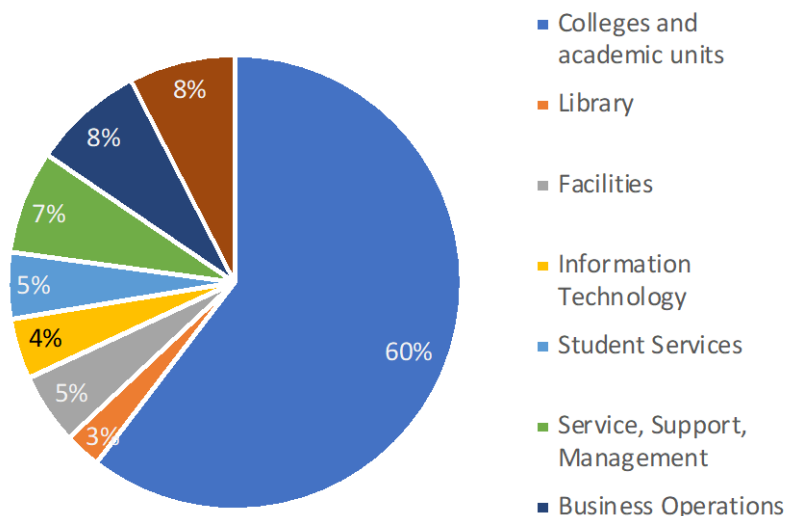


**Context:** OSU offers a world-class education within an accomplished research-intensive university. There are about 4,050 higher education institutions in the U.S. of which 680 are public four-year universities. Of those, 71 are Land-Grant universities (charged to serve the public), 80 are research-intensive universities that create new knowledge and inventions, and only 34 are both Land Grants and research-intensive universities. OSU is one of those 34 unique places. OSU’s peers include institutions like the University of Arizona, the Ohio State University, the University of Wisconsin-Madison, and Texas A&M University.

**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. The chart at the left shows how tuition and general state funding is distributed to E&G units. Student services includes Student Affairs, Enrollment Management, and Undergraduate Education. Business operations includes things like business centers, payroll, and human resources. Service, support, and management includes the President’s Office, Provost’s Office, Athletics, University

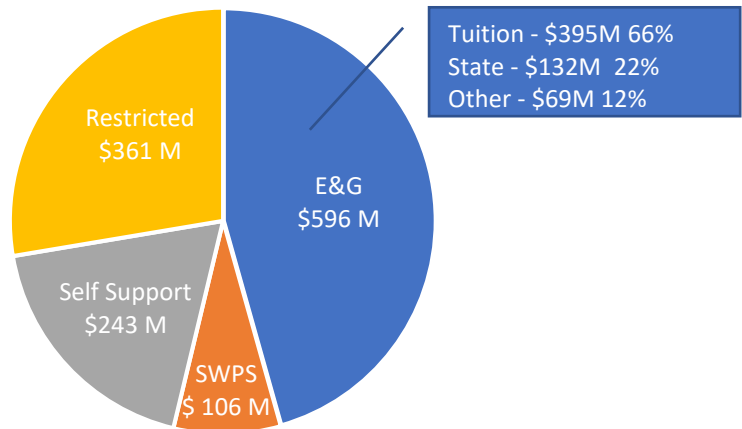
Distribution of tuition and general state resources in the E&G Budget



Relations, Research Administration, Graduate School, and Academic Affairs. Debt and contracts is for costs of debt service on E&G paid borrowing, contracts with organizations including the OSU Foundation, INTO, and the city of Corvallis.

**How much of the budget comes from tuition?**

The OSU budget has four principal parts: Education & General (E&G) funds (at both Cascades and Corvallis), 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 E&G budget purposes.



**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), repair of facilities, or future return (like hiring more fundraising staff now to generate more scholarships in the future). Those new commitments for the current year are projected to be about \$10.4M. Total cost increases from last year to this year are about 6.0% overall.

**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 E&G budgets to keep tuition increases below 5% and this year cut about \$14M. The Board of Trustees has stated they expect tuition to increase from 2% to 5% a year, which means in years with larger cost increases (like this year) the expectation is for some expense reductions. 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. 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. In 2008, state funding per resident student (adjusted for local inflation) was about \$8,600, it dropped to \$5,200 per student in 2013, and had increased to \$7,500 per student in 2018-19.

**How does financial aid affect the cost of attending OSU?** Gift or grant financial aid is aid that students do not have to pay back and decreases the cost of attendance. There are three parts to gift aid: university aid paid from the E&G budget (about \$45M a year), aid from governmental grants like Pell or Oregon Opportunity grants (about \$30M Federal and \$9M state), and scholarships from private gifts (about \$51M). The government aid is need-based, the university and private gift aid are both need- and merit-based. OSU also manages several Federal loan programs.

**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.

**Do tuition dollars fund new dorms and athletics facilities?** All of the new athletics facilities are paid from gifts or from borrowed money that is paid back by athletics revenues. New dorms are built with borrowed money that is paid back from housing and dining charges, not from tuition. Most new academic buildings are built with gifts or money that the state borrows and pays back for the university. Major repairs of existing academic buildings are sometimes paid by tuition (either directly or by paying debt service on borrowed funds).

The University Budget Committee has been working on rate proposals for the Provost and the President. 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 about tuition or the university budget or if you would like to make a suggestions or comment you can send those to [Sherman.Bloomer@oregonstate.edu](mailto:Sherman.Bloomer@oregonstate.edu).