



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

March 14, 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 financial dashboard and an update on legislative affairs. There will be a review of the Endowment Investment Policy and updates on the Tuition Advisory Council as well as the Student Incidental Fee. There also will be a review of the pro forma and a budget discussion.

The meeting will occur as follows:

Thursday, March 21, 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.**



Board of Trustees
Finance and Administration Committee Meeting
March 21, 2019

Call to Order / Roll / Declaration of a Quorum



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

**Thursday, March 21, 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	
5 min.	3	Consent Agenda	
	3.1	Approval of February 21, 2019 Meeting Minutes	Chair Clough
10 min.	4	Vice President's Report	Greg Perkinson, SOU, Vice President for Finance and Administration
	4.1	Committee Dashboard	
	4.2	Legislative Affairs Update	
	4.3	General Updates	
	5	Action, Information, and Discussion Items	
30 min.	5.1	Endowment Investment Policy	Jason Catz, SOU, General Counsel; Greg Perkinson
20 min.	5.2	Tuition Advisory Council Update	Greg Perkinson; Dr. Susan Walsh, SOU, Provost and Vice President for Academic Affairs
10 min.	5.3	Student Incidental Fee Update	Greg Perkinson
30 min.	5.4	Review of Pro Forma and Budget Discussion	Greg Perkinson

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

**Thursday, March 21, 2019
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

AGENDA (continued)

5 min.	5.5	Future Meetings	Chair Clough
	6	Adjournment	Chair Clough

Public Comment

Consent Agenda

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 Nhipali	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.

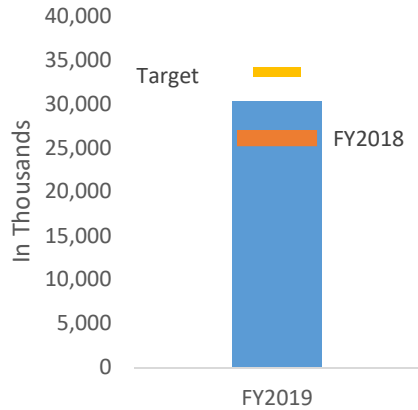
Vice President's Report

Financial Dashboard

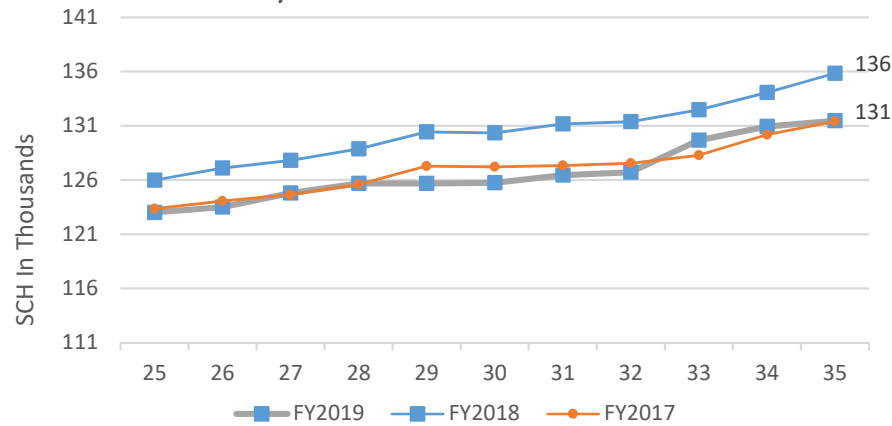
For FY19

As of February 28, 2019

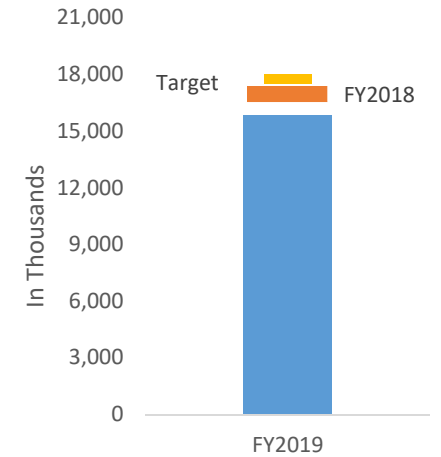
Public University Funds
Operating Cash



Total Student Credit Hours
by Week of the Fiscal Year

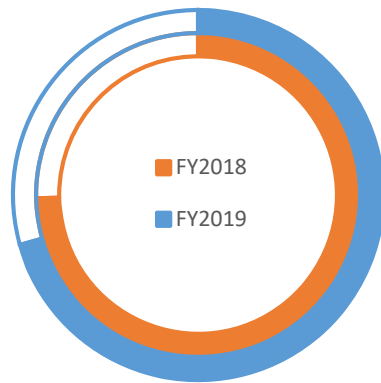


E&G Fund Balance

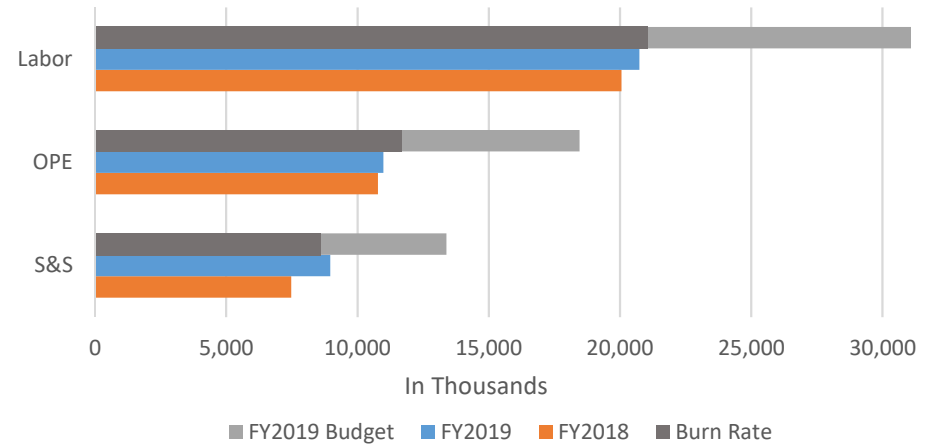


**Co-Chairs
Budget
Release**

E&G YTD Revenues



E&G YTD Select Expenses



General Updates



- Labor Negotiations
 - Faculty
 - SEIU
- Accountability and Transparency
- Enterprise Risk Management update

Tuition and State Support: Current Budget Reduction Matrix

Cost reduction required to retain 10% Operating Revenue (to Ending Fund Balance)



Biennial Increase to PUSF*	Approximate Resident Undergraduate Tuition Increase**					
	0%	3%	5%	Requires HECC Approval		
				9%	14%	18%
\$0	\$8.3M	\$7.3M	\$6.6M	\$5.3M	\$3.6M	\$2.2M
\$40 million	\$6.9M	\$5.9M	\$5.2M	\$3.9M	\$2.2M	\$.8M
\$80 million	\$5.2M	\$4.2M	\$3.4M	\$0		
\$120 million	\$4M	\$3M	\$2.3M	\$0		
\$186 million	\$3M	\$2M	\$0			

Estimated Remissions Budget	\$3.7M	\$3.7M	\$4M	\$4.5M	\$4.8M	N/A
Innovation & Student Success Investments***	\$2.85M	\$2.85M	\$2.85M	\$2.85M	\$2.85M	N/A

* Assumes restoration of Engineering Technology Sustaining Funds (ETSF) and Sports Lottery

** Assumes 5% increase for Non-Residents and Graduate tuition rates with the exception of the 0% scenario which assumes no increase to any rates

*** Relies on Investment funding (associated with \$186M biennial increase)

Background on Governor's Recommended Budget

GRB (Base Budget) vs. Investment Plan



Criterion	Base Budget	Investment Plan
Funding	\$736.9M (same as FY19-21) ^{1*}	\$856.9M (provides CSL only; work together on 'source')
Affordability	Sharp tuition increases (>12% increase both years of biennium)	Tuition increase <5%
Cost Controls	Will be required ^{2*}	Avoided
Financial Stability	Unstable. Steep tuition increases required to avoid negative fund balance	Stasis
Access and Equity	Eliminates OR Opportunity Grant after 2019-2020; Cuts Promise student funding	Doubles OR Opportunity Grant; Funds OR Promise, Outdoor school, and Sports Lottery;
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 (\$10M), campus safety (\$15M), outreach (\$2.6M) and youth employment (\$15M)

*** Notes:**

1 – Flat funding and no Engineering Technical Science Fund (ETSF) or Sports Lottery funding

2 – Program reviews, S&S belt tightening, holding positions vacant, etc.

Governor's Recommended Budget + SO

Ways and Means Co-Chairs



Criterion	Base Budget	Ways and Means Co-Chairs
Funding	\$736.9M (same as FY19-21) ^{1*}	\$777.4M (provides Dept of Admin Services calculation for Current Service Level)
Affordability	Sharp tuition increases (>12% increase both years of biennium)	Tuition increase from 9% - 12% for both years
Cost Controls	Will be required ^{2*}	Some may be necessary (~ \$1M)
Financial Stability	Unstable. Steep tuition increases required to avoid negative fund balance	Strategic Reserve ratio only 5%
Access and Equity	Eliminates OR Opportunity Grant after 2019-2020; Cuts Promise student funding	Some OR Opportunity Grant; Funds OR Promise, Outdoor school, and Sports Lottery;
Success	Less funding available for remissions (scholarships for need and/or merit)	Healthy remissions funding; opportunities for innovation
New investments	No dedicated funding	May fund innovation, campus safety, outreach and youth employment

*** Notes:**

1 – Flat funding and no Engineering Technical Science Fund (ETSF) or Sports Lottery funding

2 – Program reviews, S&S belt tightening, holding positions vacant, etc.

Endowment Investment Policy

Board Statement on Investments for the ~~Policy~~, SOU Endowment Fund
Board of Trustees of Southern Oregon University

POLICY PROVISIONS

Policy Statements

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1. Introduction

This statement governs the investment of the Southern Oregon University Endowment Fund (the "Fund").

This statement is set forth in order that the Board, the Investment Advisor, its investment managers and others entitled to such information may be made aware of the Policy of the Fund with regard to the investment of its assets.

This statement of investment policy sets forth the following:

- A. There will be a clear understanding by the Board, the Investment Advisor and staff of the investment goals and objectives of the portfolio.
- B. The Board and management have a basis for evaluation of the investment managers.
- C. The investment managers be given guidance and limitation on investing the funds.

It is intended the objectives in this policy to be sufficiently specific to be meaningful, but flexible enough to be practical. It is expected that the policy and objectives will be amended as necessary to reflect the changing needs of the endowment; however, all modifications shall be made in writing and approved by the Board.

2. Southern Oregon University Endowment Fund

The Fund is permanent and expected to operate in perpetuity, so these funds will be invested long-term. It is important to follow coordinated policies regarding spending and investments to protect the principal of the Fund and produce a reasonable total return.

3. Responsibility of the Board

The role of the Board is to recommend broad investment goals to the Investment Advisor, including spending rate information and to provide input into the asset allocation process.

4. Investment Advisor Responsibility

The Investment Advisor, and/or a designee, serves as consultant to the Board and will have the responsibility and authority to establish the asset allocation for the Fund and approve the retention and termination of all investment managers. The Investment Advisor, and/or a designee, will recommend to the Board a specific asset mix reflecting judgments of the investment environment as well as the specific needs of the Fund. Other duties assigned to the Investment Advisor, and/or a designee, include:

- A. Recommending professional investment managers;
- B. Negotiating and/or monitoring Fund investment expenses;
- C. Monitoring investment managers, on an ongoing basis;
- D. Assuring proper custody of the investments; and
- E. Reporting to the Board, on a quarterly basis, the Fund's investment results, its composition and any other information the Board may request.

5. Spending Policy

The amount of endowment return available for spending (distribution) is based on a percentage of the average unit market value of the 20 quarters preceding the current fiscal year. The distribution per unit (under Exhibit A) is determined by the Board. The distribution amount per unit is multiplied by the current number of units and any additional units added during the current year as new endowment money comes into the Fund. This shall be exclusive of investment management fees.

Commented [SP1]: Consider a shorter moving average, such as 12 versus 20 quarters?

6. Investment Policy Guidelines

A. Asset Allocation

The most important component of an investment strategy is the allocation among the various classes of securities available to the Fund. The Investment Advisor, in consultation with the Board, will establish the target asset allocation for the investments that will mostly likely achieve the investment goals of the Fund, taking into consideration the appropriate level of portfolio risk.

Commented [SP2]: Confirm recommended asset allocation 75% global equities/25% fixed income.

The risk/return profile shall be maintained by establishing the following long-term "target" strategic asset allocations:

<u>Asset Class</u>	<u>Policy</u>	<u>Target</u>	<u>Benchmark</u>
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Global Equities	70-80%	75%	MSCI ACWI IMI Net
Fixed Income	20-30%	25%	Barclays Aggregate
Cash	0-3%	0%	91 Day T-Bill

B. Investment Time Horizon

In making investment strategy decisions for the Fund, the focus shall be on a long-term investment time horizon that encompasses a complete business cycle (usually three to five years). An interim evaluation will be performed by the Investment Advisor, and/or a designee, if a significant change in fees, manager personnel, investment strategy or manager ownership occurs.

While the quantitative assessment of managerial competence will be measured over a complete market cycle, the Board anticipates that the Investment Advisor will make period qualitative assessments as well. Specific qualitative factors considered by the Investment Advisor may include, but are not limited to, fundamental changes in the manager's investment philosophy, changes in the manager's organizational structure, financial condition and personnel, and any changes, relative to peers, in a manager's fee structure.

7. Prudence and Ethical Standards

A. Prudence

All participants in the investment process shall act responsibly. The standard of prudence to be applied by the Board, the Investment Advisor, selected designees, SOU staff and external service providers shall be the "prudent investor" rule, which states: "Investments shall be invested and the investments managed as a prudent investor would do, under the circumstances then prevailing and in light of the purposes, terms, distribution requirements and laws governing each investment fund."

B. Ethics and Conflicts of Interest

Board members, Investment Advisory staff, selected designees, SOU staff and external service providers involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. These parties are required to reveal all relationships that could create or appear to create a conflict of interest in their unbiased involvement in the investment process.

8. Investment Objectives

The investment objective of the Fund is to seek consistency of investment return with emphasis on capital appreciation over long periods of time, since the Fund will operate in perpetuity. In keeping with the performance goals included in the Policy, achievement of this objective shall be done in a manner that, over a long-term planning horizon, will meet the spending rate established by the Board (under Exhibit A) and maintain the purchasing power of the principal.

9. Manager(s) Responsibilities

A. Legal Compliance - The investment manager(s) is (are) responsible for strict compliance with the provisions of their investment management agreement.

B. Authority of Investment Manager(s) in the Managed Accounts - Subject to the terms and conditions of this Policy and the investment management agreement, manager(s) shall have full discretionary authority to direct investments of assets in the managed accounts. The Investment Advisor, and/or a designee, will recommend changes to this Policy when the advisor(s) views any part of this Policy to be inconsistent with overall market, economic conditions, or investment policies.

The Investment Advisor directs all managers to vote proxies and to vote them in the best economic interest of the Fund. When requested, managers will report to the Investment Advisor regarding how proxies were voted.

Meetings between Fund managers and the Investment Advisor will occur consistent with the policies established for the Investment Advisor's other managers, to discuss items including, but not limited to, the manager's performance, outlook, and investment decision process.

10. Reporting Requirements

Investment results will be regularly monitored by the Investment Advisor, selected designees and Board staff.

A representative of the Investment Advisor, and/or a designee, shall report investment results, or other information, to the Board no less frequently than annually, ~~if requested~~. Any material non-compliance with the Investment Policy, Guidelines and Objectives of the Fund or with the investment management agreement will be reported to the Board immediately.

11. Investment Guidelines

A. Cash: The Fund shall maintain minimal cash, consistent with short-term

requirements. Short term cash will be invested in a liquid cash equivalent investment.

B. Fixed Income: Fixed-income securities, for purposes of these guidelines, shall mean mortgage-backed securities, U.S. government securities, investment-grade domestic or global corporate bonds, and other fixed income securities, such as certificates of deposit and commercial paper. The objective of this component of the Fund is to preserve capital in keeping with prudent levels of risk, through a combination of income and capital appreciation. Realization of income will be subordinate to safety, liquidity, and marketability (i.e., securities should be readily marketable). This component of the Fund shall adhere to the following criteria:

1. Average portfolio credit quality shall be A or better;
2. With the exception of U.S. Government and Agency issues, no more than 10 percent of the bond portfolio, at market value, will be invested in the securities of a single issuer or 5 percent of the individual issue;
3. Below investment grade bonds shall not exceed ~~15-20~~ percent of the bond portfolio; and
4. Non-U.S. bonds shall not exceed 20 percent of the bond portfolio.

Fixed-income managers have full discretion over the allocation between long-term, intermediate, and cash equivalent investments.

C. Equities

1. Objective: The objective of the equity portfolio is to enhance total return by investing in a broadly diversified portfolio of domestic and international stocks.
2. Strategy: Hold a fully invested, diversified portfolio of global equity securities, including emerging markets.
3. Permitted Holdings: Publicly traded domestic and international common stock, and other financial instruments consistent with the guidelines of the investment management agreements.
4. Diversification: The Investment Advisor shall recognize the need for diversification to minimize the risk of significant losses to the Fund. Diversification by capitalization, style, and sector distribution shall be obtained through the selection of complementary investment managers, or index strategies. Not more than 5 percent of the market value of any investment fund will be invested in any single issuer or security, unless part of an index fund.
5. Portfolio Restrictions: There will be no engagement in short sales, purchases on margin, or investments in options, futures, or private placements unless consistent with the underlying investment

management agreements.

D. Performance

Performance expectations for each of the asset classes are described in Exhibit A.

12. Asset Custody and Securities Lending

Custodial responsibility for all securities is to be determined by the Board or its designee(s).

13. Conclusion

Implementation of this Policy, including investment manager selection, shall be the responsibility of the Investment Advisor, subject to the necessary approvals from the Board.

This Policy shall be reviewed by the Board at least every two years.

Approved on _____

Board Chair

Board Secretary

EXHIBIT A

Spending Policy

The distribution rate for the Fund is up to 4 percent of the five-year moving average unit market value.

Performance Monitoring

Global equities are expected to match the performance of the passive benchmark assigned.

Fixed income accounts are expected to exceed the return of the Barclays Capital Aggregate Bond Index by 0.5 percent (after fees) over a market cycle for core bond investments.

Commented [SP3]: Confirm distribution rate of "up to 4%"

Tuition Advisory Council Update

Oregon Students Face Cost Challenges Beyond Tuition

Average Student Budgets: Oregon Postsecondary Institutions, 2018-19

	Tuition and Fees	Books and Supplies	Room and Board	Personal Expenses + Transportation	TOTAL
Public Universities	\$10,111	\$1,222	\$11,761	\$2,707	\$25,801
Community Colleges	\$5,399	\$1,402	\$9,534	\$3,039	\$19,374
Private Institutions*	\$35,195	\$1,057	\$10,814	\$2,620	\$49,557

These are average estimates based upon tuition and standard fees based on full-time, full-year enrollment at 15 credits per term. Actual student budgets vary widely depending on student circumstances, from availability of housing options to the variety of books/supplies costs for different programs of study.

Completion Impacts Affordability

Time to Completion Impacts Affordability

- Increased credits
- Financial aid limits

3.5 years

Associate Degrees

3 years + pre-transfer years

Bachelor's Degrees for Transfer Students

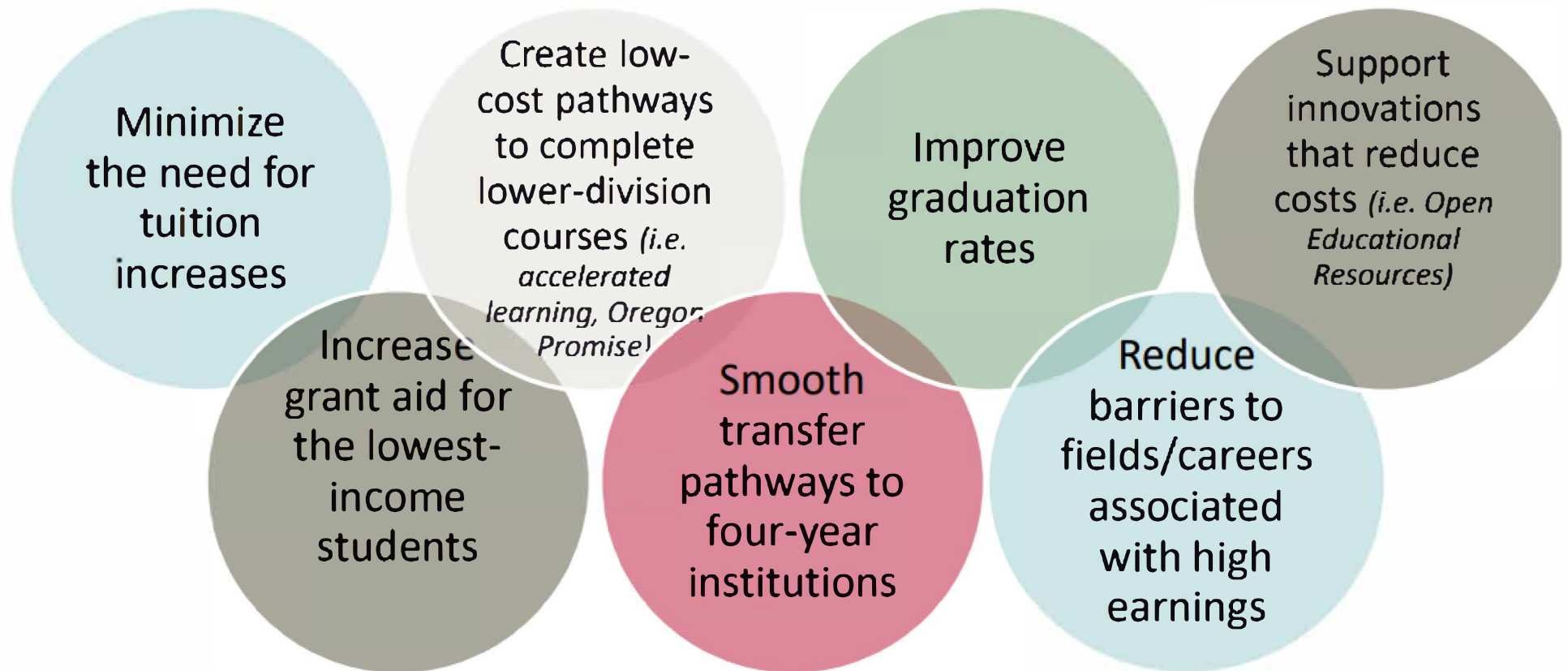
4.5 years

Bachelor's Degrees for First-time Freshmen

Whether Students Complete Impacts Affordability

- Students who complete have higher incomes and lower unemployment rates than students who do not complete.*
- Student loan repayment rates are higher among those from higher income backgrounds who complete their degrees.**

Affordability: A Multi-Dimensional Problem Requires a Multi-Dimensional Solution



Strategic Communication Plan

Enabling Student, Faculty and Staff Engagement

The following table outlines actions, frequency and ownership of the communication and outreach plan for Southern Oregon University. The purpose is to ensure key stakeholders know what actions are being taken and fundamentally, to ensure we create opportunities to provide information and receive feedback.

1. Outline of Activities, and key messages:

When? (date and frequency)	What? Action / Event	Ownership	Media / Approach	Message or Desired Outcomes
11/29/18	Met with Student Fee Committee (SFC) Chair	Deb	In person	Initial meeting
12/4/18	Form TAC	Sue W	In person	Form team, communicate expectations
12/12/18	Met with SFC Chair	Josh / Beau	In person	Listened and provided feedback as professional staff advisers
12/20/18	Met with SFC Chair	Josh / Deb / Beau	In person	Listened and provided feedback as professional staff advisers
1/9/19	Met with SFC Chair	Josh / Deb / Beau	In person	Listened and provided feedback as professional staff advisers
1/11/19	Met with SFC	Josh / Deb / Beau	In person	Listened and provided feedback as professional staff advisers
1/17/19	Finance Committee (BOT)	Greg P	In person and public record	Budget basics, State funding, pro forma outlook
1/18/19	Board of Trustees	Sabrina	In person and public record	State funding prognosis, pro forma outlook
1/18/19	Met with SFC	Josh / Deb / Beau	In person	Listened and provided feedback as professional staff advisers
1/25/19	Met with SFC	Josh / Deb / Beau	In person	Listened and provided feedback as professional staff advisers
1/ 28/19	TAC meeting	Sue W	In person	Budgeting basics
1/31/19	HECC Finance Director orientation	Greg P	In person	SOU budget process, constraints and opportunities
2/1/19	Met with SFC	Josh / Deb / Beau	In person	Listened and provided feedback as professional staff advisers
2/ 4/19	TAC meeting	Sue W	In person	State funding prognosis
2/11/19	TAC meeting	Sue W	In person	Developed Social Media outreach plan / ideas

2/12/19	Open Forum	Greg P and President	In person	Budgeting 101, State Funding and connection to Strat Plan
2/13/19	Open Forum	Greg P and President	In person	Budgeting 101, State Funding and connection to Strat Plan
2/15/19	ASSOU Budget Committee	Josh / Deb	In person	Listened and provided feedback as professional staff advisers
2/18/19	TAC	Sue W	In person	Stop the shift; pro forma levers
2/20/19	AAC Advisory Committee	Josh / Beau	In person	Listened and provided feedback as professional staff advisers
2/21/19	Finance Committee	Greg P	In person and public record	Dashboard, TAC update, SFC update and pro forma levers
2/21/19	EAAC Advisory Committee	Josh / Deb	In person	Listened and provided feedback as professional staff advisers
2/24/19	EAAC Advisory Committee	Josh / Deb	In person	Listened and provided feedback as professional staff advisers
2/25/19	TAC	Sue W	In person	
2/25/19	EAAC Advisory Committee	Josh / Deb	In person	Listened and provided feedback as professional staff advisers
2/26/19	Affordability Fair at SU	Greg and Josh	In person and Vis aids	Stop the Shift
3/1/19	FaceBook Post	Nicole	Social media	Stop the Shift
3/1/19	Tweet	Nicole	Social media	We need your help
2/28/19	SU Advisory Committee	Josh / Deb	In person	Listened and provided feedback as professional staff advisers
3/1/19	SU Advisory Committee	Josh / Deb	In person	Listened and provided feedback as professional staff advisers
3/2/19	SU Advisory Committee	Josh / Deb	In person	Listened and provided feedback as professional staff advisers
3/4/19	TAC	Dennis S.	In person	Stop the shift; pro forma levers
3/4/19	SFC	Josh / Deb / Beau	In person	Listened and provided feedback as professional staff advisers
3/5/19	ASSOU Senate	Greg	Presentation	Open forum repeat – budget basics
3/6-7/19	Visits with Legislators	Linda, Jeanne & Greg	Office calls	Accountability and Transparency (and cost savings if asked)
3/8/19	SFC	Josh / Deb / Beau	In person	Listened and provided feedback as professional staff advisers
3/11/19	TAC	Sue W	In person	Stop the shift; pro forma levers
	FaceBook Post	Nicole	Social media	Stop the Shift
	Instagram video	Johana	Social media	Budget basics – advocate

** TBD	Student Open Forum	Greg P	In person	Extra credit with Dennis' class?
	FaceBook live	Greg P	Social media	Your role in advocacy
** TBD	Engagement in Res Halls	Greg and Sue	In person	Budget basics and way ahead - Matt – athletes - Staci – residence halls
	FaceBook Post	Nicole	Social media	Stop the Shift
	Instagram video	Johana	Social media	Budget basics – advocate
	FaceBook live	Greg P	Social media	Your role in advocacy
** TBD	Student Open Forum	Greg P	In person	Another Extra Credit? Who?
	FaceBook Post	Nicole	Social media	Stop the Shift
	Instagram video	Johana	Social media	Budget basics – advocate
	FaceBook live	Greg P	Social media	Your role in advocacy
3/18/19	TAC	Sue W	In person	Stop the shift; pro forma levers
	FaceBook Post	Nicole	Social media	Stop the Shift
	Instagram video	Johana	Social media	Budget basics – advocate
	FaceBook live	Greg P	Social media	Your role in advocacy
3/21/19	Finance Committee (BOT)	Greg P , Sabrina	In person and public record	Dashboard, TAC update, SFC Update, State funding, pro forma outlook
3/22/19	Full Board mtg	Greg P, Sabrina	In person and public record	TAC update, Gov Affairs, State funding, pro forma outlook
**	Student Open Forum	Greg P	In person	Present TAC recommendation?
**	Student Open Forum	Greg P	In person	Present TAC recommendation?
3/25/19	TAC	Sue W	In person	Stop the shift; pro forma levers
	FaceBook Post	Nicole	Social media	Stop the Shift
	Instagram video	Johana	Social media	Budget basics – advocate
	FaceBook live	Greg P	Social media	Your role in advocacy
4/1/19	TAC	Sue W	In person	Stop the shift; pro forma levers
	FaceBook Post	Nicole	Social media	Stop the Shift
**	Internal Audit	Ryan	In Person	Results and feedback
	FaceBook live	Greg P	Social media	Your role in advocacy
4/8/19	TAC	Sue W	In person	Stop the shift; pro forma levers
	FaceBook Post	Nicole	Social media	Stop the Shift
	Instagram video	Johana	Social media	Budget basics – advocate
	FaceBook live	Greg P	Social media	Your role in advocacy
4/15/19	TAC	Sue W	In person	Stop the shift; pro forma levers
	FaceBook Post	Nicole	Social media	Stop the Shift
	Instagram video	Johana	Social media	Budget basics – advocate
	FaceBook live	Greg P	Social media	Your role in advocacy
4/22/19	TAC	Sue W	In person	Stop the shift; pro forma levers
	FaceBook Post	Nicole	Social media	Stop the Shift
	Instagram video	Johana	Social media	Budget basics – advocate
**	HB4141 cross check	Linda	In Person	Results of Checklist / process review (Gate review)
4/29/19	TAC	Sue W	In person	Stop the shift; pro forma levers
	FaceBook Post	Nicole	Social media	Stop the Shift
	Instagram video	Johana	Social media	Budget basics – advocate
	FaceBook live	Greg P	Social media	Your role in advocacy

5/6/19	TAC	Sue W	In person	Stop the shift; pro forma levers
	FaceBook Post	Nicole	Social media	Stop the Shift
	Instagram video	Johana	Social media	Budget basics – advocate
	FaceBook live	Greg P	Social media	Your role in advocacy
5/13/19	TAC	Sue W	In person	Stop the shift; pro forma levers
**	Student Open Forum	Greg P	In person	Present TAC recommendation?
5/16/19	Finance Committee (BOT)	Greg P, Sabrina	In person and public record	TAC and SFC Recommendation
5/16/19	Full Board mtg	Greg P, Sabrina	In person and public record	Tuition and Student Fee decision

2. Key Messages and Themes:

The state funding model shifted the burden, putting it on students. “Stop the shift”

We are good stewards of the funding we receive from the state, and from our students (see one-pager that follows).

We had a very good year, financially, in Fiscal Year 2017, and invested in Student Success programs. We need continued investment to maintain key student success programs (SOU Aid, Jack/Jo, Bridge, etc.)

We are both transparent, and accountable to: the Board, the states, and our stakeholders (students, faculty and staff)

We already imposed significant cost reductions in the last decade. Now, our discretionary ‘spending’ (costs) are only 7 cents on the dollar (we can’t control escalating PERS and PEBB costs, and over 80% of our labor costs are tied to Union agreements (faculty and classified staff))

The Technical and Regional Universities have unique needs, based on scale, economics in the local region and demographics.

The Southern Oregon Higher Education Consortium was recently formed, and is looking for ways to create synergy between the SOU, OIT, RCC and KCC to better serve students and the region. And, HECC talking points:

- Postsecondary education and training in Oregon involves a highly diverse set of pathways and institutions, serving a highly diverse set of learners.
- Funding cuts proposed in the GRB would have profoundly negative consequences for student access, affordability, and completion.
- Overall, Oregon’s postsecondary attainment rates are slightly better than average nationally, but we have significant equity gaps and are far from meeting our state goals.
- Postsecondary education produces enormous return-on-investment for individuals and communities.
- Based on statewide enrollment, completion, and affordability trends, it’s clear that Oregon’s current trajectory will not meet state goals.
- Due to relatively low levels of state investment in postsecondary education, Oregon is a relatively high-tuition, low-aid state.
- Postsecondary education has the power to close income gaps while increasing prosperity overall. It is a ticket to the middle class. But if the ticket price rises too high, it will have the opposite effect.

Other background materials (key data and graphics) follow:

Cost Saving and Continuous Improvement ideas since 2015 include:

- Managed printing; Centralized printing/copy management - \$75K
- Centralized order consolidation; Savings on shipping and discount access - \$15K
- Amazon Bus Accts; Consolidation of accounts for discount shipping - \$1.5K
- SOU - US Communities; Purchasing Cooperative - \$10K
- Optimize Steam Utilization; Replace Boilers - \$100K / year
- Improved Long Term Gas Price Hedges; Renegotiated more advantageous gas price hedges - \$80K recurring
- Replace chillers; Replace two 50-year old boilers and replace two chillers - \$50K energy savings per year
- Utilities management, Managed scheduling of work to reduce costs - \$15K
- Redundancy of software; Reduce redundant software across campus to increase efficiencies and reduce duplication costs - \$25K
- Faculty Loading enhancements; Initiated previously, but producing ongoing annual savings - \$250K
- DocuSign; Online document processing – saving both staff time and document processing costs - \$2.5K
- Invoice Purchasing Card; Invoice payment via P-Card, increasing rebate, cash flow improvements - \$10K
- Auxiliary Assessment; Operational analysis of admin surcharge to auxiliary operations - \$50K
- Validated deferred maintenance appropriation - \$2M / yr
- 5% Services and Supplies cut; all VPs budgets reduced - \$.5M recurring
- Professional development restrictions; Facilities – Dues and Memberships \$44K (60% Reduction)
- Facilities – leverage Paulien 10-year strategic capital plan, data and process; reduce SOU master plan - \$100K
- IT studied failure rate for PC and laptops. Reduced warranty for Dell desktops from four years to one year - \$41K
 - For leased computers, negotiated return-shipping directly with FedEx as opposed to allowing lessor to provide shipping.
 - Studying life expectancy of data-center computing (servers). Have extended the useful life by one additional year.
- Scantron – reduced reliance; Moving toward Akindi for more streamlined processes; future savings (unknown level at this time)

Sample Process Improvement initiatives (to drive efficiencies or reduce waste)

- Comprehensive review of Business Services policies and procedures - TBD
- Streamline internal communication in shared services, develop alternative to event announcing, etc. - \$15K
- Managed onboarding; Expedite onboarding for faster integration - \$10K
- Payroll processing initiative – TBD

Note: corrective actions can lead to process improvement but are tracked separately by Internal Audit

HOUSE BILL 4141 COMPLIANCE MEASURES

1. The University must create a shared governance body that advises the President concerning resident tuition and fees recommendations to be brought before the University's Board of Trustees; SOU chartered the Tuition Advisory Council.
2. That body must provide a written document describing the role of the advisory council and be composed of at least:
 - a) Two Administrators
 - b) Two Faculty
 - c) Two Students representing Student Government
 - d) Two Students representing historically underserved students
3. The University must provide training on:
 - a) The budget of the university
 - b) The legislative appropriation process
 - c) Data showing the relationship between tuition and fees to state appropriations
4. The University must provide the council with:
 - a) A plan for managing costs
 - b) A plan for how tuition and fees *could be decreased* if the university receives extra appropriations
5. If the council feels a recommendation greater than 5% annually is necessary, the council must document its consideration of:
 - a) The impact of that increase on students, especially historically underserved students
 - b) The impact of that increase on the mission of the University
 - c) Alternative scenarios involving smaller increases

6. The council must also:
- a) Provide opportunities for students to actively participate in the process and deliberations
 - b) Provide a written report to the President with recommendations, deliberations and observations about tuition and fees for the upcoming academic year including any sub-reports requested by members of the council or other documentation produced or received by the council
7. The University must ensure that the process is described on the University's website and include downloadable materials such as:
- a) The council's role and relationship to the Board
 - b) Any documentation, agendas and data considered during deliberations

HECC TUITION INCREASE CRITERIA CHECKLIST

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)).

Focus Area One: Fostering an Inclusive and Transparent Tuition-Setting Process.

Goals: Inclusion, Transparency

Criteria:

- A.** The institution can demonstrate that students had multiple opportunities 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 and 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;
 - How dissenting comments are reflected and incorporated into official tuition deliberations and / or recommendations.

HECC TUITION INCREASE CRITERIA CHECKLIST

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.

Criteria:

- 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.

HECC TUITION INCREASE CRITERIA CHECKLIST

Focus Area Three: Financial Conditions Demonstrating the Need for Resident, Undergraduate Tuition to be Increased More than 5%.

Goals:

- Explanation of cost drivers and revenue dynamics triggering tuition increases;
- Demonstrated consideration of alternatives;
- Implementation of cost containment efforts and long-term sustainability of the university.

Criteria:

- A.** The institution demonstrates that current and projected financial conditions compelling the need for the increase request to meet the critical portion 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.

Student Incidental Fee Update

Snapshot of Student Incidental Fee



Prior Incidental Fee Rate:	\$ 345.00										
Proposed (Rounded) Rate:	\$ 360.00		4.25%	Proposed change in rate							
Change in Fee:	\$ 15.00	Rounding	No Rounding								
Projected Revenue		4,216,095.92	\$ 4,212,138.55	-1%	Change in enrollment						
Surplus/(Shortfall)		304.34	304.34	< Goal, get this to zero, within \$5-10K							
Per academic year new fee	\$ 1,080.00										
Per academic year change in fee	\$ 45.00			0.00%		Initial	Decrease Scenario				
						FY20 Target		General	FY20 Target		Decrease
Sub-Committees		FY19 Adopted	COLA	S&S	Adjustments	Budget	Decrease	Decrease	Budget	Initial	Scenario
Athletic Advisory Council (AAC)		1,413,074.00	56,756.00	0.00		1,469,830.00	6.50%	(95,538.95)	1,374,291.05	4.0%	-2.7%
Educational Activities Advisory Council (EAAC)		735,785.00	6,068.00	0.00	0.00	741,853.00	6.50%	(48,220.44)	693,632.56	0.8%	-5.7%
Student Union Advisory Council (SUAC)		1,813,398.00	33,128.00	0.00		1,846,526.00	6.50%	(120,024.19)	1,726,501.81	1.8%	-4.8%
		3,962,257.00	95,952.00	0.00	0.00	4,058,209.00		(263,783.59)	3,794,425.42	2.4%	-4.2%
Roll Forward		3,962,257.00									

Review of Pro Forma and Budget Discussion

Discussion Questions from Chair:



- *What would the levers have to be to result in a positive fund balance for the university?*
- *... to maintain a reasonable tuition increase?*
- *... to maintain a reasonable tuition increase of 5%?*
- *Realistic information about the likelihood of each*

Comparative Analysis of 8% Primary Reserve



Primary Reserve Scenarios	Tuition % Increase	Tuition Cost Increase	Ending Fund Balance (\$M)			% Operating Revenue		
			18/19	19/20	20/21	18/19	19/20	20/21
Optimistic @ 8% <ul style="list-style-type: none"> \$40.5M (DAS) +2% Biennium Enrollment +3M Biennium Earmarks Flat S&S 	FY20: 9.75% FY21: 2.25%	FY20: \$765 FY21: \$180	4.9	5.5	5.7	8.1%	8.1%	8.2%
Pessimistic @ 8% <ul style="list-style-type: none"> \$40.5M (DAS) -2% Biennium Enrollment 1M Cost Cutting (split across biennium) 	FY20: 15.8% FY21: 3.8%	FY20: \$1,215 FY21: \$315	4.9	5.3	5.6	8.1%	7.9%	8.0%
Realistic @ 8% <ul style="list-style-type: none"> \$40.5M (DAS) FLAT Biennium Enrollment 1M Cost Cutting (split across biennium) 	FY20: 14.9% FY21: 2.75%	FY20: \$1170 FY21: \$225	4.9	5.5	5.6	8.1%	8.1%	8.0%

Comparative Analysis of 5% Primary Reserve



Primary Reserve Scenarios	Tuition % Increase	Tuition Cost Increase	Ending Fund Balance (\$M)			% Operating Revenue		
			18/19	19/20	20/21	18/19	19/20	20/21
Optimistic <ul style="list-style-type: none"> \$40.5M (DAS) +2% Biennium Enrollment +3M Biennium Earmarks Flat S&S 	FY20: 5% FY21: 5%	FY20: \$630 FY21: \$585	4.9	3.6	3.4	8.1%	5.4%	5.0%
Pessimistic <ul style="list-style-type: none"> \$40.5M (DAS) -2% Biennium Enrollment 1M Cost Cutting (split across biennium) 	FY20: 10.5% FY21: 10.0%	FY20: \$810 FY21: \$855	4.9	3.4	3.7	8.1%	5.1%	5.3%
Realistic <ul style="list-style-type: none"> \$40.5M (DAS) FLAT Biennium Enrollment 1M Cost Cutting (split across biennium) 	FY20: 10.0% FY21: 9.5%	FY20: \$765 FY21: \$810	4.9	3.3	3.5	8.1%	5.0%	5.0%

Future Meetings

Adjournment