

FAQs - Student Tuition Forum

- ***Is there a limit to how much tuition can be increased per year?***

Tuition is set and approved by the University of Oregon Board of Trustees. If the board approves an increase to resident undergrad tuition and fees of more than 5 percent, then the proposed increase needs to be approved by the Higher Education Coordinating Commission (HECC) or the legislature.

- ***Must resident and non-resident tuition and fees be raised by the same rate?***

There is no requirement to increase resident and non-resident tuition at the same rate.

- ***What are the largest cost drivers that necessitate tuition increases?***

In addition to increases in faculty, staff, and graduate employee salary and wages, increases to retirement costs set by the Public Employees Retirement System (PERS) and medical insurance costs set by the Public Employees' Benefits Board (PEBB) represent two of the largest cost drivers. The UO is legally required to participate in these state-mandated programs. When coupled with pay increases that are driven by collective bargaining agreements, these make up the vast majority of new expenses that the university must cover annually.

- ***A large portion of the cost drivers are based on salary increases for faculty and staff. Given the challenging budget situation, can't the university eliminate these increases?***

The university cannot unilaterally eliminate salary increases for faculty and staff. There are five labor unions on campus representing faculty and staff, each with a separately negotiated labor contract that stipulates the annual salary increases that the university is legally obligated to honor for each group. These increases are important, both to help us attract and retain talented faculty and staff and to keep pace with cost of living and market increases. It is important to note that in recent years the salary increases negotiated in the labor contracts have gotten smaller in recognition of the challenging budget situation. For example, this year the faculty labor agreement included a 2 percent annual pay increase.

- ***Why are the PERS increases so large? Who establishes these rates? Is it possible for the university to simply not fund the increases?***

PERS is a state-mandated benefit for state employees, including UO faculty and staff. The program is managed at the state level and the rates are set by the PERS Board. The program does not currently have enough assets to pay for all of the retirement obligations promised to existing and former employees. As a result, rates continue to go up and the university is legally bound to pay those rate increases.

- ***I understand that the PERS program is underfunded. How long do we anticipate this situation continuing?***

Unfortunately, the PERS issue is a long-term problem. Given the current underfunded status of the state plan, we have been told to expect significant PERS rate increases for the next six years. After that, PERS rates are likely to remain at these higher levels for decades to come.

- ***What are the plans for dealing with the PERS and PEBB challenges?***

We are working hard to lobby for more state funding to cover these state-mandated programs. This is part of the broader legislative process, which starts at the end of January.

- ***Why is the UO getting a cut to its state allocation next year? Can anything be done to change this?***

The Governor's Recommended Budget (GRB), which came out in November, outlined flat funding for all of Oregon's colleges and universities. Because of the way the funding is distributed over the two-year budget cycle, if this funding level is approved by the legislature, the university would actually see a cut of about \$2.7 million in state support in FY20. However, the governor also presented an "investment budget" in which she recommended a higher level of support for public universities if lawmakers can identify new revenue streams. The next legislative session begins in January and will likely not end until late June. The more student, alumni, faculty and staff voices that are heard in Salem, the better chance we have of encouraging legislators to approve a budget that increases public support for higher education. If you are interested in helping out with this effort, please reach out to either your ASUO representatives or one of the TFAB representatives who can help connect you with legislative staff working on this issue.

- ***Couldn't the university save money by cutting administrative salaries?***

In order to attract talented faculty and administrators to the university, the institution must offer salaries that are competitive in a national marketplace. Benchmark studies against the other public Association of American Universities (AAU) institutions show that, on average, the University of Oregon pays between 87 percent and 95 percent of the average of our peers for our employee groups. Cutting pay, either for administrators or faculty, would significantly impact our ability to recruit and retain faculty and staff. Additionally, some faculty and staff are part of collective bargaining units that would preclude such an action.

- ***Couldn't the university save money by offering cheaper online courses?***

The UO is committed to online learning that provides the same level of high-quality educational experience as in-classroom experiences, and we are in the process of increasing our online academic offerings. Although it may seem counter-intuitive, online classes are often more expensive than traditional classes. This is due to many factors including the development cost of creating online classes, the technology platforms upon which classes are offered, and the operating costs associated with these classes, particularly in classes designed to provide students with accessible support such as tutoring. Many universities charge students extra fees on top of tuition to pay for these additional online course costs.

- ***What is the UO doing to offer more scholarships?***

This is an area where the UO has made tremendous progress. Funding for need- and merit-based scholarships increased from \$21.6 million in 2013-14 to \$33.8 million in 2017-18, a gain of 56 percent. (See [UO Giving](#).) One of the key focuses of the fundraising campaign going forward is additional scholarships for students, including more support for the PathwayOregon program.

- ***Tuition increases are having a disproportionate impact on the most vulnerable students at the UO. What is the university doing about that?***

The University of Oregon recognizes the importance of helping make college a reality for low-income families. For this reason, we have put significant resources into the PathwayOregon program, which provides full tuition and fee scholarships to Oregonians who are academically qualified, PELL eligible, first-year freshmen. The program welcomed its largest class this fall, with over 800 students, which represents more than one third of the resident freshman class. In addition to financial support, PathwayOregon students receive intensive advising services to help them navigate college. In total over 2,500 students are currently supported by Pathway. Many of the students who benefit from PathwayOregon are the first in their families to go to college or are under-represented minorities. The university has been working hard to increase the diversity of our student population. Over the past ten years, we have seen a significant increase in the percentage of undergraduate students who are students of color from 16.6 percent to 30.3 percent.

- ***Why can't money from donors like Phil Knight be tapped for scholarships for students and to make donations that alleviate tuition increases?***

Private dollars can be used for scholarships, grants and other programs that reduce the cost of tuition for students. In fact, raising more money for such programs is one of the top priorities in the recent \$1 billion extension of the UO's capital campaign, including sustained support for PathwayOregon and more money for need- and merit-based aid. Generous donors have already provided tens of millions of dollars in direct aid for scholarships and student support. However, donor dollars that have been given to support specific programs

– such as new academic buildings, science initiatives, student centers, and classrooms – cannot be diverted for other purposes. When donors give to a specific project, it means that the gifts the university receives are restricted, and the university is legally required to use the funds for the purpose specified by the donor. The vast majority of funds that we receive from donors are restricted. That said, gift dollars frequently pay for enhancements to our campus and our programs, thereby substantively improving the quality of every student’s experience.

- ***Are the salaries paid to coaches in the athletics department causing tuition increases?***

No, the athletics department does not receive funding from tuition. They cover all of their operating costs with revenue generated from things like ticket revenue, PAC-12 conference distributions, and gifts. The university charges the athletics department, as well as other auxiliary operations (e.g., housing, the health center, etc.), an administrative overhead fee to account for the fact that they use university resources and services such as the financial system, general counsel’s office, human resources, etc. Last year the athletics department paid \$2.7 million in administrative overhead to the university. The athletics department also pays to the university the full amount of any and all scholarships it awards to student athletes, which equates to over \$13 million per year in support for the institution’s academic operations.

- ***Why are we constructing so many new buildings if we have such large budget issues? Isn’t this driving tuition up?***

The construction of new buildings does not significantly affect tuition. The majority of the funds that are used to construct new buildings on campus are coming from donor gifts, state-paid bonds or non-tuition revenue. For example, the vast majority of the costs of the construction of Hayward Field is paid for with donor gifts. The new Knight Campus is entirely funded with donor gifts and state-paid bonds. Other examples of recent construction that are funded primarily through gifts and state-paid bonds include the new science library, Tykeson Hall, and the renovation of Chapman Hall for the Honor’s College.

- ***Why can’t the funds from the university’s \$3 billion campaign be used to fill the budget gap that we are facing?***

As with most fundraising campaigns, almost all of the funds that are being raised in the university’s fundraising campaign are restricted, which means that they cannot be diverted from their intended purpose to support general university operations. Rather, they must be used to support the specific program, initiative, scholarship program or academic unit that the donor specified when the funds were gifted. The university is legally obligated to follow the directions established at the time of the gift. These funds are generally not available to pay for university-wide operating costs, including increases in faculty and staff salaries, or the cost of medical insurance or retirement programs.

TFAB-related acronyms

AAU	Association of American Universities The AAU is composed of North America's 62 leading research universities. The UO is one of only two AAU member organizations in the Pacific Northwest.
E&G fund	Education and General Expenses fund (or Budgeted Operations)
F&A rate/return	Facilities and Administrative rate/return
FTE	Full-time equivalent
FY	Fiscal Year. The UO uses July 1 through June 30 as its fiscal year.
GE	Graduate Employee
HECC	Higher Education Coordinating Commission The HECC sets state policy and funding strategies, administers numerous programs and over \$1.2 billion annually of public funding, and convenes partners working across the public and private higher education arena to achieve state goals. (HECC)
ICC	Indirect Cost Credits – revenue generated from the F&A rate charged to sponsored grants.
Pac-12	Collegiate athletic conference that operates in the Western US (12 colleges from Arizona, California, Colorado, Oregon, Utah, and Washington)
PEBB	Public Employees Benefit Board PEBB purchases and coordinates Health insurance benefits for approximately 140,000 Oregonians. (PEBB)
PERS	Public Employees Retirement System – Tiers 1 and 2, OPSRP (Oregon Public Service Retirement Plan) and ORP (Oregon Retirement Plan)
PUSF	Public University Support Fund – Funds allocated from HECC
TFAB	Tuition and Fee Advisory Board The Tuition and Fee Advisory Board (TFAB) is the university's official advisory group charged with reviewing and recommending tuition and fee proposals each year, prior to their submission to the President and Board of Trustees. TFAB is advisory to the President and its members are drawn broadly from the university community, including students, faculty, and staff.