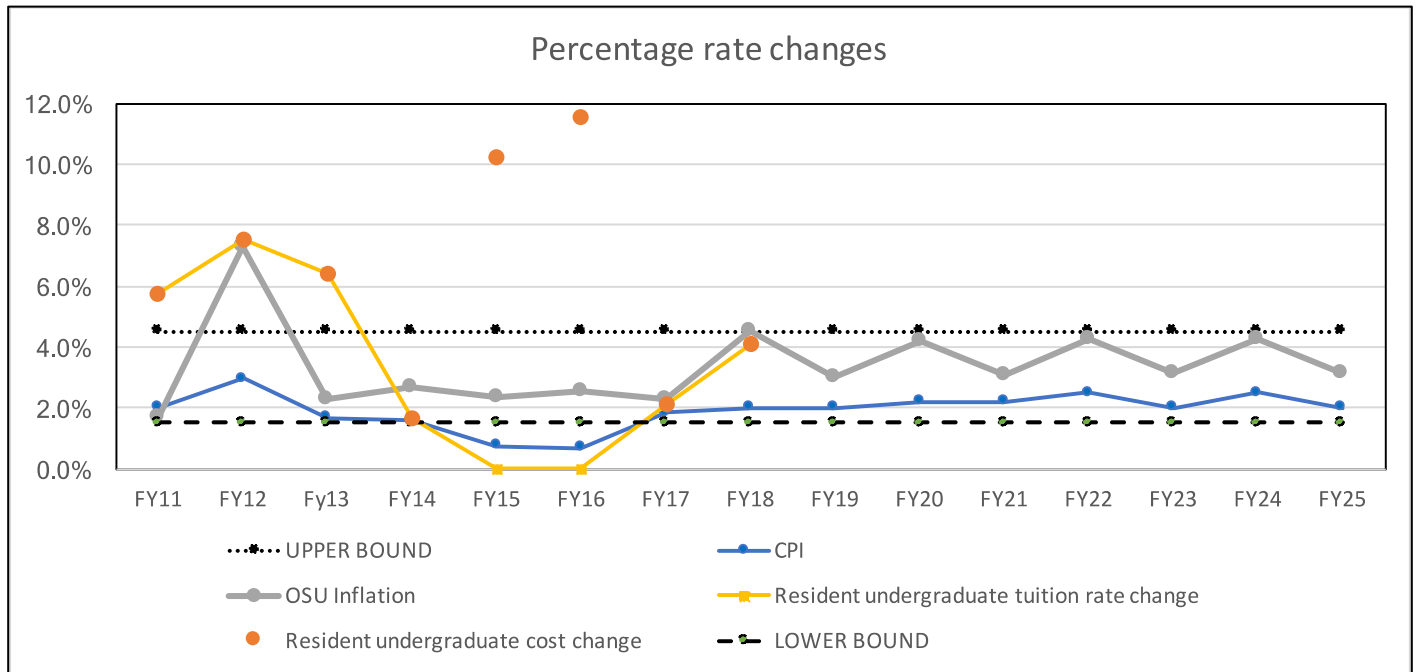


The University Budget Committee (UBC) is considering tuition and mandatory fee rates for 2018-2019. The UBC made two recommendations to the Provost.

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 *OSU local rate* of inflation. The *OSU local 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 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.

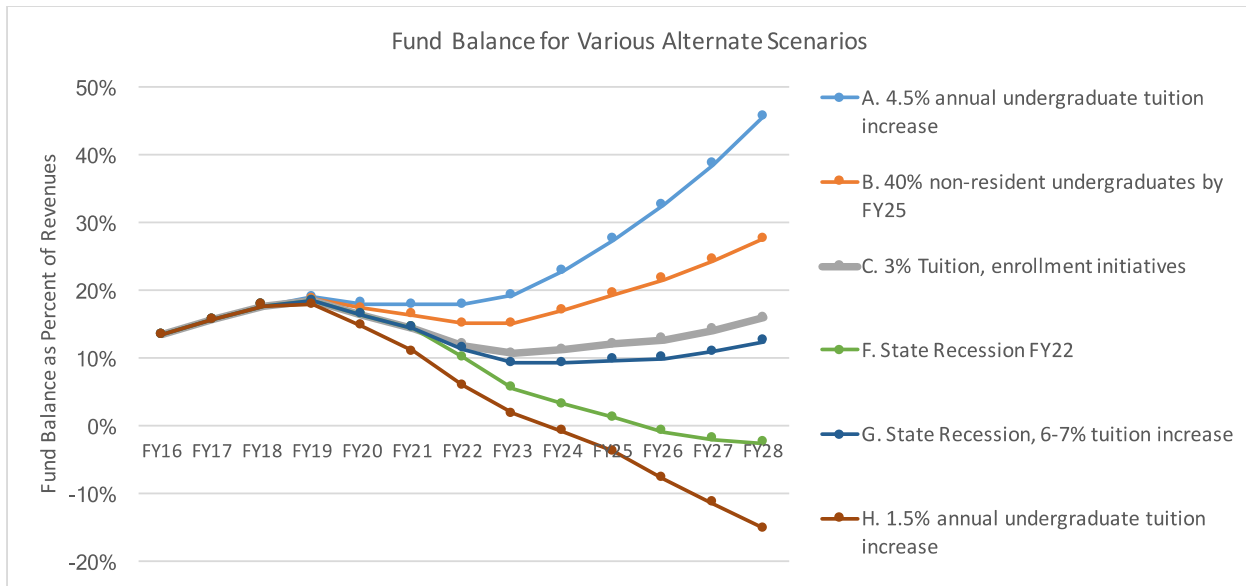


The UBC proposal suggests that the Board of Trustees consider committing to annual undergraduate tuition increases of between 1.5% and 4.5%, with a target at the projected rate of inflation for existing personnel and services. Increases higher or lower than that projection would be coupled with specific 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.

Figure 2: Ten-year projection for Education and General Fund balance. Tuition rate changes and enrollment growth make the largest difference in resources. Outside influences like reductions in state funding can have large impacts, too.



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
Issues	0.7% to 0.8% reduction in projected spending, in either specific strategic investments or targeted programs. There was a 4% or \$20M budget cut in the 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 registrar’s staff (\$0.9M). Additional faculty in critical courses (\$2.1M).

- Graduate resident tuition would increase 1.75%, non-resident graduate tuition 4.5%, to aligning these rates closer to OSU peer rates.
- Professional programs tuition rates in Pharmacy, Veterinary Medicine, and the Masters of Business Administration would increase 3%.
- Undergraduate differentials in are unchanged for 2018-2019.
- Ecampus tuition rates would increase 3.13% for undergraduates and 1.88% for graduates.
- There is no increase recommended for Summer Session 2018.