



Docket Item:

Oregon Institute of Technology (OIT) Tuition Increase Materials

Docket Material:

The following is the table of contents for OIT's tuition increase.

Section A: HECC Staff Summary and Recommendation

Section B: HECC Staff Evaluation of Tuition Increase Criteria Established by Governor Brown

Section C: OIT E&G Budget Gap Summary

Section D: OIT Student Survey Responses

Section E: HECC Staff Summary of OIT Board Materials

Section A: HECC Staff Summary and Recommendation – Oregon Institute of Technology

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 Oregon Tech "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 Oregon Tech. 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. Monitoring of Oregon Tech's progress in cost management is particularly important given the current and recent administrative leadership transition taking place, as alluded to in the institution's response to the Governor's criteria.

Oregon Tech 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 increases to differential tuition rates, with a perception that those rate increases were not adequately communicated to the student body and that student turnout was sparse at a key tuition forum. The respondent believes student input was considered in the tuition-setting process. Additionally, Oregon Tech's tuition proposal incorporates a declining resident undergraduate tuition rate as State investment through the Public University Support Fund increases.

Staff recommendation:

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

Section B:

Oregon Tech

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>Oregon Tech, 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 be for the President to have included a below-threshold option in the tuition and fee rate recommendation that was presented to the OIT 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>Oregon Tech has pledged to make additional investments in targeted remissions of approximately 10% as a result of the proposed tuition increase. Similarly, Oregon Tech staff have represented to the Board of Trustees that a tuition increase below 5% would result in reductions to targeted remissions, scholarship programs, and support services. These reductions would primarily impact low-income and other vulnerable student populations.</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>In explaining its efforts to manage costs on an ongoing basis, Oregon Tech cites recent and significant turnover in its leadership team as setting the stage for a reinvigorated and comprehensive effort to map institutional efficiency. This turnover has potentially weakened Oregon Tech's current cost-management infrastructure but has created an opportunity for the institution to make a new and aggressive commitment to strategic planning in operations and efficient delivery of instruction. Those areas where Oregon Tech has expressed such a commitment include:</p> <ul style="list-style-type: none"> • Leveraging technology and process improvement for administrative and instructional purposes • A demand-driven academic enterprise • Aggressive compensation management • Strategic investment in administration to enhance efforts in planning and analysis, risk management, and internal controls • A continued level of self-reliance for electricity generation and water service combined with conservation efforts • A commitment to data-driven decision making • Strategic use of fund balance during the 2017-19 biennium until projected enrollment growth is achieved. • Targeted reductions (no specific line item reductions identified) • Establishing benchmarks and decision-making tools

		<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"> • Use of a budget advisory group consisting of faculty, students and staff • A common set of principles that underlie each cost management strategy and how these principles and the resultant strategy tie to the Oregon Tech 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. <p>Based on information provided by Oregon Tech, 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 yet 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>Oregon Tech 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. A summary of the survey response is included in the attached materials. HECC staff notes that response indicates that the students who participated in the tuition-setting process reported the institution was willing to receive student input and appeared to consider implementation of student ideas.</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>Oregon Tech 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 this submission itself appears to satisfy a literal interpretation of the</p>

		Governor's criterion #5, HECC staff has additionally reviewed the submission and notes that Oregon Tech has committed to reducing resident undergraduate tuition by one percent for each +\$20 million increment in Public University Support Fund from the Governor's Recommended Budget level, with a minimum tuition increase of 4%.
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Section C:

FY 2017-18 Oregon Tech Education & General Budget Gap Summary (in millions) - Projected	
<u>Changes in Costs</u>	
Faculty, staff and student FTE	\$2.0
Retirement	\$1.9
Healthcare	\$0.6
Utilities and S&S	\$1.0
Scholarships	\$0.5
Other	\$0.4
Total:	\$6.4
Decrease in PUSF (at GRB level)	\$1.4
Projected budget gap without action:	\$7.8
<u>Cost cutting & revenue growth</u>	
Change in enrollment - UG resident	\$0.6
Change in other enrollment	\$0.9
Undergraduate res. tuition increase	\$1.7
Other tuition/fee Increase	\$1.3
New fee revenue	\$0.1
Other revenue	\$0.1
Total:	\$4.6
Projected remaining budget gap:	\$1.8
Total E&G Budget	\$62.3
Budget Gap as a % of Total E&G Budget	12.5%

Notes:

- 1) PUSF calculation at \$660M level (GRB) as provided by HECC staff.
- 2) The Oregon Tech Board of Trustees has not adopted an operating budget for FY18 at the date of this computation. All
- 3) On a temporary basis budget gaps due to increases on costs and decreases in state funding will be absorbed by the institution through planned use of reserves during the FY18 fiscal to maintain academic and support systems for students. Strategies are being developed and implemented to reduce ongoing costs or increase enrollment and overall E&G revenues over the short and long-term by the new leadership at Oregon Tech.

Section D:

Oregon Tech Student Survey Responses:

Response from Tuition Committee Member Cheyenne Low

Question 1:

I do agree with the statement that OIT gave. I was on the tuition setting committee and we all strived to make the best decision possible. We (ASOIT) tried to advertise the student Tuition Forum as best as possible (email, flyers, the Oregon Tech App, social media outlets etc). We also announced what decision we had come to at 2 of our general meetings and ways students could get involved (TRU Day, writing letters, OTB student video etc).

The only complaint I would have to make was the discussion on the Differential Tuition Rates. Those were very briefly stated. Once I read the letter from Brian Fox, it stated 20% for differential tuition. I feel that was never relayed to the student body, which is discouraging because a high amount of the student body fall under the differential funding. That would be my only complaint.

The day that was chosen for the tuition forum was on April 4th which was 2 days after we came back from spring break, so the majority of our advertising came before spring break.

Question 2:

I feel I may have answered this above, but I will reiterate. We sent out a mass email to all students a couple of times stating there was going to be a tuition forum. I personally posted it multiple times on social media and our Oregon Tech App. We had flyers put out on tables, displayed on the digital reader boards, and announced it multiple times during the ASOIT general meetings. We also just recently had an article in the school newspaper about the topic of tuition increase.

I feel the tuition setting committee had a very hard time coming to a decision because we did not have the best turn out at the tuition forum. We had around 10 students who attended. They were mostly there to ask questions, and Brian did a great job at asking those questions. I feel, and this could be speculation, that the students genuinely understood how this situation came to be.

I still talk with students about the situation and answer their questions. They start off confused and a little angry, but once they hear that this was out of the school's control and it's more on a state mandated level, they come around.

Again, I feel the tuition committee took the opinion of the students who were on the committee (myself, Zach, and an engineering student) very seriously. They really relied on us to give "the student input".

Question 3:

Honestly, I feel the committee had a decent idea about what the final outcome was going to be before the forum happened, and since the forum had minimal students attend, the decision was about the same. For future forums, it might be a good idea to have each student who attends the forum to take a survey at the end of the beginning and end of the forum to see how their decisions have changed, if at all.

I feel the school administrators have the best interest of the students and the institution in mind. They still want to keep affordable rates and still keep academic quality. This was something that was very important to the committee and the students on it. I do feel that the committee took the committee students' opinions into consideration.

Section E:

HECC Staff Summary of Oregon Institute of Technology - Mandatory Enrollment Fees Increase in Excess of 5%:

The following is a summary of the Oregon Institute of Technology's (OIT) efforts associated with its tuition increase related to topics the commission wishes to focus on: Affordability, Student Involvement and Cost Controls/Cuts. OIT is proposing an overall increase in resident undergraduate tuition and fees of 7.3% for the Klamath Falls campus and 7.4% for the Wilsonville campus. As prescribed by Oregon law, HECC excludes certain fees from its calculation of the same increase, resulting in an increase of 7.4% at Klamath Falls and 8.1% at Wilsonville, in excess of the 5% review threshold.

Affordability:

Oregon Tech will maintain affordability by increasing tuition remissions by about \$300,000 during the next fiscal year (about a 10% year over year increase)¹. These remissions will be targeted to at-risk students, including low-income, first generation, rural and veteran students².

Student Involvement, Input and Impact:

OIT utilizes a Tuition Recommendation Committee (TRC), which consists of students, faculty and administrators from across the institution³. This group has been meeting since January and conducted multiple open forums in April in order to encourage student involvement. As part of the process, the institutions' student government (ASOIT) participated throughout the process as well.

Institutional Cuts and Cost Controls:

OIT believes that it generally has a good control of its cost structure and that, as a growing institution, cuts are likely to impact quality and diminish a student's return on investment.⁴ Nonetheless, OIT is exploring various cost control strategies, such as investing in water and energy conservation. OIT will utilize fund balance to account for most of the budget deficit expected for FY 18⁵.

Tuition increases Based on PUSF Levels:

OIT will adjust its tuition rates as follows if the state funding level changes⁶:

¹ <<http://www.oit.edu/docs/default-source/board-of-trustees-documents/2017-meetings/may/2017-05-08-board-agenda-publish.pdf?sfvrsn=2>> Page 17

² Ibid Page 20

³ Ibid Page 11.

⁴ Ibid Pages 18-19

⁵ Ibid Page 38.

⁶ Ibid Page 23.

State Funding (PUSF)	Base Tuition		Differential		Forecast	
	% Increase	Per Credit	Rate	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		