



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

April 14, 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 offering general updates and a review of the financial dashboard and materials for the HECC regarding the tuition decision. There will be a presentation on the housing fee and discussion and action on the president's 2017-2018 tuition and fees recommendation. There also will be a presentation on the third quarter forecast and subsidies report, discussion on the ending fund balance and a review of the pro forma.

The meeting will occur as follows:

Thursday, April 20, 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.**



Board of Trustees
Finance and Administration Committee Meeting
April 20, 2017

Call to Order and Preliminary Business



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

**Thursday, April 20, 2017
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

AGENDA

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

- | | | | |
|-----------|----------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| | 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 March 16, 2017 Meeting Minutes (Action) | |
| | 2 | Public Comment | |
| ~ 10 min. | 3 | Vice President's Report | Craig Morris, SOU, Vice President for Finance and Administration |
| | 3.1 | Committee Dashboard Review | |
| | 3.2 | Materials for HECC Regarding Tuition Decision | |
| | 3.3 | General Updates | |
| ~ 45 min. | 4 | Recommendation on Tuition and Fees | President Schott |
| | 4.1 | Presentation on Housing Fee | Mark Denney, SOU,
Associate Vice President for Budget and Planning; Noah Hurley, SOU, Interim Housing Director |
| | 4.2 | Recommendation on Tuition and Mandatory Fees (Action) | |
| ~ 10 min. | 5 | Third Quarter Forecast and Subsidies Report | Steve Larvick, SOU,
Director of Business Services |

Board of Trustees

Finance and Administration Committee Meeting

Thursday, April 20, 2017

4:00 p.m. – 6:00 p.m. (or until business concludes)

DeBoer Room, Hannon Library

~ 20 min.	6	Discussion of Ending Fund Balance	Chair Nicholson; Craig Morris
~ 10 min.	7	Review of Pro Forma	Mark Denney, SOU, Associate Vice President for Budget and Planning
~ 5 min.	8	Future Meetings	Chair Nicholson
	9	Adjourn	Chair Nicholson



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

**Thursday, March 16, 2017
4:00 – 5:30 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

MINUTES

Call to Order and Preliminary Business

Chair Nicholson called the meeting to order at 4:00 p.m. He welcomed Kristen Gast, SOU's new Director of Financial Aid.

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

Other meeting guests included: Craig Morris, Vice President for Finance and Administration; Jason Catz, General Counsel; Janet Fratella, Vice President for Development; Mark Denney, Associate Vice President for Budget and Planning; AO Black, League of Women Voters; Devora Shapiro, APSOU and faculty; Margaret Perrow, faculty; Camille Schuler, high school teacher; Kemble Yates, faculty; Jessica Piekielek, faculty; Debbie O'Dea, SOU Financial Aid; Kristen Gast, Director of Financial Aid; Kelly Moutsatson, Director of Admissions; Lee Ayers, Director of Undergraduate Studies; Treasa Sprague, Administrative Services Coordinator; Matt Stillman, Registrar; Ryan Schnobrich, Internal Auditor; Shane Hunter, Senior Financial Management Analyst; Stephanie Hanigan, SOU Financial Aid; Allie Bogard, Student Life; Steve Larvick, Director of Business Services; Jody Waters, Associate Provost; Chris Stanek, Director of Institutional Research; Dominick Robertson, SOU; Dennis Jablonski, SOU; Tyler Takeshita, ASSOU; John Stevenson, User Support Manager; Don Hill, Classroom and Media Services Manager; Sabrina Prud'homme, Board Secretary; and Kathy Park, Executive Assistant.

Trustee Slattery moved to approve the February 16, 2017 meeting minutes as drafted. Trustee Nootenboom seconded the motion and it passed unanimously.

Public Comment

Dr. Lee Ayers Preboski, professor, Division Director of Undergraduate Studies and faculty representative on the HECC; Devora Shapiro, Assistant Professor of Philosophy and APSOU President; and Kemble Yates, Professor of Mathematics and representative to the Association of Oregon Faculties provided public comments. Citing the cuts made during the two previous retrenchments, each stressed there is no room

for further cuts and urged the board not to make cuts to cover the shortage in state funding. They mentioned the dedicated, hardworking faculty, campus accomplishments and the positive environment that currently exists.

Margaret Perrow, Associate Professor of English, and Camille Schuler, a teacher at South Medford High School, discussed SOU's Oregon Writing Project (OWP), which works with teachers from K-through-college on writing instruction. The program might look like a target for being cut but it provides an opportunity for collaboration between SOU and local K-12 teachers. These types of programs are fundamental and impact the community profoundly. The OWP helps teachers keep up with the academic landscape, which assists them in providing students guidance and helps SOU maintain a strong presence in secondary schools.

Jessica Piekielek, Assistant Professor of Sociology and Anthropology, said students have talked to her about their concerns over rising tuition. She wants SOU to be accessible to and supportive of students. She asked the board to look realistically at current resources and couple that with a visioning process to continue to build on opportunities for students.

Vice President's Report

Discussing the dashboard, Mr. Morris said SOU is well above target on operating cash, primarily due to the transfer of \$1.1 million from the JPR Foundation for its share of the cash used for the JPR construction project. At week 36, total student credit hours are well behind last year, primarily due to spring registration being one week later than last year. For reasons previously discussed, the fund balance is below target and labor continues to be ahead of the burn rate. Other Personnel Expenses and Supplies and Services are behind the burn rate. Tuition revenue continues to be behind last year due to decreased enrollment.

Mr. Morris provided an update on SOU's open construction projects. Construction on the theater and JPR project has started and the building will open in phases between September and February. McNeal is on track to be completed by the end of the year. Britt Hall renovations will be prioritized to determine what can be done with the \$4.7 million in deferred maintenance money received. There was a recent bond sale and SOU will receive about \$4 million in capital repair and renewal money to be used across campus for deferred maintenance projects. The university has \$8 million in such projects and he hopes funding for the next biennium will be at the same level as this biennium.

Dr. Matt Stillman discussed the enrollment funnel and said this is a very early look at how new student behavior is shaping up for fall 2017. He said SOU can receive up to 1,000 admission applications, a quarter of its annual volume, between now and the start of the fall term. Applications, admissions and confirmations are looking flat. Students have not yet been enrolled for the fall term so there is no enrollment activity. At this point in time, application volume is the clearest indicator of how things are shaping up. New graduate student applications are up by about 40, which is a 25 percent increase. Trends from the last few years are recurring. New undergraduate

and transfer student applications are pretty flat, with non-resident applications being up a bit. May 1 is about when students start making their decisions so the admissions office will know more in about a month. Dr. Stillman said he and Kelly Moutsatson use the funnel report as an active management tool to help decide where to place resources as well as a data-informing tool. Mark Denney said he uses the funnel report and retention statistics to help develop the enrollment projection to put the budget together.

Mr. Morris provided a legislative update, focusing on President Trump's proposed budget. Far from final, it significantly cuts the federal work-study program from the Department of Education. That budget has not been increased for over 15 years, so the impact of a significant cut is compounded. It also slashes TRiO and Gear-Up by about \$200 million, eliminates the Supplemental Education Opportunity Grant program for exceptionally needy students by \$732 million and, while flat-funding Pell, it sweeps about \$4 billion in Pell reserves that many hoped would be used to fund Pell grants this summer. All of these will have a negative impact on SOU and its students.

Review of Student Fee Process

The student body president, Tyler Takeshita, reviewed the student fee process, saying it is arguably one of the most important functions of ASSOU. He offered history and background on student fees, and noted that they provide funding to student organizations, foster a marketplace of ideas, increase recruitment and retention of underrepresented students and consolidate student resources to create student power. Addressing the history, President Takeshita said student fees can be viewed as a type of speech to explore the unexplored. He stressed that extra-curricular student speech can be funded as long as the funding process is viewpoint neutral.

SOU's Student Fee Committee controls the student fee process through its four subcommittees. They take care to ensure there is no conflict of interest when setting the fees. In allocating the student fee, it is important to remain autonomous. The Student Fee Committee and its subcommittees are seated in October and November respectively. Most of the activity occurs in the winter term, which is when subcommittees hold budget hearings and present budgets to the Student Fee Committee. The Student Fee Committee's recommendation goes through the ASSOU Senate to the ASSOU president, who presents the final budget to the SOU president. The proposed budget is then presented to the Board of Trustees. Mr. Morris said the HECC does not approve the student fee. President Takeshita said there are multiple checks within the budget process. The Board of Trustees may reject a proposed budget if the student fee grew by more than 5 percent from the previous year; if it is illegal or breaks any preexisting contracts; or if the trustees believe the fee request is not advantageous to the development of students.

Responding to Trustee Sevcik's inquiries, President Takeshita said the proposed budget is \$4.2 million and Mr. Morris said SOU's internal auditor will audit the student fee process. Jason Catz praised the process and ASSOU's coordination with him on issues.

Tuition Assistance and Financial Aid Information

President Schott said this item was prompted by previous discussions on fee remissions

and that institutional aid benefits both students and institutions. Kristen Gast highlighted her past experience working in financial aid. She said the mission of the financial aid department is to provide the financial resources to students to attend SOU and provide expertise when doing so. Institutional aid provides students the ability to succeed and stay in college.

There are different sources of financial aid available to SOU students. SOU aid is usually applied after federal and state aid has been awarded or exhausted. Mr. Morris said the nomenclature for fee remissions has changed to institutional aid. There are three pieces of institutional aid: SOU Foundation (SOUF) scholarships, student employment (federal work study program and SOU's program), and tuition assistance/institutional aid (formerly referred to as fee remissions).

Ms. Gast said federal aid does not keep up with tuition increases. To meet the needs of SOU's student population and institutional priorities, institutional aid is applied based on many factors. The majority of the students who receive institutional aid are Oregon residents. Highlighting the benefits to students and the institution, Mr. Morris said institutional aid is used to attract students to SOU, retain them and get them to a point where they can graduate. He believes it is key to long-term sustainable enrollment.

Ms. Gast said the FAFSA is the main indicator to determine who is in need. However, the FAFSA does not provide a complete picture so other tools are also used, including student data analysis, the Office of Student Support and Intervention, and faculty.

Mr. Morris said 50 percent of SOU students receive institutional aid from SOU, with 12 percent of those receiving SOUF scholarships. Sixty to seventy percent receive federal aid and potentially institutional aid. Students receiving institutional aid receive need-based aid, merit-based aid or a combination of both.

Janet Fratella said SOUF support is from individual donors who make gifts directed toward scholarships. This year, SOUF is estimating a slight decrease from last year, based completely on investment returns. About 550 students receive SOUF scholarships averaging about \$2,500 each.

Responding to Trustee Hennion's inquiry, Mr. Morris said SOU would only know about scholarships from other sources, such as Rotary clubs, if they flow through the financial aid office, which is not always the case.

Pro Forma Scenario Review

Working with the interactive pro forma model on the budget office's website, Mark Denney plugged in various rates and explained how different figures affect the ending fund balance. He used the following assumptions: 1) continued current enrollment trends with slight increases after two years from student success initiatives; 2) a 12 percent increase in tuition this year, then a 5 percent increase; and 3) the governor's recommended budget, then flat state funding. Using those assumptions, the ending fund balance for this year decreases to 11.8 percent, with a further decrease to 8.3 percent in 2017-18.

Trustee Slattery and Mr. Denney stressed that the lack of adequate state funding puts pressure on tuition to make up the difference year after year. Mr. Morris added that he and other vice presidents testified at a recent HECC funding and achievement subcommittee meeting and emphasized that this is not a problem for just this year; it will be a multiple biennium problem. Mr. Morris reiterated that the other way to grow enrollment revenue is to grow enrollment. President Schott stressed that every university in the country is trying to increase enrollment and SOU must look beyond the typical 18-year olds for future students.

Mr. Denney addressed the anticipated annual impact to SOU students. Assuming increases of 12 percent in tuition, 7 percent in the incidental fee, 27 percent in the rec center fee, 5 percent in the health fee, no increase in the building fee, 2 percent in housing costs and 3 percent in dining costs, the impact to resident undergraduate students living in residence halls is \$1,300. The total cost increase is 6 percent—a message that needs to be conveyed to students. The impact on WUE students is a 6.6 percent total increase.

Mr. Denney has used this slide presentation with students and they understand the process and the increase to the total cost of attendance. Discussion ensued on the reality that more students will have to work more to earn money to attend SOU and the importance of institutional aid. Ms. Gast will push students to complete the FAFSA to obtain all financial aid to which they are entitled. Mr. Denney added that various other programs at SOU help mitigate students' increased costs.

Future Meetings

Chair Nicholson said the next committee meeting is April 20. The committee will receive President Schott's recommendation on tuition and fees and make its recommendation to the board. Another agenda item will be a review of the pro forma, particularly looking at the ending fund balance issue, and the committee will receive the first quarter forecast. If committee members have other agenda items they want to include, Chair Nicholson asked them to let him or the board secretary know. President Schott encouraged trustees to send any of their questions to the board secretary and the staff would do their very best to get answers so everyone will come to the April meetings as fully informed as possible.

Adjourn

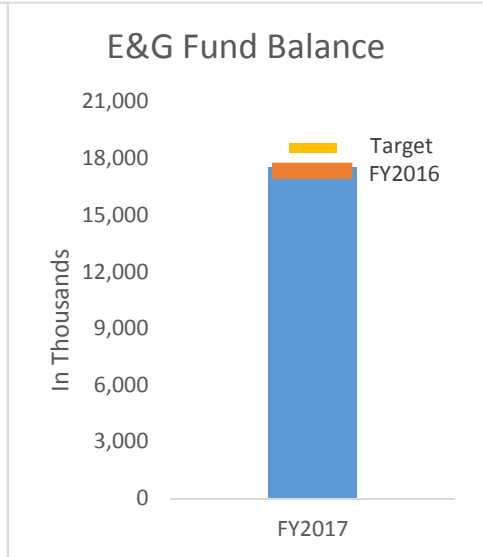
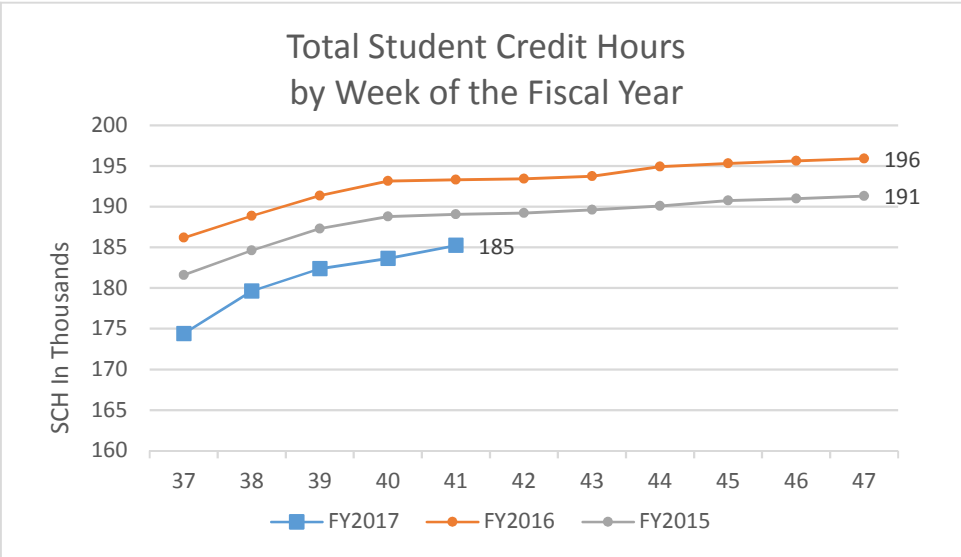
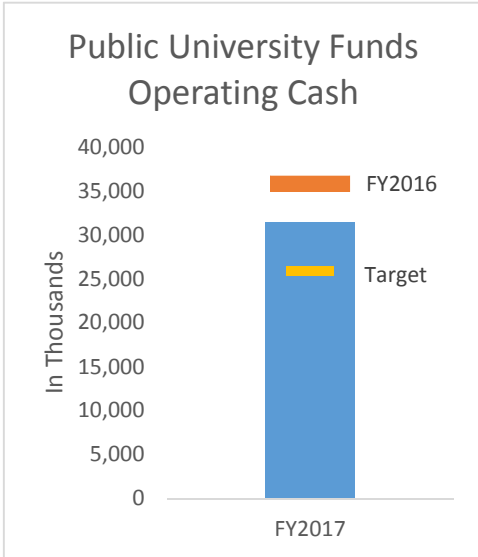
Chair Nicholson adjourned the meeting at 5:42 p.m.

Public Comment

Vice President's Report

Financial Dashboard

For FY17 period 09
As of March 31, 2017

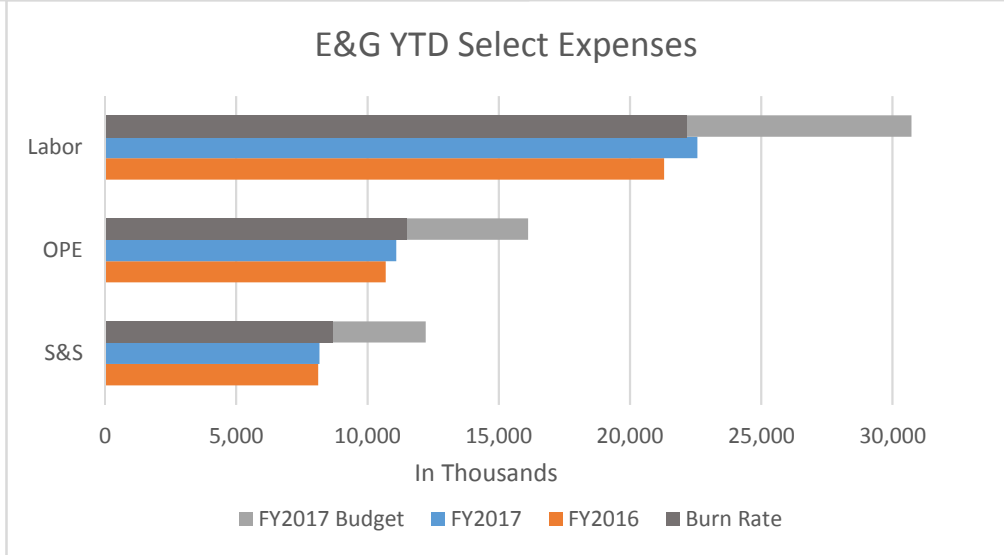
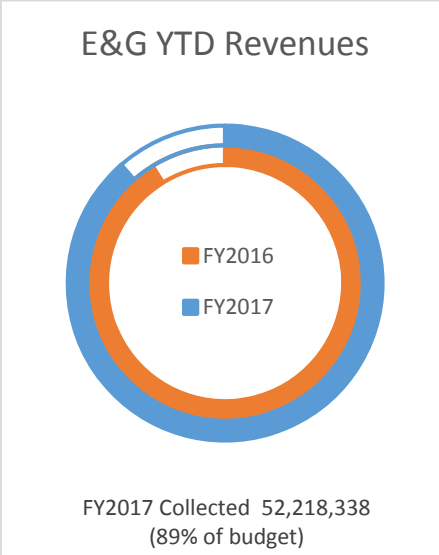


Cost per Student Credit Hour by Faculty Type FY2015 -> FY2016

Tenure Faculty:
\$168 -> \$169

Professional Faculty:
\$101 -> \$97

Adjunct:
\$59 -> \$64





KATE BROWN
Governor

April 10, 2017

Neil Bryant, Chair
Higher Education Coordinating Commission
255 Capitol Street NE, Third Floor
Salem, OR 97310

Dear Chair Bryant and Commissioners,

I know that you share my concern for preserving access and affordability for Oregon resident students, and I am deeply concerned that Oregon's public universities may impose tuition and fee increases significantly greater than 5% upon resident undergraduate students.

As you know, the Higher Education Coordinating Commission (HECC) is authorized by law to review any proposed increase greater than 5%. Recognizing the revenue constraint that the 5% limit may impose, in conjunction with the challenges facing the state budget, I am nonetheless communicating my expectation to members of the HECC that any tuition proposals brought forward beyond a 5% increase not be approved, if and unless, the Commission is provided with:

1. Clear and significant evidence that the university gave serious consideration to alternatives that involved tuition and fee increases below the 5% threshold;
2. Clear and significant evidence of how Oregonians who are underrepresented in higher education, including low-income students and students of color, would benefit more under the university's proposal than one that stays within the 5% threshold;
3. A plan for how the university's board and central administration are managing costs on an ongoing basis;
4. A summary of how students, faculty and staff were consulted on the proposed tuition increases; and,
5. A summary of how tuition will be affected should additional state funds beyond the number in Governor's Recommended Budget be appropriated.

If the HECC should receive such a tuition increase proposal, it is my expectation that the Commission and agency rigorously apply the above criteria, in addition to any others they may establish. It is my expectation that the chair of each institutional board shall certify and present these findings in person to the Commission, in addition to administrative representatives of the institution.

Finally, I am acutely aware of the relationship between the state budget and tuition levels. Over both the short and long-term, I remain committed to doing everything I can to maximize the State's ability to invest in public higher education. I hope we will be joined together in this effort, just as I hope we will be joined in the equally important effort to implement every possible cost savings, reduction, and efficiency in the public services we provide to Oregonians.

Sincerely,

Governor Kate Brown

cc: University Board Chairs and Presidents



Recommendation on Tuition and Fees

MEMORANDUM

DATE: April 14, 2017

TO: Board of Trustees of Southern Oregon University

FROM: Dr. Linda Schott, President

RE: Recommendation of Tuition and Fees for Academic Year 2017-18

By way of this memorandum, I submit to the Board of Trustees of Southern Oregon University my formal recommendation for tuition and fees for the 2017-18 academic year, attached as "Exhibit A." I have thoroughly considered the SOU Tuition Advisory Council's (TAC) proposal and the campus-wide feedback. I endorse the TAC's proposed tuition rate schedule for the 2017-18 academic year and further provide a specific proposal for reducing the tuition rate in the event of increased funding to the Public University Support Fund above the Governor's Recommended Budget (GRB).

For your consideration, included in my recommendation is an increase in tuition of \$18.17 per student credit hour, or \$817.65 per year, for resident undergraduate students. I am also recommending an increase for nonresident undergraduate students of \$28.11 per student credit hour, or \$1,264.95 annually. For academic year 2017-18, this equates to a 12.0 percent increase for resident undergraduate students and a 6.0 percent increase for nonresident students. Students receiving the Western Undergraduate Exchange tuition rate will continue to pay an amount equal to 150 percent of the resident undergraduate rate. For graduate students, I am recommending that current tuition rates increase by 6.0 percent.

I acknowledge that this is a significant increase, and I recommend it to you with a somber heart and only after thorough consideration of other options. Both the TAC and the greater campus community worked extensively through several tuition rate scenarios, ranging from below 5 percent to as high as 14 percent, and concluded that this is the only option that addresses all of the critical challenges currently facing Southern Oregon University. The board itself, through the Finance and Administration Committee, also has spent considerable time reviewing each tuition scenario and the projected impact, both to our students and to this institution.

This recommendation is necessitated primarily because the state has continued disinvestment in higher education. The burden of paying for college has shifted from the state to our students and their families. Despite some recent positive movement toward changing this trend, it continues in the current GRB. The GRB may appear to offer flat funding over the biennium, but it does not provide any increase to address the significantly higher costs for medical and retirement benefits that SOU is facing and that are beyond the university's control.

You will note that I am not recommending significant spending cuts to offset the proposed tuition increase. As I have come to know the SOU campus during my first nine months as president, I have gained a deep appreciation for both the breadth and depth of prior spending reductions and the current efficiency of operations. SOU has already reduced spending on Education and General Operations (E&G) by approximately \$6.5 million or 10.5 percent in permanent reductions. SOU has saved an additional \$7.5 million on one-time reductions for a total of \$14 million or 22 percent of budget. As a result, SOU has achieved the lowest E&G expenditures per student FTE compared to the other Oregon public

universities. SOU is now a model of efficiency, and to make additional reductions would mean depriving our students of services critical to their success and disadvantaging them in comparison to their peers.

Through their actions, SOU students demonstrate their understanding of this situation as well. Rather than cut the critical student support programs they consider vital to the pursuit of their academic goals and student life on campus, the students chose to increase their student incidental fee by 7 percent.

I am, of course, worried about the impact of this tuition increase on our most economically vulnerable students and their families, many of whom have been historically underrepresented in higher education. Because of that concern, SOU will increase the amount of institutional aid allocated to students. We will administer this aid in ways that support our most vulnerable students, incentivize the persistence and the completion of degrees, and reduce time to completion. SOU also will maintain the excellent support programs that we have developed to help our students overcome academic, social, and psychological barriers on the road to graduation.

Finally, it is likely that we will not know the exact level of funding SOU will receive from the state until June or July. For that reason, the TAC has recommended, and I include in my proposal to you, reductions in the recommended tuition rate should the funding SOU receives from the state increase significantly.

My staff and I appreciate the care and concern that you, as our Board of Trustees, have shown for the well-being and success of our students and our University. As leaders in our region and statewide, you understand how SOU serves our state and region, helps to meet the workforce needs of area employers, and stimulates the economy. You all value how SOU models sustainability and cultural diversity in ways that have been nationally recognized. Those of you who are alumni have fond memories of your time as students and a deep understanding of how your education and this institution helped launch your successful careers.

We, the administration, faculty and staff at SOU, want to continue what we are doing well while fully embracing new opportunities for innovation. We have embarked upon an ambitious planning process, and momentum and excitement about the future of SOU is building on campus. We have taken great care to follow your guidance and position our finances to sustain the university; prioritize a comprehensive and excellent educational experience for students; protect those who are most economically vulnerable; and to set SOU on firm footing from which to explore the future.

Thank you for your thoughtful consideration of this proposal and for your service to SOU.



Linda Schott
President, Southern Oregon University

Exhibit A

Figure 1: Academic Year 2017-18 Tuition and Mandatory Fees Schedule

Tuition Category	Prior Year Rate	Proposed Rate	\$ Increase/SCH	% increase	Total Annual \$ Increase*
Resident Undergraduate	\$151.41	\$169.58	\$18.17	12%	\$817.65
Western Undergraduate Exch	\$227.12	\$254.37	\$27.25	12%	\$1,226.25
Nonresident Undergraduate	\$476.89	\$505.00	\$28.11	6%	\$1,264.95
Resident Graduate	\$397.00	\$421.00	\$24.00	6%	\$864.00
Nonresident Graduate	\$497.00	\$527.00	\$30.00	6%	\$1,080.00
Masters of Education	\$341.00	\$361.00	\$20.00	6%	\$720.00
Fees					
Student Incidental Fee	\$320.00	\$343.00	\$23.00	7.2%	\$69.00
Student Recreation Center Fee	\$75.00	\$95.00	\$20.00	26.7%	\$60.00
Student Health Fee	\$130.00	\$137.00	\$7.00	5.4%	\$21.00

Figure 2: Resident Undergraduate Tuition Rate Amendments if PUSF Increases from GRB

PUSF	Res UG Tuit Inc.	Res UG Tuit Rate	Annual \$	% Rate Inc.
GRB - \$690 M	\$ 18.17	\$ 169.58	\$ 817.61	12.0%
\$691 - \$710 M	\$ 16.66	\$ 168.07	\$ 749.48	11.0%
\$711 - \$730 M	\$ 15.14	\$ 166.55	\$ 681.35	10.0%
\$731 - \$750 M	\$ 13.63	\$ 165.04	\$ 613.21	9.0%
\$751 - \$760 M	\$ 12.87	\$ 164.28	\$ 579.15	8.5%
\$761 M and up	\$ 12.11	\$ 163.52	\$ 544.95	8.0%

SOUTHERN OREGON UNIVERSITY
 TUITION ADVISORY COUNCIL TUITION RECOMMENDATION
 For Academic Year 2018 – Fall Term, 2017 through Summer Term, 2018

Date: Tuesday, April 4, 2017
 To: President Linda Schott
 From: Provost Susan Walsh, Chair - Tuition Advisory Council

After careful deliberation and consideration of the following principle criteria of affordability, market place, impact upon students, and financial stability for Southern Oregon University, the members of the Tuition Advisory Council propose the following tuition rates for Academic Year 2017-18.


DESCRIPTION OF PROPOSAL
 Proposed Tuition Rates for Academic Year 2017-18

Tuition Category	Prior Year rate	Proposed Rate	\$ Increase/Student Credit Hour	% increase	Total Annual \$ Increase*
Resident Undergraduate	\$151.41	\$169.58	\$18.17	12%	\$817.65
Western Undergraduate Exchange	\$227.12	\$254.37	\$27.25	12%	\$1,226.25
Nonresident Undergraduate	\$476.89	\$505.00	\$28.11	6%	\$1,264.95
Resident Graduate	\$397.00	\$421.00	\$24.00	6%	\$864.00
Nonresident Graduate	\$497.00	\$527.00	\$30.00	6%	\$1,080.00
Masters of Education	\$341.00	\$361.00	\$20.00	6%	\$720.00

* For undergraduate students, total annual \$ increase assumes 15 student credit hours per term or 45 per year


* For graduate students, total annual \$ increase assumes 12 student credit hours per term or 36 per year

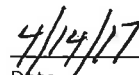
Additionally, as it is yet unknown what the total 2017-19 Biennium funding to the Public University Support Fund (PUSF) will be from the Oregon Legislature, should funding rise above the current Governor's Recommended Budget (GRB) funding level of \$667 Million, the TAC recommends consideration of a reduction to the tuition rate increase for all categories to the extent that increased funding from the state, allocated to SOU, would offset the need for tuition revenue.

Tuition Advisory Council 2017 Membership		
Name	Representation	Signature
Dr. Susan Walsh, Provost	SOU, Academic and Student affairs, Council chair	
Dr. Matt Stillman	Enrollment Services	
Roxane Beigel-Coryell	Administration and Finance	
Dr. Katie Pittman	Associated Professors of Southern Oregon University	
Vacant	SOU Faculty Senate	
Daryl Mapleshorpe	Associated Students, Southern Oregon University	
Ricardo Lujan	Associated Students, Southern Oregon University	
John Pascale	Students at large	
Kieryn Eagy	Students at large	
Mark Denney	Budget – ex-officio, non-voting	

Acceptance of the recommended tuition rates for Academic Year 2017-18

Approve Disapprove


 President, Southern Oregon University
 Linda Schott


 Date

SOUTHERN OREGON UNIVERSITY
 ASSOU INCIDENTAL AND RECREATION CENTER FEE RECOMMENDATION
 For FY18 – July 1, 2017 through June 30, 2018

Date: Tuesday, April 4, 2017
 To: President Linda Schott
 From: Associated Students of Southern Oregon University

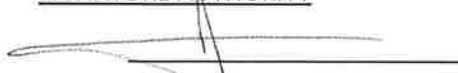
DESCRIPTION OF REQUEST
 Student Incidental Fee FY18 Budget Proposal
 Student Recreation Center Fee FY18 Budget Proposal

SOURCE OF FUNDS
 Student Incidental Fee and Incidental Fee Reserve
 Student Recreation Center Fee and Recreation Center Fee Reserve

Summary/Description	Index	Budget
Initial Budget Level (IBL)	Athletics Advisory Committee (AAC)	1,385,658
Initial Budget Level (IBL)	Educational Activities Advisory Committee (EAAC)	736,307
Initial Budget Level (IBL)	Stevens Union Advisory Committee (SUAC)	1,726,179
	Subtotal:	3,848,144
Incidental Fee Reserve	IFCRES	40,000
Building/Equipment Reserve	SUBERS/SUIOBR	15,000
Green Tag Fee	SUGNTF/SUGBEF	161,577
Schneider Children's Center	SUCARE	161,577
Athletics Post Season Travel Reserve	ATHRES	-
	Total Initial Budget Level	4,226,298
	Projected Average Student FTE	4,073
	Incidental Fee per Term – Academic Year 2017-18	\$343
	Incidental Fee per term – Academic Year Prior Year	\$320
	\$ Change from Prior Year	\$23
	% Change from Prior Year	7.0%
	Projected Student FTE Summer Term	913
	Incidental Fee – Summer Term 2016	\$88
	Incidental Fee – Summer Term Prior Year	\$82
	\$ Change from Prior Year	\$6
	% Change from Prior Year	7.3%
	Projected Average Student FTE	4,073
	Recreation Center Fee per term – Fall 2017	\$75
	Recreation Center Fee per term – Winter 2018 – Summer 2018	\$95
	Recreation Center Fee – Academic Year Prior Year	\$75
	\$ Change from Prior Year	\$20
	% Change from Prior Year	26.7%

SIGNATURE AUTHORITY

Approve [] Disapprove



President, Associated Students of
 Southern Oregon University
 Tyler Takeshita

4/13/17

Date

Approve [] Disapprove



President, Southern Oregon University
 Linda Schott

4/14/17

Date

Room and Board Rates 2017-18

(Rates subject to approval by Southern Oregon University Board)

Southern Oregon University 2017-18

Food Plans (overall rate increase 2.9%)

<u>Plan (Description)</u>	Cost per Term	Cost Per Year	Average CPM (Cost Per Meal)	Rate Increase
*Red Plan - Unlimited Meals Weekly / \$100 Raider Cash/ 10 guest	\$1880	\$5640	\$7.39	3.0%
*Black Plan - 17 Meals Weekly / \$150 Raider Cash/ 20 guest	\$1880	\$5640	\$8.36	3.0%
(S) Plan - 14 Meals Weekly / \$150 Raider Cash/ 10 guest	\$1560	\$4680	\$8.60	3.0%
(O) Plan - 12 Meals Weekly / \$250 Raider Cash/ 10 guest	\$1560	\$4680	\$9.23	3.0%
(U) Plan - 10 Meals Weekly / \$350 Raider Cash/ 15 guest	\$1560	\$4680	\$9.68	3.0%
Madrone Plan – All Raider Cash	\$800	\$2400	NA	0.0%
Madrone Hawk Plan – 5 Meals Weekly / \$400 Raider Cash/ 5 guest	\$825	\$2475	\$7.08	3.1%

*= Only 2 options freshmen (First Year Students) have to pick from

Southern Oregon University 2017-18

Room Rates (overall rate increase 2.8%)

<u>Area (Building & Room Type)</u>	Cost per Term	Cost Per Year	Per Month Average Cost	Rate Increase
Raider Village – Shasta Hall				
Double Room	\$2708	\$8124	\$903	2.0%
Single Room	\$3266	\$9798	\$1089	5.0%
Raider Village – McLoughlin Hall				
Double Room	\$2851	\$8553	\$950	2.0%
Single Room	\$3507	\$10521	\$1169	5.0%
Super Single Room	\$3821	\$11463	\$1274	6.0%
Madrone Hall				
Single Room	\$3699	\$11097	\$1233	2.9%
Greensprings Hall (Applegate & Bear Creek)				
Double Room	\$2397	\$7191	\$799	1.8%
Double as Single Room	\$3341	\$10023	\$1114	2.0%

Of Note:

- Required 3% increase overall in Raider Village rooms (as agreed upon with public/private partnership)
- Larger rate increases with single rooms (still in high demand and large waiting list)
- Food increase matches food and labor yearly increase, also always for returning residents to have meal plan at last year's rate. Only new students will see the rate increase on meal plans.

Summary:

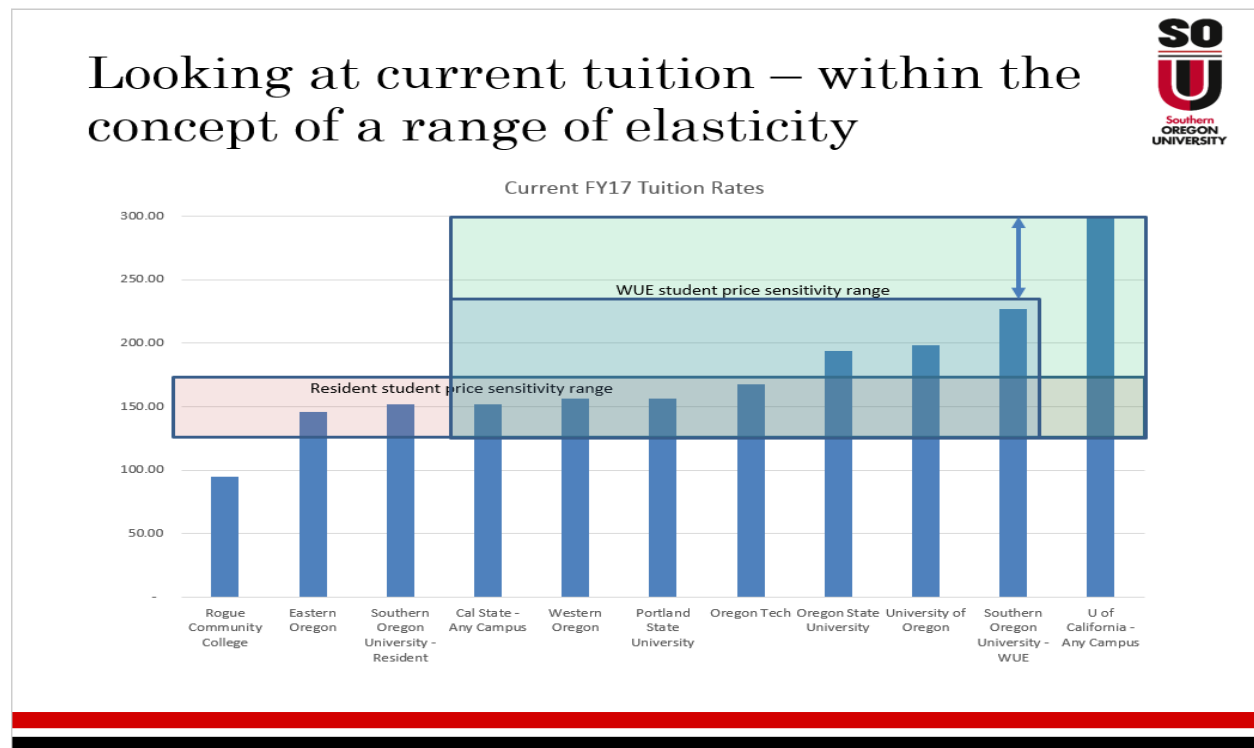
- Room will cost between \$7191 and \$11,097 per year
- Food will cost between \$5640 and \$4680 per year (excluding Madrone which will between \$2400 and \$2475)

Typical Room and Board Total for First Year Student will be \$12,831 per year (\$1426 per month)

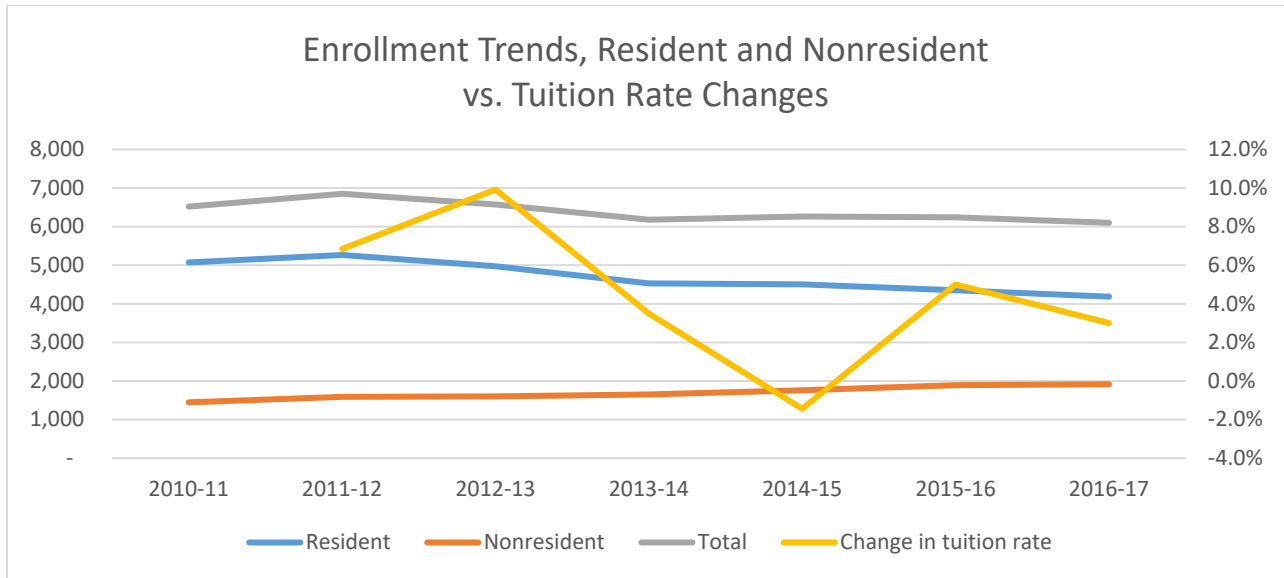
HISTORY

Southern Oregon University—a comprehensive regional university—provides high-quality education grounded in the liberal arts, focuses on skills that serve our region’s economic future, and prepares students for innovation and leadership. To achieve these goals, SOU cannot focus exclusively on those most academically qualified or financially capable; the university must remain accessible to and affordable for those we serve. SOU is committed to offering high-quality programs and services to all students.

During their January meeting, members of the Finance and Administration Committee discussed how market placement affects a university’s affordability and accessibility. SOU stands as one of the most affordable options among Oregon’s public universities for both Oregon residents and those of neighboring states. Demand is elastic in nature and while it is important to remain within that band of affordability, there are potential pitfalls in being the least expensive. National and regional data support the notion that students and their families deeply appreciate the affordability of an institution, but care even more about quality and the “fit” of a university with their academic goals.



A February discussion focused on the need to project enrollment based on a market-based model – one that takes into account SOU’s relative population, regional economic influences, recent enrollment trends and the potential impact of tuition rate increases. SOU’s history of tuition rates and enrollment are not linear, as demonstrated through market analyses, elasticity models, demographic trends, tuition policies – nationally and in neighboring states – and the impact of the university’s own tuition assistance practices. As this graph demonstrates, enrollment trends were relatively similar in 2012-13 (9.92 percent tuition increase) and 2014-15 (-1.44 percent tuition decrease). This indicates that as long as tuition stays within a certain range, the exact tuition rate is not the primary decision factor for students; being within an affordability range, other economic factors and the “fit” of a university are significant factors.



A comprehensive communication plan in March was designed to engage students and the broader campus, promote understanding of what drives tuition rates and receive feedback from various campus constituencies. A series of web videos outlined the pressures on SOU’s tuition rate, and 10 publicized and well-attended open campus forums were held.

SOU’s goal of affordability for all students must be considered within the context of the cost drivers that affect the university’s financial picture. To accomplish this, SOU built an interactive pro forma model that enables the projection of multiple factors to forecast their impact for the current budget year and the next two biennia. The Finance and Administration Committee has reviewed the model each month during the budget development process, presenting various budget scenarios and previewing their impacts on the pro forma. This interactive modeling also helped inform the Tuition Advisory Council’s deliberations.

RETRENCHMENT (past spending cuts)

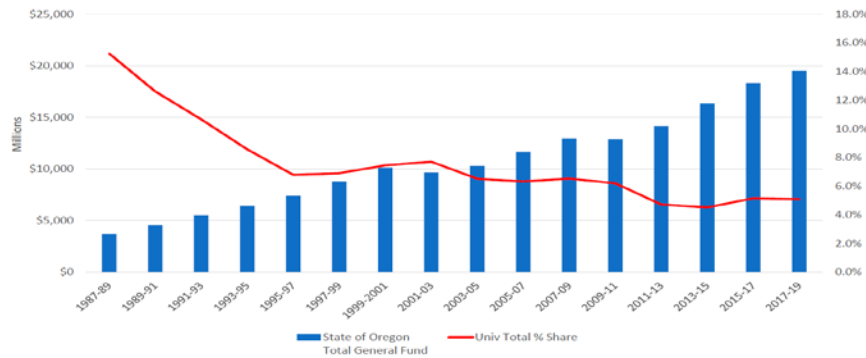
The retrenchment metrics already put in place to achieve instructional and administrative efficiencies were built into the pro forma model and budget (see attached Retrenchment Metric Report). Metrics including low-enrolled courses, faculty-to-student ratios, other assigned time and several financial values are incorporated in the pro forma model. It is critical to remember that SOU has undergone the cost-cutting process of retrenchment twice in the past 10 years, each time permanently reducing ongoing costs through faculty and staff layoffs, administrative restructuring and numerous cuts to university operations. The significant cost-cutting measures of retrenchment have enabled SOU to grow its fund balance to the required retrenchment target. Efficiency measures and a culture of austerity have been implemented as part of SOU’s continuous operational review process. Additional significant reductions will have a negative impact on the quality of education and student services.

DRIVERS

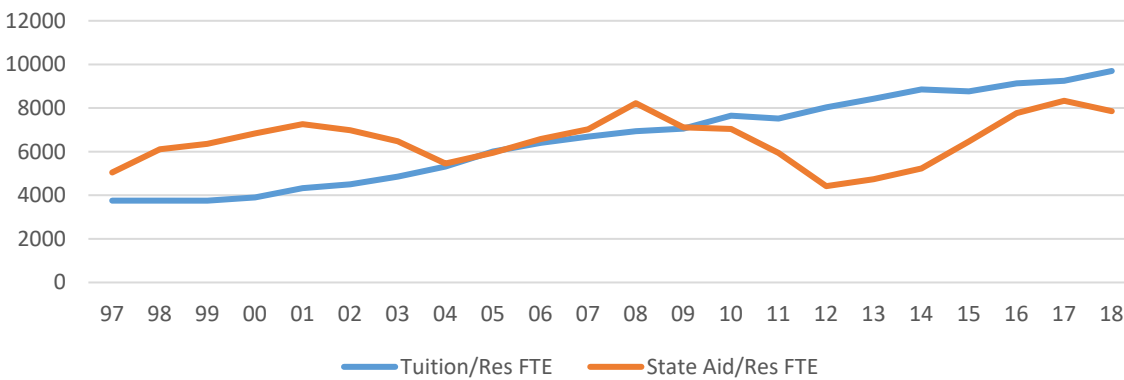
Beginning in the 1980’s, the state began disinvesting in higher education. Changes in property taxes, prison sentencing, and increased PERS and PEBB costs created new budgetary pressures for the state with no offsetting revenue.



Public University Funding¹ as % of State Budget

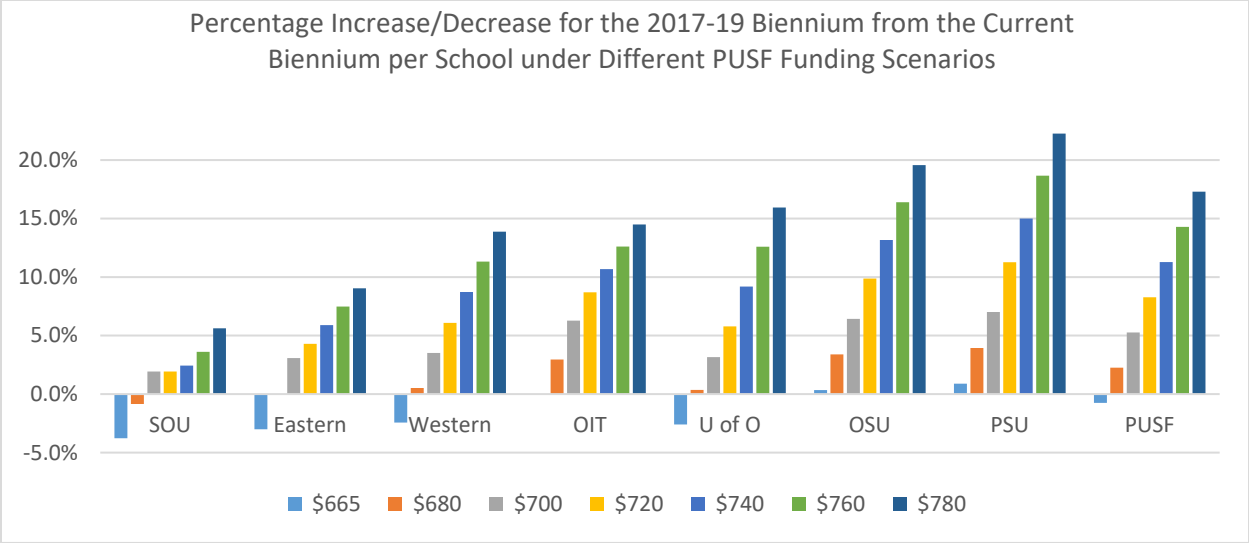


Tuition/Resident FTE vs. State Support/Resident FTE (Undergrad and Grad Combined)

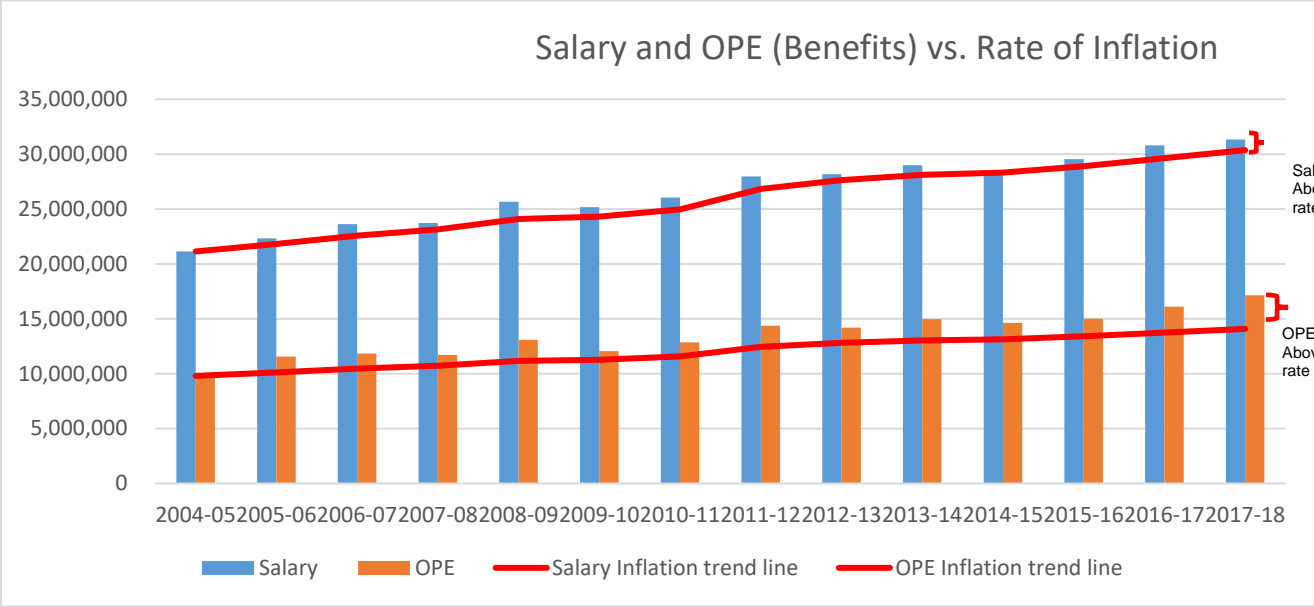


Two factors are significantly different this year, necessitating a large tuition increase:

- The state funding allocation model:** The Student Success and Completion Model (SSCM) was intended to incentivize Oregon’s public universities to prioritize degree completion over enrollment. In its third year of implementation (2017-18), the transition period from an enrollment-based model to a completions-based model has nearly expired and the model’s primary driver – degrees granted – is based on enrollment factors from four to five years prior. The SSCM reduces SOU’s state allocation by approximately 3.8 percent under the current GRB. Beyond 2017-18, SOU’s funding under the SSCM would be reduced more than any of the other public universities. SOU’s enrollment and degrees granted are so small relative to the larger universities that even a significant improvement in outcomes would move the needle at less than two-thirds the rate that it would move for a large university with the same percentage of improvement. At this point in time, a decline in state funding pushes the necessity for revenue growth entirely onto tuition.



- Labor costs:** For SOU, labor accounts for approximately 80 percent of total operating costs. Also in line with most universities, labor costs are rising at rates greater than that of inflation. Over time, the average increase in burdened labor at SOU has been 5 to 6 percent above the inflation rate, driven primarily by the cost of benefits. SOU’s burdened labor costs for 2017-18 are rising by 8 to 9 percent. This is directly due to the significant increase in the Public Employees Retirement System (PERS) rate that SOU is assessed. The PERS rate is increasing by an average of more than 14 percent for all employees due to prior underfunding of the statewide retirement system. The PERS rate increase is contributing to SOU’s total benefit costs being 22 percent above the average rate of inflation. Benefits account for about two-thirds of the year-over-year growth in the total costs of labor at SOU. An increase of 8 percent in the cost of labor – which makes up 80 percent of SOU’s expenses – results in an increase of almost a 7 percent in the university’s total costs. It is important to note that a highly-skilled workforce cannot be automated or outsourced easily, if at all. By comparison, in manufacturing or technology, productivity savings offset labor costs and allow total costs to rise below the rate of inflation.



As mentioned above, the GRB suggests a decline in state funding for SOU of about 3.8 percent. If total costs are rising at 7 percent, the full weight of covering those costs must fall to SOU's second major revenue source – tuition. Tuition accounts for about 62 percent of total revenue, but must cover 100 percent of SOU's increase in total costs (7 percent). A simple mathematical calculation suggests that tuition should increase by more than 14 percent.

PROCESS

Beginning in January, the bodies that formally recommend SOU's tuition and fees began meeting and reviewing data in detail, and developing recommendations. The suggested rates were discussed during the campus forums, and formal feedback on the proposals was received and reviewed.

- **Tuition Rate** – The Tuition Advisory Council (TAC), comprised of three administrators, two faculty members and four students, and is chaired by the provost, began meeting in February. The council reviewed SOU's tuition history and market placement, in Oregon as well as neighboring states. Members also reviewed in detail the financial pro forma that projected SOU's financial picture through the next two biennia. Several tuition rate scenarios were run through the pro forma to inform the TAC; market elasticity modeling was used to consider the impact on enrollment based on each scenario. The TAC drafted its proposal and presented it for feedback to the Associated Students of SOU, ASSOU Senate, Faculty Senate, SOU Budget Committee, University Planning Board, the Executive Council, and the President's Cabinet. After reviewing the feedback, the TAC made its formal proposal to President Schott.
- **Student Incidental Fee** – The Student Fee Committee (SFC) began meeting in November to set its budget priorities and timeline, then provided guidance to its subcommittees. In January, the subcommittees began hearing budget presentations from each of the budget authorities for which they had oversight. The subcommittees then prepared a budget recommendation to the SFC that included detailed justification for the budgets and how those met the criteria as published by the SFC. The budgets were reviewed and accepted by the SFC and proposed to the ASSOU Senate. The senate approved that recommendation and presented a full budget and student fee recommendation to the ASSOU President, who, in turn, proposed the budget and fee rate to President Schott. The SFC and its subcommittees, comprised entirely by students, are governed by the ASSOU Bylaws.
- **Health Center Fee** – The director of the Student Health and Wellness Center works with the Budget Department to review operational costs and revenue projections to determine the fee for the following year. This fee recommendation was presented to the same campus constituent groups at the same time as the tuition rate and all fees, to get feedback and to help finalize a recommendation to the SOU president.
- **Student Recreation Center Fee** – The Student Recreation Center Steering Committee, comprised entirely of students, with staff and faculty support, was newly-formed for this budget cycle. It is charged with setting future operational priorities and approving the Student Recreation Center budget. This student-run committee is responsible for setting the fee for each year, per the guidelines established by the student referendum.
- **Housing/Dining Rates** – The director of housing, with input from the Resident Housing Advising Committee – comprised of students currently residing in SOU on-campus housing, and assisted by the Budget Department – established the housing and dining rates. The rates comply with contractual obligations between the university and the Collegiate Housing Foundation. The goal was to keep the housing rate increase as low as possible, recognizing that housing is a significant component in the total cost of attendance for students living on campus. As with tuition and

other fees, the housing/dining rates were presented to campus constituent groups for feedback before the proposal became formal and was presented to the SOU president.

Throughout the process of recommending the tuition and fee rates, feedback from all campus constituents was requested, gathered and incorporated to the fullest extent possible into the final recommendations to the SOU president. An emphasis was placed on engaging students and including their voices in the process.

COMMUNICATION

In addition to the presentations to campus constituency groups that were part of the feedback process, several open-forum presentations were made around campus and online communication was specifically focused on engaging students. A six-part series of web videos capturing a pointed discussion between the ASSO president and SOU's associate vice president for budget and planning were recorded and posted at <https://inside.sou.edu/budget/index.html>, along with a survey to collect feedback. Four live presentations of the same material were made directly to students in the Student Union and the SOU main dining facility. Finally, four campus-wide open forums were offered to the greater campus community including faculty and staff, with the presentation posted at: <https://inside.sou.edu/budget/budget-presentations.html>. A total of 10 open presentations and the posted videos were directed at students.

MITIGATING THE IMPACT

A significant amount of thought and effort to address the impact of the tuition increase informs this proposal. As noted above in discussions about SOU's retrenchment, the university already has undergone major operational reductions. If deeper cuts were required, the greatest impact would be on the very student success initiatives put in place to help those most at risk. SOU is committed to retaining these initiatives while adding \$500 thousand in institutional aid. This assistance is aimed specifically at helping students of color, first-generation students, low-income students, and the most vulnerable resident students.

SOU also has kept housing and meal plan increases low in order to offset the proposed tuition increase. This strategy keeps the increase in the total cost of attendance, which includes housing and all mandatory fees, to 5.8 percent or just under \$1,300 for the full year.

Should state funding to the PUSF rise above the current GRB funding level of \$667 million, the TAC recommends consideration of a reduction to the tuition rate increase for all categories to the extent that increased funding from the state, allocated to SOU, would offset the need for tuition revenue. The president endorses the TAC's proposed tuition rate schedule for the 2017-18 academic year and further provides a specific proposal for reducing the tuition increase in the event of increased funding to the PUSF above the GRB.

CONCLUSION

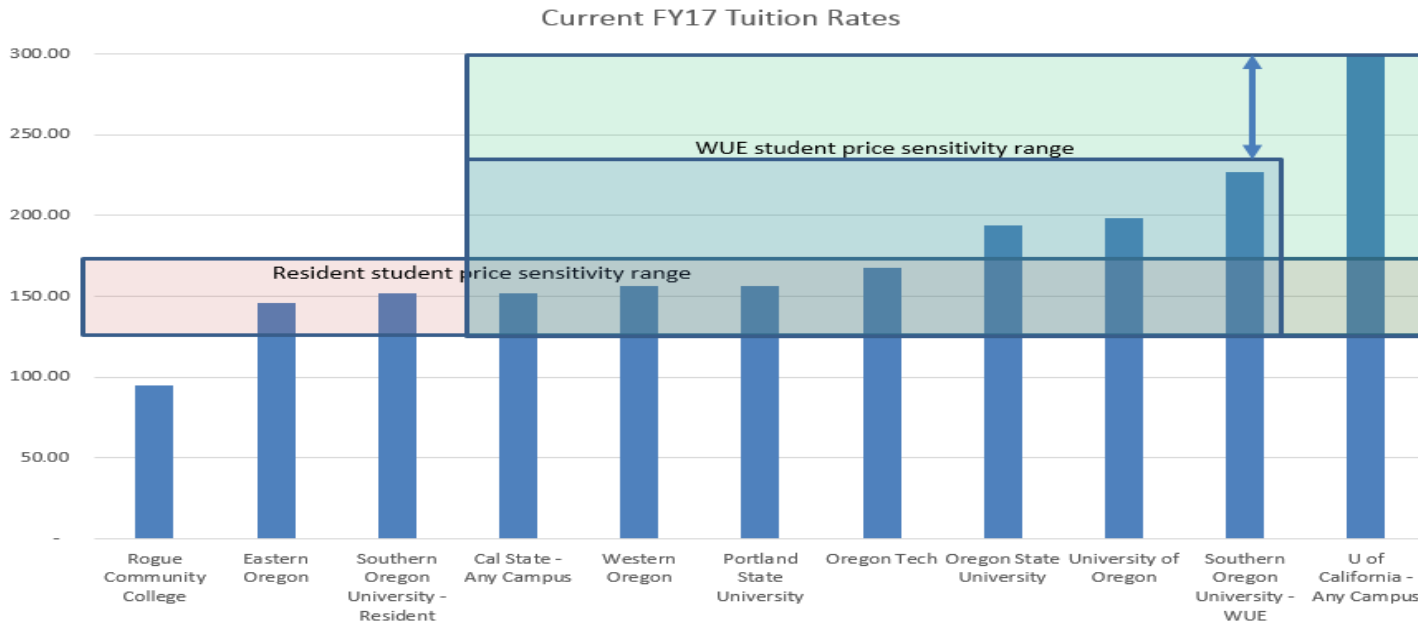
Including the proposed 12 percent increase to tuition, the total cost of attendance at SOU increases 5.8 percent. SOU's tuition rate will remain one of the lowest among Oregon public universities. Access and affordability will remain a top priority with the addition of \$500,000 in institutional aid to the most vulnerable students. SOU is now a model of efficiency, and to make additional reductions would mean depriving our students of services critical to their success and disadvantaging them in comparison to their peers.

Values Drive the Recommendation

- Quality of Academic / Student Support Programs
- Access for our Region
- Affordability
 - 5.8% Increase for a Resident Undergrad in total cost to attend
- Financial Stability
- Capacity for Strategic Action

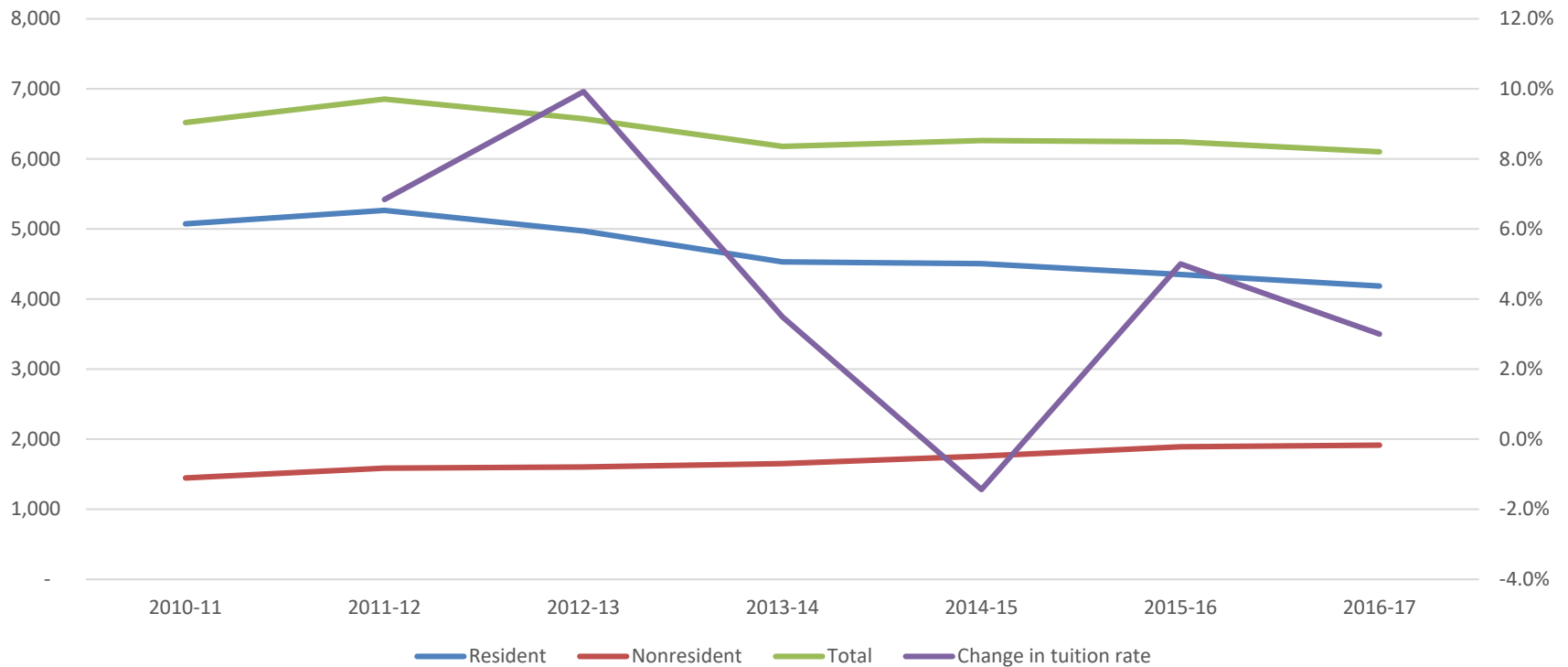
Sensitivity Toward Elasticity of Demand

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



Enrollment Trends vs. Tuition Rate Increases

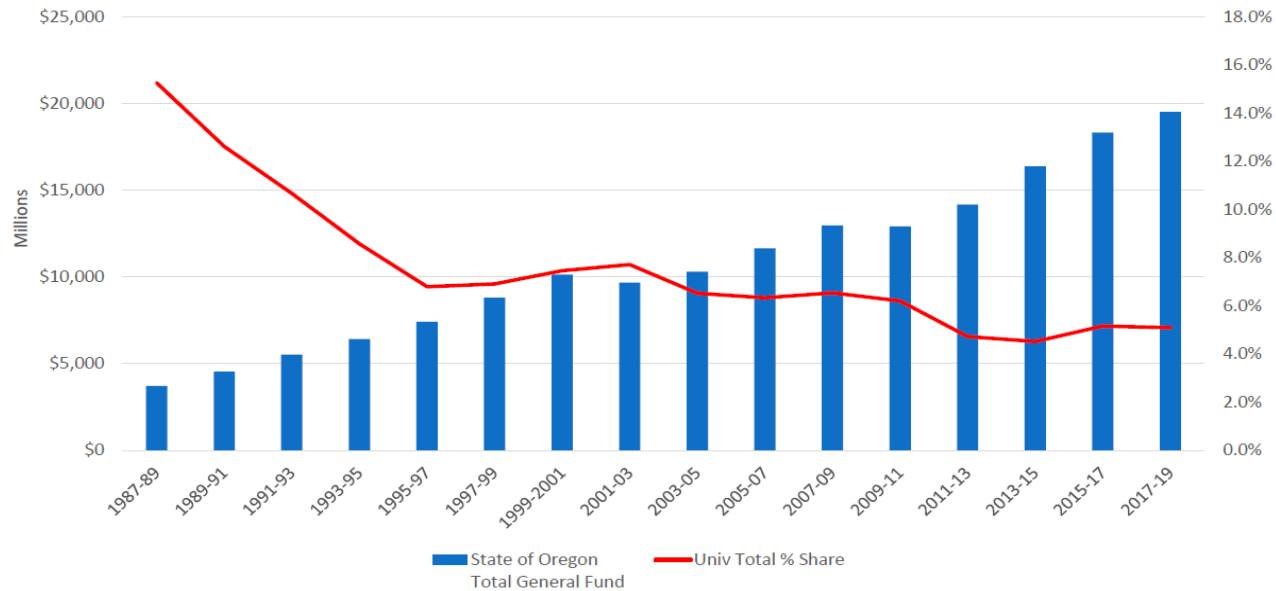
Enrollment Trends, Resident and Nonresident vs. Tuition Rate Changes



The State's Failure to Fund



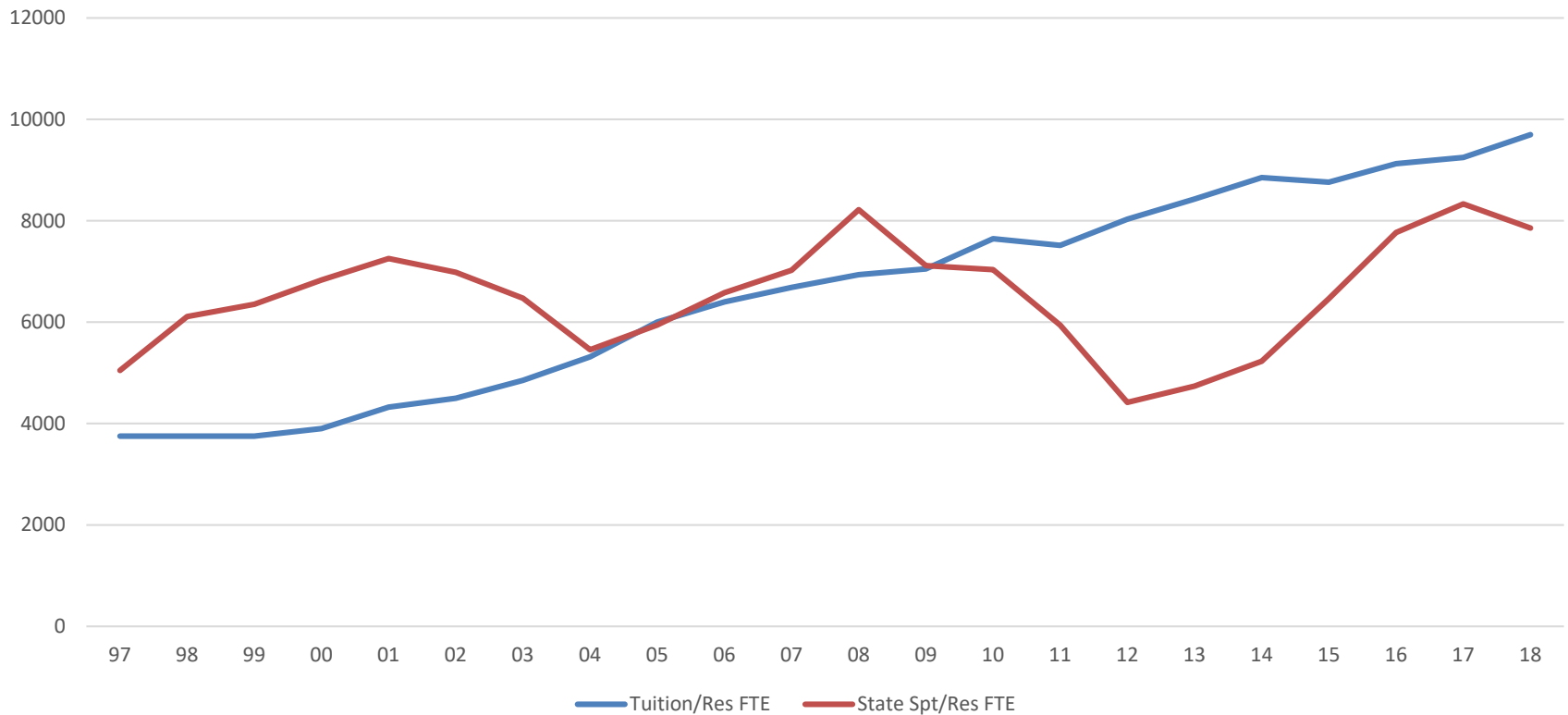
Public University Funding¹ as % of State Budget



Shifting the Burden: from State to Students

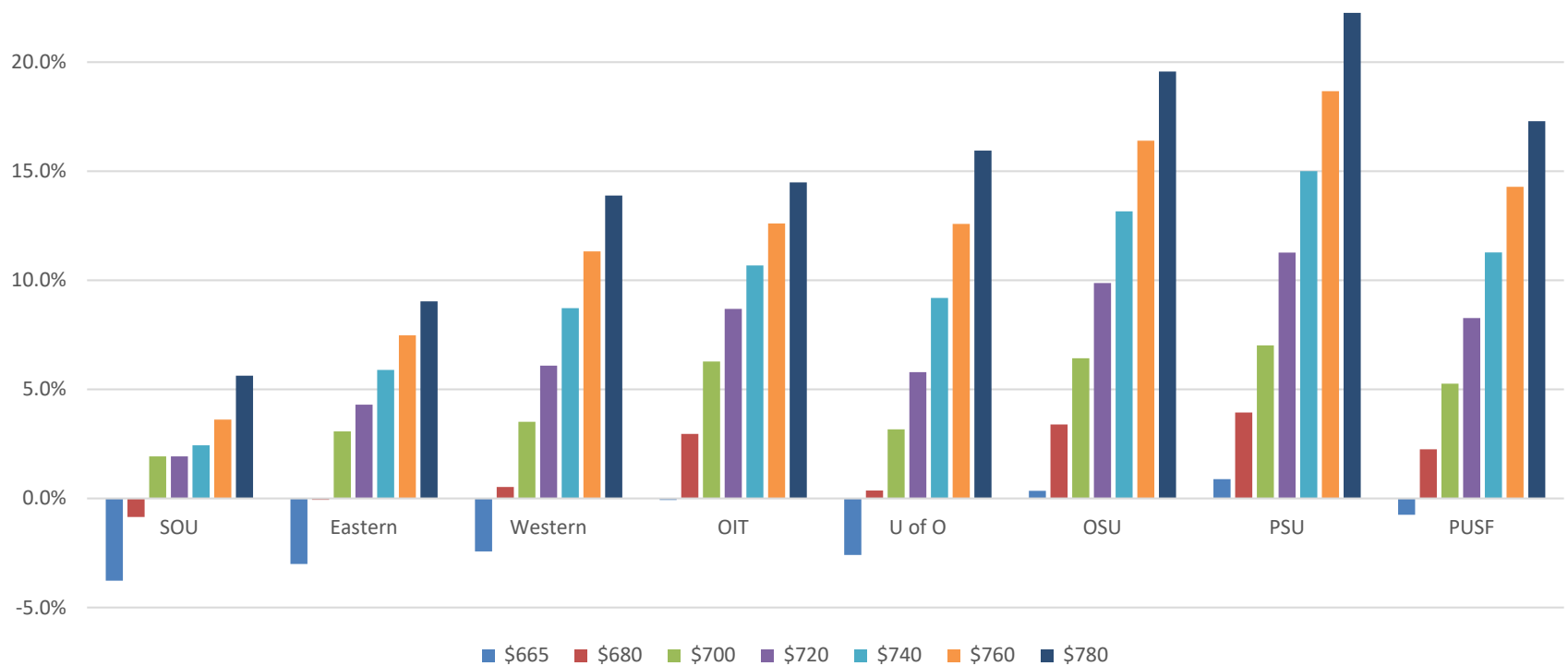


Tuition/Resident FTE vs. State Support/Resident FTE
(Undergrad and Grad combined)



Allocation Model Advantages the Larger Universities

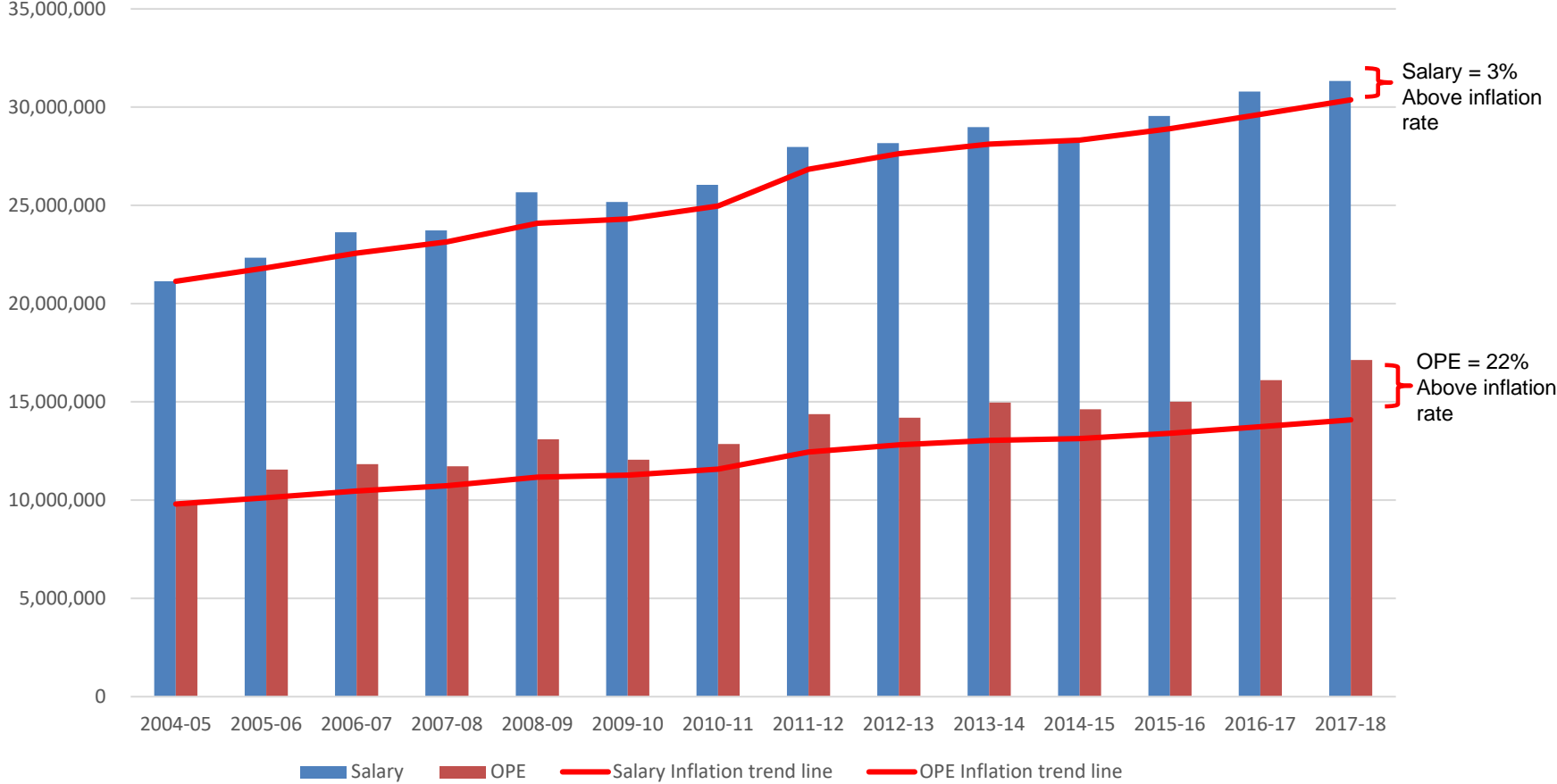
Percentage Increase/Decrease for the 2017-19 Biennium from the Current Biennium per School under Different PUSF Funding Scenarios



PERS, not Salaries, Drive Labor Costs



Salary and OPE (Benefits) vs. Rate of Inflation



2014 Retrenchment: \$14 Million in Cuts

Academic Reorganization

- Academic Reorganization & Creation of Service Center
 - Increased managerial oversight (more faculty accountability), equity (faculty loading, release, etc.) across academic programs, effective communication, and transparency
 - Increased efficiencies and effectiveness of transactional processes
 - Eliminated administrative and classified positions
 - Created two key positions in Provost's Office: Budget Officer and AVP for Academic Resource Management
 - Moved budget control to Provost's Office and Division Directors and away from departments to allow resources to be focused on institutional priorities and provide spending oversight
 - Saved \$250,000

2014 Retrenchment: \$14 Million in Cuts (Cont'd)

Retrenchment (Article 11 of the APSOU CBA)

- Eliminated faculty positions [over 60 FTE (including tenured faculty)] leading to streamlining of curricula and elimination of low-enrolled courses
- Eliminated 32 low-enrolled majors, co-majors, minors, concentrations, certificates and programs
- Reduced faculty re-assigned (release) time and decreased faculty expense attributed to non-teaching activities by 27%
- Reduced number of low-enrolled courses by 30% and increased average class size 7%

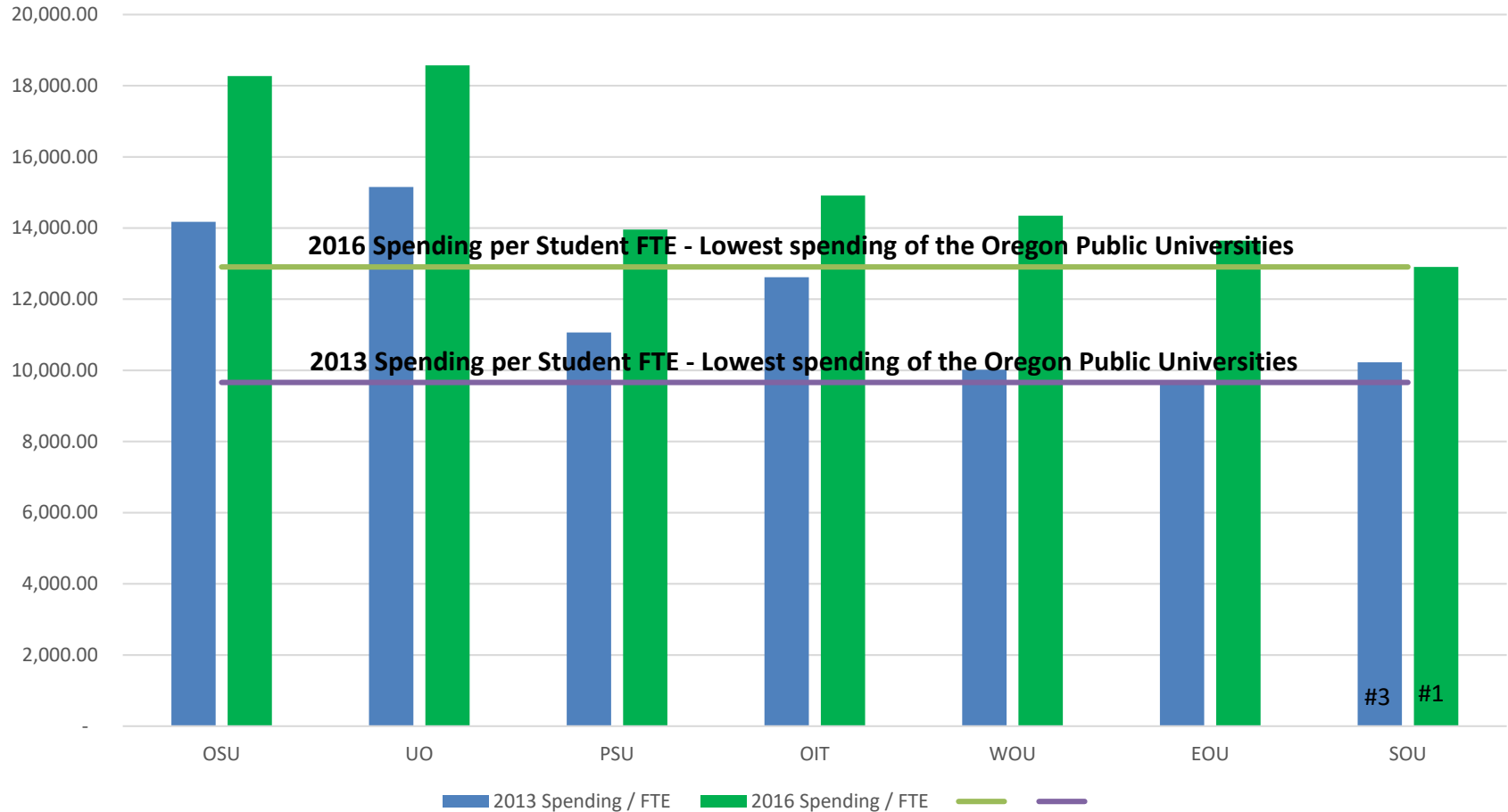
2014 Retrenchment: \$14 Million in Cuts (Cont'd)

Enrollment and Recruitment, Overall Outcomes

- Enrollment and Recruitment
 - Established admissions funnel, total headcount and total FTE targets and retention metrics
 - Exceeded targets set for applicants, admits and enrolled students and budgeted student FTE
 - Increased student carrying load
- Overall Outcomes:
 - Experienced cost-of-living, PERS and health care cost increases over the past 3 years, yet held direct instructional expenditures flat
 - **Increased Fund Balance from 2.1% to over 11%**

Result of SOU Retrenchment: Most Cost Efficient of OPU's

3rd Lowest-to-lowest of Oregon Public Universities, Operating Expenditures per Student FTE



Arriving at the Recommendation

- January
 - Campus-wide Open Forum: Two presentations
 - Pro forma demonstration
- February
 - Tuition Advisory Council began meeting weekly
 - Reviewed historical, market, impact, pro forma, multiple options

Arriving at the Recommendation, (Cont'd)

- March
 - Tuition Advisory Council continues work – makes draft proposal
 - 12 Campus presentations
 - ASSOU: 2 presentations
 - Students at large: 3 presentations
 - Faculty Senate, Budget Committee, University Planning Board
 - Executive Council, President's Cabinet
 - Campus Wide Open Forms (again): 2 presentations
 - Video series

- April
 - Review feedback from all presentations
 - Finalized proposal

Recommendation:

Tuition Category	Prior Year rate	Proposed Rate	Dollar Increase per SCH	Percent increase	Total Annual Increase
Resident Undergraduate	\$151.41	\$169.58	\$18.17	12%	\$817.65
Western Undergraduate Exch	\$227.12	\$254.37	\$27.25	12%	\$1,226.25
Nonresident Undergraduate	\$476.89	\$505.00	\$28.11	6%	\$1,264.95
Resident Graduate	\$397.00	\$421.00	\$24.00	6%	\$864.00
Nonresident Graduate	\$497.00	\$527.00	\$30.00	6%	\$1,080.00
Masters of Education	\$341.00	\$361.00	\$20.00	6%	\$720.00

If State Funding Increases . . .



PUSF	Res UG Tuit Inc.	Res UG Tuit Rate	Annual \$	% Rate Inc.
GRB - \$690 M	\$ 18.17	\$ 169.58	\$ 817.61	12.0%
\$691 - \$710 M	\$ 16.66	\$ 168.07	\$ 749.48	11.0%
\$711 - \$730 M	\$ 15.14	\$ 166.55	\$ 681.35	10.0%
\$731 - \$750 M	\$ 13.63	\$ 165.04	\$ 613.21	9.0%
\$751 - \$760 M	\$ 12.87	\$ 164.28	\$ 579.15	8.5%
\$761 M and up	\$ 12.11	\$ 163.52	\$ 544.95	8.0%

Impact

Resident Undergraduate	SCH/Year	FY17 Rate	Annual	Fy18 Rate	% Inc.	\$ Inc.	Annual \$	Annual Inc. \$
Tuition	45	151.41	6,813.45	169.58	12.0%	18.17	7,631.10	817.65
Building		45.00	135.00	45.00	0.0%	-	135.00	-
Health		130.00	390.00	137.00	5.4%	7.00	411.00	21.00
Report to HECC			7,338.45		11.4%	25.17	8,177.10	838.65
Incidental Fee		320.00	960.00	343.00	7.2%	23.00	1,029.00	69.00
Rec Center Fee		75.00	225.00	88.33	26.7%	13.33	265.00	40.00
Housing: Shasta Double		2,655.00	7,965.00	2,708.00	2.0%	53.00	8,124.00	159.00
Dining: Red Plan		1,825.00	5,475.00	1,880.00	3.0%	55.00	5,640.00	165.00
Total Cost to Attend			21,963.45		5.8%		23,235.10	1,271.65

Western Undergraduate Exch.	SCH/Year	FY17 Rate	Annual	FY18 Rate	% Inc.	\$ Inc.	Annual \$	Annual Inc. \$
Tuition	45	227.12	10,220.40	254.37	12.0%	27.25	11,446.65	1,226.25
Building		45.00	135.00	45.00	0.0%	-	135.00	-
Health		130.00	390.00	137.00	5.4%	7.00	411.00	21.00
Incidental Fee		320.00	960.00	343.00	5.0%	23.00	1,029.00	69.00
Rec Center Fee		75.00	225.00	88.33	26.7%	13.33	265.00	40.00
Housing: Shasta Double		2,655.00	7,965.00	2,708.00	2.0%	53.00	8,124.00	159.00
Dining: Red Plan		1,825.00	5,475.00	1,880.00	3.0%	55.00	5,640.00	165.00
Total Cost to Attend			25,370.40		6.6%		27,050.65	1,680.25

Increasing Institutional Aid

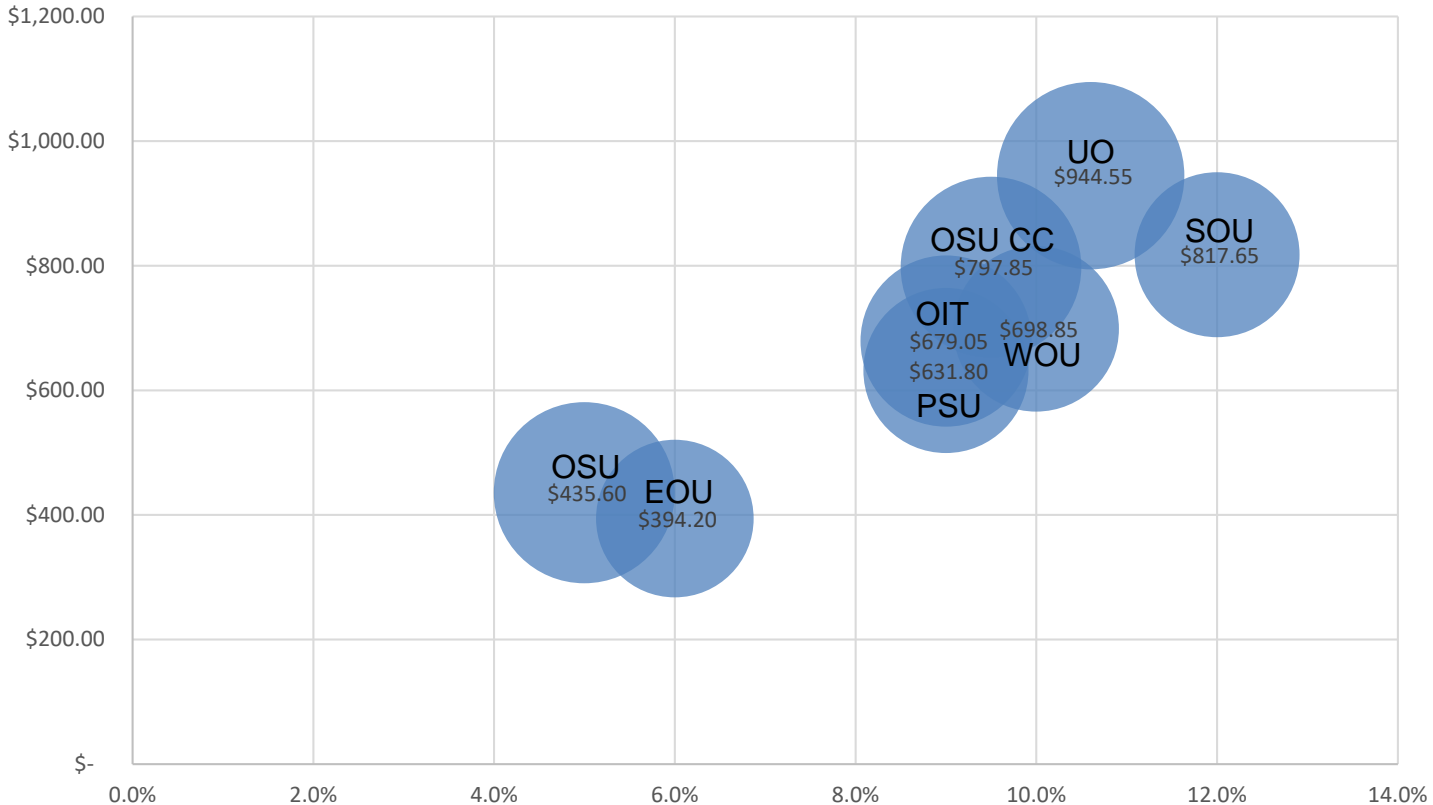
Grow institutional aid from \$3.5 million to \$4 Million

➤ Focus on most vulnerable students:

- At-risk of not completing
- Students of Color
- Oregon Residents
- First Generation
- Low Income
- Veterans

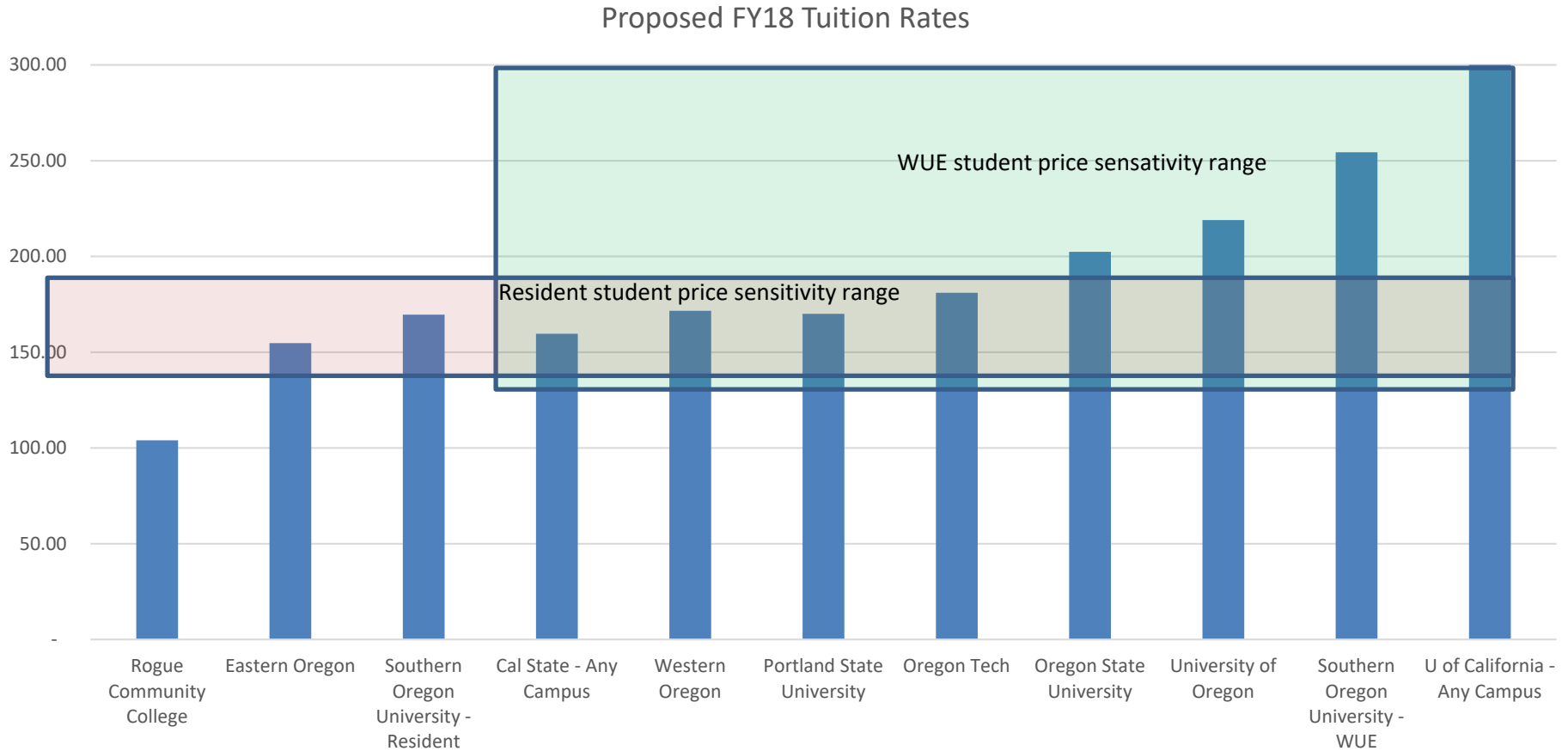
How SOU Compares

Annual Tuition Dollar Increase for Resident Undergraduate Students



Annual dollar increase based on 45 Student Credit Hours (SCH) per year for an undergraduate student

Elasticity after Tuition Increases



Request Approval of Recommended Tuition and Mandatory Fees for AY2017-18

Tuition Category	Prior Year Rate	Proposed Rate	\$ Increase/ SCH	% increase	Total Annual \$ Increase*
Resident Undergraduate	\$151.41	\$169.58	\$18.17	12%	\$817.65
Western Undergraduate Exch	\$227.12	\$254.37	\$27.25	12%	\$1,226.25
Nonresident Undergraduate	\$476.89	\$505.00	\$28.11	6%	\$1,264.95
Resident Graduate	\$397.00	\$421.00	\$24.00	6%	\$864.00
Nonresident Graduate	\$497.00	\$527.00	\$30.00	6%	\$1,080.00
Masters of Education	\$341.00	\$361.00	\$20.00	6%	\$720.00
Fees					
Student Incidental Fee	\$320.00	\$343.00	\$23.00	7.2%	\$69.00
Student Recreation Center Fee	\$75.00	\$95.00	\$20.00	26.7%	\$60.00
Student Health Fee	\$130.00	\$137.00	\$7.00	5.4%	\$21.00

* Annual increase assumes 15 student credit hours per term for undergraduate students, 36 student credit hours per term for graduate students and 3 terms per year for all students. Fees are on a per term basis, not per student credit hour.

**Southern Oregon University
Board of Trustees
Finance and Administration Committee**

PROPOSED RESOLUTION

Recommendation of Tuition and Mandatory Fees for Academic Year 2017 - 2018

Whereas, the Southern Oregon University Board of Trustees (“the board”) has the authority to establish tuition and mandatory enrollment fees in accordance with ORS. 352.102, ORS 352.105 and other applicable laws and policy, including the Board Statement on Delegation of Authority; and

Whereas, the board may authorize the collection of mandatory enrollment fees recommended by the president of the university and the recognized student government, the Associated Students of Southern Oregon University (ASSOU), and established in accordance with provisions outlined in ORS 352.102 and ORS 352.105; and

Whereas, the University President, in consultation with students, faculty and staff, has recommended tuition and mandatory enrollment fees for Academic Year 2017-2018 (AY17-18) through the work of campus groups and especially the Tuition Advisory Council, which is comprised of representatives from various campus constituencies including but not limited to students, student government, faculty, and staff; and

Whereas, after considering historical tuition and fee trends, comparative data of peer institutions, the university’s budget and projected costs, anticipated funding levels, anticipated state appropriation levels, and applicable fee recommendations from and previously approved by ASSOU, the University President has approved those tuition and mandatory fee recommendations for consideration by the Finance and Administration Committee (the “committee”); and

Whereas, the university, in close consultation with the board over several months, has engaged in a thorough process for determining tuition and mandatory enrollment fees; and the president has recommended to the Finance and Administration Committee that the proposed tuition and fee schedule be submitted to the full Board of Trustees for consideration and approval; and

Whereas, the committee considers a number of factors, including the desire to create affordable access to programs and courses; encourage a diverse student body; maintain quality academic programs; encourage enrollment, retention, and graduation of students; maintain the university infrastructure necessary to support the academic, cultural and physical development of its students; and support the educational goals of the State of Oregon; and

Whereas, the committee has given special consideration to:

1. Alternatives that involved tuition and fee increases below the 5 percent threshold;

**Southern Oregon University
Board of Trustees
Finance and Administration Committee**

PROPOSED RESOLUTION

Recommendation of Tuition and Mandatory Fees for Academic Year 2017 - 2018 (Cont'd)

2. How Oregonians who are underrepresented in higher education, including low-income students and students of color, would benefit more under the university's proposal than one that stays within the 5 percent threshold;
3. How Board of Trustees of Southern Oregon University and the university's central administration are managing costs on an ongoing basis;
4. How students, faculty and staff were consulted on the proposed tuition increases, and
5. How tuition will be affected should additional state funds beyond the number in the Governor's Recommended Budget (GRB) be appropriated.

Now, therefore, be it resolved, the Finance and Administration Committee of the Board of Trustees of Southern Oregon University hereby recommends the full Board of Trustees approve the AY17-18 tuition and mandatory fee schedule in Figure 1 of "Exhibit A," attached here to, [as proposed] or [as amended], to become effective July 1, 2017.

Be it further resolved, that if the Oregon State Legislature increases the Public University Support Fund beyond the levels proposed in the Governor's Recommended Budget, the committee recommends that the university amend the AY17-18 tuition rates consistent with Figure 2 of Exhibit A.

Trustee	Ayes	Nays
Nicholson		
AuCoin		
Hennion		
Nootenboom		
Sevcik		
Slattery		
Vincent		

VOTE:

DATE: April 20, 2016

Recorded by the University Board Secretary: _____

Exhibit A

Figure 1: Academic Year 2017-18 Tuition and Mandatory Fees Schedule

Tuition Category	Prior Year Rate	Proposed Rate	\$ Increase/ SCH	% increase	Total Annual \$ Increase*
Resident Undergraduate	\$151.41	\$169.58	\$18.17	12%	\$817.65
Western Undergraduate Exch	\$227.12	\$254.37	\$27.25	12%	\$1,226.25
Nonresident Undergraduate	\$476.89	\$505.00	\$28.11	6%	\$1,264.95
Resident Graduate	\$397.00	\$421.00	\$24.00	6%	\$864.00
Nonresident Graduate	\$497.00	\$527.00	\$30.00	6%	\$1,080.00
Masters of Education	\$341.00	\$361.00	\$20.00	6%	\$720.00
Fees					
Student Incidental Fee	\$320.00	\$343.00	\$23.00	7.2%	\$69.00
Student Recreation Center Fee	\$75.00	\$95.00	\$20.00	26.7%	\$60.00
Student Health Fee	\$130.00	\$137.00	\$7.00	5.4%	\$21.00

Figure 2: Resident Undergraduate Tuition Rate Amendments if PUSF Increases from GRB

PUSF	Res UG Tuit Inc.	Res UG Tuit Rate	Annual \$	% Rate Inc.
GRB - \$690 M	\$ 18.17	\$ 169.58	\$ 817.61	12.0%
\$691 - \$710 M	\$ 16.66	\$ 168.07	\$ 749.48	11.0%
\$711 - \$730 M	\$ 15.14	\$ 166.55	\$ 681.35	10.0%
\$731 - \$750 M	\$ 13.63	\$ 165.04	\$ 613.21	9.0%
\$751 - \$760 M	\$ 12.87	\$ 164.28	\$ 579.15	8.5%
\$761 M and up	\$ 12.11	\$ 163.52	\$ 544.95	8.0%

Third Quarter Forecast and Subsidies Report

Periodic Management Report

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%	33,930		(1,685)	-5%	(2)
Other	2,482	1,860	-25%	2,454		594	32%	(3)
Total Revenues	<u>\$ 57,915</u>	<u>\$ 58,997</u>	2%	<u>\$ 57,907</u>	67.6%	<u>\$ (1,091)</u>	-2%	
Personnel Services	\$ 44,556	\$ 46,838	5%	\$ 46,852		\$ 14	0%	(4)
Supplies & Services & Capital Outlay	9,289	9,117	-2%	8,982		(135)	-1%	(5)
Total Expenditures	<u>\$ 53,846</u>	<u>\$ 55,955</u>	4%	<u>\$ 55,834</u>		<u>\$ (121)</u>	0%	
Net from Operations	<u>\$ 4,070</u>	<u>\$ 3,043</u>		<u>\$ 2,073</u>		<u>\$ (970)</u>		
Net Subsidies (Transfers) In (Out)	(1,952)	(1,846)	-5%	(2,097)		(250)	14%	(6)
Fund Additions/(Deductions)	0	-		(0)		(0)		
Change in Fund Balance	\$ 2,118	\$ 1,196		\$ (24)		\$ (1,220)		
Beginning Fund Balance	4,758	6,876		6,876		0		
Ending Fund Balance	<u>\$ 6,876</u>	<u>\$ 8,073</u>		<u>\$ 6,853</u>		<u>\$ (1,220)</u>		
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%	4,346			-3.2%	
AUXILIARY ENTERPRISES (Including North Campus Village)								
Enrollment Fees	\$ 5,745	\$ 6,552	14%	6,376		\$ (176)	-3%	(8)
Sales & Services	12,797	13,301	4%	12,535		(766)	-6%	(9)
Other	2,731	2,845	4%	2,386		(459)	-16%	(10)
Total Revenues	<u>\$ 21,274</u>	<u>\$ 22,699</u>	7%	<u>\$ 21,297</u>	24.9%	<u>\$ (1,402)</u>	-6%	
Personnel Services	\$ 7,035	\$ 7,882	12%	\$ 7,543		\$ (339)	-4%	(11)
Supplies & Services & Capital Outlay	14,772	15,131	2%	14,689		(442)	-3%	(12)
Total Expenditures	<u>\$ 21,807</u>	<u>\$ 23,014</u>	6%	<u>\$ 22,233</u>		<u>\$ (781)</u>	-3%	
Net from Operations	<u>\$ (534)</u>	<u>\$ (315)</u>		<u>\$ (936)</u>		<u>\$ (621)</u>		
Net Subsidies (Transfers) In (Out)	1,517	1,502		1,425		(77)	-5%	(13)
Additions/(Deductions) to Unrestricted Net Assets	(6,172)	5		(926)		(931)		(14)
Change in Unrestricted Net Assets	\$ (5,189)	\$ 1,192		\$ (437)		\$ (1,629)		
Beginning Fund Balance Available for Operations	(744)	(601)		(601)		0		
Ending Fund Balance Available for Operations	<u>\$ (601)</u>	<u>\$ 586</u>		<u>\$ (1,038)</u>		<u>\$ (1,624)</u>		(15)
Ending FB as a % Operating Revenues	-2.8%	2.6%		-4.9%				
Ending FB: Reflected as Months of Expenditures	(0.3)	0.3		(0.6)				

Periodic Management Report

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%	\$ 1,014		\$ 104	11%	(16)
Sales & Services	2,285	2,270	-1%	3,208		937	41%	(17)
Other	1,672	1,614	-3%	2,264		650	40%	(18)
Total Revenues	<u>\$ 4,849</u>	<u>\$ 4,795</u>	-1%	<u>\$ 6,486</u>	7.6%	<u>\$ 1,691</u>	35%	
Personnel Services	\$ 2,667	\$ 3,272	23%	\$ 2,772		\$ (500)	-15%	(19)
Supplies & Services & Capital Outlay	2,071	1,947	-6%	2,555		609	31%	(20)
Total Expenditures	<u>\$ 4,738</u>	<u>\$ 5,219</u>	10%	<u>\$ 5,328</u>		<u>\$ 109</u>	2%	
Net from Operations	<u>\$ 111</u>	<u>\$ (424)</u>		<u>\$ 1,158</u>		<u>\$ 1,582</u>		
Net Subsidies (Transfers) In (Out)	294	343	17%	(711)		(1,054)	-307%	(17)
Additions/(Deductions) to Unrestricted Net Assets	88	-		(60)		(60)		
Change in Unrestricted Net Assets	\$ 493	\$ (82)		\$ 387		\$ 469		
Beginning Fund Balance Available for Operations	898	1,300		1,300		0		
Ending Fund Balance Available for Operations	<u>\$ 1,305</u>	<u>\$ 1,218</u>		<u>\$ 1,660</u>		<u>\$ 442</u>		(21)
Ending FB as a % Operating Revenues	26.9%	25.4%		25.6%				
Ending FB as Months of Expenditures	3.3	2.8		3.7				

ALL CURRENT UNRESTRICTED FUNDS:

Beginning Fund Balance Available for Daily Operations	\$ 4,913	\$ 7,575		\$ 7,575		\$ -		
Revenues	84,038	86,491	3%	85,689		(801)	-1%	
Expenditures	80,391	84,188	5%	83,394		(793)	-1%	
Transfers	(141)	(1)		(1,382)		(1,381)		
GL Additions & Deductions	(6,085)	5		(986)		(991)		
Ending Fund Balance Available for Daily Operations	<u>\$ 7,580</u>	<u>\$ 9,877</u>		<u>\$ 7,475</u>		<u>\$ (2,402)</u>		
Ending FB as a % Operating Revenues	9.0%	11.4%		8.7%				
Ending FB as Months of Expenditures	1.1	1.4		1.1				

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%. Enrollments through Spring term continue to be down by about 3%. Additional changes due to changes to enrollment mix have also resulted in decreases in the revenues projections by approximately another \$200k. 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. Labor trending inline with budgets with some savings coming from lower than projected OPE costs.
- (5) Experiencing some savings coming out of lower utility costs, as well with lower spending tied to lower enrollments.

Periodic Management Report

Budget Forecast

	FY2016 Final Results	FY2017 Initial Budget	% Change	FY2017 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
(in thousands except enrollment)								
(6)	\$1.6m associated with Athletics. See "Subsidies" report for further summary. \$180k of the increase is tied to an accounting change which moved a Housing Transfer-in to be reflected as an Internal Sales Reimbursement, in relation to the reimbursement for the services provided by the Service Center.							
(7)	Fund Balance projection is still holding at 11.8%. Keeping it inline with the balance at the start of the fiscal year.							
(8)	Increase from prior report tied to lower Housing fee remissions awards being issued, but overall revenues are still projected to come in lower than budgeted. 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)	Projection downgraded by an additional \$300k due to continued lower enrollments, and reduced conference reimbursements coming to athletics. 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)	Projection reduced as a result of growing savings in OPE. COLA and classified step increases, offset by reduced labor tied to lower housing occupancy and institutional enrollment.							
(12)	Projection increase by \$330k from prior report. Much of this (\$180k) tied to an accounting change shifting a Housing Transfer-out (offset to "Subsidies") to be reflected in the S&S Expense line. Lower overall spending tied to lower housing occupancy and institution enrollment. Additionally, lower travel expenses associated with post-season athletic travel.							
(13)	Projection increased as a result of the accounting change associated with the Housing transfer being move to the S&S expense line. Largely subsidies to Athletics, offset by some transfers to reserves.							
(14)	Payments of Bond principal.							
(15)	Contributing factors to the auxiliary deficit operating Fund Balance position include: - Athletic program ongoing projected deficit of \$1.8(m). - 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)	Inline with prior projection. Non-credit program activity trending up from the prior year.							
(17)	\$1m increase tied to funds delivered from JPR in connection with the construction of the new facilities. Offset is reflected on the "Subsidies" line as the funds are transferred to the construction project.							
(18)	Increase tied to the extra funds received to sell the JPR Cascade building (\$570k).							
(19)	Inline with prior projections. 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)	Increase is tied to the defeasance of the JPR Cascade building bond costs (\$570k).							
(21)	Even with the large dollar amounts associate with the two JPR transactions, the funds balance holds inline with prior projections at approximately \$1.7m.							

Periodic Management Report

Appendix A

Summary of Projected Subsidies (Transfers) Between Fund Types

For Fiscal Year 2017

Transaction Description	Education & General	Designated Operations &	Auxiliaries (including NCV)	Plant, and Other Funds
	Projected	Projected	Projected	Projected
	\$ (2,096,522)	\$ (711,056)	\$ 1,425,151	\$ 1,382,427
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	(114,520)	114,520	-	-
Housing Support for Service Center	-	-	-	-
General Fund Repayment of Loan to Housing (to end FY17)	(35,000)	-	35,000	-
Operations to Repair/Replace Reserve	-	-	(275,548)	275,548
General Fund PEAK Support to Various	(65,680)	35,698	29,982	-
Clearing/Closing Funds	66,613	(66,469)	(144)	-
General Fund Support for Science Building Project	(50,000)	-	-	50,000

Discussion of Ending Fund Balance

Fund Balances: Essential Support for Student Success

Supporting Students with Diverse Resources

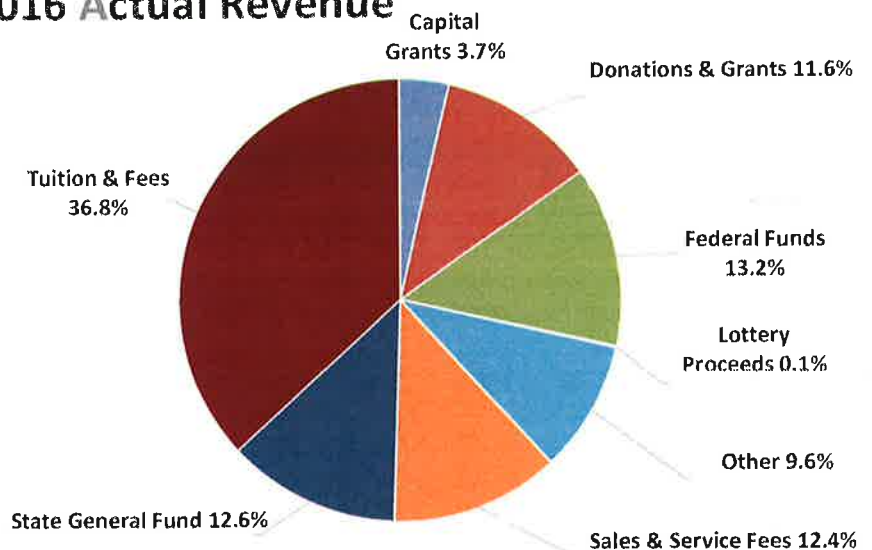
Oregon’s Public Universities (OPU) support our students through high quality academic programs, and a diverse array of support services that help students stay in school, earn degrees, and engage in research and other experiential and career-oriented activities. Supporting students with these diverse programs requires a variety of resources. In recent years, due to funding decreases during the recession, State General Fund support for students has declined to 12% of total OPU funding sources. This has placed more pressure on other sources of revenue, primarily student tuition, to make up for lower state support. Currently **student tuition and fees are the largest revenue source to support students**, making up about 36% of fund sources (see pie chart).

Top Priority: Serving Student Instruction Needs

Because of the need to utilize university resources over a span of many months and sometimes years, campuses must ensure that they have adequate funds available to pay for both known commitments that serve students – such as paying faculty and staff, and maintaining and repairing classrooms – and sometimes unknown future expenses, such as emergency repairs or major system breakdowns. Fund balances or reserves, derived from student tuition and other revenue, fund a variety of critical initiatives that enhance student support.

Tuition and fee revenues are collected by campuses at the beginning of each term, and are spread over one or more academic years to pay for all areas related to student instruction and success, including student retention and academic support programs.

**OPU Source of Funds
2016 Actual Revenue**



Being Accountable: Mitigating State and University Risks

Fund balance levels are a crucial consideration in long-term financial planning at OPU institutions. Credit rating agencies monitor fund balance levels to evaluate a university’s continued creditworthiness. The adequacy of these is assessed based upon a university’s own specific circumstances; and on policies created and enforced by each university’s Board of Trustees.

The Government Finance Officers Association recommends, at a minimum, that universities, regardless of size, **maintain total fund balances of no less than two months of regular operating revenues**. A university’s particular situation often may require fund balances significantly in excess of this recommended minimum level (see example page 2). Each university’s Board of Trustees is responsible for ensuring that the institution is financially stable and able to serve students and the state.

Stewardship Role: Ensuring Appropriate Student Support

When Boards assess their institution's level of fund balances needed to support students, university operations and risks, the following factors are considered:

- The **predictability of a university's revenues** and the volatility of its expenditures, e.g., higher fund balances may be needed if significant revenue sources are subject to unpredictable fluctuations, or if operating expenditures are highly volatile;
- A university's perceived exposure to significant one-time outlays, e.g., **disasters like fires or floods**, immediate capital needs to address safety issues, state budget cuts;
- **Liquidity issues**, such as an imbalance between when revenues actually become available and the need to cover existing liabilities immediately, which may require that a higher fund balance be maintained to cover these;
- Commitments and assignments, e.g., universities may wish to maintain higher levels of fund balances to compensate for any portion of unrestricted fund balance already committed or **dedicated by the university for a specific purpose**, such as the WOU example to the right, and mandated compensation costs (PERS, PEBB); and
- The potential **drain upon Education and General Fund resources from Other Funds*** as well as the availability of resources in Other Funds*, e.g., deficits in Other Funds* may require that a higher fund balance be maintained.

Campus Use of Student Support Funding: WOU Example

Since 2007, WOU's unique guaranteed **Tuition Choice Program** has helped Oregon students and families plan for tuition payments by offering a locked-in tuition rate for the four years a student is in college. In order for this program to remain viable, WOU must keep a certain amount of funds held in reserve in their fund balance, as tuition for these students cannot be increased in response to decreased funding from the state or rising costs such as PEBB and PERS.

Helping students succeed and earn a degree throughout their time at an Oregon Public University is everyone's collective goal. Through prudent use of fund balances for student support and university operations, **our public universities can ensure that expected and unexpected expenditures do not inhibit the ability of the campus to first and always serve our students** and meet Oregon's important degree, workforce, and economic outcomes.

For More Information: contact Dana Richardson at the Oregon Council of Presidents at richardsond@wou.edu, or the government relations staff member from any of the seven public universities. Thank you for helping Oregon's students.



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*Examples of Other Funds include service departments such as telecom operations, designated operating funds such as conferences, and auxiliary operations (residence halls; parking; housing, for example).

Review of Pro Forma

Future Meetings

Adjourn