

Tuition Policy Advisory Council
Meeting Notes
February 12, 2004

The Tuition Policy Advisory Council met on Thursday, February 12, 2004 in 504 Rudder Tower. The meeting was called to order at 3:30 p.m.

An introduction to the budget and explanation of where fees are budgeted was provided to the Council. Budget preparation is impacted by many outside sources, including:

- The Texas Higher Education Coordinating Board (THECB)
- The Texas Legislative Budget Board (LBB)
- Texas House and Senate Legislative Committees
- The Governor's Office of Budgets, Planning & Policy (GOBPP)
- The Texas State Comptroller of Public Accounts
- Texas A&M University System Board of Regents (BOR)

Higher Education funding can be classified primarily in two categories: appropriated revenue and institutionally generated revenue. Appropriated revenue includes:

- General Revenue (GR)
- Permanent University Fund (PUF)
- Available University Fund (AUF)
- Higher Education Assistance Fund (HEAF)

Institutionally generated revenue consists of:

- Educational & General (E&G) Revenues
 - State Mandated Tuition & Lab Fees
 - Other Revenues, such as Research Indirect Cost Recovery, Veterinary Medicine Hospital Revenue, Investment Income
- Designated Funds (Board of Regents Approved Activities)
 - University Authorized Tuition (UAT)
 - Instructional Enhancement & Other Course-related Fees
 - Other Student Fees, such as Computer Access Fee, Library Fee, Health Center Fee, etc. which serve an educational purpose
 - Designated Funds must be self-supporting, not restricted by an outside source, and used for a specific purpose
- Sales & Services
- Auxiliary Enterprises (provide services to students, staff, faculty, and the general public)
 - Food Services
 - Transportation Services
 - Residence Halls
 - A. P. Beutel Health Center
 - Airport, Golf Course, Sports Camps, Athletics, etc.

- Enterprises must be self-supporting
- Restricted Funds (Restricted to a specific purpose by donors from outside TAMU)
 - Scholarships & Fellowships
 - Research Gifts, Grants & Contracts
 - Other Gifts from Corporations, Individuals, etc.

State mandated tuition and lab fees go into the state treasury.

Veterinary Medicine is funded through formulas, as well as from client fee charges. These fees are tracked and accounted for but are not sent to the treasury.

The State Legislature requires the Board of Regents to approve fees. It was clarified that graduate differential tuition must be used for graduate programs.

Considerable discussion ensued regarding how preparation for this part of the budget differs from the rest. Much of the budget process is incremental so there is no need to start from the beginning each time. The total operating fund revenue budget is almost \$900M. The Office of the Vice President for Finance estimates E&G revenue that will be available for the budget. Then funds are allocated to each Vice President, who in turn, allocates to the colleges and divisions. The budget is developed at the college/division level. 42% of the budget is E&G, 28% is General Revenue, 27% consists of tuition and fees, and 3% comes from other sources.

The annual growth in General Revenue has been declining since the 1960's, when it averaged 16.94% each year. In the 1970's, it was 14.19%. In the 1980's, General Revenue growth averaged 9.19% and it had declined to 1.20% by the 1990's.

16.62% of the E&G revenue comes from tuition and fees, and the largest budget expenditures are related to personnel. Faculty and staff compensation account for about 82.13% of E&G budgeted expenditures.

Budget reductions became necessary when the University prioritized a need to hire 400 new faculty, and the State Legislature mandated a reduction of 7% in General Revenue, which accounted for approximately \$10M being sent back to the state. The State Comptroller had projected that an additional \$25M reduction per year would be necessary. However, the final appropriation resulted in only about a \$1M per year loss. In addition, internal budget reallocations took back 6.6% from the general fund budget, which was reallocated for the faculty reinvestment plan.

Some cost escalators, which are outside of University control that affect the budget, include the following:

- Library Costs
- Recruitment and Retention of Faculty/Staff

- Insurance Costs and Co-pays (affects the University and employees)
- Utilities
- Aging Infrastructure
- Unfunded State Mandates
- Economic Unpredictability

Senate Bill #1, the General Appropriations Act, appropriated approximately \$208M from the General Revenue Fund, approximately \$19M for special item support and about \$85M must be generated by the University.

Current relative semester credit hour weights are not necessarily determined by the college offering the course, but rather by program area and, more specifically, by course description. Approximately 4,500 courses are presently being taught at Texas A&M University. The Texas Higher Education Coordinating Board keeps a list of all of the established courses for all universities in the state. The Health Science Center and the College of Veterinary Medicine have separate funding tables. Upper division courses are weighted more than lower division courses. When upper division students take lower division courses, the courses are being funded at the lower division rates. The course weights were intended to be related to the cost of the course. The revenues generated don't go to those areas in this proportion. The allocation is internal. The Texas Legislature meets every two years; therefore, funds are appropriated for two years at a time.

For FY2004-2005, TAMU taught 3,424,976 weighted semester credit hours (WSCH), which was 11.97% of the total weighted semester credit hours taught in the state. The University of Texas taught 4,422,017 WSCH, which was 14.75% of the WSCH taught in the state. These percentages have been steadily declining. With capped enrollment at Texas A&M and UT, and smaller schools growing, Texas A&M and UT may continue to see General Revenue appropriations decline.

Universities that have gone to flat rate tuition have seen the average class load increase by about .5 hours per semester.

The next meeting will be Thursday, February 26 at 3:30 p.m. A presentation on Student Financial Aid will be given and a presentation on the Finance Council's five-year plan at will be delivered at future meeting.

The meeting was adjourned at 5:25 p.m.