

Tuition Advisory Council
Friday, February 17th, 2023

Council Members (✓ indicates the member was present)

- ✓ Blake Jordan – Student
- ✓ Derek Keller – Faculty Member
- ✓ Erica Knotts – Faculty Member
- ✓ James Miller – Student
- ✓ Keeley Reiners – Student
- ✓ Matt Stillman – Administrator

Julissa Taitano – Student

- ✓ Susan Walsh – (Chair) Provost and Vice President for Academic Affairs

Guests Present

Greg Perkinson.

The meeting started at 3:30pm.

MINUTES

Reiners/Keller moved to approve the minutes from the February 10th meeting; the motion passed, 6Y/0N/0A [Jordan had not yet joined the meeting].

DEFINING TERMS

Perkinson shared his screen and displayed a PowerPoint presentation on the Competitive Landscape and Enrollment Projections. He said he will talk at a really high level, but these topics are in Stillman's wheelhouse, so he may call on Stillman to provide further details. He said there are a lot of terms used in finance and budgeting that may not be familiar to people who don't live in that world every day. He displayed several slides that defined the following terms:

- SCH (Student Credit Hours) – the basic unit of income for the university.
- FTE (Fulltime Equivalent, calculated per Academic Year) – 45 SCH for an undergraduate student, 36 SCH for a graduate student; not to be confused with a Full-time Employee, which might be listed as 1.0 FTE.
- Headcount – One physical person, individually counted and assessed a fee.
- AY (Academic Year) – Fall to Fall, starts in one calendar year and carries forward into the next; thus, AY20 was September 2020 – September 2021.
- FY (Fiscal Year) – July 1 to June 30 of the following year, uses the next year to denote the calendar; thus, FY2021 was July 1, 2020 – June 30, 2021
- Fees:

- Mandatory Enrollment Fees (like the Building Fee or the Health Services Fee)
- Matriculation Fee (a one-time assessment)
- Others
- Rates:
 - Resident Tuition – graduates of Oregon High Schools
 - WUE (Western Undergraduate Exchange) – 150% of the resident rate
 - Others

ENROLLMENT DATA AND PROJECTIONS

Perkinson said the Council will be looking at the bigger picture behind enrollment and mentioned that Walsh and Woolf co-chair an Enrollment Management Council that focuses on issues of enrollment and retention. He displayed a couple slides showing recent enrollment data from the National Student Clearinghouse Research Center. Stillman said that almost every higher education institution in the country submits enrollment data to the Clearinghouse so they're sort of a pass-through that we use to compare information back and forth. For example, we can send a data set about students who have left the university to see whether they ended up enrolling at another institution. They also feed information to the federal government in terms of compliance items for financial aid and things like that. They're a big non-profit organization and they have a research arm that conducts research on the landscape of higher education.

Perkinson displayed a slide from RNL showing the projected change in high school graduates from 2020-21 to 2030-31. He said we've discussed what has been called the "demographic cliff," a projected change in high school graduates, and this slide shows -2.7% projected in Oregon. He said that looks rough, though we do have the opportunity to draw students from surrounding states, like Washington, California, and Idaho. Looking at California, Perkinson said that state pumped around \$2B into their higher education system, so we have started to see less matriculation from WUE students. Stillman said that for years California had a lot more demand than they had seats to accommodate students in higher education. He said this is still the case, but they've invested directly in their public university system and increased their capacity significantly, so the competitive landscape is tougher now.

Knotts asked if RNL is the same as the Clearinghouse. Stillman said no, those are two separate organizations. RNL is Ruffalo Noel Levitz, a consultancy we use in a variety of capacities. They help us significantly with our scholarship leveraging and we also use them in admissions for recruitment and identification of prospective students to recruit. They also help with some marketing and messaging; they're a big component of our recruiting strategy.

Perkinson showed a slide from the Western Interstate Commission for Higher Education (WICHE) showing that Oregon ranks 41st in the 50 states in college continuation.

Perkinson moved on to a slide showing the projected change in high school graduates in the West from 2017 to 2036. He said we spend a lot of energy supporting our region and at the

same time working toward broader goals and objectives regarding recruiting BIPOC students, Native American students, veterans, and other student populations. We're regionally responsive, but we also have some programs that are a national draw. Walsh said looking at this chart from an EDI standpoint, it tells a bit of a story in terms of the projected change in different student populations. Stillman said the demographic cliff is real, but this tells why we've been building some relationships and programming to attract and better retain some of those populations. For one thing, it's the right thing to do, but also, it's demographically advantageous. Perkinson moved on to look at the projected change in high school graduates in Oregon specifically. He noted that there's an even more significant projected decrease in the American Indian/Alaska Native column when looking at Oregon, though the Asian/Pacific Island column still shows projected growth. Stillman said SOU made a commitment a few years ago to significantly engage with American Samoa as a partner. We are directly recruiting on the island and we have a lot of scholarship activity with them and ROTC ties. We've also built specific academic support infrastructure for those students. We have the capacity and those students don't have many higher education options, so it's a win-win. So far, it's going well, and applications are increasing. Perkinson said there's such a need and our capacity to support that need is good. Knotts asked if those students are mostly participating in ROTC. Stillman said it's a mix, but he can look for the exact numbers.

THE COMPETITIVE LANDSCAPE

Perkinson displayed a slide from RNL focusing on the competition factor. The slide starts with the number of high school seniors in Oregon, then subtracts those who will not continue to college, those who will leave the state to go to college, and those who will go to one of the largest 5 institutions. This leaves a smaller pool (around 12,000 for the year in which the data was collected) to be divided among the remaining 67 institutions.

The next slide showed headcount enrollment at the 7 Oregon Public Universities (OPUs) from 2018 to 2022. Perkinson said he likes that it highlights enrollment pre-pandemic (2018 and 2019), at the height of the pandemic (2020 and 2021), and in 2022. He pointed out that there has been an uptick at the University of Oregon, and said that when the flagship universities want to increase enrollment they can soften their admission criteria. He said the Portland State numbers, which show a dramatic decline, are really significant, and he's heard from his peers that Eastern, Oregon Tech, Portland State, and Western have significant financial issues. He said Portland State is looking at taking some radical measures to try to maintain their reserves. They have a healthy reserve fund, but it doesn't support their recurring base. Their deficit year over year, as you can tell based on the headcount decline, is significant.

Looking at SOU's headcount, Perkinson said a couple years ago there was a saying, "flat is the new up." Looking at our headcount relative to the other technical and regional universities, we feel that we're staying the course, and the management team is working hard to achieve that flatness. He invited Stillman and Walsh to weigh in. Stillman said his one caveat is that we intentionally started converting our OLLI coursework to being credit-bearing, so that resulted in a decent chunk of headcount being added to the mix that wouldn't have been included

previously. He said historically speaking, we would be okay without it, but our headcount would be down something like 3%. He also said headcount is interesting from a macro standpoint to get an idea of the overall enrollment of the institution, but what really matters in terms of the finances of the university is SCH times tuition rate. Walsh said she would just remind the Council members that enrollment is not just new students arriving at SOU, but also continuing students and returning students, which is where retention comes in. She said students we retain are in some ways an even better driver for us financially than the students who walk in the doors in their first year as full-time freshmen. Knotts asked the following question in the chat: "Does this include ASC/Early Entry as well?" Stillman said yes, it does include dual credit. He said that's usually an addition in fall and winter, with a little bit in spring.

SOU'S ENROLLMENT HISTORY

Perkinson displayed a slide with SOU's undergraduate history, 3-term averages of student FTE each year from 1926-27 through 2017-18. He said for him the takeaway is that SOU was very small, then you can see a big rise because of the GI bill. He said after the numbers peak in the early 1970's you can see the cyclical nature of enrollment. Walsh noted that this data is before COVID. Stillman said it's not shocking that the vast amount of construction that has occurred at SOU and nationwide at higher education institutions happened during the big upswing related to the GI Bill and baby boomers. Walsh said the point is that enrollment is cyclical. SOU has got to have enough of a fund balance to be able to offset a down period so we can take the hits and celebrate the wins.

Perkinson moved on to a slide showing SCH decline at SOU from 2012-13 to 2020-21. He said this shows the 10-year span leading up to the pandemic and reminded the Council that SCH translates directly to revenue.

CURRENT DATA AND PROJECTIONS

Perkinson displayed a slide showing the current enrollment dashboard from SOU's Institutional Research department (IR). He said it's on the IR website, which anyone at SOU should be able to access. He said a lot of the data that gets unpacked for the Board of Trustees is located on the site, everything from the admission funnel to our degrees awarded and data about our admitted undergrad students. Regarding the Academic Year FTE section of the dashboard, he said we talk about the natural downward slope over the course of the academic year as "melt." He said the dials on the right-hand side give us a gauge of the health of different data sets, and overall, the dashboard is intended to provide a quick indicator of trends and enrollment health.

Stillman discussed the admission funnel. He said it visualizes how students move through their matriculation at the university. The top is wide, with the total number of students who apply to SOU, then it gets narrower as it captures those who get admitted, then those who confirm, and finally, those who enroll. He said it helps us get an idea of what the end result is likely to look like. Walsh noted that "confirmed" counts students who have actually paid a deposit, so it's pretty close to the final number of students who enroll. Stillman agreed and said the

relationship between confirmed and enrolled is pretty close, which makes things a bit more predictable. Walsh said until we get to “confirmed” students we’re just kind of projecting, but if we see that confirmed numbers are going up, that’s a good sign. Knotts asked if we keep track of how many get to the point of enrolling but then don’t end up continuing. Stillman said we track them in two ways: we have data from withdrawal surveys that students are required to fill out before dropping their final class, and we also have some ability to run students through the Clearinghouse to see if they went to another institution. Knotts asked if this tends to be a large or small number of students. Stillman said it tends to be small.

BUDGET PROJECTIONS

Perkinson moved to the next slide, which cautions that budgeting based solely on past performance is like driving while looking only in the rearview mirror. He then displayed a slide showing the budgeted SCH projection model. He said in the development of the pro forma, Director of Budget and Planning Josh Lovern, Registrar and AVP for Enrollment Management Matt Stillman, and Reporting and Data Analyst Joe Jackson will synchronize to ensure that they’re seeing the same kind of things as the forecast for the future year is being pulled together. Stillman said the first conversation about this is scheduled for next week.

Perkinson moved to the next slide, which shows SCH broken down by different tuition categories, and then the following slide, which breaks down the standard projection model being used. He said looking backwards we use a 5-year moving truncated average. For winter and spring terms we include a “melt factor” based on previous 5-year behavior. Summer is a linear regression with fall-to-fall reduction. Stillman explained the code we use for different terms of the year; we start with fall, so fall of AY22, for example is 202201, then winter is 202202, and so on. Perkinson said the idea of these slides is to give the Council a sense of what the what’s behind the numbers on the pro forma. He pointed out that summer is a 2/3, 1/3 split, which relates in part to how revenue is received, because the FY switches partway through the summer.

Perkinson discussed SCH mix. He said we’ve seen an interesting scenario this year with total SCH that is fairly solid, but the mix is different and as a result, our revenues are about \$2M softer, meaning lower than predicted. He said that’s just the way things go, a fact of life. He said Lovern has developed a capability in the pro forma so Council members can dial the enrollment up or down to see the effects. Walsh said the pro forma is a tool we can use to help our decision-making. She said when we start getting more information about state funding, things converge into a knowledge base, variables start to play a role and this tool will help us model different scenarios. Perkinson said this year is a tricky year because we’re in the long session, so we won’t know the final Public University Support Fund (PUSF) number until a month or two after the Council makes its recommendation to the President. This means there will be a certain level of uncertainty. Walsh said she wanted to contextualize this with respect to President Bailey’s comments and presentation at the most recent town hall. She said a 15% tuition hike is devastating, she’s been in the room when universities have asked for a double-digit increase, ours being one of them, and it’s not fun. She said she wants to really emphasize that we want

to keep tuition down. It's real money for students and that's how we have to think about it, not just abstract numbers. Perkinson said he'll meet with his peers soon and learn more about what they're thinking. He said Oregon State has been keeping their increases close to 3%. He said that President Bailey's leaning is that we'd be on the low end, with the message being that we're good stewards and we're doing what we can do to avoid putting this on the backs of students. Walsh said she's heard President Bailey say this repeatedly, that we don't have a lot of levers at our disposal, and raising tuition can't be one, so all of the entrepreneurial ideas he's been talking about, the ways to increase revenue and step outside the traditional funding model mentality, are to get us to a place where we aren't simply relying on state funding, tuition increases, and enrollment.

REALIGNMENT PLANNING AND UNCERTAINTY

Knotts asked how the Council should take the potential realignment plan into consideration during the tuition recommendation process, with positions being cut and so on, knowing that there are still conversations being had.

Walsh said the Board has tasked the administration with putting together a recommended plan. President Bailey has asked for a plan with a good deal of detail so we can put forward the best thinking that we have at this time. She said she feels confident that the Board will take the recommended plan very seriously. She said the plan is not final, there will be time for conversation, but in her area, she feels confident that what we're putting forward is our best work based on the best qualitative and quantitative information available to us. Hundreds of hours went into this work.

Perkinson said a huge amount of energy went into what President Bailey presented at the Town Hall yesterday. He said there's a version of the pro forma that he shared last evening with leaders of Faculty Senate, APSOU, SEIU, and Staff Assembly. It provides more detail than the summary presented at the Town Hall; it takes our normal modeling assumptions and incorporates reducing the cost basis by the positions that were identified to be cut or left vacant. It has a powerful effect on the pro forma. Understanding that we have uncertainty in the current budget cycle, the Board will look at the data we present and try to get a sense for the effect on the quality of what we do as an institution. They'll listen to public comment and see how the plan squares with who we are and who we want to be. Then they'll take 30 days before they make a final decision in April. The tuition recommendation also comes in April, so it's kind of a weird confluence of things. In the materials for the March meetings of the Board, there are slides about the Tuition Advisory Council and our process, as well as info about the student fee process. The intent is to give the Board a sense for what we do in the budget planning process and how these pieces ultimately drive tuition and rate decisions that then drive a budget.

Walsh asked Knotts if she was thinking that the Board may try to get us to a different decision. Knotts said she was really wondering how much the Council should be considering the new plan as it's moving toward making its recommendation. Perkinson said he would recommend that

the Council take the plan as presented and see how that works out in the pro forma to address the fund balance, knowing that President Bailey does not want SOU to be solvent on the backs of students, and see how the proposal will impact the health of the institution. Walsh said the call for retirements from faculty was a huge help that will allow us to plan over the course of the next couple years. We know that those retirements are moving forward and it helps us have more certainty.

Knotts asked if SOU has any history of keeping tuition flat or even lowering it. Perkinson said not to his knowledge. Walsh said no; the last few years we've tried to keep it really low, but there's inflation and rising costs. She said with some of the ideas and initiatives that President Bailey has been talking about, maybe we'll get to the point where one day we won't have to raise tuition at all for some time because we'll have other sources of revenue coming in.

[Knotts left the meeting]

Perkinson displayed a slide showing fall SCH projections for AY22 – AY27. He said budget and planning put together some projections to get an idea of the SCH range we might see coming out of the pandemic. Using different methods, we got a range that can be used in different modeling scenarios. Stillman said projections are definitely an art and science, and the process is holistic and may sound like voodoo, but by the end of the conversation we typically have a pretty good idea of where things are likely to be heading.

Perkinson moved on to a slide with the fall 2023 new student funnel snapshot. Stillman said he will start including Council members on his weekly funnel report. The next slide was a graphic from RNL discussing what success will look like. Perkinson said if we increase headcount and SCH, that will drive revenue, and all of these factors mentioned in the graphic come into the picture (increasing headcount, increasing net revenue, decreasing discount rate, increasing in-state enrollment, increasing out-of-state enrollment, further shaping class). Walsh asked what is meant by "further shaping class." She said we'll find out, but she doesn't think it's related to curriculum.

HEARING FROM COUNCIL MEMBERS

Walsh said she would be interested to hear the impressions of the other Council members. She said she, Perkinson, and Stillman live and breathe these things, but she would like to hear the thoughts of the others.

Keller said the projected numbers high school graduates for the next couple of years look pretty promising, then there's a big decline. He said he moved here with the idea of retiring in his new job, but now he's concerned. Walsh said that "demographic cliff" is expected across the country, and it's related to the recession in 2007-8, when people weren't having as many children. Now we're starting to see that play out. Keller said it looks like there's a market share available to us with some particular student populations and groups we could market toward. He said he's very curious, and he's sure others are as well, what those other sources of revenue

will be that will help us avoid having to pass rising costs on to students. Walsh said Keller is spot-on; one of the student populations projected to grow is Hispanic students, and we have a robust pipeline and feeder programs to try to attract more of those students. We're trying to do more, and President Bailey has mentioned that we're working toward HSI (Hispanic-Serving Institution) status in next few years. Walsh said additional revenue sources are going to take a few years to manifest, so that's why we're starting now to hit a 2026 target, and that's why this is such an important time. She said she agrees that it can be scary right now with the doom and gloom projections, but what we do now can minimize the negative impacts on our people and put us in a better position to take those ups and downs. Perkinson said what's really interesting to him is the potential power of the work Jeanne Stallman and President Bailey are doing upstate as they work to create relationships with legislators that have influence over discretionary funds. He said we've had some really nice success and he could talk at length about the benefit of the dollars we get from the state. He mentioned the support SOU received to start our Bridge program and money to support Strong Start. We're also getting some really nice gifts, some restricted and some unrestricted. He said the Institute for Applied Sustainability is an example of a restricted gift that is really exciting and that allows us to leverage other people's money to do great work and make SOU more attractive. There are some rock star faculty members and employees being funded to do this work. On the facilities side, Perkinson said we're working on putting EV charging stations in parking lots and improving our electrical grid. Walsh said there are also new opportunities for faculty scholarship to take advantage of "other people's money" that we have not been able to fully leverage previously.

Walsh asked if any of the other Council members have thoughts they would like to share. Reiners followed up on question from the last meeting and said that the Housing rates look likely to increase by about 3% for the next school year according to Staci Buchwald. Perkinson said thanks, and added that he and Buchwald always talk about wanting to keep those rates really low; not just housing, but dining rates as well.

Jordan referred to the discussion earlier about how "flat is the new up." He said headcount enrollment looked good from that angle, but it looked like student credit hours are on the decline. Perkinson said yes, SCH is looking like it will be down a little bit, we're currently modeling next year as down around 3%. Jordan said seeing headcount flat but SCH declining suggests to him that this might be due to external factors. People are still coming out of the pandemic and there's a lot of external stress; that's what he's seeing. Stillman said he completely agrees, and there's a growing body of research around COVID fatigue. He said it's going to be interesting to see how that goes, but we're seeing our students on average taking slightly fewer credits per term. Reiners said she took more credit hours during the pandemic because she was bored, so now she doesn't need to take as many credit hours.

The meeting ended at 4:45pm.