MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Tuition Policy Review
Date: August 2, 2004

Recommended Actions:

1. Consider and discuss the resident undergraduate tuition proposal presented by the presidents of the three Regent universities.

2. Determine resident undergraduate tuition policy direction for:
   a. Base tuition rates (i.e. same for all three universities)
   b. Factors in determination of recommended increases
      i. Inflation (could be continued as current, or changed to use actual rather than projected rates, or to different index)
      ii. Quality (could be continued as current, or deferred to a factor to be used in institutional supplemental requests)
   c. Institution specific supplemental increase proposals

3. Determine resident graduate tuition policy direction for:
   a. Base tuition rates (i.e. same for all three universities)
      i. Inflation (could be continued as current, or changed to use actual rather than projected rates, or to different index)
      ii. Quality (could be continued as current, or deferred to a factor to be used in institutional supplemental requests)
   b. Institution specific supplemental increases (currently surcharges)

4. Based on the Board's decisions, direct the Board Office to prepare any necessary changes in the Board Policy Manual relative to the basis for charging tuition for presentation to the Board at its September meeting. The Board Office will also notify university student leaders of the proposed changes in tuition policy.

Executive Summary:

The Board has been discussing a number of tuition related policy issues during the last year. The current tuition topic for consideration is charging of tuition.

The presidents of the three universities prepared a proposal (page 4) subsequent to the Board's May discussion on tuition issues.
Current Board Tuition Policy

The current tuition policy was adopted by the Board in December 1997 to recognize the aspirations of the Board for strategic improvement in the quality of the universities.

Resident undergraduate tuition at the Regent universities shall be set annually to keep pace with the Higher Education Price Index and to provide support to finance university programs at levels sufficient to implement the Board’s aspirations for excellence as outlined in the Board’s strategic plan. The Board’s recent practice is to have equality in resident undergraduate tuition at all three universities.

The current Board policy does not specifically address nonresident student tuition. It has been Board policy that nonresident students pay, at a minimum, the full cost of their education at Regent universities. It has been the practice to set differentially higher rates, at both the graduate and undergraduate levels, for nonresident student tuition, as opposed to the resident rates identified in the policy.

Undergraduate Tuition

The Board should provide direction on the following issues related to charging of tuition:

- Should base resident undergraduate tuition rates continue to be the same at all three universities?
  - If so, the Board Office would continue to evaluate and recommend annual tuition increases pursuant to Board policy.
  - If not, what factors should be utilized in determining differences?
    * Educational quality initiatives dependent on revenue from tuition supplement?
    * Peer universities tuition comparisons and other market conditions?
    * Type of university (research versus comprehensive) and other cost structure issues?

Inflation

- Should the base resident undergraduate tuition rates be increased to keep pace with inflation?
  - If so, which inflation factor should be utilized:
    * Higher Education Price Index (HEPI)?
    * Higher Education Cost Adjustment (HECA)?
    * Consumer Price Index (CPI)?
  - Should the inflation factor utilized be based on:
    * Projections?
    * Most recent actual inflation measure available?

Quality

- Should the base resident undergraduate tuition rates be increased enterprise-wide for an excellence factor?
  - If so, on what excellence factor should the increase be predicated?
  - If not, should the Board consider deferring the factor of educational quality enhancement to university-specific supplemental requests?
University-Specific Supplemental Requests

- Should the Board allow the universities to request additional increases in undergraduate tuition?
  - If so, should parameters be established to guide institutional requests for supplemental tuitions by setting limits?
    - In terms of annual dollar or percentage increases?
    - Based on student classification?
    - Based on programs?
    - Based on overload courses (i.e. over 18 hours)?

Graduate / Professional Tuition Rates

- Should base resident graduate tuition rates continue to be the same at all three universities?
  - If so, should increases utilize the same increase factors as base resident undergraduate tuition rates?
  - If not, should the practices mirror the process and factors for differential resident undergraduate tuition as determined by the Board and outlined above?

- Should the current practice of tuition surcharges for graduate and professional programs be continued or modified?

**Background:**

**State Law**

Iowa Code §262.9(23) requires the Board to have a policy for the establishment of tuition rates that provides some predictability for assessing and anticipating changes.

**Board Tuition Practices**

Historically, the resident undergraduate tuition rates were different at the three Regent universities until the 1981-82 academic year. Since then, resident undergraduate tuition at SUI and ISU have been the same.

For the 1990-91 academic year, the Board made resident undergraduate tuition the same at all three universities and also implemented the first mandatory fees; the fees were the same amounts at all three universities.

Base graduate tuition has been similar (within $5) at SUI and ISU since the 1970-71 academic year and has been similar (within $2) among the three universities since the 1995-96 academic year.

The Regent Policy Manual does not address the establishment of tuition surcharges. In practice, tuition surcharges have been set by the Board of Regents for various professional and graduate programs as requested by the universities. These surcharges represent an amount over the base tuition which is earmarked for specific colleges and purposes, and have a similar impact on student as differential tuition, though the use of these funds on campus is not identical.

Base tuition is not earmarked. It is part of the overall general university fund budgeting process.

Graduate students enrolled in certain designated programs may pay a surcharge, which directly provides additional resources in those programs.
### Tuition Study Timeline

In September 2003, the Board was presented with a number of issues regarding the Board’s tuition policies. At that time, the Board indicated a need for a study of tuition related matters.

In November 2003, the Board Office provided a list of issues, questions, and a template for the universities to use to provide consistent data for the tuition study. The information was received in January 2004.

In February 2004, the Board addressed the first set of issues including statutory timing of tuition setting, mandatory student fees, miscellaneous fees and charges (non-tuition related), Camp Adventure (UNI), and student financial aid set aside.

In May 2004, the Board addressed the second set of issues including basis for charging tuition, budgeting processes, fees for athletics, and Lakeside Laboratory. An update on student financial aid was also presented.

At that meeting, the University Presidents requested more time to have further discussions among themselves. The Board requested the Presidents return to the Board with a recommendation. The Board also requested further review of financial aid, funding athletics, and accounting of tuition and fee revenue.

### Universities Presidents’ Tuition Proposal

On July 26, the Universities Presidents submitted the following recommendation for tuition policy in the future:

It is proposed the Board of Regents, State of Iowa, retain the concept of a core tuition for resident undergraduate students that would apply similarly to all universities under its governance. It is expected that core tuition would rise in some predictable manner as required by state code.

The regular, yearly increment would be expected to be closely driven by the Higher Education Price Index projections for the year that tuition would be charged, keeping in mind that as public universities we expect to keep our charges as low as possible consistent with the need to provide high quality educational opportunity in a broad array of disciplines.

Because fiscal environment and market conditions change, sometimes rapidly and without warning, each institution would be given the opportunity to make a case for a tuition supplement to be added to the core tuition. Justification for a supplement will be university specific and could include, but not be limited to, considerations of current levels of state support vis-à-vis in-state enrollment pressure, the cost of delivery of university programs, and the faculty and staff salary market for that university.

Mandatory fees would continue to be evaluated individually for each university.
Analysis:

Presidents’ Proposal
Pursuant to the Board’s request at its May 2004 meeting, the three Universities Presidents have developed the above proposal for tuition, which has been discussed with the Board’s Executive Director that implies:

- The Board Office will continue to make a single annual recommendation to the Board on tuition rates, including data and analysis, but which could, in the future also include requests, recommendation, and information on institution-specific requests for supplemental undergraduate rates.

- Board approval of all tuition rates is expected only once per year, at a meeting at least 30 days after presentation of the initial recommendations.

- The Board Office will recommend a common core tuition rate for all three universities based on a cost inflation factor and a quality of instruction factor.

- The universities will have flexibility to submit, through the Board Office, institution-specific requests for supplemental tuition for undergraduates that may include differential tuition:
  - On an institution-wide basis
  - For specific academic programs
  - By student classification (i.e. upper division versus lower division)

- The Board Office will have flexibility to review, analyze, and make recommendations relative to such institutional requests as a part of its report to the Board.

Board Consideration
Among the aspects of the proposal, the uniform Board Office report and recommendations, Board approval of tuition once per year at a subsequent meeting, and common core tuition for undergraduates, are consistent with the Board’s current tuition practices.

Allowing institution-specific requests for undergraduate supplemental tuition, which may include differential tuition, is contrary to current Board practices and policy guidelines.

If the Board adopts authorizing supplemental tuition requests, the universities must submit their detailed requests for the 2005-2006 academic year at least eight (8) weeks prior to the December Board meeting, and a comparable period ahead of initial tuition recommendation meetings in future years so that a comprehensive analysis of each request and recommendations can be completed.

Supporting Data
The following supporting data has been provided to assist the Board with its discussions on charging of tuition:

- Attachment A: Information on Inflation Factors
- Attachment B: Information Previously Presented to the Board Regarding Differential Tuition

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Gregory S. Nichols
## INFLATION INDICES

<table>
<thead>
<tr>
<th><strong>Consumer Price Index (CPI)</strong></th>
<th><strong>Higher Education Price Index (HEPI)</strong></th>
<th><strong>Higher Education Cost Adjustment (HECA)</strong></th>
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<tbody>
<tr>
<td><strong>Description</strong></td>
<td>The U.S. Department of Education published the first Higher Education Price Index in 1975 to quantify the effects of inflation on the operations of colleges and universities.</td>
<td>State Higher Education Executive Officers (SHEEO) is proposing HECA as an alternative to CPI-U and HEPI.</td>
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<td><strong>Description</strong></td>
<td>HEPI measures “the average relative level in the prices of a fixed market basket of goods and services purchased by colleges and universities through current fund educational and general expenditures excluding expenditures for research”.</td>
<td>HECA is constructed from two federally developed and maintained price indices - the Employment Cost Index (ECI) and the Gross Domestic Product Implicit Price Deflator (GDP IPD). The ECI includes salaries and benefits for private sector white-collar workers, excluding sales occupations. The GDP IPD reflects general price inflation in the U.S. economy.</td>
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<td><strong>Description</strong></td>
<td>HEPI is based upon the prices of over 100 items purchased for current operations by colleges and universities in the following categories: Personnel (professional and nonprofessional) compensation and fringe benefits (78%) as well as services; supplies and materials; equipment; library acquisitions; and utilities (22%). Each of these areas is weighted based upon their relative importance to higher education.</td>
<td>Because data suggest that faculty and staff salaries accounted for roughly 75% of college and university expenditures, the HECA is based on a market basket with two components - personnel costs (75% of the index), and non-personnel costs (25%). HECA is based on growth of the ECI for 75% of the costs and the growth of GDP IPD for 25%.</td>
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<tr>
<td><strong>Advantages</strong></td>
<td>This index is widely used as a common measure of inflation and it is maintained by the Bureau of Labor Statistics.</td>
<td>This is a new index for which there is no historical track record of use.</td>
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<tr>
<td><strong>Advantages</strong></td>
<td>This index is easily understood by the general consumer.</td>
<td>It is constructed from measures of inflation in the broader U.S. economy. SHEEO believes this index is simple, straightforward to calculate, and transparent.</td>
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<tr>
<td><strong>Advantages</strong></td>
<td>The Board has utilized this index for many years. It is the only index that specifically considers goods purchased by colleges and universities. HEPI measures general inflation for all colleges and universities for the typical commodities used.</td>
<td>The underlying indices are developed and routinely updated by the Bureaus of Labor Statistics and Economic Analysis.</td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>The CPI-U is based on goods and services purchased by the typical urban consumer. CPI is also limited in what it measures, a substantially different mix of goods and services than colleges and universities purchase.</td>
<td>One of HEPI’s main components, faculty salaries, has been criticized as self-referential.</td>
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<td><strong>Disadvantages</strong></td>
<td>This index is easily understood by the general consumer.</td>
<td>HEPI is maintained by Research Associates of Washington, a private research organization.</td>
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</table>

**Consumer Price Index (CPI)**

The CPI measures “the average change in prices over time in a fixed market basket of goods and services that people buy for day-to-day living,” as determined by the Bureau of Labor Statistics. The most comprehensive and widely used CPI is the Consumer Price Index for All Urban Consumers (CPI-U).

The CPI-U "market basket" consists of: housing (42% of the index), transportation (19%), food and beverages (18%), apparel and upkeep (7%), medical care (5%), entertainment (4%), and other goods and services (5%).

Between FY 1990 and FY 2002 the CPI grew 40%.

**Higher Education Price Index (HEPI)**

HEPI measures “the average relative level in the prices of a fixed market basket of goods and services purchased by colleges and universities through current fund educational and general expenditures excluding expenditures for research”.

HEPI is based upon the prices of over 100 items purchased for current operations by colleges and universities in the following categories: Personnel (professional and nonprofessional) compensation and fringe benefits (78%) as well as services; supplies and materials; equipment; library acquisitions; and utilities (22%). Each of these areas is weighted based upon their relative importance to higher education.

Between FY 1990 and FY 2002 provider prices for higher education as measured by HEPI grew 54%.

**Higher Education Cost Adjustment (HECA)**

State Higher Education Executive Officers (SHEEO) is proposing HECA as an alternative to CPI-U and HEPI.

HECA is constructed from two federally developed and maintained price indices - the Employment Cost Index (ECI) and the Gross Domestic Product Implicit Price Deflator (GDP IPD). The ECI includes salaries and benefits for private sector white-collar workers, excluding sales occupations. The GDP IPD reflects general price inflation in the U.S. economy.

Because data suggest that faculty and staff salaries accounted for roughly 75% of college and university expenditures, the HECA is based on a market basket with two components - personnel costs (75% of the index), and non-personnel costs (25%). HECA is based on growth of the ECI for 75% of the costs and the growth of GDP IPD for 25%.

Between FY 1990 and FY 2002 provider prices for higher education as estimated by the proposed HECA grew 49%.
INFLATION PRICE INDICES:

General Information

Generally, price indices are utilized to preserve purchasing power by measuring how the rate of inflation affects buyers (comparing increases in prices for the same goods and services). Price indices, such as the Consumer Price Index, have been widely used for many years to measure the purchasing power of consumer goods (see Consumer Price Index below).

Consumer-based indices, such as the Consumer Price Index, are limited in what they measure and therefore often are not appropriate to measure the substantially different mix of goods and services purchased by industries or commercial enterprises. Thus, specialized sector indices have been developed to measure more accurately the effects of inflation on enterprises that purchase goods and services which are significantly different than those purchased by consumers. Education is a sector that has long utilized specialized indices - for elementary and secondary schools as well as colleges and universities.

Higher Education Price Index (HEPI)

The U.S. Department of Education published the first Higher Education Price Index in 1975 to quantify the effects of inflation on the operations of colleges and universities. A similar index, the School Price Index, was later developed to measure the effects of inflation on elementary and secondary schools. The U.S. Department of Education no longer calculates and publishes HEPI. Rather, Research Associates of Washington, which is a private research organization, prepares and publishes HEPI in an annual publication entitled Inflation Measures for Schools, Colleges, and Libraries. The publication reports distinctive education price information for school and college current operations, university sponsored research, academic and public library operations, tuition pricing, building construction, and capital equipment. Research Associates of Washington bases HEPI calculations on information compiled from data collected by other agencies.

HEPI measures “the average relative level in the prices of a fixed market basket of goods and services purchased by colleges and universities through current fund educational and general expenditures excluding expenditures for research” as defined by Research Associates of Washington.

HEPI is based upon the prices of over 100 items purchased for current operations by colleges and universities in the following categories:

1. professional personnel (faculty, graduate assistants, extension/public service, administrative/institutional service, and library);
2. nonprofessional personnel (technicians, craftsmen, clerical, students, services, operators, and laborers);
3. services (data processing, communication, transportation, printing/duplication, and miscellaneous);
4. supplies and materials;
5. equipment;
6. library acquisitions; and utilities.

The prices for the above items are obtained from various surveys conducted by the American Association of University Professors, the College and University Personnel Association, and the Bureau of Labor Statistics, as well as from components of the Consumer Price Index (CPI) and Producer Price Index (PPI). HEPI thus reflects national average prices for state-of-the-art services and average quality goods purchased by colleges and universities, as price is highly dependent on quality.

HEPI categories are weighted based upon their relative importance to educational and general budgets. For comparative purposes, Table 1 on page 7.
5 reflects comparisons based on 1983 HEPI weights in a ratio of 74.8% for personnel compensation and 25.2% for contracted services, supplies, & equipment (pie chart 1 on page 6). Personnel compensation is further weighted as 64.1% for professional salaries, 19.2% for nonprofessional wages and salaries, and 16.7% for fringe benefits (pie chart 2 on page 6). Contracted services, supplies, & equipment is further weighted according to a split of 30.8% for utilities, 30.6% for services, 17.4% for supplies and materials, 11.2% for equipment, and 10.0% for library acquisitions (pie chart 3 on page 6).

Specific institutional budget categories may vary from national averages, but this only slightly reduces the applicability of HEPI, as HEPI is dominated by salary trends. Since salaries are a large portion of higher education budgets, specific institutional departures from national averages for non-salaries has minimal affect on HEPI.

Consumer Price Index (CPI)

CPI measures "the average change in prices over time in a fixed market basket of goods and services that people buy for day-to-day living," as determined by the Bureau of Labor Statistics.

Each month, the Bureau of Labor Statistics releases thousands of detailed CPI numbers to the press. However, the press generally focuses on the broadest, most comprehensive CPI. This is known as "The Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items"

The CPI has three major uses. They are:

- **Economic Indicator.** As the most widely used measure of inflation, the CPI is an indicator of the effectiveness of government policy. In addition, business executives, labor leaders, and other private citizens use the index as a guide in making economic decisions.

- **Deflator of Other Economic Series.** The CPI and its components are used to adjust other economic series for price change and to translate these series into inflation-free dollars.

- **Means of Adjusting Dollar Values.** Over 2 million workers are covered by collective bargaining agreements that tie wages to the CPI. The index affects the income of almost 80 million people as a result of statutory action: 47.8 million Social Security beneficiaries, about 4.1 million military and Federal Civil Service retirees and survivors, and about 22.4 million food stamp recipients. Some private firms use the CPI to keep rents, royalties, alimony, and child support payments in line with changing prices. Since 1985, the CPI has been used to adjust the Federal income tax structure to prevent inflation-induced increases in taxes.

Prices for the goods and services used to calculate the CPI are collected in 87 urban areas, including approximately 57,000 households and 23,000 retail establishments in the United States. The items included in the index are clothing, food, fuels, shelter, transportation fares, various medical expenditures (doctors' charges, dentists' charges, and drugs), as well as the taxes directly associated with these items.

The CPI is generally the best measure for adjusting payments to consumers when the intent is to allow them to purchase, at today’s prices, the same market basket of consumer goods and services that they could purchase in an earlier reference period. It is also the best measure to use to translate retail sales and hourly or weekly earnings into real or inflation-free dollars.
A newly released technical paper published by the State Higher Education Executive Officers suggests a new tool to benchmark inflation as experienced by providers, colleges, and universities.

The Consumer Perspective

“The student, parent, or student aid provider most often views higher education prices relative to how much they pay for other goods and services. The Consumer Price Index for Urban Consumers (CPI-U), most often used for these comparisons, evaluates the growth of tuition and fees against other consumer prices.

The CPI-U "market basket" consists of: housing (forty-two percent of the index), transportation (nineteen percent), food and beverages (eighteen percent), apparel and upkeep (seven percent), medical care (five percent), entertainment (four percent), and other goods and services (five percent). To calculate the CPI-U, the Bureau of Labor Statistics measures average changes in the prices paid for these goods and services in twenty-seven local areas.

Prices for different goods and services generally change faster or slower than the average rate of increase in the CPI-U. Incomes also grow or decline at different rates. Consumers notice when prices increase; and they become concerned when prices for important goods and services grow faster than their incomes. Prices for higher education and health care, for example, have grown faster than overall consumer prices over the past twenty years. While consumer prices as measured by CPI-U grew by forty percent between 1990 and 2002, the cost of medical care grew by seventy-five percent, and tuition and fees for four-year public colleges and universities grew by 120 percent. U.S. income per capita grew by fifty-eight percent during the same period–more than prices in general, but less than the health care and college tuition price increases.

In view of these facts, it is not surprising that college prices are attracting national attention. Colleges and universities are certainly aware of the issues, and of the increase in their prices. At the same time, however, they face growth in the prices that they pay.”

The Provider Perspective

“The CPI-U is based on goods and services purchased by the typical urban consumer. Colleges and universities spend their funds on different things–mostly (seventy-five percent) on salaries and benefits for faculty and staff, then utilities, supplies, books and library materials, and computing. Trends in the cost of these items don't necessarily run parallel to the average price increases tracked by the CPI-U.

Kent Halstead developed the Higher Education Price Index (HEPI) to track changes in the prices paid by colleges and universities from 1961 on. This index is based on the market basket of expenditures for colleges and universities. To estimate price changes for components in this market basket, it uses trends in faculty salaries collected by the American Association of University Professors (AAUP), and a number of price indices generated by federal agencies.

Dr. Halstead last updated the HEPI in 2001; he used regression analysis to estimate price increases from 2002-03, and made available explains the procedures he used to develop estimated price increases for higher education in recent years.

The HEPI has made an important contribution to understanding the cost increases borne by colleges and universities. Over the past three years, the State Higher Education Executive Officers association (SHEEO) and chief fiscal officers of higher education agencies have discussed the feasibility and desirability of a fresh analysis of higher education cost inflation. The following conclusions were reached:
While the HEPI has been useful, it has not been universally accepted because 1) it is a privately developed analysis, and 2) one of its main components, average faculty salaries, has been criticized as self-referential.

The HEPI has not diverged dramatically from other inflation indices over short time periods. Hence, many policy makers reference indices such as the CPI-U in annual budget deliberations, especially in budgeting for projected price increases.

It would be costly to update, refine, and maintain the HEPI in such a way that would meet professional standards for price indexing. The most labor-intensive work would be in refreshing the data in the higher education market basket.

For these reasons, SHEEO has decided not to maintain a successor to the HEPI. But over an extended period of time, differences between market basket of higher education cost increases and CPI market basket cost increases are material. The most fundamental problem is that the largest expenditure for higher education is salaries for educated people. In the past twenty years, such people have attracted increasingly higher compensation in both the private and public sectors, including colleges and universities.

SHEEO proposes the Higher Education Cost Adjustment (HECA) as an alternative to the CPI-U and the HEPI for estimating inflation in the costs paid by colleges and universities. HECA is constructed from two federally developed and maintained price indices—the Employment Cost Index (ECI) and the Gross Domestic Product Implicit Price Deflator (GDP IPD). The ECI includes salaries and benefits for private sector white-collar workers, excluding sales occupations. The GDP IPD reflects general price inflation in the U.S. economy. The HECA has the following advantages:

1. It is constructed from measures of inflation in the broader U.S. economy;
2. It is simple, straightforward to calculate, and transparent; and
3. The underlying indices are developed and routinely updated by the Bureaus of Labor Statistics and Economic Analysis.

Because the best available data suggest that faculty and staff salaries accounted for roughly seventy-five percent of college and university expenditures in 1972, the HECA is based on a market basket with two components—personnel costs (seventy-five percent of the index), and non-personnel costs (twenty-five percent). We have constructed the HECA based on the growth of the ECI for seventy-five percent of costs, and the growth of the GDP IPD for twenty-five percent of costs. While the higher education market basket may have changed since 1972, the information available suggests that this allocation remains roughly accurate."

Other Indices
- State and Local Government Receipts and Current Expenditures
- Government Consumption Expenditures and Gross Investment by Type
- Gross Domestic Product by Industry
### Background:

| Current Tuition Policy | Iowa Code §262.9(23) requires the Board to have a policy for the establishment of tuition rates that provides some predictability for assessing and anticipating changes. The Board’s tuition policy (Regent Policy Manual §8.02A) complies with the law, is intended to recognize the aspirations of the Board and its institutions, and provides: Resident undergraduate tuition at the Regent universities shall be set annually to keep pace with the Higher Education Price Index (HEPI) and to provide support to finance university programs at levels sufficient to implement the Board’s aspirations for excellence as outlined in the Board’s strategic plan. The current tuition policy was adopted by the Board in December 1997 to recognize the aspirations of the Board for strategic improvement of the quality of the universities. |
| University Resources | Financing of higher education is complex, considering the unpredictability of state funding for the Regent universities. Securing sufficient resources is critical to the successful implementation of the Board’s strategic plan. It is necessary for the Board to assure that the funding base is diverse and consistent with the Board's aspirations of becoming the best public education enterprise in the United States. The universities' general education component is primarily funded by a combination of state funds and tuition revenues. The Board and the Regent universities rely heavily on state appropriations. Funding from the state for base operating appropriations, incremental salary needs, and incremental strategic investments are fundamental to sustaining educational services at the universities. The Board’s tuition setting policy has had its basic premise in stable funding from state appropriations for general educational operations of the universities. Resources are needed to maintain and improve current operations, and student academic and support services. These include sufficient number of faculty, classroom improvements, instructional equipment, library resources, experiential learning opportunities, student access, class size, and technology. Difficulties have arisen in recent years when the basic premise of stable state funding has not been realized. |
| Student Classification | Regent Policy Manual §8.02B outlines the distinctions in charging tuition between resident students and nonresident students. The rules for classification of a student as a resident or nonresident for tuition and fee purposes are found in the Iowa Administrative Code §681 - 1.4. Those rules include general residency guidelines, with specific discussion of military personnel, American Indians, refugees, and immigrants. The Board requires that nonresident students pay, at a minimum, the full cost of their education at Regent universities. This policy charges nonresident students a higher tuition rate than resident students. State appropriations, which are provided from tax receipts, subsidize only resident student instruction. |
**Charging Tuition**

*Regent Policy Manual* §8.02C outlines the following direction in charging of tuition.

**Undergraduate -- Resident Rates:**
- A fixed amount for 12 credits per term and over.
- A fixed amount for 0 – 2 credits per term and an additional amount for each credit from 3 – 11 credits per term.

**Undergraduate Tuition -- Nonresident Rates:**
- A fixed amount for 12 credits per term and over.
- Rates are to be identical to resident rates for 0 through 4 credits per term and then follow the above pattern for undergraduate resident rates for 5 credits per term and over.

Graduate tuition rates are generally only charged for those students who meet the academic requirements and are admitted to the Graduate Colleges. Graduate students are not allowed to take more than 15 credit hours per term for graduate degrees.

**Overload**

*Regent Policy Manual* §8.02D restricts the universities from charging additional tuition for any overload credits taken by a full-time student at a Regent university. (i.e. greater than 12 credits)

**Surcharges**

The *Regent Policy Manual* does not address the establishment of tuition surcharges. In practice, tuition surcharges have been set by the Board of Regents for various professional and graduate programs. These surcharges represent an amount over the base tuition which is earmarked for specific colleges and purposes.

Base tuition and base tuition increases are not earmarked and remain part of the overall general university fund budgeting process. Students enrolled in the designated programs pay the surcharge and receive the benefits of the additional resources in those programs.
Peer Institutions  The Board has established peer institutions for each of the Regent universities. The following table shows each of the universities peer groups and the current practices of differential tuition.

<table>
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<tr>
<th>Peer Comparisons</th>
<th>Current Practice of Differential Tuition</th>
<th>Resident Undergraduate</th>
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<tbody>
<tr>
<td>Upper and Lower Division</td>
<td>College / Program</td>
<td>Per Credit Hour</td>
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<tr>
<td>SUI</td>
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<td>California, Davis</td>
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<td>Purdue</td>
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<td>N Carolina State</td>
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<td>Central Michigan</td>
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<td>North Texas</td>
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<tr>
<td>Wisconsin, Eau Claire</td>
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<tr>
<td>Northern Arizona</td>
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<tr>
<td>N Carolina, Greensboro</td>
<td></td>
<td></td>
</tr>
<tr>
<td>California State, Fresno</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Various University websites, SHEEO publications, and Regent institution data
Analysis:

**Differential Resident Undergraduate Tuition by University**

Historically, the resident undergraduate tuition rates were different at the three Regent universities until the 1981-82 academic year. Since then, resident undergraduate tuition at SUI and ISU have been the same.

For the 1990-91 academic year, the Board made resident undergraduate tuition the same at all three universities and also implemented the first mandatory fees; the fees were the same amounts at all three universities.

Since the 1994-95 academic year, mandatory fees have varied among the three universities, but tuition has remained the same.

**RESIDENT UNDERGRADUATE TUITION AND MANDATORY FEES**

<table>
<thead>
<tr>
<th></th>
<th>SUI</th>
<th>ISU</th>
<th>UNI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>$1,706</td>
<td>$1,706</td>
<td>$1,690</td>
</tr>
<tr>
<td>1989-90</td>
<td>$1,826</td>
<td>$1,826</td>
<td>$1,810</td>
</tr>
<tr>
<td>1990-91</td>
<td>$1,900</td>
<td>$1,900</td>
<td>$1,900</td>
</tr>
<tr>
<td>1991-92</td>
<td>$2,072</td>
<td>$2,072</td>
<td>$2,072</td>
</tr>
<tr>
<td>1992-93</td>
<td>$2,228</td>
<td>$2,228</td>
<td>$2,228</td>
</tr>
<tr>
<td>1993-94</td>
<td>$2,352</td>
<td>$2,352</td>
<td>$2,352</td>
</tr>
<tr>
<td>1994-95</td>
<td>$2,455</td>
<td>$2,471</td>
<td>$2,455</td>
</tr>
<tr>
<td>1995-96</td>
<td>$2,558</td>
<td>$2,574</td>
<td>$2,558</td>
</tr>
<tr>
<td>1996-97</td>
<td>$2,646</td>
<td>$2,666</td>
<td>$2,650</td>
</tr>
<tr>
<td>1997-98</td>
<td>$2,760</td>
<td>$2,766</td>
<td>$2,752</td>
</tr>
<tr>
<td>1998-99</td>
<td>$2,868</td>
<td>$2,874</td>
<td>$2,860</td>
</tr>
<tr>
<td>1999-00</td>
<td>$2,998</td>
<td>$3,004</td>
<td>$2,988</td>
</tr>
<tr>
<td>2000-01</td>
<td>$3,204</td>
<td>$3,132</td>
<td>$3,130</td>
</tr>
<tr>
<td>2001-02</td>
<td>$3,522</td>
<td>$3,442</td>
<td>$3,440</td>
</tr>
<tr>
<td>2002-03</td>
<td>$4,191</td>
<td>$4,110</td>
<td>$4,118</td>
</tr>
<tr>
<td>2003-04</td>
<td>$4,993</td>
<td>$5,028</td>
<td>$4,916</td>
</tr>
<tr>
<td>2004-05</td>
<td>$5,396</td>
<td>$5,426</td>
<td>$5,387</td>
</tr>
</tbody>
</table>

Details of resident undergraduate amounts for the 2004-2005 academic year are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Base Tuition</th>
<th>Mandatory Fees</th>
<th>Total Tuition and Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUI</td>
<td>$4,702</td>
<td>$694</td>
<td>$5,396</td>
</tr>
<tr>
<td>ISU</td>
<td>4,702</td>
<td>724</td>
<td>5,426</td>
</tr>
<tr>
<td>UNI</td>
<td>4,702</td>
<td>685</td>
<td>5,387</td>
</tr>
</tbody>
</table>

National data sources utilize both tuition and mandatory charges when comparing student education costs.
For the 2003-04 academic year, resident and nonresident undergraduate tuition and fees at the University of Iowa and Iowa State University were below the average tuition and fees of their established peer university comparison groups. The University of Northern Iowa undergraduate resident tuition and fees are above the average of its peer group while the undergraduate nonresident tuition and fees are below the average.

<table>
<thead>
<tr>
<th>Regent Undergraduate Tuition and Fees</th>
<th>2003-04 Academic Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Resident</td>
</tr>
<tr>
<td>University of Iowa</td>
<td>$4,993</td>
</tr>
<tr>
<td>SUI Peer Group Average *</td>
<td>5,867</td>
</tr>
<tr>
<td>$ from Peer Group Average</td>
<td>874</td>
</tr>
<tr>
<td>% of Peer Group Average</td>
<td>85.1%</td>
</tr>
<tr>
<td>Iowa State University</td>
<td>$5,028</td>
</tr>
<tr>
<td>ISU Peer Group Average *</td>
<td>5,745</td>
</tr>
<tr>
<td>$ from Peer Group Average</td>
<td>717</td>
</tr>
<tr>
<td>% of Peer Group Average</td>
<td>87.5%</td>
</tr>
<tr>
<td>University of Northern Iowa</td>
<td>$4,916</td>
</tr>
<tr>
<td>UNI Peer Group Average *</td>
<td>4,785</td>
</tr>
<tr>
<td>$ from Peer Group Average</td>
<td>(131)</td>
</tr>
<tr>
<td>% of Peer Group Average</td>
<td>102.7%</td>
</tr>
</tbody>
</table>

* Averages exclude Regent institutions.

According to the Carnegie Foundation for Advancement and Teaching classification, the University of Iowa and Iowa State University are classified as Doctoral / Research Universities – Extensive. The University of Northern Iowa is classified as Master's Colleges and Universities I.

The 2000 Carnegie Classification includes all colleges and universities in the United States that are degree-granting and accredited by an agency recognized by the U.S. Secretary of Education. The 2000 edition classifies institutions based on their degree-granting activities from 1995-96 through 1997-98. Definitions of these classifications are as follows:

**Doctoral/Research Universities—Extensive:** These institutions typically offer a wide range of baccalaureate programs, and they are committed to graduate education through the doctorate. During the period studied, the universities in this classification awarded 50 or more doctoral degrees per year across at least 15 disciplines.

**Master's Colleges and Universities I:** These institutions typically offer a wide range of baccalaureate programs, and they are committed to graduate education through the master's degree. During the period studied, the universities in this classification awarded 40 or more master's degrees per year across three or more disciplines.
Average faculty salaries vary among the institutions. This is partly due to the different cost structures associated with the different Carnegie Classifications. The following table shows the average salary by academic rank for the 2003-04 academic year for each of the Regent universities and their peers according to the Chronicle of Higher Education April 23, 2004, article “Faculty Salaries at More Than 1,400 Institutions”.

### Peer Comparisons

#### Average Salaries

<table>
<thead>
<tr>
<th>Institution</th>
<th>Professor</th>
<th>Associate Professor</th>
<th>Assistant Professor</th>
<th>Instructor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUI</strong></td>
<td>$100,800</td>
<td>$67,500</td>
<td>$59,800</td>
<td>*</td>
</tr>
<tr>
<td>Peer Group Average**</td>
<td>105,000</td>
<td>71,460</td>
<td>62,270</td>
<td>52,943</td>
</tr>
<tr>
<td>Michigan</td>
<td>117,800</td>
<td>80,900</td>
<td>66,700</td>
<td>58,400</td>
</tr>
<tr>
<td>Minnesota</td>
<td>102,000</td>
<td>69,900</td>
<td>60,600</td>
<td>45,400</td>
</tr>
<tr>
<td>Illinois</td>
<td>107,000</td>
<td>72,000</td>
<td>64,500</td>
<td>46,200</td>
</tr>
<tr>
<td>Ohio State</td>
<td>103,500</td>
<td>69,100</td>
<td>62,300</td>
<td>60,800</td>
</tr>
<tr>
<td>Indiana</td>
<td>99,100</td>
<td>68,500</td>
<td>59,600</td>
<td>*</td>
</tr>
<tr>
<td>UCLA</td>
<td>122,400</td>
<td>77,000</td>
<td>63,700</td>
<td>*</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>96,200</td>
<td>73,300</td>
<td>63,600</td>
<td>50,100</td>
</tr>
<tr>
<td>Texas</td>
<td>103,200</td>
<td>64,900</td>
<td>62,300</td>
<td>44,400</td>
</tr>
<tr>
<td>North Carolina</td>
<td>106,300</td>
<td>74,100</td>
<td>61,800</td>
<td>65,300</td>
</tr>
<tr>
<td>Arizona</td>
<td>92,500</td>
<td>64,900</td>
<td>57,600</td>
<td>*</td>
</tr>
<tr>
<td><strong>ISU</strong></td>
<td>$92,200</td>
<td>$69,200</td>
<td>$57,800</td>
<td>$37,400</td>
</tr>
<tr>
<td>Peer Group Average**</td>
<td>98,780</td>
<td>69,540</td>
<td>60,650</td>
<td>47,057</td>
</tr>
<tr>
<td>Minnesota</td>
<td>102,000</td>
<td>69,900</td>
<td>60,600</td>
<td>45,400</td>
</tr>
<tr>
<td>Illinois</td>
<td>107,000</td>
<td>72,000</td>
<td>64,500</td>
<td>46,200</td>
</tr>
<tr>
<td>Michigan State</td>
<td>98,300</td>
<td>72,400</td>
<td>58,900</td>
<td>32,800</td>
</tr>
<tr>
<td>Ohio State</td>
<td>103,500</td>
<td>69,100</td>
<td>62,300</td>
<td>60,800</td>
</tr>
<tr>
<td>California, Davis</td>
<td>105,000</td>
<td>69,800</td>
<td>60,000</td>
<td>*</td>
</tr>
<tr>
<td>Purdue</td>
<td>97,200</td>
<td>68,800</td>
<td>60,500</td>
<td>39,400</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>96,200</td>
<td>73,300</td>
<td>63,600</td>
<td>50,100</td>
</tr>
<tr>
<td>Texas A &amp; M</td>
<td>95,200</td>
<td>67,900</td>
<td>58,900</td>
<td>*</td>
</tr>
<tr>
<td>N Carolina State</td>
<td>90,900</td>
<td>67,300</td>
<td>59,600</td>
<td>54,700</td>
</tr>
<tr>
<td>Arizona</td>
<td>92,500</td>
<td>64,900</td>
<td>57,600</td>
<td>*</td>
</tr>
<tr>
<td><strong>UNI</strong></td>
<td>$78,400</td>
<td>$60,800</td>
<td>$51,500</td>
<td>$44,100</td>
</tr>
<tr>
<td>Peer Group Average**</td>
<td>75,644</td>
<td>59,178</td>
<td>49,511</td>
<td>37,880</td>
</tr>
<tr>
<td>Minnesota, Duluth</td>
<td>79,900</td>
<td>65,500</td>
<td>50,400</td>
<td>39,800</td>
</tr>
<tr>
<td>Ohio, Athens</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Indiana State</td>
<td>70,700</td>
<td>56,500</td>
<td>49,000</td>
<td>31,000</td>
</tr>
<tr>
<td>Illinois State</td>
<td>73,700</td>
<td>57,900</td>
<td>50,600</td>
<td>*</td>
</tr>
<tr>
<td>Central Michigan</td>
<td>78,800</td>
<td>61,200</td>
<td>51,800</td>
<td>36,700</td>
</tr>
<tr>
<td>North Texas</td>
<td>76,800</td>
<td>58,200</td>
<td>49,900</td>
<td>*</td>
</tr>
<tr>
<td>Wisconsin, Eau Claire</td>
<td>66,300</td>
<td>54,400</td>
<td>47,300</td>
<td>*</td>
</tr>
<tr>
<td>Northern Arizona</td>
<td>69,500</td>
<td>53,200</td>
<td>44,300</td>
<td>33,300</td>
</tr>
<tr>
<td>N Carolina, Greensboro</td>
<td>81,400</td>
<td>59,800</td>
<td>51,600</td>
<td>48,600</td>
</tr>
<tr>
<td>California State, Fresno</td>
<td>83,700</td>
<td>65,900</td>
<td>50,700</td>
<td>*</td>
</tr>
</tbody>
</table>

* Data not reported.
** Average does not include the Regent universities.
In recent years, faculty salaries at the University of Iowa and Iowa State University have lost significant ground compared to those at peer universities, while the University of Northern Iowa has exceeded its goal as evidenced in the following tables. Data were provided by the institutions in previous memorandums to the Board.

**University of Iowa**

**Index of Faculty Salaries Compared to Regent Peer Institutions**

- FY 98: 0.96
- FY 99: 0.97
- FY 00: 0.96
- FY 01: 0.96
- FY 02: 0.96
- FY 03: 0.96

**Iowa State University**

**Index of Faculty Salaries Compared to Regent Peer Institutions**

- FY 98: 1.00
- FY 99: 0.99
- FY 00: 0.99
- FY 01: 0.98
- FY 02: 0.97
- FY 03: 0.96

**University of Northern Iowa**

**Index of Faculty Salaries Compared to Regent Peer Institutions**

- FY 00: 0.98
- FY 01: 0.98
- FY 02: 0.99
- FY 03: 1.01
| Evaluation | The University of Iowa and Iowa State University have the following similarities:  
  • Both are in the doctoral/research universities category  
  • Both have undergraduate resident tuition and fees below the averages of their established peer university comparison groups  
  • Both have average salaries below the averages of their peer institutions  
| The University of Northern Iowa:  
  • Is a masters college and university  
  • Has undergraduate resident tuition and fees above the average of its established peer university comparison group  
  • Has average salaries above the average of its peer institutions  
  • Has composite unit cost of instruction of $8,310 for FY 2003 which is lower than the composite unit cost at SUI and ISU. |
| Rating Agency Comments | Rating analysts have indicated that they believe tuition rates are negatively impacting enrollment at the University of Northern Iowa. When Standard and Poor’s recently downgraded the dormitory bonds at UNI, it stated the following:  
  (the University has) “significantly less enrollment resiliency to large tuition increases than Iowa’s two larger state universities”.  
  “The negative outlook reflects the expectation of continued stressed financial and programmatic operations due to weakened levels of state financial support, limited capacity to absorb tuition increases, and state-mandated salary costs. Demographic and competitive pressures compound enrollment declines and tuition sensitivity”. |
| Conclusion | A uniform base tuition for the three Regent universities may no longer be responsive to the situations of the individual universities. A common tuition rate has the potential to help one institution to reach or exceed the midpoint of its peer institutions while the others remain near the bottom. |
Issue

**Differential Undergraduate Tuition by Upper and Lower Division**

The cost to educate upper division students (juniors and seniors) is typically more expensive than those associated with lower division students (freshman and sophomores), as evidenced in the Unit Cost Study (AGENDA ITEM 12). Upper division students are generally enrolled in advanced courses that are taught almost exclusively by tenure track faculty and involve laboratories and studios or use of expensive scholarly resources in the libraries and technology labs.

Some universities have a higher rate of tuition for upper division students than lower division students. Within the Regent peer universities, the University of Michigan, Indiana University, and Michigan State University have policies in place that have differential tuition rates depending on the undergraduate level status. These universities use a set number of credit hours to determine upper versus lower division status.

In response to public concerns about tuition pricing, some have advocated charging a fixed price through an individual student career. Such proposals would actually result in lower charges to students during the time the cost of their education is higher.

Evaluation

Advantages for differential tuition by student classification:

- Price could be aligned more closely with the cost of programs.
- Revenues could be increased by retaining students through the upper division years.
- Lower tuition rates for entering students provide a price advantage for those students which could impact their decision on where to attend post-secondary education, thereby enhancing entering student enrollment.

Disadvantages for differential tuition by student classification:

- While classroom instruction costs are less for lower-division students, there are increased costs resulting from a higher need for academic advising, counseling, and retention programs.
- Students may reduce course loads to avoid the higher tuition cost and increase time to graduation which would lower the four- and six-year graduation rates. (The University of Minnesota moved away from differential tuition by student classification approach for this reason.)
- Implementation would be complicated with credits earned in high school, transferred, tested-out, or earned in pursuit of an earlier abandoned major that do not apply to current majors.
- Students taking more credits than actually needed to graduate, such as honors and music students, would have to pay higher tuition rates for those excess hours, which may reduce their desire to take the additional educational coursework.
Differential Undergraduate Tuition by Program / College

**Background**
Currently, the Regent universities do not have differential undergraduate tuition by program; however, the University of Iowa and Iowa State University have mandatory computer fees that vary by program.

Some universities charge differential tuition based on the type of course, program, or college. This is done for high demand programs that have higher costs due to the need for specialized equipment or labs, individualized instruction, or market-based differences in faculty salaries. The additional revenue is allocated to the particular program or college to help offset the increased costs.

Within the Regent institutions peer universities, the University of Michigan, Michigan State University, Indiana University, Purdue University, University of Illinois, and the University of California, Los Angeles have policies in place that use this method.

Public higher education is a fundamental public good. Charging an undergraduate student a higher tuition based on a higher cost or higher demand program follows a privatization model. Differential tuition for undergraduate students by program or college could preclude a student from seeking a certain degree based on ability to pay. The same undergraduate base tuition provides students with an opportunity to pursue an educational direction without the added burden of differential program costs.

**Evaluation**

Advantages for differential tuition by program or college:

- Price is aligned more closely with the cost of programs.
- Potential to provide increased revenues to programs / colleges with higher costs.
- Programs that have higher rates generally are programs that lead to greater potential for the graduates so the students cost is offset by the benefit.

Disadvantages for differential tuition by program or college:

- Violates a philosophical core value of Regent higher education – accessibility.
- Bias career choice and complicate changes of major
- Limit access to those with financial need
- Enrollment declines in the higher priced programs
- Influx of students in some colleges due to lower price, such as Liberal Arts, yet there are some very expensive majors in this college.
- Complicates billing of tuition and communicating charges to students.
**Issue**

**Undergraduate Tuition per Credit Hour for All Hours Or Over 18 Hours Per Semester**

**Background**
Currently, the Board’s policy on tuition includes a fixed amount for 12 credits per term and over, a fixed amount for 0-2 credits per term and an additional amount for each credit from 3-11 credits per term.

Graduation requirements include a fixed number of credit hours. To graduate in four years, students must take an average of 15.5 credit hours per semester.

Some institutions charge a tuition rate for every credit hour taken. Within the Regent peer universities, Indiana University, the University of Texas, Texas A & M University, Michigan State University, University of Minnesota, Duluth, Illinois State University, Central Michigan University, and North Texas University charge tuition by the credit hour. (see page 6)

Some institutions charge additional tuition per credit hour over 18 credit hours. Within the Regent institutions peer universities, the University of Michigan, University of Wisconsin, Indiana State University, and the University of Wisconsin, Eau Claire all have policies in place that charge additional tuition on a per credit hour basis for those credit hours over 18.

Students who take a greater number of credit hours tend to be those that are high ability students, honors students, and / or non-resident students.

The Pennsylvania State System of Higher Education conducted an informal survey in fall 2003 because they were considering changing from a flat rate for 12-18 credits to charging completely on a per-credit basis.

- There were several universities that actually changed from a per-credit basis to a full-time tuition band of 12-18 credits citing reasons such as:
  1. Provide incentives for students to take more courses;
  2. Reduce administrative expenditures due to drops and changes, and
  3. Assist families in budgeting tuition costs more accurately.

- Some universities moved to a per-credit hour charge to generate more revenue and then returned to a flat full-time rate after a couple of years because the change did not generate the expected revenue. In some cases, dramatic enrollment declines were experienced.

- Other universities changed to a per-credit hour and did see significant increases in tuition revenues, especially for commuter campuses as opposed to residential campuses such as the Regent universities.

**Evaluation Per Credit Hour**

**Advantages for charging tuition for every credit hour taken:**
- Impartial pricing structure because students pay for all courses taken.
- Possible increase of revenues to the universities.

**Disadvantages of charging tuition for every credit hour taken:**
- Decreases in enrollment may occur.
- The four-year graduation rates could be negatively impacted since students may take fewer hours for financial reasons.
- May limit freedom for students to explore classes outside identified major.
- Determination / adjustments of financial need and awards would be complicated.
- Increased administrative time to bill and adjust bills for drops and changes.
- Cost predictability per semester would be hindered.

**Evaluation Per Credit Hour Over 18 Hours**

Advantages for charging tuition per credit hour for all hours that exceed 18 per semester:

- Simplify the drop / add process because students would not be as likely to sign up for as many classes as possible with the plan of dropping if they get into all of the classes.
- Relatively few students take more than 16 credit hours per semester.
- Availability of classes may be increased under the assumption that some students will not take an overload.
- Potential increase of revenues to the universities.

Disadvantages of charging tuition per credit hour for all hours that exceed 18 per semester:

- Some students may not take more than 18 hours if it adds additional financial burden.
- May discourage capable students from taking overload credits to graduate early.

**Issue**

**Differential Tuition for Graduate / Professional Programs**

Tuition surcharges have been set by the Board for various professional and graduate programs. These surcharges represent earmarked amounts for specific colleges and purposes. Students enrolled in specific colleges pay the surcharge in addition to the University’s base tuition and receive the benefits of additional resources. Once a surcharge is implemented, it becomes part of the base tuition for the following years.

Currently, the process involves the universities proposing a surcharge amount with supporting data to justify the proposals. Such data include information on peer institutions with similar programs and the planned uses of the additional tuition revenues to be generated by the increase in surcharge.

Through this process, the Board essentially sets differential tuition for graduate and professional programs.

**Evaluation**

Many graduate and professional programs charge different tuition based on needs of the programs, changes in instructional focus, and market rates. Students who are willing to invest in this level of education see the benefits. The return on the student’s investment can be significant.