



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

May 12, 2022

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 vice president's report including updates on the Higher Education Coordinating Commission and capital projects. The committee will also discuss an update on enterprise resource planning and the student information system; integrating equity, diversity, and inclusion into the supply chain management process; financial sustainability, a draft budget for the 2022-2023 fiscal year, and future meetings.

Action items include a consent agenda consisting of the financial dashboard, a second quarter investment report, and past meeting minutes.

The meeting will occur as follows:

Thursday, May 19, 2022

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

Meese Room, Hannon Library, SOU Campus

To view the proceedings at the time of the meeting visit: <https://sou.zoom.us/j/84357021538>

Materials for the meeting are available at governance.sou.edu.

Public Comment

Members of the public who wish to provide public comments for the meeting are invited to sign up to speak or submit their comments in writing at least 24 hours in advance of the meeting to the Board of Trustees email address: trustees@sou.edu. Public comments also may be delivered by hand or mailed to SOU Board of Trustees, 1250 Siskiyou Boulevard, Churchill Hall, Room 107, Ashland, OR 97520.

If special accommodations are required, please contact at (541) 552-6060 at least 48 hours in advance.



Board of Trustees
Finance and Administration Committee Meeting
May 19, 2022

SOU Land Acknowledgement

Call to Order / Roll / Declaration of a Quorum



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

**Thursday, May 19, 2022
4:00 p.m. – 6:00 p.m. (or until business concludes)
Meese Room, Hannon Library, SOU Campus
<https://sou.zoom.us/j/84357021538>**

AGENDA

Persons wishing to provide public comment shall sign up in advance or do so in writing via trustees@sou.edu.
Please note: timings are approximate and items may be taken out of order

- | | | | |
|---------|----------|---|--|
| | 1 | Call to Order/Roll/Declaration of a Quorum | Chair Sheila Clough |
| | 1.1 | Welcome and Opening Remarks | |
| | 1.2 | SOU Land Acknowledgement | |
| | 1.3 | Roll and Declaration of a Quorum | Sabrina Prud'homme, SOU, Board Secretary |
| | 1.4 | Agenda Review | Chair Clough |
| | 2 | Public Comment | |
| 5 min. | 3 | Consent Agenda | |
| | 3.1 | Financial Dashboard | Chair Clough |
| | 3.2 | Second Quarter Investment Report | |
| | 3.3 | April 21, 2022 Minutes | |
| 15 min. | 4 | Vice President's Report | Greg Perkinson, SOU, Vice President for Finance and Administration |
| | 4.1 | Higher Education Coordinating Commission Update | |
| | 4.2 | Capital Projects Update | |
| 10 min. | 5 | Action, Information and Discussion Items | |
| | 5.1 | Enterprise Resource Planning and Student Information System Update | Greg Perkinson; Tom Battaglia, SOU, Chief Information Officer |

Board of Trustees
Finance and Administration Committee Meeting
Thursday, May 19, 2022
4:00 p.m. – 6:00 p.m. (or until business concludes)

AGENDA (Continued)

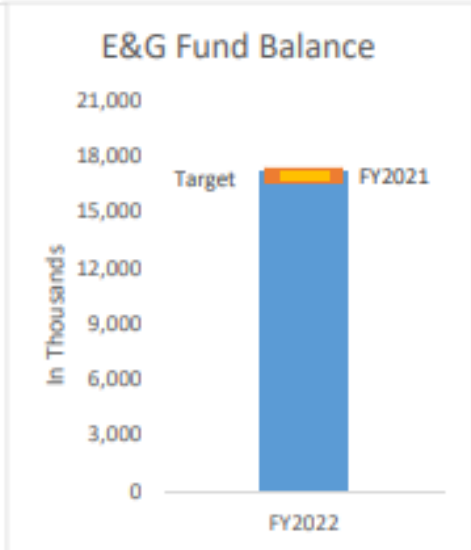
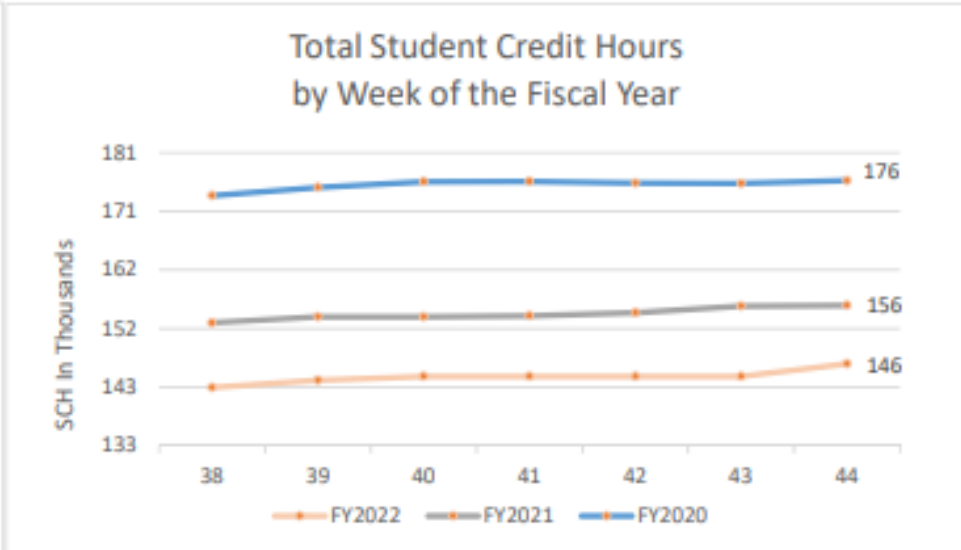
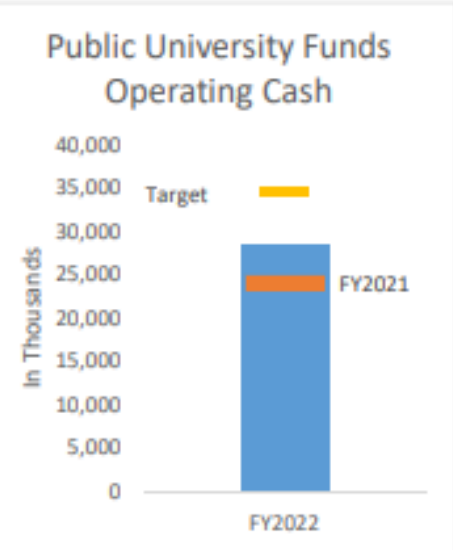
5.1.1 Integrating Equity, Diversity, and Inclusion
into the Supply Chain Management Process

| | | | |
|---------|----------|--------------------------------------|---|
| 20 min. | 5.2 | Financial Sustainability Discussion | President Rick Bailey; Greg Perkinson; Josh Lovern, SOU, Director of Budget and Planning |
| 60 min. | 5.3 | Draft Budget for Fiscal Year 2022-23 | Greg Perkinson; Josh Lovern |
| | 5.4 | Future Meetings | Chair Clough |
| | 6 | Adjournment | Chair Clough |

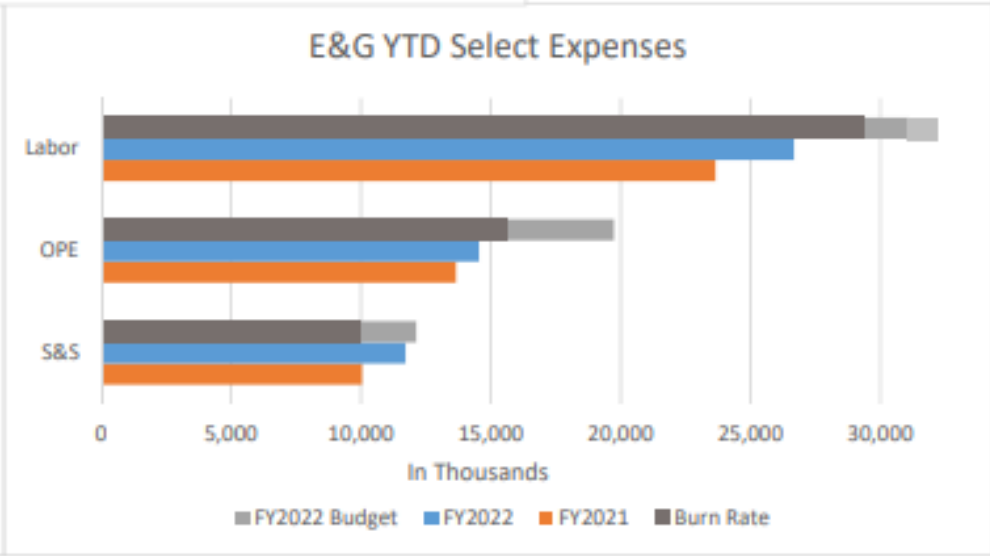
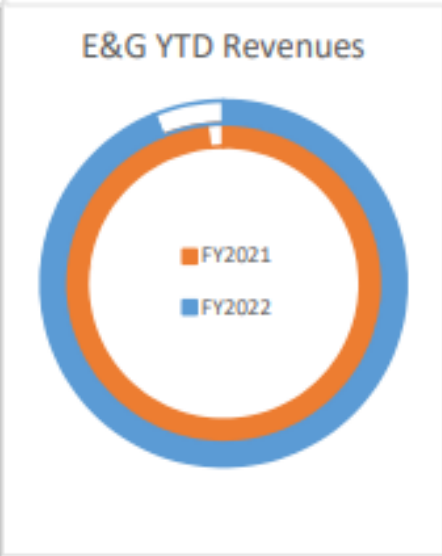
Public Comment

Consent Agenda

Financial Dashboard
For FY2022
As of April 30, 2022 (with close numbers)



"Institution" portion of Federal Relief Funds in hand.
\$3.3m allocated to E&G during March.



Finance Dashboard

Notes and take-aways (for read ahead file)

- \$3.3m of federal relief funds were placed in the Education and General fund (E&G) in March (this shows up as a "transfer-in" from the federal fund)
- With federal funds in E&G and some additional labor savings, anticipate we'll still come in just over \$5m ending fund balance (EFB) (around 9% of EFB metric)
- Cash (all funds): up substantially from the prior year (largely tied to increased occupancy in Housing, as well as the University receiving remaining \$9.5m federal relief)
- Student Credit Hours: Enrollment declines continue
- E&G total revenues predominantly down due to COVID. Excluding State funding, revenues currently trailing last year by about 7.1% (\$2.5m)
- Expenses: Compared to the last report, the overall cost increases are shown:
 - total labor costs (YTD) increased from 10% to 10.5%;
 - OPE is up by 6.5%; and
 - Supplies and Services spending is up from 9.4% to 16.7% (about \$1.7M).



Public University Fund (PUF)

Investment Statement **January 1, 2022 - March 31, 2022** **Q3 FY22**

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

Quarter-to-Date
as of 3/31/2022

| | |
|-------------------------------|---------------------|
| Beginning Market Value | \$28,646,040 |
| + Contributions | 4,377,217 |
| - Withdrawals | (4,546,164) |
| +/- Change in Market Value | (645,781) |
| Ending Market Value | \$27,831,312 |

| | |
|----------------|-------------|
| Units Owned | 281,394.387 |
| Price per Unit | \$98.90500 |

| | <u>Quarter-to-Date</u> | <u>Year-to-Date</u> |
|---|------------------------|---------------------|
| Gross Investment Earnings | \$80,661 | \$250,682 |
| Participant Fees | (5,218) | (19,134) |
| Participant Fee Credit | - | 665 |
| Net Investment Earnings | <u>\$75,443</u> | <u>\$232,213</u> |
| Realized Gain/(Loss) on Sale of Investments | (\$43,893) | (\$37,620) |
| Unrealized Gain/(Loss) on Investments | | (\$731,479) |

Questions? Please contact Mary Hatfield, 541.737.0843

mary.hatfield@oregonstate.edu

FY2022 Q3 Investment Reports

BACKGROUND

The Southern Oregon University (university) investment report for the third quarter (Q3) of FY2022 is presented in the following sections:

- **FY2022 Q3 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 Q3 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the third quarter of FY2022 (i.e., January 1 – March 31, 2022).

FY2022 Q3 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. As of March 31, 2021, SOU had \$27.8 million on deposit in the PUF. The PUF decreased 2.0% for the quarter and 1.7% fiscal year-to-date. The PUF's three-year and five-year average returns were 1.8% and 2.0%, respectively.

The Oregon Short-Term Fund returned 0.1% for the quarter, outperforming its benchmark by 10 basis points. The Core Bond Fund declined 4.5% for the quarter, equal to the benchmark, as interest rates across the yield curve rose due to persistently high inflation and an increasingly more hawkish Federal Reserve. Additionally, the Russian invasion of Ukraine led to further widening in credit spreads and market volatility. The Core Bond Fund remains underweight duration and corporate credit while retaining exposure to structured credit, primarily through floating rate bonds.

The PUF investment yield was 0.3% for the quarter and 0.9% fiscal year-to-date, representing a 1.2% annualized yield.

Southern Oregon University Endowment Fund

The SOU Endowment Fund (Fund) decreased by 6.2% for the quarter and 2.9% fiscal year-to-date, underperforming its policy benchmark by 60 basis points for each period. The three-year average return was 10.9% compared to 10.2% for the benchmark. The Fund ended the quarter with a balance of \$3.0 million.

The majority of the Fund's assets (76.3%) are allocated to a global equity index strategy, while 23.6% of the portfolio is allocated to an "actively" managed fixed income fund. For the three months ended March 31, 2022, the Blackrock All-Country World Index decreased by 5.4%, 10 basis points better than its benchmark. The Western Asset Core Plus Bond Fund was negative 8.8%, underperforming by 2.9% to the Bloomberg Barclays U.S. Aggregate Bond Index.

Southern Oregon University

Investment Summary

as of March 31, 2022

(Net of Fees)

| | Quarter Ended 3/31/2022 | 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% | 0.5% | 0.6% | 1.3% | 1.6% | 1.1% | \$14,978,518 | 53.8% | 1 |
| Benchmark - 91 day T-Bill | 0.0% | 0.1% | 0.1% | 0.8% | 1.1% | 0.6% | | | |
| PUF Core Bond Fund | -4.5% | -4.5% | 1.5% | 2.2% | 2.2% | N/A | 12,852,794 | 46.2% | 1 |
| Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ² | -4.5% | -5.0% | -0.6% | 1.4% | 1.7% | 1.9% | | | |
| Public University Fund Total Return | -2.0% | -1.7% | 0.9% | 1.8% | 2.0% | | <u>\$27,831,312</u> | <u>100.0%</u> | |
| Public University Fund Investment Yield ³ | 0.3% | 0.9% | 1.5% | 2.2% | 2.2% | | | | |
| SOU Endowment Assets | | | | | | | | | |
| BlackRock ACWI IMI B | -5.4% | -0.7% | 31.7% | 13.8% | 11.6% | 10.3% | \$ 2,286,880 | 76.3% | 75.0% |
| Benchmark - MSCI ACWI IMI Net | -5.5% | -0.8% | 31.5% | 13.5% | 11.4% | 10.0% | | | |
| Western Asset Core Plus Bond Fund | -8.8% | -8.9% | 0.1% | 1.8% | 2.6% | 3.3% | 707,227 | 23.6% | 25.0% |
| Benchmark - Bloomberg Barclays Aggregate Index | -5.9% | -5.9% | -2.1% | 1.7% | 2.1% | 2.2% | | | |
| Cash | 0.1% | 0.5% | 0.6% | 1.3% | 1.6% | 1.1% | 1,881 | 0.1% | 0.0% |
| Benchmark - 91 day T-Bill | 0.0% | 0.1% | 0.1% | 0.8% | 1.1% | 0.6% | | | |
| Total Endowment Assets | -6.2% | -2.9% | 23.6% | 10.9% | 9.5% | 8.9% | <u>\$ 2,995,988</u> | <u>100.0%</u> | |
| Policy Benchmark ⁴ | -5.6% | -2.3% | 20.7% | 10.2% | 8.8% | 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 The reported investment yield for the quarter and fiscal year-to-date represent earned yields for the period and are not annualized rates.

⁴ 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

March 31, 2022

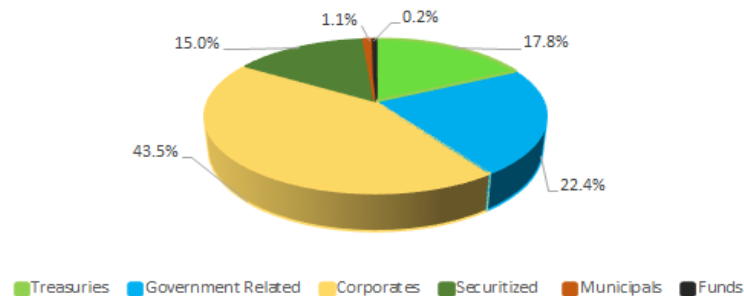
Portfolio Characteristics

| | |
|-----------------------------------|----------------|
| Market Value 3/31/2022 | \$ 349,206,012 |
| Weighted Average Credit Quality | AA |
| Book Yield (%) | 0.69% |
| Weighted Average Maturity (years) | 1.02 |
| Duration (years) | 0.55 |
| Spread Duration (rate) | 0.82 |

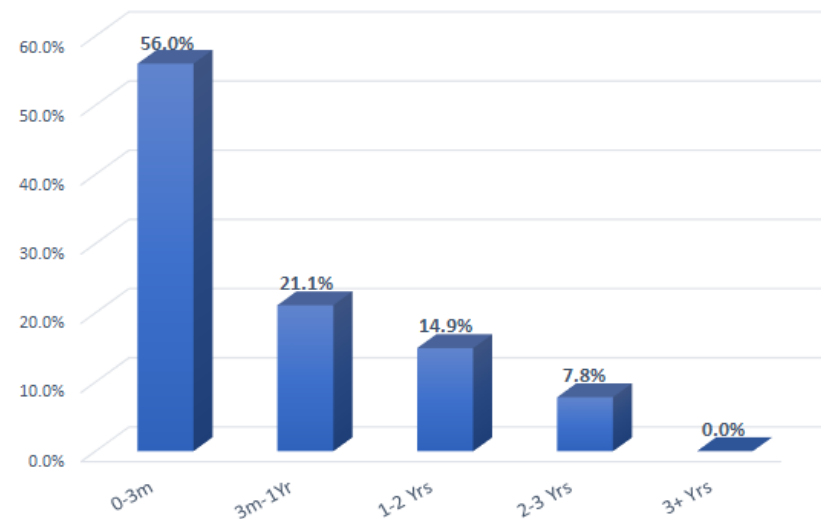
Top 10 Issuers

| | |
|--|--------------|
| United States Treasury | 17.8% |
| Canada (Government of) | 4.0% |
| Federal Home Loan Banks | 3.2% |
| Bank of America Corporation | 2.9% |
| Federal Farm Credit Banks Funding Corporaton | 2.5% |
| Toyota Motor Corporation | 2.5% |
| JPMorgan Chase & Company | 2.3% |
| Royal Bank of Canada | 2.2% |
| Morgan Stanley | 2.0% |
| Goldman Sachs Group Incorporated (The) | 2.0% |
| Total | 41.4% |

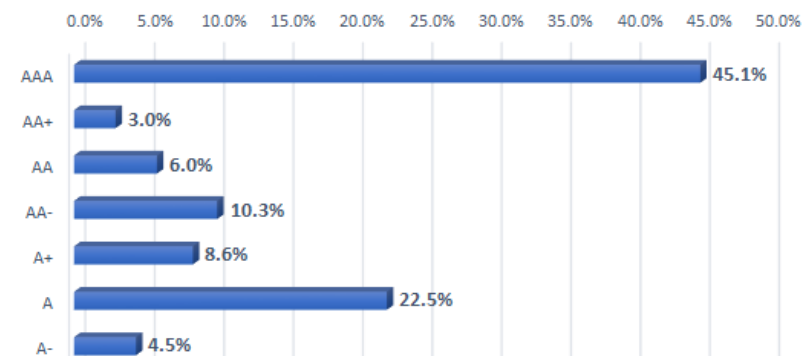
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

Core Bond Fund

March 31, 2022

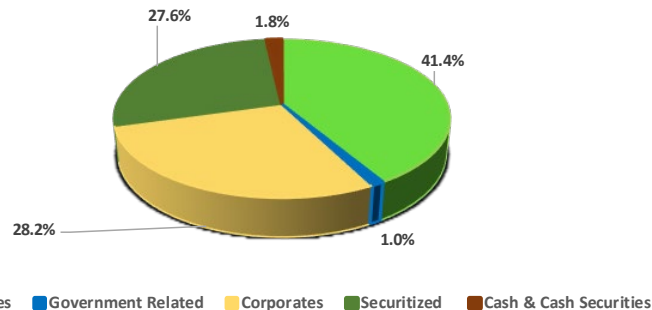
Portfolio Characteristics

| | |
|-----------------------------------|----------------|
| Market Value 3/31/2022 | \$ 299,647,331 |
| Weighted Average Credit Quality | AA- |
| Book Yield (%) | 2.43% |
| Weighted Average Maturity (years) | 4.79 |
| Duration (years) | 3.84 |
| Spread Duration (rate) | 2.43 |

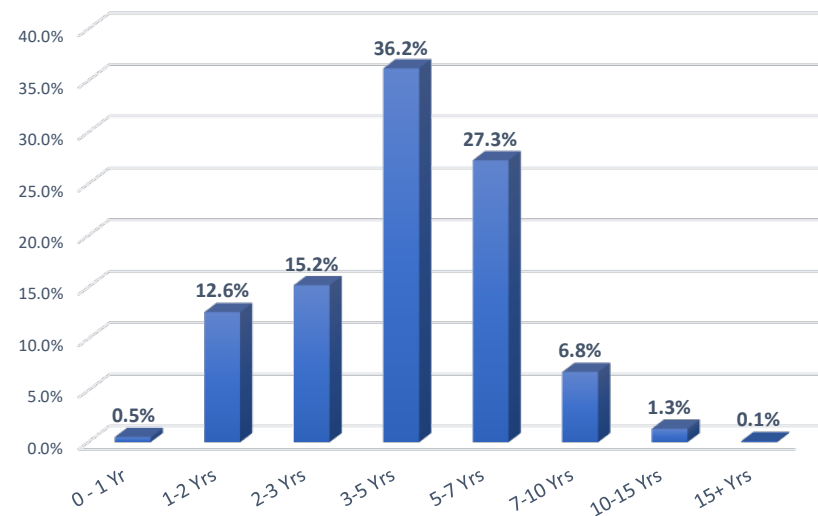
Top 10 Issuers

| | |
|---------------------------------------|--------------|
| United States Treasury | 42.5% |
| Oregon State Treasury | 4.1% |
| Deutsche Telekom AG | 3.1% |
| Franklin BSP Lending Corporation | 2.6% |
| Oscar US Funding Trust | 2.5% |
| Merit Hill Capital Partners | 2.5% |
| Federal National Mortgage Association | 2.4% |
| TRP LLC | 2.3% |
| Monroe Capital MML | 2.0% |
| Golub Capital Partners CLO LTD | 1.7% |
| Total | 65.7% |

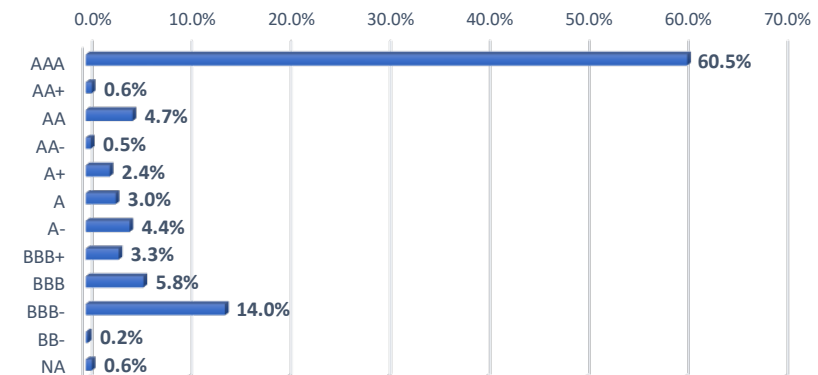
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

FY2022 Q3 MARKET COMMENTARY

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

Report on Investments – as of March 31, 2022

Economic and Market Update

The first calendar quarter of 2022 saw market volatility, driven by persistently high inflation, expectations for policy to tighten faster than previously expected, and Russia's invasion of Ukraine.

- Except for commodities, all asset classes declined during the quarter.
- Equities declined across the board with double-digit losses in China particularly weighing on emerging markets.
- Value oriented equities outpaced growth in the U.S. influenced by higher interest rates.
- Bonds in the U.S. had one of their worst quarters on record, declining more than equities.
- Rates rose across the U.S. yield curve, with the curve inverting by some measures by month-end.
- Inflation remains high globally given lingering supply issues from the pandemic and the conflict in Ukraine.
- The pace of policy tightening will likely increase due to persistent inflation.

The conflict in eastern Europe will have considerable economic and financial consequences for the global economy including the pacing of policy rate tightening, the risk of policy mistakes, and supply shocks pushing inflation even higher around the world.

Market Returns¹ March 31, 2022

| | Month | Quarter | YTD | 1-Year | 3-Year | 5-Year | 7-Year | 10-Year |
|-------------------------------------|-------|---------|--------|--------|--------|--------|--------|---------|
| S&P 500 | 3.7% | -4.6% | -4.6% | 15.6% | 18.9% | 16.0% | 14.0% | 14.6% |
| MSCI EAFE-ND | 0.6% | -5.9% | -5.9% | 1.2% | 7.8% | 6.7% | 5.1% | 6.3% |
| MSCI EM-ND | -2.3% | -7.0% | -7.0% | -11.4% | 4.9% | 6.0% | 4.7% | 3.4% |
| MSCI China-ND | -8.0% | -14.2% | -14.2% | -32.5% | -3.0% | 3.5% | 2.1% | 4.5% |
| Bloomberg US Aggregate | -2.8% | -5.9% | -5.9% | -4.2% | 1.7% | 2.1% | 1.9% | 2.2% |
| Bloomberg US TIPS | -1.9% | -3.0% | -3.0% | 4.3% | 6.2% | 4.4% | 3.6% | 2.7% |
| Bloomberg US Corporate High Yield | -1.1% | -4.8% | -4.8% | -0.7% | 4.6% | 4.7% | 5.0% | 5.7% |
| ICE BofAML US 3-Month Treasury Bill | 0.0% | 0.0% | 0.0% | 0.1% | 0.8% | 1.1% | 0.9% | 0.6% |
| ICE BofAML 1-3 Year US Treasury | -1.3% | -2.3% | -2.3% | -2.8% | 0.9% | 1.1% | 0.9% | 0.9% |
| ICE BofAML 10+ Year US Treasury | -4.8% | -10.1% | -10.1% | -1.2% | 3.2% | 3.8% | 2.4% | 3.9% |

¹Source: Oregon State Treasury

Outside of emerging markets and the broad U.S. investment grade bond market (Barclays Aggregate), most asset classes appreciated in calendar year 2021. However, most major asset classes suffered negative returns in the first quarter of calendar year 2022 with the notable exception of commodities. Treasury Inflation Protected Securities (TIPS) declined less than most other asset classes in the inflationary environment.

Despite positive returns in March, U.S. equities posted negative returns for the first calendar quarter of 2022 across all market capitalizations and styles given persistently high inflation and geopolitical uncertainty. Value stocks declined far less than growth stocks in the rising rate

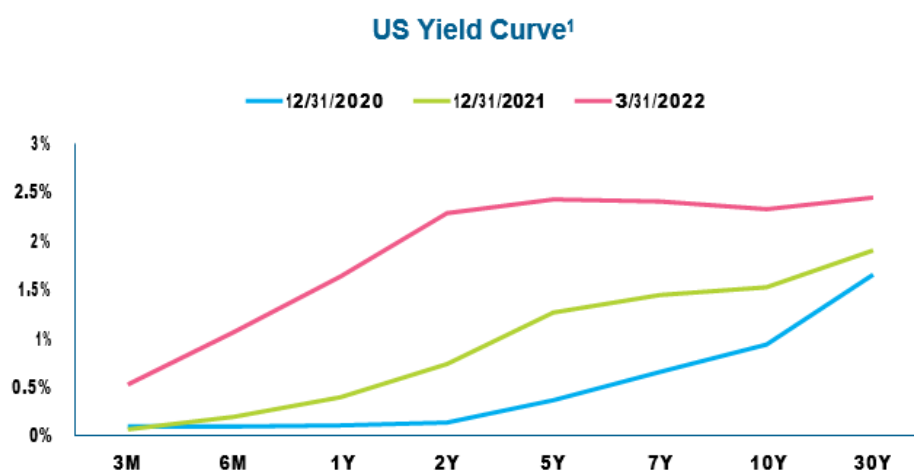
environment. Strong returns in the energy sector and weakness in the technology sector contributed to the results. Large company stocks (Russell 1000) outperformed small company stocks (Russell 2000).

Returns in international developed markets were also negative for the first calendar quarter of 2022. Declines were driven by a sharp fall in stocks in Europe hurt by a high reliance on Russian oil and gas. Continued strength in the U.S. dollar also weighed on results.

Emerging market stocks declined more than developed market stocks for the quarter. China was a key driver of results as its zero COVID-19 policy led to renewed lockdowns in Shanghai. Concerns related to regulations on U.S.-listed China stocks and overall slower growth also weighed on returns. Russian stocks and the ruble plunged with sanctions and trading halts.

The broad U.S. investment grade bond market (Barclays Aggregate) experienced one of its worst quarters on record given continued concerns about policy tightening and inflation. The nominal 10-year Treasury yield finished the quarter at 2.3%, a level 0.8% above the end of calendar 2021. TIPS also declined in the rising rate environment, but less than other bond sectors, helped by their inflation component. U.S. credit spreads widened in the first calendar quarter, particularly in high yield, as risk assets fell. Spreads remain at relatively low levels, though, given strong corporate health and high investor demand in the low-rate environment. Emerging market debt prices also declined in the quarter driven by the Russian invasion of Ukraine.

U.S. equity valuations retreated in the first two months of 2022 and rebounded in March with the market recovery. They remain well above long-term averages (near +2 standard deviations). International developed market valuations remain below the U.S., with those for emerging markets under its long-term average.



¹ Source: Bloomberg. Data is as of March 31, 2022

The trends of higher rates across maturities and curve flattening continued during the first calendar quarter of 2022 as markets repriced inflation, rate expectations, and an accelerated pace of the Federal Reserve reducing its balance sheet. The spread between two-year and ten-year Treasuries declined significantly over the quarter and became negative after quarter-end, which historically has often signaled a recession.

Inflation expectations (breakevens) increased during the calendar quarter but are off their peak of close to 3.0%. They remain well above the long-term average. Trailing twelve-month Consumer Price Index continued to rise in March, reaching 8.5%, a level not seen since the early 1980s and far above the long-term average of 2.3%. Rising prices for energy and food, and for new and used cars, remained key drivers of higher inflation.

Global Economic Outlook

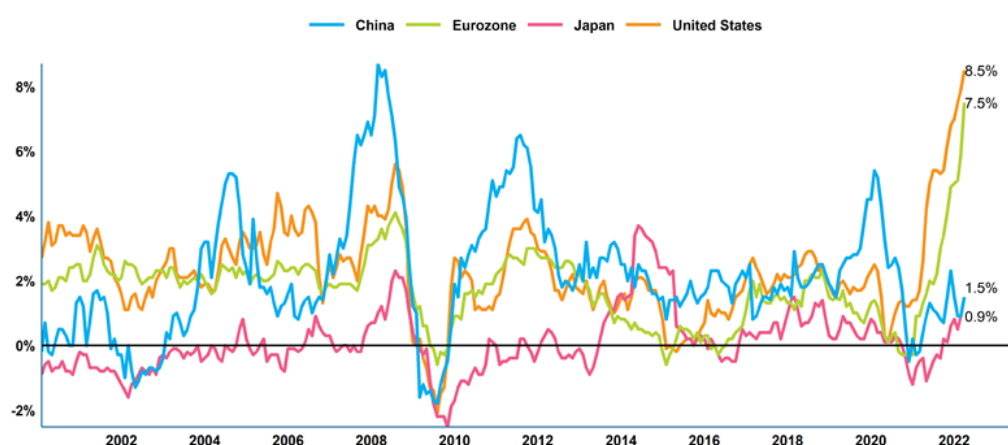
The International Monetary Fund (IMF) is forecasting strong growth again this year but continues to downgrade expectations given the lingering pandemic and persistent inflation. The war in Ukraine will likely further depress growth projections going forward. The IMF forecasts final global GDP to come in at 5.9% in calendar year 2021 and 4.4% in calendar year 2022 (0.5% below the prior estimate), both well above the past ten-year average of 3.1%.

Global economies are expected to slow in calendar year 2022 compared to calendar year 2021 but are forecasted to have another year of largely above-trend growth as economies continue to emerge from the pandemic. Looking forward, the track of the conflict between Russia and Ukraine, continued supply chain issues, ongoing inflationary pressures, tighter monetary policy, and lingering pandemic problems all remain key.

After global central banks took extraordinary action to support the economy during the pandemic including policy rate cuts and emergency stimulus through quantitative easing (QE), many are considering reducing support in the face of high inflation. The pace of withdrawing support will likely vary across central banks with the U.S. expected to take a more aggressive approach. The risk remains for a policy error, particularly overtightening, as the war in Ukraine could suppress global growth. The one notable outlier is China, where the central bank recently lowered rates and reserve requirements in response to slowing growth.

Budget deficits as a percentage of GDP drastically increased for major world economies, particularly the U.S., due to massive fiscal support and the severe economic contraction's effect on tax revenue in calendar years 2020 and 2021. As fiscal stimulus programs end, and economic recoveries continue, deficits should improve in the coming years.

Budget Surplus / Deficit as a Percentage of GDP¹



¹ Source: Bloomberg, and IMF; Euro Area and China figures annualized by Meketa. Projections via October 2021 IMF World Economic Outlook and represent annual numbers.

Inflation increased dramatically from the lows of the pandemic, particularly in the U.S. and Eurozone, where it continues to reach levels not seen in decades. Supply issues related to the pandemic and higher prices in many key commodities driven by the Russia and Ukraine conflict have been key drivers of inflation globally.

As economies have largely reopened due to vaccines for the virus, improvements have been seen in the labor market. U.S. unemployment, which experienced the steepest rise from the pandemic, has declined back to pre-pandemic levels and is currently at 3.6%. The broader measure (U-6) that includes discouraged and underemployed workers has declined but is much higher at 6.9%.

The U.S. dollar continued its 2021 trend of strengthening against a broad basket of peers in the first calendar quarter of 2022 with further increases after March month-end. Safe-haven flows and higher rates have been key drivers of the dollar's continued strength. A few commodity-sensitive currencies like the Brazilian real, South African rand, and Mexican peso have recently outpaced the dollar, given persistently high commodity prices.

Summary - Key Trends in 2022:

- The war in eastern Europe has created significant uncertainty going forward with a wide range of potential outcomes. Volatility will likely remain high.
- Expect growth to slow globally in calendar year 2022 but remain above trend. The track of the pandemic and war will be key.
- Inflationary pressures could linger, particularly if the Russian invasion of Ukraine intensifies or expands.
- The end of many fiscal programs will put the burden of continued growth on consumers. Higher energy and food prices will depress their ability to spend in other areas.
- Monetary policy will likely tighten globally but will remain relatively low. The risk of policy error remains.
- Valuations remain high in the U.S., but low rates and strong margins should be supportive.
- Outside the U.S., valuations remain lower in both emerging and developed markets, but risks remain.

**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 to 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.

Vice President's Report

Roadmap for Vice President's Report



- HECC Update
(How does HECC support translate to SOU financial support?)
- Capital Projects Update

HECC Update

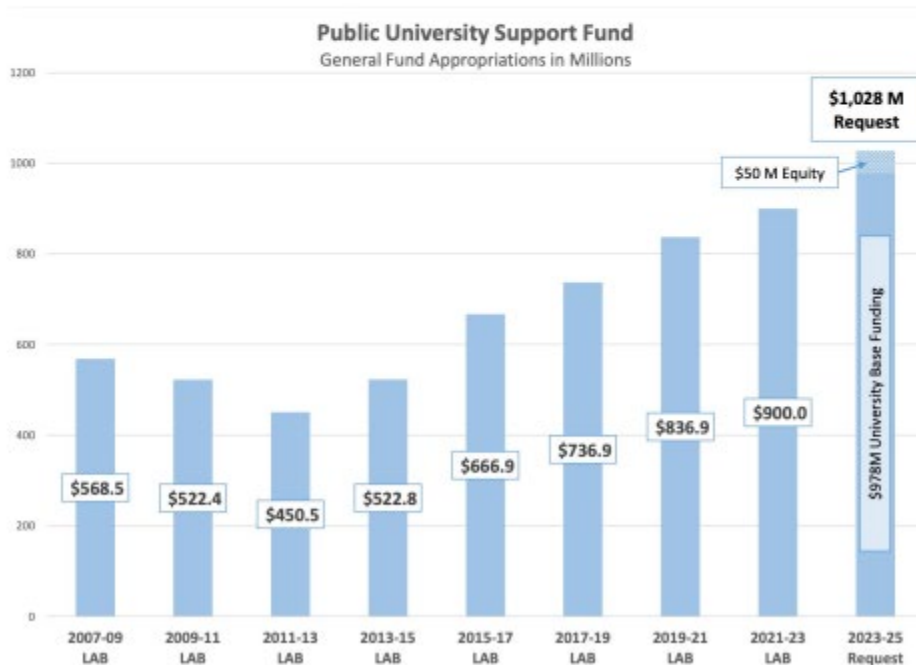
HECC meeting and recordings at:

- <https://www.oregon.gov/highered/about/Pages/current-materials.aspx>
- Consolidated Funding Request summary
- Equity achievement investments

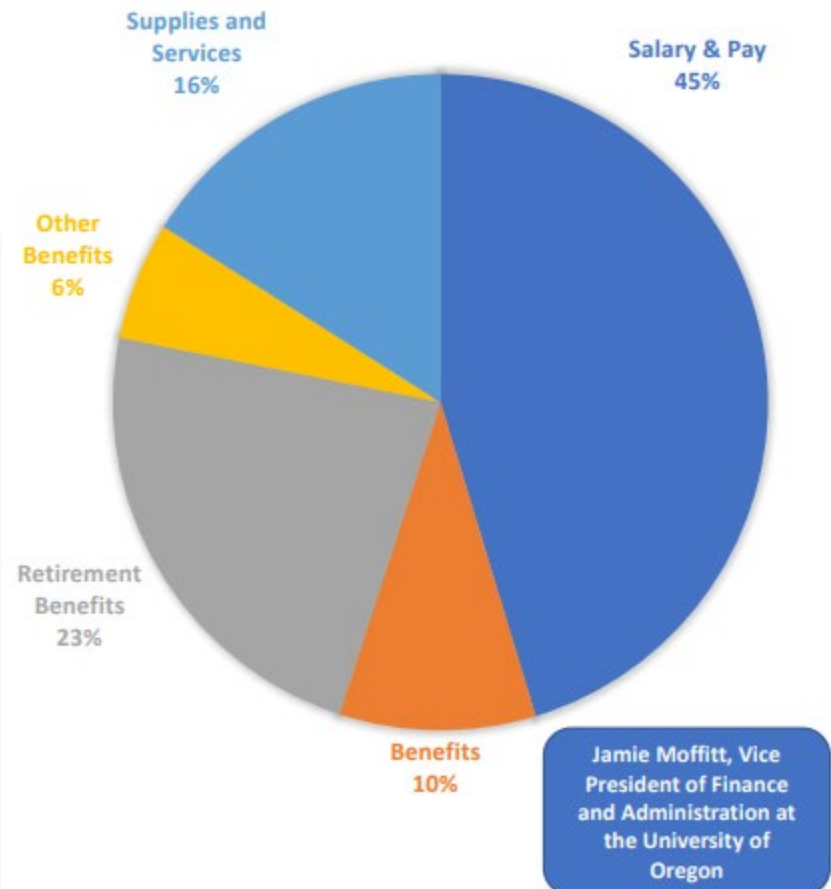
Summary of the “Ask”

2023–25 OREGON PUBLIC UNIVERSITIES’ CONSOLIDATED FUNDING REQUEST

Developing the PUSF



BREAKDOWN OF \$78M (8.67%) INCREASE



Enterprise Resource Planning and Student Information System Update

Banner Replacement Update

Enterprise Resource Planning (ERP) and Student Information System (SIS) status update:

- ✓ Published Request for Proposals for Implementation support ... closed at 3:00pm 4/21; stretch goal to provide **tech evals by 16th**
- ✓ Contract legal review is complete
- ✓ Distribute cost and timeline for Project to HECC

Next actions:

- Board approval for Implementation Contract and Financing
- Board approval for Workday Contract at \$800k/year (escalating over time)
- Develop “round two” of Legislative advocacy for the long session

ERP Financing Strategy

1. Obtain HECC Support (business case sent 5/9/22); developed Policy Option Package (formal pathway to incorporate 'ask' into Agency Request for Budget)
2. Take out a loan (line of credit), looking at \$3.2M as a "bridge loan" for Year-one
3. Request \$6.4M from Legislature (during long session) for Years 2-4
4. Track savings (\$8M over ten-years) and repay loan

ENTERPRISE RESOURCE PLANNING: CORE SYSTEM REPLACEMENT

Improving Student Outcomes through Innovation

Project Cost:
\$7.2 million
One-Time
Funding

A 32-YEAR OLD ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM CREATES BARRIERS TO STUDENT SUCCESS.

Southern Oregon University's adoption of the Banner system was a significant step forward in 1990. It replaced slow paper-driven processes students used to enroll, pay bills, sign up for housing, get paid for on-campus jobs, and more. Updates to Banner in the past 3+ decades have made minor improvements, but not significant change in system design.

Meanwhile, students have changed significantly since 1990. Today campus life includes more transfers, first-generation, student-parents, and/or underrepresented students. Many students lack support from family members who themselves navigated complex college systems, and mental health challenges are more prevalent today. The technology frustrations of confusing registration and advising systems quickly become a stopping point for such students.

The Banner system—the current technology at Oregon's public universities—is like a rotary telephone or dial-up modem for students today: an old, baffling and clumsy modality that creates barriers to student success.

This project directly helps students while advancing public higher education infrastructure. It transforms work-processes, improves customer service and mitigates cyber risk.

Today's ERP systems offer student-centered design with a more intuitive, user-friendly interface for all the paperwork processes of student life. Newer ERPs also improves hiring processes and offer the capacity to move student pay from monthly to bi-weekly—particularly important for low-income students.

continues on back . . .

ENTERPRISE RESOURCE PLANNING:
CORE SYSTEM REPLACEMENT

Improving Student Outcomes through Innovation

.... continued from front

More and more colleges and universities are transitioning away from the Banner system. The company that produces Banner is losing market share; a consensus is growing among universities and independent consulting firms that the need to move from Banner is imminent.

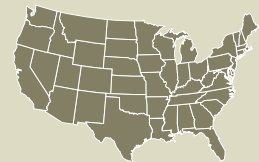
SOU's ERP transition can provide a pilot for sister institutions that are beginning to plan their own ERP transitions. Common data requirements and integration points (PERS, PEBB, DOR, Treasury) among Oregon's public universities mean the work SOU does to convert from Banner to a new ERP is applicable to sister institutions, reducing the cost and time of implementation for those universities.

Transition cost for the ERP equate to **more than 25% of SOU's annual state allocation**, making it infeasible for SOU to modernize without state investment. Because of SOU's smaller size and 2024 Banner contract end date, SOU is well positioned to pilot the public university transition away from Banner.

ERP Transition Costs..... \$7,200,000

Current Annual ERP Cost..... \$1,500,000

New Annual ERP Cost..... \$800,000



Nationally,

25

universities

transitioned from

Banner to Workday

in 2020; in 2021,

44

universities made
the Banner-Workday
change.



FOR MORE INFORMATION, CONTACT:

Jeanne Stallman, SOU Director of Government Relations • 541-499-8844 or stallman@sou.edu

APPENDIX

Outcomes

Student Experience

Consolidated, streamlined and modern academic experience using real-time/live data for students and those who serve them by combining multiple systems that handle:

- ◆ Academic planning
- ◆ Registration
- ◆ Degree Audit
- ◆ Adviser assignments and interactions
- ◆ Financial Aid
- ◆ Student Accounts
- ◆ Employees will be able to assist students more quickly and effectively using a modern system that has real-time information available in one comprehensive application.

Cost Effectiveness

- ◆ SOU currently spends ~**\$1.5-Million per year** on the systems required to provide the services listed above.
- ◆ Workday will cut the operational expense roughly in half **down to ~\$820-Thousand per year**.
- ◆ SOU maintains ~150 interfaces/integrations between systems. This number will reduce by roughly one third, saving SOU I.T. staff valuable labor hours and improving focus.

Increased Efficiency

- ◆ SOU will be **transforming** its business practices in both the administrative and academic areas.
 - These changes will reduce the amount of human time spent doing many tasks.
 - These changes will streamline SOU's ability to serve students, process payables, receivables, etc.
 - These changes will reduce the effort required during the audit cycle.

Accountability

- ◆ SOU will measure success by tracking the annual operating savings. SOU expects to **save more than \$8-Million over ten years**.
- ◆ This transformation will reduce the number of hours required to support and maintain SOU's existing Banner ecosystem.
 - SOU will not need to increase the number of staff necessary for supporting this system.
 - Through attrition, the number of required staff will reduce.
- ◆ SOU will measure the improvement/shift in both its staffing ratio and student success.

continues on other side . . .

... continued from other side

BANNER REPLACEMENT ANTICIPATED COSTS & RETURN (\$M)

| | Jul-22 | Jul-23 | Jul-24 | Jul-25 | Jul-26 | Jul-27 | Jul-28 | Jul-29 | Jul-30 | Jul-31 | Jul-32 | Jul-33 | Jul-34 | Jul-35 | Jul-36 |
|---------------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Banner Ecosystem | \$1.40 | \$1.42 | \$1.44 | \$1.51 | \$1.56 | \$1.60 | \$1.65 | \$1.70 | \$1.75 | \$1.81 | \$1.86 | \$1.92 | \$1.97 | \$2.03 | \$2.09 |
| Workday | \$0.54 | \$0.82 | \$0.83 | \$0.85 | \$0.86 | \$0.88 | \$0.90 | \$0.92 | \$0.93 | \$0.95 | \$0.97 | \$0.99 | \$1.01 | \$1.03 | \$1.05 |
| Implementation | \$2.66 | \$2.68 | \$1.75 | \$0.36 | | | | | | | | | | | |
| Annual Total | \$4.60 | \$4.92 | \$4.02 | \$1.21 | \$0.86 | \$0.88 | \$0.90 | \$0.92 | \$0.93 | \$0.95 | \$0.97 | \$0.99 | \$1.01 | \$1.03 | \$1.05 |
| Delta (vs. Current) | \$3.20 | \$3.50 | \$2.58 | -\$0.31 | -\$0.69 | -\$0.72 | -\$0.75 | -\$0.79 | -\$0.82 | -\$0.85 | -\$0.89 | -\$0.92 | -\$0.96 | -\$1.00 | -\$1.04 |
| Project Balance | \$3.20 | \$6.70 | \$9.28 | \$9.64 | \$8.95 | \$8.22 | \$7.47 | \$6.68 | \$5.86 | \$5.01 | \$4.12 | \$3.20 | \$2.24 | \$1.24 | \$0.19 |

- Gray cells indicate the annual cost for the Banner Ecosystem if SOU were to not replace it.
- Rose cells indicate the overall annual costs for Banner, Workday and implementation during the implementation period of the project.
- July 2025 is highlighted in red to indicate that early 2025 is where SOU could begin to eliminate portions of Banner.

- This table illustrates the comparison between costs of maintaining the Banner Ecosystem versus replacing it with Workday.
- The numbers used in this table are based on the most recent quotes from Workday, Inc. and one of the four implementers being evaluated (Alchemy.us).
- The Project Balance is inclusive of costs for Workday and implementer through the point where SOU can discontinue its use of the Banner Ecosystem.
- SOU begins to realize savings vs. the Banner Ecosystem after the third year!
- SOU can cover the cost of the project in 10 to 12 years (depending on chosen implementer and other factors).

A full report with supporting detail is available at: <https://sou.box.com/s/cqdfzp0shb2wrw8rhyup2rxag8qy0ocw>

Integrating Equity, Diversity, and Inclusion into the Supply Chain Management Process

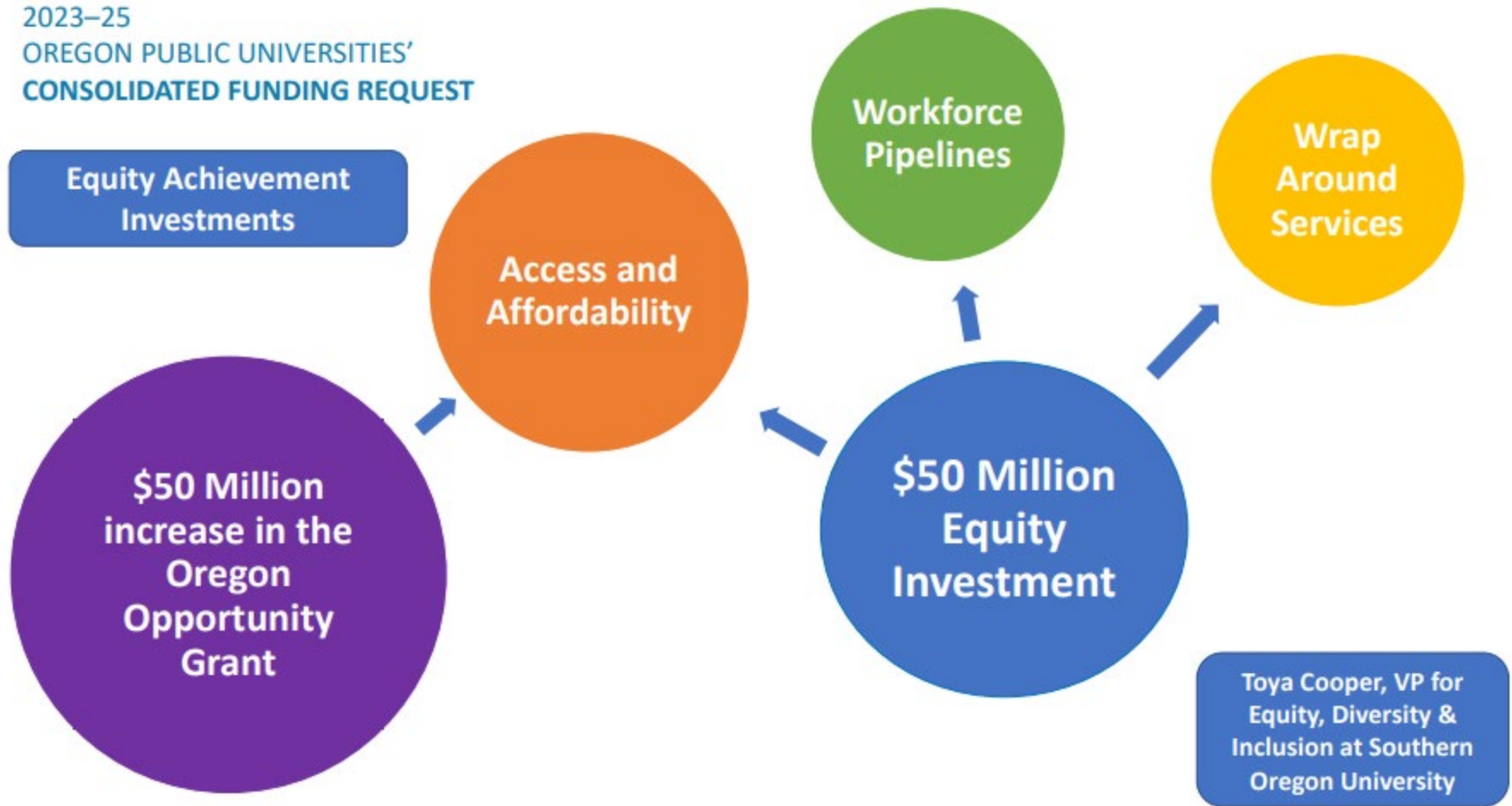
Look Ahead: Integrating SCM with EDI

(e.g., integrating EDI in procurement process during Internal Audit)

- Supply chain management has five key elements
 - Planning and “strategic sourcing;”
 - Acquisition;
 - Manufacturing;
 - Delivery (can involve warehousing and redistribution); and
 - Retire (RECYCLE! or divest) / returns.
- The planning phase refers to developing an overall strategy for the supply chain.

Equity Achievement Investments

2023–25
OREGON PUBLIC UNIVERSITIES'
CONSOLIDATED FUNDING REQUEST



Examples

2023–25
OREGON PUBLIC UNIVERSITIES'
CONSOLIDATED FUNDING REQUEST



SOU: Southern Oregon
University Pre-College Youth
Programs



PSU: Multicultural Retention
Services (MRS)



OIT: SMPS IGNITE –
Healthcare Career Workforce
Exploration Project

Serving the Unique Needs of Our
Students

Toya Cooper, VP for
Equity, Diversity &
Inclusion at Southern
Oregon University



Sustainable Purchasing

(connects to social justice)

Additional Great Resources:

- <https://www.sustainablepurchasing.org/>
- <https://www.mckinsey.com/business-functions/operations/insights/buying-into-a-more-sustainable-value-chain>

Workday Strategic Sourcing Handout:

<https://view.highspot.com/viewer/627c06299b0c3c3154ae8436>

SOU “Sustainability and Equity in Purchasing” Policy and Procedure:

<https://sustainability.sou.edu/sustainability-and-equity-in-purchasing-at-sou/>



Financial Sustainability Discussion

Strategic Direction 5 (SD5)

Financial Sustainability

- Definition: **SOU will maintain financial stability and invest for institutional vitality.**
- Key to our success: attack both sides of the revenue / expense equation

State of the University Highlights

- Cost Management (expense side of the equation)...not explicit in the original definition
- Work the four alternative revenue sources
- Grants – re-tool this leg of the stool (future topic for discussion)
- Philanthropy – leverage great work being done by the SOU Foundation

Exploring Cost Management

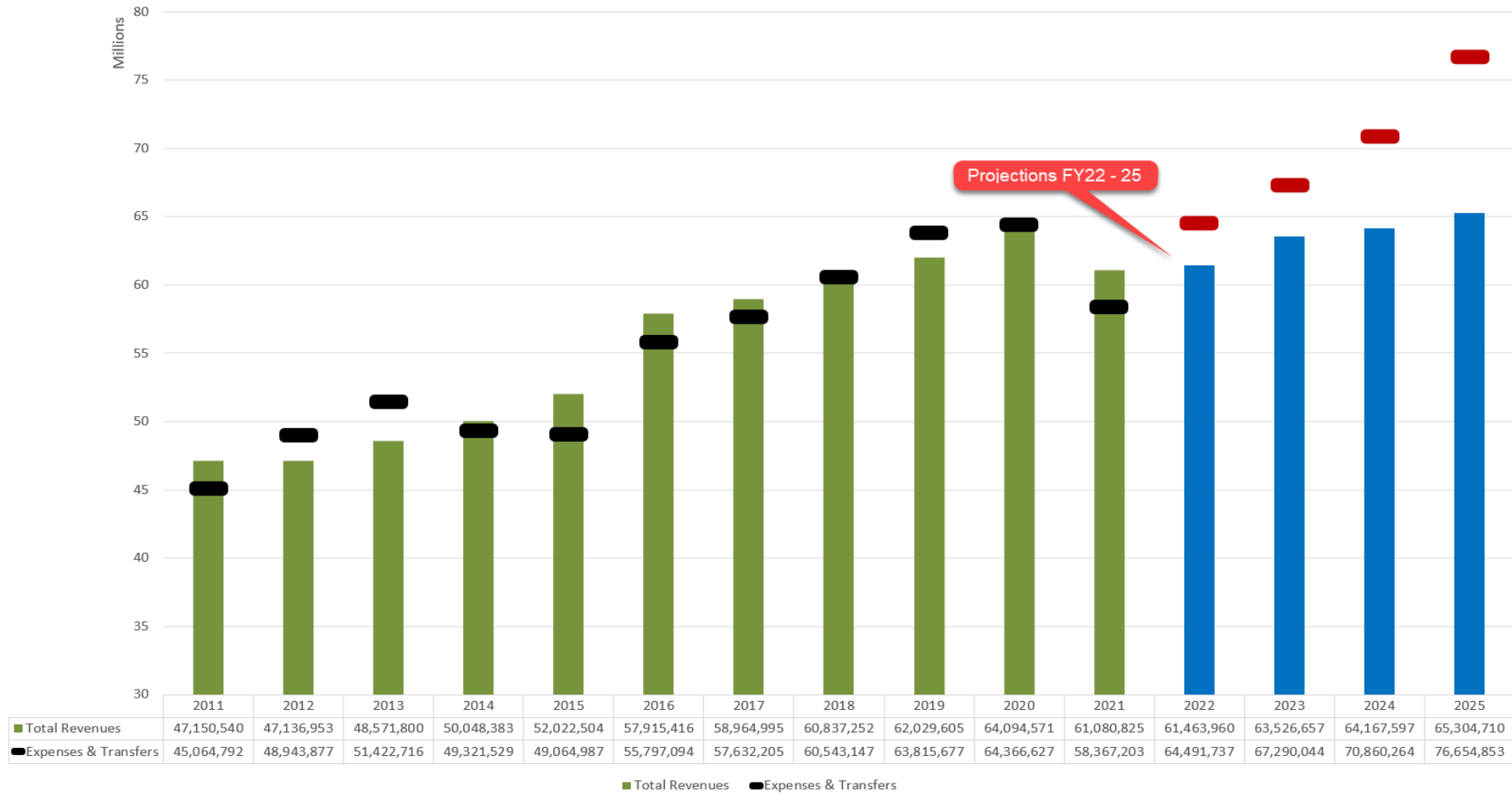
Status:

- Initially – identified levers and reviewed past success and challenges
- Formed a steering group
- Achieved consensus on the problem statement
- Refined focus on transparency; and

Next Steps:

- Develop operating rhythm and communication strategy
- Form advisory group

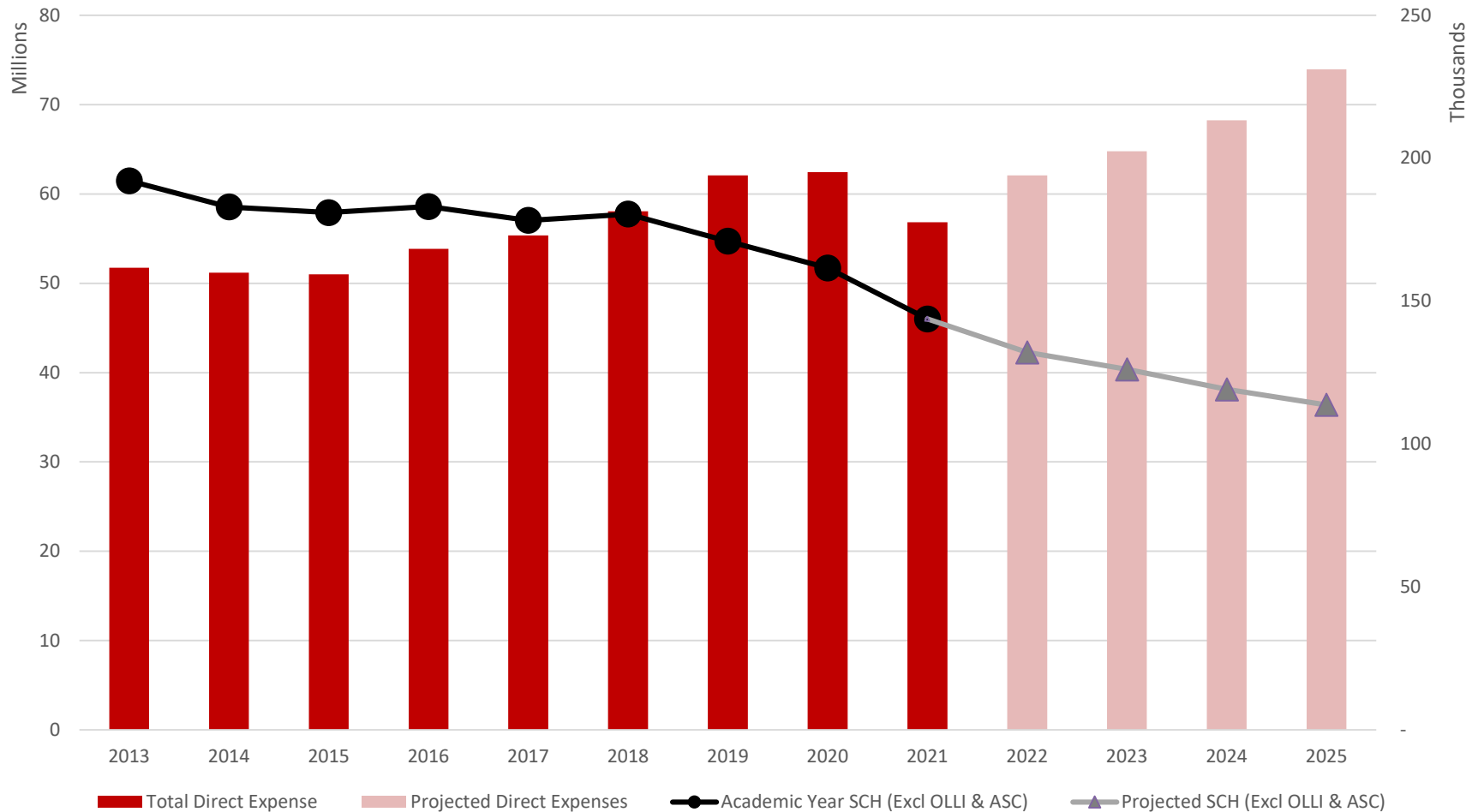
Education and General (E&G): Revenue & Expenses Over Time



Source: SOU Office of Budget & Planning; Pro Forma YE actuals & projections

E&G Expenses with SCH over time

Expenses & SCH 2013 - 2021 Actuals with Projections



Draft Budget for Fiscal Year 2022-23

Roadmap

- Pro Forma:
 - Year to date status; then,
 - Out-year projection (conservative data set with aid and controls)
- **Draft Budget** (summary, observations and assumptions, presentation by fund and transfers)
- Reminder of the Path Forward

FY22 E&G Budget Forecast

- Year-to-date actuals and estimate to complete FY22
- Revenues **are not keeping** pace with expenses
- Misc. Revenue well below targets
 - Bad-debt revision > \$1.2M FY22
 - Net Misc. Revenues exclude \$1M fixed asset sales income (houses)
- Expenses **do** include cost impact of labor agreements
- S&S Growth exceeding budget
- \$3.3M transferred into E&G
 - Transfers now positive
- OPE estimate downgraded due to larger vacancy pool (93 positions)

Projected \$5.1M EFB ties to 8.5% KPI and roughly 1 month of operations

NACUBO recommendation is 40%. Oregon Department of Treasury requires 30 days of available cash on hand

Education and General

(in thousands of dollars)

| 2019-21 Biennium | | 2021-23 Biennium | |
|---|------------------------------|-----------------------------------|------------------------------------|
| | 2020-21 Actual (000's) | 2021-22 FY22 BUDGET (000's) | 2021-22 FYE Forecast (000's) |
| Revenue | | | |
| Total State Funding (SSCM,ETSF,SELP) | 23,937 | 25,242 | 26,220 |
| Tuition | 36,451 | 36,340 | 34,449 |
| Fees | 3,457 | 3,293 | 3,569 |
| Raider Aid | (3,245) | (3,276) | (3,885) |
| Tuition, net of Raider Aid | 36,663 | 36,358 | 34,132 |
| Misc. Other Revenue | 481 | 2,101 | 371 |
| TOTAL REVENUES | 61,081 | 63,701 | 60,723 |
| Personnel Services | | | |
| Faculty | (14,691) | (17,118) | (15,548) |
| Admin | (8,127) | (10,261) | (9,812) |
| Classified | (5,309) | (6,900) | (6,729) |
| Student (& Other) | (1,005) | (1,615) | (1,062) |
| Salaries Total | (29,132) | (35,894) | (33,150) |
| Retirement (PERS + ORP) | (7,050) | (8,355) | (8,077) |
| PEBB | (7,026) | (7,780) | (6,900) |
| Other | (3,172) | (3,612) | (3,240) |
| OPE | (17,249) | (19,747) | (18,217) |
| Net Personnel | (46,381) | (55,184) | (51,367) |
| Supplies & Services | (10,337) | (12,160) | (12,424) |
| Capital Expenses | (124) | (260) | (138) |
| Total Supplies & Services, Capital Expenses | (10,461) | (12,420) | (12,562) |
| Cost Reductions, Savings, Outside Support | | 8,178 | DONE 3312 |
| TOTAL EXPENDITURES | (56,842) | (59,427) | (63,929) |
| Net from Operations Before Transfers | 4,239 | 4,274 | (3,206) |
| Budgeted Transfers | (1,526) | (2,513) | 592 |
| NET TRANSFERS | (1,526) | (2,513) | 592 |
| Change in Fund Balance | 2,713 | 1,761 | (2,614) |
| Beginning Fund Balance | 5,081 | 7,794 | 7,794 |
| Ending Fund Balance | 7,794 | 9,556 | 5,180 |
| % Operating Revenues | 12.76% | 15.00% | 8.53% |
| Days of Operations | 48.74 | 56.31 | 29.85 |
| Months of Operations | 1.62 | 1.88 | 1.00 |

Pro Forma w/Aid & Cuts

Education and General

(in thousands of dollars)

| | 2019-21 Biennium | 2021-23 Biennium | | | 2023-25 Biennium | |
|---|------------------------------|-----------------------------------|------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 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 | | | | | | |
| Total State Funding (SSCM,ETSF,SELP) | 23,937 | 25,242 | 26,220 | 26,860 | 27,724 | 28,778 |
| Tuition | 36,451 | 36,340 | 34,449 | 34,611 | 33,805 | 33,667 |
| Fees | 3,457 | 3,293 | 3,569 | 3,771 | 3,354 | 3,340 |
| Raider Aid | (3,245) | (3,276) | (3,885) | (3,476) | (3,344) | (3,331) |
| Tuition, net of Raider Aid | 36,663 | 36,358 | 34,132 | 34,905 | 33,815 | 33,677 |
| Misc. Other Revenue | 481 | 2,101 | 371 | 1,964 | 2,009 | 2,054 |
| TOTAL REVENUES | 61,081 | 63,701 | 60,723 | 63,730 | 63,547 | 64,508 |
| <u>Personnel Services</u> | | | | | | |
| Faculty | (14,691) | (17,118) | (15,548) | (15,971) | (16,654) | (17,111) |
| Admin | (8,127) | (10,261) | (9,812) | (10,483) | (10,387) | (10,851) |
| Classified | (5,309) | (6,900) | (6,729) | (7,418) | (7,343) | (7,843) |
| Student (& Other) | (1,005) | (1,615) | (1,062) | (1,586) | (1,655) | (1,654) |
| Salaries Total | (29,132) | (35,894) | (33,150) | (35,459) | (36,038) | (37,459) |
| Retirement (PERS + ORP) | (7,050) | (8,355) | (8,077) | (8,533) | (10,183) | (10,608) |
| PEBB | (7,026) | (7,780) | (6,900) | (7,343) | (7,578) | (7,821) |
| Other | (3,172) | (3,612) | (3,240) | (3,492) | (3,550) | (3,689) |
| OPE | (17,249) | (19,747) | (18,217) | (19,369) | (21,310) | (22,118) |
| Net Personnel | (46,381) | (55,184) | (51,367) | (54,828) | (57,349) | (59,578) |
| Supplies & Services | (10,337) | (12,160) | (12,424) | (13,090) | (13,384) | (13,686) |
| Capital Expenses | (124) | (260) | (138) | (263) | (269) | (275) |
| Total Supplies & Services, Capital Expenses | (10,461) | (12,420) | (12,562) | (13,353) | (13,653) | (13,961) |
| Cost Reductions, Savings, Outside Support | | 8,178 | DONE 3312 | 3,312 | 3,312 | As Modeled |
| TOTAL EXPENDITURES | (56,842) | (59,427) | (63,929) | (64,869) | (67,690) | (73,538) |
| Net from Operations Before Transfers | 4,239 | 4,274 | (3,206) | (1,139) | (4,143) | (9,030) |
| Budgeted Transfers | (1,526) | (2,513) | 592 | (3,119) | (3,170) | (3,294) |
| NET TRANSFERS | (1,526) | (2,513) | 592 | (3,119) | (3,170) | (3,294) |
| Change in Fund Balance | 2,713 | 1,761 | (2,614) | (4,258) | (7,313) | (12,324) |
| Beginning Fund Balance | 5,081 | 7,794 | 7,794 | 5,180 | 922 | (6,392) |
| Ending Fund Balance | 7,794 | 9,556 | 5,180 | 922 | (6,392) | (18,715) |
| % Operating Revenues | 12.76% | 15.00% | 8.53% | 1.45% | -10.06% | -29.01% |
| Days of Operations | 48.74 | 56.31 | 29.85 | 4.95 | -32.92 | -88.91 |
| Months of Operations | 1.62 | 1.88 | 1.00 | 0.16 | -1.10 | -2.96 |



FY23 Summary of Expenditures by Fund

*****DRAFT as of 5/11/2022****

| Fund | 2021 Actuals | FY22 Adopted + Adjustments | FY22 Year End Est Projection | FY23 DRAFT Budget |
|---|---------------------------|----------------------------|------------------------------|---------------------------|
| Budgeted Ops (Fund Type 11) | \$58,367,206 | \$70,117,095 | \$63,262,005 | \$67,988,300 ³ |
| Auxiliary Ops (Fund Type 20) | \$12,400,798 | \$14,998,805 | \$13,305,216 | \$15,002,274 |
| Designated Ops & Service Centers (Fund Types 12 & 13) | \$3,948,350 | \$5,417,674 | \$3,886,506 | \$5,538,012 |
| Combined Ops | \$74,716,354 ¹ | \$90,533,574 | \$80,453,727 ² | \$88,528,586 |

- Draft budgets are subject to change as final decisions on Initiatives are made

¹FY21 is exceptional due to furloughs and S&S savings in Qtr 4 stemming from start of COVID pandemic in March 2020

²FY22 is exceptional due to furlough and S&S savings from pandemic 7/1/21 – 9/30/2021

³FY23 Budgeted Operations includes \$3.31M of Federal Relief offset to expenses

FY23 Draft Budget

Key Observations & Assumptions

Revenues

- State revenues still in flux, but better than anticipated
- Tuition revenue fairly flat
 - Revenue from rate increase nearly matches losses from SCH
- Remissions (Raider Aid) budgets maintain 9% target – pressure to increase
- Miscellaneous Revenues budgeting increase
 - Refinancing North Campus Village bonds worked!
 - Ground lease income restored/created new reserve accounts
- Accounting Changes:
 - Increased bad-debt allowance—budgeting \$400k more than FY22 (\$1M)

FY23 Draft Budget

Key Observations & Assumptions

Expenses

- Incorporated faculty and SEIU (classified staff) costs of collective bargaining agreements
- Increased unclassified admin. 1% across-the-board (programmed, not approved yet)
- Created placeholder for new initiatives (positions)
 - Examples: EDI, Clery Program Management, and Student Life
- Updated Other Personnel Expenses (OPE): increases to PERS; PEBB stable
- Shifted Internal Audit to Supplies and Services

Cost Management Steering Group has not yet identified “offsets” (positions, other reductions, or re-engineering)

FY23 Draft Budget

Key Observations & Assumptions

Supplies and Services (S&S)

- Accounting Changes:
 - Reduced internal reimbursements by \$236K
- Software contracts growing (similar to, but slightly greater than inflation)
- Utility increases estimated growth > 19%

FY23 Draft Budget

Key Observations & Assumptions

Transfers

- Athletics transfer increased to offset losses from student fee and new sports S&S expenses
- Domestic travel budget increased per multi-year review
- Nominal changes elsewhere reflecting labor updates

Southern Oregon University Budgeted Operations

| | 2021 Actuals | FY22 Adopted + Adjustments | FY22 Year End Est Projection | FY23 DRAFT Budget |
|---------------------------------------|---------------------|-------------------------------|---------------------------------|----------------------|
| REVENUES | | | | |
| Enrollment Fees | 36,663,275 | 36,357,504 | 34,146,581 | 34,905,472 |
| Gov't Resources and Allocations | 23,936,892 | 25,238,920 | 26,219,576 | 26,860,486 |
| Misc. Other Revenues | 480,658 | 2,101,195 | 1,327,098 | 1,964,336 |
| REVENUES Total | 61,080,825 | 63,697,619 | 61,693,255 | 63,730,294 |
| LABOR | | | | |
| Unclassified | (22,789,244) | (27,132,720) | (25,284,847) | (26,453,742) |
| Classified | (5,308,505) | (6,689,985) | (6,728,622) | (7,418,379) |
| Grad Assist | (176,389) | (166,490) | (186,279) | (169,356) |
| Student Labor | (829,082) | (1,448,501) | (875,566) | (1,417,085) |
| Benefits & OPE | (17,277,147) | (19,746,335) | (18,216,598) | (19,368,995) |
| LABOR Total | (46,380,367) | (55,184,031) | (51,291,912) | (54,827,557) |
| SUPPLIES AND SERVICES | (10,337,052) | (12,160,282) | (12,423,503) | (13,089,949) |
| CAPITAL EXPENSES | (123,799) | (260,013) | (138,340) | (263,013) |
| TRANSFERS | | | | |
| Transfers In | 749,034 | 105,807 | 3,748,822 | 108,188 |
| Transfers Out | (2,275,022) | (2,618,576) | (3,157,072) | (3,227,658) |
| TRANSFERS Total | (1,525,988) | (2,512,769) | 591,750 | (3,119,470) |
| Total Expenditures | (58,367,206) | (70,117,095) | (63,262,005) | (71,299,989) |
| Federal Relief, Cost Cutting, Savings | | | | 3,311,689 |
| FY23 Est Expenditures | | | | (67,988,300) |
| Total Revenue - Expenses | 2,713,619 | (6,419,476) | (1,568,750) | (4,258,006) |

Southern Oregon University

Designated and Service Center Operations

| | 2021 Actuals | FY22 Adopted + Adjustments | FY22 Year End Est Projection | FY23 DRAFT Budget |
|--|--------------------|-------------------------------|---------------------------------|----------------------|
| REVENUES | | | | |
| Enrollment Fees | 750,797 | 1,001,594 | 928,618 | 1,273,520 |
| Gov't Resources and Allocations | 0 | 0 | 0 | 0 |
| Misc. Other Revenues | 3,125,790 | 4,199,365 | 2,648,457 | 4,135,517 |
| REVENUES Total | 3,876,587 | 5,200,959 | 3,577,075 | 5,409,037 |
| LABOR | | | | |
| Unclassified | (1,166,274) | (1,754,121) | (1,226,113) | (1,677,195) |
| Classified | (349,162) | (419,120) | (415,928) | (482,656) |
| Grad Assist | 0 | 0 | 0 | 0 |
| Student Labor | (80,990) | (192,257) | (93,901) | (180,537) |
| Benefits & OPE | (919,766) | (1,297,622) | (948,474) | (1,266,247) |
| LABOR Total | (2,516,192) | (3,663,120) | (2,684,416) | (3,606,635) |
| SUPPLIES AND SERVICES | (1,684,196) | (2,193,800) | (1,722,386) | (2,376,354) |
| CAPITAL EXPENSES | (134,323) | (12,086) | 0 | (12,086) |
| TRANSFERS | | | | |
| Transfers In | 1,244,802 | 678,087 | 765,628 | 601,368 |
| Transfers Out | (858,441) | (226,755) | (245,331) | (144,305) |
| TRANSFERS Total | 386,361 | 451,332 | 520,296 | 457,063 |
| Total Expenditures | (3,948,350) | (5,417,674) | (3,886,506) | (5,538,012) |
| Federal Relief, Cost Cutting, Savings FY23 Est Expenditures | | | | ???TBD??? |
| Total Revenue - Expenses | (71,763) | (216,715) | (309,430) | (128,975) |

Southern Oregon University

Auxiliary Operations

| | 2021 Actuals | FY22 Adopted + Adjustments | FY22 Year End Est Projection | FY23 DRAFT Budget |
|---------------------------------------|---------------------|-------------------------------|---------------------------------|----------------------|
| REVENUES | | | | |
| Enrollment Fees | 5,436,564 | 6,431,849 | 5,132,673 | 5,416,304 |
| Gov't Resources and Allocations | 1,208,080 | 1,073,844 | 1,257,759 | 1,257,759 |
| Misc. Other Revenues | 3,191,522 | 5,948,737 | 6,066,953 | 7,563,330 |
| REVENUES Total | 9,836,166 | 13,454,430 | 12,457,385 | 14,237,393 |
| LABOR | | | | |
| Unclassified | (2,206,065) | (3,239,351) | (3,073,543) | (3,268,653) |
| Classified | (821,943) | (1,071,987) | (991,635) | (997,934) |
| Grad Assist | 0 | 0 | 0 | 0 |
| Student Labor | (567,492) | (1,196,060) | (755,957) | (1,189,781) |
| Benefits & OPE | (2,062,614) | (2,811,683) | (2,475,741) | (2,696,085) |
| LABOR Total | (5,658,114) | (8,319,081) | (7,296,877) | (8,152,453) |
| SUPPLIES AND SERVICES | (8,242,693) | (8,741,161) | (8,624,268) | (9,512,228) |
| CAPITAL EXPENSES | 0 | 0 | 0 | 0 |
| TRANSFERS | | | | |
| Transfers In | 3,878,324 | 3,321,355 | 3,321,355 | 3,767,140 |
| Transfers Out | (2,378,315) | (1,259,918) | (705,427) | (1,104,733) |
| TRANSFERS Total | 1,500,009 | 2,061,437 | 2,615,928 | 2,662,407 |
| Total Expenditures | (12,400,798) | (14,998,805) | (13,305,216) | (15,002,274) |
| Federal Relief, Cost Cutting, Savings | | | | ???TBD??? |
| FY22 Net Expenditures | | | | |
| Total Revenue - Expenses | (2,564,632) | (1,544,375) | (847,831) | (764,881) |

Southern Oregon University Combined Operations

| | 2021 Actuals | FY22 Adopted + Adjustments | FY22 Year End Est Projection | FY23 DRAFT Budget |
|---------------------------------------|---------------------|-------------------------------|---------------------------------|----------------------|
| REVENUES | | | | |
| Enrollment Fees | 42,850,636 | 43,790,947 | 40,207,872 | 41,595,296 |
| Gov't Resources and Allocations | 25,144,972 | 26,312,764 | 27,477,335 | 28,118,245 |
| Misc. Other Revenues | 6,797,970 | 12,249,297 | 10,042,508 | 13,663,183 |
| REVENUES Total | 74,793,578 | 82,353,008 | 77,727,715 | 83,376,724 |
| LABOR | | | | |
| Unclassified | (26,161,583) | (32,126,192) | (29,584,503) | (31,399,590) |
| Classified | (6,479,610) | (8,181,092) | (8,136,186) | (8,898,969) |
| Grad Assist | (176,389) | (166,490) | (186,279) | (169,356) |
| Student Labor | (1,477,564) | (2,836,818) | (1,725,424) | (2,787,403) |
| Benefits & OPE | (20,259,527) | (23,855,640) | (21,640,812) | (23,331,327) |
| LABOR Total | (54,554,673) | (67,166,232) | (61,273,205) | (66,586,645) |
| SUPPLIES AND SERVICES | (20,263,941) | (23,095,243) | (22,770,156) | (24,978,531) |
| CAPITAL EXPENSES | (258,122) | (272,099) | (138,340) | (275,099) |
| TRANSFERS | | | | |
| Transfers In | 5,872,160 | 4,105,249 | 7,835,805 | 4,476,696 |
| Transfers Out | (5,511,778) | (4,105,249) | (4,107,830) | (4,476,696) |
| TRANSFERS Total | 360,382 | 0 | 3,727,974 | 0 |
| Total Expenditures | (74,716,354) | (90,533,574) | (80,453,727) | (91,840,275) |
| Federal Relief, Cost Cutting, Savings | | | | 3,311,689 |
| FY22 Net Expenditures | | | | (88,528,586) |
| Total Revenue - Expenses | 77,224 | (8,180,566) | (2,726,012) | (5,151,862) |

FY23 Draft Budgeted Transfers

| Fund Type Group --> | Budgeted Operations | | Designated Operations | | | | | Auxiliary Operations | | | | | | | Agency Operations | | To Index |
|----------------------|---------------------|-----------|-----------------------|-----------|------------|-----------|-----------|----------------------|-----------------|-----------|-----------|---------|---------|-----------|-------------------|----------------------------|---|
| From Index | General Fund | Grants | DMC | JPR | Outrch/Eng | Svc Ctrs | Reserves | Athletics | Student Affairs | SRC | Housing | | | | Reserves | ***North Campus Village*** | |
| | | | | | | | | | | | Res Halls | Dining | Family | Rentals | | NCV Rev | NCV Ops |
| ATHCRS | 300,000 | | | | | | | (300,000) | | | | | | | | | To ATHADM - Profit from PEA Courses |
| ATHZGF | 1,850,757 | | | | | | | (1,850,757) | | | | | | | | | To ATHADM - Athletics Base Support from General Fund |
| ATHZGF | 16,500 | | | | | | | (16,500) | | | | | | | | | To ATHEDR - Depreciation |
| ATHZGF | 175,000 | | | | | | | (175,000) | | | | | | | | | To ATHMNT - Men's 5 yr Post Season travel budget |
| ATHZGF | 55,150 | | | | | | | (55,150) | | | | | | | | | To ATHSBD - Support for Sports Band |
| ATHZGF | 125,000 | | | | | | | (125,000) | | | | | | | | | To ATHWNT - Women's 5 yr Post Season travel budget |
| GRMRES | 108,188 | (108,188) | | | | | | | | | | | | | | | To SOUGMR - Grant matching funds |
| JPRGNA | 297,606 | | | | (297,606) | | | | | | | | | | | | To JPRGOA - Support for Jefferson Public Radio |
| RVTXGF | 159,457 | | (159,457) | | | | | | | | | | | | | | To RTVGAR - Support for Academic program use of DMC |
| RECXGF | 140,000 | | | | | | | | | (140,000) | | | | | | | To RECNR - Support for Academic program use of SRC |
| ECPLRP | | | | | 18,000 | | | | | | | | | | | | To ECPSAP - OLLIE Support of SOLIR |
| ECPSAP | | | | | (18,000) | | | | | | | | | | | | * From ECPLRP - Support from OLLIE to SOLIR |
| RESHLS | | | | | | | | | | | 294,500 | | | | (294,500) | | To RESBMR - Res Halls Building Maintenance Reserve |
| RESHLS | | | | | | | | | | | 11,500 | | | | (11,500) | | To RESEDR - Res Halls Equipment Depreciation |
| RESDEX | | | | | | | | | | | | 218,000 | | | (218,000) | | To RESDBR - Dining Building Maintenance Reserve |
| RESDEX | | | | | | | | | | | | 176,500 | | | (176,500) | | To RESCDR - Dining Equipment Depreciation |
| SUFHAD | | | | | | | | | | | | | 242,000 | | (242,000) | | To SUFBMR - Family Housing Building Maintenance Reserve |
| SUFHAD | | | | | | | | | | | | | 14,000 | | (14,000) | | To SUFHDR - Family Housing Equipment Depreciation |
| SURPAD | | | | | | | | | | | | | | 68,500 | (68,500) | | To SURED - Rental Property Asset replace/Equip Reserve |
| RESNCR | | | | | | | | | | | | | | | | 1,759,211 | (1,759,211) |
| DUPGOP | | | | | | 12,728 | (12,728) | | | | | | | | | | To DUPEDR - Print Copy Equipment Reserve |
| ITCCOE | | | | | | 11,027 | (11,027) | | | | | | | | | | To ITCEDR - IT Equipment Reserve |
| PPEPOL | | | | | | 150,000 | (150,000) | | | | | | | | | | To PPEPDR - FMP Equipment Reserve |
| PPMPOL | | | | | | 35,000 | (35,000) | | | | | | | | | | To PPMPDR - FMP Motor Pool Reserve |
| RECNR | | | | | | | | | | 40,000 | | | | | (40,000) | | To RECBMR - Rec Ctr Building Maintenance Reserve |
| RECNR | | | | | | | | | | 20,000 | | | | | (20,000) | | To RECEDR - Rec Ctr Equipment Reserve |
| RECNR | | | | | | | | | | 52,000 | | | | | (52,000) | | To RESPRG - Rec Ctr support to programming |
| Group Total Out/(In) | 3,227,658 | (108,188) | (159,457) | (297,606) | - | 208,755 | (208,755) | (2,522,407) | - | (28,000) | 306,000 | 394,500 | 256,000 | 68,500 | (1,137,000) | 1,759,211 | (1,759,211) |
| Net Total Out/(In) | 3,119,470 | | | | | (248,308) | (208,755) | (2,522,407) | - | (28,000) | | | | 1,025,000 | (1,137,000) | | Transfers Balance: \$0 |

***NOTE: Transfers Out represented as positive whole numbers; expense accounts of the Index
Transfers In represented as negatives in parentheses; contra-expense account totals

Path Forward

Reminder



1. Continued austerity (spending restraint) 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 and P3)

Questions/Comments

Future Meetings

Adjournment