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
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

Uncertainties in state funding, expense trajectory, enrollment outcomes
FY2022 budget outlook—spring term revenue changes

- 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

- 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
## FY2022 tuition—UBC discussions

UBC recommendations bounded by inflation and inflation + some investment

<table>
<thead>
<tr>
<th>Scenario A: Resident 2.8%, Non-resident 2.8%</th>
<th>Scenario B: Resident 3.5%, Non-resident 3.5%</th>
<th>Scenario C: Resident 4.1%, Non-resident 4.1%</th>
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</thead>
<tbody>
<tr>
<td><strong>State funding change year over year: 0%</strong></td>
<td><strong>State funding change year over year: -4%</strong></td>
<td><strong>State funding change year over year: -8%</strong></td>
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<tr>
<td>Financial aid increase $2.3M Surplus or (deficit): $2.4M to $(6M) $280 annual increase residents $830 annual increase non-res</td>
<td>Financial aid increase $2.6M Surplus or (deficit): $4M to $(4M) $360 annual increase residents $1035 annual increase non-res</td>
<td>Financial aid increase $3.0M Surplus or (deficit): $6M to $(2M) $405 annual increase residents $1215 annual increase non-res</td>
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<tr>
<td>Financial aid increase $2.3M Surplus or (deficit): $(3M) to $(12M) $280 annual increase residents $830 annual increase non-res</td>
<td>Financial aid increase $2.6M Surplus or (deficit): $(1M) to $(10M) $360 annual increase residents $1035 annual increase non-res</td>
<td>Financial aid increase $3.0M Surplus or (deficit): $1M to $(8M) $405 annual increase residents $1215 annual increase non-res</td>
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<td>Financial aid increase $2.3M Surplus or (deficit): $(9M) to $(17M) $280 annual increase residents $830 annual increase non-res</td>
<td>Financial aid increase $2.6M Surplus or (deficit): $(7M) to $(15M) $360 annual increase residents $1035 annual increase non-res</td>
<td>Financial aid increase $3.0M Surplus or (deficit): $(5M) to $(13M) $405 annual increase residents $1215 annual increase non-res</td>
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# FY2022 tuition—tuition strategy recommendation

<table>
<thead>
<tr>
<th>State funding change year over year to OSU: -5.4%</th>
<th>Recommended Undergraduate Tuition Scenario: Continuing 2.5%, New 4.0%</th>
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<tbody>
<tr>
<td>Governor’s Recommended Budget</td>
<td>Continuing pre-FY2021 resident: 2.29% increase, $225 annually</td>
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<td>Continuing FY2021 resident: 2.22% increase, $225 annually</td>
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<td>Continuing pre-FY2021 non-resident: 2.45% increase, $720 annually</td>
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<td>Continuing pre-FY2021 non-resident: 2.37% increase, $720 annually</td>
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<td>New resident: 3.99% increase, $405 annually</td>
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<td>New non-resident: 3.86% increase, $1170 annually</td>
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<td>Continuing Ecampus: 2.52% increase, $8/SCH</td>
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<td>New Ecampus: 4.09% increase, $13/SCH</td>
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<td>Financial aid increase $4.7M FY21 Board budget, $14.1M from FY20 actual</td>
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<td>Surplus / (deficit): $(8.8) ($1.1M to $(27.3M) depending on expense profile)</td>
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</tbody>
</table>

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

*Base continuing resident tuition & all fees: 3.02% Corvallis, 2.97% OSU-Cascades*

*Base new resident tuition & all fees: 4.07% Corvallis, 4.26% OSU-Cascades*
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?**

- 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.
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
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).