

**Tuition Advisory Council**  
Wednesday, May 8th, 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.

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The meeting started at 2:33pm.

Walsh said after last week's conversation she feels like the Council has a good starting point for today's discussion. She said Lovern has put together some scenarios based on last week's conversation and input from President Schott.

Walsh said she's headed to Salem tomorrow to participate in a presentation at the Higher Education Coordinating Commission (HECC) meeting regarding HB 4141 and the tuition setting process. She said the presentation was organized by the Oregon Council of Presidents and it will include several of her colleagues at other institutions. She's been asked to present on the tuition process, speaking on behalf of all 7 universities. She said she was in Portland yesterday for a meeting of the Statewide Provosts Council and she heard from other Provosts about their tuition processes.

Pardo said she has been working to identify a fourth student to participate on the Council this term, but has not yet found one. Walsh thanked Pardo for her efforts and said at the very least the Council can say it did have four students who participated in the process, but they were not able to be present for every meeting, and it was not for lack of effort. She said if the Council comes to a recommendation today there may not be a need to meet next week. Battaglia said he would be interested in participating on the Council next year. Pardo said she would also be interested in participating next year.

**WHERE WE LEFT OFF**

Perkinson said he and Lovern spoke with President Schott about how best to begin today to keep us moving forward in a positive direction. He said in this discussion they talked about SOU

Aid, and the presentation for today's meeting [TAC Scenarios 05.08.19.pptx] includes a slide with some details around tuition rates and SOU Aid. He highlighted several guidelines for the tuition rate scenarios to be considered today:

- To support student success, every scenario considered must keep SOU Aid healthy, using \$3.6M in SOU Aid as the baseline.
- The scenarios include considering the possibility of \$80M in additional funding to the Public University Support Fund (PUSF). Perkinson said there have been anecdotal reports that this level of additional state funding is a possibility.
- Based on feedback regarding the importance of SOU's long-term stability, no scenario will allow the ending fund balance to be less than 8% of operating revenue.
- Enrollment projections vary from -1% to flat. Perkinson said we've heard different enrollment projections based on different models, but this seems to be the expected range as far as we know right now.

Lovern showed a baseline scenario [slide 4 of the presentation] with an additional \$80M in funding to the PUSF, spending cuts of \$1.6M, and -0.5% enrollment. In this scenario, an ending fund balance of 8.1% of operating revenue would be achieved with an increase in resident undergraduate tuition of 11.0%, and an increase in non-resident tuition of 5%. Perkinson said none of this is ideal, but we believe this is a good jumping off point. He said the Council can adjust levers to facilitate dialogue. Eldridge asked for confirmation that in this scenario the additional support to the PUSF would be \$80M. Walsh said yes, this scenario assumes that what we've heard most recently bears fruit. She said it might be optimistic, but it's grounded in conversations we've had in Salem and elsewhere. Lovern showed the difference in tuition costs in dollars under this scenario. For a resident undergraduate student taking 45 Student Credit Hours (SCH), this would be an increase of \$855.

Slattery said he is not used to or comfortable with using an optimistic scenario as the base point. Eldridge said because the Council wants to consider both scenarios, \$40.5M and \$80M, it does seem reasonable to start with this more optimistic one because the Council might more easily come to a recommendation. Then the Council could look at the \$40.5M scenario and talk about what would change. Walsh agreed that the Council will need to look at both scenarios. Perkinson said that when the tuition recommendation was presented to the Board of Trustees 2 years ago in similar context, they were shown a chart with a variety of support levels which indicated how tuition would change if additional funds were made available. In that case, the tuition increase was reduced from 12% to 9% after more state support was made available. Perkinson said we expect to replicate something similar for the Board this year once the Council has made its recommendation. Lovern showed slide 6 in the presentation, which is a chart that looks at scenarios with tuition increasing from 5% up to 15% and shows how that would affect the other levers in both the \$40.5M and \$80M scenarios. Eldridge asked if SOU Aid is 10% in the baseline scenario under consideration. Perkinson said this scenario takes the amount of SOU Aid given this year as the baseline. Stillman said in this scenario the percentage of SOU Aid is below 10%, but the raw dollars are going up from this year. Perkinson said the raw dollars going to SOU Aid in this scenario would actually up by about \$350K. He said these numbers are not set in stone like a contract, but are more of a reference frame. He said he would expect

there to be a very robust dialog between President Schott and her staff, as well as the Board of Trustees.

Woolf mentioned the discussion at last week's meeting about efficiencies to be found in the way SOU Aid is administered and the new tool we have that is expected to help. He said it's too early to say what the new tool will give us, but the primary goal will be to use the money we have to help "zero EFC" (Expected Family Contribution) students. He said the additional SOU Aid money in this scenario would more than cover that. Perkinson said that Lovern talked to SOU's Director of Financial Aid, Kristen Gast, and built a model based on the conditions she related about the number of vulnerable students and the amount that would be needed to support them. He said the scenarios we will look at today are all premised on making sure those needs are met. Lovern showed how the pro forma has been modified so that it shows when this "unmet need" has been met when different levers change. Perkinson said that at President Schott's request Lovern has also added more granularity to the levers in the pro forma so the Council can really fine-tune the increments as they consider their recommendation.

Slattery said every time we increase tuition we create more of a need for aid. Stillman agreed and said it's effectively redistribution. Slattery said when we raise tuition we're pushing up the cost for everyone, then we take some of that and use it to address the additional aid needed. He said at some point that's going to impact enrollment. Stillman said WUE tuition is an interesting example to consider in relation to this. He said it's an interesting balance. Perkinson said part of the Council's work is to make a recommendation on where that sweet spot is. Stillman said even the premise that the students we've identified as most vulnerable really are the most vulnerable is hotly debated. Walsh said we're using the population identified by the Governor. Stillman said sometimes middle income students without parental support are more vulnerable. Perkinson said this is the group known as the "murky middle." Walsh said that is duly noted as an issue.

Slattery asked if the Council is budgeting for 2 years or 1 year. Lovern said we're budgeting 1 year with the assumption of a 5% tuition increase in the next year. He said based on Slattery's recommendation he fixed the pro forma to carry forward any cuts into the second year. Walsh said there is a justification for doing the 2 year split if the things we've been investing in to increase retention and enrollment have a chance to reach fruition. For example, she said, we know with the new tool from EAB, Navigate, we're coming out of the gate this summer/fall. We've made some strategic investments that will hopefully bear fruit soon. If so, we might be able to alleviate some cuts by increases in tuition and enrollment.

Slattery said he doesn't see in the modeling an increase in enrollment, so it seems that reinstituting money that was cut at the end of this fiscal year seems unlikely. He said if you look at the two year basis he isn't sure all the cuts would need to happen this year. Perkinson said Slattery's point is a good one and the baseline scenario would give us a way to get the President's feedback and then the Board's decision. Then, during year of execution, we're going to modulate spending up and down. He said in the last fiscal year we funded some

initiatives that we think are going to pay off. He said any cuts will not be easy, but he thinks the cuts in this scenario are more manageable than \$3M or \$4M.

Eldridge said she was pondering this as a 2-year versus a 1-year scenario. Slattery said we're dealing in a biennial environment, there are more considerations to be made down the line, and we're trying to navigate this environment as best we can. He said he's trying to weigh whether it would be better to do two consecutive tuition increases of something like 8% rather than one larger increase and then one of 5%. Walsh said any increase over 5% will be an issue with the HECC, and she's not sure 12% will get a vastly different degree of scrutiny than 8%. Perkinson said Slattery's idea does appear to soften the impact. Stillman said there are financial benefits to frontloading an increase rather than back-loading it.

Slattery asked about the level of SOU Aid. Lovern said we would not be cutting back in SOU Aid overall. He said he and Perkinson had a discussion with President Schott and she wants to make sure we can show that we're not digging into aid, it's just not growing as much as it would in the best case scenario. Walsh said this was an important point to tease out and we'll make sure we present it to the Board in a way that makes this clear.

Woolf asked for a correction to the terminology being used around SOU Aid; these are not "unmet need" students, but the most financially vulnerable students. [Lovern changed "unmet need" to "most financially vulnerable."] Woolf said 293 students meet that criteria, as identified by Gast. Perkinson said he would like to make another point, which is that aid was higher a couple years ago, but the student body was also higher. Woolf said we're not necessarily looking to meet the need of all of our students, but to see who is most vulnerable to tuition raises and make sure to meet their needs. Slattery asked about the composition of that 293 students. Woolf said these are students who typically don't do a FAFSA. Walsh said there may be additional levers to help these students. Woolf said that when the new tool comes on board the priority will be these students.

The Council looked at the scenario of \$40.5M in additional funding to the PUSF. In this scenario, with cuts of \$2M, tuition would need to increase by 12.5%.

Stillman said he thinks there's some risk to assuming that enrollment will come out as assumed in this scenario. Perkinson said enrollment is an active part of this dialog, we can change that number to -1.0% and see what that does.

Slattery pointed out that budgets are just plans. He said they are the best we know at a given time, but the administration is responsible, when things change, to make changes, whether that means additional cuts, etc. He said at some point we need to make a recommendation of what we think is the best scenario to work with as a plan, then they'll either accept or adjust it, a budget will be produced, and whatever needs to be adjusted from there, operationally, will be done.

Cabral asked about the ramifications of cuts to labor and supplies & services at the level being considered by the Council. She asked if cuts at this level would mean certain programs going away. Walsh said she would not be talking program cuts at this point, but there are other impacts. For example, we may have to postpone some searches planned for Fall 2020, and those are hard conversations to have. It's more nuanced than just getting rid of x. Walsh said a travel freeze might be another example of possible cuts.

Eldridge said she's circling around something in the 13% to 13.5% range in the \$40.5M scenario. She said she would like to keep cuts at around \$1.2M - \$1.3M based on previous discussions.

Slattery asked what is different here from what was presented as scenario 6 last week. Lovern said scenario 6 had flat enrollment, but this week we believe -0.5% enrollment is more realistic, so that's the difference. Walsh said one thing we could look at would be raising the non-resident increase from 5% to 6%. She said this is not a large number of students, because most of our non-resident students are actually WUE, but it might be interesting to see what effect that change would have. Eldridge asked about the tuition rate for graduate students in this scenario. Lovern said the rate for graduate students in this scenario is matched with the rate for resident undergraduates.

Slattery asked if keeping the graduate increase the same as the undergraduate increase is considered a best practice. Walsh said the graduate rate has been kept relatively flat for a couple years because SOU was on the higher end relative to our comparator schools.

Cabral asked for clarification about WUE tuition. Lovern explained that it's set at 150% of resident undergraduate tuition. Pardo asked about the JackJo pledge. Walsh said this is a tuition rate roughly equal to the tuition at Rogue Community College, and these students get out after 3 years. Cabral asked about accelerated baccalaureate students. Walsh said these students get no tuition break, but they get out in 3 years.

Battaglia said he would have to leave, but what the Council has considered so far today seems reasonable. He said in an ideal world there would not be any need to raise tuition, but in the situation we're in, the options we've been exploring seem reasonable. He said a tuition increase of 13.5% in the \$40.5M scenario seems reasonable. Walsh asked Battaglia if he was comfortable approving (supporting) the scenarios discussed so far. Battaglia said he was.

[Battaglia left]

Walsh asked if anyone wanted to make a proposal for the Council to consider.

[Jones entered]

Slattery asked what would be needed to keep cuts at \$1.2M in the scenario under consideration.

Cabral asked about athletics and where it is included in the budget. Perkinson said athletics is an auxiliary, but there are circumstances when it can be an expense here. He said there's an allowed relationship with athletics; for example, a couple years ago when there was a lot of post-season travel, that had an impact on this budget.

Slattery said he was part of a group that studied athletics several years ago and if the university ever decided to discontinue the football team, for example, the university would lose money because something like 25% of those students have considerable scholarships.

Lovern showed that in the \$40.5M scenario with \$1.2M in cuts, the tuition rate would need to increase by 15.25% to achieve an ending fund balance of 8% of operating revenue. To get the tuition increase under 15%, requires additional cuts; for example, a tuition increase of 14.5% would require \$1.4M in cuts.

Eldridge said if she had to decide right now she would recommend a tuition increase of 14.5% with \$1.4M in cuts. Pardo said she feels that an increase of 13.5% with \$1.7M would be better. Eldridge said she just wants to make sure we're being realistic with the amount of cuts we can make. Cabral said that with as many schools as Oregon has, SOU should be closer in tuition increases with Portland State than University of Oregon. She said it will be hard to get students to choose SOU over another school if we were to raise tuition to the same level as a school like the University of Oregon. Eldridge said prospective students are more likely to look at the total cost at SOU than the rate change this year. Perkinson said when looking at costs we're right in the same ballpark with Portland State. He said the University of Oregon and Oregon Tech are higher.

Slattery asked if the Council could say in its recommendation that a tuition increase of 14.5% would require \$1.4M in cuts, an increase of 12.5% would need \$2M in cuts, and at the \$80M state funding level both of those could be adjusted down. He asked if the Council felt that it was getting close to could be put forward. Pardo said she likes the middle ground, with a tuition increase of 13.5% and \$1.7M in cuts.

Walsh asked if the Council would agree that the range is a tuition increase between 12.5% and 14.5%, with 13.5% being what most Council members are comfortable with. Perkinson said he thinks it's worth modeling a tuition increase of 11% with more excessive cuts just to have that number. He said this would start to get into the political optics of keeping our increase around the same as Portland State. In this scenario cuts would need to be \$2.4M.

Walsh asked for a vote on a range of 12.5% to 14.5% with 13.5% considered preferable in the \$40.5M funding scenario; all five voting members present voted yes [Battaglia had already indicated his support of this scenario prior to leaving the meeting]. Walsh asked for a vote on a tuition increase of 11% and \$1.6M in cuts in the \$80M funding scenario; all five voting members present voted yes [Battaglia had already indicated his support of this scenario prior to leaving the meeting]. Walsh said now the work will be to hope for \$80M in state funding to the PUSF.

[Eldridge and Woolf left]

Walsh asked the Council to indicate whether they feel the criteria in the HB 4141 checklist have been met. She read each item on the HB 4141 checklist and all members present agreed that all of the criteria had been met (with the exception of a written report to President Schott, to be completed after the conclusion of this meeting).

Walsh said she is incredibly honored to have been part of this process with all of the Council members. She said there has never been a time when it has been difficult when the Council failed to engage and stay focused. She also thanked the non-members for their contributions to the Council's work. She said the Finance and Administration Committee of the Board of Trustees will meet next Thursday to consider President Schott's tuition recommendation. She encouraged any members of the Council who are available to attend.

Slattery said this has been a really good group, and, having served on the Board, he thinks they should feel really fortunate to have this group working on this issue.

Walsh said she would summarize the decisions reached today and send them out for feedback and to be sure everything is accurately recorded.

The meeting ended at 3:56pm.