

Tuition Advisory Council
Monday, February 17, 2020

Council Members (✓ indicates the member was present)

Stephen Battaglia – Student

- ✓ Katie Carr – Student
- ✓ Leslie Eldridge – Faculty Member
- ✓ Sarah Guenther – Student

Johanna Pardo – Student

- ✓ Dennis Slattery – Faculty Member
- ✓ (By phone) Matt Stillman – Administrator
- ✓ Susan Walsh – (Chair) Provost and Vice President for Academic Affairs

Guests Present

Josh Lovern, Greg Perkinson, Neil Woolf

The meeting started at 1:34pm.

Lovern said that he would be taking the Council through a PowerPoint presentation about SOU's budget and the tuition and fee process. He encouraged the Council members to ask any questions they may have during the presentation.

Lovern walked through slides providing background on how SOU budgets, explaining terms like AY (Academic Year) and FY (Fiscal Year), and explaining that for the purpose of budgeting SOU looks at enrollment through Student Credit Hours (SCH) rather than simple headcount or some other method.

Discussing the prior year's budget, Lovern mentioned the ending fund balance, which was 8.63%. Walsh pointed out that SOU's leadership intentionally worked with the Board of Trustees to figure out where it makes sense to invest in areas like retention, with the understanding that making these investments might cause us to spend into our fund balance in the short term. She said numerous conversations were conducted at various levels, and the fund balance may look lower now because of those investments, but you can't starve yourself out of financial difficulty. Slattery said that the ending fund balance in the past has been as low as below 5% and the university works to keep it above that, with a goal of 10% or greater. Slattery said the university has made improvements over time and the ending fund balance has strengthened.

Lovern looked at what may happen with SOU's budget in the current year. Walsh noted that K-12 education in Oregon got a nice appropriation in the last biennium. Perkinson said K-12 education received something like \$2 billion. Walsh said the Governor has talked about not leaving higher education out of future allocations. Woolf said last week at student lobby day

the Governor walked by a couple times and indicated that she would be supportive of whatever comes across her desk with more money to support higher education.

Slattery asked about the prospects for any additional funding. Perkinson said we don't expect any more funding in the short legislative session this year, but we're currently working on the language for a future request. He said there has been discussion about need to change the way we talk about value of higher education so it lands better with the legislators. Slattery said we are in a position where we don't have what it takes to grow, we struggle just being operational. He said someone needs to understand that to build a university system that appeals to the next generation of students will require investment.

Walsh said long-term, there are many conversations, one of which is that we at SOU would like to receive at least our fair share of funding, as some others do. She also said that the enrollment picture is often mistakenly seen as just new students walking in the door, but it's also retaining the students who are already here. She said the Cal system and the UC system have pushed around \$600 million into their systems to keep California students in the state, and that impacts our recruitment of Western Undergraduate Exchange (WUE) students. Walsh advised Council members to keep in mind that there are many variables contributing to our enrollment decline.

Woolf said that though we use SCH when we look at enrollment for budgeting purposes, we actually have more students here this winter than last winter, it's just that students are taking fewer credits on average. Walsh said one of the way we're trying to get at that is to offer more small credit classes that students may be more likely to grab on top of what they're already taking.

Carr said that it's interesting that it's interesting that credit hours are calculated that way on the university end but students on financial aid see it differently. Financial aid incentivizes students to take 12 credits but not more, though of course they will finish their schooling more quickly if they take more.

Guenther asked if the HECC is looking at SCH with the funding model. Walsh said the funding model focuses a little on enrollment but mostly on degrees conferred. Perkinson added that there are three buckets that the funding model is based on – mission, activity, and outcomes. He said SOU thinks we have a reasonable case to advocate for an increase in our funding in the mission bucket, so we're working on that.

Slattery said he is glad Carr provided the student perspective. He asked if we only give financial aid up to 12 credits. Woolf said yes, federal financial aid is for 12 credits. Carr said she took 12 credits for a long time for that reason, but now she's taking more.

Eldridge asked if an ending fund balance of 8% is around where we were thinking it would be last year when we were looking at the Pro Forma. Lovern said we didn't project the amount of

enrollment decline we ended up seeing, so the amount being cut from the budget is larger than anticipated.

Slattery asked what we are looking like next year and asked if we are likely to experience the same kind of decline as this year. Lovern said the calculation for next year is still in process. He said different calculations are made by different offices (Budget Office, Institutional Research, Registrar's Office), then discussed and updated as new data comes in. Slattery for a basic snapshot of whether things look up from an enrollment standpoint, or down, or flat. Lovern said that as of now the best guess is that enrollment will be down. He said looking very long term, the overall trend has been downward, but hopefully we can turn that around with the kinds of investments and initiatives we've been working on.

Carr asked if the long-term overall trend downward is because of cost of living increases for students. Woolf said there's no one single factor and no silver bullet. Perkinson said one factor not yet mentioned here is the Oregon Promise, through which students can get a bunch of their general education courses for free at a community college before they transfer in to an institution like SOU. He said this is not a bad thing necessarily, but it is an unintended consequence for universities.

Lovern said that there have been improvements in the modeling compared to the modeling available for last year's Tuition Advisory Council. Woolf said enrollment projections are basically just a scientific 8-ball. They use past performance to predict the future, but it's a very complicated picture. He said we will continue to do our best projections, but students make decisions for a whole host of reasons. Slattery said basically a downward slope for enrollment means that tuition has to be increased, and the same is true with flat enrollment because of rising costs; only an upward slope would mean that tuition could be held steady. He said the question with regard to projections is whether there's a way to see positive enrollment gains. Walsh said she thinks Navigate, a product SOU has invested in, will be a big part of turning the slope upward. Retention is a big part of the picture and Navigate will be a great retention tool. Woolf said currently we're seeing slight gains in new students and in graduate students, but those gains were undercut by the attrition of current students. Walsh agreed that it is a very complicated picture and hard to predict. Stillman said we need to continue to attract more new students to overcome the loss of continuing students. Walsh said there are pipeline programs we do have in the works that could be grown, but would require additional investment.

Woolf said one example of the complex problem of making enrollment projections is the direct impact we've seen in our WUE enrollments due to California's additional investment to keep their students in the state. He said it's hard to know how to project for something like that.

Lovern discussed slides relating to state allocations, explaining that the legislature allocates funds to the Public University Support Fund (PUSF), then the HECC uses the funding model to allocate the PUSF funding to the universities. SOU receives its state funding based on elements of the SSCM, including degree completions, SCH, and so on. He said state funding is allocated

on a biennial basis, with a true-up process every year where additional money might be given if completions are up. Eldridge asked what percentage of SOU funding comes from the state. Perkinson said it's about 35%. Walsh said this used to be flipped.

Lovern discussed a slide with a chart showing the changes since the early 1990's in the revenues of Oregon public universities. The chart shows that the amount of state support has gone from approximately 57% in 1993-4 to approximately 32% in 2018-19. Walsh said a big part of this happened when measure 5 was passed in Oregon. It was a property tax measure which was supported primarily in Portland but which had implications for the entire state. As a result of the property tax cuts, the allocation to education and other public entities (senior services, head start, etc.) went down considerably. Next chart is SOU specifically.

Walsh said the hard part is that we don't have many levers. We can raise tuition and work toward better enrollment, but we can't change state funding.

Eldridge asked if she understood correctly that despite getting more from the state than we do, other universities have been raising tuition. Perkinson said the picture is different for each institution. He said the University of Oregon is cutting \$10 million from their budget this year, in part because they depend for revenue more than others on international students, which have declined. As a result, they've opened the doors a little farther to domestic students. He said Oregon State University had a 3% budget rescission, Portland State is looking at eating into their reserves this year, and Western Oregon University is also looking at eating into their reserves. Perkinson said SOU chose spend reserve funds last year; and Walsh mentioned it was to make some strategic investments. He said Oregon Tech is looking at budget cuts and their enrollment has trended up. Lovern added that Oregon Tech also asked for a greater than 5% tuition increase last year. Perkinson said none of the Oregon public universities are out there singing and dancing. Walsh added that everyone's international enrollment is trending down, including us, we just don't depend as much on those enrollments as the University of Oregon does. Woolf said that the University of Oregon is our number one competitor, then Oregon State, so as they open their doors to more students that negatively affects our enrollment.

The meeting ended at 2:27pm.