



Southern Oregon University

Public Meeting Notice

September 10, 2015

TO: Southern Oregon University Board of Trustees, Finance Committee

FROM: Sabrina Prud'homme, University Board Secretary

RE: Notice of Regular Meeting of the Finance Committee

The Finance Committee of the Southern Oregon University (SOU) 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 discussion of SOU's enrollment; an accreditation process update; a Higher Education Coordinating Commission update and reporting review; a discussion of the tentative bargaining agreement; a review of 2014-15 year-end financials as well as the 2016-17 budget process and timeline; and an athletics funding discussion.

The meeting will occur as follows:

Thursday, September 17, 2015

3:30 pm to 6:00 pm (or until business is concluded)

Hannon Library, DeBoer Boardroom, 3rd Floor, Room #303

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

Board of Trustees

1250 Siskiyou Boulevard, Ashland, OR 97520 · T (541) 552-8055 · sou.edu/governance

**Southern Oregon University Board of Trustees
Finance Committee Meeting**

**Thursday, September 17, 2015
3:30 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 and Preliminary Business | Chair Nicholson |
| | 1.1 | Welcome and opening remarks | |
| | 1.2 | Agenda review | |
| | 1.3 | Roll call | Sabrina Prud'homme,
SOU, Board Secretary |
| | 1.4 | Consent agenda: Approval of July 16, 2015
meeting minutes (Action) | Chair Nicholson |
| | 2 | Public Comment | |
| ~ 10 min. | 3 | FY 14-15 Review of year-end financials | Steve Larvick, SOU,
Director of Business
Services |
| ~ 10 min. | 4 | Vice President's Report | Craig Morris, SOU, Vice
President for Finance
and Administration |
| | 4.1 | Accreditation process update | |
| | 4.2 | Enrollment update | |
| | 4.3 | HECC Updates and Reporting Review | |
| | 4.4 | Tentative Bargaining Agreement | |
| ~40 min. | 5 | FY16-17 Budget Process and Timeline | Chair Nicholson,
Mark Denney, SOU,
Associate Vice President
for Budget and Planning |

**Southern Oregon University Board of Trustees
Finance Committee Meeting**

**Thursday, September 17, 2015
3:30 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

AGENDA (Cont'd)

~60 min.	6	Athletics Funding Discussion	President Saigo Matt Sayre, SOU Director of Athletics Mark Denney Steve Larvick
	7	Adjourn	Chair Nicholson

Southern Oregon University Board of Trustees Finance Committee Meeting

Thursday, July 16, 2015

4:00 p.m. – 6:00 p.m. (or until business concludes)

DeBoer Boardroom, Hannon Library, 3rd Floor, #303

MINUTES

Finance Committee Chair, Paul Nicholson called the meeting to order at 4:01 p.m.

The following committee members were present and a quorum was established: Paul Nicholson, April Sevcik, Les AuCoin, Lyn Hennion, Dennis Slattery, and Steve Vincent.

The following committee member was absent: Jeremy Nootenboom.

The following trustees also were present: Bill Thorndike and Roy Saigo.

Other meeting guests included: Jason Catz, General Counsel; Mark Denney, Associate Vice President for Budget and Planning; Lisa Garcia-Hanson, Associate Vice President for Enrollment and Retention; Don Hill, Classroom and Media Services Manager; Steve Larvick, Director of Business Services; Deborah Lovern, Budget Officer for Academic and Student Affairs; Craig Morris, Vice President for Finance and Administration; Kathy Park, Executive Assistant; Sabrina Prud'homme, University Board Secretary; Liz Shelby, Chief of Staff and Director of Government Relations; and Sue Walsh, Provost and Vice President for Academic and Student Affairs.

Welcome and Introductions

The trustees and meeting guests at the table introduced themselves and welcomed the new board secretary to the meeting.

Public Comment

No public comment was made.

Consent Agenda

There were no changes or corrections to the minutes from the June 22 meeting. Trustee Slattery moved to approve the minutes, Trustee Sevcik seconded the motion. The motion passed.

Vice President's Report

Craig Morris, SOU Vice President for Finance and Administration began his update by explaining a charge by President Saigo to him and to the provost to think “outside the box” about new, strategic initiatives around enrollment, including recruitment, supporting the state’s 40-40-20 goal, and retention. The focus of these new initiatives requires execution within a year and a positive impact on enrollment. The legislature provided an additional \$582 thousand for SOU to spend exclusively on student success initiatives and/or fee remissions in each year of the biennium to help students with affordability of university tuition. As a result, the vice president and the provost plan to present new ideas to the president at an upcoming cabinet retreat and will keep the board informed through their reports at the appropriate committee meetings in the future.

Mr. Morris explained that during lunch at the full board meeting, the group would hear a presentation from the architects working on the campus' McNeal project. The project was still materially over budget, as construction prices continue to inflate. The group would see rougher designs than intended because the architects continue to redesign in an effort to get costs back within budget.

Mr. Morris explained money was allocated in the legislative session, the disposition of which would be determined in the February session. Included in that was \$1.9 million that was requested by the classified union (SEIU) to help fund negotiations for their collective bargaining agreement, primarily for Oregon's technical and regional universities (TRUs). A proposal has to come forward from the seven universities and the seven must be in agreement on how the funds should be disbursed among the institutions. He indicated that he and his colleagues would meet on the campus of SOU in the upcoming week and Representative Buckley was invited to hopefully open a dialogue about how it could work. More about this good news would be shared with the board.

In response to questions from Trustees AuCoin and Nicholson, Mr. Morris clarified that the funds are intended to help the TRU's, especially those with financial needs, to better afford a settlement for the classified employees. He confirmed that the \$1.9 million already has been approved by the legislature and the uncertainty has to do with the distribution. Liz Shelby confirmed this and clarified that the funds are part of a \$3 million rebalance that will take place when the legislature returns to session in February.

Mr. Morris referred the committee to the fiscal year (FY) 2016 Preliminary Public University Support Fund Allocation. He pointed out the current funding for SOU and the FY 16 funding, which represents a 10.5 percent increase in additional operational funding. He also pointed out the amount of shared services being added to SOU's funding. The inequitable distribution of funds among the seven universities was noted and explained.

After the enrollment services update, Mr. Morris continued his report and explained that he was approached by a developer to put a hotel on the SOU campus and noted a potential link with SOU's hospitality program. The vice president expressed interest in inviting the developer to a finance committee meeting to allow the board to discuss and decide whether SOU would have any interest in pursuing such a project. The developer, as well as other universities in Oregon, have completed similar projects. Trustee AuCoin questioned whether "sounding board sessions" had taken place to explore feasibility of the idea internally and in the local community. It was suggested that the developer attend a future meeting.

Enrollment Services Update

Lisa Garcia-Hanson provided an enrollment update to the committee. She highlighted that overall applications were up 17 percent for residents and 10.3 percent overall. Ms. Garcia-Hanson noted a "trickling down" of applications typically occurs at this time of the year, but she wasn't seeing that trend at this time. At the time of the report, the numbers of admitted, confirmed (deposit paid), and enrolled students were up 13.6 percent, 17.5 percent, and 44.2 percent, respectively. She briefly discussed application activity as it related to the information presented.

Mr. Morris further noted, that to translate this trend to financial terms, the board would need to look at student credit hours (SCH) and full time equivalent (FTE) numbers. However, the weeks' numbers fluctuate up and down and a month from now, a fuller picture is expected. This year's Raider Orientation and Registration (ROAR) events were thought to explain some of the significant increases, attributing them, in part, to a timing difference in the scheduling of this year's ROARs over the dates of last year's.

Ms. Garcia-Hanson addressed Trustee AuCoin's questions regarding enrollment, particularly around negative shifts for the General Education and House Experience as well as the Honors College programs, which, most likely, were attributable to factors of ROAR timing as well as the relative newness of these programs. Regarding Trustee Hennion's questions about the staff rates, Ms. Garcia-Hanson noted that the negative 94.1 percent is likely a function of timing, in that staff had not yet received their notifications to enroll yet. Ms. Garcia-Hanson said she would explore the matter further.

The committee looked forward to receiving more enrollment information in August.

Fiscal Year 2015-16 Budget Review Budget Review and Recommendation to SOU Full Board of Trustees

Chair Nicholson introduced the agenda item and reminded the committee that the task before them is to review the budget, ask questions, challenge the staff, and get to a point where the committee could recommend the budget to the full board at the next day's meeting.

Mark Denney led the committee through a review of the budget worksheets starting with the Education and General page and highlighting the FY 14 final results ending with a 3.5 percent fund balance. He also highlighted the following fund balances: 8.1 percent for the FY 15 Original Budget; 8.8 percent for the FY 15 Projected Close; 10.6 percent for the FY 16 Proposed Budget; and 7.8 percent for the FY16 retrenchment plan.

Despite some increases in revenue and being ahead of the retrenchment plan, SOU remains conservative and is sticking with the retrenchment plan, which projects a 1.1 percent enrollment decline. He further noted, that even if enrollment of SCH is down, that SOU's mix has improved and he continues to project favorability.

Trustee AuCoin questioned if the committee would see increases in expenditures that may be required in the provost's office if SOU achieves higher enrollment. Mr. Denney noted that it wasn't included in the budget but the group prepared some information to address this and could discuss it when he reaches the applicable slide.

Finally, a one-time variance was noted in net transfers. In FY 15 there was \$2.5 million in net transfers "in" and FY 16 has net transfers out, which is more in line with normal operations.

Answering Trustee Vincent's questions about goals of the ending fund balance and the HECC Conditions requirement, Mr. Denney said the FY 16 retrenchment goal was 7.8 percent and the HECC requirement is for SOU to be above 10 percent by FY 18. According to Mr. Morris, the old State Board of Higher Education suggested a fund balance between five and 15 percent, with 10 percent being ideal.

Mr. Denney continued his review and presented the Auxiliary Enterprises budget worksheets explaining that these operations need to be budget neutral and generate enough revenue for their own expenses. Specifically, the athletics budget has a \$400 thousand shortfall with projected deficit spending, and doesn't have the fund balance to cover it. Mr. Morris said the committee would discuss athletics in great detail at a future meeting. It was noted that there are many good things to talk about, some financial challenges, and the committee would have a comprehensive conversation about it.

Mr. Denney clarified that the university no longer operates the bookstore but it is still listed as an auxiliary because the university had a few employees working there, has kept them, and SOU pays their salaries. However, Barnes and Noble reimburses the university, assuming the full burden of cost, including retirement benefits, which Trustee Sevcik inquired about.

Next, the committee reviewed the Designated Operations, Service Departments, Clearing Funds budget worksheet. Mr. Denney described the makeup of these areas and noted that they were all pretty cost neutral and had nothing significant to explain from FY 15 to FY 16.

He briefly explained the FY 16 Budget Notes and discussions took place around the following notes:

- 1. State funding increased by \$30 million. The university's share is approximately \$582 thousand each year in the biennium. There is a budget note requiring that the \$582 thousand be spent exclusively on tuition remissions and student support and success initiatives each year.*

Trustee Slattery questioned how the larger pool of money was divided among the universities and how SOU's share was determined. Mr. Morris explained that of the additional \$30 million, 49 percent was allocated for the first year, 51 percent for the second year, and it all gets run through the new funding model to determine how much each institution shall receive.

Trustee AuCoin commented that if SOU is going to better serve the subcategories of students that the HECC model requires, there are going to be support costs and sociology on campus that the university will have to institutionalize. With increasing minority and veteran populations, the supportive services for students will have to be robust. To retain students and do better at recruiting them, the money will need to be split between the two areas wisely.

Chair Nicholson calculated that SOU's portion of the state funding looks like 5.7 percent and made the observation that there is some other formula in place that is not favorable to SOU. Mr. Morris explained that portions are fixed, others are variable, and when the board sees the HECC's presentation in the next day's full board meeting, this would be explained and would make more sense.

- 7. If actual Fall 2015 enrollment is flat or better compared to last year, additional adjunct faculty and graduate assistants will need to be hired. Provost has identified the financial impact at \$363 thousand for adjuncts and \$57 thousand for graduate assistants.*

Mr. Morris commented that this financial impact was in the original budget as submitted by the provost's office. He negotiated with the provost to remove these impacts from the budget but if enrollment was flat or better, SOU could hire the additional staff and graduate assistants necessary to cover the additional enrollment. The provost added that she didn't expect any difficulty in hiring for the positions quickly, if the need should arise. Dr. Walsh also clarified that the identified impacts were for the academic year, not any one term.

Chair Nicholson emphasized that the board will need to bear this point in mind as it moves into any budget approval process and should provisionally approve these funds for the budget so the provost doesn't have to come back to the committee again if enrollment is up.

- 10. The budget includes a new, unfunded position for diversity.*

With the breakup of the university system, SOU recognized a need for the position, but didn't receive funding for the Office of Diversity and Inclusion, so the institution had to come up with the funding.

13. All auxiliary and designated operations department budgets are balanced with the exception of athletics. That budget has budgeted deficit of approximately \$400 thousand that includes the addition of two new sports teams.

President Saigo asked what the committee would talk about in this deeper athletics discussion that has been mentioned. The president would like to hear: how they are getting money; how it is being used; how many students are involved; other universities that get money from the general fund; etc.

Mr. Denney explained, SOU differs from others in how it funds athletics. It's usually a split between student fees and the general fund support of athletics. The assumption is that auxiliary units should be self-supporting and most can generate the revenue to cover expenses. Athletics is unusual because students attend games for free since they support the auxiliary; so, athletics doesn't generate a lot of revenue from ticket sales. At the TRU's, athletics gets general fund support. Mr. Morris referred to findings from a report produced a few years ago; it found that student athletes retain better, have better grade-point averages and they persist better. So, the university needs to balance that with the financial struggle that exists in this area.

Trustee Slattery recalled from past information that the average athlete at SOU received about 25 percent in awards toward tuition, noting that these are paying students. Mr. Morris added that student athletes contribute significantly to campus diversity and Mr. Denney added that they graduate faster and at twice the rate of other students.

Mr. Denney then turned his attention to the FY 16 Budgeted Operations Worksheet explaining variances from the FY 15 budget and significant events. He walked the committee through each of the significant events noted: Shared Services; OUS Dissolution; Diversity; Faculty Contingency; Steps/YIR/COLA increases; Furlough Eliminations and associated OPE; IT; Housing; and Student Success Initiatives.

In response to Trustee AuCoin's question under shared services, Mr. Morris confirmed that the university is paying for financial risk management services through a shared services employee who advises the four TRU institutions on best practices.

Mr. Morris walked the committee through the Budgeted Operations Pro Forma Worksheet, pointing out the fund balances at the ends of the 2011 to 2013 and 2013 to 2015 biennia as well as the assumptions in the areas of ending fund balance goals, state allocations, enrollment, tuition, and the salary increase pool for the upcoming 2015 to 2017 and 2017 to 2019 biennia. Among other items, he noted the state appropriations line for the 2017 to 2019 biennium assumed no increase in funding from the state. Trustee AuCoin added that the current markets would not last forever, and he agreed with the manner of forecasting.

Mr. Morris described the pro forma budgets as being on the conservative side and felt that enrollment growth was the real key to help the university's budget. He has heard concerns that with higher enrollment the university would need more faculty. He acknowledged that possibility noting that the university has the physical capacity to do it and it's an important strategic conversation that will be necessary.

Trustee AuCoin believed the sooner a strategic plan for enrollment and retention could be developed, the sooner the university can achieve it. He said the university has to find the perfect mix of in-state students, out-of-state students paying more, all the different subsets of students, deployment of resources, and doing so would be a complex management problem calling for a carefully-honed plan to do it and the board has to lend all the support that will be needed.

Mr. Morris appreciated the feedback and noted that he and the provost were not developing a strategic plan, but were working on 4 doable initiatives for this year. Trustee Slattery agreed that even if the university has to wait until a future date to begin a full strategic plan, much can be accomplished in the meantime so that when the future comes, SOU will be ready for it.

Chair Nicholson redirected the conversation back to the budget and Trustee Hennion questioned which budget the committee was putting forward: the retrenchment budget; or the anticipated budget with what the committee hopes will be better enrollment.

Based on the discussion, Chair Nicholson proposed a motion: this committee recommends the approval of the \$53.9 million budget, as presented. The committee additionally recommends the approval of a further \$420 thousand for the hiring of adjunct faculty and graduate assistants as required, if enrollment exceeds budget. There were no amendments or questions. Trustee Hennion moved to approve the motion and Trustee AuCoin seconded the motion. The motion passed unanimously.

Chair Nicholson thanked Mark Denney and his team, including Desiree [Young], Deborah Lovern and Shane Hunter for their excellent work in preparing the information for the meeting. The chair also appreciated the team for sharing the complex information with clarity. The entire committee agreed and applauded their work.

Before closing the budget discussion, Mr. Morris responded to Trustee AuCoin's request for an update on the progress of a line of credit for SOU with US Bank that was shared with the board in the June 22nd meeting. Mr. Morris expected the process to reach completion by end of the month. He further responded that he believes a line of credit is a good idea for all institutions.

For the next meeting, Chair Nicholson said the committee will discuss the Athletics Department in considerable depth. He also drew attention to the fact that other personnel expenses (OPE), or fringe costs, represent about 30 percent of the SOU budget and believes it's appropriate for the committee to have a deeper understanding of OPE. He asked Mr. Morris to include OPE as an agenda item for the next meeting.

Next Meeting: August 20, 2015 from 4:00 – 6:00 p.m.

The meeting was adjourned at 5:36 p.m.

Periodic Management Report

**As of June 30, 2015
Fiscal Year Ended June 30, 2015**

Budget Forecast								
	FY2014 Final Results	FY2015 Initial Budget	% Change	FY2015 Final Results	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
(in thousands except enrollment)								
EDUCATION & GENERAL								
State General Fund	\$ 13,762	\$ 16,779	22%	\$ 17,065		\$ 286	2%	(1)
Tuition & Resource Fees, net of Remissions	33,278	31,974	-4%	33,043		1,069	3%	(2)
Other	3,008	2,101	-30%	1,915		(186)	-9%	
Total Revenues	\$ 50,048	\$ 50,854	2%	\$ 52,023	70.5%	\$ 1,169	2%	
Personnel Services	\$ 43,948	\$ 43,794	0%	\$ 42,953		\$ (841)	-2%	(3)
Supplies & Services & Capital Outlay	7,229	7,231	0%	8,054		823	11%	(4)
Total Expenditures	\$ 51,176	\$ 51,025	0%	\$ 51,007		\$ (18)	0%	
Net from Operations	\$ (1,128)	\$ (171)		\$ 1,016		\$ 1,187		
Net Transfers	1,855	2,530	36%	1,942		(588)	-23%	(5)
Fund Additions/(Deductions)	(0)	-		56		56		
Change in Fund Balance	\$ 727	\$ 2,359		\$ 3,013		\$ 654		
Beginning Fund Balance	1,018	1,745		1,745		0		
Ending Fund Balance	\$ 1,745	\$ 4,104		\$ 4,758		\$ 654		
Ending FB as a % Operating Revenues	3.5%	8.1%		9.1%				
Student FTE Enrollment	4,421	4,306	-2.6%	4,398			2.1%	
AUXILIARY ENTERPRISES (Including North Campus Village)								
Enrollment Fees	\$ 5,125	\$ 5,209	2%	\$ 5,219		\$ 10	0%	
Sales & Services	12,725	11,484	-10%	10,605		(878)	-8%	(6)
Other	1,466	1,725	18%	1,679		(46)	-3%	
Total Revenues	\$ 19,317	\$ 18,418	-5%	\$ 17,503	23.7%	\$ (914)	-5%	
Personnel Services	\$ 6,453	\$ 6,533	1%	\$ 6,249		\$ (284)	-4%	(7)
Supplies & Services & Capital Outlay	11,643	10,669	-8%	11,801		1,132	11%	(8)
Total Expenditures	\$ 18,096	\$ 17,202	-5%	\$ 18,050		\$ 848	5%	
Net from Operations	\$ 1,221	\$ 1,216		\$ (547)		\$ (1,762)		
Net Transfers	(746)	(3,115)	317%	(2,462)		\$ 653	-21%	(5)
Additions/(Deductions) to Unrestricted Net Assets	227	-		568		568		(9)
Change in Unrestricted Net Assets	\$ 702	\$ (1,920)		\$ (2,441)		\$ (541)		
Beginning Fund Balance Available for Operations	3,109	3,811		3,811		0		
Ending Fund Balance Available for Operations	\$ 3,811	\$ 1,891		\$ 1,370		\$ (541)		
Ending FB as a % Operating Revenues	19.7%	10.3%		7.8%				

Budget Forecast								
	FY2014 Final	FY2015		FY2015 Final		Variance	% Variance	Notes
(in thousands except enrollment)	Results	Initial	% Change	Results	100.0%	from Initial	from Initial	
		Budget				Budget	Budget	
DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS								
Enrollment Fees	\$ 721	\$ 1,078	50%	\$ 813		\$ (265)	-25%	(10)
Sales & Services	1,669	1,870	12%	1,785		(84)	-5%	
Other	1,534	1,847	20%	1,652		(196)	-11%	(11)
Total Revenues	\$ 3,923	\$ 4,795	22%	\$ 4,250	5.8%	\$ (545)	-11%	
Personnel Services	\$ 2,355	\$ 2,888	23%	\$ 2,638		\$ (250)	-9%	(12)
Supplies & Services & Capital Outlay	1,875	1,998	7%	1,671		(328)	-16%	(13)
Total Expenditures	\$ 4,229	\$ 4,886	16%	\$ 4,309		\$ (577)	-12%	
Net from Operations	\$ (306)	\$ (91)		\$ (59)		\$ 32		
Net Transfers	(115)	152	-232%	296		160	105%	(14)
Additions/(Deductions) to Unrestricted Net Assets	76	-		135		135		(15)
Change in Unrestricted Net Assets	\$ (345)	\$ 61		\$ 372		\$ 327		
Beginning Fund Balance Available for Operations	871	526		526		0		
Ending Fund Balance Available for Operations	\$ 526	\$ 588		\$ 898		\$ 327		
Ending FB as a % Operating Revenues	13.4%	12.3%		21.1%				
ALL CURRENT UNRESTRICTED FUNDS:								
Beginning Fund Balance Available for Daily Operations	\$ 4,998	\$ 6,082		\$ 6,082		\$ -		
Revenues	73,288	74,067	1%	73,776		(291)	0%	
Expenditures	73,501	73,114	-1%	73,366		253	0%	
Transfers	994	(433)		(224)		209		
GL Additions & Deductions	303	-		759		759		
Ending Fund Balance Available for Daily Operations	\$ 6,082	\$ 6,582		\$ 7,027		\$ 444		
Ending FB as a % Operating Revenues	8.3%	8.9%		9.5%				

Notes

- (1) Growth from FY 14 to FY 15 Budget is tied to tuition buy down plus added costs associated with USSE. Growth over budget due to additional funding for regional universities (TRU's).
- (2) Initial budget based on an enrollment decrease of 2.6%, and actual enrollment was only down 0.5%. Actual revenue is also up due to shifts in enrollment mix and reduction in Fee Remission awards.
- (3) Savings partially from the restructuring of Academic Affairs, and less reliance on the use of adjunct instructors.
- (4) Includes costs pushed down from University Shared Services Enterprise and increased utilities and legal costs.
- (5) Reduction in timing of the amount to be transferred from the North Campus Village Project.
- (6) Lower than anticipated Day Care Center revenue, and lower Housing revenues due to lower than budgeted occupancy.
- (7) Reduced labor costs in Day Care Center, and in Housing, as a result of reduced activity and occupancy.
- (8) Change in timing for pulling August bond debt obligations (\$330k); Increase in Housing maintenance and repair activities (\$200k); Adjust equipment accounting record (\$200k); Adjustment of expense recognition for Student Center "Green" projects (\$150k).
- (9) Return of bond reserve funds to the institutions due to the closing of the Internal Bank
- (10) Growth primarily in Non-credit programs, but not to the levels initially budgeted.
- (11) Trending in line slightly higher than the prior fiscal year.
- (12) Growth in Non-credit programs, plus change in accounting for JPR General Fund support.
- (13) Lower spending across the fund group
- (14) Additional transfers from General Fund tied to change in accounting for JPR
- (15) Transfers from equipment reserves.

Budget Timeline

FOR DISCUSSION

Key Budgetary Events

Forecast/Analysis of current position – Establish Ending Fund Balance targets

Establish forecast for enrollment and enrollment mix

Establish guidance for establishing tuition and mandatory fees

Timeline

Month	Event	Initiated by	Decision	Outcome
July	Review prior year results	President/Cabinet		
August				
September				
October				
November	Forecast	President/Cabinet	Board	Ending Fund Balance targets
December				
January	Enrollment Projections	President/Cabinet	Board	Enrollment forecast
February	Tuition, Mandatory Fees	President/Cabinet	Board	Tuition Rates
March				
April				
May	Preliminary Budget	President/Cabinet	Board	Approved Budget
June	Adopt Approved Budget	Board		Adopted Budget

Athletics

Southern Oregon University



Background



Athletics at Southern Oregon University

- Athletics has attained success and contributes high achieving students to the university in a financially responsible manner.
- The enrollment of 388+ student-athletes at SOU contributes \$4,000,000 in tuition and fees.
- The General Fund contribution to Athletics is the lowest among our peer institutions in the state, though the tuition revenue generated by the number of student-athletes may be the highest.
- The unprecedented success of SOU's teams—a public relations benefit to the University—has led to higher playoff travel that has yet to be accounted for.
- Athletics is in need of sustainable funding moving forward.

2009 Task Force Recommendations

Excerpt from the 2009 Athletics Task Force recommendation:

We strongly recommend a review and change to the Athletics' funding model. In the OUS system, among the comparative universities, SOU has the highest student fees funding Athletics and the smallest general fund support.

If Athletics is worth doing it is worth doing right. The Athletics department is a major public relations and public perception tool for the university. As such we recommend the administration manage it as a major initiative.

2009 Task Force Recommendations (cont'd)

1. SOU will commit to a philosophy of excellence with Athletics.

The term “excellence” in this plan is defined by proper funding, adequate facilities, inclusion in a nationally recognized Athletics conference, dependable scheduling of home events, post-season opportunities, proximity of non-conference competition, community and student interest, stable enrollment generation and retention, program integrity, and academic success.

2009 Task Force Recommendations (cont'd)

2. Remain NAIA (5-7 year evaluation).
3. Fund Athletics in an adequate and equitable manner.
4. Find a home for football or eliminate.
5. Upon successful progress on the above goals, SOU will examine the merits of additional sports.

Seven Goals of SOU Athletics 2009-2014

- I.** To positively affect the social growth and ethical engagement of our student-athletes.
- II.** To create an environment of excellence.
- III.** To educate student-athletes about the importance and value of academic integrity, performance and graduation.
- IV.** To provide a positive public identity for Southern Oregon University.
- V.** To invest in the growth of our programs through sound fiscal management.
- VI.** To create community and cultivate Raider identity.
- VII.** To provide a fun and exciting atmosphere for SOU students and the community.



2009 Task Force Recommendations (cont'd)

OPERATIONAL REVENUE	Current at time of study	FY11	FY12	FY13	FY14	FY15	FY16
Roster Student-Athletes * Non-rostered athletes 450-500	317	330	345	360	375	390	
		343	352	358	364	388	431
University General Fund * Excludes scholarships	272,715	400,000	550,000	700,000	850,000	1,050,000	
		-	-	270,107	542,339	458,867	
Housing:		263,782	263,782	263,782	263,782	200,000	
Total:		263,782	263,782	533,889	806,121	658,867	
Lottery	323,000	325,000	325,000	325,000	325,000	325,000	
		293,321	290,670	284,043	390,342	390,000	
Student Incidental Fee	1,061,728	1,097,302	1,100,000	1,100,000	1,075,000	1,050,000	
		1,177,558	1,202,272	1,389,943	1,110,211	1,062,968	

Blue text signifies actual outcomes vs. Task Force Recommendations achieved
Red text signifies actual outcomes vs. Task Force Recommendations – not met

Environment of Excellence

➤ NAIA Director's Cup Ranking for SOU:

Out of more than 260 schools nationwide

2008	2009	2010	2011	2012	2013	2014	2015
92	50	50	29	27	18	32	6

- Sixth place finish in 2015 is best in school history
 - All teams made post-season appearances.
 - SOU was the highest placing public school.
 - This is the best finish ever by a Cascade Conference school.

Total Attendance at Home Games:

2008	2009	2010	2011	2012	2013	2014	2015
19,530	19,970	20,627	22,469	24,097	39,019	39,449	41,776

Football

- Won 2015 NAIA National Championship
- Won 2012 Frontier Conference Championship, advanced to NAIA quarterfinals

Men's Wrestling

- Finished 2nd at the NAIA National Championship in 6 of past 7 years

Cross Country

- Won 2010 NAIA National Championships (Men's)
- Won 7 straight Cascade Conference Championships (Men's)
- Finished 2nd at the NAIA National Championship for past 3 years (Men's)

Men's Basketball

- Advanced to Elite Eight at the NAIA National Championships in 2015 for first time in school history

Track & Field

- 22 Athletes sent to National Championship
- 3 straight Conference Championships for men, 2nd in 2015

Women's Basketball

- Advanced to first round of national tournament

Volleyball

- Advanced to top 16 national tournament, finished 13

Athletics: Raising the Regional Profile 2014-15

- 490 Press Releases
- 350 Articles in local press
- 55+ Articles in regional press
- 58 Segments on local television
- ESPN and Sportscenter
- 40+ Regional stories before National Championship
- USA Today
- Top 5 NAIA social media following on Twitter, Facebook and Instagram
- 1.7 Million page views at souraider.com
- 1500 pay-per-view customers

Athletics: Raising the Regional Profile 2014-15

SOU puts seven on NAIA Scholar-Team list

“Five more SOU all-stars showered with academic accolades.”

Three Raider Wrestlers selected to NWCA All-Academic team

SOU represented by 14 on Academic All-CCC spring list

Six SOU basketball players named Daktronics-NAIA Scholar Athletes

SOU puts 25 on Frontier's academic all-conference football team

Thompson, Weber selected to Academic All-District team

“Raiders put 14 basketball players on Academic All-CCC team”

Raiders end fall with 13 Daktronics-NAIA Scholar Athletes

Student-Athletes



Demographics

SOU student-athletes come from a broader geographical area than the general SOU undergraduate population:

Student-Athletes

- 62% from California, Washington, Nevada and Idaho

All other SOU undergrads

- 67% from Oregon

Diversity

SOU student-athletes contribute significantly to diversity on campus.

Student-Athletes

- **Represent 30% of total diversity on campus**
- **75% of all African-American students on campus are student-athletes.**

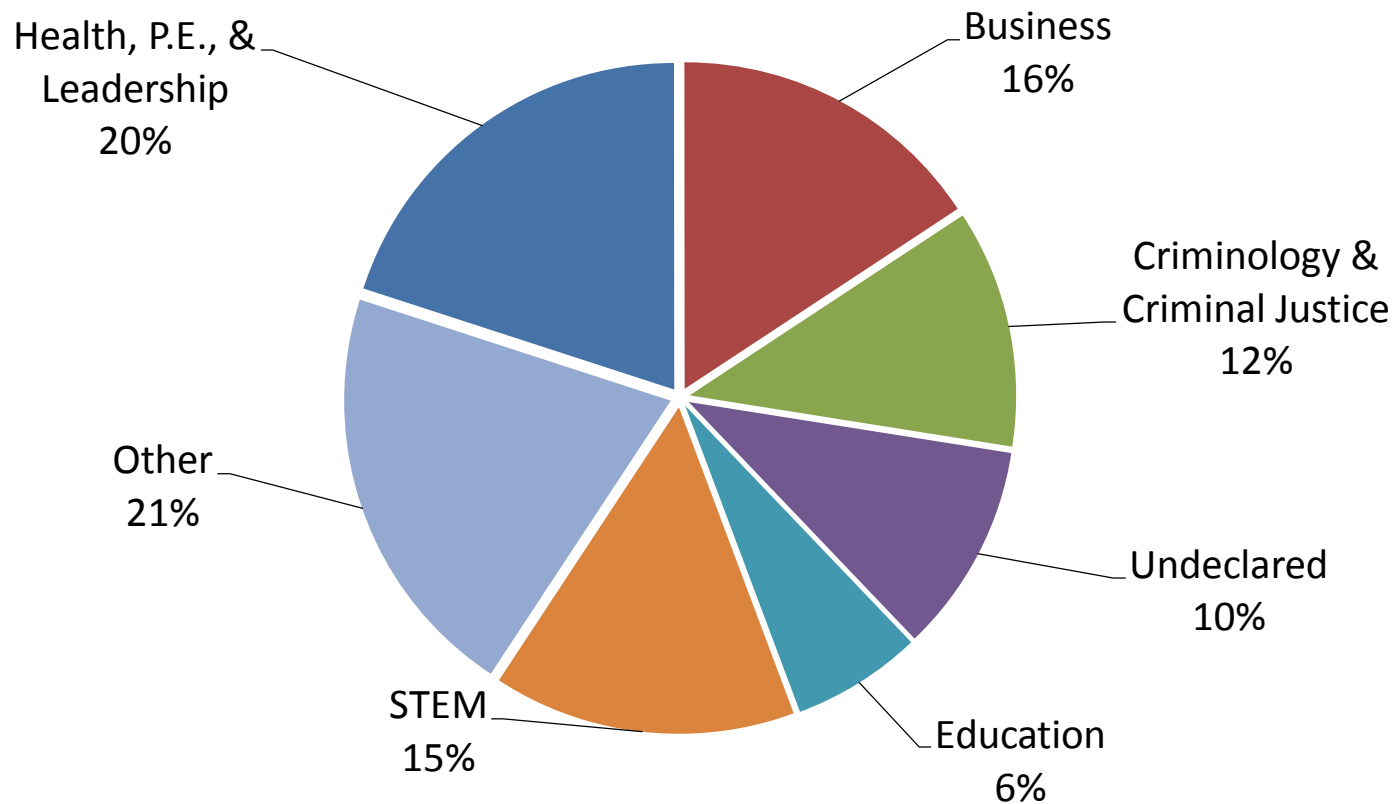
SOU Student-Athlete Survey 2014

- Among criteria contributing to college choice; 86% (n=76) indicate they would not have chosen SOU without the opportunity to participate in their respective athletic programs.
- Coaches are key factor in student-athletes' overall satisfaction and persistence once at SOU.
- 68% indicate their coach was their first connection with SOU.

Coaches recruit, coach, teach, fundraise and—through academic and eligibility oversight—retain their students at high rates.

Academic Majors

Fall 2014 Top 5 Major Departments for Athletes



Retention and Graduation

➤ First-year Retention rate

Student-Athletes = 89.2%

SOU = 73.8%

➤ Six-year Graduation rate (2008 freshmen cohort)

Student-Athletes = 60.4%

SOU = 39.7%

Academic Performance

WINTER 2015		
Sport	Term Team GPA	Cum Team GPA
Basketball - Men's	3.37	3.25
Basketball - Women's	3.35	3.32
Football	2.83	2.76
Soccer - Women's	3.40	3.40
Softball - Women's	3.02	3.04
Cross Country/Track - Men's	3.06	3.09
Cross Country/Track - Women's	3.27	3.22
Volleyball	3.57	3.30
Wrestling	2.91	2.86
Athletics TERM GPA	3.20	3.14

- Average GPA for entering Freshman Student-Athletes: 3.28

Academic Performance and Load/Term

99% of student-athletes enroll full-time compared to 85% for all other admitted students.

- Student-athletes avg. SCH load/term = 13.6
- All other admitted students avg. SCH load/term = 12.9

What About Scholarships?

Student-athletes do receive partial scholarships, but at rates consistent with University tuition remissions and scholarships for all students.

FY14	Head Count	Scholarship \$	Avg. \$ per Head Count
Student Athletes	360	\$200,000	\$556
Students	5,800	\$3,460,000	\$597

NOTE: Some student athletes also may be receiving other institutional tuition remissions or outside support such as Raider Club scholarships

Revenue Generated by Student-Athlete Enrollment

Revenue category	Rate	SCH/term	Students	Revenue
Tuition	\$147/441	13.6	388	\$3,049,780
State \$	\$74	13.6	147	443,822
Incidental	\$307		388	357,348
Health	\$119		388	138,516
Total				\$3,989,466
Additional	Assessment on Athletics revenue			\$51,000

Revenues

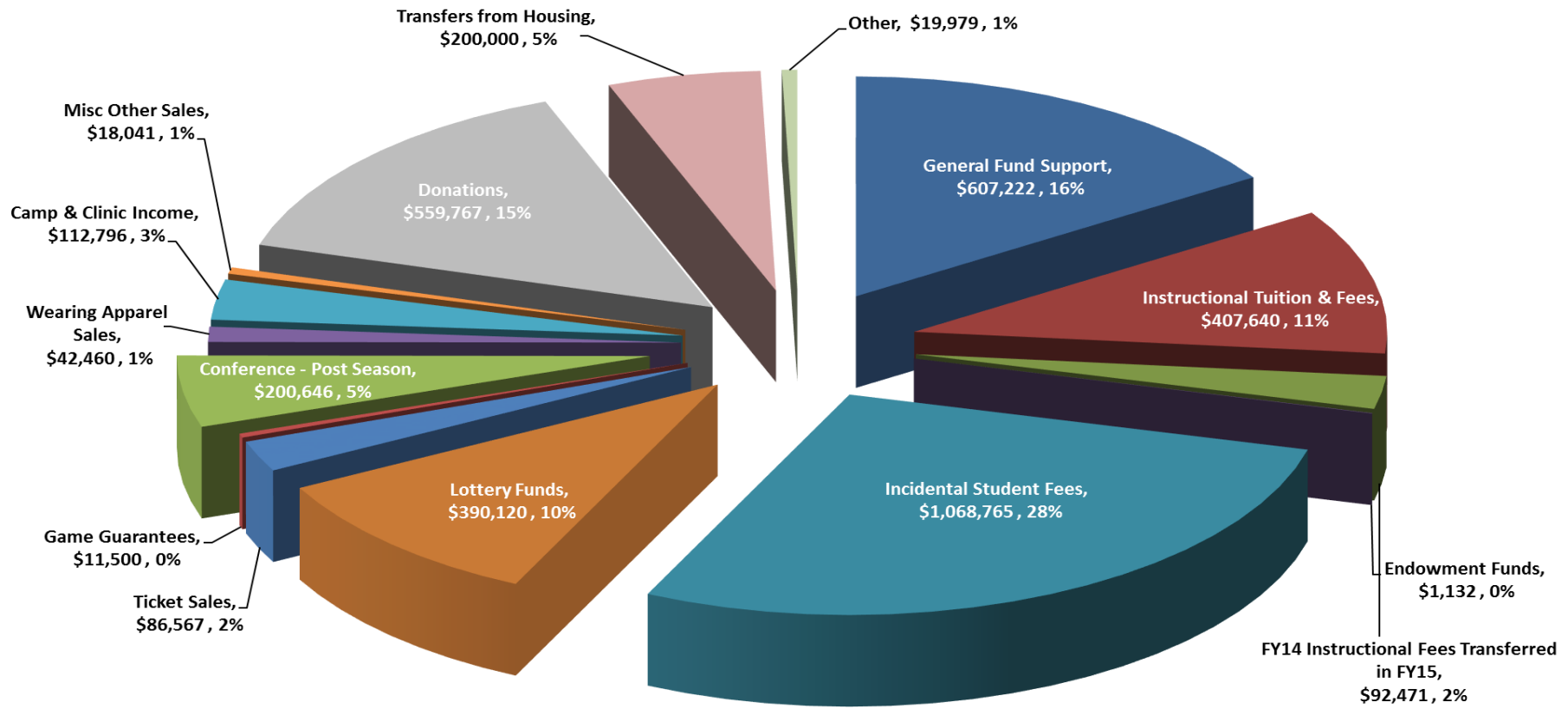


Institution Comparison

FY15 School	Direct Institutional Support <small>Includes tuition remission</small>	Student Fees	Total	Roster Student Athletes	Amount per student-athlete
Chico State (Div. II, no FB)	\$411,000	\$2,250,000	\$2,661,000	320	\$8,315
WOU (Div. II)	\$2,691,141	\$1,434,508	\$4,125,649	330	\$12,502
EOU	\$1,822,551	\$430,000	\$2,252,551	339	\$6,644
OIT (No Football)	\$1,517,129	\$786,860	\$2,303,989	207	\$11,130
SOU	\$868,509 (includes housing and PEA)	\$1,062,968	\$1,931,477	388	\$4,978

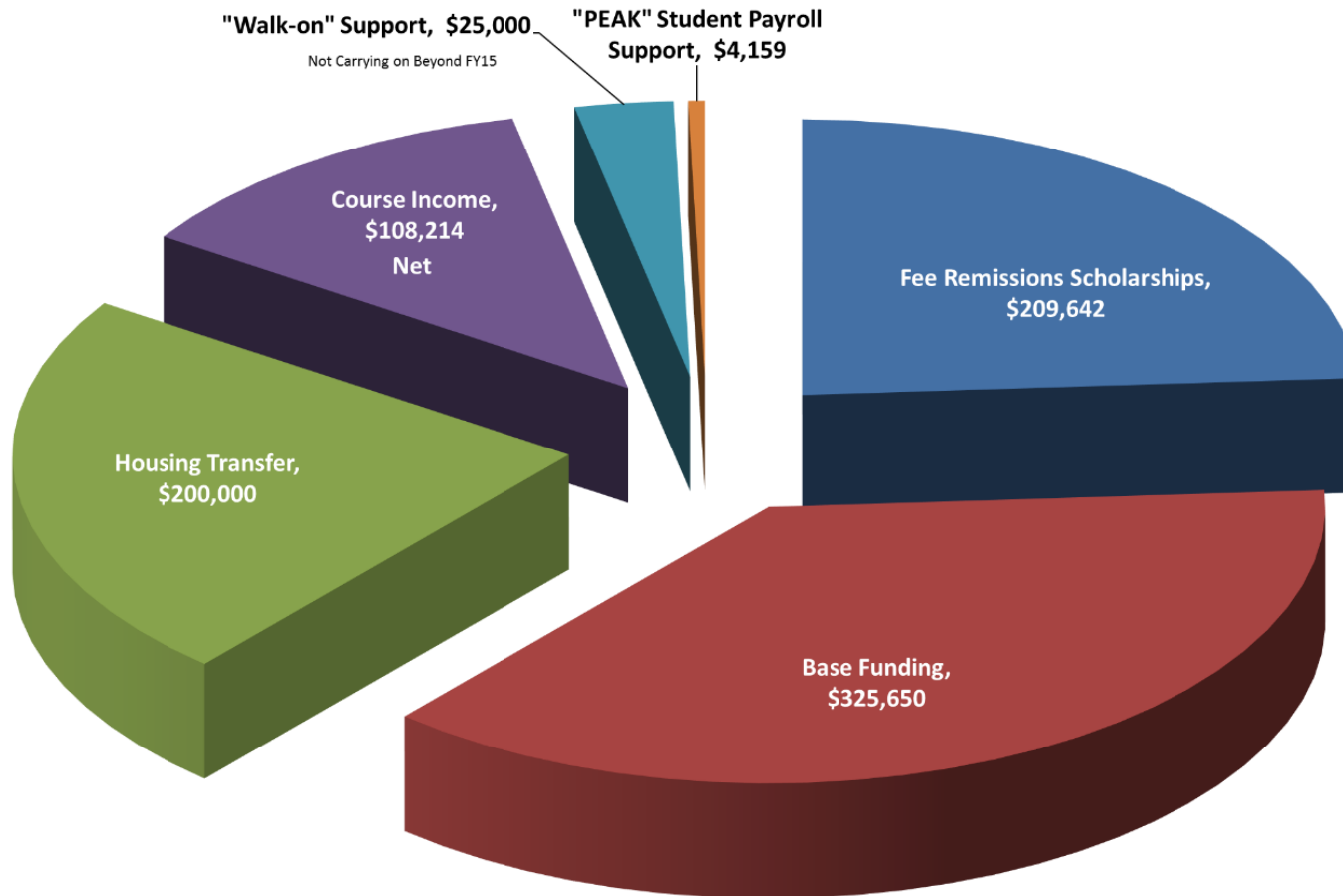
FY 2015 Funding Resources

Athletics Fiscal Year 2015: Funding Resources Total Resources: \$3,819,106

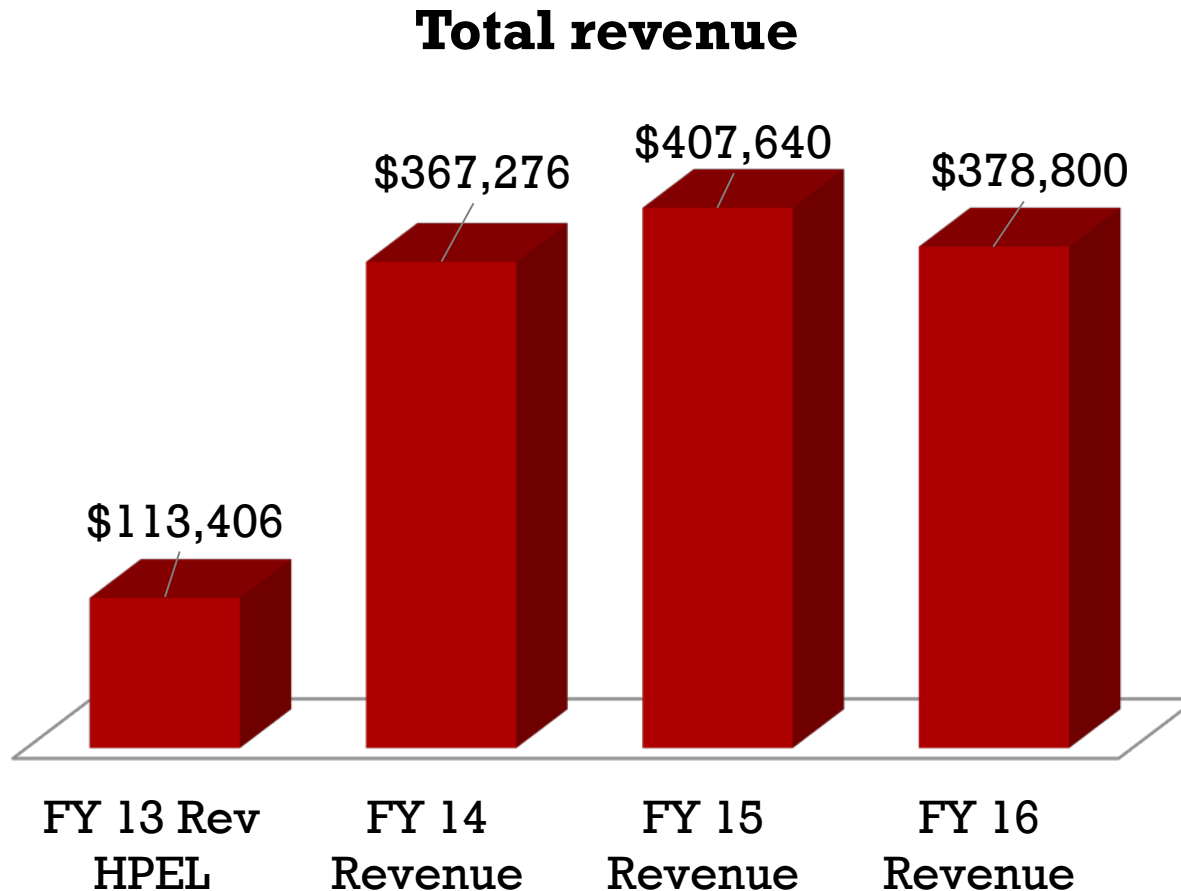


Direct Institutional Support by Category

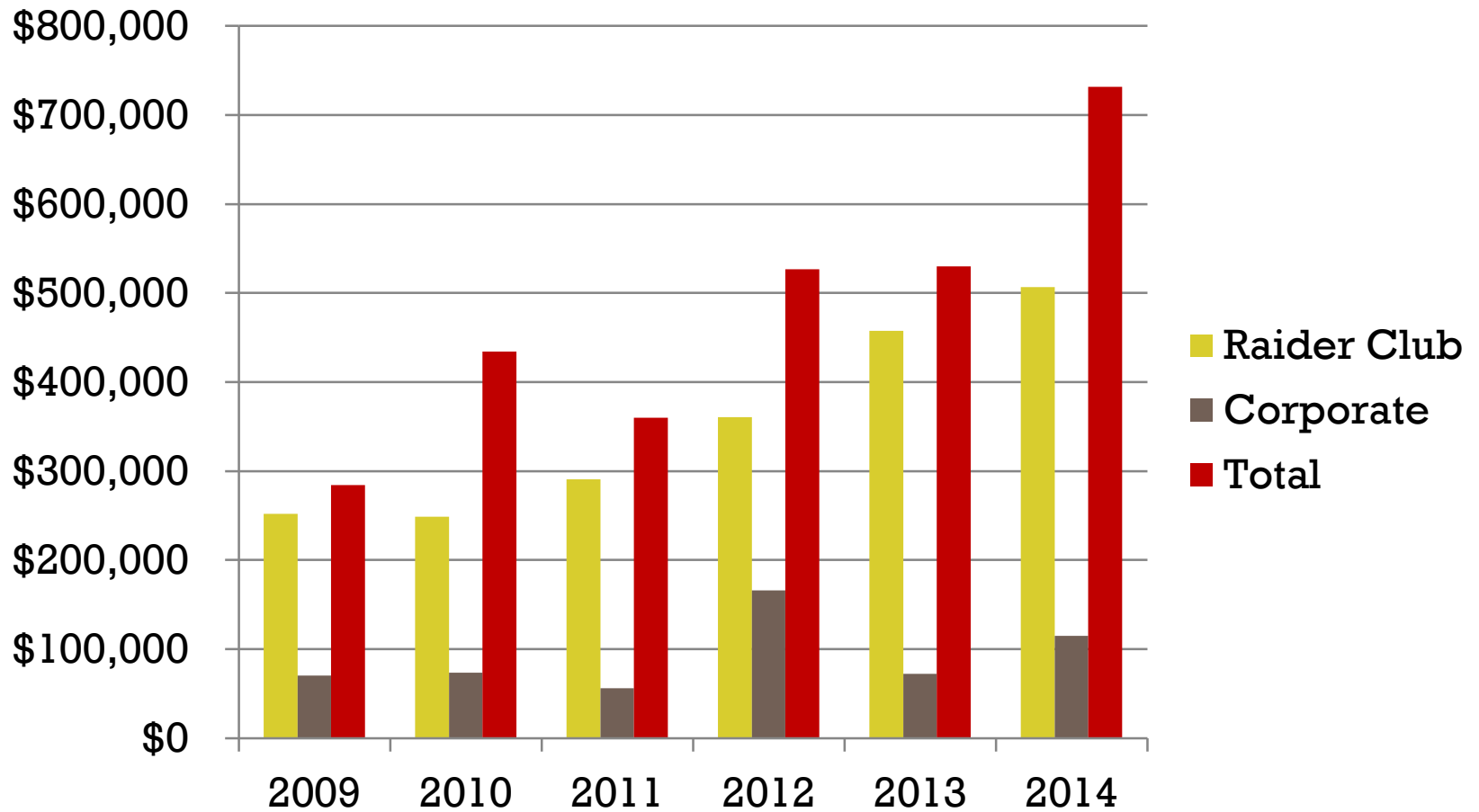
Athletics: Direct Institutional Support
General Fund plus Housing
by Category: FY2015
Total Support \$872,665



Physical Education Activity (PEA) Course Revenue



Athletic Fundraising

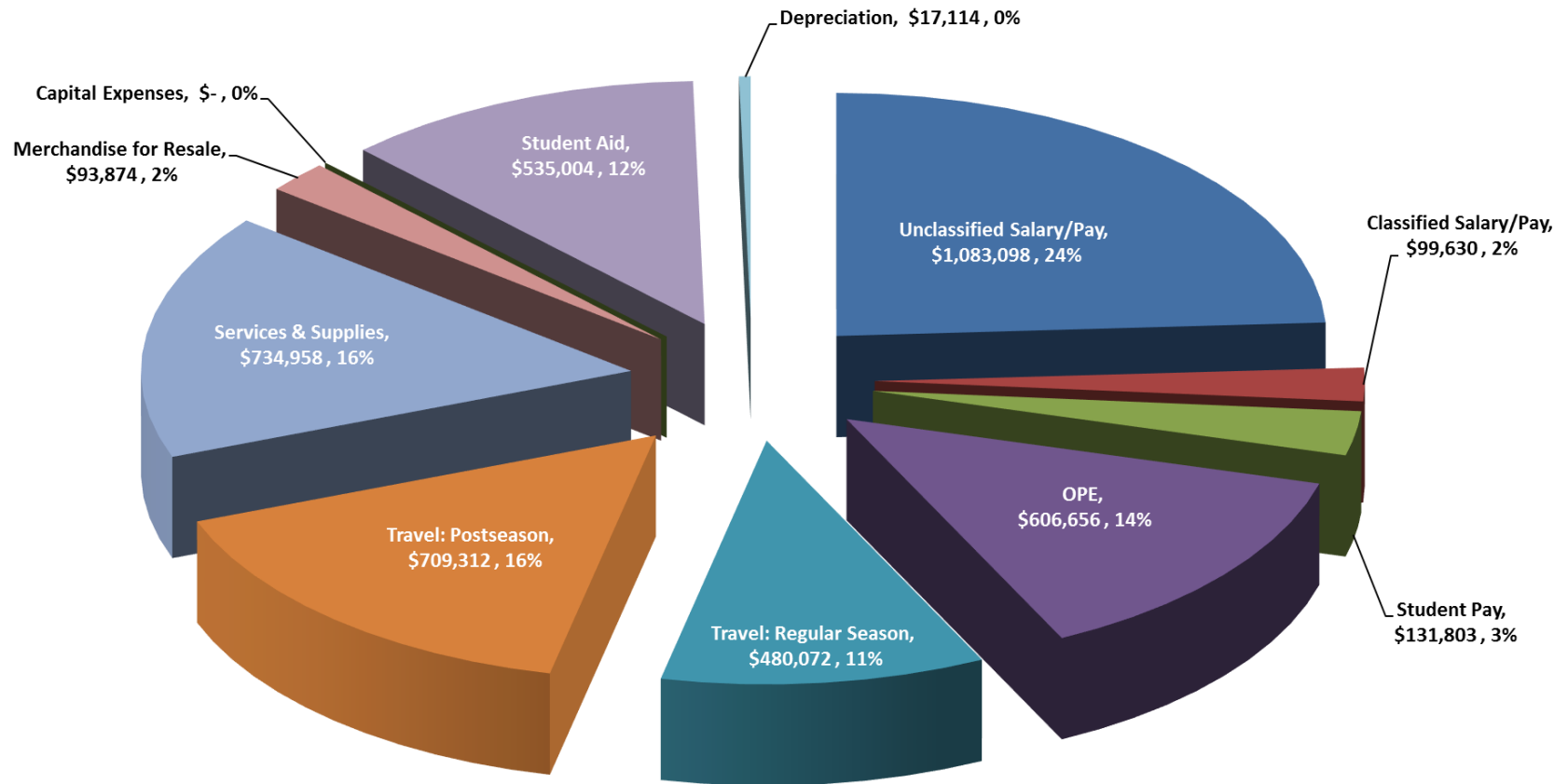


Expenses



FY 2015 Uses of Resources

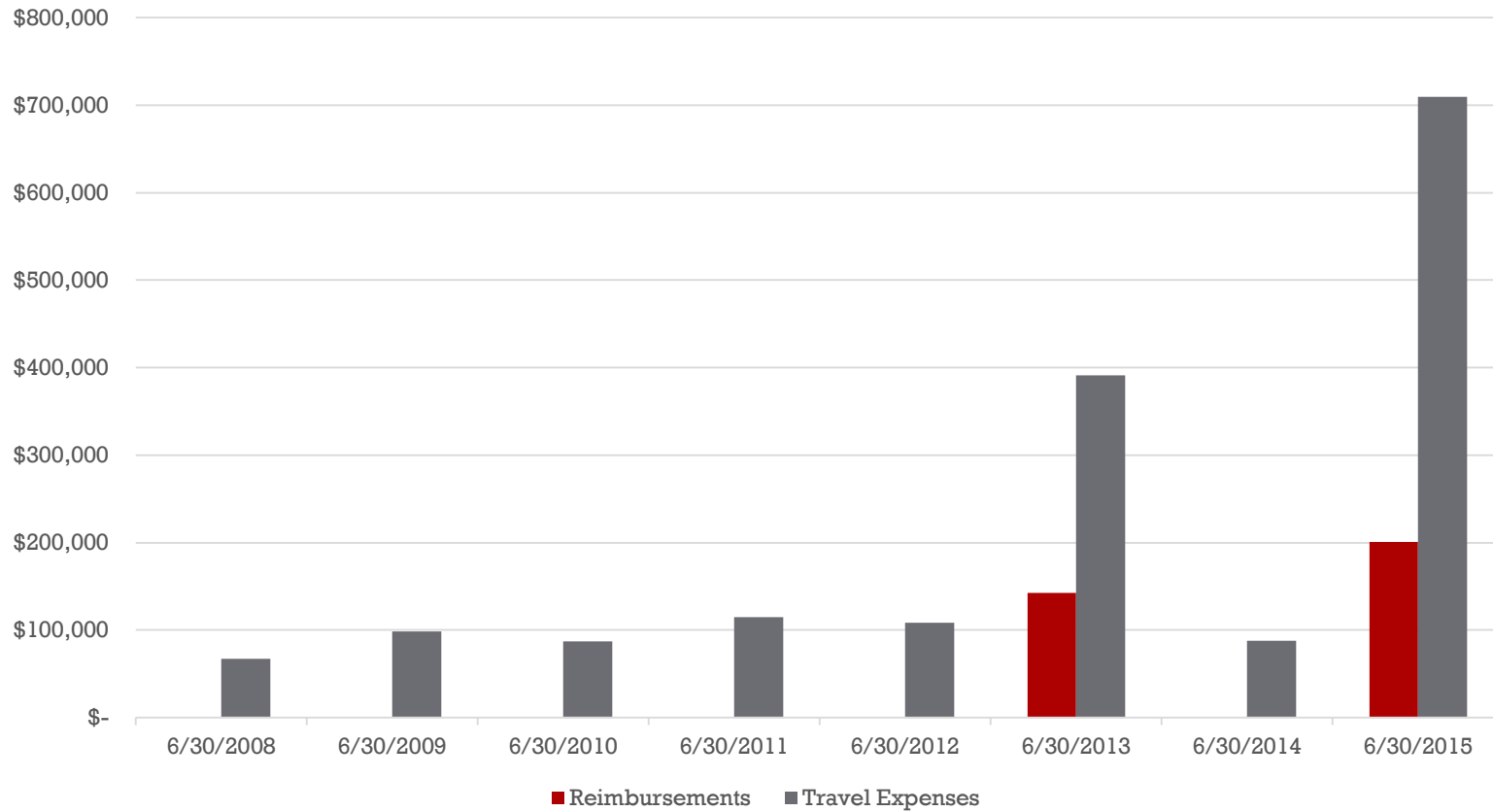
Athletics Fiscal Year 2015: Uses of Resources Total Uses: \$4,491,522



Total Spending

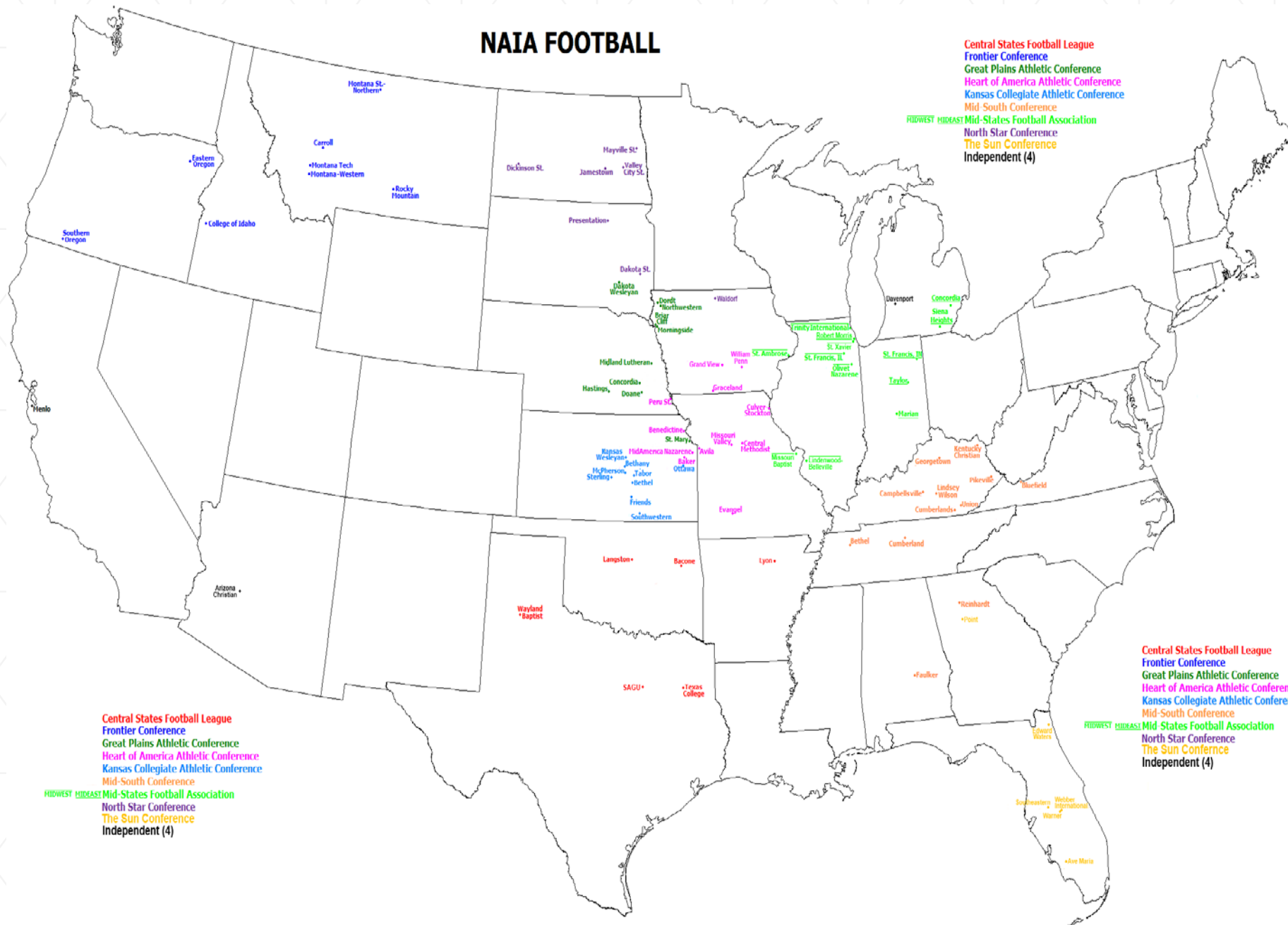
Total expenditures	2013	2014	2015
Labor	\$1,407,419	\$1,440,873	\$1,486,705
Supplies & Services	583,205	550,055	545,692
Travel	476,745	461,940	480,072
Post Season Travel			
Total Expenditures	\$2,772,051	\$2,544,569	\$3,027,804
No. Rostered Student Athletes	358	364	388
Spending per Athlete (excl. PS Travel)	\$6,892	\$6,739	\$6,475

National Travel



NAIA FOOTBALL

Central States Football League
 Frontier Conference
 Great Plains Athletic Conference
 Heart of America Athletic Conference
 Kansas Collegiate Athletic Conference
 Mid-South Conference
 Mid-West
 Mid-East
 Mid-South Football Association
 North Star Conference
 The Sun Conference
 Independent (4)

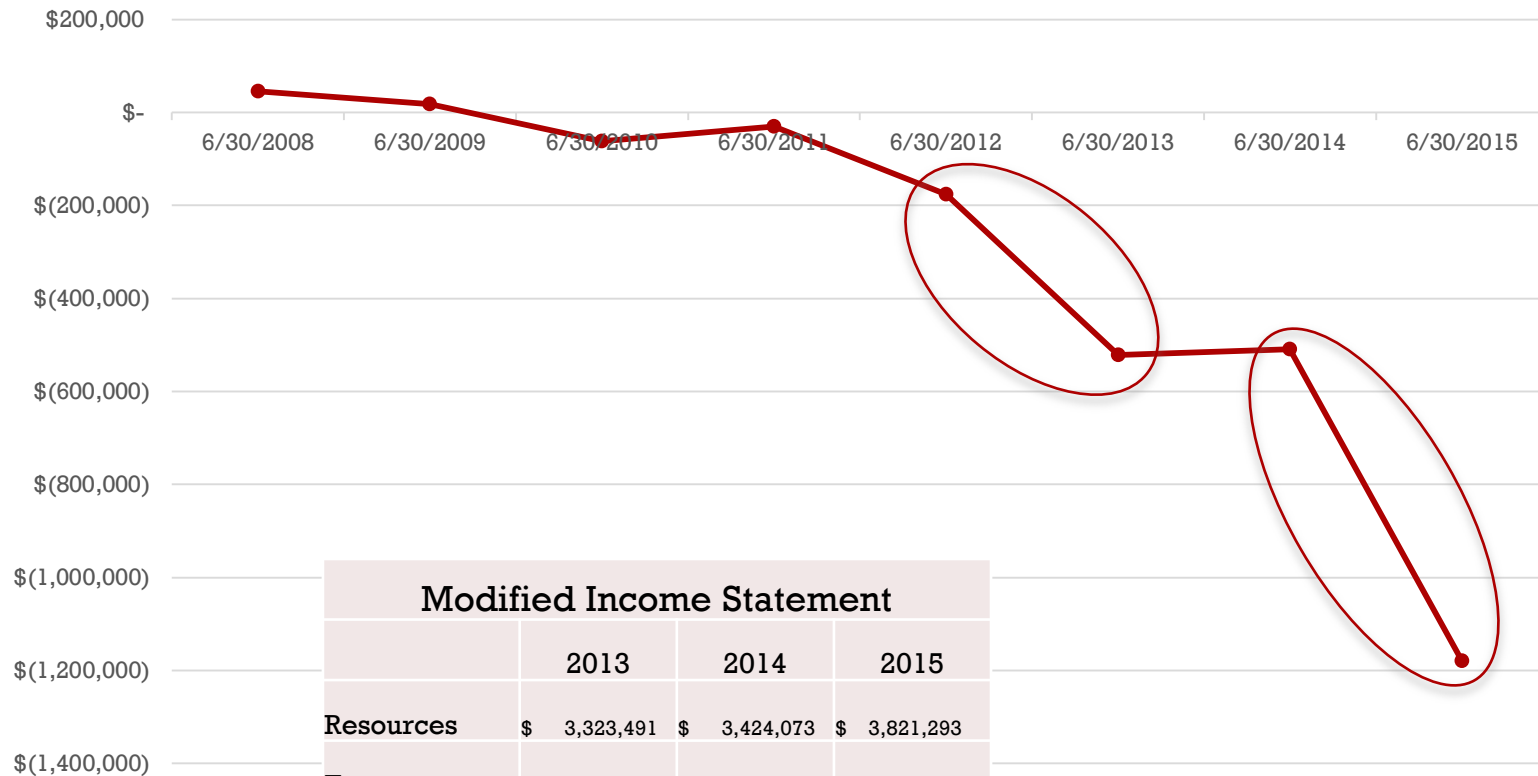


Central States Football League
 Frontier Conference
 Great Plains Athletic Conference
 Heart of America Athletic Conference
 Kansas Collegiate Athletic Conference
 Mid-South Conference
 Mid-West
 Mid-East
 Mid-South Football Association
 North Star Conference
 The Sun Conference
 Independent (4)

Central States Football League
 Frontier Conference
 Great Plains Athletic Conference
 Heart of America Athletic Conference
 Kansas Collegiate Athletic Conference
 Mid-South Conference
 Mid-West
 Mid-East
 Mid-South Football Association
 North Star Conference
 The Sun Conference
 Independent (4)

National Travel Effect on Deficit

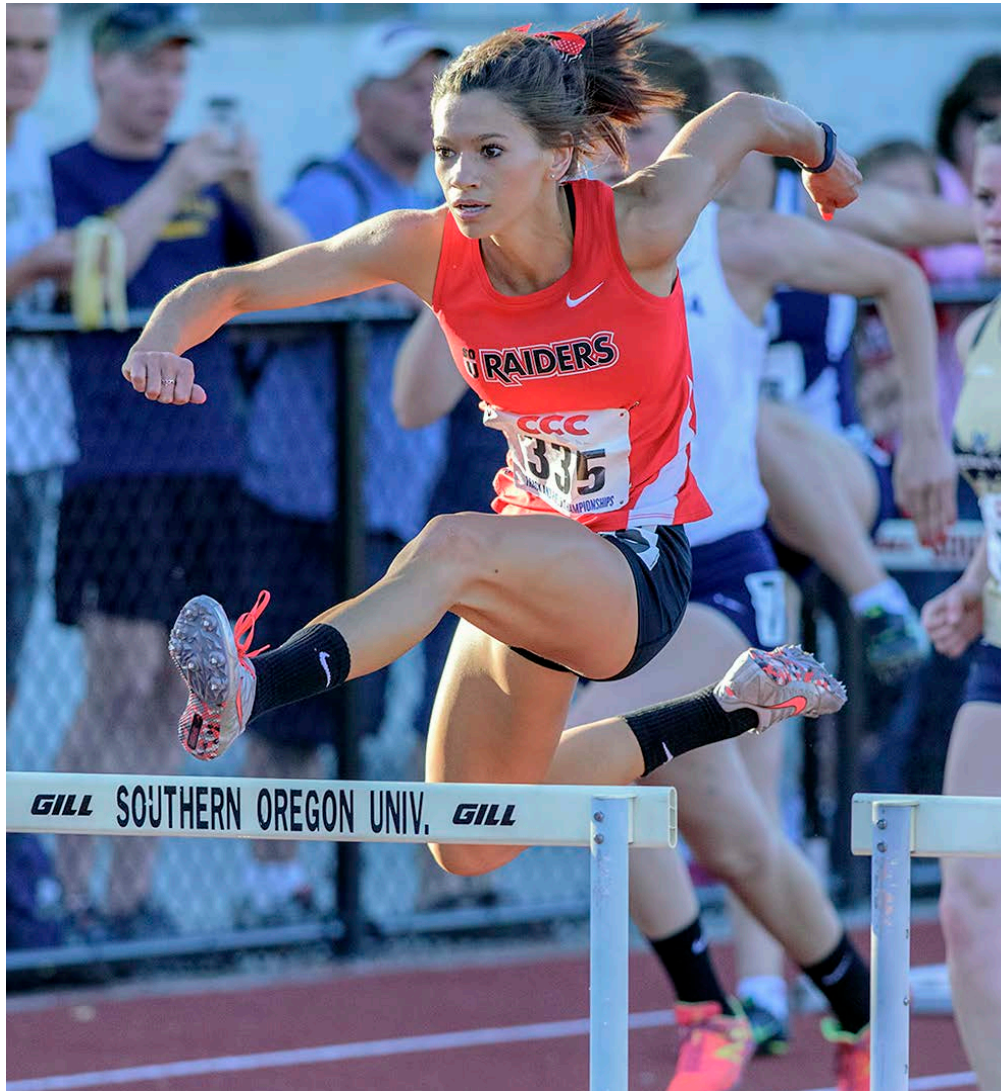
Ending Fund Balance Associated with Operations



Modified Income Statement

	2013	2014	2015
Resources	\$ 3,323,491	\$ 3,424,073	\$ 3,821,293
Expenses	\$ 3,669,731	\$ 3,420,488	\$ 4,506,945
Net Income (Loss)	\$ (346,240)	\$ 3,586	\$ (685,651)

Conclusion



Conclusion

- Athletics generates \$4 Million in tuition and fee revenue to the University and recruits over 400 students who persist and graduate at higher rates than the avg. SOU student.
- The 2009 Task Force recognized these facts and the direct benefit to the University by recommending a significant increase in support for Athletics from the General Fund.
- Since that recommendation, student funding has declined by just under \$200K and the General Fund has been short of its target. Athletics has increased the number of student athletes on campus in line with the recommendations and will significantly exceed those targets for 2016.
- Even factoring out the post-season dynamic, the Athletic program would still be running with a shortfall of between \$100k to \$200k a year, approximately the reduction in funding from the student incidental fee.

SOU Administration Objectives

1. Re-evaluate the 2009 Task Force financial recommendations in relation to the University's current position.
2. Decide on General Fund allocation for FY16 and beyond.
3. Devise a plan to deal with the current deficit.
4. Create a National Travel reserve plan.
5. Work with student leaders on a Student Fee contribution formula for Athletics.
6. Refine the definition of auxiliary status for Athletics.
7. Establish a long term balance between the number of programs, student-athletes and sustainable university funding.

Athletic Task Force Recommendations

Executive Summary

In October 2009 President Cullinan formed the Athletic Task Force to make recommendations regarding athletics at SOU. The task force was made up of faculty, students and community representation.

This executive summary summarizes the report that has been accepted by President Cullinan and her cabinet:

Recommendations:

It is our overall recommendation SOU work to achieve higher and more equitable funding for its programs before making application to NCAA DII. We believe this can be achieved in the course of 5-7 years. This strategy will also allow for maximum success in the NAIA.

- I.** SOU will commit to be in optimal position to become an NCAA Division II program in the next 5–7 years. The exact time to apply for entry into NCAA DII will be based upon specific criteria, and coincide with a planning process developed by an NCAA DII Task Force appointed by the president.
- II.** SOU will create a plan to equitably and adequately fund its Athletics programs (see tentative funding plan), including scholarships, at a level above the NAIA median over the next 5 years (>\$800k), and at the NCAA DII median in 7 years (>\$1.3m).
- III.** SOU will commit to a philosophy of excellence with its Athletics programs and facilities. All programs will be evaluated through that lens.
- IV.** SOU is committed to football for the 2010 season. Evaluation of the viability of the program by SOU administration will commence after the 2010 season dependent primarily on opportunities for inclusion in a conference.
- V.** Upon successful implementation of the above goals, SOU will evaluate potential for the addition of programs such as skiing/snowboarding, swimming, baseball, golf, lacrosse, men's soccer, and a campus recreation center.

Excellence in Athletics:

SOU is committed to excellence and the opportunity for success for our Athletics programs. The term “excellence” in this plan is defined by proper funding, adequate facilities, inclusion in a nationally recognized Athletics conference, dependable scheduling of home events, post-season opportunities, proximity of non-conference competition, community and student interest, stable enrollment generation and retention, program integrity, and academic success.

At SOU we do not wish to pursue any direction that does not include excellence as the main driver. Our Athletics department is a prominent manifestation of our commitment to excellence. Athletics at SOU is a reflection of, and complement to, our academic mission.

Building and sustaining the Athletics department to be a point of pride extends a message beyond the campus community into the regional community and beyond. To that end we recognize the way in which the university presents Athletics makes a major statement to students, prospective students, their parents and the community in general. It is the objective of SOU to produce the highest quality athletic programs possible given the constraints in which we operate.

Football:

We recognize the importance and relevance of football. It is a gathering and spirit building entity unequalled on college campuses. It is a catalyst for ethnic diversity on our campus. It recruits and retains more than one hundred student-athletes. Our football program has a large community, alumni, and booster following; it is very important to them and they are very important to us.

The issue facing our football program, though, is primarily scheduling, secondary to that is funding. Because of our independent status we are at the mercy of external forces for the assurance of home football games against opponents we have a fair chance of beating. This in turn creates dissatisfaction from the students at SOU who feel their student-fee dollars aren't invested in a program that gives them a satisfactory return. We must find a conference for our football program.

Rationale for not applying to NCAA DII at this time:

- Significant increase in travel costs, scholarship needs, and salaries for a full-time compliance officer and additional coaching and/or administrative staff, would put SOU at a huge competitive disadvantage in the Great Northwest Athletic Conference (GNAC). SOU would enter into the GNAC at the bottom in terms of scholarship and operational funding.
- We question whether boosters would contribute at levels necessary to move to DII if our programs were not successful. We feel it better to engage boosters in a campaign to move SOU closer to the NAIA maximum scholarship level, thus creating more opportunities for success, while preparing to move into the NCAA DII realm when conditions are optimal.
- Throughout our investigation we found no proof an increase in general enrollment or an increase in gate sales could be associated with NCAA DII affiliation as has been posited by some proponents of a DII move. To move forward on this assumption would be risky to the university and the Athletics programs.
- The GNAC league schedule of Thursday/Saturday would result in more missed classes for our student-athletes. Compounding this issue is the expense of flights from Medford—it is not a practical option for our student-athletes to bus to Portland or Sacramento and miss more school.

Conclusion:

Including athletics into the strategic plan of the university at this time is a sign of commitment and progress. These recommendations and plans must be initiated practically, though, and as corollary to the maintenance of the university's financial stability and overall mission as an academic institution. To that end, the president will appoint two committees to chart the progress of our athletics programs. The first will be an on-campus group charged with reviewing general issues related to athletic procedures, policies, and planning. The second (NCAA DII task force) will include a mix of on and off-campus constituents, charged largely with the mapping out the financial benchmarks contained within a recommended timeline. The culmination of this second group's charge is to put SOU Athletics in a prime position to change affiliation if conditions warrant in the near future. A reasonable time-line for this goal, and for the financial benchmarks needed to accomplish it, will be created after careful review by the committee and the administration at SOU.

Athletics Task Force February 2010 Recommendations

Statement of Purpose:

To recommend a plan for Athletics to the president that best represents the mission and goals of the university as defined in the Master Plan.

SOU is committed to excellence and opportunity for success for its Athletics programs. The term “excellence” in this document is defined by proper funding, adequate facilities, inclusion in a nationally recognized Athletics conference, dependable scheduling of home events, post-season opportunities, proximity of non-conference competition, community and student interest, stable enrollment generation and retention, program integrity, and academic success.

None of us wish to pursue any direction that does not include excellence as the main driver. The current situation with our Athletics programs and facilities is unacceptable. To be relevant we must be excellent and our Athletics department will be a prominent manifestation of our commitment to excellence. Athletics at SOU will be seen as a reflection of and complement to our academic mission.

The highest purpose of our charge was to find a direction that best advanced the interests of student engagement and experience. The example we set as an “institution of character” for our students speaks directly in every manner possible to the SOU mission statement. Building and sustaining the Athletics department to be a point of pride extends a message beyond the campus community into the regional community and beyond. To that end we must recognize that the way in which the university presents Athletics makes a major statement to students, prospective students, their parents and the community in general, and we must plan accordingly.

We strongly recommend a review and change to the Athletics funding model. In the OUS system, among the comparative universities, SOU has the highest student fees funding Athletics and the smallest general fund support. If Athletics is worth doing it is worth doing right. The Athletics department is a major public relations and public perception tool for the university. As such we recommend the administration manage it as a major initiative.

It is our overall recommendation SOU work to achieve higher and more equitable funding for its programs before making application to NCAA DII. We believe this can be achieved in the course of 5-7 years. This strategy will also allow for maximum success in the NAIA during this period.

The goal is to make an incremental transition. Today the move to NCAA DII would be a large and expensive proposition. Over the next 5–7 years we need to position ourselves to make the step to DII in an orderly and cost effective manner. This improvement of facilities and Athletics programs serves each alternative. It provides the foundation to move to DII, however it also serves our long term interests if we stay NAIA.

A note on football:

As part of our overall recommendation we also want to state that we recognize the importance and relevance of football. It is a gathering and spirit building entity unequalled on college campuses. It represents the onset of fall, the start of classes, the return of alumni, the first opportunity for incoming students to embrace Raider spirit. It is a catalyst for ethnic diversity on our campus. It recruits and retains more than one hundred student-athletes to our campus; a large portion from our target areas in California. Our football program has a large community, alumni, and booster following; it is very important to them and they are very important to us. Though we are aware some colleges are dropping football in the face of budget contractions, we are also aware that other small colleges here in the Northwest are adding football as a strategy to drive up male (first generation) enrollment.

The issue facing our football program, though, is primarily scheduling, secondary to that is funding. We feel football hasn't had the opportunity to be all the things listed above to our campus. Because of our independent status we are at the mercy of external forces for the assurance of home football games against opponents we have a fair chance of beating. This in turn creates dissatisfaction from the students at SOU who feel their student-fee dollars aren't invested in a program that gives them a satisfactory return. Football must find a conference. If it can't, it must be discontinued. The current situation isn't fair to our student-athletes, our coaches, or our campus community. Making a forced entry into NCAA DII at this time for the sake of football is not a realistic option.

Recommendations:

Each of these recommendations is detailed in the subsequent table included in this document.

- I. SOU will commit to be in optimal position to become an NCAA Division II program in the next 5–7 years. The exact time to apply for entry into NCAA DII will be based upon specific criteria, and coincide with a planning process developed by an NCAA DII Task Force appointed by the president.
- II. SOU will create a plan to equitably and adequately fund its Athletics programs, especially scholarships, at a level above the NAIA median over the next 5 years, and at the NCAA DII median in 7 years.
- III. SOU will commit to a philosophy of excellence with its Athletics programs and facilities. Program viability (especially of our independent football, tennis, and wrestling teams) will be based on specific criteria and a specific timeline.
- IV. SOU is committed to football for the 2010 season. Evaluation of the viability of the program by SOU Administration will commence after the 2010 season dependent primarily on inclusion in a conference. If criteria recommended by this Task Force are not realized football will be suspended indefinitely.
- V. Upon successful implementation of the above goals, SOU will evaluate potential for the addition of programs such as skiing/snowboarding, swimming, baseball, golf, lacrosse, men's soccer, and a campus recreation center.

Correlative Recommendation and Conclusion

Do not apply for DII membership at this time (2010).

As we looked at Western Oregon University (WOU) as a model by which to judge our readiness to compete at the DII level, we realized the following:

- WOU is at the bottom of the Great Northwest Athletic Conference (GNAC) in total scholarship funding. As of 2008, WOU was at a scholarship level that was less than half of the GNAC average.
 - For women: WOU=9 scholarships, GNAC average=28.41 scholarships.
 - For men: WOU=14 scholarships, GNAC average=26.47 scholarships.
- WOU was among the three highest in total budget dedicated to travel.
 - 86% of their men's basketball team budget was dedicated to travel (\$46,000 total). Comparatively, SOU's travel budget for men's basketball was \$23,000 in 2008/09.

Conclusion:

- The expense of travel in the GNAC, coupled with low scholarship amounts, has put WOU Athletics programs at a distinct disadvantage competitively. Since 2000 their teams (those comparable to SOU's) have attained post-season appearances only three times and consistently finish at the bottom of the league. Only WOU's baseball program regularly qualifies for post-season competition.
- Other GNAC programs are predominantly funded above the NCAA DII median and a large portion of them are at the threshold for the maximum allowed in most of their sponsored sports.
- Significant increase in travel costs, scholarship needs, and salaries for a full-time compliance officer and additional coaching and/or administrative staff, would put SOU at a huge competitive disadvantage in the GNAC. SOU would enter into the GNAC at the bottom in terms of scholarship and operational funding, similar to WOU.
- To mitigate the financial issues listed above, and move to DII successfully at this time, would necessitate cutting wrestling, softball, tennis, and soccer and adding indoor track and field. This option was untenable to the Task Force.
- Significant decrease in national playoff appearances and short-term lack of success was deemed not worth the price associated with having the NCAA brand at this point. "SOU shouldn't buy a house they can't afford" was a quote from Cascade Conference commissioner Dave Haglund that crystallized the opinion of many on the Task Force.
- Throughout our investigation we found no proof an increase in general enrollment or an increase in gate sales could be associated with NCAA DII affiliation as has been posited by some proponents of a DII move. To move forward on this assumption would be risky to the university and the Athletics programs.
- The GNAC commissioner Richard Hannon indicated in his interview that NCAA DII West Coast football is not secure. The move would be, at this time, primarily to provide football with a conference and would put all other programs at a disadvantage in the short term.
- The GNAC league schedule of Thursday/Saturday would result in more missed classes for our student-athletes. Compounding this issue is the expense of flights from Medford—it is not a practical option for our student-athletes to bus to Portland or Sacramento and miss more school.

- Two years without playoffs will be a concern at any time an application to DII is made, but we felt that on top of all the other set-backs our programs would encounter at this time, it would be too much.
- We question whether boosters will continue to be willing to contribute at high levels even when programs are not successful. In our interview with Jon Carey we felt this was an impediment to successful fundraising at WOU. We feel it better to engage boosters in a campaign to move SOU closer to the NAIA maximum scholarship level, thus creating more opportunities for success, while preparing to move into the NCAA DII realm when conditions are optimal.

Recommended Timeline:

Winter 2010:	Report of Athletics Task Force presented to the president and cabinet.
Spring 2010:	The president announces recommendation and begins comment period from students, faculty, administrators, community, and others. The president appoints Athletic Excellence Task Force (made up of faculty, students, and staff) to assume an advisory role. An NCAA DII Task Force will also be appointed to help direct efforts toward stated goals.
June 2010:	The president announces final plan regarding realignment of Athletics.
January 1, 2011:	SOU Administration makes decision about the continuation of football. Football must meet specified criteria; chief among them is inclusion in a conference or documented scheduling agreement guaranteeing a minimum of <u>four</u> home contests, or the program will be suspended.
Winter 2011 - 2015:	SOU Administration must ensure football maintains specified criteria and achieves financial benchmarks or the program will be suspended. Yearly review will be conducted by the Athletic Excellence Task Force.
Winter 2012:	Athletic Excellence Task Force will conduct an assessment of all programs, and produce a progress report.
Winter 2014:	The half-way point in the movement toward NCAA II, the NCAA Task Force will assess progress and setbacks and produce a report.
Winter 2015-17:	If certain conditions are met (by both NCAA II and the university), SOU will begin the process of applying for NCAA Division II, with or without football, depending upon assessments made at two-year intervals. The NCAA DII Task Force will oversee the transition to NCAA Division II.
Winter 2017:	Final Assessment.

Rationale and Strategies for Recommendations:

Recommendation	Rationale	Strategies
<p>I. SOU will commit to be in optimal position to become an NCAA Division II program in the next 5–7 years. The exact time to apply for entry into NCAA DII will be based upon specific criteria, and coincide with a planning process developed by an NCAA DII Task Force appointed by the president.</p>	<p>NCAA Division II should be a destination reached over the next 5 – 7 years that will allow for our already successful programs to maintain success and build upon it as we increase funding with an eye toward DII.</p> <p>DII’s membership of largely public regional institutions fits our profile better than the NAIA. Unfortunately, the GNAC is currently our only option. Expense of travel, staffing, league dues, and scholarship in three years (to be at a level with WOU- the lowest in scholarship allocation in the GNAC) would be a \$3 million dollar prospect.</p> <p>NAIA, though it provides us with a nationally recognized and largely Oregon based conference (Cascade), is not the best fit for SOU: Of the 292 schools in the NAIA, 80% are either private or religious, and only 92 have football.</p> <p>Long term, we feel the reputation (brand) of SOU will be better served by the NCAA than by the NAIA.</p> <p>Other premier, regionally accessible, NAIA programs are examining the potential of making a similar move in the near future. SOU can lead this effort to form a DII mainland conference that might include</p>	<p>Criteria for application:</p> <ol style="list-style-type: none"> 1. Operational funding for our Athletics’ programs will be more equitably distributed between student fees, general fund, and sponsorship (see table at the end of this document). 2. Scholarship funding will be above NAIA median in five years and at NCAA II median in seven. 3. DII travel costs will be mitigated by the creation of a “mainland” DII conference that will have more consistent levels of scholarship funding and less expensive regional travel –or- 4. the GNAC has been divided into north and south divisions –or- 5. the funding level of our Athletics programs will be closer to the cost of operating in the GNAC and will not affect opportunities for success. 6. Facilities (especially locker rooms, track and gymnasium) are upgraded to a level on par with other DII institutions.

	<p>Concordia, Menlo, Eastern Oregon, and OIT.</p> <p>This time frame and planned approach will allow boosters to demonstrate their commitment to fund raise in advance of application.</p> <p>Currently NAIA Champions of Character initiatives fit our institutional mission (community service, leadership,), however we feel the future of the NAIA is less certain than that of the NCAA. We also feel the NCAA DII programs for leadership development and character emphasis are exemplary and would serve our student-athletes well.</p>	
--	---	--

Recommendation	Rationale	Strategies
II. SOU will create a plan to equitably and adequately fund its Athletics programs, especially scholarships, at a level above the NAIA median over the next 5 years, and at the NCAA DII median in 7 years.	<p>Winning breeds marketing and interest. We feel strongly that we should follow Azusa Pacific's precedent for being fully funded first, attain high levels of success in most programs, then look to change affiliation. Boosters and potential student-athletes will recognize our excellence and rally around it. This strategy will allow us major success while we move toward NCAA II.</p> <p>We see increased and equitable funding for Athletics not as a detriment to academic programs, but as a benefit. Athletics has great potential to act as a consistent enrollment driver for SOU. Funding from the university will be linked to student-athlete numbers.</p>	<p><u>Student Fees: Minimize student fee involvement over time.</u></p> <ol style="list-style-type: none"> 1. Create a plan by which this is accomplished. Students will commit to perpetuating the current funding levels over the course of 3 years, then plateau over years 4 and 5, and work to decrease in year 6 and 7. <p><u>University: Contribute more to salaries and operational costs</u></p> <ol style="list-style-type: none"> 2. Maximize funding from the University commensurate with our regional institutions. Create a plan to move more general fund dollars into Athletics proportionate to an increase in number of student-athletes. <p><u>Boosters: Scholarship and Capital Campaign.</u></p> <ol style="list-style-type: none"> 3. Upgrade Raider Club to a major fundraising program. 4. Create a plan to fund scholarship levels at the median or better in five years. 5. Create a Capital Campaign for the renovation and/or upgrade of our facilities to a DII standard. This

		<p>campaign will be comprehensive and well-planned with an end goal to raise funds to upgrade Athletics facilities and endow Athletics scholarships. Suggested Goal \$10,000,000.00 . Suggested split: 50% to Facilities, 50% to Endowment.</p> <p><u>Athletics Dept.: Lottery, gate, sponsorship, program fund raising.</u></p> <ol style="list-style-type: none"> 1. Lottery will be used to generate reserve, pay for facility upgrades, and scholarships as it was intended. 2. Put emphasis on the increase in student-athlete numbers for Cross Country and Track and Field. This potential for growth and success will be seen as a rallying point and could make up for drop in diversity and enrollment if football is cut. 3. SOU will set a goal of attaining an NAIA Director's cup in the next five years through the increased success.
--	--	--

Recommendation	Rationale	Strategies
III. SOU will commit to a philosophy of excellence with its Athletics programs and facilities. Program viability (especially of our independent football, tennis, and wrestling teams) will be based on specific criteria and a specific timeline.	<p>Fully fund at the median level those intercollegiate sports (scholarships and facilities) that hold the most promise to continue reflecting the positive aspects of SOU. Which programs remain should not be based entirely on success in the past, although some sports clearly deserve serious consideration for increased support. Football and Tennis present the biggest questions with regard to “excellence” at this point.</p> <p>Football: A decision in the future to suspend the program may mean progress for the remaining programs</p> <ul style="list-style-type: none"> ○ Savings of \$460,000 in operating expenditure (IFC + Lottery +self funded) ○ Savings of \$130,000 in scholarship allocation (Raider Club + Lottery + Tuition + Housing) <p>Tennis: Only 6 female students What to do with large number of tennis courts on campus?</p> <ul style="list-style-type: none"> ○ Savings of \$71,000 in operating expenditure (IFC + self funded) ○ Savings of \$13,000 in scholarship (Raider Club + Tuition + housing) 	<p>Review all head and assistant coaches salaries and job duties to ensure coaches are able to adequately perform their coaching duties (APSOU contracts for Basketball and Wrestling especially need review).</p> <p>Wrestling: Secure more home events. Evaluate competition as more programs drop.</p> <p>The President, VP, AD, and FAR, need to visit top NAIA/NCAA II programs.</p>

Recommendation	Rationale	Strategies
<p>IV. SOU is committed to football for the 2010 season. Evaluation of the viability of the program by the NCAA DII Task Force will commence after the 2010 season dependent primarily on inclusion in a conference. If criteria recommended by this Task Force are not realized football will be suspended indefinitely.</p>	<p>Though it may be seen by some that football has not been given a fair chance for success, the factors that would enable that success are uncontrollable and extrinsic to the capabilities of the institution. We want to determine if football is healthy or not. There are potential conference fits for our program out there, but to hang on indefinitely for those to materialize is untenable.</p> <p>Football will be suspended after one more year (that is, after the 2010 season) unless additional funding can be obtained from sources other than student fees and a conference home can be found.</p> <p>We do not know, at this time, the impact from the community or students if we cancel football. By demonstrating SOU's seriousness and the gravity of the financial situation, this will shift the responsibility somewhat away from the student fee process to the Raider Boosters and General Fund allocations. If boosters or the executive committee of the university decide to INCREASE funding for football, then so be it. Without a major increase in funding from these sources by the end of December 2010, and if a conference does not exist football will be suspended.</p> <p>West coast small college football issues are prevalent in both the NAIA and DII. This plan allows football the opportunity to be successful, in a conference and to play regularly scheduled home games, and the coaches and student-athletes to fairly evaluate future</p>	<p>Criteria (time-line after year one to be determined):</p> <ol style="list-style-type: none"> 1. A guaranteed Conference Schedule or scheduling agreement that: 2. Guarantees home games during school. 3. Funding relief for SFC. By August 15, 2010 boosters will be asked to contribute \$10,000 toward the operational budget of the football program. By July 1, 2010 \$10,000 of general fund contribution will be moved into football's budget to help pay for travel. Additional levels of funding for football should be determined by the NCAA DII task force. 4. A reasonable assurance of the health of NAIA and/or DII football on the west coast. 5. Semester system (not necessary, but should be viewed as a positive). <p>Commit to 2010 football schedule Cutting it will result in the loss of 100+ students (\$800k in tuition and fee revenue). The institution must be prepared for this.</p>

	<p>options.</p> <p>Scheduling is very problematic as an independent. This cannot continue. Funding alone will not rectify this situation.</p> <p>The financial commitment to football by IFC is \$200 - 300k.</p> <p>Potential for bringing it back in the future if feasible and with assurance of fair chance of success if favorable conditions exist.</p> <p>Football is seen by many as mandatory for maximizing fund raising in the community as it is a window into the University for many people.</p> <p>Title IX issues if football is dropped need to be evaluated and addressed.</p>	<p>Make public the issues with football (especially scheduling and conference options) in order to assuage public perception of SOU's issues with insolvency. Define the problem publicly so that answers can be provided. If not then dropping it will be seen by most as the best approach.</p>
--	--	---

Recommendation	Rationale	Strategies
<p>V. Upon the successful implementation of the above goals, SOU should evaluate potential for the addition of programs like men's soccer, skiing, swimming, baseball, golf, lacrosse, and a campus recreation center.</p>	<p>Plans to add sports at this time would detract from goals to improve funding and support for the programs we have now. In the future, however, these programs may be fundable.</p> <p>Men's soccer, baseball, and men's and women's golf are currently Cascade Conference and NCAA DII sponsored sports.</p> <p>There are many successful high school programs in the Rogue Valley to draw from for baseball, golf, swimming, skiing, and soccer.</p> <p>Generation X-type programs may help us attract students.</p>	<p>Upgrade lacrosse from club to varsity club. Prepares lacrosse to become a varsity sport if the opportunity arises.</p> <ol style="list-style-type: none"> 1. Help lacrosse with recruiting and retention of head coach (minimal funding) 2. Could create interest for women's lacrosse team 3. A successful and established program that could help create a new identity for Athletics at SOU (maybe more in line with student interest?) <p>Student activities/programs: encourage the student government to increasingly shift student fees from support of intercollegiate Athletics to activities that enhance the lives of the largest number of students. Look at long-term project for construction of recreation center on campus funded by student fees</p>

5-year funding plan

Operational	Current Fiscal Year	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Projected number of student-athletes	317	330	345	360	375	390
University -General Fund	272,715	400,000	550,000	700,000	850,000	1,050,000
Lottery	323,000					325,000
IFC Note: It is the goal of the Task Force that by the 7 th FY IFC funding will be below \$1mil.	1,061,728	1,097,302	1,100,000	1,100,000	1,075,000	1,050,000
Athletics Dept. (sponsorship, gate, fundraising, camps)	257,000	275,000	300,000	325,000	350,000	375,000
Boosters (Raider Club and gifts)	30,000	40,000	45,000	60,000	75,000	100,000
Capital Campaign for facility renovation						(10,000,000)
Total	1,944,443					2,900,000

Scholarships	Current Fiscal Year	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
University (tuition remission + housing)	225,000	235,000	245,000	255,000	275,000	300,000
Boosters (Raider Club)	230,000	300,000	350,000	400,000	450,000	600,000
Endowed	20,000					50,000
Lottery	0					100,000
Total	475,000					1,050,000

Overall Total: 2,419,443 **3,950,000**

NAIA median scholarship level: **\$850,000**
 NCAA DII median scholarship level: **\$1,400,000**



SO
U **RAIDERS**