University Budget Committee Meeting Agenda
Friday, January 26, 2024
B011 Kerr Admin. Bldg. and Zoom

MINUTES

Committee Members Present: Nicole von Germeten, Jon Boeckenstedt, Shaun Bromagem, Jessica Dupont, John Gremmels, Steve Hoelscher, Terri Libert, Jeff Luck, Marc Norcross, Carissa O’Donnell, Joe Page, Thomas DeLuca

Committee Members Absent: Matteo Paola, Tania Davis, Noe Alvarez, Thomas Gonzales, Tim Carroll, Bob Cowen

University Staff Present: Nicole Dolan, Kayla Campbell, Mealoha McFadden, Brent Gustafson

Guest Presenters:
Nathan Moses, Interim Director for Student Success, Interim Director for Student Success, OSU Cascades
Wade Marcum, Senior Associate Dean, College of Engineering

Minutes

1. Mandatory Fee Recommendations for FY25 – Steve Hoelscher, Troy Snow, Deb Mott
   a. Building Fee purpose
      i. To pay debt service on capital construction projects for non-instructional buildings, primarily student centers, student recreational facilities, and student health facilities
      ii. Split between Corvallis and OSU-Cascades campuses based on enrollment/# of credits
      iii. Maintenance vs. renewal vs. reinvestment
   b. History
      i. Started in 1953 @ $8/student/term – then gradual increases
      ii. Summer fee added in 1985 @ $9
      iii. 2003 onward the $45 FWS fee flatlined for 20 years (summer fee did as well @ $34)
      iv. Meanwhile ... capital construction costs escalated intensely
Meanwhile ... the MU approached its 100th birthday, Dixon Rec Center turned 50 years old, and needed campus development began at OSU-Cascades

c. Student Building Fee for Cascades
   i. Building/Loan Debt Fees collected at OSU-Cascades are currently being reserved to fund construction of future student-funded capital projects:
   ii. Student Success Center is currently under construction and is scheduled to open in FY25
   iii. Health and Wellness Center is in planning stage, including project costing
   iv. Construction costs escalated ~9% in 2023
   v. Appropriate/reasonable/sustainable annual inflationary increases in future years
   vi. Why: A proactive and commensurate response is needed to the significant escalation in construction costs. Not responding will necessitate substantial reductions to future buildings’ size and amenities.
   vii. Proposal
      1. FWS (Fall/Winter/Spring) fee increase from $49.00 up to $53.00 (total increase of $4.00, which is +8.16%)
      2. Summer fee increase from $37.00 up to $40.00 (total increase of $3.00, which is +8.11%)

d. Student Building Fee for Corvallis
   i. Estimated $250M in combined deferred maintenance costs between MU and Rec Sports
   ii. ~$150M within the MU
   iii. ~$100M within Rec Sports
   iv. Does not include cultural, health, basic needs, or childcare center deferred maintenance
   v. Need attendant reinvestment funding stream
   vi. $250M deferred maintenance starting point
   vii. Corresponds to a $8.3M annual funding need/target
   viii. Proposal: $3.3M annual incremental student building fee funds for MU and Rec Sports capital reinvestment
ix. MU/Rec Sports have a combined $2.2M for annual renewal via their existing building reserve plans

x. Still short of ~$8.3M/year; but tangible progress

xi. Project phasing as current limiting path

xii. Waterfalling debt obligations – path to target

xiii. Proposal

1. FWS (Fall/Winter/Spring) fee increase from $49.00 up to $100.00 (total increase of $51.00, which is +104.08%)

2. Summer fee increase from $37.00 up to $40.00 (total increase of $3.00, which is +8.11%)

3. Appropriate/reasonable/sustainable annual inflationary increases in future years

4. Why: To materially and immediately attend to the ~$250M of deferred maintenance across the MU and Dixon Rec Center, plus the accumulating reinvestment costs across the cultural, health, basic needs, and childcare centers

e. Summary

i. Corvallis

1. FWS (Fall/Winter/Spring) fee increase from $49.00 up to $100.00 (total increase of $51.00, which is +104.08%)

2. Summer fee increase from $37.00 up to $40.00 (total increase of $3.00, which is +8.11%)

ii. OSU Cascades

1. FWS (Fall/Winter/Spring) fee increase from $49.00 up to $53.00 (total increase of $4.00, which is +8.16%)

2. Summer fee increase from $37.00 up to $40.00 (total increase of $3.00, which is +8.11%)

2. Differential Tuition Revision Request – College of Engineering – Wade Marcum

a. History

i. Pre and pro school – academic college’s approach to manage enrollment until 2019

1. 2 differential rates for pre and pro
2. $38/SCH for first year and general engineering students
3. Once major is chosen, then increased to $59/SCH

ii. Proposal

1. CoE proposes to remove the General Engineering tuition category ($38/SCH). Further, CoE proposes to apply a single differential tuition rate for all students admitted into the College on-campus beginning academic year 2024-25.
2. FWS (Fall/Winter/Spring) fee increase from $49.00 up to $53.00 (total increase of $4.00, which is +8.16%)
3. Summer fee increase from $37.00 up to $40.00 (total increase of $3.00, which is +8.11%)

iii. Impacts

1. Newly admitted students will see an increased differential rate in AY25 compared to those admitted in AY24. This total difference using AY24 differential rates amounts to approximately $945 increase in total.
2. All students admitted into CoE will equitably be burdened at a rate commensurate with the services and support they receive.

3. Update on Board of Trustee Meeting

a. When CSL growth is factored in:
   i. 4.24% increase corresponds to about $40.8M in increased costs.
   ii. 5.02% increase corresponds to about $46.6M in increased costs.
   iii. 6.10% increase corresponds to about $54.6M in increased costs.
   iv. No questions from BOT
   v. BOT has provided guidelines and expectations that tuition would align with CSL expenses

1. 3 labor negotiations so unknown expenses so shared a range with BOT.

b. Revenue Impact based on CSL
i. Net tuition and fee revenues are estimated on average tuition increases, the enrollment forecast, growth in institutional financial aid, and historical progression trends.

ii. Scenarios 1, 2, and 3 align with the CSL in the previous slide. The red bar and the black bar matches the CSL 4.24%, 5.02%, and 6.10%

iii. Revenue B of each scenario is the mid-point from the Continuing Service Level (CSL) estimate and the mid-point for tuition calculation for Undergraduate students

iv. Revenue A and C of each scenario are 1% higher and 1% lower to provide a range.

v. The most significant uncertainty in budget planning right now is personnel costs. Salaries and the corresponding Other Payroll Expenses (OPE) make up approximately 77% of the university’s budget and the outcome of labor negotiations will impact expenses.

c. Proposal

i. Tuition increase proposal at 6.1%/6.6%

ii. Any increases over 5% would require approval from the HECC

4. Review/Discuss/Recommendations Mandatory Fees & Tuition

a. What additional info is needed from BRP staff for UBC to make a recommendation?

i. What % increase would be needed to cover all CSL or break even since 6% doesn’t cover expenses?

ii. What would be revenue impact if keep tuition at 5%?

iii. Given an April meeting, if the proposed increase is over 5%, what is the window for HECC to review and make a decision so tuition can be set and known by students and their families?