University Budget Committee
January 11, 2019

Attachments

- FY20 Tuition Tracking
- Tuition Rationale
- Financial Impact of Engineering Pro-school Removal
- UBC Tuition Updates (January 11th)

2019-20 OSU Tuition and Fee Rate Recommendations, Corvallis and Cascades campuses

Rates are shown as annual cost unless indicated, 15 credit hours for undergraduates, 12 credit hours for graduates

Rate	FY18 to FY19 % Rate Change	FY19 Rate	Proposed % Increase	FY20 Proposed Rate	Comments	FY19 Rates: Per Credit Charge	FY19 Rates: Differential or Other	FY20 Proposed: Per Credit Charge	FY20 Proposed: Differential or Other
Building Fee		$135			Fixed charge per quarter		$ 45		
Matriculation Fees (once)		$350			Fixed charge once		$ 350		
Student Health Services									
Counseling and Psychological Services									
Undergraduate Tuition									
Corvallis resident no differential*	3.97%	$9,435			Per credit	$ 203	$ -		
Cascades resident no differential*	4.11%	$9,120			Per credit	$ 196	$ -		
Non-resident undergraduate*	2.27%	$28,365			Per credit	$ 608	$ -		
Pre-Engineering resident	3.39%	$10,965			Per credit	$ 203	$ 34		
Pre-Engineering non-resident	2.15%	$29,895			Per credit	$ 608	$ 34		
Pro-Engineering resident	3.17%	$11,730			Per credit	$ 203	$ 51		
Pro-Engineering non-resident	2.10%	$30,660			Per credit	$ 608	$ 51		
Forestry resident	3.69%	$10,110			Per credit	$ 203	$ 15		
Forestry non-resident	2.22%	$29,040			Per credit	$ 608	$ 15		
Business resident	3.61%	$10,335			Per credit	$ 203	$ 20		
Business non-resident	2.20%	$29,265			Per credit	$ 608	$ 20		
Honors resident differential	3.40%	$10,935			Per credit plus differential per qtr	$ 203	$ 500		
Honors non-resident	2.15%	$29,865			Per credit plus differential per qtr	$ 608	$ 500		
Graduate Tuition									
Resident graduate	1.75%	$12,555			plateau 9 to 16 credits	$ 465			
Non-resident graduate	4.51%	$23,787			plateau 9 to 16 credits	$ 881			
PharmD resident	3.99%	$23,580			plateau 12 credits and over	$ 655			
PharmD non-resident	3.04%	$40,284			plateau 12 credits and over	$ 1,119			
DVM resident	3.00%	$22,818			fixed charge	$ -	$ 22,818		
DVM non-resident	3.01%	$45,639			fixed charge	$ -	$ 45,639		
Engineering resident	1.51%	$14,535			plateau 9 to 16 except differential	$ 465	55		
Engineering non-resident	4.15%	$25,767			plateau 9 to 16 except differential	$ 881	55		
MPH differential resident	6.60%	$14,967			plateau 9 to 16, except differential	$ 465	67		
MPH differential non-resident	8.16%	$27,567			plateau 9 to 16, except differential	$ 881	105		
MBA differential resident	2.97%	$26,172			per credit hour	$ 727			
MBA differential non-resident	2.92%	$45,720			per credit hour	$ 1,270			
Cascades MS Counseling resident	0.00%	$16,200			per credit hour	$ 450			
Cascades MS Counseling non- resident	0.00%	$29,052			per credit hour	$ 807			
Cascades MAT resident	0.00%	$16,200			per credit hour	$ 450			
Cascades MAT non-resident	0.00%	$29,052			per credit hour	$ 807			
Cascades MFA resident	0.00%	$16,200			per credit hour	$ 450			
Cascades MFA non-resident	0.00%	$16,200			per credit hour	$ 450			
Summer (per SCH)*									
Corvallis undergraduate	0.00%	$201			per credit no non-resident rate	$ 201			
Cascades undergraduate	0.00%	$193			per credit no non-resident rate	$ 193			
Corvallis graduate	0.00%	$457			per credit no non-resident rate	$ 457			
Cascades graduate	0.00%	$457			per credit no non-resident rate	$ 457			
Ecampus* (per SCH)									
Undergraduate	3.13%	$297			per credit no non-resident rate	$ 297			
Computer Science differential	1.88%	$487			per credit no non-resident rate	$ 297	190		
Business Students	2.92%	$317			per credit no non-resident rate	$ 297	20		
Pre engineering students	2.80%	$331			per credit no non-resident rate	$ 297	34		
Prof Engineering students	2.65%	$348			per credit no non-resident rate	$ 297	51		
Developmental Math	2.88%	$214			per credit no non-resident rate	$ 297	-83		
Graduate	1.89%	$538			per credit no non-resident rate	$ 538			
PhD and EdD in CCL	1.80%	$567			per credit no non-resident rate	$ 538	29		
PhD and EdD in AHE	1.80%	$567			per credit no non-resident rate	$ 538	29		
PhD in Counseling	1.80%	$567			per credit no non-resident rate	$ 538	29		
MS in Counseling	1.80%	$567			per credit no non-resident rate	$ 538	29		
Grad Certificate Public Health	2.37%	$605			per credit no non-resident rate	$ 538	67		
MBA and Business Courses	2.96%	$800			per credit no non-resident rate	$ 800			
College of Engineering students	1.72%	$593			per credit no non-resident rate	$ 538	55		

*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

Ecampus:	FY19
Instruction	215
Operations	82
Total	297

Ecampus:	FY20
Instruction	
Operations	
Total	

Addressing annual cost increases in the Education and General Budget

Annual cost increases occur in any non-profit or for-profit enterprise that employs people or purchases goods. This is certainly true of OSU. If those costs are incurred for programs or services that are valuable to the users (students, faculty, the public served by OSU programs, etc.) then covering those cost increases rather than cutting the programs is the preferred choice.

If that is true, can the UBC answer the question "what is a reasonable and balanced strategy for covering expected annual increases in costs?". There are a couple other questions that could be considered within that, including "are all programs and services worth retaining?" and "is it reasonable to ask students to pay some portion of annual cost increases?". If the answer to the last one is "yes", we might also ask "when" and "how much".

We would like to spend some time thinking about this together at our next meeting. Some context for the discussion follows.

Annual Cost Increases:

Type of cost increase	**Magnitude FY19 to FY20 at OSU**	**Issues or examples**
Inflationary costs: • Salaries • Benefits • Goods, services, etc.	 • $8.5M • $10.2M • $3.4M	Overall inflation about 4.1% • Contracts, market • Set by state, PERS, PEBB • CPI mostly or contract
Costs of growth:	$3.7M	if new programs or enrollments come on line (Ecampus, MSI) additional people are needed
New commitments: • Fixing spaces • Fixing ignored issues • Improving service or capacity	 • $3.5M • $5M • $1.9M	 • debt service for repairs and new spaces • capital renewal for undone maintenance • more staff in Foundation to raise money, balanced athletics operations

Overall cost increases for FY20 total about $36M or 6.3% of FY19 revenues. The inflationary increases are difficult to avoid as they are largely external or tied to employee expectations or contracts about competitive wages and benefits.

How are cost increases addressed?

Education and General revenues come 66% from net tuition (after $41M of university financial aid), 23% from the state, 7% from overhead charges to grants, and 4% from other funds (sales, interest). Addressing the cost increases noted above can be done by:

- Increasing net tuition revenues
  - Raising rates on current and new students (can include increased financial aid if the net amount grows)—at some point rate increases shrink enrollment and lose revenue and/or damage mission
  - Increasing enrollment so additional students contribute—takes time and there is competition and a declining pool of high school graduates
- Increasing state appropriations---this is always a good choice but complex and unpredictable some years. A priority for us but not for everyone else.
- Increasing the volume of grants (increasing the rate of overhead charges is slow and a multi-year process with the Federal government)--increasing volume is hard in the current competitive environment
- Increasing other revenues (sales, interest, unrelated business income)—these can impinge on private sector, be slow to grow, may not be under OSU control
- Cut costs—always an option, but if it is the only choice and your annual cost increases are 4% in five years you will have had to cut 22% of your programs or services. At some point it doesn't work.

What is a reasonable and balanced approach?

So, if cost increases are inevitable and many programs and services are worth retaining or required (compliance functions for example) are there any guidelines, principles, or approaches the UBC can recommend? It is easy to say "the state should cover all increased costs" or "cuts should be made so no one has to pay more" but those solutions aren't very likely to work (setting aside reasonable debates on higher education as a public or private good). Are there principles or guidelines the UBC could endorse such as (these are just for discussion and a starting point, not more—and the ones listed aren't all consistent with each other):

- Every stakeholder (students, state, other revenue sources) should bear a proportional share of inflationary costs
- Cost of growth should be born out of the revenues from growth
- Cost of new commitments should come from cuts (or growth/ or shared by stakeholders)
- New commitments agreed to by all stakeholders should be paid by all stakeholders
- All cost increases should always be offset by cuts in existing programs
- If a stakeholder can't (or won't) pay their share of increased costs the difference should be spread across other stakeholders/made up by cuts/offset by reduced new commitments
- Etc, etc?

Budget impact on students of pro-school replacement in the College of Engineering

Since 1981, College of Engineering (COE) has used a pro-school model for controlling progression of students in undergraduate engineering programs. This model requires student to apply to pro-school after completion of their sophomore year. Acceptance is based on attaining a minimum GPA in a subset of courses, varying across degree programs. This system, initially implemented due to resource constraints, presents a number of challenges to student success:

- Switching majors delay students more than in most majors outside of engineering.
- Pro-school GPA is a poor indicator of academic success; 10-15% fail out after getting in.
- Feedback about paths to success, or lack thereof, often come too late (3rd year of study).
- Pro-school admissions are only done Summer/Fall & Winter. Students who get delayed often fall out of course sequences, compounding the delay.

With the goal of improving student success, the COE is replacing the pro-school model with a continuous progression model. In this model, all students will have a 1st year General Engineering experience for exploration and developing skills for student success, and then opt into any engineering discipline, provided that they maintain a minimum GPA of 2.5 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.

Currently, students pay $34/sch (student credit hour) in differential tuition before being admitted to pro-school, and $51/sch in pro-school. In our new model, students will be charged $34/sch while in General Engineering (Year 1) and $51/sch once they select a major. While not selected for financial reasons, the new model will affect students financially:

- 300-350 students who enter pro-school without delay and complete their degree in 180 credits will be negatively impacted. These students will now pay the higher differential tuition for one additional year. Specifically, they will pay an additional $765 for their sophomore year (assuming 45 credits/year).
- 150-200 students who on average are delayed 1 year due to retaking courses to be admitted into pro-school will now on average be delayed 1 term, at a saving of $7,310 in in-state tuition + 2 terms pre-Engineering differential ($34/sch).
- 100-150 students will be suspended from the college after the first year. Over half of these would have unsuccessfully tried to get into pro-school for an average of an additional year, at a cost of $10,965 in in-state tuition + pre-Engineering differential. These students will have more opportunities to find a path to success outside engineering, and earlier, than they have today.

Belinda Batten, Carlos Jensen, Shaun Bromagem, COE, January 11, 2019

- For the remaining students, many of who currently end up failing to graduate from engineering from a variety of reasons, we expect mixed results, with increasing fees being offset by tuition savings through fewer delays and retakes, or quicker rejections.

Updates:

- College plans and requests

  Vet Med has proposed a 4% increase, Pharmacy is considering the same but has not confirmed. Business has requested increases to the MBA rates to bring them closer to being in line with UO rates and is considering a proposal to raise the undergraduate differential from $20 to $21. Cascades would align their professional masters degrees (MCoun, MAT, MFA) with Corvallis percentage rate increases. Ecampus assesses that a 3-4% undergraduate increase and a 3-5% graduate increase would not change their market position or competitiveness. The fine arts programs in Liberal Arts (art, music, theater) are considering a new differential proposal because of the high costs of their programs. No other differential rates have been proposed for changes. The structure of the existing Engineering rates will change as the pro-school model is phased out (Engineering has prepared a short discussion of the expected impact on students, particularly sophomores).

- Student fee and housing/dining rates

  The Student Fee Committee has recommended an increase for the academic year of 4.39% ($16.72 per term). Housing and dining is considering rate increases averaging 4.5%. UBC does not review these but they are relevant to overall cost of attendance increases.

- Student Health Services (SHS) and Counseling and Psychological Services (CAPS)

  SHS will propose an increase of about 3.5% ($4.26 per term) which will cover some, but not all, of their inflationary costs. CAPS will propose an increase of 19% ($8.35 per term) to address the greatly increased demand. Ian Kellems, Director of CAPS, will join UBC on January 25th to discuss the proposals.

- Mid-year budget changes

  Tuition revenues for the current year are short of budget projections by about $7.2M. The university is discussing how to address that budget shortfall and distribute the reduction appropriately.

- Status of state budget discussions

  The Governor's budget had two versions---one flat-funded the universities and cut some programs and would cut $12M from OSU next year. The other adds $120M to the universities for the biennium and would probably yield about a $15M increase to OSU. The Governor's office would like the universities to commit to tuition increases of 5% or less on the promise of $120M. Several of the institution are considering increases much larger than 5% (double digit range) depending on state funding so this is a complicated conversation.

- Tuition Forums and Student Group Meetings

The Budget Office is preparing an note to colleges, ASOSU, and student affairs offering a meeting to discuss tuition and answer questions. We may ask for volunteers to participate in a couple of those. We have also gone ahead and scheduled some open forums to answer questions about the process. We will work up a tuition FAQ page as part of that process.

The schedule for the open forums is currently:

Date	Suggested Room & Time
Friday, January 18, 2019	MU 213 3-4 PM
Thursday, January 24, 2019	MU 208 7-8 PM
Friday, February 1, 2019	MU 213 3-4 PM
Thursday, February 7, 2019	MU 213 11-12 PM
Friday, February 15, 2019	MU 213 3-4 PM
Thursday, February 21, 2019	MU 213 3-4 PM
Friday, March 1, 2019	MU 213 3-4 PM
Thursday, March 7, 2019	MU 213 5-6
Tuesday, March 12, 2019	MU 213 3-4 PM
Thursday, March 21, 2019	Finals Week

The Board meeting is the first week of April.