

To: F. King Alexander, President
 From: Allison Hurst, Chair, University Budget Committee
 Re: Recommendations for Tuition and Mandatory Fee Rates for 2021-2022
 Cc: Edward Feser, Provost and Executive Vice President

Summary:

The University Budget Committee (UBC) constitutes the tuition advisory body required by ORS 352.102. The UBC recommends the following rate changes in tuition and mandatory fees from 2020-21 to 2021-22 for your consideration in recommendations to the Board of Trustees.

Rate	Recommendation	Notes
Resident and non-resident undergraduate tuition	3.5%	2.8%, 3.5%, and 4.1% ¹ increase scenarios (see Table 1) are provided for discussion by the Board of Trustees
Cascades resident undergraduate	3.5%	Same as Corvallis
Resident graduate tuition	1.5%	Current rate is higher than peers
Non-resident graduate tuition	4.5%	Current rate is lower than peers
Professional tuition increases	0% to 4.5%	Depending on program (MBA, MFA at Cascades, Pharmacy, etc.)
Differential tuition	\$1 to \$2 per SCH	Inflationary increases in Business, Engineering, Forestry, Liberal Arts (Arts, Music, Theatre only)
Ecampus undergraduate base tuition	3.5%	Stay at a competitive rate
Ecampus graduate base tuition	0%	Current rates on the high side of peers
Summer tuition	Rate?	Matches campus tuition rates
Mandatory building and matriculation fees	0%	No increases
Student Health Services	5%	\$20.33 per year, to meet increasing costs of medical staffing
Counseling and Psychological Services	5%	\$9.30 per year, to address increasing costs of medical staffing

The weighted average tuition increase for resident undergraduate majors at Corvallis is 3.46% and at Cascades is 3.31%. The weighted average tuition and mandatory fee increase (the rate subject to the 5% threshold) is 3.49% at Corvallis and 3.26% at Cascades. Detailed rates are listed in [Appendix A](#).

A series of tuition forums are being held January through March. Comments and feedback from those will be provided prior to the preparation of the Board docket on your tuition rate recommendations.

¹ Undergraduate rate increases noted are on the per credit hour charges, not on the base “zero-credit” charge made for resident and non-resident academic year tuition. Total increases are somewhat less than the quoted percentages because of the fixed zero-credit charge and rounding to whole dollars.

Rationale:

The UBC has nineteen members with seven students (including representatives of student government at Corvallis and Cascades, as well as students representing historically underserved students), administrators, faculty, and staff. The committee met seven times prior to finalizing this report and will meet in February and March to review any issues or questions prior to the April Board meeting. The committee discussed its recommendations for rate changes with particular emphasis on the impacts of the pandemic on students and the university and on what it was appropriate for a tuition rate increase to be used for.

The committee reviewed three types of projected expenses that a tuition rate increase would cover:

- Inflationary increases related to continuing current levels of academic programs and support services. These include any projected raises, benefit increases for health insurance and retirement, and general inflation. This rate is estimated at 2.8% for FY22 over FY21. Lower raise or benefit increases would decrease that estimate.
- Mandatory cost increases beyond inflation. This coming year these include a second large increase in property insurance rates (in excess of \$2M), an increase in debt service to support capital renewal projects, and operating costs for new facilities coming online. These are estimated equivalent to a 0.7% increase in overall spending.
- Strategic cost increases to support critical investments. These include potential investments in additional fundraising staff through the OSU Foundation, additional staff in Enrollment Management, or additional support for faculty through the Research Office. These are estimated at 0.6% of total spending.

The committee discussed the impact of the pandemic on the finances of many students and families and whether any tuition increase was warranted. There were two important parts to the discussions. First, it was noted that the economic effects of the pandemic have been uneven, hitting some groups extremely hard while leaving others relatively unharmed. Second, university units made very substantial expense reductions in the current year, following cost reductions in most of the immediately preceding years. There was concern about the balance between cost to students and long-term harm from program and staff reductions. The budget consequences of a tuition freeze were considered too substantial to pursue.

The consensus of the committee was that a tuition increase to support inflationary and mandatory cost increases (the 2.8% plus the 0.7% noted above) was reasonable to maintain access to programs and services. This assumes that the substantial increase in institutional financial aid made in the current year continues and the additional aid is allocated. This would allow aid to be directed to students with the highest need rather than the more across-the-board approach of a tuition freeze. The UBC felt that this coming year strategic increases should come from reductions or savings elsewhere in the budget.

The committee recognizes that changes in other revenue sources (the state, indirect cost recovery, and others), coupled with lagging enrollment growth in some student populations, will leave overall revenue growth short of the total inflationary expense increases. The FY22 budget will require some prioritization of resources and targeted expense reductions. The size of those reductions remains somewhat uncertain as the appropriate expense base for FY22 will depend on the degree to which more normal operations resume.

Details on the UBC process, materials, and rate recommendations follow in [Appendix A](#) and details for all tuition rates are noted in [Appendix B](#).

Appendix A

Process and Detailed Discussion

Process:

The University Budget Committee (UBC) reviews and recommends all tuition rates for Corvallis and Cascades and mandatory fees including the building fee, matriculation fee, and health services fees. The increase in total base tuition and these mandatory fees for resident undergraduate students is subject to approval from the HECC or the Legislature for increases greater than 5%. All members of UBC are members of the Tuition Advisory Council required by ORS 352.102. Specific information relevant to the reporting requirements of ORS 352.102 are included in Appendices C, D, E, and F in addition to the discussion here.

The UBC has nineteen members with seven students (including representatives of student government at Corvallis and Cascades, as well as students representing historically underserved students), administrators, faculty, and staff. The committee met seven times prior to finalizing this report and will meet in February and March to review any issues or questions prior to the April Board meeting. The committee membership and meeting schedule are listed in [Appendix C](#). At the meetings, the committee discussed both specific rates and the context of those rates.

The committee received briefings on the Oregon State University (OSU) budget, how the Legislature allocates money to OSU through the HECC, historical data regarding the relationship between resident tuition and fee rates and the amount of state appropriations to OSU that the HECC allocates to the public university. The committee spent time understanding the cost drivers for OSU's Education & General (E&G) budget, how those costs are managed, and what decisions might be made to reduce costs in many of the scenarios considered. The materials provided to the committee, as well as agendas and meeting notes, are posted publicly on the Budget and Resource Planning website (<https://fa.oregonstate.edu/budget/university-budget-committee>).

The committee discussed tuition in the context of revenue and expense projections for 2021-22. A summary of the cost and revenue estimates for the Corvallis E&G budget is included in [Appendix E](#). The revenue projections, assuming a 3.5% tuition increase for resident undergraduates and the other rates recommended here, include \$12.4M in net revenue increases from tuition rate changes, \$5.9M in increases from net enrollment growth (Ecampus is projected to grow at 9% but Corvallis undergraduate enrollment is projected to fall 2% to 4%), a \$9.6M decline in state funding (-4%), and \$1.4M from growth in other funds. Total projected revenue growth in Corvallis E&G funds is about \$9.9M.

On the expense side, the overall inflation rate is estimated at about 2.8% (including estimates of salary and benefit increases, as well as general inflation on goods and services). There will be some costs for growth in Ecampus course delivery (\$2.1M). There are also some cost increases outside inflation including an expected large increase in property insurance premiums (\$2.3M), increased debt service for completed capital renewal projects (\$1.1M) and net operating costs for new facilities (\$0.4M). In addition, there are strategic needs for additional investment that the university would like to fund long-term growth including additional staffing in the Foundation (\$1.2M) and investments in other areas like research support and enrollment management (\$2.0M).

The UBC discusses and recommends a set of scenarios for undergraduate tuition rates as standard practice. The scenarios frame choices that will have to be made at different levels of state funding and tuition, and help assess the impact on the overall E&G budget (a projected budget surplus or deficit), the

percentage increases and dollar increases to resident and non-resident undergraduates, and the projected increases in institutional financial aid (Table 1).

Estimating expenses for next year is complicated by the unusually low spending in FY2021 due to reductions in response to the pandemic. Table 1 shows estimates of the gap between projected revenues and two versions of expected expenses. The first is a projection based on actual FY2021 spending and the second assumes a partial return to what pre-pandemic spending would have been. The second estimate is considered more realistic as OSU resumes more normal operations in the next fiscal year.

The projections largely show revenue shortfalls on the order of \$2M to \$17M depending on the scenario. These should not be taken as actual deficits---they are planning numbers which show that budget allocation adjustments will need to be made based on final recommendations on tuition, updates to current year cost trajectories, and revised enrollment projections. The projections summarized in Table 1 informed the UBC's discussions about the general trajectory of revenues and costs.

The UBC received input from the Student Budget Advisory Council, a volunteer group of about 15 students from different colleges and groups on campus that reviews the same materials as UBC and provides additional student perspective. Notices of meetings and a request for comment or questions were posted regularly in OSU Today. The UBC, working with the Office of Budget and Resource Planning, scheduled a series of weekly tuition forums from January 21st through March 11th. The forums are advertised through social media, as well as through Student Affairs and ASOSU. OSU-Cascades held meetings with the Associated Students of Cascades (ASCC) and the Cascades Student Fee Committee (SFC). Notices of the meeting were posted on the Cascades Campus and advertised by the SFC. Comments, questions, and concerns from the various discussions will be compiled as part of the materials provided for the Board discussion in April.

Discussion of Recommendations:

Tuition and mandatory fees

Tuition rate recommendations for all rates are listed in [Appendix B](#). The UBC endorses the rate increases shown in [Appendix B](#).

Undergraduate base tuition has been presented to the Board in a scenario format in each of the previous five years, assuming various tuition increases (Table 1) and levels of state funding and noting the differences in those scenarios. Table 1 shows, for the nine undergraduate tuition scenarios, the nominal rate increases in per credit hour charges, as well as the cost to students in dollars, the precise percentage rate increase, the increase in financial aid (in addition to the FY21 increase of \$10.8M), and the estimated budget deficit or surplus (assuming no other changes in planning). The percentages noted are for per credit hour charges. The precise rate increases are somewhat less than the per credit hour increases because there is a fixed "zero-credit" charge included in undergraduate tuition rates.

The committee reached a consensus that a 3.5% increase was the preferred scenario for undergraduate base tuition. This would match the estimated overall inflation cost of about 2.8% plus the expected increases in mandated costs (the equivalent of 0.6% for property insurance, debt service, and new building operations and maintenance). The consensus was that rate increases should be the same for residents and non-resident undergraduates. A tuition freeze was discussed but the UBC felt that, while lower tuition increases were desirable, a freeze left too large a gap between currently projected revenues

and expenses. The committee felt that increases proportional to inflation and required cost increases were appropriate.

The UBC discussed its recommendation for a 3.5% increase in light of the need to develop a budget that was balanced. The committee felt that in the current year strategic investments should come from redistribution of budget or other sources, rather than an additional tuition increase. The UBC understands that balancing the E&G budget will likely require some reductions in planned strategic commitments and budget redistributions, particularly because of the reduction in state funding recommended in the Governor's budget.

There are currently two undergraduate rate tables, one for students who matriculated in Fall, 2020 or later and one for students who matriculated before Fall, 2020. The percentage rate increases are recommended to be applied to both base rates (and then rounded to the nearest whole dollar).

Undergraduate differential tuition rates had no new rate proposals for face-to-face programs in Corvallis or Cascades. The base tuition rate increase is recommended to apply to the differential rates in the colleges. Colleges can request to opt out of that differential increase if they felt the increase would put the rates for their programs too high.

Based on the 3.5% increase, undergraduate differential tuition per credit will go up \$1 per credit hour in general engineering, forestry, business and CLA arts and music programs. Professional engineering differential tuition will go up \$2 per credit hour but Honors College differential tuition will not increase (Honors just raised their rate two years ago and does not feel an increase this year is necessary).

Graduate base tuition is recommended to increase 1.5% for resident students and 4.5% for non-resident students. These increases continue a multi-year effort to bring both rates in line with those of peer institutions.

Graduate differential tuition rates will also increase by inflation except where a college has opted out. Engineering rates will increase by \$2 per credit hour but rates for the Master of Public Health will remain unchanged. Differential rates for the MBA and MSB will increase by \$5/SCH for residents and \$6/SCH for non-residents.

Professional program tuition for the PharmD, DVM, and professional degrees at Cascades are recommended to increase from 0% to 3% depending on the program (see [Appendix B](#)). These rates were recommended by the particular programs after discussions with their students, an assessment of peer and market tuition rates, and an evaluation of demand for the programs.

Ecampus tuition rates are recommended to increase 3.5% for undergraduate base tuition and 0% for graduate base tuition. These rates were reviewed by Ecampus leadership to make sure they were consistent with market position and the recommendation was to not increase base graduate tuition which is already somewhat higher than peers. Differential tuition per credit hour would increase by \$1 in undergraduate general engineering, \$1 in undergraduate business, \$2 in undergraduate engineering majors, \$1 in graduate education programs, \$7 in the computer science post-baccalaureate, and \$2 in graduate engineering programs. An increase of 6% in the MS in Radiation Health Physics is the second year of two steps to bring the rate to market levels. Differential rates for Public Health and graduate programs in the College of Education would not increase.

Summer tuition rates for undergraduate and graduate students are recommended to match academic year resident per credit hour rates at the respective campuses.

Health fees at both Cascades and Corvallis were reviewed by the UBC. Cascades is developing their health services program but no increase is recommended as there is existing fund balance to support services. An increase of 5% (\$20.30 per year) for Student Health Services (SHS) at Corvallis is recommended. Costs for SHS are growing faster than inflation (and in fact faster than 5%, largely because of pressure on salaries for medical professionals), but the recommendation for this year is to use some fund balance and complete a comprehensive review of the expense and fee-for-service structure of SHS. Counseling and Psychological Services in Corvallis is also recommended for a 5% increase (\$9.30 per year). The 5% increases this year were not based on detailed proposals from the two units. Given the time demands both groups have faced in responding to the pandemic, the UBC discussed with leadership recommending a common placeholder amount of 5% for SHS and CAPS this year in lieu of requiring a detailed proposal for a fee change. Both units believe this will be sufficient to maintain current services for the next fiscal year, but will not address any needed expansions of service. It is likely that assessments of health services after the pandemic will inform recommendations about how new (and current) services should be structured and expanded for next year's fee discussion.

Other fees include the building fee and matriculation fee. No increase is proposed for either.

At the recommended undergraduate tuition rate increase of 3.5%, the base tuition and mandatory fee increase for resident undergraduate students would be 3.49% in Corvallis and 3.26% in Bend.

Other projected rate changes:

Tuition and mandatory fees are only part of the cost of attendance for students. Student incidental fees and housing and dining rates are the other major costs that are set by the university.

Student incidental fees are recommended to you for referral to the Board by the ASOSU and ASCC student governments based on recommendations from student-led committees and approval by the respective student government legislatures. Recommendations for incidental fee increases are 6.36% (\$81.69 per year) for Corvallis and 4% (\$36.00 per year) for Cascades . The increases address issues of cost inflation but also include at Corvallis funding for Memorial Union's deferred maintenance programs, increased focus on basic needs and wellness of students including increased support for food insecurity and childcare assistance, and at Cascades added funding for student recreation programs and increasing demand for fee-funded services.

Housing and dining rates include a variety of room and meal plans that vary between campuses. On average, however, housing and dining rates are projected to increase in the 4% to 8% range, depending on FY21 losses and strategies for managing those losses. Final rate discussions are still pending.

Table 1: 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. Scenario B is set at the estimated overall inflationary increase (2.8%) plus mandatory cost increases beyond inflation (0.6%) and is the consensus recommendation from UBC. Rates are applied to resident undergraduate 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. The middle row corresponds to the Governor's Recommended Budget (GRB).

	Scenario A: Resident 2.8%, Non-resident 2.8%	Scenario B: Resident 3.5%, Non-resident 3.5%	Scenario C: Resident 4.1%, Non-resident 4.1%
State funding change year over year: 0%	Resident undergraduate: 2.78% Non-res undergraduate: 2.72% Financial aid increase \$2.3M Surplus or (deficit): \$2.4M to \$(6.3M) \$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 \$(4.2M) \$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 \$(2.3M) \$405 annual increase residents \$1215 annual increase non-res
State funding change year over year: -4%	Resident undergraduate: 2.78% Non-res undergraduate: 2.72% Financial aid increase \$2.3M Surplus or (deficit): \$(3.1M) to \$(11.7M) \$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): \$(1.0M) to \$(9.7M) \$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 \$(7.8M) \$405 annual increase residents \$1215 annual increase non-res
State funding change year over year: -8%	Resident undergraduate: 2.78% Non-res undergraduate: 2.72% Financial aid increase \$2.3M Surplus or (deficit): \$(8.8M) to \$(17.1M) \$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): \$(6.7M) to \$(15.1M) \$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): \$(4.9M) to \$(13.1M) \$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%

Other tuition rates used in the scenario analyses are at the rates noted in [Appendix B](#).

Appendix B

Recommended tuition and mandatory fee rates for 2021-2022

Undergraduate base tuition rates calculated at a nominal per credit hour cost increase of 3.5% (Scenario B).

2021-22 OSU Tuition and Fee Rate Recommendations, Corvallis and Cascades campuses

Rates are shown as annual cost unless indicated, 15 credit hours for undergraduates, 12 credit hours for graduates

*There is a flat \$100 per SCH for resident and \$335 for non-resident undergraduates per quarter in addition to the per credit hour charges

Differential charges are applied to summer term rates and Ecampus rates for applicable majors

Mandatory and Student Incidental Fee rates

Rate	FY21 Annual Cost	FY22 Proposed Annual Cost	Tuition percentage Increase	Tuition dollar Increase	Tuition & Mandatory Fee Increase	Notes
Student Incidental Fees Corv	\$1,284.24	\$1,365.93	6.36%	\$81.69		Recommended by ASOSU
Student Incidental Fees Casc:	\$900.00	\$936.00	4.00%	\$36.00		Recommended by ASCC
Building Fee	\$135.00	\$135.00	0.00%	\$0.00		Mandatory fee
Matriculation Fees (once)	\$350.00	\$350.00	0.00%	\$0.00		Mandatory fee
Student Health Services	\$406.55	\$426.88	5.00%	\$20.33		Mandatory fee
Counseling and Psychological Svc.	\$186.02	\$195.32	5.00%	\$9.30		Mandatory fee
Cascades Health Services	\$177.00	\$177.00	0.00%	\$0.00		Recommended by ASCC

Undergraduate Tuition-Matriculated Fall 2020 or later (annual rates for 15 credits per quarter)

Corvallis res new no differential*	\$10,155	\$10,515	3.55%	\$360	3.58%	range of 2.8%, 3.5%, 4.1%
Cascades res new no differential*	\$9,975	\$10,290	3.16%	\$315	3.06%	range of 2.8%, 3.5%, 4.1%
Non-resident new undergraduate*	\$30,345	\$31,380	3.41%	\$1,035	3.43%	range of 2.8%, 3.5%, 4.1%
General Engineering resident	\$11,730	\$12,135	3.45%	\$405	3.49%	\$1/SCH increase to differential
General Eng non-resident	\$31,920	\$33,000	3.38%	\$1,080	3.40%	\$1/SCH increase to differential
Engineering majors resident	\$12,540	\$12,990	3.59%	\$450	3.62%	\$2/SCH increase to differential
Eng majors non-resident	\$32,730	\$33,855	3.44%	\$1,125	3.45%	\$2/SCH increase to differential
Forestry resident	\$10,875	\$11,280	3.72%	\$405	3.75%	\$1/SCH increase to differential
Forestry non-resident	\$31,065	\$32,145	3.48%	\$1,080	3.49%	\$1/SCH increase to differential
Business resident	\$11,145	\$11,550	3.63%	\$405	3.66%	\$1/SCH increase to differential
Business non-resident	\$31,335	\$32,415	3.45%	\$1,080	3.46%	\$1/SCH increase to differential
Arts CLA resident	\$10,722	\$11,109	3.61%	\$387	3.64%	\$1/SCH increase to differential
Arts CLA non-resident	\$30,912	\$31,974	3.44%	\$1,062	3.45%	\$1/SCH increase to differential
Honors resident differential	\$11,655	\$12,015	3.09%	\$360	3.15%	No increase to differential
Honors non-resident	\$31,845	\$32,880	3.25%	\$1,035	3.27%	No increase to differential

Undergraduate Tuition-Matriculated before Fall 2020 (annual rates for 15 credits per quarter)

Corvallis res cont no differential*	\$9,840	\$10,155	3.20%	\$315	3.26%	range of 2.8%, 3.5%, 4.1%
Cascades res cont no differential*	\$9,525	\$9,840	3.31%	\$315	3.36%	range of 2.8%, 3.5%, 4.1%
Non-resident cont undergrad	\$29,445	\$30,435	3.36%	\$990	3.38%	range of 2.8%, 3.5%, 4.1%
General Engineering resident	\$11,370	\$11,730	3.17%	\$360	3.22%	\$1/SCH increase to differential
General Eng non-resident	\$30,975	\$32,010	3.34%	\$1,035	3.36%	\$1/SCH increase to differential
Engineering majors resident	\$12,135	\$12,540	3.34%	\$405	3.38%	\$2/SCH increase to differential
Eng majors non-resident	\$31,740	\$32,820	3.40%	\$1,080	3.42%	\$2/SCH increase to differential
Forestry resident	\$10,515	\$10,875	3.42%	\$360	3.47%	\$1/SCH increase to differential
Forestry non-resident	\$30,120	\$31,155	3.44%	\$1,035	3.45%	\$1/SCH increase to differential
Business resident	\$10,785	\$11,145	3.34%	\$360	3.38%	\$1/SCH increase to differential
Business non-resident	\$30,390	\$31,425	3.41%	\$1,035	3.42%	\$1/SCH increase to differential
Arts CLA resident	\$10,380	\$10,722	3.29%	\$342	3.35%	\$1/SCH increase to differential
Arts CLA non-resident	\$29,985	\$31,002	3.39%	\$1,017	3.41%	\$1/SCH increase to differential
Honors resident differential	\$11,340	\$11,655	2.78%	\$315	2.86%	No increase to differential
Honors non-resident	\$30,945	\$31,935	3.20%	\$990.00	3.22%	No increase to differential

Rate	FY21 Annual Cost	FY22 Proposed Annual Cost	Tuition percentage Increase	Tuition dollar Increase	Tuition & Mandatory Fee Increase	Notes
Graduate Tuition (annual rates for 12 credits per quarter)						
Resident graduate	\$13,257	\$13,446	1.43%	\$189	1.56%	adjust closer to peers
Non-resident graduate	\$26,109	\$27,297	4.55%	\$1,188	4.54%	adjust closer to peers
PharmD resident	\$25,236	\$25,992	3.00%	\$756	3.03%	informed by market position
PharmD non-resident	\$41,220	\$42,444	2.97%	\$1,224	2.99%	informed by market position
DVM resident	\$24,678	\$25,295	2.50%	\$617	2.55%	informed by market position
DVM non-resident	\$49,365	\$50,599	2.50%	\$1,234	2.52%	informed by market position
Engineering resident	\$15,309	\$15,570	1.70%	\$261	1.81%	\$2/SCH increase to differential
Engineering non-resident	\$28,161	\$29,421	4.47%	\$1,260	4.46%	\$2/SCH increase to differential
MPH differential resident	\$15,669	\$15,858	1.21%	\$189	1.33%	No increase to differential
MPH differential non-resident	\$29,889	\$31,077	3.97%	\$1,188	3.98%	No increase to differential
MBA and MS Business resident	\$28,584	\$29,016	1.51%	\$432	1.57%	\$5/SCH increase to differential
MBA and MS Business non-res	\$49,572	\$51,372	3.63%	\$1,800	3.64%	\$6/SCH increase to differential
Cascades MCoun resident	\$16,704	\$16,704	0.00%	\$0	0.00%	No increase, market position
Cascades MS Coun non-resident	\$30,492	\$30,492	0.00%	\$0	0.00%	No increase, market position
Cascades MAT resident	\$16,704	\$16,704	0.00%	\$0	0.00%	No increase, market position
Cascades MAT non-resident	\$30,492	\$30,492	0.00%	\$0	0.00%	No increase, market position
Cascades MFA resident	\$17,532	\$17,532	0.00%	\$0	0.00%	No increase, market position
Cascades MFA non-resident	\$17,532	\$17,532	0.00%	\$0	0.00%	No increase, market position
Cascades Doc. Phys Therapy Res.	\$20,727	\$21,142	2.00%	\$415	1.97%	To complete implementation
Cascades Doc. Phys The. non-res	\$30,300	\$30,906	2.00%	\$606	1.98%	To complete implementation
Summer (per SCH) (differential rates apply to appropriate majors)						
Corvallis undergraduate	\$636	\$657	3.30%	\$21		Same as Corvallis resident
Cascades undergraduate	\$615	\$636	3.41%	\$21		Same as Cascades resident
Corvallis graduate	\$1,473	\$1,494	1.43%	\$21		Same as Corvallis resident
Cascades graduate	\$1,473	\$1,494	1.43%	\$21		Same as Cascades resident
Ecampus (differential rates apply to appropriate majors)						
Undergraduate	\$954	\$987	3.46%	\$33		Consistent with Corvallis increase
Computer Science differential	\$1,524	\$1,578	3.54%	\$54		Consistent with Corvallis increase
Business Students	\$1,020	\$1,056	3.53%	\$36		Consistent with Corvallis increase
Pre engineering students	\$1,059	\$1,095	3.40%	\$36		Consistent with Corvallis increase
Prof Engineering students	\$1,113	\$1,152	3.50%	\$39		Consistent with Corvallis increase
BS Computer Science	\$1,113	\$1,152	3.50%	\$39		Consistent with Corvallis increase
Developmental Math	\$693	\$717	3.46%	\$24		Consistent with Corvallis increase
Graduate	\$1,680	\$1,680	0.00%	\$0		Stay competitive in market
AHE PhD and EdD	\$1,770	\$1,770	0.00%	\$0		Stay competitive in market
PhD in Counseling	\$1,770	\$1,770	0.00%	\$0		Stay competitive in market
MS in Counseling	\$1,770	\$1,770	0.00%	\$0		Stay competitive in market
Grad Certificate Public Health	\$1,881	\$1,881	0.00%	\$0		Stay competitive in market
MBA and Business Courses	\$2,589	\$2,589	0.00%	\$0		Stay competitive in market
Engineering MS Rad. Health Phy	\$1,956	\$2,073	5.98%	\$117		second year of increase plan
College of Engineering students	\$1,851	\$1,857	0.32%	\$6		\$2/SCH increase in differential

Appendix C
Membership and meeting schedule of the University Budget Committee


Membership:

Allison Hurst, Associate Professor, College of Liberal Arts – *Chair*
Sherm Bloomer, Associate Vice President, Budget & Resource Planning – *Vice Chair*
Jon Boeckstedt, Vice Provost, Enrollment Management
Amy Bourne, Senior Instructor, College of Business; Faculty Senate Budget & Fiscal Planning Committee Chair
Michaela Canete, Student Budget Advisory Council chair
Jessica Dupont, Executive Director, OSU Ecampus
Taha Elwefati, Associated Students of OSU-Cascades Campus
Lisa Gaines, Director, Institute for Natural Resources
John Gremmels, Capital Planner; Infrastructure Working Group Representative
Alison Johnston, Associate Professor, School of Public Policy; Faculty Senate Representative
Javier Nieto, Dean, College of Public Health & Human Sciences
David Min Seo Park, Associated Students of OSU
Deja Preusser, Student at Large
Edgar Rodriguez, Student at Large
Staci Simonich, Executive Associate Dean, College of Agricultural Sciences
Kelly Sparks, Associate Vice President, OSU-Cascades
Mackenzie Thibault, Graduate Student, College of Business
Jackie Thorsness, Manager, Agricultural Sciences and Marine Sciences Business Center

Fall and Winter Meeting Schedule:

October 23rd
November 6th
November 20th
December 4th
January 8th
January 22nd
February 5th
February 19th
March 5th

Appendix D
Minority reports



ORS 352.102 requires that the written report must include any minority report requested by a member of the advisory body.

There were no minority reports requested.

DRAFT

Appendix E
Materials provided

ORS 352.102 requires that the written report must include “any documents produced or received by the advisory body under subsections (4) and (5)”. The full set of materials provided to the UBC as well as meeting notes are available at <https://fa.oregonstate.edu/budget/university-budget-committee/ubc-meeting-schedule> .

Subsection (4) says these materials include a plan for how the governing board and the public university’s administration are managing costs on an ongoing basis and a plan for how resident tuition and mandatory enrollment fees could be decreased if the public university receives more moneys from the state than anticipated. A summary of some of the key information follows in Appendix F.

The University Budget Committee (UBC) reviewed details of the drivers of cost increases and projections for costs and revenues for the E&G budget. A short summary of revenue and cost projections, as well as cost management practices, follows. The scenarios in Table 1 are centered around the middle row or Governor’s Recommended Budget (GRB) which holds the Public University Support Funding (PUSF) flat for the biennium. However, this means a 4% reduction from FY21 to FY22 as only 49% of the biennial budget is allocated in the first year. Any increases or decreases beyond the GRB will depend greatly on the updated revenue forecast due in March. Budget planning is centered on the GRB as the currently likely outcome.

Subsection (5) says that “ Before making a recommendation to the president of the university that resident tuition and mandatory enrollment fees should be increased by more than five percent annually, the advisory body must document its consideration of: (a) The impact of the resident tuition and mandatory enrollment fees that the advisory body intends to recommend to the president of the public university on: (A) Students at the public university, with an emphasis on historically underserved students, as defined by the public university; and (B) The mission of the public university, as described by the mission statement adopted under ORS 352.089; and (b) Alternative scenarios that involve smaller increases in resident tuition and mandatory enrollment fees than the advisory body intends to recommend to the president of the public university.

The UBC recommendation is for an undergraduate resident tuition increase of 3.5%. The committee did not consider a scenario with an increase over 5% for resident undergraduate tuition. However, the committee’s discussions do include consideration of the impact of tuition increases, additions to financial aid, and alternative strategies to tuition increases.

APPENDIX F
Costs and Cost Management Overview

University Budget Committee

2020-21 Academic Year Discussions

Summary of costs and cost management strategies

The University Budget Committee (UBC) began its discussions with a review of cost drivers and cost estimates for the 2021-22 fiscal year. The cost drivers and estimates have been revised regularly as conditions have changed. The principal pieces of those estimates include reviews of enrollment and cost and revenue projections.

Context—Enrollment and Revenues

- The pandemic resulted in large declines in international student enrollments and significant drops in new student enrollments in Corvallis. Ecampus enrollments were up over 20%.
- The current mix of students suggests continued declines in overall undergraduate enrollments in Corvallis (1% to 4%) with relatively flat graduate student enrollment and 9% credit hour growth in Ecampus. Continued modest increases are expected at Cascades.
- While efforts are underway to increase recruiting of non-resident students (domestic and international), graduate students, and resident undergraduates (both transfers and students direct from high school) student behavior this coming year is likely to be different than historical trends. Predicting yield from applications will be more challenging than normal.
- Planning for Corvallis tuition revenues next year assumes enrollment changes shown in the following table and the rate increases recommended by the UBC:

	Fall change 2020 over fall 2019	Projection fall 2021 over fall 2020
Total credit hours	-1.4%	0.5%
Ecampus	28.3%	5.9%
Cascades	5.9%	7.5%
Corvallis all	-5.9%	-1.8%
Resident undergraduate	-4.0%	-1.3%
Non-resident U.S. undergraduate	-2.9%	-0.4%
Non-resident, international, PRC	-32.1%	-13.7%
Non-resident, international, other	-24.2%	-14.7%
Graduate	-3.0%	0.1%

State funding is always uncertain in planning for a new biennium. The Governor's Recommended Budget holds the Public University Support Funding (PUSF) flat for the biennium. However, this means a 4% reduction from FY21 to FY22 as only 49% of the biennial budget is allocated in the first year.

Context--Cost Increase Projections

The major contributors to cost increases next year include:

- Salary costs are expected to grow between 1.5% and 4.5%, depending on the employee group. There is significant uncertainty on salary costs, since these will depend on the overall revenue projection. Negotiations will take place with UAOSU in spring to discuss potential FY22 salary increases.
- Benefit costs are estimated to increase by about 3.6% to 3.7%, due to increases in health insurance rates and modest rate increases for retirement programs (modest compared to the first year of most recent biennia).
- Inflation on services and supplies is projected at about 2.0%.
- Aggregate inflation is estimated at about 2.8% overall, depending on the final salary agreements.
- Growth is projected in Ecampus which requires some small investment in additional faculty capacity.
- Additional commitments are also needed for expected cost increases beyond inflation:
 - \$1.1M in additional debt service on new revenue bonds supporting completed projects
 - \$2.0M in additional insurance increases, and
 - \$1.2M for the OSU Foundation and Alumni Association to build staff capacity for the next campaign.
- Additional strategic commitments are needed in some crucial areas (\$2M is earmarked for these if they are possible):
 - \$1.2M for the OSU Foundation and Alumni Association to build staff capacity for the next campaign.
 - Additional staffing in Enrollment Management in financial aid and recruiting.
 - Additional staffing in the Research Office to provide research support services to faculty.

Reaching a plan for a balanced budget for 2021-2022 will include an assessment of whether any existing programs should be reduced, discussions on tuition rates, updates to enrollment projections as applications and admissions proceed, actual costs for things like insurance, reallocations or reductions of existing budget, and opportunities to reduce any of the new commitments planned.

Through various meetings, depending on the topic, discussions included reference to various cost management and cost assessment strategies employed by the university. These are summarized briefly here.

Cost Management Strategies

Over the last 11 years OSU has moved from an environment of robust enrollment growth to one with much slower or declining (for Corvallis) growth. This has led to expense reductions in each of the last three fiscal years. While we often talk about these as “budget cuts” these are really expense reductions as both revenue and expense have continued to grow, the former just more slowly than the latter. Figure 1: Corvallis E&G revenue and expense growth (including net transfer out expenses). When we talk about budget cuts we are usually talking about slowing expense growth not reducing total overall spending year over year, although in FY21 expenses are projected to be lower in absolute dollars than in FY20.

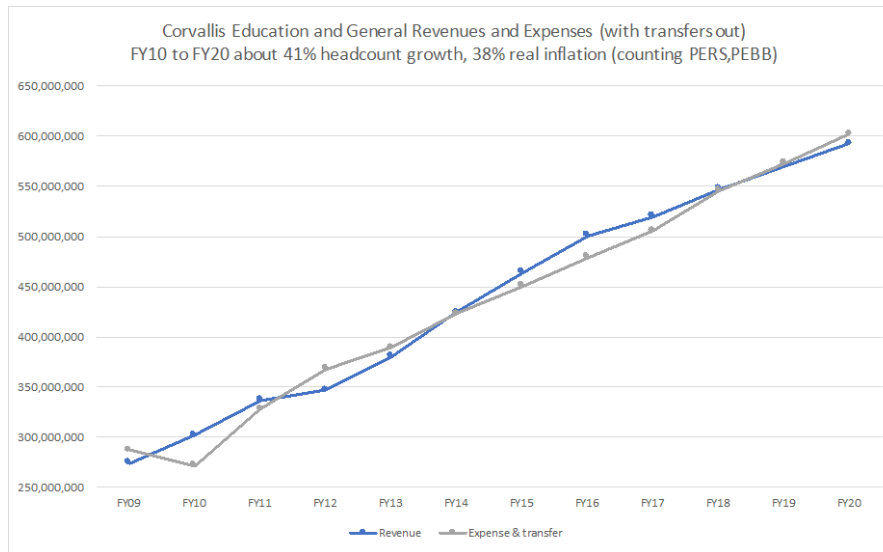
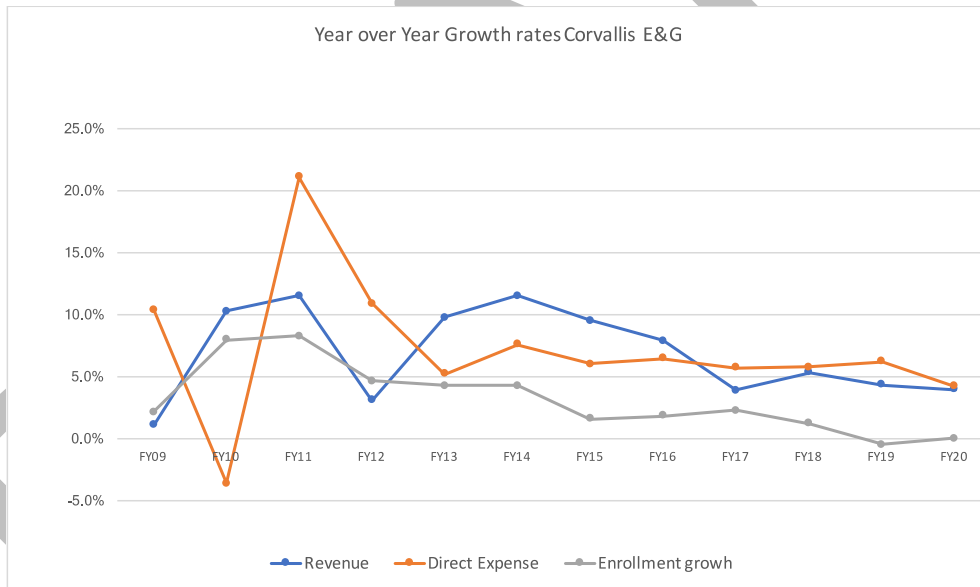


Figure 2: The year-over-year rates of growth of revenue, expense (here direct expense without transfers), and enrollment illustrate the pressures on the net budget position. The odd large rate increases in expenses in FY11 and FY12 were due to spending Federal stimulus funds.



The practical consequences of these trends for the Corvallis E&G budget have been expense reductions of about \$20M (\$7.6M from central resources) in 2017-18, \$7.5M in 2018-19 (taken as a mid-year rescission), and about \$14M in 2019-2020. The pandemic induced changes in 2020-21 included making about \$49M in expense reduction in the Corvallis E&G budget.

The university monitors and reviews costs both at the Board level and through university leadership at all levels. Those include:

Board of Trustees:

- Annual approval of budgets for all funds, which requires a review of overall expenditures, projected fund balance, and strategies for cost reductions or investments of new state funding
- Quarterly management reports assessing trajectories of actual revenues and expenses to budget, with an assessment of the reasons for changes outside set tolerances
- Review of a ten-year business forecast every two years to consider long-term trajectories for tuition, enrollments, expenditures, other revenues, and financial metrics.
- Periodic assessment of PERS liabilities and alternatives to the increasing costs of those liabilities.
- Tuition policy that states the board expects that “annual tuition rate increases will be between 2 and 5 percent” which acknowledges expense reduction will be a regular, necessary part of budget planning, as state funding and enrollment growth often will not keep up with inflationary cost growth at those tuition increases.

University Leadership:

- Maintain an annual budget development process that looks three years out and assesses relative needs and priorities across units.
- Manage a system with highly distributed budget authority (deans and senior leaders have a budget with the charge to carry out the unit mission within the allocated resources. Units have significant authority over how to use those funds).
- Periodically assess cost budget growth rates by categories and units over five-year spans to guide decisions about budget reductions or new investments
- Participating in cost benchmarking with ABC Insights, a cost benchmarking consortium that provides comparisons of costs for various kinds of services (payroll, IT, etc.) for peer institutions including the University of Oregon, University of Texas, University of North Carolina and others.
- Assess salary levels relative to peer institutions for most professional faculty (classification-compensation structure) and leadership positions to make sure salaries are appropriate to market and job.
- Implemented \$20M of expense reductions for the 2018-19 academic year and \$7.2M in January of 2019 to adjust to declining enrollments and increased PERS costs. FY20 reductions totaled about \$14M in strategic allocations, services and supplies spending, and personnel expenses. FY21 reductions included planning for about \$49M in Corvallis E&G reductions.
- In these reductions have distributed a larger proportion of reductions (as a percent of budget) to service and administrative units.
- Periodically identify areas for cost-reduction strategies (BennyBuy eprocurement, BennyHire process revision for hiring students, copier contracts, efficacy of custodial contracts, utilities strategies, insurance options, etc.)
- Are working to initiate a zero-based budget review of expenses for service, support and management areas as well as productivity benchmarks for academic units