Summary Overview and Tuition Strategy Discussion Meeting #4

John Harman- Vice President of Finance & Administration

Open Discussion
(30 Minutes)

Presentation Outline

1. Open Discussion
2. Recap Education and General Revenues
3. Summary of Budget Outlook
4. Deficit Coverage by Category
5. TRC Meeting Requirements
6. TRC Report Requirements
7. TRC Voting Members
8. FY 2024-25 Tuition Recommendation Discussion

Major Components of E&G Revenues

Revenues:

State Appropriations
- 48.5% of total revenue budget
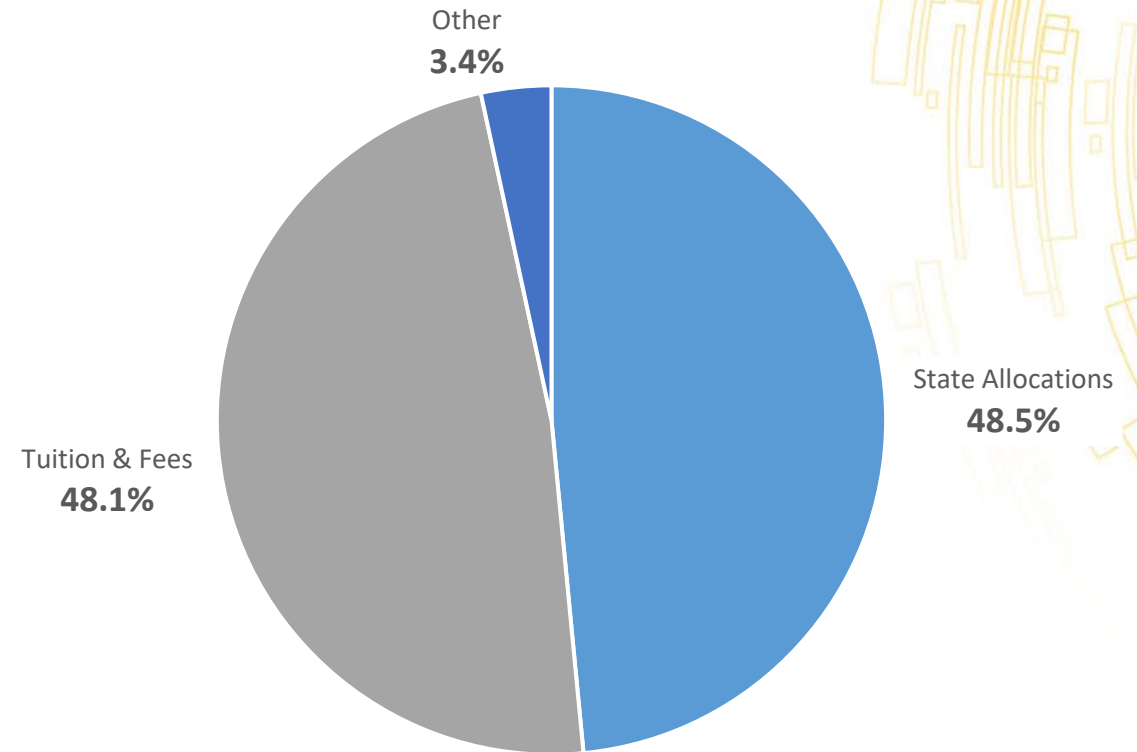- Impacted by Student Success and Completion Model (SSCM), State tax revenue

Tuition, net of remissions
- 48.1% of total revenue budget
- Impacted by Enrollment, HECC Oversight

Other
- 3.4% of total revenue budget

E&G Budgeted Revenues

Other
3.4%

State Allocations
48.5%

Tuition & Fees
48.1%

Summary of FY 2024-25 Outlook

Reduced Revenue

- A drop of non-dual credit enrollment over three years has reduced tuition revenue by between $8M and $10M.
- Each 1% drop in non-dual credit SCH translates to about $350k in lost tuition revenue
- An increase in state funding in the 2023-25 biennium helped offset tuition losses.
- Oregon still ranks 44th in higher education funding per student FTE and PUSF increases are not sufficient to keep up with rising costs.

Increasing Expenses

- Inflation in operating expenditures due to:
  - Contractual obligations in labor agreements.
  - Increasing benefits and related payroll costs.
  - Investment in essential enrollment, retention, online growth and student services.
  - Utilities, liability insurance and maintenance.
  - Unfunded mandates and investments.

FY 2024-25 Early Budget Projections

- Recent developments in union bargaining reduced the projected deficit from $7.4M to $6.8M.

- Assumes a 3.0% reduction in enrollment.

	FY 2023-24 Board Approved Budget[1]		0% Tuition Increase FY 2024-25 Budget Projection
Revenue			
Gross tuition and fees	$	39,514	$ 36,479
Less fee remissions		(5,805)	(7,520)
Net tuition	$	**33,709**	$ **28,959**
State appropriations		33,942	37,446
Other		2,374	3,100
Total revenue	$	**70,024**	$ **69,505**
Expenses			
Labor	$	54,946	$ 57,728
Supplies and Services		16,654	17,131
Transfers		1,406	1,406
Total expenses	$	**73,006**	$ **76,265**
Net from Operations before Other Resources (Uses)	$	**(2,982)**	$ **(6,760)**
Other Resources (Uses)			
Transfers In	$	82	$ -
Transfers Out		(100)	-
Use of Reserve		3,000	-
Total from Operations and Other Resources (Uses)	$	**0**	$ **(6,760)**

Notes: *These projections are preliminary and are subject to change*
(1) For comparability, Applied Computing and Rural Health Initiatives expenses and transfer-in are removed

FY 2024-25 Tuition Scenarios

Every 1% increase in tuition is approximately $350k

	FY 2023-24 Board Approved Budget[1]	0% Tuition Increase FY 2024-25 Budget Projection	3% Tuition Increase FY 2024-25 Budget Projection	4% Tuition Increase FY 2024-25 Budget Projection	5% Tuition Increase FY 2024-25 Budget Projection	20% Tuition Increase FY 2024-25 Budget Projection
Revenue						
Gross tuition and fees	$ 39,514	$ 36,479	$ 37,530	$ 37,881	$ 38,231	$ 43,488
Less fee remissions	(5,805)	(7,520)	(7,520)	(7,520)	(7,520)	(7,520)
Net tuition	$ **33,709**	$ **28,959**	$ **30,010**	$ **30,361**	$ **30,711**	$ **35,968**
State appropriations	33,942	37,446	37,446	37,446	37,446	37,446
Other	2,374	3,100	3,100	3,100	3,100	3,100
Total revenue	$ **70,024**	$ **69,505**	$ **70,556**	$ **70,907**	$ **71,257**	$ **76,514**
Expenses						
Labor	$ 54,946	$ 57,728	$ 57,728	$ 57,728	$ 57,728	57,728
Supplies and Services	16,654	17,131	17,131	17,131	17,131	17,131
Transfers	1,406	1,406	1,406	1,406	1,406	1,406
Total expenses	$ **73,006**	$ **76,265**	$ **76,265**	$ **76,265**	$ **76,265**	$ **76,265**
Net from Operations before Other Resources (Uses)	$ **(2,982)**	$ **(6,760)**	$ **(5,709)**	$ **(5,358)**	$ **(5,008)**	$ **249**
Other Resources (Uses)						
Transfers In	$ 82	$ -	$ -	$ -	$ -	$ -
Transfers Out	(100)	-	-	-	-	-
Use of Reserve	3,000	-	-	-	-	-
Total from Operations and Other Resources (Uses)	$ **0**	$ **(6,760)**	$ **(5,709)**	$ **(5,358)**	$ **(5,008)**	$ **249**

Notes: These projections are preliminary and are subject to change
(1) For comparability, Applied Computing and Rural Health Initiatives expenses and transfer-in are removed

Tuition Rate Scenarios

	FY24		FY25		FY25		FY25		FY25	
	Base Tuition	Differential Tuition	Base Tuition +3%	Differential Tuition	Base Tuition +4%	Differential Tuition	Base Tuition +5%	Differential Tuition	Base Tuition +20%	Differential Tuition
Tuition per credit	$233	$319	$240	$329	$242	$332	$245	$335	$288	$395
Tuition per term at 15 credits/term	$3,497	$4,791	$3,602	$4,935	$3,637	$4,983	$3,672	$5,031	$4,323	$5,922
Additional Revenue				$1.1M		$1.4M		$1.8M		$7.0M
Remaining Unfunded Gap				$(5.7M)		$(5.4M)		$(5.0M)		$0

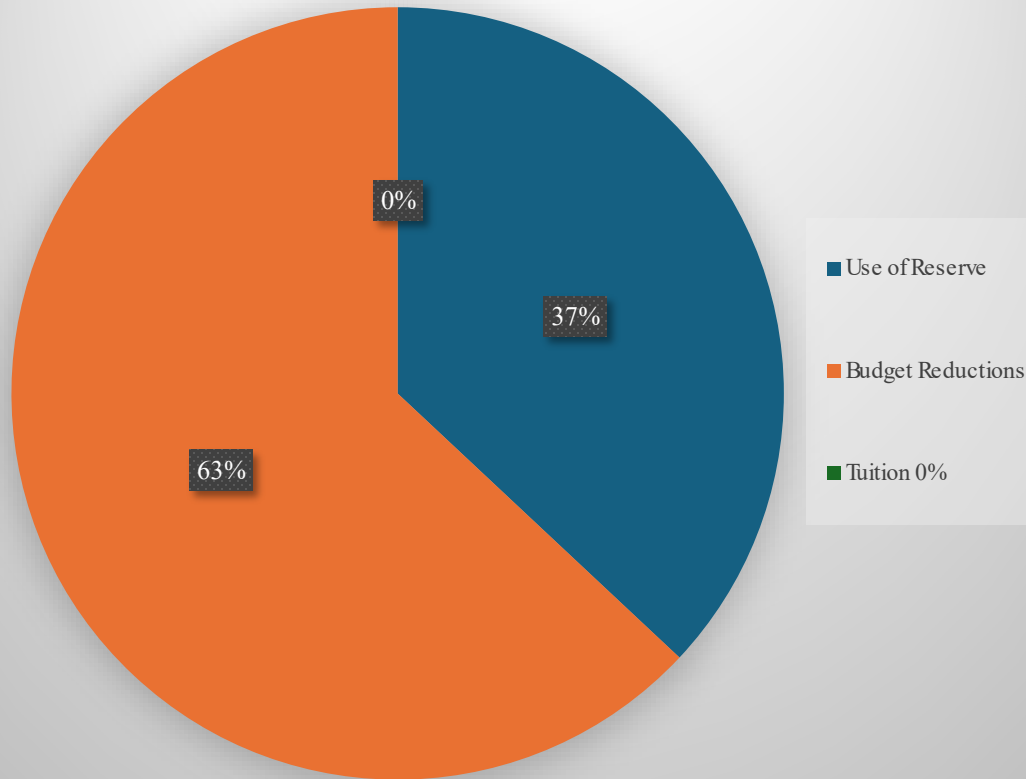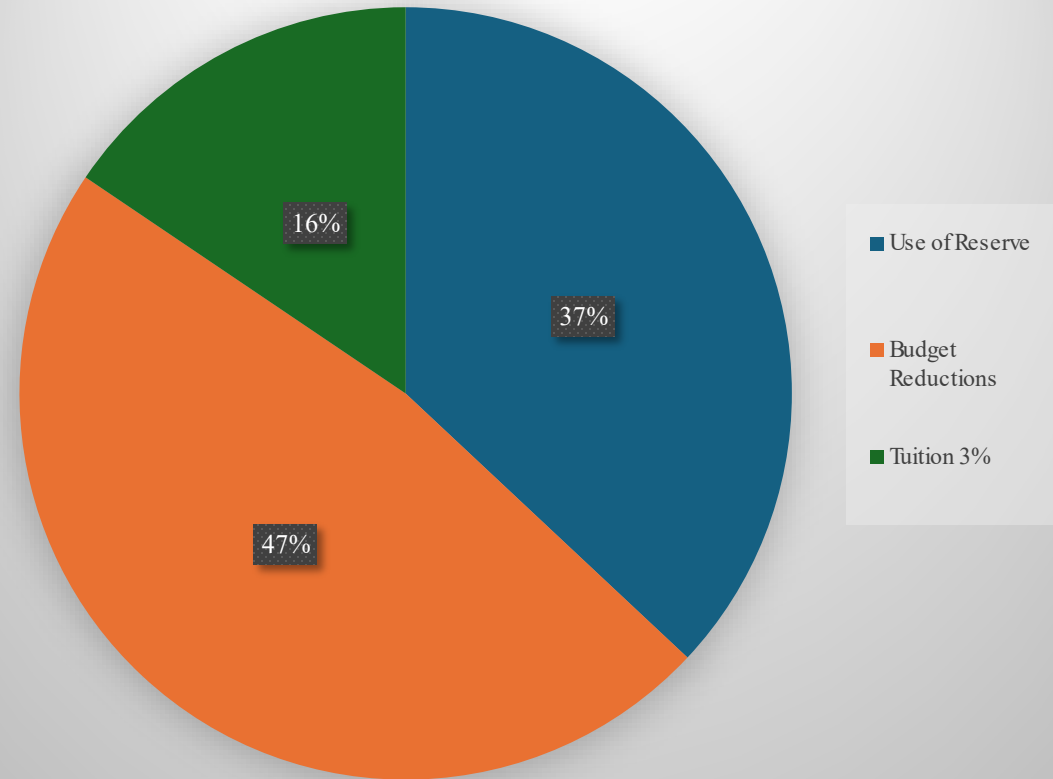|			
$1.1M increase to revenue	$1.4M increase to revenue	$1.8M increase to revenue	$7.4M increase to revenue
$105 increase in tuition per quarter (15 credits)	$140 increase in tuition per quarter (15 credits)	$175 increase in tuition per quarter (15 credits)	$861 increase in tuition per quarter (15 credits)

Deficit Coverage by Category

Defict Coverage - 0% Tuition Increase

- Use of Reserve
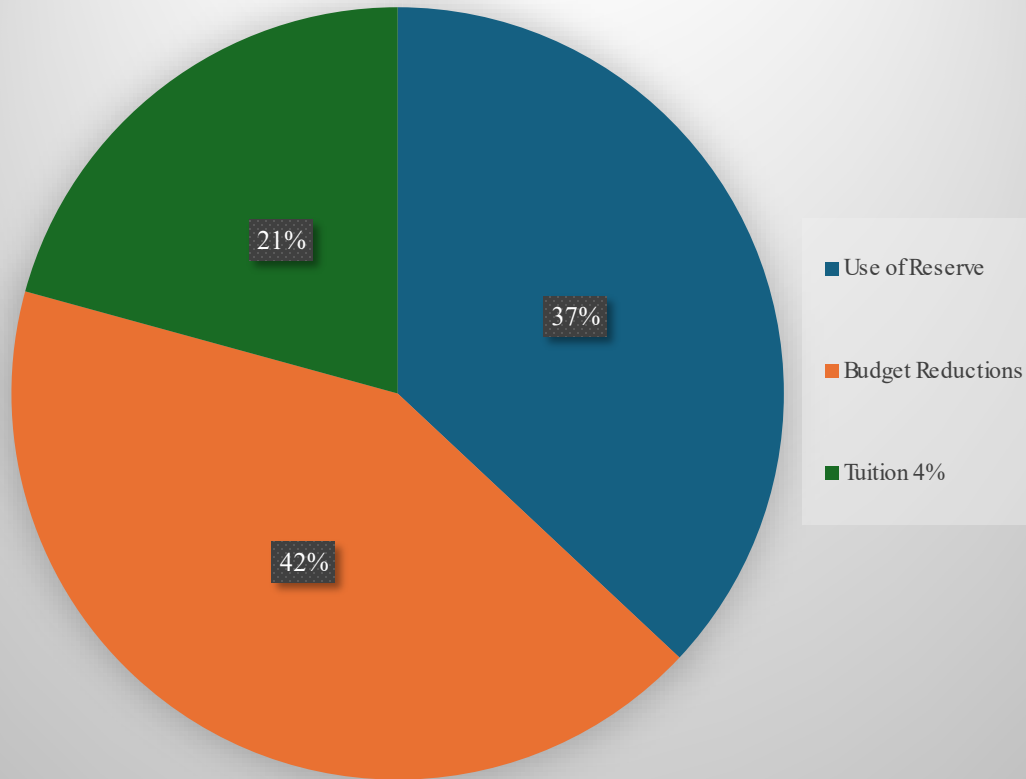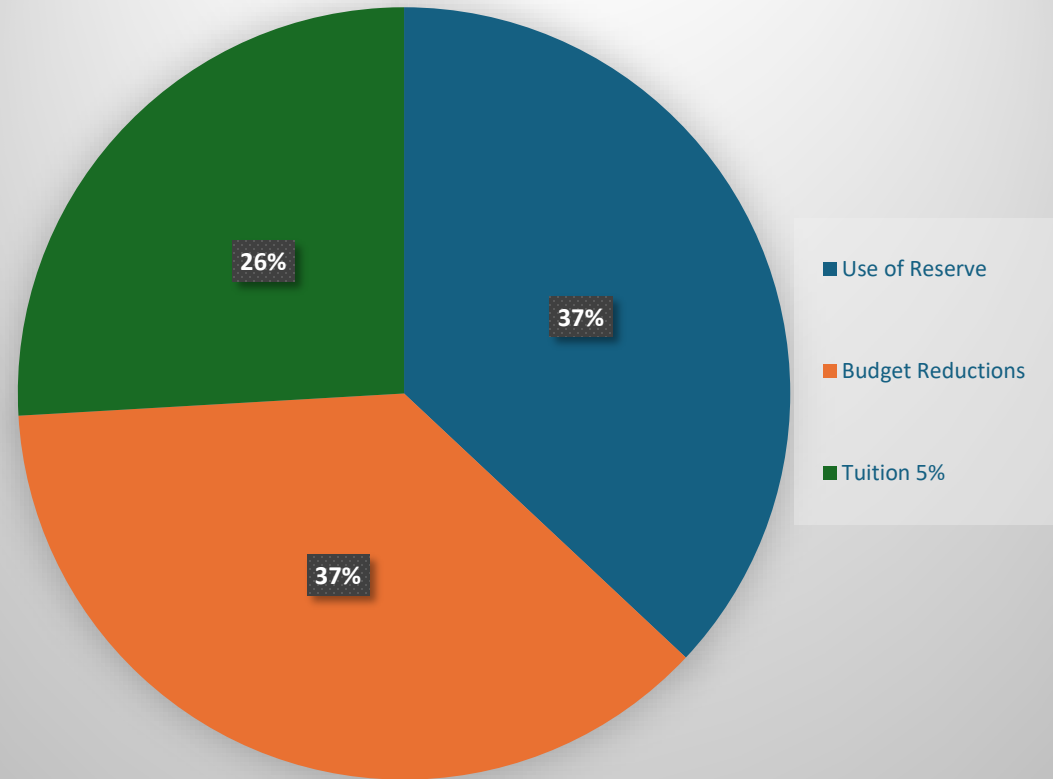- Budget Reductions
- Tuition 0%

37%
0%
63%

Defict Coverage - 3% Tuition Increase

- Use of Reserve
- Budget Reductions
- Tuition 3%

16%
37%
47%

Deficit Coverage by Category (cont'd)

Defict Coverage - 4% Tuition Increase

- 21% Tuition 4%
- 37% Use of Reserve
- 42% Budget Reductions

Legend:
- Use of Reserve
- Budget Reductions
- Tuition 4%

Defict Coverage - 5% Tuition Increase

- 26% Tuition 5%
- 37% Use of Reserve
- 37% Budget Reductions

Legend:
- Use of Reserve
- Budget Reductions
- Tuition 5%

Impacts of Insufficient Tuition

- Reduction in academic and support services
- Larger class sizes and fewer course sections
- Elimination of vacant positions
- Delayed or canceled equipment purchases

TRC Meeting Requirements

- ☑ Meet at least twice between January and February and open to all student body
- ☑ Minimum of one public forum held at each campus (KF & PM)
- ☑ To assist in recommendations, TRC shall receive
  - ☑ Plan for how the Board of Trustees and Administration are managing costs on an ongoing basis
  - ☑ Plan for how resident tuition and mandatory enrollment fees could be decreased if the university receives more money from the state than anticipated
- ☑ Provide President with written recommendations on proposed tuition and mandatory fee rates for resident undergraduates

TRC Report Requirements

When advising the president, TRC shall include:

☑ Input received from public forum

☑ Considerations regarding the mechanism by which moneys are appropriated by Legislature to HECC for allocation to universities

☑ Historical tuition and fee trends

☑ Comparative data for peer institutions

☑ University's budget and projected cost increases

☑ Anticipated state appropriation levels

☑ Deliberations and observations of the TRC

☑ Must include any minority report requested by a TRC member

☑ Any documents produced or received by the TRC

TRC Voting Members

The TRC is comprised of:

- No fewer than two students (one from each campus) who represent ASOIT and no fewer than two students (one from each campus) who represent historically underserved students of the university, as defined by the university;

- No fewer than two faculty members, one of which is the chair of the Fiscal Operations Advisory Council (FOAC)

- No fewer than two administrators.

https://www.oit.edu/finance-administration/tuition-recommendation-committee

FY 2024-25 TRC Membership

POSITION	TERM	NAME	DEPARTMENT/DIVISION
Chair, Vice President	2022-24	John Harman	Finance and Administration
Associate Vice President of Student Affairs	2022-24	Mandi Clark	Student Affairs
Administrator 1	2022-24	Joanna Mott	Academic Affairs
Administrator 2	2022-24	Josephine Ness	Admissions
Assistant Director, Budget	2023-24	Anna Clark	Financial Operations
AVP, Finance & Controller	2022-24	Alicia Dillon	Financial Operations
University Registrar des.	2022-24	Kendal Marks	Registrar/Financial Aid
FOAC Chair	2021-24	Don DaSaro	Business Management
Faculty Representative	2021-24	Feng Shi	Electrical Engineering and Renewable Energy Technology
Klamath Falls ASOIT Representative	2023-24	Riley Ambrose	Student
Portland-Metro ASOIT Representative	2022-24	Taylor Jacobs	Student
Klamath Falls Student	2023-24	Jordan Spencer	Student
Klamath Falls Student	2022-24	Graeme Wiltrout	Student
Klamath Falls Student	2023-24	Mike Duncan	Student
Portland-Metro Student	2023-24	Ryland White	Student
Executive Assistant	2023-24	Helen Drewel	Finance and Administration