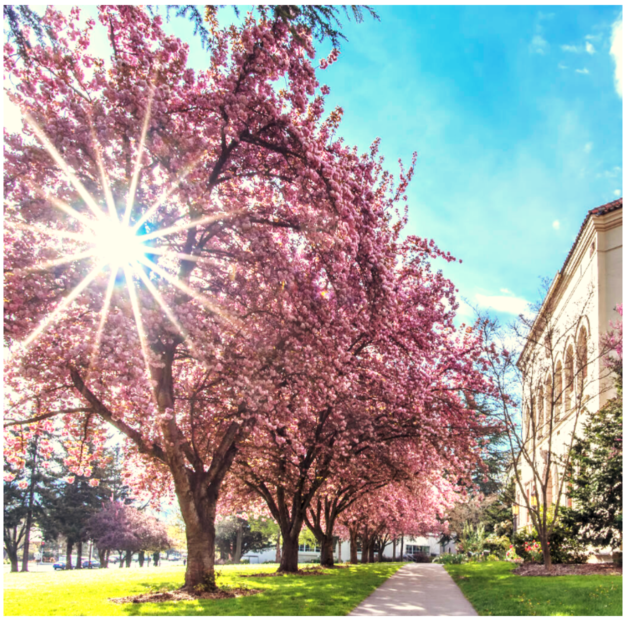

MONTHLY FINANCIAL UPDATE

For the period ending 6.30.2026

ABSTRACT

Monthly reports including E&G and All Funds budget updates including future year projections, Institutional Cash Flow, Key Assumptions and other relevant information regarding Southern Oregon University's current financial status.

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Statement on Institutional Contingency Planning

GENERAL INSTITUTIONAL CONTINGENCIES

If enrollment falls materially below budget, and planned cost savings are insufficient, the university will implement contingency measures to preserve cash solvency, maintain essential academic and student services, and protect long-term institutional stability. New policies regarding reimbursements for travel and purchasing are being drafted.

Actions may include further restrictions and additional spending controls, hiring and travel restrictions, requesting the use of available board-restricted reserves, contract renegotiations, and other cash management measures. The university may also consider temporary furloughs, reduced schedules, additional separations, position reductions, or other personnel actions consistent with applicable law, board policy, labor agreements, and shared governance.

The university may also seek bridge funding or liquidity support through state treasury, philanthropic, grant-related, or other legally available sources. All actions will prioritize instructional continuity, student success, payroll and debt obligations, regulatory compliance, and the university's public mission.

Statement on Fiscal Year-End Processing

FISCAL YEAR-END CLOSE PROCESS

The fiscal year-end close process is much lengthier than an interim month close process. Therefore, information provided related to the June 30, 2026 financials is based on the financial data available at the time of reporting. Regular month-end activities have been incorporated but adjustments made for year-end have not been incorporated.

SOU is striving for a close date of mid-August for financial transactions related to fiscal year 2026. An updated June 30, 2026 financial will be provided in the August Monthly Financial Update report. Acknowledging there is a likelihood of additional entries through the audit process, one more updated June 30, 2026 report will be provided subsequent to the audit completion.

E&G Budget Update

All Data as of 6.30.2026

Significant changes from last reported E&G projection:

1. Revenues
    a. Net Tuition & Fees down (-3.8%) compared to the May report. The decline is related to two issues:
        i. FY2026 – FY27 Summer deferral has been recorded
        ii. FY2025 – FY26 Summer deferral correction. A duplicate reversal entry occurred at the beginning of FY2026 that was discovered during the 2026-27 processing in early July 2026. This duplicate reversal caused Gross Tuition and Fee Revenue to be reported higher than actual. The correcting entry, which decreases tuition and fees, brings revenue in alignment.
    b. Remissions changed very slightly and remain largely as expected.
    c. All Other revenues now projecting a $785k increase compared to June. The change is related to land lease settle-up and may have further updates during FY26 close.
2. Expenses
    a. Estimate to complete on Salary & Wages showing decline (-0.57%) from May and in aggregate, over $273k under the post-resiliency budget
    b. Total Fringe estimate grew by 0.87% spread across all fringe categories. This increase is directly related to faculty deferred pay which is calculated during year-end processing.
    c. Total S&S expenses showing nearly $554k growth (4.16%) increase from May estimates. Late invoice entry and unplanned legal and consultant expenses continue upward pressure on the overall S&S budget. However, for FY2026, S&S still remains greater than $436k under the post-resiliency budget, showing significant fiscal year savings.
    d. Net Fund Transfers will be updated after the close of FY2026 per standard procedure; current budgeted transfers remain very close to the FY2026 projection.
3. Net Income and Fund Balance
    a. Net Income (Loss) for FY2026 now projected at $3.9M; a change of 45% compared to previous May forecast.
        i. Revenue losses and unexpected S&S growth in professional services such as legal are largely the culprit behind this large update.
    b. Fund Balance remains positive for FY2026, but this is an effect solely of ERC and unrestricted gift funding as has been discussed previously.

Significant changes from last reported E&G Forecast through 2028:

For the June submission, significant changes have been made for future year forecasts which will incorporate anticipated Vitality Plan updates in anticipation of a July 29th budget adoption. The FY2027 projection below will be presented as the E&G budget. Important projection updates will be noted here and additional detail explained in the Cash Flow assumptions discussion later in the report.

1. Future Year Projections
    a. Significant changes have been incorporated into future year **Revenue** projections stemming from the Vitality Plan. These include:
        i. Enrollment projection update of -16% for FY2027 representing a -10.29% decrease from FY2026 budget.
        ii. Associated decreases in State funding stemming from enrollment losses have been incorporated into all future year assumptions. Enrollment assumptions will be discussed in detail in the Cash Flow analysis.
        iii. All other Revenues decreased by -19.84%. This decrease is related to accounting corrections made to investment income distributions that will now be codified in budget lines going forward.
    b. Significant changes have been incorporated into future year **Expense** projections stemming from the Vitality Plan. These include:
        i. Aggregate Salary & Wages reductions from both the Resiliency and Vitality Plans totaling -$1.39M for FY2027
        ii. Associated Fringe savings (inclusive of Health, Retirement, Other) over -$589k
        iii. Net Fund Transfer savings greater than -$1.21M with the two largest reductions in Athletics (-$1M) and E&G support to Jefferson Public Radio (-$172k).
        iv. Conversely, supplies & services expenses projected FY2027 are nearly $801k greater than the FY2026 budget. This increase is largely driven by expected Vitality Plan implementation expenses of $750k and inflationary increases.
        v. Total expenses showing a decrease of -$2.37M compared to the FY2026 budget.
        vi. Net Income (Loss) showing a -$2.8M loss compared to the FY2026 budget; almost entirely driven by enrollment loss expectations.
    c. Significant changes have been incorporated into future year **Fund Balance** projections stemming from the Vitality Plan. These include:
        i. Additions/(Deductions) showing anticipated $15M funding received from the state to support SOU operations.
        ii. Net fund balance, after accounting for net income loss, projected at $13.53M.

Current E&G Actuals & End-of-Year Projections

	Final Prior FY	FY2026 YTD ACTUALS & END-OF-YEAR PROJECTIONS						
	FY2025	FY2026 BUDGET	FY2026 YTD Actuals (as of 6.30.2026)	YTD Actuals % of Budget	Last Reported Projection (as of 5.31.2026)	Current FY2026 Projection (as of 6.30.2026)	$ Changes from Last Projection	% Change from Last Projection
Revenues								
Gross tuition and fees	37,008,351	37,945,000	36,834,902	97%	38,290,420	36,834,902	(1,455,518)	-3.8%
Less fee remissions	(5,294,416)	(5,162,000)	(5,393,970)	104%	(5,380,350)	(5,393,970)	(13,620)	-0.3%
Net Tuition & Fees	31,713,936	32,783,000	31,440,932	96%	32,910,070	31,440,932	(1,469,138)	-4.5%
State operating appropriations	28,625,062	29,301,951	28,929,606	99%	28,860,962	28,860,962	-	0.0%
State debt service appropriations	179,160	179,160	-	0%	179,160	179,160	-	0.0%
Indirect cost recovery	308,132	310,000	372,550	120%	432,631	372,550	(60,082)	-13.9%
All other	2,003,312	3,690,000	2,828,478	77%	2,042,926	2,828,478	785,552	38.5%
Total revenues	**62,829,601**	**66,264,111**	**63,571,566**	**96%**	**64,425,750**	**63,682,082**	**(743,668)**	**-1.2%**
Expenses								
Salary & Wages	32,615,263	32,300,000	31,211,884	97%	32,210,338	32,026,884	(183,454)	-0.57%
Benefits: Health	7,979,990	7,483,379	7,795,791	104%	7,728,507	7,795,791	67,283	0.87%
Benefits: Retirement	8,444,131	7,918,635	8,249,218	104%	8,178,021	8,249,218	71,197	0.87%
Benefits: Other	3,248,898	3,046,712	3,173,904	104%	3,146,511	3,173,904	27,393	0.87%
Supplies & Services	14,378,648	14,313,497	13,877,395	97%	13,323,488	13,877,395	553,908	4.16%
Capital Expenditures	-	12,681	22,332	176%	6,172	22,332	16,160	261.82%
Institutional Student Aid	77,764	-	47,470	0%	49,573	47,470	(2,103)	-4.24%
Net Fund Transfers	3,118,725	2,496,260	2,428,068	97%	2,496,000	2,428,068	(67,932)	-2.72%
Total expenses	**69,863,419**	**67,571,164**	**66,806,063**	**99%**	**67,138,611**	**67,621,063**	**482,452**	**0.7%**
Net Income (Loss)	**(7,033,818)**	**(1,307,053)**			**(2,712,861)**	**(3,938,981)**	**(1,226,120)**	**-45.20%**
Margin As a % of Revenue	-11.2%	-2.0%			-4%	-6%		
Fund Balance Information								
Beginning Fund Balance	3,471,769	(3,562,049)			(3,562,049)	(3,562,049)	0	0.0%
Additions/(Deductions)		1,500,000			8,840,778	8,840,778	-	0.0%
Ending Fund Balance	**(3,562,049)**	**(3,369,102)**			**2,565,868**	**1,339,748**	**(1,226,120)**	
Balance as a % of Revenue	-5.67%	-5.08%			3.98%	2.10%		-1.88%
Months of Operating Balance	(0.7)	(0.6)			0.5	0.3	(0.2)	
Additional Information								
% of Revenue that is Tuition	50.5%	49.5%	49.5%		51.1%	49.4%		-3.35%
Remission Rate	14.3%	13.6%	14.6%		14.1%	14.6%		4.21%
Wages and Benefits as % of Total:	74.8%	75.1%	75.5%		76.4%	75.8%		-0.75%

E&G Forecast Update through FY2028

		Future Fiscal Year Projections					
	Current FY2026 Projection (as of 6.30.2026)	FY2027	$ Change from 2026 Budget	% Change from 2026	FY2028	$ Change from 2027	% Change from 2027
Revenues	-						
Gross tuition and fees	36,834,902	34,039,772	(3,905,228)	-10.29%	34,018,777	(20,995)	-0.06%
Less fee remissions	(5,393,970)	(4,730,000)	432,000	8.37%	(4,600,000)	130,000	-2.75%
Net Tuition & Fees	31,440,932	29,309,772	(2,131,160)	-6.78%	29,418,777	109,005	0.37%
State operating appropriations	28,860,962	29,552,520	250,569	0.86%	30,123,425	570,905	1.93%
						-	
State debt service appropriations	179,160	179,160	-	0.00%	179,160	-	0.00%
Indirect cost recovery	372,550	395,637	85,637	27.62%	420,000	24,363	6.16%
All other	2,828,478	2,957,723	(732,277)	-19.84%	3,092,875	135,151	4.57%
Total revenues	**63,682,082**	**62,394,812**	**(3,869,299)**	**5.84%**	**63,234,237**	**839,425**	**1.35%**
Expenses							
Salary & Wages	32,026,884	30,907,892	(1,392,108)	-4.31%	30,202,882	(705,010)	-2.28%
Benefits: Health	7,795,791	7,244,435	(238,944)	-3.19%	7,073,531	(170,905)	-2.36%
Benefits: Retirement	8,249,218	7,665,794	(252,841)	-3.19%	7,484,949	(180,845)	-2.36%
Benefits: Other	3,173,904	2,949,431	(97,281)	-3.19%	2,879,850	(69,580)	-2.36%
Supplies & Services	13,877,395	15,114,492	800,995	5.60%	15,145,000	30,508	0.20%
Capital Expenditures	22,332	30,000	17,319	136.57%	31,000	1,000	3.33%
Institutional Student Aid	47,470	-	-		-	-	
Net Fund Transfers	2,428,068	1,286,153	(1,210,107)	-48.48%	1,256,062	(30,091)	-2.34%
Total expenses	**67,621,063**	**65,198,196**	**(2,372,968)**	**-3.58%**	**64,073,275**	**(1,124,922)**	**1.73%**
Net Income (Loss)	**(3,938,981)**	**(2,803,385)**	**(1,496,331)**	**114.48%**	**(839,038)**	**1,964,347**	**70.07%**
Margin As a % of Revenue	-6%	-4%			-1%		
Fund Balance Information							
Beginning Fund Balance	(3,562,049)	1,339,748	4,901,797	138%	13,536,363	12,196,615	910%
Additions/(Deductions)	8,840,778	15,000,000	13,500,000	900%		(15,000,000)	-100%
Ending Fund Balance	**1,339,748**	**13,536,363**	**12,196,615**	**502%**	**12,697,326**	**(839,038)**	**-6%**
Balance as a % of Revenue	2.10%	21.69%		19.59%	20.08%		-1.61%
Months of Operating Balance	0.3	2.6	2.4		2.4	(0.2)	
Additional Information							
% of Revenue that is Tuition	49.4%	47.0%		-4.86%	46.5%		-0.96%
Remission Rate	14.6%	13.9%		-5.11%	13.5%		-2.69%
Wages and Benefits as % of Total:	75.8%	74.8%		-1.30%	74.4%		-0.59%

All Funds Budget Update

IMPORTANT NOTES TO THIS SECTION:

1. The ‘All Funds’ report remains a **work in progress**.
    a. As we continue to convert legacy data for ‘All Funds’, projection models are anticipated to change; current models only utilize two years of data for projections.

Noteworthy items on the Budget Update report:

1. Gross tuition & Fees, largely impacted by the summary deferral described above, is showing a decline of -7% as compared to the May submission.
    a. Total revenues have changed -2%, but now slightly more $1M from FY2026 Budget; put another way, projected actuals are -0.92% less than budget
2. Salary & Wages are projected to be 0.56% over budget, however Fringes (Health, Retirement, Other) are all projected to be -4.7% less.
3. Supplies and services are a significant portion of the expense portfolio of the ‘All Funds’ perspective. A large number of transactions happen during the fiscal year-end close process which are, as of this writing, still in progress. The estimate therefore is contingent upon those being added prior the audit commencing.
4. Institutional Student Aid is a non-budgeted item related to aid coming from outside sources.
5. Net Income (Loss) is currently projected to be -9.1M with the loss increasing by over $3.3M, largely related to the revenue changes as noted above, coupled with a change in Student Aid which will be reconciled with outside funders during the year-end close process.

Noteworthy items on Forecast report:

1. Gross tuition & Fees, largely impacted by the enrollment decline, is showing a decline of -20% as compared to the May submission.
2. Remissions, which are a function of enrollment, are showing a $807k or 16% improvement compared to FY2026 budget. This is related to decreased enrollment. Management will be performing additional monitoring of FY2027 remissions. The population of retained students compared to those who separated from the university may have impacts on total remission issuance in ways unrecognizable at present.
3. Vitality Cuts have been incorporated into total labor & OPE estimates.
4. Supplies & Services budgets are expected to increase due to several factors related to auxiliary budget alignment to actuals.
5. Ending fund balance is largely impacted by the $15M state infusion of cash and acts to preserve against total Net Income (Loss) that is forecasted in regular operating funds.
    a. NOTE: The ‘All Funds’ report perspective includes Grants, Gifts and all other funds operated by the university and budgets are not created for certain fund types annually which may be present in the actuals presentation(s) reported here.
    b. This was described in detail in the May submission.

Current All Funds Budget Update

	Final Prior FY	CURRENT ACTUALS & END-OF-YEAR PROJECTIONS						
	FY2025	FY2026 BUDGET	FY2026 YTD Actuals (as of 6.30.2026)	YTD Actuals % of Budget	Last Reported Projection (as of 5.31.2026)	Current FY2026 Projection (as of 6.30.2026)	$ Changes from Last Projection	% Change from Last Projection
Revenues								
Gross tuition and fees	43,775,539	47,141,208	43,927,582	93%	47,039,064	43,927,582	(3,111,482)	-7%
Less fee remissions	(5,452,611)	(5,497,200)	(5,573,070)	101%	(5,621,293)	(5,573,070)	48,224	-1%
Net Tuition & Fees	38,322,928	41,644,008	38,354,512	92%	41,417,770	38,354,512	(3,063,258)	-7%
State operating appropriations	30,211,442	30,737,797	30,463,351	99%	30,463,351	30,463,351	-	0%
State debt service appropriations	179,160	179,160	179,160	100%	179,160	179,160	-	0%
Indirect cost recovery	175	310,000	383,616	124%	(1,434)	(1,434)	-	0%
All other	51,951,453	53,000,000	55,767,953	105%	55,699,469	55,714,182	14,713	0%
Total revenues	**120,665,158**	**125,870,965**	**125,148,592**	**99%**	**127,758,317**	**124,709,772**	**(3,048,545)**	**-2%**
Expenses								
Salary & Wages	42,718,076	42,168,026	41,589,752	99%	42,635,251	42,404,752	(230,499)	-1%
Benefits: Health	9,688,635	10,418,335	9,928,486	95%	9,948,328	9,928,486	(19,842)	0%
Benefits: Retirement	10,252,156	11,024,298	10,505,958	95%	10,526,954	10,505,958	(20,996)	0%
Benefits: Other	3,944,539	4,241,622	4,042,190	95%	4,050,268	4,042,190	(8,078)	0%
Supplies & Services	42,760,544	29,736,138	41,848,448	141%	48,453,265	48,354,474	(98,791)	0%
Capital Expenditures	(708,937)	252,549	90,366	36%	6,473	6,473	(0)	0%
Institutional Student Aid	17,881,756	64,050	17,808,843	27805%	17,738,057	18,464,001	725,944	4%
Net Fund Transfers	49,031	-	127,288	0%	127,288	127,288	(0)	0%
Total expenses	**126,585,800**	**97,905,018**	**125,941,330**	**129%**	**133,485,884**	**133,833,621**	**347,737**	**0%**
Net Income (Loss)	**(5,920,642)**	**27,965,947**			**(5,727,567)**	**(9,123,849)**	**(3,396,282)**	**59%**
Margin As a % of Revenue	-4.9%	22.2%			-4%	-7%		
Fund Balance Information								
Beginning Fund Balance	84,656,483	78,735,841			78,735,841	78,735,841	-	0%
Additions/(Deductions)								
Ending Fund Balance	**78,735,841**	**106,701,787**			**73,008,274**	**69,611,992**	**(3,396,282)**	**-5%**
Balance as a % of Revenue	65.25%	84.77%			57.15%	55.82%		
Months of Operating Balance	7.8	10.2			6.9	6.7		
Additional Information								
% of Revenue that is Tuition	31.8%	33.1%	30.6%		32.4%	30.8%		
Remission Rate	12.5%	11.7%	12.7%		12.0%	12.7%		
Wages and Benefits as % of Total:	52.6%	69.3%	52.5%		50.3%	50.0%		

All Funds Forecast Update through FY2028

		FUTURE FISCAL YEAR PROJECTIONS					
	Current FY2026 Projection (as of 6.30.2026)	FY2027	$ Change from 2026 budget	% Change from 2026	FY2028	$ Change from 2027 budget	% Change from 2027
Revenues	-						
Gross tuition and fees	43,927,582	37,642,650	(9,498,558)	-20%	38,089,151	446,501	1%
Less fee remissions	(5,573,070)	(4,690,000)	807,200	16%	(4,540,000)	150,000	-3%
Net Tuition & Fees	38,354,512	32,952,650	(8,691,358)	-14%	33,549,151	596,501	2%
State operating appropriations	30,463,351	31,184,164	446,367	2%	31,771,386	587,222	2%
			-			-	
State debt service appropriations	179,160	179,160	-	0%	179,160	-	0%
Indirect cost recovery	(1,434)	420,000	110,000	35%	420,000	-	0%
All other	55,714,182	53,000,000	-	0%	53,354,198	354,198	1%
Total revenues	**124,709,772**	**117,735,974**	**(8,134,991)**	**-6%**	**119,273,894**	**1,537,921**	**1%**
Expenses							
Salary & Wages	42,404,752	40,692,146	(1,475,881)	-3.50%	41,628,065	935,919	2.30%
Benefits: Health	9,928,486	9,527,503	(890,832)	-8.55%	9,746,636	219,133	2.30%
Benefits: Retirement	10,505,958	10,081,652	(942,646)	-8.55%	10,313,530	231,878	2.30%
Benefits: Other	4,042,190	3,878,937	(362,685)	-8.55%	3,968,153	89,216	2.30%
Supplies & Services	48,354,474	31,297,285	1,561,147	5.25%	32,396,000	1,098,715	3.51%
Capital Expenditures	6,473	92,000	(160,549)	-63.57%	95,000	3,000	3.26%
Institutional Student Aid	18,464,001	64,050	-	0.00%	64,887	837	1.31%
Net Fund Transfers	127,288	-	-	0.00%	-	-	
Total expenses	**133,833,621**	**95,633,573**	**(2,271,445)**	**-2.32%**	**98,212,270**	**2,578,697**	**2.70%**
Net Income (Loss)	**(9,123,849)**	**22,102,401**	**(5,863,546)**	**342.25%**	**21,061,624**	**(1,040,776)**	**4.71%**
Margin As a % of Revenue	-7%	19%			18%		
Fund Balance Information							
Beginning Fund Balance	78,735,841	69,611,992	(9,123,849)	-12%	106,714,393	37,102,401	53%
Additions/(Deductions)	-	15,000,000	15,000,000				-100%
Ending Fund Balance	**69,611,992**	**106,714,393**	**12,605**	**0%**	**127,776,017**	**36,061,624**	**20%**
Balance as a % of Revenue	55.82%	90.64%		34.82%	107.13%		16.49%
Months of Operating Balance	6.7	10.9	4.2		12.9	2.0	
Additional Information							
% of Revenue that is Tuition	30.8%	28.0%		-9.00%	28.1%		0.50%
Remission Rate	12.7%	12.5%		-1.79%	11.9%		-4.33%
Wages and Benefits as % of Total:	50.0%	67.1%		34.29%	66.9%		-0.39%

Cashflow Projection

Forecast through June 30, 2027

The $15 million dollar allocation generously provided through the State of Oregon will allow SOU to navigate the needed changes to rectify the previously projected negative cash balance for June 30, 2027.

For fiscal year 2026, the university is being assisted by one-time funds from an Employee Retention Credit refund from the Internal Revenue Service and sale of various land parcels.

Noteworthy Changes between May and June

There have been significant changes to assumptions, and cash flow impacts which are described in the accompanying materials below. The most significant of which is the enrollment decrease, vitality plan updates, state funding updates, and a reduction in the percentage estimate for student non-payment from 10% to 8%; reflecting more accurate and current trends.

Finally, the debt service payment for CHF was removed from the cash flow calculations as it was being double counted in the top calculations where $8.7M is held aside to pay for the housing bond debt.

Future Forecasting

The cashflow forecast is a continuously evolving document as the university is reconciling its cash activity each month back to the cash flow projection to gain further clarity around the uses of its money and the resources available to continue operations. For that reason, this forecast may look different than previous forecasts, and future forecasts will do the same. Areas at greatest risk for changes include enrollment for fall and future years, collective bargaining agreement compensation and benefit packages, funding, and inflation.

Key Assumptions Used Within the Cashflow Forecast – Changes from May

Enrollment Projections (as of 6.10.2026)

Key Enrollment Assumption:

Currently, the total academic year 2026-27 SCH (inclusive of summer) is projected to be **-15.5% (with Fall 2026: -16%)** from the AY2025-26 year. This update reflects recent enrollment modeling based on current registration activity at the time of this writing.

First-year, and Overall, Student Retention Rates (as of 7.15.2026)

Key Retention Assumption:

Currently, the retention assumption (UG 80% fall-to-fall) is maintained **as modeled** until implementation of the SOU Vitality Plan during academic year 2026-27 and impacts on specific majors can be quantified.

Housing Occupancy Rate

Key Occupancy Assumptions:

Annual housing occupancy rates in the Cash flow model were updated with recent projections:

Assumptions	2027	2028	2029	2030
Housing rate increase	2.50%	2.50%	2.50%	2.50%
Housing Occupancy	80%	83%	85%	90%
Prior Occupancy Fill Rates	85%	87%	90%	90%

The projected increase percentage in occupancy is an acknowledgement that maintaining a healthy fill rate is critical to meeting debt covenant obligations. Recent measures to restore on-campus housing occupancy to historical levels are underway and include updates to meal-plan requirements and analysis of housing specific remissions to address student financial stress relative to housing and dining.

Net Tuition and Other Revenue

Key Net Tuition and Other Revenue Assumptions:

The general increase seen across the analysis period for 'All Funds, All Other' is closely tied to projected increases in housing revenues. As discussed in the Occupancy Assumption section, there are active measures being finalized to restore occupancy and thus revenues seen in 'All Other'. Aggregate increase estimates trending towards **+2.8% year-over-year** and are part of the cash flow model across all other revenue accounts reported. However, budgeted 'All other' will remain consistent with FY2026 budget for the all funds budget.

Savings Realized & Expected from adopted Resiliency & Vitality Plans

Key Resiliency Assumptions:

The SOU Resiliency Plan had two tranches of cuts. The key assumption for FY2027 is that all remaining cuts (**totaling: $1,426,534)** will manifest in the Cash Flow as modeled.

Additionally, Vitality Plan cuts for 2027 (**totaling: $2,748,024**) have been incorporated into the cash flow model; the bulk of these cuts being seen in labor savings illustrated in the pic below taken from the Cash Flow model.

Assumptions	Source & Notes	2026	2027	2028	2029
EST Resilience & Vitality Plan Sal + OPE Savings	Vitality Costing Tool				
5000:Classified Salaries		$ (582,756.00)	$ (1,441,723.00)	$ (1,153,812.00)	$ -
5100:Unclassified Salaries		$ (1,692,142.00)	$ (1,099,009.00)	$ (806,353.00)	$ -
5200:Faculty Salaries		$ (1,058,298.00)	$ (1,633,826.00)	$ (1,842,884.00)	$ (771,440.00)
		$ (3,333,196.00)	$ (4,174,558.00)	$ (3,803,049.00)	$ (771,440.00)

Operating Expense Inflation Including Wages, Benefits, S&S

SALARY & WAGE PROJECTIONS

Key Salary & Wage Assumptions:

The wages increases seen below are not to be presumed as final. Negotiations are underway with SEIU (Classified) and pending for APSOU (Faculty). Until the future salary tables are agreed to, these values will be retained as placeholders for salary increases.

Assumptions	2026	2027	2028	2029	2030
Unclassified	1%	3%	3%	1%	1%
Classified	2.50%	4.38%	4.00%	4.00%	4.00%
Faculty (& Adjunct)	3%	3%	3%	3%	3%
Students (Regular & Grad assumed)	3.25%	3.25%	3.25%	3.25%	3.25%

FRINGE BENEFIT PROJECTIONS

Key Fringe Benefit Assumptions:

All Fringe Benefit calculations in the Cash Flow reflect the ratio of their respective category to the total of salary and wages unless an extreme and unanticipated change to healthcare premiums or retirement contributions occurs. Budgeted rates will also follow similar logic in modeling.

Given the known table of retirement rates for FY2027 (and advisory rates showing a slight decline starting 7/1/2027) coupled with plans for significant cuts, it could be assumed this is one area that is over-projecting expense slightly but within bounds for modeling confidence.

As the overall labor force is reduced on campus, similar changes are calculated for Fringes (Health, Retirement, Other) automatically per the ratio logic described above. Budgeted fringes will differ from Cash flow and should not be considered a de facto 1-for-1 dollar savings.

Key Vendor Payments

Key Vendor Payment Assumptions:

The following vendors are assumed to require individual modeling outside of aggregate S&S with inflation target of **3.51%** added to their baseline 2026 projected expenses for the FY2027:

1. Elior (Aladdin Food Services),
2. P-Card processing (US Bank),
3. Risepoint,
4. La Clinica,
5. Ellucian,
6. Workday,
7. Foundation sponsored projects.

The following debt service payments are also scheduled on the cash flow, but **do not** have inflation adjustments to their schedules:

1. State of Oregon (Capital bonds),
2. Oregon Dept of Energy (SELP),
3. Workday Financing (American 1st Financial)

Operating Deficit from Auxiliary Activities

Key Auxiliary Deficit Assumptions:

Auxiliary operations should target a higher degree of self-sufficiency. This takes time and deep restructuring of several areas as noted above. Currently, the university's cash flow model **assumes regular activities** with some offsets to Auxiliaries in the form of added SOU Foundation support of $1M annually for FY2027 and FY2028.