



UNIVERSITY OF OREGON

Guaranteed Tuition Program Conceptual Discussion

**Board of Trustees
December 10th, 2019**



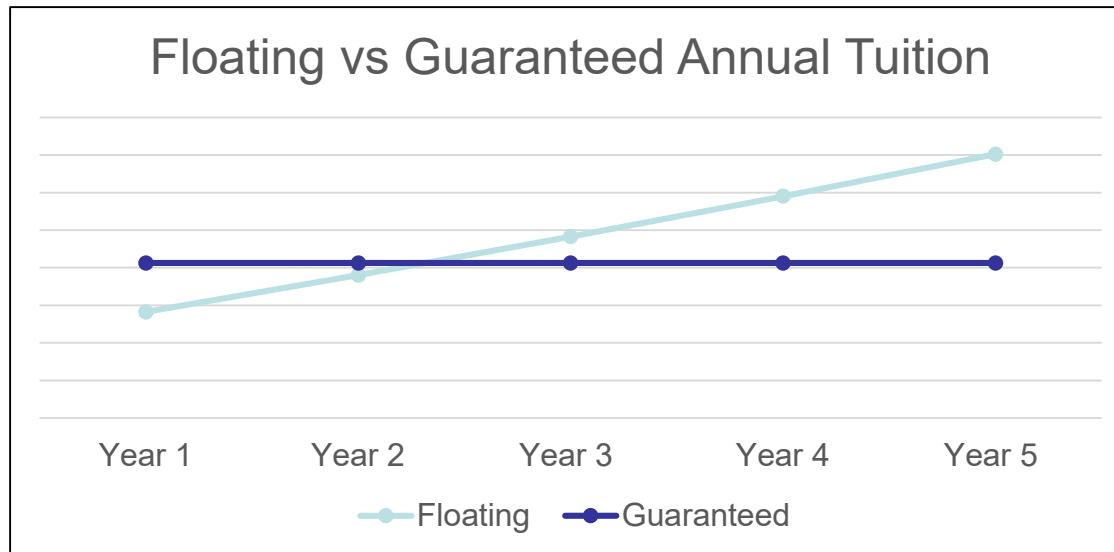
UNIVERSITY OF OREGON

Discussion Topics

- Guaranteed tuition program framework
- Advantages for students
- Advantages for the institution
- Framework parameters
- Approaches to current students
- Risks to the institution
- Experiences of other universities
- Next steps

Framework – Guaranteed Tuition Program

- 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 a set number of years - no matter what.
- Students know the full expected cost of their education before they decide to come to the University of Oregon.



Advantages of Guaranteed Tuition Program to 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 an insurance policy for students. Regardless of what happens to state funding or other cost drivers, their tuition rates are guaranteed for five years.
- ***Protection of Scholarship Value:*** Many scholarships are currently fixed dollar amounts. With a guaranteed tuition program, the value of a scholarship remains the same over the student's college career.

Advantages of Guaranteed Tuition Program to Institution

- **Recruiting:** The value 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 is most likely linked to students not anticipating tuition increases throughout their college career. Having a stable, predictable tuition rate should help with this issue.
- **Campus Climate:** stress on current students related to rising cost of education is reduced, allowing more focus of student, faculty and staff time on other important educational issues. The institution will continue to focus on keeping ongoing tuition costs for future students as low as possible.

Guaranteed Tuition Program – Current thoughts on Parameters

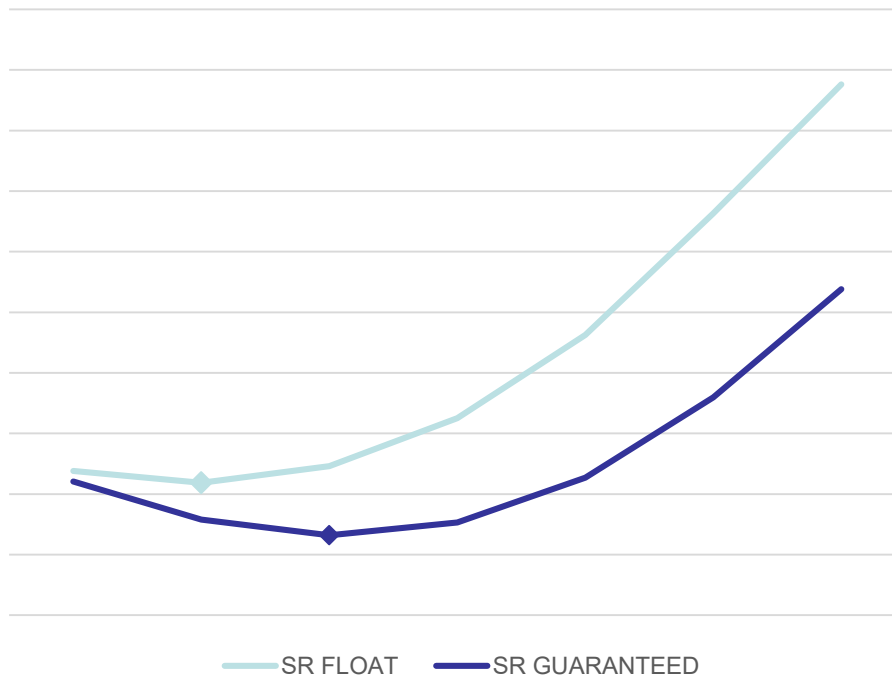
- Rates are locked in for five years for all students.
- All entering students in a given year – whether freshmen or transfers – pay the same guaranteed tuition rate.
- If a student takes longer than five years to graduate, in their sixth year they would pay the same tuition rate as students in the cohort behind them. If they stay a seventh year, they would be charged the rates of the cohort behind that. And so on.
- All administratively-controlled mandatory fees would also be locked, as would the Honor's College differential tuition.
- Fees charged on a course-by-course basis would not be part of the program.

Approaches to Current Students

- It would be ideal to provide a tuition guarantee for all existing students on campus.
- Implementing a multi-year differentiated program for existing students (i.e., existing students pay different rates based on when they started at the UO and also have different durations of guarantee) may be complicated and confusing.
- We could consider whether it is possible to implement one final tuition rate increase for all existing students and then provide them with a four year guarantee.
- This concept, along with specific figures, would need to be discussed by the Tuition and Fees Advisory Board (TFAB).

Risks of Guaranteed Tuition Program to Institution

ACCUMULATED GAIN / LOSS
BY SCENARIO



- Significant risk to institution if state cuts funding in recession:
 - Tuition rates to students with guaranteed tuition are locked.
 - Only tuition rates for incoming students can be increased.
 - Recovering from a cut will take longer and use up more reserves.

Risks of Program to Institution – Mitigation Strategy

- Establish reserve fund
- Possible sources of funding:
 - Increased revenue at start of program
 - Fundraising
 - Extra “insurance policy charge” added to rates

Guaranteed Tuition at Other Universities

Institution	Length (years) ²	Resident or Nonresidents	Mandatory or opt-in	Transfer student	Rate after four years ³	Part-time	Summer
U of Arizona	4	both	mandatory	yes	next cohort ¹	yes	excluded
U of Colorado at Boulder	4	both	mandatory	yes	next cohort	yes	excluded
U of Illinois at Urbana-Champaign	4	both	mandatory	yes	next cohort ¹	yes	included
U of North Carolina - Chapel Hill	4	resident	mandatory	yes	50% upchrg.	yes	included
Ohio State U	4	resident	mandatory	resident	next cohort	yes	included
Oklahoma State U ⁴	4	resident	opt-in	resident	variable	no	excluded
Texas A&M	4	resident	opt-in	resident	variable	no	included
U of Virginia	4	resident	opt-in	no	variable	no	excluded

¹ After sixth year the tuition rate becomes variable

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

³ Military, medical and family hardship extensions available

⁴ Not an AAU member institution

Next Steps

Action	Date
Feedback to president on program concept	December
Presidential direction to TFAB	Early January
TFAB discussion and recommendations	January and early February
Presidential review, including community input and feedback	Mid to late February
Presidential recommendation to board	Early March