

Tuition Advisory Council
Friday, March 18th, 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

Deborah Lovern, Neil Woolf.

The meeting started at 1:04pm.

Minutes

Knotts/Ransom moved to approve the minutes from the March 11th meeting; the motion passed, 5Y/0N/1A (Stillman abstained because he was not present for the March 11th meeting).

Total Cost of Attendance and Financial Aid

Woolf discussed total cost of attendance. He said he used to be a Financial Aid Director and depending on your perspective, what you think of when you hear “cost of attendance” can change. He said we think of it as the total amount of Financial Aid we can give a student to attend SOU. Another way of thinking about it is “sticker price,” which is usually quite different from the actual price. Woolf said synonyms for total cost of attendance are “total potential financial aid” and “sticker price.” Stillman said approximately 1% of students pay the full sticker price.

Woolf shared his screen and displayed the Cost of Attendance page on SOU’s Financial Aid website (<https://sou.edu/financial-aid/cost-of-attendance/>). He showed how the website breaks down first year costs and allows students to calculate the fees and other costs they can expect, using categories that are standard throughout the country: residing on campus, off campus, or with parents. He pointed out where tuition costs, the focus of the recommendations to be made by the Council, are listed, along with fees, books and supplies, room and board, and other costs. Off campus housing is associated with lower costs here, as is living with one’s parents. He said parents are not likely to charge their children \$5K in room and board, but that’s the amount we can use as we determine the total we can give in Financial

Aid. Knotts said it appears that the relatively low off campus costs for room and board listed are assuming that you have a roommate. Woolf said the Directors of Financial Aid and Housing go through a process of setting the room and board numbers, looking at comparable apartments in the area to get to that rate. He said SOU works together with other Oregon institutions to make sure our numbers aren't way out of alignment with the student experience. The cost of room and board is where SOU tends to be higher than other comparable institutions because of how expensive it is to live in Ashland.

Woolf said based on these "sticker price" costs, the Financial Aid office will look at a student's GPA, scholarships, and Free Application for Federal Student Aid (FAFSA), and try to provide aid for as much of that total cost as possible. He noted that for non-resident students and WUE students the tuition number changes. He encouraged Council members to look around on the cost of attendance website at their own convenience. He said SOU's Admissions and Financial Aid websites include links to scholarships for incoming first year students. For example, incoming students with a grade point average 3.95 or above automatically get \$5K off their tuition. He said this is automatic, not requiring any kind of application, and it's one example of how we start knocking down that sticker price. Walsh said it's important to know that we're always trying to support our students, and we have made some changes in the last couple years to do an even better job of that. Woolf agreed and said the tuition benefit for having a 3.95 or better GPA was \$3K a couple years ago, but now it's \$5K. Our partnership with Ruffalo Noel Levitz helps us look at what our competitors are offering a similar kind of student, look at our yield rate (that is, the percentage of students admitted who actually attend), and offer a right-sized merit package for the student. If our top award is \$2K less than one of our close competitors, for example, a student will choose them. On the other hand, if we offer too much we have less available to award another potential student.

Knotts asked about the average age of SOU students. Woolf said the average age is 23 years old. Knotts said it looks like this sticker price is for students coming directly from high school and asked if we offer anything for other types of students. Woolf said the financial aid is offered for all students, though amounts may change depending on different types of students. He said the discounts stay with the student as long as they're at SOU. Knotts asked if adult learners coming to SOU for the first time after years in the workforce still get the tuition reduction for having a high GPA. Woolf said yes, we'd have the student's high school transcripts, so they would get that aid. He said that's in addition to need-based aid. He said SOU's average financial aid package is just over \$10K per student, combining merit and need-based aid. Walsh said we're always looking for ways to manage and package those offers to students. It's not a one-time thing, situations change. Woolf said each student's aid is an individualized package. David asked what percentage of financial aid comes from University resources. Woolf said that depends on the student. He said one way to look at it is the institution's discount rate, and SOU is at around 9%. Some private institutions are around 40-50%. SOU was around 5-6% a few years ago, but we've been working to bring that up. David asked if this means that about 10% of a student's financial aid comes from the University. Woolf said no, the vast majority of a student's financial aid comes from the federal government, something like 60-70%. The 9% mentioned as SOU's discount rate is the

percentage of tuition revenue the institution uses as merit scholarships. Walsh said it's an art and a science to manage the support for students. Woolf said people sometimes look at the cost of attendance and it can scare them, but really, it's not the actual cost the vast majority of students pay, it's the amount we can get them financial aid for. Walsh added that we're always trying to do better for students; trying to reduce costs, trying to offer Online Educational Resources (OERs), for example, which is a response in part from a call put out by students to help manage textbook costs. She said we hired a faculty member in the Library with expertise in OERs and we're proud of the faculty for being creative in finding new approaches to low-cost or no-cost materials.

Woolf said financial aid includes the opportunity for student loans. He said prior to a student getting a Stafford Loan they have to go through entrance counseling. He said for these loans interest rates can never go above 8.25%, so they're a low-cost loan. The national average is \$37K in loan debt at graduation, but at SOU it's \$21K. Woolf said one thing that the federal government uses to judge how an institution works with students is their loan default rate. There are a variety of reasons that defaults can happen, but when your loan default rate hits 25% the federal government takes notice and starts knocking on your door to say you're way too liberal with your lending; at 30% you're in the range where you're going to risk losing your ability to offer loans. SOU's loan default rate is 1.6%. That's a combination of our students using loans properly, which is good on them, and our Financial Aid office not peddling loans to students who don't need them. Stillman said Rogue Community College's default rate is on the edge of the 25-30% range. Knotts asked if RCC's issues with student loan defaults carry over to affect SOU. Walsh said not really, but RCC has had some big enrollment issues recently, including considerable impacts from the fires. Woolf said SOU has been in the single digits each year he's been here. Walsh returned to Knotts' question about RCC and said they're a feeder for SOU, so their low enrollments impact us pretty directly. Stillman agreed and said we see the impact in our enrollment numbers; the default numbers not as much, but certainly their enrollment issues are hitting us. Walsh said we've been working to develop more seamless ways their students can transfer to SOU. Woolf mentioned that you can see costs for transfer students on SOU's Financial Aid website. Knotts asked if a student's college GPA or high school GPA would be the one used to determine if they receive tuition reduction. Woolf said their cumulative college GPA would be used in the case of a transfer student.

Discussing Basic Parameters and the Council's Current Thinking

Walsh mentioned that there was some discussion at last week's meeting around price sensitivity. The Council discussed some single digit increases and also modeled some pretty high numbers to get an idea of what the implications would be. She said she thinks most of what's come up in conversations has been covered, but we have some decisions to make, probably on April 1st, the next time the Council meets. She said she would like to hear people's thoughts on staying below 5%, which is her general feeling of what the Council might be leaning toward based on the conversations up to this point. She said there does not seem to be much appetite to go above 5%, but asked Council members to let her know if she's off-base. She said she would like to know if that's where the Council's current thinking is because, if so, there may

not be much need to spend more time looking at increases above 5%. Council members nodded in agreement. Walsh said in that case we just need to decide on some numbers and make some recommendations about fees. She said we don't have to come to decisions today, that will likely happen at the next meeting, scheduled for August 1st, but it helps to know that we're thinking we'll stay below a 5% increase for the undergraduate resident tuition rate. She asked if that sounds right. Committee members nodded and nobody spoke up to disagree.

Walsh said we still haven't heard from most of the other institutions in Oregon about what decisions they're making regarding tuition rates. Woolf said as part of our work with Ruffalo Noel Levitz our consultant gives us some insight into other institutions' tuition decisions. This year they're seeing 3-5% increases along the west coast, reflecting not just price sensitivity but also competitive pricing strategies. That seems to be the ballpark. Walsh noted that whatever we recommend on resident undergraduate tuition will also affect tuition for WUE students, which is 150% of the resident undergraduate rate. She said we can spend the rest of this meeting to play around with some modeling in those parameters. We can also answer more questions. She said she doesn't think the two absent student members would disagree with the parameters discussed so far, based on side conversations.

Modeling Scenarios

Walsh said she doesn't think a 0% increase is an option. Stillman asked about the maximum tuition increase that would keep the composite increase below 5%. Lovern said a 3.98% increase is the maximum to keep the composite below 5%, assuming the fees would be increased as discussed previously. Stillman suggested starting by modeling that number.

[Walsh left the meeting.]

Lovern modeled a 3.98% increase for all variable tuition rates:

3.98% raise to all variable tuition categories

Ending Fund Balance as a percentage of Operating Revenue (EFB): 1.35%

Total Revenue: \$63,033,000

Tuition Revenue: \$34,287,000

Tuition per Student Credit Hour: \$209

Difference in Tuition per Student Credit Hour from Current: \$8

Woolf said Raider Aid is what we call the portion of our institutional tuition dollars that go to scholarships, that's the 9% we mentioned earlier. Knotts asked if we would get any pushback if we were to recommend this tuition raise with the 2022-23 EFB projected at 1.35%. Lovern said that's where the conversation comes in; once we figure out how much tuition revenue is coming in then we have to figure out a solution so that our fund balance is at a healthy level. Woolf agreed and said the ending fund balance will change after cuts to expenditures. Stillman asked about the current assumption set regarding enrollment. Lovern said the Pro Forma is currently factoring in an enrollment decline of 4.7%. Woolf said he likes to look at the matrix

that shows how many dollars per student credit hour. In this case it would go up \$8, which is easier to understand. Knotts asked if this includes fees or just tuition. Lovern said the fees are currently set at the levels recommended by the people who manage those areas, but they can be changed. Knotts said she would be interested to see if we could look at lowering some of those and saving some dollars that way. Slyfield asked which fees are included in the Council's recommendation. The Council makes a recommendation to the President about the Matriculation fee.

Knotts asked to see again what the Pro Forma looks like with a raise just under the 5% that would require approval by the Higher Education Coordinating Commission (HECC). She noted that the Matriculation fee is not listed. Woolf said that is correct, the Matriculation fee is not included here because it's a one-time fee, not paid every term, so it isn't included in the composite that the HECC looks at. Stillman added that the composite number the HECC looks at also assumes base tuition and base mandatory fees, so it doesn't take online students into account, for example. It looks at 12 credit hours of the most vanilla credits you can take as a resident undergraduate.

Woolf said as Slyfield mentioned, the Student Incidental fee is recommended through a separate student process. He said a few years ago the Associated Students of SOU (ASSOU) used to go through and allocate the fee amounts, then set the fee; now, they set the fee and go through allocating the amounts. They flipped their model and made it a more sane process. Regarding the Recreation Center, Woolf said part of that fee is mandatory debt service. That was set up when the student referendum went through to build that building. He said he agrees with Knotts that it's good to try to lower these fees as much as possible. Knotts said when she in Admissions they would allow students who couldn't pay matriculation fee in total up front to pay part now and part later. Woolf said to bring things full circle, all of these fees could be covered by financial aid.

Woolf said this composite increase just under 5% seems like kind of a comfortable spot for people. Knotts said she feels comfortable with it but she would want to hear from the students. Slyfield said she feels comfortable with it as well, it seems like a good safe spot. Ransom said as discussed it sounds like the Building Debt-Service fee and Technology Infrastructure fee are pretty much necessary, and those are the higher percentage raises. He said he thinks everything else balances out fairly well and keeps the composite under 5%.

Stillman said his only quandary with this is that the Council is only responsible for tuition, but that's going to set off a discussion about total cost of attendance. It's okay as long as we're comfortable that this is a bifurcated situation and we're only making a recommendation on one aspect. Woolf said that is a good point. He said he attended the meeting yesterday of the Finance and Administration Committee of SOU's Board of Trustees. He said this was discussed and there are some cost control measures and other elements of the Pro Forma that can help get more balance in the equation. He said Perkinson can provide some more background about the other parts of the budget. Woolf said one question for Perkinson might be if the institution could live with the 3.98% tuition increase we've been discussing. Knotts said that's her

question too; we don't want to put the burden on students, but we need to continue to function as an institution, so where does that money come from. David said from what he's been hearing, there are some cuts coming down the pipeline, so that's what will be keeping things running. He said the ending fund balance doesn't look much better with 3% or 5% raise in tuition. Knotts said basically we want to make sure what we do cut is not going to lower the enrollment even more. We don't want to cut things that are actually going to bring students in. David said his understanding is that there's a need to make cuts, and it looks like it's coming down the pike pretty soon. Woolf said at the Finance and Administration Committee meeting Perkinson had 3 or 4 slides on cost containment strategies and cuts, but we're not anywhere near the level of cutting programs. For example, the Student Health and Wellness Center didn't want to raise the Health fee from \$150 to \$220 because of how much of a jump that is, but they can continue to function with a smaller increase in the fee and some adjustments to their hours of operation. He said when he thinks of "cuts" he thinks of "Neil goes away," but we're not there yet. We know we can't cut our way out of this, and we know we have some runway dollars. David asked if cost containment would look more like if people retire early it'll take a few years to replace their positions. Woolf said yes, that one example of see salary savings we can see; there are also supplies and services expenditures we can make adjustments to. He said usually the most important principal is protect the academic core of the institution. Knotts said in these conversations we need to be looking at sustainability, not just survival. Woolf said he has worked in places where panic is the thing and that's not the case here. Knotts said she wants to make sure we don't get there. Woolf said it would probably help to hear more from Perkinson on this. At the next meeting it would be good to hear if the institution is comfortable with these numbers. Stillman said yes, it would be good to hear how this scenario would play out. We're conservative with our projections, so teasing out what are the actual implications of the rates is key.

Knotts asked if Raider Registrations this summer will be in person or online. Woolf said there will be components of both. Pre-pandemic we built a model for both to be able to happen, to serve students from Hawaii or Alaska, for example, who may not want to or may not be able to come to town for just one day. Knotts said she was thinking there might be some savings with online registrations.

Lovern said Perkinson and Josh Lovern have been talking to the Finance and Administration Committee about cost-saving efforts. She said Council members could look at the link to the meeting materials from yesterday, where they talk about the things we've been doing. She said she expects that when Greg talks to the Council he'll be talking about ways to increase revenue, not just try to cut our way out or increase tuition. The materials highlight a lot of the work that's been happening and that we'll continue to do, like holding positions vacant when possible. We're constantly asking process-improvement questions. David said maybe we can see if one person can do more or if two positions could become one in some cases.

Woolf noted that the first part of the Finance and Administration meeting materials looks at SOU's viability ratios and the overall health of the institution. He said we've managed the other side of the expenses well over the last several years, so we're on the mend.

The meeting ended at 2:20pm.