

Attendance: Trang Dang, Marjorie Halstead, Steven Miller, Sami Searles, Sherm Bloom & Karren Cholewinski

Tuition Scenarios Discussion

- The University Budget Committee (UBC) met on Monday, January 30. Sherm reported the content discussed with the UBC as was the same as covered at the SBAC last Thursday (January 26), Tuition Discussion with Board of Trustees; Budget Scenarios; Expense reduction ideas and priorities.

Handout: Revenue Model & Composite Revenue Model

- Part of the tuition discussion asked what the consequences of the higher tuition rate scenarios (6% resident and 3% non-resident) might be and if it was worth considering. I went back and checked over the enrollment-tuition models we'd made, and got the same answer (top graph-Net revenue model with tuition rate increase)—the maximum net revenue is about at a 4% non-resident increase and a 10% resident increase. However, the curves flatten toward their peaks reflecting slowing of rate of increase.
- To look at a composite scenario, I assumed that non-resident tuition increases were 40% of resident tuition increases, and that any increase will result in an increase in financial aid, enough to address needs for students with less than a \$4,000 EFC (Expected Family Contribution). The latter turns out to be \$3-4M. The middle graph (Composite Revenue Model) shows the composite model. The grey curve is net revenue—you can see how much it flattens after a 4% resident tuition increase.
- The table at the bottom shows the incremental changes. If you go from a 4% resident increase to a 6% resident increase, you gain \$390K in net revenue but lose an additional 192 resident students. The question becomes where the gain in dollars is not worth the loss in students, particularly since those students are likely to be those with higher need, first generation students, and students from historically disadvantaged populations.
- Kate Peterson's group has been working with Ruffalo Noel Levitz on a review of OSU's financial aid strategy, as part of which they run revenue projections with various assumptions. Kate asked them to look at a 4% resident, 2% non-resident scenario, and a 6% resident, 3% non-resident scenario. The short version (they send back a lot of complicated data), is that a 4% increase would probably still yield the desired freshmen in-state population (though it needs some more aid) but a 2% non-resident increase would make it hard to hit those targets without quite a bit more additional aid (but with that aid it was possible). The 6%-3% scenario would yield enrollment significantly below the recruiting targets. These assessments are broadly consistent with what the internal model is reflecting.
- These remain qualitative estimates, but do suggest there are significantly declining returns (and costs in overall enrollment) with tuition increases beyond a certain point. Question to the EM consultant – What happens at 6%-Resident/4%-Non-Resident tuition rate increase? Answer: Don't bother. The consultant also indicated the average rate of tuition returned as financial aid is 12%. OSU's rate is much lower.
- Question: Regarding tuition increases, are engineering students as sensitive to pricing adjustments as Liberal Arts or PHHS students? Not sure as the analysis is not that deep.

Handout: OSU Tuition & Fee Rates

- **Green Highlight:** Items with 0% increase or confirmed commitment for 2017-2018
- **Yellow/Tan Highlight:** Targeted changes for graduate programs for 2017-2018
- **Blue Highlight:** Items which are under discussion; not yet finalized for 2017-2018
- Fine Arts/Liberal Arts Differential Proposal: Justifiable as Fine Arts is a high cost program, unfortunately, the differential proposal was outside differential guidelines. Sherm will return the request and most likely, the revision will not be ready in time for FY2018.

- Graduate Tuition
 - Base tuition rates for graduate tuition for non-residents is in a period of adjustment as OSU's rate is significantly lower than peer institutions.
 - Pharm-D and Vet Med are increasing resident and non-resident tuition rates for better alignment with peers.
 - College of Business is asking for per credit hour pricing, eliminating the tuition plateau at 9 SCH for their professional degree programs. The goal is faster completion of degrees and an effective timeline for the graduate programs students enrolling in Fall 2017.
- Ecampus and Summer Session tuition rate increases will match those for on undergraduate resident tuition.

Handout: Peer Comparisons to OSU – Group discussion

Comments regarding the Tuition Scenarios

- Going forward it will be important to point out that 1% of the tuition increase will be used for financial aid.
- The social justice issue around tuition increases relates to inequality as the rates price people out of attendance. Important to note the increase in tuition can potentially help people.
- Middle Scenario (4% increase-3% tuition/1% financial aid) is agreeable because 1% of the increase is going to financial aid. It potentially will have students feeling more comfortable with an increase.
- The annual increase for the 3%/1% scenario is \$349 and knowing the breakdown (~\$117 a term) is financially doable – manageable.

Tuition Conversation

- Tuition increases for most Grad students (at least in the sciences is not of a concern). Part of employment package is tuition is paid. Graduate remissions are budgeted by department, who in turn covers the student's tuition.
- In talking to the Board of Trustees next month, Sherm will represent the thoughts and comments from the SBAC. He will offer a range of representative comments without attribution to an individual, a range of points of view around tuition expressed by SBAC participants. He will vet the comments with group prior to sharing comments with BOT.
- UBC meets next Thursday, February 9 at 9:30 am. He will present to the UBC, SBAC comments and support for 4%/2% or 4/1.5% with 1% dedicated for financial aid, rather than 5%/2% or 6%/3%.
- February 15 is the deadline for getting the recommendation to the Provost. At this time, the tuition information will become public and open for discussion.
- Need names from the SBAC membership for those organizations/clubs in which they participate. Sherm and Susie Brubaker-Cole want to talk with as many students as possible before the recommendation goes to the Board of Trustees for discussion and approval.
 - Colleges student advisory groups; Honors College weekly/bi-weekly meetings; Ag Exec Committee

Expense Reduction Discussion

- What administrative expenses should be cut? What expenses were cut in the past?
 - Academic Programs that were graduating 1-2 students every three years. This additionally resulted in the adjustment to minimum class size.
- OSU has a centralized marketing/public relations division. Increasingly colleges have added marketing units. Central Information Services provides support to the majority of the institution yet colleges

have IS/IT units. How can the central functions coordinate/support the college/department service units? If a change does occur, is will not be effective until FY2019 at the soonest.

- Enterprise Computing Services spent a lot of money on servers and equipment, moving from single server units to cloud services
- The Budget Office is a small operation, what functions can we eliminate?
- The Student Affairs Division has 12 units, yet none of the departmental office operations is large.
- Facilities merged with Capital Planning and there was need for only one director in Facilities. A director position eliminated led to savings that in turn led to investment in frontline staff like carpenters, plumbers, etc.
- College of Liberal Arts had a number of small departments that merged to make schools. This consolidation resulted in overhead costs savings, reduced the span of control, which had too many small units with managers.
- Dean's offices have grown in response to student growth.
- There is need for the hard conversation – What to cut? Students need to be engaged in conversations and supportive of any change.
- Steven and Sherm reviewed the list of units and associated expenses and nothing jumped off as unnecessary.
- Are these representatives of the places where we need to start looking to reduce expenses?

Closing and Next Steps

- Marjorie expressed her comfort with the tuition increases but when the Council formed, she was very hesitant about any changes in tuition rates.
- The most important statements and thoughts are those that come from students.
- Sherm - Notes out which summarize the discussion.
- Send Karren your list of organizations and clubs so she can get Sherm/Susie on the meeting agenda
- Students - review the expense list and think about where the UBC should suggest cuts
- The next couple of weeks will be devoted to tuition rate recommendations and budget balancing for FY2018.

Next Meeting: Tuesday, February 14, 2017, 6 pm – 212 Memorial Union, MLK Room