Initial Guidance to Campuses for Tuition Rates for the Academic Year 2012-13 and Summer Term 2013 – Revised

As universities begin to develop tuition rate proposals for 2012-13 multiple factors require consideration.

Resident tuition rates are expected to comply with the Legislative Budget Note included in Senate Bill 5532A (Attachment A, page 48). However, in light of the Legislative Fiscal Office’s request for reduction planning options, the tuition rate development process should take into account those reduction options. If legislative reductions materialize in 2012, campus presentations to the Board will need to demonstrate conditions that support any 2012-13 proposal that exceeds Budget Note limits.

Current tuition and fee policies are provided on pages 13 through 29 of the 2011-12 Academic Year Fee Book. Proposed rates are expected to 1) comply with existing tuition related policies and 2) support related access and affordability goals including, but not limited to:

- Differential Fee Policy (Attachment B, page 49). Any new differential rate requires a specific proposal be developed in accordance with the guidelines outlined in Attachment B. Any increases in differential rates that exceed proposed increases for base rates require additional supporting information.
- Institutional support for resident undergraduates with unmet financial need – Systemwide goal of meeting 12% of unmet need

CALENDAR AND KEY DATES

The Chancellor’s Office will provide the formal 2012-13 Fee Book Calendar to the campuses by February 2012, but some key dates and actions are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
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<tbody>
<tr>
<td>Beginning November 2011 and continuing into 2012</td>
<td>Additional guidance for expanded student participation will be provided at a later date. Until such time as specific guidelines for student participation are finalized, institutions are encouraged to include students in the tuition setting process, include or expand student participation in budget advisory committees or tuition review committees, and/or otherwise provide opportunities for students and student government to gain understanding of university finances and provide meaningful feedback prior to the university formally submitting proposed tuition rates to the Chancellor’s Office.</td>
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<tr>
<td>April 6, 2012</td>
<td>University presidents submit recommendations to the Chancellor’s Office (with copies to each member of the Finance and Administration Committee) including discussion of student input on proposed resident undergraduate tuition rates.</td>
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May, 2012

University presidents (or designees) present proposed rates to the Finance and Administration Committee, including discussion of student input on proposed resident undergraduate tuition rates.

BACKGROUND ON STATUS OF EXPANDED STUDENT INVOLVEMENT

Beginning in 2010, an effort was begun to develop a process that would increase student involvement in the tuition setting process. A significant amount of work was done by the Governance and Policy Committee alongside members of the Oregon Students Association (OSA). The original direction was to establish a separate tuition review committee with a minimum of 50 percent student representation. Several campuses have already proceeded in that direction in anticipation of new guidelines. More recently, the student advice via OSA has recommended less of an overhaul of campus processes and more usage of existing groups, such as campus budget advisory committees. Due to the significance of the change from the proposal as originated in the Governance and Policy Committee and due to requests for further discussion by campus presidents, it was determined that additional time was needed to allow both the Governance and Policy Committee and institutions sufficient time to consider the changes. It is anticipated that additional guidance regarding increased student participation will be available for consideration by the Finance and Administration Committee by the December or January meeting.

Institutions will continue to follow the process and submission dates established by the Chancellor’s Office in the Fee Book Calendar for all tuition and fee rates to be considered by the Board for approval. One change under consideration is delegating the setting of residence hall room and boards to the institutions. Currently, institutions have delegated responsibility for other auxiliary rates as well as other fees and charges that are subject to state rule-making processes (ORS Chapter 183). Should the Finance and Administration Committee delegate the setting of room and board rates to the institutions, that will be reflected in both the Fee Book Calendar and the final adopted Fee Book as a change in delegation as reflected in Attachment C.

The Finance and Administration Committee will consider tuition recommendations from the university presidents (or designees) within a broader context of institutional, System, and state goals. This Committee will formally recommend tuition and fee rates to the full Board for approval.

When the university president (or designee) presents proposed rates, the following key elements, including those established by the Governance and Policy Committee, should be addressed:

- Description of input on resident undergraduate rates received via the student representation on budget advisory committees and discussions with the student Senate.
- How the proposed rates:
  1) Support access and affordability for Oregonians and meet the Board’s goals established for such;
  2) Advance Board and state goals (such as 40-40-20);
3) Meet state performance metrics, to the extent the new state budget process has articulated such metrics to date;
4) Address institutional mission, current financial condition and longer term financial viability (including program quality and cost, ability to attract and retain talented faculty, capacity and quality of facilities, and expected state appropriation support);
5) Follow legislative guidance (budget notes); and
6) Accommodate anticipated price elasticity.

RELATIONSHIP TO SB 242
Senate Bill 242 addresses the establishment of a process that includes student participation in tuition setting:

SECTION 20. (1) The State Board of Higher Education shall set enrollment fees for each public university listed in ORS 352.002. Enrollment fees include tuition for education and services and any other charges found by the State Board of Higher Education to be necessary to carry out the educational program of the Oregon University System.
(2) The State Board of Higher Education shall, by rule, establish a process under which each public university may develop and submit proposed enrollment fees for board consideration. The process must provide for participation of enrolled students and the recognized student government of the public university.

Once student participation guidance is finalized, a draft OAR (Oregon Administrative Rule) will be submitted for Finance and Administration approval, incorporating state rule-making procedures as required.

INCORPORATION OF SUMMER RATES
As this new process incorporates the setting of summer rates in conjunction with academic rates, campuses are encouraged to look for opportunities to enhance transparency to students and promote administrative efficiencies. As a point of reference, the 2011-12 Academic Year Fee Book contained 68 unique rate tables and the 2011 Summer Session Fee Book contained 62 unique rate tables (base rates for undergraduate and graduate as well as differential program rates). This is an opportunity for campuses to revisit the business cases for differing summer rates. Several campuses have already aligned their summer rates with academic year rates.

STAFF RECOMMENDATION TO THE COMMITTEE
Staff recommends that the Finance and Administration Committee:
1. Approve the Initial Guidance to Campuses for Tuition Rates for the Academic Year 2012-13 and Summer Term 2013 with the Chancellor or designated staff permitted to revise submittal deadlines as necessary;
2. Consider delegating the setting of resident hall room and board rates to the campuses and, if no additional information is required, approve such delegation as presented in Attachment C.
ATTACHMENT A

Legislative Budget Note
The 2011-13 Legislatively Adopted Budget for OUS included the following Budget Note regarding tuition increases:

In adopting the budget for the Oregon University System, the Legislature intends that increases in the rates for tuition paid by resident undergraduate students at Oregon Institute of Technology, Oregon State University, Portland State University, and the University of Oregon may not exceed an average of eight percent for the two years of the biennium and may not exceed nine percent in any given year. Increases in the rates for tuition paid by resident undergraduate students at Eastern Oregon University, Southern Oregon University, and Western Oregon University may not exceed an average of 6.5 percent for the two years of the biennium, and 7.5 percent in any given year. The Chancellor shall report to the Legislature by March 1, 2012, regarding increases in the rates for tuition paid by resident undergraduate students for the 2011-12 academic year. If the State Board of Higher Education proposes to increase rates in excess of the legislatively-intended rates stated above, the Chancellor shall report to the Joint Committee on Ways and Means or the Emergency Board prior to the Board approving any such increases.
ATTACHMENT B

Differential Tuition Policy
Differential tuition will be allowed in certain programs (as approved by the Board; however, it is understood that the initial conversion from resource fees to differential tuition would be allowed as part of this policy change) with the understanding that: 1) an amount equal to 10 percent of such differential tuition for undergraduate programs be earmarked for financial aid funding targeted to low-income students majoring in the program(s) assessing differential tuition, such that this does not become an impediment to degree choice (Note: in order to maintain revenue neutrality during the conversion if institutions choose to do this using fee remissions, this may necessitate an increase in the tuition, over and above the amount of current resource fees); and 2) that after the initial transition institutions will need to submit the rationale for the need for differential tuition in accordance with the proposed differential tuition policy framework outlined below.

Universities may request OUS Board approval for differential tuition at either the undergraduate or graduate level subject to the following:

1. University(ies) considering differential tuition must develop a proposal for OUS Board consideration addressing the following criteria:
   a. Quality of the student experience:
      i. The proposal should address how differential tuition will substantially increase the quality of the learning experience for students and provide the basis for later opportunities that would not be possible without the differential revenues.
   b. Access, affordability and student choice of undergraduate major:
      i. The proposal for differential tuition for undergraduate programs must include a financial aid plan with a minimum of ten percent (10%) of the differential tuition set aside for need-based aid to be awarded to needy students enrolled in the program. The plan shall also include a college advising process that enables the student to anticipate future cost increases and (if necessary) seek additional aid to cover the differential amount over base tuition.
   c. Cost of Instruction:
      i. The differential tuition proposal must include a clear justification related to the variance in program cost, program demand and program graduate earnings potential compared to the funds that would be provided through base tuition.
   d. Market Pricing:
      i. There should be evidence that the differential tuition proposed is comparable to the student cost for similar programs at peer institutions such that the university is not placed at a competitive disadvantage in attracting the best students and that
the differential tuition is appropriate to the national market. The proposal should address the elasticity of demand in its justification.

e. Student Consultation and Support:
   i. All differential tuition plans must show evidence of extensive and thorough consultation with students who will be affected, both via student representative groups and via organized opinion gathering among the students that would be charged the differential.
ATTACHMENT C

CURRENT (as published in the 2011-12 Academic Year Fee Book)

Delegation of Authority
The Oregon Legislature grants authority to the State Board of Higher Education to establish tuition and fees for enrollment at Oregon University System institutions. Based on recommendations from the institutions and the Chancellor, the Board annually sets fees for enrollment at the institutions, including:

- Tuition
- Building Fees
- Health Service Fees
- Incidental Fees
- Student Recreation Center Fees
- Student Union Fees
- Other Mandatory Enrollment Fees
- Residence Hall Room and Board Rates
- Other Special Fees as determined by the Board

The Board has delegated authority to the institution presidents to establish certain fees, fines, and charges for services and materials, including:

- Laboratory and Course fees
- Fees for workshops
- Instruction fees for Continuing Education, Extended Programs, and Distance Education
- Charges for auxiliary services, e.g., food services, student centers, and parking
- Fines for violation of campus regulations
- Charges for facilities use
- Charges for other materials and services

Both the Board and the institutions are required to follow Oregon administrative rulemaking procedures when adopting tuition, fees, fines, and charges, giving adequate notice and opportunity for public comment. The schedule of charges must be on file in the business office of the institution and also filed with the Vice Chancellor for Finance and Administration. Income from such services must be reflected in the institution budget.

Statutory Authority:  ORS 351.070 Board General Powers
ORS 351.072 Adoption of Certain Standards
ORS 351.170 Charges for Use of Buildings
Administrative Authority: OAR 580-040-0010 Institutional Authority to Establish Fees
Proposed Change in Delegation

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