

SUBCOMMITTEE RECOMMENDATION

Item 4: Higher Education Coordinating Commission SOU Financial Stability

To: Emergency Board
From: Higher Education Subcommittee
Carrier: Senator Golden

The Higher Education Subcommittee received reports and heard a request from the Higher Education Coordinating Commission on a projected operational funding shortfall for Southern Oregon University (SOU).

Over the past 15 years, SOU has faced ongoing structural deficits caused by declining enrollment and rising costs. Despite efforts to increase enrollment and reduce expenses, the university has continued to experience negative operating cash flows, resulting in increased reliance on state appropriations and temporary federal funds. In February 2026, SOU projected that it could fail to meet financing obligations by spring 2027.

To provide short-term stability and allow time for restructuring and transition planning, the Legislature established a \$15 million General Fund special purpose appropriation, with access to the funds contingent on a series of actions and deliverables from both the Commission and the university. These requirements include an operational plan through June 30, 2027, and a plan for the long-term delivery of higher education in southern Oregon.

The Commission provided a detailed report outlining the university's short-term operational plan with associated financial projections and a second report describing the work underway to develop a long-term sustainability strategy for the university. This effort, known as the SOU Vitality Plan, will be presented to the SOU Board of Trustees on June 18th, and will be informed by a report prepared by Deloitte that proposes strategies and options for reducing costs and transforming the university.

The Higher Education Subcommittee recommends that the Emergency Board acknowledge receipt of the reports and allocate \$7,500,000 from the special purpose appropriation made to the Emergency Board for supporting Southern Oregon University with short-term financial stability to the Higher Education Coordinating Commission to distribute to Southern Oregon University to address its operational funding shortfall. The Subcommittee also recommends that the Higher Education Coordinating Committee return to the September 2026 Emergency Board meeting with an update on cash flow projections and progress on the university's short-term operational plan and the completed SOU Vitality Plan, in support of a request for the remainder of the special purpose appropriation.