MEMORANDUM

To: Board of Regents

From: Board Office

Subject: Tuition Rates and Mandatory Fees

Date: September 5, 2000

Organization of Tuition Memorandum:

Recommended Actions

Executive Summary

Attachment A: **Tuition** (page 11)

Attachment B: **Mandatory Fees** (page 30)

Attachment C: **Surcharges** (page 40)

Attachment D: **Estimated Revenues** (page 53)

Attachment E: **Total Cost of Attendance** (page 54)

Attachment F: **Detailed Tuition Table** (page 55)

RECOMMENDED ACTIONS

Consider the proposed 2001-02 academic year tuition rates and mandatory fees, effective with the summer session 2001, as set forth below and in Table 1 on page 55.

TUITION

The Board Office recommends a 7.2% increase in base tuition, derived from the following two components:

1. By 5.2% to maintain quality and effectiveness; and

2. By 2.0% to improve quality to achieve the aspirations of the Board's strategic planning goals of excellence.

MANDATORY FEES

In addition to the above base tuition increases:

1. Consider the implementation of multi-year restructuring of tuition and mandatory fees at the three universities that will eliminate a portion of designated tuition and establish separate mandatory fees as outlined in this memorandum.

2. Consider increases in mandatory computer, student health, and health facility fees for the 2001-02 academic year as set forth on page 8.

PROPOSED SURCHARGES (University of Iowa)

In addition to the above base tuition increase,

1. Consider increasing the nonresident tuition rates for undergraduates at the University of Iowa by an additional 1%.

2. Consider the following permanent tuition surcharges at the University of Iowa for the 2001-02 academic year. Any subsequent year's implementation of these surcharges is to be brought to the Board for approval. All surcharges would be in addition to any other Regent tuition increase.

   Henry B. Tippie College of Business

   - Consider the implementation of the second $1,065 tuition surcharge for resident and nonresident students entering the Masters of Business Administration (MBA) program the fall of 2001. This additional surcharge would represent a total increase of $2,130 over the two years.
   - Consider the first year of a three-year plan for three annual tuition surcharges of $1,065 for resident and nonresident students entering the Masters of Information Systems and the Masters of Accountancy programs. Students entering the program in the fall of 2001 would be charged the additional $1,065, whereas students entering the program in subsequent years would be charge more.

   College of Dentistry

   Consider continuation of the second year of a four year implementation of a $2,000 surcharge for resident and nonresident students entering the Dentistry program in the fall of 2001. The first year of the Dentistry surcharge was for students entering the program in the fall of 2000.

   College of Law

   Consider a surcharge of $200 per academic year for all resident students and $300 per academic year for all nonresident students.

   College of Medicine

   Consider a tuition surcharge of $3,500 for resident and nonresident students entering the Medical education program in fall of 2001.

   College of Pharmacy

   Consider a tuition surcharge of $3,000 for resident and nonresident students entering the Pharmacy education program in fall of 2001.

   Physical Therapy

   Consider a tuition surcharge of $1,350 for students entering the Masters of Physical Therapy program in the fall of 2001.

EXECUTIVE SUMMARY

TUITION

POLICY AND PROCEDURE FOR BOARD ACTION

The Board of Regents Strategic Plan identifies the following four key result areas: quality, access, diversity, and accountability. The Board's tuition policy (including rate setting for mandatory fees) reflects aspects of all of these areas. For example, the Board's policy is intended to promote broad access for Iowa residents to the Regent institutions, but also requires consideration of resources necessary to promote excellence.

Iowa law requires the Board to have a policy for the establishment of tuition rates that provides some predictability for assessing and anticipating changes. Consistent with this requirement, the Board's tuition policy provides as follows:

> 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.

In December 1997, the Board approved this language to make the Board's tuition policy compatible with its strategic plan. Previously (since 1990), the Board's policy restricted a tuition increase to a rate no higher than the percentage change in the Higher Education Price Index (HEPI), unless this rate was insufficient to "finance university programs at a level that maintains their quality or effectiveness."

In order to increase tuition or mandatory fees, the Board of Regents is required by law to take action no sooner than 30 days after notification of the proposed increase to presiding officers of each student government organization at each affected institution and no later than November preceding the fiscal year in which the increase would apply.

RATIONALE FOR INCREASES IN BASE TUITION RATES

Implement Board Mission and Policy (Maintenance and Quality)

The Board's mission statement challenges its institutions "to become the best enterprise of public education in the United States through the unique teaching, research and outreach programs established for each university and school." The Board policy anticipates maintaining quality, through a HEPI adjustment, and improving quality, through authorization of additional resources. The policy recognizes the joint aspiration of the Board and Regent institutions to achieve excellence. The Board Office recommendation reflects this aspiration and factors both maintenance and improvement into its recommended action.

The fundamental reasons for increasing the rates in tuition are, as mentioned above, to keep pace with inflation as measured by HEPI and to support aspirations for excellence as outlined in the Board's strategic plan.

The recommended increase of 7.2% utilizes a HEPI rate of 5.2% and a quality factor of 2.0%. The projected range for the FY 2000-01 Higher Education Price Index is 2.6% to 6.4%.

As of June 2000, the actual HEPI rates for fiscal years 2000 and 2001 are estimated to be higher than the top end of the original projected ranges. The HEPI component approved by the Board for tuition increases the past two years has been at the lower end of the ranges. In other words, the Board has not utilized a HEPI rate during the past two years that has sufficiently recognized the actual rate of inflation for higher education. One result is that the Regent institutions have lost some ground in having the resources to maintain quality as measured by actual inflation costs.

The 2.0% quality factor is consistent with the increase approved by the Board in the previous two years and will assist the institutions in achieving quality in their strategic plans. This quality factor provides one benchmark and is not intended to be an exclusive factor with respect to future application of the Board's tuition policy. In fact, some flexibility in this area is essential for the Board as it addresses quality and improvement in strategic plans.

Assure Access and Accountability

The Regent universities' 2000-01 tuition and fees were among the lowest in each university's respective peer group of comparable institutions. During the past five years, per capita income in Iowa has kept pace with national averages but tuition has not done so as evidenced by the following:

- Regent tuition increases have averaged 4.1%, which is less than the average of national tuition increases of 4.8%.
- The average of Iowa's per capita income increases of 4.7% have been relatively close to the average of the national per capita income increases of 4.8%; the projected increase in Iowa per capita income for the year 2001 is 6.4%.
- The Regent 1999-2000 tuition and fees as a percentage of Iowa's per capita income for 1999 (11.7%) are less than the percentages for regional and peer states (which average 14.3%) and the national average (13.4%).
- The Regent institutions' tuition as a percent of per capita income has decreased by 2.5% while the national average tuition as a percentage of per capita income has remained constant.

The fact that Iowa's per capita income has risen faster than Regent tuition means that Iowans do have increased resources to purchase and invest in higher education. Iowans are able to obtain a high quality education at Regent universities for a reasonable price. The proposed tuition and fee increases will provide needed resources to enhance quality but are intended to assure that the price remains reasonable for Iowans, thus supporting the state's historical goal of broad access.

The Board Office recommends that the universities continue to allocate a proportional share of the proposed tuition increases for student financial aid. This allocation will maintain access for needy students by offsetting the increases in tuition rates. As noted in the Annual Student Financial Aid Report presented in general docket memorandum G.D. 5 this month, total student financial aid dollars increased 4.8% in FY 2000.

The revenues from tuition and fee increases are to be utilized to maintain and improve quality. After financial aid set aside, net revenues are to be utilized to meet the unavoidable and nondiscretionary rising costs of maintaining programs. In striving to achieve the Board's aspirations of excellence, the universities will use the revenues to improve the quality of undergraduate and graduate education for students, enhance student academic programs, and provide other enrichments to students' educational experiences. Summaries of how the universities will use these tuition revenues are provided in Attachment A – Tuition in the "Use of Tuition Proceeds" section on pages 16-17. Additional details will be provided to the Board in October.

MANDATORY FEES

REDIRECTION OF TUITION TO MANDATORY FEES

For the 2000-01 academic year, the Board approved a fundamental change in the structure of tuition and fees at the University of Iowa. The change took tuition revenues at the University of Iowa that historically had been designated for student activities and student services, and established them as separate and distinct mandatory fees.

For many years, the Board has set tuition and mandatory fees in the fall of each year. During the following May Board meeting, the Board has allocated (designated) a portion of tuition for specific purposes such as student activities, student services, and debt service. Last October, the Board changed this system by approving a request of the University of Iowa to establish new mandatory fees for certain student activities and student services rather than using tuition revenues.

This redirection from tuition to mandatory fees at the University of Iowa had significant consequences:

- Tuition dollars became available for academic areas and needs.
- Students paid mandatory fees rather than tuition to support specific programs that promote student activities and services.
- Students continued to pay the same amount for tuition, plus any base tuition increase approved by the Board for next year (i.e. students continued to pay the same level of tuition but the funds are spent for different purposes).

The Board required the University to return for specific approval of any increase in fees and directed the University to do the following as it implemented this change:

- Consult with students regarding the proposed expenditures of the newly available tuition revenues released by redirection of tuition to fees (statutory procedure remains same for consultation regarding student activities).
- Report to the Board on revenues and expenditures for all tuition and fees generated by this proposal (including the disposition of unallocated funds).
- Address the applicability of mandatory fees for part-time students, off-campus students, and summer session students.

Last year, the Board approved the University of Iowa's proposal to phase in the redirection of tuition to fees over two years. The University of Iowa is now requesting to implement the second year of this plan, which would establish two additional mandatory fees for the 2001-02 academic year: the Student Union Fee of $58 and the Consolidated Health Fee of $20. This proposal would allow the University to redirect $1.9 million of tuition revenues to fund selective, strategic investments in financial aid and financial aid services, revitalization of university libraries, and transformation of the instructional equipment in classrooms, laboratories, and studios at the University. This is consistent with the University's proposal last year and the Board's initial approval of the redirection of tuition.

The Board Office recommendation does not increase the proposed new fees (student union and consolidated health), which results in an additional $78 in fees to be paid annually by students. With the redirected fees of $76 approved by the Board last year, the total increase over the two-year period would be $154. These amounts are separate from any tuition increase that the Board would approve. The SUI Student Government has previously expressed support of the University's two-year plan to redirect tuition dollars.

The University also proposes a $2 increase for the 2001-02 academic year in the student activities fee (5.7%) and the student services fee (4.9%) to bring the total increase over the two-year period to $158. The Board Office, however, is not recommending the $2 increase in either the student activities fee or the student services fee at this time, primarily because there may have been an understanding that no increase in these particular fees would occur during the initial two-year implementation period. The Board may want to solicit further input on this matter from SUI and students.

Iowa State University and the University of Northern Iowa are now proposing to establish a similar redirection of tuition to mandatory fees so that an additional portion of their tuition revenues may be utilized for academic programs.

- Iowa State University proposes a multi-year plan to redirect current designated tuition toward a student activities mandatory fee of $56 for the 2001-02 academic year, $130 for the 2002-03 academic year, and $178 for the 2003-04 academic year. The University would commit the redirected tuition revenues of $1.5 million in the 2001-02 academic year to selective strategic investments in student financial aid, university library support, information technology, and expanded course offerings for heavily enrolled classes. The Government of the Student Body of ISU has indicated general support for this redirection of the tuition to mandatory fees.

- The University of Northern Iowa has proposed a single year plan to establish a new mandatory fee of $129 for the 2001-02 academic year. The Board Office recommends that UNI's proposal be implemented over two years, with a maximum of $84 in the 2001-02 academic year. The University would commit the redirected tuition revenues of about $488,000 (for the adjusted fee) to strategic initiatives to improve quality, including study abroad, first year student experience program, advising services, additional faculty to meet student demands, and faculty/staff professional and career development. The Board Office believes that the Northern Iowa Student Government is in support of the redirection of designated tuition over two years with a maximum amount of $84 for the 2001-02 academic year.

The following table summarizes the universities' proposals, which are exclusive of any tuition increase that the Board would approve:

Increased Costs for Mandatory Fees to Redirect Tuition 2001-02

SUI	$78
ISU	56
UNI	84

PROPOSED INCREASES IN ESTABLISHED MANDATORY FEES

During the early 1990's, the Regents approved three types of mandatory fees - health fees, computer fees, and health facility fees. In approving the student health fees, the Board, after several months of study, eliminated the existing voluntary health fees and approved mandatory student health and health facility fees for the benefit of all students. The mandatory computer fees were initiated in the fall of 1990 for FY 1992. Prior to this time, institutions had been charging numerous, miscellaneous computer fees for courses/programs. The Board consolidated these miscellaneous computer fees into a comprehensive mandatory computer fee for students at all three universities.

For 2001-02, the universities have proposed increases to the computer fees and health fees. No changes are proposed for the health facility fees.

Computer Fees

		Actual 2000-01	Proposed 2001-02
SUI	All students except Business Administration, Law, Engineering, and Medicine students	$110	$116
	Law students	220	232
	Business Administration and Engineering students	362	382
	College of Medicine students and students in division of associated medical sciences	136	144
ISU	All students except Engineering, Computer Science & Management Information Systems students	108	144
	Engineering students	350	366
	Computer Science & Management Information Systems students	280	292
UNI	All students	122	134

	Health Fees		Health Facility Fees
	Actual 2000-01	Proposed 2000-01	(No increase proposed) Actual
SUI	$102	$107	$10
ISU	102	110	16
UNI	102	106	-

The University of Iowa proposes inflationary increases of 5.5% for all categories of computer fees to support the increasing use of computer and computer-related technology. Each summer, more faculty receive special training to incorporate technology into their classes, increasing the demand for access to technology and technology rich classrooms.

Iowa State University proposes a 33.3% increase in its basic computer fee and an inflationary increase of 4.6% in all other categories of computer fees for the 2001-02 academic year. These fees support microcomputing, as well as other student instructional computing facilities and services, such as print services, short courses, computer training opportunities, and library databases and other information services. Individual colleges use funds for hardware maintenance, hardware and software upgrades, student laboratory monitors, and printing supplies. ISU is also proposing that the basic computer fee be increased to $190 per year for the academic year 2002-03. The University would return to the Board for approval in the subsequent year.

The University of Northern Iowa proposes a 9.8% inflationary increase per academic year in computer fees. UNI computer fees are used to maintain and improve academic and instructional computing services in a wide variety of methods. Students are expected to use e-mail and the Internet. Faculty use multimedia increasingly to enhance teaching and provide discipline-specific computer experiences for students.

The proposed increases in health fees, ranging from $4 to $8, are to meet growing student demand and rising health costs.

SURCHARGES – UNIVERSITY OF IOWA

NONRESIDENT UNDERGRADUATE TUITION RATE INCREASE

The University of Iowa is proposing an additional 1% tuition increase for all its nonresident undergraduate students for the 2001-02 academic year. This increase is above the rate of what would be approved by the Board for resident students. SUI proposes to earmark these revenues for scholarships in recruiting high quality nonresident students to the University. This type of differential for nonresident students was last approved by the Board for the 1996-97 academic year. The additional 1% will generate approximately $530,000 in additional funds.

SPECIFIC PERMANENT TUITION SURCHARGES

The University of Iowa is requesting increases in its tuition surcharges for the following graduate/professional areas: Henry B. Tippie College of Business (MBA Program and Masters Programs in Management Information Systems and Accountancy), College of Dentistry, Masters in Physical Therapy, College of Law, College of Medicine, and College of Pharmacy.

Tuition surcharges represent earmarked amounts for specific colleges and purposes. Students enrolled in these colleges pay the surcharge in addition to the university's base tuition and receive the benefits of additional resources. Base tuition and base tuition increases are not earmarked for special academic units, but are part of the overall general university fund budgeting process.

The Board Office recommends the following tuition surcharges:

University of Iowa Surcharges

		Resident	Non-resident
Business -	MBA	$1,065	$1,065
Business -	Masters of Information Systems & Masters of Accountancy	1,065	1,065
Dentistry		2,000	2,000
Law		200	300
Medicine		3,500	3,500
Pharmacy		3,000	3,000
Physical Therapy		1,350	1,350

ESTIMATED REVENUES

The estimated gross revenues from proposed increases in tuition rates and surcharges are $20.9 million. After tuition aid set aside of $3.1 million, the net tuition revenues generated from the proposed tuition increase and permanent tuition surcharges are estimated to be $17.8 million. Details of estimated revenues by university are outlined on page 53.

The estimated cost of attending the Regent universities, including proposed tuition and fees, room and board, and other costs is projected to average $11,713 for the 2001-02 academic year.

ORGANIZATION OF MEMORANDUM

Page

Attachment A: Tuition **11**

Attachment B: Mandatory Fees **30**

- Establishment of New Fees to Redirect Tuition for Academic Purposes
- Increases in Previously Established Fees

Attachment C: Surcharges at the University of Iowa **40**

- Nonresident Undergraduate Tuition Rates
- Specific Permanent Tuition Surcharge
  - College of Business – Master of Business Administration
  - College of Business – Master of Information Systems & Master of Accountancy
  - College of Dentistry
  - College of Law
  - College of Medicine
  - College of Pharmacy
  - Graduate College – Master of Physical Therapy

Attachment D: Estimated Revenues **53**

Attachment E: Total Cost of Attendance **54**

Attachment F: Detailed Tuition Table **55**

TUITION

BACKGROUND

BOARD'S STRATEGIC PLAN

The Board of Regents Strategic Plan identifies the following four key result areas: quality, access, diversity, and accountability. The Board's tuition policy (including rate setting for mandatory fees) reflects aspects of all of these areas.

The Board challenges its institutions to be the best enterprise of public education in the United States through unique teaching, research, and outreach programs and supports its institutions in this endeavor by:

- Continuing its long-standing practice of seeking state appropriations annually at a level at least three percentage points above growth in the Higher Education Price Index (HEPI);
- Establishing tuition and fees annually to not only keep pace with HEPI but support aspirations for excellence;
- Encouraging the institutions to increase funding from private sources and external research grants and contracts;
- Seeking appropriate funding for capital improvements needs;
- Requiring the institutions to reallocate an average of two percent general funds annually; and
- Promoting broad access for Iowa residents to the Regent institutions.

The institutions, through strategic planning, target resources effectively and efficiently and measure results using performance indicators.

REGENT TUITION POLICY

Iowa law requires the Board to have a policy for the establishment of tuition rates that provides some predictability for assessing and anticipating changes. Consistent with this requirement, the Board's tuition policy provides as follows:

> 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 annual establishment of tuition and fees provides the universities with an important component of overall educational resources - the component that shares the cost of higher education with the students.

The mission of the Board of Regents calls for its institutions "to become the best enterprise of public education in the United States through the unique teaching, research and outreach programs established for each university and school."

In December of 1997, the Board adopted a tuition policy consistent with its mission and strategic plan. The policy assures predictability in establishing rates, but also provides the Board with some flexibility.

The Board's tuition policy is intended to maintain quality and effectiveness as well as improve quality, thereby recognizing the aspirations of the Board and the institutions for achieving excellence. Critical to the successful implementation of the Board's strategic plan is securing sufficient resources.

INFLATION INDICATOR: HIGHER EDUCATION PRICE INDEX

Inflation is generally discussed using price indexes that 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 indexes, such as the Consumer Price Index, have been widely used by economists for many years to measure the purchasing power of consumer goods.

Consumer-based indexes, 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 distinct economic sectors or commercial enterprises.

Specialized sector indexes 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.

The education sector has long utilized specialized indexes – for elementary and secondary schools as well as colleges and universities.

The U.S. Department of Education published the first Higher Education Price Index (HEPI) 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 on inflation on elementary and secondary schools. The U.S. Department of Education no longer calculates and publishes HEPI. Rather, Research Associates of Washington, a private research organization, prepared and published HEPI in a 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 operation, tuition pricing, building construction, and capital equipment. Research Associates of Washington based 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:

- Professional personnel (faculty, graduate assistants, extension/public service, administrative/institutional service, and library);
- Nonprofessional personnel (technicians, craftsmen, clerical, students, services, operators, and laborers);
- Services (data processing, communication, transportation, print/duplication, and miscellaneous);
- Supplies, equipment, and library acquisitions; and
- Utilities.

The prices for these 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. HEPI is divided into personnel compensation and contracted services, supplies, and equipment. Personnel compensation is further weighted for professional salaries, nonprofessional wages and salaries, and fringe benefits. Contracted services, supplies, and equipment is further weighted according to utilities, services, supplies and materials, equipment, and library acquisitions.

Since the Board determines tuition increases well in advance of the actual expenditure of funds, the Board utilizes HEPI projections. These are based on analyses prepared by the Institute for Economic Research at the University of Iowa.

Each year the Institute for Economic Research at the University of Iowa provides the Board Office with a forecast of the HEPI inflation rate for the fiscal year corresponding to the year that the Board of Regents sets tuition rates. In the forecasting of HEPI, the Institute uses historical HEPI data prepared by Research Associates of Washington, the Blue Chip forecast of CPI, historical CPI published by the Bureau of Labor Statistics, and correlations among these. The Institute provides a range for HEPI that is then used by the Board Office as a basis for recommendation to the Board concerning tuition.

FOCUS ON EXCELLENCE: QUALITY COMPONENT

The Board of Regents is committed to improving quality and pursuing excellence. To achieve desired quality and excellence as outlined in the Board and institutional strategic plans, 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 Regent universities provide teaching, research, and services for more than 67,000 students and nearly 3 million Iowans. The impact of a four-year degree on lifetime earnings is substantial.

In May 1996, the Board of Regents approved a five-year program of reallocations averaging 2% per year as one means to support strategic planning initiatives to improve quality and pursue excellence.

These reallocations have been utilized by the institutions to provide greater efficiency and effectiveness toward achievement of the institutional strategic plans by providing a structured means to strengthen good programs and eliminate weak programs.

Resources are needed to improve student academic and support services. With additional resources reflecting only inflation, the Regent institutions may sustain current operations but will not have resources targeted to improve strategic planning goals, especially with respect to undergraduate education needs. These include classroom improvements, instructional equipment, library resources, experiential learning opportunities, increased student access, and technology.

ANALYSIS & COMPARATIVE DATA

BASE TUITION

A. PROPOSED TUITION AND MANDATORY FEES

Resident Students

The recommendations for resident undergraduate base tuition and fees plus mandatory fees for 2001-02 are as follows:

	2000-01 Base Tuition	2001-02 Proposed Base Tuition	Dollar Increase	2000-01 Total Tuition and Fees*	2001-02 Proposed Total Tuition and Fees*	Dollar Increase
SUI	$2,906	$3,116	$210	$3,204	$3,503	$299
ISU	2,906	3,116	210	3,132	3,442	310
UNI	2,906	3,116	210	3,130	3,440	310

* Dollar costs and increases for students majoring in Business Administration, Engineering, and Pharmacy at SUI and dollar costs for students majoring in Engineering, Computer Science & Management Information Systems at ISU are slightly higher.

Nonresident Students

The recommendations for nonresident undergraduate base tuition and fees plus mandatory fees for 2001-02 are as follows:

	2000-01 Base Tuition	2001-02 Proposed Base Tuition	Dollar Increase	2000-01 Total Tuition and Fees*	2001-02 Proposed Total Tuition and Fees*	Dollar Increase
SUI	$10,668	$11,544**	$876	$10,966	$11,931	$965
ISU	9,748	10,450	702	9,974	10,776	802
UNI	7,870	8,438	568	8,094	8,762	668

* Dollar costs and increases for students majoring in Business Administration, Engineering, and Pharmacy at SUI and dollar costs for students majoring in Engineering, Computer Science & Management Information Systems at ISU are slightly higher.

** Proposed base tuition amount includes the additional 1% proposed by the University of Iowa for nonresident undergraduate students.

B. Use of Tuition Proceeds

The Universities have provided general information regarding the expenditure of the tuition increases. After the Board's September meeting, the Board Office will work with the Universities to provide additional details for discussion at the October Board meeting. The general plans for expenditures are identified by institution as follows.

University of Iowa

Tuition proceeds will be used for:

- Maintaining the student aid percentages;
- Committing earmarked tuition in the specific described manner;
- Applying tuition attributable to enrollment increases to the cost of serving students including adequate course sections, academic counseling services, and other requirements; and
- Funding quality initiatives including the following:
  - Continued modernization of auditoria and classrooms;
  - Next generation science faculty recruitment and start-up;
  - Retention of students;
  - Improved electronic connectivity;
  - Common gathering place furnishings; and
  - Opportunities for women's athletics;

Iowa State University

Tuition proceeds will be used for:

- Increased student financial aid;
- Unavoidable inflationary and other mandatory cost increases not supported with state appropriations;
- Improvements to enhance the university's quality by:
  - Addressing over-enrolled courses including information science and technology disciplines, general education courses offered by the College of Liberal Arts and Sciences, College of Business, and other colleges showing enrollment growth;
  - Campus-wide information technology and electronic library resources through the continued development and implementation of ISU's "Acropolis" initiative to enhance academic information technology and on-going development of resources critical to academic programs.

University of Northern Iowa

Tuition proceeds will be used to:

- Continue the provision of financial aid for students;
- Meet unavoidable cost increases not supported with state appropriations, including insurance, auditing property rental, administrative systems support, building repairs, classroom modernization, equipment replacement, and utilities;
- Improve the quality of education for students, including:
    - Addition of new faculty, including start-up costs and renovation of office or laboratory space, to support selected areas of high student demand and enrollment growth;
    - Study Abroad program;
    - First Year Experience program; and
    - Professional and career development for faculty and staff.

C. STUDENT FINANCIAL AID CONSIDERATIONS

The universities, during recent years, have made significant efforts to increase student financial aid from institutional and private sources. These efforts help to ensure affordability and support access, a key result area in the Board's Strategic Plan.

As noted in the Annual Student Financial Aid Report, presented in general docket memorandum G.D. 5 this month, total student financial aid dollars increased for FY 2000.

Total student financial assistance for FY 2000 from all sources was $471 million (+4.8%) and encompassed approximately 154,000 awards (-0.3%).

- In FY 2000, over 58,000 awards totaling more than $110 million were given as grants. Grants provided by institutional funds totaled over $69 million (40,200 awards). The mean of the grant awards from all sources at the Regent universities increased from $1,811 to $1,897 (+4.7%) from FY 1999 to FY 2000.
- Institutional funds at the universities from private sources provided long-term loans of $1,929,000 for FY 2000.
- Federal student aid policy for federal FY 2000 provides increased support, including a maximum Pell grant award of $3,300 per academic year. Pell funding for FY 2000 totaled $19.3 million for more than 10,800 awards.

Institutional employment in the form of graduate, teaching, and research assistants totaled more than $70 million and included more than 6,100 awards.

The average need-based indebtedness per student at the time of graduation in FY 2000 was $9,691 at SUI, $12,965 at ISU, and UNI $12,101.

D. ECONOMIC INDICATORS

1. Higher Education Price Index

The following table compares forecasted Higher Education Price Index ranges, provided by the Institute for Economic Research, with the Board's tuition increases in recent years:

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
HEPI Projections *	4.2 - 4.8%	2.1 - 3.9%	2.4 - 4.2%	2.0 - 3.3%	2.3 – 3.5%	2.6 – 6.4%
Regent Increases	3.5%	3.9%	3.9%	4.5%**	4.3%***	7.2****

* Forecasted ranges when tuition increase adopted.
** Included 2.5% for inflation and 2.0% for quality.
*** Included 2.3% for inflation and 2.0% for quality.
**** The 2001-02 recommended increase reflects the Board's policy to maintain quality through inflationary adjustments (5.2%) consistent with HEPI projections and improve quality through additional resources (2.0%).

The Institute for Economic Research latest FY 2000 estimate for HEPI is 3.7%. In October 1998, the Board approved a 2.5% rate increase for FY 2000 to reflect expected higher education inflation. Thus, for FY 2000, the inflationary rate used by the Board for the HEPI component of the tuition increase is considerably lower than the HEPI rate now expected for that year.

The HEPI projection, as of June 2000, for FY 2001 was 4.1%. In October 1999, the Board utilized a 2.3% rate to approve its FY 2001 tuition policy. Once again, the inflationary rate used by the Board for the HEPI component of the FY 2001 tuition increase is considerably lower than the HEPI rate now expected for that year.

For FY 2002, the Institute for Economic Research projects a preliminary HEPI rate of 4.5% but proposes the range of 2.6% to 6.4% as indicated above. The Consumer Price Index is projected to be 4.1%.

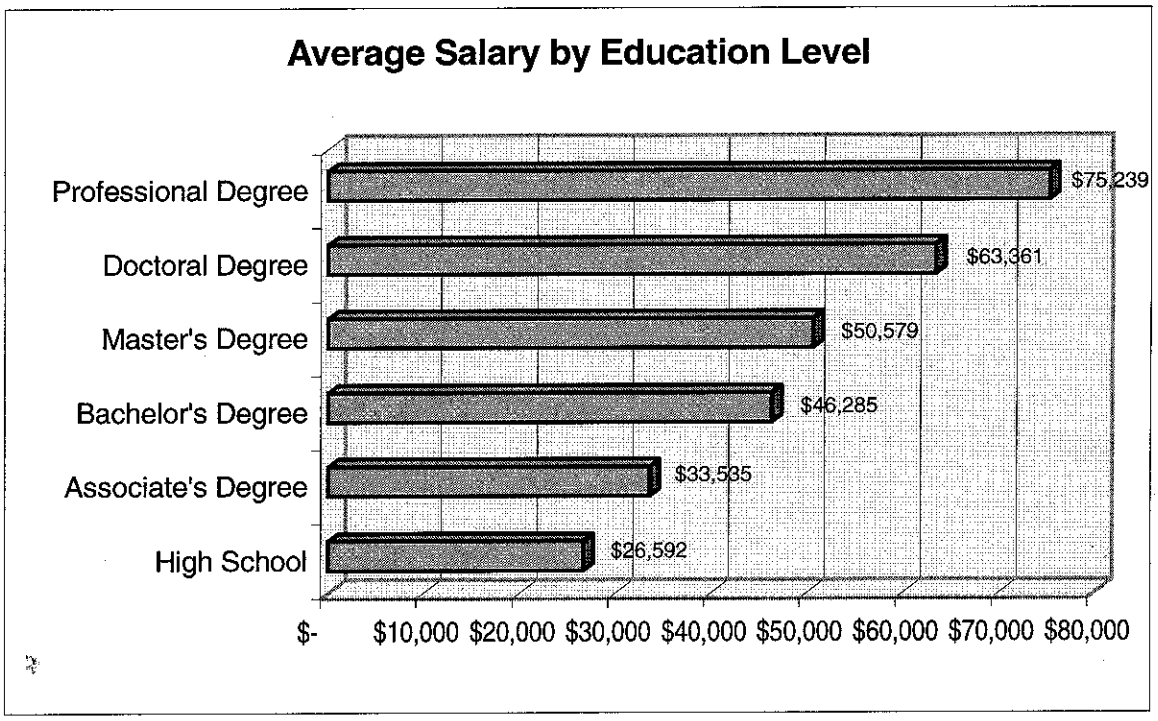
2. Value of a College Education

The value of education can be measured in many ways. Unquestionably, higher education improves quality of life, increases individual opportunities, and provides numerous benefits for the individual student and society.

The National Governor's Association (NGA) Center for Best Practices is examining several aspects of recent economic changes in our country. Clearly, the American economy has changed significantly during the past century. For most of the past 100 years, the vitality of the U.S. economy was determined by the success of its major manufacturing industries – automobiles, steel, oil, and chemicals (old economy).

In the past 20 years, America's business environment has become more global and highly competitive. Information technology, communications, and intellectual capital, rather than energy and raw materials, power today's businesses (new economy). The driving forces of the new economy are ideas, knowledge, services, and high-order skills. To succeed in the new economy, workers must be prepared to enhance their skills and make a commitment to lifelong learning.

Higher education is uniquely positioned to meet the needs of individuals in the new economy. Not only does the individual benefit by developing necessary skills, but he/she also contributes more economically to the state through higher income taxes. This is evident when reviewing the following data from the Census Bureau.



Source: U.S. Bureau of Census, 1998 data.

The following example is provided to demonstrate the value of higher education to an individual and the substantial return on investment. The analysis is simple and therefore does not take into consideration inflation, wage or cost increases, or promotional opportunities.

WAGE/SALARY DIFFERENTIAL

- The difference in average salary between individuals with a high school diploma and a bachelor's degree is an annual increase of $19,693 (74.1%) for 1998.

COST OF EDUCATION

- The average tuition at a Regent University for this same time period was $2,867 per year for a four-year cost of tuition totaling $11,468.

OPPORTUNITY COST

- The opportunity cost of going to college for four years and not earning a salary of $26,592 during that four-year period would be $106,368.

PAY BACK PERIOD

- It would take 1.7 years at the average bachelor's degree wage to pay back the average tuition required to achieve the degree.
- It would take an additional 5.4 years to recover the opportunity cost.

ADDED VALUE

- Assuming that the student works until a projected retirement age of 68, he/she will have earned a salary that was at least 74.1% higher for the remaining 38.9 years of his/her working life.
- The remaining 38.9 working years would provide additional value in compensation of at least $766,058.

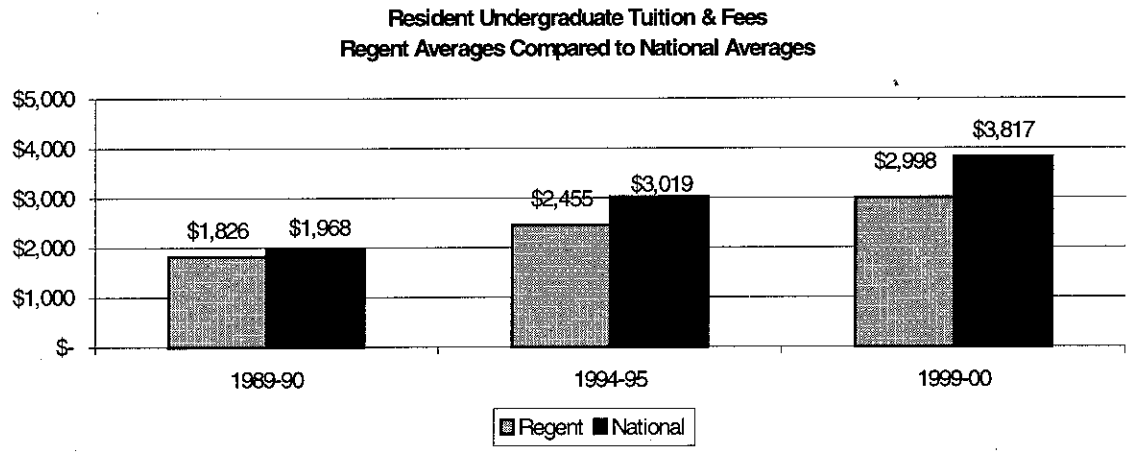
RETURN ON INVESTMENT

- The net added value return on investment for tuition paid to earn a bachelor's degree is about $66.80 for every tuition dollar spent.
- The return on investment is even more compelling when considering higher levels of education such as master, doctoral, or professional degrees.
- Individuals with each level of higher education would have more disposable income to contribute to the economy.

E. COMPARATIVE TUITION INFORMATION

1. National Comparisons: Averages of Tuition and Fees for Public Universities

The national average resident undergraduate tuition and fees for public universities have grown at a substantially higher rate than the Regent tuition and fees over the last 10 years. The national average tuition increase was 94.0% while the Regent tuition increase was 64.2% for this period.



The Iowa resident undergraduate tuition and fees as a percentage of the national average, as reported in the 1999-2000 annual study by the Washington State Higher Education Coordinating Board (February 2000), have declined since 1989-90. In 1989-90, Regent tuition and fees were 92.8% of the national average, 1994-95 was 81.3%, and 1999-00 was 78.5%. During this ten-year period, the Regent institutions' tuition increases have not kept pace with the nation.

Resident Undergraduate Tuition and Fees
Regent Averages Compared to National Averages

	1989-90	1994-95	1999-00
Regent as % of National Averages	92.8%	81.3%	78.5%

Peer Group Comparisons: Tuition and Fees

Resident undergraduate tuition and fees at the Regent universities are generally well below the median and average tuition and fees of their established peer university comparison groups. The average of 25 Iowa independent colleges and universities tuition and fees is 4.7 times higher than the average of the Regent institutions.

	2000-2001			1 Year		Cumulative 5 Year	
	Resident Under-graduate Tuition & Fees	Regent $ from Median/ Average	Regent Tuition As % of Median/ Average	$ Increase 99-00 to 00-01	% Increase 99-00 to 00-01	$ Increase 95-96 to 00-01	% Increase 95-96 to 00-01
University of Iowa	$3,204			$206	6.9%	$646	20.2%
SUI Peer Group Average *	4,191	$987	76.4%	197	5.6%	873	20.8%
SUI Peer Group Median *	4,087	883	78.4%	90	4.6%	660	16.1%
Iowa State University	$3,132		--	$128	4.3%	$558	17.8%
ISU Peer Group Average *	4,012	$880	78.1%	182	5.2%	871	21.7%
ISU Peer Group Median *	3,972	840	78.9%	86	2.2%	808	20.3%
University of Northern Iowa	$3,130			$142	4.5%	$572	18.3%
UNI Peer Group Average *	3,283	$153	95.3%	111	3.2%	601	18.3%
UNI Peer Group Median *	3,408	125	91.8%	90	2.9%	721	21.9%
25 Iowa Independent Colleges and Universities Average	$14,817	$11,662	21.3%	$703	5.0%	$2,454	24.8%

* Averages and medians exclude Regent institutions.
Average is the arithmetic mean of the peer group tuition and fees.
Median is the number in the middle of the set of peer group tuition and fee amounts, with half the numbers above the median and half the numbers below the median.

There continues to be a gap between the Regent tuition and fees and the median and averages of the respective peer groups:

- For 1995-96, the University of Iowa's tuition and fees represented 77.1% of the group average and 74.6% of the group median tuition of its comparable universities. With the redirection of mandatory fees that resulted in additional tuition and fee revenues for 2000-2001, SUI is at 76.4% of the average and 78.4% of the median.

- Iowa State University's percentages of the peer land grant universities group averages and medians have decreased. The ISU tuition for 1995-96 was 82.0% of the average and 81.3% of the median, as compared to the 2000-2001 percentage of 78.1% of the average and 78.9% of the median.

- The UNI percentages also decreased as compared to its peer group. The 1995-96 percentages were 95.4% of the average and 95.2% of the median. The 2000-2001 percentages are 95.3% of average and 91.8% of the median.

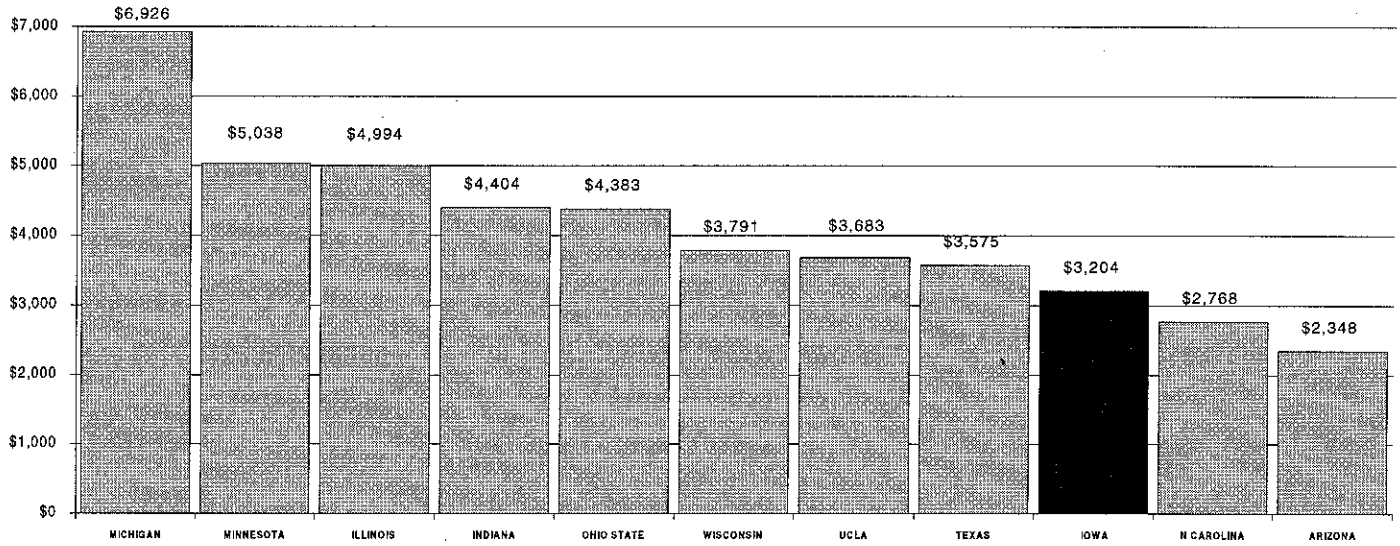
As shown in the last column of the table on the previous page, increases in Regent resident undergraduate tuition and fees during the past five years have been less than the increases in the median and average tuition and fees of the peer university comparison groups.

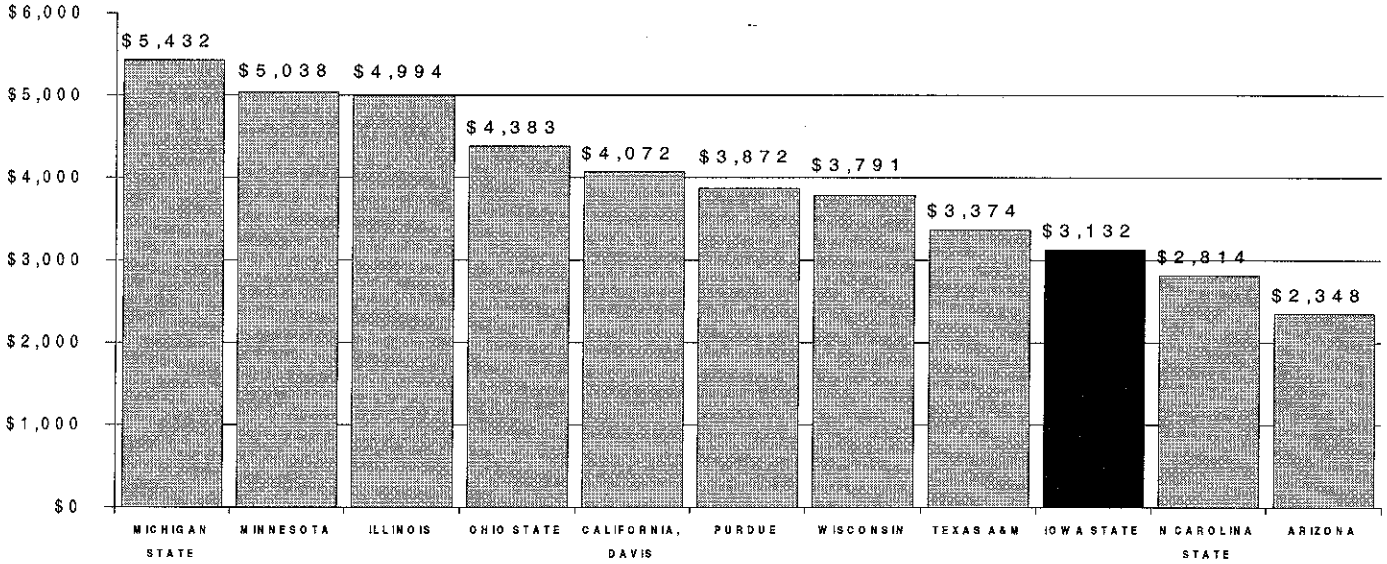
- The one-year dollar increase for the 2000-01 academic year in the University of Iowa tuition and mandatory fees was 104.6% of the average and 228.9% of the median of its peer universities' tuition and mandatory fees. The five-year dollar increase was only 74.0% of the peer group average and 97.9% of the peer group median.

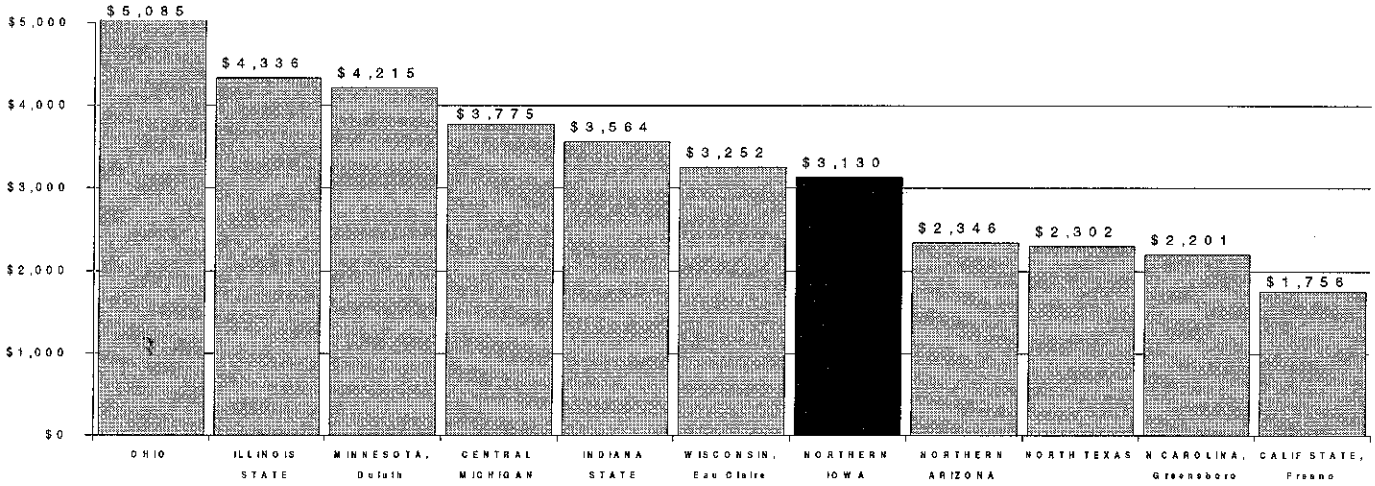
- Iowa State University's one-year dollar increase for the 2000-01 academic year in tuition and mandatory fees was 70.3% of the average and 148.8% of the median of its peer land grant comparison group. The five-year dollar increase was only 64.1% of the peer group average and 69.1% of the median.

- The one-year dollar increase for the 2000-01 academic year in the University of Northern Iowa tuition and mandatory fees was 127.9% of the average and 157.8% of the median of its peer universities' tuition and mandatory fees. The five-year dollar increase was 95.2% of the peer group average and 79.3% of the median.

Peer Group Comparisons of 2000-01 Undergraduate Resident Tuition and Fees







F. Ability to Pay: Income Comparisons

1. Overall Personal Income Growth

The Institute for Economic Research at the University of Iowa, in consultation with the Iowa Economic Forecasting Council, publishes predictions quarterly relative to various sectors of Iowa's economy.

Part of that publication includes national predictions of the *Blue Chip Economic Indicators*, which uses the consensus of fifty-one national forecasters surveyed on a regular basis.

	1998	1999	2000	2001	2002
National disposable personal income growth	4.1%	4.0%	3.6%	3.4%	N/A
Iowa personal income growth	3.9%	4.3%	7.7%	6.4%	6.5%

N/A – Projected information not available at this time.

According to the Institute for Economic Research, as published in June 2000, Iowa personal income is predicted to grow 7.7% in 2000 while the *Blue Chip Economic Indicators'* forecast for national disposable personal income growth is 3.6%.

For 2001, the Iowa forecast for personal income is expected to increase by 6.4% while the *Blue Chip Economic Indicators'* forecast for national disposable personal income growth is 3.4%.

The projected Iowa personal income growth rate of 6.5% for 2002 takes into consideration the state's farm income.

2. Per Capita Personal Income Growth

	2000	2001	2002
US Average	N/A	N/A	N/A
Iowa	5.7%*	13.0%*	6.7%*
Regent Tuition Increases	4.5%	4.3%	7.2%**

Sources: US Department of Commerce, Survey of Current Business, June 2000 and Institute for Economic Research, Iowa Economic Forecast, June 2000.

* Estimates.

** The 2001-02 recommended increase reflects the Board's tuition policy.

Per capita personal income growth projections for Iowa are derived from the forecast information published by the Institute for Economic Research.

The average of the annual forecasted increases in Iowa per capita income over the five-year period is 6.9% while the average of the Regent tuition increases, including the recommended 7.2% increase, would be 4.8%.

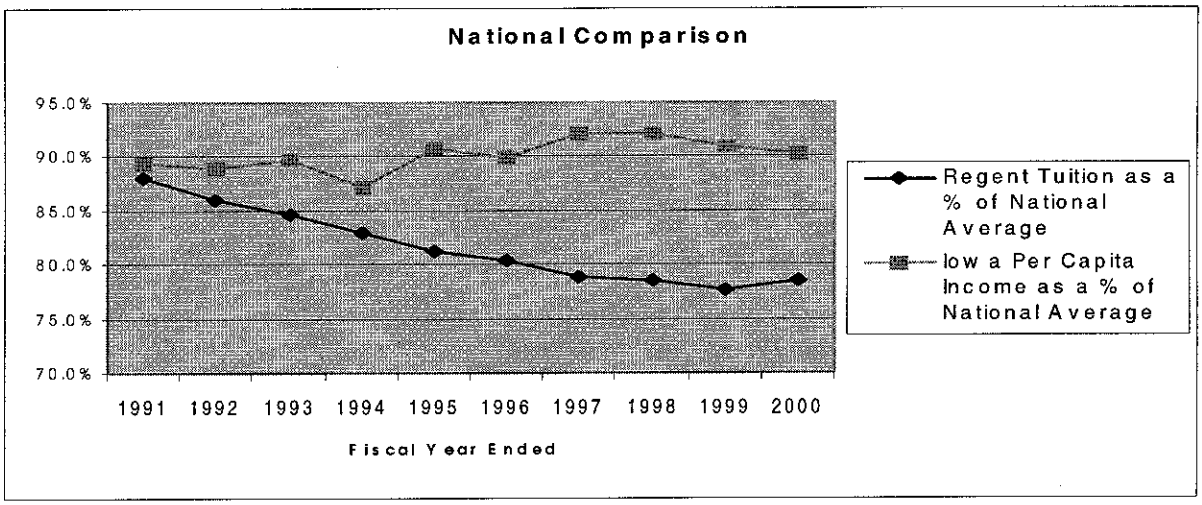
The institutions, through strategic planning, target resources effectively and efficiently and measure results using performance indicators. Iowa's per capita income is rising faster than tuition rates at the Regent universities, which allows for increased purchasing power of higher education for Iowans.

Iowa's per capita personal income of $25,727 in 1999-2000, as published by the US Department of Commerce, ranked 34th in the nation. Per capita income was 90.2% of the national average of $28,518. Regent tuition and fees ranked 35th in the nation for 1999-00. Regent tuition and fees were 78.5% of the national average of $3,817.

Even when considering the proposed increases, Iowans are getting a high quality education for a modest price.

3. Tuition and Fees in Relation to Per Capita Income

The following chart shows the Regent tuition as a percent of the national average compared to the Iowa per capita income as a percent of the national average.



While the Iowa per capita income has remained fairly stable at approximately 90% of the national average over the past ten years, Regent tuition has slipped significantly during this same time period. For the 1990-91 academic year, Regent tuition was 88.1% of the national average as compared to 78.5% in 1999-2000.

The table below lists the ten states represented in the Regent universities peer comparison groups, along with other states contiguous to Iowa and shows the average public university resident undergraduate tuition and fees charged in each state as a percentage of each state's per capita personal income.

Tuition and Fees as a Percentage of Per Capita Personal Income

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
IOWA	**11.4%**	**11.6%**	**11.8%**	**12.4%**	**12.0%**	**12.1%**	**11.6%**	**11.6%**	**11.6%**	**11.7%**
Arizona	9.5%	9.1%	8.8%	9.8%	9.6%	9.5%	9.3%	9.0%	8.9%	8.9%
California	9.7%	12.2%	14.3%	17.3%	18.5%	17.8%	17.0%	16.3%	14.8%	13.6%
Illinois	14.8%	14.9%	15.2%	15.0%	15.1%	15.5%	15.5%	15.5%	15.4%	15.3%
Indiana	13.2%	13.8%	13.9%	14.2%	15.9%	16.4%	16.6%	16.4%	16.2%	16.1%
Michigan	20.2%	20.9%	22.6%	23.9%	23.9%	23.1%	23.4%	22.8%	22.7%	22.1%
Minnesota	14.5%	14.3%	15.3%	15.7%	15.4%	16.9%	17.0%	16.2%	15.7%	15.2%
Missouri	11.9%	13.6%	14.3%	15.3%	16.0%	17.1%	17.8%	17.6%	17.7%	17.5%
Nebraska	11.0%	10.9%	10.8%	11.3%	11.4%	11.5%	11.0%	11.4%	11.9%	11.9%
North Carolina	6.5%	6.8%	6.5%	7.1%	7.3%	7.5%	9.2%	9.0%	8.8%	8.8%
Ohio	13.4%	13.4%	13.8%	14.0%	14.0%	14.3%	14.7%	14.6%	14.9%	15.2%
South Dakota	12.0%	11.7%	11.5%	11.7%	12.7%	13.4%	12.5%	12.6%	12.7%	12.9%
Texas	6.0%	7.0%	7.4%	7.5%	8.3%	11.1%	14.1%	13.7%	15.2%	14.9%
Wisconsin	12.1%	11.7%	11.8%	12.3%	12.6%	12.8%	12.9%	13.0%	13.0%	13.6%
Average of above	11.9%	12.3%	12.8%	13.5%	13.9%	14.4%	14.7%	14.5%	14.5%	14.3%
NATIONAL AVERAGE	**11.6%**	**12.0%**	**12.5%**	**13.1%**	**13.4%**	**13.5%**	**13.6%**	**13.6%**	**13.6%**	**13.4%**

Sources: Washington State Higher Education Coordinating Board, State Tuition and Fee Rates, February 2000 and US Department of Commerce, Survey of Current Business, June 2000.

Regent tuition and fees as a percentage of Iowa per capita personal income are less than the percentages of most of its peer group states, other Midwestern states, and the nation as a whole. The average increase of the peer states and Midwestern states for 1999 is 14.3%.

HIGHER EDUCATION COSTS

1. Unit Cost of Instruction Comparisons

On a biennial basis, the Regent universities compile information regarding the cost of instruction per student ("unit cost"). The most recent unit cost study covered FY 1999 and was presented to the Board in June 2000.

Unit cost represents the general fund supported cost of instruction of a full-time equivalent student at a given level and is calculated making certain assumptions relative to attribution of instruction costs to the various student levels (i.e., lower division undergraduates, upper division undergraduates, graduate, professional).

Costs such as building repairs, public service, scholarships and fellowships, auxiliary enterprises, health care units, indirect cost recovery, and capitals have been excluded from the unit cost calculations. The FY 2001 unit cost estimates are based on FY 1999 unit cost data adjusted for general fund budgets increases and enrollment changes. It has been Board policy that nonresident students pay, at a minimum, the full cost of their education at Regent universities.

The following tables compare Regent resident and nonresident undergraduate tuition and mandatory fees, estimated unit costs of instruction for FY 2001, and actual unit costs from the biennial reports covering FY 1999 and FY 1997.

University of Iowa	**FY 1997**	**FY 1999**	**FY 2001**
Resident Undergraduate Tuition & Fees	$2,646	$2,868	$3,204
% Increase	8.4%	8.4%	11.7%
Nonresident Undergraduate Tuition & Fees	$9,244	$9,990	$10,966
% Increase	11.2%	8.1%	9.8%
Undergraduate Unit Costs	$7,199	$8,301	$8,863*
% Increase	5.1%	15.3%	6.8%*
University Composite Unit Costs	$11,764	$12,623	$13,840*
% Increase	8.6%	7.3%	9.6%*
Iowa State University	**FY 1997**	**FY 1999**	**FY 2001**
Resident Undergraduate Tuition & Fees	$2,666	$2,874	$3,132
% Increase	7.9%	7.8%	9.0%
Nonresident Undergraduate Tuition & Fees	$8,480	$9,152	$9,974
% Increase	15.7%	7.9%	9.0%
Undergraduate Unit Costs	$7,626	$8,242	$8,815*
% Increase	8.2%	8.1%	7.0%*
University Composite Unit Costs	$8,936	$9,677	$10,564*
% Increase	8.8%	8.3%	9.2%*
University of Northern Iowa	**FY 1997**	**FY 1999**	**FY 2001**
Resident Undergraduate Tuition & Fees	$2,650	$2,860	$3,130
% Increase	7.9%	7.9%	9.4%
Nonresident Undergraduate Tuition & Fees	$6,868	$7,415	$8,094
% Increase	9.7%	8.0%	9.2%
Undergraduate Unit Costs	$7,045	$7,742	$8,785*
% Increase	7.9%	9.9%	13.5%*
University Composite Unit Costs	$7,566	$8,292	$9,039*
% Increase	7.9%	9.6%	9.0%*

* Projected.

2. General University Expense Comparisons

Since FY 1997, base tuition rate increases have averaged 4.0%. General University cost increases have averaged 5.1%. From FY 1997 through FY 2001, base tuition rate increases have been significantly less than the increase in the general university expenditures:

Rates of Growth in General University Expenses Compared to Increases in Base Tuition Rates

	University of Iowa	Iowa State University	University of Northern Iowa	Regent Universities	Base Tuition Increase
1996-97	5.0%	4.4%	5.2%	4.8%	3.5%
1997-98	5.5%	5.3%	4.2%	5.2%	3.9%
1998-99	5.7%	4.3%	5.2%	5.1%	3.9%
1999-00*	6.0%	5.5%	6.8%	6.0%	4.5%
2000-01*	4.2%	5.5%	3.2%	4.5%	4.3%
Average	5.3%	5.0%	4.9%	5.1%	4.0%

* Budgeted. Beginning in FY 2000, Public Health is included in SUI figures and Plant Science is included in ISU figures.

In 2000-2001, the percentage of general university expenditures met through tuition income is expected to increase at all three universities and overall:

Percentage of General University Expenses Met Through Tuition Income

	University of Iowa	Iowa State University	University of Northern Iowa	Regent Combined Total
1996-97	30.3%	31.4%	27.3%	30.2%
1997-98	30.1%	31.2%	27.7%	30.1%
1998-99	29.8%	31.0%	27.6%	29.9%
1999-00	29.8%	31.2%	27.4%	30.0%
2000-01*	30.3%	32.4%	28.0%	30.7%

* Budgeted.

General university revenues are comprised of state appropriations, tuition, federal support, interest, indirect cost reimbursements, sales and services receipts, and other revenues. These revenues are unrestricted and provide funding for the general education of students.

As indicated in the above table, the percent of tuition revenue to total general university revenue decreased slightly from 1997 to 1999. Since 1999, however, the percent has increased. Using the budget for 2000-01, the percent of tuition revenue to total general university revenue reaches its highest percentage level (30.7%) seen since 1970.

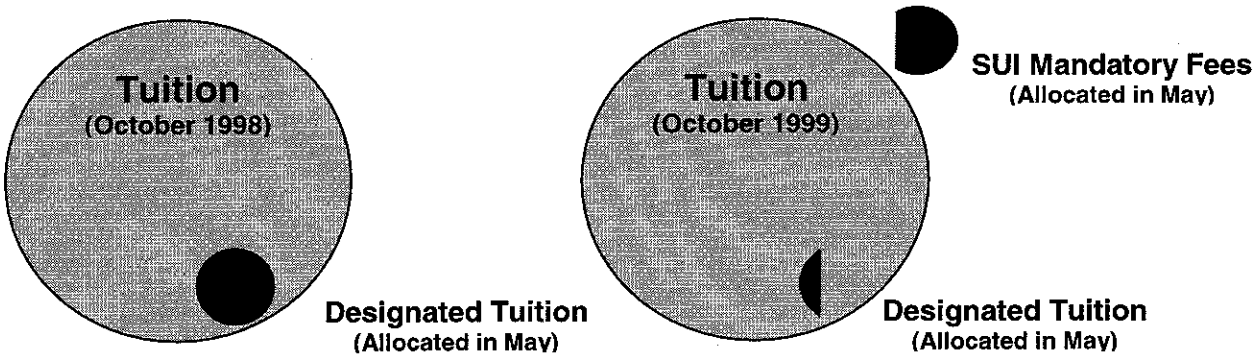
MANDATORY FEES

BACKGROUND

ESTABLISHMENT OF NEW FEES TO REDIRECT TUITION FOR ACADEMIC PURPOSES

For many years, the Board has set tuition and mandatory fees in the fall of each year. During the following May Board meeting, the Board has designated a portion of tuition for specific purposes such as student activities, student services, and debt service. These designations of tuition, in accordance with the Board's Strategic Plan, help assure that the institutional funding base is diverse and consistent with the Board's aspirations for educational excellence.

In October 1999, the Board made a fundamental change in the structure of tuition and fees at the University of Iowa, approving a request of the University of Iowa to establish new mandatory fees for certain student activities and student services rather than using tuition revenues. The change took tuition revenues at the University of Iowa that had been designated historically for student activities and student services, and established them as separate and distinct mandatory fees.



This redirection from tuition to mandatory fees at the University of Iowa had significant consequences:

- Tuition dollars became available for academic areas and needs.
- Students paid mandatory fees rather than tuition to support specific programs that promote student activities and services.
- Students continued to pay the same amount for tuition, plus any base tuition increase approved by the Board for next year (i.e. students continued to pay the same level of tuition but the funds are spent for different purposes).

Iowa Code section 262.34B establishes a procedure for proposing student activity fee changes. The law requires that a Student Fee Committee at each university, composed of five students and five university employees, makes recommendations to the university president, who in turn makes a recommendation to the Board. The final decision on student activity fee changes rests with the Board. This redirection of the designated tuition will not modify the procedure established in Iowa Code section 262.34B. The Student Fee Committee process will continue to determine the specific allocations of student activity fee revenues.

In addition to the University of Iowa's proposal, Iowa State University and the University of Northern Iowa are now proposing to establish a similar redirection of tuition to new mandatory fees so that an additional portion of tuition revenues may be utilized for academic programs.

In October 1999, the Board required the University of Iowa to return for specific approval of any increase in fees and directed the University to do the following as it implements this change. These requirements should also apply to Iowa State University and the University of Northern Iowa.

- Consult with students regarding the proposed expenditures of the newly available tuition revenues released by redirection of tuition to fees (statutory procedure remains same for consultation regarding student activities).

- Report to the Board on revenues and expenditures for all tuition and fees generated by this proposal (including the disposition of unallocated funds).

- Address the applicability of mandatory fees for part-time students, off-campus students, and summer session students.

University of Iowa

Last year, the Board approved the University of Iowa's proposal to phase in the redirections of tuition to fees over two years. The University of Iowa is now requesting to implement the second year of this plan, which would establish two additional mandatory fees for the 2001-02 academic year: the Student Union Fee of $58 and the Consolidated Health Fee of $20. This proposal would allow the University to redirect $1.9 million of tuition revenues to fund selective, strategic investments in financial aid and financial aid services, revitalization of university libraries, and transformation of the instructional equipment in classrooms, laboratories, and studios at the University. This is consistent with the University's proposal last year and the Board's initial approval of the redirection of tuition.

The Board Office recommendation does not increase the proposed new fees (student union and consolidated health), which results in an additional $78 in fees to be paid annually by students. With the redirected fees of $76 approved by the Board last year, the total increase over the two-year period would be $154. These amounts are separate from any tuition increase that the Board would approve. The SUI Student Government has previously expressed support of the University's two-year plan to redirect tuition dollars.

The University also proposes a $2 increase for the 2001-02 academic year in the student activities fee (5.7%) and the student services fee (4.9%) to bring the total increase over the two-year period to $158. The Board Office, however, is not recommending the $2 increase in either the student activities fee or the student services fee at this time, primarily because there may have been an understanding that no increase in these particular fees would occur during the initial two-year implementation period. The Board may want to solicit further input on this matter from SUI and students.

University of Iowa
Per Academic Year

	Designated Tuition*		Mandatory Fees to Redirect Tuition for Academic Purposes		
	Approved 2000-01	Estimated 2001-02*	Approved 2000-01	Proposed 2001-02	Recomm. 2001-02
Student Health Services	$20.18	$0			
Consolidated Health Fee				$20.00	$20.00
Building Fees					
Recreation Project	24.00	24.00			
Recreation Building	4.00	4.00			
Arena/Recreation Project	27.72	27.72			
Iowa Memorial Union	25.92	25.92			
Total Building Fees	81.64	81.64			
Student Activities Fee			$35.00	37.00	35.00
Student Services Fee			41.00	43.00	41.00
Student Union Support Fee	0	0		58.00	58.00
	$101.82	**$81.64**	**$76.00**	**$158.00**	**$154.00**

* Net of inflationary increases.

Institutions in the University of Iowa's peer group are presented below.

University of Iowa
Resident Undergraduate Mandatory Fees & Tuition
Peer Group Comparison
2000-01

	Academic Service	Activity	Athletic	Computing	Facilities	General Student Services	Health Service	Recreation	Total Mandatory Fees	Tuition	Total Tuition & Mandatory Fees
Michigan	$-	-	-	-	370	185	224	-	$779	$6,147	$6,926
Minnesota	-	-	-	150	-	487	-	-	637	4,401	5,038
Illinois	-	-	-	-	-	680	590	-	1,270	3,724	4,994
Indiana	-	107	-	200	-	42	153	-	502	3,902	4,404
Ohio State	-	-	-	-	-	378	-	-	378	4,005	4,383
Wisconsin	-	-	17	-	139	92	219	34	501	3,290	3,791
UCLA	-	-	-	-	-	3,683	-	-	3,683	-	3,683
Texas	284	-	-	270	219	270	132	-	1,175	2,400	3,575
Iowa	**-**	**35**	**-**	**110**	**-**	**41**	**112**	**-**	**298**	**2,906**	**3,204**
N Carolina	-	-	-	-	-	908	-	-	908	1,860	2,768
Arizona	-	-	-	-	50	2,298	-	-	2,348	-	2,348

Iowa State University

Iowa State University proposes a multi-year plan to redirect current designated tuition toward a student activities mandatory fee of $56 for the 2001-02 academic year, an additional $74 (total $130) for the 2002-03 academic year, and an additional $48 (total $178) for the 2003-04 academic year. The University would commit the redirected tuition revenues of $1.5 million in the 2001-02 academic year to selective strategic investments in student financial aid, university library support, information technology, and expanded course offerings for heavily enrolled classes.

The Government of the Student Body of ISU have indicated general support for the redirection of the tuition to mandatory fees.

Iowa State University
Per Academic Year

	Designated Tuition*				Mandatory Fees to Redirect Tuition for Academic Purposes		
	Approved 2000-01	Proposed 2001-02*	Proposed 2002-03*	Proposed 2003-04*	Proposed 2001-02	Proposed 2002-03*	Proposed 2003-04*
Student Activities							
Student Government	$54.98	$0	$0	$0			
Reserve for Legislative Relations	0.10	0	0	0			
Equipment/Program Support	0.20	0	0	0			
Subtotal	$55.28	$0	$0	$0			
Student Activities Mandatory Fee					$56	$56	$56
Student Services							
Cy-Ride (Bus System)	43.00	43.00	0	0			
Memorial Union Operation	47.60	47.60	47.60	0			
Intercollegiate Athletics	36.00	36.00	36.00	36.00			
Recreation	31.40	31.40	0	0			
Subtotal	$158.00	$158.00	$83.60	$36.00			
Student Services Mandatory Fee					$0	$74	$122
Building Fees							
Memorial Union	$7.80	$7.80	$7.80	$7.80			
Memorial Union Reserve - Future Improvements	3.26	3.26	3.26	3.26			
Hilton Coliseum	18.00	18.00	18.00	18.00			
Recreation Facility	30.50	30.50	30.50	30.50			
New Ice Facility	8.40	8.40	8.40	8.40			
Subtotal	$67.96	$67.96	$67.96	$67.96			
TOTALS	**$281.24**	**$225.96**	**$151.56**	**$103.96**	**$56**	**$130**	**$178**

* Net of adjustments and inflationary increases.

Institutions in Iowa State University's peer group are presented below.

Iowa State University
Resident Undergraduate Mandatory Fees & Tuition
Peer Group Comparison
2000-01

	Academic Service	Activity	Athletic	Computing	Facilities	General Student Services	Health Service	Recreation	Total Mandatory Fees	Tuition	Total Tuition & Mandatory Fees
Mich.State	$-	-	-	-	-	602	-	-	$602	$4,830	$5,432
Minnesota	-	-	-	150	-	487	-	-	637	4,401	5,038
Illinois	-	-	-	-	-	680	590	-	1,270	3,724	4,994
Indiana	-	107	-	200	-	42	153	-	502	3,902	4,404
Ohio State	-	-	-	-	-	378	-	-	378	4,005	4,383
UC - Davis	-	314	-	-	223	3,429	106	-	4,072	-	4,072
Purdue	-	101	-	100	-	-	119	-	320	3,552	3,872
Wisconsin	-	-	17	-	139	92	219	34	501	3,290	3,791
Texas A&M	248	-	-	247	279	-	100	100	974	2,400	3,374
Iowa State	**-**	**-**	**-**	**108**	**16**	**-**	**102**	**-**	**226**	**2,906**	**3,132**
N Car State	-	-	-	-	-	908	-	-	908	1,860	2,768
Arizona	-	-	-	-	50	2,298	-	-	2,348	-	2,348

University of Northern Iowa

The University of Northern Iowa has proposed a single year plan to establish a new mandatory fee of $129 for the 2001-02 academic year. The Board Office recommends that UNI's proposal be implemented over two years, with a maximum of $84 in the 2001-02 academic year. Fees for subsequent years would be brought back to the Board for approval.

The University would commit the redirected tuition revenues of about $488,000 (adjusted) to strategic initiatives to improve quality, including study abroad, first year student experience program, advising services, additional faculty to meet student demands, and faculty/staff professional and career development.

The Board Office believes that the Northern Iowa Student Government is in support of the redirection of designated tuition over two years with a maximum amount of $84 for the 2001-02 academic year.

University of Northern Iowa
Per Academic Year

	Designated Tuition*		Mandatory Fees to Redirect Tuition for Academic Purposes
	Approved 2000-01	Estimated 2001-02*	Proposed 2001-02
Student Fees			
Student Organizations	$10.50	$0	$10.50
Intercollegiate Athletics	48.60	48.60	34.00
Fine Arts/Cultural	12.60	12.60	
Intercollegiate Academics	6.30	6.30	
Northern Iowan	2.30	2.30	
Homecoming	1.20	1.20	
Student Activities Programming	3.40	3.40	
Wellness and Recreation	8.90	8.90	
Panther Shuttle Bus	5.50	0	5.50
Child Care Committee	0.80	0.80	
Student Union	15.00	0	15.00
Fieldhouse	53.30	53.30	
Maucker Union Renovation	19.00	0	19.00
Student Mandatory Fee			**$84.00**
TOTALS	**$187.40**	**$103.40**	**$84.00**

* Net of adjustments and inflationary increases.

University of Northern Iowa
Resident Undergraduate Mandatory Fees & Tuition
Peer Group Comparison
2000-01

	Academic Service	Activity	Athletic	Computing	Facilities	General Student Services	Health Service	Recreation	Total Mandatory Fees	Tuition	Total Tuition & Mandatory Fees
Ohio U	-	-	-	-	-	-	-	-	-	5,085	5,085
Illinois State	-	118	207	-	246	152	312	83	1,117	3,219	4,336
Minn Duluth	-	-	41	289	92	42	98	83	645	3,570	4,215
Ctrl Mich	-	100	-	200	50	180	-	-	530	3,245	3,775
Indiana St	-	-	-	-	-	-	-	-	-	3,564	3,564
Wisc EC	-	225	-	-	169	164	-	-	558	2,694	3,252
Northern Ia	**-**	**-**	**-**	**122**	**-**	**-**	**102**	**-**	**224**	**2,906**	**3,130**
Northern Az	-	-	-	-	50	2,296	-	-	2,346	-	2,346
No Texas	48	-	-	161	-	339	50	-	598	1,704	2,302
NC Grnsbro	-	263	311	177	152	128	178	-	1,093	1,108	2,201
Cal State	36	20	-	-	6	1,564	130	-	1,756	-	1,756

INCREASES IN PREVIOUSLY ESTABLISHED FEES

BACKGROUND

During the early 1990's, the Regents approved three types of mandatory fees - health fees, computer fees, and health facility fees.

- The computer fee was initiated in the fall of 1990 for FY 1992. The institutions were charging numerous, miscellaneous computer fees for courses/programs. The Board consolidated these miscellaneous computer fees into a comprehensive fee to improve computer education and access for all students.

- The student health fee was approved for FY 1991, after several months of study. This fee eliminated the existing voluntary health fee and created a mandatory student health fee for the benefit of all students.

- The health facility fee was initiated at the University of Iowa for FY 1998 to be applied to debt service obligations on a bond sale that funded the relocation and improvements of facilities for the Student Health Service.

COMPUTER FEES

The mandatory computer fee continues to serve the purpose for which it was established, providing a distinct resource to respond to computer infrastructure and technology needs to support instructional initiatives and programs.

The proposed fee increases cover costs due to inflation, remove the need for larger, extraordinary increases in the future, and continue to meet the growing demands and rising expectations of accrediting agencies, faculty, and students for expanded, state-of-the-art instructional computing resources.

Earmarked funds permit the institutions to plan programs and regular upgrades to sustain and improve technology based learning environments.

Business Administration, Engineering, Law, and Medicine students at the University of Iowa and Engineering, Computer Science, and Management Information Systems students at Iowa State University currently pay higher mandatory computer fees than other students.

The universities propose the following computer fees for the 2001-02 academic year:

Computer Fees

		Actual 2000-01	Proposed 2001-02	Increase $	Increase %
SUI	All students except Business Administration, Law, Engineering, and Medicine students	$110	$116	$6	5.5%
	Law students	220	232	12	5.5%
	Business Administration and Engineering students	362	382	20	5.5%
	College of Medicine students and students in division of associated medical sciences	136	144	8	5.5%
ISU	All students except Engineering, Computer Science & Management Information Systems students	108	144	36	33.3%
	Engineering students	350	366	16	4.6%
	Computer Science & Management Information Systems students	280	292	12	4.3%
UNI	All students	122	134	12	9.8%

Assuming stable enrollments, the estimated 2001-02 revenues from the recommended computer fees are:

Computer Fee Revenues

	Estimated 2001-02 Gross Revenues	Estimated Increase From 2000-01
University of Iowa	$3,556,000	$185,000
Iowa State University	4,465,000	696,000
University of Northern Iowa	1,554,000	139,000
TOTAL	$9,575,000	$1,020,000

University of Iowa

The University of Iowa proposes inflationary increases of 5.5% for all categories of computer fees to support the increasing use of computer and computer-related technology. Each summer more faculty receive special training to incorporate technology into their classes, increasing the demand for access to technology and technology rich classrooms. The University states that the lack of technology and the infrastructure to support technology will impact the ability of the colleges to fulfill their mission.

The colleges will use the added computer fees to replace old computers and related technology in student labs and to provide support staff to assist students with technology. Students need access to up-to-date information resources and state-of-the-art technology and software that are used in industry.

Iowa State University

Iowa State University proposes a 33.3% increase in its basic computer fee and an inflationary increase of 4.6% in all other categories of computer fees. These fees support microcomputing, as well as other student instructional computing facilities and services, such as print services, short courses, computer training opportunities, and library databases and other information services. Individual colleges use funds for hardware maintenance, hardware and software upgrades, student laboratory monitors, and printing supplies.

Iowa State University splits the generated fees evenly between a Central Pool and a College Pool. The additional amount for the specific computer fees get allocated to those programs based on the student's major. The Central Pool allocates funds for access to the Center for Academic Information technologies facilities and services, for databases and other information services in the Parks Library, and for other projects on a competitive basis.

The College Pool is allocated to the colleges using an algorithm of student credit hours and majors. The funds are used to upgrade and replace outdated hardware and software and support many other student instructional projects. The University states that, each year, the funding needs for maintaining, upgrading, and replacing hardware and software have a growing impact on funding available for innovative computer technology applications.

University of Northern Iowa

The University of Northern Iowa proposes a 9.8% inflationary increase per academic year in computer fees. UNI computer fees are used to maintain and improve academic and instructional computing services in a wide variety of methods. Students are expected to use e-mail and the Internet and faculty increasingly use multimedia to enhance their teaching and provide discipline-specific computer experiences for students.

A portion of the computer fee revenues is set aside for special projects. Computer fee usage proposals are developed by numerous sectors of the University and awarded on a competitive basis.

Historically, the funds have been used for expansion of discipline specific computer support including laboratories, multimedia, presentation classrooms, and demonstration stations for students and faculty. The fee is also used to replace obsolete computer equipment in student labs, support for interdisciplinary curriculum development, expanded networking for student and faculty access to existing software resources, and improvements in the library access system.

HEALTH FEES

The Board Office recommends the following student health fees for the 2001-02 academic year:

Health Fees

	Actual 2000-01	Proposed 2001-02	Dollar Increase	% Increase
University of Iowa	$102	$107	$5	4.9%
Iowa State University	102	110	8	7.8%
University of Northern Iowa	102	106	4	3.9%

The Board Office is recommending the increase to cover increased costs due to inflation and to remove the need for larger, extraordinary increases in the future.

Assuming stable enrollments, the estimated revenues from the recommended 2001-02 student health fees are as follows:

Health Fee Revenues

	Estimated 2001-02 Gross Revenues	Estimated Increase
University of Iowa	$2,526,000	$287,000
Iowa State University	2,766,000	124,000
University of Northern Iowa	1,260,000	47,000
TOTAL	$6,552,000	$458,000

HEALTH FACILITY FEE

No increases are proposed or recommended for the 2001-02 academic year mandatory student health facility fee.

SURCHARGES

UNIVERSITY OF IOWA NONRESIDENT TUITION INCREASE

The University of Iowa is proposing an additional 1% increase in undergraduate nonresident tuition for the 2001-02 academic year, above the rate of what is approved by the Board for resident students. SUI would apply the additional revenues to scholarships for recruiting high quality nonresident students to the University. This will generate approximately $530,000.

The University of Iowa's strategic plan calls for increased efforts to improve the quality of admitted undergraduate students. The University indicated it had initiated or expanded merit aid programs. These programs have been successful in attracting top students, both Iowans and students from other states to the University. The University plans to undertake further expansion of these programs to attract a greater number of highly qualified students. However, the current student financial aid budget cannot afford reallocation from need based programs to pay for expanded merit programs.

To address the added costs of these efforts, proceeds from the 1% surcharge for nonresident undergraduates will be applied to merit based student financial aid programs applicable to nonresident students. The University believes that a 1% tuition surcharge will not seriously impair the University's competitive position in the out-of-state student recruiting markets. The University's current nonresident tuition and fees rank third from the bottom of its peer group and is at 82.1% of the average tuition and fees of its peer group for the 2000-01 academic year.

For the 1996-97 academic year, the Board approved a differential tuition increase of 5.0% for nonresident undergraduates at the University of Iowa with a 3.5% increase for resident undergraduates. The resident and nonresident tuition increases were the same at Iowa State University and the University of Northern Iowa (3.5%).

For the 1995-96 academic year, the Board approved resident tuition increases of 4.2% and nonresident tuition increases of 6.0% at all three universities. The 6% increases in nonresident categories were to cover increased costs due to inflation and general funds and to develop, upgrade, and modernize instructional resources and technology to bring student instruction to the level of quality envisioned in the Regents' strategic plan.

SPECIFIC PERMANENT TUITION SURCHARGES

Base tuition is not earmarked for special academic units, but is part of the overall general university fund budgeting process. Tuition surcharges represent earmarked amounts for specific colleges and purposes. Students enrolled in these colleges pay the surcharge as part of the university's base tuition and receive the benefits of additional resources.

		2000-2001 Base Tuition*	Proposed Surcharge	Percent Increase
MBA				
	Resident	$5,568	$1,065	19.1%
	Nonresident	$13,322	$1,065	8.0%
Masters of Information Systems & Accountancy				
	Resident	$3,452	$1,065	30.9%
	Nonresident	$11,122	$1,065	9.6%
Dentistry (First/Second Yr. Students)				
	Resident	$9,670	$2,000	20.7%
	Nonresident	$26,630	$2,000	7.5%
Law				
	Resident	$7,416	$200	2.7%
	Nonresident	$18,632	$300	1.6%
Medicine (First Yr. Students)				
	Resident	$10,264	$3,500	34.1%
	Nonresident	$27,490	$3,500	12.7%
Pharm. D. (First Yr. Students)				
	Resident	$5,566	$3,000	53.9%
	Nonresident	$17,215	$3,000	17.4%
Physical Therapy (First Yr. Students)				
	Resident	$3,452	$1,350	39.1%
	Nonresident	$11,122	$1,350	12.1%

* Does not include mandatory fees.

College of Business: Masters of Business Administration Program

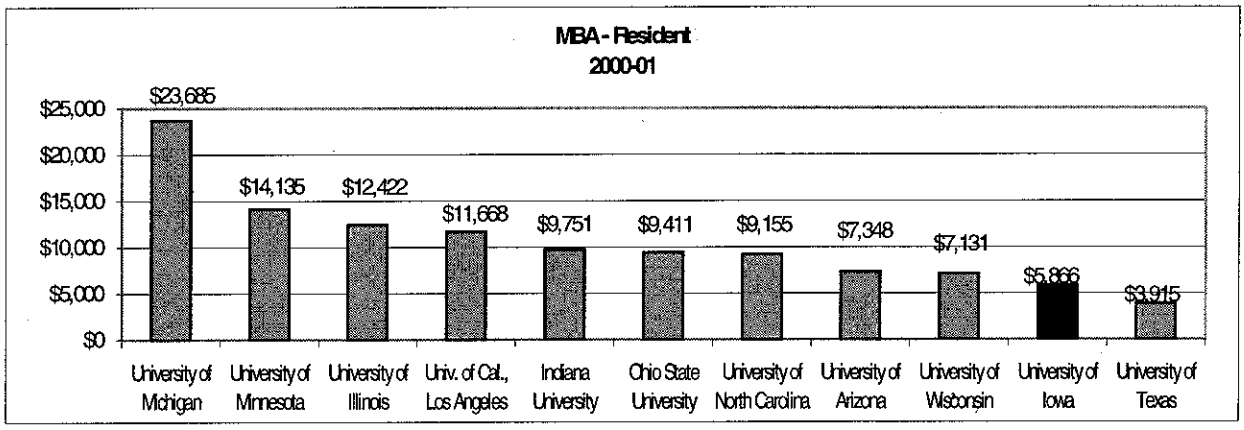
The University's Henry B. Tippie College of Business is proposing the second of three annual tuition surcharges of $1,065 per resident and nonresident student entering the University of Iowa's Masters of Business Administration program in fall of 2001. This surcharge will not apply to students entering the program prior to fall of 2001. Base resident tuition for MBA for the 2000-2001 academic year is $5,568 and with mandatory fees totals $5,866.

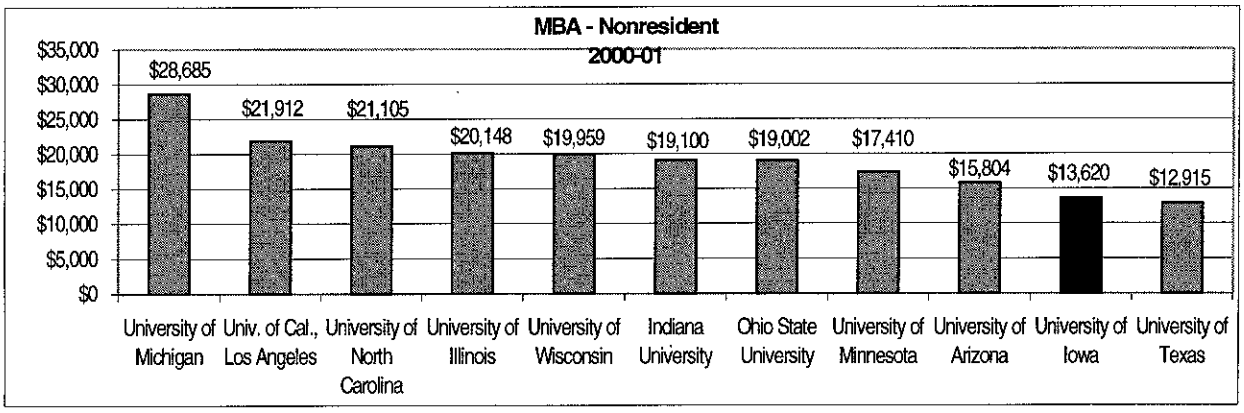
At its October 1999 meeting, the Board approved the establishment of a new permanent tuition surcharge of $1,065 per academic year for resident and nonresident students for the University of Iowa Masters of Business Administration program for those students entering the full-time MBA program in fall of 2000. Implementation is expected to take three years. Each subsequent year's surcharge increase is to be brought to the Board for approval.

The proposed tuition surcharge will generate approximately $90,525 and fund key improvements in the full-time MBA program including:

Amount	Expenditure Category	Descriptions
$28,900	Technology Enhancement	Represents per student expenditure equal to technology fee paid by undergraduates in business. Projects include expansion of wireless LAN and purchase of loaner notebook for the library and addition of on-line financial information systems that allow hands-on experience for the MBA students.
$10,000	Faculty Development	Support for e-commerce course development. Faculty supervision for case teams.
$5,000	Student Development	Travel to visit companies and bring business speakers to campus. Support for Students for Responsible Business Association, particularly in the area of speakers and to attend national conference. Partial support for nonprofit business course.
$32,141	Improved Student Services	Support for a business writing tutor, a consultant to manage MBA interviewing practice, and partial support for an Alumni Director and related activities.
$14,484	Student Financial Aid (16%)	Student aid funds are distributed via the Educational Opportunity Program. These funds are used to support under-represented groups.
$90,525		

The University of Iowa MBA is currently the second lowest in its peer group for resident and nonresident tuition. In addition, resident tuition ($5,866) is less than half of the average tuition ($12,890) in its peer group for 2000-2001. According to SUI, students have indicated that the increased cost of the Iowa MBA has not been an obstacle to attending the program.





COLLEGE OF BUSINESS: MASTERS PROGRAMS IN MANAGEMENT INFORMATION SYSTEMS AND ACCOUNTANCY

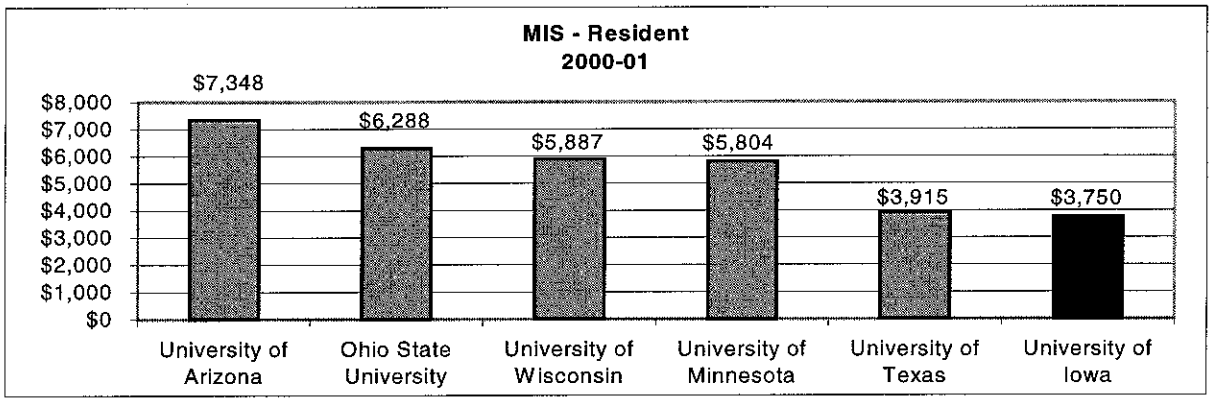
The Henry B. Tippie College of Business is also proposing an annual tuition surcharge of $1,065 for the Masters of Information Systems and the Masters of Accountancy programs, similar to the MBA. The surcharge would apply to resident and nonresident students entering the programs in the fall of 2001. The tuition surcharge will not be applied to students enrolled in the programs prior to fall 2001.

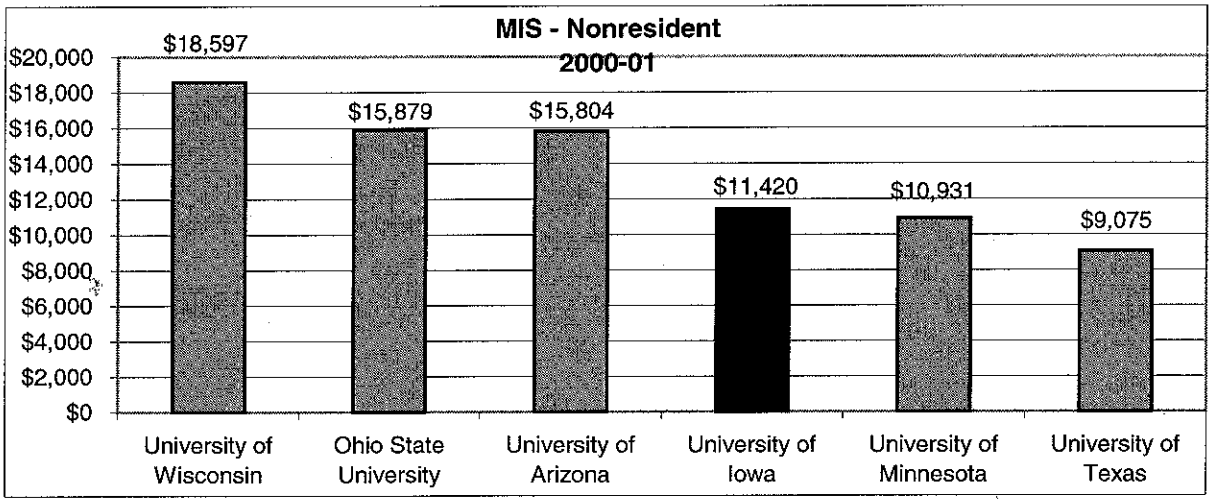
Implementation is expected to take three years, for a total surcharge of $3,195 over the three years. Each subsequent year's surcharge is to be brought to the Board for approval. Base resident tuition for these Masters programs for the 2000-2001 academic year is $3,452 and with mandatory fees totals $3,750.

The tuition surcharge for the Masters program in Management Information Systems (MIS) will generate approximately $85,200 and fund key programmatic improvements including:

Amount	Expenditure Category	Descriptions
$27,200	Technology Enhancement	Expenditure (per student) equal to technology fee paid by business undergraduates, access to computer labs, additional software support, and computer upgrades.
$35,000	Career Service Support	Support for one half-time career service professional.
$4,368	Faculty Support	Initial support for the hiring of tenure track faculty.
$5,000	Program Support	Money for student recruitment, new student orientation, and professional development programs for students.
$13,632	Student Financial Aid (16%)	Aid will be based on academic merit.
$85,200		

MIS resident tuition and fees at the University of Iowa is the lowest in its peer group. MIS nonresident tuition and fees are fourth in its peer group. The University reports that the program is intended to produce graduates who are professionally prepared to enter the workforce and to provide immediate value and focused competence to employers. The demand for these graduates in business is high, and starting salaries are generous and rising.

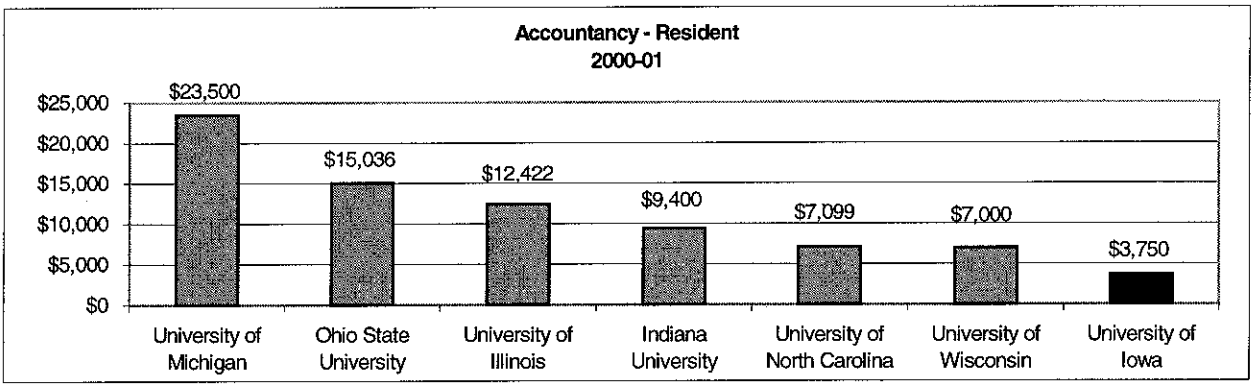


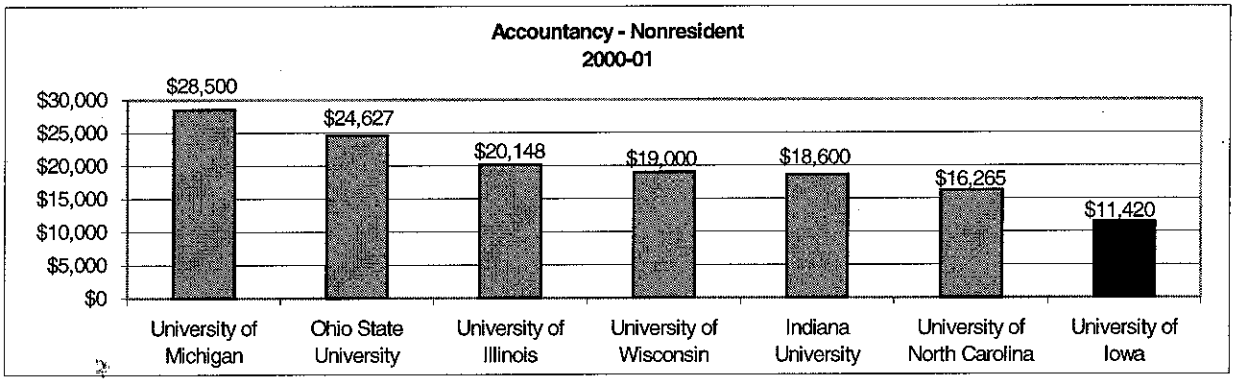


The tuition surcharge for the Masters program in Accountancy will generate approximately $69,225 and will fund:

Amount	Expenditure Category	Descriptions
$22,100	Technology Enhancement	Represents per student expenditure equal to technology fee paid by undergraduates in business. Access to computer labs, software support, and upgrades for computers.
$36,049	Faculty Support	Initial support to be directed toward the hiring of full-time faculty.
$11,076	Student Financial Aid (16%)	Aid will be based on academic merit.
$69,225		

Resident and nonresident tuition and fees for the Masters in Accountancy at the University of Iowa are the lowest among the colleges in its peer group. The University reports that the program is intended to produce graduates who are professionally prepared to enter the workforce and to provide immediate value and focused competence to employers. The demand for these graduates in business is high, and starting salaries are generous and rising.





College of Dentistry

At its October 1999 meeting, the Board approved the establishment of a new permanent tuition surcharge of $2,000 per academic year for resident and nonresident first year students entering the University of Iowa Dentistry program in the fall of 2000. The surcharge would not apply to students entering the programs prior to the fall of 2000. Implementation was expected to take four years, with each subsequent year's surcharge increase to be brought to the Board for approval. Base resident tuition for Dentistry for the 2000-2001 academic year is $9,670 (after the $2,000 surcharge) and with mandatory fees totals $9,968.

The University of Iowa is proposing to implement the second through fourth years of the $2,000 surcharge (for students entering fall 2001, 2002, and 2003) at this time, rather than bringing each subsequent class to the Board. According to the University, costs for providing high quality professional education with state-of-the-art technology and clinical facilities have been increasing rapidly.

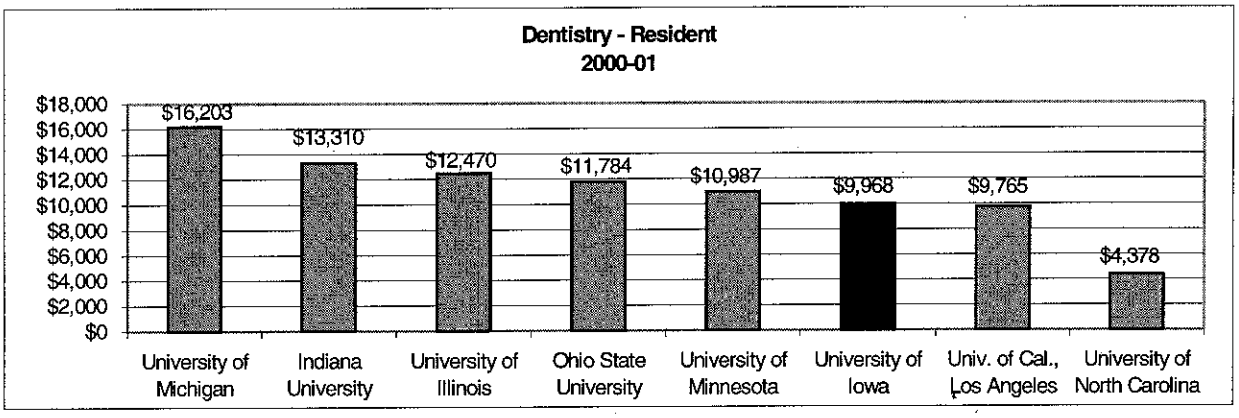
The Board Office recommends that the University return next year, with the understanding that students enrolled prior to the fall of 2000 not be charged the surcharge.

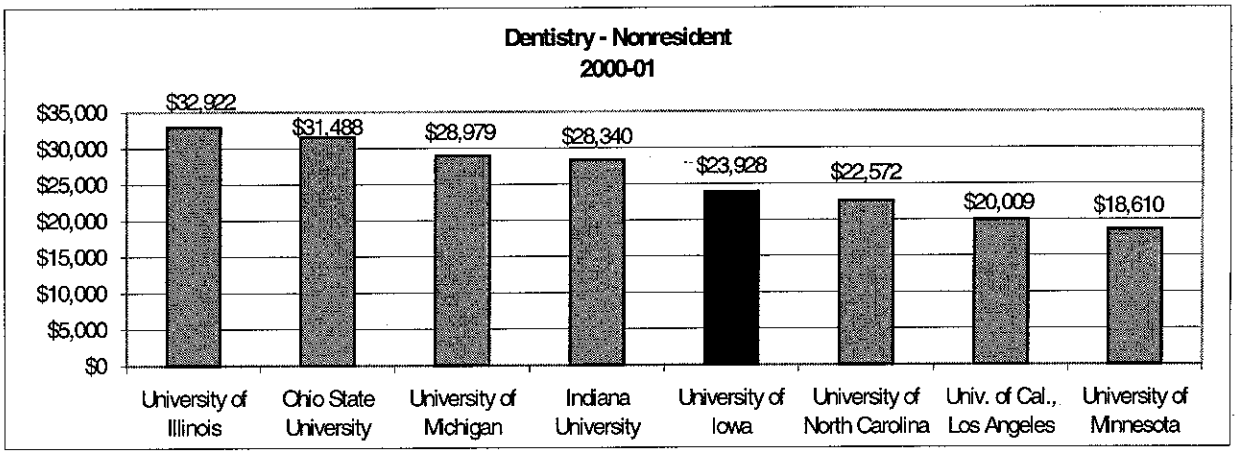
The surcharge will generate approximately $144,000 in FY 2001-2002 and will support the necessary program enhancements (primarily faculty support) for educational programs including:

Amount	Expenditure Category	Descriptions
$120,960	Faculty Salaries	One new faculty position ($100,000) will be added to the department of Family Dentistry. The remaining funds ($20,960) will be applied to faculty retention in clinical departments.
$23,040	Student Financial Aid (16%)	Scholarships to students with exceptional financial need.
$144,000		

Dentistry resident tuition and fees at the University of Iowa are the third lowest in its peer group and less than the average tuition ($11,271) for 2000-2001 of its peer group. Dentistry nonresident tuition and fees at the University of Iowa are the fourth lowest and also lower than average in comparison to its peer universities.

SUI expects the College of Dentistry to remain competitive with peer and regional dental schools after the increase. The University reported that growing scholarships and low-interest loan programs ensure that no qualified Iowa applicant will be unable to attend because of costs.





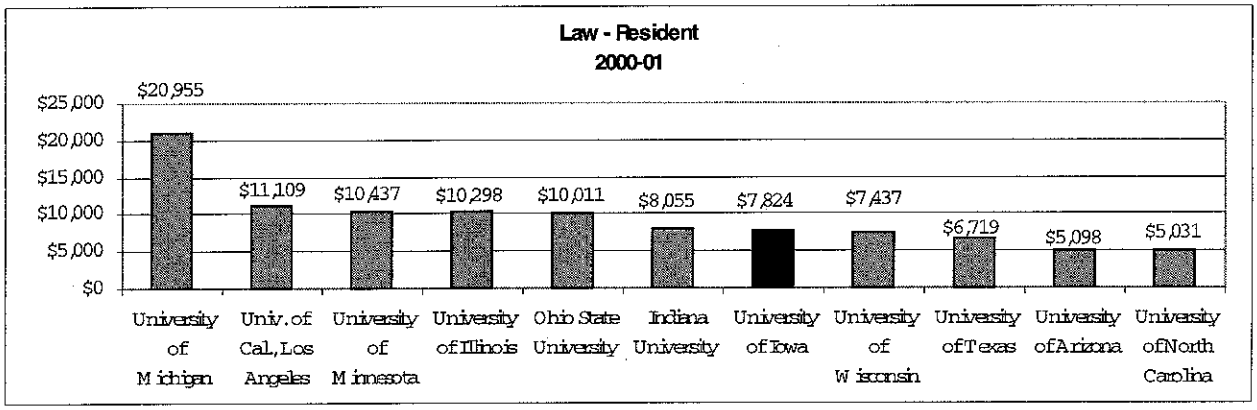
College of Law

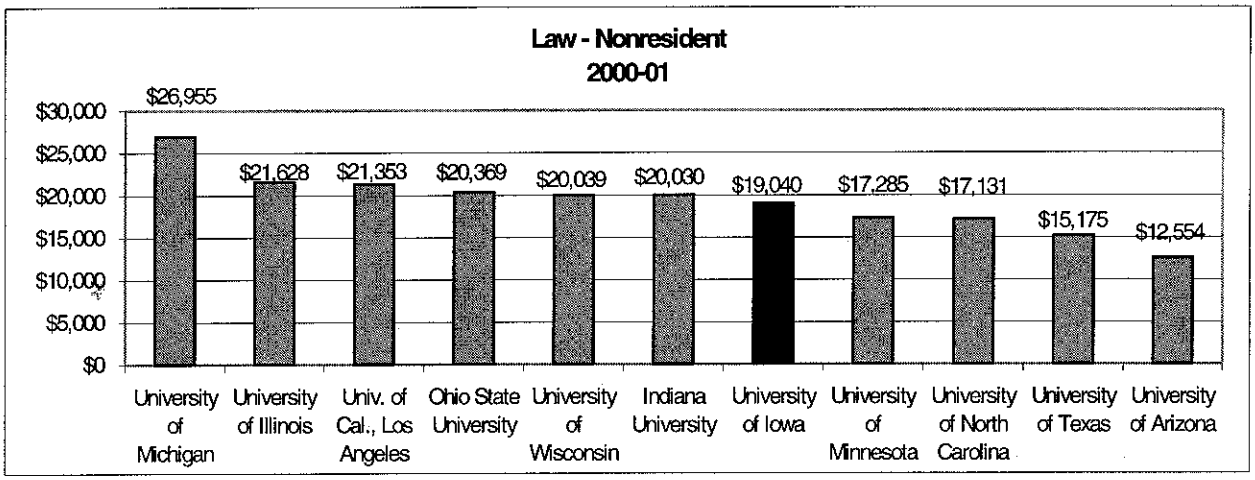
The University of Iowa is proposing a tuition surcharge of $200 for Iowa residents and $300 for nonresidents enrolled in the University of Iowa's College of Law. This would be the ninth College of Law surcharge in ten years. The average surcharge of the previous eight years is $381 for residents and $561 for nonresidents. Base resident tuition for Law for the 2000-2001 academic year is $7,416 and with mandatory fees totals $7,824.

The surcharge will generate approximately $132,559 in FY 2001-2002 and will be applied to collegiate initiatives, as identified in the institution's strategic plan. Funds will directly benefit law students by improving the scope and quality of the educational services and professional opportunities available by:

Amount	Expenditure Category	Descriptions
$45,850	Associate Director of Career Services	This person will counsel students on career options and market the quality of Iowa-educated law graduates.
$39,300	Associate Director of the Writing Resource Center	This person will assist the director in meeting student needs for greater assistance and support in the development of their writing skills.
$26,200	Half-time manager for student employee appointment records and payroll	This person will handle administrative employment details for the 200+ student research assistants, program leaders, and auxiliary managers.
$21,209	Student Financial Aid (16%)	
$132,559		

Despite the tuition increases of the last several years, the 2000-2001 resident Law tuition and fees at the University of Iowa are less than the average tuition ($9,515) of its comparable universities by just under $1,700 while the nonresident Law tuition and fees are more than $200 below the peer group average ($19,252).





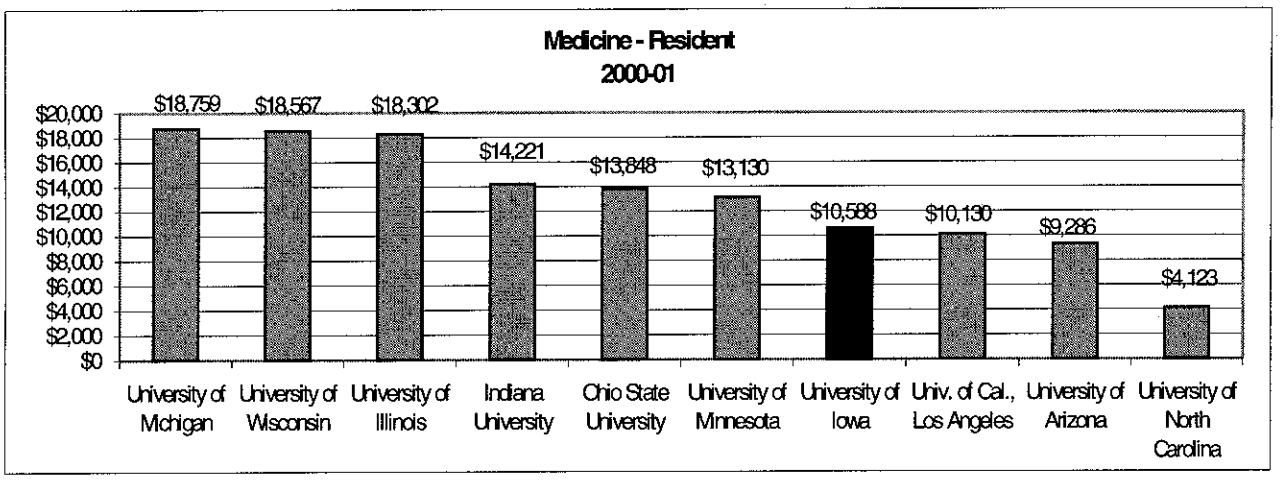
College of Medicine

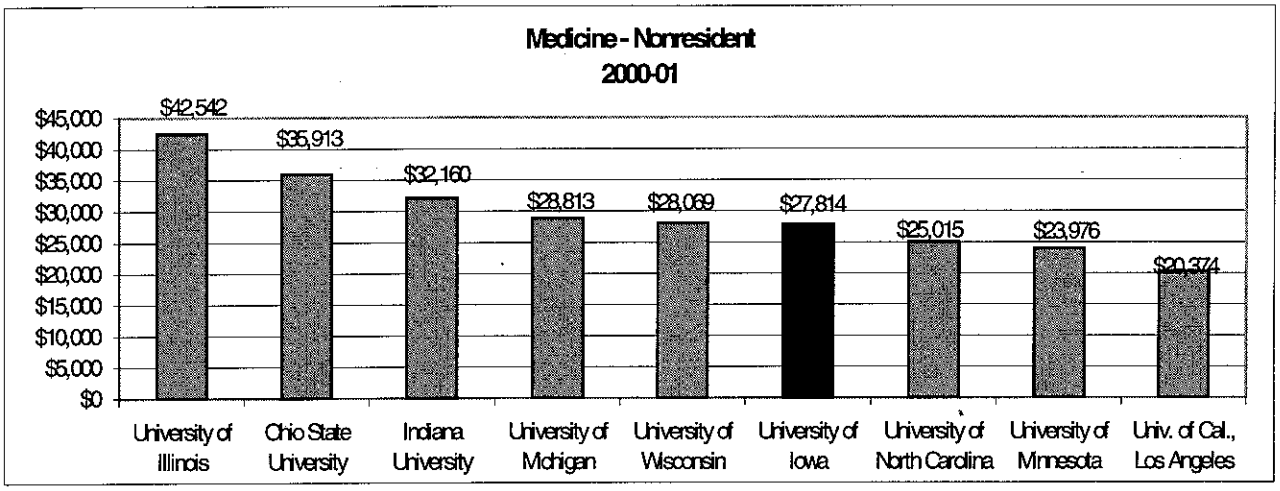
The University of Iowa is proposing a tuition surcharge of $3,500 for the College of Medicine for resident and nonresident students entering the medical education program in fall of 2001. It will not apply to students enrolled in the medical program prior to fall 2001. Implementation of the surcharge will be in addition to any mandated Regent increase. Base resident tuition for Medicine for the 2000-2001 academic year is $10,264 and with mandatory fees totals $10,588.

The tuition surcharge would fund key programmatic enhancements and offset future recurring costs associated with the implementation of the generalist curriculum and community-based learning experiences including:

Amount	Expenditure Category	Descriptions
$150,000	Faculty Salaries and Fringe Benefits	Dedicated 20% support of four faculty for Learning Communities
$100,000	Faculty Salaries and Fringe Benefits	Faculty member to develop, implement, & assess outcomes of a competency-based clinical skills assessment exam that students must pass prior to graduation.
$91,000	P&S Salary and Fringe Benefits	Professional counseling for personal, career, academic and debt management.
$100,000	General Expense	Community-based learning and intranet development
$84,000	Student Financial Aid (16%)	
$525,000		

The University of Iowa Medical program tuition is currently the fourth lowest in its peer group and is less than the average tuition ($13,374) for 2000-2001 of its peer group. A surcharge of $3,500, with the recommended base tuition increase, will put the College of Medicine tuition at the University over the average and about fourth highest in its peer group.





Arizona does not allow nonresidents in its medical program.

College of Pharmacy

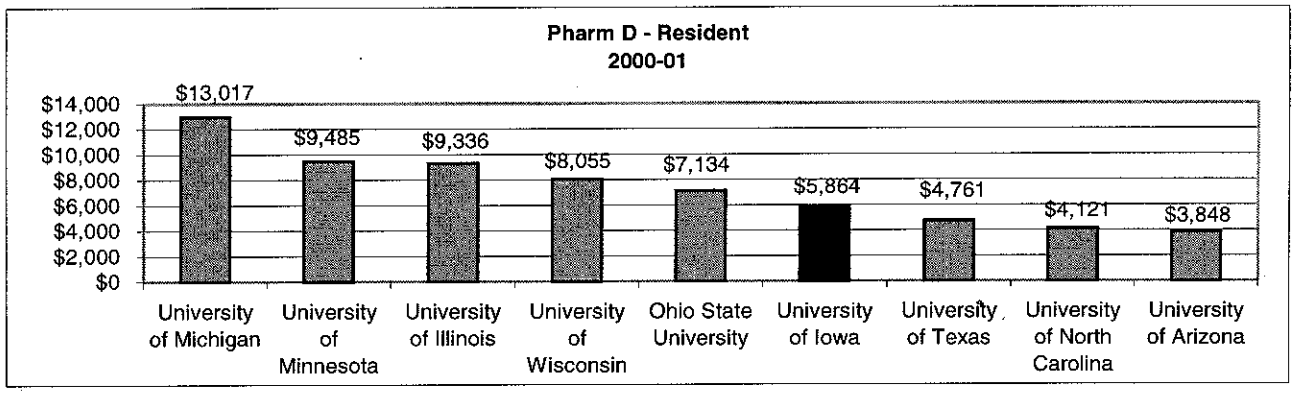
The University of Iowa is proposing a tuition surcharge of $3,000 for the College of Pharmacy's Pharm. D program for resident and nonresident students entering the fall of 2001. Base resident tuition for Pharmacy for the 2000-2001 academic year is $5,566 and with mandatory fees totals $5,864. Implementation is expected to take four years, with each subsequent entering class to be charged this amount. Each subsequent year's surcharge increase is to be brought to the Board for approval.

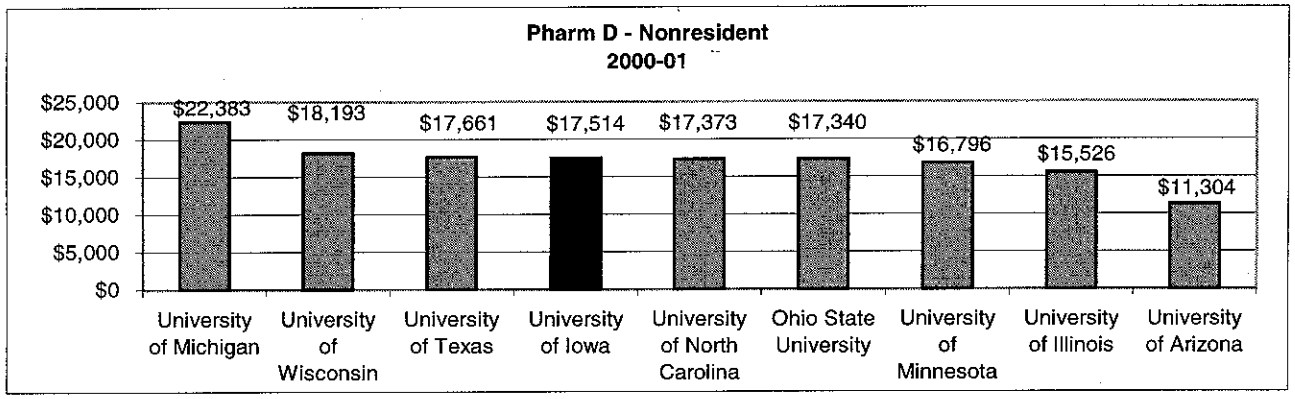
Students currently spend one year in pre-pharmacy and five years in the Pharm. D. program. The College anticipates conversion of its program to two years in pre-pharmacy and four years in the Pharm. D. program beginning in fall 2001. This surcharge would be applied to the four-year portion rather than the tuition for the five-year portion.

The tuition surcharge would generate approximately $300,000 and be used to fund the program at a level consistent with the true cost of delivering the new Pharmacy program and will address the following programmatic needs including:

Amount	Expenditure Category	Description
$50,000	Salaries.	Hiring of new and replacement faculty (one FTE.)
$75,000	Salaries.	Enhancing external Pharmacy Practice Sites.
$127,000	Equipment, supplies, and services.	Improving instructional equipment in classrooms and laboratories needed to deliver sophisticated coursework and concepts that are now routinely used in community and hospital pharmacies.
$48,000	Student Financial Aid (16%)	
$300,000		

Pharmacy resident tuition and fees at the University of Iowa are the fourth lowest in its peer group and less than the average tuition for 2000-2001 of its peer group ($7,470). Pharmacy nonresident tuition and fees are comparable to those of its peer universities.





Graduate College – Masters in Physical Therapy

The University of Iowa is again proposing a tuition surcharge of $2,694 per student for resident and nonresident students entering the University of Iowa's Masters of Physical Therapy program in the fall of 2001.

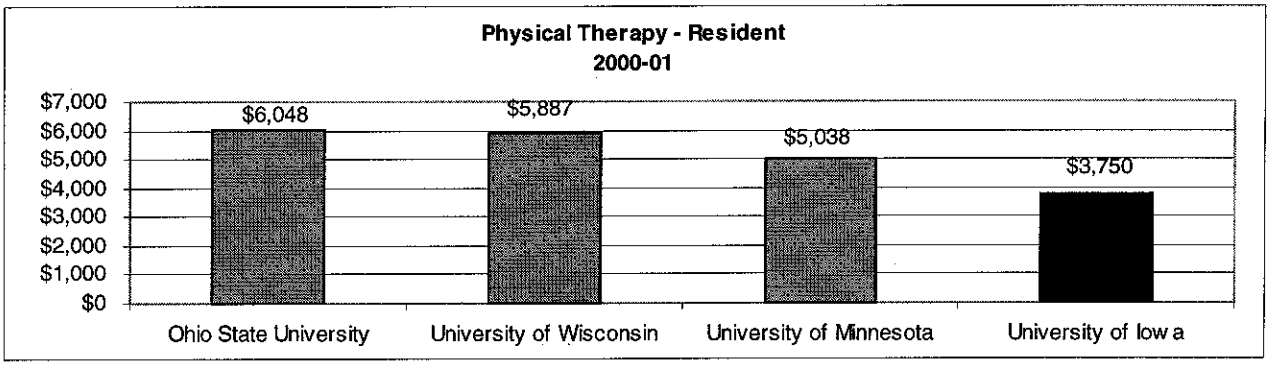
The Board deferred last year's proposed tuition surcharge of $2,692 for the Masters of Physical Therapy program so the university could gather additional information and develop a comprehensive proposal. Base resident tuition for Physical Therapy for the 2000-2001 academic year is $3,452 and with mandatory fees totals of $3,750.

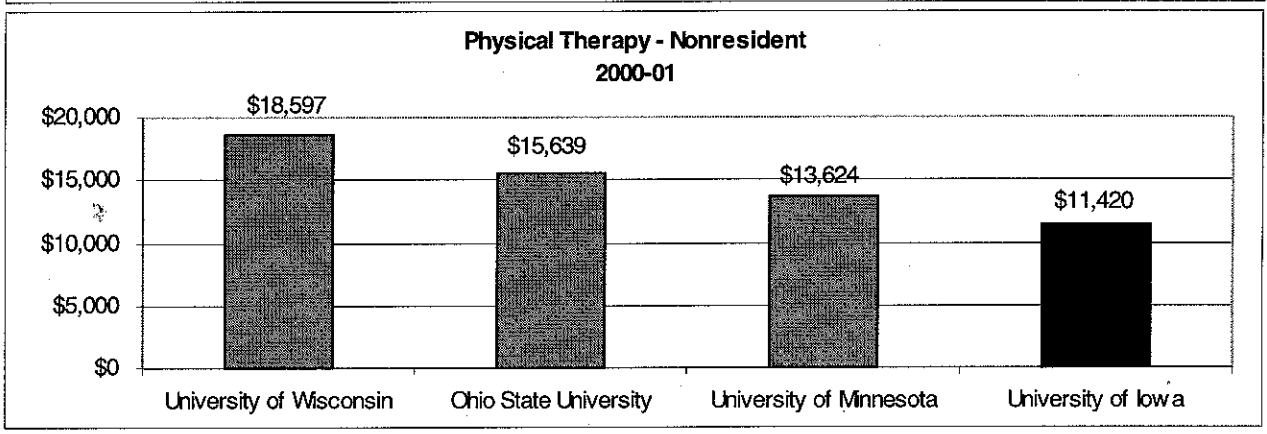
The Board Office is recommending that the Board consider a $1,350 surcharge (a 39.1% increase) rather than the $2,692 surcharge (a 78% increase) for the Masters of Physical Therapy.

The proposed surcharge will generate approximately $242,000 in FY 2001-2002, however the amount at the recommended surcharge would be approximately half of this amount ($121,000). The surcharge will primarily provide enhancements for faculty support of educational programs including:

Amount	Expenditure Category	Description
$53,000	Faculty/Staff	Expansion of clinical MPT curriculum with additional staff, one half-time person to assist the Coordinator of Curriculum in site visits, one full-time person to expand the clinical education curriculum offerings, and one half-time secretarial support person to clinical education program.
27,500	Graduate Teaching Assistants	Four half-time teaching assistant positions are required to complement the current faculty and to address anticipated curricular expansion.
10,000	Teaching & Technical Support Equipment	Need to address current shortage of technical equipment required for teaching (student computer workstations, educational software, printers, etc.)
7,500	Clinical Education program	Travel to internship sites ($5,000) by clinical coordinator and staff for consultation/evaluation and continuing education and professional development experiences (workshops, symposia; $10,000) for clinical education staff.
3,500	Student Research	Encourage student participation in research and expand opportunities for participation at professional meetings.
19,500	Student Financial Aid (16%)	
$242,000		

Of the reported peer institutions that have Physical Therapy programs, the University of Iowa has the lowest tuition and fees. According to the *2000 US News & World Report*, the University of Iowa program is ranked third among the Best Graduate Schools in the Country.





ESTIMATED REVENUES

Assuming enrollments at the projected fall 2000 level, the estimated increases in gross tuition revenues for 2001-02 with the recommended tuition increases are as follows:

Gross Proceeds from Tuition and Surcharge Increases

	University of Iowa	Iowa State University	University of Northern Iowa	Total
Base Tuition Increase	$9,052,000	$7,222,000	$2,661,000	$18,935,000
SUI Nonresident Tuition Increase	530,000	-	-	530,000
Surcharges				
SUI MBA	90,525	-	-	90,525
SUI Master of Info Systems & Acctancy	154,425	-	-	154,425
SUI Dentistry	144,000	-	-	144,000
SUI Law	132,559	-	-	132,559
SUI Medicine	525,000	-	-	525,000
SUI Pharmacy	300,000	-	-	300,000
SUI Physical Therapy	121,000	-	-	121,000
TOTAL	$11,049,509	$7,222,000	$2,661,000	$20,932,509

The Board Office recommends that general institutional financial aid for students be increased at the same rate as the proposed increase in tuition and mandatory fees to offset the impact on students now receiving institutional financial aid.

The estimated increases in the student financial aid set aside for 2001-02 are:

Student Financial Aid Set Aside

University of Iowa	$1,767,600
Iowa State University	795,000
University of Northern Iowa	524,000
TOTAL	$3,086,600

The estimated increases in net tuition revenues after deducting the student financial aid set aside are as follows:

Net Tuition Revenue

	University of Iowa	Iowa State University	University of Northern Iowa	Total
Base Tuition Increase	$7,604,000	$6,427,000	$2,137,000	$16,168,000
SUI Nonresident Tuition Increase	445,200	-	-	445,200
Surcharges				
SUI MBA	76,041	-	-	76,041
SUI Master of Info Systems & Acctancy	129,718	-	-	129,718
SUI Dentistry	120,960	-	-	120,960
SUI Law	111,350	-	-	111,350
SUI Medicine	441,000	-	-	441,000
SUI Pharmacy	252,000	-	-	252,000
SUI Physical Therapy	101,640	-	-	101,640
TOTAL	$9,281,909	$6,427,000	$2,137,000	$17,845,909

ESTIMATED TOTAL COST OF ATTENDING REGENT UNIVERSITIES

Iowa Code δ262.9 requires that the estimated total cost of attending the Regent universities, including room and board and other costs, be published in a docket memorandum along with the final approved tuition and mandatory fees.

The Regent residence systems and financial aid offices have provided the following estimated 2001-02 room and board charges and other costs associated with attending the Regent universities:

	Resident Undergrad. Tuition and Fees*	Room and Board**	Other Costs**	Estimated Total Costs**
University of Iowa	$3,503	$4,657	$3,945	$12,105
% Increase	9.3%	5.9%	3.0%	9.3%
Iowa State University	$3,442	$4,634	$3,486	$11,562
% Increase	9.9%	4.6%	3.6%	9.9%
University of Northern Iowa	$3,440	$4,439	$3,594	$11,473
% Increase	9.9%	7.0%	2.8%	9.9%

* Proposed.
** Estimated.

The estimated average total cost of attending a Regent university is $11,713, which represents a 6.0% increase.

Actual room and board rates are set in the spring when the effects of such variables as labor contracts, occupancy rates, and the costs for food, utilities, and repairs are better known.

Other costs, as quantified for financial aid calculations, include the universities' estimates of student costs for books, supplies, transportation, and personal expenses.

Pamela M. Elliott — Approved: Frank J. Stork

Pamela M. Elliott — Frank J. Stork

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BOARD OF REGENTS, STATE OF IOWA
ACADEMIC YEAR TUITION AND MANDATORY FEES
Proposed 2001-02

	Base Tuition & Surcharge	Computer Fee	Health Fee	Health Facility Fee	Student Activities Fee	Student Services Fee	Student Union Fee	Consolidated Health Fee	Total Mandatory Fees	Tuition & Mandatory Fees	% Increase in Tuition & Mandatory Fees	Total Dollar Increase In Tuition & Fees
UNIVERSITY OF IOWA												
Undergraduate Resident	$ 3,116	$ 116	$ 107	$ 10	$ 35	$ 41	58	20	$ 387	$ 3,503	9.3%	$ 299
Undergraduate Resident - Business Admin.	3,116	382	107	10	35	41	58	20	$ 653	3,769	9.1%	313
Undergraduate Resident - Engineering	3,116	382	107	10	35	41	58	20	$ 653	3,769	9.1%	313
Undergraduate Resident - Medical	2,906	144	107	10	35	41	58	20	$ 415	3,321	2.8%	91
Undergraduate Nonresident	11,544	116	107	10	35	41	58	20	$ 387	11,931	8.8%	965
Undergraduate Nonresident - Business Admin.	11,544	382	107	10	35	41	58	20	$ 653	12,197	8.7%	979
Undergraduate Nonresident - Engineering	11,544	382	107	10	35	41	58	20	$ 653	12,197	8.7%	979
Undergraduate Nonresident - Medical	11,544	144	107	10	35	41	58	20	$ 415	11,959	8.8%	967
Undergraduate Resident Pharmacy	4,846	116	107	10	35	41	58	20	$ 387	5,233	8.6%	414
Undergraduate Nonresident Pharmacy	15,108	116	107	10	35	41	58	20	$ 387	15,495	7.7%	1,105
Pharm. D. Resident	8,968	116	107	10	35	41	58	20	$ 387	9,355	59.5%	3,491
Pharm. D. Resident - students enrolled prior to fall 2001	5,969	116	107	10	35	41	58	20	$ 387	6,356	8.4%	491
Pharm. D. Nonresident	21,456	116	107	10	35	41	58	20	$ 387	21,843	24.7%	4,330
Pharm. D. Nonresident - students enrolled prior to fall 2001	18,457	116	107	10	35	41	58	20	$ 387	18,844	7.6%	1,331
Graduate Resident	3,702	116	107	10	35	41	58	20	$ 387	4,089	9.0%	339
Graduate Resident - Engineering	3,702	382	107	10	35	41	58	20	$ 653	4,355	8.8%	353
Graduate Nonresident	11,924	116	107	10	35	41	58	20	$ 387	12,311	7.8%	891
Graduate Nonresident - Engineering	11,924	382	107	10	35	41	58	20	$ 653	12,577	7.8%	905
MBA Resident	7,034	116	107	10	35	41	58	20	$ 387	7,421	26.5%	1,555
MBA Resident - students enrolled prior to fall 2000	4,628	116	107	10	35	41	58	20	$ 387	5,015	8.7%	401
MBA Nonresident	15,346	116	107	10	35	41	58	20	$ 387	15,733	15.5%	2,113
MBA Nonresident - students enrolled prior to fall 2000	13,142	116	107	10	35	41	58	20	$ 387	13,529	7.7%	973
Master of Info System & Accountancy Resident	4,768	116	107	10	35	41	58	20	$ 387	5,155	37.5%	1,405
Master of Info System & Accountancy Resident prior to fall 2001	3,702	116	107	10	35	41	58	20	$ 387	4,089	9.0%	339
Master of Info System & Accountancy Nonresident	12,990	116	107	10	35	41	58	20	$ 387	13,377	17.1%	1,957
Master of Info System & Accountancy Nonresident prior to fall 2001	11,924	116	107	10	35	41	58	20	$ 387	12,311	7.8%	891
Law Resident	8,152	232	107	10	35	41	58	20	$ 503	8,655	10.6%	831
Law Nonresident	20,274	232	107	10	35	41	58	20	$ 503	20,777	9.1%	1,737
Medicine Resident	14,504	144	107	10	35	41	58	20	$ 415	14,919	40.9%	4,331
Medicine Resident - students enrolled prior to fall 2001	11,004	144	107	10	35	41	58	21	$ 416	11,420	9.8%	1,020
Medicine Nonresident	32,972	144	107	10	35	41	58	20	$ 415	33,387	20.0%	5,572
Medicine Nonresident - students enrolled prior to fall 2001	29,472	144	107	10	35	41	58	21	$ 416	29,888	8.2%	2,261
Dentistry Resident, First and Second Year students	10,366	116	107	10	35	41	58	20	$ 387	10,753	7.9%	785
Dentistry Resident, Third thru Fourth Yearstudents	8,222	116	107	10	35	41	58	20	$ 387	8,609	8.0%	641
Dentistry Nonresident, First and Second Year students	25,332	116	107	10	35	41	58	20	$ 387	25,719	7.5%	1,791
Dentistry Nonresident, Third thru Fourth Year students	23,188	116	107	10	35	41	58	20	$ 387	23,575	7.5%	1,647
Dentistry Resident, Graduate	3,702	116	107	10	35	41	58	20	$ 387	4,089	9.0%	339
Dentistry Nonresident, Graduate	11,924	116	107	10	35	41	58	20	$ 387	12,311	7.8%	891
Graduate Physical Therapy Resident, First Year students	5,052	116	107	10	35	41	58	20	$ 387	5,439	45.0%	1,689
Graduate Physical Therapy Resident, Second and Third Year	3,702	116	107	10	35	41	58	20	$ 387	4,089	9.0%	339
Graduate Physical Therapy Nonresident, First Year	13,274	116	107	10	35	41	58	20	$ 387	13,661	19.6%	2,241
Graduate Physical Therapy Nonresident, Second and Third Year	11,924	116	107	10	35	41	58	20	$ 387	12,311	7.8%	891
IOWA STATE UNIVERSITY												
Undergraduate Resident	$ 3,116	$ 144	$ 110	$ 16	56	-	-	-	$ 326	$ 3,442	9.9%	$ 310
Undergraduate Resident - Engineering	3,116	366	110	16	56	-	-	-	548	3,664	8.6%	290
Undergraduate Resident - Comp Sci & MIS	3,116	292	110	16	56	-	-	-	474	3,590	8.7%	286
Undergraduate Nonresident	10,450	$ 144	110	16	56	-	-	-	326	10,776	8.0%	802
Undergraduate Nonresident - Engineering	10,450	366	110	16	56	-	-	-	548	10,998	7.7%	782
Undergraduate Nonresident - Comp Sci & MIS	10,450	292	110	16	56	-	-	-	474	10,924	7.7%	778
Graduate Resident	3,702	$ 144	110	16	56	-	-	-	326	4,028	9.5%	350
Graduate Resident - Engineering	3,702	366	110	16	56	-	-	-	548	4,250	8.4%	330
Graduate Resident - Comp Sci & MIS	3,702	292	110	16	56	-	-	-	474	4,176	8.5%	326
Graduate Nonresident	10,898	$ 144	110	16	56	-	-	-	326	11,224	8.0%	834
Graduate Nonresident - Engineering	10,898	366	110	16	56	-	-	-	548	11,446	7.7%	814
Graduate Nonresident - Comp Sci & MIS	10,898	292	110	16	56	-	-	-	474	11,372	7.7%	810
Veterinary Medicine Resident	7,110	144	110	16	56	-	-	-	326	7,436	8.5%	579
Veterinary Medicine Nonresident	19,376	144	110	16	56	-	-	-	326	19,702	7.7%	1,402
UNIVERSITY OF NORTHERN IOWA												
Undergraduate Resident	$ 3,116	$ 134	$ 106	-	84	-	-	-	$ 324	$ 3,440	9.9%	$ 310
Undergraduate Nonresident	8,438	134	106	-	84	-	-	-	324	8,762	8.2%	668
Graduate Resident	3,702	134	106	-	84	-	-	-	324	4,026	9.5%	350
Graduate Nonresident	9,122	134	106	-	84	-	-	-	324	9,446	8.2%	715