

## State University System of Florida 2006-2007 Tuition Recommendation

To assist in meeting the additional needs identified by the universities that are not included in the options identified in Attachment IX and in further support of student learning, an increase in student tuition should be considered.

### Current National and State Information

For the past two years, tuition and fees have been increasing by double-digit percentages for four-year public colleges and universities. According to the *Chronicle of Higher Education*, in 2003-2004 and 2004-2005, tuition and fees rose by an average of 14% and 10%, respectively, as determined by data collected from over 2,800 institutions.<sup>1</sup> According to the Washington Higher Education Coordinating Board (WHECB) annual tuition and fee survey of 264 institutions in all 50 states, tuition and fees have increased an average of 11.2% and 9.6% over the last two years.<sup>2</sup> Tuition and fee information for 2005-2006 is not yet available.

Florida's tuition has been following the national trend for students other than resident undergraduates. While tuition for resident undergraduates has increased each year for the past few years, it has not increased at the double-digit rate of other states.

Fiscal Year	Resident Undergraduates	All Other Students
2003-2004	8.5%	8.5%, plus UBOT authority to increase up to 6.5%
2004-2005	7.5%	12.5%, plus UBOT authority to increase up to 2.5% for out-of-state students
2005-2006	5%	UBOT authority to set tuition and out-of-state fees for new students; existing students no more than 5%

According to the 2004-2005 WHECB survey, Florida ranked 49<sup>th</sup> in undergraduate resident tuition and fees for flagship<sup>3</sup> institutions and 39<sup>th</sup> for comprehensive<sup>4</sup> institutions.

Tuition for state universities has increased every year since 1996-97. Due to the Bright Futures and Florida PrePaid Programs, undergraduate resident tuition increases have been kept to single digits over the last 10 years, with the 8.5% increase in 2003-2004 being the highest and 5% being the lowest. According to the latest information on the Florida Prepaid Program, it can withstand a 7.5% tuition increase annually without having an

<sup>1</sup> This data was compiled by the Annual Survey of Colleges, which collects information on tuition and other expenses at more than 2,800 institutions.

<sup>2</sup> Washington State Higher Education Coordinating Board's January 2005 survey

<sup>3</sup> such as the University of Florida

<sup>4</sup> such as the University of North Florida

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adverse impact on the program. For the Bright Futures program, every 1% increase in tuition adds an additional \$2.8 million to the cost of the program, which means that more lottery funds will be used to cover program costs and less lottery funds will be available for other educational operations.

**Recommendations**

During the 2005 Legislative session the legislature recognized the importance of having the universities establish tuition and out-of-state fees for graduate, professional and all levels of out-of-state students by including proviso language in the General Appropriations Act that indicated the UBOTs had this flexibility. However, the legislature maintained control over resident undergraduate tuition.

Although the Board of Governors has received a general counsel interpretation stating the Board has authority over tuition and fees, the Board will continue to work with the legislature until this issue is resolved. Therefore, the Board recommends the following:

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1. The universities should have the flexibility to establish tuition and fees for all levels of students other than resident undergraduate.
2. A tuition increase between 5% and 8% should be considered. Being respectful of the Bright Futures and Florida PrePaid Programs, the Board has several options that it can consider for resident undergraduate tuition increases. Currently, undergraduate resident students pay \$71.57 per credit hour. For every 1% in tuition increase, approximately \$3.7 million in additional revenue is generated. All revenues generated by tuition increases should be spent according to priorities identified by the university board of trustees. The recommendation includes four options – 5%, 6%, 7% and 8% increase for resident undergraduate students. These increases would increase student tuition between \$107 and \$172 per year based on 30 student credit hours. These options will generate the following estimated amounts:

Tuition Increase	Revenue Generated	Cost per Credit Hour	Cost for 30 Credit Hours	Increase over 2005-06
2005-2006 tuition per credit hour:		\$71.57	\$2,147.10	
5%	\$18.5 million	\$75.14	\$2,254.20	\$107.10
6%	\$22.2 million	\$75.86	\$2,275.80	\$128.70
7%	\$25.8 million	\$76.57	\$2,297.10	\$150.00
8%	\$29.5 million	\$77.29	\$2,318.70	\$171.60

3. Furthermore, along with the tuition increase, the Board advocates for full funding of the 2006-2007 Department of Education request for need-based financial aid, especially the public Florida Student Assistance Grant, proposed amount of approximately \$160 million or the appropriate amount adopted by the State Board of Education.

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