



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

August 22, 2023

TO: Southern Oregon University Board of Trustees
FROM: Sabrina Prud'homme, University Board Secretary
RE: Notice of Special Meeting of the Board of Trustees

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

Discussion topics will include an update on organizational changes, a fiscal year 2024 budget update, and future meetings. The board may also hold an executive session pursuant to ORS 192.660 (2)(f).

The meeting will occur as follows:

Monday, August 28, 2023

12:00 p.m. to 1:30 p.m. (or until business concludes)

DeBoer Room, 3rd Floor, Hannon Library

Members of the public may view the proceedings at <https://sou.zoom.us/j/84914491632> at the time of the meeting.

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

The Hannon Library is located at 1290 Ashland Street, on the Ashland campus of Southern Oregon University. **If special accommodations are required, please contact Christina Martin at (541) 552-8055 at least 24 hours in advance.**

Public Comment

Members of the public who wish to provide public comments for the meeting are invited to sign up to speak or to 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.



Board of Trustees
August 28, 2023

SOU Land Acknowledgment

Call to Order / Roll / Declaration of a Quorum



Board of Trustees Special Meeting
Monday, August 28, 2023
12:00– 1:30 p.m. (or until business concludes)
DeBoer Room, Hannon Library, SOU Campus
Zoom: <https://sou.zoom.us/j/84914491632>

AGENDA

Persons wishing to provide public comments to the board may sign up in advance
or provide comments in writing at trustees@sou.edu

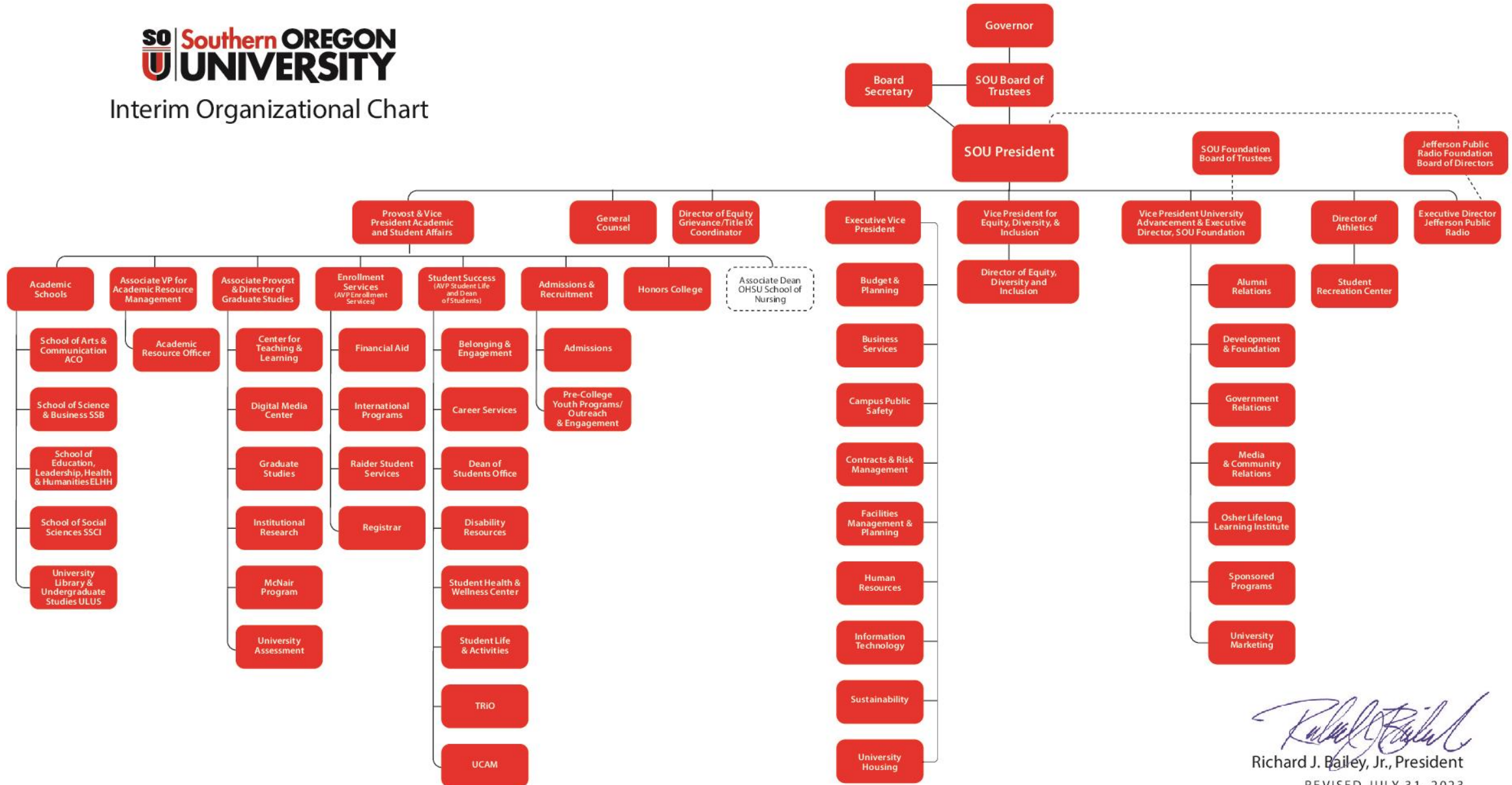
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|---------|----------|---|---|
| | 1 | Call to Order/Roll/Declaration of a Quorum | |
| | 1.1 | Welcome and Opening Remarks | Chair Daniel Santos |
| | 1.2 | SOU Land Acknowledgement | President Rick Bailey |
| | 1.3 | Roll and Declaration of a Quorum | Sabrina Prud'homme, SOU,
Board Secretary |
| 5 min. | 1.4 | Agenda Review | Chair Santos |
| 10 min. | 2 | Public Comment | |
| | 3 | Action, Information and Discussion Items | |
| 15 min. | 3.1 | Update on Organizational Changes | President Bailey |
| 40 min. | 3.2 | Fiscal Year 2024 Budget Update | President Bailey; Dr. Neil
Woolf, SOU, Executive Vice
President |
| 5 min. | 3.3 | Future Meetings | Chair Santos |
| 15 min. | 3.4 | Executive Session Pursuant to ORS 192.660
(2)(f) | |
| | 4 | Adjournment | Chair Santos |

Public Comment

Update on Organizational Changes



Interim Organizational Chart



Richard J. Bailey, Jr.
 Richard J. Bailey, Jr., President

REVISED JULY 31, 2023

Fiscal Year 2024 Budget Update

FY 24 BUDGET UPDATES

August 28, 2023

FY24 Budget Process

- FY24 budget development process was hampered with budget director on approved leave
- Led to a board-approved budget in June with:
 - Under-developed budget assumptions
- Opportunities for Improvement:
 - Build more redundancy and resiliency to the process, without creating unacceptable time constraints or bureaucratic entrenchment
 - Leverage cabinet inputs
 - Explore streamlined ways to present revenues and costs to the board and to the campus community



Since June, 2023

- FY24 budget monitoring:
 - Uncovered disconnect in S&S expenditures in June
- July and August
 - President Bailey and cabinet engaged with budget team
 - Held budget 'deep dive' meetings exploring pro forma, budget assumptions
 - External review/collaboration from:
 - Jim Pinkard (HECC Budget and Finance Director)
 - Jean Bushong (CliftonLarsonAllen)
 - Began regularly scheduled budget sessions with President Bailey, EVP Woolf, Budget Director, Controller
- As a result, the following updates are provided...

Budget Assumptions: Revenues

June FY24 Adopted Budget	Updated Assumptions for Revised FY24 Budget	\$ Adjustment to the FY24 Budget
State Funding listed at the Governor's Recommended Budget estimate	State funding now tied to actual state funding and FY24 SSCM disbursement	\$1,375,952 – Revenue Increase
Remissions budgeted at 9% of tuition revenue	Remissions now budgeted closer to FY23 actuals with \$100k lotto offset	(\$503,200)* <small>*Remissions are contra-revenues</small>
Tuition and fee revenue based on fall enrollment projections from April.	Tuition and fee revenue based on August enrollment numbers, improved from April.	\$613,638 – Revenue Increase
Miscellaneous revenues not updated with latest projections.	Updates to collection charges, interest income, bad debt write-off, and lease income from CHF	\$125,136 – Revenue Increase
	TRU+PSU Special Allocation	FY24 \$1M (non-recurring)
Total Revenue Adjustments:		FY24: \$2,611,526

Budget Assumptions: Faculty Labor

June FY24 Adopted Budget	Updated Assumptions for Revised FY24 Budget	\$ Adjustment to the FY24 Budget
Course planner and faculty workbook as managed by Provost's Office	No change	\$112,695 – Expense Reduction
Total Faculty Adjustments:		\$112,695 – Expense Reduction

Budget Assumptions: Unclassified Staff

June FY24 Adopted Budget	Updated Assumptions for Revised FY24 Budget	\$ Adjustment to the FY24 Budget
Rollover of positions from Dec 2022	Unplanned* position turnover since Dec 2022 (current as of Aug 2023) <small>*Outside of Vacancy factor.</small>	\$250,000 - Expense Reduction
0% COLA	No change	
5% vacancy factor	Vacancy factor ¹ reduced to 2.5% per SOU Forward	\$(264,182)* Additional Expense <small>*Incl. Salary + est. OPE</small>
	Post Adoption Review identified potential additional savings	\$175,493 - Expense Reduction
Total Unclassified Staff Adjustments:		\$161,311 - Net Reduction

¹Vacancy Factor undergoing further review and analysis

Budget Assumptions: Classified Labor

June FY24 Adopted Budget	Updated Assumptions for Revised FY24 Budget	\$ Adjustment to the FY24 Budget
Planning factor for potential new CBA not included	6.5% COLA table estimate pro-rated for each staff member effective 12/1/23; \$1,500 one time bonus; Longevity bonus based on updated COLA estimate	(\$798,200)* - Additional Expense <small>*Incl. Salary + est. OPE</small>
Vacancy Factor 5%	Vacancy factor 2.5%	(\$273,924)* - Additional Expense <small>*Incl. Salary + est. OPE</small>
Total Classified Adjustments:		(\$1,072,124) - Additional Expense

Budget Assumptions: Student Labor

June FY24 Adopted Budget	Updated Assumptions for Revised FY24 Budget	\$ Adjustment to the FY24 Budget
Minimum Wage Increase applied	No change to assumption	
	Post Adoption Review identified unbudgeted expenses associated with graduate assistants	(\$144,089) – Additional Expense <small>*Incl. Salary + est. OPE</small>
Total Student Labor Adjustments:		(\$144,089) – Additional Expense

Budget Assumptions: Other Personnel Expenses (OPE)

June FY24 Adopted Budget	Updated Assumptions for Revised FY24 Budget	\$ Adjustment to the FY24 Budget
Other (FICA, SAIF, OPL, etc.)	Includes new estimate for Oregon Public Leave Act (OPL) pro-rated	(\$488,643) – Additional Expense
Retirement & PEBB	Estimates adjusted post vacancy factor changes	(\$36,676) – Additional Expense
Total OPE Adjustments		(\$525,319) – Additional Expense

Budget Assumptions: Supplies and Services (S&S) and Transfers

June FY24 Adopted Budget	Updated Assumptions for Revised FY24 Budget	\$ Adjustment to the FY24 Budget
2.25% increase across the board	Flat, excluding utilities	\$389,966 – Expense Reduction
Reduction from SOU Forward double counted	Error corrected and now built into budget and pro forma	(\$1,005,439) – Additional Expense
Capital Exp & AP Expenses	Reflect post-adoption review	(\$238,432) – Additional Expense
Transfers	Reflect post-adoption review	(\$289,094) – Additional Expense
Total S&S & Transfer adjustments:		(\$1,142,999) – Additional Expense

Ending Fund Balance Update for E&G as of August 28, 2023

Education and General (in thousands of dollars)	2021-23 Biennium			2023-25 Biennium			2025-27 Biennium		
	2021-22 Actual (000's)	2022-23 FY23 Budget (000's)	2022-23 Actual (000's)	2023-24 FY24 Adopted (000's)	2023-24 FAST 24 Budget (000's)	2023-24 Est FY24 (000's)	2024-25 FORECAST (000's)	2025-26 FORECAST (000's)	2026-27 FORECAST (000's)
REVENUES									
Total State Funding (SSCM,ETSF,SELP,BenNav)	26,220	26,860	27,001	26,781	28,157	28,157	29,286	30,493	31,717
Tuition	34,281	34,611	33,178	34,583	34,711	34,711	34,972	36,289	37,672
Fees	3,581	4,015	4,254	3,772	4,157	4,157	4,337	4,423	4,632
Raider Aid (remissions)	(3,915)	(3,476)	(4,002)	(3,452)	(4,055)	(4,055)	(4,086)	(4,240)	(4,401)
<i>Oth tuition & fee adjustments</i>					200	200			
Tuition, net of Raider Aid	33,947	35,149	33,430	34,903	35,013	35,013	35,223	36,473	37,903
<i>Non-Recurring 1-Time Revenue</i>					1,000	1,000	2,250		
Misc. Other Revenue	1,476	2,964	3,933	3,550	3,675	3,675	3,703	3,842	3,989
TOTAL REVENUES	61,643	64,974	64,364	65,234	67,846	67,846	70,461	70,808	73,609
EXPENSES & TRANSFERS									
<i>Personnel Services</i>									
Faculty	(15,129)	(15,971)	(14,626)	(14,652)	(14,539)	(14,539)	(14,048)	(14,334)	(14,757)
Admin	(9,922)	(10,532)	(10,229)	(10,085)	(10,174)	(10,174)	(9,895)	(9,861)	(10,084)
Classified	(6,642)	(7,450)	(6,845)	(6,666)	(7,335)	(7,335)	(7,024)	(7,198)	(7,409)
Students, GA's, etc	(1,066)	(1,586)	(1,365)	(1,655)	(1,787)	(1,787)	(1,654)	(1,638)	(1,705)
Salaries Sub-total	(32,760)	(35,539)	(33,065)	(33,057)	(33,834)	(33,834)	(32,621)	(33,031)	(33,955)
PERS & ORP (Retirement Pgms)	(8,042)	(8,524)	(7,890)	(8,094)	(8,323)	(8,323)	(8,446)	(8,552)	(8,791)
PEBB (Healthcare)	(6,786)	(8,473)	(7,894)	(8,503)	(8,651)	(8,651)	(9,084)	(9,538)	(10,015)
Other (FICA, SAIF, OPL, etc.)	(2,987)	(3,500)	(2,683)	(2,934)	(3,423)	(3,423)	(3,300)	(3,341)	(3,435)
OPE Sub-total	(17,815)	(20,497)	(18,467)	(19,531)	(20,397)	(20,397)	(20,829)	(21,431)	(22,241)
<i>Vacancy Adj.</i>					250	250			
<i>Other Adj. to Labor</i>					(260)	(260)			
Net Personnel Services	(50,575)	(56,036)	(51,532)	(52,588)	(54,241)	(54,241)	(53,451)	(54,462)	(56,196)
<i>Supplies & Services (S&S)</i>									
S&S Expenses	(10,503)	(13,835)	(12,639)	(11,074)	(12,131)	(12,131)	(12,404)	(12,683)	(12,968)
AP Program Share (AP)	(1,608)		(1,104)	(1,210)	(1,389)	(1,389)	(1,446)	(1,449)	(1,442)
Capital Expenses (CapEx)	(117)	(263)	(99)	(81)	(240)	(240)	(246)	(251)	(257)
<i>Program Investment</i>									
<i>S&S Adjustments</i>					100	100			
Total S&S, CapEx, AP	(12,228)	(14,098)	(13,843)	(12,365)	(13,660)	(13,660)	(14,096)	(14,383)	(14,667)
1x Cost Reductions, Savings, Outside Support		3,664					As Modeled	As Modeled	As Modeled
Recurring S&S Cuts							0	0	750
<i>Personnel and S&S before Transfers</i>	(62,803)	(66,469)	(65,375)	(64,953)	(67,901)	(67,901)	(67,547)	(68,846)	(70,113)
Net from Operations Before Transfers	(1,160)	(1,496)	(1,011)	281	(56)	(56)	2,915	1,962	3,496
Budgeted Transfers (In & Out)	(3,085)	(3,210)	(3,304)	(2,533)	(2,822)	(2,822)	(2,781)	(2,816)	(2,906)
<i>Transfers Adjustments</i>									
Transfers Net (excluding relief funds)	(3,085)	(3,120)	(3,304)	(2,533)	(2,822)	(2,822)			
Federal Relief Funds Transferred to E&G	3,336	3,312	3,312	2,879	2,879	2,879			
Transfers Net (In & Out of E&G)	251	192	8	346	57	57	(2,781)	(2,816)	(2,906)
TOTAL EXPENSES & TRANSFERS	(62,552)	(66,277)	(65,367)	(64,607)	(67,844)	(67,844)	(70,328)	(71,662)	(73,019)
TOTAL EXPENSES (excluding Federal Relief)	(65,637)	(69,487)	(68,671)	(67,140)	(70,666)	(70,666)	(70,328)	(71,662)	(73,019)
FUND BALANCE									
Change in Fund Balance	(909)	(1,303)	(1,003)	627	1	1	134	(854)	590
Beginning Fund Balance	7,794	6,501	6,886	5,272	5,883	5,883	5,884	20,601	5,164
Ending Fund Balance	6,886	5,198	5,883	5,899	5,884	5,884	6,018	5,164	5,754
% Operating Revenues	11.17%	8.00%	9.14%	9.04%	8.67%	8.67%	8.54%	7.29%	7.82%

Going Forward

- SOU Forward remains viable
- Improved review by President and cabinet of budget assumptions
- Reviewing tools for budget reporting/presenting of budget information
- Provide board with more comprehensive tool for financial condition (e.g. pro forma only presents E&G)
- Clear distinction in pro forma of recurring and non-recurring revenues and expenditures
- Ongoing planning to fill the budget gap for FY 24
- Improved process/notification of budget expenditures
- Revitalizing University Budget Committee and engaging more frequently throughout the entire annual budget cycle

Future Meetings

Executive Session

Pursuant to ORS 192.660(2)(f)

Adjournment