

Docket Item:

Oregon State University Tuition and Fees Increase

HECC's Role:

The Oregon State University (OSU) Board of Trustees voted on March 19, 2015 to increase tuition and mandatory fees for resident undergraduate students at their Corvallis and Cascades campuses for the 2015-16 academic year. The increase in tuition is predominately the result of eliminating the “tuition plateau.” Increases in tuition at both campuses on a weighted average and credit hour basis are in excess of 5% annually. OSU Board of Trustees also voted to adopt increases in certain mandatory enrollment fees beyond 5%.

The HECC is tasked by ORS 351.735(3)(f)(B) with the following duties regarding enrollment fees at public universities:

(3) The Higher Education Coordinating Commission shall: (f) For public universities listed in ORS 352.002: (B) Review and determine whether a proposed annual increase of resident undergraduate enrollment fees, as described in ORS 351.063, of greater than five percent is appropriate.

The HECC is confronted by two questions 1) to determine whether the increase in tuition at OSU for the 2015-16 academic year beyond 5% is appropriate and 2) to determine whether the increase in mandatory student fees at OSU for the 2015-16 academic year beyond 5% is appropriate.

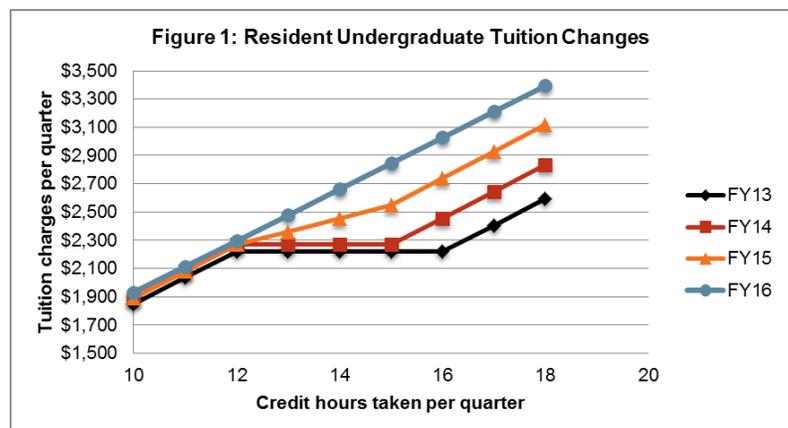
Background:

OSU is unique among Oregon’s seven public universities in that it has a tuition plateau in which a student enrolled in more than 12 credit hours per term is offered a discounted rate. The tuition plateau at OSU, until the 2012-13 academic year, provided a discount such that a student taking 16 credits was charged the same rate as a student taking 12 credits. Since that time OSU has steadily reduced the tuition plateau. OSU Board of Trustees approved a tuition structure which implements a flat per credit hour tuition rate for the 2015-16 academic year. All other public universities in Oregon charge a flat per credit hour tuition rate.

The Oregon State Board of Higher Education (OSBHE) endorsed a three-year tuition strategy for OSU to transition away from the plateau structure to a flat per credit hour fee.

OSU, having gained approval of a multi-year tuition strategy from the OSBHE, invested in faculty and student support services. This multi-year investment was made anticipating additional resources associated with the elimination of the tuition plateau. The direction approved by the OSBHE in 2013 was understood to be completed progressively during the 2013-14, 2014-15 and 2015-16

academic years. Subsequently OSU has moved closer to a flat per credit tuition structure (see Figure 1). The upcoming 2015-16 academic year is the final year of this transition and would be the first year of a flat per



credit tuition structure. The circumstance confronting the HECC is unique in that OSU is acting to implement a strategy which was approved by and is a legacy of their former governing board (the OSBHE). This strategy has subsequently adopted by their current governing board. Further, the tuition plateau is a tuition strategy present only at OSU and has previously been abandoned by all other public universities in the Oregon.

OSU is also proposing increases in Mandatory Fees at its Corvallis and Cascades campuses during the regular and summer terms. Increases in student fees at OSU's Corvallis campus were developed by the Student Incidental Fee Committee at OSU, approved by the Associated Students of OSU and recommended by President Ray to the OSU Board of Trustees. Similarly at increases in student fees at OSU-Cascades underwent a rigorous process including support from the Student Fee Committee, campus and institutional leadership before approval by the OSU Board of Trustees. Increases at OSU-Cascades are significant and reflect the development of new and enhanced student activities and support services commiserate with a four-year program. Increases in student health fees at OSU's Corvallis campus reflect increased costs associated with Student Health Services (on campus health clinic service) and Counseling and Psychological Services.

OSU Tuition & Fees:

Oregon State University seeks approval for the following:

Undergraduate Resident Tuition—Corvallis

OSU proposes to complete the transition from the tuition plateau to a per credit hour enrollment system by establishing a \$100 flat fee plus \$183 per credit hour. The current per credit hour charge is \$189, the per credit hour charge under this tuition structure would decrease by 3%. For a student enrolling at the minimum full time rate of 12 credit hours per term this would equate to a 1.2% increase in tuition. For a student enrolling at 15 credit hours per term this would equate to an 11.6% increase in tuition. The weighted average increase, accounting for the distribution of students across all credit hour loads, is 7.60%. See Appendix A for detailed fee schedule.

Undergraduate Resident Tuition—Cascades

OSU proposes to complete the transition from the tuition plateau to a per credit hour enrollment system by establishing a \$100 flat charge plus \$174 per credit hour. The current per credit hour charge is \$179, the per credit hour charge under this tuition structure would decrease by 3%. For a student enrolling at the minimum full time rate of 12 credit hours per term this would equate to a 1.9% increase in tuition. For a student enrolling at 15 credit hours per term this would equate to a 12.2% increase in tuition. The weighted average increase, accounting for the distribution of students across all credit hour loads, is 7.58%. See Appendix A for detailed fee schedule.

At both campuses, undergraduate differential tuition charges (for example Engineering and Business) have been frozen during the 2014-15 and the 2015-16 academic years because of the change in overall tuition rates.

Mandatory Fees

OSU proposes increasing mandatory fees summarized in the following table and in Appendix A.

**Incidental Fee Proposals per Quarter
Academic Year 2015-16 and Summer Term 2016**

Corvallis	Current	Proposed	Dollar Increase	Percent Increase
Academic Year				
Student Health Fees	\$125.32	\$134.79	\$ 9.47	7.6%
Incidental Fees	320.25	344.32	24.07	7.5%
Total Fees per Quarter	\$445.57	\$479.11	\$33.54	7.5%
Summer Term				
Student Health Fees	\$125.32	\$134.79	\$ 9.47	7.6%
Incidental Fees	199.12	214.46	15.34	7.7%
Total Fees per Quarter	\$324.44	\$349.25	\$24.81	7.6%
Cascades	Current	Proposed	Dollar Increase	Percent Increase
Academic Year				
Incidental Fees	\$140.00	\$175.00	\$35.00	25.0%
Summer Term				
Incidental Fees	\$20.00	\$87.50	\$67.50	337.5%

Evaluation of Proposed Tuition and Fees Increases:

Tuition Increase

OSU's proposed transition from the tuition plateau to a per credit hour tuition policy is justified in several ways, including the following:

- a) The tuition increase is the result of a multi-year tuition strategy recommended by OSU and approved under their prior governing board, the OSBHE. OSU, having secured authorization to proceed under the assumption of continued tuition increases resulting from the elimination of the tuition plateau has invested in faculty, fee remissions (tuition discounts) and student support services, all of which benefit resident undergraduate students.
- b) In order for OSU to both stay below a weighted average tuition increase of less than 5% and eliminate the tuition plateau, it would be necessary for OSU to significantly decrease the per credit hour tuition rate.
- c) Increases in tuition revenue from resident undergraduate students are largely offset with increased investments in tuition remissions targeted directly at those students most affected by the policy change. OSU forecasts an increase of \$2.2M in resident undergraduate tuition due to the increase beyond 5%. OSU is forecasting an increase in need based aid to resident students of at least \$1.5M, or 68% of the incremental increase beyond the 5% threshold. The increase in resident need based aid is in excess of 20% of total anticipated additional revenue due to tuition increases.

- d) The tuition increase was developed through an open and inclusive process which includes students. The tuition increase was supported by the ASOSU President and the ASCC and ASOSU representatives on the tuition and fee subcommittee that developed the tuition proposal.
- e) The proposed tuition rate for a full time student is in line with the University of Oregon and below the median resident tuition rate at peer institutions.
- f) The transition from the tuition plateau to a flat per credit hour tuition structure is a long-term strategy of OSU, which was approved under the legacy governance structure, which at that time did not require HECC evaluation or approval.

Conclusion: The circumstances surrounding the tuition plateau are unique and do not set a precedent for future action regarding tuition increases. Further, OSU, recognizing that tuition increases can create hardships for students, is focusing significant additional resources at need-based aid for resident undergraduate students and using additional revenue derived from the tuition increase to invest in student support services to support retention and graduation.

Mandatory Fee Increase

OSU's proposed mandatory fee increases are justified in several ways:

- a) The duly elected representatives of the students of OSU and OSU-Cascades have supported the increases in student fees beyond 5%.
- b) The significant increase in student incidental fees at OSU-Cascades are due largely to increased student activities and support services befitting a four-year university.
- c) Increases in student health fees are associated with increases in the costs of rendering the associated services to the student body and were reviewed and approved by the student government.

Staff Recommendation

Staff finds that tuition and mandatory fee increases, as detailed in Appendix A, at Oregon State University beyond the 5% threshold requiring HECC review pursuant to ORS 351.735(3)(f)(B) are appropriate. Staff recommends approval by the Higher Education Coordinating Commission.

Appendix A: OSU Tuition and Fee Detail Tables

Table 1 - Summer Tuition & Fee Proposal

Credit Hours	OSU-Corvallis				OSU-Cascades			
	Corvallis 2014-15 Mandatory Fees	Corvallis 2015-16 Mandatory Fees	Fee Increase Corvallis (\$)	Fee Increase Corvallis (%)	Cascades 2014-15 Mandatory Fees	Cascades 2015-16 Mandatory Fees	Fee Increase Cascades (\$)	Fee Increase Cascades (%)
1	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 34.00	\$ 121.50	\$ 87.50	257.4%
2	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 34.00	\$ 121.50	\$ 87.50	257.4%
3	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
4	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
5	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
6	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
7	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
8	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
9	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
10	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
11	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
12	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
13	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
14	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
15	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
16	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
17	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
18	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
19	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
20	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
21	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
22	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
23	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
24	\$ 358.44	\$ 383.25	\$ 24.81	6.9%	\$ 54.00	\$ 121.50	\$ 67.50	125.0%
each add'l								

Table 2 - Cascades Campus Tuition & Fee Proposal

Credit Hours	OSU-Cascades Tuition & Fees					OSU-Cascades Mandatory Fees			
	2014-15 Tuition Fees	2015-16 Tuition Fees	Tuition Change (Plateau)	Tuition Increase (Plateau)	Tuition Increase (%)	2014-15 Mandatory Fees	2015-16 Mandatory Fees	Fee Increase (\$)	Fees Increase (%)
1	\$ 179	\$ 274	\$ -	\$ 95	53.1%	\$ 116	\$ 151	\$ 35	30.2%
2	\$ 358	\$ 448	\$ -	\$ 90	25.1%	\$ 122	\$ 157	\$ 35	28.7%
3	\$ 537	\$ 622	\$ -	\$ 85	15.8%	\$ 128	\$ 163	\$ 35	27.3%
4	\$ 716	\$ 796	\$ -	\$ 80	11.2%	\$ 134	\$ 169	\$ 35	26.1%
5	\$ 895	\$ 970	\$ -	\$ 75	8.4%	\$ 140	\$ 175	\$ 35	25.0%
6	\$ 1,074	\$ 1,144	\$ -	\$ 70	6.5%	\$ 146	\$ 181	\$ 35	24.0%
7	\$ 1,253	\$ 1,318	\$ -	\$ 65	5.2%	\$ 152	\$ 187	\$ 35	23.0%
8	\$ 1,432	\$ 1,492	\$ -	\$ 60	4.2%	\$ 158	\$ 193	\$ 35	22.2%
9	\$ 1,611	\$ 1,666	\$ -	\$ 55	3.4%	\$ 164	\$ 199	\$ 35	21.3%
10	\$ 1,790	\$ 1,840	\$ -	\$ 50	2.8%	\$ 171	\$ 206	\$ 35	20.5%
11	\$ 1,969	\$ 2,014	\$ -	\$ 45	2.3%	\$ 178	\$ 213	\$ 35	19.7%
12	\$ 2,148	\$ 2,188	\$ -	\$ 40	1.9%	\$ 185	\$ 220	\$ 35	18.9%
13	\$ 2,237	\$ 2,362	\$ 90	\$ 35	5.6%	\$ 185	\$ 220	\$ 35	18.9%
14	\$ 2,326	\$ 2,536	\$ 180	\$ 30	9.0%	\$ 185	\$ 220	\$ 35	18.9%
15	\$ 2,415	\$ 2,710	\$ 270	\$ 25	12.2%	\$ 185	\$ 220	\$ 35	18.9%
16	\$ 2,594	\$ 2,884	\$ 270	\$ 20	11.2%	\$ 185	\$ 220	\$ 35	18.9%
17	\$ 2,773	\$ 3,058	\$ 270	\$ 15	10.3%	\$ 185	\$ 220	\$ 35	18.9%
18	\$ 2,952	\$ 3,232	\$ 270	\$ 10	9.5%	\$ 185	\$ 220	\$ 35	18.9%
19	\$ 3,131	\$ 3,406	\$ 270	\$ 5	8.8%	\$ 185	\$ 220	\$ 35	18.9%
20	\$ 3,310	\$ 3,580	\$ 270	\$ -	8.2%	\$ 185	\$ 220	\$ 35	18.9%
21	\$ 3,489	\$ 3,754	\$ 270	\$ (5)	7.6%	\$ 185	\$ 220	\$ 35	18.9%
22	\$ 3,668	\$ 3,928	\$ 270	\$ (10)	7.1%	\$ 185	\$ 220	\$ 35	18.9%
23	\$ 3,847	\$ 4,102	\$ 270	\$ (15)	6.6%	\$ 185	\$ 220	\$ 35	18.9%
24	\$ 4,026	\$ 4,276	\$ 270	\$ (20)	6.2%	\$ 185	\$ 220	\$ 35	18.9%
each add'l	\$ 179	\$ 174							

Table 3 - OSU Corvallis Tuition & Fee Proposal

Credit Hours	OSU-Corvallis Tuition & Fees					OSU-Corvallis Mandatory Fees			
	2014-15 Tuition Fees	2015-16 Tuition Fees	Tuition Change (Plateau)	Tuition Increase (Plateau)	Tuition Increase (%)	2014-15 Mandatory Fees	2015-16 Mandatory Fees	Fee Increase (\$)	Fees Increase (%)
1	\$ 189	\$ 283	\$ -	\$ 94	49.7%	\$ 414	\$ 447	\$ 34	8.1%
2	\$ 378	\$ 466	\$ -	\$ 88	23.3%	\$ 421	\$ 454	\$ 34	8.0%
3	\$ 567	\$ 649	\$ -	\$ 82	14.5%	\$ 428	\$ 461	\$ 34	7.8%
4	\$ 756	\$ 832	\$ -	\$ 76	10.1%	\$ 435	\$ 468	\$ 34	7.7%
5	\$ 945	\$ 1,015	\$ -	\$ 70	7.4%	\$ 442	\$ 475	\$ 34	7.6%
6	\$ 1,134	\$ 1,198	\$ -	\$ 64	5.6%	\$ 449	\$ 482	\$ 34	7.5%
7	\$ 1,323	\$ 1,381	\$ -	\$ 58	4.4%	\$ 456	\$ 489	\$ 34	7.4%
8	\$ 1,512	\$ 1,564	\$ -	\$ 52	3.4%	\$ 463	\$ 496	\$ 34	7.3%
9	\$ 1,701	\$ 1,747	\$ -	\$ 46	2.7%	\$ 470	\$ 503	\$ 34	7.1%
10	\$ 1,890	\$ 1,930	\$ -	\$ 40	2.1%	\$ 477	\$ 510	\$ 34	7.0%
11	\$ 2,079	\$ 2,113	\$ -	\$ 34	1.6%	\$ 484	\$ 517	\$ 34	6.9%
12	\$ 2,268	\$ 2,296	\$ -	\$ 28	1.2%	\$ 491	\$ 524	\$ 34	6.8%
13	\$ 2,362	\$ 2,479	\$ 95	\$ 22	5.0%	\$ 491	\$ 524	\$ 34	6.8%
14	\$ 2,456	\$ 2,662	\$ 190	\$ 16	8.4%	\$ 491	\$ 524	\$ 34	6.8%
15	\$ 2,550	\$ 2,845	\$ 285	\$ 10	11.6%	\$ 491	\$ 524	\$ 34	6.8%
16	\$ 2,739	\$ 3,028	\$ 285	\$ 4	10.6%	\$ 491	\$ 524	\$ 34	6.8%
17	\$ 2,928	\$ 3,211	\$ 285	\$ (2)	9.7%	\$ 491	\$ 524	\$ 34	6.8%
18	\$ 3,117	\$ 3,394	\$ 285	\$ (8)	8.9%	\$ 491	\$ 524	\$ 34	6.8%
19	\$ 3,308	\$ 3,585	\$ 283	\$ (6)	8.4%	\$ 491	\$ 524	\$ 34	6.8%
20	\$ 3,499	\$ 3,776	\$ 281	\$ (4)	7.9%	\$ 491	\$ 524	\$ 34	6.8%
21	\$ 3,690	\$ 3,967	\$ 279	\$ (2)	7.5%	\$ 491	\$ 524	\$ 34	6.8%
22	\$ 3,881	\$ 4,158	\$ 277	\$ -	7.1%	\$ 491	\$ 524	\$ 34	6.8%
23	\$ 4,072	\$ 4,349	\$ 275	\$ 2	6.8%	\$ 491	\$ 524	\$ 34	6.8%
24	\$ 4,263	\$ 4,540	\$ 273	\$ 4	6.5%	\$ 491	\$ 524	\$ 34	6.8%
each add'l	\$ 189	\$ 183							