



University Budget Committee Meeting

Friday, October 27, 2023

Valley Library Room 3622 (East Willamette Industries Seminar Room) and Zoom

MINUTES

Agenda

1. Introductions
2. UBC Charge & Overview of Year
3. Overview of University Fund Budgeting
4. Update on current year budget
5. Topic requests from Committee & Questions

Committee Members Present: Nicole von Germeten, Noe Alvarez, Jon Boeckenstedt, Shaun Bromagem, Tim Carroll, Bob Cowen, Thomas DeLuca, Jessica Dupont, Thomas Gonzales, John Gremmels, Steve Hoelscher, Terri Libert, Jeff Luck, Marc Norcross, Joe Page, Matteo Paola, and Tania Davis

Committee Members Absent: Carissa O'Donnell

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

1. UBC Charge & Overview of Year
 - a. Appointed by and is advisory to the provost.
 - b. Includes a representative cross-section of the university by function and is the primary forum for discussions on the University's education and general (E&G) budget.
 - c. Members of the UBC are charged with communicating with their colleagues and communities and to bring a broad university perspective to all discussions.
 - d. The UBC contributes an independent point of view to central university budgeting.
 - e. UBC charge - Roles & Responsibilities
 - i. Tuition Advisory Board (ORS 352.102)
 - ii. Make annual recommendations on tuition and mandatory enrollment fee rates to the Provost and President as part of the University's development of an annual tuition and fee proposal for the Board of Trustees in March of each academic year.
 - iii. Oversee the process of development of tuition recommendations consistent with ORS 352-102 and the policies of the University's Board of Trustees.
 - iv. The provost may provide additional specific charges in a given academic year to address current issues of budget policy or planning.

- v. The University Budget Committee serves as OSU's tuition advisory board as described in ORS 352.102 as amended by HB4141.
- vi. One of the requirements is that we are to provide the advisory board with training – today's your training day!
- vii. Provide a written report to the president with recommendations (including a summary of the deliberations and observations), including any minority report.

f. Tuition & Fees

- i. Set for 3 campuses: Corvallis, Cascades, and Ecampus
- ii. Charged to support: costs of instructional delivery, students' academic experiences, facilities, services, and support operations that enable those activities.
- iii. Charged by student level- undergraduate and graduate.
- iv. Charged by residency: in state / out of state (out of state usually higher than in state since the State contributes funding principally for residents of Oregon.)
- v. Land Grant & R1 – 34 only in US
- vi. Land, Sea, Space and Sun; 1 of only 3
- vii. Net tuition and fees provide 64% of Corvallis E&G budget.
- viii. 80% of gross tuition comes from UG instruction.
- ix. Undergraduate Tuition:
 - 1. Charged by matriculation year – 6 cohorts
 - 2. Charged by credit hour and may include base tuition, differential tuition, resident/nonresident and Ecampus.
- x. Graduate Tuition
 - 1. Charged per credit hour or on plateau basis: plateau = charged per credit to 9 credits/quarter then no charge for additional credits through 16 (common for master's & doctoral)
 - 2. Graduate = base tuition, differential tuition
- xi. Professional tuition
 - 1. Flat charge for programs with set curriculum and professional accreditation: Doctor of Vet Med, Doctor of Pharmacy, Doctor of Physical Therapy
- xii. Ecampus
 - 1. Ecampus undergraduate and graduate tuition is charged by credit hour (and includes the same differential charges) but has a different rate than campus rates and no difference between resident and non-resident rates.
- xiii. Other Charges
 - 1. Mandatory Fees – charged quarterly for student health services, building fee debt, matriculation.
 - 2. Mandatory Incidental Fees - overseen by elected student government, services prioritized by students.
 - 3. Course Fees - experiences, equipment, or events unique to a particular course
- xiv. Tuition is only one part of the cost for students. Students also have costs for fees, room and board, books, transportation, and incidentals.

- xv. Median Cost of attendance for resident UG for peers = \$32,000 and at OSU it is \$30,870.
- g. Financial aid
 - i. Governmental aid: These are principally Pell Grants from the federal government and Oregon Opportunity Grants from the state. These are need based awards.
 - ii. Private scholarships: These are funds provided by private donors (individuals, foundations, corporations, non-profit organizations). These can be need- or merit-based and may have restrictions to certain majors or programs.
 - iii. Institutional financial aid: These are scholarships provided by the university out of general revenues. You will see them in our financial summaries as tuition waivers or negative revenue. They basically discount “list” tuition. These can be need- or merit-based but are more on the need side.
 - iv. OSU significantly increased financial aid in the last 3 years - \$329.6M in aid awarded in FY23 – 54% federal, 31% institutional, 8% external loans, 6% State, and .6% philanthropy.
 - 1. Jeff and Bob: Why the increase? Changed from net tuition to gross tuition which encouraged more students to enroll and increased revenue, especially for non-residents.
 - 2. Jon B. – Institutional aid isn’t funded from an external source. It is an offset of tuition, so is just a discount and not actual dollars.
- h. Tuition setting process
 - i. President recommends tuition rate increases to the Board based on advice from the University Budget Committee
 - ii. UBC has recommended, as standard practice, that tuition for continuing students (for all campuses, residencies, and modalities) increases at no more than the estimated rate of inflation, based on a weighted average across spending categories.
 - iii. Tuition for students matriculating in the next academic year would increase at a slightly greater rate.
 - iv. The UBC makes recommendations to the Provost and President for all tuition rates (undergraduate, graduate, differential, etc.) as well as student health fees and the matriculation fee.
 - v. Mandatory incidental fees (supporting things like Rec Sports, the MU, Cultural Centers, etc.) are developed by the Student Fee Committee of ASOSU and ASCC. These groups make recommendations of fee rates to ASOSU who approves and sends them to the President. With the President’s approval, those recommendations are forwarded to the Board for final approval.
- i. Tuition is set by the Board of Trustees & their policy.
 - 1. Approved April Board meeting
 - 2. Considers many factors:
 - a. Desire to provide access to degree programs.
 - b. Create a diverse student body.
 - c. Maintain strong degree programs at every level, and

- d. Develop and maintain the human and physical infrastructure necessary to support Oregon's educational outcome.
 3. Expectation that annual tuition rate increases will be between 2 and 5 percent annually.
2. Overview of University Fund Budgeting – 3 main buckets (\$1.6B, excluding Outdoor School)
 - a. Education and General (Corvallis, Cascades, and Statewide Public Services) Funds
 - i. Tuition is the biggest component of Cascades and Corvallis E&G revenue. The left pie chart below shows the sources of Corvallis E&G revenue in FY24. The right pie chart shows the expenditure distribution projected for Corvallis E&G for FY24 ---note that 76% is related to labor expense.
 - ii. Enrollment
 1. Large increase in non-residents = WUE (Western Undergraduate Exchange)
 - a. Up 4% total headcount - Fall
 - b. Corvallis – up 2.6%
 - c. Cascades – up 3%
 - d. Ecampus - up 7.3%
 2. New first year students are at an all-time high = 5,000!
 3. Most geographically diverse class ever with 43% coming from outside of the state.
 4. Shaun – snapshot of fall term or cumulative? Nicci – it is a fall snapshot only.
 5. Jeff - Does INTO have the infrastructure and relationship in India as they do in China? Jon – they’ve been building it but still work to do. Given price sensitivity to expect that India will equal the number of students that came from China.
 6. Tom DeLuca – Is there still a projected enrollment plateau in FY25? Jon B. pretty dramatic untapped potential in states surrounding Oregon and given numbers in Oregon are better than other parts of the country, we aren’t concerned about enrollment levels. ore concerned about having a diverse student population. Jon shared an article he wrote for the Chronicle of Higher Education: <https://www.chronicle.com/article/will-your-college-survive-the-demographic-cliff>.
 7. Steve – Is the enrollment decline at CC and PSU going to affect OSU in state funding? Jon B. – We’re doing fine because we have a good brand name as a research institution. Regional campuses are having the most difficulties like Eastern Oregon U, Southern Oregon U, Western Oregon U. Jessica – Growth at OSU is a strong online program – FY24 is 10K enrolled.
 8. Jeff – What is level of transfer students. Jon – increased this year but mainly due to Ecampus. Previous decrease is because of lower community college enrollment.
 - iii. Legislature budgets on a biennial basis
 1. 49% in first year and 51% in second year
 2. 4.1% increase for FY25

3. Long & Short sessions - Legislature meets in odd years for long sessions = January – June sets biennium budget ie. 2023 – 2025 (FY24 & FY25); Even years in short sessions only in February
4. Public University Support Funds (PUSF) - PUSF = largest funding component and most important for institutional operations and student support; 20% of total E&G funding is PUSF; add'l 2-4% is state targeted funding so 22% - 24% total
- iv. 2 major types of funding - Divided between 7 public universities via the Student Success & Completion Model
 1. Operating funds (part of E&G)
 - a. Public University Support Funds (PUSF) via SSCM
 - b. State programs
 - c. Targeted – One Time Funds
 - d. SWPS
 2. Capital Funds
- v. Student Success & Completion Model
 1. Mission Differential Funding – 18% of PUSF - supports aspects of the work each public university does that are unique to its location or mission.
 2. Activity Based Funding – 33% - SCH – model counts credit hours by upper & lower division, graduate, and professional courses and weights the credit hours by both level of study and by discipline.
 3. Completion Funding – 49% 0 degrees – rewards degree and certificate completions by Oregon resident students. Also counted and weighted by discipline and level.
- vi. State Funding History
 1. 2008 Recession- Declined funding
 2. Tuition rose more rapidly than local inflation FY10 – FY16 then followed inflation trend.
 3. FY15 & FY16 – Tuition plateau
 4. Support has grown back significantly but still not reached inflation adjusted level it was at in 2003.
- vii. Employee Benefit Costs
 1. 76% of expenditures = Labor
 2. 27% - Other Payroll Expenses (OPE)
 3. Other Payroll Expenses:
 - a. Health Insurance
 - b. Retirement
 - c. Social Security
 - d. Medicare
 - e. Unemployment
 - f. Oregon Paid Family Medical Leave
 4. State required benefits
 - a. Retirement – PERS
 - b. Health Care – PEBB
 5. Oregon Paid Family Leave Plan started September 2023:
 - a. 1% payroll tax

- b. 40% employer
- c. 60% employee

viii. Estimates of Inflation

1. OSU Inflation vs. Consumer Price Index (CPI)
 - a. OSU – primary salary & benefits
 - i. Negotiated
 - ii. State Mandated
2. CPI – basket of goods and services
3. Inflation
 - a. Based on weighted average of increases in various expenses
 - b. Rate guides much of recommendation for UG tuition rate changes
 - c. Current weighted estimate for FY25 = 4.21%
4. Largest outstanding areas where this could change = labor contracts. CGE & SEIU in reopeners and UAOSU potentially in June
5. Tom – State funding per student and tuition rates increased significantly from FY08 to FY24. It is higher than inflation. Why is that? Nicci – salary increases based on contract negotiations; Kayla - 2008 salaries = \$202 million and in 2024, salaries = \$529 million

ix. Cost management strategies

1. Expenditures track Resources closely
2. FY21 Pandemic cost reductions & federal aid
3. Manage Expenses both at the Board level and at the Leadership Level

- b. Restricted Funds
- c. Self-Support Funds
- d. Other - There are some other parts to the budget (like plant funds for construction projects).

3. Scenario Planning for Tuition

4. Topic requests from Committee & Questions

- a. Jessica - Will UBC be reviewing the continued conversations regarding charge by campus vs. charge by modality? Yes – it is in the work plan.
- b. Add PAC-12 realignment and contribution margin analysis topics to workplan.