Budget and Tuition Setting Process

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Budget and Tuition Process

Tuition Process Requirements

I. Legal Requirements

II. HECC Tuition Approval Timeline

III. HECC Tuition Approval Evaluation

IV. Board Policy on Tuition and Fee Process

V. Tuition Recommendation Committee

VI. Tuition Setting Calendar

VII. Tuition Setting Process and Principles

I. 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…

II. HECC Tuition Approval Timetable

- March 8 – Funding and Achievement Subcommittee
  - University VPFA presentation on budget hydraulics and forecasts
  - Opportunity for HECC to understand the budget pressures affecting universities
  - No actions taken

- April 12 – Funding and Achievement Subcommittee
  - Potential actions on tuition

- May 13 – Commission Meeting
  - Tentatively scheduled for university tuition requests in excess of 5%
  - All universities tentatively scheduled to present requests

III. HECC Tuition Approval Evaluation

- No information has been supplied by the HECC on what or how they will evaluation tuition increases in excess of 5%

IV. 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..."

Tuition Recommendation Committee: This committee is responsible for recommending the tuition and mandatory fee rates to the institutional president. Comprised of six students representing both campuses appointed by the ASOIT president(s); and the chair of the Fiscal Operations Advisory Council (FOAC) with support from senior administrators. 1.

Board Policy Continued

Process for Setting of Tuition and Mandatory Enrollment Fees: The Tuition Recommendation Committee shall **meet at least twice** between January and February prior to providing the President written recommendations on proposed tuition and mandatory fee rates for the upcoming academic year. A minimum of **one public forum shall be held at each campus location** to discuss and obtain input on the proposed tuition and mandatory fees; and broad notification of the forum shall be made to the university community. When advising the president, **the Tuition Recommendation Committee shall include input received at the public forum** and considerations regarding historical tuition and fee trends, comparative data for peer institutions, the University's budget and projected cost increases, and anticipated state appropriation levels. **The President shall bring the recommendations to the Board for approval**.

Board Policy Continued

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.

V. Tuition Recommendation Committee

- 6 Students
  - including ASOIT President for both Wilsonville and Klamath Falls campuses
- 2 Faculty members
  - Including FOAC chair
- 5 Senior administrators
  - VPFA, Provost, VP SEM, VP SA and Dean of Online Learning
- 4 administrators
  - Budget/Business Affairs, Institutional Research and Registrar's Office

VI. Tuition Setting Calendar

		2016		2017					
Owner	Action	Nov	Dec	Jan	Feb	Mar	Apr	May	June
TRC	TRC Meets to establish meeting dates, process and review needs			▪					
TRC	TRC meets for tuition review and budget information				▪				
TRC	TRC meets to establish tuition range					▪			
TRC	TRC hosts student forum for input					▪			
TRC	TRC meets to establish tuition recommendation					▪			
BOT	Board of Trustees meet and hear budget and tuition scenarios				▪				
I Fee	Incidental Fee Committees meets to set fee recommendation			▪					
TRC	TRC makes tuition recommendation to President					▪			
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	F&F Committee meets to make tuition recommendation							▪	
BOT	Board of Trustees meets to make budget adoption decision							▪	
HECC	HECC meets to consider tuition approvals in excess of 5%							▪	▪

Tuition Development Process

Tuition Setting Calendar

Week	Meeting Outcomes
✓ Jan 27	**First Meeting: Introductions and process** - Committee member introductions - Develop shared principles to guide process - Establish tuition setting calendar/process - Oregon Tech budget background/scenarios
✓ Feb 17	**Second Meeting: Information and comparisons** - Finalize principles - Peer tuition comparisons - Tuition structure review - Tuition ranges and budget scenarios
Feb 23/24	**Board of Trustees Meeting** - Report on tuition and budget setting principles and receive feedback
Mar 2	**Third Meeting: Relay Board Feedback and establish ranges/scenarios** - Establishing tuition ranges - Plan student/community forums
Mar 6-10	**Student Forums: Information sharing and collect input from students**
Mar 13-17	**Fourth Meeting: Set recommendation** - Establish tuition recommendation
Apr 3-7	**ASOIT Letter to President regarding tuition recommendation**
Apr 10-14	**President establishes Tuition Recommendation** - Develop finalized 2017-18 Academic Year Fee Book
May 8	**Submit tuition recommendation to Board of Trustees**
May 11	**HECC Commission Meeting** - possible request approval for tuition increase in excess of 5%
May 26	**Board of Trustees vote on Tuition**
June 10	**HECC Commission Meeting** - possible request approval for tuition increase in excess of 5%

VII. 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

Budget Setting Process

I.   Budget Forecasting

II. Budget Development Process

III. Budget Setting Calendar

IV. Establishing Budget Setting Principles

I. Budget Forecasting

✓Incorporating forecasted state revenue
- *Analysis of major state budget drivers*

- Finalize cost driver estimates
  - *Analysis in process*

- Meet with VP's, directors and others to establish baseline needs
  - *Meetings in process*

- Develop strategic investment needs
  - *Refer to budget principles and future needs*

- Develop cost reductions options
  - *Refer to budget principles and campus priorities*

II. Budget Development Process

Budget Review

VPFA and Exec. Staff

Baseline Budget Development

VPFA

Establish Draft Budget

VP's, Deans and President

Budget Presentations

FOAC, Open Forum

Budget Recommendation

President

Budget Adoption

Board of Trustees

III. Budget Setting Calendar

	Budget Development Process								
		2016		2017					
Owner	Action	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Voters	Election with significant state revenue ramifications	■							
DAS OEA	Revenue Forecast	■			■			■	
VPFA	Budget Forecasting and Scenario Planning	▬▬▬	▬				■		
Governor	Governor's Recommended Budget Released		■						
ELT/PLT	Strategic Initiatives and Investment Planning								
	- Aggregate and organize academic strategic plans	▬▬▬	▬▬	▬					
	- Internal budget reviews at VP level		▬▬	▬▬					
	- Enrollment forecast						■		
	- Workload and departmental demand forecasting		▬▬	▬▬	▬▬	▬			
Co-Chairs	Co-Chairs Budget Released		■						
ELT/FOAC	Develop proposed budget objectives, priorities and final calendar			▬▬					
BOT	Approve budget objectives and philosophy				■				
VPFA, PLT	Develop draft budget for FOAC/PLT review				■				
ELT	Establish draft budget for open forum					■			
VPFA/PLT/FOAC	Campus Budget Open Forum					▬▬	▬		
ELT/President	Finalize budget recommendation to Board						■		
F&F	F&F Committee meets to make budget recommendation							■	
BOT	Board of Trustees meets to make budget adoption decision							■	
VPFA	Load Budget for FY 2018								■

IV. 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 Budget & Tuition Scenarios

Budget Planning Assumptions

- Establish baseline budget frameworks under certain likely conditions to begin stakeholder engagement around budget priorities and assess investment, reduction and revenue scenarios

- Three budget scenarios based on legislative funding of the PUSF at the following amounts:
  - $616M
  - $660M (Governor's Recommended Budget – GRB)
  - $720M

- Focus on establishing sustainability over two biennial cycles:
  - 2017-19
  - 2019-21

- Assume flat funding from 2017-19 biennia through 2021-23

- Assume PERS increases from 2017-19 biennia through 2021-23

- Assume 2nd year of biennia tuition capped at <= 5% increase

- Assume no change to HECC SSCM Funding Model

University 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**

$720M PUSF Appropriations

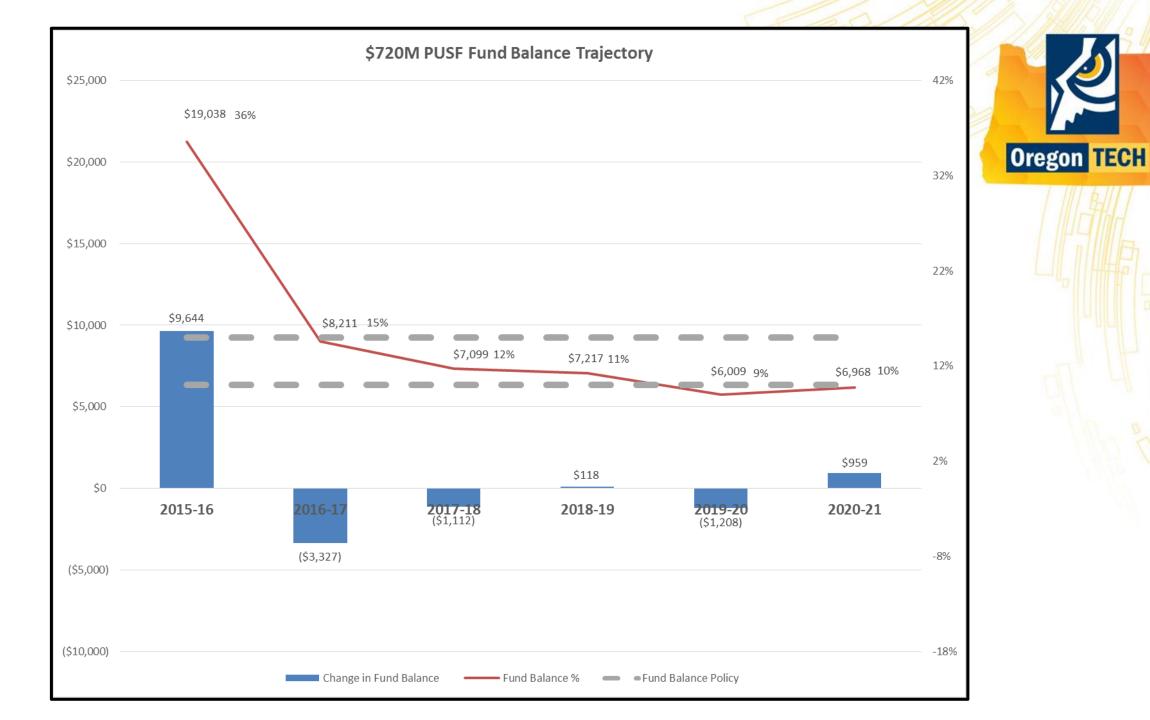|	
State Funding	$25.6M (FY 18) $26.9M (FY 19) $52.5 M (biennial) -- $48.8 M (2015-17 biennia)
Enrollment	+3.0%
Fund Balance Used (2017-19)	-$1.0M
Investment in Programs and Student Support	$0
Tuition Range	+5-10%
Remissions	11% of Tuition Revenue

Overview:
- Optimistic state appropriation scenario
- Broadly stable budget, allowing no or limited additional hiring and increases in tuition above 5%
- Creates long-term scarcity and requires continued growth in student completion rates to maintain funding

$660M PUSF Appropriations (GRB)

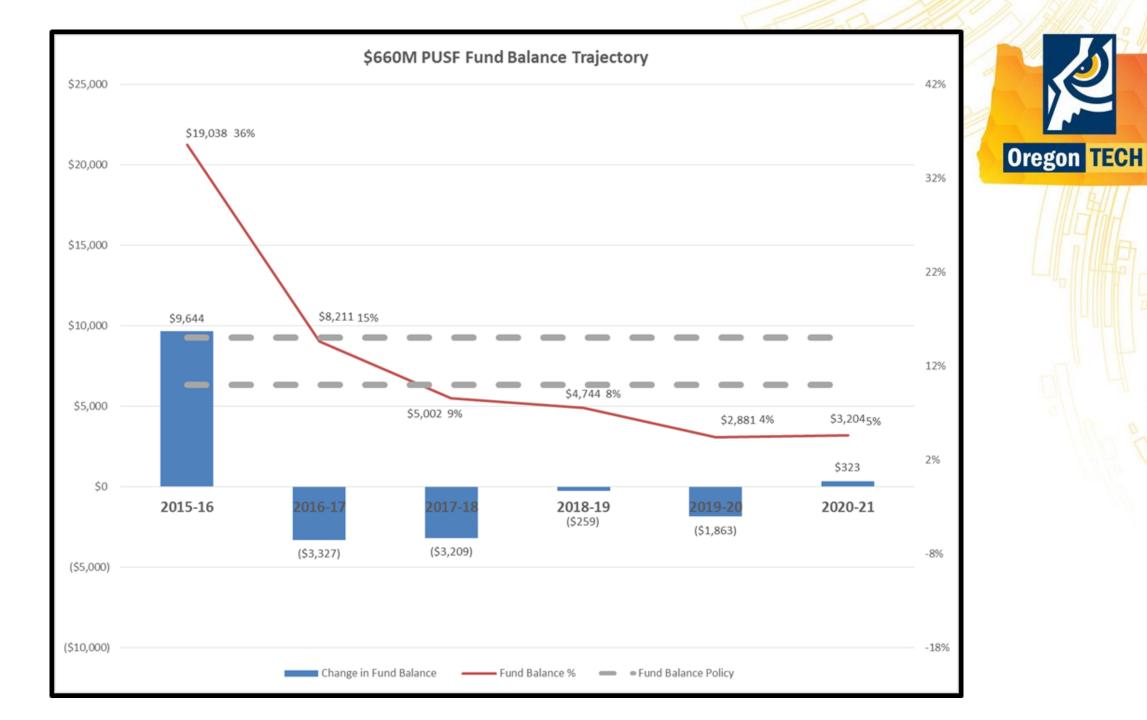|	
State Funding	$23.5M (FY18) $24.8M (FY19) $48.3 M (biennial) -- $48.8 M (2015-17 biennia)
Enrollment	+3.0%
Fund Balance Used (2017-19)	-$3.5M
Investment in Programs and Student Support	-$1.0M
Tuition Range	+10-15%
Remissions	11% of Tuition Revenue

Overview:
- Governor's Recommended Budget and most likely state funding level
- Creates persistent funding scarcity, depletes reserves and requires tuition increases in 10-15% range
- Necessitates cost cutting in core services and accelerated investment in enrollment initiatives

$660M PUSF Fund Balance Trajectory

$620M PUSF Appropriations

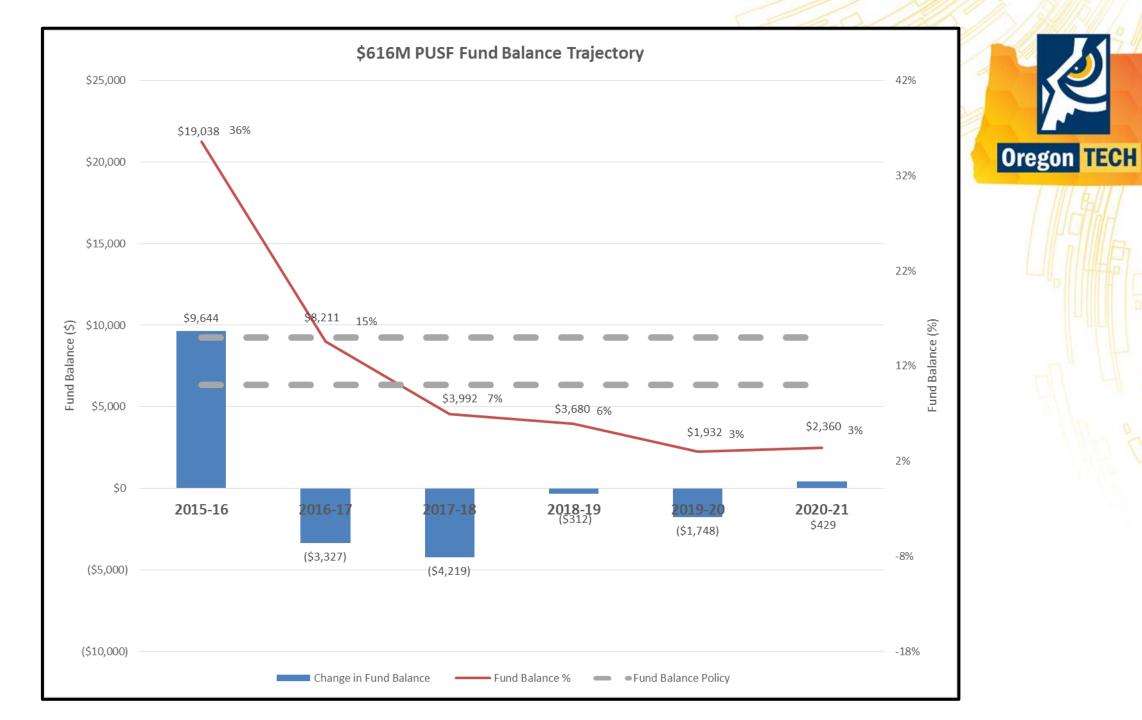|	
State Funding	$21.9M (FY18) $23.1M (FY19) $45.1 M (biennial) -- $48.8 M (2015-17 biennia)
Enrollment	+3.0%
Fund Balance Used (2017-19)	-$4.5M
Investment in Programs and Student Support	-$2.0M
Tuition Range	+10-15%
Remissions	12% of Tuition Revenue

Overview:
- Significant funding cut to higher education, within range of possible outcomes
- Requires significant cut in ongoing operating costs, rapidly depletes reserves and 10-15% tuition increase
- Requires rapid focus on increasing enrollment, retention and completion, and limits investment opportunity

Conclusion