

Tuition Structure Issues

The UBC has talked a lot about tuition and the complicated issues of tuition across campuses and modalities. For our last few meetings this year, we want to see if there are recommendations the UBC would like to make to the Provost on OSU's tuition approach and charges.

There are four main areas to consider:

- Is there a rationale or structure to how tuition is charged across modalities that would be helpful in considering tuition in the future and/or communicating about tuition to students and stakeholders?
- How should charges be determined within that structure? By modality (how the course is taken--- Ecampus or on-campus) or by a student's primary campus location (Corvallis, Cascades, truly distance)? Would it be the same for undergraduates and graduates?
- Within a particular modality, what should be the design of charges with credit hour load? Just per credit? With a plateau? Fixed-price?
- Finally, given those changes is it time to consider OSU's tuition and discounting policy and what the enrollment and mix of students should be?

We will discuss these over the next couple of meetings and see if there is consensus on any path forward. At the least, we will provide the Provost an assessment of pluses and minuses to different approaches.

1. Rationale to tuition charges across modalities and locations.

The examples here are for undergraduate base tuition rates right now. The questions or principles can be extended to other student groups from this base.

From a student perspective, there are four basic tuition categories right now (these are FY22 rates for students who enrolled this year)¹:

Annual at 15 credits per quarter as currently published						
	Instruction	Distance education infrastructure	Non-resident campus charge	Total tuition	Mandatory Fees	Total
Ecampus	14,670.00	-	-	14,670.00		14,670.00
Resident undergraduate Corvallis	10,380.00	-	-	10,380.00	2,123.13	12,503.13
Resident undergraduate Cascades	10,200.00	-	-	10,200.00	1,287.00	11,487.00
Non-resident undergraduate	31,065.00	-	-	31,065.00	2,123.13	33,188.13
Average per credit hour charge.						
	Instruction	Distance education infrastructure	Non-resident campus charge	Total tuition	Mandatory Fees	Total
Ecampus	326.00	-	-	326.00	-	326.00
Resident undergraduate Corvallis	230.67	-	-	230.67	47.18	277.85
Resident undergraduate Cascades	226.67	-	-	226.67	28.60	255.27
Non-resident undergraduate	690.33	-	-	690.33	47.18	737.51

These rates developed over time, for a variety of reasons, and we don't provide much explanation as to why or how the rates are developed. Internally, we split the Ecampus charge into an instructional charge (which

¹ The per credit hour charges shown are annual charges divided by 45 credits. Technically, there is a zero-credit charge for both residents (\$100 per term) and non-residents (\$335 per term) at both Corvallis and Cascades that complicates the per credit hour charges a bit. The per credit hour price is exactly not the same at each credit hour.

is the basis for the tuition distribution to colleges and departments) and an operating or infrastructure charge, to recognize the substantial, unique infrastructure and support needs of a large online program. These were originally separate tuition and fee charges but were collapsed to be simpler for students:

Annual at 15 credits per quarter--internal segmentation of Ecampus						
	Instruction	Distance education infrastructure	Non-resident campus charge	Total tuition	Mandatory Fees	Total
Ecampus	10,710.00	3,960.00	-	14,670.00		14,670.00
Resident undergraduate Corvallis	10,380.00	-	-	10,380.00	2,123.13	12,503.13
Resident undergraduate Cascades	10,200.00	-	-	10,200.00	1,287.00	11,487.00
Non-resident undergraduate	31,065.00	-	-	31,065.00	2,123.13	33,188.13
Average per credit hour charge.						
	Instruction fee	Distance education infrastructure	Non-resident campus charge	Total tuition	Mandatory Fees	Total
Ecampus	238.00	88.00	-	326.00	-	326.00
Resident undergraduate Corvallis	230.67	-	-	230.67	47.18	277.85
Resident undergraduate Cascades	226.67	-	-	226.67	28.60	255.27
Non-resident undergraduate	690.33	-	-	690.33	47.18	737.51

Viewed this way, the charges for instruction per credit are not very different for Ecampus and resident undergraduates.

This suggests one strategy could be to align the “instruction fee” rates across the categories by adding a non-resident campus charge (the UC campuses structure tuition this way). I arbitrarily picked the current Ecampus credit hour charge as the instructional rate and the non-resident charge at 1.9 times the instruction charge:

Annual at 15 credits per quarter--restructured						
	Instruction	Distance education infrastructure	Non-resident campus charge	Total tuition	Mandatory Fees	Total
Ecampus	10,710.00	3,960.00	-	14,670.00		14,670.00
Resident undergraduate Corvallis	10,710.00	-	-	10,710.00	2,123.13	12,833.13
Resident undergraduate Cascades	10,710.00	-	-	10,710.00	1,287.00	11,997.00
Non-resident undergraduate	10,710.00	-	20,349.00	31,059.00	2,123.13	33,182.13
Average per credit hour charge.						
	Instruction fee	Distance education infrastructure	Non-resident campus charge	Total tuition	Mandatory Fees	Total
Ecampus	238.00	88.00	-	326.00	-	326.00
Resident undergraduate Corvallis	238.00	-	-	238.00	47.18	285.18
Resident undergraduate Cascades	238.00	-	-	238.00	28.60	266.60
Non-resident undergraduate	238.00	-	452.20	690.20	47.18	737.38

In this approach the intent is:

- The instruction fee covers most of the costs of instruction (faculty salaries, materials, faculty support services, office space and so on).
- The distance education infrastructure charge supports costs uniquely associated with that modality (Ecampus operations, course developers, space costs, technology, advisors, transfer articulation, etc.).

- The non-resident campus charge recognizes the costs of maintaining the physical campuses and operations, that have been developed by the State of Oregon and for which the state provides annual allocations for operations, debt service, and building repair on behalf of resident students. Non-resident students who chose a traditional campus enrollment commit to sharing the costs of maintaining that campus.

For discussion:

- Does this approach have merit?
- What are the risks in this approach?
- What are the benefits?

2. Basis of charge---modality of instruction or primary campus?

UBC has discussed at length the use of Ecampus courses by students who are primarily physically at the Corvallis or Bend campuses. Tuition is currently charged by the mode of delivery (through Ecampus, at Corvallis, at Cascades) rather than by the primary campus.

For discussion:

- Should OSU charge tuition by the primary campus of the student?
- If so would this extend to graduate students (for whom there is a tuition plateau)?
- What are the possible risks in this approach?
- What are the possible benefits?

3. Structure of charges in relation to credit hours

There are a variety of models for the relationship of credit hour load to tuition charges. Fixed price models over some threshold (a tuition plateau) are common. If I've read the various tuition tables for the public PAC-12 institutions right, those look like:

Campus	Undergraduate tuition structure
UC campuses	An additional non-resident supplemental tuition charge 2.6 times resident tuition at the moment; one full-time rate (≥ 10 credits) and one part-time rate (1-9 credits)
ASU and UA	Plateau (fixed charge) at 7 credits and over for residents, 12 credits and over for non-residents
Utah	No plateau, all per credit hour, a zero-credit hour charge, higher rate for juniors and seniors than freshmen and sophomores
Colorado	For residents, per credit hour to 12 credits then a fixed-charge (plateau) for 12 credits and above, for non-residents a flat charge regardless of credits
UW	Per credit to 12 credits then a fixed-charge (plateau) for 12 credits and above for both residents and non-residents
WSU	Per credit to 10 credits then a fixed-charge (plateau) for 10 credits and above for both residents and non-residents
Oregon	Per credit hour charge, no plateau
OSU	Per credit hour charge, no plateau, zero credit hour charge

For discussion:

- Is the current zero credit hour charge plus a per credit hour rate the right approach for OSU? Why?
- If not, what would be a better structure and why?
- What are the potential benefits of the change?
- What are the potential risks in a change?

4. Should a workgroup be charged to consider OSU's tuition and discounting policy?

As is clear from the discussion above, OSU's tuition structures have developed over time and not necessarily with an overall strategic intent. This is not surprising given that the societal and funding changes the university has seen have developed slowly and unevenly. It may be time to do a broad university-wide study to look at what tuition should be, based not just on history and our perception of costs, but on market demand and demographics coupled with an institutional strategy about mix of students and overall enrollment goals.

Some issues to consider could include:

- What are OSU's enrollment goals across modalities, campuses, levels, and residency?
- What should tuition be to meet those goals aligned with the mission and SP 4.0?
- Does higher tuition and greater discounting unfairly distribute opportunity or does it promote access?
- What are the market constraints across modalities, levels, and residencies? In what areas does mission require modifying or minimizing market constraints (access for Oregonians at lower median family incomes for example)?
- Would the market (particularly non-resident) be receptive to a lower sticker price with no tuition discounting (real transparency)?
- How much would our non-resident enrollment have to make up for a much lower, undiscounted non-resident tuition?
- How would we tie pricing changes into branding and marketing?
- How would these changes, coupled with things like the discussions about the baccalaureate core changes, impact the distribution of revenues to colleges and what would be the consequences?

For discussion:

- Is such a discussion worth pursuing? (it will be a big and complicated one)
- What are the potential benefits of pursuing the conversation?
- What are the potential risks in having the conversation?