

Student Budget Advisory Board
Meeting Notes - October 13, 2016
211 Memorial Union, 5:00 pm – 6:30 pm

Council Members Attending: Steve Miller, Kat Crane, Fahad Al Sinaidi, Krystal Lemhouse, Sami Searles, Trevor Ross, Lisa Lin, Trang Dang, Safi Ahmad, Weston Figueroa, Ashlei Edgemon, Jasen Phillips & Azeem Hussaini

Attending from Budget & Fiscal Planning: Sherm Bloomer & Karren Cholewinski

Agenda:

1. Welcome & Introductions – Are there communities or voices missing?
 2. Student Co-Chair for Council
 3. Communication preferences
 4. Student Budget Advisory Council – Purpose
 5. Discussion - What is important to students?
 6. Other Items & Next Steps
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1. Following the welcome and introductions there was discussion about OSU student communities that should have representation on the Student Budget Advisory. Suggestions include
 - a. Athletics
 - b. Greek Life (IFC)
 - c. Non-traditional students
 - d. Disability Access Services
2. Student Co-Chair Position
 - a. Student Co-Chair responsibilities
 - i. Clarify role & responsibilities; estimate time commitment (Sherm & Karren) Add to minutes. Sherm to ask Provost about inclusion of the Student Co-Chair as a member of the UBC.
 - ii. Interested? Contact Sherm and let him know.
 - iii. Sherm to supply list of interested individuals and provide team for feedback.
3. Communication & Information
 - a. Preferred method of communication: Email
 - b. SBAC Membership List posted on website with contact information only for the co-chairs who will distribute questions and comments to the group?
 - c. Information and resources for the group will be posted on the SBAC webpage.

4. Student Budget Advisory Council – Purpose

OSU's Independent Governance

In 2013, the Oregon Legislature approved Senate Bill 270, establishing independent governing boards for Oregon's public universities. Beginning in fiscal year 2014, OSU began the transition away from the Oregon University System (OUS) to an independently governed institution, which was effective in fiscal year 2015.

While OSU was under the management of the State, tuition rates were preliminarily established in the Office of Budget & Fiscal Planning, reviewed and approved by the University Budget Committee, then

and passed along to the President & Provost for final internal review and approval. Once OSU's processes were complete, the tuition and fee rates were sent to the OUS for final review and approval by the State Board of Higher Education. All public university tuition and fee information was published by the OUS and listed on their website.

As an independently governed institution, Oregon State University is now responsible for the establishment and implementation of tuition and fee rates. Oversight of tuition and fees for Oregon's public universities still has State oversight through the Higher Education Coordinating Commission (HECC). At any time, should OSU need to increase either tuition or fees by 5% or more in a given year, HECC must approve the increase before the rates are official. To date, Oregon State has not required HECC approval for tuition or fee increases as they have been below the 5% threshold.

University Budget Committee (UBC)

The University Budget Committee is responsible for the establishment and recommendation of tuition and fee strategies to the President and the Provost. The committee membership is comprised of vice/associate provosts, provosts, deans, college department heads, faculty, business administrators and, undergraduate and graduate students. Members are appointed by the Provost & Executive Vice President and serve on the UBC for a two-year term.

Student engagement in the establishment of tuition and fees is important. Student participation on the UBC in recent years has waned. In order to reach a broader cross-section of students, and recognizing the importance students have in serving as a source of advice and perspective, the President and Provost agreed to sponsorship of a student budget advisory group. The Student Budget Advisory Council serves to educate students about budget and financial matters of the university and provide advisory and strategy on matters typically related to tuition and fees to the University Budget Committee.

For more information, please refer to the *OSU Student Budget Advisory Council* charter.

- a. Timeline for 2017-2018 Tuition Setting
 - i. Tuition setting process is challenging as the impact on future years by either an increase/decrease in tuition rates must be considered.
 - ii. Tuition is the largest revenue segment of OSU's Education & General (E&G) funds budget but not the only piece.
 - iii. The Board of Trustees (BOT) are meeting next week, October 18-21, 2016. Sherm will be talking about the upcoming work of the SBAC.
 - iv. Budget implications for fiscal year 2018
 1. Public Employees Retirement Systems (PERS) annuity funding rates
 2. Corporate Income Tax on November Ballot
 - v. **January 19, 2017:** Report to BOT, preliminary FY2018 strategies for tuition rates, mandatory fees and student incidental fees. The Council/ UBC to present 2-4 preliminary scenarios.
 1. SBAC to provide input on preliminary tuition strategies to UBC
 - vi. **Early February 2017:** SBAC, with feedback from BOT on tuition scenarios, discuss and deliberate best tuition rate option(s) for FY2018. Finalize and submit to UBC for review/approval and further submission to President and Provost.
 - vii. **March 16, 2017:** Recommend to BOT FY2018 tuition rates, mandatory fees and student incidental fees.
- b. SBAC 2017 & Beyond

- i. Identify membership and convene the Council during Spring Term in preparation for the tuition and budget processes during the first week or two of Fall Term
 - ii. Opportunity to provide OSU budgeting education prior to busy period (Fall Term)
 - iii. Annually in Spring, debrief tuition setting process
 - iv. Identify longer term budget issues; rethink OSU existing policies/rules as established under the operation of OUS; rethink Course Fees. (Keep in mind these areas were previously driven by seven institutions rather than OSU alone.)
5. What are the issues/concerns at this time? What is important?
- Steven Miller: What exactly is the focus of the SBAC - tuition or the entire budget?
 - Jasen Phillips: Recommends to consider a reduction in tuition rates.
 - Sherm (SB): If we reduce to tuition/budget we must identify trade-offs.
 - Budget planning requires looking two-three years ahead. Carrying funds over provides some buffer for unanticipated contingencies or emergencies. As a Council we must make sure decisions made are not creating impacts which result in a multi-year problems.
 - Steven: Perspective, approach from the revenue or expense side, which is more practical?
 - SB: Both sides of the budget (revenues and expenses) are important – costs are often difficult to pin down as OSU is a research university and it is different than other public institutions. During lean years' cuts are often made to travel, supplies, and a hiring freeze is implemented. Boom years on the other hand often results in hiring.
 - Steven: Is there a mechanism for looking at programs?
 - SB: Presently it is difficult with a tenured work force.
 - Jasen: What about Administrative Salaries? For example, the President's salary has been increasing 9% annually. What about trade-offs, sacrifices? Does OSU look at competitive salaries?
 - SB: From department chairs through the President there are a market rates available. When hiring or increasing a salary there is a choice, to not meet/match market levels but what does this mean? This topic is one which SABC can talk – about both functions and roles. Salary increases have typically been no higher than 3% (0-6% for departments range but total increase cannot exceed 3%). Another consideration is you must examine how long you can go without raises.
 - Steven: Does OSU have a merit based system?
 - SB: OSU has realized a merit based system more in the last 3-4 years. Positions with the greatest discrepancy with market rates (below market at OSU): Assistant Professors, Faculty Research Assistants, Instructors, Professors
 - Jasen: What about construction costs, the MSI building (tsunami zone location)?
 - SB: Construction does not often impact the University's operating budget until the building opens. For example, LiNC construction was funded by 50% student fees and 50% OSU state capital funding. What is going to hit your budget in the next year (construction).
 - Jasen: Can you talk about the legislative budget influences on the University's budget, specifically how legislative commitments if the moved the capital projects budget to the University's operating budget, what it might amount to?
 - SB: Leg – how much \$\$ in building, how much \$\$ in operating? If they gave us the bonding funds it would amount to about \$3-4 mm.

- Safi: Don't new buildings require more operational staff? Isn't it more expensive?
 - SB: The expense is in the maintenance of the new building – utilities, janitorial, etc. New buildings are frequently more efficient than the old structures, therefore, the savings realized may be used to offset other costs. Periodically, it is necessary for OSU Facilities Services to add a new staff position but frequently the operational expense is for repairs.
- Ashlei: What about OSU's deferred maintenance?
 - SB: During the last 8 years, OSU has not been putting enough funding toward the deferred maintenance of existing structures and infrastructure. The AVP for Capital Planning & Facilities is currently putting together a plan to present to the Legislature which requests the deferred maintenance funding be doubled. Also, we are proposing bond for \$60 mm for making all the deferred maintenance repairs.
- Steven: Can you talk about OSU's capital projects structure – how is the cost distributed?
 - SB: OSU has enlisted the services of a financial consultant to help guide the financial future for the university. The short version is that OSU does not a lot of debt for an institution of this size but at the same time, OSU does not have the operating cash to expand borrowing.
- Safi: What about building restoration. Is this a state funded or OSU expense?
 - SB: Varies, the State very rarely provides funding for renovations. Generally, the State matches donor contributions but 100% funding is not likely. Building plan for University is to focus on renovation right now rather than new facilities. The exceptions are our high end labs, which no longer meet specifications. Many buildings on campus can be renovated/remodeled to accommodate different kinds of space needs rather than constructing buildings for new space.
- Steven: How does Oregon State Select which projects are worth investing in/rank projects?
 - SB: For college-level projects the colleges often do the preliminary financial analysis for their projects. Once the project solidifies, the proposal moves upstream for analysis at the institution level.
- Safi: Alumni donations most are going to Athletics?
 - Krystal: Not all donor contributions go to Athletics.
- Safi: Is there an option for donors to contribute or specific programs such as student health or student success?
 - Krystal: No not unless there is a campaign in process specifically for those programs (targeted).
 - SB: Donors most frequently contribute funds toward scholarships. Donors give money based on their personal interests. Student success has recently been receiving donations. It is a matter of matching the interest of the University with the interest of Donor. For example, donor contributions toward building renovations is difficult as they often want to contribute to construction of a new building.
- Safi: Is there a way to push Student Success for funds?
 - SB: Susana Rivera-Mill's work is partially being funded this year through funding from the OSU Foundation. The present question is what should be the priorities for the next OSU Campaign? There are indications that student success is a part of the plan.
- Steven: What are the current priority projects?
 - SB: There is a new projects working group within the University, which will be addressing the safety, and the current conditions of buildings

- Kat: Where does the funding come from for Athletics? I see Athletics is subsidized by tuition funds, yet operates at a deficit. How are the coaches paid?
 - SB: Coaches are paid from self-support funds. The largest part of Athletics revenue comes from the PAC-12 and TV. They won't be operating at a deficit for much longer. Presently the E&G funds 200 student scholarships, which is a number restricted by NCAA rules. There are currently 500 student athletes at OSU. For FY2017, E&G funds to Athletes equals \$4 million. Over the course of the year, Athletics returns to E&G funds in the form of tuition and fees, regardless of student's residency. Sherm to share summary of Athletics' budget. Club sports are self-support and Student Affairs funded.

Ticket revenue from football is the highest of all NCAA sports, but is currently limited due to the size of Reser Stadium which is on the small side. Subsidy of NCAA sports is high for OSU. Football makes a lot of money, and ultimately underwrites all other sports which the exception of basketball which broke even in FY2016.
- Jasen: OSUF investment in the fossil fuel industry – SB: cannot change the operating budget much. Pays out 4.5%, recently changed investment strategy; OSU part of PUF.
- Jasen: How much impact do you think the SBAC will have when making tuition or budget recommendations to the UBC?
 - SB: In the end, decisions are made by the BOT, but prior to BOT, the Provost & President finalize what goes before the Board, such as identification of trade-offs. The BOT and OSU Senior Administrators want more robust conversations with students. OSU has become a tuition driven institution, as it is 70% of the E&G budget. The SBAC will always need to identify a clear strategy for adjustments in either direction. I can assure you, the information coming from the SBAC will be listened to.
- Jasen: When the Legislature convenes, and with the President publicly stating that OSU doing well, how might they be motivated to increase funding since OSU is doing well?
 - SB: Many of the Senior Administrators have been around for years and have seen the good and bad times. The Public University Presidents requested a 30% increase to return funding to 2004 levels from HECC, and it was agreed to. Public University's budgets are often the first to take a hit during State revenue shortfalls. President Ed Ray has respect in the Legislature. OSU saw a 20 to 22% increase in funding but will be hard pressed to sustain that increase in next biennium.

Is State funding is going up? Continuing service level increases is what the Legislature measures against when considering funding increases. They could make a decision to increase the State higher education contribution but it is often cyclical and based on tax revenues.
- Steven: What about considering of Lean Process Improvement strategies to increase efficiencies therefore save money?
 - SB: Currently OSU is engaged in a couple of projects. One from which we may realize the greatest cost reduction is the eProcurement project.

What are some other issues or concerns you have?

- Ashlei: Push to increase experiential learning and targeted revenues from donor money.
- Weston: What about funding for the centers? How might we increase funding?
- Ahmad: International students and tuition increases. Ahmad cited information regarding engineering students who either transferred or dropped out.

- Sami: Address inefficiencies with eye on cost savings, for example, computer labs with computers not powered off at the end of day. Recently surprised that computer lab had all the units powered up and no one was in the room. Recycling – lots of options but lack of use – not sure how to combat.
- Lisa: How much of the budget is affected by research on campus?
 - SB: The Education & General fund budget is comprised of tuition, state funding and self-support funds. Any restricted funds listed are generally grant monies, which are part of the Research budget.
- Azeem: How do we do to tuition at OSU? Sherm: Good question.
- Trevor: College of Pharmacy is concerned about Athletics funding because it is a small student population base; The deteriorating condition of the Pharmacy building and the labs conditions and lack of lab supplies.
- Trang: Cordley Hall research labs – need of serious maintenance. Renovation vs. new building – interested in understanding how the decisions are made for capital projects. Understanding of administrative overhead expense (Indirect Costs).
- Krystal: Support for sustainability in the E&G budget.
- Send questions to Sherm about the Budget Briefing document.

6. Other Items & Next Steps

- a. Are there other irritating issues which the SBAC can address? Either send to Sherm or bring along to the next meeting.
- b. Send your questions about any aspect of the Budget Briefing document to Sherm.
- c. If you are interested in serving as the Co-Chair for the SBAC, please contact Sherm to express your interest.
- d. Meeting notes will be distributed sometime next week.
- e. Karren will contact the Council member with the link to the SBAC webpage next week.
- f. Meeting frequency: Every two weeks was agreed on. Karren will work with membership to identify meeting dates/times.
- g. Sherm will address in more detail the questions about the Athletics.
- h. Sherm's parting thoughts...if he ever appears to be giving you or the group pat answers to questions or if he comes across as condescending, call him out. His responses are never intended to offend and calling him out, won't hurt his feelings.