Tuition Advisory Council
Friday, March 5th, 2021

Council Members (✓ indicates the member was present)

- ✓ Leslie Eldridge – Faculty Member
- ✓ Sarah Grulikowski – Student
- ✓ Niko Hatch – Student
- Stasie Maxwell – 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

The meeting started at 9:30am.

Minutes

Eldridge/Stillman moved to approve the minutes from the February 19th meeting; the motion passed, 5Y/0N/0A. Stillman/Walsh moved to approve the minutes from February 26th meeting; the motion passed, 5Y/0N/0A.

Discussing Rates Set by Other Oregon Public Universities

Walsh said she heard that Eastern Oregon University will meet today and recommend keeping tuition flat for resident undergraduate students. She said she's also heard that the University of Oregon will be recommending a 4.5% increase for new students--they had already committed to keeping tuition flat for returning students.

Walsh said there are still some unknowns but we're getting closer to having an idea of how the holes in our models are going to be filled. Lovern said SCH projections are being refined and more environmental variables are being incorporated. He said previous projections had been projecting an increase, but after looking at the admissions funnel, FAFSA filings, and a variety of other environmental variables, it now looks like we might be down in SCH by about 3% from fall term 2020. He said the model factors in that projection and how it is likely to play out throughout the year via attrition rates and other factors. He said additional stimulus funding currently looks likely, so a toggle has been added in the pro forma to easily show what things look like with and without additional stimulus funding.

Walsh said there have been conversations about trying to be face to face for fall term, which is likely to impact enrollment. She said we will have plans for a hybrid approach and we'll be ready to pivot to meet changing circumstances if necessary, but the university is not being coy about planning to be in person in the fall if possible. She said the hope is that this would be a welcome message for prospective and returning students, and would positively impact our enrollment. Stillman said things are very complex this cycle--we have to rely upon historical modeling to make predictions, but we also have to understand the limited application of historical examples to the present circumstances. Walsh said we know that students are still waiting to make final decisions that will affect enrollment.

Comparisons

Lovern displayed a slide showing the relative percentage change in tuition rates from the prior academic year for the years since 2015-16. He noted that in 2016 SOU was toward the top of the pack in percentage change of tuition rate, and also pointed out that SOU's tuition change percentages have gone up and down based on which year it is in the biennium. He said in the first year of the biennium we see the raises in various costs and get 49% of the funding for the biennium, while in the second year the costs are already known and we get 51% of the support. This explains why the first year of the biennium tends to see us raise tuition by a higher percentage. Last year we were in the middle of the pack, but the year before that we were at the top. He said if we were to follow that pattern this would be the year where we would expect our tuition rate change to be higher, but that doesn't mean we have to follow the pattern. Perkinson said he wants to be clear that the lack of state funding in previous funding model is what drove this pattern. He said if you look at the pack, they're pretty consistently around 4-5% because they've been more consistent in receiving state funding. He said we now think that is going to improve a little, but it's too soon to tell. He said the biggest factor to inform this year's tuition recommendation is likely to be the stimulus funding, which will give us one-time relief to help us fill a huge hole. He said it looks like our peers are all going to be below 5%, and most will be around 2% - 3%. Walsh said because of the variables it may be best not to worry too much about where we are relative to other institutions. In previous years we've tried to stay in the middle of the pack, but maybe this year we should consider our own circumstances relative to our own circumstances. Perkinson said he does think price sensitivity matters, so we would want to keep our position relative to other Oregon Public Universities regarding price point, but Stillman has previously talked about what would have the most influence on student decision making, and that's a good thing to keep in mind.

[Slattery joined the meeting.]

Perkinson said that as we look at the pro forma we'll be able to see the impact of different variables and decisions. Eldridge said she thinks that people, and especially new students, tend to compare prices with an eye toward overall affordability rather than percentage increases tuition, and SOU is still one of the more affordable schools overall. Walsh said that's a good point; it's important to keep cost of attendance in mind rather than focusing on percentage changes in tuition rates. Stillman said he absolutely agrees that total cost of attendance is what students look at primarily. Eldridge said it would be interesting to see where SOU stacks up there. Perkinson said Woolf has told him that he's in the middle of updating the total cost of attendance calculation for SOU. He added that a couple things are currently being considered that would impact total cost of attendance: a possible freeze to Housing rates for current students and a possible 2.99% cap on campus dining cost increases.

PERS Rates

Lovern showed a slide displaying how Public Employees Retirement System (PERS) rates are calculated and incorporated into our budget and modeling. He said we get a count of classifications of labor, including how many people are on each tier, which we use to create a weighted average. Then, we use average salaries to get an estimate of our costs. He said as we get data closer to the final adoption of the budget, he starts pulling in individual classifications to get the actual data. Slattery asked about the 'unfunded liability,' the difference between the amount of money in Oregon's PERS system and the amount needed for it to meet its obligations. Lovern said that sits on the balance sheet side of the budget, which is not represented on the pro forma. Perkinson said the 'unfunded liability' increased last year from $30 million to $34 million and he would guess that it will continue to grow on a similar scale. Slattery mentioned that the stock market has done well recently so we can hope that this might help.

Looking at Different Scenarios with the Pro Forma

Lovern displayed the latest version of the pro forma and showed where a stimulus toggle has been added. He said it looks like the stimulus may be about 10% more than the total of what we've already received in the two previous federal stimulus packages since the start of the pandemic. He discussed how this potential stimulus funding is incorporated into the pro forma. He noted that in the current fiscal year we only see the CRSSA stimulus funding displayed because the CARES funding came before then. He said the university has been looking at the rules around how the CRSSA funding can be used, which are still being promulgated. He said once the funding gets into the system as revenue, we can break it out, and it's currently in the pro forma in the 'Transfer Adjustments' line. Lovern said the transfers include money to pay off things like a loan taken out by the university and debts around Schneider Children's Center. He said doing these transfers makes our net asset ratio better, which makes our financials look better. He said additional transfers include some Housing stabilization because Housing has lost a lot of money with students not being around. Walsh asked where Academic Affairs things like professional development show up. Lovern said they're listed on the transfers line as 'other near-term considerations' and 'wild ideas for ARPA.' Walsh said she has put out a pitch for some professional development for faculty around Open Educational Resources (OERs) with the goal of helping reduce costs for students. Perkinson said if we bring CRSSA money into the E&G budget as a revenue offset we can move it anywhere we need to and we can have discussions about where it goes then. Walsh said for the sake of consistency and to help people wondering where across campus things end up landing, it's good to keep clear on where things are showing in the budget.

Perkinson called the Council's attention to the ending fund balance as a percentage of operating costs on the pro forma. He pointed out that in the current scenario, without additional stimulus funding, it would end up at 10.51% this year, but it would go down considerably in the forecast because we're modeling in a conservative way with enrollment down and labor costs up. The net effect is a $7 million hole to fill in the fund balance next year. He said the additional stimulus would really help us this year (the ending fund balance as a percentage of operating costs goes to 17.2%) and position us well going into next year (7.74%). This scenario includes a 3% tuition increase for resident undergraduate and graduate students.

Perkinson said the third round of funding presents us with a much more stable funding base and the trick for the future will be how to sustain that base moving forward. Stillman asked how conservative the 5% stimulus estimate is in this scenario. Lovern said it's pretty conservative, we think it will actually be 10%. Perkinson said it's a planning factor; the prediction is pretty solid at 10%, and at some point it will hit an allocation table and we'll get a definite number. He said there are so many complexities we're talking about behind the scenes, that we don't want to introduce them all to this group because they won't necessarily change how we operationally fix our challenges moving forward. He said it's helpful to note that the additional stimulus would really help, but it's a one-time thing, so it won't fix some of the ongoing problems. Walsh said she agrees that it's good to remember that we still need to fight the fight for additional state funding, etc., because things become unsustainable if we don't. She emphasized the importance of enrollment and retention. Perkinson said looking at the second year of the biennium shows that even with a really nice stimulus bump things don't look all that good.

Eldridge asked if SOU has ever looked at doing a differential tuition raise like what the University of Oregon has done with their 4.5% increase for new students but no increase for returning students. Walsh said in her experience SOU has never done that, and that this approach was part of the University of Oregon's marketing plan around their tuition increase last year, so the timing was intentional. Stillman said SOU has not done a differential tuition change like that. Slattery said something like that was discussed when he was on the Board. He said Western Oregon University made a promise similar to this. Walsh said in the example of Western Oregon University it ended up hurting the new students. They promised students who entered that their tuition would not go up, which meant that tuition increases to keep up with rising costs ended up being higher and falling on the backs of new students. Slattery said he could see how putting increases on just 25% of the student population might become a problem. Eldridge said her thought was about students who've lasted through this year and stuck with SOU in difficult circumstances; new students are probably going to look more at overall price point, but current students will probably be more focused on the percentage increase. Lovern modeled a 0% tuition rate change for resident undergraduate and graduate students. This scenario showed a 6.28% ending fund balance as a percentage of operating costs for 2021-22, and a -6.28% ending fund balance as a percentage of operating costs for 2022-23. Stillman said we might get an enrollment bump as a result and asked to what degree a 1% enrollment increase would help the bottom line. Lovern adjusted the pro forma to incorporate a 1% enrollment increase, which showed a 6.8% ending fund balance as a percentage of operating costs for 2021-22 and a -5.74% ending fund balance as a percentage of operating costs for 2022-23. Slattery asked what it would look like if we get 7.5% on stimulus rather than the 5% in the current scenario. In this scenario, the ending fund balance as a percentage of operating costs for 2021-22 goes up to 7.0%, and the ending fund balance as a percentage of operating costs for 2022-23 goes to -5.5%. Increasing the stimulus to 10%, the ending fund balance as a percentage of operating costs for 2021-22 goes up to 7.2% and the ending fund balance as a percentage of operating costs for 2022-23 goes to -5.35%.

Perkinson said it's worth noting that this doesn't include cost saving on labor adjustments, which have not been incorporated in this model. Lovern added that supplies and services adjustments haven't been incorporated either. Walsh asked if this scenario includes furloughs extending into the next fiscal year. Perkinson said we modeled furlough savings for President Schott to look at the possible effects and it's about $1.2-1.3 million in savings if we were to continue furloughs into the next fiscal year. He said if you look at the 'Net Personnel' line and compare the actuals from FY 2020 against the current year, you can see some nice savings over plan; that is, where we spent less than what was approved in the last budget. This shows the effects of some of the decisions we've made to reduce costs. Walsh said just for clarity's sake that it sounds like furloughs continuing into the next fiscal year have not been included in the pro forma we're looking at now, but they have been modeled elsewhere.

Walsh asked if there's anything the Council wants to see for next Friday's meeting. She said we may have some new info, better projections, and so on. She suggested that the group may be able to have a conversation about fees at the next meeting, and could also give a little more thought to Eldridge's big question about incentivizing new students and rewarding current students.

Grulikowski asked if there has been any conversation about a targeted rebate to returning students. This would not be a tuition freeze, but might still be an incentive to returning students. Lovern said there have been discussions about how we can leverage the student portion of stimulus funding. He said one thing that changed in the CRSSA funding is that we're able to offer students the opportunity to reduce their balances using that money. He said there has been some discussion about whether we can do a rebate like what Grulikowski mentioned based on this money. Grulikowski said that speaking from her own perspective as a student, if she was told that signing up by x date would mean saving some money, that would incentivize her. Walsh said she thinks that's a great idea to consider, and she likes that Council members are thinking that way.

The meeting ended at 10:35am.