

VII. STANDING COMMITTEES**A. Academic and Student Affairs Committee**

In Joint Session with

B. Finance, Audit and Facilities Committee**Tuition Setting Authority – Informational Update****INFORMATION:**

This item is a follow up to the proposed operating and capital budgets presented to the Regents as an information item on May 12, 2011. The legislature had not agreed to a final budget for the 2011-13 biennium at that time, therefore, to facilitate Regental decision-making on tuition and financial aid for the upcoming fiscal year, the May 12 information item assumed that UW state general fund appropriation figures contained in the Washington State Senate's engrossed budget would prevail during conference negotiations.

Since that time, the Legislature passed the Higher Education Opportunity Act (E2SHB 1795), which grants the UW Regents tuition setting authority for all students absent caps. In response, this tuition flexibility item outlines an array of financial aid and tuition rate considerations for resident undergraduate students. Note that all other nonresident undergraduate and graduate/professional tuition rates will continue to be approved by the Regents, and are presented on the final page of this item exactly as they were in May. This item focuses exclusively on the University's largest tuition revenue generating population – resident undergraduate students.

Rates for resident undergraduate students, as well as all graduate and professional and nonresident undergraduate students, will be adopted during a special meeting of the Board of Regents expected to be held on June 30, 2011.

University of Washington

TUITION FLEXIBILITY

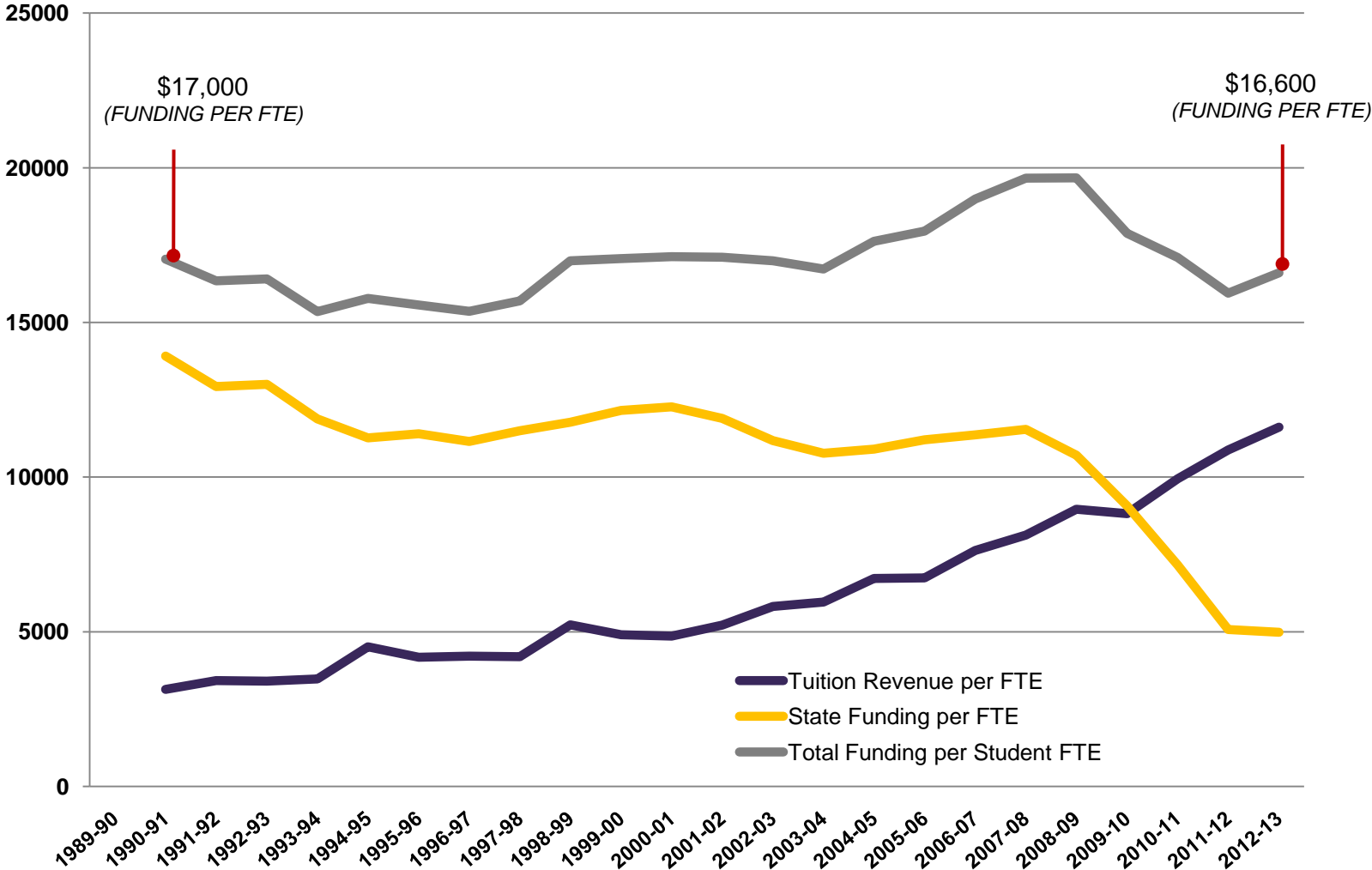
Fiscal Year 2012

Paul Jenny, Vice Provost, Planning & Budgeting
Kay Lewis, Director, Student Financial Aid

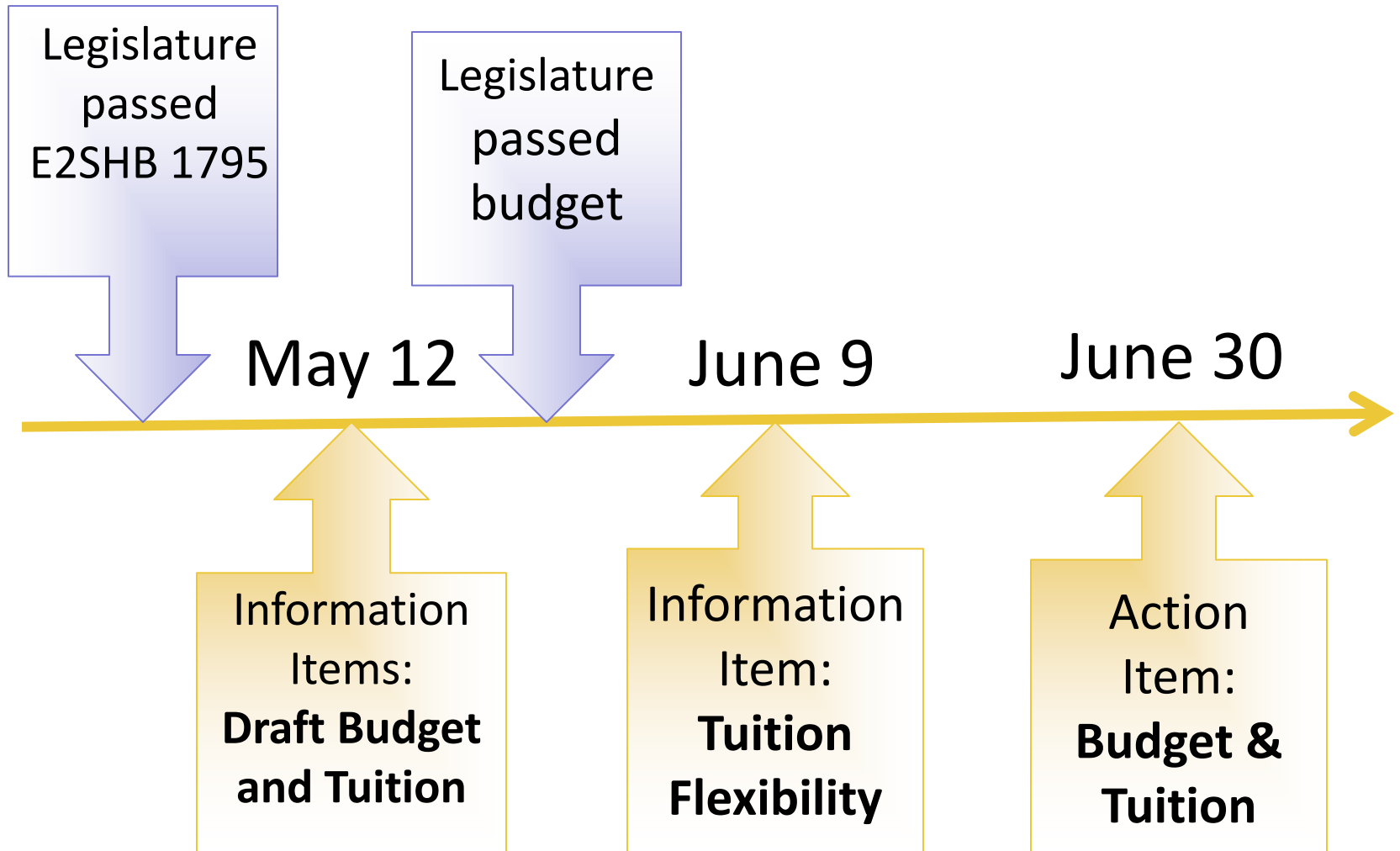
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TUITION-SETTING CONTEXT

State and Tuition Funding per FTE
(in 2013 Dollars)



FY12 BUDGET AND TUITION ITEM TIMELINE



TUITION FLEXIBILITY

TUITION AND FINANCIAL AID OVERVIEW

- **HB 1795 grants Regents** the ability to set tuition without caps imposed by the Legislature.
- This presentation assumes that **Regents exercise tuition flexibility** and raise resident undergraduate tuition rates over the Senate's 16 percent increase cap.
- The Legislature prioritized **State Need Grant funding to cover a 16% increase at the UW**. The SNG is nationally recognized as one of the most steadfast commitments a state has made to need-based financial aid.

E2SHB 1795 OVERVIEW

Tuition Setting Authority

- **Comprehensive tuition setting authority** for a four-year period starting in 2011-12; tuition setting authority with caps until 2017-18
- **Resident enrollment:** Requires the UW enroll at least the same number of resident freshman undergraduate students each academic year as enrolled in 2009-10

Financial Aid Commitment

- **Increase in return-to-aid:** If the UW triggers flexibility, operating fee set-aside on all tuition revenue increases to **5 percent**
- **Increase in aid to middle class:** If flexibility is exercised, the bill requires that we provide funding assistance to students at certain income brackets to mitigate the **difference between the maximum SNG and tuition rate** as well as for students who apply for aid after the Husky Promise cutoff date
- **Tax credit promotion and marketing campaign**

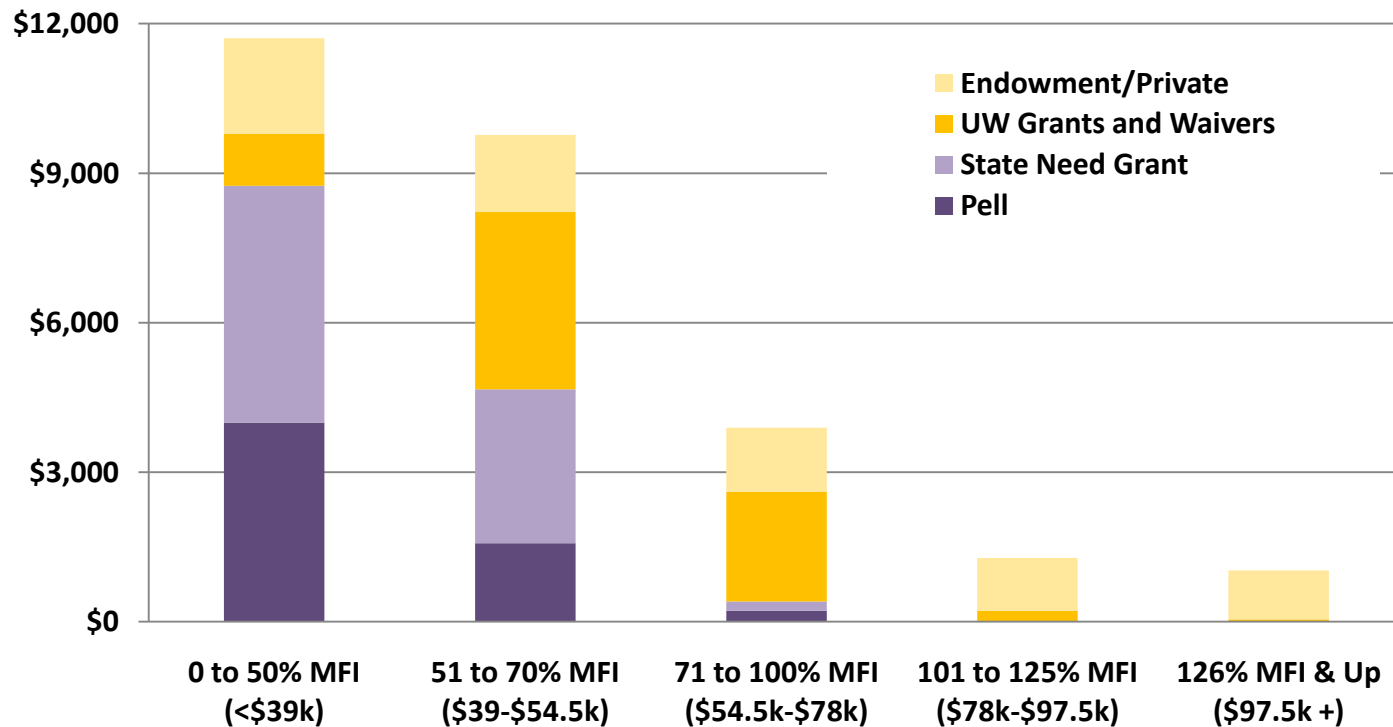
WHAT IS OUR CURRENT FINANCIAL AID STRUCTURE?

In 2010-11:

32% of undergraduates received Pell Grants

26% of undergrad residents received State Need Grants

27% of undergrad residents were Husky Promise eligible



Note: MFI incomes shown are for a family of four.

TUITION RATE OPTIONS – RESIDENT UNDERGRADS

Note that all other tuition rates were included in your May budget item and will be included in your June 30 budget item.

RESIDENT UNDERGRAD	2011-12		2012-13*	
2011-12 Increase	Tuition Rate	Increase	Tuition Rate	Increase expressed as a percent and dollar
16%	\$9,422	\$1,300	\$10,835	+16% (or \$1,508)
20%	\$9,746	\$1,624	\$11,208	+16% (or \$1,559)
22%	\$9,909	\$1,787	\$11,395	+16% (or \$1,585)

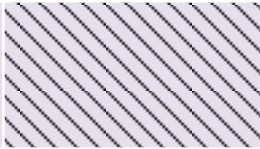
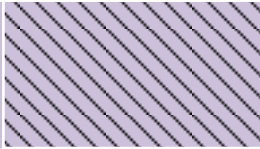
* During the 2011-12 academic year, UW administration will work with faculty, students and staff on a proposal to introduce differential undergraduate tuition rates for the 2012-13 academic year. In addition, note that any further erosion in state funding may necessitate higher increases.

COMPARISON TO PEER TUITION & FEE RATES

YEAR	PEER GROUP	RESIDENT UG TUITION & FEES	NON-RESIDENT UNDERGRAD TUITION & FEES
2010-11	GLOBAL CHALLENGE + U MICH	\$10,887	\$30,790
	UNIVERSITY OF WASHINGTON	\$8,701	\$25,329
2011-12	GLOBAL CHALLENGE + U MICH	\$11,700	\$33,100
	UNIVERSITY OF WASHINGTON (20%)	\$10,571	\$28,055

Note: To compare to peers, the total tuition & fees charged must be used. For 2010-11, tuition was \$8,122 but total tuition & fees was \$8,701.

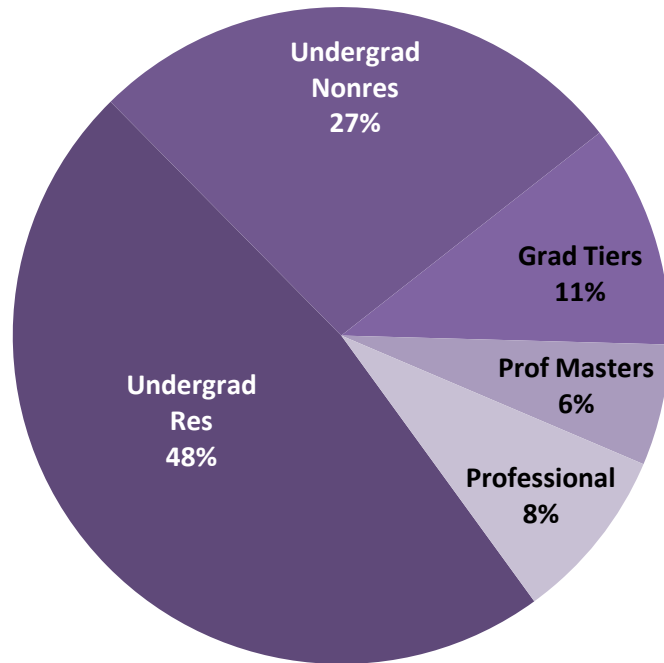
REVENUE AND FINANCIAL AID ESTIMATES

2011-12 Undergraduate Residents	Tuition Increase		
	16%	20%	22%
Set-Aside (3.5%-5%)	\$11.7 M	\$17.2 M	\$17.3 M
Net Tuition Revenue	\$213.8 M	\$221.2 M	\$224.9 M
Additional Revenue to Aid		\$3.7 M	\$5.6 M
Additional Revenue to Academy		\$3.7 M	\$5.6 M
% to Aid	12.3%	15.6%	16.1%

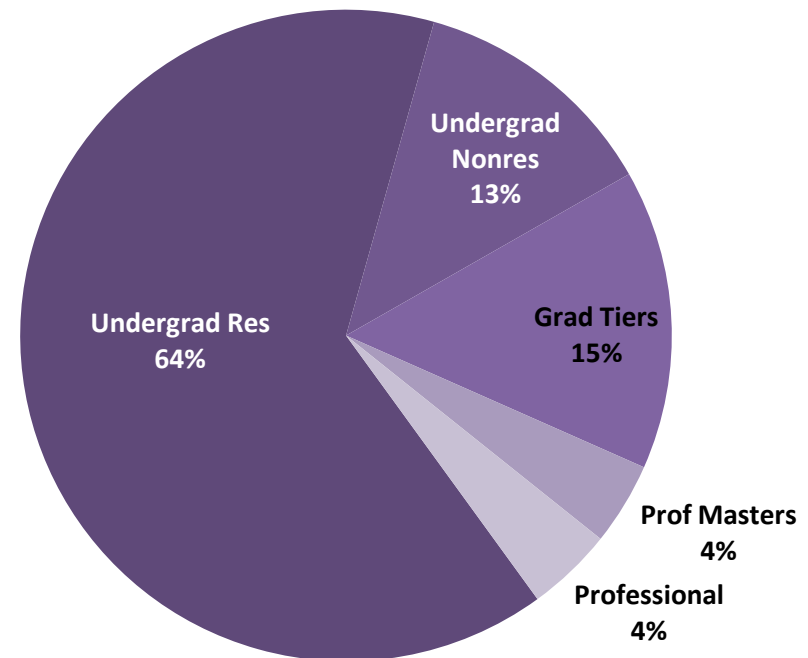
2011-12 PROJECTIONS BY TUITION CATEGORY

Resident undergraduates provide the majority of tuition revenue, but nonresident undergraduates contribute disproportionately to revenue

Net Operating Fee Revenue



Enrollment



Draft projected total net tuition revenue is \$457M

NEW UNDERGRAD INCREMENTAL REVENUE

Policy Question:

How much of the incremental revenue generated by a tuition increase above 16% should be directed back to **undergraduate educational units to enhance educational quality** and how much should be diverted to **undergraduate financial aid**?

Incremental revenue could be split numerous ways; UW administration **recommend a 50% split** between **financial aid** and **academic (programmatic) investments**. This would be 50% of ~\$7.4 million with a 20% tuition increase or of ~\$11.1 million with a 22% increase.

NEW UNDERGRAD INCREMENTAL REVENUE

Financial Aid Investment

How much incremental revenue should go to **financial aid to minimize the impact on lower and middle income students?**

If **50%** of incremental revenue associated with a 20% increase (**\$3.7 million**) is diverted to **financial aid**, the tuition increase for our neediest students is covered and the effective **increase for ALL resident undergraduate students is reduced to an AVERAGE 16%**

Additionally, we estimate that **an additional 800-1,000 students** could be awarded grants of up to **\$4,000**

NEW UNDERGRAD INCREMENTAL REVENUE

Undergrad Academic Investment

How much incremental revenue should be invested on the academic side to **enhance students' educational experience?**

If **50%** of incremental revenue associated with a 20% increase (**\$3.7 million**) is invested in academics, the UW could:

- Add course section offerings by at least 75 in **high demand** areas, serving **2,000 to 2,500 students**
- Provide access to currently closed or highly curtailed **writing and learning centers**, which could accommodate **15,000 to 20,000 student visits**

STUDENT DEBT ANALYSIS

MEDIAN undergraduate student debt is still 0 as less than 50 percent (46.5 percent) of graduating undergraduates in 2009-10 borrowed to fund all or a portion of their education

While our students continue to borrow 15 percent less than the national average of \$23,000, the average loan debt for UW students has increased from **\$17,800 in 2008-09** to **\$19,500 in 2009-10**

GET PROGRAM NOTE

State Relations and OPB are working with the State Actuary to determine how the **GET program could be affected by tuition flexibility**

Current GET accounts **remain unchanged** and actuarial analysis indicates that **GET is a solvent, solid investment**

The GET program could evolve as tuition rates between Washington institutions grow more divergent