Agenda

• UO Budget Structure
• FY20 Budget Challenges
• FY21 Cost Drivers
• Guaranteed Tuition Concept
• TFAB Recommendations
UO Budget Structure

E&G Funds
- Tuition revenue
- State Appropriation
- F&A Return
- Overhead revenue
- Fee revenue, interest earnings

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

School & College Budgets

Central Admin Budgets

Institutional Expenses (Debt, assessments, utilities, leases)

Grants & Contracts

Plant Funds

Auxiliary, Service Centers, and Designated Ops Funds

Restricted Gifts
Decreased levels of State Appropriation

Loss of nearly $6 million of annual support per year
 Appropriation and Tuition

State Appropriation and Resident Tuition Revenue per Resident Student FTE

$8,479
$8,842
$5,622
$3,955

Note: The chart compares state appropriation and resident tuition revenue on a per student FTE basis. Figures are expressed in inflation-adjusted 2019 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, 2019.
Source: UO Office of Institutional Research.
E&G Fund

• FY16, FY17 and FY18: Balanced budget due to state investment, tuition increases and budget cuts

• FY19: $11.5 million deficit

• FY20: $10.3 million projected deficit
Recent Cost Cutting

• FY2017
  – Administrative Cuts - $3.0M
  – CAS Cost Cut - $3.3M

• FY2018
  – Presidential Directed Cuts- $4.5M

• FY2019:
  – Administrative and Academic Cuts: $11.6 million

• Three year total: $22.4 million per year
## Average Historical Annual Undergraduate Tuition Rate Increases

<table>
<thead>
<tr>
<th></th>
<th>10 Year Average</th>
<th>5 Year Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>5.4%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Non-Resident</td>
<td>4.4%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
Agenda

- UO Budget Structure
- FY20 Budget Challenges
- FY21 Cost Drivers
- Guaranteed Tuition Concept
- TFAB Recommendations
## Summary – Major FY2021 E&G Fund Cost Drivers

<table>
<thead>
<tr>
<th>Cost Driver</th>
<th>FY21 Cost</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty, Staff and GE Salary and Wages</td>
<td>$11.6 million</td>
<td>E&amp;G employee increases based on existing collective bargaining agreement for approximately 1,435 faculty, 660 classified staff, and 1,281 graduate employees. Also includes estimate for approximately 1,055 unrepresented staff. Figures are for employees paid with E&amp;G funds only.</td>
</tr>
<tr>
<td>Medical Costs</td>
<td>$2.5 million</td>
<td>Actual December 2019 increase of 6.5% due to new tax, and estimated next December 2020 increase of 3.5%.</td>
</tr>
<tr>
<td>Retirement Costs</td>
<td>($0.5 million)</td>
<td>Includes savings on composition of retirement tiers and from pension bond debt rate reduction. Includes cost of new legislation adding PERS rates charges for UO employed retirees.</td>
</tr>
<tr>
<td>Institutional Expenses</td>
<td>$0.5 million</td>
<td>Increases related to utilities, insurance, debt for academic buildings, assessments, and leases.</td>
</tr>
<tr>
<td>Strategic Investments</td>
<td>$2.0 million</td>
<td>Allocated via strategic investment process.</td>
</tr>
<tr>
<td>Minimum Wage Increase</td>
<td>$1.9 million</td>
<td>Increases per State of Oregon minimum wage increase to $12.75/hr including associated OPE.</td>
</tr>
<tr>
<td><strong>Total Projected Cost Increases</strong></td>
<td><strong>$18.0 million</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Cost Drivers – PERS Costs

<table>
<thead>
<tr>
<th>Projected Annual Increases</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>E &amp; G Fund</td>
<td>$7.1M</td>
<td>$0</td>
<td>$7.1M</td>
<td>$0</td>
<td>$7.1M</td>
</tr>
<tr>
<td>Other</td>
<td>$3.4M</td>
<td>$0</td>
<td>$3.0M</td>
<td>$0</td>
<td>$3.0M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10.5M</strong></td>
<td><strong>$0</strong></td>
<td><strong>$10.1M</strong></td>
<td><strong>$0</strong></td>
<td><strong>$10.1M</strong></td>
</tr>
</tbody>
</table>

## Projected Cumulative PERS Increases

- **FY18** = $10.5M
- **FY19** = $0
- **FY20** = $10.1M
- **FY21** = $0
- **FY22** = ?

### Graph

- **FY18**: $10.5M
- **FY19**: $0
- **FY20**: $10.1M
- **FY21**: $0
- **FY22**: ?
Agenda

- UO Budget Structure
- FY20 Budget Challenges
- FY21 Cost Drivers
- Guaranteed Tuition Concept
- TFAB Recommendations
Tuition and Fee Advisory Board (TFAB)

- Advisory group to the President, charged with
  - developing undergraduate tuition recommendations
  - reviewing mandatory fees, major non-mandatory fees, and graduate tuition proposals each year

- Eighteen official members: students, faculty, and staff
  - Students: 2 ASUO officers, 2 undergrads, 1 grad
  - Two faculty: one drawn from Senate Budget Committee
  - Staff: VPs, AVPs, deans, and directors from budget office, Education, Graduate School, Financial Aid, Institutional Research, law school, Natural Sciences, Student Life, Undergraduate Education

- Guests are welcome to attend TFAB meetings, in addition to TFAB members
Framework – Guaranteed Tuition Program

• For each entering class year, there is a set resident and non-resident tuition rate per 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, Honor’s 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
TFAB Recommendations
New Resident Undergraduate Students
Graduation Time 4 yrs
Assumed Annual Increases 4.50%
5 year Guaranteed rate $256.94 per SCH

![Graph showing tuition trends over years]

Total Tuition Paid
$1,037

Total Tuition Paid
$1,027

FY 2020 = $232 per SCH
2021
2022
2023
2024

Annual Increase Program
Guaranteed Program
TFAB Recommendations
New Resident Undergraduate Students
Graduation Time 5 yrs
Assumed Annual Increases 4.50%
5 year Guaranteed rate $256.94 per SCH

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Increase Program</th>
<th>Guaranteed Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$230</td>
<td>$257</td>
</tr>
<tr>
<td>2021</td>
<td>$242</td>
<td>$257</td>
</tr>
<tr>
<td>2022</td>
<td>$253</td>
<td>$257</td>
</tr>
<tr>
<td>2023</td>
<td>$257</td>
<td>$257</td>
</tr>
<tr>
<td>2024</td>
<td>$257</td>
<td>$257</td>
</tr>
<tr>
<td>2025</td>
<td>$289</td>
<td>$257</td>
</tr>
</tbody>
</table>

Total Tuition Paid
- Annual Increase Program: $1,326
- Guaranteed Program: $1,284
TFAB Recommendations
New Resident Undergraduate Students
Graduation Time 8 yrs
Assumed Annual Increases 4.50%
5 year Guaranteed rate $256.94 per SCH

Total Tuition Paid
FY 2020 = $232 per SCH
$2,127

$242 $253 $257 $257 $257 $257 $257 $265 $277 $289 $302 $316 $330

Total Tuition Paid
FY 2020 = $2,274
$2,274
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 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 to 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.
Agenda

- UO Budget Structure
- FY20 Budget Challenges
- FY21 Cost Drivers
- Guaranteed Tuition Concept
- TFAB Recommendations
### Average Historical Annual Undergraduate Tuition Rate Increases

<table>
<thead>
<tr>
<th></th>
<th>10 Year Average</th>
<th>5 Year Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>5.4%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Non-Resident</td>
<td>4.4%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
TFAB Recommendations: New Guaranteed Tuition Program for Incoming Undergraduate Students

- **Resident**: The guaranteed resident tuition rate will be set at $256.94 per credit hour (10.75% above FY2020 rate). This tuition rate is guaranteed for five years, and will not increase during that time. Annual full-time tuition for new resident undergraduates will be locked at $11,562 per year for five cohort years.

- **Non-resident**: The guaranteed non-resident tuition rate will be set at $820.23 per SCH (7.50% above FY2020 rate). This tuition rate is guaranteed for five years and will not increase during that time. Annual full-time tuition for new non-resident undergraduates will be $36,910—guaranteed for five cohort years.
TFAB Recommendations for current students

– Fixed set of **annual tuition increases of 3% per year** for up to four years; annual increases set below 5 year and 10 year average annual increases

– *Resident*: For the upcoming academic year, this translates into a $6.96 per student credit hour (SCH) increase (3.00%), from $232 per SCH to $238.96 per SCH. This increases tuition on a full-time annual basis to $10,753 (a $313 increase) effective for fall 2020.

– *Non-resident*: This translates to a $22.89 per student credit hour (SCH) increase (3.00%), from $763 per SCH to $785.89 per SCH. This increases tuition on a full-time annual basis to $35,365 (a $1,030 increase) effective for fall 2020.