



OFFICE OF THE BOARD OF TRUSTEES

## Public Meeting Notice

February 11, 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 including a review of the financial dashboard; recent HECC subcommittee meeting information and Vice Presidents for Finance and Administration Council meeting information. The committee will act on the biomass/cogeneration project prioritization options. Agenda items for the meeting also will include funding for the SOU Science Building; the 2017-19 prioritization of capital projects; the FY 2016 Q2 Investment Report; an enrollment update; year-end projections / pro-forma; and a review of enrollment projections for the budget.

The meeting will occur as follows:

Thursday, February 18, 2016

4:00 pm to 6:00 pm (or until business is concluded)

Hannon Library, DeBoer Boardroom, 3<sup>rd</sup> 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  
February 18, 2016**

# Call to Order and Preliminary Business



**Board of Trustees  
Finance Committee Meeting**

**Thursday, February 18, 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.

	<b>1</b>	<b>Call to Order and Preliminary Business</b>	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 January 21, 2016 Meeting Minutes (Action)	Chair Nicholson
	<b>2</b>	<b>Public Comment</b>	
~ 5 min.	<b>3</b>	<b>Vice President's Report</b>	Craig Morris, SOU, Vice President for Finance and Administration
	3.1	Dashboard Review	
	3.2	HECC Subcommittee Meeting	
	3.3	Vice Presidents for Finance and Administration Council Meeting	
~ 10 min.	<b>4</b>	<b>Biomass/Cogeneration Project Prioritization Options (Action)</b>	Craig Morris
~ 30 min.	<b>5</b>	<b>2017-19 Prioritization of Capital Projects</b>	Craig Morris; Sightlines
~ 25 min.	<b>6</b>	<b>Investment Report – FY 2016 Second Quarter</b>	Penny Burgess, USSE, Director of Treasury Operations

**Board of Trustees  
Finance Committee Meeting**

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**AGENDA (Cont'd)**

~ 10 min.	<b>7</b>	<b>Enrollment Update</b>	Chris Stanek, SOU, Director of Institutional Research
~ 10 min.	<b>8</b>	<b>Year-end Projections / Pro-forma</b>	Craig Morris; Steve Larvick, SOU, Director of Business Services
~ 25 min.	<b>9</b>	<b>Budget – Enrollment Projections</b>	Mark Denney, SOU, Associate Vice President for Budget and Planning
	<b>10</b>	<b>Adjourn</b>	Chair Nicholson



**Board of Trustees  
Finance Committee Meeting**

**Thursday, January 21, 2016  
4:00 pm - 6:00 pm (or until business concludes)  
DeBoer Room, Hannon Library**

**MINUTES**

**Call to Order and Preliminary Business**

Chair Nicholson called the meeting to order at 4:01 pm.

The following committee members were present: Paul Nicholson, Les AuCoin, Lyn Hennion, April Sevcik, Dennis Slattery and Steve Vincent. The following member was not present: Jeremy Nootenboom.

Other meeting guests included: Craig Morris, Vice President for Finance and Administration; Dr. Susan Walsh, Provost and Vice President for Academic and Student Affairs; Chris Stanek, Director of Institutional Research; Fred Creek, Director of Campus Public Safety; Ryan Brown, Head of Community and Media Relations; Brad Christ, Chief Information Officer; Drew Gilliland, Director of Facilities Management and Planning; Torii Uyehara, ASSOU; Brian Sorensen, ASSOU; 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; Julie Raefield, Chief of Staff; Sabrina Prud'homme, Board Secretary; Kathy Park, Executive Assistant; Treasa Sprague, Administrative Services Coordinator; Mary Ann Neely, SOU; David Coburn, OSA; Olena Black, League of Women Voters; and Victor Bautista, Avista Utilities.

Chair Nicholson welcomed Rusty Williams from British Petroleum and Bill Carlson from Carlson Small Power Consultants, who attended to provide support for the Biomass/Cogeneration topic. Trustee Vincent recused himself from that discussion based on an actual conflict of interest and did not participate in the discussion.

A correction was previously noted on the November 19, 2015 minutes as distributed: on the second page, fourth paragraph, second line, after "reporting-out based," the word "on" was added. Trustee Slattery moved to approve the minutes, as amended. Trustee Sevcik seconded the motion; it passed unanimously.

**Public Comment**

There was no public comment.

**Vice President's Report**

Craig Morris informed the committee that the external auditor would be presenting the full audited financial statement at the next day's Executive and Audit Committee meeting

and an abridged version at the full board meeting.

Mr. Morris said the financial dashboard will be provided to the committee members each month before their meeting, noting there would not be a presentation but he will answer questions.

### **Science Building Update**

Drew Gilliland provided an update on the SOU Science Building. The building opened in the fall after a year of being completely gutted and remodeled. Due to noise issues with neighbors, SOU extended the hoods, added material inside the stacks, installed covers on motors, insulated in and outside, and put a wind band extension on the original sound dampener. A sound consultant will determine if the noise level now meets the city's 45-decibel standard and neighbors may attend that meeting.

Inside, it is still quite noisy in the classrooms. The sound consultant will take classroom readings so SOU can develop solutions to the interior noise issues. The university is experimenting with adding insulation in the ducts. Mr. Gilliland added that students love the building.

Responding to Trustee AuCoin's question about contractor liability, Mr. Gilliland said SOU is holding \$600,000 in contractor contingency and \$40,000 in architect contingency. Responding to Trustee Vincent's question about whether there were claims or threats of claims from neighbors, Mr. Morris said there were not. Mr. Morris added that science buildings are among the most difficult to design as well as construct within budget and still achieve the desired product. SOU's was probably three times more difficult than normal for a variety of reasons. He commended Mr. Gilliland and staff on their efforts to resolve problems as well as the faculty and staff for their dedication and patience. It is a great building and when the problems are resolved, it will be a huge improvement over what SOU had before. Chair Nicholson requested a future tour of the building for the committee.

### **HECC Update**

Mr. Morris updated the committee on SOU's report to the HECC. In December, he, President Saigo, Dr. Walsh and other staff presented an update on SOU's conditions report, which was well-received. Last week, Dr. Walsh and Dr. Karen Stone met with the HECC to review its draft response to SOU's report. Dr. Walsh said the HECC's report came with "warm fuzzies" and a few "cold pricklies." She added that SOU is in good stead with the HECC and knows its marching orders. The HECC asked for another in-person, comprehensive update in the fall of 2016, which is not part of the legislative charge. She offered to include a written update with the annual evaluation in the fall of 2016 and the HECC agreed. The HECC sees the good work that has been done at SOU and has been complimentary of President Saigo and the campus.

Trustee Vincent asked for clarification on the HECC's authority and whether there would be any consequences if the HECC found SOU's report not satisfactory. He thought the HECC was overreaching and that the legislative intent was to give the universities autonomy. He wondered if the issue should be elevated to the Governor's office. Mr. Morris said those concerns are echoed by the other six campuses and have been addressed at numerous high-level meetings. President Saigo and Trustee Slattery cautioned that

SOU does not want to offend the HECC because it advises the legislature and the Governor, makes recommendations and holds purse strings.

### **JPR Foundation Board Meeting Information**

In December, Mr. Morris attended the JPR Foundation Board meeting to discuss their proposed addition to SOU's theater project and to request a resolution from JPR to pay debt service on any bonds SOU borrows to help fund the theater project. The resolution passed and JPR will pay the debt service up to \$1.5 million.

Since SOU would be approving debt service, Trustee Vincent inquired into JPR's revenue stream for repayment. Mr. Morris said JPR's revenue stream is its ongoing fundraising and memberships. SOU partnered with JPR on the purchase of the Redding Theater and JPR never missed a payment. It is a very solvent foundation and SOU does not have much risk.

The project's budget is \$2.5 - 3 million. SOU is asking for \$1.5 million in bonds but JPR plans to borrow only \$1 million. SOU will fund down to whatever level is needed, as JPR already has raised \$1.3 million. There is great cooperation between JPR and SOU.

In response to Trustee Sevcik's question about the number of students who participate in JPR programs, Dr. Walsh added information on JPR's educational mission. SOU has about 20 internships with JPR and JPR offers a scholarship for a year-long internship. There are other quarter-by-quarter, term-by-term and long-term investments in SOU students. Several students have pursued careers in public radio, including NPR and stations in larger markets. JPR employees do not have faculty status but do participate in instructional activities. Other great aspects of the SOU-JPR relationship are the ability to bring live music on campus and have shared performances with students.

### **McNeal Project Update**

Mr. Morris provided an update on the McNeal project, saying it is a \$3 million challenge to be on budget. The plan is to ask the legislature for \$2 million in state-paid debt service—Q bonds—and fundraise the balance of \$1 million. Liz Shelby has done a lot of ground work with the legislature. Janet Fratella and Matt Sayre developed a fundraising plan, which will launch soon. The project is underway; demolition has started and asbestos has been abated. The whole building will be knocked down by the end of February. Bidding for the project should start in about a month.

### **Bond Funding for McNeal Pavilion (\$2 million XI-Q bonds) and Theater-JPR Building (\$1.5 million XI-F(1) bonds)**

Chair Nicholson advised the committee members that they need to make a recommendation to the board about authorizing Mr. Morris to move forward on funding for the McNeal Pavilion and the theater-JPR building projects.

Trustee Sevcik moved that the Finance Committee recommend to the Board of Trustees that the board authorize the Vice President for Finance and Administration, in consultation with the university president and the Chair of the Finance Committee, to pursue bond funding in the 2016 legislative session to fund the following capital projects: McNeal Pavilion project: \$2 million in the form of XI-Q bonds; and theater-JPR building project: \$1.5 million in the form of XI-F(1) bonds. This motion would not signify the



board's or committee's request or authorization to sell or issue the bonds. She further moved that, upon approval by the legislature of such bonds, the Vice President for Finance and Administration shall submit to the board such additional resolutions and other considerations necessary for issuance of such legislatively authorized bonds.

Trustee AuCoin seconded the motion and it passed unanimously. Trustee Hennion abstained, citing a potential conflict of interest.

Responding to Trustee Sevcik's question regarding the theater-JPR building costs, Mr. Morris commented that JPR will fundraise until it feels all potential donors have been exhausted. The high end of the objective is to raise \$1.5 million. Depending on final costs, they will use either the full \$1.5 million in bonds or will draw down the actual amount needed to balance the budget. He does not anticipate changes as we are not having the construction cost problems we did with McNeal.

Trustee Sevcik pointed out that fundraising has been done before on the Foundation side, without success, and they had to borrow money. She asked what will make it different this time. Chair Nicholson said Janet Fratella and Matt Sayre could give a fundraising presentation at the next committee meeting. For the McNeal project, Mr. Morris added that the board has already authorized him to get financing for the full \$3 million, which he has not done yet, if the bond funding or fundraising fail.

#### **Biomass/Cogeneration Capital Request - Information**

On May 1, the seven institutions must supply the HECC with the capital project lists they want the legislature to consider in the 2017 session. That leaves January, February and March for conversations regarding what capital projects SOU will put forward, with a decision being made in April on a recommendation. One of SOU's potential projects is the replacement of boilers, whether by replacing with natural gas boilers, installing biomass boilers with natural gas backup or installing biomass boilers with a cogeneration option.

Sitelines has been hired to complete a comprehensive deferred maintenance analysis for SOU. Sitelines will present its analysis to the Finance Committee in February.

Mr. Gilliland discussed the three options then two consultants presented information. SOU has four boilers; two have been replaced and two are overdue. Evergreen Engineering assessed SOU's numbers and needs and provided an updated estimate for the three options. The estimate to replace the two boilers with natural gas boilers with heating oil as a backup is \$1.5 million. The second option is using biomass boilers with natural gas backup, at an estimated cost of \$5.5 million. The third option is to install biomass boilers that would have a cogeneration option to offset SOU's electricity use, at an estimated cost of \$6.8 million.

Mr. Morris stressed the need for new boilers. The current ones have been nursed along for several years and any further delay would be a mistake. If the legislature approved SOU's request, it would still be three years before the boilers were replaced. Mr. Morris then explained why the third option includes an option for possible cogeneration later rather than a full biomass boiler with cogeneration. The market has changed in terms of SOU's cost to generate electricity and, at the moment, it is not feasible economically to generate the electricity, as it is cheaper to buy it.

Trustee Slattery wondered about the strategy for asking the legislature for \$1.5 million versus \$6.8 million. Mr. Morris clarified that SOU would submit only one option to the legislature, not all three options. Many in the state are very supportive of cogeneration and biomass. It would help SOU in eliminating its carbon footprint and he thinks it would resonate well with some people in the state. Although \$1.5 million would be easier to get than \$6.8 million, Mr. Morris believed the committee should discuss the options and go forward with the one they think is the right choice.

Bill Carlson, from Carlson Small Power Consultants, provided support for the biomass option. When he was given the assignment to look at biomass for the campus, the main driver was to lower the carbon footprint to achieve carbon neutral status by 2050. If SOU generated both heat and electricity for the campus, it could offset about 70 percent of the total carbon footprint of the campus. However, due to a recent decline in the price of natural gas and electricity, having cogeneration is not as favorable. So they looked at it as a biomass boiler to heat and cool the campus. The boiler could power the campus when the economics of the market dictate it would make sense to do so. But, initially, the boiler would only operate at about one-third of its capacity, except in winter when it would be at its full capacity. Biomass is a renewable fuel source, which takes away the volatility of depending on the cost of natural gas. SOU would use residues from local logging operations, chipping and hauling it instead of slashing and burning. Biomass is more labor intensive and would require adding three people to Mr. Gilliland's staff. One to two trucks would bring biomass matter to SOU each weekday at the outset; at full capacity, there would be five trucks each weekday. It is great for students to see the closed cycle, where the use of renewable fuel changes practices in the woods. Mr. Carlson stressed that biomass projects are successful and accepted by communities very similar to Ashland. It takes an educational program and takes people looking at the environment from a holistic standpoint. He believed it to be a superior way to go long-term rather than relying on fossil fuel from a distant location.

Rusty Williams, from British Petroleum, then provided information supporting the natural gas option. The company has been providing natural gas to SOU for about 18 years. Natural gas has been volatile in the past but the dynamics are changing now. There is a 14-year low on the price of natural gas, wells are not drilled as much and supply is abundant. For various reasons, some companies who used only wood for their boilers are switching to natural gas. The growing demand for natural gas is the flip-side of low prices and the decrease in coal production. He has a few customers that use biomass and they are struggling to find enough to continue to produce the power they are currently producing; they are having to use natural gas to level out production.

Trustees AuCoin, Slattery and Sevcik strongly expressed serious concerns about the biomass option. They pointed to lack of community support, sustainability of biomass availability, collection and delivery of the biomass matter, true costs of biomass, whether biomass reduces carbon footprints and the political culture of Ashland.

From what he heard, Mr. Morris thought there was no further need for a study session on this matter and that they could adjust the timeline at the Chair's discretion. He recommended making a decision at the April Finance Committee meeting. Since coal is the backup to the natural gas boiler, Trustee Sevcik asked if it was possible to have a very

small biomass generator be the backup instead. Chair Nicholson thought that option was worth exploring.

### **Enrollment Update**

Mr. Stanek provided the updated winter enrollment at two weeks into the term, noting that fall end of term data has been certified.

Highlighting the significance of student credit hours (SCH), Mr. Stanek said 95 percent of SCH is undergraduate while graduate SCH is holding steady. He then pointed out the biggest losses and gains. The art program is down 848 SCH from last year, as SOU no longer has an art history program; the decrease is a direct correlation to the SCH of the former program. Biology had a large gain over last winter, with 558 more SCH, as it does a lot of service to the general education program.

From a division perspective, STEM was the biggest gainer with 1000 SCH more than last year. Undergraduate Studies had a gain of 530 SCH. Both of those gains resulted from this year's large freshman class. Additionally, enrollment is generally higher this winter than last.

There was a nearly three percent increase in full time equivalency (FTE). By the time winter ends, Mr. Stanek thought SOU would be closer to a 2 percent increase. The figures do not yet reflect the dual enrollment of the advanced southern credit program that SOU sees in both fall and winter, but will by the end of the term. It usually brings in an additional 320 FTE and 900-1000 headcount. Adding that FTE figure to the current FTE would bring the total FTE to 4,172, which is already higher than where SOU ended last year.

Mr. Stanek addressed other items of note. Compared to last winter, there are 140 more non-residents and 50 fewer resident students. SOU is making an effort to recruit more resident students to shift that enrollment mix because of the funding model. There was a 10.4 percent increase in students of color for both race and ethnicity, but this does not include international students.

### **Budget Information – Enrollment and Tuition Projection Process**

Mark Denney began his presentation by pointing out the difference between his process and Lisa Garcia-Hanson's process for recruitment and retention, as he uses hard numbers for his projections and she has targets for her programs to meet. In January and February, he will gather information, seek guidance and work with the Tuition Advisory Council to develop tuition and fee projections as well as recommendations, which he will present to President Saigo, campus and the committee in March. The final enrollment projection and tuition recommendation combine to make SOU's revenue dollars.

Mr. Denney addressed the figures in his slide presentation. He used .2 percent enrollment growth for his projections, saying he was conservative for the spring and summer projections to avoid risk. In recent years, SOU's tuition rate in all categories has increased every year. He discussed the student populations in each tuition category, detailing which experienced growth, declined or remained flat over the past four academic years.

Mr. Morris said the committee seemed to want more information when it considered a tuition increase last year. There will be a lot of work on campus in the next two months so Mr. Denney can come back to the committee with a recommendation. So the committee will feel connected with conversations and feel comfortable making a decision on the tuition rate, Mr. Morris asked the committee how it wanted to be kept in the loop on campus conversations over the next two months. The consensus was to include the issue as a major agenda item for the February meeting and Mr. Denney can summarize the data the Tuition Advisory Council is reviewing. At that meeting, the committee can advise if there is more information it would like to have before making a decision in March on what to recommend to the full board.

Although the board's decision on tuition and fee rates in April will be acceptable, Mr. Morris stressed that the student affairs and housing offices need to have a good idea in March what those rates are going to be. The committee does not have to make a final decision in March but needs to have a sense of where it is going.

Trustee Sevcik said she was thinking of a tuition increase of about 3 percent and anything higher would require a lot of supporting data. Chair Nicholson said he would like to see what other universities are doing, both in Oregon and in other states. He would also like to see how enrollment compares when tuition increases and decreases.

Mr. Denney discussed the tuition band of all seven universities. Portland State and the four regionals are close together and University of Oregon and Oregon State are outliers. SOU is well within the lower portion of that band. It would be beneficial to stay within the band because it will not price students out of attending SOU. However, it does leave some money on the table that SOU could be receiving.

Mr. Denney discussed OIT and its price elasticity. For undergraduate and graduate students, OIT offers residents and nonresidents the same tuition rate. Comparing OIT's enrollment trends with SOU's for those categories, Mr. Denney noted OIT's resident population has decreased while SOU's has increased. Although it is hard to draw conclusions from one element, he thought he could say it is not that elastic and giving a significant discount on tuition did not result in enrollment growth. Based on studies in general, Mr. Stanek concurred.

President Saigo recommended a conservative fiscal approach, even though SOU may miss some opportunities. He expressed concern over a catastrophic event he cannot control that would decrease enrollment. SOU has to increase 50-100 FTE to pay for the cost of running the institution every year. He would like to see the current reserve of 10 percent in the bank. Mr. Morris echoed President Saigo's comments and said that is why finance and administration use conservative numbers and want to keep tuition as low as possible.

### **Student Incidental Fee Process – Overview**

Torii Uyehara, ASSOU President, and Brian Sorensen, ASSOU Director of Finance and Administration, provided an overview on the student incidental fee process. Student fees provide funding to student organizations on campus, foster a marketplace of ideas, increase recruitment and retention of underrepresented students and consolidate student resources to create student power.

Mr. Sorensen discussed the legal foundations. The landmark case on this issue is Board of Regents of the University of Wisconsin System v. Southworth, where the U.S. Supreme Court unanimously held that students can be required to pay a student activity fee to facilitate the free and open exchange of ideas as long as the program is viewpoint neutral. Oregon State Attorney General Opinion #8289 concluded student fees are not government funds and can be used to influence political campaigns or ballot measures. Viewpoint neutral funding means funding decisions may not be based on a group's point of view, no matter how unorthodox or distasteful the view may be.

Power is the ability to change one's environment and this can be expressed monetarily or through collective action. Fees are the most powerful mechanism in maintaining student power and this responsibility is not to be taken lightly. ASSOU and the students it represents have significant control over the student fee process through the Student Fee Committee and subcommittees. Student autonomy is maintained through a well-established fee policy and a means by which student fees stay student-controlled. Students on the Student Fee Committee pass on their institutional knowledge, advocate for the student body and maintain viewpoint neutrality.

Students are governed by the ASSOU constitution and bylaws and various other legal restrictions, such as non-discrimination, conflicts of interest, public meeting laws and pre-existing contractual obligations.

The flow chart in their presentation summarizes the student fee process before it comes to the board's Finance Committee. At each step, the approving body may reject the proposed budget and send it back to the recommending or requesting body. Mr. Morris corrected the step in the flow chart where the Board of Trustees is included; the Chair of the Finance Committee should be included rather than the Board Chair.

Mr. Sorensen described the winter timeline and Student Fee Committee duties for the 2015-2016 student fee approval process, as detailed on his slides. Responding to Chair Nicholson's question, Mr. Sorensen said there are about 40 students involved in the process. Mr. Denney added that all the ASSOU committees are comprised of students. There is one staff member who serves as an advisor and Mr. Denney serves as a support staff member. Ms. Uyehara added that she has a 10-member cabinet and they are appointed by her and the vice-president. The justice representative ensures ASSOU follows required procedures and adheres to bylaws and public meeting laws. Dr. Walsh praised ASSOU as the picture of good governance. Mr. Denney added they are a very dedicated group and are responsible for handling approximately \$3.6 million.

The presenters added that the SOU president and Board of Trustees may reject the budget only if the fee increased by more than five percent, if it is illegal or breaks preexisting contracts, or if they believe the fee request is not advantageous to the cultural or physical development of the students. Ms. Uyehara concluded by saying that student fees are the most powerful tool students have in shaping their campus. The process is transparent and requires significant student input.

## **Adjournment**

Chair Nicholson adjourned the meeting at 6:02 pm.

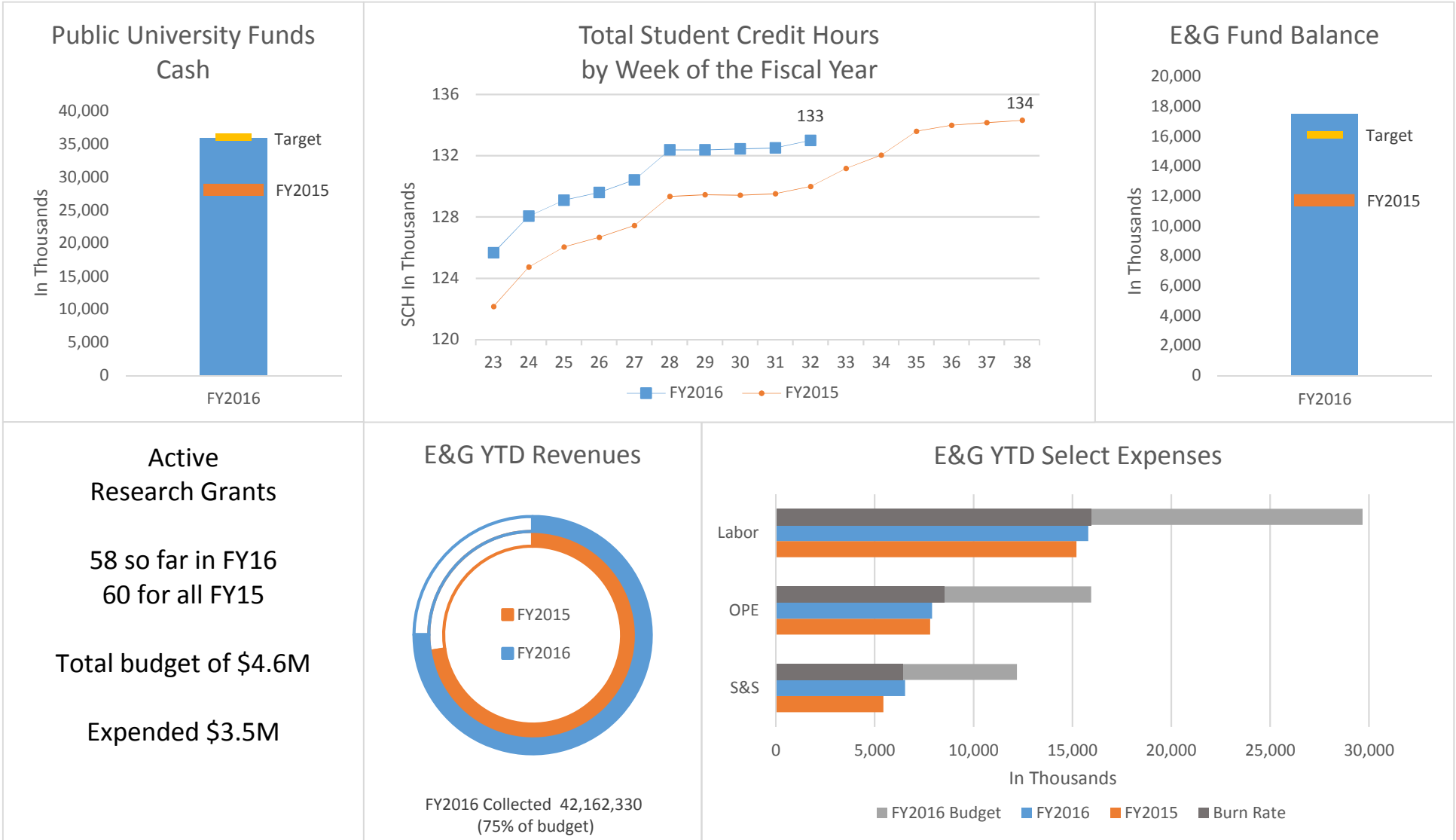
# Public Comment

# Vice President's Report

### Financial Dashboard

For FY16

As of January 31, 2016





# **Biomass/Cogeneration Project Prioritization Options (Action)**

## 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

# 2017-19 Prioritization of Capital Projects

*Materials for this section added on 02/18*

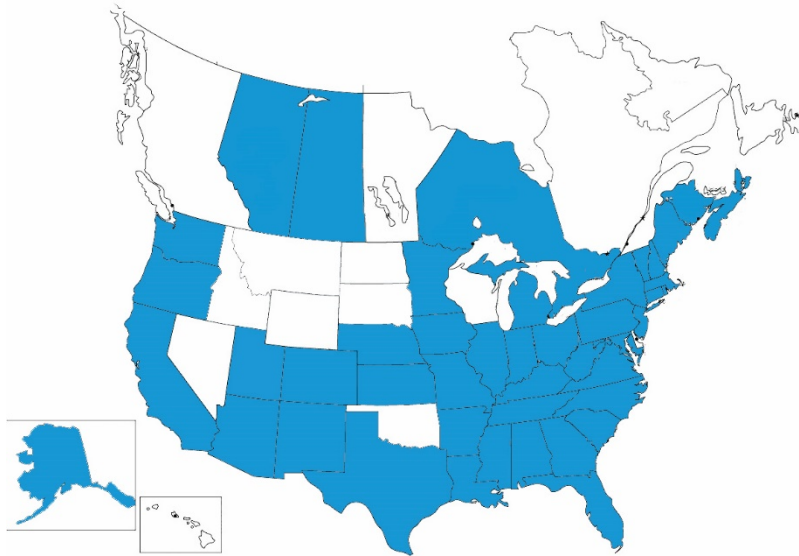
February 2016

# Southern Oregon University

2015 Backlog and Capital Renewal



*Robust membership includes colleges, universities, consortiums and state systems*



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Campus Profile

Backlog of Deferred Maintenance

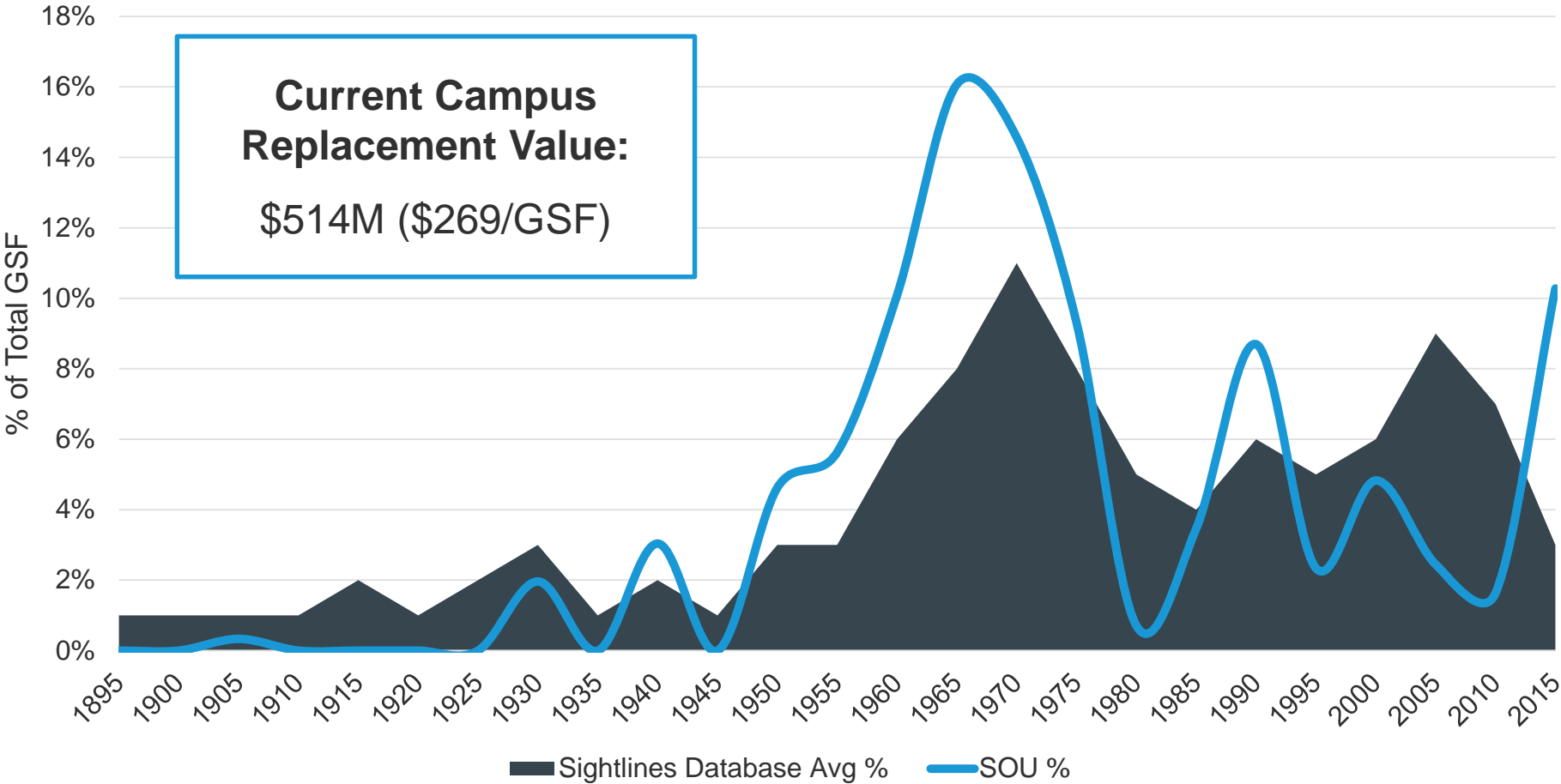
Future Capital Renewal

Recommendations

# Total Campus Space – 1.9M GSF

Major spikes of construction in 60s and more recent years

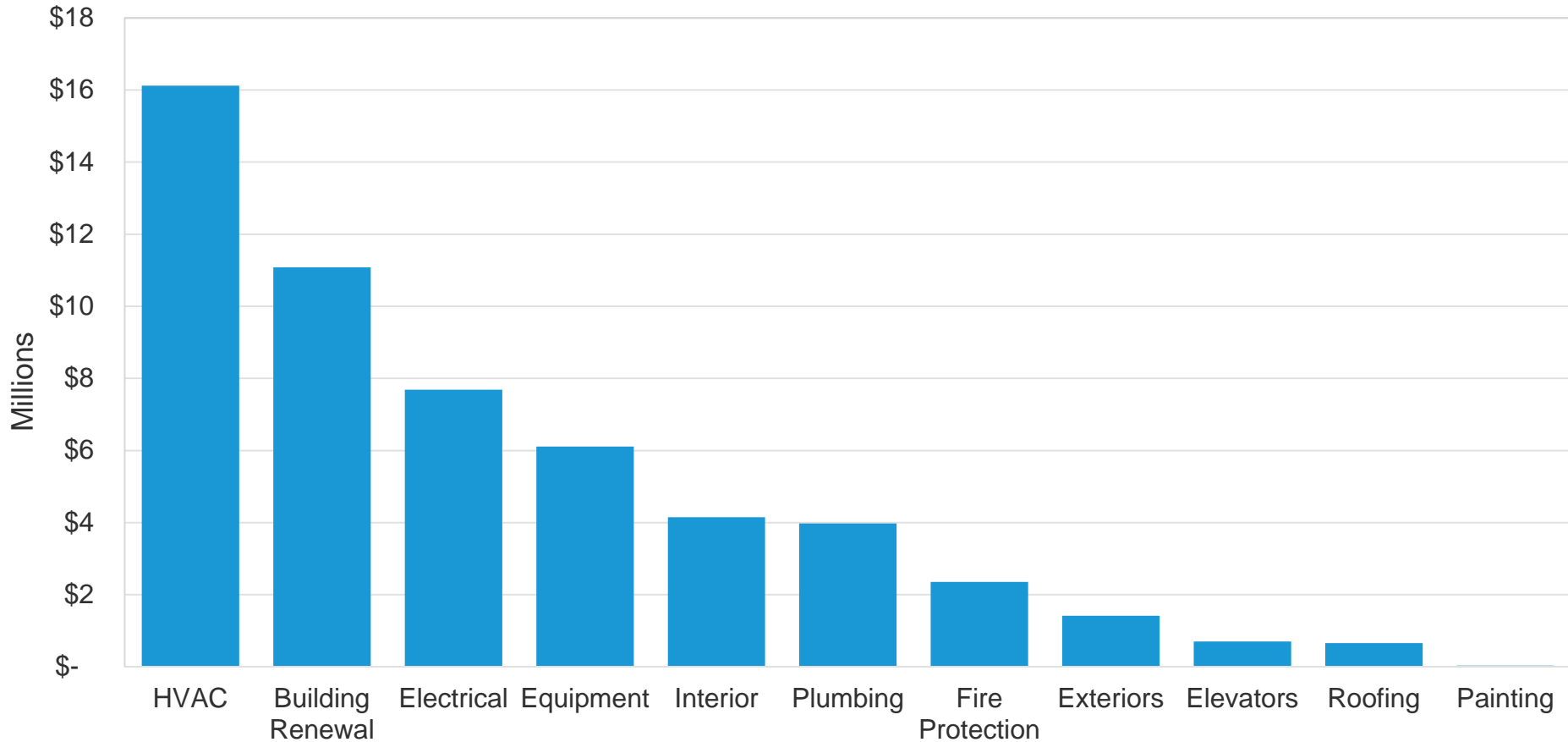
## History of Construction at SOU



# HVAC Systems Highest Need Category

Total Campus Replacement Value estimated at \$514M

## Backlog by Subsystem

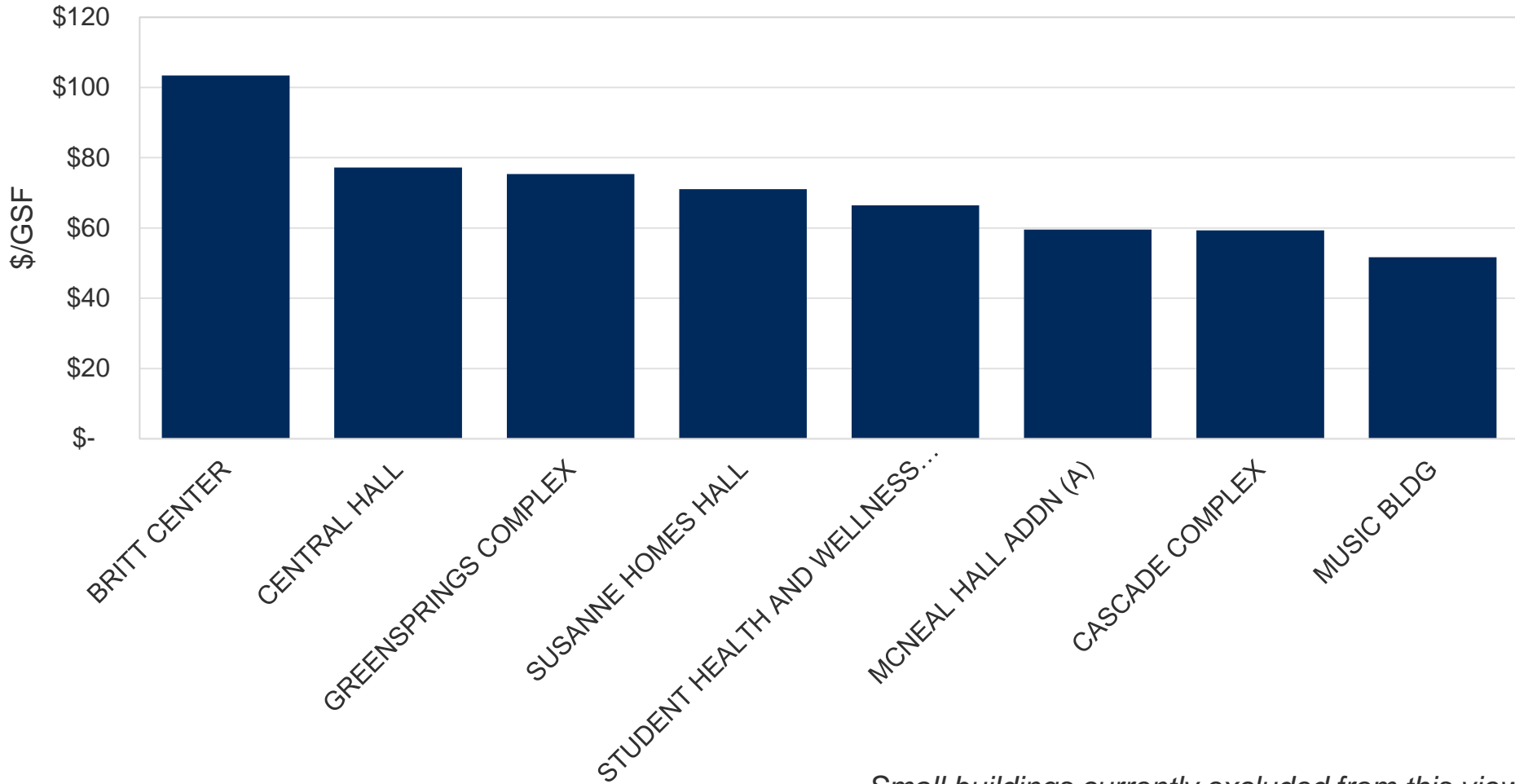


*Building Renewal represents backlog in small buildings (less than 10,000 GSF)*



# Britt Center Leads Total Backlog

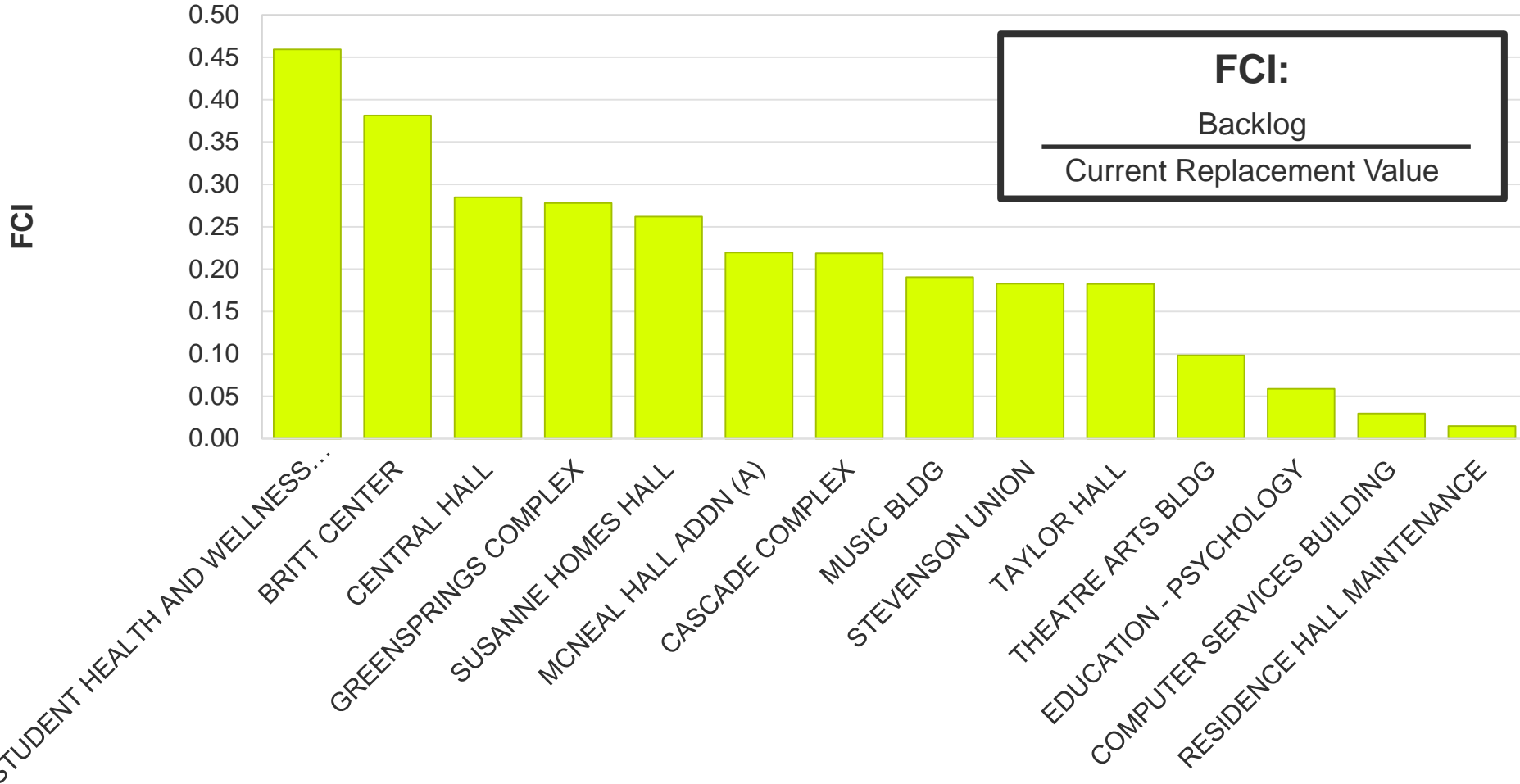
## Backlog by Building



*Small buildings currently excluded from this view*

# Facilities Condition Index Highlights Need

## Facilities Condition Index by Building



*Small buildings currently excluded from this view*

## State-Supported Space:

1. Britt Center – HVAC Dist. - \$1.2M
2. Taylor Hall – Electrical - \$1.2M
3. Britt Center – Electrical - \$1.2M
4. Central Hall – Electrical - \$1.0M
5. Music Building – Electrical - \$1.0M
6. Susanne Homes – HVAC Dist. - \$900k
7. Susanne Homes – Plumbing - \$800k
8. Student Health & Wellness - \$700k
9. Britt Center – Interior Finishes - \$600k
10. Central Hall – Interior Finishes - \$500k

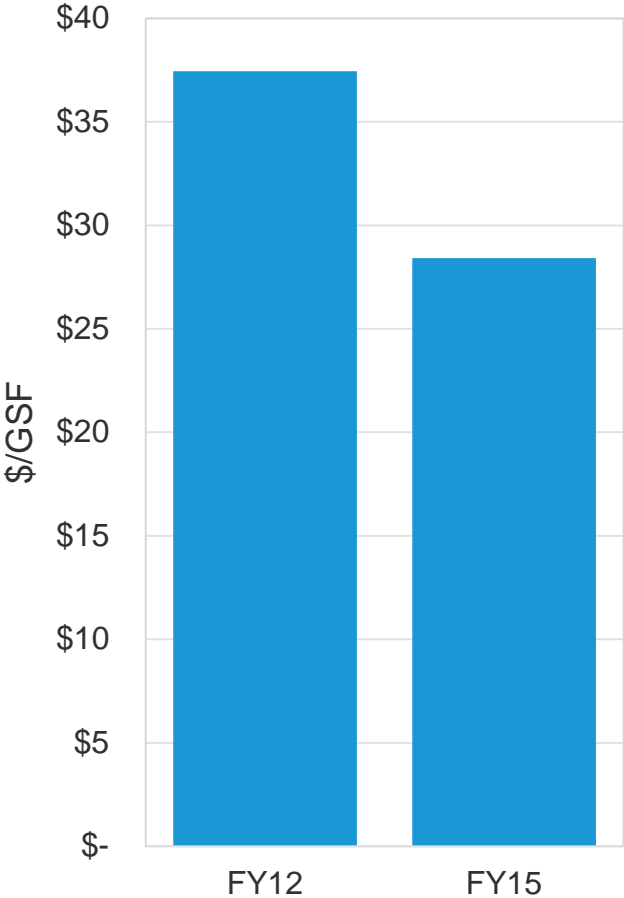
## Auxiliary Space:

1. Cascade Complex – HVAC Dist. - \$4.6M
2. Greensprings Complex – Plumbing - \$2.1M
3. Greensprings Complex – HVAC Dist. - \$2.0M
4. Cascade Complex – HVAC Equip. - \$2.0M
5. Stevenson Union – Electrical \$1.9M
6. Cascade Complex – Built-In Equip. - \$1.9M
7. Cascade Complex – Fire Protection - \$1.4M
8. Cascade Complex – HVAC Controls - \$1.2M
9. McNeal Addition – Electrical - \$1.1M
10. Stevenson Union – Interior Finishes - \$1.0M

# Impact of Science Hall Renovation

*Science Hall composed many of the most expensive projects*

## Backlog Progression



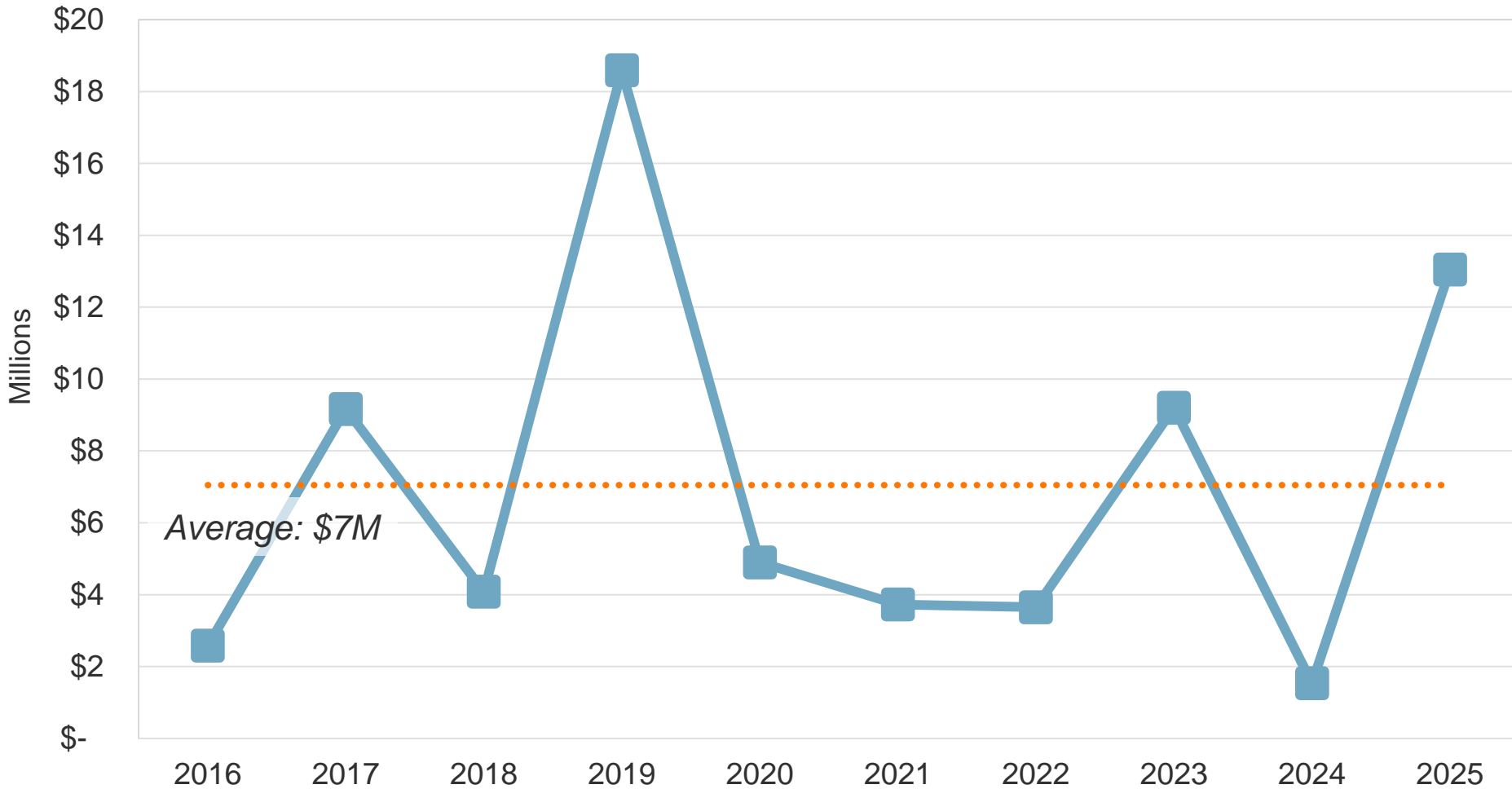
### *Previously in Backlog Addressed through Renovation*

- ~~1. Science Hall – Electrical - \$2.4M~~
- ~~2. Science Hall Addition – Electrical - \$1.3M~~
- ~~3. Science Hall – Interior Finishes – \$1.2M~~
- ~~4. Science Hall – Building Exteriors – \$1.1M~~
- ~~5. Science Hall – Built-In Equipment - \$1.1M~~

# Capital Renewal Forecast Shows Future Spikes

*Significant Peak in 2019*

## Capital Renewal 10-Year Forecast



2019

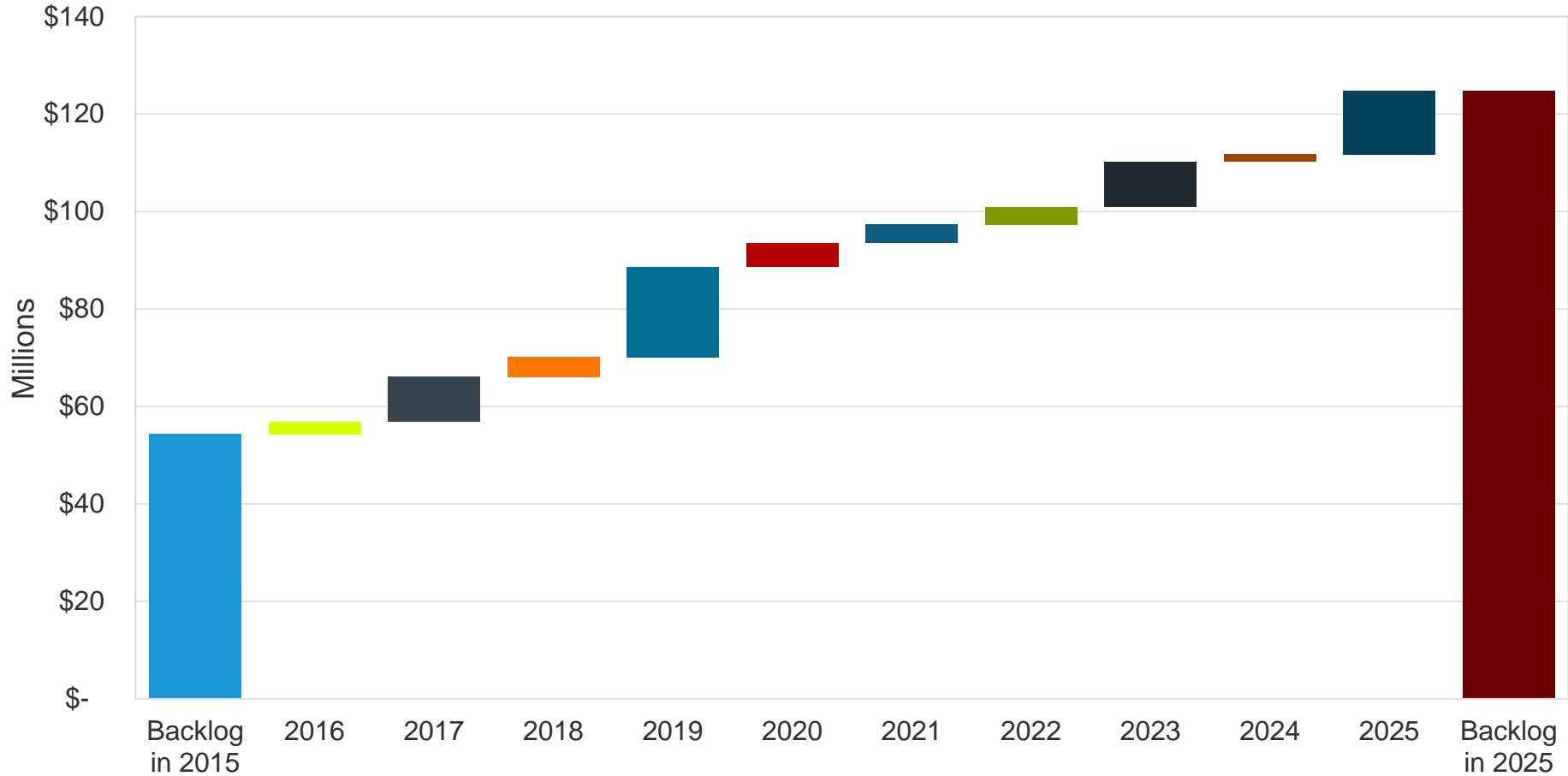
- > *74% of 2019 Renewal Need composed of projects in Cascade Complex:*
  1. Electrical Equipment - \$4.5M
  2. Plumbing - \$4.1M
  3. Building Exteriors - \$2.1M
  4. Power Wiring - \$2.0M
  5. Lighting - \$1.1M

# Recommendations

# Putting Backlog & Renewal Needs Together

*Investing in both Backlog & Renewal Need to manage future growth*

## Backlog Growth With No Investment\*



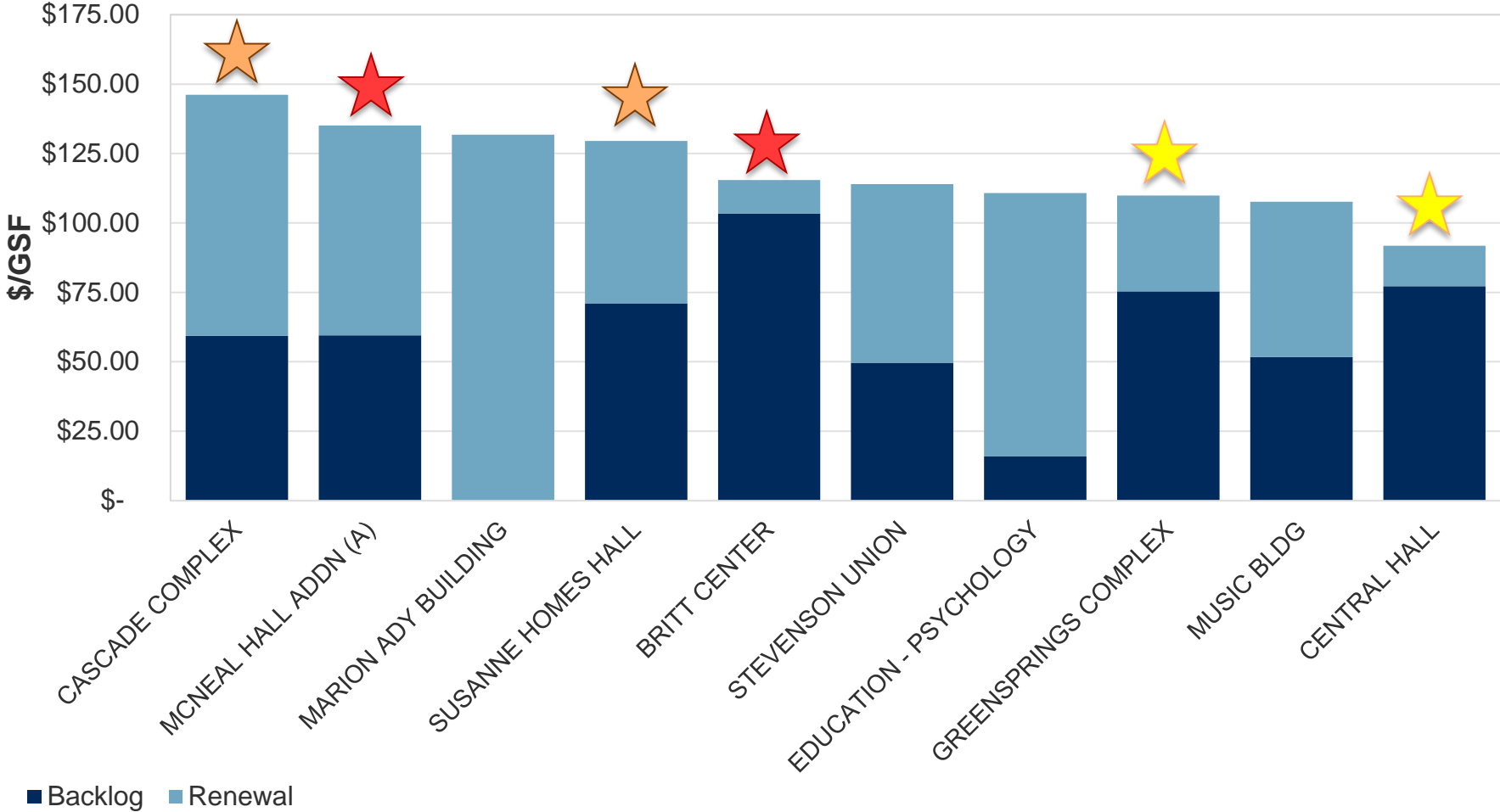
*\*All figures are in 2015 dollars*



# Top Buildings Considering All Needs

Science & Britt Center dominate investment needs

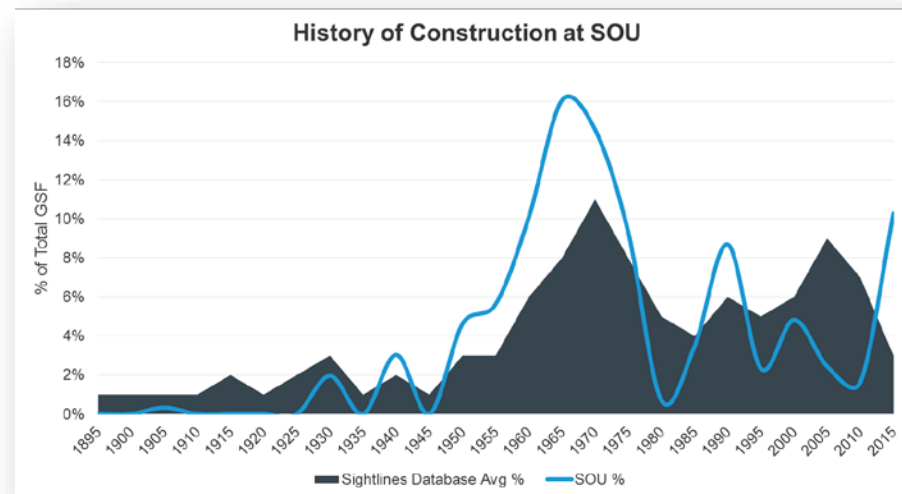
### Buildings with Highest \$/GSF Needs Over 10 Years



## > Systematic Renovations:

Due to the age distribution of the Southern Oregon University campus, as well as the biennial nature of state funding for capital projects, Sightlines recommends a systematic building renovation schedule that is prioritized by:

1. Impact on backlog and future capital renewal.
2. Consideration of programmatic initiatives and institutional mission. This will coordinate backlog/renewal efforts with modernization efforts and ensure limited capital is used as efficiently as possible.



> Based on data from backlog & capital renewal reporting, the building renovation schedule would be sequenced as follows\*:

**1. McNeal Addition**

> \$2.9M in Backlog; \$3.7M in Renewal

**2. Britt Center**

> \$5.1M in Backlog; \$600k in Renewal

**3. *Cascade Complex***

> \$11.5M in Backlog; \$16.9M in Renewal

**4. Susanne Homes Hall**

> \$2.8M in Backlog; \$2.3M in Renewal

\*Programmatic and mission input, scope of work and project budget should undergo due diligence

# Investment Report

## FY 2016 - Q2

# Report on Investments – as of December 31, 2015

## Market Background

*(Provided by Callan Associates, Oregon Investment Council consultant)*

## Macroeconomic Environment

The 2015 calendar year will be remembered for the long-awaited first Federal Reserve hike in nine years as well as a year of disappointing returns across asset classes, with plunging commodity and oil prices and uncertainty over the pace of China's slowdown being key forces. Painfully, no year since 1990 has seen more negative returns across equity and fixed income indices, oil and gold prices. While losses in 2008 were sharper, losses in 2015 were more broad-based. Despite the poor investment results, the U.S. economy remained a relatively bright spot in the global economy.

Real Gross Domestic Product (G.D.P.) growth in the U.S. for the third calendar quarter 2015 was a reasonable, while not spectacular, 2.0 percent (annualized). After a slow start to the year (1Q15 real G.D.P.: 0.6 percent), the second quarter print was more robust (2Q15: 3.9 percent) as weather-related headwinds abated. However, G.D.P. forecasts from the Federal Reserve have been declining given global headwinds and the persistent strength of the U.S. dollar. Federal Reserve expectations for growth in 2016 were 2.5 percent to 3.0 percent as of December, 2014 and have since been revised downward to 2.3 percent to 2.5 percent. Growth outside the U.S. remained stagnant in spite of continued accommodative policies from central banks (Japan 3Q15 G.D.P. 1.6 percent; Europe 3Q15 G.D.P. 1.6 percent). While China's growth rate remains high (3Q15: 6.9 percent), its slowdown has been apparent and weighed on economies elsewhere. China's growth rate was the slowest since the first calendar quarter of 2009 and to further highlight the magnitude of the deceleration, its growth averaged 10.9 percent from 1989 until 2015.

Central banks remained accommodative across the developed world. The "Big 4" central banks (U.S., U.K., Europe and Japan) expanded their collective balance sheet to \$11 trillion. Among developed countries, the U.S. stands alone (with the U.K. close behind) on a path of what are likely to be gradual rate hikes from the current 0.25 percent to 0.50 percent federal funds target. In December, the U.S. Federal Reserve imposed its first policy rate increase since 2006. Employment, residential investment and auto sales were bright spots in the U.S. while manufacturing continued to contract. Manufacturers, which account for roughly 12 percent of the U.S. economy, have suffered from weak global demand, a strong dollar and reduced capital spending from the energy sector. Conversely, low gas prices and a strengthening labor market propelled car sales to 17.5 million in 2015, surpassing the peak hit fifteen years ago. Unemployment continued to trend lower through 2015 from a 5.7 percent reading in January to 5.0 percent in November. Real wages firmed from very weak levels in recent years with year-over-year real wage growth up to nearly 2 percent as of November, 2015.

Inflation continued to fall short of the Federal Reserve's 2 percent target for the Personal Consumption Expenditures Index (1.3 percent 3Q) but trended higher over the course of the year. The trailing twelve-month Core Consumer Price Index (C.P.I.) was 1.6 percent in January of 2015 and by November, it had accelerated to 2.0 percent. Of course, the energy influence was enormous in 2015, as evidenced by the far more muted 0.4 percent reading for the Headline C.P.I., which includes food and energy. However, if/when energy prices stabilize, they will cease to have a disinflationary impact and begin to add volatility to Headline C.P.I. Across the pond, Europe saw more muted inflation with some countries experiencing deflation.

Oil prices continued to play a key role in market sentiment as well as performance. While much of the decline from the \$105/barrel level to today's (January 12, 2016) close at \$30.5/barrel West Texas Intermediate (W.T.I.) crude occurred in the second half of 2014, prices continued to fall in 2015. To start the year, spot prices were around \$52/barrel and have fallen about 40 percent to current levels. At this point, oil price forecasts are no more than guesses but the pain felt by the industry is certain and regardless of the path from here, the effects of the decline are readily apparent and will likely be felt for some time.

## **Equity Market Results**

Corporate profits before taxes fell 1.6 percent in the third quarter and 5.1 percent year-over-year. Against this backdrop, U.S. equities suffered their worst performance post 2008. News out of China played a pivotal role in stock market performance in 2015. The five worst performing days for the Standard & Poor's (S.&P.) 500 in 2015 came alongside negative news from China. Returns were highly concentrated both among names and by date in 2015. Without the now-famed "F.A.N.G.N.O.S.H." (Facebook, Amazon, Netflix, Google, Nike, O'Reilly Auto Parts, Starbucks and Home Depot), the S.&P. 500 would have been down for the year. Amazon and Netflix were the star performers, up more than 120 percent for the year. This performance belies much weaker results from the broader constituency. The S.&P. 500 Index declined 0.8 percent on a price-only basis, up 1.3 percent with dividends.

Large caps performed best as the Russell 1000 index returned 0.9 percent. Results worsened as one went down the capitalization path, Russell Midcap (-2.4 percent), Russell 2000 (-4.4 percent), Russell Microcap (-5.2 percent). Growth outperformed value across capitalization, and in large caps, growth outperformed value by the widest margin since the financial crisis, Russell 1000 Growth: 5.7 percent, Russell 1000 Value: (-3.8 percent). High quality outperformed low quality by more than 6 percent in 2015 (the most since 2011) with the vast majority of the margin coming in the turbulent third quarter. From a sector perspective, Consumer Discretionary and Health Care performed best (10.1 percent and 6.0 percent respectively) while Energy (-21.1 percent) and Materials (-8.4 percent) suffered the most.

Real Estate Investment Trusts (R.E.I.T.s) held up relatively well for the year and were among the better performing areas of the equity markets as the National Association of Real Estate Investment Trusts (N.A.R.E.I.T.) returned 3.2 percent. At the other end of the spectrum, Master Limited Partnerships (M.L.P.s) were an unmitigated disaster; hit by both lower energy prices and sharply higher cost of capital. Fears of distribution cuts and credit rating downgrades pushed the group to its worst performance since 2008 as represented by the Alerian M.L.P index declining (-32.6 percent).

Outside of the U.S., developed markets outperformed domestic by a wide margin when measured in local terms by the Morgan Stanley Capital Index – Europe, Australasia and Far East (M.S.C.I. E.A.F.E.) Local Index up 5.3 percent; however, the strength of the U.S. dollar pushed returns for unhedged U.S. investors into negative territory M.S.C.I. E.A.F.E. U.S. \$: (-0.8 percent). As in the U.S., growth sharply outperformed value in the developed world, M.S.C.I. E.A.F.E. Growth: 4.1 percent, Value: (-5.7 percent). Developed markets small cap was the top performer as the M.S.C.I. E.A.F.E. Smallcap Index returned a positive 9.6 percent. Conversely, emerging markets were a disaster and represented the worst performing area of global equities as the Morgan Stanley Capital Index – Emerging Markets (M.S.C.I. E.M.) Local slid (-5.6 percent). E.M. was also hurt by the U.S. dollar strength, M.S.C.I. E.M. U.S. \$ (-14.6 percent).

## **Fixed Income Market Results**

Yields rose throughout the fourth quarter as investors grew increasingly certain that the Federal Reserve would hike rates before year-end. Sentiment proved correct as the Federal Reserve raised the federal funds target from its seven-year "near zero" target to 0.25 percent to 0.50 percent at its December meeting. The yield on the ten-year Treasury rose twenty-one basis points over the quarter and closed the year at 2.27 percent, up eleven basis points from December 31, 2014. The Barclays Aggregate Index was down modestly for the quarter (-0.6 percent) but up slightly for the year 0.6 percent, thanks to coupon payments. Investment grade credit and mortgages outperformed like-duration U.S. Treasuries for the quarter but underperformed for the full year. Declining commodity prices and negative sentiment continued to take a toll on high yield corporates. The Barclays High Yield Index was down (-2.1 percent) for the quarter bringing its 2015 loss to 4.5 percent. The Energy component, which comprises 11 percent of the Index, bore the brunt of the pain with returns of (-12.9 percent) for the quarter and (-23.6 percent) for the full year. Municipal bonds outperformed taxable bonds for the quarter and the year. A favorable technical picture contributed to the results as supply was down 10 percent from the third quarter while flows into mutual funds attracted inflows for thirteen consecutive weeks. The Barclays Municipal Bond Index returned 1.5 percent for the quarter bringing the full year return to 3.3 percent. The shorter duration Barclays One-Ten Year Blend posted a 0.8 percent fourth quarter return and was up 2.5 percent for 2015.

Outside of the U.S., the strength of the U.S. dollar was reflected in the outperformance of hedged indices versus their unhedged counterparts. The U.S. dollar climbed nearly 3 percent versus the euro and pound with more modest appreciation of 0.4 percent relative to the yen. Versus a trade-weighted basket of major currencies, the dollar was up 2.3 percent for the calendar quarter and 8.2 percent for the year. Yields dropped in Italy, Spain and Japan but were otherwise flat to modestly higher in other developed markets. The Barclays Global Aggregate Index (unhedged) returned (-0.9 percent) in the fourth calendar quarter. Hedged in U.S. dollars, the Index was up 0.1 percent. Results for the year were 1.0 percent and (-3.2 percent) hedged and unhedged, respectively. Emerging markets debt staged a comeback in the fourth quarter with the dollar-denominated J.P. Morgan – Emerging Market Bond Index (J.P.M. E.M.B.I.) up 1.3 percent. The local currency-denominated J.P. Morgan Government Bond Index - Emerging Markets (J.P.M. G.B.I.-E.M.) Index was flat for the calendar quarter but remained down nearly 15 percent for the year, far worse than the 1.2 percent return for the dollar-denominated Index.

## **Other Asset Results**

Commodity returns were no less than terrible in 2015, led lower by the energy complex. Indeed, all major groups suffered substantial declines. The energy-heavy S.&P. G.S.C.I. (formerly the Goldman Sachs Commodity Index) fell nearly 33 percent while the more balanced Bloomberg Commodity Index (B.C.I.) slipped 25 percent. Brent Crude and West Texas Intermediate (W.T.I.) Crude fell 45.6 percent and 44.4 percent, respectively. Cotton was the only contract within the B.C.I. to post a gain in 2015, a muted 3 percent. Gold fell 11 percent to close the year at around \$1,060/ounce, near a six-year low.

Hedge funds failed to provide a bright spot for investors. The Hedge Fund Research Index - Fund Weighted Composite (H.F.R.I. F.W.C.) underperformed both stocks and bonds in 2015 H.F.R.I. F.W.C.: (-0.85 percent). Hedge Fund of Funds performed slightly better; however, still ended the year with a loss as posted by the Hedge Fund Research Index – Fund of Funds H.F.R.I. F.o.F. down (-0.36 percent). Volatility was the year's big winner from a strategy perspective Hedge Fund Research Index – Relative Value H.F.R.I. R.V. Volatility: 7.0 percent

while Yield Alternatives were the worst performers H.F.R.I. R.V. Yield Alternatives: (-16.5 percent) due in large part to heavy exposure to M.L.P.s.

### **Closing Thoughts**

While there is no longer uncertainty as to the timing of a rate hike in the U.S., the pace and magnitude of future rate hikes remains unknown. Concerns over China's slowing growth are likely to weigh on the markets and the price of oil has not yet convincingly found a bottom. With expectations for continued volatility, prudent asset allocation and risk assessment based on future capital needs for both plan sponsors and individual investors remain Callan's recommended course.

### **Public University Fund**

*(Prepared by the Public University Fund Administrator)*

The Public University Fund (P.U.F.) earned a total return of (-0.2) percent for the fiscal quarter ended December 31, 2015. During the quarter, the Oregon Short-Term Fund (O.S.T.F.), the Oregon Intermediate-Term Pool (O.I.T.P.) and the Long-Term Pool (L.T.P.) all outperformed their benchmarks by 10 basis points.

In late October, a fiscal second quarter P.U.F. investment performance review was conducted by Oregon State Treasury Fixed Income Portfolio Manager, Tom Lofton, with University staff and its investment advisor. The fixed income markets experienced performance volatility during the quarter as Treasury yields rose ahead of the Federal Reserve's interest rate hike in December and investor sentiment towards higher yielding corporate bonds grew increasingly negative. Mr. Lofton used the price volatility during the quarter to purchase fixed income securities with longer average maturities, increasing the O.I.T.P and L.T.P. portfolio duration to 2.5 and 4.0 respectively, compared to 2.1 and 3.2 respectively, at the end of the prior quarter.

### **Southern Oregon University Endowment Fund**

*(Prepared by University Shared Services)*

The SOU Endowment Fund returned 3.4 percent during the second quarter of fiscal year 2016, exceeding the policy benchmark by 10 basis points, ending the second quarter with a market value of \$2,082,094.

The Endowment Fund is allocated 28.5 percent to the Western Asset Core Plus Bond Fund and 71 percent to the BlackRock A.C.W.I. I.M.I index fund. For the three months ended December 31, the Western Asset account outperformed the benchmark by approximately 80 basis points and the BlackRock A.C.W.I outperformed the benchmark by 10 basis points.



## Southern Oregon University

### Investment Summary as of December 31, 2015 (Net of Fees)

	Quarter Ended 12/31/2015	Prior Fiscal YTD	Current Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Range
<b>SOU Operating Assets Invested in Public University Fund</b>									
Oregon Short - Term Fund	0.1%	0.3%	0.3%	0.5%	0.6%	1.8%	\$ 9,877,774	39.2%	1
Benchmark - 91 day T-Bill	0.0%	0.0%	0.0%	0.1%	0.1%	1.3%			
Oregon Intermediate - Term Pool	-0.6%	0.5%	0.0%	N/A	N/A	N/A	9,543,517	37.8%	1
Benchmark - Barclay's U.S. Aggregate 3-5 Yrs.	-0.7%	0.5%	0.3%	1.1%	1.6%				
<sup>2</sup> Combined Historical Returns				1.3%	2.6%				
P.U.F. Long - Term Pool	-0.4%	1.4%	0.5%	N/A	N/A	N/A	5,803,329	23.0%	1
Benchmark - Barclays' U.S. Aggregate 5-7 Yrs.	-0.5%	1.7%	1.6%	1.3%	3.5%				
<sup>2</sup> Combined Historical Returns				1.5%	3.8%				
Total Public University Fund Investment	-0.2%	0.7%	0.3%				<u>\$ 25,224,620</u>	<u>100.0%</u>	
<b>SOU Endowment Assets</b>									
BlackRock A.C.W.I. I.M.I. B	5.0%	0.0%	-5.0%	8.2%	6.5%	N/A	\$ 1,479,048	71.0%	
Benchmark - M.S.C.I. A.C.W.I. I.M.I. Net	4.9%	0.0%	-5.2%	7.9%	6.1%				
Western Asset Core Plus Bond Fund	0.2%	1.6%	1.0%	2.6%	4.6%	5.7%	593,001	28.5%	
Benchmark - Barclays Aggregate Index	-0.6%	2.0%	0.7%	1.4%	3.3%	4.5%			
Cash	0.1%	0.3%	0.3%	0.5%	0.6%	1.8%	3,173	0.1%	
Benchmark - 91 day T-Bill	0.0%	0.0%	0.0%	0.1%	0.1%	1.3%			
							<u>2,075,222</u>	<u>99.6%</u>	
Arrowstreet Tax Reclaim Receivable							6,872	0.4%	
Total SOU Endowment Assets	3.4%	1.6%	-2.8%	7.4%	7.1%	5.0%	<u>\$ 2,082,094</u>	<u>100.0%</u>	
<sup>3</sup> Recommended Policy Benchmark	3.3%	N/A	-3.3%	N/A	N/A	N/A			

<sup>1</sup> The Public University Fund (P.U.F.) policy guidelines define investment allocation targets based upon total participant dollars committed. Core balances in excess of liquidity requirements for the participants are available for investment in the Intermediate-Term Pool and the Long-Term Pool.

Maximum core investment allocations are determined based upon anticipated average cash balances for all participants during the fiscal year.

<sup>2</sup> The historical returns presented combine the investment returns from the predecessor fund with the investment returns of the P.U.F., for investments with an identical mandate. The predecessor fund commingled all public universities operating assets into a cash and investment pool.

<sup>3</sup> Recommended Policy Benchmark Composition: 70% M.S.C.I. A.C.W.I. I.M.I. Net, 30% Barclays Aggregate Bond Index.

**Note: Outlined returns underperformed their benchmark.**

# Enrollment Update

*Materials for this section updated 02/15*

**Undergraduate Course SCH\* by Department**  
**Winter 2015 Week Ending 2/15/15 vs. Winter 2016 Week Ending 2/14/16**  
**6 Weeks After Start of Term**

Department	Winter 2015	Winter 2016	Change	% Change
Art	2,426	1,519	-907	-37.4%
Creative Writing	496	569	73	14.7%
Emerging Media & Digital Art	1,193	1,423	230	19.3%
Music	1,362	1,395	33	2.4%
Theatre	2,381	2,567	186	7.8%
<b>Subtotal - Oregon Center for the Arts</b>	<b>7,858</b>	<b>7,473</b>	<b>-385</b>	<b>-4.9%</b>

Education	2,432	2,449	17	0.7%
Health and Physical Education	2,176	2,111	-65	-3.0%
Outdoor Adventure Leadership	587	667	80	13.6%
Military Science	124	122	-2	-1.6%
<b>Subtotal - Education, Health and Leadership</b>	<b>5,319</b>	<b>5,349</b>	<b>30</b>	<b>0.6%</b>

Criminology and Criminal Justice	2,408	2,408	-	0.0%
Economics	948	952	4	0.4%
Geography	284	188	-96	-33.8%
History	1,427	1,519	92	6.4%
Political Science	697	835	138	19.8%
Psychology	4,196	4,275	79	1.9%
Sociology/Anthropology	1,716	1,910	194	11.3%
<b>Subtotal - Social Sciences</b>	<b>11,676</b>	<b>12,087</b>	<b>411</b>	<b>3.5%</b>

Gen Ed and House Experience	605	525	-80	-13.2%
Honors College	217	290	73	33.6%
Learning Commons	40	-	-40	-100.0%
Success at Southern	32	38	6	18.8%
Undergraduate Studies	287	248	-39	-13.6%
University Seminar	2,528	3,248	720	28.5%
<b>Subtotal - Undergraduate Studies</b>	<b>3,709</b>	<b>4,349</b>	<b>640</b>	<b>17.3%</b>

Department	Winter 2015	Winter 2016	Change	% Change
Biology	2,322	2,890	568	24.5%
Chemistry	1,200	1,605	405	33.8%
Computer Science	1,064	1,212	148	13.9%
Mathematics	3,546	3,606	60	1.7%
Physics	915	958	43	4.7%
<b>Subtotal - STEM Division</b>	<b>9,047</b>	<b>10,271</b>	<b>1,224</b>	<b>13.5%</b>

Business	6,114	6,359	245	4.0%
Communication	2,336	2,849	513	22.0%
Environmental Studies	1,561	1,110	-451	-28.9%
<b>Subtotal - Division of BCE</b>	<b>10,011</b>	<b>10,318</b>	<b>307</b>	<b>3.1%</b>

English	1,491	1,370	-121	-8.1%
Gender, Sexuality, and Women's Studies	68	165	97	142.6%
International Studies	148	152	4	2.7%
Native American Studies	258	244	-14	-5.4%
Philosophy	1,065	918	-147	-13.8%
Foreign Languages & Literatures	1,928	1,958	30	1.6%
<b>Subtotal - Humanities and Culture</b>	<b>4,958</b>	<b>4,807</b>	<b>-151</b>	<b>-3.0%</b>

Library Science	-	-	-	
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<b>Physical Education Activities</b>	<b>753</b>	<b>682</b>	<b>-71</b>	<b>-9.4%</b>
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<b>Total Undergraduate</b>	<b>53,331</b>	<b>55,336</b>	<b>2,005</b>	<b>3.8%</b>
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<b>Total Undergraduate + Graduate</b>	<b>57,006</b>	<b>59,038</b>	<b>2,032</b>	<b>3.6%</b>
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\* SCH = Student Credit Hours

**Graduate Course SCH\* by Department**  
**Winter 2015 Week Ending 2/15/15 vs. Winter 2016 Week Ending 2/14/16**  
**6 Weeks 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	6	3	100.0%
<b>Subtotal - Oregon Center for the Arts</b>	<b>98</b>	<b>106</b>	<b>8</b>	<b>8.2%</b>

Education	2,086	2,151	65	3.1%
Health and Physical Education	14	6	-8	-57.1%
Outdoor Adventure Leadership	8	6	-2	-25.0%
Military Science	-	-	-	
<b>Subtotal - Education, Health and Leadership</b>	<b>2,108</b>	<b>2,163</b>	<b>55</b>	<b>2.6%</b>

Criminology and Criminal Justice	-	4	4	
Economics	-	-	-	
Geography	-	-	-	
History	-	-	-	
Political Science	-	-	-	
Psychology	463	543	80	17.3%
Sociology/Anthropology	4	4	-	0.0%
<b>Subtotal - Social Sciences</b>	<b>467</b>	<b>551</b>	<b>84</b>	<b>18.0%</b>

<b>Master in Interdisciplinary Studies</b>	<b>38</b>	<b>21</b>	<b>-17</b>	<b>-44.7%</b>
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\* SCH = Student Credit Hours

Department	Winter 2015	Winter 2016	Change	% Change
Biology	120	75	-45	-37.5%
Chemistry	-	-	-	
Computer Science	16	20	4	25.0%
Mathematics	34	22	-12	-35.3%
Physics	-	-	-	
<b>Subtotal - STEM Division</b>	<b>170</b>	<b>117</b>	<b>-53</b>	<b>-31.2%</b>

Business	195	338	143	73.3%
Master in Business Administration	252	237	-15	-6.0%
Master in Management	234	36	-198	-84.6%
Communication	18	5	-13	-72.2%
Environmental Studies	7	36	29	414.3%
<b>Subtotal - Division of BCE</b>	<b>706</b>	<b>652</b>	<b>-54</b>	<b>-7.6%</b>

English	8	-	-8	-100.0%
Gender, Sexuality, and Women's Studies	8	-	-8	-100.0%
International Studies	-	-	-	
Native American Studies	-	8	8	
Philosophy	-	-	-	
Foreign Languages & Literatures	72	84	12	16.7%
<b>Subtotal - Humanities and Culture</b>	<b>88</b>	<b>92</b>	<b>4</b>	<b>4.5%</b>

<b>Total Graduate</b>	<b>3,675</b>	<b>3,702</b>	<b>27</b>	<b>0.7%</b>
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<b>Total Undergraduate + Graduate</b>	<b>57,006</b>	<b>59,038</b>	<b>2,032</b>	<b>3.6%</b>
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**Enrolled Student Headcounts**  
**Winter 2015 Week Ending 2/15/15 vs. Winter 2016 Week Ending 2/14/16**  
**6 Weeks After Start of Term**

	Winter 2015	Winter 2016	Change	% Change	Winter 2015 End of Term	Change	% Change
First Year Students	26	23	-3	-11.5%	26	-3	-11.5%
New Transfers	115	125	10	8.7%	117	8	6.8%
New PostBacs/Graduates	34	39	5	14.7%	34	5	14.7%
<b>Subtotal - New Students</b>	<b>175</b>	<b>187</b>	<b>12</b>	<b>6.9%</b>	<b>177</b>	<b>10</b>	<b>5.6%</b>
Continuing Students	4,233	4,268	35	0.8%	4,293	-25	-0.6%
Returning after Absence	162	157	-5	-3.1%	104	53	51.0%
Non-Admitted	611	760	149	24.4%	1,261	-501	-39.7%
<b>Grand Total - Headcount</b>	<b>5,181</b>	<b>5,372</b>	<b>191</b>	<b>3.7%</b>	<b>5,835</b>	<b>-463</b>	<b>-7.9%</b>
<b>Grand Total - FTE</b>	<b>3,872</b>	<b>4,005</b>	<b>133</b>	<b>3.4%</b>	<b>4,083</b>	<b>-78</b>	<b>-1.9%</b>
Resident	3,552	3,585	33	0.9%	4,148	-563	-13.6%
Non-Resident	1,629	1,787	158	9.7%	1,687	100	5.9%
International	134	139	5	3.7%	134	5	3.7%
American Indian/Alaskan Native	56	59	3	5.4%	55	4	7.3%
Asian	91	92	1	1.1%	96	-4	-4.2%
Black/African American	106	119	13	12.3%	108	11	10.2%
Hispanic/Latino	452	487	35	7.7%	465	22	4.7%
Pacific Islander	23	19	-4	-17.4%	23	-4	-17.4%
North African, Middle Eastern, Other	30	28	-2	-6.7%	31	-3	-9.7%
Two or More Races	349	419	70	20.1%	352	67	19.0%
<b>Subtotal - Students of Color (race &amp; ethnicity)</b>	<b>1,107</b>	<b>1,223</b>	<b>116</b>	<b>10.5%</b>	<b>1,130</b>	<b>93</b>	<b>8.2%</b>
White	3,038	2,920	-118	-3.9%	3,077	-157	-5.1%
Unknown*	902	1,090	188	20.8%	1,494	-404	-27.0%
Alaska	78	79	1	1.3%	78	1	1.3%
California	943	1,067	124	13.1%	985	82	8.3%
Hawaii	99	106	7	7.1%	99	7	7.1%
Idaho	28	29	1	3.6%	28	1	3.6%
Washington	149	152	3	2.0%	149	3	2.0%
All Other States	230	249	19	8.3%	241	8	3.3%

\*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 2/15/15 vs. Winter 2016 Week Ending 2/14/16**  
**6 Weeks After Start of Term**

<b>Tuition Category</b>	<b>Winter 2015</b>	<b>Winter 2016</b>	<b>Change</b>	<b>% Change</b>
UG WUE	13,807	15,294	1,487	10.8%
UG Resident	28,460	28,174	-286	-1.0%
UG Non-resident	1,521	1,500	-21	-1.4%
UG Online	6,478	6,644	166	2.6%
<b>Subtotal - Undergraduates</b>	<b>50,266</b>	<b>51,612</b>	<b>1,346</b>	<b>2.7%</b>
GR Resident	736	752	16	2.2%
GR Non-resident	471	484	13	2.8%
GR Online	394	290	-104	-26.4%
GR Education Differential	1,598	1,694	96	6.0%
<b>Subtotal - Graduates</b>	<b>3,199</b>	<b>3,220</b>	<b>21</b>	<b>0.7%</b>
Staff Rates	804	726	-78	-9.7%
Waived Tuition	653	690	37	5.7%
Course Based Tuition	524	613	89	17.0%
Advanced Southern Credit	1,548	2,148	600	38.8%
Early Entry HS	12	29	17	141.7%
<b>Grand Total - SCH</b>	<b>57,006</b>	<b>59,038</b>	<b>2,032</b>	<b>3.6%</b>

\* SCH = Student Credit Hours

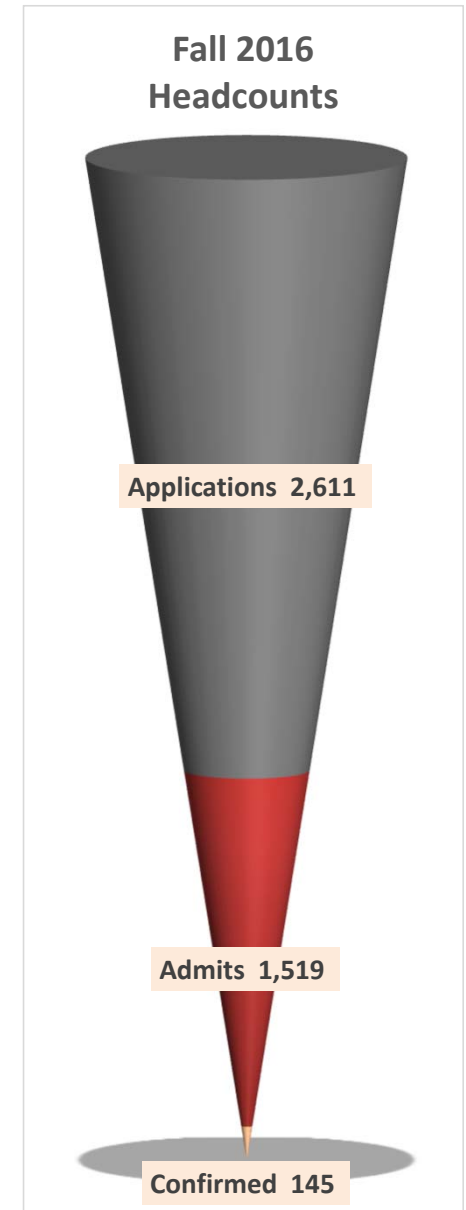
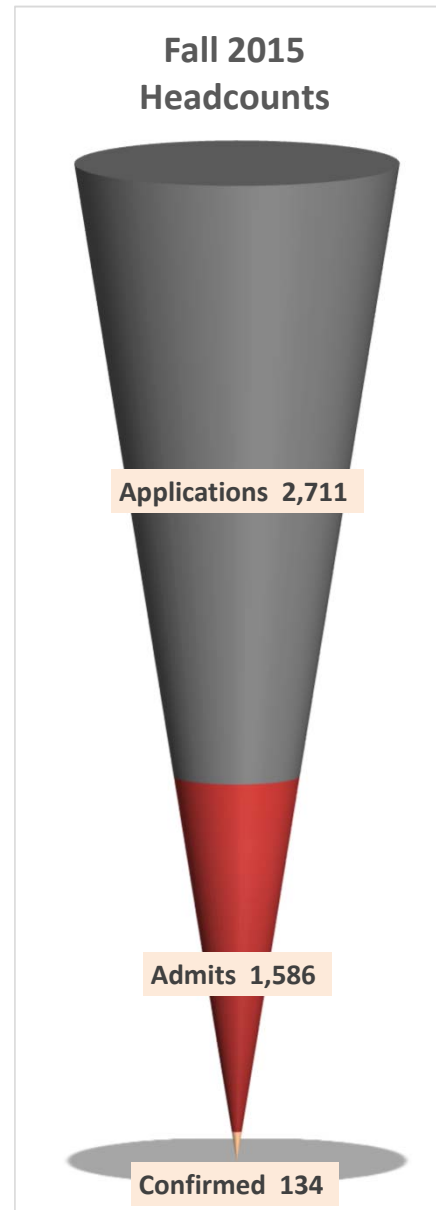
**Funnel Report: Headcount by Student Type**  
**Fall 2015 Week Ending 2/15/15 vs. Fall 2016 Week Ending 2/14/16**  
**32 Weeks From Start of Term**

<b>Applications</b>				
<b>Student Type</b>	<b>Fall 2015</b>	<b>Fall 2016</b>	<b>Change</b>	<b>% Change</b>
Freshmen - Resident	917	844	-73	-8.0%
Freshmen - Nonresident	1,354	1,283	-71	-5.2%
Transfer - Resident	129	132	3	2.3%
Transfer - Nonresident	193	163	-30	-15.5%
Postbacs/Grads	118	189	71	60.2%
<b>Total</b>	<b>2,711</b>	<b>2,611</b>	<b>-100</b>	<b>-3.7%</b>

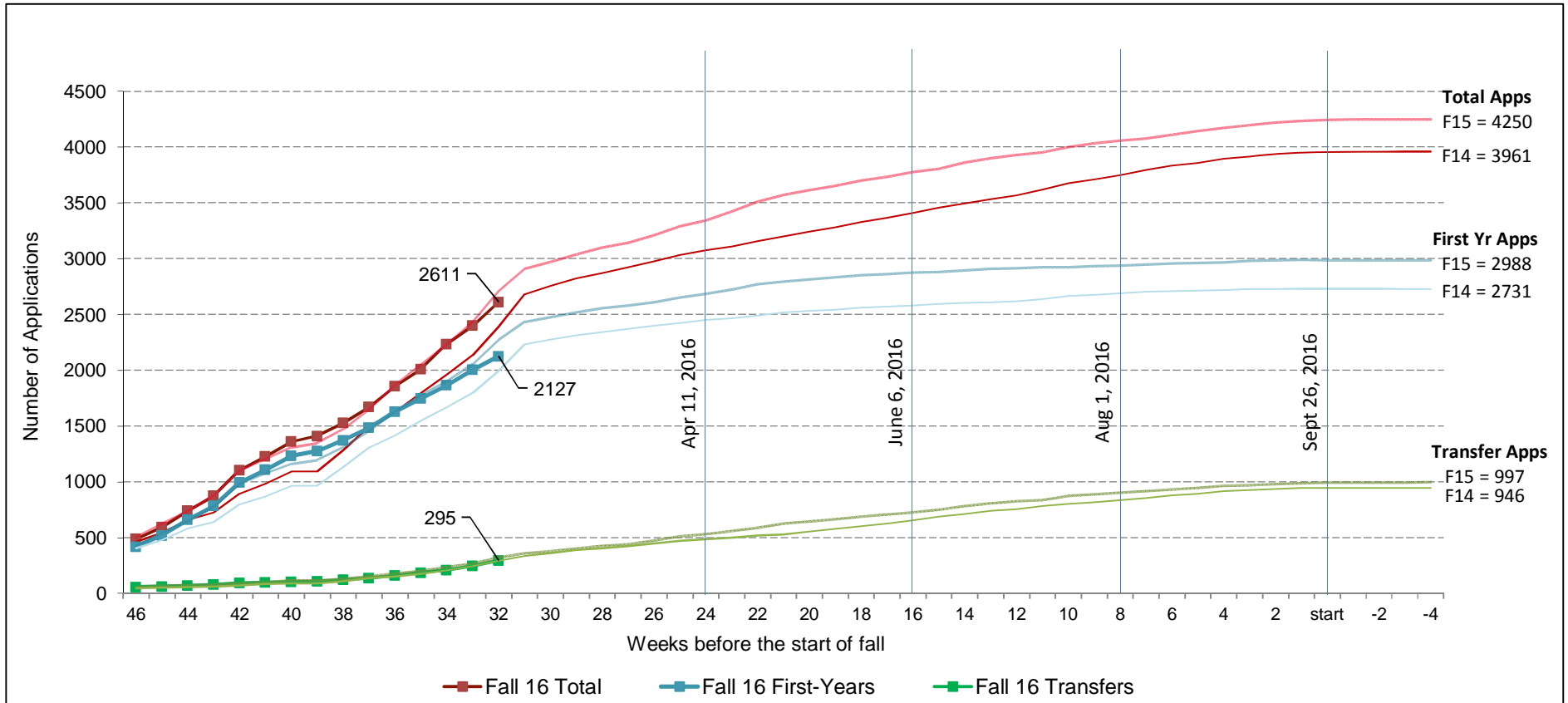
<b>Admits</b>				
<b>Student Type</b>	<b>Fall 2015</b>	<b>Fall 2016</b>	<b>Change</b>	<b>% Change</b>
Freshmen - Resident	541	525	-16	-3.0%
Freshmen - Nonresident	848	840	-8	-0.9%
Transfer - Resident	74	66	-8	-10.8%
Transfer - Nonresident	115	81	-34	-29.6%
Postbacs/Grads	8	7	-1	-12.5%
<b>Total</b>	<b>1,586</b>	<b>1,519</b>	<b>-67</b>	<b>-4.2%</b>

<b>Confirmed (e.g. deposit paid)</b>				
<b>Student Type</b>	<b>Fall 2015</b>	<b>Fall 2016</b>	<b>Change</b>	<b>% Change</b>
Freshmen - Resident	46	25	-21	-45.7%
Freshmen - Nonresident	49	80	31	63.3%
Transfer - Resident	11	15	4	36.4%
Transfer - Nonresident	20	18	-2	-10.0%
Postbacs/Grads	8	7	-1	-12.5%
<b>Total</b>	<b>134</b>	<b>145</b>	<b>11</b>	<b>8.2%</b>

<b>Enrolled</b>				
<b>Student Type</b>	<b>Fall 2015</b>	<b>Fall 2016</b>	<b>Change</b>	<b>% Change</b>
Freshmen - Resident	-	-	-	-
Freshmen - Nonresident	-	-	-	-
Transfer - Resident	-	-	-	-
Transfer - Nonresident	-	-	-	-
Postbacs/Grads	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Funnel Report: Application Activity**  
**Fall 2016 Week Ending 2/14/16**  
**32 Weeks Before Start of Term**



\* Total applications also includes grad/post bac category not charted above



# Year-end Projections / Pro-forma

**Periodic Report Summary  
As of January 31, 2016**

**Opening comments**

**Education & General:**

- **Ending balance** with E&G is forecast to finish at 11.5%. Up .6% from the Initial Budget.
- **Tuition Revenue:** Continued gains in enrollment: Up 2.7% compared to 2.0% in fall term. Changes in enrollment mix saw gains in Resident Grad student revenues during the winter term with enrollment up 11% for winter.
- **Labor & S&S:** both remain in line with prior projections.
- **Transfers:** Adjustment in transfers coming from NCV related to prior year (\$151k)

**Auxiliary Enterprises:**

- With the exceptions of increased spending associated with added post-season athletic travel, overall ending fund balance positions are forecast to be only slightly down from the initial budgets (-5.8% compared to -5.4%). Post-season athletic travel is a little over \$600k to date.
- **S&S Revenues:** Continued growth in Housing occupancy for winter term (up 100 students), was offset by increases in labor and S&S spending (excluding athletic travel).
- **Labor:** General budgeted pay increases plus increased spending in athletic programs, along with greater spending on student wages for Housing maintenance activities.
- **S&S:** Additional increases largely due to Athletic post-season travel activities.

**Designated Operations Service Centers:**

- Both revenue, plus net transfers, are forecast to offset expenses and hold the ending fund balance at the projected 21% level, consistent with where they began the year.

Budget Forecast

(in thousands except enrollment)	FY2015 Final Results	FY2016 Initial Budget	% Change	FY2016 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
<b>EDUCATION &amp; GENERAL</b>								
State General Fund	\$ 17,065	\$ 20,393	20%	\$ 20,393		\$ -	0%	(1)
Tuition & Resource Fees, net of Remissions	33,043	33,672	2%	34,690		1,018	3%	(2)
Other	1,915	1,863	-3%	2,073		210	11%	(3)
<b>Total Revenues</b>	<u>\$ 52,023</u>	<u>\$ 55,927</u>	8%	<u>\$ 57,156</u>	70.7%	<u>\$ 1,228</u>	2%	
Personnel Services	\$ 42,953	\$ 45,447	6%	\$ 46,034		\$ 587	1%	(4)
Supplies & Services & Capital Outlay	8,054	8,472	5%	8,908		436	5%	(5)
<b>Total Expenditures</b>	<u>\$ 51,007</u>	<u>\$ 53,919</u>	6%	<u>\$ 54,942</u>		<u>\$ 1,023</u>	2%	
<b>Net from Operations</b>	\$ 1,016	\$ 2,008		\$ 2,214		\$ 205		
Net Transfers In (Out)	1,942	(652)	-134%	(427)		225	-35%	(6)
Fund Additions/(Deductions)	56	-		0		0		
Change in Fund Balance	\$ 3,013	\$ 1,357		\$ 1,787		\$ 430		
<b>Beginning Fund Balance</b>	1,745	4,758		4,758		0		
<b>Ending Fund Balance</b>	<u>\$ 4,758</u>	<u>\$ 6,115</u>		<u>\$ 6,545</u>		<u>\$ 430</u>		
<b>Ending FB as a % Operating Revenues</b>	9.1%	10.9%		11.5%				
Student FTE Enrollment	4,398	4,354	-1.0%	4,471			2.7%	
<b>AUXILIARY ENTERPRISES (Including North Campus Village)</b>								
Enrollment Fees	\$ 5,219	\$ 5,043	-3%	\$ 5,556		\$ 513	10%	(7)
Sales & Services	10,605	10,883	3%	11,861		978	9%	(8)
Other	1,679	1,914	14%	1,811		(103)	-5%	(9)
<b>Total Revenues</b>	<u>\$ 17,503</u>	<u>\$ 17,840</u>	2%	<u>\$ 19,228</u>	23.8%	<u>\$ 1,388</u>	8%	
Personnel Services	\$ 6,249	\$ 6,602	6%	\$ 6,909		\$ 307	5%	(10)
Supplies & Services & Capital Outlay	11,801	12,446	5%	13,293		847	7%	(11)
<b>Total Expenditures</b>	<u>\$ 18,050</u>	<u>\$ 19,048</u>	6%	<u>\$ 20,201</u>		<u>\$ 1,154</u>	6%	
<b>Net from Operations</b>	\$ (547)	\$ (1,207)		\$ (973)		\$ 234		
Net Transfers In (Out)	(2,462)	1,120	-145%	181		(939)	-84%	(6)
Additions/(Deductions) to Unrestricted Net Assets	568	348		224		(124)		(12)
Change in Unrestricted Net Assets	\$ (2,441)	\$ 260		\$ (568)		\$ (828)		
<b>Beginning Fund Balance Available for Operations</b>	3,811	(882)		(882)		0		
<b>Beginning Fund Balance Adjustment: Net BOLI Settlement</b>	(2,252)					0		
<b>Beginning Fund Balance Associated with Fixed Assets</b>	5,901	5,535		5,535				
<b>Ending Fund Balance</b>	4,653	4,913		4,085		(828)		
<b>Ending Fund Balance Associated with Fixed Assets</b>	5,535	5,882		5,882		0		
<b>Ending Fund Balance Available for Operations</b>	<u>\$ (882)</u>	<u>\$ (969)</u>		<u>\$ (1,798)</u>		<u>\$ (828)</u>		
<b>Ending FB as a % Operating Revenues</b>	-5.0%	-5.4%		-9.3%				

Budget Forecast

(in thousands except enrollment)	FY2015 Final Results	FY2016 Initial Budget	% Change	FY2016 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
<b>DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS</b>								
Enrollment Fees	\$ 813	\$ 921	13%	\$ 814		\$ (106)	-12%	(13)
Sales & Services	1,785	2,029	14%	1,925		(104)	-5%	(14)
Other	1,652	1,459	-12%	1,735		276	19%	(15)
<b>Total Revenues</b>	<u>\$ 4,250</u>	<u>\$ 4,409</u>	4%	<u>\$ 4,474</u>	5.5%	<u>\$ 65</u>	1%	
Personnel Services	\$ 2,638	\$ 3,047	15%	\$ 2,736		\$ (311)	-10%	(16)
Supplies & Services & Capital Outlay	1,671	1,748	5%	2,097		349	20%	(17)
<b>Total Expenditures</b>	<u>\$ 4,309</u>	<u>\$ 4,795</u>	11%	<u>\$ 4,833</u>		<u>\$ 38</u>	1%	
<b>Net from Operations</b>	<u>\$ (59)</u>	<u>\$ (387)</u>		<u>\$ (359)</u>		<u>\$ 28</u>		
Net Transfers In (Out)	296	330	11%	456		126	38%	
Additions/(Deductions) to Unrestricted Net Assets	135	76		13		(63)		(12)
Change in Unrestricted Net Assets	<u>\$ 372</u>	<u>\$ 19</u>		<u>\$ 110</u>		<u>\$ 91</u>		
<b>Beginning Fund Balance Available for Operations</b>	526	898		898		0		
<b>Beginning Fund Balance Associated with Fixed Assets</b>	358	372		372				
<b>Ending Fund Balance</b>	1,270	1,289		1,380		91		
<b>Ending Fund Balance Associated with Fixed Assets</b>	372	372		450		78		
<b>Ending Fund Balance Available for Operations</b>	<u>\$ 898</u>	<u>\$ 917</u>		<u>\$ 930</u>		<u>\$ 91</u>		
<b>Ending FB as a % Operating Revenues</b>	21.1%	20.8%		20.8%				
<b>ALL CURRENT UNRESTRICTED FUNDS:</b>								
<b>Beginning Fund Balance Available for Daily Operations</b>	\$ 6,082	\$ 4,775		\$ 4,775		\$ -		
<b>Revenues</b>	73,776	78,176	6%	80,858		2,681	3%	
<b>Expenditures</b>	73,366	77,762	6%	79,976		2,214	3%	
<b>Transfers</b>	(224)	798		210		(588)		
<b>GL Additions &amp; Deductions</b>	759	424		237		(187)		
<b>Ending Fund Balance Available for Daily Operations</b>	<u>\$ 4,775</u>	<u>\$ 6,063</u>		<u>\$ 5,677</u>		<u>\$ (386)</u>		
<b>Ending FB as a % Operating Revenues</b>	6.5%	7.8%		7.0%				

**Budget Forecast**

	<b>FY2015 Final Results</b>	<b>FY2016 Initial Budget</b>	<b>% Change</b>	<b>FY2016 Forecast</b>	<b>100.0%</b>	<b>Variance from Initial Budget</b>	<b>% Variance from Initial Budget</b>	<b>Notes</b>
(in thousands except enrollment)								
(1)	Increases in the funding base plus changes in the funding model. All insitutions received sizeable increases.							
(2)	Budgeted a little under a 5% price increase and a 1% enrollment decrease. Enrollment trending 2.7% up (additional .7% gain since Fall term). Continue changes in the enrollment mix with stronger gains in graduate student revenues during Winter term.							
(3)	Increases tied to unbudgeted insurance claim reimbursements.							
(4)	Classified COLA and step increases. Additional \$400k allocated to support Term-by-Term and Grad Assistant activities.							
(5)	Additional funds received to support Student Success initiatives (\$582k). Modest general increase in campus S&S spending.							
(6)	Proceeds coming from the NCV will be offset by most of the transfers going to Athletics, RVTV and JPR. Of the proceeds coming from the NCV project, approximately \$900k going to Housing, with the balance going to GF, with small adjustment (\$151k) being made to reduce the transfers previously made in FY2015.							
(7)	Estimated \$437k in Rec Center fees to be realized in current fiscal year, after initial budget.							
(8)	Continued occupancy growth in housing with 100 more students in Fall , and continuing with 100 more student in Winter term.							
(9)	Increase from last year is largely from with Dining operations, associated with increases in Housing occupancy, but not to the levels initially budgeted.							
(10)	General budgeted pay increases plus increased spending in athletics programs. Additional increases in student labor for Housing maintenance activities.							
(11)	Increased post-season athletic travel.							
(12)	Change in accounting associated with building and equipment reserves.							
(13)	Largely tied to Non-credit program activity which is trending in line with the prior year.							
(14)	Increase in JPR activity, but projected not to be quite as high as initially budgeted.							
(15)	Trending up compared to prior year. Largely tied to Service Departments activities.							
(16)	Increase from last year, just not to the extent as budgeted. Largely due to increased activity in JPR.							
(17)	Increase in Non-credit program activity (\$100k), JPR activites up (\$75k), plus increase in Service Department spending (\$100k) to accommodate increased service levels.							

January 31, 2016

**Southern Oregon University  
Budgeted Operations Pro Forma**

	2007-09 Biennium		2009-11 Biennium		2011-13 Biennium		2013-15 Biennium		2015-16 BUDGET (000's)	2015-17 Biennium		2017-19 Biennium		
	2006-07 Actuals (000's)	2007-08 Actual (000's)	2008-09 Actual (000's)	2009-10 Actual (000's)	2010-11 Actual (000's)	2011-12 ACTUAL (000's)	2012-13 ACTUAL (000's)	2013-14 ACTUAL (000's)		2014-15 ACTUAL (000's)	2015-16 FORECAST (000's)	2016-17 FORECAST (000's)	2017-18 FORECAST (000's)	2018-19 FORECAST (000's)
(in thousands of dollars)														
<b>Budgeted Operations</b>														
State Appropriations	16,084	18,794	16,744	16,778	16,330	12,642	13,195	13,762	17,065	20,393	20,393	21,022	21,033	21,769
One-time Classified Staff Funding												468		
Tuition, net of Remissions	21,082	21,823	22,818	25,156	28,538	32,837	33,526	33,278	33,043	33,672	34,690	35,731	36,803	37,907
Other	1,871	2,436	2,500	2,282	2,283	1,657	1,851	3,008	1,915	1,863	2,073	2,000	2,100	2,200
<b>Total Revenues &amp; Transfers In</b>	<b>39,337</b>	<b>43,617</b>	<b>42,502</b>	<b>44,313</b>	<b>47,236</b>	<b>47,136</b>	<b>48,572</b>	<b>50,048</b>	<b>52,023</b>	<b>55,928</b>	<b>57,156</b>	<b>59,221</b>	<b>59,936</b>	<b>61,876</b>
Personnel Services	(35,458)	(35,446)	(38,755)	(37,227)	(38,894)	(42,343)	(42,360)	(43,948)	(42,953)	(45,447)	(46,034)	(47,875)	(50,748)	(53,793)
Supplies & Services	(3,949)	(5,437)	(4,552)	(5,286)	(6,204)	(6,809)	(9,388)	(7,229)	(8,054)	(7,890)	(8,326)	(8,048)	(8,209)	(8,373)
Program Investment										(582)	(582)	(582)	(250)	(250)
<b>Total Expenditures &amp; Transfers Out</b>	<b>(39,407)</b>	<b>(40,883)</b>	<b>(43,307)</b>	<b>(42,513)</b>	<b>(45,098)</b>	<b>(49,152)</b>	<b>(51,748)</b>	<b>(51,177)</b>	<b>(51,007)</b>	<b>(53,919)</b>	<b>(54,942)</b>	<b>(56,505)</b>	<b>(59,207)</b>	<b>(62,416)</b>
<b>Net from Operations and Transfers</b>	<b>(626)</b>	<b>1,691</b>	<b>(1,192)</b>	<b>1,580</b>	<b>1,853</b>	<b>(2,016)</b>	<b>(3,176)</b>	<b>(1,129)</b>	<b>1,016</b>	<b>2,009</b>	<b>2,214</b>	<b>2,716</b>	<b>729</b>	<b>(540)</b>
Net Transfers	0	0	0	0	0	(166)	328	1,855	1,998	(652)	(427)	(400)	(500)	(600)
Change in Fund Balance	(626)	1,691	(1,192)	1,580	1,853	(2,182)	(2,848)	726	3,014	1,357	1,787	2,316	229	(1,140)
<b>Beginning Fund Balance</b>	<b>2,245</b>	<b>2,118</b>	<b>3,310</b>	<b>2,118</b>	<b>3,698</b>	<b>5,551</b>	<b>3,869</b>	<b>1,019</b>	<b>1,745</b>	<b>4,759</b>	<b>4,759</b>	<b>6,546</b>	<b>8,862</b>	<b>9,091</b>
<b>Ending Fund Balance</b>	<b>1,619</b>	<b>3,310</b>	<b>2,118</b>	<b>3,698</b>	<b>5,551</b>	<b>3,869</b>	<b>1,019</b>	<b>1,745</b>	<b>4,759</b>	<b>6,116</b>	<b>6,546</b>	<b>8,862</b>	<b>9,091</b>	<b>7,951</b>
% Operating Revenues	4.1%	7.6%	5.0%	8.3%	11.8%	8.1%	2.1%	3.5%	9.1%	10.9%	11.5%	15.0%	15.2%	12.8%
Retrenchment Plan								1.9%	7.6%		7.8%	10.2%	11.0%	
Annualized Student FTE	4161	4,275	4,335	4,413	4722	4845	4650	4426	4400		4488	4488	4488	4488
Increase/decrease Over Prior Year		2.7%	1.4%	1.8%	6.5%	2.5%	-4.2%	-5.1%	-0.6%		2.0%	0.0%	0.0%	0.0%

**Primary Assumptions:**

- Goal of 5% ending fund balance by FY15 and 10% or better by FY17
- State Allocations - per HECC + SELP loan pass-thru and ETIC
- Enrollment FTE (decrease) - FY16 (1.1%), FY17 0%, FY18 0% , FY19 0%
- Tuition increase - 3% FY17, 3% FY18, 3% FY19
- Personnel Services Increase (includes 17/19 PEBB & PERS increases - 4% FY17, 6% FY18,6% FY19

# Budget – Enrollment Projections

*Materials for this section updated 02/15*

# Enrollment:

## Process for projecting FY17 Enrollment

FY16: Known data: Fall and Winter

+

FY15: Project balance of FY16: Spring and Summer (down 1.1%)

=

FY16 Enrollment

X

0.2% Enrollment Growth

=

FY17 Projected Enrollment

(adjusted by historical trends for each individual enrollment category)



# Projections:

Tuition Category	Projected SCH	% of Total	Compared to prior year
Resident UG	85,634	43.78%	1.31% decline *
WUE UG	46,829	23.94%	4.43% growth *
Online UG	24,884	12.70%	0.11% growth *
Course based	17,178	8.78%	0.00% Flat *
MEDU Grad	6,521	3.33%	0.27% decline
Nonresident UG	4,697	2.34%	2.40% decline *
Resident Grad	2,947	1.51%	5.54% decline
Online Grad	1,231	0.63%	7.95% decline
Nonresident Grad	928	0.47%	3.75% decline
Staff and Waived	4,774	2.44%	0.89% decline *
Total	195,593	100%	0.2% growth

\* Indicates minor manual adjustment to achieve retrenchment target of 0.2% growth

# Tuition:

- Process:
  - Tuition Advisory Council
    - Studies data, looks at enrollment trends and market comparisons
    - Makes recommendation on FY17 tuition rates
      - 3% increase for all Resident students
      - Flat (0% increase) for all Nonresidents and Graduate students
  - Present around campus for feedback
  - Present to President and Cabinet with feedback
  - President presents to Finance Committee at March meeting

# Recommendation from TAC

(Has not yet been presented to Campus for feedback)

- 3% increase for all Undergraduate tuition
  - SOU is currently 2<sup>nd</sup> to the lowest for Resident Undergraduate and 3<sup>rd</sup> to the lowest for Nonresident
  - Attract and retain students through tuition rate
- No increase for all Graduate tuition
  - SOU is currently 3<sup>rd</sup> highest for Resident Graduate and 3<sup>rd</sup> lowest for Nonresident
  - Support growth for graduate programs

# Next Steps

- Present TAC recommendation to Campus groups:
  - University Planning Board
  - Faculty and ASSOU Senate
  - Budget Committee
- Provide recommendation and feedback to President and Cabinet
- President will formally make recommendation to Finance Committee: March meeting

# Mandatory Fees:

- Presented at March meeting – but here’s where they’re trending
  - Student Incidental Fee:
    - \$13 increase to support referendum to support Schneider Children’s Center
    - Between 1% - 3% increase otherwise
    - May no longer waive for online courses, unless taking 100% online/off campus
    - Still middle pack for TRU’s
  - Rec Center Fee:
    - Increasing to \$75/student/term to address growing debt service and some operating costs in FY17
  - Student Health Fee:
    - Increasing by 3%: \$123 → \$127/term/student at 4 or more credits
    - Still lowest in Oregon
  - Residence and Dining fee:
    - Increasing by 4% on average, address high demand rooms
  - Building Fee – no increase

# Limits on Tuition and Fee Increases:

- Legislation establishing the HECC set the following limits:
  - The Governing Board may not increase the total of tuition and mandatory fees by more than 5% annually without prior approval from the HECC or Legislative assembly
  - For the 2016-17 Academic year, if resident undergraduate or mandatory fees increase by more than 3% individually, justification must be provided to the HECC

# Where Do These Put SOU?

## Rates for Resident, Undergraduate @ 15 credits/term

	2015-16 Current Rate		2016-17 "POSSIBLE" rates			
	Rate	@ 15 Credits	Rate	@ 15 Credits	Percent Increase	Percent of total
Tuition	147.00	\$ 2,205.00	151.00	\$ 2,265.00	2.72%	79.73%
Building Fee	45.00	45.00	45.00	45.00	0.00%	1.58%
Incidental Fee	307.00	307.00	329.00	329.00	7.17%	11.58%
Health Fee	123.00	123.00	127.00	127.00	3.25%	4.47%
Rec Center Fee	<u>35.00</u>	<u>35.00</u>	<u>75.00</u>	<u>75.00</u>	<u>114.29%</u>	<u>2.64%</u>
		\$ 2,715.00		\$ 2,841.00	4.64%	100.00%
Increase \$ / Term:				\$ 126.00		

Questions?



**Adjourn**