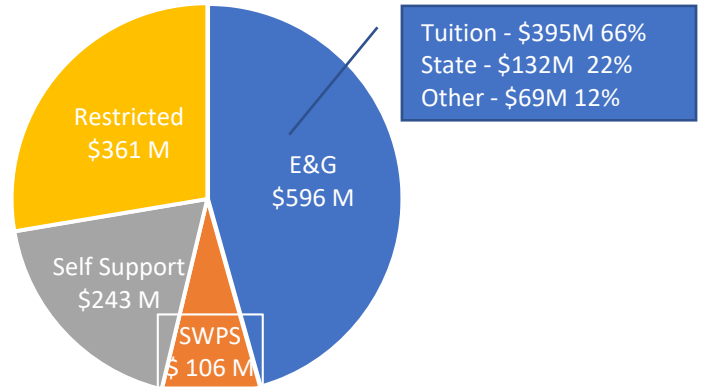


Tuition and the Tuition Setting Process

Context: OSU offers a world-class education within an accomplished research-intensive university. OSU's peers include institutions like the University of Arizona, the Ohio State University, the University of Wisconsin-Madison, and Texas A&M University.

How much of the budget comes from tuition?

The OSU budget has four principal parts: Education & General (E&G) funds, restricted funds (like Federal grants for research or federal financial aid), self-support funds (like Housing and Dining or Athletics) and Statewide Public Service (SWPS) funds. The funds in the non-E&G budgets don't receive tuition and their budgets are not available for Education and General budget purposes.



What does tuition pay for? Tuition is the largest part of the Education and General (E&G) budget which supports most of the faculty,

graduate assistants, and staff that deliver academic programs; 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, and graduate assistants. 60% of the E&G budget goes to colleges and academic units.

Why does tuition keep going up? The biggest reason for tuition increasing is that costs increase every year. OSU has inflation in salaries, benefits, and costs of goods and services like any organization. The costs of many salaries are set by contracts based on market forces and benefit costs are set by the state. For example, from FY19 to FY20 salary costs are projected to increase \$8.5M, benefits costs \$10.2M, and service and supply costs \$3.4M. That's an inflation rate of about 4.1%. The other cost pressure is the need to make commitments for new services (sometimes at the request of students or staff, sometimes for compliance) or repair of facilities.

Why can't OSU cut expenses instead of raising tuition? OSU is always looking for expense reductions and in the 2017-18 fiscal year cut \$20M in expenses from the Education and General budgets to keep tuition increases below 5%. 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 4% every year, and OSU cut that much every year, in five years the cuts would be 22% in total and many programs and services would be gone.

How does state funding affect tuition? The state provides funding for resident undergraduate and graduate students to offset the costs of education and to keep tuition lower for those students but it is only 22% of E&G funding. However, in many years the state has not increased funding enough to cover its share of cost increases (particularly for retirement and health insurance costs) and this has shifted those costs to tuition.

Why can't some of the money in athletics offset tuition? Most of the operating money for athletics comes from TV revenues, gifts, and ticket sales that are specifically to support OSU's participation as a member of the PAC-12.

The University Budget Committee has made rate proposals to the Provost and the President for next year. More information about tuition, tuition rates, and the work of the University Budget Committee can be found at <https://fa.oregonstate.edu/budget/university-budget-committee> . If you have questions or comments about tuition or the university budget you can send those to Sherman.Bloomer@oregonstate.edu .

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Table 1: Tuition Scenario Table (Corvallis campus): Tan shaded cell is the recommended 2019-20 planning scenario by the UBC. Precise percentage increases in each box are different than the nominal increases in per credit hour charges at the top because there is a fixed zero-credit hour charge that is part of undergraduate tuition and rates are rounded to the nearest whole dollar.

	Scenario A: Resident 4%, Non-resident 4%	Scenario B: Resident 4.5%, Non-resident 4.5%	Scenario C: Resident 7%, Non-resident 4.5%
State biennial increase to universities: \$0M and cut of ETSF funding -\$11.5M FY19 to FY20 for OSU-Corvallis (down \$4.5M in PUSF funding)	Resident undergraduate: 3.82% Non-res undergraduate: 3.81% Financial aid increase \$3.8M Surplus or (deficit): \$(27.7M) \$360 annual increase residents \$1080 annual increase non-res	Resident undergraduate: 4.29% Non-res undergraduate: 4.28% Financial aid increase \$3.9M Surplus or (deficit): \$(26.8M) \$405 annual increase residents \$1215 annual increase non-res	Resident undergraduate: 6.68% Non-res undergraduate: 4.28% Financial aid increase \$4.2M Surplus or (deficit): \$(24.8M) \$630 annual increase residents \$1215 annual increase non-res
State biennial increase to universities: +\$40M +\$2.0M FY19 to FY20 for OSU-Corvallis	Resident undergraduate: 3.82% Non-res undergraduate: 3.81% Financial aid increase \$3.8M Surplus or (deficit): \$(13.1M) \$360 annual increase residents \$1080 annual increase non-res	Resident undergraduate: 4.29% Non-res undergraduate: 4.28% Financial aid increase \$3.9M Surplus or (deficit): \$(12.2M) \$405 annual increase residents \$1215 annual increase non-res	Resident undergraduate: 6.68% Non-res undergraduate: 4.28% Financial aid increase \$4.2M Surplus or (deficit): \$(10.2M) \$630 annual increase residents \$1215 annual increase non-res
State biennial increase to universities: +\$120M +\$15.0M FY19 to FY20 for OSU-Corvallis	Resident undergraduate: 3.82% Non-res undergraduate: 3.81% Financial aid increase \$3.8M Surplus or (deficit): \$(0.7M) \$360 annual increase residents \$1080 annual increase non-res	Resident undergraduate: 4.29% Non-res undergraduate: 4.28% Financial aid increase \$3.9M Surplus or (deficit): \$0.2M \$405 annual increase residents \$1215 annual increase non-res	Resident undergraduate: 6.68% Non-res undergraduate: 4.28% Financial aid increase \$4.2M Surplus or (deficit): \$2.2M \$630 annual increase residents \$1215 annual increase non-res
	Base resident tuition & fees: 3.98% Average res. tuition & fees: 4.12%	Base resident tuition & fees: 4.43% Average res. tuition & fees: 4.54%	Base resident tuition & fees: 6.67% Average res. tuition & fees: 6.64%

- After 7%, each 1% increase in resident undergraduate tuition reduces budget gap by about \$0.9M and increases financial aid by \$0.1M.
- Graduate tuition, professional tuition, differential tuition and Ecampus at the rates in Appendix A.
- Cost estimates include ~4.1% overall inflation this year because of large increases in benefit costs (about \$10M total, mostly in retirement rates); costs of growth (about 0.3% for modest growth in Ecampus but small declines in Corvallis); and new commitments (this year largely for capital renewal and repair, athletics, and the OSU Foundation). Financial aid increases include an additional \$2.6M plus a percentage of increased tuition revenues.