

University Budget Committee Recommendations on Tuition and Mandatory Fees for Fiscal Year 2018-19

The University Budget Committee (UBC) has considered several issues regarding tuition and mandatory fee rates for 2018-19. These discussions have included input from the Student Budget Advisory Council; proposals for differential tuition changes from the Colleges of Education, Forestry, and Public Health and Human Sciences; materials discussed with the Board of Trustees at their January meeting; and Education and General revenue and expense projections for the next fiscal year.

Based on these discussions the UBC makes two recommendations to the Provost regarding tuition and mandatory fees for 2018-19:

Recommendation 1: Long-term tuition rate planning

The UBC recommends that the Board endorse a statement defining the expected range of tuition rate increases over the next five years, the conditions under which those rates might be higher or lower, and the efforts the university will make to try to increase funding from other sources that could reduce the expected increases in tuition rates. The principal goal of this recommendation is to enable more specific long-term planning for students and families.

Recommendation 2: Rate adjustments for 2018-19

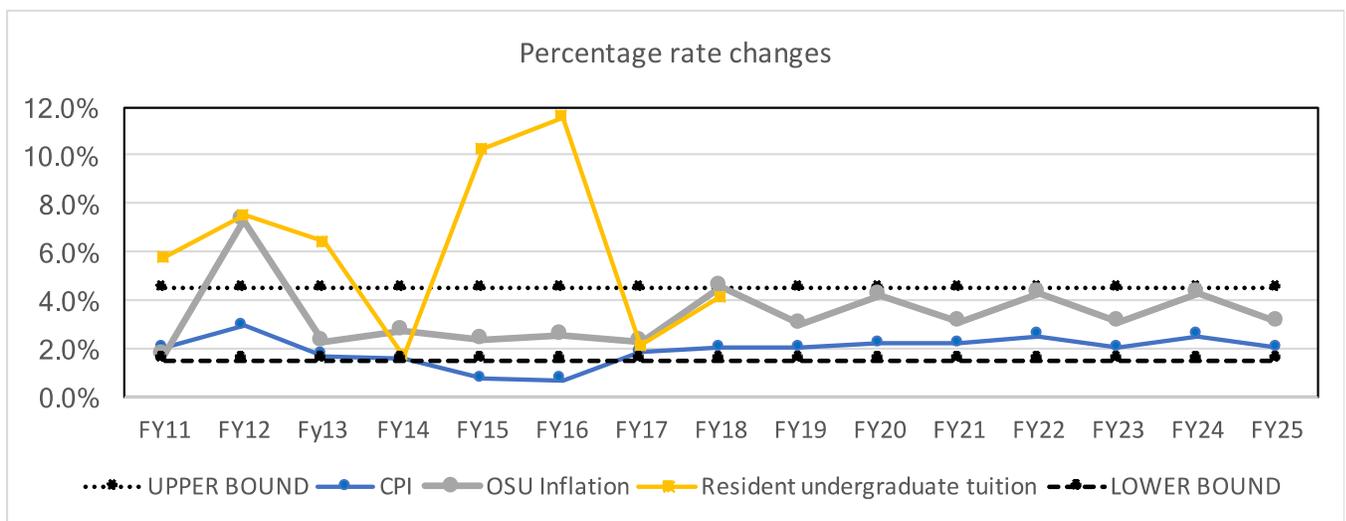
- Present the Board of Trustees three scenarios for undergraduate tuition centered on an increase of 3.47% for resident undergraduates and 2.27% for non-resident undergraduates, with a higher increase tied to identified strategic investments and a lower increase tied to specific program or cost reductions
- Recommend to the Board increases of 1.5% in resident graduate tuition and 4.5% in non-resident graduate tuition
- Recommend to the Board increases in the Student Health Fee of 7.8% at OSU-Corvallis (an increase including 0% operating in Student Health Services, 9% operating in Counseling and Psychological Services, and a 5% increase for business services, the last offset by the elimination of a separate business services fee). The Health Services Fee at OSU-Cascades would increase 3.51% to provide additional counseling and health programming.
- Recommend approval of differential tuition increases of \$4 per student credit hour (SCH) for the Master of Public Health (MPH) and \$3 per SCH for selected Forestry undergraduate programs, re-establishment of differential tuition of \$29 per SCH for the Ed.D. and Ph.D. in Adult Higher Education, and a new differential of \$29 per SCH for the Master of Counseling at Corvallis.
- Recommend increases of 3% in rates for the Doctor of Pharmacy, Doctor of Veterinary Medicine, and MBA professional programs.

- Set rates for Summer, 2018 as currently approved, and change setting tuition rates for summer such that the rates set at the spring Board meeting are effective the following July 1st through June 30th.
- Ecampus rates (tuition plus distance education fee) to increase at 3.1% for undergraduates and 1.9% for graduate tuition.

Recommendation 1: Statement on longer-term tuition rate planning

One of the challenges for students and families in planning for the costs of higher education has been the unpredictability of tuition rates. While tuition increases are difficult to avoid as long as tuition is 70% or more of university E&G revenues, it is possible to provide more certainty to those changes. The University Budget Committee proposes setting the “mid-point” of annual tuition increases at the local OSU rate of inflation. This rate consistently exceeds the Consumer Price Index (CPI) because the largest proportion of costs are for personnel and the associated benefits set by the State of Oregon (Figure 1).

Figure 1: Comparison of historic and projected CPI inflation, OSU local inflation, and resident undergraduate tuition increases.



The UBC suggests that the Board of Trustees consider:

- Committing to annual tuition increases of between 1.5% and 4.5%, with an initial target at the projected rate of inflation for existing personnel and services.
- Plan that the portion of an increase higher than the OSU local rate of inflation would be targeted to particular services or programs (faculty excellence, financial aid growth, etc.)
- Plan that the portion of an increase less than the projected rate of inflation would be offset by specific cost or service reductions.
- Funding cost increases beyond those covered by the tuition increase (such as growth of faculty and staff to address enrollment growth or strategic initiatives) by enrollment

growth, by growth of other revenues, or by reduction in expenses in other programs, services, or investments.

- That increases over the upper bound of 4.5% be considered only in circumstances of financial stress from changes outside of OSU’s control. For example, if the state does not fully fund its share of the inflationary cost increases in a given biennium, higher rates might need to be considered for resident students.

The university should also commit to a number of actions to make it easier to stay within those projected tuition ranges and to decrease them with time:

- Work with the other seven public universities to reduce the proportion of costs paid by Oregon students.
- Work with the other seven public universities to increase the level of need-based aid provided by the state for Oregon residents to increase access to Oregon’s four-year universities.
- Develop a comprehensive strategy to grow institutional financial aid and privately funded financial aid, to make OSU as affordable as possible for students in all circumstances and to defray the cost increases in the proposed approach to tuition (Table 1).
- 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.

Table 1: *Estimated annual and cumulative tuition cost increases over five years for undergraduate students taking 15 credits per term for an academic year (excluding summer and assuming a degree program without any differential tuition)*

	FY19	FY20	FY21	FY22	FY23
Resident tuition	9,349	9,740	10,038	10,464	10,791
Non-resident tuition	28,573	29,767	30,678	31,979	32,979
Percentage increase		4.18%	3.06%	4.24%	3.13%
Resident delta		391	298	426	328
non-resident delta		1,194	911	1,301	1,001
Accrued resident		391	689	1,114	1,442
Accrued non-resident		1,194	2,105	3,406	4,407

In FY23 the additional amount is 13.4% of the annual tuition
 A smoothed rate over these four years is 3.65% per year

Recommendation 2: Tuition and mandatory fee rate changes for FY2018-2019

Undergraduate tuition:

- Tuition scenario recommendations for discussion by the Board are summarized in Table 2. These recommendations are centered on Scenario B (Table 1) which includes:
 - Resident undergraduate, Corvallis and Cascades: Increase of \$7/SCH, no increase in the flat charge, total increase 3.47% at Corvallis, 3.60% at Cascades
 - Non-resident undergraduate: Increase of \$14/SCH, no increase in the flat fee, total increase 2.27%
 - A majority of the UBC favors Scenario C because of the critical needs for additional financial aid and increased resources in gateway courses (like introductory mathematics, statistics, and chemistry). Other members of the UBC believe Scenario B is more appropriate as it includes a number of strategic investments already (such as increased commitments for capital renewal). Cascades representatives are strongly in favor of Scenario B because a larger proportion of their students have significant need. No members of the UBC favored Scenario A.
- Undergraduate differential tuition:
 - Increase of \$3/SCH for majors in Forestry including Forestry, Forest Engineering, Forest Management, Forest Operations Management, and Renewable Materials.
 - Differential charges in Engineering and Business are unchanged.

Graduate tuition:

- Resident graduate: Increase of \$8/SCH or 1.75%
- Non-resident graduate: Increase of \$38/SCH or 4.51%
- Graduate differential tuition:
 - Increase of \$4 per SCH for Master of Public Health degree and apply the differential to all credits (there is currently no charge for 9 to 16 credits)
- The Master of Counseling, Master of Arts in Teaching, and Master of Fine Arts degrees at Cascades would have no increase in the per SCH charge and would eliminate the current tuition plateau at 12 to 16 SCH. All charges for the program would be per credit hour.

Professional programs:

- Doctor of Pharmacy: 3% increase
- Doctor of Veterinary Medicine: 3% increase
- Master of Business Administration: 3% increase

Summer tuition:

- Summer tuition rates are currently set by the Board for the summer following the next academic year (the March 2017 Board meeting set summer tuition for Summer, 2018). The UBC recommends that at the spring Board meeting tuition rates be approved for the following full fiscal year, from July 1 to June 30.

- To effect this change, rates for Summer 2018 will remain as currently established. The Spring 2019 Board meeting will set tuition rates for Summer 2019.

Ecampus tuition:

- The UBC recommends that the current Ecampus tuition and fee per credit hour be treated as a single tuition charge. This is how it currently appears on student bills and will allow publishing a single rate for Ecampus programs. The split of the current tuition charge and the current fee will be tracked internally (with the fee charge being adjusted to be the same across undergraduate and graduate programs) and the current distribution methodology maintained.
- Undergraduate: \$8/SCH increase to \$297/SCH or 3.13%
- Graduate: \$10/SCH increase to \$538/SCH or 1.88%
- Differential charges:
 - Reinstate differential charges of \$29 per SCH for the Ph.D. and EdD in Adult Higher Education for both options in Community College Leadership and Leadership in Higher Education. These differentials in the College of Education were dropped in error when the options were established.
 - Establish a new differential for the Master of Counseling degree in the College of Education (Ecampus offering from Corvallis only) at \$29 per SCH.
 - Increase the Business differential charges for graduate or MBA courses by \$13/SCH to \$262/SCH for a total charge of \$777/SCH an increase of 2.96%
 - All other differential charges would remain the same.

Mandatory fees:

- Matriculation and building fees: no increase
- Health services fee at Corvallis: Increase of \$16.02 per quarter or 7.81%. This includes a 0% operating increase in Student Health Services, a 9% increase in the fee for Counseling and Psychological Services, which has not had a fee increase in several years, and a 5.6% increase for administrative and business services. The last is offset by the elimination of a separate student incidental fee for administrative and business services.
- Health services fee at Cascades: Increase of \$2.00 per quarter or 3.51%. This includes support for an additional part-time counselor and health activity programming.

Table 2 summarizes the three tuition scenarios. The budget projections include estimates of inflation, costs of enrollment growth, and strategic investments (\$5M additional in capital renewal, \$2.5M additional for student success, increases in funding for the OSU Foundation, Alumni Association, and Athletics, and other priorities). The table shows the percentage and dollar annualized cost increases for students in different programs, the projected Corvallis E&G budget balance, and the change in financial aid resources. Table 3 shows the rate increases for all programs assuming Scenario B. The highest percentage increase for resident undergraduate students is for Forestry degrees with a differential charge at 4.62% and the lowest is for professional Engineering students at 2.77%. The total tuition and mandatory fee increases for resident undergraduate students are all under 5%.

Table 2: Tuition Scenario Table (budget and student estimates shown are for Corvallis): The resident undergraduate rate in Scenario B is a \$7 increase per SCH (to \$202 per SCH at Corvallis, \$195 at Cascades. This increase has most rates with differentials at or below 3%. The non-resident increase of 2.36% corresponds to an increase of \$14 per SCH from \$594 to \$608 (at both campuses). Scenario A assumes a \$3 per SCH increase for resident undergraduates and a \$7 per SCH increase for non-resident undergraduates. Scenario C uses a \$9 per SCH increase for resident undergraduates and a \$19 per SCH increase for non-resident undergraduates. All of the scenarios assume the same growth in enrollment and increases in expenses due to inflation, enrollment growth, and strategic investments.

	Scenario A	Scenario B	Scenario C
Tuition Proposal:	Resident undergraduate: 1.49% Non-resident undergraduate: 1.14% Financial aid increase \$1.7M Budget surplus or (deficit): \$(4.0M) \$131 annual increase residents \$272 annual increase non-residents	Resident undergraduate: 3.47% Non-resident undergraduate: 2.27% Financial aid increase \$2.3M Budget surplus or (deficit): \$0.8M \$315 annual increase residents \$630 annual increase non-residents	Resident undergraduate: 4.46% Non-resident undergraduate: 3.08% Financial aid increase \$2.7M Budget surplus or (deficit): \$4.0M \$405 annual increase residents \$855 annual increase non-residents
Issues:	0.7% to 0.8% reduction in projected spending, in either specific strategic investments or targeted programs.	Budget is balanced maintaining current programs and services at projected current service level inflation. Budgets for costs of enrollment growth (2.5% overall, 10% in Ecampus). Includes strategic allocations for capital renewal, Foundation and Alumni Association, athletics, student success and support services.	Increase financial aid pool from 12.2% to 12.5% of undergraduate tuition (\$1.0M). Additional student support staff (financial aid and registrar’s office) (\$0.9M). Increased faculty and graduate assistant resources in critical courses with large enrollments and corresponding high failure rates (\$1.8M)

Inflation for OSU is estimated to be 3.1% (based on planned raises, estimates of benefit cost increases, and changes in the Consumer Price Index. Some consequences of each of the three scenarios include:

Scenario A (A tuition rate increase that is significantly less than inflation):

- \$131 annual increase for residents, \$272 annual increase non-residents
- The projected budget is \$4M short of expenses. This would require budget reductions that could include:
 - Reduced commitments for capital renewal and expanded fundraising
 - Reductions in resources for academic colleges that would result in:
 - Decrease in number of instructors and offered class sections
 - Decreased graduate teaching assistant (GTA) support resulting in fewer recitation or laboratory sections
 - Reduced access to high demand classes and increased time to graduation
 - Decreased ability to update instructional facilities.
 - Reduced advising opportunities.
 - Expected outcome is that there will be higher rates of D, F, and course withdrawals; reduced retention rates; and increased time to completion
 - Reduced investments in academic support, business services, and student success.

Scenario B (A tuition rate increase slightly above the rate of inflation):

- Additional \$184 annually for residents (\$315 total increase; additional \$358 annually for non-residents (\$630 total increase)
- A balanced budget including costs of enrollment growth (added instructional staff, graduate assistants, support staff) and selected strategic investments (including \$5M for capital renewal, additional support in the OSU Foundation and Alumni Association, and other areas)

Scenario C (A tuition rate increase about 1.3 percentage points over inflation)

- An additional \$90 per year for resident students (total increase of \$405) and additional \$225 additional for non-residents (total increase of \$855) over Scenario B, with an Increase financial aid of \$0.4M over Scenario B
- Creates an additional \$4M in revenue over projected expenses which would support:
 - An additional \$1M in institutional financial aid to address the unmet needs of lower middle cohort
 - Expanded student services including staff directly serving students in financial aid, the registrar's office, and the library.
 - Increased investments in gateway courses that are essential for students to progress in their programs and to graduate on time. These would include:
 - Additional instructors to reduce class size, along with increased graduate assistants to expand experiential and project-based learning
 - Increased sections in high demand upper-division courses
 - Increased advisors to provide timely intervention to students at risk
 - Improvements would include reduced rates of D, F, and withdrawal rates with; improved retention and completion rates.

Table 3: Summary of rate changes for full-time students (15 SCH per term for undergraduates, 12 SCH per term for graduates) for all degree programs.

2018-19 OSU Tuition and Fee Rate Recommendations, Corvallis and Cascades campuses						
Rates are shown as annual cost unless indicated, 15 credit hours for undergraduates, 12 credit hours for graduates						
Rate	FY16 to FY17 Rate Change	FY17 Rate	FY17 to FY18 Rate Change	FY18 Rate	FY18 to FY19 Proposed Change	FY19 Proposed Rate
Building Fee	0.00%	\$135	0.00%	\$135.00	0.00%	\$135.00
Distance Education Fee (per SCH)	0.00%	\$80	0.00%	\$80.00	included in tuition in FY19	
Matriculation Fees (once)	0.00%	\$350	0.00%	\$350.00	0.00%	\$350.00
Health fee Corvallis (per quarter)				\$153.72	7.82%	\$165.74
Health fee Cascades (per quarter)				\$57.00	3.51%	\$59.00
Undergraduate Tuition						
Corvallis resident no differential					FY18 to FY19 per credit hour increase of 3.59%	
Cascades resident no differential					FY18 to FY19 per credit hour increase of 3.19%	
Non-resident undergraduate					FY18 to FY19 per credit hour increase of 2.36%	
Corvallis resident no differential	2.20%	\$8,715	4.13%	\$9,075	3.47%	\$9,390
Cascades resident no differential	3.20%	\$8,400	4.29%	\$8,760	3.60%	\$9,075
Non-resident undergraduate	0.00%	\$27,195	1.99%	\$27,735	2.27%	\$28,365
Pre-Engineering resident	1.79%	\$10,245	3.51%	\$10,605	2.97%	\$10,920
Pre-Engineering non-resident	0.00%	\$28,725	1.88%	\$29,265	2.15%	\$29,895
Pro-Engineering resident	1.66%	\$11,010	3.27%	\$11,370	2.77%	\$11,685
Pro-Engineering non-resident	0.00%	\$29,490	1.83%	\$30,030	2.10%	\$30,660
Forestry resident	1.95%	\$9,390	3.83%	\$9,750	4.62%	\$10,200
Forestry non-resident	0.00%	\$27,870	1.94%	\$28,410	2.69%	\$29,175
Business resident	1.91%	\$9,615	3.74%	\$9,975	3.16%	\$10,290
Business non-resident	0.00%	\$28,095	1.92%	\$28,635	2.20%	\$29,265
Honors resident differential	4.71%	\$10,008	5.67%	\$10,575	2.98%	\$10,890
Honors non-resident	0.97%	\$28,488	2.62%	\$29,235	2.15%	\$29,865
Graduate Tuition						
Resident graduate	0.00%	\$12,150	1.56%	\$12,339	1.75%	\$12,555
Non-resident graduate	4.00%	\$21,789	4.46%	\$22,761	4.51%	\$23,787
PharmD resident	3.00%	\$22,032	2.94%	\$22,680	3.02%	\$23,364
PharmD non-resident	3.00%	\$37,944	3.04%	\$39,096	3.04%	\$40,284
DVM resident	2.00%	\$21,507	3.00%	\$22,152	3.00%	\$22,817
DVM non-resident	2.00%	\$43,017	3.00%	\$44,307	3.00%	\$45,636
Engineering resident	0.00%	\$14,130	1.34%	\$14,319	1.51%	\$14,535
Engineering non-resident	3.65%	\$23,769	4.09%	\$24,741	4.15%	\$25,767
MPH differential resident	0.00%	\$13,851	1.36%	\$14,040	6.60%	\$14,967
MPH differential non-resident	3.53%	\$24,516	3.96%	\$25,488	8.16%	\$27,567
MBA differential resident	0.00%	\$19,143	32.77%	\$25,416	2.97%	\$26,172
MBA differential non-resident	3.53%	\$32,616	36.20%	\$44,424	2.92%	\$45,720
Cascades MS Counseling resident	0.00%	\$12,150	33.33%	\$16,200	0.00%	\$16,200
Cascades MS Counseling non-resident	4.00%	\$21,789	33.33%	\$29,052	0.00%	\$29,052
Cascades MAT resident	0.00%	\$12,150	33.33%	\$16,200	0.00%	\$16,200
Cascades MAT non-resident	4.00%	\$21,789	33.33%	\$29,052	0.00%	\$29,052
Cascades MFA resident	0.00%	\$12,150	33.33%	\$16,200	0.00%	\$16,200
Cascades MFA non-resident	4.00%	\$21,789	-25.65%	\$16,200	0.00%	\$16,200
Summer (per SCH)*						
Corvallis undergraduate	0.00%	\$193	4.15%	\$201	0.00%	\$201
Cascades undergraduate	1.09%	\$185	4.32%	\$193	0.00%	\$193
Corvallis graduate	0.00%	\$450	1.56%	\$457	0.00%	\$457
Cascades graduate	0.00%	\$450	1.56%	\$457	0.00%	\$457
Ecampus* (per SCH)						
Undergraduate	0.00%	\$200	4.00%	\$288	3.13%	\$297
Computer Science differential	0.00%	\$470	0.00%	\$ 478	1.88%	\$487
Business Students				\$ 308	2.92%	\$317
Pre engineering students				\$ 322	2.80%	\$331
Prof Engineering students				\$ 339	2.65%	\$348
Developmental Math				\$ 208	2.88%	\$214
Graduate	0.00%	\$441	1.59%	\$ 528	1.89%	\$538
PHD and EdD in AHE, CCL option				\$ 557	1.80%	\$567
PHD and EdD in AHE, LHE option				\$ 528	7.39%	\$567
PHD in Counseling				\$ 557	1.80%	\$567
Master of Counseling				\$ 528	7.39%	\$567
Grad Certificate Public Health				\$ 591	2.37%	\$605
MBA and Business Courses				\$ 777	2.96%	\$800
College of Engineering students				\$ 583	1.72%	\$593