

Tuition Policy Advisory Council
MEETING NOTES
December 15, 2005

The Tuition Policy Advisory Council met on Thursday, December 15, 2005 in 205 MSC. The meeting was called to order at 3:00 p.m.

Guest: J. Thomas Regan, Dean, College of Architecture.

The Council was reminded that fee increases will be considered at the Board of Regents' March meeting and that information regarding the fee increases needs to be sent to the Board six weeks before the meeting.

Mr. J. Thomas Regan, Dean, College of Architecture was introduced and it was noted that Dean Regan may participate in a future meeting with a proposal for differential tuition for the College of Architecture.

It was announced that the President of the Association of Former Students has suggested to Dr. Gates that perhaps the President of the Association of Former Students appoint a representative to serve on the Council rather than the President since many times the President does not live in the community. Dr. Gates agreed.

A revised differential tuition policy for the Mays Business School was presented to the Council. Changes from the previous proposal are highlighted in yellow. On page 2 of 17, the recommendation is for differential tuition to be charged to all students who take business major classes within the Mays Business School. Page 3 of 17 states that the primary use of the revenue generated by differential tuition would be to reduce class sizes and increase the number of course offerings. (Appendix III compares the total fees and semester credit hours generated per faculty of the Mays Business School to other colleges within Texas A&M University.) Page 4 of 17 notes that it would be difficult to quantify specific revenue usage because different courses are more expensive than others, e.g. Accounting and Finance courses are more expensive than Management or Marketing courses. Additionally, senior level classes are more expensive to offer than junior level classes. The cost to hire faculty depends greatly upon the number of tenured/tenure-track faculty needed and the field of study needed. The average tenured faculty in the Business school makes approximately \$125,000 per year, while the peer average salary for tenured faculty is substantially higher at about \$155,000. Tenured faculty salary University-wide is about \$80,000-\$85,000. The Mays Business School must offer salaries at the higher level in order to compete. It should also be noted that while the average tenure/tenure track salary is \$125,000, the average cost to hire new faculty would likely be higher because of salary compression. Input from the Mays students has been requested as to what the funds should be used for. Page 5 of 17 compares some financial aspects of students within the Business School. Relative to the rest of the University, Mays students have the second lowest level of indebtedness and they tend to have more scholarships.

When the University implemented the faculty reinvestment program of hiring 450 new faculty, the number of faculty lost in the last 10-12 years was considered, as well as the need to hire enough faculty to lower the faculty to student ratio. It is challenging to students to support a tuition increase if they do not know beforehand what the funds would be used for. It was suggested that any college wishing to charge differential tuition should be able to show the benefit that students would receive. Revenue generated by differential tuition should remain within that college so as not to subsidize students in other colleges.

The Council was reminded that the President will determine the amount of differential tuition that will be charged, and that the Council is only to make recommendations. Additionally, at this time differential tuition will only be considered for the Mays Business School because they are the only college that has brought forth a proposal.

Differential tuition would be charged in addition to flat tuition. SIMS would probably handle in a manner similar to a course fee. Approval to charge differential tuition does not have to go to the Board of Regents; only the rate of the differential tuition. The Council inquired whether differential tuition would be subject to the same 10% cap as designated tuition. It was suggested that a chart be developed that would show the yearly increases in differential tuition. A proposal was made that would charge a set amount per year or per semester once a student is accepted into upper division. Non-majors would need to be handled in a different manner. The question was raised whether students should continue to be charged differential tuition if they take beyond two years of upper division courses. Not doing so would not provide incentive to graduate within four years.

The presentation recommended that differential tuition be implemented in the Mays Business School in Fall 2006. However, that would place implementation during the second year of the biennium and would therefore cause a problem if differential tuition needs to fall within the 10% tuition cap that was set for designated tuition. It was therefore recommended that policy should be put in place that would require implementation to take place one year after it is announced so that families would have time to plan financially. In that event, Mays Business School would begin implementation in Fall 2007.

A two-part vote was requested:

1. Should the Mays Business School be allowed to charge differential tuition?
2. If so, should implementation be Fall 2007?

The voting response was as follows:

1. All present members voted unanimously to allow differential tuition to be charged in the Mays Business School. The Chairman abstained from voting and there was one absentee dissenting vote.

2. All present Council members voted unanimously in favor of differential tuition in the Mays Business School to begin in Fall 2007. The Chairman abstained from voting.

The present Council members also voted unanimously in favor of all subsequent colleges that come forward with a differential tuition proposal be required to wait at least two long semesters (Fall and Spring) after approval by the Tuition Policy Advisory Council and the announcement is made to the campus community before implementation of differential tuition within that college. Additionally, implementation can only take place in the Fall Semester.

A utilities update was provided. In 2005, the projected utility costs were approximately \$30 million. Projected costs for 2006 are \$64 million and it is estimated that the utility costs for 2007 will be about the same as for 2006. The FY2005-2006 budget estimated that utility costs would be about \$4 million per month. However, actual current costs have been about \$5 million-\$6 million per month. Natural gas prices have increased by 146% in the last year. The University is tracking costs and consumption for this year and comparing it to last year's data in an effort to show that while energy costs continue to rise, the University is striving to reduce consumption and increase efficiency measures.

A chart was distributed outlining various scenarios that could be implemented at Texas A&M University to help offset such high utility costs. If the cost was passed on to the students in the form of tuition, approximately 18% would have to be set aside for financial aid. However, General Counsel has not yet approved the University's ability to charge this cost as a fee. It was moved to implement a fee rather than increase tuition and if utility costs decrease significantly, then the fee/tuition should be reduced or eliminated. It was asked that the approach that has the least impact on the students be the one chosen. The group was reminded that there are no counter measures available if charged as a fee because there would be no set asides for financial aid.

A motion was made to charge as a fee by semester, but the fee should be prorated for the summer at one-half the cost per six-week term. The motion was seconded and the vote was unanimously in favor by all present Council members. The Chairman abstained from voting. The impact to each student, including graduate students would be approximately \$97-\$145 per semester based on the estimated cost of natural gas and purchased electricity.

A spreadsheet of the new or increased student fees that were proposed to the Student Fee Committee was distributed. Highlighted in red are the recommendations that the Fee Committee made to the President. A fee summary spreadsheet was also distributed to the Council. The Associate Provost for Information Technology spoke to the Fee Committee regarding the information technology fee. The Student Fee Committee forwarded the fee to Dr. Gates for approval. However, the committee did not recommend approval for the distance learning/technology mediated learning fee nor for the Career Center user fee. Dr. Gates approved all of the Fee Committee's recommendations and the Fee Committee

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has received a revised Career Center user fee. The next step is for the committee to collect financial information for the fees that were recommended. The Tuition Policy Advisory Council was asked to review the proposals and submit comments to the Student Fee Committee by Thursday, December 22.

Spreadsheets comparing Fall 2005 to Spring 2006 pre-registration semester credit hours for undergraduates were handed out to the Council. Overall, the semester credit hour loads are about the same. This year's numbers are down about 1,600 semester credit hours, but it is estimated that there are approximately 1,500-2,000 more students yet to register by the time classes begin, so it is anticipated that the University will realize a 4%-5% increase in semester credit hours for Spring 2006 over Fall 2005.

The meeting was adjourned at 6:05 p.m.