**Frequently Asked Questions**

**Student Tuition Forum, January 11, 2022**

The Oregon Guarantee

* ***What is the Oregon Guarantee?***

The Oregon Guarantee is a tuition guarantee that applies to all first-year, second-year, and transfer students who first enrolled on or after summer term 2020. It covers undergraduate tuition, most mandatory fees, Honors college differential tuition, undergraduate differential tuition at the College of Business, and the international fee. For these costs, the annual tuition and fee rates undergraduates pay when they first enroll don’t change for five years. <https://financialaid.uoregon.edu/oregon-guarantee/>

* ***What about tuition costs for students who were enrolled at UO before summer term 2020?***

Undergraduate students who were already at UO prior to the implementation of the guaranteed tuition program now have locked tuition rate increases of 3% per year for up to three years (through FY2024). These increases are much lower than previous annual increases over the last decade. The 10-year average annual undergraduate tuition increase prior to the implementation of the guaranteed tuition program had been 5.4% for resident students and 4.3% for non-resident students.

* ***Which tuition and fees are discussed by TFAB now that the tuition guarantee is in place?***

The Tuition and Fee Advisory Board (TFAB) discusses tuition and fees for the incoming freshmen and transfer students each year. The rates that are set will hold for five years under the Oregon Guarantee. TFAB also discusses graduate tuition and fees, course fees, and other fees not included in the guarantee.

Tuition in general

* ***Is there a limit to how much tuition can be increased for the incoming cohort?***

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.

* ***Tuition increases have had 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](https://pathway.uoregon.edu/), which provides full tuition and fee scholarship to Oregonians who are academically qualified, PELL-eligible first-year freshmen. The program welcomed over 516 students in fall 2021. In additional to financial support, PathwayOregon students receive intensive advising services to help them navigate college. In total, over 2,600 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 18.7 percent to 34.0 percent.

Tuition cost drivers (and costs that do not impact tuition)

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

In addition to increases in faculty, staff, and graduate employee salary and wages (the majority of which are contractually obligated) 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. In recognition of the challenging budget situation created by the COVID-19 pandemic, the faculty labor agreement for FY2021 did not include an annual salary increase. Labor agreements reached with classified staff and faculty provide for cost-of living adjustments over multiple years as part of the collective bargaining process.

* ***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 was 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.

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

No, the athletics department does not receive funding from tuition dollars. 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. In FY20, the athletics department paid approximately $3 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 about a little over $14.5 million per year in support for the institution’s academic operations.

State-mandated cost drivers: PERS and PEBB

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

The Public Employees Retirement System (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 PERS rates to remain at their historical high levels for years to come.

Cost cutting

* ***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.

* ***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 99.5 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.

Fundraising and scholarships

* ***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 $28.2 million in 2013-14 to $53.4 million in 2020-21, a gain of 89.3%. One of the key focus areas of the fundraising campaign going forward is additional scholarships for students, including more support for the PathwayOregon program.

* ***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, including PathwayOregon, was one of the top priorities of the last fundraising campaign, 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.

* ***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, such as increases in faculty and staff salaries, or the cost of medical insurance or retirement programs.