



UNIVERSITY OF OREGON

# **Guaranteed Tuition Program**

**November 13<sup>th</sup>, 2020**

Tuition and Fee Advisory Board

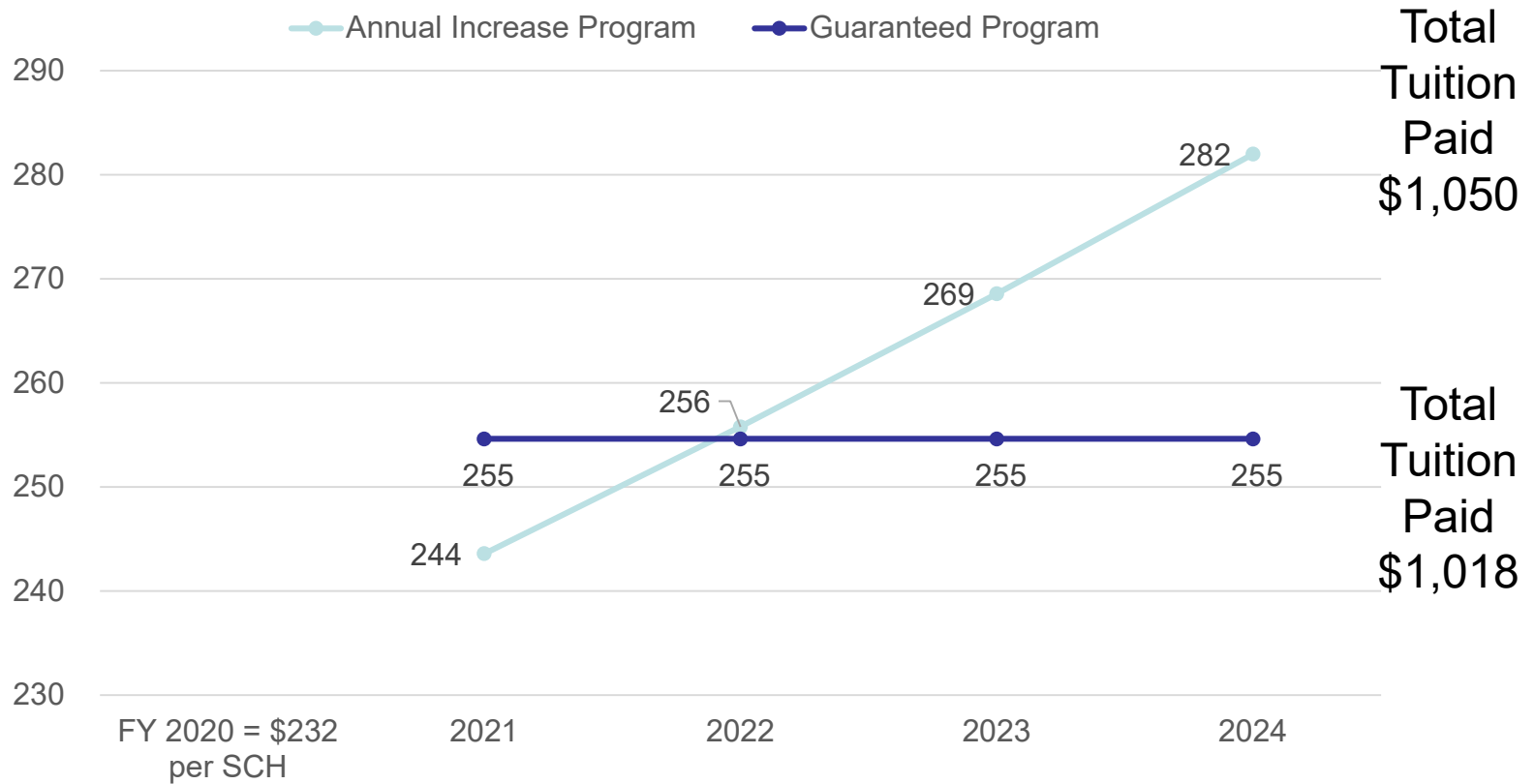
# Framework – Guaranteed Tuition Program for Undergraduate Students

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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

# 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.

# Advantages of Guaranteed Tuition Program for Institution

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- ***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.

# Guaranteed Tuition at Other Universities

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Institution	Length of GT years <sup>2</sup>	Resident or non-resident	Mandatory or opt-in	Transfer students	Rate after four years <sup>3</sup>	Part-time	Summer
U of Arizona	4	both	mandatory	yes	next cohort <sup>1</sup>	yes	excluded
U Colorado Boulder	4	both	mandatory	yes	next cohort	yes	excluded
U of Illinois Urbana-Champaign	4	both	mandatory	yes	next cohort <sup>1</sup>	yes	included
U of North Carolina Chapel Hill	4	resident	mandatory	yes	50% upcharge	yes	included
Ohio State	4	resident	mandatory	no	next cohort	no	included

<sup>1</sup> After the sixth year, the tuition rate becomes variable

<sup>2</sup> Five-year undergraduate programs extend guaranteed rate through the fifth year

<sup>3</sup> Military, medical, and family hardships extensions available



# Guaranteed Tuition Program – Reserve Fund

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- New Guaranteed program locks tuition and fee rates for new students for five years
- Institution takes on more risk related to crisis situation (e.g., significant drop in state funding)
- Tuition increases that would have been applied to all students can only be applied to new cohorts of students
- Takes longer to adjust budget
- Recommendation: establish new reserve fund (\$20 million)
  - \$4 million of institutional resources
  - \$6 million of philanthropy
  - \$10 million donor pledge re: crisis situation

# Presidential Recommendation: New Guaranteed Tuition Program for New Undergraduate Students

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- Program Includes:
  - Tuition
  - Administratively controlled mandatory fees
  - Honors college differential tuition
  - Business school differential tuition
  - International student fee
- Rates are set for students matriculating and enrolling in FY2021 and are locked through spring term FY2025

# 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%

# Presidential Recommendation: 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

	Rate increase from FY2020	Tuition Rate per SCH	Full-time Annual Tuition Rate
Resident Undergraduates	9.75%	\$254.62	\$11,457.90
Non-resident Undergraduates	7.5%	\$820.23	\$36,910.35

# Presidential Recommendations: Current students

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- Annual tuition increases for current undergraduate students 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

# Administratively Controlled Mandatory Fees

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- Administratively controlled mandatory fees include:
  - Building Fee
  - Health Service Fee
  - Rec Center Fee
  - Student Union Fee
  - Technology Fee
- Increases for FY2021 only related to Rec Center Fee and Student Union Fee in order to address budget issues for those units

# Rec Center and Student Union Fee Increases

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- Increases are in direct response to budget deficits associated with declining numbers of fee-paying students:
  - Decrease in overall campus enrollment
  - Reduction in fees for off-campus students
  - Online students in summer no longer assessed Student Union or Rec Center fees
- Unsustainable for the units to continue using reserves to cover the necessary recurring budget expenditures.
- Technical change: combining two Rec Center Fees into one fee to simplify fee structure

# Administratively Controlled Mandatory Fees

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- New Undergraduate Students: total administratively controlled fees will increase 5.4% and then be locked for five cohort years
- Continuing Undergraduate Students: total administratively controlled fees will increase at 3.0% per year for the next four years
- Graduate Students: administratively controlled fees will be set each year on an annual basis, along with their tuition – FY2021 recommendation is 3.5%



# Administratively Controlled Mandatory Fees (per term)

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Administratively Controlled Mandatory Fees	All Graduate Students			Continuing Undergraduates		New, Incoming Undergraduate Students (2020 Cohort) - Locked	
	FY2020	FY2021	%	FY2021	%	FY2021	%
	Fee	Fee	Increase	Fee	Increase	Fee	Increase
Building Fee	\$ 45.00	\$ 45.00	0.0%	\$ 45.00	0.0%	\$ 45.00	0.0%
Health Center Fee	\$ 233.25	\$ 233.25	0.0%	\$ 233.25	0.0%	\$ 233.25	0.0%
Rec Center Bond Fee	\$ 38.00	\$ 38.00	0.0%	\$ 38.00	0.0%	\$ 38.00	0.0%
Rec Center Fee	\$ 64.50	\$ 75.25	16.7%	\$ 72.56	12.5%	\$ 82.88	28.5%
EMU Fee	\$ 70.00	\$ 77.00	10.0%	\$ 77.00	10.0%	\$ 78.54	12.2%
Tech Fee	\$ 50.00	\$ 50.00	0.0%	\$ 50.00	0.0%	\$ 50.00	0.0%
<b>Total</b>	<b>\$ 500.75</b>	<b>\$ 518.50</b>	<b>3.5%</b>	<b>\$ 515.81</b>	<b>3.0%</b>	<b>\$ 527.67</b>	<b>5.4%</b>

# Mandatory Fees – Incidental Fee

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- The Associated Students of the University of Oregon (ASUO) has the authority to:
  - request the amount of the Incidental Fee (I-Fee)
  - recommend uses of the proceeds of the I-Fee
  - request modification of the I-Fee
- Each year, the I-Fee proposal is developed through a process governed by the ASUO, and is not part of the TFAB's purview.
- For AY20-21, ASUO leadership has recommended a 4.8% Incidental Fee increase, from \$259.25 to \$271.75 per term.

# Honors College Differential Tuition

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- Normal university practice is to increase the Honors college differential tuition at same rate as resident tuition
- Honors College differential will be part of the guaranteed tuition program

	<b>Percentage increase</b>	<b>FY2021 Rate</b>	<b>Notes</b>
New students	9.75%	\$2,963.25	Rate locked for five years
Current students	3.0%	\$2,781.00	Rate will increase 3.0% per year

# Guaranteed Program – Other Components

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- The Guaranteed Tuition Program will lock rates for five cohort years for:
  - Tuition
  - Administratively controlled mandatory fees
  - Honors College differential
  - Business School differential
  - International Student Fees
- Business School differential tuition rates and the international student fee are not increasing for FY2021 and will be locked for new students at the current rate