

**Board of Trustees of Southern Oregon University
Finance and Administration Committee Meeting
Thursday, January 17, 2019**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Members:

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

Chair Sheila Clough 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

There was no public comment.

Vice President's Report

Committee Dashboard

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

HECC Update

Greg Perkinson highlighted key issues at the Higher Education Coordinating Commission (HECC), including: criteria for tuition increases greater than 5 percent; HECC's initiative to develop a 10-year strategic capital improvement plan, HECC-approved capital improvement projects along with HECC's proposed strategic pause on capital improvement advocacy; and the development of a working group to improve the allocation methodology for funding capital improvements.

Tuition Advisory Council Update

Greg Perkinson said the Tuition Advisory Council (TAC) has been formed and its first meeting was in December. The TAC will provide a recommendation to the president on tuition rates.

Other Finance and Administration Updates

Greg Perkinson provided an update on SOU's three capital projects that have been approved for funding: the boiler project, Britt Hall and Central Hall.

Turning to CliftonLarsonAllen's independent auditors' report, Mr. Perkinson said the audit was "clean." There were no findings this year and the auditors documented resolution of last year's finding.

Mr. Perkinson provided an update on new staff members, the vacancy of the Associate Vice President for Budget and Planning, and his decision to reassess the accounting reorganization plan.

With the decline in enrollment, Mr. Perkinson said the resulting decrease in student fees will be studied and options explored. He also discussed the impact reduced student fees will have on the student recreation center. Trustees asked Mr. Perkinson to bring the item back to the committee at its next meeting for a more thorough discussion.

Consent Agenda

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

Information and Discussion Items

Pension Overview and Total Pension Liability

Greg Perkinson reviewed SOU pension information as presented in the materials. He said SOU receives its PERS liability information directly from the state and that SOU's liability is approximately \$30 million. The vulnerability is escalating costs beyond the university's control. Trustee Thorndike stressed that any solution to the escalating costs must be a state-wide solution since PERS is a legislatively-mandated system.

State Funding for the 2019-21 Biennium

Greg Perkinson said tuition and fee costs have shifted from state support onto students. He compared revenue sources and tuition rates over the past ten years, showing the relatively flat rate of state support and the increasing cost of tuition. Comparing SOU's revenue and expenses, Mr. Perkinson said SOU has been doing the right things operationally in the past five years, resulting in revenue exceeding expenses.

He then compared the governor's recommended budget (GRB) and investment plan, and the impacts of both of these scenarios on higher education funding, student affordability, cost controls, financial stability, access and equity, student success, and the ability to make new investments. Much discussion ensued on potential consequences if the GRB were adopted versus the political maneuvering that would be necessary to create possible solutions.

Mr. Perkinson described the impact of different funding levels on tuition increases, SOU's ending fund balance, and operating revenue. He also discussed two key risks, first that the Governor is asking boards to set tuition rates based on a hypothetical budget and second, that the board decides tuition before a state budget is approved.

Review of Pro Forma and Budget Assumptions

As presented in the materials, Mr. Perkinson reviewed the assumptions SOU is using to develop the budget; he also reviewed the pro forma. Mr. Perkinson analyzed varying increases to the public university support fund and the effects on tuition as well as SOU's fund balance. Mr. Perkinson mentioned the possibility of a one-time transfer up to \$1 million from a legacy plant fund to SOU's Education and General fund.

Future Meetings

The next regularly scheduled committee meeting will be on February 21.

Adjournment

Chair Clough adjourned the meeting at 5:43 p.m.

Date: February 21, 2019

Respectfully submitted by,

A handwritten signature in cursive script, reading "Sabrina Prud'homme". The signature is written in black ink and is positioned above a horizontal line.

Sabrina Prud'homme
University Board Secretary