

# **Student Tuition Forum Budget Briefing**

**January 12<sup>th</sup>, 2021**

# Agenda

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

# 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*

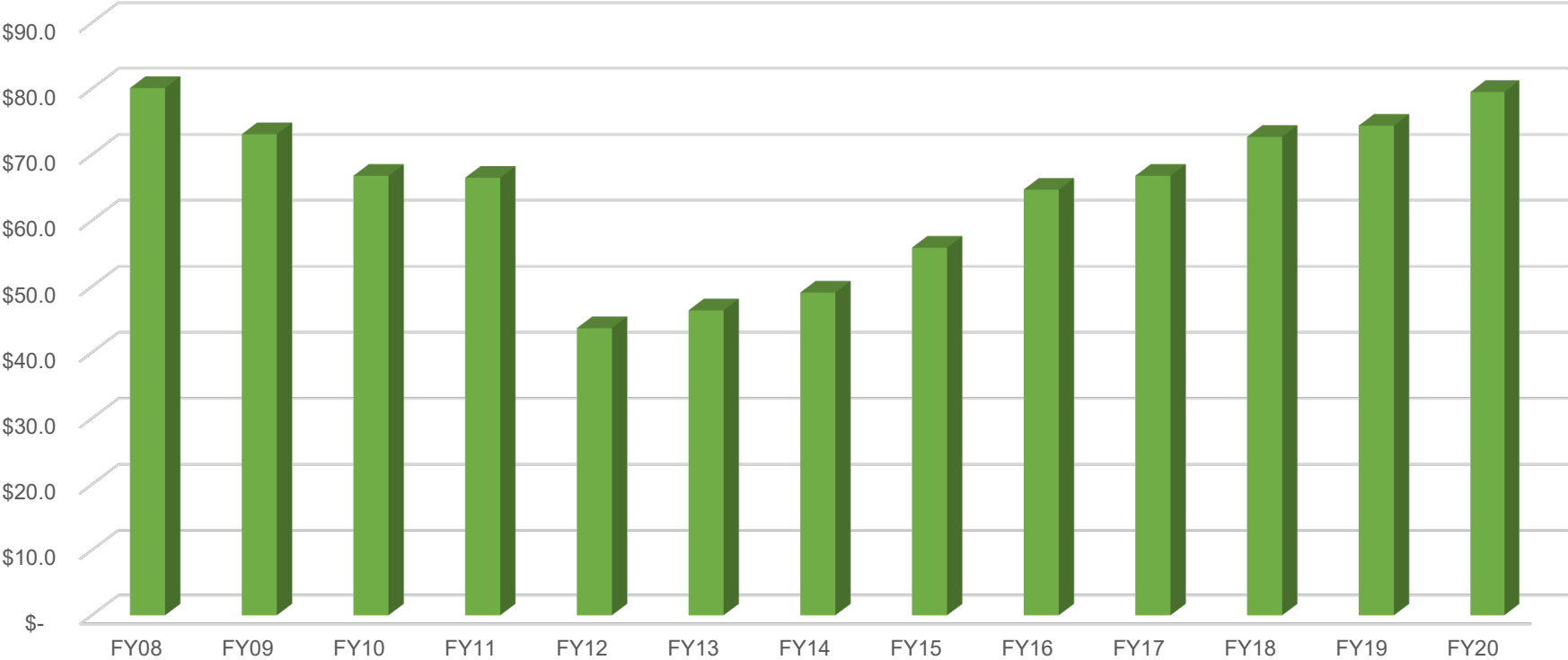
Grants & Contracts

Plant Funds

Auxiliary, Service Centers,  
and Designated Ops  
Funds

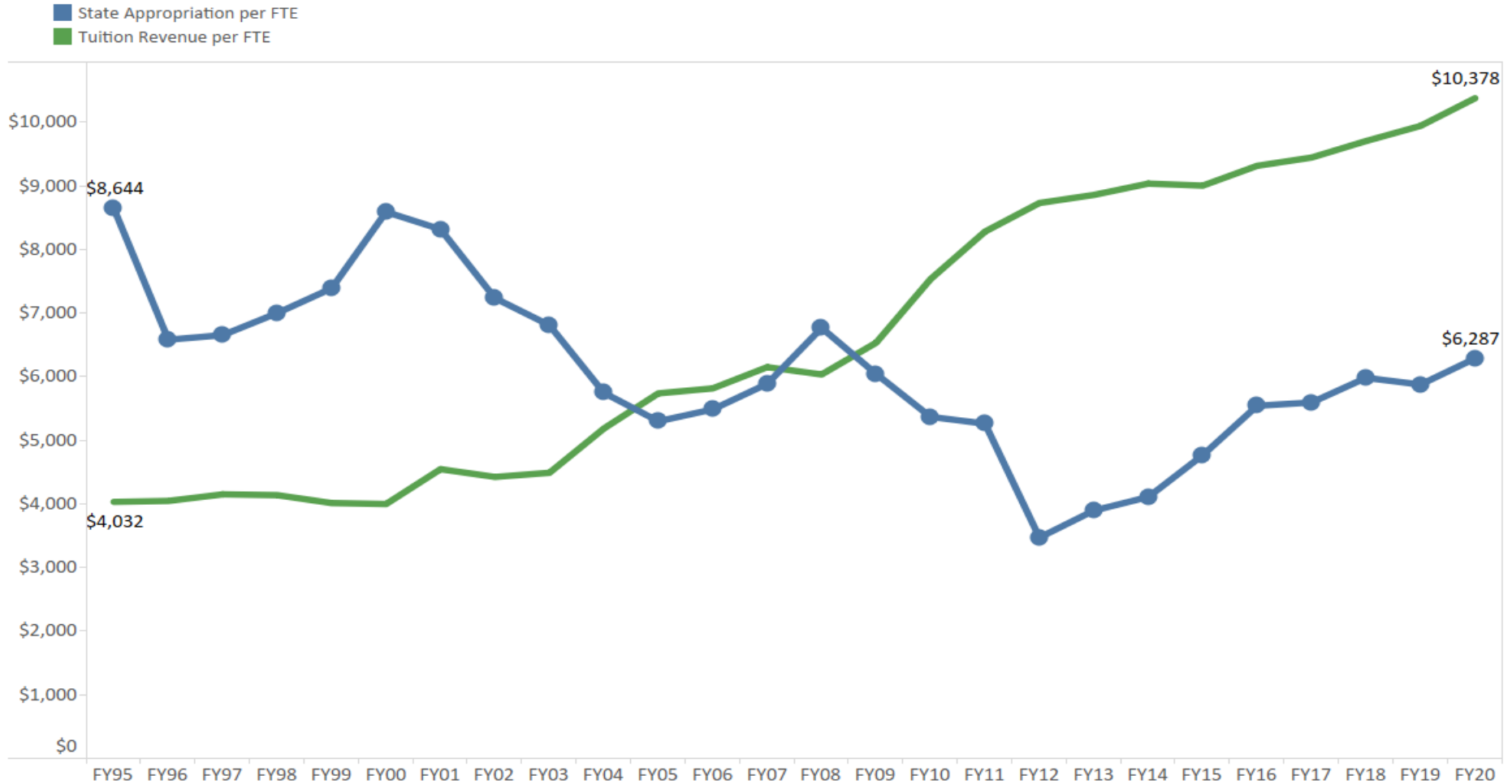
Restricted Gifts

# Decreased levels of State Appropriation



# Appropriation and Tuition

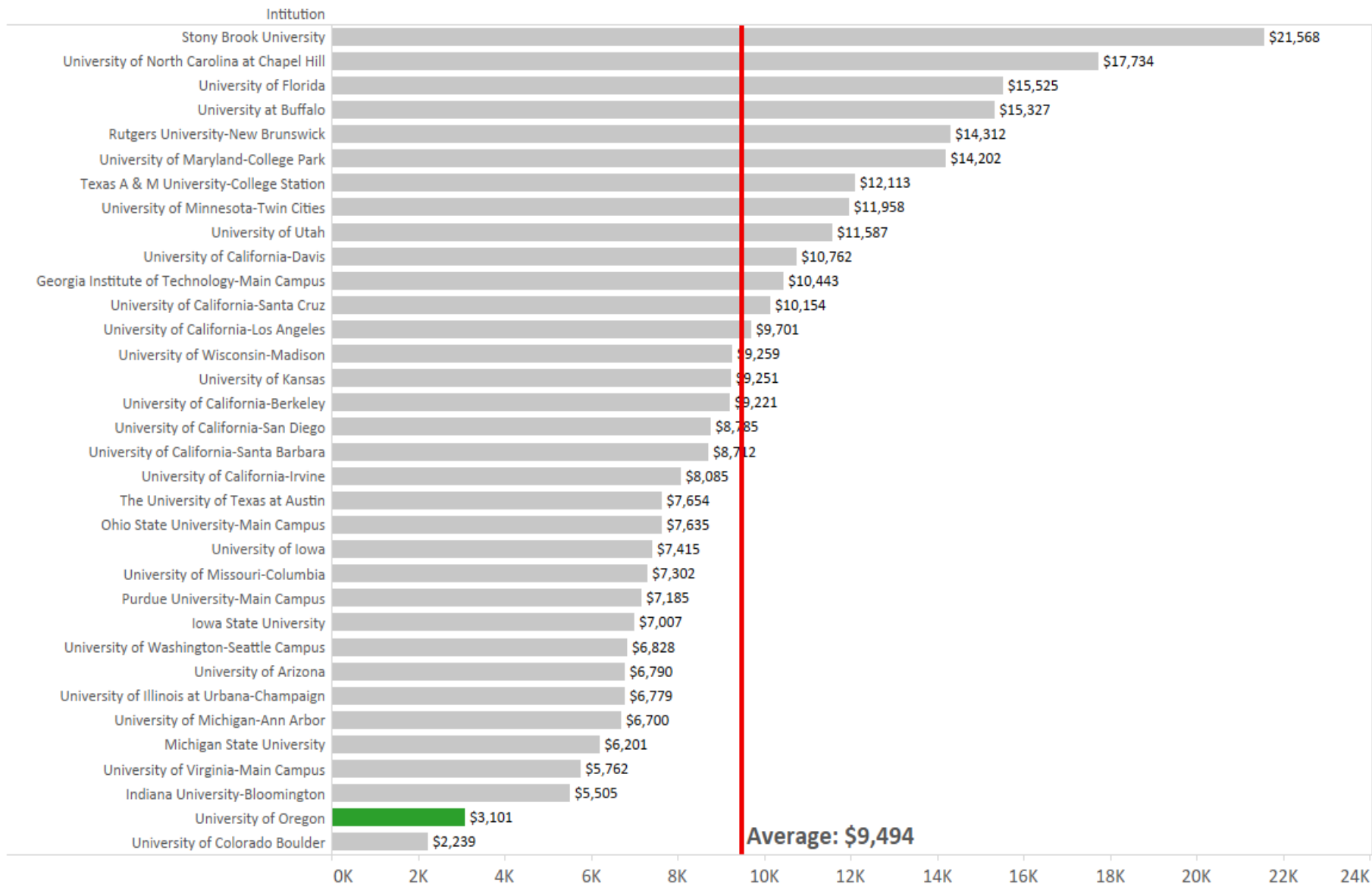
## State Appropriation and Resident Tuition Revenue per Resident Student FTE



*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)

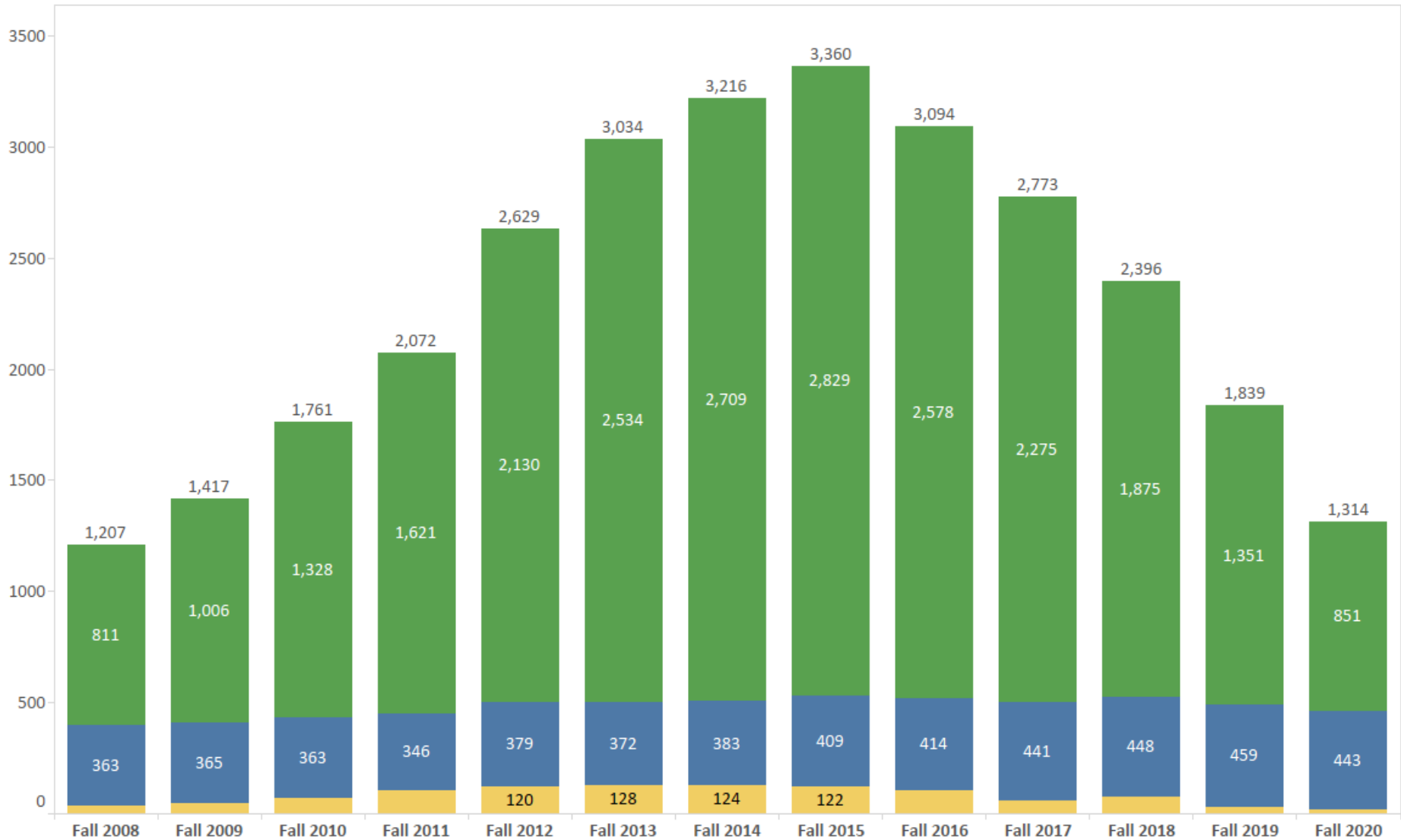


Notes:  
 1. Penn State University and University of Pittsburgh are excluded from the table because Pennsylvania has alternative state funding mechanisms.  
 2. The Student FTE corresponds to a 12-month FTE.  
 Source: IPEDS Finance (FY2018) and Enrollment (FY2018).

# 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 Cost Increase	FY21 Cost Increase	FY22 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><i>Total Projected Cost Increases</i></b>	<b><i>\$23.6 million</i></b>	<b><i>\$19.0 million</i></b>	<b><i>\$10.6 million</i></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

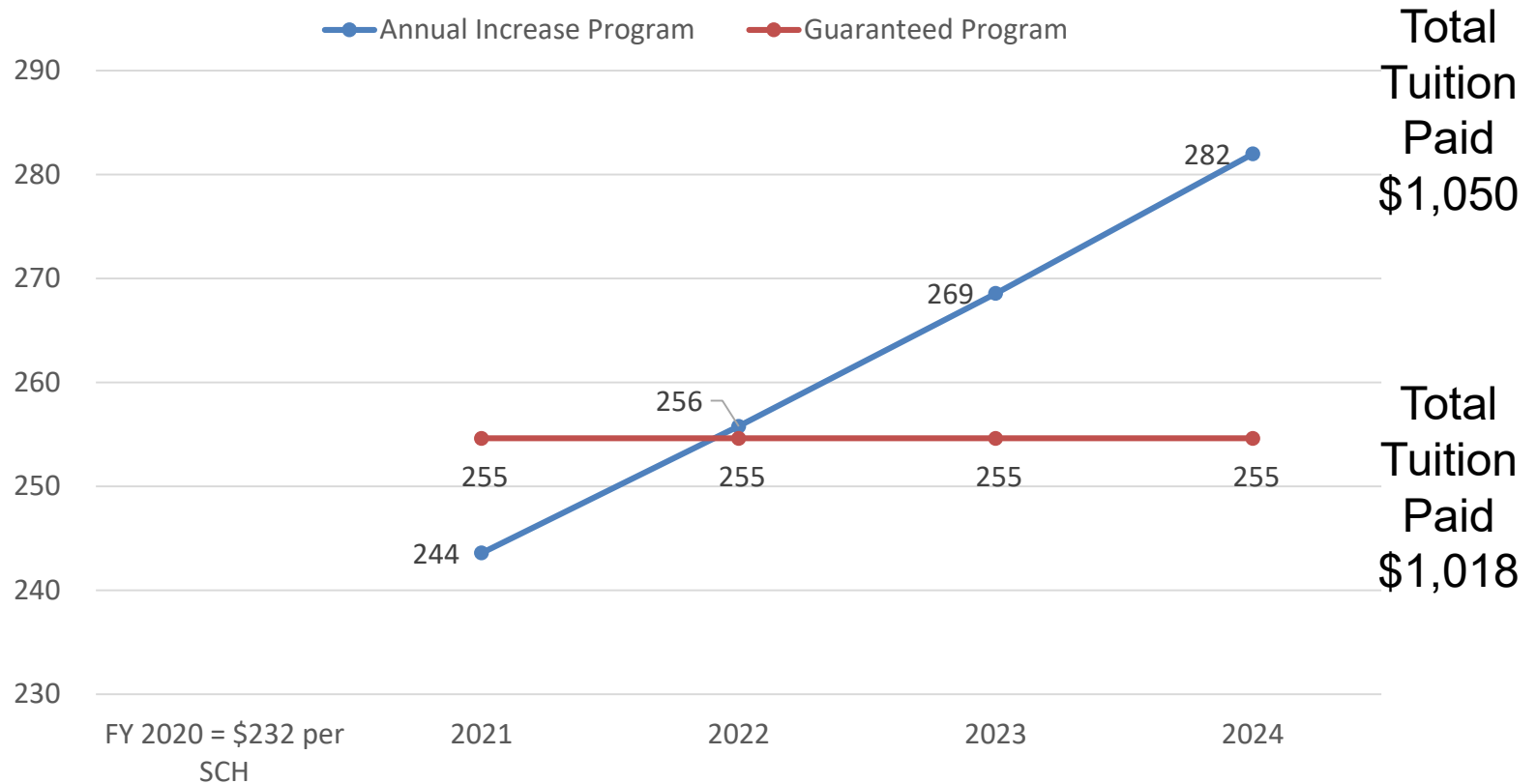
# Average Historical Annual Undergraduate Tuition Rate Increases

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

# New Resident Undergraduate Students Graduation Time 4 yrs

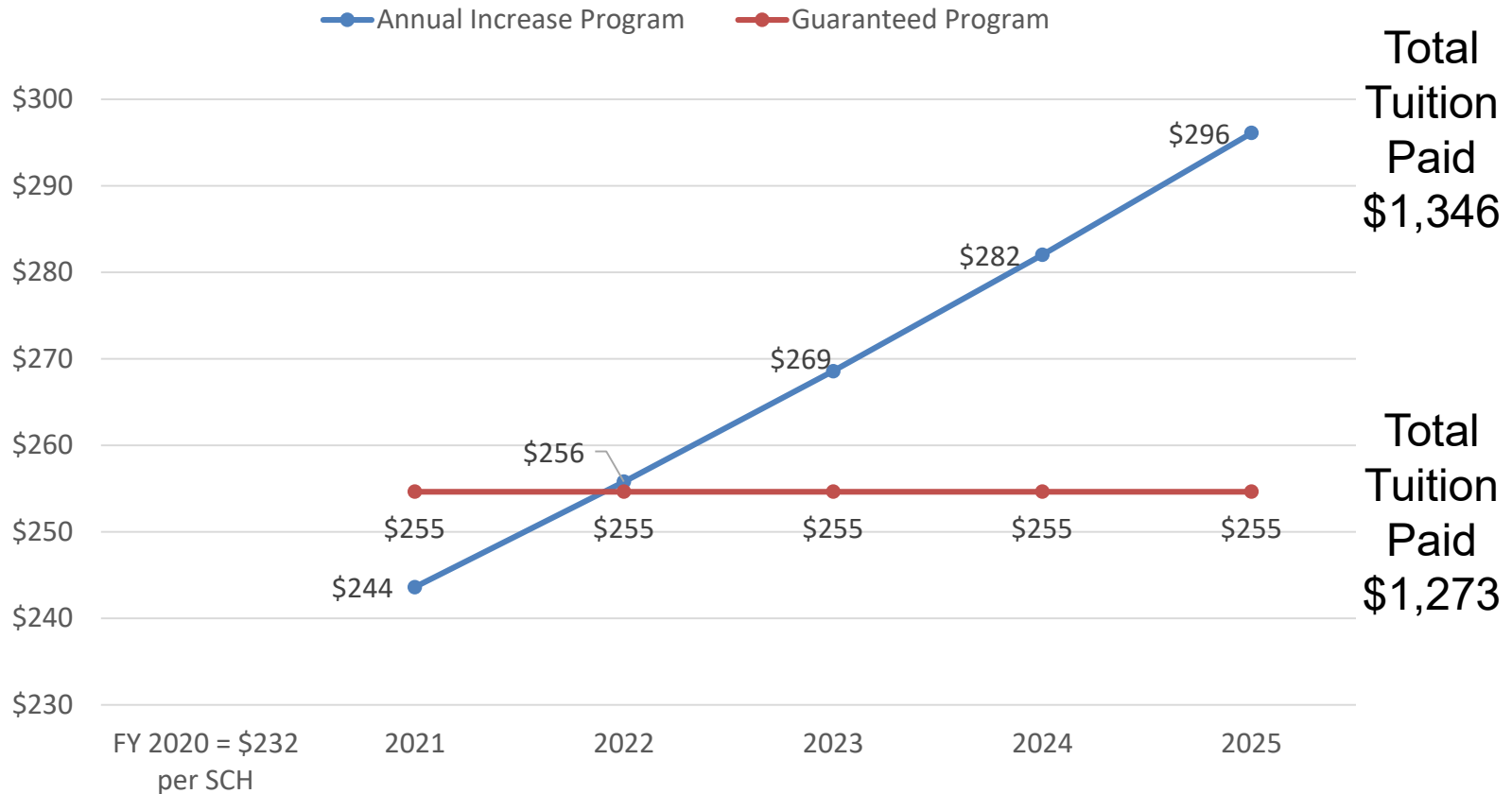
Assumed Annual Increases 5% - Average 5 Year Historical Rate  
5 year Guaranteed rate \$254.62 per SCH (9.75% increase)





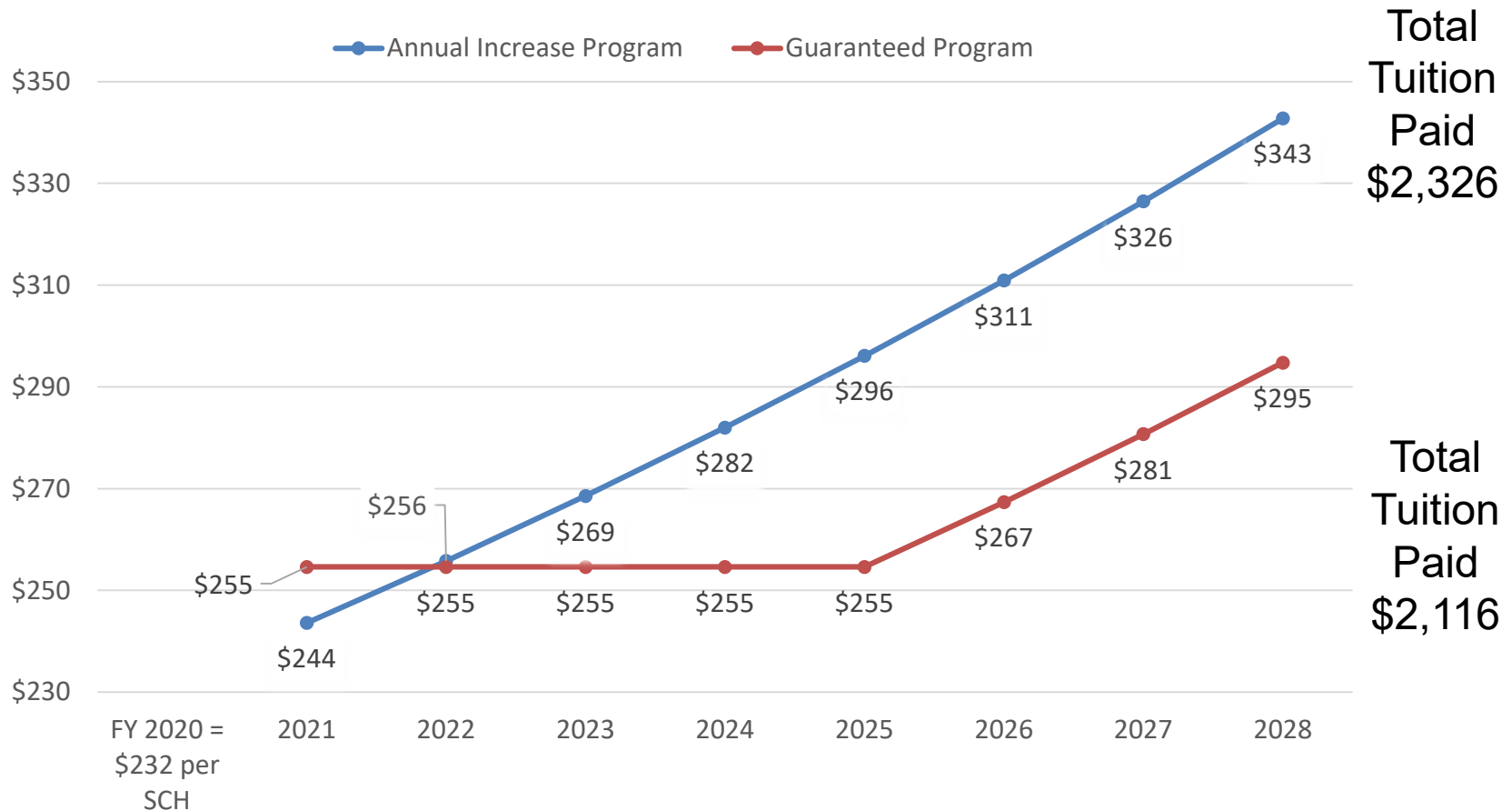
# New Resident Undergraduate Students Graduation Time 5 yrs

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.

# New Guaranteed Tuition Program for Incoming Undergraduate Students

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- Tuition rates are 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 Tuition Rate
Resident Undergraduates	\$254.62	\$11,457.90
Non-resident 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 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

# TFAB – Focus of Recommendations

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- Undergraduate Tuition – rate for new incoming cohort of first year students (which will then be locked for five years)
- Graduate tuition rate proposals
- Mandatory fee proposals (although total administratively controlled mandatory fees are locked for first year students and set at a 3% rate increase per year for other undergraduates)
- Course fees
- Other fees (e.g. Housing rates)