

Tuition Advisory Council
Thursday, February 15, 2024

Council Members (✓ indicates the member was present)

- ✓ Demetrius Davis-Boucher – Student
- ✓ Derek Keller – Faculty Member
- ✓ 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 1pm.

Summary

Meeting Minutes Approved

Keller motions to approve minutes, Stillman seconds the motion. Vote: 5Y/0N/0A – Minutes approved from previous meeting.

HB 4141 REQUIREMENTS

HB 4141 requires the university to provide the Council with possible strategies for managing costs. Lovern said that work is the essence of how deeply an entity can go to manage costs. A second component required by HB 4141 is for a plan for how tuition and fees could be decreased if the university were to receive extra appropriations.

The meeting covered various topics related to budget management and cost control strategies within the university. Lovern highlighted the importance of resource reallocation between departments and the potential for permanent budget amendments. The team also discussed the possibility of reducing tuition and fees if the university receives extra appropriations. Other topics included the financial model of the university, retirement benefits, cost management strategies for supplies and services, and strategies for cost containment such as limiting out-of-state travel and professional development spending. The meeting concluded with a discussion on the fiscal year 2023 budgeting process and the forecast metrics and modeling for future revenues.

Budget, Costs, and Personnel Discussion

Lovern discussed the budget and cost containment strategies at the institution. He highlighted that 85-87% of the budget is allocated to personnel, which includes labor costs. He mentioned the importance of understanding labor changes from year to year and the potential impacts of collective bargaining agreements. He also discussed the possibility of a tuition reduction approach to manage rising healthcare costs, which are on a consistent upward trajectory.

Financial Model

Lovern discussed the financial model of the university, focusing on the student success and completion model and budget adjustments. Keller asked about decision-making processes and the cost of retirement. Lovern clarified that the university is managing costs by leveraging vacant positions, restructuring labor, and managing hiring practices. The discussion concluded with an explanation of cost management strategies for supplies and services, such as reviewing contracts for services. Knotts inquired about the flexibility of departmental budgets, to which Josh explained that budgets are adjusted according to departmental needs and can be reallocated within the same fiscal year for SMS.

Pro Forma

Erica Knotts clarified that certain matters do not need to wait for a fiscal year and expressed curiosity about the inclusion of terms like 'pro forma' in their discussions. Lovern then took over, discussing the pro forma and its role in their operations. He explained how the system works, including projections of student labor utilization. Lovern discussed the fiscal year 2023 budgeting process, which is focused on aligning actual utilization with the budget. He also explained the biennial state funding allocation, noting that 49% is received in the first year of the biennium.

Lovern discussed the forecast metrics and modeling for the organization's future revenues, with a focus on state funding. He clarified that state funding makes up about half of their total revenues. He also explained the structure of the model, which includes revenues, expenses, transfers, and fund balance. He further elaborated on various components of state funding, such as the student success completion model, education technology support funds, debt services, and benefits navigator. Josh noted that tuition and changes in tuition have a direct relationship and can significantly impact future projections. He also discussed other sources of revenue like scholarships, lottery funding, and insurance reimbursables.

Lovern discuss growth opportunities and investment in academic programs, with Walsh mentioning that they never spend all of their work study money on academic programs. They also touch on investing in the labor force and the ability to increase the hourly wage through HR. The team discusses the importance of understanding key performance indicators (KPVs) and how they can be used to identify potential growth opportunities.

Lovern explained the difference between salary and wages, with wages being supplementary payments such as differentials for certain roles. The conversation then shifted to retirement programs, with Lovern detailing the use of retirement rate schedules from the public education retirement system to estimate future liabilities. He also explained the process of adjusting these estimates based on employment categories. Lovern discussed the financial situation of the Oregon pension system. He mentioned that the plan for the next fiscal year doesn't change much and predicted that the debt service might disappear by fiscal year 27. Josh also explained the fluctuations of the investment in the system tied to the market and his prediction of an impending recession. He then moved on to discuss various expenses including healthcare, federal taxes, unemployment, and transfers from education to non-education areas. Josh also mentioned the impact of losing Federal funding, which had been helping smoothly run budgets during Covid.

The meeting ended at 2:02pm