

## UNIVERSITY PLANNING COMMITTEE

### Minutes

17 January 2024

#### Attendees

Jay Brewster (Chair)	Kevin Groves	Dean Pete Peterson
Sean Burnett	Jaye Goosby Smith	Phil Phillips
Dean Paul Caron	Connie Horton	Steve Potts
Lauren Cosentino	Sara Jackson	Greg Ramirez
Dean Deborah Crown	Matt Joyner	Jeffrey Rohde
Rick Cupp	Dean Farzin Madjidi	Dean Mark Roosa
President James Gash	Tim Perrin	Nicolle Taylor
		Kevin Wong

#### Absent

Lila Carlsen	Gary Hanson	Dayea Oh
Dean Michael Feltner	Lee Kats	

#### Observers

Seta Khajarian, Petra Rickertsen, Jody Semerau, Nicole Singer

#### Guest Presenters

Phil Cho, Brad Dudley, Sean Michael Phillips, Ben Veenendaal

#### I. Call to Order and Devotional

Provost Brewster called the University Planning Committee meeting to order at 8:30 a.m. in the Seaver Board Room. Connie Horton presented devotional thoughts.

A member motioned to remove the term “Seaver” from a list in item II of the 15 November 2023 minutes which was approved. Tim Perrin and Jeffrey Rhode moved and seconded approval of the amended minutes which were adopted.

#### II. Room and Board Rate Trends and Rate Projections

Phil Cho reported housing and food as a percentage of total revenue at 10%, matching the 10 year average. The rise in federally-reported cost of attendance between AY23 and AY24 was attributed to the change in reporting, where meal plan H is now required to be used rather than meal plan E which most students carry. Seaver double housing rate and required meal plan increases were presented as focal points, both with about a 3.5% 10 year average increase. It was clarified that the Seaver meal plan funds are pass-through, and price considerations were reviewed. A Seaver FY24 comparison with 11 benchmarking schools ranked Seaver at the second highest, housing at the highest, and food at second lowest. It was clarified that first-year information was used in this report because the team finds it a more accurate representation of actual cost over the Lovernich information, which reports require as it is a median rate.

Students' report of wanting less peers in their shared space was described to increase demand for Towers, resulting in higher pricing. Off-campus single occupancies were reported as 57% more expensive than on-campus and double occupancies at 83% less expensive. Off-campus options' flat rate compared to Pepperdine's pay-per-resident model was noted as a contributing factor in the sticker price difference, and Pepperdine's reliance on perceived value from including utilities and furnishings, eliminating travel time, accessibility of security and RAs/RDs, and community building opportunities which are not afforded through off-campus housing were highlighted. Housing collective payment and priority were presented, noting George Page as the most desirable due to proximity to CCB and new renovation. It was clarified that Calamigos is furnished. A 3% housing rate increase across all rates is recommended. A 5% food rate increase is recommended. The resulting recommended FY25 housing and food total increase for first year students is 3.9%.

It was asked why the housing referred to as "the Stinkies" were not included in comparisons. Lack of detail on a leasing website likely due to the condo's private ownership were cited. Members discussed how value for price is communicated to students and families. Testing rate increases above 3% was confirmed, citing reasons to opt for a low percentage despite inflation as the small incoming class size, which will continue compounding effects, as well as increased petitions to live at home due to inability to cover housing costs. Graduate housing allocations were discussed.

Connie Horton reported good feedback in a variety of areas on the wellness fee. Program history, improvements, rates, needs, and collaborations to adjust for the upcoming year were described.

### **III. Advancement Office Fundraising Progress and Outlook**

Lauren Cosentino reviewed newly committed gifts and pledges by major area, reporting a 28% increase in Q1 gifts from the FY23 Q1 total. Pepperdine Gives and international programs' funds raised were highlighted. The Advancement Strategic Plan was announced with its 10 metrics presented including a campaign launch in 2025. An Alumni Affairs Strategic Plan was announced as in the planning stages, noting affinity group targeting as successful in bolstering engagement.

### **IV. Investment Management Office Endowment Performance and Outlook**

Jeffrey Rohde presented endowment data on growth and cumulative performance versus benchmark data. Relative performance in the 3, 5, and 10 year periods were reported as positive where the 1 year period's return is negative. This was attributed to short-term market volatility and noted as not a cause for concern. A peer comparison was provided, highlighting Pepperdine in the 16th percentile for the 10-year. Enhanced rebalancing was described as a contributing factor of the endowment's positive position. The drawdown strategy was presented as working. Increasing equity exposure and implications on the portfolio were reviewed. Asset allocations were presented with their reported performance. An endowment value and payout forecast presented the payout as steadily increasing. Policy benchmarks and asset allocation performance were described.

### **V. Review of External Costs and General Expense Trends**

Nicole Singer reported personnel and student aid as the University's largest operating expenses for the past 3 years. University expense categories as reported on audited financial statements were

presented, noting that ideally, growth should be reflected in the academic lines to prove investment in programs. Growth in Seaver and Graduate academic support and student services was reported to have outpaced all other categories at 6.4% year-over-year growth. It was reported that on an inflation-adjusted basis, Pepperdine is growing 1% year-over-year in total expenses. It was reported that FY25 is just under a 10% increase in total external costs from FY24. Insurance cost increases and IT expenses were cited as drivers.

#### **VI. Review of Personnel**

Sean Mike Phillips reported that benefit cost per benefitted full-time employee is stable. University benefit cost drivers for FY24 were attributed to health plan and salary increases, namely delayed care from the pandemic, Pepperdine's demographics, and the higher-than-desired claims loss ratio. Decision factors, implications, and results in the shift to Aetna were reviewed. Employees were reported to be receiving a higher salary increase than their experienced premium rate increase. Pepperdine was presented as competitive in AON's health value initiative comparing employer subsidies. Medical cost management strategies were described, including securing a 2025 rate increase cap with Aetna and eliminating University HSA contributions.

A 3% merit increase is recommended, noting this is in line with the industry and peer universities. Minimum wage and exempt minimum increases, contributing factors, and impact for the Pepperdine community were reported. Increasing the salary floor to \$45,000 over the next 2 years was recommended. Projected total costs were reviewed. It was clarified that the reported 2.5% average salary increase from FY12-24 is per year, and that inflation over the same period was considered year by year. Members discussed University strategies for salary increases keeping up with inflation. Loss ratio impacts on insurance renewal costs were discussed, and provider-specific considerations were reviewed. It was clarified that the University considers reducing benefits rather than staff to afford increased minimum wages and salary floors.

#### **VII. Review of Capital Expenses**

Ben Veenendaal reviewed capital expense categories. Renewal and replacement were defined as in-kind replacement or renewal of existing facilities, including correcting and updating ADA access but excluding AV, IT, and furniture. Projects were reviewed and estimated FY25 expenditures were reported at \$14 million. One-time capital projects in the planning phases were presented, noting that projects pursued are influenced by academic growth needs. Reported FY25 expenditures are estimated at \$17 million. The Mountain was identified to be ready in spring 2025. Members were reminded that as new FTEs require space to work, POC should be involved in space conversations. It was expressed that such needs will be addressed in part by the TCC and PCC projects, but ensuring efficiency in space management is the most effective cost saving measure.

#### **VIII. Adjournment**

The meeting adjourned at 10:22 a.m. The University Planning Committee will next convene at 8:30 a.m. on 21 February 2024 in the Seaver Board Room.