Date: May 13, 2013
To: Oregon Board of Higher Education Finance & Administration Committee
From: Oregon Institute of Technology (Oregon Tech)
Subject: Information to Support Tuition & Fee Requests –
Academic Year 2013-2014 and Summer Session 2014

**Tuition Strategy:**
Prior to significant reductions in Oregon State support, Oregon Tech relied on State support to cover the costs of its higher-cost programs. Historically, higher-cost programs have never been fully supported by the tuition charged for them. In developing its current tuition strategy, Oregon Tech’s objectives were 1) to address the disproportionate support provided by students in lower cost programs with lower career starting salaries for programs offered to students in the higher-cost programs with higher career starting salaries; and 2) to sustain and expand the current level of program offerings; 3) to reach an enrollment level that sustains the University operations with tuition increases in line with the inflation rate.

To meet the first objective a 5% differential tuition for engineering and technology programs is being proposed. This differential tuition will allow the University to continue to provide the hands-on learning experiences that have garnered a #3 ranking of Top Public Regional Colleges in the 2013 edition of US News and World Reports Best Colleges. Allied Health programs already carry a differential course fee for most courses in the programs. (Please refer to attached memo regarding Proposed Differential Tuition Rates and University Accolades and National Rankings list.)

After analyzing many approaches it was determined that the most realistic approach to the second objective required a two prong strategy 1) to set basic tuition at a rate that kept student costs in line with the educational value, sustained the University operations and did not negatively impact the enrollment growth required to bring the per student education cost down; and 2) to manage enrollment growth with targeted recruitment that provided an optimum mix of 80% resident and 20% non-resident students. In addition to the targeted recruitment, Oregon Tech will only make WUE available for those programs which are under-enrolled. Based on 5-year models, a 6% increase in the basic tuition rate is proposed. Resident tuition increases will be balanced with a university-wide increase in high-achievement scholarships and fee remissions to help keep programs as affordable as possible. Enrollment will be tracked so that Oregon Tech can monitor whether or not the acceptable price point is being approached.
Tuition and fee rate proposals are in line with Oregon Tech’s strategic goal that “Oregon Tech will deliver personalized and educational experiences that provide students with the technical, critical-thinking, and communication skills they need to succeed in their chosen field.” Without future tuition increases, the quality of Oregon Tech programs will decrease. Likewise, a decrease in revenue will adversely affect Oregon Tech’s ability to deliver programs throughout the state. 2013-14 proposals also address the strategy that “Oregon Tech will attract and retain first-rate faculty and staff that are actively engaged in globally competitive education and the application of industry research in classrooms and university operations.” It takes time and resources to recruit and develop the best faculty and staff to support the mission of the university. In the meantime, tuition increases are needed to maintain the quality of the institution.

**Tuition Recommendation Committee Process:**
Throughout the tuition and fee rates-setting process, Oregon Tech students have **actively participated**. Students comprised 67% (6 students and 3 administrators) of the Tuition Recommendation Committee. The committee reviewed and discussed, cost-cutting measures, trends in staffing, state funding, and tuition, and projected institutional budgets for this biennium and the next. The committee also reviewed all increased costs associated with attendance next year, which included: various tuition increase scenarios, changes to mandatory fees, course fee changes, and effect on general fund balance. Differential tuition was also discussed by the Tuition Recommendation Committee with members of the student population that would be impacted by the proposed differential tuition. The students of the Tuition Recommendation Committee held an open meeting which included both the Klamath Falls and Wilsonville campuses to seek input from students at large. The differential tuition was also part of the discussions presented by the students during the forum to discuss the committee’s recommendations. (Please refer to attached memo from the Oregon Tech ASOIT president regarding the tuition and fee development process.)

Students commented that the educational value provided by Oregon Tech is advantageous to their future career plans. A tuition increase was seen as prudent and necessary based on the reduction in state support. Implementing a differential tuition on Engineering and Technology was considered fair by students based on comparisons with the OSU engineering and technology programs tuition rates. Other student discussions regarding the justification of differential tuition included differential tuition currently charged to other high-cost programs, such as Clinical Lab Science. Based on the higher cost of delivering engineering and technology programs, students concluded that the proposed differential tuition was equitable, considering that the Allied Health programs pay a differential course fee on most of the Allied Health courses.

**Comparative Analysis:**
The **comparative analysis** of Oregon Tech proposed resident tuition for a 12 credit academic year, next to a sampling of our peer universities and OSU Cascades, shows that Oregon Tech has kept tuition on a par with its peers. Oregon Tech’s non-resident tuition rates are also competitive. With lower housing and board costs on the Klamath Falls campus and lower mandatory fees on the Wilsonville campus, Oregon Tech is positioned to draw additional non-resident students.
<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Oregon Tech Proposed</th>
<th>Cal Poly SLO Academic Year 2012-13</th>
<th>Eastern Wash Univ Academic Year 2012-13</th>
<th>OSU* Cascades Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>$5,797.80</td>
<td>$6,206.00</td>
<td>$7,371.96</td>
<td>$6,660.00</td>
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<tr>
<td>Non-resident</td>
<td>$17,760.60</td>
<td>$15,134.00</td>
<td>$18,117.00</td>
<td>$22,068.00</td>
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</tbody>
</table>

* OSU has been maintaining a tuition plateau from 12 to 16 credit hours, i.e. charging the same tuition for any student enrolled between 12 and 16 credit hours. OSU is proposing a three year phase-out of the tuition plateau. The proposed structure for 2013-14 reduces the plateau to between 12 and 15 credit hours. A 15hr/term 45 credit hour academic year tuition cost for a resident UG is $7,247.25 under Oregon Tech proposed rates and $6,660.00 under OSU-Cascades proposed rates.

**Access and Affordability:**
The impact of the tuition increases on students will be addressed with additional institutional remissions, aggressive pursuit of outside financial aid dollars and expanded financial aid and academic advising programs.

According to the 2012-13 Payscale College Salary Report, the typical starting salary for Oregon Tech graduates is $54,600 and the mid-career salary average is $86,900. These salaries and a 90% post-graduate success rate validate a four-year Oregon Tech degree as affordable and valuable as a long-term educational investment.

**Oregon Tech Financial Sustainability:**
Due to increases in the PERS rates for FY2013-14 Oregon Tech expects to incur a negative change in the fund balance. Based on 5 year projections that assume a slowdown in the rise of PERS and PEBB costs and inflation rate tuition increases Oregon Tech expects to be able to reverse this negative change to the fund balance. Under the Oregon Tech University tuition rate proposals and increased enrollment plans, the institution will be able to maintain financial sustainability.

<table>
<thead>
<tr>
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<th>Forecast 2013-14</th>
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<tbody>
<tr>
<td>Projected Change in Fund Balance (Revenue less Expenditures)</td>
<td>$ (1,400)</td>
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<tr>
<td>Beginning Fund Balance (Prior Year Ending Balance)</td>
<td>$ 4,936</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$ 3,536</td>
</tr>
<tr>
<td>Ending Fund Balance % to Revenue</td>
<td>8.15%</td>
</tr>
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</table>
**Proposed Tuition & Fee Rates:**
(as approved by the Tuition Recommendation Committee 2013-14)

Tuition increase of 6%
Differential tuition of 5% in specified Engineering & Technology programs
No increases to any of the mandatory fees

### BASIC

<table>
<thead>
<tr>
<th>Credit Hours</th>
<th>Resident Tuition</th>
<th>Fees</th>
<th>Total Fees</th>
</tr>
</thead>
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<tr>
<td></td>
<td></td>
<td>Building</td>
<td>Incidental</td>
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<tr>
<td>1</td>
<td>$ 161.05</td>
<td>$23.00</td>
<td>$157.50</td>
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<td>15</td>
<td>$2,415.75</td>
<td>$45.00</td>
<td>$295.00</td>
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### BASIC plus DIFFERENTIAL

<table>
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<th>Credit Hours</th>
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<th>Total Fees</th>
</tr>
</thead>
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<tr>
<td></td>
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<td>Building</td>
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<td>$23.00</td>
<td>$157.50</td>
</tr>
<tr>
<td>15</td>
<td>$2,536.50</td>
<td>$45.00</td>
<td>$295.00</td>
</tr>
</tbody>
</table>

Respectfully submitted,

Mary Ann Zemke, CPA-MBA
VP Finance and Administration
Date: May 13, 2013
Subject: Proposed Differential Tuition Rates – Academic Year 2013-14

**College of Engineering, Technology and Management**


**Rationale for Differential Tuition**

Oregon Tech’s mission, reputation and success is founded on providing students with an applied education that enables them upon graduation to become productive and sought after members of their chosen fields. The efficacy of our applied education approach is demonstrated by a 90% graduate success rate (employed or continuing education 6 months after graduation) and an average annual starting salary for graduates of $54,600. In addition to these performance metrics Oregon Tech’s engineering programs have again received a national ranking of 35th in the 2013 “Best Colleges” edition of *US News and World Report*.

Oregon Tech provides engineering and technology students with a hands-on learning environment that focuses on application of theory to practice. Smaller class sizes (faculty ratio 20:1), state of the art equipment, upgraded software and rigorous curriculums taught by dedicated faculty give students skills that make them workforce ready upon graduation. In addition to the classroom experience Oregon Tech faculty seek out those grant opportunities that allow students to work on applied research with professors which further increases their hands-on experience. Without differential tuition Oregon Tech is at risk of not being able to maintain the equipment required for these applied science degrees and of not being able to retain or recruit the student-committed faculty that these programs require. For the academic year 2013-2014 Oregon Tech is proposing a 5% differential for these programs which results in an additional $8.05 per credit hour charge for residents and $24.65 for non-residents taking more than 6
credits. For a standard 15 credit hour term a resident will incur an additional $120.75 ($362.25 for the academic year) and a non-resident $369.75 ($1,109.25 for the academic year.)

Ten percent of the differential tuition for undergraduates will be set aside for need-based aid in the programs assessed differential tuition. In addition Oregon Tech does and will continue to pursue additional financial aid for its engineering/technology students through the many initiatives currently available both through federal and private grants and outside sponsorships that are aimed specifically at students enrolled in these programs. The current financial aid and academic advising will be expanded to insure that students are not deterred from enrolling in the programs due to differential tuition costs.

Because of the applied nature of Oregon Tech’s engineering and technology programs the delivery costs both in terms of physical plant and equipment and faculty student ratio are higher than those costs for other programs. Currently without a differential tuition for these programs students enrolled in other programs, that do not always have the same opportunities upon graduation, are in effect carrying a part of these costs. When the state appropriations were higher Oregon Tech was able to mitigate the impact of this disparity but with current levels of state funding it is imperative that those receiving the benefit of these more costly programs pay the additional costs.

Based on a sampling of our peer universities as well as some larger universities within the Pacific Northwest (see table below) the differential tuition will not put Oregon Tech at a market disadvantage in recruiting qualified students to its programs.

### 36 Credit Hour Academic Year

<table>
<thead>
<tr>
<th>University</th>
<th>Resident</th>
<th>Non-resident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon Tech Proposed</td>
<td>$6,088</td>
<td>$18,648</td>
</tr>
<tr>
<td>OSU – Proposed</td>
<td>$8,892</td>
<td>$23,904</td>
</tr>
<tr>
<td>Cal Poly SLO - FY 2012-13</td>
<td>$6,537</td>
<td>$15,465</td>
</tr>
<tr>
<td>Eastern Wash. - FY2012-13</td>
<td>$7,371</td>
<td>$18,117</td>
</tr>
<tr>
<td>OSU Cascades - Proposed</td>
<td>$8,496</td>
<td>$23,904</td>
</tr>
</tbody>
</table>

(At 15 credit hours per term, resident undergraduate academic year tuition costs are $7,609.50 for Oregon Tech, $8,955.00 for OSU – Cascades and $9,351.00 for OSU – Corvallis.)

Differential tuition discussions were part of the agenda discussed by the Student Tuition Recommendation Committee. During a 6 week period the impact was discussed by the committee with members of the student population impacted by the proposed differential tuition. The differential tuition was also part of the discussions presented by the Student Tuition
Recommendation Committee during the all campus forums regarding the committee’s recommendations. Students believed the differential tuition was fair based on comparisons with the OSU engineering and technology programs tuition rates. Other student discussions regarding the justification of the differential tuition included differential tuition currently charged to other high cost programs such as Clinical Lab Science. The proposed Engineering and Technology differential tuition based on the higher cost of delivering these courses was mentioned by a couple of students as creating an equity with the Allied Health programs on campus because differential course fees are currently paid on most of the Allied Health courses to cover the cost of new equipment and facilities for required courses in those programs.
University Accolades and National Rankings

**U.S. News & World Report**
- ranked Oregon Tech #3 "Top Public Regional Colleges"
- Read more about US News rankings >>

**U.S. News & World Report**
- ranked Oregon Tech #35 "Engineering Bachelor's and Master's Universities"
- Read more about Oregon Tech Engineering programs >>

**U.S. News & World Report**
- ranked Oregon Tech #10 among baccalaureate colleges in the Western Region
- Read more about US News rankings >>

**PayScale**
- PayScale College Salary Report
  - ranked Oregon Tech #4 in starting salaries in the Western United States and #1 in the State of Oregon
  - Read more about PayScale Salary report >>

**Forbes**
- Forbes' annual ranking of America's Top Colleges
  - ranked Oregon Tech among the best schools in the nation
  - Read more about the Forbes Top Colleges ranking >>
MEMORANDUM

DATE: April 3, 2013
To: Dr. Chris Maples, President, Oregon Institute of Technology
CC: Bradley Burda, Maryann Zemke, Erin Foley, & Sara Reuter
From: Luke Ovgard, President, ASOIT
RE: 2013-2014 Tuition Recommendation Committee

After thorough review, the Tuition Recommendation Committee has decided to recommend a 6% base tuition increase for the upcoming 2013-2014 Academic Year. This committee is also recommending the implementation of Differential Tuition. With Differential Tuition, the tuition breakdown is as follows:

**Base Tuition (Current Rate +6% Rec. Increase)**
Math, Psychology, Communications, Env Science, Biology, Biology Health Sciences, Management, Nursing, Clinical Lab Science, and Paramedic

**5% Differential (Current Rate +6% Rec. Increase +5% Differential Tuition)**
All Engineering Majors, Geomatics

**Current Base Rate +6% Rec. Increase (maintain the 15% Differential per credit for health classes)**
All Allied Health Majors (excl. those listed above)

This information was presented to the Oregon Tech Student Body in the form of an open forum, which was held Wednesday, March 6 at 5:00 p.m. Wilsonville can connected remotely, and they had several students sit in, as well.

We appreciate your consideration, and I welcome any and all questions you may have. Thank you for your time.
OREGON TECH
1 Credit Hour

OREGON TECH
15 Hour Credits with Fees

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</tr>
</thead>
<tbody>
<tr>
<td>Oregon Tech 1 Credit Hour Tuition</td>
<td>$108.00</td>
<td>$114.00</td>
<td>$130.00</td>
<td>$141.70</td>
<td>$151.95</td>
<td>$161.05</td>
<td>$53.05</td>
</tr>
<tr>
<td>Percentage Increase</td>
<td>5.56%</td>
<td>14.04%</td>
<td>9.00%</td>
<td>7.23%</td>
<td>5.99%</td>
<td>4.93%</td>
<td>49.1%</td>
</tr>
<tr>
<td>Oregon Tech 15 Credit Hours with Mandatory Fees</td>
<td>$2,099.00</td>
<td>$2,190.00</td>
<td>$2,420.00</td>
<td>$2,629.50</td>
<td>$2,769.25</td>
<td>$2,905.75</td>
<td>$806.75</td>
</tr>
<tr>
<td>Percentage Increase</td>
<td>4.34%</td>
<td>10.50%</td>
<td>8.66%</td>
<td>5.31%</td>
<td>4.93%</td>
<td>38.4%</td>
<td></td>
</tr>
</tbody>
</table>

* In academic year 2010-2011 resource fees were rolled into base tuition. Disregarding resource fees the percentage increase would have averaged 4%