

To: Edward J. Ray, President  
From: Belinda Batten, Chair, University Budget Committee  
Re: Recommendations for Tuition and Mandatory Fee Rates for 2020-2021  
Cc: Edward Feser, Provost and Executive Vice President

**Summary:**

The University Budget Committee (UBC) constitutes the tuition advisory body required by House Bill 4141 (ORS 352.102). The UBC recommends the following rate changes in tuition and mandatory fees from 2019-20 to 2020-21:

- Resident and non-resident undergraduate tuition increases of 3.2%, but 1.5%, 3.2%, and 4.5%<sup>1</sup> increase scenarios (see Table 1) are provided for discussion by the Board of Trustees;
- An additional increase of about 1.7% in rates for Cascades resident undergraduates not in a differential tuition program (differential tuition program are already at the same rate) as the first step to aligning resident undergraduate tuition difference at Corvallis and Cascades;
- Resident graduate tuition increase of 2.5%;
- Non-resident graduate tuition increase of 4.5%;
- Professional tuition increases of 0.0% to 4.5% depending on peer tuition, cost increases, and market demand (see Appendix A);
- Inflationary increases in differential tuition from \$1 to \$2 for Business, Engineering, Forestry, Liberal Arts (Arts, Music, Theatre only) and Education;
- Ecampus undergraduate base tuition per credit increase of 3.0%;
- Ecampus graduate base tuition per credit increase of 0% to maintain position competitive rates;
- Summer per credit charges increased to match academic year resident per credit tuition charges for both undergraduates and graduates;
- Establishing a new rate for the existing online MS in Radiation Health Physics and a new rate for the new online BS in Computer Science.
- No increase in the mandatory building fee or matriculation fee; and
- An increase of 7% in the Corvallis Student Health Services fee (\$26.60 per year), 17.5% increase for the Corvallis Counseling and Psychological Services fee (\$27.72 per year) and 0% for the Cascades Health Services fee (\$0 per year). The increases in SHS are to meet the higher salary costs needed to replace positions and the CAPS increase is to add four additional counseling positions.

The weighted average tuition increase for resident undergraduate majors at Corvallis is 3.14% and at Cascades is 4.24%. The weighted average tuition and mandatory fee increase (the rate subject to the 5% threshold) is 3.41% at Corvallis and 4.23% at Cascades. Detailed rates are listed in Appendix A.

**Process:**

The UBC reviews and recommends all tuition rates for Corvallis and Cascades and mandatory fees including the building fee, matriculation fee, and health services fees. The increase in total base tuition and these mandatory fees is subject to the 5% threshold requiring approval from the HECC or the Legislature for increases greater than 5%. All members of UBC are members of the Tuition Advisory

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<sup>1</sup> Undergraduate rate increases noted are on the per credit hour charges, not on the base “zero-credit” charge made for resident and non-resident academic year tuition. Total increases are somewhat less than the quoted percentages because of the fixed zero-credit charge and rounding to whole dollars.

Council required by ORS 352.102. Specific information relevant to the reporting requirements of ORS 352.102 are included in Appendices B, C, D, and E in addition to the discussion here.

The UBC has seventeen members with six students (including representatives of student government at Corvallis and Cascades, as well as students representing historically underserved students), administrators, faculty, and staff. The committee met six times prior to finalizing this report and will meet once more in March to review any issues or questions prior to the April Board meeting. The committee membership and meeting schedule are listed in Appendix B. At the meetings, the committee discussed both specific rates and the context of those rates, and met with leadership of Student Health Services, Counseling and Psychological Services, and the College of Engineering. Leadership at Cascades has met with its student government and representatives to review proposals for the health fees at Cascades and an additional increase in undergraduate resident tuition to move towards matching tuition at Corvallis.

The committee received briefings on the Oregon State University (OSU) budget, how the Legislature allocates money to OSU through the HECC, historical data regarding the relationship between resident tuition and fee rates and the amount of state appropriations to OSU that the HECC allocates to the public university. The committee spent time understanding the cost drivers for OSU's E&G budget, how those costs are managed, and what decisions might be made to reduce costs in many of the scenarios considered. The materials provided to the committee, as well as agendas and meeting notes, are posted publicly on the Budget and Resource Planning website (<https://fa.oregonstate.edu/budget/university-budget-committee>).

A summary of the cost and revenue estimates for the E&G budget is included in Appendix E. The overall inflation rate is estimated at about 3.2% (including estimates of salary and benefit increases, as well as general inflation on goods and services). Salary and pay costs for the Corvallis campus are expected to increase about \$10.4M, benefits costs about \$3.9M (principally health insurance costs), and general inflation costs by about \$2.8M. There will be some costs for growth in Ecampus course delivery (\$1.3M). In addition, there are strategic needs for additional investment that the university would like to fund for capital renewal (\$7.0M), debt service for completed capital projects (\$2.3M), additional staffing in the Foundation (\$1.2M), anticipated increases in insurance costs (\$2.0M), and investments in other areas like post-awards research support (\$0.6M). These projected expense increases total about \$31M.

The revenue projections, assuming a 3.2% increase for resident undergraduates and the other rates recommended here, include \$12.4M in revenue increases from tuition rate changes, \$1.4M in increases from net enrollment growth (Ecampus is projected to grow at 7% but Corvallis undergraduate enrollment is projected to fall 2% to 4%, though some improvement on historical trends may come from work in enrollment management), and \$1.4M from growth in other funds. Total projected revenue growth in Corvallis E&G funds is about \$20M.

The gap of \$11M should not be taken as a budget shortfall---it is a planning number which shows that adjustments will need to be made based on final recommendations on tuition, updates to current year cost trajectories, and revised enrollment projections. The projections in Appendix E informed the UBC's discussions about the general trajectory of revenues and costs.

The UBC discusses and recommends a set of scenarios for undergraduate tuition rates as standard practice. The scenarios frame choices that will have to be made at different levels of state funding and tuition, and help assess the impact on the overall E&G budget (a projected budget surplus or deficit), the percentage increases and dollar increases to resident and non-resident undergraduates, and the projected increases in institutional financial aid (Table 1).

The UBC received input from the Student Budget Advisory Council, a volunteer group of about 20 students from different colleges and groups on campus that reviews the same materials as UBC and provides additional student perspective. Notices of meetings and a request for comment or questions were posted regularly in OSU Today. The UBC, working with the Office of Budget and Resource Planning, scheduled a series of weekly tuition forums from January 15<sup>th</sup> through March 11<sup>th</sup>. The forums are advertised through Orange Media and in the dorms, as well as through Student Affairs and ASOSU. Attendance at the forums has been sparse to date but ASOSU's House of Representatives, Student Fee Committee, and Senate have scheduled group meetings so far. We will continue circulating the offer and the schedule of remaining forums. OSU-Cascades held meetings with the Associated Students of Cascades (ASCC) and the Cascades Student Fee Committee (SFC). Notices of the meeting were posted on the Cascades Campus and advertised by the SFC. Comments, questions, and concerns from the various discussions will be compiled as part of the materials provided for the Board discussion in April.

### **Discussion of Recommendations:**

#### **Tuition and mandatory fees**

*Undergraduate base tuition* has been presented to the Board in a scenario format in each of the previous four years, assuming various tuition increases (Table 1) and noting the differences in those scenarios. The UBC has, in the past, reviewed models of the sensitivity of enrollment to tuition increases. The sensitivity analysis indicates that at tuition increases over about 5%, non-resident enrollments decline enough that net revenues actually fall. Resident enrollment falls as tuition increases but still yields positive net revenue at the increases reviewed (and through increases up to at least 15%). However, it is also clear from demographics of incoming freshmen over the last few years that, as costs increased, the students least likely to enroll are those just below and just above the threshold for Pell eligibility. Large tuition increases for resident students yield revenue but have a particular consequence in terms of access for lower-middle class and middle-class students particularly.

Table 1 shows, for the three undergraduate tuition scenarios, the nominal rate increases in per credit hour charges, as well as the cost to students in dollars, the precise percentage rate increase, the increase in financial aid, and the estimated budget deficit or surplus (assuming no other changes in planning). The percentages noted are for per credit hour charges. The precise rate increases are somewhat less than the per credit hour increases because there is a fixed "zero-credit" charge included in undergraduate tuition rates. The 3.2% increase does estimate an additional \$1.1M for financial aid tuition waivers at Corvallis, with proportional increases at Cascades.

The committee reached a consensus that a 3.2% increase was the preferred scenario for undergraduate base tuition. This would match the estimated overall cost inflation of about 3.2%. The consensus was that rate increases should be the same for residents and non-resident undergraduates. UBC felt that, while lower tuition increases were desirable, the 1.5% increase left too large a gap between currently projected revenues and expenses. The committee also thought the Board should see a 4.5% resident undergraduate scenario to assess the impact of higher rate increases on the budget gap and on the cost to students (but again, this is not the scenario recommended by the committee). The 4.5% increase seemed too large in a year without large PERS increases. The committee did discuss whether there was a way to smooth out the "zig-zag" increases in tuition (higher in the first year of a biennium with large PERS increases, lower in the second year). The challenges in that approach seem to be knowing what the increases are likely to be and making sure to save part of the extra increase in the year with lower PERS increases so it is available in the next year (i.e. not committing that first year increase to filling existing holes or new initiatives).

The UBC discussed its recommendation for a 3.2% increase in light of the need to develop a budget that was balanced. The committee felt that the additional revenue from a 4.5% increase was not worth the cost in lost enrollment and added cost to students (\$28 per year for residents and \$425 per year for non-residents). UBC understands that balancing the E&G budget will likely require some reductions in planned strategic commitments but that there is also evidence that enrollment may be somewhat better than is forecast in the numbers in Appendix E.

*Undergraduate differential tuition rates* had no new rate proposals for face-to-face programs in Corvallis or Cascades. However, the committee did discuss and endorse a suggestion to apply the general tuition increase at the rate of inflation to the differential rate in the college. Current practice has been to only increment base tuition by the recommended percentage and to increase differential tuition only when there is a full proposal from the college for a rate change. Given the work involved in a full differential proposal, many rates have not been changed for some years which means they have lost value due to inflation. The committee agreed that allowing differential rates to increase by the aggregate rate of inflation or the recommended rate increase, whichever is less, was a more appropriate strategy. Colleges could be allowed to opt out of that differential increase (as some have this year) if they felt the increase would put the rates for their programs too high.

Based on the 3.2% increase, undergraduate differential tuition per credit will go up \$1 in general engineering, forestry, business and CLA arts and music programs. Professional engineering differential tuition will go up \$2 but Honors College differential tuition will not increase (Honors just raised their rate last year and does not feel an increase this year is necessary).

*Graduate base tuition* is recommended to increase 2.5% for resident students and 4.5% for non-resident students. These increases continue a multi-year effort to bring both rates in line with those of peer institutions.

*Graduate differential tuition* rates will also increase by inflation except where a college has opted out. Engineering rates will increase by \$2 per credit hour but rates for the Master of Public Health will remain unchanged.

*Professional program tuition* for the PharmD, DVM, MBA and professional degrees at Cascades is recommended to increase from 0% to 4.5% depending on the program (see Appendix A). These rates were recommended by the particular programs after discussions with their students, an assessment of peer and market tuition rates, and an evaluation of demand for the programs. A new rate is proposed for the Doctor of Physical Therapy degree recently approved for delivery at Cascades. The UBC endorses the rate increases shown in Appendix A.

*Ecampus tuition rates* are recommended to increase 3.0% for undergraduate base tuition and 0% for graduate base tuition. These rates were reviewed by Ecampus leadership to make sure they were consistent with market position and the recommendation was to not increase base graduate tuition which is already somewhat higher than peers. Differential tuition per credit hour would increase by \$2 in undergraduate general engineering, \$1 in undergraduate business, \$2 in undergraduate engineering majors, \$1 in graduate education programs, and \$2 in graduate engineering programs. Online MSB and MBA rates would increase 1.8% to remain aligned with the market. New rates are proposed for the MS in Radiation Health Physics (the first year of two steps to bring the rate to market levels) and for a new undergraduate online BS in Computer Science. Differential rates for Public Health would not increase.

*Summer tuition rates* for undergraduate and graduate students are recommended to match academic year resident per credit hour rates at the respective campuses.

*Health fees* at both Cascades and Corvallis were reviewed by the UBC. Cascades is developing their health services program but no increase is recommended as there is existing fund balance to support services. An increase of 7% (\$26.60 per year) for Student Health Services (SHS) at Corvallis is recommended. Costs for SHS are growing faster than inflation (and in fact faster than 7%, largely because of pressure on salaries for medical professionals), but the recommendation for this year is to use some fund balance and complete a comprehensive review of the expense and fee-for-service structure of SHS. Counseling and Psychological Services in Corvallis has seen very large growth in demand for services and an increase of 17.5% in the fee (\$27.72 per year) is recommended to address inflationary costs and to support four additional counseling positions.

*Other fees* include the building fee and matriculation fee. No increase is proposed for either.

At the recommended undergraduate tuition rate increase of 4.5%, the base tuition and mandatory fee increase for resident undergraduate students would be 3.41% in Corvallis and 4.23% in Bend. Weighted average tuition and fee increases for resident undergraduate students across all majors in Corvallis and Cascades would be about 3.51% (the precise percentages depends on the numbers of majors in various programs with differential tuition).

**Other projected rate changes:**

Tuition and mandatory fees are only part of the cost of attendance for students. Student incidental fees and housing and dining rates are the other major costs that are set by the university.

Student incidental fees are recommended to you for referral to the Board by the ASOSU and ASCC student governments based on recommendations from student-led committees and approval by the respective student government legislatures. Recommendations for incidental fee increases are 7.40% (\$88.45 per year) for Corvallis and 12.36% (\$99.00 per year) for Cascades. The increases address issues of cost inflation but also include at Corvallis funding for **Memorial Union and Recreational Sports deferred maintenance programs** and at Cascades added funding for **student recreation programs and.....**

Housing and dining rates include a variety of room and meal plans that vary between campuses. On average, however, housing and dining rates are projected to increase 4.5% to 5.0% (final rates are still pending) next year.

Overall, the aggregate rate increases for all costs are expected to be less than 5%. It is important to remember that the inflationary costs (particularly for retirement and health benefits) impact all operations at OSU whether E&G funded or auxiliary funded, and whether in Corvallis or in Bend.

**Table 1:** Tuition Scenario Table (Corvallis campus): Precise percentage increases in each box are different than the nominal increases in per credit hour charges at the top because there is a fixed zero-credit hour charge that is part of undergraduate tuition and rates are rounded to the nearest whole dollar. Scenario B is set at the estimated overall inflationary increase and is the consensus recommendation from UBC. Rates are applied to resident undergraduate and non-resident undergraduate tuition rates.

	<b>Scenario A: Resident 1.5%, Non-resident 1.5%</b>	<b>Scenario B: Resident 3.2%, Non-resident 3.2%</b>	<b>Scenario C: Resident 4.5%, Non-resident 4.5%</b>
<b>State increase second year of a biennium, +4.1%</b>	Resident undergraduate: 1.37% Non-res undergraduate: 1.38% Financial aid increase \$0.7M Surplus or (deficit): <b>\$(15.3M)</b> \$148 annual increase residents \$442 annual increase non-res	Resident undergraduate: 3.20% Non-res undergraduate: 3.06% Financial aid increase \$1.1M Surplus or (deficit): <b>\$(11.9M)</b> \$315 annual increase residents \$900 annual increase non-res	Resident undergraduate: 4.57% Non-res undergraduate: 4.28% Financial aid increase \$1.5M Surplus or (deficit): <b>\$(9.3M)</b> \$443 annual increase residents \$1325 annual increase non-res
	Base resident tuition & fees: 1.85% Average res. tuition & fees: 1.74%	Base resident tuition & fees: 3.56% Average res. tuition & fees: 3.32%	Base resident tuition & fees: 4.85% Average res. tuition & fees: 4.52%

- Graduate tuition increase assumed at 2.5% resident, 4.5% non-resident; professional tuition at 0-4%, Ecampus at 3% for undergraduate rates and 0% for graduate rates, differential tuition increases as described in the text.
- Cost estimates include about 3.2% overall inflation this year because of modest increases in benefit costs; costs of growth (about 0.2% for modest growth in Ecampus, but declines in Corvallis); and new commitments (this year largely for capital renewal and repair, insurance, debt service, and the OSU Foundation).

**Appendix A:** Recommended tuition and mandatory fee rates for 2019-2020, undergraduate base tuition rates calculated at a nominal per credit hour cost increase of 3.2% (Scenario B).

<b>2020-21 OSU Tuition and Fee Rate Recommendations, Corvallis and Cascades campuses</b>						
Rates are shown as annual cost unless indicated, 15 credit hours for undergraduates, 12 credit hours for graduates						
Rate	FY20 Annual Cost**	FY21 Annual Cost**	Percentage Increase	Dollar Increase	Tuition & Mandatory Fee Total Increase	Notes
<b>Student Incidental and Mandatory Fees</b>						
Student Incidental Fees Corvallis	\$ 1,195.32	\$ 1,283.77	7.40%	\$ 88.45		Incidental, set by ASOSU
Student Incidental Fees Cascades	\$ 801.00	\$ 900.00	12.36%	\$ 99.00		Incidental, set by ASCC
Building Fee	\$135.00	\$ 135	0.00%	\$ -		Mandatory fee
Matriculation Fees (once)	\$350.00	\$ 350	0.00%	\$ -		Mandatory fee
Student Health Services	\$379.95	\$ 407	7.00%	\$ 26.60		Mandatory fee
Counseling and Psychological Svc	\$158.30	\$ 186	17.51%	\$ 27.72		Mandatory fee
Cascades Health Services	\$177.00	\$ 177	0.00%	\$ -		Mandatory fee
<b>Undergraduate Tuition</b>						
Corvallis resident no differential*	\$9,840	\$ 10,155	3.20%	\$ 315	3.51%	range of 1.5%, 3.2%, 4.5%
Cascades resident no differential*	\$9,525	\$ 9,975	4.72%	\$ 450	4.57%	range of 1.5%, 3.2%, 4.5% plus 1.8%
Non-resident undergraduate*	\$29,445	\$ 30,345	3.06%	\$ 900	3.17%	range of 1.5%, 3.2%, 4.5%
General Engineering resident	\$11,370	\$ 11,730	3.17%	\$ 360	3.44%	\$1/SCH increase to differential
General Eng non-resident	\$30,975	\$ 31,920	3.05%	\$ 945	3.16%	\$1/SCH increase to differential
Engineering majors resident	\$12,135	\$ 12,540	3.34%	\$ 405	3.59%	\$2/SCH increase to differential
Eng majors non-resident	\$31,740	\$ 32,730	3.12%	\$ 990	3.22%	\$2/SCH increase to differential
Forestry resident	\$10,515	\$ 10,875	3.42%	\$ 360	3.70%	\$1/SCH increase to differential
Forestry non-resident	\$30,120	\$ 31,065	3.14%	\$ 945	3.25%	\$1/SCH increase to differential
Business resident	\$10,785	\$ 11,145	3.34%	\$ 360	3.62%	\$1/SCH increase to differential
Business non-resident	\$30,390	\$ 31,335	3.11%	\$ 945	3.22%	\$1/SCH increase to differential
Arts CIA resident	\$10,380	\$ 10,722	3.29%	\$ 342	3.59%	\$1/SCH increase to differential
Arts CIA non-resident	\$29,769	\$ 30,912	3.84%	\$ 1,143	3.93%	\$1/SCH increase to differential
Casc Arts CLA resident	\$10,065	\$ 10,542	4.74%	\$ 477	4.95%	\$1/SCH increase to differential
Casc Arts CLA non-resident	\$29,985	\$ 30,912	3.09%	\$ 927	3.20%	\$1/SCH increase to differential
Honors resident differential	\$11,340	\$ 11,655	2.78%	\$ 315	3.07%	No increase to differential
Honors non-resident	\$30,240	\$ 31,140	2.98%	\$ 900	3.09%	No increase to differential
Casc Honors resident differential	\$11,025	\$ 11,475	4.08%	\$ 450	4.31%	No increase to differential
Casc Honors non-resident	\$30,945	\$ 31,845	2.91%	\$ 900	3.02%	No increase to differential
<b>Graduate Tuition</b>						
Resident graduate	\$12,933	\$ 13,257	2.51%	\$ 324	2.78%	Adjust closer to peers
Non-resident graduate	\$24,975	\$ 26,109	4.54%	\$ 1,134	4.63%	Adjust closer to peers
PharmD resident	\$24,516	\$ 25,236	2.94%	\$ 720	3.07%	Adjust closer to peers
PharmD non-resident	\$41,220	\$ 41,220	0.00%	\$ -	0.13%	Stay competitive in market
DVM resident	\$23,731	\$ 24,679	3.99%	\$ 948	4.11%	Inflationary increase
DVM non-resident	\$47,465	\$ 49,365	4.00%	\$ 1,900	4.06%	Inflationary increase
Engineering resident	\$14,913	\$ 15,309	2.66%	\$ 396	2.89%	\$2/SCH increase in differential
Engineering non-resident	\$26,955	\$ 28,161	4.47%	\$ 1,206	4.56%	\$2/SCH increase in differential
MPH differential resident	\$15,345	\$ 15,669	2.11%	\$ 324	2.36%	No increase to differential
MPH differential non-resident	\$28,755	\$ 29,889	3.94%	\$ 1,134	4.04%	No increase to differential
MBA and MS Business resident	\$27,900	\$ 28,584	2.45%	\$ 684	2.58%	Adjust to peers and market
MBA and MS Business non-res	\$47,448	\$ 49,572	4.48%	\$ 2,124	4.53%	Adjust to peers and market

## Appendix A: Continued

Rate	FY20 Annual Cost**	FY21 Annual Cost**	Percentage Increase	Dollar Increase	Tuition & Mandatory Fee Total Increase	Notes
<b>Graduate Tuition</b>						
Cascades MCoun resident	\$16,704	\$ 16,704	0.00%	\$ -	0.31%	Stay competitive in market
Cascades MS Coun non- resident	\$30,492	\$ 30,492	0.00%	\$ -	0.17%	Stay competitive in market
Cascades MAT resident	\$16,704	\$ 16,704	0.00%	\$ -	0.31%	Stay competitive in market
Cascades MAT non-resident	\$30,492	\$ 30,492	0.00%	\$ -	0.17%	Stay competitive in market
Cascades MFA resident	\$16,704	\$ 16,704	0.00%	\$ -	0.31%	Stay competitive in market
Cascades MFA non-resident	\$16,704	\$ 16,704	0.00%	\$ -	0.31%	Stay competitive in market
Cascades Doc Phys Therapy Res.		\$ 20,727	New			New differential rate program
Cascades Doc Phys The. non-res		\$ 30,300	New			New differential rate program
<b>Summer (per SCH)**</b>						
Corvallis undergraduate	\$636	\$ 657	3.30%	\$ 21		Same as Corvallis
Cascades undergraduate	\$615	\$ 645	4.88%	\$ 30		Same as Cascades
Corvallis graduate	\$1,437	\$ 1,473	2.51%	\$ 36		Same as Corvallis
Cascades graduate	\$1,437	\$ 1,473	2.51%	\$ 36		Same as Cascades
<b>Ecampus* (per SCH)</b>						
Undergraduate	\$927	\$ 954	2.91%	\$ 27		
Computer Science differential	\$1,497	\$ 1,524	1.80%	\$ 27		
Business Students	\$990	\$ 1,020	3.03%	\$ 30		
Pre engineering students	\$1,029	\$ 1,059	2.92%	\$ 30		
Prof Engineering students	\$1,080	\$ 1,113	3.06%	\$ 33		
BS Computer Science		\$ 1,113	New			
Developmental Math	\$672	\$ 693	3.13%	\$ 21		
Graduate	\$1,680	\$ 1,680	0.00%	\$ -		Keep competitive in market
PhD and EdD in CCL	\$1,767	\$ 1,770	0.17%	\$ 3		\$1/SCH increase in differential
PhD and EdD in LHE	\$1,767	\$ 1,770	0.17%	\$ 3		\$1/SCH increase in differential
PhD in Counseling	\$1,767	\$ 1,770	0.17%	\$ 3		\$1/SCH increase in differential
Masters of Counseling	\$1,767	\$ 1,770	0.17%	\$ 3		\$1/SCH increase in differential
Grad Certificate Public Health	\$1,881	\$ 1,881	0.00%	\$ -		
MBA and Business Courses	\$2,544	\$ 2,589	1.77%	\$ 45		Increase in differential rate
Engineering MS Rad. Health Phy	\$1,845		New			New differential rate
College of Engineering students	\$1,845	\$ 1,851	0.33%	\$ 6		\$2/SCH increase in differential
<p>*There is a flat \$100 per SCH for residents and \$335 for non-residents per quarter in addition to the per credit hour charges  Differential charges are applied to summer term rates and Ecampus rates for applicable majors  **Summer and Ecampus are shown as cost for a 3 credit course</p>						



**Appendix B: Membership and meeting schedule of the University Budget Committee**

Membership:

Belinda Batten, Executive Associate Dean, College of Engineering – *Chair*  
Sherm Bloomer, Associate Vice President, Budget & Resource Planning – *Vice Chair*  
Ebado Abdi, Student at Large  
Safi Ahmad, Associated Students of OSU  
Halli Barrios, Student at Large  
Jon Boeckstedt, Vice Provost, Enrollment Management  
Michaela Canete, Student Budget Advisory Council chair  
Bob Cowen, Director, Hatfield Marine Science Center  
John Gremmels, Capital Planner; Infrastructure Working Group Representative  
Rakesh Gupta, Professor, College of Forestry  
Allison Hurst, Associate Professor, School of Public Policy  
Drew Ibarra, Director, Physical Activity Programs, College of Public Health & Human Sciences; Faculty Senate Budget & Fiscal Planning Committee Chair  
Javier Nieto, Dean, College of Public Health & Human Sciences  
Kelly Sparks, Associate Vice President, OSU-Cascades  
Jackie Thorsness, Manager, Agricultural Sciences and Marine Sciences Business Center  
Alison Johnston, Associate Professor, School of Public Policy; Faculty Senate Representative  
Jade Warner, Associated Students of OSU-Cascades Campus  
Weam Elsheikh, Graduate Student, College Student Services Administration program

Fall and Winter Meeting Schedule:

November 1st  
November 15<sup>th</sup>  
December 6<sup>th</sup>  
January 10<sup>th</sup>  
January 31<sup>st</sup>  
February 7<sup>th</sup>  
February 21<sup>st</sup>  
March 6<sup>th</sup>

**Appendix C: Minority reports**

HB 4141 requires that the written report must include any minority report requested by a member of the advisory body.

All members of the Tuition Advisory Council of the University Budget Committee endorsed this report. There were no minority reports requested. **{UBC members---this is simply a placeholder for now, not a conclusion yet.}**

DRAFT

**Appendix D: Materials provided**

HB 4141 requires that the written report must include “any documents produced or received by the advisory body under subsections (4) and (5)”. The full set of materials provided to the UBC as well as meeting notes are available at <https://fa.oregonstate.edu/budget/university-budget-committee/ubc-meeting-schedule> .

Subsection (4) says these materials include a plan for how the governing board and the public university’s administration are managing costs on an ongoing basis and a plan for how resident tuition and mandatory enrollment fees could be decreased if the public university receives more moneys from the state than anticipated.

- The UBC reviewed details of the drivers of cost increases and projections for costs and revenues for the E&G budget. A short summary of revenue and cost projections, as well as cost management practices, follows as Appendix E.
- As this is the second year of the biennium and state funding has already been allocated for FY21, the scenarios in Table 1 were developed in reference to the known level of state support for the next year. These helped guide the UBC’s discussions on a preferred scenario. No additional state funding is anticipated.

Subsection (5) says that “ Before making a recommendation to the president of the university that resident tuition and mandatory enrollment fees should be increased by more than five percent annually, the advisory body must document its consideration of: (a) The impact of the resident tuition and mandatory enrollment fees that the advisory body intends to recommend to the president of the public university on: (A) Students at the public university, with an emphasis on historically underserved students, as defined by the public university; and (B) The mission of the public university, as described by the mission statement adopted under ORS 352.089; and (b) Alternative scenarios that involve smaller increases in resident tuition and mandatory enrollment fees than the advisory body intends to recommend to the president of the public university.

- The UBC recommendation is for an undergraduate resident tuition increase of 3.2%. The committee did not consider a scenario with an increase over 5% for resident undergraduate tuition. However, the committee’s discussions do include consideration of the impact of tuition increases, additions to financial aid, and alternative strategies to tuition increases.

## APPENDIX E: Costs and Cost Management Overview

University Budget Committee

2019-20 Academic Year

**Summary of costs and cost management strategies**

The UBC began its discussions with a review of cost drivers and cost estimates for the 2020-21 fiscal year. The cost drivers and estimates have been revised regularly as conditions have changed. The principal pieces of those estimates include reviews of enrollment and cost and revenue projections.

**Context--Enrollment**

- This year's freshmen class is down over 200 students and the senior class is up over 150 students.
- That would predict Corvallis undergraduate enrollment projections for next year down 2% to 4%.
- Projections are for flat graduate student enrollment and 7% credit hour growth in Ecampus.
- Efforts are underway to increase recruiting of non-resident students (domestic and international), graduate students, and resident undergraduates (both transfers and students direct from high school). Successful efforts would improve the current projections, but it is too early to know if they will have an impact for next year.

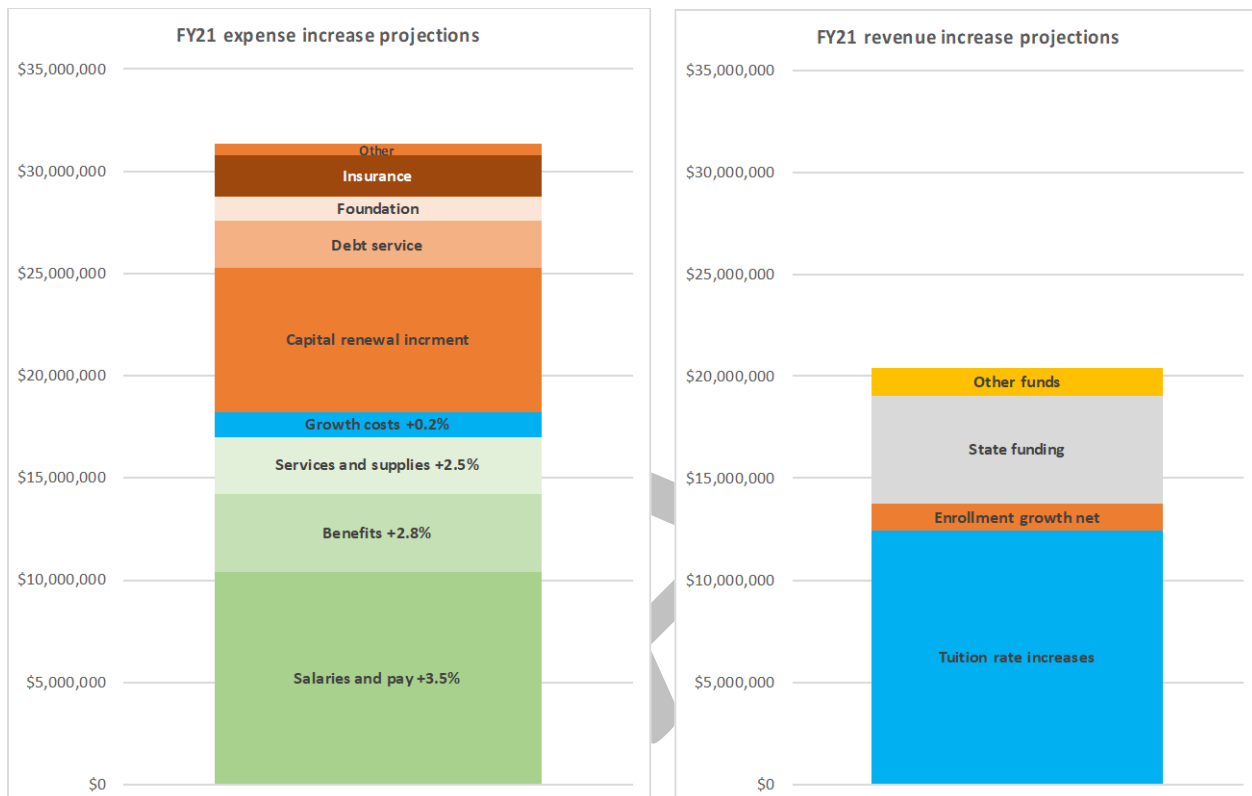
**Context--Cost and Revenue Increase Projections**

Figure 1 shows a summary of the cost and revenue projections for the Corvallis Education and General budget for FY2021. The left-hand chart shows cost increases in three categories: inflationary drivers (green shades), costs for enrollment growth (blue), and new commitments for long-term issues (brown shades). Major parts of those costs are:

- Salary costs are expected to grow between 3.0% and 4.5%, depending on the employee group. There is significant uncertainty on salary costs, since negotiations are still underway with United Academics OSU (UAOSU) and the Coalition of Graduate Employees (CGE).
- Benefit costs are estimated to increase by about 2.7%, due principally to increases in health insurance rates as rates for retirement programs went up significant this year and are flat for next year.
- Inflation on services and supplies is projected at about 2.0%.
- Aggregate inflation is estimated at about 3.2% overall, depending on the final salary agreements.
- Growth is projected in Ecampus which requires some investment in additional faculty (fairly modest at about \$1.3M).
- Additional commitments are also needed in other areas to address long-term issues including:
  - an incremental \$7.0M (for a total of \$20.0M in FY2021) to address capital renewal needs.
  - \$2.3M in additional debt service on new revenue bonds supporting completed projects
  - \$2.0M in additional insurance increases, and
  - \$1.2M for the OSU Foundation and Alumni Association to build staff capacity for the next campaign.

The specific amounts in Figure 1 are for the Corvallis campus. OSU-Cascades and the Statewide Public Services (SWPS) will see the same inflationary increases.

Reaching a plan for a balanced budget for 2020-2021 will include an assessment of whether any existing programs should be reduced, discussions on tuition rates, updates to enrollment projections as applications and admissions proceed, actual costs for things like insurance, and opportunities to reduce any of the new commitments planned.



**Figure 1:** Growth in expense (left) and revenue (right) from FY20 to FY21 budget for Education and General budget, Corvallis.

Through various meetings, depending on the topic, discussions included reference to various cost management and cost assessment strategies employed by the university. These are summarized briefly here.

**Cost Management Strategies**

Over the last 11 years OSU has moved from an environment of robust enrollment growth to one with much slower or declining (for Corvallis) growth. This has led to expense reductions in each of the last three fiscal years. While we often talk about these as “budget cuts” these are really expense reductions as both revenue and expense have continued to grow, the former just more slowly than the latter.

Figure 1: Corvallis E&G revenue and expense growth (including net transfer out expenses). When we talk about budget cuts we are usually talking about slowing expense growth not reducing total overall spending year over year.

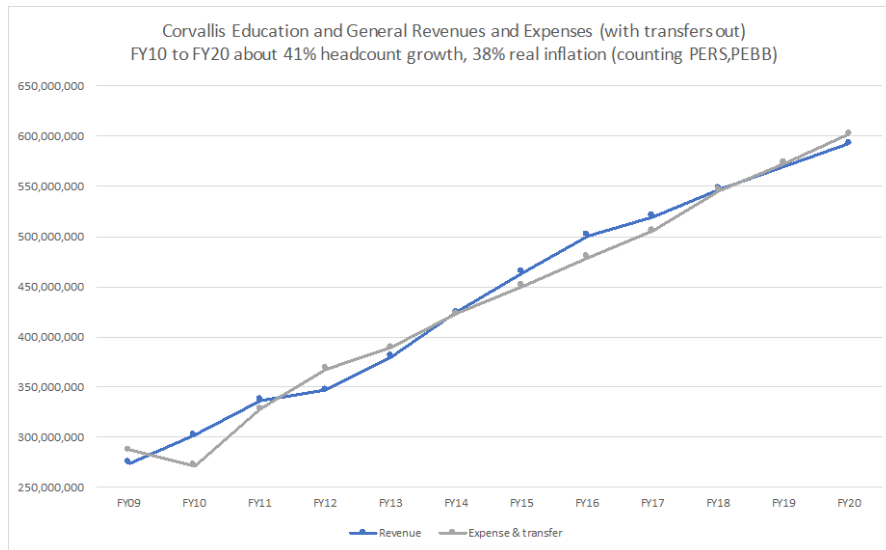
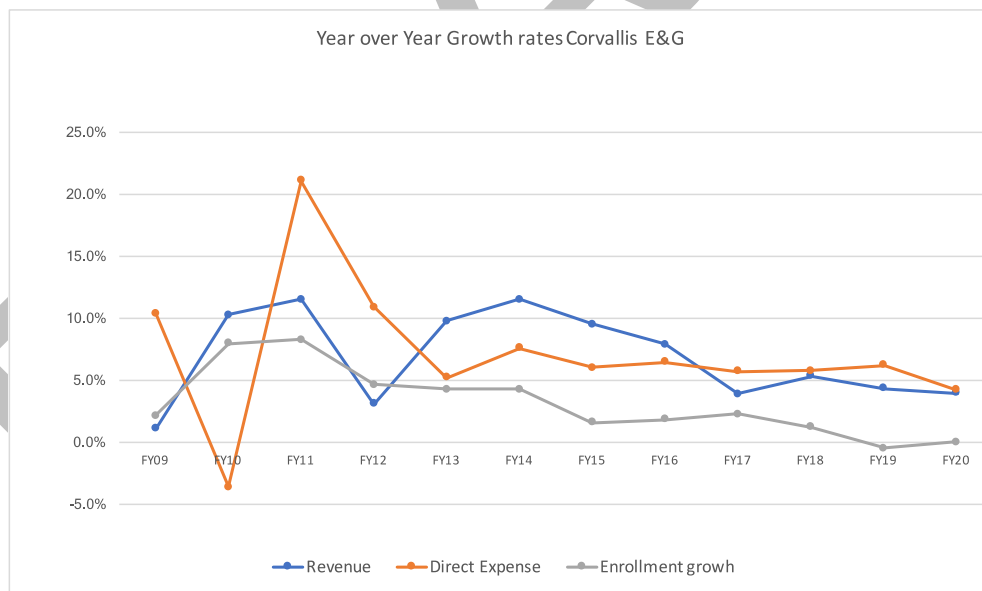


Figure 2: The year-over-year rates of growth of revenue, expense (here direct expense without transfers), and enrollment illustrate the pressures on the net budget position. The odd large rate increases in expenses in FY11 and FY12 were due to spending Federal stimulus funds.



The practical consequences of these trends for the Corvallis E&G budget have been expense reductions of about \$20M (\$7.6M from central resources) in 2017-18, \$7.5M in 2018-19 (taken as a mid-year rescission), and about \$14M in 2019-2020.

The university monitors and reviews costs both at the Board level and through university leadership at all levels. Those include:

Board of Trustees:

- Annual approval of budgets for all funds, which requires a review of overall expenditures, projected fund balance, and strategies for cost reductions or investments of new state funding
- Quarterly management reports assessing trajectories of actual revenues and expenses to budget, with an assessment of the reasons for changes outside set tolerances
- Review of a ten-year business forecast every two years to consider long-term trajectories for tuition, enrollments, expenditures, other revenues, and financial metrics.
- Periodic assessment of PERS liabilities and alternatives to the increasing costs of those liabilities.
- Tuition policy that states the board expects that “annual tuition rate increases will be between 2 and 5 percent” which acknowledges expense reduction will be a regular, necessary part of budget planning, as state funding and enrollment growth often will not keep up with inflationary cost growth at those tuition increases.

University Leadership:

- Maintain an annual budget development process that looks three years out and assesses relative needs and priorities across units.
- Manage a system with highly distributed budget authority (deans and senior leaders have a budget with the charge to carry out the unit mission within the allocated resources. Units have significant authority over how to use those funds).
- Periodically assess cost budget growth rates by categories and units over five-year spans to guide decisions about budget reductions or new investments
- Participating in cost benchmarking with ABC Insights, a cost benchmarking consortium that provides comparisons of costs for various kinds of services (payroll, IT, etc.) for peer institutions including the University of Oregon, University of Texas, University of North Carolina and others. The first peer comparisons should be ready in April, 2019.
- Assess salary levels relative to peer institutions for most professional faculty (classification-compensation structure) and leadership positions to make sure salaries are appropriate to market and job.
- Implemented \$20M of expense reductions for the 2018-19 academic year and \$7.2M in January of 2019 to adjust to declining enrollments and increased PERS costs. FY20 reductions will total about \$14M in strategic allocations, services and supplies spending, and personnel expenses. The specific actions taken by units are still in process.
- In these reductions have distributed a larger proportion of reductions (as a percent of budget) to service and administrative units.
- Periodically identify areas for cost-reduction strategies (BennyBuy eprocurement, BennyHire process revision for hiring students, copier contracts, efficacy of custodial contracts, utilities strategies, insurance options, etc.)
- Are working to initiate a zero-based budget review of expenses for service, support and management areas as well as productivity benchmarks for academic unit.