

# University of Washington

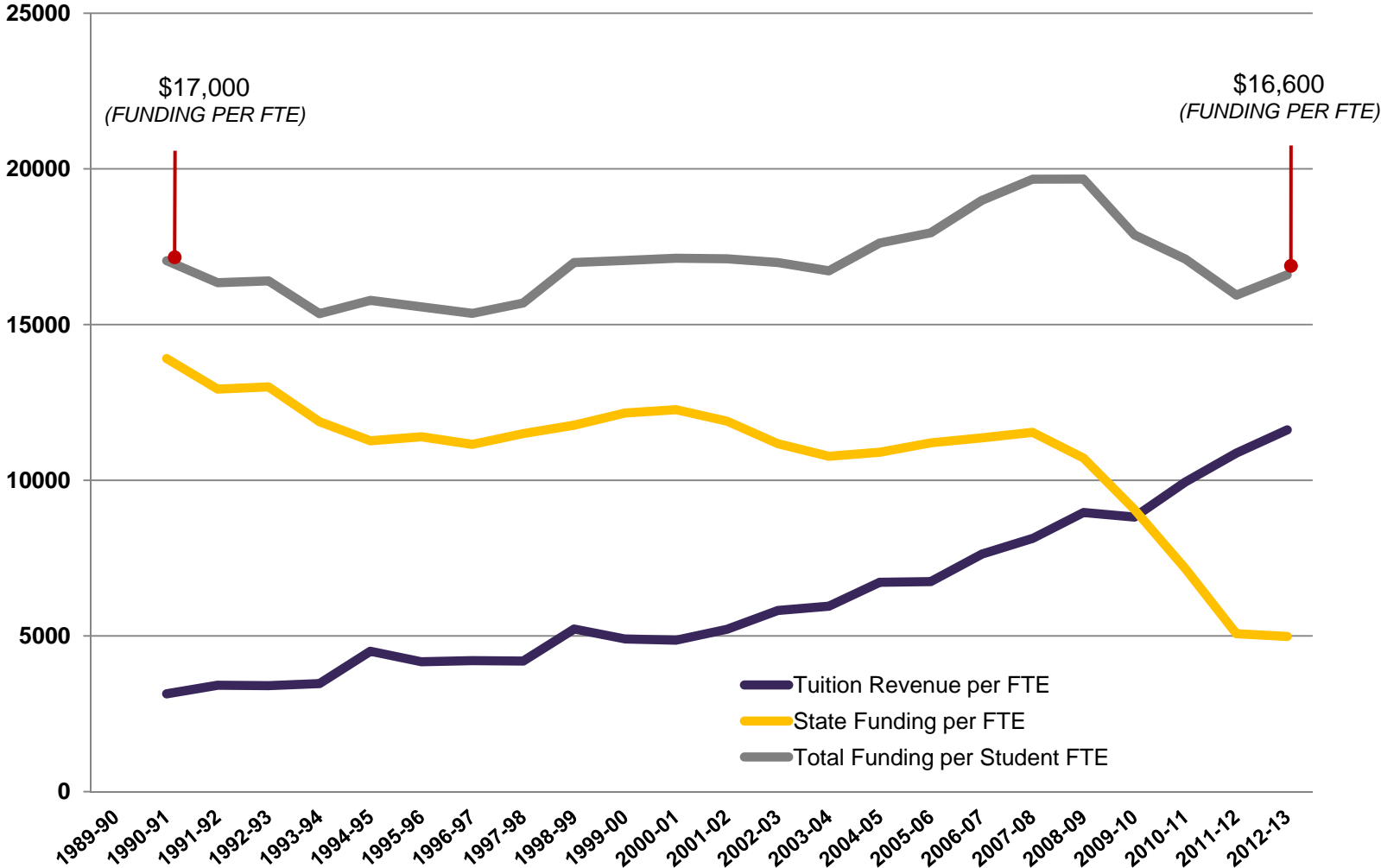
## TUITION FLEXIBILITY

### Fiscal Year 2012

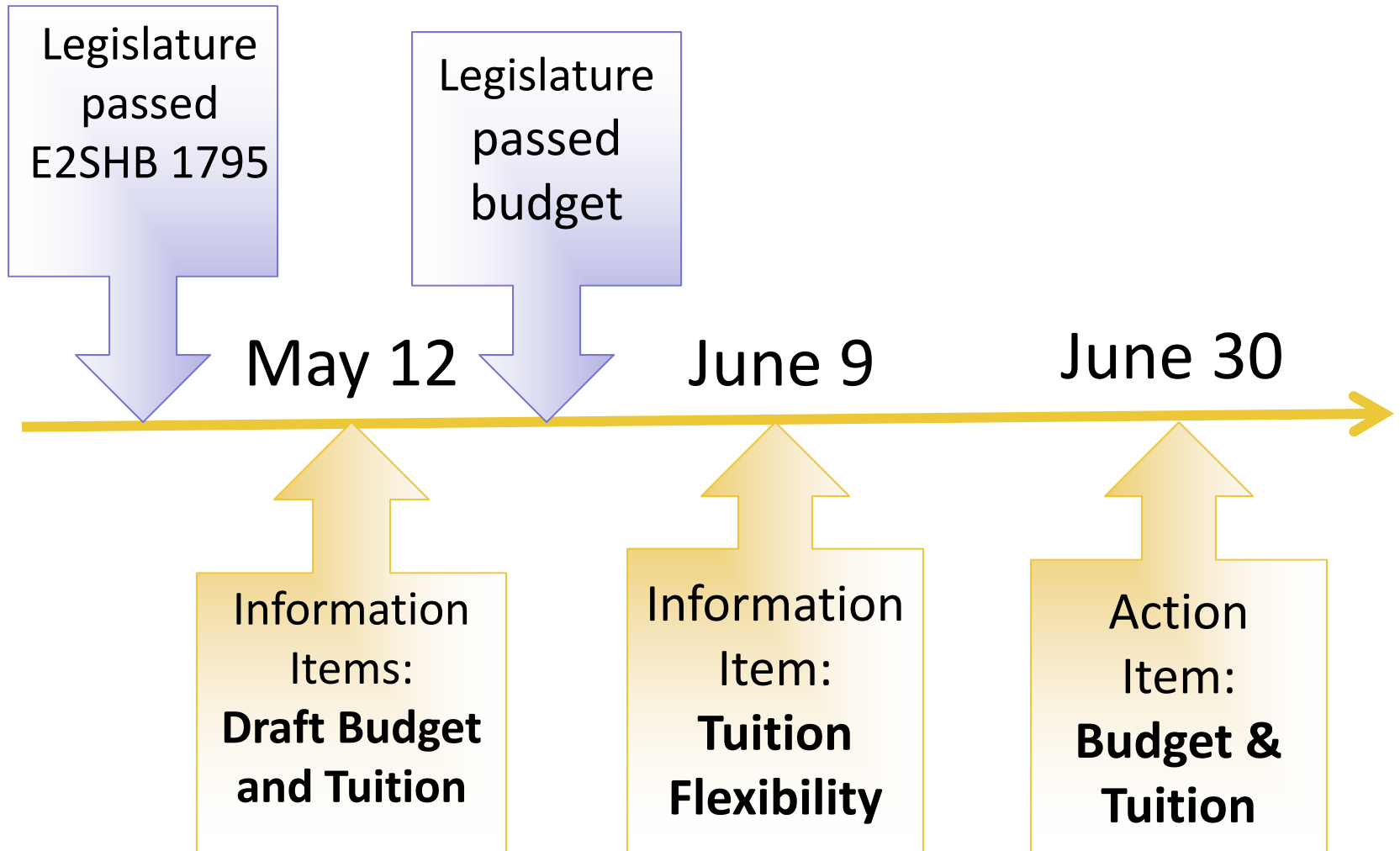
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# TUITION-SETTING CONTEXT

**State and Tuition Funding per FTE**  
(in 2013 Dollars)



# FY12 BUDGET AND TUITION ITEM TIMELINE



# TUITION FLEXIBILITY

# TUITION AND FINANCIAL AID OVERVIEW

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- **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**

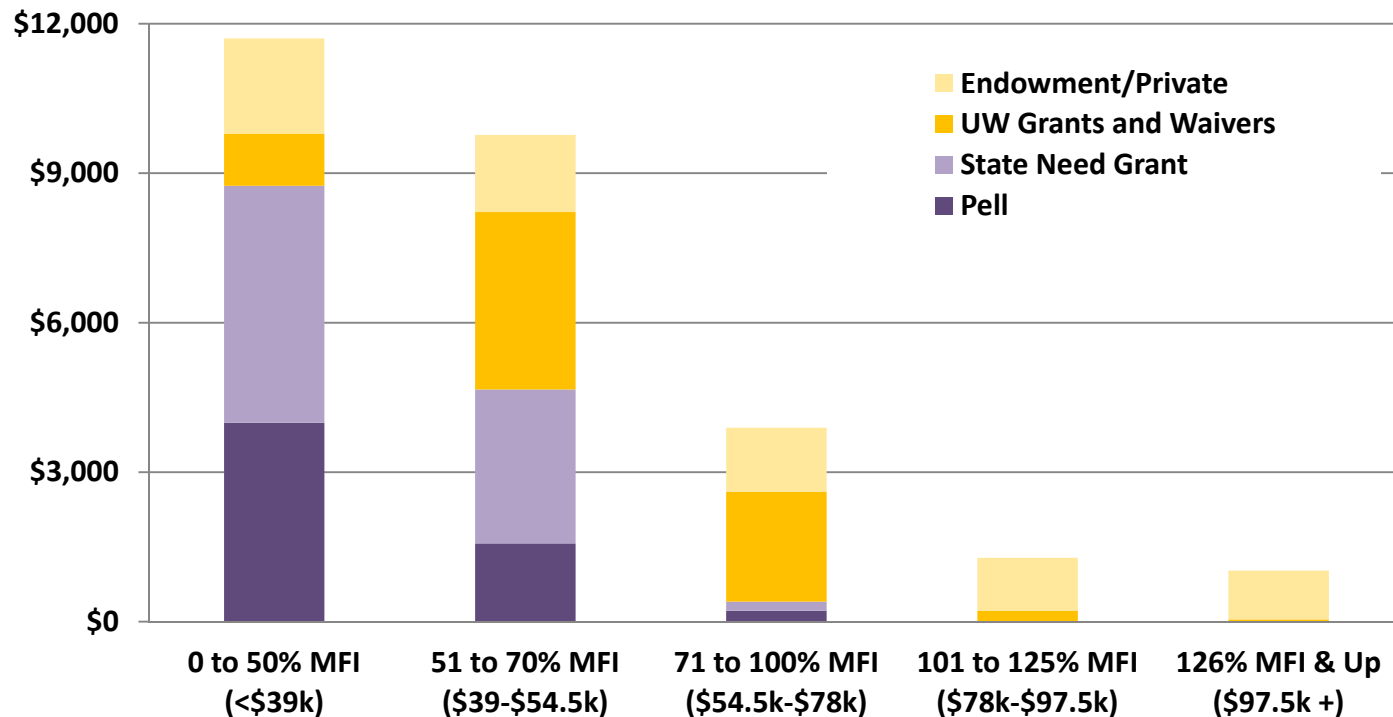
# WHAT IS OUR CURRENT FINANCIAL AID STRUCTURE?

## In 2010-11:

32% of undergraduates received Pell Grants

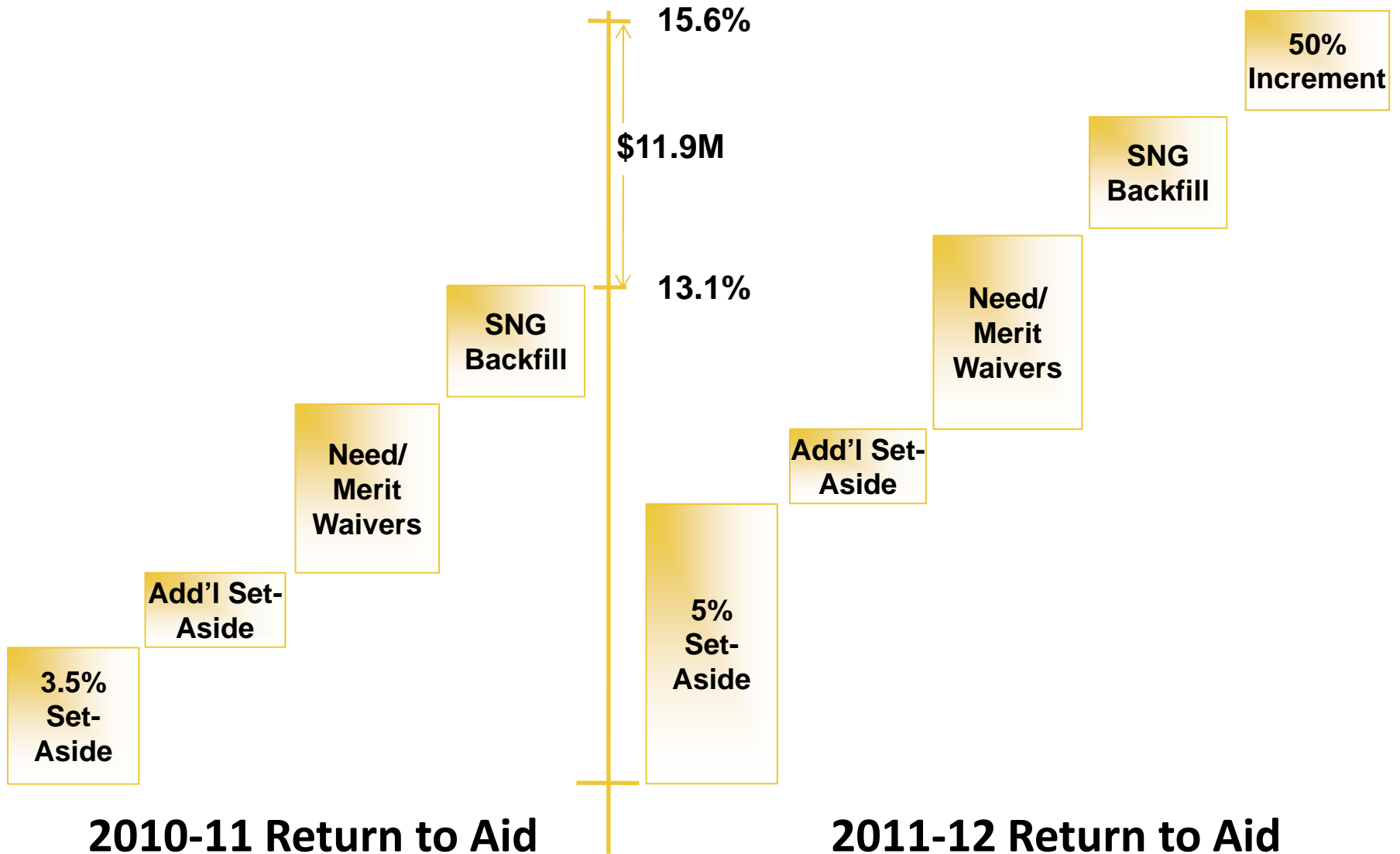
26% of undergrad residents received State Need Grants

27% of undergrad residents were Husky Promise eligible



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

# HOW WILL 1795 CHANGE OUR TOTAL RETURN TO AID?



# 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
	<b>16%</b>	\$9,422	\$1,300	\$10,835	<b>+16%</b> (or \$1,508)
	<b>20%</b>	\$9,746	\$1,624	\$11,208	<b>+16%</b> (or \$1,559)
	<b>22%</b>	\$9,909	\$1,787	\$11,395	<b>+16%</b> (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
	<b>UNIVERSITY OF WASHINGTON</b>	<b>\$8,701</b>	<b>\$25,329</b>
2011-12	GLOBAL CHALLENGE + U MICH	\$11,700	\$33,100
	<b>UNIVERSITY OF WASHINGTON (20%)</b>	<b>\$10,571</b>	<b>\$28,055</b>

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.

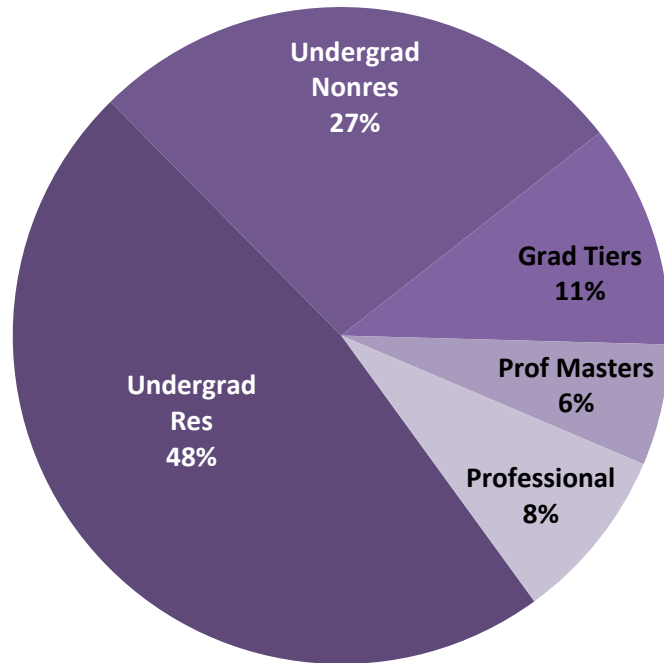
# REVENUE AND FINANCIAL AID ESTIMATES

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%

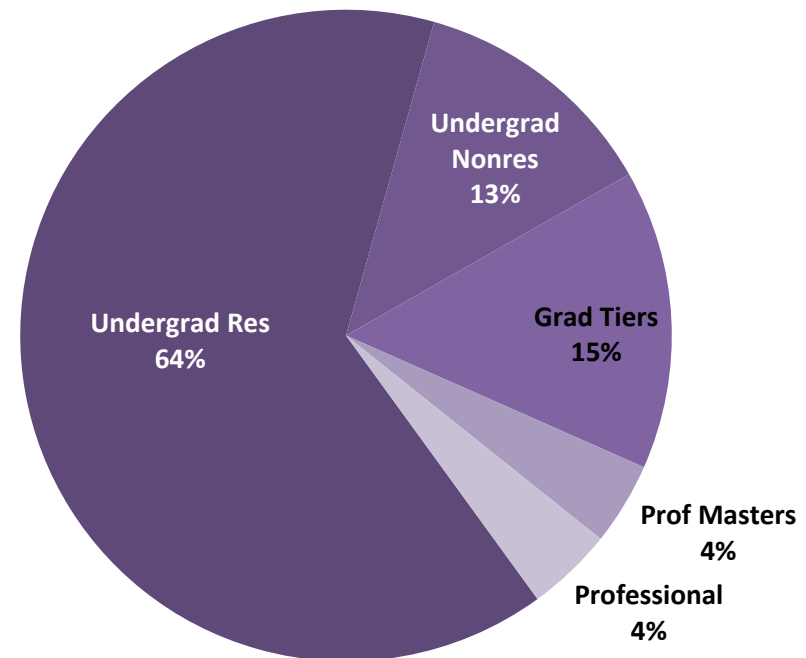
# 2011-12 PROJECTIONS BY TUITION CATEGORY

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

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**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

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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