

Tuition Policy Advisory Council  
Meeting Notes  
April 8, 2004

The Tuition Policy Advisory Council met on Thursday, April 8, 2004 in 510 Rudder Tower. The meeting was called to order at 3:45 p.m.

The pro forma 5-year budget, prepared by the Finance Council, was presented. Tuition (not including fees) for fall 2004 will be \$74.50 per credit hour. The projected incremental base budget changes include the following parameters. New increased costs in a given year will become part of the permanent base. However, one time costs are not included. Any revenue received will need to cover costs for the year incurred, as well as every future year. The following assumptions were also made. There would not be an increase in the amount of General Revenue received from the State; there would be no increase in costs/revenues other than what have already been identified, e.g. utilities and investment returns; total enrollment and semester credit hours will remain constant; 100 new faculty per year will be hired and a 3% merit raise per year plus fringe benefits will be allocated; capital improvement funding will increase by \$1.50 per semester credit hour, up to \$20.50 (the current amount is \$13.00). A \$1.00 increase in tuition is equivalent to about \$1M.

Future utility costs and investment returns cannot be predicted. Currently, the short-term investment return is about 3%, based on a rolling three-year average. Even though utility costs have increased dramatically, the University was fortunate to purchase utility futures at a very good price. The Finance Council has recommended hiring an energy management consultant.

There has been a recent shift in legislative support from higher education towards other social issues. Additionally, the Texas Higher Education Coordinating Board has predicted that there will be approximately 500,000 new college students by the year 2010. Perhaps a way to help offset this trend would be to allow more out-of-state students to attend the University, and at the same time, increase the amount of out-of-state tuition. It was noted, however, that there may be political ramifications in admitting out-of-state students while not admitting qualified in-state students. Another ramification might be that there could be a decrease in donations to the University. If very qualified out-of-state students were admitted, they might be subsidized with scholarships. Therefore, the University would lose the advantage because these students would then be exempted from paying out-of-state tuition.

In the Projected Incremental Base Budget Changes is "Other Adjustments to Revenue & Expenditure" with an expense amount of \$4,625,564. It was explained that \$3M of this amount has been allocated for health insurance costs. It was clarified that the large recruitment figure under "Student Initiatives" is due to the new outreach centers that are scheduled to be established across the state. The unfunded mandates include items such as the B-On-Time program and the Texas Tomorrow Fund. The retention initiatives are a

very important aspect of the budget and include initiatives such as smaller class size and the Aggie Access Program.

If tuition is not increased and no additional allocations are realized, the University will need an additional \$72M by FY2009 in order to balance the budget. The Designated Tuition would have to be increased to \$143.63 per semester credit hour if no other sources of revenue are found. Obviously, that decision has not been made.

The last meeting of the semester will be Thursday, April 29, at which time the committee will meet for an extended period of time in order to provide the student successors the background information they will need when the committee begins meeting again in the fall.

The meeting was adjourned at 5:40 p.m.