

**Board of Trustees**  
**Finance and Administration Committee Meeting**  
**Thursday, February 21, 2019**

**MINUTES**

**Call to Order/Roll/Declaration of a Quorum**

Committee Members:

Sheila Clough	Present	Shanztyn Nihipali	Present
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.

**Consent Agenda**

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

**Vice President's Report**

Committee Dashboard

Greg Perkinson reviewed the financial dashboard. Operating cash and revenue are lagging due to the decrease in enrollment; delayed payment from the Department of Administrative Services also contributed to the reduction. Mr. Perkinson said personnel continue to exercise due diligence to reduce costs.

Strategic Planning and Budget Forum Events

Due to time constraints, this agenda item was not discussed in the meeting.

HECC Update

Greg Perkinson said HECC's 10-year strategic plan process will begin with data collection, which will contribute to the capital improvement plan. Governor Brown talked to the HECC about her vision, controlling costs, generating revenue, outcomes, data collection and affordability. President Schott added that Governor Brown, when asked about the 5 percent limit on tuition, said the universities need to follow the criteria; this seemed to be a softening from her earlier guidance not to raise rates above 5 percent. Discussion ensued on conversations with legislators and their perceived expectations of and lack of trust in higher education institutions.

Other General Updates

Due to time constraints, this agenda item was not discussed in the meeting.

**Public Comment**

There was no public comment.

**Action, Information, and Discussion Items**

Update on Student Incidental Fees

Greg Perkinson said housing and meal rates are a key component of affordability. Staci Buchwald provided an update on the direction University Housing is headed. She

said housing rates are not approved by the HECC. Although rates have not been set, Ms. Buchwald expects housing costs will not rise more than 3 percent; she also described efforts to keep costs as low as possible for students and to increase access and affordability. Responding to Chair Clough's inquiry, Ms. Buchwald described student engagement on University Housing's initiatives.

Mr. Perkinson said the student fee workbook is a new tool developed to enable the Student Incidental Fee Committee (SIFC) and described how it works. Responding to Trustee Vincent's inquiry, Deborah Lovern and Trustee Nihipali discussed the coordination between budget personnel and SIFC members.

#### Tuition Advisory Council Process and Progress

Greg Perkinson said the Tuition Advisory Council (TAC) has been meeting weekly since December. The TAC has developed a checklist to ensure compliance with House Bill 4141 and, at President Schott's request, the internal auditor will complete a cross-check of the process. The TAC has built a basic foundation and is now working with the pro forma. Dr. Susan Walsh stressed that transparency is critical to the process and mentioned the website that has been created. Responding to Chair Clough's inquiry, Dr. Walsh said all of the universities' TACs are at about the same place in their processes; part of the challenge is that state dollar amounts are unknown.

#### State Funding Update

Greg Perkinson said ideally state funding would be robust and student debt would be zero. He compared the normal timeline for setting tuition and fees and developing the budget with this year's actual timeline since there will be no certainty in the state funding until July. Mr. Perkinson said the University of Oregon and Oregon State University approve a notional budget in June and a final budget when enrollment firms up in September; he recommended a future discussion on it as an option for SOU. Chair Clough noted that approach differs from what she is accustomed to for budgeting.

#### Update on Baseline Budgets and Pro Forma

Greg Perkinson reviewed cost drivers and projected cost increases for fiscal year (FY) 2020. The cost drivers are salary and wages; medical costs; retirement costs; institutional expenses; and minimum wage increases. The projected cost increases would total \$2.35 million at the governor's recommended budget (GRB). He compared the increases to the FY 2019 base, as shown in the meeting materials.

Chair Clough asked which of the five categories SOU can control. Mr. Perkinson explained that wages for classified employees, who are covered by a collective bargaining agreement, are set and escalation of those is negotiated. A collective bargaining agreement also covers salaries for faculty. SOU has discretion on the salary for administrative personnel, which is a small portion of the employees. SOU has no control over medical or retirement costs or minimum wage. Many of the institutional expenses are must-pay bills such as utilities; SOU administration has issued a challenge to reduce these expenses by 5 percent this year, which is achievable. Chair Clough stressed that SOU's message is that there is only a very small segment of expenses that it can control. Responding to Trustee AuCoin's inquiry, Mr. Perkinson said only about two to three cents of each dollar is discretionary.

Turning to enrollment, Dr. Neil Woolf said enrollment is a function of new students, continuing students and the overall mix of students. He then discussed application, admit and confirmation figures for 2019, all of which are ahead of last year's numbers. Responding to Chair Clough's inquiry, Dr. Woolf said these figures were not very vulnerable to a higher-than-normal increase in tuition. Various initiatives and strategic investments are contributing to the increased numbers.

Turning to the pro forma, Mr. Perkinson used the current baseline, adjusted some levers and reviewed the outcomes. The key assumptions in the analysis are: labor increases based on current union agreements; state funding as a key variable; revenue projections based on winter term's fifth-week data; known increases to PERS; flat PEBB costs; and a baseline projected tuition increase of 5 percent.

Mr. Perkinson said the forecast for 2018-19 is a \$4,739,000 ending fund balance, which is 7.8 percent of operating revenues. This includes a \$1 million transfer from a legacy OUS fund in the plant area that is used for debt service.

Chair Clough pointed out that, using state funding at the GRB level, SOU would blow through its fund balance in two years. With Josh Lovern changing the amount of state funding, tuition increases and retention rates on the interactive pro forma, Mr. Perkinson analyzed various scenarios and discussed the effects on SOU's fund balance.

#### Future Meetings

The next regularly scheduled committee meeting will be on March 21. The committee will also meet on April 18 and May 16. Immediately following the May meeting, there will probably be a special meeting of the board to determine tuition for the 2019-20 academic year.

#### **Adjournment**

Chair Clough adjourned the meeting at 5:38 p.m.

Date: March 21, 2019

Respectfully submitted by,



Sabrina Prud'homme  
University Board Secretary