

AHECB TUITION POLICY FOR THE 2009-2011 BIENNIUM

While local boards have the authority to establish tuition and fee rates on their campuses, A.C.A. §6-61-215 requires the Coordinating Board to establish student fees for **funding** purposes only for all public institutions of higher education. Therefore, the tuition and fee rates established by the Coordinating Board are offered for calculation of funding recommendations and do not alter the authority of local boards to establish their respective institutions' actual tuition and mandatory fee rates.

The importance of a tuition policy becomes evident when it is used as a variable in a funding formula because it indicates expected student share of the cost of education. After calculating the expected tuition and mandatory fee revenue based upon AHECB tuition policies, the needed state contribution can be established. When institutions charge less than the tuition policy recommendation, the shortfall is expected to come from sources other than state funding.

Policies

In October 1981, the State Board determined that tuition and fee adjustments should be based on established goals for the state's share and the students' share of the cost of education. The following policies are in keeping with those goals:

- Undergraduate tuition and fees at four-year institutions and two-year institutions with no local tax should be approximately 25 to 30 percent of the average cost of education.
- Rates at two-year institutions with local tax support should be approximately 15 to 20 percent of the cost of education.
- Tuition and fee levels at two-year institutions should be lower than at four-year institutions to make these programs available to as many people as possible.
- Graduate tuition and fees should be at a higher rate than undergraduate tuition and fees in recognition of the higher cost of graduate education.

2009-11 Tuition and Mandatory Fee Recommendations

Increasing enrollment demands and declining state funding have resulted in an increasing tuition and fee burden upon the students in Arkansas as well as in the SREB region. The rapid increases in tuition national have resulted in great consternation for colleges and universities across the country. Nationally, tuition has

increased at an average rate of seven (7) to eight (8) percent for each of the past four years. In order for the AHECB tuition policy to maintain relevancy, adjustments in the current rates are recommended to more closely reflect that reality. In previous biennia, the Higher Education Price Index (HEPI) was used to project the latest available average SREB tuition rates into the coming biennium and Arkansas rates were based on a combination of student burden percentage and average SREB rates. However, tuition increases in the SREB region have outpaced HEPI. The average two year increase in four-year tuition was 8.4% and in two-year colleges was 13.7%. To more accurately reflect the increases of tuition in the SREB, these average tuition increases were used to project the 2006-07 SREB rates to 2009-11.

Two-Year Institutions

In keeping with AHECB policy that states that rates at two-year institutions with a local tax should be approximately 15 to 20 percent of the cost of education, the 2009-11 AHECB tuition and fee rate for two-year institutions with a local tax is recommended to be set at \$1,530, seventeen (19.7) percent of the 2007-08 budgeted educational and general (E&G) expenditures per full-time equivalent (FTE) student). For institutions without a local tax, the rate is recommended at \$1,950, twenty-two (22) percent of the 2007-08 budgeted E&G expenditures per FTE student).

Four-Year Institutions

The new need-based funding formula for the four-year institutions requires the same tuition and fee amount by level (undergraduate, graduate, and doctoral) be used by each of the institutions regardless of SREB classification in order to maintain the equality of recommendation for the same student semester credit hours (SSCH) produced. In order for a freshman algebra class at UA Fayetteville to be recommended for the same amount as a freshman algebra class at Southern Arkansas University the students' tuition deducted from that recommended amount would need to be the same for both students. Therefore, for four-year institutions, tuition and fee rates for undergraduate, graduate, and doctoral FTE students will not be broken down by SREB classification, but rather rates will be recommended at each of the levels (undergraduate, graduate, and doctoral).

Again, in keeping with the AHECB policy that undergraduate students bear between twenty-five (25) and thirty (30) percent of the cost of education for undergraduates and that tuition and fee rates for graduate education be higher than undergraduate rates in reflection of the higher cost of graduate education, the 2009-11 rates for funding purposes are recommended at \$4,710 for undergraduate, at \$5,400 for graduate, and at \$6,360 for doctoral FTE students.

Technical Institutes

The funding formula for the technical institutes that are affiliated with a university is new. Therefore, no AHECB policy has been established concerning tuition for these institutes. Since the technical institute formula is an adaptation of the two-year funding model and the institutes have no local tax, it is the staff recommendation that the technical institute tuition be the same as a two-year college with no local tax.

Professional Schools

The practice of establishing rates for the professional schools (medical, pharmacy, law, and nursing) was discontinued in 2004 since the AHECB had established rates for funding purposes and these rates were no longer used in the funding calculations.

The following chart details the recommended student fee rates to be used for funding purposes for the 2009-11 biennium:

AHECB 2009-11 Tuition Rates		
	Annualized	Per SSCH
Technical Institutes		
All	\$1,950	\$65
Two-Year Institutions		
Local Tax	\$1,530	\$51
No Local Tax	\$1,950	\$65
Four-Year Institutions		
Undergraduate	\$4,710	\$157
Graduate	\$5,400	\$225
Doctoral	\$6,360	\$265

An FTE student for undergraduate rates is 30 student semester credit hours; for graduate and doctoral rates an FTE student is 24 student semester credit hours.

ADHE Executive Staff recommend that the Arkansas Higher Education Coordinating Board approve the following resolution.

RESOLVED, That the Arkansas Higher Education Coordinating Board adopts the tuition and mandatory fee recommendations described in this agenda item, recognizing that these amounts are established as required by A.C.A. §6-61-215 for use in the 2009-11 funding formulas for colleges and universities.