

Financial and Strategic Assessment

SOU Board Updates

April 17, 2026





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The Work

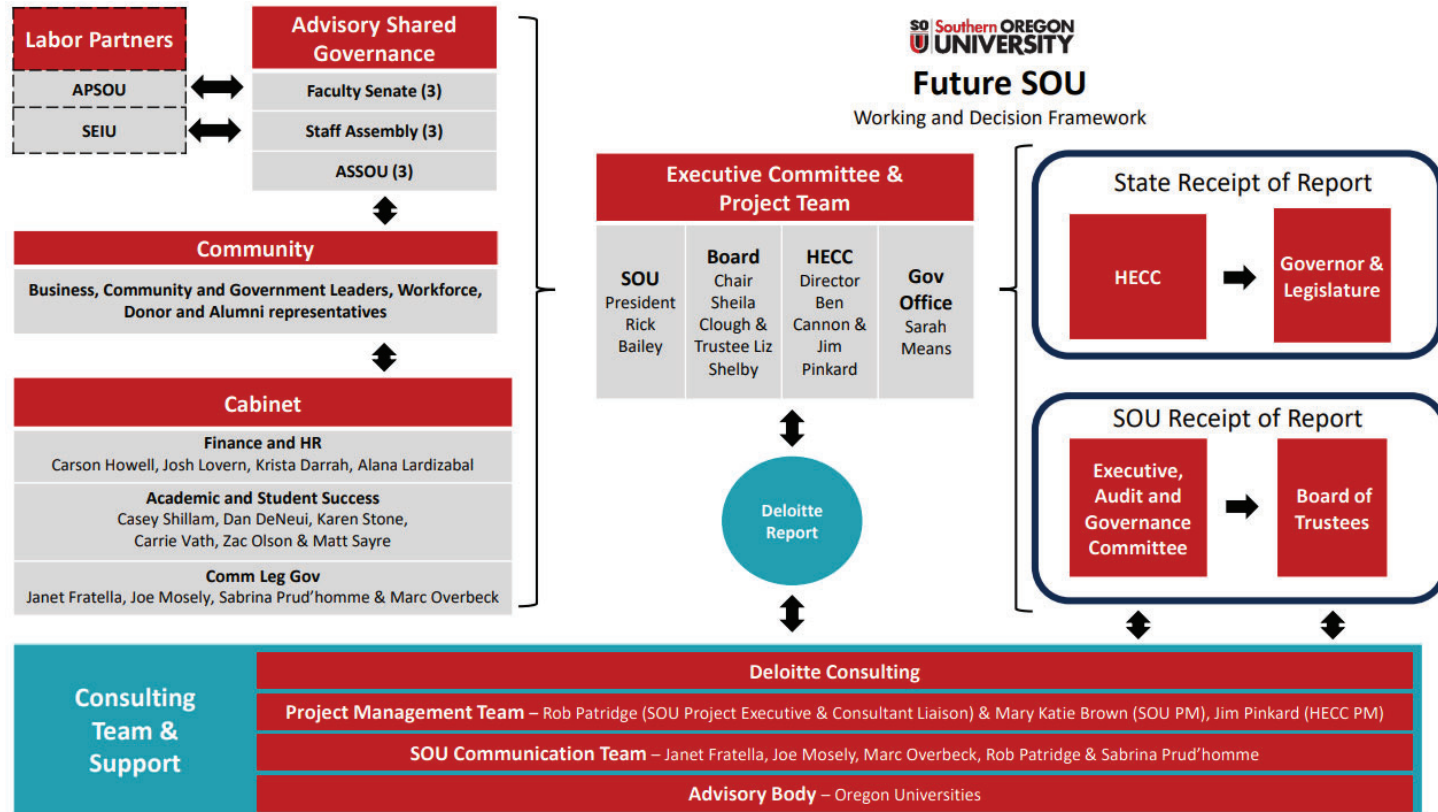
Oregon HB5204 and HECC Budget Notes

Oregon HB 5204 appropriated \$15M to the Emergency Board to ensure SOU is able to meet all of its financial obligations for the duration of the 2025-27. The funding is allocated to the HECC.

Summary of Budget Notes pertaining to HECC/SOU

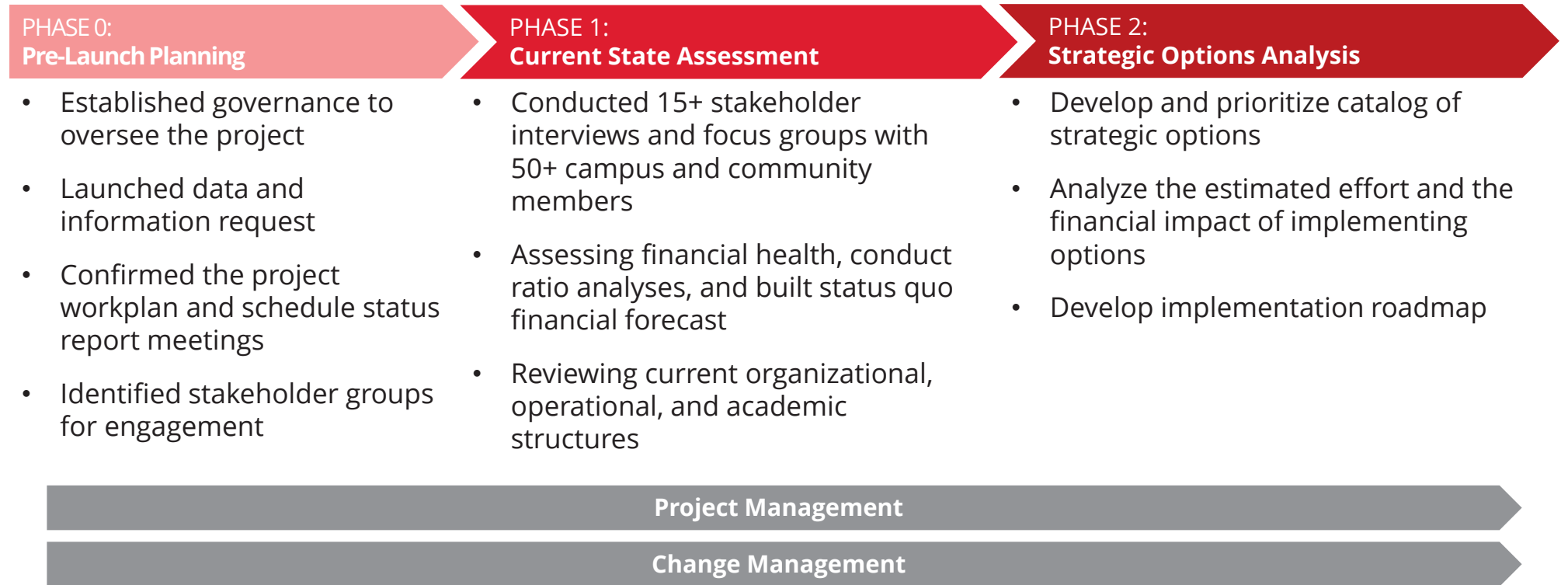
- SOU must submit a report to the HECC by April 30, 2026, that details the actions the university will take to ensure continued operations through June 30, 2027, including updated financial modeling, endorsed by external budget and accounting experts, and demonstrating the institutions' ability to meet all obligations.
- In order to receive the allocation, HECC must report to the E-Board that SOU has an operational plan through June 30.
- SOU shall collaborate with the HECC to develop a plan for future delivery of higher education in southern Oregon - without reliance on ongoing increases in state support - that aligns existing and potential revenue with long term structural fiscal balance to achieve a balanced budget for 2027-29 and sustained delivery.

Governance Structure and Decision Framework

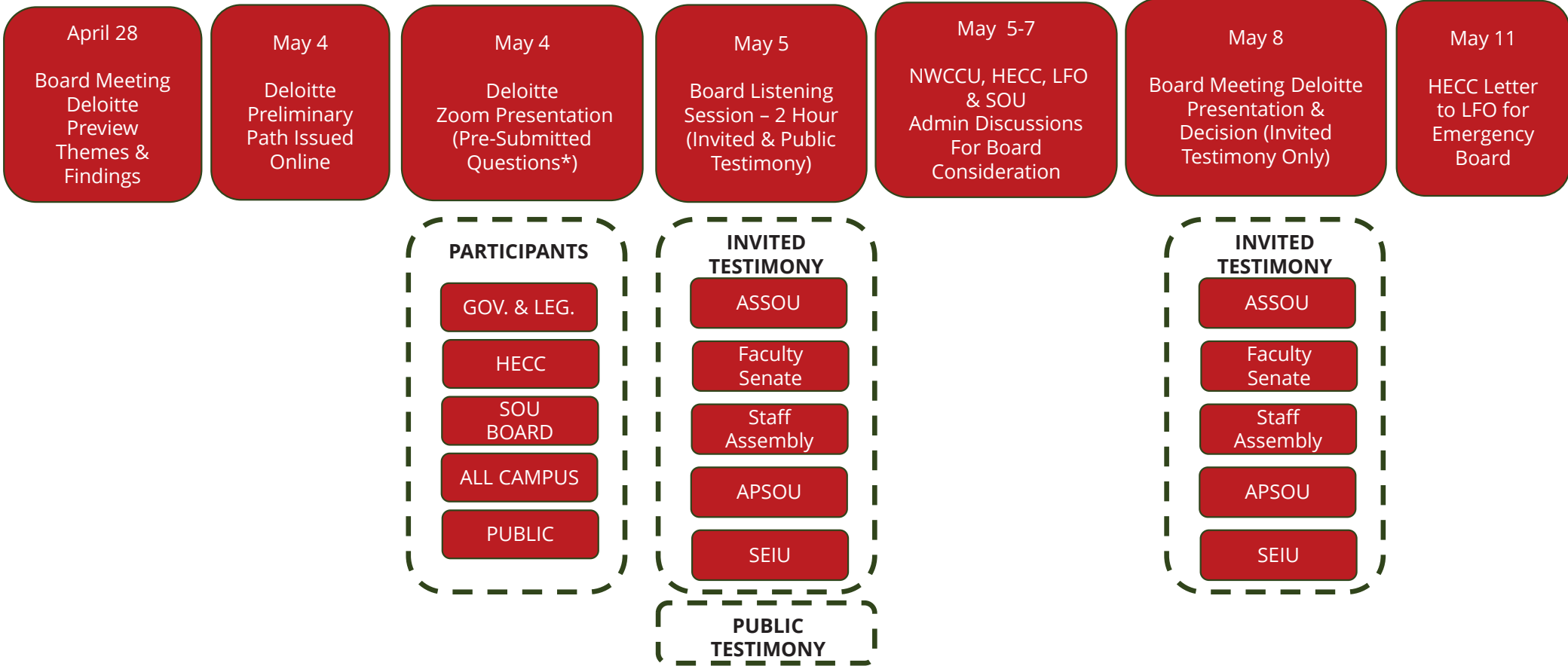


Approach

SOU is working with Deloitte’s Higher Education team to define a sustainable path forward.



Working Decision Timeline



Environmental Context & Community Input


SOU's Strong Commitment to a Comprehensive Education

Southern Oregon University is focused on the success of its students; promoting intellectual growth, continuous improvement, excellence, innovation, and creativity. As a four-year 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.

WHY SOUTHERN OREGON UNIVERSITY?

<p>Strong Sense of Mission and Place SOU is deeply embedded in its region and community, with strong ties to the local community</p>	<p>Deep Faculty and Staff Care Faculty and staff establish and maintain strong relationships with students</p>	<p>Inclusive Culture Nationally recognized sense of belonging for LGBTQ+ students and strong programs for students with disabilities</p>	<p>Education for All Pride in serving students who may not have attended college if not for SOU</p>
<p>Experiential Learning Opportunities for students to participate in experiential and community-based learning</p>	<p>Distinctive Programs SOU leverages its location to offer strong programming in areas including Business, Arts and Environmental Science</p>	<p>Reciprocal Community Benefits SOU serves populations from preschoolers to seniors and SOU is cited as a reason for residents, particularly retirees, to move to the area</p>	

SOU IMPACT

 **5,206**
total enrollment headcount, inclusive of OLLI students and dual high school students

 **19%**
first generation students

 **\$61k**
average salary* with SOU bachelor's degree

*Average salary 10 years after graduation
Sources: [SOU](#), [SOU News](#), [SOU Snapshot](#), [HECC Fall 2025 Oregon Public Institution Enrollment](#)

SOU Faces Challenging Headwinds Locally & Nationally

Nationally, demographics and funding challenges have been present across colleges and universities in the United States. SOU is one of many institutions facing continued pressure to cut costs amidst declining enrollment and reduced trust in higher education.

SOU is not immune to national pressures

Higher Education’s Uncertain Fiscal Future

Public colleges, universities are squeezed by federal cuts, enrollment challenges, and state budget strain

Authors: [Page Forrest](#), [Riley Judd](#), and [Samuel Pittman](#)

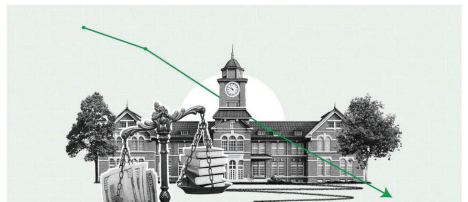
PERSONAL FINANCE

‘A perfect storm’ — more colleges at risk as enrollment falls and financial pressures mount

PUBLISHED TUE, SEP 30 2025-8:15 AM EDT | UPDATED WED, OCT 1 2025-10:22 AM EDT

Perceived Importance of College Hits New Low

The percentage of Americans saying college is "very important" has fallen to 35%



Within the region, SOU faces additional factors

- Oregon high school graduates are projected to decline almost 20% by 2041; California high school graduates are projected to decline almost 29% by 2041
- Oregon is 46th in state funding per student for four-year universities
- Declining enrollment has put substantial pressure on financial sustainability and has resulted in increased competition among state schools
- Oregon has uniquely high pension and benefits expenses at 55% of employee compensation
- Rising costs of living and housing impacts Oregonians’ ability to pursue postsecondary education

What Deloitte Has Heard: 'Always On' Survey Results

On March 12, 2026, Deloitte launched an ["Always On Feedback Loop"](#) to seek feedback on their Financial Sustainability Assessment from the SOU campus community.

Responses by The Numbers

521 <i>Total Responses</i>	162 <i>Students</i>	129 <i>Faculty & Academic Deans</i>	126 <i>Extended & Affiliate Community</i>	83 <i>Admin, Professional, Operational & Support Staff</i>	20 <i>Board Members</i>
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I understand the goals of this effort
70.9% Positive (Agree/Strongly Agree), 20.4% Neutral, 8.6% Negative

I understand the approach, timeline, and role of SOU stakeholders in this effort
57.6% Positive, 26.8% Neutral, 16.7% Negative

"The future is about being fast, affordable, and useful." Participants want SOU to connect programs more directly to **jobs, affordability, adult learners, and practical regional demand**. SOU must adapt to a more practical, outcomes-focused higher education market.

Reduce administrative inefficiency before cutting academics. Participants feel leadership should scrutinize **administrative overhead and decision-making structures** before reducing academic programs.

Responses are looking for clarity. Responses called for **clear decision rights, visible follow through**, and hiring/workload relief, in addition to **concerns about our overall funding model**.

*Across the survey, the message is consistent: **the community understands the need for change, but wants a more transparent, strategic, and sustainable path forward.***

SOU Financial State

Composite Financial Index Scores Indicate Fiscal Weakness

Composite Financial Index (FY25)*

	CFI Score	Industry Benchmark
Primary Reserve	0.86	0.4
Net Operating Revenue	(0.55)	0.02+
Return on Net Assets	(0.39)	0.04+
Viability	0.65	1.25



An analysis of SOU's financial statements and CFI indicates that **the institution has been under financial strain for several years**. Operating margins have declined as **expenses have outpaced revenues over the last 5 years**.

Composite Financial Index (FY25) 0.57
A composite score greater than or equal to 1.1 indicates financial health.

*Includes liabilities for Workday
 Source: 2021-2025 SOU Annual Financial Statements

SOU's Structural Deficits Exist Beyond the Academic Enterprise



SOU's Financial Projections for the academic enterprise (E&G funds) project an annual deficit for the next 5 fiscal years.

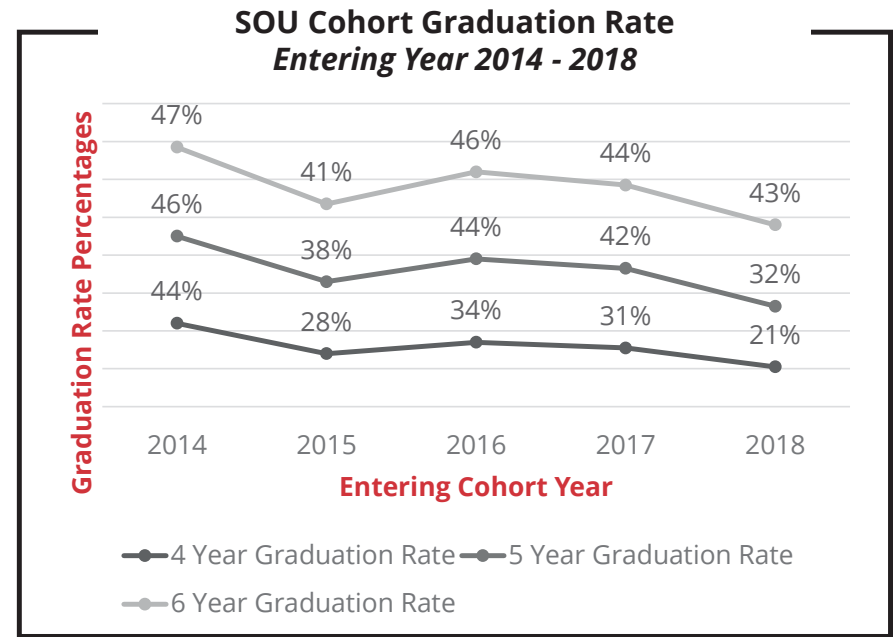
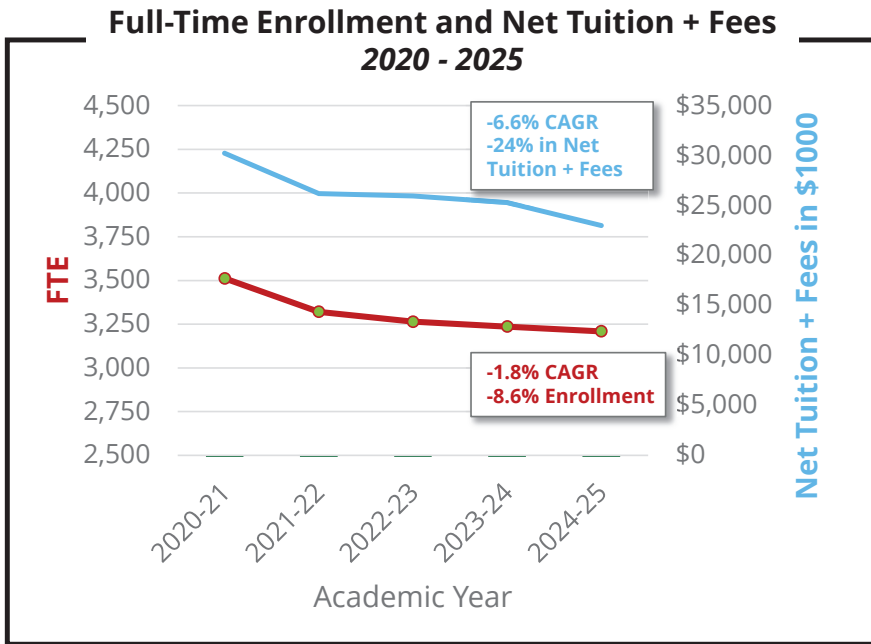


Deficits also exist outside of the academic enterprise within auxiliaries, compounding the structural deficit as funds are transferred from E&G to cover gaps.

With the current financial projection, organizational and operational changes will need to be made in the next 6 months to address the structural deficits.

Enrollment Declined 8.6%; Net Tuition Revenue Declined 24% (AY21-25)

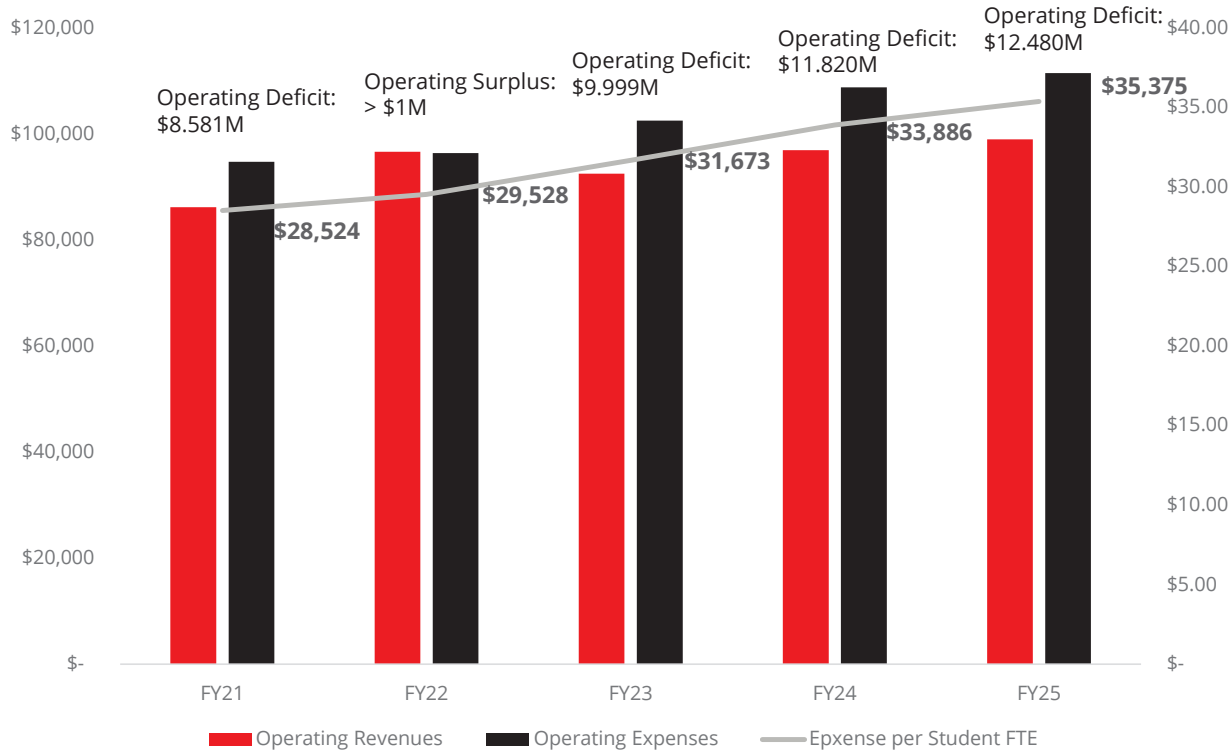
Graduation rates continue to decline, and overall enrollment declines are compounded by the **discount rate increasing from 12.0% in AY23 to 16.7% in AY25.**



*SOU has seen a **consistent decline in headcount over the last five years.** Even as enrollment has declined and programs have been reduced, SOU still offers a significant number of academic programs that serve a very small numbers of students.*

Despite Enrollment Decline, Operating Expenses Have Grown

Operating Revenue, Operating Expense, and Expense per Student FTE
FY21-FY25



Operating expenses per student FTE increased from **\$29K in FY21** to **\$35K in FY25**, indicating a higher cost (24% increase) to serve each student as enrollment declined.

Significant Changes Will Be Recommended to Academic Portfolio

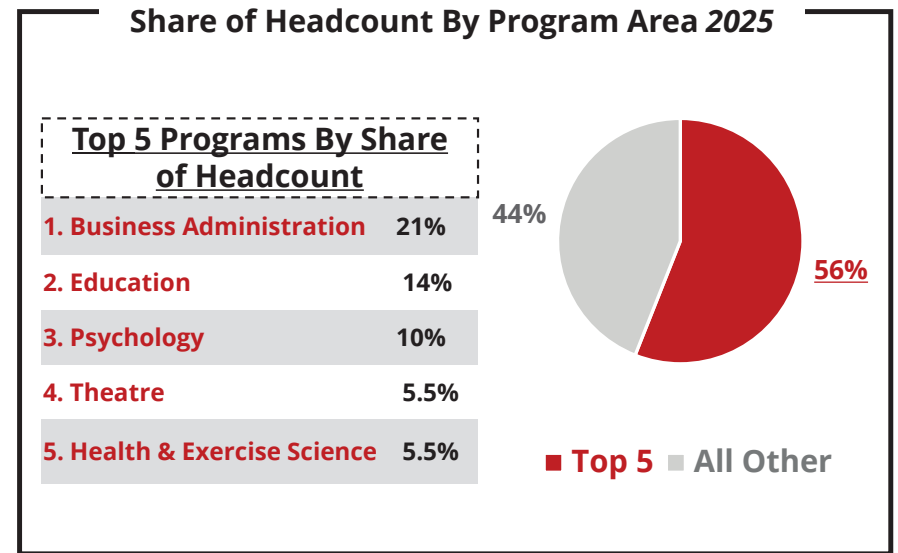
To improve the financial performance of the academic enterprise, SOU will need to reimagine the academic programs and degrees to meet the future needs and demands of SOU students.



A significant portion (56%) of credit hours are concentrated within 5 of SOU's academic programs and majors.



Credit hours have declined over a 5-year period as enrollment has declined, resulting in programs that cost more to deliver than they generate in student tuition.



Auxiliary Divisions Need Cost Realignment & Restructuring

To improve the financial performance of auxiliary functions, SOU will need to better align costs, services, and staffing.

Athletics

Salaries, wages, and benefits account for roughly 57% of total athletics expenses, suggesting structural changes will be required to materially improve performance.

\$4,192,712	.....	Operating Revenues
\$5,685,084	.....	Total Operating Expenses*
(\$1,492,372)	.....	Operating Deficit

Housing & Dining

Dining Services drives a >\$1M deficit that is partially offset by Housing revenues, suggesting the greatest opportunity lies in Dining price increases and cost reduction.

\$8,814,415	.....	Operating Revenues
\$9,442,592	.....	Total Operating Expenses
(\$628,147)	.....	Operating Deficit

*Note – Removed \$1,943,000 in one-time expenses related to Raider Field turf and softball complex upgrades in FY25

Source: FY21-FY25 Income Statement Transactions

Path Forward

Path Forward

SOU's path forward will be twofold: in the immediate term, SOU must cut costs to align to revenues. However, SOU's long-term success will depend on freeing funds to invest in growth areas and student success.



Academic Offerings

Align academic programs in a sustainable way to both mission and student demand



Auxiliary Self-Sustainability

Align cost to revenue across auxiliary divisions



Administrative Services Model

Align service delivery with more efficient operating models



Revenue Opportunities

Identify SOU's growth areas, increasing revenues in a mission-aligned way and improving student success

Discussion

What Should the Future of SOU be?

As the team refines opportunities for SOU, a key question must be answered: what is the primary role of Southern Oregon University for the region, workforce, and educational opportunities?

Next Steps

- 1 Validate and finalize cost savings and revenue opportunities analysis.
- 2 Deliver strategic options/final sustainability report.
- 3 Deliver final presentation to SOU Board on strategic and financial assessment.

Working Decision Timeline

