

# **President's Tuition Forum Budget Briefing**

**February 18<sup>th</sup>, 2021**

# Agenda

- Background Budget Information
- What's changing for next year?
- Guaranteed Tuition Program
- TFAB Recommendations

# 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*

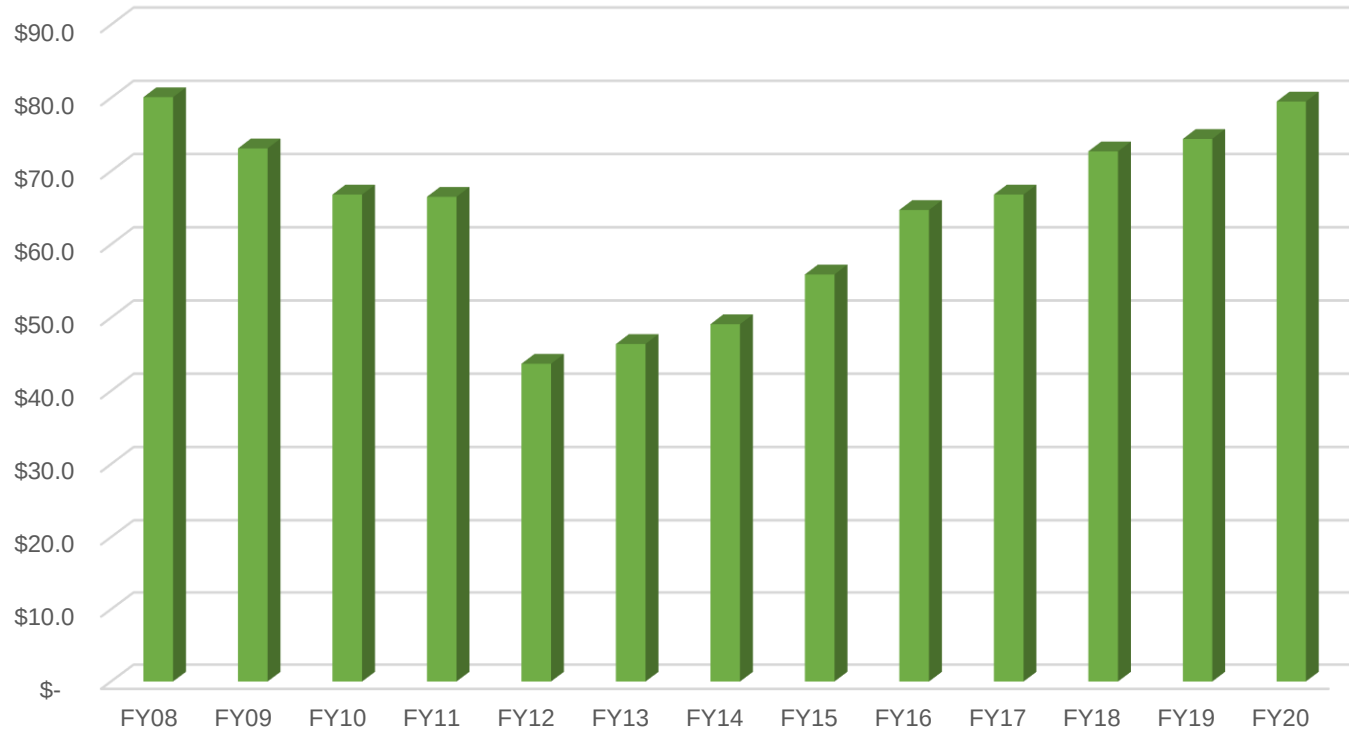
Grants & Contracts

Plant Funds

Auxiliary, Service Centers,  
and Designated Ops  
Funds

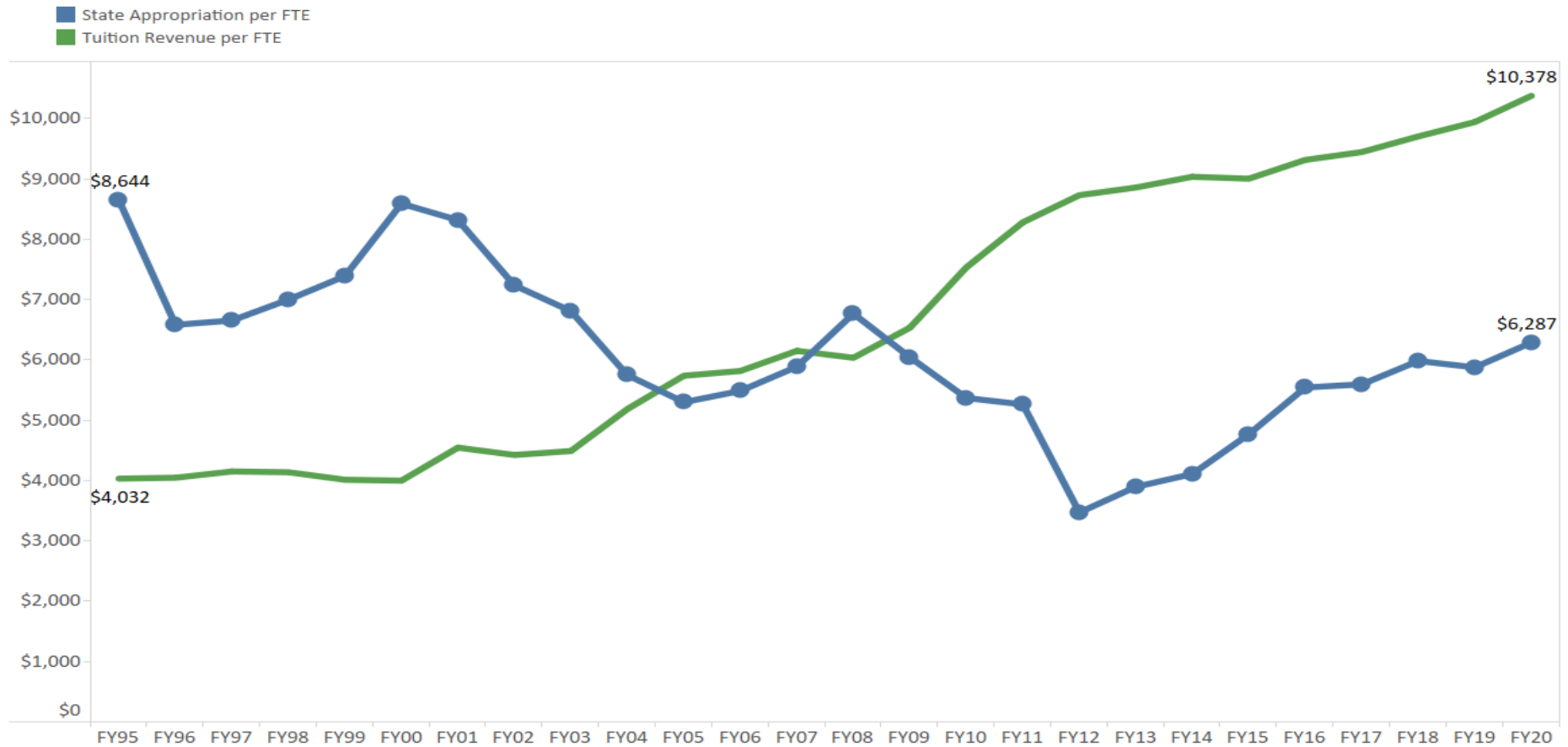
Restricted Gifts

# Decreased levels of State Appropriation



# Appropriation and Tuition

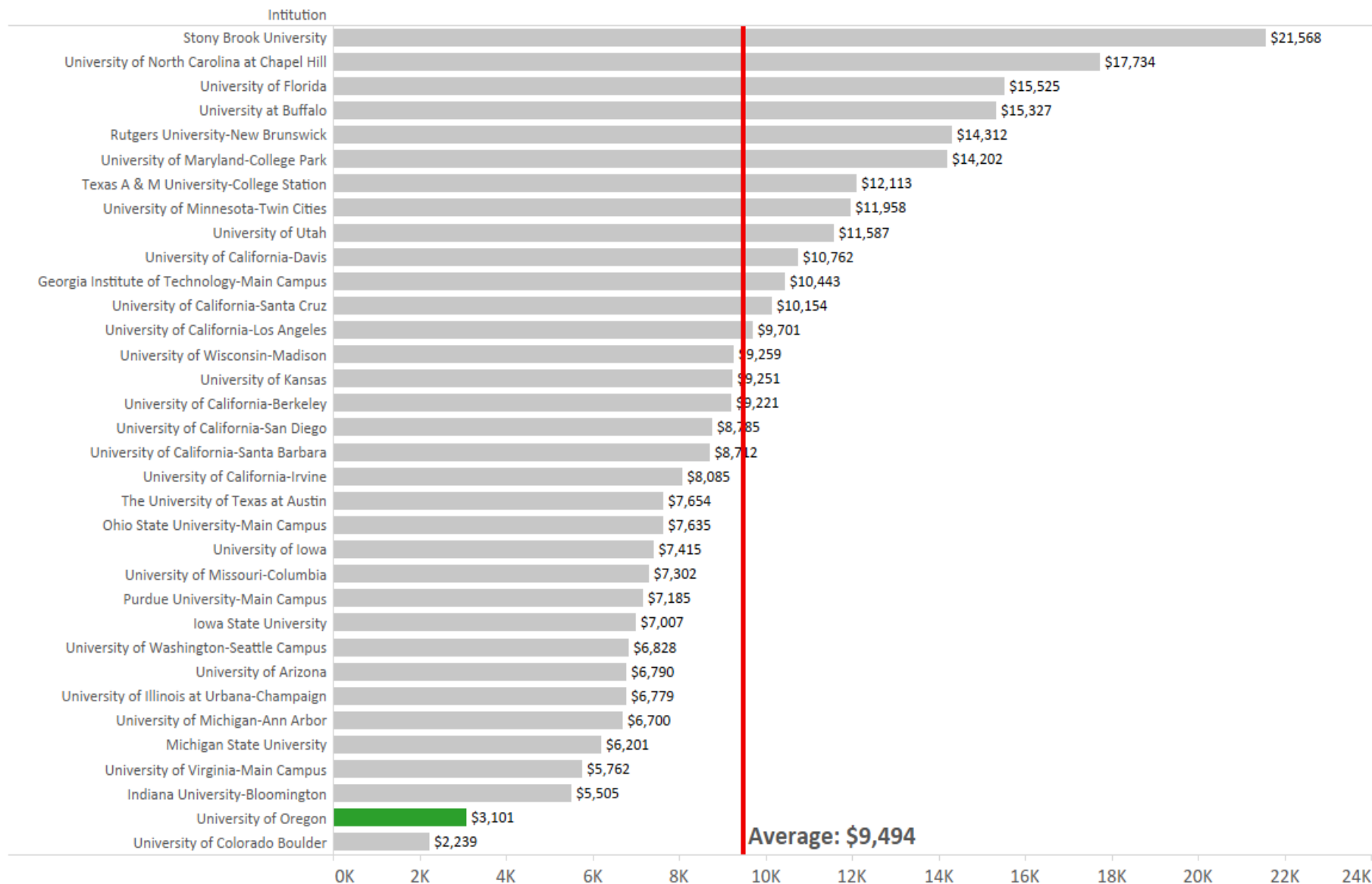
State Appropriation and Resident Tuition Revenue per Resident Student FTE



*Note:* The chart compares state appropriation and resident tuition revenue on a per student FTE basis. Figures are expressed in inflation-adjusted 2020 dollars. The Consumer Price Index (CPI) values are obtained from the Bureau of Labor Statistics and represent the Urban-West annual CPI as of June 30, 2020.

*Source:* UO Office of Institutional Research.

## State Appropriations per Student FTE among AAU Publics (FY2018)



Notes:

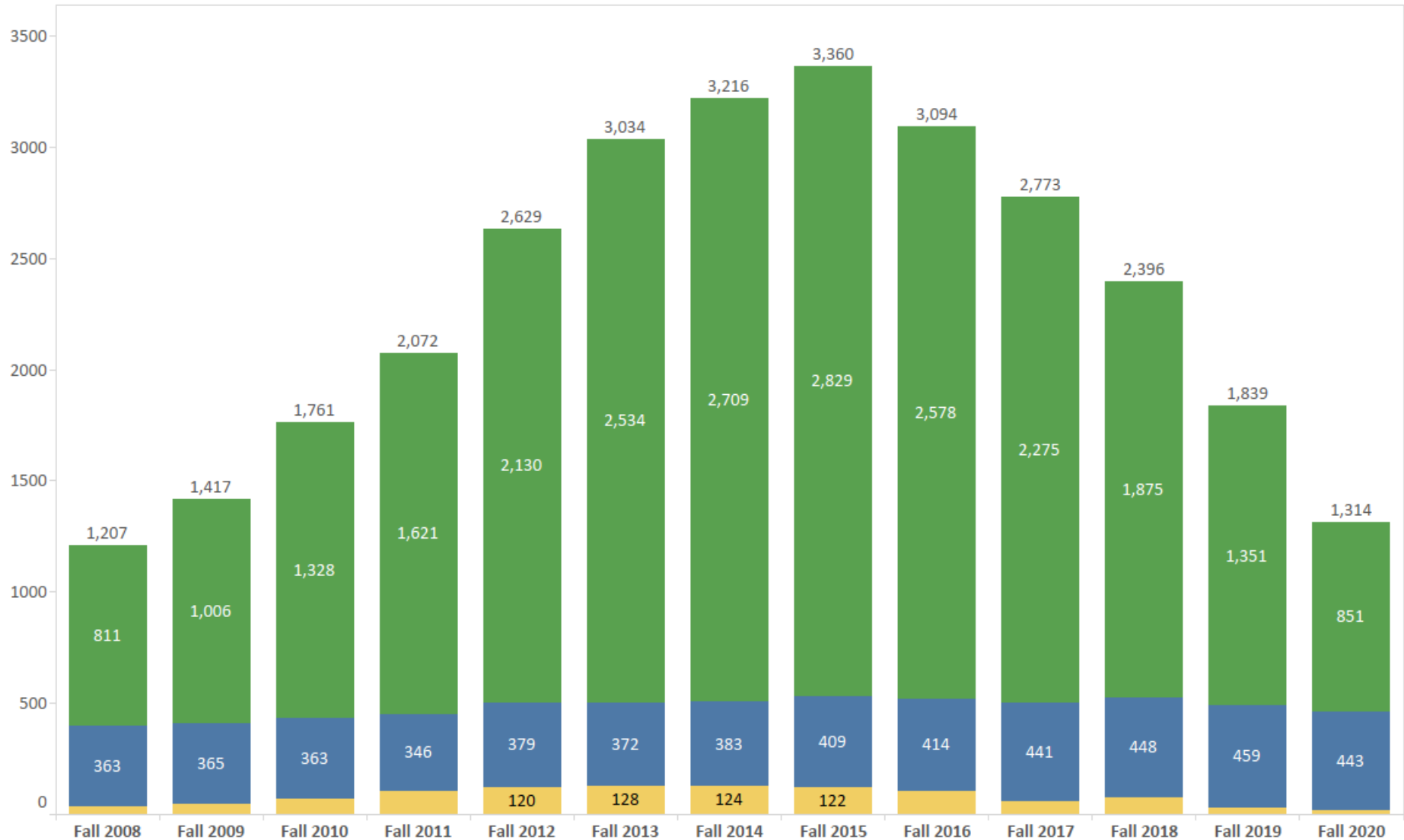
1. Penn State University and University of Pittsburgh are excluded from the table because Pennsylvania has alternative state funding mechanisms.
2. The Student FTE corresponds to a 12-month FTE.

Source: IPEDS Finance (FY2018) and Enrollment (FY2018).

# International Student Enrollment

## Level

- Undergraduate
- Nonadmitt
- Graduate



# E&G Fund

- FY16, FY17 and FY18: Balanced budget due to state investment, tuition increases and budget cuts
- FY19: \$11.5 million deficit
- FY20: \$7.6 million deficit



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# Summary – Major FY2022 E&G Fund Cost Drivers

| Cost Driver                           | FY22 Cost             | Notes                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Faculty, Staff and GE Salary and OPE  | \$7.3 million         | E&G employee increases based on collective bargaining agreement for approximately 1,231 graduate employees. Also includes estimates of increases for approximately 1,511 faculty, 679 classified staff and 1,232 unrepresented staff. Cost increase lower than previous years due to elimination of annual salary increases in January 2021 for faculty and unrepresented staff. Figures are for employees paid with E&G funds only. |
| Medical Costs                         | \$1.2 million         | Annual increase due to rate increases and change in coverage mix. December 2020 PEBB increase at 0.5% was much lower than historical average. December 2021 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                 | 600K                  | Annual \$2 million Strategic Investment Process cancelled due to COVID-19 and associated budget challenges. \$600K pre-committed to support Tykeson Advisors previously funded with one-time gift funds.                                                                                                                                                                                                                             |
| Minimum Wage Increase                 | \$320K                | Increases per State of Oregon minimum wage increase to \$13.50/hr including associated OPE. Impacts student positions.                                                                                                                                                                                                                                                                                                               |
| <b>Total Projected Cost Increases</b> | <b>\$10.6 million</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                      |

# Summary – Major FY2022 E&G Fund Cost Drivers

| Cost Driver                            | FY21 Base           | FY22 Cost Increase    | FY22 % increase |
|----------------------------------------|---------------------|-----------------------|-----------------|
| Faculty, Staff and GE Salary and Wages | \$445 million       | \$7.3 million         | 1.6%            |
| Medical Costs                          | \$55.5 million      | \$1.2 million         | 2.2%            |
| Institutional Expenses                 | \$43.4 million      | \$1.2 million         | 2.8%            |
| Strategic Investments                  | \$541 million       | \$600K                | 0.1%            |
| Minimum Wage Increase                  | \$445 million       | \$320K                | 0.1%            |
| <b>Totals</b>                          | <b>\$541million</b> | <b>\$10.6 million</b> | <b>1.96%</b>    |

# Summary – Major FY2022 E&G Fund Cost Drivers

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

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# Guaranteed Tuition Program for Undergraduate Students Implemented FY2021

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- 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

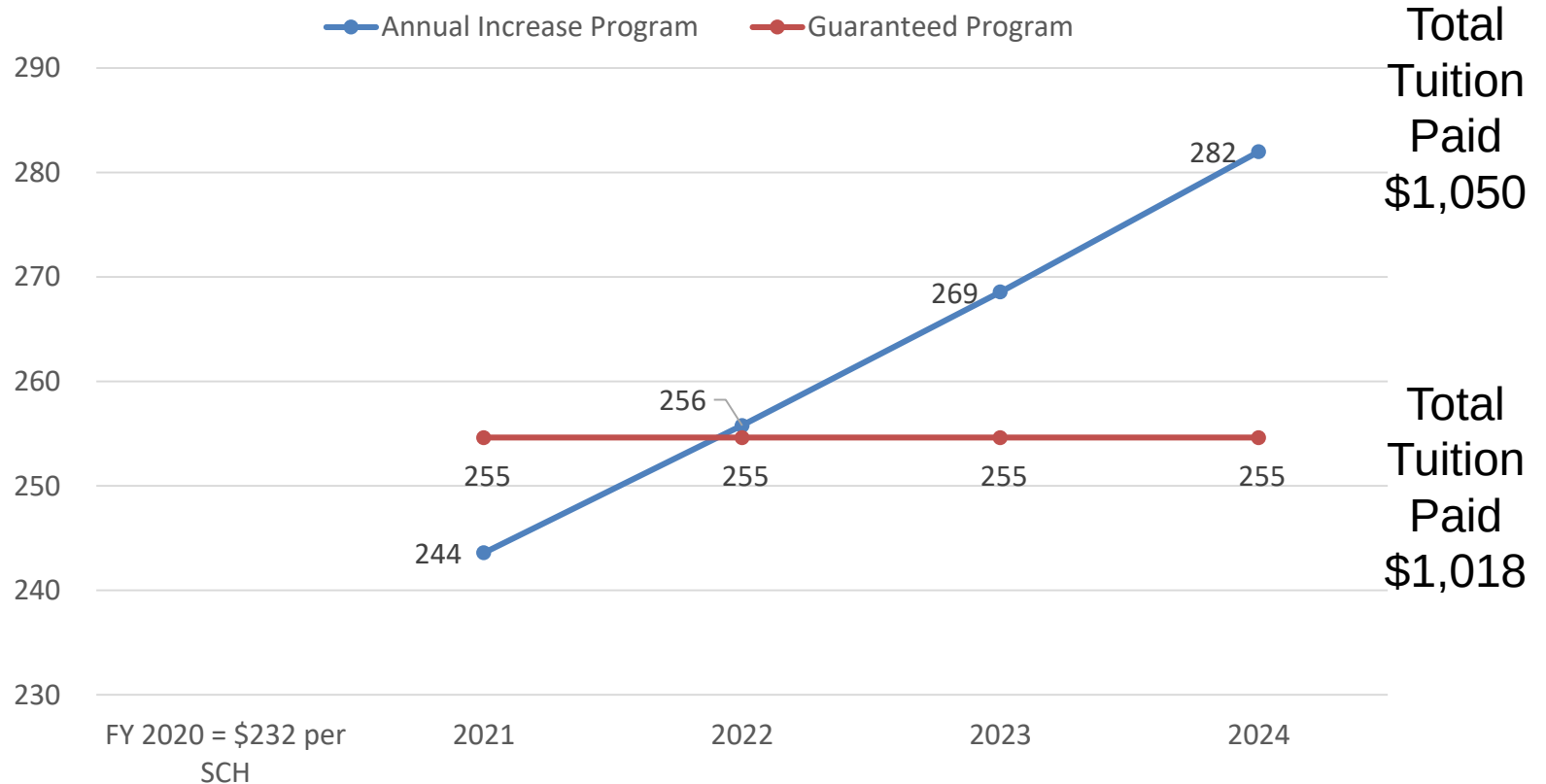
# Average Historical Annual Undergraduate Tuition Rate Increases

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

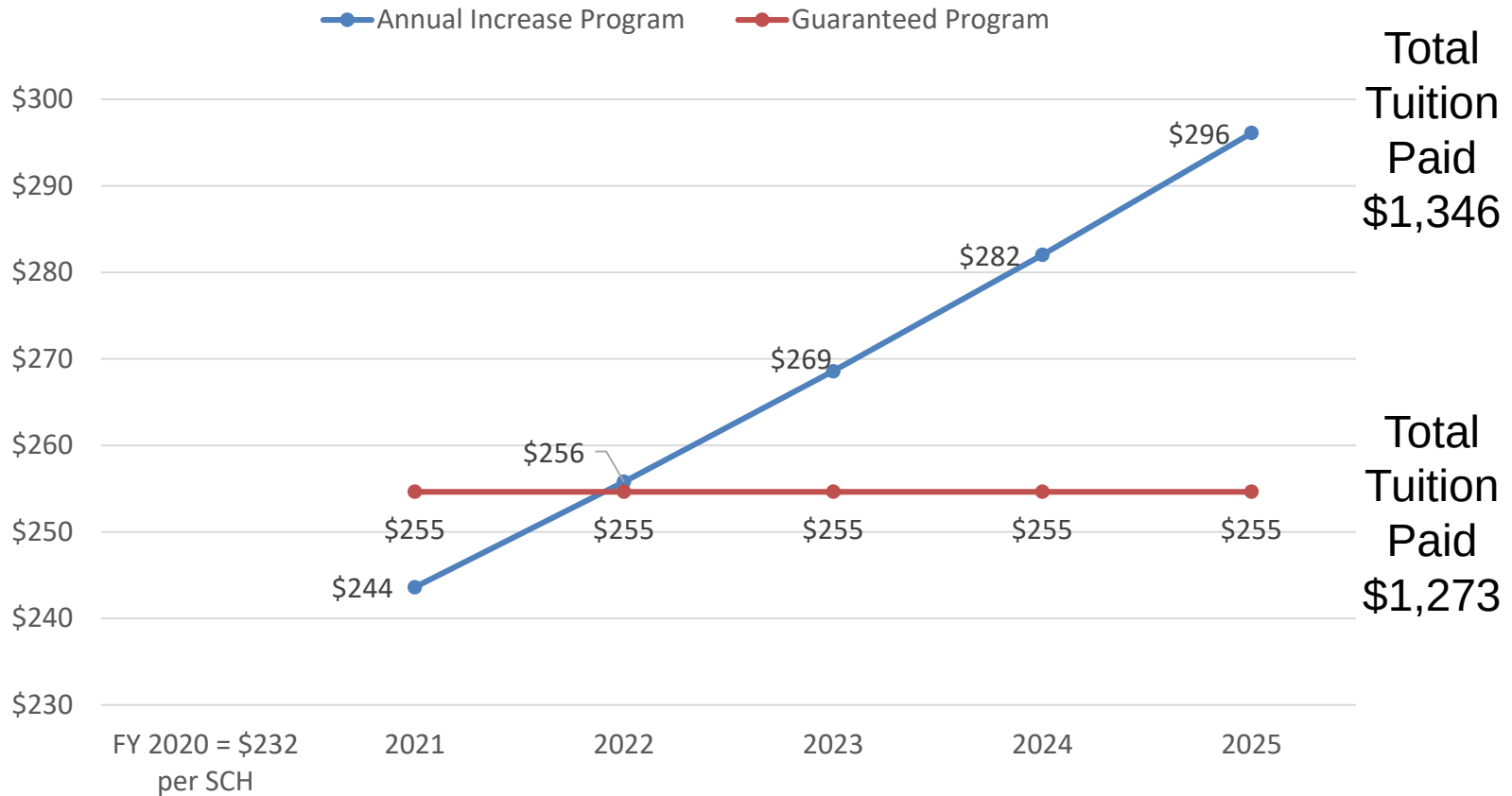
# New Resident Undergraduate Students Graduation Time 4 yrs

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

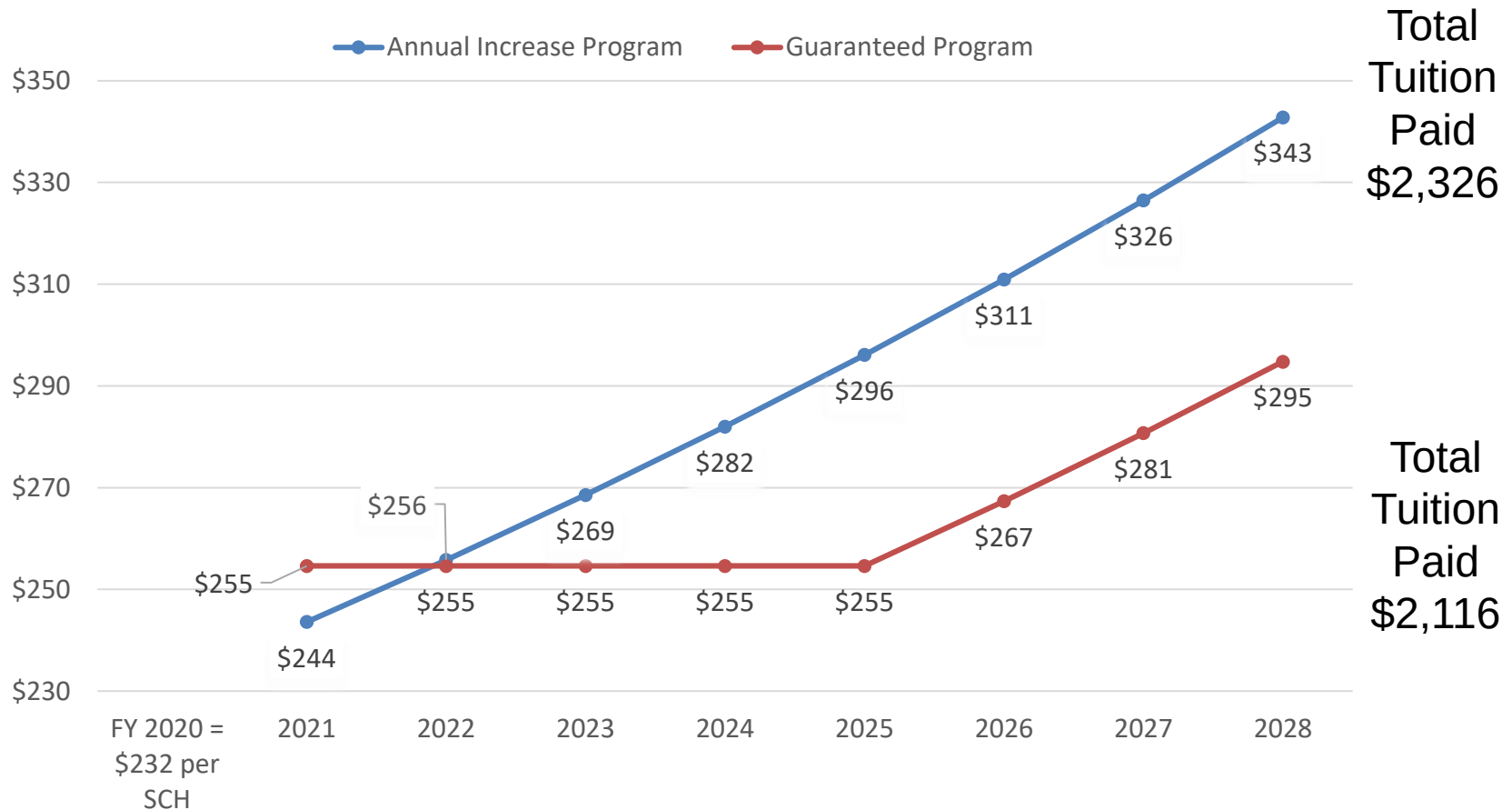




New Resident Undergraduate Students  
Graduation Time 5 yrs  
Assumed Annual Increases 5% - Average 5 Year Historical Rate  
5 year Guaranteed rate \$254.62 per SCH (9.75% increase)



New Resident Undergraduate Students  
Graduation Time 8 yrs  
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

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- ***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.

## Guaranteed Tuition Program Launched this year

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- Tuition rates were set and locked for new students starting in FY2021 (summer 2020, fall 2020, winter 2021 and spring 2021) and are locked for five cohort years

### GUARANTEED TUITION RATES THAT ARE LOCKED THROUGH SPRING 2025

|                                |  | Tuition Rate per SCH | Full-time Annual<br>Tuition Rate |
|--------------------------------|--|----------------------|----------------------------------|
| Resident<br>Undergraduates     |  | \$254.62             | \$11,457.90                      |
| Non-resident<br>Undergraduates |  | \$820.23             | \$36,910.35                      |

## Continuing Undergraduate Students (who started before Summer 2020)

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- Annual tuition increases for current undergraduate students who started before Summer 2020 will be locked at 3.0% per year for the next four years

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

|                             | FY2021<br>SCH Rate | FY2022<br>SCH Rate | FY2023<br>SCH Rate | FY2024<br>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 UG Cohort

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- TFAB recommends tuition and administratively controlled mandatory fees be set at:
  - **3.0%** higher than this year's **non-resident** first-year students
  - **4.5%** higher than this year's **resident** first-year students
- For the incoming UG cohort, tuition rates and admin-controlled mandatory fees would be **locked for 5 years**

*What are existing administratively controlled mandatory fees?*

|                       |                   |
|-----------------------|-------------------|
| Health Service Fee    | Student Union Fee |
| Recreation Center Fee | Building Fee      |
| Technology Fee        |                   |

# Graduate Tuition Proposals

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- Most proposed graduate tuition increases are 0% - 3% for FY22
- Lundquist College of Business: MBA program moving to a guaranteed tuition plan for full-time students
  - Current full-time MBA students: no tuition increase
  - Rates for incoming students: locked for length of program
  - Increases: 4.3% for new residents; 5.0% for new non-res
- School of Law: proposed increases (initially planned 5%)

| Program                         | Residents | Non-Residents |
|---------------------------------|-----------|---------------|
| Juris Doctorate (JD)            | 4.0%      | 4.0%          |
| LLM (Master of Laws)            | 4.0%      | 4.0%          |
| Conflict & Dispute Res'n (CRES) | 4.1%      | 4.0%          |



# New Athletics Ticket Fee Proposal

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- UO Athletics is proposing a new Athletics Ticket Fee **only** for incoming FY22 students
- Resulting from ASUO decision to reallocate \$1.8 million of I-Fee funding from the Athletics Student Ticket Agreement
- \$29.50 per term (not charged during the summer)
- Incoming FY22 undergrads & graduate students
  - access to almost all athletics events
  - access to annual allotment of football & basketball tickets
- 9 of 10 public PAC-12 Universities have an athletics fee or pay for athletics tickets out of incidental fees. The one school (Washington) that does not have a fee instead charges students to attend games and provides \$4.5 million of tuition waivers to Athletics Department.
- Current students would not be charged the fee (Athletics & Student Life working on their event access)

## Next Steps

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- President is collecting feedback from students, faculty and staff on TFAB Recommendations
- President will forward his tuition and fee proposals to the Board next week
- Board will make decisions about FY22 tuition and fee proposal at Board Meeting on March 8th – 9th