TAB H

Oregon State University

FY2019 Tuition Rates, Mandatory Fees and Student Incidental Fees and Operating Budget Outlook

Overview

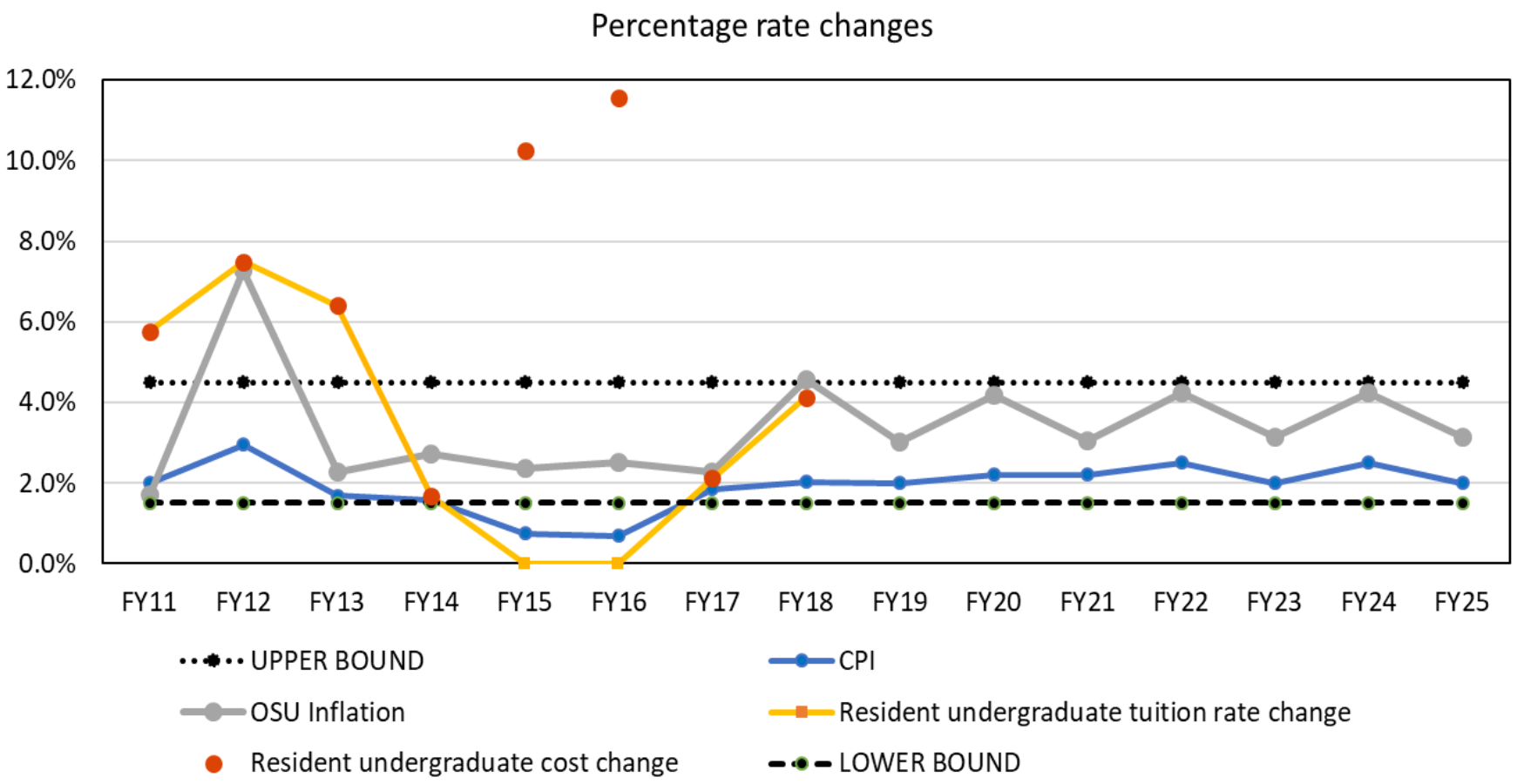
- Process
- Long-term tuition planning
- Inflation drivers and tuition
- FY2019 budget outlook
- Tuition rate recommendations
  - Graduate, professional, summer, Ecampus, differentials
  - Undergraduate
- Discussion

Process

Begins in October, leading to spring Board of Trustees meeting:

- University Budget Committee (including five students) and Student Budget Advisory Committee convene in October.
- Budget Office prepares projections of costs and budget projections with different assumptions.
- Groups consider tuition rates, mandatory fees, institutional financial aid, program quality and level of service, and make recommendations to Provost (February).
- In parallel, student committees review and recommend student incidental fee rates.
- Campus conversations gather questions and comments.
- Staff recommendation made for Board docket (March).

Long-term tuition planning



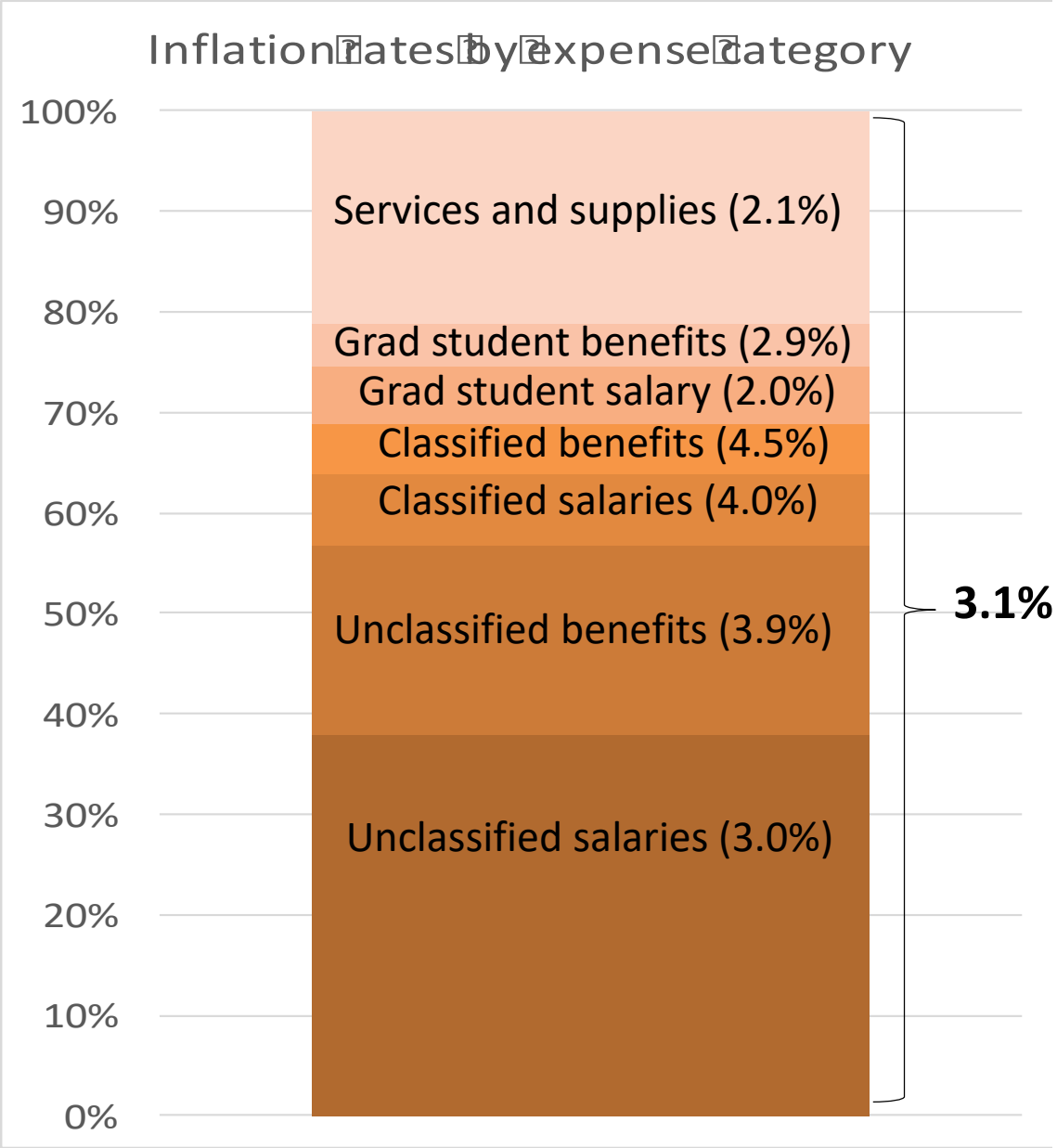
The challenge:

- Local inflation is 3.0% to 4.5% annually, depending on PERS rates.
- Tuition is 70% of Education & General revenues.

Long-term tuition planning

- Maximize efficiencies to keep local rate of inflation as low as possible.
- Use the projected rate of inflation as a target tuition rate of increase.
- Anticipate increases of no less than 1.5% and no more than 4.5%, barring major external changes (state funding or enrollment, for example).
- Rate increases greater than local rate of inflation would be for specific program investments.
- Rate increases less than local rate of inflation would require specific reductions in budget commitments.
- University will continue to work to find other sources of revenue to reduce the portion of cost increases borne by tuition.

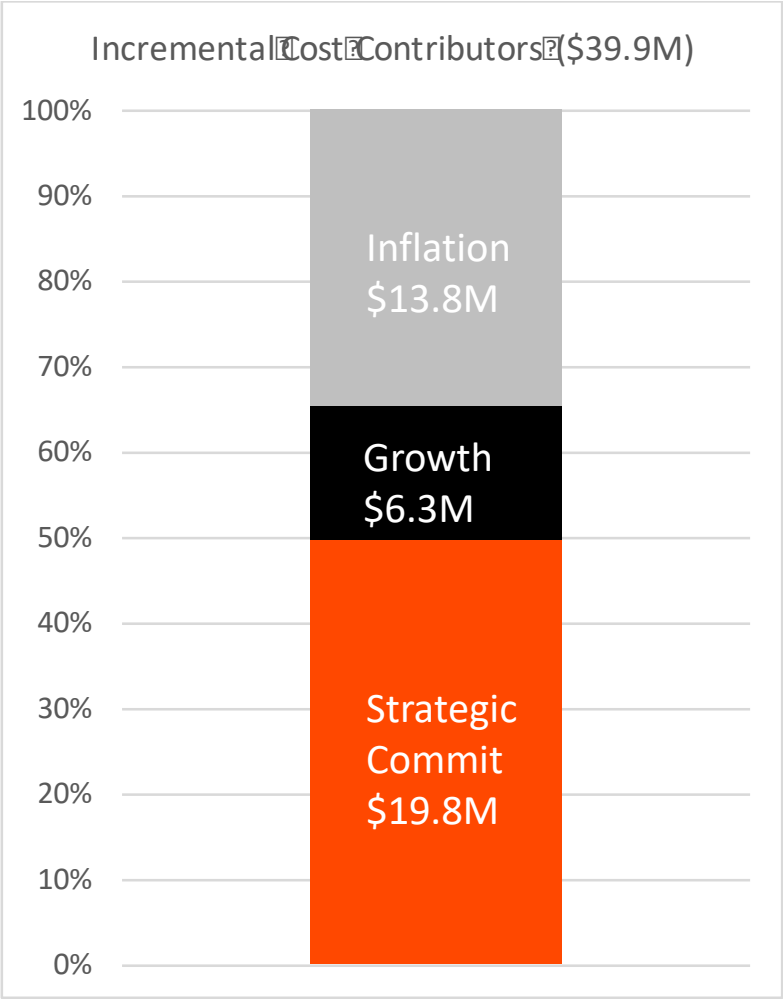
Inflation drivers and tuition

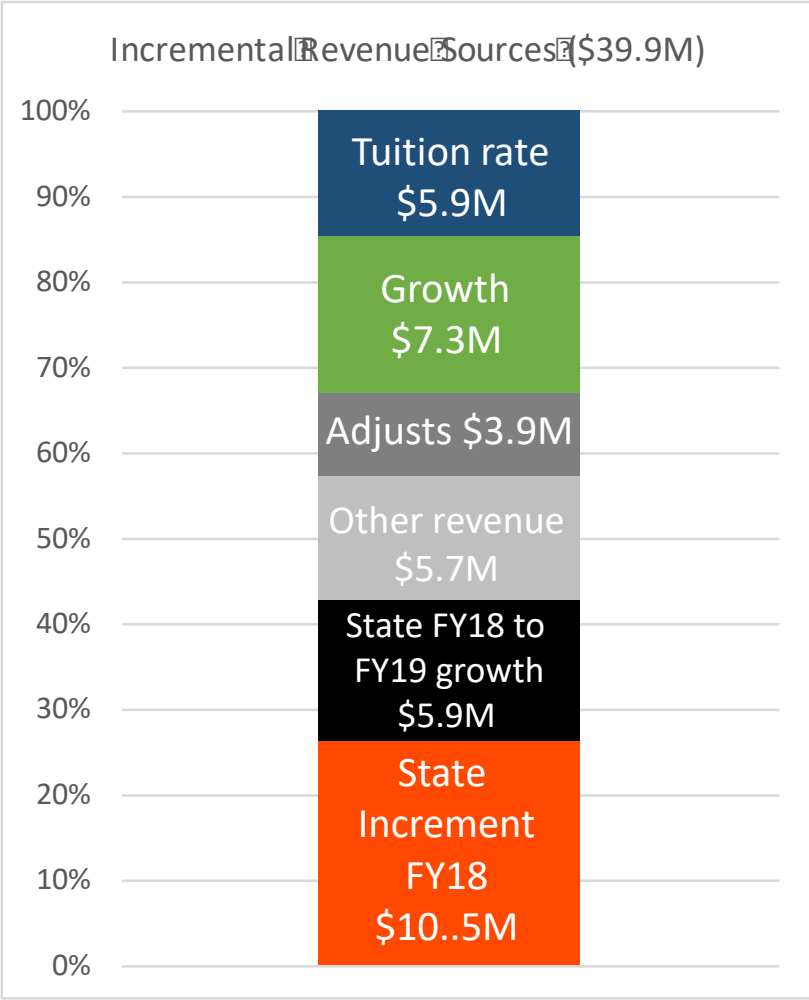


Inflation is driven by employment expenses:

- CPI drives services and supplies only
- Raises are driven by contracts or market norms
- No large PERS increase, but health insurance increases
- Grad benefits largely tuition remission (1.6% increase) and health insurance (8.0%)
- In high PERS rate increase years, aggregate rate 4.0% to 5.0%

FY2019 budget outlook





- Cost projections consistent
- Enrollment growth a bit weaker—graduate, non-resident undergraduate, Ecampus
- Some adjustments in commitments will be needed

Tuition recommendations

- Graduate and Professional
  - Pharmacy 4.0% resident; 3.0% non-resident; Vet Med 3.0%; MBA 3.0%
  - Resident graduate 1.75%; Non-resident 4.51%
  - Masters of Public Health differential increase $4/SCH, charge all SCH
  - MS in Counseling online $29/SCH differential; Restore other Education charges
- Ecampus and Summer
  - Ecampus 3.13%
  - Summer no change (shift to fiscal year calendar)
- Mandatory fees (health, building)
  - Health fees 7.82% Corvallis, 3.51% Cascades
- Student incidental fees
  - 1.61% Corvallis; 2.54% Cascades

Tuition recommendations

Undergraduate Tuition Scenarios (Table 2)			
	Scenario A	Scenario B	Scenario C
Tuition Proposals	Resident undergraduate increase: 1.49% Non-resident undergraduate: 1.14% Financial aid increase: $1.4M Budget surplus or (deficit): $(4.6M) $135 annual increase residents $270 annual increase non-residents	Resident undergraduate increase: 3.47% Non-resident undergraduate: 2.27% Financial aid increase: $2M Budget surplus or (deficit): $0.0M $315 annual increase residents $630 annual increase non-residents	Resident undergraduate increase: 4.46% Non-resident undergraduate: 3.08% Financial aid increase: $2.4M Budget surplus or (deficit): $3M $405 annual increase residents $855 annual increase non-residents
Issues	0.8% to 0.9% reduction in projected spending, either in specific strategic investments or targeted program reductions.	Assumes commitment reductions (about $3.9M) to develop balanced initial budget, maintaining current programs and services at projected current service level inflation. Budgets for costs of enrollment growth and strategic allocations for capital renewal, Foundation and Alumni Association, athletics, student success and support services.	Increase financial aid pool, $1M. Additional student support staff (financial aid and registrar's offices), $0.9M. Increase faculty and graduate assistant resources in critical courses with large enrollments and high failure rates, $1.2M.

No undergraduate differential increases

Tuition recommendations

Key comments from campus discussions

- Continue to examine expenses to be as efficient as possible.
- Is OSU unusual?
- Quality and level of service are important; cuts and reductions have long-term consequences.
- Recognition that cost increases are inevitable because of inflationary pressures.
- Creating some kind of longer term planning was viewed as helpful.
- How can OSU relieve the pressure on tuition revenues?
- How does financial aid work, how much is there, how does it grow?
- Does tuition have to go up? Is there analysis to know we cannot cut significantly instead?
- What about out-of-state student enrollment? Is there a fixed number of seats?
- Why doesn't OSU participate in the Western Undergraduate Exchange ?
- Why isn't there a non-resident tuition rate for Ecampus courses?
- Need investments in physical plant, faculty and staff compensation, and academic services.
- Better visibility of how tuition revenues are spent would be helpful.

Recommendations

(1) Develop statements about long-term tuition rates setting to be added to the Board of Trustees' "Tuition and Fee Process" for consideration in June, and

(2) Approve the resolution establishing the academic year 2018-19 and summer 2018 tuition and mandatory fees as provided in Attachment 1, at the rates in Scenario B in Table 1 (3.47% for resident undergraduate students and 2.27% for non-resident undergraduate students).

Discussion and questions?