



FY2022 Tuition Rates, Mandatory Fees and Student Incidental Fees & Operating Budget Outlook

**Finance & Administration Committee
April 1, 2021**



Overview

- Process
- Budget context for FY2022
- Tuition recommendations
- Key issues in rate recommendations
- Feedback from university community
- FY2022 budget planning
- Recommendation

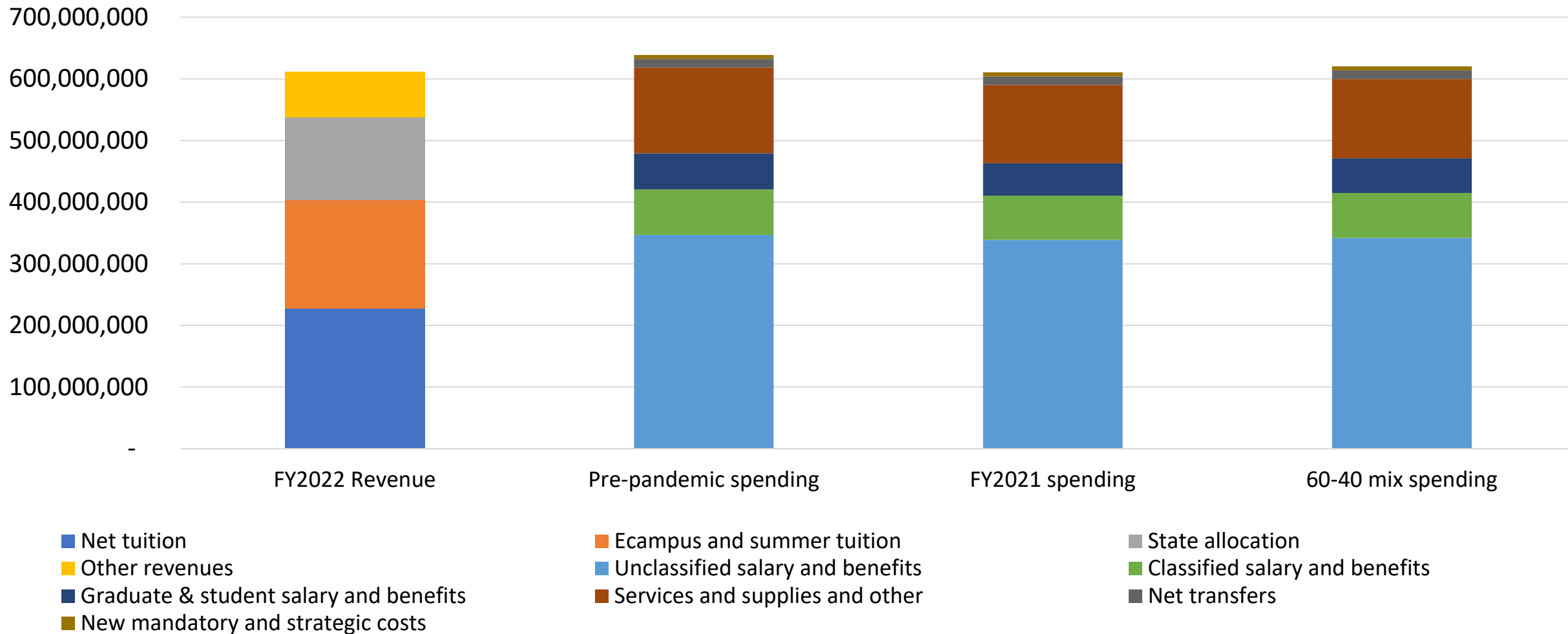
Process

October 2020 to April 2021

- **October:** University Budget Committee and Student Budget Advisory Committee convene
- **Fall/Winter:** Budget office prepares projections with different assumptions
- **November to February:** Committees consider scenarios and make recommendations to President in February
- **Fall and Winter:** In parallel, student committees review and recommend student incidental fee rates
- **Winter:** University stakeholder conversations
- **March:** President makes recommendation to the Board
- **April:** Board discussion and approval of FY2022 rates

FY2022 budget outlook

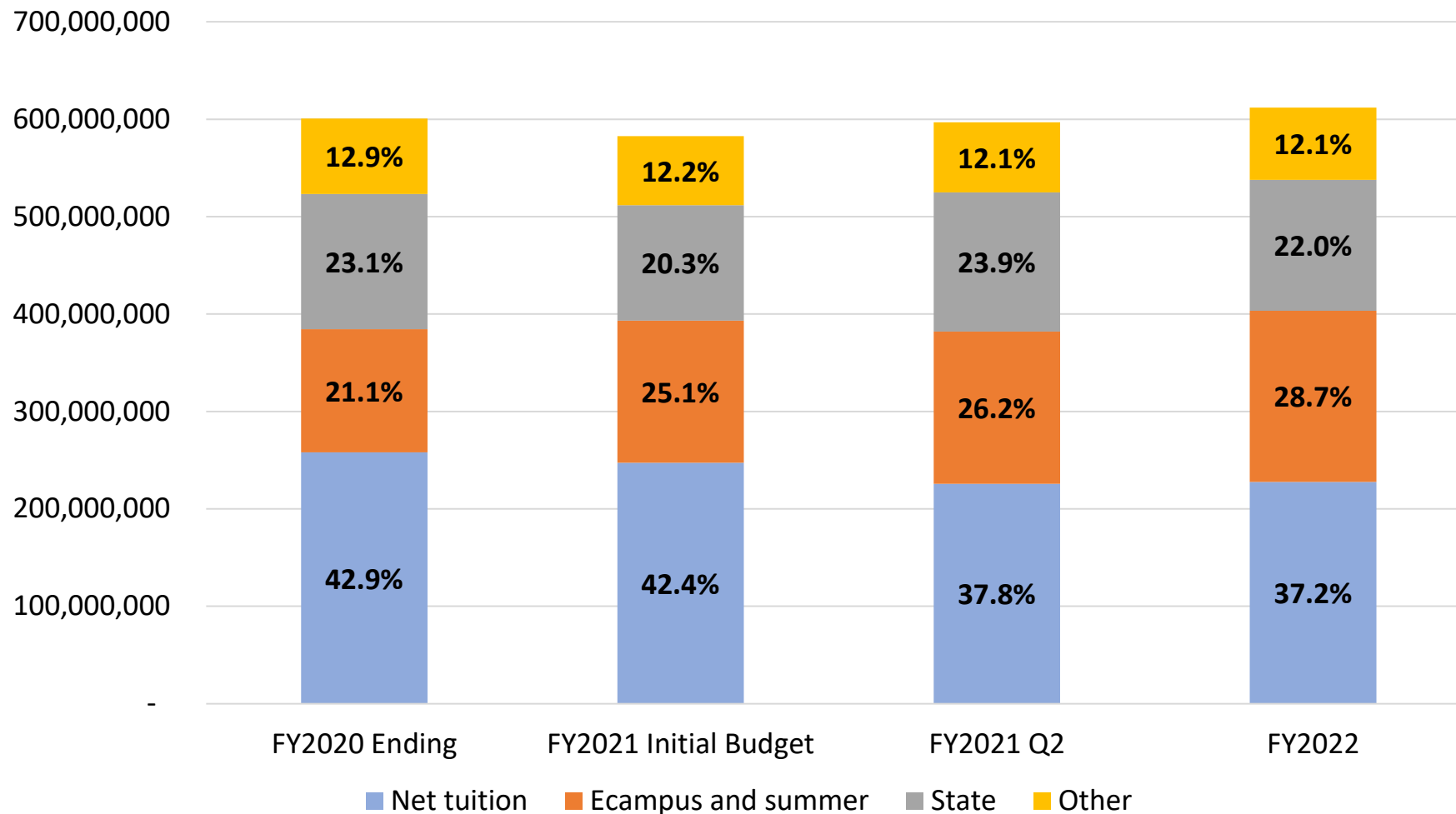
FY2022 Corvallis E&G Budget Projections



Uncertainties in state funding, expense trajectory, enrollment outcomes

FY2022 budget outlook—spring term revenue changes

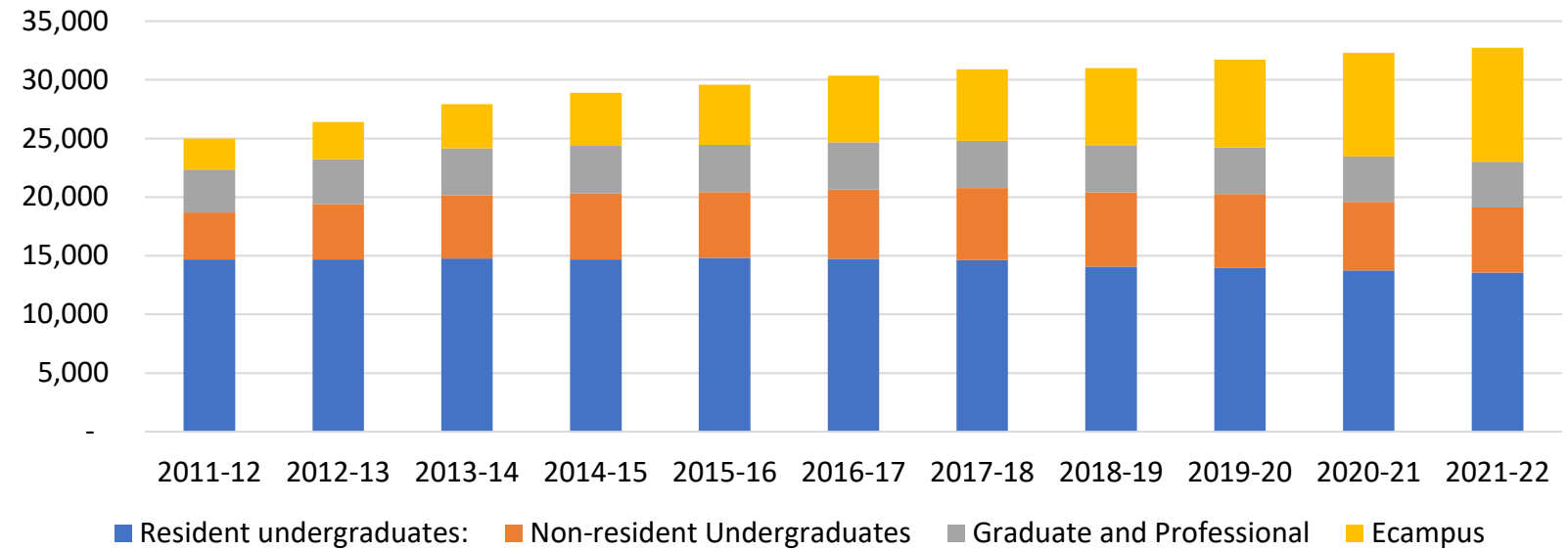
Corvallis E&G Revenue Sources



- Accelerated shift of tuition share to Ecampus
- Decreasing net tuition per student (more part-time)
- Challenges for revenue distribution and cost escalation

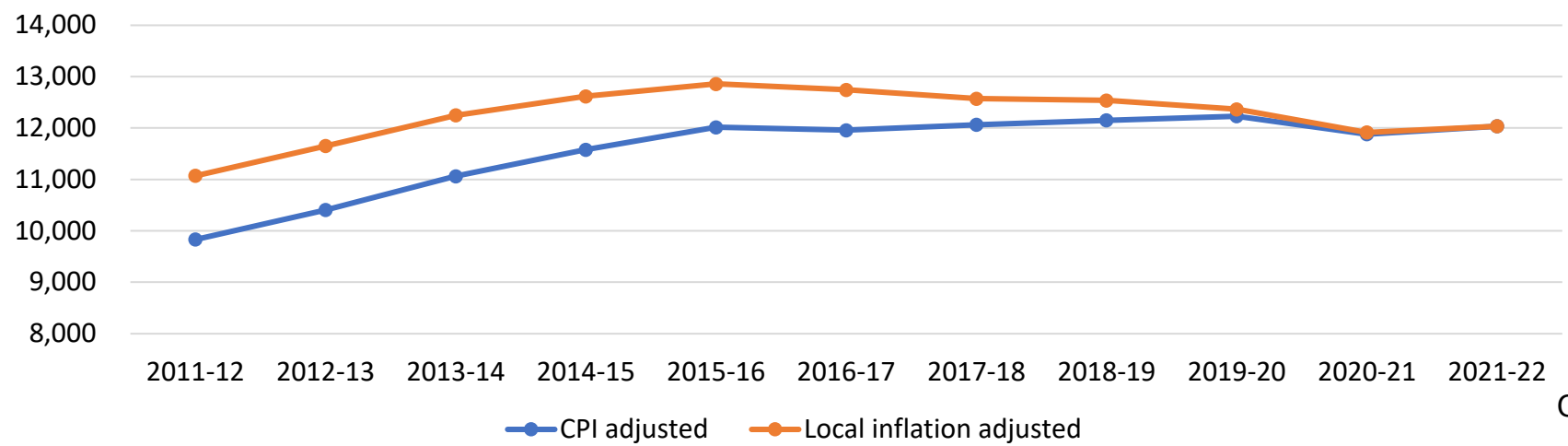
FY2022 budget outlook—spring term revenue changes

OSU Corvallis and Ecampus Headcount Enrollment



- FY2012 to FY2017- growth in international students
- FY2019 to FY2022- fewer Corvallis residents, more Ecampus
- Change in total net tuition (all levels and residencies) per student

Net tuition per headcount, FY2022 dollars



FY2022 tuition—UBC discussions

UBC recommendations bounded by inflation and inflation + some investment

	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%	Financial aid increase \$2.3M Surplus or (deficit): \$2.4M to \$(6M) \$280 annual increase residents \$830 annual increase non-res	Financial aid increase \$2.6M Surplus or (deficit): \$4M to \$(4M) \$360 annual increase residents \$1035 annual increase non-res	Financial aid increase \$3.0M Surplus or (deficit): \$6M to \$(2M) \$405 annual increase residents \$1215 annual increase non-res
State funding change year over year: -4%	Financial aid increase \$2.3M Surplus or (deficit): \$(3M) to \$(12M) \$280 annual increase residents \$830 annual increase non-res	Financial aid increase \$2.6M Surplus or (deficit): \$(1M) to \$(10M) \$360 annual increase residents \$1035 annual increase non-res	Financial aid increase \$3.0M Surplus or (deficit): \$1M to \$(8M) \$405 annual increase residents \$1215 annual increase non-res
State funding change year over year: -8%	Financial aid increase \$2.3M Surplus or (deficit): \$(9M) to \$(17M) \$280 annual increase residents \$830 annual increase non-res	Financial aid increase \$2.6M Surplus or (deficit): \$(7M) to \$(15M) \$360 annual increase residents \$1035 annual increase non-res	Financial aid increase \$3.0M Surplus or (deficit): \$(5M) to \$(13M) \$405 annual increase residents \$1215 annual increase non-res

FY2022 tuition—tuition strategy recommendation

	Recommended Undergraduate Tuition Scenario: Continuing 2.5%, New 4.0%	
<p>State funding change year over year to OSU: -5.4%</p> <p>Governor's Recommended Budget</p>	Continuing pre-FY2021 resident:	2.29% increase, \$225 annually
	Continuing FY2021 resident:	2.22% increase, \$225 annually
	Continuing pre-FY2021 non-resident:	2.45% increase, \$720 annually
	Continuing pre-FY2021 non-resident:	2.37% increase, \$720 annually
	New resident:	3.99% increase, \$405 annually
	New non-resident:	3.86% increase, \$1170 annually
	Continuing Ecampus:	2.52% increase, \$8/SCH
	New Ecampus:	4.09% increase, \$13/SCH
	Financial aid increase \$4.7M FY21 Board budget, \$14.1M from FY20 actual	
	Surplus / (deficit): \$(8.8) (\$1.1M to \$(27.3M) depending on expense profile)	
<p><i>Base continuing resident tuition & all fees: 3.02% Corvallis, 2.97% OSU-Cascades</i></p> <p><i>Base new resident tuition & all fees: 4.07% Corvallis, 4.26% OSU-Cascades</i></p>		

- 2.5% continuing undergraduate students (2 cohorts)
- 4% new undergraduate students

Other tuition recommendations

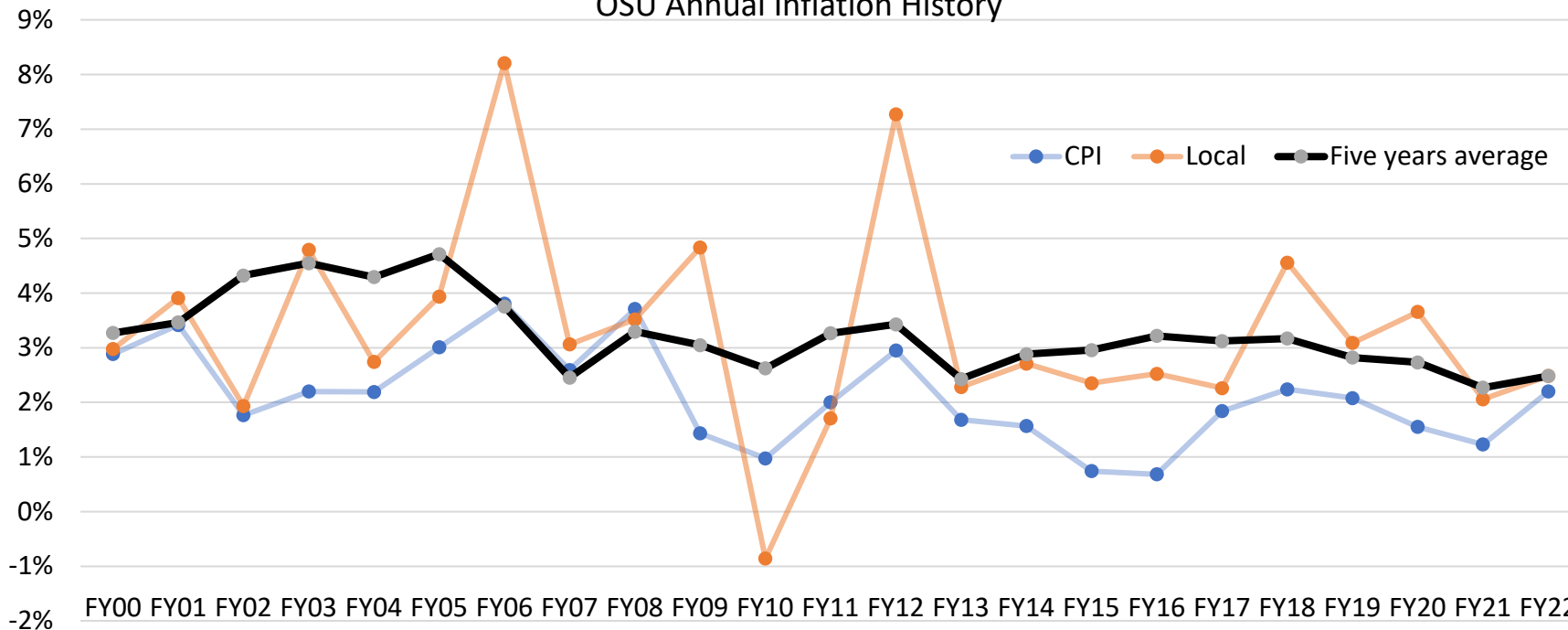
- Undergraduate differential
 - Differentials increase 3.25% for all undergraduates and at the recommended base graduate tuition rate, unless requested otherwise by the cognizant college
- Graduate and Professional
 - Pharmacy 3.0%, Vet Med 2.5%, MBA 1.5% resident, 4.5% non-resident
 - Resident graduate 1.5%, non-resident 4.5%
- Ecampus and Summer
 - Ecampus same as campus for undergraduate, 0% graduate, Summer aligned to academic year FY2021 cohort continuing student charges
- Mandatory fees (health, building)
 - Health fees 5% Corvallis, 0% Cascades
- Student incidental fees (recommended by student committees)
 - 6.36% Corvallis, 8.00% Cascades

Why these tuition recommendations?

- Align rates for continuing undergraduate students with approximate annual inflationary costs
- Include some additional increase for investment on new student rates
- Align rate increases for undergraduates across modalities
- Adjust professional and graduate rates to recognize inflation and market costs
- Recognize that investments or shortfalls in state and other revenues will require enrollment growth, expense reductions and efficiencies, or redirection of existing budget

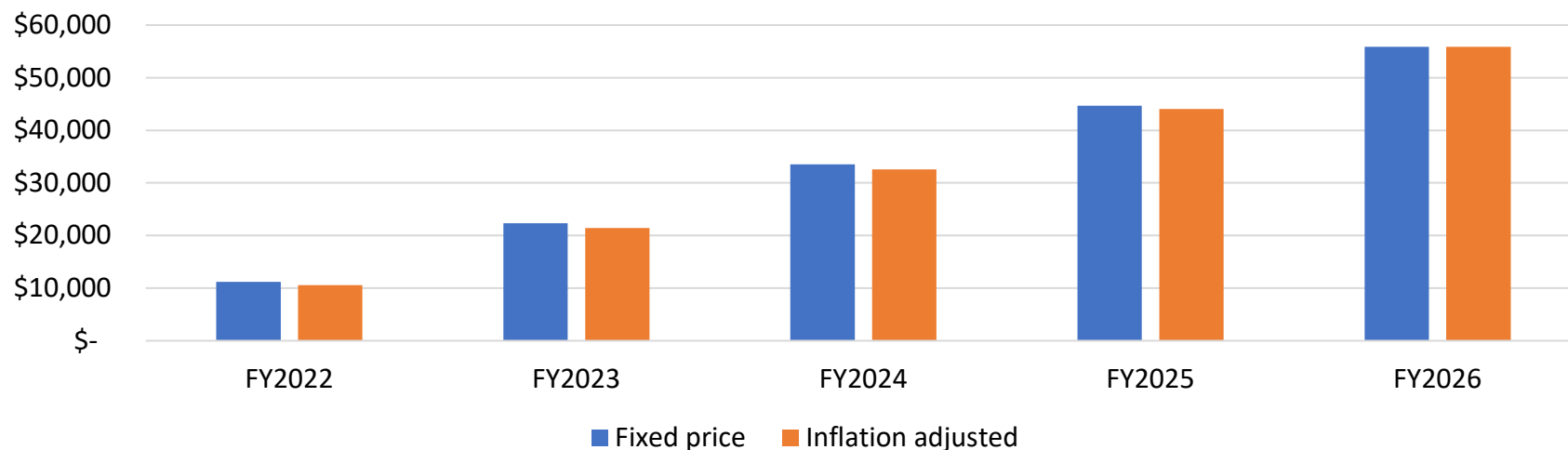
Why these tuition recommendations?

OSU Annual Inflation History



- Local inflation has averaged about 2.8% over the last ten years
- Using increases around this for continuing students provides some certainty for planning
- Increasing national markets for higher education requires benchmarking nationally
- Similar results to fixed-price tuition plans

Five-year Cost of Fixed-price vs. Annual Inflationary Increases



Tuition recommendations

Themes from university stakeholder conversations

- Recognition of the impact of annual inflation on costs
- Consensus (more from staff than students, but also students) that tuition increases covering inflationary costs were reasonable
- Frustration that paying costs has shifted to students and families
- Strategic investments or atypical cost increases should be managed by redirection of existing budget or growth in other revenues
- Take a strategic approach to reductions and investments rather than across-the-board reductions

Next steps in budget planning?

- Better understand enrollment projections near the end of May
- Update projections as information is available on state budget decisions
- Continue to actively manage open and new positions
- Identify one-time funds or redirections of funds to allow funding for critical initiatives
- Discuss preliminary budget plans with campus leadership through April
- Review with the Board a proposal for an FY2021-22 budget at the May meeting

FY2022 recommendation

The acting president recommends that the Finance & Administration Committee recommend to the Board that it approve the resolution in Attachment 1 establishing the academic year 2021-22 and summer 2021 tuition and mandatory fees, at the rates shown in the tables included in Attachment 1, Exhibit A. The principal recommendation is 2.5% increase (rounded to whole dollars) for continuing undergraduates and a 4.0% increase for new undergraduates (rounded to whole dollars).