

**Tuition Advisory Council**  
Friday, February 26, 2021

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

- ✓ Sarah Grulikowski – Student
- Niko Hatch – Student
- Leslie Eldridge – Faculty Member
- Tara Othman - Student
- Dennis Slattery – Faculty Member
- ✓ Matt Stillman – Administrator
- ✓ Susan Walsh – (Chair) Provost and Vice President for Academic Affairs
- Quinn Youngs - Student

**Guests Present**

Greg Perkinson, Josh Lovern, Neil Woolf

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The meeting started at 9:30am.

**Minutes**

Walsh suggested one small change to the minutes from the February 19<sup>th</sup> meeting. Because there were only 3 voting members of the Council present, there was not a quorum present to vote on approving the minutes.

**Review OPU Tuition Changes Since 2015-16**

Lovern displayed a PowerPoint presentation (Part 4\_Pre-Modeling\_Review.pptx). He started by discussing a slide showing the relative percentage change in tuition rates at the Oregon Public Universities (OPUs) from 2015-16 to the present. He pointed to the dot representing SOU and noted that most of time we're in middle of the pack, though we have occasionally jumped to the top. He said the years when our increase is higher than other OPUs tend to be years like the current one, when the long session of the legislature is happening and there may be a lot of changes to PERS, etc. He pointed out that last year we were close to the bottom of the pack. Lovern said this chart doesn't go back prior to 2015 because the Oregon University System (OUS), which existed up until that point, had a different tuition-setting process. Perkinson said it may also help to know that at the start of this chart SOU had lowest tuition rate of the OPUs, and now we're 4<sup>th</sup> lowest. Walsh said another way of talking about the timing of our larger increases matching up with the long session of the legislature is that it's the first year of the biennium, so it's where we know what the funding will be for the biennium. Woolf said it might provide useful context to show this chart along with the chart showing where SOU fits in the total tuition costs. Perkinson agreed and said this chart was originally developed to show the HECC that lack of state funding has driven tuition dependency.

## **SCH Projections**

Lovern displayed a chart with Fall 21-22 SCH projections. He said some of the math behind the projection models suggests that SCH will jump back up. He said this is not necessarily what we expect to see, but we do think that SCH is unlikely to continue going down. Woolf said our new enrollment numbers are down and our continuing numbers are down, so he would caution against saying we don't think we'll be down. Perkinson said enrollment is a key driver for revenue, so the better we can predict enrollment will mean better predicting revenue. There's a lot of uncertainty around this. Woolf said he would want to steer away from definitive statements like we don't think we'll be down. Perkinson agreed that less definitive statements are better and said he would be okay with sticking with SCH as modeled or adjusting down, as long as we show the basis of the variable and make clear that we don't know. Walsh said it's important to take into consideration who the audience is. Perkinson said that's a good point, right now the audience is this Council, then it will be Cabinet, then the Board of Trustees. Walsh asked when we would be able to make a projection we'd be comfortable with given the timing of this Council's work. Woolf said as late as possible. He said his concern was not making a statement like "none of us expect it to be down." He said he is fine with showing the path and the pattern, and we will probably have a better sense of things once registration begins in April. He pointed out that at this point on a year-to-year comparison of new student numbers we're still comparing COVID versus pre-COVID, but that will change in mid-March, so we should have a better idea around mid-April. Walsh said there are a lot of variables, including major things like whether we're in-person in the fall, which are likely to have a big impact on the numbers. She said the best approach in the meantime might be to look at a range with best-case and worst-case scenarios. Perkinson said it's good to acknowledge that it's an area of uncertainty, and it's just a fact of life. He said this Council's recommendation will have to be made while there's still uncertainty, so there is risk. Lovern said it's also good to be mindful of what other schools are projecting and saying in their tuition setting processes. Walsh said we're not able to know about the other OPUs' processes until they're made public, and only the University of Oregon so far has been announced.

Woolf said he thinks it's important to continue looking at the model, he just wanted to add a caveat that this is just what the math is showing based on previous years. Walsh said it's good to acknowledge that it's hard to do apples-to-apples comparisons right now.

Lovern said the graph shows different models for projecting Fall 21-22 SCH. A two period moving average suggests our SCH would be about flat to where we're currently projecting this year to end. A linear projection shows SCH slightly up from where we're projected to end this year, and other mathematical models suggest even farther up. He pointed out a red box representing the SCH range being used in our modeling and said this can be adjusted.

## **Pending Variables in Model**

Perkinson shared a slide showing the pro forma for the 21-23 Biennium with several variables included to help see ramifications of different scenarios:

- State Funding at the level of the Governor's Recommended Budget (\$837M) if it were distributed using the funding model as it existed in December 2020
- 3% Resident tuition increase
- 5% Non-resident tuition increase
- 3% COLAs
- PEBB rates 'holding steady'
- PERS rates increasing

In this scenario, the projected ending fund balance as a percentage of operating revenue would be 4%, or about \$2.6 million, leaving a \$4.6 million gap to the 8% ending fund balance as a percentage of operating revenue target. Perkinson said the federal funding modeled here is based on two days ago, not yesterday; we now believe the rules are going to allow us to use CRRSA funding in part to offset tuition revenue losses. He said there will be a discussion at Monday's Cabinet meeting about how to process that funding.

Lovern said this version of the pro forma also includes some adjustments to transfers for the next biennium; the lottery money appears to be coming in soft, so we might have to transfer some expenses to places that are usually funded by the lottery money. Walsh said it seems like this is not uncommon, where the lottery funding is zeroed out at first, then adjusted. Lovern said several of the OPU's are asking for adjustments to the lottery because they didn't receive a bump last time.

Perkinson showed another version of the pro forma with a different scenario, in which all the variables mentioned above are the same, except for the amount of state funding, which in this version is set at the level of the Agency Requested Budget, the amount requested by the HECC: \$908 million (again distributed using the funding model as it existed in December 2020). In this scenario, the projected ending fund balance as a percentage of operating revenue would be 4.76%, or about \$3.15 million, leaving a \$4.05 million gap to the 8% ending fund balance as a percentage of operating revenue target.

Perkinson said this version was updated based on the revenue forecast made yesterday. Lovern said the next time we see the pro forma there will be some changes in transfer adjustment money and in housing.

### **Thoughts About How to Proceed**

Walsh said with the conversation continually evolving, she would be interested to hear what people have to say, given the unknowns, variables, etc., and the deadline for making a recommendation to the President. She said she isn't sure how this group should proceed with the recommendation. She's hearing a lot of unknowns and wondering if we want to shift this conversation to one where we consider a couple recommendations based on 'what-if' scenarios. She noted that the Council still has fees to talk about. She said the Council may want

to make a couple recommendations based on different SCH projections or other variables. She said the Council did something similar a couple years back but ended up landing on one number for the final recommendation. Perkinson said he likes the idea of bringing the chart from 2 years ago forward, which shows a range. Then, if the Council lands on a recommendation in the range that could be what goes to President Schott. He said it's also important to note that price sensitivity matters; with the stimulus funding we could have more of a hedge against risks, then it becomes more of a philosophical discussion about price. Walsh said she thinks there's another level of discussion about investments to consider. Woolf said one other key variable is what perception students have on what fall term is going to look like. He said he's hearing that high school students are generally not having a good experience with remote learning, so they may not be excited about continuing their education in that environment. He agreed that price sensitivity would be good to consider. Walsh said she's hearing that we might consider setting aside the variables and unknowns at this point and picking a price. Lovern said another approach would be to just set aside SCH variable. Walsh said she's hearing that a high school student might be more interested in continuing if we are able to give them a good price. Perkinson said the next round of stimulus could be something we are able to use to influence the decisions of students. Woolf said to a student this might look something like a 3% tuition increase and \$3,000.

Walsh said taking this kind of approach might save a lot of time. We could continue to have the conversation about all the variables, but the differences are not that big, so it may be for us to think about if we need to have all this back and forth if we still won't know much by mid-April. Woolf said that to be able to play with the sliders in the pro forma will allow us to see the impacts on ending fund balance. Walsh said she doesn't disagree with that, but if we're only talking about 2% or 3% increase, it may not be that significant. Perkinson agreed. Woolf said he's been checking in with Ruffalo Noel Levitz, our financial aid leveraging partner, and he thinks we'd be in the norm for our tuition increase to be under 5%. He said the person at RNL looks at schools all around the country and this is what he's hearing. Stillman said short of something like no tuition increase, it's kind of a wash between 2% and 3% when it comes to student sentiment/interest. Grulikowski said the most predictable and consistent thing students say is to make tuition less expensive, but she thinks some students are worried about the survivability of the institution. She said she certainly appreciates affordability, but she also needs to have confidence that the institution will survive throughout her tenure and be able to keep programs and faculty, etc. She said if the money has to come from a 4% or 5% increase, that might be okay. She said she does like the idea of reducing some of the variables to model more simply. She said she also agree that there might be ways to impact student sentiment outside of or alongside tuition. She said there are student organizations interested in tuition, but there are also student organizations focused on OERs to reduce textbook costs, so there might be some tradeoff. Walsh said she appreciates the comment about OERs. So far, there hasn't been much incentive for faculty in this area, but it would be good for a student to know they wouldn't have to pay \$150 for one book.

Stillman said it would be interesting to have the conversation about how many additional students would we need to recruit to recoup costs depending on different tuition rates. He said

he thinks this may be the best year to consider something out of the box like that, with stimulus money expected and other things. Grulikowski reminded the group about Purdue as potential example. They froze their tuition for several years in a row. Perkinson said he just talked yesterday with Housing about a possible price freeze. Walsh said she agrees that it's a good time to look at these kinds of possibilities, but if we're not in-person in the fall it may counter some of that. Stillman agreed that we can talk pricing as much as we want, but if we're not in-person it may not help much. Walsh said we can talk about a freeze in Housing prices, but if nobody's actually here to use housing it won't matter much.

The meeting ended at 10:37am.