

Tuition Advisory Council
Monday, January 28th, 2019

Present: Becca Evans, Betsy LeClair, Dakota Gonzales, Matt Stillman (by phone), Leslie Eldridge, Dennis Slattery, Sue Walsh, Caroline Cabral, Johanna Pardo; Greg Perkinson, Josh Lovern, Kayla Fennell, Andrew Zucker, Patrick Stubbins.

The meeting started at 1:31pm.

Walsh thanked ASSOU for finding a replacement for one of the student representatives who had a class conflict during the Winter term meeting time. She said there are weekly meetings on the calendar through the end of the term, and if the Council feels like it needs more time we can certainly schedule longer meetings. She said she doesn't want people to feel like they're drinking from the fire hose or not spending enough time to really understand the materials.

Slattery/Pardo moved to accept the minutes from the December 4th meeting as written; the motion passed by voice vote 9Y/0N/0A.

State Funding

Perkinson discussed State Funding and Campus Impacts, referring to a PowerPoint presentation [State Funding and Campus Impacts_TAC 01.28.19.pptx]. He started by looking at the Governor's Recommended Budget (Base Budget) and the Investment Plan. Under the Base Budget, funding would stay the same as in Fiscal Year 2019-21, minus the Engineering Technical Science Fund and Sport Lottery funding. Perkinson discussed how this impacts affordability. He reminded the Council that in December we went through some of the basics about SOU's revenue and expenses. Labor makes up about 80% of our expenses and we have escalating indirect costs related to labor. Looking at the near term snapshot, the cost curve goes up. Unfortunately, we don't have control over that cost but it affects affordability, by which we mean student cost to attend. Looking at affordability on the slide, under the Base Budget we've listed sharp tuition increases, potentially greater than 12%. This is just a marker. If we took flat funding and factored in escalating labor cost, in order to keep pace with those rising costs over 2 years we would have to come up with what equates to a 20%-25% tuition increase. Governor Brown has challenged the universities to be advocates on her behalf to drive a future revenue request, and has requested universities to raise tuition no more than 5%. If we were to do this for the first year, the second year would need an even greater increase to make up the difference. It's an interesting dynamic, and that's where the >12% on the slide comes from, trying to spread the increase evenly. Looking at the cost controls row on the slide, we have no control over those indirect labor costs, they are legislated and included in public statutes, so that leaves us with attempting to influence the costs we can control. We would look at any reasonable way to control cost. For example, right now we have a budget position that we're holding vacant; this allows Josh to demonstrate his capabilities in a larger role, but it also saves costs. Walsh explained that when the slide says "S&S belt tightening" the S&S refers to supplies and services.

Slattery asked about the Base Budget, where the funding would remain flat with no sports lottery. Lovern said the picture is actually a little worse than that because the state funding model (SSCM) allocates money in a two year biennium in different amounts. SOU gets 49% in the first year, then 51% in the second year. So, for year one we're actually going to see a cut of around \$800K because of the way the money gets allocated. There are several other universities on the same schedule. Slattery asked if he understood correctly that the Governor brought the university Presidents in and said, basically, "for some undetermined revenue stream in the future, we want your help by not increasing tuition by more than 5% even with the Base Budget remaining flat." Walsh said that is correct.

Perkinson said the Council will talk a lot about the ending fund balance, which is a key performance indicator (KPI) for budgeting purposes. At the end of a fiscal year we'll have cash left in the bank, that's the ending fund balance. He said another KPI is 10% of operating revenue. Our operating revenue is around \$70M, so that comes to about \$7M. Last year our ending fund balance was at about 11% of operating revenue, over \$7M. Enrollment was up and degrees completed were up, so we had a good year and ended the year with a healthy fund balance. A healthy fund balance can be a shock absorber. The cash we have in the bank we use for payroll, to pay vendors, etc. What this Base Budget scenario would do is really erode our ending fund balance.

Perkinson said the next 3 categories on the slide (Access and Equity, Success, and New Investments) came from a letter to the university Presidents from the Higher Education Coordinating Commission's (HECC) Executive Director, Ben Cannon.

Eldridge asked if the approximately 12% tuition increase would maintain the fund balance under the Base Budget scenario. Perkinson said yes. Walsh said it is worth being reminded that the three levers available to us include only one that we can really control. Over state funding and enrollment we have little control. Tuition is the one we really can control. She said sometimes she feels that the assumption in Salem is that we can easily control that tuition lever, where other state agencies don't have a similar option. We sometimes find ourselves in conversations where others don't understand how difficult these tuition conversations are for us on campus.

Slattery asked to clarify that the slide includes 12% as a guideline number, not as a suggestion for the consideration of the Council. Perkinson said that is correct. Lovern added that an increase of 12% under the Base Budget scenario doesn't get us to a 10% ending fund balance, but only 8%. Walsh said that with the exception of 1 institution, if you play the Base Budget scenario out, all institutions involved have agreed that double digit percentage tuition raises are unavoidable. Slattery asked if the Governor's office understands that everyone's talking in terms of double digit percentage tuition increases. Walsh said she hopes so, the universities are having this conversation. Perkinson said the Vice Presidents for Finance and Administration met last week and looked at what it would look at each university under several different scenarios, including flat, with an additional \$40M, and with an additional \$120M. They

collected the data and put it in a spreadsheet, which he said he could share. He said the Presidents will meet with the Governor in the next week he thinks it will be a loud and clear message. Walsh added that it's good that we have the University of Oregon in our friendship ring on this. It helps to have a big institution when sometimes smaller institutions don't have as powerful a voice. Lovern said that the University of Oregon's model is predicting something like a \$2.7M deficit in the next two years.

Perkinson said with regard to Access and Equity, we're talking about some current state programs that would be gutted. SOU gets about \$400K through the sports lottery, and through the Engineering Technical Science Fund, we get around \$200K. Looking at the next two rows on the slide, the Base Budget would mean less funding available for SOU Aid and no dedicated funding for new investments. He said there is one new wrinkle worth mentioning. The universities are going to ask for an additional \$66M to support new initiatives.

Moving forward to the next slide to look at the Investment Plan, Perkinson said that just to maintain current service level funding would mean an increase from the Base Budget of \$120M. This would allow us to keep tuition under 5%, would double the Oregon Opportunity Grant, would restore the sports lottery, and would generally put us in a better position. Historically, we take about 10% of our tuition revenue and send it back out as aid, tuition assistance. The Investment Plan scenario would mean more funding available for this. Pardo asked about the youth employment initiative on the bottom row. Perkinson said don't know the details, but \$15M for a proposal supporting youth employment was included Ben Cannon's letter.

Pardo said she is interested in what it would look like if we don't raise tuition at all. She said the Oregon Student Association (OSA) had a board meeting last week and is taking the official stance that tuition should not be raised at all anywhere in the state. Walsh said Council members will be able to model that scenario for themselves when we get to looking at the budget pro forma. This tool will allow people to see how different tuition scenarios affect the ending fund balance. Eldridge asked if the OSA position is basically a stance on principle to back the state into a corner. Pardo said that is essentially the case. Walsh said it is important to send the message to legislators in a way that pinpoints that this all falls on the back of the students. Cabral asked about the lobbying plan, and whether the idea was to go to the Governor. Pardo said the plan is to lobby the legislature on this. Fennell said lobbying will focus on the Ways and Means Committee, which controls spending, and will include some direct lobbying of the Governor and individual legislators who could have some sway on that Committee. Cabral said that focusing the message on student debt can increase the power of the message. Walsh said this is a very good point; even though cost of tuition raises student debt, people don't seem to see that link as clearly unless it's really called out. Eldridge said this student debt focus sounds like something we could include in the Council's recommendation to the President.

Perkinson said that Budget Committee Chair of SOU's Board of Directors just last week asked to have a couple representatives from this Council attend the Board meetings and represent the Council's thinking.

Perkinson turned again to the PowerPoint and looked at SOU's current tuition rates and where they stand in relation to comparator schools. SOU is in a close grouping with Portland State and Western. Eastern is the cheapest, then SOU, Western and PSU are all together. Oregon Tech is a little higher, then University of Oregon and Oregon State are at the top. Perkinson said that PSU has very consciously chosen to drive their rate increase down to get into that comparator group, and they're in the process of significant cost cutting. He said OSU is also trying to make significant cuts to their costs.

Proposed TAC Charter, Website, and Checklist

Walsh discussed a draft TAC Charter [DRAFT TAC Charter Doc 01.28.19.docx]. She said Lovern looked at House Bill 4141 and pulled out things to put together this draft Charter. She said that the Charge of the Council is to advise the President. She noted that the Council membership listed in this draft Charter is different than membership of the Council in the past and the way it currently stands. Currently, Perkinson and Lovern are advisors to the Council, but they would become voting members if we were to adopt the draft Charter. The draft Charter also lists the Vice President for Enrollment Management and Student Affairs, and one of the seven Academic Division Directors as voting members. Walsh said that her concern is that the Council has not had a chance to look at that membership, and it would be more heavily weighted on the administration side if these additional people were to be allowed to vote. She said she very much wants the Council to fulfill a student advisory function. She said Perkinson and Lovern will always be invited to the table to advise the Council, they just haven't previously been voting members. She said she'd like to hear from Council members about this.

Walsh asked Lovern if the membership list in the draft Charter is adapted from the membership of the University of Oregon's version of this Council. Lovern said yes, the list was adapted from the University of Oregon's. Eldridge asked if the composition of the Council is mandated by the law that was passed. Walsh said House Bill 4141 requires 4 students (2 representing student government and 2 representing historically underserved students), two administrators, and two faculty. Perkinson said that the minimum requirements are in House Bill 4141. This Council didn't have a formal Charter before, but HB 4141 requires us to have a Charter. He said for his part he would be happy to continue as an advisor to the Council rather than a voting member. Walsh said that with regard to membership we have the minimum requirements now, but if we pattern ours after the University of Oregon model we'd be adding more voting members. She said she wants to hear everyone's reaction.

Eldridge said she would be hesitant to follow the University of Oregon model and would prefer to keep the Council more balanced. Slattery said that the more straightforward it is, the more effective it will be down the line. Evans said she doesn't see a staff member listed in the HB 4141 requirements. Walsh said it has been our practice to have a member of the classified staff on the Council, but it's not in the bill as a requirement. She said we'll change the draft Charter to reflect the inclusion of a member of classified staff on the Council. Walsh said it sounds like people around the table are in agreement that they would prefer to keep the Council's

membership as it is. Eldridge said the Charter could include the others as ex officio members. Fennell said her question would be what adding those people as voting members would add to the process. Slattery said if he was asked to make a case for adding those members it might be that supposing that the Council were to come to an agreement as a group that might be unanimous or consensus, then the additional membership would mean the agreement carries more weight because more pieces of the university would be represented (Division Directors, the Budget office, etc.). Walsh said she sees Slattery's point and thinks it would be worth doing some more thinking about this question. Lovern noted that the University of Oregon's Council includes a graduate student as a voting member. Walsh said she would want to think about that issue. Graduate studies are not a huge part of what we do, and we're not a Research I institution.

Walsh said the Council will have a website and asked Stubbins for an update. Stubbins said the Council's website will be located on the President's page and will be live soon. He said it will include meeting materials like minutes once they've been accepted and presentations like today's PowerPoint presentation so others can follow the progress of the Council and be informed.

Perkinson discussed the creation of a checklist for the HB 4141 requirements. He said the thinking is that looking at the requirements of HB 4141 through a compliance lens would add value. Eldridge asked whether House Bill 4141 is currently a law or if there are any further steps before it takes effect. Walsh said it is currently a law. Lovern said that there was a Senate Bill years ago that said we must obtain input in the tuition process, now HB 4141 codifies how we are required to do that. Perkinson said that during a Board of Trustees conversation last week, Sabrina Prud'homme, the Board Secretary, mentioned the idea of "agendize-ing" the checklist. Basically, the idea is that as the Council goes through its process, as things relate to the checklist we'll "check off" having done those things. Perkinson said he wanted to offer that suggestion for the Council's consideration. Walsh added that the Council would have to agree that we're checking something off on the checklist, not just one of us. Eldridge asked if these requirements have a timeline or specific date we need to do things. Perkinson said there are no specific dates listed, it's that we have to go through a certain process.

Campus Presentations

Walsh asked for input and ideas about how best to share the Council's work and recommendation across campus. She said we need to be out on campus talking about our work and at the same time we'll be having conversations and forums about the budget. These conversations are not mutually exclusive. She said that in previous years we've done forums where we invite all campus and then send video links for those forums in case people couldn't attend. However, those videos do not seem to have been viewed by many people. Walsh said we've also had a series of public conversations where the ASSOU President and someone from the budget office discuss these issues, but those don't seem to have gotten a lot of traction either. She said we could use social media for this, but we would need to think about how that should look. She said she doesn't think it necessarily helps to just get up in front of a bunch of

people and talk about spreadsheets. She asked for help figuring out who we should talk to, where, and how.

Cabral said she agreed that videotaping a forum or panel isn't likely to be very successful. She said she does think a quicker video package might help. She said she also thinks a weekly or bi-weekly written update somewhere like the Siskiyou might be useful, and we could switch off who writes those. She noted that SOU is a commuter campus, so we're less likely to get students to come back to campus or stay on campus for something like a forum, so it would be good to do something easily digestible to engage those students. Dakota said that it could look like an instagram highlight video or something else that doesn't require people to read a whole lot. Lovern asked if she meant something like a 30 second spot. Dakota said maybe 30 seconds or as long as 5 minutes. Cabral said instagram only allows for a maximum of 60 seconds, but that might be more engaging. Pardo said there are news outlets like Now This and others who make 15-20 second clips. Students could get something brief like that and then they can opt to dig deeper if they're interested. She said 15 seconds seems to be the optimum amount of time for something like this. Cabral said she still thinks a short--300 words or so--weekly update in the Siskiyou would be good. She said Zucker even had an idea for a name, suggesting it could be called "Plan of a TAC." Fennell said she would be leery about not having a public forum. Walsh said we'll definitely have a public forum, that's a given and these other ideas won't replace it. Pardo said it's likely that the more people see these clips, more students will see what's at stake and feel engaged, which may drive more people to attend a forum. Walsh said we'll also post these on the TAC website so people can access them that way.

Eldridge said she would urge the university to think about messaging--what we're saying and why. She said she doesn't know if there's a strategy or if we're spreading information. Walsh said the strategy is transparency and informing people who will be impacted by the decision. Not everyone will come to a forum or read the Siskiyou, so we need to think about how many things can we do. We'll also use the conventional ways to spread the information, like getting in front of the Faculty and Student Senates, and other campus groups. Eldridge said one goal might be for students to understand that the Council and the university are between a rock and a hard place and help them see that we're doing our best. Pardo said this could help to redirect potential negativity, so people have a better idea of how the tuition decision is being made and what issues we're facing rather than just blaming us for raising tuition.

Slattery said that it's important when we're talking to people to make sure we're encouraging a dialog, not just making a presentation. He also recommended looking at doing things during the lunch period, which might serve well for getting people together. Pardo agreed that lunch hour would be good, and said it would be even better if we could get something catered.

Eldridge asked if there's any way we could get the Governor to come to a public forum. Walsh said we could certainly try, and we could work to get Lindsey Capps, Governor Brown's Chief Education Officer and Education Policy Advisor, to come. She said we could also invite the HECC down. She said unfortunately we often find ourselves being pitted against K-12 in these conversations.

Timing of Tuition Recommendation

Perkinson said that the administration is actively discussing the possibility of delaying tuition setting from March until May, when we should have a better idea what the legislature is doing. He said this will likely allow more time for the Council's process. He added that because the budget is normally set by the Board in June and approved by legislature in July, the Council may be asked for help with the strategy of the recommendation. For example, there could be one rate recommendation under scenario A and a different rate recommendation under scenario B.

The meeting ended at 2:39 pm.