

TUITION RECOMMENDATION COMMITTEE | 3.10.2023



Summary Overview and Tuition Strategy Discussion Meeting #4

John Harman, MBA, CGMA, CMPE- Vice President of Finance & Administration



Questions from last meeting?

Questions from previous meeting



Q: Origin of cost of living index used in slide, is it state-specific or can some states have more than one?

A: Yes, the most reliable resource for identifying Cost of Living Index only listed one per state.

Source: *Missouri Economic Research and Information Center*

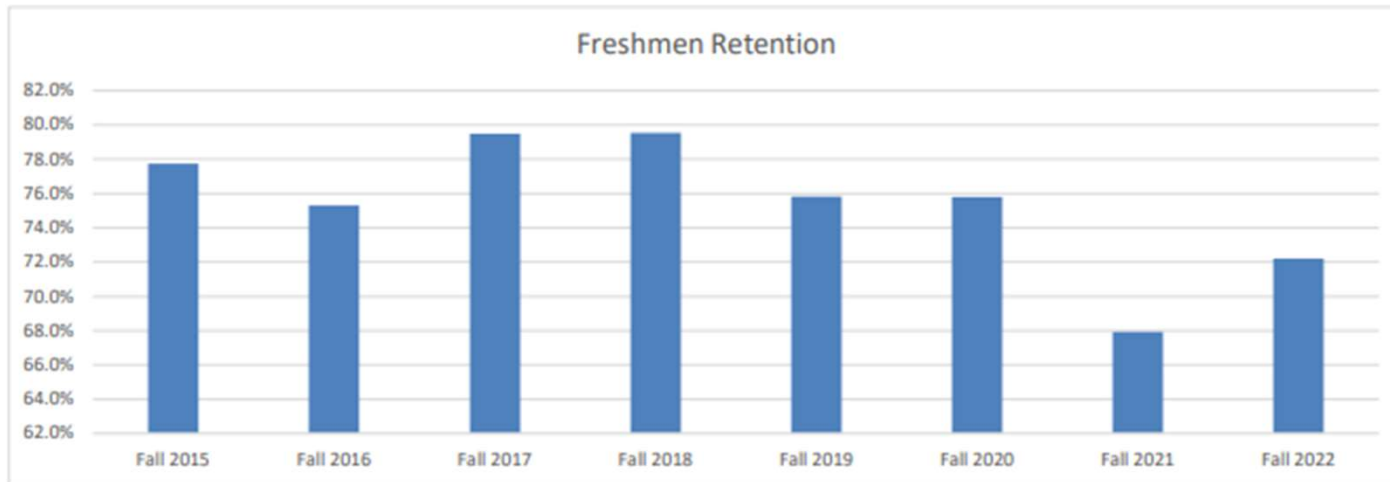
A **cost of living** or **COL** estimate may typically include estimates for housing, food, energy, medical care, transportation, taxes, and other necessities. A **COL** index may be used to measure what the cost difference would be for a person living in a certain location compared to another location.

Questions from previous meeting



Q: What is the freshmen to sophomore retention rate?

A: <https://www.oit.edu/institutional-research/retention-graduation-rates>



	Fall 2014 Cohort Returning Fall 2015	Fall 2015 Cohort Returning Fall 2016	Fall 2016 Cohort Returning Fall 2017	Fall 2017 Cohort Returning Fall 2018	Fall 2018 Cohort Returning Fall 2019	Fall 2019 Cohort Returning Fall 2020	Fall 2020 Cohort Returning Fall 2021	Fall 2021 Cohort Returning Fall 2022
Starting Cohort	328	324	346	303	331	380	424	403
Retained Next Fall	255	244	275	241	251	288	288	291
Freshmen Retention	77.7%	75.3%	79.5%	79.5%	75.8%	75.8%	67.9%	72.2%

Forum/Question Survey Feedback



One question submitted:

Q: Could the building fee allocations be explained - particularly the PM building fee?

A: \$45/term fee for every student regardless of campus

This is a legacy fee that has been charged even prior to the OUS system dissolution.

Building fees are used to pay university debt service

Presentation Outline



- 1. Recap Education and General Revenues**
- 2. Legislative Status Update**
- 3. Upcoming Funding Challenges in 2023-25 Biennium**
- 4. FY 2023-24 Budget Options**
- 5. TRC Meeting Requirements**
- 6. TRC Report Requirements**
- 7. TRC Voting Members**
- 8. FY 2023-24 Tuition Recommendation Discussion**

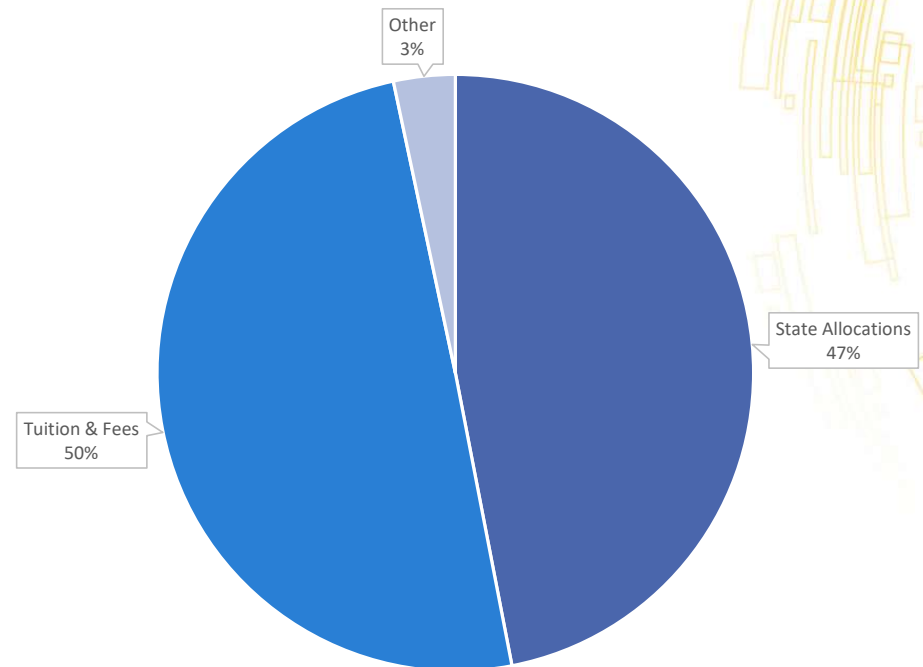
Major Components of E&G Revenues



Revenues:

- State Appropriations (47% of total revenue budget)
Impacted by Student Success and Completion Model (SSCM), State tax revenue
- Tuition, net of remissions (50% of total revenue budget)
Impacted by Enrollment, HECC Oversight
- Other (3% of total revenue budget)

E&G Budgeted Revenues



Summary Recap of FY 2023-24 Outlook



State Funding Increase for Higher Education is Inadequate

- Public Universities requested a \$150M (17%) increase in PUSF.
- Included 8.67% CSL increase, an inflationary adjustment on expenses covered by state funds.
- Remaining 8.33% would be investment in essential student wrap-around services.
- Governor Kotek's budget only provides a 4% increase in PUSF.
- Would require 18.5% tuition increase to make up for state under-funding and to cover operating costs.

Other Factors Impacting Budget

- Each 1% drop in non (ACP) enrollment translates to about \$380k in lost tuition revenue.
- Inflation in operating expenditures due to:
 - Contractual obligations in labor agreements.
 - Increasing benefits and related payroll costs.
 - Investment in essential enrollment, retention, online growth and student services.
 - Utilities, liability insurance and maintenance.
 - Unfunded mandates

FY 2023-24 Early Budget Projections



Assume:

- 0% increase in enrollment from current year (5.9% ↓ budget)
- 0% increase in tuition rate and thus no increase in tuition revenue from current year (\$2.1M ↓ budget)
- 4% increase in state funding
- 4% increase in labor and benefits costs

	0% Tuition Increase	
	FY 2022-23 Board Approved Budget ¹	FY 2023-24 Budget Projection
Revenue		
Gross tuition and fees	\$ 39,832	\$ 37,706
Less fee remissions	(5,546)	(5,805)
Net tuition	\$ 34,286	\$ 31,900
State allocations	32,385	33,950
Other	2,302	2,302
Total revenue	\$ 68,972	\$ 68,152
Expenses		
Labor	\$ 54,142	\$ 56,162
Supplies and Services	17,817	17,304
Transfers	1,462	1,513
Total expenses	\$ 73,421	\$ 74,979
Net from Operations before Other Resources (Uses)	\$ (4,449)	\$ (6,826)
Other Resources (Uses)		
Transfers In	\$ 3,000	\$ -
Transfers Out	(51)	-
Use of Reserve	1,500	-
Total from Operations and Other Resources (Uses)	\$ (0)	\$ (6,826)

Notes: These projections are preliminary and are subject to change

(1) For comparability, Applied Computing and Rural Health Initiatives expenses and transfer-in are removed ⁹

FY 2023-24 Budget Funding Options



- Beginning with a \$6.8M deficit due to:
 - Lack of adequate state funding increase
 - Enrollment decline
 - Rising payroll and benefits costs
- Addressing the deficit:
 - Operating budget expense reductions
 - Use of some reserve funds (requires Board approval)
 - Tuition increase
 - Combination of above

FY 2023-24 Tuition Scenarios

Every 1% increase in tuition is approximately \$370k



		0% Tuition Increase	3% Tuition Increase	4% Tuition Increase	5% Tuition Increase	18.5% Tuition Increase
	FY 2022-23 Board Approved Budget ¹	FY 2023-24 Budget Projection	FY 2023-24 Budget Projection	FY 2023-24 Budget Projection	FY 2023-24 Budget Projection	FY 2023-24 Budget Projection
Revenue						
Gross tuition and fees	\$ 39,832	\$ 37,706	\$ 38,813	\$ 39,182	\$ 39,551	\$ 44,533
Less fee remissions	(5,546)	(5,805)	(5,805)	(5,805)	(5,805)	(5,805)
Net tuition	\$ 34,286	\$ 31,900	\$ 33,008	\$ 33,377	\$ 33,746	\$ 38,728
State allocations	32,385	33,950	33,950	33,950	33,950	33,950
Other	2,302	2,302	2,302	2,302	2,302	2,302
Total revenue	\$ 68,972	\$ 68,152	\$ 69,260	\$ 69,629	\$ 69,998	\$ 74,980
Expenses						
Labor	\$ 54,142	\$ 56,162	\$ 56,162	\$ 56,162	\$ 56,162	\$ 56,162
Supplies and Services	17,817	17,304	17,304	17,304	17,304	17,304
Transfers	1,462	1,513	1,513	1,513	1,513	1,513
Total expenses	\$ 73,421	\$ 74,979	\$ 74,979	\$ 74,979	\$ 74,979	\$ 74,979
Net from Operations before Other Resources (Uses)	\$ (4,449)	\$ (6,826)	\$ (5,719)	\$ (5,350)	\$ (4,981)	\$ 1
Other Resources (Uses)						
Transfers In	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers Out	(51)	-	-	-	-	-
Use of Reserve	1,500	-	-	-	-	-
Total from Operations and Other Resources (Uses)	\$ (0)	\$ (6,826)	\$ (5,719)	\$ (5,350)	\$ (4,981)	\$ 1

Notes: These projections are preliminary and are subject to change

(1) For comparability, Applied Computing and Rural Health Initiatives expenses and transfer-in are removed

Tuition Rate Scenarios



	FY23		FY24		FY24		FY24		FY24	
	Base Tuition	Differential Tuition	Base Tuition + 3%	Differential Tuition	Base Tuition + 4%	Differential Tuition	Base Tuition + 5%	Differential Tuition	Base Tuition + 18.5%	Differential Tuition
Tuition per credit	\$217	\$297	\$223	\$306	\$226	\$309	\$228	\$312	\$265	\$363
Tuition per term at 15 credits/term	\$3,254	\$4,459	\$3,352	\$4,592	\$3,385	\$4,637	\$3,417	\$4,682	\$3,972	\$5,442
Additional Revenue				\$1.1M		\$1.5M		\$1.8M		\$6.8M
Remaining Unfunded Gap				\$(5.7M)		\$(5.3M)		\$(5.0M)		\$0

Impact of Insufficient Tuition



- Reduced capacity and quality of academic and support services
- Larger class sizes and fewer course sections offered
- Increased vacancies and delays in refilling essential positions
- Delayed or canceled equipment purchases

TRC Meeting Requirements



- ✓ Meet at least twice between January and February and open to all student body
- ✓ Minimum of one public forum held at each campus (KF & PM)
- ✓ To assist in recommendations, TRC shall receive
 - ✓ Plan for how the Board of Trustees and Administration are managing costs on an ongoing basis
 - ✓ Plan for how resident tuition and mandatory enrollment fees could be decreased if the university receives more money from the state than anticipated
- ✓ Provide President with written recommendations on proposed tuition and mandatory fee rates for resident undergraduates

TRC Report Requirements

When advising the president, TRC shall include:

- ✓ Input received from public forum
- ✓ Considerations regarding the mechanism by which funds are appropriated by Legislature to HECC for allocation to universities
- ✓ Historical tuition and fee trends
- ✓ Comparative data for peer institutions
- ✓ University's budget and projected cost increases
- ✓ Anticipated state appropriation levels
- ✓ Deliberations and observations of the TRC
- ✓ Must include any minority report requested by a TRC member
- ✓ Any documents produced or received by the TRC



TRC Voting Members



The TRC 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.

[\(2022-2023\) Tuition Recommendation Committee \(TRC\) | Oregon Tech \(oit.edu\)](https://oit.edu)

FY23-24 TRC Membership



POSITION	NAME	DEPARTMENT/DIVISION
Chair, Administrator	John Harman	Finance and Administration
Vice President, Administrator <i>ex officio</i> *	Erin Foley	Student Affairs
Administrator	Joanna Mott	Academic Affairs
Administrator	Josephine Ness	Admissions
Administrator	Alicia Dillon	Financial Operations
Administrator	Kendal Marks	Registrar/Financial Aid
FOAC Chair	Don DaSaro	Business Management
Faculty Representative	Feng Shi	EE & RE Technology
Klamath Falls ASOIT Representative	Sasha Rabich	Student
Portland-Metro ASOIT Representative	Billy Kimmel	Student
Klamath Falls Student 1	Finn Anders	Student
Klamath Falls Student 2	Graeme Wiltrout	Student
Klamath Falls Student 3	Jordan Spencer	Student
Portland-Metro Student 1	Kailea Boerste	Student
Portland-Metro Student 2	Bonnie Smith	Student
Graduate Student	Josh Roberts	Student
Executive Assistant	Celia Green	Finance and Administration

* Following **Robert's Rules of Order**- *ex officio* board and committee members have same rights and privileges as all members including voting. [FAQs - Official Robert's Rules of Order Website \(robetsrules.com\)](https://www.robetsrules.com/)



Questions/Discussion