University Budget Conversations – February 15, 2018

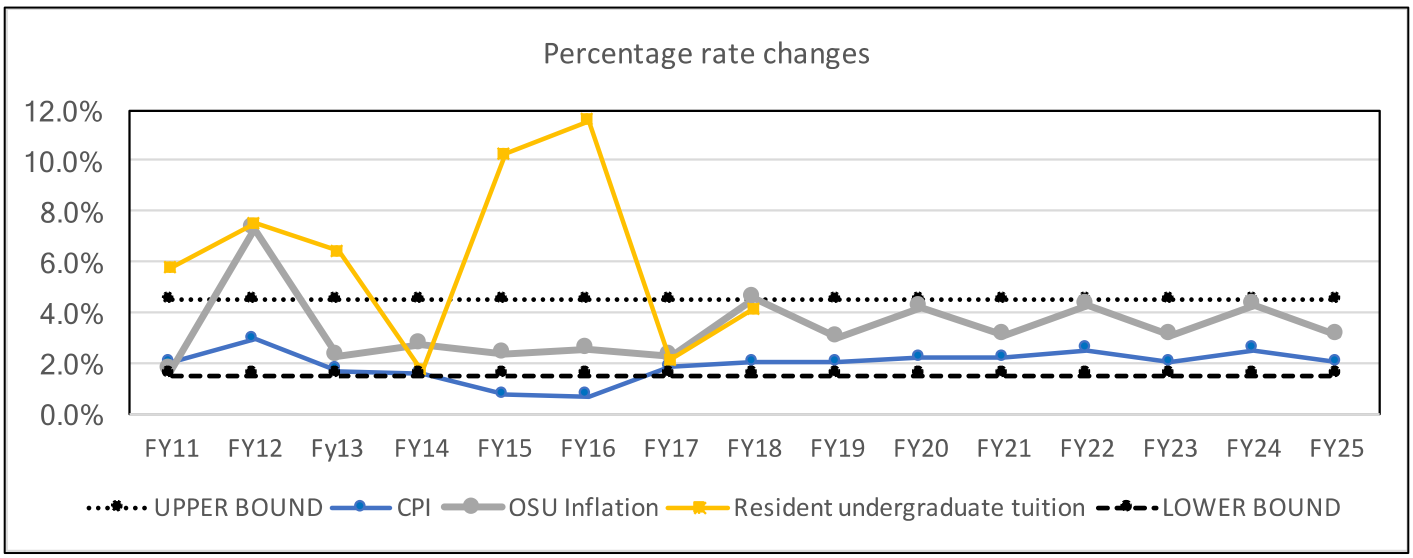
Tuition Planning for 2018-2019

The University Budget Committee (UBC) is considering tuition and mandatory fee rates for 2018-2019. There has been discussions with 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 revenues and expense projections identified for the next fiscal year (2019). The UBC is discussing two recommendations for the Provost.

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. As long as tuition is 70% or more of university E&G revenues, tuition increases will be difficult to avoid, but it is possible to provide more certainty about changes. The University Budget Committee proposes setting the annual tuition "mid-point" increase close to the local *OSU rate of inflation*. The *OSU rate* consistently 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).

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



The UBC proposal suggests that the Board of Trustees consider committing to 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 higher or lower than that projection would be coupled with specific actions or investments. Increases over the cap of 4.5% increase would be considered only in circumstances of financial stress from changes outside of OSU's control (sudden cuts in state funding, for example).

The University will continue to work on

- Increasing state funding per resident student, reducing the proportion of costs paid by Oregon students,
- Increasing the level of need-based aid provided by the state for Oregon residents,
- Increasing access to Oregon's four-year universities,
- Developing a comprehensive strategy to grow institutional financial aid and privately funded financial aid

- Creating 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 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, either in specific strategic investments or targeted program reductions	Budget is balanced, maintains 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). Faculty excellence fund, recruiting distinguished scholars to strategic and growing programs ($1.8M) Additional student support staff (financial aid and registrar's office) ($0.9M).

Graduate resident tuition would increase 1.75%, non-resident graduate tuition 4.5% to align these closer to peer rates. Professional programs in Pharmacy, Veterinary Medicine, and the MBA would increase 3%.

The undergraduate differential in Forestry would increase $3/SCH (to $18) and other undergraduate differentials are unchanged. The graduate differential for the MPH degree would increase $4 per SCH; other graduate differential charges would remain the same. The Master of Counseling, Master of Arts in Teaching, and Master of Fine Arts degrees at Cascades would move to a per credit hour tuition structure.

There is no increase recommended for Summer Session 2018. Ecampus tuition would increase 3.13% for undergraduates and 1.88% for graduates. No differential charges would change for Ecampus programs except for the MPH and differential charges for hybrid graduate programs would be consistently, applied at $29 per SCH. Rates for graduate business courses through Ecampus would increase 3%.