

Tuition Advisory Council
Friday, February 11th, 2022

Council Members (✓ indicates the member was present)

- ✓ Samuel David – Faculty Member
- ✓ Blake Jordan – Student
- ✓ Erica Knotts – Faculty Member
- ✓ Dallas Ransom – Student
- ✓ Gabrielle Slyfield – Student
- ✓ Keeley Reiners – Student
- ✓ Matt Stillman – Administrator
- ✓ Susan Walsh – (Chair) Provost and Vice President for Academic Affairs

Guests Present

Greg Perkinson, Josh Lovern, Pascal-Jumeaux Brasseur.

The meeting started at 3pm.

Membership Change

Keeley Reiners introduced herself. She will be replacing Pascal-Jumeaux Brasseur as a student representative on the Council.

Minutes

Stillman/David moved to approve the minutes from the January 28th meeting; the motion passed, 8Y/0N/0A.

Knotts asked about the best way to communicate with people in her department about the Council's work. Walsh said the best approach would probably be to encourage people to read the meeting minutes and circle back with any questions.

Terms & Conditions

Lovern began his presentation on the competitive landscape and enrollment projections with a discussion of some key terms. He reminded the Council that the basic unit of income for the university is the Student Credit Hour (SCH), and that this differs from Fulltime Equivalent per Academic Year (FTE), which is calculated as 45 SCH for an undergraduate student and 36 SCH for a graduate student. He said Headcount, which tends to be more important when looking at the fee side of things, refers to individual people no matter how many credit hours they're taking.

He said the Academic Year (AY) is Fall to Fall and starts in the calendar year, so AY21 starts in Fall of 2021 and ends in 2022. Fiscal Year (FY) is July 1 through June 30th and the next year is used to denote the calendar, so FY22 starts July 1, 2021 and ends in 2022.

He briefly touched on different fees like the mandatory enrollment fee, the matriculation fee, and others, before discussing tuition rates. He said we usually focus predominantly on the rate for residents; that is, graduates of an Oregon high school. The rate for students who come to us from other states in the Western Undergraduate Exchange (WUE) is 1.5 times the rate for residents. There are also separate rates for non-resident students and graduate students.

Understanding the Bigger Picture

Lovern discussed the bigger picture behind enrollment trends. According to the National Student Clearinghouse Research Center, postsecondary enrollment nationally is down 2.6% from last year (October of 2021 compared to October 2020), and down 5.8% from the same time in 2019. Lovern said this data is especially helpful because it shows some of the impact of the pandemic on enrollment.

He moved on to show the projected change in high school graduates state by state from 2020-21 to 2030-31, from a 2016 Ruffalo Noel Levitz report, which showed a projected change in Oregon of -2.7%. Then he showed that Oregon is ranked 41st among the states when it comes to college continuation among high school graduates with a rate of 69% college continuation.

Next, he displayed a projection of high school graduates from a 2020 report by the Western Interstate Commission for Higher Education. That projection shows an increase until 2023-24, followed by a gradual decrease through 2033-34, then a steeper decline. Looking at the projection just for Oregon, it shows a buildup until 2025, then fairly large dip and an even bigger dip around 2034.

Competition

Lovern discussed competition for students in Oregon. There are 72 institutions of higher education in Oregon (not just 4-year institutions) competing for students. Starting with the total number of high school seniors who will graduate (41,880 projected for 2021-22), and factoring in the 31% who will not continue on to college, as well as the 13.2% who will go to college in a different state, that leaves 23,368 students. If you then subtract the students who would attend the five largest institutions based on their estimated market share, that leaves 12,189 students for the remaining 67 institutions.

Knotts said the data looks pretty depressing and asked if trade schools are counted as part of the 72 institutions. Lovern said he thinks so, though it's not his data so he isn't certain. Walsh said she has the same feeling about the data as Knotts, but additional resources will be shared in future meetings that will help provide context around what we're seeing. She said SOU, like a lot of other institutions, has been focusing a lot on adult learners because of the projected

demographic cliff. She said we're working on that and have been having those conversations for a few years. She added that there are some pockets of the student population that may increase, so part of our work is to prepare our institution to attract and retain more of those students. She said the demographic issues are not unique to SOU by any means; it's a national conversation.

Perkinson said he recently saw a draft from the bond rating agency Standard & Poors that gave an idea what our rating would be if we were to try to sell bonds. He said it looked like our rating might be BBB- leaning toward negative, not stable. Standard & Poors said the negative assessment is tied to the national trend of decreasing enrollment. Lovern added that if you had seen the same chart about Oregon demographics about 3 years ago it was a much steeper decline. More families are coming into Oregon, which is an encouraging sign. Before, it was more of a cliff, like what we're seeing around 2034 in the graph.

David asked for more explanation around the national trend. Perkinson said the national trend is that flagship universities coming out of the pandemic are doing well, but regional public universities like SOU are not doing as well. David asked if that means that students are going to flagships rather than institutions like SOU. Walsh said that is one possible explanation, but other factors likely play into it as well. She said she would share an article she recently read about higher education's uncertain financial future which discusses some of these issues.

SOU's Enrollment History

Lovern displayed a slide showing the history of undergraduate enrollment (3-term FTE average) from 1926-27 through 2017-18. He pointed out the substantial enrollment growth from the early 1950's to the early 1970's and the more up-and-down enrollment since. Knotts asked how important enrollment is versus retention. Stillman said both are important, but year-on-year declines in enrollment mean there are fewer students to retain.

David noted that there was a decline even before COVID and asked if SOU might be able to recover to pre-COVID levels. Lovern said it's hard to say. Our admissions and enrollment team is knocking it out of the park, but as the available pool of students shrinks it will be harder and harder to get back up, so it may be a climb. Walsh said the article she mentioned earlier address that topic as well. She added that we've invested in some initiatives in recent years that will take some time to see benefits but that should help. She said for example, working with Ruffalo Noel Levitz we've been able to improve our distribution of financial aid funds. Perkinson said he would also highlight that looking at data across the state, as the Higher Education Coordinating Commission (HECC) has done recently, only Oregon State University is trending up. There's a concerted effort to improve access and a focus on how to support wraparound services so students can be successful and we can retain them. David said one might also ask why students are going to flagships rather than regionals and whether they have programs we don't have. Walsh said that's part of it, and some students might transfer after their first couple years. She said it may also be related to what the flagship schools have been doing recently. She said for example the University of Oregon made some changes to tuition

and admissions policies that allowed more students to get in. Also, our WUE student enrollment was impacted by California putting a lot of money into their system, and something similar happened in Alaska, where they made a big investment in their system. Stillman said that's absolutely right, California threw a lot of money into their system, so, where we had been doing really well in attracting students from California because of capacity issues, that is not the case anymore. He said it's also true that OSU and U of O have changed some admissions policies so now more students get in and they've focused more than they previously had on attracting Oregon students, where they used to put more emphasis on attracting out of state students.

Knotts said she's noticed that many of her students want to register but they have significant balance holds so they can't register. Perkinson provided some background on the significant balance holds. He said going back to the start of pandemic we realized that a lot of families and students were hurting financially, so we decided not to charge interest and we lifted the previous balance hold, which was \$6K. We also channeled \$11M of funding directly to students. The students had latitude to use those dollars in whatever way they felt would best support them. We normally track around \$800K in "bad debt," now we're seeing it at around \$2M, so we're hoping to right-size amount. We're still going to be purposefully liberal with allowing students to manage this, but it's a challenging thing we're really trying to work through. Walsh asked if there is any advice Perkinson can give to Knotts for her students and colleagues. Perkinson said he would recommend asking for help from the Bursar and Financial Aid office. Stillman said he would advise starting with the Bursar's office. He said, for context, we have approximately 140 students with significant balance holds. He said still this is more than usual and it may feel even worse because we haven't had that hold at all for 2 years. Perkinson said that's right, it's more students and a higher level of debt. Walsh said it's always a tradeoff between being lenient and having a higher level of student debt.

David said talking about student debt, it looks like interest rates are going to rise quite a bit in the near future. He asked if the university is preparing for that. Walsh said that's a good question but she thinks we should put a pin in it for now and have our Financial Aid Director join us for a future meeting. She said the short answer is yes, we're thinking ahead about what we can do in Financial Aid. That would be a great topic to include on a future agenda. Stillman said we can also talk about the inverse relationship between the economy and enrollment. Walsh said if she remembers correctly, student debt upon leaving SOU is pretty low compared to other institutions in our same category. Perkinson said that is correct, the HECC just presented that data yesterday and we were about \$600 below the average, at about \$21k.

Lovern displayed a slide showing SCH at SOU from 2012-13 through 2020-21, then a chart showing the student headcount over a similar period. He pointed out that headcount did not decline nearly as dramatically as SCH and said that the implication is that we haven't lost as many students as student credits; they're not taking as many credits. David asked if this means the total number of students hasn't dropped as much but not as many are full-time. Lovern said many are still full-time, they're just not taking as many credits above the minimum credits required to be full time (12 credits for Financial Aid purposes). He said he would love to hear

from the students if they just don't have time and energy to take more credits or what might be behind taking fewer credits.

Slyfield said a lot of students are having a hard time after returning to in person learning, and it's also really hard to be a student and not work full time. Keeley said she's been taking fewer credit hours because she's working two jobs. She said lots of her friends are in the same position where they're taking fewer credits and working more than one job. Ransom said there is massive pressure right now because of student loan debt, so if 12 credits is the minimum for financial aid, there's no incentive for taking more. Brasseur echoed the thoughts of the other students; he said this term he's taking 16 credits but he had to quit his job so I could do that. He said he's thinking of going back down to 12 credits in the spring for the same reason, he needs to work about 30 hours a week just to survive. Jordan said he agreed with the points raised by the other students and added that with the scarcity of staff in many workplaces because a lot of people have quit or are not able to work, more hours are demanded from those who are still working, so jobs demand more hours and that has an inverse relationship with how many credit hours student can take on.

David said that students have always had to work, but somehow this problem has become very acute recently. He asked if that is because of inflation. Walsh said it's not necessarily inflation specifically, but we have heard about rising costs for students. Ransom said in the chat window that landlords increase rent 5-10% every year, minimum wage hasn't changed for years, food is more expensive, education is more expensive. This is why we work more. Walsh said affordable housing has been increasingly difficult to find. It's not just one thing but a combination of things. The question for the university is how can we partner to meet as many needs as we can. This conversation will be ongoing. Lovern said he put together a brief presentation on inflation for one of the student Council members about a month ago and he'd be willing to do something similar for this group in a future meeting.

Lovern moved on to look at our FTE versus the national trend based on clearing house data. David said it looks like graduate programs are declining less than undergraduate or even increasing. He asked if about the possibility of converting to more Master's degrees, mentioning Chemistry as an example and saying a lot of places offer a 5-year Master's in Chemistry. Walsh said that's a good question which she would address at a very high level. She said graduate programs are very expensive to stand up and maintain; one of the reasons that we partnered with Academic Partnerships a few years ago is that they can scale up a program in just a couple years. We don't have the capacity to do that on our own. That's not to say that we don't want to look at Master's programs, but they have to be right for this university. We would need to do some market analysis make sure there will be a good return on our investment and that pursuing it would be wise from a cost/benefit perspective. She noted that the job of this committee is not to do curriculum planning, but it's an interesting question. She added that we are already doing some piggybacking; Business offers a 3+1 degree, for example.

Budgeting and Modeling

Lovern offered a word of caution before looking at the Pro Forma. He said budgeting based only on past performance is like driving only looking in the rearview mirror. We model so we can look forward. He discussed how SOU builds its models for planning ahead. He showed how he receives data from Institutional Research, collects it into individual terms across different tuition categories, takes all of that data and creates a 5-year moving average, applies a melt factor, totals up the entire year, and pushes that data into the Pro Forma. The Pro Forma gathers all those SCHs and allows us to add levers so we can see the effects of changes to the SCH mix. Lovern said he is sometimes asked if there are other models we could use. He said there are and we look at several different models to do alternative forecasting. He said the Budget office, the Registrar's office, and the office of Institutional Research work together to make their best guess about projected enrollment.

New Student Funnel

Lovern discussed the new student funnel, which shows how many students are currently in each category from those who have started applications to those who are confirmed to attend. He displayed a new chart that shows the number of confirmed students for the current year versus the previous 4 years as of the current week of the term. He said when talking about what success looks like, we want to increase headcount, increase net revenue, decrease the discount rate—this does not mean taking away scholarships, but making sure students know about other scholarship opportunities out there—and increase both in-state and out-of-state enrollment. He mentioned a recently begun partnership with Kings Education to attract more international students. Walsh said the partnership with Kings is an example of a partnership we started looking at a couple years ago, and now we're starting to see some positive outcomes. In addition to increasing enrollment, this partnership will also help promote more diversity in our student population.

Final Remarks and Questions

Perkinson said that he hopes all the data just presented will be a foundation for context and encouraged the Council members to think about how they use this context to ground their perspective on what this group needs to do. How to balance the financial challenges that the university has and that the students have. Walsh said this is a great point, every Council member represents a bunch of people, and while we can't fix everything, we can help by making the best recommendation for how to move forward.

Slyfield asked with the Board meeting scheduled for April 22nd, when are we trying to get our work done. Walsh said she would like to send President Bailey our recommendation, including any dissenting opinions or different perspectives, no less than 2 weeks before that meeting, but preferably 3 weeks before. She said she wants President Bailey to have a chance to be at the table. She said once we get this foundation that Josh has laid, then we start modeling scenarios, which is very interactive, and that allows us to get a lot of "what if" questions answered and see how different choices would affect the bottom line. Lovern said the next

part of the Council's work will be to make sure we've hit the items on the HB 4141 checklist and start to look at the Pro Forma.

The meeting ended at 4:29pm.