Docket Item:

Western Oregon University (WOU) Tuition Increase Materials

Docket Material:

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Section A: HECC Staff Summary and Recommendation – Western Oregon University

Summary:

The institution clearly met two of the Governor's criteria (4 and 5), and except under a narrow technical reading, also meets the Governor's criterion #2. HECC staff is not confident that that there is "significant evidence" that Western Oregon University "seriously considered" resident undergraduate tuition and mandatory enrollment rate alternatives below the statutory review threshold; however, staff is confident that such scenarios were modeled and discussed to some degree during the tuition recommendation process. The resulting indeterminate staff conclusion on this criterion is not unique to WOU.

The institution's blanket commitment to holding low income and underrepresented students harmless at any level of resident undergraduate tuition rates was unique among institutions and does not, in a purely technical sense, meet the Governor's Criterion #2 but also does not disadvantage those students whom the criteria is designed to protect.

The institution did provide adequate assurance and evidence of an ongoing commitment to managing costs in a sound manner, though, like other institutions, HECC staff was able to identify additional actions or strategies the institution should consider to bolster and coordinate its efforts in this area. Cost management efforts will be essential as WOU addresses projections of declining enrollment. The institution already has examined potential cuts of 5% and 10% as part of its scenario modeling.

WOU represents its tuition setting process as inclusive and consultative to university stakeholders, including students. A survey of selected university students confirmed the steps in that inclusive process. Concern was expressed that student comments did not have an impact on the final tuition recommendation made to the institutional Board, though the concern appears to be more focused on a lack of student comment than an unwillingness of administration to take student input into consideration. Finally, WOU's tuition proposal incorporates a declining resident undergraduate tuition rate with increasing State investment through the Public University Support Fund.

Staff recommendation:

Overall, staff finds that Western Oregon University has substantially met the goals previously identified by the HECC and those expressed by the Governor through her five criteria. Staff recommends approval of Western Oregon University's proposed resident undergraduate tuition and mandatory enrollment rates for the 2017-18 academic year.

Section B:

Western Oregon University

HECC Staff Evaluation of tuition increase criteria established by Governor Brown

Criteria	Staff Finding	Staff Comments
1. Clear and significant evidence that the university gave serious consideration to alternatives that involved tuition and fee increases below the 5% threshold.	Indeterminate	Western Oregon University, as part of its tuition-setting process, modeled a number of potential tuition and fee rates, including resident undergraduate rates that do not exceed the statutory review threshold. These revenue scenarios were presented at different points in the tuition-setting process in parallel to projected institutional cost increases. Under a rigid interpretation of the Governor's criterion #1, HECC staff believes that "serious consideration" is likely not satisfied through scenario development and review. The clearest evidence of serious consideration would have been for the President to have included a below-threshold option in the tuition and fee rate recommendation that was presented to the WOU Board of Trustees for discussion and debate. This did not occur. A more flexible interpretation of criterion #1 may be warranted, however, particularly given the absence of guidance from the HECC during the months that the university was engaged in the tuition-setting process. If the University had been instructed to present a below-5% option to its Board for serious consideration, it is reasonable to expect that it would have done so based on the scenario modeling that it undertook early in the process. While a Board is not obligated to limit its discussion to options presented by the university President, formal evidence of serious consideration is difficult to establish in the absence of a structured proposal from the University's administration.

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.	Does not meet criterion (technical finding)	WOU has committed to mitigate the impacts of its tuition increase for low-income and underrepresented students. In the past, these mitigation strategies have included shielding students with a $0 Expected Family Contribution from tuition increases. While this commitment is made in conjunction with the proposed above-5% tuition increase, WOU has recognized that the same effort and commitment would exist at any tuition level, including those at or below 5%. A strict application of criterion #2, therefore, would result in a negative finding as these students would not "benefit *more* under the university's proposal than one that stays within the 5% threshold" [emphasis added]. An appropriate antonym of "benefit" in the context of this analysis may be "disadvantage." WOU's commitment is to not disadvantage these students as a result of the above-threshold tuition increase. In this way, HECC staff's negative finding on Criterion #2 is a technical finding only. A more general conclusion may be that WOU's proposal is consistent with criterion #2.
3. A plan for how the university's board and central administration are managing costs on an ongoing basis.	Substantially meets criterion	Western Oregon University employs a series of actions that are responsive to the current challenging fiscal environment. Among those actions are: • Formation of a budget advisory group consisting of faculty, students and staff • Comprehensive review of all position vacancies since the 2015-16 fiscal year • Commitment of a portion of university fund balance, as a one-time measure, to offset the structural deficit projected for the 2017-18 fiscal year • Engaging in 5% and 10% budget reduction scenarios across campus. While this is important planning, there has been no formal commitment to cost-cutting at the requested tuition rate Western Oregon University has also outlined ongoing and regular actions that are not specific to the current challenging fiscal environment. Among those actions are: • Quarterly budget-to-actual reviews by the Board of Trustees • Ongoing review of cost drivers and revenue options

		These responsive and ongoing efforts fall short of a coordinated, specific "plan" as required by Criteria 3 but do represent a serious and transparent institutional commitment to managing costs on an ongoing basis. A formal plan may more fully incorporate the following: • A specific commitment to cost-cutting for the coming fiscal year and beyond, particularly as fund balance is being used to buoy a structural budget deficit • A common set of principles that underlie each cost management strategy and how these principles and the resultant strategy ties to the University of Oregon strategic plan. • A prescribed method for incorporating institutional data in the evaluation of potential cost management strategies • A policy or statement of commitment to engage the campus the community and communicate cost management process and strategies prior to adoption and throughout implementation. • Identification and communication of benchmarks to measure institutional performance and efficiency. • Identification and communication of strategies to increase market share of resident, undergraduate students. Based on information provided by Western Oregon University, HECC staff finds that the institution is taking, or has committed to taking, a series of actions that would generally be included in an ongoing cost management plan. There may remain an opportunity to administratively consolidate these efforts into a formal plan and expand upon it in the ways enumerated above.
4. A summary of how students, faculty and staff were consulted on the proposed tuition increases.	Meets Criterion	Western Oregon University submitted to HECC staff a summary of how students, faculty, and staff were consulted on the proposed tuition increases. While this submission itself appears to satisfy a literal interpretation of the Governor's criterion #4, HECC staff has reviewed the submission and surveyed selected students to gain a student perspective of the tuition-setting process. This summary and each student survey response is included in the attached materials. HECC staff notes that students who participated in the tuition-setting process

		generally confirmed that the process was inclusive and consultative to university stakeholders.
5. A summary of how tuition will be affected should additional state funds beyond the number in Governor's Recommended Budget be appropriated.	Meets Criterion	Western Oregon University submitted to HECC staff a summary of how tuition will be affected should additional state funds beyond the number in the Governor's Recommended Budget be appropriated. While the submission itself appears to satisfy a literal interpretation of the Governor's criterion #5, HECC staff has additionally reviewed the submission and notes that university has committed to reducing resident undergraduate tuition by one percentage point for each +$20 million increment in Public University Support Fund from the Governor's Recommended Budget level, with a minimum tuition increase of 5%.

Section C:

FY 2017-18 Western Oregon University Education & General Budget Gap Summary (in millions)	
E&G Fund Cost Increases	
Anticipated salary increases	$1.0
PERS Increases	$1.0
PEBB Increases	$0.3
Lottery Sports Action backfill	$0.6
Total:	$2.9
Decrease in PUSF (at GRB)	$2.0
Projected budget gap without action:	**$4.9**
Cost cutting & revenue growth	
Undetermined cuts	$3.2
Undergraduate tuition increase	$1.5
Other tuition/fee Increase	$0
Total:	**$4.9**
Projected remaining budget gap:	**$0.0**
Total E&G Budget	$69.7
Budget Gap as a % of Total E&G Budget	**7.03%**

Section D:

WOU Student Survey Responses:

Response from WOU Student Trustee and Tuition Committee Member Kelsee Martin

Question 1: I believe the definition of the Student Tuition Advisory Committee is very accurate. I was able to attend a few meetings and this setting really allowed students to ask questions and gain a better understanding of the whole process. This committee was helpful in discussing the whole picture and what all of WOU's finances consist of. After attending I felt I had a better understanding of the process and the challenges the university is facing.

Question 2: Along with the Student Tuition Advisory Meetings it really started with ASWOU (student government) and IFC (Incidental Fee Committee) to help relay the message out to students and residents halls. This was a great pathway to get word of mouth out to the students in large numbers. All student emails were sent out about public sessions and meetings. President Fuller attended a public session and was able to engage with students and listen to any concerns they may have. I feel WOU put a lot of time and effort to have an open line of communication with the students and listen to their comments and concerns.

Question 3: WOU thrives on serving its students and wanting success for them. The student voice was critical to the board, staff and institution. The impact of the concerns from students greatly affects the decisions and thoughts of all. As a university that thrives on serving their students and providing opportunities the student voice is everything.

Response from ASWOU President Cynthia Olivares:

Question 1: We did have the tuition advisory committee. We had a couple students sit on it, including some from student government and from the incidental fee committee. The tuition setting process was described accurately by WOU and it matches my experience.

Question 2: The institution tried soliciting student input by having events where the tuition recommendation was presented to students. I also tried advertising these events but there was a lot of miscommunication with administration and I. Meanwhile I was also presenting ASWOU's budget to the incidental fee committee and gathering information, as well as clubs and organizations funded through IFC to not be cut a significant amount. I feel like we could have done better advertising for these events but I did not have the capacity to do and there was a lot of miscommunication on expectations with the administration.

Question 3: I do not think that student comments had any impact on the final recommendation. There were barely any students even present to testify at the meetings. I think the institution and staff are responsive to student concerns, but I think that we should have tried to gather more student concerns before making this recommendation. I think that a 5-10 % increase in tuition is going to be very drastic for students. Seeing that both, our enrollment and retention rates are low, this outrageous increase is only going to make it worse. Students generally come to WOU because it is one of the most affordable institutions, but with tuition going up so high that may change.

Section E:

HECC Staff Summary of Western Oregon University Board Materials - Mandatory Enrollment Fees Increase in Excess of 5%:

The following is a summary of Western Oregon University's (WOU) efforts associated with its tuition increase related to topics the commission wishes to focus on: Affordability, Student Involvement and Cost Controls/Cuts. WOU is proposing an overall increase in resident undergraduate tuition and fees of 10.3% for traditional students and 9.9% for the incoming Promise cohort. As WOU utilizes a guaranteed tuition program, the HECC's calculation of the increase is based on a weighted increase that takes into account the relative size of each cohort. As prescribed by Oregon law, HECC excludes certain fees from its calculation of the same increase, resulting in a weighted increase rate of 7.5%, in excess of the 5% review threshold.

Affordability:
Western Oregon University will undertake the following efforts to ensure continued student affordability:

- Hold fee remissions constant at $4.4 million a year.[1]
- Continue support for the WOU Affordability Grant, which provides support to resident undergraduate students with an EFC of $0 who have unmet need.[2]

Student Involvement, Input and Impact:
WOU utilizes a student tuition advisory committee[3], which met nine times from mid-November 2016 to early April 2017[4]. The committee consists of student government representatives, representatives of the Incidental Fee Committee and WOU administrators. All meetings were open to the public. The meetings included two open forums, one of which was hosted by WOU President Fuller. At the conclusion of the process, the committee submitted a letter to the WOU Board, which was considered and discussed during the tuition-setting decision. [5]

Institutional Cuts and Cost Controls:
WOU has asked all departments to prepare 5% and 10% cut scenarios[6]. However, specific cuts are not being discussed at this time, although they will most likely involve personnel. WOU has a newly created university budget committee, which consists of student, faculty, staff and administration representatives, which will consider long-term financial sustainability issues[7]. This committee will be expected to match any final budget recommendations with the institution's' strategic plan.

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1 <http://www.wou.edu/board/files/2017/04/April-26-2017-Board-Meeting-Docket_FINAL.pdf> Page 75
2 <http://www.wou.edu/admissions/wou-affordability-grant/>
3 <http://www.wou.edu/financeandadministration/tuition-advisory-committee/>
4 <http://www.wou.edu/board/files/2017/04/April-26-2017-Board-Meeting-Docket_FINAL.pdf> Page 65
5 <http://www.wou.edu/financeandadministration/files/2016/02/2017-letter.pdf>
6 <http://www.wou.edu/board/files/2017/04/April-26-2017-Board-Meeting-Docket_FINAL.pdf> Page 57
7 Ibid page 57.

Tuition increases Based on PUSF Levels:

WOU will adjust its tuition increase as follows if the size of the PUSF increases:[8]

Public University Support Fund (PUSF) Funding Level	Recommended Resident Tuition Increase Per Student Credit Hour (SCH) for Traditional versus Promise Tuition Programs	Rate Increase over 20106-2017 Tuition Rates
Governor's Recommended Budget (GRB)	$16/$18	10%
GRB + at least $20 million	$14/$16	9%
GRB + at least $40 million	$12/$14	8%
GRB + at least $60 million	$11/$13	7%
GRB + at least $80 million	$9/$11	6%
GRB + at least $100 million	$8/$9	5%

[8] Ibid Page 77.