

Tuition Advisory Council
Wednesday, April 15, 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
- ✓ Matt Stillman – Administrator
- ✓ Susan Walsh – (Chair) Provost and Vice President for Academic Affairs

Guests Present

Greg Perkinson, Josh Lovern, Neil Woolf

The meeting started at 1:04pm.

Slattery/Guenther moved to approve the minutes from the meeting on Thursday, April 9th; the motion passed, 5Y/0N/0A.

UPDATES

Perkinson discussed a recent email sent by President Schott to all employees. He said the email included a reminder that at the start of the fiscal year we had identified a need to make cuts to the budget. The goal is to balance the budget and so far we've realized about a third of those cuts. Perkinson said there is now a lot of uncertainty on the revenue side with spring enrollment appearing to soften. He said Student Credit Hours (SCH), which drives revenue, is down, and coupled with that we have the normal escalation in Other Payroll Expenses (OPE) and ancillary but related pressures including students canceling housing and meal plans, etc. He said these factors will be included in the conversation about the tuition. He said a brief summary of the current situation would be that even though we're getting federal relief through CARES act and there may be additional federal or state money coming, we are still in a very uncertain environment and it is likely that we will need to find ways to offset the losses and additional expenses related to COVID-19.

Slattery asked for more detail about the CARES act money that will go to the students. Perkinson said a group met a couple days ago to discuss establishing ground rules around getting that money to students. He said the focus will be on the students with the greatest need and mentioned that there have been discussions about when to allocate the funds, including the possibility that some will be allocated later in the year. Walsh said the CARES act gives us a year to allocate that money. Woolf added that SOU is working with other Oregon

institutions and their financial aid offices to try to approach this issue in a normalized way. He said the money will be allocated based on a need established by disruption of COVID-19, and there will be an application process, though it will be an easy application to fill out so students aren't discouraged. Slattery asked if we can expect to see any additional funds coming in a future stimulus package. Woolf said another stimulus is being discussed, but it is bogged down in the Senate right now. It does look that stimulus package might include more money for higher education, but the details are still being negotiated. Walsh noted that the Governor will have a role in any conversation about how existing or future funding might be disbursed.

Pardo asked whether the application for CARES relief aid at Oregon universities will be the same everywhere or if SOU will have its own application. She also asked if when the students will be able to see it. Woolf said the application will not be the same across Oregon, we'll have our own SOU form. He said we'll definitely talk about it with ASSOU, but we also want to make sure all students are aware of it as soon as possible, not just those students who are already highly engaged in campus events. Pardo asked when Woolf expects the application to be rolled out. Woolf said he expects it to be rolled out in the next couple weeks.

Woolf discussed predictions for fall. He said in the last couple weeks we're still tracking ahead on new student admits, though our numbers of confirmed have slipped a little bit. Still, numbers for new student enrollment are looking fairly flat. He said continuing students will likely be what really determines how the overall picture looks. Currently, we're down in spring SCH by about 7%, and one of the signs to watch will be whether we can get students who sat this term to come back for the fall. He said flat is the new up, and optimistically we're looking pretty flat compared to last year, but it really depends on the response we see from continuing students for fall. Walsh said we started spring with about 800 courses we were able to offer remotely, with about 230 faculty teaching. She expressed her appreciation for the faculty and staff whose hard work and resourcefulness allowed spring term to move forward in the best way possible under the circumstances and said Woolf's team is hard at work on the fall.

EXPLORING TUITION SCENARIOS

Walsh said she thought a good way to proceed would be to look at some possible tuition ranges. Perkinson suggested seeing possible tuition rates in 2.5% increments so the Council can get a good look at what SOU's financial health would look like at different levels.

Lovern displayed the budget pro forma and adjusted the numbers for different tuition scenarios, looking at the ending fund balance in each scenario, as well as the amount of budget cuts that would be needed to get to an 8% ending fund balance. Slattery asked whether the \$1.7M in CARES act money (half of the total \$3.4M, of which the other half will go to directly support students) is included in these figures. Lovorn said it has not yet been included because we don't know how we'll be allowed to use that money. Perkinson said it sounds likely that we'll have pretty broad flexibility with that portion, so it would be reasonable to factor that money into our calculations for the purposes of this conversation.

According to the pro forma, with a 0% change in tuition, the ending fund balance next year would be 1.81%, down \$4.2M from the current balance.

Slattery asked to see what a 1% change in tuition would look like.

With a 1% raise in tuition, the fund balance moved to 2.28%, \$3.89M down from the current balance. With a 2.5% tuition raise the fund balance goes to 2.97%, a \$3.428M loss. A tuition raise of 4.99% takes the ending fund balance to 3.93%, a loss of \$2.778M.

Slattery noted that it doesn't feel like there's a whole lot of movement yet. Perkinson said it's helpful to see how much would have to be cut out of budget to balance it and stay at 8%. Carr asked if the pro forma accounts for the additional cuts previously planned. Perkinson said no, not yet, though we really want to get to 10% or 15% ending fund balance or greater.

With a 7.5% increase in tuition, the ending fund balance would be 5.10%, down \$1.965M. At 10%, the ending fund balance goes to 6.20%, \$1.185M down.

Perkinson said he feels like 10% would be the upper bound for a tuition raise, but asked if the Council would want to look at some higher scenarios. Slattery said sure, we might as well.

A 12.5% tuition increase makes ending fund balance 7.30%, down \$387K. To get to an ending fund balance of 8% would mean a tuition raise between 14.5% and 15%.

Walsh pointed out that there's no expectation that we would stop cutting from budgets at this point; all of the Vice Presidents are still looking to cut in their areas where possible. She added that the President's email today mentioned a hiring freeze, which should save some money. Perkinson suggested adjusting the pro forma to include the approximately \$300K that looks likely to be saved by the hiring freeze. Walsh agreed. Carr asked about the hiring freeze. Walsh explained that we have searches currently in the works and some already completed. She said faculty are hired well in advance of starting work, whereas staff positions don't tend to have that same lead time. She said the freeze will affect a couple faculty searches, but mostly staff. She said as it stands now, searches will be frozen until June 30th, then we'll revisit those searches to determine how to proceed. Perkinson added that the President's note also mentioned SOU's shared hardship leave program, which allows SOU employees to donate some of their leave time to a leave bank that can be used by people in hardship. Walsh said the different Oregon universities are handling these challenges in different ways. She said that the University of Oregon recently told 282 of their employees that they will be on leave without pay, which will save the university between \$2M and \$3M.

Slattery discussed the need for additional support for higher education. He said universities are having to look at raising tuitions to levels not only hard for students to take, but unsustainable, and that's just to maintain an ending fund balance that's still lower than we would like. He said a little bit of prop-up here would go a long way, and maybe the federal government will

allocate a little more money for higher education. He said the stimulus bill feels like when it rains in a really dry summer and the water doesn't even hit the ground.

Perkinson said he, President Schott, and Lovern will be meeting with officials of the Higher Education Coordinating Commission (HECC) next week to talk about inequities in the funding model. He said we have facts and data to show SOU has been underfunded considerably over the last 5 years, and this can be seen by comparison with the support given to some other Oregon universities. He said we have a strong case and if we're successful we hope that additional support will shore up state funding. He added that if there's a recession and the state chooses not to use the rainy day fund, then the \$23M budgeted for higher education in the second year of the biennium might be at risk. Pardo asked if there is a one-pager on these issues that she can share with other students. Perkinson said he has a 20 slide briefing, not a one-pager as of now, but he plans to work on an outline and that may be something Pardo could use.

Perkinson said that he, SOU's General Counsel Jason Catz, and ASSOU President Brittany Sharp are participating in a statewide working group focusing on the funding model. He said the state has identified 8 components of the model that they know need improvements. When the model was created, a review was built in after several years, and that's what's happening now. He said one strategy is to pursue more funding in mission support. Among other elements of the model that could be fixed, Perkinson mentioned the way benefits compound for certain types of degrees, including engineers.

STRAW POLL

Walsh said she thought it would be helpful to hear from each of the Council members and encouraged them to share their current thinking.

Carr said the process is really hard. She said it feels a little inevitable that we will need to go above 5% for a tuition increase, but she would be really uncomfortable going above about 7%. She said she would love to keep it under 5% but she doesn't know that that will be viable.

Pardo said she's never comfortable with raising tuition, let alone going above an increase of 5%, but she's mindful of everything that's been said here, and there are definitely things we know we don't know at this point. She said she doesn't want to have to present a tuition increase more than 5% to the HECC, and certainly doesn't want to present students with a tuition increase. She said right now it would be hard for her to want to associate with a specific number one way or another. Walsh said it sounds like Pardo sees realistically that we may potentially have to go above 5%, but she's not comfortable with that range. Pardo said that's correct, not at this time.

Eldridge said she's on a similar page. She's recognizing that nothing about this current situation could have been predicted. She said she's kind of disappointed that we made the commitment last year that we'd keep it below 5% this year. Things happen, but then does it end. She said it

does seem like an unsustainable path. She said in general she's feeling disheartened; she would do everything in her power to keep it below 5% for students if possible, but maybe we're helpless in that regard.

Guenther said she doesn't want to raise it beyond 5% for students, but she does see the necessity. She said that as much as she doesn't want to go before the HECC, she also doesn't know how comfortable she feels with the sustainability task force having to make up the entire loss.

[Via chat, Carr asked about possible money from FEMA.] Perkinson said there have been disaster designations at the state and federal levels, so that will open up some additional sources of potential funding. He said the latest intel we're getting suggests that most of the \$32M managed by the Governor may be going to K-12 education, but we're not sure yet.

Slattery said his thoughts span the whole range; from a 0% change in tuition and making a statement to the market that we're not going to raise tuition--he acknowledged that this is probably not doable and would be very risky--to keeping it around an increase of 5%, to declaring a 15% increase and turning our students loose on the people up north--to say "that is the number to keep us whole and we need relief not to put it on the backs of our students." He said if pressed right now he would say increase tuition by 5% and make further cuts. He said he knows it's hard and we may not be able to do it, but it's really hard to tell the students we're going to charge them even more money because of a situation they had no control over. He said this is a really bad position to be in. Walsh said she keeps trying to be optimistic that we'll have an enrollment miracle and everyone will retain. Slattery said once we start to emerge from this it will take a while to get back up; we're going to continue to be dealing with pieces of this even a year from now. He said hopefully the government understands that it will take an effort just to get us back. Walsh said there's a conversation going on with the HECC and the Provosts about the impact of this pandemic on the incoming students, especially those already underrepresented and more vulnerable. We're going to have 2 or 3 classes of students coming in that were pretty uniquely impacted in this atmosphere we find ourselves in. How do we support those students? We've got a whole different set of issues coming at us.

Stillman said he agrees with his colleagues, this is all painful, and there is risk on both sides of the equation. He said he feels that it's pretty inescapable that we'd have to raise tuition at least in the 5% range, but it's hard to imagine what it would look like with cuts we would need. He said he's definitely worried about the potential for diminishing returns if we raise tuition more than 5%. He said he worries that a 4.3% decrease in enrollment would start to go out the window if we increase tuition something like 10% or more. He said he can't imagine raising tuition less than 4.99%.

Walsh said in her area--and this is true in the areas of the other Vice Presidents as well--we're looking at cuts that will allow us not to have to raise tuition as much. She said we're in a totally different place than when we started talking about this. She said she also can't see how we'd stay below a 5% tuition increase, but if the outcomes of conversations like those with the HECC

and others are fruitful she may change her mind. She said the gap in support over the past 5 years mentioned by Perkinson is just stunning, especially when you think what our fund balance would look like if we had received that support. Perkinson said the budget office has calculated that our ending fund balance would be around 25% if everything else had stayed the same. Walsh said there are a lot of reasons that ended up where it is, but she asked the Council to pause for a moment and think about that. She said it's imperative for us that we get some traction in these conversations.

Walsh said we have a lot of thinking to do over the next couple days. The conversation next week will be informed by new information, and we'll hopefully have a bit more guidance on the parameters around the \$1.7M coming to the institution from the CARES act. She asked if anyone had questions.

Eldridge said she's curious about what types of conversations other institutions in the state are having. Perkinson said prior to COVID-19 all of the other Oregon public universities were keeping their tuition increases under 5%, but since the impacts of COVID-19 have started to be felt a couple announcements have been made. He said the University of Oregon is doing some clever marketing and holding tuition flat for some students, with sliding scale for others. He said Oregon State is so far holding at not wanting to go over a 5% tuition increase. He pointed out that they also have a huge reserve and deep sources of federal revenues. He said Portland State is having some difficulty. They have a systemic deficiency in their structure; they're cutting millions each year and struggling to make ends meet. He said Oregon Tech gets 42% of its revenue from state, SOU gets 35%, and Eastern gets around 50%.

The meeting ended at 2:30pm.