

Background and Context

For most of the last three decades, proposed Oregon University System tuition rates have been developed by the System office in consultation with institutions, approved by the Board, and embedded in the Governor's initial budget prior to the Legislative session. In recent biennia, staff in the DAS Budget and Management Division and in the Legislative Fiscal Office have also been involved in discussions about the level of tuition increase that would likely be acceptable to the Governor and Legislature.

With the adoption of the Resource Allocation Model in 1999, the relationships among the state, System office, and institutions changed. Where tuition revenues had previously been pooled centrally and distributed by the System office to the campuses, under the RAM tuition dollars remain with the campus that assesses and collects them.

In the 2001-2003 biennium, OUS institutions sought greater differentiation in the level and configuration of their instruction fee rates. Initially, this was reflected in the request in April 2001 for the Board to establish ranges within which individual institutions would be permitted to raise tuition. Ultimately, however, all institutions settled on the high end of the established range, and the concept of differentiation did not become a reality—except in the area of program and resource fees which, when combined with tuition, generated a more widely varied distribution of OUS tuition and fee rates. Finally, as part of an experiment with unique institution tuition structures, in 2002 the Board gave limited approval to the University of Oregon to implement a time-of-day tuition discount policy.

The outcomes of the 2003 Legislative session left the various policy roles unclear. While the Legislature retained its authority to approve expenditure levels for tuition-generated revenues, it did not restrict institutions from setting tuition levels at the rates they proposed and that were approved by the Board. However, the Legislature did express concerns about how fee remission programs are administered (traditionally an institution prerogative), and about the increase in resource fees. Those concerns are reflected in budget notes that place limits on fee remissions and resource fee revenues.

Finally, while the provisions of Senate Bill 919 (1997) require OUS to monitor cost-effectiveness and access through a set of indicators, few of the established indicators measure affordability directly. The State continues to fare very poorly in national reviews of affordability (such as the *Measuring Up* reports from the National Center for Public Policy in Higher Education). The development of indicators and analyses of affordability, by both the System office and the institutions, will be important in completing the circle of tuition policy development, approval, implementation, and evaluation.

Current OUS tuition and fee rates exhibit greater differentiation than ever before. There are differences by institution, program, student level, residency, scheduling, and state- versus self-support. The Board clearly supports differentiation among campuses, as indicated by the rates and structures it approved last year. At the same time, the Board has also expressed its overarching policy concerns with the improvement of affordability and access for all Oregonians. This suggests three areas of responsibility for action in setting tuition and fees:

1. **Institutional:** Institutions develop their individual proposed tuition and fees, related to the needs and circumstances of their own target student body, the demands of their own financial situation, and their projected enrollments in the context of current or anticipated levels of state funding support.
2. **System:** The Chancellor's staff conduct, on behalf of the Board, an analysis of the institutional proposals across the System in terms of their projected impacts systemwide on access, affordability, predictability, and potential consequences for other sectors of public education in Oregon.
3. **Board:** The Board reviews and approves tuition and fees in the light of the institutional proposals and the Chancellor's staff analysis and recommendations.