**Board of Trustees**

**Finance and Administration Committee Meeting**

**Thursday, March 21, 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. Chair Franks welcomed new trustees, Sachta Card and Julissa Taitano as well as new provost, Dr. Casey Shillam.

Committee Members:

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| --- | --- | --- | --- |
| Sachta Card | Present | Liz Shelby | Present |
| Sheila Clough | Present | Julissa Taitano | Present |
| Shaun Franks, Chair | Present | Bill Thorndike | Present |
| Christina Medina | Present |  |  |

**Public Comment**

No members of the public offered comments.

**Consent Agenda (Action)**

Trustee Thorndike moved to approve the consent agenda consisting of the minutes from the January 18, 2024 meeting and the financial dashboard. Vice Chair Clough seconded the motion and it passed unanimously.

**Vice President’s Report**

Legislative Update

Executive Vice President Neil Woolf and President Bailey recognized Marc Overbeck and Rob Patridge for their persistence with legislators, along with student voices and others in the short legislative session. President Bailey said SOU fared strikingly well in the session: it benefitted from a behavioral health bill and a $6M capital request that was approved for Central Hall. The only OPU to receive capital funding was SOU. Looking to 2025, the OPUs are considering the next consolidated funding request and creating a shared vision.

On a biennial basis, the Higher Education Coordinating Commission (HECC) issues a financial conditions report. Dr. Woolf noted that the HECC is shifting the focus of this report from a university-based scorecard approach to a statewide approach including the higher education landscape; however, the methodology is still being developed.

FY 2023 External Audit Update

Dr. Woolf updated trustees that the external audit has been completed and SOU met the filing deadline. More information will be shared before the April meetings of the board. Responding later to Vice Chair Clough, Dr. Woolf noted that the board will see the information on the audit findings.

Organizational Updates

Dr. Woolf announced that Chief Information Officer, Tom Battaglia is no longer at SOU. He acknowledged Mr. Battaglia’s good work at SOU and that he will be missed. A temporary senior management team in IT is being set up and the board will be updated. Regarding the Workday project, certified project manager and instructional designer, Hart Wilson, will lead that workstream. The organizational structure with implementer Alchemy has changed for the student phase; so, on a weekly basis three from the Alchemy team meet with him, Ms. Wilson and Dr. Shillam. Vice Chair Clough cautioned SOU to be mindful of cybersecurity issues and to ensure checks and balances in that area.

Other General Updates

Dr. Woolf provided other general updates. Regarding the third-party budget review, SOU expects to have a meeting next week with CliftonLarsonAllen to discuss a draft report.

On SOU’s solar projects, he reported that the contract is in place for the next solar arrays on top of Lithia Pavilion and the Hawk. The design work is complete, equipment is being procured, and the work for these is expected to be completed this summer. Regarding the issue of cellular towers, he noted that AT&T is nearing completion on the tower near SOU’s football stadium. Verizon planned to erect a tower on the SOU Science Building, which the Ashland City Council approved, but was not built so their approval expired and they are seeking renewal. Trustees may receive emails about next week’s public meeting.

**Tuition and Student Fees Overview and Update**

Tuition and Mandatory Enrollment Fees Process & Tuition Advisory Council (TAC) Update

Provost Shillam said the TAC is meeting and purposefully having difficult conversations about increases. She commended the TAC members for their openness. The TAC will vote on proposed rates April 2, solicit feedback from the campus community, and consider necessary adjustments before providing a recommendation to the president and the board.

Josh Lovern provided an overview of the TAC’s process, noting that the authorizing legislation, HB 4141, was modeled after SOU’s process, so it was easy to implement. The provost chairs the TAC and has eight additional members: four students, two from ASSOU, two from historically underrepresented backgrounds; two administrators; and two faculty members. Others may serve in an advisory capacity. In TAC, Lovern and others educate, model scenarios, discuss their roles, uphold compliance, look at historical perspectives, see how decisions impact the budget, and look at labor forces until the information is easily understood by all. While TAC does not recommend them, it looks at other fees and housing rates to understand the total cost of attendance holistically. The group further addresses questions, considers scenarios, and votes on recommendations, which are presented to President Bailey, who considers them and makes a recommendation to the board.

The board decides on the tuition and mandatory fee rates and delegates their collection to the president. If the increase (including fees) is over three percent, the HECC reviews it; if it is over five percent, the HECC must approve it, finally. Dr. Carrie Vath answered trustees indicating that the Associated Students of SOU (ASSOU) select senators and other students for the TAC.

Mandatory Student Incidental Fee Process and Update

Josh Lovern explained that the TAC does not act on but does consider the mandatory incidental fees in order to understand the total cost of attendance, and the HECC does not consider these fees. The cost of housing and meals is assessed by the university. Julissa Taitano, speaking as the ASSOU Director of Finance explained that the incidental fee funds student organizations, athletics, the recreation center, etc. By statute, the process for determining the fee is designed to uphold student autonomy. The Student Fee Budget Committee (SFBC) sets the budget and fee, sends it to the ASSOU Senate, if approved, it goes to the Student Fee Allocation Committee (SFAC) to spend the money, then the Senate votes on the allocation, the ASSOU President confirms the Senate approval, and it goes to the SOU Board of Trustees, who authorize the collection of the fee.

The ASSOU President, Brayden Clayburn, explained that he recently vetoed the suggested student incidental fee. The fee is designed to provides services and enriching experiences and he based the line item vetoes on this. Considering factors affecting students such as FAFSA delays, inflation, headcount volatility, veterans, rural and minority students, the union contract requiring a 15 percent increase over three years, minimum wage increases, increases in the fee over ten years, the one percent increase that was recommended would not meet the needs of the students or the university. The increase rate has been 3.5-4.5 over 9-10 years. Ms. Taitano explained that the committee re-budgeted. Trustees commented that the students are thinking deeply about this, making difficult decision, and showing courageous leadership.

Proposed Amendment to Assessment of Mandatory Student Fees

Rick commended the many employees working on this. He noted that SOU’s fees were designed based on a 20th century construct of how students take classes. A couple of byproducts are that students who take classes in different modalities could be seen as being punished for that course taking behavior but that’s how students take class now. Nontraditional students are becoming the new traditional students who take a mixture of in-person or online courses, or not necessarily full-time attendees. Under this proposal, it would transform the complex list of fees to a single fee and students will be able to understand better what they are paying for with mandatory fees.

Dr. Matt Stillman and Mr. Lovern explained that a single fee assessment would not change the way the budgets are constructed, but it is proposed that the fee would be assessed differently as a single fee based on the number of credits a student takes not the modality in which they take them. The goals of this approach are to fix the fee-related challenges associated with students simultaneously registered for in-person and online courses, make low-credit thresholds more affordable, increase access for non-traditional students and maintain current revenue levels.

Much discussion ensued among trustees regarding the proposed model and if other universities assess student fees in this way, how it may affect student funding, the relative advantages or disadvantages of Workday, if it needs approval by the HECC, the vulnerability of specific student populations, and the influence on course-taking behavior by students and teaching behavior by faculty.

FY 2024 Budget Update

Dr. Woolf explained that projection models are being updated to Workday logic which is a very challenging process. However, an improvement over past years is that assumptions are being shared more broadly across campus including with SOU’s Institutional Budget Committee and cabinet.

Regarding revenue, there's a positive bump due to increases in the Advanced Southern Credit (ASC) program. Regarding expenses, with labor, the classified staff contract was ratified this week; labor impacts for FY 24 are less acute than expected but future years are more impactful. Faculty costs are under control, but an unclassified staff strategy needs improvement. President Bailey explained that SOU is projecting an increase of eight percent over the next 4 years for these employees. Salary increases for this group are lagging behind faculty and staff, raising concerns about retaining talent, and he wants to find ways to take care of this group as well. Regarding expenses in the Supplies and Services fund, there are some timing issues, issues with implementing the new system, and increased expenses—particularly in paying for a 3rd-party consultant on Title IX because SOU has not yet found replacement for that position.

In transfers, there were only slight changes. Overall, the Education and General fund balance was previously projected to be down slightly but is back into alignment this year due to increases in ASC and SCH.

Institutional Budget Committee (IBC) Update

Dr. Woolf explained that he chairs the IBC. There are three faculty, staff and students each on the committee; the shared governance partners all are represented; Provost Shillam and Jonathan Chavez Baez are on it; and Josh Lovern is an ad hoc member. The IBC meets bi-weekly; they get in-depth training on inputs such as the funding and tuition models. The financial stability target also was discussed with the IBC.

SOU Properties Update

Mr. Leon Crouch explained that the board previously approved a plan to dispense of SOU’s excess properties. That work began but SOU Forward put things on hold. The university considered fixing them up and renting to students but they were too expensive to renovate. He reviewed the condition of each of these properties which fell into a few categories: three were sold because fixing them up would not be profitable, even if rented; one was repaired and is ready to sell or rent; the others are boarded up due to vacancy and vandalism, which is a chronic issue. President Bailey acknowledged that SOU has a challenge recruiting new faculty and staff due to housing, and ideally, the university could rent to these employees for a year, until they figure out their permanent housing. Dr. Woolf said SOU will continue that discussion and how to do it.

Discussion of Financial Stability Target

President Bailey mentioned the board’s challenge to improve the university's financial resilience. A reserve target equal to the expenses of one fall term was proposed, and what remains to be determined is a reasonable time horizon to achieve it. The timelines were aggressive (by 2031), balanced (by 2038), or limited (by (2049). This would allow SOU to have a longer runway than the current one-month operating reserve. Dr. Woolf noted that the idea is landing well with the campus, but how quickly SOU achieves it a concern, as some in the IBC viewed it as a target, while others saw it as potential cuts; so, there is more socializing of the idea to do. President Bailey said the committee and the board will be asked to make a decision on this in April.

Core Information System Replacement Project (CISR)

Project Manager Hart Wilson introduced herself and her background. She is an advocate for the project—sometimes for the team and sometimes for the staff, managing expectations and communication. Dr. Woolf praised Ms. Wilson as an excellent communicator. He recounted that an issue from Phase 1 was the problem of backfilling staff roles so the CISR project and Workday implementation was on top of people’s regular jobs. He said SOU owes the team a debt of gratitude. He also pointed out that Phase 2 is a bigger project that SOU can’t do without additional staff so Matt Stillman and Karen Stone put together a backfill plan, which President Bailey approved, and SOU is recruiting for now. Vice Chair Clough asked how the student voice will be included. Matt Stillman noted that advisory groups will be formed. Students also will be involved in testing scenarios to try to use Workday as well as “break” it.

**Future Meetings**

Chair Franks announced that the next meeting of the committee is scheduled to take place on April 18, 2024 at 5:00 p.m. If any trustee has a specific item to suggest for a future meeting, he asked trustees to send them to the board secretary.

**Adjournment**

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

Respectfully submitted by,



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Sabrina Prud’homme

University Board Secretary

Date: April 18, 2024