

Tuition Advisory Council
Wednesday, April 29, 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

The meeting started at 1:30pm.

Walsh said other institutions are starting to come out with their tuition recommendations. She said she hoped the Council would be able to vote on a recommendation today, then President Schott could visit next week so we can go through our thinking. Walsh said it is not necessary or expected that there be a unanimous vote. She said she likes to have consensus when possible, but that is certainly not her expectation; the Council might want to make majority/minority recommendations.

Walsh discussed several takeaways from ongoing national conversations around tuition in the current climate and encouraged Council members to pay attention to these and other conversations. She said all institutions are having conversations similar to those we're having around questions like what we can do to support students, what fall term will look like, what reopening will look like, and so on. Our faculty are having conversations about what it means to do remote instruction, and there are lively conversations around things like on-campus experiences and what is gained and lost in those experiences. She said Council members may also have read about the uncertainty still surrounding the virus and whether there might be flare-ups. She said SOU has made the decision to go remote for the summer term. She reminded people that the Governor's most recent executive order prohibiting in-person instructional activity at higher education institutions is in effect through June 13th, but said that the Higher Education Coordinating Commission and the Governor have suggested that different regions of the state may have different guidelines. She said the latest word is that Eastern and Southern parts of the state will likely be able to open earlier than other regions. She said these decisions impact community colleges, private colleges, and public universities.

UPDATES

Perkinson provided a high-level update on expenses related to COVID-19, reflecting financial impact data from budget managers across the university. He said the total cost impact amounts to around \$7.3M. This figure includes lost revenue and additional costs associated with the pandemic, as well as cost savings, insurance recoveries (none are expected), federal recoveries (\$3.4M in CARES Act funding, \$1.7M of which will go directly to support students, and the other \$1.7M of which will go largely to auxiliaries), and state recoveries (Perkinson said we're hoping we may get part of \$34M from the CARES act that is to be distributed by the Governor. Walsh said it doesn't look like likely because there are too many interested parties vying for these funds). Perkinson said last week we heard that our sports lottery revenue is zeroed out. People are not going to the bars, gambling, etc., so the loss in state revenue means a loss in sports lottery funding. This fiscal year that looks like a loss of \$300K to SOU, and in the next fiscal year the worst case scenario looks like a potential loss of \$1.2M. He said there is also an 8.5% state budget reduction because the state has received less revenue.

[Slattery joined]

Perkinson said one piece of good news is that as money comes through SSCM (funding model) SOU's share will be around 17%. He said his takeaway is that we're going to put ourselves in a position to get any recoveries (federal, state, insurance) we can get. He said the \$1.7M from the CARES act doesn't hold a candle to what we need. He said we are currently in the planning cycle for how we're going to cut money out of next year's budget.

Perkinson said he, Kristen Gast, Neil Woolf, Josh Lovern, and Steve Larvick have been working through the design of what the student money (the \$1.7M from the CARES Act that will go directly to students) process will look like. He said the initial disbursements will be capped at \$1K, and students will be eligible based on need. Lovern said there are just over 800 students eligible. Perkinson said those students were sent an application to fill out and Gast processed around 100 applications the first day. He said the funding will be released next week. Lovern said the application was fairly general in requesting information about students' needs and their losses, but the applications received have been very specific on those points, which will be helpful as we do a lookback after the fact. Perkinson said the process was design intentionally to make sure we get money to students as quickly and effectively as possible.

Walsh said that meanwhile the conversations about the funding model and other issues that were already going forward before are still happening.

Pardo asked about the planning of cuts and when Perkinson and his team expect to have that data. Perkinson said that this fiscal year we're implementing the plan we developed a couple months ago. He said we're going to be close to that, but the loss of the sports lottery funding was a gut punch. He said we have a near-term strategy to account for that, and indicated that more will be shared with campus on Friday. He said for the next fiscal year we have a detailed plan that we'll release to campus on Friday. Walsh said President Schott will stream a video

message to campus with a follow-up conversation the following week. Perkinson said there will be an invitation with a Zoom link for the Friday livestream.

Guenther asked about how the rest of the student money will be disbursed. Perkinson said the plan is to disburse the initial batch in spring, then more in summer and fall. Walsh said we have a year to disburse the full \$1.7M to students.

APRIL 15TH MINUTES

Slattery/Pardo moved to approve the minutes from the April 15th meeting; the motion passed, 6Y/0N/0A.

RECOMMENDATION

Walsh said she would like to share some of her thoughts and then hear from the other Council members and vote on a recommendation. She said there are many national conversations going on right now, and one of them is about tuition increases. She said that so much has changed, even since the last meeting of the Tuition Advisory Council, that as she reads more and hears more about the student experience, and as she takes part in discussions about how we will be reopening, among other things, she's come to a place where she doesn't think she can support a tuition increase of any more than 5%. She said it's enormously hard to go through these conversations, and we've talked about how these increases are put on the backs of our students. She said she thinks we have a moral imperative: she wants students to come back, and she wants to tell them that we'll figure out other ways to get through this. She said she doesn't think the burden of a tuition increase of 5% or more would meet that moral imperative. She said that where she's landed, and she'd like to hear from all of the other Council members.

Stillman asked how much has changed since the Council's previous conversation about what the finances of the university will look like given the newest information. He asked how much the pro forma has changed. Lovern said the changes are dramatic. He said SOU's level of state funding for fiscal year 2021 is basically what the university received in 2016, though costs have continued to go up. Lovern said he doesn't have sliders in the pro forma set high enough to reflect what tuition would need to be to get to an 8% ending fund balance. The sliders go up to 25%, so we would be talking about a massive increase.

Pardo asked what percent of SOU's students qualify as low income. Stillman said the most common measure would be what percentage of students are Pell eligible. He said he'd find that number.

Perkinson said that as states wrestle with how to reopen, there's a lot of uncertainty about the balance of how we'll provide instruction, what the student experience will be, and whether many high school graduates might decide to take a gap year. Walsh said we also don't know how many students will stay here. She said there are some things that we'll start to know at

different times, like fall enrollment, which we'll probably have a pretty good idea of at some point in August. She said right now we're planning to be doing in-person instruction in the fall, though we will probably have some hybrid options. She agreed that there's a lot we don't know but said we'll have more time to think through what fall will look like than we did for spring.

Stillman followed up on the question of low income students at SOU. He said there is a perception that SOU has a higher Pell-eligible population than others in the state, but we're actually pretty close to average. He said approximately 32% of SOU students are Pell-eligible.

Guenther said she's having a hard time trying to think about how we're going to function as a university without increasing tuition more than 5%. She said the pro forma showed that we would see a loss of almost \$3M at 4.99%. Pardo said her concern is that if we increase tuition beyond a certain point people will be less likely to want to come to SOU. Guenther said she sees that too; there's no easy answer. Eldridge said she is thinking of the moral obligation that Walsh mentioned, keeping in mind what we owe our students and thinking about what is happening to their parents and their livelihoods. She said her tendency is to agree with Walsh, it does seem like a moral and ethical matter. Walsh said she too has tried to think about what the right number would be, balancing all of the factors; is it \$3M down, \$6M down, more? She said she's been trying to weigh all that with wanting students to come back. She added that another thing on her mind is that she never taught remotely, and she doesn't know that she would have been able to do that without training. She said she would love to take some time over the summer to make sure our faculty experience is up to par with the level students should have. She said we've got to do right by the faculty too, which means giving them the tools they need to provide a better experience. She said we've been working with the Center for the Advancement of Teaching and Learning and trying to find other training opportunities to provide that support for our faculty.

Slattery said remote and online are two different paradigms, and one problem we face is that online is a good product for some students but not others. He said for those that expect face-to-face contact, remote is not ideal. He said he would have loved to do hybrid courses for spring term, which is a much better environment than remote, but being able to offer hybrid teaching in fall will depend on not being back to social distancing like what we have now. He said he cautions people that things could be just as bad a year from now and we could be in the same situation. He said he agrees with the idea of keeping tuition below 5%. He said he does see the ethical matters for current and incoming students today, as well as ethical matters for 10 years from now, making sure the university is still around. He said the long term picture makes him wonder if a 5% increase will be enough; even thinking about next year, he wonders if we will then have to raise tuition more to compensate. Still, he said, he comes back to 5% and banging the drum about how these financial pressures are being loaded onto the backs of students. He said he believes that national and state government will have to start seeing this as a priority with the number of people in need. Walsh said like Slattery she thinks that even the most resistant legislators would have to see the writing on the wall. She said she wanted to share one more thought. She said she feels that there's a sense of shared sacrifice on campus

right now. People are really asking themselves what's really important, what are the values of our university. She said she thinks people will understand and pull together to bear some part of the burden, she feels a sense of collegiality. She said in some ways this is an opportunity for us to shift our thinking about how we do higher education. For example, she said, she thinks we will put more emphasis on pursuing adult learners. She said she's not thanking the virus, but there are opportunities for the community to come together.

Stillman said he is struggling with the pivot point of a tuition increase percentage because the thought of the effects of cuts on staffing levels, the possibility of furloughs, and etc. are painful to consider. He said he thinks we're going to live that reality regardless what percentage we come up with, but he is struggling with the balance. He said his gut is telling him that 5% is not anywhere near what we'll need. Walsh agreed. She said there's no shortage of work being done on this; everyone at every level is working hard to avoid getting to a place where we see negative effects like morale going down, students not wanting to come back, and so on. Stillman said one big advantage of choosing a reasonable tuition increase is that we wouldn't risk hemorrhaging enrollment. He said he's cautiously more comfortable with a 5% increase than he would be with something like 10%.

Pardo asked to look at the pro forma and what the numbers look like with a tuition increase of 4.99%. [Lovern displayed the pro forma and input a tuition increase of 4.99%. In that scenario, with the current numbers, the 2020-21 ending fund balance was projected at -2.43%.]

Perkinson said he was in a meeting on Monday with President Schott and some of the senior leadership of the Board of Trustees. He said one of the Board of Trustees leaders said they couldn't see how we would go above a 5% tuition increase. He said he offered this just to give the Council a sense that a former business owner understands what we're looking at. Walsh said she hadn't heard that when she first shared her thinking with Perkinson and Lovern about keeping the tuition increase below 5%, so it didn't sway her thinking. Perkinson said this is just a data point for context.

Stillman asked Perkinson about the Board's willingness to entertain a model that looks like the pro forma with a 4.99% increase. Perkinson said he believes what we'll need to demonstrate to the Board is that we have a plan and we can act against the plan and make some adjustments as necessary. He said a plan will be shared across campus on Friday and will identify some savings. Stillman said it feels like we're entertaining a vote without some crucial information. Walsh said she believes Friday's information will provide some more concrete information, but not a magic bullet or any real certainty. She said she doesn't believe that it would change this conversation substantively, not enough to hold off voting on a recommendation today. Perkinson agreed and said the value of that plan is about \$3.2M over the fiscal year. He said if you lay that in to the pro forma you can see that what is actionable gets us out of the red and into the black.

Stillman/Pardo moved to approve a recommendation to President Schott that tuition be increased by 4.99% or less. Stillman clarified that this means as close as practicable to 5% while satisfying the conditions of the Higher Education Coordinating Commission by being under 5%

with other fees factored in. Perkinson said the actual tuition increase would be around 4.7%, with fees to be discussed later. The motion passed, 6Y/0N/0A.

STUDENT HEALTH AND WELLNESS CENTER FEE

Lovern said the labor contract for SEIU includes some of the Student Health and Wellness Center's health practitioners, so a recent SEIU raise increased costs, which is why the fee needs to be increased. Walsh added that there have been additional expenses relating to moving some of their services to tele-health. She said this has worked very well and students seem to appreciate this option. Lovern said the tele-health service the Center uses is a subscription service, so more users means more costs.

Stillman/Slattery moved to recommend approving the proposed increase to the Student Health and Wellness Center fees; the motion passed, 6Y/0N/0A.

The meeting ended at 2:41pm.