University Budget Conversations – March 2018
Tuition Proposals for 2018-2019

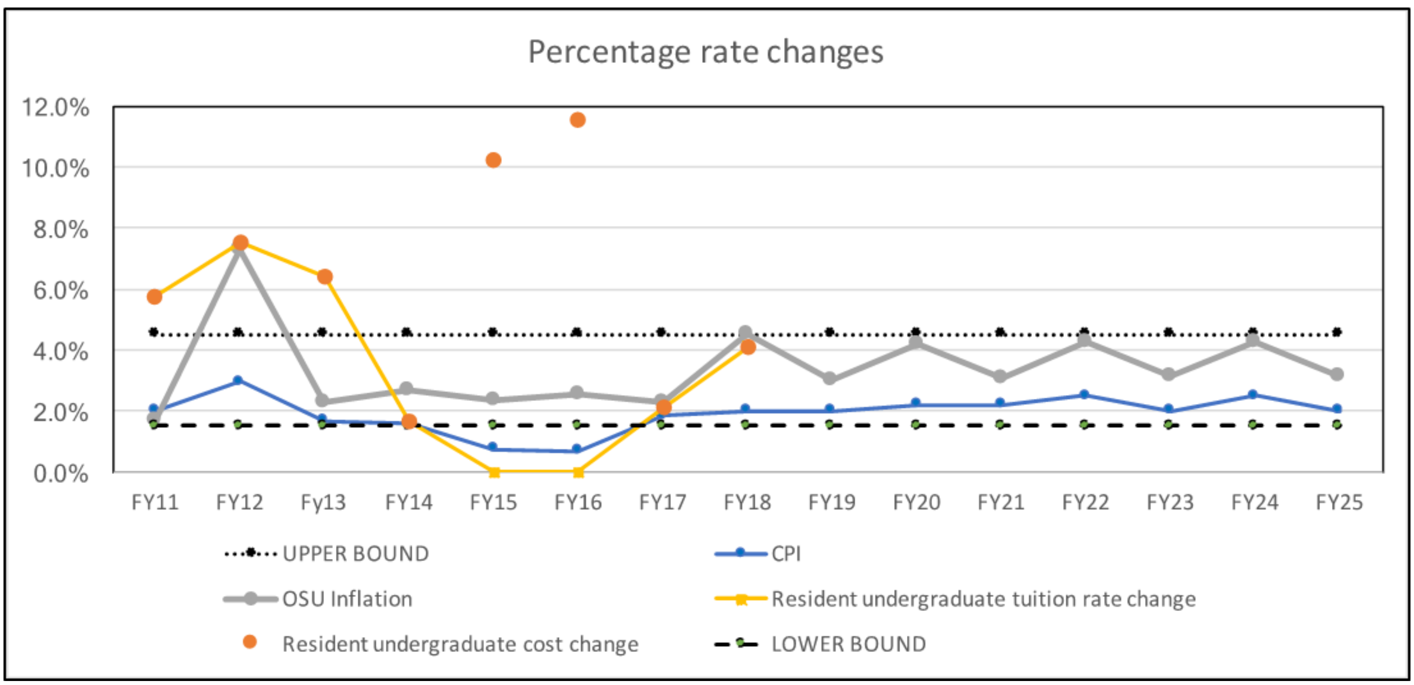
The University Budget Committee (UBC) is considering tuition and mandatory fee rates for the 2018-19 academic year, and has made two recommendations to Provost Ed Feser.

As the university considers tuition and fee rates, OSU officials and the Board of Trustees are very mindful of the financial pressures faced by students and their families. The university is working hard to balance these pressures with OSU's commitment to provide for educational excellence, student success, improved retention and graduation rates and enhance need-based student financial aid, while meeting employee obligations and proving for the long-term financial stability of the university by managing expenditures prudently and reducing costs where possible.

Long-term tuition planning

The university recognizes that one of the challenges for students and families in planning has been the unpredictability of tuition rates. As long as state funding, remains at present levels and tuition represents 70% or more of university education and general revenues, tuition increases will be difficult to avoid. However, it is possible to provide more certainty. The University Budget Committee proposes setting the annual tuition "mid-point" increase close to *OSU's local rate* of inflation. The *OSU local rate* historically exceeds the Consumer Price Index (CPI) because of the large proportion of costs for personnel and the associated costs of benefits set by the State of Oregon.

Figure 1: Comparison of historic and projected CPI inflation, *OSU local rate* of inflation, resident undergraduate tuition rate increases, and tuition charge increases. Note that the large percentage increase in tuition charges in FY2015 and FY2016 reflect the elimination of a tuition plateau and a change to per-credit hour charge.



The UBC proposal suggests that the Board of Trustees consider annual undergraduate tuition increases of between 1.5% and 4.5% with a target at the projected rate of inflation for existing personnel and services. Increases over the cap of 4.5% would be considered only in circumstances of financial challenge resulting from changes outside of OSU's control, such as sudden cuts in state funding.

At all times, if tuition is to increase, the University will seek to:

- Increase state funding per resident student, reducing the proportion of costs paid by Oregon students,
- Increase the level of need-based aid provided by the state for Oregon residents,
- Increase access to Oregon's four-year universities,
- Develop a comprehensive strategy to grow institutional financial aid and privately funded financial aid,
- Create continuous improvement initiatives to identify processes or functions that can be improved or eliminated with the goal of providing the highest quality and most cost-effective services and support to students, faculty, and staff.

2018-19 Tuition Rate Recommendations

The Board requested a range of undergraduate tuition scenarios to consider (table below). These assume cost increases for inflation (salaries, benefits, supplies), enrollment growth (more faculty, graduate assistants, etc.), strategic investments (like added facilities renewal funding and fundraising capacity), and revenue growth from the rate increase, some growth in state funding and other revenues, and enrollment growth of about 2.5% overall (1.2% in Corvallis, 7-8% in Ecampus).

	Scenario A	**Scenario B**	**Scenario C**
Tuition Proposals	Resident undergrad: 1.49% Non-resident undergrad: 1.14% Financial aid increase $1.7M Budget surplus/ (deficit): $(4M) $131 annual increase residents $272 annual increase non-res	Resident undergrad: 3.47% Non-resident undergrad: 2.27% Financial aid increase $2.3M Budget surplus/ (deficit): $0.8M $315 annual increase residents $630 annual increase non-res	Resident undergrad: 4.46% Non-resident undergrad: 3.08% Financial aid increase $2.7M Budget surplus/ (deficit): $4M $405 annual increase residents $855 annual increase non-res
Impacts	0.7% to 0.8% reduction in spending, in either strategic investments or targeted programs. Cuts follow $20M in cuts made in current year.	Budget is balanced, maintains current programs. Includes costs of enrollment growth. Includes strategic allocations.	Added financial aid ($1.0M). Additional financial aid and admissions staff ($0.9M). Additional faculty in critical courses ($2.1M).

- Proposal would increase graduate resident tuition 1.75%, non-resident graduate tuition 4.5%, thereby aligning these rates closer to OSU's peer universities tuition rates.
- Proposal would increase tuition rates in Pharmacy, Veterinary Medicine, and the Masters of Business Administration 3%.
- Tuition for undergraduate differentials would be unchanged for 2018-19.
- Ecampus proposal for tuition rates would increase 3.13% for undergraduates and 1.88% for graduates.
- No increase recommended for Summer Session 2018.

Sherman Bloomer, Director – Budget & Fiscal Planning – (541) 737-3877 – sherman.bloomer@oregonstate.edu