



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

**Thursday, March 16, 2017  
4:00 – 5:30 p.m. (or until business concludes)  
DeBoer Room, Hannon Library**

**MINUTES**

**Call to Order and Preliminary Business**

Chair Nicholson called the meeting to order at 4:00 p.m. He welcomed Kristen Gast, SOU's new Director of Financial Aid.

The following committee members were present: Paul Nicholson, Lyn Hennion, Jeremy Nootenboom, April Sevcik and Dennis Slattery. Trustees Les AuCoin and Steve Vincent were absent. Trustees Bill Thorndike and Linda Schott (ex officio) also attended the meeting.

Other meeting guests included: Craig Morris, Vice President for Finance and Administration; Jason Catz, General Counsel; Janet Fratella, Vice President for Development; Mark Denney, Associate Vice President for Budget and Planning; AO Black, League of Women Voters; Devora Shapiro, APSOU and faculty; Margaret Perrow, faculty; Camille Schuler, high school teacher; Kemble Yates, faculty; Jessica Piekielek, faculty; Debbie O'Dea, SOU Financial Aid; Kristen Gast, Director of Financial Aid; Kelly Moutsatson, Director of Admissions; Lee Ayers, Director of Undergraduate Studies; Treasa Sprague, Administrative Services Coordinator; Matt Stillman, Registrar; Ryan Schnobrich, Internal Auditor; Shane Hunter, Senior Financial Management Analyst; Stephanie Hanigan, SOU Financial Aid; Allie Bogard, Student Life; Steve Larvick, Director of Business Services; Jody Waters, Associate Provost; Chris Stanek, Director of Institutional Research; Dominick Robertson, SOU; Dennis Jablonski, SOU; Tyler Takeshita, ASSOU; John Stevenson, User Support Manager; Don Hill, Classroom and Media Services Manager; Sabrina Prud'homme, Board Secretary; and Kathy Park, Executive Assistant.

Trustee Slattery moved to approve the February 16, 2017 meeting minutes as drafted. Trustee Nootenboom seconded the motion and it passed unanimously.

**Public Comment**

Dr. Lee Ayers Preboski, professor, Division Director of Undergraduate Studies and faculty representative on the HECC; Devora Shapiro, Assistant Professor of Philosophy and APSOU President; and Kemble Yates, Professor of Mathematics and representative to the Association of Oregon Faculties provided public comments. Citing the cuts made during the two previous retrenchments, each stressed there is no room

for further cuts and urged the board not to make cuts to cover the shortage in state funding. They mentioned the dedicated, hardworking faculty, campus accomplishments and the positive environment that currently exists.

Margaret Perrow, Associate Professor of English, and Camille Schuler, a teacher at South Medford High School, discussed SOU's Oregon Writing Project (OWP), which works with teachers from K-through-college on writing instruction. The program might look like a target for being cut but it provides an opportunity for collaboration between SOU and local K-12 teachers. These types of programs are fundamental and impact the community profoundly. The OWP helps teachers keep up with the academic landscape, which assists them in providing students guidance and helps SOU maintain a strong presence in secondary schools.

Jessica Piekielek, Assistant Professor of Sociology and Anthropology, said students have talked to her about their concerns over rising tuition. She wants SOU to be accessible to and supportive of students. She asked the board to look realistically at current resources and couple that with a visioning process to continue to build on opportunities for students.

### **Vice President's Report**

Discussing the dashboard, Mr. Morris said SOU is well above target on operating cash, primarily due to the transfer of \$1.1 million from the JPR Foundation for its share of the cash used for the JPR construction project. At week 36, total student credit hours are well behind last year, primarily due to spring registration being one week later than last year. For reasons previously discussed, the fund balance is below target and labor continues to be ahead of the burn rate. Other Personnel Expenses and Supplies and Services are behind the burn rate. Tuition revenue continues to be behind last year due to decreased enrollment.

Mr. Morris provided an update on SOU's open construction projects. Construction on the theater and JPR project has started and the building will open in phases between September and February. McNeal is on track to be completed by the end of the year. Britt Hall renovations will be prioritized to determine what can be done with the \$4.7 million in deferred maintenance money received. There was a recent bond sale and SOU will receive about \$4 million in capital repair and renewal money to be used across campus for deferred maintenance projects. The university has \$8 million in such projects and he hopes funding for the next biennium will be at the same level as this biennium.

Dr. Matt Stillman discussed the enrollment funnel and said this is a very early look at how new student behavior is shaping up for fall 2017. He said SOU can receive up to 1,000 admission applications, a quarter of its annual volume, between now and the start of the fall term. Applications, admissions and confirmations are looking flat. Students have not yet been enrolled for the fall term so there is no enrollment activity. At this point in time, application volume is the clearest indicator of how things are shaping up. New graduate student applications are up by about 40, which is a 25 percent increase. Trends from the last few years are recurring. New undergraduate

and transfer student applications are pretty flat, with non-resident applications being up a bit. May 1 is about when students start making their decisions so the admissions office will know more in about a month. Dr. Stillman said he and Kelly Moutsatson use the funnel report as an active management tool to help decide where to place resources as well as a data-informing tool. Mark Denney said he uses the funnel report and retention statistics to help develop the enrollment projection to put the budget together.

Mr. Morris provided a legislative update, focusing on President Trump's proposed budget. Far from final, it significantly cuts the federal work-study program from the Department of Education. That budget has not been increased for over 15 years, so the impact of a significant cut is compounded. It also slashes TRiO and Gear-Up by about \$200 million, eliminates the Supplemental Education Opportunity Grant program for exceptionally needy students by \$732 million and, while flat-funding Pell, it sweeps about \$4 billion in Pell reserves that many hoped would be used to fund Pell grants this summer. All of these will have a negative impact on SOU and its students.

### **Review of Student Fee Process**

The student body president, Tyler Takeshita, reviewed the student fee process, saying it is arguably one of the most important functions of ASSOU. He offered history and background on student fees, and noted that they provide funding to student organizations, foster a marketplace of ideas, increase recruitment and retention of underrepresented students and consolidate student resources to create student power. Addressing the history, President Takeshita said student fees can be viewed as a type of speech to explore the unexplored. He stressed that extra-curricular student speech can be funded as long as the funding process is viewpoint neutral.

SOU's Student Fee Committee controls the student fee process through its four subcommittees. They take care to ensure there is no conflict of interest when setting the fees. In allocating the student fee, it is important to remain autonomous. The Student Fee Committee and its subcommittees are seated in October and November respectively. Most of the activity occurs in the winter term, which is when subcommittees hold budget hearings and present budgets to the Student Fee Committee. The Student Fee Committee's recommendation goes through the ASSOU Senate to the ASSOU president, who presents the final budget to the SOU president. The proposed budget is then presented to the Board of Trustees. Mr. Morris said the HECC does not approve the student fee. President Takeshita said there are multiple checks within the budget process. The Board of Trustees may reject a proposed budget if the student fee grew by more than 5 percent from the previous year; if it is illegal or breaks any preexisting contracts; or if the trustees believe the fee request is not advantageous to the development of students.

Responding to Trustee Sevcik's inquiries, President Takeshita said the proposed budget is \$4.2 million and Mr. Morris said SOU's internal auditor will audit the student fee process. Jason Catz praised the process and ASSOU's coordination with him on issues.

### **Tuition Assistance and Financial Aid Information**

President Schott said this item was prompted by previous discussions on fee remissions

and that institutional aid benefits both students and institutions. Kristen Gast highlighted her past experience working in financial aid. She said the mission of the financial aid department is to provide the financial resources to students to attend SOU and provide expertise when doing so. Institutional aid provides students the ability to succeed and stay in college.

There are different sources of financial aid available to SOU students. SOU aid is usually applied after federal and state aid has been awarded or exhausted. Mr. Morris said the nomenclature for fee remissions has changed to institutional aid. There are three pieces of institutional aid: SOU Foundation (SOUF) scholarships, student employment (federal work study program and SOU's program), and tuition assistance/institutional aid (formerly referred to as fee remissions).

Ms. Gast said federal aid does not keep up with tuition increases. To meet the needs of SOU's student population and institutional priorities, institutional aid is applied based on many factors. The majority of the students who receive institutional aid are Oregon residents. Highlighting the benefits to students and the institution, Mr. Morris said institutional aid is used to attract students to SOU, retain them and get them to a point where they can graduate. He believes it is key to long-term sustainable enrollment.

Ms. Gast said the FAFSA is the main indicator to determine who is in need. However, the FAFSA does not provide a complete picture so other tools are also used, including student data analysis, the Office of Student Support and Intervention, and faculty.

Mr. Morris said 50 percent of SOU students receive institutional aid from SOU, with 12 percent of those receiving SOUF scholarships. Sixty to seventy percent receive federal aid and potentially institutional aid. Students receiving institutional aid receive need-based aid, merit-based aid or a combination of both.

Janet Fratella said SOUF support is from individual donors who make gifts directed toward scholarships. This year, SOUF is estimating a slight decrease from last year, based completely on investment returns. About 550 students receive SOUF scholarships averaging about \$2,500 each.

Responding to Trustee Hennion's inquiry, Mr. Morris said SOU would only know about scholarships from other sources, such as Rotary clubs, if they flow through the financial aid office, which is not always the case.

### **Pro Forma Scenario Review**

Working with the interactive pro forma model on the budget office's website, Mark Denney plugged in various rates and explained how different figures affect the ending fund balance. He used the following assumptions: 1) continued current enrollment trends with slight increases after two years from student success initiatives; 2) a 12 percent increase in tuition this year, then a 5 percent increase; and 3) the governor's recommended budget, then flat state funding. Using those assumptions, the ending fund balance for this year decreases to 11.8 percent, with a further decrease to 8.3 percent in 2017-18.

Trustee Slattery and Mr. Denney stressed that the lack of adequate state funding puts pressure on tuition to make up the difference year after year. Mr. Morris added that he and other vice presidents testified at a recent HECC funding and achievement subcommittee meeting and emphasized that this is not a problem for just this year; it will be a multiple biennium problem. Mr. Morris reiterated that the other way to grow enrollment revenue is to grow enrollment. President Schott stressed that every university in the country is trying to increase enrollment and SOU must look beyond the typical 18-year olds for future students.

Mr. Denney addressed the anticipated annual impact to SOU students. Assuming increases of 12 percent in tuition, 7 percent in the incidental fee, 27 percent in the rec center fee, 5 percent in the health fee, no increase in the building fee, 2 percent in housing costs and 3 percent in dining costs, the impact to resident undergraduate students living in residence halls is \$1,300. The total cost increase is 6 percent—a message that needs to be conveyed to students. The impact on WUE students is a 6.6 percent total increase.

Mr. Denney has used this slide presentation with students and they understand the process and the increase to the total cost of attendance. Discussion ensued on the reality that more students will have to work more to earn money to attend SOU and the importance of institutional aid. Ms. Gast will push students to complete the FAFSA to obtain all financial aid to which they are entitled. Mr. Denney added that various other programs at SOU help mitigate students' increased costs.

### **Future Meetings**

Chair Nicholson said the next committee meeting is April 20. The committee will receive President Schott's recommendation on tuition and fees and make its recommendation to the board. Another agenda item will be a review of the pro forma, particularly looking at the ending fund balance issue, and the committee will receive the first quarter forecast. If committee members have other agenda items they want to include, Chair Nicholson asked them to let him or the board secretary know. President Schott encouraged trustees to send any of their questions to the board secretary and the staff would do their very best to get answers so everyone will come to the April meetings as fully informed as possible.

### **Adjourn**

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

Date: April 20, 2017

Respectfully submitted by,



Sabrina Prud'homme  
University Board Secretary