



University Budget Committee Meeting Agenda
Friday, November 8, 2024
B011 Kerr Admin. Bldg. and Zoom

MINUTES

Committee Members Present: Susan Gardner, Nicole Von Germeten, Allison Barr, Marc Norcross, Andrew Valls, Steve Hoelscher, Audrey Schlotter, Sophia Nowers, Jon Boeckenstedt, Tom DeLuca, Terri Libert, Wade Marcum, Bob Cowen, Laurie Hill, Jonathan Fram, Stephanie Harvey, John Gremmels

Committee Members Absent: Jessica DuPont, La'akea Golis, Rashed Sayedshareef

University Staff Present: Brent Gustafson, Karley Lewis, Jan Lewis, Cameron Cox, Mealoha McFadden

1. Summary
 - a. The University Budget Committee discussed proposed mandatory fees for student health services, building loan debt, and a change in the matriculation fee, with a focus on the potential impact on tuition rates and financial aid. The committee also discussed the need for increased funding to address deferred maintenance issues in various campus buildings and the potential for a one-time catch-up funding to right-size the funding stream. Concerns were raised about the impact of proposed fee increases on students, particularly those at the Cascades campus and Ecampus, and the need for transparency in the use of matriculation fees.
2. Fee Proposal and Tuition Discussion
 - a. The student health services fee and the building loan debt fee were described as an inflationary adjustment. The matriculation fee had three components: an inflationary increase for the next year, a new student orientation initiative, and an inflationary catch-up. There is a potential for future fee increases, with the student health services fee potentially flattening in the future.
 - b. There is a potential impact of insurance billing on the fee and a question of whether the assumption of no mitigation on the fee increase from insurance billing was too conservative.
 - c. Marcum expressed interest in understanding the overall impact of tuition increases. Explained the statutory authority of the Oregon Higher Education

Coordinating Commission to approve or disapprove tuition and mandatory fees over 5% for Oregon resident undergraduates. Jon suggested a more efficient approach to managing fees and resources.

- d. Brent and Jan discussed the potential impact of state funding cuts on higher education and the history of mandatory fees and the impact of state appropriations on the university's budget and the allocation of resources.
- e. Expressed concern about the power structures and values that may influence decisions when transparency is lacking. Jon suggested that the final decision-making power lies with a small group of people at the board of trustees meeting. Highlighted the importance of considering the prioritization of fees before the overall tuition fee is set. Proposed considering the fees holistically, rather than allowing individual units to take the first cut at the budget. The committee also discussed the potential impact of the building loan fee on the 5% threshold for tuition rate increases. Clarified that every fee has an advisory board with student representation, and the final decision will be made by the board of trustees. The committee agreed to consider the fees holistically, rather than focusing on individual fee levels.
- f. Increased funding to address deferred maintenance issues in various campus buildings, particularly the MU and Rec Sports facilities. Explained that the current funding stream, which is separate from the institutional funding, is insufficient to cover the costs of maintenance and upgrades. Proposed a one-time catch-up funding to right-size the funding stream, which would then allow for annual cash funding for maintenance projects.
- g. Proposed funding would help transition from cash financing to more sustainable financing methods, saving on interest and institutional debt capacity. Acknowledged the challenges of retrofitting buildings for seismic or sustainability purposes, but suggested that these concepts could be incorporated into any maintenance project. She also mentioned the potential for using student fees for specific carbon reduction projects. The group discussed the need for a long-term solution to address the quarter 1 billion dollars of deferred maintenance across campus.
- h. Suggested a step increase of about \$10 a year to reach a \$50 type increase over time. Stephanie questioned the philosophy behind this, suggesting a slower increase to reach the goal. Clarified that the \$10 increase would be about 3 tenths of a percent on the tuition math and would make a smaller pool over time. The committee agreed to hold off on any final decisions until they also have a picture on the tuition side.
- i. Matriculation fee consists of a \$28 increase to resource a new direction, and a \$26 inflationary catch-up. The committee was asked for their thoughts, questions, and reactions on these proposals.

- j. Discussed the concerns raised by Jessica Dupont about the matriculation fees at Ecampus. Jessica suggested that the fee could be a deterrent for students shopping or admitted to OSU or other schools, and that there's precedent for universities charging a lower rate for online students in Oregon. Steve responded that their proposal was not a complete raise and rebuild of the matriculation fee, but targeted to inflation, strategic plan elements, and a catch-up for program in student affairs.
- k. Focused on the distribution and use of matriculation fees at Oregon State University (OSU). The discussion centered around the idea of increasing these fees to improve services for first-year students, particularly in terms of onboarding and retention. The fees are currently distributed across various functions, with a significant portion going to enrollment management, the office of the registrar, and student affairs. The participants agreed on the need for transparency in the use of these fees and the potential benefits of raising them to improve services. However, concerns were raised about the impact on students, particularly those at the Cascades campus. The conversation ended with a consensus that any decision on fee increases should be presented to the board as a whole, ensuring equitable distribution and use of funds.
- l. Discussed the new student orientation initiative, still in the early stages and won't be completed until spring and the potential for increased costs in the future. The proposal includes the allocation of funds to stand up a director and an individual to communicate, which would be the institutional increments.
- m. The matriculation fee, which hasn't been increased for a while, leading to other parts of student affairs cross-subsidizing certain units. The proposal aims to get away from this cross-subsidization. Highlighted the distinction between the catch-up on physical expenses in an old building and the ongoing operations that have been subsidized for many years.
- n. Impact of current proposals on the 5% tuition limit and the influence of state appropriations on university resources. Presented a breakdown of the state's Public University Support Fund (PUSF) allocation for the current biennium, highlighting the difference between the state's 7% and the university's 9.5% cost service level (CSL) estimates. Governor's budget proposal, includes a 10% cut from the CSL, resulting in a potential 7.5% decrease and concluded by presenting the Oregon public universities' full request for a multi-biennium increase to align with national averages, which would result in a 38 million dollar increase relative to the current year.
- o. Jan Lewis discussed the current state of the university's budget, noting that the proposed 5% increase is a small part of reaching the national average. They also discussed the Governor's proposed budget cuts, which could potentially be made up by tuition increases. The university's current state support is a minority portion of their overall budget. The potential impact of these cuts on the university's current services level (CSL) and the rate of change.

3. Key action items from the meeting:
 - a. Budget Office to refine calculations on the impact of proposed fee increases on the 5% HECC limit for tuition and mandatory fee increases.
 - b. Steve Hoelscher to provide more details on the insurance billing plans for Student Health Services and potential impact on future fee increases.
 - c. Budget Office to develop scenarios showing multi-year stepped increases for the building fee as an alternative to the large one-time increase.
 - d. Ecampus and Cascades representatives to further discuss potential differentiated matriculation fee structures for their students.
 - e. New Student Onboarding task force to finalize recommendations on orientation initiatives and associated resource needs by spring.
 - f. Budget Office to update CSL (Current Services Level) calculations with latest assumptions on compensation increases and other cost pressures.
 - g. University leadership to continue advocacy efforts with state government regarding proposed budget cuts to higher education funding.
 - h. Budget Office to prepare tuition increase scenarios to offset potential state funding reductions for the committee's review.