



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

November 12, 2021

TO: Southern Oregon University Board of Trustees, Finance and Administration Committee

FROM: Sabrina Prud'homme, University Board Secretary

RE: Notice of Regular Meeting of the Finance and Administration Committee

The Finance and Administration Committee of the Southern Oregon University Board of Trustees will hold a regular meeting on the date and at the location set forth below.

Topics of the meeting will include a consent agenda with past meeting minutes, a committee dashboard, and recent investment reports. The vice president's report consists of updates on organizational changes, the HECC, federal relief funding, as well as the task force on financial sustainability and a financial reserves policy.

Other topics include an enrollment update and revenue forecast; a budget forecast and pro forma review; and updates on facilities and capital projects including Cascades Building demolition, a masterplan for Central Hall, and cost escalations. The committee also will receive an update on the University Properties Task Force and will act on a proposed 2022-2023 committee meeting schedule.

The meeting will occur as follows:

Thursday, November 18, 2021

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

Meese Room, Hannon Library, 3rd Floor (Room 305)

Visit governance.sou.edu for meeting materials.

To view the proceedings, visit <https://sou.zoom.us/j/89796810347> at the time of the meeting.

The Hannon Library is located at 1290 Ashland Street, on the Ashland campus of Southern Oregon University.

Public Comment

Members of the public who wish to provide public comments for the meeting are invited to submit their comments in writing or to sign up in advance to speak at the meeting.

Please sign up or send written public comments through the Board of Trustees email address, trustees@sou.edu, at least 24 hours in advance of the meeting. When signing up, commenters should include their name, email address, phone number, relationship to SOU, and subject of the public comments. Public comments also may be sent to the board via postal mail addressed to SOU Board of Trustees, 1250 Siskiyou Blvd., Ashland, OR 97520, or hand delivered to Churchill Hall, Room 107, at this address.

If special accommodations are required, please contact Pamela Tomac at (541) 552-8055 at least 48 hours in advance of the meeting.



**Board of Trustees
Finance and Administration Committee Meeting
November 18, 2021**

Call to Order / Roll / Declaration of a Quorum



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

**Thursday, November 18, 2021
4:00 p.m. – 6:00 p.m. (or until business concludes)
Meese Room, Hannon Library, SOU Campus
<https://sou.zoom.us/j/89796810347>**

AGENDA

Persons wishing to provide public comment shall do so in writing or sign up at least 24-hours in advance.
Please note: timings are approximate and items may be taken out of order.

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|---------|----------|--|--|
| | 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 (Action) | Chair Clough |
| | 3.1 | May 20, 2021 Meeting Minutes | |
| | 3.2 | June 17, 2021 Meeting Minutes | |
| | 3.3 | Finance Committee Dashboard | |
| | 3.4 | FY 2021 Fourth Quarter Investment Report | |
| | 3.5 | FY 2022 First Quarter Investment Report | |
| 10 min. | 4 | Vice President's Report | Greg Perkinson, SOU, Vice
President for Finance and
Administration |
| | 4.1 | Organizational Update | |
| | 4.2 | Budget Committee Formation | |
| | 4.2.1 | Task Force on Financial Sustainability and
Financial Reserves Policy Update | |

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

**Thursday, November 18, 2021
4:00 p.m. – 6:00 p.m. (or until business concludes)**

AGENDA (Continued)

4.3 Higher Education Coordinating Commission Update

4.4 Federal Relief Funding

5 Action, Information and Discussion Items

20 min.	5.1 Enrollment Update and Revenue Forecast	Dr. Neil Woolf, SOU, Vice President for Enrollment Management and Student Affairs; Josh Lovern, SOU, Director, Budget and Planning
30 min.	5.2 Budget Forecast and Review of Pro Forma	Greg Perkinson; Josh Lovern
20 min.	5.3 Facilities and Capital Projects Updates	Greg Perkinson
	5.3.1 Include Cascades Developments, Timeline	
	5.3.2 Masterplan for Central Hall	
	5.3.3 Issue Spotting: Cost Escalations	
	5.4 University Properties Task Force Update	Greg Perkinson; Staci Buchwald, SOU, Director of Housing; Noah Hurley, SOU, Assistant Director for Conferences and Operations
5 min.	5.5 Proposed 2022-2023 Committee Meeting Schedule (Action)	Chair Clough
5 min.	5.6 Future Meetings	Chair Clough
	6 Adjournment	Chair Clough

Public Comment

Consent Agenda (Action)

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

Thursday, May 20, 2021

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Members:

Sheila Clough	Present	Shaun Franks	Present
Lyn Hennion	Present	Megan Davis Lightman	Present
Bill Thorndike	Present	Steve Vincent	Present

Chair Sheila Clough called the meeting to order at 2:30 p.m. The secretary recorded the roll and a quorum was verified.

Other trustees in attendance: Paul Nicholson and President Linda Schott.

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; Dr. Susan Walsh, Provost; Janet Fratella, Vice President for University Advancement; Jeanne Stallman, Associate Vice President for Government and Corporate Relations; Tom Battaglia, Chief Information Officer; Sabrina Prud'homme, Board Secretary; Steve Larvick, Director of Business Services; Josh Lovern, Director of Budget and Planning; Staci Buchwald, Director of Housing; Robert Casserly, OLLI Assistant Director; Deborah Lovern, Provost's Office; Jayne Atkins, Business Services; Christina Sanz, Southern Oregon University Foundation; Jason Mendoza, University Housing; Colleen Martin Low, Business Services; Luana Stevens, TRIO/SSS Office; and Pamela Tomac, Office of the Board Secretary.

Public Comment

There were no public comments.

Consent Agenda

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

Vice President's Report

Regarding capital projects funding, Greg Perkinson explained that the legislature potentially could fund future projects such as the SOU Music Hall Renovation and The Britt Hall Phase 2 projects. He cautioned that some construction costs end up tripling but that interest rates are favorable. The Legislative Affairs Council is doing a fantastic job working advocacy for funding in the public university support fund. The revenue forecast is favorable and therefore, the governor is encouraging robust funding.

Mr. Perkinson shared photos and updates on the renovation of Britt Hall since the board increased spending authority for the project. The additional expenditure helped accomplish much-needed safety, restroom, and overall improvements to the building.

Action, Information, and Discussion Items

Review of Board Reserve Policy Draft

Chair Clough is excited about the prospect of securing financial sustainability, thinking proactively, as well as setting policies and money aside for a rainy day.

The reserves schematic displayed the key elements of the policy: central reserves, operating reserves, working capital, capital reserves, treasury reserves, and risk management claims reserves. These, which are all intended to drive net assets and give SOU the ability to invest while spending operational assets appropriately. Along with the primary reserve ration, there will be key performance indicators (KPIs) for each reserve.

The Central Reserves will have 15 percent of the Education and General (E&G) fund held as a target minimum in two buckets, central operational reserve and divisional areas divided into two groupings (those areas that generate revenue and those areas that support revenue generation). For auxiliaries, Mr. Lovern discussed focusing on three months of working capital for these enterprises. The units may have different reserve needs, so the amounts would differ. The Treasury Reserves ensure at least one year of principal and interest for debt service, which is already the practice.

Chair Clough asked that a statement go into the policy to acknowledge that there need to be checks and balances if internal loans are transferred from one reserve to another, and an oversight mechanism to ensure issues are not inadvertently created. Mr. Perkinson said his team could study how to integrate that language and shared that a provision in the current draft requires an annual report to the board to show activity.

The Risk Management Claims Reserve information was gathered from talking with insurance companies and reviewing claims history, to set aside an amount to anticipate property and casualty claims including the deductible levels. Responding to Chair Clough's questions on how these reserves will be funded, Mr. Perkinson said the next agenda item about federal funding will provide a sense of timing, and as the draft budget is reviewed, the pro forma snapshots show how the infusion of over \$10M of institutional federal funds could be allocated if the president and board support that plan.

Trustee Franks asked about timing and how benchmarks help the ending fund balances. Mr. Perkinson explained how the charts show the health of the reserve accounts, and the vision is to get the support of the board on this concept. An important factor will be bringing campus stakeholders together and having an active dialogue of the intended and unintended consequences of this proposal. The plan is to agree on the concept, develop the structure of the system, then work on teaching and training aspects to ensure key stakeholders can take ownership and are excited about implementing the plan. Trustee Franks commented that the financial sustainability goals of the strategic plan align well with this policy.

Board Chair Nicholson asked two questions: If feeding reserves give the institution more financial strength, then there will be times the reserves are utilized; how will they be replenished—particularly a 15 percent capital reserve that has a goal closer to 40 percent? Second, the board's discussions have been about using an equity lens in making decisions—who are vulnerable to these decisions and who is being left out of the discussion? He suggested integrating such considerations into the final policy.

Much discussion ensued among trustees and the following points were made: the rationale explaining the need for the reserves is critical; 15 percent is too low, although it is nearly double what has been reserved in the past; and reserves aren't just money in the bank but they're diagnostic tools that try to bring about specific expectations that will be required on some of those reserves. For example, reserves are operational tools for the ability to go out into the marketplace for borrowing, bonding, etc. Trustees also expressed that this is what SOU needs to have available to work with students, faculty, staff, the HECC, and to understand how to work through time; finances are either managed reactively or proactively, and having reserves helps manage the impact of finances down the road; with a proactive plan SOU will not have to make rash decisions because the money already exists, and there will need to be a big education and training effort to secure and activate this plan for future generations, and the students will come to value it.

Regarding concerns or alternatives to what is being proposed, President Schott cautioned that this is the right thing to do but if enrollment does not pick up, and if state funding is decreased, it will require reductions at the university. When instituting discipline, there may be times when it does not feel so good, but it may require reductions elsewhere; this will require some balance. Further, the federal money only buys time to make necessary adjustments to business processes and there will probably be some pain coming with this kind of discipline.

Board Chair Nicholson supported all the reasons outlined to have a policy like this in terms of defense are that SOU can build against unknown calamities or catastrophes, and in terms of an offense is that SOU can take advantage of opportunities that may not otherwise have been available. This plan is absolutely worthwhile.

Federal Relief Funding Update

Mr. Perkinson explained that each week, SOU learns something new about how the federal funds will flow. SOU recently learned that Deferred Action for Childhood Arrivals (DACA) and international students could be included in the disbursements. Universities that have drawn down CARES Act funding will automatically receive funds from the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act (ARPA) but the allocation strategy may not come until August. The SOU reserve policy could be a shaping factor but there will be other items to shape this as well. The duration of spending those funds is believed to be through September 2023 with a one-year window after draw-down unless an extension is submitted and granted. As the university thinks about the elements that help students persist and thrive, and looks at the aid that goes directly to them versus what the institution is allowed to use, it is a good concept to keep in mind. Dr. Woolf later added that in the first two rounds, students overwhelmingly asked for funds related to housing.

Review of Fiscal Year 2021-22 Budget Draft

Chair Clough reminded everyone that the role of FAC is to get a good understanding of the draft budget assumptions, to test them, and provide feedback that will help the management team to shape the budget that FAC will feel comfortable sending as a recommendation to fellow trustees.

Mr. Perkinson described the three funds: 1) Budgeted Operations (also called Education & General - E&G) which include Academic Units and Support Areas; 2) Auxiliaries which

include Housing, Student Health and Wellness Center, and the Student Recreation Center; and 3) Designated Operations & Service Centers such as the print and copy center and Jefferson Public Radio.

He also described the key assumptions and observations for each of the three fund types. Labor increases appear magnified due to furloughs and hiring freeze during the pandemic; there are increases in Supplies and Services (S&S) to catch up from prior years; and athletics is forecasting decreases due to lottery funding and incidental fee decreases. In the Auxiliaries Budget, fee revenues are projected to be down and some auxiliary fund balance may be necessary for operations; lottery support is projected to be down more than expected; and increases in S&S. For the Designated Operations and Service Centers Budget, S&S is scaling back as some programs reduce need, and it's largely stable but there's some concern around revenue generation which will require careful monitoring. For all three, labor increases appear magnified due to furloughs and a hiring freeze during the pandemic. Additionally, Mr. Lovern was hopeful that some answers on the sports lottery funding would be available for the final budget review in June.

Vice President Perkinson and Mr. Lovern then reviewed the summary of the expenditures budget, of \$90,233,609, both with and without federal relief funding. They also reviewed the sample budget detail behind the budgeted operation including revenues, labor, S&S, capital expenses, transfers, and total revenue minus expenses.

Responding to Chair Clough, Mr. Perkinson said that the sports lottery saw a decrement this current fiscal year, then it got restored, and saw strong performance the last months on the gaming side, which is good for revenue. The uncertain piece is 1) the timing of when the legislature will decide whether to fully fund a sports lottery and 2) how much to allocate amongst the universities, which usually occurs at the end of the cycle and could be after the June board meeting.

Responding to Chair Clough, Mr. Lovern explained that the \$6M increase from 2019 to the FY 2022 draft budget was due to the administrative labor increases from 2020 & 2021 that did not occur. Additionally, the classified labor pool has also increased and with the faculty expected increases, as well as the 2.25 percent increase in S&S along with the unavoidable increases such as the Public Employee Retirement System (PERS) cost increase contributed to this increase.

Trustee Thorndike said most businesses today cannot hire. The application pool has evaporated, but because of how attractive working for SOU is, it will be interesting to see what happens here. Every single entity in Medford is short of people. There was only one application to work for Medford Fabrication last month. All restaurants have signs advertising that they are hiring. It will be interesting to see who will come back to staff positions that need to be filled. Trustee Clough added, for businesses to be attractive to higher people, the increase in rates and compensation are escalating beyond the imagination. It will be interesting to see how that will impact managing labor costs for the institution.

Trustee Thorndike added, in speaking with affiliates at RCC regarding retention, if childcare and afterschool care for spouses to be able to handle children and students in K-12 is not addressed, there will be some conflicts. Trustee Thorndike hopes that as SOU considers transformational investments and demographics, know that institutions that are not going to

address after-school care and childcare will be at a disadvantage. Chair Clough further noted that this goes to Board Chair Nicholson's comments about using an equity lens, and to not only consider childcare but review housing affordability so that SOU may attract and retain professionals.

Responding to Board Chair Nicholson, Mr. Lovern replied that the transfers out that go across the institution are the support from E&G to athletics and it has adjusted for the foreseeable future to deal with the changes to the sports lottery. Mr. Perkinson added the other significant transfer is the legacy relationship between housing and E&G.

Answering President Schott about fire relief funding, Mr. Lovern said that those dollars have not entered the budget at all. President Schott then commented that it is hopeful that the university will receive at least a couple million or more for fire relief due to its significant impact on our enrollment this year. Mr. Perkinson said a week or so ago, it was thought that RCC and SOU would each get \$1M next year and the following year. The ask was closer to \$5M and there are indications that maybe that funding will come through. Mr. Lovern tempered that statement by saying enrollment may be more challenged than initially projected, a big push for registrations will go out on Monday, and those latest data points will be incorporated into projections going forward. The administration may come back with an enrollment figure to adjust the projections related to the environment for students, to be more realistic about our enrollment and SCH going forward. President Schott said the economic boom could give more to Oregon Opportunity Grant (OOG) to provide more financial aid and make it possible for more students to attend SOU, though there are many unknowns in all of this.

Referring to the first pro forma, Mr. Perkinson spoke of how the estimate to complete and close out this year is amazing at 14.3 percent, even without the second two increments of federal funding. Then note the \$5.9M disconnect that represents a significant challenge for the dollars needed to restore the change in fund balance from beginning to end. The next chart, which shows the difference from the -5.9 to 17.63 percent fund balance, includes the federal relief to help address the near-term challenge. Trustee Clough commented that the institution has done some amazing work on cost containment, and as plans are made for the budget going forward, it would be helpful to illuminate the continued work. The university should continue that discipline around cost controls and focus on making it more affordable for our students to continue to attend our university.

Summarizing final thoughts, Trustee Hennion wondered if it would help to ask our business school professors to offer an education about the way they would explain the things Trustees Lightman, Vincent, and Thorndike said.

Trustees Hennion, Franks, and Lightman agreed that the work on the budget is remarkable from what was imparted today.

Trustee Franks applauded the team in planning amid chaos and uncertainty, a lot of great work and thought went into these great updates with good highlights provided in advance to help think through these concepts.

Trustee Vincent said what gnaws still is what the legislature did in 2002, where they were swiping reserves from the universities, the most unfair swipe that one can imagine. Mr.

Perkinson offered, to allow some measure of comfort, to have a conversation with Jim Pinkard to see if the current structure would allow the state to sweep our reserves.

Trustee Thorndike commented that there was an interesting 35-minute conversation through the Oregon Business Council and Plan with the governor on federal monies coming down aside from those decided by legislators. The business community has discussed the four areas that are critical for success which are housing, broadband, education, and workforce. There is a great connection between education and the workforce, and it would be great to continue developing into a hybrid organization. If given an opportunity to talk about investments for long-term results versus filling a shortfall, keep this in mind.

President Schott shared some parting thoughts to follow on Trustee Thorndike's comments on how SOU will allocate the federal funds, a top criterion is to not use temporary funding for things that will have recurring costs without knowing there is a revenue stream to support that.

Board Chair Nicholson said as the pandemic is hopefully reaching the end, and though it has been extraordinarily painful, let SOU not forget the lessons learned. SOU must not return to where it was. Hearing the thoughts, concerns, and observations of trustees, this has been a really good discussion and applauded the staff for bringing this to the trustees for thoughtful discussion. In a month, the fruits of that labor will be shown.

Trustee Clough concurred wholeheartedly with Board Chair Nicholson's comments, particularly regarding the hard work of the team. The robust conversations could not have happened without all the information in the background, and the tons of work that occurred behind the scenes. Chair Clough hopes this input will help shape the budget.

Future Meetings

Chair Clough said the committee's next meeting will be on Thursday, June 17, 2021, at 4:00 PM. The FY 21-22 budget will be the main agenda item at that meeting. If any trustee on the committee has any topics they would like to see on a future agenda, please send them to the board secretary or her, as the chair.

Adjournment

The meeting adjourned at 4:26 p.m.

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

Thursday, June 17, 2021

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Members:

Sheila Clough	Present	Shaun Franks	Present
Lyn Hennion	Present	Megan Davis Lightman	Absent
Bill Thorndike	Present	Steve Vincent	Present

Chair Sheila Clough called the meeting to order at 4:00 p.m. The secretary recorded the roll and a quorum was verified.

Other trustees in attendance: Paul Nicholson, Deborah Rosenberg, and President Linda Schott.

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; Dr. Susan Walsh, Provost; Janet Fratella, Vice President for University Advancement; Jeanne Stallman, Associate Vice President for Government and Corporate Relations; Dr. Matt Stillman, University Registrar; Chris Stanek, Director of Institutional Research; Sabrina Prud'homme, Board Secretary; Josh Lovern, Director of Budget and Planning; and Pamela Tomac, Office of the Board Secretary.

Public Comment

No public comments have been received.

Consent Agenda

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

Vice President's Report

Mr. Perkinson overviewed that the HECC Funding and Achievement subcommittee met to review financial trends related to the pandemic. On a side note, the Community College Funding Model piece was fascinating in its complexity.

The Ways and Means Committee approved the \$900M public university support fund, which has been integrated into the student success completion model (SSCM) in the pro forma and the proposed budget. The sports lottery was fully funded and the allocation was preserved, meaning that last month's conservative estimate improved overall. SOU's Strong Start program will have \$6.1M to support transitioning high school students. The Oregon Opportunity Grant funding increased to \$200M but it is unknown how it will affect SOU at the 4-year or master's levels yet.

The newest update is the second allotment of the Governor's Emergency Education Relief Fund (GEER) that brings the student support to a total of \$21M. The third wave of GEER funding is expected in the future. Almost \$9M in federal relief aid has been given to students directly. There

is a \$10.3M federal aid component for institutional purposes as well. Responding to Chair Clough, Mr. Perkinson confirmed that these are treated like grant funds and there will be no payback required. Additionally, for each funding source, the timeline and key milestones for SOU's portions, such as drawdown and next steps, will begin in mid to late July, followed by an allocation and execution strategy to be completed in August.

SOU Excess Properties Update

President Schott hosted a webinar to share the recommendations of the task force with the community. Mr. Perkinson mentioned a deep appreciation for the task force: David Wright, Laz Ayala, Board Chair Nicholson, Trustees Vincent and Thalden, Cynthia Ferrendelli, Noah Hurley, and Staci Buchwald who made a great team. The task force ended with two objectives: generate funds (which could tie to a reserve strategy), and help address Ashland's housing shortage. In the meeting materials for the full board, the granular report of the task force appears. Responding to Trustee Hennion, President Schott replied that the map shows properties with red outlines which are under consideration to be sold, properties with green outlines are under consideration to be kept, and properties with grey outlines are under consideration for future development.

The recommendations will occur in two phases based on the initial vision and community feedback. Phase one will be to sell single-family homes adjacent to the residential zoning; consider using a portion of revenue to raze dilapidated houses on Walker St; and study the possibility of developing multifamily housing on Henry St. through a partnership with a private entity. Phase Two will be to integrate additional discussion of properties into the revision of the University Master Plan.

Responding to Trustee Vincent, Mr. Perkinson said the results from the community webinar were as expected: overall there was positive and constructive feedback from the city with a better understanding of how to work with the city. There were a few community comments about not fixing up homes or not using them to support fire victims. Board Chair Nicholson added that it was a fantastic process, and the staff working on the task force were terrific. Dave Wright was exceptional, adding substance and detail to the process. The starting point was President Schott's idea to use properties to fund reserves, then the housing shortage was talked about in the webinar which underscored the immense importance of that goal. President Schott added that it has been an evolving conversation. This task force was started, the fires came, and the invisible housing crisis was felt for faculty and staff; people migrate to college towns where the quality of life is high but it inflates the cost of housing and makes it less accessible for employees. Chair Clough participated in the webinar and felt everyone did an amazing job being concise about the message and offering up opportunities for discussions.

Action, Information and Discussion Items

Board Statement on Managing Fund Reserves

Chair Clough introduced this item by reminding the committee about the strong support received for this concept in the last meeting, with robust comments and suggestions that clearly tie into the updated document. No action is due at this time; the committee is continuing the dialogue to shape the document and concept. Vice President Perkinson added that the goal is to get support to operationalize this plan, which also will support Josh Lovern as he establishes the SOU Budget Committee and guides those activities.

Summarizing reserves, Mr. Lovern explained the graphic of a fountain showing revenue streams at the top that help fill the central reserves below, which are at a 15 percent target for both revenue-

producing areas and indirect support areas such as the budget. As those areas fill, the operational reserves will build, and once the target greater than 10 percent is met, the ability to carry forward funds for strategic purposes will be attained. Trustee Hennion noted that a 15 percent key performance indicator to meet 3 months of salaries is better than where SOU has been and is aspirational, but it should be even higher than that.

Responding to Board Chair Nicholson, Mr. Perkinson said the central reserves were modeled after Portland State University and they afford different levels of discretion regarding how assets are shepherded with a role for the president and vice presidents. Mr. Lovern added that because areas are revenue-generating, those reserves are expected to fill up fairly quickly. The indirect areas come from cost savings or reductions, and once the 20 percent operational reserve target is met, the indirect areas can slowly fill up as it takes more time to generate savings.

Answering Trustee Franks, Mr. Perkinson said the thought is that it will take a year to develop the process and procedure on management, but the \$10.3M of federal aid can be used to seed the fund. As the allocation of the aid is studied and the different reserves reestablished, the challenge will be how to address the legacy structural deficit which would erode the reserve as soon as it is filled. Mr. Perkinson described the budget as an austerity budget having about a year to recoil and develop the structure to complete the work ahead.

Trustee Thorndike mentioned that there once was not a lot of trust in the numbers, but now the resources can be traced allowing confidence in them. Trustee Thorndike applauds what has been done, but feels the HECC and legislature will also need to recognize that this has created a stable platform to provide services.

Chair Clough stated that as this complex plan is operationalized, the more simplified it is, people will see that there is transparency and nothing is hidden. Responding to Chair Clough, Mr. Perkinson said the Budget Committee is a legacy construct that ties to the faculty by-laws; they are re-envisioning the new Budget Committee that will be led by Mr. Lovern and will have stakeholders from across the campus. Mr. Lovern said the reserves are a target structure for that committee to meet, allowing an early framework for deciding on procedures for revenue sources and uses.

Board Chair Nicholson appreciated the cascading fountain visual but would like more information on how those reserves have been built up, and where the operational reserve funds come from—the obvious would be from bequests, the sale of excess land or homes, or perhaps a year in which revenue is a net gain, but wanted to know what other ways could the operational reserves be filled up, and would there be value in writing this into the policy statement? Mr. Lovern believed that including various scenarios into the policy statement would serve well as a broad statement authorizing the creation of these reserve buckets. Additionally, there already is a paragraph in the statement saying that the board may state if certain funds should be allocated in the reserves in a particular way that provides additional information.

Fall 2021 Enrollment Forecast

Dr. Woolf said that the national picture shows a declining trend. As fewer people are entering college at this time, it is not a healthy environment for higher education.

Looking at Monday's data on total confirmed new freshmen, the numbers are behind similar to last year at this time, by 43 students. While in-state shows an increase in new freshmen, the Western

Undergraduate Exchange change of -57 supports the overall decline, mostly due to California in-state college affordability. The fall snapshot for transfers was down 8 percent, though Dr. Woolf expected worse because RCC is lower overall; the in-state count is down by only 5 percent. In review, adding new and transferred freshmen together puts the headcount down by 64 students though ahead by the in-state numbers. The international headcount is expected to increase as the Kings agreement is operationalized.

Local factors contributing to the lower headcount were the fires that significantly impacted with a 43 full-time equivalent loss; Medford School District has noted only 67 percent of students are on track to graduate at this time. Regional factors include no tuition increases in California's university systems coupled with significant investment to support their in-state students in additional ways; the travel bans that hurt recruitment efforts; and the University of Oregon, Oregon State, and Portland State Universities are admitting more students. On the positive side, the new freshman headcount is ahead by 6.5 percent; the count of new Oregon students is ahead; and graduate enrollment is growing. The melt rate is likely to improve, as a more normal rate is anticipated once again.

The "15-weeks from the start of term" headcount is behind compared to last year by about 5.6 percent. The spring headcount was flat, although FTE was down because students do not enjoy attending online or remotely, signifying that fewer classes were taken. Looking at all students by race/ethnicity, some bright spots to note are that the American Indian/Alaska Native, Asian, and Black/African American numbers are up. The total students-of-color headcount was down 18 students, culminating in a -3 percent change from last year. Mr. Perkinson said the main takeaway is that the modeling for the budget is now down 5 percent instead of 3 percent based on these combined numbers.

Responding to Trustee Hennion, Dr. Stillman explained that in the SSCM model, money is gained as degrees are produced and money is gained for credit hours. If a non-admit student is an Oregon resident, SOU gets funding for the student credit hours the same as a degree-seeking student, but the university will not receive the other side of the funding which is for the degree component.

Trustee Thorndike noted that the reality is Oregon is sandwiched between two states doing a superb job right now, as Washington residents get full tuition to go to university plus California is offering students many incentives as well. Dr. Woolf added that another challenge, as the disparity in resident costs grow in Washington and California, it is now becoming easier for them to take Oregon students as well.

Student Success and Completions Model Update

Mr. Perkinson informed everyone that President Schott organized an SSCM work group through the presidential task force to review how the model could perform better based on changes in the model. Mr. Perkinson reminded the committee how the money from the public university supports funding flows with a 49/51 split over the biennium, reviewing mission support with the four major areas of base funding, research support, regional access, and public service. The funding allocation has mission support coming off the top, with a remaining split 60/40 by rule for the outcomes and activities components. A sample calculation was made for how values are derived by cost weights applied for each level/discipline combination for the activity support portion. The area of study bonus is now additive, which helps SOU greatly, and targeted populations are additive as well, which has a positive effect on SOU.

Mr. Perkinson agreed with Trustee Vincent that the weighting is disadvantageous to universities that have been disallowed doctoral programs. President Schott added that it is more expensive to run doctoral programs due to the higher professor-to-student ratio and equipment necessary for research doctorates. Now, SOU may be able to offer a professional doctorate. Dr. Stillman noted via chat, that doctoral students receive funding in the SSCM even if they are not Oregonians.

The summary of the SSCM working group showed initiatives were developed and presented to the president and vice presidents for a “vector check.” The next steps include consolidating initiatives and presenting them to Academic Affairs Division Directors; developing a training and education program reinforcing that retention and completion are critical; conducting cross-checks on instructional codes; and continuing to recruit targeted populations with fully-engaged student services to ensure their success.

Fiscal Year 2021-2022 Budget (Action)

President Schott reflected on what occurred a year ago, the pandemic hit, the state economy was disrupted, and HECC warned that higher education funding might be cut significantly. Taking those thoughts into consideration, this budget should be viewed with gratitude for sacrifices made on campus this year allowing for cost savings, and for the actions taken by the federal and state governments to make possible the most challenging year she has seen in 36 years of higher education. Without those two things, there would have been a deficit, and the ending fund balance would not have grown through an enrollment downturn.

Mr. Perkinson reviewed the basic assumptions which were not much different from last month. Mr. Lovern said that one change is the breakout of transfers, which was provided in the consent agenda. In the Education and General (E&G) budget, the 2.25 percent increase in Supplies and Services (S&S) addressed an influx in expenses of general operations due to an inflationary environment. Related to labor cost controls, Mr. Perkinson added the unclassified administrator increases have been held at 0 percent for the last 2.5 years so President Schott approved a 3 percent cost of living adjustment. Regarding the structural deficit, the data will highlight the nature of that within each fund.

Mr. Lovern shared that one change in the auxiliaries’ assumptions is lottery support greater than expected. Labor increases appear magnified due to furloughs and the hiring freeze, S&S increases are due to: travel and equipment replacement cycles; athletics returning to normal sports operations; and cost escalations for health and safety reasons. The housing losses are magnified by the pandemic with support becoming necessary from the federal relief acts. Mr. Perkinson later added that the main note on the auxiliaries is that housing took significant losses last year so the \$2.6M in federal relief is a reasonable value to shore up expenses on that line.

Designated operations has no major changes from last month as the labor increases appear magnified due to furloughs and the hiring freeze. The S&S line is scaling back as some programs have reduced need and the budget is largely stable with some concern around revenue generation coming out of the pandemic, which will require careful monitoring.

In budgeted operations, Mr. Lovern presented a thorough review of the various budget categories, explaining where each hit and why. The highlighted figure of \$70M is the requested target for the expense budget as it is not yet known exactly what to expect from federal relief.

Responding to Chair Clough, Mr. Perkinson highlighted the budget summary pointing out that the final page denotes the actual proposed recommended budget requested for approval, which is approximately \$90.6M, inclusive of education and general (budgeted operations) in the sum of \$70M, an auxiliaries budget in the sum of \$15M, and designated operations in the sum of \$5M.

Chair Clough clarified that the committee is asked to approve expenses higher than revenues and that federal relief will cover the differential, but cost-cutting and savings remain important. Mr. Lovern added that rather than using those funds this year, the funds can be used next year because of the losses that would have carried between the two years. By showing federal funding as an offset to the expense, it is handling the reduced revenue against expenses that were managed well this year due to leveraging the workshare, hiring freezes, etc.

Board Chair Nicholson stated that the amount requested for approval for the combined operations budget is \$90,579,980 with the understanding that federal funding of \$10.3M is coming, providing a \$2.1M gain for the year. It is important to notice, SOU has never been able to budget for a gain, which is helpful in regards to looking at structural deficits, and this gain could be added to reserves to protect SOU moving forward.

Mr. Perkinson explained that this pro forma view does not include federal relief, to starkly bring into focus the effect of the aid. The second version of the pro forma includes the \$7.3M federal relief and shows growth from this fiscal year of \$8.6M to the now forecasted \$9.5M, which ties to a 15 percent KPI. This brings together enrollment data, SSCM, revenue, and expense projections, and indicates how to get to a better landing point where the ending fund balance is \$9.5M with a 15 percent KPI by the end of next year. President Schott reminded the committee that there is still optimism about getting funding relief for the fires.

Trustee Hennion moved to approve the budget as proposed. Trustee Franks seconded the motion, and it passed unanimously.

President Schott closed by stating an appreciation for the teams' hard work. Though it is still not a pretty picture, the university is here with help from the federal government. SOU will fulfill the mission to make changes to increase enrollment and reduce expenses.

Future Meetings

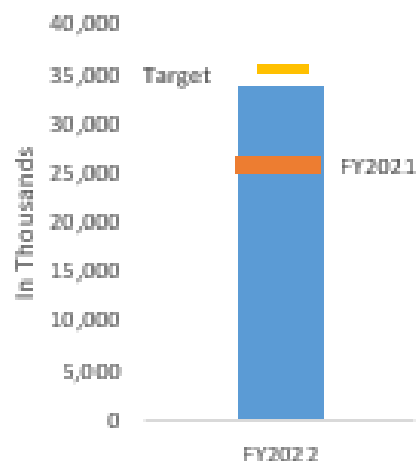
The committee's next meeting will be on Thursday, October 21, 2021, at 4:00 PM.

If any trustee on the committee has any topics they would like to see on a future agenda, please send them to the board secretary or the chair.

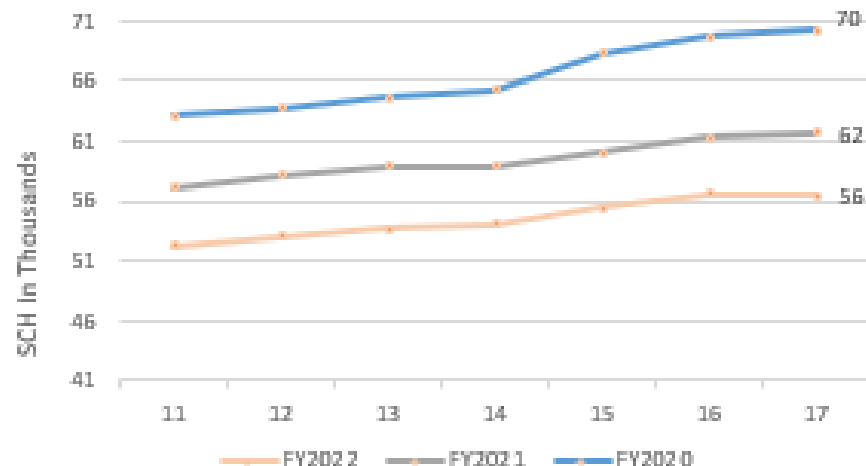
Adjournment

The meeting adjourned at 6:00 p.m.

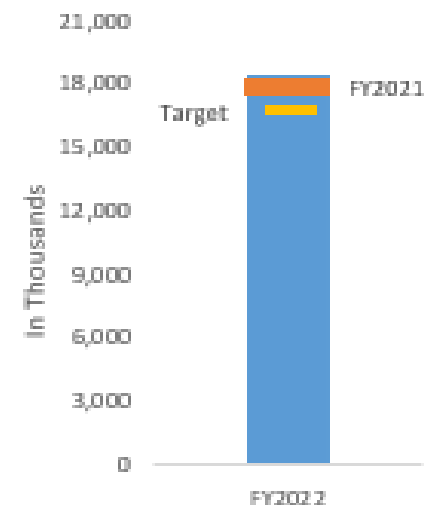
Public University Funds Operating Cash



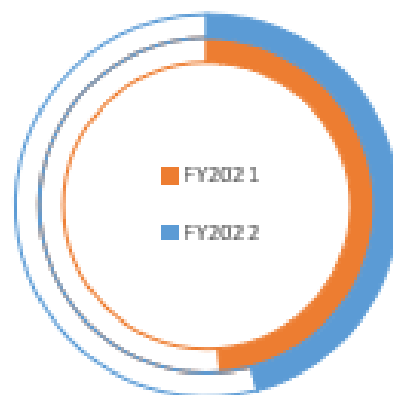
Total Student Credit Hours by Week of the Fiscal Year



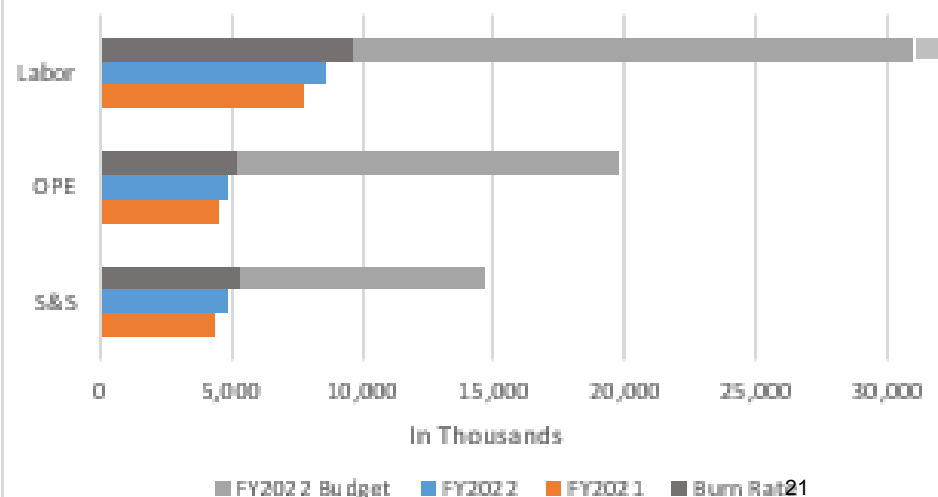
E&G Fund Balance



E&G YTD Revenues



E&G YTD Select Expenses



"Institution" portion of Federal Relief Funds have been received.

Pending allocation to support funds sustaining revenue losses during the pandemic

Finance Dashboard

Notes and Take-aways

- Cash (all funds): up substantially from the prior year.
 - Even with fall enrollment being down by 7.2%, the increase in cash is largely tied to increased occupancy in Housing, as well as the University receiving the remainder of institutional portions of the CRRSAA and ARPA federal relief funding (over \$9.5m received in August).
 - Federal Student Aid: Through the end of October, approximately \$4.7m of the \$5.5m has been awarded to students, with approximately \$1m being applied to student account balances, at the request of the students.
- Student Credit Hours: Enrollment declines continue largely due to COVID-19.
 - For Fall 2021, enrollment is down an additional 7.2% over the prior year.
 - During the FY2021 year, Fall 2020 enrollment was down 12.8%, Winter down 12.5%, and Spring down 7.9%.
- E&G total revenues predominantly down due to COVID. Excluding State funding, revenues currently trailing last year by about 10% (\$1.5m)
- Expenses: Overall, total labor costs are up 9%; and Supplies and Services (S&S) spending is up 9.4% (about \$415k).

FY2021 Q4 Investment Reports

BACKGROUND

The Southern Oregon University (university) investment report for the fourth quarter (Q4) of FY2021 is presented in the following sections:

- **FY2021 Q4 Southern Oregon University Investment Report** – This section includes a report on the investments of the operating and endowment assets of the university. This report reflects the university's operating assets that are invested in the Public University Fund and the university's endowment investments managed by the Oregon State Treasury.
- **FY2021 Q4 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the fourth quarter of FY2021 (i.e., April 1 – June 30, 2021).

FY2021 Q4 SOUTHERN OREGON UNIVERSITY INVESTMENT REPORT

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

Public University Fund

Southern Oregon University's operating assets are invested in the Public University Fund (PUF). The PUF increased 0.5% for the quarter and 1.4% for the fiscal year through June 30, 2021. The PUF's three-year and five-year average returns were 3.5% and 2.5%, respectively.

The Oregon Short-Term Fund (OSTF) returned 0.1% for the quarter and 0.8% for the fiscal year, outperforming its benchmark by 10 and 70 basis points, respectively. The Core Bond Fund returned 1.2% for the quarter and 2.7% for the fiscal year, outperforming its benchmark by 20 and 250 basis points, respectively. The investment yield on the PUF portfolio was 1.8% for the fiscal year.

In July, Oregon State Treasury fixed income investment officers, Will Hampson and John Lutkehaus, conducted a quarterly performance review with university staff. The Core Bond Fund's relative overweight in corporate bonds (10% points) and underweight in U.S. Government Treasuries (40% points) contributed to the portfolio's 20 basis point relative outperformance versus the benchmark during the quarter. Demand for corporate credit remained strong for the second quarter in a row as investment grade corporate bonds returned 3.6% during the quarter, while short-duration U.S. Treasuries returned 0.0%. During the quarter, the PUF Administrator allocated \$75 million of excess liquidity into the Core Bond Fund for longer term investment. The Core Bond Fund's book yield, as of June 30, 2021, was 2.03%.

Southern Oregon University Endowment Fund

The SOU Endowment Fund increased by 6.2% for the quarter and 31.2% for the fiscal year, outperforming its policy benchmark by 60 and 380 basis points, respectively. The three-year average return was 12.8% compared to 11.9% for the benchmark. The Fund ended the fiscal year with a balance of \$3.2 million.

The majority of the Fund's assets (77.2%) are allocated to a global equity index strategy, while 22.7% of the portfolio is allocated to an "actively" managed fixed income fund. For the three months ended June 30, 2021, the Blackrock All-Country World Index increased by 7.2%, equal to its benchmark. The Western Asset Core Plus Bond Fund returned 2.9%, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index by 110 basis points.

Southern Oregon University

Investment Summary

as of June 30, 2021

(Net of Fees)

	Quarter Ended 6/30/2021	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Target
SOU Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.1%	0.8%	2.2%	1.8%	1.7%	1.0%	\$ 9,487,978	49.6%	1
Benchmark - 91 day T-Bill	0.0%	0.1%	1.6%	1.3%	1.2%	0.6%			
PUF Core Bond Fund	1.2%	2.7%	6.5%	5.2%	N/A	N/A	\$ 9,646,370	50.4%	1
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	1.0%	0.2%	7.0%	4.6%	2.5%	3.1%			
Public University Fund Total Return	0.5%	1.4%	4.2%	3.5%	2.5%		<u>\$ 19,134,348</u>	<u>100.0%</u>	
Public University Fund Investment Yield	0.3%	1.8%	3.1%	2.6%	2.3%				
SOU Endowment Assets									
BlackRock ACWIIMI B	7.2%	41.2%	1.5%	14.5%	14.8%	10.2%	\$ 2,457,710	77.2%	75.0%
Benchmark - MSCI ACWIIMI Net	7.2%	40.9%	1.2%	14.2%	14.5%	9.9%			
Western Asset Core Plus Bond Fund	2.9%	3.0%	8.1%	6.8%	4.7%	4.9%	721,657	22.7%	25.0%
Benchmark - Bloomberg Barclays Aggregate Index	1.8%	-0.3%	8.7%	5.3%	3.0%	3.4%			
Cash	0.1%	0.8%	2.2%	1.8%	1.7%	1.0%	1,923	0.1%	0.0%
Benchmark - 91 day T-Bill	0.0%	0.1%	1.6%	1.3%	1.2%	0.6%			
Net Payables and Accrued Expenses							(1,075)		
Total Endowment Assets	6.2%	31.2%	3.2%	12.8%	12.3%	9.5%	<u>\$ 3,180,215</u>	<u>100.0%</u>	
Policy Benchmark ³	5.6%	27.4%	3.9%	11.9%	11.2%	N/A			

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

² 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of February 1, 2021. From April 1, 2017 to January 31, 2021, the benchmark was 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

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

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

June 30, 2021

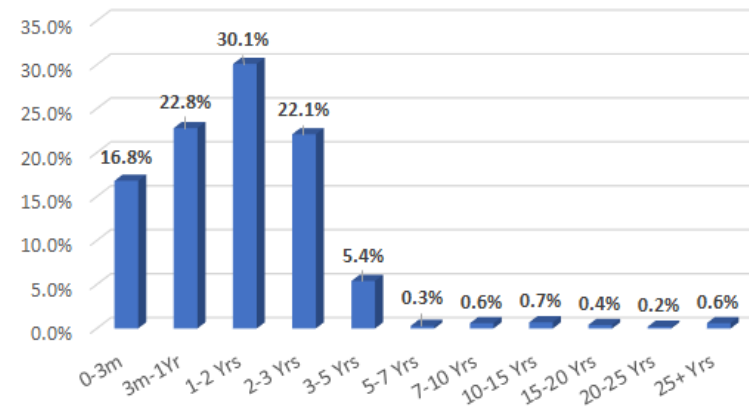
Portfolio Characteristics

Market Value 06/30/2021	\$ 265,655,797
Weighted Average Credit Quality	AA
Book Yield (%)	0.59%
Weighted Average Maturity (years)	1.13
Duration (years)	0.59
Spread Duration (rate)	0.85

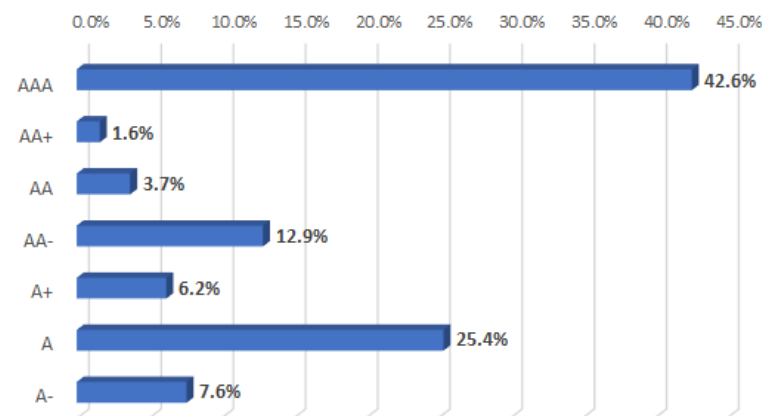
Top 10 Issuers

United States Treasury	16.0%
Federal Farm Credit Banks Funding Corporation	3.2%
Toyota Motor Corporation	2.9%
Citigroup Incorporated	2.6%
JPMorgan Chase & Company	2.3%
Barclays Plc	2.3%
Goldman Sachs Group Incorporated (The)	2.2%
Toronto-Dominion Bank (The)	2.0%
Canada (Government of)	1.9%
Wells Fargo & Company	1.9%
Total	37.3%

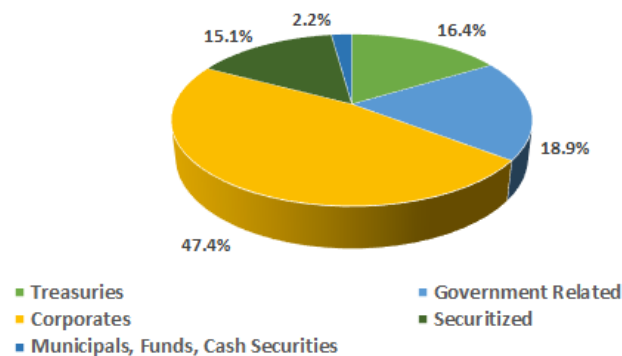
Maturity Breakdown



Credit Quality Distribution



Sector Allocations



Source: Oregon State Treasury

Core Bond Fund

June 30, 2021

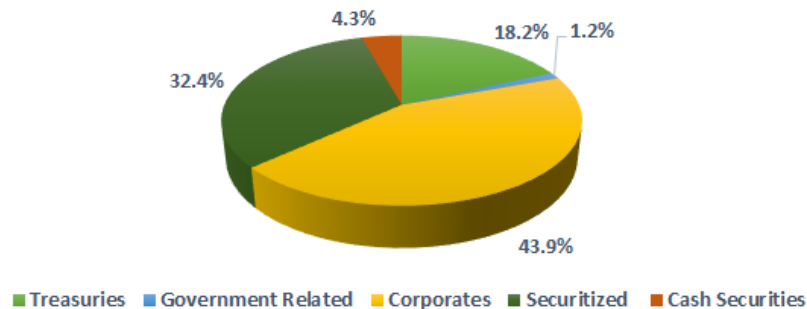
Portfolio Characteristics

Market Value 06/30/2021	\$ 270,090,652
Weighted Average Credit Quality	A+
Book Yield (%)	2.03%
Weighted Average Maturity (years)	4.97
Duration (years)	3.86
Spread Duration (rate)	3.41

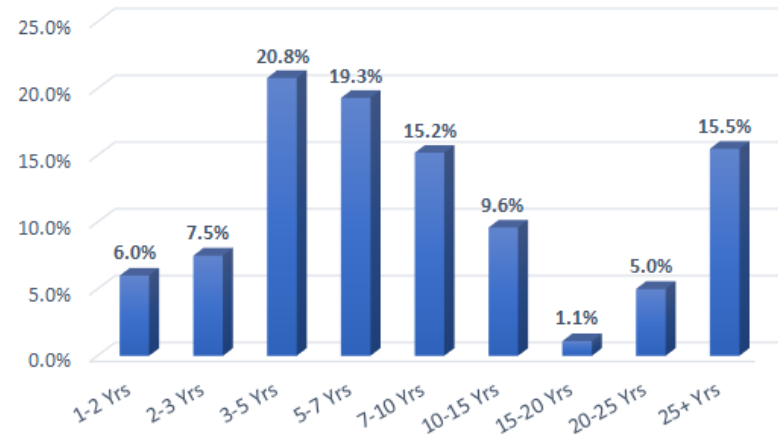
Top 10 Issuers

United States Treasury	19.8%
Oregon State Treasury (Oregon Short-Term Fund)	4.3%
Ashtead Group PLC	4.2%
Federal National Mortgage Association	3.5%
Sixth Street Specialty Lending Incorporated	3.5%
Triton International Limited	3.0%
Business Development Corporation of America	2.9%
TRP LLC	2.8%
Owl Rock Capital Corporation	2.7%
OZLM Limited	2.4%
Total	49.1%

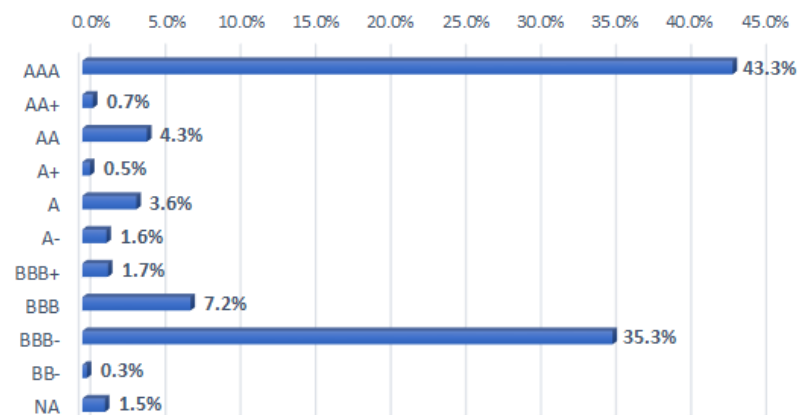
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

FY2021 Q4 MARKET COMMENTARY

(Prepared by USSE and Meketa Investment Group, consultants to the Oregon Investment Council)

Report on Investments – as of June 30, 2021

Economic and Market Update

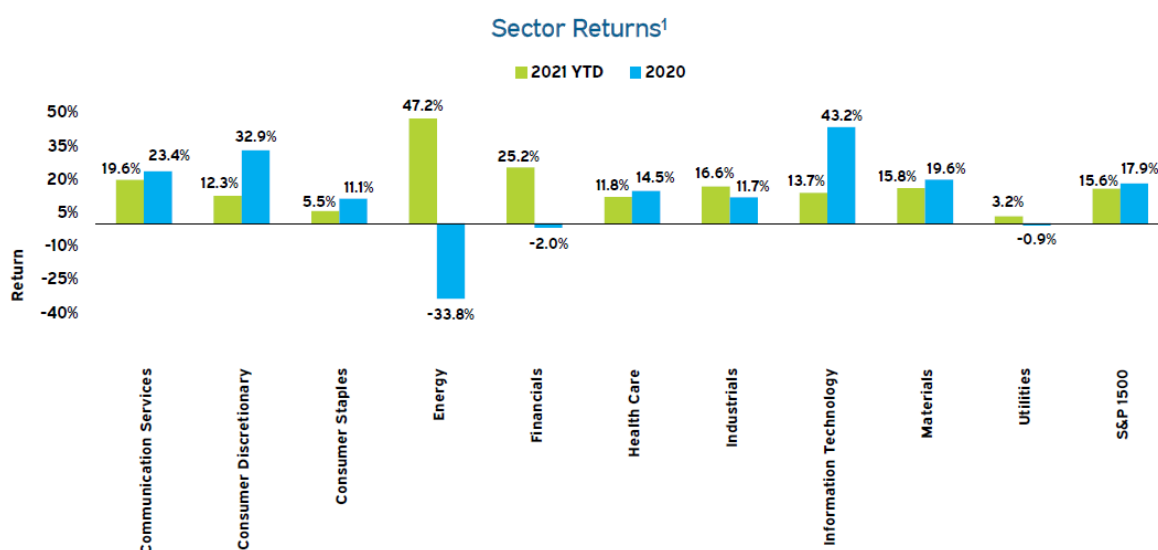
So far this year, global risk assets continue to appreciate, leading to significant gains over the trailing year. This has largely been driven by record fiscal and monetary policy stimulus and positive developments with the COVID-19 vaccine.

Market Returns¹ June 30, 2021

	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	8.5%	15.3%	40.8%	18.7%	17.6%	14.1%	14.8%
MSCI EAFE-ND	5.2%	8.8%	32.4%	8.3%	10.3%	5.0%	5.9%
MSCI EM-ND	5.0%	7.4%	40.9%	11.3%	13.0%	6.4%	4.3%
MSCI China-ND	2.3%	1.8%	27.4%	10.4%	16.6%	10.9%	7.7%
Bloomberg Barclays US Aggregate	1.8%	-1.6%	-0.3%	5.3%	3.0%	3.3%	3.4%
Bloomberg Barclays US TIPS	3.2%	1.7%	6.5%	6.5%	4.2%	3.3%	3.4%
Bloomberg Barclays US Corporate High Yield	2.7%	3.6%	15.4%	7.4%	7.5%	5.5%	6.7%
ICE BofAML US 3-Month Treasury Bill	0.0%	0.0%	0.1%	1.3%	1.2%	0.9%	0.6%
ICE BofAML 1-3 Year US Treasury	0.0%	-0.1%	0.1%	2.7%	1.6%	1.5%	1.2%
ICE BofAML 10+ Year US Treasury	6.6%	-7.5%	-10.1%	7.9%	3.1%	5.7%	6.5%

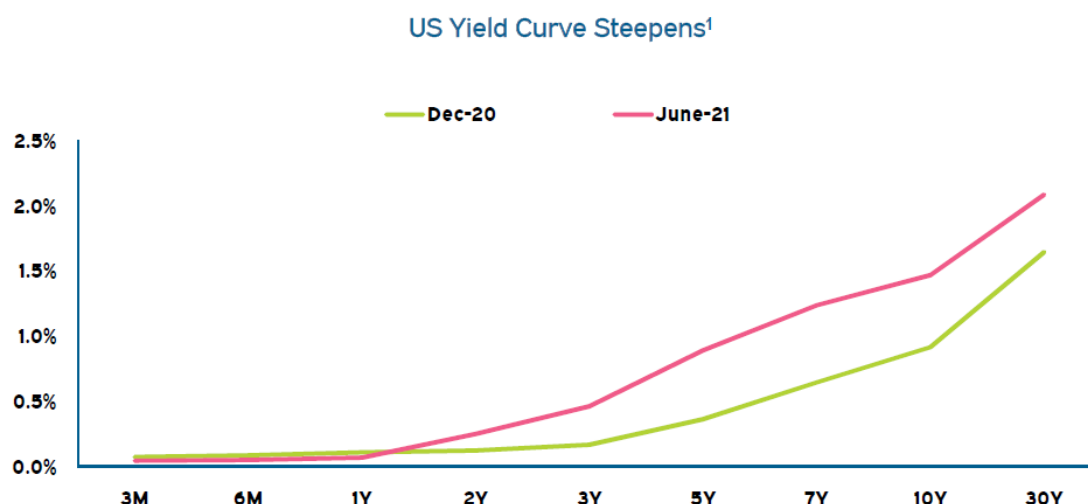
¹Source: Oregon State Treasury

In June, Treasuries continued to recover, particularly longer dated issues, as inflation concerns declined. Equity markets had mixed results in June with the US leading the way. A stronger US dollar and continued vaccine rollout struggles weighed on international equity markets.



¹Source: Bloomberg. Data is as of June 30, 2021.

Despite growth's recovery in June, cyclical sectors like energy and financials continue to lead the way in calendar 2021, as some investors rotate out of stay-at-home focused companies in the technology sector as the economy reopens.



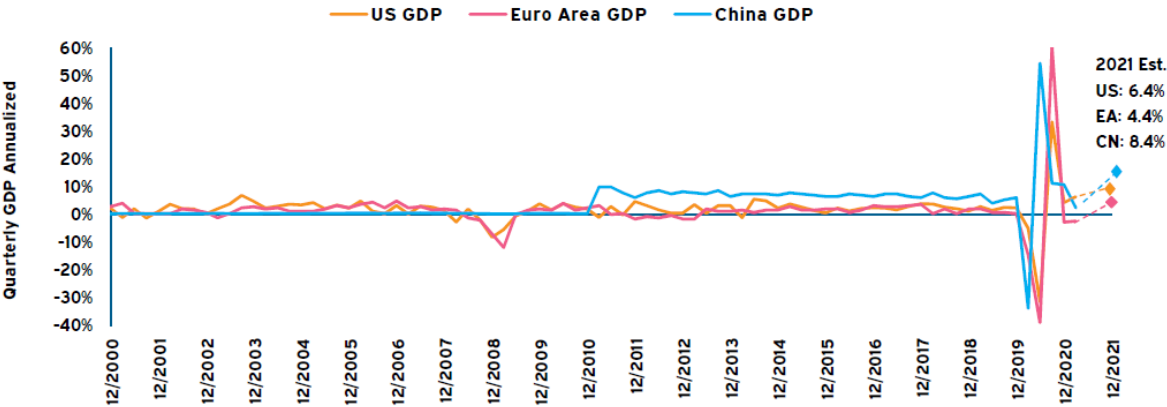
Overall, for calendar 2021, the yield curve steepened on inflation fears related to gradual signs of economic improvement given the vaccine rollout. Shorter-dated rates have been largely unmoved given Fed policy, while longer-dated rates recently declined from their peak as investors consider whether inflationary pressures have topped. Looking ahead, the yield curve could resume its steepening if growth and inflation pressures build beyond current expectations. Alternatively, if the economy weakens, or if economic progress is simply accelerated versus the prior expectations, the flattening trend could continue.

In calendar 2021, inflation expectations remain well above long-term averages, with the vaccine roll-out, high raw material prices, and expected additional fiscal stimulus as key drivers. Recently though, inflation expectations declined from their highs as base effects wane, growth forecasts moderate, and cost pressures slow. Looking forward, the track of economic growth and the inflationary effects of the unprecedented U.S. fiscal response will be key issues. Additionally, changes to Fed policy focused on an average inflation target may play a role in the inflation market dynamics.

Credit spreads (the spread above a comparable maturity Treasury) for investment-grade and high yield corporate debt continued to compress in June. Policy support and the search for yield in a low, and in some cases negative, rate environment have been key drivers in the decline in U.S. credit spreads to below long-term averages, particularly for high yield.

Major economies experienced historic declines in growth during the second quarter of calendar 2020, followed by record increases in the third quarter driven by pent-up demand from the lockdown measures earlier in the year. Looking forward, strong growth is expected in calendar 2021 particularly for China, projected to grow at an impressive 8.4%, due in part to their ability to quickly control the virus and reopen their economy. The U.S. is expected to grow faster than the euro area this year, with some growth pulled forward due to the success in distributing the vaccine.

GDP Data Shows Projected Improvements in 2021¹





Public University Fund (PUF)

Investment Statement

April 1, 2021 - June 30, 2021

Q4 FY21

Southern Oregon University
Steve Larvick, Controller
1250 Siskiyou Blvd
Ashland, OR 97520

Quarter-to-Date
as of 06/30/2021

Beginning Market Value	\$19,517,087
+ Contributions	4,861,082
- Withdrawals	(5,282,340)
+/- Change in Market Value	38,519
Ending Market Value	\$19,134,348

Units Owned	188,485.750
Price per Unit	\$101.51615

	<u>Quarter-to-Date</u>	<u>Year-to-Date</u>
Gross Investment Earnings	\$72,000	\$386,590
Participant Fees	(1,739)	(20,874)
Participant Fee Credit	-	9,635
Net Investment Earnings	<u>\$70,261</u>	<u>\$375,351</u>
Realized Gain/(Loss) on Sale of Investments	\$16,023	\$120,333
Unrealized Gain/(Loss) on Investments		\$58,920

Questions? Please contact Mary Hatfield, 541.737.0843

mary.hatfield@oregonstate.edu

FY2022 Q1 Investment Reports

BACKGROUND

The Southern Oregon University (university) investment report for the first quarter (Q1) of FY2022 is presented in the following sections:

- **FY2022 Q1 Southern Oregon University Investment Report** – This section includes a report on the investments of the operating and endowment assets of the university. This report reflects the university's operating assets that are invested in the Public University Fund and the university's endowment investments managed by the Oregon State Treasury.
- **FY2022 Q1 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the first quarter of FY2022 (i.e., July 1 – September 30, 2021).

FY2022 Q1 SOUTHERN OREGON UNIVERSITY INVESTMENT REPORT

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

Public University Fund

Southern Oregon University's operating assets are invested in the Public University Fund (PUF). The PUF increased 0.4% for the quarter. The PUF's three-year and five-year average returns were 3.5% and 2.4%, respectively.

The Oregon Short-Term Fund (OSTF) returned 0.1% for the quarter, outperforming its benchmark by 10 basis points. The Core Bond Fund returned 0.5% for the quarter, outperforming its benchmark by 50 basis points.

In October, Oregon State Treasury fixed income investment officers, Will Hampson and John Lutkehaus, conducted a quarterly performance review with university staff. The Core Bond Fund's allocation to corporate bonds and securitized products contributed to the portfolio's 50 basis point relative outperformance versus the benchmark during the quarter. Specifically, bonds with variable rate coupons performed well as interest rates across the yield curve rose during the period. A variable-rate bond is a type of security with a floating coupon payment that adjusts at specific intervals. The index tracking variable and floating rate securities gained 1.1% for the quarter ended September 30, 2021. The Core Bond Fund's book yield, as of September 30, 2021, was 2.09%.

Southern Oregon University Endowment Fund

The SOU Endowment Fund decreased by 0.9% for the quarter, underperforming its policy benchmark by 20 basis points. The underperformance was due to the timing of investments sold to fund the FY2022 endowment distribution. The three-year average return was 11.4% compared to 10.6% for the benchmark. The Fund ended the quarter with a balance of \$3.1 million.

The majority of the Fund's assets (74.5%) are allocated to a global equity index strategy, while 25.4% of the portfolio is allocated to an "actively" managed fixed income fund. For the three months ended September 30, 2021, the Blackrock All-Country World Index decreased by 1.1%, equal to its benchmark. The Western Asset Core Plus Bond Fund returned 0.1%, equal to the Bloomberg Barclays U.S. Aggregate Bond Index.

Southern Oregon University

Investment Summary

as of September 30, 2021

(Net of Fees)

	Quarter Ended 9/30/2021	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Target
SOU Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.1%	0.1%	0.3%	1.7%	1.7%	1.0%	\$ 19,280,902	59.0%	1
Benchmark - 91 day T-Bill	0.0%	0.0%	0.0%	1.2%	1.2%	0.6%			
PUF Core Bond Fund	0.5%	0.5%	1.0%	5.3%	N/A	N/A	13,425,995	41.0%	1
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	0.0%	0.0%	0.5%	4.6%	2.4%	2.5%			
Public University Fund Total Return	0.4%	0.4%	0.5%	3.5%	2.4%		<u>\$ 32,706,897</u>	<u>100.0%</u>	
Public University Fund Investment Yield	0.4%	0.4%	0.9%	2.5%	2.3%				
SOU Endowment Assets									
BlackRock ACWI IMI B	-1.1%	-1.1%	8.2%	12.7%	13.3%	12.3%	\$ 2,278,072	74.5%	75.0%
Benchmark - MSCI ACWI IMI Net	-1.1%	-1.1%	8.1%	12.4%	13.1%	12.0%			
Western Asset Core Plus Bond Fund	0.1%	0.1%	1.7%	6.7%	4.4%	4.7%	776,743	25.4%	25.0%
Benchmark - Bloomberg Barclays Aggregate Index	0.1%	0.1%	0.6%	5.4%	2.9%	3.0%			
Cash	0.1%	0.1%	0.3%	1.7%	1.7%	1.0%	2,496	0.1%	0.0%
Benchmark - 91 day T-Bill	0.0%	0.0%	0.0%	1.2%	1.2%	0.6%			
Total Endowment Assets	<u>-0.9%</u>	<u>-0.9%</u>	6.6%	11.4%	11.1%	10.2%	<u>\$ 3,057,311</u>	<u>100.0%</u>	
Policy Benchmark ³	-0.7%	-0.7%	5.9%	10.6%	10.2%	N/A			

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

² 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of February 1, 2021. From April 1, 2017 to January 31, 2021, the benchmark was 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

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

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

September 30, 2021

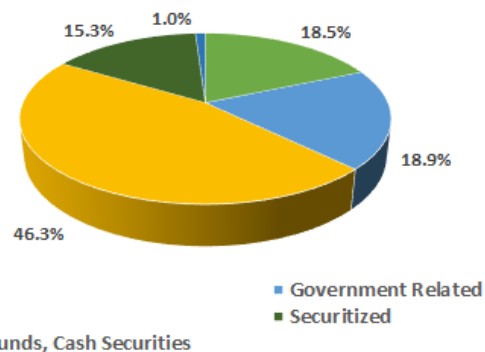
Portfolio Characteristics

Market Value 09/30/2021	\$ 387,612,822
Weighted Average Credit Quality	AA
Book Yield (%)	0.46%
Weighted Average Maturity (years)	1.03
Duration (years)	0.50
Spread Duration (rate)	0.76

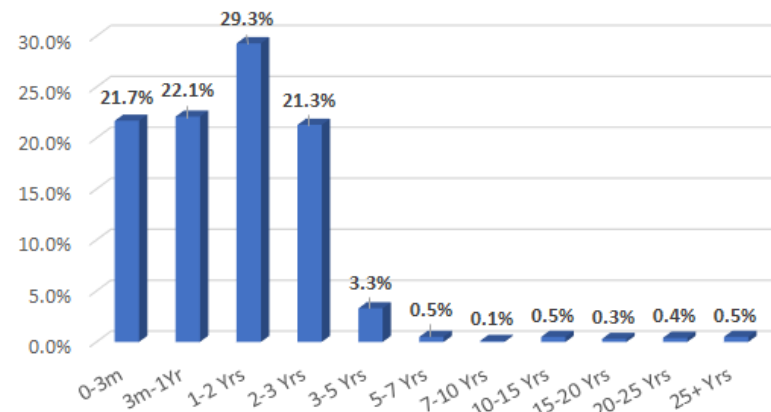
Top 10 Issuers

United States of America	18.8%
Federal Farm Credit Bank	2.9%
Toyota Motor Corporation	2.8%
Canada (Government of)	2.6%
Citigroup Incorporated	2.5%
Toronto-Dominion Bank	2.4%
BNP Paribas SA	2.2%
JPMorgan Chase & Company	2.1%
Federal Home Loan Banks	2.0%
Bank of America Corporation	1.9%
Total	40.2%

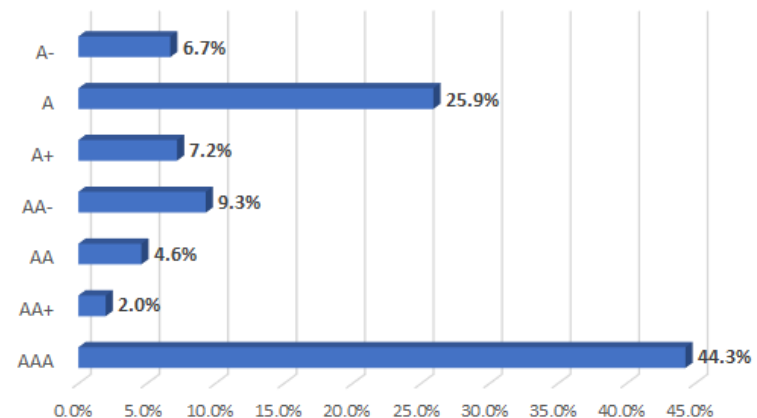
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

Core Bond Fund

September 30, 2021

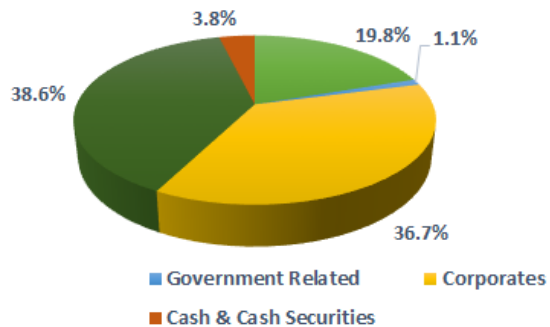
Portfolio Characteristics

Market Value 09/30/2021	\$ 269,908,954
Weighted Average Credit Quality	A+
Book Yield (%)	2.09%
Weighted Average Maturity (years)	5.08
Duration (years)	3.77
Spread Duration (rate)	3.23

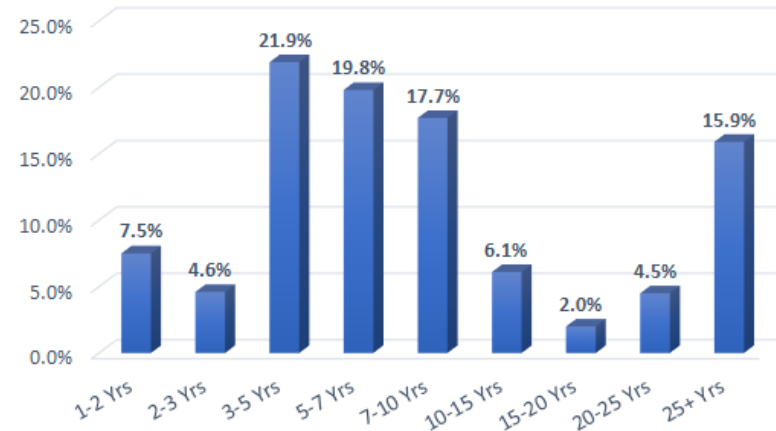
Top 10 Issuers

United States of America	21.4%
Ashtead Group PLC	4.1%
Oregon State Treasury	4.0%
Business Development Corporation of America	3.8%
Triton International Limited	3.5%
Sixth Street Specialty Lending Incorporated	3.5%
Federal National Mortgage Association	3.3%
Oscar US Funding Trust	3.0%
TRP LLC	2.8%
Owl Rock Capital Corporation	2.8%
Total	52.2%

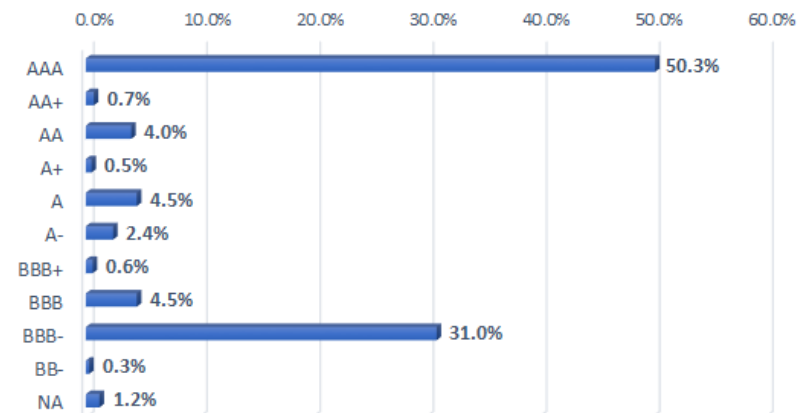
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

FY2022 Q1 MARKET COMMENTARY

(Prepared by USSE and Meketa Investment Group, consultants to the Oregon Investment Council)

Report on Investments – as of September 30, 2021

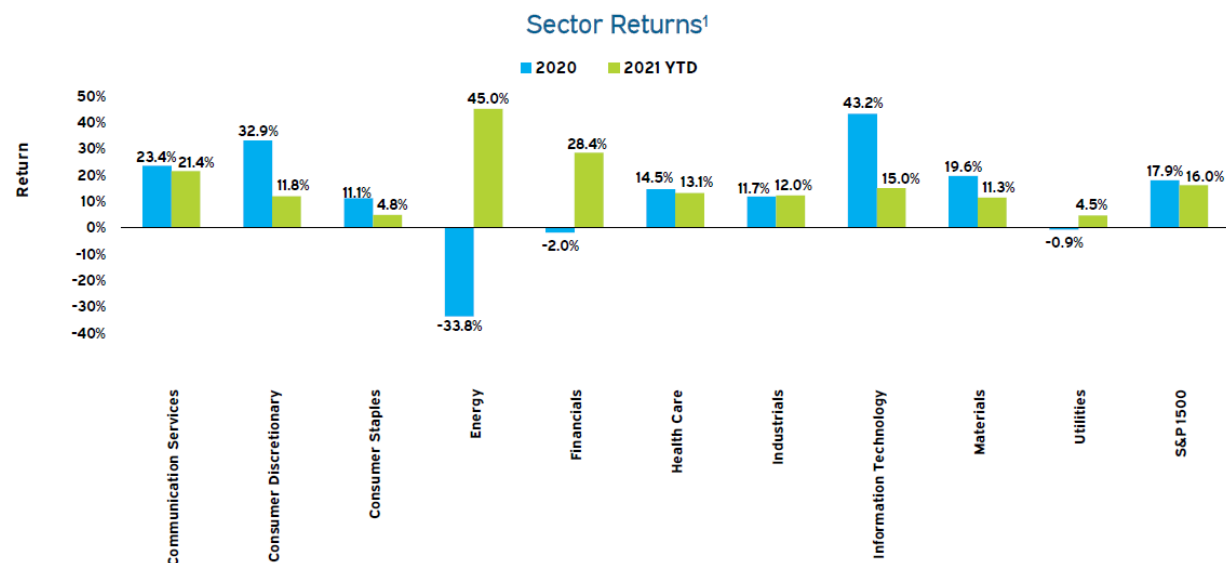
Economic and Market Update

Equity markets broadly declined in September posting one of their worst months since early calendar year 2020. Gridlock in Washington and continued supply chain issues weighed on U.S. equities, while government intervention and growing concerns around the stability of real estate giant Evergrande, weighed on markets in China.

Market Returns¹ September 30, 2021

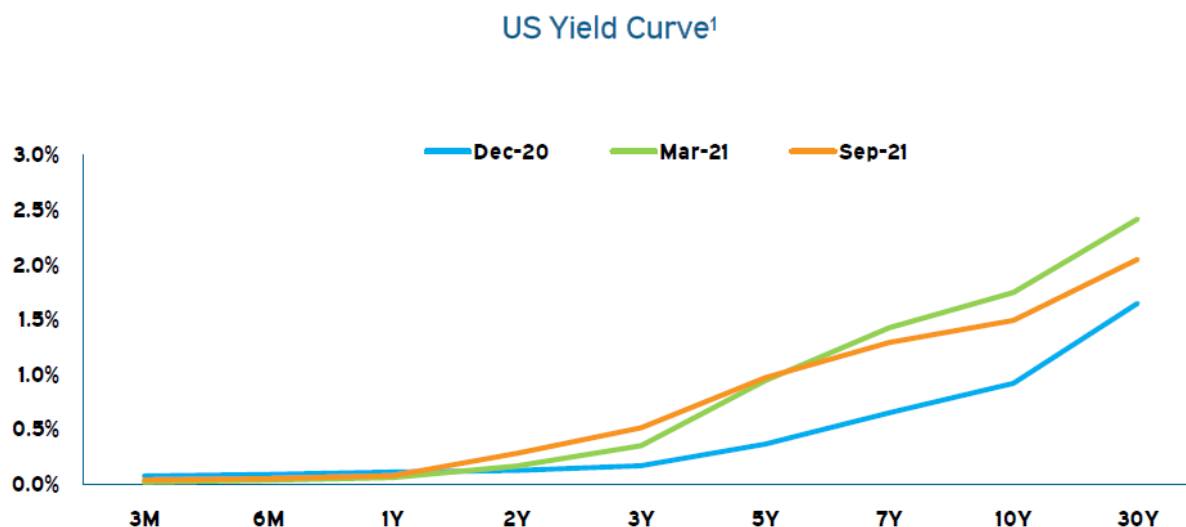
	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	-4.7%	0.6%	15.9%	30.0%	16.0%	16.9%	14.0%	16.6%
MSCI EAFE-ND	-2.9%	-0.4%	8.3%	25.7%	7.6%	8.8%	5.8%	8.1%
MSCI EM-ND	-4.0%	-8.1%	-1.2%	18.2%	8.6%	9.2%	5.6%	6.1%
MSCI China-ND	-5.0%	-18.2%	-16.7%	-7.3%	5.9%	9.1%	7.5%	8.7%
Bloomberg US Aggregate	-0.9%	0.1%	-1.6%	-0.9%	5.4%	2.9%	3.3%	3.0%
Bloomberg US TIPS	-0.7%	1.8%	3.5%	5.2%	7.4%	4.3%	3.9%	3.1%
Bloomberg US Corporate High Yield	0.0%	0.9%	4.5%	11.3%	6.9%	6.5%	5.9%	7.4%
ICE BofAML US 3-Month Treasury Bill	0.0%	0.0%	0.0%	0.1%	1.2%	1.2%	0.9%	0.6%
ICE BofAML 1-3 Year US Treasury	-0.1%	0.1%	0.0%	0.0%	2.6%	1.6%	1.5%	1.2%
ICE BofAML 10+ Year US Treasury	-2.9%	0.1%	-7.4%	-10.1%	9.0%	3.3%	5.3%	4.3%

¹Source: Oregon State Treasury



¹Source: Bloomberg. Data is as of September 30, 2021.

In September, Treasuries also pulled back given persistent inflation and expectations for the Federal Reserve to start unwinding their quantitative easing program.



¹ Source: Bloomberg. Data is as of September 30, 2021

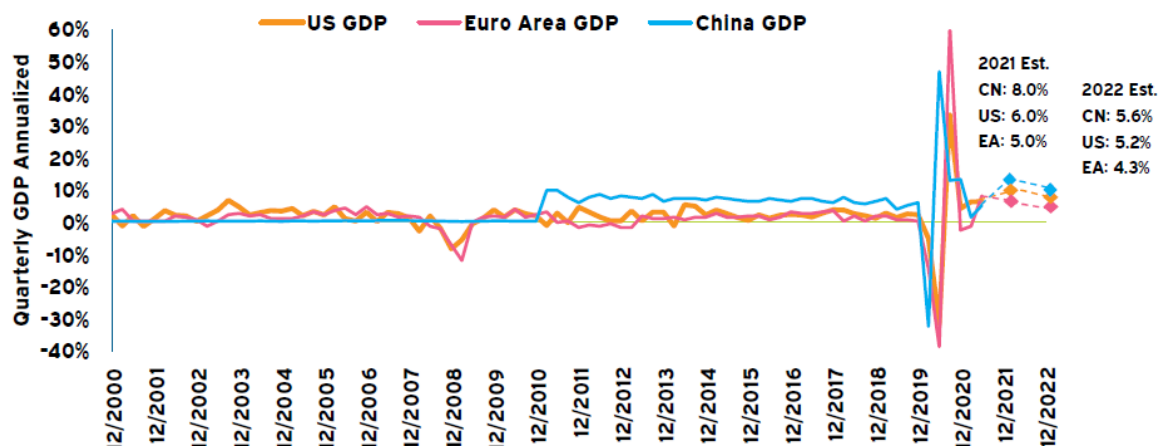
Inflation expectations remain well above long-term averages, particularly in the short-term, with the economy reopening, supply chain issues persisting, and expected additional fiscal stimulus as key drivers. Looking ahead, the track of economic growth, the persistence of supply chain issues, and the unprecedented U.S. fiscal response will be key issues. Additionally, changes to Fed policy focused on an average inflation target may play a role in the inflation market dynamics.

Credit spreads (the spread above a comparable maturity Treasury) for investment-grade and high yield corporate debt remain historically narrow despite continued economic uncertainty. Policy support and the search for yield in a low-rate environment have been key drivers in the decline in U.S. credit spreads to below long-term averages, particularly for high yield issuers.

In late calendar year 2020 and early calendar year 2021, major economies grew at rates far above potential. These very high rates of growth are not expected to continue, with projections continuing to decline given supply disruptions, reopening trends moderating, and some countries continuing to struggle with the COVID -19 virus. The U.S. is expected to grow faster than the euro area this year and next, with some growth pulled forward due to the relative success in distributing the vaccine and a substantially larger fiscal stimulus response to the

pandemic. China is projected to grow at 8.0% in calendar 2021 and 5.6% in calendar 2022 both above the expected U.S. growth rate. Questions remain though about the highly levered property market and government regulations.

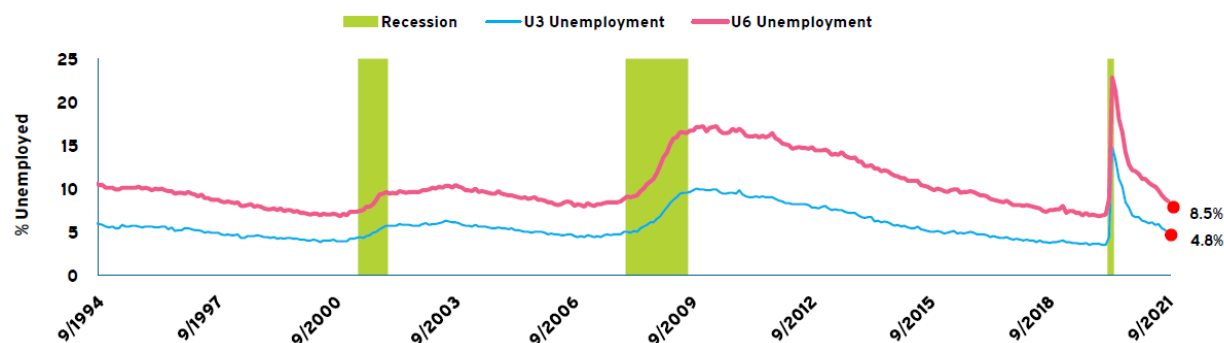
GDP Data Shows Projected Improvements in 2021¹



The unemployment rate (U3) continued its decline in September falling from 5.2% to 4.8%. It remains above pre-pandemic levels though, but far below the pandemic peak. The broader measure of unemployment (U6) that includes discouraged and underemployed workers also continued to decline but remains much higher at 8.5%. Also, the labor force participation rate remains quite low and is 1.7% below the 61.6% level of February 2020. Pandemic related concerns, childcare issues, and a mismatch of skills and available jobs have contributed

to the continued labor market issues. The track of the unemployment rate from here will be a key consideration in the Federal Reserve's pace of reducing its policy support.

US Unemployment¹





Public University Fund (PUF)

Investment Statement

July 1, 2021 - September 30, 2021
Q1 FY22

Southern Oregon University
Steve Larvick, Controller
1250 Siskiyou Blvd
Ashland, OR 97520

Quarter-to-Date
as of 09/30/2021

Beginning Market Value	\$19,134,348
+ Contributions	19,931,149
- Withdrawals	(6,303,233)
+/- Change in Market Value	(55,367)
Ending Market Value	\$32,706,897

Units Owned	321,875.313
Price per Unit	\$101.61356

	<u>Quarter-to-Date</u>	<u>Year-to-Date</u>
Gross Investment Earnings	\$72,341	\$72,341
Participant Fees	(8,697)	(8,697)
Participant Fee Credit	665	665
Net Investment Earnings	<u>\$64,309</u>	<u>\$64,309</u>
Realized Gain/(Loss) on Sale of Investments	\$19,410	\$19,410
Unrealized Gain/(Loss) on Investments		(\$18,632)

Questions? Please contact Mary Hatfield, 541.737.0843

mary.hatfield@oregonstate.edu

Vice President's Report

Roadmap for Vice President's Report



- Organizational Update (Payroll)
- Budget Committee Formation (and reserve policy update)
- Task Force on Financial Sustainability
- Higher Education Coordinating Commission Update
- Federal Relief Funding

HECC Update

- Funding and Achievement Subcommittee focus:
 - Summary of funding (for situational awareness – 8/11/21)
 - <https://www.oregon.gov/highered/about/Documents/Commission/FA/2021/August%2011/3.0%20FA%20Do%20cket%20Item%20-%20Funding%20Summary%20and%20%202021-23%20in%20one%20doc.pdf>
 - SSCM Rule Change
- HECC meeting and recordings at:
<https://www.oregon.gov/highered/about/Pages/current-materials.aspx>

Review of State Funding Model



Table 8: SSCM Funding Component Matrix

Funding Category	Data	Calculations
Mission Support Funding	<ul style="list-style-type: none"> Base Funding, Regional access, and Public service funding is based on resident FTE Research Support- Three-year average of research expenditures 	<ul style="list-style-type: none"> Base funding of \$2.9M, variable based on resident FTE for smaller institutions. Regional access funding based on resident FTEs, a funding amount per FTE, and an institutional size factor. Research support average proportional share, total cap of \$2.5M per institution and \$5M total Public services \$330 per resident FTE, maximum of \$4.7 per institution.
Activity-Based Funding	<ul style="list-style-type: none"> Three-year average of SCH completions by discipline (CIP) and student level. 	<ul style="list-style-type: none"> After removing Mission Support funding from the total PUSF allocation, 40 percent of remaining funding is allocated to ABF. Average multiplied by cost weights corresponding to discipline and student level.
Outcomes-Based Funding	<ul style="list-style-type: none"> Three-year average of resident degree and certificate completions by discipline and student level and non-resident doctoral degrees Three-year average of resident, baccalaureate transfer degrees. Three-year average of underrepresented student completions (resident baccalaureate) (<i>see</i> Equity Focus) 	<ul style="list-style-type: none"> Degrees at all levels are funded: BA/BS through PhDs, including graduate certificates Cost-weighting adjustments are made to reflect program duration and type (CIP code) Additional weighting awarded for BA/BS degrees earned by underrepresented students and degrees in high-demand and high-reward areas Allocations for transfer students are discounted relative to non-transfer students Bonus allocation for transfer students from an Oregon Community College

Federal Relief Funding Recap

Reminder of Big Picture:



COVID Losses by Major Fund Type and Area

Excludes the Offset of Cares Act Funds to be received:

	CARES	CRRSAA	ARP	GEER 1	GEER 2	Total
Federal Funds (excluding funds being issued directly to students)	\$ 1,711,039	\$ 4,491,416	\$ 5,443,651			\$ 11,646,106
Federal GEER Funding				\$ 72,755	\$ 72,842	\$ 145,597
Federal Funds (Strengthening Institutional Programs)	\$ 170,780	\$ 264,474	\$ -	\$ -		\$ 435,254
	\$ 1,881,819	\$ 4,755,890	\$ 5,443,651	\$ 72,755	\$ 72,842	\$ 12,226,957
Additional CARES Act funding being received through the CPB, in support to JPR	\$ 224,272	\$ -	\$ -	\$ -	\$ -	\$ 224,272
Total CARES Act Funding	\$ 2,106,091	\$ 4,755,890	\$ 5,443,651	\$ 72,755	\$ 72,842	\$ 12,451,229
Student Direct Aid Support	\$ 1,711,040	\$ 1,711,040	\$ 5,529,397	\$ -	\$ -	\$ 8,951,477
Total Support	\$ 3,817,131	\$ 6,466,930	\$ 10,973,048	\$ 72,755	\$ 72,842	\$ 21,402,706

- American Rescue Plan (ARP) funding for ‘direct aid’ to students is being distributed (\$4.7M of \$5.5M to date)
- Allocation strategy of Institution’s portion of CRRSAA and ARP shown in Pro Forma (\$9.9M)

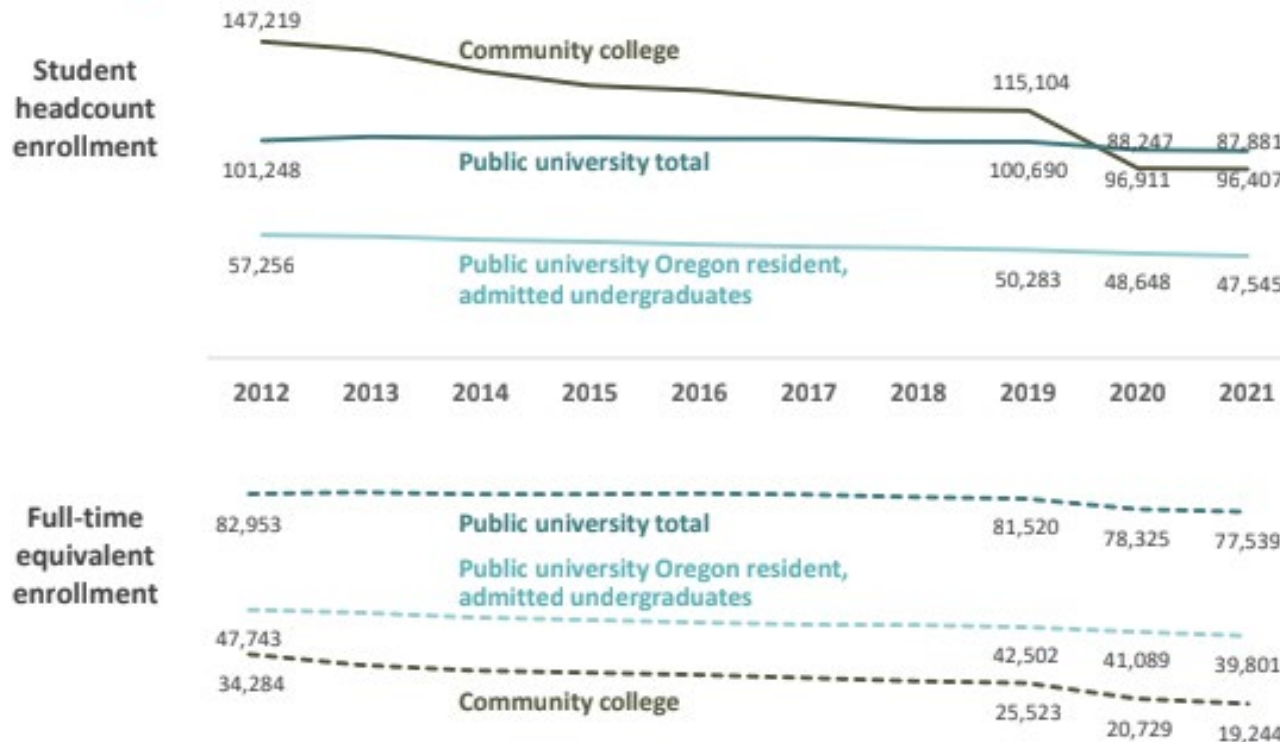
Enrollment Update and Revenue Forecast

Fall 2021 National Picture

- Fall 2021 undergraduate enrollment is down 3.2 percent from a year ago.
- Undergraduate student numbers have now fallen by 6.5 percent as a total from two years ago.
- Graduate enrollment continued to grow, reaching 2.1 percent above last fall's level, for a total growth of 5.3 percent over two years.
- Freshman enrollment continued to slip this fall. First-year student numbers declined by 3.1 percent overall and 3.9 percent among traditional-age students (18-20).
- National Student Clearinghouse Research Center

Oregon Enrollment Trend

The steep changes related to the pandemic are evident in the long-term trend



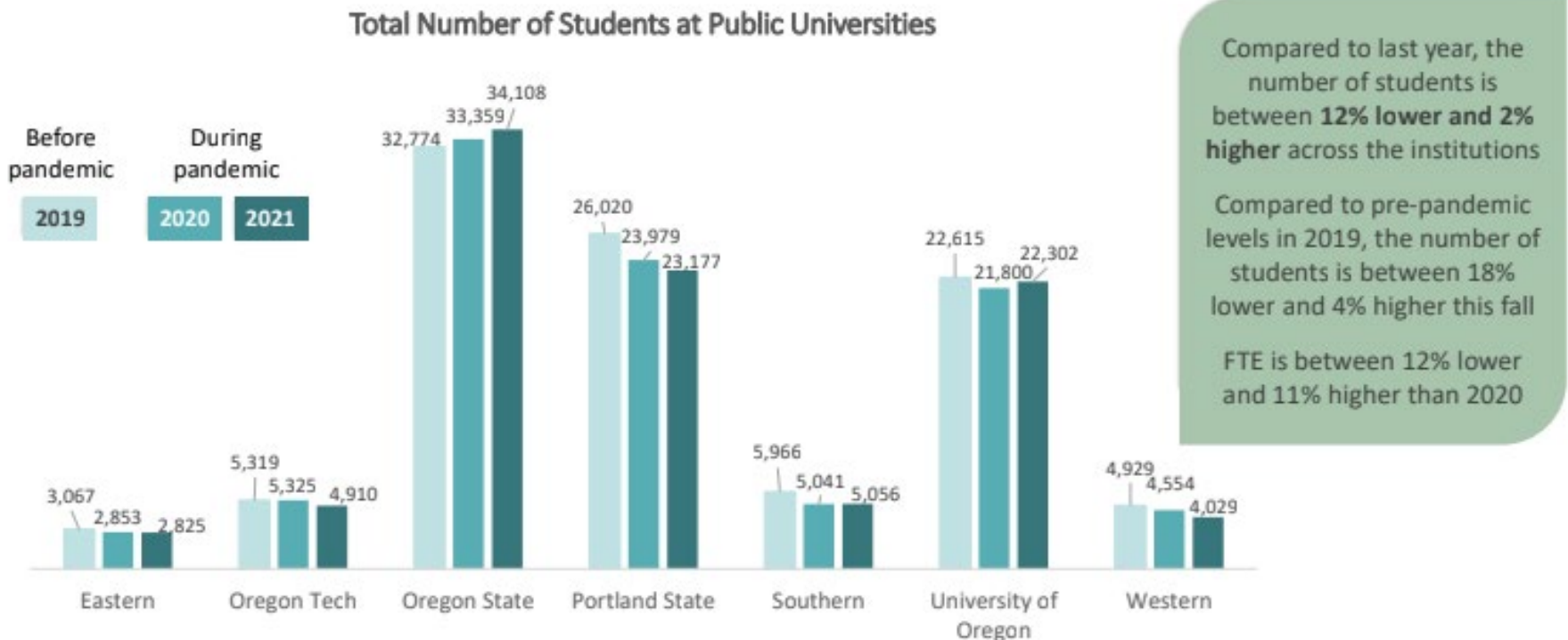
While enrollment has stabilized, it has not returned to pre-pandemic levels

Residence halls are open, and institutions are teaching students in multiple ways: in-person, online, and hybrid

Source: Fall enrollment data provided as aggregate counts by community colleges and as individual student records by public universities. Individual analyses are made by HECC staff. Notes: Students enrolling in more than one institution in fall are included in both institutions' counts. Full-time equivalent counts are defined in the colleges as the total number of clock hours in which all students enrolled divided by 510, and in the universities as credit hours divided by 15 at the undergraduate level, by 12 at the graduate level (excluding PhD), and by 9 at the PhD level.

Oregon, OPU's

Enrollment increased or stabilized at some universities and fell at others



SOU is now Oregon's largest TRU (Technical & Regional University)

Source: Fall enrollment data provided as individual student records by public universities. Individual analyses are made by HECC staff. Notes: Students enrolling in more than one institution in fall are included in both institutions' counts. Full-time equivalent counts are defined in the universities as credit hours divided by 15 at the undergraduate level, by 12 at the graduate level (excluding PhD), and by 9 at the PhD level.

College Continuation Rank

State	College Continuation	College Continuation Rank	State	College Continuation	College Continuation Rank
Mississippi	88.1%	1	Arkansas	72.1%	27
New York	87.6%	2	Maine	71.8%	28
Connecticut	84.3%	3	New Hampshire	71.8%	29
Tennessee	83.2%	4	Minnesota	71.4%	30
District of Columbia	83.1%	5	Montana	71.4%	31
New Jersey	82.4%	6	Wisconsin	71.4%	32
Massachusetts	81.9%	7	Kansas	71.1%	33
California	79.6%	8	Colorado	70.9%	34
Delaware	79.1%	9	Oklahoma	70.8%	35
Louisiana	79.1%	10	South Dakota	70.3%	36
North Carolina	79.0%	11	Wyoming	70.1%	37
Alabama	78.7%	12	Indiana	70.0%	38
Rhode Island	78.3%	13	Vermont	69.8%	39
New Mexico	77.8%	14	Hawaii	69.4%	40
Virginia	77.7%	15	Oregon	69.0%	41
Georgia	76.4%	16	West Virginia	68.4%	42
North Dakota	76.4%	17	Missouri	68.2%	43
South Carolina	76.1%	18	Washington	67.6%	44
Michigan	76.0%	19	Texas	67.5%	45
Illinois	75.9%	20	Nebraska	65.6%	46
Florida	74.1%	21	Nevada	64.9%	47
Pennsylvania	73.2%	22	Arizona	62.7%	48
Kentucky	72.9%	23	Alaska	58.7%	49
Ohio	72.9%	24	Utah	57.9%	50
Iowa	72.6%	25	Idaho	57.5%	51

Sources: *Western Interstate Commission for Higher Education, *Knocking at the College Door: Projections of High School*

Oregon

The Competition Factor



	In-state Counts	Percentage	Rank
2021-22 High School Seniors*	41,880		30th
Institutions of Higher Education**	72		22nd
College Continuation***	28,882	69.0%	41st
Leave the State to Go to College***	5,514	13.2%	30th

	In-state Freshman***	Estimated Market Share^
Largest Institutions***		
Portland Community College	3,076	10.65%
Oregon State University	2,548	8.82%
University of Oregon	2,100	7.27%
Chemeketa Community College	1,977	6.85%
Clackamas Community College	1,478	5.12%

Remaining Students	Remaining Institutions	Students Per Institution
12,189	67	182



Sources:

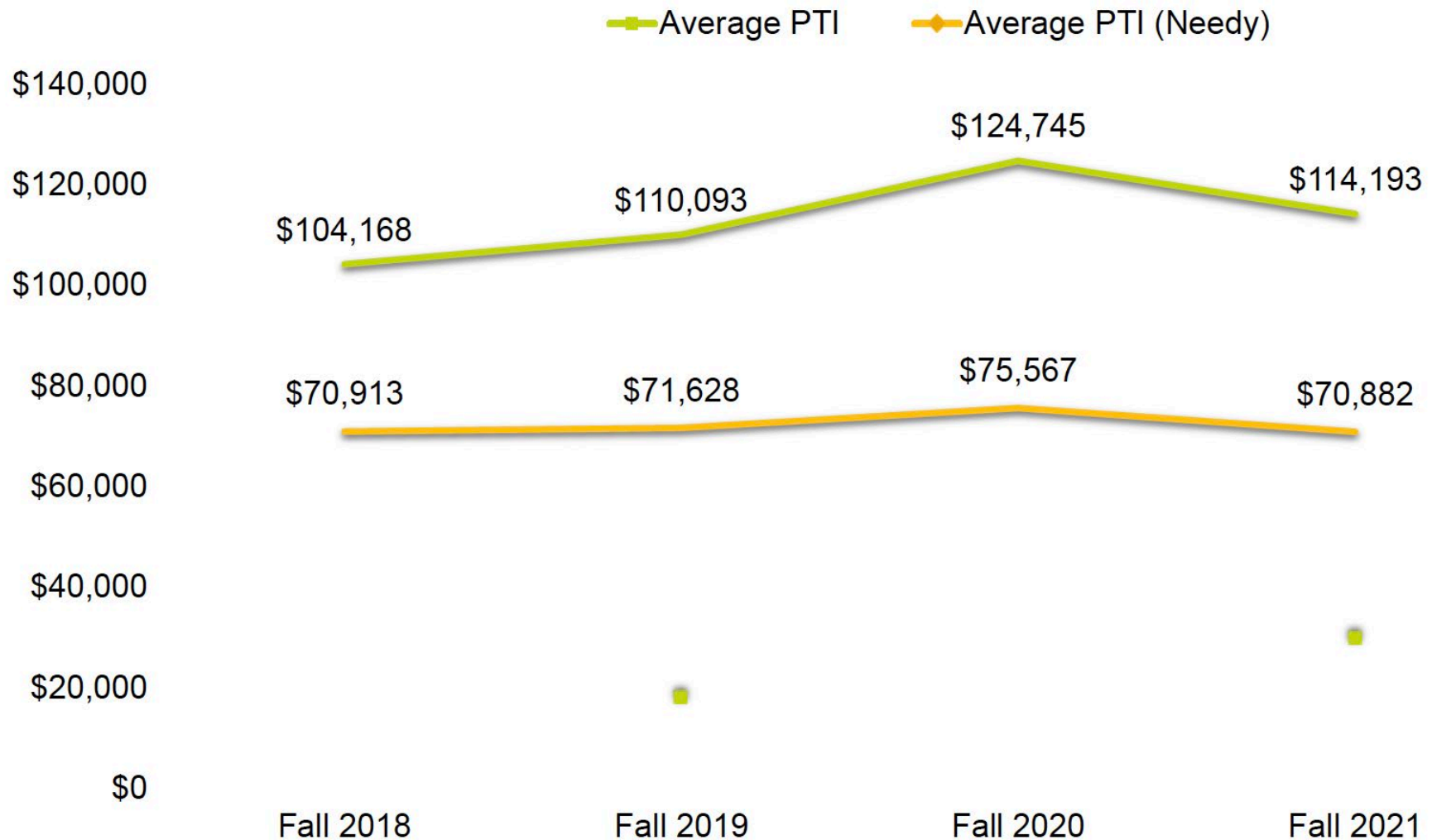
*Western Interstate Commission for Higher Education, *Knocking at the College Door: Projections of High School Graduates, 2020*, www.knocking.wiche.edu

**National Center for Education Statistics, IPEDS, 2020

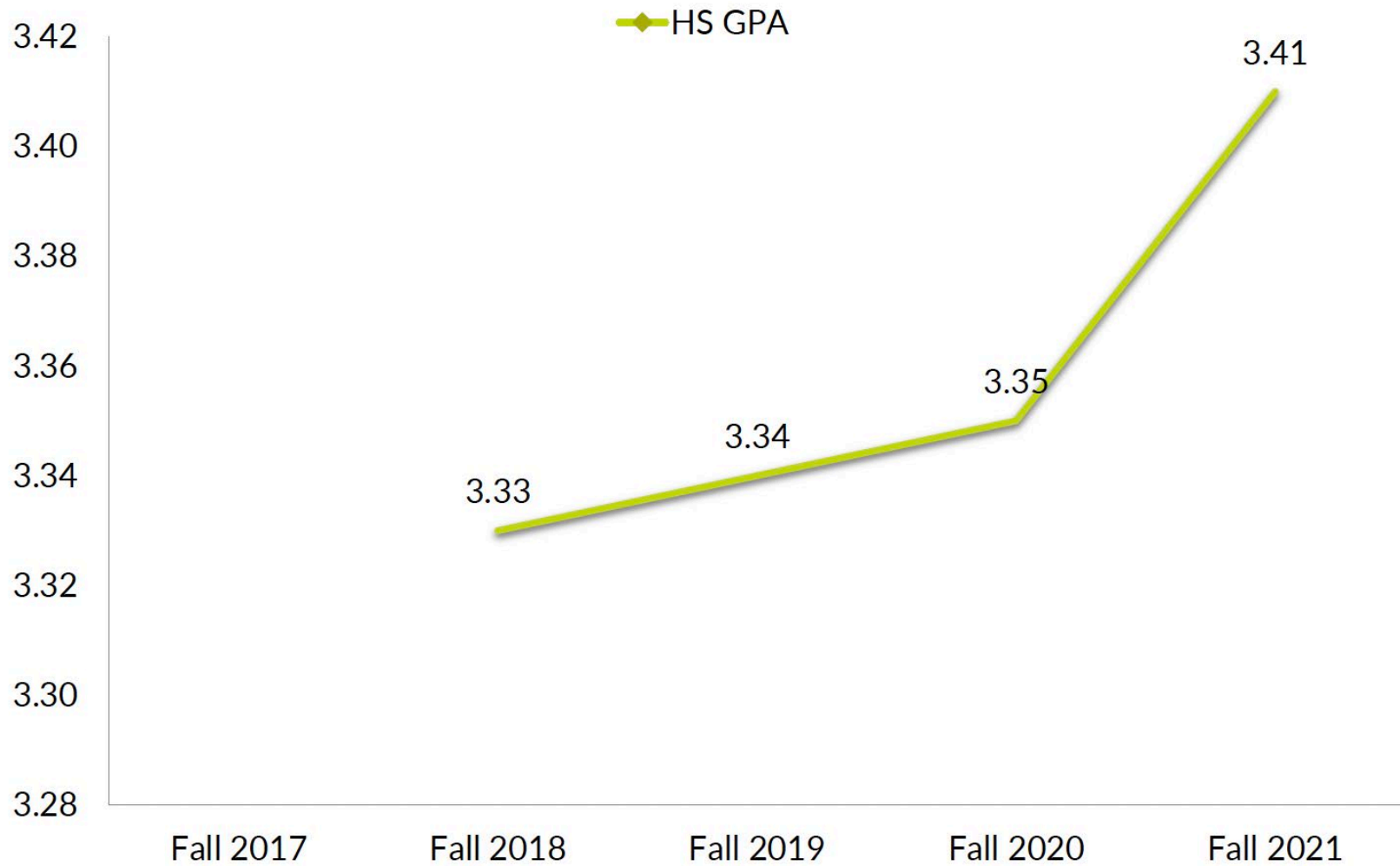
***National Center for Education Statistics. Freshman Migration Data for 2018-19

Parent Total Income for FAFSA Filers

Total First-year Students



HSGPA Trend



Fall 2021: New Students

(4th week)

	Fall 2020	Fall 2021	# Change	% Change
Total New Students	1,156	1,074	-82	-7.1%
Freshmen	576	509	-67	-11.6%
Transfer	386	371	-15	-3.9%
Postbacc/Graduates	194	194	-	-

Enrolled Students (Headcount):

4th Week

	Fall 2020	Fall 2021	# Change	% Change
Continuing Students	2,610	2,419	-191	-7.3%
Returning Students	198	239	41	20.7%
Non-admitted	1,060	1,331	271	25.6%
Grand Total – Headcount	5,024	5,063	39	0.8%
Grand Total - FTE	3,505	3.324	-181	-5.2%

Enrolled Students by Residency:

4th Week

	Fall 2020	Fall 2021	# Change	% Change
Resident	3,429	3,628	199	5.8%
Non-Resident	1,595	1,435	-160	-10%
International	42	62	20	47.6%
Alaska	40	37	-3	-7.5%
California	1,049	949	-100	-9.5%
Hawaii	69	49	-20	-29.0%
Idaho	34	36	2	5.9%
Washington	159	133	-26	-16.4%
All Other	189	164	-25	-13.2%

Enrolled Students by Race/Ethnicity:

4th Week



	Fall 2020 YTD	Fall 2021 YTD	# Change	% Change
American Indian/Alaska Native	68	59	-9	-13.2%
Asian	101	106	5	5.0%
Black/African American	94	83	-11	-11.7%
Hispanic/Latino	538	532	-6	-1.1%
North African/Middle Eastern	24	29	5	20.8%
Pacific Islander	43	41	-2	-4.7%
Two or More Races	416	392	-24	-5.8%
Subtotal: Students of Color	1,284	1,242	-42	-3.3%
White	2,641	2,472	-169	-6.4%
Unknown/NR	1,057	1,287	230	21.8%

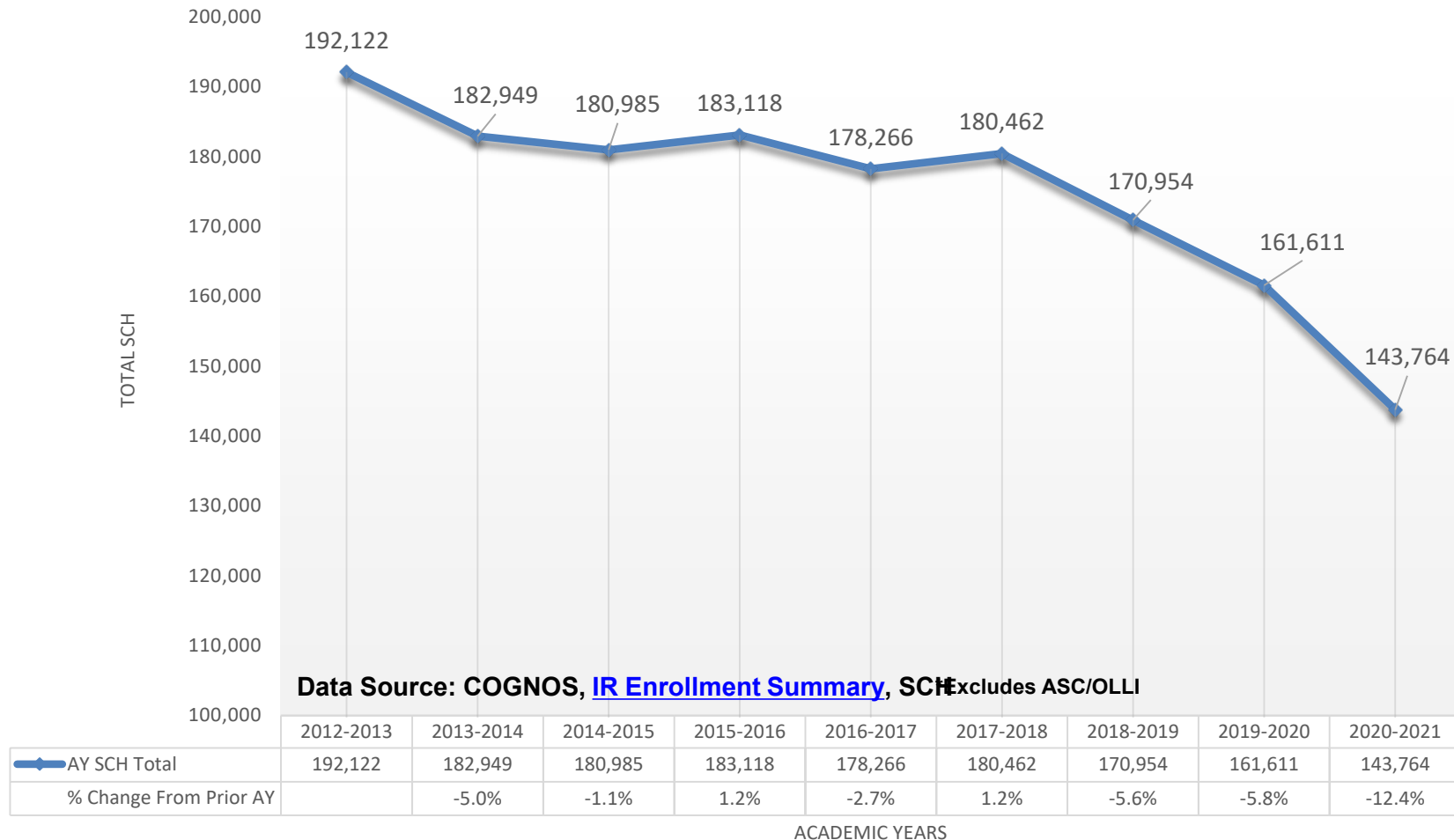
Fall 2022 Early Funnel: New Students (Undergrad)

	Fall 2022 YTD	Fall 2021 YTD	# Change	% Change
Applications	596	469	127	27.1%
Completed Applications	521	307	214	69.7%
Admissions	517	307	210	68.4%
Confirmed	40	28	12	42.9%

Data as of November 5, 2021

Enrollment Context, SCH Decline

Total SCH Per Academic Year 2012 - 2020



Budget Forecast and Review of Pro Forma

Roadmap

- Observations and Assumptions
- Financial Planning Guidelines
- Pro Forma: Year to date status update w/ no federal aid
- Pro Forma: Year to date status update w/ federal aid
- Cost levers – “create runway”
- Revenue levers – “be creative”
- Pro Forma: conservative data set (with aid and controls)
- Trend Analysis: Ending Fund Balance as % of Operating Revenue over time
- Path Forward

E&G Budget: Observations and Key Assumptions

Observations

- Revenue projections softer than budgeted; reductions across multiple areas
- Building Fee debt service impacted by pandemic; 2032 into deficit
- First quarter labor savings from furloughs realized
- Labor cost estimates assume filling vacant positions
- Large cost increases in some key S&S categories
 - Utilities (water, sewer, electric), Data Processing Services, Management Consulting, Insurance Rates
- Miscellaneous revenue impacted by:
 - Increased liability for bad debt on student accounts
 - Reduced housing ground lease income

Modeling Assumptions FY23 – FY25 (preliminary)

- State funding per recent SSCM updates
- 4.99% Tuition Increase for each of next 3 years
 - Fee revenues modeled against historic actuals
- Enrollment modeled in coordination w/VPEMSA
- Labor 3% for each group (actual rates TBD per contract negotiations)
- S&S 5.4% increases per recent guidance (return to 2.25% for future years)
- PERS retirement – 3.4% / PEBB Healthcare 3.2% for Continuing Service Levels

Financial Planning Guidelines

Short Term

1. Allocate federal relief funding to “create runway,” giving the new President time to analyze, plan and implement (using federal funding to cushion cost reductions in the next few years)
2. Continue to leverage investments
 - Navigate: communicate and retain
 - APS: return on investment
 - Strategic Enrollment: Simpson Scarborough, Ruffalo Noel-Levitz
3. Identify and balance the expense and revenue levers, then develop a plan

Long Term

True up the budget to expected student population--right-size without losing talent

FY22 E&G Budget Forecast (no Aid)

- Year to date actuals and Estimate to complete FY22
- FY21 Ending Balance adjusted
 - Audited Financial Statements TBD
- Revenues **are not keeping** pace with expenses
- Expenses in Green **do not** account for labor negotiations
 - Existing contract language for this fiscal year projection
- Projected \$2.9M ending fund would equal a 4.8% KPI and less than 1/2 month of operations
 - NACUBO recommendation is 40%
 - Treasury requires 30 days of available cash on hand

Education and General <input type="checkbox"/>	2020-21	2021-22	2021-22
	Actual (000's)	FY22 BUDGET (000's)	FYE Forecast (000's)
Revenue			
State Appropriations: SSCM	23,559	24,864	25,720
Total State Funding (SSCM,ETSF,SELP)	23,937	25,242	26,098
Tuition	36,451	36,340	34,381
Fees	3,457	3,293	3,404
Raider Aid	(3,245)	(3,276)	(3,650)
Tuition, net of Raider Aid	36,663	36,358	34,135
Misc. Other Revenue	481	2,101	893
TOTAL REVENUES	61,081	63,700	61,126
<u>Personnel Services</u>			
Faculty	(14,691)	(17,118)	(16,005)
Admin	(8,127)	(10,261)	(9,990)
Classified	(5,309)	(6,900)	(6,559)
Student (& Other)	(1,005)	(1,615)	(1,441)
Salaries Total	(29,132)	(35,894)	(33,996)
Retirement (PERS + ORP)	(7,050)	(8,355)	(7,675)
PEBB	(7,026)	(7,780)	(7,322)
Other	(3,172)	(3,612)	(3,212)
OPE	(17,249)	(19,747)	(18,209)
Net Personnel	(46,381)	(55,184)	(52,205)
Supplies & Services	(10,337)	(12,160)	(11,193)
Capital Expenses	(124)	(260)	(136)
<i>S&S Adjustments</i>			
Total Supplies & Services, Capital Expenses	(10,461)	(12,420)	(11,329)
Cost Reductions, Savings, Outside Support		8,178	
TOTAL EXPENDITURES	(56,842)	(59,427)	(63,534)
Net from Operations Before Transfers	4,239	4,274	(2,407)
Budgeted Transfers	(1,526)	(2,513)	(2,455)
NET TRANSFERS	(1,526)	(2,513)	(2,455)
Change in Fund Balance	2,713	1,761	(4,862)
Beginning Fund Balance	5,081	7,794	7,794
Ending Fund Balance	7,794	9,555	2,932
% Operating Revenues	12.76%	15.00%	4.80%
Days of Operations	48.74	56.31	16.22
Months of Operations	1.62	1.88	0.54

FY22 E&G Budget Forecast (w/Aid)

- Year to date actuals and Estimate to complete FY22
- FY21 Ending Balance adjusted
 - Audited Financial Statements TBD
- Revenues **are not keeping** pace with expenses
- Expenses in Green **do not** account for labor negotiations
 - Existing contract language for this fiscal year projection
- Targeted reductions of \$1M
- Projected \$7.2M ending fund balance leveraging \$3.3M of Federal funding for nearly 12% KPI and roughly 1.5 months of operations
 - NACUBO recommendation is 40%
 - Treasury requires 30 days of available cash on hand

Education and General <input type="checkbox"/>	2020-21	2021-22	2021-22
	Actual (000's)	FY22 BUDGET (000's)	FYE Forecast (000's)
Revenue			
State Appropriations: SSCM	23,559	24,864	25,720
Total State Funding (SSCM,ETSF,SELP)	23,937	25,242	26,098
Tuition	36,451	36,340	34,381
Fees	3,457	3,293	3,404
Raider Aid	(3,245)	(3,276)	(3,650)
Tuition, net of Raider Aid	36,663	36,358	34,135
Misc. Other Revenue	481	2,101	893
TOTAL REVENUES	61,081	63,700	61,126
Personnel Services			
Faculty	(14,691)	(17,118)	(16,005)
Admin	(8,127)	(10,261)	(9,990)
Classified	(5,309)	(6,900)	(6,559)
Student (& Other)	(1,005)	(1,615)	(1,441)
Salaries Total	(29,132)	(35,894)	(33,996)
Retirement (PERS + ORP)	(7,050)	(8,355)	(7,675)
PEBB	(7,026)	(7,780)	(7,322)
Other	(3,172)	(3,612)	(3,212)
OPE	(17,249)	(19,747)	(18,209)
Net Personnel	(46,381)	(55,184)	(52,205)
Supplies & Services	(10,337)	(12,160)	(11,193)
Capital Expenses	(124)	(260)	(136)
<i>S&S Adjustments</i>			1,000
Total Supplies & Services, Capital Expenses	(10,461)	(12,420)	(10,329)
Cost Reductions, Savings, Outside Support		8,178	3,312
TOTAL EXPENDITURES	(56,842)	(59,427)	(59,222)
Net from Operations Before Transfers	4,239	4,274	1,905
Budgeted Transfers	(1,526)	(2,513)	(2,455)
NET TRANSFERS	(1,526)	(2,513)	(2,455)
Change in Fund Balance	2,713	1,761	(550)
Beginning Fund Balance	5,081	7,794	7,794
Ending Fund Balance	7,794	9,555	7,244
% Operating Revenues	12.76%	15.00%	11.85%
Days of Operations	48.74	56.31	42.87
Months of Operations	1.62	1.88	1.43

Cost Levers – “create runway”

- Continued Austerity - \$1+M savings

Labor Savings

- Continue hiring restraint (\$300K - \$1+ M)
- Study organization structure (\$200K - \$2M)
- Consider COLA increase freeze for Admin (\$300K)
- Offer voluntary furloughs (\$100K)

Supplies & Services

- Travel restrictions (VP approval (\$350K)
- Spending and access limits (TBD)
- Limit food on campus (\$100K)
- Limit off-campus events (\$100K - \$200K)
- Energy reduction plan (\$50K)

- Analyzing other levers

Revenue Levers – “be creative”

- Near-term opportunities - \$1M generation

State and Federal Funding

- Implement SSCM initiatives from Pres Task Force
- Develop ERP “ask” for short session

Tuition and Fees

- Pipeline enhancements; e.g., “Strong Start Program”
- Add four athletic teams
- Grad student program refinement (GA program)

Gifts, Grants & PPP

- In silent phase of comprehensive campaign
- Explore Walker and Ashland (mixed use)
- Cascades site P3 for affordable housing
- Liquidate properties

- Analyzing other levers

Pro Forma w/Aid & Cuts

Education and General

(in thousands of dollars)



	2019-21 Biennium		2021-23 Biennium			2023-25 Biennium	
	2019-20 Actual (000's)	2020-21 Actual (000's)	2021-22 FY22 BUDGET (000's)	2021-22 FYE Forecast (000's)	2022-23 FORECAST (000's)	2023-24 FORECAST (000's)	2024-25 FORECAST (000's)
Revenue							
State Appropriations: SSCM	22,696	23,559	24,864	25,720	27,359	27,340	28,394
Total State Funding (SSCM,ETSF,SELP)	23,074	23,937	25,242	26,098	27,737	27,717	28,771
Tuition	39,365	36,451	36,340	34,381	34,005	33,311	32,860
Fees	3,167	3,457	3,293	3,404	2,975	2,915	2,875
Raider Aid	(3,965)	(3,245)	(3,276)	(3,650)	(3,328)	(3,260)	(3,216)
Tuition, net of Raider Aid	38,567	36,663	36,358	34,135	33,652	32,965	32,519
Misc. Other Revenue	2,453	481	2,101	893	2,148	2,197	2,246
TOTAL REVENUES	64,095	61,081	63,700	61,126	63,537	62,879	63,537
<u>Personnel Services</u>							
Faculty	(16,083)	(14,691)	(17,118)	(16,005)	(16,976)	(17,529)	(18,112)
Admin	(9,617)	(8,127)	(10,261)	(9,990)	(10,343)	(10,836)	(11,482)
Classified	(6,362)	(5,309)	(6,900)	(6,559)	(7,127)	(7,541)	(7,773)
Student (& Other)	(1,445)	(1,005)	(1,615)	(1,441)	(1,730)	(1,754)	(1,786)
Salaries Total	(33,508)	(29,132)	(35,894)	(33,996)	(36,176)	(37,661)	(39,154)
Retirement (PERS + ORP)	(7,881)	(7,050)	(8,355)	(7,675)	(7,978)	(9,498)	(9,874)
PEBB	(7,312)	(7,026)	(7,780)	(7,322)	(8,029)	(8,286)	(8,551)
Other	(3,275)	(3,172)	(3,612)	(3,212)	(3,641)	(3,790)	(3,940)
OPE	(18,469)	(17,249)	(19,747)	(18,209)	(19,648)	(21,574)	(22,365)
Net Personnel	(51,977)	(46,381)	(55,184)	(52,205)	(55,824)	(59,235)	(61,519)
Supplies & Services	(10,477)	(10,337)	(12,160)	(11,193)	(12,817)	(13,105)	(13,400)
Capital Expenses		(124)	(260)	(136)	(139)	(142)	(146)
<i>S&S Adjustments</i>				1,000			
Total Supplies & Services, Capital Expenses	(10,477)	(10,461)	(12,420)	(10,329)	(12,956)	(13,248)	(13,546)
Cost Reductions, Savings, Outside Support			8,178	3,312	3,312	3,312	As Modeled
TOTAL EXPENDITURES	(62,454)	(56,842)	(59,427)	(59,222)	(65,468)	(69,170)	(75,065)
Net from Operations Before Transfers	1,641	4,239	4,274	1,905	(1,931)	(6,291)	(11,528)
Budgeted Transfers	(1,913)	(1,526)	(2,513)	(2,455)	(2,542)	(2,646)	(2,748)
NET TRANSFERS	(1,913)	(1,526)	(2,513)	(2,455)	(2,542)	(2,646)	(2,748)
Change in Fund Balance	(273)	2,713	1,761	(550)	(4,473)	(8,938)	(14,277)
Beginning Fund Balance	5,354	5,081	7,794	7,794	7,244	2,771	(6,166)
Ending Fund Balance	5,081	7,794	9,555	7,244	2,771	(6,166)	(20,443)
% Operating Revenues	7.92%	12.76%	15.00%	11.85%	4.36%	-9.81%	-32.17%

Days of Operations

28.81

48.74

56.31

42.87

14.87

-31.34

-95.89

Months of Operations

0.96

1.62

1.88

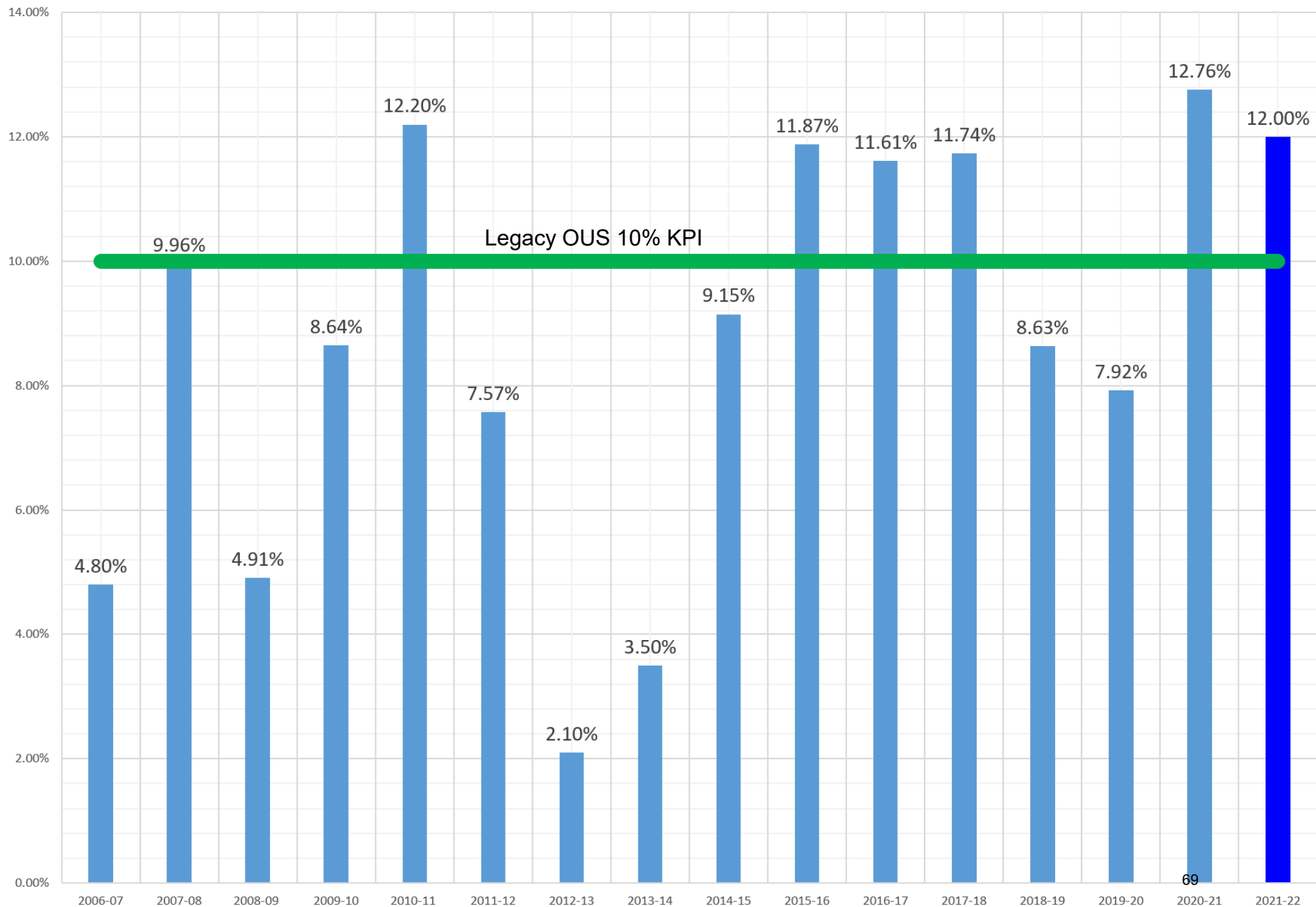
1.43

0.50

-1.04

-3.20

E&G Ending Fund Balance as % of Revenue FY07 - FY22



Path Forward

1. Continued austerity and transparency with campus
2. Long-term—bend the cost curve—continue to innovate and transform
3. Revenue
 - Stabilize after the pandemic (state and tuition/fees)
 - Develop alternative sources (like property sales)

Facilities and Capital Projects Updates

Status Update

- Britt Hall: Phase 1 substantially complete
- Planning Cascades Building Demolition (Legislature approved \$3.5M)
- Central Hall
 - Status: A&E proposals received; planning ‘swing space’
 - Issue spotting—cost escalation (\$6M approved, need over \$10M)
- Master Plan Status
 - Phase one complete
 - Phase two in planning / acquisition phase
- Integrating Student Sustainability Project with Native American Studies Short and Long-Term Requirements
 - Acquiring architect and engineering services (siting, concept design, etc.)

University Properties Task Force Update

Outline

- Reminder of Presidential Task Force for Properties scope and objectives.
- Status Update and Road Ahead

Properties Task Force Update

<https://sou.edu/president/properties-task-force/>

Overview of Properties Task Force Recommendations

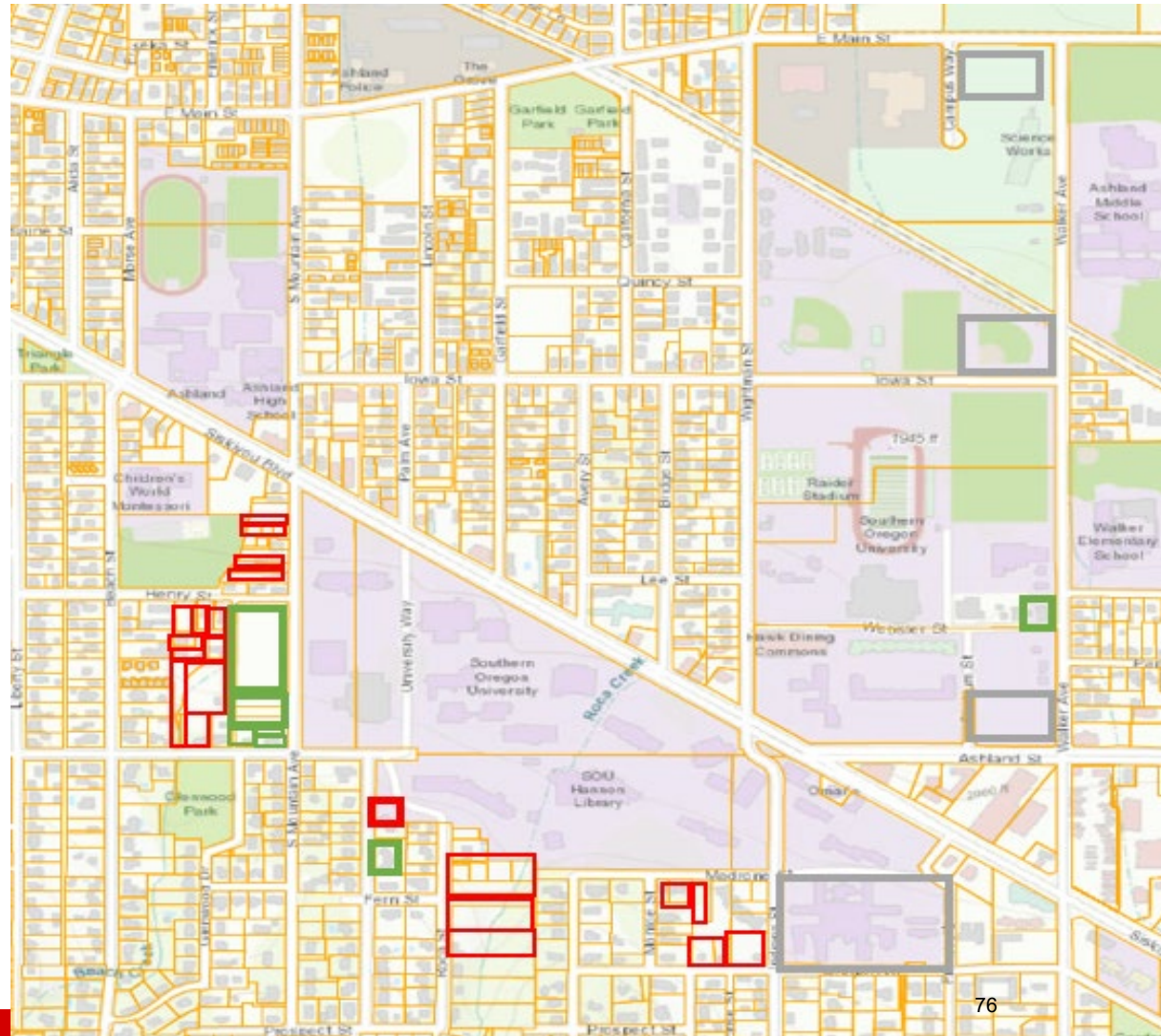
- SOU President Linda Schott [hosted a webinar](#) on Wednesday, June 2, 2021 for community members regarding university-owned properties. The webinar featured the recommendations made by a task force Schott convened to examine all contiguous SOU properties and identify the highest and best use of these assets. The task force reviewed a number of properties on the outskirts of campus – some of which are vacant and/or need significant renovation and others that house small university or affiliate programs.
- “Real property is one of the university’s most important assets, and the task force took great care as it worked through the options for each parcel. As with any significant decision that ultimately may impact the university and the City of Ashland, we welcome an opportunity to share the findings and recommendations of the task force with our larger community,” said Schott.
- The webinar is just the first piece of a conversation about how best to use these properties. The university intends to engage many external stakeholders (city planners, community groups, and other interested parties) to help determine the most appropriate path forward. The SOU Governing Board of Trustees is the ultimate authority on any final decisions that may be made.

[CLICK TO WATCH JUNE 2, 2021 WEBINAR](#)

Properties Task Force Key Objectives

<https://sou.edu/president/properties-task-force/>

- **Generate funds** that can be used for strategic purposes or to enhance financial reserves at SOU
- **Help address Ashland's housing shortage** by providing additional housing or space for the development of additional housing



Status and Road Ahead

- Actively working to Sell single family homes adjacent to Residential zoning
 - Homes on Henry Street
 - Home and some portion of open space on Roca
 - Homes and parking lot on South Mountain
 - Homes on Indiana, Oregon and Madrone
- Create affordable housing at corner of Walker St and Ashland St.
 - Discussing a partnership with OSF
 - Alternative plan: partner with another public or private entity
- Collaborating with City of Ashland (recent HHS discussion)
- Continue outreach

Proposed 2022-2023 Committee Meeting Schedule (Action) and Future Meetings

SOU Board of Trustees
2022-2023 Board and Committee Meeting Schedule

MEETING	Academic and Student Affairs	Finance and Administration	Executive and Audit	Board of Trustees
DAY	Third Thursdays	Third Thursdays	Third Fridays	Third Fridays
FREQUENCY	Four Times Per Year (and as needed for curriculum approvals)	Six Times Per Year	Four Times Per Year	Five Times Per Year
TIME	12:00-3:30 p.m.	4:00-6:00 p.m.	9:30-11:30 a.m.	12:00-5:00 p.m.
	January 20, 2022	January 20, 2022	January 21, 2022	January 21, 2022
		March 17, 2022 (Budget focus)		
	April 21, 2022	April 21, 2022	April 22, 2022	April 22, 2022
		May 19, 2022 (Budget focus)		
	June 16, 2022*	June 16, 2022*	June 17, 2022*	June 17, 2022*
				Retreat September 15, 2022 4:30-7:30 p.m. September 16, 2022 All Day, Time TBD
	October 20, 2022	October 20, 2022	October 21, 2022	October 21, 2022
	January 19, 2023	January 19, 2023	January 20, 2023	January 20, 2023
	March 16, 2023	March 16, 2023	March 17, 2023	March 17, 2023
	April 20, 2023	April 20, 2023	April 21, 2023	April 21, 2023
	June 15, 2023**	June 15, 2023**	June 16, 2023**	June 16, 2023**
				Retreat September 14, 2023 4:30-7:30 p.m. September 15, 2023 All Day, Time TBD
	October 19, 2023	October 19, 2023	October 20, 2023	October 20, 2023

Adjournment