

**Attendance.**

Tim Boyle	Present	Andy Storment, Chair	Present
Renee Evans Jackman	Present	Jenny Ulum	Present
Lillian Moses	Present	Dennis Worden	Present
Connie Seeley	Present		

**Convening.** The Finance and Facilities Committee (FFC) of the Board of Trustees of the University of Oregon (Board) met at the White Stag Building September 11, 2023. Committee Chair Andy Storment called the meeting to order at 9:01 a.m. Pacific Time. (All times noted going forward are Pacific Time.) The secretary verified attendance and a quorum.

Below is a summary of the meeting’s proceedings; a full recording is available upon request.

**Quarterly Financial and Treasury Reports (Action).** Jamie Moffitt, chief financial officer and senior vice president of finance and administration, and Brian Fox, associate vice president for budget, financial analysis, and data analytics began by reviewing key financial metrics for Quarter Four (Q4) of FY 2023. Fox highlighted several takeaways for Q4 including the fact that tuition and fee revenue came in on target, personnel services costs came in \$4 million under Q3 projections driven by continued one-time cost savings from faculty and staff vacancies during the year, service and supplies costs came in slightly above Q3 projections, and transfer costs came in slightly lower than Q3 projections due to decreases in department capital projects. Fox noted that the final E&G balance was \$114.3 million which is 9.9 weeks of operating expenses. Key factors Fox discussed included faculty and staff vacancies during the year, though net rehiring accelerated at the end of the year. Fox provided a detailed description of personnel services costs, noting this includes salary and wages of \$274.0 million and other payroll expenses of \$184.7 million. Fox described a key cost for the university being the fringe benefits or “Other Payroll Expenses” (OPE) costs. OPE charges include health care and retirement costs which are state mandated programs, as well as federal, state and local taxes. Moffitt noted that these mandatory cost structures are the same faced by all public institutions in Oregon but are much higher than many institutions across the country; this poses challenges for researchers that are funded by grants. Fox noted that significant hiring has occurred in FY23 and that the most recent institutional hiring plan for tenure track faculty plans to add a net of 15 new faculty each year for the coming five years. Trustees asked questions and engaged in discussion on items including but not limited to Public Employee Retirement System (PERS) rates for newly hired employees versus legacy hires, the proportion of university employees in each retirement tier, the distinction between the defined contribution retirement program and the PERS tier 3 defined benefit plan, and the current level of university reserves.

Kelly Wolf, associate vice president and controller, provided the quarterly treasury update reviewing the university’s cash and investment balances, noting average balances for the fourth quarter were \$615 million, approximately \$73 million more than the same quarter in FY22. Wolf described the major factors contributing to the increased balances, including one-time factors such as HEERF funds, cost reduction efforts due to the pandemic, an unprecedented level of open positions, increased plant funds, and ongoing factors such as increased tuition revenues. Wolf noted two major allocation changes for FY23 in the cash and investment funds. The first was the move of \$60 million into a PERS side account,

which when combined with a \$15 million state match, will reduce PERS rates over the next 20 years. The second was a shift in cash from Oregon State Treasury accounts to collateralized checking and money market funds to take advantage of higher short-term interest rates. Wolf and Moffitt then reviewed the university's cash and investment to debt ratio, noting that the Q4 FY23 ratio has increased to 71%, but continues to be well below the average ratios of S&P AA and A rated universities. Trustees asked questions and commented on issues including but not limited to whether the university receives gifts directly that do not go to the endowment, and the amount of additional short term interest earnings this year given the rate environment and reallocation of accounts.

**Long-term Financial Projections.** Jamie Moffitt, chief financial officer and senior vice president of finance and administration, provided an overview of the long-term E&G fund financial projections based upon different scenarios. Moffitt noted the purpose of the analysis is to show the range of E&G fund budget scenarios the university could be facing over the next five years given various assumptions related to tuition rates, state appropriation levels, enrollment, and inflation. The model includes three sets of scenarios at different tuition levels. Moffitt walked through the base case scenario in detail. This includes a re-setting of enrollment targets for the upcoming five years. Roger Thompson, vice president for student support and enrollment management, discussed the changing student recruitment landscape. In reviewing scenarios Moffitt emphasized that even in the base case scenarios the E&G fund run-rate is negative by FY28 as one-time vacancy savings dissipate and rehiring continues. She also pointed out that after FY2025, expenses are projected to grow at a faster rate than incremental revenue. Trustees asked questions and engaged in discussion on items including but not limited to projected changes in enrollment, student outreach and recruitment efforts, challenges in international student enrollment, projected demographic changes, the university's sensitivity to out-of-state student enrollment, and how the move to the Big 10 might impact student recruitment.

**Meeting Adjourned at 10:31 a.m.**