

**Board of Trustees Meeting
Friday, October 18, 2019**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Board Members:

Lyn Hennion	Absent	Deborah Rosenberg	Present
Les AuCoin	Absent	Daniel Santos	Absent
Jonathon Bullock	Present	Linda Schott (ex officio)	Present
Sheila Clough	Present	Barry Thalden	Present
Shaun Franks	Present	Bill Thorndike	Present
Megan Davis Lightman	Present	Steve Vincent	Present
Paul Nicholson	Present	janelle wilson	Present
Shanztyn Nihipali	Present		

In Chair Lyn Hennion's planned absence, Vice Chair Paul Nicholson called the meeting to order at 12:05 p.m. in the DeBoer Room of the Hannon Library. The Board Secretary recorded the roll and a quorum was verified.

Other attendees included: Dr. Neil Woolf, Vice President for Enrollment Management and Student Affairs; Greg Perkinson, Vice President for Finance and Administration; Dr. Susan Walsh, Provost; Dr. Jody Waters, Associate Provost; Jason Catz, General Counsel; Janet Fratella, Vice President for Development; Dr. Suresh Appavoo, Senior Executive for Equity and Diversity; Sabrina Prud'homme, Board Secretary; Ryan Schnobrich, Internal Auditor; Dr. Lee Ayers, Undergraduate Studies and HECC; Simone Stewart, SEIU; Denise Deneaux, President's Office; Josh Lovern, Budget Office; Tom Battaglia, Chief Information Officer; Dylann Loverro, ASSOU; Andrew Gay, Faculty Senate; Deborah Lovern, Provost's Office; Britney Sharp, ASSOU; Echo Fields, retired faculty; John Stevenson, Information Technology; and Kathy Park, Office of the Board Secretary.

This being the end of Trustee Shanztyn Nihipali's service as a trustee and his last meeting, Vice Chair Nicholson and President Linda Schott recognized Trustee Nihipali for his service, dedication, and leadership.

Public Comment

There was no public comment.

Consent Agenda

Trustee Deborah Rosenberg moved approval of the consent agenda, as presented. Trustee Barry Thalden seconded the motion and it passed unanimously.

Reports

President's Report

President Schott introduced two new staff members: Dr. Suresh Appavoo, Senior Executive for Equity and Diversity, and Denise Deneaux, Executive Assistant to the Office of the President. President Schott said Tom Battaglia, Chief Information Officer, has been added as a new member of her cabinet.

The president provided a recap of some of the work she did over the summer: attended the AASCU Summer Council of Presidents; attended an Inside Higher Ed conference; met with president colleagues and discussed issues facing their campuses; worked on various projects from her ranch in Texas; attended the Oregon Council of Presidents' retreat; attended the Oregon Coastal Caucus Economic Summit; and gave presentations to the House Education Committee on competency-based education and the Southern Oregon Higher Education Consortium.

President Schott discussed the upcoming Future-Ready Education Conference that SOU is hosting and her recent cabinet retreat. SOU recently received three awards: the SOREDI Collaboration Award; the Spirit of Enterprise award from The Chamber of Medford/Jackson County; and the AASCU Excellence and Innovation Award in the sustainability category.

Committee Reports

Academic and Student Affairs Committee - Trustee Steve Vincent said the committee had no action items. At the meeting, Dr. Susan Walsh mentioned SOU's continuing work with the HECC and other Oregon institutions on the implementation of House Bill 2998, the Provosts' Council's work on duplication of programs, work on Strategic Direction I, and upcoming curriculum proposals. Dr. Neil Woolf's report included statistics on usage at the Recreation Center and an update on Navigate. Drs. Eva Skuratowicz and Mark Shibley provided an enlightening presentation on SOU's student satisfaction survey.

Finance and Administration Committee - Trustee Sheila Clough said the committee spent much time on the fiscal year 2019-20 budget and started by looking backward. SOU ended the last fiscal year with a \$1.7 million loss, which was better than the projected \$2.4 million loss. The administration imposed cost savings which reduced the amount of the loss. The ending fund balance hit the target of 8 percent. Greg Perkinson reviewed the dashboard and provided an overview of the HECC's strategic capital plan and rubric and SOU's capital projects. Details of the proposed budget will be provided later in the meeting but Trustee Clough said the committee unanimously recommended approval of the proposed budget.

Executive and Audit Committee - Vice Chair Nicholson said the committee covered three main items: a report from the internal auditor with much discussion on the Clery Act; a report from the governance work group; and the president's evaluation and goals for the upcoming year. Regarding the Clery Act discussion, Trustee Clough stressed her belief that SOU has come a long way and there are not a lot of risk points for the university regarding Clery Act compliance.

Faculty Senate Report

Taking agenda items out of order, Andrew Gay provided the Faculty Senate report. They hired a PEAK student as an administrative assistant. The number one priority for the year is the general education process. Other priorities include the revised student evaluation process; revising the evaluation process of chairs, division directors and administrators; and looking at issues involving faculty rewards. Mr. Gay was pleased to report the digital cinema program exceeded its enrollment goal by four students.

Action, Information and Discussion Items

Accreditation Update

Dr. Jody Waters said that in the accreditation process, SOU provides evidence that it is doing what it says it is doing and is striving toward continuous improvement. In year one of the seven-year cycle, SOU assessed its mission, core themes, and institutional goals. In SOU's case, these are integrated with the strategic plan and are measured using the same instruments, which the NWCCU values.

The current midcycle report is formative and there is no required response built into this assessment. Dr. Waters discussed the goals and contents of the report and NWCCU's preliminary response. She also mentioned NWCCU's revised standards and challenges with evaluating whether those standards are met. The NWCCU peer evaluation team recently met with various committees on campus and the visit was successful. Vice Chair Nicholson said it was encouraging to hear that SOU is on the right track.

Enrollment Update and Completions Report

Discussing new students, Dr. Neil Woolf said there was a 7 percent decline in applications. However, the number of confirmed students increased from the previous fall as did the number of enrolled students. Zachary Olson mentioned some of the one-on-one efforts made with confirmed students to get them enrolled. Dr. Woolf said 79.4 percent of the students who applied were admitted, which may be too selective. The yield percentage from admits to enrolled was 44.2 percent, up from 41.7 percent last year. Discussion ensued on enrollment standards, scholarships and financial aid.

Regarding continuing students, Dr. Woolf said there was a decline in the number of undergraduate WUE students, especially those from California. The increase in Advanced Southern Credit means that, over time, fewer students need general education courses, which cuts into student credit hours. Dr. Woolf said traditionally SOU has matriculated about 20 percent of the high school students with Advanced Southern Credit experience and he would like to increase that percentage dramatically.

Dr. Woolf then highlighted residency and ethnicity statistics, as included in the meeting materials. Responding to Trustee Clough's comment, Dr. Woolf and President Schott said the current political climate, difficulties in obtaining visas, and gun violence in the U.S. are having a chilling effect on international students coming to SOU. Turning to completions, Dr. Woolf said there are good upward trends in 4, 5 and 6-year graduation rates and 45.6 percent in 2013 is SOU's high water mark.

Dr. Woolf said the key takeaways are: new undergraduates are ahead by 1 percent; new graduate students are up by 7.5 percent; continuing students remain a challenge; overall headcount remains stable; and there are more students of color.

Update to Strategic Direction VII (Action)

President Schott said Trustee Vincent pointed out the absence of tribal partners in Strategic Direction VII's list of partners with whom SOU would collaborate regarding economic vitality, civic engagement and cultural enrichment.

Trustee Vincent moved to amend Strategic Direction VII to add the word "tribal." Trustee Janelle Wilson seconded the motion and it passed unanimously.

Student Leadership Report

President Britney Sharp said the Associated Students of Southern Oregon University (ASSOU) soon would decide the issues it wants to address in the coming year.

Personally, she is passionate about the funding model, which is also an Oregon Student Association issue, and she has been appointed by the HECC as a student representative on its funding model task force. President Sharp will present to ASSOU the issue of having blood drives on campus and working with the FDA on amending its policy. Another topic ASSOU will discuss involves international students and complications they face at the university and in the community.

ASSOU now has a full senate, executive cabinet and judicial branch. ASSOU had its first event, an affordability fair that showcased off- and on-campus resources for students; it will also provide social media updates on the resources.

Amendments to Bylaws of the Associated Students of Southern Oregon University, Section 5: Student Fee Committees' Rules and Regulations

President Sharp said ASSOU made changes in its bylaws and described the process followed. Jason Catz provided background information on the need for changes in the bylaws regarding setting the student fees and President Sharp described some of the changes, as included in the meeting materials.

In accordance with the bylaws, changes in the process for setting the student fees must be done in consultation with the board. Vice Chair Nicholson said the board would be approving that ASSOU went through a thoughtful process to develop and adopt its bylaws and ended up with a set of bylaws that are ready for adoption by ASSOU. Trustee Jonathon Bullock moved the motion to approve this action; Trustee Rosenberg seconded the motion; it passed unanimously.

Ratification of Temporary Action: Online Graduate Tuition Rates; Jackson-Josephine County Pledge Tuition Rate (Action)

Vice Chair Nicholson provided background information for this item, saying the board received information about the need to decrease certain tuition rates for some of SOU's programs. When the board approved rates in May, it did not have competitive information on rates charged by competing programs. When the information became available, President Schott took temporary action and is seeking the board's formal approval.

Dr. Susan Walsh explained the changes sought would decrease the tuition rates for the Academic Partnerships online MBA and online Master of Science in Education programs. For the online MBA program, the requested tuition rate would be the same as in academic year 2018-19. Dr. Walsh said the timing of SOU's discussions with Academic Partnerships on tuition rates was different than the board's decision on tuition rates, which contributed to the disconnect between the Budget Office and the Provost's Office. The requested tuition rate for the online Master of Science in Education program would be the rate SOU negotiated with Academic Partnerships a year ago.

Explaining the changes sought for the rate for the Jackson-Josephine County Pledge, Dr. Walsh said there is a legacy formula from a few years ago, which sets SOU's tuition rate close to that of RCC. She requested the rate be set using the legacy formula.

At Trustee Clough's inquiry, Mr. Perkinson and Josh Lovern verified the requested changes were incorporated into the proposed budget the Finance and Administration Committee approved the previous day. Going forward, Mr. Perkinson said the tuition rates for the Academic Partnerships programs would be separated from the other programs.

Trustee Clough moved to approve the amendments to the online graduate tuition rates for the online MBA and online Master of Science in Education, and to the rate for the Jackson-Josephine County Pledge. Trustee Thalden seconded the motion.

Discussion ensued on concerns of devaluing an education at SOU and having a third-party determining SOU's tuition rates. Vice Chair Nicholson asked if this process of reworking the tuition rates every year would be a new normal for the board. Dr. Walsh said it would not be, that it was just missed this year. She said the revised baseline for the online programs would remain the same in the future.

The board voted and the motion passed unanimously.

Adoption of Fiscal Year 2019-20 Budget (Action)

Trustee Clough mentioned the earlier meeting of the Finance and Administration Committee, saying they had a robust conversation about the budget, looked at assumptions and past performance, discussed the methods used to develop the budget, and considered cost savings. The tool Mr. Lovern and his team used to develop the budget gave the committee comfort about how the budget was being formulated. The proposed budget is essentially break-even (with a negative \$71,000) and includes a \$2.4 million cost savings effort. The committee members felt comfortable that the administration will achieve the savings over the course of the year. The committee was unanimous in its support of the proposed budget.

Mr. Perkinson reviewed the pro forma presented in June, at which time the board approved an expense-only budget. He mentioned the concern that expenses might run high in the first quarter and reviewed the periodic management report that closed out the last fiscal year. Steve Larvick completed an assessment of the first quarter of fiscal year 2020, looked at the "burn rate," which was running high, and noticed some anomalies. For example, last year, there were \$12.1 million in expenses compared to \$13.1 million this year. Some of that increase can be attributed to timing (e.g., electric, gas and leases). Additionally, looking at the online MBA, last year's expenses were \$60,000 and this year they are \$215,000 and while expenses are greater, there also is more income.

Mr. Perkinson also reviewed the variables in the pro forma for the current year and future years, as included in the meeting materials. The seven variables are state funding, tuition, remissions, labor, other personnel expenses, enrollment, and supplies and services.

Regarding the \$2.38 million in cost reductions that are built into the proposed budget, there are two elements: near term and long term. The president and each vice president were assigned a cost reduction target based on three priorities: maintaining academic excellence, supporting student success, and achieving and maintaining operating efficiency and effectiveness. Wanting an approach that would bring the

campus together in a meaningful way, President Schott's presidential task force on financial sustainability will look hard at what deeper systemic changes are needed. President Schott then described the goals of the task force. Mr. Perkinson mentioned the identification of cost savings by the process improvement cadre and innovative labor cost reductions.

Responding to Trustee Wilson's inquiry, Mr. Perkinson discussed cost reductions in future years, including holding vacant positions open. Each director on the Business Affairs Council has been challenged to identify ways to achieve savings. Regarding future years, Mr. Perkinson said that some of the savings will be one-time savings while others will carry over.

Responding to Trustee Bullock's inquiry regarding the long term sustainability of leaving positions open, Mr. Perkinson said there are opportunities to drive efficiencies in work flow which would later become labor savings. Additionally, the presidential task force on financial sustainability will be looking at opportunities to automate more functions and some outsourcing is being considered. President Schott added that this goes to the heart of what is going to be tough about this work. SOU will be a changed organization, with some areas getting smaller and some possibly growing. It is pretty clear that SOU will have fewer undergraduate students and the question is what that will mean for faculty, support staff and resources dedicated to those students. President Schott added that the cost reductions will be tracked going forward, showing the allocation of each reduction to the part of the operation that is taking the reduction.

Trustee Clough moved to approve the resolution for the adoption of the fiscal year 2019-20 budget, as presented in the meeting materials, [in the sum of \$87,904,637 inclusive of budgeted operations in the sum of \$66,087,412, designated operations in the sum of \$5,514,181, and an auxiliaries budget in the sum of \$16,303,044]. Trustee Shaun Franks seconded the motion and it passed unanimously.

Development Update

Janet Fratella said the Office of Development exceeded last year's fundraising goal of \$3.2 million, raising \$3.3 million. She then reviewed the fundraising trends for the last 10 years, how the philanthropic support was used and sources of support.

The national average for the cost of a dollar raised is \$0.20 and SOU's cost is now \$0.19. SOU's investment in its fundraising program increased this cost and will result in more money being raised.

Ms. Fratella said the fundraising goal for fiscal year 2020 is \$3.75 million. The amount raised year-to-date is \$870,000, which exceeds the projection because of a very generous gift to the Oregon Center for the Arts. She then highlighted other recent gifts.

Her office's goals for this fiscal year are to raise \$3.75 million, solidify campus fundraising priorities for the next 5-7 years and build a culture of philanthropy.

Funding Model Update

Greg Perkinson said the HECC work group, comprised of various individuals from the Oregon public universities and other groups, is reviewing the funding model. SOU created a work group which focused on strategy and process. Mr. Catz said there were

certain aspects to the model that SOU wants to add to the conversation at the HECC work group level (e.g., compounded weighting and rewarding equity issues).

Government Relations and Legislative Update

Jeanne Stallman said the members of the Legislative Action Committee have agreed to a shared focus on capital projects, student food insecurity, and discussions on expanding the Student Success Act to higher education. The TRUs also agreed on a shared agenda and have been working very well together.

Southern Oregon Higher Education Consortium Update

Dr. Neil Woolf said he has been meeting with his counterparts from OIT, KCC and RCC to talk about a number of issues. They do not view themselves as competitors, rather they work together to raise the college-going rate of students, bring adult learners back and help with transfer issues. Topics have included reverse transfer which improves community college completion rates; restoring view access to Banner for some RCC counselors to help with advising; gathering data and more stories on transfer students; and better-leveraging credits from high schools.

Responding to Trustee Megan Lightman's inquiry, Dr. Susan Walsh said there has been no mention of mergers or acquisitions among the four members, that the approach is more synergistic. Dr. Walsh said she and her counterparts have focused on creating a shared website for a lot of good information for employees and students (e.g., clear articulation pathways, links to make access to information easier, professional development opportunities and events of common interest). They also have discussed badges/alternative credentials, eliminating transfer barriers and better communication structures with the enrollment and student affairs offices.

2018-19 Board Evaluation

Vice Chair Nicholson referenced the summary in the meeting materials and said a big takeaway is that a majority of the trustees believe the board meets the right number of times and about the right amount of time.

Planning for 2030: Considerations for Higher Education

President Schott referred to the HECC's Strategic Capital Development Plan included in the meeting materials. She said the HECC got some things wrong in the plan, which she pointed out to the trustees and will ask the HECC to correct. Trustee Lightman said the discouraging numbers in the plan speak to the work President Schott is undertaking to reengineer the university. President Schott said the predictions are based on past history; however, if SOU does things differently or if the region working together can begin to boom, it will help everything.

Vice Chair Nicholson said he is gratified to see that SOU is dealing now with population declines, which is positioning the institution to be nimble and to be hurt less by the decline. Trustee Vincent mentioned SOREDI is completing its long term regional strategic plan which is intended to benefit other entities; this might provide an opportunity for SOU to identify an issue it wants to take on, similarly.

Regarding space utilization and looking at the buildings SOU has, President Schott said SOU currently has a good physical plant but there is a lot of space that can be used

to generate revenue. Trustee Clough added that space will probably be less of a need in the future.

Review of President's Evaluation – Executive Session [Pursuant to ORS 192.660(2)(f) and (i)]

Vice Chair Nicholson said the board would go into executive session to review the president's evaluation. For the record, he stated that, pursuant to ORS 192.660(2)(f) and (i), the board would enter into executive session to review and evaluate the employment-related performance of the chief executive officer, who does not request an open hearing, and to consider information or records that are exempt by law from public inspection. Pursuant to ORS 192.660 (4), representatives of the news media were allowed to attend the executive session; no members of the media were present. Continuing, Vice Chair Nicholson said, pursuant to ORS 192.660 (6), no final action will be taken or final decision made in the executive session. At the end of the executive session, the meeting would return to open session and members of the public would be welcomed back into the room.

In addition to trustees, the following persons were permitted to remain for the executive session: University Board Secretary, Sabrina Prud'homme; General Counsel, Jason Catz; and President Schott, who remained for a portion of the executive session.

The audio recording was stopped and the board began its executive session. In concluding the executive session, Vice Chair Nicholson returned the meeting to open session.

President's 2019-2020 Goals (Action)

The board reviewed President Schott's goals as included in the meeting materials. Trustee Wilson praised the second goal regarding shared governance.

Trustee Lightman moved to adopt the goals, as presented. Trustee Nihipali seconded the motion and it passed unanimously.

Future Meetings

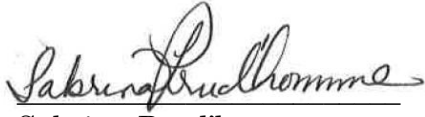
Vice Chair Nicholson referred to the meeting schedule included in the meeting materials. He mentioned the September retreat that was cancelled and added that having an annual retreat is very important. Vice Chair Nicholson said the new proposed dates for a retreat are January or April, which could be done by reworking the meeting schedule to build in time for the retreat; to have strong attendance at the retreat, he asked trustees to include both proposed dates on their calendars and to let him know if either of them would not work.

Adjournment

Vice Chair Nicholson adjourned the meeting at 5:10 p.m.

Date: January 17, 2020

Respectfully submitted by,

A handwritten signature in cursive script, reading "Sabrina Prud'homme". The signature is written in black ink and is positioned above a horizontal line.

Sabrina Prud'homme
University Board Secretary