

Tuition and Fee Advisory Committee

January 17, 2020, from 1:00 pm to 2:00 pm
Hamersly Library, Room 301A

Meeting Minutes

1. Introductions and role of committee.

- a. The meeting was called to order by Dr. Karaman at 1:02 pm.
- b. *Roll:* Erik Morgan, Monica Cerda-Ortiz, NJ Johnson, Juliana Ohashi-Sides, Gabe Dougherty, President Fuller, Will Lucas, Marilyn Maldonado-Dominguez, Claudia Mendez, Andy McDonald, Becka Morgan, Camarie Moreno, Vice President Karaman, Dave McDonald, Jason Weber, and Hunter Weeks.
- c. The Committee will make a recommendation and present it to an open forum. Based on comments from students in those forums, the Committee will revise its recommendation before it is transmitted to the President.
- d. Dr. Fuller thanked the Committee for their participation and gave an overview of the Committee's charge pursuant to HB 4141 (2018). Tuition makes up sixty-five percent of the university's budget. If the tuition and fees exceed five percent over the previous year, we are obligated to seek the Higher Education Coordinating Commission's approval. We are convicted to be the most affordable institution in the state. Our costs increased by 1.3 million dollars from last year's current service level. Strongly encourage the tuition increase. Students are in the "cockpit" of the plane. Board gives serious consideration to the Committee's recommendation.
- e. The tone of this meeting will be for the purpose of introducing resources and other information to the Committee.

2. Budget presentation.

- a. Ms. Moreno revealed the Committee's webpage.
- b. Ms. Moreno provided an overview of her presentation on subjects such as
 - i) Common terms used in the context of public budgets;
 - ii) The role of the fee remissions, which are discounts to tuition, whereas scholarships are dollars from private donors;
 - iii) Interest from investments and outstanding students' accounts; and
 - iv) Sales and services.
- c. Currently, eighty-five percent of the university's budget is represented in personnel services.

d. The university keeps separate bookkeeping records using funds such as general fund (education and general), auxiliary funds, capital funds, and grants from other governments or private donors.

e. Transfers are unique to higher education finance.

f. Fund balance is akin to equity such that it's calculated using assets less liabilities.

g. Dr. Fuller answered Mr. Lucas' question on the distinction between a fund balance and a budget. Dr. Fuller also emphasized that budget is merely a plan to spend. As an example, snow days can cause incremental costs above the budget.

h. Ms. Moreno highlighted that the university had the lowest tuition increase out of all the public universities.

i. Ms. Moreno turned to the university's revenue budget in FY 2020. Tuition and state appropriations make up the majority of the university's revenues.

i) A brief overview of the Student Success and Completion Model's major components—namely, mission differentiation, outcomes (degree) based funding, and activities (enrollment) based funding

ii) Dr. Fuller described the legislative means of appropriating the Public University Support Fund and that the university is rated relative to all other public universities.

iii) Mr. Dougherty answered Mr. Lucas' question about the transfer discount, as applied in the SSCM. Mr. Dougherty explained that completed degrees are discounted by about thirty-five percent if the student to whom the degree was awarded transferred from any one of Oregon's seventeen community colleges.

j. The presentation included a visual representation of historical education and general revenues.

k. The university's FY 2020 expense budget and describe the ever-present challenge of rapidly increasing costs of defined benefit plans (PERS) and other benefits.

l. Enrollment has been declining in the last ten years, but we are not unique. Higher education is countercyclical and is a challenge in a robust economy,

m. Ms. Moreno provided an illustrative chart on the yearly cost of enrollment at Oregon's public universities.

n. The presentation included census data on undergraduate students by headcount and the number of credits in bins. Modality of education influences finance decisions on campus.

o. Ms. Moreno highlighted challenges the Committee will consider;

i) Enrollment;

- ii) Inflation; and
- iii) Affordability.

p. Dr. Karaman asked Dr. Morgan about her experience in the Committee. Dr. Morgan stated that there is an institutional commitment be affordable and continues to be impressed by the students.

3. Process overview.

a. Dr. Karaman described models that Ms. Moreno prepared. The models project the impact on the tuition rate-setting based on a number of variables. Budget deficits are a function of the tuition, but the deficit was intentional and depended on winding down the fund balance. The Committee should balance the priorities of the institution and the affordability of an education to the student.

b. Dr. Karaman was discouraged by attendance at the open forums last year. We may marshal additional efforts to socialize the Committee's recommendations with students. A brief discussion on the Board of Trustees relationship with the Committee's recommendations followed.

- i) The Board must ultimately approve the resident, undergraduate tuition increase.
- ii) Individual Trustees met with students informally ahead of approval and were very engaged in the process.
- iii) Dr. McDonald added that the Higher Education Coordinating Commission's staff and members will occasionally observe the process. University staff are available to answer questions that will inform the best decision possible.

c. Ms. Moreno will introduce a tuition model at the Committee's next meeting. The Committee's members can model the university's needs and resources by changing a number of variables such as price and enrollment.

d. Homework: don't forget what we discussed at this meeting!

e. Dr. Morgan asked about FY 2021's budget projections. Dr. Karaman will prepare a budget against the backdrop of declining enrollment.

f. Ms. Moreno can confidently project the state appropriations based on the current appropriation to the Public University Support Fund in the states 2019-21 (AY 21) biennium.

g. Dr. Morgan pressed staff on the university's desire to preserve its balance and how that will square with a tuition increase that does not defray the incremental costs over last year. Dr. Karaman does intend to close the gap despite a deficit that's projected to exceed what was originally in the budget. A zero percent increase to resident, undergraduate tuition would not be viable to maintain a twelve percent fund balance.

h. Mr. McDonald asked about staff's expectations on the fund balance in future periods. Dr. Karaman indicated that the impetus of enrollment is by far the most critical variable in projecting the fund balance. Dr. McDonald described an optimistic outlook for the university with respect to increasing our share of state appropriations and efforts to increase student retention. He implored the Committee to take initiatives to increase student retention.

i. Mr. Lucas asked about what decisions led the university to retain a reserve. Dr. McDonald described a historical policy that the State Board of Higher Education (Oregon University System) that mandated a fund reserve. Dr. Karaman said significant, historical tuition increases caused more savings over costs.

j. Mr. Lucas followed up about the environment for funding in higher education. Dr. Karaman mentioned that other personnel expenses, such as PERS and other benefits, are a constant challenge in the public sector. Dr. Morgan described the generous benefits and the number of tiers in PERS. Dr. Karman described the basic mechanism of PERS and the internal hurdle rate the pension must meet to remain solvent.

4. Meeting adjourned at 2:08 pm.