Oregon Institute of Technology

A Partnership with

Oregon Tech Foundation

Center for Health Professions LLC
Goals for the Center for Health Professions

• State of the industry, nationally recognized center
• Offer broad base of health care professional opportunities for students
• Integrate OIT’s IT and Engineering expertise into the health professions
• Be a leader in solving the health care workforce shortage
• Self-sustaining with operating revenue and capital
• Total project – 80,000 sq. ft. - $22.5 million
  – Phase I design to accommodate 400 additional students
    40,000 sq. ft. - $10 million
• Capital Campaign is soliciting partners
Statement of Need

- Oregon has over 100,000 health care professionals
- Oregon Employment Department forecasts the need for 48,000 additional allied health care workers by 2012
- OIT’s Center for Health Professions is well positioned to meet this need
- Urgency in responding to the needs of the state and region
- Number of CHP students has increased by over 50% since 2002 (728) to Fall 2005 (1167)
- Capacity has been reached in current facilities
  - 2002, 239 applicants were denied admission
  - 2004, 150 students were denied admission into medical imaging
Accomplishments to date

- OIT designated by the Legislature and Governor as:
  
  **Oregon Center for Health Professions**

- Leadership role in allied health education
- Partnerships with community colleges and medical industries
- 50 years of experience in allied health education
- Reputation for responsiveness
- Reputation for quality graduates
- Successful campaign kick-off
  - Current capital campaign has raised $3.8 million to date
The Partnership

OREGON INSTITUTE OF TECHNOLOGY
AND
THE OREGON TECH FOUNDATION
CENTER FOR HEALTH PROFESSIONS LLC

ROLE: OREGON INSTITUTE OF TECHNOLOGY

- Provide site for the facility through a ground lease
- Participate in the facility design specifications
- Through a triple net lease:
  - Establish facility operation parameters
  - Approve service agreements
  - Pay LLC for insurance, operating costs, debt service, and management fees

ROLE: LLC

- Apply for and hold any needed debt instruments
- Select and contract for architectural and contractor services
- Facility owner and lessor
## Revenue and Expenditures Projected for Phase 1 Expansion of Center for Health Professions - 2006/07 – 2010/11

### Enrollment Projections
- 2006/07: 1,276
- 2007/08: 1,391
- 2008/09: 1,477
- 2009/10: 1,523
- 2010/11: 1,569

### Tuition Rate Projections
- 2006/07: $4,678
- 2007/08: $4,911
- 2008/09: $5,156
- 2009/10: $5,414
- 2010/11: $5,685

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<tbody>
<tr>
<td>Tuition Growth</td>
<td>509,902</td>
<td>1,074,770</td>
<td>1,518,186</td>
<td>1,767,230</td>
<td>2,028,740</td>
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<tr>
<td>Tuition Differential</td>
<td>131,514</td>
<td>295,099</td>
<td>495,106</td>
<td>727,285</td>
<td>983,524</td>
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<td>Resource Fee</td>
<td>247,500</td>
<td>270,000</td>
<td>287,900</td>
<td>296,400</td>
<td>304,850</td>
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<td>Private Funds</td>
<td>56,584</td>
<td>138,346</td>
<td>0</td>
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<td><strong>Total</strong></td>
<td>945,500</td>
<td>1,778,215</td>
<td>2,301,192</td>
<td>2,790,915</td>
<td>3,317,114</td>
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<tr>
<td>FTE Salaries &amp; Benefits</td>
<td>FTE 3 255,000</td>
<td>FTE 7 654,500</td>
<td>FTE 11 1,131,350</td>
<td>FTE 14 1,583,890</td>
<td>FTE 16 1,991,176</td>
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<tr>
<td>Services &amp; Supplies</td>
<td>41,500</td>
<td>45,235</td>
<td>49,306</td>
<td>53,744</td>
<td>58,580</td>
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<td>Equipment</td>
<td>121,000</td>
<td>138,680</td>
<td>157,774</td>
<td>178,396</td>
<td>200,668</td>
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<tr>
<td>Operation/Maintenance</td>
<td>128,000</td>
<td>140,800</td>
<td>154,880</td>
<td>170,368</td>
<td>187,405</td>
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<td>Triple Net/Operating lease</td>
<td>400,000</td>
<td>800,000</td>
<td>800,000</td>
<td>800,000</td>
<td>800,000</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>945,500</td>
<td>1,779,215</td>
<td>2,293,310</td>
<td>2,786,398</td>
<td>3,237,829</td>
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### Reserve:
- **Beg. Bal.**
  - 3,810,000
  - 3,753,416
  - 3,615,070
  - 3,622,952
  - 3,627,469
  - 3,706,754

### Revenue Assumptions
- Targeted Enrollment Growth 402 FTE (2005-06 to 2010-11)
- Differential tuition for Health Professions students
- 5% annual tuition increase for Health Professions students
- Resource fees at present levels – no rate increase projected

### Expenditure Assumptions
- $85,000 per FTE Faculty (escalates 10% 2007-08-2011)
- 10% O&M Inflation
- 14% Average escalation for equipment
- 9% S&S Escalation

Oct2005BoardPresentation
Sustainable Financial Model

- Private scholarships
- Conservative model based on modest tuition differential
- Will be receiving revenue from other sources
- Revenue from continuing education and professional development opportunities
- Capital Campaign
- G-Bond strategy for 2007
- Equipment donations
- Hospital support for loan forgiveness programs, equipment and endowed chairs
The Need for Differential Tuition for Health Professions Programs

Proposed Tuition for Health Profession Programs

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<th>2005-2006</th>
<th>2010-2011</th>
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<td>$4,455 - 3 terms</td>
<td>$5,685 – 3 terms</td>
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Increase of $1,007 over 5 years
(approximately 5% per year)

Rationale
• High cost of instruction
• Small class size
• Expensive equipment
• Student/faculty ratios
  (mandated clinical supervision for accreditation)

Examples of Current Tuition:
• Clinical Lab Science $7,110 – 3 terms
• Paramedic Program $6,300 – 3 terms
• ODS Dental Hygiene La Grande $17,250–18 months
• OHSU Nursing at OIT $7,425 – 3 terms
Challenges

- OIT assumes long-term capital lease expenses
- Recruiting quality faculty and students (enrollment targets are not met)
- Greater demand for student financial aid
- 2007 G-Bond allocation
- Adequate housing for additional students
Benefits

Access/Quality
- Addition of a minimum of 400 health professions majors
- Improvement of teaching/learning environment
- State of the industry equipment and clinical space
- New programs to meet the changing workforce needs
- Enhanced ability to partner with community colleges and the medical industries

Excellence and Economic Development
- Accelerated impact on statewide workforce needs
- Influence health care costs and delivery
- Partnerships with the medical community to share expertise and resources
- Impact on local economic development

Fiscal Efficiency and Effectiveness
- Increases asset base of the Foundation and its ability to support OIT
- Enhances opportunities for private support
- Expedites the construction of a facility to increase capacity
The Partnership of the Oregon University System, Oregon Institute of Technology and the Oregon Tech LLC is a Prescription Plan for Oregon’s health care workforce needs.