



UNIVERSITY OF OREGON

Student Tuition Forum Financial Briefing

January 11th, 2022

Agenda

- Cost Drivers
- Guaranteed Tuition Program
- Mandatory Fees
- Small Group Discussion

Summary – Major FY2023 E&G Fund Cost Drivers

| Cost Driver | Projected FY23 Cost Increase | Notes |
|---------------------------------------|-------------------------------------|---|
| Faculty, Staff and GE Salary and OPE | \$15.0 million | E&G employee increases based on collective bargaining agreements for approximately 1,170 graduate employees, 1,663 faculty, and 662 classified staff. Also includes salary increases for approximately 1,098 unrepresented staff. Figures are for employees paid with E&G funds only. |
| Medical Costs | \$1.6 million | Includes annual weighted increase of 3.1% for December 2021. December 2022 increase assumed to be 3.0%. |
| Institutional Expenses | \$1.2 million | Increases related to utilities, insurance, debt for academic buildings, assessments, and leases. |
| Strategic Investments | \$2 million | Allocated via strategic investment process. |
| Minimum Wage Increase | \$257K | Increases per State of Oregon minimum wage increase to \$14.11/hr including associated OPE. Mainly affects student positions |
| Total Projected Cost Increases | \$20.1 million | |

Summary – Major FY2023 E&G Fund Cost Drivers

| Cost Driver | FY22 Base | Projected FY23 Cost Increase | FY23 % Increase |
|--|------------------------|-------------------------------------|------------------------|
| Faculty, Staff and GE Salary and Wages | \$452.4 million | \$15.0 million | 3.3% |
| Medical Costs | \$54.0 million | \$1.6 million | 3.0% |
| Institutional Expenses | \$36.0 million | \$1.2 million | 3.3% |
| Strategic Investments | \$564.2 million | \$2.0 million | 0.4% |
| Minimum Wage Increase | \$452.4 million | \$257K | 0.1% |
| Totals | \$564.2 million | \$20.1 million | 3.56% |

Summary – Major FY2022 E&G Fund Cost Drivers

| Cost Driver | Projected FY20 Cost Increase | Projected FY21 Cost Increase | Projected FY22 Cost Increase | Projected FY23 Cost Increase |
|--|---|---|---|---|
| Faculty, Staff and GE Salary and Wages | \$10.6 million | \$11.6 million | \$7.3 million | \$15.0 million |
| Medical Costs | \$1.9 million | \$2.5 million | \$1.2 million | \$1.6 million |
| Retirement Costs | \$7.1 million | (\$500K) | - | - |
| Institutional Expenses | \$1.0 million | \$1.5 million | \$1.2 million | \$1.2 million |
| Strategic Investments | \$2.0 million | \$2.0 million | \$600K | \$2.0 million |
| Minimum Wage Increase | \$1.0 million | \$1.9 million | \$320K | \$257K |
| Total Projected Cost Increases | \$23.6 million | \$19.0 million | \$10.6 million | \$20.1 million |

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Framework – Guaranteed Tuition Program for Undergraduate Students

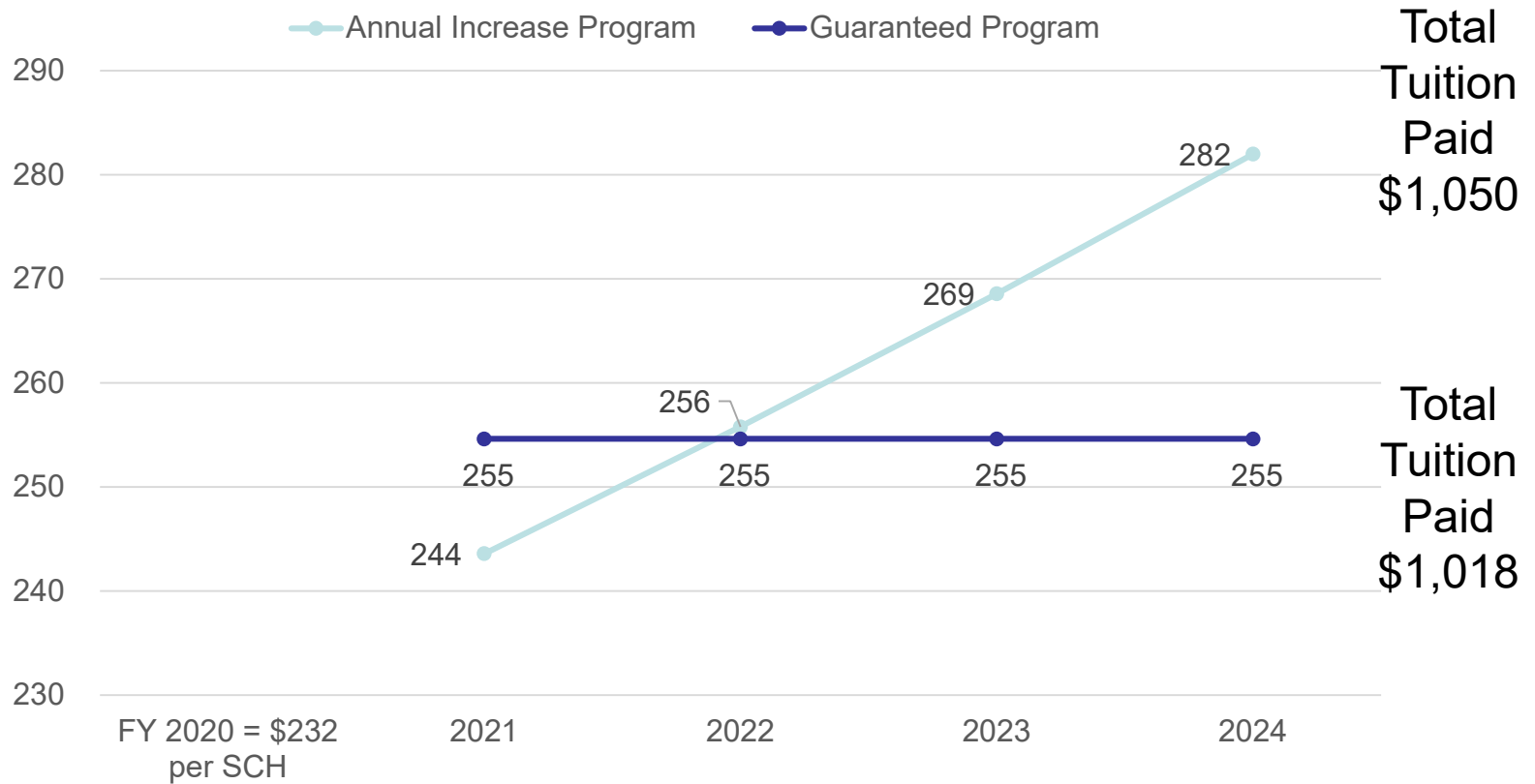
- For each entering class year, there is a set resident and non-resident tuition rate per student credit hour (SCH)
- That rate is guaranteed or locked for five years - no matter what
- Other tuition and fees that are locked include administratively controlled mandatory fees, summer tuition, honors college differential tuition, business school differential tuition and the international student fee
- Students know the expected cost of their education before they decide to come to the University of Oregon

Average Historical Annual Undergraduate Tuition Rate Increases – Analysis conducted in FY2020

| | <u>10 Year Average</u> | <u>5 Year Average</u> |
|--------------|----------------------------|---------------------------|
| Resident | 5.4% | 5.0% |
| Non-resident | 4.4% | 3.3% |

New Resident Undergraduate Students Analysis Conducted in FY2020 Graduation Time 4 yrs

**Assumed Annual Increases 5% - Average 5 Year Historical Rate
5 year Guaranteed rate \$254.62 per SCH (9.75% increase)**



New Resident Undergraduate Students Graduation Time 5 yrs

Analysis Conducted in FY2020

Assumed Annual Increases 5% - Average 5 Year Historical Rate
5 year Guaranteed rate \$254.62 per SCH (9.75% increase)



**New Resident Undergraduate Students
 Graduation Time 8 yrs
 Analysis Conducted in FY2020
 Assumed Annual Increases 5% - Average 5 Year Historical Rate
 5 year Guaranteed rate \$254.62 per SCH (9.75% increase)**



Advantages of Guaranteed Tuition Program for Students

- ***Financial Predictability:*** Tuition rates are locked in for five years – students and their families know ahead of time exactly what they are going to pay for their education.
- ***Peace of Mind:*** The guaranteed tuition program functions as a insurance policy for students. Regardless of what happens to state funding or other costs, their tuition rates are guaranteed for five years.
- ***Protection of Scholarship Value:*** Many scholarships are currently fixed dollar amounts. Under a guaranteed tuition program, the value of these scholarships remains the same over their college career.

Advantages of Guaranteed Tuition Program for Institution

- ***Recruiting:*** The stronger value proposition of a locked-in rate should be very attractive to new students. This should help support the institution's enrollment growth initiative.
- ***Retention:*** One of the main reasons students cite for dropping out of school is financial pressure. This can often be linked to students not anticipating tuition increases throughout their college career. Having a locked rate for tuition should help with this issue.
- ***Campus Climate:*** Concern about continually rising tuition rates affects students, faculty and staff, and directs time, energy and focus away from other important educational issues.

Guaranteed Tuition at Other Universities

| Institution | Length of GT years ² | Resident or non-resident | Mandatory or opt-in | Transfer students | Rate after four years ³ | Part-time | Summer |
|---------------------------------|---------------------------------|--------------------------|---------------------|-------------------|------------------------------------|-----------|----------|
| U of Arizona | 4 | both | mandatory | yes | next cohort ¹ | yes | excluded |
| U Colorado Boulder | 4 | both | mandatory | yes | next cohort | yes | excluded |
| U of Illinois Urbana-Champaign | 4 | both | mandatory | yes | next cohort ¹ | yes | included |
| U of North Carolina Chapel Hill | 4 | resident | mandatory | yes | 50% upcharge | yes | included |
| Ohio State | 4 | resident | mandatory | no | next cohort | no | included |

¹ After the sixth year, the tuition rate becomes variable

² Five-year undergraduate programs extend guaranteed rate through the fifth year

³ Military, medical, and family hardships extensions available

Students who started prior to the Tuition Guarantee Program

- Annual tuition increases for undergraduate students who started prior to the Guaranteed Tuition Program will be locked at 3.0% per year through FY2024

ANNUAL TUITION INCREASES FOR CURRENT STUDENTS LOCKED AT 3.0% PER YEAR

| | FY2021 SCH Rate | FY2022 SCH Rate | FY2023 SCH Rate | FY2024 SCH Rate |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
| Resident Undergraduates | \$238.96 | \$246.13 | \$253.51 | \$261.12 |
| Non-resident Undergraduates | \$785.89 | \$809.47 | \$833.75 | \$858.76 |

Proposed Rates for Administratively Controlled Mandatory Fees (per term)

| Administratively Controlled Mandatory Fees | All Graduate Students | | | Undergraduate Students Who Started Before Summer 2020 | | | New, Incoming Undergraduate Students (2022 Cohort) Locked Fees | | |
|--|-----------------------|------------------|--------------|---|------------------|--------------|--|------------------|--------------|
| | FY2021 Fee | FY2022 Fee | % Increase | FY2021 Fee | FY2022 Fee | % Increase | FY2021 Fee | FY2022 Fee | % Increase |
| Building Fee | \$ 45.00 | \$ 45.00 | 0.00% | \$ 45.00 | \$ 45.00 | 0.00% | \$ 45.00 | \$ 45.00 | 0.00% |
| Health Service Fee | \$ 233.25 | \$ 236.25 | 1.29% | \$ 233.25 | \$ 236.25 | 1.29% | \$ 233.25 | \$ 236.25 | 1.29% |
| Rec Center Fee | \$ 113.25 | \$ 121.25 | 7.06% | \$ 110.56 | \$ 118.50 | 7.18% | \$ 120.88 | \$ 133.00 | 10.03% |
| Student Union Fee | \$ 77.00 | \$ 80.00 | 3.90% | \$ 77.00 | \$ 80.00 | 3.90% | \$ 78.54 | \$ 81.75 | 4.09% |
| Tech Fee | \$ 50.00 | \$ 51.50 | 3.00% | \$ 50.00 | \$ 51.50 | 3.00% | \$ 50.00 | \$ 51.50 | 3.00% |
| Total | \$ 518.50 | \$ 534.00 | 2.99% | \$ 515.81 | \$ 531.25 | 2.99% | \$ 527.67 | \$ 547.50 | 3.76% |

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