University Budget Committee
March 4, 2022

Meeting Materials Include:

- UBC Course Fee Workgroup Summary
- UBC Differential Tuition Workgroup Summary
- UBC budget Model Workgroup Summary

UBC Course Fee Workgroup
2021-22

The course fee workgroup met December 9th (to identify needs for information), January 31st and February 18th. The principal observations and recommendations of the group are summarized here.

Observations

- There are a very large number of courses fees in the system (1,111) many of which are not being used.
- The fees generate less than 1% of initial college budgets and 79% of the course fee revenue goes to PHHS, Science, and Liberal Arts (2018-19 numbers).
- Course fees are 5.7% of PHHS's budget (almost all Physical Activity Course fees), 1.7% of Liberal Art's budget and 1.4% of Science's budget. All other units see 0.9% or less of budget from fees and most are less than 0.5%.
- Some of the fees are very small and may not be worth collecting. If we keep the fee model, it is worth considering minimum materiality to reduce unnecessary administrative burden.
- There is a great deal of effort in preparing, maintaining, and billing fees and the process is done several times a year.

Criteria

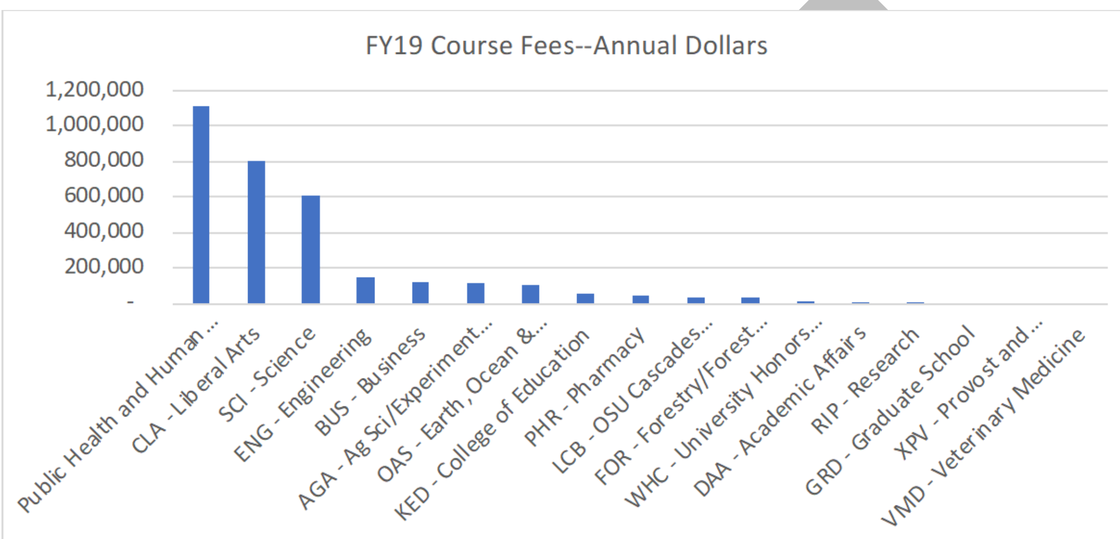
- Course fees might appropriately be used for:
  - Overnight/extended field trips, maybe day trips but is there a materiality level?
  - Activities provided by a third party (lift tickets, play tickets, etc.)
  - Private instructors (music for example, maybe supervising teachers)—non OSU employees
  - Deposits on OSU owned equipment (maybe an external fee?)
  - Things above and beyond a typical university experience or activity
  - Optional or elective classes
  - Certifications outside of OSU (e.g. scuba certification)
- Course fees are not generally appropriate for:
  - Required courses
  - Consumable materials
  - Guest speaker costs
  - Labor costs for OSU employees
  - Course materials that could be supplied through the bookstore
  - Courses in colleges with significant differential tuition

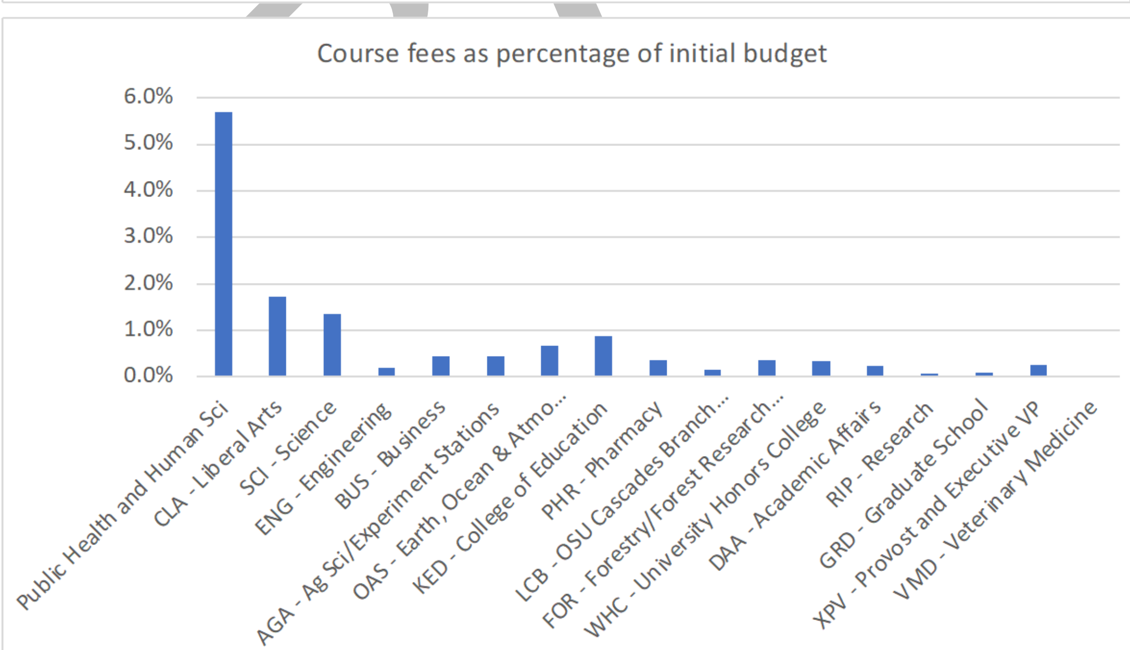
Recommendations

- Consider rolling most course fees into tuition and distributing to colleges through the budget:
  - Colleges would have to be responsible for budget decisions to support appropriate experiences
  - A college level fund for experiential learning or similar activities from which these programs are supported might provide clarity and accountability
  - This will have the benefit of enabling students to more accurately receive financial aid, because fees are excluded from aid
- If major outliers exist, develop course fees guidelines with much narrower allowances for when fees are appropriate, drawing from the ideas above.

- Initiate a discussion on revising the charges for PAC classes, informed by the outcomes of the Baccalaureate Core discussions, to align the use of fees and tuition and to make the classes more affordable. This might include rolling some of the costs into overall tuition to continue to support the programs and make them more accessible.
- Revise the course fee process to a single submission per year with a review process including faculty (perhaps drawn from the UBC each year).
- Consider suspending most new course fees or increases (with allowance for unique or special programs---field trips to Iceland for example!) while the guidelines and approach are sorted out.

Figure 1: Distribution of course fees (2018-19) by dollar amounts and as a % of initial budget.





UBC Differential Tuition Workgroup
2021-22

The differential tuition workgroup met December 9th (to identify needs for information), January 27th, February 8th and February 24th. The group had wide-ranging discussions on tuition, differential tuition, and communicating with stakeholders. The principal observations and recommendations of the group are summarized here.

Observations

- Differential tuition (particularly at the undergraduate level) developed over a period of years and does not necessarily fit a single plan or set of guidelines.
- OSU's tuition has become very complicated to understand and to explain.
- Differential tuition charges within a program but across modalities (Ecampus vs. campus) don't always map to clear outcomes for both groups of students.
- Goals in overall tuition pricing should include:
    - Clarity, simplicity, transparency
    - Be student-centric and related to the student experience in programs
    - Be consistent with education at an R1 university
    - Acknowledge OSU (and students) function in a national market
    - Be clear that not every activity or program need be revenue-generating
    - Help all stakeholders (students, families, faculty & staff, legislature, HECC) understand why we charge what we do.
    - Be equitable across modalities and students (Ecampus students should see outcomes like campus students)
- Differential tuition is part of a pricing strategy, but OSU lacks a comprehensive strategy for pricing. Such a strategy should be preceded by a comprehensive enrollment strategy which ideally would rollup (or map down) by college and student level (this isn't a criticism of any unit past or present, just an outcome of how enrollment practices have developed across colleges, graduate school, and various administrative activities over many years).

Criteria

- Differential tuition might be appropriate when:
    - The documented cost of delivery is significantly higher than base tuition
        - A challenge is that every program has a different cost of delivery and within colleges there are high and low cost programs.
    - A major or program leads to a career with a likelihood of a high return (such programs often have accreditation, experiential learning, supplemental experiences, etc. that are expected or required).
    - There is an enhanced experience available only to students in that program (Honors is an example).
    - There is a market rate nationally that is appropriate for the program and that influences both the perception of the quality of the program and the actual experience students get (this is most applicable to postbac or graduate programs).
    - The differential supports an activity or cost truly unique to the program (compared to other OSU programs or colleges)
- Differential tuition is not really appropriate:
    - Simply to augment base budgets.

    - To support general college costs or costs that might occur in any college
    - For things not specific to student experiences.
    - For very specific (i.e. single course) costs.
- Important things to consider
    - Differential charges should be inclusive of all students across campuses and modalities and student identities (anyone charged differential tuition should see a specific outcome linked to it)
    - Need to create accountability about the use of funds
    - Student experiences built with non-E&G funds (grants for example) are good but can't automatically lead to an expectation of differential charges to continue them
    - Use of differential tuition needs to consider students ability to pay and financial aid strategies (though significant discounting should reduce allocations to units)
    - Aspirations aligned with resources (for example a goal of being "Top 10" can create pressure for resources that might actually be counter to the institution's core goals) .

Recommendations

- Review the current differential charges and consider how to manage the incentives for colleges to seek differential charges to improve their programs by choosing an approach from choices that include:
    - Rolling all differential charges into a single tuition rate (such an approach would require parallel budget model adjustments to work).
    - Allow the current approach to continue (with clarified guidelines) allowing colleges to request differential charges for a whole college or majors within a college.
    - Consider a tiered system where majors or colleges were assigned one of a limited number of tuition tiers (base costs, higher costs, highest costs). Liberal Arts and Science (or other colleges with major general education responsibilities) might constitute the "base cost" division (but there would have to be budget model acknowledgement of high cost programs within those—music and biochemistry for example). These would not be set by individual college requests but by collaborative discussion of all units (and likely UBC).
- Convene a university-wide (Corvallis, Cascades, Ecampus, undergraduate, graduate, professional) enrollment planning process to define enrollment goals
    - From that, develop a pricing strategy (that ideally would inform the discussion above about the role of differential tuition)
- Simplify the overall current pricing (across base tuition, differential tuition, course fees, cohorts, residency, etc.) with the goal of making it clearer to stakeholders, easier to find and understand, and easier to manage.
- Ensure there is accountability if differential tuition is part of a tuition strategy---how is it used, how is the use documented and shared, how is it reviewed and updated?
- Ensure there is fairness across modalities and residencies---do the price, experiences, and outcomes for students taking the same class (a resident undergraduate in Corvallis and one in Astoria, for example) make sense.

UBC Budget Model Workgroup
2021-22

The budget model workgroup met January 25th and February 24th, and is scheduled to meet March 8th. The workgroup looked at some variations of the Shared Responsibility Budget Model (SRBM) to get an idea of its sensitivity to different changes (Figure 1) and looked at some summaries of how the model distributed revenues. The principal observations and recommendations of the group are summarized here[1].

Observations

- The SRBM review seems to have captured most of the concerns or ideas that members of the workgroup had encountered in their discussions.
- The erosion of the pool of funds supporting the productivity allocations has been a key point of concern for colleges. That erosion is from the rapid growth of Ecampus and the increased central commitments to capital renewal and repair and other costs.
- The combination of the erosion of that productivity pool and the three-year averaging of campus degrees and credits have left some colleges feeling they made good decisions but saw no return. This undermines the intended incentives in the model.
- The contribution of different revenue streams (Ecampus, base tuition, differential tuition, etc.) to the support of administrative and support services is uneven.
- The model has encouraged colleges to review and adjust course offerings, to understand the costs of programs, and to be more aware of the costs and revenues associated with different activities.
- Support units seem, in some cases, to lack accountability for performance. Staffing levels may be part of the issue but process improvement and accountability are part too.
- Revenues come more than 65% from undergraduate activities (tuition and state funding tied to undergraduate credit hours and degrees) but the distribution of those revenues supports complicated individual faculty work in undergraduate teaching, graduate teaching, and scholarship. This work all contributes to the nature and quality of undergraduate education but is hard to parse quantitatively into cost modeling.
- Balancing the needs and wants of a set of colleges as diverse as those at OSU is one of the central challenges for any budget model. There are major differences between colleges with a heavy service load (Science and Liberal Arts) and those with a larger focus on their majors and professional preparation of students.
- The concerns about the complexity of the model are a mix of real complexities of the model and a lack of understanding about how it works.
- Students do not necessarily see the benefits of an education at an R1 university with faculty engaged in active scholarship. There is a disconnect between the value faculty place on that and the value students place on it.
- Colleges are, by and large, managing portfolios of programs in much the same way the university is. Some generate net revenue and contribute to overhead and support costs, some need more revenue than they generate but are essential for the mission. The balance of the portfolio is the difficult part.

[1] The document “SRBM Key Issues 020722” on the webpage of Budget and Resource Planning summarizes the results from the SRBM review and provides more detail and discussion.

Recommendations

- Clear incentives are extremely valuable for colleges and academic leadership. Two or three (or at least a limited number) of key incentives would be clear, easy to use for strategic planning, and helpful for predictive modeling. Don't break or complicate a working incentive (Ecampus for example) in trying to solve another problem.
- What are some of the important metrics that should be retained in the model?
    - Credit hours certainly, as these are directly related to costs. Less complexity in how they are divided might be helpful.
    - A completion metric is valuable as it is a clear incentive, links to many other things (experiential learning), and aligns with the state distribution model.
    - Whatever the model incentives, they should be clearly linked to strategic plan goals for things like inclusive excellence, graduation rate, scholarship/research, etc.
- Shifting the narrative of "there's not enough" to "how much good can we do with the substantial resources we have" would be valuable but will need work.
- There are real differences in cost of delivery of some programs but the model revisions should move away from using the CIP-code based weights. This may require simply strategic allocations based on some other assessment of cost. This should be complementary to and consistent with how differential tuition is used (as asking students to pay more is in part a recognition of a high cost program).
- Scholarly productivity needs a more comprehensive measure than indirect cost recovery. A composite index that included factors critical to OSU's scholarly work like number of tenured or tenure-track faculty, number of professorial rank faculty, number of Ph.D. students, grants awarded, and/or indirect cost recovery might be appropriate.
- The model provides incentives for desired change but has to be calibrated to a starting point----how much each college or unit gets of the existing pie. There is no clear route to doing this but some thoughts on what is important:
    - The "calibration" needs to reflect OSU's strategic plan and goals, not just a comparison to peers.
    - Historical funding has some meaning and need not be completely discarded but should be used thoughtfully.
    - Finding meaningful peer data can be challenging, particularly on the academic side.
    - One point of the model is to fund support and administrative units---this is, in effect, a tax on revenues. It needs to be clear what the return for that "tax" is to academic units and programs.
    - Some part of the calibration might be internal…no more than X% of a unit's revenue is contributed to the "tax", for example. Put another way, the calibration could be informed by certain limits and boundaries.
    - There are, in both history and peer comparisons, details determined by how colleges have made decisions. One college might insist on classes of only 15 students and have no funds for travel, while the other has classes of 50 and ample funds for travel. This doesn't mean the first college is underfunded. This issue of sorting program choices from a "fair" share of the pie may be the most challenging part of the task.
- It is really important that how decisions are made in the revised model are clear and consultative (things like how much comes off the top, is capital renewal more a priority than other things and why, etc.).

Figure 1. Some examples of how changes in the productivity part of the model impact budget allocations. Only one factor is changed in each of the cases. It illustrates the varying impact of changes on different units (so increasing the allocation to foundations or service teaching increases allocations to Science and Liberal Arts, produces a large decrease in Engineering, and modest decreases in other colleges). Most of the changes (with a couple exceptions), individually, produce changes of less than 3% in budget allocations.

Budget Unit	FY22 FINAL Budget	Weights off	No floor funding	Zero Strategic, Cascades	Double research pool	Add 5 points to grad completion pool	Add 5 points to undergrad completion pool	Add 5 points to foundations pool
Agricultural Sciences	-	(846,770)	-	156,730	626,550	168,740	(2,380)	(189,470)
Business	-	1,189,700	-	(428,940)	(627,740)	(440,850)	457,410	(39,580)
Engineering	-	(1,882,510)	-	(329,440)	1,790	745,590	1,126,120	(1,438,690)
Forestry	-	(103,092)	-	13,100	62,400	161,300	57,740	(104,002)
Public Health & Human Sciences	-	(5,440)	(2,161,000)	1,500	(150)	260	(250)	920
Education	-	397,200	-	(69,940)	(92,850)	104,060	(78,960)	(300)
Liberal Arts	-	1,288,800	-	77,870	(1,071,960)	(898,950)	(337,090)	1,083,460
Earth, Oceanic & Atmospheric Sciences	-	(274,190)	-	95,830	1,340,690	(24,800)	(146,620)	(105,250)
Pharmacy	-	(191,750)	-	76,980	45,340	657,100	(217,540)	(249,980)
Science	-	(36,310)	-	514,450	(831,990)	(781,200)	(670,200)	1,282,560
Veterinary Medicine	-	(120,230)	-	108,820	(44,840)	494,610	(172,210)	(155,950)
University Honors College	-	41,570	-	(65,470)	(50,690)	(74,400)	64,780	(23,610)
Extended Campus	-	-	-	-	100	-	-	-
Research Equipment Reserve & BUC & Ca	-	-	-	-	-	-	-	-
Interdisciplinary Graduate Programs	-	2,695	-	(25,390)	(24,010)	41,370	(31,250)	(2,180)
Research (Centers / Institutes)	-	-	-	24,100	603,930	(37,500)	(42,360)	(54,360)
Instruction & Research Total	-	(540,327)	(2,161,000)	150,200	(63,430)	115,330	7,190	3,568
Central university costs	-	540,327	2,161,000	(200,310)	55,890	(45,400)	68,800	(117,958)
Service, Support, Management	-	-	-	50,110	7,540	(69,930)	(75,990)	114,390
Total	-	(0)	-	-	-	(0)	(0)	(0)