



**Board of Trustees
Academic and Student Affairs Committee Special Meeting**

**Thursday, March 16, 2017
12:00 p.m. – 1:30 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

MINUTES

Call to Order and Preliminary Business

Chair Sayre called the meeting to order at 12:02 p.m. She congratulated Trustee Shea Washington on the birth of his daughter.

The following members were present: Teresa Sayre, Judy Shih and Joanna Steinman. Trustee Daniel Santos participated via videoconference. Trustees Les AuCoin, Steve Vincent, and Shea Washington were absent. Trustees Bill Thorndike, Paul Nicholson 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; Ryan Schnobrich, Internal Auditor; Chris Stanek, Director of Institutional Research; Joe Mosley, Director of Community and Media Relations; Dr. Jody Waters, Associate Provost; Allie Bogard, Student Life; Olena Black, League of Women Voters; John Stevenson, User Support Manager; Don Hill, Classroom and Media Services Manager; Sabrina Prud'homme, Board Secretary; and Kathy Park, Executive Assistant.

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

Public Comment

There was no public comment.

Provost's Report

Since Dr. Susan Walsh was participating in OIT's provost search, there was no report from the provost. However, Dr. Jody Waters later provided a few comments. She said the Student Health and Wellness Center was receiving the summation report from its accrediting entity. SOU's environmental education program was accredited this year; they did such a good job with their application that they were invited to help train others on how to get accredited.

Curriculum Update: Undergraduate Degree Program in Health Care Administration

Dr. John King said he met twice with Faculty Senate to present the program proposal. Faculty Senate intended to vote on the proposal last week but, for procedural reasons, the vote was delayed for two weeks. The review process has been helpful because it has allowed him to get feedback and recommendations from the committee and Faculty Senate. Two changes specifically reference the board's recommendations. First, another policy-focused course has been added: "Health Care Policy - Obamacare and Beyond." We are also providing additional resources and instructional materials to help faculty address how the content they are teaching applies within the context of the health care sector.

Responding to Trustee Steinman's inquiry, Dr. King said the program coordinator will provide administrative support in the first year since there will be a small student population. Once the student numbers increase, they will bring in a person to provide administrative support.

Responding to Trustee Steinman's further inquiry regarding the program moving from one division to another, Dr. King said, during the "program launch period," the program will be in the Division of Education, Health, and Leadership. For the first two years, it will stay there because much of the work that will need to be done will be in the areas of curriculum and assessment and that division can provide the necessary support and guidance. The program will move to the Division of Social Sciences since the majority of the courses in the program live in that division.

Board Chair Thorndike said he is excited about the proposal since so many of the good-paying jobs in the Rogue Valley are in health care. In the community, he is hearing about the lack of a deep talent pool to service clinics and hospitals. He thought it was a wonderful opportunity for SOU to create the platform for graduates to be successful in this industry. There is a need for students to have skill sets around management.

Dr. King said next year he would bring forward a certificate in health care administration to give students a deep skill set in informatics and analytics. Dr. Waters added that there are Academic Policies Committee discussions surrounding certificates and making them available to students who are not currently enrolled in a major. SOU does not have many standalone certificates but there is a market for them. Chair Sayre asked for a future presentation on this issue.

Student Tuition Process – Information

Chair Sayre commended Mark Denney on the videos he created for educating the campus on the budget process and Mr. Denney gave credit to student government representatives, saying the videos resulted from their input. Mr. Denney said the purpose of his presentation was to provide the committee a summary of the information

and conversations the Finance and Administration Committee has had on tuition and fees.

There are two levers for revenue: state aid and tuition. Since 2008, there has been a significant decline in state aid and an equal increase in tuition to make up that lost revenue. In the short term, SOU's ability to reduce expenditures to address shortfalls is practically nonexistent. Tuition revenue is a function of the rate, total enrollment and the mix of that enrollment. When tuition rates are set, price does influence how an institution attracts students but is not the only factor. Quality is also an influence.

Mark Denney compared SOU's resident undergraduate tuition rates to those of thirteen comparator institutions. He analyzed the following: current FY17 rates; a 10 percent increase at Oregon institutions and a 5 percent increase at out-of-state institutions; and a 15 percent increase at SOU, a 10 percent increase at other Oregon institutions and a 5 percent increase at out-of-state institutions. In all comparisons, rates at SOU, EOU, and WOU were close to each other.

Southern Oregon University is attractive to California students because of the inability to get into California schools, get required classes, and graduate on time. In the scenarios of projected tuition increases, SOU's rate would be higher than the California State institutions, but significantly below the University of California institutions. President Schott added that several counselors from California reaffirmed SOU's attractiveness for their students because they can progress toward degrees in ways they cannot in California.

Mr. Denney discussed price sensitivity ranges for resident and WUE students and how price change may impact demand. On the bottom end of the range, if SOU gets too far above the RCC rate, it will drive students to RCC. On the top end, if SOU gets too close to U of O or OSU, students might choose those universities over SOU, when price is a driving factor in those decisions. Where price is not the deciding factor, Mr. Denney thinks if SOU stays within those ranges, even if closer to the top, it would generate more revenue through tuition but would not change students' decisions.

Tuition rates play a more important role for incoming students than for students who are already at SOU. For the most part, continuing students have made the decision to come to SOU and, hopefully, SOU is meeting their academic goals. These students are less likely to change schools but may decide to take a break and work to earn more money for tuition; the hurdle then becomes whether those students return to SOU.

Assuming increases of 12 percent in tuition, 5 percent in fees and 2-3 percent in housing, the total annual increase would be about \$1,300 for resident students living on campus, \$1,000 for resident students living off campus, \$1,700 for WUE students living on campus and \$1,400 for WUE students living off campus. This represents a 6 percent

total increase for resident students and a 6.6 percent total increase for WUE students. The low increase in housing contributed greatly to keeping the total increase to just 6 percent. Mr. Morris added this was a major effort Mr. Denney and the interim housing director, Noah Hurley, have been working on. In the last few years, it was typical to see 5-6 percent increases in housing and food service and that the average of both is around 3 percent is significant and intentional.

Mr. Denney said two major factors have changed this year that are causing them to look at a tuition increase possibly as high as 12 percent: a decline in state funding and increased labor costs. State funding is projected to decline significantly next year, which puts upward pressure on tuition. The legislature appropriates money to the Public University Support Fund; the universities do not know how much will be appropriated for next year and may not know until June. Using the governor's recommended budget as the lowest funding scenario and then progressive increases for additional scenarios, Mr. Denney explained the impact of state funding scenarios for universities and how they are advantaged or disadvantaged by the allocations under the Student Success and Completions Model (SSCM). Southern Oregon University is disadvantaged most and to a large extent. It is a function of how the SSCM counts the enrollment of resident students and that it looks at degrees issued not graduation rates. SOU had low graduation numbers in 2016; the rate was not necessarily low but rather SOU had low enrollment of resident students 4-5 years prior.

Responding to Trustee Steinman's inquiry, Mr. Denney said SOU has the opportunity to improve those numbers but, the way the model works, SOU's scale makes the hill to climb very steep. SOU would have to change its numbers significantly to make the model have a different impact. The SSCM is having a similar impact at all the TRUs but is felt to the greatest degree at SOU.

Responding to Chair Sayre's inquiry, Mr. Denney said the co-chairs' budget allocated a total amount to higher education, but did not break it out, and is better than the governor's recommended budget. Mr. Morris said \$680-700 million is the best guess for the co-chairs' budget. Trustee Nicholson clarified that the only way SOU will get an increase in the level of funding is if it goes above \$680 million.

Mr. Denney discussed revenue and expenditures for education and general operations over the past several years. Year over year, revenue has been growing at about 4 percent and expenditures at 5 percent. Labor makes up most of the expenditures and is going up at 9 percent above the rate of inflation. The salary piece is about 3 percent above the rate of inflation; the other 6 percent is, over time, the cost of benefits SOU employees receive, with PERS being a significant driver in the increase. There are no levers to mitigate those benefit costs. Mr. Morris added that all state agencies are seeing the PERS increase, not just universities.

All seven universities are looking at significant tuition rate increases because of the decline in state funding coupled with a significant increase in labor costs next year. The U of O has announced it is projecting a 10.5 percent increase in tuition; PSU is looking at a 9 percent increase; and EOU is looking at a 6 percent increase.

Mr. Denney then reviewed the process for determining tuition and fees. Southern Oregon University has a Tuition Advisory Council (TAC), which includes four student members; the TAC has shared its draft recommendation with the president and will start doing presentations around campus to present that recommendation and get feedback. Students, through the Student Fee Committee, set the incidental fee and are recommending a 7 percent increase; they did not want to draw down their fund balance and leave next year's committee with having to figure out how to restore the fund balance. The director of the Student Health and Wellness Center recommends the health fee and is recommending a 5 percent increase. The building fee is legislatively set and is not changing. The Recreation Center Steering Committee that manages the rec center fee—which cannot exceed \$95—is still working on setting that fee.

Mr. Denney presented a draft of the current proposal for tuition, fees, housing, and dining. The combined rate increases would be around 6 percent for resident undergraduate students living in the residence halls and 6.6 percent for WUE students. He has given tuition and fee presentations around campus. Students are not happy with a large tuition rate increase, but they understand the factors and the options.

Trustee Nicholson said he was glad Mr. Denney could share information with this committee. Another element in play is the tuition support process and the interplay between these increases and likely changes they could bring to tuition support. President Schott said they have been thinking a lot about institutional aid and will have a presentation on that topic.

Mr. Morris added historical context to explain why SOU could not just cut its way out of the problem and not raise tuition. In 2014, SOU went through a painful retrenchment process which turned the campus upside-down and created an atmosphere of unhappiness never experienced before. SOU is now a very lean organization and cutting further would mean eliminating programs and associated enrollment. On the staff side, OUS, the HECC, and accreditors have criticized SOU for not having deep enough support staff. Cutting more support staff would mean SOU could no longer guarantee compliance in key areas where compliance is essential. He and President Schott have talked about this with legislators and about a potential double-digit tuition increase. As SOU builds its budget for next year, the campus is being asked to keep services and supplies (S&S) flat, which has been done for the past couple of years. As a result, the campus has to make cuts and develop efficiencies to sustain a flat S&S budget. President Schott said folks have talked to her about how difficult it already is to do their jobs. Trustee Steinman added that when it gets so lean there are no people

in offices, students get frustrated, which impacts retention and enrollment.

Responding to Trustee Shih's inquiry, Mr. Denney said a little less than 50 percent of SOU students receive institutional aid or SOU Foundation scholarships. Those scholarships went from \$1 million to \$1.5 million last year and are projected to be close to that this year; the target is \$3 million next year. Institutional support for students is set at 10 percent of total tuition receipts. Mr. Morris said, when looking at institutional aid, SOU Foundation scholarships and federal financial aid, that 60-70 percent of SOU students receive support. The average debt for SOU graduates is about \$25,000, compared to the national average of \$35,000.

As the board looks forward to its April tuition decision, Trustee Santos asked what the trustees could start thinking about for future years. With expenditures and labor increasing every year, Mr. Denney stressed the importance of revenue keeping pace in order for SOU to have a fairly sustainable model. Mr. Morris further explained that their modeling assumed a 5 percent tuition increase for the remainder of the biennium and the one after that. Using that assumption, SOU still does not have a fund balance at the end of 2021 that will work for the institution. To keep tuition increases no higher than 5 percent, the only way to increase enrollment revenue is to increase enrollment of students through recruitment and retention.

Future Meetings

Chair Sayre said the next meeting would be on April 20 and requested a start time of 12:30 p.m. instead of 12:00 p.m. She said the committee would look at curriculum approval for the health care administration degree; discuss 2017-18 tuition and fees; and review the student fee and the TAC processes. A future agenda item will be the certificate piece mentioned earlier in the meeting.

Adjourn

Chair Sayre adjourned the meeting at 1:22 p.m.

Date: April 20, 2017

Respectfully submitted by,



Sabrina Prud'homme
University Board Secretary