

Attendance: Austin Carsh, Isai Garcia, Kennedy Hedges, Ben Johnson and Lisa Lin. Sherm Bloomer, Nicole Real and Karren Cholewinski.

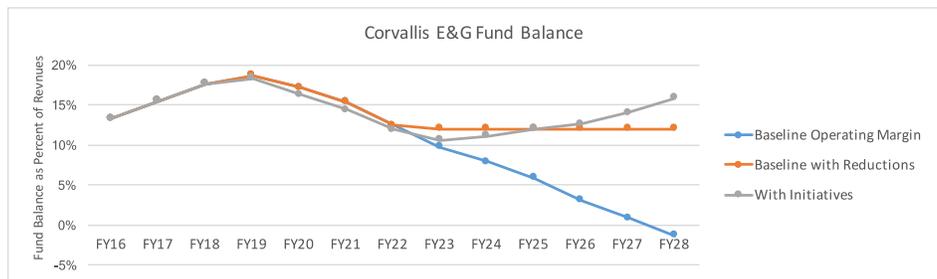
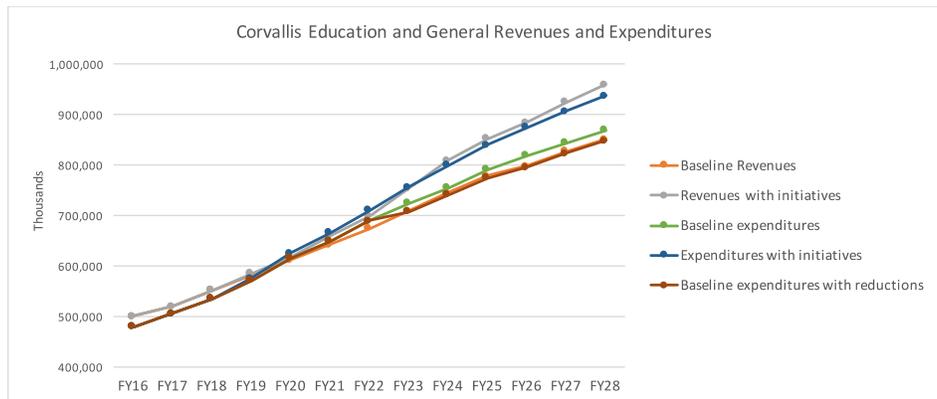
Absences: Sami Searles, August Peterson & Jasen Phillips

**One-Page Summaries - Information shared with the Board of Trustees (BOT), January 18 & 19, 2018**

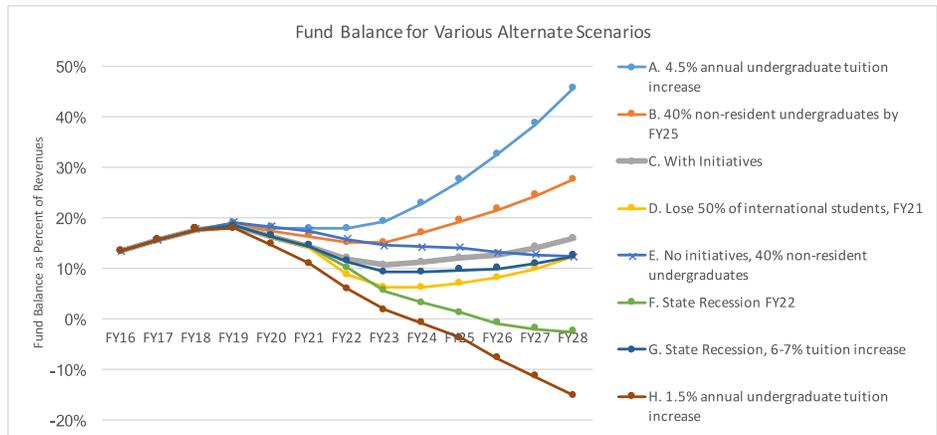
10-Yer Oregon State University Business Forecast, FY2018 through FY2028 (graphs include FY2016 & FY2017)

- OSU 10-year Business Forecast: 10-year outlook with assumptions for enrollment, expense projections for (OSU) inflation, salaries, other payroll expenses (OPE), new construction, renovation and repairs plan, OSU-Cascades, OSU-Corvallis operations all at a high-level. Others included OSU-Corvallis University Housing & Dining operations. Everything changes if there are fluctuations in the E&G budget.

- Top two graphs reflect projections for OSU-Corvallis: E&G Revenues and Expenditures and the fund balance for OSU-Corvallis. The green line represents expenses, red line represents revenues, reflecting an operating loss. Expenses reflect an increase between 2-3% annually, which over time results in a need for a 10-12% cut. Side Note: Moody's (Investors Service) recently (12.5.2017) downgraded their outlook for four-year colleges/universities.



- Bottom graph – Fund Balance for Multiple Alternate Scenarios: The “with initiatives” assumes the new enrollment initiatives are successful. Gray line reflects initiatives such as the Portland Hub, providing students attending community colleges (first two-years) with pathway to transfer to OSU(-Portland) for completion of a bachelor’s degree using a hybrid-teaching model (face-to-face and online course work). The BOT directive was to start looking and



thinking about the possibility now - where are we going, how do we get there? What is most sensitive to change in the graph; baseline with reductions. How sensitive is fund balance to tuition changes (gray bar) 4.5% vs 1.5%, not a very big change in tuition initially but over time has a large cumulative effect. Recession: Two years of financial strain but nothing that would put the institution at risk. Every year's tuition discussion has an impact on the next year's tuition.

## Tuition Scenarios

### Conversation & Discussion with Board of Trustees

- 2018-2019 Budget Projections: Discussed the potential tuition rates with inflation, cost of growth, cost of initiatives with the Trustees. Sherm reviewed the "OSU inflation" rate (higher than the CPI) vs. the CPI (Consumer Price Index) and why OSU must understand and use the higher rate when calculating tuition rates and projecting expense. The BOT asked last year, why does tuition not rise by CPI? What is OSU's actual contractual increases/inflation? OSU has control of wage increases for unrepresented employees (non-union) and a few other items but the greatest increases come from outside OSU, the Public Employees Retirement System (PERS) (generally in the first year of the state's biennial budget) and the employee health insurance (managed by the Public Employees Benefit Board (PEBB)). OSU's inflation rate is generally equal to the CPI plus one percentage point.
- Tuition Scenarios: Like last year (for FY2018) the BOT was presented scenarios. This year three were presented, A: 1.5%-Resident & 1.0%-Non-Resident Undergraduate, B: 3.0%-Resident & 2.0%-Non-Resident Undergraduate; C: 4.5%-Resident & 3.0%-Non-Resident Undergraduate, including related issues information for each.
- Alternative Strategies: Longer term rate increases was the majority of the conversation, last 30 minutes on Friday, January 20. If you are interested in the discussion, the meeting minutes will be posted following approval at the April 6 BOT meeting. The BOT was most interested in talking about financial aid strategies looking out 4 to 5 years and tuition in a longer term strategy. They were not, however, ready to discuss guaranteed tuition rates. They talked about a 5 year forecast for tuition increases within a 2-4% increase boundaries. Annual decisions with a focus on the longer term forecast, with the charge to come back to BOT with more information.
- BOT, Finance & Administration Committee public comment period on Thursday, 1/18: None
- Information provided helpful or unhelpful for a longer-range tuition plan?
  - Kennedy/yes, helpful; Austin/provides some predictability, alleviates some uncertainty (students last year were stressed by the boundaries provided, 0-8% tuition increase range); Lisa-likes the idea of having more certainty (currently, you do not know)
- What is missing in terms of commitment to things the university ought to be doing?
  - We are going to raise tuition but also develop a process for cost containment.
- BOT: Articulation of tuition increases includes delivery of difficult message(s). The longer-range plan will require development of a Policy Statement for approval by President Ray and Provost Feser.
- Sherm: Based on state financial historical trends, there may be a recession in the next few years (2020-2022).
  - FY2018 we are in a year with the PERS increase and flat state funding. What happens during next recession? How will OSU manage this financial complexity?

### Tuition Rate Plan for FY2019

- Mid-February deadline: Written proposal goes to the Provost for his review and consideration. The report will look much like what will be presented to the BOT in April.
- Summer Session Tuition Timing: The rates have been found to be confusing as they have historically been identified and approved up to 18 months in advance. OSU will be realigning tuition rates to begin with Summer Term rather than Fall Term. At present, rates are approved and distributed beginning with Fall Term of the current fiscal year through Summer Term of the next fiscal year. The tuition rates for Summer Term FY2019, will be the current published summer rates. When OSU sets tuition next spring for FY2020, the summer rates will be included in FY2020 and will be approved at that time.
- Ecampus: Currently the Distance Education Fee of \$80 is charged outside of the OSU Tuition rates, i.e. OSU base UG Tuition per credit hour \$208, Distance fee per credit hour \$80. Beginning with Summer Term FY2019, the \$80 fee will be combined with the tuition rate, establishing an Ecampus tuition rate.
  - Does anyone care if it is published as a single rate, i.e. \$288 rather than \$208 plus \$80? Pitfalls? The goal for this change is to simplify billing at OSU. Itemization on student bills looks like nickel and diming. Sherm will write up something for UBC.
  - College of Public Health & Human Sciences: Request to increase the differential for the graduate program.
  - Errors were discovered with College of Education master's programs Ecampus courses (new major - numbering errors). This will be corrected for FY2019 and retroactive payment will be distributed to the college.
- Sherm: Send tuition scenarios document to SBAC for feedback and share with UBC for their consideration.

### Portland Project/Initiative

- College of Business is proposing partnership opportunities for community college students in Portland. Student completes 120 credit hours at Portland Community College and 60 credit hours at OSU.
- Model builds off of Ecampus courses, evolving into hybrid course (face to face and online). Ecampus/hybrid more expensive model than OSU-Corvallis and PCC, but what/how should the tuition be priced? This will require an additional differing tuition rate and how is it determined. OSU's Ecampus is priced to market (compared with similar online programs).
- Groups students based on a particular geographic area; not a four-year program, different audience, different overhead, 15% lower than Ecampus tuition cost.
- Tuition is set by delivery location of the course, Ecampus, Corvallis, Cascades and PDX-Hybrid.
- University Budget Committee: Hesitant to discount the rates (once done it is set in stone). How much less expensive before a new tuition rate is developed? Shouldn't OSU recruit student at the same price as OSU-Corvallis and see what happens? Is it possible to get rates and plan together by April 2018? Is the College of Business putting up some sort of collateral for this initiative?
- SBAC, what do you think? Appropriate? May not be enough time for discussion and implementation in FY2019?
  - Austin: Equity issue and why more valuable or less valuable?

- Sherm: Course outcomes regardless of delivery (location) should be equal but the cost of delivery is different based on location. Price set by outcome, different prices based on delivery location.
- Austin: Students living in the metro area (PDX), never come to Corvallis. Student will miss out on the Freshman, first-year experience in Corvallis. What is the certainty for how many community colleges might be willing to participate?
  - Sherm: OSU will place advisors at PCC. Currently trying to find way to improve the transfer experience for the traditional students. It is going to be challenging to articulate the equity/fairness and have the ability to explain why this tuition is different.
- How fast can they grow enrollment? What is the threshold number to make it work (net income)?
  - Sherm: OSU in Portland makes OSU more visible and available. They considering a 5-6 year endeavor, the time it will take to determine viability.
- Sherm: Circle around with College of Business and summarize what he has learned, and see what they want to do. Check-in with Ed Feser.

### **Tuition Plateau – PAC courses**

PHHS is working to split PAC's into no credit/no fee courses and credit/fee courses. They are agreeing the change is fair and appropriate. Non-credit courses (Sherm to talk to Rebecca Mathern). Austin: How will they determine who has priority for a course, credit or non-credit? UO students currently: 2/3 enrolled for credit, 1/3 non-credit, PAC courses.

### **Proposed Bill before Oregon Legislature**

Requires Oregon's Public Universities to each appoint a *Tuition Council* with the directive they make tuition rate recommendations to BOT's, and reporting to the Higher Education Coordinating Council (HECC) when the rate increase is projected to be more than a 3% (currently 5% is the threshold). This bill if passed would have OSU writing a report and presenting before the HECC every year. This bill would also require additional administrative burden with presentations and negotiations with the tuition council, which require public notification (with potentially additional staffing needed for the Board Office). The current oversight process we have in place, SBAC, University Budget Committee and BOT. OSU can manage within the 5% threshold. This bill came out of a large tuition increase at the University of Oregon. Sherm: Send electronic copy to SBAC members, feedback appreciated; take to UBC for their consideration