

# Financial and Strategic Assessment

Interim Update to the SOU  
Board | Sustainability  
Blueprint

April 28, 2026






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# SOU's Core Strengths

Southern Oregon University is focused on the success of its students; promoting intellectual growth, continuous improvement, excellence, innovation, and creativity. As a four-year comprehensive institution in the Rogue Valley, SOU provides core learning experiences in a rural setting. Looking ahead, SOU has an opportunity to reimagine how it further advances the priorities of its students, workforce, and region.



**Strong Sense of Mission and Place**

SOU is deeply embedded in its region and community, with strong ties to the local community




**Deep Faculty and Staff Care**

Faculty and staff establish and maintain strong relationships with students



**Inclusive Culture**

Nationally recognized sense of belonging for ALL students



**Education for All**

Pride in serving students who may not have attended college if not for SOU




**Philanthropic Support**

SOU benefits from generous community support from donors who believe in the institution



**Experiential Learning**

Opportunities for students to participate in experiential and community-based learning



**Reciprocal Community Benefits**

SOU serves populations from preschoolers to seniors and SOU is cited as a reason for residents to move to the area

# Higher Ed is Experiencing Unprecedented Change & Emerging Threats

Recent years have brought unforeseen challenges that not only threaten the financial and operational efficiency of institutions, but likely the very existence of many colleges and universities.

DEEP DIVE

## 'We can't cut anymore': Can colleges recover from the gut-punch of inflation?

Cost growth in higher ed is easing after big spikes in recent years. But institutions remain under steep financial pressure.

Published July 1, 2024



## More Than Half of Recent 4-Year College Grads Underemployed

A new report found that many recent graduates don't land jobs that require a degree.



The Mercury News · 12d

## California higher education layoffs: UC, Stanford and Cal State universities cut, freeze jobs

Stanford University will lay off at least 363 employees this fall as part of \$140 million in budget cuts due to rising costs ...



NEWS & CULTURE > EDUCATION

## A Looming 'Demographic Cliff': Fewer College Students and Ultimately Fewer Graduates

August 22, 2024

## Report Finds Higher Ed Sector Shrank by 2%

Data from the National Center for Education Statistics shows that nearly 100 institutions closed between the 2022-23 and 2023-24 academic years.

By Josh Moody

LEADERSHIP > CAREERS

## 3 Reasons Degree-Free Jobs Are On The Rise— And How To Land One

By Mark C. Perna, Contributor. © Mark C. Perna is a generational expert who c...

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Published Feb 06, 2024, 06:00pm EST

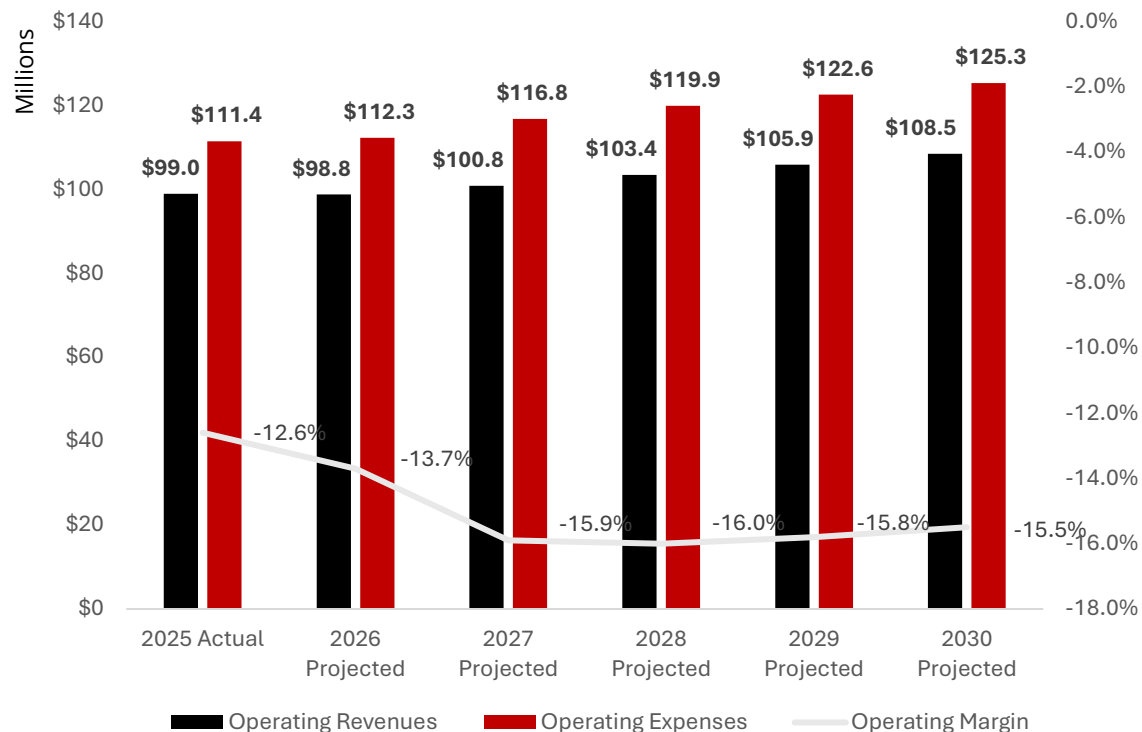
**Persistent higher education challenges have deepened and now intersect with a new wave of risks, pressuring institutions to respond to shifting expectations and navigate a landscape marked by both ongoing challenges and rapid change.**

# SOU's Financial Position is Distressed and Without Action Will Persist

The university has a structural deficit that exists due to pressures on tuition and fees revenue from losses in enrollment yet continued expense growth across campus.

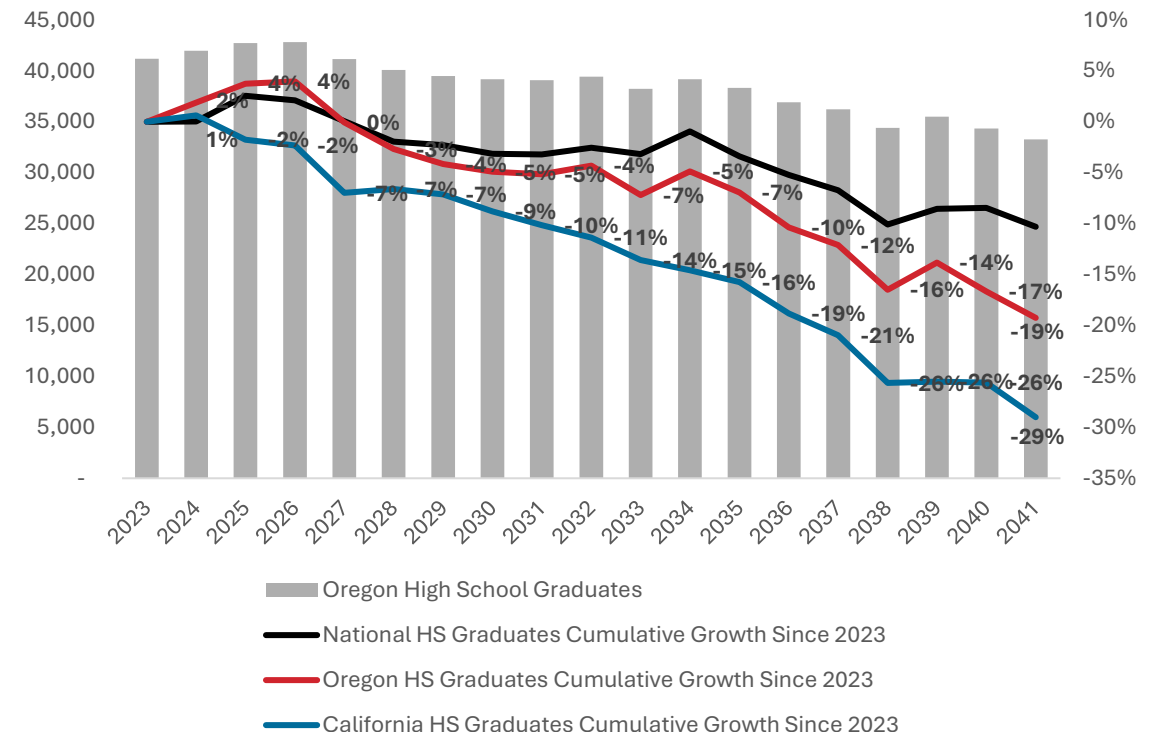
## SOU Operating Revenue and Expense Forecast (All Funds)

SOU currently operates at a deficit of \$12.5M and over the coming years that deficit grows to \$16.9M in FY30.



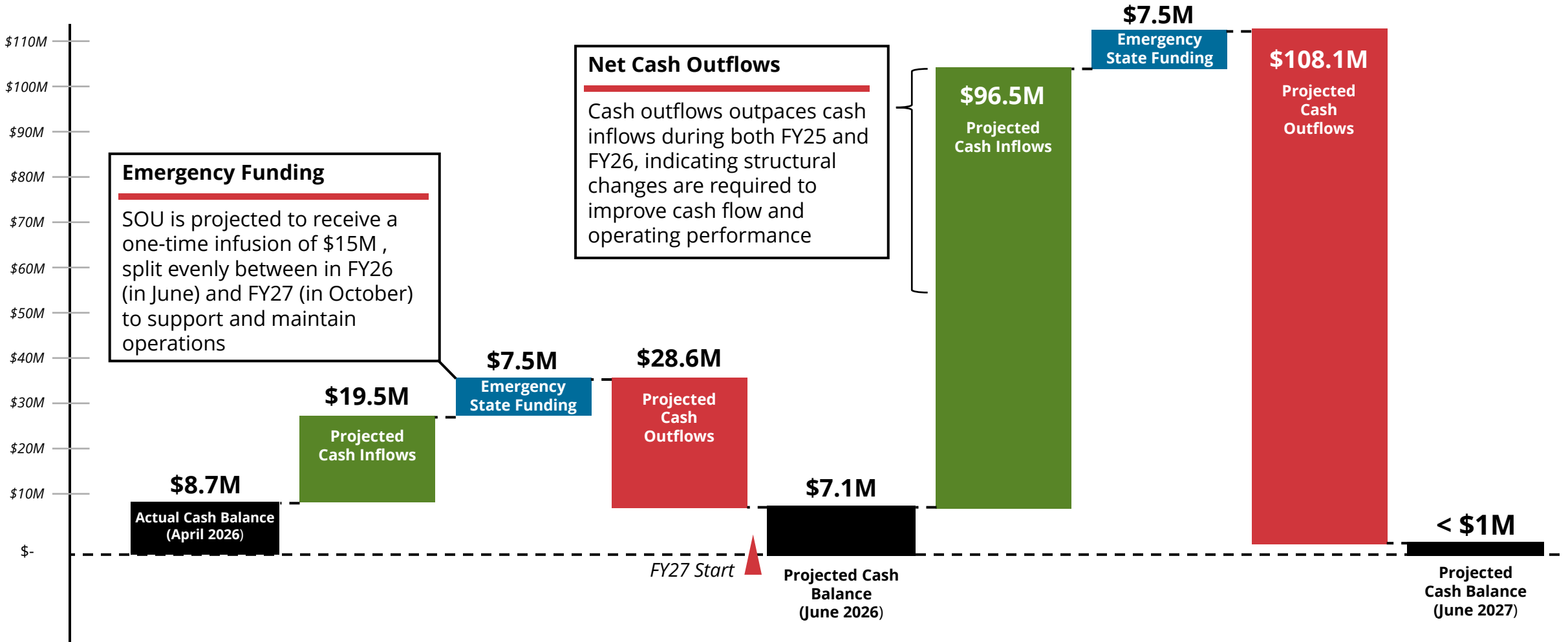
## Cumulative % Change in High School Graduates through 2041

This problem will not resolve itself as the pipeline of traditional high school graduates in Oregon (and California) will shrink precipitously over the next 15 years.



# SOU Must Act Decisively in the Near Term to Preserve the Future

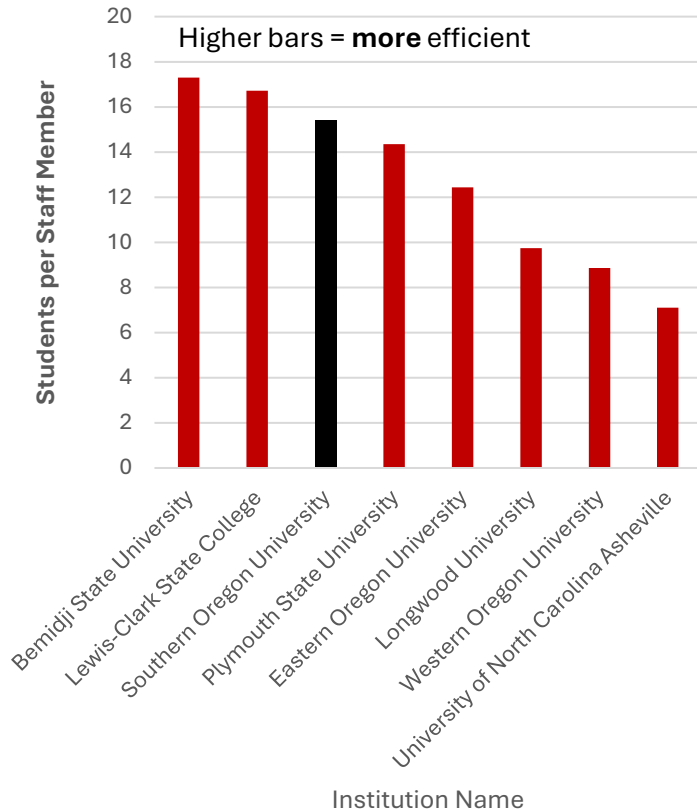
The emergency funding will help SOU maintain operations through FY27. However, to address the structural operational and financial challenges that are driving negative net cash outflows, **SOU will need to achieve \$20M in expense savings and new revenues to continue to meet obligations.**



# Benchmarking SOU Peer Universities

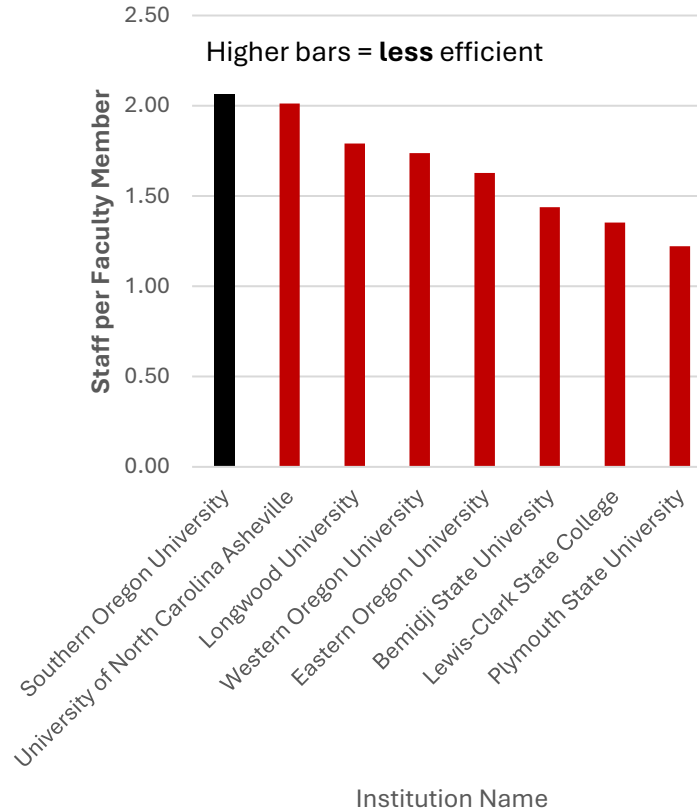
## 2024 Staff to Student Ratio by Institution\*

Each SOU staff member supports just over 15 students, compared to a peer range of 7 to 17 per staff member.



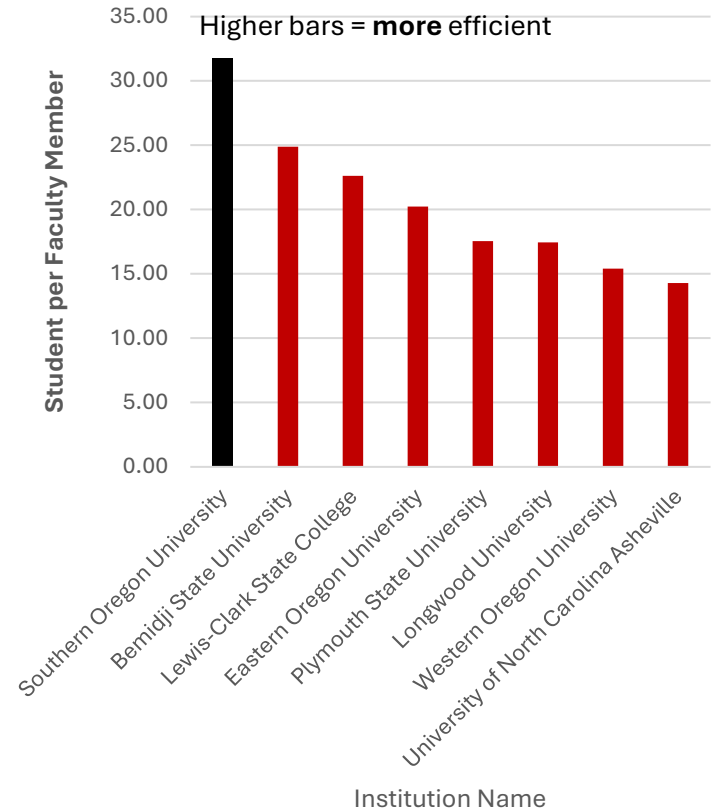
## 2024 Staff to Faculty Ratio by Institution\*

For each SOU faculty member, SOU has just over 2 staff members, the high end of the range, compared to a peer range of 1.2 to 2 per faculty member.



## 2024 Faculty to Student Ratio by Institution\*

Each SOU faculty member supports just over 31 students, compared to a peer range of 14 to 24 per faculty member.



\*Data from Fall 2024  
Source: [IPEDS Data Center](#)

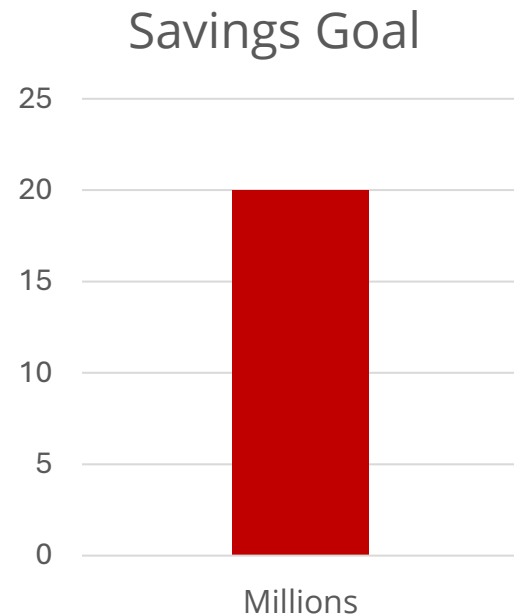
# Opportunities to Address SOU's Financial Gap

Facing a significant financial gap year over year, SOU will need to achieve savings targets across the enterprise and build structures to enable new growth.

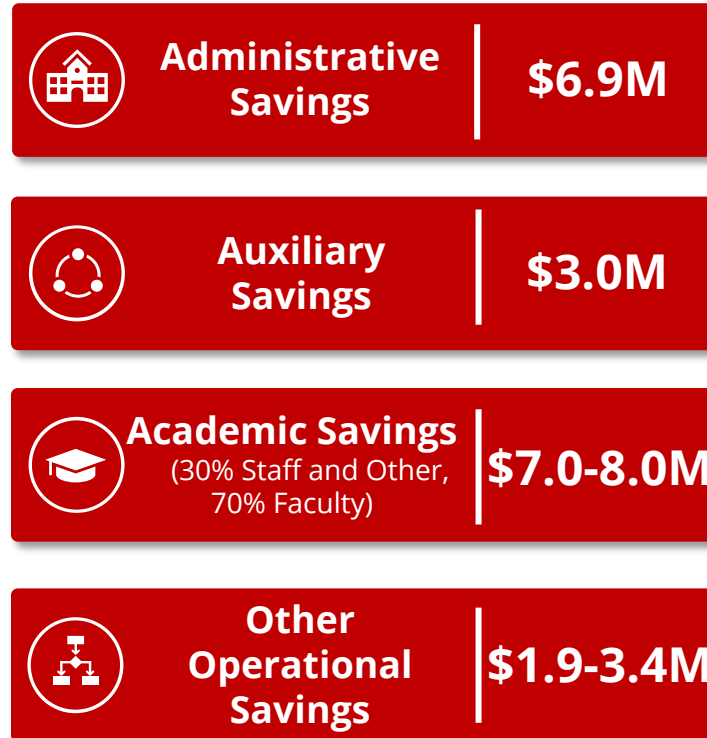
## Total Forecast Impact of Cost Savings Current Opportunities = \$18.8-21.3M

*Does not include long-term growth and revenue opportunities*

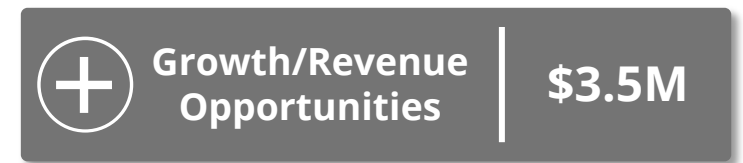
**Starting Point:**  
**\$18.0-20.0M Target**



### Estimated Impact



### Additional Revenue Generation



# SOU's Future Enrollment Strategy | Dual Focus

|                       | COLLEGE EXPERIENCE STUDENT<br><i>Traditional Students</i>  | ADULT LEARNERS<br><i>Career Switchers, Some Credit/No Degree, and Today's Modern Learner</i>  |
|-----------------------|--|---|
| LEVERS FOR ENGAGEMENT | <ul style="list-style-type: none"> <li>• Academic readiness supports</li> <li>• Retention-first enrollment management</li> <li>• Mental health and wellness services</li> <li>• Program relevance</li> <li>• Technology-enabled personalization</li> </ul>   | <ul style="list-style-type: none"> <li>• Flexible course delivery</li> <li>• Credit for prior learning</li> <li>• Stackable credentials</li> <li>• Employer-aligned program design</li> <li>• Adult-ready services</li> </ul>   |
| INITIAL OPPORTUNITIES | <ul style="list-style-type: none"> <li>• Boost high school participation rates by articulating the <b>value proposition of a SOU degree</b>, reducing barriers to entry and providing clear pathways to a degree.</li> <li>• Implement <b>early-commitment "pre-admit + plan" programs</b> with milestones and predictable cost/time-to-degree.</li> <li>• <b>Re-enroll stop-outs</b> through targeted comeback campaigns, credit audits, short on-ramps, and reinstatement pathways.</li> <li>• Grow transfers by <b>strengthening community college and inter-campus pipelines</b> with consistent credit crosswalks and robust articulation agreements.</li> <li>• Focus growth on <b>prioritized segments</b>, with a carefully managed approach to tuition discounting, with annual targets set and tracked.</li> </ul> | <ul style="list-style-type: none"> <li>• Build a <b>noncredit-to-credit conversion engine</b> using end-of-program assessments that award transcribed credit.</li> <li>• Offer "finish what you started" completion degrees with <b>generous credit for prior learning (CPL)</b> and tight degree maps.</li> <li>• Pilot <b>predictable pricing bundles</b> (where allowed) to reduce sticker shock for part-time adults.</li> <li>• Partner with regional workforce boards and major employers to <b>drive steady cohorts in high-need sectors</b>.</li> <li>• Stand up <b>rapid-response micro-credentials</b> that can be launched and refreshed quickly as skills demand shifts.</li> <li>• Rethink <b>time-to-degree options</b> by offering select 3-year/135-credit pathways with quality safeguards.</li> </ul> |

# Principles of Future State Design

As SOU reestablishes itself for the future, the university will need to reimagine how it delivers academics, administrative services, and auxiliary services.



## Academics

- ✓ Driven by student demand and workforce need
- ✓ Courses aren't static but reflect a constant 2-way dialogue with employers to shape curricula
- ✓ Narrow set of general education requirements
- ✓ Part of an ecosystem of programming supplemented by other institutions
- ✓ Stackable and flexible credentials



## Admin Services

- ✓ Admin services are delivered at scale through partners for operational commodity services (payroll, AR/AP)
- ✓ Admin services are delivered locally where proximity, relationships and context matter
- ✓ Technology is scaled where appropriate and/or outsourced to reduce technical dept



## Auxiliaries

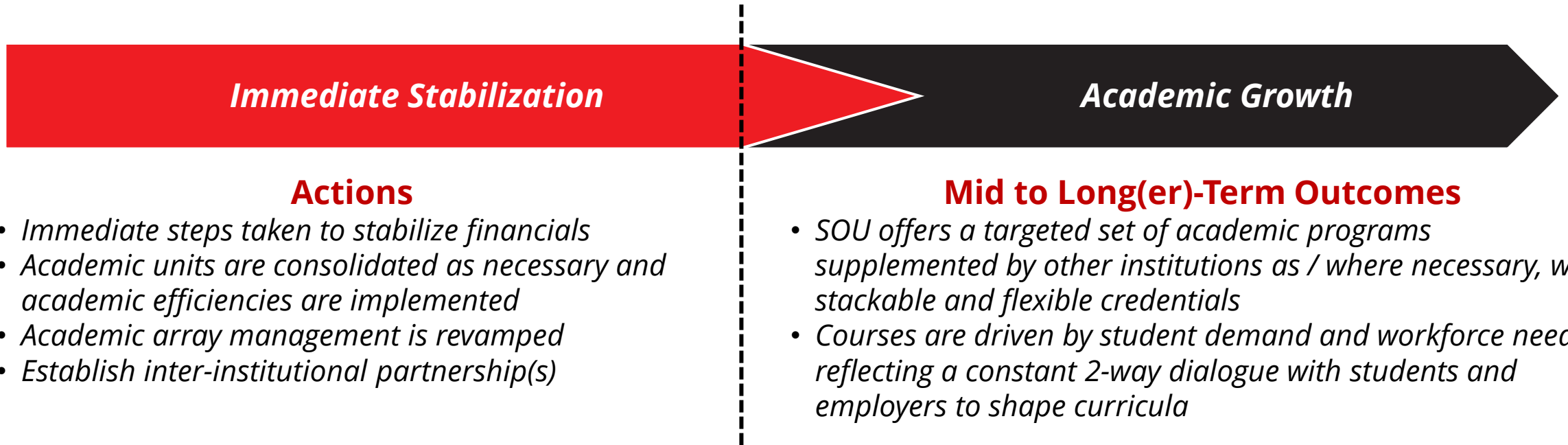
- ✓ Auxiliaries cover operating costs through sales and services and philanthropy
- ✓ Subsidization through E&G funds is not accepted as the norm or commonplace

*Across all functions, healthcare benefits are baselined to be competitive.*

# Academic Transformation Will Require a Two-Stage Approach

While the near-term requires decisive action to align academic delivery expenses with tuition revenues, the future offers opportunities for program growth and development in areas that meet student and local employer needs.

June 2028



## *Immediate Stabilization*

### **Actions**

- *Immediate steps taken to stabilize financials*
- *Academic units are consolidated as necessary and academic efficiencies are implemented*
- *Academic array management is revamped*
- *Establish inter-institutional partnership(s)*

## *Academic Growth*

### **Mid to Long(er)-Term Outcomes**

- *SOU offers a targeted set of academic programs supplemented by other institutions as / where necessary, with stackable and flexible credentials*
- *Courses are driven by student demand and workforce need, reflecting a constant 2-way dialogue with students and employers to shape curricula*

***Changes may require approval by accreditors or statutory changes.***

# Multifactor Analyses of Academics Highlight Potential Opportunities

Through a four-part multifactor assessment of the existing academic offerings, SOU can identify areas where the efficiency of academic delivery can be improved to achieve cost savings, as well as areas where it will be necessary to close academic units and associated programs. This will create the foundation for growth.

## Financial Considerations

Given resource constraints, financial considerations will be critical when evaluating the academic array



## Context Considerations

Beyond purely financial considerations, it is critical to evaluate market trends and organizational 'fit'

### Operational Efficiency and Outputs

What is the cost of academic programming?

### Financial Contributions to the Institution

What impact do the academic units have on the institution's overall financial performance?

### Alignment to Local Needs and Labor Trends

How do SOU's academic trends align to local market demands?

### Alignment to Organizational Mission

How do academic programs align to SOU's future?

***Holistic analysis across the above factors will enable SOU to ascertain, by academic unit, where to implement operational efficiencies, and where academic units need to be closed.***

# Analysis of Academics Highlights a Need for Transformation

## Analysis Highlights

| Academic Unit <sup>1</sup>     | AY2024 – 2025<br>Total UG & GR<br>SCH <sup>2</sup> | # Students<br>Majoring in Degree<br>Programs <sup>3</sup> | Faculty Salary,<br>Wages & Benefits<br>per SCH <sup>4</sup> | Estimated<br>Total OpEx<br>per SCH <sup>5</sup> | Operating<br>Revenues per<br>SCH <sup>6</sup> | Gross Income<br>(loss) per<br>SCH <sup>7</sup> |
|--------------------------------|--|---|---|---|---|--|
| Business Administration        | 15,750   | 696   | \$153   | \$256   | \$364   | \$108  |
| Education                      | 12,412   | 482   | \$194   | \$388   | \$448   | \$60   |
| Psychology                     | 9,572  | 355   | \$149   | \$245   | \$265   | \$20   |
| Theatre                        | 6,644  | 187   | \$195   | \$292   | \$268   | -\$24  |
| Health & Exercise Science      | 5,490  | 184   | \$146   | \$242   | \$285   | \$42   |
| Biology                        | 4,808  | 168   | \$152   | \$248   | \$299   | \$51   |
| Comms., Media & Cinema         | 8,355  | 164   | \$133   | \$229   | \$294   | \$65   |
| Criminology & Criminal Justice | 4,741  | 160   | \$158   | \$254   | \$236   | -\$19  |
| Emerging Media & Digital Arts  | 2,772  | 132   | \$200   | \$297   | \$269   | -\$28  |
| Env. Sci., Policy & Sustrn.    | 3,400  | 91  | \$208   | \$304   | \$302   | -\$2   |
| Art & Art History              | 5,061  | 83  | \$148   | \$245   | \$203   | -\$42  |
| Outdoor Adventure Leadership   | 2,326  | 82  | \$242   | \$338   | \$219   | -\$119   |
| Computer Science               | 2,556  | 76  | \$264   | \$360   | \$310   | -\$50  |
| History & Political Science    | 2,049  | 74  | \$215   | \$311   | \$442   | \$131  |
| English Studies                | 1,794  | 66  | \$310   | \$407   | \$416   | \$9  |
| Music                          | 3,292  | 61  | \$326   | \$423   | \$224   | -\$199   |
| Creative Writing               | 1,331  | 50  | \$287   | \$383   | \$278   | -\$105   |
| Sociology & Anthropology       | 2,401  | 49  | \$245   | \$342   | \$242   | -\$99  |
| Clinical Mental Hlth. Couns.   | 2,096  | 48  | \$307   | \$403   | \$439   | \$36   |
| Mathematics                    | 4,480  | 37  | \$181   | \$277   | \$268   | -\$9   |
| Chemistry & Physics            | 3,037  | 36  | \$214   | \$310   | \$323   | \$13   |
| Spanish & Amer. Sign Lang.     | 3,002  | 33  | \$231   | \$328   | \$259   | -\$69  |
| Economics                      | 2,096  | 20  | \$138   | \$234   | \$189   | -\$45  |

- Analysis of academic production and financials for the 23 academic units indicate that **10 units operate at positive margins (excluding overhead)**, the remaining **13 academic units operate at a loss**
- **These figures represent *only* the operating expenses directly charged to the colleges/schools** – ergo, the units shown as operating at a loss are in the red before any consideration of central university costs (e.g., student success staff, facilities cost)
- Ultimately these gross income (losses) by academic unit suggest a **need to transform both the academic offerings and delivery thereof**

# Future SOU | Degrees & Credentials Evolve to Meet Learner Needs



## *Rethink Credentials of Value*

Rethink **time-to-degree options** by offering select 3-year/135-credit pathways with quality safeguards.

Offer “finish what you started” completion degrees with **generous credit for prior learning (CPL)** and tight degree maps.



## *Focus on Workforce Needs*

Partner with regional workforce boards and major employers to **drive steady cohorts in high-need sectors.**

Stand up **rapid-response micro-credentials** that can be launched and refreshed quickly as skills demand shifts.



## *Focus on Flexible Learning*







Build a **noncredit-to-credit conversion engine** using end-of-program assessments that awards transcript credit.

Leverage **credit for prior learning (CPL)** so that students earn credits for relevant work experience.

Pilot **predictable pricing bundles** to reduce sticker shock for part-time adults.

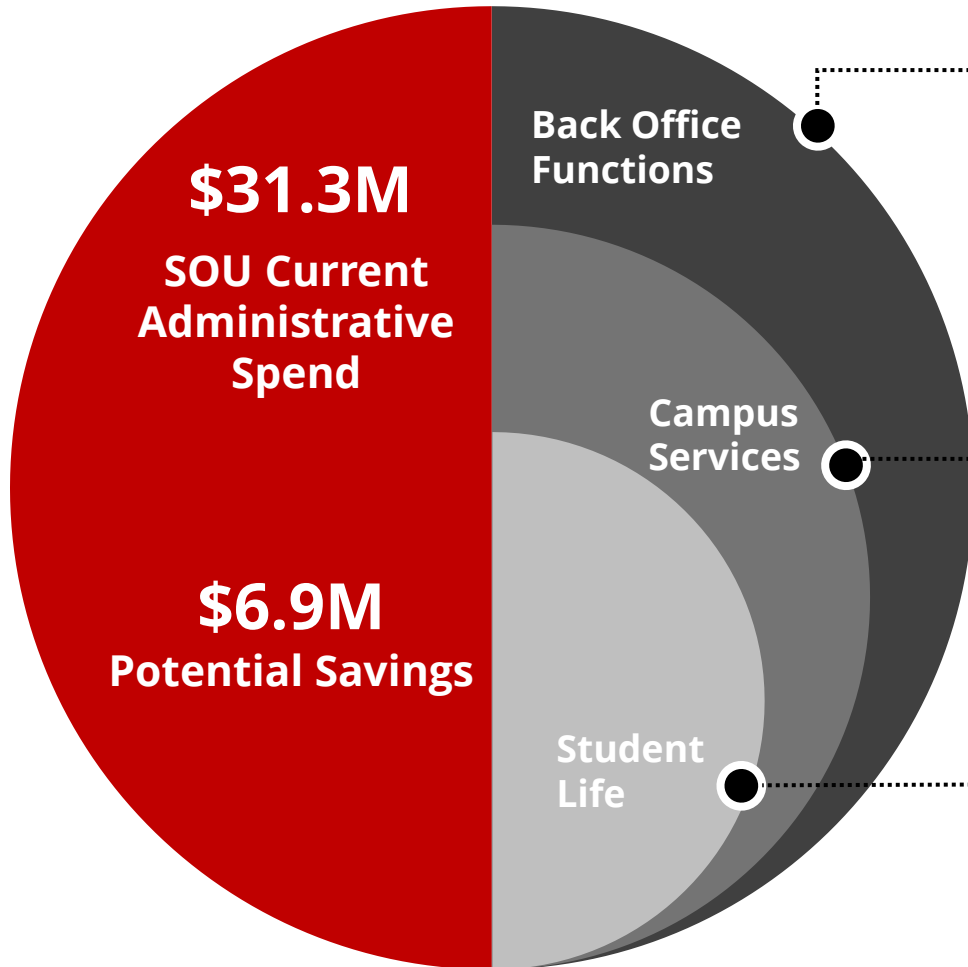
# Future SOU | Administrative Operating Models

A preliminary set of potential opportunities to facilitate discussion on what may be preserved, consolidated, restructured, or discontinued regarding administrative operations at SOU.

|   | Model Description   | Higher Education Case Studies   |
|---|---|---|
| <p><b>01</b>  <b>Outsourced Delivery Model</b></p>         | <p>Administrative services are outsourced and delivered by a third-party provider</p>   |    |
| <p><b>02</b>  <b>Anchor University Delivery Model</b></p>  | <p>A separate Oregon-based university provides administrative services for SOU</p>  |    |
| <p><b>03</b>  <b>Regional Network Delivery Model</b></p> | <p>Comprehensive universities are organized into a "network," and administrative functions are consolidated at one service unit within that network</p> |  |

# New Administrative Operating Model

SOU's administrative review indicates meaningful gains from shared services spanning back-office, campus services, and select student life, delivering a projected 10–30% savings, especially in standardized, high-volume processes.



## 25% Savings in Back Office Functions

*Transaction-heavy, rules-based functions represent the clearest opportunity for scale efficiencies and technology rationalization.*

- Comp, Benefits, and Non-Comp Expense Total: \$14.0M  
Savings Range: \$3.5M
- Business Services; IT; VP, Finance & Administration; Human Resources; General Counsel; Budget Office; Risk & Insurance Management

## 10% Savings in Campus Services

*Select services may benefit from shared delivery where scale can be achieved without compromising responsiveness or campus experience.*

- Comp, Benefits, and Non-Comp Expense Total: \$6.5M  
Savings Range: \$650K
- Campus Public Safety; Facilities Management & Planning; Sustainability

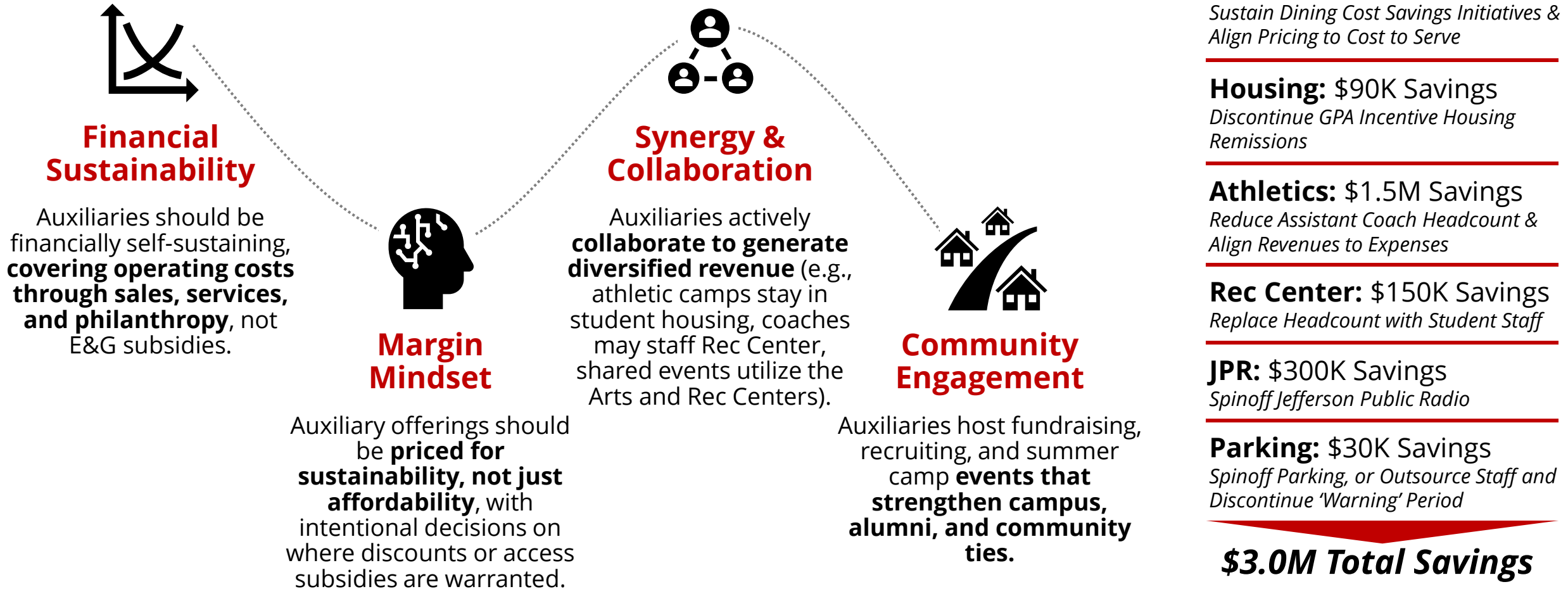
## 20-30% Savings in Student Life

*Opportunities are concentrated in administrative and transactional activities, while high-touch, campus-specific services are retained locally.*

- Comp, Benefits, and Non-Comp Expense Total: \$10.8M  
Savings Range: \$2.8M
- Library; Enrollment Management; Admissions & Recruitment; Student Success

# Revitalize Auxiliaries: From Cost Centers to Growth Engines

By improving auxiliary self-sufficiency, SOU can reduce recurring losses while limiting impact on the core academic mission.



**Designed to operate as a self-supporting portfolio of services, programs, and assets.**

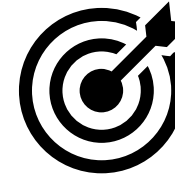
# Revenue Opportunities to Improve Institutional Sustainability

With enrollment and financial pressures continuing, SOU can unlock revenue through a mix of net tuition improvements and new revenue streams from underutilized campus space.



## Monetize Underutilized Space

- Lease select campus assets for community use, external events, rentals, camps, and conferences
- Consider selling underutilized assets to generate one-time revenue and reduce upkeep costs



## Net Tuition Optimization

- Align financial aid, packaging, and discounting strategy to improve yield and net tuition revenue
- Evaluate scholarship guidelines, exception-based awards, and targeting to increase discipline over time

..... **Estimated Potential Impact** .....

**~\$1.9M**

Annual Revenue Opportunity

**~\$1.4M – 1.8M**

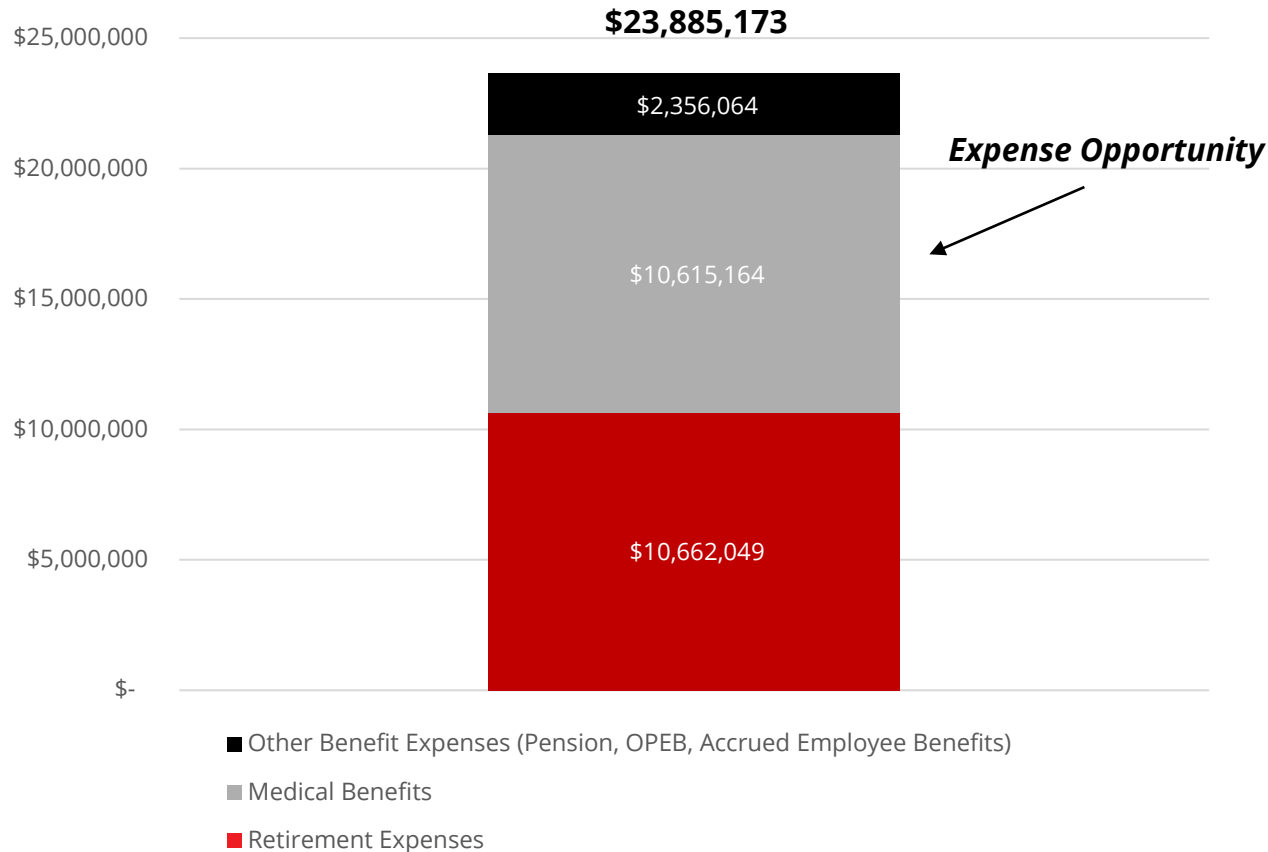
Tuition Revenue Improvement

***SOU has multiple pathways to improve revenue through a combination of net tuition optimization and better monetization of campus assets.***

# Other Operational Savings

With a total benefits expense of \$23M, the **effective fringe rate in FY25 was 56%**, comparatively high to industry standards. There exist significant opportunities if SOU can identify strategies and pathways to reduce benefits expenses. Freezing salaries, benefits, and wages in the short term will reduce operational expenses, but is not sustainable over time.

## Benefits Expenses in FY25



### Pathway to Reducing Benefits Expense

The current benefit expenses are SOU contribute significantly to operating expenses, costing SOU \$42,232 per employee. Per State of Oregon Legislation, a public university must provide group insurance to employees. However, there may exist opportunities for SOU to provide group health and wellness insurance outside of the Public Employee Benefits Board (PEBB), per Oregon Statute 352.237.

#### Healthcare Expense Opportunity

Reducing healthcare expenses by 10-20% utilizing alternative healthcare models (e.g., Oregon Educators Benefit Board (OEBB), which is utilized by community colleges, could save SOU \$1.1M to \$2.1M annually.

#### Salaries, Wages, and Benefits Opportunity

Introduce a hiring freeze, merit freeze, and COLA freeze to reduce projected increases to salaries, wages, and benefits in FY27 can save \$845k (salary/wages only)-\$1.3M.

# Implementation Risk



## Execution Risks

Effectively carrying out the implementation plan to achieve financial stability will require meeting a series of critical milestones with a staff that will have limited capacity to handle the magnitude of work needed.



## No Margin for Error

With \$15M in emergency funding, SOU still will be unable to meet its cash obligations by the fall of 2027 (less than 18 months from now). Missing enrollment targets, unexpected expenses, weather or cybersecurity incidents (etc.) could cause irreparable damage.



## Lack of Partnership Options

Higher education challenges are plaguing nearly all institutions and potential partners may see partnering with SOU as a drain on resources and time. Partners will need incentives to come to the table.



## Alumni and Philanthropic Support

The SOU Foundation raised nearly \$16M in philanthropy, which is critical to supporting operating expenses at the University. Program reductions and other changes could result in losses of donor support.

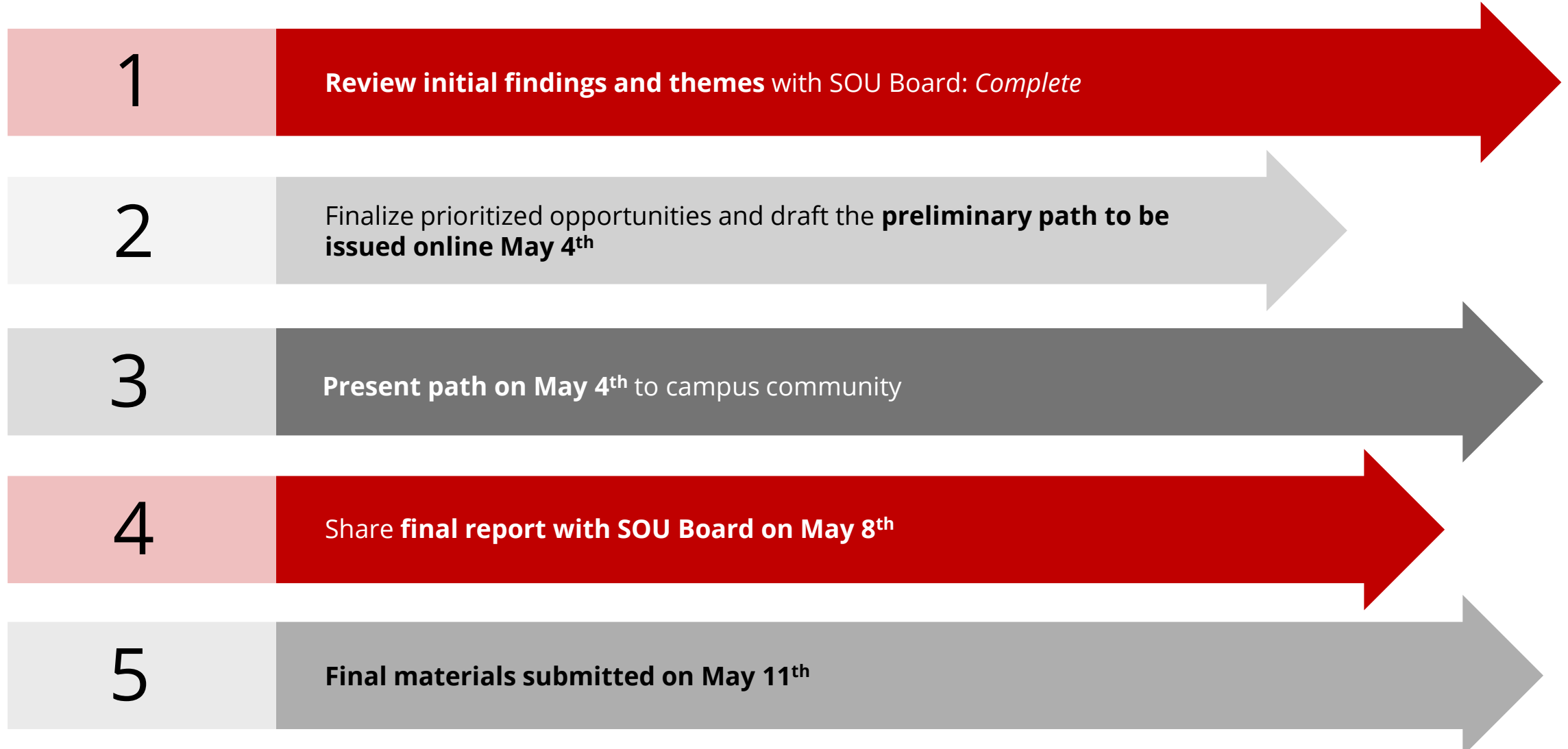


## Academic Calendar and Other Dependencies

SOU will need to navigate program cuts in line with the academic calendar and savings may need to be delayed to the spring of AY 2027 to avoid student confusion.

***Given the magnitude of risks that exist given SOU's current financial status, alternative plans, including a controlled winddown, should be planned for if milestones are not hit.***

# Path Forward



# Academic Analysis Footnotes

## Methodology Notes:

1. Academic units not listed in the table on slide 13 include: Healthcare Administration, Gender, Sexuality & Women's Studies, International Studies, First-Year Experience, Philosophy, Athletics, Native American Studies, Undergraduate Studies, and Military Science due to size
2. Total Undergraduate (UG) and Graduate (GR) Student Credit Hours include all 'SOU regular classes' and Dual Enrollment but exclude any credits associated with 'OLLI' courses
3. Students Majoring in Degree Programs includes all students, undergraduate and graduate, majoring in degree programs within the respective academic units
4. Faculty Salaries, Wages, & Benefits (SW&B) reflect the actual total pay, by faculty member, by activity, and by academic unit, plus an average benefits multiplier of 61%
5. Estimated Total Operating Expenses (OpEx) includes Faculty SW&B as well as staff salary and wages and benefits and all other operating expenses (e.g., supplies and services) costs. Given only faculty costs are attributed to the individual academic unit level, all other operating expenses, that are logged to the four colleges and schools, are allocated to the relevant academic units based on the share of student credit hours that each unit comprises within its college / school
6. Operating Revenues per Student Credit Hour include: Total net tuition revenues, course fees, broken out by undergraduate vs. graduate, Advanced Southern Credit (Dual-enrollment) revenues, and state of Oregon Outcomes Based Funding (OBF) and Activities Based Funding (ABF). Non-recurring, non-operating revenues (such as grant funds awarded for a specific purpose) have not been included
7. Gross Income (Loss) per SCH is calculated as the difference Estimated Total OpEx per SCH and Operating Revenues per SCH

## Sources:

FY2025 instructor loading report 040626.xlsx, *all instructor workload and pay*

Course data 5-years 042726.xlsx, *five year course enrollment data*

FY2025 General Ledger, *reconciled to audited financial statements*

SOU SSCM Funding FY25, *SOU Student Success and Completion Model Funding for FY2025*

# Change Log

| # | Description of Change   | Page Number(s) | Date of Change |
|---|---|----------------|----------------|
| 1 | Added Academic Analysis Footnotes page                              | Page 22        | 4/28/2026      |
| 2 | Changed "3-year/90-credit pathways" to "3-year/135-credit pathways" | Pages 9 & 14   | 4/29/2026      |
| 3 | Changed "faculties cost" to "facilities cost"                       | Page 13        | 4/29/2026      |