
Docket Item:

Public University Tuition and Mandatory Enrollment Fee Increase Reviews

Docket Material:

Under ORS 352.087(1)(i), Oregon public universities are no longer subject to expenditure limitations on any revenues they directly collect, including tuition and fees. There are no legislative restrictions on increases in tuition rates for graduate students or nonresident undergraduates, though these rates are subject to approval by an institution's governing board. However, the HECC is tasked by ORS 350.075(3)(h)(B) with the following duties regarding undergraduate resident enrollment fees increases of more than 5% annually at public universities:

(3) The Higher Education Coordinating Commission shall:

(b) For public universities listed in ORS 352.002:

(B) Review and determine whether a proposed annual increase of resident undergraduate enrollment fees of greater than five percent is appropriate.

A separate chapter of Oregon statute, ORS 352.102(4), reaffirms this HECC responsibility and adds that the Legislative Assembly may serve as an alternative body to grant the tuition increase approval:

(4) In determining tuition and mandatory enrollment fees for undergraduate students who are enrolled in a degree program and are qualified to pay resident tuition:

(a) The governing board may not increase the total of tuition and mandatory enrollment fees by more than five percent annually unless the board first receives approval from:

(A) The Higher Education Coordinating Commission; or

(B) The Legislative Assembly.

The review requirement has triggered on two prior occasions, both related to increases for the 2015-16 academic year. Specifically, this requirement was triggered related to the elimination of the "tuition floor" at Oregon State University and for the creation of the Eastern Oregon University Advantage program. Neither of those requests is analogous to those the Subcommittee and Commission are considering this year, as both represented one-time actions to adjust tuition structures, not same-structure annual increases. Statute does not further clarify what elements or factors the HECC should consider in assessing whether a requested increase is "appropriate."

Further definition of the process to be used by the HECC in its assessment of “appropriateness” also is not provided.

At its March 8, 2017 meeting, the Funding & Achievement Subcommittee instructed staff to review institution-adopted tuition and mandatory enrollment fee increases that exceed the review threshold. The Subcommittee requested that staff prepare a summary of the information presented to each respective institutional board at the time of adoption.

The Subcommittee requested that the staff-prepared summary specifically pull information from the institutional board packets to address the following themes:

- Affordability;
- Student Involvement, Input and Impact;
- Institutional Cuts and Cost Controls;
- If and how the tuition and mandatory enrollment fee increase adjusts with varying Public University Support Fund (PUSF) scenarios.

In addition to a summary of institution-generated information, the Subcommittee requested staff to obtain and report on:

- A student perspective on the tuition and fee-setting process;
- Should either institution be subject to this statutory tuition and fee increase review, an examination of how the increase may impact EOU or SOU’s progress toward the conditions placed on the establishment of their institutional boards.

The board of each institution adopted 2017-18 tuition changes according to the following schedule:

Institution	Board Action Date	HECC Calculated Increase
EOU*	April 20, 2017	4.99%
OIT	May 8, 2017	7.42%
OIT-WV	May 8, 2017	8.08%
OSU	April 21, 2017	4.24%
OSU-CC	April 21, 2017	4.22%
PSU	April 11, 2017	8.37%
SOU	April 21, 2017	11.43%
UO	March 2, 2017	11.48%
WOU*	April 26, 2017	7.45%

*=Weighted Average Increase

Five of the seven institutions proposed increases above the statutory thresholds (OIT, PSU, SOU, UO and WOU). Staff summaries on the University of Oregon and Portland State University increases were presented to the Funding & Achievement Subcommittee on April 12.

On April 10, 2017 Governor Kate Brown issued a letter to Chair Bryant expressing her concern over the impact that above-threshold increases in tuition for resident undergraduate students will have on preserving access and affordability for Oregon students. In the letter, she communicated an expectation that the HECC only grant its approval if it is provided with:

1. Clear and significant evidence that the university gave serious consideration to alternatives that involved tuition and fee increases below the 5% threshold;
2. Clear and significant evidence of how Oregonians who are underrepresented in higher education, including low-income students and students of color, would benefit more under the university's proposal than one that stays within the 5% threshold;
3. A plan for how the university's board and central administration are managing costs on an ongoing basis;
4. A summary of how students, faculty and staff were consulted on the proposed tuition increases; and,
5. A summary of how tuition will be affected should additional state funds beyond the number in the Governor's Recommended Budget be appropriated.

Governor Brown's guidance did not limit the criteria the Commission may use to the five that she enumerated. The chair of each institutional board is to certify, per the Governor's guidance, that his/her institution meets all necessary criteria.

Following the April 12 Funding & Achievement Subcommittee, HECC staff prepared an information request to allow the leadership of each institution to present evidence of efforts toward the five criteria specified by Governor Brown. The institutions complied, and the resulting documents and dialogue with the institutions became the basis for a HECC staff review of compliance with the Governor's criteria.

Included in this docket item is a packet for each of the five subject institutions. Each packet contains:

- HECC staff summary and recommendation to the Subcommittee;
- HECC staff evaluation of the evidence of an institution's compliance with each of the Governor's criteria;
- An Educational & General (E&G) budget gap summary for each subject institution;
- A summary of the student response(s) to the HECC's process inquiry;
- A HECC staff summary of the materials presented to the institutional board focused on the areas previously identified by the Subcommittee as being of particular concern.

As additional information, the following documents also are provided to the Subcommittee:

- A docket item summarizing the process and questions utilized in the HECC survey of students at each of the subject institutions;
- April 10, 2017 Letter to Chair Bryant by Governor Brown outlining her five criteria;

- April 18, 2017 Letter to each institution by Andrew Rogers requesting evidence of compliance with the Governor's criteria;
- Complete response of each institution to the Rogers letter;
- Complete institutional Board of Trustees tuition-setting packet used as the basis of HECC staff summaries;
- A table summarizing how each institution's tuition rates are scheduled to change with increased 2017-19 Public University Support Fund resources.;
- A history of recent resident undergraduate tuition rates and rates of change at each Oregon public university.

Staff Recommendation:

HECC staff has prepared a separate recommendation for each of the five subject institutions. Each respective recommendation is included in the appropriate institution's materials.