

Docket Item:

University Tuition-Setting Update

Summary:

The following is a summary of the work plan for public universities that trigger HECC review under ORS 352.102(4) by proposing an increase in resident undergraduate and mandatory fees increases greater than 5% for 2019-20. It is based on the expectation that universities' Boards of Trustees will finalize their tuition plans by late May and any increases in excess of 5% will go before the Commission at its June 13th meeting.

Docket Material:

Any university President that forwards to his/her governing board a recommendation for approval of an increase that exceeds the review threshold should, as soon as practicable, notify the HECC of that recommendation. This is not binding but will be helpful for work planning purposes.

Notification to the HECC

Upon the governing board's approval of an above-threshold tuition/fee proposal, the institution shall formally notify HECC staff of the action and provide required documentation and any additional information helpful to the Commission's review.

Required Documentation

Within 7 days of formal adoption of a tuition/fee increase exceeding the review threshold, the institution shall provide the documents required under HB 4141 to HECC staff. Specifically, the institution shall provide the following information:

1. Any and all information on tuition deliberations including any minority opinions;
2. Any and all public comments received during the process;
3. Minutes from all tuition review committee meetings;
4. Any documents or information provided to the tuition review committees;
5. All board and committee agendas and docket items pertaining to the tuition increase;
6. Pro forma budget statements, or documents of a similar nature, presented for all tuition scenarios presented to the institution's tuition review committee;
7. Information on how each proposed tuition increase level impacts tuition remissions;
8. The impact of that increase on students, especially historically underserved students;
9. The impact of that increase on the mission of the university;
10. Alternative scenarios involving smaller increases;

11. Information about how much revenue would be generated by each 1% resident tuition or 1% enrollment increase;
12. Any documentation on how an increase in the PUSF above the level upon which the tuition increase is based will reduce resident tuition increase in \$20M increments; and
13. Information on cost containment efforts.

HECC Staff Review

Following submission of this documentation, HECC staff will conduct a review of the submitted documents to ensure compliance and completion of the required documentation and to request any additional information necessary.

As soon as practical, HECC staff will schedule and hold a meeting with the staff of any institution whose tuition exceeds the review threshold to review the submitted documents and any questions or comments HECC staff may have as a result.

The goal of this meeting will be to review the information to ensure compliance with the tuition criteria and to understand the process the institution undertook to arrive at the board's decision, with a particular emphasis on focus area three of the tuition criteria (Financial Conditions Demonstrating the Need for Resident, Undergraduate Tuition to be Increased More than 5%). The HECC will seek to understand the decision-making processes employed by each institution.

HECC staff may also elect to contact students or other participants in an institution's tuition committee process.

HECC staff will make a recommendation for approval or non-approval based on our evaluation of the institution's ability to satisfy the criteria adopted by the commission on December 13, 2018 (see Appendix). Barring extraordinary circumstances, these criteria shall constitute the only criteria the Commission will employ during the tuition review process.

In determining whether or not an institution has met any particular criterion, the Commission will employ a "reasonableness" test; in other words, taking into account context and constraints, can the institution be understood to have taken all prudent and reasonable measures to meet the standard suggested by the criterion?

Finally, when making its final determination about whether a university's above-threshold tuition increase is appropriate, the Commission will consider the totality of the institution's submission. An institution's shortcoming or success with respect to any one criterion will not necessarily determine the Commission's overall conclusion about the appropriateness of the proposed tuition increase.

Structure of Presentation to the Commission

In an effort to provide additional information and to better organize the institutions' presentations to the commission during its June meeting, the following outline is offered. Institutions are strongly encouraged to structure their presentations using the outline provided and to answer the specific questions included. Commissioners could have additional questions not included in the outline.

During the June meeting, public testimony will be heard, institutions will have the opportunity to discuss their request, and HECC staff will present a recommendation. Institutions are encouraged to provide as much information and context as they deem appropriate to support the decision making process.

An institution's presentation should be expected to last no more than 30 minutes and should include the following components:

Part 1: A Review of the Tuition Setting Process. Discuss the tuition setting process. Describe the membership of the tuition setting body and other related details including meetings, discussions, decision-making, etc. Speak to the public forums hosted and the participation at each. Talk about the discussion amongst members of the tuition setting body. Describe the decisions made and how they were communicated to the institution's leadership and campus community.

Part 2: Discussion of FY2020 budget. Focus on the E&G budget. We can point out what percentage of the overall institution budget that represents, but we will focus on E&G. Include cost drivers, new expenses, cost reductions and new investments. This would be before any cuts or tuition considerations.

Part 3: Assumptions considered during the budget development process. Enrollment assumptions. Revenue assumptions (i.e. state funding, tuition revenue, remissions policy, etc).

Expenditure assumptions (i.e. personnel costs, unfunded mandates, institutional investments, any proposed cuts and/or cost savings, etc). And any other variables that provided context.

Part 4: Describe the budget gap. This would be the difference between revenues and expenses. Again, before the tuition setting process. This would be the starting point for the conversation. Describe what kind of tuition increase this would be if you covered that gap entirely with tuition. Please include how much net tuition revenue you would collect with each 1% increase in tuition.

Part 5: Decision matrix and related scenarios. Describe how you organized the tuition setting conversation with your tuition setting body. Discuss the decision matrix that you used or the various tuition/budget cut scenarios that you focused on. What budget cuts or cost savings were considered? What range of tuition increases were considered? What remission policy changes were discussed? How was the impact to historically underrepresented students discussed?

Part 6: Recommendations. Describe how the institution's recommendation(s) were created. What decision was made by the tuition setting body? Was there significant dissent among the members of the tuition setting body? What action(s) did institutional leadership and the governing board take in response? How did the institution seek to safeguard access for historically underrepresented students? Describe the impact the decision might have on the long-term financial stability of the institution.

Staff Recommendation:

No action recommended, discussion only.

Appendix: Tuition Increase Criteria

Adopted December 13, 2018

The following criteria shall be used by the HECC in determining whether or not a proposed university increase to its undergraduate resident tuition rate of greater than 5% is “appropriate” (ORS 350.075 (3)(h)(B)).

Barring extraordinary circumstances, these criteria shall constitute the only criteria the Commission will employ during the tuition review process. In determining whether or not an institution has met any particular criterion, the Commission will employ a “reasonableness” test; in other words, taking into account context and constraints, can the institution be understood to have taken all prudent and reasonable measures to meet the standard suggested by the criterion?

Finally, when making its final determination about whether a university’s above-threshold tuition increase is appropriate, the Commission will consider the totality of the institution’s submission. An institution’s shortcoming or success with respect to any one criterion will not necessarily determine the Commission’s overall conclusion about the appropriateness of the proposed tuition increase.

Focus Area One: Fostering an Inclusive and Transparent Tuition-Setting Process

Goals: Inclusion, Transparency

Why this focus area is important: Student engagement in tuition-setting decisions is a core priority for students, public universities, the state, and the HECC. The HECC seeks assurance that the tuition-setting process is open, fair and provides ample opportunities for student participation.

In order to assess the criterion in this focus area, evidence must be provided regarding the engagement of students throughout the process and that student engagement informed the development of an institution’s final tuition proposal. This impact should be clearly documented by the available materials produced by the tuition advisory committee as well as the views of students and student organizations involved, either directly or indirectly, in the tuition-setting process.

Criteria for this Focus Area:

A. The institution can demonstrate that students had multiple opportunity to engage in the tuition-setting process including, but not limited to, participation on the institution's tuition advisory committee.

Fulfillment of this criterion: The Commission determines that engagement with students occurred throughout the tuition-setting process and that student input was fully considered in the institution's tuition proposal.

B. The institution demonstrates that information about the tuition setting process was easily accessible, that the tuition-setting process was transparent and in compliance with House Bill 4141 (2018).

Fulfillment of this criterion: Information on the institution's process is available and accessible and meets or exceeds the requirements of HB 4141. Data that can be used to support this determination include: Tuition advisory committee structure; student outreach strategies that were undertaken at the institution with a particular focus on outreach to underrepresented student groups; extent of information available to tuition advisory committee members, particularly students; and how dissenting comments are reflected and incorporated into official tuition deliberations and/or recommendations.

Focus Area Two: Safeguarding Access and Support for Degree Completion by Historically Underrepresented Students

Goals: Mitigate impacts of tuition increase, Plan for use of additional state resources

Why this focus area is important: The HECC's strategic plan emphasizes the importance of increasing the participation and completion of historically underrepresented students at every level. At a minimum, the HECC wants to ensure that the impact of any tuition increases on these highly vulnerable groups is mitigated.

These criteria allow universities to identify how they will help targeted groups more by approving these increases than by not doing so – for example via targeted remissions or student support programs. In addition, criteria require detailing how tuition would decrease should the final PUSF exceed the funding level upon which the tuition increase is predicated.

Criteria for this Focus Area:

A. Demonstration of impacts, with and without a tuition increase of more than 5%, on remission programs and support services that bolster retention and completion of underrepresented students.

Fulfillment of this criterion: The institution demonstrates that it reduced or mitigated impacts on underrepresented students under the proposed increase. Specific examples should be provided as related to programs that support these students, especially resident students.

B. The institution has a plan for reducing tuition costs if the PUSF exceeds the funding level upon which the tuition increase is predicated.

Fulfillment of this criterion: Completion of a schedule linking PUSF increases with tuition decreases.

Focus Area Three: Financial Conditions Demonstrating the Need for Resident, Undergraduate Tuition to be Increased More than 5%

Goals: Explanation of cost drivers and revenue dynamics triggering tuition increase, Demonstrated consideration of alternatives, Implementation of cost containment efforts and long-term sustainability of the university

Why this focus area is important: The tuition-setting process presents an opportunity to describe the impact of state-mandated cost pressures as well as to understand institutional efforts to contain costs and improve long-run fiscal sustainability. The universities and the HECC agree that certain funding levels by the state must be met to cover state-mandated cost drivers. The criteria under this focus area highlight these considerations.

Additionally, although universities establish tuition rates annually, this focus area highlights that decisions about tuition should consider the long-term consequences of annual decisions on the financial

health of the institution, programs supporting student success, the quality of academic programs, and the institution's ability to recruit and retain faculty and staff.

Criteria for this Focus Area:

A. The institution demonstrates that current and projected financial conditions compelling the need for the increase request to meet the critical portions of its HECC-approved mission or goals set in the HECC's strategic plan, including documentation that alternatives to raising tuition above 5% were considered.

Fulfillment of this criterion: A clear explanation, backed up with appropriate quantitative evidence, that the institution's increase in excess of 5% is necessary to support the long-term need to meet the institution's core mission or its ability to meet the HECC's strategic plan.

B. The institution demonstrates that it has considered and implemented cost containment efforts for those costs that are within their control.

Fulfillment of this criterion: 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 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.