

January 11, 2017

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – Discussion of Tuition & Fees

Issue

The Board of Regents holds statutory responsibility for setting tuition rates for the colleges and universities in the Utah System of Higher Education. In preparation for the 2017-18 tuition & fee setting process, this presentation and discussion will review applicable statute, policies, types of tuition and general fees, how these sources of funds impact campus services, and the process of how they are determined.

Background

When determining tuition rate adjustments, Regents are asked to consider a number of factors including: state funding levels (continued legislative support for Regent budget priorities will be critical to keeping Utah's tuition among the lowest in the nation), institutional need, the Consumer Price Index (CPI), the Higher Education Price Index (HEPI), regional tuition rate increases, and comparisons of tuition and fee levels at western higher education institutions.

As the Board reviews this issue, Regents may wish to consider the following questions in advance of the March Board meeting when FY18 tuition rates will be finalized.

1. **2018 Legislative Appropriation**

The Board of Regents 2025 Strategic Plan identifies that the USHE system will need an annual 5 percent increase (all funds) in its operating budget in order to achieve the objectives outlined in the plan. This increase includes compensation increases, but not Regent Scholarships. The FY18 USHE Operating Budget Request called for a 7.5 percent increase in state tax funds and a 2 percent first-tier tuition increase to cover the required compensation match to meet the 5 percent overall increase needed. If the legislature is not able to fund the full request, what might the impact on tuition rates be for FY18 to ensure that the USHE system continues to support growing student demand?

2. **Impact on the Board of Regents 2025 Strategic Plan**

The Board of Regents 2025 Strategic Plan emphasizes Affordable Participation and Timely Completion while recognizing that tuition is a necessary financing tool to address the anticipated growth of students and the need to develop the appropriate academic, technological, and physical

infrastructure needs over the next 10 years. What impact might tuition increases have on students as they access or complete their programs?

3. **Benchmarks to Consider when Reviewing Tuition Proposals**

The Board will want to understand several key metrics before taking final action on tuition proposals including: how USHE institutions tuition and fees compare regionally and nationally; what the consumer price index and higher education price index has been over the last several years; what tuition rate increases have been over the last several years; and how tuition revenues are or would be used at the institutional level.

4. **Student Financial Aid**

The Board may want to consider and discuss what financial aid opportunities exist at the institutional level to ensure that students with the most need are not outpriced by tuition increases while balancing the needs of institutions to increase capacity and quality improvement as outlined in the Strategic Plan? The Board may want to consider the impact of tuition discounting, waivers, scholarships, completion programs such as Dream Weber and SLCC Promise and whether a portion of the proposed tuition increases be set-aside to support institutional financial aid programs?

In addition to the questions posed above, definitions for key terms and policy references regarding tuition are included for the Boards reference.

Definitions

Tuition Revenue - Tuition is collected with other revenue sources such as state tax appropriations, federal appropriations, grants, scholarships, and financial aid in covering the costs of operating an institution. As it relates to tuition specifically, about half (49%) goes to direct instructional costs (salaries and benefits), 14% to institutional support for administration, business operations, IT, development, and 12% to operations and maintenance of facilities, management, and public safety. The remaining 25% supports other activities such as academic support, student services, libraries, public service, research, and athletics.

First Tier Tuition - First tier tuition rate increases are set by the Board of Regents, are uniform for all institutions, implemented at the same time, and are based on evaluations of inflation data (CPI, HEPI), regional and peer comparisons (WICHE, Rocky Mountain States), and justified by specific needs [R510-3.1.]. These increases cover the legislatively mandated portion of compensation (25%), statewide needs, student financial aid, student support, student enrollment, reductions in state tax funding, and other institutional needs. The actual funding amount institutions receive depends on their level of tuition dependency, tuition discounting, and waivers.

Second Tier Tuition - Each institutional President, with the approval of the institutional Board of Trustees, is also provided the flexibility to propose a second tier of tuition rate increase to meet specific institutional needs. These rate increases may apply to all programs equally or they may be different for specific programs. [R510-3.2] The Board of Regents must ultimately approve the recommendations emanating from institutional Boards of Trustees. Second tier tuition was first available to institutions as a funding source during the 2001-02 fiscal year. Rates may vary by institution as individual priorities and funding needs differ. Historically, uses have been for compensation, libraries, information technology, student services, and student enrollment.

Resident Tuition - Individuals who can prove by substantial evidence, that prior to the first day of classes for the term the students seeks to attend as a resident student, he or she has established domicile in Utah and satisfies relevant waiting periods; or meets one or more of the other criteria defining a “resident student” as set forth in policy R512-3.3.

Non-resident Tuition - Individuals not able to meet the requirements for residency status will ordinarily be deemed a non-resident student for tuition payment purposes. Generally, non-residents will pay at least 3 times resident tuition.

Graduate Tuition - Education beyond a bachelor’s degree involves more directed study from specialized faculty, research equipment, libraries, specialized laboratories, and clinical facilities not normally found in the undergraduate programs. Students who have been formally admitted to a graduate program at the institution will pay tuition set at no less than one hundred ten percent (110%) of tuition for undergraduate students. This applies for both resident and non-resident students, and may include programmatic differential tuition. [R510-3.6]

Differential Tuition - Different tuition schedules for undergraduate and graduate programs may be authorized by the Board on a case by case basis. Increased revenues from student differential tuition rates are used by the institution to benefit the impacted program and to support related campus services. Institutions requesting differential tuition schedules should consult with students in the program, and consider how increases will affect market demand, access and retention, graduates earning capacity, and how they compare with similar institutions. [R510-4.2]

Tuition Discounting - Financial aid and scholarships offered by the institution to students that reduce the amount students pay for tuition in effect offsets “full sticker price” and is considered tuition discounting. The net tuition after discounting and waivers is considerably less than published rates.

Tuition Waivers - Full or reduced tuition waivers for students continue to impact published tuition rates. Waivers are either mandated or given institutional discretion by statute. There are over a dozen specific waivers for military and their dependents, senior citizens, faculty & staff, police & firefighter survivors, public school teachers, merit non-residents, border, alumni, athletics, or inter-state reciprocal agreements. The largest waiver category allowed is for meritorious resident students; institutions may waive up to 10% of the total amount of tuition collections under this category. [R513]

Linear and Plateau Tuition - Institutions may use either a linear tuition model, in which the incremental tuition charge per student credit hour generally is the same without regard to the number of hours for which a student is enrolled, or a plateau model, in which student charges within a credit hour range remain constant. Plateau or constant tuition can range between 10 and 20 hours, with institutions deciding the appropriate range. Most institutions consider full-time status of Financial Aid (12 undergraduate credit hours) or full-time equivalency (15 undergraduate credit hours), when determining plateau range. Alternative tuition schedules for on-line courses, contract courses, and specific programs are outlined in policy R510-4.

Truth-in-Tuition - Campus administrators advertise and hold public hearings on campus during the Legislative session prior to final tuition decisions, to propose first and second tier undergraduate tuition rate increases (usually in ranges) and specific funding needs of the institution. [Utah Code 53B-7-101.5]

Tuition Setting Process

During a normal tuition setting process, the following sequence of events is followed.

- 1) On campus meetings with President, Executives, Budget Offices, & others to determine institutional needs for the coming year
- 2) Council of Presidents and Commissioner discuss first tier tuition rate proposals
- 3) Public Truth-in-Tuition hearings are held at each institution
- 4) Legislative session ends and new year state appropriations are determined
- 5) Institutional second-tier tuition rates and are formally approved by Boards of Trustees
- 6) System-wide first-tier and institutional specific second-tier tuition rates presented to Board of Regents for approval

General Student Fees - All general fees (as differentiated from course-specific fees) are subject to Board of Regents approval, normally in conjunction with annual determination of tuition rates. Fees may vary according to specific institutional needs and must adhere to institutional policy. Each institution has an established advisory board to oversee creation, review and maintenance of required student fees and student input is a critical component of this process. [R510-5]

Commissioner's Recommendation

This is an information item only; no action is required at this time.

David L. Buhler
Commissioner of Higher Education

DLB/KLH/BLS
Attachment



UTAH SYSTEM OF
HIGHER EDUCATION

Building a Stronger State of Minds

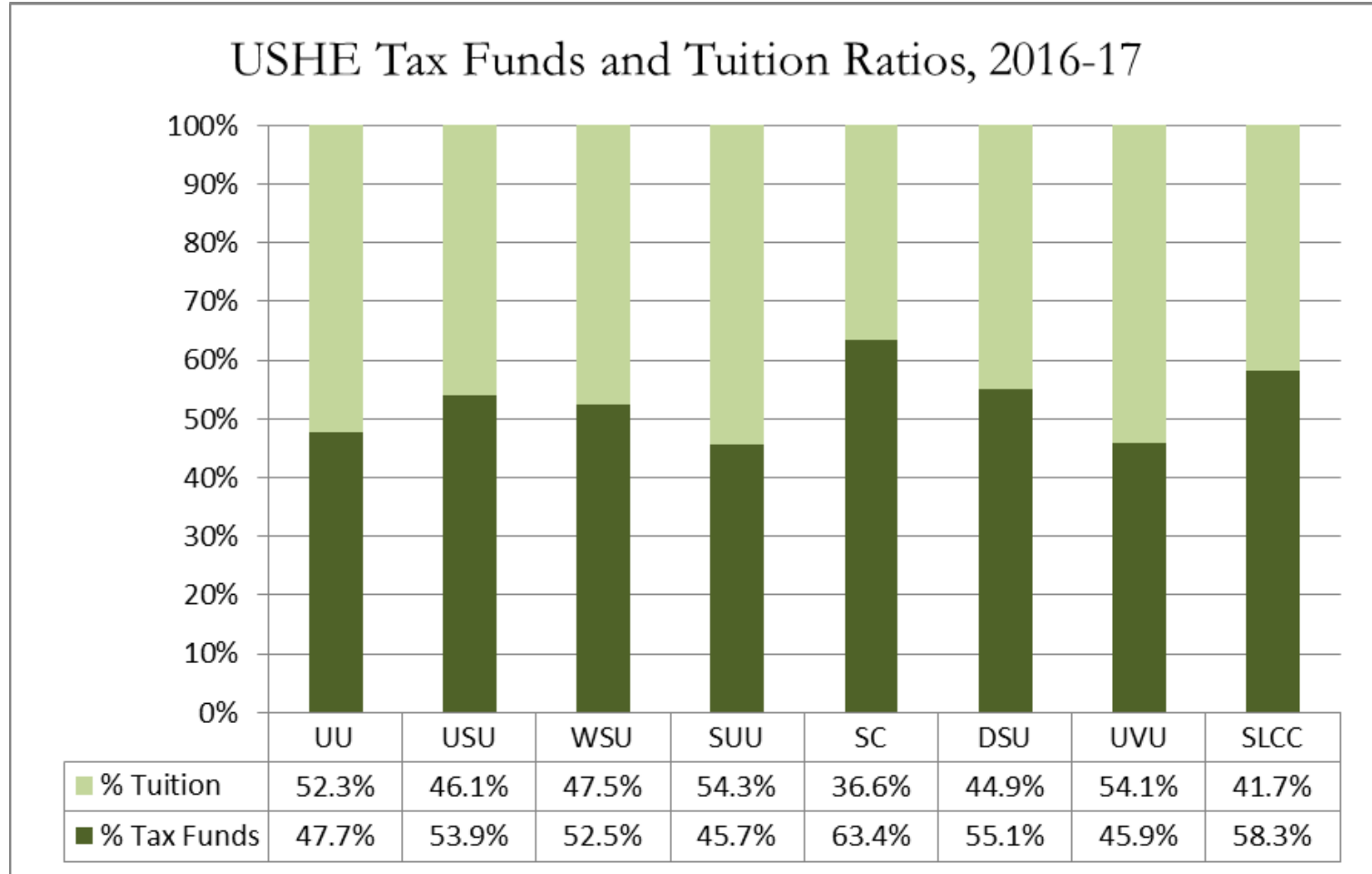
Discussion of Tuition & Fees

Kimberly L. Henrie, Associate Commissioner for Finance and Facilities

Brian L. Shuppy, Assistant Commissioner for Budget & Planning



Significance of Tuition



USHE goal is 52% tax funds and 48% tuition. Current USHE ratio is 50.8% tax funds and 49.2% tuition



Topics

- Types of Tuition
- Tuition Setting Process
- How USHE Tuition Rates Compare
- Institutional Student Financial Aid
- General Student Fees



Types of Tuition

First-tier*

Resident

Second-tier*

Non-Resident

Differential*

Linear

Graduate*

Plateau



First-Tier Tuition

R510-3.1 “A first-tier of tuition rate increase shall be uniform for all institutions, shall be implemented at the same time, and shall be based on evaluations of current data on inflation and national and regional tuition increases and justified by specific increasing needs in the Utah System of Higher Education.”



Second-Tier Tuition

R510-3.2 “Each institutional President, with the approval of the Institutional Board of Trustees, may recommend a second-tier of tuition rate increases to meet specific institutional needs. Second-tier tuition rate increases may apply to all programs equally or they may be different for specific programs.”



Differential Tuition

R510-4.2 “Differential tuition schedules...may be authorized by the board on a case by case basis. The increased revenue...shall be used by the institution to benefit the impacted program and to help support related campus services...”



Graduate Tuition

R510-3.1 “Tuition for resident and non-resident graduate students will be set at not less than one hundred ten percent (110%) of tuition for undergraduate students. For this purpose, a graduate student is a student who has been formally admitted to a graduate program at the institution.” Example: Undergraduate \$1,000
Graduate \$1,100



Tuition Setting Process

- Meetings to discuss institutional needs
- Commissioner proposes initial 1st tier
- Legislative session determine appropriations
- Public Truth-in-tuition hearings held
- Proposed 1st tier approved by Regents
- Institutions propose 2nd tier increase
- 2nd tier approved by Boards of Trustees
- Commissioner finalizes recommendation
- 1st and 2nd tier approved by Board of Regents



Truth-in-Tuition

R511-1.4 “Prior to recommending a tuition increase to the Board of Regents, the President or his or her designee shall hold a public meeting to provide an explanation of the reasons for the proposed increase, an explanation of how the revenue generated by the increase will be used...and an opportunity for public comment from students and student leaders.”



How USHE Tuition Rates Compare

Overview of:

History of CPI and HEPI Increases

History of Resident Tuition Increases

USHE Tax Funds & Tuition Per FTE

USHE Tuition Models (Linear vs Plateau)

USHE Regional Comparisons

USHE National Comparisons



Consumer Price Index (CPI) and Higher Education Price Index (HEPI)

Consumer Price Index, Fiscal Years 2011-12 to 2015-16

	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal Year Average	227.6	231.4	235.0	236.7	238.3
Fiscal Year Increase	2.9%	1.7%	1.6%	0.7%	0.7%
Most Recent 12-months (November to October)					0.9%

Source: Bureau of Labor Statistics (www.bls.gov). Consumer Price Index for All Urban Consumers..

Higher Education Price Index, Fiscal Years 2011-12 to 2015-16

	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal Year Average	293.2	297.8	306.7	313.3	319.0
Fiscal Year Increase	1.7%	1.6%	3.0%	2.1%	1.8%

Source: Higher Education Price Index (HEPI), Research Associates of Washington and Common Fund Institute.



Tuition History

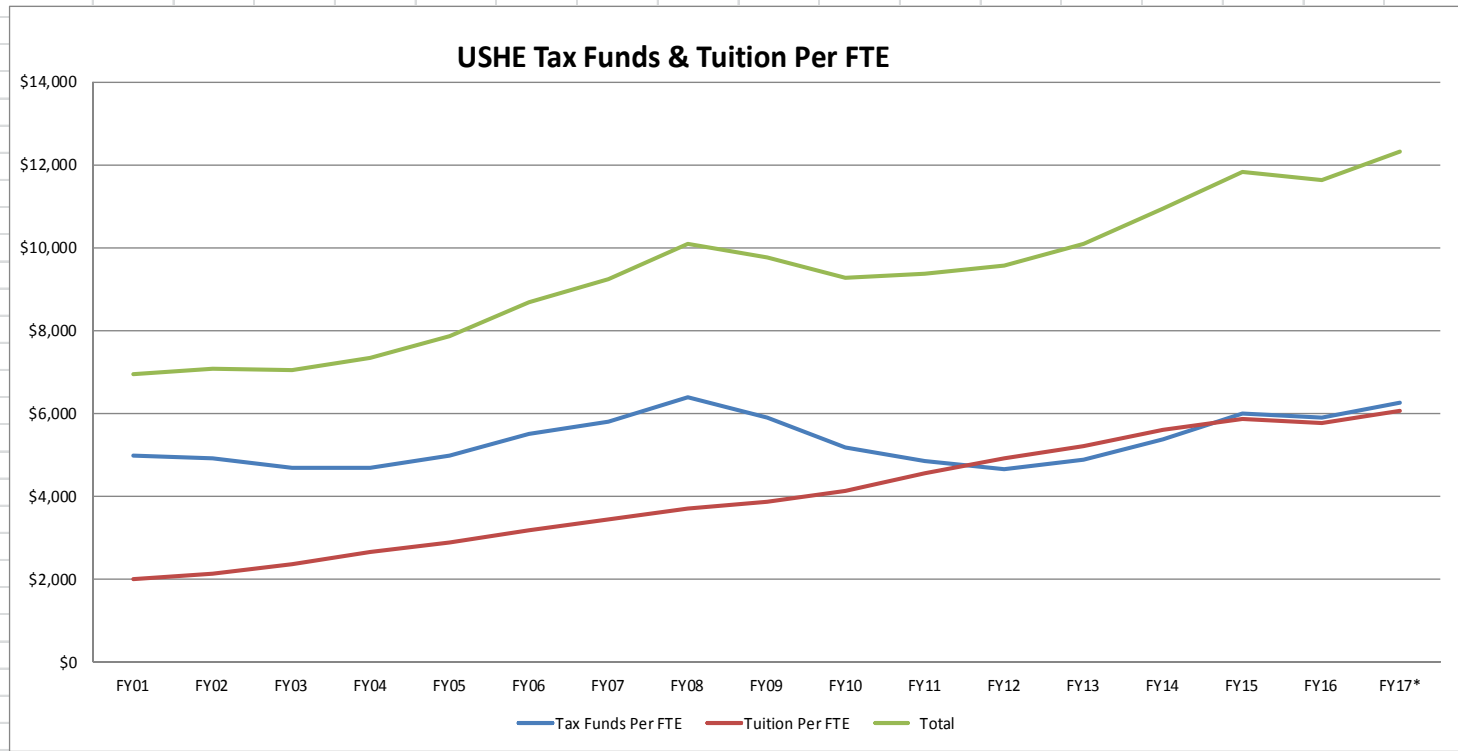
USHE Undergraduate Resident Tuition Increases

Institution	2012-13	2013-14	2014-15	2015-16	2016-17
UU	6.0%	5.0%	5.8%	3.5%	3.9%
USU	6.0%	5.0%	5.5%	3.0%	3.5%
WSU	5.0%	5.0%	4.0%	3.0%	3.5%
SUU	6.5%	5.0%	4.0%	3.0%	3.5%
Snow	7.0%	5.0%	6.0%	3.0%	3.5%
DSU	5.5%	5.0%	4.0%	3.0%	5.0%
UVU	4.5%	6.0%	4.0%	3.0%	3.5%
SLCC	4.5%	6.0%	4.0%	3.0%	3.5%
USHE Average	5.6%	5.3%	5.3%	3.1%	3.7%
USHE First-tier only	4.5%	5.0%	4.7%	3.0%	3.5%



USHE Tax Funds & Tuition Per FTE

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17*
Tax Funds Per FTE	\$4,974	\$4,928	\$4,691	\$4,686	\$4,973	\$5,502	\$5,793	\$6,389	\$5,912	\$5,164	\$4,834	\$4,645	\$4,876	\$5,359	\$5,985	\$5,887	\$6,254
Tuition Per FTE	\$1,982	\$2,140	\$2,366	\$2,660	\$2,889	\$3,163	\$3,453	\$3,715	\$3,849	\$4,120	\$4,549	\$4,917	\$5,203	\$5,590	\$5,848	\$5,752	\$6,063
Total	\$6,956	\$7,068	\$7,057	\$7,346	\$7,862	\$8,665	\$9,246	\$10,104	\$9,761	\$9,285	\$9,383	\$9,562	\$10,079	\$10,949	\$11,833	\$11,639	\$12,318
% Tax funds	71.5%	69.7%	66.5%	63.8%	63.3%	63.5%	62.7%	63.2%	60.6%	55.6%	51.5%	48.6%	48.4%	48.9%	50.6%	50.6%	50.8%

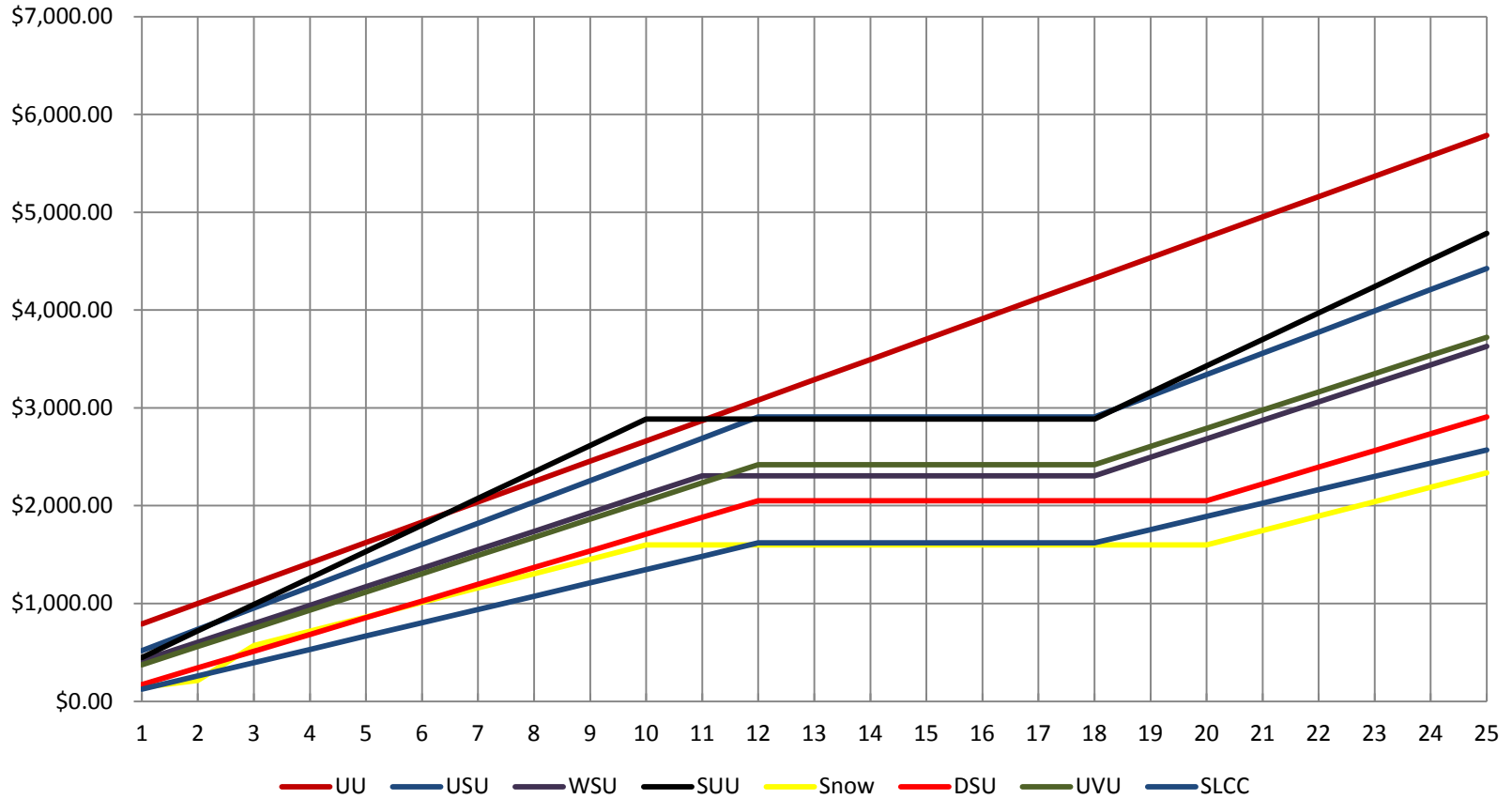


Sources: 1) Databook Budget History Table 1 Current \$; 2) FTE Analysis includes all Education & General line items plus all other instructional line items except the UU School of Medicine, RDEP/Dental, and SLCC ATC; 3) Budget Related Annualized FTE; 4) FY17 reflects FY17 A-1 budget and FY16 budget related enrollment increased by the projected FY17 increase of 2.7%.



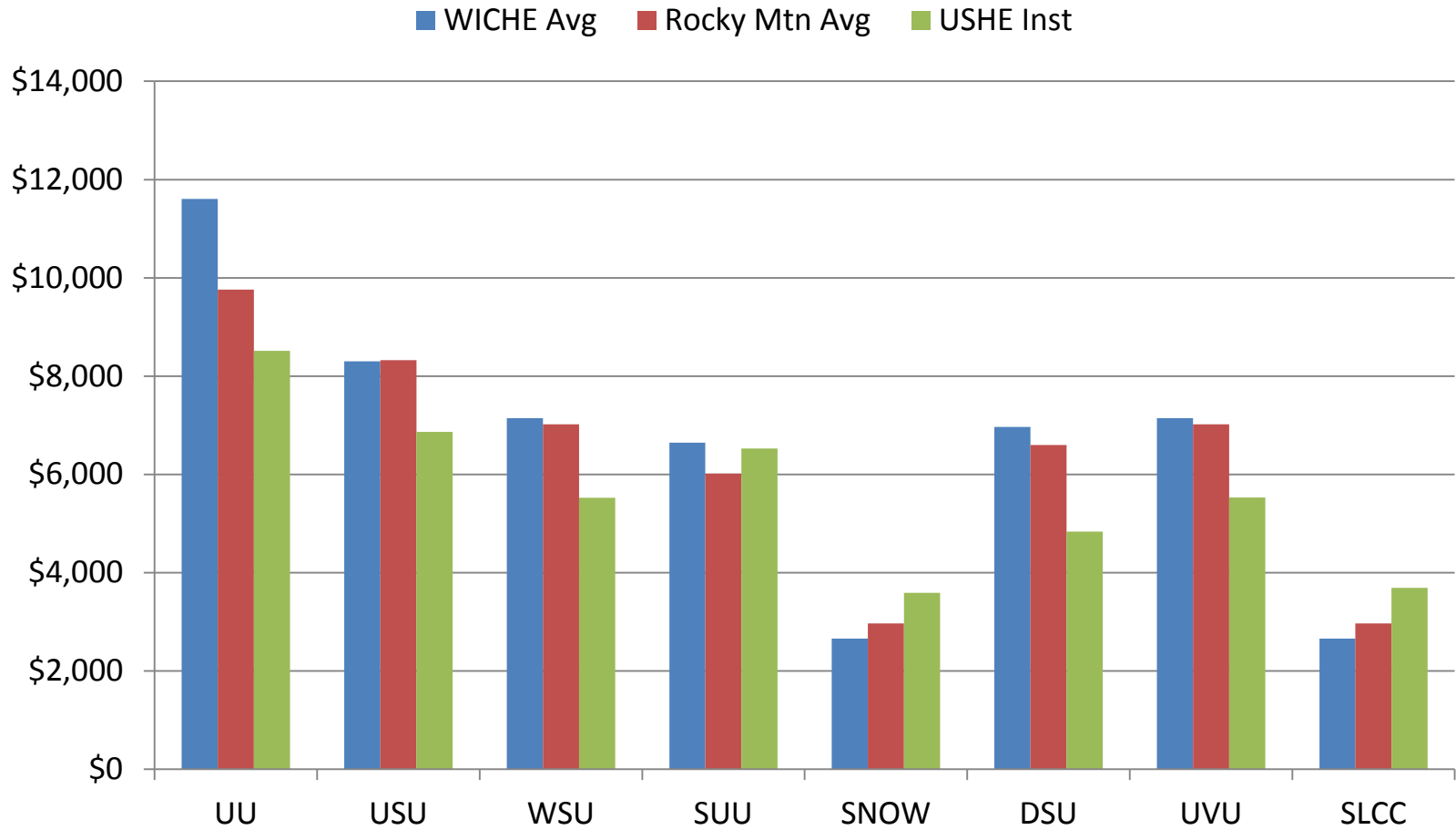
Linear and Plateau Tuition

Utah System of Higher Education
2016-17 Tuition and Fees by Credit Hour
Resident Undergraduate Students





Comparison to Regional Institutions, 2016-17





WICHE Region Tuition & Fee Increases at Public Institutions

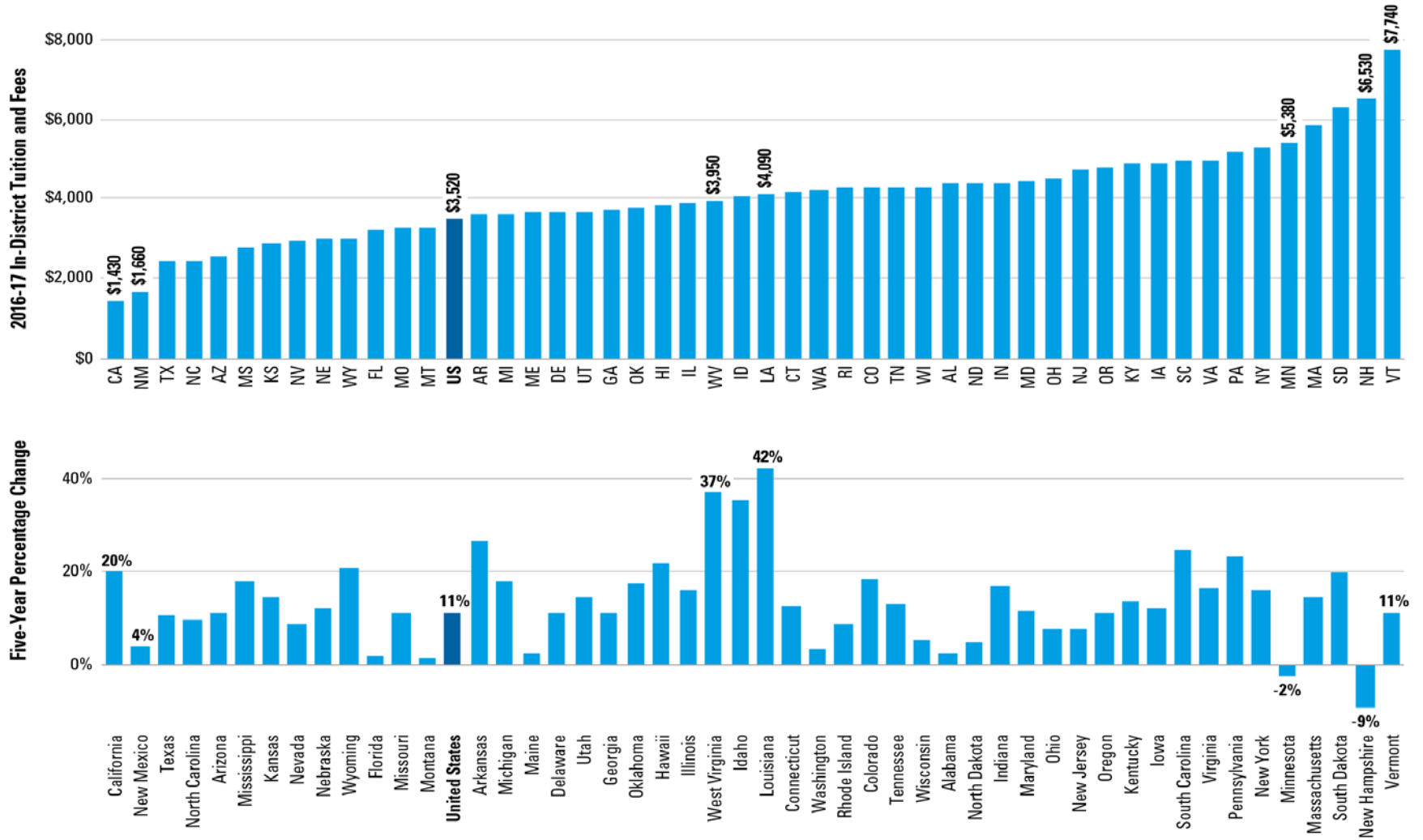
	2012-13	2013-14	2014-15	2015-16	2016-17
Public Four-year Institutions					
Resident Undergrad.	4.1%	3.1%	2.3%	2.7%	1.6%
Resident Graduate	4.2%	3.1%	2.6%	3.3%	2.7%
Nonresident Undergrad.	4.0%	2.3%	2.8%	3.6%	3.4%
Nonresident Graduate	6.2%	2.5%	3.0%	3.0%	2.7%
Public Two-year Institutions					
Resident	5.5%	2.6%	1.4%	1.4%	1.8%
Nonresident	3.1%	1.8%	3.1%	1.1%	3.2%

WICHE Tuition and Fees in Public Higher Education in the West, 2012-13 through 2016-17.

*WICHE states include Alaska, Hawaii, Washington, Oregon, California, Idaho, Nevada, Arizona, New Mexico, Utah, Colorado, Wyoming, Montana, North Dakota, South Dakota



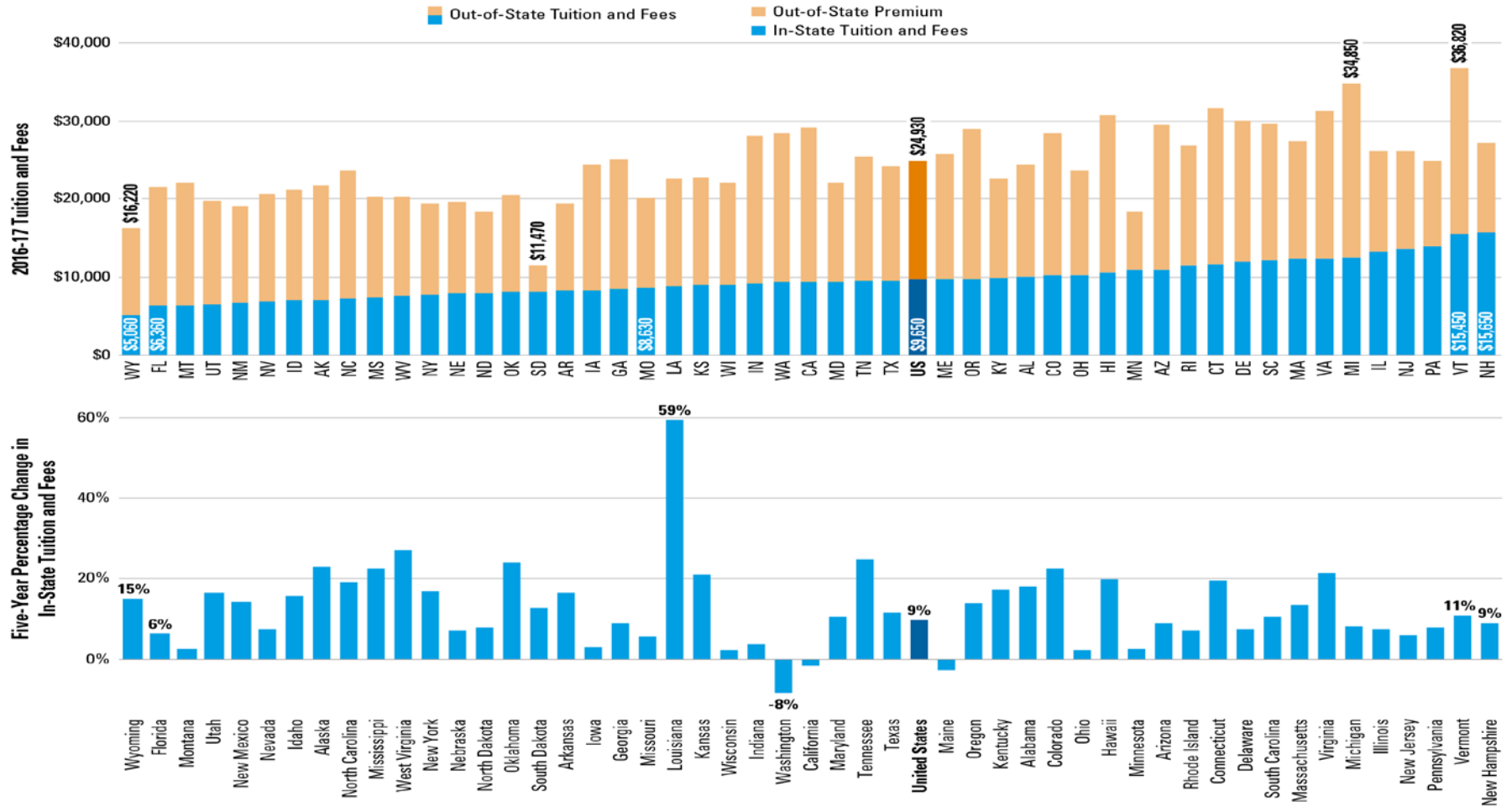
2016-17 Resident Tuition and Fees at Public Two-Year Institutions by State and Five-Year Percentage Change in Inflation-Adjusted Tuition and Fees



Source: College Board, Trends in College Pricing



Average 2016-17 In-State and Out-of-State Tuition and Fees at Public Four-Year Institutions by State and Five-Year Percentage Change in Inflation-Adjusted In-State Tuition and Fees



Source: College Board, Trends in College Pricing



Institutional Student Financial Aid

Financial aid offered by the college that reduces the amount a student is required to pay for tuition; the result is that the *full sticker price* quoted as a college's published tuition rate, is in fact more than most students end up paying – also known as Tuition Discounting.



Types of Tuition Discounting

- State & Federal Grants and Loans
- Program based Financial Aid
- Scholarships
- Waivers



Tuition Waivers

10% Meritorious Residents

Military & Dependents

Senior Citizen

Faculty & Staff

Police/Firefighter Survivor

Public School Teachers

Merit Non-resident

Border

Alumni Legacy

Athletics

Reciprocal Agreement

Utah HS Grad Foreign

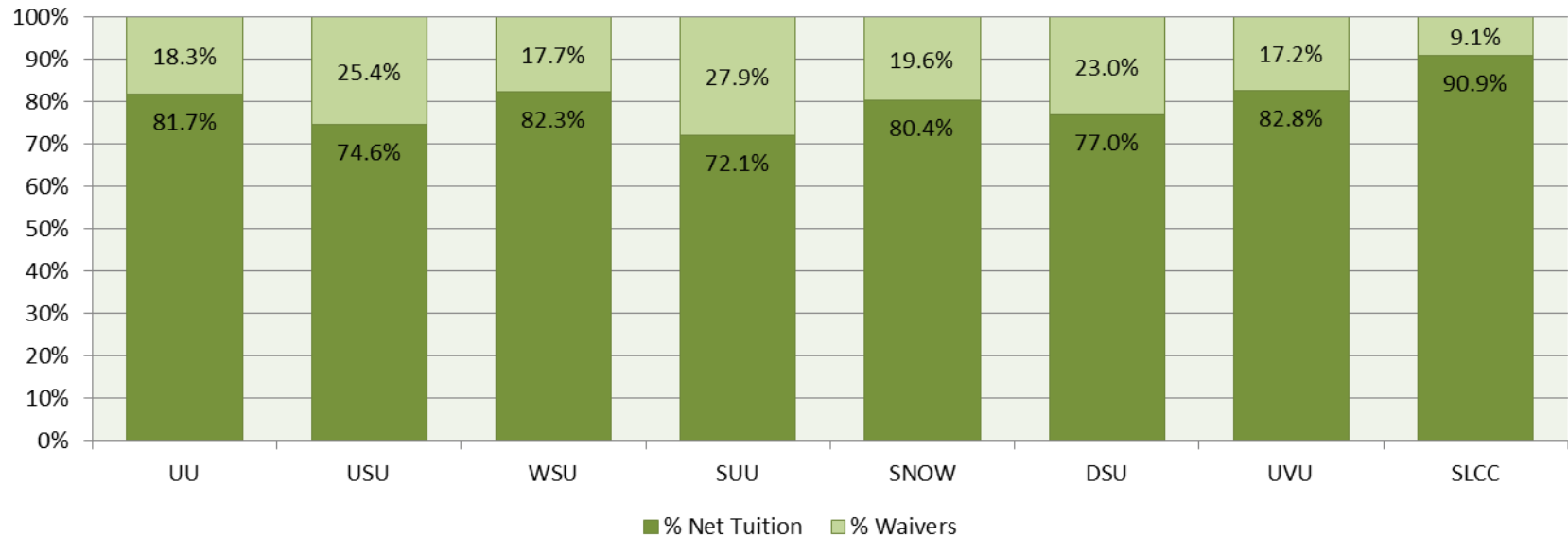
Non-resident Transition

WICHE/WUE



Tuition Waivers

Actual Percent of Waivers Used by Institution 2015-2016



Source: R-1 Actual



General Student Fees

R511-3.3 “Board approved amounts which are assessed to students directly, required to be paid with tuition, and are generally dedicated to specific purposes, such as building revenue bonds, extracurricular student activities, additional student services such as health clinics, computer labs, or athletics.”



General Student Fees

2016-17 UNDERGRADUATE STUDENT FEES

Annual Fee Rate for a Full-Time Student (15 Credit Hours for 2 Consecutive Semesters)

UU	USU	WSU	SUU	Snow	DSU	UVU	SLCC
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Fees

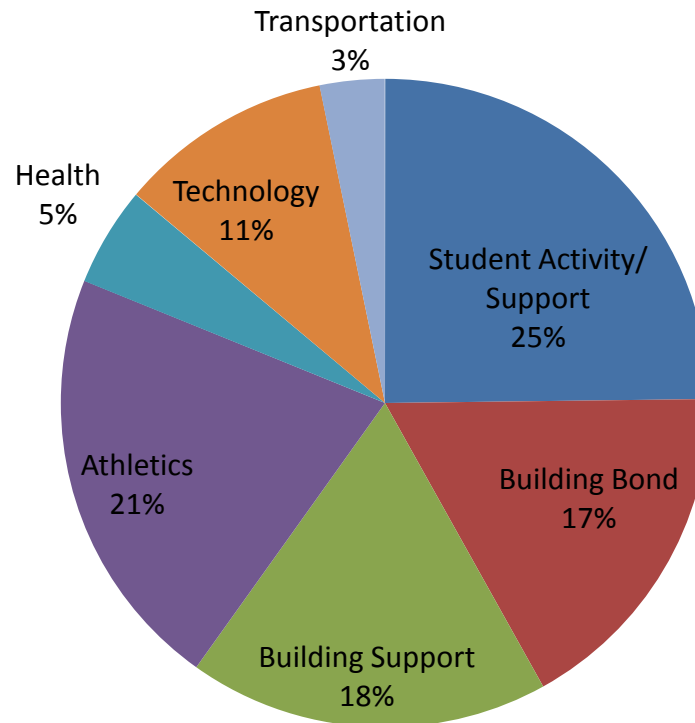
Student Activity/ Support Fees	285.42	218.74	301.88	125.50	99.20	209.00	136.32	134.00
Building Bond Fees	-	276.64	242.34	212.00	-	-	192.18	118.00
Building Support Fees	258.48	17.42	66.74	110.00	176.30	295.50	107.84	61.00
Athletic Fees	171.38	270.28	136.38	204.00	75.00	160.00	208.70	69.00
Health Fees	40.96	88.34	57.08	40.00	5.60	23.50	17.04	29.00
Technology Fees	232.04	127.02	94.10	64.00	39.90	48.00	14.84	29.50
Transportation Fees	116.70	47.28	13.16	-	-	-	13.08	7.00
Other Fees	5.00	5.98	-	-	-	-	-	3.00
Total Fees	\$1,109.98	\$1,051.70	\$911.68	\$755.50	\$396.00	\$736.00	\$690.00	\$450.50

Note: Distributions refer to Main Campuses only. Branch campuses and centers may have different fee schedules (typically lower)



General Student Fees

Annual Full-time Undergraduate Student Fees by Activity 2016-17





Utah Code and Regent Policy Links

- R510, Tuition and Fees: <https://higheredutah.org/policies/r510-tuition-and-fees/>
- R511, Tuition Disclosures and Consultation:
<https://higheredutah.org/policies/r511-tuition-disclosures-and-consultation/>
- Utah Code 53B-7-1-101.5 Proposed Tuition Increases; 53B-7-1-105 Higher Education Cost Disclosure
http://le.utah.gov/xcode/Title53B/Chapter7/53B-7-P1.html?v=C53B-7-P1_1800010118000101
- R512, Determination of Resident Status:
<https://higheredutah.org/policies/r512-determination-of-resident-status/>
- R513, Tuition Waivers and Reductions:
<https://higheredutah.org/policies/r513-tuition-waivers-and-reductions/>

Questions

