

**Board of Trustees
Finance and Administration Committee Meeting
Thursday, May 16, 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	Absent
Megan Davis Lightman	Present		

Chair Sheila Clough called the meeting to order at 2:30 p.m. in the DeBoer Room of the Hannon Library. Chair Clough welcomed Alexis Phillips, ASSOU President, and members of the Tuition Advisory Council (TAC). She also welcomed visitors from the HECC: Commissioners Lee Ayers Preboski, Vanessa Becker, Terry Cross and Duncan Wyse and Director of the Office of Postsecondary Finance and Capital, Jim Pinkard. Chair Clough mentioned that the meeting would be live streamed. The Board Secretary recorded the roll and a quorum was verified.

Other trustees in attendance: Lyn Hennion, Jonathon Bullock, Deborah Rosenberg, Daniel Santos and janelle wilson.

Other attendees included: Lee Ayers Preboski, Vanessa Becker, Terry Cross, Duncan Wyse and Jim Pinkard, all from the HECC; Dr. Linda Schott, President; Greg Perkinson, Vice President for Finance and Administration; Dr. Susan Walsh, Provost; Janet Fratella, Vice President for Development; Dr. Neil Woolf, Vice President for Enrollment Management and Student Affairs; Jason Catz, General Counsel; Andrew MacPherson, Campus Public Safety; Josh Lovern, Budget Office; Nicolle Aleman, Marketing and Communications; Andrew Gast, Office of Development; Deborah Lovern, Provost's Office; Colleen Low, Service Center; Sherritta Guzman, Service Center; Anne Wadley, Service Center; Scott Rex, Humanities and Culture; Brian Kinsey, Service Center; Rachel Jones, Outreach and Engagement; Max Jensen, OSA; Melissa Anderson, Hannon Library; Sarah Guenther, student; Sarah Cochran, student; Kayla Hunter, student; Tom Battaglia, Information Technology; Susan Dyssegard, Office of Finance and Administration; Alexis Phillips, ASSOU; Joe Mosley, Marketing and Communications; Hugues Lecomte, Campus Recreation; Melissa Bates, Campus Recreation; Staci Buchwald, University Housing; Ryan Schnobrich, Internal Audit; Gordon Carrier, Information Technology; Sabrina Prud'homme, Office of the Board Secretary; and Kathy Park, Office of the Board Secretary.

Public Comment

Melissa Anderson, faculty member and Secretary of Faculty Senate, discussed how they have been engaged in tuition and budget issues and said information about the Tuition Advisory Council (TAC) and SOU's budget issues has been shared in a number of ways. Faculty Senate has been engaged in the process and well informed.

Rachel Jones, Director of Outreach and Engagement Programs, spoke of the importance

of pipeline programs and consideration of the underserved, first generation, migrant and economically disadvantaged populations. Students in their programs have a higher rate of high school graduation and college matriculation than state averages.

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 included in the meeting materials. The increased burn rate for Supplies & Services is attributable to the 10-year relinquishment program for tenure and incoming bills on various strategic investments.

Action, Information and Discussion Items

Tuition and Mandatory Fees for Academic Year 2019-20 (Action)

Chair Clough said the committee has been working toward this decision for a number of months and that the committee took action on mandatory fees at its last meeting. President Linda Schott said the situation is fluid at the legislature and the allocation to the Public University Support Fund (PUSF) is difficult to predict. She praised the passage of the student success bill and mentioned the anticipated \$700-800 million increase in the state's revenue. President Schott apologized for the delay in presenting her recommendation but said she was working to accommodate the fluidity. She added that SOU is working hard to comply with the requirements of HB 4141.

Provost Susan Walsh provided an update on the TAC, including the composition of the council, creation of the checklist to track compliance with HB 4141, the Internal Auditor's validation of the process, the TAC website and the communication plan. Sabrina Prud'homme read an email message from Dennis Slattery, a member of the TAC, written to the other TAC members praising the work of the council and contributions of the TAC members and various staff.

Dr. Walsh then reviewed the TAC's recommendation on tuition and fees, as included in the meeting materials. The recommendation includes varying tuition increases dependent upon increases to the PUSF. The focus of the discussion was on three different funding scenarios: plus \$40.5 million with a tuition increase of 13.5%; plus \$60 million with a tuition increase of 12%; and plus \$80 million with a tuition increase of 11%. Responding to Trustee AuCoin's later inquiry, President Schott said those three scenarios achieve an ending fund balance of at least 8%.

Dr. Walsh said the TAC modeled many different scenarios thoughtfully and carefully. The recommendation also includes the mandatory fees that the committee previously approved. Responding to Trustee Nihipali's inquiry, Dr. Walsh said the Masters in Education has a differential tuition rate, separate from other graduate programs.

Josh Lovern demonstrated various scenarios on a tool the TAC used in its meetings. After consulting with Trustee Vincent, Mr. Lovern developed the enhanced interactive

pro forma to manipulate the levers used in the forecast for the next biennium.

President Schott highlighted information that has been presented to the committee over the past few months, including the decreasing state investment in higher education, the Student Success and Completion Model, governor's recommended and investment budgets, enrollment projections, cost drivers and pro forma. Discussing affordability, President Schott compared tuition rates and mandatory fees for Oregon and some California state universities. SOU also considers federal, state and institutional financial aid. SOU's institutional financial aid, now called Raider Aid, is a critical piece of helping students afford college. SOU currently provides about \$3.6 million through a variety of mechanisms to support students, in addition to other aid they may receive. She reviewed the regional picture of student debt, which had been previously presented to the committee. SOU has managed to keep tuition below the average of other Oregon public institutions.

President Schott discussed various engagement efforts with students, including financial aid wellness checks, open forums about budget and tuition issues, and social media campaigns to get students involved in tuition conversations. Nicolle Aleman said Trustee Nihipali, as a student employee in the Marketing and Communications Department, has increased SOU's social media presence around tuition.

President Schott then turned to SOU's efforts to control its costs. She mentioned a study by the Chronicle of Higher Education regarding managers/administrators per 1,000 full time equivalent (FTE) students. Out of 691 colleges and universities, SOU ranks 681st with only 1.1 managers per 1,000 FTE students. This study demonstrates that SOU is perhaps too thinly staffed. President Schott described some of the personnel reductions that have occurred since 2014 as well as the negative impacts those reductions had on the institution and its employees. SOU's cost control measures have a big cumulative impact and SOU will continue to try to find other ways to cut costs.

Further demonstrating SOU's lean constitution, President Schott reviewed the Education & General spending per FTE student. In 2013, SOU was the third leanest of the seven Oregon public universities. By 2015, SOU was the leanest and that has continued to the present time. SOU wants affordability but also wants quality education, facilities and student services for its students.

President Schott then detailed ways SOU is reducing costs for students. Room and board are key components in the cost of attendance and are expensive in Ashland. The SOU housing team has committed to increasing housing costs only the minimum amount necessary to cover increased expenses, limiting the increase to 2.75%. Food costs are also under control; this year the rates have rolled back to 2016 levels. SOU also has a food pantry for students in need and has the Raiders Helping Raiders program where students can donate meals from their food plan to other students. Another way of controlling costs for students is through the use of open educational resources and low or no cost textbooks; the provost has estimated a savings of over \$600,000 for students over the past two years and a savings of \$400,000 in the coming year. SOU also has the Accelerated Baccalaureate program, which allows students to

graduate in three years instead of four; the Jackson-Josephine County Pledge program permits qualified students to pay community college tuition rates; and the SOU Foundation is hard at work raising additional funds for students.

Although there are some other costs that can be cut, President Schott said many of those are not in the best interest of the institution. Further, the strategic plan is the long term solution to education for students and sustainability of the institution.

President Schott then reviewed the details of her recommendation, as included in the meeting materials. She asked the committee to recommend approval of a graduated schedule of tuition increases that correlate directly to the PUSF allocation. The recommendation was developed modeling a .5% decrease in enrollment and an 8% ending fund balance. With a \$40.5 million increase to the PUSF from the current biennium, the recommended resident undergraduate tuition rate would increase \$23 per credit, a 13.5% increase. Even with a \$120 million increase to the PUSF, SOU would not be able to keep the tuition increase below 5%; with funding at that level, SOU's tuition would increase 8.5%.

President Schott stressed that she does not like having to make this recommendation, that no one wants to ask students to pay more. However, this decision is the most responsible one, keeping students, the university and the region in mind.

Responding to Trustee AuCoin's inquiry, Mr. Perkinson said he and his staff modeled ending fund balances with the TAC and discussed tuition increases and cost cuts that would be needed to reach them. The TAC recommended keeping the cost reductions at a moderate \$1.4 to \$1.6 million range. Trustee AuCoin expressed concern with the possibility of a low ending fund balance and spoke of the Board's fiduciary duty to the institution. President Schott mentioned some of the strategic investments SOU has made to help secure its future but noted it may take years for some of them to pay off.

Trustee Lightman commended President Schott and her staff on doing an incredible job under strenuous, uncertain conditions and felt strongly that the committee and the board were going to make a difficult but successful decision. Trustee Thorndike added that it is important to think about the relative value of obtaining an education at SOU compared to other institutions in the state and across the country.

Trustee Nihipali moved to accept President Schott's recommendation. Trustee Lightman seconded the motion and it passed unanimously.

Fiscal Year 2019-2020 Budget Information

Due to time constraints, this agenda item was not covered.

Future Meetings

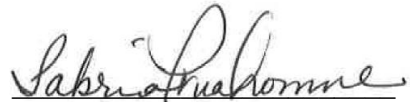
The next regularly scheduled committee meeting will be on June 20.

Adjournment

Chair Clough adjourned the meeting at 4:04 p.m.

Date: June 20, 2019

Respectfully submitted by,

A handwritten signature in cursive script, reading "Sabrina Prud'homme", is written over a horizontal line.

Sabrina Prud'homme
University Board Secretary