

**Board of Trustees Meeting
Friday, January 17, 2020**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Board Members:

Lyn Hennion	Present	Deborah Rosenberg	Present
Les AuCoin	Present	Daniel Santos	Present
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
Dylann Loverro	Present	janelle wilson	Present
Paul Nicholson	Present		

Chair Lyn Hennion called the meeting to order at 12:06 p.m. in the DeBoer Room of the Hannon Library. The General Counsel 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 University Advancement; Dr. Karen Stone, Associate Vice President for Academic Resource Management; Dr. Suresh Appavoo, Senior Executive for Equity and Diversity; Alana Lardizabal, Human Resources; Steve Larvick, Business Services; Clayton Austin, Instructional Support; Chris Stanek, Institutional Research; Helen Eckard, Theatre; Jeanne Stallman, Associate Vice President for Government Relations and Outreach; Sabrina Prud'homme, Board Secretary; Ryan Schnobrich, Internal Auditor; Jean Bushong, CliftonLarsonAllen; Josh Lovern, Budget Office; Andrew Gay, Faculty Senate; Britney Sharp, ASSOU; Echo Fields, retired faculty; John Stevenson, Information Technology; and Kathy Park, Office of the Board Secretary.

Public Comment

There was no public comment.

Consent Agenda

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

Reports

President's Report

President Linda Schott started with new developments in university-community collaborations (formerly called the town-gown initiative), including an update on the community perception survey and discussions on creating a university district. She also mentioned meetings of community working groups: information technology; emergency management; diversity, equity and inclusion; and insurance collaboration.

President Schott described the meetings she and the vice presidents have had with the seven academic divisions to discuss state funding, student debt, demographic change, and

the impacts on SOU. They discussed budget cuts and the steps SOU is taking in response, including recruitment and retention efforts, fundraising, and creation of the University Advancement unit. She also provided an update on the Presidential Task Force on Financial Sustainability.

President Schott then discussed the work group proactively looking at SOU's portfolio of academic programs to ensure SOU is meeting the changing needs of students and employers. As a member of the Southern Oregon Higher Education Consortium (SOHEC), SOU has access to Burning Glass which offers information on workforce needs. SOU also uses EAB's Academic Performance Solutions to provide robust data on enrollment, costs, returns on investments, benchmarks against other institutions, pathways for students and progress toward graduation.

President Schott reminded trustees that SOU received AASCU's Sustainability Award. She mentioned her upcoming participation in a presidential experience lab to discuss compassionate leadership and the future of work, along with members of EAB and LinkedIn. That meeting will be followed by several donor meetings in California.

Turning to the HECC's biannual report on the status of the universities, President Schott said the HECC will deliver its report on the TRUs at its February 13 meeting. She said the report is very trying for SOU because the financial analysis of key ratios the HECC uses is not favorable to SOU. Mr. Perkinson highlighted the philosophical issue on why the HECC's ratios are not appropriate for higher education. President Schott said the report addresses SOU's accreditation, academic programs and a financial analysis. President Schott posed two ways of looking at the report: SOU is failing or SOU is working really hard but is up against an inequitable funding model that makes success almost impossible. The latter is the most accurate. Vice Chair Paul Nicholson stressed the importance of having a proactive media plan prior to the report being issued, which President Schott said she has.

Committee Reports

Executive and Audit Committee - Chair Hennion said two key items discussed in the committee's meeting, the fiscal year (FY) 2019 audited financial statements and the board officer election process, will be discussed later in the board meeting.

Action, Information and Discussion Items

Review and Acceptance of Fiscal Year 2019 Audited Financial Statements (Action)

Taking items out of order, Jean Bushong presented the FY 2019 financial audit results, as included in the meeting materials. CliftonLarsonAllen's (CLA's) job is to determine if SOU's financial statements are free from material misstatements or errors. CLA does not serve as an internal control system. Management is responsible for having procedures in place to prevent and detect error, fraud and noncompliance. However, the auditors would report any material weaknesses or significant deficiencies with SOU's internal control system.

CLA focused on two buckets: an audit of financial statements and an audit of federal dollars. Regarding the audit of financial statements, Ms. Bushong was pleased to report CLA offered an unmodified opinion, meaning SOU's financial statements are free from material misstatements. An unmodified opinion is the expectation. Importantly, there

were no findings or significant deficiencies or audit adjustments in the financial statements presented for CLA's review.

Ms. Bushong said there were no major changes for the comparability of numbers. She addressed selected entries in the report and explained the fluctuations in some of them.

Ms. Bushong turned to the single audit on the compliance component of student federal financial aid programs. She said there was one finding in the Federal Supplemental Educational Opportunity Grant program: \$300 was awarded to a student whose expected family contribution had increased to \$1,000 but should have been awarded to a student who had no expected family contribution. Even though it did not involve a large amount of money, CLA was required to report it. She said the program is complex and this is not something the board should be overly concerned about; instead, the board should ensure controls are in place to prevent material noncompliance.

Ms. Bushong then provided the required communications to governance, as included in the meeting materials. She praised Steve Larvick and his team for their work.

Ms. Bushong mentioned upcoming changes to Governmental Accounting Standards Board standards for future fiscal years and industry trends in higher education. She reiterated President Schott's comment that information technology is as or more important as buildings in terms of infrastructure and there is an increasing need and focus on cyber security.

Trustee Sheila Clough later moved to accept the FY 2019 audited financial statements. Trustee Daniel Santos seconded the motion and it passed unanimously.

Committee Reports (Continued)

Finance and Administration Committee - Trustee Clough said Greg Perkinson gave his standing report and presented the dashboard. The financials were soft for this period, driven by the decrease in student credit hours. The committee spent time on drivers and what is being done. The committee also spent time on the administrative side, discussing enterprise risk management and SOU's process to identify high-risk areas and track actions to mitigate the risks. They discussed the budget process for future fiscal years, which will be addressed later in the board meeting. The committee received a budget update and reviewed the pro forma, doing a deep dive on the current situation, the aspirational model, and what will be done to reach the targets. There is transparency on the cost reduction strategies, which have been put in place; unfortunately, additional reductions are needed.

Academic and Student Affairs Committee - Trustee Santos mentioned Provost Walsh's report on the work of the Provosts' Council (including transfer of community college credits and program duplication), mentioned an initiative on an e-sports academic program and gave an update on the SOHEC. Dr. Neil Woolf discussed the new enrollment dashboard, first-year retention and graduation rates, and capturing information on why students leave SOU. The committee had two action items: review and approve a new bachelor's degree program in Gender, Sexuality, and Women's Studies and a new certificate program in Transgender Studies. Drs. Kylan de Vries and Carey Sojka gave a very informative presentation on the proposals. The committee approved both programs, which will go to

the Provosts' Council and the HECC for final approval. Dr. Woolf discussed the Financial Aid Leveraging Model and how SOU wants to be more competitive by discounting tuition and fees through financial aid. The committee had a discussion on mentoring; Trustee Jon Bullock later mentioned an interesting study in the January 2017 ASHE Higher Education Report. The committee also received an update on the implementation of EAB's Navigate and heard positive outcomes from its implementation. Dr. Woolf led a presentation on SOU's growing relationship with American Samoa, connections with the ROTC and Oregon Army National Guard programs, and the critical importance of the American Samoan Rogue Valley support group; after the meeting, there was a reception to celebrate those involved in the American Samoa program.

Dr. Woolf announced that Ria Galo, a very active member of the American Samoan Rogue Valley support group, has been hired as an SOU admissions counselor.

Student Leadership Report

ASSOU President Britney Sharp said there will be less revenue from student fees in general because more students are taking online courses, meaning there are fewer students on campus which negatively impacts the student fee program. She estimates the student fee program will have to cut up to \$400,000. ASSOU will revise its student government model and reduce its budget as much as possible so other programs do not have to cut as much. ASSOU will present its official allocation numbers in the spring.

ASSOU's current issues include assisting international students on and off campus with various matters (e.g., off campus housing and creating their own safe or designated meeting space on campus), reducing paper usage on campus, and advocating for a more equitable funding model and increased state funding.

There are several students on the Faculty Senate Task Force for transforming the general education curriculum. The task force administered a survey to students, which provided good feedback. Most students said they do feel they are getting the values and learning goals from courses they take. Many said they did not feel they were getting financial literacy, which the task force hopes to be able to provide in the new model.

ASSOU will propose to the Provost's Office courses in ethnic studies. Many students are interested in such courses and they would help with retention of students of color.

Trustee Dylann Loverro explained some of the issues international students have encountered: they arrived at different times from regularly matriculated students and the Housing Office was closed; other students had moved into their spaces; some did not have bedding; gender neutral housing did not work because of cultural differences and the Housing Office was not always rapidly responsive; and language barriers aggravated the problems. Responding to Trustee Barry Thalden's comment about having more host families for international students, ASSOU President Sharp said it might help but it could be good for one student and not for others.

Faculty Senate Report

Andrew Gay said various task forces continue to work on the faculty activity report process, post-tenure review, student evaluation of teaching, and adjustment of promotion and tenure bylaws. The task force on transforming general education zeroed in on six

capacities and will determine the right model to address them: communication, critical thinking, creativity and innovation, collaboration, career and personal development, and cultural capacity.

Trustee Deborah Rosenberg attended a Faculty Senate meeting and talked about her role and experience on the Board of Trustees. Faculty Senate will review terminal degrees for programs. Faculty Senate supported the two new curriculum proposals in Gender, Sexuality, and Women's Studies and Transgender Studies.

Action, Information and Discussion Items (Continued)

Strategic Plan Report and Update

Taking items out of order, President Schott said she is proud of the work the campus is doing on the strategic plan. Chris Stanek reviewed the progress report included in the meeting materials. A new column was added to reflect progress since the last report.

Rather than review the status of each strategic direction, four areas were highlighted to show some of the work being done and how the work is interconnected among the strategic directions. Rebecca Walker detailed work being done in the sustainability area (strategic direction III). Dr. Walsh and Clay Austin discussed innovative practices that contribute to transforming pedagogy and curriculum (strategic direction I). Dr. Suresh Appavoo mentioned contributions leading to cultural competency (strategic direction IV). Alana Lardizabal covered programs and training in the human resources area (strategic direction II).

Accreditation Update

Dr. Jody Waters said SOU is in year three of a seven-year cycle. The Northwest Commission on Colleges and Universities (NWCCU) peer evaluation team visit in October was successful. The team submitted a preliminary report, saying they thought SOU was doing a good job. They were effusive about SOU's culture of assessment, in particular, the academic support program assessment activities, which yield ways SOU can document and continue to chronicle how the strategic plan, strategic directions, core themes, and day-to-day assessment activities support each other.

The report also included some substantive comments, including wanting to see more applied findings to assessment activities and continuous improvement. Dr. Waters said she thought SOU was already doing a good job of that but it seems to be a consistent comment in reports. SOU continues to make strides in the areas NWCCU pointed out in year seven.

Unofficially, Dr. Waters said NWCCU voted to accept SOU's mid-cycle report and SOU is on track for a successful year seven.

Dr. Waters described the significant changes NWCCU is undergoing, resulting in new standards. NWCCU also is taking on a more prescriptive role in certifying mission fulfillment and extending this role to student success and achievement. SOU will continue to submit annual reports.

Budget Process for Future Fiscal Years (Action)

Trustee Clough said the Finance and Administration Committee had a thorough discussion

on the budget process and what process the university should use for FY 2021. The administration presented different approaches and recommended a return to the legacy process. The committee endorsed that recommendation.

Greg Perkinson said he thought the approach used in FY 2020 would be great. However, it ended up requiring a lot of rework and was challenging for departments that manage the budget process.

Trustee Clough moved to adopt the legacy process going forward, at least for one more year. Vice Chair Nicholson seconded the motion and it passed unanimously.

Budget Update and Review of Pro Forma

Greg Perkinson reviewed the pro forma from October 2019 reflecting mid-year reductions and the aspirational model. The updated pro forma includes a column for the year-to-date actuals, projection to close, and lines for growth opportunities and revenue external to modeling. He mentioned the \$1.4 million reduction in labor costs for specifically-identified positions and the \$852,000 reduction in supplies and services.

Mr. Perkinson said revenues are soft. Student credit hours are 3,000 less than expected, which is about \$1 million in lost revenue. This will require an adjustment. There is a \$545,000 offset in revenue and the administration will work to identify another \$600,000 in budget reductions.

He then discussed growth opportunities, saying SOU cannot cut its way out of this problem but must grow out of it. The growth opportunity targets are \$1 million in the next FY, \$2 million in the year after that and \$3 million after that. If SOU makes positive headway on the Student Success and Completions Model (SSCM) alone, it can quickly advance toward those targets. President Schott highlighted the positive impact such increases would have on the ending fund balance in future fiscal years. In the interest of complete transparency, she said if SOU did not take the additional \$600,000 in cuts, the ending fund balance would be 7 percent and she was not willing to do that.

Supporting an earlier point Trustee Thalden made, Trustee Lightman said that, although recruiting efforts are very important, retention efforts also are critical. President Schott said Navigate will help with that.

Mr. Perkinson explained that the reduction in tuition revenue is from students not taking a full load or coming in with credits. Headcount is actually slightly up. Responding to Trustee Vincent's inquiry, Mr. Perkinson said the pro forma models a 5 percent increase in tuition each year and a 5 percent decrease in enrollment, which is why tuition revenue remains flat in future fiscal years.

Mr. Perkinson then reviewed the cost reduction strategy, which is based on President Schott's priorities to preserve the academic core, support student success, and drive efficiencies and effectiveness.

HECC Capital Process and SOU Capital Projects Update

Greg Perkinson highlighted the outcomes of the last scoring exercise and said SOU's two projects probably will be below the funding line. He described the increase in the scope of

the project for the Music Building renovation and Digital Media Center addition, possible funding sources, and a way the project can be better articulated next year to increase the possibility of being funded.

SOU is getting great political support from the HECC for the demolition of Cascades and efforts are being made to obtain a direct appropriation for the project. Renovation on Britt Hall will begin soon and Central Hall is next.

Chair Hennion added that \$3.5 million in demolition would remove \$12 million from SOU's deferred maintenance costs. Mr. Perkinson believes that is why the HECC supports it and the Department of Administrative Services is receptive to the idea.

Update on Revisions to the Student Success and Completions Model

Jason Catz said there is no golden path for SOU. The results of the work on the SSCM have to pair with the work Drs. Woolf, Walsh and Appavoo and others are doing. There are three pillars to the model: mission differential, student activities/ credit hours, and outcomes of those studies/degrees conferred. He then provided a detailed explanation of each pillar and the discussions the HECC's statewide task force has had on each.

The task force will also address transfer degrees, collaboration, student populations, performance improvement weighting and the notion of affordability.

Mr. Catz said he sees progress on the horizon, opportunities for SOU to make gains, and areas where other institutions will seek to make gains that could impact SOU. The conversations have been good and fair so far. ASSOU President Sharp said each university's interests are laid out and everyone disputes the aspects of the model that do not benefit them. It seems the HECC staff understand the disparate impact the model has on SOU and hopefully will use an unbiased perspective to change it.

Greg Perkinson wrapped up the discussion with a note of optimism that Jim Pinkard, the new HECC finance director, sees that EOU and OIT get a bump in the mission differential that SOU does not. Mr. Pinkard is willing to work an adjustment to be more equitable to the regional universities with state funding. Mr. Catz added, one issue that is resonating is that the same programs and the same schools are benefitting over and over again within the model due to incentive stacking.

Government Relations Update

Jeanne Stallman said President Schott, with her leadership team, hosted the southern Oregon legislative delegation to discuss the decrease in enrollment, budget cuts and what was needed so the legislators would feel like part of SOU's team. That is a foundation for building long-term support and building a regional coalition across party lines with legislators. In the short session ahead, SOU will walk the line about building a coalition with the other universities. However, SOU will also walk its own line on the Cascades project and scheduling an informational hearing in the senate to shine a light on how SOU is forward-looking on various issues.

Tuition and Fees Process Update

Dr. Susan Walsh reminded trustees that HB 4141 requires a certain make-up of the universities' tuition advisory councils (TACs) and the TACs are charged with advising the

university presidents. SOU's TAC also helps promote communication and engagement about tuition with students in a manner encouraged by the shared governance philosophy. Dr. Walsh said the membership on SOU's TAC has been determined and they will start meeting soon.

ASSOU President Sharp said ASSOU decided on a fee, which will be brought before the board at a later date. At first, ASSOU did not want to increase the student fee much; however, considering the amount of asks and the \$400,000 in necessary cuts, ASSOU decided it was in best interest of the students to increase the fee. The incidental fee will be \$372 (a \$25 increase from last year); the green tag fee will be \$13 (no change); and the recreation center fee will be \$104 per term (a \$9 increase), bringing the total to \$489 per term. She thought students would be willing to fund the recreation center because it is clear what the fee funds. ASSOU President Sharp said the officers were not happy making budget cuts but they are elected to make tough decisions.

Dr. Walsh said this process dovetails with a recommendation to President Schott and will be presented to the board. For transparency for the campus, the TAC website is updated regularly with meeting minutes and other documentation.

College Affordability and Student Debt

Dr. Neil Woolf started the affordability and student debt conversations with some principles and data. He highlighted the increase in the average cost of college over the past few decades and the decrease in state funding. When talking about affordability, the focus usually is on cost but the other component is an ability and willingness to pay. The cost of attendance includes tuition and fees, books and supplies, room and board, personal expenses, and transportation. Dr. Woolf later cautioned that the cost of attendance is not what students actually pay but is the maximum amount of financial aid that can be provided to students and that it will differ by student and by university.

When deciding how much to award, the financial aid budget is the cost of attendance less the expected family contribution. The average award at SOU is over \$10,000 per year per student made up of federal, state and institutional aid. There are substantial resources being provided, but it is never enough, especially for those with high needs.

When comparing the cost of attendance, SOU is slightly above the national average. In comparison to other Oregon universities, including OSU-Cascades, SOU is the fourth-highest and is the highest of the TRUs. Responding to Trustee Clough, President Schott said SOU is no longer at the bottom because SOU has needed to raise tuition.

Regarding the ability to pay, Dr. Woolf reviewed the income distribution of first-year families included in the meeting materials.

Turning to student loan debt at graduation, SOU's 2017 average is lower than the national average and is the lowest of the Oregon universities. Dr. Woolf reviewed the benefits of obtaining a college education, as included in the meeting materials.

University Advancement Report

Janet Fratella said her office is now the Division of University Advancement. Advancement is about managing relationships, viewing all those who interact with the

university (e.g., media, business community, donors, alumni, etc.) as players invested in the long-term sustainability of the institution. Organizationally, media and community relations, marketing, government and corporate relations, and university grants are now in the Division of University Advancement. Ms. Fratella discussed the primary goals for advancement: inform (telling SOU's story); engage and involve current supporters and a new cadre of supporters (e.g., alumni advocacy program); and invest in the university. If successful in building relationships across areas, SOU can expect to see more support from numerous sources.

Ms. Fratella provided a fundraising update. The annual fundraising goal is \$3.75 million. As of December, \$1.51 million has been raised, which is just under last year's figure. There are some gifts in the pipeline.

Board Officer Election Process

Jason Catz reviewed the current election process and said the Executive and Audit Committee would like to see additional revisions on the process to include a task force. The task force would invite suggestions for potential candidates, reach out to and gather information from the proposed nominees, obtain input from the president, and return to the full board.

The election process needs to be revised because the current process has a measure of awkwardness. The revised process has the potential for vetting, a chance for potential candidates to share their vision of how they want to serve and an opportunity for the board to recognize all the candidates and the ways they already serve the board. There will still be an election component where trustees have to vote.

Chair Hennion summed up the consensus of the Executive and Audit Committee: a hybrid process; not having a group appearing to make the decision; and more transparency with discussion. The board will decide the process at its next meeting.

Future Meetings

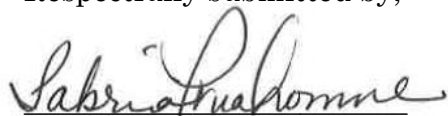
The next regularly scheduled meeting of the board will take place on Tuesday, April 21.

Adjournment

Chair Hennion adjourned the meeting at 4:54 p.m.

Date: April 21, 2020

Respectfully submitted by,



Sabrina Prud'homme
University Board Secretary