



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

January 14, 2016

TO: Southern Oregon University Board of Trustees, Finance Committee

FROM: Sabrina Prud'homme, University Board Secretary

RE: Notice of Regular Meeting of the Finance Committee

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

Topics of the meeting will include: a Vice President's Report to review the financial metrics and dashboard; an update on SOU's Science Building; a HECC update; JPR Foundation Board Meeting information; and a McNeal project update. There will be further discussion and action on bond funding for the McNeal Pavilion and JPR-Theater Building projects.

The committee also will receive information on biomass/cogeneration for the capital request process; an enrollment update; budget information on the enrollment and tuition projection process; and an overview of the student incidental fee process.

The meeting will occur as follows:

Thursday, January 21, 2016
4:00 pm to 6:00 pm (or until business is concluded)
Hannon Library, DeBoer Boardroom, 3rd Floor, Room #303

The Hannon Library is located at 1290 Ashland Street, on the Ashland campus of Southern Oregon University. **If special accommodations are required, please contact Kathy Park at (541) 552-8055 at least 72 hours in advance.**



**Board of Trustees
Finance Committee Meeting
January 21, 2016**

Call to Order and Preliminary Business



**Board of Trustees
Finance Committee Meeting**

**Thursday, January 21, 2016
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

AGENDA

Persons wishing to participate during the public comment period shall sign up at the meeting. Please note: times are approximate and items may be taken out of order.

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|-----------|----------|---|---|
| | 1 | Call to Order and Preliminary Business | Chair Nicholson |
| | 1.1 | Welcome and Opening Remarks | |
| | 1.2 | Agenda Review | |
| | 1.3 | Roll Call | Sabrina Prud'homme,
SOU, Board Secretary |
| | 1.4 | Consent Agenda: Approval of November 19,
2015 Meeting Minutes (Action) | Chair Nicholson |
| | 2 | Public Comment | |
| ~ 15 min. | 3 | Vice President's Report | Craig Morris, SOU,
Vice President for
Finance and
Administration |
| | 3.1 | Dashboard Review | |
| | 3.2 | Science Building Update | |
| | 3.3 | HECC Update | |
| | 3.4 | JPR Foundation Board Meeting Information | |
| | 3.5 | McNeal Project Update | |
| ~ 15 min. | 4 | Bond Funding for McNeal Pavilion: \$2
million XI-Q bonds; and Theater - JPR
Building: \$1.5 million XI-F(1) bonds
(Action) | Craig Morris |
| ~ 20 min. | 5 | Biomass/Cogeneration Capital Request –
Information | Craig Morris; Drew
Gilliland, SOU,
Director of Facilities
Management and
Planning |

**Board of Trustees
Finance Committee Meeting**

**Thursday, January 21, 2016
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

AGENDA (Cont'd)

~ 10 min.	6	Enrollment Update	Chris Stanek, SOU, Director of Institutional Research
~ 30 min.	7	Budget Information – Enrollment and Tuition Projection Process	Mark Denney, SOU, Associate Vice President for Budget and Planning
~ 30 min.	8	Student Incidental Fee Process - Overview	Torii Uyehara, SOU, President ASSOU
	9	Adjourn	Chair Nicholson



**Board of Trustees
Finance Committee Meeting**

**Thursday, November 19, 2015
4:00 pm – 6:00 pm (or until business concludes)
DeBoer Room, Hannon Library**

MINUTES

Call to Order

Chair Nicholson called the meeting to order at 4:03 pm.

The following committee members were present: Paul Nicholson, Les AuCoin (via videoconference), Lyn Hennion, Jeremy Nootenboom, April Sevcik, Dennis Slattery and Steve Vincent.

Other meeting guests included: Craig Morris, Vice President for Finance and Administration; Dr. Susan Walsh, Provost and Vice President for Academic and Student Affairs; Jason Catz, General Counsel; Chris Stanek, Director of Institutional Research; Lisa Garcia-Hanson, Associate Vice President for Enrollment and Retention; Liz Shelby, Chief of Staff and Director of Government Relations; Ryan Brown, Head of Community and Media Relations; Drew Gilliland, Director of Facilities Management and Planning; John Stevenson, IT User Support Manager; Don Hill, Classroom and Media Services Manager; Shane Hunter, Research and Reporting Analyst; Steve Larvick, Director of Business Services; Janet Fratella, Vice President for Development; Sabrina Prud'homme, Board Secretary; Kathy Park, Executive Assistant; Treasa Sprague, Administrative Services Coordinator; Susan Cain, SOU; Olena Black, League of Women Voters; and David Coburn, OSA.

Trustee AuCoin moved to approve the October 15, 2015 minutes, without amendments. Trustee Slattery seconded the motion and it passed unanimously.

Public Comment

There was no public comment.

Internal and External Auditor Updates

Mr. Morris advised the committee that one internal auditor candidate came to SOU for an interview and one accepted another job. Next steps will be determined.

Regarding the external auditor, two firms responded to the RFP and will give presentations on November 20th at 10:00 and 11:00 a.m. Mr. Morris encouraged attendance at the presentations.

Higher Education Coordinating Commission (HECC) Reporting Update

Chris Stanek updated the committee on preparations for the December 10th report to the HECC. The conditions update report will be about SOU's interim progress. There will be two parts to the report. The first is financial and operational metrics presented by Brian Fox. Next, President Saigo and staff members will focus on mission and decision-making framework.

Trustee AuCoin asked about the potential impact of trustees who do not regularly attend meetings. Mr. Morris said they will focus on the outstanding involvement of the trustees as a whole because engagement is not measured solely by attendance at meetings.

Mr. Stanek said they will describe the organizational, governance and leadership structures; data resources they are leveraging; executive report addressing the completions model; academic reorganization, integration of Academic and Student Affairs and the impact on campus decision-making; new efforts in student retention related to the \$1.2 million in extra funding; contributions to 40-40-20; enrollment analysis; budget pro forma; and conditions ratios. The main message will be that we are implementing the retrenchment plan and are doing quite well.

The report will be quantitative and partially qualitative. On the qualitative side, Chair Nicholson recommended mentioning the oversight the committee provides through its early engagement in the budgeting process. Mr. Morris agreed. Mr. Stanek said they are still in the draft stage. The report will be submitted to the HECC on November 30. Chair Nicholson hoped the board would have some degree of review on the report. On November 23, the president's cabinet will review the draft so it would have been premature to provide the committee or the board a copy at this point in time.

Responding to a question from Trustee Hennion regarding how the HECC will judge SOU, Mr. Morris noted that SOU is in a good position to be successful in reporting-out based the criteria. One of the most important issues they will cover is letting the HECC know the board and the new president will work together on SOU's mission and developing a strategic plan.

SOU Science Building Update

Drew Gilliland mentioned two recent community meetings held to address noise issues with the Science Building. About 17 neighbors were emailed and the city is involved. SOU hired an acoustic consultant. It will cost \$200,000 to meet the city's standard, which is the lowest decibel standard in Oregon, and probably in the northwest. Mr. Gilliland believes SOU will meet that standard. Mr. Morris stressed the intent to have the contractor deliver the building in a condition that meets all codes.

Race Awareness Week

This item was postponed until a later date, as the presenter was unable to attend the meeting.

Enrollment Update

Chris Stanek and Lisa Garcia-Hanson updated the committee on SOU's enrollment data after seven and a half weeks into the fall term. Compared to the same time last fall, SOU is up 1.4 percent in FTE and a small amount on headcount. At 4,413 FTE, SOU beat the target set in the retrenchment plan.

In the first week of preregistration for winter 2016, SOU is up 1.7 percent in headcount and 6.5 percent in FTE compared to last winter. Relative to the subpopulations SOU gets bonus points for in the funding model, the mix remains about the same but the underrepresented minority populations continue to see increases. Ms. Garcia-Hanson added that these positive indicators show growth on top of growth.

Mr. Stanek said last year's fall-to-fall retention was one of SOU's best. This year's fall-to-fall retention of first-time, full-time freshmen dropped slightly. Looking at other retention metrics defined in the retrenchment plan, such as all undergraduates and transfer students, SOU is meeting or beating them.

In response to Chair Nicholson's question of the arts going down and STEM going up, Mr. Stanek explained that the 7.9 percent drop at Oregon Center for the Arts is because SOU dropped an art history program. Ms. Garcia-Hanson reminded the committee that these numbers reflect student credit hours (SCH) and should not be used to make determinations about major program fluctuations. Mr. Stanek added that physics is a major that SOU cut, but SCH is up because it is a service program for the general education component of all majors. Chair Nicholson suggested adding notes for major changes affecting these numbers.

Regarding retrenchment metrics, Mr. Stanek said SOU is meeting or beating all targets established for fall 2015: SOU beat the FTE target by 4.7 percent; the average course size is 26.5 students; and the number of low-enrolled courses has dropped to 28 (target was 42). This data has been transmitted to the HECC.

Trustee AuCoin asked if the board should read anything into the 4.5 percent decrease in SCH in the House experience. Ms. Garcia-Hanson thought not because it is still a relatively new program. Dr. Walsh mentioned Lee Ayers' recent presentation to the Faculty Senate where she noted revisiting the House program. There are three Houses they feel good about and are committed to the sustainability of those programs. The Mind and Body House was dropped last year. Responding to a question about the recruiting benefits of the House program, Dr. Walsh said University Seminar is only a one-year experience for freshmen, whereas, the House experience is three years and moves through all of general education. The programs differ but both are a recruitment and retention feature and the cohort experience in the three years is key to that. Mr. Stanek added that the 35 SCH decrease represents a very small number and that students retain and succeed about the same in University Seminar and House programs.

Trustee Nicholson pointed out that the total graduate SCH dropped 12.8 percent and is common across the board. Mr. Stanek said the institution is shrinking in terms of graduate level coursework and SOU discontinued the Masters of Management program in Guanajuato, Mexico. Trustee Nicholson asked if SOU is down because of actions taken to reduce courses or limit classes, or because fewer students are engaging in the graduate experience. Mr. Morris said SOU has had several years of growth in graduate programs so this might be a market adjustment or it could be an anomaly; he further noted it cannot be ignored.

Accreditation Report Update

Dr. Walsh addressed the timeline for the accreditation. In September 2014, a steering committee was created. Thereafter, evaluations of academic programs and academic support programs moved forward. In fall 2015, the committee continued to gather data and met with NWCCU accrediting body representatives. In spring 2016, the committee will begin drafting the report to be submitted September 1, 2016, and the site visit will be in October 2016.

Mr. Morris said this is a major and ongoing agenda item for the Academic and Student Affairs Committee. This committee presentation offers a high-level view and another group of trustees are diving deep into this information. Additionally, the prior accreditation reports contain a wealth of information. The provost strongly encouraged all interested people, particularly trustees, to read those reports.

Strategic Initiatives

Dr. Walsh described many ongoing strategic initiatives. The institution will receive \$1.2 million, which was earmarked for student support funding—\$582,000 this year and again next year—which will help support these initiatives.

The first cohort of Pirates to Raiders in the Phoenix-Talent school district arrive in fall 2016. SOU is examining a program expansion and the \$1.2 million allowed expansion into McLoughlin Middle School in Medford to establish the Bulldogs to Raiders program. The program is for Pell eligible, first generation, Hispanic students from seventh grade through the college pipeline. She added that a great outcome would be a bilingual certificate.

SOU is searching for a regional admissions counselor to recruit, retain and graduate urban students from Portland. The Admissions Office is taxed for resources because they have pulled other admissions counselors to send to Portland. The additional counselor will allow a focus on new and transfer students and supports the state's 40-40-20 goals. Mr. Morris said they want to focus recruitment on Oregon students without taking away from recruiting non-Oregon students. Transfers from Portland Community College are growing, but a constant presence is important. Trustee AuCoin mentioned some strong friendships he still has with secondary education teachers in the Portland area and offered his help with opening doors.

The Bridge Program, led by Dr. Amy Belcastro, supports success of high-risk students but is not a remediation approach. It is a collaborative team in Academic and Student Affairs. The focus is on Oregon residents, first generation, rural, underrepresented students who have markers for success. They came to SOU in the summer and program administrators nurtured them and will continue to do so. Involvement starts at ROARs and continues throughout their SOU career.

Dr. Walsh next described information about predictive analysis—data that can predict and identify early intervention opportunities. There are ways that academic advisors, faculty and others who work closely with students can analyze data to help with early intervention so students do not get so far astray that they cannot succeed. Mr. Stanek added that SOU has not yet reached the predictive stage, but is looking at the variable analytics. SOU is also working with the Center for Instructional Support to identify gateway courses with high rates of failure.

SOU is in the process of hiring a case manager, who is a licensed counselor, for SOU Cares. Cares reports had a baseline of 817 in 2012-2013, which increased 12 percent in 2013-14 and 38 percent in 2014-15, with another increase anticipated for this year. The database is triaged regularly throughout the day and referrals are made to resources such as the Student Support and Intervention Office and Health and Wellness Center. A Cares report can range from a professor reporting a student's disengagement in classes to suicidal ideation reported by a friend.

Student Affairs has always offered academic advising by professional advisors. Faculty are still expected to do advising. However, it is not evenly distributed and is inconsistent; some have 60 students while others have three. SOU is examining the issue and exploring the possibility of expanding faculty-member duties of those who are good at advising while decreasing the involvement of those who prefer not to advise.

The Provost's office is working with the Director of Instructional Support on a Curriculum Design Academy to redesign high D, W, F, I, E courses (grades of "D," "withdraw," "fail," "incomplete" and "final exam not taken"). Unfortunately, many of the DWFIE courses are gateway courses for general education requirements and affect a large number of students.

Lastly, Dr. Walsh discussed the Jackson-Josephine County Pledge: a three-year baccalaureate pathway for rural, first generation, Pell eligible, underrepresented high school students. Mr. Morris added that this initiative focuses on recapturing enrollment from the local area. A special tuition rate, nearly equal to RCC's tuition rate, will apply, encouraging the students to come to SOU instead of going to a community college. The accelerated program graduates students

faster, gets them into the workplace faster and reduces student debt. Regarding the participating schools, Ms. Garcia-Hanson said it is currently limited to the 28 public, rural high schools in Jackson and Josephine Counties. Homeschooled students are more difficult to identify because they have to be ready to complete the three-year program. Trustee Vincent expressed concern over not including students from homeschools or online schools because those market segments appear to be exploding. Ms. Garcia-Hanson responded that they are not limiting their marketing and the program will eventually be open to all students.

Financial Metrics and Dashboard

Shane Hunter discussed the data presented on the dashboard, saying it is a snapshot of various metrics and comparisons to last year. This is an effort to start the conversation. The committee will continue to receive this dashboard monthly and will evaluate its usefulness in January.

Mr. Morris explained that the education and general (E&G) fund balance goes up and down like a roller coaster throughout the year. It does not predict the end-of-year fund balance but is just a snapshot in time.

The primary reserve ratio is an estimate on how long the university could pay its expenses if it stopped operating and no more income were received. The primary reserve ratio of 18.1 percent represents about two months of operating expenses and the HECC minimum is 7 percent. The HECC's minimum asset to liability ratio is 2:1; SOU's current ratio of .7:1 does not yet meet that standard. The HECC's maximum debt burden ratio is 7 percent and SOU is at 4.1 percent.

The E&G YTD revenues show how quickly SOU is receiving its revenues, as compared to last year. The YTD select expenses chart reflects data for labor, other personnel expenses, and supplies and services. The "burn rate" is how fast SOU is spending money this year, compared to last year. Some of the expenses for supplies and services transferred from OUS came at the beginning of the year, which caused an early burn rate. Chair Nicholson said the challenge of a burn rate is making the assumption that you are okay if the burn rate is the same in both years, but there can be timing issues that could throw it off. Mr. Morris confirmed this and added that SOU does not budget revenue and expense by month and the only way to measure progress is by comparing SOU's spending to last year's. So if the institution is off-base in a month, there will be a need to understand how SOU is spending and keep an eye on certain expenses.

Trustee Vincent asked why SOU does not budget by month, expressing concern over detecting trends in time to correct problems. Mr. Morris explained that along with academic directors, the provost and others, the institution reviews numerous monthly reports and financial statements.

Balance Sheet Ratios

Shane Hunter discussed balance sheet ratios. The annual review metrics are based on HECC requirements and all seven universities will be reporting them. The retrenchment benchmarks are specifically for universities with retrenchment plans. The ratios go back ten years and the trends are important to examine.

Steve Larvick added that the viability-ratio data goes back relatively far in time but not all the long term liabilities were on SOU's books in earlier years. The focus should, therefore, be on where SOU is now and where it wants to be. Trustee Nicholson asked if the adjustment the auditors required for bad debts was involved in these ratios. Mr. Hunter clarified that it would decrease expendable net assets.

In its annual review of institutions with governing boards, the HECC will use fixed benchmarks.

SOU will use retrenchment benchmarks in its conditions report to the HECC. The data comes from the audited financial statements, which are almost complete.

Year-end Projections

In presenting the year-end projections, Steve Larvick highlighted figures throughout his presentation. He said SOU is up substantially in E&G, largely due to changes in base funding and the funding model tied to the dissolution of OUS. Tuition & Fees was based on a small decrease in enrollment but SOU had a slight increase instead as the enrollment mix has changed. Commission from the Barnes & Noble bookstore and interest on student accounts go into Other Revenue. The swing in transfers is due in large part to the proceeds coming from the North Campus Village.

For auxiliary enterprises, Sales & Services includes revenue from housing, parking, athletics and health center, among others. Other Revenue includes food service operations and housing occupancy increases. The current negative fund balance is due to the BOLI settlement.

In Designated Operations, increases in enrollment fees are tied in with non-credit course activity. JPR is one of the biggest units in Sales & Services. Other Revenue includes the service center, internal sales activity, Rogue Valley TV and contract revenues. The trend is largely tied to service center activity; for example, Print & Copy has increased its revenue by about 30 percent.

SOU is trending mainly in the right direction. Mr. Morris explained that in the past, SOU only forecasted budget. The figures presented are an effort to give the committee meaningful information on forecasted revenue and expenses. He expects that SOU will be on budget or better at the end of the year.

Mr. Morris said the Budgeted Operations Pro Forma handout was for the committee members' information and added historical data for reference. The big take away, he noted, is the forecast and assumptions made. The pro forma will be used at the December update for the HECC. Being conservative in his forecasts, he assumed no enrollment growth; a 4, 6, and 6 percent increase in personnel services over the next three years, respectively; and a 3 percent tuition increase. The fund balance decreases to 11.2 percent because of the assumption of no enrollment growth, thus, underscoring the importance of increasing enrollment.

Campus Master Plan: 2017-2019 Capital Request

Mr. Morris discussed the campus master plan and past capital requests for SOU as well as the other institutions. For 2015-2017, SOU requested funding for the Britt Hall renovation, Cogeneration-Biomass, and the Susanne Holmes Hall renovation projects. The Britt Hall renovation was approved. The capital request for 2017-2019 is due at the end of April.

Discussing the Cogeneration-Biomass project, Mr. Morris said SOU has four boilers on campus. Two were replaced and the other two are past due for replacement. SOU wants to replace them with a cogeneration system. The question is whether the institution would fuel the cogeneration plant with natural gas or biomass. The decision will need to be made at the April board meeting.

SOU has hired Sitelines to update the deferred maintenance backlog. Sitelines will report back to the committee in February. Based on its report, the committee can pick and prioritize projects to put forth in funding requests.

Adjournment

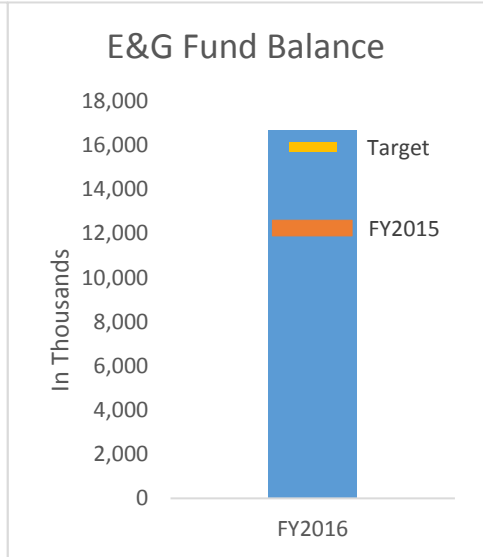
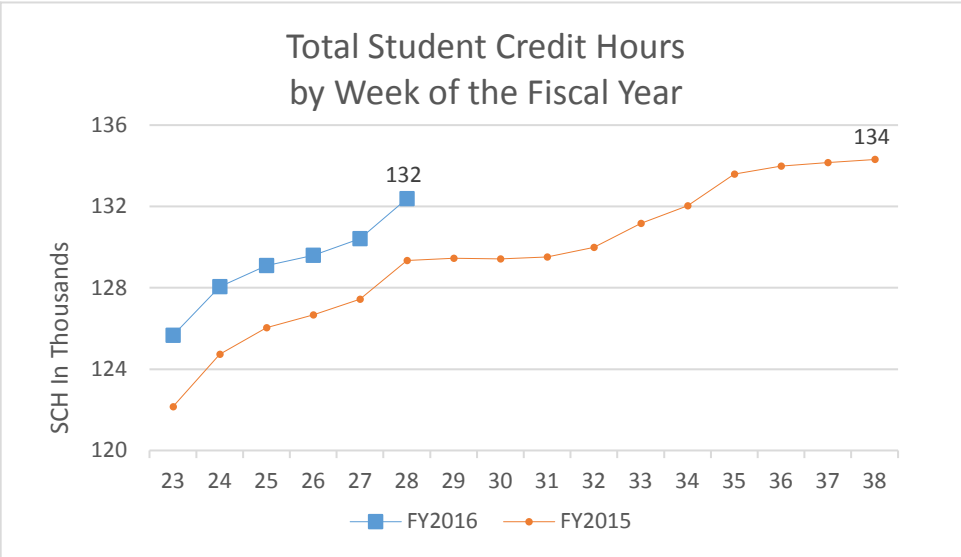
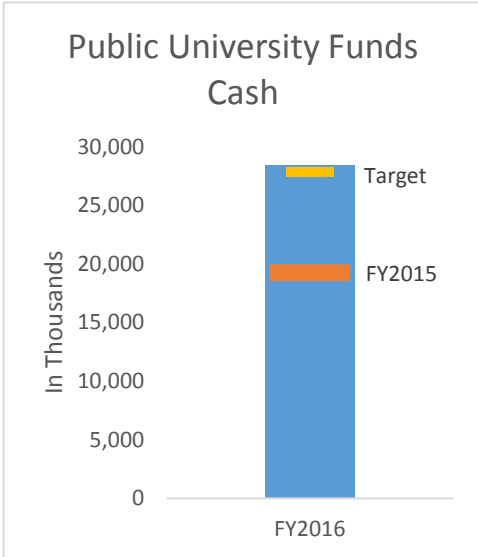
The meeting was adjourned at 6:07 pm.

Public Comment

Vice President's Report

Financial Dashboard

For FY16
As of December 31, 2015

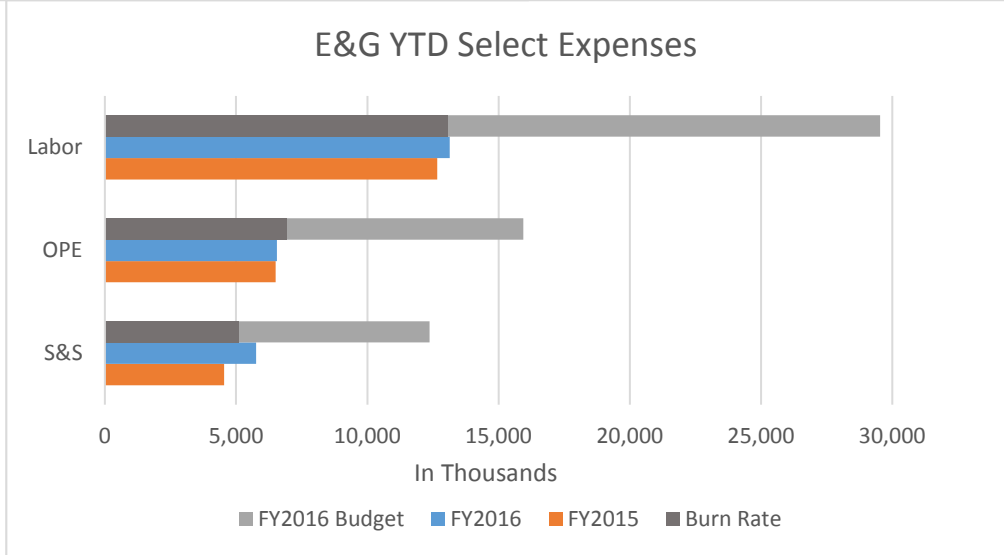
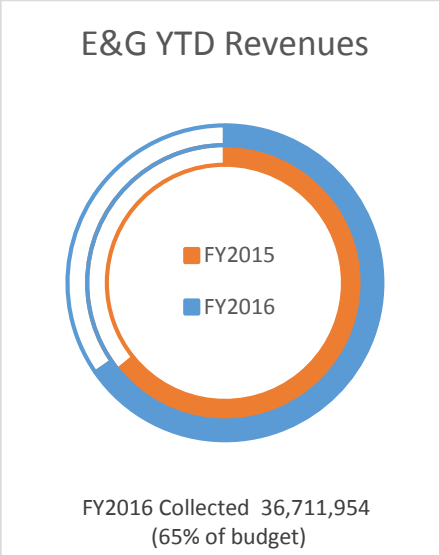


FY15 Retrenchment Ratios

Primary Reserve Ratio:
15.5% ✓

Current Ratio:
0.6:1 🚩

Debt Burden Ratio:
3.9% ✓



Bond Funding for McNeal Pavilion and JPR-Theater Building Projects

Biomass/Cogeneration Capital Request – Information

SOU Cogeneration Project

Information Sheet

Southern Oregon University is considering replacing the aging natural gas boiler system that heats campus buildings with a biomass cogeneration plant. The biomass facility would use forestry byproducts as a fuel source and produce both heat and electricity.

Background

SOU is currently heated by a natural gas fired boiler system. Two of the boilers are reaching the end of their useful life and need to be replaced to meet the increasing demand for campus heating.

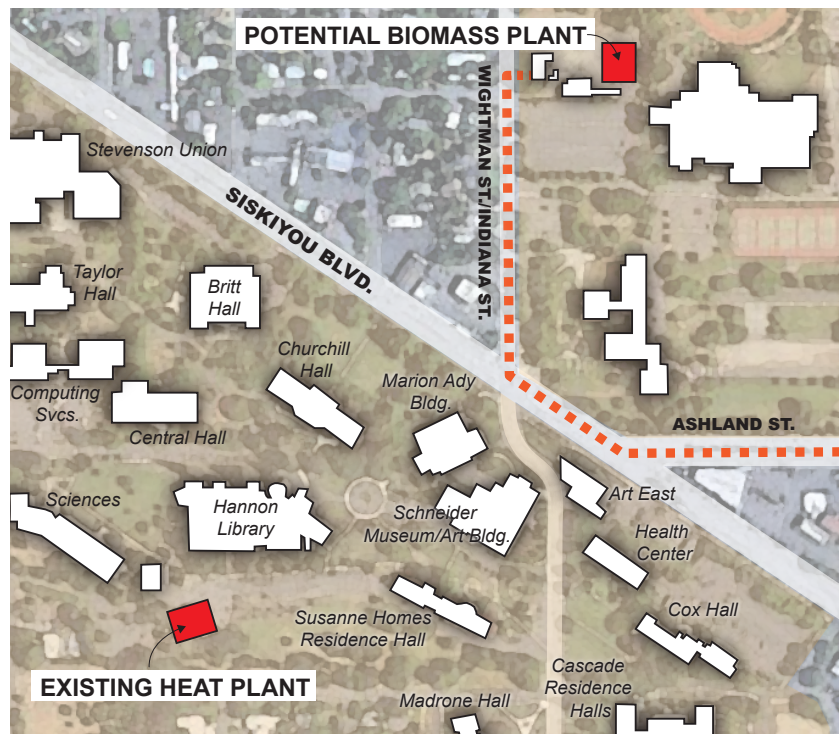
In 2011 and 2013, SOU commissioned three different studies to explore options for replacing the outdated boilers. These studies considered five alternatives, including two cogeneration options – one fueled by natural gas and the other by biomass. Cogeneration produces steam for heating campus buildings and generates electricity that can be sold back into the power grid.

The studies found that a biomass-fueled cogeneration option would be more efficient and economical than the current system, as well as make a significant step towards SOU's carbon reduction targets. Biomass fuel typically comes from forestry byproducts, such as tree tops, limbs, and small non-merchantable logs left over from timber harvesting and from forest restoration; wood mill residues; wood mill residues; and clean urban wood waste.

SOU is interested in hearing community input on biomass cogeneration. Based on the study results, SOU feels that replacing the outdated boilers with a new biomass-fueled cogeneration facility is a win-win proposal for our campus, community and environment. However, we want to hear from the community before making a final decision.

The information provided in this fact sheet is intended to help you think about your preferences as you provide input. More information is available on the project website:

www.SOUcogeneration.org.

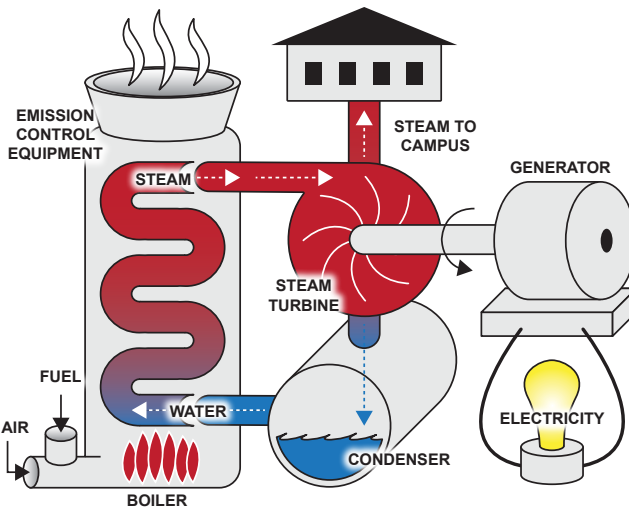


This campus map shows the location of the existing heating plant. A new biomass facility would be located adjacent to McNeal Hall at the maintenance yard. Proposed truck access routes to the biomass facility are shown in orange.

Understanding Cogeneration

Cogeneration systems burn fuel to create steam which provides heat for campus buildings and turns a turbine to generate electricity. The electricity can be sold back into the power grid to help offset the cost of the new facility, including installation, operations and maintenance.

Heating and electricity requirements for the SOU campus are expected to increase over time. Fuel costs are also expected to rise. Replacing the current boiler system with an efficient biomass cogeneration facility that produces both heat and electricity makes sense both financially and because it helps the University achieve its sustainability goals.



This diagram shows how a cogeneration system would create steam and electricity.

The Benefits of Biomass

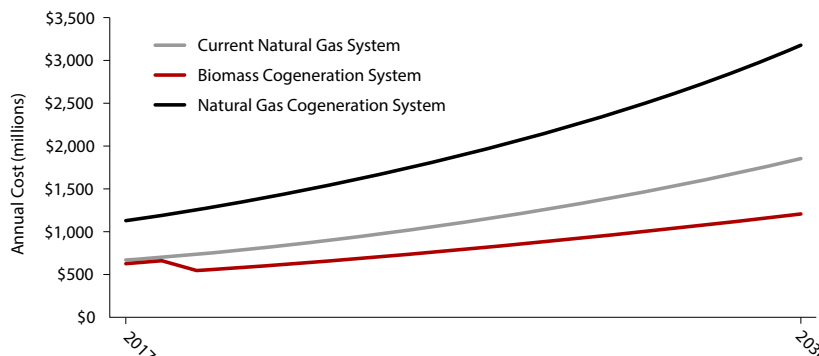
The recommendation provided to the university by experts in the field and by the commissioned reports is to build a biomass cogeneration facility. This is in large part because of the sustainability benefits it offers. Burning woody biomass in efficient boiler systems creates energy while helping to prevent air pollution that would otherwise come from burning slash piles, prescribed burning, and catastrophic wildfires. It also supports the local economy by providing a market for typically unused byproducts of current forestry practices. A biomass cogeneration plant would support SOU's leadership in integrating the principles of environmental, social and economic sustainability into campus planning and operations and help meet the goal of reducing campus-wide dependence on fossil fuels and greenhouse gas emissions to 10% below 1990 levels by 2020 and achieving complete carbon neutrality by 2050.

Biomass also seems a good fit because of the financial benefits – the fuel is cheaper than natural gas, which results in lower operating costs, and more alternative funding sources would be available to cover the capital cost.

Alternative Approach: Updating the Current Facility

If the biomass cogeneration option does not move forward, the two outdated boilers will be replaced in the next several years with new gas-fired cogeneration units. This option would be more expensive in the long term than a biomass facility, mainly due to the rising price of natural gas, but it would have fewer impacts to campus. The table on the next page compares pros and cons of the two approaches.

The graph shows that biomass has an increasing annual net cost benefit over continuing with a natural gas system.



CAPITAL COSTS

GRANTS, INCENTIVES AND FINANCING

FUEL CONSIDERATIONS

AIR QUALITY CONSIDERATIONS

IMPACTS TO CAMPUS AND THE COMMUNITY

STAFFING AND PERMITTING

WORKING TOWARDS CARBON NEUTRALITY

Biomass Cogeneration Facility

Natural Gas Cogeneration Facility

The total capital cost for a biomass system is estimated to be \$12.2 million, but that amount would be offset by various grants and tax credits available to biomass projects in Oregon, which could make the net capital cost \$7 million. Thus, nearly 42 percent of the total capital cost would potentially be offset. Electricity produced from the system could be sold back to the power grid. A biomass system would also earn Renewable Energy Credits that can be sold.

The capital cost for replacing the two outdated boilers with gas cogeneration would be \$8.5 million. Electricity produced from the system could be sold back to the power grid.

SOU has submitted a \$12 million funding request to the Oregon Legislature. State and federal agencies are highly interested in the use of biomass as an alternative fuel source and have grant funds to invest.

Funding for this option would also come from the Oregon Legislature. It is unlikely that grants and incentives will be available for an upgrade to the current plant.

Biomass fuels are a renewable resource and available within a 30-mile radius of campus. Buying woody biomass supports the local economy and forest industry. Biomass utilizes timber byproducts, which reduces waste, improves forest health and reduces risk of catastrophic wildfire. There is currently no demand for timber slash, so the fuel cost is expected to be driven largely by production and transportation costs, and rise roughly at the rate of inflation (3 percent annually).

Natural gas is more expensive than biomass on a \$ per BTU basis. The cost of natural gas in 2017 is projected to be \$6.65 per million BTUs, about 3 times the cost of biomass. As a fossil fuel, natural gas is a non-renewable resource. Supply and demand for natural gas are volatile. When gas is unavailable, diesel would be used as a backup.

Burning woody biomass in efficient boiler systems produces far less air pollution than burning slash piles, prescribed burning or catastrophic wildfires. Boiler systems also produce far fewer emissions than typical residential wood stoves per ton of fuel. Compared with natural gas, biomass boilers create more particulate matter, but at levels that satisfy EPA emission requirements. Biomass also produces more carbon monoxide (CO), nitrogen oxides (NOx), sulfur dioxide (SO₂), and volatile organic compounds (VOCs) than natural gas, but at levels well below EPA standards.

Natural gas is one of the cleanest burning fossil fuels; however it is still a significant source of carbon emissions. Burning natural gas emits carbon monoxide (CO), nitrogen oxides (NOx), sulfur dioxide (SO₂), and volatile organic compounds (VOCs) – but in smaller quantities than biomass.

Biomass systems are larger and require space for fuel storage, so a new facility would be built at the location of the current maintenance yard, just northwest of McNeal Hall. An average of five truckloads of fuel would be required each weekday. Fuel deliveries would be limited to weekdays during normal business hours. Storage silos at the site would allow the plant to operate for 60 hours without any deliveries. Trucks would travel on a designated route through Ashland (primarily State Highways 66 and 99) and on a side street for about 750 feet. It is believed that the fuel delivery plan will keep truck traffic, noise levels, and visibility of the operations to modest levels.

It may be possible to house the natural gas cogeneration plant at the existing facility, though a building expansion would be necessary.

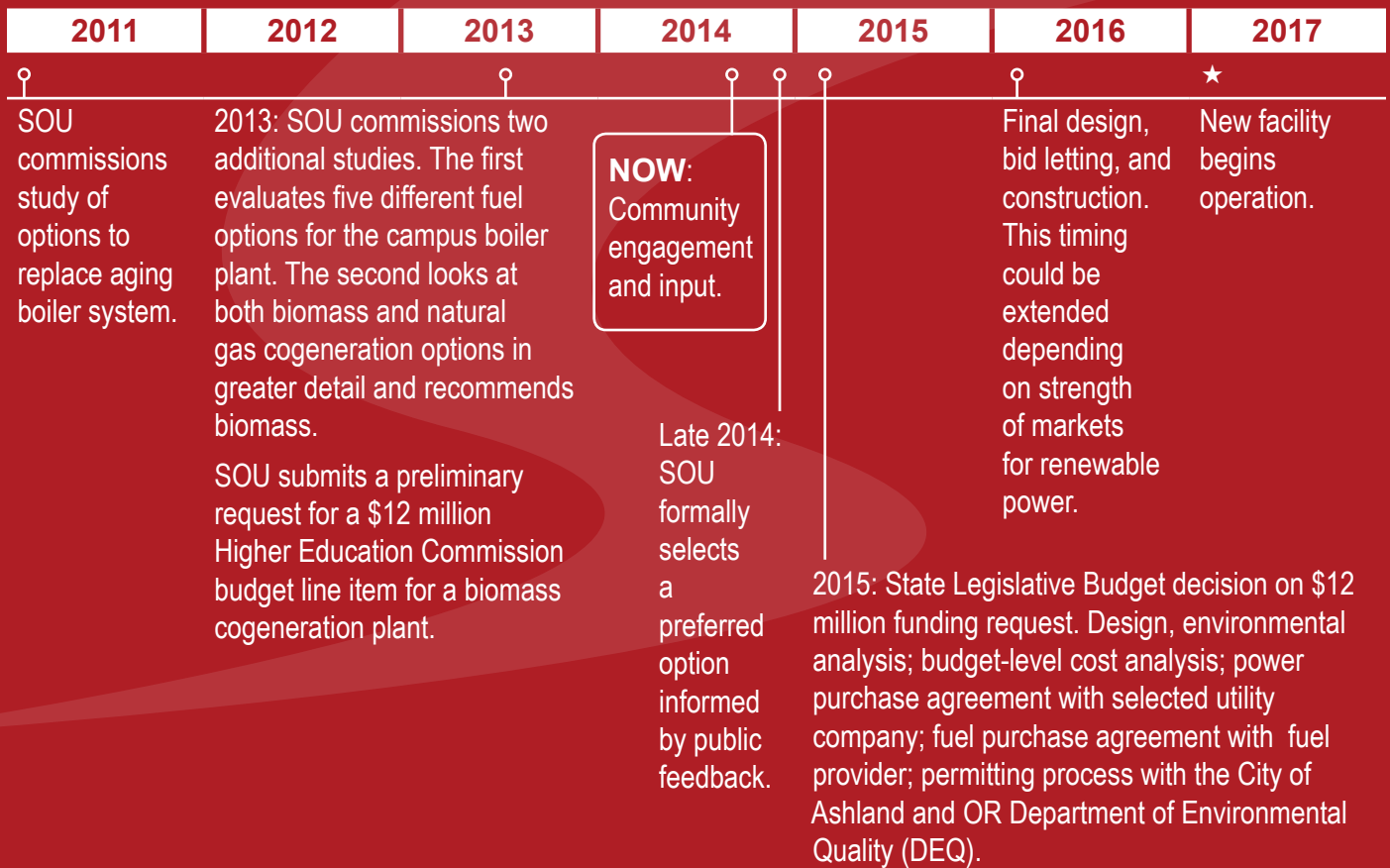
A biomass plant would require an additional two to three staff members, as well as training of current staff. This option would require more intensive upfront permitting, as well as ongoing Clean Air Act record keeping.

The natural gas cogeneration system would be operated by the current staff member. While some upfront permitting would be needed, ongoing record keeping would not be required.

Biomass plants are considered carbon neutral when the fuel comes from sustainably managed forests. A biomass plant would reduce dependence on fossil fuels and would be a significant step towards SOU's carbon emission reduction targets.

The new natural gas cogeneration units would be more efficient than current 1950s-era boilers; however, there would be only a modest benefit from a carbon emissions reduction perspective, which would quickly be negated by the growth in campus demand.

Project Timeline



We Want to Hear From You!

The University wants to know what the community thinks about a biomass cogeneration system. Your feedback will help determine which option will be brought forward into design and implementation.

Upcoming Events

Community Meeting

Wednesday, November 12, 6 p.m.,
Southern Oregon University,
Rogue River Room, Stevenson Union

Come talk with us at various information **tabling events!** Find out where we will be by visiting the project website.

Stay Informed

Visit www.SOUcogeneration.org to find more information about the options under consideration, download the full studies, and see the schedule of public outreach events. For more information or to schedule a meeting between the project and your organization, contact:

Adrienne DeDona, Public Engagement Lead
info@soucogeneration.org | (503) 235-5881

Campus Heating Options

#1 **Natural Gas Boilers:** Remove existing boilers; expand current boiler room (\$2,500,000). Expand existing heating plant facility to handle new boilers and related equipment.

Positive: Low initial cost and low cost for ongoing operation.

Negative: Fuel cost higher, not moving campus towards carbon neutrality, uses non-renewable resources, doesn't address cooling solutions for campus.

#2 **Biomass Boilers:** Replace existing boilers with biomass boilers. Build new heating plant in current landscaping area. Boiler would be dual fuel with natural gas burner option and operate at 12 lbs. This option would require 3 additional staff. (\$6,500,000)

Positive: Lower annual fuels costs, moves campus towards carbon neutrality, uses locally sourced renewable resources

Negative: Public perception, doesn't add to cooling solutions for campus.

#3 **Biomass Boiler with Cogeneration Option:** Replace existing boilers with biomass boiler located at the landscape yard. This boiler would operate up to approximately 300 lbs psi and would also include an absorption chiller to provide cooling in the summer. This option would require 3 additional staff. (\$7,200,000)

Positive: Lower annual fuels costs, moves campus towards carbon neutrality, uses locally sourced renewable resources, adds to cooling solutions for campus, provides an opportunity to generate "green" electricity in the future.

Negative: Public perception, higher initial cost compared to option #2

Enrollment Update

**Undergraduate Course SCH* by Department
Winter 2015 Week Ending 1/11/15 vs. Winter 2016 Week Ending 1/10/16
1 Week After Start of Term**

Department	Winter 2015	Winter 2016	Change	% Change
Art	2,341	1,542	-799	-34.1%
Creative Writing	456	499	43	9.4%
Emerging Media & Digital Art	1,167	1,379	212	18.2%
Music	1,271	1,277	6	0.5%
Theatre	2,361	2,563	202	8.6%
Subtotal - Oregon Center for the Arts	7,596	7,260	-336	-4.4%

Education	2,441	2,484	43	1.8%
Health and Physical Education	2,147	2,102	-45	-2.1%
Outdoor Adventure Leadership	581	667	86	14.8%
Military Science	116	112	-4	-3.4%
Subtotal - Education, Health and Leadership	5,285	5,365	80	1.5%

Criminology and Criminal Justice	2,402	2,369	-33	-1.4%
Economics	932	992	60	6.4%
Geography	272	148	-124	-45.6%
History	1,188	1,023	-165	-13.9%
Political Science	508	639	131	25.8%
Psychology	4,141	4,198	57	1.4%
Sociology/Anthropology	1,752	1,988	236	13.5%
Subtotal - Social Sciences	11,195	11,357	162	1.4%

Gen Ed and House Experience	605	525	-80	-13.2%
Honors College	225	287	62	27.6%
Learning Commons	36	-	-36	-100.0%
Success at Southern	32	41	9	28.1%
Undergraduate Studies	285	247	-38	-13.3%
University Seminar	2,322	2,927	605	26.1%
Subtotal - Undergraduate Studies	3,505	4,027	522	14.9%

Department	Winter 2015	Winter 2016	Change	% Change
Biology	2,223	2,779	556	25.0%
Chemistry	1,208	1,599	391	32.4%
Computer Science	1,092	1,280	188	17.2%
Mathematics	3,244	3,090	-154	-4.7%
Physics	864	867	3	0.3%
Subtotal - STEM Division	8,631	9,615	984	11.4%

Business	6,287	6,523	236	3.8%
Communication	2,245	2,786	541	24.1%
Environmental Studies	1,511	1,039	-472	-31.2%
Subtotal - Division of BCE	10,043	10,348	305	3.0%

English	1,202	1,182	-20	-1.7%
Gender, Sexuality, and Women's Studies	77	167	90	116.9%
International Studies	152	156	4	2.6%
Native American Studies	244	254	10	4.1%
Philosophy	1,020	868	-152	-14.9%
Foreign Languages & Literatures	1,952	1,999	47	2.4%
Subtotal - Humanities and Culture	4,647	4,626	-21	-0.5%

Library Science	-	-	-	
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Physical Education Activities	740	699	-41	-5.5%
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Total Undergraduate	51,642	53,297	1,655	3.2%
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Total Undergraduate + Graduate	55,201	56,866	1,665	3.0%
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* SCH = Student Credit Hours

Graduate Course SCH* by Department
Winter 2015 Week Ending 1/11/15 vs. Winter 2016 Week Ending 1/10/16
1 Week After Start of Term

Department	Winter 2015	Winter 2016	Change	% Change
Art	5	-	-5	-100.0%
Creative Writing	-	-	-	
Emerging Media & Digital Art	-	-	-	
Music	90	100	10	11.1%
Theatre	3	3	-	0.0%
Subtotal - Oregon Center for the Arts	98	103	5	5.1%

Education	1,978	2,049	71	3.6%
Health and Physical Education	12	6	-6	-50.0%
Outdoor Adventure Leadership	2	3	1	50.0%
Military Science	-	-	-	
Subtotal - Education, Health and Leadership	1,992	2,058	66	3.3%

Criminology and Criminal Justice	-	4	4	
Economics	-	-	-	
Geography	-	-	-	
History	-	-	-	
Political Science	-	-	-	
Psychology	468	533	65	13.9%
Sociology/Anthropology	-	-	-	
Subtotal - Social Sciences	468	537	69	14.7%

Master in Interdisciplinary Studies	38	20	-18	-47.4%
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* SCH = Student Credit Hours

Department	Winter 2015	Winter 2016	Change	% Change
Biology	124	73	-51	-41.1%
Chemistry	-	-	-	
Computer Science	12	12	-	0.0%
Mathematics	31	10	-21	-67.7%
Physics	-	-	-	
Subtotal - STEM Division	167	95	-72	-43.1%

Business	186	345	159	85.5%
Master in Business Administration	261	252	-9	-3.4%
Master in Management	237	36	-201	-84.8%
Communication	18	-	-18	-100.0%
Environmental Studies	7	36	29	414.3%
Subtotal - Division of BCE	709	669	-40	-5.6%

English	7	-	-7	-100.0%
Gender, Sexuality, and Women's Studies	8	-	-8	-100.0%
International Studies	-	-	-	
Native American Studies	-	-	-	
Philosophy	-	-	-	
Foreign Languages & Literatures	72	87	15	20.8%
Subtotal - Humanities and Culture	87	87	-	0.0%

Total Graduate	3,559	3,569	10	0.3%
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Total Undergraduate + Graduate	55,201	56,866	1,665	3.0%
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Enrolled Student Headcounts
Winter 2015 Week Ending 1/11/15 vs. Winter 2016 Week Ending 1/10/16
1 Week After Start of Term

	Winter 2015	Winter 2016	Change	% Change	Winter 2015 End of Term	Change	% Change
First Year Students	26	22	-4	-15.4%	26	-4	-15.4%
New Transfers	114	126	12	10.5%	117	9	7.7%
New PostBacs/Graduates	29	38	9	31.0%	34	4	11.8%
Subtotal - New Students	169	186	17	10.1%	177	9	5.1%
Continuing Students	4,195	4,223	28	0.7%	4,293	-70	-1.6%
Returning after Absence	149	151	2	1.3%	104	47	45.2%
Non-Admitted	168	213	45	26.8%	1,261	-1,048	-83.1%
Grand Total - Headcount	4,681	4,773	92	2.0%	5,835	-1,062	-18.2%
Grand Total - FTE	3,740	3,852	112	3.0%	4,083	-231	-5.7%
Resident	3,082	3,032	-50	-1.6%	4,148	-1,116	-26.9%
Non-Resident	1,599	1,741	142	8.9%	1,687	54	3.2%
International	131	135	4	3.1%	134	1	0.7%
American Indian/Alaskan Native	55	57	2	3.6%	55	2	3.6%
Asian	89	92	3	3.4%	96	-4	-4.2%
Black/African American	101	115	14	13.9%	108	7	6.5%
Hispanic/Latino	435	477	42	9.7%	465	12	2.6%
Pacific Islander	23	19	-4	-17.4%	23	-4	-17.4%
North African, Middle Eastern, Other	28	25	-3	-10.7%	31	-6	-19.4%
Two or More Races	338	402	64	18.9%	352	50	14.2%
Subtotal - Students of Color (race & ethnicity)	1,069	1,187	118	11.0%	1,130	57	5.0%
White	2,921	2,822	-99	-3.4%	3,077	-255	-8.3%
Unknown*	560	629	69	12.3%	1,494	-865	-57.9%
Alaska	77	79	2	2.6%	78	1	1.3%
California	927	1,031	104	11.2%	985	46	4.7%
Hawaii	94	104	10	10.6%	99	5	5.1%
Idaho	28	29	1	3.6%	28	1	3.6%
Washington	146	151	5	3.4%	149	2	1.3%
All Other States	225	245	20	8.9%	241	4	1.7%

*includes a significant number of non-admitted students whose ethnicity/race data is not systematically tracked

SCH* by Student Level Within Tuition Category
Winter 2015 Week Ending 1/11/15 vs. Winter 2016 Week Ending 1/10/16
1 Week After Start of Term

Tuition Category	Winter 2015	Winter 2016	Change	% Change
UG WUE	13,777	15,175	1,398	10.1%
UG Resident	28,082	28,042	-40	-0.1%
UG Non-resident	1,497	1,568	71	4.7%
UG Online	6,762	6,992	230	3.4%
Subtotal - Undergraduates	50,118	51,777	1,659	3.3%
GR Resident	734	709	-25	-3.4%
GR Non-resident	481	483	2	0.4%
GR Online	384	298	-86	-22.4%
GR Education Differential	1,527	1,719	192	12.6%
Subtotal - Graduates	3,126	3,209	83	2.7%
Staff Rates	790	675	-115	-14.6%
Waived Tuition	647	683	36	5.6%
Course Based Tuition	478	510	32	6.7%
Advanced Southern Credit	28	-	-28	-100.0%
Early Entry HS	14	27	13	92.9%
Grand Total - SCH	55,201	56,881	1,680	3.0%

* SCH = Student Credit Hours

Budget Information – Enrollment and Tuition Projection Process

Budgeting Process

- Projecting enrollment for budget purposes is not the same process as projecting enrollment that is carried on in Enrollment Services.
- Enrollment Services is executing specific enrollment and retention programs, establishing targets for those programs, and consolidating the anticipated net outcome of all of those programs on overall enrollment, to include benchmarks and stretch goals.
- Budget is doing specific trend analysis, aligning those trends to the current financial guidelines—currently the Retrenchment Plan—and identifying specific enrollment numbers by tuition categories that are intentionally conservative in nature that will then be matched with tuition rate projections to determine budgeted operating resources for the University in the coming budget cycle.
- The first process informs and influences the second process, but the two are not the same and will not match, as they achieve very different objectives for the University.

Process

- **January** –
 - Discuss considerations
 - Seek feedback/guidance
- **February** –
 - Refine Enrollment Projection Model based on:
 - Consult/collaborate with Enrollment Services and Institutional Research
 - Feedback/guidance from Finance Committee
 - Tuition Advisory Council
 - Present guidance to TAC from Finance Committee
 - Begin developing full tuition and fee projections
- **March** –
 - Present final enrollment projections (*benefit of Winter 16 actuals*)
 - Present Tuition and Fee recommendations

Enrollment Projections for Budgeting

- **Target:** 0.2% enrollment growth, from FY15-16 Actuals, per Retrenchment Plan
- **Outcome:** Project enrollment to be combined with tuition rates for FY 2016-17
- **Considerations:**
 - Projection: 0.2% Enrollment growth from prior year? FY2015-16 Actuals are not yet known
 - Aggressive vs. Conservative projecting
 - SOU has beaten conservative projections for two years running – do we get a bit more aggressive in our budget projections?
 - ❖ Risk – if too aggressive, funding shortfalls may require mid-year spending adjustments
 - To avoid risk, we budget conservatively
 - ❖ Risk – if too conservative, opportunities may be missed
 - ❖ Level of Detail – Enrollment Services will project trends and enrollment numbers, but not student credit hours, and not by specific tuition categories (resident, WUE, Non-Resident, Undergrad, Graduate, etc.)

Enrollment Projections Detail

Trend Analysis

- Historical enrollment trends by tuition category
 - Project 2015-16 actuals not yet final

Informed projection for 2016-17

- Enrollment and Retention input based on recruitment and retention programs
- Net to 0.2% increase, per Retrenchment Plan, supported by current modeling

Tuition Projections for Budgeting

Target: Sustainable tuition rate increases that balance institutional needs and holistic cost of attendance considerations

Outcome: When aligned with enrollment and state aid projections, arrive at a total revenue projection that supports university strategic objectives, to include fund balance targets.

Considerations:

- Overall tuition and fee increases exceeding 5% requires approval by the HECC.
- SOU's tuition and fee position among Oregon's public institutions
- Impact on enrollment from tuition rates
- Overall change in cost of attendance to SOU students

Tuition Consideration Detail

- SOU's Resident Undergraduate tuition is currently the 2nd lowest of Oregon Public Universities, Eastern's * is lowest with Portland State only minimally above.
- SOU's tuition increased by 5% in FY15-16, in line with most Oregon Public Universities.
- SOU's retrenchment plan projected a 3% tuition increase for FY2016-17
- SOU has in recent years applied a tuition rate increase equally across all tuition categories
 - Which student populations (tuition categories) are growing, flat or declining?
 - Growth: WUE, Online, Honors, Staff
 - Flat: MEDU, Course Based, Resident Grad
 - Decline: Resident Undergrad, Non Resident UG (not WUE), Non Resident Grad
 - ❖ Note: decline was primarily in 13-14, most are now trending toward flat
 - How do tuition rate changes impact enrollment – elasticity?

* Excludes "Eastern Promise" which is the same as SOU's Resident Undergraduate Tuition rate

Guidance

Enrollment Projection:

- **Very Conservative:** Projections of 0.2% growth from Current Year Target
- **Middle-ground Conservative:** Projections of 0.2% growth from Current Year actual, Target for balance
- **Middle-ground Aggressive:** Projections of 0.2% growth from Current Year Actual, carried forward.
- **Very Aggressive:** Projections of > 0.2% growth from Current Year Actual, carried forward.

Tuition Guidance:

- **Conservative** – stick to 3% growth, retain same increase for all rates, sell affordability as well as quality
- **Conservative, market driven** – stick to 3% growth, flex between rates depending on market position
- **Aggressive** – lean on tuition rate elasticity, stay within “TRU” band
- **Very Aggressive** – Lean on tuition rate elasticity, exploit cost to “Go Elsewhere”

Enrollment and Tuition Projections

Questions, Comments?

Student Incidental Fee Process - Overview

Presented by ASSOU

Ground Rules & Community Agreements

- Use appropriate gender pronouns
- Avoid gendered and ableist language
- Be mindful of people's needs and experiences
- Move up, move back or W.A.I.T
- E.L.M.O.
- Expect unfinished business
- Ouch, Oh
- Assume the best intentions
- Use I statements
- People first language
- Mistakes are awesome...
When you learn from them
- Vocabulary breaks
- Take care of yourself
- Group confidentiality:
Share lessons not details

Objectives

- Develop a shared knowledge around the purpose of the student fee
- Describe the ever-strengthening legal foundation supporting the use of student fees in Oregon
- Understand the mechanism by which student fees are collected and disbursed at SOU

Purposes of Student Fees

- Provide funding to student organizations
- Foster a marketplace of ideas
- Increase recruitment and retention of underrepresented students
- Consolidating student resources to create student power

“ The speech the University seeks to encourage in the program before us is distinguished not by discernable limits but by its vast, unexplored bounds.

To insist upon asking what speech is germane would be contrary to the very goal the University seeks to pursue.”

Associate Justice Anthony Kennedy- March 2000
SCOTUS ruling on University of Wisconsin System v. Southworth

UW Madison v. Southworth

SCOTUS unanimously rules in favor of student fees as constitutional.

- Extra-curricular student speech may be funded as long as funding process is **Viewpoint Neutral**.
- Under UWM v. Southworth, Student Fees are for the sole purpose of facilitating the free and open exchange of ideas.

Oregon State

Attorney General Opinion #8289

2015: Oregon Attorney General reconsiders the limitations of Student fees, determining:

- Speech of Student Groups is NOT Government Speech.
- Student fees are not restricted in their funding of groups which intend to influence political campaigns or ballot measures.
- Viewpoint Neutrality reigns supreme as determinant of constitutionality of Student fee use.

Viewpoint Neutrality

Viewpoint Neutral funding means:

- Funding decisions may not be based on a group's point of view, no matter how unorthodox or distasteful their view may be.

Viewpoint Neutral funding does NOT mean:

- Student groups themselves must be viewpoint neutral. -
- All groups must be allocated same amount of money.
- Funding one partisan viewpoint requires funding a group for the opposing viewpoint.

Student Money, Student Control.

ASSOU and the students we represent have a significant amount of control over the student fee process:

The Student Fee Committee

- Athletics Advisory Committee
- Student Union Advisory Committee
- Educational Activities Advisory Committee
- Inter-Club Council
- Environmental Affairs Committee

SFC
4 Senators 4 At-large
Director of Finance
1 Justice (Non-Voting)
1 Advisor

Sub-Committees

Athletics Advisory Committee

Student Union Advisory Committee

Educational Activities Advisory Committee

- Inter-Club Council Allocation Committee
- Environmental Affairs Committee

AAC, SUAC & EAAC
4 Senators 4 At-Large
1 Executive (Non-Voting)
1 Justice (Non-Voting)
1 Advisor

EAC
3 Senators 5 At-Large
1 Executive (Non-Voting)
1 Justice (Non-Voting)
1 Advisor

Maintaining Student Autonomy

Requires:

- Students maintain the Student Fee process.
- A well established fee policy and documentation of the means by which student fees stay within student control
- Passing of institutional knowledge
- Staffing Fee committees with dedicated students who will develop their roles as advocates for the student body, and **maintain Viewpoint Neutrality**

Our Rules

Students are governed by:

- ASSOU Bylaws & Constitution

 - Section 5 of bylaws

- Legal Restrictions:

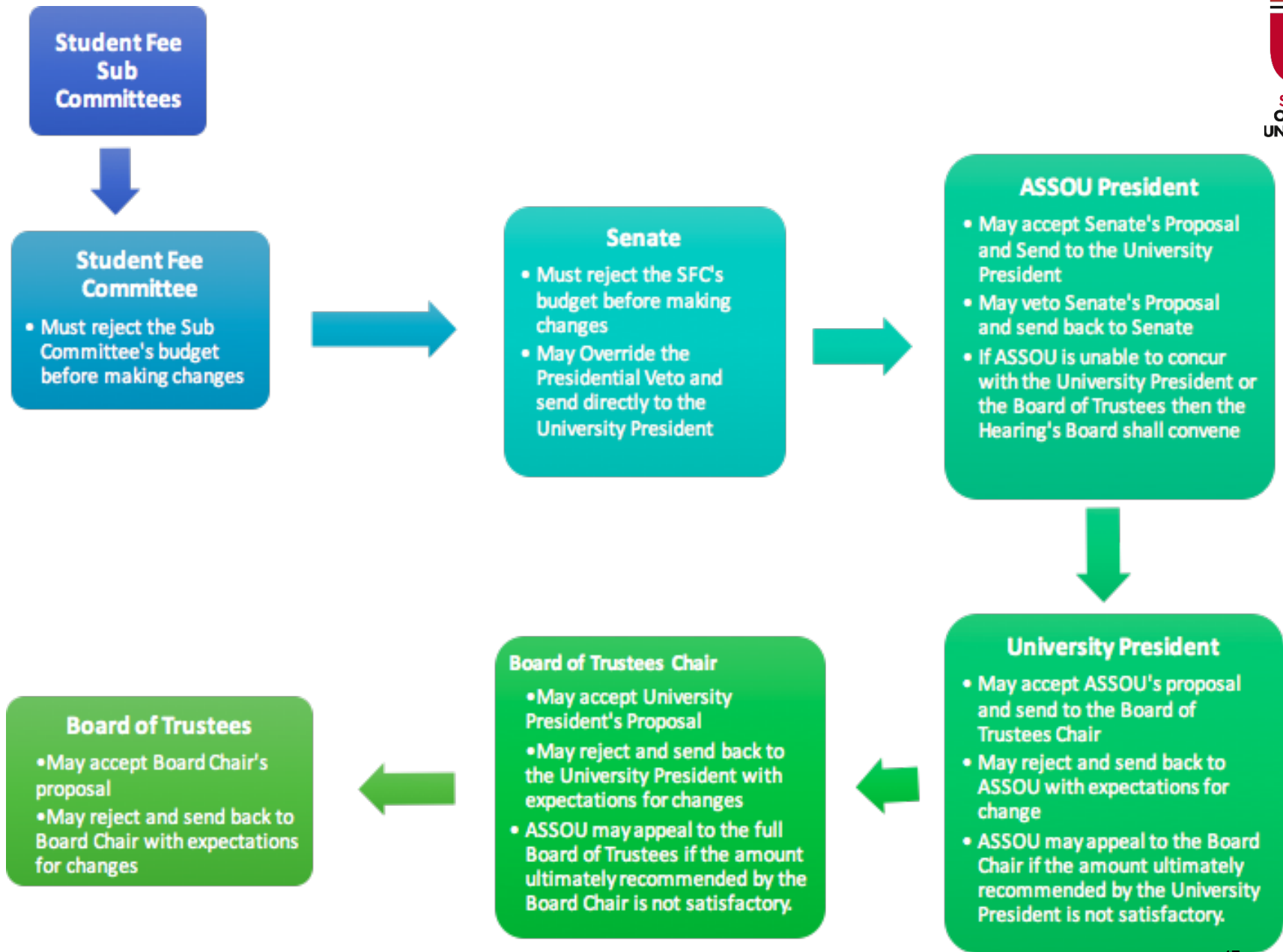
 - Non-Discrimination

 - Viewpoint Neutrality

 - Avoiding Conflict of Interest

 - OPML

 - Pre-existing Contractual Obligations



Before Winter Term

SFC Must:

- Elect Subcommittee positions
- Approve Criteria for funding
- Approve Funding Request Forms
- Approve Subcommittee Directions
- Approve a Meeting Schedule for Winter
- Train Budget Authorities
- Recruit, Train & Seat At-Large Members

Winter Timeline for Student Fee Approval Process 2015-2016



Week 1: First Subcommittee Meetings to determine weekly meeting schedule

Week 2 [Jan.15]: Forms due from all groups interested in funding

Weeks 2-4: Subcommittee Budget Hearings/Deliberations

Week 5: Subcommittee Proposals to SFC

Week 6: Appeals or SFC Rejections

Winter 2015-2016 (Cont'd)

Week 7: SFC Approval

Week 8: Senate Deliberation, Approval or Rejection

Week 9: Final Senate Approval

Week 10: ASSOU President Approval & Submission to
University President

Week 11: Appeals and Hearings Board if Necessary

Spring Term

- SOU President & BOT may only reject the budget if:
 - Student Fee grew by more than 5% since previous year
 - If it is illegal or breaks preexisting contracts
 - If they believe the fee request is not advantageous to the cultural or physical development of the students

Review

- Student Fees are the most powerful tool students have in shaping their campus.
- The use of student fees is legally protected.
- The Student Fee process is transparent & requires significant student input.

The speech the University seeks to encourage in the program before us is distinguished not by discernable limits but by its vast, unexplored bounds...

Supported by
Student Fees



ASSOU

Adjourn