

University Budget Committee Meeting

8 February 2019, 2:00-3:30,

President's Conference Room

Minutes

Proposed new differential fee, Liberal Arts (Lee Ann Garrison, Director, School of Arts and Communication) –

Proposal by College of Liberal Arts (CLA) for differential tuition in select programs: Art, Graphic Design, Music and Theatre. CLA proposes that a student committee be established for determining priority of use for the differential tuition. This committee would meet every month and would be comprised of a student representative and a faculty member from each department. The proposal would be phased in over 2 years (\$100/term for \$300/academic year) and most (not all) course fees would be removed. Currently course fees bring in approximately \$212,000 revenue. Private lessons would be an example of a course fee that would remain. CLA estimates that \$63,900 fees from art course fees would be removed.

Discussion:

- Course fees would be removed in a phased out approach as differential tuition was phased in.
- Facilities in this proposal doesn't mean a building, rather items in the building, more the environment.
- The goal is that differential tuition would be covered by financial aid.
- Currently course fees cannot be covered by financial aid.
- Goal would be more transparency around fees.
- In the budget model, a percentage of differential tuition (approx. 10%) is set aside for financial aid and the remaining revenue is given to the college.
- An option was to increase course fees instead of the differential request, however, the university is trying hard to not have an increase in course fees (either in number or amount), the course fees really are to cover materials that go home with the student at the end of the course.

Challenge: the programs listed have a significant amount of lower division non-majors who enroll in courses. Would like the differential tuition to be based on courses, not on majors as is done in some other colleges. Non-major minors make up about 35% of students. As this is the request, it is uncertain the challenges this way of charging affects the billing department. Another option would be to charge anyone enrolled in one of the programs above (would require declared minors) or charging only declared majors.

Today's review by the University Budget Committee should focus on the premise of the request, not necessarily the process. Sherm will convene a separate team to determine the various impacts of the approaches listed to determine the best path forward should the differential tuition be approved.

Cascade campus indicated they would like a little more time reviewing the proposal before providing feedback. Cascades has been following the same structure for differential tuition as the Corvallis campus so would like to review how this would impact their students.

Committee agreed on the concept of the differential tuition for CLA. They also believed that charging a flat fee based on major and a course concept for non-majors seemed the most direct approach. Concerned that differential tuition coded based on minor might invite "gaming" of the system by turning minors off and on.

Next step will be a meeting of the directly affected departments to determine best path forward for billing and financial aid. Will update the UBC once this discussion has occurred.

Financial Aid Discussion –

OSU has committed to an additional \$2.6M in financial aid. The financial aid office recently notified the budget office that the current financial aid budget is being consumed by returning students. The result was to provide the additional funding. Over time, merit based awards have been squeezing out the need based awards. Need is usually late in the cycle, merit is given first then need.

Q. If tuition were to increase and financial aid were to increase to lower middle income, would enrollment still decline?

A. These increases "buy" the same pattern of students as in the past. We need to change how we get more money into the hands of lower middle-income students. This involves a larger conversation about who/what types of students OSU wants to attract. Would need to have an additional \$12M more in aid to get back to the enrollment numbers we had in 2008-2010. The provost has asked that we look at how we deploy our financial aid dollars.

Q. Why does OSU require students to live on campus?

A. Data is clear that students do better, on average, and they are retained longer.

Q. Is there concern this is driving students away.

A. It doesn't appear to be a barrier as it is not an uncommon practice. OSU enrollment actually increased after the year it was implemented. Only this year is enrollment decreasing.

Undergraduate Tuition Scenario Discussion –

Nonresidents show enrollment sensitivities when tuition increases. History shows that number of students reduce as tuition increases. Residents are not as sensitive to fee increases however, data shows that the students that do decline are right at Pell eligible or right above within the lower middle income. Increases in tuition then becomes a mission question.

Reviewed the scenario handout of tuition rates (2%, 4%, 5%, 7%) in columns and state funding (\$0, \$40M, \$120M, \$186M) in rows. We can't control the rows but can control the columns. Currently have provided four scenarios, we would need to provide the board with three. Our current inflation rate is 4.1%-4.2%.

Cascades: Overall, budget impacts using the same as Corvallis and same scenarios as Corvallis. Also have been engaging in the price sensitivity discussion. Concerned about the middle-income market. A 4% increase feels better to them, but want to align with what the Corvallis campus does. Will also follow suit with differential tuition.

Discussion:

UO charges 17% higher in non-resident tuition than OSU does. Could OSU go to 4.5% for non-residents? Not much sensitivity between 4% or 4.5%. Nationally, OSU is not regarded in the same light as UO is.

Could we run 4.5% resident increase and 4.5% non-resident numbers and see what the impact will be?

Students on the committee reported for them personally, coming to OSU provided a different experience than the universities that would have been in-state for them. Wanted to see more parts of the U.S.

OSU is currently 1/3 non-resident enrollment and 2/3 resident. Freshman class is typical; we don't have many full paying non-resident students.

What about the "locking" in rate concept for 4 years? Western did this, at a slightly higher tuition rate but it is locked in. Risk of State pulling funding from the school and no way to increase revenue if needed.

Many students want in state tuition since it is lower, but then look for out of state for graduate programs. Many of our international students select OSU because the campus is safe and in a smaller town. Families like this about Corvallis however; some students would rather experience America in the bigger cities.

Is there a perceived value increase if our rates increased? Financial aid does not recommend that strategy, would recommend making the rates the same, but would not recommend increasing non-resident more than resident.

The committee overwhelmingly agreed to remove the 2% scenario primarily for the reason it is not close with inflation. Recommend aligning non-resident and resident rates. New recommended scenarios are 4%, 4.5%-5%, and 7%.

Next meeting will discuss the approach for the various State funding options.

Next UBC Meeting

February 22, 2019 2:00-3:30

President's Conference Room

Attendees:

Belinda Batten

Sherm Bloomer

Anita Azarenko

Austin Carsh

Theresa Thurston

Allison Hurst

Raushell Palmer

Paige Phillips

Javier Nieto

Noah Buckley

Jackie Thorsness

Andrew Ibarra

Dan Edge

Virginia Lesser

Kelly Sparks – via phone

Taylor Graham – via phone

Nicole Real

Lee Ann Garrison, Director, School of Arts and Communication