



University Tuition Setting Roundtable Discussion

Higher Education Coordinating
Commission

Funding and Achievement
Subcommittee

March 8th, 2017

- Craig Morris – Southern Oregon University
- Andria Johnson – Portland State University
- Brian Fox – Oregon Institute of Technology

Overview of Oregon Public Universities Budget Structures and Tuition Setting Processes

Key Points

- Two decades of cuts have taken their toll
- Universities are facing unprecedented cost increases
- Campuses are having to balance the hydraulics of state funding, cuts and tuition increases
- Each campus has developed thorough tuition setting processes



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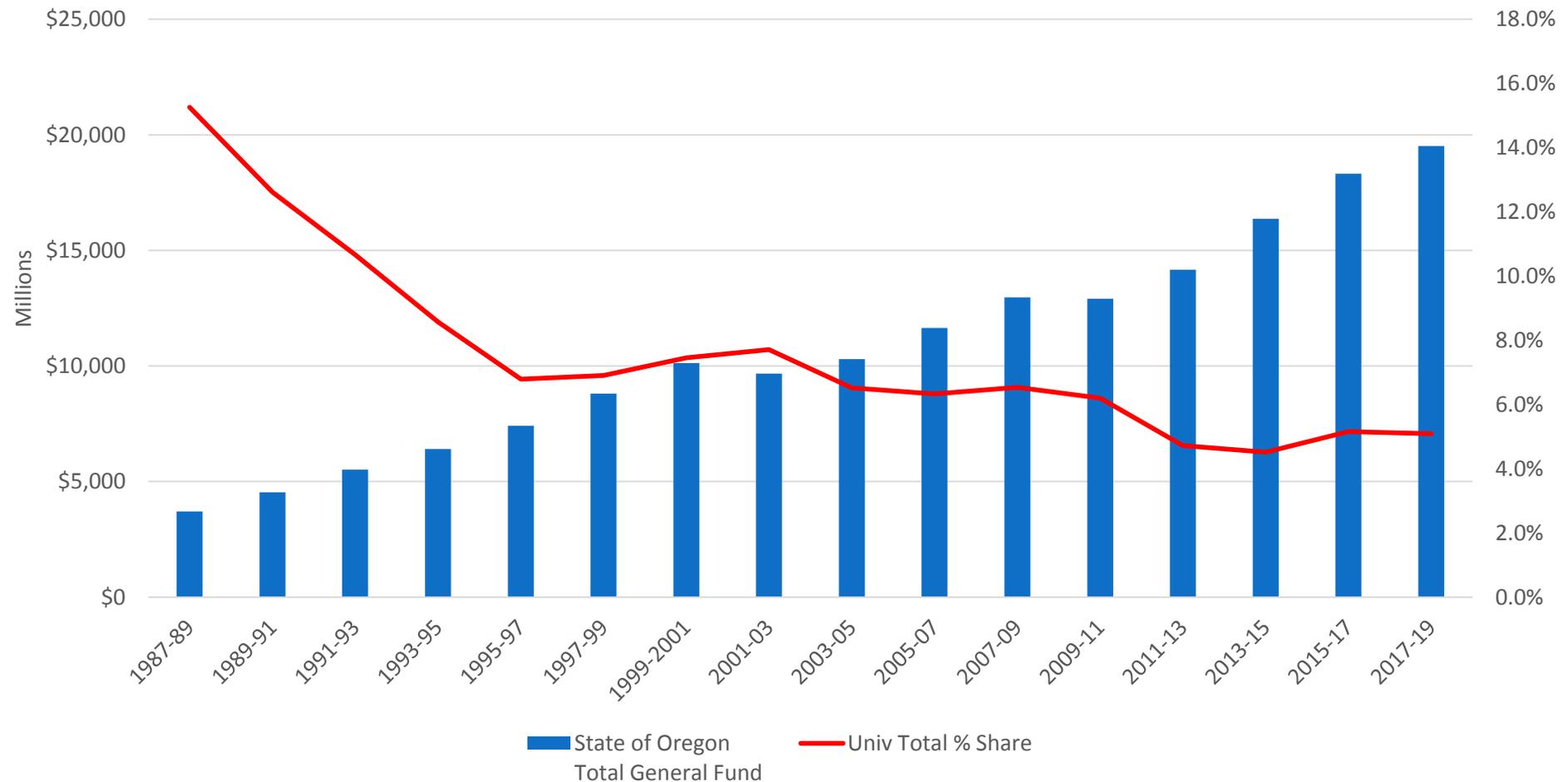
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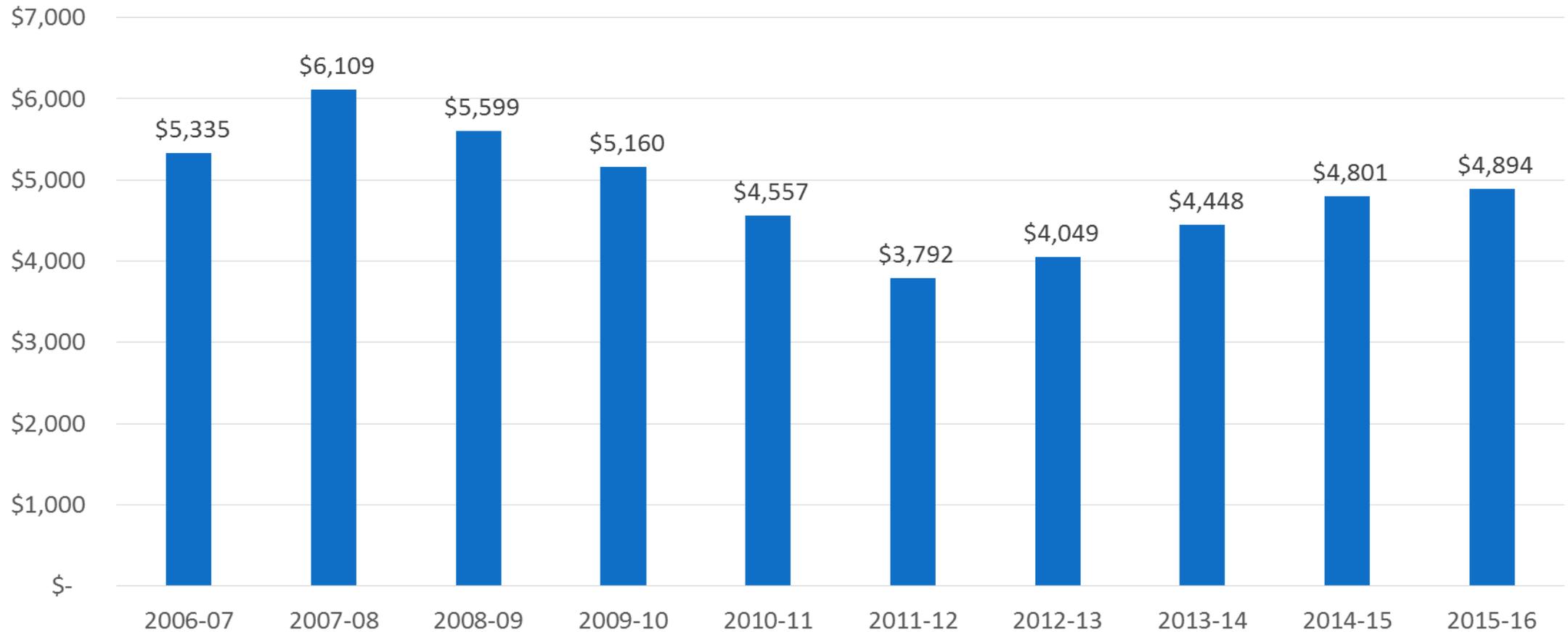


Two Decades of Decreased State Funding: Cuts, Tuition, and Debt

Public University Funding¹ as % of State Budget



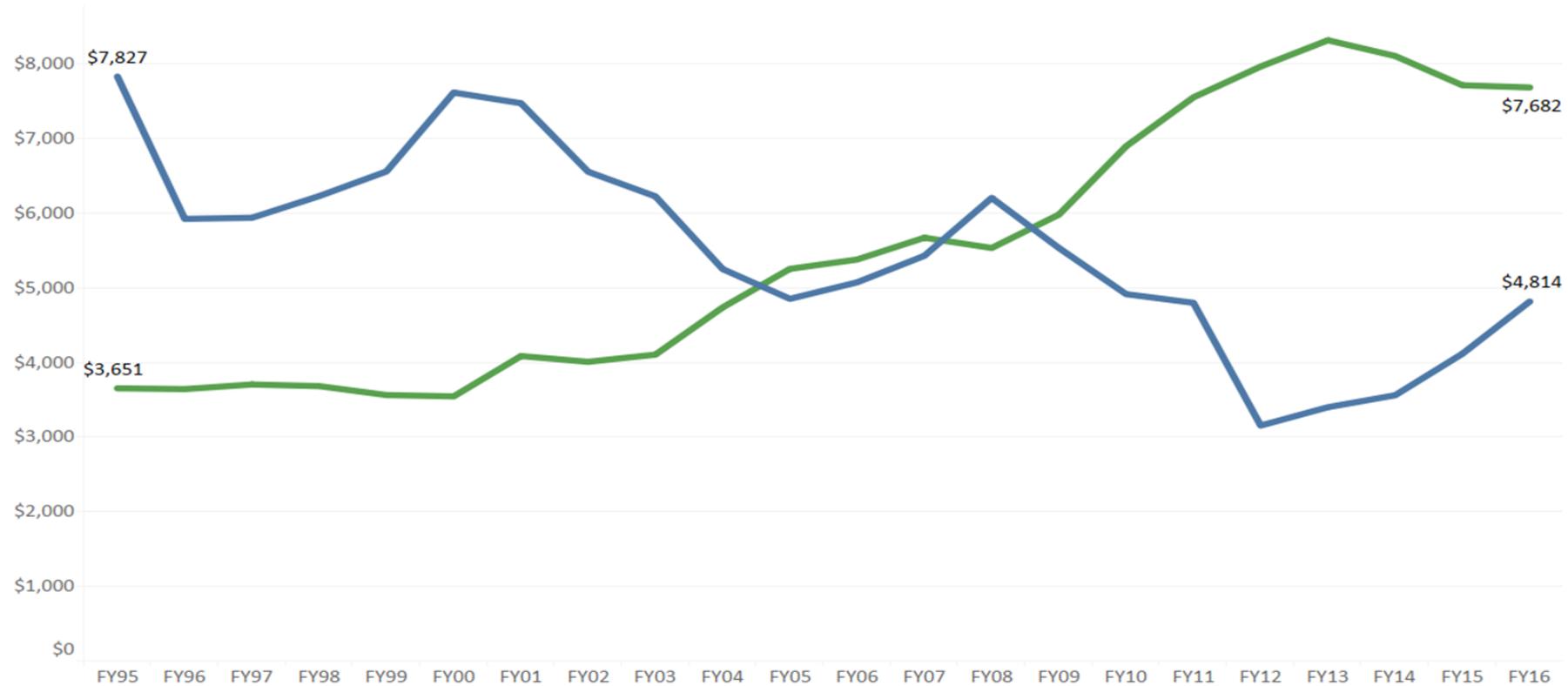
Education & General State Appropriations¹ per Student FTE



¹Education & General state appropriations includes PUSF and State Programs. Debt service, capital construction and statewide public services are not included.

State Appropriation and Resident Tuition Revenue per Resident Student FTE

■ State Appropriation per FTE
 ■ Tuition Revenue per FTE



The chart compares state appropriation and resident tuition revenue on a per student FTE basis. Figures are expressed in CPI-adjusted 2016 dollars.
 Source: UO Office of Institutional Research.

Challenges to Balancing the Budget

- Universities are facing significant cost increases next year
- Combined with two decades of cuts



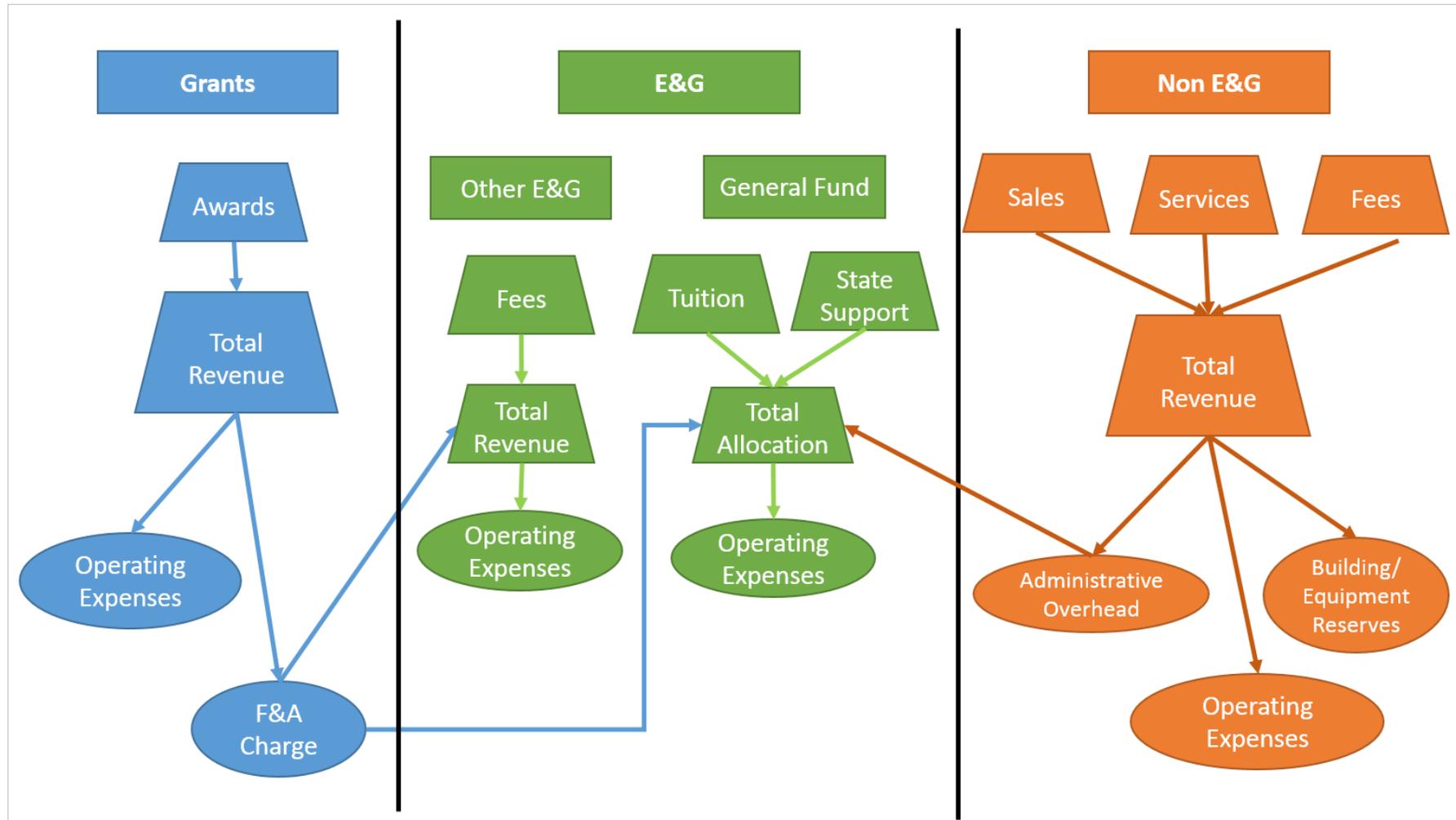
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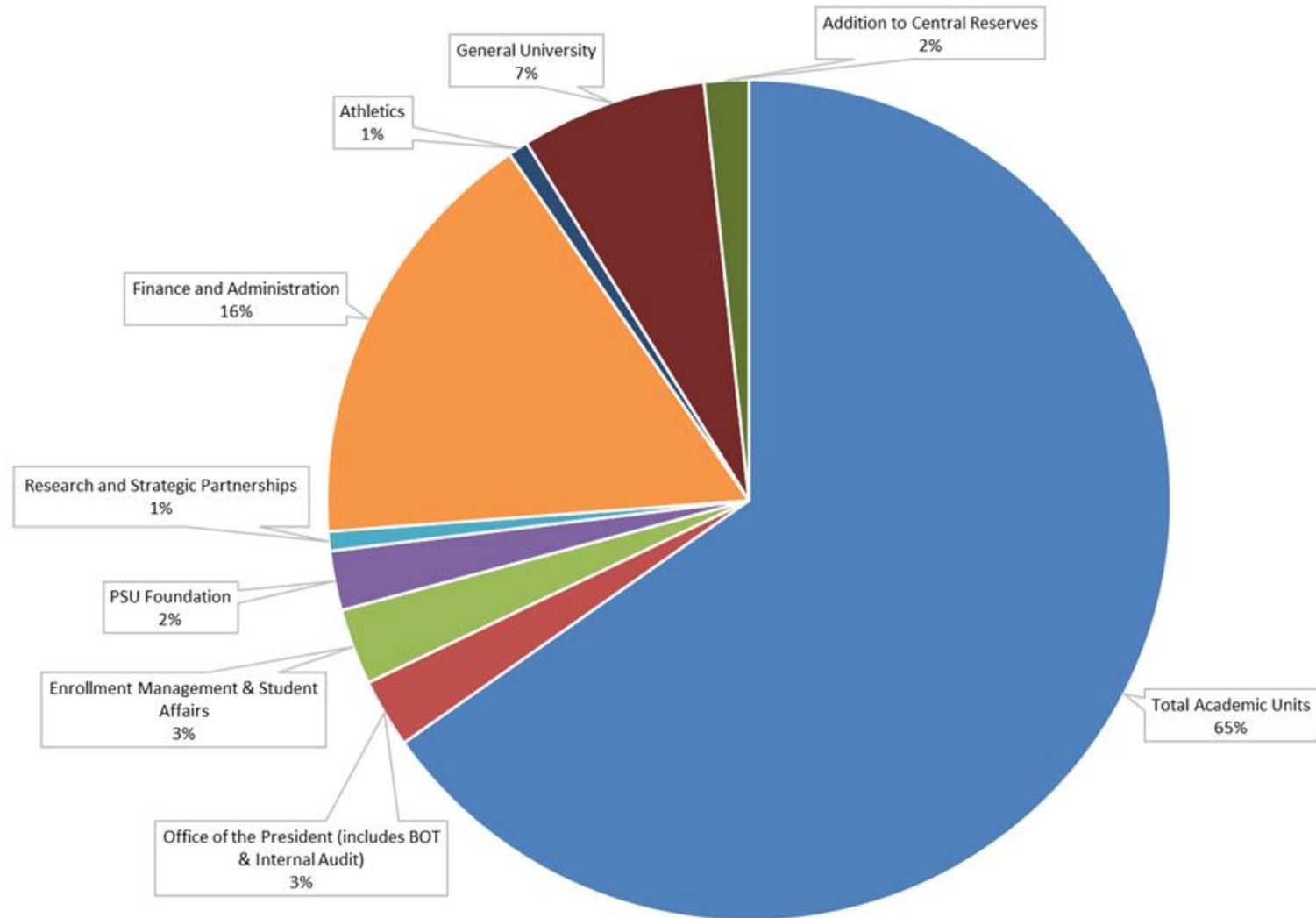


Portland State University Tuition and Budget Planning

PSU Budget Structure

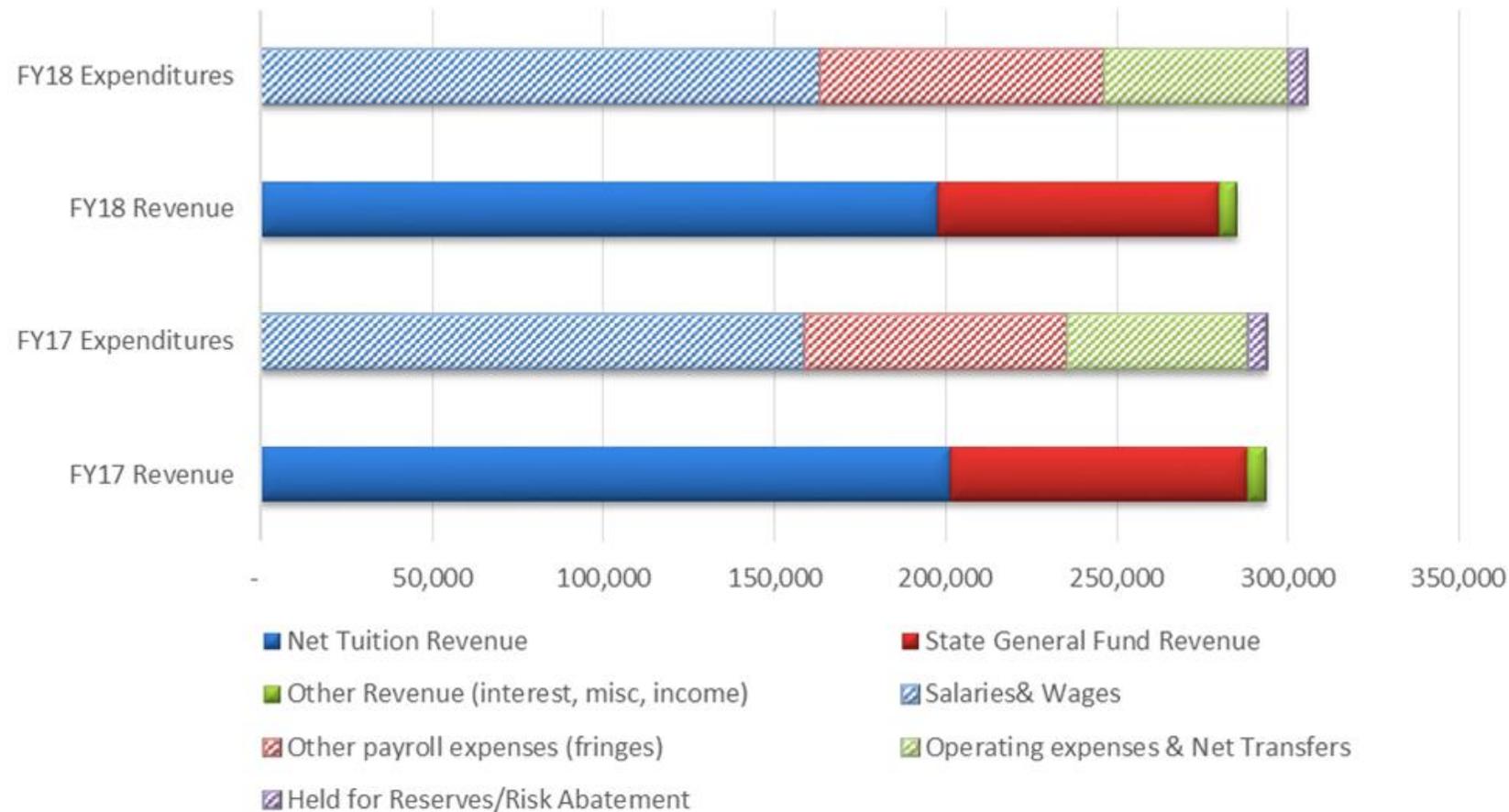


PSU 2016-17 E&G Budget - Uses



PSU Budget Comparison

FY17 vs. FY18



PSU - CSL - Based on FY17 General Fund Budget

<i>PBB FY16 Tuition Settle-up</i>	<i>\$1.8 million</i>
Salary and Wages	\$4.1 million
Minimum Wage	\$680 thousand
Health Care (PEBB)	\$447 thousand
Retirement (PERS)	\$5.2 million
Other Payroll Expenses (Taxes)	\$400 thousand
Graduate Assistant Remissions*	\$600 thousand
Services and Supplies Inflation	\$1.1 million
CSL Total	\$14.3 million

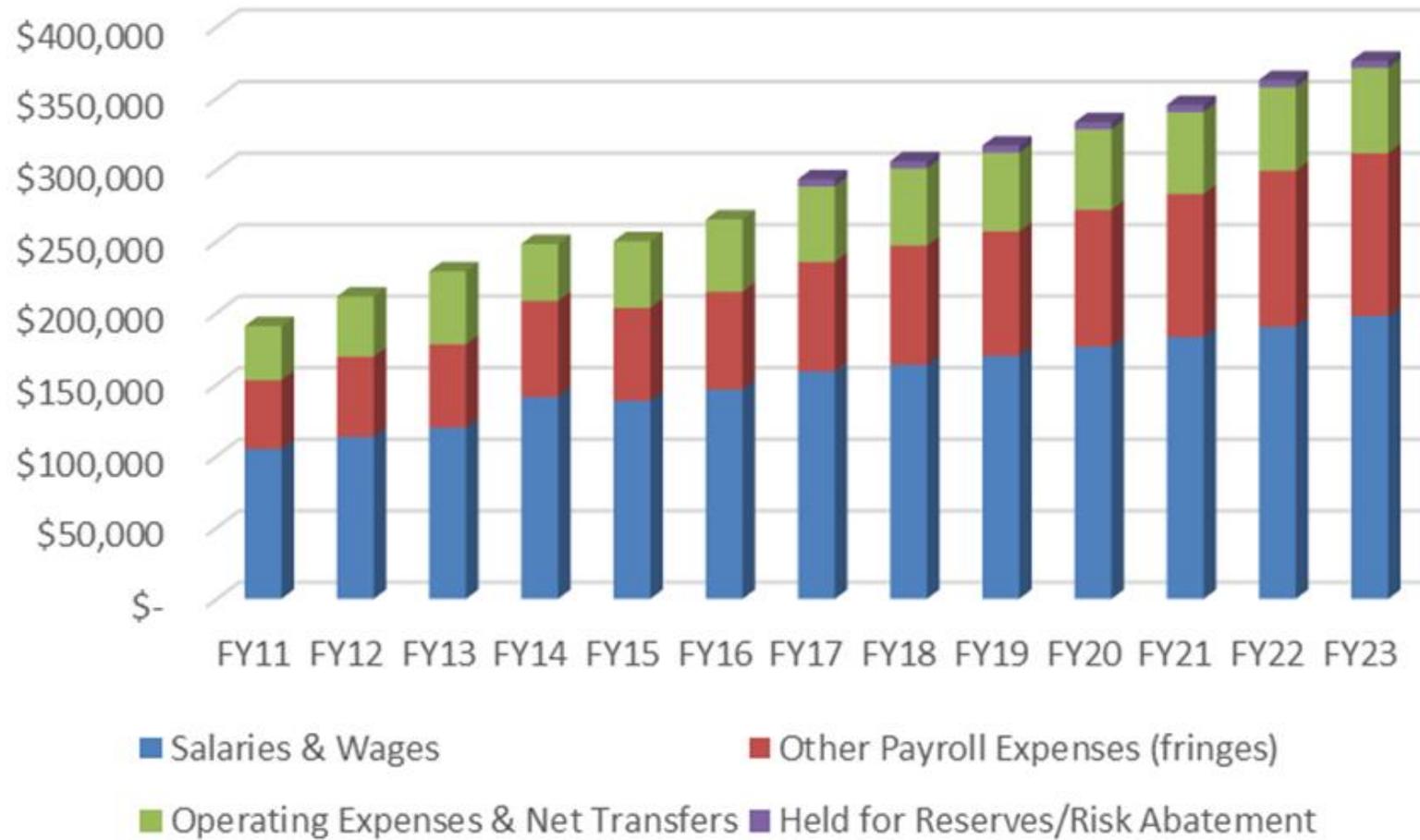
CSL for FY18 is budget +4.2%

*Assumes GA Remissions increase at proposed tuition increase of 9%

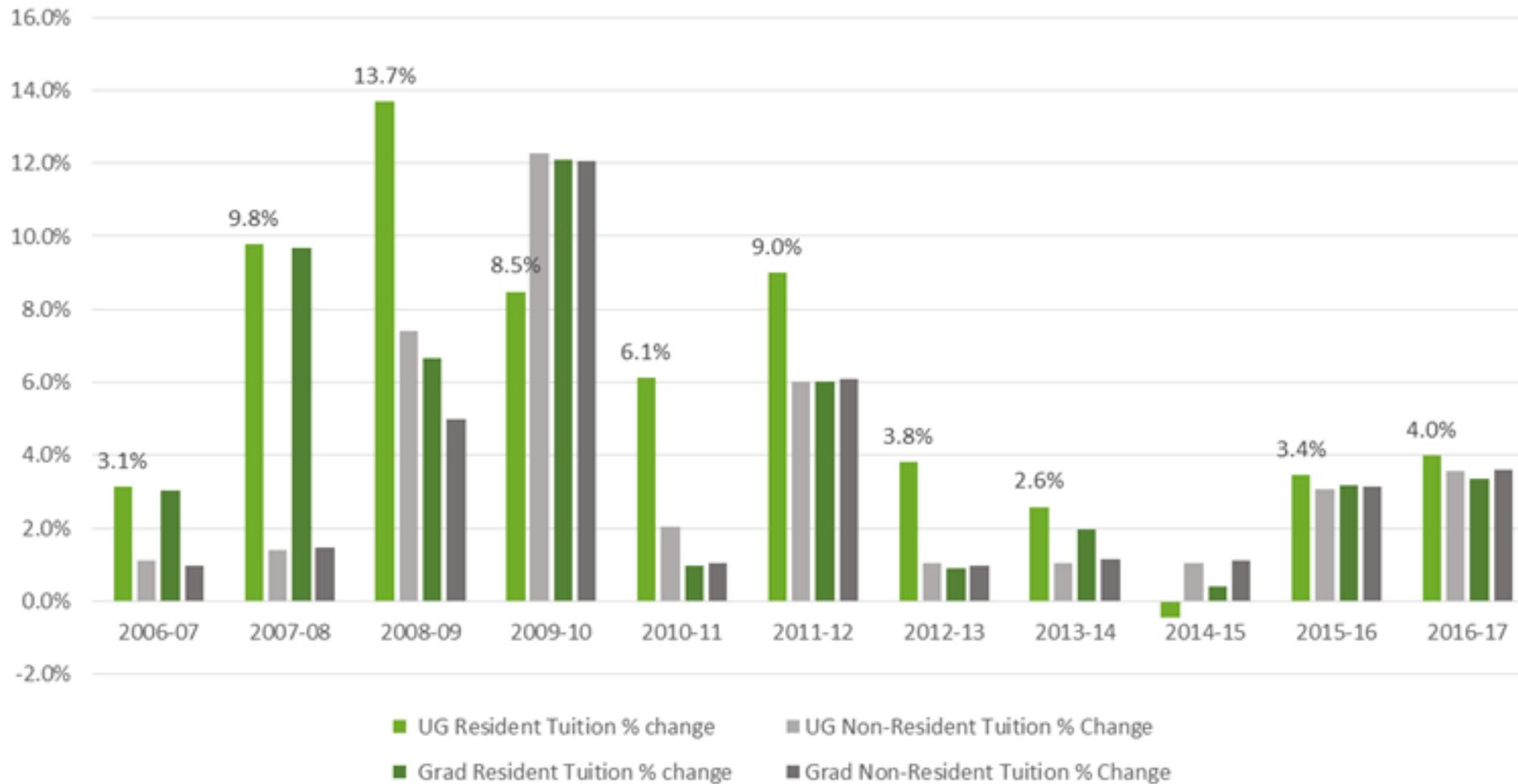
A Balanced Budget Without Tuition Increases?

	2015-17 Biennium		2017-19 Biennium	
	FY16 Actual	FY17 Budget	FY18	FY19
Revenues:				
Gross Tuition	214,303	221,400	217,600	217,600
Tuition Remissions	(18,574) -8.7%	(19,896) -9.0%	(19,896) -9.1%	(19,896) -9.1%
Net Tuition	195,730	201,504	197,704	197,704
State General Fund	81,568	86,556	82,101	86,641
Other (interest, misc. income)	5,760	5,348	5,348	5,348
Total Revenues	283,057	293,408	285,153	289,693
Expenditures:				
Salaries & Wages	146,440	158,951	163,692	169,911
Other Payroll Expenses (fringes)	68,227	76,622	82,703	85,940
Operating Expenses & Net Transfers	50,677	52,835	53,914	55,013
Held for Reserves/Risk Abatement		5,000	5,000	5,000
Cuts/Use of Fund Balance			0.0%	0.0%
Total Expenditures & Net Transfers	265,345	293,408	305,308	315,864
Net from Operations and Transfers	17,712	-	(20,155)	(26,171)

PSU Expenditures - from FY17 Budget (\$ in thousands)



PSU Tuition Increases?



PSU Contingency Planning - Fall 2016

Possible Reduction Categories:	
Structural Salary Savings	\$3.5 million
Personnel Reductions	\$2.85 million
Moving Costs to other funding sources	\$510 thousand
Services & Supplies Reduction	\$1.1 million
<i>Total Reductions</i>	<i>\$7.96 million</i>

PSU Scenarios

State Appropriation	Tuition Increase	Budget +	Cut from CSL*
\$620 million	5% All	-1.2%/ -\$3.5 million	-\$17.9 million
\$640 million	5% All	-0.4%/ -\$1.2 million	-\$15.6 million
\$667 million	5% All	0.4%/ \$1.2 million	-\$13.2 million
\$680 million	5% All	1.2%/ \$3.5 million	-\$10.9 million
State Appropriation	Tuition Increase	Budget +	Cut from CSL*
\$620 million	9% Res/ 5% Non-Res	0.1%/ \$280 thousand	-\$14.1 million
\$640 million	9% Res/ 5% Non-Res	1.0%/ \$2.6 million	-\$11.8 million
\$667 million	9% Res/ 5% Non-Res	1.7%/ \$5 million	-\$9.4 million
\$680 million	9% Res/ 5% Non-Res	2.5%/ \$7.3 million	-\$7.1 million

*Includes \$1.8 million true-up from FY16 tuition revenue shortfall

PSU Preliminary Internal Budget Guidance

- Budget +1.5% (\$9 million reduction from CSL)

Budget Variables

Enrollment Growth/Mix

Tuition Rates

State Allocation

Additional expenditure reductions



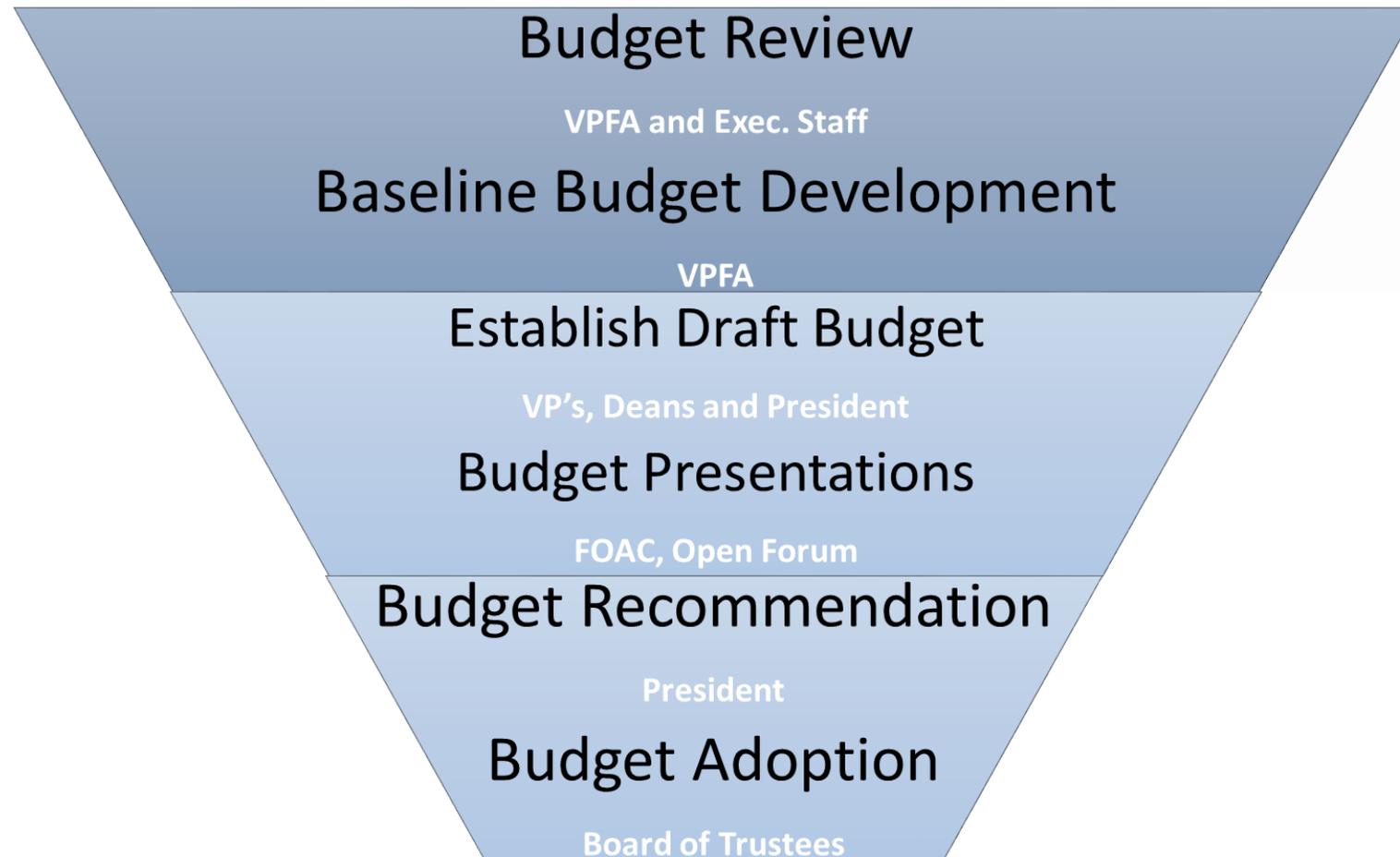
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Oregon Tech Tuition and Budget Planning

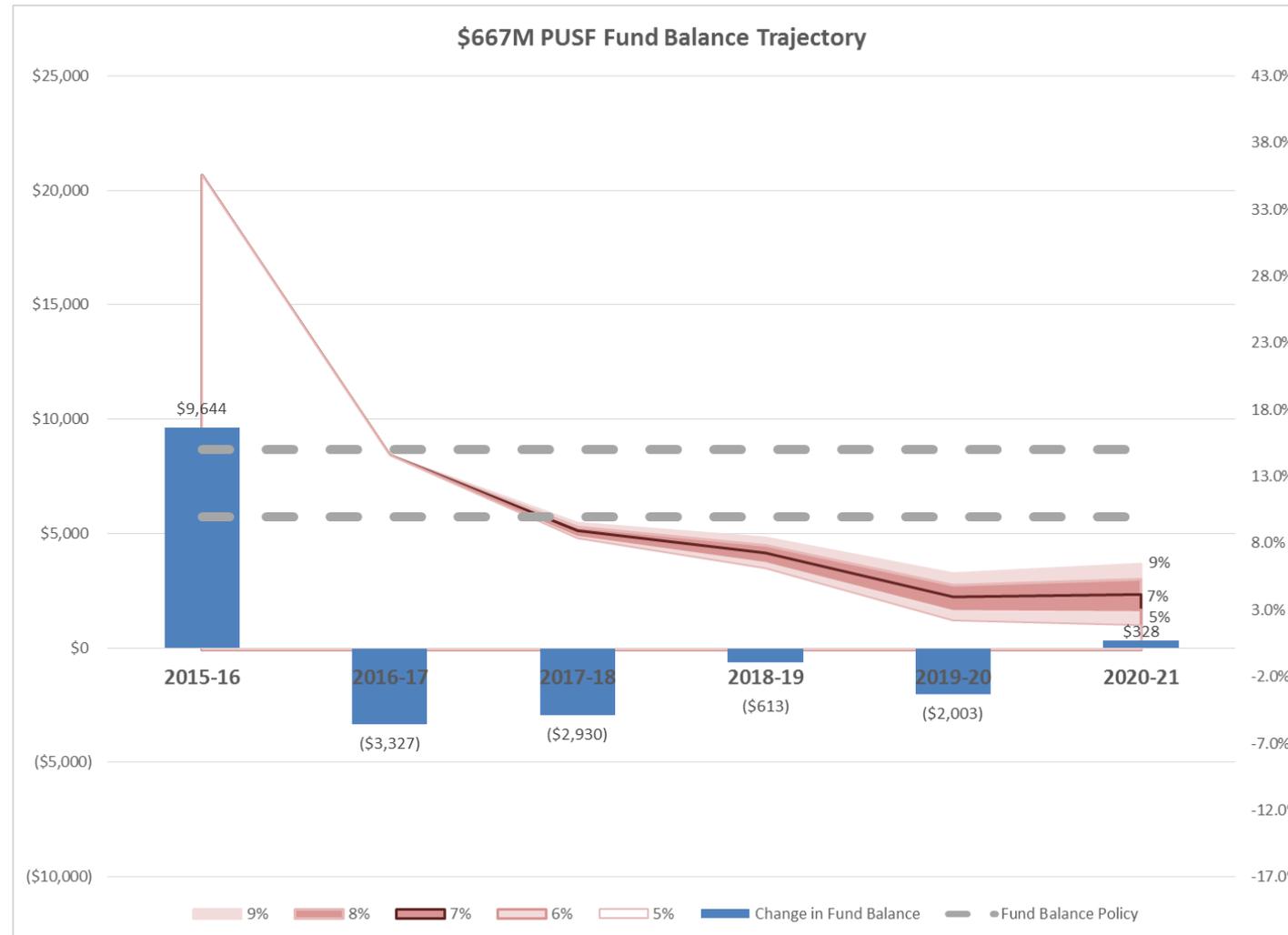
Oregon Tech Budget Development Process



Oregon Tech Establishing Budget Principles

1. Preserve and enhance the long-term fiscal stability of the institution
2. Strengthen growing and in-demand programs
3. Strategic investments focused on enrollment and degree completion

Oregon Tech Percentage Increase Distribution

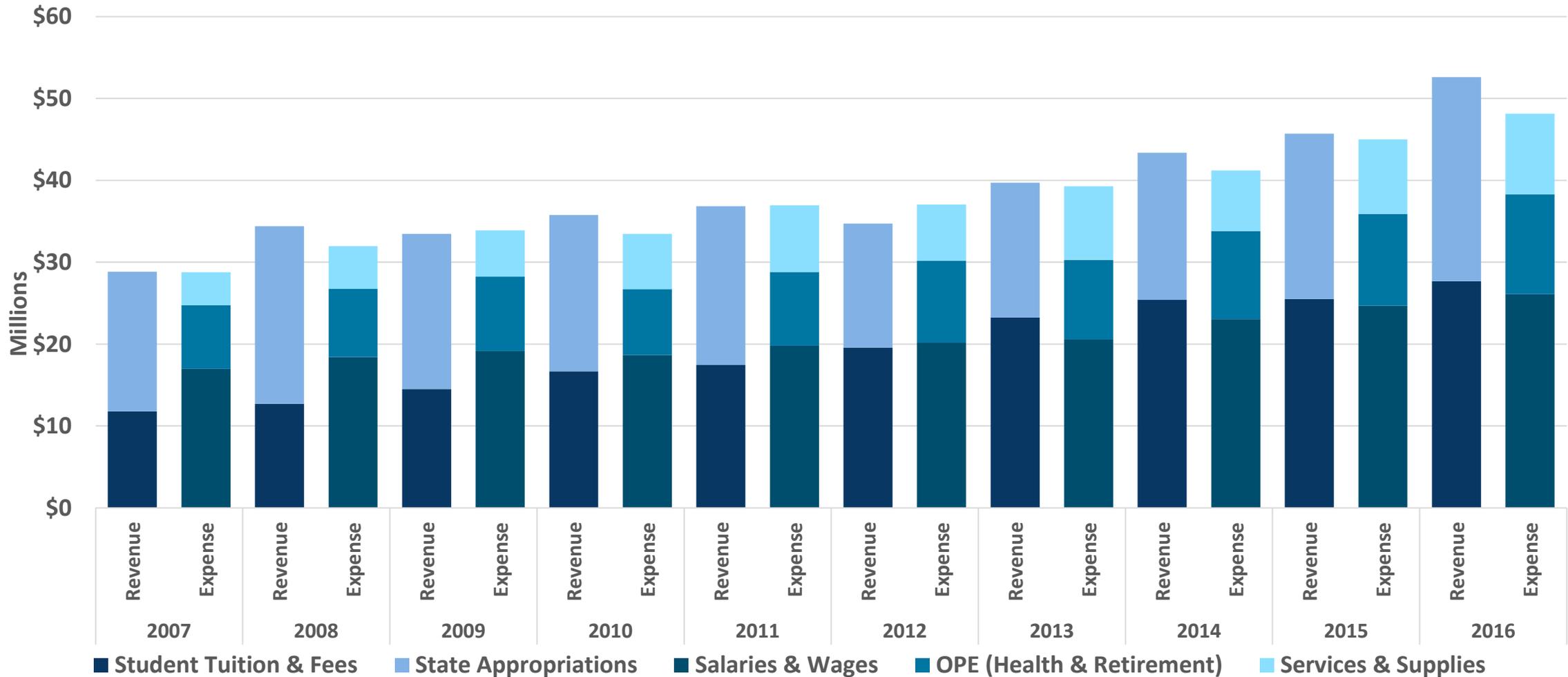


Oregon Tech Cost Increases

Calls on Revenues	
Cost Driver	Budget Impact
PERS (+18.4%)	\$1,066,000
PEBB (+5%)	\$323,000
S&S & Utilities (+5%)	\$544,000
Approved Faculty Hires (incl. PEBB)	\$430,000
Strategic Investments	\$300,000
Impact of 4% mid-year raise	\$461,000
Total	\$3,124,000

Oregon Tech Budget Hydraulics

OIT Tuition and Appropriations vs Major Expenses Categories



Oregon Tech - Cost Estimates

- Average Salary and FTE
 - Salary \$65,000
 - OPE \$26,000
 - Total \$91,000
- Academic Equipment Budget
 - One Year \$600,000
- Remissions
 - 1% of Tuition \$300,000
- S&S
 - 1% of S&S \$100,000

Oregon Tech Tuition Ranges – Base Tuition

Base/Differential	Per Credit	Change	15 Credit Load	Increase
1%	\$ 169.31	\$ 1.68	\$ 2,539.59	\$ 25.14
2%	\$ 170.98	\$ 3.35	\$ 2,564.74	\$ 50.29
3%	\$ 172.66	\$ 5.03	\$ 2,589.88	\$ 75.43
4%	\$ 174.34	\$ 6.71	\$ 2,615.03	\$ 100.58
5%	\$ 176.01	\$ 8.38	\$ 2,640.17	\$ 125.72
6%	\$ 177.69	\$ 10.06	\$ 2,665.32	\$ 150.87
7%	\$ 179.36	\$ 11.73	\$ 2,690.46	\$ 176.01
8%	\$ 181.04	\$ 13.41	\$ 2,715.61	\$ 201.16
9%	\$ 182.72	\$ 15.09	\$ 2,740.75	\$ 226.30

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

Oregon Tech Tuition Ranges - Differential

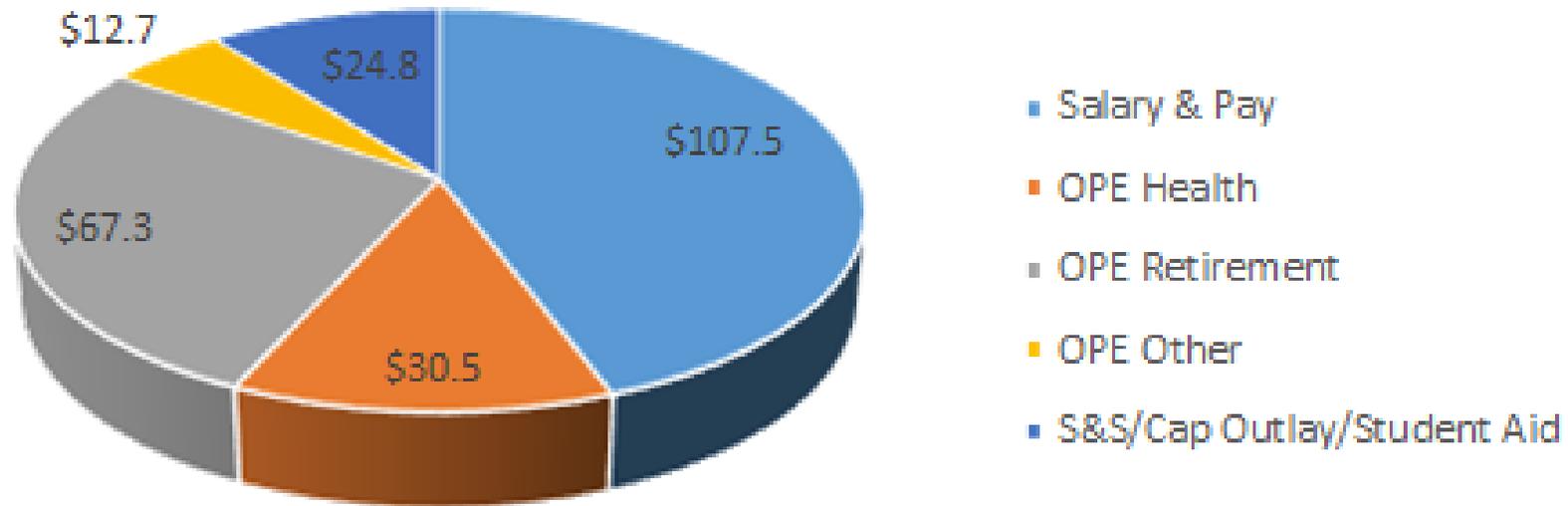
Base/Differential	Per Credit	Change	15 Credit Load	Increase
1%	\$ 203.17	\$ 10.39	\$ 3,047.51	\$ 155.90
2%	\$ 205.18	\$ 12.40	\$ 3,077.69	\$ 186.07
3%	\$ 207.19	\$ 14.42	\$ 3,107.86	\$ 216.24
4%	\$ 209.20	\$ 16.43	\$ 3,138.03	\$ 246.42
5%	\$ 211.21	\$ 18.44	\$ 3,168.21	\$ 276.59
6%	\$ 213.23	\$ 20.45	\$ 3,198.38	\$ 306.76
7%	\$ 215.24	\$ 22.46	\$ 3,228.55	\$ 336.94
8%	\$ 217.25	\$ 24.47	\$ 3,258.73	\$ 367.11
9%	\$ 219.26	\$ 26.49	\$ 3,288.90	\$ 397.28

2017 Adjustment	
Differential	20%

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

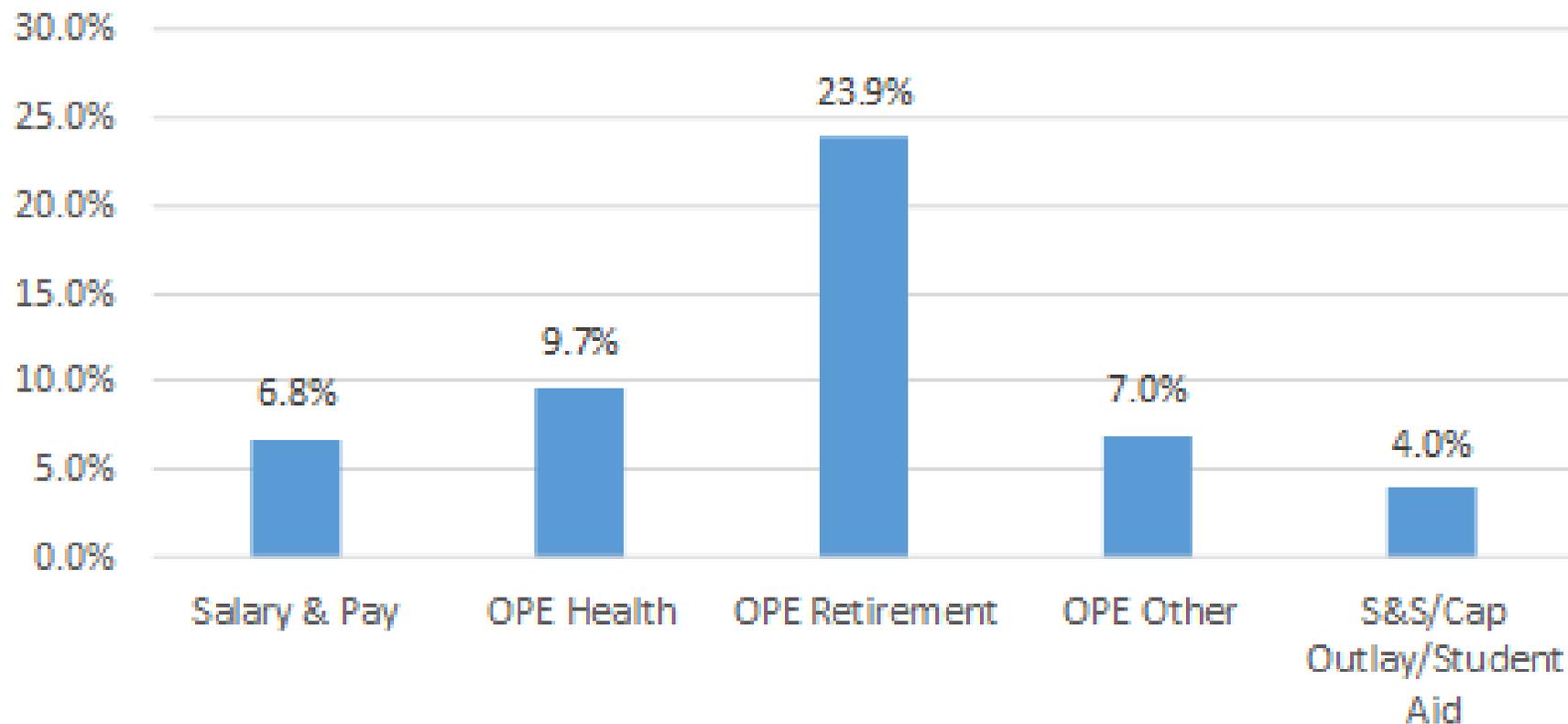
Cost Drivers

Estimated 2017-19 Cost Increases (in millions)
All Public Universities



Cost Drivers

Estimated 2017-19 Percent Increases in Costs
All Public Universities



Tuition Setting Processes

While they vary slightly, each campus has developed thorough community and stakeholder processes to inform and shape the proposed increases that are sent to Boards of Trustees

Tuition Setting Processes

Legal Requirements

ORS 352.102

(2) The governing board shall **establish a process** for determining tuition and mandatory enrollment fees. The process must provide for participation of enrolled students and the recognized student government of the university.

(3) The governing board shall request that the president of the university transmit to the board the **joint recommendation of the president and the recognized student government...**

(a) The governing board may not increase the total of tuition and mandatory enrollment fees by more than five percent annually unless the board **first receives approval** from:

(A) The Higher Education Coordinating Commission; or

(B) The Legislative Assembly.

(b) The governing board shall **attempt to limit annual increases** in tuition and mandatory enrollment fees for undergraduate students... not greater than the percentage increase in the Higher Education Price Index...

Source: Oregon Revised Statute 352.102: Tuition and Mandatory Enrollment Fees.

https://www.oregonlegislature.gov/bills_laws/ors/ors352.html

Oregon Tech Board Policy on Tuition and Fee Process

Purpose: “It is the policy of Oregon Institute of Technology that tuition, fees, fines and other charges are to be developed, approved, issued and communicated in a transparent and consistent manner, with the engagement of appropriate University stakeholders...”

Established Tuition Recommendation Committee (TRC)

- Establishes TRC membership
- Establishes TRC meetings
- Requires public forum and feedback
- Requires TRC advice to the President
- Requires Presidential recommendation to the Board

Oregon Tech Board Tuition Considerations

When setting tuition and fees, the Board may consider a number of factors, including the desire to

- (a) create affordable access to degree programs,
- (b) create a diverse student body,
- (c) maintain strong degree programs at every level,
- (d) develop and maintain the human and physical infrastructure necessary to support the university's educational outcome goals, and
- (e) maintain the fiscal integrity of the institution.

PSU Internal FY18 Tuition Setting Process

July - January (year-long)	Preliminary Enrollment Forecasting and Budget Building	University Budget Team, Enrollment Management and Institutional Research
January - March	Budget Context and Tuition Scenarios	Five Student Budget Advisory Committee (SBAC) meetings
January 26th	Budget Context and Initial Guidance	Board Finance & Administration Committee
January - March	Budget Context and Tuition Scenarios	Faculty Senate Budget Committee, Academic Leadership Team, Faculty Senate
March 6th	Budget Context and Tuition Scenarios	Associated Students of Portland State University (ASPSU) Student Senate
March 16th	University Budget Town Hall	Open to all Faculty, Staff, and Students
March 22nd	Detailed Tuition Recommendation and Memo	From SBAC Chair to University President with student and faculty statements
April 5th	Tuition and Mandatory Fees Recommendation	Board Finance & Administration Committee with student presentation
April 11th	Tuition and Mandatory Fees Resolution	Full Board with student comment and presentation



Thank You! Questions?