



UNIVERSITY OF OREGON

President's Tuition Forum Financial Briefing

February 15th, 2022

Agenda

- UO Budget Structure
- Cost Drivers
- Guaranteed Tuition Program
- TFAB Recommendations
- Small Group Discussion

UO Budget Structure

E&G Funds

- *Tuition revenue*
- *State Appropriation*
- *F&A Return*
- *Overhead revenue*
- *Fee revenue, interest earnings*

School & College
Budgets

Central Admin
Budgets

Institutional Expenses
(Debt, assessments,
utilities, leases)

Other Funds

- *Grants and Contracts revenue*
- *Auxiliary Revenue*
- *Service Center Revenue*
- *Designated Operations Revenue*
- *Restricted gifts*

Grants & Contracts

Plant Funds

Auxiliary, Service Centers,
and Designated Ops
Funds

Restricted Gifts

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%

Framework – Guaranteed Tuition Program for Undergraduate Students

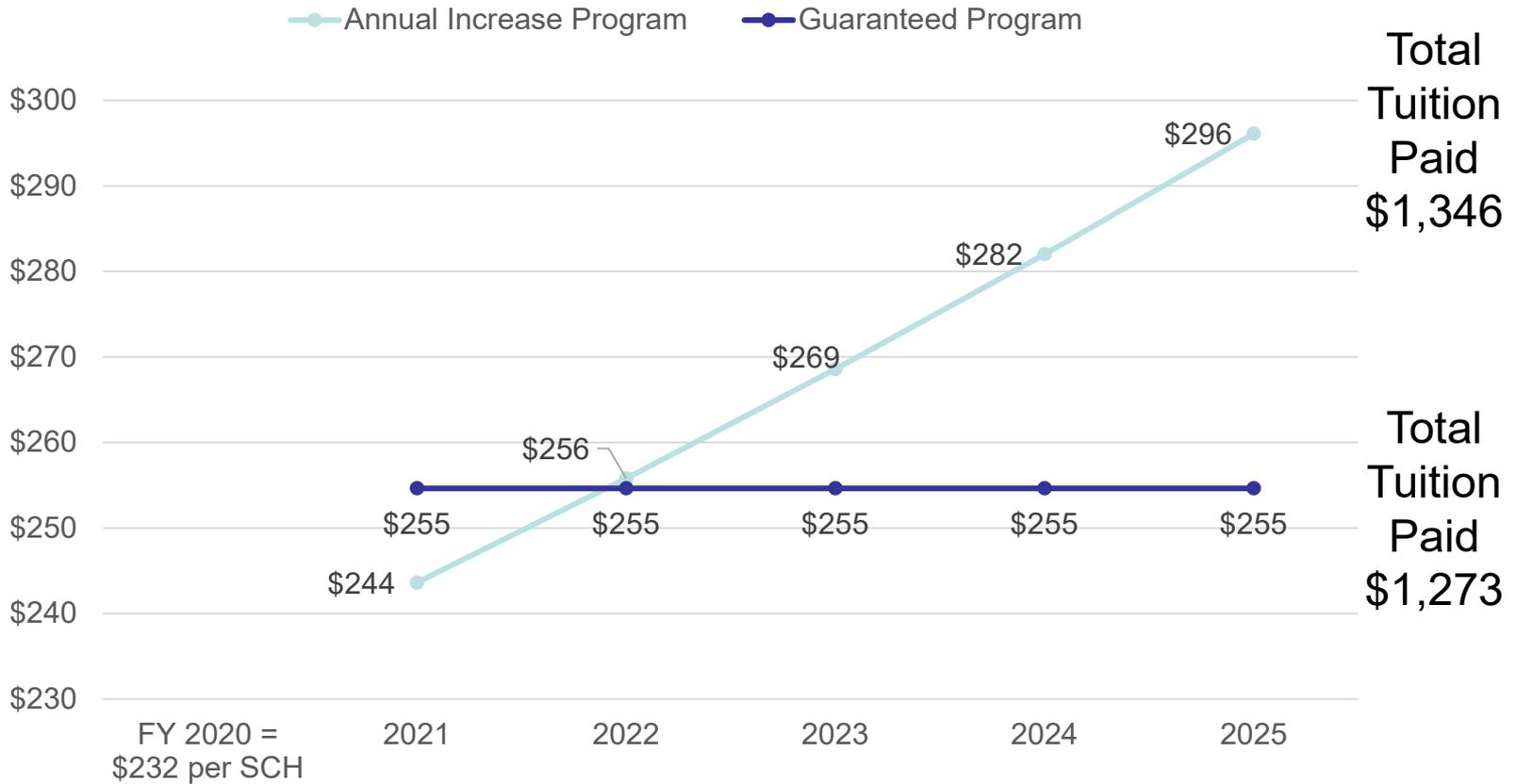
- For each entering class year, there is a set resident and non-resident tuition rate per student credit hour (SCH)
- That rate is guaranteed or locked for five years - no matter what
- Other tuition and fees that are locked include administratively controlled mandatory fees, summer tuition, honors college 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%

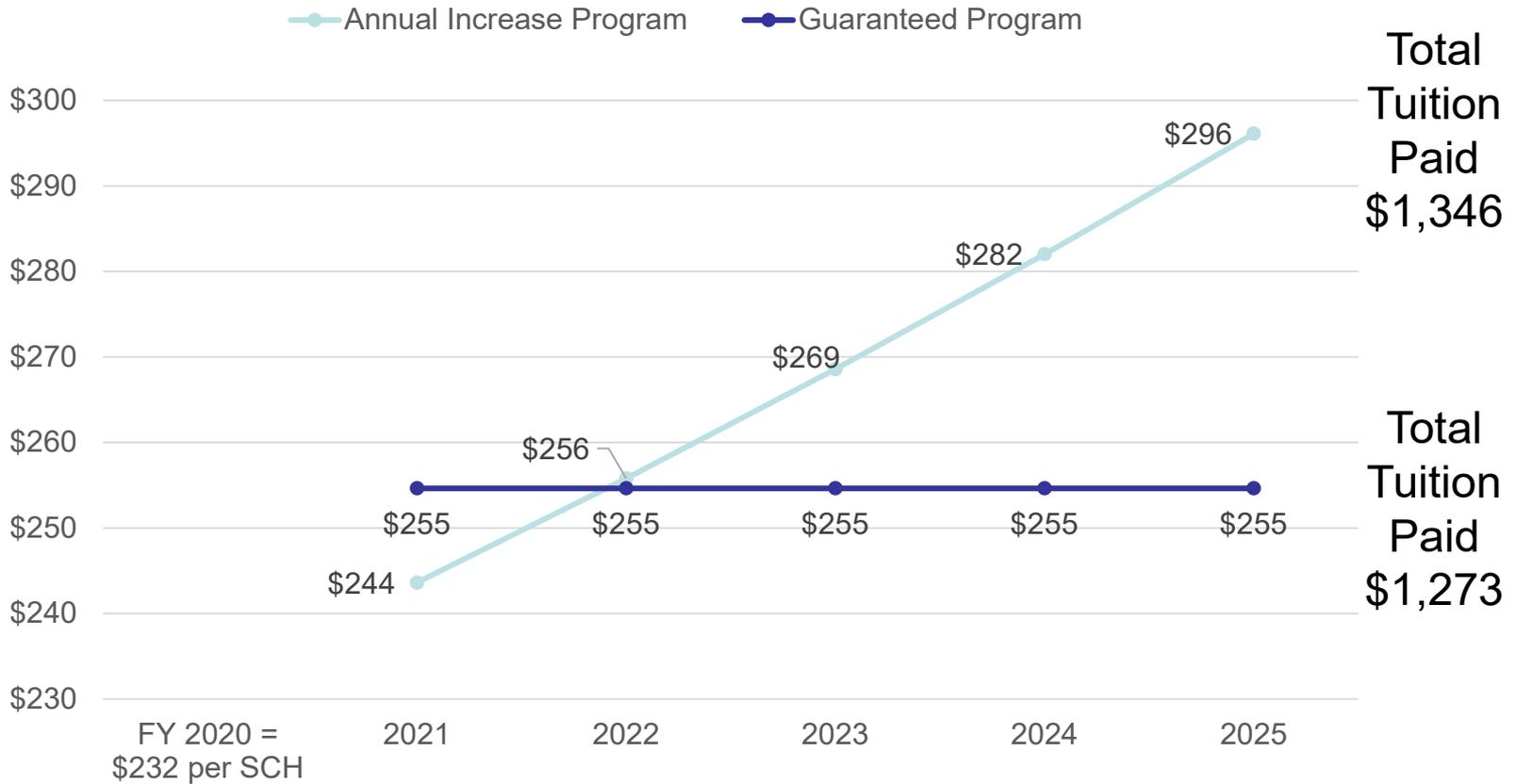
New Resident Undergraduate Students Analysis Conducted in FY2020 Graduation Time 4 yrs

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



New Resident Undergraduate Students Analysis Conducted in FY2020 Graduation Time 5 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 Analysis Conducted in FY2020 Graduation Time 8 yrs

**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.

Students who started prior to the Tuition Guarantee Program

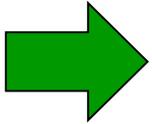
- Annual tuition increases for undergraduate students who started prior to the Guaranteed Tuition Program will be locked at 3.0% per year through FY2024

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

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TFAB Recommendations: Incoming cohort of new undergraduate students

- TFAB recommends the guaranteed tuition rate for new, incoming undergraduate students be set at a rate that is:
 - **3.0%** higher than this year's **non-resident** first-year students (\$870.17 per SCH / \$39,157.65 per year)
 - **4.5%** higher than this year's **resident** first-year students (\$278.05 per SCH / \$12,512.25 per year)
- For **resident** and **non-resident** undergraduate students in the 2022 Tuition Cohort, administratively controlled mandatory fees would be **3.74%** higher than the 2021 Tuition Cohort
- For the incoming UG cohort, tuition rates and admin-controlled mandatory fees would be **locked for 5 years**

Administratively Controlled Mandatory Fees

Administratively Controlled Mandatory Fees	All Graduate Students				Undergraduate Students Who Started Before Summer 2020			New, Incoming Undergraduate Students (2022 Cohort) Locked Fees			
								2021 Tuition Cohort		2022 Tuition Cohort	
	FY2022 Fee	Adjusted Fee Rate FY2022	FY2023 Fee	% Increase	FY2022 Fee	FY2023 Fee	% Increase	FY2022 Fee	Adjusted Fee Rate FY2022	FY2023 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	\$ 236.25	-	\$ 244.75	3.60%	\$ 236.25	\$ 244.75	3.60%	\$ 236.25	-	\$ 246.00	4.13%
Rec Center Fee	\$ 121.25	-	\$ 124.75	2.89%	\$ 118.50	\$ 122.00	2.95%	\$ 133.00	-	\$ 138.50	4.14%
Student Union Fee	\$ 80.00	\$ 214.00	\$ 220.50	3.03%	\$ 80.00	\$ 82.50	3.13%	\$ 81.75	\$ 215.75	\$ 224.50	4.06%
Tech Fee	\$ 51.50	-	\$ 53.00	2.91%	\$ 51.50	\$ 53.00	2.91%	\$ 51.50	-	\$ 53.00	2.91%
Total ACMF	\$ 534.00	\$ 668.00	\$ 688.00	2.99%	\$ 531.25	\$ 547.25	3.01%	\$ 547.50	\$ 681.50	\$ 707.00	3.74%
<i>Incidental Fee</i>	\$ 268.25	\$ 134.25	\$ 138.25	2.98%	\$ 268.25	\$ 272.25	1.49%	\$ 268.25	\$ 134.25	\$ 138.25	2.98%
All Mandatory Fees	\$ 802.25	\$ 802.25	\$ 826.25	2.99%	\$ 799.50	\$ 819.50	2.50%	\$ 815.75	\$ 815.75	\$ 845.25	3.62%

Graduate Tuition Proposals

- Most proposed graduate tuition increases for FY23 vary between 0% and 3.1%
- School of Law: proposed increases of 5% for all programs
 - Maintain program quality
 - Cover rising operational costs
 - Invest in student success
 - First-year workshops
 - Tutoring
 - Academic and career advising

Next Steps

- President is collecting feedback from students, faculty, and staff on TFAB Recommendations
- President will forward his tuition and fee proposals to the Board of Trustees later in February
- Board will make decisions about FY23 tuition and fee proposal at Board Meeting on March 14th – 15th