

State Funding History for OSU-Corvallis and Resident Undergraduate Tuition

One of the major changes in public higher education over the last seventeen years is the large decline in state funding per student in most states. This has shifted a larger share of the cost of delivering quality degree programs to students and is a principal, though not the only, cause of tuition rates increasing dramatically over that same time span. This has certainly been true in Oregon.

Figure 1 shows the Public University Support Fund (or equivalent) allocation to OSU-Corvallis from FY03 through FY20. These dollars are mostly available for general academic operations and are the principal state dollars that support the educational mission of the university. For the years prior to the distribution of the Public University Support Fund (PUSF) through the Student Success and Completion Model (SSCM) the state allocation categories were distributed in the same bins as in the current PUSF model. The totals exclude most of what is now State Programs funding and funds for the operation of IT services for the regional campuses, a service that OSU used to provide for the state.

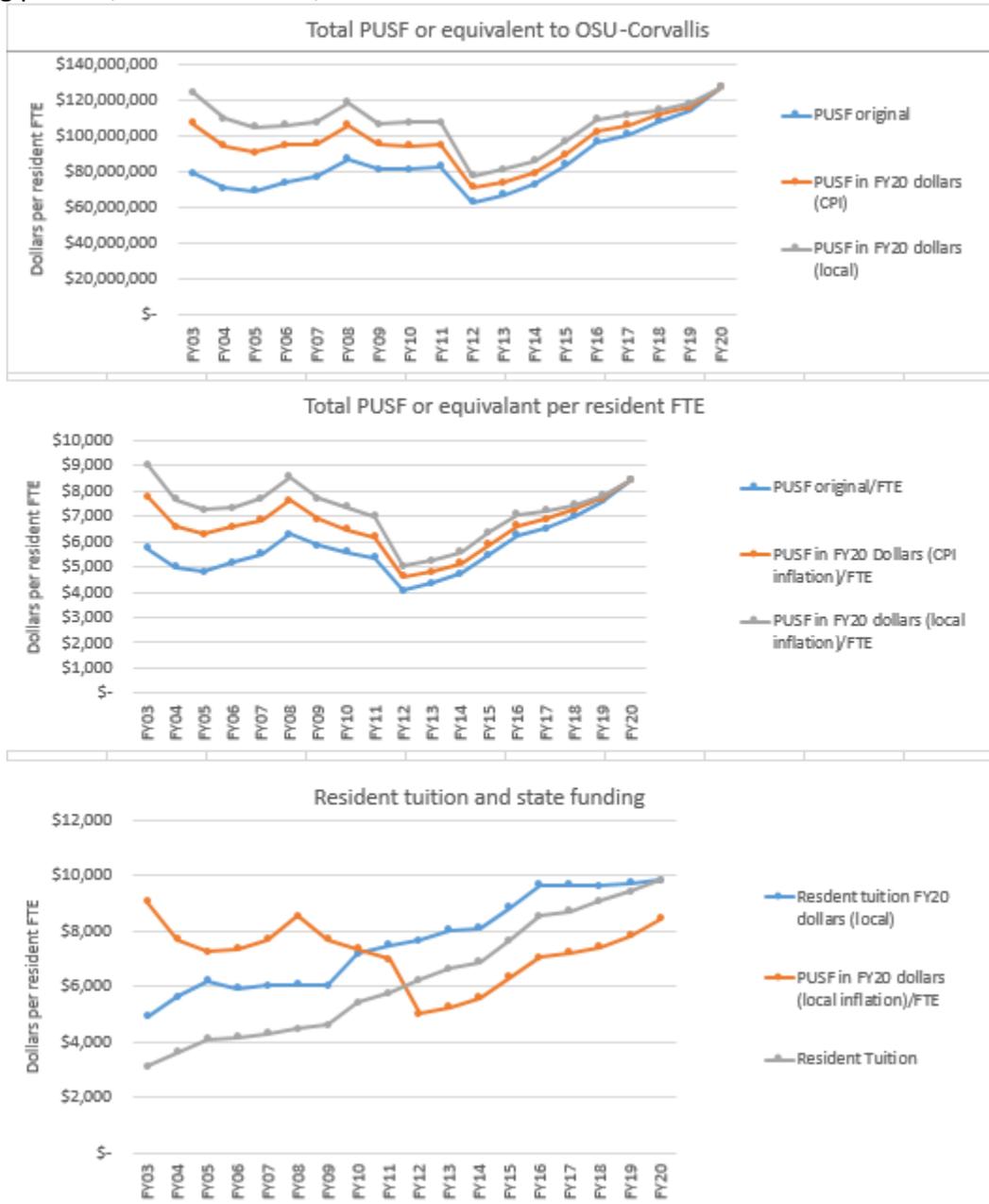
The top graph in Figure 1 shows the total allocation of PUSF dollars (blue line). However, what is important is what the actual buying power of those dollars was. To illustrate that, the graph also shows the allocation adjusted to FY20 dollars using Consumer Price Index inflation (CPI) as well as a local inflation calculation which uses actual raises (in some years constrained by the state or contractual agreements), benefit cost increases (defined by the state), and CPI inflation on other costs. The cumulative CPI inflation is about 39% from FY03 to FY20 and the cumulative local inflation is about 75%. The large increases in PERS over time contribute a great deal to the much larger actual cost increase.

The other important consideration is how many resident students those state dollars are serving. There was significant enrollment growth at OSU from FY08 to FY12 at the same time there were decreases in the actual dollars allocated from the state. The middle graph in Figure 1 shows state funding per resident student FTE (numbers from the Higher Education Coordinating Commission's annual enrollment reports). These are shown both in actual dollars and FY20 dollars adjusted for the two inflation measures.

OSU, like other universities, made up much of the loss in state funding by growth in tuition rates. The bottom graph in Figure 1 shows resident undergraduate tuition (for 45 credits a year) both in actual dollars and FY20 inflation adjusted dollars.

Total resources per resident student in FY19 dollars (tuition plus PUSF funding) were about \$14,000 in FY03, reached a low of \$12,700 in FY12, and were \$18,300 in FY20. This means the university is spending about \$4,300 more per student in FY20 than in FY03. Those additional dollars are in growth above inflation in institutional financial aid, graduate assistant support, student services staff, staff for compliance and governance costs, and additional faculty. In FY03, 35% of those resources came from students. By FY12 60% of those resources came from tuition; growth in state funding has reduced that contribution to about 54% by FY20.

Figure 1: History of Public University Support Fund¹ (or equivalent) allocation to OSU-Corvallis and resident undergraduate tuition rates shown as actual dollars, as FY20 dollars adjusted for CPI inflation, and as FY20 dollars adjusted for local inflation (accounting for actual increases in salaries, PERS and PEBB costs). Top, total PUSF or equivalent allocation to OSU-Corvallis; middle, PUSF or equivalent allocation per resident student FTE; bottom, inflation adjusted PUSF funding per FTE, resident tuition, and resident tuition in FY20 dollars.



¹ PUSF equivalent allocations were assessed assigning funds in past years to either state program categories or to PUSF categories as currently defined. Resident student FTE from HECC statistics, CPI inflation based on U.S. monthly averages calculated on an academic year basis (about 41% cumulative from FY03 to FY20), local inflation from actual raise and benefit rate increases and CPI on other costs (about 75% from FY03 to FY20).

Tuition rate discussion summary

As an example (we are calculating the estimates for 2021-22 now) if the overall cost inflation is estimated to be 3.9% of spending and the cost of new commitments is about 1.8% then total spending goes up 5.7%. If every component of revenues increased 5.7%, those costs would be covered. However, some components won't grow that fast like interest and indirect cost recovery, all estimated at 2% growth. Making up that "shortfall" would require another 0.5% increase in state and tuition funding (covering \$2.6M additional) for a total of 6.2%. Every 1% that the state does not fund their share of the 5.7% increase would require an additional 0.8% increase in resident undergraduate and graduate tuition (assuming that non-resident students should not be responsible for shortfalls in state funding).

For example, if the FY22 projection assumes a 2% increase in state funding, that means the state is not funding 3.7% points of their "share" which could be made up by an additional 3.0% point increase in resident tuition, for a total of 9.2% total (assuming of course there is no impact on total enrollment from such a high increase).

Table 1: History of undergraduate tuition increases for the last ten years. The large increases in 2015 and 2016 were because OSU started charging per credit rather than having credits between 12 and 16 be free. Students at 12 or less credits per quarter saw no increase in rates, students at 15 credits per quarter saw the rate increases noted in the table.

FY	Resident UG Tuition	% Increase	FY	Non Resident UG Tuition	% Increase
2009	4,608.00	3%	2009	17,244.00	3%
2010	5,436.00	18%	2010	18,360.00	6%
2011	5,760.00	6%	2011	19,080.00	4%
2012	6,228.00	8%	2012	19,944.00	5%
2013	6,660.00	7%	2013	20,844.00	5%
2014	6,876.00	3%	2014	22,068.00	6%
2015	7,650.00	11%	2015	24,822.00	12%
2016	8,535.00	12%	2016	27,195.00	10%
2017	8,715.00	2%	2017	27,195.00	0%
2018	9,075.00	4%	2018	27,735.00	2%
2019	9,435.00	4%	2019	28,365.00	2%
2020	9,840.00	4%	2020	29,445.00	4%
2021	10,155.00	3%	2021	30,345.00	3%

These are all based on Corvallis rates; Cascades percentage rate increases for undergraduate tuition would be the same.

Rate	Current structure	Issues	Discussion starting point?
Undergraduate resident - Continuing	\$100 plus \$212/SCH	Rate increases over 6-7% likely yield diminishing returns, Board expects increases of 5% or less	0%
Undergraduate resident - New	\$100 plus \$219/SCH		
Undergraduate non-resident - Continuing	\$335 plus \$632/SCH	Rates increases over 3-4% seem to impact enrollment, national market, intense competition, Board expects increases of 5% or less	0%
Undergraduate non-resident - New	\$335 plus \$652/SCH		
Pre-engineering differential	\$35/ SCH – New \$34/ SCH – Cont.		
Engineering differential	\$53/SCH – New \$51/SCH – Cont.		
Business differential	\$22/SCH – New \$21/SCH – Cont.		
Forestry differential	\$16/SCH – New \$15/SCH – Cont.		
Honors differential	\$500/term	Agreement was for flat rates for one more year, applies to res and non-res	0%
Graduate resident	\$491/SCH to 9 SCH then flat to 16 SCH	Significantly higher than peer rates	
Graduate non-resident	\$967/SCH to 9 SCH then flat to 16 SCH	Significantly lower than peer rates, lots of competition particularly in international arena	
Engineering differential	\$57/SCH	Has not been raised in several years	
MPH resident differential	\$67/SCH	Raised in FY19, demand seems high	
MPH non-res differential	\$105/SCH	Raised in FY19, demand seems high	
Pharmacy resident	\$701/SCH to 12 credits	Demand softening, private competition	
Pharmacy non-resident	\$1,145/SCH to credits	National market, demand softening, private competition	
Vet Med resident	\$24,678 flat charge	Demand relatively constant, fixed class size	

Vet Med non-resident	\$49,365 flat charge	High demand, national market, fixed class size	
MBA resident	\$794/SCH	Demand softening nationally, local competition	
MBA non-resident	\$1,377/SCH	Demand softening nationally, price does have status implications	
<i>MAT resident</i>	<i>\$464/SCH</i>	<i>Cascades program, local demand</i>	
<i>MAT non-resident</i>	<i>\$847/SCH</i>	<i>Cascades program, national market place unclear (to SHB!)</i>	
<i>MFA resident</i>	<i>\$487/SCH</i>	<i>Cascade program, short term residency, high national demand</i>	
<i>MFA non-resident</i>	<i>\$487/SCH</i>	<i>Cascade program, short term residency, high national demand so same rate</i>	
<i>MS Counseling resident</i>	<i>\$464/SCH</i>	<i>Cascades program, significant need and jobs</i>	
<i>MS Counseling non-resident</i>	<i>\$847/SCH</i>	<i>Cascades program, significant need and jobs</i>	
Ecampus undergraduate	\$318/SCH	National market, many competitors, reasonably priced for peers, some disadvantages to quarter system	
Computer Sci differential Ecampus	Additional \$190/SCH	High demand program, many emerging national competitors	
Developmental math	Less -\$87/SCH	Legacy program, delivered largely on campus, the \$83 is what used to be a "fee"	
Ecampus graduate	\$560/SCH	National market, lots of competition, at the higher end for peers	
Education degrees Ecampus	Additional \$30/SCH	National market, high demand, counseling, adult and higher ed, community college leadership	
Public Health Certificate Ecampus	Additional \$67/SCH	High national and international demand	
MBA and Business courses Ecampus	Additional \$863/SCH	National market for online, lots of competition, demand changing for traditional MBA	

*Cascades resident rate is \$4 less per SCH (\$7 less for continuing students) than Corvallis rate. Non-resident – engineering and business rates are the same at Cascades. Graduate degrees in italics are offered only at Cascades. Summer rates are the same as resident rates. Business and engineering differential charges are also made on Ecampus rates for those students. Developmental math is discounted because it is taught largely on campus (an historical anomaly). The Education degrees with Ecampus differentials include Community College Leadership, Adult and Higher Education, Counseling.