OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

May 12, 2016

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

FROM: Sabrina Prud'homme, University Board Secretary

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

The Finance and Administration Committee of the Southern Oregon University Board of Trustees will hold a regular meeting on the date and at the location set forth below.

Topics of the meeting will include the Vice President's report consisting of reviews of the financial and enrollment dashboards and the completions report as well as an update on the capital request to the HECC. There will be a review of the periodic management report, pro forma and housing budget. The meeting will also include discussions of the revenue and fund balance and athletics.

The meeting will occur as follows:

Thursday, May 19, 2016
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
May 19, 2016

Call to Order and Preliminary Business

Board of Trustees
Finance and Administration Committee Meeting

Thursday, May 19, 2016
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

AGENDA

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

	1	**Call to Order and Preliminary Business**	Chair Nicholson
	1.1	Welcome and Opening Remarks	
	1.2	Agenda Review	
	1.3	Roll Call	Sabrina Prud'homme, SOU, Board Secretary
	1.4	Consent Agenda: Approval of April 14, 2016 Meeting Minutes (Action)	Chair Nicholson
	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	Enrollment Dashboard and Completions Report	Chris Stanek, SOU, Director of Institutional Research
	3.3	Update on Capital Request to HECC	Craig Morris
~ 10 min.	**4**	**Periodic Management Report**	Steve Larvick, SOU, Director of Business Services
~ 15 min.	**5**	**Pro Forma Review**	Craig Morris
~ 30 min.	**6**	**Revenue and Fund Balance Discussion**	Craig Morris; Mark Denney, SOU, Associate Vice President for Budget and Planning

Board of Trustees
Finance and Administration Committee Meeting

Thursday, May 19, 2016
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

AGENDA (continued)

~ 30 min.	**7**	**Athletics Discussion**	Mark Denney; Matt Sayre, SOU, Director of Athletics
~ 10 min.	**8**	**Housing Budget**	Craig Morris; Mark Denney; Tim Robitz, SOU, Director of Housing
	9	**Adjourn**	Chair Nicholson

Southern OREGON UNIVERSITY

Board of Trustees
Finance and Administration Committee Meeting

Thursday, April 14, 2016
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

MINUTES

Call to Order and Preliminary Business
Chair Nicholson called the meeting to order at 4:05 p.m.

The following committee members were present: Paul Nicholson, Lyn Hennion, Jeremy Nootenboom, April Sevcik, Dennis Slattery and Steve Vincent. Trustee Les AuCoin participated by videoconference but had to depart after the action item on the 2016-2017 Tuition and Fees: Process and Recommendation. Trustee Roy Saigo (ex officio) also attended the meeting. Trustee Filiberto Bencomo participated by teleconference.

Other meeting guests included: Jason Catz, General Counsel; Craig Morris, Vice President for Finance and Administration; Dr. Susan Walsh, Provost and Vice President for Academic and Student Affairs; Mark Denney, Associate Vice President for Budget and Planning; Torii Uyehara, ASSOU President; Steve Larvick, Director of Business Services; Chris Stanek, Director of Institutional Research; Kelly Moutsatson, Director of Admissions and Co-Executive Director of Student Enrollment; Matt Stillman, University Registrar and Co-Executive Director of Student Enrollment; Partha Chatterjee, Senior Budget Analyst; John Stevenson, User Support Manager; Don Hill, Classroom and Media Services Manager; Shane Hunter, Senior Financial Management Analyst; Janet Fratella, Vice President for Development; Sabrina Prud'homme, Board Secretary; Kathy Park, Executive Assistant; David Coburn, OSA; and Olena Black, League of Women Voters.

Trustee Slattery moved to approve the March 17, 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
Addressing the financial dashboard, Craig Morris said all elements are at or above target except for supplies and service. Spending has escalated slightly but the increase appears to be primarily a timing issue; budget personnel will keep a close eye on it.

Chris Stanek explained the new enrollment dashboard, which shows admissions applications, degree applications and enrollment trends. It also depicts the undergraduate student population, showing the distribution of resident, WUE and nonresident students; it includes a further breakout of first generation students and the main categories of the new funding model. The chart also displays retention and 6-year graduation rates, which are updated yearly. He noted that degrees are tracked by the number of applications.

Responding to Trustee Hennion's concern over graduation rates, Mr. Stanek said SOU's rate is typically lower than the other institutions and has been for many years. He clarified that the graduation rate is not part of the model, but rather the number of degrees conferred.

Mr. Stanek then discussed the degree completions report addressing the numbers, weighting, and calculations shown on the slides. Some degree programs earn extra points. A small reduction is calculated for transfer students, at any level, who earn a degree. Mr. Morris added that there are a lot of positive things to look at in terms of enrollment but the growth of resident students is not one of those. Discussion ensued on that topic, with the conclusion that SOU needs to focus on increasing that number since the model bases funding on degrees awarded to resident students.

Discussion followed Trustee Slattery's comment on the decreasing resident undergraduate enrollment rate, including the decreasing high school graduation rates, the SOU student mix shifting to more nonresident students over the past few years, the large number of WUE students, shifting demographics in Oregon, and retention programs. Mr. Morris said there is no clear explanation for the decrease in resident students and the committee should have a conversation on that after further investigation. Dr. Matt Stillman added that SOU is focusing on recruiting in Portland and from the Hispanic population because of the demographic shifts and based on SOU not doing particularly well in recruiting from those populations. Mr. Morris mentioned other initiatives currently in place that target the recruitment of residents: a new recruiter for the Native American population, the Jackson-Josephine County pledge, and Pirates and Bulldogs to Raiders.

As a parallel effort, Trustee Hennion suggested informing the HECC that SOU and EOU are different. If the institutions are going to be regional universities and their regions are smaller, the institutions need to be rewarded for that.

Craig Morris then mentioned SOU's two campus information forums that were held the previous week, with Mark Denney giving an update on the budget; Chris Stanek presenting an enrollment update; and Liz Shelby discussing the February legislative session. There was a good turnout and one of the forums was video recorded and broadcast to the campus community.

Discussing the HECC funding request, Mr. Morris said he and two other Vice Presidents for Finance and Administration presented the request to a HECC subcommittee. Commissioners are sensitive to and understand the position the universities are in regarding the current service level (CSL) funding development and are prepared to do their best to support it. Responding to Chair Nicholson's inquiry, Mr. Morris said all seven universities are in concert on this request to the HECC.

Mr. Morris then reviewed the pro forma, focusing on the 2019-21 biennium. Using the same assumptions as in previous forecasts (viz a 3 percent increase in tuition, no enrollment growth and a 3 percent increase in the CSL for each of those years), SOU's fund balance drops to 3.1 percent at the end of that biennium, which is cause for concern. However, an increase of just 1 percent in enrollment in each of the three years results in a 9.9 percent fund balance. He said this emphasizes the importance of enrollment.

Responding to Trustee Vincent's question, Mr. Morris said the greatest revenue comes from a nonresident student paying full tuition, then a WUE student, then a resident student with accompanying state funding. However, the revenue from each category is almost equal. If the state continues to invest in resident students, they will end up bringing in more revenue than nonresident students.

President Saigo said SOU must focus intensely on recruiting, enrollment, retention and graduation because those will result in a positive bottom line. He mentioned some areas of concern that could negatively impact SOU's enrollment in the future, including decreasing high school graduates, the concern in California over institutions bringing in so many international and nonresident students, a Cascade campus for OSU with an increasing student population, and the Oregon Promise.

Responding to Trustee AuCoin's inquiry, Mr. Morris said the board can set whatever level it chooses for the fund balance. In the May committee meeting, he will discuss the next year's ending fund balance, which will allow his office to build the expense budget. When the board approves tuition and fees for the next academic year, Mr. Denney can then build the revenue budget.

2016-2017 Tuition and Fees: Process and Recommendation (Action)
Chair Nicholson opened the item by saying that, upon the dissolution of OUS, SOU continued to follow its old procedures for setting tuition and fees but has not yet set a new policy. President Saigo then praised the thorough process and the relationship between the SOU administration and the students, and thanked all those involved.

Torii Uyehara described the process students follow to set student fees. They started in the fall by recruiting students into subcommittees of the Student Fee Process. They reviewed the budgets of all the groups seeking student fee funding. The subcommittees compiled reports, which were presented to the Student Incidental Fee Committee. That committee reported to the Student Senate, which made its recommendation to her as the ASSOU President. Ms. Uyehara reviewed it, made corrections, then made her recommendation to President Saigo.

Mark Denney gave an overview of the process for developing a tuition recommendation: rates are developed in the Tuition Advisory Council, presented around campus to various constituent groups for feedback and discussion, presented to the president and his cabinet, then presented to this committee and the board. The recommendation for the student recreation center fee was developed using similar procedures to the student incidental fee; the Director of the Student Health and Wellness Center makes the recommendation for the student health fee; the building fee is set by legislative action; and the Director of Housing makes the recommendation for the residence and dining fee. A regimented process also is used to recommend special fees.

Mr. Denney said President Saigo recommended no rounding in the tuition and fee rates. Mr. Denney pointed out that the rate for one tuition category, a new online undergraduate differential tuition rate for two wholly-online degree programs, was not being presented to the committee or the board at this time. Mr. Denney emphasized the 3 percent increase in undergraduate tuition rates and no change in graduate tuition rates. If the recommended rates were approved, SOU would have to notify the HECC of the increases in the student incidental, health and recreation center fees because they increased by more than 3 percent.

Responding to Chair Nicholson's call for a recommendation, President Saigo said the tuition and mandatory fee schedule was developed and reviewed per established SOU procedures, including students and the student government. He submitted and recommended that the Tuition and Fees for Academic Year 2016-2017 be accepted by the committee, as proposed. Trustee AuCoin moved to recommend the resolution on the tuition and fee schedule to the board for approval. Trustee Slattery seconded the motion and it passed unanimously.

Chair Nicholson then addressed the proposed resolution on the tuition and fee process, saying it puts in place what SOU has been using and accepts it as SOU's process. Trustee Vincent then moved to recommend the resolution on the tuition and fee process to the board for approval. Trustee Hennion seconded the motion and it passed unanimously.

2017-2019 Capital Projects Prioritization and Recommendation (Action)
Mr. Morris advised the committee that the two projects on the 2017-19 capital projects prioritization request were for boiler replacement and Central Hall deferred maintenance.

Trustee Slattery moved that the Southern Oregon University Finance and Administration Committee recommend to the full board, approval of the 2017-2019 prioritization of capital projects based on the committee's in-depth review and discussion over several meetings of the project prioritization process and rationale including the backlog of deferred maintenance, future capital renewals, and overall evaluation of the campus' needs in this area. The recommendation included the following capital project priorities: a boiler replacement project at an estimated cost of \$2.7 million and the Central Hall deferred maintenance project with an estimated cost of \$7 million. Trustee Hennion seconded the motion and it passed unanimously.

Bond Funding to Replace SELP Loan Funding (Action)
Providing background information on this item, Jason Catz said that prior to the renovation of SOU's Science Building, the university was approved for a loan from the Oregon Department of Energy's (DOE) State Energy Loan Program (SELP) to include energy efficient features in the building. Due to a disruption in the timing and availability of the loan funds, for which SOU was not at fault, and because the energy efficient features were already installed in the building, the committee previously directed Mr. Morris to present appropriate options for replacing the SELP loan.

At the committee's March 17, 2016 meeting, Mr. Morris presented the pros and cons of two options. One option was to borrow funds using XI-J bonds procured by DOE. The other option was to borrow funds using XI-F bonds from the Department of Treasury's bond package. Mr. Morris' presentation showed that, while it would take longer to receive the proceeds of the XI-F bonds, the cost of that loan was less expensive over time.

Trustee Vincent moved that the Finance and Administration Committee recommend to the full Board of Trustees that the Vice President for Finance and Administration be authorized to execute any agreements or other instruments necessary to obtain financing of this portion of the Science Building renovation through the proposed XI-F bonds. Trustee Nootenboom seconded the motion. Trustee Hennion abstained from voting, due to a possible conflict of interest. The motion passed unanimously.

Responding to Chair Nicholson's inquiry, Mr. Morris said the Department of Treasury decides if the bonds would be 15 or 20 year bonds but he would advocate for 15 year bonds.

Budget Timeline
Mark Denney covered the budget timeline to give the committee a good idea where SOU currently is in the process and the upcoming steps. The tuition and fee rates, which have been presented to the committee a few times, will be submitted to the board for approval in the April meeting. The revenue and auxiliary operations budget will be formally presented to the board in May. The full budget will be presented to the board for approval in June.

Mr. Denney introduced Partha Chatterjee, the Budget Office's new senior budget analyst. Mr. Denney also mentioned the new budget software his office is using, which has the capability to produce various reports of interest to the board.

Adjourn
Chair Nicholson adjourned the meeting at 5:30 p.m.

Public Comment

Vice President's Report

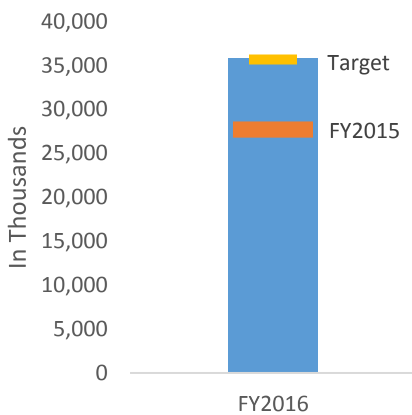
Materials for this item added 05/13/16

Financial Dashboard

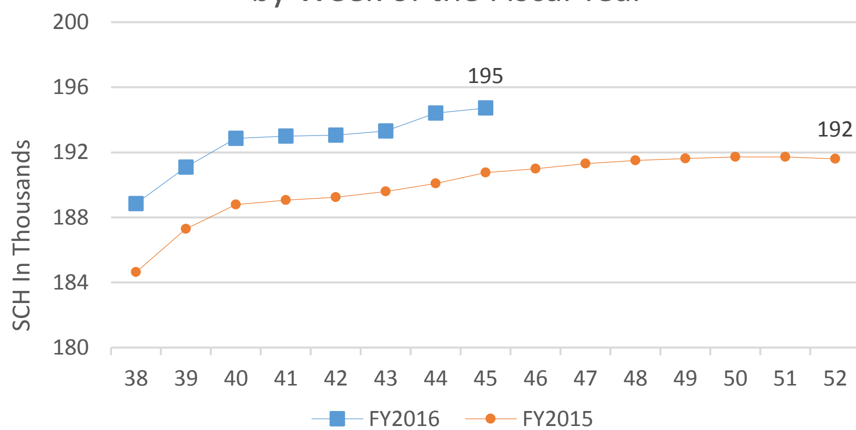
For FY16

As of April 30, 2016

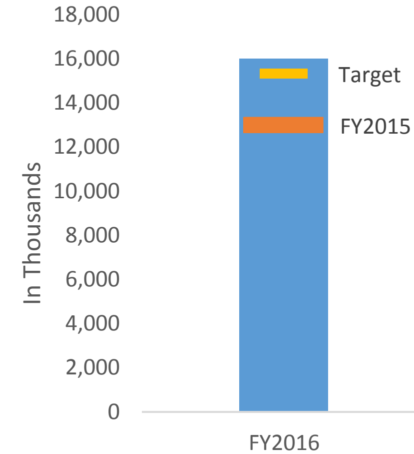
Public University Funds Operating Cash



Total Student Credit Hours by Week of the Fiscal Year



E&G Fund Balance

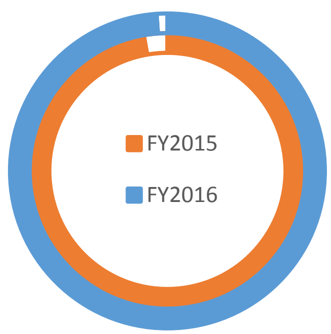


AY16-17 Tuition & Fees per Student

Residents: $8,358
Non-Residents: $22,983
WUE: $11,733
Res Grad: $12,411
Non-Res Grad: $15,111

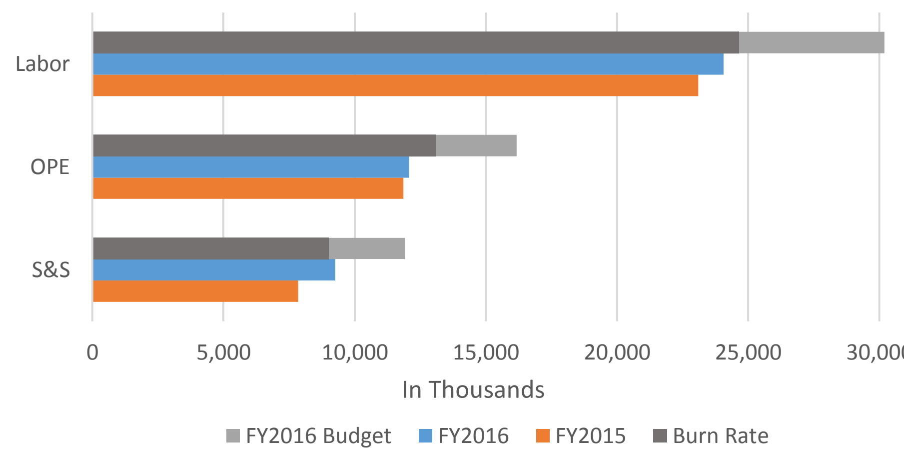
Resident tuition & fees has grown an average of 3.0% annually over the past 5 years

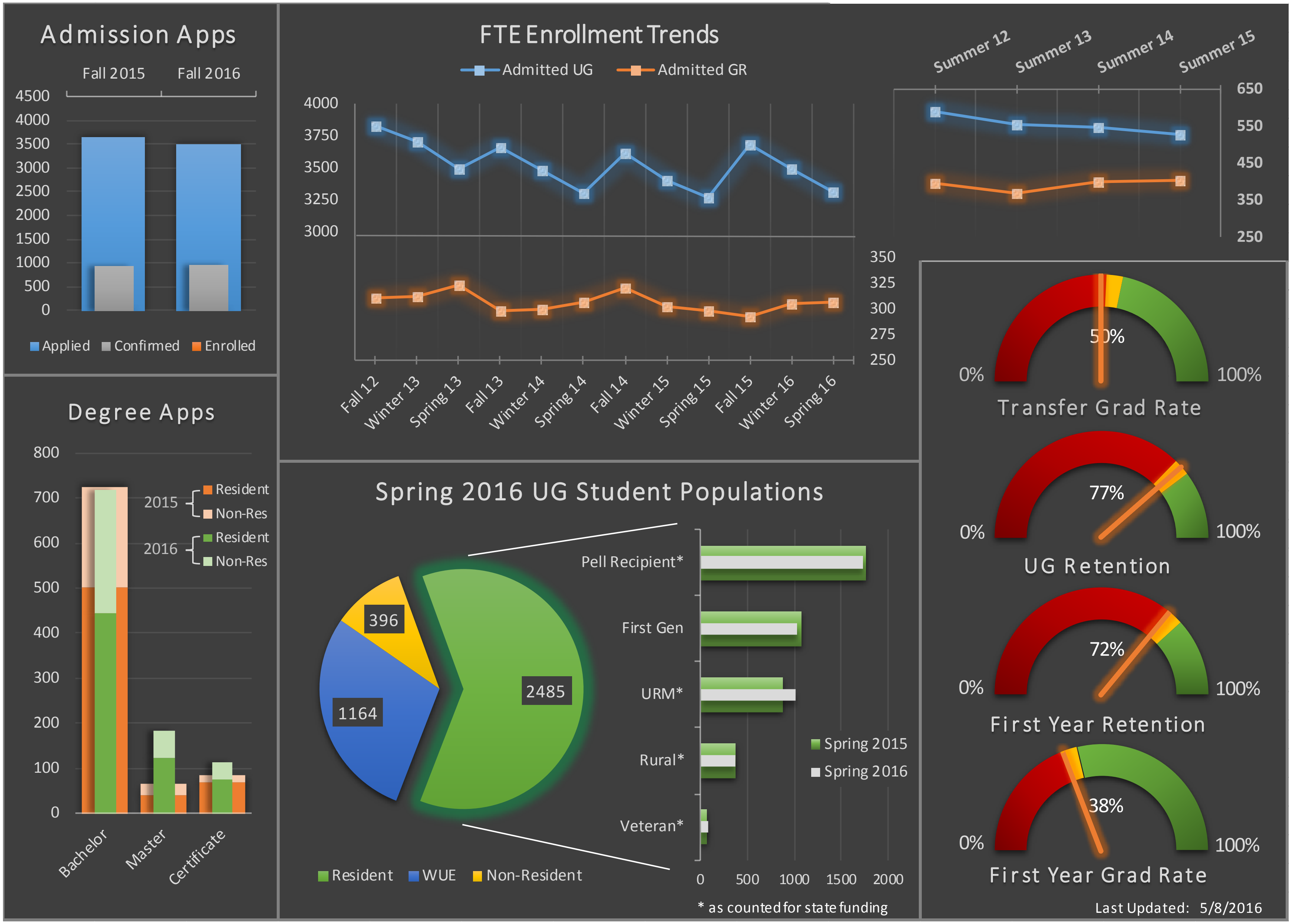
E&G YTD Revenues



FY2016 Collected 55,696,624
(99% of budget)

E&G YTD Select Expenses




Admission Apps
Fall 2015
Fall 2016
4500
4000
3500
3000
2500
2000
1500
1000
500
0
Applied
Confirmed
Enrolled
FTE Enrollment Trends
Admitted UG
Admitted GR
4000
3750
3500
3250
3000
350
325
300
275
250
Fall 12
Winter 13
Spring 13
Fall 13
Winter 14
Spring 14
Fall 14
Winter 15
Spring 15
Fall 15
Winter 16
Spring 16
Summer 12
Summer 13
Summer 14
Summer 15
650
550
450
350
250
Degree Apps
800
700
600
500
400
300
200
100
0
2015
Resident
Non-Res
2016
Resident
Non-Res
Bachelor
Master
Certificate
Spring 2016 UG Student Populations
396
1164
2485
Resident
WUE
Non-Resident
Pell Recipient*
First Gen
URM*
Rural*
Veteran*
Spring 2015
Spring 2016
0
500
1000
1500
2000
* as counted for state funding
50%
0%
100%
Transfer Grad Rate
77%
0%
100%
UG Retention
72%
0%
100%
First Year Retention
38%
0%
100%
First Year Grad Rate
Last Updated: 5/8/2016

Degree Completions by Discipline Level Categories
Academic Year 2014-15 vs. Academic Year 2015-16
April Applications and YTD Awards

	Degree Applications (as of end of March)				**Degree Awards** (as of YTD)	
	2014-15 Apps	2015-16 Apps	Change	% Change	2014-15 Degrees	2015-16 Degrees
Bachelor Degrees (2.0 base pts)	**815**	**755**	**-60**	**-7.4%**	**798**	**149**
Resident: Entered as First Year	255	187	-68	-26.7%	246	35
Discipline Level 1 (base pts x 1.00)	73	53	-20	-27.4%	74	8
Discipline Level 2 (base pts x 1.25)	112	96	-16	-14.3%	108	17
Discipline Level 3 (base pts x 1.85)	70	38	-32	-45.7%	64	10
Resident: Entered as Transfer (base pts x 0.675)	310	277	-33	-10.6%	314	52
Discipline Level 1 (base pts x 1.00)	90	83	-7	-7.8%	86	11
Discipline Level 2 (base pts x 1.25)	174	161	-13	-7.5%	182	31
Discipline Level 3 (base pts x 1.85)	46	33	-13	-28.3%	46	10
Non-Resident (no state funding)	250	291	41	16.4%	238	62
Master Degrees (1.0 base pts)	**111**	**195**	**84**	**75.7%**	**236**	**34**
Resident	66	128	62	93.9%	130	18
Discipline Level 1 (base pts x 1.27)	2	6	4	200.0%	3	2
Discipline Level 2 (base pts x 1.72)	58	110	52	89.7%	118	15
Discipline Level 3 (base pts x 2.46)	6	12	6	100.0%	9	1
Non-Resident (no state funding)	45	67	22	48.9%	106	16
Graduate Certifications (0.2 base pts)	**115**	**118**	**3**	**2.6%**	**248**	**33**
Resident	91	79	-12	-13.2%	199	22
Discipline Level 1 (base pts x 1.27)	5	3	-2	-40.0%	8	-
Discipline Level 2 (base pts x 1.72)	86	76	-10	-11.6%	191	22
Discipline Level 3 (base pts x 2.46)	-	-	-	0.0%	-	-
Non-Resident (no state funding)	24	39	15	62.5%	49	11
				Total Awards	**1,282**	**216**

Notes: $1137.43 allocated per pt for degrees in FY 2016 appropriation and represented 20% of the total non-base PUSF, 80% was allocated from SCH production.

Degree Completions by Sub-population Categories
Academic Year 2014-15 vs. Academic Year 2015-16
April Applications and YTD Awards

	Degree Applications (as of end of March)				**Degree Awards** (as of YTD)	
	2014-15 Apps	2015-16 Apps	Change	% Change	2014-15 Degrees	2015-16 Degrees
Bachelor Degrees (2.0 base pts)	**815**	**755**	**-60**	**-7.4%**	**798**	**149**
Resident: Entered as First Year	255	187	-68	-26.7%	246	35
Area of Study Premium†	18	16	-2	-11.1%	17	4
Underrepresented Minority*	40	33	-7	-17.5%	37	9
Pell Grant Recipient*	167	111	-56	-33.5%	160	17
Veteran Status*	208	139	-69	-33.2%	21	24
Rural High School Graduate*	103	51	-52	-50.5%	100	5
Resident: Entered as Transfer (base pts x 0.675)	310	277	-33	-10.6%	314	52
Area of Study Premium†	35	29	-6	-17.1%	36	5
Underrepresented Minority*	47	37	-10	-21.3%	49	7
Pell Grant Recipient*	235	228	-7	-3.0%	234	45
Veteran Status*	240	239	-1	-0.4%	246	45
Non-Resident (no state funding)	250	291	41	16.4%	238	62
Master Degrees (1.0 base pts)	**111**	**195**	**84**	**75.7%**	**236**	**34**
Resident	66	128	62	93.9%	130	18
Area of Study Premium†	5	15	10	200.0%	8	1
Non-Resident (no state funding)	45	67	22	48.9%	106	16
Graduate Certifications (0.2 base pts)	**115**	**118**	**3**	**2.6%**	**248**	**33**
Resident	91	79	-12	-13.2%	199	22
Area of Study Premium†	1	-	-1	-100.0%	1	-
Non-Resident (no state funding)	24	39	15	62.5%	49	11
				Total Awards	**1,282**	**216**

† Area of Study Premium increases point value by a factor of 120% for degrees in STEM and Health and a factor of 220% for degrees in Bi-lingual Education.
* pts for sub-pops are additive and applied after all other adjustments: if recipient exists in one sub-pop 0.8 pts added, if two 1.0 pts, if three 1.1 pts, if four 1.2 pts.

Notes: $1137.43 allocated per pt for degrees in the FY 2016 appropriation and represented 20% of the total non-base PUSF, 80% was allocated from SCH production.
Total points for FY 2016 = 1821.6 representing the three year trailing average of degree completions from Ay 2012-13 through 2014-15.

April 29, 2016

Neil Bryant, Chair
Higher Education Coordinating Commission
775 Court Street NE
Salem OR 97301-3827

Dear Chair Bryant,

We have enclosed a consolidated 2017-19 capital request for consideration by the Higher Education Coordinating Commission (HECC). As requested by HECC staff, each university will separately provide detailed information on each of the projects included on the attached list.

We developed this capital request through a collaborative process conducted by the Vice Presidents for Finance and Administration from each of the seven public universities. This process involved a rigorous consideration that sought to address Oregon's overwhelming need for capital renewal and investment, while balancing campus-specific opportunities and challenges. The attached document lists the projects in three "priority tiers". All of these projects have been reviewed and/or approved by our respective Boards of Trustees, senior administrations, and wide-ranging campus constituencies as the most justifiable investments needed to support and advance student success through the built environment.

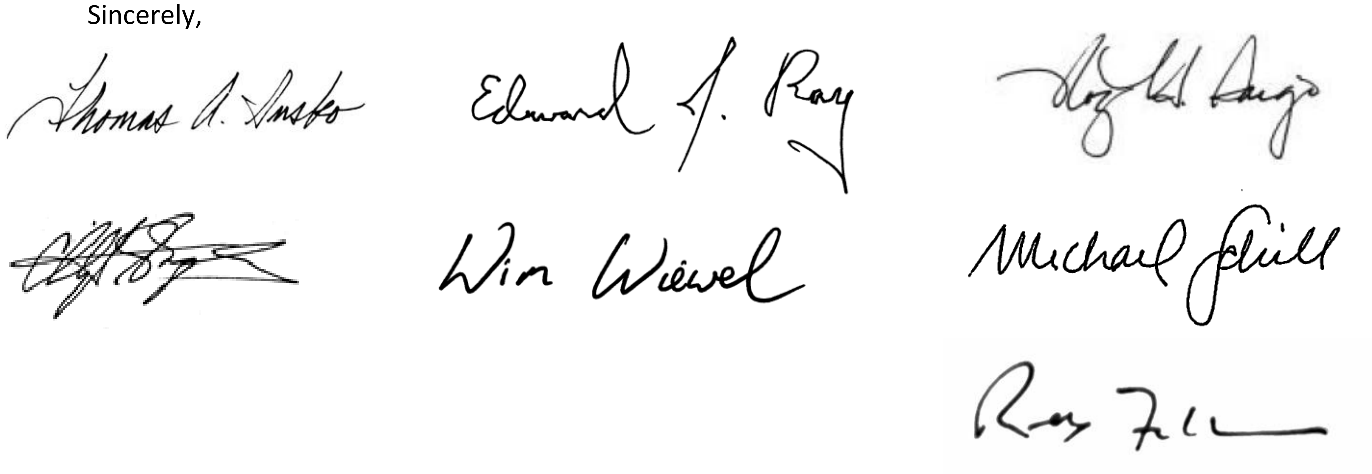
As a matter of perspective, the universities began the process working from an initial list for the 2017-19 biennium that included over $614 million in state-paid debt. The collaborative effort among the seven universities narrowed the state-paid debt requested for Tier 1 projects to $284 million. This figure includes $65 million for Capital Improvement and Renewal. (As a matter of comparison, the consolidated Tier 1 request from the seven universities for the 2015-17 biennium was significantly higher -- $346 million.)

Within the listing of Tier 1 projects, all seven universities agree that the $65 million requested for Capital Improvement and Renewal remains our number one priority. We believe the HECC should carefully review and recommend all of the capital projects on the Tier 1 list for inclusion in the Governor's proposed capital budget for 2017-19.

The legislature and the universities work together to invest in infrastructure. Since 2007, the state has authorized $1.05 billion (58.4%) of state-paid debt accompanied by $750 million (41.6%) of university funding in the form of privately raised funds or university debt -- a partnership total of $1.8 billion. (This figure does not include funding for revenue supported debt for non-educational activities such as athletics and residence halls.) We deeply appreciate that the state has been able to keep capital support in pace with the significant enrollment growth we have experienced over this period. These investments are just as crucial for student success as operating support.

We look forward to working collaboratively with you as the HECC considers the universities' priorities for future state capital investments, as well as the appropriate balance between capital and operating expenses for Oregon's public higher education institutions.

Sincerely,



cc: Ben Cannon, Executive Director, HECC
Andrew Rogers, Director of University Finance, HECC

Campus	Public University Project	2017-19 Consolidated Capital Request								
		State-Paid Debt					University-Paid Debt and Other Sources			PROJECT TOTAL (excluding COI)
		XI-G	XI-Q	SELP	Lottery	State-Paid Total	XI-F	Gifts/Other	Univ Total	
	TIER 1 PROJECTS:									
ALL	Capital Improvement and Renewal		65,000,000			65,000,000			-	65,000,000
EOU	Information Technology Equipment Facility		1,200,000			1,200,000			-	1,200,000
EOU	Loso Hall Renovation, Phase I		5,500,000			5,500,000			-	5,500,000
EOU	Athletics & Physical Education Fieldhouse	2,000,000			4,000,000	6,000,000		2,000,000	2,000,000	8,000,000
OT	Cornett Hall Renovation/Center for Excellence in Engineering Education	2,000,000	38,000,000			40,000,000		2,000,000	2,000,000	42,000,000
OSU	Cordley Hall Renovation Phase I		15,000,000			15,000,000			-	15,000,000
OSU	Fairbanks Hall Renovation		11,000,000			11,000,000			-	11,000,000
OSU	Gilkey Hall Renovation	2,000,000	1,000,000			3,000,000		2,000,000	2,000,000	5,000,000
OSU	Oregon Quality Foods & Beverage Center	9,000,000				9,000,000		9,000,000	9,000,000	18,000,000
OSU-CC	Cascades Expansion-Site Reclamation		9,000,000			9,000,000			-	9,000,000
OSU-CC	Cascades Graduate & Research Center Renovation		490,000			490,000			-	490,000
PSU	Grad Education Building	36,000,000	9,000,000			45,000,000	6,000,000	45,000,000	51,000,000	96,000,000
SOU	Central Hall Deferred Maintenance		6,000,000			6,000,000			-	6,000,000
UO	Classroom and Faculty Office Building	30,000,000	25,000,000			55,000,000		30,000,000	30,000,000	85,000,000
WOU	Oregon Military Building Renovation	500,000	7,200,000			7,700,000		500,000	500,000	8,200,000
WOU	IT Building Renovation	500,000	5,000,000			5,500,000		500,000	500,000	6,000,000
		82,000,000	198,390,000	-	4,000,000	284,390,000	6,000,000	91,000,000	97,000,000	381,390,000
	TIER 2 PROJECTS:									
EOU	Inlow Hall Grand Staircase Reconstruction	1,650,000				1,650,000		1,650,000	1,650,000	3,300,000
OT	Student Services Center/Recreation Center		15,000,000			15,000,000	5,000,000		5,000,000	20,000,000
OSU	Magruder Hall Teaching Hospital and Class Expansion	12,500,000				12,500,000		12,500,000	12,500,000	25,000,000
PSU	School of Art Design Building	25,000,000	25,000,000			50,000,000	10,000,000	25,000,000	35,000,000	85,000,000
SOU	Boiler Replacement		2,700,000			2,700,000			-	2,700,000
UO	Deady Hall Deferred Maintenance		13,500,000			13,500,000			-	13,500,000
WOU	New PE Building Renovation		9,400,000			9,400,000			-	9,400,000
		39,150,000	65,600,000	-	-	104,750,000	15,000,000	39,150,000	54,150,000	158,900,000
	TIER 3 PROJECTS:									
EOU	Inlow Hall Seismic, Phase II		4,300,000			4,300,000			-	4,300,000
OT	Boivin Hall Renovation		7,400,000			7,400,000			-	7,400,000
OSU	Art Museum	7,500,000				7,500,000		7,500,000	7,500,000	15,000,000
PSU	Science 1	5,000,000	60,000,000			65,000,000		5,000,000	5,000,000	70,000,000
UO	Huestis Deferred Maintenance		40,000,000			40,000,000			-	40,000,000
UO	Condon Hall Deferred Maintenance		21,000,000			21,000,000			-	21,000,000
WOU	Administration Building Renovation		8,100,000			8,100,000			-	8,100,000
		12,500,000	140,800,000	-	-	153,300,000	-	12,500,000	12,500,000	165,800,000
	UNIVERSITY-PAID XI-F PROJECTS:									
EOU	Track & Field Restoration					-	750,000	750,000	1,500,000	1,500,000
PSU	UCB land purchase					-	15,000,000		15,000,000	15,000,000
		-	-	-	-	-	15,750,000	750,000	16,500,000	16,500,000
	GRAND TOTAL	133,650,000	404,790,000	-	4,000,000	542,440,000	36,750,000	143,400,000	180,150,000	722,590,000

1. Project name: Central Hall Modernization

2. Description and justification for the project:

   Central Hall was originally constructed in 1949 as a library and requires extensive upgrades to electrical, mechanical, and roofing systems. A major interior remodel was completed in 1970 when it was converted from a library to an academic building. Bathrooms were remodeled in 2004 to improve accessibility and windows were also replaced. Seismic retrofitting to meet current requirements is necessary and a solution to the "sinking" second floor is needed. The current building has "settled" to the south and rooms along the second and third floors tilt approximately 6 degrees to the south causing slope related issues in offices and classrooms. The current basement floods along the southwest corner during heavy rains, which is caused by groundwater penetration. There is also significant water penetration along the west elevation exterior. This may also contribute to the continuing "settling" along the south elevation. Classes have been cancelled for significant periods of time (weeks) during the winter term over the past 5 years due to water issues. A study commissioned by OUS using a consultant (ISES) provided a detailed recommendation for improvements with an estimate of approximately $6,000,000 in 2008.

3. Facilities detail (describe the nature of the project, including appropriate metrics: acres, square feet, number of stories, classrooms, labs, etc.):

   Central Hall has a total of 56,544 gross square feet and is three stories high. It has 9 classrooms serving primarily business, math and languages and 64 spaces supporting faculty offices, department offices, and reception space. Two of the classrooms serve as computer labs. The basement has math faculty and adjunct faculty offices, classrooms and the studios of Jefferson Public Radio; however, Jefferson Public Radio will be vacating the facility in 2017 for new facilities being constructed adjacent to the Theatre Building.

4. Health, life, safety problems addressed, if any:

   The main concern is the 60-year-old HVAC system, electrical systems and tilting second floor. The current fire alarm system and egress does not meet current fire code and there is no sprinkler system. The exterior water penetration of the concrete facade is also a major concern. The facility has not been seismically evaluated, but based on construction and design would not meet current requirements. Additionally, the building needs significant upgrades for current ADA compliance. The building would receive new HVAC system, classroom and office upgrades, and a new medium sized (40 – 60) classroom, located in the basement with high windows to serve the entire campus. Existing spaces will be upgraded to current building codes, especially with regard to seismic stabilization, and the ventilation and electrical systems will be improved.

5. Estimated project cost (include design and planning, hard and soft construction costs, land and real property acquisition, infrastructure development, furnishings and fixtures, contingencies, etc., regardless of the proposed funding model):

The current cost of the project is estimated to be $6M broken out in the following areas:

- $ 700k for design
- $ 300k for asbestos abatement
- $ 2,850k for materials
- $ 2,150k for labor

6.

a. FUNDING REQUEST:

	General Fund/Lottery Funds	Article XI-G bonds	Article XI- F (1) bonds	Lottery Bonds	SELP loans	Seismic Grants	Article XI-Q bonds	Total
Total							**$6 M**	**$6 M**
State-paid debt	NA		NA				$6 M	$6 M
Campus- paid debt	NA	NA		NA				

b. For Article XI-G bonds, source of matching funds (indicate sources, amounts):
N/A

c. For additional required project funding (i.e., beyond requested state funds and Article XI-G matching funds) (indicate sources, amounts):
N/A

d. Revenue sources for campus paid debt service:
N/A

7. The expected project start and completion dates:

The project is expected to begin in the Summer of 2018 and complete by the beginning of Fall 2019.

8. State and institutional goals addressed:

Central Hall primarily serves the Business and Mathematics departments at SOU. With business programs continuing to grow strongly and mathematics, as an integral component of STEM, being an area of strategic growth for reaching the 40/40/20 goals, the renovation of Central Hall will go a long way toward accommodating the anticipated growth in these programs, as well as providing a safe and comfortable environment that encourages college access and completion, which are top priorities at SOU. Additionally, to be fiscally sustainable and to develop a multi-faceted response to the 40/40/20 goals, SOU has created programs in collaboration with high schools to increase high school graduation rates and offer a customized pathway to college, such as the Pathway to Teaching program and a new Interdisciplinary Health Sciences program under consideration. Such initiatives are likely to substantially increase the population of college eligible young adults, and thereby, the number of applications and enrollments at SOU. The renovated Central Hall building will add instructional capacity to meet increased enrollments with well designed, comfortable, safe and well-equipped classrooms. This capacity to increase enrollments, along with outcome oriented learning and better student progression, will mean a large and highly educated workforce that will attract new employers to the Rogue Valley region, as well as promote entrepreneurship and new business growth. In addition to furthering the long term goals of the state and SOU with regards to education and economic growth, the renovation will have significant medium term impact on boosting employment and encouraging wage growth in the Rogue Valley during the period of renovation.

9. Impact, if any, for under-represented, first generation, rural, and low income students:

A key challenge in meeting the 40/40/20 goals will be to make high school and college education inclusive and accessible to students from under-represented minorities and from lower income/rural households. As SOU focuses on growing Business and STEM programs for all students, and expands initiatives such as the Pirates/Bulldogs to Raiders and the new Pathway to Teaching program that are focused on attracting and retaining under-represented students, classrooms, labs, and other instructional facilities in the renovated Central Hall building will be increasingly important as modernized spaces to utilize.

10. Estimate of deferred maintenance backlog for education and general service facilities:

About $58 M, as estimated by our consultant, Sightlines, in 2016. Central Hall accounts for $4.2 million not including the mitigation required for the building tilt.

11. Estimate of seismic upgrade needs for educational and general service facilities:

About $12 M is estimated to address the seismic specific issues with Central, Suzanne homes, Music, Taylor, Education Psychology and Computer Services buildings.

12. Description of facilities plan for managing facilities and reducing the deferred maintenance backlog:

SOU has been focused on deferred maintenance for the past three biennia, using biennial allocations from the state to address smaller issues (roofs, utilities, etc.), and from the SOU general fund, though Facilities Services, for regular maintenance and repair. However major seismic and mechanical renovations (such as to Churchill, McNeal, Britt and Central halls) are only possible with additional funding from the State of Oregon.

13. If there a master facilities plan, the date on which it was adopted and/or last amended:

The current master facilities plan was adopted in 2010 and will expire in 2020.

1. Project name: Boiler replacement

2. Project summary (describe the nature and purpose of the project):

   This project will enable SOU to replace two boilers that are ending their working life, install water treatment equipment and evaluate current chillers for repair or replacement taking into consideration operating efficiencies. Replacing the boilers will allow SOU to provide heat to the campus and provide higher efficiencies in providing hot water and steam to the campus based on need

3. Facilities detail (describe the technical project, including appropriate metrics: acres, square feet, number of stories, classrooms, labs, etc.):

   Two aging boilers (rated 350 h.p. and 400 h.p.) will be replaced with new boiler units (600 h.p. and 200 h.p.). Minor improvements to the existing plant will be incorporated (new office and exterior rolling door) in association with the replacement.

4. Health, life, safety problems addressed, if any:

   Two boiler units in physical plant are well past the expected life of 10 years and are serious safety hazards at this time. If these units are not replaced, they will be increasingly susceptible to operational inefficiencies and maintenance issues, leading to higher operating costs and service disruptions. Also, because of their location in a seismically active zone, these older boilers are especially vulnerable to damage from seismic shocks, leading to catastrophic outcomes. The continuous operation of these boiler units is critical to providing hot water and heating to campus facilities and housing, and any downtime would pose significant health and safety risks, especially in winter months.

5. Estimated project cost (include design and planning, hard and soft construction costs, land and real property acquisition, infrastructure development, furnishings and fixtures, contingencies, etc., regardless of the proposed funding model):

   The replacement is estimated to cost $2.7M broken out in the following areas:
   - $1M for materials
   - $1.7M for labor

6.

a. <u>FUNDING REQUEST:</u>

Funding Request	General Fund/Lottery Funds	Article XI-G Bonds	Article XI-F (1) Bonds*	Lottery Bonds	SELP Loans*	Seismic Grants	Article XI-Q Bonds*	Total
Agency Request							$2.7 M	$2.7 M
Governor's Budget								
Legislatively Adopted								

<u> 10-year pro-forma will be requested for all self-support projects Article XI-F, SELP loan projects, some Article XI-Q bonds</u>:*

b. <u>For Article XI-G bonds, source of matching funds (indicate sources, amounts)</u>:
N/A

c. <u>For additional required project funding (i.e., beyond requested state funds and Article XI-G matching funds) (indicate sources, amounts)</u>:
N/A

d. <u>Revenue sources for campus paid debt service</u>:
N/A

7. <u>The expected project start and completion dates.</u>

The project will commence immediately following successful funding. The task is expected to be completed within six months following the start date.

8. <u>State and institutional goals addressed:</u>

The replacement of these boiler units is essential for the safe and effective operation of campus facilities and residences. With the new strategic focus on the 40/40/20 goals, institutional facilities have to keep up with and plan for a ramping up of enrollments and the increased demands for heating from new and existing residence halls and instructional facilities. The replacement of aging boilers will contribute additional operational capacity for meeting this anticipated growth in enrollments. In addition to furthering the long term goals of creating a highly educated workforce and, thereby, employment, this project will create jobs in the Southern Oregon region for its duration.

9. <u>Impact, if any, for under-represented, first generation, rural, and low income students:</u>

Health hazards posed by disruption in heating and hot water, impact all SOU students. However, much of the anticipated growth in enrollments and need for excess capacity, is likely to result from our increased focus on the Pirates/Bulldogs to Raiders programs and the new Pathway to Teaching program, which largely benefit under-represented, rural and low income students. Hence the replacement of the boilers, will constitute an investment in our ability as an institution to safely and comfortably accommodate the needs of our growing, and heretofore under-represented, student bodies.

10. <u>Estimate of deferred maintenance backlog for education and general service facilities:</u>

About $58 M, as estimated by our consultant, Sightlines, in 2016.

11. <u>Estimate of seismic upgrade needs for educational and general service facilities:</u>

About $12 M is estimated to address the seismic specific issues with Central, Suzanne homes, Music, Taylor, Education Psychology and Computer Services buildings.

12. <u>Description of facilities plan for managing facilities and reducing the deferred maintenance backlog:</u>

SOU has been focused on deferred maintenance for the past three biennia, using biennial allocations from the state to address smaller issues (roofs, utilities, etc.), and from the SOU general fund, though Facilities Services, for regular maintenance and repair. However major seismic and mechanical renovations (such as to Churchill, McNeal, Britt and Central halls) are only possible with additional funding from the State of Oregon

13. <u>If there a master facilities plan, the date on which it was adopted and/or last amended:</u>

The current master facilities plan was adopted in 2010 and will expire in 2020. The plan has not been amended.

Periodic Management Report

Materials for this item added 05/13/16

Periodic Management Report

As of April 30, 2016
Fiscal Year Ending June 30, 2016

Budget Forecast

(in thousands except enrollment)	FY2015 Final Results	FY2016 Initial Budget	% Change	FY2016 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
EDUCATION & GENERAL								
State General Fund	$ 17,065	$ 20,393	20%	$ 20,640		$ 247	1%	(1)
Tuition & Resource Fees, net of Remissions	33,043	33,672	2%	34,530		858	3%	(2)
Other	1,915	1,863	-3%	2,525		662	36%	(3)
Total Revenues	$ 52,023	$ 55,927	8%	$ 57,695	69.4%	$ 1,767	3%	
Personnel Services	$ 42,953	$ 45,447	6%	$ 44,450		$ (997)	-2%	(4)
Supplies & Services & Capital Outlay	8,054	8,472	5%	9,184		712	8%	(5)
Total Expenditures	$ 51,007	$ 53,919	6%	$ 53,634		$ (285)	-1%	
Net from Operations	$ 1,016	$ 2,008		$ 4,061		$ 2,052		
Net Transfers In (Out)	1,942	(652)	-134%	(1,985)		(1,334)	205%	(6)
Fund Additions/(Deductions)	56	-		(0)		(0)		
Change in Fund Balance	$ 3,013	$ 1,357		$ 2,076		$ 719		
Beginning Fund Balance	1,745	4,758		4,758		0		
Ending Fund Balance	$ 4,758	$ 6,115		$ 6,834		$ 719		
Ending FB as a % Operating Revenues	9.1%	10.9%		11.8%				
Student FTE Enrollment	4,398	4,354	-1.0%	4,474			2.8%	
AUXILIARY ENTERPRISES (Including North Campus Village)								
Enrollment Fees	$ 5,219	$ 5,043	-3%	$ 5,745		$ 702	14%	(7)
Sales & Services	10,605	10,883	3%	12,640		1,757	16%	(8)
Other	1,679	1,914	14%	2,156		242	13%	(9)
Total Revenues	$ 17,503	$ 17,840	2%	$ 20,541	24.7%	$ 2,701	15%	
Personnel Services	$ 6,249	$ 6,602	6%	$ 6,906		$ 304	5%	(10)
Supplies & Services & Capital Outlay	11,801	12,446	5%	15,017		2,571	21%	(11)
Total Expenditures	$ 18,050	$ 19,048	6%	$ 21,923		$ 2,875	15%	
Net from Operations	$ (547)	$ (1,207)		$ (1,381)		$ (174)		
Net Transfers In (Out)	(2,462)	1,120	-145%	1,589		$ 469	42%	(12)
Additions/(Deductions) to Unrestricted Net Assets	568	8		(883)		(891)		(13)
Change in Unrestricted Net Assets	$ (2,441)	$ (80)		$ (676)		$ (596)		
Beginning Fund Balance Available for Operations	3,811	(882)		(882)		0		
Beginning Fund Balance Adjustment: Net BOLI Settlement	(2,252)					0		
Ending Fund Balance Available for Operations	$ (882)	$ (969)		$ (1,565)		$ (596)		(14)
Ending FB as a % Operating Revenues	-5.0%	-5.4%		-7.6%				

Southern OREGON UNIVERSITY

Periodic Management Report

As of April 30, 2016
Fiscal Year Ending June 30, 2016

Budget Forecast

(in thousands except enrollment)	FY2015 Final Results	FY2016 Initial Budget	% Change	FY2016 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS								
Enrollment Fees	$ 813	$ 921	13%	$ 856		$ (65)	-7%	(15)
Sales & Services	1,785	2,029	14%	2,307		278	14%	(16)
Other	1,652	1,459	-12%	1,786		327	22%	(17)
Total Revenues	$ 4,250	$ 4,409	4%	$ 4,948	5.9%	$ 540	12%	
Personnel Services	$ 2,638	$ 3,047	15%	$ 2,744		$ (303)	-10%	(18)
Supplies & Services & Capital Outlay	1,671	1,748	5%	2,307		559	32%	(19)
Total Expenditures	$ 4,309	$ 4,795	11%	$ 5,051		$ 256	5%	
Net from Operations	$ (59)	$ (387)		$ (103)		$ 284		
Net Transfers In (Out)	296	330	11%	372		42	13%	
Additions/(Deductions) to Unrestricted Net Assets	135	76		22		(54)		
Change in Unrestricted Net Assets	$ 372	$ 19		$ 291		$ 272		
Beginning Fund Balance Available for Operations	526	898		898		0		
Ending Fund Balance Available for Operations	$ 898	$ 917		$ 1,080		$ 272		
Ending FB as a % Operating Revenues	21.1%	20.8%		21.8%				
ALL CURRENT UNRESTRICTED FUNDS:								
Beginning Fund Balance Available for Daily Operations	$ 6,082	$ 4,775		$ 4,775		$ -		
Revenues	73,776	78,176	6%	83,184		5,008	6%	
Expenditures	73,366	77,762	6%	80,608		2,846	4%	
Transfers	(224)	798		(25)		(823)		
GL Additions & Deductions	759	84		(861)		(945)		
Ending Fund Balance Available for Daily Operations	$ 4,775	$ 6,063		$ 6,349		$ 286		
Ending FB as a % Operating Revenues	6.5%	7.8%		7.6%				

Notes

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

(2) Budgeted a little under a 5% price increase and a 1% enrollment decrease. Enrollment trending 2.8% up (up .8% from Fall term, up .1% from Winter term). Continue changes in the enrollment mix, with reduction from prior projections tied to increased levels of Fee Remission Awards

(3) Increases tied to unbudgeted insurance claim reimbursements, plus two accounting changes being recorded retroactive for the year (Change 1: Bad-Debt allowance, and Change 2: NCV Lease income).

(4) Labor savings due to increased use in adjunct instructors, open positions taking longer to be filled, and lower growth in OPE than initially budgeted.

(5) Additional funds received to support Student Success initiatives ($582k). Modest general increase in campus S&S spending. Accounting change for Bad-Debt Allowance largely offset by removing overhead assessment to the Food Service operations.

(6) Accounting change to reclassify the NCV proceeds from "transfer-in" to "revenue". Increased Athletic support ($200k), plus increased Athletic Course net activities to be transferred to Athletic auxiliary fund ($280k).

(in thousands except enrollment)	FY2015 Final Results	FY2016 Initial Budget	% Change	FY2016 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
				Budget Forecast				

Notes (continued)

(7) Estimated $437k in Rec Center fees to be realized in current fiscal year, after initial budget, plus an additional $200k savings with Housing issuing fewer Fee Remission awards in relation to the budget.

(8) Overall growth in housing occupancy. Additional increase tied to NCV accounting change, with offset reflected in S&S expense line ($900k of the funds anticipated from NCV to go to Housing).

(9) Increase from last year is largely from with Dining operations, associated with increases in Housing occupancy, but not to the levels initially budgeted. Other increases associated with the net effect of the accounting changes ($230k)

(10) General budgeted pay increases plus increased spending in athletics programs. Additional increases in student labor for Housing maintenance activities.

(11) Increase for post-season athletic travel ($600k). Balance of the changes largely associated with accounting changes ($2m).

(12) Accounting change to reclassify the NCV proceeds from "transfer-in" to "revenue".

(13) Change in accounting associated with fixed assets.

(14) Contributing factors to the auxiliary deficit operating Fund Balance position include:
- Athletic program ongoing projected deficit of $(1,585)
- Internal Loan from the General Fund to cover the costs of the BOLI Settlement $(2,252), to be paid back to the GF over the next 10 years

(15) Largely tied to Non-credit program activity which is trending in line with the prior year.

(16) Increase in JPR activity.

(17) Trending up compared to prior year. Largely tied to Service Departments activities.

(18) Increase from last year, just not to the extent as budgeted. Largely due to increased activity in JPR.

(19) Increase in JPR activities up ($385k), and RVTV ($110).

Periodic Management Report Summary
As of April 30, 2016

Accounting Changes:

- Bad-Debt allowances: Previously recognized as an expense in S&S will now will be recognized as an offset to revenues (roughly $470k for E&G, and $125k for Auxiliaries).
- Proceeds coming from the North Campus Village to E&G ($866k) and to the Auxiliaries ($900k), will be recorded as ''lease revenue'' instead of being reflected as a "transfer-in".

Education & General:

- **Ending balance:** Overall improvement with E&G projected at 11.8%. Up .9% from Initial Budget.
- **Tuition Revenue:**
  - **Enrollment Revenue:** Holding steady. Up 2.8% through spring term, compared to 2.7% in winter term. Offset by some increased Fee Remission awards.
  - **Other Revenue:** Change largely impacted by the two accounting changes noted above.
- **Labor:** Savings partially from increased use in adjunct instructors, open positions taking longer to be filled, and lower growth in OPE than initially budgeted.
- **S&S:** Primary driver tied to increased spending to support student success initiatives.
- **Transfers:** Reduced due to the accounting change reclassifying the NCV proceeds from "transfer-in" to "revenue" ($866k), plus increased Athletic support of $200k, along with increased transfers associated with PE courses activities ($280k).

Auxiliary Enterprises:

- **Revenues:** Overall annual growth tied to increases in Housing occupancy, and enrollment increases. Additional increases tied to accounting changes in revenue was $1.1m.
- **Labor:** General budgeted pay increases plus increased spending in athletic programs, along with greater spending on student wages for Housing maintenance activities.
- **S&S:** Increases in Athletic post-season travel prior to NAIA reimbursement was $710k. Balance tied to accounting changes to expenses is $2m.
- **Ending Balance:** Excluding spending associated with added post-season athletic travel, overall ending fund balance positions are forecast to be only slightly down from the initial budgets (-6.2% compared to -5.4%). Post-season athletic travel is about $525k net of NAIA reimbursements.
- **Ending Balance:** Contributing factors to the negative ending fund balance include the Athletics deficit $(1,585k), and the impact of the BOLI Settlement $(2,252k).

Designated Operations Service Centers:

- Both revenue, plus net transfers, are forecast to offset expenses and hold the ending fund balance at the projected 21% level. A slight improvement from the beginning of the year.

Pro Forma Review

Materials for this item added 05/13/16

13-May-16

Southern Oregon University
Budgeted Operations Pro Forma

(in thousands of dollars)	2011-13 Biennium		2013-15 Biennium			2015-17 Biennium		2017-19 Biennium		2019-21 Biennium	
	2011-12 ACTUAL (000's)	**2012-13 ACTUAL (000's)**	**2013-14 ACTUAL (000's)**	**2014-15 ACTUAL (000's)**	**2015-16 BUDGET (000's)**	**2015-16 FORECAST (000's)**	**2016-17 FORECAST (000's)**	**2017-18 FORECAST (000's)**	**2018-19 FORECAST (000's)**	**2019-20 FORECAST (000's)**	**2020-21 FORECAST (000's)**
Budgeted Operations											
State Appropriations	12,642	13,195	13,762	17,065	20,393	20,640	21,022	21,033	21,769	21,664	22,422
One-time Classified Staff Funding							468				
Tuition, net of Remissions	32,837	33,526	33,278	33,043	33,672	34,530	35,566	36,633	37,732	38,864	40,030
Other	1,657	1,851	3,008	1,915	1,863	2,525	2,500	2,600	2,700	2,800	2,900
Total Revenues & Transfers In	47,136	48,572	50,048	52,023	55,928	57,695	59,556	60,266	62,201	63,328	65,352
Personnel Services	(42,343)	(42,360)	(43,948)	(42,953)	(45,447)	(44,450)	(46,228)	(49,464)	(51,443)	(53,500)	(55,640)
Supplies & Services	(6,809)	(9,388)	(7,229)	(8,054)	(7,890)	(8,602)	(8,600)	(8,772)	(8,947)	(9,126)	(9,309)
Program Investment					(582)	(582)	(582)	(250)	(250)	(250)	(250)
Total Expenditures & Transfers Out	(49,152)	(51,748)	(51,177)	(51,007)	(53,919)	(53,634)	(55,410)	(58,486)	(60,640)	(62,877)	(65,199)
Net from Operations and Transfers	(2,016)	(3,176)	(1,129)	1,016	2,009	4,061	4,146	1,780	1,561	451	153
Net Transfers	(166)	328	1,855	1,998	(652)	(1,985)	(2,000)	(2,200)	(2,300)	(2,400)	(2,500)
Change in Fund Balance	(2,182)	(2,848)	726	3,014	1,357	2,076	2,146	(420)	(739)	(1,949)	(2,347)
Beginning Fund Balance	5,551	3,869	1,019	1,745	4,759	4,759	6,835	8,981	8,561	7,822	5,873
Ending Fund Balance	3,869	1,019	1,745	4,759	6,116	6,835	8,981	8,561	7,822	5,873	3,526
% Operating Revenues	8.1%	2.1%	3.5%	9.1%	10.9%	11.8%	15.1%	14.2%	12.6%	9.3%	5.4%
Retrenchment Plan			1.9%	7.6%		7.8%	10.2%	11.0%			
Annualized Student FTE	4845	4650	4426	4400		4474	4474	4474	4474	4474	4474
Increase/decrease Over Prior Year	2.5%	-4.2%	-5.1%	-0.6%		1.7%	0.0%	0.0%	0.0%	0.0%	0.0%

Primary Assumptions:

Goal of 5% ending fund balance by FY15 and 10% or better by FY17

State Allocations - per HECC + SELP loan pass-thru and ETIC (2019-21 use previous biennia + 3%)

Enrollment FTE (decrease) - FY16 (1.1%), FY17 0%, FY18 0% , FY19 0%, FY20 0%, FY21 0%

Tuition increase - 3% FY17, 3% FY18, 3% FY19, FY20 3%, FY21 3%

Personnel Services Increase (includes PEBB & PERS increases) - 4% FY17, 7% FY18, 4% FY19, 4% FY20, 4% FY21

Revenue and Fund Balance Discussion

Materials for this item updated 05/18/16

Revenue and Fund Balance Guidance

- Revenue
  - Current projections for the FY17 Budget
    - Comparison with Pro Forma

- Ending Fund Balance
  - Projection of current year (FY16) ending fund balance
  - Discussion of FY17 surplus and impact on fund balance

Revenue

Revenue Category	FY16 Budget	FY17 YTD	Pro Forma	FY17 Proposed
Tuition	36,188,733	36,259,187		36,024,911
Matriculation Fee	465,000	459,400		545,100
Other Student Fees	920,027	827,319		2,639,122
Fee Remissions	(3,529,264)	(3,879,759)		(3,585,964)
Enrollment Fees	34,044,496	33,666,147	35,731,000	35,623,169
State Funding	20,392,670	20,595,231	21,490,000	21,490,000
Gifts/Grants/Contracts	303,084	237,823		274,650
Transfers from State Agencies	178,925	157,432		178,925
Investments	609,800	214,717		302,800
Sales and Services	684,668	630,630		1,040,268
Other Revenues	71,450	344,099		59,950
Internal Sales	32,500	3,173		32,500
Other Miscellaneous Revenues	1,880,427	1,587,874	2,000,000	1,889,093
Total Revenue	56,317,593	55,849,252	59,221,000	59,002,262

Fund Balance Discussion

Categories	FY16 Projected	FY17 Proposed
Revenue	57,695,000	59,002,262
Labor	44,450,000	*47,875,000*
Supplies & Services	8,602,000	*8,300,000*
Program Investment	582,000	*582,000*
Total Expenditures	53,634,000	*56,757,000*
Net from Operations	4,061,000	*2,245,262*
Net Transfers	(1,985,000)	*(400,000)*
Change in Fund Balance	2,076,000	*1,845,262*
Beginning Fund Balance	4,758,000	*6,824,000*
Ending Fund Balance	6,834,000	*8,679,262*
% Operating Revenues	11.8%	14.7%

Currently using FY17 Pro Forma data for Expenditures
FY17 Budget figures will be developed based on Guidance from the Board

Discussion

- Based on the preceding table, if the figures were to be the final FY17 “Current Service Level” budget, the university would have an FY17 budget that gets us to 15%.

- If the goal were only a 13% fund balance, that would allow 2%, or over $1 million in additional spending.

- Currently, in the budget development, there are over$2.3 million in “deficiencies,” including the $600K for Athletics.

Fund Balance Philosophy

- Higher fund balances give the university greater flexibility to address challenges in the future
  - Example: Labor costs increasing faster than revenues
  - However, that restricts taking action on challenges or opportunities now.

- Lower fund balances restrict flexibility to address future challenges
  - But can free funds to address current challenges or opportunities

- Which are our greatest challenges/opportunities:
  - The ones we face today, or the ones we will face tomorrow?

Athletics Discussion

Materials for this item added 05/18/16

Primary Auxiliary Operations

- Housing
  - Housing will present a balanced budget through the establishment of their housing/dining rates
- Athletics
  - Athletics remains a challenge for the University, in that it represents a significant enrollment and retention driver for SOU, yet unlike other Auxiliary operations, cannot increase its fees to generate revenue as costs increase.
- Student Life – to be presented in June
  - Student Life developed a balanced budget through the Student Fee Committee, which set the Student Incidental Fee for FY17

Athletics Funding Structure

- Budgeted Operations
  - Athletics Courses – Academic Program, net revenue goes to Athletics
- Designated Operations
  - Sports Camps – Recruiting program, net revenue goes to Athletics
- Auxiliary Operations
  - Intercollegiate Athletics
    - General Athletic Operations – Funded by General Fund/Incidental Fee
    - Cheerleading – Funded by Incidental Fee
    - Sports Band – Funded by General Fund/tuition from band courses
    - Sports Lottery – Funds Athletics
  - Fitness Center – Funded by Incidental Fee

Intercollegiate Athletics
(excluding Cheer/Sports Band)

	FY14 Actual	FY15 Actual	FY16 Budget	FY16 YTD	FY17 Proposed
Resources	2,481,207	2,427,034	2,772,819	2,358,575	2,795,750
Labor	1,440,873	1,489,706	1,879,692	1,606,229	2,002,205
Direct Expenses	1,015,483	1,193,120	1,062,579	1,214,142	1,078,072
Misc.	16,477	82,084	61,700	41,854	76,700
Net of Operations	8,374	(337,876)	(231,152)	(503,650)	(361,227)
Post Season Travel	(91,701)	(242,193	-	(448,896)	(237,586)
Total Operations	(83,327)	(580,069)	(231,152)	(952,546)	(598,813)

Solutions to deficit: Additional funding or reductions in operations
Considerations: Impact of reductions in operations

Intercollegiate Athletics

(excluding Cheer/Sports Band)

	FY14 Actual	FY15 Actual	FY16 Budget	FY16 YTD	FY17 Proposed
Resources					2,795,750
Labor					2,002,205
Direct Expenses					1,078,072
Misc.					76,700
Net of Operations	8,374	(337,876)	(231,152)	(503,650)	(361,227)
Post Season Travel	(91,701)	(242,193	-	(448,896)	(237,586)
Total Operations	(83,327)	(580,069)	(231,152)	(952,546)	(598,813)

Resources	FY17 Detail
Student Fees	$1,046,861
Sports Lottery	401,824
University/Housing Support	1,134,365
Self Generated	212,700
Total Resources	2,795,750

Solutions to deficit: Additional funding or reductions in operations

Considerations: Impact of reductions in operations

Intercollegiate Athletics
(excluding Cheer/Sports Band)

2009 Task Force Recommendation	FY15 targets	FY17 2 years further removed 2 additional new teams
Rostered Student athletes	390	Projected: 450 (431 for FY16)
Student Fees	$1,050,000	$1,046,861
Sports Lottery	325,000	401,824
University/Housing Support	1,050,000	1,134,365

	FY14 Actual	FY15 Actual	FY16 Budget	FY16 YTD	FY17 Proposed
					2,795,750
					2,002,205
					1,078,072
					76,700
Net of Operations					(361,227)
Post Season Travel	(91,701)	(242,193	-	(448,896)	(237,586)
Total Operations	(83,327)	(580,069)	(231,152)	(952,546)	(598,813)

Solutions to deficit: Additional funding or reductions in operations
Considerations: Impact of reductions in operations

Significant Challenges for FY17

- Carry forward unbalanced budget from FY16
  - ➢Discussed during FY16 budget development - no resolution.
- COLA/Equity adjustments for FY16, FY17
  - ➢Unlike other auxiliaries, no ability to increase fee to cover.
- Post Season Travel budget in FY17
  - ➢Students reduced funding to establish a reserve, then withdrew the reserve a year later; University unable to backfill – but it is not prudent to continue to not fund.
- Post Season Travel Reserve?
  - ➢Having a reserve smooths out spending in highly successful years, but <u>starting</u> a reserve is challenging – you have to fund current travel + reserve.

Next Steps

- Based on feedback from earlier Fund Balance presentation, and guidance on support for athletics funding, administration will develop a full budget for presentation at the June meeting.

Housing Budget

Materials for this item added 05/13/16

Primary Auxiliary Operations

- Housing
  - Housing will present a balanced budget through the establishment of their housing/dining rates
- Athletics
  - Athletics remains a challenge for the University, in that it represents a significant enrollment and retention driver for SOU, yet unlike other Auxiliary operations, cannot increase its fees to generate revenue as costs increase.
- Student Life – to be presented in June
  - Student Life developed a balanced budget through the Student Fee Committee, which set the Student Incidental Fee for FY17

Overview

- Organization:
  - Residence halls, conferences & dining
  - Rental housing
- Funding Sources:
  - Residence hall fees
  - Dining fees
  - Conference fees
  - Rent
- Key partnerships
  - Collegiate Housing Foundation (CHF)
  - A'viands

FY17 Proposed Budget

	FY14 Actual	FY15 Actual	FY16 Budget	FY16 YTD	FY17 Proposed
Revenue	4,829,552	4,848,665	5,403,336	7,766,166	7,657,358
Labor	1,471,561	1,598,979	1,746,187	3,819,493	1,916,083
Direct Expenses	4,223,555	4,060,214	4,042,812	3,361,741	4,497,062
Net of Operations	(865,564)	(810,528)	(385,663)	584,932	1,244,213
Transfers	(74,881)	(258,119)	191,485	(272,521)	(233,521)
Surplus/(Deficit)	(940,445)	(1,068,647)	(194,178)	312,411	1,010,692

FY14 – Revenue: drop in enrollment, housing occupancy was low, missed revenue targets
Direct expense: Increased expenses in: Supplies, Maintenance, Other Misc.
Transfers: Continuing to support both Athletics ($262K) and General fund ($500K), NCV not yet operational in FY14

FY15 – Revenue: slight drop in enrollment, housing occupancy was low, achieved reduced revenue targets
Accounting changes in the recording of debt and depreciation, NCV operations, with no contribution to Housing in initial year

FY16 YTD – Revenue: Collected full year of dining fees, still have payments to A 'viands (contra revenue) to make
Labor: BOLI payment

FY17 – Revenue: Transfer in from NCV and reimbursement for NCV labor are Revenue for FY17

North Campus Village – Cash Flows

	Agency Funds			University Funds		
	Operations RESANC	**Contingency RESANG**	**Surplus RESANS**	**Housing RESHLS**	**BOLI Loan**	**General Fund**
Revenue	5,753,711			700,000*3	211,400*3	338,600*3
Expenses	4,617,018		1,500,000*1			
Net from Operations	1,136,693		-			
Transfer In		1,250,000	1,500,000*1			
Transfer Out	1,250,000*1 138,000*2	1,500,000*1				
Total Ops	(251,576)	(250,000)	-	700,000	211,400	338,600

*1 Budget transfer greater than anticipated, otherwise funds can be left trapped

Note: per the contract with CHF, only funds "Budgeted" can be transferred, regardless of actual, therefore, if actual > budget, the excess cannot be transferred out until they are included in the budget figure in the following year, therefore we budget > expectations

*2 Transfer out to repair/replacement fund

*3 Net of Revenue across all three indexes = $1,250,000, actual projected vs. "Budgeted" $1,500,000
University not held to CHF restrictions on recognizing revenue only to "budgeted"

Adjourn