



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

June 13, 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, a HECC update, and other general updates. There will be discussion and action on a Fiscal Year 2019-20 budget. There also will be updates on investments and state funding.

The meeting will occur as follows:

Thursday, June 20, 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
June 20, 2019

Call to Order / Roll / Declaration of a Quorum



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

**Thursday, June 20, 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	May 16, 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	HECC Update	
	4.3	Other General Updates	
	5	Action, Information and Discussion Items	
10 min.	5.1	State Funding Update	Greg Perkinson; Jeanne Stallman, SOU, Associate Vice President for Government Relations and Outreach
60 min.	5.2	Fiscal Year 2019-20 Budget (Action)	Greg Perkinson
15 min.	5.3	Investment Update	Penny Burgess, USSE, Director of Treasury Management Services

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

**Thursday, June 20, 2019
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

AGENDA (Continued)

- | | | |
|-----|-----------------|--------------|
| 5.4 | Future Meetings | Chair Clough |
| 6 | Adjournment | Chair Clough |

Public Comment

Consent Agenda

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.

Vice President's Report

Road Map

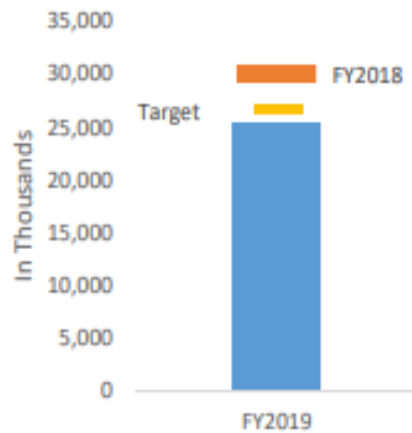
- Dashboard
- HECC Updates

Financial Dashboard

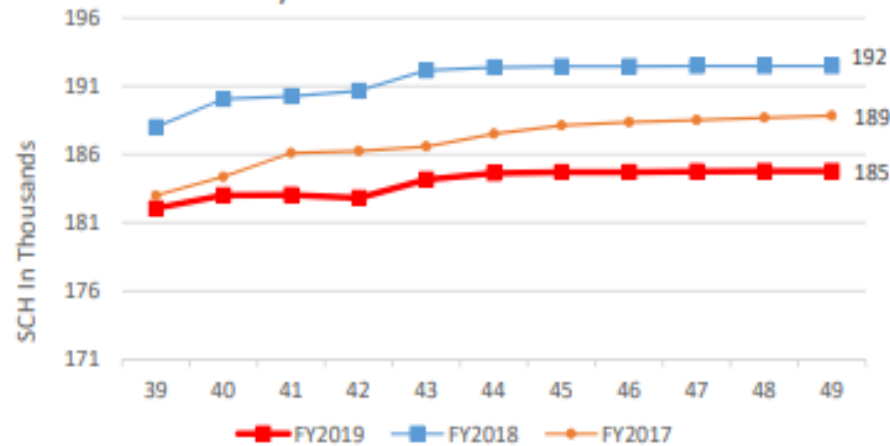
For FY19

As of May 31, 2019

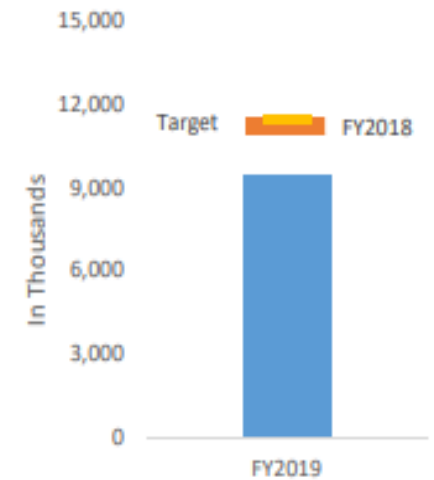
Public University Funds Operating Cash



Total Student Credit Hours by Week of the Fiscal Year

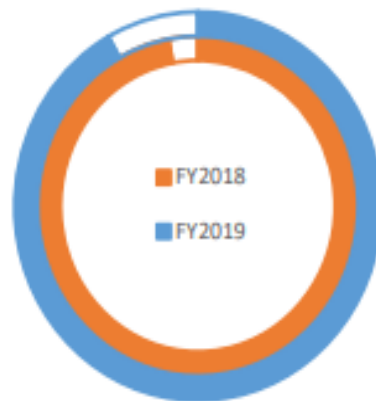


E&G Fund Balance

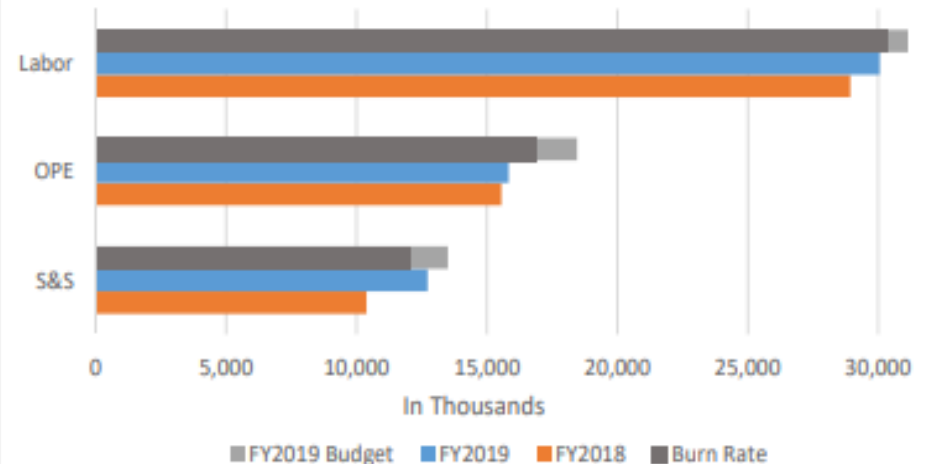


Finished 4th
Athletics
Department deep
dive

E&G YTD Revenues



E&G YTD Select Expenses



Higher Education Coordinating Commission Update

Status Updates

- HECC 10-year Strategic Capital Plan sessions on June 11th
- HECC Funding and Achievement Subcommittee meeting on June 12th
- HECC Tuition review and approval on June 13th

State Funding Update

Fiscal Year 2019-20 Budget

The Southern Oregon University Board of Trustees has the responsibility of approving a budget and related expenditure authorizations for each fiscal year (FY). As you know, the FY for the University begins on July 1, 2019 and ends June 30, 2020.

In this legislative session, we have seen a lot of uncertainty. These unknown factors include: the late final determination of state appropriations; HECC approval of tuition rate increases; PEBB/PERS rates; and certain collective bargaining outcomes. As a result, the Vice President for Finance and Administration proposes the Board approve revising the timing related to adopting the FY20 budget.

Specifically, the University seeks temporary approval from the Board for initial expenditure authorizations for FY20 at levels equal to FY19. This would be granted with an understanding that final FY20 Education and General Fund (also known as “budgeted operations”), auxiliary, and designated operations budgets will be presented to the Board at its October meeting after more complete information is available. In context, this has been the standard practice at Oregon State University and the University of Oregon for biennium even-numbered years. Our Budget Program Manager discussed the practice, and mechanics with OSU and UO budget experts. The Vice President for Finance and Administration recommends SOU adopt this practice each year, starting in FY20.

Overview

The Fiscal Year (FY) 20 Roll-forward Budget leverages an approach used by UO and OSU to carry the current FY expenditures into the next FY...knowing that revenue forecasts are uncertain (due to State funding and / or enrollment status). FY 18 was very healthy (with key indicators above the Board's goals); and enabled investment. Unfortunately, FY 19 saw declines in revenue based on a nearly 4% decrease in enrollment. The roll-forward budget enables SOU to execute programs during the summer term, solidify the revenue forecast (as enrollment firms up); then provide better certainty to the Board during the October meeting.

For situational awareness, here is a summary of key milestones and inflection points as Table 1.

Date	Action / Event	Branches and Sequels
6/21/2019	Board Approval – roll-forward budget	If Legislature approves additional funding, then reduce tuition or amend pro forma assumptions
7/12/2019	Legislature approved and Gov approved budget	Governor approves or vetoes
7/19/2019	Fiscal Year-end close out	Next actions: update pro forma and prepare for Faculty CBA report
7/31/2019	Develop decision matrix on Cost Reductions and Investments	Year-end close informs expenditure-side of budget; State revenue should be firm
8/1/2019	Enrollment Cross-check	8-weeks before term begins; Shapes determination of surplus or deficit
8/15/2019	Raider Registration feedback	Pulse Check on enrollment; provide Faculty w/ pro forma data (IAW CBA)
9/30/2019	Strategic Investment Cross-check	Inflection point for cost reductions and/or investment decisions
10/18/2019	Present Budget to Board for Approval	Adopted budget to show updated revenue forecast and investment level



Table 1: Timeline of Key Milestones and Inflection Points

Paradigm for Approving Previous FY Expenditures

The three unrestricted operational accounts: Budget Operations (AKA Education and General Fund), Designated Operations and Auxiliaries Budgets are presented in the [Figures 1 – 3](#). Then, following these three figures, a summary chart is also included ([Figure 4](#)). In the figures which follow, column one presents the FY 18 actual revenue and expense (as a reference frame). Column two presents the actual revenue and expenses Year to Date (YTD). Column three (shaded in gray) presents the revenue picture from the adopted budget, and the expenses as adjusted in the year of execution. This is the expenditure-data the Board will be approving to roll-forward into FY 20. Column four shows our forecast (YTD actuals as of 31 May). The funds not discussed are restricted operations (gifts and grants) and non-operating funds.

Look-Ahead to Presenting the Budget for Formal Adoption

In the October 2019 Board meeting, the Budget will the following key elements of Operations: Revenue, Expenditures, Transfers between operations, and finally, ending balances. They are briefly detailed here:

Revenues

The primary elements of Revenue for SOU are: 1) Tuition and Fees, 2) State Support, and 3) Miscellaneous Other Revenue. Depending on the operation, Education and General, Designated Operations or Auxiliary, each of these revenue categories plays a greater or lesser percentage of the total revenue for that operational area.

Tuition. Tuition rates are increasing 10% for undergraduate students and 5% for graduate students. Enrollment is projected to decrease overall by .5%. When calculating tuition revenue, it is the mix of enrollment plus the rate increases that drives tuition revenue.

State Support. The bulk of funding SOU receives from the State is allocated from the Public University Support Fund (PUSF) through the Student Success and Completion Model or SSCM. It allocates the funding provided by the legislature to the Public University Support Fund based primarily on attendance and graduation of Oregon residents. SOU, due to its large nonresident student population has historically not done well in the allocation model, however, initiatives directed at recruitment of rural, first generation, and other underrepresented students, coupled with enhanced retention initiatives are aimed at bending that trend line.

Miscellaneous Other Revenue. The sub-categories of Miscellaneous Other Revenue are: Gifts and Grants, Investment Revenue, Sales and Service Revenues, Other revenues, and Internal Sales. For Education and General, this category makes up only about 3% of total revenue, but for Auxiliary Operations, it is more than 50% of total revenue, due primarily to Sales revenue in Housing.

Direct Expenditures

SOU's primary direct expenditures are labor and supplies and services which includes travel and capital equipment expenditures.

Labor. In E&G Operations, labor makes up just over 80% of total expenditures. It is lower in the other operations categories, but still over 50% in each. The primary driver of labor is the cost of benefits that SOU is mandated to participate in (e.g., PERS or the Oregon Public Employees Retirement System, increased at close to 25% in FY19 and is anticipated to continue at that rate of increases for the next several biennium). The Primary cost management tool for labor is managing the efficient utilization of labor resources in the delivery of academic programming as well as required support programs.

Supplies and Services. SOU has been successful in initially reducing and most recently holding ground on rising costs for S&S expenditures, but market-driven increases in utilities and other must-pay bills created rising costs in FY 19. Included in the S&S expenditures is the contract cost of supporting the online graduate student MBA (paid to our partner, AP).

Inter Fund Transfers. There are two primary reasons for transferring funds between operations:

Support or subsidization of one program by another such as the Education and General Operations support of:

- Jefferson Public Radio, in recognition of the community service mission of the university
- Rogue Valley TV and the Student Recreation Center, in recognition of the use of Academic programs in those non-academic spaces that would otherwise require the construction of alternate facilities

FISCAL YEAR 2020 ROLL-FORWARD BUDGET SUMMARY

- Athletics, in recognition for the primary recruitment and retention role played by Athletics that directly benefits the Education and General Operations

Establishment and use of Reserves. Primarily within Auxiliary Operations, programs such as Housing transfer money to separate funds to establish building and equipment replacement reserves. They then transfer money out of those reserves when equipment purchases or significant building repairs occur.

Ending Fund Balance

The Board's goal for ending fund balance has been set at 10% of operating revenue in E&G. However, a softer target was discussed this last spring (8% of EFB). The industry "Best Practice" is 40% of all funds combined. This enables intuitions to weather fluctuations in enrollment, reductions in state funding, and other unforeseen events. It also enables institutions to have the capacity to invest and keep their operations relevant and serve the changing needs of their learners and the communities in which they exist. SOU used about \$3.3M in reserves in E&G in FY 19 and transferred \$1M from Plant Reserves to create a shock absorber. As a result, the combined ending fund balance is still well below 20%. If enrollment isn't solid this year, cost-cutting measures (austerity measures) will be put in place.

Ultimately, SOU's focus extends beyond "sustaining" the historical norm; and involves continued efforts to ensure revenues exceed expenditures through strategic enrollment management, creating operational efficiencies and investment opportunities...all, in support of the strategic goals of the University. The current forecast for the Education and General ending fund balance for FY 20 is 8% (see [Figure 5](#)).

Definitions and Figures

Definitions: Key elements of this budget

This budget does not cover all elements of SOU, it is focused on budgeting for operations only. Other areas such as Grants, Gifts, and Capital Construction will only be executed if funds are received, and according to budgets established at that time. For SOU, Operations includes the following:

- Education and General Operations (AKA Budgeted Operations)
 - Those Operations designed to achieve the primary goals of the university: delivery of academic programs, student support programs and institutional support programs.
 - Primarily supported through Tuition and Fees and State Support
 - [Figure 2](#) reflects the proposed roll-forward FY 20 Education and General Budget
- Designated Operations
 - Those Operations that have been designated as a vital service the university provides, but outside of our primary academic and academic support programs
 - Such as continuing education programs that do not generate academic credits
 - Primarily supported through Tuition and Fees
 - Must be self-supporting – Education and General Operations cannot support
 - [Figure 3](#) reflects the proposed roll-forward FY 20 Designated Operations Budget
- Auxiliary Operations
 - Those Operations that support the vitality and experience of our Students, and are critical to their success at SOU, but are outside the primary academic and academic support mission.
 - Primarily supported through Mandatory or Special Fees and Sales
 - Must be self-supporting – Education and General Operations cannot support, (with the exception of E&G support to Athletics)
 - [Figure 4](#) reflects the proposed roll-forward FY 20 Auxiliary Operations Budget

FISCAL YEAR 2020 ROLL-FORWARD BUDGET SUMMARY

Figure 1: Education and General (Budgeted Operations) proposed 2018-19 Budget

Southern Oregon University Budgeted Operations (As of 6/15/19)				
	2018 Actuals	2019 Projected YTD Actuals	FY19 Working Budget	FY20 Projected Budget
REVENUES				
Enrollment Fees	36,760,407	37,294,390	41,813,908	41,560,939
Gov't Resources and Allocations	21,272,627	21,650,927	21,577,804	23,324,557
Misc. Other Revenues	2,804,218	2,633,319	2,099,598	2,243,205
REVENUES Total	60,837,252	61,578,636	65,491,310	67,128,701
LABOR				
Unclassified	(23,897,446)	(25,001,085)	(25,029,203)	(25,686,972)
Classified	(6,435,886)	(6,508,435)	(6,668,760)	(6,623,861)
Grad Assist	(130,061)	(175,817)	(174,457)	(194,220)
Student Labor	(1,299,759)	(1,276,251)	(1,384,474)	(1,455,780)
Benefits & OPE	(17,011,528)	(17,357,210)	(18,509,189)	(20,169,438)
LABOR Total	(48,774,681)	(50,318,798)	(51,766,083)	(54,130,271)
SUPPLIES AND SERVICES	(9,287,064)	(11,769,022)	(10,970,724)	(9,636,962)
TRANSFERS				
Transfers In	182,718	1,189,471	130,142	157,064
Transfers Out	(2,664,118)	(3,066,217)	(2,726,032)	(2,802,064)
TRANSFERS Total	(2,481,400)	(1,876,746)	(2,595,890)	(2,645,000)
Total Expenditures	(60,543,145)	(63,964,566)	(65,332,697)	(66,412,233)
Total Revenue - Expenses	294,108	(2,385,930)	158,613	716,468

Note: figures shown for prior years are unaudited and will not align exactly with audited financial statements as they are only through period 12, where SOU's audited financial reports are through period 14. They are shown for comparison to current year and proposed budget year figures

FISCAL YEAR 2020 ROLL-FORWARD BUDGET SUMMARY

Figure 2: Designated Operations proposed 2018-19 Budget

Southern Oregon University Designated Operations (As of 6/15/19)				
	2018 Actuals	2019 Projected YTD Actuals	FY19 Working Budget	FY20 Projected Budget
REVENUES				
Enrollment Fees	886,426	1,412,836	1,169,892	1,240,343
Misc. Other Revenues	2,975,600	2,559,922	3,093,138	3,101,258
REVENUES Total	3,862,025	3,972,758	4,263,030	4,341,601
LABOR				
Unclassified	(1,274,921)	(1,291,972)	(1,515,470)	(1,542,796)
Classified	(192,763)	(156,797)	(186,577)	(180,371)
Student Labor	(160,453)	(161,142)	(161,591)	(176,887)
Benefits & OPE	(913,926)	(796,917)	(992,168)	(1,051,096)
LABOR Total	(2,542,063)	(2,406,828)	(2,855,806)	(2,951,150)
SUPPLIES AND SERVICES	(2,040,918)	(1,765,480)	(2,025,069)	(1,881,522)
TRANSFERS				
Transfers In	674,416	510,319	437,046	432,046
Transfers Out	(151,984)	(70,591)	(38,500)	(38,500)
TRANSFERS Total	522,432	439,728	398,546	393,546
Total Expenditures	(4,060,549)	(3,732,580)	(4,482,329)	(4,439,126)
Total Revenue - Expenses	(198,523)	240,178	(219,299)	(97,525)

Note: figures shown for prior years are unaudited and will not align exactly with audited financial statements as they are only through period 12, where SOU's audited financial reports are through period 14. They are shown for comparison to current year and proposed budget year figures

FISCAL YEAR 2020 ROLL-FORWARD BUDGET SUMMARY

Figure 3: Auxiliary Operations proposed 2018-19 Budget

Southern Oregon University Auxiliary Operations (As of 6/15/19)				
	2018 Actuals	2019 Projected YTD Actuals	FY19 Working Budget	FY20 Projected Budget
REVENUES				
Enrollment Fees	6,664,096	6,627,949	6,954,826	6,748,957
Gov't Resources and Allocations	401,825	401,824	401,824	401,824
Misc. Other Revenues	12,549,973	10,210,434	10,713,992	10,462,213
REVENUES Total	19,615,894	17,240,208	18,070,642	17,612,994
LABOR				
Unclassified	(2,801,853)	(3,042,305)	(3,184,757)	(3,723,126)
Classified	(1,711,069)	(1,631,243)	(1,896,786)	(1,682,976)
Grad Assist	(15,991)	0	(8,379)	0
Student Labor	(1,098,163)	(1,314,664)	(1,355,478)	(1,177,557)
Benefits & OPE	(3,058,868)	(3,019,100)	(3,291,451)	(3,583,763)
LABOR Total	(8,685,944)	(9,007,312)	(9,736,851)	(10,167,422)
SUPPLIES AND SERVICES	(11,089,853)	(9,618,020)	(10,136,047)	(9,742,716)
TRANSFERS				
Transfers In	4,012,562	3,546,608	3,536,028	3,698,399
Transfers Out	(2,038,004)	(1,819,564)	(1,312,458)	(1,074,547)
TRANSFERS Total	1,974,558	1,727,044	2,223,570	2,623,852
Total Expenditures	(17,801,238)	(16,898,288)	(17,649,328)	(17,286,286)
Total Revenue - Expenses	1,814,656	341,920	421,314	326,709

Note: figures shown for prior years are unaudited and will not align exactly with audited financial statements as they are only through period 12, where SOU's audited financial reports are through period 14. They are shown for comparison to current year and proposed budget year figures

FISCAL YEAR 2020 ROLL-FORWARD BUDGET SUMMARY

Figure 4: Summary of Roll-forward Operational Budgets

Southern Oregon University Combined Operations (As of 6/15/19)				
	2018 Actuals	2019 Projected YTD Actuals	FY19 Working Budget	FY20 Projected Budget
REVENUES				
Enrollment Fees	44,310,929	45,335,175	49,938,626	49,550,239
Gov't Resources and Allocations	21,674,452	22,052,751	21,979,628	23,726,381
Misc. Other Revenues	18,329,791	15,403,675	15,906,728	15,806,676
REVENUES Total	84,315,172	82,791,601	87,824,982	89,083,296
LABOR				
Unclassified	(27,974,220)	(29,335,362)	(29,729,430)	(30,952,894)
Classified	(8,339,719)	(8,296,475)	(8,752,123)	(8,487,208)
Grad Assist	(146,052)	(175,817)	(182,836)	(194,220)
Student Labor	(2,558,375)	(2,752,057)	(2,901,543)	(2,810,224)
Benefits & OPE	(20,984,321)	(21,173,227)	(22,792,808)	(24,804,297)
LABOR Total	(60,002,687)	(61,732,938)	(64,358,740)	(67,248,843)
SUPPLIES AND SERVICES	(22,417,835)	(23,152,522)	(23,131,840)	(21,261,200)
TRANSFERS				
Transfers In	4,869,696	5,246,398	4,103,216	4,287,509
Transfers Out	(4,854,106)	(4,956,372)	(4,076,990)	(3,915,111)
TRANSFERS Total	15,590	290,026	26,226	372,398
Total Expenditures	(82,404,931)	(84,595,434)	(87,464,354)	(88,137,645)
Total Revenue - Expenses	1,910,240	(1,803,832)	360,628	945,651

FISCAL YEAR 2020 ROLL-FORWARD BUDGET SUMMARY

Figure 5: Education and General Financial Pro Forma

Education and General (in thousands of dollars)	2017-19 Biennium			2019-21 Biennium	
	2017-18 Actual (000's)	2018-19 Adopted Budget (000's)	2018-19 FORECAST (000's)	2019-20 FORECAST (000's)	2020-21 FORECAST (000's)
Revenue					
State Appropriations: SSCM	20,840	21,150	21,270	22,944	23,880
State Appropriations: ETIC/SELP	433	428	381	381	381
One-time Funding			0		
Total State Funding	21,273	21,578	21,651	23,325	24,261
Tuition	37,759	42,701	37,265	41,573	43,478
Fees	3,244	3,256	3,667	3,954	4,268
Raider Aid	(4,243)	(4,142)	(3,638)	(3,966)	(4,348)
Oth tuition adjustments					
Tuition, net of Raider Aid	36,760	41,814	37,294	41,561	43,398
Misc. Other Revenue	2,811	2,100	2,633	2,243	2,247
Total Revenues	60,844	65,491	61,579	67,129	69,907
Personnel Services					
Faculty	(15,044)	(15,660)	(15,791)	(15,919)	(16,479)
Admin	(8,854)	(9,364)	(9,210)	(9,768)	(9,917)
Classified	(6,436)	(6,665)	(6,508)	(6,624)	(6,725)
Student (& Other)	(1,430)	(1,576)	(1,506)	(1,650)	(1,760)
Labor	(31,763)	(33,265)	(33,016)	(33,961)	(34,881)
Retirement (PERS + ORP)	(6,841)	(7,611)	(7,010)	(8,874)	(9,115)
PEBB	(7,332)	(7,454)	(7,310)	(7,827)	(8,218)
Other	(2,839)	(3,397)	(2,983)	(3,468)	(3,562)
OPE	(17,012)	(18,463)	(17,303)	(20,169)	(20,895)
Net Personnel	(48,775)	(51,728)	(50,319)	(54,130)	(55,777)
Supplies & Services	(9,287)	(10,892)	(11,769)	(11,137)	(9,854)
Adjustments to S&S and/or Labor		0		1,500	
Total Supplies and Services	(9,287)	(10,892)	(11,769)	(9,637)	(9,854)
Total Expenditures	(58,062)	(62,620)	(62,088)	(63,767)	(65,631)
Net from Operations Before Transf	2,782	2,872	(509)	3,362	4,276
Net Transfers	(2,481)	(2,591)	(1,877)	(2,645)	(2,725)
Change in Fund Balance	301	281	(2,386)	717	1,551
Beginning Fund Balance	6,844	7,138	7,145	4,759	5,475
Ending Fund Balance	7,145	7,419	4,759	5,475	7,026
% Operating Revenues	11.7%	11.3%	7.7%	8.2%	10.1%

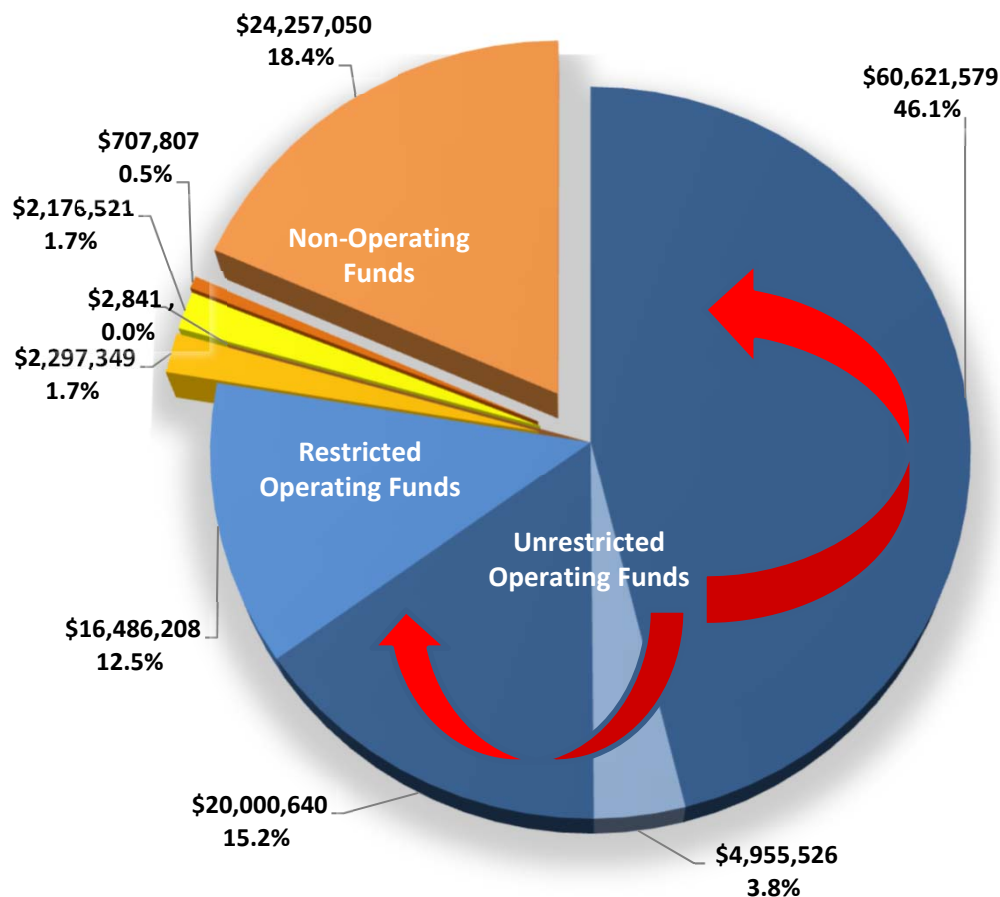
Road Map

- Overview of Budgets (Revenues)
- Timeline of Key Milestones and Inflection Points
- Roll-Forward Budget Proposal

SOU Context – Diagram of all Sources of Revenue

Education & General Fund is 57% of all Operating Revenue

FY2019 Total Revenue/Resources
(through May 2019)



Total Operating Funds:

- Education & General
- Designated Operations & Service Centers
- Auxiliary Enterprises
- Gifts & Grants

Non-Operating Funds:

- Student Loan Funds
- Endowment Funds
- Construction & Repair Funds
- Other Investment & Debt Retirement
- Agency Funds

Pro Forma

- +\$100M PUSF
- - .5 Enrollment

Education and General (in thousands of dollars)	2017-19 Biennium			2019-21 Biennium	
	2017-18 Actual (000's)	2018-19 Adopted Budget (000's)	2018-19 FORECAST (000's)	2019-20 FORECAST (000's)	2020-21 FORECAST (000's)
Revenue					
State Appropriations: SSCM	20,840	21,150	21,270	22,944	23,880
State Appropriations: ETIC/SELP	433	428	381	381	381
One-time Funding			0		
Total State Funding	21,273	21,578	21,651	23,325	24,261
Tuition	37,759	42,701	37,265	41,573	43,478
Fees	3,244	3,256	3,667	3,954	4,268
Raider Aid	(4,243)	(4,142)	(3,638)	(3,966)	(4,348)
Oth tuition adjustments					
Tuition, net of Raider Aid	36,760	41,814	37,294	41,561	43,398
Misc. Other Revenue	2,811	2,100	2,633	2,243	2,247
Total Revenues	60,844	65,491	61,579	67,129	69,907
Personnel Services					
Faculty	(15,044)	(15,660)	(15,791)	(15,919)	(16,479)
Admin	(8,854)	(9,364)	(9,210)	(9,768)	(9,917)
Classified	(6,436)	(6,665)	(6,508)	(6,624)	(6,725)
Student (& Other)	(1,430)	(1,576)	(1,506)	(1,650)	(1,760)
Labor	(31,763)	(33,265)	(33,016)	(33,961)	(34,881)
Retirement (PERS + ORP)	(6,841)	(7,611)	(7,010)	(8,874)	(9,115)
PEBB	(7,332)	(7,454)	(7,310)	(7,827)	(8,218)
Other	(2,839)	(3,397)	(2,983)	(3,468)	(3,562)
OPE	(17,012)	(18,463)	(17,303)	(20,169)	(20,895)
Net Personnel	(48,775)	(51,728)	(50,319)	(54,130)	(55,777)
Supplies & Services	(9,287)	(10,892)	(11,769)	(11,137)	(9,854)
Adjustments to S&S and/or Labor		0		1,500	
Total Supplies and Services	(9,287)	(10,892)	(11,769)	(9,637)	(9,854)
Total Expenditures	(58,062)	(62,620)	(62,088)	(63,767)	(65,631)
Net from Operations Before Transf	2,782	2,872	(509)	3,362	4,276
Net Transfers	(2,481)	(2,591)	(1,877)	(2,645)	(2,725)
Change in Fund Balance	301	281	(2,386)	717	1,551
Beginning Fund Balance	6,844	7,138	7,145	4,759	5,475
Ending Fund Balance	7,145	7,419	4,759	5,475	7,026
% Operating Revenues	11.7%	11.3%	7.7%	8.2%	10.1%

Timeline: Key Milestones and Inflection Points

Date	Action / Event	Branches and Sequels
6/21/2019	Board Approval – roll-forward budget	If Legislature approves additional funding, then reduce tuition or amend pro forma assumptions
7/12/2019	Legislature approved and Gov approved budget	Governor approves or vetoes
7/19/2019	Fiscal Year-end close out	Next actions: update pro forma and prepare for Faculty CBA report
7/31/2019	Develop decision matrix on Cost Reductions and Investments	Year-end close informs expenditure-side of budget; State revenue should be firm
8/1/2019	Enrollment Cross-check	8-weeks before term begins; Shapes determination of surplus or deficit
8/15/2019	Raider Registration feedback	Pulse Check on enrollment; provide Faculty w/ pro forma data (IAW CBA)
9/30/2019	Strategic Investment Cross-check	Inflection point for cost reductions and/or investment decisions
10/18/2019	Present Budget to Board for Approval	Adopted budget to show updated revenue forecast and investment level

Southern Oregon University
Budgeted Operations
 (As of 6/15/19)

	2018 Actuals	2019 Projected YTD Actuals	FY19 Working Budget	FY20 Projected Budget
REVENUES				
Enrollment Fees	36,760,407	37,294,390	41,813,908	41,560,939
Gov't Resources and Allocations	21,272,627	21,650,927	21,577,804	23,324,557
Misc. Other Revenues	2,804,218	2,633,319	2,099,598	2,243,205
REVENUES Total	60,837,252	61,578,636	65,491,310	67,128,701
LABOR				
Unclassified	(23,897,446)	(25,001,085)	(25,029,203)	(25,686,972)
Classified	(6,435,886)	(6,508,435)	(6,668,760)	(6,623,861)
Grad Assist	(130,061)	(175,817)	(174,457)	(194,220)
Student Labor	(1,299,759)	(1,276,251)	(1,384,474)	(1,455,780)
Benefits & OPE	(17,011,528)	(17,357,210)	(18,509,189)	(20,169,438)
LABOR Total	(48,774,681)	(50,318,798)	(51,766,083)	(54,130,271)
SUPPLIES AND SERVICES	(9,287,064)	(11,769,022)	(10,970,724)	(9,636,962)
TRANSFERS				
Transfers In	182,718	1,189,471	130,142	157,064
Transfers Out	(2,664,118)	(3,066,217)	(2,726,032)	(2,802,064)
TRANSFERS Total	(2,481,400)	(1,876,746)	(2,595,890)	(2,645,000)
Total Expenditures	(60,543,145)	(63,964,566)	(65,332,697)	(66,412,233)
Total Revenue - Expenses	294,108	(2,385,930)	158,613	716,468

Southern Oregon University
Designated Operations
(As of 6/15/19)

	2018 Actuals	2019 Projected YTD Actuals	FY19 Working Budget	FY20 Projected Budget
REVENUES				
Enrollment Fees	886,426	1,412,836	1,169,892	1,240,343
Misc. Other Revenues	2,975,600	2,559,922	3,093,138	3,101,258
REVENUES Total	3,862,025	3,972,758	4,263,030	4,341,601
LABOR				
Unclassified	(1,274,921)	(1,291,972)	(1,515,470)	(1,542,796)
Classified	(192,763)	(156,797)	(186,577)	(180,371)
Student Labor	(160,453)	(161,142)	(161,591)	(176,887)
Benefits & OPE	(913,926)	(796,917)	(992,168)	(1,051,096)
LABOR Total	(2,542,063)	(2,406,828)	(2,855,806)	(2,951,150)
SUPPLIES AND SERVICES	(2,040,918)	(1,765,480)	(2,025,069)	(1,881,522)
TRANSFERS				
Transfers In	674,416	510,319	437,046	432,046
Transfers Out	(151,984)	(70,591)	(38,500)	(38,500)
TRANSFERS Total	522,432	439,728	398,546	393,546
Total Expenditures	(4,060,549)	(3,732,580)	(4,482,329)	(4,439,126)
Total Revenue - Expenses	(198,523)	240,178	(219,299)	(97,525)

Southern Oregon University
Auxiliary Operations
 (As of 6/15/19)

	2018 Actuals	2019 Projected YTD Actuals	FY19 Working Budget	FY20 Projected Budget
REVENUES				
Enrollment Fees	6,664,096	6,627,949	6,954,826	6,748,957
Gov't Resources and Allocations	401,825	401,824	401,824	401,824
Misc. Other Revenues	12,549,973	10,210,434	10,713,992	10,462,213
REVENUES Total	19,615,894	17,240,208	18,070,642	17,612,994
LABOR				
Unclassified	(2,801,853)	(3,042,305)	(3,184,757)	(3,723,126)
Classified	(1,711,069)	(1,631,243)	(1,896,786)	(1,682,976)
Grad Assist	(15,991)	0	(8,379)	0
Student Labor	(1,098,163)	(1,314,664)	(1,355,478)	(1,177,557)
Benefits & OPE	(3,058,868)	(3,019,100)	(3,291,451)	(3,583,763)
LABOR Total	(8,685,944)	(9,007,312)	(9,736,851)	(10,167,422)
SUPPLIES AND SERVICES	(11,089,853)	(9,618,020)	(10,136,047)	(9,742,716)
TRANSFERS				
Transfers In	4,012,562	3,546,608	3,536,028	3,698,399
Transfers Out	(2,038,004)	(1,819,564)	(1,312,458)	(1,074,547)
TRANSFERS Total	1,974,558	1,727,044	2,223,570	2,623,852
Total Expenditures	(17,801,238)	(16,898,288)	(17,649,328)	(17,286,286)
Total Revenue - Expenses	1,814,656	341,920	421,314	326,709

Southern Oregon University
Combined Operations
(As of 6/15/19)



	2018 Actuals	2019 Projected YTD Actuals	FY19 Working Budget	FY20 Projected Budget
REVENUES				
Enrollment Fees	44,310,929	45,335,175	49,938,626	49,550,239
Gov't Resources and Allocations	21,674,452	22,052,751	21,979,628	23,726,381
Misc. Other Revenues	18,329,791	15,403,675	15,906,728	15,806,676
REVENUES Total	84,315,172	82,791,601	87,824,982	89,083,296
LABOR				
Unclassified	(27,974,220)	(29,335,362)	(29,729,430)	(30,952,894)
Classified	(8,339,719)	(8,296,475)	(8,752,123)	(8,487,208)
Grad Assist	(146,052)	(175,817)	(182,836)	(194,220)
Student Labor	(2,558,375)	(2,752,057)	(2,901,543)	(2,810,224)
Benefits & OPE	(20,984,321)	(21,173,227)	(22,792,808)	(24,804,297)
LABOR Total	(60,002,687)	(61,732,938)	(64,358,740)	(67,248,843)
SUPPLIES AND SERVICES	(22,417,835)	(23,152,522)	(23,131,840)	(21,261,200)
TRANSFERS				
Transfers In	4,869,696	5,246,398	4,103,216	4,287,509
Transfers Out	(4,854,106)	(4,956,372)	(4,076,990)	(3,915,111)
TRANSFERS Total	15,590	290,026	26,226	372,398
Total Expenditures	(82,404,931)	(84,595,434)	(87,464,354)	(88,137,645)
Total Revenue - Expenses	1,910,240	(1,803,832)	360,628	945,651

Summary of Transfers in/out of General Fund

Periodic Mangement Report

Appendix A

Summary of Subsidies (Transfers) Between Fund Types

Projections For Fiscal Year 2019

	Education & General	Designate d Operation	Auxiliaries (including N. Campus Village)	Plant, and Other Funds
	Projection	Projection	Projection	Projection
Transaction Description	\$ (1,876,745)	\$ 440,238	\$ 2,331,988	\$ (895,481)
Between Fund Types				
Base General Fund Support to Athletics	\$ (1,569,307)	\$ -	\$ 1,569,307	\$ -
Net Athletics Course Revenue after Expenses	\$ (250,000)	\$ -	\$ 250,000	\$ -
Sports Camps Support to Athletics	\$ -	\$ (17,237)	\$ 17,237	\$ -
Support to Athletics Sports Band	\$ (45,459)	\$ -	\$ 45,459	\$ -
General Fund Support to JPR	\$ (292,390)	\$ 292,390	\$ -	\$ -
General Fund Support to RVTV	\$ (136,656)	\$ 136,656	\$ -	\$ -
General Fund PEAK Support to Various	\$ (54,655)	\$ 28,429	\$ 26,226	\$ -
General Fund Support Student Rec Center	\$ (130,000)		\$ 130,000	
Student Fees - Investment in Solar Project	\$ -		\$ (104,519)	\$ 104,519
Building Reserves Transfer to General Fund	\$ 1,000,000			\$ (1,000,000)
Additional General Fund Support to Athletics	\$ (398,278)		\$ 398,278	

**Southern Oregon University
Board of Trustees
Finance and Administration Committee**

**Proposed Resolution
Temporary FY2020 Budget and Expenditure Authorization**

Whereas, ORS 352.102(1) provides that, except as set forth within ORS 352.102, the Board of Trustees may authorize, establish, collect, manage, use in any manner and expend all revenue derived from tuition and mandatory enrollment fees;

Whereas, ORS 352.107(1)(a) provides that the Board of Trustees may acquire, receive, hold, keep, pledge control, convey, manage, use, lend, expend and invest all moneys, appropriations, gifts, bequests, stock and revenue from any source;

Whereas, ORS 352.087(1)(i) provides that the Board of Trustees may, subject to limitations set forth in that section, spend all available moneys without appropriation or expenditure limitation approval from the Legislative Assembly;

Whereas, ORS 352.087(2) requires, and the Board of Trustees finds, that the budget of Southern Oregon University be prepared in accordance with generally accepted accounting principles;

Whereas, 352.087(3) provides that the Board of Trustees may perform any other acts that in the judgment of the Board of Trustees are required, necessary or appropriate to accomplish the rights and responsibilities granted to the Board and the University by law;

Whereas, the Board of Trustees wishes to approve a budget and related expenditure authorizations for fiscal year 2020 (FY2020) prior to July 1, 2019; and

Whereas, the Board of Trustees chooses to delay approval of the final FY2020 budget and expenditure authorization until more information is available regarding FY2020 revenue and expenses (most notably, state appropriations, ongoing labor negotiations, and enrollment); Now therefore,

Be it resolved, the Finance and Administration Committee approves and recommends the board approve and adopt the FY2020 working budget in the amount of \$87,464,354 and the following actions.

1. An Education and General operating budget equivalent to FY2019 (in the sum of \$65,332,697) is temporarily adopted for FY2020. During FY2020, the Vice

President for Finance and Administration (VPFA) of the University may expend or authorize the expenditure of this sum and up to three percent more, subject to applicable law. In the event that such expenditure authority is insufficient, the VPFA may seek additional expenditure authority from the Finance and Administration Committee of the Board of Trustees.

2. An auxiliaries budget equivalent to FY2019 (in the sum of \$17,649,328) is temporarily adopted for FY2020. During FY2020, the VPFA may expend or authorize the expenditure of this sum and up to three percent more, subject to applicable law. In the event that such expenditure authority is insufficient, the VPFA may seek additional expenditure authority from the Finance and Administration Committee of the Board of Trustees.
3. A designated operations budget equivalent to FY2019 (in the sum of \$4,482,329) is temporarily adopted for FY2020. During FY2020, the VPFA may expend or authorize the expenditure of this sum and up to three percent more, subject to applicable law. In the event that such expenditure authority is insufficient, the VPFA may seek additional expenditure authority from the Finance and Administration Committee of the Board of Trustees.
4. At its next regularly scheduled meeting (October 2019), the Board of Trustees will review and adopt permanent operating, auxiliary, and designated budgets for FY2020.

VOTE:

DATE: June 20, 2019

Recorded by the University Board Secretary:

Investment Update

FY2019 Q3 Investment Reports

BACKGROUND

The Southern Oregon University (university) investment reports for the third quarter (Q3) of FY2019 are presented in the following sections:

- **FY2019 Q3 Southern Oregon University Investment Report** – This section includes a report on the investments of the operating and endowment assets of the university. This report reflects the university's operating assets that are invested in the Public University Fund and the university's endowment investments managed by the Oregon State Treasury.
- **FY2019 Q3 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the third quarter of FY2019 (i.e., January 1 – March 31, 2019).

FY2019 Q3 SOUTHERN OREGON UNIVERSITY INVESTMENT REPORT

The schedule of Southern Oregon University's investments is shown in the investment summary below.

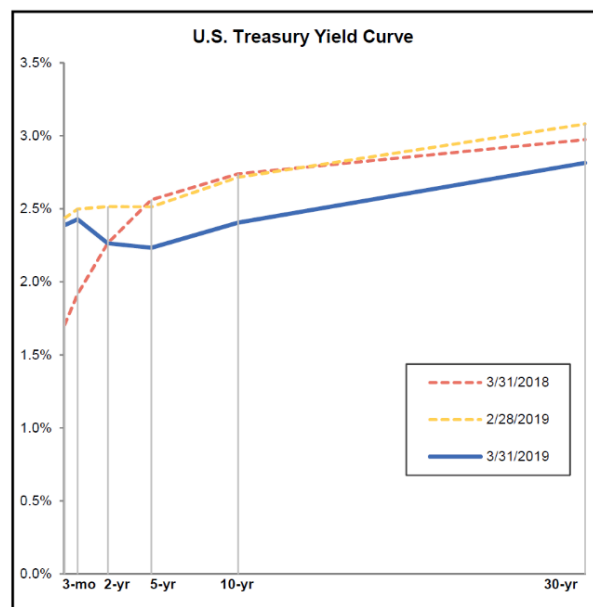
Public University Fund

Southern Oregon University's operating assets are invested in the Public University Fund (PUF). The PUF gained 1.7% for the quarter and 3.4% fiscal year-to-date through March 31, 2019. The PUF's three-year average return was 2.1%.

The Oregon Short-Term Fund (OSTF) returned 0.7% for the quarter, outperforming its benchmark by 10 basis points. The Core Bond Fund returned 2.2% for the quarter, underperforming its benchmark by 10 basis points. The investment yield on the PUF portfolio was 0.7% for the quarter.

In April, Oregon State Treasury fixed income portfolio manager, Tom Lofton, conducted a quarterly performance review with university staff. The fixed income markets posted strong returns during the quarter as short-term interest rates declined following the Federal Reserve's dovish comments. Segments of the yield curve remain inverted for a second consecutive quarter, particularly the six month to 5 year maturities. As depicted by the blue line in the graph right, the yield on the 3-month Treasury bill (2.39%) was higher than the 5 year Treasury note (2.23%).

The Core Bond Fund ended the quarter with a large underweight to agency mortgage-backed securities, compared to its benchmark, as Mr.



Lofton concluded the risk/reward relationship was no longer compelling given the strong sector rally during the quarter. Mr. Lofton will seek opportunities to reposition assets into the agency mortgage-backed sector when valuations improve.

Southern Oregon University Endowment Fund

The SOU Endowment Fund gained 10.1% for the quarter and 2.4% fiscal year-to-date through March 31, 2019, outperforming its policy benchmark for the quarter by 60 basis points, and performing in-line with its benchmark fiscal year-to-date. The three-year average return was 9.0% compared to 8.1% for the benchmark. The Fund ended the quarter with a balance of \$2.4 million.

The majority of the Fund's assets (74%) are allocated to a global equity index strategy while 26% of the portfolio is allocated to an "actively" managed fixed income fund. For the three months ended March 31, 2019, the Western Asset Core Plus Bond Fund returned 4.1%, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index by 120 basis points. The Blackrock All-Country World Index outperformed its benchmark by 10 basis points for the quarter, gaining 12.4%.

Southern Oregon University

Investment Summary

as of March 31, 2019

(Net of Fees)

	Quarter Ended 3/31/2019	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Range
SOU Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.7%	1.9%	1.2%	1.6%	1.2%	0.9%	\$ 10,554,592	36.7%	1
Benchmark - 91 day T-Bill	0.6%	1.7%	0.9%	1.2%	0.7%	0.4%			
PUF Core Bond Fund	2.2%	4.1%	-0.5%	N/A	N/A	N/A	18,192,349	63.3%	1
Blended Benchmark ²	2.3%	4.3%	-0.6%	1.6%	2.7%	N/A			
Public University Fund Total Return	1.7%	3.4%	0.5%	2.1%			<u>\$ 28,746,941</u>	<u>100.0%</u>	
Public University Fund Investment Yield	0.7%	2.0%	1.5%	2.1%					
SOU Endowment Assets									
BlackRock ACWI IMI B	12.4%	1.3%	10.4%	10.9%	6.6%	N/A	\$ 1,802,913	73.8%	75.0%
Benchmark - MSCI ACWI IMI Net	12.3%	1.2%	10.3%	10.6%	6.3%	12.3%			
Western Asset Core Plus Bond Fund	4.1%	5.3%	0.9%	3.9%	4.1%	7.4%	636,993	26.1%	25.0%
Benchmark - Bloomberg Barclays Aggregate Index	2.9%	4.6%	-0.2%	2.0%	2.7%	3.8%			
Cash	0.7%	1.9%	1.2%	1.6%	1.2%	0.9%	1,002	0.1%	0.0%
Benchmark - 91 day T-Bill	0.6%	1.7%	0.9%	1.2%	0.7%	0.4%			
							<u>2,440,908</u>	<u>100.0%</u>	
Arrowstreet Tax Reclaim Receivable							272	0.0%	
Total Endowment Assets	10.1%	2.4%	8.0%	9.0%	6.3%	11.3%	<u>\$ 2,441,180</u>	<u>100.0%</u>	
Policy Benchmark ³	9.5%	2.4%	7.1%	8.1%	N/A	N/A			

¹ The Public University Fund (PUF) policy guidelines define investment allocation targets based upon total participant dollars committed. Core balances in excess of liquidity requirements for the participants are available for investment in the Core Bond Fund. Maximum core investment allocations are determined based upon anticipated average cash balances for all participants during the fiscal year.

² Blended Benchmark Composition: 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

³ Policy Benchmark Composition: 75% Morgan Stanley Capital Indices All-Country World Investable Market Index Net , 25% Bloomberg Barclays Aggregate Bond Index.

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

March 31, 2019

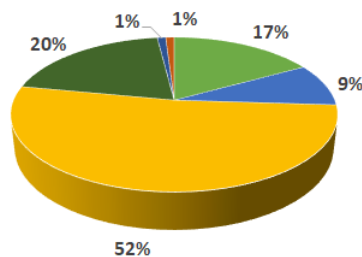
Portfolio Characteristics

Market Value 3/31/19	\$ 222,226,990
Weighted Average Credit Quality	AA
Book Yield (%)	2.79
Weighted Average Maturity (years)	1.15
Duration (years)	0.58
Spread Duration (rate)	0.92

Top 10 Issuers

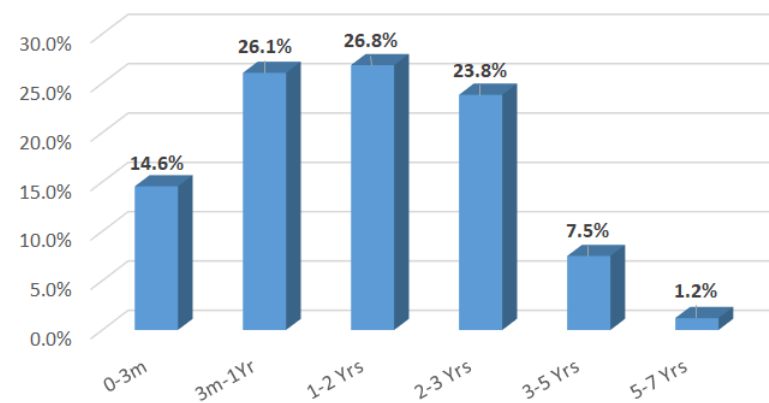
United States Treasury	17.3%
JP Morgan Chase & Co	3.3%
Wells Fargo & Company	3.0%
Citigroup Incorporated	2.7%
Caterpillar Incorporated	2.3%
Barclays Plc	2.2%
Goldman Sachs Group Incorporated (The)	2.2%
American Express Credit Account Master Trust	2.1%
Chase Issuance Trust	2.0%
Bank Of Montreal	1.8%
Total	38.9%

Sector Allocations

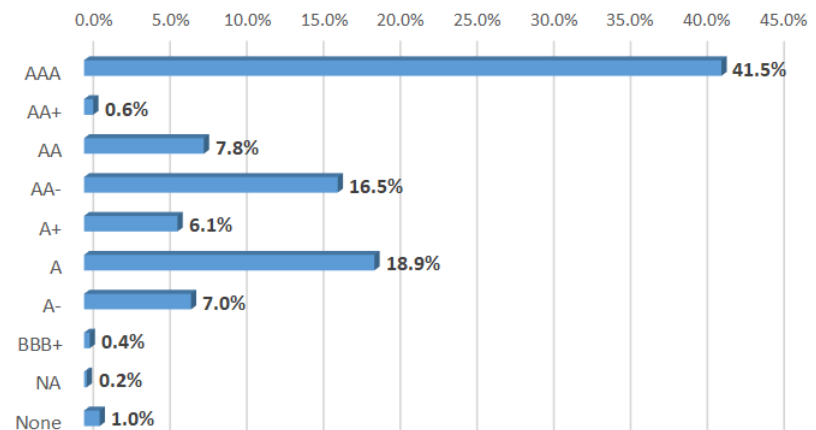


■ Treasuries ■ Government Related ■ Corporates ■ Securitized ■ Funds ■ Cash Securities

Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

Core Bond Fund

March 31, 2019

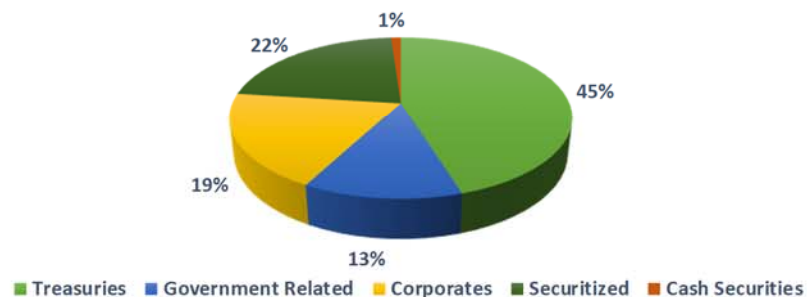
Portfolio Characteristics

Market Value 3/31/19	\$ 383,039,971
Weighted Average Credit Quality	AA+
Book Yield (%)	2.71
Weighted Average Maturity (years)	4.54
Duration (years)	3.69
Spread Duration (rate)	2.31

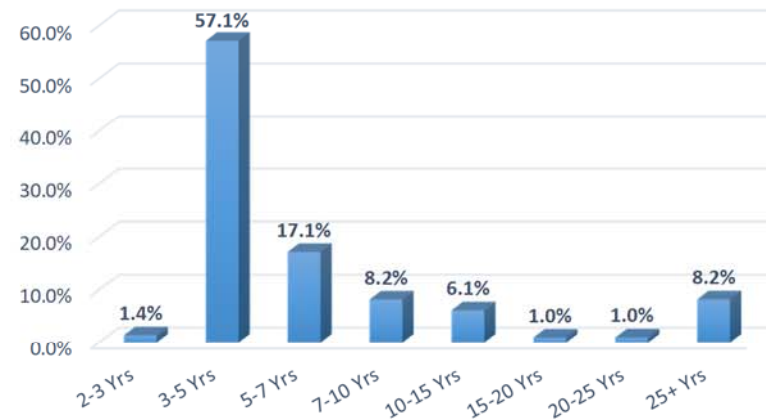
Top 10 Issuers

United States Treasury	55.0%
Federal National Mortgage Association	5.7%
Federal Home Loan Mortgage Corporation	4.2%
Federal Farm Credit Banks Funding Corporation	2.2%
European Investment Bank	2.0%
FHLMC Multifamily Structured Pass Through K040	1.3%
FHLMC Multifamily Structured Pass Through K058	1.3%
Capital One Multi-Asset Execution Trust	1.2%
Oregon State Treasury (Oregon Short-Term Fund)	1.1%
Sherwin-Williams Company (The)	1.0%
Total	75.0%

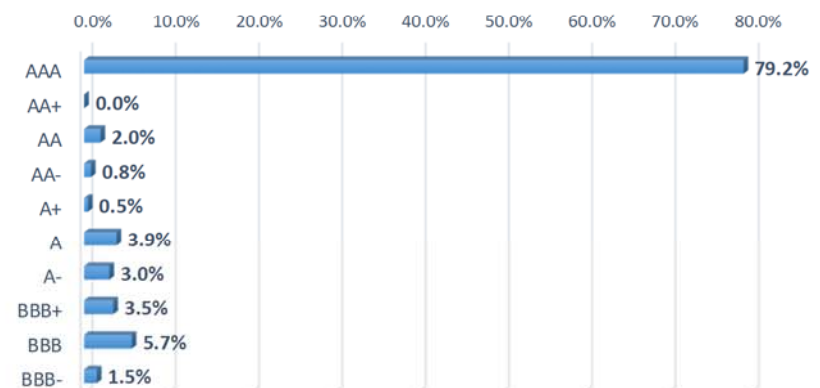
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

FY2019 Q3 MARKET COMMENTARY

(Prepared by Callan Associates, consultants to the Oregon Investment Council)

Macroeconomic Environment

With the equity market falling by nearly 20% at one point during the month of December, the worst for the S&P 500 since 1931, suffice it to say that calendar year 2018 ended with a thud rather than a bang. However, just as we saw a snap-back from the drawdown in early calendar year 2018 (for different reasons), the market once again exhibited a far more “risk-on” mood in January 2019, paving the way for double-digit equity gains as well as robust returns across high yield, bank loans, and a variety of other “plus” sectors within fixed income.

So what changed? Not a whole lot. In hindsight, poor liquidity late in the fourth calendar quarter exacerbated the sentiment-driven sell-off in risk markets (high yield and leveraged loans in particular) while unexpectedly dovish comments from the Federal Reserve (Fed) in the early part of the calendar year acted as a catalyst for a swift reversal. While there is some evidence of softening conditions in the U.S., data do not suggest that a recession is imminent. Corporate fundamentals remain solid, and while after-tax profits moderated in the fourth calendar quarter, earnings per share was up 14% on a year-over-year (y-o-y) basis. Likewise, unemployment remains low at 3.8%, and wages are rising as average hourly earnings surprised on the upside with a 3.4% increase over the past 12 months (February), the fastest in a decade. Fourth calendar quarter gross domestic product (GDP) was revised down to 2.2%, but while “sluggish” may be an apt term, this pace is not of recessionary ilk (full calendar year GDP was 2.9%). Manufacturing showed signs of slowing, with the most recent Purchasing Managers’ Index (as of March) indicating that the US remains in expansionary territory (above 50) with the latest reading at 54.2. Consumer spending softened during the fourth calendar quarter and the first two months of the calendar year, but the consumer remains in good shape with household debt service as a percentage of disposable income at the lowest level in decades. And inflation remains benign, with the Consumer Price Index (CPI) up 1.5% in February (y-o-y), notably lower than the 2.5% read from just a few months ago as falling energy prices (Energy CPI: -5.1% y-o-y) weighed heavily on the headline number. The Core CPI measure (excluding food and energy) was up 2.1% while the Fed’s preferred inflation gauge, the Personal Consumption Expenditures Deflator, rose 1.8% over the trailing year.

In March, the Fed’s pause was expected, but its dovish language was not, leading to a dizzying plummet in U.S. Treasury yields. The Fed voted unanimously to leave rates unchanged at 2.25%-2.50% and further indicated that no hikes were likely for the remainder of the calendar year, while lowering expectations for calendar year 2019 GDP from 2.3% to 2.1%. Finally, balance sheet “normalization” (maintaining the size of the balance sheet by reinvesting proceeds from maturities) was escalated to September 2019, sooner than expected. The yield curve is flirting with inverted status, but as of calendar quarter-end the widely watched spread between the 2-year and 10-year Treasury was +14 basis points. An inversion has been an accurate harbinger of recession, albeit up to 20 months out. In a stark reversal from the fourth calendar quarter, Fed fund futures revealed a 65% probability of a Fed cut in 2019.

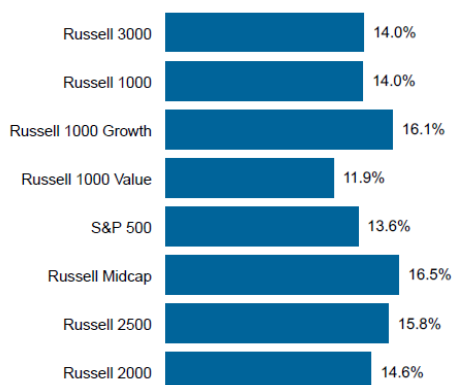
The picture is more worrisome overseas. With ambiguities regarding British Exit (Brexit), recession in Italy, and surprisingly weak manufacturing numbers out of Germany (Purchasing Manager’s Index 44.7), the European Central Bank (ECB) lowered its projections for euro zone GDP growth from 1.7% to 1.1%. It also indicated it would leave rates on hold at least through

the end of the calendar year. Further, in early March the ECB announced a new bank lending program to support growth. Euro zone GDP grew 1.1% in the fourth calendar quarter (+1.6% y-o-y), and the Organization for Economic Co-operation and Development estimates growth of just 1% for calendar year 2019, down from 1.8%. In Germany, the yield on the 10-year government bond turned negative for the first time since late calendar year 2016 and closed the quarter at -0.07%. China was also a worry—it lowered its growth target to 6.0%-6.5%, and the profits of industrial companies fell 14% in the first two months of calendar year 2019 versus one year ago, the worst since the Global Financial Crisis. (Spoiler: On April 1, 2019 China released its version of the Purchasing Manager's Index, beating expectations and hitting the highest level in eight months, thus tempering worries over a dramatic slowdown.)

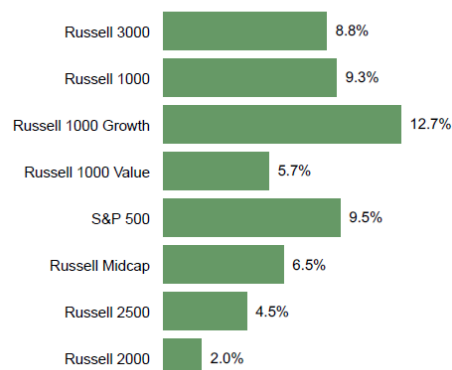
Equity Markets Results

U.S. equity markets had no problem erasing the pain of the fourth calendar quarter as the S&P 500 rose 13.6% with double-digit gains across cap and style spectrums. On a relative basis, Growth outperformed Value (Russell 1000 Growth: +16.1% vs. Russell 1000 Value: +11.9%), Small Cap outperformed Large Cap (Russell 2000: +14.6% vs. Russell 1000: +14.0%), and virtually all sectors delivered double-digit results with the exceptions being Financials (+8.6%) and Health Care (+6.6%). Volatility returned to more normalized levels, with just a few trading days seeing market movement of more than 2% in either direction (versus nearly 20% in the fourth calendar quarter.)

U.S. Equity: Quarterly Returns

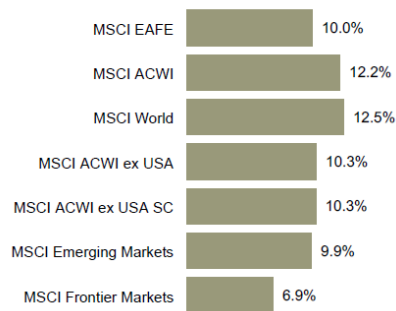


U.S. Equity: One-Year Returns

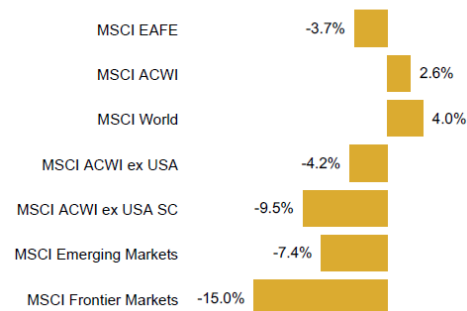


Non-U.S. developed (Morgan Stanley Capital Indices (MSCI) – Europe Australasia and Far East: 10.0%) and emerging market equities (MSCI Emerging Markets: +9.9%) also rebounded strongly in the first calendar quarter, but trailed their U.S. counterparts (and failed to make up for the pain felt in the fourth calendar quarter). The U.K. (+11.9%), Canada (+15.4%), and Italy (+14.6%) were among the standout performers, while Japan (+6.7%) was a laggard but positive nonetheless. Similarly, emerging market performance was robust across the board as China (+17.7%), India (+7.2%), Russia (+12.2%), and Brazil (+8.1%) recorded strong returns. Turkey's GDP dropped 3% y-o-y in the fourth calendar quarter amid economic and political woes and was the worst-performing country (-3.2%).

Global Equity: Quarterly Returns



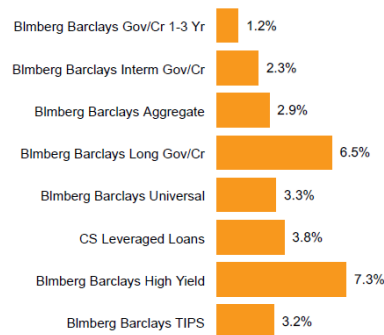
Global Equity: One-Year Returns



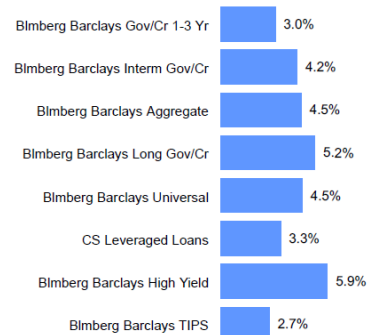
Fixed Income Markets Results

In the U.S., the Bloomberg Barclays U.S. Aggregate Bond Index rose 2.9% for the quarter, with investment grade corporates (Bloomberg Barclays Corporate: +5.1%) up the most. Yields fell sharply in March as the market digested unexpectedly dovish comments from the Fed. The 10-year U.S. Treasury returned 2.8% and its yield closed the quarter at 2.41%, down nearly 30 basis points (bps) from calendar year-end and significantly from the multi-year high of 3.24% hit in early November. Portions of the yield curve inverted, but the widely watched spread between the 2- and 10-year Treasury note remained positive at 14 bps. The high yield corporate bond market (Bloomberg Barclays High Yield: +7.3%) soared and the sector's yield-to-worst ended the quarter at 6.4% after surging to nearly 8% in the fourth calendar quarter. Similarly, leveraged loans were up 4.0% after falling 3.5% (S&P Loan Syndications & Trading Association) in the fourth calendar quarter. While the fundamental picture for corporations remains intact, these returns were driven primarily by a strong technical tailwind on the back of a very weak December. Municipal bonds (Bloomberg Barclays Municipal Bond: +2.9%) outperformed U.S. Treasuries and were also helped by a favorable supply/demand backdrop. Municipal mutual funds absorbed roughly \$24 billion in inflows—the best first calendar quarter since data collection began in 1992.

U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



Overseas, yields across developed markets fell. The Global Aggregate Index rose 2.2% for the quarter on an unhedged basis. On a hedged basis, the Index gained 3.0%. The dollar appreciated modestly vs. the euro and yen, but lost ground vs. the U.K. pound and Canadian dollar. In Germany, the yield on the 10-year bond turned negative for the first time since late 2016 and closed the quarter at -0.07%. Emerging market debt also benefited from the reversal in risk appetite. The U.S. dollar-denominated JP Morgan Emerging Markets Bond Global Diversified Index gained 7.0% with none of the index's 60+ countries delivering a negative

result. Local currency emerging market debt, as measured by the JP Morgan Global Bond Emerging Markets Diversified Index, was up a more modest 2.9%, with notable underperformers being Turkey (-10.2%) and Argentina (-10.5%).

Other Assets Results

Real assets of all varieties enjoyed a strong first calendar quarter, perhaps none more than crude oil as the price of West Texas Intermediate extended over +30% through the end of March. Energy as a whole (measured by the Bloomberg Commodity Energy sub-index) was up nearly 16%, while commodities broadly produced a more modest positive return in calendar Q1 (Bloomberg Commodity Total Return Index: +6.3%) as gains in energy and metals were offset by negative returns for natural gas and the agriculture complex as a whole (Bloomberg Commodity Agriculture sub-index down -3.2%). Other yield-oriented real asset categories also saw healthy gains. Somewhat influenced by the buoyant price of oil (and equity markets as well), Master Limited Partnerships (Alerian MLP Index: +16.8%) also enjoyed a strong start to the calendar year with the yield spread between the Alerian Index and the 10-year Treasury remaining fairly wide at +500 basis points. Both U.S. and Non-U.S. listed real estate saw double digit gains in calendar Q1 (Financial Times Stock Exchange (FTSE) National Association of Real Estate Investment Trusts (NAREIT) Equity: +16.3%; FTSE European Public Real Estate Association/NAREIT Global: +15.0%) as did listed infrastructure assets (DJ Brookfield Global Infrastructure: +15.7%).

Closing Thoughts

With such a torrid start to the calendar year for broad asset classes following an almost equally disappointing end to calendar 2018, it will be very interesting to observe how investors react to the next series of potential market events. More periodic bouts of volatility seem almost inevitable, global growth concerns (particularly in Europe) are not going away, and of course there's the plodding and still undetermined outcome on a final Brexit deal. Thus, just as we have stated in the past, adherence to an appropriate and well-defined asset allocation remains the best course of action to manage the path to successful attainment of long term investment goals.

Future Meetings

Adjournment