

**Board of Trustees
Finance and Administration Committee Meeting
Thursday, April 22, 2022**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Members:

Sheila Clough	Present	Shaun Franks	Present
Lyn Hennion	Present	Mimi Pieper	Present
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: Daniel Santos, Deborah Rosenberg, and President Rick Bailey.

Other attendees included: Greg Perkinson, Vice President for Finance and Administration; Dr. Susan Walsh, Provost; Toya Cooper, Vice President for Equity, Diversity, and Inclusion; Janet Fratella, Vice President for University Advancement; Dr. Neil Woolf, Vice President for Enrollment Management and Student Affairs; Josh Lovern, Director of Budget and Planning; Jason Catz, General Counsel; Mason Healy-Patterson, ASSOU Vice President; Dr. Matt Stillman, Assistant Vice President for Enrollment Management/ University Registrar; and Sabrina Prud'homme, Board Secretary.

Chair Clough welcomed ASSOU Vice President, Mason Healy-Patterson and presenter, Dr. Matt Stillman.

Public Comment

No members of the public offered comments to the committee.

Consent Agenda

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

Vice President's Report

Higher Education Coordinating Commission (HECC) Update

Vice President Greg Perkinson said that after discussion on the matter, the commission chose not to change language regarding the tuition criteria. He also noted that the governor and the HECC are focused on equity, diversity and inclusion. In particular there is focus on a Native American grant program, which Mr. Perkinson looks forward to seeing the advancement of and which the state's chief education officer, Lindsey Capps called a moral imperative.

Excess University Properties Update

The university, effectively, has sold three properties. Mr. Perkinson appreciates the board's support in purchasing the slivers on Henry Street in partnership with the City of Ashland. The city would love to see SOU work on affordable housing, as would the

university, so it will be interesting to continue exploring options for the Henry and Walker Street properties.

Enterprise Resource Planning Update

Regarding the Banner replacement effort, SOU received four bids on the implementation, which will be scored. The team will also work through project planning as well as financial strategies.

Chair Clough mentioned interest from other universities and the possibility of group buying power. Mr. Perkinson affirmed her statement and said that Tom Battaglia has done a fantastic job reaching out to peers about this. President Bailey added that five of the Oregon universities are watching SOU and it is good for SOU lead. Dr. Bailey added that he and Jeanne Stallman continue engaging with state legislators on the topic, which is a long session priority. Mr. Perkins added that SOU has the support of HECC staff.

Action, Information and Discussion Items

Fall 2022 Enrollment Forecast

Referring to charts in the meeting materials, Josh Lovern reviewed historical headcount as well as full time equivalent (FTE) enrollment and said there has been a steady decline since 2017, with even greater declines in student credit hours (SCH). This indicates students are taking fewer classes than are leaving SOU, which puts downward pressures on revenue. Looking forward to the fall confirmations, Dr. Matt Stillman provided a snapshot of funnel activity noting that SOU models enrollment with numerous variables using several tools. They also model these variables on a live pro forma and use a countless number of tools to try and predict student behavior and enrollment and then translate that to SCH and budget dollars. Mr. Lovern explained that an increase in freshmen is expected in the fall, but SOU continues moving through two years of depressed enrollment in the pipeline, which explains the -4 percent reflected in the next academic year.

Trustee Thorndike commented on and asked about course planning as well as the ideal mix of offerings for a university of SOU's size, given the lower-level offerings of Rogue Community College (RCC) and Advanced Southern Credit. Josh Lovern said that the university uses a course budget planner with all of the division directors and they create projections about where the courses are going, if it influences the modeling, and where planners are in alignment within a degree of certainty. Provost Susan Walsh added that it is an ongoing process including faculty to student ratios, where administrators can see how costs of a course are running.

Responding to Chair Clough's question if affordability is driving the decline in SCH and specifically for underserved students, Mr. Perkinson indicated that the SCH declines began about a year before the pandemic and accelerated during the pandemic. Dr. Walsh offered that the drivers behind that behavior could be affordability, the perceived value of higher ed, childcare, technology barriers, or other factors, but SOU did not hear that tuition costs too much. Mr. Perkinson added that SOU saw an infusion of federal aid to help with affordability. President Bailey explained that students today are nimbler and get their education from more than one institution at a time, which is not unlike their work trajectories, and this makes community college relationships so important. Trustee Pieper agreed with the president's assessment and added that students are also exhausted, referring to an honors student who

recently dropped all their classes because they could not keep going. Dr. Walsh cited research aloud to this effect as well, underscoring that student stressors are underlying their behaviors.

Dr. Stillman also offered a macro-level perspective that the areas in which enrollment has grown have been the areas that inherently carry a lighter [credit] load because the programs are designed in that manner, such as the online MBA program. So, as this growth continues, the year-over-year diminishment of headcount to FTE ratio may persist.

About the *underserved students* portion of Chair Clough's inquiry, Dr. Woolf said initially the university did not have this data and it is precisely one of the reasons SOU invested in Navigate. Some of the predictive analytics are by student population, course-taking behavior, and trends by groups. So far, SOU does not see disparity across populations in terms of course-taking behavior. President Bailey reminded the committee of data on dropouts from the last set of board meetings, which showed no significant correlations between groups, and said this also can serve as a proxy variable for the question. Chair Clough suggested continued monitoring for disparities.

Budget Forecast and Review of Pro Forma

Vice President Perkinson noted that on May 6, the president and vice presidents will do a deep dive on cost management and build out the project plan for this task, a process that will take a solid year. Regarding information included in the budget forecast, he briefed the committee by exception from the previous version seen in March. He indicated that cost data for both collective bargaining units is included; \$3.3M of reserve funds from the federal government was put into Education and General; Raider Aid is up to 11 percent; total revenue is down by \$260K; net personnel is down \$360K, and vacancy savings are manifesting. Total expenditures are down about \$380K and the net effect is a 7.97, nearly 8 percent ending fund balance (EFB). Since year-to-date actuals are included already, with only a few months left, Mr. Perkinson projected a good close to the fiscal year.

Next, he discussed the pro forma with federal aid and with cuts; he said it shows a scary set of numbers in the out-years both in terms of the key performance indicator and the downward trend since March. On the cost side, 80 percent is labor. Chair Clough summarized the chart saying that an ending fund balance of \$9.6M was budgeted and based on this year's activities it is now projected to be \$4.9M. Further, the university will not meet budget, and projecting forward to the out-years, the EFB very quickly becomes negative. Mr. Perkinson further highlighted that when the board approved the budget, the number inserted to drive the EFB was \$8M in cost reductions, savings, and outside support. When it was decided to take the \$9.9M and split it over three years, it left almost a \$5M disconnect with that decision.

Trustee Hennion believed it is about enrollment. She is not surprised to see the drop in SCH but the steepness is frightening. She agreed with Trustee Thorndike's earlier statements on RCC, and thought SOU shouldn't spend money to remediate students when relationships with high schools and community colleges can be helpful, as students can complete those requirements before coming to SOU and it would be money-saving for them and SOU; why should they pay more? Dr. Susan Walsh later added that SOU doesn't spend a lot of time or money this but the university has strategies to meet students where they are. Board Chair Danny Santos asked about disaggregating data for students who take those classes. Dr. Walsh said she could find out this information.

President Bailey said he is confident SOU will get through this. It is all hands on deck: every board, faculty, and staff member—everyone. He cautioned however, that none of the revenue options is a “golden ticket,” as they all are risky. If one idea gets past the finish line it will be a big deal and if all of them do, it will be transformative. The university must also control costs and be as efficient as possible. He added that his pledge to students is that SOU is not going to use tuition as the only lever to control rising costs. He knows SOU cannot rely on state funding and said the university will get through but will need to be creative as well as risk tolerant.

Mandatory Student Incidental Fees for Academic Year 2022-2023 (Action)

Chair Clough provided a point of procedural clarification and indicated that the committee would act on this item and the tuition as well as the mandatory enrollment fees in a single action, allowing them to build on each other.

President Bailey introduced the topic noting that he was blown away by how deliberative, thoughtful, and inclusive the processes are for the student fee, tuition, and mandatory enrollment fees. He recognized Mason Healy-Patterson, the vice president for ASSOU, who has been deeply involved. He thanked Josh Lovern, who has been in every meeting, explaining the modeling and helping everyone along to get to recommendations today. Overall, SOU is in the mix, or has rates even lower than what other universities are doing. President Bailey met with the Tuition Advisory Council (TAC), their leadership, the budget team, and the ASSOU president; as a result, he expressed confidence in the process and recommendation.

Chair Clough commended ASSOU for their Bylaws revision, and the organized format of their work.

ASSOU Vice President Healy-Patterson reviewed the information presented in the materials: the statutory definitions at ORS 352.105 explaining what incidental fees are; the recommendation; and the purposes of incidental fees. The proposed per term incidental fee was increased to \$395; the green tag fee increased to \$14, and the student recreation center fee remained unchanged at \$104, for a composite \$513 per term. This represents a deficit so cuts had to be made.

He explained that a big part of this process was figuring out how to moderate the impulse to get as much money as possible while also respecting that these are fees that students are going to be paying and about which they will have opinions. The committee also considered how to incorporate student feedback in the process and make sure they were not using students for their money. As such, raising the incidental fee higher than \$395-\$400 did not seem fair given the student experience.

Chair Clough asked what the committee had to forego or the consequences of not raising the fee higher? Mr. Healy-Patterson said they had to make cuts. The deficit was substantial but the committee would rather have made cuts than force students to pay more. He could not be more specific, as Senate had not yet approved the allocation so specific cuts were yet unknown.

Tuition and Mandatory Enrollment Fees for Academic Year 2022-2023 (Action)

President Bailey began by reiterating the sophistication and thoughtfulness of the process and noted that he is confident in the recommendation. The SOU tuition and fees recommendation is substantially lower than what some peers are doing, but acknowledged that there is still

work to do. He underscored his high confidence in the recommendation as well as transparency, and said he and ASSOU President Gabrielle Slyfield agree on the recommendations.

Discussing process, chair of the TAC, Dr. Susan Walsh, reviewed the composition of the TAC saying it had 8 members: 2 administrators; 4 students, 2 from underrepresented populations and 2 from ASSOU; and 2 faculty members. The council met eight times since January for two hours each meeting. Josh Lovern took a lot of time educating everyone and was amazing. He developed a primer on everything that makes university run. He takes as much time as is needed to explain. The TAC has a checklist on the website and the extensive minutes are on the website. Patrick Stubbins was commended for his work in support of the TAC. The important takeaway is that the recommendation was unanimous.

In response to Chair Clough's inquiry on student comments, Dr. Walsh said there is a delicate balance between price sensitivity and a zero percent increase. The TAC takes a lot of time—as much as students need—to get in the weeds and help people understand. The students understand the need for technology infrastructure, student health and wellness services, etc. At the end of the TAC's time together, Dr. Walsh asks them: what haven't you said; what do we need to hear; what can we do better; and so on. So, the interpersonal part is strong but SOU would rather just not have increases.

Mr. Perkinson reviewed the meeting materials and tuition and fees recommendations. The 2022-2023 tuition and fees impact to resident undergraduate students including tuition, incidental fees, and enrollment fees results in a composite increase of 4.96 percent. For context, he also reviewed the undergraduate resident cost of attendance, including housing and dining with tuition and fees. He commended Staci Buchwald and the housing team, who worked hard to hold the increases to housing and dining at 4 percent. He noted that SOU shows the typical price a student pays and not the lowest price possible, which other schools do. President Bailey affirmed this and said that when he attends Preview Days families note their experiences elsewhere, where the lowest cost estimates for housing and meal plans are provided, and the housing isn't available and the meal plans do not feed students for an entire term. At SOU, costs estimates are realistic so there is no sticker shock to families. Chair Clough commended these efforts but acknowledged that as costs increase for the university in food, supply chain, utilities or other expenses, there still is a need to manage those costs.

Trustee Thorndike remarked that he was pleased with the process. Regarding the recent collective bargaining process, he also acknowledged that certain people were writing letters questioning SOU's costs and the board needs to be aware of these. He is grateful the university has three-year contracts in place. President Bailey agreed and said the pathways have to ensure that SOU is as transparent as possible, is responding with kindness and unity, and moving forward.

Trustee Hennion moved to approve the resolution and recommend the tuition and fees rates to the Board of Trustees as presented. Trustee Vincent seconded the motion and it passed unanimously.

Future Meetings

The next meeting of the committee is scheduled to take place on May 19, 2022. Any trustee with an important topic for the May meeting agenda was invited to send it to Vice President

Perkinson and the board secretary.

Adjournment

Chair Clough adjourned the meeting at 5:48 p.m.

Respectfully submitted by,

A handwritten signature in cursive script, appearing to read "Sabrina Prud'homme".

Sabrina Prud'homme
University Board Secretary

Date: May 19, 2022