

**Tuition Recommendations for FY21**

Tuition provides about 66% of Corvallis Education and General revenues, so it is a major part of meeting cost increases for current people and services. For next year, we are projecting:

- Salaries to go up between 3% and 4% depending on the employee group or \$11.0M (total E&G salaries in Corvallis are \$293.5M a year).
- Benefits increases of about 2.5%, mostly for health insurance, or \$3.9M (total benefits costs are about \$156.3M a year).
- Inflation on general goods and materials is estimated to be about 2.3% or \$2.8M (total spending here is \$122M per year).
- Overall the inflation increases are about 3.2% or \$17.6M.

The University Budget Committee (UBC) has been working on tuition recommendations for President Ray. The UBC’s draft recommendations for tuition and mandatory fees from 2019-20 to 2020-21 currently include:

Rate	Recommendation	Notes
Resident and non-resident undergraduate tuition	3.2%	1.5%, 3.2%, and 4.5% increase scenarios are provided for discussion by the Board of Trustees
Cascades resident undergraduate	An additional 1.52% (total of 4.72%)	To close the gap with Corvallis rates
Resident graduate tuition	2.5%	Rate is higher than peers
Non-resident graduate tuition	4.5%	Rate is lower than peers
Professional tuition increases	0% to 5%	Depending on program (MBA, MFA at Cascades, Pharmacy, etc.)
Differential tuition	\$1 to \$2 per SCH	Inflationary increases in Business, Engineering, Forestry, Liberal Arts (Arts, Music, Theatre only) and Education
Ecampus undergraduate base tuition	3%	Stay at a competitive rate
Ecampus graduate base tuition	0%	Current rates at the high side of peers
Summer tuition		Matches campus tuition rates
New rates		New rate for existing online MS in Radiation Health Physics and a new rate for the new online BS in Computer Science
Mandatory building and matriculation fees	0%	No increases to these
Student Health Services	7%	\$26.60 per year, to address continuing service level and increasing costs of medical staffing
Counseling and Psychological Services	17.5%	\$27.72 per year, continuing service level and adding four counselors
Health services fee at Cascades	0%	Current fee and existing fund balance is sufficient

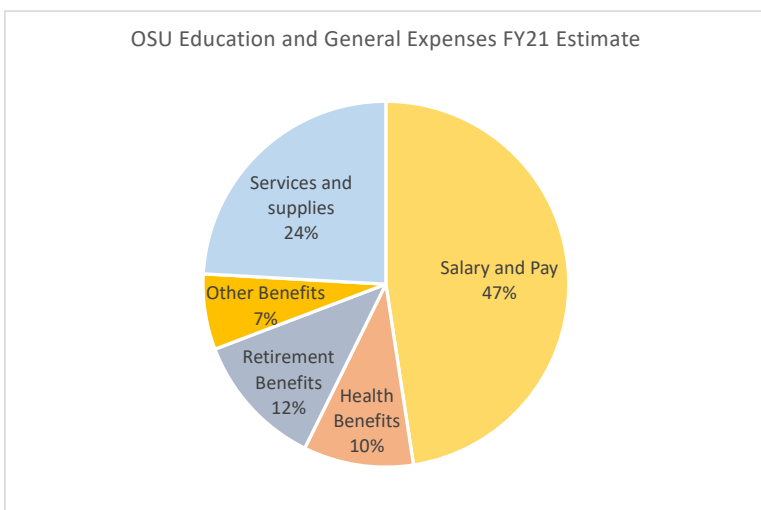
The weighted average tuition increase for resident undergraduate majors at Corvallis is 3.14% and at Cascades is 4.24%. The weighted average tuition and mandatory fee increase (the rate subject to the 5% threshold) is 3.41% at Corvallis and 4.23% at Cascades.

Those tuition rate increases would cover only \$13.0M of the \$17.6M increase in costs. In addition to those inflationary costs, the university also tries to make important new strategic commitments each year like major repairs on buildings, expanding private fundraising, and improving critical services for faculty and students. The new commitments OSU would like to make total \$14.4M. Even with tuition rate increases, the total cost increases from FY20 to FY21 will exceed current projections of revenue by about \$11M. This means developing a balanced budget will require scaling back some of those desired new investments, doing better in enrollment than currently forecast, and considering places where current activities or programs can be changed or redirected.

**2021-2023 Biennium Planning (FY22 and FY23)**

The seven Oregon public universities are currently working on estimates of continuing service level (CSL—essentially the local costs of inflation) increases for the next biennium (2021-2023, our fiscal years FY22 and FY23). These estimates will be the base of the request to the Governor and Legislature for funding increases. That request will include a continuing service level component and requests for additional funds to address other issues of access, affordability, and quality in the universities. There is a parallel process for developing a capital (building renovation or construction) request for next biennium.

The consolidated request from the universities will go to the Higher Education Coordinating Commission in May. Staff at the commission will develop a full request to the Governor which, after approval by the Commission, will be submitted in August. The Governor will release her budget for the next session in December and the Legislature will convene for a full session in February, 2021.



The development of the CSL request looks at the expected increase in different categories of expenses. The Education and General expenses (including Corvallis, Cascades, and the Statewide Public Services) are more than 75% salaries and benefits (chart at left). But each of those pie-slices has different inflationary drivers.

For retirement benefits particular, the state sets new rates at the beginning of each biennium based on a previous year’s actuarial analysis of the Public Employee Retirement System (PERS). The rates in the first year of a biennium (FY22 in this case) usually see a big increase but then do not usually increase in the second year. However the costs still go up because

the rates are applied to a larger salary base in the second year. The actuarial analysis was just completed in December, 2019 and will be the basis for recommended rates released in the fall of 2020 for the next biennium. These are the rates the Legislature will use in budgeting in the 2021 session, so the projections currently shown may change.

Investment returns overall were strong through 2019 so the rate increase currently projected (13.1% as shown in the table in the lower right) is not as high as it has been at the beginning of some recent biennia. It is still a very significant increase. Salary increases are projected at 3-4% per year (these vary by employee group and because there are ongoing negotiations with UAOSU and CGE the exact rates are not known). Health benefits are assumed to increase about 5% a year and other benefits increase at a rate driven mostly by the overall growth in salaries. Services and supplies costs (which includes about everything else---materials, utilities, insurance, contracts, travel, copying, etc.) are projected to increase at 1.8% (this is usually close to Consumer Price Index or CPI inflation. 1.8% was the annual rate in 2019).

Overall, the composite inflation rate is projected at 4.2% to 4.6% for FY22 and 3.1% to 3.6% for FY23. Those estimates will change as there is more detail on salary increases and final benefit rates.

	Increase FY22 over FY21	Increase FY23 over FY22	Biennial increase over 2019-21
Salary and Pay	3.0-4.0%	3.0-4.0%	6.1-8.2%
Health Benefits	5.0%	5.0%	10.2%
Retirement Benefits	13.1%	4.0%	17.6%
Other Benefits	4.0%	4.0%	8.2%
Services and supplies	1.8%	1.8%	3.6%
<b>Total expenses</b>	<b>4.2-4.6%</b>	<b>3.1-3.6%</b>	<b>7.4-8.4%</b>