

**Board of Trustees Special Meeting
Friday, May 22, 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 12:33 p.m. in the DeBoer Room of the Hannon Library. The board secretary recorded the roll and a quorum was verified.

Other attendees and Zoom webinar panelists included: Greg Perkinson, Vice President for Finance and Administration; Dr. Neil Wolf, Vice President for Enrollment Management and Student Affairs; Jason Catz, General Counsel; Dr. Susan Walsh, Provost; Janet Fratella, Vice President for University Advancement; Jeanne Stallman, Associate Vice President for Government and Corporate Relations; Josh Lovern, Budget Office; Sabrina Prud'homme, Board Secretary; Dr. Matt Stillman, Registrar; Taylor Burke, Dean of Students; Ryan Schnobrich, Internal Auditor; Britney Sharp, ASSOU President; and Kathy Park, Office of the Board Secretary.

Public Comment

Donnie Maclurcan, an Affiliate Professor in Economics at SOU and Executive Director of the Post Growth Institute, provided a written message to the board, which was emailed to all the trustees and which the board secretary summarized in the meeting. For the last few years, Mr. Maclurcan has been predicting economic crises and he provided background information on that work. He suggested that SOU seriously consider the issuance of a revenue municipal bond. He gave a recommended amount, reasons why and possible consequences if it was not issued.

Action, Information and Discussion Items

Capital Projects Expenditure Authorizations (Action)

Greg Perkinson described the recommended proposal to approve three projects. The project data includes information on the bonds which have been sold, the bond type, and estimated costs. Britt Hall is the most mature project; bids are available and a contract is ready to be executed with the apparent successful offeror.

The Taylor Hall project is a combination of three projects: bathroom renovations to provide accessibility and improving the hallways and stairwells. The bids may come in lower than SOU's estimate of \$800,000.

Chair Hennion reminded the trustees that allocated funds can be used only for these projects. Trustee Clough added that the money for these projects is state money and if SOU does not go forward with the projects, it would be walking away from the funding.

Trustee Clough moved to approve the three projects. Trustee Loverro seconded the motion and it passed unanimously.

Budget Update and Review of Pro Forma

Greg Perkinson highlighted some of the known factors that impact the budget. The tuition and fee revenue is down about \$750,000. The direct costs incurred this year are known. Action has been taken to control things that can be controlled. There are many costs involved with labor that cannot be controlled; however, by participating in the Oregon Workshare Program, SOU is saving about \$2.2 million through the end of the calendar year.

Normally, the pro forma models a 3.8 percent decrease in enrollment. However, national indicators suggest a downturn of up to 15 percent. The senior leadership team determined a 10 percent reduction would be an effective way to model student behavior in the fall.

Mr. Perkinson mentioned the recent state revenue forecast he received. There is a projected \$2.7 billion loss in revenue next fiscal year and \$4.4 billion in the next biennium. The chief financial officer at the Department of Administrative Services tasked agencies to study the impact of an 8.5 percent budget rescission. Modeled through the Student Success and Completion Model, it would be a \$3.1 million budget cut next year for SOU, coupled with a \$1.2 million hit to the sports lottery.

SOU has seen positive trends and indications that the plan created to cut \$3 million out of the budget was successful. It appears SOU will close this fiscal year with a 7.6 percent ending fund balance. However, next year, the ending fund balance is projected to be at -5.27 percent, requiring the clawing back of \$8 million to reach an 8 percent ending fund balance. President Schott stressed that the negative fund balance is without reductions and it is obvious that would not occur; if increased state funding is not provided, cuts would be made.

Answering Trustee Wilson's inquiry, President Schott said the 2020-21 forecast is based on an estimate of -10 percent in enrollment. At President Schott's request, discussion ensued on whether it made sense to use the -10 percent model. Trustees Santos and AuCoin expressed their concerns that using -10 percent as a modeling amount might be too optimistic and would result in a significant difference compared to using the national model of -15 percent. Trustee Santos also cautioned against relying on the HECC to revise the funding model given the current financial crisis. Trustee AuCoin mentioned all the demands on the limited state funds and that SOU would be competing for funding with various causes, including hungry children and myriad social problems. They both cautioned about being overly optimistic.

In response, President Schott said the -15 percent is based on a national conversation shaped largely by big institutions in metropolitan areas. SOU leadership looked at

other factors, including the low rate of incidents of coronavirus, major competitors in California staying primarily online, and most of the competitors in Oregon being in the Willamette Valley, which has more difficulties with the virus than the Rogue Valley. It will work in SOU's favor if it can create a plan to reopen safely that will allow students to come back. Students in Jackson and Josephine Counties are thinking about coming to SOU instead of going elsewhere. President Schott said the leadership team is not just hoping but, rather, is making an educated guess. Also, if anything can help the institution, it is being done.

Trustee Clough echoed the comments from Trustees AuCoin and Santos. She reminded trustees that they are not deciding the 2020-21 budget, just the tuition and fee portion of it. Tuition and fees is only one lever and that decision is not going to solve the broader problem.

Trustee Bullock made an argument in favor of the -10 percent estimate. The American Council on Education is predicting a 15 percent overall decrease in college enrollment over the next year and Inside Higher Ed is predicting 20 percent. Studies are showing students are making alternative plans (one of which is to attend a college closer to home), the number of students taking a gap year may increase, there are concerns for the safety of returning students, and there are concerns about the quality of online education. One article analyzed these factors, saying proximity is a key factor. Also, students are choosing schools with potentially lower risk of infection and safer approaches to enrollment; two factors affecting this are a sensitive administration and proactive and aggressive recruitment policies, both of which SOU has. He said he understands the concern over the 15 or 20 percent figure and the possibility it could get there, but SOU checks many of the boxes: SOU will have many students who will be closer to home, SOU has a safer environment than competitor schools in California, SOU is sensitive to students' needs, and SOU has aggressive recruitment practices. He said that he is not sure the -10 percent is the correct number but he supports it. President Schott added that enrollment could also come from more adult learners deciding to return to school, which often happens during recessions.

Using the interactive pro forma and modeling a 10 percent enrollment decrease, Josh Lovern showed that a tuition increase of 40 percent would be needed to reach an 8 percent ending fund balance.

President Schott reminded the trustees they can make a different choice. She provided her recommendation based on her team's work and expertise. Trustee Santos said he is not advocating for a change to the recommendation, that others have made the case that the trustees should rely on the wisdom of the leadership but encouraged them to be realistic and not overly optimistic. Vice Chair Nicholson concurred that the -10 percent figure is as good a guess as possible; he said the country is getting into a recession and during recessions there seems to be a surge in university enrollment, which gives him some relief that enrollment may not be quite as bad as projected.

Responding to Trustee Wilson's concern about the current low enrollment, Dr. Neil Woolf said it was a bit early to be projecting confirmation figures. He explained that there are fewer applications this year, due in part to this year's smaller graduating

high school class, but admits are up 5 percent, which gives him some optimism. Students are waiting to make their decisions to see what the fall will look like.

Dr. Woolf reviewed the draft resumption plan for the fall, planning for an in-person experience. SOU must comply with forthcoming guidance from Governor Brown, Oregon Health Authority, the HECC and Jackson County. Health and safety is the number one goal. There has been much planning with Oregon universities, with the recognition that there must be some flexibility for each university's situation.

Trustee Thorndike said the story of SOU needs to get out there better, the amazing education, the renowned and respected professors, the connection between the faculty member and the student, and the spectacular campus. Trustee Lightman said she would love to see a business cohort to bring valley businesses together in a town-gown relationship to create buy-in for them in a way SOU has not yet been able to accomplish; she offered her assistance in that endeavor.

Returning to the comments about competing for state funding, President Schott said she cannot accept the premise that, because the state does not have enough to bail out everyone, the state cannot help SOU. Everyone must make the argument that SOU deserves state assistance. She said this is not the time to be shy and take what the group gives the university; that has been SOU's approach for years and it has not served the institution well. This is the time to make the case for SOU and this region.

Trustee Thorndike relayed his conversation with Senator Jeff Golden, during which Senator Golden praised the great job Jeanne Stallman is doing in Salem on behalf of SOU.

Chair Hennion thanked President Schott, Vice President Perkinson and their teams for the night and day work they have been doing. Several trustees later echoed that praise.

Tuition and Fees for Academic Year 2020-2021 (Action)

Introducing this agenda item, Chair Hennion referred to the statement in the Tuition Rate Recommendation package that "Those unknowns, combined with uncertainty related to COVID-19, have made 'price sensitivity' and 'affordability' the two most important considerations for setting next year's tuition." Tuition alone cannot address the projected budget gap of \$10.3 million. She added that the 3.7 percent recommended increase in tuition can be a way of looking at affordability, maintaining enrollment, and helping the students; then the focus can be on finding the \$10.3 million.

Trustees Rosenberg, Franks, Thalden and Loverro expressed appreciation for the work done, the dialogue, the leadership, and the president's recommendation. Trustee Loverro also said that setting the tuition rate is one-half of the equation, the other being budgeting; her one reservation is that she does not want to end up setting a rate that makes SOU cut programs so heavily that it forces students out.

ASSOU President Sharp said setting tuition is tough because no increase is ideal for any student. With the honesty around finances and trying to keep tuition low, she said

the students she has spoken to understand and they want the university to continue to survive. Chair Hennion added that, given the TAC's recommendation of a 4.99 percent increase or less, the administration's recommendation of 3.7 percent tells students SOU is going to try to do more with less and take less out of students' pockets.

Trustee Clough reminded trustees that this was a thoughtful deliberation and discussion. The Finance and Administration Committee thoroughly reviewed the TAC's and the president's recommendations, evaluated the factors incorporated in those recommendations, considered total cost of attendance, and had a thorough conversation on the current financial situation and the projected situation. Tuition and fees is one lever used to address the financial situation but it is not the only lever. Trustee Clough said the Finance and Administration Committee fully supported the president's recommendation of a 3.7 percent tuition increase.

Trustee Thalden commended the proposal, saying that even in a time of great uncertainty, holding the tuition increase to 3.7 percent appropriately places retention and success of students first.

Trustee Clough moved to approve President Schott's recommendation and Trustee Santos seconded the motion. The board secretary called a roll call vote and the motion passed unanimously.

Adjournment

Chair Hennion adjourned the meeting at 2:15 p.m.

Date: June 19, 2020

Respectfully submitted by,



Sabrina Prud'homme
University Board Secretary