Proposed Capital Project Scope Change
Background Information

Southern Oregon University's Creative Industries/Student Success (CISS) project was developed as a capital project investment for the 2025–2027 biennial Agency Request Budget for the Higher Education Coordinating Commission and the Governor's Recommended Budget. The project proposed renovations to SOU's existing Music Building and Digital Media Center to create a Creative Industries Center and a Student Success and Leadership Center. The Board of Trustees of Southern Oregon University authorized the project for the state's prioritization process; it advanced through the state's higher education capital planning process; and the 2025 Legislature approved approximately $41 million in state-supported bonds. Bond issuance is anticipated in Spring 2027.

The SOU administration seeks the Board of Trustees' approval to explore a strategic scope change for these bond funds. With the board's permission, the university would evaluate using the approved bond funding to acquire the Shasta and McLoughlin student residence halls including the feasibility, process, risks and mitigations, potential advantages, and other factors related to the proposed scope change.

We know that cost matters to our students, and it is a primary enrollment and persistence factor. Among students who withdraw from SOU, cost is the number one reason they leave. Focusing the authorized bond funds toward acquiring these facilities can help SOU address student financial barriers by positioning SOU to lower its on-campus housing costs, particularly in the Shasta and McLoughlin residence halls.

Additionally, in light of the University's broad and strategic transformation efforts, this scope change would help SOU meet the legislative budget note mandates for SOU to "achieve long-term structural fiscal balance" and to "evaluate options for [fiscal] sustainability." If achieved, this scope change and the resulting facility acquisition could also help SOU meet those legislative mandates, preserve the state's existing capital commitment to SOU, eliminate one of the University's largest long-term financial obligations, improve ongoing operational cash flow, and strengthen the University's financial position, further positioning SOU to thrive.

While the CISS project remains an important priority, student affordability and SOU's financial sustainability are also important and require immediate action. Exploring a scope change requires a formal review and state authorization for which, the board's approval is necessary. Using the state's investment to acquire the Shasta and McLoughlin student residence halls can benefit students and provide immediate structural support for SOU's long-term financial sustainability. The administration therefore requests Board approval to engage in the state's formal process to explore and evaluate the curricular, financial, operational, and strategic implications of this scope change.

Southern Oregon University
Board of Trustees

Resolution

Exploration of a Strategic Bond Scope Change for the Creative Industries / Student Success Capital Project

Whereas, the Board of Trustees of Southern Oregon University (SOU) previously prioritized and advanced the Creative Industries / Student Success (CISS) capital project, which advanced through Oregon's capital projects review process and received approval for funding by the Oregon State Legislature in 2025; and

Whereas, state bonds for the authorized capital project are currently scheduled to be sold in or around April of 2027, yielding approximately $41 million in proceeds; and

Whereas, the university faces immediate financial challenges including affordability for students and long-term fiscal sustainability for the institution;

Whereas, to address these challenges, the university administration has proposed that SOU explore a strategic scope change request to apply capital bond proceeds previously approved for the CISS capital project to the acquisition of the Shasta and McLoughlin student residence halls on the campus of SOU;

Whereas, the SOU administration requests the board's authorization to investigate and explore the feasibility, process, risks and mitigations, potential advantages, and other factors related to the proposed scope change; and

Whereas the capital asset acquisition of these student residence facilities will offer greater ability to advance SOU's institutional transformation; address student financial barriers by positioning SOU to lower its on-campus housing costs, particularly in the Shasta and McLoughlin residence halls; help SOU meet legislative mandates; preserve the state's existing capital commitment to SOU; eliminate one of the University's largest long-term financial obligations; and strengthen the university's financial position, further positioning SOU to thrive, which all shall be explored in the evaluation; Therefore,

Be it resolved that a compelling case exists to explore seeking a scope change for the approved bond funding and on the recommendation of the Finance and Administration Committee, the Board of Trustees of Southern Oregon University hereby authorizes the University President and Administration to undertake such efforts, stakeholder engagement, and initial procedural steps, including but not limited to submitting preliminary materials to the state's Higher Education Coordinating Commission by November 1, 2026, to initiate the process of thoroughly exploring and evaluating this potential scope change request;

Be it further resolved that the University President and Administration shall, in a public meeting, provide to the Board of Trustees not later than January 21, 2027, the following information learned from this exploration: A comprehensive update to the Board of Trustees including findings regarding the process, risk assessments, mitigation strategies, curricular impacts and any unmet needs, benefits anticipated to be realized, stakeholder sentiment, financial modeling related to the acquisition, and a proposal for how the cost reductions will affect students and the university, as well as the continued viability of the CISS project.

VOTE:

Bailey	Non-Voting
Barry	Absent
Buckley	Yes
Chavez	Yes
Clough	Yes
Everson	Yes
Fuentes	Non-Voting
Geryak	Yes
King	Yes
Kruger	Absent
Lee	Yes
Santos	Yes
Schepmann	Yes
Shelby	Yes
Stephenson	Yes
Lopez Villianueva	Yes

DATE: October 16, 2026

Recorded by,



Sabrina Prud'homme
University Board Secretary