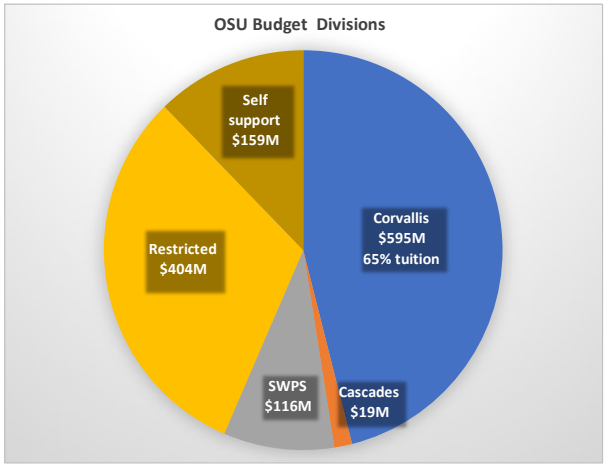
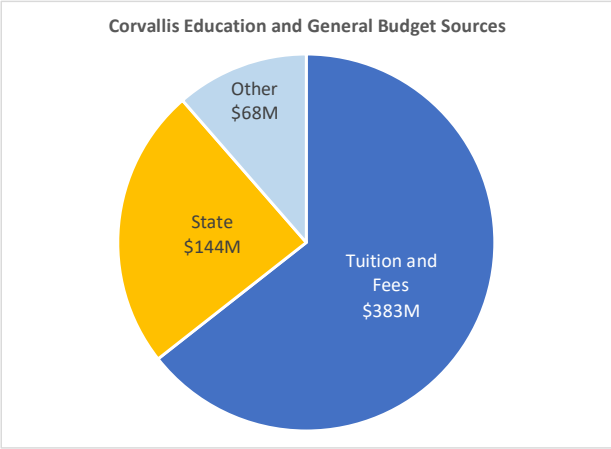


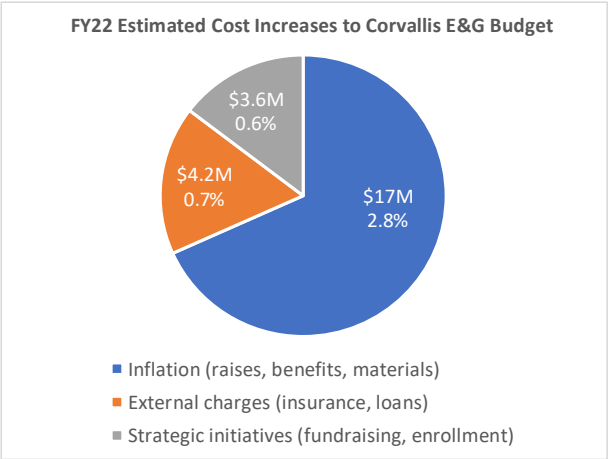
Where does the OSU budget come from? The OSU budget has five principal parts. Tuition contributes to the budget for Education & General (E&G) funds for academic programs at Corvallis and Cascades. The other three funds are for specific purposes and are not used for general university support of academic programs or services. These include Statewide Public Service (SWPS) funds (funded by the state for research and service to support communities and industries in Oregon), restricted funds (like federal grants for research, federal financial aid, designated private gifts), and self-support funds (like Housing and Dining, Parking, or Athletics, funded through charges for services or media revenues). Non-E&G funds do not receive tuition revenues and, typically, self-support funds are not available for Education and General fund purposes.

What part of that does tuition support? Tuition goes to support academic programs and associated administrative and support services at the Corvallis and Cascades campuses. At Corvallis, about 65% of the E&G budget comes from tuition, about 24% from the State, and 11% from other sources.



What does tuition pay for? Tuition is the largest part of the Corvallis E&G budget that supports most of the faculty, graduate assistants, and staff that deliver academic programs and services; the physical infrastructure supporting those programs; and the service, support and administrative functions that allow those programs to work. In short, tuition is the largest source of funding for the academic mission of the university. 75% of the spending of those budgets is on salaries and benefits for faculty, staff, graduate assistants, and student workers.

Why does tuition keep going up? The biggest factor responsible for tuition increases is increasing annual costs (see chart below). OSU has inflation in salaries, benefits, and costs of goods and services like any organization. For example, from this year to next year, salary costs are projected to increase $10.9M, benefits costs $4.8M, and service and supply costs $4.5M. That's an inflation rate of about 3.5%. Other cost pressures are non-inflationary increases in mandatory costs (like insurance, debt, or utilities) and the desire to make commitments for new services (sometimes at the request of students or staff, sometimes for compliance), repair of facilities, or future return (like hiring more fundraising staff now to generate more scholarships in the future). These commitments for next year are going to be about $9.3M.



Why can't OSU cut expenses instead of raising tuition? OSU is always looking for expense reductions and in the 2017-18 fiscal year, for example, cut $20M in expenses from the E&G budgets to keep tuition increases below 5%. In the current year, E&G units are reducing expenses by about $49M to address revenue losses and expense increases due to the pandemic. The Board of Trustees has stated they expect tuition to increase from 2% to 5% a year, which means in years with larger cost increases the expectation is for some expense reductions. The problem with addressing cost increases *only* with expense cuts is that, after a while, essential services have to be cut. For example, if inflationary costs are 3.5% every year, and OSU cut that much in expenses every year, in five years the cuts would be about 16% in total and many programs and services would be eliminated due to lack of funding.

What is proposed for tuition and fees for next year?

- The Board policy of expecting tuition increases in the range of 2% to 5%, barring extreme financial change, would continue.
- Formalize the cohort based pricing model of the last two years for undergraduate students with one rate for continuing students who have committed to OSU and a second rate for new students:

Rate	Recommendation	Notes
Continuing resident and non-resident undergraduate	3.0%	2.5% to 3.5%[1] increase scenarios (see Table 1) are provided for discussion; applies to Corvallis, Cascades, Ecampus
New resident and non-resident undergraduate	4.0%	3.5% to 4.5% increase scenarios (see Table 1) are provided for discussion
New Cascades resident undergraduate	6.3%	Aligns tuition rates at Cascades with Corvallis for new students
New Ecampus undergraduates	3.5%	Maintains Ecampus rates at appropriate competitive level with peers
Resident and Ecampus graduate	0.0%	Maintain competitive position, avoid cost increases on grant funded positions
Non-resident graduate	3.5%	At estimated inflation rate
Professional tuition increases	0% to 4.0%	Depending on program (MAT, MFA, MCOUN, DPT at Cascades, Pharmacy, Vet Med)
Differential tuition undergraduate	$0 to $2 per SCH	Inflationary increases in Business, Engineering, Forestry, Liberal Arts (Arts, Music, Theatre only)
Differential tuition graduate	$0 per SCH	No increases
Summer tuition	5.8% to 7.7%	Matches new student campus tuition rates
Mandatory matriculation fees	0%	No increases
Mandatory building debt fee	2.2% to 4.4% per quarter	$1 or $2 per year rate increase for 5 years; $2 in FY23
Student Health Services-Cascades	67.8%	Adding new services and picking up grant-funded positions, $40 increase per quarter
Student Health Services-Corvallis	5%	To address increasing costs of medical staffing

The goals of the proposed approach are to:

- Provide more predictability in tuition rates for students who have committed to OSU.
- Make the structure of tuition clearer for students.
- Make the annual tuition-setting process more transparent and simpler to reduce the time spent on the issue each year and allow more time for campus discussion.
- Provide sufficient flexibility for OSU to continue to improve academic and support services and to manage through unexpected financial downturns.

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[1] Undergraduate rate increases noted are on the per credit hour charges, not on the base "zero-credit" charge made for resident and non-resident academic year tuition. Total increases are somewhat less than the quoted percentages because of the fixed zero-credit charge and rounding to whole dollars.