


TUITION RECCOMENDATION COMMITTEE | 2.11.2022



# FY23 Budget

John Harman, MBA, CGMA, CMPE | VP Finance & Administration

1

---

---

---

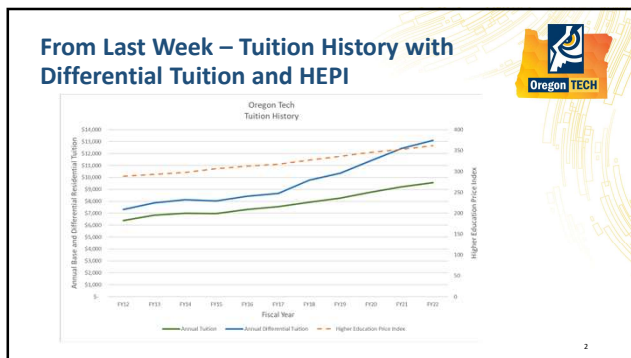
---

---

---

---

---



2

---

---

---

---

---

---

---

---


## 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, the state funding per student went down<sup>1</sup>.
- 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>



3

---

---

---


---

---

---

---

---



Questions from last week?

4

4

---

---


---

---

---

---

---



**Presentation Outline**

1. Student Enrollment
2. FY23 Budget Environment
3. Draft Budget Scenarios
4. Budget Levers
5. Tuition Comparisons

5

5

---

---

---

---

---

---

---



**Academic Year 2021/2022 Enrollment**

Enrollment Presentation from Provost Mott

6

6

---

---

---

---

---

---

---

## 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 old harmless to maintain flat state funding in FY22. However, there is no solution through the HECC going into FY23 and the next biennium.
- Loss of at least **\$1.1M** in state funding in FY23.
- State funding to Oregon's seven public Universities is a zero-sum game – if we get more other Universities get less.
- 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.

7

7

---

---

---

---

---

---

---

---

## Labor Cost Acceleration



- Health and retirement costs, including legacy funding are not controllable and are accelerating.
- OT's two unionized employee groups, faculty and classified staff, have annual mandatory salary increases and the faculty agreement also has an additional incentive component.
- Additionally, some benefits are also enriched through these union agreements
- The effect of salary increases compounds the increase in retirement costs.

8

8

---

---

---

---

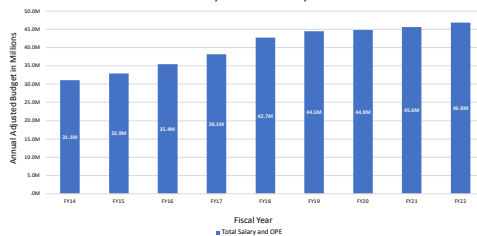
---

---

---

---

Salary and OPE History



9

9

---

---

---

---

---


---

---

---

### 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>\$</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>\$</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>\$</b>	<b>70,789,476</b>	<b>\$ 72,843,328</b>	<b>\$ 2,043,853</b>
<b>NET</b>	<b>\$</b>	<b>4,473</b>	<b>\$ (7,502,557)</b>	<b>\$ (7,507,032)</b>

Note: These projections are preliminary and are subject to change

10

---

---

---

---

---

---

---


---

---

---

### Budget Levers

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



11

---

---

---

---

---

---


---

---

---

---

### Using Remaining COVID Funding



Pros	Cons
Avoids deep cuts in the short-term, allowing time for improvements in enrollments and/or state funding	Using one-time funds merely postpones addressing the deficit if budget conditions don't improve in the future
Use of Covid funds aligns with root cause of deficits (COVID-related enrollment declines)	One-time funds not available for other initiatives
Reduces dependency on tuition increase	

12

---

---

---

---

---

---


---

---

---

---

### Operating Budget Cuts



Pros	Cons
Smooths cuts across several years if budget conditions don't improve in the future	Negatively impacts students' educational experience. Potential impacts include layoffs, reduced student services, fewer course offerings, less campus upkeep, larger class sizes, etc.
Reduces dependency on tuition increase	Negatively impacts ability to grow enrollment in the future

13

13

---

---

---

---


---

---

---

---

### Using Fund Balance



Pros	Cons
Avoid deep cuts in the short-term, allowing time for improvements in enrollments and/or state funding	Using one-time funds merely postpones addressing the deficit if budget conditions don't improve in the future
Reduces dependency on tuition increase	Reduces OT's ability to mitigate fiscal risks in the future

14

14

---

---

---

---


---

---

---

---

### Tuition Increase



Pros	Cons
Keeps tuition rates commensurate with the increasing costs of providing quality education	Potentially decreases affordability of attending Oregon Tech (can be extrapolated to college in general), may reduce access for some students
Improves continuity of educational quality, course offerings and student experience	Could potentially further impact enrollment
Reduces dependency on one-time funding or uncertain outside funding sources	

15

15

---

---

---

---

---

---

---

---

## FY 2023 Tuition Scenarios

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



	FY22 8AB	0% Tuition Increase FY23 Projection	2% Tuition Increase FY23 Projection	5% Tuition Increase FY23 Projection	8% Tuition Increase FY23 Projection
<b>Revenues</b>					
Gross tuition and fees	\$ 41,881,801	\$ 37,785,772	\$ 38,508,787	\$ 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>\$ 33,218,779</b>	<b>\$ 34,303,178</b>	<b>\$ 35,387,626</b>
State allocations	32,215,454	30,685,680	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>\$ 66,063,786</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	7,232,540	7,388,076	7,388,076	7,388,076	7,388,076
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>\$ 70,709,476</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>\$ (7,502,558)</b>	<b>\$ (6,779,543)</b>	<b>\$ (5,695,145)</b>	<b>\$ (4,610,697)</b>

Note: These are preliminary projections and are subject to change

16

16

## Tuition Rate Scenarios



	FY22		FY23		FY23		FY23	
	Base Tuition	Differential	Base Tuition	Differential	Base Tuition	Differential	Base Tuition	Differential
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	

17

17

## Tuition Comparison



FY22 Annual Undergraduate Base Tuition Comparison  
(all include official fees + admission completion + Oregon education)


University	State	Fees	Net Tuition
Shawnee State University	OH	\$6,524	\$12,660
Missouri Western State University	MO	\$6,900	\$14,520
Ingers State University	OK	\$7,665	\$15,600
Southern Oklahoma State University	OK	\$7,463	\$14,578
University of Nevada Reno	NV	\$7,470	\$16,000
Montana Tech of the University of Montana	MT	\$7,600	\$16,000
Eastern Oregon University	OR	\$7,830	\$16,520
Farmington State University	NM	\$7,883	\$17,100
Nicholls State University	LA	\$7,876	\$16,860
Western Oregon University	OR	\$8,460	\$17,900
Portland State University	OR	\$8,485	\$17,945
Bemidji State University	MN	\$8,690	\$16,860
Southern Oregon University	OR	\$9,040	\$16,460
Oregon Institute of Technology	OR	\$9,572	\$16,460
Midwestern State University	TX	\$9,776	\$17,016
California Polytechnic State University	CA	\$10,104	\$18,104
University of Washington - Seattle	WA	\$10,281	\$17,013
Oregon State University - Corvallis	OR	\$10,380	\$18,115
Oregon State University - Cascade	OR	\$10,560	\$18,115
Northern Arizona University	AZ	\$10,650	\$18,396
University of South Carolina - Upstate	SC	\$11,106	\$17,710
University of Oregon	OR	\$11,474	\$18,017

18

18

### Differential Tuition Comparison - Resident

	OIT	OSU	OSU-CC	PSU	UoO	SOU
Base Per Credit	\$112.72	\$234.67	\$230.86	\$193.00	\$366.08	\$203.00
Per Term at 15 Credits	\$1,690.80	\$3,520.05	\$3,462.90	\$2,895.00	\$5,491.20	\$3,045.00
Differential Per Credit Notes						
Engineering & Technology	\$291.43			\$243.60		
Allied Health Programs	\$291.43					
Nursing Care	\$291.43					
Medical Lab Science	\$291.43					
Therapeutic Education	\$232.63					
Dental Hygiene - Chemeketa	\$232.63					
College of Business		\$257.67	\$257.67	\$211.40		
Pre-Engineering		\$279.67	\$279.67			
Professional Engineering		\$289.67	\$289.67			
Avia		\$234.67	\$234.67	\$204.40		
Forestry		\$251.67				
Honors College		\$268.00	\$264.00	\$200.40	\$332.92	\$226.00
Creative Writing						\$211.00
EMBA						\$211.00
Music						\$211.00
Theater						\$211.00



19

---

---

---

---

---


---

---

---

Questions?

Next meeting – Feb 25



20

20

---

---

---

---

---

---

---

---

7