

The University Budget Committee has begun discussions on recommendations for tuition rates next year and the development of the FY24 budget is underway. This discussion provides an overview of the early stages of those discussions.

Tuition and the Tuition Setting Process: Net tuition and fees provide about 64% of Corvallis Educational and General funding (ranging from 63% to 67% in recent years), with more than 80% of gross tuition coming from undergraduate instruction. Resident undergraduate, non-resident undergraduate, and Ecampus tuition are 23%, 27% and 37% of gross tuition revenues, respectively, totaling about \$500M.

	Annual Tuition	
	Resident	Non- resident
Undergraduate-per academic year, 15 credits per term		
Oregon State	11,010	32,910
Average Strategic Peers	10,699	32,605
Average All Land Grants here	10,978	32,741
Average Public Pac-12	11,154	37,589
Median Strategic Peers	11,266	29,861
Median All Land Grants here	11,238	30,153
Median Public Pac-12	11,442	39,036
Graduate-per academic year, 12 credits per term		
Oregon State	13,446	28,242
Average Strategic Peers	12,251	29,290
Average All Land Grants here	12,379	29,181
Average Public Pac-12	13,144	30,737
Median Strategic Peers	11,468	28,163
Median All Land Grants here	11,584	28,232
Median Public Pac-12	12,014	32,308
Ecampus-per credit (compared on quarter equivalent basis)		
Annual Undergrad Tuition		
	Resident	Non-resident
Oregon State quarter basis	346	346
Average	383	383
Median	325	325
Standard Deviation	170	170

OSU's tuition rates are similar to our peers among public, R1 institutions (table at left)¹, though there is a wide range from \$9,489 to \$20,046 per year for undergraduate residents and \$25,162 to \$42,954 for undergraduate non-residents. Tuition is just one part of the cost for students. Students also have costs for fees, room and board, books, transportation, and incidentals. Every university provides a cost of attendance estimate annually.

Tuition only sets the list price for attendance. For many students, the actual cost is reduced by awards of financial aid. Grant aid (that students do not have to pay back) comes from three sources: university aid (paid for out of tuition revenues), governmental grants (mostly Federal), and privately funded scholarships. Loans can come from government-sponsored programs or private sources. One of OSU's challenges is that the grant aid available to the university has not been as large as other public universities. The university has prioritized raising private scholarship dollars in the recently launched fundraising campaign and has made a significantly increased commitment to

institutional financial aid over the last three years. The latter is intended to both address the net cost of attendance and to increase enrollment of non-resident U.S. students (which helps maintain overall net tuition revenues). OSU has increased institutional financial aid from \$42M in FY19 to an estimated \$93M in FY24.

Tuition rates are set by the Board of Trustees, generally at the Board's meeting in March or April prior to the applicable academic year. The Board's commitment to maintaining the long-term quality of the university's programs for students and for the state requires a deliberate approach to managing costs, planning for inflationary increases in costs, and considering new strategic investments. The UBC has recommended, as standard practice, that tuition for:

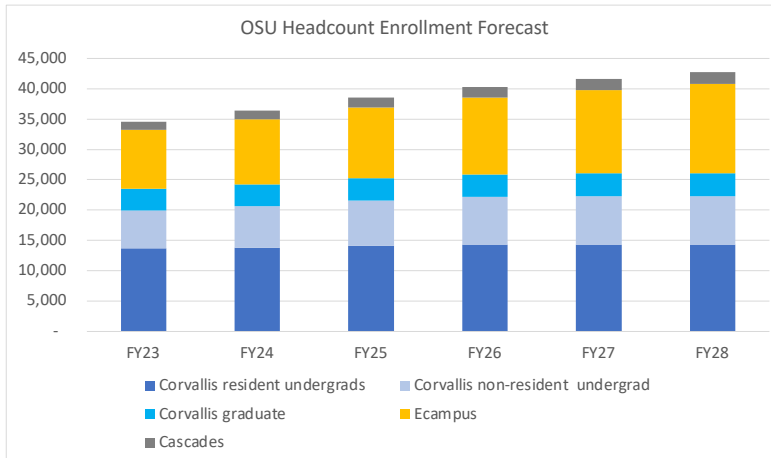
- Continuing students increases at no more than the estimated rate of inflation.
- Tuition for new students could increase at a slightly greater rate than continuing students.

Year-over-year inflation on OSU's costs are different than the inflation that is represented by indices like the Consumer Price Index (CPI). The CPI measures cost changes in a basket of goods and services. OSU's costs are driven largely by cost increases for salaries

Cost Category:	Average % of total spend	Estimated Inflation Change
Unclassified Salary & Pay	37.91%	3.50%
Unclassified OPE	18.22%	4.60%
Classified Salary & Pay	7.19%	4.75%
Classified OPE	4.63%	4.79%
Graduate & Student Pay	5.58%	4.00%
Graduate Fee Remissions	3.29%	0.00%
Graduate & Student OPE	1.04%	8.00%
Other Salary Costs	0.81%	2.00%
Services & Supplies, Other	21.33%	4.00%
Weighted inflation rate		3.90%
Salary rate change includes 3% raise and reserve for equity and other potential adjustments.		
OPE increases include changes in rates and the benefits costs linked to raises.		

¹ Strategic peers include Ohio State, Penn State, UC Davis, Purdue, Florida, Illinois, Wisconsin, Colorado State, NC State, UC Riverside, Tennessee and Washington State. Other land grants used include Michigan State, Texas A&M, Virginia Tech, Louisiana State, Kansas State, Arizona, and Georgia. Online comparisons include Penn State, Florida, Colorado State, Washington State and a number of other online programs ranked highly by U.S. News and World Report.

and the costs of benefits for retirement and health insurance (which are set by the State of Oregon). The calculation of the overall inflation rate for the next year is based on a weighted average of the increases in different expense categories. This rate guides the recommendation for undergraduate tuition rate changes. The current weighted estimate for 2023-24 is 3.9%. This is subject to change as more information is available.



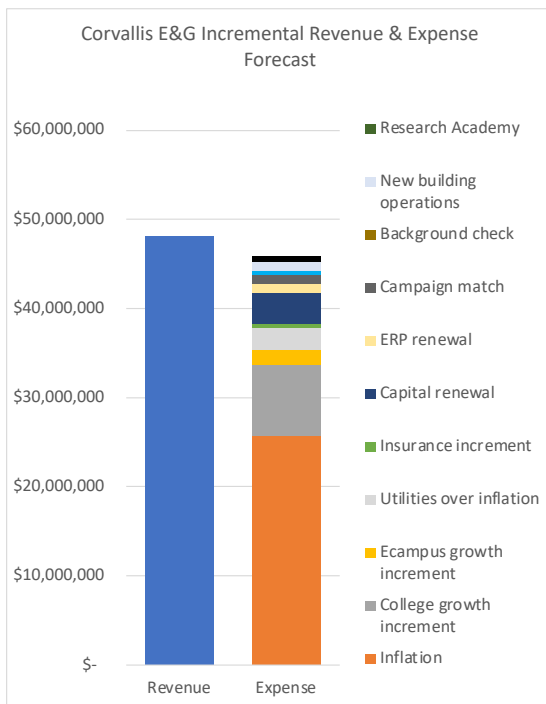
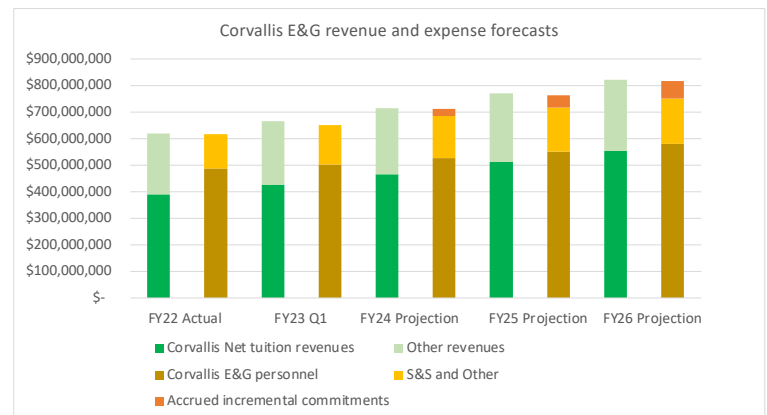
FY24 Enrollment Forecasts

Enrollment at OSU was very strong for fall term, with the biggest incoming class in OSU's history. Ecampus continues to show strong growth and Cascades is up over 7% in credit hours (over 3% in headcount). The large incoming classes this year and the growth in the previous two years' incoming classes have built a strong pipeline for Corvallis undergraduate enrollments. If incoming classes can be maintained at the size of this year's class (which is about the maximum that can be sustained in the current housing capacity), progression rates for students remain the same, and the decline of graduate enrollment is stemmed, then the forecast is

for modest growth in Corvallis enrollment (2.5% to 4.5%) through FY26. Beyond fiscal year 2026 Corvallis enrollments would stabilize at about 26,000 students, and after that most enrollment growth would come from Ecampus and Cascades Campus.

FY24 Revenue Forecasts

The enrollment forecasts allow estimates of revenues (assuming no major recession-driven downturn in state funding, which remains a possibility). Coupled with estimates of expense growth (historical or known trends of salary and benefit increases and an assumption that CPI returns to about 4% annually), the forecast shows revenues sufficient to cover inflationary costs, sustain the capital renewal



program, invest in student and research growth, operate new buildings (including the Reser Center for the Creative Arts and the Huang Collaborative Innovation Complex), and make selective investments in service and support needs. After FY26, these investments will have to be made more carefully as revenue growth will slow.

As an example of the incremental costs beyond inflation that impact a given fiscal year, the graph at the left shows the forecast increment in revenues for FY24 over FY23 and the incremental expenses that are under consideration in budget development for FY24. Some of these are annual (Ecampus growth costs) and some are unique to a particular year (utility costs are expected to grow significantly beyond the 3.9% rate noted above largely because of natural gas rates). These commitments and amounts are tentative and under discussion.