Oregon Tech 2019-20 Tuition Recommendation

Johnathan Nguyen | ASOIT – PM President

Junmin Yee | ASOIT – KF President

Brian Fox | VP Finance & Administration

Agenda

1. TRC Overview & Process
2. Budget Context
3. Tuition Scenarios
4. Student Feedback
5. TRC Recommendation
6. Tuition Recommendation
7. HB 4141 & HECC Criteria

TRC Overview and Process

How the TRC works

TRC's Role

- TRC analyzes budget, legislative, scholarship, programmatic information to form recommendations
- TRC weighs tuition options and solicits input from campus stakeholders
- Provides a formal report to the President regarding the tuition setting process and tuition recommendation

ASOIT's Role

- ASOIT participates in the TRC, organizes and hosts campus forums and provides a formal recommendation for tuition and student fees to the President

President's Role

- Tasks the TRC with developing a recommendation and consults with TRC/ASOIT in establishing a tuition recommendation for the Board
- Develops a budget recommendation in coordinating with the tuition recommendation

Board of Trustees' Role

- Evaluates ASOIT, TRC and Presidential process and recommendations
- Sets tuition for Oregon Tech on an annual basis

TRC Charter

The Tuition Recommendation Committee is responsible for **recommending the tuition and mandatory fee rates to the President** who must in turn report and recommend mandatory tuition and fee to the Board of Trustees in accordance with ORS 352.102. The **Board of Trustees shall request that the President transmit to the Board the joint tuition recommendation** of the President and the recognized student government.

This committee is comprised of **six students representing both campuses and appointed by the ASOIT president(s)**, two of which represent ASOIT and two of which represent historically underserved students of the university, as defined by the university; the **Fiscal Operations Advisory Council (FOAC) chair** and at least **two administrators**. Any changes to the Committee structure required by ORS 352.102, subsequent controlling statutes or Board Policy may be made without notification. The President shall designate one member to chair the committee.

Before making any recommendation to increase tuition and mandatory fees but especially when the proposed increase is more than five percent annually, the Committee must **document its consideration of the impact on students,** and the **necessity of the increase in achieving the mission of the University**. The Committee shall provide **meaningful opportunities** for members of the student government and students at large **to participate** in the process and deliberations.

The committee will meet at least twice during January – February. Its meetings shall be open to the public and broad notification of the meetings shall be made to the university community. The committee will consider the guidelines provided by the Board, information provided by the Administration, and such other matters as shall seem appropriate.

TRC Membership

Richard Bailey	Department of Business Management, ETM	Klamath Falls
Osvaldo Capistran-Perez	ASOIT Vice President	Portland-Metro
Erin Foley, *ex-officio*	Vice President for Student Affairs and Dean of Students	Klamath Falls
Brian Fox, Chair	Vice President for Finance and Administration	Klamath Falls
Ernesto Hernandez	Student Representative	Klamath Falls
Erik Johnson	Director of Admissions	Klamath Falls
Taylor Kimura	Student Representative	Klamath Falls
Gary Kuleck	Provost and Vice President for Academic Affairs	Klamath Falls
Faith Lee	Student Representative	Klamath Falls
Anne Malinowski	Assistant Registrar	Portland-Metro
Kathryn (Katie) Mura	Student Representative	Klamath Falls
Johnathan Nguyen	ASOIT President	Portland-Metro
Rosanna Overholser	Department of Mathematics, HAS	Klamath Falls
Junmin Yee	ASOIT President	Klamath Falls

TRC Principles and Process

Guiding Principles

- Consider long-term factors when recommending the single year decisions (important to have a forward looking vision)
- Recognize the importance of affordability for students
- Tuition levels should be developed using data and information, including internal budget, comparator institutions, and external cost indices.
- Ensure we maintain the current service level, quality and support that Oregon Tech provides to students.

Process Framework

- Communicate openly and transparently with all stakeholders
- The committee will utilize data and information throughout the process
- Communicate respectfully and ask questions
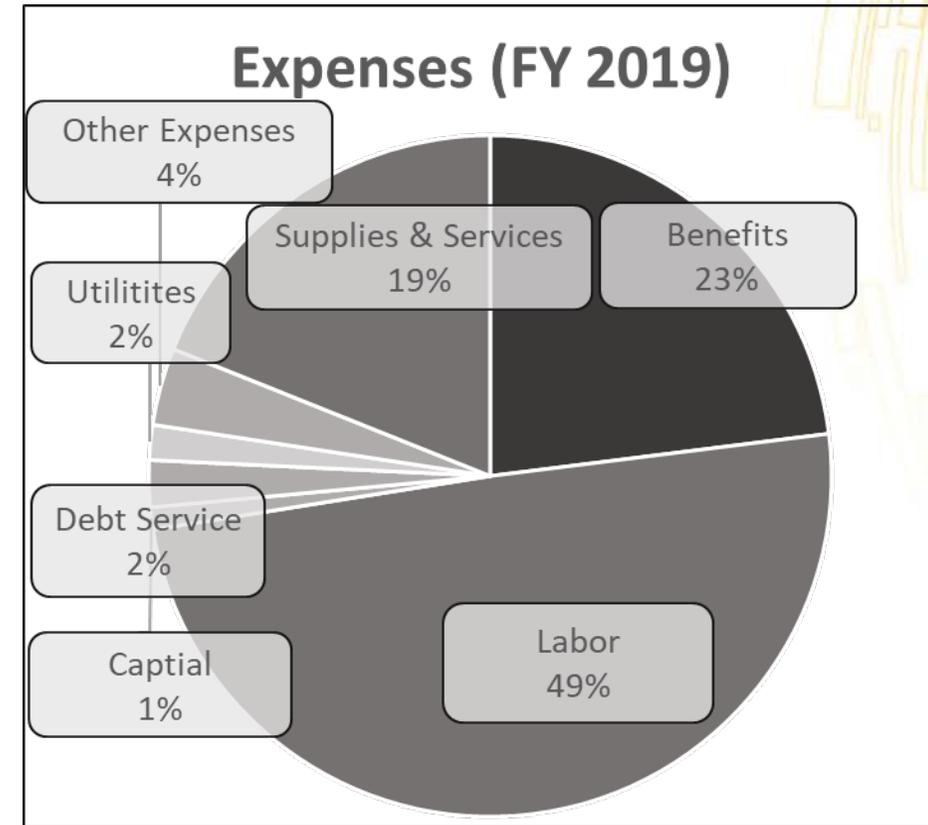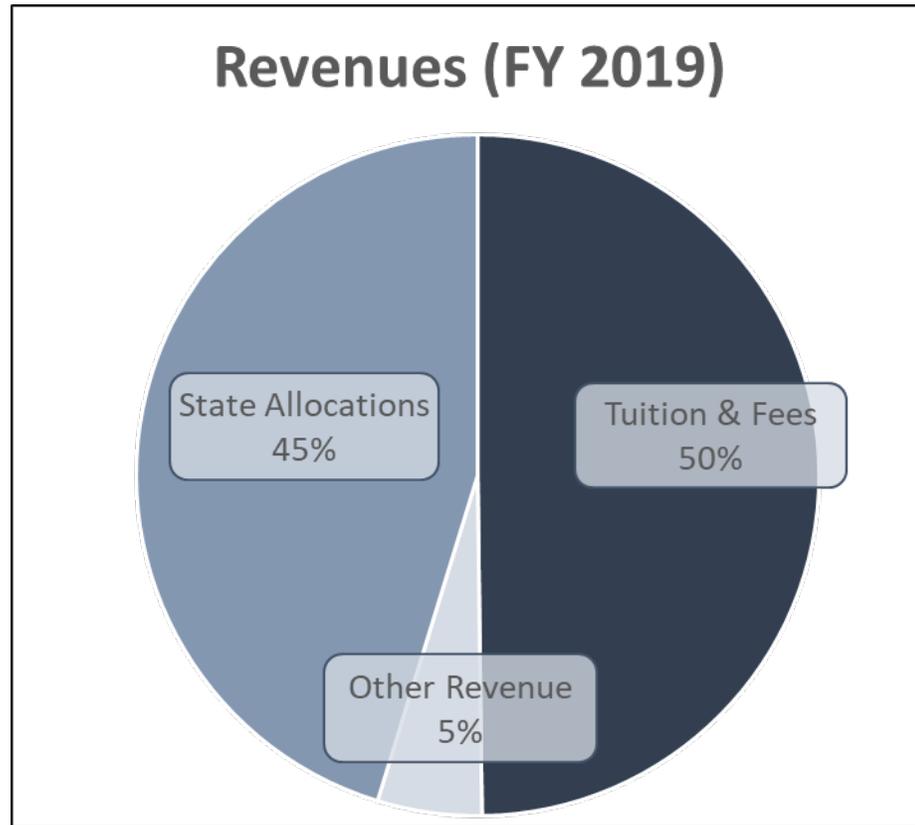
TRC Calendar

- Dec – Jan   Set committee principles, evaluate budgets and state funding levels

- Feb – Mar   Set draft tuition scenarios, hold first set of tuition forums to collect student feedback

- - - - - - - - - - Break for Dead Week, Finals and Spring Break - - - - - - - - - -

- Apr 8th   Campus open forum prep

- Apr 18th/22nd   Campus forums & draft tuition recommendation

- Apr 23rd   Set tuition recommendation

- May 3rd   ASOIT submits tuition recommendation

- May 23rd   President makes tuition recommendation

- May 30th   Board of Trustees adopts tuition

Budget Context

Where Does Tuition Go?

Revenues (FY 2019)
- Tuition & Fees 50%
- State Allocations 45%
- Other Revenue 5%

Expenses (FY 2019)
- Labor 49%
- Benefits 23%
- Supplies & Services 19%
- Other Expenses 4%
- Utilitites 2%
- Debt Service 2%
- Captial 1%

Where We Started

Scenario	PUSF Funding	Change in Fund Balance	All Tuition	Credit Hour Cost Change		
				Res	WUE	Non-Res
GRB	+$0M	-$7.6M	30%	$55.18	$82.77	$175.64
Co-Chair's Budget	+ $40M	-$4.9M	17%	$31.27	$46.90	$99.53
GRB Investment	+ $120M	-$2.6M	9%	$16.55	$24.83	$52.69
HECC Investment	+ $186M	-$1.4M	4%	$7.36	$11.04	$23.42

Note: the projected budget gap is based on preliminary budget forecasts for FY2020.

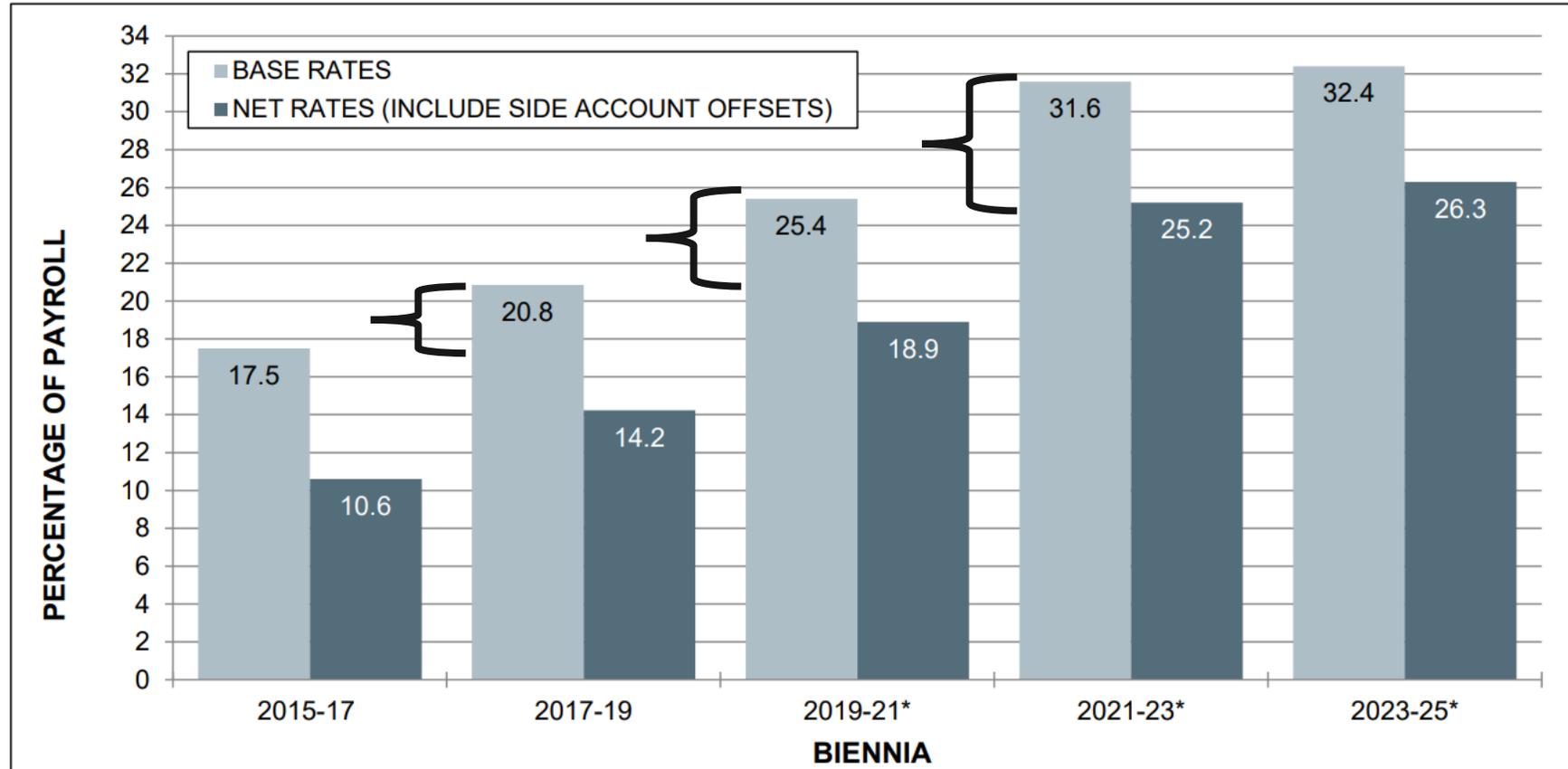# Oregon Tech Funding History: State Appropriations

Oregon Tech State Appropriations

Note: Forecast state appropriation assumes PUSF at Co-Chair's Budget Framework level and Sports Lottery, OREC and Engineering Technology Sustaining Fund are funded at the current FY 19 level.

# Benefits: Retirement Cost Increases

* RATES ARE COLLARED; THIS LIMITS THE MAXIMUM ALLOWABLE BIENNIUM-TO-BIENNIUM CHANGE IN RATES. THE WIDTH OF THE RATE COLLAR IS DETERMINED BY AN EMPLOYER'S CURRENT CONTRIBUTION RATE AND FUNDED STATUS
* EXCLUDES 6% MEMBER IAP CONTRIBUTIONS AND PENSION OBLIGATION BOND DEBT SERVICE PAYMENTS
* INCLUDES TIER ONE, TIER TWO, AND OPSRP
* DOES NOT INCLUDE RHIA/RHIPA

* PROJECTED BASED ON NOVEMBER 2016 MILLIMAN FINANCIAL MODELING PRESENTATION

https://olis.leg.state.or.us/liz/2017R1/Downloads/CommitteeMeetingDocument/103800
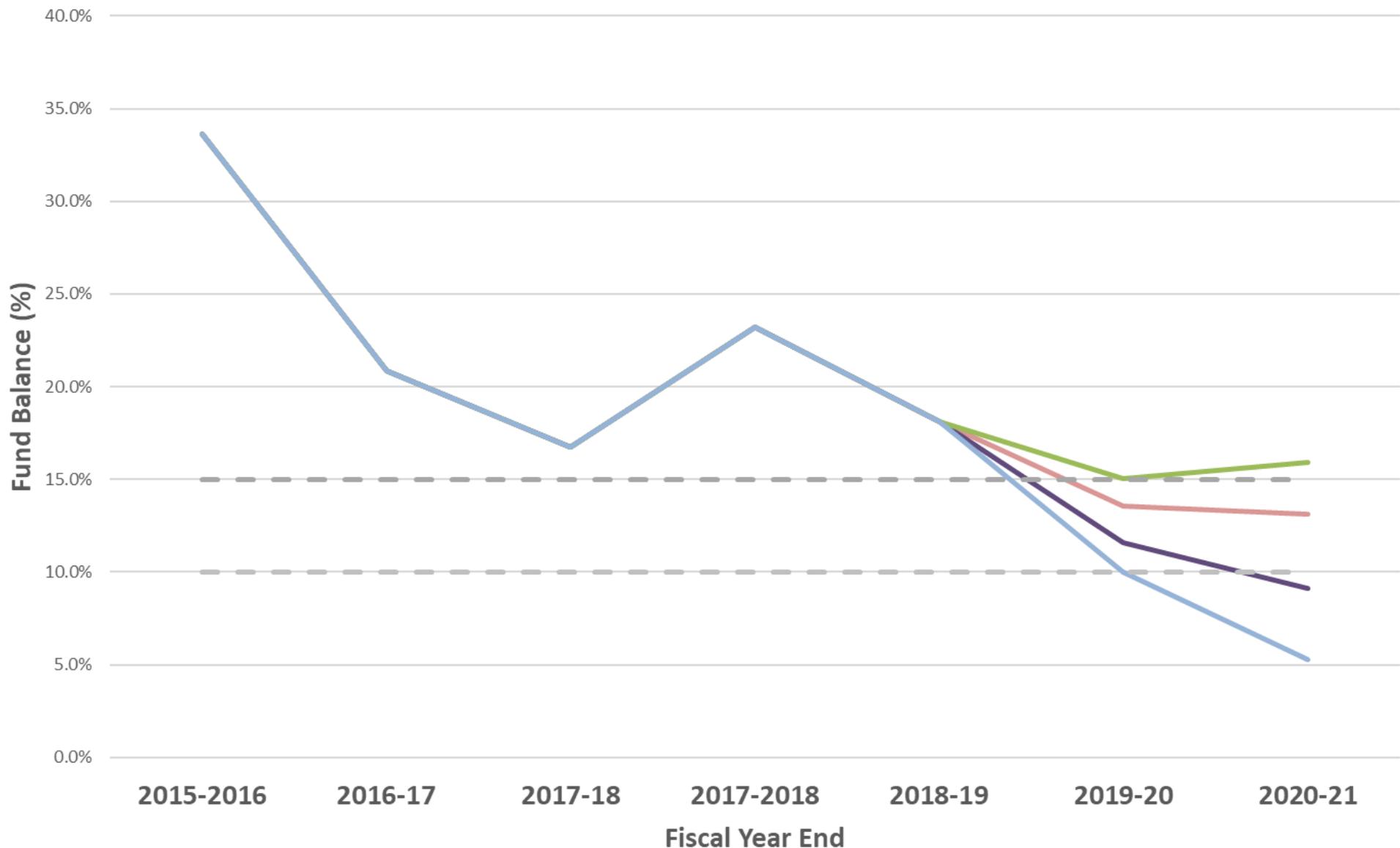
Benefits: Healthcare Cost Curve

Oregon Tech Healthcare Expenses
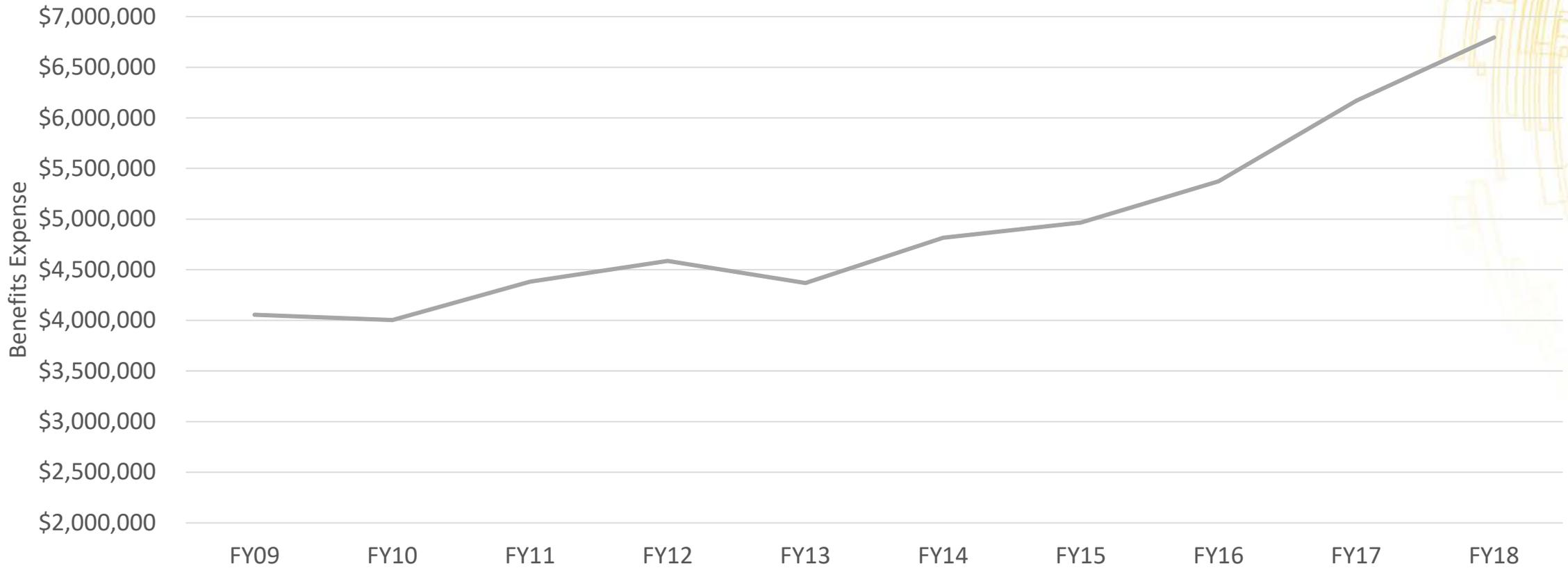
Tuition Scenarios

OREGON TECH | ENDING FUND BALANCE FORECAST SCENARIOS

Tuition Recommendation

	Scenario I	Scenario II	Scenario III
Tuition	+7%	+9%	+15%
Remissions	+$355K	+$355K	+$670K
Projected Budget Gap	-$2.8M	-$2.4M	-$1.8M

Note: the projected budget gap is based on preliminary budget forecasts for FY2020.

	Scenario I Low Tuition/High Cuts	Scenario II Middle Tuition/Budget Savings	Scenario III High Tuition/High Aid/Low Reductions
Overview	• Moderate tuition increases with tuition scholarships • Significant ongoing cuts impacting academic quality	• Middle path on tuition increases and scholarships • Moderate budget savings and reductions • Balanced looking forward	• Very high tuition increases, with additional targeting scholarships • Limited budget cuts • Large use of reserves, but balanced over biennium
Possible Examples:	• Noticeable reduction in course offerings and larger class sections • Reduced equipment replacements • Hiring freezes • Possibly, even student services/Facilities services	• Limited pruning of course offerings • Managed equipment replacements • Selective hiring reductions and vacancy savings	• Limited reduction in low-enrollment sections only • Continued investment in equipment replacements • Hiring in key faculty, student services and strategic positions

Note: the projected budget gap is based on preliminary budget forecasts for FY2020.

Student Feedback

Student Forum Feedback

- Students are concerned about tuition increases of the magnitude presented by the TRC

- Broad understanding by students that maintaining quality and high ROI programs is important

- Strengthening programs, equipment and student services are most important to students

- Students are frustrated with the Legislature for not funding universities and forcing hard choices

- Creating scholarships and remissions to offset tuition increases, to the extent possible is key

- General support for "middle path" tuition increase which were paired with cost control and use of reserves

Specific Student Recommendations

- Make investments to support continued increases in remissions and scholarships that support students who are in need of additional support;

- continue to make investments in equipment and IT systems that have a direct and positive impact on students' experience and education; and

- establish a schedule of reductions in tuition levels if the state were to provide additional investments in the PUSF

TRC Recommendation

TRC Recommendation

- Base undergraduate tuition: increase by 9% over current rates.
- Health Program and Engineering & Technology Differentials: increase by 5% from 25% to 30% premium on base undergraduate tuition.
- Increase in remissions equal to 1% of net tuition revenue ($355K)
- Invest in IT and other areas that directly improve the academic experience and enhance student life
- Reduce tuition by 1% for every $20M beyond Co-Chairs Budget

Tuition Recommendation

Tuition Recommendation

	Scenario I	**Scenario II**	Scenario III
Tuition	+7%	+9%	+15%
Remissions	+$355K	+$355K	+$670K
Projected Budget Gap	-$2.8M	-$2.4M	-$1.8M

Note: the projected budget gap is based on preliminary budget forecasts for FY2020.

Presidential Tuition Recommendation

- Undergraduate Base Tuition (Res/WUE/Non-Res)
  - 9% Increase

- Differential Tuition:
  - 30% Premium over base

- Graduate Tuition:
  - 5% Increase

- Various Programs
  - Range 5% to 7%

Note: Remissions and institutional investments are incorporated into the budget development process

Presidential Fee Recommendation

- Klamath Falls Incidental Fee:
  - Increase from $360 to $367 per term
- Klamath Falls Health Services Fee:
  - Increase from $165 to $167 per term

- Portland Metro Incidental Fee:
  - Remain flat at $50 per term
- Portland Metro Health Services Fee:
  - Increase from $38 to $40 per term

- Building Fee:
  - Remain flat at $45 per term

Tuition Reduction Schedule

Oregon Tech Tuition Reduction Schedule			
PUSF Funding Level	Tuition	State Revenue	Tuition Rebate
Co-Chairs Budget +$40.5M	9%	--	--
+$60.5M	8%	$696	($355)
+$80.5M	7%	$1,135	($710)
+$100.5M	6%	$1,574	($1,065)
+$120.5M	5%	$2,013	($1,420)
+$186M	2%	$3,461	($2,485)

Tuition Recommendation Detail
9% Tuition Increase / 30% Differential

Student Type	Rate	Current Tuition	Tuition Recommendation	Change
Resident	Per Credit	$ 183.93	$ 200.48	$ 16.55
	15 Credits (term)	$ 2,758.95	$ 3,007.26	$ 248.31
	45 Credits (year)	$ 8,276.85	$ 9,021.77	$ 744.92
	Differential	$ 45.98	$ 60.15	$ 14.17
WUE	Per Credit	$ 275.90	$ 300.73	$ 24.83
	15 Credits (term)	$ 4,138.50	$ 4,510.97	$ 372.47
	45 Credits (year)	$ 12,415.50	$ 13,532.90	$ 1,117.40
	Differential	$ 68.97	$ 90.22	$ 21.25
Non-Resident	Per Credit	$ 585.45	$ 638.14	$ 52.69
	15 Credits (term)	$ 8,781.75	$ 9,572.11	$ 790.36
	45 Credits (year)	$ 26,345.25	$ 28,716.32	$ 2,371.07
	Differential	$ 146.36	$ 191.44	$ 45.08

HB 4141 & HECC Criteria

HECC Evaluation Criteria

Focus Area One: Fostering an Inclusive and Transparent Tuition-Setting Process.

- TRC composed of 50% students
- Consensus based process
- Four campus forums
- Broad advertising of TRC & forums
- TRC website: www.oit.edu/trc
- TRC self-evaluation process

Focus Area Two: Safeguarding Access and Support for Degree Completion by Historically Underrepresented Students.

- Evaluated multiple tuition scenarios
- Focused on financial aid
- Balanced tuition levels, remissions and student services
- Maintain stable operations and enable focused investments in student services

University Funded Fee Remissions

Oregon Tech Fee Remissions
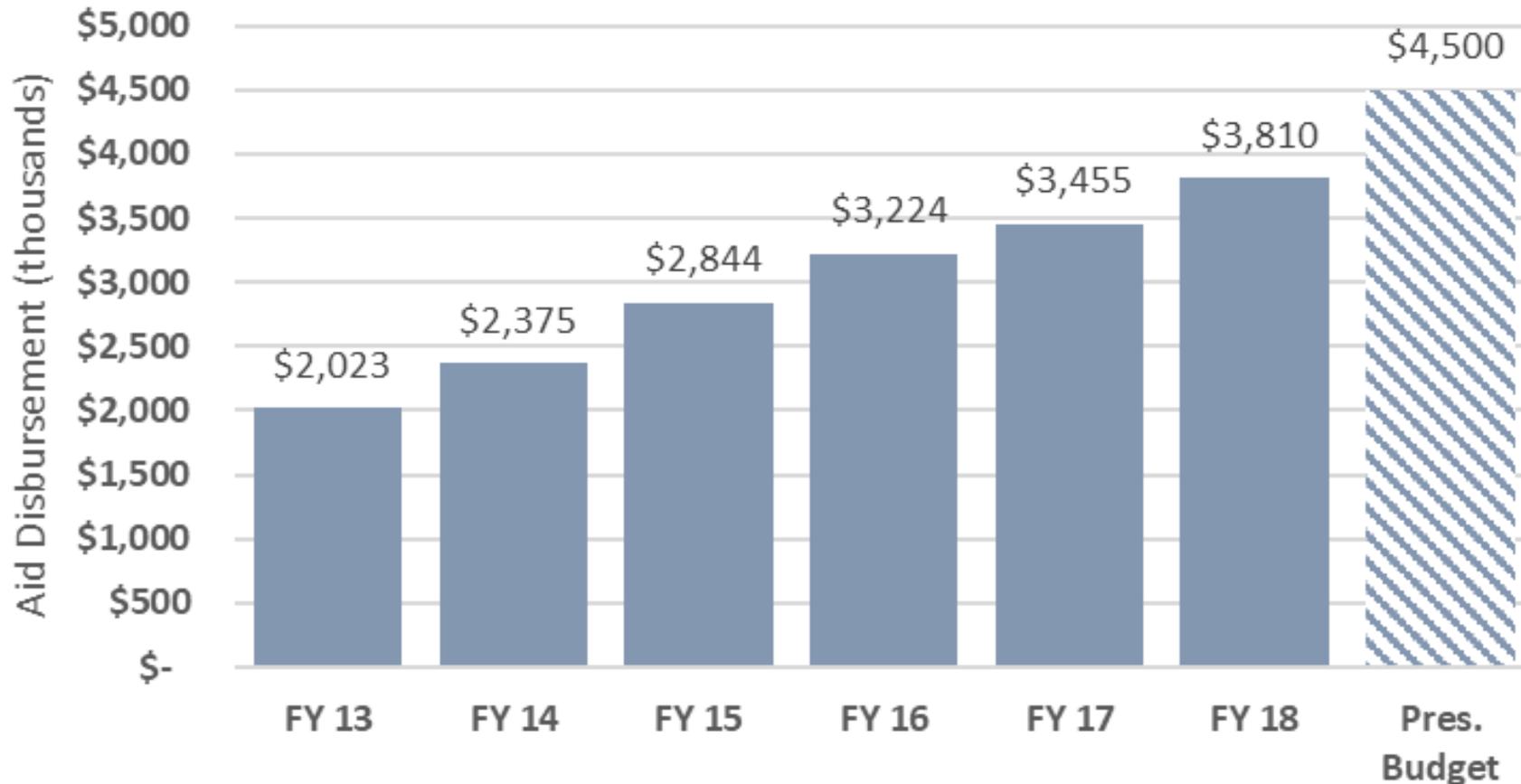
HECC Evaluation Criteria *Continued*

Focus Area Three: Financial Conditions Demonstrating the Need for Resident, Undergraduate Tuition to be Increased More than 5%.

- TRC evaluated budget pressures impacting the university including:
  - PEBB
  - PERS
  - Personnel Expenses
  - Equipment needs
- State budget uncertainty and Co-Chair's Budget levels are too low to maintain without damaging cuts at tuition below 5% increase
- Balanced approach, including tuition increases, cost cutting and use of reserves made sense to the TRC
- Investments in certain areas, including classroom technology, multicultural center, military outreach and support and program equipment

HB 4141 Requirements

- *Section 2(1)* requires that each public university establish "…an advisory body to advise the president of the university on the president's recommendation to the governing board regarding tuition and mandatory enrollment fees for the upcoming academic year."
  - TRC is the advisory body required by HB 4141

- *Section 2(2)* outlines certain requirements regarding committee membership and "…establish a written document describing the role of the advisory body[.]"
  - Membership included diverse students and ASOIT
  - Board's Policy on Tuition Setting
  - Presidential Charge of the TRC

HB 4141 Requirements

- *Section 2(3)* includes training requirements regarding the university's budget, state appropriations and mechanisms of their distribution, historical relationships between state appropriation and tuition for Committee members.
  - November through February meetings of the TRC included extensive training and background information on the university budget, state appropriations and the legislative process

- *Section 2(4)* requires the university provide "[a] plan for how the university is managing its costs on an ongoing basis and how resident tuition and mandatory enrollment fees may be decreased if the public university receives more moneys from the state than anticipated."
  - The TRC made recommendations around tuition reductions with additional state funding, which are included in the President's Tuition Recommendation
  - University budget recommendation includes significant cost management

HB 4141 Requirements *Continued*

- *Section 2(5)* requires the advisory body, if its recommendation is to increase tuition and mandatory enrollment fees greater than five percent, to document the impact on historically underserved students, the mission of the university.
  - Primary focus of TRC
  - Reviewed remissions and scholarship system and levels
  - Recommended investments in remissions
  - Sustainable budget including supports for class and student services

HB 4141 Requirements *Continued*

- *Section 2(6)* requires that the TRC "[p]rovide meaningful opportunities" for the student government and students more broadly to participate in the TRC process and deliberations and report such deliberations in writing to the President. The written report must provide any minority report requested by a member of the advisory body.
  - ASOIT Leadership on TRC
  - Multiple student forums on both campuses
  - TRC Report
  - TRC self-evaluation
- *Section 2(7)* requires the university establish a website including all material provided by the university and utilized by the advisory body during its deliberations.
  - www.oit.edu/trc

Questions and Discussion