k reduction in tuition as agreed from increase in state funding.
- (3) **Adjusted Budget** - increase of \$24k is due to Indirect Cost Recovery from OMIC grant.
- (4) **FY20 YTD Actuals** - increase from sale of investment (interest earnings) and subsequent reductions due to loss of revenues associated with COVID-19 clinic closures. Specifically, balance of additional revenues for FY20; \$94k KF Dental Clinic, \$100k Chemeketa Dental Clinic, and \$327k ABA Clinic removed.
- (5) **Adjusted Budget** - increase due to finalized SEIU contract.
- (6) **FY19 YTD Actuals** - were overstated by \$819k through May 2019 because of Banner issue related to OPE. Corrected at Fiscal Year-End.
- (7) **Adjusted Budget** - rebalance Athletics support by \$364k with additional Lottery funds.
- (8) **FY20 YTD Actuals** - to record principal payments for Presidio equipment and Foundation Loan against the liability.

ATTACHMENT C
Quarterly Investment Report
June 30, 2020

Public University Fund

(Prepared by University Shared Services Entity)

BACKGROUND

The Oregon Tech (university) investment reports for the fourth quarter (Q4) of FY2020 are presented in the following sections:

- **FY2020 Q4 Oregon Tech Investment Report** – This section includes a report on the investments of the operating and endowment assets of the university. This report reflects the university’s operating assets that are invested in the Public University Fund and the university’s endowment assets managed by the Oregon State Treasury.
- **FY2020 Q4 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the fourth quarter of FY2020 (i.e., April 1 – June 30, 2020).

FY2020 Q4 OREGON TECH INVESTMENT REPORT

The schedule of Oregon Tech’s investments is shown in the investment summary below.

Public University Fund

(Prepared by the Public University Fund Administrator)

Oregon Tech’s operating assets are invested in the Public University Fund (PUF). The PUF gained 1.1% for the quarter and 4.2% for the fiscal year through June 30, 2020. The PUF’s three-year and five-year average returns were 3.3% and 2.7%, respectively.

The Oregon Short-Term Fund (OSTF) returned 0.4% for the quarter and 1.6% for the fiscal year, outperforming its benchmark by 40 basis points for the quarter and in line for the fiscal year. The Core Bond Fund returned 1.9% for the quarter and 6.5% for the fiscal year, underperforming its benchmark for the quarter and fiscal year by 30 and 50 basis points, respectively. The investment yield on the PUF portfolio was 3.1% for the fiscal year.

In July, Oregon State Treasury fixed income investment officers, Will Hampson and John Lutkehaus, conducted a quarterly performance review with university staff. The pandemic induced economic shutdown drove the U.S. economy into its first recession in more than a decade, as GDP fell by an annualized 5% during the first calendar quarter of the year, while the unemployment rate registered 11.1% in June. Despite the economic malaise, high-quality fixed income sectors performed well during the quarter, particularly driven by the Fed’s backstop for corporate notes and mortgage-backed securities, propelling the Bloomberg Barclay’s U.S. Aggregate Bond Index higher by 2.9% during the quarter.

The Core Bond Fund's 30 basis point benchmark underperformance was primarily due to a higher than normal cash position to meet the Administrator's request to raise \$126.7 million during the quarter. The proceeds were invested in the Oregon Short-Term Fund to provide an ample liquidity cushion for university participants during fiscal year 2021. The sales generated \$6.1 million in realized gains and will be distributed proportionally to university participants through the quarterly earnings distribution, aiding university participant's cash flow management during a challenging financial environment.

Despite the temporary, yet significant, liquidity challenges across the fixed income markets during the fiscal year, the PUF's focus on high-quality and short-to-intermediate duration securities resulted in a respectable 4.2% total return on invested assets during fiscal year 2020.

A factsheet detailing each investment pool's portfolio characteristics and market exposures is included with this report.

Oregon Tech Quasi-Endowment Fund

The Oregon Tech Quasi-Endowment assets gained 2.4% for the quarter and 5.8% for the fiscal year, for the period ended June 30, 2020. The Oregon Intermediate-Term Pool outperformed its benchmark by 60 basis points for the quarter and underperformed its benchmark by 70 basis points for the fiscal year. The Endowment assets were valued at \$7.7 million, as of June 30, 2020.

Oregon Tech
Investment Summary
as of June 30, 2020
(Net of Fees)

	Quarter Ended 6/30/2020	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Range
OIT Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.4%	1.6%	2.6%	2.2%	1.6%	1.1%	\$ 16,948,618	66.9%	1
Benchmark - 91 day T-Bill	0.0%	1.6%	2.3%	1.8%	1.2%	0.6%			
PUF Core Bond Fund	1.9%	6.5%	6.3%	4.1%	N/A	N/A	8,386,891	33.1%	1
Blended Benchmark ²	2.2%	7.0%	6.7%	4.3%	3.6%	N/A			
Public University Fund Total Return	1.1%	4.2%	5.0%	3.3%	2.7%		<u>\$ 25,335,509</u>	<u>100.0%</u>	
Public University Fund Investment Yield	1.0%	3.1%	2.7%	2.7%	2.2%				
OIT Endowment Assets									
Oregon Intermediate-Term Pool	2.4%	5.8%	6.1%	3.8%	N/A	N/A	\$ 7,663,794	100.0%	
Benchmark - Bloomberg Barclays 3-5 Year Index	1.8%	6.5%	6.5%	4.1%	3.2%	N/A			
Total Endowment Assets	2.4%	5.8%	6.1%	3.8%			<u>\$ 7,663,794</u>	<u>100.0%</u>	

¹ The Public University Fund (PUF) policy guidelines define investment allocation targets based upon total participant dollars committed. Core balances in excess of liquidity requirements for the participants are available for investment in the Core Bond Fund. Maximum core investment allocations are determined based upon anticipated average cash balances for all participants during the fiscal year.

² Blended Benchmark Composition: 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

June 30, 2020

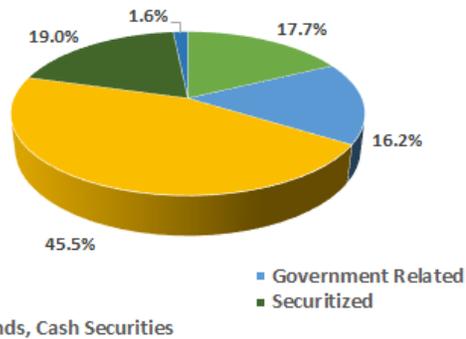
Portfolio Characteristics

Market Value 06/30/2020	\$ 388,802,696
Weighted Average Credit Quality	AA
Book Yield (%)	1.15
Weighted Average Maturity (years)	1.06
Duration (years)	0.56
Spread Duration (rate)	0.84

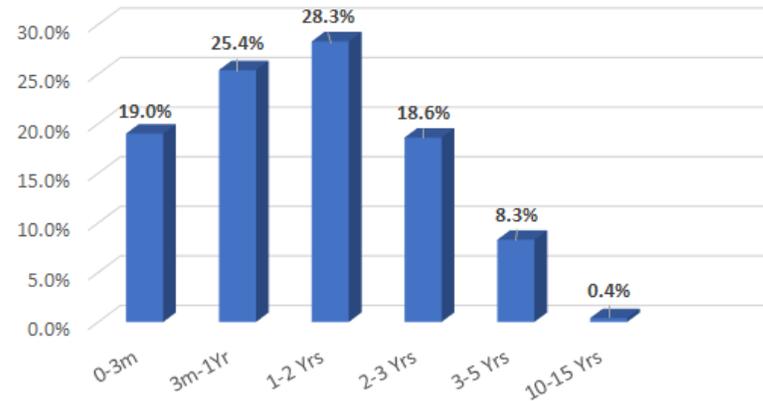
Top 10 Issuers

United States Treasury	17.5%
Wells Fargo & Company	3.4%
Caterpillar Incorporated	3.4%
Toyota Motor Corporation	2.9%
Citigroup Incorporated	2.7%
Federal Farm Credit Banks Funding Corporation	2.4%
Royal Bank of Canada	2.1%
Federal Home Loan Banks	1.9%
Morgan Stanley	1.9%
Sweden (Kingdom of)	1.7%
Total	39.9%

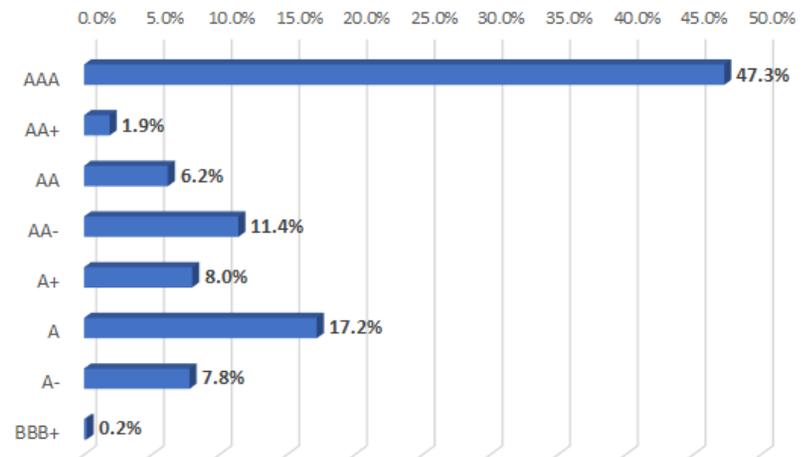
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

Core Bond Fund

June 30, 2020

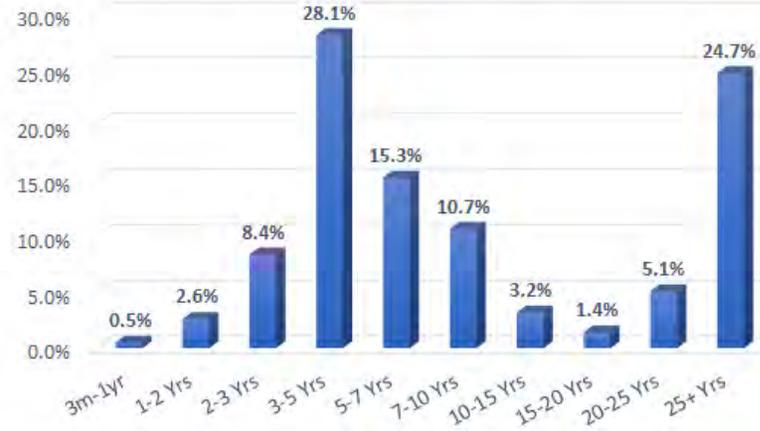
Portfolio Characteristics

Market Value 06/30/2020	\$ 192,395,981
Weighted Average Credit Quality	AA-
Book Yield (%)	2.01%
Weighted Average Maturity (years)	4.20
Duration (years)	3.53
Spread Duration (rate)	2.83

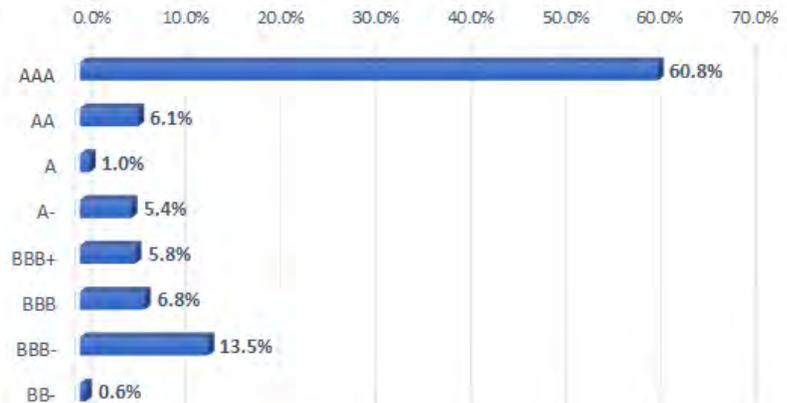
Top 10 Issuers

United States Treasury	29.7%
Federal National Mortgage Association	9.3%
Oregon State Treasury (Oregon Short-Term Fund)	5.9%
TC Energy Corporation	3.0%
Williams Companices Incorporated	2.5%
Kinder Morgan Incorported	2.4%
Molson Coors Beverage Company	2.4%
Fannie Mae ACES 17-M5	2.2%
Dupont De Nemours Incorporated	2.0%
Cheniere Energy Incorporated	1.7%
Total	61.1%

Maturity Breakdown



Credit Quality Distribution



Sector Allocations



Source: Oregon State Treasury

FY2020 Q4 MARKET COMMENTARY

(Prepared by Callan Associates, consultants to the Oregon Investment Council)

Macroeconomic Environment

Main Street vs. Wall Street

The S&P 500 Index notched its best quarter since 1998 with a 20.5% return, nearly erasing its first calendar quarter loss. Developed and emerging market equity indices posted returns approaching 20%. High yield bond and emerging market debt markets were up over 10%. Oil prices doubled, closing at roughly \$40 a barrel (West Texas Intermediate). However, calendar year-to-date returns across these market segments remain negative, and some in red double-digits. The Russell 1000 Growth Index, up nearly 10% calendar year to date due to its heavy weight in highflying technology stocks, is a lone exception.

While Wall Street was in celebration mode, much of Main Street continued to suffer. Against the backdrop of stellar asset price performance, rising cases of the COVID-19 virus in the U.S. tempered optimism going into quarter-end. Some cities have reversed their re-openings as new cases have mounted. While certain economic data have surprised on the upside (from very depressed levels), much uncertainty remains. "The path forward for the economy is extraordinarily uncertain and will depend in large part on our success in containing the virus," said Fed Chair Jerome Powell at a recent meeting. "A full recovery is unlikely until people are confident that it is safe to reengage in a broad range of activities."

Officially, the U.S. economy entered a recession in February 2020, according to the National Bureau of Economic Research. Some estimate that we emerged in May, which would make this the shortest recession ever. A number of promising statistics point to a rebound—but it should be noted that they have yet to recoup the losses incurred in March/April. Retail sales grew a record 18% (-6% calendar year-over-year) in May. Durable goods orders also delivered on the upside; up 16% in May (-18% calendar year-over-year). And housing received a boost from relatively low mortgage rates. Pending home sales were up 44% in May but remain down 5% calendar year-over-year. Personal spending rose 8% in May, a monthly record, but is down 9% calendar year-over-year. Further, certain segments of the economy have not participated in this recovery and are likely to be impacted for some time. Hotels, restaurants, airlines, and many small businesses have been among the hardest hit.

Not all the economic data have been good. While roughly 5 million jobs returned in May and June, 19 million were lost in April. Unemployment (11.1% in June) remains elevated, and while jobless claims have decelerated, they continue to hover around 1.5 million per week, with those receiving state benefits at roughly 18 million.

Further evidence of the ongoing stress is reflected in downgrades and defaults. According to data from J.P. Morgan, defaults across bonds and loans totaled \$100 billion thus far in calendar 2020, the most since the entire year of 2009, and defaults in U.S. high yield bonds reached a 10-year high of 6.2%. As for equities, a recent Wall Street Journal article noted that "more than 40% of the companies in the S&P 500 have pulled their guidance as the coronavirus pandemic has doused U.S. corporations in uncertainty."

First calendar quarter GDP contracted 5.0%, but the second calendar quarter is expected to be far worse, with estimates spanning a wide range (-30% to -40% annualized) and changing by the day. For 2020, the median expectation from the Fed is for a decline of 6.5%, but the range among Federal Open Market Committee members is -10.0% to -4.2%. Fed forecasts for 2021 are similarly disparate, with a median 5.0% gain and a range of -1.0% to 7.0%.

A tsunami of central bank support and fiscal stimulus fueled confidence and pumped liquidity into the markets. The Fed not only left rates at close to 0%, but it also announced that it would likely leave them there until at least calendar 2022. Fiscal stimulus in a multitude of flavors approaches \$3 trillion, nearly 14% of

Gross Domestic Product (GDP), and globally the figure is a stunning \$8 trillion, or 9% of global GDP, according to Natixis Portfolio Research and Consulting Group and the International Monetary Fund. While some of these programs have been controversial, collectively they have been incredibly effective in restoring liquidity and confidence. In some cases, a mere announcement had a significant impact on markets before the program was implemented.

Overseas, a similar story unfolded. Central bank support and rate cuts have bolstered confidence and liquidity; some economic indicators seem to indicate the worst is over. However, it is worth noting that virus-related statistics are far more favorable in Europe and Asia than in the U.S. And emerging markets have not seen their “virus curves” flatten, especially in Latin America, India, and Russia. Far from rosy, the Organization for Economic Co-operation and Development recently released its global calendar 2020 real GDP forecast: -6.0%—and this assumes no “second wave” for the virus.

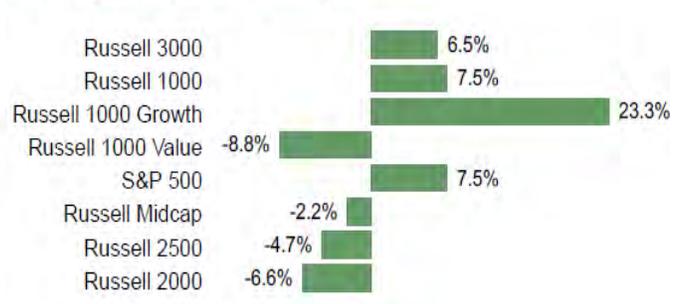
Equity Markets

U.S. stock markets posted double-digit returns in the second calendar quarter, with some segments erasing all of the first calendar quarter’s sharp losses. Growth, benefiting from its 44% exposure to Technology, sharply outperformed value (Russell 1000 Growth: +27.8%; Russell 1000 Value: +14.3%) and the spread is even larger on a calendar year-to-date basis (Russell 1000 Growth: +9.8%; Russell 1000 Value: -16.3%). Small caps outperformed large (Russell Microcap +38.8%; Russell 2000: +25.4%; Russell 1000: +21.8%). Within the S&P 500 (+20.5%), several sectors posted returns over 30% (Energy, Consumer Discretionary, Technology) while Utilities (+2.7%) fared the worst. It is worth nothing that the “FAAMG” (Facebook, Amazon, Apple Microsoft, Google) stocks accounted for nearly 30% of the return for the S&P 500; collectively the group was up 35% for the quarter.

U.S. Equity: Quarterly Returns

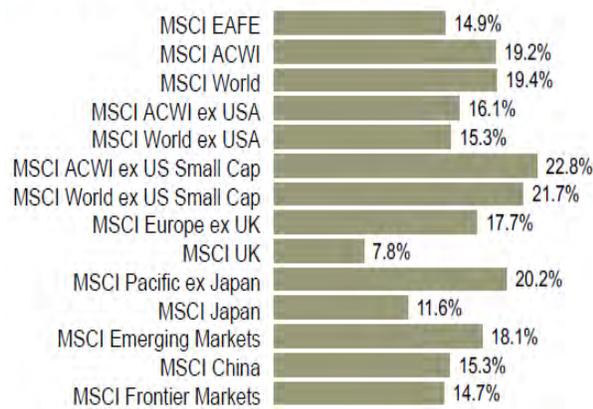


U.S. Equity: One-Year Returns



Outside of the U.S., double-digit returns were broad-based across developed and emerging markets (Morgan Stanley Capital International (MSCI) All Countries World Index ex-USA: +16.1%; MSCI Emerging Markets: +18.1%) but both remain down roughly 10% over the six-month period. As in the U.S., growth outperformed value.

Global Equity: Quarterly Returns



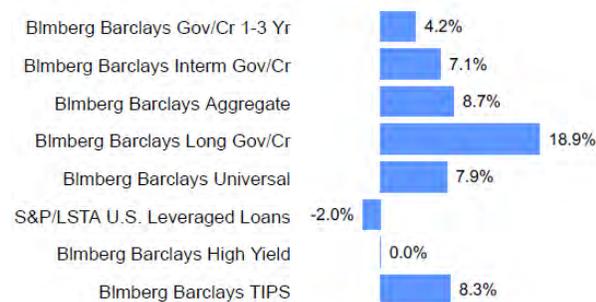
Global Equity: Annual Returns



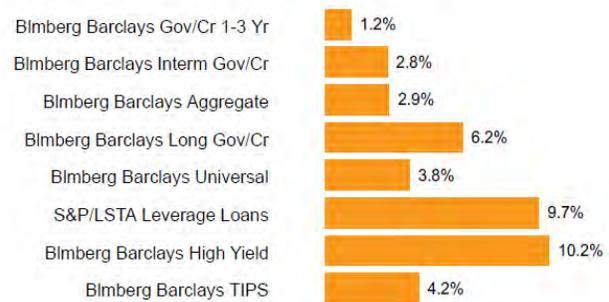
Fixed Income Markets

U.S. Treasury yields were range-bound in the second calendar quarter; the 10-year U.S. Treasury yield closed the quarter at 0.66%; down 4 bps from March 31 and down sharply from the calendar year-end level of 1.92%. As a result, the Bloomberg Barclays U.S. Treasury Index was up a modest 0.5% for the quarter. Other sectors recovered from sharp underperformance in the first calendar quarter as investor confidence improved. For the quarter, the Bloomberg Barclays U.S. Aggregate Bond Index gained 2.9%, with non-Treasury sectors faring the best. This is a stark contrast to the first calendar quarter, when U.S. Treasuries were virtually the lone sector to post a positive return. The Bloomberg Barclays U.S. Corporate Bond Index rose 9.0% in the second calendar quarter but has underperformed like-duration U.S. Treasuries by 540 bps calendar year-to-date. The Bloomberg Barclays High Yield Bond Index posted a double-digit return (+10.2%) in calendar Q2 but remains down 3.8% calendar year-to-date.

U.S. Fixed Income: Annual Returns



U.S. Fixed Income: Quarterly Returns



Rates were lower overseas, fueled by rate cuts across a broad swath of countries and strong performance from corporates. The Bloomberg Barclays Global Aggregate ex-U.S. Bond Index rose 3.4% (unhedged). Emerging market debt indices posted lofty results (Emerging Market Bond Index Global Diversified: +12.3%; Global Bond Index-Emerging Market Global Diversified: +9.8%) but remain down single digits from calendar year-end. Municipal bonds also rebounded from relatively poor performance in the first calendar quarter; the Bloomberg Barclays Municipal Bond Index rose 2.7% in the second calendar quarter but is up only 2.1% calendar year-to-date.

Closing Thoughts

It is no exaggeration to say that we are living in unprecedented times, and we face a vast array of social, geopolitical, financial, and health challenges. Uncertainty remains high across these arenas, and yet markets have recovered swiftly from the wreckage of the first calendar quarter. While there are some indications of light at the end of the tunnel, the ultimate impact of the pandemic on the economy remains unclear. Wall Street prices reflect a relatively optimistic viewpoint that has yet to be proven by fundamental data. While central bank intervention has been swift and heavy, helping to restore confidence and liquidity, investors should be mindful that we remain in uncharted territory. The oft-cited economic recovery alphabet descriptors (V, W, L, U) do little to describe the pace of the recovery or the ultimate repercussions for the economy and society. Amid this uncertainty, social justice, environmental awareness, and wealth inequality are issues that seem to have gained some momentum and perhaps have drawn strength from these challenging times, during which we have had to adapt to new rules in a swift fashion.

While the economic picture remains fluid and uncertain, Callan's advice to investors remains clear and consistent: We recommend adherence to a disciplined investment process that includes a well-defined long-term asset allocation policy.

REPORT

Agenda Item No. 3.3

Finance, Facilities and Audit Status: Q1 FY 2021 Quarterly Review

Background

The following Quarterly Finance, Facilities and Audit Status Report provides information on the major areas of responsibility for the Finance and Administration Division of Oregon Tech. This includes budget, forward looking revenue and enrollment indicators, facilities, equipment and capital projects as well as internal and external audit coordination. This information is used by the Vice President of Finance and Administration to track progress of the institution in meeting its financial and operational goals, and reported to the Finance and Facilities Committee on a quarterly basis.

Staff Recommendation

No action required. For discussion purposes only.

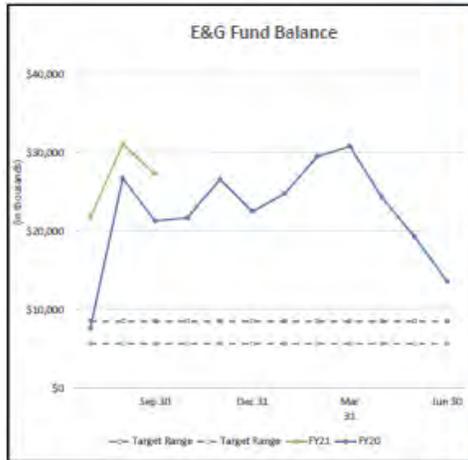
Attachments

Q1 FY 2021 Quarterly Finance, Facilities and Audit Status Reports including the following:

- A. [Financial and Enrollment Dashboard](#)
- B. [Quarterly Managerial Report](#)
- C. Facilities and Capital Projects
 - a. [Capital Projects Status Report](#)
 - b. [Deferred Maintenance and Capital Renewal](#)
- D. [Audit Status Updates](#)

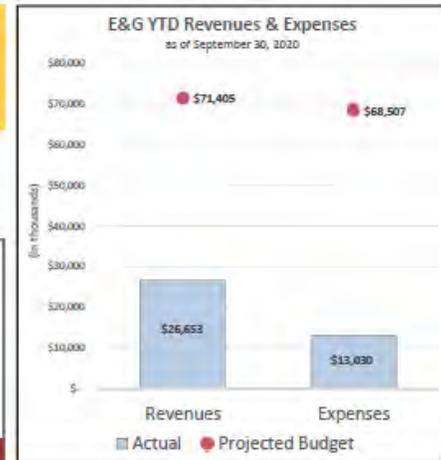
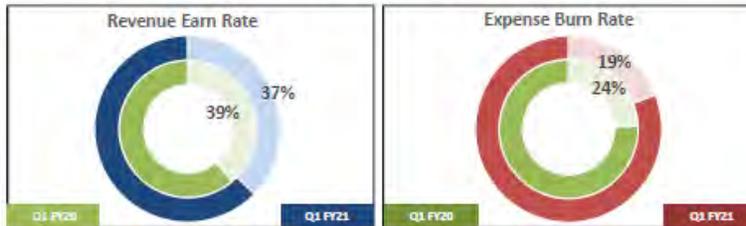
ATTACHMENT A

Financial and Enrollment Dashboard
Q1 FY2021

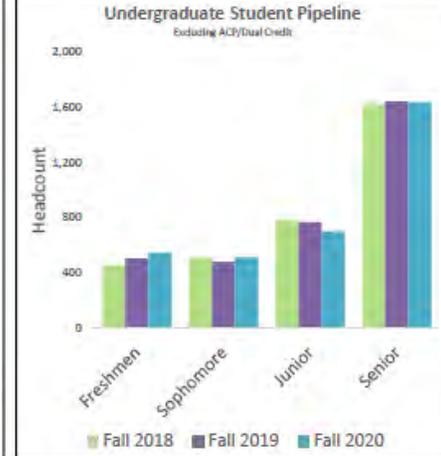
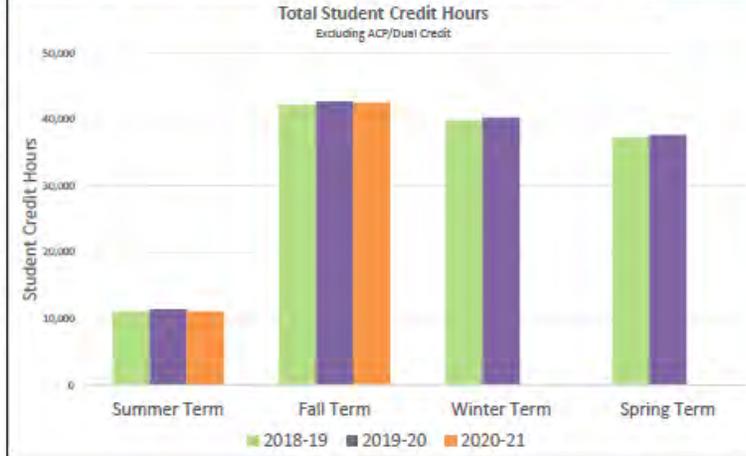


Quarterly Financial Dashboard

As of September 30, 2020



Key Financial Indicators		
E&G Fund Balance:	\$27,234	As of Sept. 30, 2020
Total Cash on Hand:	\$29,049	As of Sept. 30, 2020
E&G Cash on Hand:	\$18,985	As of Sept. 30, 2020
Days Cash on Hand:	101 Days	As of Sept. 30, 2020
Debt Burden Ratio:	3.60%	As of Sept. 30, 2020
Quasi Endowment:	\$8,168	As of June 30, 2020
Foundation Assets:	\$31,173	As of June 30, 2020



Student Tuition		
Undergraduate Tuition		
	2020-21	2019-20
Resident:	\$9,212	\$8,774
Non-Resident:	\$29,322	\$27,926
WUE:	\$13,819	\$13,160
Online:	\$12,150	\$11,565
Differential:	35% Premium	30% Premium
Graduate Tuition		
	2020-21	2019-20
Resident:	\$16,951	\$16,143
Non-Resident:	\$28,455	\$27,100
Online:	\$13,860	\$13,212
ETM Differential:	35% Premium	30% Premium

Degree Completions					
		2019-20	2018-19	2017-18	3 Year Δ
Undergraduate	Resident:	493	545	516	-4.5%
	Non-Resident:	239	208	212	12.7%
Graduate	Resident:	13	16	7	85.7%
	Non-Resident:	14	11	11	27.3%

Notes:
Student tuition rates are shown at 15 credits per term for undergraduates and 12 credits per term for graduates.

ATTACHMENT B
Quarterly Managerial Report
Q1 FY2021

General Fund Monthly Report							
September 2020 (Does Not Include OMIC)							
Acct	YTD Comparison		FY21 Forecast				Notes
	FY20 YTD Sept Actuals	FY21 YTD Sept Actuals	FY20 Year End Actuals	Adopted Budget	Adjusted Budget	Year-End Forecast	
State Allocations	11,222	11,347	31,311	29,836	29,836	33,082	(1)
Tuition & Fees	15,831	15,960	39,203	41,862	41,862	40,056	(2)
Remissions	(1,334)	(1,561)	(4,697)	(5,058)	(5,058)	(4,496)	
Other	931	907	2,767	2,763	2,763	2,763	(3)
Total Revenue	26,650	26,653	68,584	69,402	69,402	71,405	
Unclassified	3,950	3,391	25,039	24,659	24,659		(4)
Classified	1,443	1,202	5,907	6,173	6,173		(4)
Student	135	95	660	1,093	1,093		
GTA	9	13	80	121	121		
OPE	3,748	3,592	16,763	18,335	18,335		
Salary Savings				(750)	(750)		
Total Labor	9,285	8,293	48,449	49,632	49,632	-	(5)
Service & Supplies	3,799	4,560	11,954	18,247	18,247		
Internal Sales	(371)	(528)	(926)	(2,167)	(2,167)		
Debt Service	688	545	1,771	624	624		
Capital	112	7	449	458	458		
Utilities	241	135	1,053	1,247	1,247		
Transfers Out	465	-	1,462	1,362	1,362		(6)
Total Direct Expense	4,935	4,719	15,764	19,771	19,771	-	(5)
Total All Expense	14,219	13,013	64,212	69,403	69,403	-	
Net From Operations	12,431	13,640	4,372	(1)	(1)		
Extraordinary Transfers In	1	1	328	1	1		
Extraordinary Transfers Out	(1,820)	-	(694)	-	-		
Carryforward & Rollover Xfrs from FY19			(460)				
Fund Additions/(Deductions)	127	-	46	-	-		
Change in Fund Balance	10,739	13,642	3,592	0	0		
Beginning Fund Balance	10,001	13,593	10,001	13,593	13,593	13,593	
Ending Fund Balance	20,740	27,234	13,593	13,593	13,593	13,593	
Ending Cash Balance	12,128	19,167	12,128				
% Operating Revenues	77.8%	102.2%	19.8%	19.6%	19.6%		

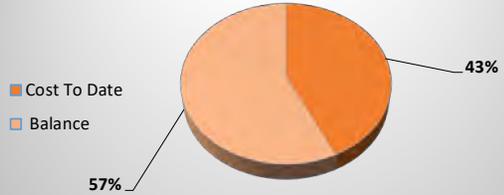
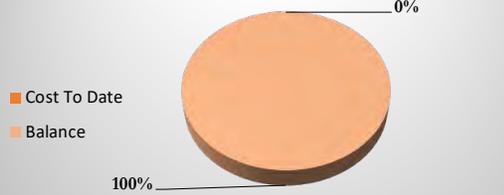
Notes:**Education & General**

- (1) **Forecast** - October 2020 update from HECC on state appropriations, including FY20 settle-up reduction due to lower than expected Academic Year 2020 resident degree completion
- (2) **Forecast** - Tuition forecast assumes retention for Winter, Spring, Summer terms consistent with prior years and assumes no events substantially impact normal operations
- (3) **Forecast** - Too early to forecast Other Revenue for FY21
- (4) **FY21 YTD Actuals** - Lower Unclassified, Classified, and OPE amounts due to furlough savings.
- (5) **Forecast** - Too early to forecast expenses due to pandemic instability
- (6) **FY21 YTD Actuals** - Regular Athletics & Shaw Historical Library transfers not completed during Q1.

ATTACHMENT C Facilities and Capital Projects

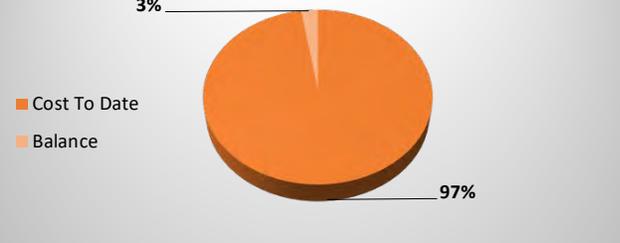
Capital Bond Projects - Status Report

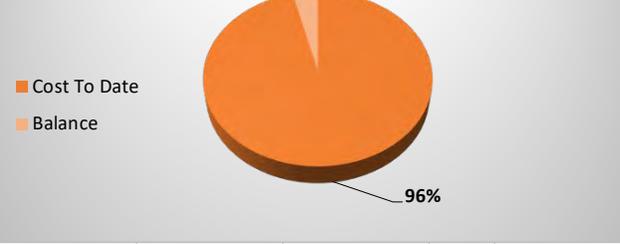
10/31/2020

CEET Building										
Project Start: 1.21.20			Project Completion: 12.31.2020							
Project	Progress Highlights				Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance
UPE785 / FCEET	Visioning: May 2018 - August 2018				Replace Parking Lot (1.5%):	\$ 525,000	\$ 525,000	\$ 525,000	100%	\$ -
Bond Type: XI-Q / XI-G	Design: November 2018 - September 2019				Visioning/Design (7%):	\$ 2,340,000	\$ 2,485,950	\$ 2,134,885	86%	\$ 351,065
Expires: Feb. 21, 2022	Construction: February 2020 - July 2021				Construction (78%):	\$ 27,039,500	\$ 27,467,664	\$ 11,500,342	42%	\$ 15,967,322
Design: TVA Architects					Other (13.5%):	\$ 5,095,500	\$ 4,521,386	\$ 623,346	14%	\$ 3,898,040
CM/GC: Adroit Const.					Project Totals:	\$ 34,475,000	\$ 34,475,000	\$ 14,783,573	43%	\$ 19,691,427
<div style="display: flex; justify-content: space-around; font-size: small;"> Plan Design Bid Build Closeout </div>					CO's / Amendments		Percent Complete (%)			
Budget Breakdown 					Amd. 4: \$ 134,163 Amd. 5: \$ 98,582 Amd. 6: \$ 74,574 Amd. 7: \$ 45,729 Amd. 8: \$ 28,583 Amd. 9: \$ 46,534 \$ - \$ - \$ - \$ - \$ - Total: \$ 428,164					
Boivin Hall Renovation										
Project Start: 10.01.21			Project Completion: 12.31.22							
Project	Progress Highlights				Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance
UPE	* Design:				Design (8%):	\$ 1,400,000	\$ 1,400,000	\$ -	0%	\$ 1,400,000
	** Construction:				Construction (80%):	\$ 14,000,000	\$ 14,000,000	\$ -	0%	\$ 14,000,000
Design: TBD					Other (12%):	\$ 2,100,000	\$ 2,100,000	\$ -	0%	\$ 2,100,000
Build: TBD					Project Totals:	\$ 17,500,000	\$ 17,500,000	\$ -	0%	\$ 17,500,000
<div style="display: flex; justify-content: space-around; font-size: small;"> Planning Design Bid Build Closeout </div>					CO's / Amendments		Percent Complete (%)			
Budget Breakdown 					\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - Total: \$ -					

Capital Bond Projects - Status Report							10/31/2020				
Integrated Student Health Center (ISHC)											
Project Start:					Project Completion:						
Project	Progress Highlights				Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance	
SHS301	* Design:										
SHS601	** Construction:										
					Design (13%):	\$ 85,634	\$ 85,634	\$ -	0%	\$ 85,634	
Design: Soderstrom					Construction (76%):	\$ 490,000	\$ 490,000	\$ -	0%	\$ 490,000	
Build:					Other (11%):	\$ 71,366	\$ 71,366	\$ -	0%	\$ 71,366	
	Planning	Design	Bid	Build	Closeout	Project Totals:	\$ 647,000	\$ 647,000	\$ -	0%	\$ 647,000
Budget Breakdown 					CO's / Amendments		Percent Complete (%) 				
					\$ -						
					\$ -						
					\$ -						
					\$ -						
					\$ -						
					\$ -						
					\$ -						
					\$ -						
					\$ -						
					Total:	\$ -					

Well 5 Rehabilitation											
Project Start: 6.17.19				Project Completion: 11.01.19							
Project	Progress Highlights				Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance	
UPE773	* Design: Completed June 2019										
	** Construction: June 2019 - Oct. 2019										
	PROJECT ON HOLD				Design (15%):	\$ 84,500	\$ 109,700	\$ 104,317	95%	\$ 5,383	
Design: Fluent Engineering					Construction (80%):	\$ 598,685	\$ 707,681	\$ 414,908	59%	\$ 292,773	
Build: WWD / DCI					Other (5%):	\$ 66,815	\$ 57,619	\$ 36,224	63%	\$ 21,395	
	Plan	Design	Bid	Build	Closeout	Project Totals:	\$ 750,000	\$ 875,000	\$ 555,448	63%	\$ 319,552
Budget Breakdown 					CO's / Amendments		Percent Complete (%) 				
					DCI	\$ -					
					WWD	\$ 103,210					
					\$ -						
					\$ -						
					\$ -						
					\$ -						
					\$ -						
					\$ -						
					\$ -						
					Total:	\$ 103,210					

Capital Bond Projects - Status Report							10/31/2020				
Cornett Renovation - Phase 1 / Phase 2											
Project Start: 9.18.17				Project Completion: 9.31.20							
Project	Progress Highlights			Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance		
UPE777 / UPE785	* NTP: 9.18.2017										
Bond Type: XI-Q / XI-G	** Phase 1a/1b Complete / Phase 2 Underway.										
Total = \$18,725,000	Phase 1 = \$11,670,000.00			Design (6%):	\$ 1,042,020	\$ 1,089,355	\$ 864,142	79%	\$ 225,213		
Design: BBT Architects	Phase 2 = \$7,055,000.00			Construction GMP (89%):	\$ 9,090,000	\$ 16,671,128	\$ 16,671,128	100%	\$ -		
CM/GC: Adroit Const.	Project Total = \$18,725,000.00			Other (5%):	\$ 1,537,980	\$ 964,517	\$ 710,003	74%	\$ 254,514		
	Plan	Design	Bid	Build	Closeout	Project Totals:	\$ 11,670,000	\$ 18,725,000	\$ 18,245,273	97%	\$ 479,727
Budget Breakdown				<u>CO's / Amendments</u>		Percent Complete (%)					
				P1 GMP	\$ 9,090,000						
				P1 Amd.'s	\$ 668,846						
				P1 GMP(final)	\$ 9,758,846						
				P2 GMP	\$ 7,106,173						
				P2 Amd. 35	\$ (187,794)						
				P2 Amd. 36	\$ (6,097)						
				P2 GMP(final)	\$ 6,912,282						
				Final GMP	\$ 16,671,128						

Academic Student Rec Center (ASRC)											
Project Start: 6.04.2018				Project Completion: 9.27.2019							
Project	Progress Highlights			Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance		
UPE789/UPE797	Design: January 2018 - June 2018										
Bond Type: XI-F	Construction: June 2019 - June 2020										
Expires: June 14, 2022	* UPE789 = \$3,500,000			Design (8%):	\$ 280,000	\$ 316,905	\$ 266,950	84%	\$ 49,955		
Design: BBT Architects	** UPE797 = \$350,325			Construction (84%):	\$ 2,800,000	\$ 3,287,426	\$ 3,287,426	100%	\$ -		
Build: Modoc Contracting	*** Revised Project Budget = \$3,850,325			Other (8%):	\$ 420,000	\$ 245,994	\$ 146,041	59%	\$ 99,953		
	Plan	Design	Bid	Build	Closeout	Project Totals:	\$ 3,500,000	\$ 3,850,325	\$ 3,700,417	96%	\$ 149,908
Budget Breakdown				<u>CO's / Amendments</u>		Percent Complete (%)					
				Amd. 6:	\$ 410,632						
				Amd. 7:	\$ 5,252						
				Amd. 9:	\$ 10,754						
				Amd. 10:	\$ 17,175						
				Amd. 11:	\$ 30,000						
				Amd. 12:	\$ 14,264						
					\$ -						
					\$ -						
					\$ -						
				Total:	\$ 488,077						

Notes:
1) Added Value: (AV)
2) Errors and Omissions: (EO)
3) Unforeseen Conditions: (UC)
4) Value Engineering: (VE)

Deferred Maintenance and Capital Renewal Report

Capital Renewal-Replacement Report

10/31/2020

CRR - UPE 773 , FY 17/18						
#	Project Description	Est. Cost	Final Cost	Bond Balance	Status	Date Complete
	UPE 773			\$ 2,760,605		
1	FACP Upgrades-PE/SN	\$ (25,000)	\$ (25,355)	\$ 2,735,250	Completed	Jul. 2018
2	PE Waterline N Upgrade	\$ (23,350)	\$ (23,350)	\$ 2,711,900	Completed	Aug. 2017
3	Chiller CH-1 and CH-2 Overhaul	\$ (125,480)	\$ (101,650)	\$ 2,610,250	Completed	Nov. 2017
4	LRC/Snell/PE Elev. Upgrades	\$ (231,315)	\$ (184,962)	\$ 2,425,289	Completed	Jun. 2018
5	CU Sidewalk Replacement	\$ (5,490)	\$ (5,490)	\$ 2,419,799	Completed	Sept. 2017
6	Well 1-4 Chlorine Syst. Upgrade	\$ (40,000)	\$ (35,365)	\$ 2,384,434	Completed	Dec. 2017
7	Purvine Chiller Compressor	\$ (25,000)	\$ (21,215)	\$ 2,363,219	Completed	May. 2018
8	Facilities Rollup Door (#3)	\$ (5,749)	\$ (5,852)	\$ 2,357,367	Completed	Mar. 2018
9	LRC Ventilator Heaters	\$ (7,350)	\$ (7,135)	\$ 2,350,232	Completed	Jan. 2019
10	Boivin Static Pressure	\$ (6,000)	\$ (5,000)	\$ 2,345,232	Completed	Apr. 2018
11	Athletics Exterior Upgrades	\$ (1,050,000)	\$ (868,609)	\$ 1,476,623	Completed	Dec. 2018
12	Purvine VFD's	\$ (10,000)	\$ (8,211)	\$ 1,468,412	Completed	Dec. 2018
13	Chiller Monitor/Alarm (Warrantied)	\$ (5,968)	\$ -	\$ 1,468,412	Completed	May. 2018
14	Athletics Hot Water Syst. Upgrade	\$ (134,020)	\$ (136,295)	\$ 1,332,117	Completed	Sept. 2018
15	Well 1 - Pump Replacement	\$ (35,000)	\$ (25,233)	\$ 1,306,884	Completed	Dec. 2018
16	Athletics West Side HC Entry	\$ (10,000)	\$ (6,654)	\$ 1,300,230	Completed	Mar. 2019
17	Powerplant Fall Protection	\$ (25,000)	\$ (4,800)	\$ 1,295,430	On Hold	Hold
18	Purvine Geo Pump Replacement	\$ (25,000)	\$ (18,765)	\$ 1,276,665	Completed	Apr. 2019
19	Facilities HVAC Replacement	\$ (85,000)	\$ (72,000)	\$ 1,204,665	Completed	Sept. 2019
20	Bottle Fill Upgrades - P1	\$ (45,000)	\$ (34,712)	\$ 1,169,953	Completed	Jul. 2019
21	Facilities Reroof	\$ (230,000)	\$ (225,188)	\$ 944,765	Completed	Sept. 2019
22	Boivin HC Entry Door Upgrade	\$ (8,500)	\$ (6,216)	\$ 938,549	Completed	Jul. 2019
23	Backflow Replacement (4)	\$ (15,000)	\$ (13,484)	\$ 925,065	Completed	Aug. 2019
24	Chiller Plant - Bearing Replacement	\$ (10,000)	\$ (7,132)	\$ 917,933	Completed	Jul. 2019
25	Replace Geo Fittings - Tunnels.	\$ (10,000)	\$ (4,665)	\$ 913,268	Underway	TBD
26	Well 1 Upgrades	\$ (20,000)	\$ (12,101)	\$ 901,167	Completed	Jun. 2019
27	Bottle Fill Upgrades - P2	\$ (35,000)	\$ (17,450)	\$ 883,717	Completed	Mar. 2020
28	Snowmelt Sysytem Connection	\$ (30,000)	\$ (25,895)	\$ 857,822	Completed	Oct. 2019
29	Purvine Auditorium Door Upgrade	\$ (15,000)	\$ (10,776)	\$ 847,046	Completed	Apr. 2020
30	Athletics Entry Lobby Renovation - 70%	\$ (250,000)	\$ (232,235)	\$ 614,811	Underway	Jun. 2020
31	Purvine Compressor Replacement	\$ (10,000)	\$ (10,527)	\$ 604,284	Completed	Mar. 2020
32	Replace 4 FRP Pipe Elbows - Tunnels	\$ (45,000)	\$ (20,600)	\$ 583,684	Completed	Sept. 2020
33	Campus Transformers (x4)	\$ (145,000)	\$ (146,600)	\$ 437,084	Completed	Apr. 2020
34	Well 5 Rehabilitation	\$ (875,000)	\$ (550,475)	\$ (113,391)	On Hold	Mar. 2020
	Balance			\$ (113,391)		

* item 25: Replace Geo Fittings - value of \$ 4,665 reflects cost to date through May 31, 2020.

* Item 30: Athletics Entry Lobby Renovation - value of \$232,235 reflects cost to date through May 31, 2020.

* Item 34: Well 5 Rehabilitation - value of \$550,475 is cost to date, project will be completed using UPE797.

CRR - UPE 797 , FY 19/20						
#	Project Description	Est. Cost	Final Cost	Bond Balance	Status	Date Complete
	UPE 797			\$ 2,591,025		
	Balance Forward - UPE 773	\$ (113,391)		\$ 2,477,634		
1	Fuel Management System Upgrade	\$ (10,000)	\$ -	\$ 2,467,634	Underway	TBD
2	Upgrade Metasys	\$ (210,000)	\$ -	\$ 2,257,634	Underway	TBD
3	Ath. Tower Fan Controls Upgrate - 70%	\$ (25,000)	\$ -	\$ 2,232,634	Underway	TBD
4	Fire Alarm Upgrades - Purvine/LRC	\$ (40,000)	\$ -	\$ 2,192,634	Underway	TBD
5	Purvine Chiller Replacement	\$ (20,000)	\$ -	\$ 2,172,634	Underway	TBD
6	Purvine Entry Vestibule Upgrades	\$ (60,000)	\$ -	\$ 2,112,634	Underway	TBD
7	Purvine Flooring Upgrades	\$ (20,000)	\$ -	\$ 2,092,634	Underway	TBD
8	Campus Site Electrical Upgrades	\$ (365,000)	\$ -	\$ 1,727,634	Underway	TBD
9	Portland-Metro: ADA Signs	\$ (1,500)	\$ -	\$ 1,726,134	Pending	TBD
10	Portland-Metro: HVAC Lab 248	\$ (7,500)	\$ -	\$ 1,718,634	Pending	TBD
11	Portland-Metro: Concrete Repairs	\$ (25,000)	\$ -	\$ 1,693,634	Pending	TBD
12	Portland-Metro: 4th Floor Hall Carpet	\$ (50,000)	\$ -	\$ 1,643,634	Pending	TBD
13	Lot D - Electrical Upgrades	\$ (15,000)	\$ (12,996)	\$ 1,630,638	Completed	Aug. 20202
14	Semon Compressor	\$ (8,000)	\$ -	\$ 1,622,638	Pending	TBD
15	Campus HX Rehabilitation	\$ (350,000)	\$ -	\$ 1,272,638	Pending	TBD
16	Snell Exterior Renovation	\$ (455,000)	\$ -	\$ 817,638	Pending	TBD
17	Portland-Metro: ADA Grab Bars	\$ (7,500)	\$ -	\$ 810,138	Pending	TBD
18	Portland-Metro: Replace Ceiling Tile	\$ (10,000)	\$ -	\$ 800,138	Pending	TBD
19	Portland-Metro: Window Sealant	\$ (10,000)	\$ -	\$ 790,138	Pending	TBD
20	Portland-Metro: Concrete Curb Repair	\$ (35,000)	\$ -	\$ 755,138	Pending	TBD
		\$ -	\$ -	\$ 755,138		
		\$ -	\$ -	\$ 755,138		
		\$ -	\$ -	\$ 755,138		
	Balance			\$ 755,138		

Note: Facilities Management is actively managing the DM list based on a recent comprehensive facilities system assessment completed by a third-party engineering consulting firm and unexpected failures. Systems identified for immediate replacement, except those in Cornett Hall (currently under renovation) and Boivin Hall (currently in front of the legislature for a major renovation) will be prioritized first.

Identified Deferred Maintenance						
#	Building	Other	MEP Systems	Exterior	Interior	Bldg. Total
1	Boivin	\$ 850,000	\$ 892,000	\$ 1,454,250	\$ 1,853,250	\$ 5,049,500
2	Dow Center	\$ 55,000	\$ 758,000	\$ 10,000	\$ 35,000	\$ 858,000
3	Facilities	\$ 825,000	\$ 425,000	\$ 770,000	\$ 245,000	\$ 2,265,000
4	LRC	\$ 1,100,000	\$ 930,000	\$ 185,000	\$ 300,000	\$ 2,515,000
5	Owens Hall	\$ 350,000	\$ 854,000	\$ 400,000	\$ 178,550	\$ 1,782,550
6	Power Plant C	\$ 905,000	\$ 85,000	\$ 80,000	\$ -	\$ 1,070,000
7	Purvine Hall	\$ 725,000	\$ 679,000	\$ 798,850	\$ 500,000	\$ 2,702,850
8	Semon Hall	\$ 850,000	\$ 404,000	\$ 500,000	\$ 325,000	\$ 2,079,000
9	Snell Hall	\$ 75,000	\$ 304,000	\$ 561,730	\$ 214,000	\$ 1,154,730
10	Portland-Metro	\$ 341,500	\$ 618,780	\$ 540,770	\$ 493,500	\$ 1,994,550
11	Campus	\$ 5,565,000	\$ 16,150,000	\$ 220,000		\$ 21,935,000
	Total					\$ 43,406,180

Identified Deferred Maintenance - Auxiliary Services						
#	Building	Other	MEP Systems	Exterior	Interior	Bldg. Total
1	Athletics	\$ 1,675,000	\$ 854,000	\$ 285,000	\$ 4,000,000	\$ 6,814,000
2	Stadium/Track	\$ 3,390,000	\$ 235,000	\$ 600,000	\$ 424,000	\$ 4,649,000
3	Residence Hall	\$ 800,000	\$ 354,000	\$ 2,905,650	\$ 4,370,000	\$ 8,429,650
4	College Union	\$ -	\$ 404,000	\$ -	\$ 575,000	\$ 979,000
5	Village	\$ -	\$ 104,000	\$ 600,000	\$ -	\$ 704,000
6	Student Health	\$ 77,350	\$ 143,000	\$ 275,000	\$ 270,550	\$ 765,900
7		\$ -	\$ -	\$ -	\$ -	\$ -
	Subtotals	\$ 5,942,350	\$ 2,094,000	\$ 4,665,650	\$ 9,639,550	\$ 22,341,550
	Total	\$ 22,341,550				

Notes:

- 1) The Deferred Maintenance plan reflects known needs and will be updated as project pricing is finalized to meet institutional priorities or to support unforeseen emergencies.
- 2) Deferred Maintenance for OMIC campus is not included in analysis.
- 3) Costs do not include Furniture, Fixtures, Class equipment or IT Hardware.

ATTACHMENT D

Audit Status

Internal Audit

(Prepared by Kernutt Stokes, LLP)

Oregon Tech has contracted Kernutt Stokes LLP (IA) for internal audit services. IA reports directly to the Audit Committee of the Board of Trustees (Board).

The statuses of previously open projects planned for the fiscal year 2020 are as follows:

Internal Audit Projects Update	
Engagement	Status
Housing and Residence Life	Completed – Included in Board Packet
Sponsored Projects and Grant Administration (SPGA)	Audit work completed in April. SPGA management is developing responses and action plans to identify issues with a goal of completion by mid-July for report issuance.
Monitor Fraud, Waste, and Abuse Ethics Hotline	Summary below for Board review

Audit work on the Housing and Residence Life and SPGA audits has been completed:

- The Housing and Residence Life management team has developed responses and action plans addressing the issues identified and the final internal audit report is included in this packet for Board review.
- The SPGA report draft was submitted to the SPGA management team in mid-April. SPGA management has not yet completed their responses and action plans to the issues identified in the report. Currently IA has no anticipated release date of the final report for Board review. Once SPGA management completes their response IA will review the action plans to determine if they appropriately address the issues identified. IA considers completion of this report to be a high priority.

IA monitors and performs case management for Oregon Tech's Fraud, Waste, and Abuse Ethics Line, engaging OIT's General Council and other appropriate offices at Oregon Tech. A five-year report log is available below; with dates representing fiscal years.

- Currently in fiscal year 2021 there have been two cases reported through the Oregon Tech Hotline. One case has been reviewed and closed, the other is currently being reviewed through the normal process.
- Related to fiscal year 2020, one case remains in a monitoring state although IA anticipates it will be completed and closed in the near future.

Fraud, Waste, and Abuse Ethics Line Report Log					
Complaint Source	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Hotline	10	5	6	8	2
Direct to IA	0	0	0	0	0
Oregon State Audits Division	0	0	0	1	0
Total	10	5	6	9	2
Issues Resolved					
Resolved	10	5	6	8	1
Monitoring	0	0	0	1	0
Open	0	0	0	0	1

Fiscal Year 2021 Activities:

Kernutt Stokes has been retained to continue performing internal audit services through at least fiscal year 2023. IA will begin the process of interviewing Oregon Tech management to update the internal audit plan this Winter (2020).

A Three-Year Internal Audit Plan and Annual Risk Assessment was previously developed through fiscal year 2022; and can be found on the Oregon Tech Internal Audit webpage <http://www.oit.edu/faculty-staff/internal-audit> or through the Finance and Administration homepage.

The previous audit plan was developed prior to any considerations of COVID-19 and the issues that Oregon Tech has faced, and continues to encounter, since that time. Along with Oregon Tech management and Audit Committee, IA will review and update the risk assessment and adjust the audit plan as deemed necessary.

At this time IA anticipates the following activities will be performed during fiscal year 2021:

- Update the risk assessment and internal audit plan for 2021
- Perform 2 internal audits (to be determined)
- Perform a lookback on issues identified and scheduled to be addressed from prior audits
- Monitor the Fraud, Waste, and Abuse Ethics Line
- Report to Oregon Tech management and Board

Annual Financial and Compliance Audit

All financial information and material statements within the Annual Financial Report have been completed as of 10.16.2020 by CliftonLarsonAllen LLP (CLA) our external auditors. The Annual Financial Report will be presented as a part of the Audit Committee's regularly scheduled January 2021 meeting.

The compliance component of the annual single audit has not been issued by CLA due to a compliance supplement due to the passage of the CARES Act during FY20. This is a nationwide issue impacting all universities who received CARES Act funding. CLA and Oregon Tech are awaiting guidance from relevant federal authorities to complete the Single Audit. Tentatively we anticipate guidance during November.

Many thanks are due to Oregon Tech staff across multiple offices, including the Business Affairs Office, Financial Aid Office, Human Resources Office, Information Technology Services, and Office of Sponsored Projects and Grants and the CLA audit team who have worked diligently to complete fieldwork and subsequent work remotely for the first time.

DISCUSSION ITEM

Agenda Item 3.4

OMIC R&D Annual Report

Summary

OMIC R&D is a collaboration of three universities and 32 industry partners established to conduct applied research directed by industry and to address the workforce needs of manufacturers in the region. Oregon Tech is one of the three university partners and acts as the host organization for OMIC R&D providing human resources, budget, finance, grant management and procurement services in support of the collaboration.

The attached OMIC R&D Annual Report to Business Oregon FY20 is a required annual report to Business Oregon as a part of their continued investment in the operations of OMIC R&D. It outlines the operational and financial performance of the operation. Executive Director Craig Campbell will provide a brief overview to the Finance and Facilities Committee.

Attachments

OMIC R&D Annual Report to Business Oregon FY20

OMIC R&D

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I would like to take this opportunity to thank Mark Brady and the staff at Business Oregon who have worked so hard to support the work being done at OMIC R&D. Their professionalism, thoughtful guidance, and continuous problem-solving approach have been a greatly appreciated boon to us as you seek to provide responsible stewardship and fiscal oversight for the state funds we have been entrusted with. Thank you.

Craig Campbell, Executive Director, OMIC R&D

As we begin our fourth year, the unique collaboration known as OMIC R&D has grown from ten charter members and an empty building to 34 members as of the writing of this report, with global representation from Austria, Germany, Japan, South Korea, Sweden and the United States. Our three tiers of industry members range from OEMs (original equipment manufacturers) from the aerospace, automotive, marine and farm implement sectors to large scale machine and cutting tool manufacturers, coolant/lubricant companies, and providers of robotics, machine controllers and related software.

The strength of OMIC R&D continues to be the **ability to harness the collective knowledge and experience of our industry and research members** to develop applied solutions to challenges facing industrial manufacturers. As our membership grows, the diversity of that knowledge and experience increases.

A note about the COVID-19 Pandemic.

OMIC R&D has been able to remain operational throughout the pandemic and our research has not been impacted by a need to cease operations. However, as the state and its public universities have taken steps to protect the health and safety of the citizens of Oregon and university students, staff and professors, limitations have been imposed that resulted in severe disruptions in the ability of university researchers to conduct OMIC R&D sponsored research. Lab closures and travel restrictions have resulted in delays in the ability to deliver projects according to initial timelines.

The patience and understanding of the OMIC R&D members and the creativity of staff and research faculty have sought to mitigate the worst of those impacts. As the effects of the pandemic and the resulting economic downturn continue to develop, we will take steps to adapt to those effects and strive to deliver results while continuing to take appropriate steps to keep our visitors, members and staff safe.

MEMBERS

Charter

ATI Specialty Alloys
Blount International
Boeing
Daimler Trucks
Hangsterfer's Laboratories
Oregon State University
Oregon Tech
Portland State University
Silver Eagle Manufacturing
Vigor

TIER 1

OSG USA, Inc.
WFL Millturn Technologies

TIER 2

Caron Engineering
CGTech
Doosan Machine Tools
Ellison Technologies
Halmer USA
IMCO Carbide Tool
IMS Software
Kennametal
Mahr
Mitsubishi Materials Corp
OMEP
Sandvik Coromant
Seco Tools
Sugino Machine Limited
Sumitomo Electric Carbide
Walter USA
Zoller

ASSOCIATE

Absolent
Cobot Team
Heidenhain Corp.
PGE
Schaeffer Oil

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Industry Support

OMIC R&D Dues and Revenues	Year 1 6/30/17-6/30/18	Year 2 6/30/18-6/30/19	Year 3 6/30/19-6/30/20	Cumulative Since Inception
NUMBER OF MEMBERS	18	26	32	32
REVENUES (unaudited numbers)				
Industry Member Cash Dues	856,667	1,023,750	858,701	2,739,118
Research Member Cash Dues	200,000	200,000	200,000	600,000
Inkind Member Dues	2,034,750	3,508,849	1,623,069	7,166,668
Sponsored Research (non-dues)	16,000	64,356	171,794	252,150
Total Revenues:	3,107,417	4,796,955	2,853,564	10,757,936

Collaboration Agreement was executed 6/15/2017 between 10 charter members.

As part of membership, OMIC R&D members commit to remain as members and to provide tier-specified dues for the full duration of the 10-year Collaboration Agreement. Per the terms of the agreements, **dues may only be used to support research**, which is described more fully below. Fiscal year 2020 (FY20) industry member cash fluctuations occurred for several reasons, including a transition to prorating payments to switch all members to the same annual fiscal cycle; a Tier 1 member that modified to Tier 2 in year three; and a Tier 2 member that revised their dues obligation by switching 25% of their dues from cash to in-kind tooling.

In-kind member dues can include machines on consignment, equipment, tools, software, engineering support and other services and products that support the facility and onsite research. Fluctuations occur from year to year since some items are prepaid for the remaining life of the membership agreement and others are on a per-year allocation of goods or services. **Since inception, the industry member in-kind value received is nearly \$7.2 million.** This value does not reflect the additional volunteer time provided by members and partners, community support and other non-member contributions.

Delivering Applied Research

OMIC R&D currently conducts two types of research projects.

General Research Projects are funded by the pool of industry member dues and are selected by the members with the goal of conducting research that will have a broader benefit to OMIC R&D industry members and manufacturing as a whole.

Specific Research Projects are funded by individual industry members for research that addresses that industry member's specific need. These projects are paid for with either member set-aside funds (30% of Charter/Tier 1 member dues are set aside for this purpose) or as direct-pay sponsored research by the industry member. Members have the option to accumulate set-aside funds over time.

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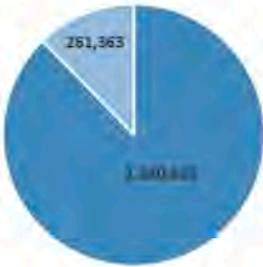
OMIC R&D

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During FY20, OMIC R&D, in conjunction with its three university research members (OSU, PSU and Oregon Tech) completed work on five general research projects, commenced work on 8 projects and the board recently approved funding for 8 new projects in FY21, most of which will commence work in the fall of 2020. **As of FY20, OMIC R&D has awarded 19 general projects totaling \$1.88 million.** These projects have been divided somewhat equally between the research members, with more of the work being done at OMIC R&D as our resources have grown.

Research Projects Awarded through FY20



■ General ■ Specific

In January of 2019, OMIC R&D started working on specific projects for individual member companies. Since then, **OMIC R&D has engaged in 12 specific projects through FY20 totaling \$261k**, with several more in discussion. Until recently, only OMIC R&D through Oregon Tech could conduct specific projects. Due to the signing of a Specific Project Master Agreement in June of this year, industry members can now also access OSU and PSU researchers for specific research projects. This Master Agreement also allows our university researchers to collaborate on Specific Research Projects.

Research Staff

At the beginning of FY20 OMIC R&D had only one research employee capable of operating our growing catalogue of high-end manufacturing machines. In addition, that individual had many other responsibilities associated with the growth of our facility as the Operations Lead. Last fall we hired **Urmaze Naterwalla as Head of Research & Development.**

Urmaze was previously a senior engineer for machining solutions at Boeing Portland and brings a clear understanding of industry needs as well as a history of applied manufacturing problem solving.



Over the last four months, OMIC R&D has hired machining solutions researchers in the areas of subtractive/gear manufacturing, robotics/electrical engineering, and biomedical/prototyping. We also hired a dedicated machinist to support research activities on site. This increase in technical research staff allows us to more fully utilize the equipment, conduct a broader range of research to meet the needs of OMIC R&D,

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and develop areas of capability that will attract industry from other manufacturing sectors and assist in achieving the long term goal of financial sustainability.

Providing Benefit to Oregon's Small and Medium Manufacturers

Although there are opportunities for small and medium sized manufacturers (SMMs) to become members at OMIC R&D, the cost for those members is difficult to justify in comparison to the day-to-day costs of operating their business. Due to our generous funding by the State of Oregon, OMIC R&D believes it needs to provide value to those SMMs who reflect 80% of Oregon's businesses and play a critical role in the supply chain for regional large scale manufacturing companies.

To help achieve that goal, **OMIC R&D is partnering with the Oregon Manufacturing Extension Partnership (OMEP) to launch the OMEP/OMIC R&D Factory of Tomorrow (FOT).**



The FOT serves three complementary purposes.

The first is to demystify emerging manufacturing technologies such as virtual and augmented reality (AR/VR), robotics, and digital interconnectivity of the manufacturing space by providing hands-on opportunities to use these technologies.

The second is to inform SMMs about implementing these technologies in their manufacturing processes in a way that does not strain their financial resources or disrupt their business operations.

The third purpose is to constantly research applications of new technologies into the manufacturing space. By encouraging SMMs to adopt new technologies, they will be able to operate more efficiently and produce better quality products and thereby increase the opportunity to grow and hire additional employees and keep their manufacturing opportunities in the region.

Capital Construction

OMIC R&D has received significant state funding through our Business Oregon funding and general obligation bonds for capital construction at OMIC R&D.

The Rapid Tooling/Additive Manufacturing Center will be the second R&D facility built on the OMIC R&D campus in Scappoose. The Oregon legislature provided bond revenues of \$3.5 million for the construction of the facility as well as \$3 million for research equipment. The facility will initially focus on research to reduce the time and cost to design and manufacture large scale injection molds by using advanced additive manufacturing techniques. Research will also include developing methods that use additive manufacturing to verify processes that can be used to replace more costly processes. This research will be critical to some of our largest members, including Daimler Trucks North America, who has been involved in the development of the new center.

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Because we are located on a 10-acre parcel composed of fill material from when it was a gravel pit, the ground must be adequately evaluated and prepared prior to construction. During this fiscal year, OMIC R&D completed the geotechnical study to determine the level of compaction of the ground and identify any hydrological issues. Based upon the study, an engineering firm was hired to develop a plan for compression of the ground material. Permits were acquired from DEQ and the City of Scappoose and a contract was recently awarded for the placement of surcharge material where the new building will be constructed, and for monitoring the compression until it is sufficiently compacted to support the foundation of the new building.

OMIC R&D selected an architectural firm who has completed the initial design for the 30-35,000 square foot Center (pictured right). The initial construction estimates for the design have been received and the design will be adjusted to align to the available construction budget.

Two pieces of equipment have been purchased through public procurements with the bond funding — a GEFERTEC 3DMP arc605 5-axis arc-weld industrial metals printer and a Capture 3D scanning system. Both machines will initially be located at the existing OMIC R&D facility for staff training and initial research and moved to the Additive Manufacturing Center when construction of the factory portion of the new building is complete.



EDA Federal Grant for Renovation of Existing Facility

Oregon Tech was awarded a \$2.97 million Economic Development Administration (EDA) grant to upgrade the existing facility in 2018. The Oregon legislature provided bond revenues in the amount of \$3.87 million to serve as a match to the federal grant and to support renovation efforts of the facility. During FY20, the design work for upgrades was completed. These upgrades include bringing the facility into compliance with Americans with Disabilities Act requirements including the installation of an elevator and lift, as well as climate control of the factory space, access security for the building, energy efficient lighting, connection to city water/sewer and a parking area. The RFP for a construction contractor has been prepared based on the design and was submitted to the EDA for review in February. Once the EDA approves the RFP, OMIC R&D/Oregon Tech can proceed with selecting a construction company to do the renovation work.

Additionally, OMIC R&D initiated a public procurement to select a construction management firm in FY21 who will provide oversight of construction of the second building, the remaining Phase 1 construction projects being completed by a general contractor, and renovations to the existing facility through the EDA federal grant construction project. Using a construction management firm will allow staff to focus on efforts that match their skills while reducing the likelihood of problems during the construction projects by relying upon professionals experienced in construction operations.

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Inspiring the Manufacturing Workforce of Tomorrow

Part of OMIC R&D's mission is to spark interest in those who are needed to fill the manufacturing jobs of today and tomorrow. This year we commenced and continued efforts on several initiatives in this area.

Through generous funding from the DeArmond Foundation through the Oregon Community Foundation, the **DeArmond Manufacturing Fellows** scholarships were provided to five students from across the state to attend Oregon Tech's engineering program.

As part of the scholarship, OMIC R&D committed to providing internship opportunities. The students, *pictured with Senator Betsy Johnson*, spent summer 2019 at OMIC R&D engaging in special projects, supporting research initiatives, and visiting six industry members' facilities.

As a result of that experience we have developed a machining training program for the summer interns as they return for summer 2020 and for future interns as we expand the program. We have also developed a mentorship arrangement with specific OMIC R&D researchers to further engage them in hands on research.



Manufacturing Day

Last October, OMIC R&D hosted our second annual Manufacturing Day, in partnership with Portland Community College and several regional businesses, nonprofit organizations and schools.



The national event was the largest in the state with representatives from 43 companies, organizations and educational providers who provided hands-on experiences, career and educational information for over 350 high school students who traveled from as far away as Redmond, Oregon to attend. Congresswoman Suzanne Bonamici, Senator Betsy Johnson and several County and City officials also attended.

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Columbia Works Summer High School Internship

Late in FY20, OMIC R&D partnered with Scappoose High School, Portland Community College, Northwest STEM Hub and OMEP to develop a summer 2020 paid high school internship pilot program in support of the OMEP/OMIC R&D Factory of Tomorrow. The internships are part of an effort to establish an ongoing internship program for

businesses in Columbia County and the partners are using this opportunity to establish the structures and processes that will allow the STEM Hub to expand the program to a broader area beginning next summer.

Nine high school interns are working at OMIC R&D this summer, assigned to a mentor, and pursuing one of four different focuses (right).

- **Robotic Programming**
write/develop effective routines that can guide the Sawyer robot towards solving real world manufacturing challenges
- **Augmented Reality/Virtual Reality Programming**
build manufacturing industry training materials using virtual and augmented reality tools
- **UNITY Programming**
use a game engine used in our training programs called UNITY to assist in developing virtual reality training experiences
- **Video Production**
use the in-house video and photographic equipment and become a production assistant

Knowledge Transfer

OMIC R&D has commenced offering master classes as a part of the **OMIC Academy**. The initial offerings on tool wear and balancing allowed us to test a format that would be useable for on-site attendance as well as live feed and post-produced online offerings. They also demonstrated the role that OMIC R&D members can provide in those trainings. COVID-19 has prevented additional in-person offerings, however OMIC R&D has provided a live feed master class on Hydraulic Systems as well as two live feed trainings during the year for K-12 students on robotics and the difference between R&D and manufacturing.

As a result of many efforts being moved to virtual formats during the latter part of the fiscal year, this has given us additional opportunities to test our production and training capabilities allowing us to be far more active and effective in the next fiscal year.

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Key Performance Indicators

We were able to **complete** and, in some cases, **exceed** many of our Key Performance Indicators for FY20. There are also some areas where we made **substantial progress** and were near completion on June 30 and one circumstance where the KPI was **not met** as summarized below.

Planning		
INDICATOR	STATUS	PROGRESS
1. Establish a five-year strategic plan for OMIC R&D.		Substantial progress, completion expected 8/30/2020. Long-term goals, short-term goals and objectives to achieve short-term goals developed.
2. Establish an annual focus based upon five-year strategic plan for OMIC R&D.		Complete. Research focus, yearly objectives and action plans identified.

OMIC R&D has a strategic plan that was adopted in concept in 2018. However, that strategic plan did not have five-year goals and had not been revisited since its adoption. Staff have developed draft five-year goals based on our current trajectory as well as short-term goals that move us toward achieving the five-year goals. We are developing specific one-year objectives to achieve the short-term goals and assign primary responsibility for those objectives to individual staff members. This process was delayed due to staffing changes and is expected to be completed by 8/30/2020. Following that, the goals and objectives will be presented to the OMIC R&D membership for input and finalization, with the expectation that it will continue to be reviewed and adjusted as OMIC R&D develops. We are also reviewing the recently approved Oregon Tech Strategic Plan as there are good opportunities to identify ways for OMIC R&D to support key elements of that plan.

Research		
INDICATOR	STATUS	PROGRESS
3. Implement annual process for development and approval of general research projects that coincides with academic calendar.		Complete. Included in Tech Board Charter and adopted by Tech Board and Governing Board.
4. Review benefits to industry members of this process.		Complete. A process has been reviewed and a plan for the annual roadmapping process is in place with an emphasis on industry benefit.
5. Commence research project to evaluate baseline requirements to establish gear making center of excellence.		Complete. Dr. Chen Wern of PSU commenced the research and evaluation project with gear making subject matter expert. (OMP416)

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Facility		
INDICATOR	STATUS	PROGRESS
6. Contracts in place for non-EDA-funded renovations of facility and complete plan identifying allocation of research activities and equipment for all factory space in existing facility.		Substantial progress, completion expected 8/30/20. General Contractor bid required reposting, proposals received July 2020. Final allocation of existing facility space cannot be completed until AM center due to use as a transition space.
7. Complete design for EDA renovation at existing OMIC R&D facility.		Complete. Designs are complete and pending approval of construction RFP by EDA.
8. Contract with architecture/design firm to design OMIC Additive Manufacturing Center.		Complete. Contract in place and work has begun.
9. Contract for construction management of existing capital projects at OMIC R&D to commence in FY21.		Substantial progress, completion expected 8/30/20. RFP for construction management firm posted and contract award expected by 8/30/20.

OMIC R&D/Oregon Tech cannot proceed with contracting for construction under the EDA grant until the EDA approves the Construction Contract RFP submitted for their review in February of 2020. Once it is approved and the EDA notifies Oregon Tech that it will reimburse for expenditures against the grant, we will be able to proceed with a construction contract and commence those renovations.

Training		
INDICATOR	STATUS	PROGRESS
10. Record videos, complete post-production of videos and upload videos to provide online access to three trainings.		Substantial Progress, with full completion including multiple other trainings expected by 5/31/21. Training videos produced inhouse and provided on partner sites (Cobot Teams programming demo, Oregon Connections STEM manufacturing seminar, Eric Freimuth hydraulic systems training).

OMIC R&D has been able to provide and facilitate several live feed trainings onsite, all of which were recorded. Post-production has been completed and trainings have been posted for remote access on third-party sites. OMIC R&D is not yet able to post video training offerings to its own website until our domain migration has been completed and a web design firm has been hired to set up the proper infrastructure required. While the intent of the KPI has been fulfilled, we do not believe the spirit will be achieved until we are able to provide, record, post-produce and offer the trainings via the OMIC R&D website.

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Quantitative Performance Measures		
INDICATOR	STATUS	PROGRESS
1. Commence 5 new general research projects for the FY20 cycle.		Exceeded. Commenced 8 FY20 general research projects. (OMP413-420)
2. Review and approve 6 general research projects for the FY21 cycle.		Exceeded. Approved and funded 8 FY21 general research projects. (OMP421-428)
3. Complete 5 general research projects.		Completed 5 general research projects. (OMP405, 406, 407, 409, 411)
4. Commence 5 specific research projects.		Exceeded. Commenced 6 specific research projects. (OMS407, 408, 409, 410, 411, 412)
5. Complete 5 specific research projects.		Exceeded. Completed 8 specific research projects. (OMS403, 404, 405, 406, 408, 409, 410, 411)
6. All university members actively engaged in general research projects.		Completed. Oregon Tech, Oregon State University and Portland State University are all actively engaged in multiple awarded projects.
7. Add at least 6 new members.		Completed. Six new members (four Tier 2 and two Associate) executed Joinder Agreements in FY20.
7a. Add one Tier 1 member.		Not Met. In conversations with a large machine tool manufacturer but will not occur until after Sept 2020.
7b. Add four Tier 2 members.		Completed. Added IMCO, Sumitomo, Doosan Machine Tools, Ellison Technologies.
7c. Add one Associate member.		Exceeded. Added Absolent, Cobot Team.
8. Increase member cash contributions for general projects to \$600k per year, not including any Tier 1 member set-aside funds.		Complete. All member dues are dedicated to research, FY20 industry cash available after Tier 1 set-aside was \$670,182.
9. Engage 5 non-members in R&D projects.		Exceeded. Involved 7 non-members in research projects (Renishaw (OMS407), Gefertec (OMS412), Western Precision Products (OMS410,411), Emily Parisi (special project), Oregon Aero, Normine-Lombard, Ineality and Insitu (FOT AR/VR lab).

OMIC R&D

FY20 Annual Report

July 27, 2020

Financial Report

The fiscal year grant contracted to Oregon Tech on behalf of OMIC R&D was \$3,081,102. As a result of the COVID-19 related state budget reductions, our fiscal year budget was reduced by \$400k to **\$2,681,102**. Those funds were allocated across our budget categories as shown in the chart below left and outlined in the grant agreement.

A separate financial statement will be provided by Oregon Tech in the normal format. In summary, at the close of FY20, **our actual expenses were \$1,949,130 with approximately \$731k unspent**. This is due primarily to goods and services that are encumbered or contracted but not yet invoiced as of June 30. The encumbered items are listed below, and when included in the expected actuals as shown in the chart below right, the result is the expenditure of significantly all funds included in the FY20 Revised Budget.



A summary of the items encumbered, and the expected completion and payment is as follows:

Doosan equipment maintenance	\$6,324	Billed in July 2020
Lightwerks conference room AV	\$18,077	Expected completion/payment by Sept 2020
OMEP AR/VR support contract	\$9,200	Expected completion/payment by Sept 2020
Vortex door contract completion	\$19,560	Expected completion/payment by Oct 2020
AKAAN engineering bldg. 2 design	\$386,849	Expected completion/payment by Nov 2020
General Contractor (revised BID)	\$261,647	Bid closed July 2020/payment by Nov 2020
GEFERTEC machine (non-bond portion)	\$28,798	Expected arrival/payment by Dec 2020
TOTAL	\$730,455	

ACTION ITEM

Agenda Item No. 4.1

Internal Audit Report

Summary

Internal Audit has completed an audit of Housing and Residence Life over the summer, issuing the report on June 30, 2020.

Internal audit results are classified into three categories; findings, observations, and process improvement recommendations in declining order of significance.

Housing and Residence Life

The Housing and Residence Life audit identified zero (0) findings, three (3) observations and five (5) process improvement recommendations spanning across several audit objectives. These include Visitor and Guest Monitoring, Housing Eligibility and Contract Requirements, Student Employees, Emergency Management, and Reserve Fund Management. No findings, observations or process improvement recommendations were identified relating to Fixed Assets and Maintenance Tracking.

Additional detail can be found in the attached internal audit report.

Staff Recommendation

Internal Audit recommends that the Audit Committee of the Board of Trustees accept the attached Housing and Residence Life audit as presented in the docket.

Attachments

- Internal Audit Report
- [PowerPoint Presentation](#)



Housing and Residence Life
Internal Audit Report
July 30, 2020



To: Board of Trustees and Management of Oregon Tech

From: Kernutt Stokes, Internal Auditors (IA)

Date: July 30, 2020

Subject: Oregon Tech Housing and Residence Life Department

EXECUTIVE SUMMARY

The objective of this audit was to ascertain the effectiveness and appropriateness of existing policies and procedures related to the fiscal, operational, and administrative controls of the Housing and Residence Life Department as part of the 2019/2020 Internal Audit Plan.

Results of the audit are classified into three categories. The categories are defined below, ranking from most consequential to least.

- **Finding** – More serious in nature, a finding is an instance of a breakdown or partial breakdown, leading to a potential failure of the University’s objectives. A finding requires immediate corrective action.
- **Observation** – An instance of a minor deviation from an otherwise well-implemented process. An observation requires noting in the audit report and should be evaluated and corrected as resources and time allow.
- **Process Improvement Recommendation (PIR)** – An instance of a potential improvement opportunity. A recommendation does not require action but is encouraged for improvement.

Focus Area	Page	Findings	Observations	PIRs
Visitor and Guest Monitoring	4	-	-	1
Housing Eligibility and Contract Requirements	5	-	1	-
Student Employees	6	-	2	2
Emergency Management	8	-	-	1
Reserve Fund Management	9	-	-	1
Fixed Assets and Maintenance Tracking	10	-	-	-
Total		-	3	5

For a detailed explanation of the results please refer to the individual objectives contained in the body of this audit report.

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BACKGROUND

The mission of the Oregon Tech Office of Housing and Residence Life (the Department) is to build an on-campus community that promotes academic success and fosters personal growth. The Residence Life program is designed to augment the formal experience of the classroom and laboratory, while providing opportunities for residents to meet others from diverse backgrounds and cultures, and to develop a sense of community within student housing. The goals of the Department are to provide reasonably priced living environments that are clean, attractive, well maintained, comfortable and safe, collaborate with the campus community to promote student connection and opportunities, and to create a living-learning environment, which promotes maturity, responsibility, and academic success.

Students have the option to live in either the Residence Hall or the Village for Sustainable Living. The Residence Hall can accommodate for double or single room types, which provide each resident with a bed, desk, chair, shelf, closet, and set of drawers. Each room has wired internet service. The Village offers private bedrooms in shared apartments that are fully furnished with a kitchen, two bathrooms, and all living room and bedroom furniture. Each bedroom and living room has wired internet service. Room rates for each of these room types are charged to the student's account for each term of residence.

The Department employs 30-50 Oregon Tech students to fill a number of positions, which include Resident Advisors (RA), Senior Resident Advisors, Facilities Techs and Tech Assistants, Service Desk and Coordinator, and Student Custodians. All staff are expected to meet certain terms of employment, which are described in the Housing and Residence Life Staff Manual, including a minimum GPA requirement, a minimum credit requirement, and exclusive employment with the Department.

Based on the annual risk assessment, IA focused on:

- **Visitor and Guest Monitoring** – Review the Department's visitor and guest monitoring process.

Objective: Determine whether the Department's process for tracking and monitoring non-student visitors and overnight guests is appropriate and sufficient.
- **Housing Eligibility and Contract Requirements** – Review student housing contracts for compliance with eligibility and contract requirements.

Objective: Ensure student housing eligibility and contractual requirements are being properly documented.
- **Student Employees** – Review student employment contracts and training records for compliance with policies and procedures.

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Objective: Ensure student employees are properly trained and meet all requirements listed in the terms of employment.

- **Emergency Management Procedures** – Review the Department’s emergency management procedures.

Objective: Determine whether the Department’s emergency management procedures are sufficient.

- **Reserve Fund Management** – Review the Department’s Reserve Fund management policies and procedures.

Objective: Determine whether the Department’s Reserve Fund management policies and procedures are sufficient.

- **Fixed Asset and Maintenance Tracking** – Review the Department’s fixed asset and maintenance expense tracking process.

Objective: Determine whether the Department’s fixed asset and maintenance expense tracking processes are sufficient.

SCOPE AND METHODOLOGY

Our audit was conducted in accordance with the guidelines set forth in the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing. The standards set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of the internal auditing department.

To achieve the audit objectives, we reviewed the Terms and Conditions of the student housing contracts for the 2018/2019 academic year. We reviewed the 2018/2019 Oregon Tech Housing and Residence Life Student Staff Manual, which provided expectations, responsibilities and terms of employment for the Residence Life staff. We reviewed the 2018/2019 Student Housing Handbook. Additionally, we reviewed account details for the Fixed Assets and Maintenance Expense accounts.

The scope of this audit included policies, procedures, contracts, and expenditures of the Department for the 2018/2019 academic year.

The logo for KERNUTTSTOKES, featuring the name in a bold, sans-serif font with a yellow-to-green gradient.



AUDIT RESULTS

Visitor and Guest Monitoring

- **Objective:** Determine whether the Department’s process for tracking and monitoring non-student visitors and overnight guests is appropriate and sufficient.
- **Audit work performed:** Interviews with staff and review of policies and procedures related to visitors and guests.

Findings	Observations	PIRs
-	-	1

- 1) **PIR:** Currently there is no centralized process that requires logging or documentation of visitors and guests into the residence areas. This includes non-students, underage, and overnight visitors to the campus. This increases the risk to students living in the Residence Hall or the Village for Sustainable Living, and makes tracking of who is in the rooms during emergency evacuations difficult or impossible for RAs.

Recommendation: An overnight guest monitoring log should be used to record at a minimum: who is visiting, their length of stay, who they are visiting or staying with, when they checked-in, and when they checked-out. It should track this throughout the year showing the guest’s cumulative nights on campus and the amount of overnight guests each student has had throughout the year. IA understands that the department is currently working towards implementing new electronic check-in technology for the housing locations which will allow for these logging and tracking procedures of overnight guests. We support this plan of action and encourage the department to meet their goal to have this software implemented before the start of 2020/2021 academic year.

Management response	Responsible Party	Target Date
Management respectfully agrees. The Department is working on a system tied to the current housing FACTS system that will allow students to register overnight guests and provide the Department with a real time roster of all overnight guests.	Mandi Clark and Tiffany Virtue	September 15, 2020





Housing Eligibility and Contract Requirements

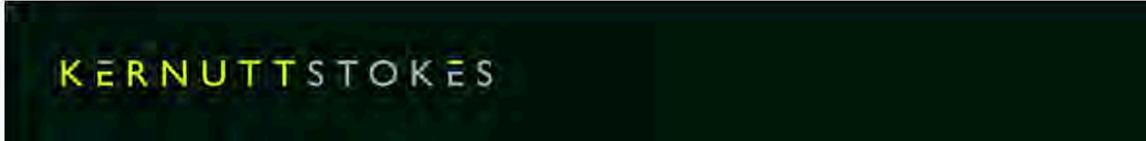
- **Objective:** Ensure student housing eligibility and contractual requirements are being properly documented.
- **Audit work performed:** IA obtained billing and housing contract details for a select number of student residents of the 2018/2019 academic year and reviewed them for appropriate fees and charges. IA also determined whether all contractual requirements were met, and documented, for the students selected. IA analyzed support for 32 student residents by accessing the information through the University’s billing software, Banner, along with viewing detailed information in the housing management system.

Findings	Observations	PIRs
-	1	-

1) **Observation:** During our review of the student housing contract requirements, there was one instance where there was no evidence that a student was enrolled in a meal plan for the term under contract as required by Oregon Tech policy. The student withdrew from Oregon Tech one month after the start of the term, but should have had a meal plan included in the contract history. Based on conversation with Department staff it appears the contract may have been inadvertently deleted from the housing management system when the student withdrew.

Recommendation: All contracts should be processed appropriately in the housing management system according to normal department procedures.

Management response	Responsible Party	Target Date
Management respectfully agrees. The Department is confident this particular contract was deleted instead of cancelled due to human error as a new staff member was learning how to process a student out of housing. Contract history has been added back in for the student file. The Housing Office Manual now includes step-by-step instructions and pictures to eliminate processing errors. This manual is always available on Teams.	Mandi Clark	Completed





Student Employees

- **Objective:** Ensure student employees are properly trained and meet all requirements listed in the terms of employment.
- **Audit work performed:** IA obtained a list of all student employees working with the Department and used auditor judgement to select student employees for testing. For six student employees, IA reviewed employment contracts and interviewed staff to determine whether all required terms of employment were met. IA performed interviews with three of the six selected students to determine whether adequate training was provided.

Findings	Observations	PIRs
-	2	2

- 1) **Observation:** A signed employment contract for one of the employees tested could not be located by the Department staff.

Recommendation: We recommend the Department update the missing contract with a signed contract as soon as possible if the student continues to be employed, and continue to utilize Nolij to retain all signed contracts of employment.

Management response	Responsible Party	Target Date
Management respectfully agrees. All student employees sign a new contract every academic year they return. The Director tracks these to ensure every contract is documented in Nolij.	Mandi Clark	Completed

- 2) **Observation:** One student employee tested did not meet the minimum credit requirement of 12 credits per term for the summer of 2018. Department staff noted that the 12 credit requirement does not apply to the summer term. Currently, the Housing and Residence Life Staff Manual and the Terms of Employment do not document any exception for credit requirements in the summer term compared to other terms of the year.

Recommendation: The Housing and Residence Life Staff Manual and Terms of Employment should be updated to reflect the exception in credit requirements for the summer term compared to other terms, including what the minimum summer credits should be.

Management response	Responsible Party	Target Date
Management respectfully agrees. The Housing Student Staff Manual has been upgraded to reflect this.	Mandi Clark	Completed





- 3) **PIR:** There is currently no policy requiring background checks as a part of the student employee hiring process for the Department.

Recommendation: As a best practice, we recommend that Oregon Tech require background checks for all students who will be employed as RAs due to the level of responsibility they are entrusted with and the nature of their role involving student living environments. Additionally, Oregon Tech management should consider whether other student employee positions would benefit from this also based on their role.

Management response	Responsible Party	Target Date
Management will consider.	Mandi Clark and Erin Foley in conjunction with Human Resources	Fall term 2020

- 4) **PIR:** During our interviews with student employees one person noted that they, and other new employees working in the same area, never received the employee manual when they were hired and trained. They noted that they were told the manual was being updated at the time they started working, but they never received a final copy, nor were they informed that it had been completed at any point.

Recommendation: All updates and changes to materials, such as handbooks and employee manuals, should be completed before the beginning of the academic school year. These materials should be distributed to all students in paper or electronically by the start of the academic year. If updates are made during the year, students should be informed of the updated materials as soon as they are complete.

Management response	Responsible Party	Target Date
Management respectfully agrees. This is now an electronic document in our Teams files so all staff have access to it and we can update as needed, especially as we are making adjustments to processes as we move forward during this time of pandemic. Changes are made over the summer typically and reviewed during staff training. This year the manual will again be electronic and reviewed via video-conference training.	Mandi Clark	Complete





Emergency Management Procedures

- **Objective:** Determine whether the Department’s emergency management procedures are sufficient.
- **Audit work performed:** IA reviewed the Housing and Residence Life Student Staff Manual and Student Housing Handbook and conducted interviews with three student employees to obtain an understanding of emergency procedures for the Department. IA reviewed all fire drill records, fire extinguisher inspections, sprinkler reports, elevator reports, and building safety inspections for the 2018/2019 academic year. Additionally, IA viewed training materials for fire safety and campus safety and reviewed the incident report log for the most recent academic year.

Findings	Observations	PIRs
-	1	-

1) **Observation:** One of the RAs interviewed experienced an issue in which a fire alarm and evacuation occurred during the night and the RA was unable to rely on the student "roster" to confirm how many students were in the building to ensure everyone was safe. This incident occurred in the time between the spring and summer terms when spring students are moving out and summer students are moving in. The roster was not updated frequently enough during this window to be reliable as student fluctuations were occurring on a daily basis.

Recommendation: We recommend that during the window of time between terms described, the Department utilize an electronic check-in system to keep an accurate roster of all students in the building each day until a more "permanent" roster can be completed once the term begins. IA understands that the Department is currently working towards implementing a new system in which they will be able to track non-student visitors and overnight guests. Management should evaluate if this system can be adapted to include resident tracking during move-in and move-out windows.

Management response	Responsible Party	Target Date
Management respectfully agrees. The Department is working to ensure rosters of current residents are always up to date, including during move in and move out periods. All rosters are available to staff electronically, accessible by computer or mobile phone as well.	Mandi Clark and Sarah Matchett	August 1, 2020





Reserve Fund Management

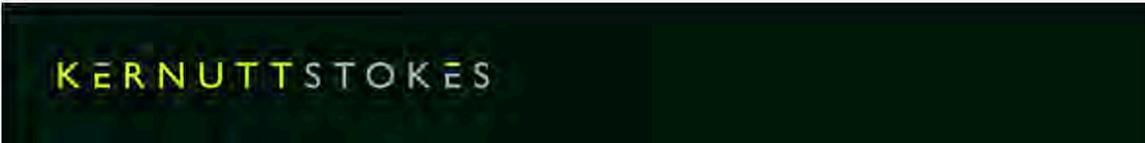
- **Objective:** Determine whether the Department’s Reserve Fund management policies and procedures are sufficient.
- **Audit work performed:** IA obtained an understanding of the Reserve Fund management through interviews with the Department’s management and staff.

Findings	Observations	PIRs
-	-	1

1) **PIR:** Currently there are no formal guidelines for determining the amounts and goals (short and long-term) for the Department’s Reserve Fund.

Recommendation: IA did not note any issues with the management of the Reserve Fund in our review. However, we recommend that management work to develop a more formal process to intentionally grow and utilize the Reserve Fund including aspects such as: minimum desired reserve, large and small purchase replacement planning, major repair planning, routine maintenance, or emergency reserves for periods such as COVID-19. We recommend the Department set goals during the annual budgeting process that includes contributions to the Reserve Fund balance. Currently the Reserve Fund is built primarily through contributions of leftover and unused funds.

Management response	Responsible Party	Target Date
Management respectfully agrees. The Department discusses our plans and sets goals for major repairs and routine maintenance quarterly. Our goal is to be more diligent and intentionally build reserves up again to cover more than just the emergency issues we have had to respond to. The Residence Hall facilities related needs are slowing down and we are planning our upcoming year to include setting aside money for reserves, as well as prioritizing projects to put those funds toward. Housing is developing a written plan sharing the annual budget work will include plans to put \$100,000 per year in reserves. This plan will also document how replacement and repair plans are incorporated in the annual operating budget.	Mandi Clark	Fall 2020





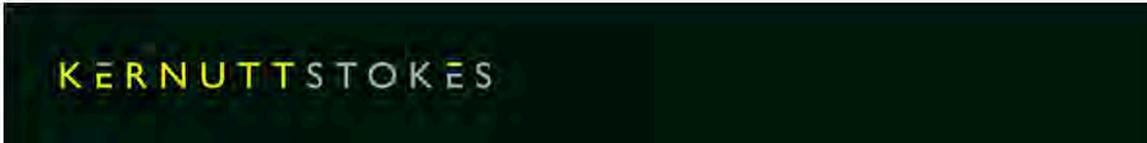
Fixed Asset and Maintenance Tracking

- **Objective:** Determine whether the Department’s fixed asset and maintenance expense tracking is sufficient.
- **Audit work performed:** IA obtained an understanding of how assets are tracked throughout the Residence Hall and Village for Sustainable Living through interviews with staff and review of the Equipment Inventory memo provided by the Business Affairs Office. IA also reviewed a listing of all fixed assets and all maintenance expenses for the Department.

Findings	Observations	PIRs
-	-	-

ACKNOWLEDGEMENT

We appreciate the courtesy and cooperation we received from the management, staff, and student employees, specifically in the Housing and Residence Life and the Business Affairs Office departments throughout this audit. We appreciate the speed and efficiency with which they provided us with requested information throughout the course of the audit.



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Internal Audit Update

November 12, 2020

Internal Audit Update Agenda

- 2019/2020 – Project Status Update
 - **Housing and Residence Life** – ISSUED: Included in Board Packet
 - **Special Projects & Grant Administration (SPGA)** – OUTSTANDING: Audit completed in April. IA is awaiting SPGA management action plan in response to issues noted in audit.
 - **Educational Partnerships & Outreach (EPO)** – ISSUED: Presented at July board meeting. Not included in today's materials.
- Fraud, Waste, & Abuse Ethics Hotline Update
- 2020/2021 – Updating Risk Assessment and Audit Plan

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2019/2020 – Project Status Update

Housing and Residence Life – ISSUED

- Audit Focus Areas:
 - Record Retention
 - Resident Eligibility
 - Student Employee Records and Policies
 - Emergency Management of Residence Facilities
 - Guest and Visitor Policies
 - Fixed Asset Tracking and Maintenance
- Internal Audit Report included. Responses from OIT management address all identified issues along with target dates for implementation. Four issues were addressed by report issuance with the other four due to be addressed by end of Fall 2020.
- Questions and discussion on report items:

Findings	Observations	Process Improvement Recommendations
0	3	5

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2019/2020 – Project Status Update

SPGA – OUTSTANDING

- Audit Focus Areas:
 - Award Administration and Organization – 11 issues identified
 - Financial Conflicts of Interest – 5 issues identified
 - Expenditure Tracking and Processing – 4 issues identified
 - Effort Reporting – 1 issue identified
 - Project Closeout – 2 issues identified
 - Procurement of Grant Assets – 1 issue identified
- IA work was completed in April 2020. SPGA management continues to work on responding to and developing appropriate action plans to the issues identified in the report. Final report will be issued upon their completion and IA's review of the appropriateness of their intended action plans.

(CONTINUED)

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2019/2020 – Project Status Update

SPGA – OUTSTANDING – (CONTINUED)

- Types of Issues Identified:

Findings	Observations	Process Improvement Recommendations
13	5	6

- Many issues were identified in the SPGA department related to administration, organization, and appropriate tracking of grant and special projects; particularly in the post-award phase.
- IA considers completion of this report, and timely action on the issues noted by SPGA management, to be **HIGH** priority and critical for safeguarding Oregon Tech and its grant and special project funds and activities.

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Fraud, Waste, and Abuse Ethics Hotline Update

2019/2020:

- 8 cases were submitted through the OIT hotline
- 1 case was opened through Oregon Secretary of State Audits Division
- All cases have been examined and reviewed:
 - 1 case is in an ongoing monitoring process

2020/2021:

- There have been 2 cases submitted through the OIT hotline
- There is 1 case currently open and being reviewed

5 Year Hotline History:

Complaint Source	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Hotline	10	5	6	8	2
Direct to IA	0	0	0	0	0
Oregon State Audits Division	0	0	0	1	0
Total	10	5	6	9	2
Issue Status					
Resolved	10	5	6	8	1
Monitoring	0	0	0	1	0
Open	0	0	0	0	1

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2020/2021 – Risk Assessment and Audit Plan

- IA will begin the process of interviewing Oregon Tech management to update the University's risk assessment this Winter (2020).
 - Tentative audit plans were previously developed for both fiscal years 2021 and 2022.
 - Those plans were developed prior to any considerations of COVID-19.
 - They will be reviewed and updated to address new risks and issues that have arisen since that time.
- During 2020/2021 IA anticipates:
 - Updating the risk assessment and audit plan
 - Performing two internal audits
 - Following up on issues identified in prior internal audits

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Questions?

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ACTION

Agenda Item 4.2

Recommendation to the Board to Authorize the Boivin Hall Rehabilitation Project

Background

Beginning in 2018 Oregon Tech advanced the Boivin Hall project to the Higher Education Coordinating Commission (HECC) for consideration and support for state bonding support. Boivin Hall was among the original buildings developed on the Oregon Tech Klamath Falls campus. Built in 1976, the 47,000 sq. ft. Boivin Hall is in need of critical life/safety upgrades, ADA compliance, structural and seismic retrofitting, and classroom/lab rehabilitation. The project also includes transportation and ADA upgrades in areas directly surrounding the facility, including the main entrance to campus.

Oregon Tech received support from the Oregon Legislature to make needed repairs and upgrades to the building and surrounding area during the August 2020 second special session of the Oregon Legislature.

Traffic improvements associated with the project are anticipated to begin immediately after spring term concludes in June 2021, with demolition and rehabilitation of Boivin Hall beginning later that summer.

Project Scope

The Boivin Hall project, including transportation improvements includes a total of \$20.3 million dollars in state funded XI-Q and XI-G bonds as well as university match.

The project includes:

- Exterior renovation
- Interior demolition and renovation
- Increasing capacity by adding ADA access to the basement
- Improving accessibility and safety throughout the building and surrounding areas
- Upgrading and improving chemistry teaching facilities
- HVAC, plumbing, electrical and building mechanical system improvements
- Seismic retrofitting and improvements
- Foundation repair
- Demolition of existing "T" intersection at Campus Drive and Dan Obrien Way and replacement with roundabout allowing for improved traffic flow

Legislative Bond Authorization:

Boivin Hall Rehabilitation: approved \$18,560,000 Article XI-Q bonds to finance \$18,270,000 of project costs and \$290,000 for costs of issuing the bonds and \$1,055,000 Article XI-G bonds to

finance \$1,015,000 of project costs and \$40,000 for costs of issuing the bonds. The project is to completely renovate Boivin Hall, including seismic retrofit; mechanical, electrical, and plumbing replacement; building envelope replacement; foundation repair; and full interior (classroom and lab) remodel and modernization. Improvements to surrounding areas, including ADA accessibility, sidewalk, transportation, and landscaping are part of the project scope.¹

Funding

State Funding:

Article XI-Q Bonds	\$18.27M
<u>Article XI-G Bonds</u>	<u>\$1.02M</u>
Total:	\$19.29M

University Match:

<u>University/Foundation Funds: \$1.02M</u>	
Total:	\$1.02M

Total Project: \$20.3M

Note: All bonds are funded by the state and are not obligations of the university. Bond totals are proceeds net of issuance cost.

Staff Recommendation

Staff recommends the Finance and Facilities Committee recommend the Board:

1. authorize the Boivin Hall Rehabilitation Project and as described in the docket,
2. delegate authority to the President or designee to manage the project in accordance with best interest of Oregon Tech, including amending the project scope to match available resources as necessary, and
3. request staff report to the F&F Committee on project progress on a periodic basis.

Attachments

- Boivin Hall Rehabilitation and Seismic Upgrade overview

¹ Oregon Legislature. SB 5721 Budget Report and Measure Summary. August 2020. < <https://olis.oregonlegislature.gov/liz/2020S2/Downloads/MeasureAnalysisDocument/54073>>

Boivin Hall Rehabilitation and Seismic Upgrade

Background Information

Boivin Hall was among the original buildings developed on the Oregon Tech Klamath Falls campus. Built in 1976, the 47,000 sq. ft. Boivin Hall is in need of critical life/safety upgrades, ADA compliance, structural and seismic retrofitting, and classroom/lab rehabilitation. Oregon Tech is seeking support from the Oregon



Legislature to make needed repairs and upgrades to the building, which serves as core teaching and learning space, houses student support services and is the backbone of the university's Information Technology infrastructure.

As a university with one of the lowest capital footprint to student ratios in the state – and high demand on unique lab space aligned with its polytechnic mission and enrollment growth – Oregon Tech is requesting \$20.3M in funding during the 2020 Short Session of the Oregon Legislature to repair Boivin Hall: \$19.3M from state resources and an additional \$1.0M contributed by the

university. Oregon Tech continues to effectively steward State resources by identifying the most cost-effective alternatives to new construction by renewing existing 20th century buildings to meet our 21st century industry focused mission.

Advancing Programs

Investing in Boivin Hall eliminates significant deferred maintenance needs and improves the building to meet evolving industry-focused program needs. Repairing what we already have precludes having to fully replace a building, which increases costs for all partners: state, university, donors and other stakeholders.

- **Increasing Capacity:** Boivin Hall is a core campus teaching and learning space. It includes the universities only chemistry labs which are critical for STEM and Health programs. Increasing class/lab space and modernizing the facility will expand the total capacity of Oregon Tech to produce high demand engineering and healthcare professionals.
- **Accessibility and Safety:** Current classes and labs are not designed to serve students and faculty who have limited mobility, creating safety hazards for students in underequipped and poorly designed chemistry labs. The building needs new centralized lock systems to increase student safety, ADA doors and an elevator to its inaccessible basement level.

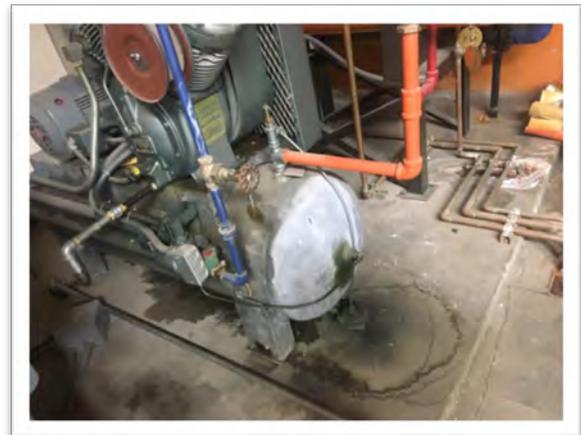


- **Program Growth:** Oregon Tech's Applied Behavioral Analysis (ABA) program will be housed in renovated space within Boivin. The ABA program creates a pipeline of certified professionals serving the needs of the growing population of young Oregonians with Autism Spectrum Disorder and employs a teach-the-teacher model for educators and medical professionals.
- **Serving Students:** Expanding Oregon Tech's innovative first year engagement and student retention center will be made possible through investments in Boivin Hall. This is a key goal of the rehabilitation and modernization project, and will increase retention and speed up the time to degree for Oregon Tech students.
- **Leverage Technology:** IT infrastructure located in Boivin Hall which serves the entire university will be upgraded, allowing for synchronous and asynchronous classes for students across the state and at the multiple Oregon Tech locations. It will scale the grant-winning Teaching Innovation Center, which tests new teaching technology and integrates modern pedagogy into STEM and Health focused classes.

Safety, Seismic and ADA Issues

Boivin Hall is showing its age. After almost 45 years, extensive repairs and upgrades are needed across all major building systems. It is time to invest in rehabilitating this core facility and eliminate millions of dollars in deferred maintenance. This includes:

- **Electrical:** Modernize main distribution panels/sub panels; transformers; motor control center; inefficient/outdated lighting; and inadequate power availability throughout the building
- **HVAC:** Improve outdated building controls; failing exhaust fans in student chemistry labs; inadequate building duct systems, compressors and air handlers
- **Plumbing:** Replace emergency gas shut off valves; failing sewer drain plumbing and water systems throughout
- **Asbestos:** Remove known hazards, including duct seam tape, flooring tile and mastic, and cement asbestos board throughout building
- **Seismic / Structural:** Increase resilience through seismic bracing and strengthening of load bearing structures, bolster settling foundation causing structural issues throughout



For More Information

For more information please contact Brian Fox, Vice President of Finance and Administration, at Brian.Fox@oit.edu or 541-885-1106.

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800.422.2017 | 541.885.1000

ACTION

Agenda Item 4.3

Recommendation to the Board to Authorize the Track and Stadium Renovation Project

Background

Oregon Tech's track and field facility and associated stadium have fallen into disrepair. These facilities are integral to support the Track and Field and Cross-Country teams, as well as physical fitness and recreational opportunities for club sports, other intercollegiate programs and the campus community. The stadium located at the track in the past has been utilized for large events including graduation. The restroom facilities are no longer functional and the facility requires improvements including siding, roof, paint and lighting upgrades to remain operational and support campus needs. This project will complement the replacement of the failing stadium bleachers/seats completed during the 2019-20 fiscal year. Oregon Tech has been unable to host a track meet in nearly a decade because of the poor condition of the facility.

In 2017 the Oregon Legislature approved \$5.0 million dollars in XI-F bonds to support athletics and recreation improvement projects on the Klamath Falls campus. The Board of Trustees previously approved the sale of these bonds. Approximately \$4.0 million has been used to upgrade the recently completed Tech Rec (student recreation center) project, improve the lobby/restroom capacity for Danny Miles Court and replace the siding and make ADA improvements to the gym building. The remaining funds must be utilized before spring of 2021 or be returned to the state.

When setting the FY 2020-21 budget the university assumed a reduction of 50% in Sports Lottery funding. The state approved continued funding at full FY 2019-20 rates. This creates a one-time, approximately \$600,000, unanticipated surplus that can only be spent on athletics operations or athletics associated capital project. The track and field has been identified by Athletics as the top priority for reinvestment.

Because of the importance of the track facility in continuing an intercollegiate track and field and cross-country program which sponsors approximately 70-80 athletes each year the Foundation has prioritized filling the gap between what funds are available for rehabilitating the track and field/stadium complex. The university and Foundation are in negotiations to establish a funding agreement to support this project.

The Athletics Department anticipates expanding the Track and Field Team by 10-15 athletes to include a larger complement of throwing events/athletes once the project is complete as it will be able to fully support these events.

Project Scope

Track and Field:

- Remove and replace existing track surface, asphalt pavement and base
- Remove and replace various track and field events (shotput, javelin, pole vault, etc.)
- Prep and re-grade landscaping
- Minor upgrades to existing storm water infrastructure
- Replace pavement/concrete around track facility
- Equipment allowance

Stadium:

- Replace building exterior, bleacher canopy, repaint and replace lighting
- Upgrade/renovate building interior, rehabilitate restroom facilities

Funding

Estimated Cost: **\$2.4M - \$2.5M**

University Funding: \$1.0M XI-F Bond
 \$0.6M Sports Lottery
 \$1.6M Total

Foundation Funding: \$0.8M - \$0.9M

Total Funding: **\$2.4M - \$2.5M**

The university is currently in negotiations with the Oregon Tech Foundation to fund the gap between available university resources and the total project cost. It is anticipated that a grant agreement structure similar to the John and Lois Stillwell Softball Field will be utilized.

It is important to note that no Education and General Fund resources will support the project and by reallocating existing student fee funding it is anticipated that there will not be a student fee increase necessary to support the debt service on the XI-F bonds. Debt service is anticipated to be between \$60,000 and \$65,000 annually.

Staff Recommendation

Staff recommends the Finance and Facilities Committee recommend the Board, contingent on execution of a funding agreement with the Oregon Tech Foundation:

1. authorize the rehabilitation of the track and field facility and associated stadium utilizing resources available only for athletic and recreation improvements,

2. delegate authority to the President or designee to manage the project in accordance with best interest of Oregon Tech, including amending the project scope to match available resources as necessary, and
3. request staff report to the F&F Committee on project progress on a periodic basis.

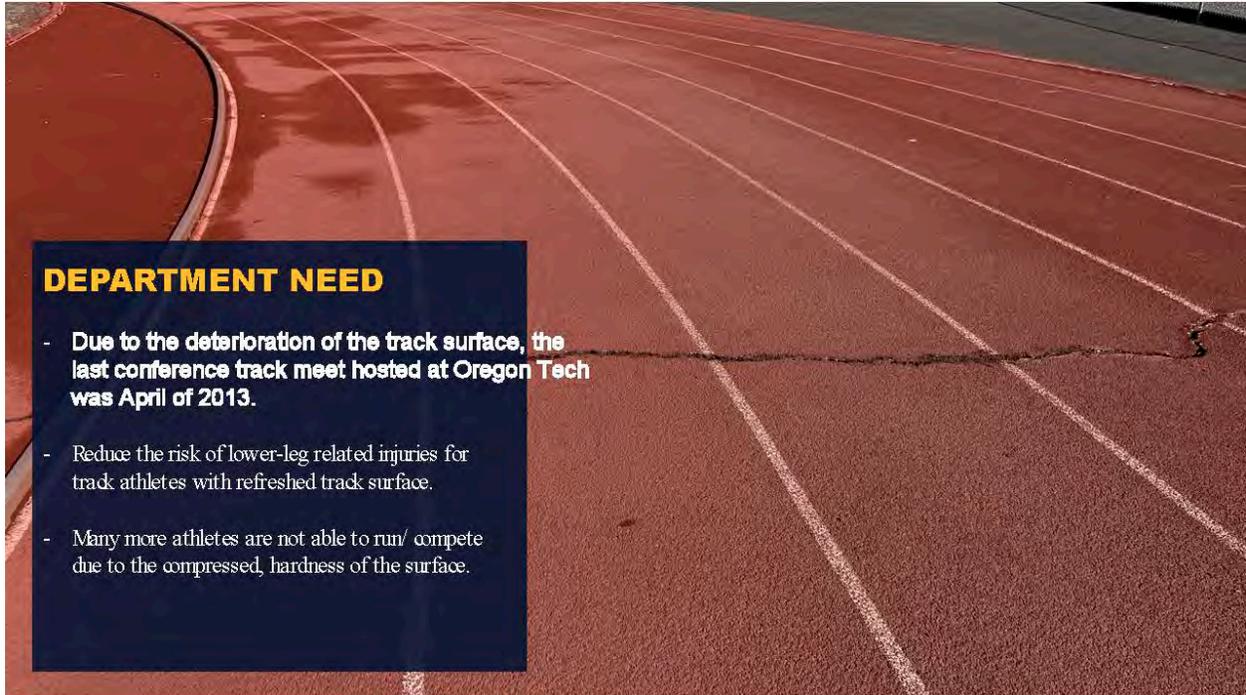
Attachment

- PowerPoint Presentation

A photograph of a female athlete in a black and white Oregon Tech singlet and shorts running on a red track. The athlete's singlet has "OREGON TECH" and the number "392" on it. In the background, there are spectators and trees. Overlaid on the left side of the image is a semi-transparent grey box containing the following text:

**UPDATES TO TRACK
AT MOEHL STADIUM**

- DEPARTMENT NEED
- BENEFITS OF FACILITY UPDATES
- PROJECT SCOPE
- PROJECT FUNDING



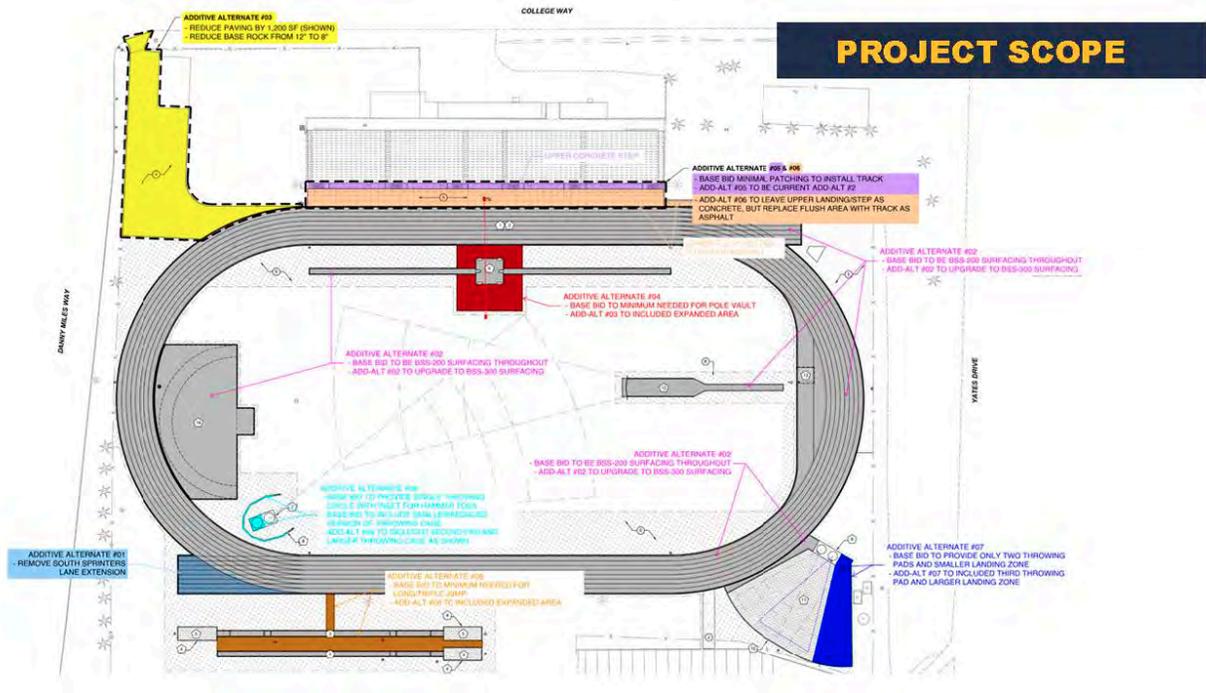
DEPARTMENT NEED

- Due to the deterioration of the track surface, the last conference track meet hosted at Oregon Tech was April of 2013.
- Reduce the risk of lower-leg related injuries for track athletes with refreshed track surface.
- Many more athletes are not able to run/ compete due to the compressed, hardness of the surface.



BENEFITS OF FACILITY UPDATES

- Oregon Tech Track & Field currently carries 55-60 student athletes, updated facilities could provide the opportunity of adding 15 more Oregon Tech students.
- A new track will allow OT to host track meets, which gives a better student-athlete experience along with building community pride and local revenue.



**PROJECT FUNDING
SUMMER 2021 ESTIMATE**

Minimum Track	\$ 1.45M
Minimum Stadium	\$ 0.98M
Track and Stadium	\$ 2.45M
Bond	\$ 1.00M
Sports Lottery	\$ 0.60M
Total Funding Available	\$ 1.60M
Funding Needed	\$ 0.845M

ACTION ITEM

Agenda Item No. 5.1

Internal Audit RFP and Firm Selection Report

Summary

The Finance and Facilities (F&F) Committee at its regularly scheduled meeting on January 23, 2020 approved the issuance of a Request For Proposal (RFP) for Internal Audit Services (IA). Staff at that time recommended continuing an outsourced service model for IA services at the current service levels. This included a once every three year comprehensive risk assessment and risk-weighted audit plan, four audit engagements per year and management of the service levels Fraud, Waste and Abuse Hotline.

Recognizing the post-COVID economic realities and operational challenges staff recommended and the Audit Committee agreed that cancelling and reissuing the IA RFP with a revised scope was in order. The revised scope included greater emphasis on cost and clarified language about travel, in-person engagements and reduced the total number of annual audit engagements.

RFP Responses and Evaluation

The revised RFP received eight total responses. This included the five original respondents and three additional firms. The evaluation team included the Chair of the F&F (Audit) Committee, the Vice President for Finance and Administration and Assistant Vice President for Fiscal Operations. Pricing ranged from above \$500K to near \$250k in total over three years. The group evaluated each proposal on numerous factors, including their proposed scope of work, firm and team backgrounds, quality of proposal, references and total cost.

The review committee recommended awarding a three-year contract through fiscal year 2023 to Kernutt Stokes, LLC who has served Oregon Tech for the previous five-years. This was approved by President Naganathan and a new internal audit contract has been executed.

Recommendation

No action necessary, for report purposes only.

DISCUSSION ITEM

Agenda Item No. 5.2

Oregon Tech Financial Planning Outlook

Summary

The attached presentation, Oregon Tech: Long-Term Budget Scenarios (Attachment I), was developed to provide the Finance and Facilities Committee, senior leadership and university community a high-level understanding of the financial forces likely to impact Oregon Tech from FY 2021-22 through FY 2025-26. This includes likely changes in the fiscal position of the state of Oregon, changes in the HECC's funding formula for distributing the Public University Support Fund (PUSF) known as the Student Success and Completion Model (SSCM) and their derivative impact on Oregon Tech. When the changes in state funding are coupled with known and/or likely future cost increases associated with current operations the impact on the university's fiscal position could be significant without changes in enrollment, tuition rates or purposeful reductions in major cost drivers.

This analysis outlines the basic levers that university leadership can manage to either increase revenue or decrease expenses and the magnitude and speed at which this must be done in order to maintain operating reserves in-line with Board policy. This analysis does not attempt to answer the question of which levers *should* be pulled to maximize attainment of the recently approved strategic plan, Oregon Tech Together: Five-Year Strategic Plan 2021-2026, only which levers *can* be pulled.

Because changes in state funding levels and the distribution of those funds through the SSCM will likely impact Oregon Tech as soon as next fiscal year – a mere seven months from now – and be relatively large and likely deleterious the university will need to begin adjusting its operating budget to match the change in available resources with the adoption of the FY 2021-22 budget.

Staff Recommendation

No action necessary, for discussion purposes only.

Attachments

- A. Long-term Budget Scenarios Presentation
- B. [Model Assumptions](#)

Attachment A
Long-Term Budget Scenarios Presentation



FINANCE & FACILITIES COMMITTEE | 11.12.2019



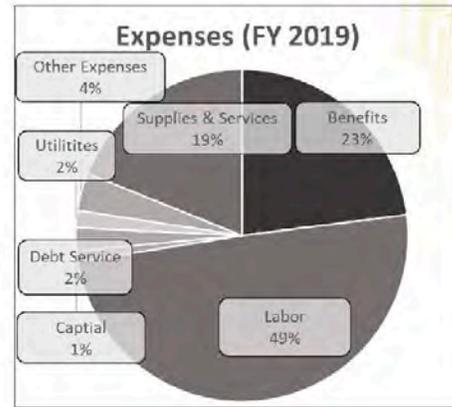
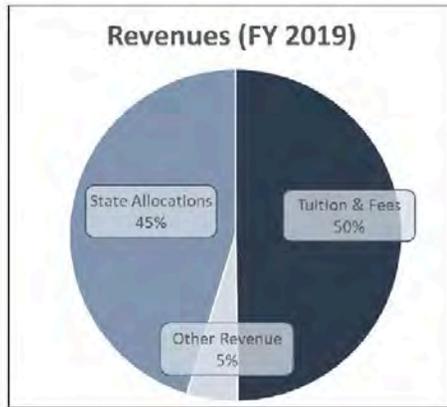
Long-Term Budget Scenarios

Brian Fox | Vice President Finance & Administration

Agenda

- 
1. Revenue & Expense Overview
 2. State Budget and HECC Funding Formula
 3. Base Case:
 - Assumptions
 - Forecast Results
 4. Revenue & Expense Levers
 5. Choices & Timelines

Revenue & Expense Overview



State Budget Outlook



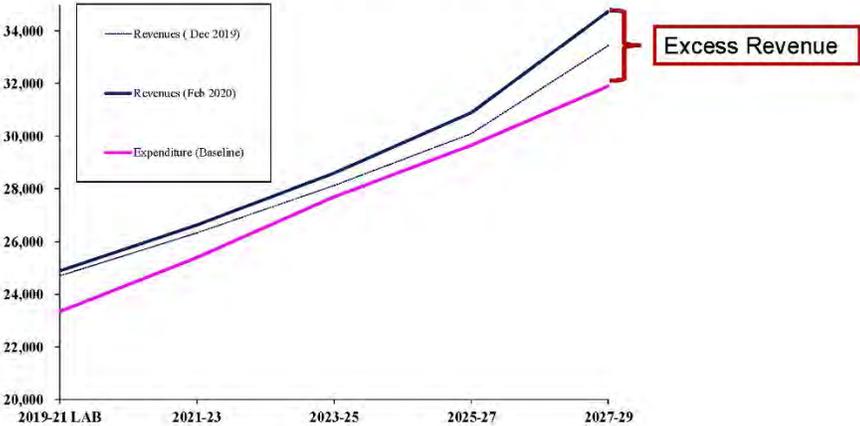
- Impact of Pandemic and Recession on State Revenue
- Revenue Forecast Assumptions:
 - Wide-spread medical treatment (vaccine or therapeutic) mid-2021
 - Moderating, but continued economic expansion
- Not Incorporated:
 - Impact of wildfires (revenue or expenses), extended droughts, protests on economic activity and historical in-migration
 - Increased social service caseloads
 - Increased Medicaid utilization matching unemployment growth

<https://www.oregon.gov/das/OEA/Documents/forecast0920.pdf>



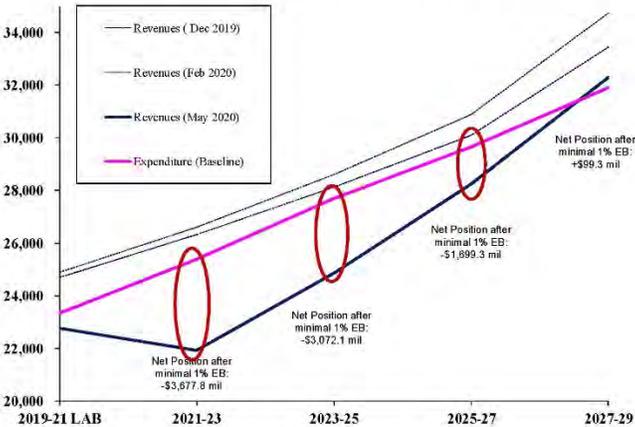
Long Term Budget

Baseline Projection with **February 2020** Revenue Forecast



Long Term Budget

Baseline Projection with **May 2020** Revenue Forecast

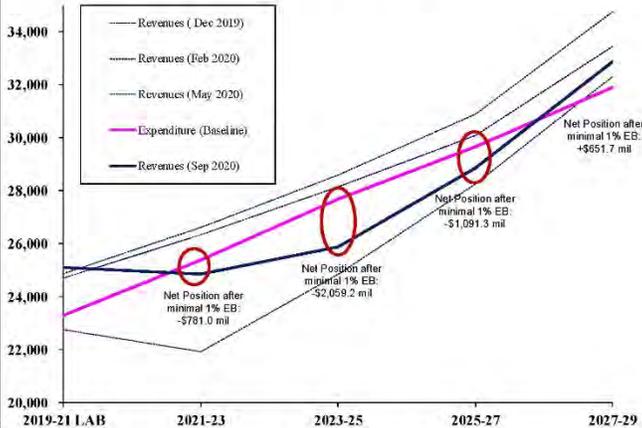




Long Term Budget

September 2020 Revenue Forecast

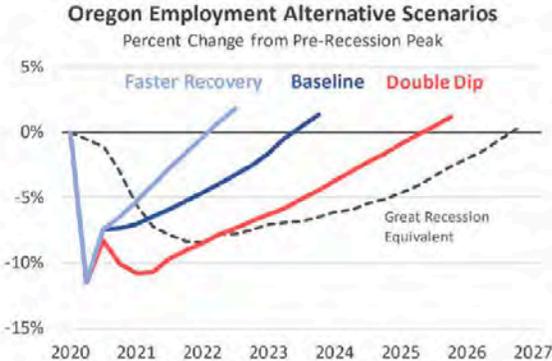
- Not Incorporated:**
- Impact of wildfires (revenue or expenses), extended droughts, protests on economic activity and historical in-migration
 - Increased social service caseloads
 - Increased Medicaid utilization matching unemployment growth



Revenue Forecast: Alternative Scenarios



Alternative Scenarios



	2020	2021	2022	2023
Employment				
Baseline	-6.0%	0.4%	2.8%	3.7%
Faster Recovery	-5.8%	3.1%	4.9%	3.8%
Double Dip	-6.9%	-2.8%	2.7%	2.4%
Unemployment Rate				
Baseline	8.5%	8.1%	6.9%	5.2%
Faster Recovery	8.6%	6.8%	4.8%	4.1%
Double Dip	9.2%	12.0%	9.2%	7.4%
Personal Income				
Baseline	8.0%	-6.5%	5.2%	5.3%
Faster Recovery	8.8%	-4.8%	5.6%	4.8%
Double Dip	6.6%	-9.2%	4.9%	5.1%

HECC SSCM Changes



- Eliminates Mission Differentiation funding for polytechnic mission, including healthcare, engineering technology, statewide access line items
- Eliminates supportive funding for Dual Credit
- Reduces STEM + Health Bonus by 40% overall
- Increase funding for Targeted Student Populations
- Increase funding for Degrees Granted for Transfer Students
- Update cost weighting and limited Graduate Funding
- Incorporate adjusted funding for CIP 51 (Health Technologies) and CIP 15 (Engineering Technology) for OT

HECC SSCM Changes: 10.16.20



DRAFT HECC SSCM Changes		
Institution	Change (\$)	Change (%)
EOU	(1,821,459)	-8.7%
OIT	(4,636,078)	-15.8%
OSU	(7,176,360)	-5.3%
PSU	5,331,258	5.3%
SOU	1,514,505	6.7%
UO	5,154,461	6.8%
WOU	1,633,669	6.1%

HECC SSCM Changes: 10.26.2020



DRAFT HECC SSCM Changes		
Institution	Change (\$)	Change (%)
EOU	(403,891)	-1.9%
OIT	(1,017,153)	-3.5%
OSU	(4,941,717)	-3.7%
PSU	2,499,258	2.5%
SOU	939,826	4.1%
UO	1,779,282	2.4%
WOU	1,144,395	4.3%

Base Case Scenario: Assumptions



FY 2020-21

- State Revenue at levels approved in second special session and distributed by HECC.
- Enrollment at current forecast without disruption to Winter/Spring Terms.
- Reduction in online overhead assessment
- Balanced overall budget

Base Case Scenario: Assumptions

FY 2021-22 and FY 2022-23



Revenues:

- PUSF at 2019-21 Biennium Funding w/ 49%/51% split
- 50% of SSCM reduction each year
- Enrollment flat
- Tuition +3%
- Remission flat

Expenses:

- PERS +10% (first year only)
- PEBB +5%
- Unclassified Compensation +2%
- SEIU Steps, no COLA (net 3.6%)
- Inflation +2%

Base Case Scenario: Assumptions

FY 2023-24 and FY 2024-25



Revenues:

- PUSF at -2.4% w/ 49%/51% split
- SSCM reduction fully implemented
- Enrollment flat
- Tuition +3%
- Remission flat

Expenses:

- PERS +10% (first year only)
- PEBB +5%
- Unclassified Compensation +2%
- SEIU Steps, no COLA (net 3.6%)
- Inflation +2%

Base Case Scenario: Assumptions



FY 2025-26

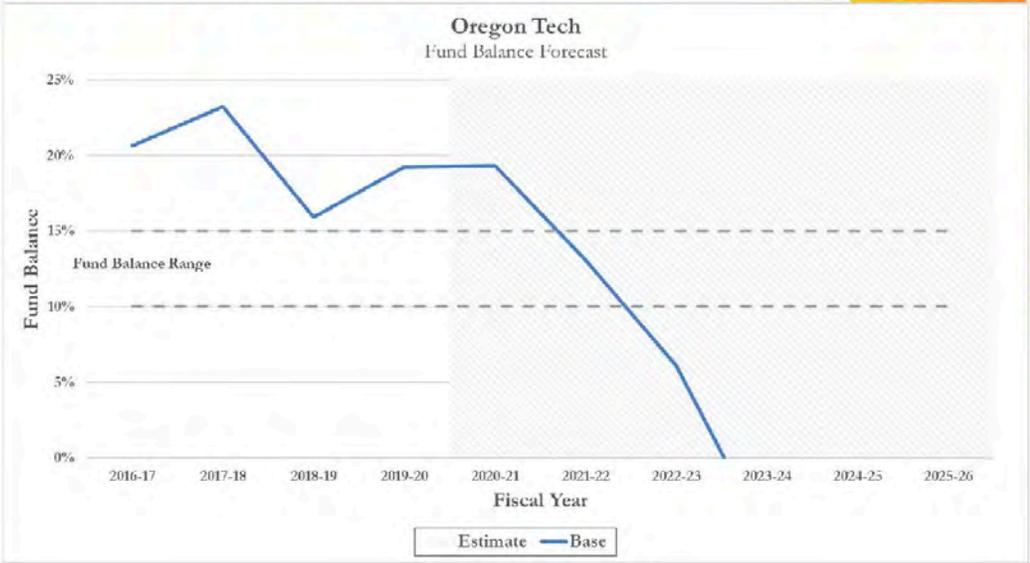
Revenues:

- PUSF at +1.3% w/ 49%/51% split
- SSCM reduction fully implemented
- Enrollment flat
- Tuition +3%
- Remission flat

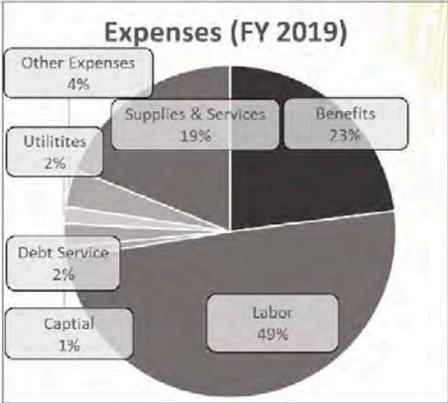
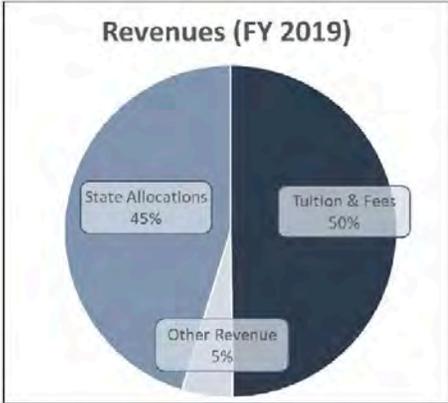
Expenses:

- PERS +10%
- PEBB +5%
- Unclassified Compensation +2%
- SEIU Steps, no COLA (net 3.6%)
- Inflation +2%

Base Case Scenario: Forecast



Revenue & Expense Overview



Revenue & Expense Levers



Revenues:

- Enrollment Growth
- Tuition Rates

Expenses:

- FTE Reduction
- S&S Reduction

Goal Seek:

- Keep E&G Fund Balance in Board designated 10%-15% range through FY26

Scenarios Note



None of the scenarios outlined are recommendations. Only an exploration of the outer-bound of what would be required to maintain an appropriate E&G Fund Balance through FY 2025-26.

Revenue & Expense Levers



Revenues:

- Enrollment Growth

FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Net
5%	5%	5%	5%	5%	+28%

- Tuition Rates

FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Net
8.5%	8.5%	8.5%	8.5%	8.5%	+50%

Expenses:

- FTE Reduction

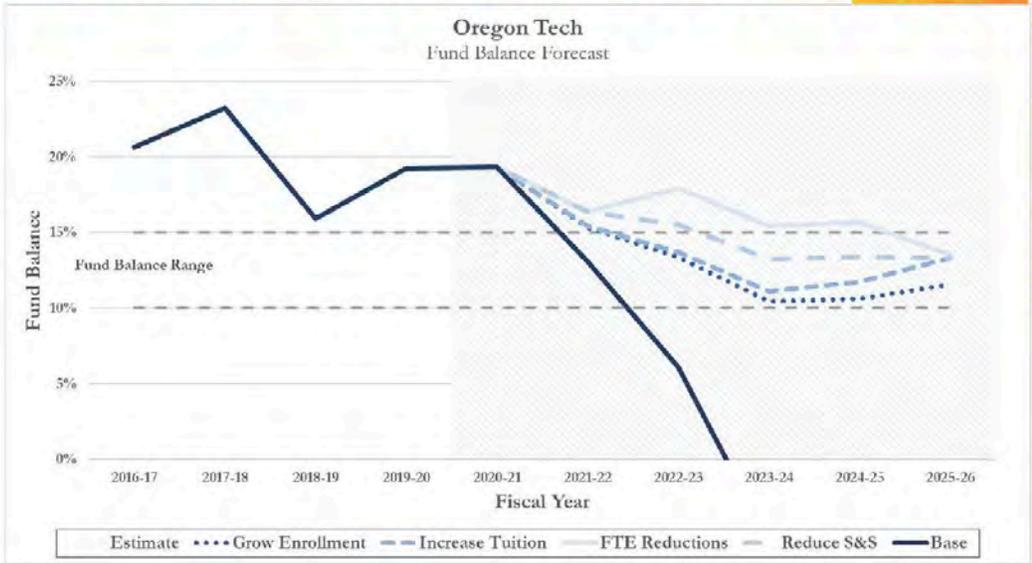
FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Net
-5%	-10%	FLAT	-10%	FLAT	-23%

- S&S Reduction

FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Net
-10%	-10%	-10%	-10%	-10%	-41%

Notes: assumes only one of the 'levers' are pulled at a time, and all impacts are cumulative year-over-year.

Revenue & Expense Levers In Action



Choices & Timelines



Revenues:

- Enrollment Growth

FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
5%	5%	5%	5%	5%

- Tuition Rates

FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
8.5%	8.5%	8.5%	8.5%	8.5%

Expenses:

- FTE Reduction

FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
-5%	-10%	FLAT	-10%	FLAT

- S&S Reduction

FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
-10%	-10%	-10%	-10%	-10%

SCALE

More Difficult

Less Difficult



Discussion and Questions

Attachment B
Model Assumptions

FY	Model Assumptions
FY 2020-21	<ul style="list-style-type: none"> - State Revenue at levels approved in second special session and distributed by HECC. - Enrollment at current forecast without disruption to Winter/Spring Terms. - Reduction in online overhead assessment - Balanced overall budget
FY 2021-22	<p>Revenues:</p> <ul style="list-style-type: none"> - State Funding at Prior Biennium LAB w/ 49% split, Less 50% HECC SSCM reduction - OREC and ETSF at Prior Biennium LAB w/ 49% split - Sports Lottery at 50% reduction - Base Tuition +3% - Differential Tuition flat - Enrollment flat - Remissions flat at 12% of total tuition + fees <p>Expenses:</p> <ul style="list-style-type: none"> - PERS (Retirement) +10% - PEBB (Healthcare) +5% - Furlough Expiration +\$1.44M Admin/Classified pay - Classified full steps, no COLA (estimate 4.5% and 80% of employees below top step, net 3.6%) - Admin/Faculty 2% cost growth - S&S, Utilities, Capital Inflation +2%
FY 2022-23	<p>Revenues:</p> <ul style="list-style-type: none"> - State Funding at Prior Biennium LAB w/ 51% split, Less 100% HECC SSCM reduction - OREC and ETSF at Prior Biennium LAB w/ 51% split - 50% Reduction in Sports Lottery - Base Tuition +3% - Differential Tuition flat - Enrollment flat - Remissions flat at 12% of total tuition + fees <p>Expenses:</p> <ul style="list-style-type: none"> - PERS (Retirement) flat - PEBB (Healthcare) +5% - Classified full steps, no COLA (estimate 4.5% and 80% of employees below top step, net 3.6%) - Admin/Faculty 2% cost growth - S&S, Utilities, Capital Inflation +2%
FY 2023-24	<p>Revenues:</p> <ul style="list-style-type: none"> - State Funding at -2.4% from Prior Biennium LAB w/ 49% split, Less 100% HECC SSCM reduction [State Budget Exp. +\$27.7B, Gap \$2.1B = -7.4% Reduction AFTER 5% CSL, net -2.4%] - OREC and ETSF at Prior Biennium LAB w/ 49% split - 50% Reduction in Sports Lottery - Base Tuition +3% - Differential Tuition flat

	<ul style="list-style-type: none"> - Enrollment flat - Remissions flat at 12% of total tuition + fees <p>Expenses:</p> <ul style="list-style-type: none"> - PERS (Retirement) +10% - PEBB (Healthcare) +5% - Classified full steps, no COLA (estimate 4.5% and 80% of employees below top step, net 3.6%) - Admin/Faculty 2% cost growth - S&S, Utilities, Capital Inflation +2%
FY 2024-25	<p>Revenues:</p> <ul style="list-style-type: none"> - State Funding at -2.4% from Prior Biennium LAB w/ 51% split, Less 100% HECC SSCM reduction - OREC and ETSF at Prior Biennium LAB w/ 51% split - 50% Reduction in Sports Lottery - Base Tuition +3% - Differential Tuition flat - Enrollment flat - Remissions flat at 12% of total tuition + fees <p>Expenses:</p> <ul style="list-style-type: none"> - PERS (Retirement) flat - PEBB (Healthcare) +5% - Classified full steps, no COLA (estimate 4.5% and 80% of employees below top step, net 3.6%) - Admin/Faculty 2% cost growth - S&S, Utilities, Capital Inflation +2%
FY 2025-26	<p>Funding:</p> <ul style="list-style-type: none"> - State Funding at +% from Prior Biennium LAB w/ 49% split, Less 100% HECC SSCM reduction [State Budget Exp. +\$29.7B, Gap \$1.1B = -3.7% Reduction AFTER 5% CSL, et +1.3%] - OREC and ETSF at Prior Biennium LAB w/ 49% split - 50% Reduction in Sports Lottery - Base Tuition +3% - Differential Tuition flat - Enrollment flat - Remissions flat at 12% of total tuition + fees <p>Expenses:</p> <ul style="list-style-type: none"> - PERS (Retirement) +10% - PEBB (Healthcare) +5% - Classified full steps, no COLA (estimate 4.5% and 80% of employees below top step, net 3.6%) - Admin/Faculty 2% cost growth - S&S, Utilities, Capital Inflation +2%