In the new governance proposal adopted by the State Board of Higher Education in July was a provision that each university would develop its proposals for tuition through broad on-campus consultation, with particular emphasis on the participation of students. The president would use the information developed through that process in preparing a tuition recommendation for consideration by the State Board.

The Governance and Policy Committee considered the matter of tuition-setting at two of its meetings earlier in 2010, leading up to the recommendation adopted by the Board in its governance proposal. The Board’s action in July 2010 included the following description of tuition:

“2. The Board would establish a tuition process:
   a. Board guidelines take into account affordability (related to Oregonians’ income) and level of state support
   b. Board sets affordability targets (need-based aid, fee remission requirements, etc.)
   c. An open tuition-setting process on each campus involving students, faculty, and others would be used to develop annual or longer tuition proposals
   d. President proposes a plan for tuition
   e. Presentation of a university’s tuition proposal to the Board with comments to the Board by the university’s student government representative
   f. Board adopts tuition for each campus”

The provision was written within a framework that included fifteen overarching principles that established the public guidelines for a public university system. Principle 12 reads: “Every Oregon public university will ensure that all qualified Oregonians can afford to attend and succeed.” Further, the Board, in its proposal, included seven core outcomes that would form the basis for a new compact with state government. Two of these, enrollment of Oregonians and affordability for Oregon students, appear most pertinent to a discussion of tuition-setting.

Sufficient enrollment of Oregon students is key to the achievement of the State’s 40-40-20 objectives and the Board’s goal of raising the education level of Oregon’s adult population. Therefore, discussion of tuition must take into account both the costs of education and the ability to pay of Oregon families and students. Much has been made of the fact that Oregon’s per capita personal income stands at 91 percent of the national average and ranks somewhat below the median of all states. However, that fact masks a greater shift in the incomes of the families of likely public university students in Oregon. Because all of the growth in high school
graduates over the next fifteen years will come from groups within Oregon’s population that have long had lower incomes than even the state average (e.g., those from Latino families), using per capita personal income or even median family income data may overstate the ability to pay of those whose enrollment and success are critical to meeting the goals of the state and of the Board. This places a great deal of emphasis on need based financial aid and keeping costs (including tuition but not exclusively tuition) at levels as low as is possible while maintaining appropriate levels of quality.

The Governance and Policy Committee discussed this matter at some length, most recently on March 18, and reached the following conclusion (excerpted from “Tuition Guidelines,” dated March 19, 2010): “Board guidelines [for tuition] would reflect the actual or anticipated level of state investment, affordability for Oregon students, state needs for specific programs, cost control, state and Board priorities, the availability of need-based grant aid from sources other than fee remissions, the level of fee remissions for need-based grant aid, and such other factors as may be necessary to ensure the achievement of the goals of the Board’s strategic vision.”

The March 19 document (attached) also declared that universities would be able to establish tuition at market levels for nonresident undergraduate and international students as long as the tuition paid by those students was sufficient to recover the full costs of education. Therefore, the Board’s interest in tuition-setting was restricted to other categories of students: Oregon undergraduates, graduate students, and nonresident undergraduate students in cases where the tuition charged was not sufficient to recover the full costs of education.

Finally, the March 19 document provided guidance about how university tuition plans could be developed, with the understanding that the Board would establish guidelines for setting tuition in any given period. That guidance reads: “Universities would be permitted to develop tuition plans that took into consideration market conditions, state support, other university income available to support educational programs and student financial aid, future employment prospects and earning potential of graduates, differential costs of education by program or instructional modality, student-level, investments to improve programs and academic quality, investments in facilities and systems/equipment, specified university initiatives, and other factors the universities believed pertinent to tuition. It is expected that tuition rates for different universities, different levels of students, and different programs will vary.”

The Board, in its July action, provided significant guidance regarding the process to be used to establish tuition. It remains for the Committee to develop the process for further consideration by the Board. Obviously, the process will evolve over time but its principal elements would have to include Board guidelines, a participative open process, a presidential proposal, a presentation of both the presidential proposal and comments by a student government representative, and Board adoption of the tuition rate(s). The procedures suggested below conform to the existing Board policy and guidelines on Student Shard Governance.
Based on Committee discussions, it is expected that some programs would have tuition rates that would be different from those charged for other programs even at the same university (i.e., differential tuition). This is consistent with current Board tuition policy.

One possible process (and accompanying calendar) could be:

1. **Board promulgates guidance for enrollment fees—October**
   Such guidance would be based upon Board policies, efforts to achieve Board goals, fulfillment of the compact with the state, the mission and financial condition of each university, expected state appropriation support, legislative guidance (if any), suggestions from other state education boards, anticipated total enrollment and enrollment mix for each university, affordability objectives, inflation/deflation, Oregon family income, the availability of student financial aid, quality enhancement initiatives (including faculty salary increases), program cost, facilities costs, legal compliance requirements, cost control, and a host of other factors. Factors may change each year and the Board may weigh them differently in terms of relative importance each year. The guidance will not apply to the statutory student building fee or to the health, recreation, matriculation, and incidental fees that are assessed to students. However, all these fees must be approved by the Board at the time that enrollment fees are approved.

2. **President establishes tuition review committee—October**
   The president of each university will charge a committee with providing advice and comment about tuition for the upcoming period. This committee, which may be an existing committee within the governance structure of the university or may be established separately by the president, must include representatives of student government, the faculty, university staff, and the university’s administration. It may include members from interested external communities, at the president’s discretion. The president of the student government shall appoint undergraduate student members. The president of the university shall appoint all other members, consistent with the shared governance requirements of that university, and shall designate one member to chair the committee. In addition, the president may appoint graduate students, as appropriate. The president shall provide to the committee the guidance from the Board as well as such additional financial and policy information as the president believes pertinent or as the committee may reasonably request. If a president wishes to consider tuition rates that vary by program (differential tuition), the committee should be apprised of the programs for which differential rates might be considered and the market, cost or other factors to be examined in determining a recommendation about such differential rates.

3. **Committee Process—November-February**
   The committee will meet at least twice during this period. Its meetings shall be open to the public and broad notification of the meetings shall be made to the university community. The committee will consider the guidelines provided by the Board, the
information provided by the president, any proposal advanced by the president, and such other matters as shall seem appropriate.

4. Presidential recommendation—March
The president shall develop a tuition recommendation for review by the committee no later than March 1 and the committee shall advise the president regarding that recommendation no later than March 31. The president shall develop a recommendation for consideration by the Board that takes into account the advice received from the committee. However, the president need not accept that advice.

5. Presidential proposal—April
The president shall request tuition rates for the categories of students covered by Board guidelines and submit that recommendation to the Chancellor, with a copy to each member of the committee. If the president revises the proposal subsequent to its initial submission to the Chancellor, a copy of such revision shall be provided to all members of the committee prior to consideration of the revised proposal by the Board. The Chancellor will distribute the proposal to the Board members and to any cognizant state body. The Chancellor will review the proposal to determine its alignment with Board guidance and current financial conditions, will seek the comments of the student government, and will attempt to reconcile the proposal and student comments with one another and with Board guidance, if necessary.

Board consideration—May
Upon recommendation by the Chancellor, the Board or a Committee of the Board will consider the proposal of the president (along with such modifications as the Chancellor may propose) regarding consonance with Board guidance and current financial conditions. In considering such proposal, the Board or Committee of the Board shall provide an opportunity for the president and for an appropriate representative of the student government of that university to address the Board or Committee of the Board orally or in writing. If the representative of the student government was not involved in the university’s committee, that representative may invite another student who had been involved in that university’s tuition review committee’s work to accompany him or her.

6. Board adoption—June
The Board shall adopt the tuition rates for the university after taking into account all the information provided to it, its own policy goals and the guidelines it provided to the university, any suggestions from other state education bodies, and the advice of the president and of the student government, and, if appropriate, the Board Committee. The Board also will consider and adopt tuition rates at this same time for those categories of tuition not covered by this procedure (e.g., nonresident undergraduate tuition, graduate tuition) based upon proposals made by universities at the same time as they propose tuition for categories covered by this procedure.
Whenever the State Board of Higher Education has decided on a tuition process to be used by each university, it shall promulgate the process after consideration of public comments.

Note: This calendar and process do not apply to tuition charged in continuing education and for other non-standard terms. It does apply to both academic year tuition and tuition charged for summer session on the assumption that by Summer 2012 all campuses will treat summer term as the trailing term of the year. (This means that tuition would be set in June of a given year for the fall, winter, and spring terms of the upcoming academic year and for the summer term that starts in June of the year following the adoption of the tuition rates. Universities may propose different tuition rates for summer term but would do so on the same schedule and using the same committee process as for the academic year tuition.)

Tuition/enrollment fees for continuing education have been approved by campus presidents for many years. No new process is recommended for these courses and programs.
1. Should the Board even have a set of tuition guidelines or should each university be free to adopt its own tuition independently (just as each of Oregon’s community colleges may do now)?

2. If the Board does enunciate guidelines, should it first determine its overall approach (such as high tuition-high financial aid, low tuition-low financial aid) or should it permit its framework to evolve in a different fashion?

3. If the Board chooses to adopt tuition guidelines, what might they be?

4. Example of possible general guidelines for resident undergraduate tuition and fees:
   a. Tuition and fees shall continue to be combined
   b. What is the starting point for each campus? (current, premium, or market)
   c. Tuition rates charged by campuses could increase by the sum of:
      (1) Rate of inflation or rate of growth in Oregon household income plus
      (2) Per-student reduction in-state funding plus
      (3) 30% of increase to be diverted to need-based grant aid

   Example:
   - Current rate: $7,000 per year
   - 3% inflation: $210
   - 10% state cut: $346 (based on 2009-10)
   - $556
   - Increase for aid $239
   - New rate: $7,795 per year (with $239 of that to be used for need-based grants)

   d. Aid amounts from prior years’ remissions must be sustained
   e. Tuition rates always shall be discounted by 1% for increased efficiency and cost control
      (Effect in example would be to reduce the rate from $7,795 to $7,717)

5. Program tuition
   a. High cost premium
   b. High market value premium
   c. Would income from these sources be used to reduce general tuition?

6. Premium tuition or quality surcharge or other mechanism to permit improvements in faculty salaries, reduced class sizes, more opportunities for internships or undergraduate research, etc. Should such premiums be permitted, for what purposes, and using what approval process?
7. Use of tuition to pay for capital (directly or via debt service). Process and limitations, if any.

8. Graduate, nonresident, and international student tuition
   a. Should Board have an interest or policy?
   b. If so, should such tuition be market-based?
   c. Remission for state goals? (Who pays for remission?)

9. Continuing education, off-site, and other tuition: Should the Board have any policies?

10. What process would the Board want to mandate or encourage for each campus and what involvement would students and other stakeholders have in that process? Would such a process be required even if the Board did not have any other tuition guidelines?