



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

June 11, 2020

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 via Zoom

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 and updates on the Higher Education Coordinating Commission, other general topics and COVID-19 financial impacts. There also will be discussion and action on the fiscal year 2020-21 budget.

The meeting will occur as follows:

Thursday, June 18, 2020

4:00 p.m. to 6:00 p.m. (or until business concludes)

Visit governance.sou.edu for meeting materials.

To join or view the proceedings, visit <https://sou.zoom.us/j/94230948755> at the time of the meeting.

If special accommodations are required or to provide written public comment or testimony, please contact Kathy Park at (541) 552-8055 at least 72 hours in advance.

Public Comment

Members of the public who wish to provide public comments for the meeting are invited to submit their comments or testimony in writing. Please send written comments or testimony to the Board of Trustees email address: trustees@sou.edu. Public comments also may be sent to the board via postal mail addressed to SOU Board of Trustees, 1250 Siskiyou Boulevard, Ashland, OR 97520.



Board of Trustees
Finance and Administration Committee Meeting
June 18, 2020

Call to Order / Roll / Declaration of a Quorum



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

**Thursday, June 18, 2020
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 | Approval of May 21, 2020 Meeting Minutes | Chair Clough |
| 20 min. | 4 | Vice President's Report | Greg Perkinson, SOU, Vice
President, Finance and
Administration |
| | 4.1 | Committee Dashboard | |
| | 4.2 | HECC Update | |
| | 4.3 | Other General Updates | |
| | 4.4 | COVID-19 Financial Impacts | |
| 65 min. | 5 | Action, Information and Discussion Items | |
| | 5.1 | Fiscal Year 2020-21 Budget (Action) | Greg Perkinson |
| | 5.2 | Future Meetings | Chair Clough |
| | 6 | Adjournment | Chair Clough |

Public Comment

Consent Agenda

**Board of Trustees
Finance and Administration Committee Meeting
Thursday, May 21, 2020**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Members:

Sheila Clough	Present	Paul Nicholson	Present
Les AuCoin	Present	Bill Thorndike	Present
Shaun Franks	Present	Steve Vincent	Present
Megan Davis Lightman	Present		

Chair Sheila Clough called the meeting to order at 4:06 p.m. in the DeBoer Room of the Hannon Library. The secretary recorded the roll and a quorum was verified.

Other trustees in attendance: Lyn Hennion, Dylann Loverro, Deborah Rosenberg, Daniel Santos, President Linda Schott, Barry Thalden and janelle wilson.

Other attendees and Zoom webinar panelists included: Greg Perkinson, Vice President for Finance and Administration; Dr. Neil Woolf, 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; Sabrina Prud'homme, Board Secretary; Drew Gilliland, Facilities Management and Planning; Josh Lovern, Budget Office; Dr. Matt Stillman, Registrar; Staci Buchwald, Housing; Taylor Burke, Dean of Students; Britney Sharp, ASSOU President; and Kathy Park, Office of the Board Secretary.

Public Comment

There was no public comment.

Consent Agenda

Trustee Thorndike moved to approve the consent agenda as presented. Trustee AuCoin seconded the motion and it passed unanimously.

Vice President's Report

Committee Dashboard

Reviewing the financial dashboard, Greg Perkinson said the significant gap in the operating cash principally is due to the loss of \$3.7 million in revenue from housing. Student credit hours (SCH) for the spring term are down about 8.6 percent from last spring, which ties to the reduction in revenue and operating cash. The gap in revenue represents a slowing in the collection of expected revenue.

Mr. Perkinson said the report on select expenses is a good news story. Labor expenses are higher than last year, which reflects wage increases; labor expenses are behind the burn rate, showing that identified reductions are being taken. Supplies and Services expenses are well below last year and are below the burn rate.

The Education and General fund balance is close to the target. Through April, steps taken to implement the aggressive plan to reduce costs were trending well. Savings from recent actions to reduce labor costs have not hit the books yet.

Board Vice Chair Nicholson pointed out the spring 2019 SCH was 185 and was 176 for 2020, a decrease of about 5 percent rather than 8.6 percent. Dr. Matt Stillman said the 176 represents current full time equivalent and the figures on the dashboard represent a full year; the 8.6 percent figure is just comparing spring terms. Dr. Neil Woolf said the difference could also be a timing issue.

Higher Education Coordinating Commission Update

Mr. Perkinson highlighted issues discussed at the HECC's Funding and Achievement Subcommittee and full commission meetings, including a comparison of tuition and fees, capital project submissions and the consolidated funding request. SOU has two projects competing for funding, the Music Building renovation combined with the movement of the Digital Media Center and the phase two renovation of Britt Hall.

Responding to Chair Clough's comment, Mr. Perkinson explained the relationship between the overview of the capital project submissions considered by the HECC and the capital projects expenditure authorizations included on the committee's agenda for action. The capital project submissions are future projects that will be submitted to the legislature. The action item includes projects for which funding was previously approved but now require board approval for execution of the contracts. He added that the university presidents work with the Oregon Council of Presidents to submit the presidents' request to the HECC as it is developing its agency budget. COVID-19 dramatically impacted the focus of the consolidated funding request.

Turning to the HECC's discussions on the Student Success and Completion Model (SSCM), Mr. Perkinson said the commissioners want to see a proposal from the HECC staff but there is tension between those who want to slow the process down and those who want it to go faster. Responding to Trustee AuCoin's comment, Mr. Perkinson and President Schott said work on the SSCM has been delayed but SOU continues to work on its strategies and argue for a fix for the coming year. Jason Catz added that the dialogue is not only taking place at the table and has the commissioners' attention but SOU's efforts to engage on this topic is an advancement. Trustee AuCoin and Chair Clough stressed the importance of fairly supporting SOU and the local region.

Action, Information and Discussion Items

Capital Projects Expenditure Authorizations (Action)

Greg Perkinson provided information on the three projects and the bonds that have already been sold for each. He said the Q-series bonds are fully reimbursed by the state. For the Britt Hall project, SOU has received bids and is ready to award the contract. The figures provided for Taylor Hall and Central Hall are estimated costs.

Responding to Trustee Franks' inquiry, Mr. Perkinson said the contracts are ready to award for Britt Hall, with 18 months to completion. Work on Taylor Hall can begin this summer while the building is more available. The timing for work on Central Hall is uncertain and may not begin for 6-12 months.

Responding to Trustee Lightman, Mr. Perkinson said much of the work is deferred maintenance and core improvements. The work in Britt Hall and Taylor Hall will not change the purpose of the facilities but will make them more efficient. However, regarding Central Hall, Drew Gilliland said they are having conversations about the changes meeting programmatic components and following the strategic plan.

Trustee Thorndike said he thought that, instead of spending \$7 million to renovate Central Hall, it might be better to tear it down or gut it and build something more appropriate and more functional. Mr. Perkinson said one observation of the HECC's 10-year facilities capital plan was that universities have more space than needed and the universities should invest more in restoration of existing space to make sure the purposes are right. Mr. Gilliland added that the bonds were for seismic and mechanical improvements but there is some flexibility in the design.

Responding to Chair Clough's inquiry about the timing of these capital projects in the short term, Mr. Perkinson recommended pursuing all three projects. Construction pricing is good now, work needs to be done to restore the facilities, and the state is paying for it. Trustee Lightman added that safety must come first and the buildings must be structurally sound. Trustee Loverro described her personal experience taking classes in Central Hall and Taylor Hall and stressed the importance of renovating the bathrooms to serve students with accessibility needs.

Trustee Lightman moved to approve the three projects and recommend them to the board for approval. Vice Chair Nicholson seconded the motion and it passed unanimously.

COVID-19 Financial Update

Greg Perkinson reviewed lost revenue, additional costs, cost avoidance, and recoveries, as included in the materials. The known factors include: tuition and fee revenue is down; direct costs are incurred; there are labor savings with the current furloughs; and there is a commitment for additional CARES Act funding. The unknown factors include fall enrollment and the exact amount of SOU's budget rescission (the HECC said to plan for a \$3.1 million deficit but it could differ).

Mr. Perkinson summarized the key drivers: the decrease in state revenue is driving an 8.5 percent budget rescission; loss of \$3.1 million in the second half of this biennium; loss of sports lottery funding; and significant impacts to auxiliaries, especially housing. He then discussed the phasing strategy of the furloughs and SOU's utilization of the Oregon Workshare Program, as included in the meeting materials. Most employees will have a 20 percent reduction in hours worked and in pay. SOU is able to manage for employees the application for unemployment benefits and the CARES Act will reimburse the state for such benefits.

He noted the sense of shared sacrifice. Classified and administrative staff are impacted by the furlough. Faculty have contributed through their initial transition to remote learning and the provost will talk with the union about how the coming year will look for faculty. Student workers and some part-time employees have not been affected.

Mr. Perkinson mentioned the benefits of acting quickly in applying for unemployment benefits. The action taken avoids laying off 101 employees and he appreciated SEIU's cooperative work. SEIU was a signatory on SOU's application to the Oregon Employment Department for employees' unemployment benefits.

Budget Update and Review of Pro Forma

Greg Perkinson reviewed the assumptions used in the pro forma: \$3.1 million decrease in state funding in the next fiscal year; a loss of \$1.2 million in state lottery funding; \$1.7 million estimated savings from furloughs; \$300,000 savings by continuing the hiring freeze through the summer; and \$250,000 from part two of the CARES Act funding is allocated to academic affairs.

He said the good news is that, with aggressive action the team has taken to cut costs, it looks like this fiscal year will close at about a 7.6 percent ending fund balance. Given the \$750,000 in lost revenue due to COVID-19, he is thrilled with that figure. However, he is not thrilled with the projected -5.27 percent ending fund balance for the next fiscal year. This assumes a \$3.1 million decrease in state revenue and accounts for the \$3 million structural deficit SOU has. The figures also include a 10 percent reduction in enrollment, which is what the leadership team determined would be a good planning factor, although, as President Schott pointed out, it is just a guess. President Schott mentioned the positive factors considered in coming up with the -10 percent figure: the incidents of the coronavirus in the region; the Cal State system is fully online; and the SOU's coaching staff's best recruiting year ever. Dr. Neil Woolf mentioned positive news in the enrollment area.

Mr. Perkinson said this information sets the stage for the Tuition Advisory Council's (TAC) recommendation to the president because it was what the council members saw as they deliberated.

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

Introducing this agenda item, Chair Clough said the committee has been building to this decision, mentioned the voluminous materials included for the trustees' review and reminded committee members of ASSOU President Britney Sharp's updates on the student fee process.

Greg Perkinson discussed affordability, which is where he said the TAC landed in the end. SOU takes many actions to increase affordability, including minimizing the need for tuition increases, creating pathways and working to improve graduation rates. He then reviewed tuition and fee comparisons, as included in the meeting materials. He highlighted increases in salaries, wages and other personnel expenses, saying the increases in salaries, wages and PEBB expenses have been reasonable whereas the increases in retirement expenses has been extensive.

Regarding the work of the TAC, the meeting materials include the various tuition rates, mandatory enrollment fees and mandatory incidental fees that were considered. ASSOU President Sharp said she has kept the board updated over the past few months on the student fee process and added that, when ASSOU decided to increase the fee, they thought it was a safe move to make to protect student programs especially considering the hits taken in the spring term. Mr. Perkinson said SOU decided to

allocate \$163,000 of the CARES Act funding back to students to offset the losses in the incidental fees. Ultimately, the TAC recommended a 4.9 percent increase or less.

President Schott said this year, SOU cannot solve its budget problems by raising tuition. The amount it would have to be increased to cover losses incurred would be 25 percent. Primary in her mind this year was the students, their and their families' employment situations and the long-term importance of an investment in higher education. Balancing those considerations and factoring in Dr. Woolf's information on other public institutions throughout the west, President Schott said she ended up at a 3.7 percent increase. She said she realizes it is not nothing and there will be some impact on students but it is in line with what the other universities are doing.

In making her decision, President Schott said she considered how different increases would impact the fund balance and overall revenue. She concluded that it would not have enough of a positive impact for the institution to increase the pain to individual students and families. She mentioned the increases in two of the other tuition categories: 4.99 percent for non-resident undergraduate and no increase in the rates for the two programs with Academic Partnerships. Josh Lovern pointed out that the total increase to tuition and mandatory fees is 3.69 percent.

Trustee Lightman said the institution must balance affordability with the actual costs to run the institution and prepare for whatever is coming in the future. Regarding SOU's financial stability, President Schott referred to the projections in the pro forma and said SOU would have some hard decisions to make but she does not want to make those decisions until absolutely necessary since those decisions impact real human beings. There are many unknown variables right now. SOU is thinly staffed, even thinner with the furlough, and any layoffs will impact operations. She said SOU will have to make reductions but she needs more time and information as well as students not being driven away by a huge tuition increase.

Trustee AuCoin stressed the importance of acknowledging the gap between the recommended tuition increase and the 25 percent increase that would be necessary for financial stability and expressed his extreme discomfort with the projected ending fund balances. Responding to his inquiry about the impact on the net balance, President Schott said the projected negative ending fund balance in the next fiscal year does not reflect any additional cuts that would have to be made. She reminded the trustees that the pro forma presented is not the proposed budget for the next year.

Trustee Loverro said there is no decision that will make everyone happy and cuts will be required in a lot of places to make this work. She said it was a good time to place trust in the process that led to the recommendation and that those involved have done their due diligence. This is when everyone needs to come together as a team and stand strong as an institution. In supporting the recommendation, that is being done.

Chair Clough said making a decision on tuition and fees is always difficult but it is even more challenging in light of the current world economic situation and obstacles SOU faces with the funding model. She reminded the trustees that they are making a decision on one data point and that the decision affecting this lever is not going to fix the bigger problem. Future conversations will focus on how to fix the bigger problem.

Trustee AuCoin moved to approve the resolution included in the meeting materials. Trustee Lightman seconded the motion and it passed unanimously.

Discussion of Financial Metrics

Chair Clough said the committee has talked about financial metrics, what measures are appropriate and what metrics the HECC uses. In discussions with Board Chair Hennion and Committee Chair Santos, they concluded that the dialogue on metrics would be better suited to a retreat format. This topic will be on-hold until the board's next retreat and, in the meantime, the administration will gather information.

Future Meetings

Chair Clough said the committee's next meeting will be on June 18, during which the budget will be discussed.

Adjournment

Chair Clough adjourned the meeting at 6:13 p.m.

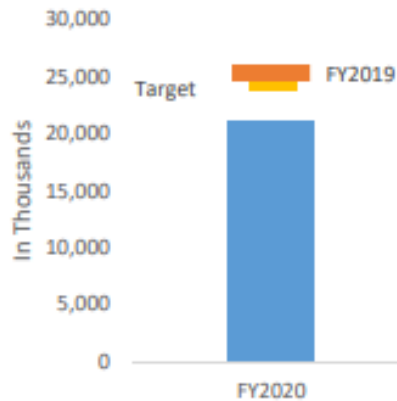
Vice President's Report

Financial Dashboard

For FY2020

As of May 31, 2020 (prior to close)

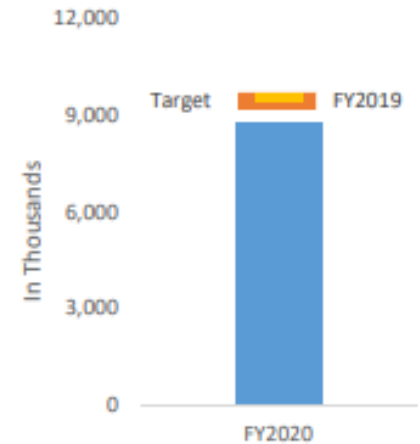
Public University Funds Operating Cash



Total Student Credit Hours by Week of the Fiscal Year

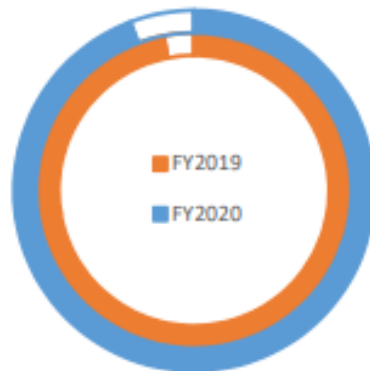


E&G Fund Balance

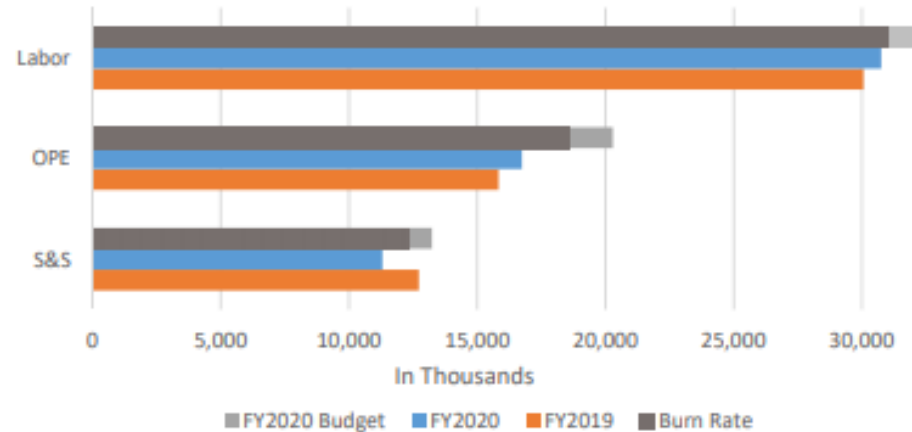


Continuing to Assess the COVID-19 Impacts

E&G YTD Revenues



E&G YTD Select Expenses



HECC Update

<https://www.oregon.gov/highered/about/Pages/current-materials.aspx>

- Capital Project Update
- Agency Request for Budget (ARB)
- Student Success and Completion Model (SSCM)

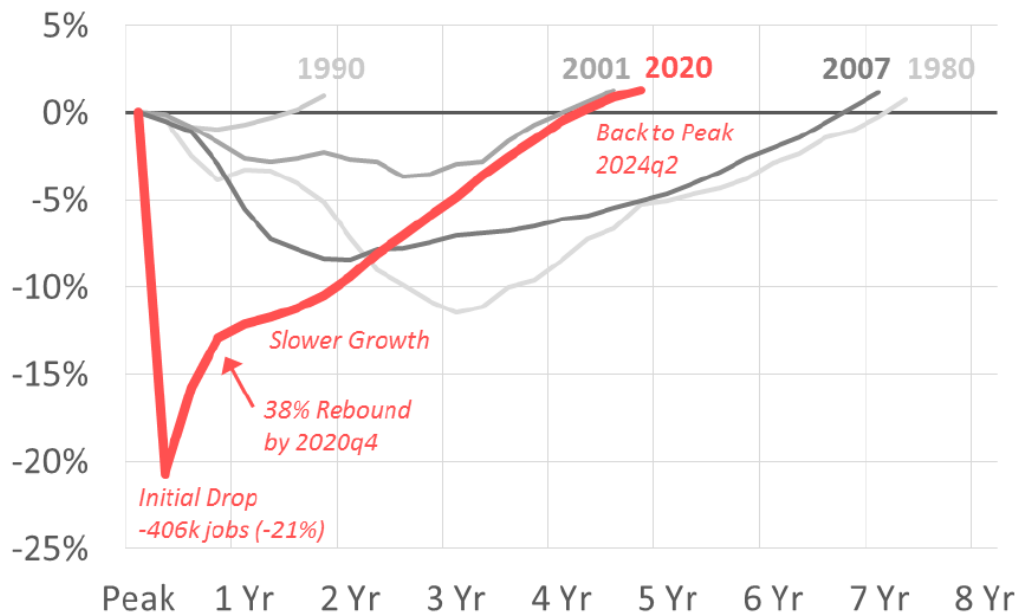
COVID-19 Financial Impacts



It Takes Years to Recover from Severe Recessions

Oregon Recession Comparison

Employment Percent Change from Pre-Recession Peak



Source: Oregon Employment Department, Oregon Office of Economic Analysis

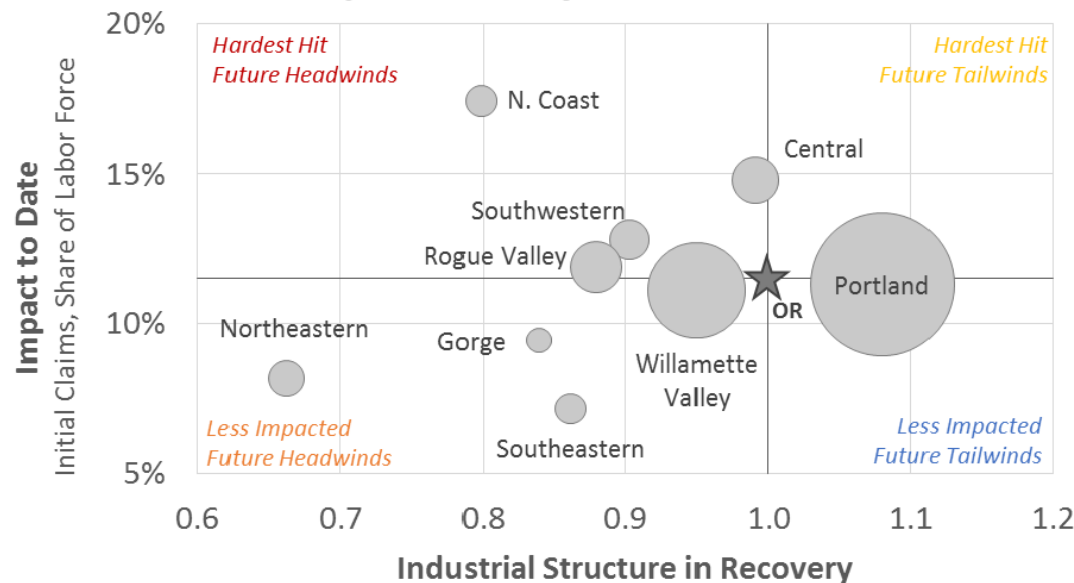
- When restrictions lift, strong initial rebound, but incomplete
- Slower growth next year due to uncertainty over virus and income losses
- Once medical treatment widely available, stronger recovery expected
- Economy returns to health by mid-decade





Regional Outlook: Recession Severity and Future Growth

Oregon's Regional Economies Impacted by COVID-19



- Initial impacts largest in tourism-reliant regions
- Future headwinds based on larger reliance on goods-producers, and fewer office-based jobs that are concentrated in metro areas



Impact to Date: Number of initial claims 3/15 - 5/9 above baseline as share of labor force. Industrial Structure: impact of industry mix on job growth through 2027 using statewide industry growth rates. | Source: BLS, Oregon Employment Dept, Oregon Office of Econ Analysis





Revenue bottom line

General Fund Revenues	Biennium (\$ Million)		
	2019-21	2021-23	2023-25
Personal Income Taxes	-1,588	-3,231	-2,429
Corporate Income Taxes	-233	-137	-118
Other	-108	-152	-140
Total	-1,929	-3,520	-2,687

Other Revenues	Biennium (\$ Million)		
	2019-21	2021-23	2023-25
Lottery	-364	-260	-187
Corporate Activity Tax	-414	-599	-489
Marijuana Tax	9	-5	-18
Total	-769	-864	-694

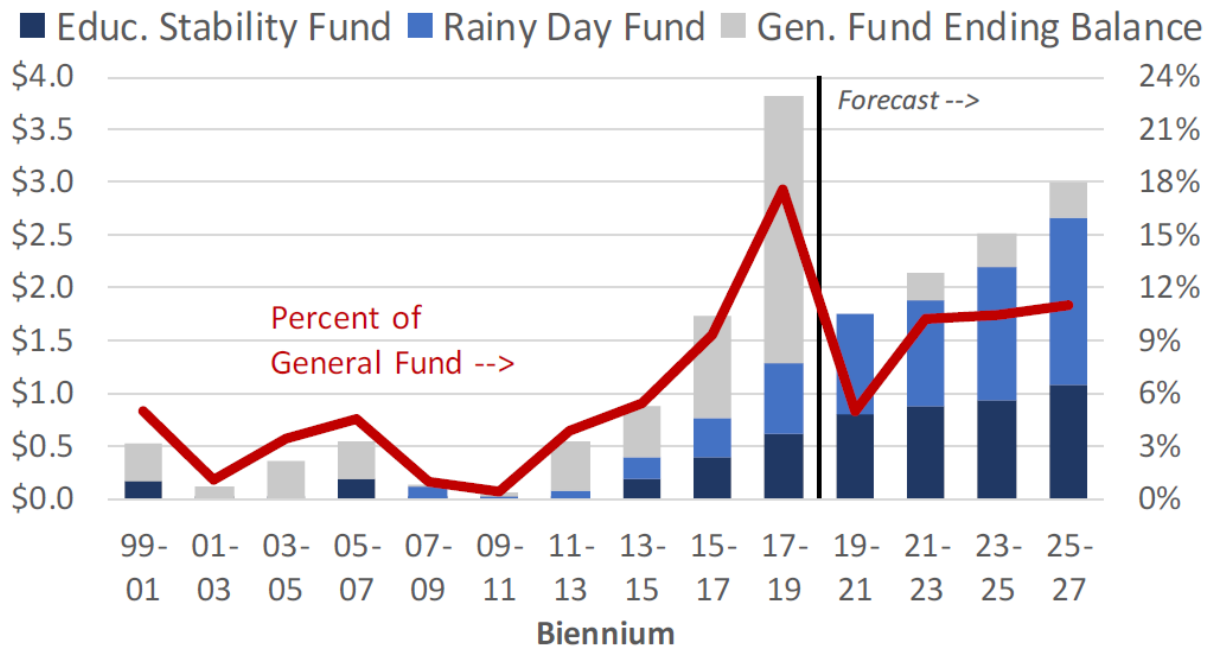
	Biennium (\$ Million)		
	2019-21	2021-23	2023-25
Total Sum	-2,698	-4,384	-3,381





Sizable Reserves Will Help Some

Oregon Budgetary Reserves (billions)



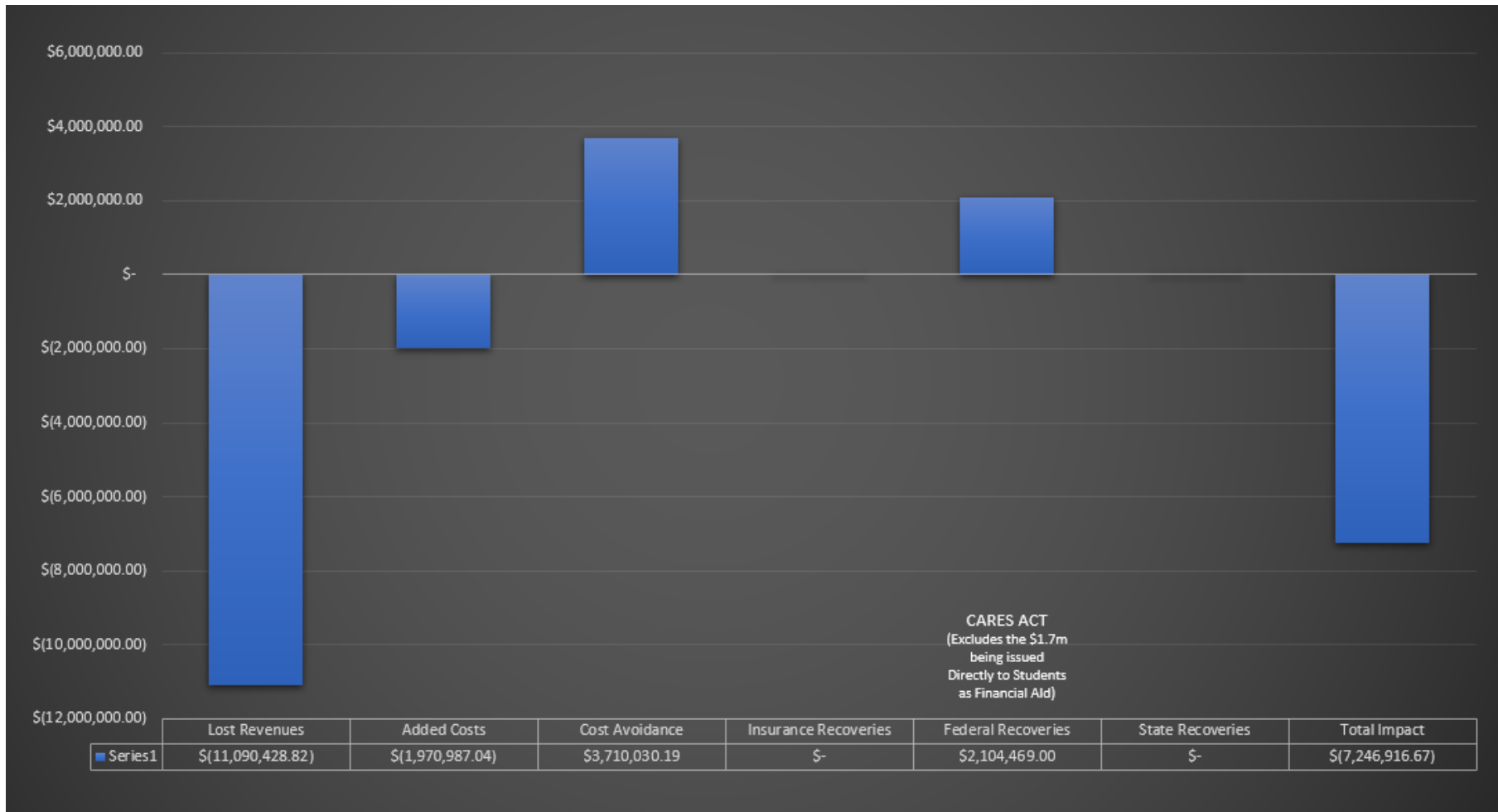
Source: Oregon Office of Economic Analysis

Effective Reserves (\$ millions)

	April 2020	End 2019-21
ESF	\$708	\$800
RDF	\$878	\$949
Reserves	\$1,586	\$1,750
% of GF	8.1%	9.0%

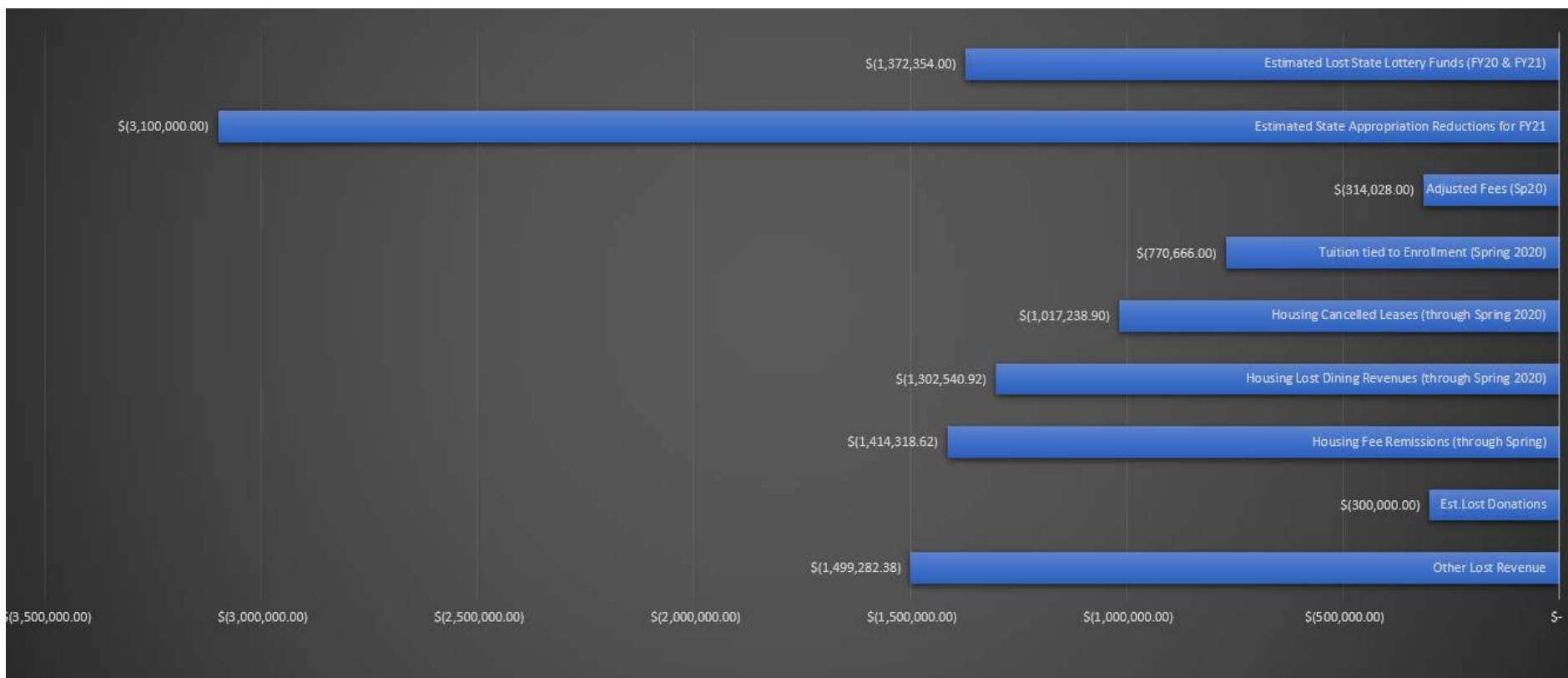
COVID-19 Fiscal Impact

as of 6/4/20



COVID-19 Fiscal Impact

as of 6/4/20



Summary of CARES Act Funding in FY20

	Impact in FY20	CARES 2 Allocation	Result in FY20	Notes
Education & General (E&G)	(\$ 750k)	\$ 250k	(\$ 500k)	Reimburses costs to change delivery of instruction and provide faculty development
Auxiliary and Non E&G	(\$4.85M)	\$1.88M	(\$3.5M)	Reimburses institutional funds provided for student refunds (housing, dining, etc.)
Total	(\$5.6M)	\$2.1M	(\$3.5M)	Does not address FY21 projections for enrollment or budget rescission

Notes:

CARES part 1: \$1.7M – directly paid to students through Financial Aid system

CARES part 2: \$1.7M – Institutional relief (very specific criteria)

\$.169k – Strengthening Institutional Programs (SIP)

\$.224k – Support to JPR from Corp Public Broadcasting (Designated Ops)

Fiscal Year 2020-21 Budget (Action)

Road Map

- Budget approved in October 2019
- Budget forecast variables – two scenarios
- FY 21 Pro Forma Budget Scenarios; and
- Recommendation

Board
Approved
Pro Forma
as of
10/8/19

	2017-19 Biennium		2019-21 Biennium		2021-23 Biennium	
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Education and General	Actual	Actual	Budget & Projections	FORECAST	FORECAST	FORECAST
(in thousands of dollars)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Revenue						
State Appropriations: SSCM	20,840	21,270	22,696	23,880	25,509	26,550
State Appropriations: ETIC/SELP	433	381	376	377	376	376
One-time Funding		0	672	672		
Total State Funding	21,273	21,651	23,744	24,929	25,885	26,926
Tuition	37,759	37,709	40,047	40,128	40,366	40,835
Fees	3,244	3,294	3,547	3,828	4,163	4,552
Raider Aid	(4,243)	(3,638)	(3,600)	(3,612)	(3,633)	(3,675)
Oth tuition adjustments						
Tuition, net of Raider Aid	36,760	37,365	39,994	40,345	40,896	41,711
Misc. Other Revenue	2,804	3,013	2,950	3,016	3,084	3,154
Other Adjustments to Revenue						
Total Revenues	60,837	62,030	66,688	68,290	69,866	71,791
Personnel Services						
Faculty	(15,044)	(15,801)	(16,560)	(17,071)	(17,415)	(18,025)
Admin	(8,854)	(9,230)	(10,053)	(10,311)	(10,591)	(10,763)
Classified	(6,436)	(6,484)	(6,824)	(6,884)	(6,965)	(7,033)
Student (& Other)	(1,430)	(1,500)	(1,615)	(1,723)	(1,832)	(1,940)
Labor	(31,763)	(33,014)	(35,052)	(35,988)	(36,803)	(37,760)
Retirement (PERS + ORP)	(6,841)	(7,007)	(9,143)	(9,387)	(9,603)	(9,853)
PEBB	(7,332)	(7,306)	(7,687)	(8,071)	(8,475)	(8,899)
Other	(2,839)	(3,018)	(3,501)	(3,595)	(3,676)	(3,771)
OPE	(17,012)	(17,331)	(20,331)	(21,053)	(21,754)	(22,523)
Net Personnel	(48,775)	(50,345)	(55,383)	(57,042)	(58,556)	(60,282)
Supplies & Services	(9,287)	(11,732)	(11,116)	(11,366)	(11,622)	(11,883)
Total Supplies and Services	(9,287)	(11,732)	(11,116)	(11,366)	(11,622)	(11,883)
Cost Reductions and Savings			2,435	3,150	3,475	3,750
Total Expenditures	(58,062)	(62,077)	(64,064)	(65,258)	(66,703)	(68,416)
Net from Operations Before Transfers	2,775	(47)	2,624	3,032	3,162	3,376
Net Transfers	(2,481)	(1,739)	(2,643)	(2,722)	(2,784)	(2,866)
Change in Fund Balance	294	(1,786)	(18)	310	379	510
Beginning Fund Balance	6,844	7,138	5,352	5,333	5,643	6,022
Ending Fund Balance	7,138	5,352	5,333	5,643	6,022	6,532
% Operating Revenues	11.7%	8.63%	8.00%	8.26%	8.6%	9.1%

FY 21 Budget Forecast Variables

<u>Variable</u>	<u>Scenario #1: No Relief</u>			<u>Scenario #2: \$3M Relief</u>		
State Funding	No relief from State (or Feds); Projected 3% budget rescission and loss of Sports Lottery (-\$2.2M total)					
Tuition	3.7% increase Academic Year 20-21					
Raider Aid (9% of revenue)	\$3 - 3.3M (range from -10% thru -20% enrollment)					
Labor (salary)	Work Share (20-40% furlough for Admin and Classified) through 12/31 Faculty savings TBD (in negotiation)					
Other Personnel Expenses (benefits)	PERS and PEBB rates adjusted					
Supplies and Services	Flat from FY20 actuals (CPI @1.9%)					
	Outcomes					
A. Enrollment @ -10%	EFB \$5.01M	% ops revenue: 8%	Cost redux: \$6.43M			
B. Enrollment @ -20%	EFB \$2.98M	% ops revenue: 5%	Cost redux: \$7.43M			27

FY 21 Budget Forecast Variables						
Variable	Scenario #1: No Relief			Scenario #2: \$3M Relief		
State Funding	No relief from State (or Feds); Projected 3% budget rescission and loss of Sports Lottery (-\$2.2M total)			+ \$3M relief from State (or Feds); Projected 3% budget rescission and loss of Sports Lottery (+\$.8M total)		
Tuition	3.7% increase Academic Year 20-21			3.7% increase Academic Year 20-21		
Raider Aid (9% of revenue)	\$3 - 3.3M (range from -10% thru -20% enrollment)			\$3.3 – 3.5M (range from -10% thru -20% enrollment)		
Labor (salary)	Work Share (20-40% furlough for Admin and Classified) through 12/31 Faculty savings TBD (in negotiation)			Work Share (20-40% furlough for Admin and Classified) through 12/31 Faculty savings TBD (in negotiation)		
Other Personnel Expenses (benefits)	PERS and PEBB rates adjusted			PERS and PEBB rates adjusted		
Supplies and Services	Flat from FY20 actuals (CPI @1.9%)			Flat from FY20 actuals (CPI @1.9%)		
	Outcomes			Outcomes		
A. Enrollment @ -10%	EFB \$5.01M	% ops revenue: 8%	Cost redux: \$6.43M	EFB \$5.25M	% ops revenue: 8%	Cost redux: \$3.67
B. Enrollment @ -20%	EFB \$2.98M	% ops revenue: 5%	Cost redux: \$7.43M	EFB \$3.13M	% ops revenue: 5%	Cost redux: \$4.58M

FY 21 Fiscal Challenge - Scenario 2A

(anticipating \$3M in relief; -10% enrollment)

- Projected Budget Gap (including ‘known savings’) = **\$ 3.67M**
- Projected Reductions
 - Faculty negotiations \$ TBD*
 - Layoffs or Furloughs from 1/1 – 6/31/21: \$ 1.5M**
 - (Other savings, e.g., Retirement) \$.4M
 - Continue Hiring Freeze \$.9M
- New Revenue \$????***
- Total \$ 2.8M + (TBD)

* - Negotiations ongoing. Focus is “shared sacrifice” without negatively impacting the quality of Academic programs

** - Monitoring status of OR Dept of Employment and Federal benefits

*** - 2021 – 2023 Biennium is projected to face significant state budget rescission; so really need to build fund balance (somehow)

Scenario 1A

(-10% Enrollment)

- Includes 3% State budget rescission; revenue losses (\$1M + \$1.2M)
- Assumes Furlough savings through 12/31 (\$1.7M in E&G)
- Includes extension of hiring freeze through Summer term (\$300k)
- Includes 20% of CARES allocation (\$1.88M) to E&G (= \$253k)
- Outcome: **CUTS of \$6.43M to achieve minimum 8%**

	2018-19	2019-20	2019-20	2020-21
Education and General (in thousands of dollars)	Actual (000's)	BUDGET (000's)	ESTIMATE (000's)	FAST BUDGET (000's)
Revenue				
State Appropriations: SSCM	21,270	22,696	22,696	23,357
<i>Funding Changes</i>				(1,007)
Total State Funding (SSCM,ETSF,SELP)	21,651	23,072	23,074	22,710
Tuition	37,709	40,047	38,854	36,741
Fees	3,294	3,547	3,522	3,472
Raider Aid	(3,638)	(3,600)	(4,063)	(3,307)
<i>Oth tuition & fee adjustments</i>				
Tuition, net of Raider Aid	37,365	39,994	38,313	36,906
<i>Growth Opportunities</i>				
<i>Revenue External to modeling</i>				253
Misc. Other Revenue	3,013	2,950	2,706	2,767
TOTAL REVENUES	62,030	66,016	64,093	62,636
Personnel Services				
Faculty	(15,801)	(16,560)	(16,059)	(17,395)
Admin	(9,230)	(10,051)	(9,744)	(8,976)
Classified	(6,484)	(6,824)	(6,487)	(6,219)
Student (& Other)	(1,500)	(1,615)	(1,501)	(1,643)
Salaries Total	(33,014)	(35,050)	(33,792)	(34,233)
Retirement (PERS + ORP)	(7,007)	(9,142)	(7,917)	(8,214)
PEBB	(7,306)	(7,687)	(7,304)	(7,825)
Other	(3,018)	(3,502)	(3,088)	(3,420)
OPE	(17,331)	(20,331)	(18,310)	(19,460)
<i>Vacancy Adj.</i>				
<i>Other Adj. to Labor</i>			214	
Net Personnel	(50,344)	(55,381)	(51,887)	(53,693)
Supplies & Services	(11,732)	(11,116)	(10,705)	(11,370)
<i>Program Investment</i>			0	
<i>S&S Adjustments</i>			117	
Total Supplies and Services	(11,732)	(11,116)	(10,589)	(11,370)
Cost Reductions and Savings		2,380	As Modeled	6,430
TOTAL EXPENDITURES	(62,077)	(64,117)	(62,476)	(58,633)
Net from Operations Before Transfers	(47)	1,899	1,617	4,003
Budgeted Transfers	(1,739)	(1,971)	(2,330)	(2,411)
<i>Transfers Adjustments</i>				(1,220)
NET TRANSFERS	(1,739)	(1,971)	(2,330)	(3,631)
<i>Change in Fund Balance</i>	(1,786)	(71)	(713)	371
Beginning Fund Balance	7,139	5,352	5,352	4,639
Ending Fund Balance	5,354	5,280	4,639	5,010
% Operating Revenues	8.63%	8.00%	7.24%	8.00%

Scenario 1B

(-20% Enrollment)

- Includes 3% State budget rescission; revenue losses (\$1M + \$1.2M)
- Assumes Furlough savings through 12/31 (\$1.7M in E&G)
- Includes extension of hiring freeze through Summer term (\$300k)
- Includes 20% of CARES allocation (\$1.88M) to E&G (= \$253k)
- Includes **CUTS of \$7.4M to achieve minimum 5%**

	2018-19	2019-20	2019-20	2020-21
Education and General	Actual	BUDGET	ESTIMATE	FAST BUDGET
(in thousands of dollars)	(000's)	(000's)	(000's)	(000's)
Revenue				
State Appropriations: SSCM	21,270	22,696	22,696	23,357
<i>Funding Changes</i>				(1,007)
Total State Funding (SSCM,ETSF,SELP)	21,651	23,072	23,074	22,710
Tuition	37,709	40,047	38,854	33,405
Fees	3,294	3,547	3,522	3,472
Raider Aid	(3,638)	(3,600)	(4,063)	(3,006)
<i>Oth tuition & fee adjustments</i>				
Tuition, net of Raider Aid	37,365	39,994	38,313	33,870
<i>Growth Opportunities</i>				
<i>Revenue External to modeling</i>				253
Misc. Other Revenue	3,013	2,950	2,706	2,767
TOTAL REVENUES	62,030	66,016	64,093	59,600
Personnel Services				
Faculty	(15,801)	(16,560)	(16,059)	(17,395)
Admin	(9,230)	(10,051)	(9,744)	(8,976)
Classified	(6,484)	(6,824)	(6,487)	(6,219)
Student (& Other)	(1,500)	(1,615)	(1,501)	(1,643)
Salaries Total	(33,014)	(35,050)	(33,792)	(34,233)
Retirement (PERS + ORP)	(7,007)	(9,142)	(7,917)	(8,214)
PEBB	(7,306)	(7,687)	(7,304)	(7,825)
Other	(3,018)	(3,502)	(3,088)	(3,420)
OPE	(17,331)	(20,331)	(18,310)	(19,460)
<i>Vacancy Adj.</i>				
<i>Other Adj. to Labor</i>			214	
Net Personnel	(50,344)	(55,381)	(51,887)	(53,693)
Supplies & Services	(11,732)	(11,116)	(10,705)	(11,370)
<i>Program Investment</i>			0	
<i>S&S Adjustments</i>			117	
Total Supplies and Services	(11,732)	(11,116)	(10,589)	(11,370)
Cost Reductions and Savings		2,380	<i>As Modeled</i>	7,435
TOTAL EXPENDITURES	(62,077)	(64,117)	(62,476)	(57,628)
Net from Operations Before Transfers	(47)	1,899	1,617	1,972
Budgeted Transfers	(1,739)	(1,971)	(2,330)	(2,411)
<i>Transfers Adjustments</i>				(1,220)
NET TRANSFERS	(1,739)	(1,971)	(2,330)	(3,631)
Change in Fund Balance	(1,786)	(71)	(713)	(1,659)
Beginning Fund Balance	7,139	5,352	5,352	4,639
Ending Fund Balance	5,354	5,280	4,639	2,980
% Operating Revenues	8.63%	8.00%	7.24%	5.00%

Scenario 2A

(-10% Enrollment
+\$3M Support)

- Includes 3% State budget rescission; revenue losses (\$1M + \$1.2M)
- Includes projected State revenue losses (\$1.2M)
- Assumes Furlough savings through 12/31 (\$1.7M in E&G)
- Includes extension of hiring freeze through Summer term (\$300k)
- Includes 20% of CARES allocation (\$1.88M) to E&G (= \$253k)
- Assumes \$3M external support
- Outcome: **CUTS of \$3.67M to achieve minimum 8%**

	2018-19	2019-20	2019-20	2020-21
Education and General	Actual	BUDGET	ESTIMATE	FAST BUDGET
(in thousands of dollars)	(000's)	(000's)	(000's)	(000's)
Revenue				
State Appropriations: SSCM	21,270	22,696	22,696	23,357
<i>Funding Changes</i>				1,993
Total State Funding (SSCM,ETSF,SELP)	21,651	23,072	23,074	25,710
Tuition	37,709	40,047	38,854	36,741
Fees	3,294	3,547	3,522	3,472
Raider Aid	(3,638)	(3,600)	(4,063)	(3,307)
<i>Oth tuition & fee adjustments</i>				
Tuition, net of Raider Aid	37,365	39,994	38,313	36,906
<i>Growth Opportunities</i>				
<i>Revenue External to modeling</i>				253
Misc. Other Revenue	3,013	2,950	2,706	2,767
TOTAL REVENUES	62,030	66,016	64,093	65,636
Personnel Services				
Faculty	(15,801)	(16,560)	(16,059)	(17,395)
Admin	(9,230)	(10,051)	(9,744)	(8,976)
Classified	(6,484)	(6,824)	(6,487)	(6,219)
Student (& Other)	(1,500)	(1,615)	(1,501)	(1,643)
Salaries Total	(33,014)	(35,050)	(33,792)	(34,233)
Retirement (PERS + ORP)	(7,007)	(9,142)	(7,917)	(8,214)
PEBB	(7,306)	(7,687)	(7,304)	(7,825)
Other	(3,018)	(3,502)	(3,088)	(3,420)
OPE	(17,331)	(20,331)	(18,310)	(19,460)
<i>Vacancy Adj.</i>				
<i>Other Adj. to Labor</i>			214	
Net Personnel	(50,344)	(55,381)	(51,887)	(53,693)
Supplies & Services	(11,732)	(11,116)	(10,705)	(11,370)
<i>Program Investment</i>			0	
<i>S&S Adjustments</i>			117	
Total Supplies and Services	(11,732)	(11,116)	(10,589)	(11,370)
Cost Reductions and Savings		2,380	As Modeled	3,670
TOTAL EXPENDITURES	(62,077)	(64,117)	(62,476)	(61,393)
Net from Operations Before Transfers	(47)	1,899	1,617	4,243
Budgeted Transfers	(1,739)	(1,971)	(2,330)	(2,411)
<i>Transfers Adjustments</i>				(1,220)
NET TRANSFERS	(1,739)	(1,971)	(2,330)	(3,631)
Change in Fund Balance	(1,786)	(71)	(713)	611
Beginning Fund Balance	7,139	5,352	5,352	4,639
Ending Fund Balance	5,354	5,280	4,639	5,250
% Operating Revenues	8.63%	8.00%	7.24%	8.00%

Scenario 2B

(-20% Enrollment
+\$3M Support)

- Includes 3% State budget rescission; revenue losses (\$1M + \$1.2M)
- Assumes Furlough savings through 12/31 (\$1.7M in E&G)
- Includes extension of hiring freeze through Summer term (\$300k)
- Includes 20% of CARES allocation (\$1.88M) to E&G (= \$253k)
- Assumes \$3M external support
- Includes CUTS of **\$4.58M** to achieve minimum 5%

	2018-19	2019-20	2019-20	2020-21
Education and General (in thousands of dollars)	Actual (000's)	BUDGET (000's)	ESTIMATE (000's)	FAST BUDGET (000's)
Revenue				
State Appropriations: SSCM	21,270	22,696	22,696	23,357
<i>Funding Changes</i>				1,993
Total State Funding (SSCM,ETSF,SELP)	21,651	23,072	23,074	25,710
Tuition	37,709	40,047	38,854	33,405
Fees	3,294	3,547	3,522	3,472
Raider Aid	(3,638)	(3,600)	(4,063)	(3,006)
<i>Oth tuition & fee adjustments</i>				
Tuition, net of Raider Aid	37,365	39,994	38,313	33,870
<i>Growth Opportunities</i>				
<i>Revenue External to modeling</i>				253
Misc. Other Revenue	3,013	2,950	2,706	2,767
TOTAL REVENUES	62,030	66,016	64,093	62,600
Personnel Services				
Faculty	(15,801)	(16,560)	(16,059)	(17,395)
Admin	(9,230)	(10,051)	(9,744)	(8,976)
Classified	(6,484)	(6,824)	(6,487)	(6,219)
Student (& Other)	(1,500)	(1,615)	(1,501)	(1,643)
Salaries Total	(33,014)	(35,050)	(33,792)	(34,233)
Retirement (PERS + ORP)	(7,007)	(9,142)	(7,917)	(8,214)
PEBB	(7,306)	(7,687)	(7,304)	(7,825)
Other	(3,018)	(3,502)	(3,088)	(3,420)
OPE	(17,331)	(20,331)	(18,310)	(19,460)
<i>Vacancy Adj.</i>				
<i>Other Adj. to Labor</i>			214	
Net Personnel	(50,344)	(55,381)	(51,887)	(53,693)
Supplies & Services	(11,732)	(11,116)	(10,705)	(11,370)
<i>Program Investment</i>			0	
<i>S&S Adjustments</i>			117	
Total Supplies and Services	(11,732)	(11,116)	(10,589)	(11,370)
Cost Reductions and Savings		2,380	As Modeled	4,585
TOTAL EXPENDITURES	(62,077)	(64,117)	(62,476)	(60,478)
Net from Operations Before Transfers	(47)	1,899	1,617	2,122
Budgeted Transfers	(1,739)	(1,971)	(2,330)	(2,411)
<i>Transfers Adjustments</i>				(1,220)
NET TRANSFERS	(1,739)	(1,971)	(2,330)	(3,631)
Change in Fund Balance	(1,786)	(71)	(713)	(1,509)
Beginning Fund Balance	7,139	5,352	5,352	4,639
Ending Fund Balance	5,354	5,280	4,639	3,130
% Operating Revenues	8.63%	8.00%	7.24%	5.00%

What may work in our favor?

- lower incidence of virus in our region and state,
- need for unemployed individuals to come back to school,
- our ability to resume some level of in-person operations because we are smaller etc.,
- decision of CSU system to be primarily online and not have athletics

What is still uncertain

- Fall enrollment
- How we will resume “normal” activities
- Magnitude of reduction to PUSF funding
- Magnitude of reduction to ETSF funding
- Magnitude of reduction to Sports Lottery funding
- How the virus will behave
- Actions the state government may take if virus resurges

LIVE PRO FORMA

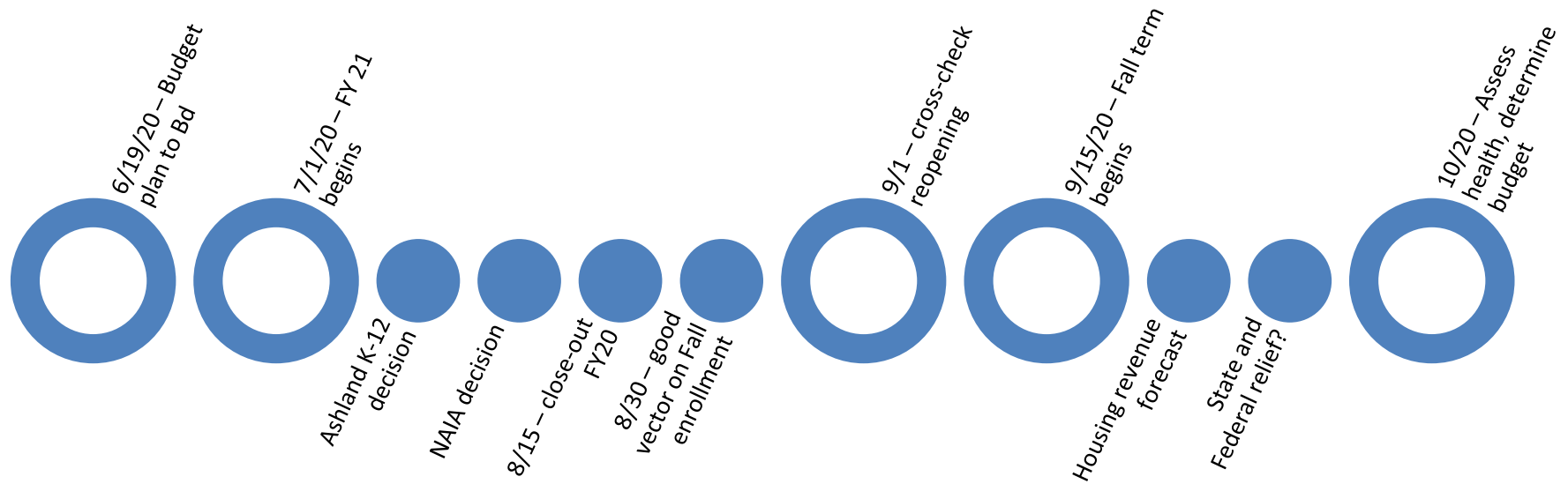
Summary of Expenditures by Fund

Fund	2019 Actuals	FY20 Adopted Budget	FY20 Estimate to Complete	FY21 Proposed Budget
Budgeted Ops	\$63,815,682	\$68,467,412	\$64,805,675	\$68,694,336
Auxiliary Ops	\$14,825,608	\$16,303,044	\$14,094,521	\$15,184,446
Designated Ops & Service Centers	\$5,386,667	\$5,514,181	\$5,407,496	\$5,375,443
Combined Ops	\$84,027,957	\$90,284,637	\$84,307,692	\$84,677,224
Initial E&G Cut target		\$2,380,000		*\$3,670,486

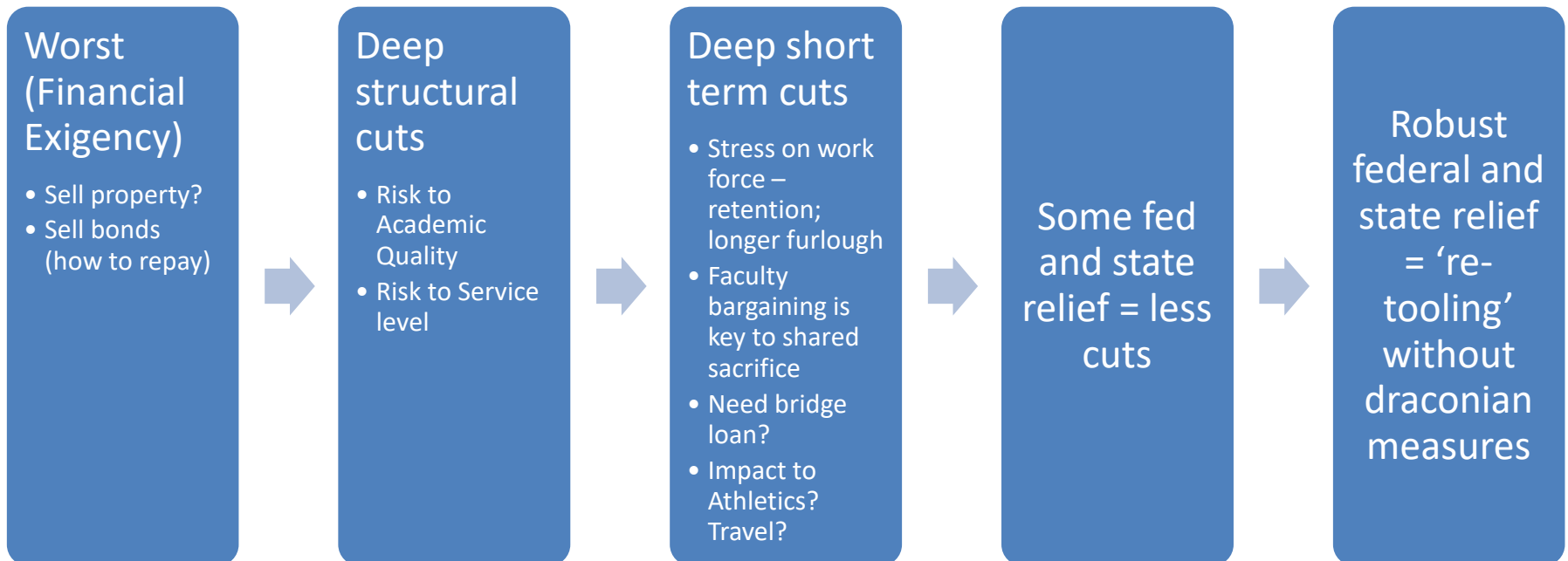
- Request approval for initial FY21 Proposed Budget (the authority to spend)
- Recommend Budgeted Operations (E&G) scenario 2A

*FY21 Cuts based on scenario 2A

Key Decision Points



Continuum of Options



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

**Resolution
Recommended Adoption of Fiscal Year 2020-2021 Budget**

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 352.087(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; and

Whereas, ORS 352.087(2) requires, and the Finance and Administration Committee finds, that the budget of the Southern Oregon University is prepared in accordance with generally accepted accounting principles; Now, therefore,

Be it resolved, the Finance and Administration Committee of the Board of Trustees has conducted a thorough review and recommends the board adopt the Fiscal Year 2020-2021 budget in the sum of \$84,677,224, inclusive of Education and General [budgeted operations] in the sum of \$64,117,335; an auxiliaries budget in the sum of \$15,184,446; and designated operations in the sum of \$5,375,443.

VOTE:

DATE: June 18, 2020

Recorded by the University Board Secretary:

Future Meetings

Adjournment