

**Tuition Advisory Council**  
Wednesday, April 17th, 2019

**Council Members (✓ indicates the member was present)**

- ✓ Lee Ayers – Administrator
- ✓ Stephen Battaglia – Student
- ✓ Caroline Cabral – Student
- ✓ Leslie Eldridge – Faculty Member
- ✓ Johanna Pardo – Student

Dennis Slattery – Faculty Member

- ✓ Susan Walsh – (Chair) Provost and Vice President for Academic Affairs

[Additional student to be identified]

**Guests Present**

Josh Lovern, Deborah Jones, Greg Perkinson, Neil Woolf, Matt Stillman, Becca Evans.

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The meeting started at 2:31pm.

**INTRODUCTIONS**

All present introduced themselves. Two students who participated on the Council during Winter term have conflicts that will prevent them from attending meetings during Spring term. Stephen Battaglia will serve as an at large representative of ASSO and another student will be found to complete the Council's membership.

Walsh mentioned that the Council currently has meetings scheduled through June 5<sup>th</sup>. She said that date will continue to be held with the June 13<sup>th</sup> meeting of the Board of Trustees as a target date for having the Tuition and Fee recommendations approved. Pardo mentioned that there has been talk about the possibility of a student walkout on June 5<sup>th</sup>, though it is still tentative. She also said that Jeff Golden and Pam March will be coming to campus for a town hall on the Saturday of that week, June 8<sup>th</sup>.

**MINUTES**

The minutes from the March 4<sup>th</sup> meeting were approved by voice vote; 6Y/0N/0A.

**UPDATE ON LEGISLATIVE NEWS REGARDING STATE FUNDING**

Walsh said that as of now it still appears that state funding for the Public University Support Fund will be \$40.5M more than what is included in the Governor's Recommended Budget. She said there have been unconfirmed rumors that more money might be allocated, but we have

no way of knowing what the amount would be if it's over \$40.5M, and also no way of knowing when we'll know. She said we may have a better idea in mid-May.

Perkinson said he and the other Vice Presidents for Finance and Administration have stayed connected on tuition increases and cost cutting. He said a couple schools have already gone on record to say they will not raise their tuition by more than 5%. He also said that last week the President of the University of Oregon announced that they will be making \$11M in cost cuts. Ayers said she has heard even more recently that the number might be closer to \$13M. Perkinson said that Portland State may be looking at a tuition increase in the double digits and Oregon Tech has not given any indication at this point. Walsh said we are mindful of the changes made by others because there can be a negative perception if our rates are too far from those of others. Eldridge said it sounds like there's a divergence with some schools pledging to keep the tuition increase low and others looking at more significant tuition increases. Walsh said that is correct. Ayers noted that the ones that are keeping their tuition increases below 5% are making significant cost cuts.

Ayers said that there is a piece of legislation, HB 3280, that would make all members of the HECC voting members, including students, and would also add a graduate student member. She added that some had thought that HECC members who are students and employees of a university coming before the HECC would have to recuse themselves, but this is not the case. She said HB 3280 has not passed yet, but if passed she believed it would be effective immediately.

Walsh said there was an open forum about the Budget and Tuition last week, which was attended by students mostly. She said the turnout was good and thanked the students and others on the Council for their help in spreading the word. She said the students asked some very good questions. She also thanked Pardo and Jeanne Stallman for working on some communications to students on these issues. She said it can be hard to get students to travel to Salem, so, as Stallman has said, it's good to be able to bring them there on a thumb drive. Pardo said students were very receptive and there have been a good number of volunteers, including some who have volunteered to participate in the HECC lobby day.

Cabral asked if any of the discussion at this meeting today would be reported at the Finance and Administration Committee meeting tomorrow. Perkinson said yes, the agenda for that meeting includes an item to update the Committee on the status of the TAC. He said he and Walsh will provide a summary of how the discussion goes today. Walsh said the Board is very much interested in what this group and others on campus are doing.

## **TIMELINE**

Perkinson referred to slide 4 in the PowerPoint presentation for this meeting [TAC Presentation - 04.17.19.pptx] showing the normal timeline of the tuition and budget process. He then showed slide 5 with this year's timeline, which is different because we don't yet have details on the revenue package, and may not have more solid information until mid-May or later. He

mentioned that this group has talked about why it might need to make more than one recommendation based on different scenarios.

## **STUDENT FEE UPDATE**

Perkinson noted that some in the room have been involved in the student fee setting work. He referred to slide 7 in the PowerPoint, which shows what things go into the total cost of attendance. He pointed out several highlighted cells, which list the student fee rate recommendations for the next academic year. The student incidental fee would go up, the recreation center fee would stay flat, there is a \$3 proposed increase on the student health fee, and the building fee would increase from \$45 to \$60. Referring to the building fee, he said that SOU has IT network switch gear that is well past its end of life and we don't want to have our IT system at risk of going down. There was an outage a couple months ago, and we had a spare switch to get us back up and running, but it will cost hundreds of thousands of dollars to get where we need to be. He said the housing room rate would be going up 2.99%, and the meal rate would actually be decreasing 2.71%. This is the result of some reorganizing and other changes that will allow us to lower the rate. He said this is an example of Housing being creative and taking affordability seriously.

Perkinson discussed slide 9 of the presentation, which shows the ASSOU Incidental and Recreation Center Fee Joint Recommendation, signed by ASSOU President Alexis Phillips and SOU President Linda Schott. He said he was showing this form so the Council could see the level of detail that President Schott submits to the Board of Trustees for their situational awareness. He said the Board actually provides the ability to collect the fees.

Perkinson showed slide 10, a similar form with mandatory fee recommendations, sent by President Schott to the Board. This form shows the recommended Building Fees and Student Health Services Fees. He then showed slide 11, the Housing Rate and Meal Plan Change Notice. This form indicates the Housing and Meal Plan rates that will be in effect July 1, 2019, and was sent by President Schott to the Board of Trustees. Perkinson said the presentation from this meeting will be added to the TAC website so people can look more closely for themselves.

Eldridge asked about the total average rate increase. Perkinson said the overall rate change is 4.25%. Stillman asked about what the rate changes look like if you combine room and board. Perkinson said he plans to provide additional information on the Total Cost of Attendance Chart (slide 7 of the presentation) which would add the percent change and dollar change so they can be easily seen, and also add a subtotal of tuition and fees that can be seen separately from housing and meals costs.

Walsh said the Council will continue to have conversations around these rates and the total cost of attendance.

## STRAW POLL

Walsh said she thought it might be helpful to take a straw poll of voting members to see how people are feeling currently. She said people would not be expected to commit to anything, but it would help to just check in. She encouraged Council members to feel free to say so if they're not comfortable weighing in or if they feel like they don't have enough info at this point.

Walsh suggested going around the room to hear the thoughts of the Council members. She said it would be helpful to understand if people are leaning toward an increase between 0% and 5%, which wouldn't need HECC approval, between 5% and 7%, or something above 7%. Stillman asked what assumptions are underpinning those percentages, what pro forma and state allocation assumptions should the Council use as a base. Walsh suggested assuming \$40.5M in state appropriations because that number is the best guess at this point. Stillman asked what assumption should be made about enrollment for these purposes. Perkinson said we have been modeling with an enrollment increase of 0.4%. Stillman said as of now enrollment feels flat to him, or maybe even below flat, so the Council could be missing a piece of the puzzle if it's using that as a base. Walsh said for the sake of this conversation it would be fine to assume flat enrollment. Perkinson agreed.

Eldridge asked if the Council is also operating under the assumption that the vast majority of cost cutting measures have been taken and any additional measures to be taken would be minimal. Walsh said she doesn't think it can be assumed that cost cutting measures are over. She said we don't know exactly what that means at this point, but we only have so many places to cut because we cut fairly significantly in 2014. She said some possible cuts could be opportunistic, so we don't know what they are today. Perkinson said he thinks there's a high likelihood that we'll have to come up with some dollar figure to be cut to offset a tuition increase, and other changes. He referred to slide 13 of the presentation, which shows a Budget Reduction Matrix. This matrix helps visualize what level of cost cutting measures would be needed to maintain an ending fund balance of 10% of operating revenue given different funding and tuition scenarios. He pointed out as an example that if there were no tuition rate increase and the Public University Support Fund does indeed receive only an additional \$40.5M from the state over the base budget, the amount of costs needing to be cut to get to a 10% ending fund balance would be \$6.9M.

Ayers said that when SOU brings its tuition rate recommendation forward to the HECC, if the first year is over 5%, she believes the second year will need to be below 5% to get approved. She said we have to get it right with the first year because the HECC will disapprove if we end up having to come back the second year and ask for more. Walsh said that's why it will be important to give President Schott some options.

Walsh said that there are some things in the pipeline we are confident will help us in enrollment and recruitment going forward, but their effects may take some time to be seen.

Walsh said that her current thinking, with lots of caveats, is that she has no desire to go above 7%, but she doesn't know if it will be possible to avoid that. She said she would like for the Council to be able to present President Schott with recommendations for different scenarios from the very worst case to more optimistic scenarios. She said she doesn't think a tuition change of 0% will be possible. Given the ambiguity around the investment fund, she said she just doesn't see how that can work. Ayers said if the HECC recommendation of \$180M above the base budget would have been honored, she thinks 0% across the state could have been possible. Walsh said right now she would vote for an increase between 5% and 7% for the purpose of this exercise, but, realistically, it will likely need to be higher once we look at where that leaves the ending fund balance.

Pardo said she also doesn't think 0% is realistic, it's more of a principled stance. She said it looks like there will have to be cuts, but she doesn't want to see faculty, staff, or program cuts. She said it would be good if the recommendation could be around 5%, and she doesn't want to have to go to the HECC. She said she could live with something under 5%; she doesn't want to affect students too broadly, and she believes nobody wants to see a huge increase, but everyone understands that there has to be some increase. She added that she would like to know at the same time exactly what cost cuts would be made.

Eldridge said her feelings were pretty well in line with Walsh's, something in the 5% - 7% range.

Cabral agreed with others that 0% is not realistic. She said she would like something below 7% and echoed Pardo's desire to know where cost cuts will come from. She said she believes students do feel like they know more about this process than they have in years past and she wants to make sure we keep that up.

Battaglia said he feels that getting past 5% seems to make a big difference. He said he believes that 5% is in the goldilocks zone, and he doesn't think people would balk too much at that, but he thinks that at 7% people might be more upset.

Ayers said she too would prefer not to go before the HECC. She said that part of the problem when we had to go before the HECC the last time was that the process was not clear until very close to the date. She said blowing up our enrollment numbers would be preferable to high tuition increases. She said she supported anything that can be done to save the institution and keep it whole, but going above 5% will risk losing students. She said she would like the tuition increase to be below 5%. Walsh said Ayers is certainly right that we risk losing students if we increase tuition too much, and especially if neighboring states like California and Washington lower costs for their students. She said she did want to point out that when SOU increased tuition by 9% a couple years ago we actually saw an enrollment increase.

Walsh said hearing about the Council members' current thinking was enormously helpful, and thanked people for sharing. She said it sounds like more details around possible cuts will be really critical.

Woolf said that in cases where there are massive cuts in funding, enrollment is a lever, but it is not the lever. He said that to make huge increases in enrollment often requires huge investments, and he re-emphasized that we're doing lots of different things that will have an impact, but aren't likely to be the saving grace. Walsh said there is lots of energy going forward around working to increase enrollment. Woolf said that it's our intention on the enrollment side that any tuition increase won't significantly hurt our enrollment.

Lovern said that in helping advise during the process of creating student fee recommendations he recommended that ASSOU plan as though things would come out 1% below the budget projection so there will be a bit of a cushion built in. They developed their numbers around this, and he said this Council could do something similar.

Walsh said the Council was planning to plug in some numbers to the pro forma and take a look at scenarios today, but there may not be time. She said in future meetings the Council can look at graduate tuition rates, which haven't been raised in a few years, and also talk about the tuition rates for international students and other smaller student populations.

Ayers asked if it would be possible to have snapshots of different pro forma scenarios available on the team drive. She also asked about looking again at the chart showing where SOU's tuition stands in relation to our comparator schools.

Stillman said he would also like to make sure the Council talks about online students.

The meeting ended at 3:30pm.