

**The University of Texas System**  
**Principles and Guidelines for Setting Tuition and Fee Rates at**  
**U. T. System Academic Institutions**

**Academic Years 2008-2010**

In 2005-2006, the U. T. System Board of Regents initiated a biennial deregulated tuition and mandatory fee-setting process. In preparation for setting tuition and fee rates for academic years 2008-2010, the Office of Academic Affairs will coordinate a consultative process that is based on five operating assumptions. The process used at each campus is:

1. ***Consultative.*** Proposals are developed with the participation of the entire campus community. Representatives of students who pay tuition and fees are to be actively involved throughout the process.
2. ***Open and transparent.*** Interested parties have access to all of the information being used to determine tuition and fee charges.
3. ***Comprehensive.*** Proposals must take into consideration deregulated tuition and mandatory fees, including average course and program fees, to provide a picture of total costs to students.
4. ***Strategic.*** Proposals are aligned with campus and System priorities.
5. ***Frugal.*** The U. T. System recognizes the need to operate as efficiently as possible to keep tuition and fee charges as low as possible.

The students served by U. T. System institutions reflect the diverse nature of the Texas population, and individual campuses serve student populations that in many cases differ dramatically from one another. As a result, no single tuition and fee strategy is appropriate for each of the system's nine academic institutions. The U. T. System encourages each campus to be creative in its tuition and fee proposals and to view tuition and fee policy as one tool that can be used to achieve institutional and System goals.

This tuition and fee-setting process is sufficiently flexible to encompass different tuition and fee strategies, there are five core principles that tuition and fee proposals must reflect. These are:

**1. Cost savings are critically important to keeping tuition and fee charges affordable.**

While state appropriations recovered slightly in the 2008-2010 state budget compared with the prior biennia, per-student funding from the State remains below 2002-2003 levels. In the near term, any additional revenue for general educational purposes will have to come from other sources of income – including tuition and fees – or from redirecting resources that become available through cost-saving programs. Clearly, the latter is the favored source of additional funding. Universities must include in their proposal a discussion of campus initiatives to reduce their operating costs.

**2. Any proposed increases in tuition and fees should be limited to the amount necessary to meet institutional needs.**

*If a tuition and/or fee increase is required, the goal is for that increase to be the smallest possible increase that is required to meet institutional needs. State funding and other institutional revenue streams may be a major factor for the Board of Regents to consider in evaluating tuition and fee levels. Each university must examine carefully its projected revenues and its anticipated expenditure needs, in the context of a clearly outlined, comprehensive enrollment management plan, to identify the smallest tuition or fee increase that might be needed to operate the university at acceptable levels. The institution must demonstrate clearly that any proposed increase is the minimal amount required to sustain institutional quality.*

**3. Tuition and fee policies should emphasize predictability; students and parents should have as much information as possible to estimate costs over a four-year undergraduate education.**

A major problem facing students and their families is the unpredictable nature of public university tuition and fee charges in recent years. These fluctuations make it hard for students and families to plan for future college expenses. Tuition and fee proposals must address steps that each institution will take to make future increases as modest and as predictable as is possible.

To provide greater predictability to students and parents and to reduce the politicization of the tuition and fee-setting process, a two-year cycle for setting rates was first implemented in 2005-2006. Tuition and fee rates are set by the U. T. System Board of Regents (BOR) in the spring of each even-numbered year and will cover the following two academic years.

Campuses are required to consider and project ahead two years the deregulated tuition, mandatory fees, and average course, program and lab fees that are likely to need to be charged, and present them to the BOR for consideration in spring of each year. Certain fees do not lend themselves to a two-year cycle – for example, a new course or program fee. Also, some fees require legislative approval. Therefore, with this biennial process a small number of fees will still need to come before the BOR more frequently than every two years. However, most charges will be set on a two-year cycle, providing students and parents with more predictable academic costs. In order to gauge the impact of proposed increases on students, institutions must show how average total academic costs—tuition, mandatory fees and average course, program and other academically-related fees will change if the board adopts the institution's proposal.

As part of their comprehensive enrollment management planning, universities are encouraged to continue exploring additional options to provide predictability, especially with undergraduate tuition. As an example, within the past two years, U. T. Dallas and U. T. El Paso have implemented variants of a “tuition guarantee” program. Under these arrangements, tuition and fees are guaranteed not to increase over the four years that is required to obtain a baccalaureate degree. Students and their families are better able to plan for college expenses because they know that tuition and fees will remain the same if they complete their degree program on-time. Students who do not complete their degree

program in the allotted time lose the guarantee. Because the guarantee expires at the end of four years, students have a powerful incentive to complete their program on time.

#### **4. Proposals must show how tuition and fee policies relate to and support other strategic campus and System goals.**

Campus proposals must discuss institutional and System goals and demonstrate how the university's tuition and fee proposal will assist the university in meeting those goals. The U. T. System has used tuition flexibility to make much-needed improvements and achieve long-range strategic goals, such as increased enrollment and graduation rates, increased financial aid resources, more efficient use of facilities, and higher quality of academic programs and student services. For example, flat rate tuition is being used to give students incentives for taking higher course loads. Universities may want to charge discounted rates at "off-peak" times to encourage more efficient use of buildings, or provide tuition rebates to students who pay on time or who take a full course load. They also may want to offer slightly discounted tuition to fill courses that have unused capacity during adds and drops. The Texas Legislature has identified raising graduation rates and reducing the time that it takes to attain a baccalaureate degree as top priorities for the state; proposals should address how tuition and fee policies at the institution support that goal.

#### **5. Proposals must include an overview of financial aid services available to assist students.**

While all of UT System campuses have financial aid offices available to provide advice and assistance to students, such resources are needed even more when tuition and fee increases occur. Just as tuition and fee rates are reviewed, campuses should review their financial aid operations on a regular basis to assess how student needs are being met and how the services might be improved through extended hours, online advice, low interest loans, bridge scholarships, etc.

### **Proposal Development Guide**

Each institution must show how its proposal reflects the five core elements discussed above. The proposal must include a discussion of projected impact on students and the institution and describe how the proposal will affect the university's ability to meet its strategic goals and objectives. The proposal must identify how any proposed increases in tuition and/or fee revenue will be expended to enhance academic excellence. The proposal also must address affordability and how any proposed increase will affect access to the institution. The proposal must address how financial aid set-aside funds will be used to ensure that students from all income levels have access to higher education. Finally, the consultative process that was used to involve students substantively in the tuition and fee-setting process must be described in the proposal.

A single tuition proposal should be submitted, but it may include sections for undergraduate, graduate, and professional programs, and differential tuition may be included if justified.

### **Energy Fees**

Seven of the nine institutions established energy fees during the 2007-08 tuition setting process. These fees were approved to address a spike in energy prices at that time. The approved 2008 rate is interpreted to be a maximum rate for future years. Rates for 2009 and 2010 cannot exceed the 2008 level unless a specific request for adjustment is made as part of this proposal. Utility costs for new facilities or routine increases driven by inflationary pressures should be covered by any proposed designated tuition rate increase, not as part of any energy fee. If an Energy Fee is requested, the proposal should clearly indicate whether the fee can be adjusted within a range and whether the fee has an expiration date or will continue indefinitely.

### **Timeline**

Institutions will engage in extensive consultations with students to develop tuition and fee proposals and explain to students how the plan will benefit students. Draft proposals for preliminary review by the Office of Academic Affairs are due no later than November 1, 2007. Following U. T. System review and any necessary changes, final tuition proposals will be completed and approved by December 1, 2007. The U. T. System administration will analyze the proposals and the BOR will be provided with the tuition and fee plans and the system's recommendation in advance of the February 2008 board meeting. Universities should remember that BOR has the authority to adjust tuition and/or fee rates for the second year of a multi-year proposal. If unforeseen events have a severe financial impact on an institution, the BOR retains the ability to adjust the rates the following year.

### **Data Required**

The tuition and fee proposal must be accompanied by data that support the institution's plan. These data will be required to evaluate the impact of each proposal on full- and part-time students. Each institution gathers these data to develop a tuition plan and to forecast revenues, so requiring the data in the proposal will not involve additional work on the part of the universities. The data required will allow the Office of Academic Affairs to evaluate not just the impact of the proposal as it is written, but also the impact on the university of any changes that may be proposed to the plan.

The following data elements, at a minimum, will be needed to evaluate the proposal:

- a tabulation of current year resident undergraduate student enrollment by the number of semester credit hours taken by full- and part-time students;
- the tuition and fee revenue generated in the current year from resident undergraduate students at each credit hour load, including the total amount of mandatory fees as well as the total amount of incidental fees paid by students at that credit load;
- the proposed tuition and fee rates at each credit hour level, ***including tuition, required fees and estimated average course and other academic fees***;
- projected revenue at each semester credit hour level under the proposal; and

- projected energy costs and assumptions underlying the establishment of the associated energy fee.

In some cases, data required above already are collected for other reports and should be available from the institutional research office at each campus. Data on course and other academic fees are needed to ascertain the total cost to students for academic and related services provided by the university. Since several institutions have incorporated some of these fees into the tuition charge, these data are needed to compare costs among institutions on an “apples to apples” basis.