

OREGON TECH | BOARD OF TRUSTEES | 5.8.2017



Academic Year 2017-18 Tuition & Fees Recommendation

Brian Fox | Vice President of Finance and Administration | Oregon Tech



Tuition Recommendation Committee

Committee Charter



This Committee is responsible for recommending the tuition and mandatory fee rates to the institutional president. This Committee is comprised of six students, representing both campuses and appointed by the ASOIT president(s); and the Fiscal Operations Advisory Council (FOAC) chair, with support from senior administrators. The institutional president shall designate one member to chair the Committee.

The Committee will meet at least twice from November to February. Its meetings shall be open to the public and broad notification of the meetings shall be made to the university community. The committee will consider the guidelines provided by the Board, the budget information provided by the Vice President for Finance and Administration, tuition rates at other public and private universities in the region and such other information as it shall deem appropriate.

Tuition Principles & Process



Guiding Principles

- Tuition levels shall have a solid rationale and justification
- Tuition shall be appropriate to ensure that quality is maintained in all academic and support programs, thus assuring an excellent return on investment for our students and their families
- The Committee shall ensure that they communicate openly and transparently with all stakeholders
- Tuition levels shall be appropriate to support the long-term financial stability of the institution and be in alignment with its mission, vision and values
- The Committee shall strive to reduce complexity in the tuition structure where possible

Principles & Process Continued



Process Requirements

- The Committee shall use data and comparisons to other peer institutions
- The Committee shall understand the institution's overall budget and significant cost drivers, including which expenses and revenues are within the institution's control
- The Committee shall be open to and respectful of dialogue, constructive criticism and feedback
- The Committee shall strive to create conditions for real and substantive feedback from all campus constituencies including students, faculty and staff

TRC Membership



Richard Bailey	Faculty		Kevin Malstrom	ASOIT - WV
James Finch	Student		LeAnn Maupin	Interim Provost
Erin Foley	VP SA		Michelle Meyer*	Business Director
Brian Fox	VP F&A		Steve Neiheisel	VP SEM
Lori Harris*	Budget		Zach Pascual	ASOIT - KF
Peggy Hawkins	ASOIT - WV		Farooq Sultan*	IR
Cheyenne Low	ASOIT - KF		Terri Torres	Faculty
Anne Malinowski	Registrar's Office		Erika Veth	Dean
*indicate committee technical support team members				

TRC Process



Tuition Development Timeline

		2017				
Owner	Action	Jan	Feb	Mar	Apr	May
TRC	TRC Meets to establish meeting dates, process and review needs		■			
TRC	TRC meets for tuition review and budget information		■			
TRC	TRC meets to discuss tuition ranges			■		
TRC	TRC meets to weigh board feedback and discuss recommendation			■		
TRC	TRC meets to establish tuition recommendation			■		
TRC	TRC hosts community/student forums in KF and WV				■	
BOT	Board of Trustees meet and hear budget and tuition scenarios					■
I Fee	Incidental Fee Committees meets to set fee recommendation	■	■	■		
ASOIT	ASOIT Tuition Recommendation Letter sent to Pres.				■	
ASOIT	ASOIT Incidental Fee Recommendation Letter sent to Pres.				■	
President	President makes tuition recommendation to BOT				■	
F&F	Board Executive Committee meets to recommend tuition					■
BOT	Board of Trustees meets to make budget adoption decision					■
HECC	HECC meets to consider tuition approvals in excess of 5%					■

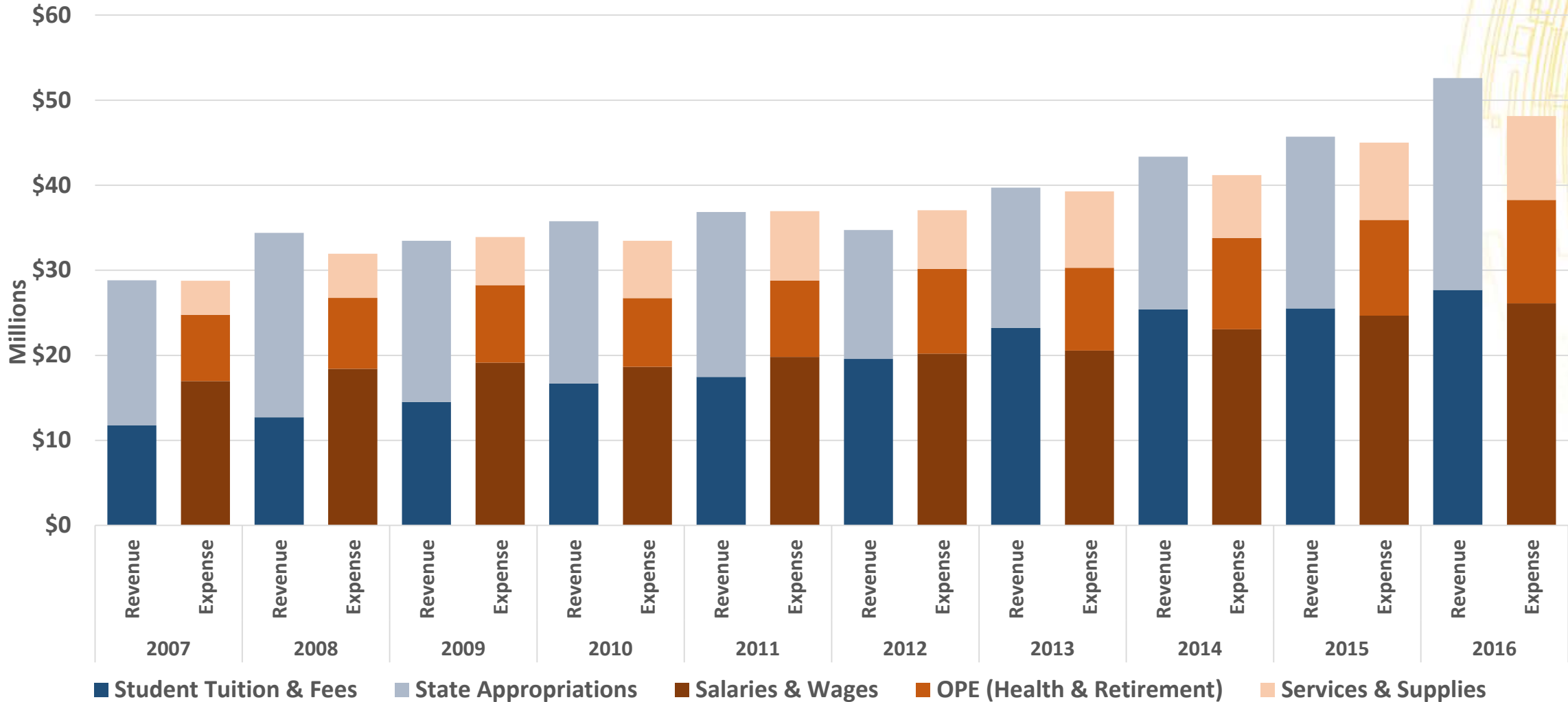


Data Based Decision Making

Oregon Tech Budget Hydraulics



OIT Tuition and Appropriations vs Major Expenses Categories



University Cost Increases



Calls on Revenues

Cost Driver	Budget Impact
PERS Rate Increase(+18.4%)	\$1,060,000
PERS Salary Base Change	\$840,000
PEBB (+8%)	\$520,000
S&S & Utilities (+5%)	\$540,000
Approved Faculty Hires (incl. OPE)	\$430,000
Strategic Investments	\$500,000
Impact of 4% mid-year raise	\$460,000
Total	\$4,350,000

\$667M PUSF Appropriations (GRB)



State Funding	\$23.5M (FY18) \$24.8M (FY19) \$48.3 M (biennial) -- \$48.8 M (2015-17 biennia)
Enrollment	+3.0%
Fund Balance Used (2017-19)	-\$3.6M
Investment in Programs and Student Support	-\$200K
Tuition Recommendation	8% Base / 20% Differential
Remissions	+1% of tuition revenue

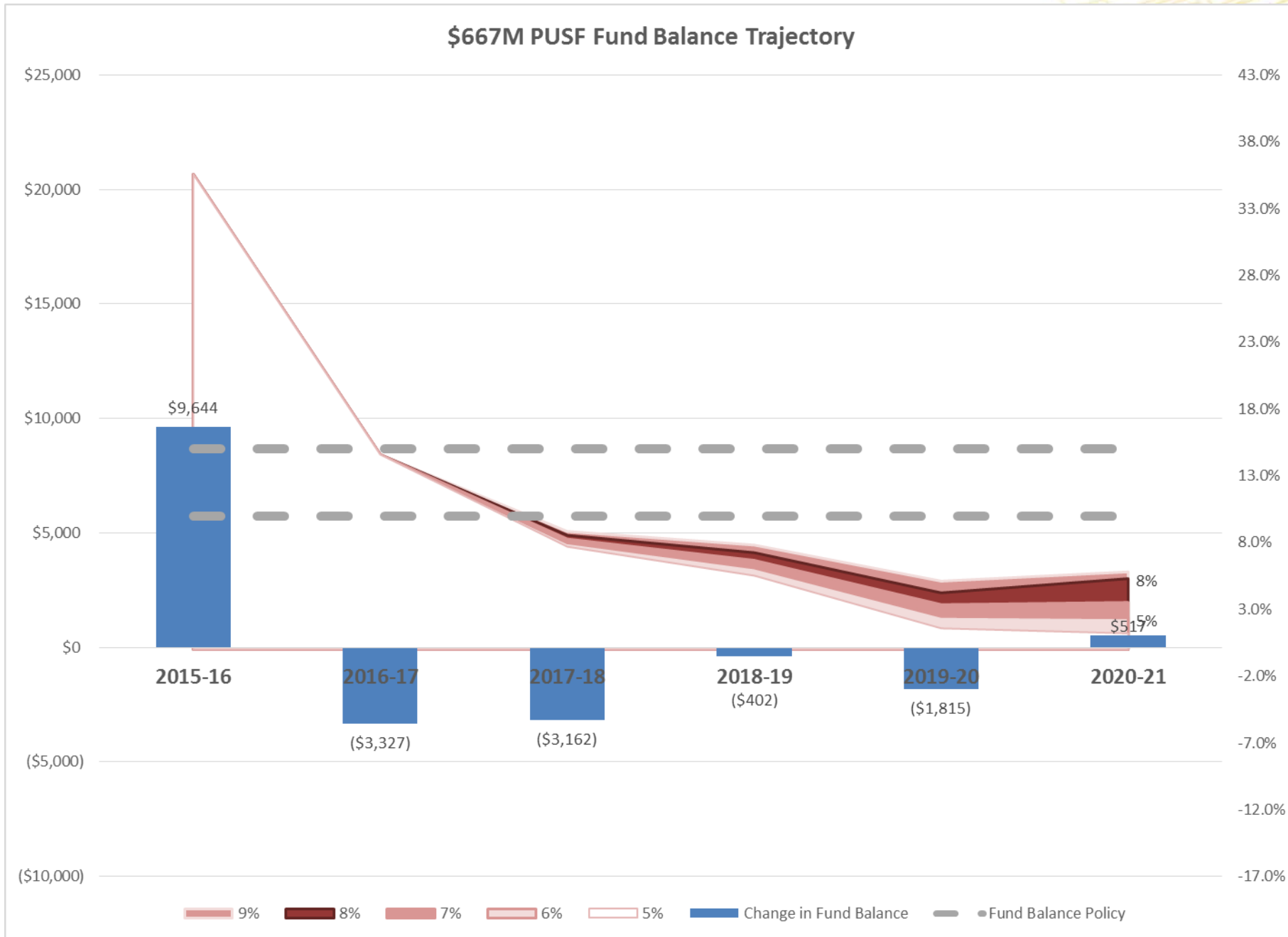
Cost Context



- Average Salary and FTE
 - Salary \$68,000
 - OPE \$32,000
 - Total \$100,000
- Academic Equipment Budget
 - One Year \$600,000
- Remissions
 - 1% of Tuition \$300,000
- S&S
 - 1% of S&S \$100,000



\$667M PUSF Fund Balance Trajectory



Forecast Fund Balance (%)



Base/ Differential	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
5%/20%	35.6%	14.6%	7.7%	5.5%	1.6%	1.2%
6%/20%	35.6%	14.6%	8.0%	6.1%	2.5%	2.4%
7%/20%	35.6%	14.6%	8.3%	6.7%	3.3%	3.5%
8%/20%	35.6%	14.6%	8.5%	7.2%	4.2%	5.3%
9%/20%	35.6%	14.6%	8.8%	7.8%	5.1%	5.8%

Forecast Fund Balance Change (\$)



Base/Differential	2017-18	2018-19	Two Year Deficit	2019-20	2020-21	Two Year Deficit	Cuts (Short Term)	Cuts (Long Term)
5%/20%	(\$3,712)	(\$990)	(\$4,702)	(\$2,466)	(\$190)	(\$2,656)	(\$500)	(\$1,350)
6%/20%	(\$3,529)	(\$794)	(\$4,323)	(\$2,249)	\$45	(\$2,204)	(\$400)	(\$1,050)
7%/20%	(\$3,346)	(\$598)	(\$3,944)	(\$2,032)	\$281	(\$1,751)	(\$300)	(\$900)
8%/20%	<u>(\$3,162)</u>	<u>(\$402)</u>	(\$3,565)	(\$1,815)	\$517	(\$1,298)	(\$200)	(\$650)
9%/20%	(\$2,979)	(\$206)	(\$3,186)	(\$1,598)	\$753	(\$845)	(\$100)	(\$425)



Tuition Recommendation

Recommendation Structure



- Multi-tiered Recommendation based on \$667M Public University Support Fund appropriations.
- Establish a base and differential tuition rate at the GRB level and reduce the base tuition increase by 1% per \$20M in incremental investment by the state in public higher education down to 4%
- Focus on investments and protecting program quality and students through remissions/scholarship support
- Balance tuition increases with university spending out of its fund balance (bank account)
- Targeted reductions and efficiency improvements where possible

Tuition Recommendation



Oregon Tech Tuition Proposal				
		2016-17 Per Credit	2017-18 Per Credit	% Change
Undergraduate	Resident	\$167.63	\$181.04	8.0%
	WUE	\$251.45	\$271.56	8.0%
	Non-Resident	\$533.56	\$576.24	8.0%
	Differential (Health/Engineering)	15%	20%	
Special Programs	Medical Lab Sciences (Res)	\$231.85	\$245.76	6.0%
	Medical Lab Sciences (NR)	\$419.21	\$444.36	6.0%
	Paramedic (Res)	\$183.34	\$194.34	6.0%
	Paramedic (NR)	\$262.91	\$278.68	6.0%
	Chemeketa Dental Hygiene (Res)	\$179.94	\$194.34	8.0%
	Chemeketa Dental Hygiene (NR)	\$584.37	\$631.12	8.0%
Graduate	Resident	\$391.17	\$414.64	6.0%
	Non-Resident	\$656.65	\$696.05	6.0%
	Differential (Health/Engineering)	15%	20%	

Undergraduate Tuition Comparison



TRC Recommendations				
	Per Credit	Change	15 Credit Load	Increase
Base Increase 8%	\$ 181.04	\$ 13.41	\$ 2,715.61	\$ 201.16
Differential to 20%	\$ 217.25	\$ 24.47	\$ 3,258.73	\$ 367.11

2016-17 Data	
Per Base Credit	\$ 167.63
15 Credit Load	\$ 2,514.45

2016-17 Data	
Current Differential	15%
Per Credit	\$ 192.77
15 Credit Load	\$ 2,891.62

Tuition Reduction Scenarios



State Funding (PUSF)	Base Tuition		Differential		Forecast	
	% Increase	Per Credit	% Increase	Per Credit	2017-18 Net Revenue	2017-19 Net Revenue
\$667M	8%	\$181.04	20%	\$217.25	(\$2,746,000)	(\$3,163,000)
\$687M	7%	\$179.36	20%	\$215.24	(\$2,630,000)	(\$2,480,000)
\$707M	6%	\$177.69	20%	\$213.23	(\$2,082,000)	(\$1,254,000)
\$727M	5%	\$176.01	20%	\$211.21	(\$1,615,000)	(\$468,000)
\$747M	4%	\$174.34	20%	\$209.20	(\$1,326,000)	\$115,000
Current Tuition Rates		\$167.63		\$192.77		

2017-18 Tuition Comparisons



2017-18 Tuition Comparison				
	OIT	OSU	OSU - CC	PSU
Tuition				
Undergraduate Resident	\$ 181.04	\$ 195.00	\$ 188.00	\$ 170.00
Undergraduate Non-Resident	\$ 576.24	\$ 594.00	\$ 594.00	\$ 550.00
Graduate Resident	\$ 414.64	\$ 457.00	\$ 457.00	\$ 401.00
Graduate Non-Resident	\$ 696.05	\$ 843.00	\$ 843.00	\$ 605.00
Differentials Rates				
Business		\$ 215.00	\$ 215.00	\$ 188.40
Pre-Engineering		\$ 229.00	\$ 229.00	
Prof-Engineering		\$ 246.00	\$ 246.00	
Health and Human Services				
Engineering & Technology	\$ 217.25			\$ 214.40
Health Programs	\$ 217.25			
Clinical Lab Sciences	\$ 245.76			
Paramedic Education	\$ 194.34			
Dental Hygiene - Chemeketa	\$ 194.34			
Mandatory Fees	\$ 428.00	\$ 573.90	\$ 338.00	\$ 460.00

Note:

PSU's BOT approved tuition on 4.12.17

OSU's BOT meets on 4.21.17 to approve tuition

Investments and Cost Sharing



- University will be splitting the cost with students – co-investing in maintaining program quality and hands-on education
- Increasing remissions/scholarships by approx. 10% focused on students most at need and those nearing degree completion
- Establishing strategic investment pool for programs and projects to support students and growth
- New faculty searches underway, totaling over \$400k in new positions in addition to current vacancies
- Maintaining investments in academic equipment for engineering, healthcare and other hands-on programs



Student and University Impact

What if we kept tuition below 5%?



- Deplete reserves by \$4.7 million over the next biennia
- Necessitate reductions in ongoing expenses of \$1.3-1.4 million annually
- Significantly reduce program offerings and limit hands-on nature of programs, eliminate or reduce certain retention and support services and minimize equipment budget
- Reductions in targeted remissions and scholarship programs
- Loss of remissions and support services would primarily impact low-income, first-generation and other vulnerable students populations
- Fund balance forecast to approach 1% by 2020-21 fiscal year

What are the benefits of the proposed tuition increase?



- Maintained investment in hand-on programs including;
 - Continued investment in academic equipment, including medical simulation equipment, engineering and IT systems
 - New faculty hires in high-demand/high-growth majors
- Increases in scholarship and remissions budget targeted at those students most in need of additional support – including low-income students and those eligible for the Finish Line Fund (completion grants)
- Continued and enhanced investment in student support services and retention specialists focused on at-risk students
- Strategic investment funds to support growth programs and tactical opportunities to strengthen student's ROI

How will we manage costs going forward?



- The university has made investments in technology, systems and software to streamline back office operations
- Focus on tightly aligning teaching and faculty resources with student demand
- Leveraging multiple teaching modalities to pool student demand across campus locations and online
- Focus facilities investments on energy and water savings
- Systematically examine budgets, vendor and external contracts needs to streamline and reduce operating costs
- Continued operational realignment and process redesign
- Managing labor savings, efficiencies and elimination of redundancies



Questions and Discussion