

Tuition Advisory Council
Monday, March 4th, 2019

Council Members (✓ indicates the member was present)

- ✓ Lee Ayers – Administrator
 - ✓ Caroline Cabral – Student
 - ✓ Leslie Eldridge – Faculty Member
 - ✓ Dakota Gonzales – Student
 - ✓ Betsy Leclair – Student
 - ✓ Johanna Pardo – Student
 - ✓ Dennis Slattery – Faculty Member
- Susan Walsh – (Chair) Provost and Vice President for Academic Affairs

Guests Present

Josh Lovern, Deborah Jones, Becca Evans, Greg Perkinson, Kayla Fennell, Andrew Zucker, Matt Stillman.

The meeting started at 1:33pm.

Slattery explained that Walsh is off campus at a meeting upstate so she asked him to Chair today's meeting. He said he, Walsh, and Perkinson thought it would be best to start by touching base with the students on the Council.

Student Perspectives

Pardo said that at the last meeting the Council discussed a "worst case scenario" of a 23% tuition increase. She said she recently attended an event at which State Senator Jeff Golden was present and she brought up this worst case scenario. She said it received a very negative reaction from those present, including a number of students who said they wouldn't be able to continue attending SOU with that kind of additional financial burden. She said some parents also attended the event and were also disturbed by this. Cabral said she has also heard from students that they are nervous about being in debt and being able to stay in school. She said because of student loans the financial impact is not always immediate, but there are major effects down the road. She said the discussion of a possible double-digit increase is very daunting. She added that she believes the students on the Council feel heard and feel like they can talk. She said nobody wants to increase tuition, but for the good of the university it might be necessary. Slattery said that's a good approach, to emphasize student debt, not just tuition. Leclair said a lot of the Council's discussions have been theoretical so far, so there's not a lot to dig into to help answer the questions she's been getting. She said in speaking with other students whenever tuition is brought up outside of these meetings they say don't you dare raise tuition. She said reconciling that with the actual pieces that need to work together to

keep SOU functioning will be a challenge. Gonzales agreed with Cabral that the discussions the Council has had have been productive and the students are encouraged to speak.

Meeting Minutes

Cabral/Pardo moved to approve the minutes from the February 25th meeting; the motion passed by voice vote, 7Y/0N/0A.

Pro Forma and Levers

Pardo asked about the status of a version of the pro forma Council members could use to model scenarios on their own. Lovern said he is working on a version of the pro forma that will have sliders so people can easily make adjustments. He said he's in the process of working on it but it may be a couple weeks before it's ready to share. He said he recently spoke with Trustee Steve Vincent about the pro forma and Trustee Vincent offered a resource that could help in building this tool. He said he has plans to meet with Trustee Vincent next week to discuss this resource and hopes to have a shareable version the following week.

Lovern said at the last meeting the Council looked at different levers for state funding and tuition rates and the effects of changes to the budget like Cost of Living Adjustments (COLAs) and other things. He showed where columns have been added to the pro forma which show the difference in dollars per credit hour, per term, and per full academic year. For example, with a 23% tuition increase this shows that a WUE student would be looking at an increase in tuition around \$2,700 for one year. He said that lately he's heard that the state may be considering an increase in funding to the PUSF around \$30M. Slattery asked for more detail about where this number came from. Perkinson said Stallman recently reported that she had heard that number. He said he has also heard a \$30M - \$60M range. Lovern said for simplicity it may be best to stick with \$40.5M in our modeling.

Ayers asked Stillman about the "placeholder" tuition increase used by Enrollment Services. Stillman said it's rough at the moment but Enrollment Services has been talking about 7% – 8% for that placeholder. He said the sooner we get a clearer picture, the better. Ayers said she was recently asked what this process feels like and she thinks it sort of feels like the situation this past summer with all the fires, when you couldn't see anything.

Cabral said it sounds to her like funding is going to have to increase to maintain the current level of operations, and the only way it increases is either additional state money or raising tuition. Lovern said that's basically right on. Perkinson said interest can also account for some additional revenue. Cabral said that when we communicate this to students it will be important to show that it isn't a case of the administration versus the students, but the state not providing funding. Slattery agreed and said that it is not the universities' desire at all to increase tuition, it's subject to what the state does not do.

Lovern showed that the pro forma calculates that with state funding at \$40.5M and a 9% tuition increase, that would put our fund balance at 3.2% of operating revenue next year. Jones asked if it would be worthwhile to split the tuition raise over two years. Lovern asked if one strategy might be to front load tuition and then lock the next year in place. Perkinson said yes, that would be one option. Slattery said he believes PSU is talking about something along those lines. Ayers said that when a tuition proposal like that came to the HECC a couple years ago, the HECC basically told the institution in question that they wouldn't want to see that institution come back and ask for more in the second year.

Perkinson said the Council was talking about the message to students a moment ago, and the message we want to send to students and others is "stop the shift." The burden used to be on the state, but now it has been increasingly shifted onto the students.

Eldridge asked about the strategy behind Governor Brown's approach with her recommended budget being flat and a request for universities not to raise their tuition by more than 5%.

Perkinson recommended trying to build some parameters that will show the effect of different funding levels in different tuition scenarios. Ayers said from the HECC perspective, it might be good to show, if the state decides to "buy back" tuition, how much difference the different funding scenarios make to the tuition rate.

Slattery asked about the degree of comfort with the enrollment projections we're using. Lovern said one of the first things he did when he inherited the pro forma was to look at the math behind the enrollment projections. He said after taking a good look and spending some time thinking about it he decided to do a linear regression and include the attrition rate on a term by term basis. He said he's spoken with Stanek and Stillman to ask if the model is good and so far nobody has said that it's way off base. He said he still plans to meet with a professor teaching statistics for another opinion. Slattery said it's important to have some number we can work with, with some level of comfort. He noted that the projection suggests there will be a slight enrollment downtick in the second year of the biennium, about 1.2%. Lovern said yes. Stillman said he believes the math behind the projection is solid, and the logic is solid. He said his gut check right now is that it still might be a little bit aggressive. He said he feels enrollment could be pretty close to flat. Ayers noted that California and Washington are decreasing tuition and in some cases offering free tuition.

Cabral said it looks like we're down in enrollment this year, and in future years if we're down in enrollment we'll need to raise tuition even more to make up the difference. Lovern said yes. Cabral asked whether, if we were to see an enrollment increase, tuition would then decrease. Perkinson said Woolf made a comment to the Finance and Administration Committee of the Board a few weeks ago that related to this. Looking at enrollment, we think about new students, retaining students, and the mix of what we have (in-state, out-of-state, graduate, undergraduate, etc.). It's a longer cycle to influence the mix but we can do it purposefully by how we operate.

Slattery raised the question of unused capacity. He wondered what would happen if we were to decrease our costs to fill more seats. He asked if that has been explored. He said it looks like we're facing a downward spiral: raise costs, less people enroll, raise costs to make up the difference, lose more, and so on. He asked if we have any way of ever reversing that trend. Perkinson said that may be a false premise because when we got permission to raise tuition 12% a couple years ago, ultimately backing it down to 9%, we actually saw an increase in enrollment. Slattery said that was only one time, and in the next year we saw a decrease, so it might just be a lag. Perkinson said we might want to set aside time to really dive into enrollment in detail with Woolf. He said he learned in a separate meeting with Woolf that the demographic trend is one of the strongest indicators of future enrollment. What Lovern has done with his linear regression is a lagging indicator. One leading indicator would be high school demographics. Lovern said the levers on the pro forma allow for modifying leading indicators. Slattery said this folds into the question of how price-resistant our markets are. He said we have competitors on either side going lower cost, so it raises the issue of how we're going to be able to be competitive in that environment.

Lovern said it might be interesting to hear from the students in the room why they came to SOU, if they're willing to share. Pardo said it was affordable. Cabral agreed. Pardo said other factors included the community, the area, the LGBT community on campus, etc. Cabral said she was drawn by programs at SOU after coming to a preview day and getting to interact with some faculty, but the dollar amount was definitely a big factor. Gonzales said she chose SOU because she liked the small town feel and the setting. She said she originally came here for a specific program, the Music Business major, which was discontinued right after she arrived, but she moved into the Communication program and she's happy with it. She said the cost would have been the same if she had stayed home, she came to SOU for a new experience.

“Small, Medium, and Large” Scenarios

Perkinson suggested looking at some scenarios with the pro forma. Slattery proposed creating small, medium, and large scenarios with different tuition rates depending on state funding. Eldridge asked where we would draw the line for the ending fund balance we don't want to go below. She asked 5% of operating revenue sounded right. Slattery said that's the number he would avoid going below.

Perkinson encouraged the Council to build the “small” scenario. Lovern looked at the effects of keeping the current 0.4% projected enrollment increase, along with a guess of \$40.5M in additional state funding. It would take a tuition increase of 13% to get the ending fund balance to 5.2% of operating revenue. In the second year of the biennium, if the tuition were to be raised 5%, the ending fund balance would go to 4.2% that year.

Cabral asked what students can do. Slattery said one thing would be to talk to legislators. He praised Pardo for taking the opportunity to raise the issue at the event with Senator Golden. Pardo said there will be more outreach to legislators coming. Fennell said the Ways and Means Committee road show is coming up, and that will be an opportunity for students to be heard.

She said she will share further information about that soon. Slattery said every person you can talk to about it helps, and he encouraged people to focus their message around the student debt implications. Ayers said student voices are the ones that are heard more than any others. Slattery agreed and said there's a whole different vibe when the students come before the legislators. He said last year there was a student day, and even just the number of people who turn out makes a difference. The student government did a really great job in the last biennium, and he's sure they're preparing to do a great job this year.

Perkinson asked what the "medium" looks like. He suggested for that scenario looking at additional state funding of \$80M and proposed that if the state provides an additional \$80M to the PUSF we keep tuition under 10%. Eldridge said it's difficult because we're making our recommendation long before the state funding is determined.

Perkinson said the Council could look at an "extra small" scenario if no additional funding were to come from the state. Slattery recommended that the Council could continue to develop the three scenarios in further meetings. He said it might also be worthwhile to do as Ayers has suggested and lay out how much we could take off of our tuition increase at different funding levels. Pardo said she would like to see 5 scenarios; best, worst, and 3 in the middle. She said she would like something that can be shown to other students. Cabral agreed and said this would help to keep them involved. Perkinson said that for another meeting he put together a chart showing how much different scenarios of state funding would require in cost-cutting to make up the difference.

The meeting ended at 2:35pm.