FY2021 Tuition Rates, Mandatory Fees and Student Incidental Fees & Operating Budget Outlook
### Undergraduate Tuition Scenarios

<table>
<thead>
<tr>
<th>Scenario A:</th>
<th>Scenario B:</th>
<th>Scenario C:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase applied to all</td>
<td>No increase for continuing</td>
<td>No increase resident</td>
</tr>
<tr>
<td>(resident, non-resident,</td>
<td>Increase for all new</td>
<td>Increase non-resident</td>
</tr>
<tr>
<td>continuing and new)</td>
<td></td>
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### President’s Recommendation

The president recommends that the Board approve the resolution in Attachment 1 establishing the academic year 2021 and summer 2020 tuition and mandatory fees, at the rates shown in **Scenario B** in Table 1.
Overview

• Process
• Budget context for FY2021
• Tuition recommendations
• Key issues in rate recommendations
• Feedback from university community
• Potential strategies to balance the FY2021 budget
• President’s recommendation
Process: October 2019 to March 2020

**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

**Fall and Winter:** In parallel, student committees review and recommend student incidental fee rates

**Winter:** University stakeholder conversations

**April:** President makes recommendation to the Board
• State funding known (barring special session changes)
• Revenue growth lagged expense projections before the virus outbreak by about $7M
FY2021 budget outlook—spring term revenue changes

- First impact of Covid-19 is on spring term
- Largest revenue impact in self-supports units
- Impact on cash reserves, expense reductions being evaluated
FY2021 budget outlook—fall term uncertainty

- Fall forecast has large variations depending on enrollment assumptions
- Swing of $41M from the optimistic to pessimistic case
- More known at end of May
# Budget and Tuition Scenarios

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<th>Scenario A:</th>
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<tr>
<td>Resident 3.2%, Non-resident 3.2%, all continuing and new students</td>
<td>No increase for continuing undergraduates</td>
<td>All resident No increase</td>
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<tr>
<td>For new undergraduates: Resident 3.2%, Non-resident 3.2%</td>
<td></td>
<td>All non-resident 3.2%</td>
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## State increase second year of a biennium, +4.1%
- Continuing and new resident undergraduate: **3.20%**
- Continuing and new non-resident undergraduate: **3.06%**
- Financial aid increase $1.2M
- Surplus or (deficit): $(7.1M)
- $315 annual increase residents
- $900 annual increase non-res

- Continuing resident and non-resident undergraduate: **No increase**
- New resident undergraduate: **3.20%**
- New non-resident undergraduate: **3.06%**
- Financial aid increase $0.5M
- Surplus or (deficit): $(13.5)
- No annual increase for continuing students
- $315 annual increase new residents
- $900 annual increase new non-res

- Continuing and new resident undergraduate: **No increase**
- Continuing and new non-resident undergraduate: **3.2%**
- Financial aid increase $0.8M
- Surplus or (deficit): $(11.6)
- No annual increase residents
- $900 annual increase non-res

## Base resident tuition & fees: 3.51%
- Average resident tuition & fees: **3.41%**

## Base new resident tuition and fees: 3.51%
- Average new resident tuition & fees: **3.41%**

## Financial aid increase $0.5M
- Surplus or (deficit): $(13.5)

## Surplus or (deficit): $(7.1M)

## Surplus or (deficit): $(13.5)

## Surplus or (deficit): $(11.6)
Other tuition recommendations

Undergraduate differential
  o Differentials increase with recommended undergraduate or graduate tuition rate, rounded to the whole dollar (so if 0% tuition increase, 0% differential increase)

Graduate and Professional
  o Pharmacy 3.0% resident, 0.0% non-resident, Vet Med 4%, MBA 2.5% resident, 4.5% non-resident
  o Resident graduate 2.5%, non-resident 4.5%

Ecampus and Summer
  o Ecampus 3% undergraduate, 0% graduate, Summer aligned to academic year continuing student charges

Mandatory fees (health, building)
  o Health fees 10.2% Corvallis, 0% Cascades

Student incidental fees (recommended by student committees)
  o 7.4% Corvallis, 12.4% Cascades
FY2021 budget outlook—Scenario B tuition recommendation

Scenario B
- No increase for continuing undergraduates
- Other rates as recommended by UBC
- Saves continuing students about $6M in tuition charges
- Will require offsetting expense reduction and fund balance use
Why these tuition recommendations?

- Recognize the challenge for continuing undergraduate students with the sudden changes to employment and finances
- The undergraduate degree is the first and most difficult hurdle for many students so focus there
- Encourage students to persist at OSU and finish their degrees
- New students have likely already planned for projected FY2021 costs that include a modest inflationary tuition increase
Why these tuition recommendations?

Why not a tuition guarantee approach?

- Guarantees (or fixed price tuition) provide about the same total tuition over four years (as in the case at the top) but frontloads that tuition
- It provides certainty for students
- The Board’s approach of 2% to 5% increases provides clear boundaries on expected costs and clear estimates of total costs over four years (bottom)
Tuition recommendations

Themes from university stakeholder conversations

• Reduce reliance on tuition
• Explore efficiencies
• Recognize inflationary pressures
• Cap salaries of some employees
• Reduce “administrative bloat” – specifics hard to identify
• Retain capital renewal and competitive salary commitments
• Articulate a specific plan for expense reductions
• Take a strategic approach to reductions and investments
What about the revenue and expense gap?

- Better understand the enrollment projections near the end of May
- Understand the spring term actuals at the end of April to assess fund balance projections
- Manage services and supplies spending, including adjustments of capital renewal funding and funding to outside entities not yet set in contract
- Actively manage open and new positions
- Consider how to maintain employment of critical employees across all funds and to maintain OSU’s workforce through the worst of 2020-21
- Review with the Board a proposal for FY2021 budget at the May meeting
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## President’s Recommendation

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