

**Board of Trustees
Finance and Administration Committee Meeting
Thursday, January 18, 2024**

Minutes

Call to Order/Roll/Declaration of a Quorum

Committee Chair Shaun Franks called the meeting to order at 5:00 p.m. Board Secretary Sabrina Prud'homme called the roll and a quorum was verified.

Committee Members:

Sheila Clough	Present	Liz Shelby	Present
Shaun Franks, Chair	Present	Bill Thorndike	Present
Christina Medina	Present		

Public Comment

No members of the public provided comments.

Consent Agenda (Action)

Trustee Clough moved to approve the consent agenda consisting of the minutes of October 19, 2023, meeting and FY 24 First Quarter Investment Report. Trustee Thorndike seconded the motion and it passed unanimously.

Reports

Higher Education Coordinating Commission (HECC) Updates

Executive Vice President Neil Woolf reported the HECC is updating their website as well as their strategic mission; there is an opportunity for Oregon Public Universities (OPU) to engage in the discussions and planning. President Bailey emphasized the need for SOU to be proactive in those conversations, recalling that higher education was not named as a top ten issue at the Oregon Business Summit. Continuing, Dr. Woolf reported that progress and good work were taking place with the HECC's Transfer Council, which Dr. Stillman serves on for SOU.

Fiscal Year 2023 External Audit Update

Dr. Woolf reported that work on the external audit continues and that completion of the audit is later than CliftonLarsonAllen's normal timeline with SOU.

Tuition Advisory Council Update

Dr. Woolf shared that Provost Walsh chairs the Tuition Advisory Council (TAC) and that the first meeting of the year will take place on Jan 29th. As mentioned in the Academic and Student Affairs Committee, SOU is in compliance with the state's requirements for the TAC.

SOU Forward Updates

Dr. Woolf reminded the committee that Finance and Administration (F&A) administrative unit of the university had areas in the plan that were put on hold until

the efficiencies of Workday could be identified. That analysis has begun and the F&A unit's recommendations for its contribution to *SOU Forward* will be forthcoming.

Action, Information and Discussion Items

Core Information System Replacement Project (CISR)

Tom Battaglia presented an update on the Workday implementation, highlighting the successful conversion of payroll that went live on January 2, 2024. The implementation was not flawless and Mr. Battaglia reported on the ongoing efforts to address issues such as file transfer processes and data migration. The implementation partner is working closely with the team to ensure a smooth transition for change management. Two parallel payroll testing runs were conducted, with the second achieving 99 percent accuracy, surpassing the accuracy of SOU's former system. The budget for the current phase was \$2.489M, project expenditures are at \$2.406M, and a slight overspend is expected for the next invoice.

For Phase II, Mr. Battaglia is collaborating with Drs. Matt Stillman and Karen Stone to initiate the student CISR project in March 2024. They are focusing on pre-planning, assembling a project team, and identifying staff needs. President Bailey praised the efforts of the staff involved in the project. The president is committed to seeking external federal funding for the CISR project with the next round of congressionally directed spending. In response to Trustee Thorndike's comments on Workday security, Mr. Battaglia explained that SOU requires dual authentication through a process SOU maintains.

FY 2024 Budget Update

Revenue Forecast and Review of Pro Forma

President Bailey provided an update on the university's financial status, expressing gratitude for the Technical and Regional University and Portland State University funding. He mentioned that SOU is in a better position than a month ago, with expectations of receiving the funding, pending HECC's vote on the allocation. Dr. Woolf discussed the Benefits Navigator position, now funded by a grant, relieving the Education and General fund (E&G) of that expenditure. He outlined the reconciliation or "true-up" of state funding based on the funding model, resulting in a reduction of \$162,733 from HECC's July projection. President Bailey also discussed ongoing efforts to clean up the budget, including identifying errors such as those that led to an overestimation of revenue by \$872K due to coding issues with the university's OLLI credit hours. A third-party consultant will be engaged to further analyze SOU's budget processes.

The committee delved into budget refinement efforts, such as validating data, updating pro forma formulas, reinstating the Institutional Budget Committee (IBC), and enhancing periodic management reports (PMR). External review, updated enrollment reporting, trip-wires in Workday, and process improvements were outlined as forthcoming efforts. Regarding E&G revenue, Mr. Lovern emphasized SOU's conservative approach due to uncertainties and President Bailey discussed TRU plus PSU funding, approximating a second tranche of \$2.7M, with a conservative estimate of \$2M. Regarding expenses, Dr. Woolf focused on E&G labor, and on Supplies and Services (S&S), noting a plan to hire a Title IX Coordinator to reduce costs. The overall

E&G fund balance was slightly out of balance by \$195K for the current fiscal year, and President Bailey assured the committee that SOU will be scrutinizing the budget for savings and ongoing monitoring. Trustee concerns about future goals, faculty negotiations, and staff salary increases were addressed, and President Bailey noted efforts to explore additional federal funding sources.

FY 2025 Budget Committee Update

Dr. Woolf discussed the re-formation of the Institutional Budget Committee at SOU, emphasizing its role in advising the president on creating an annual budget within a multi-year planning context. The committee aims to maintain transparency, integrate strategic planning with budgeting, and analyze budgetary impacts on the institution. An organizational representation of committee membership, inclusive of students, staff, and faculty, was presented, and the vice president for finance and administration will serve as the chair. The committee will undergo training on various budget-related topics, including the funding model, tuition and fee setting, labor projections, other personnel expenses, supplies and services, and planning assumptions.

Josh Lovern outlined the budget development schedule from December to June, involving labor extraction, baseline budget creation, assumption identification, initial budget development, tuition and student fee rates, updates in February, finalizing labor updates in March, auxiliary budget review, April approval of tuition rates, and the June presentation and adoption of E&G, auxiliary, and designated operations budgets by the Board of Trustees.

Facilities and Capital Projects

Capital Projects Prioritization (Action)

Vice President Woolf explained that the prioritization of capital projects remains unchanged from the last cycle. He reviewed the process of how projects get funded through the HECC and announced that the 2025-2027 project request is due in April of 2024. SOU intends to resubmit its creative industries project; it scored sixth overall last year, and SOU's Central Hall scored fifth, but only the top three were funded. SOU hopes to score highly again, as the HECC's scoring matrix remains unchanged.

Leon Crouch explained that the creative industries project remodels the Music Building; it would add 10,000 sq. ft. of useable space, bring SOU's Digital Media Center (DMC) into campus, and provide a cohesive Oregon Center for the Arts unit. The second half of the project would renovate the current DMC to serve as wrestling and ROTC facilities. Mr. Crouch further reviewed the five projects for prioritization: The Creative Industries Center and Digital Media Center conversion; Central Hall Phase 4; Stevenson Union Mechanical Repairs; Affordable Housing (Greensprings); and a Business Sustainability Center at The Farm.

Trustee Clough moved to recommend the approval of the capital projects prioritization, as presented. Trustee Thorndike seconded the motion and it passed unanimously.

Expenditure Authorization Request: Design Services Contract for SOU Softball Project (Action)

President Bailey and Matt Sayre, Director of Athletics, presented a request for the committee's approval for exploratory design services for a proposed softball complex.

The project is timely, given the SOU Softball Team's success in winning three national championships. The existing field was built in 2001, lacks major updates, and requires costly upkeep; the goal is to create a field befitting of SOU's national champions.

The proposed complex includes a turf field, cobblestone area, bathrooms, concession stand, bleachers, and a press box. The estimated cost is \$2.5M – \$3.7M. A request for proposals was issued and KSW Architects would provide design services at a cost of \$305K, funded by a philanthropic donation. A donor has pledged \$1M, providing half of the funds to the foundation already. Fundraising will commence after the design is complete and the construction cost is known. Construction will only begin once sufficient funds are committed. The project timeline is aggressive, aiming for completion by next season. Operating costs are expected to decrease with the installation of turf, and potential benefits to attendance and recruitment were discussed. Vice Chair Clough clarified that the costs will be filled with philanthropic funds and inquired about operating costs. Mr. Sayre or Mr. Crouch suggested operational savings with reduced personnel costs for upkeep, which Dr. Woolf provided his confidence that the impact on operations and capital projects budgets would be nonmaterial.

Trustee Thorndike moved to recommend approval of the resolution to the full board. Trustee Clough seconded the motion and it passed unanimously.

Discussion of Financial Stability Target

President Bailey initiated a discussion on defining targets and measuring success at SOU, focusing on three categories: student enrollment and success, goals in equity, diversity, and inclusion (EDI), and financial resilience. The discussion stemmed from conversations during the board retreat and Bailey noted that success means SOU is not one crisis away from financial ruin since SOU has the smallest percentage of reserves among the universities, although the university is headed in the right direction. The goal is to have enough reserved for operating for one term. To accomplish this, three scenarios were modeled: aggressive growth (+10% per year), limited (3% per year), and balanced (5% per year) until the metric is met. The aggressive growth model indicated austere measures, the limited model showed achievement by 2049, and the balanced approach reached the goal by 2038. Trustees liked the balanced approach. President Bailey highlighted the importance of setting realistic targets and noted that trustees will be asked to act on the proposed target and approach in April.

Future Meetings

Chair Franks announced that the next meeting of the committee is scheduled to take place on March 21, 2024 at 5:00 p.m. If any trustee has a specific item to suggest for a future meeting, please send them to the board secretary.

Adjournment

Chair Franks adjourned the meeting at 7:00 p.m.