

Tuition Advisory Council
Friday, February 25th, 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, Neil Woolf, Josh Lovern, Kristen Gast.

The meeting started at 12:03pm.

Stillman/Knotts moved to approve the minutes from the February 11th meeting; the motion passed, 5Y/0N/0A.

Financial Aid and Student Debt

Financial Aid Director Kristen Gast introduced herself. She said there is \$1.73 Trillion in student loan debt in the United States. This is something we hear about in the media over and over, it's a crisis. She said the national average is around \$37K, and the average in Oregon is around \$34K. Among Oregon institutions, the debt level of SOU's students puts us close to the bottom, at around \$21K. Our average used to hover around \$23K, but we've been able to bring that down a bit through good work on scholarships and other ways we're able to help students keep their debts low. For example, she discussed Raider Aid, which includes merit scholarship awards, some discretionary pots of money that flow through her office and other offices on campus, institutional funding through scholarships, like diversity scholarships, different athletic awards and departmental awards. We also have \$1.3M in our foundation scholarship annually, and that flows through the Southern Oregon Scholarship Application (SOSA) for students to utilize. Every year we strive to spend as much as possible and advocate for students to use "free money" first. She said we have competitive merit awards that we have created through our financial aid leveraging system working with Ruffalo Noel Levitz. This has helped us target the dollar amounts an incoming student needs and make us competitive with other institutions. We do our best to address student needs with need-based aid and merit awards. We also receive information from the Cares reports system, through which we hear about all sorts of issues students are facing, including debt, housing costs, and other things we can help address so they're more likely to retain. She said her office works to make it so students take out less

debt, use free money first, and they also try to make it easy for students to borrow what they need and not take out more than they need

Knotts said that right now she is hearing from many students that they are unable to register because of significant balance holds. She said she and her colleagues have had students reach out about what can be done, and they've submitted Cares reports. She said some of the responses they've received have been that we're out of Cares funding or other things. Gast said from the Financial Aid office perspective we first look to make sure they've maximized their financial aid package. In some cases, students are eligible for more aid than they thought. Next, we look at their major/concentration/etc. to see if there are any other ways to bring their balance down. Lovern said as much communication as possible about financial aid options needs to be made before students give up. He said he doesn't think people recognize that they need to get into the communication stream as early as they do. He said he also wanted to point out that this switch (significant balance holds) was just turned back on, so it might have been a timing issue as much as anything else.

Woolf said the purpose of the significant balance holds is so we can catch students before that balance continues to balloon; to get the help of Financial Aid, but also as a stopgap measure to avoid their debt continuing to grow. They should check in with Financial Aid and also with the Bursar's office. If students are able to get back on track they can register again. He asked for the number of students with that hold currently. Stillman said he will find the latest number.

Perkinson said it's fascinating to see the unintended consequence of how providing a lot of aid with no strings attached and not capping student debt for a time led to this. He said he chalks it up to the pandemic, and it's one of the consequences that we're working through. He said he's open to ideas, but what we're trying to do is ease back into normal. Woolf said student debt is an investment many make for their future. It's not as easy as simply saying student debt is bad, but we need to consider whether it is appropriate. He added that sometimes separate discussions get lumped together; there are limits to what students can get through institutions, but not limits to what banks can loan them. Students can quickly find themselves with \$50K or \$80K in debts. He said we try to offer information about the dangers and we don't really advertise the external loan options. In Financial Aid packages we offer the free money first, and if loans are needed they can be useful. Stillman said 130 students currently have significant balance holds.

Perkinson said in the Pro Forma there's a line item that clearly shows the Board how much Raider Aid we provide each year. We were in the 10% range, then dropped down to around 9% a couple years ago, but we're moving back up. He said he wanted the Council to know that Raider Aid is something we make visible to the Board.

Knotts said Gast mentioned \$1.3M in SOSA funds and asked if those funds are being used up or if students are not necessarily diving into what's available to them. Gast said we do struggle with scholarship applications every year because of form fatigue, so we've tried to make form very simple, but we still do not get as many applicants as we'd like. We reach out directly to

students to let them know that they qualify and there may be funds for them. We pulled a report yesterday and we've had more applications this year than in the last two years combined, so students are coming back and we've reduced barriers and increased communication. Woolf said when he got to SOU Gast was working on making one application for multiple aid opportunities; there used to be about 150 applications. He said all federal and state funds come through FAFSA, while the \$1.3M in SOSA comes from the Foundation. He said Raider Aid is mostly awarded automatically based on criteria, with no further application needed. Some money is also given from the institution to campus units like Housing to help students based on need. It's very messy and complicated, so it's helpful to have good people helping with it. He said his message to students would be to check in with Financial Aid and they can help.

Walsh asked about federal money. Gast said SOU got around \$5.4M total to distribute to students through Higher Education Emergency Relief Fund (HEERF) I, II, and III. She said we just finished distributing it and she's proud that nearly every single student who applied received funding. Most students got around \$3K - \$4K, and we did really well getting the money to the students, but we're done with that now because we've spent it all. She said it takes a team, and there was a lot of planning, but we did really well.

Woolf said he finds it useful to think of the work of this Council as helping set the cost of attendance, which can be like the sticker price of a car. It helps students set their budget, and with FAFSA we can give them up to that amount. Whatever tuition rate ends up being adopted, we try to get aid to pay for that total cost of attendance. Walsh said it's good to be reminded that there are other levers available to the university in addition to tuition, like Open Educational Resources (OERs), that people are working on to try to reduce total costs to students. She said there have been individuals really focused on that work and if we can do more of that we can keep cost of education and delivery down. In the past, ASSOU has been really involved in that work on OERs, and they continue to be. She encouraged the students to get the word out to faculty because it's important for them to hear from students.

Strategies for Managing Costs

Lovern said HB 4141 requires that we have a conversation about our plan for managing costs and also how tuition and fees could be decreased if we were to receive additional appropriations.

Regarding cost containment strategies, Lovern said it's important to note that around 85% of budgeted expenses are related to personnel and we have to work within contracts for faculty and classified staff. We don't have much control over retirement and health costs, which have been on a consistent upward trajectory. Supplies and Services (S&S) can only absorb smaller and smaller amounts of cost-cutting, and inflation, which we're hearing about in the news lately, can drive up prices there. For cost management we have to look at the entire structure, not just one area. Also, we're still receiving unfunded mandates, which are out of our control; for example, recently there was a mandate to have a position on campus that we didn't have.

Lovern discussed some possible cost containment strategies for labor. He clarified that these are not necessarily what we're doing now or planning to do, just strategies that are available. These strategies include keeping open or eliminating positions, and furloughs (tactical furloughs aimed at particular areas, or more universal furloughs). He said looking at retirements, we can keep positions vacant for a period. He said there are also more aggressive tactics, like reducing workforce and eliminating positions, but we have to follow what our contracts allow. Perkinson said that there are things we did starting a couple years ago that are real examples of containing labor costs, like leaving positions open and furloughs. Lovern said with regard to Other Payroll Expenses (OPE), we're part of a larger unit for healthcare, so we can't just go to a different provider. It might be possible over the long term, but even so, it's probably more beneficial to be with a larger cohort as we are, which means we're able to negotiate better rates. For retirement, we can't shift to a different program, we're part of the state program. Walsh said that the quality of benefits is something that can be an attractor to get people to work here. Perkinson said a couple years ago he attended a PEBB seminar as part of a business forum in Portland. He learned that what we do in Oregon and at SOU is pay a higher part of the employer share than other states. Where states like Washington, Idaho, and California might pay around 80%, leaving 20% as the employee share, on the medical side we're at 97% or 95%. We've consciously chosen to pick up the larger part, which is good for the employees, but means higher costs for employers.

Lovern said another area where we talk about cost strategies is S&S. He said that's always something we review. This means things like reviewing contracts, limiting out of state travel, reducing in-person conference attendance (Zoom has helped reduce costs here), limiting development areas, and so on. We can cap student labor lines or revert to lower spending thresholds from prior years; in fact, we have less student labor now because of the pandemic. We can look at space utilization, which Perkinson is working on with the Facilities Planning and Utilization Committee. We can look at our service levels and reducing availability in certain areas, reduce hours or reduce the frequency of things like cleaning. We can look at leveraging more of our endowment income, refinancing debt (we did some refinancing of our Housing debt last year), we can see if there are consumables we can use less of. One area it's hard to contain costs is IT, though our CIO Tom Battaglia has done good job of saying we're not using that so we're not paying for it. Knotts said she has heard that we're getting rid of Banner and moving to a different system; she asked if there is a cost-saving measure in that. Walsh said there is a 47-page proposal that Battaglia would probably be happy to share. Perkinson said what Battaglia found is that with Banner and the add-ons we're paying about \$1.5M per year, and the new system would be around \$800K. He said for transparency, there's a one-time implementation cost, which will cover all the stuff that it takes you to get from using one system to another. Walsh said the workarounds over the years to compensate for what Banner couldn't do have significant costs associated with them. Stillman said that's absolutely correct, we've bolted on things because Banner doesn't do enough, so part of the hope is that the new system, Workday, will replace not just Banner but also many of the things we've had to bolt on. We'll know more as we get deeper into Workday and see if we can really sunset some of the other systems, but the hope is that it'll be more cost effective and also easier to work

with that system. Right now, there are several systems to use for different things. Lovern said for example, the budget system we use costs about \$50K per year and only about 12 people actually use it. We think we can quickly switch to Workday. There are also things in HR we think we can recognize savings with. Stillman said Workday has a tool that functions very similarly to how DegreeWorks operates, so that's another thing we could consider sunsetting if it works out. Walsh said those are the questions to be asking, so we can clarify where there's opportunity for savings or additional revenue.

How Tuition and Fees Could be Decreased with Additional Appropriations

Lovern said we don't receive definite information about the possibility of additional state allocations early enough to affect this Council's recommendation. Usually, in June or July as the legislature is about to sign the budget is when we may hear that additional money will be allocated. Considering that, we provide a current service level projection. A reduction in tuition rates and other fees would require Board of Trustees approval, and the easiest way to process it, if approved, would be to do a 'refund' similar to how fee reductions worked during COVID. If the state were to decide to do a permanent increase above current service level then we could talk about actually reducing the tuition rate rather than offering one-time refund. Walsh said there are sometimes initiatives at the state level that can change the picture, like the "Future Ready Oregon" package Governor Brown has proposed, which would include something like \$95M for public universities. There are things that happen that aren't just about the budget that may impact our ability to do what we do.

Pro Forma Assumptions

Lovern discussed assumptions in the current Pro Forma. He said on the revenues side, state allocations are set at the latest numbers we received from the Student Success and Completion Model (SSCM). It looks a little healthier for next year. Tuition is a variable we get to play with in the model. He said the SCH estimate is set to 5% down from AY21, based on discussions among Budget, Institutional Research, and the Registrar. This can be adjusted on the fly. He said enrollment fees are function of headcount/SCH estimates and reminded the Council that this group is not going to be recommending incidental fees. He said a CBA was signed for classified employees in December, so those rates have been applied, while faculty and administrative labor expenses are still placeholder estimates. OPE rates in the Pro Forma are per the Final rule of October 2, 2020, which defined it for two years. The following two years are still being defined, but we have some rate estimates for those. PEBB is looking to stay stable, and student labor costs look to be increasing because of minimum wage growth in Oregon. He said we may have to shift that a bit to address other cost increases like S&S which is still in flux. We're monitoring inflationary pressures there.

Lovern said at the next meeting we'll do a live look at the Pro Forma.

Walsh added a comment in the chat: "Just a fun fact...in the 2015, the legislature gave SOU \$1.2M one time dollars for the biennium to spend on student success initiatives. That's how we

started the Bridge Program.” Walsh said it was great to get those funds and create the program. We love our Bridge students, and we think our program is the best in the state, but it does come with a commitment to keep it running.

The meeting ended at 1:02pm.