

Docket Item:

University Tuition and Mandatory Enrollment Fee Increase Review

Summary:

Statute requires HECC approval of any combined increase in resident undergraduate Tuition and Mandatory Enrollment Fees above 5%. Approval by the HECC is confirmation of its finding that the increase is appropriate. 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.

Preliminary indications are that most Oregon public universities are likely to consider resident undergraduate tuition and mandatory fee increases of greater than 5%, effective for the 2017-18 academic year. Anticipating the review of these requests, the Commission, through the Funding and Achievement Subcommittee and with assistance by staff, will require information from the public universities regarding the context and dimensions underlying any qualifying tuition and fee increases. This docket item allows for Commission discussion on its anticipated process of review, its information needs from the universities, and invites a university perspective into these conversations.

Should the Subcommittee determine a process and a framework for its information requirements, staff will begin work with the universities to gather the requested information from the appropriate universities in a timeline consistent with any process outlined by the Subcommittee.

This item is on the agenda for information only to provide staff with direction. No formal action is requested.

Docket Material:

Under ORS 352.087(1)(i), universities are no longer subject to expenditure limitations on any such revenues they directly collect, including tuition and fees. There are no

legislative restrictions on increases in graduate tuition rates 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:

(h) 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.

Similarly, universities are required by statute to have any subject increases approved by either the HECC or the Legislature. ORS 352.102(4) states:

(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 occasions, both related to increases for the 2015-16 academic year. Specifically, it was triggered related to the elimination of the so-called "tuition floor" at Oregon State University and for the creation of the Eastern Oregon University Advantage program. Neither of those requests is analogous to the anticipated requests for the coming academic year, as both represent one-time actions to adjust tuition structures, not same-structure annual increases. Because of this, there is no established HECC process or standards of review for requests like those anticipated for the coming academic year.

As a result, the Subcommittee must consider both its process of review, and the information that it requires to complete its review.

Procedurally, each Oregon public university operates under a unique tuition-setting calendar. University of Oregon's Board of Trustees, for example, considered and approved its tuition and fees on March 2. The Oregon Tech Board of Trustees is preliminarily scheduled to consider its tuition and fee rates in May.

From an information perspective, each university, in preparation for its board action, assembles institutional and financial information to contextualize and demonstrate the need for requested tuition and fee increases. Given the Commission's statutory role in determining the appropriateness of tuition and mandatory enrollment fee increases above 5%, this Subcommittee must consider its own information needs. A staff memo, attached to this docket item, outlines a number of themes and dimensions of information that the Subcommittee could consider as part of any information request to the institutions. It attempts to connect these themes and questions to the HECC Strategic Plan and Commission goals. The Subcommittee might consider the range of its information needs and narrow the broad perspective and dozens of questions in the staff memo around those items of most importance to the Commission's view of its tuition review responsibility.

The public universities were provided an opportunity to review the staff memo in advance of today's Subcommittee meeting and collectively provided the following recommendations in response (recommendation in italics, followed by HECC staff summary of issues related to the recommendation).

- *Our recommendation is that the HECC ask for the material submitted to the Board of Trustees for the tuition recommendation.* Citing statutory requirements on the tuition and fee setting processes of institutions and their respective board adopted regulations, the institutions have recommended that the Commission focus its review on the process for tuition approval undertaken by each triggering institution. Similarly, they collectively recommend that the HECC information request makes use of material submitted to the Board of Trustees of the respective institution.
- *Our recommendation is to ask for the primary assumptions and budget drivers the universities have taken into account, if this is not otherwise included in material provided to the Board of Trustees.* Provided that institutions have two primary revenue sources, tuition and state appropriations, and that expenses are primarily driven by personnel and benefits, these budget drivers should be well understood by the Commission.

Staff Recommendation:

Information item only. Staff is seeking guidance on the Subcommittee's information needs for evaluation of triggering tuition and fee increase reviews and guidance on the process by which the Subcommittee will review triggering increases and take action.