



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

March 9, 2017

TO: Southern Oregon University Board of Trustees, Finance and Administration Committee

FROM: Sabrina Prud'homme, University Board Secretary

RE: Notice of Regular Meeting of the Finance and Administration Committee

The Finance and Administration 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 the vice president's report with reviews of the financial dashboard, enrollment funnel reporting tool, and any general updates. Other content items on the agenda include a review of the student fee process; information regarding tuition assistance and financial aid; and a review of scenarios in the pro forma.

The meeting will occur as follows:

Thursday, March 16, 2017
4:00 p.m. to 5:30 p.m. (or until business concludes)
Hannon Library, DeBoer Room, 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 or to sign-up in advance for public comment, please contact Kathy Park at (541) 552-8055 at least 72 hours in advance.**



Board of Trustees
Finance and Administration Committee Meeting
March 16, 2017

Call to Order and Preliminary Business



**Board of Trustees
Finance and Administration Committee Meeting**

**Thursday, March 16, 2017
4:00 p.m. – 5:30 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.

- | | | | |
|-----------|----------|--|--|
| | 1 | Call to Order and Preliminary Business | Chair Nicholson |
| | 1.1 | Welcome and Opening Remarks | |
| | 1.2 | Roll Call | Sabrina Prud'homme,
SOU, Board Secretary |
| | 1.3 | Agenda Review | Chair Nicholson |
| | 1.4 | Consent Agenda: Approval of February 16, 2017 Meeting Minutes (Action) | |
| | 2 | Public Comment | |
| ~ 15 min. | 3 | Vice President's Report | Craig Morris, SOU, Vice President for Finance and Administration |
| | 3.1 | Committee Dashboard Review | |
| | 3.2 | Enrollment Funnel Reporting Tool | Dr. Matt Stillman, SOU, University Registrar; Mark Denney, SOU, Associate Vice President for Budget and Planning |
| | 3.3 | General Updates | Craig Morris |
| ~ 20 min. | 4 | Review of Student Fee Process | Tyler Takeshita, ASSOU, President |
| ~ 20 min. | 5 | Institutional Aid to Students | Craig Morris; Kristen Gast, SOU, Director of Financial Aid |

Board of Trustees
Finance and Administration Committee Meeting
Thursday, March 16, 2017
4:00 p.m. – 5:30 p.m. (or until business concludes)
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AGENDA (Continued)

~ 15 min.	6	Pro Forma Scenario Review	Mark Denney
~ 5 min.	7	Future Meetings	Chair Nicholson
	8	Adjourn	Chair Nicholson



**Board of Trustees
Finance and Administration Committee Meeting**

**Thursday, February 16, 2017
4:00 – 5:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

MINUTES

Call to Order and Preliminary Business

Chair Nicholson called the meeting to order at 4:02 p.m. He began the meeting by mentioning that SOU received confirmation that it has been reaccredited. He commended the hard work of the team, particularly Dr. Jody Waters.

The following committee members were present: Paul Nicholson, Lyn Hennion, April Sevcik, Dennis Slattery and Steve Vincent. Trustees Les AuCoin and Jeremy Nootenboom were absent. Trustee Linda Schott (ex officio) also attended the meeting.

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; Janet Fratella, Vice President for Development; Mark Denney, Associate Vice President for Budget and Planning; Brian Brennan, Honors College; Ritikaa Kumar, Honors College; Briana Farrell, Honors College; Syd Martin, SOU student; Chris Warren, SOU student; Emma Powers, SOU student; Dylann Loverro, Honors College; Olivia Bozarth, Honors College; Samantha Jestadt, Honors College; Ivonne Hernandez, SOU student; Calena Reeves, SOU student; Connor Hulegaard, SOU student; Hank Minnick, SOU student; Hannah Cable, SOU student; Spencer Nelson, SOU student; Sterling Smith, SOU student; Hunter Pegues, SOU student; Jordyn Hubbard, SOU student; Bryce Nakamura, SOU student; Ryan Schnobrich, Internal Auditor; Shane Hunter, Senior Financial Management Analyst; Kristen Gast, SOU; Debbie O'Dea, SOU Financial Aid; Joe Mosley, Director of Community and Media Relations; Carol Voisin, SOU; Olena Black, League of Women Voters; Tyler Takeshita, ASSOU; Melinda Joy, ASSOU; John Stevenson, User Support Manager; Don Hill, Classroom and Media Services Manager; Sabrina Prud'homme, Board Secretary; and Kathy Park, Executive Assistant.

Trustee Sevcik moved to approve the January 19, 2017 meeting minutes, incorporating typographical errors Chair Nicholson noted. Trustee Vincent seconded the motion and it passed unanimously.

Public Comment

Dylann Loverro, a freshman at SOU in the Honors College, commented on tuition increases. She is from Washington and from a family of educators. When discussing

tuition increases, she asked the committee and board to consider that such increases will not just affect enrollment and student morale but also students' futures and ability to pursue higher education or obtain jobs. She asked the committee to consider the students, SOU teachers, and the hopes, wishes, and dreams of those employed at SOU.

Vice President's Report

Craig Morris said SOU received an honorable mention award for climate leadership at the Second Nature conference in recognition of its portfolio of accomplishments in the past several years, such as having the first LEED platinum classroom in Oregon, the "Bee Campus" designation, and The Farm. President Schott and Chair Nicholson said it was a high honor and an affirmation of the work being done at SOU for many years.

Discussing the dashboard, Mr. Morris said the fund balance has caught up with the prediction that it would be lower than the target. Labor continues to be higher than the burn rate but OPE is behind the burn rate. There have been some savings in OPE from changes in medical insurance enrollment during open enrollment.

Mr. Morris said the Joint Ways and Means co-chairs' budget increased the amount going to higher education beyond the governor's recommended budget but did not break out that increase by universities, community colleges, and the HECC. So, it is unclear what this means to the universities. In the many conversations the committee and the board will have, the governor's recommended budget will be used, hopefully, as the lowest possible funding and \$700 million will be used as the likely outcome after the co-chairs' budget is allocated between components of the higher education budget. Responding to Trustee Slattery's inquiry, Mr. Morris said the money going to the HECC is their operating budget, which he believed was \$7 million. Trustees Hennion and Vincent reminded the group of the Ways and Means Committee Roadshow at SOU on February 24 and encouraged students to attend en masse and make their points regarding the hardships of the cost of education.

Mr. Morris then mentioned proposed tuition rate increases at other universities at the governor's recommended budget level: U of O is looking at a 10.5 percent increase and an \$8 million cut in its operating budget while PSU is looking at a 9 to 10 percent increase along with a \$9 million cut in operating funds. Oregon State is looking at a 6 to 9 percent increase, depending on the funding level. Chair Nicholson reiterated that none of those universities have gone through retrenchment and the resultant expense-cutting. Mr. Morris mentioned that a couple of the California State presidents indicated there might be a 5 to 6 percent tuition increase, which may be relevant for WUE students.

Review of Pro Forma and Initial Enrollment Projections

Mark Denney combined two of his agenda items into one presentation. He reminded the trustees that he previously talked to them about the enrollment projection process. Prior to the retrenchment, OUS would develop a long-range enrollment projection, SOU's Institutional Research would refine those numbers, the deans and chairs would provide input, then SOU came up with its enrollment projection. Since retrenchment, there have been set targets and metrics, from

which SOU did not have the luxury to deviate. Mr. Denney thought it was time to break away from the retrenchment-imposed metrics.

Mr. Denney then discussed the graph for enrollment and tuition revenue, specifically retrenchment targets versus actual numbers. He pointed out that, in two of the last three years, SOU's performance was better than set out in the retrenchment plan but also has not hit projections in any of those years. He believes SOU needs to refine its analysis for a more accurate projection.

Mr. Denney worked with the pro forma, plugged in various rates and explained how it is used to project enrollment. Directing his next comment to the numerous students in attendance, Mr. Denney said it may appear like enrollment and the impact on students are just numbers, but they are absolutely not.

If tuition goes up enough, Mr. Denney said they would have to decide if they want to take some part of that and roll it into remissions to offset tuition for certain students based strictly on need. Responding to Chair Nicholson's inquiry, he said the financial aid office administers the remissions based on general guidance from the budget office and will make awards for the Fall '17 term for new and returning students. The hope is that it would positively influence enrollment as the remissions would give students the financial means to continue, although cost is only one factor of many that affect enrollment. Mr. Morris added that the administration may have to decide how to handle remissions earlier than April in order to get them into the pipeline.

Mr. Denney then addressed enrollment and tuition revenue based on historical trends for different categories of students. In fiscal years 2019-21, SOU will see improvement in the future trend lines from student success initiatives and other programs on campus to help students persist. He then demonstrated how the lines shift depending on the amount of tuition increases. SOU's history shows there is no direct correlation between enrollment and tuition increases below 10 percent and there is no historical data on an increase greater than 10 percent. Although no real data shows the effectiveness of an increase in the remissions budget, Mr. Denney said the model assumes 50 percent effectiveness, that half of the students who received remissions would have returned to SOU anyway and the other half returned because they received remissions.

Unlike the retrenchment model, the market elasticity model used to project enrollment takes into account current trends and factors influencing those trends. Responding to Trustee Vincent's inquiry, Mr. Denney said the data is not consistent regarding the impact large tuition increases have on enrollment, in part because there are many variables that affect enrollment.

Trustee Sevcik acknowledged the recurring comment that SOU has gone through retrenchment and cannot cut any further and said she needed to know what choices

SOU will have if it does not get funding. Mr. Morris anticipates the legislature will ask the universities to describe what will happen if there is a decrease in the PUSF. SOU can detail the impact a decrease in funding would have on students but would be unable to specifically identify which programs would be eliminated or reduced or what other steps would be taken. President Schott added there would definitely be an impact on personnel as well. Chair Nicholson said the pro forma enables the committee to see the factors that impact the budget, not just tuition revenue. Mr. Denney said U of O was looking at an \$8.8 million cut in addition to a 10.5 percent tuition increase, which is about 1.74 percent of its total expenditures; in comparison, SOU cut its total expenditures over 5 percent during retrenchment.

Preliminary Tuition and Fees Information

Mr. Denney said the Tuition Advisory Council (TAC) will meet in February or March to develop an early recommendation. He will present that recommendation to other campus committees and students and get their feedback. He will present the recommendation to the president and her cabinet. President Schott will then fully develop her recommendation to present to this committee in April. Responding to Chair Nicholson's inquiry, Mr. Denney said he shares the pro forma when working with the TAC and is expanding tuition-related communications with students. To develop a proposal, the TAC is reviewing information and historical data, looking at other campuses, comparing SOU's position in the market, examining elasticity, evaluating the financial impact on students and reviewing the pro forma.

Mr. Denney then discussed the status of mandatory fees. The student fee process is winding down for the incidental fee. In March, Tyler Takeshita will present the recommendation to President Schott. The students' target is to keep the incidental fee to a 5 percent increase. The health fee will probably be proposed around 5 percent as well, driven mostly by labor (primarily PERS increases) but no increase in services. The building fee will stay at \$45. The students have created a "rec center" steering committee and will set the rec center fee at a level sufficient to cover operating costs.

Mr. Denney reminded the committee members that a total increase of tuition and mandatory fees greater than 3 percent requires HECC review and greater than 5 percent requires HECC approval. This year, the HECC's definition of "mandatory fee" is one that all students pay but they do not determine the rate or what it is spent on. Fees that do not meet these requirements, such as the incidental and rec center fees, are not included in calculating the increase in tuition and mandatory fees.

Mr. Morris added the HECC is anticipating that, unless the legislature awards the additional \$100 million to the universities, all of them will submit requests for approval of increases over 5 percent. The HECC may hold the approval hearing at its May meeting. SOU will make its tuition and fee decision in April—before the outcome of the legislative funding is known—and may need to be creative in setting different tuition rates depending on the various funding levels. Responding to Trustee Vincent's inquiry, Mr. Morris said he hoped the board could draft its proposal so it would not necessitate revisiting the tuition decision after the legislature appropriates the funds.

At increases of 12 percent for tuition, 5 percent for mandatory fees and 3 percent for housing, Mr. Denney detailed the approximate additional annual costs for SOU undergraduate students: \$1,300 per year for resident students living in the residence halls; \$1,000 for those not living in the residence halls; \$1,600 for WUE students living in the residence halls; and \$1,100 for WUE students not living in the residence halls.

Responding to Trustee Sevcik's inquiry, Mr. Morris said students who receive remissions do not have to work for them. He added that SOU provides many employment opportunities for students so those who want to work are able to do so. President Schott asked a question regarding entitlement to additional federal or state financial aid in addition to remissions if students' costs increase. Mr. Denney said the Pell Grant is fixed, will not increase, and there has been no indication that ceilings on other federal financial aid would be increased. There also are concerns about students' parents not qualifying for parent loans. Mr. Denney reminded trustees about a prior debt load presentation which showed the average debt load for SOU graduates was in the \$25,000 range, which was below both the national and state average. Further, 89 to 90 percent of SOU graduates carry that debt load.

Trustee Slattery expressed his concern with raising tuition in order to give money in remissions to other students. He wonders how students feel about this and wants them to have good conversations about it. Mr. Morris added that some of the modeling suggests if remissions are not increased, there would be enough of a decrease in enrollment that tuition would have to be higher; so, remissions help shore up enrollment. There would be further discussions on this issue.

Trustee Vincent reiterated the tuition decision is a difficult one and shared his own personal hardships as a student, underscoring that he understands students' position. Chair Nicholson added that these are not just numbers; it is personal and the trustees understand that.

Future Meetings

Chair Nicholson said the next committee meeting is March 16. Scheduled topics will include the pro forma, a fee update and drafts of the tuition.

Adjourn

Chair Nicholson adjourned the meeting at 5:05 p.m.

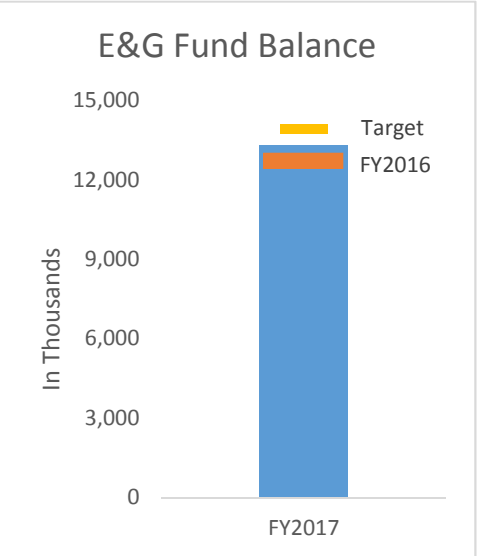
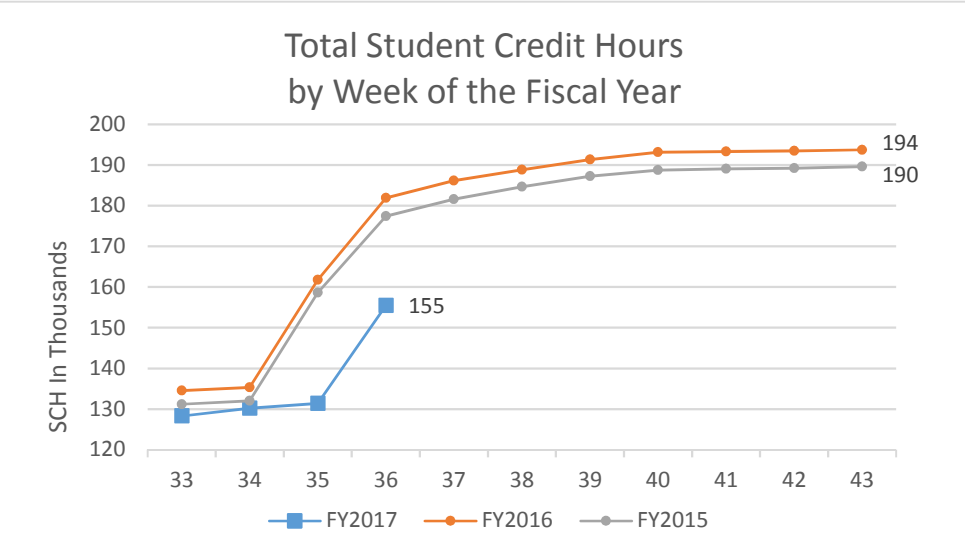
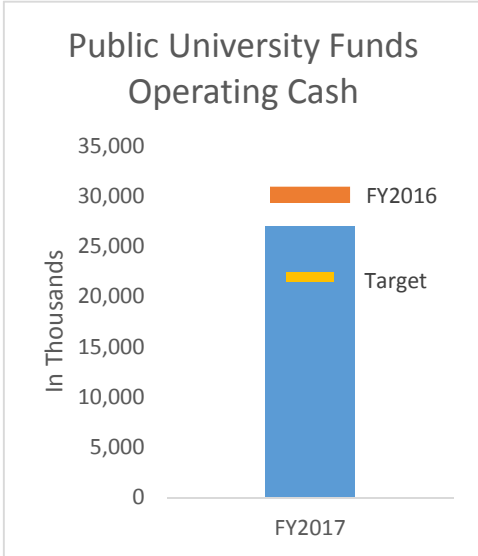
Public Comment

Vice President's Report

Financial Dashboard

For FY17 before close of period 08

As of February 28, 2017

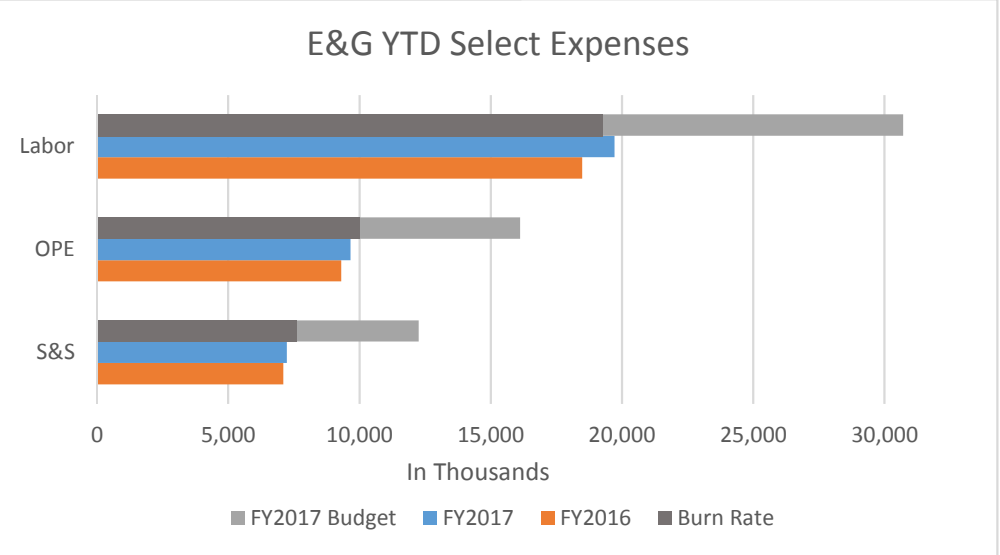
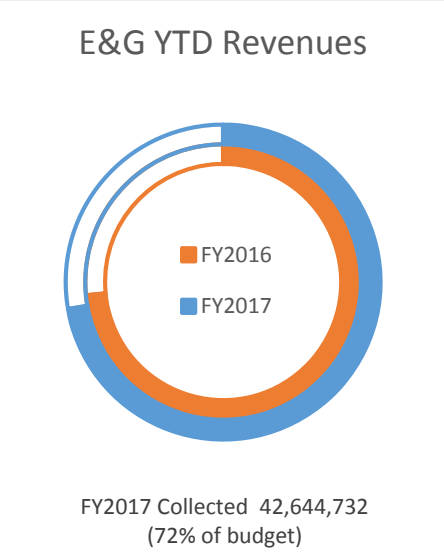


Open Construction Projects

Theatre, JPR, McNeal, Student Rec Center, Britt Hall Renovation, & deferred maintenance

3 nearing completion

Total budget of \$94M
Expended \$38M



Key Points

The Funnel Report and Weekly Trends serve as tools to aid university departments in making projections and in capacity planning.

1. Data-rich and data-driven environment
2. Interpretation and operationalization are crucial
3. Strong institutional expertise

Review of Student Fee Process

Student Fees at SOU

Presented for the Board of Trustees

Objectives

- Develop a shared knowledge around the purpose of the student fee
- Place student fees in a historical context
- Describe the ever-strengthening legal foundation supporting the use of student fees in Oregon
- Recognize the power of student autonomy in maintaining the student fee process
- 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 under-represented 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

A Brief History of Student Fees

1876: The University of Oregon includes an optional fee to support campus athletic groups, student publications and student government.

1985: Oregon Attorney General determines the State Board of Higher Education has the right to levy and control student fees “to be advantageous to the cultural or physical development of the students”

- This made University Student Fee Funds into State Funds
- This limited the use of fees as “Government Speech”

Recent Developments for Student Fees



2000: In *UW Madison v. Southworth*, SCOTUS unanimously rules in favor of student fees as constitutional, when facilitating the free and open exchange of ideas

- Extra-curricular student speech may be funded as long as funding process is **Viewpoint Neutral**.

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

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

Conflict of Interest

- Individual has a personal financial stake in a particular decision.

How to avoid a COI

- Do not support anything which benefits you and not who you are representing.

Maintaining Student Autonomy

Requires:

- Students must be assertive in their enforcement of autonomy
- The passing of knowledge from one year's student body to the next
- A well-established fee policy and documentation of the means by which student fees stay within student control
- Staffing fee committees with dedicated students who will develop their roles as advocates for the student body, and **maintain Viewpoint Neutrality**

Fall Term

October

- Seat At-large SFC members by end of Oct.

November

- Seat subcommittees
- Give all instructions to subcommittees
- Want a Form? Here's a form.

Staffing Committees

- The more applications from At-large students, the easier our job assembling our fee committees
- Variety of student voices
- Representing all kinds of campus communities, clubs, and organizations

Committee Membership

- Each Fee Committee meets once during Fall Term
 - At this meeting the fee committee will:
 - Elect a chair, vice chair, and secretary.
 - Set meeting times for Winter term.

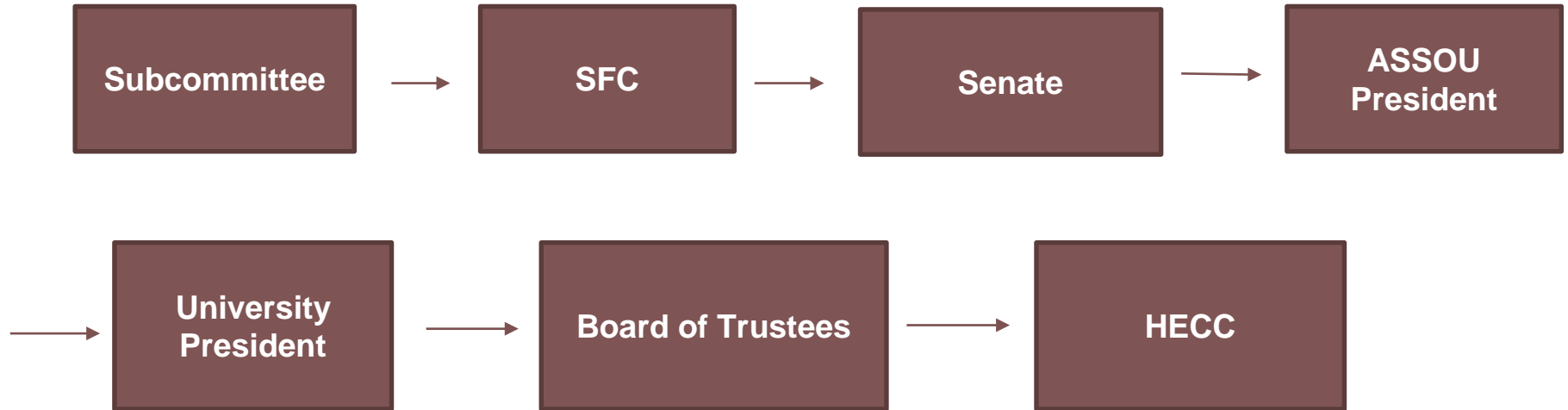
Winter is Coming



Winter Timeline for Student Fee Approval Process 2015-2016

- During Winter Term programs project a budget for their expenditures for the following year
- WEEK 2
 - Groups then create and submit a formal request
 - Subcommittee budget hearings
 - Advisory Committee decisionmaking
- WEEK 5
 - Advisory Committees present to SFC
 - SFC deliberation
 - SFC determines Prudent Reserve Fund
- WEEK 7
 - SFC submits to ASSOU Senate
 - Senate Submits to ASSOU President
- WEEK 9
 - ASSOU presents final budget to SOU President

Approving the Budget



Checks within the Budget

The SFC may reject Subcommittee-approved budgets

- May make changes upon second rejection

Senate may reject the SFC-approved budget

- May make changes upon second rejection

The ASSOU President may reject the Senate-approved budget

- Sends the budget back to Senate
- Senate may override an ASSOU Presidential Veto and send the budget directly to the University President

The University President may reject the ASSOU-approved budget

- Send Back to ASSOU with the expectation that appropriate changes will be made
- If common-ground cannot be reached, a Hearing Board will convene and mediate the process

The University President and BOT may reject a proposed budget

- Student Fee grew by more than 5% since previous year
- If it is illegal/breaks preexisting contracts
- If they believe the fee request is not advantageous to the development of the students

Supported by
Student Fees



ASSOU

Institutional Aid to Students

Institutional Aid Promotes Student and Institutional Success



Institutional aid, whether it is need-based or merit-based, plays an important role in college choice and student success. [. . .] Students who receive scholarships and grants increase their likelihood of staying in college, so it behooves public institutions to utilize tuition discounts in ways that maximize students' likelihood of continuing their enrollment.

Types of Need and Merit-Based Financial Aid

Federal Aid

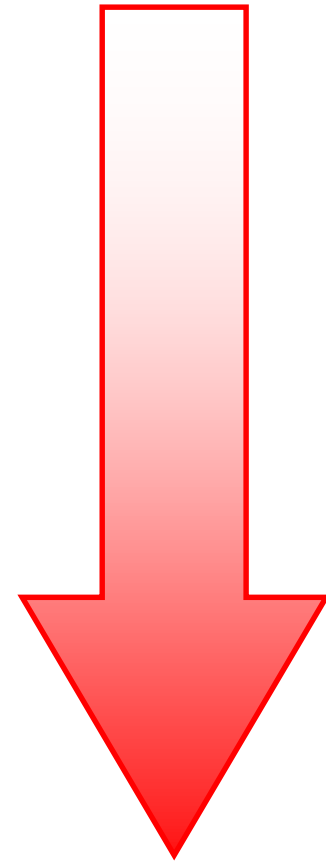
- Federal Pell Grants
- Work Study
- Loans

State Aid

- Grants

SOU Aid

- Foundation Scholarships
- Student Employment
- Tuition Assistance/Aid



Institutional Aid is Comprehensive and Strategic

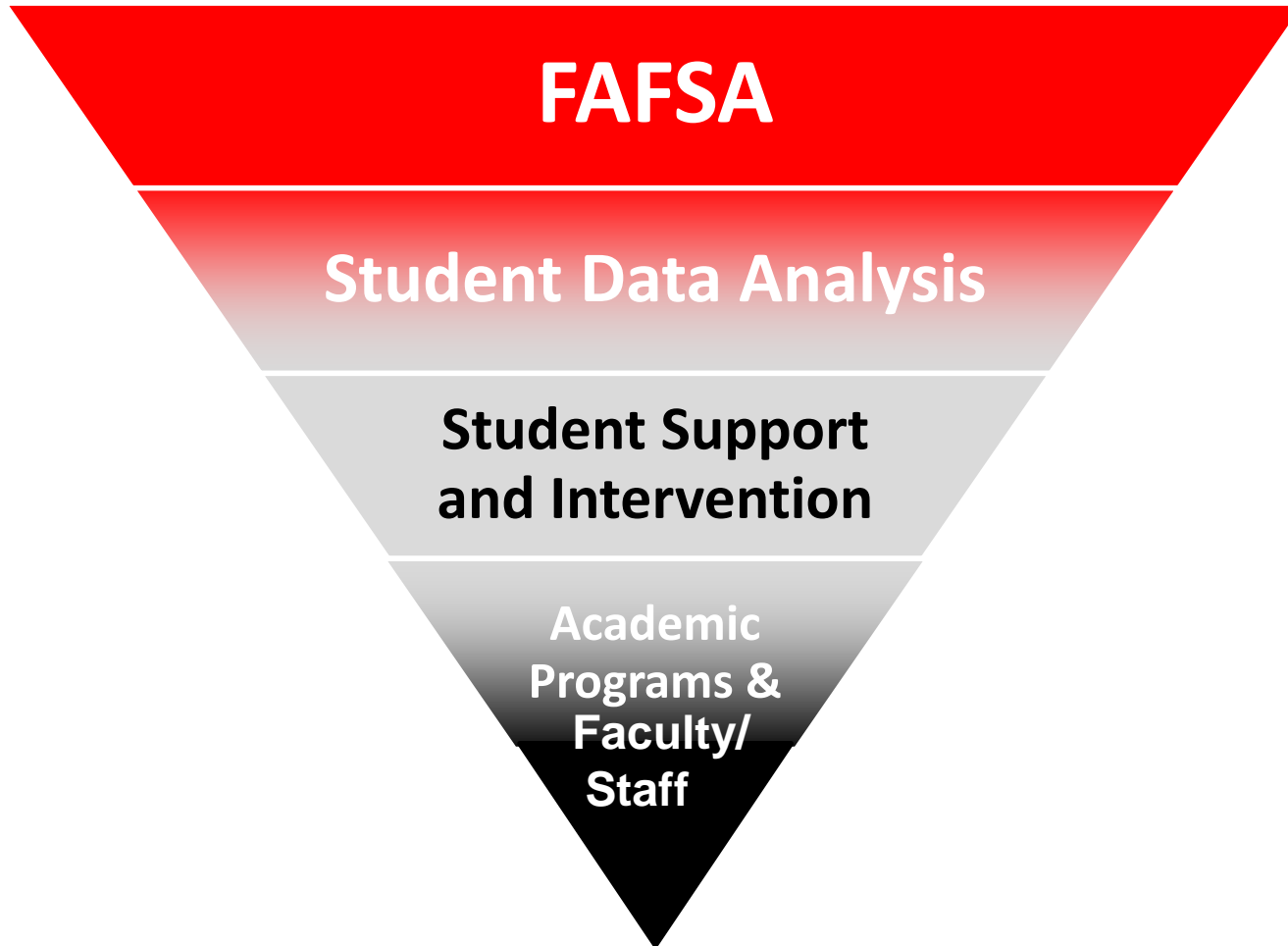
- Need-based
- Merit-based
- Talent-based
- Athletics
- Diversity
- International Programs



Benefits of Institutional Aid Programs

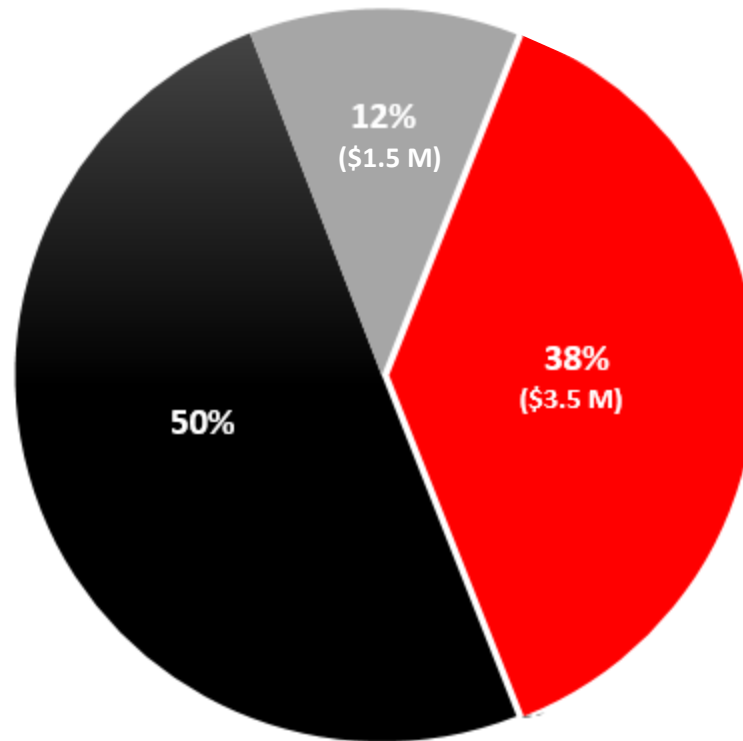
Benefits to Students	Benefits to the Institution
<ul style="list-style-type: none">• Affordability and Accessibility	<ul style="list-style-type: none">• Enrollment
<ul style="list-style-type: none">• Enrollment	<ul style="list-style-type: none">• Retention
<ul style="list-style-type: none">• Persistence	<ul style="list-style-type: none">• Student Completion
<ul style="list-style-type: none">• Graduation	<ul style="list-style-type: none">• Increase in Financial Stability

How Do We Know Who is Most in Need of Assistance?



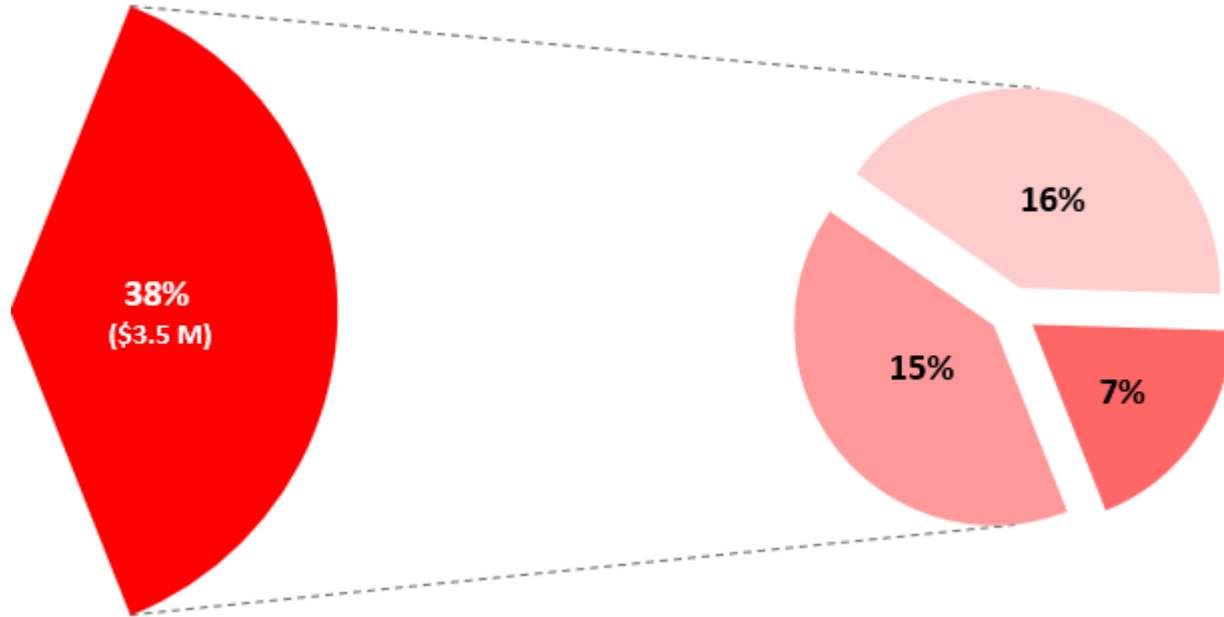
SOU Institutional Aid Snapshot

FY 2015-16
Total Undergraduate Students= 4,463



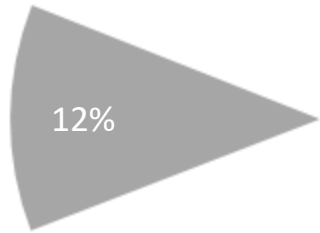
- Receiving no institutional aid
- Receiving SOU Foundation scholarships
- Receiving Some Type of Institutional Aid (non-SOUF)

Breakdown of Students Receiving Institutional Aid

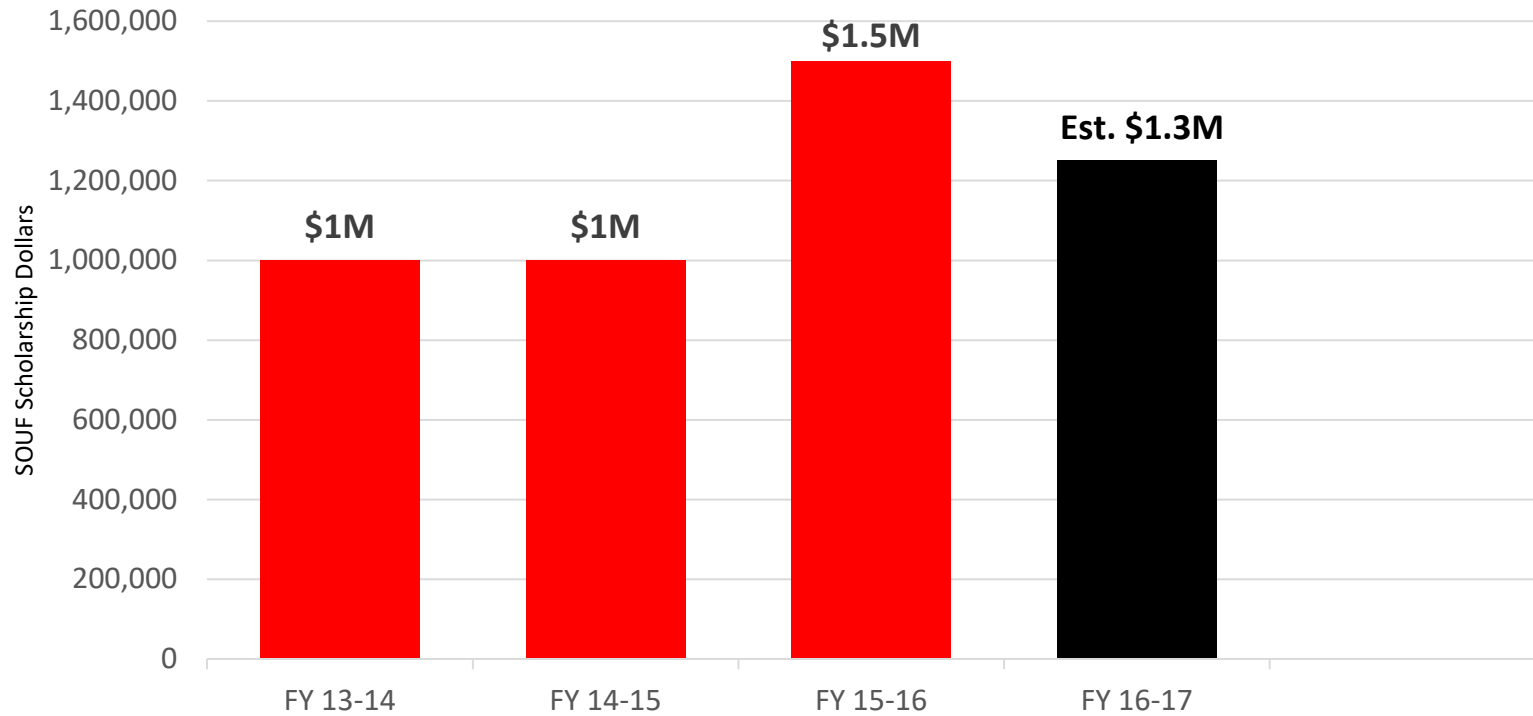


- Receiving need-based aid
- Receiving merit-based aid
- Receiving both need and merit-based aid

SOU Foundation Scholarships



SOUF Privately-funded Scholarship Support to SOU Students



Financial Hardship Causes Students to Dropout or Stop-out

“The difference between staying in and dropping out may be smaller than you think: How relatively small grants retain students”

We want to be as effective in supporting student success as we can, as early as we can, and use resources as efficiently as we can,” said Josh Krawczyk, director of university retention initiatives at Seattle University. “We have found that strategically giving grant aid to continuing students has a significant impact on retention.

Financial Assistance Helps Students Stay and Graduate



Pro Forma Scenario Review

Future Meetings

Adjourn