Public Meeting Notice

January 10, 2019

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 a review of the committee dashboard and updates on the HECC, Tuition Advisory Council and other SOU Finance and Administration matters. There also will be an investment update; a pension overview including total pension liability; discussion on state funding for the 2019-21 biennium; and a review of the pro forma with budget assumptions.

The meeting will occur as follows:

Thursday, January 17, 2019
4:00 p.m. to 6:00 p.m. (or until business concludes)
Hannon Library, DeBoer Room, 3rd Floor, Room #303
Visit governance.sou.edu for meeting materials.

The Hannon Library is located at 1290 Ashland Street, on the Ashland campus of Southern Oregon University. **If special accommodations are required or to sign-up in advance for public comment, please contact Kathy Park at (541) 552-8055 at least 72 hours in advance.**

Churchill Hall, Room 107 • 1250 Siskiyou Boulevard • Ashland, Oregon 97520-5015

(541) 552-8055 • governance.sou.edu • trustees@sou.edu

Board of Trustees
Finance and Administration Committee Meeting
January 17, 2019

Call to Order / Roll / Declaration of a Quorum

Board of Trustees
Finance and Administration Committee Meeting

Thursday, January 17, 2019
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

AGENDA

Persons wishing to participate during the public comment period shall sign up at the meeting.
Please note: times 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**	
20 min.	**3**	**Vice President's Report**	Greg Perkinson, SOU, Vice President for Finance and Administration
	3.1	Committee Dashboard	
	3.2	HECC Update	
	3.3	Tuition Advisory Council Update	
	3.4	Other Finance and Administration Updates	
5 min.	**4**	**Consent Agenda**	
	4.1	Approval of October 18, 2018 Meeting Minutes	Chair Clough
	4.2	Investment Update	
	5	**Information and Discussion Items**	
30 min.	5.1	Pension Overview and Total Pension Liability	Greg Perkinson
20 min.	5.2	State Funding for the 2019-21 Biennium	Greg Perkinson
15 min.	5.3	Review of Pro Forma and Budget Assumptions	Greg Perkinson

Board of Trustees
Finance and Administration Committee Meeting

Thursday, January 17, 2019
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

AGENDA (Continued)

5.4	Future Meetings	Chair Clough
6	**Adjournment**	Chair Clough

Public Comment

Vice President’s Report

Road Map

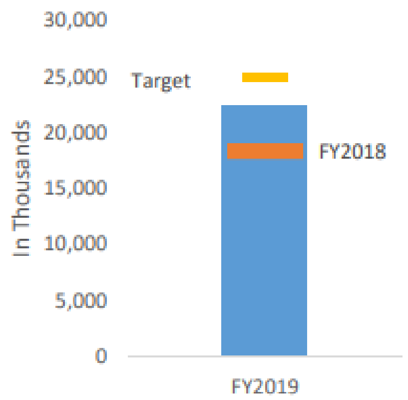
- Dashboard
- HECC Update
- Tuition Advisory Council Update
- Capital Projects Update
- Audit Update
- Organizational Update
- Student Fee Collection Update

Financial Dashboard

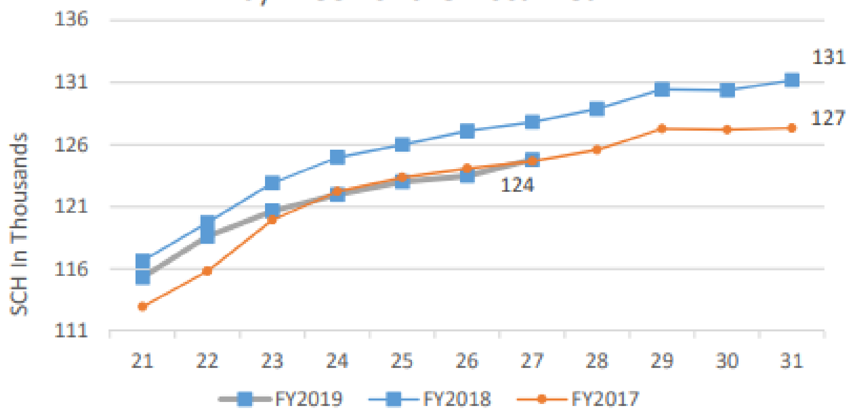
For FY19 prior to close of p 06

As of December 31, 2018

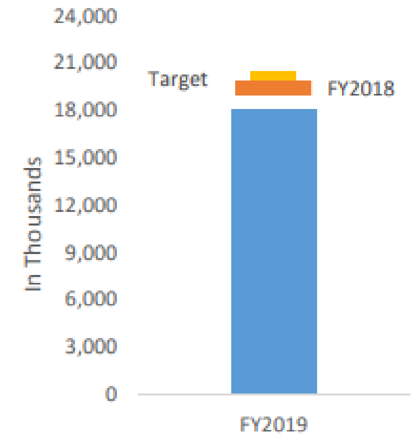
Public University Funds Operating Cash



Total Student Credit Hours by Week of the Fiscal Year

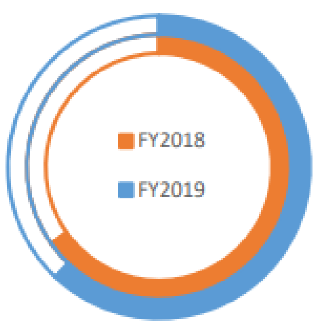


E&G Fund Balance



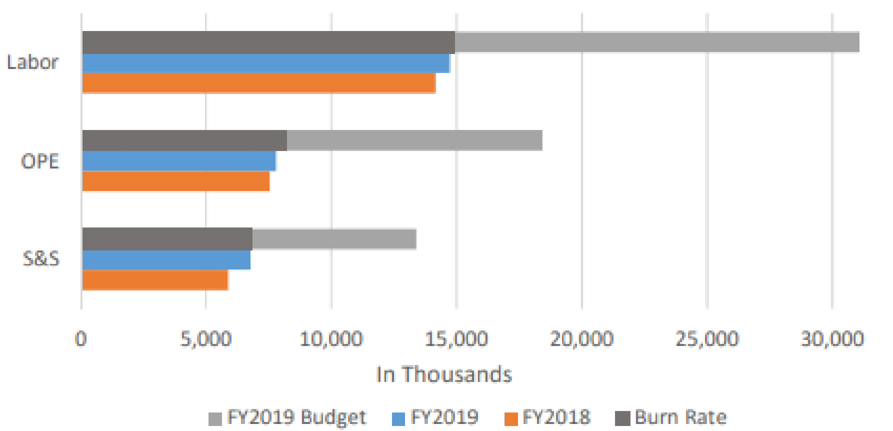
Working Student Fee Deep Dive

E&G YTD Revenues



FY2019 Collected 40,587,686
(62% of budget)

E&G YTD Select Expenses



Summary of Key HECC Issues

- For Discussion:
  - Criteria for tuition increases above 5% (criteria attached)
- Information Only:
  1. HECC working 10-year Strategic Capital Improvement Plan (proposing a strategic pause on capital improvement advocacy)
  2. Developed Capital Improvement Renewal allocation method
  3. HECC hired new Finance Director
  4. **Working with University Presidents to develop strategy and approach to Governor's Recommended Budget**

HIGHER EDUCATION COORDINATING COMMISSION
255 Capitol Street NE, Salem, OR 97310
www.oregon.gov/HigherEd

Tuition Increase Criteria

The following criteria shall be used by the HECC in determining whether or not a proposed university increase to its undergraduate resident tuition rate of greater than 5% is "appropriate" (ORS 350.075 (3)(h)(B)).

The following constitute the criteria the Commission will employ during the tuition review process. In determining whether or not an institution has met any particular criterion, the Commission will employ a "reasonableness" test; in other words, taking into account context and constraints, can the institution be understood to have taken all prudent and reasonable measures to meet the standard suggested by the criterion?

Finally, when making its final determination about whether a university's above-threshold tuition increase is appropriate, the Commission will consider the totality of the institution's submission. An institution's shortcoming or success with respect to any one criterion will not necessarily determine the Commission's overall conclusion about the appropriateness of the proposed tuition increase.

Focus Area One: Fostering an Inclusive and Transparent Tuition-Setting Process
Goals: Inclusion, Transparency

Why this focus area is important: Student engagement in tuition-setting decisions is a core priority for students, public universities, the state, and the HECC. The HECC seeks assurance that the tuition-setting process is open, fair and provides ample opportunities for student participation.

In order to assess the criterion in this focus area, evidence must be provided regarding the engagement of students throughout the process and that student engagement informed the development of an institution's final tuition proposal. This impact should be clearly documented by the available materials produced by the tuition advisory committee as well as the views of students and student organizations involved, either directly or indirectly, in the tuition-setting process.

Criteria for this Focus Area:

A. The institution can demonstrate that students had multiple opportunity to engage in the tuition-setting process including, but not limited to, participation on the institution's tuition advisory committee.

Fulfillment of this criterion: The Commission determines that engagement with students occurred throughout the tuition-setting process and that student input was fully considered in the institution's tuition proposal.

B. The institution demonstrates that information about the tuition setting process was easily accessible, that the tuition-setting process was transparent and in compliance with House Bill 4141 (2018).

Fulfillment of this criterion: Information on the institution's process is available and accessible and meets or exceeds the requirements of HB 4141. Data that can be used to support this determination include: Tuition advisory committee structure; student outreach strategies that were undertaken at the institution with a particular focus on outreach to underrepresented student groups; extent of information available to tuition advisory committee members, particularly students; and how dissenting comments are reflected and incorporated into official tuition deliberations and/or recommendations.

Focus Area Two: Safeguarding Access and Support for Degree Completion by Historically Underrepresented Students
Goals: Mitigate impacts of tuition increase, Plan for use of additional state resources

Why this focus area is important: The HECC's strategic plan emphasizes the importance of increasing the participation and completion of historically underrepresented students at every level. At a minimum, the HECC wants to ensure that the impact of any tuition increases on these highly vulnerable groups is mitigated.

These criteria allow universities to identify how they will help targeted groups more by approving these increases than by not doing so – for example via targeted remissions or student support programs. In addition, criteria require detailing how tuition would decrease should the final PUSF exceed the funding level upon which the tuition increase is predicated.

Criteria for this Focus Area:

A. Demonstration of impacts, with and without a tuition increase of more than 5%, on remission programs and support services that bolster retention and completion of underrepresented students.

Fulfillment of this criterion: The institution demonstrates that it reduced or mitigated impacts on underrepresented students under the proposed increase. Specific examples should be provided as related to programs that support these students, especially resident students.

B. The institution has a plan for reducing tuition costs if the PUSF exceeds the funding level upon which the tuition increase is predicated.

Fulfillment of this criterion: Completion of a schedule linking PUSF increases with tuition decreases.

<u>Focus Area Three</u>: Financial Conditions Demonstrating the Need for Resident, Undergraduate Tuition to be Increased More than 5%
<u>Goals</u>: Explanation of cost drivers and revenue dynamics triggering tuition increase, Demonstrated consideration of alternatives, Implementation of cost containment efforts and long-term sustainability of the university

Why this focus area is important: The tuition-setting process presents an opportunity to describe the impact of state-mandated cost pressures as well as to understand institutional efforts to contain costs and improve long-run fiscal sustainability. The universities and the HECC agree that certain funding levels by the state must be met to cover state-mandated cost drivers. The criteria under this focus area highlight these considerations.

Additionally, although universities establish tuition rates annually, this focus area highlights that decisions about tuition should consider the long-term consequences of annual decisions on the financial health of the institution, programs supporting student success, the quality of academic programs, and the institution's ability to recruit and retain faculty and staff.

<u>Criteria for this Focus Area:</u>

A. The institution demonstrates that current and projected financial conditions compelling the need for the increase request to meet the critical portions of its HECC-approved mission or goals set in the HECC's strategic plan, including documentation that alternatives to raising tuition above 5% were considered.

Fulfillment of this criterion: A clear explanation, backed up with appropriate quantitative evidence, that the institution's increase in excess of 5% is necessary to support the long-term need to meet the institution's core mission or its ability to meet the HECC's strategic plan.

B. The institution demonstrates that it has considered and implemented cost containment efforts for those costs that are within their control.

Fulfillment of this criterion: The institution has a demonstrable history of cost control efforts, including engaging in a systematic review of cost efficiencies. In addition, these efficiency reviews and the resulting data/monitoring have been incorporated into an institution's budgetary decision-making process for an institution's cost control efforts to receive a passing analysis under this criterion.

Tuition Advisory Council Update

- TAC formed, met in December 2018
- Initial meeting focused on building a basic foundation:
  - Revenue
  - Income
  - State Funding (and GRB)
- What's next?
  - Will integrate all requirements of HB 4141 into the process and ensure transparency

Road Map for Capital Projects

Approved for Q-Bond sale (Feb/Mar 2019)

- Boiler Project ($2.8M)
  - Photos of existing Boiler and Chiller
  - Timeline
- Britt Hall – Phase 1 ($4M)
  - Photo of original facility (prior to adding 3 wings)
  - Overview of priorities for construction
- Central Hall ($6M)

Southern OREGON UNIVERSITY

BOILER REPLACEMENT PROJECT 2018

The $2.8 million project will replace two of the university's four boilers, along with a condensate storage tank, the boiler control system and an undersized chiller.

- The two boilers targeted for replacement are 47 and 52 years old, exceeding their useful service life of 25 years, and are considered susceptible to imminent failure
- Evergreen Engineering, Inc., has evaluated the university's boiler system and recommends replacing the two outdated 350-horsepower boilers with new 400-horsepower boilers
- The university replaced its two other boilers in 2008
- The existing condensate accumulation and storage tank does not effectively remove dissolved oxygen from the water, which can result in boiler damage
- The current manual control system is inefficient and should be replaced with an integrated boiler control system
- Overall, the changes will result in savings of $93,000 per year in natural gas consumption and $6,100 per year in chemical usage

Old Boiler

Existing Chillers

Central Plant (Boiler) Timeline

- ✓ Dec 2018 - Ordered New Boilers and Related Equipment
- Feb 2019 – Architectural Upgrades to Building
- April 2019 – Abatement and Demolition of Boilers
- April 2019 – Install new Boilers & Related Equipment
- Oct 2019 – Remove old Chillers & Pumps
- Nov 2019 – Install new Chillers and Cooling Tower
- Jan 2020 – Project Complete

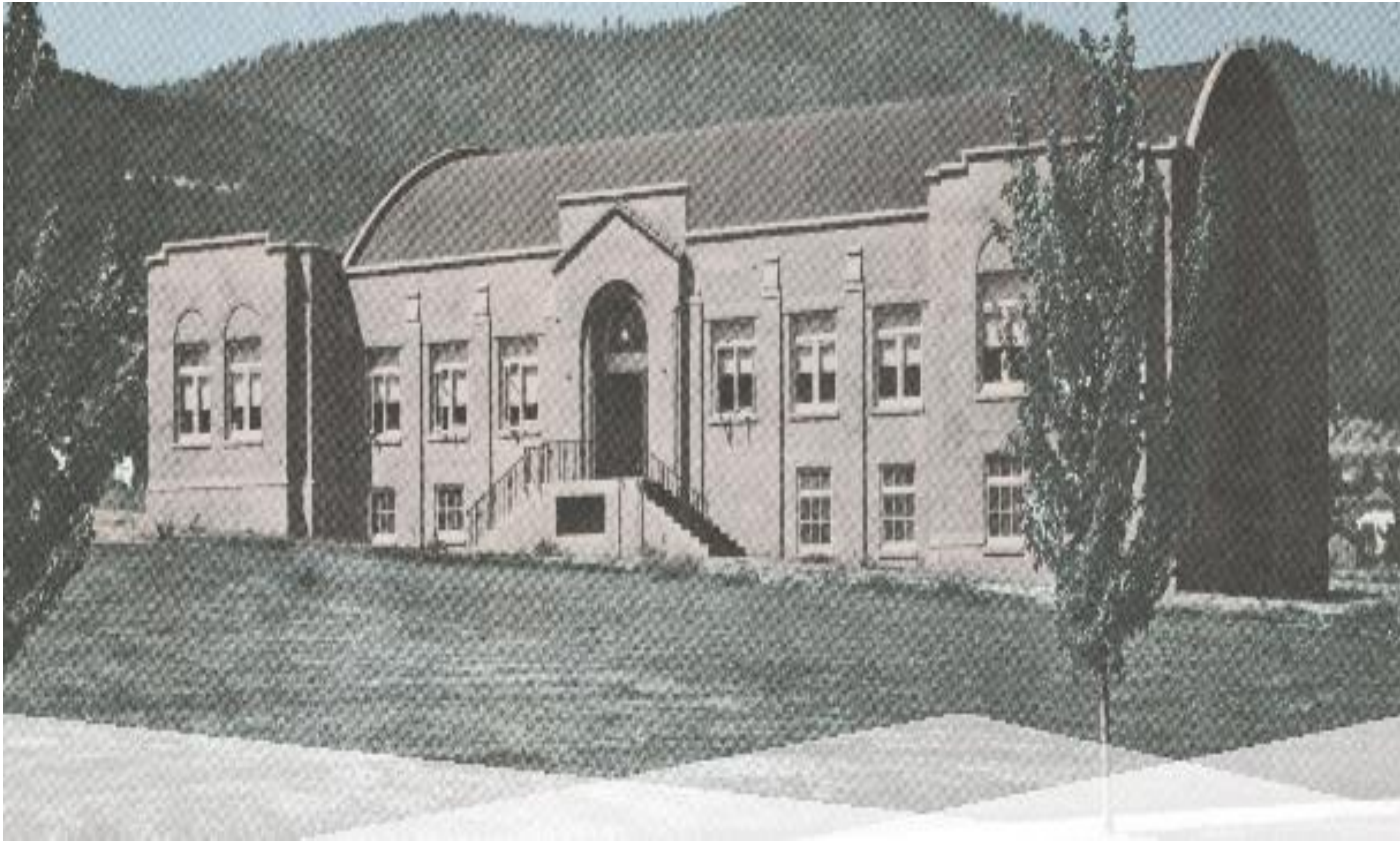


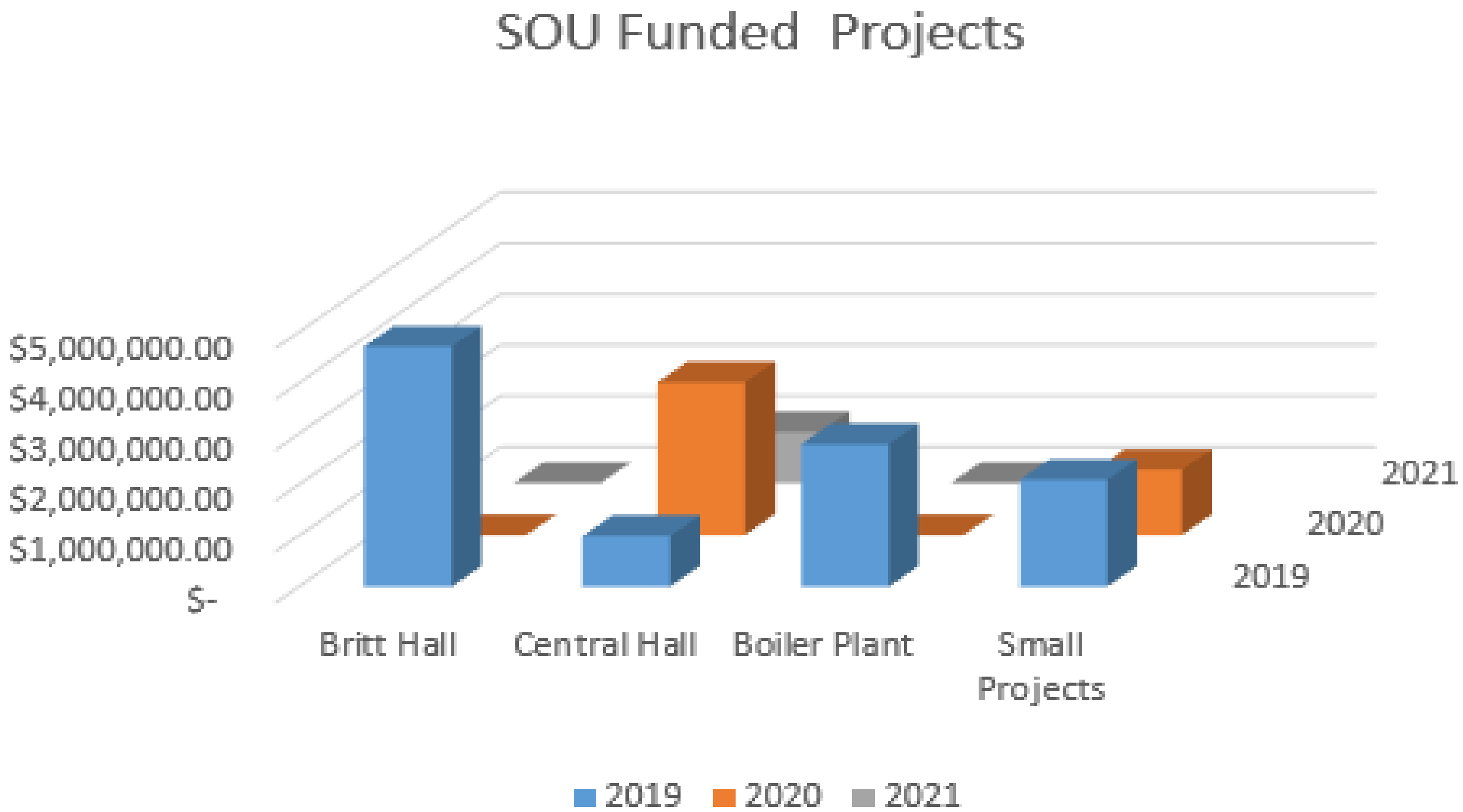
Photo of the original Britt Hall (second facility built on campus).

Britt Hall Upgrades

Britt Hall Priorities

- Asbestos Abatement
- Seismic Upgrades
- Life Safety Systems (Fire Alarms & Sprinklers)
- Mechanical Systems Upgrades
- OHSU Nursing Renovation (Awaiting Funding from OHSU)

How the Funds for Capital Projects Will Flow Over Time



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Members of the Board

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Southern Oregon University (the University), a component unit of the State of Oregon, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Southern Oregon University Foundation (the Foundation), which represents 100 percent of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During fiscal year ended June 30, 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of this standard, the University reported a restatement for the change in accounting principle (see Note 9 to the financial statements). As of July 1, 2017, the University's net position was restated to reflect the impact of this adoption. Fiscal year 2017 was not restated for this change in accounting principle due to the fact that information was not available to the University to restate net position as of July 1, 2016. Our auditors' opinion was not modified with respect to the restatement

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 8 through 17, the Schedule of the University's Contributions, the Schedule of the University's Proportionate Share of the Net Pension Asset/Liability, the Schedule of University's Proportionate Share of Total PEBB OPEB Liability, the Schedule of University PERS RHIA OPEB Employer Contributions, the Schedule of University's Proportionate Share of Net PERS RHIA OPEB Liability, the Schedule of University's PERS RHIPA OPEB Employer Contributions, and the Schedule of University's Proportionate Share of Net RHIPA OPEB Liability, referred collectively as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Message from the President is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Message from the President has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 16, 2018

Evolution in Finance and Administration Organization

- Welcome to Susan Dyssegard – Executive Assistant
- Update on Vacancy Associate VP for Budget and Planning
  - 16 Candidates
  - Chose not to extend an offer (will keep the position vacant)
- Congratulations to Josh Lovern – Interim Budget Program Manager
- Update on Accounting Organization:
  - Phase 1 – Process improvements
  - Phase 2 – Reassess

Student Fee Collections

For Information Only

Situation:	Student Mandatory Fee revenue collection is down about $500K due to enrollment downturn
Background:	Enrollment decline impacted fee collection resulting in approximately 7% revenue decrease
Assessment:	Team analyzing options and alternatives to curtail expenses (short-term) and build get-well plan (long-term)
Recommendation:	No recommendation for board.

Consent Agenda

Board of Trustees of Southern Oregon University
Finance and Administration Committee Meeting
Thursday, October 18, 2018

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Members:

Sheila Clough	Absent	Shanztyn Nihipali	Present
Les AuCoin	Present	Bill Thorndike	Absent
Shaun Franks	Present	Steve Vincent	Present
Megan Davis Lightman	Absent		

In Chair Sheila Clough's planned absence, Trustee Steve Vincent called the meeting to order at 4:00 p.m. in the DeBoer Room of the Hannon Library. The secretary recorded the roll and a quorum was verified.

Public Comment

Kelly Marcotulli, Ivy Ross, Frances Dunham, Vicki Simpson and Allan Peterson, all from Oregon for Safer Technology, provided comments on the dangerous health effects of cellular phones and towers, mentioned research on their biological effects and urged caution in making a decision on whether to erect a cellular tower on the SOU campus.

Tom Battaglia, SOU's Chief Information Officer, provided comments in support of erecting a cellular tower on campus. He contacted peer institutions in the northwest and the eight that responded host cellular antennas on their campuses. Mr. Battaglia highlighted the importance of being able to communicate during emergencies.

Vice President's Report

Greg Perkinson introduced new team members: Tom Battaglia, Andrew MacPherson, Josh Lovern and Beau Belikoff.

<u>Committee Dashboard</u>

Mr. Perkinson reviewed the financial dashboard included in the meeting materials.

<u>Organizational Update</u>

Mr. Perkinson mentioned key vacancies, which provide an opportunity to review the organizational structure. Regarding employee strength, he mentioned improving how both how SOU communicates as well as trust between employees and managers. Mr. Perkinson conducted an organizational assessment for various finance and administration functions, including institutional effectiveness, financial management and contracts administration.

<u>Cellular Antenna</u>

Greg Perkinson said he has met twice with some of the individuals who spoke during the public comment period and described the current situation regarding the cellular antenna. He received complaints about poor signal strength, which drove the initial requirement, and considered feedback from members of the local community. In conducting his assessment of the situation, he reviewed scientific reports, including one from the World Health Organization, and coordinated with Dr. John Roden, Dr. Sherry Ettlich, Tom Battaglia and other staff members. Mr. Perkinson said he ultimately recommended installation of the antenna, which was approved by President Linda Schott as well as the city planning committee.

Mr. Perkinson summarized the results of the campus-wide survey regarding cellular coverage on campus and whether there were any concerns about the installation of an antenna. His recommendation was based only in part, on the survey results.

Fiscal Year 2017-18 Year-end Update

Focusing on entries that were +/- 10 percent in variance from the initial budget, Mr. Perkinson discussed the periodic management report, which compares the final results of fiscal year 2017 with the initial and final budget for fiscal year 2018.

Consent Agenda

Trustee AuCoin moved to approve the minutes from the June 21, 2018 and August 15, 2018 meetings, as presented. Trustee Nihipali seconded the motion and it passed unanimously.

Action Items

Amendment to Student Incidental Fee for AY 2018-19

Alexis Phillips said ASSOU held a second special election from September 28 through October 10, to vote on whether to continue to assess the $13 fee to support the Schneider Children's Center, which has closed. The results were pending verification at the time of the meeting. However, the unofficial results were that enough students participated in this election to make it valid and a majority voted to discontinue the fee.

Trustee Vincent presented proposed amendments to the resolution included in the meeting materials. The fourth paragraph will be amended as follows: "Whereas on October 18, 2018, the election results were a total of 288 valid respondents with a majority voting in favor. The results will be clarified after the Judicial Branch certifies the results." In the penultimate paragraph, the following will be added at the beginning: "pending certification of a successful special election."

Trustee Franks moved to approve the resolution, as amended. Trustee AuCoin seconded the motion and it passed unanimously.

Information and Discussion Items

Committee Meeting Schedule and 2018-19 Budget Calendar

Trustee Vincent provided an overview of the current meeting schedule and said the proposal was to continue the same schedule through the end of the 2019-20 academic year. There were no comments from the committee members regarding the schedule.

First Quarter Forecast and Pro Forma

Greg Perkinson said SOU uses the pro forma as a forecasting model and to compare the Board-approved budget to current execution. The key measures are the ending fund balance and the percent of operating revenue. This tool provides an educational component in the tuition setting and budget approval processes.

Mr. Perkinson addressed key revenue and expense drivers, figures in the pro forma and the current service level. He said students are covering 70 percent of their educational costs, with the state covering 30 percent. As the agency's recommended budget is being built, the public universities are showing the impact different funding levels will have on students. The universities estimate they will need $130 million to maintain the current service level.

Mr. Perkinson stressed a few final points: Without current service level funding, SOU cannot sustain low tuition rates; the enrollment decline is straining the fund balance; and staff are developing mitigation plans to control discretionary costs.

<u>Future Meetings</u>
The next regularly scheduled committee meeting will be on January 17.

Adjournment
Trustee Vincent adjourned the meeting at 5:57 p.m.

Investment Report

Provided by Penny Burgess, Director of Treasury Management Services, University Shared Services Enterprise (USSE)

Southern OREGON UNIVERSITY

Q1 FY19 Market Highlights

- U.S. second calendar quarter GDP growth 4.2%
- U.S. equity market 7.7% (S&P 500)
- International equity market 0.7% (MSCI ACWI ex-US)
- Barclays U.S Aggregate Bond Index unchanged

Q1 FY19 Performance – Operating Assets

- Public University Fund +0.3%
  - Oregon Short-Term Fund +0.6%
  - Core Bond Fund +0.1%
  - 12 month annualized yield +2.4%
- $27.3M Total Operating Assets

Q1 FY19 Performance – Endowment Assets

- SOU Endowment +3.1%
  - Blackrock All Country World Index +3.9%
  - Western Asset Core Plus Bond Fund +0.3%
- $2.5M Total Endowment Assets
- Asset allocation complies (75% equity/25% fixed income)

Upcoming Action Items

- March 2019 review of SOU Endowment Investment Policy

Public University Fund Investment Returns

SOU Operating Assets Invested in the PUF	Quarter Ended 09-30-18	Current Fiscal YTD	Prior Fiscal YTD	3 Year Avg.	Market Value	Asset Allocation
Oregon Short Term Fund	0.6%	0.6%	0.4%	1.3%	$ 9,480,654	34.7% [1]
Benchmark - 91 day T-Bill	0.5%	0.5%	0.3%	0.8%		
PUF Core Bond Fund	0.1%	0.1%	0.6%	N/A	$ 17,837,838	65.3% [1]
Blended Benchmark [2]	0.1%	0.1%	0.6%	1.9%		
SOU Operating Assets Invested in the PUF	0.3%	0.3%	0.5%	1.3%	$27,318,492	100.0%

[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] Blended Benchmark Composition: 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

SOU Endowment Investment Returns

SOU Endowment Assets	Quarter Ended 09-30-18	Current Fiscal YTD	Prior Fiscal YTD	3 Year Avg.	Market Value	Asset Allocation
BlackRock ACWI IMI B	3.9%	3.9%	5.4%	13.8%	$ 1,843,893	75.3%
Benchmark – MSCI ACWI IM. Net	3.9%	3.9%	5.3%	13.5%		
Western Asset Core Plus Bond Fund	0.3%	0.3%	1.8%	3.2%	$ 606,407	24.7%
Benchmark – Bloomberg Barclay's US Aggregate Index	0.0%	0.0%	0.8%	1.3%		
Cash	0.6%	0.6%	0.4%	1.3%	$ 951	0.0%
Benchmark – 91 day T-bill	0.5%	0.5%	0.3%	0.8%		
Arrowstreet Tax Reclaim Receivable					$ 283	0.0%
Total SOU Endowment Assets	3.1%	3.1%	4.4%	10.8%	$ 2,451,534	100.0%
Policy Benchmark [1]	2.7%	2.7%	4.0%	9.8%		

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

Report on Investments – as of September 30, 2018

Market Background
(Provided by Callan Associates, Oregon Investment Council consultant)

Macroeconomic Environment
Happy 10-year anniversary to the Global Financial Crisis! Just a decade ago, some of the world's largest and most revered financial institutions, along with the modern financial system itself, were left staring into the abyss. Several events, beginning with the fire sale of Bear Stearns and failure of Lehman Brothers, quickly transitioned into a bailout of American International Group, conservatorship of Fannie Mae and Freddie Mac, multiple emergency relief programs, and forced marriages of several global investment and commercial banks. The series of events would eventually translate into one of the most painful economic recessions on record. And yet, as grave as things appeared in September 2008 and during the months that followed, the global economy just 10 years later finds itself in the midst of one of the longest economic expansions in the modern era. But as much as there is a great deal of positive news to go around as the current economic expansion grinds on, nearly all global economies face headwinds of some kind in the near term.

At the head of the pack, the U.S. economy has continued to feel the shot of adrenaline provided by early 2018 tax cuts and fiscal stimulus, recording 4.2% growth in the second calendar quarter and an estimated 3.6% increase in the third calendar quarter, which would be the highest two-quarter clip in nearly four years. Unemployment, which was hovering near the 10% mark during the depth of the financial crisis, is at 3.7% and wage growth, which has been anemic throughout the recovery period, has shown some signs of life recently with gains of approximately 4.7% over last year's wages. U.S. inflation remains subdued with a 2.7% increase during the quarter; prices were held in check with a slowdown in fuel and housing costs. Core inflation, which excludes food and energy, grew at a 2.2% rate during August. Tempering the enthusiasm, however, most market observers acknowledge that the stoked growth in the U.S. is unlikely sustainable, due to demographic trends (aging population, fewer new job entrants), uncertainty around the full impact of tariffs with China and other trading partners, and an unsettled political environment.

Looking abroad, global growth has continued to show resiliency, though moving at a slower pace than earlier this calendar year. The Global Purchasing Managers' Index (PMI), which provides a survey-based reflection of the economic health of the manufacturing and service sectors, continued to offer encouraging readings across much of the developed and emerging world throughout the third calendar quarter. However, the steady rise in U.S. interest rates and U.S. dollar appreciation have begun to create some headaches for many parts of the world, particularly in the form of higher interest costs for Emerging Market countries with significant U.S. dollar-based debt burdens. Within the euro zone, investors are trying to balance the health of the PMI, lower unemployment figures, and stable inflation with headwinds such as ascendant populism (e.g., Italy), declining net export and trade activity, and stalling progress on British Exit (Brexit) negotiations (with a rapidly approaching deadline).

In Japan, corporate earnings, export activity, and business sentiment remain relatively strong. Meanwhile, a tight labor market (a 2.4% jobless rate as of August) has yet to translate into higher wages and private consumption has remained weak, though the latter could see a bump in advance of a planned sales tax hike (to 10%) in October 2019 along with other fiscal reforms. And in China, President Xi Jinping's national team of economists continue to focus efforts on deleveraging (non-financial corporate debt is estimated at 164% of gross domestic product, according to the Bank of International Settlements) and structural reforms while balancing the need for policy stimulus, likely in the form of more infrastructure investment, to counteract the impact of U.S. tariffs that have yet to take full effect.

Equity Market Results

The U.S. equity market posted broad gains in the third calendar quarter, fueled by strong economic growth, soaring corporate profits, and record levels of stock buybacks. Several major indices hit record levels during the quarter, and the S&P 500 Index's 7.7% gain was its biggest since the fourth calendar quarter of 2013. Volatility was muted in spite of persistent headlines around the tariff threats and the ever-changing negotiations. Large growth stocks were the top performers (Russell 1000 Growth: +9.2%) and small value (Russell 2000 Value: +1.6%) occupied the bottom slot. All sectors posted positive returns within the S&P 500, but the differences were stark. Health Care (+14.5%), Industrials (+10.0%), Technology (+8.8%), and the new Communication Services (+9.9%) sectors were the top performers, bookended by Materials, Energy, and Real Estate, all of which returned less than 1% for the quarter. The new Communication Services sector replaced Telecommunications and adopted names from Technology and Consumer Discretionary, including Facebook, Alphabet, Netflix, Twitter, and Disney and now includes over 20 holdings (initially, the new sector represented 10% of the S&P 500.) FAANG stocks (Facebook, Apple, Amazon, Netflix, and Google) plus Microsoft contributed nearly a quarter of the S&P 500's return in the third calendar quarter, which was a lower impact than prior quarters. Apple (+22.4%) was the largest FAANG stock contributor while Facebook (-15.4%) was a detractor.

Non-U.S. developed markets underperformed the U.S. in the third calendar quarter as the Morgan Stanley Capital Indices (MSCI) All Country World Index ex-U.S. rose a meager 0.7% (in U.S. dollar terms). Japan was a top performer (+3.7%) as Prime Minister Shinzo Abe won his inter-party leadership battle and retained his role as president of the Liberal Democratic Party. The U.K. dropped 1.7% on uncertainty around Brexit, while Europe ex-U.K. finished up 1.8% despite being weighed down by political turmoil and financial woes in Italy (-4.5%). Emerging market equities declined (MSCI Emerging Markets Index: -1.1%), but returns were highly divergent. Turkey (-21%) and Greece (-18%) fell the most due to macro-economic concerns. As a region, Latin America gained 5% with Mexico (+7%) and Brazil (+6%) up the most. Elsewhere, Russia (+6%) rebounded, largely due to the surge in its Energy sector (+16%). Conversely, China (-8%) dropped given a large sell-off in Chinese technology companies (-14%) and India (-2%) posted a modest loss due to a significant decline in its Financial sector (-12%).

Fixed Income Market Results

Yields rose during the quarter; the 2-year U.S. Treasury Note climbed nearly 30 basis points (bps) to close at a multi-year high of 2.81% while the 10- and 30-year Treasuries rose roughly 20 bps. The yield curve continued to flatten with the spread between the 2-year Treasury yield and the 10-year Treasury yield falling to 24 bps as of quarter-end. As expected, the Federal Reserve (Fed) hiked rates by 25 bps in September, and one more hike in December 2018 appears likely. Markets expect two more hikes in calendar year 2019 while the median Fed projection is for three. The 10-year breakeven inflation rate rose modestly to 2.14% (as of 9/30) from 2.11% (as of 6/30) and the Bloomberg Barclays Treasury Inflation Protected Securities Index fell 0.8% as rates rose.

The return on the Bloomberg Barclays U.S. Aggregate Bond Index was flat (+0.0%) for the quarter with the U.S. Treasury sector (-0.6%) underperforming the Corporate bond sector (+1.0%). High yield (Bloomberg Barclays High Yield Index: +2.4%) outperformed and leveraged loans rose 1.8% (S&P Loan Syndications & Trading Association Leveraged Loan). Meanwhile, returns for the Bloomberg Barclays Global Aggregate ex-U.S. Bond Index fell 1.7% on an unhedged basis while the hedged version was flat (+0.0%). The U.S. dollar strengthened versus the Japanese yen and U.K. pound but was roughly flat versus the euro. As a result, Japan (-3.7%) and the U.K. (-3.1%) were among the worst performers in U.S. dollar terms. Canada was the only source of a positive result (+0.7%) due solely to currency appreciation versus the U.S. dollar. In local terms, Canada also delivered a negative return (-1.1%).

The quarterly return for the JP Morgan Emerging Market Bond Global Diversified Index (U.S. dollar denominated) was +2.3% with all sub-regions delivering positive results. Local currency emerging markets, however, fared more poorly. The JP Morgan Global Bond Emerging Markets Diversified Index fell 1.8% for the quarter, but also endured significant intra-quarter volatility, including a 6.1% drop in August. Further, return dispersion among countries was significant. Argentina (-35%) has seen its peso fall more than 50% this calendar year to a record low as investors were spooked by previous currency debacles and worries over the economic picture. In addition to securing support from the International Monetary Fund, the country's central bank hiked short-term interest rates 15 percentage points to a global high of 60%. Turkey (-27%) endured a similar currency rout, though for different reasons. U.S.-imposed sanctions and concerns over central bank policy were the twin drivers of the lira's weakness. Turkey hiked short rates by 6.25% to 24% to stem its currency slide. Elsewhere, returns were far more modest (positive or negative) with only Russia (-6%) and Mexico (+6%) being noteworthy.

The municipal bond market delivered modest negative returns in the third calendar quarter as yields rose. The Bloomberg Barclays 1-10 Year Blend fell 0.1% and the broader Municipal Bond Index dropped 0.2%. Issuance remained muted and is down 15% from last calendar year's pace (through 9/30). In an ongoing trend, lower-quality bonds continued to outperform higher quality. The highest-quality sector, AAA-rated bonds, declined 0.3% for the quarter while the BBB sector was up 0.2%.

Other Asset Results

Across real assets, Master Limited Partnerships (MLP) were once again a top-performing category during the third calendar quarter, as shown in the Alerian MLP Index gain of 6.6%. Interestingly, two other rate-sensitive real asset categories—Real Estate Investment Trusts (REITs) and Listed Infrastructure—were relatively flat during the quarter, with the Financial Times Stock Exchange National Association of REITs Equity Index returning a meager 0.8% while the Dow Jones Brookfield Global infrastructure Index shed 0.8%. It's a relationship worth monitoring and one that may continue as Real Estate and Infrastructure are somewhat more dependent upon leverage as part of their capital structures. Meanwhile, Natural Resource equities were the only other broad area of relatively positive performance within real assets, with the S&P 1200 Energy and S&P 1200 Materials Indices up 1.3% and 0.1%, respectively. With the gain in the U.S. dollar in the third calendar quarter, most commodities sold off with the exception of Energy (Bloomberg Commodity Sub Energy: +4.4%) and Livestock (Bloomberg Commodity Sub Livestock: +2.9%). Given the much higher weighting to Energy in the Goldman Sachs Commodity Index as compared to Bloomberg, the former produced a modestly positive return (+1.3%) during the quarter.

Closing Thoughts

With noted exceptions, we remain cautiously optimistic regarding the resilient global growth that has been exhibited by both the U.S. and foreign economies over the most recent quarter and calendar year-to-date. And despite markets in both financial and real assets continuing to feel extended, such cycles are born without an assigned expiration date. Nevertheless, we are also realists and acknowledge that all good things must end, which is why we continue to encourage investors to maintain a long-term perspective and prudent asset allocation with appropriate levels of diversification.

Public University Fund

(Prepared by the Public University Fund Administrator)

The Public University Fund (PUF) gained 0.3% for the fiscal quarter ended September 30, 2018. The Oregon Short-Term Fund (OSTF) returned 0.6% for the quarter, outperforming its benchmark by 10 basis points. The Core Bond Fund returned 0.1% for the quarter, performing in line with its benchmark. The investment yield on the PUF portfolio was 0.6% for the quarter.

In October, Oregon State Treasury fixed income portfolio manager, Tom Lofton, conducted a quarterly performance review with university staff. The investment team took advantage of market volatility and rising interest rates to deploy cash into U.S. Treasuries and corporate fixed income securities during the quarter, increasing the portfolio's investment yield by 8 bps.

The Public University Fund continues to meet the PUF investment policy's stated objectives of providing adequate liquidity to meet operating needs while producing a total return that exceeds short duration cash strategies, over the long term. The PUF returned 1.4% over a trailing three-year period compared to 0.8% for the 91-day Treasury bill. The yield on the portfolio averaged 1.9% for three years ending September 30, 2018.

During the quarter, investment earnings distributed to Southern Oregon University totaled $171,660. The market value of SOU's allocable share of the PUF was $27,318,492 on September 30, 2018.

Southern Oregon University Endowment Fund

(Prepared by USSE Staff)

The SOU Endowment Fund gained 3.1% for the quarter ended September 30, 2018, outperforming its policy benchmark by 40 basis points. The three-year average return was 10.8% compared to 9.8% for the benchmark. The Fund ended the quarter with a balance of $2.5 million.

The majority of the Fund's assets (75%) are allocated to a global equity index strategy while 25% of the portfolio is allocated to an "actively" managed fixed income fund. For the three months ended September 30, the Western Asset Core Plus Bond Fund returned 0.3%, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index by 30 basis points. The Blackrock All-Country World Index performed in line its benchmark for the quarter, gaining 3.9%, fueled by strong performance from U.S. equities (7.7%).

Southern Oregon University

Investment Summary

as of September 30, 2018

(Net of Fees)

	Quarter Ended 9/30/2018	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Range
SOU Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.6%	0.6%	0.4%	1.3%	1.0%	0.9%	$ 9,480,654	34.7%	[1]
Benchmark - 91 day T-Bill	0.5%	0.5%	0.3%	0.8%	0.5%	0.3%			
PUF Core Bond Fund	0.1%	0.1%	0.6%	N/A	N/A	N/A	17,837,838	65.3%	[1]
Blended Benchmark [2]	0.1%	0.1%	0.6%	0.9%	1.9%	N/A			
Public University Fund Total Return	0.3%	0.3%	0.5%	1.4%			$ 27,318,492	100.0%	
Public University Fund Investment Yield	0.6%	0.6%	0.5%	1.9%					
SOU Endowment Assets									
BlackRock ACWI IMI B	3.9%	3.9%	5.4%	13.8%	9.0%	N/A	$ 1,843,893	75.3%	75.0%
Benchmark - MSCI ACWI IMI Net	3.9%	3.9%	5.3%	13.5%	8.7%	8.5%			
Western Asset Core Plus Bond Fund	0.3%	0.3%	1.8%	3.2%	3.7%	6.4%	606,407	24.7%	25.0%
Benchmark - Bloomberg Barclays Aggregate Index	0.0%	0.0%	0.8%	1.3%	2.2%	3.8%			
Cash	0.6%	0.6%	0.4%	1.3%	1.0%	0.9%	951	0.0%	0.0%
Benchmark - 91 day T-Bill	0.5%	0.5%	0.3%	0.8%	0.5%	0.3%			
							2,451,251	100.0%	
Arrowstreet Tax Reclaim Receivable							283	0.0%	
Total Endowment Assets	3.1%	3.1%	4.4%	10.8%	8.1%	8.4%	$ 2,451,534	100.0%	
Policy Benchmark [3]	2.7%	2.7%	4.0%	9.8%	N/A	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 Blended Benchmark Composition: 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

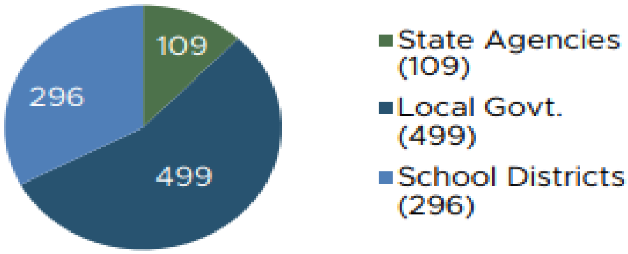
3 Policy Benchmark Composition: 75% Morgan Stanley Capital Indices All-Country World Investable Market Index Net , 25% Bloomberg Barclays Aggregate Bond Index.

Note: Outlined returns underperfomed their benchmark.

Pension Overview and Total Pension Liability

1. System Demographics (as of June 30, 2018)

PERS-participating employers: Currently 904, including all state agencies, universities, and community colleges; all school districts; and almost all cities, counties, and other local government units. *See a full list of PERS employers in Appendix A.*



Membership by category

		State Govt.	Local Govt.	School Districts	Total
Tier One	Active	6,181	6,823	8,388	21,392
	Inactive	3,758	4,145	4,510	12,413
Tier Two	Active	9,221	11,592	14,323	35,136
	Inactive	3,539	5,486	6,236	15,261
OPSRP	Active	32,918	38,024	48,527	119,469
	Inactive	4,866	6,384	7,069	18,319
Sub-total	Active	48,320	56,439	71,238	175,997
	Inactive	12,163	16,015	17,815	45,993
Retirements*		42,847	41,184	61,832	145,863
TOTAL					**367,853**

*Retirements include beneficiaries, but not members who received total lump-sum retirement or account withdrawal payouts.

State Government: State agencies, universities, judges

Local Government: Cities, counties, special districts, community colleges

Active: Currently working for a PERS-participating employer

Inactive: Not retired; not currently working for a PERS-participating employer

Reference: "PERS by the Numbers": https://www.oregon.gov/pers/Documents/General-Information/PERS-by-the-Numbers.pdff

SOU-Related PERS Information

SOU receives its PERS liability information directly from the State

- The State calculates total pension liability based on employee data submitted into the various pension plans.
- SOU receives its pension data directly from the Department of Administrative Services (DAS), which provides SOU's *proportionate share* of the total state pension liability.

Actual obligations approximately $30M

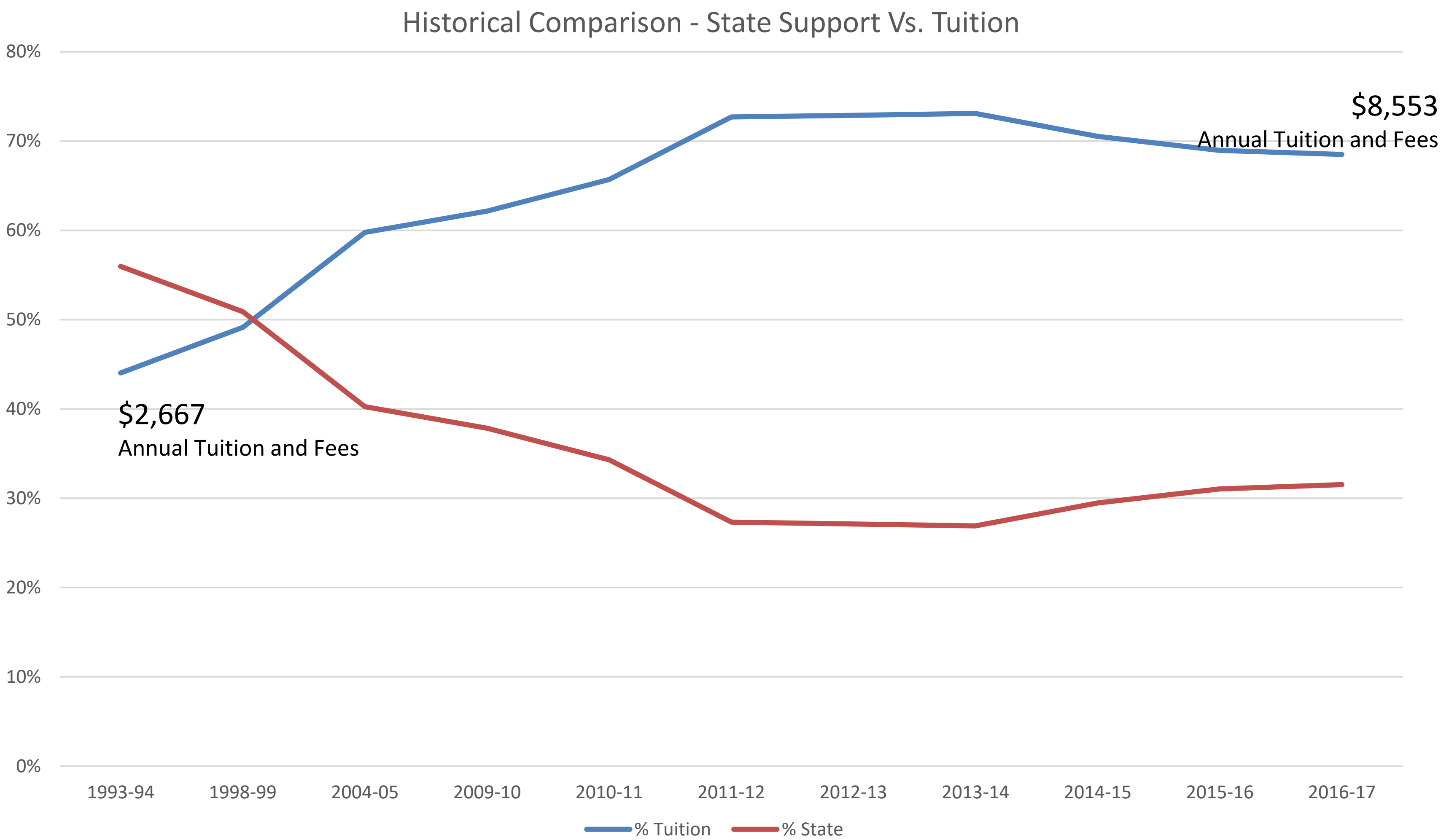
- PERS liability is calculated as a percentage of covered payroll in that pool. SOU's liability is .2% of the total
- SOU's *proportionate share* of the statewide pension plan was .22344023%, or $30,119,827.This number is then reflected on Statement of Net Position (SOU 2018 Annual Financial Report, page 18), with the footnote on page 37 (note 15).

SOU contributions met; assets comingled

- SOU is part of a larger pension pool of state agencies **(**not in a separate, segregated SOU pool).
- SOU makes payments into the retirement system based on the make up of the university’s current and past employees, which filters into how the State determines SOU's p*roportional share* of the estimated liability."
- SOU’s FY18 *contractually required contributions* were made; FY18 contribution obligations met.

State Funding for the 2019-21 Biennium

Situation: State's Disinvestment in Higher Ed; Burden Shifts to Students



Background: Governor's Recommended Budget (GRB) vs. Investment Plan

CRITERION	GRB BASE BUDGET	INVESTMENT PLAN
Funding	$736.9M (same as FY17-19) 1*	$856.9M (Additional $120M provides CSL only)
Affordability	Sharp tuition increases (>12%)	Tuition increase < 5%
Cost Controls	Will be required 2*	Avoided
Financial Stability	Low Fund Balance	Stasis
Access and Equity	Eliminates OR Opportunity Grant after 2019-2020; Cuts OR Promise student funding	Doubles OR Opportunity Grant; Funds OR Promise, Outdoor school, and Sports Lottery;
Student Success	Less funding available for remissions (scholarships for need and/or merit)	Healthy remissions funding; opportunities for innovation
New Investments	No dedicated funding	Funds innovation, campus safety, outreach, and youth employment

* Notes:

1 – Flat funding and elimination of Engineering Technical Investment Council (ETIC) or Sports Lottery funding

2 – Program reviews, Supplies and Services belt tightening, holding positions vacant, etc.

High-level Cost Comparison

Based on Governor's Expectation

SCENARIO	TUITION % INCREASE	TUITION COST INCREASE/YR	ENDING FUND BALANCE ($M)			% OPERATING REVENUE		
			18/19	19/20	20/21	18/19	19/20	20/21
1. GRB ($0)	5%	$ 387	4.6	2.1	-.11	7.5	3.2	-.2
2. GRB + $40.5M	5%	$ 387	4.6	3.2	2.2	7.5	4.9	3.3
3. GRB + $80M	5%	$ 387	4.6	4.1	4.1	7.5	6.3	6.1
4. Invest +$120M	5%	$ 387	4.6	4.9	5.8	7.5	7.4	8.4

Notes:

- Tuition percent increase and cost based on Resident Undergraduate only, currently $7,740/yr.
- Ending fund balance in FY18/19 currently is about $3M "off plan, " due to lower-than-expected enrollment

High-level Cost Comparison

Based on Minimum 8% Operating Target

Southern OREGON UNIVERSITY

SCENARIO	TUITION % INCREASE	TUITION COST INCREASE	ENDING FUND BALANCE ($M)			% OPERATING REVENUE		
			18/19	19/20	20/21	18/19	19/20	20/21
1. GRB ($0)	15% (one year)	$ 1161	4.6	5.3	6.7	7.5	8.0	9.6
2. GRB + $40M	11.8% (one year)	$ 913	4.6	5.3	6.7	7.5	8.0	9.7
3. GRB + $80M	9% (one year)	$ 697	4.6	5.3	6.5	7.5	8.0	9.5
4. Invest +$120M	6.5% (one year)	$ 503	4.6	5.3	6.6	7.5	8.0	9.5

Notes

- Tuition percent increase and cost based on Resident Undergraduate only, currently $7,740/yr.
- Ending fund balance in FY18/19 currently is about $3M “off plan, ” due to lower-than-expected enrollment

Assessment: Timing Creates Risk

Southern OREGON UNIVERSITY

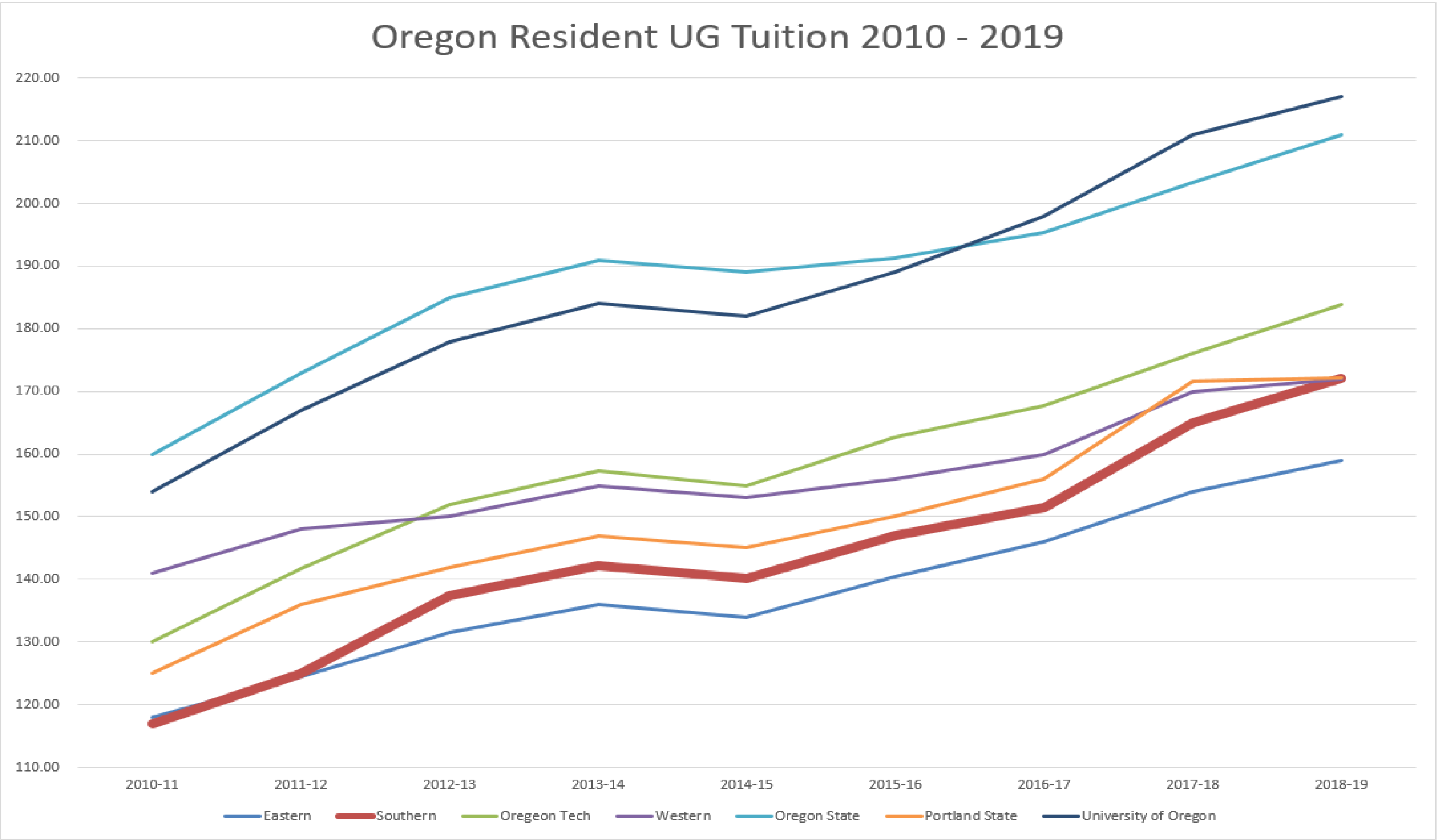
Base GRB will drive tuition at SOU above 12% and reduce Ending Fund Balance from $7M to < $4M

- Spring 2019 – set tuition and fees
- May 2019 – pre-coordinate tuition increase with HECC
- June 2019 – SOU Budget approval
- July 2019 – Legislature approves budget…Ask: $76M
- July – Sep: HECC review if >5%
- Jan 2020 – Ballot referendum

Risks:

- **Governor is asking boards to set tuition rates based on a hypothetical budget**
- **Board decides tuition before state budget is approved / authorized**

Comparator Schools



AY 2018-19: Comparator Schools By the Numbers

Institution	2015-16	2016-17	2017-18	2018-19	AY % Increase
Eastern	140.50	146.00	153.95	159.00	3.28%
Southern	147.00	151.46	165.04	172.00	4.22%
Oregeon Tech	162.76	167.63	176.01	183.93	4.50%
Western	156.00	160.00	170.00	172.00	1.18%
Oregon State	191.33	195.33	203.33	211.00	3.77%
Portland State	150.00	156.00	171.60	172.23	0.37%
University of Oregon	189.00	198.00	211.00	217.00	2.84%

Review of Pro Forma and Budget Assumptions

Key Assumptions in Pro Forma Analysis

1. Labor increases consistent with collective bargaining agreements.
2. Increases to state funding for entire university “system” varies by scenario.
3. Revenue projections based on fall term’s 4th week data (projecting -4.0% enrollment for current AY)
4. Known increases to retirement plans (PERS/ORP) included in Other Personnel Expenses for FY19-21 biennium
5. PEBB benefit costs held firm this year; normally, annual 5% increase to PEBB
6. Projected tuition increases shown for GRB and Investment scenarios

Scenario #1

$0 Increase to PUSF with 5% Tuition Increase

Education and General (in thousands of dollars)	2017-19 Biennium 2018-19 Prop Budget (000's)	2017-19 Biennium 2018-19 FORECAST (000's)	2019-21 Biennium 2019-20 FORECAST (000's)	2019-21 Biennium 2020-21 FORECAST (000's)
Revenue				
State Appropriations: SSCM	21,150	21,270	20,436	21,302
State Appropriations: ETIC/SELP	428	381	381	381
One-time Funding		32		
Total State Funding	21,578	21,683	20,817	21,683
Tuition, net of Remissions	41,814	37,819	40,704	42,387
Misc. Other Revenue	2,100	2,100	2,243	2,247
Total Revenues	65,491	61,602	63,764	66,318
Personnel Services				
Faculty	(15,660)	(15,178)	(15,231)	(15,757)
Admin	(9,364)	(8,917)	(9,336)	(9,605)
Classified	(6,665)	(6,532)	(6,970)	(7,082)
Student (& Other)	(1,576)	(1,576)	(1,650)	(1,760)
Labor	(33,265)	(32,203)	(33,187)	(34,205)
OPE	(18,463)	(18,460)	(19,453)	(20,201)
Net Personnel	(51,728)	(50,663)	(52,641)	(54,406)
Total Supplies and Services	(10,892)	(10,849)	(11,137)	(11,388)
Total Expenditures	(62,620)	(61,512)	(63,778)	(65,793)
Net from Operations Before Transfers	2,872	89	(14)	524
Net Transfers	(2,591)	(2,591)	(2,585)	(2,671)
Change in Fund Balance	**281**	**(2,502)**	**(2,599)**	**(2,147)**
Beginning Fund Balance	7,138	7,138	4,636	2,038
Ending Fund Balance	7,419	4,636	2,038	(109)
% Operating Revenues	**11.3%**	**7.5%**	**3.2%**	**-0.2%**

Scenario #2

$0 Increase to PUSF with15% Tuition Increase

Education and General (in thousands of dollars)	2017-19 Biennium: **2018-19 Prop Budget (000's)**	2017-19 Biennium: **2018-19 FORECAST (000's)**	2019-21 Biennium: **2019-20 FORECAST (000's)**	2019-21 Biennium: **2020-21 FORECAST (000's)**
Revenue				
State Appropriations: SSCM	21,150	21,270	20,436	21,302
State Appropriations: ETIC/SELP	428	381	381	381
One-time Funding		32		
Total State Funding	21,578	21,683	20,817	21,683
Tuition, net of Remissions	41,814	37,819	44,031	45,894
Misc. Other Revenue	2,100	2,100	2,243	2,247
Total Revenues	65,491	61,602	67,091	69,825
Personnel Services				
Faculty	(15,660)	(15,178)	(15,231)	(15,757)
Admin	(9,364)	(8,917)	(9,336)	(9,605)
Classified	(6,665)	(6,532)	(6,970)	(7,082)
Student (& Other)	(1,576)	(1,576)	(1,650)	(1,760)
Labor	(33,265)	(32,203)	(33,187)	(34,205)
OPE	(18,463)	(18,460)	(19,453)	(20,201)
Net Personnel	(51,728)	(50,663)	(52,641)	(54,406)
Total Supplies and Services	(10,892)	(10,849)	(11,137)	(11,388)
Total Expenditures	(62,620)	(61,512)	(63,778)	(65,793)
Net from Operations Before Transfers	2,872	89	3,313	4,031
Net Transfers	(2,591)	(2,591)	(2,585)	(2,671)
Change in Fund Balance	**281**	**(2,502)**	**729**	**1,360**
Beginning Fund Balance	7,138	7,138	4,636	5,365
Ending Fund Balance	7,419	4,636	5,365	6,725
% Operating Revenues	**11.3%**	**7.5%**	**8.0%**	**9.6%**

Southern OREGON UNIVERSITY

Scenario #3

$120M Increase to PUSF with 5% Tuition Increase

Southern OREGON UNIVERSITY

Education and General (in thousands of dollars)	2017-19 Biennium		2019-21 Biennium	
	2018-19 Prop Budget (000's)	**2018-19 FORECAST (000's)**	**2019-20 FORECAST (000's)**	**2020-21 FORECAST (000's)**
Revenue				
State Appropriations: SSCM	21,150	21,270	23,346	24,292
State Appropriations: ETIC/SELP	428	381	381	381
One-time Funding		32		
Total State Funding	21,578	21,683	23,727	24,673
Tuition, net of Remissions	41,814	37,819	40,704	42,387
Misc. Other Revenue	2,100	2,100	2,243	2,247
Total Revenues	65,491	61,602	66,674	69,307
Personnel Services				
Faculty	(15,660)	(15,178)	(15,231)	(15,757)
Admin	(9,364)	(8,917)	(9,336)	(9,605)
Classified	(6,665)	(6,532)	(6,970)	(7,082)
Student (& Other)	(1,576)	(1,576)	(1,650)	(1,760)
Labor	(33,265)	(32,203)	(33,187)	(34,205)
OPE	(18,463)	(18,460)	(19,453)	(20,201)
Net Personnel	(51,728)	(50,663)	(52,641)	(54,406)
Total Supplies and Services	(10,892)	(10,849)	(11,137)	(11,388)
Total Expenditures	(62,620)	(61,512)	(63,778)	(65,793)
Net from Operations Before Transfers	2,872	89	2,896	3,51[illegible]
Net Transfers	(2,591)	(2,591)	(2,585)	(2,67[illegible]
Change in Fund Balance	**281**	**(2,502)**	**311**	**842**
Beginning Fund Balance	7,138	7,138	4,636	4,947
Ending Fund Balance	7,419	4,636	4,947	5,790
% Operating Revenues	**11.3%**	**7.5%**	**7.4%**	**8.4%**

Scenario #4

$120M Increase to PUSF with 6.5% Tuition Increase

Education and General (in thousands of dollars)	2017-19 Biennium **2018-19 Prop Budget (000's)**	**2018-19 FORECAST (000's)**	2019-21 Biennium **2019-20 FORECAST (000's)**	**2020-21 FORECAST (000's)**
Revenue				
State Appropriations: SSCM	21,150	21,270	20,436	21,302
State Appropriations: ETIC/SELP	428	381	381	381
One-time Funding		32		
Total State Funding	21,578	21,683	20,817	21,683
Tuition, net of Remissions	41,814	37,819	44,031	45,894
Misc. Other Revenue	2,100	2,100	2,243	2,247
Total Revenues	65,491	61,602	67,091	69,825
Personnel Services				
Faculty	(15,660)	(15,178)	(15,231)	(15,757)
Admin	(9,364)	(8,917)	(9,336)	(9,605)
Classified	(6,665)	(6,532)	(6,970)	(7,082)
Student (& Other)	(1,576)	(1,576)	(1,650)	(1,760)
Labor	(33,265)	(32,203)	(33,187)	(34,205)
OPE	(18,463)	(18,460)	(19,453)	(20,201)
Net Personnel	(51,728)	(50,663)	(52,641)	(54,406)
Total Supplies and Services	(10,892)	(10,849)	(11,137)	(11,388)
Total Expenditures	(62,620)	(61,512)	(63,778)	(65,79[illegible]
Net from Operations Before Transfers	2,872	89	3,313	4,0[illegible]
Net Transfers	(2,591)	(2,591)	(2,585)	(2,6[illegible]
Change in Fund Balance	**281**	**(2,502)**	**729**	**1,360**
Beginning Fund Balance	7,138	7,138	4,636	5,365
Ending Fund Balance	7,419	4,636	5,365	6,725
% Operating Revenues	**11.3%**	**7.5%**	**8.0%**	**9.6%**

Future Meetings

Adjournment