HIGHER EDUCATION COORDINATING COMMISSION
255 Capitol Street NE, Salem, OR 97310
www.oregon.gov/HigherEd

Docket Item:

2019-20 Public university tuition increase review process & criteria

Summary:

ORS 350.075(3) (h) (B) states that the HECC has the following responsibility regarding university tuition and fee increases:
Review and determine whether a proposed annual increase of resident undergraduate enrollment fees of greater than five percent is appropriate.

ORS 352.102(4) contains similar language for the universities, stating as follows:
(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.
(b) The governing board shall attempt to limit annual increases in tuition and mandatory enrollment fees for undergraduate students who are enrolled in a degree program and have established residency in Oregon to a percentage that is not greater than the percentage increase in the Higher Education Price Index, as compiled by the Commonfund Institute.

The HECC has exercised this review authority three times in the past. In 2015, it approved the creation of the Eastern Oregon Advantage program at EOU and the elimination of a plateaued tuition structure at OSU. In 2017, the HECC reviewed, and eventually approved, resident undergraduate tuition and mandatory enrollment fee increases of greater than five percent at OIT, PSU, SOU, UO and WOU.

The HECC's 2017 process was guided substantially by the Governor's April, 2017 letter, which asked the HECC to consider several criteria in determining whether or not to approve the increases:

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.
5. A summary of how tuition will be affected should additional state funds greater than the Governor's Recommended Budget be appropriated.

Since it is possible that public universities will propose tuition increases for 2019-2020 that are greater than 5%, staff wishes to engage the Commission, institutions, and other stakeholders in a discussion of criteria by which the Commission will evaluate potential above-threshold tuition and fee increases in spring, 2019.

The following docket item describes a schedule and outline for the tuition review process and suggests several criteria against which proposed increases could be evaluated. Staff encourages the Commission to provide feedback and direction on the proposed criteria, as well as any additional criteria Commissioners intend to utilize in finding whether a requested increase is appropriate. Staff recommends that the Commission adopt final criteria at its November, 2018 meeting, in order to help guide institutions in their tuition-setting process and outcomes.

Docket Material:

Typically, most institutions will start their tuition-setting process either in the middle of fall or early in the new calendar year and will conclude in early spring. The following chart summarizes the board approval dates for tuition rates at each university in the past three years, as well as the projected dates based on board schedules/plans:

Institution	**16-17 Approval Date**	**17-18 Approval Date**	**18-19 Approval Date**	**19-20 Projected Approval Date**
EOU	June 2, 2016	April 20, 2017	April 12, 2018	April 11, 2019 (could be pushed back to May 23, 2019)
OIT	March 18, 2016	May 8, 2017	March 22, 2018	March 21, 2019
OSU	March 31, 2016	April 21, 2017	April 6, 2018	April 5, 2019
PSU	March 31, 2016	April 11, 2017	April 25, 2018	April 19, 2019
SOU	April 15, 2016	April 21, 2017	March 16, 2018	April 19, 2019
UO	March 4, 2016	March 2, 2017	March 2, 2018	March 8, 2019
WOU	April 27, 2016	April 26, 2017	April 18, 2018	April 17, 2019

HECC staff intends to present any university requests for tuition approvals to the Commission at its May 9, 2019 meeting. Staff may present content or other background material at earlier meetings but, absent unexpected changes in timing, the universities' formal requests for tuition increases greater than 5% will all be reviewed by the Commission at its May 9, 2019 meeting.

The recently-enacted HB 4141 (2018) lays out key guidelines and steps that public universities must use during their tuition-setting processes, regardless of whether a proposed tuition increase exceeds the review threshold. Specifically, each university must form a tuition advisory committee, consisting of students, students from underrepresented backgrounds, faculty and staff. All institutions have adjusted, or in the case of EOU will soon adjust, their tuition review policies to create the required tuition advisory committee. It is worth noting that most institutions already had such a committee although its membership, and the content of its meetings, may not have matched the requirements of HB 4141. This advisory committee must receive certain training, provide "meaningful opportunities" for student participation and provide information on any cost cutting/control plans at each institution. Many of the criteria in HB 4141 mirror those in the Governor's letter from April 2017, and fall within the following seven general categories:

1. A plan for managing costs on an ongoing basis.
2. A plan for decreasing tuition if the PUSF is greater than estimated at the time the proposal is made.
3. Clear demonstration of the impact of the increase on students, especially historically undeserved students.
4. Clear demonstration of the relationship between the requested increase and the institution's ability to meet its mission.
5. Any alternative tuition scenarios that were presented to the tuition committee and the impact those alternatives would have on the institution and its finances.
6. Publication of all relevant tuition committee processes and documents on the institution's website.
7. For those institutions that exceed the 5% review threshold, the institution must provide the HECC with a number of specific documents, including any dissenting viewpoints to the final tuition recommendation.

While HB 4141 is likely to impact the information available to the HECC, the responsibility for complying with HB 4141 rests with the institutions and not with the HECC.

When considering potential criteria for the review of tuition increases greater than 5%, HECC staff focused on the principles contained in HB 4141 as well as those that interact with the HECC's strategic plan and framework.

These proposed criteria draw on the HECC's focuses on affordability, equity, student success and economic/community impact. Through its tuition review process, the HECC seeks to ensure affordability for resident undergraduates, especially those from traditionally underserved backgrounds, while allowing institutions sufficient resources to fulfill their missions to serve Oregon communities, the Oregon economy, and to lead students to academic and career success.

These following are draft criteria and are placed in a suggested priority order by staff, along with the reasoning for such criteria, questions to prompt Commission discussion, and a brief summary of what successfully meeting each particular criterion might look like. The Commission is encouraged to use these draft criteria and associated prompting questions in order to comment on, change, add, delete or re-order any of the staff proposed criteria or the elements therein.

<u>Draft Ranked Tuition Criteria</u>:

Criterion 1: In the absence of a tuition increase greater than 5%, the institution's ability to meet the critical portions of its mission, or the goals set in the HECC's strategic plan, will be threatened.

Why This Criterion is Important? One of the key factors in both the Governor's 2017 letter and HB 4141 is the requirement that the institution give clear and significant proof of consideration of tuition increases below the 5% threshold. This criterion requires an institution to establish that tuition increases below 5% imperil its ability to meet its mission or the strategic plan and goals set by the HECC.

Key Commission Discussion Questions:

1. In the Commission's view, what will constitute evidence that a university's mission would be threatened by a lower tuition increase? Should they be expected to demonstrate the specific impact that lower tuition increase levels might have on the following aspects of their mission? Are there others that we are missing?
    a. Education
    b. Research
    c. Scholarship
    d. Student Success and Completion Initiatives
    e. Affordability
2. Should institutions be expected to demonstrate the impact that lower tuition revenue might have on the ability of institution's to meet goals established in the HECC's strategic plan?

Success is defined as: A clear explanation, backed up with appropriate quantitative evidence, that the institution's increase in excess of 5% is necessary to support the institution's core mission and its ability to meet the HECC's strategic plan.

Criterion 2: Underrepresented students will be benefited more by a tuition increase of greater than 5% than by one lower than 5%

Why this Criterion is Important? Throughout the HECC's strategic plan, HB 4141 and the Governor's 2017 letter, there is a high importance placed on how tuition increases would impact underrepresented students. This criterion allows institutions to identify how (most likely via remissions or student support programs) they will help these targeted groups more by approving these increases than by not doing so.

Key Commission Discussion Questions:

1. What specific sorts of efforts or programs to support affordability for underrepresented students would the Commission need to see in order to find that an institution has made sufficient efforts to show a need for a tuition increase of greater than 5%?

2. How might the Commission take remission levels for resident graduate or nonresident students into account when assessing this criterion?

3. Would the lack of a negative impact on underrepresented students be sufficient to meet the proposed criteria?

Success is defined as: A clear record that the institution's remission budget, especially related to underrepresented students, will be significantly helped by the greater increase in revenue brought about by the tuition increase. Specific examples should be provided as related to programs that support these underrepresented students, especially resident students. Another way an institution could be successful here could be that the net price for underrepresented students does not increase, even as tuition does.

Criterion 3: The institution certifies that is compliant with HB 4141.

Why This Criterion is Important? Although HB 4141 is the institution's responsibility, the Commission may choose not to consider or to reject a request that is not HB 4141 compliant.

Key Commission Discussion Questions: None, institutions will self-certify their compliance with HB 4141.

Success is defined as: The institution self-certifies that they are compliant with HB 4141.

Criterion 4: Students were meaningfully engaged in the institution's tuition-setting process, including but not limited to participation on the institution's tuition advisory committee.

Why this Criterion is Important? During the 2017 process, some Commission members expressed concern related to the potential lack of meaningful student engagement in tuition-setting decisions. In order to assess this criterion, HECC staff will look for evidence that students were engaged throughout the process and that they played a key role in the development of an institution's final tuition proposal. Potential ways to assess the impact of student engagement could include staff surveys or discussions with students involved in the process, reviewing the tuition advisory committee website and associated documents for evidence of student engagement, directly observing tuition advisory committee meetings, reaching out to key student stakeholders such as student government leaders at each institution and the Oregon Student Association, and providing multiple opportunities for the Commission to hear from students about their institution's tuition process.

Key Commission Discussion Questions:

1. How should the Commission define and determine if an institution has engaged in "meaningful engagement" with students? Is it the number of public forums, how many comments are received, the diversity of the students in the process or something else?
2. What data should be required to support this determination? Elements might include:
    a. Tuition advisory committee structure.
    b. Differing student outreach strategies that have/might be undertaken at each institution.
        i. With a particular focus on outreach to underrepresented student groups.
    c. The extent of information available to tuition advisory committee members, particularly students.
    d. How dissenting comments are reflected and incorporated into official tuition deliberations and/or recommendations.
    e. The role of external stakeholders such as the Oregon Student Association.

Success is defined as: HECC staff determines that meaningful engagement with students occurred throughout the tuition-setting process and that this engagement played a key role in the institution's final tuition recommendation. This determination must be based on clear and specific evidence of engagement by the institution and the impacts of such engagement. In addition, students must generally agree that this engagement was meaningful and impactful. Mere compliance with HB 4141 alone will not be enough to comply with this criterion, as the HECC is asking institutions to make substantial efforts to meaningfully engage students and adjust their tuition recommendations as a result of such engagement.

Criterion 5: The institution has implemented cost controls and has taken steps to control long term costs. In addition, the institution has evaluated the long-term sustainability and viability of its component parts to ensure that they are either responsive to their core mission or resource self-sufficient.

Why This Criterion is Important? Both the Governor's 2017 letter and HB 4141 require that an institution have a strong cost control plan prior to implementing resident undergraduate tuition and fee increases of greater than 5%. This criterion requires that steps have been taken to implement any such plan and that the institution has determined whether each of its component parts are either resource self-sufficient (they take in more revenue than expenses) or, if not, that they are key to the institution's core mission.

Key Commission Discussion Questions:

1. What constitutes adequate cost control systems? This could include discussion of the following potential elements.
    a. Enacting increased efficiencies, such as serving more students with the same (or fewer) employees.
    b. Reducing/eliminating non-cost effective programs.
    c. Planning for, and controlling to the extent possible, known cost increases such as salaries, PERS and PEBB increases.
    d. Process and specific benchmarks met or established so far, if the plan has been implemented.
    e. Extent to which students, faculty and staff have been involved in the plans' development.
    f. Detailing cost control steps that have been rejected and their reasoning.
    g. Detailing cost control steps that are under consideration and why or why not they may be implemented.
2. Should institutions be required to have looked at/implemented cost controls and efficiencies prior to suggesting tuition increases? If so, how and how might we measure/evaluate this?

Success is defined as: The institution has a demonstrable history of cost control efforts, including engaging in a systematic review of cost efficiencies. In addition, these efficiency reviews and the resulting data/monitoring should have been incorporated into an institution's budgetary decision-making process for an institution's cost control efforts to receive a passing analysis under this criterion.

Criterion 6: For institutions that had their tuition increase reviewed in 2017 (OIT, PSU, SOU, UO, WOU), the institution met all specific promises regarding budget control and tuition remissions.

Why this Criterion is Important? This criterion asks institutions to certify (and provide evidence to support this certification) that they met any specific promises made during the last tuition review process, particularly around budget control and tuition remissions. Evaluating institutional compliance with their specific promises from the last review process will help determine and inform how staff views such promises made by institutions in the upcoming process.

Key Commission Discussion Questions:

1. To what extent should these promises be evaluated, particularly if they are non-quantitative in nature, such as forming a new budget review process or committee?
2. How should staff consider or evaluate institutions that appear to fall short of meeting these promises?

Success is defined as: Institutional certification of compliance with their various promises and the provision of any appropriate evidence, as determined by HECC staff.

Criterion 7: The institution has taken effective specific steps to ameliorate affordability impacts from increases in other non-base tuition costs such as, but not limited to, differential tuition, housing, transportation and books/supplies.

Why this Criterion is Important? Base tuition and fees are only a portion of the overall affordability picture for students. At some institutions, for example, many students pay higher tuition, called differential tuition, for programs such as engineering or business. In addition, required non-tuition costs such as housing, board and supplies costs are often more than half of the total cost of attendance, as defined by the US Department of Education for its required annual total cost attendance calculation. This criterion requires institutions to have taken steps to address the affordability impact of these cost increases.

Key Commission Discussion Questions:

1. Should HECC staff consider non-base tuition costs in its evaluation?
2. How should HECC staff consider total cost of attendance, as defined by the US Department of Education, when evaluating the overall affordability of an institution and how it is impacted by tuition, fee, or other increases?
3. How should HECC staff evaluate housing, board, or other non-tuition cost increases?
4. What evidence should institutions be expected to provide that details efforts they are making to assist students with these costs, such as remissions or similar efforts?

Success is defined as: Clear answers to the above questions and the presence of implemented plans to help address the affordability concerns of resident undergraduate students related to non-base tuition and non-mandatory enrollment fees.

Criterion 8: The institution has a plan for reducing tuition costs if the PUSF exceeds the Governor's Budget.

Why this Criterion Is Important? This criterion asks if institutions have a table of tuition reductions that would take place should tuition exceed the Governor's Budget, as was the case in 2017 and as is required by HB 4141. This is important in giving the Commission guidance on how tuition will decrease if the PUSF increases above GRB levels.

Key Commission Discussion Questions:

1. Where should these threshold levels be set?
2. How should the HECC take into account the increased revenue from the PUSF to each institution as the PUSF increases versus the decreased tuition revenue as a result? Should the HECC require that for every dollar in increased PUSF they reduce tuition revenue by a dollar or might it be acceptable if, for example, , a PUSF increase of 10% increases an institution's revenue by 15% but only causes them to lose 7% of potential tuition?

Success is defined as: Completion of the required schedule linking PUSF increases with tuition decreases.

Criterion 9: The institution's mandatory fee increases are in line with either increasing costs or increasing service levels.

Why this Criterion is Important? Although tuition rates will be the bulk of the Commissions' conversation, this criterion asks institutions to justify their mandatory fee increases on the basis of either increasing costs to maintain current service levels or increased service levels to students. These fees support key student support services such as health or technology services, and although not nearly as significant as tuition, are not insignificant.

Key Commission Discussion Questions:

1. Should mandatory fee increases necessarily be justified by either cost increases or increased services?
2. What level of consultation with the tuition advisory committee, student government or other key stakeholders should be expected regarding these fees?

Success is defined as: Clear justification, backed up by evidence, for all mandatory enrollment fee increases, including evidence of consultation with student government/student groups as appropriate.

It is worth noting that failure in any one criteria will not necessarily mean that staff will forward a negative recommendation to the Commission. Instead, staff will evaluate the whole of an institutions' submission before making its recommendation. The criteria above, however, are presented in a proposed priority order. Failure to meet Criteria 1, for example, is more likely to result in a negative staff recommendation than failure to meet Criteria 9.

Staff Recommendation:

No action required, discussion only. Staff will return in November with an updated proposal for Commission consideration and adoption.