

Tuition Advisory Council
Tuesday, January 29st, 2024

Council Members (✓ indicates the member was present)

Derek Keller – Faculty Member

- ✓ Demetrius Davis-Boucher – Student
- ✓ Erica Knotts – Faculty Member
- ✓ Josh Lovern – Director of Budget and Planning
- ✓ Elena Pereira – Student
- ✓ Matt Stillman – Administrator
- ✓ Rook Smith - Student
- ✓ Susan Walsh – (Chair) Provost and Vice President for Academic Affairs

Guest Presenters

The meeting started at 12:30pm.

INTRODUCTIONS AND TUITION ADVISORY COUNCIL OVERVIEW

Provost Walsh welcomed everyone and encouraged all of the Council members and guests to introduce themselves. Walsh said the Council plans to meet primarily by Zoom, but may meet in person if there's a reason.

Walsh explained that Director of Budget and Planning Josh Lovern has a large role in the Council's work and will be leading the discussions. She mentioned that there is a Tuition Advisory Council page on the President's website where materials like meeting presentations and minutes are shared. She discussed the creation of the Tuition Advisory Council and said the statute requiring each of Oregon's public universities to have a Council, HB 4141 actually used the existing process at SOU as a template. She said each of the public universities does this work around the same time, and the rules about the composition of the Council are the same, with the Provost serving as the Chair. She explained that the Council does not make the final decision on tuition rates and certain fees for the following year, but instead makes a recommendation to the President about what it feels is best for the students and university. Then, the President makes a recommendation to the Board of Trustees for their approval. She said she takes this group very seriously, noting that it touches the lives of students and everyone at the university.

Walsh said the Council will make its recommendation to President Bailey and it's likely that he will want to meet with the Council to discuss the recommendation. He will present his recommendation to the Board of Trustees during their meetings in April. Walsh said the

Council will be invited to attend those Board meetings, in person or via Zoom. She said the Trustees really appreciate the work of this Council, which is a shared governance activity.

Walsh stated she is retiring at the end of February. Her hopes are to have the work in his group completed before the new Provost starts or in the works of being wrapped up. Walsh has full faith in the committee to achieve this goal.

TUITION AND FEES – THE TUITION ADVISORY COUNCIL’S ROLE

Lovern shared his screen with a PowerPoint presentation. He provided an overview of the Tuition Advisory Council, including the group’s membership and the Council’s role in the tuition and fee process. He said the group will be given training and information to help understand the current health of the university’s finances so they can balance that with their perspective and consider the needs of students and the institution to make their recommendation to President Bailey.

He mentioned the requirement that if the composite increase will be greater than 5%, that would require a presentation to the Higher Education Coordinating Commission (HECC) for approval.

Lovern discussed how the Council will review data relating to the tuition conversation. He said there will be plenty of opportunities for feedback and noted that Council members are bringing their distinct perspectives to the table. Lovorn noted that HB 4141, the statute that governs this process, does dictate the membership of the Council, with two students from the student government and two from historically underrepresented student populations, as well as members of the faculty and administration. He said the makeup of the membership is intentional, but we build from there and everyone brings their perspective.

Lovern discussed mandatory enrollment fees and mandatory incidental fees. He said the student fee process has a lot of rigor, which he appreciates. Mandatory enrollment fees include the matriculation fee, the health center fee, and the building fees. Mandatory incidental fees include the student incidental fee and the student recreation center fee. He said Housing room and meal rates are set by university administration through a separate process; they are not included in the composite rate reported to the HECC. He said this is consistent across the 7 Oregon Public Universities. Housing rate is not included in these fees, but set by the administration.

HOW SOU BUDGETS

He said on the cost side of the equation, personnel costs make up around 80%, with the rest mostly in supplies and services (S&S).

He said budgets are a continuum; that is, a process, not a snapshot. Because of the biennial nature of our funding, it’s really a two-year cycle for us. In the first year of the two-year cycle,

our planning has greater uncertainty, but in the second year of the biennium we know exactly what the state's going to give us. He said the goal of our budgeting is a healthy ending fund balance (EFB). He said there are different ways to manage the balance sheet, but we manage three primary fund types in SOU's portfolio. The first one, and the one the Council will hear the most about is the Education and General Fund (E&G). That's where our state funding and our tuition and fee dollars land. The other two fund types are 1) Auxiliaries, which include Housing, Parking, the Student Health and Wellness Center, etc. (these are intended to be self-supporting), and 2) Designated Operations (Des Ops), which include things like print/copy and Jefferson Public Radio. Adding all of SOU's fund types together, they total about \$90M, but E&G makes up around \$65M.

Erika explained an ending fund balance is important because this allows us to move forward when there are uncertainties, we are able to offer more and have a clearer vision for our future if we have money to do so. Weather the storm so to speak. Lovern displayed a slide showing SOU's E&G Ending Fund Balance as a percentage of Revenue from FY14 through FY25. He said this shows the cyclical nature of SOU's fund balance. He said the point of this chart is that an EFB above 10% is good, and it's been a mixed bag. He said one of the leading higher education accounting firms did a study about EFB and they recommended that 40% of operating revenues should be held as fund balance. That would give the university the ability to make payments for about 4 months, a shock absorber so if something bad came along the institution would be able to ride through it.

PRIOR FISCAL YEAR

Lovern discussed a slide showing what happened with SOU budgets in the prior fiscal year. Student Credit Hours (SCH) contracting and tuition revenues decreasing. The dollar amount of state allocations increased, but barely kept up with inflation and didn't keep pace with increased costs. They were one-time dollars that helped the University and helped keep employees employed. SOU Forward program, which was a mass cost cutting program, which helped the budget. Walsh interjects that the SOU Forward required a lot of thought provoking and visionary way to engage the whole campus to position the university to be able to see 3-4 years down the road to help bring in money for the university. A state funded university is not entrepreneurial, but President Bailey is engaging community to help bring in revenue. She states, balancing cost cutting with thoughtful planning is how we position ourselves for a better future. Lovern shows slide about our current fiscal year and projected numbers.

Lovern moved to slide about the next fiscal year. He said himself, Matt Stillman, and Joe Jackson will work together to put together enrollment projections. It's an art and a science, and enrollment is a huge driver for revenue. Moving into WorkDay (CISR) still working out the kinks.

REVENUES

Lovern discussed state allocations and how they come to SOU. Walsh reiterated that the funding is for two years, and in the tuition and fee process during the first year we don't know

what the final amount will be, but in the second year we have a little more certainty because we know that number. Student Success and Completion Model (SSCM or Funding Model) has three major components in that model: mission, activity, and outcomes. It's very complex and what comes out the other side is the funding we get from the state. Walsh said there is a little additional nuance because some degrees are weighted more than others in the model. For example, we get more for awarding STEM degrees than degrees in the humanities or education. Also, awarding degrees to some specific student populations, like veterans, get us extra points in the model. She emphasized that the model bases its calculations on degrees conferred, not student headcount or some other measure, so we focus on retention and getting students to the finish line, not just attracting students.

Lovern moved on to discuss tuition and fee revenues. He said tuition rates vary by class, residency status, whether the student is online or in-person, and so on. Mandatory enrollment fees also vary.

EXPENSES

Transitioning to discuss expenses, Lovern said he wouldn't dive too deeply into supplies and services (S&S) at this time, but those expenses include things like office supplies, utility bills, contracts, travel, IT expenses, and so on.

Lovern discussed expenses associated with personnel and OPE (Other Personnel Expenses). He said there are three personnel categories: faculty, unclassified administrators, and classified staff. Other personnel expenses include retirement debt service, healthcare insurance, and core benefits. Lovern moved on to the next slide, which addresses some questions relating to labor expense increases, like the meaning of a faculty year in rank, a classified step, a cost of living adjustment (COLA), and an across the board increase (ABI). He said this gets in the weeds, but it defines some of the language behind labor-related expenses. The next slide provides a historic look at retirement expenses, PERS and the Optional Retirement Plan (ORP). Walsh said some might wonder why the health benefits are considered great. She said it's because the employer picks up of 95% of the cost, for both faculty and staff.

THE PRO FORMA

Lovern has developed the ability to pull a bunch of levers that allow us to see how different rate increases would affect the ending fund balance. He displayed the pro forma and said we update the pro forma as revenue and expense projections evolve, but as a snapshot in time you can see revenues at the top, then expenses, then the fund balance.

Walsh invited the Council members and guests to ask any questions they might have. She said in future meetings the Council will learn about SOU's budget, how decisions are made, the levers at our disposal, and various other topics. She said Neil Woolf will be joining us to help with the finance and budget numbers.

Walsh thanked everyone for giving their time.

The meeting ended at 1:30pm.