

To: Edward J. Ray, President
From: Belinda Batten, Chair, University Budget Committee
Re: Recommendations for Tuition and Mandatory Fee Rates for 2019-2020
Cc: Edward Feser, Provost and Executive Vice President

Summary:

The Tuition Advisory Council of the University Budget Committee (UBC) constitutes the tuition advisory body required by House Bill 4141 (ORS 352.102). The UBC as a whole recognizes the substantial uncertainty in FY20 Education and General (E&G) budgets for FY2019-20 because of unknown levels of state funding. However, the committee has made recommendations on all rates because of the need for the Board to make decisions on tuition and mandatory fee rates at its April 5th meeting. This provides time for students, families, and the financial aid office to plan for financial commitments for the next academic year.

The University Budget Committee recommends the following rate changes in tuition and mandatory fees from 2018-19 to 2019-20:

- A resident undergraduate tuition increase of 4.5%, but 4%, 4.5%, and 7%¹ increase scenarios (see Table 1) are provided for discussion by the Board of Trustees;
- A non-resident undergraduate tuition increase of 4.5%, but 4% and 4.5% increase scenarios are provided for discussion by the Board of Trustees;
- Resident graduate tuition increase of 3%;
- Non-resident graduate tuition increase of 5%;
- Professional tuition increases of 2.3% to 6.6% depending on peer tuition, cost increases, and market demand (see Appendix A);
- Increase in undergraduate College of Business differential tuition from \$20 per credit to \$21 per credit;
- A new differential tuition charge for fine arts programs (art, music, theater, graphic design) of approximately \$200 per quarter for majors. UBC is recommending this increase as justified in concept but recommends the mechanism needs to be reviewed so students earning minors in these courses also contribute to the program costs, that the charge is phased in over two years, and that there is a clear plan to eliminate most course fees as the differential tuition is phased in;
- No increases in other differential tuition charges (Engineering or Forestry);
- Ecampus undergraduate base tuition per credit increase of 4.2%;
- Ecampus graduate base tuition per credit increase of 4.0%;
- Summer per credit charges increased to match academic year resident per credit tuition charges for both undergraduates and graduates;
- The College of Engineering is replacing the undergraduate pro-school model with a continuous progression model. All students will have a 1st year General Engineering major (and be charged what is currently the pre-Engineering differential) and then opt into any engineering discipline (when they will be charged the current pro-school differential) if they meet the minimum requirements. There is no change in rates, but freshmen entering in Fall, 2019 will have higher charges in their sophomore year. Current students will have the option of remaining in the current pro-school and differential tuition model;

¹ 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.

- No increase in the mandatory building fee or matriculation fee; and
- An increase of 4% in the Corvallis Student Health Services fee (\$14.61 per year), 20.04% increase for the Corvallis Counseling and Psychological Services fee (\$26.42 per year) and 0% for the Cascades Health Services fee (\$0 per year).

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 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 seven times prior to finalizing this report and will meet twice 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 School of Arts and Communication. Leadership at Cascades has met with its student government and representatives to review proposals for the health fees at Cascades.

The committee received briefings on the OSU budget, how the Legislature allocates money to OSU through the Higher Education Coordinating Commission (HECC), and 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 Fiscal Planning website (<https://fa.oregonstate.edu/budget/university-budget-committee>).

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 financial aid estimate this year includes an additional \$2.6M to address a critical need for aid to recruit incoming students because merit aid for returning students has consumed an increasing proportion of institutional financial aid.

The UBC received input from the Student Budget Advisory Council, a volunteer group of 12 students from different colleges and groups on campus that reviews the same materials as UBC and provide additional student perspective. Notices of the meetings of the UBC and a request for comment or questions were posted regularly in OSU Today. The UBC, working with the Office of Budget and Fiscal Planning, scheduled a series of weekly tuition forums from January 24th through March 7th. The forums are advertised through Orange Media and in the dorms, as well as through Student Affairs and ASOSU. An offer to meet with any student club or organization to discuss tuition, budget, and the tuition recommendations has been sent to all colleges, student organizations, and ASOSU. Attendance at the forums has been sparse to date and only ASOSU has scheduled a group meeting so far, but we will continue circulating the offer and the

schedule of remaining forums. OSU-Cascades held two 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 three years, positing various levels of state support and tuition increases (Table 1). The UBC 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. The UBC considered this in its discussions.

The committee felt that a scenario of a 4% increase was the lowest the Board should consider (though this is not the UBC's recommended scenario) as overall inflation is estimated at 4.1%. The consensus was that rate increases should be the same for residents and non-residents up to 4.5%, beyond which there are declining revenue returns for non-resident increases. The committee also thought the Board should see a 7% 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). Table 1 shows, for three different levels of state funding, 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. 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 UBC recommends the 4.5% tuition increase as the preferred outcome and recommends planning to an assumed \$40M state biennial increase to the public universities. This scenario projects a \$12M gap between revenues and expenses. If the state biennial increase is higher than \$40M, the UBC still recommends planning for \$12M in expense reductions. If there is any additional state funding above the \$40M level the committee recommends it be distributed to strategic needs including restoring cuts to strategically important programs, additional need-based financial aid, completion grants, and other high-priority institutional needs to advance Strategic Plan 4.0.

The UBC discussed its recommendation to plan for \$12M in expense reductions at length and recognizes the difficulty of this path as most of the university's expenses are for people. The committee makes this recommendation to respect the 5% upper boundary in the Board's tuition policy, to approach balancing the budget as a shared burden between students and the university, and to maintain the mission of Oregon's land-grant university to provide affordable access to quality higher education. At the same time, the committee does not believe that annual, distributed expense reductions are sustainable. At the \$40M state funding level, the university will need to make about \$12.0M in 2019-20 in expense reductions, following reductions of \$20M in 2017-18 and \$7.2M in 2018-19. This is a 6.2% reduction in expense growth over those three fiscal years. This is manageable for a time, as the university had grown very

quickly and can find some efficiencies, but if the cost increases mandated by the state for retirement and health costs continue and the state does not fund those costs, a different strategy will be needed. Growth in enrollment and changes in the mix of enrollments are promising strategies but, if those do not materialize, more targeted reductions in programs or services may be needed. The UBC believes it is essential to maintain academic programs that are of high quality in teaching, scholarship, and service or OSU would be doing a disservice to students and stakeholders.

Undergraduate differential tuition changes were proposed for only two programs (undergraduate differential rates in Forestry, Engineering, and Honors will not change). The UBC endorses an increase in the College of Business differential charge from \$20 to \$21, as that rate has not been increased for several years and has not kept pace with cost escalation. The College of Liberal Arts proposed a new differential charge for students in art, music, theater and graphic design of \$200 per quarter for majors (at the sophomore, junior, and senior level). Performing and visual arts programs do incur higher costs per credit hour than many other disciplines—given pedagogical approaches, equipment, and supplies needed—and the UBC supports the proposal in concept. However, there are a large number of students earning arts minors who take upper-division fine arts courses and the cost of those programs and services should be shared between minors and majors. The UBC recommends phasing the charge in over two years, charging only for upper-division course work, eliminating most course fees as the differential tuition charges are phased in, and establishing an appropriate mechanism to charge majors and minors equitably. UBC’s endorsement of the proposal is conditional on addressing those issues before approval from the Board (conversations are ongoing to address these changes).

Differential rates in the College of Engineering will not change, but there is a change proposed in the structure of the differential tuition charge. The College is replacing the pro-school model with a continuous progression model. In this model, all students will have a 1st year General Engineering major (and be charged what is currently the pre-Engineering differential) and then opt into any engineering discipline (when they will be charged the current pro-school differential), provided that they maintain a minimum 2.5 GPA and make adequate progress. Students who meet these and other major requirements can start taking upper division courses as soon as they meet prerequisites, giving them greater schedule flexibility. Students who fail to meet progression goals will be given a warning in the first term, then placed on probation in the next term, and finally suspended from the college in the third term of failing to meet standards. This takes a more holistic look at academic success, and feedback and support are given continuously. Students who fail receive feedback earlier, and those who stumble in one or two classes will not be held up from continuing to take courses in the engineering sequences in most cases. Students who enter as freshmen in Fall, 2019 will see increased costs in their sophomore year (as they will be charged the current pro-school tuition instead of pre-engineering tuition) but savings to students overall are expected in promoting more rapid completion and less “churning” by students who will not succeed in the program and who will be more successful in a different major. Current students will have the option of remaining in the existing pro-school model until they complete their degree or entering the continuous progression model.

Graduate base tuition is recommended to increase 3% for resident students and 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 in Engineering and Public Health will not increase.

Professional program tuition for the PharmD, DVM, MBA and professional degrees at Cascades is recommended to increase from 2.4% to 6.6% 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. The UBC endorses the rate increases shown in Appendix A.

Ecampus tuition rates are recommended to increase 4.2% for undergraduate base tuition and 4.0% for graduate base tuition. These rates were reviewed by Ecampus leadership to make sure they were consistent with market position. Differential rates would increase for undergraduate Business and the MBA as noted in Appendix A. Differential rates for programs in Education would not increase.

Summer tuition rates for undergraduate and graduate students are recommended to match academic year resident per credit hour rates. This would require increases of 4.8% to 6.2% this year but would simplify rate setting in future years by linking summer rates to academic year rates.

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 4% for Student Health Services (SHS) at Corvallis is recommended. Costs for SHS are growing faster than 4%, 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 20% in the fee (\$26 per year) is recommended to provide a stable operating budget for this critical service.

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 4.43% in Corvallis and 4.29% in Bend. Weighted average tuition and fee increases for resident undergraduate students across all majors in Corvallis would be about 4.40% (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 4.51% (\$51.63 per year) for Corvallis and 10.33% (\$75 per year) for Cascades.

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): Tan shaded cell is the recommended planning scenario by the UBC. 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 A: Resident 4%, Non-resident 4%	Scenario B: Resident 4.5%, Non-resident 4.5%	Scenario C: Resident 7%, Non-resident 4.5%
State biennial increase to universities: \$0M and cut of ETSF funding -\$11.5M FY19 to FY20 for OSU-Corvallis (down \$4.5M in PUSF funding)	Resident undergraduate: 3.82% Non-res undergraduate: 3.81% Financial aid increase \$3.8M Surplus or (deficit): \$(27.7M) \$360 annual increase residents \$1080 annual increase non-res	Resident undergraduate: 4.29% Non-res undergraduate: 4.28% Financial aid increase \$3.9M Surplus or (deficit): \$(26.8M) \$405 annual increase residents \$1215 annual increase non-res	Resident undergraduate: 6.68% Non-res undergraduate: 4.28% Financial aid increase \$4.2M Surplus or (deficit): \$(24.8M) \$630 annual increase residents \$1215 annual increase non-res
State biennial increase to universities: +\$40M +\$2.0M FY19 to FY20 for OSU-Corvallis	Resident undergraduate: 3.82% Non-res undergraduate: 3.81% Financial aid increase \$3.8M Surplus or (deficit): \$(13.1M) \$360 annual increase residents \$1080 annual increase non-res	Resident undergraduate: 4.29% Non-res undergraduate: 4.28% Financial aid increase \$3.9M Surplus or (deficit): \$(12.2M) \$405 annual increase residents \$1215 annual increase non-res	Resident undergraduate: 6.68% Non-res undergraduate: 4.28% Financial aid increase \$4.2M Surplus or (deficit): \$(10.2M) \$630 annual increase residents \$1215 annual increase non-res
State biennial increase to universities: +\$120M +\$15.0M FY19 to FY20 for OSU-Corvallis	Resident undergraduate: 3.82% Non-res undergraduate: 3.81% Financial aid increase \$3.8M Surplus or (deficit): \$(0.7M) \$360 annual increase residents \$1080 annual increase non-res	Resident undergraduate: 4.29% Non-res undergraduate: 4.28% Financial aid increase \$3.9M Surplus or (deficit): \$0.2M \$405 annual increase residents \$1215 annual increase non-res	Resident undergraduate: 6.68% Non-res undergraduate: 4.28% Financial aid increase \$4.2M Surplus or (deficit): \$2.2M \$630 annual increase residents \$1215 annual increase non-res
	Base resident tuition & fees: 3.98% Average res. tuition & fees: 4.12%	Base resident tuition & fees: 4.43% Average res. tuition & fees: 4.54%	Base resident tuition & fees: 6.67% Average res. tuition & fees: 6.64%

- After 7%, each 1% increase in resident undergraduate tuition reduces budget gap by about \$0.9M and increases financial aid by \$0.1M.
- Graduate tuition, professional tuition, differential tuition and Ecampus at the rates in Appendix A.
- Cost estimates include ~4.1% overall inflation this year because of large increases in benefit costs (about \$10M total, mostly in retirement rates); costs of growth (about 0.3% for modest growth in Ecampus but small declines in Corvallis); and new commitments (this year largely for capital renewal and repair, athletics, and the OSU Foundation). Financial aid increases include an additional \$2.6M plus a percentage of increased tuition revenues.

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 4.5% (Scenario B).

2019-20 OSU Tuition and Fee Rate Recommendations, Corvallis and Cascades campuses						
Rate	FY19 Annual Cost	FY20 Change Summary				Notes
		FY20 Annual Cost**	Tuition % Increase	Dollar Increase	Tuition & Fee % Increase	
Undergraduate Tuition						
Corvallis resident no differential*	\$9,435	\$ 9,840	4.29%	\$ 405	4.43%	range of 4%, 4.5% or 7%
Cascades resident no differential*	\$9,120	\$ 9,525	4.44%	\$ 405	4.29%	range of 4%, 4.5% or 7%
Non-resident undergraduate*	\$28,365	\$ 29,580	4.28%	\$ 1,215	4.33%	range of 4% to 4.5%
General Engineering resident	\$10,965	\$ 11,370	3.69%	\$ 405	3.85%	no differential increase
General Eng non-resident	\$29,895	\$ 31,110	4.06%	\$ 1,215	4.11%	no differential increase
Engineering majors resident	\$11,730	\$ 12,135	3.45%	\$ 405	3.61%	no differential increase
Eng majors non-resident	\$30,660	\$ 31,875	3.96%	\$ 1,215	4.01%	no differential increase
Eng majors res sophomores	\$11,730	\$ 12,135	10.67%	\$ 1,170	10.44%	elimination of pro-school model
Forestry resident	\$10,110	\$ 10,515	4.01%	\$ 405	4.15%	no differential increase
Forestry non-resident	\$29,040	\$ 30,255	4.18%	\$ 1,215	4.23%	no differential increase
Business resident	\$10,335	\$ 10,785	4.35%	\$ 450	4.48%	\$1/SCH differential increase
Business non-resident	\$29,265	\$ 30,525	4.31%	\$ 1,260	4.35%	\$1/SCH differential increase
Fine Arts CLA resident	\$9,435	\$ 10,140	7.47%	\$ 705	7.41%	new differential, ~\$100/term
Fine Arts CLA non-resident	\$28,365	\$ 29,880	5.34%	\$ 1,515	5.37%	new differential, ~\$100/term
Honors resident differential	\$10,935	\$ 11,340	3.70%	\$ 405	3.86%	no differential increase
Honors non-resident	\$29,865	\$ 30,375	1.71%	\$ 510	1.81%	no differential increase
Graduate Tuition						
Resident graduate	\$12,555	\$ 12,933	3.01%	\$ 378	3.18%	
Non-resident graduate	\$23,787	\$ 24,975	4.99%	\$ 1,188	5.03%	to adjust closer to peers
PharmD resident	\$23,580	\$ 24,516	3.97%	\$ 936	4.04%	adjust to market and peers
PharmD non-resident	\$40,284	\$ 41,220	2.32%	\$ 936	2.39%	adjust to market and peers
DVM resident	\$22,818	\$ 23,731	4.00%	\$ 913	4.07%	adjust to inflation and peers
DVM non-resident	\$45,639	\$ 47,465	4.00%	\$ 1,826	4.03%	adjust to inflation and peers
Engineering resident	\$14,535	\$ 14,913	2.60%	\$ 378	2.76%	no differential increase
Engineering non-resident	\$25,767	\$ 26,955	4.61%	\$ 1,188	4.66%	no differential increase
MPH differential resident	\$14,967	\$ 15,345	2.53%	\$ 378	2.69%	no differential increase
MPH differential non-resident	\$27,567	\$ 28,755	4.31%	\$ 1,188	4.36%	no differential increase
MBA resident	\$26,172	\$ 27,900	6.60%	\$ 1,728	6.60%	adjust to market and peers
MBA non-resident	\$45,720	\$ 47,448	3.78%	\$ 1,728	3.82%	adjust to market and peers
Cascades MCoun resident	\$16,200	\$ 16,704	3.11%	\$ 504	3.24%	align to resident graduate
Cascades MS Coun non-resident	\$29,052	\$ 30,492	4.96%	\$ 1,440	4.99%	align to non-resident graduate
Cascades MAT resident	\$16,200	\$ 16,704	3.11%	\$ 504	3.24%	align to resident graduate
Cascades MAT non-resident	\$29,052	\$ 30,492	4.96%	\$ 1,440	4.99%	align to non-resident graduate
Cascades MFA resident	\$16,200	\$ 16,704	3.11%	\$ 504	3.24%	align to resident graduate
Cascades MFA non-resident	\$16,200	\$ 16,704	3.11%	\$ 504	3.24%	align to non-resident graduate

Appendix A: Continued

2019-20 OSU Tuition and Fee Rate Recommendations, Corvallis and Cascades campuses						
Rate	FY19 Annual Cost	FY20 Change Summary				Notes
		FY20 Annual Cost**	Tuition % Increase	Dollar Increase	Tuition & Fee % Increase	
Summer (per SCH)**						
Corvallis undergraduate	\$603	\$ 636	5.47%	\$ 99		per SCH to resident academic yr
Cascades undergraduate	\$579	\$ 615	6.22%	\$ 108		per SCH to resident academic yr
Corvallis graduate	\$1,371	\$ 1,437	4.81%	\$ 198		per SCH to resident academic yr
Cascades graduate	\$1,371	\$ 1,437	4.81%	\$ 198		per SCH to resident academic yr
Ecampus** (per SCH)						
Undergraduate	\$891	\$ 927	4.04%	\$ 36		
Computer Science differential	\$1,461	\$ 1,497	2.46%	\$ 36		no differential increase
Business Students	\$951	\$ 990	4.10%	\$ 39		\$1/SCH increase in differential
Pre engineering students	\$993	\$ 1,029	3.63%	\$ 36		no differential increase
Prof Engineering students	\$1,044	\$ 1,080	3.45%	\$ 36		no differential increase
Developmental Math	\$645	\$ 672	4.19%	\$ 27		no differential increase
Graduate	\$1,614	\$ 1,680	4.09%	\$ 66		
PhD and EdD in CCL	\$1,701	\$ 1,767	3.88%	\$ 66		no differential increase
PhD and EdD in AHE	\$1,701	\$ 1,767	3.88%	\$ 66		no differential increase
PhD in Counseling	\$1,701	\$ 1,767	3.88%	\$ 66		no differential increase
MS in Counseling	\$1,701	\$ 1,767	3.88%	\$ 66		no differential increase
Grad Certificate Public Health	\$1,815	\$ 1,881	3.64%	\$ 66		no differential increase
MBA and Business Courses	\$2,400	\$ 2,544	6.00%	\$ 144		change to market
College of Engineering students	\$1,779	\$ 1,845	3.71%	\$ 66		no differential increase
*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						
Rates are shown as annual cost unless indicated, 15 credit hours for undergraduates, 12 credit hours for graduates						
Mandatory fees						
Rate	FY19 Annual Cost	Annual Cost**	Fee % Increase	Dollar Increase	Tuition & Fee % Increase	Notes
Building Fee	\$ 135.00	\$ 135.00	0.0%	\$0		same at Corvallis and Cascades
Matriculation Fees (once)	\$ 350.00	\$ 350.00	0.0%	\$0		same at Corvallis and Cascades
OSU-C Student Health Services	\$ 365.34	\$ 379.95	4.0%	\$15		
OSU-C Counseling & Psych. Svcs.	\$ 131.88	\$ 158.30	20.0%	\$26		
OSU-CC Health Services	\$ 177.00	\$ 177.00	0.0%	\$0		

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

Membership:

Belinda Batten	Chair, Executive Associate Dean and Professor, College of Engineering
Anita Azarenko	Associate Vice President, University Facilities, Infrastructure and Operations
Halli Barrios	Undergraduate student, College of Science
Sherman Bloomer	Co-chair (ex officio), Director, Budget and Fiscal Planning
Noah Buckley	Interim Vice Provost, Enrollment Management
Austin Carsh	Chair, Student Budget Advisory Council, Liberal Arts
Robert Cowen	Director, Hatfield Marine Science Center and Professor
Dan Edge	Associate Dean and Professor, College of Agricultural Sciences
Taylor Graham	Vice-President, Associated Students of Cascades Campus
Allison Hurst	Associate Professor, College of Liberal Arts
Drew Ibarra	Chair, Faculty Senate Budget and Fiscal Planning Committee
Virginia Lesser	Professor, College of Science
Javier Nieto	Dean, College of Public Health and Human Sciences
Raushell Palmer	Undergraduate student, College of Business
Paige Phillips	Graduate student, Public Health and Human Sciences
Jackie Thorsness	Manager, Agricultural Sciences and Marine Sciences Business Center
Theresa Thurston	Chair, Student Fee Committee, Associated Students of OSU
Kelly Sparks	Associate Vice President, Cascades Campus

Fall and Winter Meeting Schedule:

October 2nd
November 16th
November 30th
January 11th
January 25th
February 8th
February 22nd
March 8th
March 22nd

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.

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)”.

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 education and general budget. The discussions included review of the \$20M of FY18 expense reductions and the \$7.2M of FY19 expense reductions. Strategies for planning for reductions in FY20 included conversations about zero-based budgeting, administrative costs, and benchmarking to peer institutions, and the UBC will discuss cost-cutting strategies at their future meetings and as the state funding picture is clearer. A short summary of cost management practices follows as Appendix E.
- The scenarios in Table 1 were developed to illustrate how various tuition rates intersected with various levels of state funding to provide context for decisions impacted by different levels of state funding. These helped guide the UBC’s discussions on a preferred scenario.

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 4.5%. However, the committee has provided a scenario with a 7% resident undergraduate increase. In discussing those scenarios, there was substantial review and discussion about the impact of financial aid and the demographics of the freshmen class over time. The erosion of students from lower middle class and middle class families influenced the committee’s recommendation for a 4.5% preferred increase. The mission of Oregon State to provide an affordable, accessible higher education was central to the UBC’s discussions. The scenario approach was intended to show the impact of a lower increases in tuition rate than the 7% scenario.

APPENDIX E

University Budget Committee

2018-19 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 2019-20 fiscal year. The cost drivers and estimates have been revised regularly as conditions have changed, particularly after a \$7.2M rescission was distributed to Corvallis Education and General funded units in January, 2019. Through various meetings, depending on the topic, discussions included reference to various cost management and cost assessment strategies employed by the university, including:

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 the 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:

- Implementation of \$20M of expense reductions for the 2017-18 academic year and \$7.2M in January of 2019 to adjust to slowing enrollment growth and increased PERS costs;
- Beginning with FY19, implementation of a shared responsibility budget model that increases transparency in the allocation of resources to central administration and colleges; incentivizes colleges to address low or declining enrollment in particular programs; and that reallocates resources to moderate extremes in student-to-faculty ratios (providing resources where ratios are too high, and reallocating from areas where ratios are too low);
- Beginning in FY18, implementation of a new annual budget planning process that requires all central administrative units and colleges to prepare a financial plan for review by the Provost and Vice President for Finance and Administration, in which units relate their financial plans directly to their strategic goals and articulate areas of investment, cost containment, and hiring;
- Beginning in FY18, decline of periodic requests by central administrative units and colleges for recurring and non-recurring spending increases, with appropriate exceptions to address critical needs; units are instead directed to make a case for new investments in the annual budget planning process;
- Participation 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, the University of Texas, the University of North Carolina and others; the first peer comparisons should be available in April, 2019.

- Ongoing process improvements to increase efficiency including Eprocurement purchasing system, student hiring redesign, policy and process review and revision, steam turbine upgrade in energy plant and deferred maintenance funding to reduce energy and operating costs.
- Assessment of 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.

Potential New Initiatives

- A comprehensive zero-based budget review of expenses for service, support, and management functions;
- Implementation of productivity benchmarks for academic units;
- Implementation of a three year horizon in the annual budget setting process, with assessment of relative needs and priorities across units;
- Periodic assessment of cost growth rates by categories and units over five-year spans to guide decisions about budget reductions or new investments.

Initial summary of cost drivers discussed in Fall, 2018 (prior to January budget rescission and updates to revenue and cost projections included in Table 1).

2019-2020 Corvallis Education and General (E&G) Expense Projections
FY19 E&G Projected spending is \$581M

Expense Growth Summary:

	Amount	% of FY19
Growth	3,773,234	0.65%
Inflation	22,661,083	3.90%
New commitments	10,360,000	1.78%
FY19 Shortfall	8,688,339	
Total	45,482,656	7.83%

Inflation components:

Salaries	8,589,231
Retirement	7,146,068
Health	2,719,024
Remissions	777,000
Services and supplies	3,429,760
Total	22,661,083

Revenue example--Scenario C--State Funding \$40M

Ecampus rate increase	4,314,659	15%
Other rate increase	11,124,078	40%
Ecampus growth	8,218,398	29%
Other growth	171,367	1%
State funding	2,395,037	9%
Other resources	1,836,185	7%
Total:	28,059,724	100%
Gap to close:	(17,422,932)	

Detail:

Growth 3,773,234

Inflation

Salaries	
Unclassified	6,326,648
Classified	1,631,890
Students	630,693
Benefits	
Unclassified	
Health	1,684,481
Retirement	6,153,961
Classified	
Health	686,017
Retirement	992,107
Students	
Health	348,526
Remissions	777,000
S&S	3,429,760

Strategic commitments

Capital renewal increment	5,000,000
Foundation increment	1,200,000
Athletics increment	660,000
Revenue bond increase	3,500,000

Total expense increment 36,794,317
6.34%

FY19 Expense Projection 580,578,201