



Docket Item:

University of Oregon (UO) Tuition Increase Materials

Docket Material:

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Section A: HECC Staff Summary and Recommendation – University of Oregon

Summary:

The institution clearly met three of the Governor’s criteria (2, 4, and 5). HECC staff is not confident that there is “significant evidence” that the University of Oregon “seriously considered” resident undergraduate tuition and mandatory enrollment rate alternatives below the statutory review threshold; however, staff is confident that such scenarios were modeled and discussed to some degree during the tuition recommendation process. The resulting indeterminate staff conclusion on this criterion is not unique to UO. The institution did provide adequate assurance and evidence of an ongoing commitment to managing costs in a sound manner, though, like other institutions, HECC staff was able to identify additional actions or strategies the institution should consider to bolster and coordinate its efforts in this area.

UO represents its tuition setting process as inclusive and consultative to university stakeholders, including students. A survey of selected university students confirmed the steps in that inclusive process. Concerns were expressed about amount and efficacy of advertising for student input during the process, but students acknowledged an inclusive process existed and that University staff was responsive to those students who chose to participate.

Additionally, UO’s tuition proposal incorporates a declining resident undergraduate tuition rate with increasing State investment through the Public University Support Fund.

Staff recommendation:

Overall, staff finds that the University of Oregon has substantially met the goals previously identified by the HECC and those expressed by the Governor through her five criteria. Staff recommends approval of University of Oregon’s proposed resident undergraduate tuition and mandatory enrollment rates for the 2017-18 academic year.

Section B:

University of Oregon

HECC Staff Evaluation of tuition increase criteria established by Governor Brown

Criteria	Staff Finding	Staff Comments
<p>1. Clear and significant evidence that the university gave serious consideration to alternatives that involved tuition and fee increases below the 5% threshold.</p>	<p>Indeterminate</p>	<p>University of Oregon, as part of its tuition-setting process, modeled a number of potential tuition and fee rates, including resident undergraduate rates that do not exceed the statutory review threshold. These revenue scenarios were presented at different points in the tuition-setting process in parallel to projected institutional cost increases.</p> <p>Under a rigid interpretation of the Governor's criterion #1, HECC staff believes that "serious consideration" is likely not satisfied through scenario development and review. The clearest evidence of serious consideration would have been for the President to have included a below-threshold option in the tuition and fee rate recommendation that was presented to the UO Board of Trustees for discussion and debate. This did not occur.</p> <p>A more flexible interpretation of criterion #1 may be warranted, however, particularly given the absence of guidance from the HECC during the months that the university was engaged in the tuition-setting process. If the University had been instructed to present a below-5% option to its Board for serious consideration, it is reasonable to expect that it would have done so based on the scenario modeling that it undertook early in the process. While a Board is not obligated to limit its discussion to options presented by the university President, formal evidence of serious consideration is difficult to establish in the absence of a structured proposal from the University's administration.</p>

<p>2. Clear and significant evidence of how Oregonians who are underrepresented in higher education, including low-income students and students of color, would benefit more under the university's proposal than one that stays within the 5% threshold.</p>	<p>Meets criterion</p>	<p>The University of Oregon has committed to continuing its Pathway Oregon program for more than 2,000 Pell eligible undergraduate students. As Pell eligible students, these students meet the HECC definition of low-income. Additionally, 42% of these students are students of color. All Pathway Oregon students will be shielded from the tuition and fee increases being requested by the University of Oregon. In addition to financial support, these students receive dedicated academic advising which the university has committed to maintaining even as it continues to search for cost-cutting opportunities. HECC staff finds that the University of Oregon has met Criterion #2, as increases below the threshold are projected to have both negative revenue impacts, potentially putting at risk revenues that support the Pathway Oregon program, and necessitate increased cost-cutting, which may imperil the institution's commitment to dedicated academic advising for these students.</p>
<p>3. A plan for how the university's board and central administration are managing costs on an ongoing basis.</p>	<p>Substantially meets criterion</p>	<p>The University of Oregon has outlined a series of actions that are responsive to the current challenging fiscal environment. Among those actions are:</p> <ul style="list-style-type: none"> • Use of an ad hoc budget advisory group consisting of faculty, students and staff • Short-term use of fund balance as a bridge to structural cost reductions • Specific line-item cost-cutting in both academic and administrative programs • Revenue shifting from auxiliary budgets to the E&G fund <p>The University of Oregon has also outlined ongoing and regular actions that are not specific to the current challenging fiscal environment. Among those actions are:</p> <ul style="list-style-type: none"> • Commitment to strategic purchasing to minimize costs • Quarterly budget-to-actual reviews by the Board of Trustees • Participation in a national benchmarking consortium • Provost Office efforts to cut more than \$3 million in expenses in schools and colleges, effective next year

		<ul style="list-style-type: none"> • An intention to conduct focused assessments on operational areas to identify efficiencies through process, technology, practice, and productivity channels <p>These responsive and ongoing efforts fall short of a coordinated, specific “plan” as required by Criteria 3 but do represent a serious and transparent institutional commitment to managing costs on an ongoing basis. A formal plan may more fully incorporate the following:</p> <ul style="list-style-type: none"> • A common set of principles that underlie each cost management strategy and how these principles and the resultant strategy ties to the University of Oregon strategic plan • A prescribed method for incorporating institutional data in the evaluation of potential cost management strategies • A policy or statement of commitment to engage the campus the community and communicate cost management process and strategies prior to adoption and throughout implementation • Identification and communication of benchmarks to measure institutional performance and efficiency <p>Based on information provided by the University of Oregon, HECC staff finds that the institution is taking, or has committed to taking, a series of actions that would generally be included in an ongoing cost management plan. There may remain an opportunity to administratively consolidate these efforts into a formal plan and expand upon it in the ways enumerated above.</p>
<p>4. A summary of how students, faculty and staff were consulted on the proposed tuition increases.</p>	<p>Meets Criterion</p>	<p>The University of Oregon submitted to HECC staff a summary of how students, faculty, and staff were consulted on the proposed tuition increases. While this submission itself appears to satisfy a literal interpretation of the Governor’s criterion #4, HECC staff has additionally reviewed the submission and surveyed selected students to gain a student perspective of the tuition-setting process. This summary and each student survey response is included in the attached materials. HECC staff notes that students who participated in the tuition-setting process generally confirmed that the process was inclusive, and that the University was responsive to students who chose to participate.</p>

<p>5. A summary of how tuition will be affected should additional state funds beyond the number in Governor's Recommended Budget be appropriated.</p>	<p>Meets Criterion</p>	<p>The University of Oregon submitted to HECC staff a summary of how tuition will be affected should additional state funds beyond the number in the Governor's Recommended Budget be appropriated. While the submission itself appears to satisfy a literal interpretation of the Governor's criterion #5, HECC staff has additionally reviewed the submission and notes that university has committed to reducing resident undergraduate tuition by various levels for every +\$20 million increment in Public University Support Fund from the Governor's Recommended Budget level, with a minimum tuition increase of 5.1%.</p>
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Section C:

FY 2017-18 University of Oregon Education & General Budget Gap Summary (in millions)	
E&G Fund Cost Increases	
Faculty and Staff Salary Increases	\$11.0
Graduate Teaching Fellows Salary and Benefits	\$0.8
Medical Costs	\$1.6
Retirement	\$7.1
Institutional Expenses (leases, utilities, insurance, debt on academic buildings, etc.)	\$1.0
Strategic Investment	\$2.0
Tenure Track Faculty	\$1.5
Total:	\$25.0
Decrease in PUSF (at GRB level)	\$2.5
Projected budget gap without action:	\$27.5
Cost cutting & revenue growth	
Administrative Unit General Fund cuts	\$1.6
Eliminate Strategic Investment Fund	\$1.0
Graduate Incentive Grants cut	\$1.4
Sweep Interest on Auxilliary and Designated Operations funds	\$0.6
President - Additional Cuts TBD	\$4.3
Undergraduate tuition increase	\$15.6
New Technology Fee	\$3.0
Total:	\$27.5
Projected remaining budget gap:	\$0.0
Total E&G Budget (FY18 Estimate)	\$525
Budget Gap as a % of Total E&G Budget	5.24%

Section D:

UO Student Survey Responses:

Response from UO tuition Committee Member Andrew Dunn

Question 1: This is an accurate summation of the TFAB process. Throughout the tuition setting process I felt that I could communicate my concerns and criticisms for fee proposals. With this said, there is room for improvement. Tuition setting often got less attention in meetings due to the amount of fee proposals to go through. I believe that it may be more efficient for fees to be discussed by a separate review board in years where such a massive tuition increase is being proposed. This idea is merely to give adequate consideration and time to review materials for committee members. Some committee members did not contribute regularly, which is not a fault of the chairs. TFAB even had extra meetings to compensate for the sheer number of items to discuss on the agenda, but many members either were unable to or opted not to attend.

Question 2: Prior to initiating the TFAB process for this past year, ASUO President Quinn Haaga and I drafted a memo to Provost Scott Coltrane and Vice President of Finance and Administration Jamie Moffitt on ways that TFAB could improve. ASUO President Haaga and I sat down with the Provost, and the two TFAB chairs to discuss our feedback. This conversation led to additional presentations and feedback periods. The efforts of the President's office and the senior leadership team to communicate about the tuition process were built on campus wide emails and a new tuition website to collect information into a central location. Through these online tools they solicited public comment from the University community. Promotion of the tuition setting process is currently inadequate. While meetings are open to the public, the location and advertisement of them is not sufficient. Online promulgation of tuition setting procedures can be improved or be done in greater volume.

ASUO collaborated to establish the two tuition forums with chairs Moffitt and Shelton. To disseminate information to students about tuition and lobbying efforts, the ASUO tabled consistently on 13th avenue to talk with students. ASUO President Haaga sent emails to the student body to advertise events and the input period as well. I am unaware of how public comment was factored into reports to the Board of Trustees, Provost Coltrane or President Schill.

Question 3: Around fees, I felt that student comment is taken very seriously. In a year where the systematic lack of state of funding and support has come to a culmination, I am unsure of how students could have shaped tuition increases. The need for changes in the legislatures support of the public universities is evident this year. I believe the incorporation of provisions detailing how increased funding from the state could result in decreases to in-state tuition are critical and based in the consistent communication that the ASUO had with the chairs. But this provision also represents the values the institution took into the process. There is recognition of how unaffordable college is becoming. I think that trustees from the campus community (Susan Gary, Kurt Wilcox and Will Paustian) were consistent

in their outreach to students and sought out feedback. An increased presence from other members of the Board is necessary to increase legitimacy with the larger campus community.

To reiterate, TFAB is an advisory board. Boards will always have divergence of preparedness and feedback year to year. In such a critical year, I feel like members of TFAB could have been more participatory. The chairs of TFAB communicated with student body leadership like myself and President Haaga consistently and clearly. I am concerned about the efficacy of communication with all of campus; specifically, in the consistency and volume of the promotion of student voices in the tuition setting process. Ultimately, student feedback can only go so far without increased funding from the state of Oregon.

Response from ASUO President and Tuition Committee Member Quinn Haaga:

Question 1: This definition that the UO provided matches my experience with the tuition and fees setting process. At times, I do not feel as though the committee's advisory capacity was totally utilized because a majority of the members seemed unengaged and non-vocal during the meetings. This was frustrating because as an incredibly busy student I still managed to do significant research and outreach on my own to make sure I was best serving the students in this role. It did not seem as though some of the university deans and other members had taken it upon themselves to do the same. The meetings are open to the public but they could definitely be better advertised so that more students know about them. They are also held in a conference room that is basically at maximum capacity so even if more students came I am not sure where they would be able to sit.

Question 2: As a member of TFAB I was reached out to constantly through the process and did a lot of work leading up to the tuition setting process in order to educate myself on the U of O's financial situation and the history of our state funding. I felt as though my opinions as a student were taken into account and valued. Each time I solicited information about the tuition setting process my questions were answered promptly and I was given significant information and context. I had a very open line of communication with the Chairs throughout the process which I greatly appreciated. That being said, I do worry that without my position and power on campus (as ASUO President) that this information could be difficult to access if you were an average student on our campus.

TFAB hosted a tuition forum where about 60 students attended. This is a historically high turn-out for our school. Students asked a ton of great questions and gave great feedback. The ASUO organized a tuition education event with some of the U of O Trustees to help get more information out to students.

The University created a tuition website this year that had a great amount of information but I think it could be better advertised in the future.

The ASUO also started a social media campaign to educate students on the tuition situation and to get them mobilized for things like UO Lobby Day at the Capitol. While I wholeheartedly agree that the ASUO should be central in engaging with students about this issue, I do not believe that it is only our job to do the educating and the outreach. I believe that in the future the education component of this process could be started much earlier.

The tuition recommendation from TFAB has a public comment period where anyone can give their feedback on the proposal. This was communicated via mass emails sent out to the student body by President Schill and on other various social media channels.

Question 3: I do believe that the administrators (VP Moffitt and Brad Shelton) that work on tuition were very responsive to student concerns and tried to do as much as they could to ease the enormous burden that we had this year to cover all of the additional cost drivers.

Could the institution be doing more to educate students and to get them engaged, absolutely. Is TFAB a perfect process, no. But I do believe that there are folks here that are receptive and want to improve the process.

At the end of the day I am not sure what impact students really could have had on this process considering the kind of support that we are getting from the state. At this point we can barely call ourselves a public institution and students and their families are completely bearing the brunt of this minimal financial support. The steep tuition increase proposal will only affect us negatively. There is virtually nothing positive about this situation and what is so tragic is that it was our best option and that we will be asking students to pay more for significantly less next year and for many years following if we do not get additional funding from the state.

Section E:

HECC Staff Summary of University of Oregon Board Materials - Mandatory Enrollment Fees Increase in Excess of 5%:

The following is a summary of the University of Oregon's (UO) efforts associated with its tuition increase related to topics the commission wishes to focus on: Affordability, Student Involvement and Cost Controls/Cuts. The UO is proposing an overall increase in resident undergraduate tuition and fees of 10.9%. As prescribed by Oregon law, HECC excludes certain fees from its calculation of the same increase, resulting in a rate of 11.5%, in excess of the 5% review threshold.

Affordability:

The University of Oregon will undertake the following efforts to ensure continued student affordability:

- 10% of the revenue generated from the tuition increase will go to fee remissions¹. Total fee remissions are estimated to be over \$42 million (some graduate remissions are included but graduate employee tuition and fee remissions are excluded) in the upcoming academic year².
- For the new technology fee (\$50 per term), 10% of the total revenue collected during the academic year will be set aside to help students pay this fee (estimated at \$300K).
- The Pathway Oregon program⁴, which currently provides full tuition and fees for 2,000 resident Pell-eligible undergraduates, is a key component of UO's affordability strategy. 36% of all resident first-year undergraduate students are in the Pathway program. Students in this program receive both financial and academic support and graduate at a rate that is 13 percentage points higher than other Pell-eligible undergraduates. The program will continue to support new Pell-eligible resident students who enter the UO with a minimum 3.4 high school GPA. These students will not incur any of the tuition cost increases.

Student Involvement, Input and Impact:

The University of Oregon relies on a Tuition and Fees Advisory Board (TFAB)⁵ to help recommend all tuition and fee increases (other than incidental fees, which are approved by the student government). The TFAB consisted of five students (including student government leaders) and representatives from faculty and staff. The TFAB held seven public meetings from November to February. Two student forums were also held, one of which was early in the process and provided information about cost drivers and budget pressures and facilitated student discussion and feedback. The second forum was hosted by the Associated Students of the University of Oregon (ASUO) after the tuition recommendations was released. TFAB members participated in both of these forums and members of the Board of Trustees were present for the final student tuition forum. In addition, the UO launched a new tuition website this year (<http://uoregon.edu/tuition>) which helped to inform students about specific cost drivers and associated affordability efforts, as well as the TFAB meeting schedule, materials, and analyses.

Student involvement informed the tuition recommendation as follows:

¹ <https://trustees.uoregon.edu/sites/trustees2.uoregon.edu/files/full_bot_notice_agenda_materials_030217.pdf> Page 26

² Ibid page 41.

³ Ibid page 35.

⁴ <<https://uoregon.edu/tuition>>

⁵ <http://ir.uoregon.edu/tuition_fee_board>

⁶ <https://trustees.uoregon.edu/sites/trustees2.uoregon.edu/files/full_bot_notice_agenda_materials_030217.pdf> page 26

⁷ <<https://uoregon.edu/tuition>>

- Student comments contributed to the TFAB decision to recommend additional fee remissions associated with the new Technology Fee.
- Student comments led to the UO's decision to propose a tiered tuition increase that would decrease should PUSF exceed the GRB by set thresholds.
- Student involvement in TFAB provided for an opportunity for student voices to be heard throughout the process.

Institutional Cuts and Cost Controls:

As part of the process in determining the UO's budget for the upcoming fiscal year, UO is proposing \$8.8 million in cuts to its operating budget⁶. The specific cuts that may be made are yet to be determined but may include staff layoffs, reductions in support to campus services (including student services and programs), cuts to the graduation incentive grant program, reductions in deferred maintenance budgets, as well as reductions in outward and community facing programs. Since 80% of the UO's budget is related to personnel expenses, any cuts will almost necessarily involve layoffs. Last year, UO cut 2% of its administrative budget and redirected those funds to academic priorities⁷.

Tuition increases Based on PUSF Levels:

The University of Oregon elected to base its tuition increase on the final PUSF level as follows⁸:

PUSF Funding Level	Recommended Resident Tuition Increase Per SCH	Recommended Tuition Increase Rate
GRB	\$21/SCH	10.6%
GRB + \$20 Million	\$19/SCH	9.6%
GRB + \$40 Million	\$17/SCH	8.6%
GRB + \$60 Million	\$14/SCH	7.1%
GRB + \$80 Million	\$12/SCH	6.1%
GRB + \$100 Million	\$10/SCH	5.1%

⁸ <https://trustees.uoregon.edu/sites/trustees2.uoregon.edu/files/full_bot_notice_agenda_materials_030217.pdf> Page 33