



## Public Meeting Notice

June 9, 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 online location set forth below.

Topics of the meeting will include a consent agenda consisting of the financial dashboard and past meeting minutes. There also will be a vice president's report consisting of organizational updates and a Higher Education Coordinating Commission capital projects scoring update and a discussion on financial sustainability including revenue and expenses updates as well as a review of the financial pro forma for fiscal year 2022. The committee will act on the proposed budget for fiscal year 2022-23. Possible action items also include the Core Information Systems Replacement consisting of a Workday product contract award and a Workday implementation contract award. A related discussion is planned regarding financing authorization for the Workday project.

The meeting will occur as follows:

Thursday, June 16, 2022

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

To view the proceedings, visit: <https://sou.zoom.us/j/87896657533> at the time of the meeting. Visit [governance.sou.edu](https://governance.sou.edu) for meeting materials.

## 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](mailto: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 (541) 552-6060 at least 48 hours in advance.**



**Board of Trustees  
Finance and Administration Committee Meeting  
June 16, 2022**

# Call to Order / Roll / Declaration of a Quorum



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

**Thursday, June 16, 2022  
4:00 p.m. – 6:00 p.m. (or until business concludes)  
Meese Room, Hannon Library, SOU Campus  
<https://sou.zoom.us/j/87896657533>**

**AGENDA**

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

- |         |          |   |  |
|---------|----------|---|--|
|         | <b>1</b> | <b>Call to Order/Roll/Declaration of a Quorum</b>                           | Chair Sheila Clough  |
|         | 1.1      | Welcome and Opening Remarks   |  |
|         | 1.2      | Roll and Declaration of a Quorum  | Sabrina Prud'homme, SOU,<br>Board Secretary                              |
|         | 1.3      | Agenda Review   | Chair Clough   |
|         | <b>2</b> | <b>Public Comment</b>   |  |
| 5 min.  | <b>3</b> | <b>Consent Agenda</b>   |  |
|         | 3.1      | Financial Dashboard   | Chair Clough   |
|         | 3.2      | May 19, 2022 Minutes  |  |
| 10 min. | <b>4</b> | <b>Vice President's Report</b>  | Greg Perkinson, SOU, Vice<br>President for Finance and<br>Administration |
|         | 4.1      | Organizational Updates  |  |
|         | 4.2      | Higher Education Coordinating Commission<br>Capital Projects Scoring Update |  |
|         | <b>5</b> | <b>Action, Information and Discussion Items</b>                             |  |
| 40 min. | 5.1      | Core Information System Replacement (Action)                                | Greg Perkinson; Tom<br>Battaglia, SOU, Chief<br>Information Officer      |
|         | 5.1.1    | Workday Product Contract Award  |  |
|         | 5.1.2    | Workday Implementation Contract Award                                       |  |

**Board of Trustees**  
**Finance and Administration Committee Meeting**  
**Thursday, June 16, 2022**  
**4:00 p.m. – 6:00 p.m. (or until business concludes)**

**AGENDA (Continued)**

5.1.3 Workday Project Financing Authorization

5.2 Financial Sustainability

15 min.	5.2.1 Revenue Update	Greg Perkinson; Dr. Neil Woolf, SOU, Vice President for Enrollment Management and Student Affairs
10 min.	5.2.2 Expenses Update	Greg Perkinson; Josh Lovern, SOU, Director of Budget and Planning
5 min.	5.2.3 Review of Fiscal Year 2022 Pro Forma	Greg Perkinson and Josh Lovern
45 min	5.3 Fiscal Year 2022-23 Budget (Action)	President Rick Bailey; Greg Perkinson and Josh Lovern
	5.4 Future Meetings	Chair Clough
<b>6</b>	<b>Adjournment</b>	Chair Clough

# Public Comment

# Consent Agenda

## Financial Dashboard

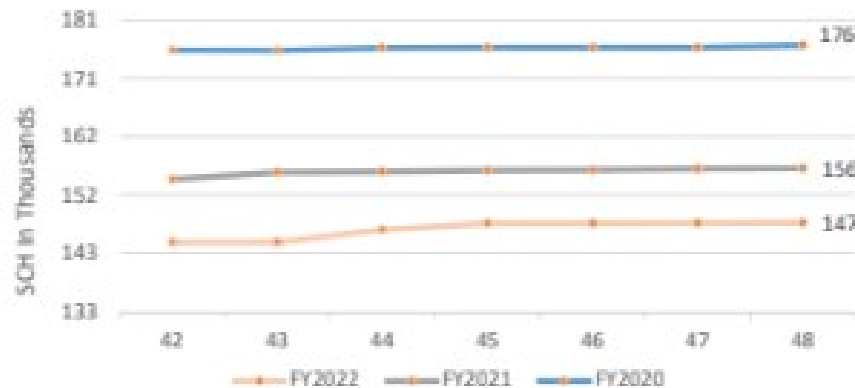
For FY2022

As of May 31, 2022 (with prior to close numbers)

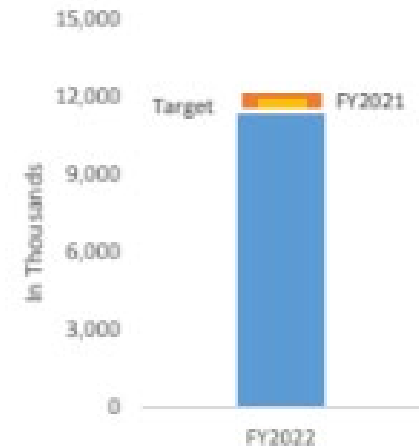
### Public University Funds Operating Cash



### Total Student Credit Hours by Week of the Fiscal Year

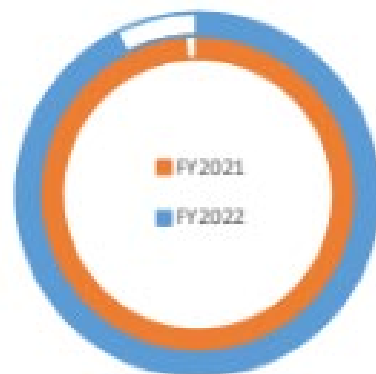


### E&G Fund Balance

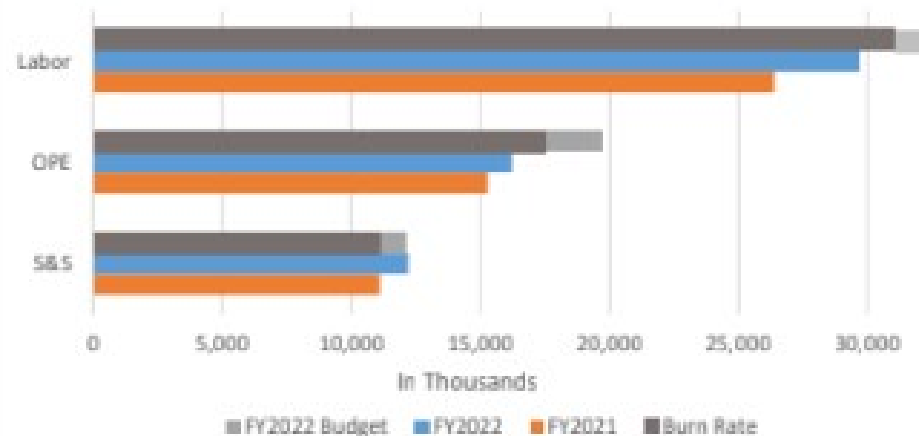


**"Institution" portion of  
Federal Relief Funds  
in hand.  
\$3.3m allocated to E&G during  
March.**

### E&G YTD Revenues



### E&G YTD Select Expenses





# Finance Dashboard

## Notes and Take-aways

- \$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 7.2% (\$2.5m)
- Expenses: Compared to the last report, the overall cost increases are shown:
  - total labor costs (YTD) increased from 10% to almost 11%;
  - OPE is up by 6.5%; and
  - Supplies and Services spending is up approximately 10%

# Vice President's Report

# Roadmap for Vice President's Report



- Organizational update—CPS promotions / reorg
- Higher Education Coordinating Commission (HECC) update
  - Excerpts from Funding and Achievement Subcommittee
  - Focus on Capital project scoring (and SOU results)

# HECC Update

HECC meeting and recordings at:

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

## Economic Outlook

- **Strong, inclusive recovery;** long-standing inequities remain but disparities did not widen
- **Base outlook is for a soft landing;** inflation remains the key risk but will slow; possible recession in 2023
- **Revenue growth is strong;** income taxes continue to set records; could lead to record kicker in 2024

### Revenue Forecast, June 2022

General Fund (\$ Millions)	COS 2021	2021-23	2023-25
Personal Income Tax	20,628	23,461	22,838
Corporate Income Tax	1,344	2,275	1,763
All Other Revenues	1,353	1,541	1,497
<b>Gross Revenue</b>	<b>23,325</b>	<b>27,277</b>	<b>25,956</b>
Source: Tables R.1 and R.2 Note: COS = close of session			

# Reminder of Cost Escalation (from HECU)

## Current Service Level (CSL)

What is  
CSL?

An estimate of the cost to continue current, legislatively approved programs into the next biennium.

How is it  
calculated?

For support funds, a blended rate that assumes the standard inflation for non-state employee personnel and adjusts for increases in health/retirement benefits and pension bond debt.

2023-25 Comparison	Base	CSL
Colleges	12.2%	8.7%
Universities	8.7%	7.9%

**Base** – the increase in general fund spending from 2021-23 to 2023-25 as estimated by the institutions regardless of revenue source; theoretically, all revenue sources would have to increase the same amount to prevent a budget deficit from occurring

**CSL** – the calculation made by DAS CFO staff using the blended rate approach





# Capital Construction Recommendations

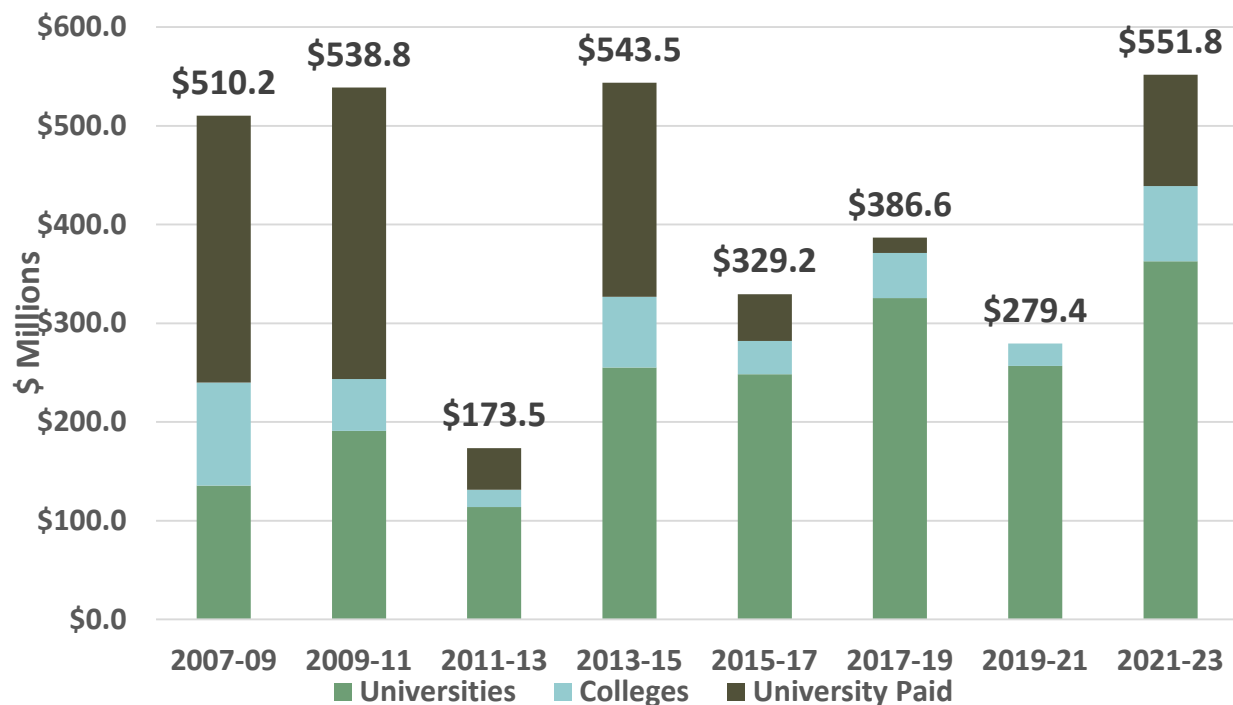
## 2023-25 Biennium

### Postsecondary Finance and Capital

June 2022

# \$3.3 Billion State Investment in Capital

State Issued Bonds for Postsecondary Education, 2009-2023



**\$1.9B** Universities (G, Q)

**\$424M** Comm. Colleges (G)

**\$1.0B** University Paid (F)

## XI-F(1) BONDS – University Only

Backed by university revenues and can be utilized for non-E&G projects

University pays debt service

## XI-G BONDS – Colleges and Universities

Institution must provide at least 1:1 match. Restricted to higher education.

State pays debt service

## XI-Q BONDS – University Only

No matching requirement. Restricted to state-owned buildings.

State pays debt service

Notes: Data from DAS Capital and HECC staff. Does not include institutional funding, state cash funded projects, or local bonds.

# What Progress Has Been Made?

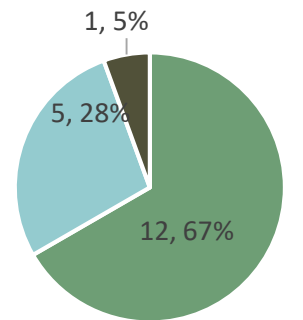
(for the public universities)

	Current Replacement Value – CRV (\$ millions)	Deferred Maintenance Backlog – DM (\$ millions)	Facility Condition Index (FCI)	Annual Renewal Requirement – ARR (\$ millions)
2002	\$2,971	\$592	19.9%	\$50
2012	\$4,230	\$528	12.5%	\$72
2019	\$10,158	\$966	9.5%	\$173
2022*	\$11,315	\$1,124	9.9%	\$192
*estimated. The facility condition index is DM divided by the CRV. Below 10% is ideal and indicative of facilities in generally good condition. The ARR is calculated based on the old OUS standard of 1.7% of CRV.				



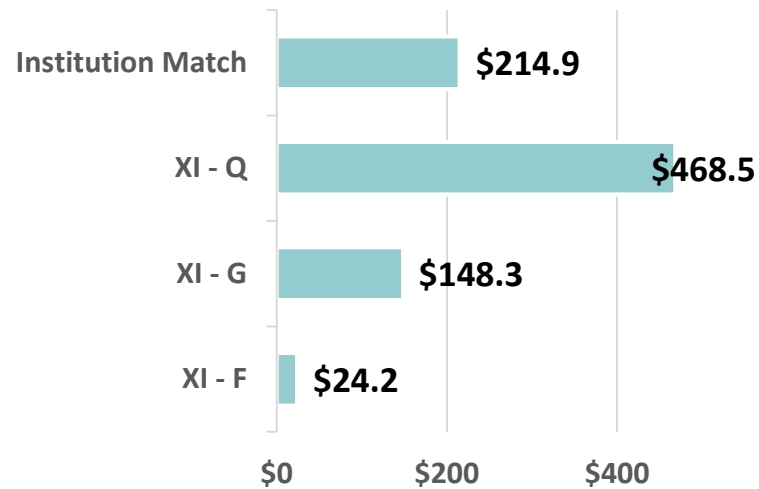
# Overview of Projects Submitted

18 Submitted Projects



- Universities
- Community Colleges
- Self-funded University

## \$855.9 Million Total



Universities  
\$232M

Colleges  
\$73M

## Community College Limitations

No more than one project approved, awaiting match per institution.

Aggregate amount authorized for projects at a single college may not exceed \$8 million.

All state-backed debt will support the Strategic Plan through investments in education and student support spaces.

Institutions must plan for the ongoing operational and maintenance needs of their facilities.

State-backed debt will extend the useful life of current assets, expand the capacity to meet student needs, or further competitive advantages.

## Process Timeline and Overview



## College Rubric

**Administrative Rule Criteria  
(1-51 points)**

**Presidents' Strategic Review  
Criteria (1-25 points)**

**Due Diligence Criteria  
(1-24 points)**

**Strategic Capital Development Plan  
(1-52 points)**

**Operational Savings and Sustainability  
(1-8 points)**

**Life safety, Security or Loss of Use  
(1-10 points)**

**Institutional Priority  
(1-5 points)**

**Student Success for Underserved  
Populations (1-10 points)**

**Leveraging Institutional Resources  
(1-15 points)**

Detailed rubrics are included in the appendix.

# Notes on Public University Projects Submitted

## Focus on improvement and replacement

- Two projects are new construction while two include both renovations and new construction. All other projects focus on improvement and renewal.

## Focus on STEM and student success

- Of the top five projects, three are primarily major renovations of STEM, and Health Sciences, two are Language, Arts and Mathematics based.

## \$128.2 million in institutional matching

- Most institutional matching comes from donor funds.

## \$232.5 million in eliminated deferred maintenance

# Prioritized Public University Projects

## 2023-25 Biennium, in \$ millions

University and Score		Project	XI-Q Bonds	XI-G Bonds	Institution Funds	Total Project
ALL	-	Capital Improvement and Renewal	90.0	-	-	90.0
UO	98	Friendly Hall DM	67.9	7.5	7.5	83.0
OSU	94	Collaborative Innovation Complex	-	75.0	91.0	166.0
PSU	91	Vernier Science, Gateway*	54.7	4.3	4.3	63.3
WOU	89	Health Sciences Renovation	40.9	1.3	1.3	43.5
SOU	87	Central Hall Escalation*	13.4	0.7	0.7	14.8

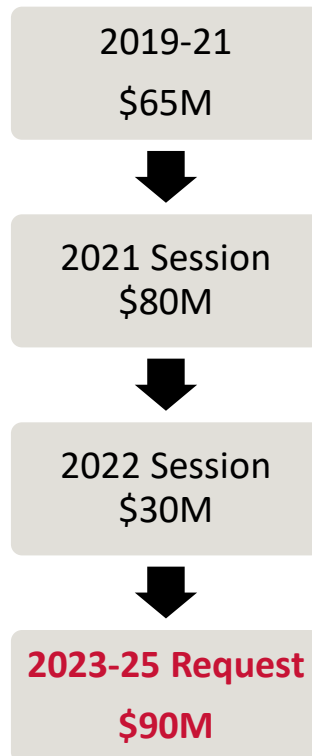
\*previously appropriated projects. Additional funding being requested.

## Prioritized Public University Projects – Continued

### 2023-25 Biennium, in \$ millions

University and Score		Project	XI-Q Bonds	XI-G Bonds	Institution Funds	Total Project
SOU	86	Creative Industries/Student Success	40.8	1.1	1.1	43.0
OIT	85	Learning Resource Center Renovation	25.2	1.4	1.4	28.0
EOU	83	Loso Hall Renovation Phase II	36.2	1.2	1.2	38.5
WOU	82	Center for Human Achievement	26.9	0.9	0.9	28.7
OIT	80	Semon Hall Renovation	19.8	1.1	1.1	22.0
OSU-C	74	Health, Science, and Rec Center	30.0	15.0	15.0	60.0
OIT	73	Center for Student Success	22.7	1.3	1.3	25.2
<b>Totals</b>			<b>468.5</b>	<b>110.8</b>	<b>126.7</b>	<b>706.0</b>

# Capital Improvement and Renewal Funding



## Comparison by Type of Project

	CIR Projects	Rubric Projects
Bondable?	Yes	Yes
Involves Renewal and Improvement?	<u>Must</u> Involve	<u>May</u> Involve
Cost Structure?	Lower cost projects	Higher cost projects
Who decides?	Institution chooses priority consistent with bond requirements	Each project must be authorized by the Legislature
Funding distributed?	Legislature determines total funding amount; Funding allocated	Funding is appropriated by project



# Appendix: Public University Capital Rubric

Strategic Capital Development Plan (1-52 points)	<ul style="list-style-type: none"> <li>• 24 pts – Space renewal, workforce or completion priorities</li> <li>• 12 pts – Addressing deferred maintenance issues</li> <li>• 8 pts – Support research &amp; economic development</li> <li>• 8 pts – Collaboration with interested parties</li> </ul>
Operational Savings and Sustainability (1-8 points)	<ul style="list-style-type: none"> <li>• Does the project reduce operational costs, support continued efficiency or increase the sustainability of the facility?</li> </ul>
Life safety, Security or Loss of Use (1-10 points)	<ul style="list-style-type: none"> <li>• Does the project meet life, safety and code compliance needs of mission critical items or improve the security of the facility?</li> </ul>
Institutional Priority (1-5 points)	<ul style="list-style-type: none"> <li>• What's the priority within the existing master plan?</li> </ul>
Student Success for Underserved Populations (1-10 points)	<ul style="list-style-type: none"> <li>• How will the project impact the success of students from underserved populations?</li> </ul>
Leveraging Institutional Resources (1-15 points)	<ul style="list-style-type: none"> <li>• Is the project funded by a campus match or pledged resources?</li> </ul>

# Core Information System Replacement (Action))

- Workday Product Contract Award
- Workday Implementation Contract Award
- Workday Project Financing Authorization

## 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.

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### 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>

# Transform Core IT System Replacement Bottom Line Up Front

1. Award the Workday contract as proposed (approx. \$800K/year) and proceed with the timely implementation of the project plan
  - This contract is between SOU and Workday.
  - The annual rate for the estimated ten-year contract is expected to be approximately \$832K/year with an annual uplift of 2% per year.
  - The conservative annual savings (after implementation) are over \$700k/year
2. Award the implementation contract (\$7.4M)
  - The Workday implementation proposals were scored by the steering committee comprising representatives from: Academic Affairs, Raider Student Services, Financial Aid, Admissions, HR, Finance and IT
  - The team unanimously chose Alchemy
  - Alchemy's bid came in at \$7.4M, and the phased work will take three years.
3. Authority to obtain a \$10M loan (over ten years) to cover both contracts

# Status and Next Actions

- Status:
  - Fact finding complete. Met with four lending institutions, OR State Treasury (OST), HECC, Department of Administrative Services (DAS), and OSU's VPFA
  - Have sample guidance from OST
  - Contacted (outside) borrower's legal counsel
- Next Actions:
  - Obtain approval and authority
  - Sign Workday Contract
  - Sign Implementer Contract
  - Obtain bank (or Credit Union) loan
  - Start Transformation...project kickoff

Conversation with...	Lessons Learned	Status and Follow-up Actions
<b>Bank 1 (Local Lender)</b>	<ul style="list-style-type: none"> <li>Value of RFQ or RFP</li> <li>Value of getting Letter of Interest</li> <li>Desire to add scope (be our banker of choice)</li> </ul>	Awaiting Letter of Intent (LOI)
<b>Bank 2 (Existing relationship with OST)</b>	<ul style="list-style-type: none"> <li>Term sheet for Line of Credit (LOC)</li> <li>Term Sheet for loan (clear advantages over LOC)</li> <li>No capital required</li> </ul>	Share RFQ / RFP template
<b>OST Debt Management</b>	<ul style="list-style-type: none"> <li>Approval required by ORS</li> <li>Have samples and relationship with DOJ</li> <li>Q – economies of scale?</li> <li>Need legal (bond) counsel</li> <li>Use a Financial Adv (eval)</li> <li>Board approval for loan (req'd)</li> </ul>	<p>Share solicitations (VA)</p> <p>Canvas database for other examples</p> <p>Document certification and funds availability (business case too)</p>
<b>USSE</b>	<ul style="list-style-type: none"> <li>Must pay State obligations 1<sup>st</sup>, lender's second</li> </ul>	Resolve with bond counsel
<b>DAS</b>	<ul style="list-style-type: none"> <li>State's Workday acquisition was bond funded</li> </ul>	Highlighted 'timing' doesn't work for bond sales (May / Nov / March)
<b>OSU VPFA</b>	<ul style="list-style-type: none"> <li>Willing to help, lending not their primary mission</li> </ul>	First Q: can we? Second Q: should we?
<b>HECC</b>	<ul style="list-style-type: none"> <li>Exploring how to make the long-session "ask"</li> </ul>	Obtain advocacy and inclusion in Agency Request Budget (ARB)

# Borrower RFQ / RFP Scenarios

- Situation: initial plan/thought to obtain a Line of Credit resulted in receiving sample proposal which included unacceptable terms (7.5% and onerous covenants)
- Course of Action: request termsheets for three fixed-term loan scenarios for a \$10m loan over ten years:
  - straight line
  - interest only for three years, then straight line
  - interest only for ten years, then 'balloon' payment



# Updated Business Case and Amortization Schedule

- Shows straight line P&I over ten years
- Highlights operational savings start on year 4 (FY 26)
- Break even in FY 32

		FY-23	FY-24	FY-25	FY-26	FY-27	FY-28	FY-29	FY-30	FY-31	FY-32
Bill Payments	Workday	\$824,000.00	\$927,000.00	\$874,000.00	\$891,413.00	\$909,242.00	\$927,425	\$945,974	\$964,894	\$984,191	\$1,003,874
	Alchemy	\$2,660,000.00	\$2,680,000.00	\$1,750,000.00							
	Ellucian - Ecosystem				-\$1,470,000.00	-\$1,543,500.00	-\$1,620,675.00	-\$1,701,708.75	-\$1,786,794.19	-\$1,876,133.90	-\$1,969,940.59
	Subtotal	\$3,484,000.00	\$3,607,000.00	\$2,624,000.00	-\$578,587.00	-\$634,258.00	-\$693,250.00	-\$755,734.75	-\$821,900.19	-\$891,942.90	-\$966,066.59
Loan Payments	Monthly	\$103,638.00	\$103,638.00	\$103,638.00	\$103,638.00	\$103,638.00	\$103,638.00	\$103,638.00	\$103,638.00	\$103,638.00	\$103,638.00
	Yearly	<b>\$1,243,656.00</b>	<b>\$1,243,656.00</b>	<b>\$1,243,656.00</b>	<b>\$1,243,656.00</b>	<b>\$1,243,656.00</b>	<b>\$1,243,656.00</b>	<b>\$1,243,656.00</b>	<b>\$1,243,656.00</b>	<b>\$1,243,656.00</b>	<b>\$1,243,656.00</b>
	Interest	\$433,419.48	\$396,197.36	\$357,265.25	\$316,544.61	\$273,953.29	\$229,405.33	\$182,810.82	\$134,075.77	\$83,101.86	\$29,786.20
	Principal	\$810,236.52	\$847,458.64	\$886,390.75	\$927,111.39	\$969,702.71	\$1,014,250.67	\$1,060,845.18	\$1,109,580.23	\$1,160,554.14	\$1,213,869.80
Loan	Ending Balance	\$9,189,763.48	\$8,342,304.84	\$7,455,914.09	\$6,528,802.70	\$5,559,099.99	\$4,544,849.32	\$3,484,004.14	\$2,374,423.91	\$1,213,869.77	-\$0.03
	Original Loan	\$10,000,000.00									
Net Annual (NA)	NA = (Ending Bal - Subtotal)				\$5,950,215.70	\$4,924,841.99	\$3,851,599.32	\$2,728,269.39	\$1,552,523.72	\$321,926.87	-\$966,066.62
	Total Interest	\$2,436,559.97									

# Summary of Financing Strategy

1. Take out a loan looking at \$10M over ten years (selected based on best terms and conditions AND least impact to operational budget)
2. And, in parallel, request \$7.4M from legislature (during long session) for years 2-4
3. Track savings (\$10M over 10 years) and repay loan

# Financial Sustainability

# Strategic Direction 5

Reminder



## 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

# Revenue Update

**Enrolled Student Headcounts**  
**Spring 2021 Week Ending 6/6/21 vs. Spring 2022 Week Ending 6/5/22**  
**10 Weeks After Start of Term**

	Spring 2021	Spring 2022	Change	% Change
New Freshmen	18	15	-3	-16.7%
New Transfers	52	55	3	5.8%
New PostBacs/Graduates	58	50	-8	-13.8%
<b>Subtotal - New Students</b>	<b>128</b>	<b>120</b>	<b>-8</b>	<b>-6.3%</b>
Continuing Students	3,189	2,918	-271	-8.5%
Returning Students	213	202	-11	-5.2%
Non-Admitted Students	707	1,073	366	51.8%
<b>Grand Total - Headcount</b>	<b>4,237</b>	<b>4,313</b>	<b>76</b>	<b>1.8%</b>
<b>Grand Total - FTE</b>	<b>2,984</b>	<b>2,873</b>	<b>-111</b>	<b>-3.7%</b>
Resident	2,945	3,156	211	7.2%
Non-resident	1,292	1,157	-135	-10.4%
International	45	56	11	24.4%
American Indian/Alaskan Native	58	55	-3	-5.2%
Asian	106	107	1	0.9%
Black/African American	71	70	-1	-1.4%
Hispanic/Latino	540	471	-69	-12.8%
Pacific Islander	36	32	-4	-11.1%
North African, Middle eastern, Other	23	21	-2	-8.7%
Two or More Races	360	338	-22	-6.1%
<b>Subtotal - Students of Color</b>	<b>1,194</b>	<b>1,094</b>	<b>-100</b>	<b>-8.4%</b>
White	2,497	2,191	-306	-12.3%
Unknown	501	972	471	94.0%
Alaska	36	33	-3	-8.3%
California	850	729	-121	-14.2%
Hawaii	57	38	-19	-33.3%
Idaho	23	30	7	30.4%
Washington	142	119	-23	-16.2%
All Other States	136	150	14	10.3%

Spring 2021 End of Term	Change	% Change
18	-3	-16.7%
53	2	3.8%
58	-8	-13.8%
<b>129</b>	<b>-9</b>	<b>-7.0%</b>
3,188	-270	-8.5%
213	-11	-5.2%
707	366	51.8%
<b>4,237</b>	<b>76</b>	<b>1.8%</b>
<b>2,980</b>	<b>-107</b>	<b>-3.6%</b>
2,940	216	7.3%
1,297	-140	-10.8%
43	13	30.2%
58	-3	-5.2%
107	-	0.0%
71	-1	-1.4%
531	-60	-11.3%
34	-2	-5.9%
23	-2	-8.7%
359	-21	-5.8%
<b>1,183</b>	<b>-89</b>	<b>-7.5%</b>
2,480	-289	-11.7%
531	441	83.1%
36	-3	-8.3%
850	-121	-14.2%
57	-19	-33.3%
23	7	30.4%
144	-25	-17.4%
140	10	7.1%

# Southern Oregon University

## Degree Completions by **Sub-population** Categories Academic Year 2020-21 vs. Academic Year 2021-22 Applications and Awards - as of the end of May

	Degree Applications				Degree Awards			
	2020-21	2021-22	Change	% Change	2020-21	2021-22	Change	% Change
<b>Bachelor Degrees</b>	<b>845</b>	<b>748</b>	<b>-97</b>	<b>-11.5%</b>	<b>216</b>	<b>188</b>	<b>-28</b>	<b>-13.0%</b>
Resident: Entered as a First Year ‡	219	199	-20	-9.1%	48	45	-3	-6.3%
Area of Study Premium	31	27	-4	-12.9%	4	4	0	0.0%
Underrepresented Minority	60	48	-12	-20.0%	12	7	-5	-41.7%
Pell Grant Recipient	108	97	-11	-10.2%	21	21	0	0.0%
Veteran Status	3	4	1	33.3%	-	1	1	0.0%
Rural High School Graduate	73	60	-13	-17.8%	19	13	-6	-31.6%
Resident: Entered as a Transfer ‡	287	273	-14	-4.9%	64	70	6	9.4%
Area of Study Premium	41	38	-3	-7.3%	5	5	0	0.0%
Underrepresented Minority	50	56	6	12.0%	9	8	-1	-11.1%
Pell Grant Recipient	181	194	13	7.2%	40	52	12	30.0%
Veteran Status	12	4	-8	-66.7%	1	-	-1	-100.0%
Non-Resident (no state funding)	339	276	-63	-18.6%	104	73	-31	-29.8%
<b>Master Degrees</b>	<b>244</b>	<b>234</b>	<b>-10</b>	<b>-4.1%</b>	<b>69</b>	<b>66</b>	<b>-3</b>	<b>-4.3%</b>
Resident	168	163	-5	-3.0%	41	33	-8	-19.5%
Area of Study Premium	14	13	-1	-7.1%	1	1	0	0.0%
Non-Resident (no state funding)	76	71	-5	-6.6%	28	33	5	17.9%
<b>Graduate Certificates/Licensures</b>	<b>85</b>	<b>118</b>	<b>33</b>	<b>38.8%</b>	<b>30</b>	<b>52</b>	<b>22</b>	<b>73.3%</b>
Resident	45	85	40	88.9%	14	37	23	164.3%
Area of Study Premium	-	23	23	0.0%	1	6	0	0.0%
Non-Resident (no state funding)	40	33	-7	-17.5%	16	15	-1	-6.3%
Totals	1,174	1,100	-74	-6.3%	315	306	-9	-2.9%

‡ Subtotals of sub-populations may amount to more than the total apps/awards since students can be affiliated within multiple categories.

# Southern Oregon University

## Degree Completions by Discipline Level Categories Academic Year 2020-21 vs. Academic Year 2021-22 Applications and Awards - as of the end of May

Degree Applications					Degree Awards			
	2020-21	2021-22	Change	% Change	2020-21	2021-22	Change	% Change
<b>Bachelor Degrees</b>	<b>845</b>	<b>748</b>	<b>-97</b>	<b>-11.5%</b>	<b>216</b>	<b>188</b>	<b>-28</b>	<b>-13.0%</b>
Resident: Entered as a First Year †	219	199	-20	-9.1%	48	45	-3	-6.3%
Discipline Level 1	67	60	-7	-10.4%	13	13	0	0.0%
Discipline Level 2	102	106	4	3.9%	22	23	1	4.5%
Discipline Level 3	50	33	-17	-34.0%	13	9	-4	-30.8%
Resident: Entered as a Transfer †	287	273	-14	-4.9%	64	70	6	9.4%
Discipline Level 1	83	69	-14	-16.9%	17	19	2	11.8%
Discipline Level 2	141	173	32	22.7%	30	44	14	46.7%
Discipline Level 3	63	31	-32	-50.8%	17	7	-10	-58.8%
Non-Resident (no state funding)	339	276	-63	-18.6%	104	73	-31	-29.8%
<b>Master Degrees</b>	<b>244</b>	<b>234</b>	<b>-10</b>	<b>-4.1%</b>	<b>69</b>	<b>66</b>	<b>-3</b>	<b>-4.3%</b>
Resident †	168	163	-5	-3.0%	41	33	-8	-19.5%
Discipline Level 1	6	3	-3	-50.0%	4	2	-2	-50.0%
Discipline Level 2	145	140	-5	-3.4%	35	25	-10	-28.6%
Discipline Level 3	17	20	3	17.6%	2	6	4	200.0%
Non-Resident (no state funding)	76	71	-5	-6.6%	28	33	5	17.9%
<b>Graduate Certificates/Licensures</b>	<b>85</b>	<b>118</b>	<b>33</b>	<b>38.8%</b>	<b>30</b>	<b>52</b>	<b>22</b>	<b>73.3%</b>
Resident †	45	85	40	88.9%	14	37	23	164.3%
Discipline Level 1	2	9	7	350.0%	1	2	1	100.0%
Discipline Level 2	42	72	30	71.4%	13	34	21	161.5%
Discipline Level 3	1	4	3	300.0%	-	1	1	0.0%
Non-Resident (no state funding)	40	33	-7	-17.5%	16	15	-1	-6.3%
Totals	1,174	1,100	-74	-6.3%	315	306	-9	-2.9%

† Discipline levels define how many points get assigned within the funding model.



**Funnel Report: New Applicant Headcount by Student Type**  
**Fall 2021 Week Ending 6/06/21 vs. Fall 2022 Week Ending 6/05/22**  
**16 Weeks Before Start of Term**

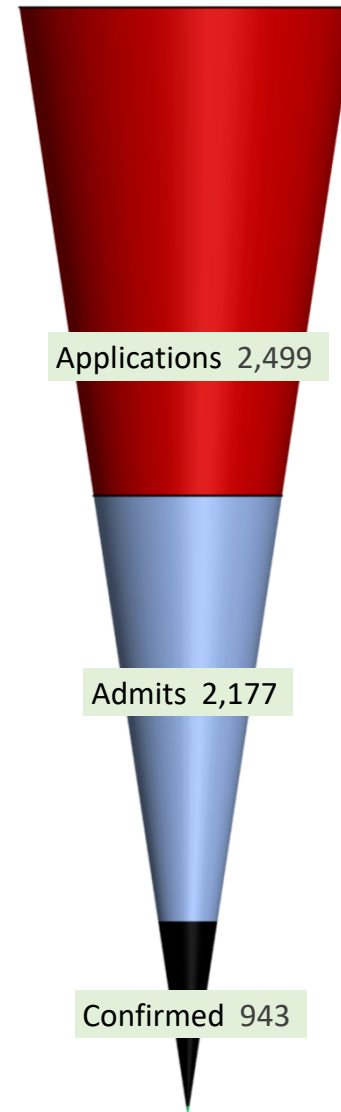
<b>Applications</b>				
<b>Student Type</b>	<b>Fall 2021</b>	<b>Fall 2022</b>	<b>Change</b>	<b>% Change</b>
Freshmen - Resident	854	1,059	205	24.0%
Freshmen - Nonresident	917	951	34	3.7%
Transfer - Resident	223	191	-32	-14.3%
Transfer - Nonresident	208	153	-55	-26.4%
Postbacs/Grads	297	214	-83	-27.9%
<b>Total Apps</b>	<b>2,499</b>	<b>2,568</b>	<b>69</b>	<b>2.8%</b>

<b>Admits</b>				
<b>Student Type</b>	<b>Fall 2021</b>	<b>Fall 2022</b>	<b>Change</b>	<b>% Change</b>
Freshmen - Resident	814	980	166	20.4%
Freshmen - Nonresident	844	866	22	2.6%
Transfer - Resident	196	170	-26	-13.3%
Transfer - Nonresident	175	123	-52	-29.7%
Postbacs/Grads	148	128	-20	-13.5%
<b>Total</b>	<b>2,177</b>	<b>2,267</b>	<b>90</b>	<b>4.1%</b>

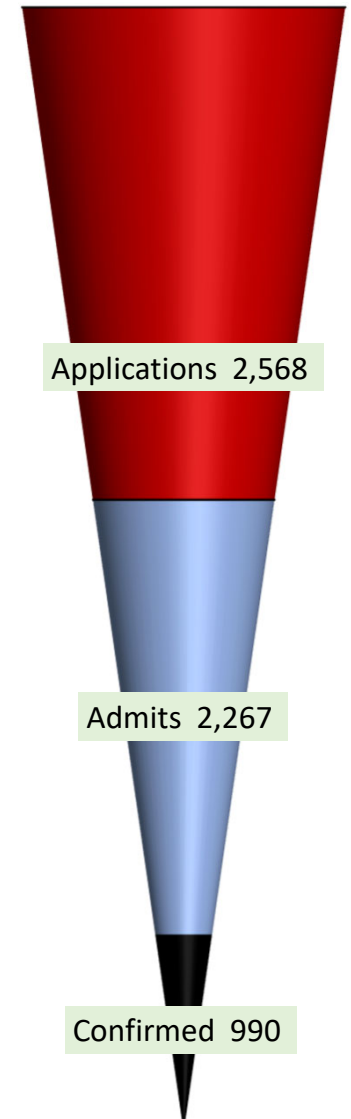
<b>Confirmed</b>				
<b>Student Type</b>	<b>Fall 2021</b>	<b>Fall 2022</b>	<b>Change</b>	<b>% Change</b>
Freshmen - Resident	330	381	51	15.5%
Freshmen - Nonresident	230	283	53	23.0%
Transfer - Resident	127	126	-1	-0.8%
Transfer - Nonresident	108	72	-36	-33.3%
Postbacs/Grads	148	128	-20	-13.5%
<b>Total</b>	<b>943</b>	<b>990</b>	<b>47</b>	<b>5.0%</b>

<b>Enrolled</b>				
<b>Student Type</b>	<b>Fall 2021</b>	<b>Fall 2022</b>	<b>Change</b>	<b>% Change</b>
Freshmen - Resident	4	4	-	0.0%
Freshmen - Nonresident	5	4	-1	-20.0%
Transfer - Resident	8	10	2	25.0%
Transfer - Nonresident	3	2	-1	-33.3%
Postbacs/Grads	32	22	-10	-31.3%
<b>Total</b>	<b>52</b>	<b>42</b>	<b>-10</b>	<b>-19.2%</b>

**Fall 2021 Total Apps**

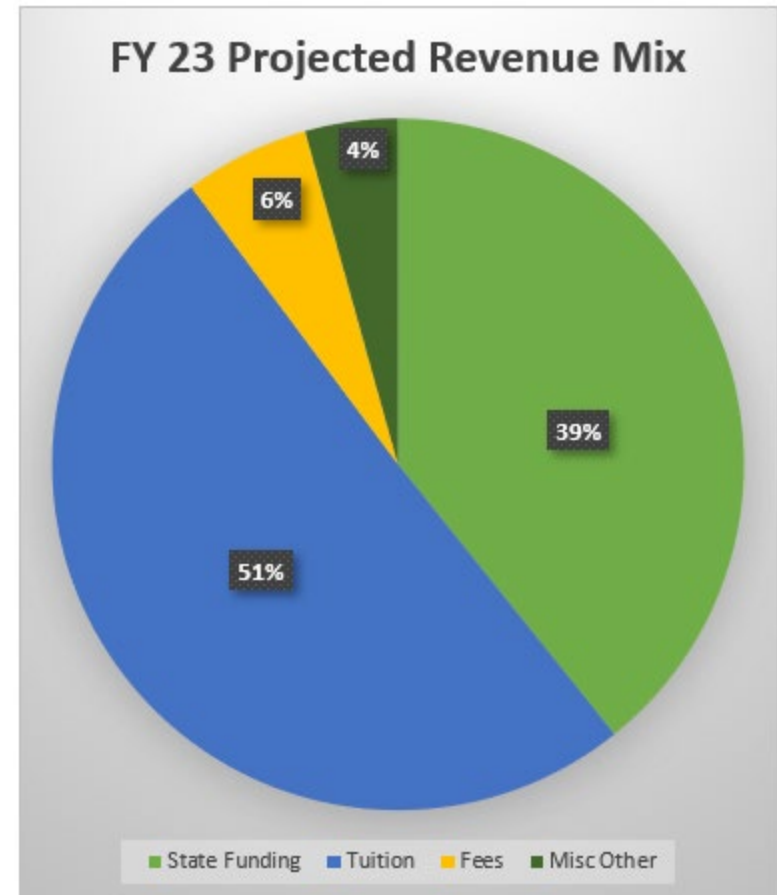


**Fall 2022 Total Apps**



# FY 23 E&G Revenue Streams

- Enrollment Projection
  - No changes to model after Spring Term review
- State Funding
  - 51% of biennium
  - Benefits Navigator
- Miscellaneous Revenues
  - Growth in fees and land lease
  - Offset by bad-debt allowance



# Alternative Revenue Streams

Reminder



- Solar Energy Production
  - Internal Campus
  - External Community Scale
- Cascade Housing Project
- University District Business Accelerator
- PNW Workday Training Center

# Expenses Update

# Oregon Public University Cost Drivers

## Public University Cost Drivers

**The universities identified nearly 400 required mandates.**

- Nearly 250 are federal, ranging from discrimination provisions to copyright requirements.
- 91 are state mandates for all universities with 33 more for specific universities.
- These range veterans health care to underrepresented students and beyond.

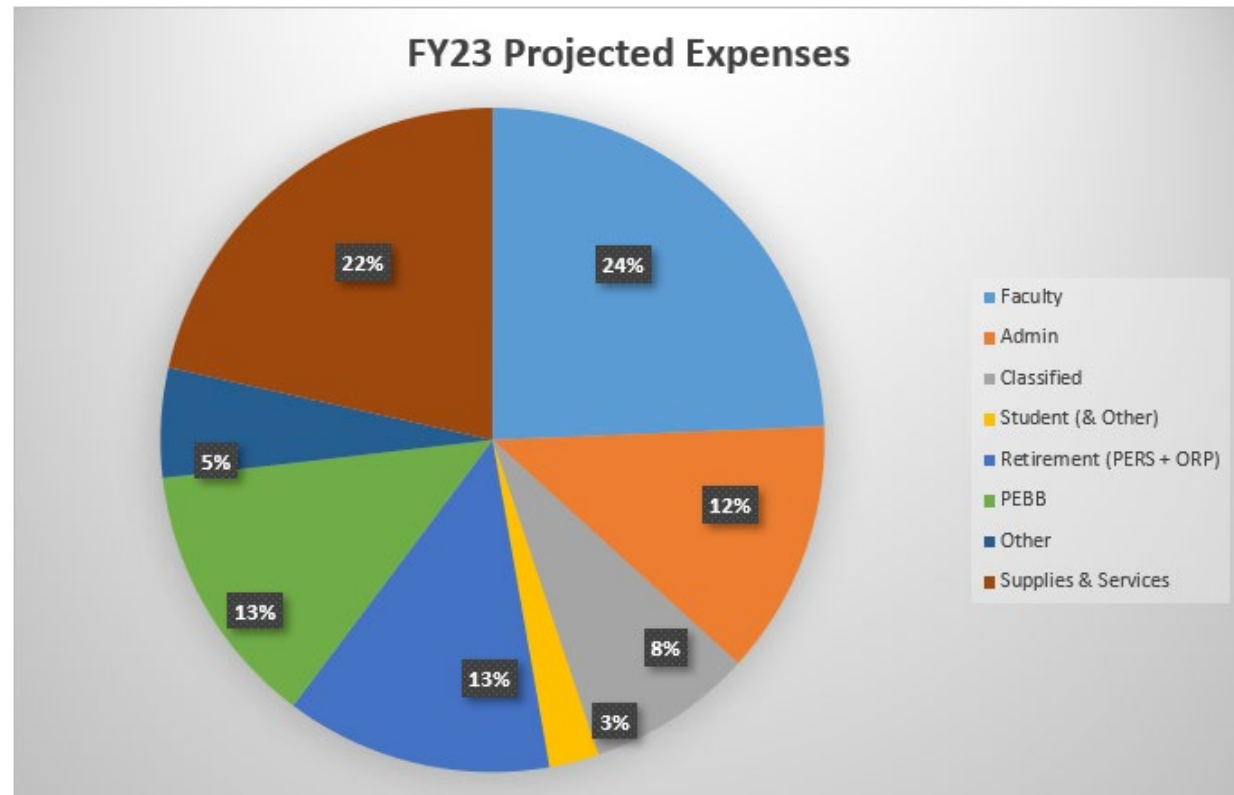
82% of increased costs are wages and benefits

### Budget Cost Drivers

	Projected Increase over 2021-23	
Compensation	143,009,280	7.7%
Health Benefits	30,463,683	7.8%
Retirement Benefits	72,959,933	17.4%
Other Personnel	18,343,380	7.4%
Services & Supplies	57,021,436	7.2%
<b>Total</b>	<b>\$321,797,712</b>	<b>8.7%</b>

# SOU FY 23 E&G Expense Elements

- Labor & OPE  
Comprises 78% of  
total expense  
portfolio
- Very little flexible  
spending available
- S&S costs  
escalating



# Exploring Cost Management

## Status:

- ✓ Initially – identified levers and reviewed past success and challenges
- ✓ Formed a steering group
- ✓ Achieved consensus on the problem statement
- ✓ Discussed Cost Management targets and approach

## Next Steps:

- Develop operating rhythm and communication strategy
- Form Advisory Group (Faculty Senate / ASSOU / Staff Assembly)

# Cost Management Update--need to reduce expenses to balance budget

- Step 1. Vacant Position Analysis:
  - ✓ Initial Data Analysis
  - ✓ Initial review and determination: Search / Pause / Delete
  - ✓ Amend FY23 data in IT system of record
  - ✓ Determine Vacancy Factor for FY 23 and 'out years'
  - ✓ Update Pro Forma
- Step 2. Assess 'to be' organization structure
  - ✓ Review enrollment (no changes to pro forma model)
    - Analyze academic program return on investment (ROI) and
  - ✓ Initiate 're-engineering' (for each Division)



# Cost Management Update

## (Education and General (E&G) Fund only)

- Step 3. Assign \$3.7m cost reduction targets based on the last “normal year” (pre-pandemic)

### Proportional Cuts By FY19 Actuals (S&S Only)

FISCAL_YEAR	2019					
YTD Activity	Column Labels		TARGET CUT	Rounded UP to	Vacancies	Remaining
	S&S	Grand Total	(31.56%)	Nearest 10k	Identified	to Cut
Academic Affairs	4,185,705	4,185,705	(1,321,021)	(1,330,000)	0	(1,321,021)
Administration and Finance	6,201,093	6,201,093	(1,957,084)	(1,960,000)	0	(1,957,084)
Enrollment and Student Affairs	920,428	920,428	(290,490)	(300,000)	0	(290,490)
President	395,217	395,217	(124,732)	(130,000)	0	(124,732)
V.P. for Development	21,143	21,143	(6,673)	(10,000)	0	(6,673)
Grand Total	11,723,586	11,723,586	(3,700,000)	(3,730,000)	0	(3,700,000)
Cut Target:			3,700,000	3,700,000		
Remaining:			-	(30,000)		

Notes:  
 The target budget cuts are proportional to S&S expenses per division  
 Budget cuts can be any mix of Labor or S&S reductions to achieve targets

# 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)

# Review of Fiscal Year 2022 Pro Forma

# FY22 E&G Budget Forecast

- Year to date actuals and Estimate to complete FY22
- Revenues **are not keeping** pace with expenses
- Additional Faculty labor savings
- Misc. Revenue well below targets
  - Bad-debt revision > \$1.2M FY22
  - Net Misc. Revenues include \$600k est. from land lease FY22 update
- Expenses **do** include cost impact of labor agreements
- S&S offsets from remaining CARES approved May '22
- \$3.3M transferred into E&G
  - Transfers now positive

Projected \$6.5M EFB ties to  
10.6% KPI and roughly 1.25mth of operations  
NACUBO recommendation is 40%  
OR Department of Treasury requires 30 days of  
available cash on hand

		2019-21 Biennium		2021-23 Biennium	
Education and General		2020-21	2021-22	2021-22	
(in thousands of dollars)		Actual	FY22 BUDGET	FYE Forecast	
		(000's)	(000's)	(000's)	
<b>Revenue</b>					
State Appropriations: SSCM		23,559	24,864	25,720	
<b>Total State Funding (SSCM,ETSF,SELP)</b>		23,937	25,242	26,220	
Tuition		36,451	36,340	34,472	
Fees		3,457	3,293	3,574	
Raider Aid		(3,245)	(3,276)	(3,895)	
<b>Tuition, net of Raider Aid</b>		36,663	36,358	34,151	
Misc. Other Revenue		481	2,101	927	
<b>TOTAL REVENUES</b>		61,081	63,701	61,298	
<u>Personnel Services</u>					
Faculty		(14,691)	(17,118)	(15,199)	
Admin		(8,127)	(10,261)	(9,835)	
Classified		(5,309)	(6,900)	(6,692)	
Student (& Other)		(1,005)	(1,615)	(1,079)	
<b>Salaries Total</b>		(29,132)	(35,894)	(32,805)	
Retirement (PERS + ORP)		(7,050)	(8,355)	(8,055)	
PEBB		(7,026)	(7,780)	(6,829)	
Other		(3,172)	(3,612)	(3,206)	
<b>OPE</b>		(17,249)	(19,747)	(18,090)	
<b>Net Personnel</b>		(46,381)	(55,184)	(50,895)	
Supplies & Services		(10,337)	(12,160)	(12,066)	
Capital Expenses		(124)	(260)	(135)	
<b>Total Supplies &amp; Services, Capital Expenses</b>		(10,461)	(12,420)	(12,201)	
Cost Reductions, Savings, Outside Support			8,178	DONE 3312	
<b>TOTAL EXPENDITURES</b>		(56,842)	(59,427)	(63,097)	
<b>Net from Operations Before Transfers</b>		4,239	4,274	(1,799)	
Budgeted Transfers		(1,526)	(2,513)	506	
<b>NET TRANSFERS</b>		(1,526)	(2,513)	506	
Change in Fund Balance		2,713	1,761	(1,293)	
<b>Beginning Fund Balance</b>		5,081	7,794	7,794	
<b>Ending Fund Balance</b>		7,794	9,556	6,501	
<b>% Operating Revenues</b>		<b>12.76%</b>	<b>15.00%</b>	<b>10.61%</b>	
<b>Days of Operations</b>		48.74	56.31	37.91	
<b>Months of Operations</b>		1.62	1.88	1.26	

# **Fiscal Year 2022-23 Budget (Action)**

# Roadmap

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

Pro Forma

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	26,361	27,340	28,394
Total State Funding (SSCM,ETSF,SELP)	23,074	23,937	25,242	26,220	26,860	27,839	28,893
Tuition	39,365	36,451	36,340	34,472	34,611	33,820	33,682
Fees	3,167	3,457	3,293	3,574	4,015	4,014	3,952
Raider Aid	(3,965)	(3,245)	(3,276)	(3,895)	(3,476)	(3,405)	(3,387)
Tuition, net of Raider Aid	38,567	36,663	36,358	34,151	35,149	34,429	34,247
Misc. Other Revenue	2,453	481	2,101	927	2,964	3,031	3,099
TOTAL REVENUES	64,095	61,081	63,701	61,298	64,974	65,299	66,239
Personnel Services							
Faculty	(16,083)	(14,691)	(17,118)	(15,199)	(15,971)	(16,654)	(17,111)
Admin	(9,617)	(8,127)	(10,261)	(9,835)	(10,532)	(10,675)	(11,144)
Classified	(6,362)	(5,309)	(6,900)	(6,692)	(7,450)	(7,656)	(8,181)
Student (& Other)	(1,445)	(1,005)	(1,615)	(1,079)	(1,586)	(1,655)	(1,654)
Salaries Total	(33,508)	(29,132)	(35,894)	(32,805)	(35,539)	(36,640)	(38,091)
Retirement (PERS + ORP)	(7,881)	(7,050)	(8,355)	(8,055)	(8,524)	(10,364)	(10,799)
PEBB	(7,312)	(7,026)	(7,780)	(6,829)	(8,473)	(8,744)	(9,024)
Other	(3,275)	(3,172)	(3,612)	(3,206)	(3,500)	(3,608)	(3,751)
OPE	(18,469)	(17,249)	(19,747)	(18,090)	(20,497)	(22,717)	(23,574)
Net Personnel	(51,977)	(46,381)	(55,184)	(50,895)	(56,036)	(59,357)	(61,666)
Supplies & Services	(10,477)	(10,337)	(12,160)	(12,066)	(13,835)	(14,146)	(14,464)
Capital Expenses		(124)	(260)	(135)	(263)	(269)	(275)
Total Supplies & Services, Capital Expenses	(10,477)	(10,461)	(12,420)	(12,201)	(14,098)	(14,415)	(14,739)
Cost Reductions, Savings, Outside Support			8,178	DONE 3312	3,664	3,312	As Modeled
TOTAL EXPENDITURES	(62,454)	(56,842)	(59,427)	(63,097)	(66,469)	(70,460)	(76,405)
Net from Operations Before Transfers	1,641	4,239	4,274	(1,799)	(1,496)	(5,161)	(10,166)
Budgeted Transfers	(1,913)	(1,526)	(2,513)	506	192	(3,227)	(3,353)
NET TRANSFERS	(1,913)	(1,526)	(2,513)	506	192	(3,227)	(3,353)
Change in Fund Balance	(273)	2,713	1,761	(1,293)	(1,303)	(8,388)	(13,519)
Beginning Fund Balance	5,354	5,081	7,794	7,794	6,501	5,198	(3,190)
Ending Fund Balance	5,081	7,794	9,556	6,501	5,198	(3,190)	(16,709)
% Operating Revenues	7.92%	12.76%	15.00%	10.61%	8.00%	-4.89%	-25.23%

Days of Operations	28.81	48.74	56.31	37.91	28.62	-15.80	-76.47
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Months of Operations	0.96	1.62	1.88	1.26	0.95	-0.53	-2.55
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# FY23 Summary of Expenditures by Fund

Balancing the budget: Expenses and Revenues net to zero

FUND	2021 Actuals	FY22 Adopted + Adjustments	FY22 Year End Est Projection	FY23 Proposed Budget <sup>3</sup>
Budgeted Ops (Fund Type 11)	\$58,367,206	\$70,117,095	\$62,590,788	\$64,973,761
Auxiliary Ops (Fund Type 20)	\$12,400,798	\$14,998,805	\$11,923,707	\$13,246,543
Designated Ops & Service Centers (Fund Types 12 & 13)	\$3,948,350	\$5,417,674	\$4,001,628	\$5,721,413
Combined Ops	\$74,716,354 <sup>1</sup>	\$90,533,574	\$78,516,123 <sup>2</sup>	\$83,941,717

<sup>1</sup>FY21 was exceptional due to furloughs and S&S savings resulting from the pandemic 7/1/2020 – 6/30/2021

<sup>2</sup>FY22 is exceptional due to early furloughs, S&S savings, and federal relief from pandemic 7/1/2021 – 6/30/2022

<sup>3</sup>FY23 Proposed budgets are net of expense saving targets per fund type – targets detailed on following slides



# FY23 Proposed Budget

## Key Observations & Assumptions

### Revenues

- State Revenues still in flux, but better than anticipated
- Tuition revenues fairly flat
  - Revenue from rate increase nearly matches SCH decline
- Remissions (Raider Aid) budgets maintain 9% target – pressure to increase
- Misc. Revenues budget increase
  - Refinancing North Campus Village bonds worked!
  - Ground lease income restored/created new reserve accounts
- Accounting Changes:
  - Increased bad-debt allowance; enhanced monitoring for FY23+

# FY23 Proposed Budget

## Key Observations & Assumptions

### Expenses

- Incorporated Faculty and SEIU (Classified) CBA costs
- Increased Unclassified Admin 1% Across the Board (programmed, not announced; and subject to cost redux)
- Created placeholder for new initiatives (positions)
  - Examples: EDI, Clery Program Management, and Student Life
- Updated OPE: increases to PERS as scheduled
- PEBB analysis revealed larger than anticipated rate adjustment and back-fill needs
- Shifted Internal Audit to S&S
- Cost Management Steering Group identified targets but hasn't detailed "offsets" (positions, S&S reductions and / or re-engineering)

# FY23 Proposed 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%
- Increased Insurance Premiums (\$488k)
- Budgeting EDI initiatives
- Shifted RNL into E&G from Strategic Reserve (programmed, not announced; and subject to cost redux)
- Shifted Internal Audit to S&S

# FY23 Draft Budget

## Key Observations & Assumptions

### Transfers

- Athletics transfer increased to offset losses from student fee, new sports, S&S expenses returning to normal
- 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 Proposed Budget
<b>REVENUES</b>				
Enrollment Fees	36,663,275	36,357,504	34,151,089	35,148,939
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	926,853	2,964,336
<b>REVENUES Total</b>	<b>61,080,825</b>	<b>63,697,619</b>	<b>61,297,518</b>	<b>64,973,761</b>
<b>LABOR</b>				
Unclassified	(22,789,244)	(27,132,720)	(25,034,017)	(26,502,871)
Classified	(5,308,505)	(6,689,985)	(6,692,368)	(7,449,503)
Grad Assist	(176,389)	(166,490)	(173,271)	(169,356)
Student Labor	(829,082)	(1,448,501)	(905,609)	(1,417,085)
Benefits & OPE	(17,277,147)	(19,746,335)	(18,090,108)	(20,499,851)
<b>LABOR Total</b>	<b>(46,380,367)</b>	<b>(55,184,031)</b>	<b>(50,895,373)</b>	<b>(56,038,666)</b>
<b>SUPPLIES AND SERVICES</b>	<b>(10,337,052)</b>	<b>(12,160,282)</b>	<b>(12,065,845)</b>	<b>(13,835,663)</b>
<b>CAPITAL EXPENSES</b>	<b>(123,799)</b>	<b>(260,013)</b>	<b>(135,306)</b>	<b>(263,013)</b>
<b>TRANSFERS</b>				
Transfers In	749,034	105,807	4,246,594	3,419,877
Transfers Out	(2,275,022)	(2,618,576)	(3,740,858)	(3,227,658)
<b>TRANSFERS Total</b>	<b>(1,525,988)</b>	<b>(2,512,769)</b>	<b>505,736</b>	<b>192,219</b>
<b>Total Expenditures</b>	<b>(58,367,206)</b>	<b>(70,117,095)</b>	<b>(62,590,788)</b>	<b>(69,945,123)</b>
FY23 Expense Reduction Target				<b>4,971,362</b>
<b>Total Revenue - Expenses</b>	<b>2,713,619</b>	<b>(6,419,476)</b>	<b>(1,293,270)</b>	<b>0</b>

# Southern Oregon University

## Designated Operations and Service Centers

	2021 Actuals	FY22 Adopted + Adjustments	FY22 Year End Est Projection	FY23 Proposed Budget
<b>REVENUES</b>				
Enrollment Fees	750,797	1,001,594	1,040,643	1,275,280
Gov't Resources and Allocations	0	0	0	0
Misc. Other Revenues	3,125,790	4,199,365	2,827,513	4,446,133
<b>REVENUES Total</b>	<b>3,876,587</b>	<b>5,200,959</b>	<b>3,868,156</b>	<b>5,721,413</b>
<b>LABOR</b>				
Unclassified	(1,166,274)	(1,754,121)	(1,336,056)	(1,688,667)
Classified	(349,162)	(419,120)	(413,519)	(418,656)
Grad Assist	0	0	0	0
Student Labor	(80,990)	(192,257)	(96,927)	(180,537)
Benefits & OPE	(919,766)	(1,297,622)	(992,547)	(1,323,406)
<b>LABOR Total</b>	<b>(2,516,192)</b>	<b>(3,663,120)</b>	<b>(2,839,049)</b>	<b>(3,611,266)</b>
<b>SUPPLIES AND SERVICES</b>	<b>(1,684,196)</b>	<b>(2,193,800)</b>	<b>(1,649,613)</b>	<b>(2,608,136)</b>
<b>CAPITAL EXPENSES</b>	<b>(134,323)</b>	<b>(12,086)</b>	<b>0</b>	<b>0</b>
<b>TRANSFERS</b>				
Transfers In	1,244,802	678,087	786,053	601,368
Transfers Out	(858,441)	(226,755)	(299,019)	(144,305)
<b>TRANSFERS Total</b>	<b>386,361</b>	<b>451,332</b>	<b>487,034</b>	<b>457,063</b>
Total Expenditures	<b>(3,948,350)</b>	<b>(5,417,674)</b>	<b>(4,001,628)</b>	<b>(5,762,339)</b>
FY23 Expense Reduction Target				<b>40,926</b>
<b>Total Revenue - Expenses</b>	<b>(71,763)</b>	<b>(216,715)</b>	<b>(133,472)</b>	<b>0</b>

# Southern Oregon University

## Auxiliary Operations

	2021 Actuals	FY22 Adopted + Adjustments	FY22 Year End Est Projection	FY23 Proposed Budget
<b>REVENUES</b>				
Enrollment Fees	5,436,564	6,431,849	5,135,184	5,425,454
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	6,400,538	6,563,330
<b>REVENUES Total</b>	<b>9,836,166</b>	<b>13,454,430</b>	<b>12,793,481</b>	<b>13,246,543</b>
<b>LABOR</b>				
Unclassified	(2,206,065)	(3,239,351)	(3,013,192)	(3,186,881)
Classified	(821,943)	(1,071,987)	(973,483)	(919,768)
Grad Assist	0	0	0	0
Student Labor	(567,492)	(1,196,060)	(720,828)	(1,189,781)
Benefits & OPE	(2,062,614)	(2,811,683)	(2,352,556)	(2,787,274)
<b>LABOR Total</b>	<b>(5,658,114)</b>	<b>(8,319,081)</b>	<b>(7,060,059)</b>	<b>(8,083,704)</b>
<b>SUPPLIES AND SERVICES</b>	<b>(8,242,693)</b>	<b>(8,741,161)</b>	<b>(6,765,811)</b>	<b>(9,617,251)</b>
<b>CAPITAL EXPENSES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TRANSFERS</b>				
Transfers In	3,878,324	3,321,355	3,056,203	3,767,140
Transfers Out	(2,378,315)	(1,259,918)	(1,154,040)	(1,104,733)
<b>TRANSFERS Total</b>	<b>1,500,009</b>	<b>2,061,437</b>	<b>1,902,163</b>	<b>2,662,407</b>
<b>Total Expenditures</b>	<b>(12,400,798)</b>	<b>(14,998,805)</b>	<b>(11,923,707)</b>	<b>(15,038,548)</b>
FY23 Expense Reduction Target				<b>1,792,005</b>
<b>Total Revenue - Expenses</b>	<b>(2,564,632)</b>	<b>(1,544,375)</b>	<b>869,774</b>	<b>0</b>

# Southern Oregon University

## Combined Operations

	2021 Actuals	FY22 Adopted + Adjustments	FY22 Year End Est Projection	FY23 Proposed Budget
<b>REVENUES</b>				
Enrollment Fees	42,850,636	43,790,947	40,326,917	41,849,673
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	10,154,904	13,973,799
<b>REVENUES Total</b>	<b>74,793,578</b>	<b>82,353,008</b>	<b>77,959,156</b>	<b>83,941,717</b>
<b>LABOR</b>				
Unclassified	(26,161,583)	(32,126,192)	(29,383,265)	(31,378,419)
Classified	(6,479,610)	(8,181,092)	(8,079,369)	(8,787,927)
Grad Assist	(257,379)	(358,747)	(270,198)	(169,356)
Student Labor	(1,477,564)	(2,836,818)	(1,723,364)	(2,787,403)
Benefits & OPE	(20,259,527)	(23,855,640)	(21,435,212)	(24,610,531)
<b>LABOR Total</b>	<b>(54,635,663)</b>	<b>(67,358,489)</b>	<b>(60,891,409)</b>	<b>(67,733,636)</b>
<b>SUPPLIES AND SERVICES</b>	<b>(20,263,941)</b>	<b>(23,095,243)</b>	<b>(20,481,268)</b>	<b>(26,061,050)</b>
<b>CAPITAL EXPENSES</b>	<b>(258,122)</b>	<b>(272,099)</b>	<b>(135,306)</b>	<b>(263,013)</b>
<b>TRANSFERS</b>				
Transfers In	5,872,160	4,105,249	8,088,850	7,788,385
Transfers Out	(5,511,778)	(4,105,249)	(5,193,917)	(4,476,696)
<b>TRANSFERS Total</b>	<b>360,382</b>	<b>0</b>	<b>2,894,933</b>	<b>3,311,689</b>
<b>Total Expenditures</b>	<b>(74,797,344)</b>	<b>(90,725,831)</b>	<b>(78,613,051)</b>	<b>(90,746,010)</b>
FY23 Expense Reduction Target				<b>6,804,293</b>
<b>Total Revenue - Expenses</b>	<b>(3,766)</b>	<b>(8,372,823)</b>	<b>(653,895)</b>	<b>0</b>



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

**Resolution  
Recommended Adoption of Fiscal Year 2022-2023 Budget**

Whereas, ORS 352.102(1) provides that, except as set forth within ORS 352.102, the Board of Trustees may authorize, establish, collect, manage, use in any manner and expend all revenue derived from tuition and mandatory enrollment fees;

Whereas, ORS 352.087(1)(a) provides that the Board of Trustees may acquire, receive, hold, keep, pledge, control, convey, manage, use, lend, expend and invest all moneys, appropriations, gifts, bequests, stock and revenue from any source;

Whereas, ORS 352.087(1)(i) provides that the Board of Trustees may, subject to limitations set forth in that section, spend all available moneys without appropriation or expenditure limitation approval from the Legislative Assembly; and

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

Be it resolved, the Finance and Administration Committee of the Board of Trustees has conducted a thorough review and recommends the board adopt the Fiscal Year 2022-2023 budget in the sum of \$83,941,717, inclusive of Education and General [budgeted operations] in the sum of \$64,973,761; an Auxiliaries budget in the sum of \$13,246,543; and Designated Operations and Service Centers in the sum of \$5,721,413.

VOTE:

DATE: June 16, 2022

Recorded by the University Board Secretary:

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# 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)

# Future Meetings

# Adjournment