

Tuition Advisory Council
Friday, January 28th, 2022

Council Members (✓ indicates the member was present)

- ✓ Pascal-Jumeaux Brasseur – Student
- ✓ Samuel David – Faculty Member
- ✓ Blake Jordan – Student
- ✓ Erica Knotts – Faculty Member
- ✓ Dallas Ransom – Student
- ✓ Gabrielle Slyfield – Student
- ✓ 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 1pm.

Overview and Introductions

Walsh thanked the Council members for volunteering to participate and provided a brief overview of the Council. She said each Oregon Public University campus has a group like this, though they have different names, and that having such a group is mandated by Oregon House Bill (HB) 4141, which also specifies the makeup of the Council's membership. She said the Council is not a decision-making body, its role is to advise the President, and if there is no consensus on the Council's recommendation, multiple perspectives can be presented to the President. She also discussed the timeline of the Council's work, which will lead up to the April meetings of the Board of Trustees, when the Board will decide on new tuition and fee rates.

The Council members introduced themselves.

Role of the Tuition Advisory Council

Lovern went into more detail regarding the role of the Council. He said it was created initially by HB 4141 in 2018, and noted that the process as described in HB 4141 is actually designed around SOU's legacy process. He said we have a checklist to make sure we're in compliance with HB 4141 requirements.

Lovern said the role of the Tuition Advisory Council (TAC) is to look at tuition and mandatory fee rates and make a recommendation to the President. The President will make a recommendation to the Board of Trustees, then the Board makes their decision. If the aggregate rates will rise by more than 3%, the Higher Education Coordinating Commission

(HECC) will conduct a review; if the aggregate rates will rise more than 5%, the HECC needs to give its approval, which will include a “stringent review process.”

Lovern said the Council will review data, financials, current and historical tuition and fee rates, state appropriations, and how all these things, as well as other factors, help inform the tuition conversation. He said the Council uses a tool called the Pro Forma that helps show the institution’s financial health and the impact of different tuition and fee rates on students and others across campus. He said the Council will offer a webinar where students and other stakeholders have a chance to ask questions and provide feedback.

Lovern said the Council looks at all kinds of tuition as well as some mandatory fees. He discussed the different mandatory enrollment and incidental fees and said the TAC makes a recommendation to the President regarding the matriculation fee. Fees not recommended by the TAC include the health center fee, the building fee, the student incidental fee, and the student recreation center fee.

Walsh provided some background on the Higher Education Coordinating Commission (HECC). She said it came into effect in 2015 around the dissolving of Oregon University System when SOU got our own governing Board. She said the HECC’s job is to coordinate among the state’s community colleges, public universities, and private universities.

Budgeting 101

Lovern discussed the basics of budgeting at SOU, pointing out that budgets are a continuum, a representation of the institution’s plan. Current numbers capture what’s happening in the here and now, while forecasts are strategic, and the budget tries to incorporate both. He said the goal is to maintain a healthy ending fund balance so the institution can withstand future uncertainties. He said SOU has some very recent experiences with the kinds of uncertainties that can impact our bottom line, including fires, the pandemic, and issues with the pipeline of students from our Community College partners. He said having a healthy ending fund balance also allows us to invest in student support and initiatives to grow enrollment. Ending fund balance is usually expressed as a percentage of operating revenue. He displayed a slide showing SOU’s ending fund balance as a percentage of revenue from 2007 to the present and noted that prior to the Oregon University System dissolving, the legacy Key Performance Indicator (KPI) relating to the ending fund balance as a percentage of operating revenue was 10%. He said that more recently it’s been recommended by the National Association of College and University Business Officers (NACUBO) that a better goal would be 40%, which represents roughly one term of operations.

Lovern moved on to discuss the prior Fiscal Year, FY21. In FY21 Student Credit Hours (SCH) contracted by 10.6%, while in FY20 SCH contracted by 4.6%. He said the ending fund balance was challenged initially but ended up growing, in part because of SOU’s participation in the workshare program and labor expense shift, as well as massive cost-cutting measures.

Ransom asked a question in the chat window: “Do we know which majors/focuses had the largest drops? Would these be worth targeting with retention initiatives?” Woolf said he wouldn’t go into too much detail at the moment, but the answers are yes and yes.

David asked what percentage of SOU’s budget is provided by the state’s allocation of funds. Lovern said this will be discussed in more detail later, but it’s right around 30%.

Lovern proceeded to discuss the current Fiscal Year, FY22, for which SCH is projected to decline by around 7.7%, and tuition revenues look like they will be down by around 5.4%. He said the difference between those two numbers is affected in part by the slight bump in tuition rates last year. He noted that fee areas were hit especially hard. He said state allocations remain tight-fisted; they were better than originally expected but we still need more support.

Woolf clarified three different ways of talking about enrollment: headcount, which is just the total number of people; FTE (full-time equivalency), which looks at total credit hours and expresses how that would equate that to a number of people taking a full course load; and Student Credit Hours (SCH), which the state uses in their funding calculations. He said this fall we had an increase in headcount but a decrease in SCH.

David said it looks like tuition revenue has decreased by 15-20% in the last few years. Lovern said that is correct, but to reframe it slightly, SCH is down about 23%. He said the tuition rate hasn’t gone up fast enough to offset SCH losses. David added that the state hasn’t offered more money to help. Lovern said that’s right, and that’s what we try to communicate repeatedly, the dichotomy. He said we will be going over that more in the next few training sessions.

Lovern discussed the next fiscal year, FY23. He said that SCH and Fee projections continue to evolve, and there are several models being used by different offices on campus.

Revenues and Expenses

Lovern started a discussion of SOU’s revenues with a look at state allocations. He said the legislature allocates funds to the Public University Support Fund (PUSF), then the HECC uses their Student Success and Completion Model (SSCM) to allocate the PUSF money to the universities. He said the SSCM has three elements: Mission, Activities, and Outcomes, and the Mission bucket makes up about 17% of our funding. He said there are not as many levers for us to pull in that area as there are in the other two.

Knotts asked about reports of bias in the funding model and how that affects SOU. Walsh said yes, several of our faculty members participated in a research project relating to the funding model and the findings were pretty conclusive in finding that it is skewed toward STEM, and that the areas valued more highly by the model tend to be more male-dominated in both student population and faculty. She said the findings from that research project were presented and got some attention, including some pushback. She said it is not unlikely that it

might come up again and mentioned that some of the faculty members who participated in the project might be willing to come talk to this group. Knotts said she is curious to see how much that affects us money-wise. Walsh said it is hard to quantify, but the general sense is that STEM wins the day and other things aren't weighed in the same fashion as STEM. Woolf said we're working this angle but it's a model that needs further refining. Walsh said philosophically, we have an issue with the values the model places on academic programs and degrees conferred in some cases.

Lovern discussed the various tuition rates: undergraduate, graduate, resident, non-resident, Western Undergraduate Exchange (WUE), in-person, online, and differential. He said that mandatory enrollment fees also vary.

Moving on to discuss expenses, Lovern described Supplies and Services (S&S) costs. These include the expenses we pay to keep buildings operational, run data centers, purchase utilities, and so on. He said S&S continues to grow at a steep pace, in some cases greater than inflation, so we periodically have to step back and adjust our budget. Other expenses include Personnel and Other Payroll Expenses (OPE). Personnel costs include paying Faculty, Classified Staff, and Administrative Staff. He said OPE includes retirement, health insurance, and other core benefits (FICA, workers' comp, etc.). He said for modeling we also look at what labor increases look like as projections and there are different tables we budget around behind the scenes. He introduced the labor cost increases like years in rank, cost of living adjustments (COLA), and across the board increases (ABI).

Lovern showed the rising costs associated with the Public Employees Retirement System (PERS) and Optional Retirement Plan (ORP). He said we'll go into more detail in later trainings, but SOU's retirement expenses have been growing very quickly, more than doubling in the last decade. He said there has also been considerable growth in our Public Employees Benefit Board (PEBB) healthcare insurance costs, which has experienced more than a million dollars of growth in the same period.

Introducing the Pro Forma

Lovern introduced the Pro Forma. He said it's a spreadsheet showing revenues and expenses where the ending fund balance changes when the calculations above are changed. This allows us to see the impacts of changes we can make to different levers like tuition and fee rates. He said budgeting depends on forecasting, which is part art and part science. He said the Pro Forma will be continually updated as new data and projections come in.

Previewing the Next Meeting

Lovern said at the next meeting we'll be talking about the competitive landscape and looking at enrollment projections using national, regional, and statewide data. We'll also look at SOU's SCH forecast modeling.

Tuition Advisory Council Website

Walsh showed the Council the TAC page on the President's website. The page includes information about the Council, its Charter, approved minutes and other materials from past meetings, and further information so people can follow the Council's process.

Stillman said he will add the Council's members to the distribution list for his enrollment funnel report and he'll be happy to spend 5 or 10 minutes at a future meeting discussing what it shows.

Walsh said the minutes for the Council are in-depth and other information is made easily available because we want to be very transparent. She said in previous years this group has engaged in a full-on communication campaign, and we may meet with a variety of different groups, table in the Stevenson Union, host webinars, etc. She encouraged members to help think about other ways to get the message out about what we're doing and talking about. She said it's especially important for the student and faculty members of the Council to help communicate to their peers about this process.

Closing Remarks

Walsh said we go through this tuition and fee recommendation process every year, but when the regular session of the legislature determines our budget they do it for two years, so the first year can sometimes be more challenging.

Perkinson said that it's a challenge and an opportunity for this group to understand the university's revenue and expenses and also how we can control some things but not others. He said we know this year what our state support looks like with pretty good fidelity, so he encouraged the Council to focus on things that it can help shape, especially the tuition rate. It's a big driver for revenue, but we also need to balance that with affordability, what other universities are doing, and so on. At the end of the day it becomes a matter of understanding what we can and balancing what we ought to do.

Lovern said he wanted to circle back about the percentage of SOU's budget that is provided by the state's allocation of funds. He said in recent history it has changed and it's closer to 40% rather than the 30% he mentioned earlier. He said our tuition revenue has gone down so the percentage of our revenue accounted for by state funds has gone up, in addition to the total dollars of state funds going up.

Perkinson asked if it would be of value for Council members to receive the slides for the next meetings in advance. Slyfield said she would love that and others nodded their agreement, so Walsh said we'll send presentations in advance.

The meeting ended at 2:12pm.