

MINUTES

Committee members in attendance: Jon Boeckenstedt, Lisa Gaines, Aiman Khan, Jessica DuPont, Lily Butler, Muhammad Aatir Khan, Shaun Bromagem, Frank Chaplen, Staci Simonich, Dean, Allison, Joe Page

Absent committee members:

Staff in attendance: Sherm Bloomer, Nicci Dolan, Kayla Campbell, Keahi McFadden

1. Preliminary tuition rate discussion (30-40 minutes)
 - a. Rate summary and updates
 - i. Scenario A – same increase as last year
 - ii. Scenario B – less than inflation
 - iii. Scenario C – Keeps up with inflation but bumps up to board's upper rate of 5%
 - b. Budget projections with assumptions
 - c. Student costs and discussion
 - d. Key questions? Uncertainties?
 - i. Jon: good to see market approach with intuitive guessing; continue to respond to OR residents with highest need through \$80 million in waivers
 - ii. Mak:
 1. Default should be go up by rate of inflation
 2. Consider cost of differentials
 3. Ask colleges to submit a proposal if they want more than inflation;
 4. Liberal Arts differential – is there a student committee
 - a. What is differential used for?
 - b. CLA brought a proposal 2 years ago for fine arts courses
 - c. The idea was there would be a consultative student body
 - d. Follow up: Sherm needs to ask about the status of the student consultation committee.
 - iii. Allison – what if we locked in tuition 5 years for a student
 1. What you do is raise tuition 10-15% on incoming
 - a. Then hold constant
 2. Once you have committed it should provide some predictability and inconsistency. Then you don't front load it to the lower folks.
 - iv. Frank – Board mandated limit – is that a hard stop?
 1. State of principle instead of hard boundaries.
 2. Trying to acknowledge inflationary pressures.
 3. Unreasonable to think it won't go up
 4. But don't expect to raise 5%
 - v. Jon: Guaranteed tuition
 1. A lot of cash up front

2. Then pay for increases with cash coming in early.
 3. Then its attractive then hard to get out of it. Then take a hit for a couple years until you end it. That's a habit if you get used to spending that money. It is gambling. The long-term inflation outlook was really low. But if it goes up then you hold the bag.
- vi. Jessica: Market perspective for Ecampus
1. 3 years fiscal analyst review
 2. Tuition rates for online
 3. Adjusted for quarter term per sch
 4. FY21 – right in the middle but a little higher (quality and affordability) – Best value
 - a. 4.5% would push us into higher 3rd quartile
 5. New students wouldn't see the 4.5% increase – but they do shop around.
 6. Look at where they are right now – then make assumptions of increase.
 - a. But what we notice (they have been increasing) would be putting us in a higher rate.
 7. There is price sensitivity for adult learners picking their tuition rates.
- vii. Staci: Local competitors? Graduate and undergraduate peers
1. Not the same thing as competitors
 2. Varies by college
 - a. U of o, Portland state
 - b. Smaller Cal campus
 - c. UW or Washington state
 - d. Bigger public universities
 - e. Tend to vary by college
 - i. One in engineering that has a big competitor in Cal (cal poly).
 3. Been careful in the past – we don't set tuition collectively
 - a. Keep an eye on it
 - b. But not the only part
 4. Jon: Admitted but didn't come (Jon shared a list for FY19) for entire university
 5. Other questions we need to address?
 - a. Ecampus – competitiveness
 - b. Local competitors
 6. Do we need to increase it 3.5%?
 - a. There are some enrollment growth
 - b. More money in tuition waivers
 - c. New commitments
 - d. We know the cost profile.
 - e. We don't have to raise 3.%, but then have to absorb somewhere else.
 7. Jon: What is student aid?

- a. We don't know that until we see the applicant pool.
 - b. What is the universities goals are.
 - i. Commitment for OR residents
 - 1. Need is increasing
 - c. Think differently about non-residents
 - i. Like Wue
 - d. It's not a straight line.
 - e. What happens with continuing students? 3.5%? Tend not to index need based aid to inflation.
 - i. In general 3.5% increase in tuition
 - 1. 3% net revenue.
 - f. Part of increase – extraordinary
 - i. Lost jobs
 - ii. Catastrophic expenses that could not have been anticipated.
8. Comparing rates to competitors? How is enrollment aligned with enrollment?
- a. Total HC – another record year.
 - i. We are unique in Oregon. UofO bounced back this year. Last year they were down.
 - b. A lot of increase is coming from Ecampus – sch is increasing slower because more likely to be part time students.
 - c. Ecampus – more likely to drop out
9. Price uncertainty- factor considered.
- a. Use as a selling point
 - b. A guarantee would increase enrollment but - the cost would to charge would increase (would charge some students away).
10. Absorb as expense reductions
- a. Can use fund balance, but can only do that for so long.
11. Shaun: Do those scenarios factor in cohort pricing?
- a. Yes – calculated average across the populations.
 - b. Does it factor in the modality discussion?
12. Frank: institution – conservative approach (more to online)
- a. How do the scenarios?
 - i. Assuming 12 months or so
 - 1. Levers we have 3rd federal money?
 - 2. Holding in reserve
 - ii. We have fund balance at the unique level right now
 - iii. Barring a complete shutdown, won't need to the kind of cost reductions that we did last time.
13. Inflation Average
- a. Spending inflation rate

- b. Salary inflation rate – is lower than our lower
 - i. Impact on students is a extra burden they carry.
 - ii. What mitigating factors ?
 - 1. We set our salaries 3 unions we negotiating.
 - 2. Set of professional faculty – not represented but follow something between.
 - iii. The employees – CPI inflation. Is born 60% by students.
 - iv. Students value the faculty and staff... if you want to retain then salary and compensation is retains.
 - 1. Higher and replacing is more expensive than giving compensation increases.
 - v. Financial models – much better job. Too busy putting out fires?
 - 1. Patterns of enrollment, revenue, and spending.
 - 2. Look more like beginning of fy20
 - 3. Feeling a lot better this year.

e. Assumptions

- i. The change would principally impact base tuition rates (differential rates per credit are usually the same for campus or Ecampus courses).
- ii. The change assumed a 10% decline in net tuition because of enrollment declines in response to the change.
- iii. There is a discount of 15% applied to the increase in non-resident undergraduate tuition to account for institutional financial aid applied to those increased costs.
- iv. The tuition cost for Corvallis or Cascades graduate students taking Ecampus courses would drop to zero as most of those students will be within the graduate tuition plateau (same price from 9 credits to 16 credits). While a cost to overall revenue this would provide a benefit to grant paid tuition and to department budgets for graduate remissions.
- v. FY20 rates were used. The relative proportions of losses and gains are likely to be proportionately similar even given the increased Ecampus enrollments in FY21.

2. Charge by campus instead of course delivery mode change (40 minutes)

- a. Summary of proposal
- b. Financial assessment
- c. Concerns and questions to consider (this is just a start):
 - i. Can it be phased in?
 - ii. Can students switch campuses (Corvallis to DSC for example)
 - iii. What about Oregon residents using Ecampus?
 - iv. What impact on athletics?
 - v. What is non-resident enrollment impact?
- d. Potential issues
 - i. Tuition cohort model

1. This changes tuition and budget from an expense perspective (we have to raise tuition to cover everything we need to do) to a revenue perspective (we are going to raise tuition at inflation and find growth or expense reductions to balance our budgets).
2. This shifts the annual focus of tuition setting to estimates of inflationary pressures for the next year.
3. It will still require making sure programs are competitive in cost as higher education is a national and global market now.
- ii. Tuition charges by primary campus
 1. A communication strategy will be important so students are aware of the change in a timely manner.
 2. Departments will need to know that Ecampus credit hours are still budgeted to them in the same way as now (i.e. all Ecampus credit hours will be counted—this is something embedded in the budget model).
 3. This will need planning for athletics as there is likely a larger proportion of non-resident student-athletes using Ecampus courses than in the general population.
- e. Discussion
 - i. There is an instructional cost and cost for maintaining the campus
 - ii. We set financial aid – by cost of campus. Doesn't assume % of Ecampus courses – Jon that is correct.
 - iii. PPL stay in campus until they change it or actively change it if we notice they take one campus exclusively.
 1. It would recover incidental fees for cascades
 - iv. Unfair – NR that takes Ecampus to lower face.
 1. How does it help?
 - v. Immediately it doesn't but in longer term it helps hold costs down.
 - vi. Part of program -only offered on Ecampus
 1. Resident has to pay Ecampus rates even though don't have an option to take it on campus
 - vii. Resident/NR (what is the proportion)
 1. 15% credits Corvallis delivered by Ecampus
 - a. Its about the same across resident/non-resident.
 - viii. What cost difference Ecampus to resident and non-resident
 1. \$100 - res
 2. \$300 – nr
 - ix. Is there a way to address NR cost increase?
 1. Turn on then immediate or Can we transition into it?
 - x. 2 ½ million dollar savings but causes a general loss
 - xi. Revenue Share for Ecampus –
 1. Ecampus rate - Average Ecampus tuition rate across the cohorts.
 - xii. Charge by campus – mechanism that needs to be corrected.

1. More consistent
- xiii. How easy it to change? Who readmit?
 1. Follow up: Sherm will talk to the registrar office.

3. Budget Model review update and other business

Workplan: Preliminary tuition rate decisions, identify key question areas; identify questions about charge by campus change, concern areas, communication issues; get a copy of the preliminary budget model review outcomes

Current Tuition Rates

Shown for cohort that entered OSU this year

Rates for 15 credits undergraduate per quarter, 12 credits graduate per quarter:

Type	Annual tuition before financial aid	Notes
Resident undergraduate	\$10,560	Per credit, differentials in Engineering, Business, Forestry, Arts, Honors
Non-resident undergraduate	\$31,515	Per credit, differentials in Engineering, Business, Forestry, Arts, Honors
Ecampus undergraduate	\$14,895	Per credit, same differentials plus Computer Science BS and Computer Science post-baccalaureate
Resident graduate	\$13,446	Plateau 9-16 credits differentials MBA, MPH, Engineering
Non-resident graduate	\$27,297	Plateau 9-16 credits differentials MBA, MPH, Engineering
Ecampus graduate	\$20,160	Per credit, same differentials plus radiation health physics, Adult and Higher Education
Pharmacy resident	\$25,992	Fixed price for enrollment (mostly)
Pharmacy non-resident	\$37,950	Fixed price for enrollment (mostly)
Vet Med resident	\$25,296	Fixed price for enrollment
Vet Med non-resident	\$50,598	Fixed price for enrollment

Scenario planning for tuition recommendations

Tuition Scenario Table (Corvallis campus): The right-hand column shows the increases at the inflation/inflation plus 1% scenario. The goal is to show both the impact on individual students and on overall institutional balances in a succinct format. Rates are applied to resident undergraduate and non-resident undergraduate tuition rates (including Ecampus). All scenarios include an assumption of an increase of about \$11M in institutional financial aid (continuing a four-year initiative to reenter the Western Undergraduate Exchange and to regain enrollment of Pell eligible students. Note these estimates for overall Corvallis E&G surplus or deficit are probably plus/minus \$1M to \$3M given uncertainties.

	Scenario A: Continuing Resident 2.5%, Non-resident 2.5% New Resident 3.5%, Non-resident 3.5%	Scenario B: Continuing Resident 3.0%, Non-resident 3.0% New Resident 4.0%, Non-resident 4.0%	Scenario C: Continuing Resident 3.5%, Non-resident 3.5% New Resident 4.5%, Non-resident 4.5%
State funding at current levels	Resident undergraduate (annual): Before 2020: 2.5%, \$252 Entered FY21: 2.5%, \$260 Entered FY 22: 2.5%, \$264 New FY23: 3.5%, \$370 Non-res undergraduate (annual): Before 2020: 2.5%, \$754 Entered FY21: 2.5%, \$777 Entered FY 22: 2.5%, \$788 New FY23: 3.5%, \$1103 Surplus or (deficit): \$(0.5M), -0.1% of revenue	Resident undergraduate: Before 2020: 3.0%, \$302 Entered FY21: 3.0%, \$311 Entered FY 22: 3.0%, \$317 New FY23: 4.0%, \$422 Non-res undergraduate: Before 2020: 3.0%, \$905 Entered FY21: 3.0%, \$932 Entered FY 22: 3.0%, \$945 New FY23: 4.0%, \$1261 Surplus or (deficit): \$1.7M, 0.3% of revenue	Resident undergraduate: Before 2020: 3.5%, \$352 Entered FY21: 3.5%, \$363 Entered FY 22: 3.5%, \$370 New FY23: 4.5%, \$475 Non-res undergraduate: Before 2020: 3.5%, \$1056 Entered FY21: 3.5%, \$1087 Entered FY 22: 3.5%, \$1103 New FY23: 4.5%, \$1418 Surplus or (deficit): \$3.9M, 0.6% of revenue
	Base resident tuition & fees: % Average res. tuition & fees: %	Base resident tuition & fees: % Average res. tuition & fees: %	Base resident tuition & fees: % Average res. tuition & fees: %



Graduate tuition (0% residents and Ecampus, 3.5% non-residents), professional tuition (3.5%), differential tuition (3.5%). Cost estimates include ~3.5% overall inflation this year because of modest increases in benefit costs ; costs of growth (about 1% for modest growth in Ecampus and post-pandemic adjustments in Corvallis); and new commitments as noted in the projection on the next page.

Table 2: Corvallis Education and General budget projection for 2022-23 at the assumptions in Scenario C above.

Corvallis Education and General Budget Scenarios for 2022-23					11/27/21
Projected Costs	576,190,922	615,818,380			649,895,102
Projected Revenues	624,155,447	620,549,852			653,797,918
Balance	47,964,525	4,731,472			3,902,816
Balance as percentage					0.6%
	FY21 Actuals	FY22 Q1	Inflation/ Rate Change	Growth	FY23 Preliminary Projection
Cost Projections:					
Faculty and Staff Salaries	266,362,902	279,768,257	3.7%	0.8%	292,137,162
Faculty and staff benefits	136,376,272	145,688,145	2.9%	0.4%	150,978,567
Grad assistant & student salary	29,930,077	31,196,791	2.0%	1.5%	32,298,038
Grad assistant & student benefits	24,043,389	23,063,070	2.5%	1.5%	23,903,428
Supplies, services, other:	112,074,295	130,682,739	3.5%	0.5%	135,858,529
Total Direct Expenditures:	568,786,935	610,399,002			635,175,724
Net transfers out:	7,403,987	5,419,378			5,419,378
Total Expenditures	576,190,922	615,818,380			640,595,102
Revenue Projections					
Tuition					
Undergraduate	221,137,170	220,116,905	4.1%	1.2%	233,814,517
Graduate and Professional	64,202,181	62,479,022	2.5%	0.4%	63,760,266
Ecampus	144,359,481	164,844,387	4.1%	8.4%	186,053,397
Other tuition and fees	18,547,594	18,980,600	3.5%	-0.8%	19,337,644
Tuition waivers	(58,447,333)	(69,000,000)		16.0%	(80,040,000)
State funding	153,061,508	148,349,951		4.1%	154,355,441
Indirect cost recovery	43,295,958	41,472,000		2.0%	42,301,440
Other	37,998,888	33,306,987		2.0%	34,215,212
Total Revenues	624,155,447	620,549,852			653,797,918
New commitments:					
New building operations					1,000,000
Insurance increment					1,500,000
Incremental capital renewal funding					1,500,000
Incremental debt service					2,500,000
Enrollment management					700,000
Information technology					1,000,000
Initiative 2					500,000
Initiative 3					600,000

Table 3: Updated estimate of institutional financial impacts of a change to charge-by-campus models. The net would be modestly positive if summer session continues to be charged by modality. If Oregon residents who are true Ecampus students were charged Corvallis resident rates, it would reduce revenues about \$3.5M.

Academic Year FY21					
		Gross res. change	Gross NR change	Enrollmnet loss non-res 15%	Net
Undergrad	Cascades	(534,900)	256,000	217,600	(317,300)
	Corvallis	(7,848,700)	17,017,300	14,464,700	6,616,000
					-
Graduate	Cascades	(15,700)	(1,700)		(17,400)
	Corvallis	(1,064,000)	(2,054,100)		(3,118,100)
Total without summer		(9,463,300)	15,217,500	14,682,300	3,163,200
*changing summer would add a loss of \$4.6M for a net of minus \$1.5M					
Academic Year FY20					
		Gross res. change	Gross NR change	Discounted positive Non- res 15%	Net
Undergraduate	Cascades	(481,700)	189,600	161,200	(320,500)
	Corvallis	(7,539,800)	14,508,200	12,332,000	4,792,200
					(479,220)
Graduate	Cascades	(1,700)	(7,300)		(9,000)
	Corvallis	(115,300)	(1,354,600)		(1,469,900)
Total without summer		(8,138,500)	13,335,900	12,493,200	2,513,580
*changing summer would add a loss of \$3.47M for a net of minus \$0.5M					

Table 4: On average, 14% of credit hours taken by a Corvallis student annually are through Ecampus, or about 6.3 credits a year. This table shows how a resident and non-resident undergraduate's cost would change at different numbers of Ecampus credits (out of an annual total of 45 credits). Note that this is not a tuition rate change, but the removal of what is effectively a subsidy for non-resident students and an extra charge for resident students in Corvallis. Financial aid awards are made on residency and campus (unless there are specific requests otherwise as I understand it) so this change would not impact the current aid awards to most of these students. While resident Oregonians who are Ecampus students would pay a higher rate than Corvallis resident students, they do use services specific to Ecampus students that are supported for Corvallis students through other revenues (advising for example).

Annual credits	Resident	Non-resident
3	(318)	912
6	(636)	1,824
6.3	(668)	1,915
9	(954)	2,736