

Tuition Advisory Council
Monday, February 11th, 2019

Present: Deborah Jones, Leslie Eldridge, Dennis Slattery, Sue Walsh, Johanna Pardo, Betsy LeClair, Matt Stillman; Josh Lovern, Greg Perkinson, Kayla Fennell, Andrew Zucker, Neil Woolf, Jean Stallman (over the phone).

The meeting started at 1:33pm.

Slattery/Pardo moved to accept the minutes from the February 4th meeting; the motion passed by voice vote, 6Y/0N/1A (Stillman abstained).

Walsh announced that the Tuition Advisory website will be live today and will be findable as a link on the President's website.

GOVERNOR BROWN AND THE FEBRUARY 7th HECC MEETING

Walsh said she had a statement from Jeanne Stallman to clarify Governor Brown's feelings about the idea of a 0% tuition increase. To preface Stallman's statement, Walsh said that Governor Brown spoke during the February 7th Higher Education Coordinating Commission (HECC) meeting. Walsh explained that the HECC meetings are publicly available for anyone interested to call in and listen, and said in the future she might email the Council if the HECC agenda includes anything Council members may want to listen to. She said Governor Brown reported to the HECC Commissioners that she's not getting traction on the legislative front for her budget proposal. Walsh said the Governor called in to encourage the HECC to be an advocate for the universities. Walsh said she thinks this is a good thing to encourage and it's within the purview of the HECC to prioritize things that can help the universities.

Walsh read the following statement from Stallman: "At the HECC meeting on Thursday, the Governor briefly touched on the fact that she has heard some students suggest there should be zero percent tuition increases. Here's my attempt to capture her comments on this: 'To the young people in the room, I'd to say that we need to work together to get more funding. A Zero percent increase in tuition? In an ideal world, I would love that! But I am challenged to see the practical reality of making that happen. So, my focus is on supporting access for underserved families.'"

Walsh said Governor Brown was in Medford at a Rotary meeting at the end of January and also met with the Presidents. Walsh said Governor Brown reportedly had a good conversation about the recommended budget, and she was very impressed with the work we're doing with the Southern Oregon Higher Education Consortium. The Governor singled out this Consortium as a good example of collaboration and said she would encourage other community colleges and universities to do find similar ways to work together.

Slattery asked for clarification about the Governor's remarks to the HECC. He said as he understands it, the Governor has put forward a no-growth budget, and that hasn't changed, so he wondered on what aspect of her proposal she's not getting traction with the legislature. Walsh said she understood the Governor to be saying that she hasn't gotten much legislative support for her investment budget. Perkinson agreed and said the Governor's recommended budget is no-growth, it's the additional \$120M for her investment budget that doesn't seem to be getting traction. He said after the Governor's remarks she took some questions. In response to one of the questions, she talked about need for the HECC and the universities to cooperate.

Slattery asked about the \$120M investment budget and whether this is for things like buildings. Perkinson said the investment budget is separate from funding for capital improvements. Eldridge asked if Governor Brown is hoping for support for an alternate funding stream from the legislature for that \$120M rather than a tax increase or referendum. Perkinson referred to the presentation discussed during the January 28th meeting and said there was a slide with an arrow and a set of milestones. This slide discussed the risk inherent in the timing of the budget process. He said normally we would be working with a March target for making the Council's recommendation to the President, then the final budget would be approved by the Board of Trustees in June. Now it looks like we may not get the additional \$120M in the regular budgeting process, so we would hope to pick up that revenue after a ballot referendum in January of 2020. He said the Governor recommends a budget, then the legislature vets it and approves a budget. Walsh added that the Co-Chairs of Ways and Means come out with their budget at the end of February or in early March. The HECC also has a budget. Perkinson said the HECC budget actually comes first, before Governor makes her recommended budget.

Pardo asked if we know what opposition Governor Brown faced with her budget proposal. Perkinson said the Republican side of the legislature is very concerned about cost cutting, but she has a supermajority on the Democrat side, and that side is looking at growth through some kind of increase. Slattery asked why budget clarity wouldn't be achieved by the legislature during the session, requiring us to set Fall 2019 tuition rates with the possibility of a referendum in January of 2020. [Stallman called in.] Perkinson said political support may not be unified. Slattery restated his question and asked why we have to look as far out as January 2020, why can't this be resolved within the context of this budget cycle. Stallman said she recently met with Amanda Beitel in the Legislative Fiscal Office, the contact between the universities and the fiscal staff of the state government. Beitel said her office legally cannot address revenue that does not yet exist, so there are two parts to the process: there's planning for revenue we can reasonably expect to have, and then there's money that may come through a revenue package. The measure approving a revenue package should come to a vote in January of 2020. This suggests a two-pronged approach—plan for the revenue we do know of and also hope that a revenue package will pass the legislature and have the vote of the people.

TUITION ADVISORY COUNCIL CHARTER

Walsh brought up the revised draft of the Tuition Advisory Council Charter [DRAFT TAC Charter Doc 02.11.19] and asked if the Council felt ready to vote on it. Pardo said she would prefer to

have a more balanced membership than listed in the revised Charter. The Council discussed the proposed membership and the minimum requirements listed in House Bill 4141. Perkinson said the bottom three bullets on the draft Charter are unique to SOU and they reflect the legacy of SOU's Tuition Advisory Council makeup in prior years. Walsh said that is correct with the exception of including a Division Director. She said our membership proposal was influenced by the membership of the University of Oregon's Council, which includes one of their deans. Walsh said we thought it might be good to have a Division Director on the Council as they oversee faculty and students in their area. She said the participation of a classified staff representative is historical. Pardo asked if the classified staff member should that be a voting member or if that position should serve in a more advisory capacity. Walsh said having this person be a voting member is just the way it has been historically, but she doesn't have a strong feeling about it. She asked for the Council's thoughts. Stillman said a similar question could be asked about the Registrar's role on the Council. He also pointed out that the language of HB 4141 says a minimum of four students, but does not say more couldn't participate. Eldridge said it has it been difficult to find students able to fit the Council into their schedule and attend these meetings. Walsh agreed that the challenge for adding an additional student or students would likely be scheduling. She said faculty tend to have a little more flexibility in their schedules. Eldridge said for that reason she would lean toward moving one of the other members to an advisory role rather than adding a student.

Lovern read the membership requirements listed in HB 4141, which requires four students (two representing the recognized student government and two from historically underserved student populations), two administrators, and two faculty members. Walsh said the two administrators would be a Division Director and the Provost. We could move the Registrar to an advisory capacity, leaving the Council with four students, two faculty, and two administrators. Stillman said he generally recommends that any voting body should have an odd number of voting members. Pardo said someone could serve as a tie-breaker. Slattery said there is some wisdom to not providing a tie-breaker. Then, in the event of a tie, the Council would have to continue deliberating until a majority agrees. Eldridge said the Council could tell the President that it's deadlocked. Walsh said it sounds like the Council would like to move the Registrar and the classified staff representative to an advisory role on the Council rather than voting membership. She asked if the Council wanted to discuss any issues with the other parts of the draft Charter.

Eldridge said she feels ambivalent about removing the classified staff representative from voting membership. She said the person in that role provides a unique perspective. Fennell asked if the classified staff representative could also be a faculty member. Walsh said no, classified staff and faculty are in different unions. Jones said she thinks the historical membership of the Council is a good balance. She said she doesn't think it would hurt if the classified staff representative were no longer a voting member, but classified staff have a unique perspective and are definitely a stakeholder in the tuition setting process. When tuition goes up or cost-cutting measures are required, these have a real effect on staff. Walsh said it sounds like Jones is saying that there are ramifications on the staff that the Provost or other administrators may not see and that faculty may not see. Jones added that tuition falls on

students, but also on their parents, and a lot of classified staff members are working people who are trying to put their children through school. Eldridge proposed adding a student so there are five student voting members and keeping the classified staff person as a voting member. Walsh said it would then fall on ASSOU or Student Life to identify another student, which can be a real challenge. Slattery said having more students would ensure at least a little bit more participation. Walsh said that student could come from either subgroup, recognized student government or traditionally underrepresented students. She said she actually understands the requirements only to require those first four students to fit into one of those two groups, so the additional student could be any student. Perkinson said if the fifth student were participating consistently that would be great. Walsh said she would look to the students on the Council to see if they might know anyone who could fill this role, and she might also ask faculty. Pardo said she wants to make sure the Charter will have wording that will include the fifth student as a voting member. Walsh suggested adding wording along the lines of “whenever possible, we’ll make every effort to include more than 4 students.” Pardo said that feels ambiguous. Woolf said one possible risk is that if the Charter says five students are required and we can only get four, then any vote might be considered invalid.

Fennell said she would be hesitant to change the balance because the burden of tuition falls on students. She said she believes the balance is important and thinks if the Council still has difficulty finding an additional student, even though they may not need to be a representative of ASSOU or an underrepresented group, maybe offering some kind of credit or internship might help.

Walsh said she will talk to President Schott about this. She said she thinks it’s something President Schott would want to weigh in on. Walsh said she doesn’t think the Council wants to make it so difficult that it can’t get its work done. Eldridge said Fennell’s idea of possibly offering credit might be interesting and asked if that would be possible. Walsh said she wasn’t sure if it would be possible to offer credit. Perkinson said he was reminded of a comment made by Slattery during a previous meeting about just listing the voting membership as what is required by HB 4141. The minimum in HB 4141 is eight voting members—four students, two faculty members, and two administrators. That would mean moving the representative of classified staff to an advisory role and only having two administrators as voting members. He recommended that the Council establish membership as required by HB 4141 with no additional people. Walsh said an updated version of the draft Charter will be distributed. Perkinson recommended having the second administrator on the Council as a voting member (in addition to the Provost) be the Registrar because the Registrar or his representative has been present for all the Council meetings so far.

[Pardo left]

TUITION AND FEE TRAINING

Perkinson continued the Tuition and Fee Training conversation begun during last week’s meeting, starting with slide 10 of the presentation shared for that meeting [Updated TAC

Tuition & Fee Training.pptx], Losing Funding: Allocations vs. Tuition. Perkinson said this slide establishes that we're losing funding and declines in state aid correspond with increases in tuition. He said the next slide is a different way to look at labor expenses. The moving average ebbs and flows a little, but labor expenses go up just a bit more than inflation. The next slide looks at the balance of salary and Other Payroll Expenses (OPE) over time. Perkinson said OPE includes things like retirement, medical benefits, and workers compensation. Salary costs rise at about 103% of the historical inflation trend, while OPE costs rise at 122% of the historical inflation trend.

Slattery asked if this slide is looking at the net present value of what it costs us today versus 2004-5, or if this is just looking at historical inflation. Perkinson said this is doing the latter. Slattery said it would be interesting to see what we're spending now versus 14 years ago. He said it may not be very relevant, but it would be interesting to see. Perkinson asked if Slattery would you like the Budget office to do that calculation. Slattery said he understand what's being shown here, OPE is going up much more quickly. Perkinson said that's the takeaway, and what's behind this is the escalating statewide cost.

Perkinson moved on to slides 14 – 16, which discuss Cost Drivers. Walsh asked for clarification on what "E & G" means. Perkinson said that refers to education and general fund. Lovern said slide 15 and 16 look at known cost drivers, which are going to be additional costs not covered by the Governors recommended budget. Looking at faculty, staff, and administrator salaries and wages, medical costs, retirement costs, institutional expenses, and minimum wage increases, the total cost increase is approximately \$2.35M, which represents an overall cost increase of around 3.87%. Walsh asked about the cost increases and if we are able to budget for them with some sense of accuracy. Lovern said yes, as well as we can build the crystal ball. Perkinson said the pro forma, which we'll be looking at in future meetings, incorporates the assumptions that are manifested on this slide. Slattery discussed the 8.3% listed in PERS cost increases, asking if that's basically it, or if there would be more to come. Lovern said that's our mix of PERS retirement costs, which includes some Tier One PERS retirees, some Tier Two, and so on. These projections take into consideration a weighted average of all of them. Perkinson clarified that there are 2 retirement programs. He said PERS is a legacy program with different Tiers of members who receive different rates of retirement benefits. Eldridge asked why, if we're coming up with a 3.87% increase from FY 19 to FY 20, we can't just increase tuition by that 3.87%. Lovern said it would help to looking at slide 8 in the presentation. [Perkinson updated the number in slide 8 next to cost drivers to increase from \$2.0M to \$2.35M, which increased the total budget hole to fill from \$5.5M to \$5.885M]. Perkinson said our enrollment was down this year, so there is a projected deficit of \$2.7M, and there is also an \$835K reduction in what we will receive from the state because of the way the Student Success and Completion Funding Model distributes our funds. In a biennium the model gives 49% one year and 51% the next, or vice versa. This year we get the 49%, so that's effectively a budget cut of \$835K. Eldridge said it looks like we didn't balance our budget and enrollment is down, so that's why a tuition increase of 3.87% wouldn't solve the problem. Stillman said another thing to keep in mind is that raising tuition 1% wouldn't necessarily raise revenue 1%. There are different categories of tuition for different students, including in-state, WUE, and graduate

students. Eldridge said where our students come from is a big part of the mix. Walsh noted that there was an uptick in our degree completions.

Walsh said the meeting has run out of time, but we'll clarify the membership of the Council, and when we get here next Monday we'll jump right in.

Woolf officially introducing himself to the group.

The meeting ended at 2:31pm.