



Summary Overview and Tuition Strategy Discussion

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Questions from last week?

Presentation Outline



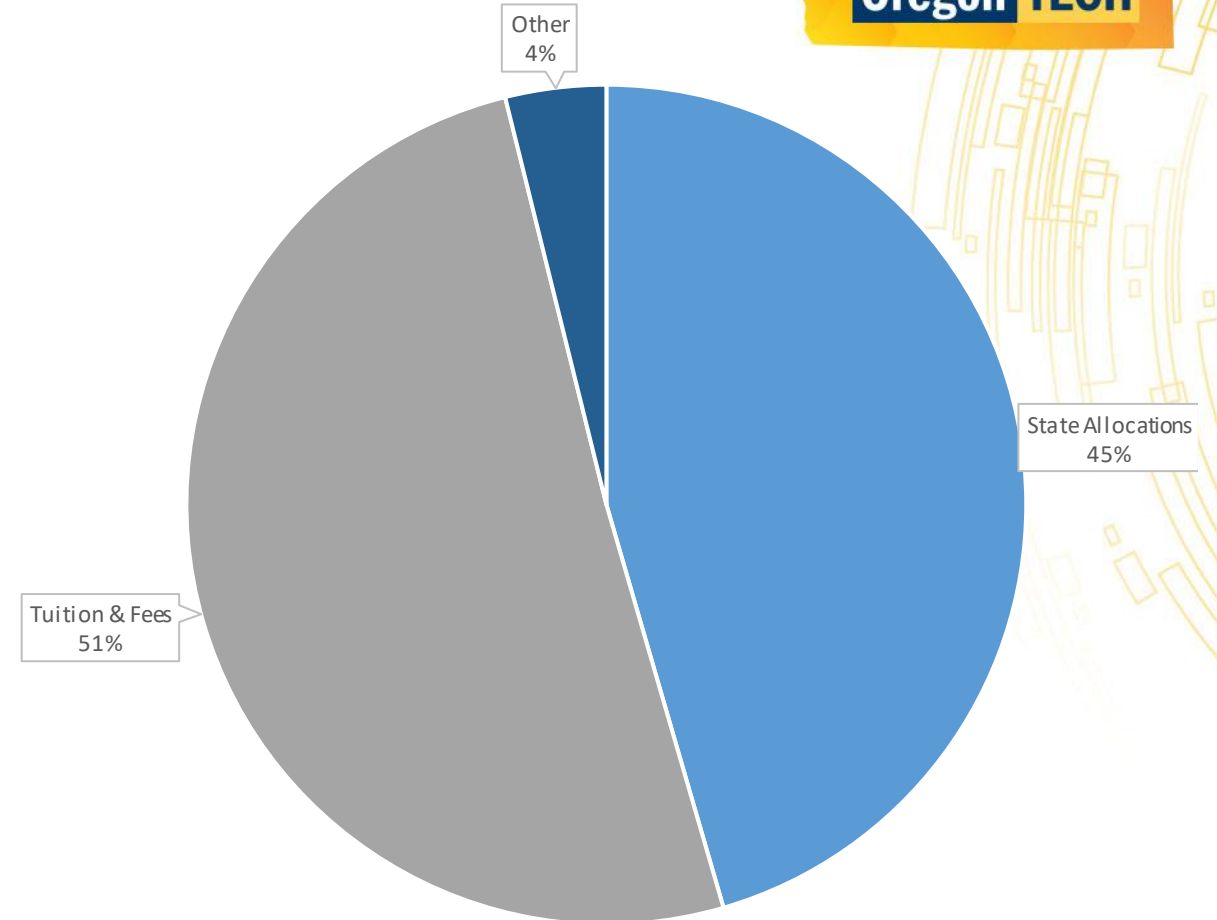
- 1. Recap Education and General Revenues**
- 2. Historical State Appropriations for Higher Education**
- 3. Funding Impact from 2021-23 SSCM Formula Reconfiguration**
- 4. Upcoming Funding Challenges in 2023-25 Biennium**
- 5. FY23 Revised Projections**
- 6. FY23 Budget Strategies**

Major Components of E&G Revenues



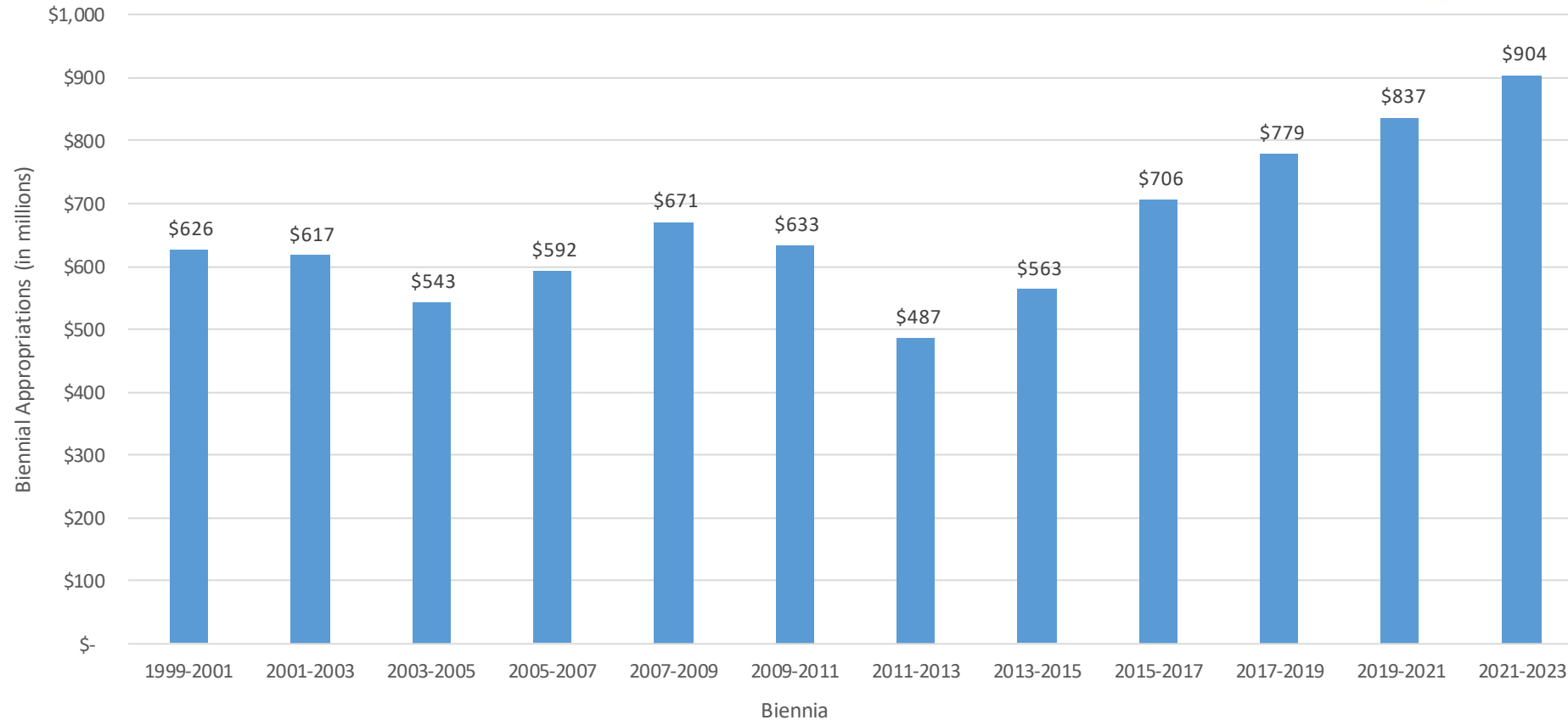
Revenues:

- 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.

2021-23 Impact to Oregon Tech of SSCM Reconfiguration



	<u>ECU</u>	<u>OT</u>	<u>OSU</u>	<u>PSU</u>	<u>SOU</u>	<u>UD</u>	<u>WOU</u>	<u>TOTAL</u>
2019-21SSCMAllocation(\$886M)	\$42,497,205	\$59,704,007	\$276,014,796	\$202,985,970	\$46,255,329	\$154,238,988	\$55,142,294	\$886,888,589
2021-23SSCMAllocation(\$900M)	44,239,476	57,132,814	286,530,309	224,207,723	53,784,231	170,328,229	63,777,217	899,999,999
Funding change over prior biennium	\$ 1,742,271	\$(2,571,193)	\$ 105,515,513	\$ 21,221,753	\$ 7,528,902	\$ 16,089,241	\$ 8,634,923	\$63,101,410
Percent change over prior biennium	4.1%	-4.3%	38%	10.5%	16.3%	10.4%	15.7%	7.5%

Data Source: 6-1-2021 HECC Workbook and Scenario Documents without stop-loss or hold harmless

2023-25 Biennium Funding Scenarios- OT Projected Cost Inflation Increase in State Funds



HECC Scenario A.1: <u>Status Quo</u> (University Base Funding) <i>(Intended to keep state share of average increasing University cost coverage consistent)</i>			
Reduction Scenario	OIT PUSF Funding	Comments (PUSF would increase 8.6% to \$978M)	
	FY24	\$30,192,214	
	FY25	\$31,126,731	
	Total	<u>\$61,318,945</u>	
	Variance from 2021-23 PUSF	\$1,865,373	Status Quo funding is only a \$1.9M increase in funding to OT due to the loss of the FY 2022 hold harmless.
	Variance from 2023-25 State Share of Anticipated Expenses	(\$3,194,648)	The small increase in state funding minus the \$5.1M state share of expense increase <u>results in a net loss of \$3.2M</u> in spending power. Other revenues must cover the increase unless there are University budget reductions.

2023-25 Biennium Funding Scenarios- OT Projected Cost Inflation Increase in State Funds



Oregon Tech's Status Quo Scenario - 7% increase to incremental funding in the Status Quo/University Base Funding Scenario ⁽⁴⁾

Status Quo	OIT PUSF Funding		Comments (PUSF would increase to \$1.04B)
	FY24	\$31,757,690	
	FY25	\$32,756,105	
	Total	<u>\$64,513,795</u>	
	Variance from 2021-23 PUSF	\$5,060,223	A 7% increase to the Status Quo scenario results in \$5.1M more state funding for OT.
	Variance from 2023-25 State Share of Anticipated Expenses	\$0	The increase in state funding minus the \$5.1M state share of expense increase results in break-even in spending power, allowing OT to keep up with inflation and labor increases. A PUSF of \$1,045,000 would yield \$64.5M for OT.

(4) Not an actual scenario being considered by the CFR Group, this is for OT planning purposes only.

FY 23 Revised Projections – what changed?



- 1. The drop in enrollment for Winter Term was less than the Fall drop in enrollment**
- 2. We don't have strong evidence to support a 1% increase in enrollment next year**
- 3. Need mix of elements to close the gap caused by**
 - a) Enrollment shortfall**
 - b) State funding reduction**
 - c) Increasing labor and benefits costs**

FY23 Early Budget Projections

Assuming no enrollment increase



		0% Tuition Increase	
	FY22 BAB	FY23 Projection	Variance
Revenues			
Gross tuition and fees	\$ 41,881,801	\$ 38,187,931	\$ (3,693,870)
Less fee remissions	(6,039,143)	(5,346,310)	692,833
Net tuition	\$ 35,842,658	\$ 32,841,620	\$ (3,001,038)
State allocations	32,215,454	30,685,686	(1,529,768)
Other	2,745,837	1,970,380	(775,457)
Total revenues	\$ 70,803,949	\$ 65,497,686	\$ (5,306,263)
Expenses			
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	-
Total expenses	\$ 70,799,476	\$ 72,843,329	\$ 2,043,853
NET	\$ 4,473	\$ (7,345,643)	\$ (7,350,116)

Note: These projections are preliminary and are subject to change

FY23 Early Budget Projections



		0% Tuition Increase	2% Tuition Increase	5% Tuition Increase	8% Tuition Increase
	FY22 BAB	FY23 Projection	FY23 Projection	FY23 Projection	FY23 Projection
Revenues					
Gross tuition and fees	\$ 41,881,801	\$ 38,187,931	\$ 38,918,591	\$ 40,014,581	\$ 41,110,572
Less fee remissions	(6,039,143)	\$ (5,346,310)	\$ (5,346,310)	(5,346,310)	\$ (5,346,310)
Net tuition	\$ 35,842,658	\$ 32,841,620	\$ 33,572,281	\$ 34,668,271	\$ 35,764,261
State allocations	32,215,454	30,685,686	30,685,686	30,685,686	30,685,686
Other	2,745,837	1,970,380	1,970,380	1,970,380	1,970,380
Total revenues	\$ 70,803,949	\$ 65,497,686	\$ 66,228,347	\$ 67,324,337	\$ 68,420,327
Expenses					
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
Total expenses	\$ 70,799,476	\$ 72,843,329	\$ 72,843,329	\$ 72,843,329	\$ 72,843,329
NET	\$ 4,473	\$ (7,345,643)	\$ (6,614,982)	\$ (5,518,992)	\$ (4,423,002)

Note: These projections are preliminary and are subject to change

Lever Options Quantified



	5% Tuition Increase	8% Tuition Increase	10% Tuition Increase
Revenue	67,324,337	68,420,327	69,150,988
Expenses	72,843,329	72,843,329	72,843,329
Net	<u>(\$5,518,992)</u>	<u>(\$4,423,002)</u>	<u>(\$3,692,342)</u>
Use of One-Time Funds	\$0	\$0	\$0
Final Net	<u>(\$5,518,992)</u>	<u>(\$4,423,002)</u>	<u>(\$3,692,342)</u>

Lever Options Quantified



	5% Tuition Increase	8% Tuition Increase	10% Tuition Increase
Revenue	67,324,337	68,420,327	69,150,988
Expenses	72,843,329	72,843,329	72,843,329
Net	<u>(\$5,518,992)</u>	<u>(\$4,423,002)</u>	<u>(\$3,692,342)</u>
Use of One-Time Funds	\$4,000,000	\$4,000,000	\$4,000,000
Final Net	<u>(\$1,518,992)</u>	<u>(\$423,002)</u>	<u>\$307,658</u>



Questions?

Public University Support Fund and Student Success and Completion Model

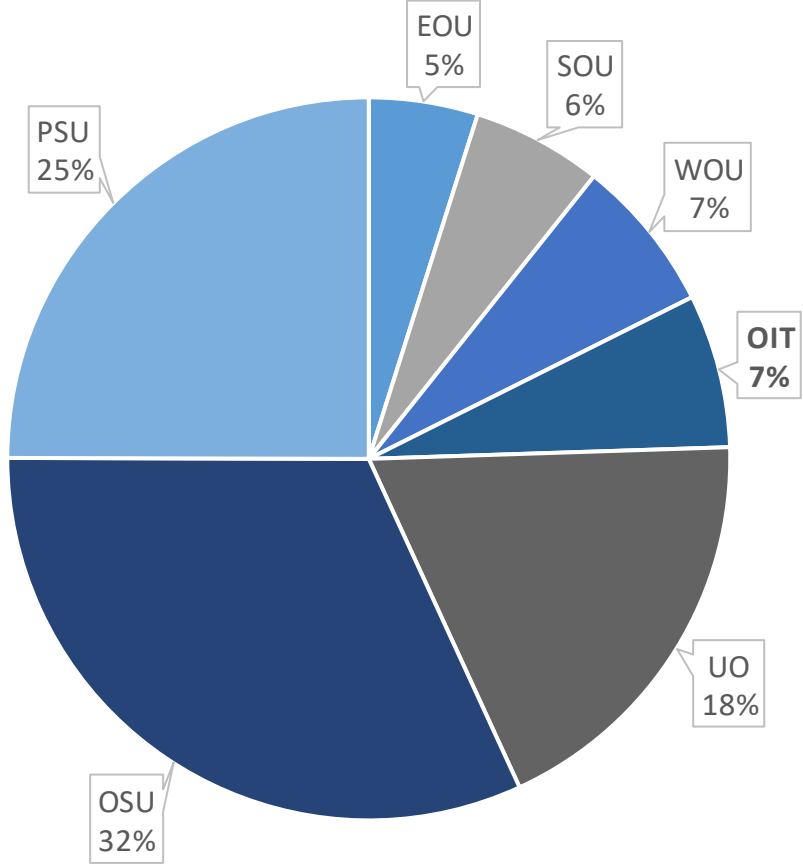


- The Oregon State Legislature funds the Public University Support Fund (PUSF) which is split between all seven public universities in Oregon.
- The PUSF splits funding through a funding formula called the Student Success and Completion Model (SSCM). The funding model is composed of three categories:
 - Mission Differentiation Funding – supports the unique regional, research and public service missions.
 - 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

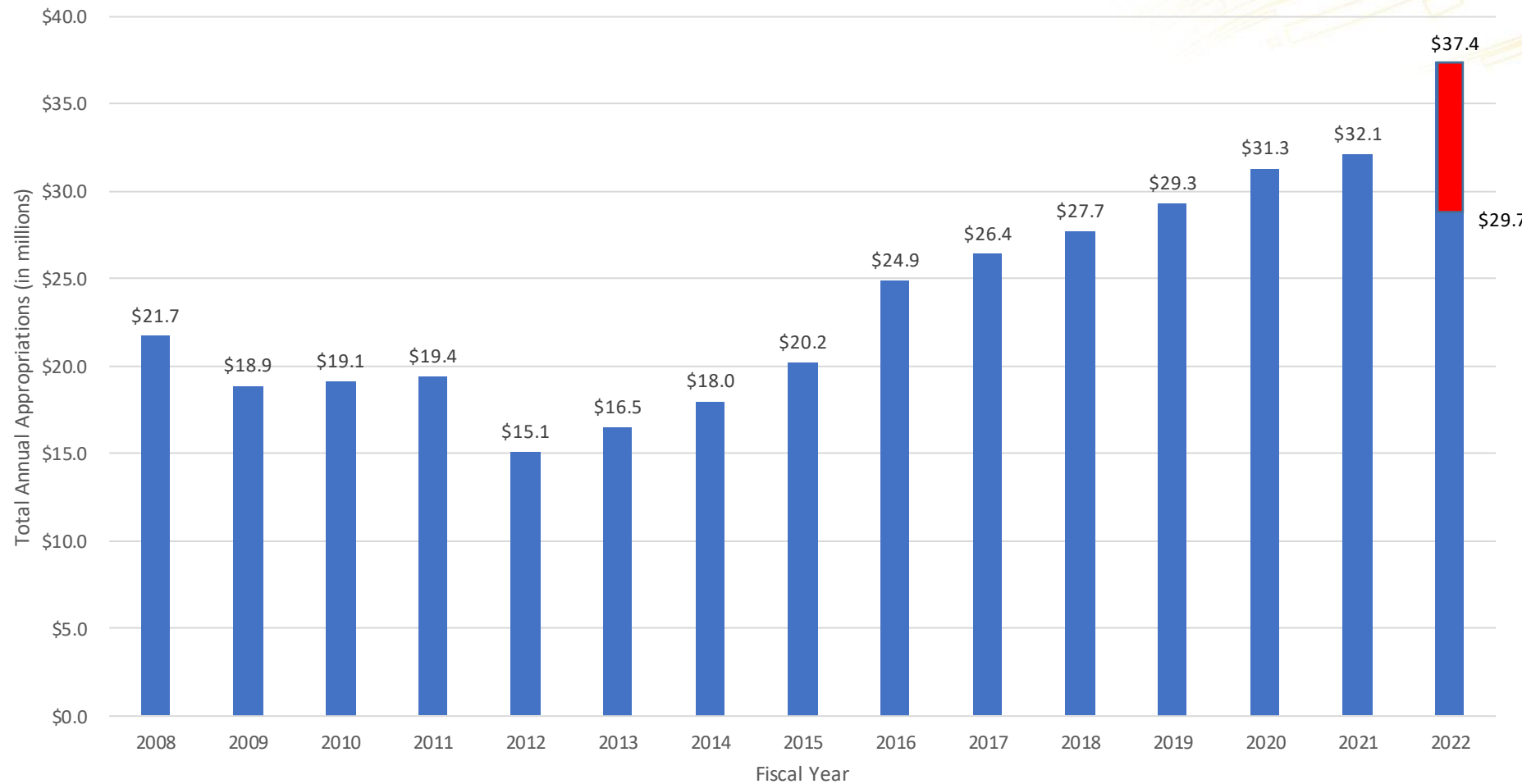


FY22 Distribution of PUSF Funding





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.

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

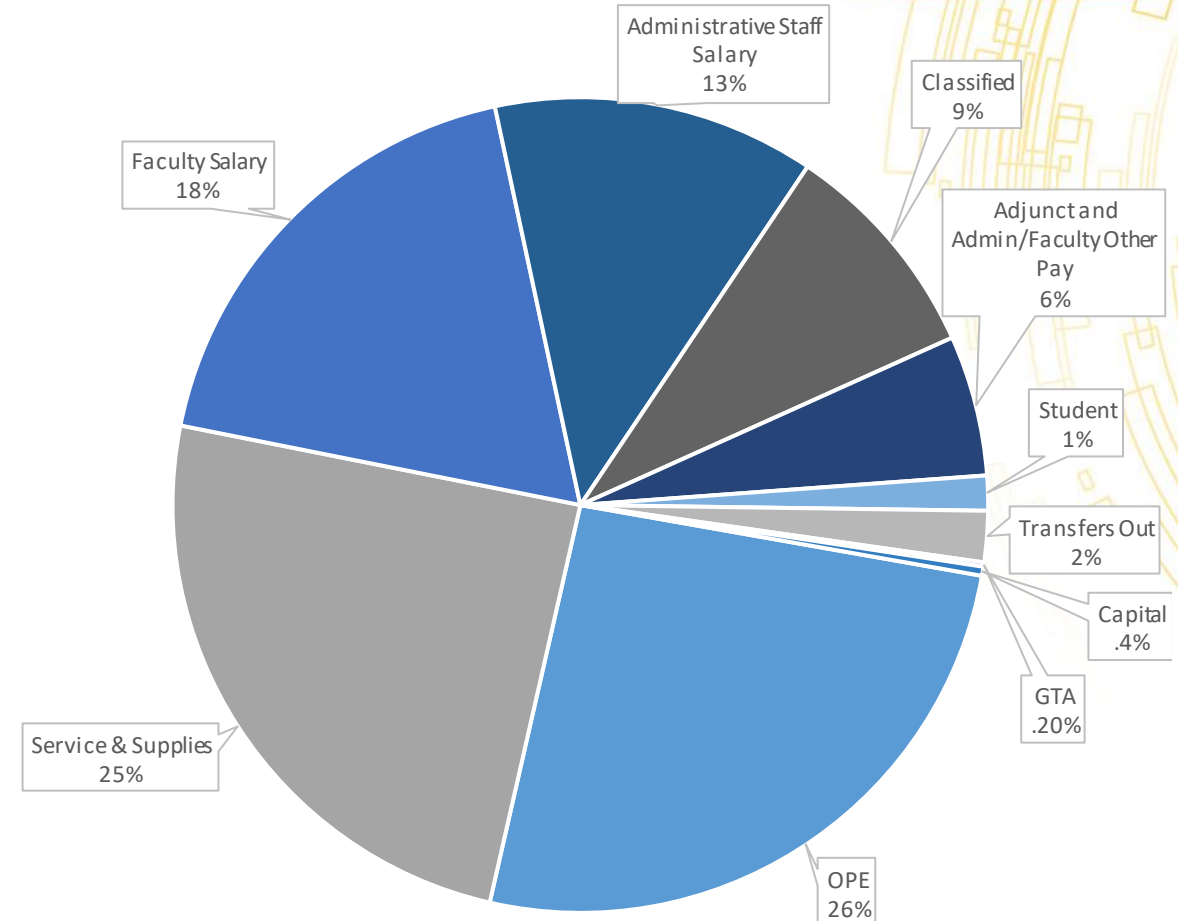
Actual baseline funding is approximately \$29.7M

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

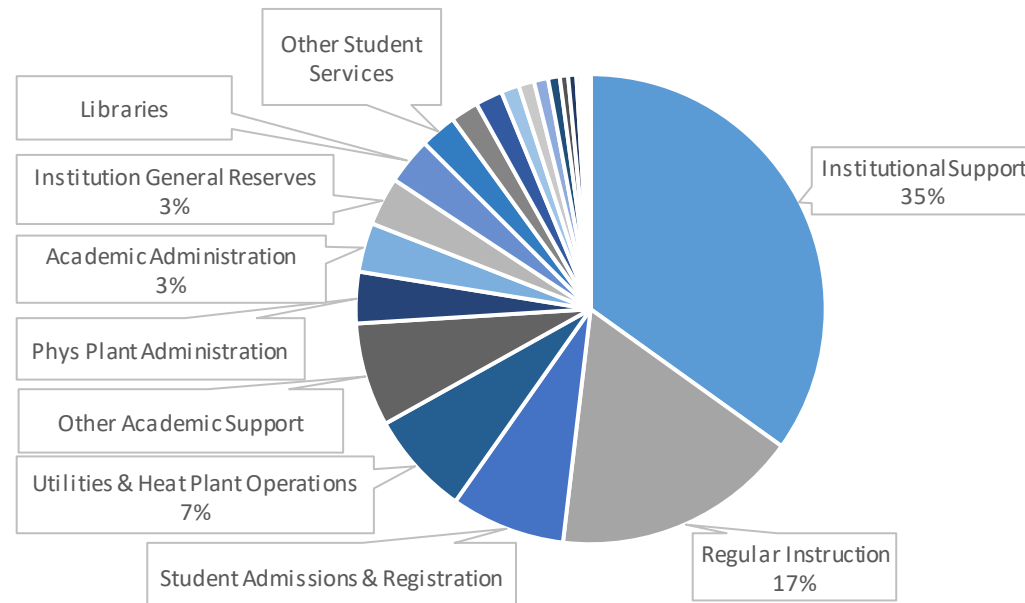


1. Institutional Support (35%)
2. Regular Instruction (17%)
3. Student Admissions & Registration (8%)
4. Utilities & Heat Plant Operations (8%)
5. Other Academic Support (8%)



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

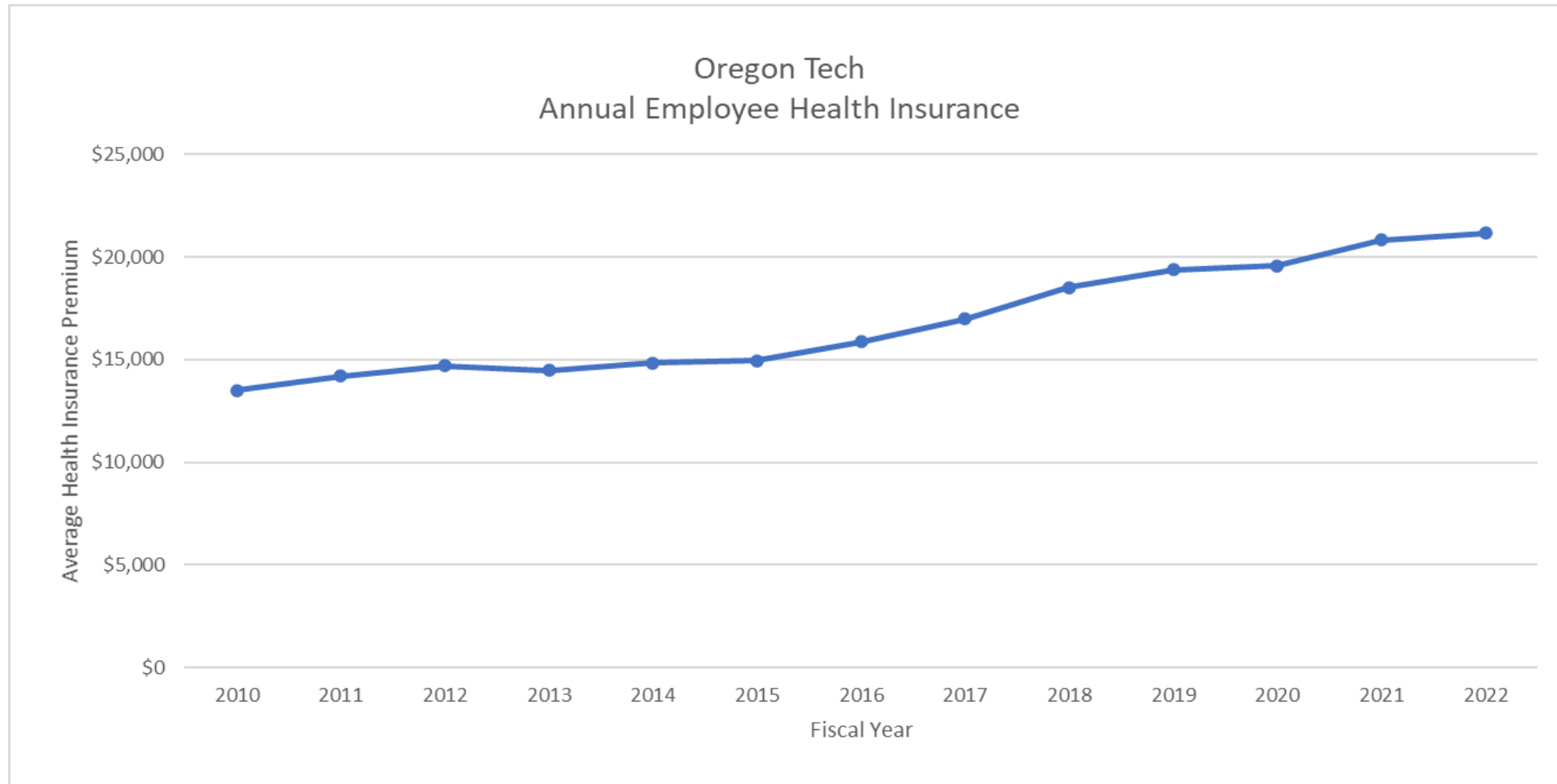


Labor Cost Acceleration



- 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 – Rising Health Insurance



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
On Campus (Klamath Falls)	2,206	2,232	2,109
Online	699	726	592
Onsite Total	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
Sub-Total	3,932	3,962	3,574
High School (ACP)	1387	1,363	1,336
Grand Total	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
On Campus (Klamath Falls)	26,393	25,989	24,353
Online	7,877	8,479	7,759
Onsite Total	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
Sub-Total	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%

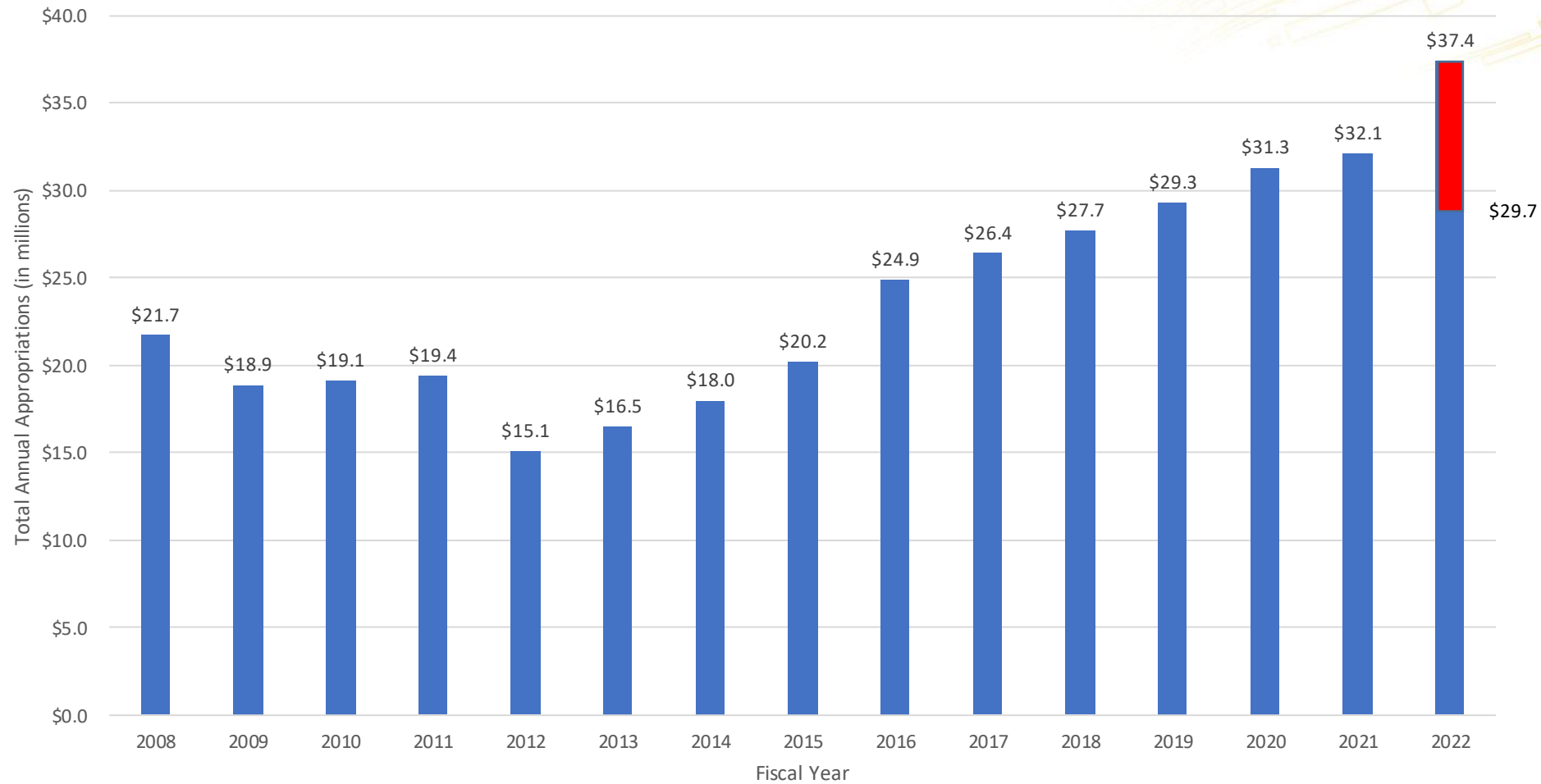
Loss of State Funding



- 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 Early Budget Projections

Assuming a 1% increase in enrollment



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Revenues			
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Less fee remissions	(6,039,143)	(5,290,008)	749,135
Net tuition	\$ 35,842,658	\$ 32,495,764	\$ (3,346,894)
State allocations	32,215,454	30,685,686	(1,529,768)
Other	2,745,837	2,159,321	(586,516)
Total revenues	\$ 70,803,949	\$ 65,340,771	\$ (5,463,178)
Expenses			
Salary & Pay	\$ 33,467,455	\$ 34,184,581	\$ 717,126
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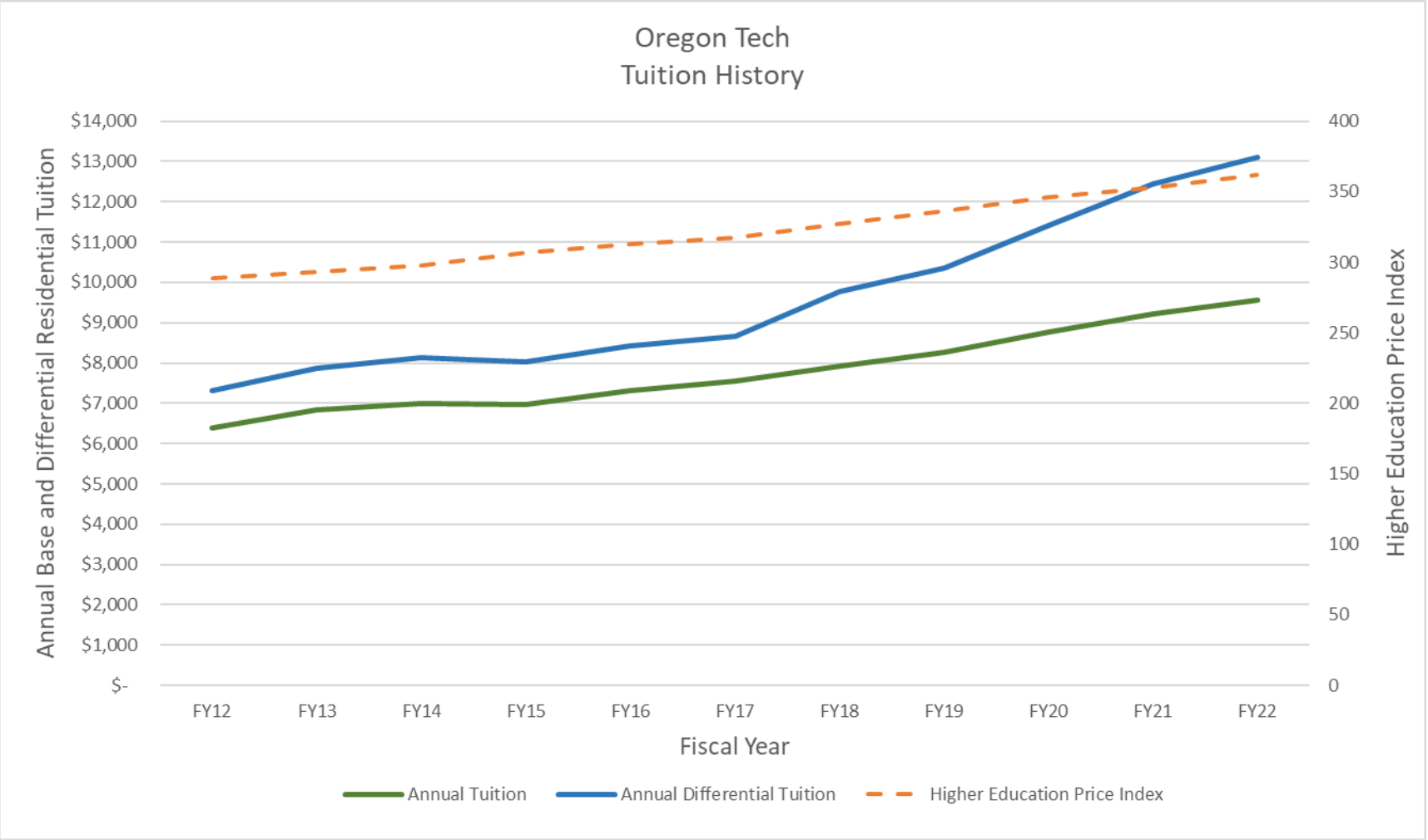
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Budget Levers

- 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?

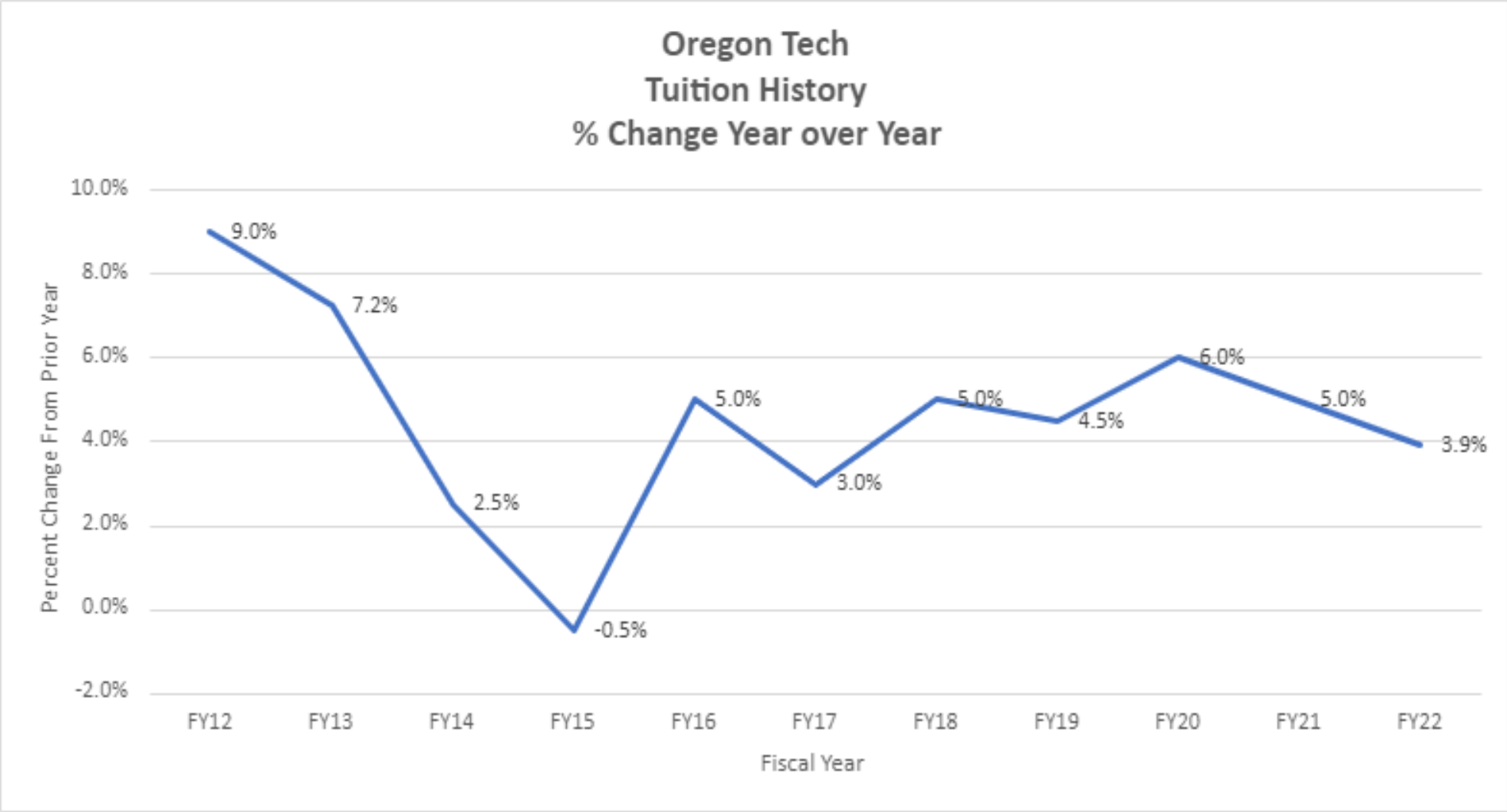
- Dissolution of Oregon University System (OUS), with loss of economies of scale
- Disinvestment in Higher Education

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 time¹. 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

¹ <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
Revenues					
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)
Net tuition	\$ 35,842,658	\$ 32,495,764	\$ 33,218,729	\$ 34,303,178	\$ 35,387,626
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
Total revenues	\$ 70,803,949	\$ 65,340,771	\$ 66,063,736	\$ 67,148,184	\$ 68,232,633
Expenses					
Salary & Pay	\$ 33,467,455	\$ 34,184,581	\$ 34,184,581	\$ 34,184,581	\$ 34,184,581
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Total expenses	\$ 70,799,476	\$ 72,843,329	\$ 72,843,329	\$ 72,843,329	\$ 72,843,329
NET	\$ 4,473	\$ (7,502,559)	\$ (6,779,593)	\$ (5,695,145)	\$ (4,610,697)

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

Be a Part of the Process!



E-Mail

PM-ASOIT@groups.oit.edu

ASOIT@oit.edu

Tuition Recommendation Committee Website:

www.oit.edu/finance-administration/tuition-recommendation-committee

Oregon TECH

Please provide your comments and thoughts to be shared with the Tuition Recommendation Committee (TRC):

→

Survey link located at the bottom of the TRC website.