Minutes

Committee Members Present: Rick Miller, Christine Vernier, Pete Nickerson, Gale Castillo, Peter Stott, Wim Wiewel (ex officio)

Committee Member Not Present: Erica Bestpitch, Irving Levin

University Staff Present: David Reese, Kevin Reynolds, Susan Klees, Shelley Winn, Alan Finn, Noor Delaugn, Michael Bowman, Andria Johnson, Keren Ceballos, Don Forsythe, Scott Marshall, Darin Matthews

1. Call to Order/Roll/Declaration of Quorum
   Chair Miller called the meeting to order at 1:09 pm. Roll was called and a quorum was established.

1. Consent Agenda
   ACTION: Nickerson moved to approve the minutes of the February 12, 2015 meeting. Castillo seconded. The motion passed unanimously.

2. Vice President’s Report
   Vice President Reynolds thanked the Finance and Accounting Services Team staff for their work on the financial statements presented at the earlier joint meeting of the Finance and Administration and Executive and Audit committees.

3. MWESB
   Darin Matthews, Director of Contracting and Procurement, shared details on the university’s program to use minority, women-owned, and emerging small business companies for goods and services purchasing as well as construction. The percentage of PSU spending on MWESB businesses has grown substantially over the last two years. While having made improvements, the university will continue to expand its program of purchasing from MWESB businesses.

4. Investment Updates
Penny Burgess, Director of Treasury Operations for the University Shared Services Enterprise (USSE) presented information on the three investment strategies pursued for university funds. USSE provides banking, cash management, treasury management and compliance support to the seven Oregon universities and was created by legislative action allowing universities to co-mingle funds.

5. Capital Updates
Viking Pavilion at Peter Stott Center project is fully funded and design to be completed in April 2016. Construction is due to begin in January 2016 and the project is expected to be completed in Spring 2018. Work is underway to close a $5 million gap on the School of Business Administration project. Design expected to be complete by September 2015, construction started in August and completion anticipated by Summer 2017.

A different process was negotiated with the State Treasurer that will result in a modification of the university’s cash flow analysis, to be presented at a future committee meeting.

6. Budget Update
a. 4th Week Enrollment Report Spring Term
Total student headcount down 1% compared to Spring 2014, slightly better than Fall and Winter terms, with a decrease in undergraduate and increase in graduate enrollments.

**ACTION:** Reynolds to provide enrollment data by school/college to committee members.

b. Budget to Forecast Actual (Revenue and Expenditures)
FY15 budget anticipated a loss of $3 million, not including $4.5 million in depreciation. As expected, most units do not fully expend their budgets. As a practice, positions are fully budgeted but often remain vacant for a period of time producing both salary savings and savings in benefits costs. Actual health insurance rates and retirement costs were less than budgeted. Both of these factors contribute to the current expectation that the university will end FY15 in a positive position by approximately $1.4 million.

7. Third Quarter Financial Report
a. There was an inflow of cash for capital projects.

b. Q2 was restated to be consistent with Q3 presentation reflecting some changes to the way AR is calculated and minor adjustments to accruals.
c. On track to be on budget and will have sufficient cash.

8. FY16 All Funds Budget

a. Context for FY16 budget setting process:
   i. Required to present a balanced budget
   ii. Reserves need to be replenished to prepare for the future
   iii. Base expenditure budgets were determined by available resources with each division allocated 3% over the previous year budget
   iv. Forecast 1% revenue growth, potentially from increased enrollment or a change in the mix of students

b. Presentation is preliminary: there may be minor changes depending on final allocation from the Student Success and Completion Model (SSCM)

c. Strategic investments:
   i. Tenure-related faculty
   ii. Compliance Officer
   iii. SaVe Act Coordinator
   iv. Athletics Fiscal Officer
   v. Campus Police
   vi. Comprehensive Campaign
   vii. Marketing Initiative (one time funds)
   viii. Complete Strategic Plan (one time funds)

d. Carry forward/fund balance
   The university maintains a fund balance of approximately half of that recommended by NACUBO (National Association of College and University Business Officers), impacting our debt service coverage ratios. With a positive economic outlook and funding environment, reserves need to be replenished.

e. University All Funds Budget Proposal
   i. Balanced, after adding back depreciation
   ii. Adds $5.6 million to University central reserves: allows for completion of strategic planning process; begins to reserve for retirement cost increases expected for the 2017-2019 biennium; replenish central reserves depleted since 2011
   iii. Reflects increased salary and wage costs and expected increases to retirement costs
   iv. Assumes adoption of the State Ways and Means Committee co-chairs
   v. Uses tuition rates approved in March, 2015
9. **Approval of Resolution Concerning 2016-2017 Operating Budget**

**ACTION:** Nickerson moved to approve the resolution recommending the Board of Trustees adopt the 2016-2017 operating budget. Vernier seconded. The motion passed unanimously.

10. **Adjourn**

Chair Miller adjourned the meeting at 3:08 p.m.