



**Board of Trustees
Finance and Administration Committee Meeting**

**Thursday, February 15, 2018
4:00 p.m. – 5:30 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Chair Paul Nicholson called the meeting to order at 4:03 p.m. and welcomed two members of the Tuition Advisory Council, Matthew Soloway and Debbie O’Dea. The meeting was temporarily adjourned to assemble a quorum and reconvened at 4:22 p.m.

The following committee members were present: Paul Nicholson, Sheila Clough and Lyn Hennion. Trustee Dennis Slattery participated via teleconference. Trustees Les AuCoin and April Sevcik were absent. Trustee Shanztyn Nihipali attended the meeting and Trustee Linda Schott (ex officio) participated via videoconference.

Other meeting guests included: Greg Perkinson, Vice President for Finance and Administration (via videoconference); Jason Catz, General Counsel; Janet Fratella, Vice President for Development; Mark Denney, Associate Vice President for Budget and Planning; Shane Hunter, Senior Financial Management Analyst; Steve Larvick, Director of Business Services; Deborah Lovern, Budget Officer; Matthew Soloway, ASSOU and Tuition Advisory Council; Debbie O’Dea, SEIU and Tuition Advisory Council; John Stevenson, User Support Manager; Don Hill, Classroom and Media Services Manager; Sabrina Prud’homme, Board Secretary; and Kathy Park, Executive Assistant.

Public Comment

There was no public comment.

Vice President’s Report

Dashboard Review

Greg Perkinson presented the committee dashboard, starting with the Public University Funds Operating Cash. He previously briefed Chair Nicholson that the Department of Administrative Services (DAS) did not properly perform its 2015 XIQ bond administration when it failed to request its third year authority. When SOU requested reimbursement of \$5.5 million, the state treasury would not pay because DAS had not requested authority. This negatively affected SOU’s operating cash and finance personnel have studied the cash flow needed to keep the three construction projects moving along. The floor of the cash reserves is about \$6 million. The university can continue to pay using cash reserves through March and the HECC has agreed to forward-fund the fourth quarter allocation of \$3.3 million. Mr. Perkinson

provided this information so the committee would be aware of the situation and that finance personnel are working through it using cash reserves. Mr. Perkinson then responded to trustees' inquiries: the likelihood of SOU not getting the money is very small; the worst-case scenario is that something gets hung up legislatively, requiring SOU to work with the HECC and DAS for a different administrative fix, which may delay vendor payment or drive SOU below the \$6 million floor; and the \$6 million floor is a figure Steve Larvick calculated, and Mr. Perkinson highly values.

Mr. Perkinson addressed other figures on the financial dashboard, saying there are no negative indicators.

Financial Stress Testing

Turning to the composite financial index, Mr. Perkinson said the HECC announced it had an interest in tracking a financial stress test for universities. The industry standard is based on four ratios: primary reserve, net operating revenues, return on net assets, and viability. Industry has a low benchmark of 3 and a high of 10. SOU's rating of 1.2 indicates an opportunity to reengineer the institution, which the strategic plan is doing. President Schott added that these ratios were included in SOU's conditions report and biannual reports to the HECC. These are national standards, are set high, and a lot of universities do not meet them.

Responding to Chair Nicholson's inquiry about targets set in the strategic plan, Mark Denney said his team is working now on the objectives and goals to increase financial stability and improve the composite financial index. Trustee Clough recommended that the board be educated on whatever metrics SOU will be evaluated on.

Consent Agenda

Trustee Clough moved to approve the minutes from the January 18, 2018 meeting, as presented. Trustee Hennion seconded the motion and it passed unanimously.

Information and Discussion Items

Discussion of Tuition Advisory Council Process and Progress

Mark Denney discussed the Tuition Advisory Council (TAC), its composition and the process. The TAC is chaired by the provost and has two administrators, two faculty members, four students and one classified member. Mr. Denney serves as a nonvoting asset to the TAC, providing data and information and leading many of the discussions. The TAC will produce a draft recommendation, which is presented around campus to get feedback for the final recommendation. In the past, Mr. Denney has made those presentations but this year the TAC members will make them, which will provide a clear connection between the TAC and the recommendation that goes to the president. The TAC will make presentations to the University Planning Board, Faculty Senate, the ASSOU Senate, and will have a campus-wide forum. The TAC presents the final recommendation to the president, who modifies or accepts it, and the president then presents it to this committee and to the board.

Matthew Soloway, the ASSOU representative on the TAC, said he was on the TAC last year and testified before the HECC on the process. He thought the process this year

was much better, seamless and more interactive. Debbie O'Dea, the SEIU representative on the TAC, said she has a more personal interest in the process; she is a financial aid counselor and is able to obtain information to answer questions from students and parents. She said the process is moving along and the TAC is developing its recommendation and getting ready to present it. She also thought the process was seamless and it did not feel daunting.

Responding to Trustee Clough's inquiry about letting others know that the process is going well, Ms. O'Dea said she reports at union meetings and frequently updates her department. Mr. Soloway said he regularly updates the ASSOU cabinet, president and vice president. Mr. Denney said SOU's Oregon Student Association representative attends the TAC meetings but is not a member of the TAC; the representative is very connected with students across campus and helps ensure student engagement and involvement in the tuition setting process. Mr. Denney mentioned the internal Google site where TAC information is posted. The TAC is doing everything it can to make information available and to be transparent in the process. He also mentioned that SOU's process was the model for the pending legislation on the tuition setting process. If the TAC opinion is not unanimous, Mr. Denney said a minority recommendation will be included and an analysis of the impact of each will be provided.

Chair Nicholson thanked Mr. Soloway and Ms. O'Dea for their participation and emphasized that the board is very concerned about these issues.

2018-19 Preliminary Tuition and Fee Preview

Mark Denney provided a preview of the tuition rate, saying he does not know where it will be. At the current enrollment projections, a 5 percent increase would be needed to have stability in the fund balance. He thought a 5 percent increase would be the ceiling of the TAC's recommendation, which would be an increase of about \$8 per credit.

Mr. Denney discussed the current status of various fees: the building fee is unchanged; the health fee may increase modestly (1-2 percent); and the Student Fee Committee may recommend an increase of 5 percent or less. Responding to Trustee Hennion's inquiry, Mr. Denney said the student incidental fee supports programs that enhance academic and campus life experiences and is managed by ASSOU's Student Fee Committee, with oversight and guidance from the university. The student incidental fee is currently \$343 per term, one of the highest in the state; Mr. Denney mentioned areas SOU's fee supports that other universities do not, such as the green tag fee and Schneider Children's Center.

Continuing his discussion of the fees, Mr. Denney said the student recreation center fee is \$95 and cannot be increased for two years. The university's housing director is recommending increases of 4 percent for double rooms, 5-6 percent for single rooms and 2 percent for meal plans.

Budget Projections - Review of Pro Forma

Mark Denney said budget personnel are now projecting an 11.9 percent ending fund balance for this year, compared to last month's projection of 11.4 percent. This

projection is using a 5 percent tuition rate increase for the next several years. Mr. Denney then covered various figures in the pro forma, highlighting the impact on the ending fund balance of enrollment stabilization, tuition revenue, cost management for supplies and services, state funding, and projected costs and revenue from the online MBA program. Discussion ensued on the funding model and revenue generated from resident students and out-of-state students.

Mr. Perkinson said he has great confidence in the approach Mr. Denney is taking and in the assumptions used in the budgeting model.

Responding to Chair Nicholson's inquiry, President Schott said she has had informal communications with the HECC about SOU's conditions report and she feels confident about where SOU stands.

Discussing the online MBA program, President Schott said there are 17 applicants. She had an interview with a reporter from the Mail Tribune and is trying to arrange an interview on KOB's Five on 5 segment. She believes SOU will do quite a bit better than the initial projections.

Future Meetings

Chair Nicholson said the next committee meeting would be on March 15 and encouraged trustees to let him or the board secretary know of any items they would like to discuss.

Adjournment

Chair Nicholson adjourned the meeting at 5:42 p.m.

Date: March 15, 2018

Respectfully submitted by,



Sabrina Prud'homme
University Board Secretary