Meeting #15
November 17, 2016
Academic and Student Recreation Center
University Conference Room
1:00 pm – 4:00 pm

Minutes

Committee Members Present: Rick Miller, Christine Vernier, Gale Castillo, Erica Bestpitch, Lindsay Stewart, Irving Levin, Pete Nickerson

Committee Members Not Present: Wim Wiewel (ex officio)

Other Board Members Present: Margaret Kirkpatrick

University Staff Present: David Reese, Kevin Reynolds, Andria Johnson, Shelley Winn, Pam Hutchins, John Fraire, David Burgess, Ping Harman, Alan Kolibaba, Jason Abbott, Thuy Vu, Scott Marshall, Dawn Boatman, Mike Johnson, Kareem Anderson, Cathy Kirchner, Don Forsythe

1. Call to Order/Roll/Declaration of Quorum

Chair Miller called the meeting to order at 1:06 pm. Roll was called and quorum established.

2. Consent Agenda

   a. **ACTION:** Approval of minutes from 9/1/2016 meeting.
      Motion to approve minutes: Nickerson  Second: Castillo  Approval: **approved unanimously.**

      Chair Miller introduced Brad Hansen, Presiding Officer of Faculty Senate

3. Vice President’s Report

   a. Action Item Summary - no action items from previous meeting

   b. Department and Employee Highlight: Drs. Robert Strongin and Lei Wang

      Dr. Rob Strongin is a professor of chemistry recruited to PSU in 2011 from an endowed professorship at Louisiana State University. He has built important collaborations with OHSU in the Collaborative Life Sciences Building (CLSB), has received institutional and national teaching awards, supervises master’s and doctoral students, engages undergraduate students in his own lab research, serves as principal investigator for the University’s Louis Stokes Alliance for Minority Participation grant, and maintains an active research agenda.

      Dr. Lei Wang is a 2016 Ph.D. graduate who now has an appointment as a postdoctoral research associate with OHSU. Dr. Wang focuses on fluorescent dye synthesis and also works in the CLSB.
4. Workplan Review and Additional Updates

a. The F&A Committee Annual Goals for 2016-2017 include:
   - Review internally prepared financial statements on a quarterly basis, including budget to actual performance;
   - Continue developing stress testing and contingency planning models;
   - Examine the balance sheets of auxiliary units;
   - Debate alternative revenue sources;
   - Multi-year enrollment forecasting.

Discussion: The annual goals of the committee remain focused on providing oversight to ensure budgetary decisions reflect the university’s strategic plan and sound financial management by making recommendations on prudent cost-cutting measures, suggestions for raising revenue, enhancing reserves, and operating efficiently.

b. Four Years Free

   - In October the University introduced a new program to provide incoming, first-year Oregon resident students who are eligible for Pell awards an opportunity to attend Portland State for four years of paid tuition and fees.
   - We estimate the program will cover approximately 300 students for Fall enrollment in 2017, costing the university approximately $200,000 in added tuition remissions. The annual cost in future years will depend on the number of students actually enrolling in the program.
   - Portland State serves more Oregonian students than University of Oregon (UO) or Oregon State University (OSU) by a significant margin. Based on 2015 enrollment, resident students comprise 78% of PSU’s total headcount, compared to 51% at UO and 60% at OSU.

c. State Funding Streams

   - Oregon public universities received several different types of revenue for the 2015-2017 biennium from the State of Oregon including the Public University Support Fund (PUSF), state-paid debt service, funding for specific targeted programs, statewide public service programs, and Sports Action Lottery funding.
   - In order to maintain the status quo at the public universities for the next biennium, the state would need to allocate an additional $100 million to the PUSF with an estimated $31.4 million of that coming to PSU, in addition to undergraduate resident tuition increases of 4% to 5%.
   - On the other hand, if the allocation to the PUSF declines to $616 million, the increase to undergraduate resident tuition would need to be 10 to 15% and at least $5 million in reductions would need to be made.
   - PSU’s annual undergraduate resident tuition and fees continue to be among the lowest of its peers, and is lower than UO and OSU by approximately $2,400.

5. Budget Reports
a. Final Summer Enrollment Report

Total student headcount was down 1% with undergraduates down by .6% and graduates down by 1.9%. However, total student credit hours (SCH) were up 2.2%, indicating that fewer students took more credit hours during the summer.

b. 4th Week Fall Enrollment Report

Total student headcount is down 3%, with undergraduates down 3.8% and graduates up by .3%. Total SCH is down 2.3%, although more recent data since the official 4th week numbers were calculated suggest SCH is down 1.6% from the previous Fall term. Enrollment numbers will continue to change until the close of Fall term.

Discussion: Committee members asked if enrollment patterns are similar at other Oregon institutions: Ketcheson confirmed that they are.

c. First Quarter Financial Reports

Tuition revenue to date is on budget, as a result of increased summer enrollment and increased non-resident student credit hour generation. Our state allocation was reduced by $326,000 due to lower-than-expected FY2016 resident enrollment and lower degree production. This reduction was offset by a one-time $400,000 allocation for personnel costs. Salaries are lower than budget at this point, as is generally the case with unit budgets fully accounting for all positions and not accounting for turnover and associated salary savings. Additionally, auxiliary student fees are up because of an increase in the Student Building Fee, which was also offset by an increase in services and supplies spending. Details are available in the slides.

6. 5-year Enrollment Forecast Draft

The graph shown during the meeting (see meeting slides) incorporates actual and estimated changes in high school population and graduation rates. There is a one to two year lag between the time students enroll in local community colleges and then transfer to PSU, thus the model accounts for changes in that population flowing to PSU in FY19. Transfers from other 4-year institutions and graduate student enrollment are assumed to be flat. The current yield of new freshman and transfer students represents the baseline with adjustments made up and down from that point to show a range of possibilities for future enrollment.

Discussion: Committee members asked about reliability of enrollment data and its source. The university’s Office of Institutional Research and Planning (OIRP) works with the Higher Education Coordinating Commission (HECC) and other Oregon institutions to collaborate on data collection. The committee indicated that it is important to compare the model to actual performance to see if it is tracking accurately.

7. Contingency Planning

Two scenarios were presented to show different options with some general assumptions.

- In order to maintain our current service levels given additional costs associated with collective bargaining agreements, the cost of retirement and health care benefits, and
general inflationary cost increases, the university would need to add 4.3% to the FY17 budget.

- Assuming a 5% tuition increase and a total PUSF of $616 million, the university would need to make reductions of $20.4 million. Assuming a 10% tuition increase, the reduction required would total $11.8 million.

**Discussion:** Committee members would like to know if there are programs that could be expanded to limit the need for cuts given the scenarios presented. They are interested in ways to increase tuition revenue, including differential tuition and new programs.

While the environment is constrained, the message to the community should be that the university is making decisions to strategically increase those programs with apparent demand while reducing shrinking programs.

8. **Financial Dashboard and Annual Reporting Requirements**

The annual financial dashboard was presented to the committee (and included in meeting materials). The dashboard, which was refined over the last fiscal year with input from the committee, was updated with information from the fiscal year 2016 audited financial statements.

9. **Auxiliary Reports**

- Transportation and Parking Services (TAPS) is an auxiliary operation that demonstrates how auxiliary revenues, expenditures and balance sheets are reported (financial statements are included in the board docket).
- The next auxiliary reviewed will be Housing.

10. **Capital Projects Update**

Given time constraint, this agenda item was deferred to a future meeting.

11. **Questions and Comments**

12. **Adjourn**

Chair Miller adjourned the meeting at 4:06 pm