



TEXAS A&M UNIVERSITY

Public Hearing To Discuss Designated Tuition Options For Fall 2007

Presented By
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Interim President

February 21, 2007

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Approach to Designated Tuition

- **Two-Pronged Approach**
 - **Determining general policy guidelines**
 - **Tuition Policy Advisory Council, established in 2003 charged with considering and recommending changes to tuition policy**
 - **Determining appropriate Designated Tuition rate**
 - **Changes to the Designated Tuition rate are determined through internal budget reviews**



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Tuition Policy Advisory Council

Students

- Student Body President*
- President of the Graduate Student Council*
- Speaker of the Student Senate
- President of the Memorial Student Center
- President of the Residence Hall Association
- Commander of the Corps of Cadets
- Greek Councils Representative

Lay Members

- President of the Association Of Former Students
- President of the Federation of Texas A&M University Mothers' Clubs

Faculty

- Faculty Member at Large
- Faculty Senate Representative

Administrators

- Associate Executive Vice President and Chair of the Tuition Policy Advisory Council
- Associate Vice President for Finance
- Dean of the Mays Business School
- Dean of Undergraduate Programs and Associate Provost for Academic Affairs

Advisory

- Director, Budgets
- Assistant Provost for Financial Aid

*Student Body President and President of the Graduate Student Council also serve on the Student Fee Review Committee



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TPAC Policy Consideration





Flat Tuition

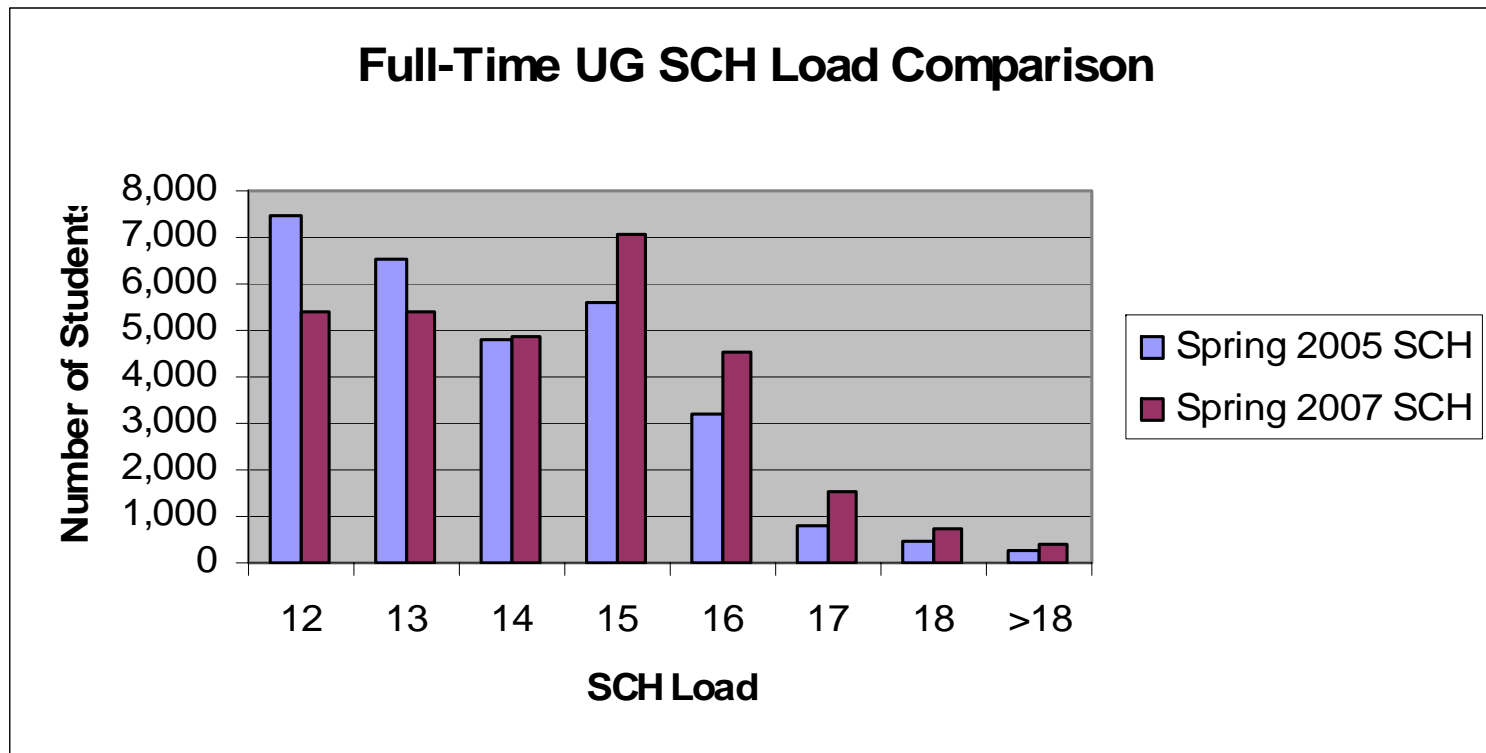
- **History**
 - Flat Rate Designated Tuition and Fee policy was implemented in Fall 2005
 - The policy was intended to encourage students to take more hours each semester and thereby graduate sooner – closer to four years
- **Results* – Spring 2007 compared to Spring 2005**
 - Semester Credit Hours (SCH's) for undergraduate students are up 24,629 or 5.67%
 - Average course load for all undergraduate students: 13.45 SCH (up .42 hours or 3.12%)

* Reflects a headcount increase of 789 undergraduate students.



Flat Rate Impact

The Flat Rate Tuition Policy Has Resulted In A Significant Increase In The SCH Load



Based on Spring 2007 Preliminary 20th Class Day Data



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Non-Resident Designated Tuition & Required Fees

- **Survey of Tuition and Required Fees compiled by the University of Virginia, Institutional Assessment and Studies Office**
- **Large disparity between Texas A&M University and Peer Institutions**
 - Rank on resident tuition vs. rank on non-resident tuition
- **One of the items examined by TPAC this year was the appropriateness of TAMU's non-resident, designated tuition rates**
 - Benchmarking against peers, and
 - Comparing to state support provided for resident students



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Non-Resident Designated Tuition & Required Fees

- **Comparable to institutional peers on level of Undergraduate Resident Tuition & Required Fees, but well below institutional peers on Undergraduate Non-Resident Tuition & Required Fees**

<u>Resident</u>		<u>Non-Resident</u>	
Pennsylvania State University	\$12,164	University of Michigan-Ann Arbor	\$29,131
University of Illinois-Urbana	\$9,882	California-Davis, University of	\$26,260
University of Michigan-Ann Arbor	\$9,723	University of California-Berkeley	\$25,338
University of Minnesota-Twin Cities	\$9,173	UCLA	\$25,206
Ohio State University	\$8,640	University of Illinois-Urbana	\$23,968
University of Texas-Austin	\$7,630	Pennsylvania State University	\$22,712
University of California-Davis	\$7,576	University of Minnesota-Twin Cities	\$20,803
Texas A&M University	\$6,966	University of Wisconsin	\$20,730
University of Wisconsin	\$6,730	Ohio State University	\$20,535
University of California-Berkeley	\$6,654	University of Texas-Austin	\$20,364
UCLA	\$6,522	Georgia Institute of Technology	\$20,272
University of Kansas	\$6,153	University of North Carolina-Chapel Hill	\$19,681
University of North Carolina-Chapel Hill	\$5,033	University of Florida	\$17,791
Georgia Institute of Technology	\$4,926	Texas A&M University	\$15,216
University of Arizona	\$4,766	University of Kansas	\$15,123
Louisiana State University	\$4,449	University of Arizona	\$14,972
University of Florida	\$3,206	Louisiana State University	\$12,749

Source: Based on data derived from the University of Virginia Survey of Tuition and Fees



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Non-Resident Designated Tuition – Assessing Appropriate Rate

- **TPAC analyzed benchmarking data on peer institutions and looked internally at the level of state support for resident students in assessing non-resident Designated Tuition**
- **To match non-resident Tuition and Fees at select peer institutions would require the following increases in TAMU's Designated Tuition rate:**
 - University of Texas \$171.59/sch
 - Penn State University \$249.85/sch
 - University of California-Davis \$368.12/sch
 - University of Michigan \$463.82/sch
- **Further, an increase within the range above would result in non-resident students paying an amount more in line with the state contribution per resident student**



Non-Resident Designated Tuition – Policy Recommendation

- **Effective Fall 2008**
 - Non-resident undergraduate designated tuition will increase by \$200 per semester credit hour
 - The increase will affect only new undergraduate students entering the University for Fall 2008 and thereafter
- **Effective Fall 2013**
 - All non-resident undergraduate students, both entering and students enrolled at that time, will pay the non-resident undergraduate designated tuition rate that would be in effect



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Non-Resident Designated Tuition & Required Fees - Effect of Increase

- **Total Non-Resident Undergraduate Designated Tuition & Required Fees for Fiscal Year 2009 after increase**

<u>Resident</u>		<u>Non-Resident</u>	
Pennsylvania State University	\$12,164	University of Michigan-Ann Arbor	\$29,131
University of Illinois-Urbana	\$9,882	California-Davis, University of	\$26,260
University of Michigan-Ann Arbor	\$9,723	University of California-Berkeley	\$25,338
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Source: Based on data derived from the University of Virginia Survey of Tuition and Fees. This model assumes Tuition and Required Fees at comparative universities remain flat while TAMU changes.



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Student Fees





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Tuition Policy Advisory Council Recommendations For Student Fees

- TPAC was charged with reviewing requests for new and revised student fees
- Required Fee Requests recommended for approval:

	<u>Current</u>	<u>New</u>	<u>Increase</u>
- Library Use Fee-per sch	\$21.80	\$23.30	\$1.50
- Computer Access/IT Fee-per sch	\$18.80	\$20.30	\$1.50
- Student Service Fee-per sch	\$13.08	\$13.83	\$0.75
- Advising Services Fee-per sch	\$8.85	\$9.10	\$0.25
- Student Health Fee-per semester	\$60.00	\$66.00	\$6.00
- Property Deposit-one-time	\$10.00	\$100.00	\$90.00

(applies to new students only)



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Tuition Policy Advisory Council Recommendations for Student Fees

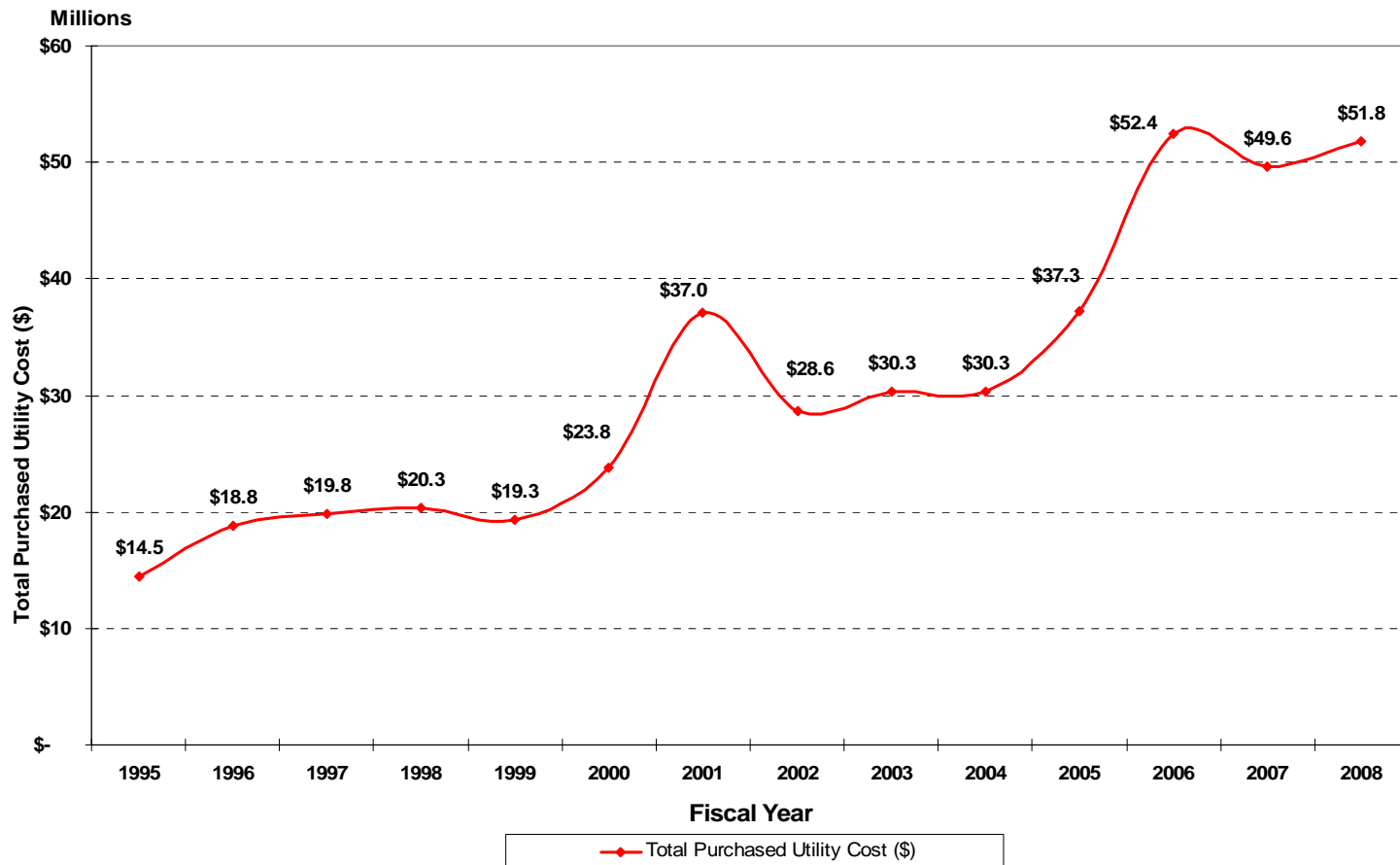
Other Fee Requests recommended for approval:

	<u>Current</u>	<u>New</u>	<u>Increase</u>
- Intl Orientation Fee-new students	\$0.00	\$35.00	\$35.00
- Independent Study Abroad-per user	\$50.00	\$100.00	\$50.00
- Parking Permit Fees-annual			
- Garage			
- Priority Bay	\$504.00	\$600.00	\$96.00
- Reserved Numbered	\$459.00	\$516.00	\$57.00
- Unreserved	\$374.00	\$420.00	\$46.00
- West Campus Garage	\$374.00	\$240.00	(\$134.00)
- Surface Lot			
- Student	\$210.00	\$240.00	\$30.00
- Faculty/Staff	\$175.00	\$240.00	\$65.00
- Reserved Numbered	\$351.00	\$420.00	\$69.00
- Night Parking/Motorcycle Parking	\$63.00	\$80.00	\$17.00
- Gated Parking	\$247.00	\$312.00	\$65.00
- University Apts.	\$159.00	\$192.00	\$33.00
- Business Permit	\$0.00	\$150.00	\$150.00



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Student Energy Fee – Utilities Cost Trend





Student Energy Fee

- **A \$99 per student per semester Energy Fee was implemented in Fall 2006 in response to escalating utility costs**
 - **Fee was determined as amount needed to fund the increase in purchased power costs for Educational & General (E&G) facilities**
- **Energy Fee was reduced to \$65 for Spring and Summer 2007 semesters reflecting improving cost projections**
- **While significant variability remains in the natural gas and electricity markets, projections indicate the Energy Fee can be held at the reduced \$65 level for FY2008**
- **Conservation efforts continue campus wide and administration is focused on cost effective procurement of energy needs**
 - **Fee will be reduced as energy costs permit**



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**Determining Appropriate Designated
Tuition Rate for FY 2008**





Approach To Determining Tuition Rate

- **Detailed Budget Reviews are conducted to determine necessity of changes to Designated Tuition rate**
 - **Scrutinize existing budget for cost reduction opportunities**
 - **Consider potential incremental funding sources, including State Appropriations**
 - **Prioritize incremental expenditures**
- **Partnership with the Legislature – Final tuition rate dependent on level of State Appropriations**
- **Remaining budget shortfall (if any) determines increase to Designated Tuition**



State Appropriations - Outlook

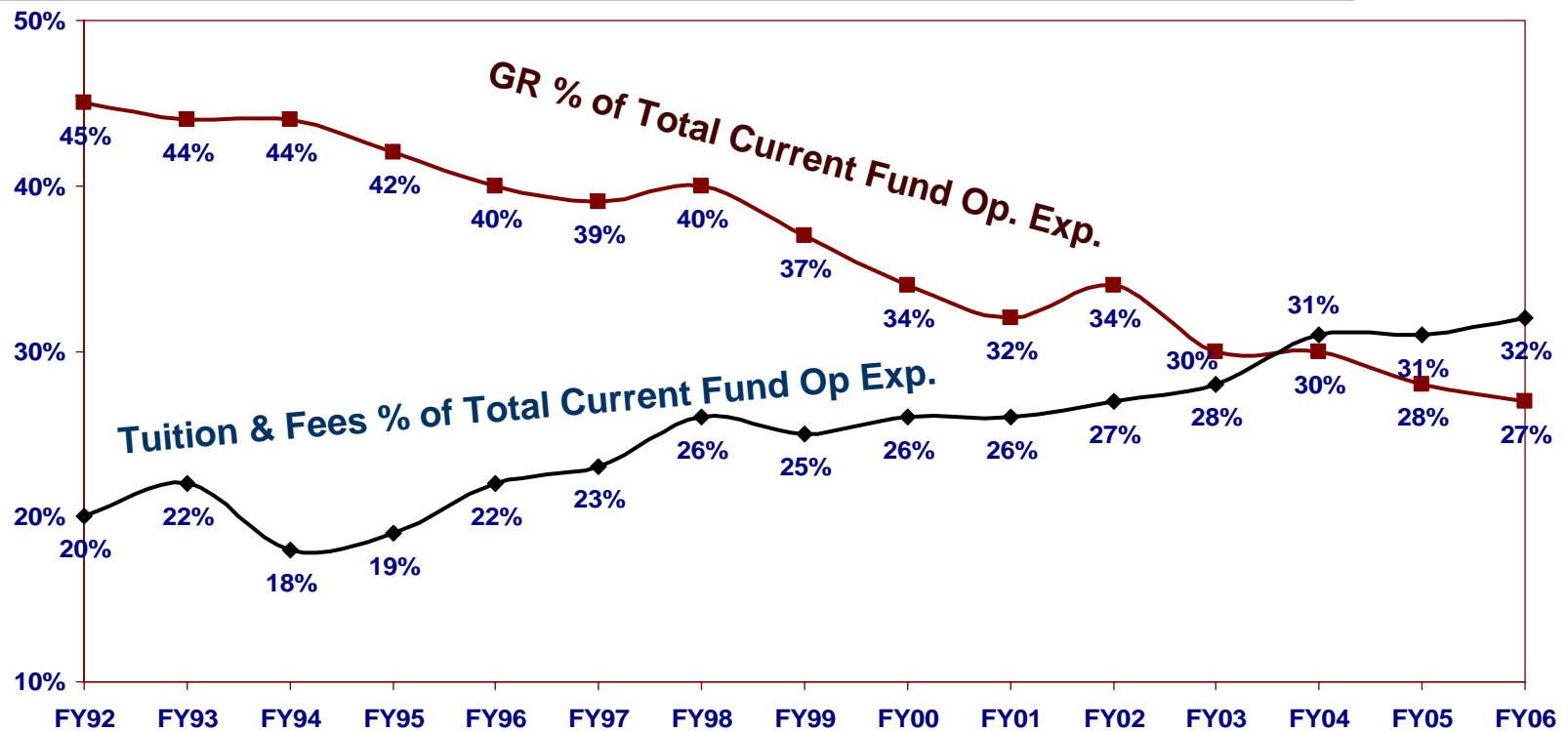
- **Initial signals are better than recent Legislative sessions, even though it is still early in the current session**
- **Filed appropriations bill reflects Formula Funding impacts from Semester Credit Hour (SCH) growth**
- **However, funding of Special Items (including TAMU's Faculty Reinvestment initiative) are still undecided**
- **Final appropriations bill will not likely be determined until late May – thus a tuition increase range will be presented to the Board of Regents for approval in March**



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Student's Burden Increasing

Tuition & Fees And GR As A % Of Total Current Fund Operating Expenses



Source: TAMU AFR data

FY03 reflects a mid-year \$9.7 reduction in GR



Capitalizing On Efficiencies:

- **Ongoing efforts at the University are focused on reducing administrative costs and maximizing resources. Over the last four years:**
 - **Reallocated \$20 million from administrative functions to faculty priorities**
 - **Implemented efficiency measures allowing reduction of over 400 positions and saving \$12 million annually**
 - **Implemented strategic sourcing initiatives, leveraging our volume buying power. Annual savings in excess of \$1 million will continue to grow as additional contracts are implemented**
 - **Mitigated the impact of escalating energy prices through campus-wide conservation efforts and managing the procurement of our utility needs**



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Identified FY08 New Base Budget Needs

Debt Service on Approved Tuition Revenue Bonds	(\$6.5M)
Final Phase of Faculty Reinvestment	(10.0M)
Faculty and Staff Merit Program (3%)	(10.5M)
Student Recruitment & Retention Efforts	(7.9M)
College and Division Operating Costs	(9.0M)
Debt Service on Deferred Maintenance and Infrastructure Projects	(3.5M)
Other Identified Needs (System Assessment and Texas Tomorrow Fund)	(1.2M)
Total New FY08 Base Budget Needs	<u>(\$48.6M)</u>



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Tuition Increase – Scenario 1

Unfunded Budget Requirements	(\$48.6M)
Potential FY08 Incremental Revenue:	
- Legislature Funds University Needs	48.2M
- Final Year of Auxiliary Assessment Ramp-up	<u>0.4M</u>
Unfunded Balance	<u><u>\$0.0M</u></u>

	<u>Per SCH</u>	<u>Flat Rate</u>
Current Designated Tuition Rate per SCH	\$95.70	\$1,435.50
Proposed Increase per SCH for Fall 2007	0.00	0.00
Total Proposed Designated Tuition Rate Fall 2007	<u>\$95.70</u>	<u>\$1,435.50</u>



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Tuition Increase – Scenario 2

Unfunded Budget Requirements	(\$48.6M)
Potential FY08 Incremental Revenue:	
- State Appropriations per Filed Bill	15.8M
- Final Year of Auxiliary Assessment Ramp-up	<u>0.4M</u>
Unfunded Balance	<u><u>\$32.4M</u></u>

	<u>Per SCH</u>	<u>Flat Rate</u>
Current Designated Tuition Rate per SCH	\$95.70	\$1,435.50
Proposed Increase per SCH for Fall 2007	27.30	409.50
Total Proposed Designated Tuition Rate Fall 2007	<u><u>\$123.00</u></u>	<u><u>\$1,845.00</u></u>



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A link to this presentation can be found
at the
Tuition Policy Advisory Council
web site:

<http://www.tamu.edu/tpac>