



Higher Education Cost Drivers

Oregon University System

Chancellor's Office

Jay Kenton

Vice Chancellor for Finance and Administration

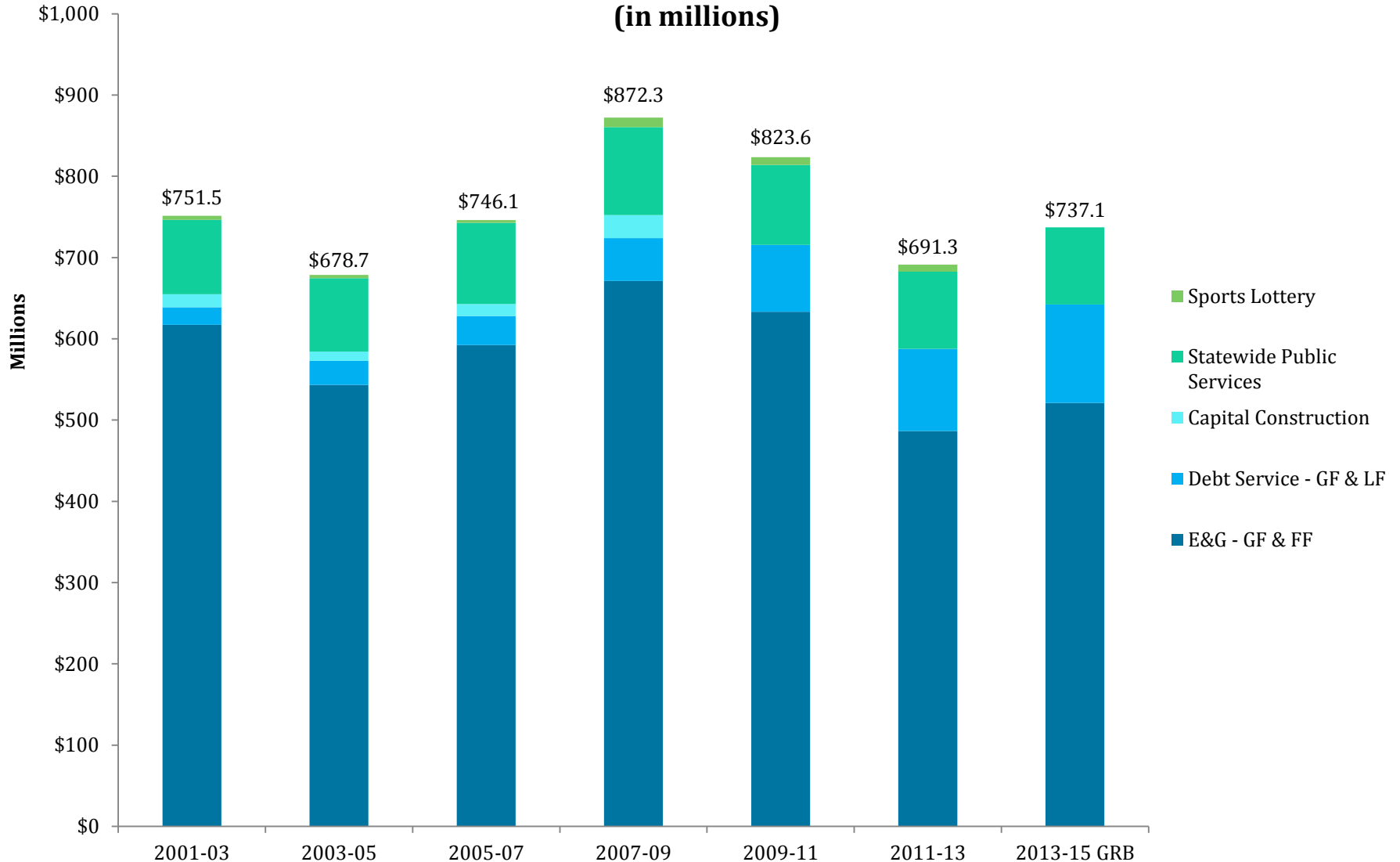
House Higher Education – March 13, 2013



Cost Drivers

- For students
 - State funding per student
 - Tuition per full-time resident undergraduate
- For institutions
 - Costs to institutions driven by demand/enrollment/quality
 - Numbers and types of students
 - Numbers and types of faculty and staff
 - Facilities – rent, debt service and utilities
 - Student aid
 - Costs driven by other factors
 - Employee benefits
 - General inflation – up 45% since 1996

Oregon University System State Appropriations General Fund, Lottery Funds and Federal ARRA Funds (in millions)

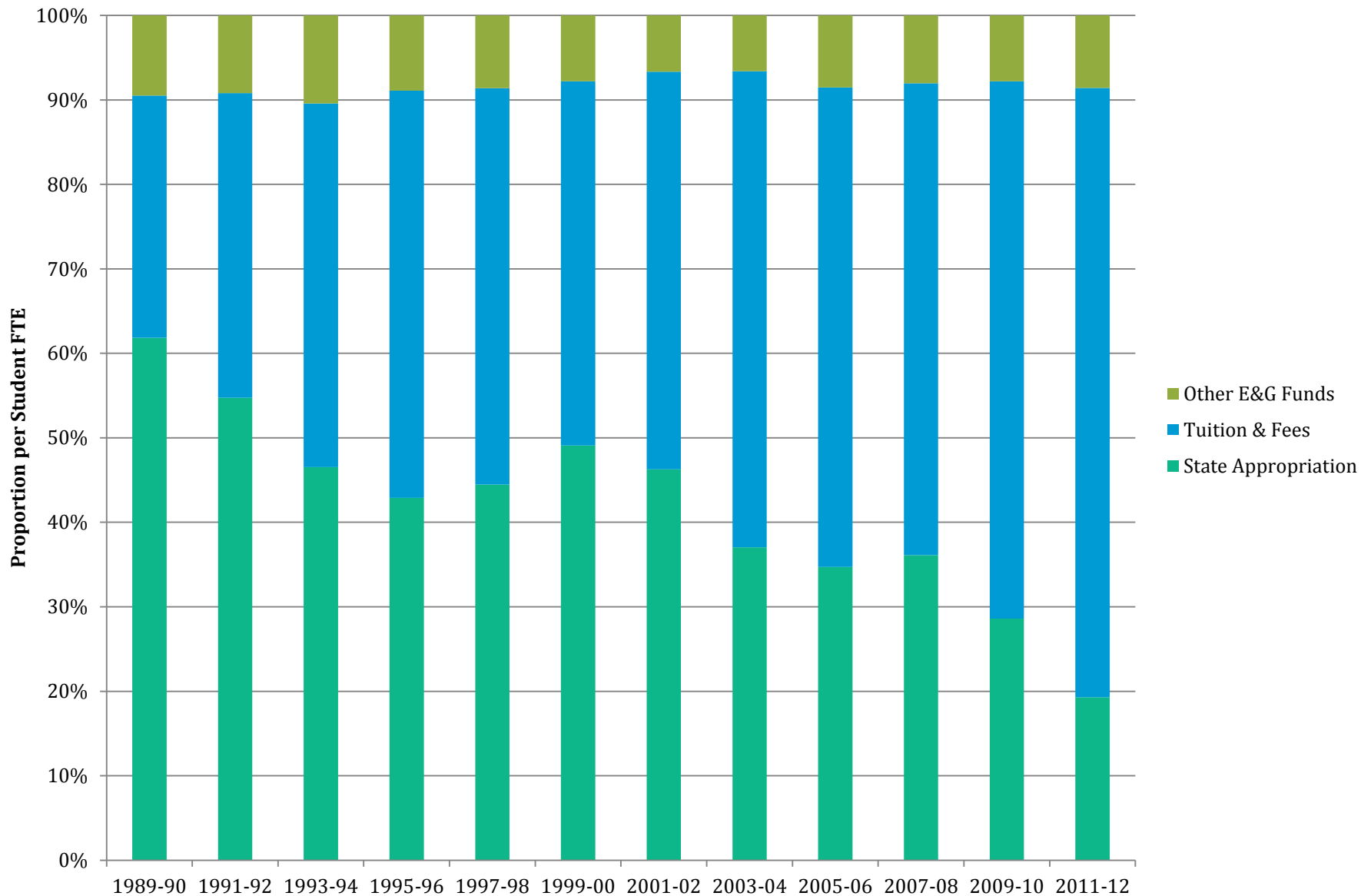


State funding and tuition

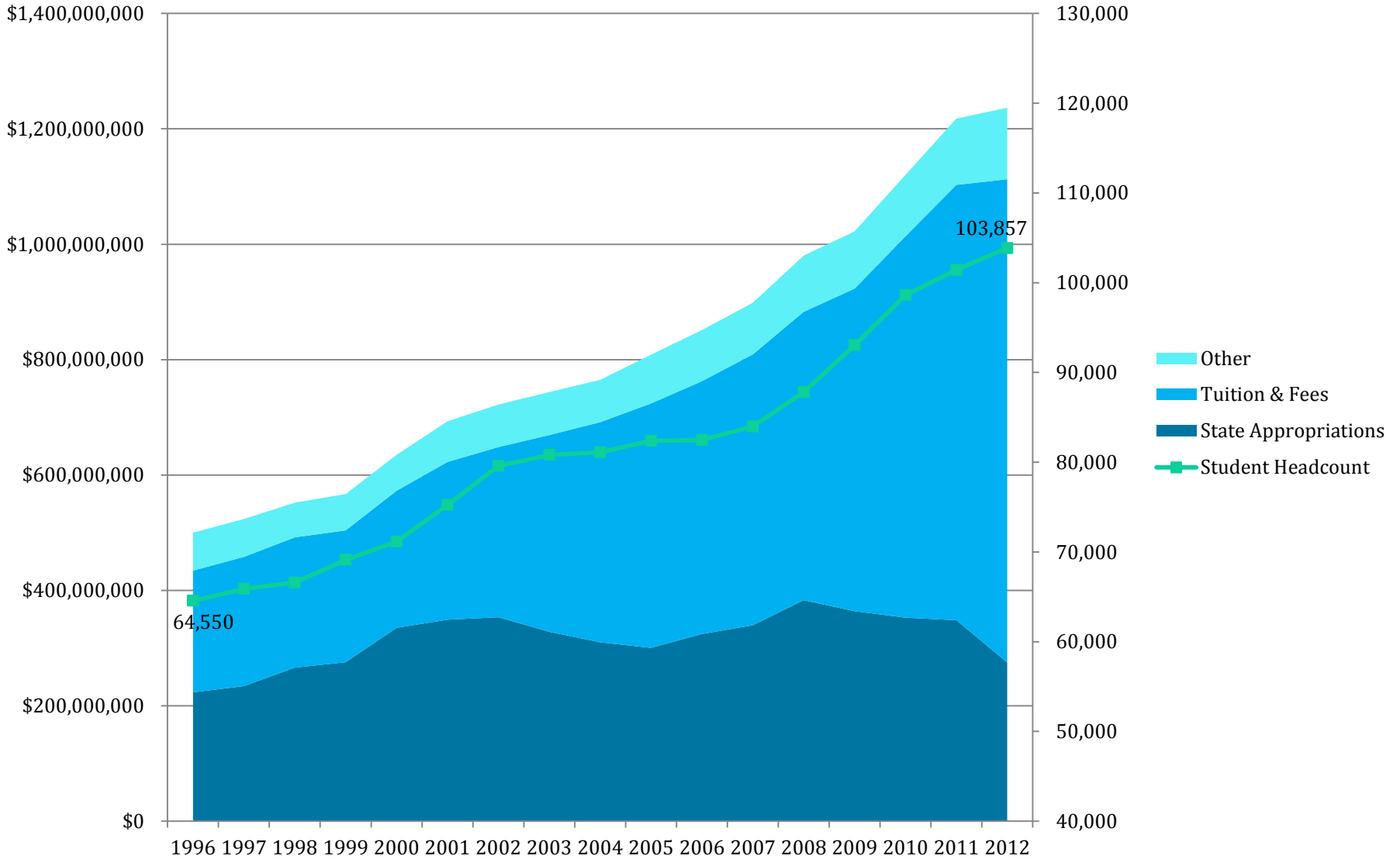
- State funding per student is the single largest factor in determining tuition rates each year
- State funding per student has been declining – According to SHEEO, Oregon now ranks 46th in the country in state funding per student

	2003	2012	% Change	Inflation adjusted to 2012 \$			
				2003	2012	% Change	\$ Change
Resident Tuition	\$3,170	\$6,237	96.75%	\$3,857	\$6,237	61.70%	\$2,380
State GF per student FTE	\$4,677	\$3,347	-28.44%	\$5,691	\$3,347	-41.19%	(\$2,344)
Total	\$7,847	\$9,584		\$9,548	\$9,584		
Cost per student	\$8,868	\$12,505	41.01%	\$10,790	\$12,505	15.89%	\$1,715

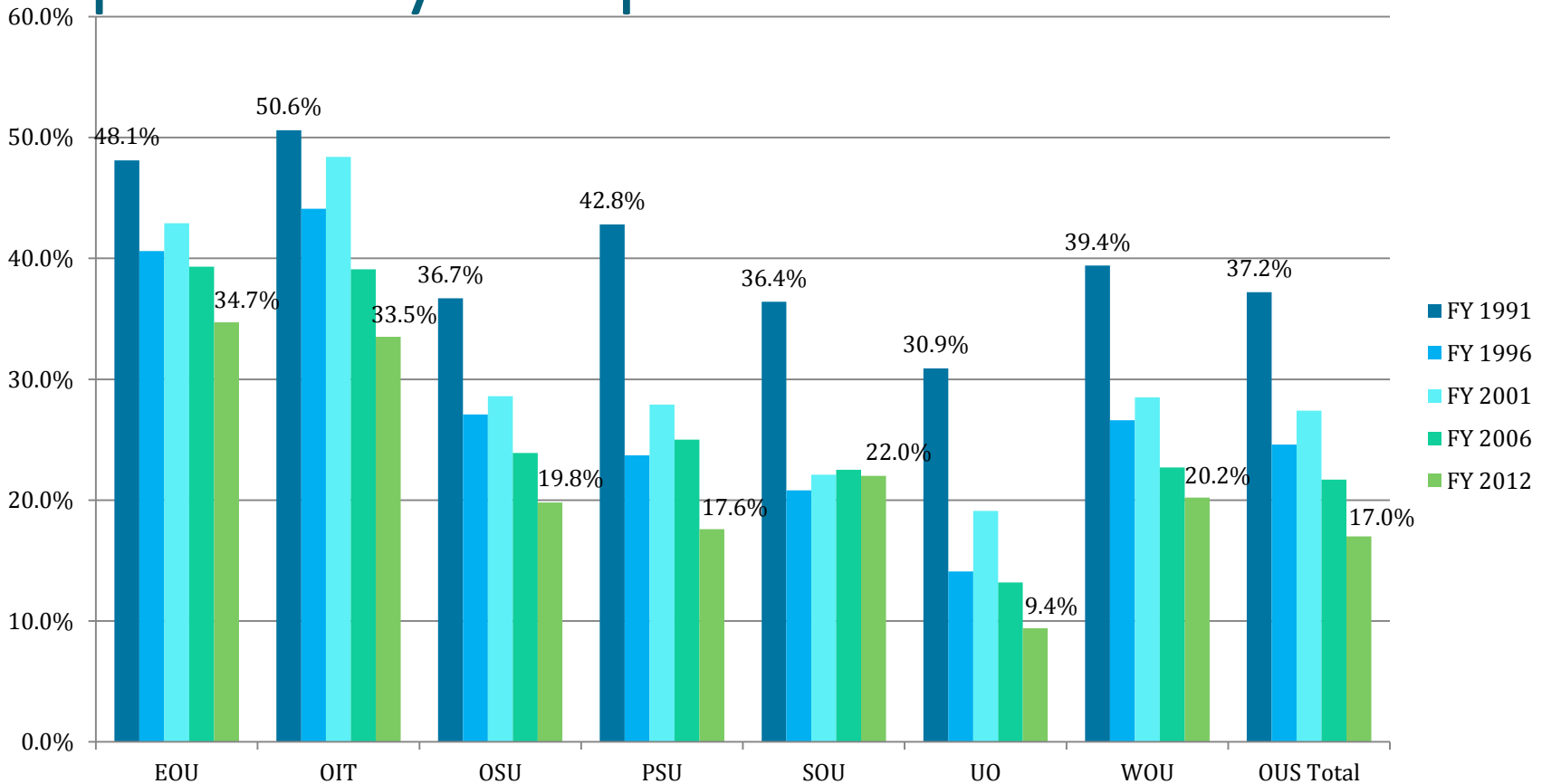
OUS Revenue Sources per Student FTE



OUS Total Budgeted Operations Revenue Includes E&G Operations and Statewide Public Services

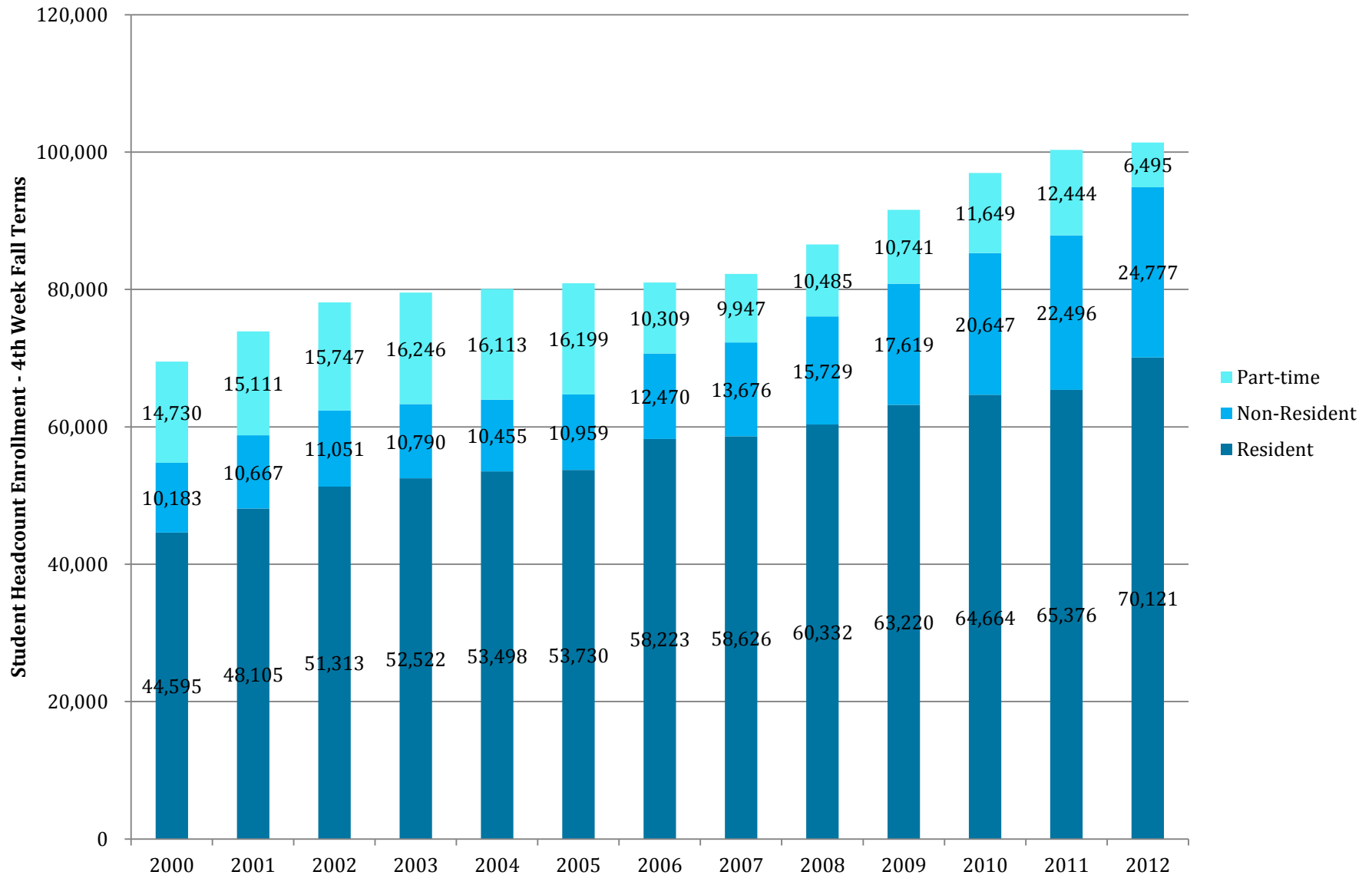


State Funding as a Percentage of Operating Expenses by Campus

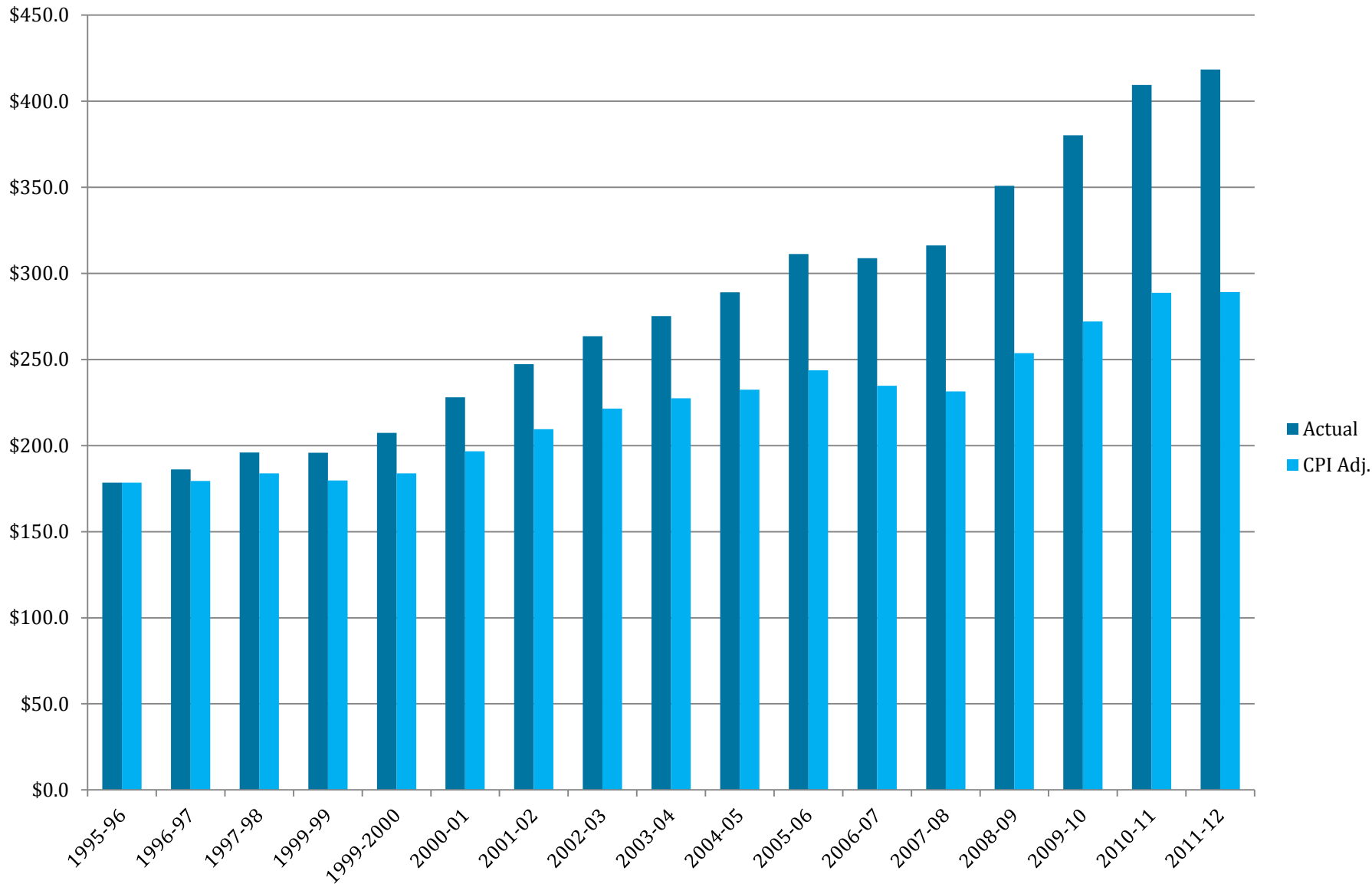


Reduced percentages reflect both a real decline in State funding and the growth in other revenues/expenses relating to tuition, athletics, housing, etc.

OUS Enrollment - Fall Term Headcount by Fee Status



OUS Research and Sponsored Projects 1996-2012



Institutional Cost Drivers

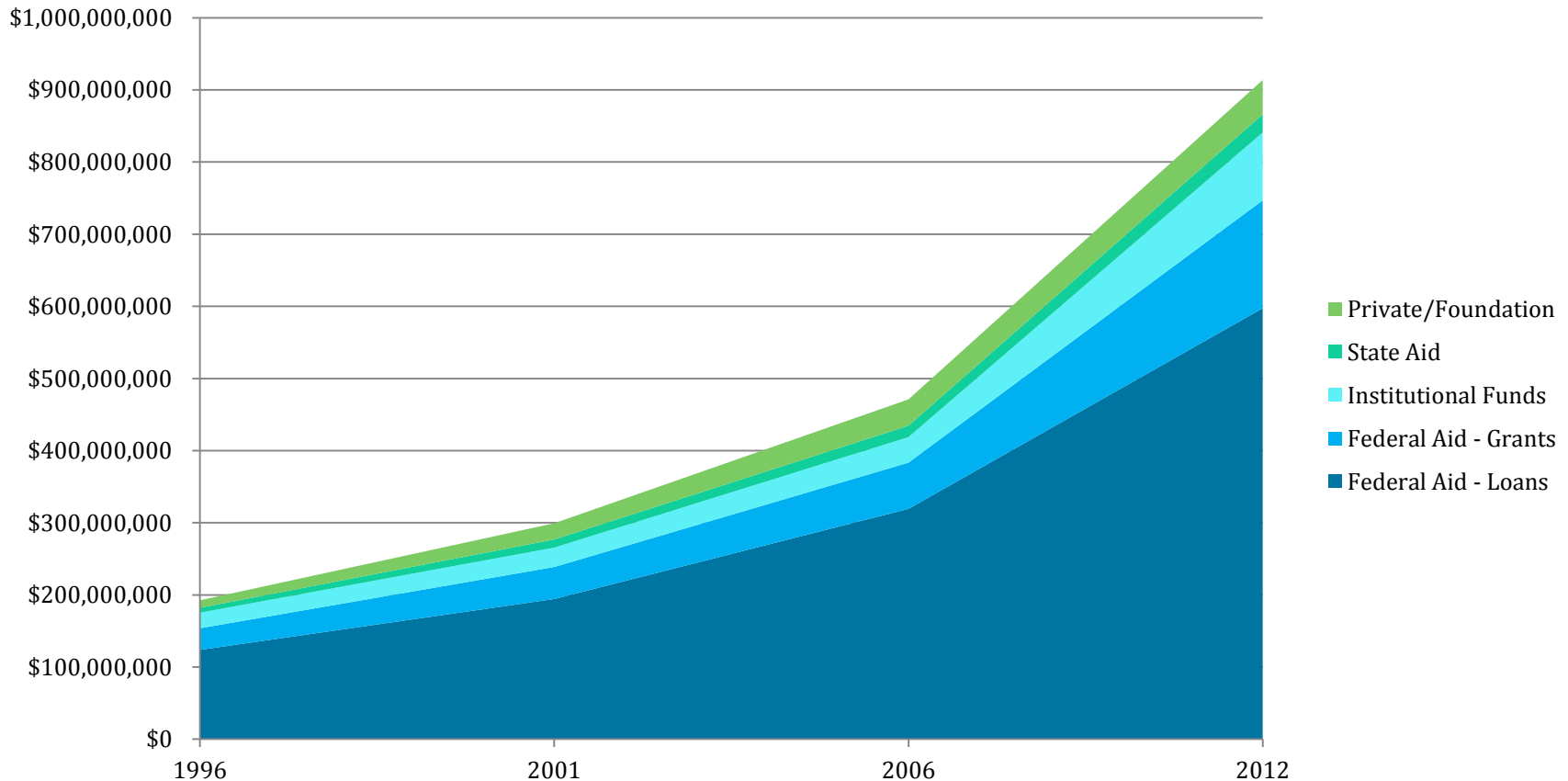
- Enrollment – growth since 1996
 - Headcount – up 61% since 1996
 - FTE – up 58% since 1996
 - Student Aid – up 199% per student FTE
- CPI – up 45.5% since 1996
- Benefit Costs – up 132% since 2001-02
- Quality
 - Driven by employee numbers up 39%
 - Driven by Types of Instructional Faculty
 - Full-time – up 26%;
 - Part-time – up 167%
 - Facilities Cost – up 261%

Total Operating Costs

1996-2012 (up 152%)

	FY 1996	FY 2001	FY 2006	FY 2012	1996-2012
Faculty/Staff Salaries & Pay	\$387,925,192	\$495,923,521	\$619,278,625	\$860,884,853	121.9%
Student/Grad Pay	\$51,086,626	\$63,760,530	\$85,489,857	\$118,740,781	132.4%
Other Payroll Expenses (OPE)	<u>\$149,603,561</u>	<u>\$198,956,109</u>	<u>\$327,922,083</u>	<u>\$481,738,455</u>	222.0%
	\$588,615,379	\$758,640,160	\$1,032,690,565	\$1,461,364,089	148.3%
Operating Expenses	\$194,735,405	\$283,224,914	\$360,704,221	\$495,664,843	154.5%
Facilities (rent, debt and utilities)	\$65,434,555	\$80,626,695	\$123,716,500	\$236,297,073	261.1%
IT & Telecom	\$38,500,403	\$43,979,221	\$49,819,698	\$58,486,355	51.9%
Assessments	\$11,580,819	\$14,180,149	\$21,213,139	\$36,943,933	219.0%
Capital Outlay	\$30,799,267	\$28,284,526	\$26,298,520	\$45,262,433	47.0%
Net Transfers	<u>\$9,991,955</u>	<u>\$3,701,089</u>	<u>\$3,734,139</u>	<u>\$33,540,303</u>	235.7%
Total Expenses	<u>\$939,657,782</u>	<u>\$1,212,636,754</u>	<u>\$1,618,176,783</u>	<u>\$2,367,559,029</u>	152.0%

Student Aid by Source 1996-2012 (up 375%)

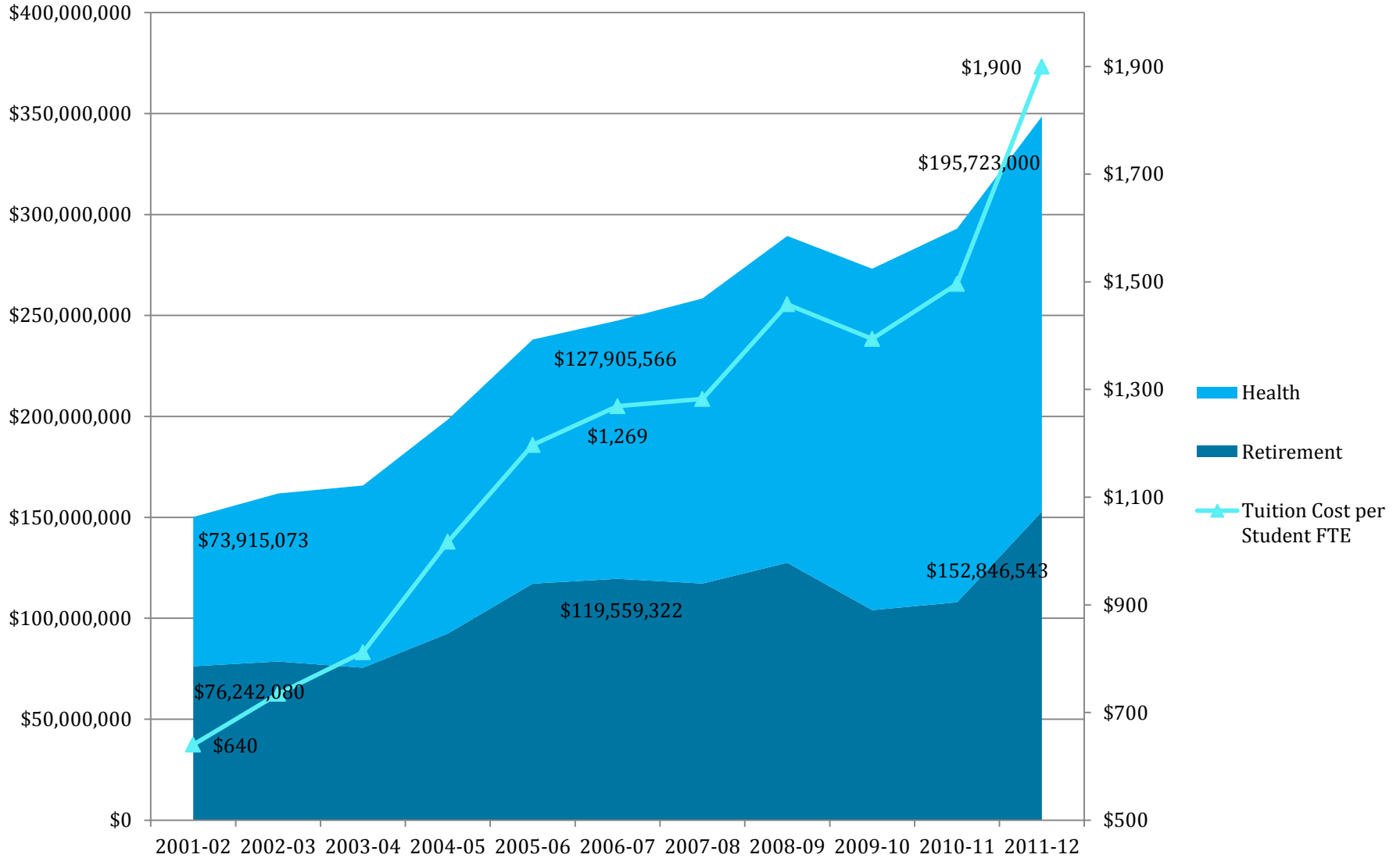


	<u>1996</u>	<u>2001</u>	<u>2006</u>	<u>2012</u>	<u>% Chng</u>
Student FTE	54,840	62,510	71,672	87,000	58.6%
Aid/FTE	\$3,511	\$4,789	\$6,572	\$10,502	199.1%
Res. UG Tuit.	\$3,105	\$3,508	\$5,219	\$7,605	144.9%

Benefit Costs Compared to National

- According to AAUP (The Annual Report on the Economic Status of the Profession, 2012):
 - **Public Institutions Average:**
 - Retirement – 10.6% of salary (OUS = 18% and could increase to 24%)
 - Healthcare Contributions - \$10,351/covered employee (OUS = \$14,940)
 - **Private Institutions Average**
 - Retirement – 9.1% (OUS = 20%)
 - Healthcare Contributions - \$10,825/covered employee (OUS = \$14,940)
 - **Total Benefits as a % of Salary**
 - Public – 29.7% (OUS = 49.6%)
 - Private – 27.9% (OUS = 49.6%)
- When using % salary calculations bear in mind that OUS salaries are lower than national peer groups, thus inflating our contributions when expressed as a percent of salary

Oregon University System Costs of Retirement and Healthcare 2002-2012



Employee Numbers up 39%, Enrollment up 63% and Research up 133% from 1996-2012

OUS Headcount Employees – Classified Staff, Unclassified Faculty/Professionals and Graduate Assistants

	1996	2001	2006	2012	% Change
EOU	295	313	369	365	23.73%
OIT	327	345	362	357	9.17%
OSU	4,103	4,310	4,722	5,104	24.40%
PSU	1,303	1,568	2,320	2,811	115.73%
SOU	565	675	618	590	4.42%
UO	3,229	3,555	3,823	4,638	43.64%
WOU	521	600	633	716	37.43%
CO	171	185	79	81	-52.63%
	10,514	11,552	12,927	14,662	39.45%

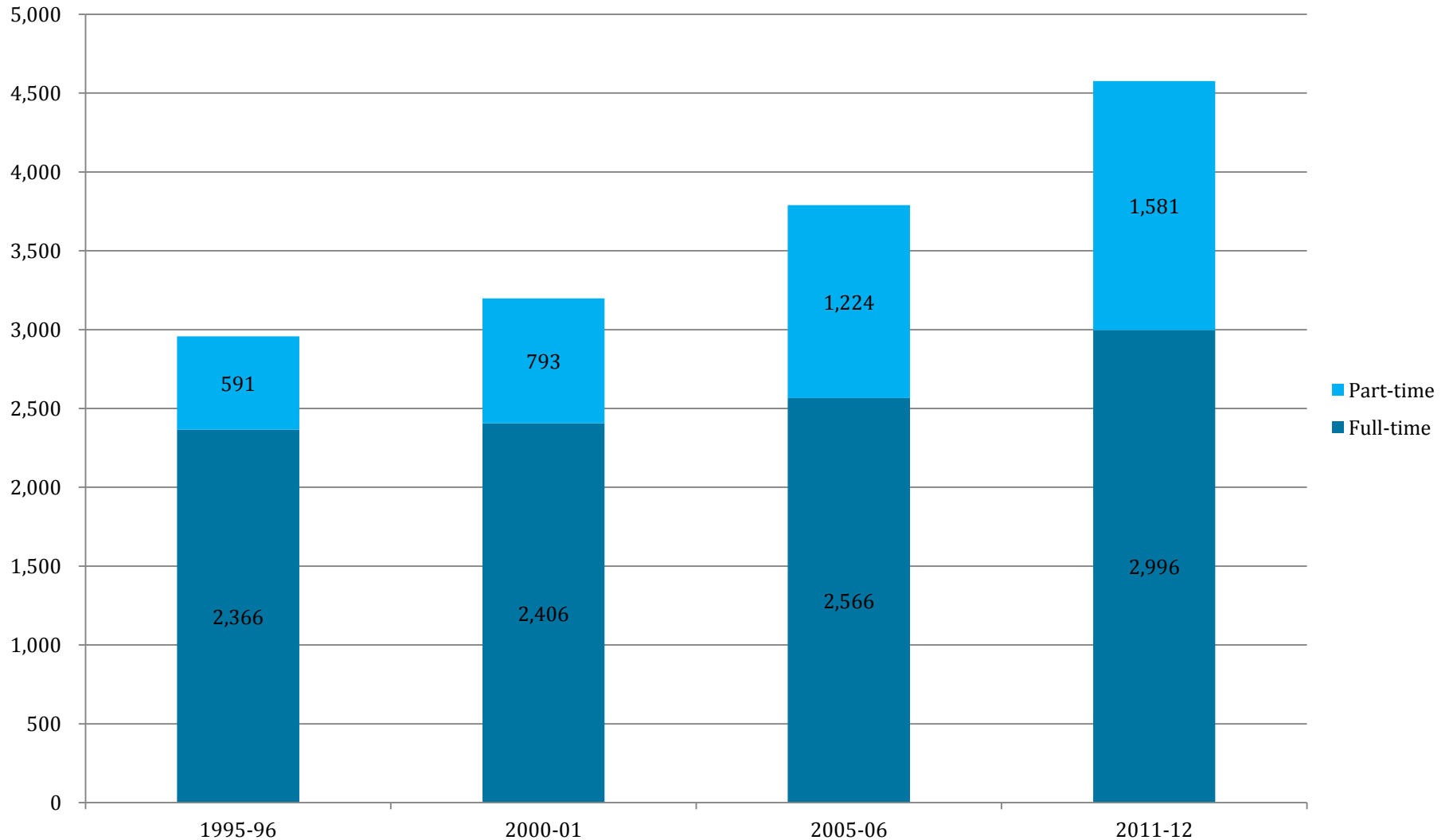
During this same time period OUS enrollment increased 63%, from 61,614 to 100,316 and research grew by 133% from \$178M to \$416M.

Types of Faculty: A Driver of Costs and Quality

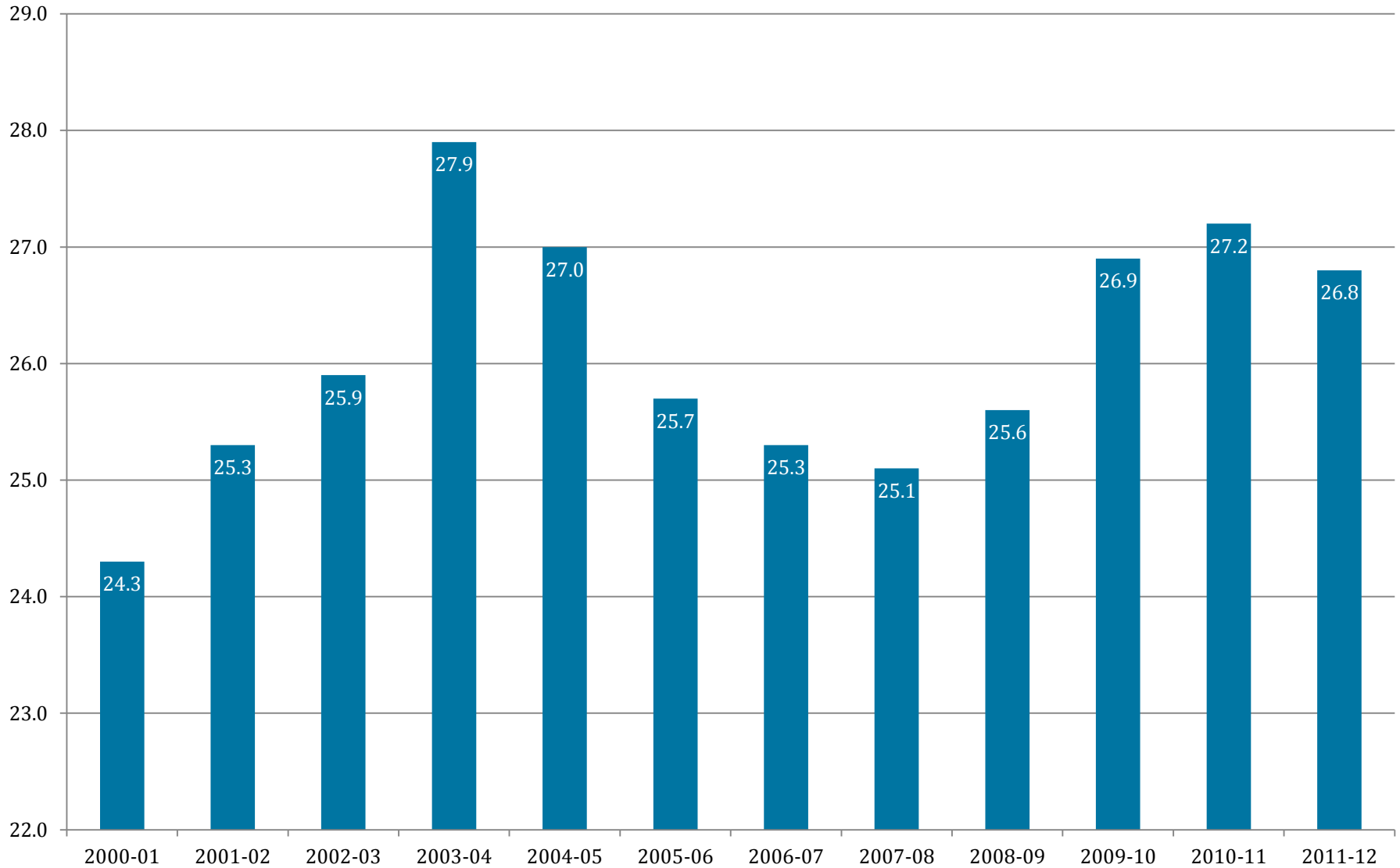
- Full-time faculty are essential in maintaining the curriculum, student advising, and performing other functions that are critical to conducting the business of the institutions and in maintaining quality
 - Part-time faculty working less than .50 FTE are not eligible for health benefits
 - Fixed term and part-time faculty have higher teaching loads than full-time tenure track faculty
 - Tenure/Tenure Track faculty are expected to contribute in instruction, research, public service and administrative functions, whereas fixed term and part-time faculty are generally more specialized
- Given the increased demand in the face of declining per student resources institutions have struggled to maintain an appropriate balance of faculty

Oregon University System Instructional Faculty Headcount 1996-2012

Full-time - +27%; Part-time - +168%



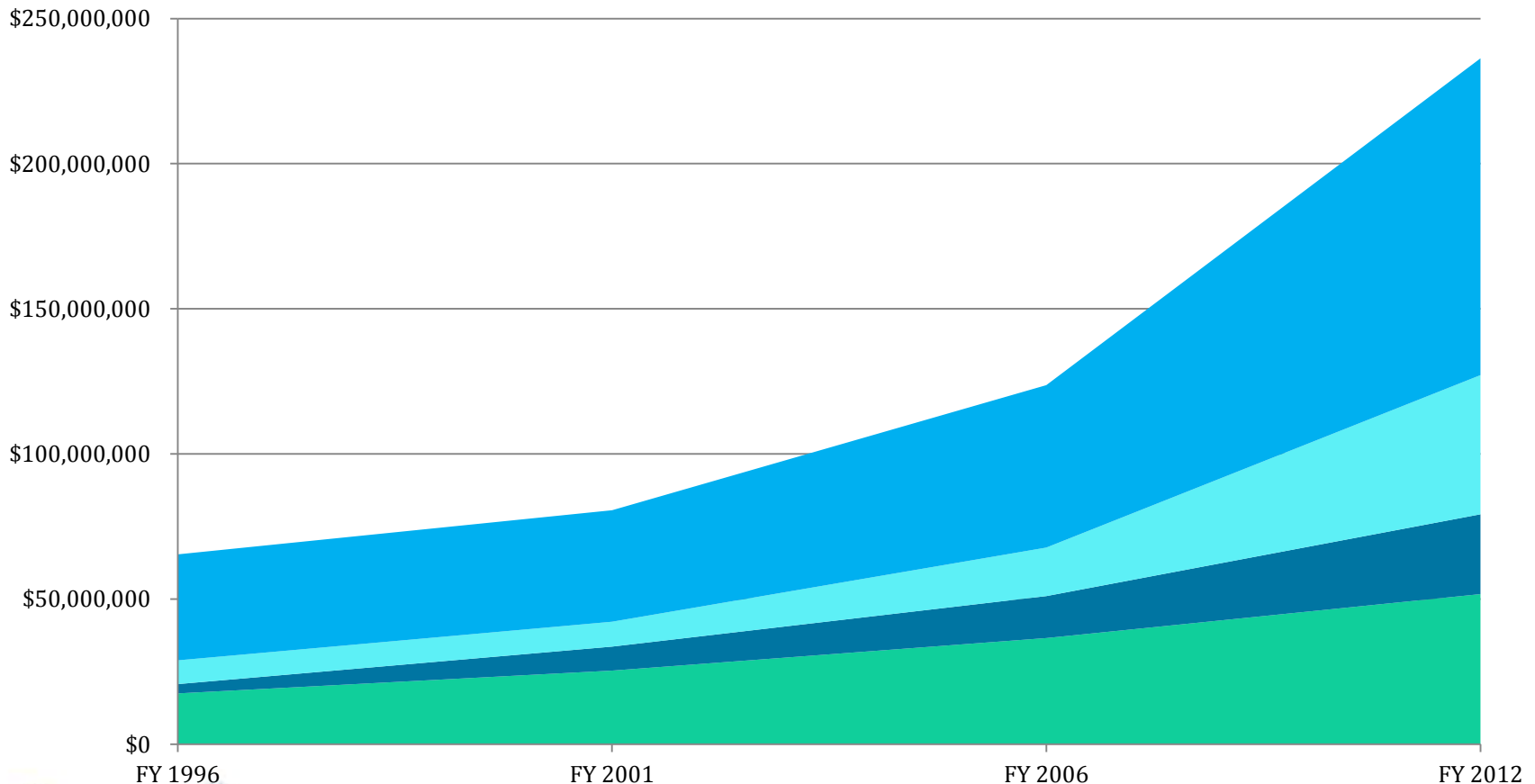
Students per Full-time Faculty Fall Term Each Year



Facilities Costs 1996-2012

Up from \$65M to \$236M or a 261% Increase

Cost of Facilities Utilities, Rent and Det Services

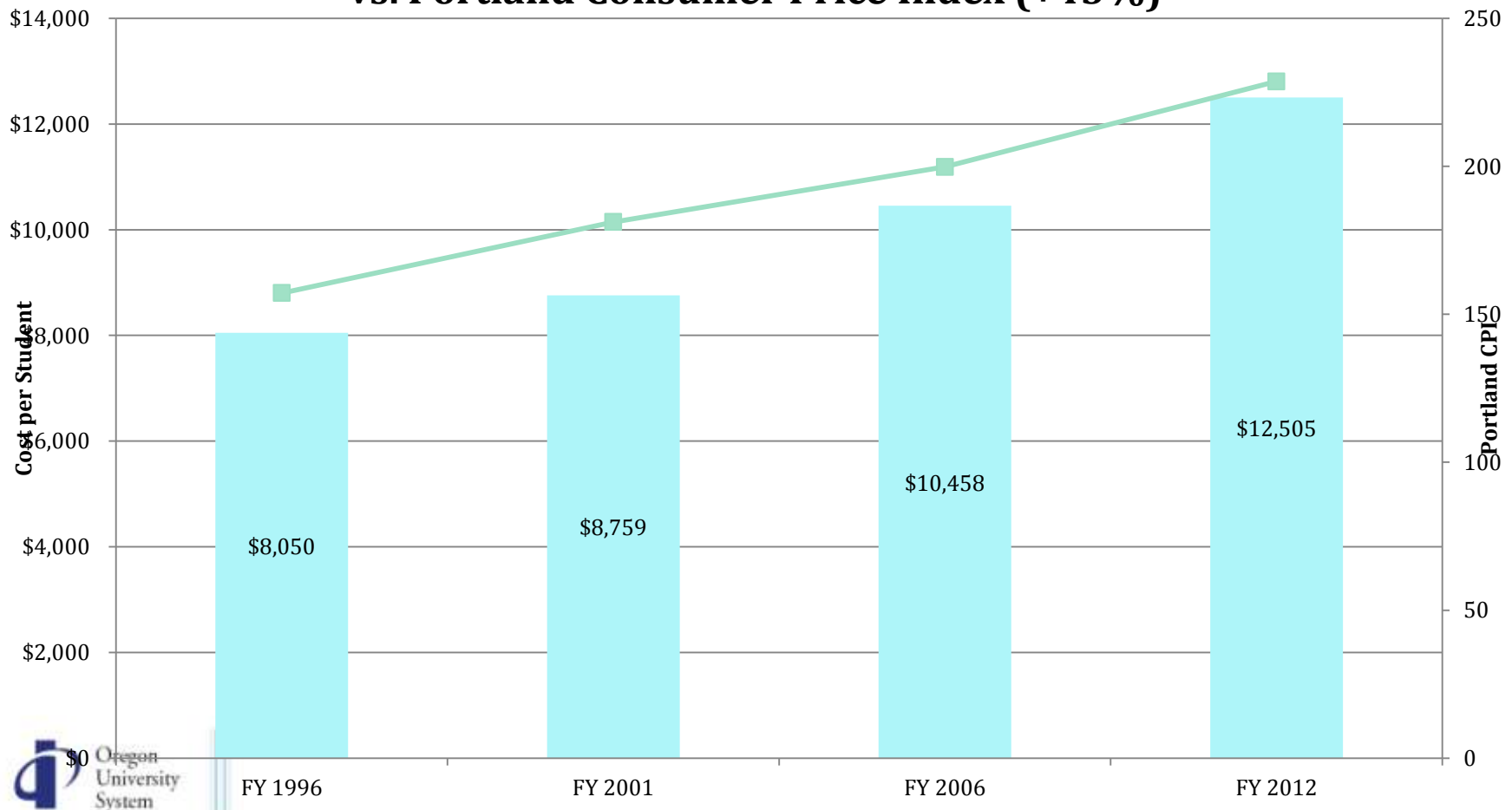


OUS Administrative Costs

Amounts in thousands (,000 omitted)					1996-2012
<u>Institution</u>	<u>1996</u>	<u>2001</u>	<u>2006</u>	<u>2012</u>	<u>% Change</u>
EOU	\$2,846	\$2,915	\$4,440	\$5,299	86.19%
OIT	\$4,871	\$4,332	\$3,888	\$4,762	-2.24%
OSU	\$28,231	\$23,073	\$37,277	\$52,258	85.11%
PSU	\$11,615	\$13,636	\$17,235	\$28,354	144.12%
SOU	\$6,681	\$6,036	\$4,477	\$5,739	-14.10%
UO	\$23,238	\$21,627	\$33,324	\$61,999	166.80%
WOU	\$3,947	\$4,433	\$4,739	\$4,340	9.96%
CO	\$12,853	\$19,113	\$11,891	\$13,265	3.21%
Total OUS	\$94,282	\$95,165	\$117,271	\$176,016	86.69%

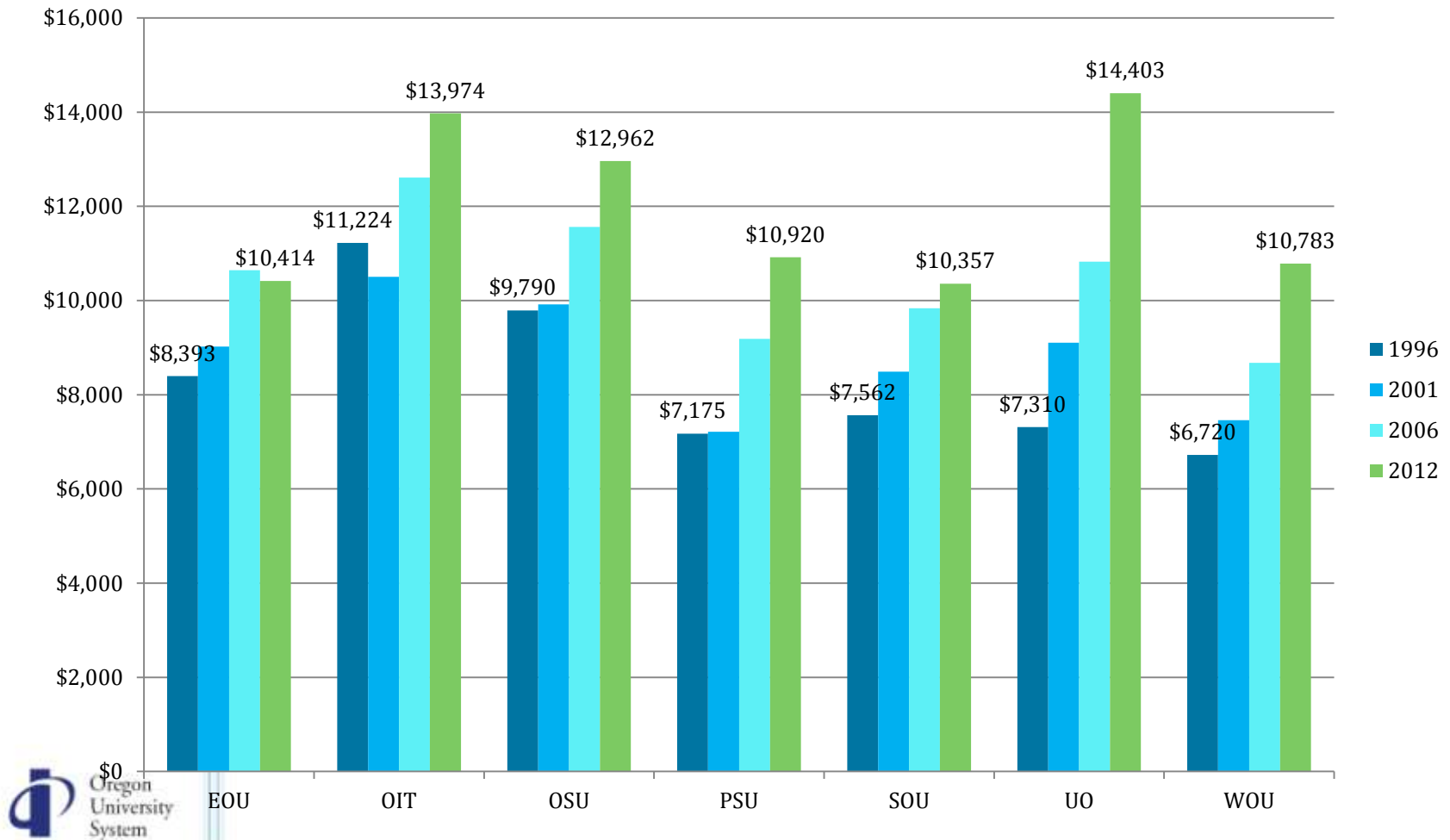
Average Cost of Instruction 1996-2012

Average Costs of Instruction per Student FTE (+55%) vs. Portland Consumer Price Index (+45%)



Average Cost of Education per Student by Campus

Average cost of Education per Student



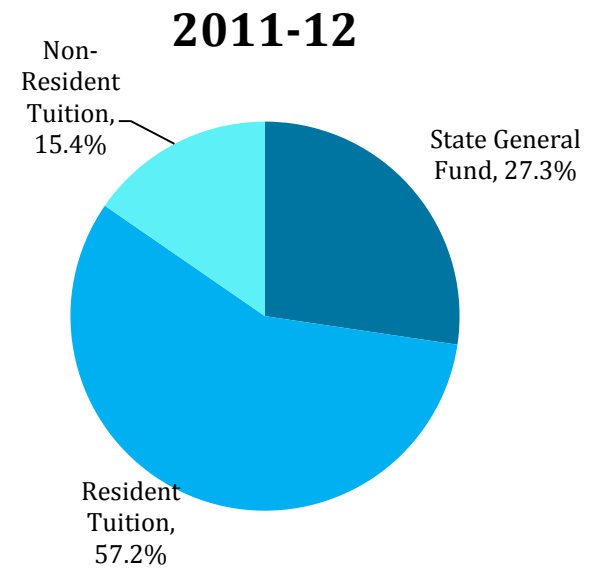
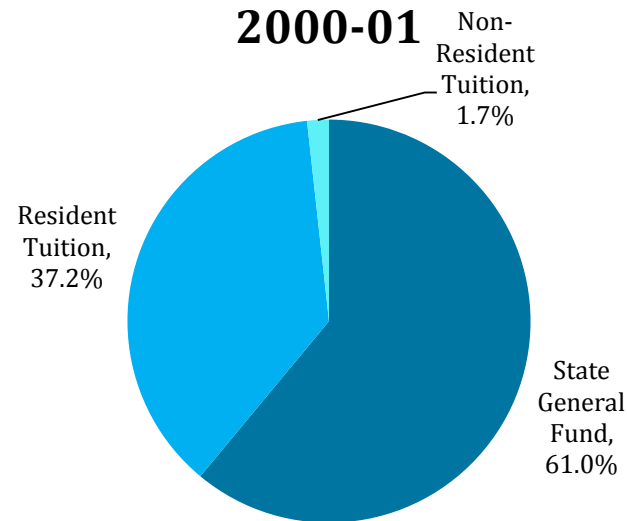
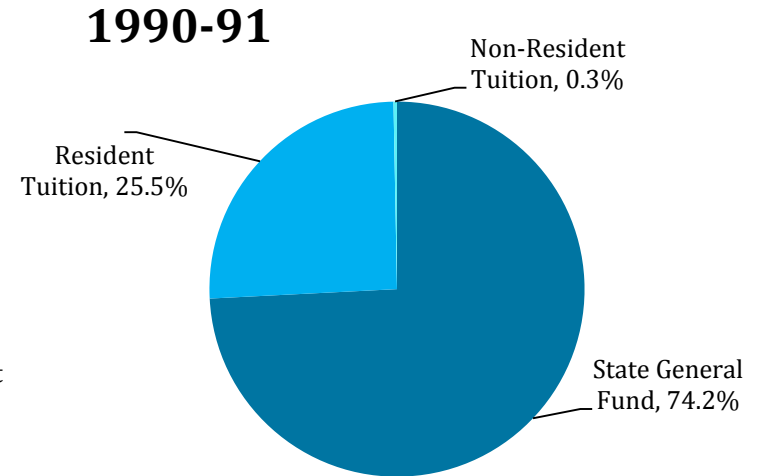
Costs of Education for Resident Students and Associated Funding Sources

Average Cost of Education:

1990-91 = \$6,285

2000-01 = \$8,759

2011-12 = \$12,505



An education is too important to waste

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