



THE UNIVERSITY *of* TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

AY 2018-19 and 2019-2020
Tuition & Fees Process:
Background and Definitions

The University of Texas System
Office of Academic Affairs

January 2018

The Tuition & Fee Process

Each biennium, U. T. academic and health institutions consider the possibility of proposing increases to total academic costs for the upcoming two academic years based on institutional needs. Institutions typically receive a template and direction from the System Administration in August and work closely with their campus and community stakeholders to develop and submit draft proposals to the Office of Academic Affairs (OAA) in early December. OAA then works with each institution to finalize and summarize proposals before submission to U. T. System leadership and members of the Board of Regents. Proposals are formally presented during the February Board of Regents meeting, and formal votes on each proposal occur at that meeting or shortly thereafter. Once approved, academic institutions make rates immediately available via press releases and begin to use the rates to offer financial aid and scholarship packages based on approved total academic costs. Institutions work diligently to ensure that rates are clear and transparent for students and families.

Student Involvement

Students and the campus community are involved early and often in the tuition process on each campus. Students are included on tuition advisory committees that guide the process on each campus. Although processes vary from institution to institution, students and other campus stakeholders typically have the opportunity to participate in the following:

- Open forum meetings (both face-to-face and virtually livestreamed)
- Surveys about institutional priorities and student support needs
- Q&A sessions with student organizations
- College-specific meetings or forums in student living spaces

Additionally, institutions provide opportunities for engagement via social media and websites, explanatory videos, mass emails, flyers, and other mechanisms. Institutions reported that students were broadly, actively engaged in asking questions and providing meaningful and honest feedback, which was taken very seriously by campus leadership.

Community Stakeholder Involvement

The U. T. System academic institutions' governmental relations representatives met with their local legislative delegations to offer a robust explanation about their draft proposals. Additionally, several presidents met with, or are currently in the process of meeting with, local legislative representatives to gain a shared understanding for why tuition increases are needed. Through this outreach, legislative representatives have had an opportunity to learn about the institution's request, the potential impact on students, institutional priorities, and potential challenges that the institution could face. The governmental relations representatives will provide their local legislative delegations with a copy of final tuition proposals and address any additional questions delegation members may have.

The Tuition and Fee Proposal

In their tuition and fee proposals, institutions were asked to address the following:

- Consultative process used to develop the proposal;
- Economic factors that influence the need for increases, including peer comparisons if relevant;
- Listing of each proposed total academic cost for each student population and each tuition model type;
- Projected new net revenue, net of set-asides used for need-based financial aid;
- Issues of greatest institutional priority to be addressed using new net tuition and fee revenue. Institutional priority categories include Student Success, Student Support, Faculty Retention and Excellence, and “Other – Infrastructure;”
- Impact of proposed increases on student affordability and use of financial aid set-aside revenue; and
- Steps taken to reduce costs and improve efficiency and sustainability.

Total Academic Cost

There are various references to tuition models and structures in the proposals. Each academic institution has a unique model of assigning and charging rates, and most institutions offer different rate plan options for resident undergraduate students. These approaches will be discussed further in the Tuition Models section.

Most public four-year institutions in Texas employ the term Total Academic Costs when they discuss and define requested increases to rates. For purposes of tuition comparisons, Total Academic Cost rates are presented for full-time students enrolled in 15 semester credit hours, and graduate tuition is presented for students taking 9 semester credit hours. Special professional programs such as Pharmacy, Medicine, and Law are presented differently based on the typical credit hour structure for those programs. Tuition is charged on a per credit hour basis. When tuition percentage increases are referenced, it is usually in relation to total academic costs for full-time students in a given semester.

Components of Total Academic Cost

(1A) Statutory Tuition for Resident Students: Texas Education Code Section 54.051 establishes the amount of tuition the Texas legislature determines for resident students. The rate is set at \$50 per semester credit hour (\$750 for a resident undergraduate student enrolled in 15 semester credit hours).

(1B) Statutory Tuition Non-Resident: Per semester credit hour rates typically change on an annual basis, and the setting of those rates is delegated to the Texas Higher Education Coordinating Board. The rate for 2017 – 2018 is \$465 per credit hour. Since future rates have not yet been determined, these proposals use \$465 as the basis for 2018 – 2020 calculations. The Texas Education Code requires that the rate is equal to the average tuition

charged to a Texas resident attending a public university in the five most populous states (California, Florida, Illinois, New York, and Pennsylvania).

(2) Board Authorized/Designated Tuition: In 2003, the Texas Education Code was amended to allow governing boards of public institutions to set different designated tuition rates. There is no upper limit on the amount of designated tuition charges, and amounts may vary by program and course. Institutions also have the authority to charge “differential tuition” of different rates for different programs, majors, or courses. Differential tuition is set at a rate that the governing board of the institution considers necessary for the effective operation of the institution. Board Authorized Tuition allows institutions to set graduate tuition rates at least twice that of undergraduate rates. It is important to note that the Texas Education Code requires universities to “set-aside” at least fifteen percent of any designated tuition charged to a resident undergraduate student in excess of \$46 per semester credit hour to provide need-based financial assistance under programs and procedures established by the Texas Higher Education Coordinating Board. The same is true for graduate designated tuition.

(3) Mandatory Fees: Mandatory fees are fees that students are charged upon enrollment in order to provide services available to every student. Statutes typically outline the names of the fees, fee authority, maximums and minimums, purpose, and how increases can be granted (sometimes through student referenda). Mandatory fees vary by institution in terms of both amounts and fee types. Examples of mandatory fees are Athletics Fees, Student Union Fees, Advising Fees, ID Card Fees, etc. Most of the time, mandatory fees are charged on a per credit hour basis, but sometimes the fee is charged per student, per semester (e.g. ID Card Fee).

(4) Average College and Course Fees: Average college and course fees are presented as an average across the undergraduate student population by the institution. Institutions sometimes have hundreds of college and course fees charged for course materials, course technology, lab equipment, etc. The fee charge must be tied to the direct cost of the goods and services. The approval of college and course fees is delegated to the Executive Vice Chancellor for Academic Affairs.

Tuition Models

There are various references in the proposals to tuition models and structures. Each academic institution has a unique model of assigning and charging rates, and most institutions offer different rate plan options for resident undergraduate students, primarily.

- **Flat-Rate or “Capped” Tuition:** Flat-rate tuition typically means that undergraduate students are not charged for coursework beyond 12 semester credit hours. This model creates an incentive for students to enroll in additional hours (15 SCH) at no additional cost and to encourage timely graduation.

- **Traditional, also known as Variable, Rate Plans:** Traditional rate plans are variable in the sense that they may change every year for every student, depending on rates approved by the Board of Regents. This is the standard model for public four-year universities in Texas.

- **Guaranteed Rate Plans:** Guaranteed rate plans enable students to pay the same total academic cost for a four-year time period (for undergraduate students). These rates are typically higher than the variable rate in a given year but provide financial stability for families and students who are better equipped to financially plan ahead. Some guarantee programs also offer rebates for timely graduation. By law, every institution must offer a four-year guaranteed rate plan to resident undergraduate students as an option. U. T. Rio Grande Valley only offers guaranteed tuition rate plans. Between 2008 and 2018, U. T. Dallas offered only guaranteed rate plans but is also now proposing a new variable rate plan for Fall 2018 and beyond. Participation in guaranteed rate plans vary by institution but is low at most institutions.

- **Differential Tuition Plans:** Each academic institution has proposed to introduce differential tuition based on major, program, or course. Prior to this academic year, U. T. Arlington, U. T. Austin, U. T. Dallas, and U. T. El Paso charged differential tuition rates.
 - There are various reasons why institutions may charge differential tuition. Nationally, more than 60% of public four-year research universities charge some form of differential tuition.¹ In most cases, the costs of operating business, engineering, health-related, and special professional programs are much higher than programs in humanities or natural sciences, for example. Other universities implement differential tuition to remain competitive with rates charged at peer institutions. Ultimately, the revenue generated is utilized for things that improve the quality of the educational experience for students in those programs and to retain and recruit top faculty members. A brief description of each current or proposed differential model for undergraduate students is outlined below:
 - U. T. Arlington and U. T. Dallas charge students per semester credit hour when they enroll in courses within certain colleges.
 - U. T. Austin charges students upon enrollment based on declared major.
 - U. T. El Paso proposes to charge students in Business, Engineering, Health Sciences, and Nursing upon declaring a major.
 - U. T. Permian Basin, U. T. Rio Grande Valley, U. T. San Antonio, and U. T. Tyler propose to charge students enrolled in upper-division coursework in a few select programs on a per credit hour basis.

¹ Quinton, Sophie. (2017, June 1st). Why universities charge extra for engineering, business and nursing degrees. Retrieved from: <http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2017/06/01/why-universities-charge-extra-for-engineering-business-and-nursing-degrees>.

Finally, it is important to make a distinction between how rates are presented in this cycle compared to previous cycles. OAA has presented rates using two different methods for consideration. The formats are defined below:

- **Base Tuition:** Base tuition is the tuition rate without including any differential tuition for certain courses or majors. It is the base rate that most students pay, or it is the lowest rate if all programs are charged different rates. Base rates, when shown in conjunction with differential rates, provide a precise total academic cost that each student would expect to pay given their chosen major or planned coursework.
- **Weighted Average Total Academic Cost:** Historically, tuition has been presented for formal consideration in this style in which institutions estimate the number of credit hours and students that will pay various rates in the future. The rate shown is that of the mathematical “average” student. This method does not always provide the most transparent rate for students and families but does provide a mathematical way to compare rates among peer institutions.