

### **Meeting: November 17, 2016**

Attendance: August Peterson, Dom Miller, Alejandro Meillon Munoz, Sherm Bloomer & Karren Cholewinski

- Discussed outcomes from Oregon election and impact on OSU.

### **OSU Tuition & Fee Rates**

- Tuition Rate Differentials - between \$15 - \$51 SCH for Undergrads
- Why differentials for these majors?
  - Left over from time when Oregon had a state board of higher education
  - Generally incurred for higher cost or higher demand programs; typically used to cover the additional expenses of these programs
  - Professional programs (Pharmacy & Vet Med) are priced to market and have limited enrollment
  - Forestry differential is left over from a prior high cost program
  - May create policies to drive differential rates for the programs
- Honors College - 2 years' phase-in (AY 2017 & AY 2018) of tuition increase for program (\$500 per term differential) AY 2018: Increase \$69/Term (completion of phase-in)
- Graduate program differentials are priced to market, competing programs, credentialed programs
- International students are charged the non-resident tuition rates (no differential); International students receive lower rates of financial aid

### **Budget Scenario Summaries - Corvallis E&G**

- **Factors which will impact tuition & fee rates for 2017-2018**
  - Measure 97 did not pass
  - State has a lower financial forecast than originally projected
  - Greater expense for employee pensions
- **Goal - How to close gap?**
  - A \$9-10M gap has flexibility, is manageable - cut supply budgets, turn the heat down, etc.
  - A \$30M gap is more challenging - people reduction, do not fill vacant positions, harder decisions
  - Look at 2-4% increase vs. no increase which will result in cuts in services
  - 1% increase is about \$80 for resident, \$200 non-resident
  - Indirect expense (revenue) will be higher in the coming year
  - Resident enrollment not price sensitive but non-resident pricing is.
- **Tuition Process**
  - Sherm will present projection worksheets (scenarios) to the Board of Trustees in January 2017
  - Political scenario (message to Legislature) - 9-10% increase in tuition for resident students and a 3% increase for non-residents students
  - The UBC will submit 2-3 proposals for discussion and final approval (of one option) to Board of Trustees during the March 16 & 17, 2017 meeting

## Discussion Topics

- Construction/Renovation Expenses - How do they impact tuition rates?
  - Johnson Hall - Net cost building, net plus in the long term (students & research)
  - Bexell Hall - Net plus
  - Valley Football Center Expansion - Gift funding (small increase in costs)
  - OSU-Cascades - Budgeted independently; enrollment grew 10% this year; anticipated growth of 10-12% next year (careful growth expense management); OSU-Corvallis is not subsidizing OSU-Cascades; Central Oregon a college desert - 15 years ago, push from Bend community challenge is having degrees of interest to students.
  - What about postponing future projects?
- 10-year planning being driven by the OSU Board of Trustees
  - What can you do to make it work over the long term?
  - No expectation to raise tuition without addressing other possibilities.
  - State is not a growth partner; don't count on them continuing to fund higher education in Oregon
  - 10-year plan - what are the major ten year projects on list? What do we HAVE to do
- Are there other institutions facing what OSU is facing today? What has been their success?
- **Intellectual Property** - How does the university profit? Licensing deal, 25% Profit, 75% College and inventor - royalty revenue. Can these funds be retained within the college? Incentives - How to manage?
- **OSU Foundation** - Conservative investment policy at present. Just outsourced to third party firm, investment firm. Fees - OSIG, \$2MM portfolio; ½ student ½ firm - recruitment tool; reduce fees charged for investments. Experiential learning for students - partnering on investing.
- **State of Oregon** - Looking seriously at what can they realistically change. Not going to revenue side. Are there things they can stop doing or change?
- Oregon State University
  - Modest to small tuition increases over last few years
  - Must manage costs
  - What do we change? What do we stop doing?
  - Large tuition increases are not favored
  - Add funding to financial aid; currently \$35-36M from tuition funds go to financial aid for need based assistance along with some merit. Federal - Pell Grants, need based aid; State - Promise Grant, need based; Private Gifts \$25M - scholarships. Actual grants and scholarships \$80-90 million annually but falls short of student need.
  - What about taking funds from financial aid to reduce tuition? Consultant here right now providing guidance on Financial Aid funds distribution.
  - Currently \$120M comes in the form of student loans funding.
  - Average debt for students graduating from OSU ~\$20K; higher debt in graduate programs; debt picture different for the public institutions vs. private institutions. Philosophical question/discussion.

- OSU funding history
  - Revisit past solutions?
  - What have other institutions done? Looking at their solutions.
  - Early retirement program (buy-outs) but how do you accomplish doing so without it costing more than if you had left it alone?
  - Program/Degree discontinuation, has it been considered? Five-year process to close an academic degree; 7-8 years ago closed peripheral small programs and set class size minimum limits; forced class size. OSU has not closed a program in 25 years with faculty layoffs (Journalism). It must be a President and Provost driven approach. Need to do periodic evaluation/assessment of programs.

### **Meeting: November 21, 2016**

Attendance: Kat Crane, Steven Miller, Sherm Bloomer & Karren Cholewinski

#### Financial Aid/Student Need

- Who are OSU's at students at financial risk (demographically)?
- What is the unmet financial aid need?
- Need to define at risk
- How large is the financial aid/tuition expense gap?
- Variable/Sliding Scale Tuition - Based on percentage of average (sticking point) family income; consideration for projected 6 months' post-graduation salary and average debt load percentage.

#### Questions/Discussion

- Market pricing for non-resident tuition rates; What are OSU's rates in comparison to average resident rates for student's home state?
- What is the impact of a 1% increase in financial aid?
- Identify critical unmet student financial need. Funding required for completion?
- Strategic planning around financial aid? Targeted?

#### Questions/Considerations - SBAC Membership

- Identify strategies for closing the gaps
- Which scenarios should be presented to the Board of Trustees?
- Priorities for cost savings?
- What messages must Sherm share with the Board of Trustees in January?

#### Next Steps/To Do - Sherm (and Karren)

- Notes from the meetings to membership along with handouts (Scenario/Tuition Rates)
- Rework scenarios worksheet into a simpler format
- Sherm to summarize questions with answers
- Demonstrate trade-offs, cut tuition, financial aid pool is reduced, reduction to benefits to students.

#### NEXT MEETING:

- **Thursday, December 1, 2016, 5:00 pm - 6:30 pm**