



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

June 9, 2017

TO: Southern Oregon University Board of Trustees
FROM: Sabrina Prud'homme, University Board Secretary
RE: Notice of Regular Meeting of the Board of Trustees

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 reports from the president, board committees, student leadership and faculty senate. The board will receive a governance and ethics overview. Topics also will include discussion and action on the following items: request to execute a contract with Academic Partnerships; fiscal year 2017-2018 budget; fiscal year 2017-2018 internal audit plan; board officer elections; and trustee recognition. Other agenda items include information and updates on the presidential evaluation, legislative matters and enrollment.

The meeting also will include a collective bargaining update to be held in executive session, pursuant to ORS 192.660(2)(d).

The meeting will occur as follows:

Friday, June 16, 2017

12:00 p.m. to 5:00 p.m. (or until business is concluded)

(Lunch to be provided for the board and selected staff members.)

Hannon Library, DeBoer Board Room, 3rd Floor, Room #303

Visit sou.edu/video to stream the meeting proceedings.

The Hannon Library is located at 1290 Ashland Street, on the Ashland campus of Southern Oregon University. **To arrange special accommodations or to sign-up in advance for public comment, please contact Kathy Park at (541) 552-8055 at least 72 hours in advance.**

Churchill Hall, Room 107 • 1250 Siskiyou Boulevard • Ashland, Oregon 97520-5015

(541) 552-8055 • governance.sou.edu • trustees@sou.edu



Board of Trustees
June 16, 2017

Call to Order and Preliminary Business



Board of Trustees Meeting

Friday, June 16, 2017

12:00 – 5:00 p.m. (or until business concludes)

DeBoer Room, Hannon Library

AGENDA

Persons wishing to participate during the public comment period shall sign up at the meeting.

Please note: times are approximate and items may be taken out of order.

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|---------|----------|---|---|
| | 1 | Call to Order and Preliminary Business | Chair Thorndike |
| | 1.1 | Welcome and opening remarks | |
| | 1.2 | Roll call | Sabrina Prud'homme,
SOU, Board Secretary |
| | 1.3 | Agenda Review | Chair Thorndike |
| | 1.4 | Consent Agenda: Approval of April 21, 2017 Meeting Minutes (Action) | Chair Thorndike |
| | 2 | Public Comment | |
| | 3 | Lunch and Campus Update | |
| 45 min. | 3.1 | Governance and Ethics Overview and Discussion | Jason Catz, SOU, General Counsel |
| 30 min. | 4 | President's Report | President Schott |
| | 4.1 | Strategic Planning Update | |
| | 4.2 | Development Update | |
| | 4.3 | Fraud Investigation Update | |
| | 4.4 | General Updates | |
| 15 min. | 5 | Committee Reports | |
| | 5.1 | Executive and Audit | Chair Thorndike |
| | 5.2 | Finance and Administration | Trustee Nicholson |
| | 5.3 | Academic and Student Affairs | Trustee Sayre |
| 5 min. | 6 | Student Leadership Report | Tyler Takeshita, ASSOU,
President |

Board of Trustees Meeting

Friday, June 16, 2017

12:00 – 5:00 p.m. (or until business concludes)

DeBoer Room, Hannon Library

AGENDA (continued)

5 min.	7	Faculty Senate Report	Deborah Rosenberg, SOU, Faculty Senate, Chair
15 min.	8	Request to Execute Contract with Academic Partnerships (Action)	President Schott
30 min.	9	Fiscal Year 2017-2018 Budget (Action)	President Schott; Trustee Nicholson
15 min.	10	Fiscal Year 2017-2018 Internal Audit Plan (Action)	Chair Thorndike; Ryan Schnobrich, SOU, Internal Auditor
15 min.	11	Board Officer Elections (Action)	Chair Thorndike
10 min.	12	Trustee Recognition (Action)	Chair Thorndike
15 min.	13	Collective Bargaining Update – Executive Session [Pursuant to ORS 192.660(2)(d)]	Brian Caufield, USSE, Director of Labor Relationships
10 min.	14	Presidential Evaluation - Information	Chair Thorndike
15 min.	15	Legislative Update	Craig Morris, SOU, Vice President for Finance and Administration
10 min.	16	Enrollment Update	Kelly Moutsatson and Dr. Matt Stillman, SOU, Co- Executive Directors of Student Enrollment
10 min.	17	Future Meetings	Chair Thorndike
	18	Adjourn	Chair Thorndike



**Board of Trustees Meeting
Friday, April 21, 2017
12:00 – 5:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

MINUTES

Call to Order and Preliminary Business

Chair Thorndike called the meeting to order at 12:03 p.m. He welcomed Tyler Takeshita, Dr. Deborah Rosenberg and Dr. Karen Stone and congratulated Trustee Washington on the birth of his daughter. Chair Thorndike mentioned the conference hosted by the Association of Governing Boards of Universities and Colleges (AGB) that he and President Schott attended, encouraged trustees to attend future conferences and remarked on the overarching theme of innovation for universities to be responsive.

The following trustees were present: Bill Thorndike, April Sevcik, Les AuCoin, Lyn Hennion, Paul Nicholson, Jeremy Nootenboom, Daniel Santos, Teresa Sayre, Judy Shih, Dennis Slattery, Joanna Steinman and Shea Washington. Trustee Steve Vincent was absent. Trustee Linda Schott (ex officio) also was present.

Other meeting guests included: Jason Catz, General Counsel; Craig Morris, Vice President for Finance and Administration; Dr. Susan Walsh, Provost and Vice President for Academic and Student Affairs; Janet Fratella, Vice President for Development; Dr. Karen Stone, Associate Vice President for Academic Resource Management; Scott Rex, Director of Humanities and Culture; Shanztyn Nihipali, SOU student; Fred Creek, Director of Campus Public Safety; Mary Ann Gardner, SOU Provost's Office; Helen Eckard, Administrative Program Assistant; Melissa Anderson, Hannon Library; Chris Stanek, Director of Institutional Research; Shane Hunter, Senior Financial Management Analyst; Alana Lardizabal, Director of Human Resources; Steve Larvick, Director of Business Services; Dr. Dan DeNeui, Director of Social Sciences; Tyler Takeshita, ASSOU President; David Humphrey, Director of the Center for the Arts; Devon Backstrom, ASSOU; Thomas Fuhrmark, community member; Deborah Rosenberg, Faculty Senate Chair; Dr. Jody Waters, Associate Provost; Alexander Ritter, SOU student; Mark Denney, Associate Vice President for Budget and Planning; Ryan Schnobrich, Internal Auditor; Joe Mosley, Director of Community and Media Relations; Max Brooks, Career Preparation Coordinator; John Stevenson, User Support Manager; Don Hill, Classroom and Media Services Manager; Sabrina Prud'homme, Board Secretary; and Kathy Park, Executive Assistant.

Trustee Santos moved to approve the minutes, as drafted, from the January 20, 2017 meeting. Trustee Nicholson seconded the motion and it passed unanimously.

Public Comment

Chair Thorndike said trustees have received written testimony from several different groups. SEIU commented on the importance of increasing state revenue for different

needs. An email message from ASSOU included two anonymous comments; one individual involved in the tuition setting process expressed concerns about the process and another student had no problem with the cost increases.

Helen Eckard, an Administrative Assistant in the Theatre Department, said she began working at SOU in 2016, when the effects of retrenchment were being felt across campus. The Oregon Center for the Arts lost all of its experienced office administrators in 2015 and the wealth of knowledge that walked out the door cannot be overstated. She mentioned the work being done across campus with sparse resources. Throughout 2016, morale and communication throughout campus began to improve. With President Schott's arrival, there is now a management team that is cohesive, coherent and decisive. The strategic planning process is exciting and innovative. SOU cannot go back now because there is so much work to do. As a member of the UPB, she said she reluctantly supports the 12 percent tuition increase because, given the current political situation, there is no other way. It is critical to get the message out to the public that the success of their children and the state depends on having an educated populace.

Max Brooks, the SOU Career Preparation Coordinator, said he was full of energy and enthusiasm when he arrived but that began to wane. He is proud of the work done on campus, but it took place in an environment that was not cohesive or supportive but rather, in a silo. He did not understand how his work supported SOU's goals and priorities. In the past three to six months, this has changed. Taking part in the strategic planning process, he feels energized and enthusiastic about his work and the direction of the campus. He hopes SOU is able to do whatever it can to keep this going.

Rachel Jochem, Assistant Professor in the Psychology Program, echoed the previous speakers' comments. Her experience with retrenchment was challenging, thinking about how to deliver quality curriculum with cuts to faculty and staff. Although a 12 percent tuition increase is a challenge, she cannot imagine delivering a quality product with further cuts. She is excited about the things SOU is starting to do and not making changes based on fear or urgency but rather based on strategy and foresight.

Lunch and Campus Update

Dr. Karen Stone provided a presentation on academic resource management and stressed the contributions of others in the work accomplished. She then discussed the interrelationship of the processes and tools used to manage faculty accountability and productivity.

Each program submits a course budget planner, which details the courses the program plans to teach the next year, projects SCH, provides historical enrollment data, proposes faculty assignments and creates a budget request. The planner allows the Provost's Office to project SCH, ensure each faculty member is properly loaded, build a budget and create a schedule that makes sense.

Equated load units (ELU) for faculty members are calculated roughly at one ELU per credit hour taught. Professorial faculty, either tenured or on tenure track, are expected to teach 36 ELU per year and professionals and instructors teach about 44 ELU. Administrative reassigned time (e.g., chair release time and student advising) is now determined centrally and equitably through the Provost's Office during the planning process for the upcoming academic year. Dr. Susan Walsh added that when SOU

pulled back on reassigned time, it was able to quantify the cost of reassigned time and found there was a lot of money being spent on unaccountable reassigned time.

The faculty loading report is a great tool and contains extremely rich data to account for faculty time. This report also aligns the loading for a course with the associated number of students, SCH and costs and allows the Provost's Office to evaluate any imbalances. Dr. Stone discussed the division of time for professorial, professional and adjunct term-by-term instructors as detailed in the meeting materials. Depending on the type of faculty member, time is divided between teaching; scholarship, service and advising; sabbaticals; administrative duties; and other duties.

The faculty loading report is used with Activity Insight software. One of the functions of that software is to allow faculty to self-generate faculty professional activity reports where they outline their accomplishments and their loads. Activity Insight also allows tracking of reassigned time and is used for promotion and tenure review. Performance expectations for each academic program detail standards faculty members are held to for promotion and tenure. The format has been standardized for all programs but the scholarship expectations differ. Activity Insight will be used for sabbatical reviews and reporting for better accountability. It will also be used for chair evaluations of probationary faculty, indicating if they meet program-level expectations for continued employment, and for colleague evaluations. For each faculty member, the faculty tracking document records information such as contract type, date of last evaluation, date next evaluation is due and date eligible to apply for tenure.

The Delaware Study is a nation-wide cost analysis study. Shane Hunter created a version for SOU, which will be run annually, and he relies heavily on the study.

The Office of Institutional Research (IR) is working with the Provost's Office to create a dashboard to display of program-level metrics such as number of degrees conferred and course fill rates. Course fill rates are used to determine if a course is being offered the right number of times by evaluating the number of students in each class. The dashboard metrics assist the Provost's Office in allocating resources.

The faculty cost model is a collaborative effort among the Budget Office, IR and the Provost's Office. It allows SOU to develop targets for categories such as the ratio of students to faculty and the percentage of adjuncts, which helps predict the budget needed for faculty lines.

Dr. Stone mentioned the class maximums document. It sets a maximum cap for all classes and includes the loading for each class. The information in the document feeds into the faculty loading report and the dashboard.

Dr. Stone said the goal is to account for faculty time and how resources will be allocated. The student to faculty FTE ratio is a measure of productivity. When all the programs are lined up, they can look for the high and low outliers.

Responding to Trustee AuCoin's inquiry, Dr. Stone said the first solid faculty loading report was in 2014-15 but there was one from 2013-14. She added that, when she was at an Education Advisory Board workshop, someone mentioned universities needing a

faculty loading report and she said that SOU has one. In all of her travels, Dr. Stone said she has found only one other university with this. It is a labor intensive report and she is trying to automate it.

Trustee Nicholson mentioned the possibility of the faculty loading report being a revenue source for SOU. President Schott concurred and added that Mark Denney's pro forma may also be marketable intellectual property.

Dr. Schott added that SOU has wonderful faculty who are working hard and this allows SOU to prove that to others and to demonstrate accountability. She commended the team who has worked on this, noting she has never before seen a tool like this.

President's Report

In her report, President Schott talked about some of the great things happening on campus and provided an update on strategic planning and the Professional Learning Communities (PLC) expo. Some of the items she addressed are tied to her annual goals.

Discussing athletics, President Schott said it is important not to focus just on funding challenges but to also deeply appreciate what those programs bring to campus. She highlighted some of the accomplishments of SOU's student-athletes and athletic teams.

President Schott mentioned the recent AGB conferences she, Chair Thorndike and Sabrina Prud'homme attended. Recognizing Ms. Prud'homme, President Schott said she has been recognized by AGB and was asked to serve on a national AGB work group.

Turning to alumni outreach and fundraising, President Schott said she has been to several Raider Rendezvous and there are two upcoming. The fundraising goal for the year was \$3.1 million; they exceeded their goal and raised \$4.3 million. Regarding Raider Rendezvous, Janet Fratella added that President Schott has been very willing and brings inspiration to those groups. In exceeding their fundraising goal, Ms. Fratella credited the efforts of division directors and Matt Sayre, among others, and the relationships they have built over time.

President Schott mentioned SOU's reaccreditation and said the cycle begins again. The accreditors have given SOU more time to provide its goals and mission to allow the strategic planning process to near its completion.

Turning to enrollment, President Schott said she engaged a consultant, Roger Sullivan, who spent the fall analyzing information then visited the campus in February. Mr. Sullivan issued a final report with recommendations: 1) *SOU needs senior enrollment management leadership.* 2) *SOU is losing students because they cannot afford to live in Ashland.* 3) *Revitalize SOU's Enrollment Management Council.* 4) *Develop an integrated student success narrative* 5) *Develop a comprehensive transfer recruitment initiative.* 6) *Strengthen financial aid service and support.* 7) *Examine duplication and gaps in student support services and realign resources as needed to meet current needs.* 8) *Reconsider how SOU does academic and career advising for students* 9) *Consider funding a retention and completions specialist.* 10) *Analyze opportunities for growth in the adult learner market, particularly through fully online degree programs and alternative credentials.*

President Schott said they are looking at all the changes made in the past couple of years, particularly in the area of academic programs and support. Dr. Walsh went through a timeline of those changes, starting in winter 2013, including the integration of academic and student affairs, program prioritization, the institution of the Honors College, academic reorganization, Innovation and Leadership Program, student success initiatives and expanded recruitment efforts. President Schott stressed that every change has a lot of work associated with it. People working in those areas have been innovative, creative and hard working to bring these new programs into existence. Some of these efforts will take two to three years to see the full impact.

Discussing strategic planning, President Schott said the process began in January. In the winter quarter, they clarified SOU's values and formed PLCs. Numerous groups held discussions to articulate SOU's values, which President Schott listed. She said the PLC expo was held to highlight the results from the seven questions she developed based on her understanding of changes in higher education. The expo planning group invited all faculty, staff and students and she personally invited community leaders. Several individuals accepted her invitation, including the Mayor of Ashland and representatives from the Ashland Chamber of Commerce, Providence, Asante, SOREDI and the HECC. President Schott discussed the seven questions and the answers from each group, which are available on the strategic planning webpage. She played a video of highlights from the expo. Trustees Sevcik, Hennion, Nicholson, Steinman and Slattery highly praised the expo. President Schott closed her presentation by reading part of an email message she received from a community member who attended the expo, commended the "historic watershed event," and offered his support as she leads SOU through the strategic planning process.

Committee Reports

Executive and Audit – Chair Thorndike said this is the first anniversary of the Internal Audit Department. He praised Ryan Schnobrich's work and said Mr. Schnobrich presented his draft audit plan for the upcoming year, which the committee will take action on at its next meeting. Additionally, Trustee Shih provided an update on the governance work group and the trustee resource book the group is assembling.

Finance and Administration – Trustee Nicholson said the committee has had three meetings since January. At all three meetings, they reviewed dashboards, keeping an eye on enrollment, fund balances, revenues and expenses. Most of the work has been a deep analysis of tuition and fee increases, which the committee will recommend to the board for approval. During that process, the committee looked at all the implications of many different tuition scenarios, received a presentation from Tyler Takeshita on ASSOU's student fee process, discussed how the administration (Mark Denney in particular) worked closely with faculty and staff committees to develop their recommendations, discussed the governor's recent letter regarding tuition increases and the HECC funding model, received the periodic review, and discussed subsidies/transfers. Throughout the meetings, they used the pro forma extensively, which looks at the immediate and long-term implications state funding levels, tuition assumptions and enrollment numbers have on the fund balance. Trustee Nicholson said all the committee members have expressed great appreciation for the work of Mr. Morris, Mr. Denney and others who have been involved in the process.

Academic and Student Affairs – Trustee Sayre said the committee has also met three times. In February, they approved new programs. One was a graduate degree in Outdoor Adventure and Expedition Leadership; it is the only program of its kind west of the Mississippi and has been approved by the HECC. Another was the certificate program in wine business. In that meeting, there were robust conversations on the health care administration undergraduate degree program; that program is striking because of all the involvement from the community. In March, there was an update to and further discussions on the health care administration undergraduate degree program as it moved through the approval process. They received a presentation from Mr. Denney on the tuition process. The previous day, the committee approved the undergraduate degree program in health care administration; Dr. Walsh later said she was certain the HECC would approve the program. ASSOU President Takeshita gave a great presentation on the student fee process and the history of that fee. The committee also reviewed President Schott’s recommendation on tuition.

Student Leadership Report

ASSOU President Tyler Takeshita provided the students’ perspective on the tuition setting process and discussed what ASSOU did during the process. He said students obviously are not excited about raising tuition. But the sentiment that has been expressed in the multiple board meetings he has attended, he thought SOU was doing the best with what it has. Decisions being made are not being made happily or joyfully but they are tough decisions that need to be made. ASSOU’s approach has been two-pronged to address this. First and foremost, one of the most integral parts of ASSOU’s involvement in this is staffing the Tuition Advisory Council (TAC) with really experienced, thoughtful, considerate student leaders. From the students’ perspective, that makes the decisions coming from the TAC more legitimate. The TAC came up with a very tough decision but it was an appropriate decision. The sliding scale gives some flexibility moving forward based on what state funding may be, that SOU is not boxed into a corner. As far as informing students, ASSOU wanted to underscore the idea of students’ accessibility to this information, letting students know a tuition increase is going to come and why. Mark Denney has played an absolutely integral role in doing this; he was very helpful in producing Oscar-worthy videos and delivered 14 information sessions to students. The videos were the main way of making the information accessible. If students wanted to reach out for information, the links were available.

President Takeshita then gave an overview of ASSOU’s activities. In the winter term, the main focus was the student fee process. The process was completed successfully and ASSOU provided its budget recommendation to the SOU president. He said ASSOU did a great job. There were some bumps along the road but overall it was a good process. In the spring term, elections will be coming up. President Takeshita said all of ASSOU will focus on transitioning the new student leaders to continue the work that has been done as a collective campus community. He said a lot of this has been difficult but the students are happy about the collaborative effort.

Responding to Trustee Steinman’s inquiry, President Takeshita said there are students who are stepping up to run for office. The deadline to apply was the following Sunday. Elections will be wrapped up in week five.

Faculty Senate Report

Dr. Deborah Rosenberg said the Faculty Senate report is not dissimilar from the Student Leadership report. Like the students, faculty is concerned about tuition increases but understands economic necessity. As he did for the students, Mr. Denney gave a great presentation on all the different numbers and what was needed to keep SOU solvent and moving forward. The general feeling of the faculty is that it is a necessary choice to maintain SOU's strength and develop new programs. Faculty had questions about how money could be spent but they trust the budget people to make strong choices for SOU. The health care administration proposal was reviewed and was a very good test case of the democratic process; it gave people an opportunity to express strong feelings, serious concerns, address fiscal and educational responsibility, and everyone learned a lot. Faculty Senate is also talking about adjustments to promotion and tenure, what they vote about, and how; more junior faculty are finding their voices and more senior faculty are opening their minds.

AY 2017-18 Tuition and Fees Process and Recommendation (Action)

Having given the matter a great deal of thought, President Schott said she concurs with the TAC and recommends various increases in tuition and fees. This will increase the total cost of attendance by 5.8 percent, which includes a 12 percent increase to the tuition rate (about \$18 per credit hour). If approved, SOU will still have one of the lowest tuition rates in Oregon. The administration does not do this lightly nor with any pleasure. They realize students' financial constraints and do not like asking them to pay more for their education. The team has worked very hard to think this through and come up with options. There have been many conversations with students, faculty, staff and the community, explaining the cost drivers, how SOU is funded, what SOU is doing to control costs and how SOU can reach greater financial sustainability. Regarding the planning process, President Schott said she thought there was good momentum and interest on campus. She said it is with a somber heart that she asks for and recommends this tuition and fee increase.

Mr. Denney said certain values drive the recommendation – maintaining the quality of academic and student support programs, access for the region, affordability, financial stability for SOU, and capacity for strategic action. At the initial stages, they looked at price sensitivity. They also looked at enrollment trends with tuition rate changes and found there was no definitive connection. The state's failure to fund has been critical and has made a significant impact on all the Oregon public universities. The percentage of the state's budget that has gone to higher education has declined over the past 20 years, and has shifted to students the burden for paying for higher education.

Mr. Denney discussed the modeling of various funding scenarios and the Student Success and Completion Model, all of which work in favor of the larger universities. Of the four TRUs, SOU is the most disadvantaged in all scenarios. One of the significant challenges for all the universities is the increase in labor costs, which is driven by PERS rather than salaries.

The other universities are planning to use a combination of tuition increases, using the fund balance and making cuts across campus. Mr. Denney said SOU is also bringing forward cuts in its proposal. The difference is that SOU already made its cuts, starting three to four years ago with the retrenchment. This included \$14 million in cuts, \$6.5

million of that in ongoing cuts. As a result, of all the public universities, SOU has the lowest cost in operating expenditures per student FTE.

Mr. Denney discussed the timeline and actions taken to develop the recommendation. Two campus-wide open forums were held in January and weekly TAC meetings started in February; the pro forma was modeled at each event. In March, the TAC created its draft proposal which was presented around campus through twelve presentations – two at ASSOU, three at the Hawk for students at large, several to various campus groups, two more campus-wide open forums and a video series. The TAC obtained and reviewed feedback from all the presentations then finalized its proposal.

Detailing the president's recommendation, Mr. Denney said there is a 12 percent increase in the tuition rate for resident undergraduates. Even with this increase, SOU maintains its position as one of the most affordable universities in Oregon. There is a 12 percent increase in the tuition rate for WUE students and a 6 percent increase for other student populations. Because the actual funding level is unknown, the recommendation includes tuition rate decreases if additional funds come to the PUSF. Mr. Morris said the universities would continue to advocate for an increase in the co-chairs' budget.

Mr. Denney discussed the impact the tuition increase will have on students. Any increase to tuition and mandatory fees in excess of 5 percent must go to the HECC for approval; SOU's increase in tuition and mandatory fees is 11.4 percent. For resident undergraduates, the increase in the total cost to attend is 5.8 percent. This increase was low due to hard work by the Housing Division to keep housing and dining costs to 2 and 3 percent increases, respectively. For WUE students, the increase in the total cost to attend is 6.6 percent. Students increased the incidental fee 7.2 percent for many of the same pressures SOU faced: increased labor costs and three years of cuts or holding expenditures flat.

Mr. Denney said the president's recommendation includes an increase in institutional aid from \$3.5 million to \$4 million to help SOU's most vulnerable students.

Trustee AuCoin asked President Schott what impact not getting the tuition increase would have on the community support for her strategic planning. President Schott said that going into a reduction scenario would mean finding immediate cuts to take and laying off people. The trustees have heard repeatedly how thinly staffed SOU already is. A worst case scenario would mean reopening retrenchment and deciding which children to starve in favor of others. To be attractive, a university must offer a variety of programs. Students need support services, particularly in light of changing demographics, and those programs would be at risk. This difficult decision is more complicated than just tuition. It is a difficult solution but she decided further cuts would harm students and the university. There is momentum on campus and energy around thinking differently; when cuts are made, people retreat from that. President Schott said there is no more strategic cutting for SOU; it must grow out of this problem.

Trustee Santos said ASSOU President Takeshita did a good job highlighting the students' involvement and that he was impressed with students' reactions when Mr. Denney gave his presentations directly to students. He thought the students reached the same conclusion the university did, that this is not a unilateral decision but rather various factors impact the decision. Mr. Denney concurred, saying students left his

presentations still not happy but not really sure about who to be unhappy with. Many directed their anger at the state instead of SOU and at the high cost of housing in Ashland. Students seemed to recognize SOU thought through this issue, put in a lot of effort and is making the best of the situation.

If SOU were to hold tuition at a 5 percent increase, Trustee Nicholson pointed out that \$2.3 million would have to be cut from the budget. That would put SOU into a third of the retrenchment impact, considering retrenchment already resulted in over \$6 million in permanent cuts.

Noting Trustee Vincent's absence, Chair Thorndike said Trustee Vincent was very supportive of the president's proposal but is unable to vote by proxy. As Chair of the Finance and Administration Committee, Trustee Nicholson moved the resolution be adopted as provided in the meeting materials. Trustee AuCoin seconded the motion. The board secretary called a roll call vote and the motion passed unanimously.

President Schott added that the board feels a sense of relief and believe this is best for students and the university. She stressed they are not celebrating a tuition increase, but rather the commitment the board has to the university. The trustees are thanking everyone for their commitment and hard work and for the broad campus engagement. Mr. Morris asked the board to recognize the outstanding work Mr. Denney has done, engaging students, faculty, staff and trustees in a way never done before.

Chair Thorndike said SOU would report to the HECC the passage of the proposal. SOU will present its proposal to the HECC Funding and Achievement Subcommittee on May 10 and the full commission will vote on May 11.

SOU Athletic Facilities Naming (Action)

Janet Fratella asked the trustees to contemplate the degree to which the donor community is also committed to driving SOU forward. Providing some historical information, she said McNeal changed from a renovation project to a new construction project. The state funding is not sufficient to build a structure large enough to house SOU's thirteen athletic teams and additional classrooms. SOU asked the SOU Foundation (SOUF) to raise money to fill the gap. SOUF set an internal goal of \$1 million, identified gift opportunities and conducted a campaign. They have raised about \$1.58 million for this project.

In accordance with SOU's Naming Policy, the president and UPB have approved the naming requests. Ms. Fratella is now seeking the board's approval for naming the three large exterior spaces. Lithia Motors and the DeBoer family have donated money for the facility itself; it will be called Lithia Motors Pavilion. The second space will be named the DeBoer Plaza, recognizing further contributions from the DeBoer family. Ron and Lou Worland have made a contribution to name the Stadium Plaza.

Trustee Schott recommended the board approve the naming of the proposed buildings and outdoor areas in recognition of philanthropic commitments: the Lithia Motors Pavilion and DeBoer Plaza and the Ron and Lou Worland Stadium Plaza. Trustee Sevcik seconded the motion and it passed unanimously.

Requested Approval of Capital Project Budget for Thalden Pavilion (Action)

Introducing this item, Mr. Morris reminded the trustees that they previously approved a request to name the new pavilion the Thalden Pavilion for Outrageous Innovation in

Sustainability and the Arts. The donors are paying all of the costs to construct the pavilion. The cost of the project has now been finalized at \$504,862.59. Because it exceeds \$500,000, the board must approve the contract. Mr. Morris added that in the building permit process, the City of Ashland required improvements to the Farm's parking lot before the permits would be approved. The university will, therefore, be doing a separate project of about \$45,000 to improve the parking lot; those funds come from SOU's capital repair and renewal funds.

President Schott said the groundbreaking ceremony was wonderful and Barry and Kathryn Thalden were there. Vince Smith talked about the role the Farm plays in curriculum and student retention. A student spoke about the impact the Farm and sustainability programs have had on her life. The idea behind the pavilion is that it is an outdoor space that will be a classroom and a place for performances, will allow SOU to educate nearby schoolchildren and adds to the overall atmosphere in Ashland.

Trustee Nootenboom moved approval of the budget presented for the privately-funded Thalden Pavilion. Trustee Washington seconded the motion and it passed unanimously.

Mr. Morris stressed that, when the legislature allocates money to build buildings, it is restricted for that purpose. Donors also can put restrictions on how their donations are to be used. This is why donor funds cannot be used to run the institution.

Enrollment Update

Discussing the admissions funnel, Chris Stanek said fall 2017 activity includes applications, admits and confirmed but does not yet include enrollments. Applications are almost exactly the same compared to this time last year. SOU has received about 80 percent of the applications that will be submitted; the total will eventually be approximately 4000. Admissions letters have been sent to 2433 students. The confirmed number is a little bit light right now but will probably pick up as more admission letters are sent and following later ROAR events.

Chair Thorndike expressed an interest in receiving routine reports on the success of the Jackson/Josephine County project. It would be something local trustees could have in their hip pockets as they talk with patrons in the valley.

Dr. Walsh highlighted some recruiting efforts from the Admissions Office. Responding to Trustee AuCoin's inquiries, Dr. Walsh said the Portland-based recruiter is in her second full year and has doubled the attendance at her SOU2You and other events.

Additionally, Dr. Walsh said the Native American recruiter does an enormous amount of outreach and his presence in the community is a recruiting mechanism for SOU. Some faculty also have Native American community ties and they are trying to maximize those connections. SOU is revising and expanding its Native American Studies program. President Schott said she received a petition signed by some faculty and over 200 students requesting the university celebrate Indigenous Peoples' Day. Diversity and Inclusion endorsed the request and the president's cabinet is also supportive. President Schott sent the request to ASSOU, Faculty Senate and UPB for their consideration. She wants to ensure the whole campus is behind the idea when the campus begins the celebration. Trustee Slattery added that he would take it to the Ashland City Council.

Adding an action item to the meeting, Chair Thorndike said SOU is at the point where it would like to plan for President Schott's investiture in October. He would like the board to sponsor the ceremony. Trustee Hennion moved the motion. Trustee Slattery seconded the motion and it passed unanimously.

Future Meetings

There was no discussion on this item.

Adjourn

Chair Thorndike adjourned the meeting at 4:41 p.m.

DRAFT

Public Comment

Lunch and Campus Update

Governance and Ethics Overview

SOU Board of Trustees

June 16, 2017

Fiduciary Duties of Trustees

- Duty of Care
 - Exercise due diligence, care and skill in determining actions in the best interests of the university
 - Regularly attend, prepare and participate
 - Fiduciary responsibility for the assets, finances, and investments, as well as the quality of the academic and support programs
- Duty of Loyalty
 - Act in good faith with the best interests of the university in mind
 - Further the university's goals and not the trustee's personal or business interests
- Duty of Obedience
 - Ensure the university's resources are dedicated to the fulfillment of its mission
 - Ensure university complies with applicable laws and ethical obligations

Responsibilities of Individual Trustees Policy

- Link: [Responsibilities of Individual Trustees.pdf](#)
- Safeguard the University's assets and foster its capacity to serve others
- Speak candidly, foster respect for the opinions of others
- Remember that the Board Chair speaks for the Board and the President speaks for the University
- Avoid personal agenda
- Respect and support the President's role and responsibilities, while exercising critical judgment
- Distinguish between management & governance issues
- Avoid even the perception of conflict of interest

Delegation of Authority

- Effective January 30, 2015
- Link: [Delegation of Authority.pdf](#)
- Delegates authority to President for all activities that further the operation of the University
- Certain activities reserved to the Board such as:
 - Presidential hiring, compensation, evaluation
 - Changes to bylaws, mission of university
 - Approval of issuance of bonds
 - Adoption of budget & determination of tuition and fees

Ethics & Conflicts of Interests

- Board Policies
 - Trustee Code of Ethics
 - Link: [Statement on Ethics and Conflict of Interest.pdf](#)
 - Trustee Conflicts of Interest & Recusal
- Oregon Ethics Law

Oregon Government Ethics Law



- Key concepts:
 - Use of Office
 - Gifts
 - Conflicts of Interest
 - Statement of Economic Interest

Use of Office

- May not use your position to obtain financial benefit or avoid financial detriment
- Prohibition applies to you, as well as your relatives and members of your households

Gifts

- May not accept gifts from any source with an economic interest, distinct from that of general public, in any matter subject to decision by the Board
- “Gift” = anything of economic value provided without consideration of equal value which is not provided to others who are not public officials on the same terms.
- Prohibition extends to relatives/household members

Gifts (continued)

- Exceptions include, but not limited to:
 - Gifts with aggregate value of less than \$50 per year from one source
 - Gifts from relatives/household members
 - Gifts in usual/customary practice of your business and n/a to SOU/Board
 - Entertainment incidental to main purpose of event
 - Entertainment where you are acting in official capacity and representing SOU for ceremonial purpose
 - Cost of admission/food/beverage when you are representing SOU at reception/meal/meeting
 - Payment of reasonable expenses by another public body or non-profit if you are scheduled to make a speech or officially represent SOU

Conflicts of Interest

- “Conflict of Interest” – Participation in official action that *could* or *would* result in financial benefit or detriment to you, your relative or a business with which either is associated.
- Two types of conflicts:
 - Potential conflicts (“could”) – Must announce and may participate
 - Actual conflicts (“would”) – Must announce and refrain/recuse

Annual Verified Statement of Economic Interest

- Must be filed with the Oregon Government Ethics Commission each April 15
- Each Trustee's personal responsibility

Public Records Law

- Purpose – confers the right for any person to inspect any nonexempt public record of a public body in Oregon
- “Public record” includes:
 - Any writing (including email), stored on any medium that contains information relating to the conduct of the public’s business
 - That is owned, used or retained by a public body
- Exemptions from disclosure may apply

Public Meetings Law

- Meetings of governing bodies at which decisions about the public's business are made or deliberated must be open to the public.
- If there is a quorum, the gathering is subject to the Public Meetings law.
- Must provide notice of meetings and opportunity for the public to attend.

Public Meetings Law (continued)



- Executive sessions are not open to the public (but media can attend)
 - Executive sessions still must be announced, they may be convened only for certain matters and there must be no final decisions made
 - Civil penalties against public officials for violations – advice of counsel *is* a defense, unlike most ethical violations

Questions?



President's Report

MISSION, VISION AND VALUES

**Please Note: The following are drafts of the mission, vision, and values. The Strategic Planning Committee and SOU leadership believes they will change a number of times.*

Southern Oregon University's Vision (Draft):

To guide every learner to develop the knowledge, capacities and audacity to innovate boldly and create lives of purpose that enrich our democracy, strengthen our economy, and sustain our environment.

Southern Oregon University's Mission (Draft):

Southern Oregon University is a regionally-engaged learning community committed to being the educational provider of choice for learners throughout their lives.

We inspire curiosity and creativity, require critical thinking, and cultivate bold ideas and actions.

We commit to equity, diversity, and inclusion.

We achieve student success, professional preparation, and civic engagement through service excellence, evolving technologies, and innovative curriculum.

We promote economic vitality, sustainability, cultural enrichment, and social well-being in Oregon, the nation, and the world.

Southern Oregon University's Values (Draft):

SOU is committed to:

Students

We are fundamentally student-centered. We are responsive to the identities of our learners and care about their well-being.

Intellectual Growth

We advocate critical thinking, discovery, and engaged learning.

Excellence and Continuous Improvement

We encourage all members of our community to reach their greatest potential and hold ourselves to a standard of excellence in all we do.

Creativity and Innovation

We teach and apply creative, thoughtful and collaborative approaches to improving the community and the world.

A Safe and Welcoming Community

We foster access, equity, inclusion and diversity in thought and practice.

A Healthy Campus Culture

We promote civility by engaging in respectful and authentic dialogue.

The Bio-Region

We are responsible members of the natural and social world and we practice economic and environmental sustainability.

Committee Reports

- **Executive and Audit**
- **Finance and Administration**
- **Academic and Student Affairs**

Student Leadership Report

Faculty Senate Report

Request to Execute Contract with Academic Partnerships (Action)

Academic Partnerships Proposed Contract



- Exempt Procurement – Educational Services
- Term
 - Ten (10) years for each program.
 - If additional program is added later, then term for that program is ten (10) years from the date that program launches.
 - Each original term and each successive term automatically renews for five years unless notice of termination provided 270 days in advance of preceding term's end.
- Revenue Split
 - 50/50 revenue split for all designated programs.

Academic Partnerships Proposed Contract



- Right of First Offer for New Online Programs
 - SOU must first offer AP the right to exclusively negotiate an addendum for that new program.
 - If AP declines or the parties can not negotiate an agreement in good faith, SOU can contract with other third-party providers.
- Instructional Connections - Related Agreement
 - For academic coaches to provide faculty with instructional support, similar to teaching assistants.
 - Cost is \$32-\$44 per enrolled student per term depending on the nature of program and length of the term.
 - Two year term; can be terminated before start of each academic year.

Fiscal Year 2017-2018 Budget (Action)

Reminder: Budget Process

- 9-month process
- Planning/Guidance
- Engagement
- Decisions
- Decisions + Adjusted budget assumptions built balance of budget
- Criteria: 10% ending fund balance for HECC retrenchment requirement

Finance and Administration Committee Work:

- Oversaw extensive budget process
- Reviewed/set budget assumptions
- Recommended tuition rate and enrollment projection

Budgeted Operations – with Contingencies



SOUTHERN OREGON UNIVERSITY BUDGETED OPERATIONS DRAFT BUDGET									
Code	Title	Draft Budget @ GRB	Draft Budget @ Co-Chair	Draft Budget @ \$691M	Draft Budget @ \$711M	Draft Budget @ \$731M	Draft Budget @ \$751M	Draft Budget @ \$761M	Draft Budget @ \$767M
REVENUE		12%	12%	11%	10%	9%	8.5%	8.0%	8.0%
	Enrollment Fees	38,374,145	38,374,145	38,012,729	37,746,661	37,482,222	37,349,738	37,217,255	37,217,255
	Resource Redistribution	20,304,196	20,784,995	21,019,544	21,260,009	21,260,009	21,260,010	21,368,117	21,489,935
	Misc Other Revenue	1,937,293	1,937,293	1,937,293	1,937,293	1,937,293	1,937,293	1,937,293	1,937,293
	SUBTOTAL REVENUE	60,615,634	61,096,433	60,969,566	60,943,963	60,679,524	60,547,041	60,522,665	60,644,483
	LABOR								
	SUBTOTAL LABOR	(49,965,900)	(49,965,900)	(49,965,900)	(49,965,900)	(49,965,900)	(49,965,900)	(49,965,900)	(49,965,900)
	DIRECT EXPENDITURES								
	SUBTOTAL DIRECT EXPENDITURES	(9,149,519)	(9,149,519)	(9,149,519)	(9,149,519)	(9,149,519)	(9,149,519)	(9,149,519)	(9,149,519)
	TRANSFERS								
	SUBTOTAL TRANSFERS	(2,203,324)	(2,203,324)	(2,203,324)	(2,203,324)	(2,203,324)	(2,203,324)	(2,203,324)	(2,203,324)
	NET: REVENUE MINUS LABOR AND EXPENDITURES	(703,109)	(222,310)	(349,177)	(374,780)	(639,219)	(771,702)	(796,078)	(674,260)
Beginning Fund Balance		6,876,000	6,876,000	6,876,000	6,876,000	6,876,000	6,876,000	6,876,000	6,876,000
Ending Fund Balance		6,172,891	6,653,690	6,526,823	6,501,220	6,236,781	6,104,298	6,079,922	6,201,740
Percent of Revenue		10.18%	10.89%	10.71%	10.67%	10.28%	10.08%	10.05%	10.23%

Proposed Budget



2017-2018		Budgeted Operations	Designated Operations	Auxiliary Operations	Total Operations
Revenue	Tuition & Fees	38,374,145	998,387	6,845,445	46,217,976
	State Support	20,304,196	-	401,824	20,706,020
	Misc. Other Revenue	1,937,293	2,928,894	9,658,695	14,524,882
Total Revenue		60,615,634	3,927,281	16,905,964	81,448,878
Expenditures					
	Labor	(49,965,900)	(2,845,456)	(8,813,612)	(61,624,966)
	Supplies and Services	(9,149,519)	(1,721,810)	(9,732,772)	(20,604,101)
	Net Transfers	(2,203,324)	375,730	1,827,594	-
Total Budget		(61,318,743)	(4,191,536)	(16,718,790)	(82,229,067)
Revenue minus Expenditures					
		(703,109)	(264,255)	187,174	(780,189)

Proposed Budget for Adoption:

Fiscal Year 2017-2018 budget in the sum of \$82,229,067 inclusive of :

- Budgeted Operations in the sum of \$61,318,743; an
- Auxiliaries budget in the sum of \$16,718,790; and
- Designated operations in the sum of \$4,191,536.

2017-2018		Budgeted Operations	Designated Operations	Auxiliary Operations	Total Operations
Revenue	Tuition & Fees	38,374,145	998,387	6,845,445	46,217,976
	State Support	20,304,196	-	401,824	20,706,020
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Total Revenue		60,615,634	3,927,281	16,905,964	81,448,878
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	Labor	(49,965,900)	(2,845,456)	(8,813,612)	(61,624,966)
	Supplies and Services	(9,149,519)	(1,721,810)	(9,732,772)	(20,604,101)
	Net Transfers	(2,203,324)	375,730	1,827,594	-
Total Budget		(61,318,743)	(4,191,536)	(16,718,790)	(82,229,067)
Revenue minus Expenditures					
		(703,109)	(264,255)	187,174	(780,189)

**Southern Oregon University
Board of Trustees**

Proposed Resolution: Adoption of Fiscal Year 2017-2018 Budget

Whereas, ORS 352.102(1) provides that, except as set forth within ORS 352.102, the Board of Trustees may authorize, establish, collect, manage, use in any manner and expend all revenue derived from tuition and mandatory enrollment fees;

Whereas, ORS 352.107(1)(a) provides that the Board of Trustees may acquire, receive, hold, keep, pledge, control, convey, manage, use, lend, expend and invest all moneys, appropriations, gifts, bequests, stock and revenue from any source;

Whereas, ORS 352.107(1)(i) provides that the Board of Trustees may, subject to limitations set forth in that section, spend all available moneys without appropriation or expenditure limitation approval from the Legislative Assembly;

Whereas, ORS 352.107(2) requires, and the Board of Trustees finds, that the budget of the Southern Oregon University is prepared in accordance with generally accepted accounting principles;

Whereas, after detailed review, the Board of Trustees wishes to approve a budget for fiscal year 2017-2018; and

Whereas, the Finance and Administration Committee of the Board of Trustees has referred this matter to the full Board of Trustees, recommending approval;

Now, therefore, be it resolved, the Board of Trustees approves and adopts the Fiscal Year 2017-2018 budget in the sum of \$82,229,067 inclusive of budgeted operations in the sum of \$61,318,743; an auxiliaries budget in the sum of \$16,718,790; and designated operations in the sum of 4,191,536.

FY 2017-2018 Internal Audit Plan (Action)

**Southern Oregon University
Board of Trustees**

Proposed Resolution: Adoption of Fiscal Year 2018 Internal Audit Plan

Whereas, Southern Oregon University is governed by and the business and affairs of the University are managed by the Board of Trustees of Southern Oregon University;

Whereas, Southern Oregon University has a duty to responsibly manage, invest, allocate, and spend its resources;

Whereas, Southern Oregon University has created the position of Internal Auditor to provide independent and objective assurance, consulting and investigative services that add value to the University;

Whereas, the Board of Trustees of Southern Oregon University has granted the Internal Auditor an Internal Audit Charter (“Internal Audit Charter”) to provide guiding principles, direction and authority to the Internal Auditor consistent with The Institute of Internal Auditors’ International Professional Practices Framework; and

Whereas, the Internal Auditor will work closely with the Board of Trustees, University leadership, faculty and staff to conduct and coordinate a broad range of internal audit functions for the University; and

Whereas, the Internal Auditor has developed, for approval by the Board, a risk-based annual internal audit plan (“Internal Audit Plan”) for Fiscal Year 2018 as described in the document attached hereto as Exhibit A; and

Whereas, pursuant to the Board’s Policy on Committees, the Executive and Audit Committee of the Board of Trustees voted to refer this action as a seconded motion to the Board of Trustees for adoption;

Now, therefore, the Board of Trustees of Southern Oregon University hereby approves and adopts the Fiscal Year 2018 Internal Audit Plan. The Board hereby instructs the Internal Auditor and the officers of the university to take all actions and steps deemed necessary and proper to implement the Internal Audit Charter and the Internal Audit Plan.

EXHIBIT A

Southern Oregon University
Internal Audit Plan
Fiscal Year 2018

Prepared By
Ryan Schnobrich, C.P.A.
Internal Auditor

April 21, 2017

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Introduction & Internal Audit Plan Overview

The purpose of the Internal Audit Plan is to outline internal audits and other services and activities the Internal Audit Department will conduct during fiscal year 2018 (July 1, 2017 to June 30, 2018).

The Internal Audit Plan satisfies responsibilities established by the Board of Trustees bylaws, the Internal Audit Charter, and applicable professional *Standards*.

The Internal Auditor is authorized to make changes to the Internal Audit Plan, as deemed necessary, to address changes in identified risks. The Executive and Audit Committee and the President will be notified of any significant additions, deletions, or other changes to the Internal Audit Plan.

The Internal Audit Plan should be based on appropriate risk-based methodology, including the consideration of any risks or control concerns identified by management.

2018 Top Residual Risk Areas & Opportunities

As Internal Audit is a new function on campus, a risk assessment and scoring process was developed as a part of last year’s Internal Audit Plan. The results of this process were incorporated into a combined risk/control and risk-scoring matrix. Risk scores include significant input from risk interviews with management. Rather than a top 10 list of risks, appendix A is a heat map of top specific residual risks that could result in a material event if related internal controls are not implemented and functioning effectively.

Executive Summary

Please refer to Internal Audit’s annual report, engagement reports and reference resources on the Board reporting page:

<https://sites.google.com/a/sou.edu/internal-audit/?pli=1>

The theme for this year is to balance continued capacity building with value-added engagement.

Regarding allocation of time, given how time was spent last year and the functional maturity of Internal Audit, I believe that the following breakdown is appropriate:

	FY18	FY17 (Estimation)
Assurance/Audit Services:	10%	11%
Consulting Services:	25%	10%
Investigative Services:	10%	11%
Governance:	10%	10%
Risk Assessment/Enterprise Risk Management:	5%	6%
Internal Control Assessment:	5%	2%
Function Capacity Building/Quality Assurance:	5%	8%
Relationship Building:	5%	7%
Professional Development:	5%	15%
Function Administration:	10%	10%
Vacation/Holiday/Sick Time:	<u>10%</u>	<u>10%</u>
Total	100%	100%

Internal Audit Plan for Fiscal Year 2018

Assurance/Audit Services:

1. Student Life – Review of the student fee process including follow up audit of primary recommendations from the consulting agreement performed by Moss Adams in December 2013.
2. Human Resources – Personnel file management compliance and best practice review.
3. Annual assessment of management responsibilities.

Consulting Services:

1. Financial Aid - Internal controls around key processes and compliance requirements;
2. Student Life – Planning for the opening of the Student Recreation Center;
3. Information Technology - Guidance in implementing risk management;
4. Service Center - Digitization of workflow (continuation of last year);
5. Athletics – NAIA compliance and administrative integration (continuation of last year);
6. Miscellaneous – Possibly including some follow up services to Facilities Management & Planning regarding capital project billing and Housing & Dining internal controls.

Investigative Services:

1. EthicsPoint hotline allegations come to me for substantiation and reintegration with management decision-making.

Governance:

1. Continue to develop an understanding of the Board of Trustee's and management's risk appetite and key strategic goals.

Risk Assessment/Management:

1. Encouraging enterprise risk management, especially risk assessment, by management;
2. Nurturing a formal compliance management function by management;

Internal Control Assessment:

1. Continue to familiarize myself with key university internal control processes.

Function Capacity Building:

1. Formalize and document internal procedures further, with an eye towards an external quality assurance assessment.
2. Developing and documenting some software-assisted auditing techniques; specifically using the software IDEA, Excel, Banner and Cognos.

Administration:

1. I will track how I spend my time for one more year. I will incorporate the results into the FY19 Internal Audit Plan.
 - a. I will also work with Human Resources to update the Internal Auditor job description.

Annual Confirmation of the Organizational Independence of Internal Audit

Another key responsibility set forth in the Internal Audit Charter is to confirm annually the organizational independence of Internal Audit. This is included in each year's Internal Audit Plan. The

Board will be advised of any responsibilities or conditions believed to be inappropriate, as well as any inappropriate limitations to scope or insufficient resources.

Human Resource Plan

The FY18 Internal Audit Plan was created around the understanding of having one Internal Auditor dedicated to Southern Oregon University.

Any Resource Limitations or Significant Interim Changes

Having only one Internal Auditor is inherently a resource limitation. As the internal audit function is still relatively new, time must be dedicated to documenting internal processes and developing relationships. While this year's Internal Audit plan is ambitious, I believe that it can be completed with the resources provided.

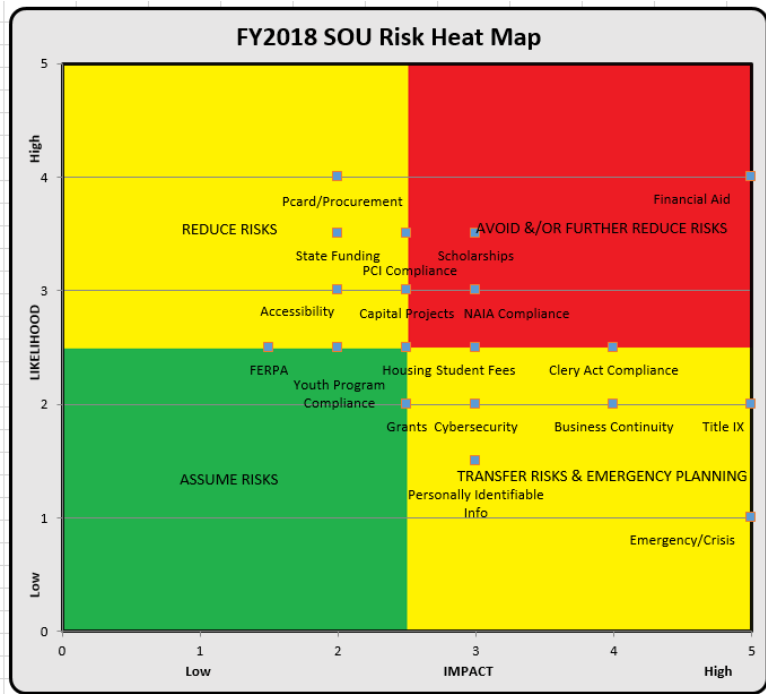
Financial Budget

As per the Internal Audit Charter, the Executive and Audit Committee is responsible for approving the internal audit function's budget and resource plan.

Internal Audit's requested budget has been submitted to Mark Denney, Associate Vice President for Budget and Planning. The non-payroll portion of the budget has been reduced by approximately \$1,000 year-over-year as there is less of a need for training and function start-up costs compared to last year.

Appendix A

Top 20 Risks	Impact	Likelihood
Financial Aid	5	4
Scholarships	3	3.5
FERPA	1.5	2.5
Cybersecurity	3	2
Business Continuity	4	2
NAIA Compliance	3	3
Clery Act Compliance	4	2.5
Emergency/Crisis	5	1
Capital Projects	2.5	3
Title IX	5	2
Accessibility	2	3
Youth Program Compliance	2	2.5
Personally Identifiable Info	3	1.5
Grants	2.5	2
State Funding	2	3.5
Pcard/Procurement	2	4
PCI Compliance	2.5	3.5
Student Fees	3	2.5
Housing	2.5	2.5





Board Officer Elections (Action)

Trustee Recognition (Action)

**Board of Trustees of
Southern Oregon University**

**Resolution Recognizing the Outstanding Service of
Trustee Jeremy Nootenboom**

Whereas, Jeremy Nootenboom was appointed by Governor John Kitzhaber to serve on the Board of Trustees of Southern Oregon University on December 10, 2014, and was reappointed to a second term by Governor Katherine Brown on May 25, 2016; and

Whereas, Jeremy Nootenboom brought to his appointment exceptional knowledge, curiosity, and insight stemming from his experience as a successful entrepreneur and student leader, having served as a senator for the Associated Students of Southern Oregon University (ASSOU) and as a board member of the Oregon Student Public Interest Research Group; and

Whereas, Jeremy Nootenboom contributed to the increased stature of the University's environmental programs with his leadership on the innovative Solar Power Purchase Agreement for ASSOU—the first project of its kind in the nation on a university campus; and

Whereas, Jeremy Nootenboom studied abroad in Cambodia, Malaysia, and Thailand in 2016 and continued his dedicated board service remotely, despite significant differences in time, access, and place; and

Whereas, Jeremy Nootenboom has served dutifully on the Finance and Administration Committee of the Board of Trustees; and

Whereas, Jeremy Nootenboom contributed to the future potential of Southern Oregon University through his participation in activities and decisions affecting the university, including and especially those related to the 2016 Presidential Search, which resulted in the appointment of the current University President, Linda Schott; and

Whereas, Jeremy Nootenboom holds a certificate in finance and applied economics and on June 17, 2017, will be awarded the bachelor of science degree, with honors, in economics, and a minor in business administration; and

Whereas, it is fitting that the Board of Trustees recognize this inaugural trustee and student who has made notable contributions to the University, governance, and public higher education in Oregon;

Now, therefore, be it resolved, by the Board of Trustees that Jeremy Nootenboom is hereby honored for outstanding service and dedication to the University and is extended all the gratitude and best wishes befitting his service.

Collective Bargaining Update – Executive Session [Pursuant to ORS 192.660(2)(d)]

Presidential Evaluation - Information

Board Statement on Evaluation of the University President Board of Trustees of Southern Oregon University

It is the policy of the Board of Trustees of Southern Oregon University (“Board”) to review the performance of the President annually.

The primary purposes of the annual review are to enable the President to strengthen his or her performance and effectiveness in leading the institution to success and to allow the President and the Board to set mutually agreeable goals. The review process is not intended as a substitute for regular and ongoing communication about progress toward goals between the President and the Board.

Annual reviews will inform decisions regarding compensation, although compensation adjustments are not necessarily awarded simultaneously with a positive performance review. Adjustments to, or renewal of, the President’s contract will be handled as a separate matter, taking into account presidential performance, peer-group comparisons and other factors.

The annual review process will occur on a July 1-June 30 cycle. The annual review will cover the preceding year.

The criteria for evaluation and information responsive to those criteria will be based principally on the President’s self-assessment with respect to goals mutually set by the Board and President for the year in review.

The retrospective elements of the President’s self-assessment customarily will include:

- A copy of the mutually-agreed upon goals, with a description of efforts to meet them and the President’s progress assessment.
- A description of other personal or institutional achievements of which the Board should, or might, be informed by the President as aspects of performance or accomplishment.
- Identification of significant institutional or personal challenges the President faced over the course of the review year that affected progress toward goals, with particular focus on those that are likely to persist into the upcoming year or beyond.
- Comments regarding the vice presidents and other equivalent University officers who report directly to the President.
- Key areas in which the Board has been especially supportive.

The prospective elements of the President’s self-assessment customarily will include:

- Goals the President proposes for their individual performance and the institution over the course of the upcoming year and for three to five years.

- The President’s professional development plans and any associated requests of the Board.
- The President’s assessment of the University’s principal current opportunities and challenges.
- Key areas in which the President would especially benefit from Board support.

Review Process

The President will submit his or her self-assessment to the Board Chair by July 31 of each year. The Board Chair and the President will then meet to discuss the self-assessment. The Board Chair shall, in a timely manner, seek confidential input and comments from trustees and, as the Board Chair deems appropriate, from members of the University community selected by the Board Chair, as the Board Chair deems appropriate.

The President’s self-assessment will be provided to the Board, along with any other information determined by the Board Chair. The Executive and Audit Committee may meet in executive session for the purpose of evaluating the President, during which the President is to present their self-assessment and engage in a discussion with the Committee regarding both the retrospective and prospective elements of the assessment. The President may be excluded from any portion of such an executive session at the discretion of the Board Chair.

Following the meeting of the Executive and Audit Committee, the Board Chair will prepare an evaluation of the President and a summary of the Committee’s comments. The evaluation and self-assessment will be shared with the full Board prior to any Board’s meeting in which the Board will discuss the evaluation.

At the Board’s fall meeting, or as soon thereafter as the Board’s calendar will reasonably allow, the full Board may go into an executive session to discuss the evaluation of the President. The President may be excluded from any portion of such an executive session at the discretion of the Board Chair. After the Board discusses the evaluation of the President, the President will then present to the Board for approval the goals that the President proposes for their individual performance and for the institution for the upcoming year and for three to five years. The President’s presentation of their goals and the Board’s consideration of such goals shall take place in public session.

After the fall meeting, the Board Chair will meet with the President to communicate verbally and/or in writing to the President the conclusions of the evaluation and any recommendations, concerns, or priorities arising out of the evaluation.

The Executive and Audit Committee may, at its discretion, perform a comprehensive performance review of the President, including a 360-degree review. A comprehensive review of

this nature should generally be performed prior to consideration of the renewal of the President's contract. When a comprehensive review is performed, it is to be incorporated into the annual review process described above, with such adjustments to the schedule as may be necessary.

Pursuant to ORS 351.065, documents regarding the President's performance, including the Board's evaluation, the 360-degree review, and the President's self-assessment, are faculty personnel records and are not public records.

The Board will periodically review and, as necessary or desirable, revise this policy and its associated procedures in light of experience gained, best practices, and legal developments as applicable.

Approved on January 20, 2017



Chair, Board of Trustees



University Board Secretary

Legislative Update

This update is being provided in advance of the Board of Trustee's meeting. Activities in the State Legislature are evolving hourly at this time, and a more up-to-the-moment update will be provided to you at the Trustee meeting next week.

Proposed Federal Budget

On Tuesday, May 23, the Trump administration released its fiscal year (FY) 2018 budget. The proposed budget includes a reduction of \$9.2 billion for the Department of Education, cutting its budget by 13.6% from the level Congress approved last month. A summary of key elements is provided in the AGB Alert which was previously shared with the board. Link: <https://www.agb.org/news/2017-05/agb-alert-trump-administration-releases-fy-2018-budget-proposal>

In short, President Trump's budget would eliminate the public service loan-forgiveness program, subsidized Stafford Loans, and Supplemental Educational Opportunity Grants; begin to phase out the National Endowments for the Arts and for the Humanities; and allow the Perkins Loan program to expire. It would also cut spending in half on Federal Work-Study programs, eliminate programs that foster foreign-language study, and reduce spending that supports international-education programs and exchanges, such as the Fulbright Scholar program. Another proposed change includes keeping Pell grant maximum awards at \$5,920 and pulling almost \$4 billion from the program's reserve funds. This could mean higher debt for lower-income students if tuition continues to increase, since the awards remain flat under this proposal. On the other hand, allowing year-round Pell grants also is proposed, which could mean less debt for those who choose to take summer courses.

In 2015-16, SOU federal programs provided approximately \$36M in grants and loans to SOU students. SOU also received approximately \$1.7M in federal grants to assist low-income students, to provide public radio to the region, and to support faculty research, arts, and humanities programs.

The President's budget is a messaging document. While it may be used as justification for later changes, it is not the final version, and congressional leaders already have started railing against many of the president's more drastic cuts, noting that Congress has the final say on appropriations bills. President Schott and others are regularly monitoring national higher education association alerts and are in communication with members of our Congressional delegation regarding the impact of these reductions to SOU and other public universities in Oregon. Senator Merkley recently remarked, "Please know I'll keep fighting to ensure all students have access to a safe, high-quality and affordable education."

State Legislature Update

President Schott and senior administrators were regular visitors to the Capitol in April and May. In addition to meeting with our local delegation, meetings were held with members of the Ways and Means Education and Capital Construction Sub-committees. Provost Walsh and Vice President Morris were among those tapped to testify on behalf of the seven universities in public hearings on specific measures.

The Technical and Regional Universities (TRU) Day in the Capitol on May 16 [Governor's May 16 Proclamation attached] engaged over 60 SOU students, faculty, administrators, and trustees who traveled to Salem to join other TRU institution representatives; Chair Thorndike and Trustee Vincent attended on behalf of the board. The day's events provided the opportunity to meet with our local

delegation, Legislative leadership, as well as highlight SOU students. Several students joined SOU's Dr. Vince Smith in the Capitol Galleria to display their work on SOU's sustainability programs and initiatives. Thirty members of the SOU Chamber Choir, under the direction of Dr. Paul French, performed for House and Senate Chamber Opening Ceremonies, followed by a performance in the Capitol Rotunda. SOU students also joined TRU Trustees, administrators and others in afternoon meetings with legislators throughout the Capitol. The TRU Day concluded with a special reception at the Governor's mansion for Presidents, Board Chairs and other invited guests.

The state's most recent quarterly revenue forecast, issued on May 16, indicated that while still growing, Oregon's economy is slowing down. The May forecast is used to calibrate the state's budget for the 2017-19 biennium. The forecast for the 2015-17 biennium shows that revenues are expected to exceed the 2% "kicker" threshold. The estimated revenue shortfall continues to hover around \$1.4B for the 2017-19 biennium.

June 2 was the second chamber deadline for holding work sessions in most policy committees. Policy committees other than Revenue, Rules and Joint committees will hold less frequent hearings and only on informational topics. Of the remaining bills that are being tracked by the public universities, 156 are in the Joint Ways and Means Committee, 68 are in one of the Rules Committees, and 42 are in one of the Revenue Committees.

Legislators have about a month before the deadline of July 10 to adjourn, which has resulted in both renewed calls for revenue reform and an increasing realization that there may not be time to strike a deal on a new tax structure. It may not be possible for legislative leaders to garner the bi-partisan three-fifths majority need to approve a tax overhaul, causing a number of legislators to observe that a special legislative session may be needed.

In view of the impending deadline for the 2017 session, the seven university presidents sent a letter two weeks ago urging the Governor and legislative leaders "to confront the painful and costly realities of inadequate revenue streams and debilitating cost drivers" [Oregon Council of Presidents Letter attached.]* Legislators appear to be making more progress in developing a health care provider tax and agreements over the taxes and fees needed to finance a statewide transportation package.

**News articles today, June 8, indicate a "breakthrough" House/Senate Democrats plan (no bill number yet) for revenue reform which could raise an estimated \$900M in the next two years. It is expected to get a hearing in the Tax Reform Committee next week. It's unclear if it will attract Republican support for the necessary 3/5 majority to pass.*

In the meantime, the Joint Ways and Means Committee is starting to approve budgets. Most notably, Joint Ways and Means Committee lawmakers advanced an \$8.2 billion plan to fund K-12 schools, which is an increase of 11.2% over last biennium, and more than the \$8 billion proposed in the Governor's Recommended Budget (GRB). Moving this budget forward before the rest of the state budget and at a level significantly higher than the GRB increases the pressure to come up with more taxes or other revenue before adjournment.

In the past week, and as part of the effort related to government cost containment, the Governor appointed a task force to look at ways to reduce the unfunded liability in PERS; [Senate Bill 1068](#) was introduced to establish a risk sharing account for members of the individual account program of Oregon

Public Service Retirement Plan; and [Senate Bill 1067](#), which includes a variety of provisions anticipated to save over \$450M, was introduced and will be heard in the Joint Ways and Means Committee on Friday, June 9.

Status of Selected University Priority Bills:

- SB 5524 appropriates general fund monies to the HECC for higher education. Pending hearing in Ways and Means – nothing scheduled as of today.
- SB 5505/5506 appropriates bond monies for capital construction. Public hearing scheduled in Ways and Means Capital Construction Sub-committee 6/9. [\$6M Central Hall capital maintenance project and biennial deferred maintenance funds for SOU.]
- SB 54B will make technical changes to public university statutes including changing HECC evaluations to every other year, allowing governing boards to meet four times a year rather than quarterly, and permitting the Governor to stagger terms of public university governing boards. Scheduled for the Senate Floor 6/12.
- SB143B directs Department of Veterans' Affairs to develop and implement one or more grant programs statewide to expand and enhance existing campus veteran resource centers and employ campus veteran resource coordinators on campuses of community colleges and public universities. Appropriates moneys from veterans' services fund to Department of Veterans' Affairs for purpose of implementing grant programs. Passed House with Amendments and referred to Ways and Means this week.
- SB 762 exempts sexual assault victims and persons assisting sexual assault victims from arrest or prosecution for offense related to purchase or possession of alcoholic beverage by person under 21 years of age if evidence of offense was obtained because of contact with law enforcement agency or emergency medical services to report assault or obtain assistance. Awaiting Governor's signature.
- HB 2864 requires each public university to create a cultural competency plan and prepare a biennial report to the Trustees. Passed the Senate this week; awaiting signatures.
- HB 3288B requires each public university to submit to Higher Education Coordinating Commission report identifying causes of increases in administrative positions and other cost drivers at university. Passed the Senate this week; scheduled for the House on 6/9.
- HB 3289 directs the HECC to submit annual report to interim committees that describe progress made in providing competency-based education in public-post secondary institutions. Passed the Senate this week; awaiting signatures.
- HB 3457 requires statement of economic interest to include certain information about sources of income for business in which public official or candidate, or member of household of public official or candidate, is officer or holds directorship if source of income has legislative or administrative interest and 10 percent or more of total gross annual income of business comes from that source of income. First reading and referred to Rules 5/11; no meetings currently set.

STATE OF OREGON
PROCLAMATION
OFFICE OF THE GOVERNOR

WHEREAS: Eastern Oregon University, Oregon Tech, Southern Oregon University, and Western Oregon University make important contributions to our state and our citizens; and

WHEREAS: Oregon's four public technical and regional universities (TRUs) serve approximately 20,000 students, the majority of whom are Oregon residents; and

WHEREAS: The TRUs awarded 3,658 university degrees last year; and

WHEREAS: The technical and regional universities are essential to the workforce and diverse economies of the rural regions they serve.

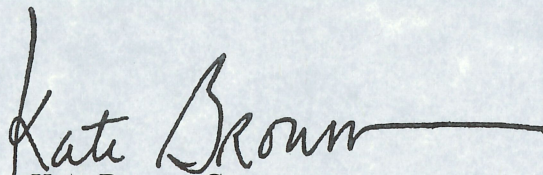
NOW,

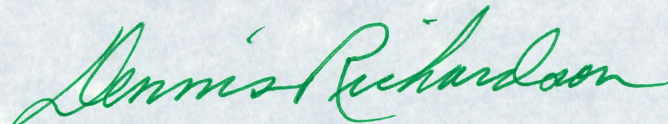
THEREFORE: I, Kate Brown, Governor of the State of Oregon, hereby proclaim **May 16, 2017** to be

TECHNICAL AND REGIONAL UNIVERSITY (TRU) DAY

in Oregon and encourage all Oregonians to join in this observance.

IN WITNESS WHEREOF, I hereunto set my hand and cause the Great Seal of the State of Oregon to be affixed. Done at the Capitol in the City of Salem in the State of Oregon on this day, May 15, 2017.


Kate Brown, Governor


Dennis Richardson, Secretary of State



May 23, 2017

Dear Governor Brown and Legislative Leaders,

As you undertake difficult budget decisions, and public universities near the end of our academic year and prepare for the next one, we urge the State of Oregon to confront the painful and costly realities of inadequate revenue streams and debilitating cost drivers. These structural budget issues threaten the quality and scope of our educational, human services, and public safety systems and stymie our state's progress.

At the same time, Oregonians are deeply concerned about the rising cost of a college degree and many fear that the opportunity to obtain a college degree is not possible without taking on a lifetime of debt. Political, business, and labor leaders have spoken publicly about the urgent need to address the budget this session. We know this means tough votes on additional revenue and efforts to bend cost curves that will have real and lasting impact on Oregonians. The problems are complex and so are the solutions.

Nevertheless, the tough issues must be tackled now because Oregon students cannot afford to wait any longer. An outstanding question, however, is whether these tough votes will be taken by you or will be left to the Boards of Trustees of Oregon's public universities who are adopting painful cuts and increases in tuition. Each of us is trying to balance budget cuts, which threaten the quality and availability of our programs, and tuition increases that will reduce access to college degrees for Oregonians.

We have hobbled along through boom and bust cycles making investments and levying cuts as income tax revenues rise and fall. These dramatic swings have taken their toll on our institutions, shifting the responsibility of paying for a public university education away from the state and toward students and families.

The election last fall demonstrated that the state's diverse interest groups are capable of building sufficient coalitions to defeat and pass ballot measures. But we are in search of something more. Oregon has yet to build a coalition that casts a net wide enough to provide solutions for all Oregonians. If the Legislature is unable to accomplish that in the coming months, we will have failed future Oregonians and we will leave a legacy that will haunt our classrooms, workforce, and economy for generations to come.

Our funding challenges are not somebody else's problem. This is our collective problem. If we pass up the opportunity to tackle it as citizens of Oregon, we bear the responsibility of passing it on to our children and their children.

It is time for the Governor and members of the Oregon Legislative Assembly, regardless of political party affiliation, to come together as Oregonians to address these critical issues. We ask that you carefully consider and agree upon a path forward for the future, making the difficult, but necessary choices to raise revenue to invest in higher education while curbing unsustainable costs at the same time, and grow the economy. We need you to look for solutions that are politically viable and can withstand scrutiny from civic leaders, elected officials, courts, and voters. We will join you in supporting these actions.

We did not arrive at this moment suddenly. We find ourselves here as the result of decades of decisions by voters and elected officials. It will take deliberate, disciplined and intentional decisions and execution over several years to lead Oregon back to a stronger, more resilient economy, resulting in more resources for education and other vital services for the future.

In the coming weeks, we will all be tested. In spite of those trials, we firmly believe that if we do not confront the realities we face, we will do irreparable harm to our students, our universities and our state as a whole. Oregonians deserve something better than management by crisis. Hunkering down in bad times and hoping for good times is not a strategy. We urge the state to adopt a continuously sustainable strategy of investment to create the economy of the future that the people of Oregon deserve, and we believe that education must be at the center of any such strategy.

We stand ready to participate in any conversation that would be beneficial to finding solutions, or provide the intellectual resources of our respective universities should it be helpful toward finding a path forward.

Thank you for your efforts to ensure Oregon students have a future where a college degree is accessible and where first-generation and underrepresented students have the support to raise themselves out of poverty and find a path to prosperous careers and a better quality of life. Our Boards are making tough choices on our respective campuses. We ask that you do the same.

Sincerely,



Thomas Insko
President, Eastern Oregon University



Michael Schill
President, University of Oregon



Rex Fuller
President, Western Oregon University



Edward Ray
President, Oregon State University



Linda Schott
President, Southern Oregon University



Nagi Naganathan
President, Oregon Institute of Technology



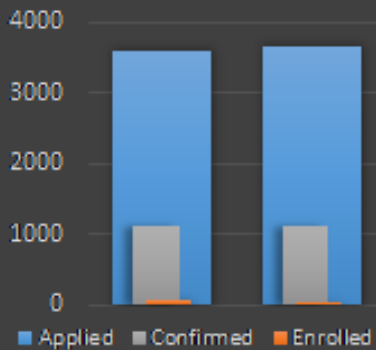
Wim Wiewel
President, Portland State University

Enrollment Update

Admissions Data

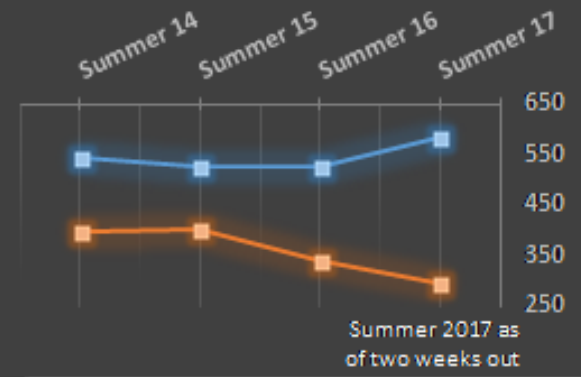
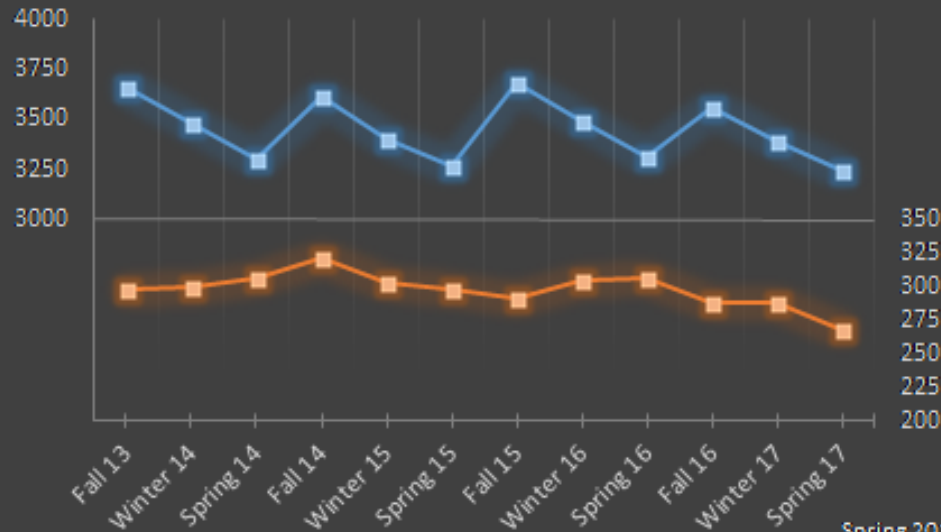
16 weeks out

Fall 2016 Fall 2017



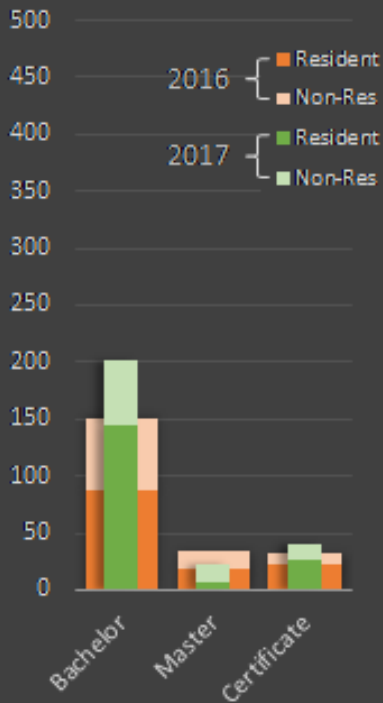
FTE Enrollment Trends

Admitted UG Admitted GR

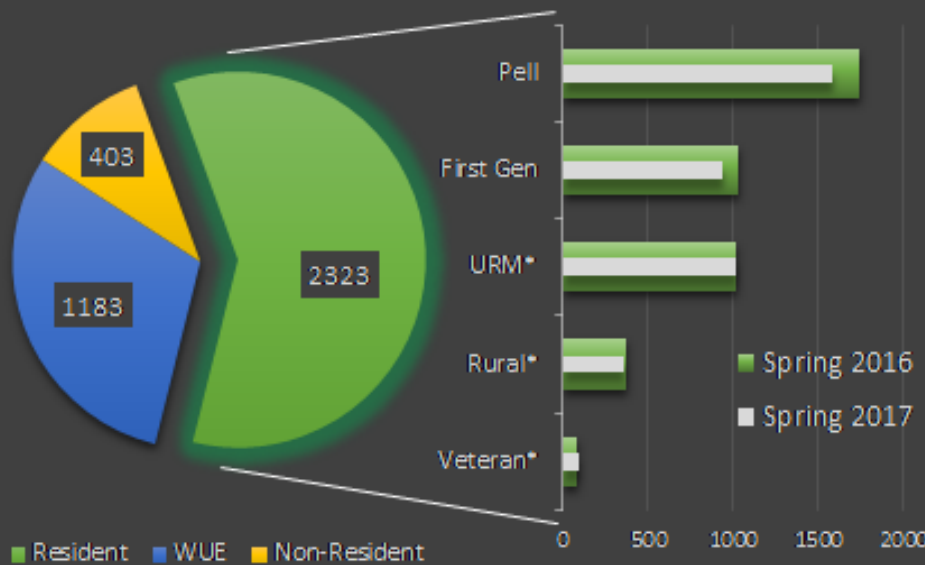


Degrees Awarded

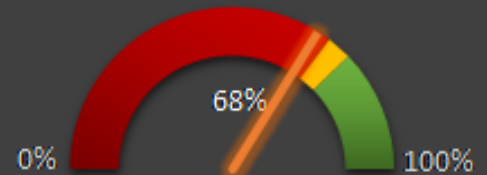
Through the end of May



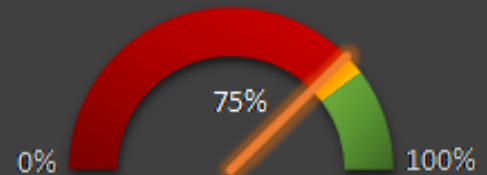
Spring 2017 Admitted UG Students



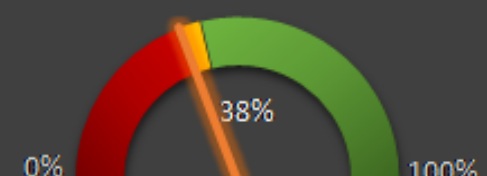
Spring 2017 data as of end of 9th wk



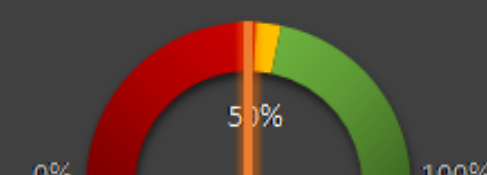
First Year Retention



UG Retention



First Year Grad Rate



Transfer Grad Rate

Last Updated: 6/4/2017

*as counted in SSCM funding

Future Meetings

Adjourn