University Budget Committee
January 21, 2022
Kearney Hall 205 and via Zoom

MINUTES

Committee members in attendance: Jon Boeckenstedt, Lisa Gaines, Jessica DuPont, Lily Butler, Shaun Bromagem, Frank Chaplen, Staci Simonich, Alison Johnston, John Gremmels, Zackery Allen, Nicole von Germeten, Tim Carroll, Terri Libert, Joe Page

Absent committee members: Aiman Khan, Muhammad Aatir Khan

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

Workplan: Review health fee proposal (both campuses), outstanding tuition & fee questions Given change in strategy talk about draft of tuition recommendations, review workplan for budget model review, if time touch on issues arising in charge-by-campus discussion

1. No formal health fee proposal yet
2. Draft tuition recommendations (60 minutes)
    a. The proposal is lengthy as there are a number of sections required to be included from state and HECC guidance. The first six pages (two of text, four tables) summarize all the major recommendations.
    b. We'd like to hear from each of you on where you are on these either at the meeting or in other communication. Objections, concerns, endorsement is fine. The committee seeks consensus on the recommendations not a formal vote as we are advisory. If you can't make the meeting or would prefer to share thoughts by email or conversation with Sherm or Alison just let us know.
        i. Resident undergrad is $4 cheaper at cascades – Incoming cohort will align the rates.
    c. Ecampus – undergrad – 3.5% above increase would make them not competitive in the market. Same rate for continuing.
        i. Set a different rate for incoming undergraduates.
        ii. Try to stay below ASU. Trying to be in a good competitive spot in pricings.
    d. For, CLA, ENG want increase. Honors is holding differential.
    e. Jon: Still 3.5% for inflation?
        i. Sherm – this is our inflation knowing benefit increases and salary increases.
    f. Frank – scenario D? CIP goes up significantly over next 3 years.
        i. Absorbing 6-7% CIP right now – now in units by fund balance or watching spending.
    g. Only setting tuition for next year with a compounding affect for future years.
    h. Alison – Generally – in past just deficit as options. Scenario B is preferred.
        i. Scenario C? It has a bigger surplus

ii. Sherm: based on conversation – raise no more than inflation. Accepting risk beyond inflation. There is uncertainty in these.
iii. Does Cascades need to match Corvallis?
    1. Terri- point to the message we are One OSU … 2 campuses.
    2. Only affects that one subset.
    3. FRANK: Cost structure different between Cascades & Corvallis.
        a. Different tuition rates make sense because of the admin structure.
    4. JON: I don't think so – cost structures are different. I don't think $4 credit hour.
        a. Zack – on board with increasing Cascades to match.
        b. Joe – agree with increasing Cascades to match.
    5. Shaun – increasing aligns with messaging with single campus.
    6. Frank: concurs with consensus.
iv. Joseph - Scenario – still prefers B and don't need to increase.
v. Zack agrees with Joseph - Remain in surplus but hit students a little less hard.
vi. Teri- does the surplus deficit calc take into account just CIP increase and/or strategic?
    1. Any Revenue & Expense estimates (costs in growth, and some strategic)
    2. Only Corvallis modeled.
    3. +/- 2-3M
    4. Roughly balanced budgets
vii. Jessica – Scenario C observations
    1. Nominal .5% increase to students.
    2. Institution aid would decrease or increasing? Financial Aid?
    3. Sherm: Budget model would add $11M commitment to waivers over last year.
    4. Jon: constantly tweaking waivers every year.
        a. 6-8 months from now – can be increased within .5%
    5. Shaun: How does fund balance?
        a. Sherm: It doesn't, this is operating costs.
    6. Frank: If CPI spikes – then future students are subsidizing current students?
        a. Sherm: We are committing to constraining increases. We are taking a risk without building a buffer. Consequences may fall on future students.
    7. Joseph: Society is doing that – this is a multi-generation problem

   a. Ensure current generation is getting a contract that they are signing and have confidence.
8. Frank: Debt load – is this kicking the can down the road?
9. Lily: After clarification – there would be a feeling of unfairness
   a. Incoming students pay more.
   b. Sherm: Yes, that is what they have done the past few years.
      i. Once student commits, we want them to stay. We want to give some fairly easy way to predict their tuition.
      ii. New students get benefit of new strategic investments.
   c. Lily: If this is marketed guarantee then that makes sense.
10. Tim: Can you remind me the assumptions of enrollment?
    a. Relatively flat resident
    b. Follow up: % increase as non-resident?
    c. Follow up: % International student decrease?
    d. Flat graduate and professional enrollment
    e. 8% Ecampus growth
    f. 5-6% Cascades growth
11. Zack: Projects take a decent amount of time. Additional justification for charging more optimistic amount.
12. Terri: Ecampus – Cohort model? Yes. Already went there.
13. Alison: Does it seem like people want Scenario B?
    a. Sherm: That is what I'm hearing. Remember this is a recommend to president. Then president recommends to the board.
14. Frank: Can we attach probability scenarios to this?
    a. Does it over complicate?
    b. Sherm: could not model if I try.
    c. Alison: We just need to know salary and benefits.
    d. Sherm: Those are constrained.
15. Sherm: Tuition Table:
    a. Consensus – okay with that. Same cohorts and rates for undergrad Corvallis and Cascades
    b. Graduate
    c. ASOSU thinking about taking some summer fees and redistribute to FWS.

   d. Health Fees – Cascades will be higher than 5% because they add new services as they get bigger.
16. Jessica DuPont: Differential tuition increase 0-15?
   a. Add $15 increase for MBA. That is non-resident rate.
17. Frank: CAPS - is 5% higher or consistent. Normally get proposal. Last year couldn't get a proposal. Just an estimate as they are both buried.
   a. 5% seems low.
   b. Sherm – Just to keep them whole. Trying to fill positions. Intention – as come out of pandemic, to talk staffing needs and develop a multiyear proposal.

2. Budget Model next steps plan. A rough outline of major next steps is in the review document and development of a revised model.
   a. Sherm shared the budget model and the budget process (build, communicate, ask for changes)
   b. The model is built to respond to change.
   c. Model is too complicated and need to make it simpler.
   d. Technical changes – 7.4% tax for pharmacy and vet med don't work, and admin units getting credit for credit hours.
      i. On campus tuition is Ecampus tuition – same rate. Taxes taken off for central.
      ii. Sherm: Credit hours, degrees, and community support – changes one thing changes others.
      iii. Nicole: key issue for their college – output based.
         1. Concerns with admin –
         2. Sherm: that was captured. HR is struggling. Research office is struggling.
   e. Sherm – there is a scarcity mindset.
      i. We are in a better position than peers.
      ii. Long term mindset – how do we change that narrative of scarcity mindset?
      iii. Alison – Issue of equity, need to ask a college what is lost and what gained.
      iv. Sherm: how would you calibrate academic units? How much should each college be funded?
   f. Frank: Is the model design to determine equitable design or incentive behaviors?
      i. Set to history – built up by increments. Assumption: history had some meetings.
      ii. Try to be more transparent.

- iii. Have colleges thought about enrollment at the fundamental level?
  1. They are thinking about enrollment and retention.
  2. Students want or don't want programs.
  3. But also highlighted was history the right thing to calibrate the model against? Not sure, but we should look at it.

g. Frank: Certain colleges incentives for Ecampus vs on campus.
- i. Sherm: Mix of revenues has changed.
  1. Credit hours are credit hours.
  2. Modality should not be a financial decision.
  3. Nicole – HHS we have big Ecampus, but Corvallis is smaller
  4. Major issue appears to be fixed costs paid via E&G budget.
     a. Incentive – credit hours Ecampus
     b. SRBM does not have any impact on incentive Corvallis to Ecampus credits.

h. Jessica: Specific to considerations/impact on budget model, are we factoring in longer-term enrollment projections for higher education, especially specific to traditional campus vs. online/adult learners and/or what enrollment mix we are trying to obtain in the next 5-10 years?

i. Shaun Bromagem: Agrees with Jessica. Sherm, is there a strategic target of online/on-campus mix that we are working towards? Currently, it seems that the Ecampus incentive model is uncapped and has dis-proportionately allocated budget based on the programs that are able to offer that modality.

3. Update on charge by campus discussion (if time allows) • Ongoing discussions with the Registrar's office have raised some complexities in actually going down this road. The attached document summarizes the issue and provides some thoughts to spur your thinking. We will come back to this. It is a large enough change that implementing it for Fall 2022 may be too ambitious, even if we recommended for it.