



# Southern Oregon University

## Public Meeting Notice

June 15, 2015

TO: Finance Committee

FROM: Craig Morris, Vice President for Finance and Administration

RE: **Notice of Finance Committee Meeting**

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

Topics of the meeting will include the Year End Forecast, Budget update, Schneider Children's Center update, and Vice President Report.

The meeting will occur as follows:

June 22, 2015  
2:00 p.m. to 4:00 p.m. (or until business is concluded)  
Hannon Library, DeBoer Boardroom, 3<sup>rd</sup> Floor (Room 303)

The Hannon Library is located at 1290 Ashland Street, on the campus of Southern Oregon University. **If special accommodations are required, please contact Jennifer Athanas at (541) 552-6111 at least 72 hours in advance.**

## Board of Trustees

1250 Siskiyou Boulevard, Ashland, OR 97520 T (541) 552-6111



**Southern Oregon University Board of Trustees  
Finance & Administration Committee  
Monday, June 22, 2015  
DeBoer Boardroom, Hannon Library, 3<sup>rd</sup> Floor, #303  
2:00pm – 4:00pm (or until business is concluded)**

**Agenda**

**Call to Order – Paul Nicholson, Chair** **2:00PM**

**Roll Call**

**Welcome & Introductions - Paul Nicholson, Chair**

**Public Comment** **2:05 PM**

**1. Approve May 28th Finance Committee Meeting Minutes** **2:20PM**  
**ACTION ITEM**  
**Paul Nicholson, Chair**

**2. Year-End Forecast** **2:25 PM**  
**Steve Larvick, Director of Business Services**

**3. Budget Update** **2:45PM**  
**Mark Denney, Associate Vice President for Budget & Planning**

**4. Schneider Children's Center** **3:15PM**  
**Mark Denney, Associate Vice President for Budget & Planning**

**5. Vice President Update** **3:30PM**  
**Craig Morris, Vice President for Finance & Administration**

**Adjourn**

Finance Committee  
May 28, 2015  
Meeting Minutes

Dennis Slattery called the meeting to order at 1:00 pm. Based on the doodle poll, the next Finance Committee meeting will be on June 22 at 2:00 pm.

Introductions and Roll Call

Present:

Les AuCoin  
Lyn Hennion (arrived at 1:08 pm)  
Jeremy Nootenboom  
April Sevcik  
Dennis Slattery, Acting Chair  
Steve Vincent

Absent:

Paul Nicholson

Guests:

Craig Morris, Vice President for Finance and Administration  
Kelly Moutsatson, Director of Admissions  
Mark Denney, Associate Vice President for Budget and Planning  
Chris Stanek, Director of Institutional Research  
Steve Larvick, Director of Business Services  
Shane Hunter, Senior Financial Management Analyst  
Roy Saigo, SOU President  
Sue Walsh, Provost  
Liz Shelby, Chief of Staff and Director of Government Relations  
Jason Catz, Associate General Counsel  
Ryan Brown, Head of Community and Media Relations, Marketing and Public Relations  
Janet Fratella, Vice President for Development  
Deborah Lovern, Budget Officer  
Dave Coburn, Oregon Student Association  
Kathy Park, Administrative Assistant

Public Comment

None

April 27, 2015 Minutes

Les AuCoin made a motion to approve the minutes from the April 27 meeting, with one amendment. The minutes state that Mr. AuCoin was absent. He was, however, present at the meeting. April Sevcik seconded the motion. Motion passed.

Recruitment and Retention at SOU

In response to the committee's request for an update on admission processes and strategies, Kelly Moutsatson gave a presentation on recruitment and retention at SOU. The Admissions Office has 13 full time employees, six of whom travel to recruit new students, five are operational staff members and one is an IT person. One of these employees serves as a liaison to the SOU Marketing Office and keeps SOU's social media pages updated. The office's goal is to build and maintain relationships externally and internally to increase undergraduate enrollment.

Their primary focus is to bring in new students. To accomplish this, they look at how they communicate with prospective students. They redesigned the admissions webpage and updated marketing materials to make them more appealing to prospective students. For example, brochures now look more like Instagram postings. They created video testimonials by current students. Les AuCoin asked where testimonials are shown besides on the SOU website. Kelly stated they are sent in email messages and posted on YouTube and social media. The office also conducts Instagram contests during preview events.

The Admissions Office uses Customer Relationship Management software to track all admissions communications, which helps greatly in following up with applicants and disseminating information.

The virtual map allows prospective students to view the campus if they do not have time or are unable to visit the campus. This has been beneficial in recruiting. Student ambassadors also help with recruiting, including giving campus tours and making telephone calls.

The Admissions Office recruits most heavily in Oregon but they also recruit in California, Idaho, Washington, Alaska, Nevada and Hawaii. They participate in the Oregon Public University tour each spring to meet with high school juniors. They also visit high schools with a transcript evaluator and render admissions decisions on the spot. And SOU2YOU is one of the most powerful recruiting events they hold. These are held in communities with invitations sent to prospective students in the surrounding areas.

They have consistently received very positive feedback from the preview events they host on campus. These events are growing steadily every year. They are, however, pricey to host.

The Admissions Office conducts Counselor Fly-Ins. They invite counselors to visit SOU for 3 days. This builds relationships with high school and independent counselors throughout SOU's recruitment areas.

Raider Receptions are held for newly admitted students to celebrate their admission to SOU and walk them through what they can expect in the coming months. This is especially important for first generation students.

Some of the Admissions Office's ongoing efforts include targeting specific populations and the faculty calling program. They are expanding their recruitment programs that focus on Native American, Latino and African American populations, among others. The faculty calling program is very beneficial but more faculty participation would be advantageous. The Admissions Office greatly appreciates the dedication of the faculty members and is holding a reception to thank them. Kelly will send the Board members an invitation to that reception. Les

AuCoin commented on how important the faculty calling program is but questioned the degree of faculty buy-in. Kelly has taken steps to increase faculty participation, such as keeping statistics that can be shared, creating a script to follow during calls, sharing results and hosting the faculty reception.

Kelly defined the terms used in the Admissions Office and how they relate to the funnel report: prospect (prospective student), recruit (expressed interest in SOU), applicant (applied but not yet admitted), admit (met eligibility requirements and been offered a space at SOU), confirmed (deposited money and indicated an intent to attend) and yield (percentage of admitted students who actually enroll).

Steve Vincent asked about the conversion rate for accepted students to enrolled students, whether there were industry sector benchmarks, where SOU stands and whether SOU has strategies for increasing the conversion rate. Kelly said there was a 12% increase in applications over last year. They have minimized the time it takes to go through applications and are able to issue early admission decisions. The Financial Aid Office also provides financial aid packets at the outset, which has been extremely helpful to prospective students. Kelly stated SOU is on par or ahead of other Oregon institutions in regard to the conversion rate.

President Saigo stated that there should be other ways to evaluate what increases the perception and affects recognition of a college, that there is a collage of things that impact one's impression of SOU. For example, the impact of the NAIA championship, athletics in general, contacts the college has, visitations and public relations.

Les AuCoin asked if it is difficult for admissions personnel to explain general education programs and the House concept to prospective students. Kelly stated that it is difficult but is getting easier with experience and her staff do a great job addressing these issues at preview events.

### Funnel Report

Chris Stanek covered the statistics in the funnel report, focusing on applications and incoming freshmen classes. There is an 18% increase in resident students and a 12% increase in applicants over last year. SOU does not get many applications from transfer students probably because they have already decided where they want to go. SOU does not retain freshmen as well as it does transfer students.

On the chart, there are no numbers in the enrolled box because there have been no ROAR events yet. The first one is June 19.

Chris discussed the conversion rate (the number of applicants to admits) and the yield rate (the number of admits who enroll). The conversion rate is about 79%, which has been pretty standard over the past several years. The yield rate (about 41%) has decreased a bit each year because of the increase in applications. The retention rate for freshmen had been decreasing in the past years but the Fall 2013-Fall 2014 rate increased to 74%, a 6 point jump.

Lyn Hennion asked how many students receive financial aid and where the money comes from. The SOU Foundation gives scholarships totaling \$1 million and this amount grows a little each

year. SOU provides tuition discounts of \$3.6 million, which are programmed into SOU's budget. This \$3.6 million figure has not changed over the past several years and they have not spent the full amount in the last couple of years. Craig Morris said the State Board of Education gave a target of 12% to revenue discount for a combination of tuition discounts and foundation scholarships; SOU has a 13-13.5% rate. Finally, federal loan programs provide financial aid to students. SOU does not track scholarships provided by outside entities.

Dennis Slattery asked if SOU tracks students who are not retained. Chris stated that it is hard to track these individuals. SOU uses exit surveys without much success. The typical reasons students leave college are financial, academic or personal.

Graduation rates are based on a 6-year norm, tracking full time, first time freshmen. This is an archaic method for tracking SOU's diverse student population. SOU's rate is 36%, probably one of the lowest in the state. However, this is not an accurate reflection of the SOU student population. SOU graduates 22% of its student body each year, which is a more accurate reflection of the SOU student population. The actual number of students who have graduated from SOU has remained steady, not increasing like some other Oregon universities. However, those universities' enrollment numbers are also increasing whereas SOU's number has not changed much. The 22% figure is the same for those other universities.

HEC probably would not be receptive to SOU's position/formula, even though we are graduating large classes of students each year. HEC funds only graduates who are Oregon residents. If we were funded on how many graduate and not a rate, we would be fine.

### Expense Budget

Mark Denney presented the SOU expense budget. He had not had the opportunity to evaluate the budget numbers in depth prior to this committee meeting.

The numbers are not what were projected by the retrenchment plan. They are higher by several million dollars. Craig Morris stated the budget numbers were expected to come in high and are not a crisis. There is, however, still some work to do and they will meet the retrenchment plan's requirements.

There were three main explanations for the increase in total personnel costs. SOU received additional funding for four positions whose duties were formerly performed by OUS-funded positions (e.g., the legal advisor and SOU Board secretary positions). There was a 3% increase set aside for salary increases pending negotiations with groups represented by unions. Craig Morris discussed the three categories of employees: faculty, classified employees and administrators. Craig stated this 3% pool may not be adequate. The final reason for the increase in personnel costs is the cessation of furlough days on June 30 and return to regular salaries.

The supplies and services figures increased because of the added positions previously funded by OUS, utility rate increases and the new university-wide diversity program. These figures are the ones that need the ones most scrubbing.

Craig Morris said that, as is, this is a balanced budget with a small fund balance. However, they will scrub the budget numbers. He said the supplies and services numbers should be decreasing

over the next couple of years, not increasing. SOU will spend some, save some. They want to grow the fund balance.

Mark is also evaluating course fees the departments charge. Departments are being encouraged to match course fees to actual expenditures. Because of limits imposed on how this revenue can be spent, departments cannot randomly increase their expenditures to match the revenue.

The SOU Board will approve the budget at the June meeting or the July special meeting.

### Auxiliary Report

In response to a presentation on the Periodic Management Report at the last meeting of the SOU Board, Steve Larvick and Shane Hunter gave a follow up presentation.

Steve and Shane explained the numbers on the pie charts, which detail how much each section comprises in the budget.

The North Campus Village (the two new residence halls) is reported separately because it is not owned by SOU; it is a public-private partnership.

In response to a question about whether the Board members should worry about any of these numbers, Craig Morris said the athletics numbers need to be addressed and the footnote on the chart highlights others that are of concern. He stated that the SOU Board would have a special Finance Committee meeting to specifically discuss the athletics numbers because of its particularly large deficit.

There was a discussion about JPR, its relationship to SOU and its funding procedures. JPR is an SOU department like any other department. However, JPR is funded in large part by the JPR Foundation. JPR is now being brought into the SOU budgeting process and it is a learning process for them.

Before being outsourced to Barnes & Noble, the SOU bookstore was progressively losing money each year, not much but a bigger amount every year. It was outsourced partly to capture what became a \$1 million fund balance that helped support retrenchment.

Shane explained the transfers in and out and the sources of the money for the transfers.

### Other

The next meeting is on June 22 at 2:00 p.m. in the SOU Hannon Library DeBoer Room.

The meeting was adjourned at 2:58 pm.

	Budget Forecast					Notes
	FY2014 Final Results	FY2015 Initial Budget	% Change	FY2015 Forecast Budget	100.0% Initial Budget	
<b>EDUCATION &amp; GENERAL</b>						
State General Fund	\$ 13,762	\$ 16,779	22%	\$ 16,989	\$ 210	1%
Tuition & Resource Fees, net of Remissions	33,278	31,974	-4%	33,262	1,288	4%
Other	3,008	2,101	-30%	1,806	(295)	-14%
<b>Total Revenues</b>	<b>\$ 50,048</b>	<b>\$ 50,854</b>	<b>2%</b>	<b>\$ 52,056</b>	<b>\$ 1,202</b>	<b>2%</b>
Personnel Services	\$ 43,948	\$ 43,794	0%	\$ 42,875	\$ (919)	-2%
Supplies & Services & Capital Outlay	7,229	7,231	0%	8,073	842	12%
<b>Total Expenditures</b>	<b>\$ 51,176</b>	<b>\$ 51,025</b>	<b>0%</b>	<b>\$ 50,948</b>	<b>\$ (277)</b>	<b>0%</b>
<b>Net from Operations</b>	<b>\$ (1,128)</b>	<b>\$ (171)</b>	<b>36%</b>	<b>\$ 1,107</b>	<b>\$ 1,278</b>	<b>-31%</b>
Net Transfers	1,855	2,530		1,737	(793)	
Fund Additions/(Deductions)	0	0		0	0	
Change in Fund Balance	\$ 727	\$ 2,359		\$ 2,844	\$ 485	
<b>Beginning Fund Balance</b>	<b>1,018</b>	<b>1,745</b>		<b>1,745</b>	<b>0</b>	
<b>Ending Fund Balance</b>	<b>\$ 1,745</b>	<b>\$ 4,104</b>		<b>\$ 4,589</b>	<b>\$ 485</b>	
<b>Ending FB as a % Operating Revenues</b>	<b>3.5%</b>	<b>8.1%</b>		<b>8.8%</b>		
Student FTE Enrollment	4,421	4,306	-3%	4,389		2%
<b>AUXILIARY ENTERPRISES (Including North Campus Village)</b>						
Enrollment Fees	\$ 5,125	\$ 5,521	8%	\$ 5,276	\$ (245)	-4%
Sales & Services	12,725	11,483	-10%	10,832	(651)	-6%
Other	1,466	1,725	18%	1,194	(531)	-31%
<b>Total Revenues</b>	<b>\$ 19,317</b>	<b>\$ 18,729</b>	<b>-3%</b>	<b>\$ 17,301</b>	<b>\$ (1,428)</b>	<b>-8%</b>
Personnel Services	\$ 6,453	\$ 6,533	1%	\$ 6,083	\$ (450)	-7%
Supplies & Services & Capital Outlay	11,643	10,981	-6%	10,926	(55)	-1%
<b>Total Expenditures</b>	<b>\$ 18,096</b>	<b>\$ 17,514</b>	<b>-3%</b>	<b>\$ 17,009</b>	<b>\$ (505)</b>	<b>-3%</b>
<b>Net from Operations</b>	<b>\$ 1,221</b>	<b>\$ 1,215</b>	<b>320%</b>	<b>\$ 293</b>	<b>\$ (922)</b>	<b>-38%</b>
Net Transfers	(746)	(3,135)		(1,957)	\$ 1,178	
Additions/(Deductions) to Unrestricted Net Assets	227	0		(40)	(40)	
Change in Unrestricted Net Assets	\$ 702	\$ (1,920)		\$ (1,704)	\$ 216	
<b>Beginning Fund Balance Available for Operations</b>	<b>3,109</b>	<b>3,811</b>		<b>3,811</b>	<b>(0)</b>	
<b>Ending Fund Balance Available for Operations</b>	<b>\$ 3,811</b>	<b>\$ 1,891</b>		<b>\$ 2,107</b>	<b>\$ 216</b>	
<b>Ending FB as a % Operating Revenues</b>	<b>19.7%</b>	<b>10.1%</b>		<b>12.2%</b>		



	Budget Forecast				Notes
	FY2014 Final Results	FY2015 Initial Budget	FY2015 Forecast Budget	100.0% Initial Budget	
(in thousands except enrollment)					
<b>DESIGNATED OPERATIONS, SERVICE DEPARTMENTS</b>					
Enrollment Fees	\$ 721	\$ 1,078	\$ 811	\$ (267)	(9)
Sales & Services	1,669	1,870	2,115	245	(10)
Other	1,534	1,847	1,606	(241)	(11)
<b>Total Revenues</b>	<b>\$ 3,923</b>	<b>\$ 4,795</b>	<b>\$ 4,532</b>	<b>6.1% \$ (263)</b>	<b>-5%</b>
Personnel Services	\$ 2,355	\$ 2,888	\$ 2,585	\$ (303)	(12)
Supplies & Services & Capital Outlay	1,875	1,998	1,907	(91)	-5%
<b>Total Expenditures</b>	<b>\$ 4,229</b>	<b>\$ 4,886</b>	<b>\$ 4,492</b>	<b>6.1% \$ (394)</b>	<b>-8%</b>
<b>Net from Operations</b>	<b>\$(306)</b>	<b>\$(91)</b>	<b>\$ 40</b>	<b>\$ 131</b>	
Net Transfers	(115)	152	254	102	
Additions/(Deductions) to Unrestricted Net Assets	76	0	30	30	
Change in Unrestricted Net Assets	\$(345)	\$ 61	\$ 323	\$ 262	
<b>Beginning Fund Balance Available for Operations</b>	<b>871</b>	<b>527</b>	<b>527</b>	<b>0</b>	
<b>Ending Fund Balance Available for Operations</b>	<b>\$ 527</b>	<b>\$ 588</b>	<b>\$ 850</b>	<b>\$ 262</b>	
<b>Ending FB as a % Operating Revenues</b>	<b>13.4%</b>	<b>12.3%</b>	<b>18.8%</b>		67%
<b>Days of expenditures</b>	<b>45</b>	<b>44</b>	<b>69</b>		

**ALL CURRENT UNRESTRICTED FUNDS:**

<b>Beginning Fund Balance Available for Daily Operations</b>	\$ 4,998	\$ 6,082	\$ 6,082	\$ -	
<b>Revenues</b>	73,288	74,378	73,889	(489)	-1%
<b>Expenditures</b>	73,501	73,425	72,449	(976)	-1%
<b>Transfers</b>	994	(453)	34	487	
<b>GL Additions &amp; Deductions</b>	<b>303</b>	<b>-</b>	<b>(10)</b>	<b>(10)</b>	
<b>Ending Fund Balance Available for Daily Operations</b>	<b>\$ 6,082</b>	<b>\$ 6,582</b>	<b>\$ 7,546</b>	<b>\$ 963</b>	
<b>Ending FB as a % Operating Revenues</b>	<b>8.3%</b>	<b>8.8%</b>	<b>10.2%</b>		

**Notes**

- (1) Difference in State funding as compared to last year, is tied to the tuition buy down plus the added costs associated with the University Shared Services Enterprise.
- (2) Initial budget anticipated a revenue decrease of about 2.6%. Actual student FTE is trending down only 0.7%, actual dollars are also up due to shifts in enrollment mix.
- (3) Savings partially from the restructuring of Academic Affairs, and less reliance on the use of adjunct instructors.
- (4) Includes costs pushed down from University Shared Services Enterprise and increased utilities and legal costs.
- (5) Reduction in timing of the amount to be transferred from the North Campus Village Project, reduction of the transfer to come from other Housing operations, increase in transfer to Athletics.
- (6) Lower than anticipated Day Care Center revenue, lower Housing revenues due to lower than budgeted occupancy, and increased Residence Hall fee remissions.
- (7) Food Services trending lower.
- (8) Savings in labor costs largely in Housing operations.
- (9) Growth primarily in Non-credit programs, but not to the levels initially budgeted.
- (10) Growth in support coming in from the JPR Foundation.
- (11) Trending in line slightly higher than the prior fiscal year.
- (12) Growth in Non-credit programs, plus change in accounting for JPR General Fund support.
- (13) Additional \$250k General Fund support transferred in from the USSS.
- (14) Reduction in anticipated Fee Remission award.

#### Update on SOU's Schneider Children's Center.

Since the original decision to close the Center, following over 16 months of unsuccessful work to find a sustainable model, two major developments have occurred that significantly change the overall analysis of long term viability for the Center.

Event # 1: SOU was approached in late May by the Oregon Child Development Coalition (OCDC) to partner with the SCC and add Early Head Start spots utilizing a combination of existing State funding and a five year federal grant to expand Early Head Start.

Event # 2: The Associated Students of SOU placed a referendum on their May ballot to increase the Student Incidental Fee paid by all students by \$13.00 per term for the dedicated purpose of supporting the Schneider Children's Center. Under current enrollment figures, this would generate approximately \$170,000 annually to support the center. Though this funding source would not begin until Academic Year 2016-17.

These two events have significantly changed the financial projections of the Center and therefore, Management will present the financials in full detail at the upcoming Finance Committee meeting scheduled for June 22<sup>nd</sup>.

The financial pro forma is attached.

