



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

March 10, 2022

TO: Southern Oregon University Board of Trustees, Finance and Administration Committee

FROM: Sabrina Prud'homme, University Board Secretary

RE: Notice of Regular Meeting of the Finance and Administration Committee

The Finance and Administration Committee of the Southern Oregon University Board of Trustees will hold a regular meeting on the date and at the location set forth below.

Topics of the meeting will include a vice president's report with updates on the Tuition Advisory Council, the Facility Planning and Utilization Committee (FPUC), an FPUC capital projects recommendation, and the enterprise resource planning/student information system Banner replacement.

Information items include the Higher Education Coordinating Commission Evaluation: Financial Conditions Report and a budget update including a review of the pro forma. There will be discussion on revenue diversification opportunities: fiscal possibilities.

The meeting will occur as follows:

Thursday, March 17, 2022

4:00 p.m. to 6:00 p.m. (or until business concludes)

Visit governance.sou.edu for meeting materials.

To join or view the proceedings, visit <https://sou.zoom.us/j/83683061060> at the time of the meeting.

If special accommodations are required please contact the Office of the Board of Trustees at (541) 552-6060 or at trustees@sou.edu at least 72 hours in advance.

Public Comment

Members of the public who wish to provide public comments for the meeting are invited to submit their comments in writing at least 24-hours in advance of the meeting. Please send written comments to the board's email address: trustees@sou.edu. Public comments also may be sent to the board via U.S. mail addressed to SOU Board of Trustees, 1250 Siskiyou Blvd., Ashland, OR 97520, or hand delivered to Churchill Hall, Room 107, at this address.



Board of Trustees
Finance and Administration Committee Meeting
March 17, 2022

Call to Order / Roll / Declaration of a Quorum



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

Thursday, March 17, 2022
4:00 p.m. – 6:00 p.m. (or until business concludes)
<https://sou.zoom.us/j/83683061060>

AGENDA

Persons wishing to participate during the public comment period shall sign up in advance.
Please note: timings are approximate and items may be taken out of order.

- | | | | |
|---------|----------|---|--|
| | 1 | Call to Order/Roll/Declaration of a Quorum | Chair Sheila Clough |
| | 1.1 | Welcome and Opening Remarks | |
| | 1.2 | Roll and Declaration of a Quorum | Sabrina Prud'homme,
SOU, Board Secretary |
| | 1.3 | Agenda Review | Chair Clough |
| | 2 | Public Comment | |
| 5 min. | 3 | Consent Agenda | Chair Clough |
| | 3.1 | Financial Dashboard | |
| | 3.2 | FY 2022 Second Quarter Investment Report | |
| | 3.3 | January 20, 2022, Minutes | |
| 15 min. | 4 | Vice President's Report | Greg Perkinson, SOU, Vice
President for Finance and
Administration |
| | 4.1 | Tuition Advisory Council Update | |
| | 4.2 | Facility Planning and Utilization Committee
Update | |
| | 4.3 | Facility Planning and Utilization Committee
Capital Projects Recommendation | |
| | 4.4 | Update on Banner System Replacement [Enterprise
Resource Planning (ERP) and Student Information
System (SIS)] | |

**Board of Trustees
Finance and Administration Committee Meeting
Thursday, March 17, 2022**

AGENDA (Continued)

5 Action, Information and Discussion Items

- | | | |
|---------|--|--|
| 30 min. | 5.1 Higher Education Coordinating Commission Evaluation: Financial Conditions Report | Greg Perkinson; Jim Pinkard, HECC, Director, Office of Postsecondary Finance and Capital; Steve Larvick, Director of Business Services and Controller; Josh Lovern, SOU, Director of Budget and Planning |
| 15 min. | 5.2 Budget Update and Review of Pro Forma | Greg Perkinson; President Bailey; Josh Lovern; Neil Woolf, SOU, Vice President, Enrollment Management and Student Affairs |
| 25 min. | 5.3 Revenue Diversification Opportunities: Fiscal Possibilities | President Bailey; Greg Perkinson; Josh Lovern |
| | 5.4 Future Meetings | Chair Clough |
| | 6 Adjournment | Chair Clough |

Public Comment

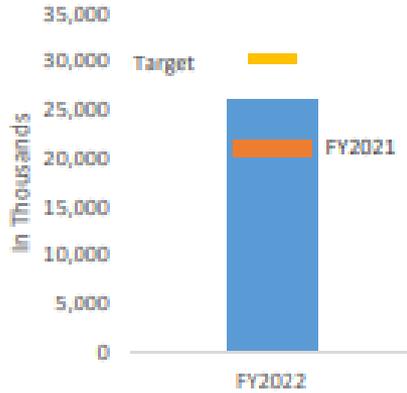
Consent Agenda

Financial Dashboard

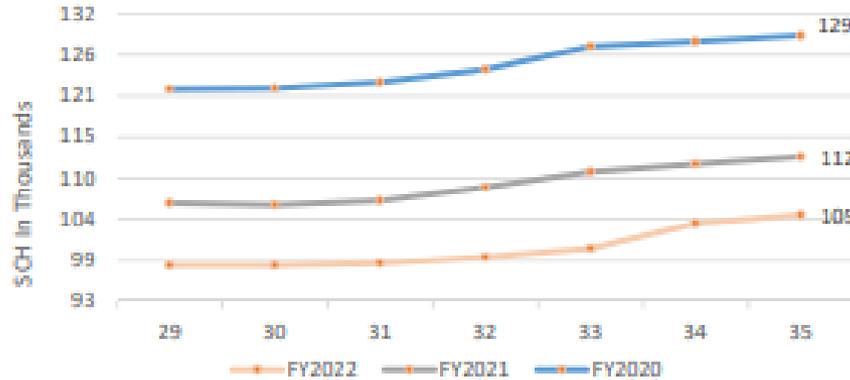
For FY2022

As of February 28, 2022 (with prior to close numbers)

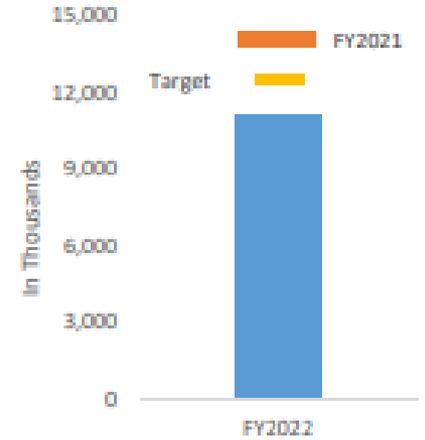
Public University Funds Operating Cash



Total Student Credit Hours by Week of the Fiscal Year

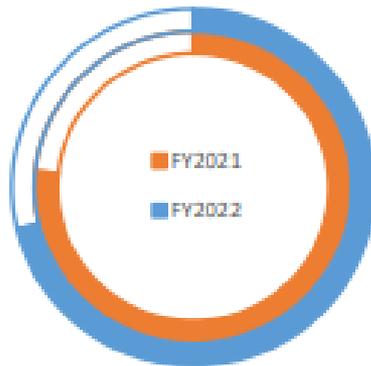


E&G Fund Balance

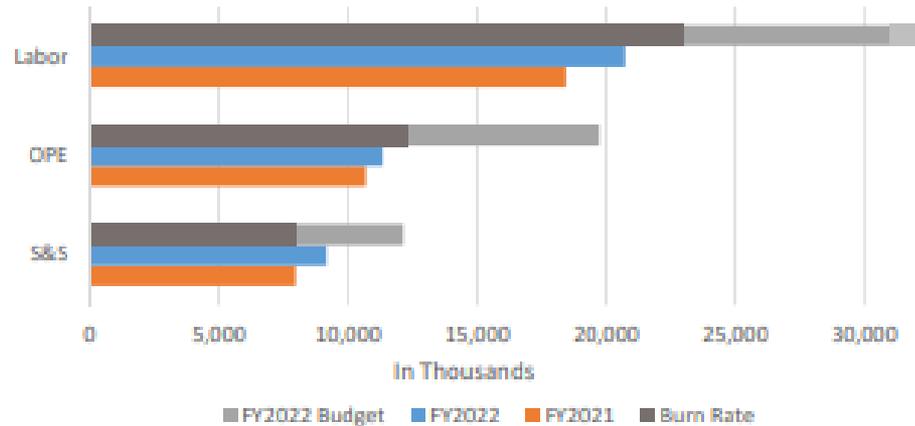


"Institution" portion of Federal Relief Funds to be allocated

E&G YTD Revenues



E&G YTD Select Expenses



Financial Dashboard

Notes and take-aways

- Cash (all funds): up substantially from the prior year.
 - The increase in cash is largely tied to increased occupancy in Housing, as well as the University receiving remaining \$9.5m federal relief.
 - Federal Student Aid: Through the end of February, all of the remaining \$5.5m has been awarded to students.
- Student Credit Hours: Enrollment declines continue largely due to COVID-19. By the 8th week of Winter term, student SCH was down 5.3%
- E&G total revenues predominantly down due to COVID. Excluding State funding, revenues currently trailing last year by about 9.2% (\$2.4m)
- Expenses: Compared to the last report, the overall cost increases are shown:
 - total labor costs (YTD) increased from 9% to 10%;
 - OPE is up by 6%; and
 - Supplies and Services spending is up from 9.4% to 15% (about \$1.2M).



Public University Fund (PUF)

Investment Statement

**October 1, 2021 - December 31, 2021
Q2 FY22**

Southern Oregon University
Steve Larvick, Controller
1250 Siskiyou Blvd
Ashland, OR 97520

**Quarter-to-Date
as of 12/31/2021**

Beginning Market Value	\$32,706,897
+ Contributions	1,517,410
- Withdrawals	(5,452,624)
+/- Change in Market Value	(125,643)
Ending Market Value	\$28,646,040

Units Owned	283,067.359
Price per Unit	\$101.19867

	<u>Quarter-to-Date</u>	<u>Year-to-Date</u>
Gross Investment Earnings	\$97,680	\$170,021
Participant Fees	(5,218)	(13,916)
Participant Fee Credit	-	665
Net Investment Earnings	<u>\$92,462</u>	<u>\$156,770</u>
Realized Gain/(Loss) on Sale of Investments	(\$13,137)	\$6,273
Unrealized Gain/(Loss) on Investments		(\$132,869)

Questions? Please contact Mary Hatfield, 541.737.0843

mary.hatfield@oregonstate.edu

FY2022 Q2 Investment Reports

BACKGROUND

The Southern Oregon University (university) investment report for the second quarter (Q2) of FY2022 is presented in the following sections:

- **FY2022 Q2 Southern Oregon University Investment Report** – This section includes a report on the investments of the operating and endowment assets of the university. This report reflects the university’s operating assets that are invested in the Public University Fund and the university’s endowment investments managed by the Oregon State Treasury.
- **FY2022 Q2 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the second quarter of FY2022 (i.e., October 1 – December 31, 2021).

FY2022 Q2 SOUTHERN OREGON UNIVERSITY INVESTMENT REPORT

The schedule of Southern Oregon University’s investments is shown in the investment summary below.

Public University Fund

Southern Oregon University’s operating assets are invested in the Public University Fund. As of December 31, 2021, SOU had \$28.6 million on deposit in the PUF. The PUF decreased 0.1% for the quarter and increased 0.3% fiscal year-to-date. The PUF’s three-year and five-year average returns were 3.0% and 2.6%, respectively.

The Oregon Short-Term Fund returned 0.1% for the quarter, outperforming its benchmark by 10 basis points. The Core Bond Fund decreased 0.4% for the quarter, outperforming its benchmark by 20 basis points. The PUF investment yield was 0.3% for the quarter and 0.7% fiscal year-to-date.

The Core Bond Fund’s performance decline, during the quarter, was a result of rising interest rates across the intermediate term structure of the yield curve, as investors priced in concerns about rising inflation. While the portfolio composition remains defensively positioned versus its benchmark, the Oregon State Treasury’s portfolio management team forecasts inflation will moderate in the coming months as supply chain shocks are resolved and economic deflationary forces resume.

Southern Oregon University Endowment Fund

The SOU Endowment Fund (Fund) increased by 4.5% for the quarter and 3.6% fiscal year-to-date, outperforming its policy benchmark by 20 and 10 basis points, respectively. The three-year average return was 16.9% compared to 15.7% for the benchmark. The Fund ended the quarter with a balance of \$3.2 million.

The majority of the Fund’s assets (75.6%) are allocated to a global equity index strategy, while 24.3% of the portfolio is allocated to an “actively” managed fixed income fund. For the three months ended December 31, 2021, the Blackrock All-Country World Index increased by 6.1%, equal to its benchmark. The Western Asset Core Plus Bond Fund was negative 0.1%, underperforming by 10 basis points to the Bloomberg Barclays U.S. Aggregate Bond Index.

Southern Oregon University
Investment Summary
as of December 31, 2021
(Net of Fees)

	Quarter Ended 12/31/2021	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Target
SOU Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.1%	0.5%	0.5%	1.5%	1.6%	1.1%	\$ 14,643,034	51.1%	1
Benchmark - 91 day T-Bill	0.0%	0.0%	0.1%	1.0%	1.1%	0.6%			
PUF Core Bond Fund	-0.4%	0.1%	2.2%	4.6%	N/A	N/A	14,003,005	48.9%	1
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	-0.6%	-0.5%	0.9%	3.7%	2.9%	2.4%			
Public University Fund Total Return	-0.1%	0.3%	1.0%	3.0%	2.6%		\$ 28,646,039	100.0%	
Public University Fund Investment Yield	0.3%	0.7%	1.2%	2.4%	2.3%				
SOU Endowment Assets									
BlackRock ACWI IMI B	6.1%	5.0%	25.2%	20.5%	14.4%	12.2%	\$ 2,418,049	75.6%	75.0%
Benchmark - MSCI ACWI IMI Net	6.1%	4.9%	25.1%	20.2%	14.1%	11.8%			
Western Asset Core Plus Bond Fund	-0.1%	-0.1%	5.0%	6.4%	4.9%	4.5%	775,796	24.3%	25.0%
Benchmark - Bloomberg Barclays Aggregate Index	0.0%	0.1%	1.3%	4.8%	3.6%	2.9%			
Cash	0.1%	0.5%	0.5%	1.5%	1.6%	1.1%	2,190	0.1%	0.0%
Benchmark - 91 day T-Bill	0.0%	0.0%	0.1%	1.0%	1.1%	0.6%			
Total Endowment Assets	4.5%	3.6%	20.1%	16.9%	12.1%	10.2%	\$ 3,196,035	100.0%	
Policy Benchmark ³	4.3%	3.5%	17.7%	15.7%	11.1%	N/A			

¹ The Public University Fund (PUF) policy guidelines define investment allocation targets based upon total participant dollars committed. Core balances in excess of liquidity requirements for the participants are available for investment in the Core Bond Fund. Maximum core investment allocations are determined based upon anticipated average cash balances for all participants during the fiscal year.

² 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of February 1, 2021. From April 1, 2017 to January 31, 2021, the benchmark was 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

³ Policy Benchmark Composition: 75% Morgan Stanley Capital Indices All-Country World Investable Market Index Net , 25% Bloomberg Barclays Aggregate Bond Index.

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

December 31, 2021

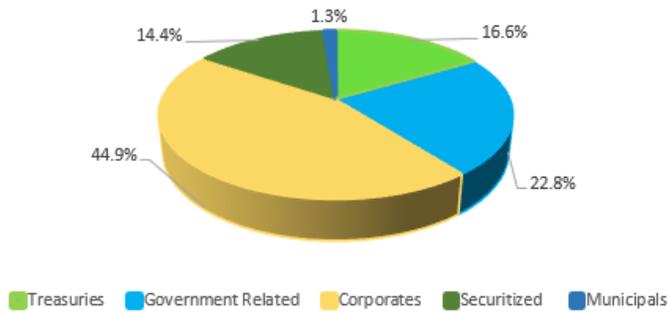
Portfolio Characteristics

Market Value 12/31/2021	\$ 307,178,236
Weighted Average Credit Quality	AA
Book Yield (%)	0.45%
Weighted Average Maturity (years)	1.00
Duration (years)	0.52
Spread Duration (rate)	0.76

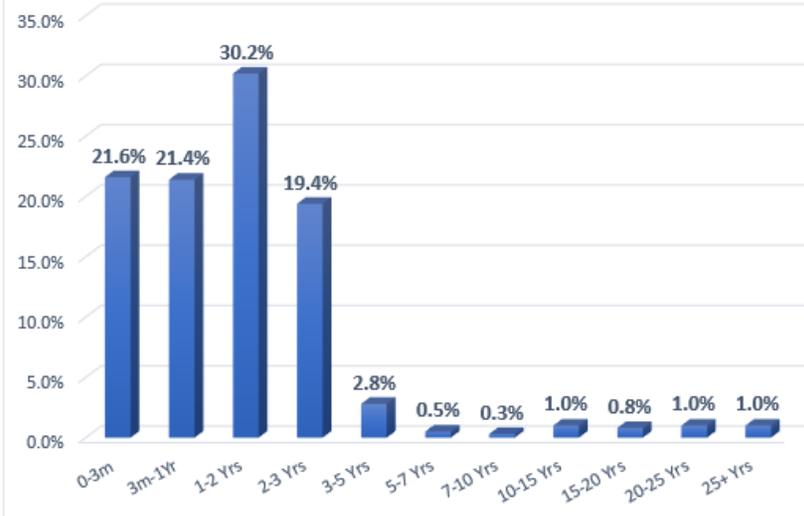
Top 10 Issuers

United States Treasury	16.6%
Federal Home Loan Banks	4.4%
Canada (Government of)	3.7%
Toyota Motor Corporation	3.0%
Bank of America Corp	2.5%
Federal Farm Credit Banks Funding Corporation	2.3%
National Rural Utilities Cooperative Finance Corp	2.0%
Goldman Sachs Group Incorporated (The)	2.0%
JPMorgan Chase & Company	1.9%
Citigroup Incorporated	1.9%
Total	40.3%

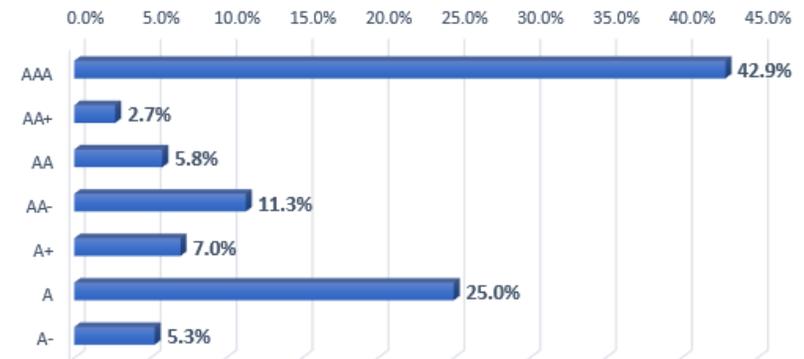
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

Core Bond Fund

December 31, 2021

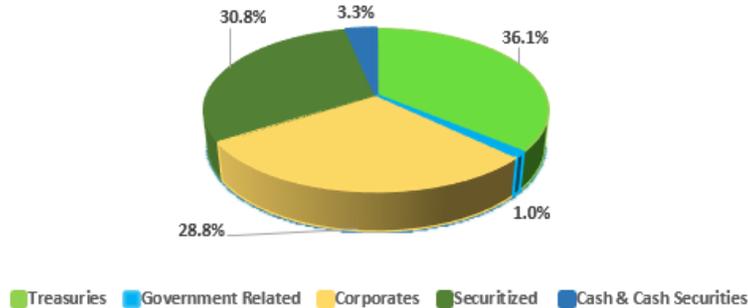
Portfolio Characteristics

Market Value 12/31/2021	\$ 293,751,860
Weighted Average Credit Quality	AA-
Book Yield (%)	1.74%
Weighted Average Maturity (years)	4.82
Duration (years)	3.86
Spread Duration (rate)	2.76

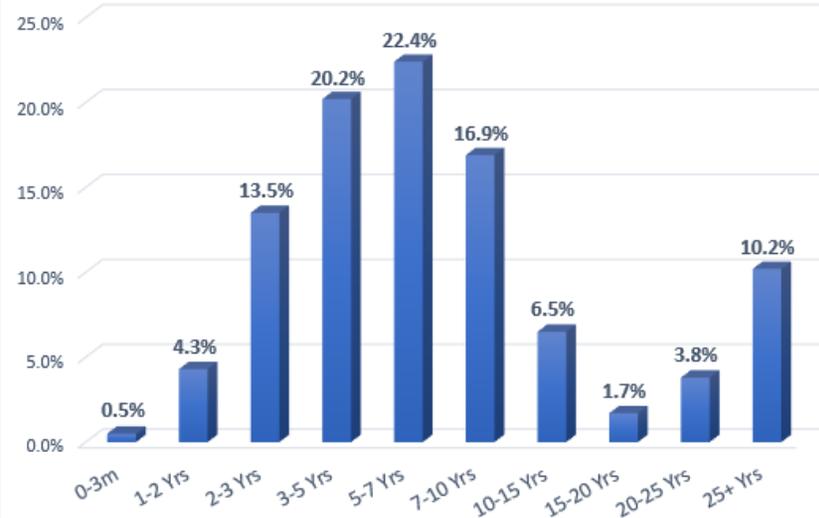
Top 10 Issuers

United States of America	37.4%
Deutsche Telekom AG	3.3%
Franklin BSP Lending Corp	3.0%
Federal National Mortgage Association	2.7%
Oscar US Funding Trust	2.7%
Oregon State Treasury	2.7%
TRP LLC	2.5%
Ashtead Group PLC	2.5%
OZLM LTD	2.2%
Monroe Capital MML	2.1%
Total	61.1%

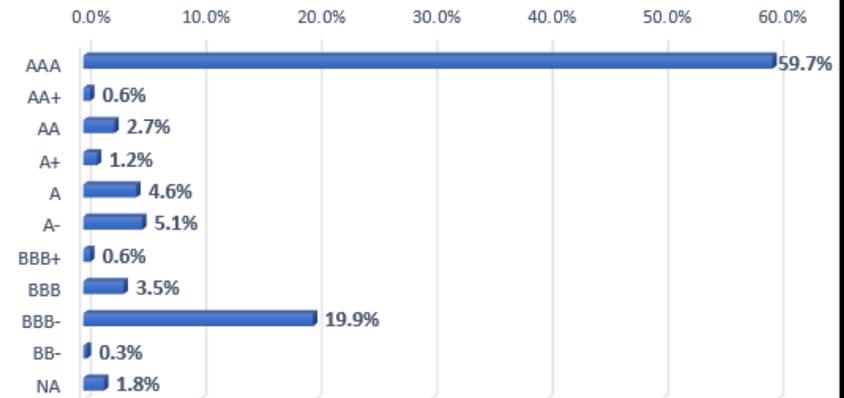
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

FY2022 Q2 MARKET COMMENTARY

(Prepared by Meketa Investment Group, consultants to the Oregon Investment Council)

Report on Investments – as of December 31, 2021

Economic and Market Update

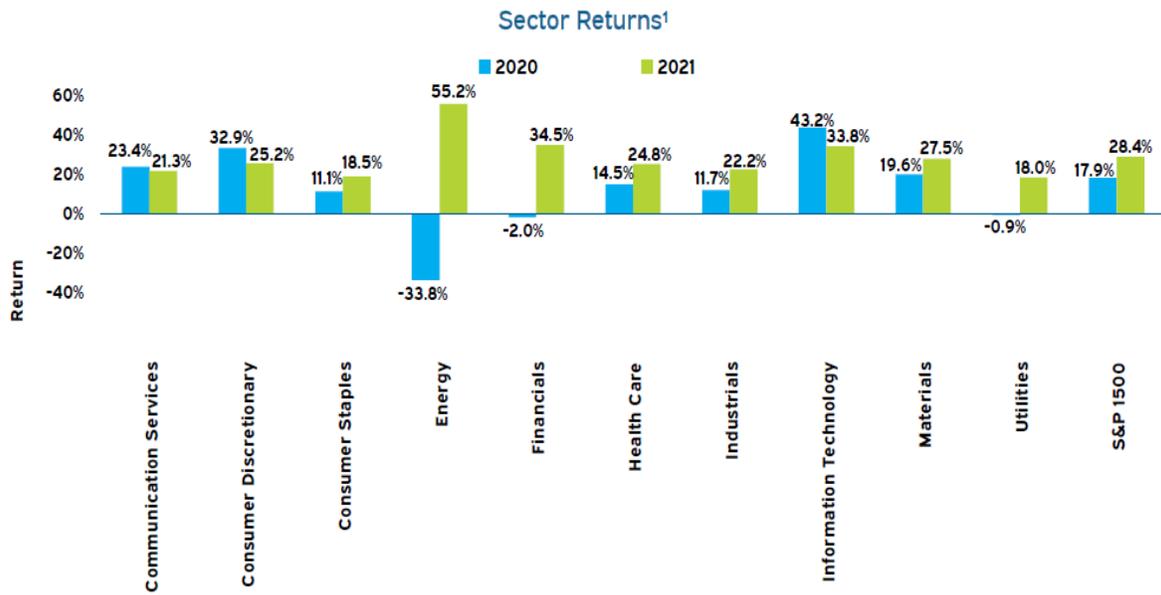
Declining fears over the Omicron variant and expectations for continued corporate strength contributed to global equity markets posting positive returns for December. Developed markets led the way with international equities – Morgan Stanley Capital International Europe, Australasia and Far East (MSCI EAFE) – outpacing U.S. equities (S&P 500). Emerging markets lagged mainly due to continued concerns related to China. Overall, in calendar year 2021, U.S. equities had the best results given continued policy support, relative success in reopening the economy, and strong corporate fundamentals.

In December, rising inflation and expectations for less accommodative policy led to the U.S. bond market (Bloomberg Barclays Aggregate) declining slightly, while high yield bonds increased in the risk-on environment. For the calendar year, Treasury Inflation Protected Securities led the way in bonds, up 6%, followed by high yield with the broad bond market index declining by 1.5%.

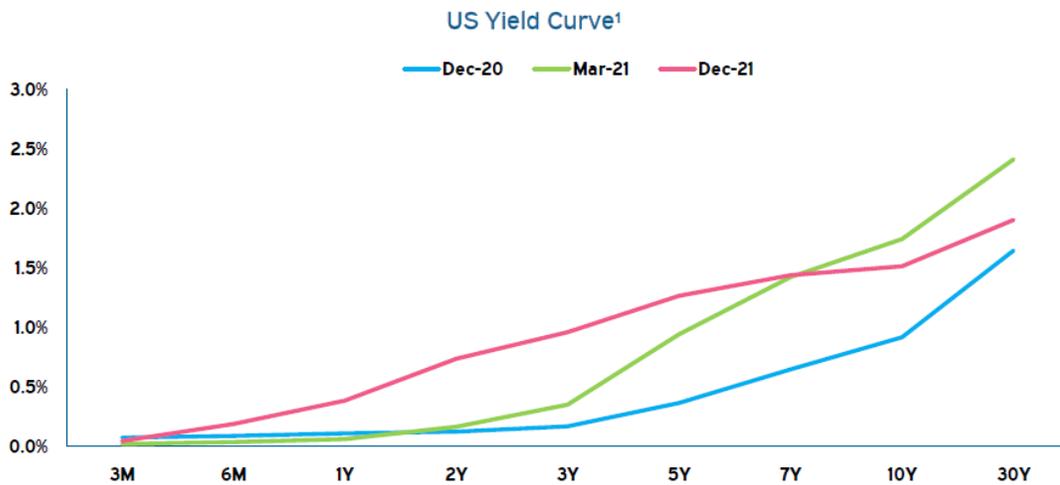
Market Returns¹ December 31, 2021

	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	4.5%	11.0%	28.7%	28.7%	26.1%	18.5%	14.9%	16.6%
MSCI EAFE-ND	5.1%	2.7%	11.3%	11.3%	13.5%	9.5%	6.8%	8.0%
MSCI EM-ND	1.9%	-1.3%	-2.5%	-2.5%	10.9%	9.9%	6.1%	5.5%
MSCI China-ND	-3.2%	-6.1%	-21.7%	-21.7%	7.8%	9.4%	5.5%	7.2%
Bloomberg US Aggregate	-0.3%	0.0%	-1.5%	-1.5%	4.8%	3.6%	3.0%	2.9%
Bloomberg US TIPS	0.3%	2.4%	6.0%	6.0%	8.4%	5.3%	4.2%	3.1%
Bloomberg US Corporate High Yield	1.9%	0.7%	5.3%	5.3%	8.8%	6.3%	6.1%	6.8%
ICE BofAML US 3-Month Treasury Bill	0.0%	0.0%	0.0%	0.0%	1.0%	1.1%	0.9%	0.6%
ICE BofAML 1-3 Year US Treasury	-0.2%	-0.5%	-0.6%	-0.6%	2.0%	1.6%	1.4%	1.1%
ICE BofAML 10+ Year US Treasury	-1.4%	3.0%	-4.6%	-4.6%	8.6%	6.4%	4.6%	4.4%

¹Source: Oregon State Treasury



¹Source: Bloomberg. Data is as of December 31, 2021.



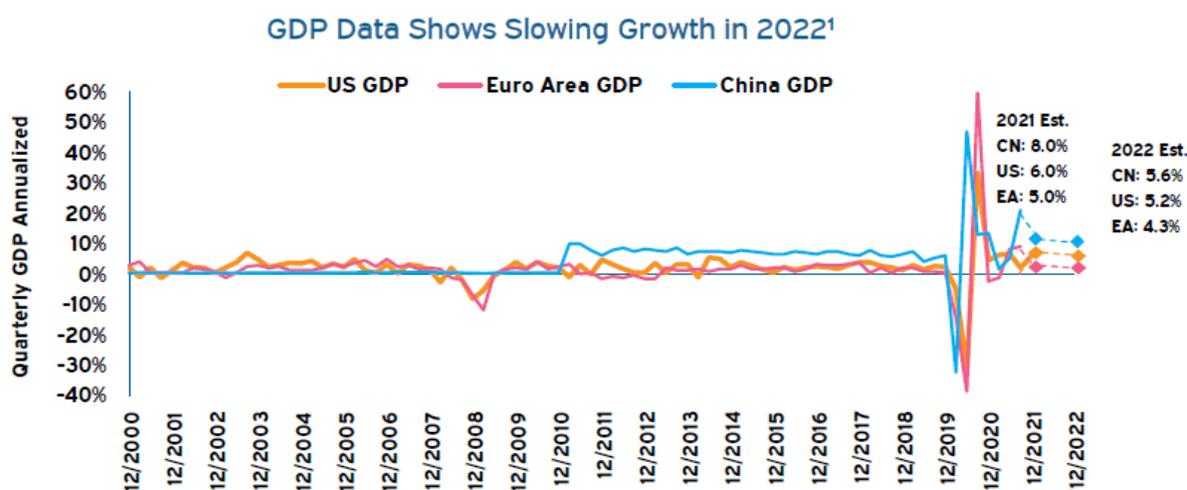
¹Source: Bloomberg. Data is as of December 31, 2021.

pressures remain key drivers of inflation expectations. Additionally, changes to Federal Reserve policy focused on an average inflation target may play a role in inflation market dynamics and, specifically, the risk that consumer inflation expectations get entrenched at higher inflation growth rates.

In late calendar year 2020 and early calendar year 2021, major economies grew at rates far above potential. These high rates of growth are expected to decline slightly, with projections continuing to decline due to supply disruptions, reopening trends moderating, and some countries continuing to struggle with the virus.

The U.S. is expected to grow faster than the euro area again in calendar year 2022, with some growth pulled forward due to the relative success in distributing the vaccine and a substantially larger fiscal stimulus response to the pandemic. China is projected to grow at 8.0% in calendar year 2021 and 5.6% in calendar year 2022, both above the expected U.S. growth rate.

Questions remain, though, about the highly levered property market and increased government regulations.



**Board of Trustees
Finance and Administration Committee Meeting
Thursday, January 20, 2022**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Members:

Sheila Clough	Present	Shaun Franks	Present
Lyn Hennion	Present	Mimi Pieper	Present
Bill Thorndike	Present	Steve Vincent	Present

Chair Sheila Clough called the meeting to order at 4:00 p.m. The secretary recorded the roll and a quorum was verified.

Other trustees in attendance: Daniel Santos, Jonathon Bullock, Paul Nicholson, Deborah Rosenberg, and President Rick Bailey.

Other attendees and Zoom webinar panelists included: Greg Perkinson, Vice President for Finance and Administration; Dr. Susan Walsh, Provost; Janet Fratella, Vice President for University Advancement; Jeanne Stallman, Associate Vice President for Government and Corporate Relations; Toya Cooper, Vice President for Equity, Diversity, and Inclusion; Tom Battaglia, Chief Information Officer; Alana Lardizabal, Director, Human Resources; Josh Lovern, Director of Budget and Planning; Sabrina Prud'homme, Board Secretary; and Pamela Tomac, Office of the Board Secretary.

Chair Clough offered a warm welcome to President Bailey at his first meeting of the Finance and Administration Committee.

Public Comment

No members of the public offered comments to the committee.

Consent Agenda

Trustee Bill Thorndike moved to approve the consent agenda as presented. Trustee Hennion seconded the motion, and it passed unanimously.

Vice President's Report

Enterprise Resource Planning (ERP)/Student Information System (SIS) Banner Update

Since Tom Battaglia will do a deep dive with the board, Mr. Perkinson didn't go into detail on the item but asked the committee to keep in mind that the Banner contract ends in 2024 and a transitions will be about three years. He asked trustees to keep this in mind as the administration seeks the board's support for SOU's ask to the legislature of \$7.2M for the project.

Higher Education Coordinating Commission (HECC) Update

Greg Perkinson said he received a draft of this year's financial conditions report from the HECC. The ratios are significantly better this year, with a \$10M increase in expendable net assets and an \$8M decrease in expenses. Those kinds of swings positively drive change in some of the ratios, and that narrative at its worst is benign. This is a significant improvement.

Federal Funding Update

There is a total of direct aid to students of almost \$8.5M with the total support of \$21M, so a positive increase for students. The university has distributed \$5.4M out of \$5.5M to date of the American Rescue Plan Act (ARPA) dollars. Lastly, the decision made at the last meeting to allocate \$3.3M to Education and General (E&G) to create runway by spreading the additional ARPA dollars over three years has begun.

State Funding Model Updates

On the Student Success and Completions Funding Model (SSCM), Mr. Perkinson described five major changes outlined in the materials: the definition of Science, Technology, Engineering, and Mathematics (STEM); transfer weighting is expected to have a positive effect on SOU; the study bonus is now additive; the cost weights have been modernized; and mission differentiation was simplified. The major takeaway is SOU's net increase of \$1.6M and Mr. Perkinson thanked Jason Catz, Britney Sharp, and the SOU team for their work on the SSCM.

Facility Planning and Utilization Committee (FPUC) Update

Part of SOU's normal process is managing capital project execution against bond timing, and Q-series bonds have a 3-year life that can be extended with permission. In the course of asking for more time for the Central Hall project since SOU had a delay in starting, SOU used the opportunity to seek additional time and funding. Through the Department of Administrative Services, the Legislative Fiscal Office, and the HECC, SOU has asked either for more time and authorization of a second phase, seeking more capital later; or 2) more money at this time.

Provost Walsh and Dr. Woolf are co-chairs of the FPUC, along with Mr. Perkinson. That committee is working on campus-wide moves that need to happen, integration, staffing to accomplish the facility work that is completed across the campus. One task currently underway is to move the people located in Central Hall to swing space to enable a start on that construction.

Another update is the denial of an appeal of the city's decision to allow a cell tower that AT&T proposed; so the decision will stay. An additional service provider has now requested a tower as well. If there are new developments to share, Mr. Perkinson will update the committee.

Action, Information and Discussion Items

Budget Update

Mr. Perkinson informed the board that SOU's predictive modeling is getting better, as actual enrollment numbers match those used in the pro forma, so that aspect of the numbers will remain unchanged. One change is that the Service Employees International Union (SEIU) labor costs will be adjusted in the next pro forma after payroll actuals occur in February. All other observations and assumptions, as well as the plan, remain unchanged. Responding to Chair Clough, Mr. Perkinson affirmed that there has been an escalation in costs for utilities, goods and services, and construction. Mr. Perkinson has been engaged in conversation with President Bailey about financial and cost-management strategies moving forward. Related to this, Mr. Perkins said SOU received an offer on the Roca St property, which is under review. He envisions the proceeds from those sales will be set aside for the president to decide how they will be used.

Mr. Perkinson reviewed the three different thought processes on how to analyze and model enrollment, as presented in the materials and highlighting the lack of stability in SOU's enrollment. Discussion centered on the key performance indicator (KPI) of ending fund balance

as a percent of revenue, noting the legacy 10 percent KPI from the Oregon University System. Responding to Chair Clough, Mr. Perkinson replied that he did not see any Oregon institutions achieving the National Association of College and Business Officers (NACUBO) recommended 40 percent KPI in their E&G. Responding to Trustee Vincent, Mr. Perkinson confirmed, unequivocally, that a receipt of revenue from property sales has no connection to the state funding formula. President Bailey commented that the administration will be working to present the board with some entrepreneurial options for diversifying revenue, while at the same time, on the political side, working with Salem, the governor's office, HECC, and with legislators to support SOU on this path forward so as not to place the burden on students.

Budget Committee Update

Josh Lovern said the Budget Committee launched and he thanked the members. There will be more informational sessions, then deep discussion on the budget model and how to move forward.

The group covered the Public University Support Funding (PUSF) and the SSCM. Mr. Lovern discussed mission, which is 17 percent of the total SSCM, and activities and outcomes collectively at 83 percent. This breakdown offers a good sense of what can be influenced. Small subgroups such as Dr. Matt Stillman and his team are looking at how to make such changes, and Chris Stanek is looking at how the model, reporting to the state, will then impact the activities and outcomes. As the committee works through SSCM, additional work will be done on revenue source as well as the modeling that builds out all the formula in the pro forma.

Mr. Lovern also discussed the idea of various budget models that focus on increasing central reserves. Mr. Perkinson spoke about how to connect that idea to a new Enterprise Resource Planning (ERP) platform. This will provide an opportunity to be very creative, transformative, and forward-thinking on how to design a new processes. It is big brain work, with the right brains working on it. Mr. Lovern added that when moving from ERP it is a good time to look at the business structure, the chart of accounts, revenue model, and create efficiencies. Chair Clough applauded the effort. Responding to Chair Clough's question about the diversity of the committee, Mr. Lovern stated that there is a charter describing membership, which includes faculty, classified, and administration across a variety of areas. Chair Clough underscored that the diversity of the group is what matters across the broader organization, including people working on the front lines of day-to-day operations.

Process for setting Tuition and Mandatory Fees and Student Fee Process (Action)

Chair Clough introduced this topic to remind the committee 1) of the many parts of the process for setting tuition and fees, as well as 2) the board's and others' responsibilities in the tuition and fee setting process. The committee will discuss HB 4141 and the checklist of requirements, the Tuition Advisory Council (TAC), and the board's role. As legislation has somewhat shaped this process with HB 4141, it continues to do so, and the committee will discuss this as well. The board previously approved a process for setting tuition and mandatory fees, which it is required to do. To ensure that the board's process is compliant with new, applicable law, a few updates are proposed. This process is described in the materials and the committee will be asked to recommend it to the board for approval.

Provost Walsh said the TAC advises on matters that pertain to the cost of attendance. The TAC promotes communication by hosting pop-up lunches, through social media messages, transparency in meetings and minutes, attending athletic events, and talking to students at the

Student Union (SU). The TAC makes an extensive communication effort especially if it is a difficult year in terms of tuition increases.

The membership of the TAC is mandated through HB 4141. Voting members are Provost Walsh (chair of the group), an additional administrator (currently Matt Stillman); at least 4 students with 2 representing student government and 2 representing the underserved student populations as defined; and 2 faculty members. The TAC receives a lot of education on the front end, taking a lot of time talking and debating, with the hope to reach consensus, which is usually achieved.

The process starts with TAC discussing tuition rates and the mandatory enrollment fees, which are the matriculation fee, the health services fee, and the building fee. This data is provided to the president for consideration, who then makes a recommendation to the board. Part 1 of the training reviews the role of TAC in the tuition and fees process, an overview of the budget concepts, recent fiscal year results, a discussion about university revenues and expenses, and an introduction to the pro forma. Part 2 of the training is about the competitive landscape and enrollment projections which covers terms and conditions, acronym review for understanding and applicability, the national, regional, and state-wide landscapes, a historical analysis, and influence on projections such as Student Credit Hours (SCH) projection and modeling for the pro forma. Part 3 training is on institutional cost management and tuition modification options. These are discussed in the context of the HB 4141 requirement which reviews cost management strategies/levers, tuition modification scenarios, pro forma modeling assumptions, and live pro forma and scenario building. Mr. Lovern praised Trustee Vincent for providing ideas for sliders and interactive modeling, which assists TAC members. Part 4 of the training reviews retirement rates, Oregon Public Universities' historical comparisons, SCH projection targets, discussions of pending variables in the model that will influence the ending fund balance, a detailed live pro forma modeling and discussion, and any committee requests for information.

Trustee Hennion returned to the prior conversation and mentioned that the Oregon state education deduction for fees ended last year, so any Oregon parents paying education expenses will now have a surprise to not get that deduction. Trustee Hennion wondered if there is a way to get the extra money the state is going to have by not giving that state reduction in taxes because it would be for tuition and fees. Mr. Perkinson said he would look into this question.

Mr. Lovern discussed the mandatory incidental fees and the many items the Student Fee Committee considers in their diligence determining the fee. While placing in the midst of the other institutions for the cost of tuition and fees combined, Mr. Lovern said one reason SOU's fee is of high quality is it contains the bills for the Student Recreation Center (SRC) debt service. President Bailey added that he, Board Chair Santos, and Greg Perkinson went to the HAWK and students told them they loved the services they received here as well as the affordability, so it was worth it for them to come from Portland. President Bailey felt there is a balance between robust opportunities that behave like a bigger university yet having a campus that retains a hometown feel. Trustee Pieper concurred, citing that she has talked to many students about why they attend SOU, and above all, they say it is the affordability and to get a meaningful experience while not acquiring \$100K in debt. The students do not feel that because it is inexpensive that SOU is less than any other university; the vast majority are very happy with the services provided, especially compared to what other universities charge for tuition.

Trustee Thorndike added that it will be interesting to see how guaranteed tuition over 4 years plays out, without taking into consideration that tuition cannot be raised for any inflationary period. Having flexibility and adaptability positions SOU well.

On the disclosure of mandatory fees, the administration is studying the fees and how to best communicate to campus about what all goes into those fees. This disclosure has been met but SOU is studying how to enhance this. For example, Dr. Stillman is working with the bookstore on how materials transparency aligns with course fees.

The students' mandatory incidental fee process is spearheaded through Associated Students of Southern Oregon University (ASSOU) and its Student Fee Committee and the SRC has a committee that looks that that fee every three years. All fees go to the SOU president and with student fee autonomy, those recommendations now will move forward as a joint recommendation to the board, which is already how SOU has been operating. Further describing the process, Mr. Lovern shared a triple exponential smoothing model to show the art and science of forecasting that allows hypothetical circumstances to help demonstrate scenarios; Mr. Lovern demonstrated an example of adjusting for headcount.

President Bailey commented on the competition factor slide, which showed prospective student information. He underscored that it does not capture an untapped target pool of adult learners, which Dr. Woolf is thinking broadly about, and the president did not want the committee to think the highlighted group is the only focus. Trustee Thorndike added that given the \$200M budget between workforce and education, SOU needs to ensure it is offering appropriate coursework.

Having reviewed the processes for the tuition and mandatory enrollment fees as well as the student incidental fee, the board secretary provided an overview of proposed changes to the board's process to stay consistent with applicable law, and as presented in the redlined materials.

Trustee Franks moved to approve the resolution for the process of establishing tuition and mandatory fees for the board's adoption. Trustee Pieper seconded the motion, and it passed unanimously.

Also related to tuition and fees, the committee discussed affordability and Vice President Toya Cooper referred to a survey on why students leave SOU citing everything from fit to finances, which are unrelated. She, Chris Stanke and Joe Jackson have been analyzing student data for any correlations between why they leave and affordability among BIPOC students, and as SOU collects the data over time, the university can better understand the role of all the factors.

"Employer of Choice" Updates

Alana Lardizabal, HR Director, informed the board that Strategic Direction (SD) II Goal One is to make SOU an employer of choice, and progress has been made thanks to all the partners around campus. The three elements are around an effective orientation or new employee experience (student employees included), training and professional development (PD), and a performance management process that rewards employees for continuous improvement.

The university is doing a good job on the first two, so most of the information will be about performance management of non-faculty staff performance. The HR team sought a performance management system to engage employees and allow for ideas on how improve the institution.

First, an analysis of the workforce was completed, finding that 55 percent are Baby Boomers and Gen X-ers who are accustomed to a traditional annual review, while 45 percent are Generation Y and Z who are less-accustomed to this process and are more interested in continuous feedback, continuous goal setting and attainment, and do not want to wait 12 months for results.

The second theme is assessment, realizing that there is a culture on campus about the assumption that if you do not get a performance review, you are doing great. Issues around this include progressive discipline hesitancy and limited accountability. The process of reviews, even when satisfactory, already created stress and anxiety for both parties involved.

The third theme indicated that supervisors felt the current paper process for reviews was too time-consuming and did not meet the needs for regular feedback. With the cabinet's approval, the PeopleAdmin license was extended to add the performance management module.

Currently, HR is in a very early phase of piloting the digitized annual review and a quarterly check-in process. Being selective of who was invited to participate with the pilot, the following were chosen: a manager who is very productive at submitting reviews for all employees, a manager with a lot of direct reports, and a manager whose job descriptions do not provide their reports with regular computer access. Once the feedback is collected, HR will pause to analyze results, customize specific training materials, and then transition to a more continuous feedback cycle.

The final piece about doing this now is this will allow for a transition and reduction of the learning curve while continuing to evaluate other efficiencies. People tend to leave for many reasons, at the forefront is the relationship with peers and their managers, and this new process will hopefully improve those relationships.

Chair Clough thought this new process was fantastic. Responding to Chair Clough, Ms. Lardizabal said HR is collecting information at new employee orientation, as well as on what to do differently as an institution to monitor the impact of improvements. For SOU, there is an average turnover rate of 7.5 percent which is average for a university this size. Each time there is a resignation, HR looks for opportunities to be more efficient, to improve, or to do reorganizations that allow employees to be recognized or rewarded.

Future Meetings

Currently, the committee does not have a meeting in February but will meet again on March 17, 2022, where trustees will focus on budget matters.

If any trustee has any questions or contributions for that agenda, please send them to the board secretary.

Adjournment

Chair Clough adjourned the meeting at 5:59 pm.

Vice President's Report

Roadmap for Vice President's Report



- Tuition Advisory Council Update (verbal))
- Facility Planning and Utilization Committee (FPUC) Update
- FPUC Capital Project Recommendation
- Update on Banner Replacement [Enterprise Resource Planning (ERP) and Student Information System (SIS)]

Facility Planning and Utilization Committee (FPUC) Update

- Formed to transition governance from University Planning Board (as outlined in the Faculty Bylaws) to the Institution
- Initial focus was on Space Management and Utilization (driven by Central Hall project and linked to Britt Hall)
- Integrated special interest topics that affect broader campus (like Native American Studies presentation of a Cultural Center)
- Last meeting (2/25/22) focused on exigent requirement to submit SOU-recommended capital project to HECC on 4/4/22

Capital Project Recommendation

- Three categories were developed to help sort / analyze projects
- Overall, 12 projects were identified
- Four Proponents presented projects:
 - Oregon Center for the Arts / Digital Media Center (DMC);
 - Renovations to the Farm at SOU;
 - Native American Cultural Center - proponent said “too soon;”
 - Wrestling Facility (conversion of DMC)
- FPUC chairs developed recommendation (next slide)

Recommended Capital Project Priorities

as of 3/17/22



Priority	Project	Estimated Cost	Funding	Remarks
1	Creative Industries Center and Digital Media Conversion	\$20M (validating concept and cost)	\$16M – XI-Q \$2M – XI-G \$2M – SOU matching funds	OCA and DMC synergy... Great recruiting! DMC => wrestling (corrects title IX)
2	Central Hall Ph 2	\$5.25M	\$5M – XI-Q \$.25M - Gifts	Submit to HECC (for Q-bond funding)
3	Stevenson Union Mechanical repairs	\$10M	\$5M – XI-G \$5M – XI-F	Degraded HVAC +
4	Affordable Housing (Replace Greensprings)	\$20M	\$20M – XI – F or P3	P3 opportunity (admin, lodging, conference pgms)
5	Business Sustainability Center at the Farm (the old farm house)	\$2M	\$2M – XI-Q \$.1M - Gifts	BCE, STEM and Sustainability programs?

Sample Work Product (for situational awareness only)

FPUC Capital Project Worksheet



<https://docs.google.com/spreadsheets/d/1ujEqj1d7TsAwZ1Rjvk53sDmiG6v88f-5/edit#gid=220339578>

PRIORITIZED 2021-23 PUBLIC UNIVERSITY CAPITAL PROJECT REQUESTS									
Priority	Project	Short Description	HECC Rubric Score	State-Fund Debt				Campus Marsh	
				XI-G	XI-Q	Project Total	Running Total	Gifts/Debt	Project Total
1	Enhance Creative Industries programs -- Music Renovation and DMC addition/alteration	Repair / Replace MEP systems, correct ADA code issues, and relocate DMC			\$ 12,000,000			\$ 400,000	
4	155 Walker - The Farm at SOU	Renovate (or replace) aging Farm House			\$ 1,300,000				
*	Creativity Center	Provide flexible, purpose-built space							
*	Native American Cultural Center (NAS)	Construct (or relocate) facility to support NAS program / community objectives. Familial approach to student success			\$ 1,000,000			\$ 2,000,000	
**	Arboretum	Support biology education programs						\$ 1,000	
*	Indigenous Garden	Construct active learning areas and install native plants supporting education						\$ 50,000	
2	Central Hall Ph 2	Fit-out space in second phase of Central			\$ 4,000,000			\$ 245,000	
*	Suzanne Holmes - ? Creativity	Replace MET, correct ADA and seismic code violations (demo addition?)			\$ 20,000,000			\$ 1,000,000	
Average/Total			4.0/11/21	\$ -	\$ 28,300,000	\$ -		\$ 3,677,000	\$ -

* - Requirement not ready ... in development

** - legacy project, no proponent

Educational Support / Auxiliary Funded (F-series or Gift)

Priority	Project	Short Description	HECC Rubric Score	State-supported Debt				Campus Marsh	
				XI-G	XI-F	Project Total	Running Total	Gifts/Debt	Project Total
*	Workday training center at HEC	Training for workday users (location TBD)		\$ -		\$ -		\$ 150,000	

Banner Replacement Update

- Enterprise Resource Planning (ERP) and Student Information System (SIS)
 - Status:
 - ✓ Technical Evaluation Complete
 - ✓ Public Announcement
 - ✓ Legislative advocacy ongoing
 - Next actions:
 - Publish Request for Proposals for implementation support
 - Develop implementation cost and timeline for project

Higher Education Coordinating Commission Evaluation: Financial Conditions Report

*Presented by,
Greg Perkinson, Jim Pinkard (HECC), Steve Larvick, and Josh Lovern*

HECC Financial Conditions Report



Access the report here:

- <https://www.oregon.gov/highered/about/Documents/Commission/FA/2022/Feb%209/3.0a%202022%20Financial%20Conditions%20Report.pdf>

State Funding and Formula Summary (reference material, for situational awareness only)

- <https://www.oregon.gov/highered/about/Documents/Commission/FA/2022/Feb%209/3.0b%202022%20Financial%20Condition%20Report%20-%202021-23%20State%20Funding%20and%20Formula%20Summary.pdf>

HECC meeting and recordings at:

- <https://www.oregon.gov/highered/about/Pages/current-materials.aspx>

Roadmap

- Background info on data source
- From HECC Financial Conditions Analysis—Two Perspectives
- Deep Dive on SOU FY 2021 Financial Ratios
- Key Takeaways

Where Does the Data Come From?

- SOU's Audited Financial Reports provide the summarized data used in calculating the ratios
- These ratios are only created once the financials have been released

See: [2021 Annual Financial Report](#)

The logo for Southern Oregon University, featuring the letters 'SO' in a large, bold, black font above a stylized red and white 'U'. Below the 'U' is the text 'Southern OREGON UNIVERSITY' in a smaller, black, sans-serif font.

2021 ANNUAL

FINANCIAL REPORT



Financial Ratios – Two Perspectives

Governance Perspective

- Board of Trustees
- Pro Forma
- Focus principally on General Fund

Oversight Perspective

- Higher Education Coordinating Commission
- Industry Ratios
- Focus broadens to ALL funds
 - Including foundation assets

Why Use Financial Ratios?

- Provides quantifiable measures
- Allows for benchmarking & analysis
- Communicates financial health of SOU
- Accepted practice – 40 year history; used by rating agencies and others

Financial Ratios Support Governance (and Oversight)

- Measure financial resources
- View the institution holistically
- Measure leverage (indebtedness)
- Measure use of resources to achieve mission or support growth
- Measure importance of programs to mission with objective criteria

Dimensions of Inquiry

“Finance Follows Mission”

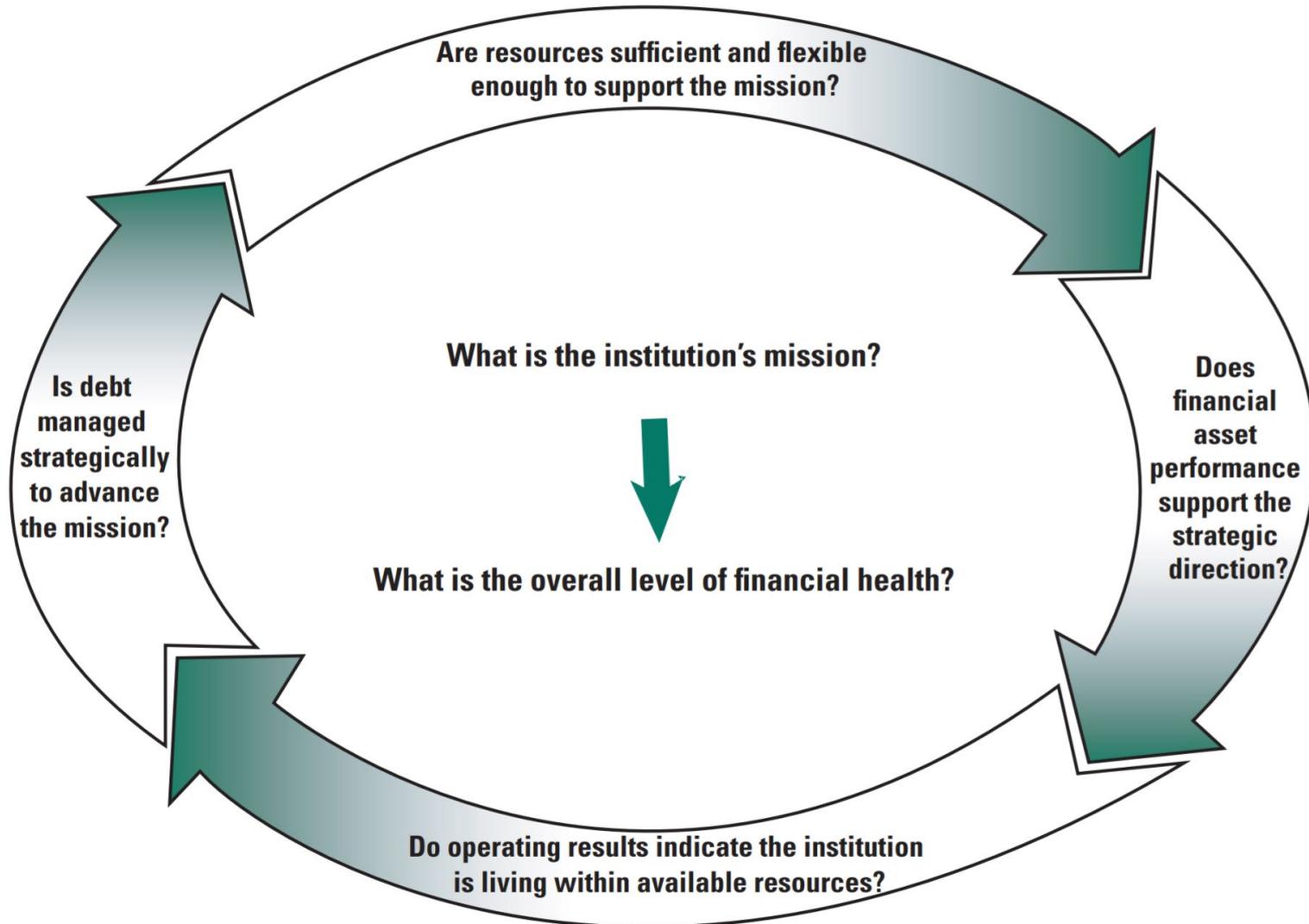
CURRENT STATE

Financially
capable of
successfully
carrying out its
current mission?

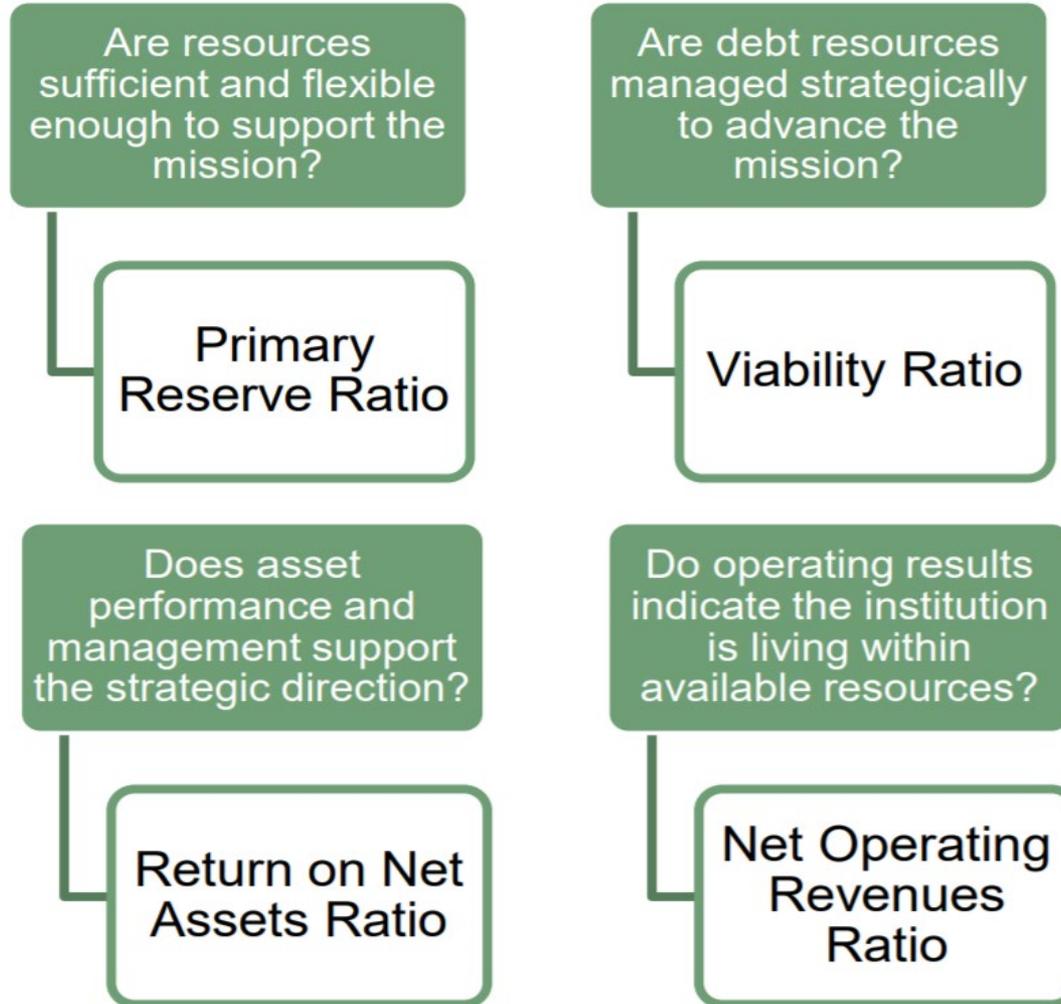
FUTURE STATE

Able to carry out
intended
programs well
into the future?

Mission Drives Financial Decisions



Financial Condition Ratios



SOU Financial Condition Ratios



Ratio	FY17	FY18	FY19	FY20	FY21	Benchmark
Primary Reserve Ratio	0.10	0.08	0.03	(0.04)	0.06	>0.4
Viability Ratio	0.21	0.16	0.07	(0.10)	0.14	>1.0
Return on Net Assets	11.2%	15.3%	(2.9%)	(5.0%)	7.5%	>6%
Net Operating Revenues	(4.1%)	(3.7%)	(9.3%)	(10.5%)	(8.6%)	>4%
Composite Financial Index	1.25	1.59	(0.85)	(1.50)	0.38	N/A
Adjusted CFI*	4.24	3.53	1.15	0.78	3.11	>3.0

*adjusted to remove pension and OPEB related liabilities

SOU Financial Condition Ratios



Ratio	FY17	FY18	FY19	FY20	FY21	Benchmark
Primary Reserve Ratio	0.10	0.08	0.03	(0.04)	0.06	>0.4

WHAT SHOULD A TRUSTEE DO WITH THIS INFORMATION?*

Remember: “Are resources sufficient and flexible enough to support the mission?”

Trustees provide sound guidance to SOU’s leadership from a governance perspective when presented with decisions by keeping this question in mind.

*A trustee’s fiduciary responsibility obligates them to directly question campus leadership when they see an action that challenges resource sufficiency and flexibility and/or a trend of weakening financial conditions.

SOU Financial Condition Ratios FY21



Ratio	FY17	FY18	FY19	FY20	FY21	Benchmark
Viability Ratio	0.21	0.16	0.07	(0.10)	0.14	>1.0

WHAT SHOULD A TRUSTEE DO WITH THIS INFORMATION?*

Remember: “Are debt resources managed strategically to advance the mission?”

Together, the Viability Ratio along with the Primary Reserve Ratio discussed earlier, help define the institution’s “margin for error”

*Trustees can provide guidance and decisions on expense obligations the institution seeks to incur with a focus on net assets to ensure financial stability.

SOU Financial Condition Ratios FY21



Ratio	FY17	FY18	FY19	FY20	FY21	Benchmark
WHAT SHOULD A TRUSTEE DO WITH THIS INFORMATION??* Remember: “Does asset performance and management support the strategic direction of the institution?”						
Return on Net Assets	11.2%	15.3%	(2.9%)	(5.0%)	7.5%	>6%

In essence, is the institution better off than in previous years?

If not, then what must be done to enhance revenues or offset/reduce costs?

*Trustees help direct spending decisions that bolster net assets and provide a positive return for the institution. Trustees also advocate for more state support to offset exceptional cost escalation in categories over which the university has little control.

SOU Financial Condition Ratios FY21



Ratio	FY17	FY18	FY19	FY20	FY21	Benchmark
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WHAT SHOULD A TRUSTEE DO WITH THIS INFORMATION?*

Remember: “Do operating results indicate the institution is living within available resources?”

Net Operating Revenues	(4.1%)	(3.7%)	(9.3%)	(10.5%)	(8.6%)	>4%
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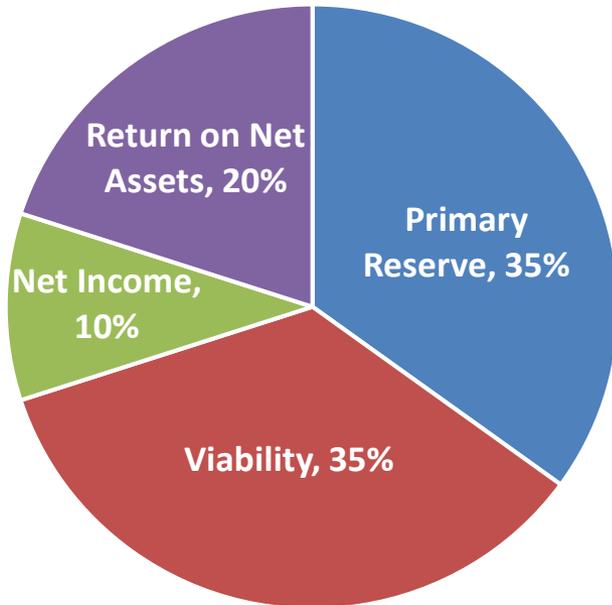
Continued negative operating revenues may indicate an institution does not have the capacity to develop a stronger fund balance or make strategic operating investments without the use of fund balance, expense reductions, or revenue enhancements.

*Advocate for enhanced state support, alternative revenue streams, and support plans for expense reductions that do not impact the institution’s mission.

Source: [Financial Conditions Analysis of Oregon Public Universities 2022](#)

Composite Financial Index (CFI)

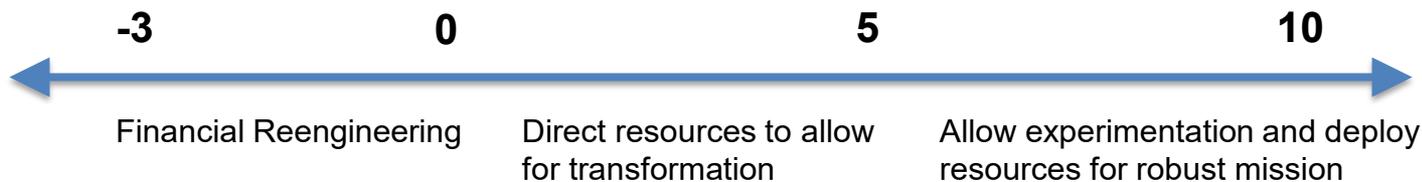
Components of the CFI



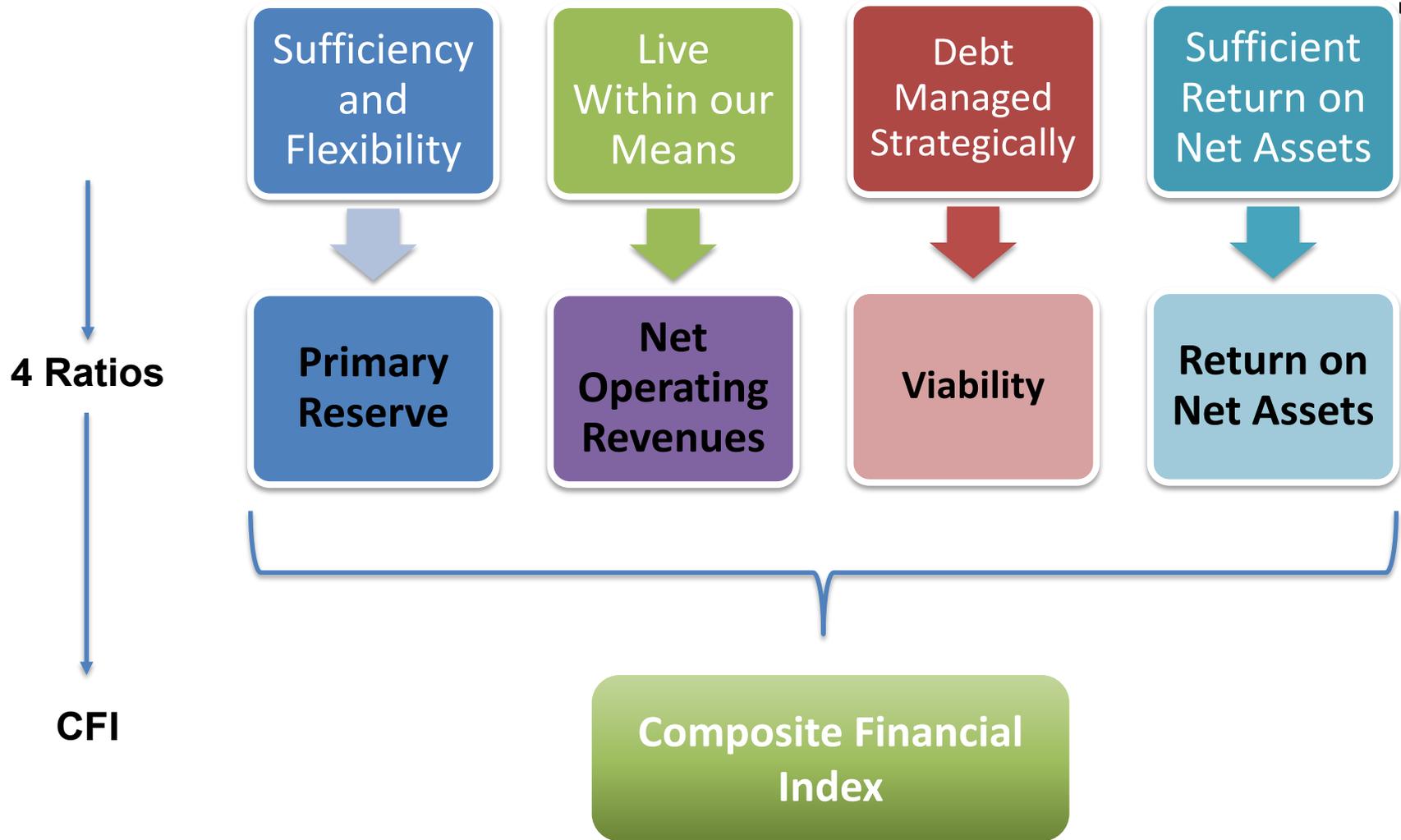
Combines the four core ratios into a single score

Attempts to quantify the overall financial well being of the institution

Score does not have absolute precision; useful if measured over time and in context



Summary of CFI Approach



SOU Financial Condition Ratios FY21



Ratio	FY17	FY18	FY19	FY20	FY21	Benchmark
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WHAT SHOULD A TRUSTEE DO WITH THIS INFORMATION?*

The Composite Financial Index (CFI) blends the four core financial ratios into one metric to show a more balanced view of the institution's finances.

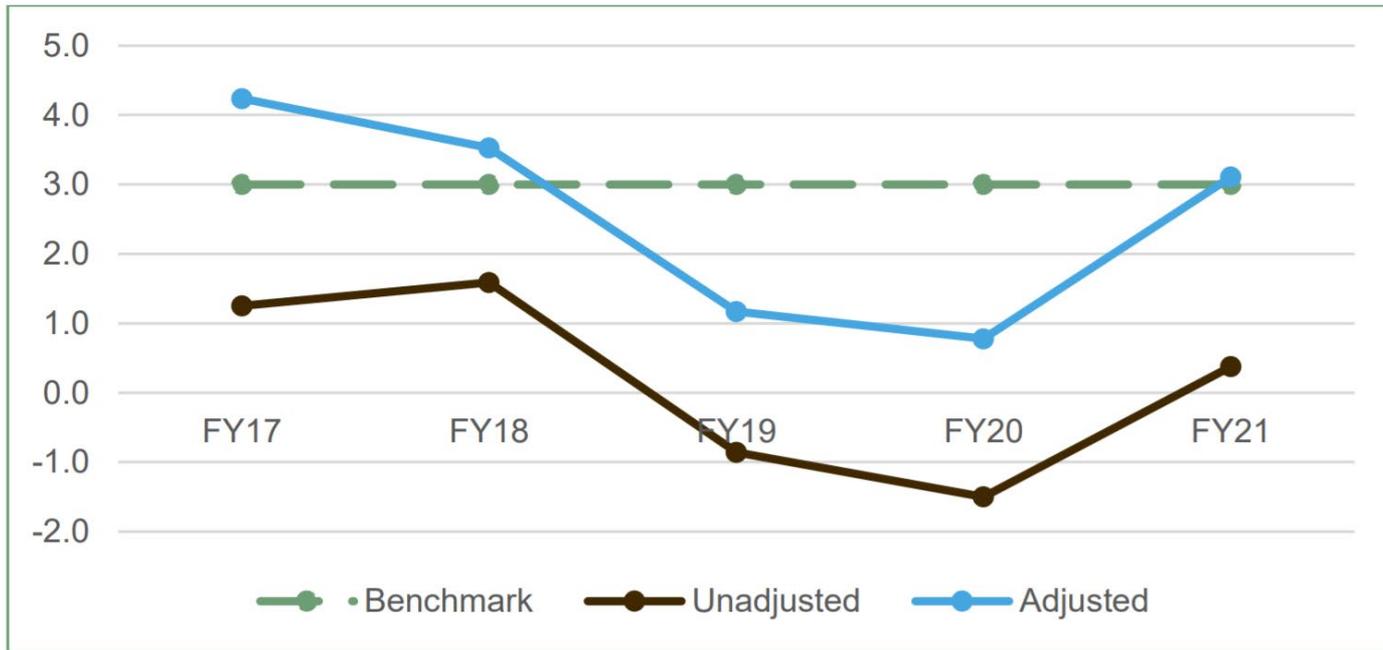
The CFI is not a single goal, but a set of metrics blended to provide a guidepost about how the university is functioning holistically.

*Trustees' understanding of and engagement with each element of the composite financial index supports the board's success and SOU's sustainability.

Adjusted CFI*	4.24	3.53	1.15	0.78	3.11	>3.0
----------------------	------	------	------	------	------	------

*adjusted to remove pension and OPEB related liabilities

Composite Financial Index (CFI)



RATIO ANALYSIS SUMMARY

Overall, although **SOU is still facing a challenging financial future**, it appears that **they are taking the right steps to improve**. Given declining enrollment and increasing expenses, the need remains clear to continue to reengineer the institution to identify opportunities while preserving academic quality. SOU has made strides in the past couple years demonstrating **they understand the financial position they are in**, and are working to turn it around.

	FY2017	FY2018	FY2019	FY2020	FY2021
Revenues					
Gross tuition and fees	37,698,244	41,003,792	41,003,163	42,531,939	39,907,934
Less fee remissions	(3,586,840)	(4,243,385)	(3,637,765)	(3,964,601)	(3,244,658)
Net tuition	34,111,404	36,760,407	37,365,398	38,567,338	36,663,275
State operating appropriations	21,360,666	21,093,467	21,471,767	22,894,661	23,757,732
State debt service appropriations	179,160	179,160	179,160	179,160	179,160
Indirect cost recovery	200,424	206,958	150,967	162,151	135,883
All other	3,113,341	2,597,260	2,862,313	2,291,262	344,774
Total revenues	58,964,995	60,837,252	62,029,605	64,094,572	61,080,824
Expenses					
Salary & Wages	31,008,806	31,763,153	33,013,914	33,507,243	29,131,664
Benefits: Health	6,878,403	7,331,563	7,305,707	7,312,370	7,026,115
Benefits: Retirement	5,703,198	6,841,000	7,007,008	7,881,244	7,050,120
Benefits: Other	2,674,014	2,838,967	3,018,151	3,275,289	3,172,467
Supplies & Services	8,907,896	9,093,321	11,555,647	10,377,891	10,337,051
Capital Expenditures	193,507	193,744	176,436	99,152	123,799
Institutional Student Aid	-	-	-	-	-
Net Fund Transfers	2,266,381	2,481,400	1,738,814	1,913,438	1,525,988
Total expenses	57,632,205	60,543,147	63,815,677	64,366,627	58,367,204
Net Income (Loss)	1,332,790	294,105	(1,786,072)	(272,055)	2,713,620
As a % of Revenue	2.3%	0.5%	-2.9%	-0.4%	4.4%
Fund Balance Information					
Beginning Fund Balance	6,876,514	6,845,089	7,139,194	5,353,122	5,081,067
Ending Fund Balance	6,845,089	7,139,194	5,353,122	5,081,067	7,794,687
Balance as a % of Revenue	11.6%	11.7%	8.6%	7.9%	12.8%
Months of Operating Balance	1.4	1.4	1.0	1.0	1.5
Additional Information					
% of Revenue that is Tuition	58%	60%	60%	60%	60%
Remission Rate	10%	10%	9%	9%	8%
Wages and Benefits as % of Total:	80%	81%	79%	81%	79%

Key Takeaways

- Trustee advocacy for direct funding to SOU is critical ... especially in post-pandemic ecosystem
- “Can’t cut our way out of this” . . . and cost management is still critical to success
- Pandemic was brutal (financially); but team endured (through aggressive cost control, furloughs and federal relief)
- Expense items outside of SOU’s control are too heavy to shift to students (retirement, healthcare, IT, utilities, insurance, etc.)
- Need more revenue streams!

“Ratios are not a goal in themselves, but indicators of financial sustainability and opportunity”



Reference Materials

The following slides are provided for review,
enabling deeper understanding
(versus presentation during the committee session)

Definitions For Ratios



Expendable net assets

Those assets that the institution can access quickly and spend to satisfy its obligations. Expenses, rather than revenues, are a better indicator of operating size since they are typically less volatile and under greater management control.

It is reasonable to expect expendable net assets to increase at least in proportion to the rate of growth in operating size. If they do not, the same dollar amount of expendable net assets will provide a smaller margin of protection against adversity as the institution grows in dollar level of expenses.

Primary Reserve Ratio

Not all assets have the same availability

Focuses on available liquid assets (some may have restrictions)

Tells you what period of time that expenses could be covered without additional resources

Measures
sufficiency and
flexibility of
resources

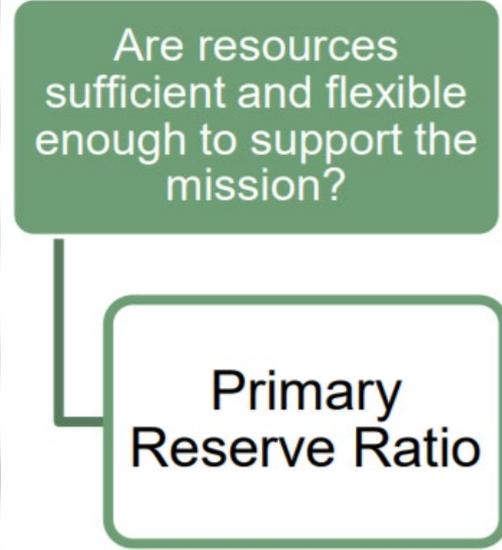


★ Decreasing ratio may indicate a weakening financial condition

SOU Financial Condition Ratios



Ratio	FY17	FY18	FY19	FY20	FY21	Benchmark
Primary Reserve Ratio	0.10	0.08	0.03	(0.04)	0.06	>0.4



$$\frac{\text{GASB Expendable Net Assets plus FASB Expendable Net Assets}}{\text{GASB Total Expenses plus FASB Total Expenses}}$$

Source: [Financial Conditions Analysis of Oregon Public Universities 2022](#)

Primary Reserve

$$\frac{\text{GASB Expendable Net Assets plus FASB Expendable Net Assets}}{\text{GASB Total Expenses plus FASB Total Expenses}}$$

The numerator includes all unrestricted net assets and all expendable restricted net assets, excluding those to be invested in plant, on a GASB basis plus unrestricted and temporarily restricted net assets on a FASB basis, excluding net investment in plant and those temporarily restricted net assets that will be invested in plant. GASB nonexpendable restricted net assets and FASB permanently restricted net assets are not included because they may not be used to extinguish liabilities incurred for operating or plant expenses without special legal permission. Although using total net assets in the numerator provides an informative ratio as to the overall net wealth of the institution, the ratios that exclude nonexpendable net assets provide a more accurate picture of the funds available to the institution.

The denominator comprises all expenses on a GASB basis in the statement of revenues, expenses and changes in net assets including operating expenses and nonoperating expenses such as interest expense, plus FASB total expenses in the statement of activities.

Primary Reserve Ratio

$\frac{\text{Expendable Net Assets}}{\text{Total Expenses}}$
--

This ratio measures the financial strength and flexibility of the institution by comparing expendable net assets to total expenses, providing a snapshot of how long the institution could continue operating without additional revenue. A decline in the primary

reserve ratio indicates expenses are growing faster than revenues and certainly faster than the growth in expendable net assets.

Amounts in \$ Thousands	2017	2018	2019	2020	2021
Expendable Net Assets	\$10,275	\$7,553	\$3,418	(\$4,269)	6,414
<i>University/Foundation</i>	<i>\$1,861/\$8,414</i>	<i>(\$3,480)/\$11,033</i>	<i>(\$8,560)/\$11,697</i>	<i>(\$14,560)/\$10,291</i>	<i>(\$12,026)/\$18,440</i>
Expenses	\$98,187	\$95,756	\$101,930	\$106,526	\$98,755
Calculated Ratio	0.10	0.08	0.03	(0.04)	0.06

SOU’s primary reserve has risen slightly in FY21, after having substantially over the prior four years and falling below zero in FY20. A low primary reserve ratio indicates that available resources may not be sufficient or flexible enough to support the institution’s mission. In FY21, both an increase in expendable assets (primarily through their foundation), as well as a decrease in expenses enabled them to come back up above zero.

Source: [Financial Conditions Analysis of Oregon Public Universities 2022](#)

Primary Reserve Calculation

Numerator: GASB Expendable Net Assets plus FASB Expendable Net Assets
+ GASB Unrestricted Net Assets
+ GASB Expendable Restricted Net Assets (excluding those to be invested in plant)
+ FASB Unrestricted Net Assets
+ FASB Temporarily Restricted Net Assets
- FASB Property, Plant and Equipment, net
+FASB Long-term Debt invested in plant
Numerator: Expendable Net Assets

Denominator: GASB Total Expenses plus FASB Total Expenses
+GASB Operating Expenses
+ GASB Nonoperating Expenses
+FASB Expenses
Denominator: Total Expenses

Viability Ratio

Not dependent on current, short-term operating results

Institutional debt policy should balance financial and programmatic objectives

Tells you the availability of expendable net assets to cover long term debt

Measures whether debt resources are managed strategically



★ Decreasing ratio may indicate a weakening financial condition

SOU Financial Condition Ratios



Ratio	FY17	FY18	FY19	FY20	FY21	Benchmark
Viability Ratio	0.21	0.16	0.07	(0.10)	0.14	>1.0

Are debt resources managed strategically to advance the mission?

Viability Ratio

$$\frac{\text{GASB Expendable Net Assets plus FASB Expendable Net Assets}}{\text{GASB Long-Term Debt plus FASB Long-Term Debt}}$$

Source: [Financial Conditions Analysis of Oregon Public Universities 2022](#)

Viability Ratio

$$\frac{\text{GASB Expendable Net Assets plus FASB Expendable Net Assets}}{\text{GASB Long-Term Debt plus FASB Long-Term Debt}}$$

The numerator is the same as the numerator for the *Primary Reserve Ratio*

The denominator is defined as all amounts borrowed for long-term purposes from third parties and includes all notes, bonds, and capital leases payable that impact the institution's credit, whether or not the institution directly owes the obligation. This would include debt of the institution's affiliated foundations, partnerships and other special-purpose entities. It would also include amounts owed to a system or state-financing agency as it represents debt issued on the institution's behalf. It includes both the current and non-current portions of debt used for long-term purposes; it does not include debt whose related assets are cash or assets convertible to cash in the normal course of business, such as unexpended bond proceeds for plant purposes and amounts borrowed for student loan programs.

Viability Ratio

$$\frac{\text{Expendable Net Assets}}{\text{Long-Term Debt}}$$

The viability ratio measures one of the most basic elements of financial health: debt coverage. It considers what expendable net assets are available to cover long-term debt should the institution need to immediately settle its obligations. This ratio is similar to a coverage ratio used in the private sector to indicate the ability of an organization to cover its long-term debt.

Amounts in \$ Thousands	2017	2018	2019	2020	2021
Expendable Net Assets	\$10,275	\$7,553	\$3,137	(\$4,269)	\$6,414
Total Long-Term Debt	\$48,679	\$45,935	\$44,743	\$44,746	\$44,486
Calculated Ratio	0.21	0.16	0.07	(0.10)	0.14

The value of total expendable net assets went up significantly in FY21, after declining since FY17. This is primarily due to an increase in expendable foundation assets, as well as federal coronavirus response grants. As a result, in FY21 SOU’s viability ratio came back up to above zero. Despite this improvement, at this point, SOU could cover just fourteen cents of every dollar owed with currently available assets. Their long-term debt continues to stay relatively steady, and SOU should continue limiting new debt until the picture improves.

Source: [Financial Conditions Analysis of Oregon Public Universities 2022](#)

Viability Ratio Calculation

Numerator : GASB Expendable Net Assets plus FASB Expendable Net Assets
 + GASB Unrestricted Net Assets
 + GASB Expendable Restricted Net Assets (excluding those to be invested in plant)
 + FASB Unrestricted Net Assets
 + FASB Temporarily Restricted Net Assets
 - FASB Property, Plant and Equipment, net
 + FASB Long-term Debt invested in plant
 Numerator: Expendable Net Assets

Denominator: GASB Long-Term Debt plus FASB Long-Term Debt
 + GASB Long-term Liabilities – current portion
 + GASB Long-term Liabilities – non-current portion
 + FASB Long-term Debt
 Denominator: Total Long-term Debt

Return on Net Assets

Best measured over time as trending lends needed context

Market (versus operating) performance in a given year will impact the numerator

Tells you the total economic return on all equity (net assets)

Measures whether asset performance supports strategic direction

Return on Net Assets

Change in Net Assets

Total Net Assets

★ Improving ratio indicates future financial flexibility

SOU Financial Condition Ratios



Ratio	FY17	FY18	FY19	FY20	FY21	Benchmark
Return on Net Assets	11.2%	15.3%	(2.9%)	(5.0%)	7.5%	>6%

$$\frac{\text{GASB Operating Income (Loss) plus Net Nonoperating Revenues (Expenses) plus FASB Change in Unrestricted Net Assets}}{\text{GASB Operating Revenues plus Nonoperating Revenues plus FASB Total Unrestricted Income}}$$

Does asset performance and management support the strategic direction?

Return on Net Assets Ratio

Source: [Financial Conditions Analysis of Oregon Public Universities 2022](#)

Return on Net Assets Ratio

$$\frac{\text{GASB Change in Net Assets plus FASB Change in Net Assets}}{\text{GASB Total Net Assets plus FASB Total Net Assets}}$$

The numerator is the change in GASB total net assets plus the change in FASB total net assets regardless of whether they are expendable or nonexpendable, restricted or unrestricted. This information can be found in the GASB statement of revenues, expenses and changes in net assets and the FASB statement of activities.

The denominator is the beginning of the year total net assets that can also be found in the GASB statement of revenues, expenses and changes in net assets and the FASB statement of activities.

Return on Net Assets Ratio

$$\frac{\text{Change in Net Assets}}{\text{Total Net Assets}}$$

This ratio measures total economic return during the fiscal year. It answers the question “are they better off financially than they were a year ago?” It shows an institution’s total economic return. A positive return on net assets means an institution is increasing its net assets and is likely to have increased financial flexibility and ability to invest in strategic priorities. A negative return on net assets ratio may indicate the opposite, unless the negative ratio is the result of strategic investments. A temporary decline in this ratio could be reasonable should it reflect a strategy to improve the institution’s financial condition.

Amounts in \$ Thousands	2017	2018	2019	2020	2021
Total Change in Net Position	\$11,419	\$17,415	(\$3,728)	(\$6,367)	\$9,038
Total Beginning Net Position	\$102,229	\$113,648	\$130,289	\$126,561	\$120,193
Calculated Ratio	11.2%	15.3%	(2.9%)	(5.0%)	7.5%

SOU’s performance on this ratio improved significantly in FY21, after declining the previous two years, due to a significant increase in the foundations net assets.

Return on Net Assets Ratio Calculation



Numerator: GASB Change in Net Assets plus FASB Change in Net Assets
+ GASB Increase in Net Assets
+ FASB Increase in Unrestricted Net Assets
+ FASB Increase in Temporarily Net Assets
+ FASB Increase in Permanently Restricted Net Assets

Numerator: Change in Net Assets

Denominator: GASB Total Net Assets plus FASB Total Net Assets:
+GASB Total Net Assets (beginning of year)
+ FASB Total Net Assets (beginning of year)

Denominator: Total Net Assets

Net Operating Revenues Ratio

Operations producing a surplus or deficit (like a net income ratio)

Positive number is a surplus while a negative number is a deficit

Tells you whether or not the institution is collecting enough revenue to cover operating expenses

Measures whether the institution is living within existing resources

Net Operating Revenues

Net Operating Income

Total Operating Revenue

★ Negative ratio indicates a structural deficit which depletes reserves

SOU Financial Condition Ratios



Ratio	FY17	FY18	FY19	FY20	FY21	Benchmark
Do operating results indicate the institution is living within available resources?						
Net Operating Revenues Ratio						
Net Operating Revenues	(4.1%)	(3.7%)	(9.3%)	(10.5%)	(8.6%)	>4%
$\frac{\text{GASB Operating Income (Loss) plus Net Nonoperating Revenues (Expenses) plus FASB Change in Unrestricted Net Assets}}{\text{GASB Operating Revenues plus Nonoperating Revenues plus FASB Total Unrestricted Income}}$						

Source: [Financial Conditions Analysis of Oregon Public Universities 2022](#)

Net Operating Revenues Ratio

GASB Operating Income (Loss) **plus** Net Nonoperating Revenues (Expenses)
plus FASB Change in Unrestricted Net Assets

GASB Operating Revenues **plus** Nonoperating Revenues
plus FASB Total Unrestricted Income

The numerator is available from the GASB statement of revenues, expenses and changes in net assets and the FASB statement of activities. The numerator includes nonoperating revenues and expenses, including governmental appropriations, investment income, interest expenses on plant debt and operating gifts since these items support operating activities of the institution. Plant and endowment gifts and capital appropriations are excluded since these are not for operating activities. For FASB related entities, the numerator includes the total change in unrestricted assets from the statement of activities. The numerator includes depreciation expense; inclusion of depreciation expense reflects a more complete picture of operating performance as it reflects use of physical assets.

The denominator is equal to GASB total operating revenues plus total nonoperating revenues, excluding capital appropriations and gifts and additions to permanent endowments, plus FASB total unrestricted revenues, gains, and other support including net assets released from restrictions.

Net Operating Revenues Ratio

$$\frac{\text{Net Operating Income}}{\text{Total Operating Revenue}}$$

The net operating revenues ratio indicates whether total operating activities for the fiscal year generated a surplus or created a deficit. It attempts to demonstrate whether an institution is living within its available resources. Continuing

negative operating revenues ratios may indicate that an institution does not currently have capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balance, expense reductions, or revenue enhancements.

Amounts in \$ Thousands	2017	2018	2019	2020	2021
Net Operating Income	(\$3,851)	(\$3,454)	(\$8,655)	(\$10,139)	(\$7,748)
Total Operating Revenues	\$93,151	\$92,302	\$93,275	96,388	\$89,969
Calculated Ratio	(4.1%)	(3.7%)	(9.3%)	(10.5%)	(8.6%)

SOU's net operating revenues ratio has been increasingly negative the past five years, with a slight increase in FY21. Continued negative operating revenues may indicate an institution does not have the capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balance, expense reductions, or revenue enhancements.

Net Operating Revenues Ratio Calculation

Numerator: GASB Operating Income (Loss) plus Net Nonoperating Revenues (expenses)
plus FASB Change in Unrestricted Net Assets

- + GASB Operating Income (loss)
- + GASB Nonoperating Appropriations
- + GASB Nonoperating Gifts
- + GASB Nonoperating Investment Income
- + GASB Other Nonoperating Revenues
- GASB Nonoperating Expenses

+FASB Increase in Unrestricted Net Assets

Numerator: Adjusted Net Operating Revenues

Denominator: GASB Operating Revenues plus Nonoperating Revenues plus FASB Total
Unrestricted Income

- + GASB Operating Revenues
- + GASB Nonoperating Appropriations
- + GASB Nonoperating Gifts
- + GASB Nonoperating Investment Income
- + GASB Other Nonoperating Revenues\
- +FASB Total Unrestricted Revenues and Gains
- +FASB Net Assets Released from Restrictions

Denominator: Adjusted Total Income

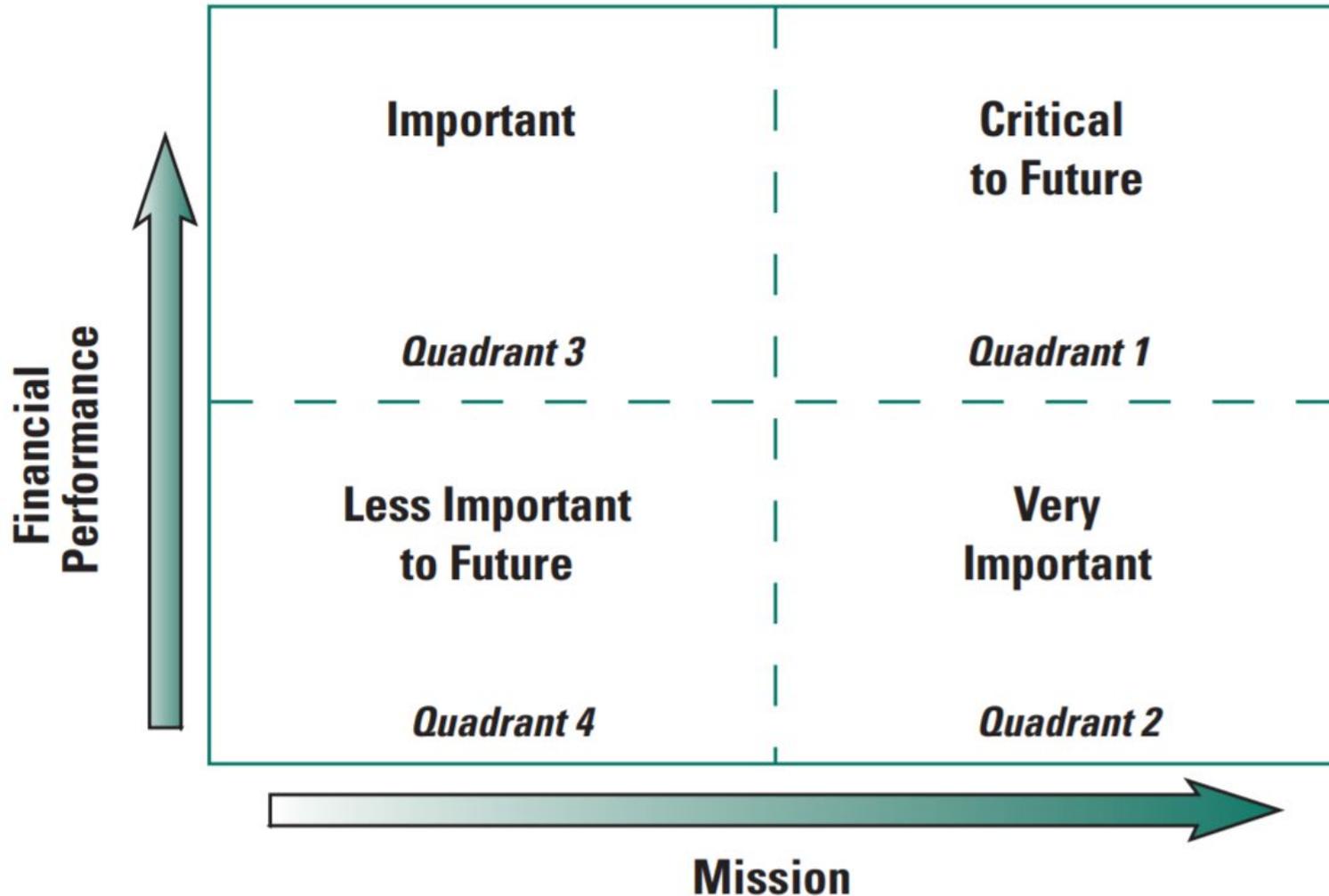
HECC Financial Condition Ratios



BENCHMARKS

Ratio	Benchmark
Primary Reserve Ratio	>0.4
Viability Ratio	>1.0
Return on Net Assets	>6%
Net Operating Revenues	>4%
Composite Financial Index	No Benchmark
Adjusted Composite Financial Index*	>3.0
*adjusted to remove pension and other post-employment benefits (OPEB) liabilities	

Modeling Resource Allocations to Mission Areas



Industry Ratio Frameworks

	Fichtenbaum – Bunis (AAUP)	Ohio Senate Bill 6 (Moody's)	Composite Financial Index (CFI per KPMG)
Primary Reserve	40.0%	50.0%	35.0%
Viability	22.5%	30.0%	35.0%
Net Asset	12.5%	20.0%	20.0%
Cash Flow	25.0%	N/a	N/a
Net Income Operations	N/a	N/a	10.0%
TOTAL	100.0%	100.0%	100.0%

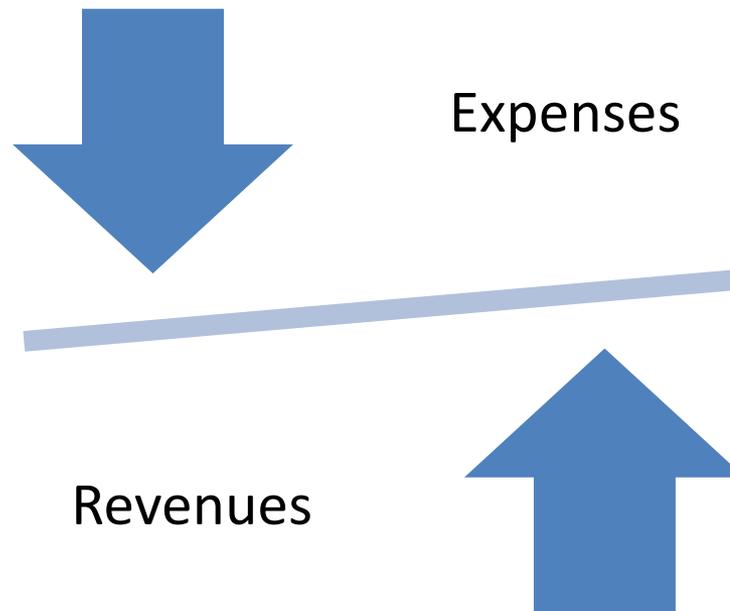
End of Reference Materials

Budget Update

Roadmap

- Introduction
- Reminders of cost management
- Reminders of revenue analysis
- Pro Forma: Year-to-date status update w/federal aid
- Pro Forma: Conservative data set (with aid and controls)
- Path Forward...focus on Alternative Revenue Generation (ARGh)

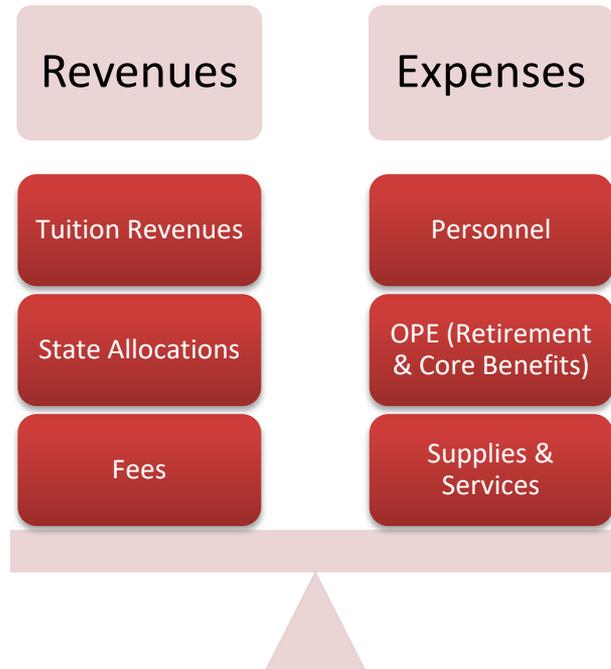
What keeps me up at night? Balancing revenue and expenses.



Expense Deep Dive

Reminder

- Labor
- Supplies and Services
- The Pro Forma – A Brief Introduction



Reminder

Southern Oregon University
Combined Operations



	2020 Actuals ¹	FY21 Adopted + Adjustments	FY21 Year End Est Projection ²	FY22 Proposed Budget
REVENUES				
Enrollment Fees	45,317,035	44,621,920	42,504,662	43,790,947
Gov't Resources and Allocations	24,001,234	24,740,658	25,011,314	26,312,764
Misc. Other Revenues	12,941,723	14,335,473	7,626,569	12,249,297
REVENUES Total	82,259,992	83,698,051	75,142,545	82,353,008
LABOR				
Unclassified	(30,042,156)	(28,676,839)	(25,948,237)	(32,136,554)
Classified	(7,858,998)	(7,140,779)	(6,349,561)	(8,181,094)
Grad Assist	(197,735)	(194,220)	(174,150)	(166,490)
Student Labor	(2,334,458)	(2,534,854)	(1,466,563)	(2,836,818)
Benefits & OPE	(22,125,097)	(21,840,205)	(19,745,107)	(23,891,682)
LABOR Total	(62,558,444)	(60,386,897)	(53,683,618)	(67,212,638)
SUPPLIES AND SERVICES	(21,033,266)	(21,568,399)	(18,289,441)	(23,095,243)
CAPITAL EXPENSES	(374,035)	(265,337)	(223,898)	(272,099)
TRANSFERS				
Transfers In	4,817,823	3,131,967	3,532,091	4,105,249
Transfers Out	(4,666,777)	(3,232,966)	(3,748,028)	(4,105,249)
TRANSFERS Total	151,046	(100,999)	(215,937)	0
Total Expenditures	(83,814,699)	(82,321,632)	(72,412,894)	(90,579,980)
Federal Relief, Cost Cutting, Savings				10,357,900
FY22 Net Expenditures				(80,222,080)
Total Revenue - Expenses	(1,554,707)	1,376,419	2,729,651	2,130,928

\$10M deficit visible (known) when board approved last June

Summary of Expenditures by Fund

Reminder



Fund	2019 Actuals	2020 Actuals ¹	FY21 Year End Estimate Projection ²	FY22 Proposed Budget
Budgeted Ops (Fund Type 11)	\$63,815,682	\$64,366,628	\$57,622,802	\$70,117,294
Auxiliary Ops (Fund Type 20)	\$14,825,608	\$14,175,726	\$11,016,869	\$15,045,010
Designated Ops & Service Centers (Fund Types 12 & 13)	\$5,386,667	\$5,272,345	\$3,775,387	\$5,417,676
Combined Ops	\$84,027,957	\$83,814,699 ¹	\$72,412,894 ²	\$90,579,980

- Relief Funding will offset many expenses in FY22
- Critical 1-year window
- Pathway toward sustainability involves:
 - Continued focus on enrollment growth and retention,
 - Strategic investments where possible,
 - Emphasis on eliminating structural deficit that is hindering success

¹FY20 is exceptional due to furloughs and S&S savings in Qtr 4 stemming from start of COVID pandemic in March 2020

²FY21 is exceptional due to furlough and S&S savings from pandemic 7/1/20 – 6/30/21

Cost Containment Strategies



Legacy Actions / Cost Management

Reminder



- ✓ Biggest lever: personnel costs 80% of E&G costs*
 - ✓ Using OR work share program – Furloughed 333 employees 20-40%
 - ✓ Faculty furlough (8 days over Academic Year)
 - ✓ Hiring Freeze: Delay or keep open vacant positions
 - ✓ Salary freeze for Admin
 - ✓ Tailored (surgical) temporary and permanent layoffs
- ✓ Supplies and services (cut hard already)
 - ✓ Direct cost increases – technology; PPE and PD (Professional Development)
 - ✓ Leverage cost reductions; i.e., travel restrictions
- ✓ Use of reserves (fund balance or building fee reserve) – a one-time stopgap...not sustainable
- ✓ Closely monitor Cash. Only 5 weeks of “run time” (ops reserves)**

* - Options are limited by contractual bargaining agreements, state requirements for universities' participation in PERS and PEBB.

** - Overall cash (all funds) is healthy, due to HEERF support

Cost Levers – “create runway”

Reminder

- Continued Austerity - \$2+M savings

Labor Savings

- ✓ Continue hiring restraint (\$300K - \$2+ M)
- Study organization structure (\$200K - \$2M)
- Consider COLA increase freeze for Admin (\$300K)
- Offer voluntary furloughs (\$100K)

Supplies & Services

- ✓ Travel restrictions (VP approval (\$350K)
- ✓ Spending and access limits (TBD)
- ✓ Limit food on campus (\$100K)
- ✓ Limit off-campus events (\$100K - \$200K)
- Energy reduction plan (\$50K)

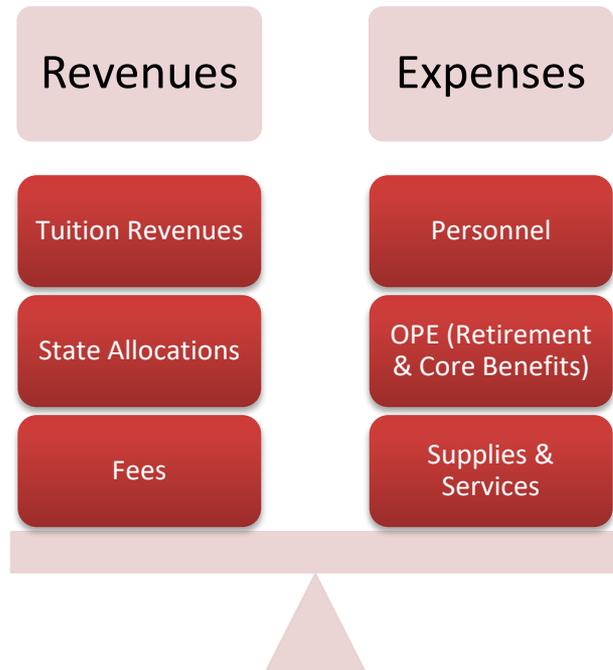
- Analyzing other levers

Revenue Analysis

Presented by,
Rick Bailey, Greg Perkinson, Neil Woolf and Josh Lovern

Introduction – Revenue Deep Dive

- Enrollment
- Alternative Revenue Generation

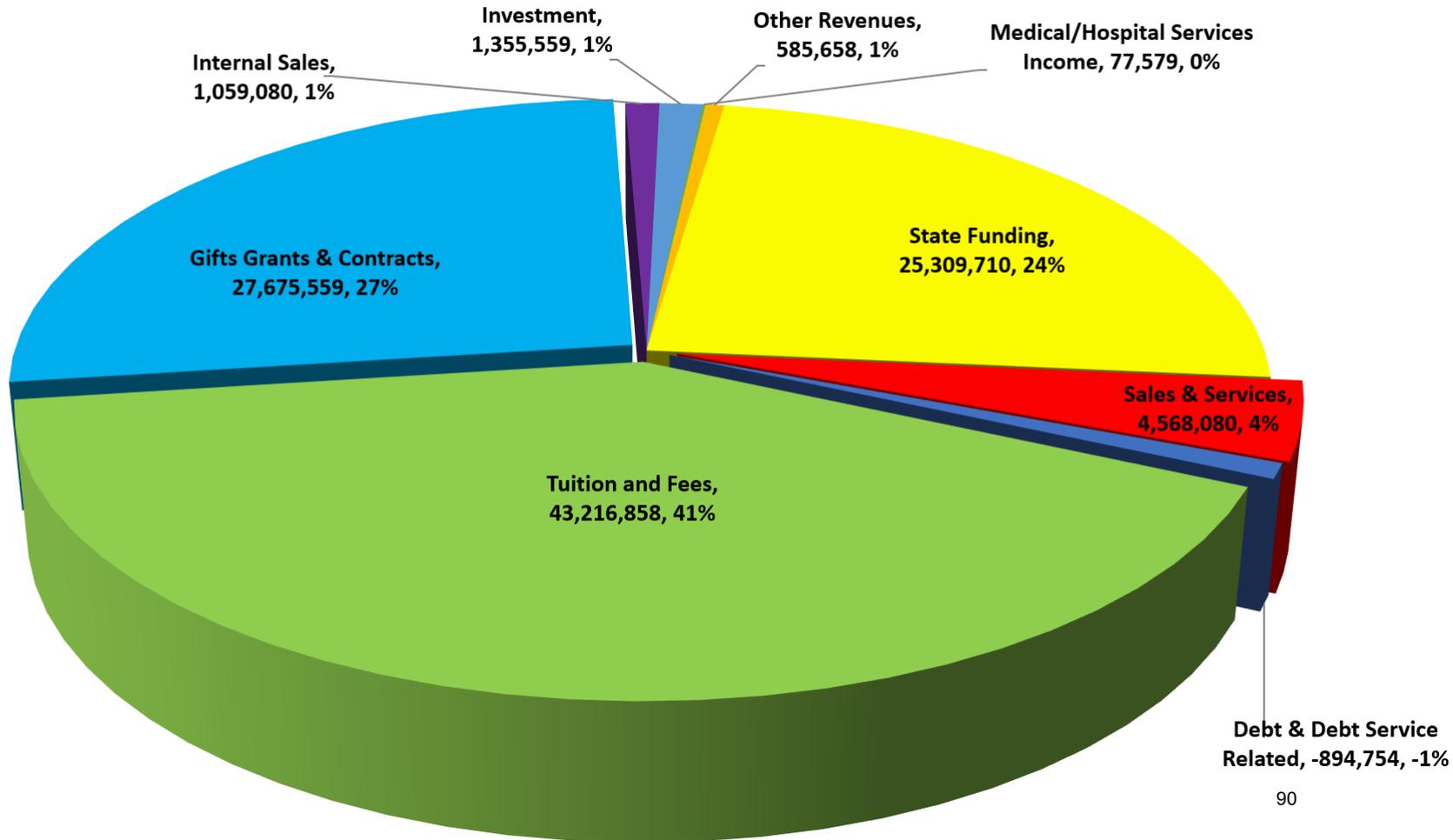


Where Does SOU get Money to Operate?



Reminder

Revenues by Type
Fiscal Year 2021
(Excludes Agency Fund Outside of CHF-Ashland Housing)



Revenue Levers – “Be Creative”

Reminder

- Near-term opportunities - \$1M generation

State and Federal Funding

- ✓ Implement SSCM initiatives from Pres Task Force
- ✓ Develop ERP “ask” for short session

Tuition and Fees

- ✓ Pipeline enhancements; e.g., “Strong Start Program”
- ✓ Add four athletic teams
 - Grad student program refinement (GA program)

Gifts, Grants & PPP

- ✓ In silent phase of comprehensive campaign
 - Explore Walker and Ashland (mixed use);
 - Cascades site P3 opportunity;
 - University District; and
 - Solar

- New levers

- ✓ Liquidate properties

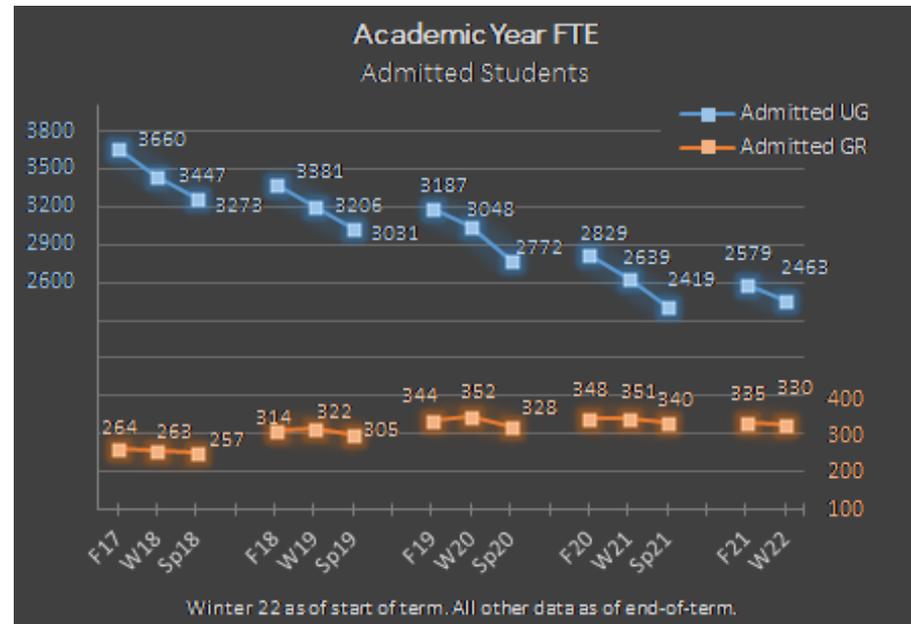
Enrollment Forecast

*Presented by,
Neil Woolf and Josh Lovern*

Competitive Landscape and Enrollment Projections

Reminder

- Terms & Conditions
- Competitive Landscape
 - National
 - Regional
 - State-wide

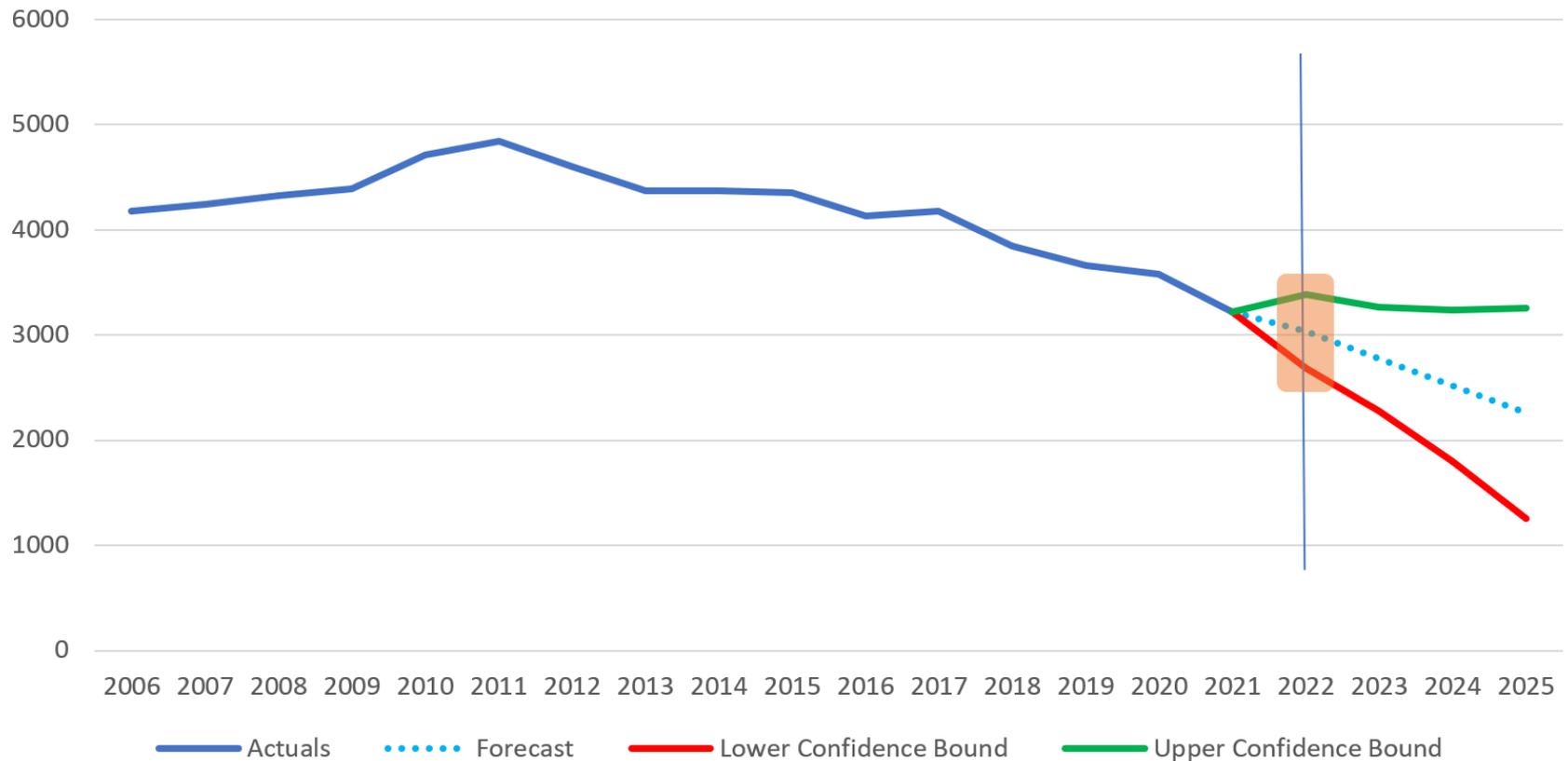


- Historical Analysis and Influence on Projections
- SCH Projection Modeling for Pro Forma

Modeling: Art & Science of Forecasting

Reminder

2006 - 2021 Fee Paying Headcounts
(with Projection to 2025)



Enrollment Forecast: Fall 2022

(As of March 8, 2022)



	Fall 2021	Fall 2022
New Freshman	508	578
New Transfer	367	322
Graduates	188	195
Continuing	2303	2217
Returning	367	374
Non Admits	1356	1392
Total Headcount	5089	5068

Updating the Pro Forma Variables & Interactive Modeling Exercises

Reminder

- Review Retirement Rates
- Review historical OPU comparison
- Review SCH projection targets
- Discussion: Pending variables in model
- Live Pro Forma modeling and discussion

2021 <<--Forecast Year

0.00%		
-10%	<	> 10%
Headcount		Slider
Forecasts		Adjustment:
Forecast	3482	3482
Lower	3024	3024
Upper	3940	3940

Raise	Lower	Current Rate
372	372	372
100	0	
^	^	
v	v	
0	-100	
% Change -->	0.00%	0.00%

E&G Budget Key Assumptions and Observations



Observations

- Revenues projections **still** softer than budgeted; reductions across multiple areas
- Building Fee debt service impacted by pandemic; 2032 into deficit
- 1st quarter labor savings from furloughs realized
- Labor cost estimates assume filling vacant positions; **SEIU labor costs were adjusted on this pro forma, after payroll actuals occurred in February**
- Large cost increases in some key S&S categories
 - Utilities (Water, Sewer, Electric), Data Processing Services, Mgmt Consulting, Insurance Rates
- Miscellaneous Revenue impacted by:
 - Increased liability for bad debt on student accounts
 - Reduced housing ground lease income (**will be 'released' in Jun / Jul 2023**)

Modeling Assumptions FY23 – FY25 (preliminary)

- State funding per recent SSCM updates
- 4.99% Tuition Increase modeled; Fee revenues modeled against historic actuals
- Enrollment modeled in coordination w/VPEMSA
- Labor 3% for each group (**actual rates updated per contract negotiations for SEIU**)
- S&S 5.4% increases per recent guidance (return to 2.25% for future years)
- PERS retirement – 3.4% | PEBB Healthcare 3.2% for Continuing Service Levels

FY22 E&G Budget Forecast (w/Aid)

- Year to date actuals and Estimate to complete FY22
- Revenues **are not keeping** pace with expenses
- Misc. Revenue well below targets
- Expenses in Green **do not** include outstanding negotiations
 - Existing contract language for this fiscal year projection
- S&S Growth exceeding budget
- Projected \$4.8M ending fund balance leveraging \$3.3M of Federal funding for nearly 8% KPI and roughly 1 month of operations fund balance
 - NACUBO recommendation is 40%
 - OR Department of Treasury requires 30 days of available cash on hand

Education and General (in thousands of dollars)	2019-21 Biennium		
	2020-21 Actual (000's)	2021-22 FY22 BUDGET (000's)	2021-22 FYE Forecast (000's)
Revenue			
State Appropriations: SSCM	23,559	24,864	25,720
Total State Funding (SSCM,ETSF,SELP)	23,937	25,242	26,098
Tuition	36,451	36,340	34,712
Fees	3,457	3,293	3,405
Raider Aid	(3,245)	(3,276)	(3,692)
Tuition, net of Raider Aid	36,663	36,358	34,425
Misc. Other Revenue	481	2,101	941
TOTAL REVENUES	61,081	63,700	61,464
<u>Personnel Services</u>			
Faculty	(14,691)	(17,118)	(15,592)
Admin	(8,127)	(10,261)	(9,974)
Classified	(5,309)	(6,900)	(6,752)
Student (& Other)	(1,005)	(1,615)	(1,074)
Salaries Total	(29,132)	(35,894)	(33,393)
Retirement (PERS + ORP)	(7,050)	(8,355)	(8,564)
PEBB	(7,026)	(7,780)	(7,087)
Other	(3,172)	(3,612)	(3,636)
OPE	(17,249)	(19,747)	(19,287)
Net Personnel	(46,381)	(55,184)	(52,681)
Supplies & Services	(10,337)	(12,160)	(12,522)
Capital Expenses	(124)	(260)	(142)
Total Supplies & Services, Capital Expenses	(10,461)	(12,420)	(12,664)
Cost Reductions, Savings, Outside Support		8,178	3,312
TOTAL EXPENDITURES	(56,842)	(59,427)	(62,033)
Net from Operations Before Transfers	4,239	4,274	(569)
Budgeted Transfers	(1,526)	(2,513)	(2,401)
NET TRANSFERS	(1,526)	(2,513)	(2,401)
Change in Fund Balance	2,713	1,761	(2,970)
Beginning Fund Balance	5,081	7,794	7,794
Ending Fund Balance	7,794	9,555	4,824
% Operating Revenues	12.76%	15.00%	7.85%
Days of Operations	48.74	56.33	27.33
Months of Operations	1.62	1.88	0.91

Pro Forma with Aid & Cuts

Education and General (in thousands of dollars)	2019-21 Biennium	2021-23 Biennium			2023-25 Biennium	
	2020-21 Actual (000's)	2021-22 FY22 BUDGET (000's)	2021-22 FYE Forecast (000's)	2022-23 FORECAST (000's)	2023-24 FORECAST (000's)	2024-25 FORECAST (000's)
Revenue						
State Appropriations: SSCM	23,559	24,864	25,720	27,359	27,340	28,394
Total State Funding (SSCM,ETSF,SELP)	23,937	25,242	26,098	27,737	27,717	28,771
Tuition	36,451	36,340	34,712	34,594	34,141	34,094
Fees	3,457	3,293	3,405	3,337	3,293	3,289
Raider Aid	(3,245)	(3,276)	(3,692)	(3,414)	(3,369)	(3,364)
Tuition, net of Raider Aid	36,663	36,358	34,425	34,517	34,066	34,018
Misc. Other Revenue	481	2,101	941	2,148	2,197	2,246
TOTAL REVENUES	61,081	63,700	61,464	64,402	63,980	65,036
<u>Personnel Services</u>						
Faculty	(14,691)	(17,118)	(15,592)	(16,075)	(16,299)	(16,434)
Admin	(8,127)	(10,261)	(9,974)	(10,096)	(10,490)	(11,103)
Classified	(5,309)	(6,900)	(6,752)	(7,263)	(7,630)	(7,968)
Student (& Other)	(1,005)	(1,615)	(1,074)	(1,446)	(1,655)	(1,654)
Salaries Total	(29,132)	(35,894)	(33,393)	(34,880)	(36,074)	(37,160)
Retirement (PERS + ORP)	(7,050)	(8,355)	(8,564)	(8,866)	(10,199)	(10,522)
PEBB	(7,026)	(7,780)	(7,087)	(7,314)	(7,548)	(7,789)
Other	(3,172)	(3,612)	(3,636)	(3,798)	(3,928)	(4,047)
OPE	(17,249)	(19,747)	(19,287)	(19,979)	(21,676)	(22,358)
Net Personnel	(46,381)	(55,184)	(52,681)	(54,858)	(57,750)	(59,518)
Supplies & Services	(10,337)	(12,160)	(12,522)	(12,817)	(13,105)	(13,400)
Capital Expenses	(124)	(260)	(142)	(145)	(149)	(152)
Total Supplies & Services, Capital Expenses	(10,461)	(12,420)	(12,664)	(12,962)	(13,254)	(13,552)
Cost Reductions, Savings, Outside Support		8,178	3,312	3,312	3,312	As Modeled
TOTAL EXPENDITURES	(56,842)	(59,427)	(62,033)	(64,508)	(67,691)	(73,070)
Net from Operations Before Transfers	4,239	4,274	(569)	(106)	(3,712)	(8,034)
Budgeted Transfers	(1,526)	(2,513)	(2,401)	(2,498)	(2,583)	(2,663)
NET TRANSFERS	(1,526)	(2,513)	(2,401)	(2,498)	(2,583)	(2,663)
Change in Fund Balance	2,713	1,761	(2,970)	(2,604)	(6,295)	(10,696)
Beginning Fund Balance	5,081	7,794	7,794	4,824	2,220	(4,075)
Ending Fund Balance	7,794	9,555	4,824	2,220	(4,075)	(14,772)
% Operating Revenues	12.76%	15.00%	7.85%	3.45%	-6.37%	-22.71%
Days of Operations	48.74	56.31	27.33	12.09	-21.17	-71.19
Months of Operations	1.62	1.88	0.91	0.40	-0.71	-2.37

Assessment of Financial Condition

- Structural deficit – focus on revenue generation
 - ...enrollment
 - ...alternative sources
- Financial Ratios...and what they classically represent
- Bottom line: we must live within our means

Path Forward

Reminder



1. Continued austerity (spending restraint) and transparency with campus
2. Long-term—bend the cost curve—continue to innovate and transform
3. Revenue
 - Stabilize after the pandemic (state and tuition/fees)
 - Develop alternative sources (like property sales and P3)

Revenue Diversification Opportunities: Fiscal Possibilities

OVERVIEW

- Solar Energy Production
 - Internal Campus
 - External Community Scale
- Cascade Housing Project
- University District Business Accelerator
- PNW Workday Training Center
- Fiscal Projections

Solar Energy Production (Internal)



	Avista			IGI			\$/MMBTU	Total Natural Gas Cost	City of Ashland			Total Energy Cost
	Therms Consumed		\$	MMBTUs Consumed	\$	kWh/Consumed			\$			
FY 21												
July 20	18107		\$2,634.74	1822	\$5,955.65	3.27	\$8,590.39	554400		\$58,718.24	\$67,308.63	
Aug 20	17550		\$2,582.16	1746	\$5,931.64	3.40	\$8,513.80	518400		\$55,622.65	\$64,136.45	
Sep 20	18332		\$2,655.99	1822	\$6,592.79	3.62	\$9,248.78	580800		\$59,425.61	\$68,674.39	
Oct 20	32431		\$3,944.89	2903	\$10,384.09	3.58	\$14,328.98	583200		\$57,748.14	\$72,077.12	
Nov 20	72344		\$6,601.15	7163	\$29,245.84	4.08	\$35,846.99	564000		\$58,969.39	\$94,816.38	
Dec 20	79238		\$7,009.49	8757	\$36,321.72	4.15	\$43,331.21	633600		\$63,300.46	\$106,631.67	
Jan 21	76435		\$6,859.62	7526	\$30,810.17	4.09	\$37,669.79	571200		\$58,683.93	\$96,353.72	
Feb 21	73025		\$6,672.65	7244	\$28,570.99	3.94	\$35,243.64	600000		\$61,005.41	\$96,249.05	
March 21	69209		\$6,781.04	7158	\$27,967.89	3.91	\$34,748.93	552000		\$58,287.53	\$93,036.46	
April 21	44632		\$5,111.71	4318	\$15,769.50	3.65	\$20,881.21	648000		\$63,552.70	\$84,433.91	
May 21	25650		\$3,488.38	2734	\$10,577.88	3.87	\$14,066.26	561600		\$58,748.80	\$72,815.06	
June 21	18432		\$277.45	1826	\$7,038.11	3.85	\$7,315.5				\$70,331.39	
Totals	0	0	545385		\$54,619.27	55019	\$215,166.27	3.78	\$269,785.5	7000800	\$717,078.69	\$986,864.23

- 7.0 M kWh, \$717,000
- COVID Year
- 7.2 MW Equivalent

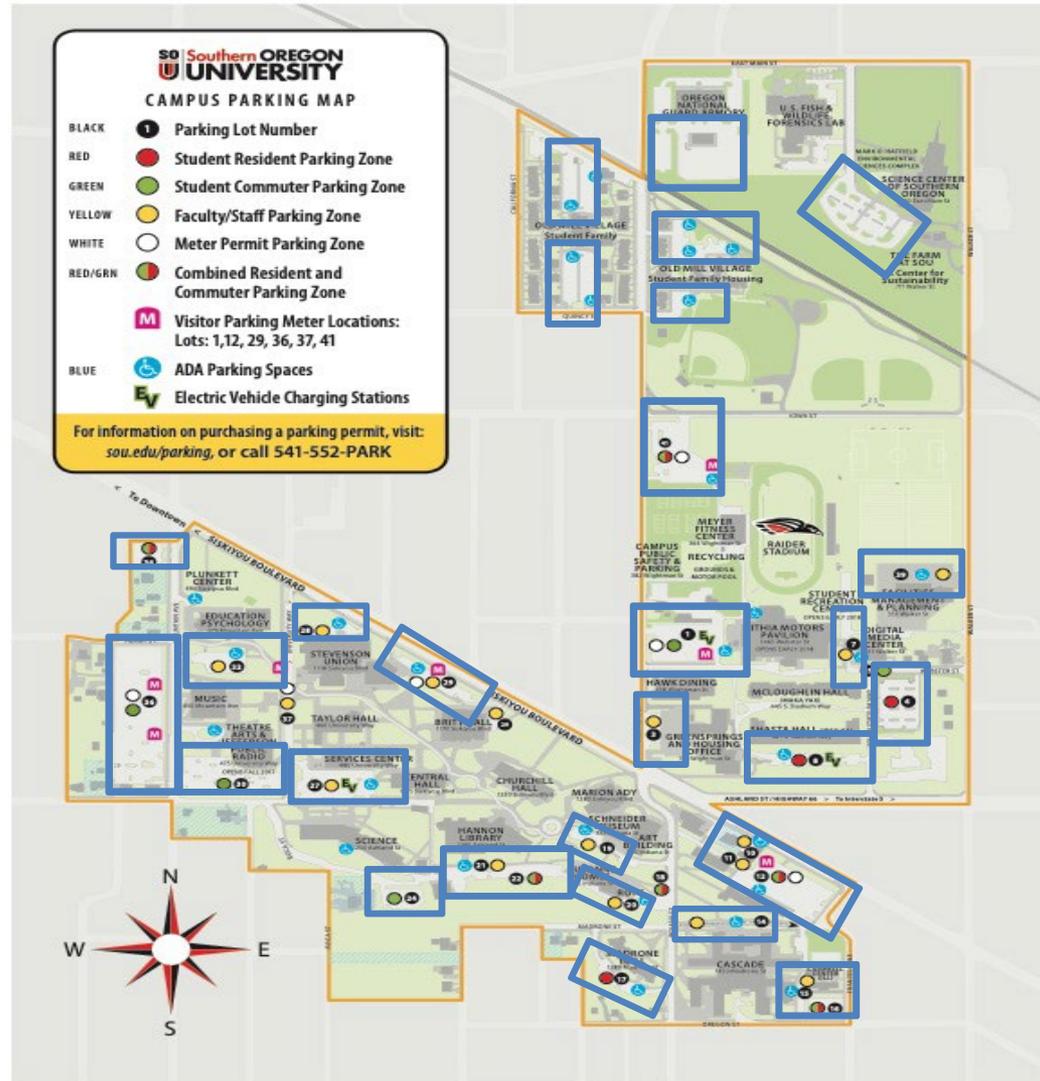
\$800k - \$1M / year

Solar Energy Production (Internal)

- Parking Lots
- Rooftops
- Open Spaces

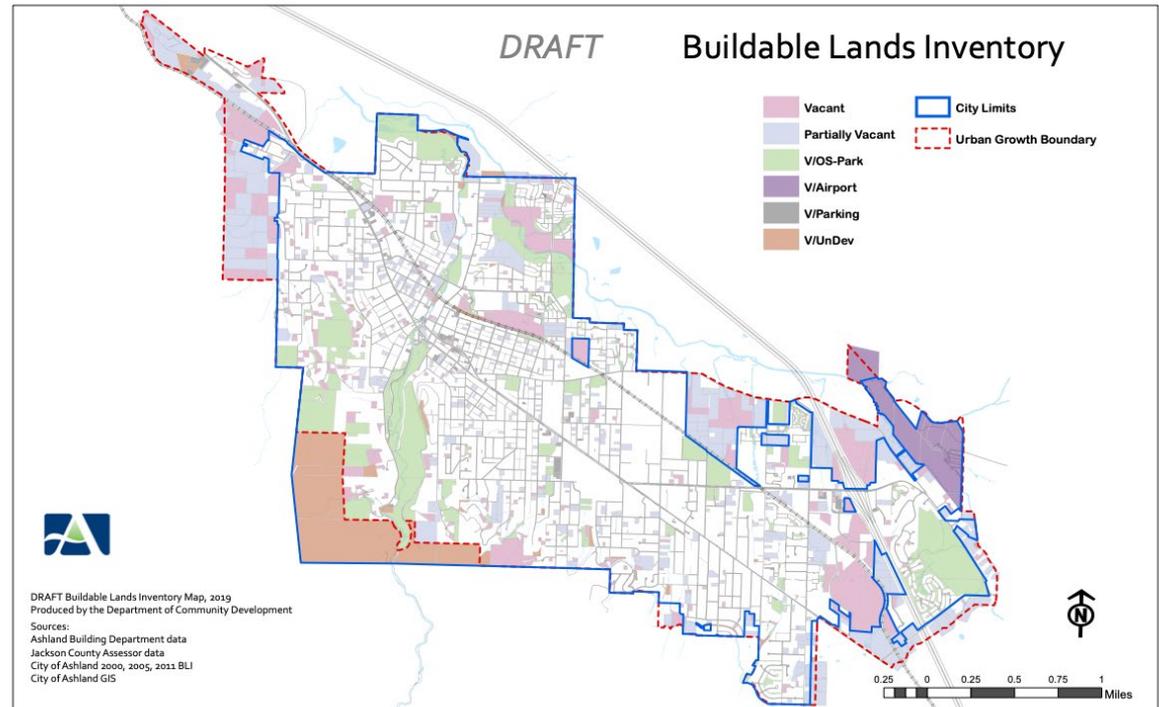
7.2 MW =
\$1M / year

Any
Fraction
Thereof



Energy Production (External)

- Partnership w/City
- 1MW / Year Max
- Multi-year effort
- Bonneville Power
- Incentivize Everyone
- Beyond the Region
- Tribal Community Partners
- \$100k or more /
MW / year

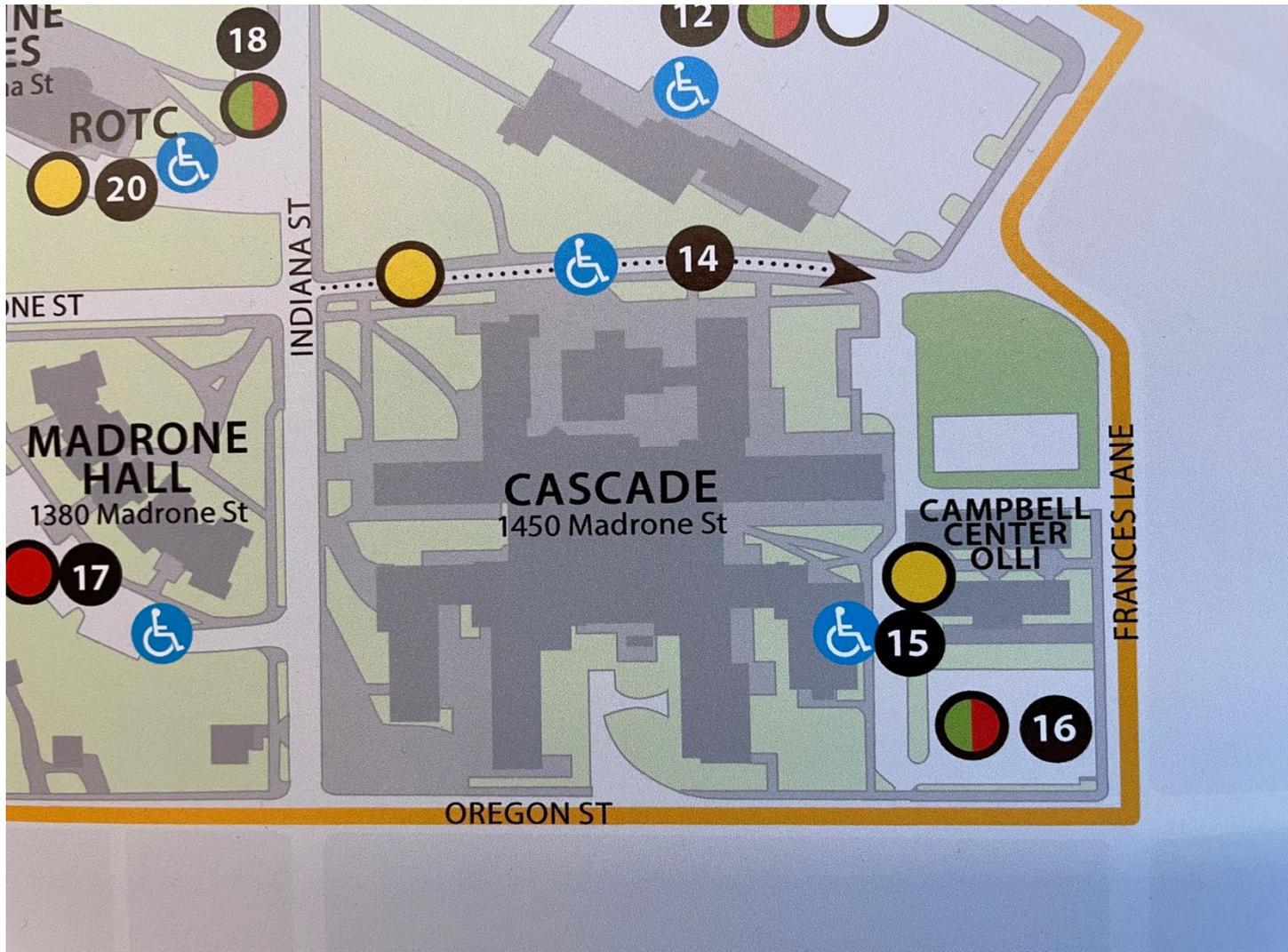


Energy Project Final Thoughts



- Political Project
 - Infrastructure Bill (Federal Money) Key to Fiscal Picture
- Cooperation with Local Entities VERY Important
- Students are Leading the Way
- Kudos to Sustainability Leaders on Staff
- Thanks to Trustees Franks and Vincent

Housing Project



Housing Project

- Public Private Partnership
- Senior Housing / Faculty Housing / Student Housing
- Retail on Ground Floor
- Community Access to Campus
- Courses Built In to Rent Model
- Mentorship / Sponsorship / Auxiliary
- Fiscal Impact Still To Be Determined

University District

- Business Accelerator in South Ashland
- Partnership with City
- Specialty Businesses Catering to University Market
- Overhead Incentives
- Small Business Development Center
- Fiscal Impact Still To Be Determined

Workday Training Center



- SOU Leading the Way in OR Higher Ed Transition
- State of Oregon and Big Business Partners
- Opportune Use of Higher Education Center
- Intensive 1 Week Orientation
- Follow Up Refreshers / Online Options
- Economic Development Options for Medford
- Fiscal Impact Still To Be Determined

Final Thoughts

- Not the Only Four!
- All Involve Collaborations
- All Would Change the
Higher Education Paradigm
- Get Ready for Obstacles
- Risk / Reward the Key

Questions / Comments

Future Meetings

Adjournment