OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

January 12, 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 a vice president's report with a review of the financial dashboard, the governor's recommended budget and an introduction of the Director of Government Relations. There will be discussion and action on the revised committee meeting schedule and the sale of Cascade Theatre to the JPR Foundation and related bond defeasance. There also will be a pro forma review; comparative tuition analysis; a periodic management update; and a pension overview.

The meeting will occur as follows:

Thursday, January 19, 2017
4:00 p.m. to 6:00 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.**

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

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

Board of Trustees
Finance and Administration Committee Meeting
January 19, 2017

Call to Order and Preliminary Business

Board of Trustees
Finance and Administration Committee Meeting

Thursday, January 19, 2017
4:00 – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

AGENDA

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

	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 November 17, 2016 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	
	3.2	Governor's Recommended Budget	
	3.3	Introduction of Director of Government Relations	
~ 5 min.	**4**	**Revised Committee Meeting Schedule (Action)**	Chair Nicholson
~ 30 min.	**5**	**Transfer of Property: Sale of Cascade Theatre to JPR Foundation and Related Bond Defeasance (Action)**	Paul Westhelle, JPR, Executive Director; Jason Catz, SOU, General Counsel; Craig Morris
~ 20 min.	**6**	**Pro Forma Review**	Craig Morris; Mark Denney, Associate Vice President for Budget and Planning

Board of Trustees
Finance and Administration Committee Meeting

Thursday, January 19, 2017
4:00 – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

AGENDA (Continued)

~ 15 min.	**7**	**Comparative Tuition Analysis**	Mark Denney
~ 15 min.	**8**	**Periodic Management Update: Quarterly Forecast**	Steve Larvick, SOU, Director of Business Services
~ 15 min.	**9**	**Pension Overview and Total Pension Liability**	Steve Larvick
~ 5 min.	**10**	**Future Meetings**	Chair Nicholson
	11	**Adjourn**	Chair Nicholson

Board of Trustees
Finance and Administration Committee Meeting

Thursday, November 17, 2016
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

MINUTES

Call to Order and Preliminary Business

In Chair Paul Nicholson's scheduled absence, Trustee Dennis Slattery called the meeting to order at 4:01 p.m.

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

Other meeting guests included: Craig Morris, Vice President for Finance and Administration; Dr. Susan Walsh, Provost and Vice President for Academic and Student Affairs; Penny Burgess, USSE, Director of Treasury Services (via videoconference); Janet Fratella, Vice President for Development; Dr. Matt Stillman, University Registrar, Co-Executive Director of Student Enrollment; Ryan Schnobrich, Internal Auditor; Drew Gilliland, Director of Facilities Management and Planning; Roxane Beigel-Coryell, Sustainability and Recycling Coordinator; Partha Chatterjee, Senior Budget Analyst; Shane Hunter, Senior Financial Management Analyst; Jeanne Stallman, Executive Director of Outreach and Engagement; Vicki Forehand, SOU; Steve Larvick, Director of Business Services; Jim Chamberlain; 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 October 20, 2016 meeting minutes as drafted. Trustee Vincent seconded the motion and it passed unanimously.

Public Comment

There was no public comment.

Vice President's Report

Regarding the committee dashboard, Craig Morris said cash is back on target and the timing issue mentioned previously has resolved itself. The state no longer passes construction cash to SOU; instead, SOU gets reimbursed by the Oregon Department of Administrative Services. As a result, SOU will continue to appear down on cash, but likely is on target. Although labor is slightly ahead of the burn rate, Mr. Morris said he is relatively confident SOU will catch up on the difference in the summer.

Dr. Matt Stillman provided an enrollment and admissions overview. He noted that fourth week data is now official; it is not end of term data but is used by the HECC. Headcount and FTE are still down; non-resident students and students of color are up slightly from last fall. Dr. Stillman noted California is still booming for SOU as an enrollment growth area. As previously requested, information on community college transfers was broken out; KCC transfers are up sharply whereas RCC transfers are pretty flat. Looking at current seventh week data, SOU is well ahead of retrenchment demarcation points.

Dr. Stillman discussed some recent enrollment efforts. They are pushing winter term registration. The Provost's Office and Enrollment Services collaborated to provide academic course schedule information to students earlier, which generated very positive responses. They are cleaning up the financial aid process. They are seeking statewide data to compare institutions and to determine the impact of the Oregon Promise. Lastly, they are considering enrollment activities, especially regarding student mix.

Transitioning to admissions data for fall 2017, Dr. Stillman said they are very happy with what they are seeing but remain cautiously optimistic. Admits are up sharply compared to last fall and historically. Applications are up significantly, primarily from Oregon residents, likely due to recruiting efforts that are coming to fruition; he specifically mentioned the recruiter for the Portland area. He added, the largest preview day in SOU's history would be the following day and encouraged trustees to attend. The new Raider on the Spot program is getting a lot of traction. Responding to Trustee Vincent's inquiry, Dr. Stillman said the overall retention rate for this fall is flat to down a bit.

Trustee AuCoin asked about an article President Schott disseminated regarding nontraditional students and where opportunities might be for recruitment among them. Dr. Susan Walsh said she and President Schott are having long discussions about adult learners; how SOU can explore that population more fully; growing the Innovation and Leadership Program; exploring other nontraditional groups; adding later start courses to catch those who do not track in the traditional way; and looking at Stanford's learn and earn model, all in an effort to increase the student population base. Responding to Trustee AuCoin's follow-up inquiry regarding whether SOU has enough personnel to take on those responsibilities, Dr. Walsh said SOU is working with an enrollment expert. President Schott added they are beginning to explore a noncredit market to generate revenue. She is having early, positive conversations with a local employer, Asante, on how SOU could meet its training needs. Asante spends $250,000 on tuition reimbursement and would love to keep it in the valley. She thought it was too early to talk about staffing but different avenues are being explored and they are proceeding carefully.

Trustee Slattery asked how big the freshman class would have to be before SOU starts turning students away and if it is even a meaningful number. In terms of classroom capacity, Mr. Morris said, there is no problem. However, there could be a problem with faculty capacity if enrollment grew substantially. To determine that number, as part of its strategic planning process, SOU would have to decide how big it wanted total enrollment to be; SOU could then determine how large each freshman class needed to be. Responding to Trustee Vincent's follow up question, Dr. Walsh said programs are ranked by opportunity margins, which helps SOU determine how to invest in each program. For example, the Outdoor Adventure Leadership program is bursting at the seams and SOU has made an intentional decision to grow that particular program.

Responding to Trustee Thorndike's comment regarding WOU's decision to no longer require ACT or SAT scores for admission, Dr. Walsh said the issue arose at the Provosts' Council and was a bit controversial. She added that, instead of requiring entry exams, WOU will have an outside assessment tool determine if students have the qualifications to be admitted. Responding to Trustee Sevcik's inquiry, Dr. Walsh said SOU has different mechanisms to get students in the door whose qualifications might not be as high as others (e.g., conditional admits) and does not turn away many students.

Sabrina Prud'homme then discussed proposed revisions to committee meeting schedules, as detailed in the meeting materials. She said the subject was discussed at the board's retreat and by the internal work group and any proposals would be brought before the board in January for adoption. The goal was to develop a proposal for the board and the committees to meet less frequently than they did the past year but still fulfill their functions, get their work done and achieve their objectives. The board's regular meeting schedule would remain unchanged. The Academic and Student Affairs Committee favors meeting once per quarter but extending the duration of the meeting if needed. The Finance and Administration Committee cited the need to meet more frequently than that, especially when the budget is being developed. Discussion ensued on the proposed meeting schedule for the Finance and Administration Committee as detailed in the meeting materials and there was a general consensus that it would be worth trying.

Turning to the president's residence, Mr. Morris said they hope to have President Schott and her family moved in by the end of January. The kitchen renovations have begun. The 35 new windows have been ordered; each window has to be custom fabricated. The current windows are 66 years old and are original to the house. Many do not open and close and, in the winter, ice develops inside on some of them. Mr. Morris said the entire amount projected has been spent on those two projects and the downstairs bath still needs to be renovated for another $40,000-$50,000. Mr. Morris and Drew Gilliland have had conversations about high labor costs and that local contractors are not bidding on small residential projects because of the complexities associated with doing business with a state agency. Mr. Morris added that Mr. Gilliland and his staff are working to keep costs as low as possible (e.g. reusing cabinets) while still doing a quality job.

Endowment Investment Policy (Action)
Trustee Slattery highlighted the history of this action item. In the June meeting, this committee identified the need to convene a smaller group to analyze the endowment investment policy Penny Burgess presented at that time. Trustee Sevcik led the group, which included Trustees Hennion and Slattery, Mr. Morris and Ms. Burgess. The work group met and put forth this policy as an information item in September. The committee was asked to make a recommendation to the full board for adoption. Trustee Sevcik said the state and universities extensively vetted the policy and the committee's work group only made minor wordsmithing changes, which she discussed.

Trustee Sevcik moved that the Finance and Administration Committee approve the Endowment Investment Policy as drafted and, with this motion, the committee recommend the full board review and adopt the revised policy. Trustee Hennion seconded the motion and it was approved unanimously.

Public University Fund Recommended Investment Policy Change: Divestment of Fossil Fuels Strategy (Action)
Introducing the item, Trustee Slattery said the committee would receive information about the divestment of fossil fuels and make a recommendation on if and how the board would like to support this proposed divestment.

Mr. Morris said six of the seven universities invest their operating funds through the Public University Fund (PUF). When the PUF was formed, one board had to be in charge and the university presidents decided it would be the Oregon State University (OSU) board. Last spring, President Ed Ray asked the other university presidents if the PUF should be divested from investments in fossil fuels; the presidents unanimously agreed that divestment should happen. The issue went to the OSU Finance Committee last month but the committee did not take action because the members did not feel there was a policy in place to govern these types of transactions. The OSU board decided not to act and asked OSU staff to develop a new policy to guide them and present the proposed policy at the board's January meeting. Ms. Burgess added that OSU is calling it a framework to help guide the divestment of fossil fuels and future policy changes.

The OSU Vice President for Finance and Administration said his board feels it has been told by the participating universities to divest from fossil fuels. Mr. Morris advised him that the SOU trustees would likely want the framework to require the OSU board to reach out to institutions every time a decision like this is being made.

Given that the PUF is a commingled fund, Trustee Hennion asked if SOU could do something different from the other five universities. Ms. Burgess said SOU could not, that all universities have the same allocation between the three investment pools but she could look into it if SOU wanted to pursue that strategy. Ms. Burgess explained that one large benefit to all six universities pooling their assets is that they can be allocated in longer-dated, fixed income securities. If SOU wants to pursue its own investment strategy, the income potential would likely be less. Responding to Trustee Sevcik's inquiry about the fossil fuel free fund, Ms. Burgess said the proposal is to take securities from the intermediate and long term pools and move them to the fossil fuel free fund. The Oregon state treasury does the investment management and would continue to do so. Responding to Trustee AuCoin's inquiry about the specific proposed change, Ms. Burgess provided background information on the current lack of restrictions on investing in fossil fuel-related companies and the need to design a new investment portfolio to begin a divestment from fossil fuel exposure. She said the OSU board chair may request a formal letter from SOU's board chair indicating SOU's position on this proposal.

Trustee Hennion expressed her two philosophical problems. First, if a portion of the portfolio is six years-plus at 25 percent in the longer term and the measure passed to allow universities to invest in equities, is it necessary to keep it all in fixed income? Ms. Burgess replied that, for the universities' operating assets, the objective of the current investment policy is to preserve capital and earn a higher return than they could on their own and it does not allow investments in equities. Trustee Hennion wanted the universities to pursue further discussion on that point. Trustee Hennion's second philosophical problem was, if the universities no longer invest in fossil fuels, what is next in social investing?

Addressing some of Trustee Hennion's questions, Mr. Morris discussed the concept of separating and separate investing. The PUF was formed before the universities' independent boards existed. The universities, except U of O, decided they wanted to bank and invest together and signed agreements to that effect. If SOU wanted to separate from the group, those agreements would have to be renegotiated. He did not believe the current agreements would permit SOU to stay in the PUF but carve out its dollars in the ways SOU wanted them to be invested. Mr. Catz recalled that there was an intended unity of action to avoid having to manage six funds within the PUF. Ms. Burgess added that the universities can decide how much to invest in the PUF and how much to invest in other strategies. If a university wishes to change or withdraw its investment in the PUF, it must give a six-month notice. The banking agreement includes the opportunity for the universities to explore separate investment strategies.

Mr. Morris explained that all six universities wish to divest from investments in fossil fuels because of the huge student movement on all six campuses regarding this issue. Trustee AuCoin concurred in the importance of Mr. Morris calling attention to the optics for this generation and agreed with the decision the presidents previously made. Mr. Morris said the board needs to weigh in on the final framework.

Trustee Hennion stressed that, instead of referring to investing in just fossil fuel free securities, the board should talk about weighting things that are more environmentally friendly and speak more broadly to include investment possibilities beyond fossil fuel free securities. Trustee Slattery clarified that Trustee Hennion wanted the board's position to be that the framework should address what it stands for, not what it is against.

Trustee Slattery then asked whether the committee members supported the idea enough to make a recommendation to the board. Mr. Morris recommended that the committee decide if it wants to provide advice to the OSU board on the nature of the framework and suggest that the OSU board reach out to participating universities for input on future investment strategies. Ms. Prud'homme thought the proper way to provide such advice would be communication from Chair Thorndike, based on the committee's advice, to the OSU board chair. Ms. Burgess concurred with that approach and thought the OSU board would welcome and incorporate such input.

Trustee Slattery suggested that the committee recommend that Chair Thorndike cause such a letter to be created. Ms. Prud'homme clarified the will of the committee: the framework should reflect what the universities stand for not against and address issues broadly beyond that of fossil fuels.

Endowment Investment Report, Fourth Quarter
Since the committee members had the opportunity to read the endowment investment report in the meeting materials, Ms. Burgess offered to answer any questions. There were none. However, Trustee Hennion inquired about receiving reports in a more timely manner and Ms. Burgess said she would provide them to the Board Secretary.

Review of Updated Pro Forma
Reviewing the updated pro forma, Mark Denney stressed its current "under construction" status. He showed the added functionality of the static and dynamic columns for the future biennia and demonstrated the $616 million level of state funding. Discussing the $616 million worst case scenario, Mr. Morris said members of the Legislative Action Committee shared their opinion that the governor's recommended budget for public universities would include a PUSF budget between $610 to $620 million. It, therefore, appears the universities will be looking at the worst case scenario. However, the universities will still work with the legislature to get something better than that.

Mr. Denney next highlighted labor figures, noting that labor figures are the most challenging piece of the pro forma. If labor is over or under projected by a significant amount, the committee's decision on a tuition issue is impacted by what is reflected on the pro forma. The labor figures on the pro forma have increased since the last meeting due to an increased level of detail built-in for each category of employee, new PERS retirement rates and projected increases in medical rates. At this point, Mr. Denney said he feels comfortable with the process but not yet with the number. Responding to Trustee Sevcik's inquiry, Mr. Denney said the increase in labor is mostly due to the 7 percent increase in PERS but there is also a 3 percent salary increase. Responding to Trustee AuCoin's inquiry, Mr. Denney said there are no assumptions on any increase in faculty or administrators; however, within the assumptions tab, trustees will have the ability to manipulate those numbers.

Discussing assumptions, Mr. Denney said there are no numbers built into remissions but

the pro forma is structured so users can manipulate the percentage or dollar amount of tuition remissions. On the labor assumption, Mr. Denney reviewed the categories of the ELUs for faculty and discussion ensued on ELUs, release categories and SCH taught. Mr. Morris said the take away is that the completed pro forma will provide a dynamic ability to forecast the labor side of the equation in a way not possible before.
Responding to Trustee AuCoin's inquiry, Mr. Denney said budget requests for faculty positions would go through the provost's office through a very complex process and requests for administrative positions could come through anywhere depending on the specific proposal. Mr. Morris confirmed that, if there is or is not an administrator FTE increase, the board can assume that carries the president's seal of approval because she is ultimately the authority and the responsible party for the budget.

Pension Overview and Total Pension Liability
Due to a lack of time, this presentation was postponed to a later date.

Future Meetings
Trustee Slattery advised committee members there would be no meeting in December. For the January meeting, potential agenda items may include initial enrollment projections for fall 2017; budget assumptions, including some early discussions on tuition; a review of the pro forma; and pension liability.

Adjourn
Trustee Slattery adjourned the meeting at 5:57 p.m.

Public Comment

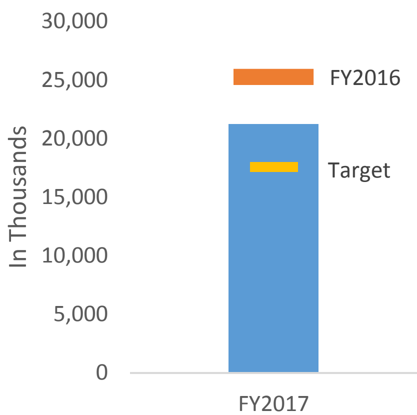
Vice President’s Report

Financial Dashboard

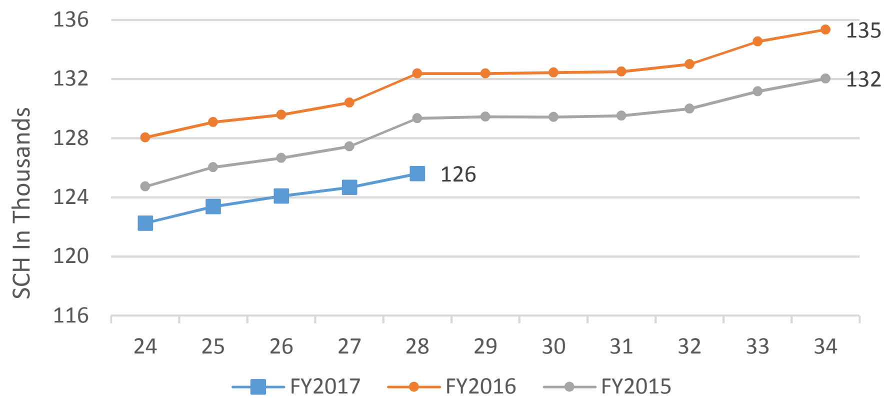
For FY17 before close of period 06

As of December 31, 2016

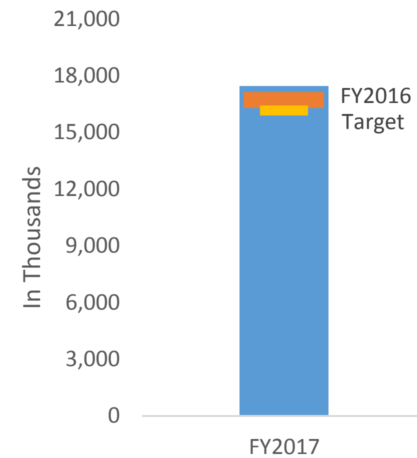
Public University Funds Operating Cash



Total Student Credit Hours by Week of the Fiscal Year



E&G Fund Balance

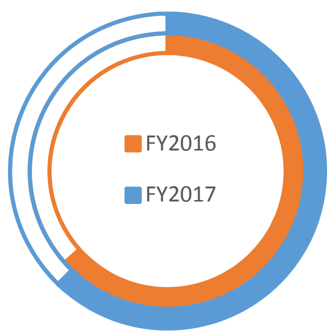


Percentage of Admitted Undergraduates in Fall 2016 Receiving:

Financial Aid of any kind:
72%
($14M in total)

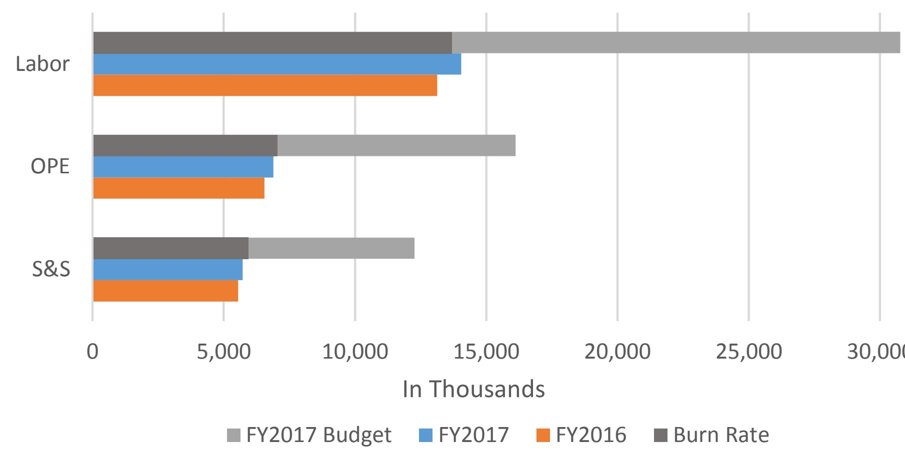
Fee Remissions:
34%
($1.3M in total from SOU)

E&G YTD Revenues



FY2017 Collected 36,731,914
(62% of budget)

E&G YTD Select Expenses



PRELIMINARY ANALYSIS OF GOVERNOR'S BUDGET – BUDGET VIEWS IN COMPARISON WITH GRB

Appropriation Category	2015-17 Legislatively Approved Budget	2017-19 HECC CSL (Standard Plus POPs)	2017-19 Public University Consolidated Budget Request	2017-19 HECC Agency Request Budget (ARB)	2017-19 Governor's Budget ESTIMATE*	GRB - Shortfall from HECC CSL	GRB - Shortfall from Universities' Request
Public Universities							
Public University Support Fund (PUSF)	667,327,500	700,751,826	765,000,000	943,003,181	667,327,500	(33,424,326)	(97,672,500)
State Programs	39,120,363	39,955,536	42,280,000	40,940,536	39,120,363	(835,173)	(3,159,637)
Statewide Public Services - OSU							
Agricultural Experiment Stations	63,121,066	66,470,407	68,108,000	66,470,407	63,121,066	(3,349,341)	(4,986,934)
Extension Service	45,601,540	47,993,187	49,204,000	47,993,187	45,601,540	(2,391,647)	(3,602,460)
Forest Research Laboratory	9,771,107	10,283,136	10,543,000	10,283,136	9,771,107	(512,029)	(771,893)
Public University Debt Service-General Fund**	119,704,939	161,735,844	161,735,844	161,735,844	161,900,000	164,156	164,156
Subtotal General Fund	944,646,515	1,027,189,936	1,096,870,844	1,270,426,291	986,841,576	(40,348,360)	(110,029,268)
Sports Lottery***	8,240,000	12,456,604	12,456,604	12,456,604	-	(12,456,604)	(12,456,604)
Outdoor School-Lottery (administered by OSU Extension Service)					44,000,000	****	****
Public University Debt Service-Lottery**	31,887,710	31,921,630	31,921,630	31,921,630	31,921,630	-	-
Subtotal Lottery Funds	40,127,710	44,378,234	44,378,234	44,378,234	75,921,630	(12,456,604)	(12,456,604)
Grand Total	984,774,225	1,071,568,170	1,141,249,078	1,314,804,525	1,062,763,206	(52,804,964)	(122,485,872)
Increases from 2015-17							
PUSF only		5.0%	14.6%	41.3%	0.0%		
Debt Service only (both GF + LF)		27.7%	27.7%	27.7%	27.9%		
General Fund		8.7%	16.1%	34.5%	4.5%		
Lottery Funds		10.6%	10.6%	10.6%	89.2%		
Grand Total		8.8%	15.9%	33.5%	7.9%		

** The GRB lists many appropriations at high level, rounded dollar amounts, so some specific amounts are estimated.*

*** At time of Universities' request, debt service was requested at "actual obligations," not a specific dollar amount; for purposes of comparisons, ARB debt service amounts are used to reflect amount requested by Universities.*

**** At time of Universities request, Sports Lottery was requested at "statutory 1%, not a specific amount; for purposes of comparisons, ARB Sports Lottery amount estimated of 1% is used to reflect amount requested by Univeristies.*

***** Outdoor School was driven by a ballet measure, not requested by Universities, thus no shortfall calculated.*

CAPITAL REQUEST VIEWS

Public Universities' Capital Request - Tier 1, not prioritized		
Univ	Project	State-Paid Request
ALL	Capital Improvement and Renewal	65,000,000
EOU	Information Technology Equipment Facility	1,200,000
EOU	Loso Hall Renovation, Phase I	5,500,000
EOU	Athletics & Physical Education Fieldhouse	6,000,000
OT	Cornett Hall Renovation/Center for Excellence In Engineering Education	40,000,000
OSU	Cordley Hall Renovation Phase I	15,000,000
OSU	Fairbanks Hall Renovation	11,000,000
OSU	Gilkey Hall Renovation	3,000,000
OSU	OregonQuality Food & Beverage Center	9,000,000
OSU-CC	Site Reclamation	9,000,000
OSU-CC	Graduate Resource Center Remodel	490,000
PSU	Grad Education Building	45,000,000
SOU	Central Hall Deferred Maintenance	6,000,000
UO	Classroom Building	55,000,000
WOU	Oregon Military Building Renovation	7,700,000
WOU	IT Building Renovation	5,500,000
		284,390,000

HECC Final Prioritization 11/4/16					
Rank	Univ	Project	XI-G	XI-Q or *Lottery*	State-Paid Request
1	ALL	CIR		65,000,000	65,000,000
2	PSU	Grad Ed	36,000,000	9,000,000	45,000,000
3	OSU	Gilkey Hall	2,000,000	1,000,000	3,000,000
4	OSU	Food & Bev Ctr	9,000,000		9,000,000
5	EOU	IT Facility		1,200,000	1,200,000
6	OSU	Cordley Hall		15,000,000	15,000,000
7	OT	Cornett Hall	2,000,000	38,000,000	40,000,000
8	UO	Classroom Bldg	30,000,000	25,000,000	55,000,000
9	SOU	Central Hall		6,000,000	6,000,000
10	WOU	Military Bldg	500,000	7,200,000	7,700,000
11	OSU-CC	Site Reclamation		9,000,000	9,000,000
12	OSU-CC	Infrastructure		11,000,000	11,000,000
13	UO	Knight Campus	100,000,000		100,000,000
14	WOU	IT Bldg	500,000	5,000,000	5,500,000
15	EOU	Loso Hall		5,500,000	5,500,000
16	OSU	Fairbanks Hall		11,000,000	11,000,000
17	EOU	Fieldhouse	2,000,000	4,000,000	6,000,000
18	OSU-CC	Acad Bldg	10,000,000	29,000,000	39,000,000
19	OSU-CC	Stdt Success Ctr	5,000,000	5,000,000	10,000,000
20	OSU-CC	Grad & Res Ctr		490,000	490,000
			197,000,000	247,390,000	444,390,000

Governor's Recommended Budget - 12/1/16						
Rank	Univ	Project	XI-G	XI-Q	State-Paid Total	Change from HECC ARB
1	ALL	CIR		45,650,000	45,650,000	(19,350,000)
2	PSU	Grad Ed	40,500,000		40,500,000	(4,500,000)
3	OSU	Gilkey Hall	2,000,000	1,000,000	3,000,000	
4	OSU	Food & Bev Ctr	9,000,000		9,000,000	
5	EOU	IT Facility		1,200,000	1,200,000	
6	OSU	Cordley Hall		15,000,000	15,000,000	
7	OT	Cornett Hall	4,000,000	34,000,000	38,000,000	(2,000,000)
8	UO	Classroom Bldg	30,000,000	14,000,000	44,000,000	(11,000,000)
9	SOU	Central Hall		6,000,000	6,000,000	
10	WOU	Military Bldg	500,000	7,200,000	7,700,000	
11	OSU-CC	Site Reclamation		9,000,000	9,000,000	
12	OSU-CC	Infrastructure		11,000,000	11,000,000	
13	UO	Knight Campus	34,000,000		34,000,000	(66,000,000)
	WOU	IT Bldg			-	(5,500,000)
14	EOU	Loso Hall		5,500,000	5,500,000	-
	OSU	Fairbanks Hall			-	(11,000,000)
	EOU	Fieldhouse			-	(6,000,000)
	OSU-CC	Acad Bldg			-	(39,000,000)
	OSU-CC	Stdt Success Ctr			-	(10,000,000)
	OSU-CC	Grad & Res Ctr			-	(490,000)
			120,000,000	149,550,000	269,550,000	(174,840,000)

The EAB Daily Briefing

So your state just cut funding. Here's who gets hit hardest.

Funding cuts and their effect vary by institution

January 10, 2017

State budget cuts come down harder on regional campuses and community colleges than they do on larger, flagship universities.

Writing for the *Hechinger Report*, Jon Marcus explains why this is the case, and how the discrepancy puts low-income, minority students at a severe disadvantage.

Why is the funding uneven? There's a two-part answer.

First, performance funding is gaining traction. In many states, new policies determine the amount of funding each school gets based on graduation and retention rates—i.e. "performance." But the performance formulas often put large, flagship universities with higher-performing students at an advantage, Marcus argues.

Students enrolled in regional and community colleges are often low-income, minority students, who are academically less prepared than their flagship-attending counterparts. These students are disadvantaged to begin with, so when they attend schools with limited funding, they face a number of obstacles to graduating on time and are less likely to do so.

The college's lower graduation rate leads to lower funding under a performance model, and the lower funding in turn harms performance. It's a vicious cycle, which Tom Harnisch, the director of state relations and policy analysis at the **American Association of State Colleges and Universities**, refers to as a "caste system in public higher education."

The second explanation for uneven funding has to do with resources. States have been slashing higher education budgets for years, and even if they balance the cuts across institutions, the results are drastically different from school to school.

Schools deal with funding cuts in a number of ways

When funding from one source decreases, flagship universities can fall back on alternate sources of income, such as endowments, research funding, donors, and out-of-state students who pay high, sticker-price tuitions.

Regional and community colleges have no such fallbacks, so a budget cut that looks fair could actually be debilitating.

Harnisch likens the phenomenon to giving "flagships a cold and regional campuses pneumonia."

Some experts say there may also be a third reason for funding disparities: racial bias.

"If we're talking about state legislatures, we're also talking about white men who may be identifying more with people who look like them who go to four-year flagships, rather than lower-income students of color who go to community colleges," argues Colleen Campbell, a senior policy analyst for the **Association of Community College Trustees**.

Marcus argues that the educational achievement gap is going to keep growing if regional and community colleges continue to lose funding at this rate.

Or, he writes, community colleges could become unaffordable—they're supposed to be the least expensive postsecondary option, but that's impossible when they have to raise tuition to survive budget cuts (Marcus, Hechinger Report/PBS, 1/3).

From: https://www.eab.com/daily-briefing/2017/01/10/so-your-state-just-cut-funding-heres-who-gets-hit-hardest

Revised Committee Meeting Schedule (Action)

SOU Board of Trustees Proposed Board and Committee Meeting Schedule				
MEETING:	**Board of Trustees**	**Executive and Audit**	**Academic and Student Affairs**	**Finance and Administration**
DAY	Third Fridays	Third Fridays	Third Thursdays	Third Thursdays
FREQUENCY	Once per quarter	Once per quarter (Interim meetings as needed for governance or audit)	Once per quarter (Interim meetings as needed for curriculum approvals)	Once per quarter: July – Dec. Monthly: Jan. – June
TIME:	12:00 – 5:00 p.m.	9:30 – 11:30 a.m.	12:00 - 3:30 p.m.	4:00 p.m. to 6:00 p.m. Qtr. 4:00 p.m. to 5:00 p.m. Others
DATES:	January 20, 2017	January 20, 2017	January 19, 2017	January 19, 2017
				February 16 (1hr: Budget focus only)
		March 17, 2017 (Governance Infrastructure)		March 16, 2017 (1hr: Budget focus only)
	April 21, 2017	April 21, 2017	April 20, 2017	April 20, 2017
		May 19, 2017 (Governance Infrastructure)		May 18, 2017 (1hr: Budget focus only)
	June 16, 2017	June 16, 2017	June 15, 2017	June 15, 2017
	September 29, 2017 (Fifth Friday, term starts 9/25)	September 29, 2017 (Fifth Friday, term starts 9/25)	September 29, 2017 (Fifth Friday, term starts 9/25)	September 29, 2017 (Fifth Friday, term starts 9/25)
	or			
	October 20, 2017	October 20, 2017	October 19, 2017	October 19, 2017
	January 19, 2018	January 19, 2018	January 18, 2018	January 18, 2018
				February 15, 2018 (1hr: Budget focus only)
	March 16, 2018	March 16, 2018	March 15, 2018	March 15, 2018
				April 19, 2018 (1hr: Budget focus only)
				May 17, 2018 (1hr: Budget focus only)
	June 22, 2018	June 22, 2018	June 21, 2018	June 21, 2018

Description of Proposed Amendments to Board and Committee Meeting Schedule

Board of Trustees: Once per quarter, spring meeting in March
Vice President of Finance and Administration requests the board's consideration of moving the earlier spring meeting from April to March beginning in 2018 to allow greater time for tuition decisions to be included in the budget formation process. This also will better align the timing of SOU's tuition decision with that of other Oregon Public Universities. The meetings would remain on third Fridays and would continue to take place from noon to 5:00 p.m.

Executive and Audit: Once per quarter for a longer duration with interim meetings as needed
The quarterly one-hour meeting would be extended to two hours. A single interim meeting may be convened between quarterly meetings for deep dives into governance or auditing based on need, taking into account the calendar of events affecting these areas. The meetings would remain on third Fridays and the time would be 9:30 -11:30 a.m.

Academic and Student Affairs: Once per quarter for a longer duration with interim meetings as needed
The committee would meet once per quarter, with dates coinciding with those of the full board. However, the duration of these meetings could be extended up to four hours if needed. These meetings also could occur earlier in the day. The meetings would remain on third Thursdays and 12:00 – 3:30 p.m. is the proposed time. (Start time could occur later if a shorter agenda warrants it.)

Finance and Administration: Monthly January through June for a shorter duration during months between quarterly meetings; once per quarter July through December
It was determined that the FAC needs frequent meetings to carry out its work, but the need for this is greatest during the budget cycle. So, their proposed schedule would be more complicated, though still less frequent. The meetings would remain on third Thursdays from 4:00 to 6:00 p.m. p.m. (End time could occur earlier when a shorter agenda warrants it.)

1. **Where there is no change in the day, time or occurrence:** The committee would continue to hold its two-hour meetings in conjunction with quarterly board meetings on Thursdays from 4:00 to -6:00 p.m.

2. **Proposed change to meetings in the 1st half of the calendar year:** During the most active budget months of January through June, in months in which no quarterly meeting of the board takes place (e.g. February), committee meetings would still take place, but would only be for one hour and would only deal with budget items (i.e., no investment report, no periodic management report, etc.).

3. **Proposed change to meetings in the second half of the calendar year:** From July through December, there would be no intermittent monthly meetings – only quarterly meetings to coincide with those of the full board (e.g. October).

Transfer of Property: Sale of Cascade Theatre to JPR Foundation and Related Bond Defeasance (Action)

To:	**SOU Board of Trustees**
From:	**Linda Schott, President Southern Oregon University**
Re:	**Proposal to Execute Option to Purchase the Cascade Theatre by the JPR Foundation**
Date:	**January 12, 2017**

Background: Southern Oregon University's ("SOU") regional public radio network, Jefferson Public Radio (JPR), serves as one of SOU's most visible and highly regarded outreach programs, extending the University's mission, programs and brand to a large regional audience via one of the largest public broadcasting networks in the U.S. As JPR began expanding to communities that wanted to receive its service and raised funds to construct transmission facilities, JPR initiated public radio service to Shasta County, California in the late 1980s. In 1993, JPR began operating a satellite radio studio facility in downtown Redding to support its Northern California operations. In 1999, JPR partnered with SOU and the JPR Foundation ("JPRF"), with the support of a group of Shasta County business and civic leaders, to acquire the Cascade Theatre in downtown Redding with the goal of renovating commercial space located in the building into new studio space for JPR while restoring the auditorium and theatre support spaces as a non-profit performing arts venue. SOU assisted this project by securing $800,000 of proceeds from State of Oregon general obligation bonds issued by the State of Oregon at the request of the Oregon State Board of Higher Education ("OUS") for the purpose of purchasing the building and renovating JPR's radio studio facility. All funds to restore the Cascade Theatre auditorium were raised through a capital campaign conducted by the JPRF. This $5.5 million campaign was successfully completed in 2004 and the theatre opened for the benefit of the community in August of that year. SOU developed and executed a 30-year lease with the JPRF to operate the building consistent with SOU's regional educational mission and the JPRF's public service mission. This lease established the project as a self-supporting undertaking with the JPRF being responsible for all costs necessary to run the facility, including lease payments to SOU equal to the principal and interest payments required to service the bonds issued by the State. The JPRF has fulfilled all its obligations, without exception, related to restoring and operating the facility since it was purchased in 1999.

In 2012, SOU engaged in discussions with the JPRF to more precisely define the scope of the JPRF's activities in order to better mitigate risk and ensure financial transparency to both the University and the public. After initial discussions broke down, then-Governor John Kitzhaber appointed a mediator to facilitate these negotiations. The result of that mediation process, which was conducted in a highly transparent and collaborative way, was a binding settlement agreement (the "Agreement") that outlined a new governance structure for the JPRF and was released to the public. This structure called for the JPRF to create a separate business unit, organized as a limited liability company, called Jefferson Live! LLC to operate the Cascade Theatre and other non-public-radio related JPRF projects. Jefferson Live! LLC was organized in late 2012 according to the terms of the agreement. Also contained in the Agreement was a provision that SOU would “grant the Foundation the option to purchase the Cascade Theatre, including all fixtures and equipment, at any time for the remaining debt service related to the purchase of the property and all related fixtures and equipment, plus SOU/OUS's reasonable costs associated with facilitating the transaction.” In addition, this provision stipulated that “Once such a transfer takes place, the Foundation will lease to the University, for use by Jefferson Public Radio, for one dollar per year, the broadcast studio on that property.”

Proposal: In December 2016, after consultation with SOU Vice President of Finance and Administration, Craig Morris, the JPRF secured private financing from US Bank to execute this option. The JPRF has requested that SOU and the State convey title to the Cascade Theatre to Jefferson Live! LLC consistent with the agreement using financing provided by US Bank to redeem and/or defease the State of Oregon bonds under the terms and conditions of the applicable bond documents and according to procedures required by the Oregon Department of Administrative Services and the Oregon State Treasury (OST). Once the bonds are redeemed and/or defeased, through the process prescribed by the bond documents applicable to each series of State of Oregon bonds, title to the Cascade will be conveyed to Jefferson Live! through an escrow process that will be prescribed by OST. It is anticipated that the transaction will be finalized no later than March 1, 2017. Jefferson Live! will reimburse SOU all costs related to the transaction. A new agreement will be developed with SOU for use of the JPR radio studio space it now occupies for $1 per year consistent with the 2012 SOU-JPRF agreement.

Recommendation: I recommend approval of this proposal. The JPRF has executed in good faith all terms contained in the 2012 SOU-JPRF binding settlement agreement. Since that time, SOU and the JPRF have reestablished a very positive working relationship that supports the University’s programs. Approval of this proposal fulfills SOU’s commitment to the JPRF and supports a continued mutually beneficial relationship that serves both the University and the public.

Southern Oregon University
Board of Trustees

Proposed Resolution of the Board Of Trustees of Southern Oregon University (1) Requesting Redemption and Defeasance of State of Oregon General Obligation Bonds, Proceeds of which Were Used for the Purchase and Renovation of Cascade Theater and (2) Authorizing the Sale of the Cascade Theater to the Jefferson Public Radio Foundation.

WHEREAS, Jefferson Public Radio ("JPR") serves as the regional public radio network for Southern Oregon University ("SOU").

WHEREAS, JPR and SOU partnered with the Jefferson Public Radio Foundation ("JPRF) to acquire Cascade Theater (the "Theater") in Redding, California, and to renovate the Theater (the "Project") for use by JPR and JPRF.

WHEREAS, SOU used a portion of proceeds of State of Oregon General Obligation Bonds (State Board of Higher Education), Series 2010A (Tax-Exempt), issued by the State of Oregon (the "State") at the request of the Oregon State Board of Higher Education (the "Board"), to fund the Project (the "2010A Bonds").

WHEREAS, SOU used a portion of proceeds of State of Oregon General Obligation Bonds (Oregon University System), Series 2013B (Federally Taxable), issued by the State at the request of the Board, to fund the Project (the "2013B Bonds").

WHEREAS, pursuant to a binding settlement agreement (the "Agreement") between SOU and JPRF, JPRF may exercise an option to purchase the Theater from SOU at any time for a price equal to the remaining debt service related to the purchase of the property and all related fixtures and equipment, plus the State/SOU's reasonable costs associated with facilitating the transaction.

WHEREAS, JPRF has decided it is in its best interest to exercise its option to purchase the Theater from SOU (the "Purchase").

WHEREAS, in connection with the Purchase, SOU must request the State to redeem and defease the 2010A Bonds and to exercise the make-whole call for optional redemption of the 2013B Bonds according to the provisions described in various bond documents associated with the 2010A Bonds and the 2013B Bonds (collectively, the "Bond Call"), required by the Oregon Department of Administrative Services and the Oregon State Treasury ("OST").

WHEREAS, pursuant to a Debt Management Agreement between SOU and OST, SOU must provide written request for the State to implement the Bond Call.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF SOU, THAT:

1. SOU has decided that it is in its best interest to authorize the Purchase.

2. The Vice President of Finance and Administration of SOU or his or her designee (the "Authorized Representative") is hereby authorized request OST to redeem and defease the 2010A Bonds and the 2013B Bonds.

3. The Authorized Representative is authorized to consent to the Bond Call, if necessary, and to take any further actions as may be necessary or desirable in connection with the Purchase and the related Bond Call.

4. The Board of Trustees of SOU hereby ratifies and approves all prior actions taken on behalf of the State and SOU related to the Bond Call.

5. SOU and the Authorized Representative are further authorized to take any actions necessary to complete the sale of the Theater by SOU to either JPRF or Jefferson Live! LLC, consistent with the terms of the Agreement between SOU and JPRF.

VOTE:

DATE: _____________, 2017

____

University Board Secretary

Pro Forma Review

INTERACTIVE PROFORMA

This is the Southern Oregon University Interactive Proforma tool. This model help users understand the complexities of the SOU financial proforma and how changes in funding levels or operational efficiencies might affect the financial outlook of the University.

It is important to note that presently, SOU is in Retrenchment, meaning a complex retrenchment plan has been developed, reviewed, and approved and is currently being implemented. This Retrenchment Plan strictly controls staffing and expenditure levels. For that reason, this model currently allows only changes in projections such as state funding and tuition rates.

Changes in state funding have been pre-calculated and funding for SOU adjusts based on the selection of specific funding levels to the Oregon Public University Support Fund (PUSF).

Changes in enrollment, based on current trend lines, known initiatives, and the impact of tuition rates have already been projected and will automatically adjust based on the tuition rate increase chosen.

The goal of this model is to achieve an acceptable minimum ending fund balance at the conclusion of the next two fiscal biennium – 2017-2019 and 2019-2021. For SOU, that minimum acceptable ending fund balance is currently 5% of total revenue.

Continue to the input tab and make selections and read the “Learn More” information buttons.

Then see the outcome of your choices and how likely those choices are to be successful.

REVENUE

A. State Funding

Select the level of funding to the Public University Support Fund (PUSF) that you believe the legislature will appropriate for this next Biennium.

B: $667 Million

Learn More

You have selected $667 million in funding to the PUSF, which is the current Governor's Recommended Budget (GRB) and would represent approximately a 4% reduction in funding for SOU from the State, even though it is basically level funding from the current biennium, because of how SOU fairs under the SSCM, with lower rates of both activity and outcomes (Graduation) for Oregon Resident students.

B. Tuition Rate

Select a level of tuition rate increase from the current Academic Year 2016-17.

C: 10% for all Tuition Categories

Learn More

You have selected a 10% tuition rate increase. This would potentially move SOU from the 2nd lowest tuition in Oregon to the 3rd lowest (behind Eastern and PSU). Unless the PUSF received significant increases in funding, a 10% tuition rate increase is the most likely scenario for SOU for the 2017-18 Academic Year. A 10% tuition increase would cost a resident undergraduate taking 15 credits per term an additional $682 per year in increased tuition

C. Enrollment

While not directly a revenue source, increased enrollment would impact tuition revenue by the same percentages as an increase in tuition rate.

Learn More

The model currently projects no enrollment growth for the FY18 year, a 1% enrollment growth for FY19, a 1.5% enrollment growth for FY20, and a 2% enrollment growth for FY21. This enrollment growth is projected to come from a combination of greater recruitment from programs such as the Jack/Jo County Pledge, Pirates to Raiders/Bulldogs to Raiders programs, Honors College, greater recruitment from Urban areas such as Portland, and other targeted recruitment programs. This growth also includes a projection of greater retention from programs such as the SOU Bridge Plus program and other student support programs already implemented at SOU.

D. Miscellaneous Other Revenue

Miscellaneous other revenue makes up a small portion of SOU's overall revenue and is not driven by enrollment or state revenue allocations.

Learn More

EXPENDITURES

Note: For SOU, unlike other Oregon public universities, following FY 2014, when SOU entered into Retrenchment and implemented the Retrenchment plan which called for significant cuts through Faculty reductions, on the heels of previous administrative and support staffing reductions, as well as spending reductions for S&S and travel, SOU has already implemented significant expenditure reductions and continues to follow the retrenchment plan. Therefore, this model follows the Retrenchment plan, without attempting to make additional spending cuts. The below "Learn More" links will hopefully give greater detail on those reductions and how they are being projected in this model.

A. Labor

This model assumes the Retrenchment Plan is followed concerning labor in terms of approved positions, and incorporates increases for negotiated labor and benefit costs

Learn More

B. Supplies and Services

This model assumes no growth in Supplies and Services except those specifically tied to initiatives in Student Success and Program investment, per the Retrenchment Plan

Learn More

C. Travel

This model does not assume any additional savings through reductions to spending on official travel

Learn More

D. Program Investment

This model assumes continuation of investment in initiatives as identified in the Retrenchment Plan

Learn More

E. Transfers / Subsidies

Transfers and Subsidies are the net movement of funds out of and into Budgeted Operations. It is the

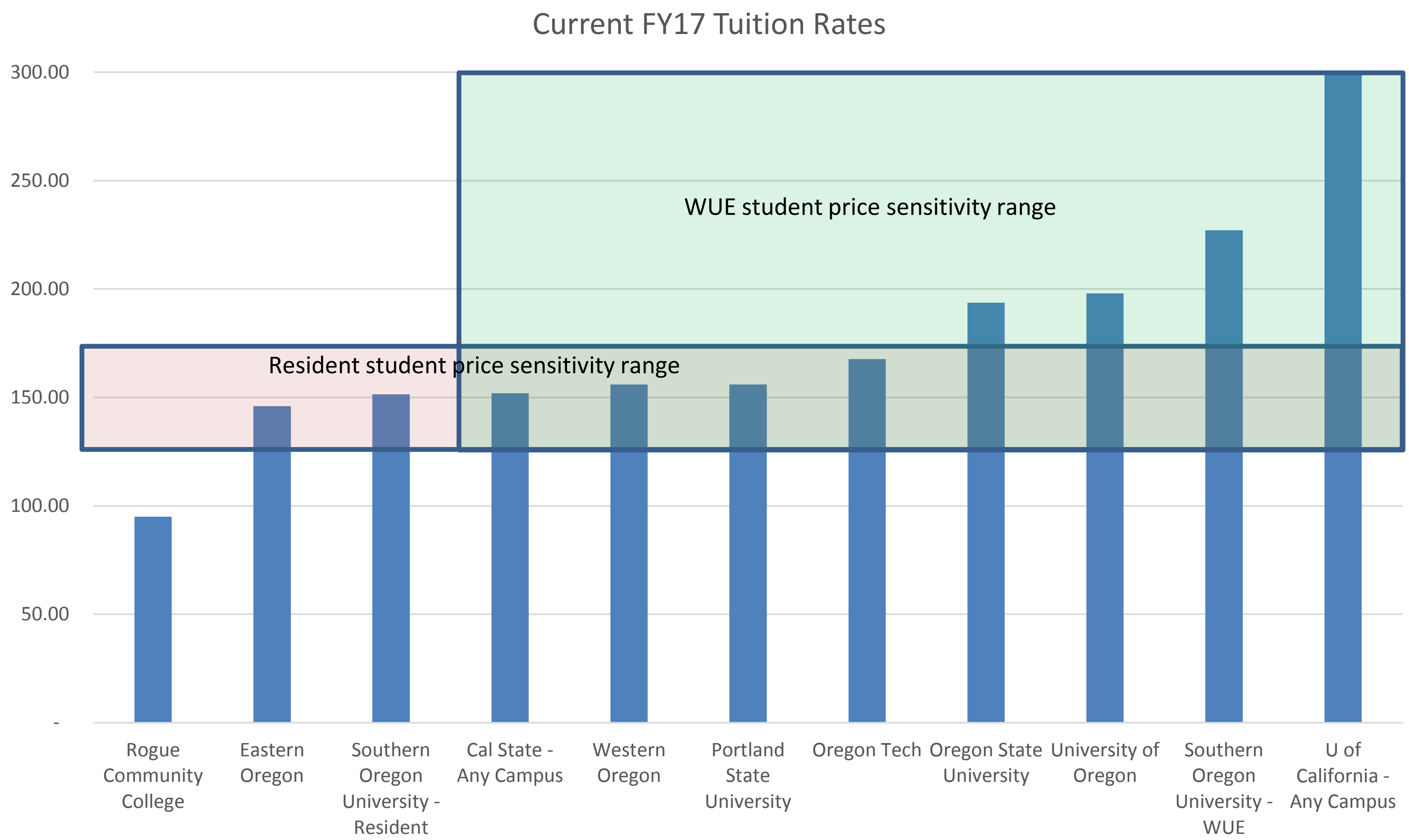
Learn More

Comparative Tuition Analysis

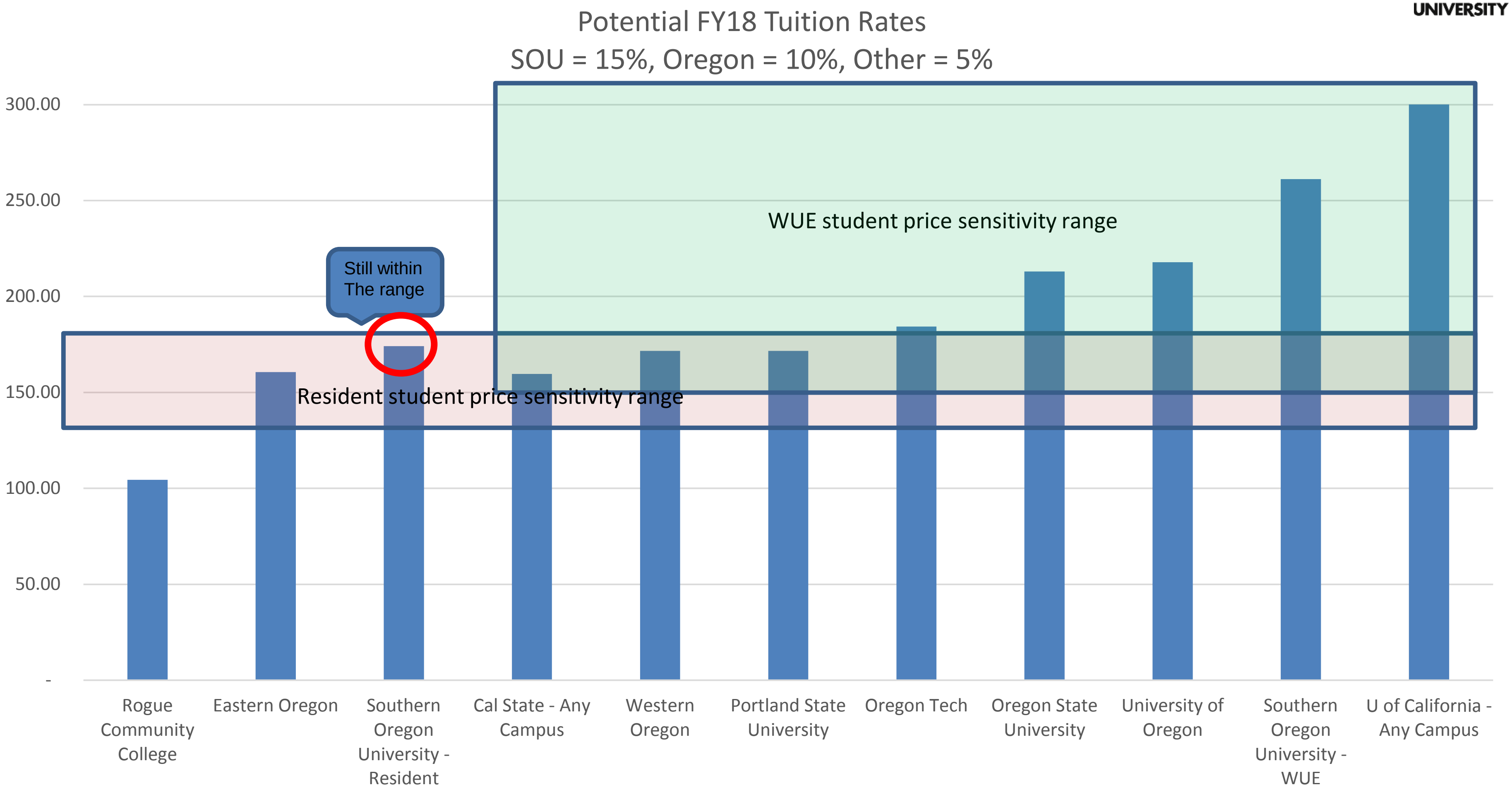
How do we stack up?

Resident UG Tuition Rate (Normalized to 180 credits to completion)	Models at 12 Credits/Term		
	FY17 Tuition rates	Oregon: 10%, Oth = 5%	SOU=15%, OR = 10%, Oth = 5%
Fort Hays State, KS	$84	$88	$88
Southeast Missouri State	$133	$139	$139
Eastern Oregon	$146	$161	$161
Southern Oregon University - Resident	$151	$167	$174
Cal State - Any Campus	$152	$160	$160
Western Oregon	$156	$172	$172
U Mary Washington, VA	$160	$168	$168
Southern Utah	$160	$168	$168
Eastern Washington U	$170	$178	$178
SUNY, Fredonia	$180	$189	$189
U of Wisconsin - Parkside	$205	$215	$215
Southern Oregon University - WUE	$227	$250	$261
U of Michigan - Flint	$275	$289	$289
Plymouth State, NH	$306	$321	$321
U of California - Any Campus	$342	$359	$359
SOU Resident Tuition Rank (Least Expensive)	**4**	**5**	**8**
SOU WUE Tuition Rank (Least Expensive)	**12**	**12**	**12**
Test SOU Tuition Increase	0%	**10%**	**15%**

Looking at current tuition – within the concept of a range of elasticity



Now, how do we look with rate increases?



Note: with each tuition rate increase, the sensitivity range moves accordingly – retaining relative placement from RCC and OSU/UO

Periodic Management Update – Quarterly Forecast

Southern OREGON UNIVERSITY

Periodic Management Report

As of December 31, 2016
Fiscal Year Ending June 30, 2017

Budget Forecast

(in thousands except enrollment)	FY2016 Final Results	FY2017 Initial Budget	% Change	FY2017 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
EDUCATION & GENERAL								
State General Fund	$ 20,697	$ 21,523	4%	$ 21,523		$ -	0%	(1)
Tuition & Resource Fees, net of Remissions	34,736	35,614	3%	34,144		(1,470)	-4%	(2)
Other	2,482	1,860	-25%	2,420		560	30%	(3)
Total Revenues	$ 57,915	$ 58,997	2%	$ 58,087	68.8%	$ (910)	-2%	
Personnel Services	$ 44,556	$ 46,838	5%	$ 46,997		$ 159	0%	(4)
Supplies & Services & Capital Outlay	9,289	9,117	-2%	9,171		54	1%	(5)
Total Expenditures	$ 53,846	$ 55,955	4%	$ 56,167		$ 212	0%	
Net from Operations	$ 4,070	$ 3,043		$ 1,920		$ (1,123)		
Net Subsidies (Transfers) In (Out)	(1,952)	(1,846)	-5%	(1,921)		(75)	4%	(6)
Fund Additions/(Deductions)	0	-		(0)		(0)		
Change in Fund Balance	$ 2,118	$ 1,196		$ (1)		$ (1,198)		
Beginning Fund Balance	4,758	6,876		6,876		0		
Ending Fund Balance	$ 6,876	$ 8,073		$ 6,875		$ (1,198)		
Ending FB as a % Operating Revenues	11.9%	13.7%		11.8%				(7)
Ending FB: Reflected as Months of Expenditures	1.5	1.7		1.5				
Student FTE Enrollment	4,478	4,487	0.2%	4,338			-3.3%	
AUXILIARY ENTERPRISES (Including North Campus Village)								
Enrollment Fees	$ 5,745	$ 6,552	14%	6,182		$ (370)	-6%	(8)
Sales & Services	12,797	13,301	4%	12,835		(466)	-4%	(9)
Other	2,731	2,845	4%	2,428		(417)	-15%	(10)
Total Revenues	$ 21,274	$ 22,699	7%	$ 21,445	25.4%	$ (1,254)	-6%	
Personnel Services	$ 7,035	$ 7,882	12%	$ 7,624		$ (259)	-3%	(11)
Supplies & Services & Capital Outlay	14,772	15,131	2%	14,202		(929)	-6%	(12)
Total Expenditures	$ 21,807	$ 23,014	6%	$ 21,826		$ (1,188)	-5%	
Net from Operations	$ (534)	$ (315)		$ (381)		$ (66)		
Net Subsidies (Transfers) In (Out)	1,517	1,502	-1%	1,243		$ (260)	-17%	(13)
Additions/(Deductions) to Unrestricted Net Assets	(6,172)	5		(895)		(900)		(14)
Change in Unrestricted Net Assets	$ (5,189)	$ 1,192		$ (34)		$ (1,226)		
Beginning Fund Balance Available for Operations	(744)	(601)		(601)		0		
Ending Fund Balance Available for Operations	$ (601)	$ 586		$ (635)		$ (1,220)		(15)
Ending FB as a % Operating Revenues	-2.8%	2.6%		-3.0%				
Ending FB: Reflected as Months of Expenditures	(0.3)	0.3		(0.3)				

Southern OREGON UNIVERSITY

Periodic Management Report

As of December 31, 2016
Fiscal Year Ending June 30, 2017
Budget Forecast

(in thousands except enrollment)	FY2016 Final Results	FY2017 Initial Budget	% Change	FY2017 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS								
Enrollment Fees	$ 893	$ 911	2%	$ 1,000		$ 89	10%	(16)
Sales & Services	2,285	2,270	-1%	2,300		30	1%	(17)
Other	1,672	1,614	-3%	1,608		(5)	0%	(18)
Total Revenues	$ 4,849	$ 4,795	-1%	$ 4,909	5.8%	$ 114	2%	
Personnel Services	$ 2,667	$ 3,272	23%	$ 2,830		$ (443)	-14%	(19)
Supplies & Services & Capital Outlay	2,071	1,947	-6%	1,992		45	2%	(20)
Total Expenditures	$ 4,738	$ 5,219	10%	$ 4,822		$ (398)	-8%	
Net from Operations	$ 111	$ (424)		$ 87		$ 512		
Net Subsidies (Transfers) In (Out)	294	343	17%	353		10	3%	
Additions/(Deductions) to Unrestricted Net Assets	88	-		75		75		
Change in Unrestricted Net Assets	$ 493	$ (82)		$ 515		$ 597		
Beginning Fund Balance Available for Operations	898	1,300		1,300		0		
Ending Fund Balance Available for Operations	$ 1,305	$ 1,218		$ 1,821		$ 602		
Ending FB as a % Operating Revenues	26.9%	25.4%		37.1%				
Ending FB as Months of Expenditures	3.3	2.8		4.5				
ALL CURRENT UNRESTRICTED FUNDS:								
Beginning Fund Balance Available for Daily Operations	$ 4,913	$ 7,575		$ 7,575		$ -		
Revenues	84,038	86,491	3%	84,440		(2,050)	-2%	
Expenditures	80,391	84,188	5%	82,815		(1,373)	-2%	
Transfers	(141)	(1)		(325)		(325)		
GL Additions & Deductions	(6,085)	5		(820)		(825)		
Ending Fund Balance Available for Daily Operations	$ 7,580	$ 9,877		$ 8,061		$ (1,816)		
Ending FB as a % Operating Revenues	9.0%	11.4%		9.5%				
Ending FB as Months of Expenditures	1.1	1.4		1.2				

Notes

(1) Increases in the funding base plus changes in the funding model. All institutions received increases.

(2) Budgeted for an even enrollment, along with an 3% average price increase. In September, enrollment was trending down 2.2%. By the start of the Winter term, the rate of the enrollment decrease accelerated and was now down by 3.3%. However, as of the 1-9-17, it would appear there are improvements in the enrollment number, but it's still a bit early in the term. Additional changes due to changes to enrollment mix. The largest decreases were seen in Graduate and WUE tuition lines.

(3) Estimated to be roughly in line with the prior year. Lower land lease revenues from the Raider Village will be somewhat offset by anticipated funds to come in from a pending legal settlement.

(4) COLA and classified employees step increases budgeted for FY2017. Earlier projections associated with faculty pay was understated, somewhat due to a payout occurring with faculty "banked" hours (approximately $300k).

(5) Holding in line with current budgets.

(6) $1.6m associated with Athletics. See "Subsidies" report for further summary.

(7) Fund Balance estimated is lower by approximately $640k. Approximately $110k is associated with net lower revenue estimates, and $540k in higher labor estimates.

(8) An increase in the Student Recreation Center fee from $35/credit hour to $75/credit hour will raise the Rec Center revenues by about $450k. However, this will be offset by reduced Student Incidental fee income as a result of lower enrollments.

(9) Occupancy is lower (50 students), largely in Greensprings, as a result in lower "new freshmen" enrollment (down 142, 1 week into the start of the term). Overall, housing occupancy is down about 5%. This is offset by higher rental income in the Family Housing complex, and additional land lease revenue that will be generated from the Raider Village.

(10) Largely a decrease in Dining operations associated with decreases in enrollment and Housing occupancy.

(11) COLA and classified step increases, offset by reduced labor tied to lower housing occupancy and institutional enrollment.

(12) Lower spending tied to lower housing occupancy and institution enrollment. Additionally, lower travel expenses associated with post-season athletic travel.

(13) Largely subsidies to Athletics, offset by some transfers to reserves. FY2017 assumes Athletic post-season travel will not exceed current budgets (set at $238k).

(14) Payments of Bond principal.

(15) Contributing factors to the auxiliary deficit operating Fund Balance position include:
- Athletic program ongoing projected deficit of $(2.08m).
- Remaining Internal Loan from the General Fund to cover the costs of the BOLI Settlement $(2m), to be paid back to the GF over the next 10 years

(16) Non-credit program activity trending up from the prior year.

(17) Lower revenue expected with the SOLIR program ($50k), as well as some one-time funds received in FY2016 associated with facilities and the gain on the sale of some vehicles ($18k)

(18) Service Center activities largely remaining in line with budget.

(19) The JPR labor budget had a substantial growth projected, but actual growth is coming in at a little under 10%. Overall labor costs are trending up, but only modestly in comparison to prior year spending.

(20) Spending only up slightly from budget, even with the increased non-credit activities.

Southern OREGON UNIVERSITY

12/31/2016

Periodic Mangement Report

Appendix A

Summary of Projected Subsidies (Transfers) Between Fund Types

For Fiscal Year 2017

	Education & General	Designated Operations &	Auxiliaries (including NCV)	Plant, and Other Funds
	Projected	Projected	Projected	Projected
Transaction Description	**$ (1,921,025)**	**$ 352,829**	**$ 1,242,649**	**$ 325,547**
Between Fund Types				
Base General Fund Support to Athletics	$ (1,202,146)	$ -	$ 1,202,146	$ -
Athletics General Fund Course Transfer	(395,615)	-	395,615	-
Added Institutional Support to Athletics	-	-	-	-
Sports Camps Support to Athletics	-	(3,100)	3,100	-
Support to Athletics Sports Band	(35,000)	-	35,000	-
General Fund Support to JPR	(265,174)	265,174	-	-
General Fund Support to RVTV	(90,520)	90,520	-	-
Housing Support for Service Center	152,521	-	(152,521)	-
General Fund Repayment of Loan to Housing (to end FY17)	(35,000)	-	35,000	-
Operations to Repair/Replace Reserve	-	-	(275,547)	275,547
General Fund PEAK Support to Various	-	-	-	-
Clearing/Closing Funds	(91)	235	(144)	-
General Fund Support for Science Building Project	(50,000)	-	-	50,000

Pension Overview and Total Pension Liability

Factors Changing Pension Liability

- Moro Court Decision
  - Removed the caps on COLA increases for retirees. The State was attempting to cap the COLA increase to about 1.5%.
  - Increased the net present value of the future liability.
- Earnings on Investments
- Changes to Actuarial Tables

Change in Net Pension Liability

6-30-2015 to 6-30-2016

	FY2015	FY2016	Change in Operating Expenses	FY2015 Net Pension Asset	FY2016 Net Pension Liability	Change Due to Pension Liability
OPERATING EXPENSES						
Instruction	$ 25,931,769	$ 33,167,424	$ 7,235,655	$ (3,014,672)	$ 4,008,776	$ 7,023,448
Research	679,305	591,932	(87,373)	(46,317)	75,416	121,733
Public Service	2,986,584	3,857,624	871,040	(243,924)	370,644	614,567
Academic Support	5,682,914	7,598,712	1,915,798	(586,372)	784,008	1,370,380
Student Services	4,448,481	5,931,630	1,483,149	(407,182)	706,313	1,113,495
Auxiliary Programs	14,618,056	15,715,729	1,097,674	(493,775)	1,076,897	1,570,671
Institutional Support	7,581,666	11,090,490	3,508,824	(716,441)	1,223,753	1,940,194
Operation and Maintenance	3,979,581	5,622,302	1,642,721	(371,884)	700,483	1,072,367
Student Aid	5,857,464	6,054,443	196,979	-	-	-
Other Operating Expenses	4,383,793	8,148,625	3,764,832	(9,274)	26,606	35,880
Total Operating Expenses	$ 76,149,613	$ 97,778,911	$ 21,629,298	$ (5,889,841)	$ 8,972,895	$ 14,862,736

Increase Excluding Pension Liability	$ 6,766,562
Net Increase in Capital Projects	$ 3,533,912

Future Meetings

Adjourn