

Finance Committee
April 27, 2015
Meeting Minutes

The meeting was called to order at 4:05 p.m. by Chair Paul Nicholson.

Introductions & Roll Call

Present:

Paul Nicholson, Chair
Lyn Hennion
Jeremy Nootenboom
April Sevcik
Dennis Slattery
Steve Vincent
Les Aucoin via telephone

Absent: None

Guests:

Craig Morris, VP for Finance & Administration
Mark Denney, AVP for Budget & Planning
Chris Stanek, Director of Institutional Research
Steve Larvick, Director of Business Services
Tresa Sprague, Administrative Services Coordinator, Finance & Administration
Roy Saigo, SOU President
Sue Walsh, Provost
Liz Shelby, Chief of Staff

Public Comment

Schneider Children's Center

March 23, 2015 Minutes

Lyn Hennion said there were some items in the minutes that she didn't understand. Spell out chancellor's office. Instead of saying "this Board" say "SOU Board". There is duplication in the third paragraph of the Retrenchment section. Delete "that caused us go to below 5%."

Correct the spelling of April Sevcik's name.

April Sevcik made a motion to approve the minutes as amended. Hennion second.

Motion passed.

Periodic Report

Steve Larvick provided information on the periodic report. There has been very little change since the January report. Labor is still trending down. Larger savings in Services & Supplies.

Fund balance was updated to be closer to 8.5%.

Auxiliaries have reductions to revenues. They are still targeted to come in about \$5.3 million. Sales & services are predominantly Housing. That is also trending down in the last quarter. Other income is largely food service operations. It reflects net proceeds to SOU from A'viands. Revenue is projected to be 6% under budget at this time.

Spending is trending down as well. Overall the bottom line is holding flat to where we were in January.

Transfers In/Out – NCV is the largest transfer. We have to transfer money into a pending operating reserve. At the end of the year that money transfers to a surplus reserve. Once the financial statements are audited, the money transfers to the general fund.

We collect revenue from students. That money goes into the fund created by CHF. We pay all of the expenses. We transfer money out to the agency fund. We get to keep the surplus each year. That surplus is transferred to the General Fund.

Craig Morris suggested bringing a more detailed report to the next meeting for clarification.

If you looked at all of the auxiliaries individually, they all have positive fund balances except Athletics. Athletics is running a substantial negative fund balance. Morris suggested dedicating a meeting to this discussion at some point during the summer.

Athletic revenues are down, but expenses are not as reduced as the revenue side. The committee needs to address athletics this summer.

Designated operations include non-credit courses, the TV station, and radio station.

Other income in this category includes service centers that charge work out to departments.

The TV station is supported by the General Fund in the amount of approximately \$91,000. It provides academic opportunities and that is why it is funded by General Fund. It does cover its own costs.

Overall fund balance is projected at 9.6%. E&G is projected to be at 8.5%.

Reserve Report

Steve Larvick presented the reserve report Reserves are grouped into formal reserves and informal reserves. Informal reserves are anticipated fund balances to roll over to the next year. Formal reserves are specific funds.

Equipment reserve is built up from depreciation. Departments are required to put an amount into reserve to help replace the equipment.

E&G buildings and equipment have no reserves. The state owns them. The state provides us capital repair and renewal money to maintain. Facilities Management & Planning has a schedule of anticipated expenses. We put requests forward to the State for major building renovations.

The current request for capital repair for the 7 institutions is an increase and is allocated out based on E&G square footage. The amount of the allocation can also be cut in times of less revenue for the state.

Informal reserves have restricted and unrestricted funds. Restricted funds cannot be used for anything other than the designated fund.

The SOU Board has no governance over the Foundation. They are a separate entity. Should we examine this relationship? A suggestion was made to bring one or two people from the Foundation to attend a Finance Committee meeting. The real relationship with the Foundation is with the President and VP for Development. They set the goals and the Foundation fund raises around those goals. There is a new VP for development. Morris suggested inviting her to a meeting in a couple of months.

Enrollment Report

Chris Stanek reported on the enrollment figures as of Monday, April 27, 2015.

We are up 11.9% in applications received compared to last year same time. Admitted students are up 15%. Confirmed students are 39.3% higher than last year.

This has more to do with more aggressive efforts by admissions/recruiting office rather than timing issues. The number of applications is significantly larger than prior years.

This is only one component of predicting fall 2015 enrollment. Stanek is not charting graduate students due to the low number of students.

Non-resident WUE students pay 50% more than residents. In the new funding model (outcome based), the bonus is about 30%. WUE students pay 150%. There are strategic conversations that need to happen. The outcome funding model is new. We have been funded on Oregon resident SCH (student credit hour). The amount per student kept going down because the state lowered the allocation per student. It was beneficial to recruit out of state students. As long as we have capacity, it is good to continue to recruit out of state students. However our state funding is based on Oregon student outcomes.

The conversion rate is how many applicants were sent an admission letter. Yield is how many Admits actually enrolled.

Optimistic projection is 1,507 for Fall 2015 compared to 1,436 in Fall 14.

Conservative projection uses a lower yield and shows 1,410 for Fall 15. This is -1.8% from Fall 2014 for new students.

OUS projected an overall -1.1% change in enrollment from FY14 for SOU.

The Admissions Director has been here two years. She developed a plan in her first year to reach out in a variety of ways. It was suggested to have her attend a future meeting to discuss.

We make attempts to talk with students who drop out. It is difficult to get in front of them. We have tried to connect with students through contact information provided other than SOU e-mail. Some responses indicate financial issues, personal issue, or they never intended to stay. This was a stop off institution.

Les Aucoin said he is interested in knowing the offerings and human capital that are sterling in terms of the marketplace and where we aren't so sterling. Do students leave because of the quality of the faculty, because of the remoteness of the location, because of the facility? We need more analysis.

Stanek said they use several sources of data (US Census bureau, Department of Education, etc.), looking at new programs to bring on board and discontinuation of programs. We have relied on the OUS Institutional Research office. Stanek is going to a workshop to the models OUS is going to hand off and how to project moving forward.

The retrenchment plan predicts we will be down 1.1% in enrollment next year. Budget committee agreed with projecting a 1.1% decline. The President has set a higher goal. We are moving forward to be closer to 4.9%.

Revenue Budget

Mark Denney reported on the revenue budget.

E&G revenue includes state appropriations, tuition and fees, and other revenue.

We are projected to have \$17.744 million in state appropriations. This includes \$1.681 million for shared services (additional funding). We will get additional expenditures to offset the additional shared services income.

Denney is comparing historical trends against individual tuition categories. He is using three years of trend to inform the projection for the next fiscal year.

This is a conservative projection. Denney uses Stanek's report from each term and applies it to the projected numbers. Guidance was to stick with the -1.1%. We won't have a good indication on enrollment until we get closer to fall term. We need to talk early in the process to have a good understanding of the enrollment projection number.

The retrenchment plan lays out the faculty positions that are going away. That base of staffing is what we are budgeting. As we do better we will have to increase staffing in order to teach classes if there is an enrollment increase. If we do worse than the retrenchment projection, we can reopen retrenchment.

Do we need to publish our budget and do we need to publish an amended budget if changes are substantial? Right now there is no policy that requires us to publish the budget. We do make it available to anyone who wants to see it. There is no policy around making changes to the budget. Entities that levy property tax have different regulations (community colleges). The university level does not impact property tax.

Total revenue from tuition should be approximately \$35 million. Fee remission is set at \$3.459 million.

Total revenue increase is projected at approximately \$3 million.

Shared Services

Morris shared a document that shows how we arrived at the \$1.681 million for shared services.

USSE (University Shared Services Enterprise) started last July. Services that the Chancellor's office stops doing in June and we pick up in July make up the \$681,000 difference from this fiscal year to next fiscal year. These expenses will repeat every year and will grow by inflation. It is just a pass through.

Morris will invite USSE staff to a future meeting to talk about the services.

HECC has committed in writing that the monies for the TRUs will be a line item in the budget each biennium.

Outcome Based Funding

SOU will see a funding increase, without shared services, of 7%. We will still have challenges, but it is better than what we have seen in a long time. The 7 universities are still working to receive more funding from the co-chairs budget.

Other

Next meeting is May 28th, 1:00 p.m., SOU Hannon Library DeBoer Room. Dennis Slattery will chair the next meeting in Paul Nicholson's absence.

Adjourn – 6:15 pm