

January 15, 2021

## Tuition Scenarios for FY22 Updated

This document is accompanied by a spreadsheet detailing the current tuition recommendations for all rates.

The tuition scenario estimates have been updated. The key changes from previous versions include:

- Ecampus projected growth increased to 9% from 5%
- State funding updated to recent projection from HECC
- Revision of debt service growth and new building operating costs saved about \$1M
- Update of expense projection to 40% FY21 actuals and 60% FY21 growth from FY20 actuals (the lower expense scenario is similar to previous expense estimates, the higher expense scenario is about \$2M less than the previous one)
- Updated projections for Corvallis tuition and fees which are improved because of strong winter term enrollment
- The changes show improvement in the surplus/deficit estimates of \$4M to \$8M depending on the scenario.
- Specified that all the scenarios include \$10.8M more in institutional financial aid than was awarded in FY20. The amounts in each scenario box are in addition to that increase.
- These remain projections and a reasonable error bar on all the surplus/deficit estimates is likely \$2M to \$5M. There are just many uncertainties still.

The accompanying tuition workbook notes the current proposals for all tuition rates. Undergraduate rates shown are for new students in fall 2020 or after. Student who matriculated before fall 2020 will have rates slightly lower per credit hour. In the workbook:

- Column G is the percentage increase proposed for the base tuition rate.
- Column H is the proposed increase for any differential or professional tuition rates.
- Columns J and K note the dollar charge per credit hour (rounded to the nearest dollar for tuition)
- Column L shows total annual cost, Columns M and N the specific percentage increase (taking into account the rounding to whole dollars) and the total annual increase in cost for a full-time student.
- In rows 17 and 18 there is a differential charge shown for Cascades resident undergraduates. This is not really a differential but is how much of an additional increase would be needed to align those rates with Corvallis. That total increase is substantial and the impact could be lessened a couple ways:
  - Apply the Corvallis rate only to new students and continue the existing rates for continuing students.
  - Apply the Corvallis rate to all students but provide a scholarship equivalent to the additional increase for all students or to students based on need level.
- Proposed rates for Corvallis Student Health Services (SHS) and Counseling and Psychological Services (CAPS) are shown at 5%. In recent years inflation for health professions in the region has been exceeding the general inflation rate for the university, driven in part by salary and competition for hires. The opinion of the leadership of SHS and CAPS is that preparing a detailed budget analysis and request at the present time would be unrealistic given the time commitment currently required by the pandemic response. The Budget Office has suggested using a 5% increase as a reasonable estimate for next year, reserving the possibility of an out-of-cycle review if that proves much too high or too low in the coming months. SHS and CAPS leaders agreed that would be a safe strategy for next year.

For our meeting on Friday, January 22, we would like to:

- Review the tuition rates and identify those on which there is a consensus.
- Identify rates where the UBC feels there needs to be more discussion or review.
- Consider whether the recommendation should be contingent on a level of state funding (i.e. Scenario A if a better state allocation, Scenario B if at the Governor's recommended budget)
- Discuss strategies for the alignment of Cascades resident undergraduate tuition with Corvallis (particularly the perspective from the Cascades representatives)
- Discuss the proposals for SHS and CAPS including:
  - UBC comfort with the "placeholder" rate approach
  - Alternate strategies if that is a concern
  - If there is time discuss an issue that came up in the ASOSU incidental fee legislative discussions about the services in CAPS supported by part of the Athletics incidental fee

The table on the following page estimates the operating surplus or deficit for Corvallis Education and General operations for 2021-22 given different assumptions about tuition increases and state funding. The Governor's Recommended Budget (GRB) corresponds to the middle row of the table.

Revenue assumptions include:

- Enrollment estimates:
  - Resident undergraduates -1.3%
  - Non-resident undergraduates -4.4%
  - Graduate and professional flat
  - Ecampus up 9%
  - Increase of about \$12M in financial aid over FY21 initial budget
- State revenues as noted in rows
- Other revenues
  - F&A recovery from grants—inflationary increment
  - Interest up 2%
  - Sales and service revenues up 2%

Expense assumptions include:

- Unclassified salary increases of 1.5 % (mid-year raise)
- Classified salary increases of 4.75% as per contract
- Graduate assistant and student increases of 2%
- Benefits increases of 3% to 6% depending on employee group
- Increases in other costs at CPI inflation of about 2%
- Additional mandated cost increases in insurance, building operations and debt service
- Strategic investment in the OSU Foundation, enrollment management and other critical areas

The table shows, for a range of state funding and undergraduate tuition increases, what the percentage increases are (these are calculated from rates for new students in fall, 2020), what the annual dollar increase is, what the estimated increase in tuition and fees is, and the gap between estimated revenues and expenses for two cases. There is one revenue case in each scenario but two expenses cases. The first case (the lower gap between revenues and expenses in each case) assumes that the current year expenses are the base for estimating FY22 expenses. The second case assumes that the expense base rebounds somewhat towards FY20 (last year) expenses (calculated as 60% of FY20 spending inflated to FY21, 40% of FY21 spending). The Budget Office considers the latter case more realistic at this point.

**FY2021-22 Corvallis Tuition scenario (rate change the same for Cascades)**

Tuition Scenario Table (Corvallis campus): Precise percentage increases in each box are different than the nominal increases in per credit hour charges at the top because there is a fixed zero-credit hour charge that is part of undergraduate tuition and rates are rounded to the nearest whole dollar. Middle column scenario set at estimated overall continuing service level increase. Rates are applied to resident undergraduate (including Ecampus) and non-resident undergraduate tuition rates. **All scenarios add \$10.8M in institutional financial aid over FY20 allocations, in addition to what is noted in each scenario.**

	<b>Scenario A: Resident 2.8%, Non-resident 2.8%</b>	<b>Scenario B: Resident 3.5%, Non-resident 3.5%</b>	<b>Scenario C: Resident 4.1%, Non-resident 4.1%</b>
<b>State funding change year over year: 0%</b>	Resident undergraduate: 2.78% Non-res undergraduate: 2.72% Financial aid increase \$2.3M Surplus or (deficit): \$2.4M to <b>\$(6.3M)</b> \$280 annual increase residents \$830 annual increase non-res	Resident undergraduate: 3.55% Non-res undergraduate: 3.41% Financial aid increase \$2.6M Surplus or (deficit): \$4.5M to <b>\$(4.2M)</b> \$360 annual increase residents \$1035 annual increase non-res	Resident undergraduate: 3.99% Non-res undergraduate: 4.00% Financial aid increase \$3.0M Surplus or (deficit): \$6.3M to <b>\$(2.3M)</b> \$405 annual increase residents \$1215 annual increase non-res
<b>State funding change year over year: -4%</b>	Resident undergraduate: 2.78% Non-res undergraduate: 2.72% Financial aid increase \$2.3M Surplus or (deficit): <b>\$(3.1M) to \$(11.7M)</b> \$280 annual increase residents \$830 annual increase non-res	Resident undergraduate: 3.55% Non-res undergraduate: 3.41% Financial aid increase \$2.6M Surplus or (deficit): <b>\$(1.0M) to \$(9.7M)</b> \$360 annual increase residents \$1035 annual increase non-res	Resident undergraduate: 3.99% Non-res undergraduate: 4.00% Financial aid increase \$3.0M Surplus or (deficit): \$0.9M to <b>\$(7.8M)</b> \$405 annual increase residents \$1215 annual increase non-res
<b>State funding change year over year: -8%</b>	Resident undergraduate: 2.78% Non-res undergraduate: 2.72% Financial aid increase \$2.3M Surplus or (deficit): <b>\$(8.8M) to \$(17.1M)</b> \$280 annual increase residents \$830 annual increase non-res	Resident undergraduate: 3.55% Non-res undergraduate: 3.41% Financial aid increase \$2.6M Surplus or (deficit): <b>\$(6.7M) to \$(15.1M)</b> \$360 annual increase residents \$1035 annual increase non-res	Resident undergraduate: 3.99% Non-res undergraduate: 4.00% Financial aid increase \$3.0M Surplus or (deficit): <b>\$(4.9M) to \$(13.1M)</b> \$405 annual increase residents \$1215 annual increase non-res
	Base resident tuition & fees: 2.90% Average res. tuition & fees: 2.86%	Base resident tuition & fees: 3.57% Average res. tuition & fees: 3.49%	Base resident tuition & fees: 3.94% Average res. tuition & fees: 3.81%

- Graduate tuition 4.5% non-resident, 1.5% resident, professional tuition 2.5% to 3%. Cost estimates include ~2.8% overall inflation this year because of modest increases in benefit costs; costs of growth (about 0.5% for modest growth in Ecampus but declines in Corvallis); and new commitments (this year largely for insurance, investments in research, student affairs and enrollment management; and the OSU Foundation).