

TUITION RECOMMENDATION COMMITTEE | 2.17.2022



# Student Tuition Forum

Justin Echternacht – Klamath Falls ASOIT Vice President

Mason Wichmann – Klamath Falls Student Representative

John Harman – Vice President of Finance & Administration

Joanna Mott – Provost & Vice President for Academic Affairs

# Presentation Outline

- Current Budget Environment
- Recent Events Impacting Enrollment and State Funding
- FY23 Budget Forecast





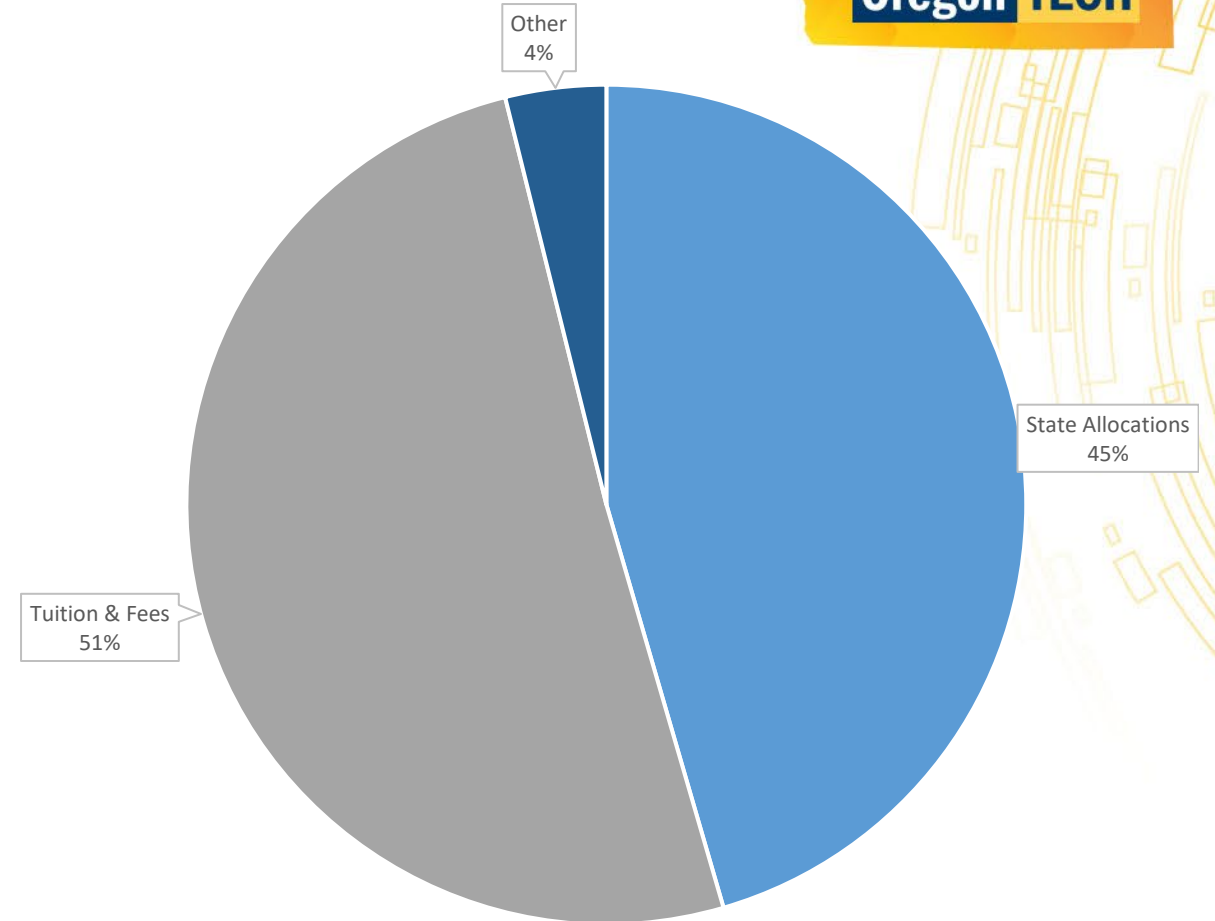
# Current Budget Environment

# Major Components of E&G Revenues



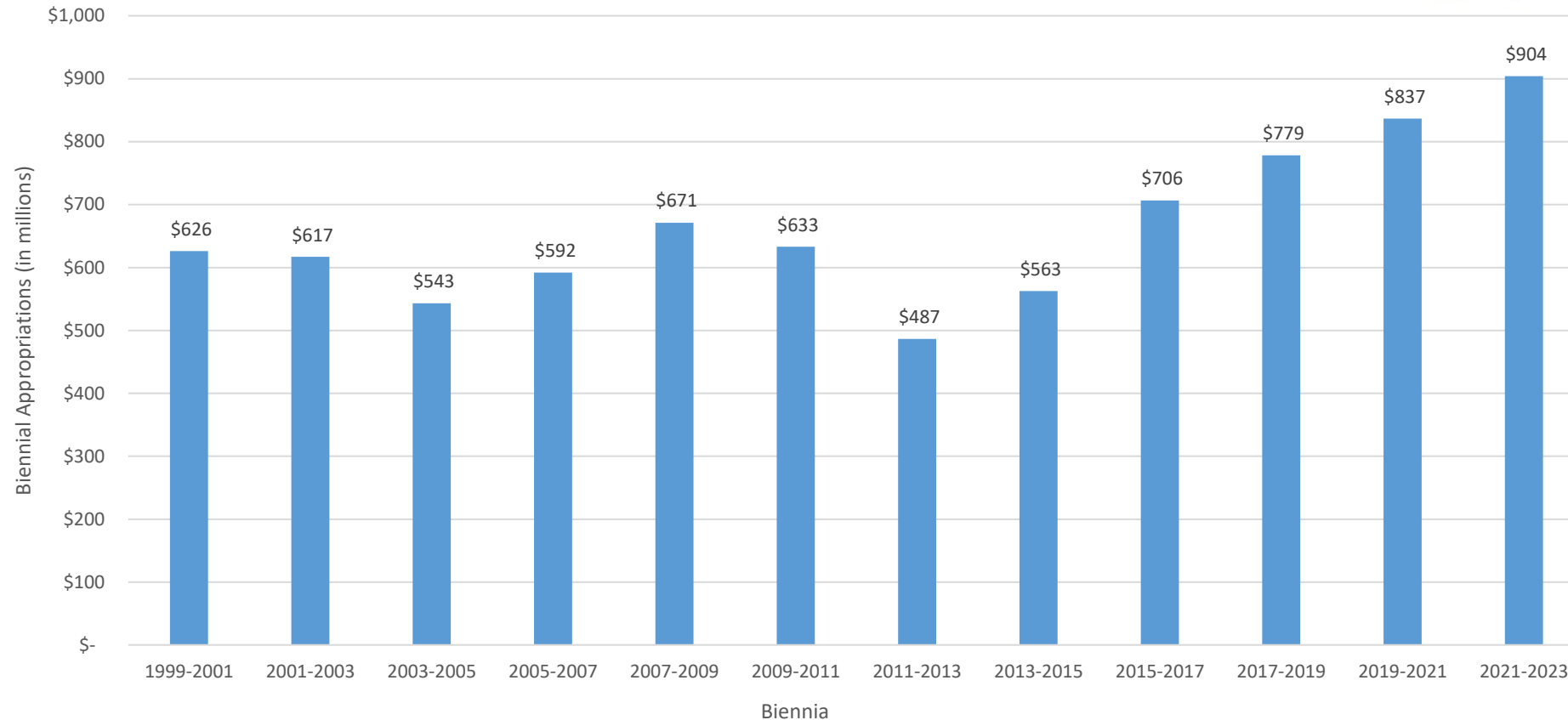
## Revenues:

- State Appropriations (45% of total revenue budget)
  - Impacted by:
    - Student Success and Completion Funding Model (SSCM)
    - State tax revenue
- Tuition, net of remissions (51% of total revenue budget)
  - Impacted by:
    - Enrollment
    - Higher Education Coordinating Commission (HECC) Oversight
- Other (4% of total revenue budget)





## Total Historical State Appropriations (in millions)



- Some uncertainty exists with state appropriations, as they have fluctuated over time.
- Although overall state appropriations for higher education have increased steadily, Oregon Tech is seeing a significant decline in funding in the current biennia as a result of the reconfiguration of the SSCM formula.

# Public University Support Fund and Student Success and Completion Model

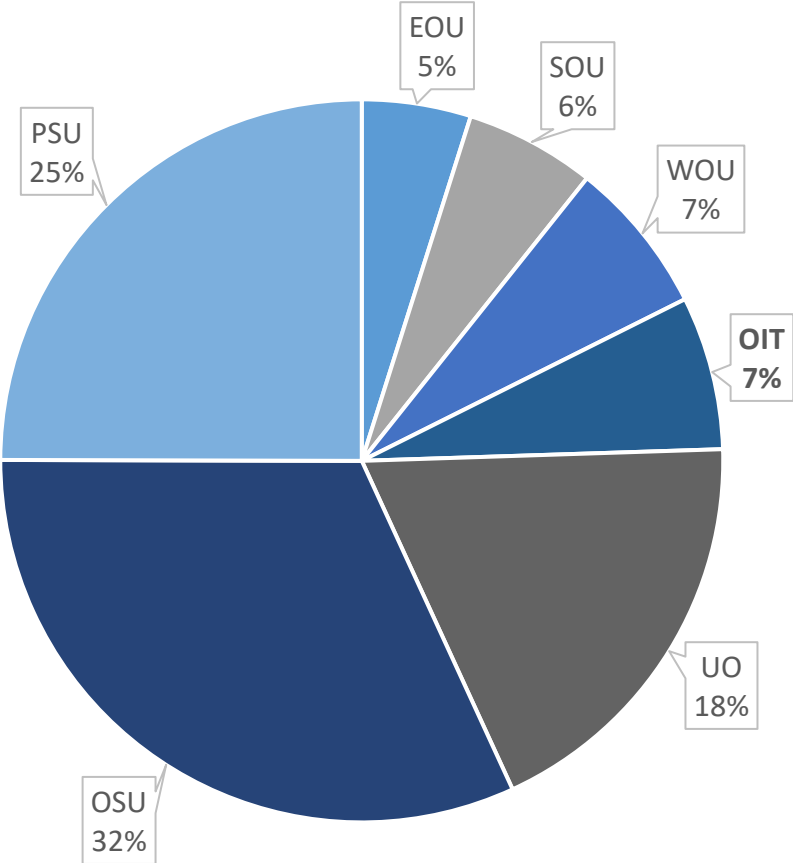


- The Oregon State Legislature funds the Public University Support Fund (PUSF) which is split between all seven public universities in Oregon.
- The PUSF splits funding through a funding formula called the Student Success and Completion Model (SSCM). The funding model is composed of three categories:
  - Mission Differentiation Funding – supports the unique regional, research and public service missions and activities of each university, as “line item” funding for services, programs or general operations.
  - Activity-Based Funding – distributes resources based on student credit hour (SCH) completions of Oregon resident students at undergraduate and graduate levels.
  - Outcomes-Based Funding – rewards degree and certificate completions by Oregon resident students. Completions by underrepresented students (underrepresented minority, low-income, rural and veteran status) and those in academic disciplines in high-demand and high-reward fields (STEM, Health, Bilingual Education) are provided additional weighting in the allocation formula.

# Public University Support Fund FY22 Distribution



FY22 Distribution of PUSF Funding





## Total Oregon Tech State Appropriations



\*Note: 2022 Oregon Tech appropriation figure includes:

- \$5.5M one-time non-formula funding for specific *new* initiatives in applied computing & rural health.

- \$2.8M one-time “hold harmless” funding for FY 2022 to reduce impact of reductions that are result of revisions in the SSCM model.

**Actual baseline funding is approximately \$29.7M**

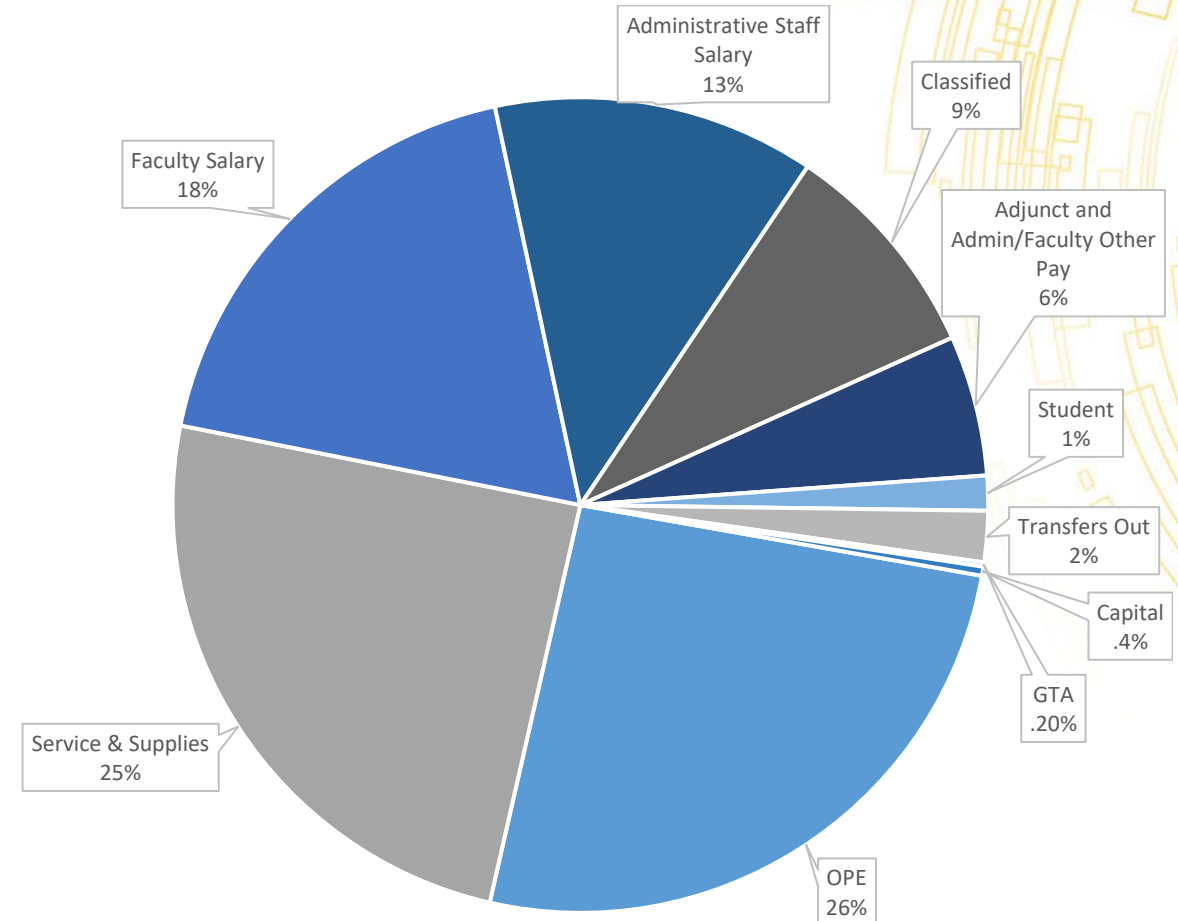


# Major Components of E&G Expenses



## Expenses:

- Personnel - Staff and Faculty (45.7% of total expense budget)
- Personnel – Student Employees & GTA (1.6% of total expense budget)
- Other Payroll Expenses (25.8% of total expense budget)
  - Retirement
  - Healthcare
  - Other OPE
- Services and Supplies -- Includes things like debt service, utilities, office supplies (24.6% of total expense budget)
- Capital (.40% of total expense budget)
- Transfers Out (2% of total expense budget)



# Major Components of the E&G Budget – Supplies and Services by Program Code

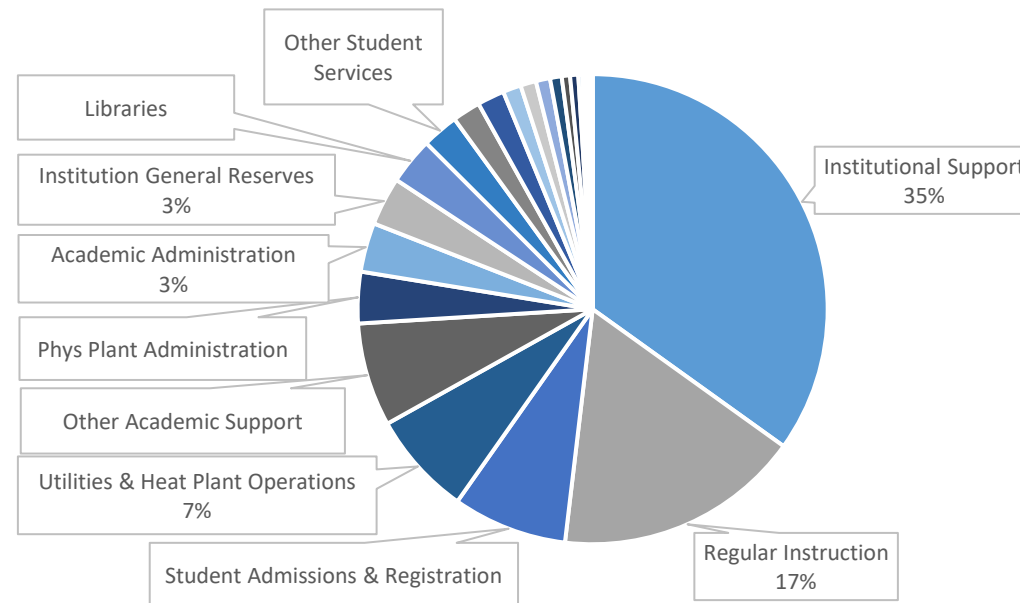


1. Institutional Support (35%)
2. Regular Instruction (17%)
3. Student Admissions & Registration (8%)
4. Utilities & Heat Plant Operations (8%)
5. Other Academic Support (8%)



1. Information Technology Services (51%)
2. Risk Management Insurance (15%)
3. University Shared Services Enterprise Contracts (8%)

FY22 Supplies and Services Budget by Program Code

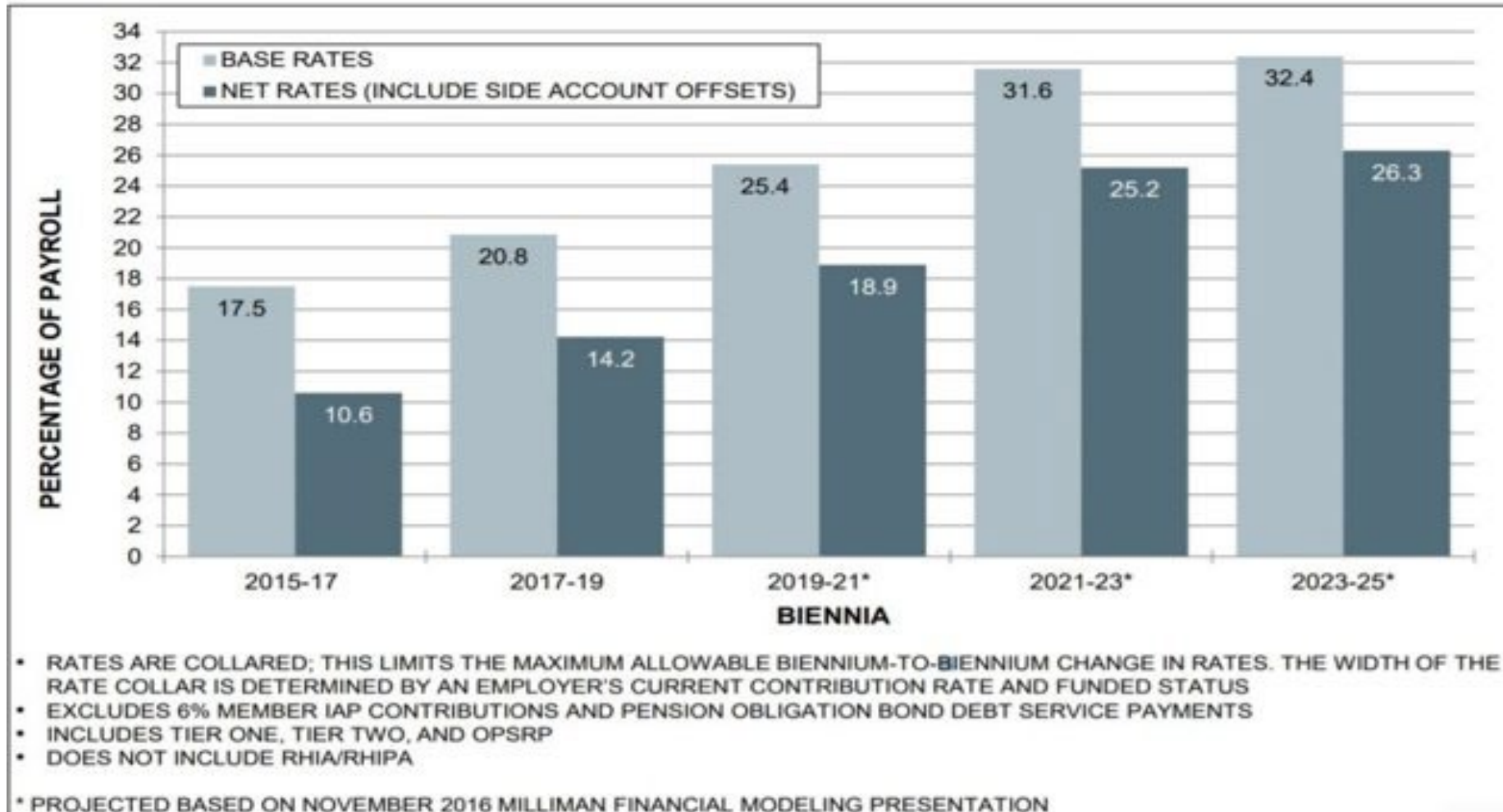


# Labor Cost Acceleration

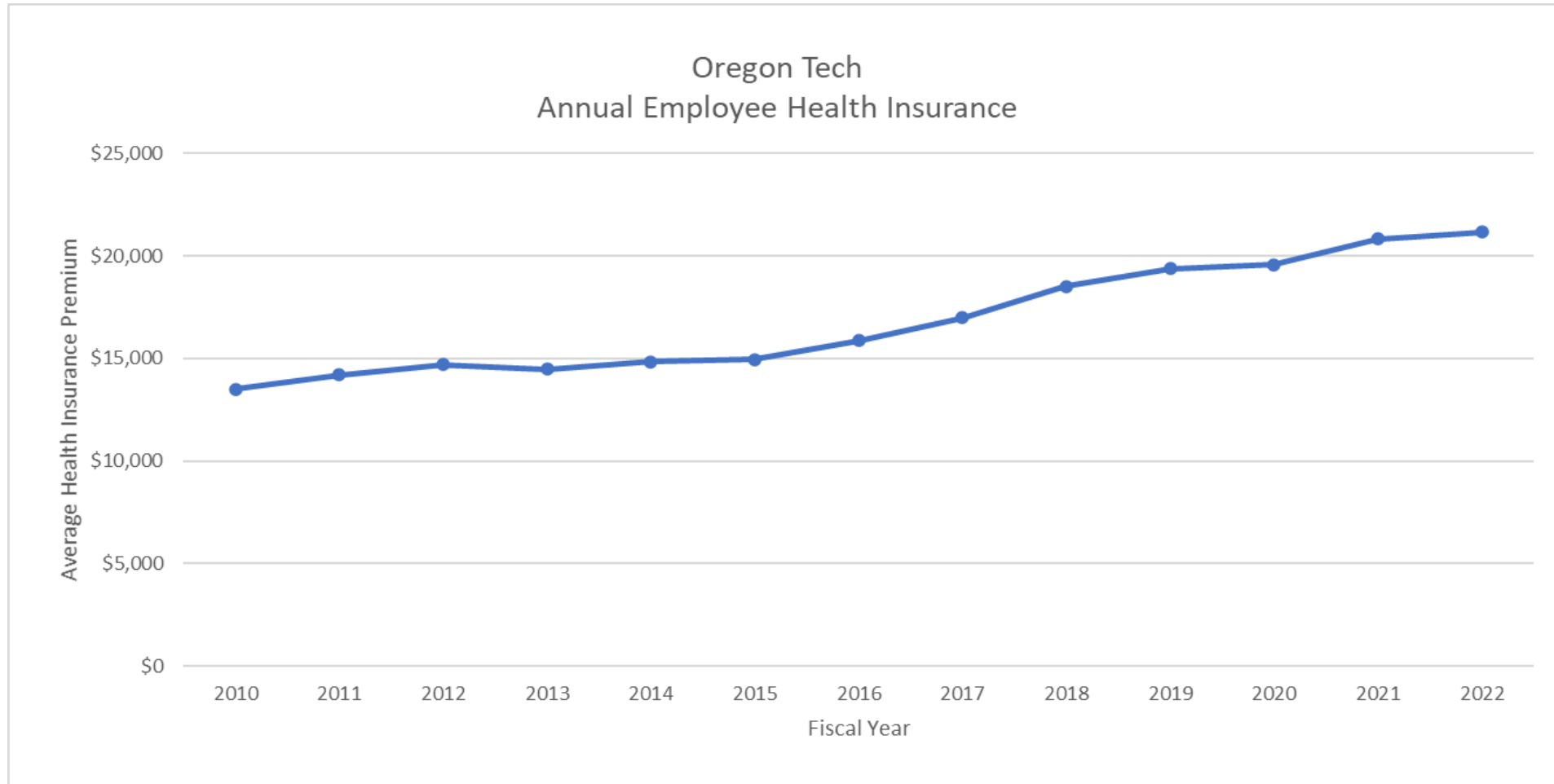


- Health and retirement rates are set by the state and continue to rise.
- OT's two unionized employee groups, faculty and classified staff, have mandatory annual salary increases.
- The effect of salary increases compounds the increase in retirement costs.
- Under-funded status of state retirement pool for those already retired also increases overall retirement costs charged to the university.

# Major Components of E&G Budgeted Expenses: OPE - PERS



# Major Components of E&G Budgeted Expenses: OPE – Rising Health Insurance





# Recent Revenue Impacts

# Fall 2021 Enrollment data (fourth week census) comparison with Fall 2020



## Headcount (Based on Primary Campus)

	Same Week Comparison		
	Fall 2019	Fall 2020	Fall 2021
<b>On Campus (Klamath Falls)</b>	2,206	2,232	2,109
<b>Online</b>	699	726	592
<b>Onsite Total</b>	1,027	1,004	873
* Portland Metro	844	779	698
* Seattle	93	78	50
* Chemeketa	59	59	58
* Joint Program	3	1	0
* HST at OIT	28	87	67
<b>Sub-Total</b>	3,932	3,962	3,574
<b>High School (ACP)</b>	1387	1,363	1,336
<b>Grand Total</b>	5,319	5,325	4,910

## Fall 2020 vs. Fall 2021

Difference	% Change
-123	-5.5%
-134	-18.5%
-131	-13.0%
-81	-10.4%
-28	-35.9%
-1	-1.7%
-1	-100.0%
-20	-23.0%
-388	-9.8%
-27	-2.0%
-415	-7.8%

## Credit Hours (Based on Course Campus)

	Same Week Comparison		
	Fall 2019	Fall 2020	Fall 2021
<b>On Campus (Klamath Falls)</b>	26,393	25,989	24,353
<b>Online</b>	7,877	8,479	7,759
<b>Onsite Total</b>	8,483	8,031	6,935
* Portland Metro	7,265	6,892	5,918
* Seattle	538	467	322
* Chemeketa	626	608	606
* Joint Program	54	64	89
<b>Sub-Total</b>	42,753	42,499	39,047

## Fall 2020 vs. Fall 2021

Difference	% Change
-1,636	-6.3%
-720	-8.5%
-1,096	-13.6%
-974	-14.1%
-145	-31.0%
-2	-0.3%
25	39.1%
-3,452	-8.1%

# Loss of State Funding

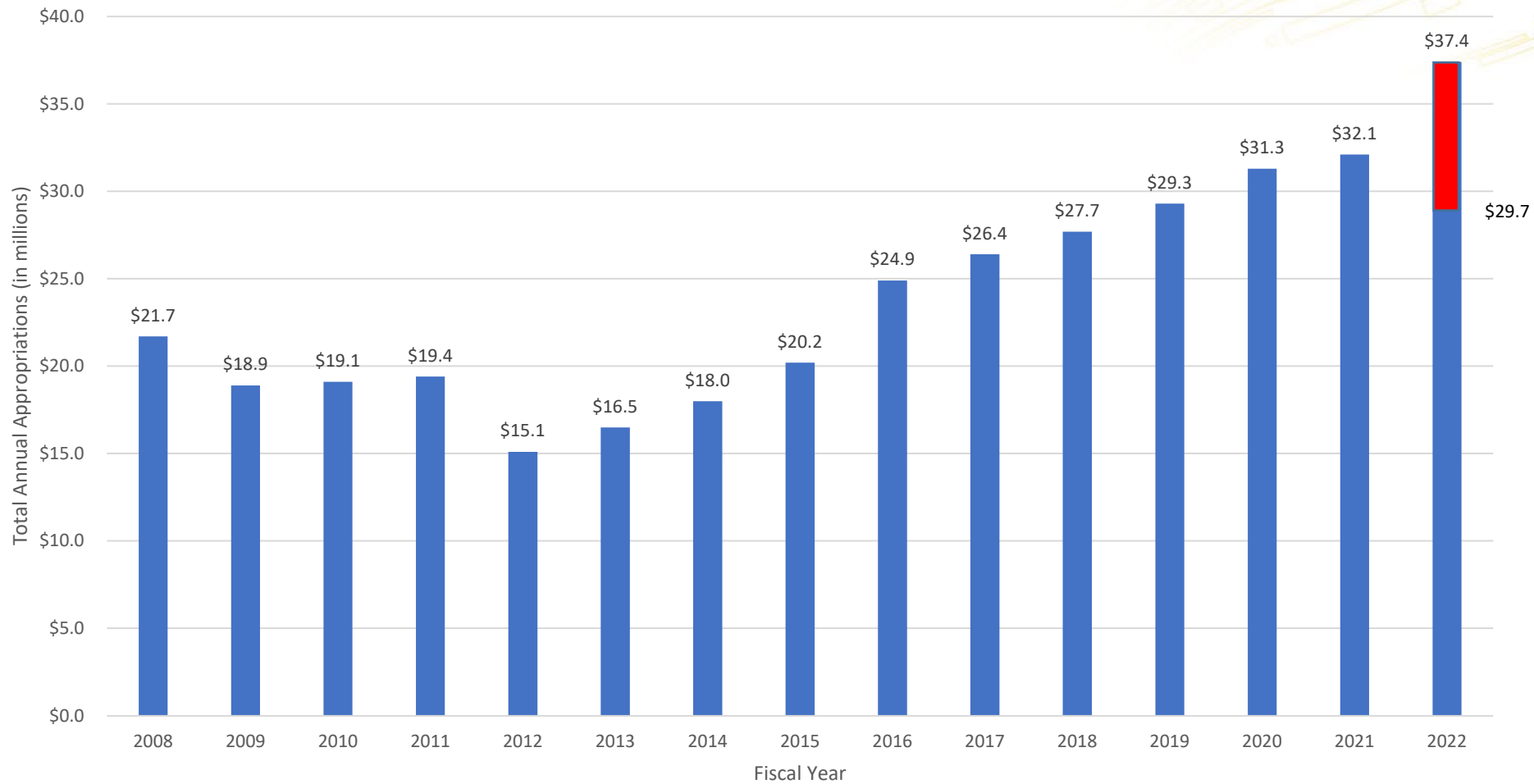


- Reconfigured Student Success and Completion Model resulted in a **\$2.6M** reduction to OT in the 2021-23 biennium.
  - STEM Premium reduced
  - Program Weights changed
  - Mission Component reduced as proportion of funding
- Oregon Tech leadership was successful in lobbying the Higher Education Coordinating Commission for a one-time hold harmless to maintain flat state funding in FY22. However, there is no solution through the HECC going into FY23 and the next biennium.
- State funding to Oregon's seven public Universities is a zero-sum game – if other Universities get more we less.
- Loss of at least **\$1.1M** in state funding in FY23.
- Peer institutions not willing to help or lobby HECC to correct disproportionate harm to OT, message has been OT got too much for a long time, the new model is fair. (flawed rationale)
- OT leadership continues to pursue additional initiatives and lobby for improved outcomes for OT, but any additional funding won't be available until the next biennial budget (preparing consolidated funding request now). Formula cannot be revisited until 2026.





## Total Oregon Tech State Appropriations



\*Note: 2022 Oregon Tech appropriation figure includes:

- \$5.5M one-time non-formula funding for specific *new* initiatives in applied computing & rural health.

- \$2.28M one-time “hold harmless” funding for FY 2022 to reduce impact of reductions that are result of revisions in the SSCM model.

**Actual baseline funding is approximately \$29.7M**



# FY23 Budget Forecast

# FY23 Early Budget Projections

Assuming a 1% increase in enrollment



	0% Tuition Increase		
	FY22 BAB	FY23 Projection	Variance
<b>Revenues</b>			
Gross tuition and fees	\$ 41,881,801	\$ 37,785,772	\$ (4,096,029)
Less fee remissions	(6,039,143)	(5,290,008)	749,135
<b>Net tuition</b>	<b>\$ 35,842,658</b>	<b>\$ 32,495,764</b>	<b>\$ (3,346,894)</b>
State allocations	32,215,454	30,685,686	(1,529,768)
Other	2,745,837	2,159,321	(586,516)
<b>Total revenues</b>	<b>\$ 70,803,949</b>	<b>\$ 65,340,771</b>	<b>\$ (5,463,178)</b>
<b>Expenses</b>			
Salary & Pay	\$ 33,467,455	\$ 34,184,581	\$ 717,126
OPE Health	8,623,181	9,026,280	403,099
OPE Retirement	7,322,540	7,988,076	665,536
OPE Other	2,314,219	2,672,310	358,091
S&S (+ all other)*	18,652,640	18,552,640	(100,000)
Contingency	419,441	419,441	-
<b>Total expenses</b>	<b>\$ 70,799,476</b>	<b>\$ 72,843,329</b>	<b>\$ 2,043,853</b>
<b>NET</b>	<b>\$ 4,473</b>	<b>\$ (7,502,559)</b>	<b>\$ (7,507,032)</b>

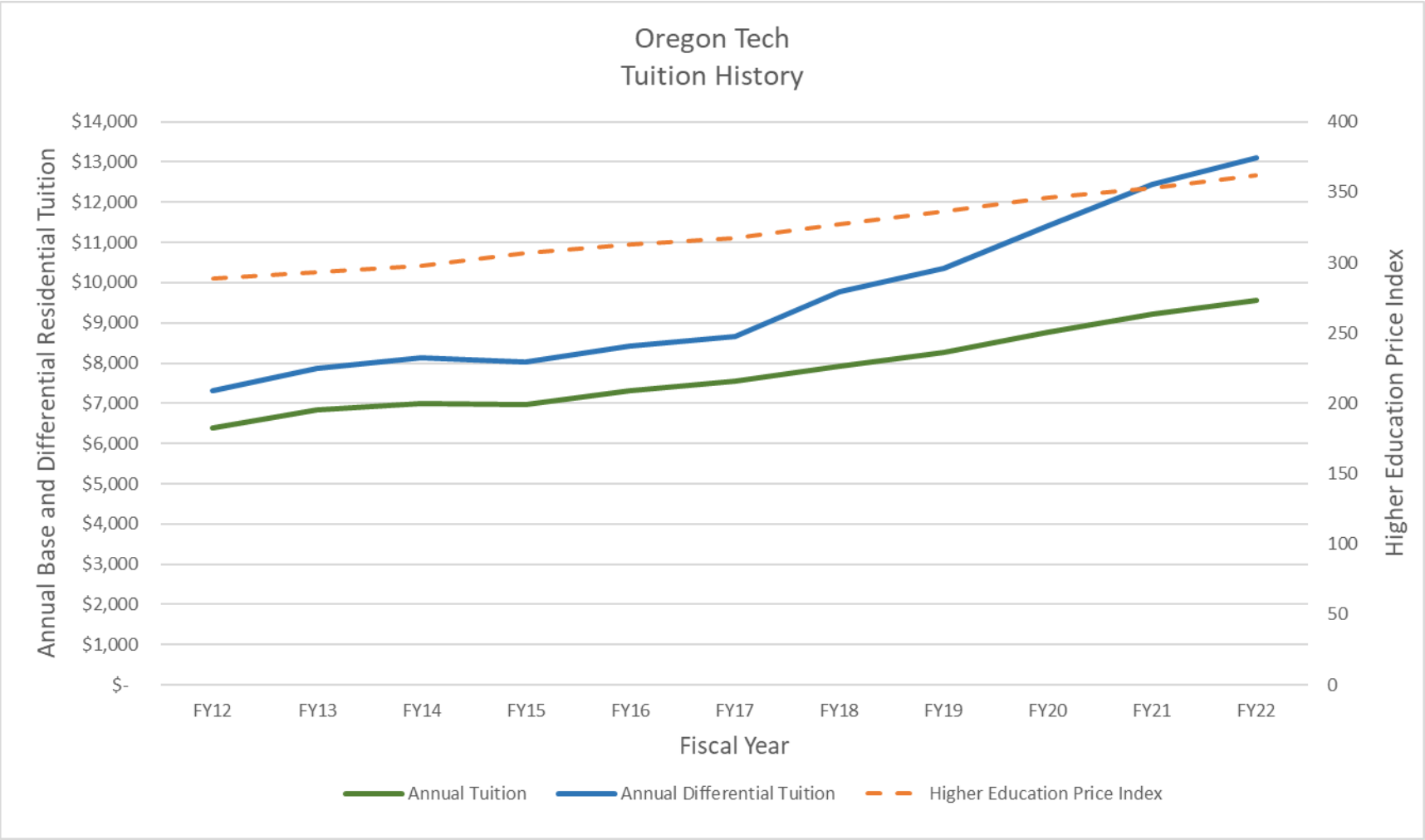
Note: These projections are preliminary and are subject to change

# Budget Levers

- One-time COVID Funding
- Cuts to Expense Budget
- Use of Fund Balance
- Tuition Increase



# Tuition History with Differential and HEPI



# Tuition Differential Majors



- Civil Engineering
- Computer Engineering Technology
- Dental Hygiene
- Diagnostic Medical Sonography
- Echocardiography
- Electrical Engineering
- Embedded Systems Engineering Technology
- Manufacturing Engineering Technology
- Mechanical Engineering
- Mechanical Engineering Technology
- Nuclear Engineering Technology
- Nuclear Medicine Technology
- Pre-Dental Hygiene
- Pre-MIT Programs
- Radiologic Science
- Renewable Energy Engineering
- Respiratory Care
- Software Engineering Technology
- Vascular Technology

# Oregon State Funding Trends



## Tuition rates accelerated in FY15. Why?

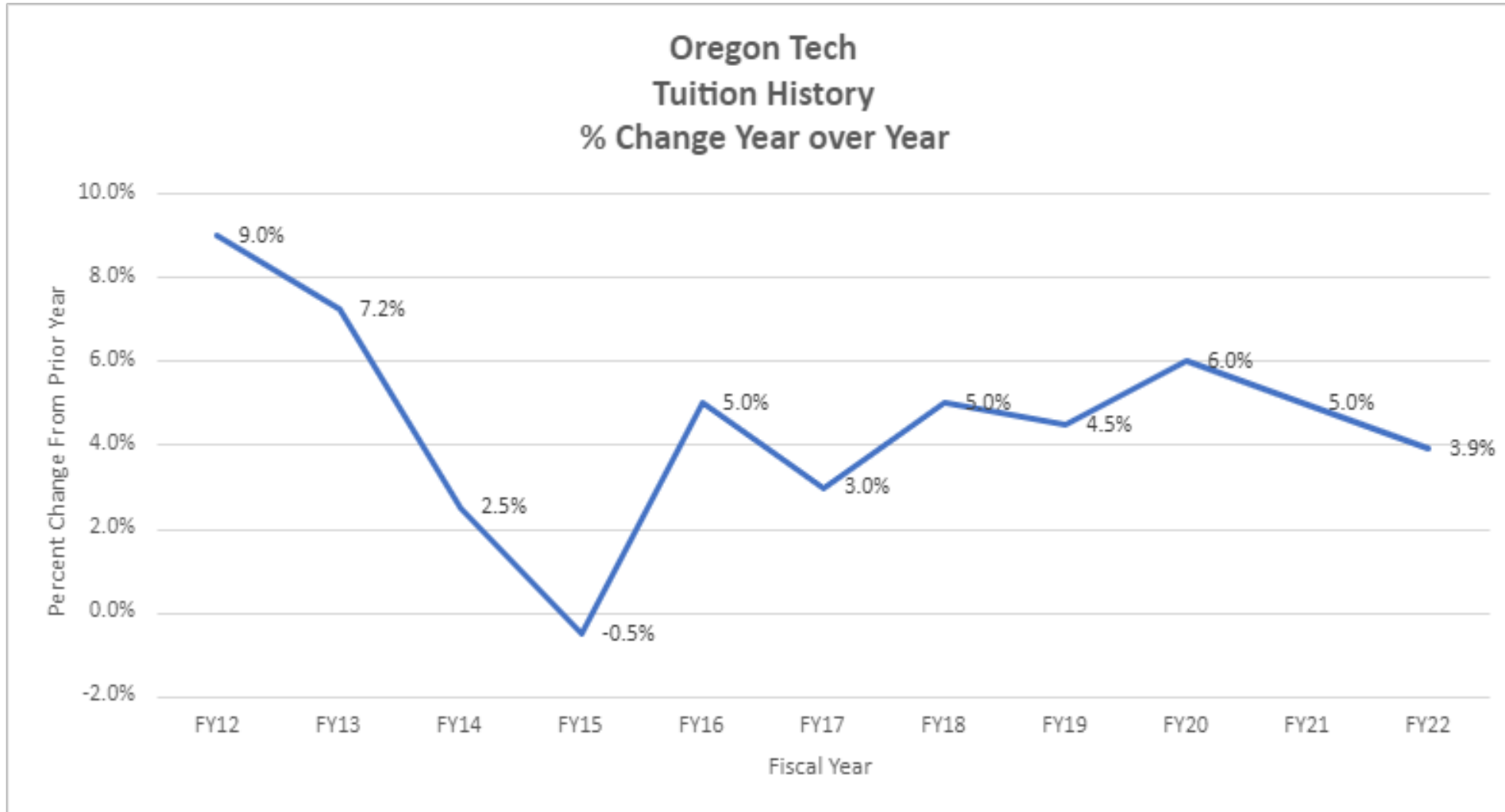
- Dissolution of Oregon University System (OUS), with loss of economies of scale
- Disinvestment in Higher Education

In 2015 the Higher Education Coordinating Commission indicated that while overall state appropriations went up in the preceding 10 years, they did not keep up with enrollment growth. Therefore, Oregon funding per student went down for a period of time<sup>1</sup>. That disinvestment impacted OT's long-term dependence on tuition.

- Oregon ranks in the bottom half of all states in state support for higher education per full-time equivalent student
- Oregon public universities have richer retirement and health benefits than other states, thus our inflation rate is higher than the national average

<sup>1</sup> <https://www.oregon.gov/highered/research/Documents/Legislative/2016-HECC-ARB-FINAL.pdf>

# Tuition: Moderating Changes





# Undergraduate Tuition Comparison



University	State	Resident	Non-Resident	Cost of Living Index (by state)
Shawnee State University	OH	\$6,624	\$12,666	91.3
Missouri Western State University	MO	\$6,900	\$14,520	89.8
Rogers State University	OK	\$7,065	\$13,050	87.9
Southwestern Oklahoma State University	OK	\$7,463	\$14,573	87.9
University of Nevada Reno	NV	\$7,470	\$16,090	106.3
Montana Tech of the University of Montana	MT	\$7,600	\$25,000	100.7
Eastern Oregon University	OR	\$7,830	\$20,520	130.1
Fairmont State University	WV	\$7,892	\$17,150	90.5
Nicholls State University	LA	\$7,976	\$10,869	93.0
Western Oregon University	OR	\$8,460	\$27,900	130.1
Portland State University	OR	\$8,685	\$27,585	130.1
Bemidji State University	MN	\$8,690	-	100.0
Southern Oregon University	OR	\$9,045	\$26,865	130.1
Oregon Institute of Technology	OR	\$9,572	\$30,466	130.1
Midwestern State University	TX	\$9,776	\$22,016	92.1
California Polytechnic State University	CA	\$10,194	\$28,104	142.2
University of Washington - Seattle	WA	\$10,291	\$37,013	116.0
Oregon State University - Corvallis	OR	\$10,380	\$31,515	130.1
Oregon State University - Cascades	OR	\$10,560	\$31,515	130.1
Northern Arizona University	AZ	\$10,650	\$25,396	103.2
University of South Carolina-Upstate	SC	\$11,208	\$22,710	93.6
University of Oregon	OR	\$11,974	\$38,017	130.1

# FY 2023 Tuition Scenarios

Every 1% increase in tuition is approximately \$350k



		0% Tuition Increase	2% Tuition Increase	5% Tuition Increase	8% Tuition Increase
	FY22 BAB	FY23 Projection	FY23 Projection	FY23 Projection	FY23 Projection
<b>Revenues</b>					
Gross tuition and fees	\$ 41,881,801	\$ 37,785,772	\$ 38,508,737	\$ 39,593,186	\$ 40,677,634
Less fee remissions	(6,039,143)	(5,290,008)	(5,290,008)	(5,290,008)	(5,290,008)
<b>Net tuition</b>	<b>\$ 35,842,658</b>	<b>\$ 32,495,764</b>	<b>\$ 33,218,729</b>	<b>\$ 34,303,178</b>	<b>\$ 35,387,626</b>
State allocations	32,215,454	30,685,686	30,685,686	30,685,686	30,685,686
Other	2,745,837	2,159,321	2,159,321	2,159,321	2,159,321
<b>Total revenues</b>	<b>\$ 70,803,949</b>	<b>\$ 65,340,771</b>	<b>\$ 66,063,736</b>	<b>\$ 67,148,184</b>	<b>\$ 68,232,633</b>
<b>Expenses</b>					
Salary & Pay	\$ 33,467,455	\$ 34,184,581	\$ 34,184,581	\$ 34,184,581	\$ 34,184,581
OPE Health	8,623,181	9,026,280	9,026,280	9,026,280	9,026,280
OPE Retirement	7,322,540	7,988,076	7,988,076	7,988,076	7,988,076
OPE Other	2,314,219	2,672,310	2,672,310	2,672,310	2,672,310
S&S (+ all other)*	18,652,640	18,552,640	18,552,640	18,552,640	18,552,640
Contingency	419,441	419,441	419,441	419,441	419,441
<b>Total expenses</b>	<b>\$ 70,799,476</b>	<b>\$ 72,843,329</b>	<b>\$ 72,843,329</b>	<b>\$ 72,843,329</b>	<b>\$ 72,843,329</b>
<b>NET</b>	<b>\$ 4,473</b>	<b>\$ (7,502,559)</b>	<b>\$ (6,779,593)</b>	<b>\$ (5,695,145)</b>	<b>\$ (4,610,697)</b>

Note: These are preliminary projections and are subject to change

# Tuition Rate Scenarios



	FY22		FY23		FY23		FY23	
	Base Tuition	Differential Tuition	Base Tuition + 2%	Differential Tuition	Base Tuition + 5%	Differential Tuition	Base Tuition + 8%	Differential Tuition
Tuition per credit	\$213	\$291	\$217	\$297	\$223	\$306	\$230	\$315
Tuition per term at 15 credits/term	\$3,191	\$4,371	\$3,254	\$4,459	\$3,350	\$4,590	\$3,446	\$4,721

\$723k increase to revenue

\$1.8M increase to revenue

\$2.9M increase to revenue



Questions?

# Be a Part of the Process!



## E-Mail

[PM-ASOIT@groups.oit.edu](mailto:PM-ASOIT@groups.oit.edu)

[ASOIT@oit.edu](mailto:ASOIT@oit.edu)

## Tuition Recommendation Committee Website:

[www.oit.edu/finance-administration/tuition-recommendation-committee](http://www.oit.edu/finance-administration/tuition-recommendation-committee)

A screenshot of a survey form titled 'Oregon TECH'. The form has a white background with a blue border. At the top, the 'Oregon TECH' logo is displayed. Below the logo, the text reads: 'Please provide your comments and thoughts to be shared with the Tuition Recommendation Committee (TRC):'. There is a large, empty text input field with a thin grey border. In the bottom right corner of the form, there is a small blue button with a white right-pointing arrow.

*Survey link located at the bottom of the TRC website.*