State Funding History for OSU-Corvallis and Resident Undergraduate Tuition

One of the major changes in public higher education over the last fifteen years is the large decline in state funding per student in most states. This has shifted a larger share of the cost of delivering quality degree programs to students and is a principal, though not the only, cause of tuition rates increasing dramatically over that same time span. This has certainly been true in Oregon.

Figure 1 shows the Public University Support Fund (or equivalent) allocation to OSU-Corvallis from FY03 through FY19. These dollars are mostly available for general academic operations and are the principal state dollars that support the educational mission of the university. For the years prior to the distribution of the Public University Support Fund (PUSF) through the Student Success and Completion Model (SSCM) the state allocation categories were distributed in the same bins as in the current PUSF model. The totals exclude most of what is now State Programs funding and funds for the operation of IT services for the regional campuses, a service that OSU used to provide for the state.

The top graph in Figure 1 shows the total allocation of PUSF dollars (blue line). However, what is important is what the actual buying power of those dollars was. To illustrate that, the graph also shows the allocation adjusted to FY19 dollars using Consumer Price Index inflation (CPI) as well as a local inflation calculation which uses actual raises (in some years constrained by the state or contractual agreements), benefit cost increases (defined by the state), and CPI inflation on other costs. The cumulative CPI inflation is about 34% from FY03 to FY19 and the cumulative local inflation is about 70%. The large increases in PERS over time contribute a great deal to the much larger actual cost increase.

The other important consideration is how many resident students those state dollars are serving. There was significant enrollment growth at OSU from FY08 to FY12 at the same time there were decreases in the actual dollars allocated from the state. The middle graph in Figure 1 shows state funding per resident student FTE (numbers from the Higher Education Coordinating Commission’s annual enrollment reports). These are shown both in actual dollars and FY19 dollars adjusted for the two inflation measures.

OSU, like other universities, made up much of the loss in state funding by growth in tuition rates. The bottom graph in Figure 1 shows resident undergraduate tuition (for 45 credits a year) both in actual dollars and FY19 inflation adjusted dollars.

Total resources per resident student in FY19 dollars (tuition plus PUSF funding) were about $15,100 in FY03, reached a low of $12,500 in FY11, and were $16,600 in FY18. This means the university is spending about $1,500 more per student in FY19 than in FY03. Those additional dollars are in growth above inflation in institutional financial aid, graduate assistant support, student services staff, staff for compliance and governance costs, and additional faculty. In FY03, 35% of those resources came from students. By FY12 60% of those resources came from tuition; growth in state funding has reduced that contribution to about 56% by FY19.
Figure 1: History of Public University Support Fund\(^1\) (or equivalent) allocation to OSU-Corvallis and resident undergraduate tuition rates shown as actual dollars, as FY19 dollars adjusted for CPI inflation, and as FY19 dollars adjusted for local inflation (accounting for actual increases in salaries, PERS and PEBB costs). Top, total PUSF or equivalent allocation to OSU-Corvallis; middle, PUSF or equivalent allocation per resident student FTE; bottom, inflation adjusted PUSF funding per FTE, resident tuition, and resident tuition in FY19 dollars.

\(^1\) PUSF equivalent allocations were assessed assigning funds in past years to either state program categories or to PUSF categories as currently defined. Resident student FTE from HECC statistics, CPI inflation based on U.S. monthly averages calculated on an academic year basis (about 39% cumulative from FY03 to FY19), local inflation from actual raise and benefit rate increases and CPI on other costs (about 70% from FY03 to FY19).