
Docket Item:

2019-20 Public university tuition increase approval criteria

Summary:

ORS 350.075(3) (h) (B) states that the HECC has the following responsibility regarding public 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 public 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.

In the event that one or more public universities exceeds the 5% review threshold in its proposals for 2019-2020 tuition rates, staff has proposed criteria against which the Commission would evaluate above-threshold tuition increases. In addition, this docket item contains questions designed to prompt Commission discussion about the exact process to be followed during any such reviews. These criteria and ensuing processes will be utilized in reviewing any potential above-threshold tuition and fee increases in spring, 2019.

Following our last full update on this topic in October, and at the request of the Commission, HECC staff convened a workgroup with Commissioners, university representatives, and students in order to inform final design of these tuition criteria. Many of the comments of the workgroup have been incorporated into these proposed criteria, which are detailed in the following section.

Docket Material:

Typically, most institutions start their tuition-setting process either in the middle of fall or early in the new calendar year and conclude in early spring. All seven universities either already have started their tuition review processes or will do so shortly.

At the request of the Commission, HECC staff convened a workgroup including Commissioners, university representatives, and students to discuss and refine the criteria initially presented by HECC staff to the Commission at its October meeting. This workgroup met twice in November and reached a general consensus on the criteria to be applied to the 2019-20 tuition review cycle and going forward.

The resulting criteria align with the principles contained in HB 4141 as well as those that interact with the HECC's strategic plan and framework. They draw on the Commission's prior experience with the tuition approval process. Specifically, during the 2017 tuition increase approval process Commissioners noted:

- a strong desire to ensure meaningful student engagement in tuition-setting decisions;
- a disconnect between how institutions make commitments to low-income students and how they are perceived by students; and
- that the greatest factors driving tuition increases are declines in state funding for higher education and increases in mandated costs such as PERS and PEBB.

The HECC's overarching goal with its tuition review and approval process is to ensure affordable access to Oregon public universities for resident undergraduates, especially those from traditionally underserved backgrounds, while ensuring that these institutions have sufficient resources to fulfill their missions to serve Oregon communities, the Oregon economy, and lead students to academic and career success.

The final proposed criteria, attached here in a separate document, refine and streamline the nine criteria originally proposed by HECC staff in October. The result are six criteria organized around three key focus areas:

1. Fostering an inclusive and transparent tuition-setting process;
2. Safeguarding access and support for degree completion by historically underrepresented students; and
3. Demonstrating that financial conditions warrant increasing resident, undergraduate tuition more than 5%.

Additionally, the document notes that HECC staff will ask those institutions whose tuition increases were reviewed in the 2017 cycle (OIT, PSU, SOU, UO and WOU) to provide evidence that they met any specific promises they made regarding budget controls or remissions during that review cycle.

The proposed criteria are not rank-ordered. When determining if an institution's tuition increase is warranted, staff will consider the totality of an institution's submission in making its recommendation. Therefore, shortcomings or successes with respect to any one criterion will not necessarily determine the staff's overall recommendation to the Commission about the appropriateness of an above-threshold tuition increase.

In order to provide clarity and stability to universities throughout their tuition-setting process, HECC staff recommends that the Commission agree that its adopted criteria shall constitute the only criteria that the Commission will consider when determining whether to approve resident undergraduate and fee increases of greater than 5%.

In addition to adopting the proposed criteria, Commissioners are encouraged to engage in a discussion on how they, and staff, should be conducting and engaging in the tuition review process. These questions are contained within the second attachments, "Considerations for Commissioner Involvement in the Tuition Process."

Attachments:

12.1a Tuition Increase Criteria

12.1b Considerations for Commissioner Involvement in the Tuition Process

Staff Recommendation:

Adopt the proposed tuition increase criteria (attached) for use in the 2019-20 tuition review cycle.