

Agenda. UBC Meeting November 4<sup>th</sup>, 2022

**1. Workgroup interests (brief issue description below):**

- Charge by campus structure and needs
  - Currently charge by course type; Corvallis non-resident students using Ecampus pay a lot less per course, Corvallis resident students using Ecampus pay more
  - Charging by campus (Corvallis, Ecampus, Bend) would be fairer and independent of modality
  - Questions of how a student can change campuses (criteria, who monitors, etc.), impact on financial aid and enrollment, can it be phased in, impacts on particular groups (some athletics teams for example)
- Differential and course fee structures
  - While there are guidelines on differential tuition they are broad and most colleges could apply. Should we 1) just leave current practices as is; 2) roll all differential into general tuition, 3) identify tiers of no, low, moderate, high-differential colleges to provide some structure?
  - Current course fee policies are somewhat broad. There are a large number (~2,000), many generate small amounts and the potential for proliferation is high. Should we narrow the criteria significantly, roll current course fees into tuition, and make up the revenue to colleges in budget?
- Contribution margin guidelines and structure
  - Understanding the relative financial cost or return of a college requires assigning revenue, direct costs, and indirect costs (for example a share of the library or a share of facilities).
  - Need criteria for fairly assigning revenue and indirect costs. This analysis will inform “calibrating” the revised budget model.

**2. Outline of tuition planning for 2023-24 and initial discussion**

- Guidelines from last year
- Estimates of OSU inflation for 2023-24
- Implications for base and differential tuition rates

**3. Tuition issues over and above base rates (as time allows)**

- Charge by campus overview and issues
- Course fee overview and issues
- Differential tuition overview and issues

Some background and context materials follow. We will review and discuss these at the meeting on Friday, but ask any questions you like beforehand!

## Existing guidelines and context (Board discussion Spring 2022)

“The proposed approach would assume that:

- The Board policy of expecting tuition increases in the range of 2% to 5%, barring extreme financial change, would continue.
- Tuition for continuing students (for all campuses, residencies and modalities) increases at no more than the estimated rate of inflation, based on a weighted average across spending categories.
- Tuition for students matriculating in the next academic year would increase at a slightly greater rate (for initial planning, an additional percentage point, but ultimately set with close attention to markets) than continuing students.
- Differential tuition charges above base tuition would be increased at the rate for continuing students (unless a unit asks for no change) so that the charges are the same across all cohorts. Only base tuition charges would vary by cohort.
- The additional increase for incoming students would be monitored to make sure rates were appropriate and competitive relative to peer institutions.
- Graduate and professional tuition will be charged on a program-by-program basis consistent with program costs, peer comparisons, and market analyses.
- Summer tuition would have one rate set at resident rates for incoming students.”

## Composite inflation estimate for OSU-Corvallis for 2023-24

<b>Cost Category:</b>	Average % of total spend	Rate Change	Change due to salary increases	Total Inflation Change
Unclassified Salary & Pay	37.91%	3.50%		3.50%
Unclassified OPE	18.22%	2.38%	2.17%	4.60%
Classified Salary & Pay	7.19%	4.75%		4.75%
Classified OPE	4.63%	2.56%	2.17%	4.79%
Graduate & Student Pay	5.58%	4.00%		4.00%
Graduate Fee Remissions	3.29%	0.00%		0.00%
Graduate & Student OPE	1.04%	8.00%		8.00%
Other Salary Costs	0.81%	2.00%		2.00%
Services & Supplies, Other	21.33%	4.00%		4.00%
Total Expenditures	100.00%			3.90%

The 3.9% increase corresponds to about \$25M in increased costs. If CPI inflation stays at 5%, the composite estimate would be 4.12%. If CPI drops to 3% the composite increase would be 3.69%. Costs for growth or new investments would be covered by enrollment growth or reallocation of current spending.

Starting point for 2023-24 Tuition Planning assuming a 3.9% composite inflation rate. Rate changes are generally the same for Corvallis, Cascades, and Ecampus unless otherwise noted.

Category	Change	Notes
Continuing resident and non-resident undergraduate	3.9%	Linked to estimated inflation rate
New resident and non-resident undergraduate	3.9% +?	Linked to estimated inflation possible plus a small increment
New Ecampus undergraduates	3.9% +?	Linked to estimated inflation possible plus a small increment; need to maintain Ecampus rates at appropriate competitive level with peers
Resident and Ecampus graduate	0.0%	Rates high relative to peers, avoid cost increases on grant funded positions
Non-resident graduate	3.9%	At estimated inflation rate
Professional tuition increases	3.9%	At estimated inflation rate but program decision (MAT, MFA, MCOUN, DPT at Cascades, Pharmacy, Vet Med )
Differential tuition undergraduate	3.9%	Inflationary increases in Business, Engineering, Forestry, Liberal Arts (Arts, Music, Theatre only)
Differential tuition graduate	\$0 per SCH	Tied to resident graduate rates
Summer tuition	3.9%+?	Matches new student campus tuition rates
Mandatory matriculation fees	0%	No increases requests
Mandatory building debt fee	2.2% to 4.4% per quarter	\$1 or \$2 per year rate increase for 5 years; \$2 in FY23 pending request from Student Affairs
Student Health Services-Cascades	TBD	Recommended by Cascades in consultation with ASCC
Student Health Services-Corvallis	TBD	Proposal coming from SHS; inflation typically higher than OSU inflation because of medical wage pressures
Counseling and Psychological Services-Corvallis	TBD	Proposal coming from SHS; inflation typically higher than OSU inflation because of medical wage pressures
Incidental fees--Corvallis	TBD	Recommended by ASOSU
Incidental fees--Cascades	TBD	Recommended by ASCC

**Table 1: Scenario planning for undergraduate tuition recommendations (Corvallis campus)**

The middle-column shows the default recommendation at about inflation, given the positive enrollment forecast and is the same for new and continuing students. The left-hand scenario decreases the increase for both categories by 1% point. The right-hand version adds a percentage point for new students. Table shows both the annual impact on individual students and on overall institutional E&G revenue. State funding above a 4% increase year-over-year (about inflation) could support some reduction in tuition rates or investments in particular student support programs. Rates are applied to resident undergraduate and non-resident undergraduate tuition rates (including Ecampus). All scenarios include an assumption of an increase of about \$11M in institutional financial aid (continuing a four-year initiative to reenter the Western Undergraduate Exchange and to regain enrollment of Pell eligible resident students). Overall inflation costs for OSU Corvallis Education and General funds are estimated at about \$26M. The central scenario adds about \$19.6M in gross revenue due solely to the rate increase; the revenue change is in reference to that amount.

	<b>Scenario A: Continuing Res. 2.9%, Non-resident 2.9% New Resident 2.9 %, Non-resident 2.9%</b>	<b>Scenario B: Continuing Res. 3.9%, Non-resident 3.9% New Resident 3.9%, Non-resident 3.9%</b>	<b>Scenario C: Continuing Res. 3.9%, Non-resident 3.9% New Resident 4.9%, Non-resident 4.9%</b>
<b>State funding at +4% FY24 over FY23</b>	Resident undergraduate (annual): Before 2020:   \$302 Entered FY21:   \$311 Entered FY 22:   \$317 Entered FY23:   \$319 New FY24:       \$319 Non-res undergraduate (annual): Before 2020:   \$905 Entered FY21:   \$931 Entered FY 22:   \$945 Entered FY23:   \$954 New FY24:       \$954 Change in revenue: <b>\$ (4.2M)</b>	Resident undergraduate (annual): Before 2020:   \$407 Entered FY21:   \$419 Entered FY 22:   \$426 Entered FY23:   \$429 New FY24:       \$429 Non-res undergraduate (annual): Before 2020:   \$1217 Entered FY21:   \$1252 Entered FY 22:   \$1271 Entered FY23:   \$1283 New FY24:       \$1283 Change in revenue: \$0M	Resident undergraduate (annual): Before 2020:   \$407 Entered FY21:   \$419 Entered FY 22:   \$426 Entered FY23:   \$429 New FY24:       \$539 Non-res undergraduate (annual): Before 2020:   \$1217 Entered FY21:   \$1252 Entered FY 22:   \$1271 Entered FY23:   \$1283 New FY24:       \$1613 Change in revenue: \$2.4M
		Average resident tuition: 3.9% Average res. tuition & fees: TBD%	

Table 1: Estimated enrollment growth next three years assuming historical progression rates and similar new class sizes.

**DRAFT**

Enrollment change forecast

20-Oct-22

Expressed as percentages because absolute headcount will vary depending on reports used and timing.

	FY23 SCH in category	Growth FY22 to FY23	FY24 Model growth flat new class	FY25 Model	FY26 Model
<b>Ecampus</b>	<b>129,113</b>	<b>8.8%</b>	<b>9.8%</b>	<b>8.4%</b>	<b>7.3%</b>
<b>Corvallis</b>	<b>312,049</b>	<b>1.6%</b>	<b>3.6%</b>	<b>4.0%</b>	<b>2.4%</b>
Resident undergrad	181,273	-0.1%	0.8%	1.6%	0.8%
Non-res undergrad	85,839	7.8%	9.7%	8.9%	5.4%
Graduate	35,031	-3.6%	-0.1%	1.3%	2.3%
Vet Med	5,378	2.8%	0.1%	0.1%	0.1%
Pharmacy	4,528	-1.6%	-4.0%	-1.5%	-0.3%
<b>Cascades</b>	<b>16,785</b>	<b>7.9%</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.6%</b>
EOU	373	-35.5%	-51.2%	-51.2%	-51.2%
Portland	196	-52.9%	-100.0%	-100.0%	-100.0%
<b>Total</b>		<b>2.5%</b>	<b>3.7%</b>	<b>4.6%</b>	<b>3.7%</b>

Assumes new student classes are the same size as the fall, 2022 new student class.

Assumes modest progress on reversing the decline in masters students.

Beyond the contribution of international students to gains in masters enrollment, does not assume recovery of international enrollments.

Assumes average progression rates from year to year remain the same.

Table 2: Current Corvallis undergraduate tuition rates.

Annual base undergraduate tuition by cohort at 15 credits per quarter		
	FY23 Annual	Difference from previous cohort
<b>Resident undergraduate:</b>		
Before 2020	\$ 10,425	
Entered FY21	\$ 10,740	3.02%
Entered FY22	\$ 10,920	1.68%
Entered FY23	\$ 11,010	0.82%
New FY24	TBD	
<b>Non-res undergraduate:</b>		
Before 2020	\$ 31,200	
Entered FY21	\$ 32,100	2.88%
Entered FY22	\$ 32,595	1.54%
Entered FY23	\$ 32,910	0.97%
New FY24	TBD	