Tuition Setting: Review of Policy and Practice

Risa E. Dickson
Vice President for Academic Affairs

January 2016
Beginning The Tuition Setting Process

Overview of the Process

Guiding Documents Outlining Factors for Consideration

- RP 6.202 Policy on Tuition Setting
- EP 6.202 Tuition Setting Procedures
- EP 6.204 Student Financial Assistance Program

Factors in Today’s Discussion

- Cost of education
- Enrollment trends of target populations
- Financial Aid and student debt
- Current educational expenditures per completion

Areas of Need for New Tuition Revenue

Length of Tuition Schedule
The Process

<table>
<thead>
<tr>
<th></th>
<th>Research, policy review and proposal preparation</th>
<th>Fall 2015 - ongoing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>BOR tuition setting discussion</td>
<td>January 2016</td>
</tr>
<tr>
<td>3.</td>
<td>BOR tuition proposal</td>
<td>February 2016</td>
</tr>
<tr>
<td>5.</td>
<td>Revisions</td>
<td>May 2016</td>
</tr>
<tr>
<td>6.</td>
<td>BOR consideration and action</td>
<td>June 2016</td>
</tr>
<tr>
<td>7.</td>
<td>Filing with Lt. Governor</td>
<td>June 2016</td>
</tr>
</tbody>
</table>
Tuition Setting Process

The Upcoming Tuition Proposal Will:

- Link tuition to the larger financial model at the unit level (UHM, UHH, UHWO, CC).
- Provide an overview of how enrollment is related to revenue generation and expenditures at the unit level.
- Place tuition within the context of the revenue and expense plans for each unit level.
- Outline how the tuition proposal is related to enrollment, the unit level revenue and expense model, and planning.
Guiding Documents

**RP 6.202: Tuition**
- “The ultimate intent of this policy is that every qualified Hawai‘i citizen shall have an opportunity to pursue postsecondary education within the university system.”

- The objectives of the policy are:
  - To provide students and others with timely notice, distribution, and explanation of tuition
  - To ensure that students and others have the opportunity to present testimony on UH tuition proposals
RP 6.202 Outlines the Following Considerations

1. Accessibility and the mix of students (ethnic background, residents and non-residents, etc.)

2. Financial aid availability and use

3. The cost of education and the sharing of that cost between students and the general public

4. Differential tuition rates by unit missions, student level (undergraduate, graduate, professional), and by residency

5. Relative standing in terms of tuition charges at like regional and national institutions of higher education
Guiding Documents: EP 6.204 Student Financial Assistance

Specifies minimum levels of tuition revenue to be set aside for need-based financial aid.

- UH Mānoa: a minimum of 10%
- UH Hilo, UH West O‘ahu: a minimum of 12%
- UH Community Colleges: a minimum of 8.8%
Value of Higher Education in the US

Education and Training Pay

Unemployment Rate in 2014

Median Earnings in 2014

- Professional Degree: $85,228
- Doctorate Degree: $82,732
- Master's Degree: $68,952
- Bachelor's Degree: $57,252
- Associate Degree: $41,184
- Some College, No Degree: $38,532
- High School Graduate: $34,736
- Less Than High School: $25,376

Note: Earnings for year-round full-time workers 25 years and over; unemployment rate for those 25 and over.
Source: Bureau of the Census; Bureau of Labor Statistics.
Cost of Education and Cost Sharing
“The board recognizes that students and the general public derive benefits from higher education and that both can be expected to share in its cost through user charges and taxes.”
Sharing Cost of Education

University of Hawai‘i Budget
As Legislatively Appropriated
Act 119 (2015) - FY16
($ millions)

- State-Contributed General Funds: $427.57
- Federal Funds: $234.21
- Special Funds (Tuition, Fees, & Other): $106.79
- Revolving Funds: $104.18
- State-Contributed Fringe Payments: $12.74
- State-Contributed Debt Service: $572.47

OVPAA January 2016 Tuition Briefing
From 2008 to 2014, educational appropriations in Hawai‘i dropped 25.7%, from $10,129 to $7,618, making Hawai‘i one of the states with the largest drop.

NOTE: Dollars adjusted by 2014 HECA, Cost of Living Adjustment, and Enrollment Index SOURCE: State Higher Education Executive Officers
Although appropriations from the state have dropped, net tuition as a percent of total educational revenue in Hawai‘i is lower than in most other states (34% versus national average of 47%).
## Cost Comparisons (Relative Standing)

Undergraduates, UH and Local Institutions, AY 2015-16
UH, Chaminade, HPU and BYU HI

### Annual Tuition & Fees

<table>
<thead>
<tr>
<th>Institution</th>
<th>Private</th>
<th>UH Resident</th>
<th>UH Non-Resident</th>
</tr>
</thead>
<tbody>
<tr>
<td>HPU</td>
<td>$22,440</td>
<td>$11,164</td>
<td>$31,516</td>
</tr>
<tr>
<td>Chaminade</td>
<td>$21,780</td>
<td>$7,332</td>
<td>$19,788</td>
</tr>
<tr>
<td>BYUH (non-LDS)</td>
<td>$10,200</td>
<td>$7,152</td>
<td>$19,608</td>
</tr>
<tr>
<td>BYUH (LDS)</td>
<td>$5,100</td>
<td>$2,948</td>
<td>$7,940</td>
</tr>
</tbody>
</table>

### Note:
- UH Community Colleges tuition is charged on a per-credit basis for all enrolled credits effective AY 2001–02. The amount shown here is based on 15 enrolled credits per semester (UHCC median).
Cost Comparisons (Relative Standing)

2015-16 UH Undergraduate Tuition & Required Fees as a Percentage of WICHE Medians

- UHM: 112% Resident, 111% Non-Resident
- UHH: 110% Resident, 121% Non-Resident
- UHWO: 107% Resident, 120% Non-Resident
- UHCC: 104% Resident, 109% Non-Resident
UH Mānoa Undergraduate Tuition and Fee Comparisons (Relative Standing)

UH Mānoa Undergraduate Tuition & Fees Relative to Other Flagships, 2014-15

Resident

Non-Resident

WICHE Average  U.S. Average  Hawai‘i
UH Mānoa Graduate Tuition and Fee Comparisons (Relative Standing)

UH Mānoa Graduate Tuition & Fees
Relative to Other Flagships, 2014-15

Resident

Non-Resident

WICHE Average  U.S. Average  Hawai'i

13,136  22,649  25,374  32,816  40,892

5,234  9,746  11,815  14,048  30,042

OVPAA January 2016 Tuition Briefing
## Percent of Education Paid by the Student

*(Tuition Over Education and Related Expenditures)*

<table>
<thead>
<tr>
<th>Unit</th>
<th>Resident</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fall 2011</td>
<td>Fall 2012</td>
<td>Fall 2013</td>
<td>Fall 2014</td>
</tr>
<tr>
<td>UH Mānoa</td>
<td>39.0%</td>
<td>36.7%</td>
<td>36.8%</td>
<td>37.0%</td>
</tr>
<tr>
<td>UH Hilo</td>
<td>23.7%</td>
<td>24.9%</td>
<td>27.2%</td>
<td>28.3%</td>
</tr>
<tr>
<td>UH West O'ahu</td>
<td>35.6%</td>
<td>30.7%</td>
<td>33.1%</td>
<td>43.2%</td>
</tr>
<tr>
<td>UHCC</td>
<td>19.5%</td>
<td>19.3%</td>
<td>18.3%</td>
<td>19.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unit</th>
<th>Non-Resident</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fall 2011</td>
<td>Fall 2012</td>
<td>Fall 2013</td>
<td>Fall 2014</td>
</tr>
<tr>
<td>UH Mānoa</td>
<td>107.8%</td>
<td>105.6%</td>
<td>107.6%</td>
<td>107.7%</td>
</tr>
<tr>
<td>UH Hilo</td>
<td>71.8%</td>
<td>73.9%</td>
<td>79.0%</td>
<td>79.5%</td>
</tr>
<tr>
<td>UH West O'ahu</td>
<td>109.1%</td>
<td>91.5%</td>
<td>95.8%</td>
<td>121.1%</td>
</tr>
<tr>
<td>UHCC</td>
<td>61.4%</td>
<td>59.4%</td>
<td>52.6%</td>
<td>53.6%</td>
</tr>
</tbody>
</table>

Note: Estimated expenditure data based on fiscal years.
Enrollment Trends of Target Populations
Enrollment Trends of Selected Groups
UH System, Fall 2006-Fall 2015

*Pell recipients are based on enrollment for the respective Fall semester. Fall 2013-2015 Pell recipient data is preliminary.

Values in parenthesis are enrollment count, Fall semester.
Financial Aid and Student Debt
Tuition Funded Financial Aid

<table>
<thead>
<tr>
<th>Year</th>
<th>Four-Year (in millions)</th>
<th>UHCCs (in millions)</th>
<th>Total Enrollment (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$28.0</td>
<td>$4.1</td>
<td>22</td>
</tr>
<tr>
<td>2010-11</td>
<td>$32.6</td>
<td>$5.6</td>
<td>25</td>
</tr>
<tr>
<td>2011-12</td>
<td>$40.8</td>
<td>$6.6</td>
<td>28</td>
</tr>
<tr>
<td>2012-13</td>
<td>$43.1</td>
<td>$6.4</td>
<td>30</td>
</tr>
<tr>
<td>2013-14</td>
<td>$43.6</td>
<td>$6.3</td>
<td>35</td>
</tr>
<tr>
<td>2014-15</td>
<td>$46.7</td>
<td>$6.3</td>
<td>50</td>
</tr>
</tbody>
</table>

Number of students:
- 2009-10: 22,000
- 2010-11: 25,000
- 2011-12: 28,000
- 2012-13: 30,000
- 2013-14: 35,000
- 2014-15: 50,000
Financial Aid Availability and Use

Campus Grants, Scholarships and Pell: AY14-15

$ million

<table>
<thead>
<tr>
<th>Source</th>
<th>Need-Based</th>
<th>Merit-Based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pell</td>
<td>$66.2</td>
<td></td>
</tr>
<tr>
<td>Other Grants &amp; Scholarships</td>
<td>$5.0</td>
<td>$4.5</td>
</tr>
<tr>
<td>Tuition Scholarships</td>
<td>$27.1</td>
<td>$19.6</td>
</tr>
<tr>
<td>UH Foundation</td>
<td>$6.0</td>
<td>$5.6</td>
</tr>
<tr>
<td>Native Hawaiian TW</td>
<td>$1.6</td>
<td></td>
</tr>
</tbody>
</table>

Legend:
- Need-Based
- Merit-Based
Average Student Debt Upon Graduation

- 2009-10: $16,665
- 2010-11: $20,735
- 2011-12: $21,513
- 2012-13: $21,635
- 2013-14: $23,425
- 2014-15: $22,221

Four-Year: $9,613, $7,834, $10,320, $11,669, $12,090, $12,152

UHCCs: $9,613, $7,834, $10,320, $11,669, $12,090, $12,152
Average Total Debt Per Undergraduate Completer – Common Data Set

UH Mānoa and Comparison Groups

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>UH Mānoa</th>
<th>IPEDS Group</th>
<th>Peer Group</th>
<th>Benchmark Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$20,589</td>
<td>$20,074</td>
<td>$19,758</td>
<td>$16,757</td>
</tr>
<tr>
<td>2010-11</td>
<td>$20,589</td>
<td>$20,074</td>
<td>$19,758</td>
<td>$16,757</td>
</tr>
<tr>
<td>2011-12</td>
<td>$22,196</td>
<td>$22,761</td>
<td>$22,761</td>
<td>$22,761</td>
</tr>
<tr>
<td>2012-13</td>
<td>$22,196</td>
<td>$22,761</td>
<td>$22,761</td>
<td>$22,761</td>
</tr>
<tr>
<td>2013-14</td>
<td>$22,196</td>
<td>$22,761</td>
<td>$22,761</td>
<td>$22,761</td>
</tr>
<tr>
<td>2014-15</td>
<td>$24,298</td>
<td>$24,298</td>
<td>$24,298</td>
<td>$24,298</td>
</tr>
</tbody>
</table>


Note: The data used here include only student loans and do not include Federal Parent PLUS loans, which parents of dependent undergraduates can use to cover any college costs not already covered by aid.
Average Total Debt Per Undergraduate Completer – Common Data Set

UH Hilo and Comparison Groups

Note: The data used here include only student loans and do not include Federal Parent PLUS loans, which parents of dependent undergraduates can use to cover any college costs not already covered by aid.
Current Education Expenditures
Annual Expenditures Per Completion and FTE
UH Mānoa and Comparison Groups

Per Completion

- Benchmark Group, $107.7
- UH Mānoa, $90.2
- IPEDS Group, $75.6
- Peer Group, $65.2

Per FTE Student

- Mānoa Benchmark Group, $30.7
- UH Mānoa, $26.6
- Mānoa Auto Group, $20.7
- Mānoa Peer Group, $17.2

Data adjusted to constant dollars using HEPI Index.
Annual Expenditures Per Completion and FTE UH Hilo and Comparison Groups

Per Completion

Data adjusted to constant dollars using HEPI Index.

Per FTE Student

OVPAA January 2016 Tuition Briefing
Annual Expenditures Per Completion and FTE
UH West O‘ahu and Comparison Groups

Per Completion

Per FTE Student

Data adjusted to constant dollars using HEPI Index.
Annual Expenditures Per Completion and FTE
UHCC Average and Comparison Groups

Per Completion

Per FTE Student

Fiscal Year

Fiscal Year

$ Thousands

$ Thousands

$12.0
$11.0

$12.9
$13.3
$11.2

$93.5
$83.6
$71.3

$14.1
$13.3
$11.2

Data adjusted to constant dollars using HEPI Index.
Completion excludes certificates <1 year.
Potential Areas of Need for New Tuition Revenue

1. Academic support to increase student completion
   - Expanded academic student support - advising, learning support, tutors

2. Financial aid to facilitate student access and completion
   - Increasing financial aid to provide access, improve completion, reduce student debt

3. Deferred maintenance/capital renewal
   - Retrofitting classrooms/laboratories
   - Computing & technology related expenses

(Note: We will not be including academic support for existing programs in tuition request)
Duration of the Tuition Schedule?

- Usefulness of a multi-year schedule
  - Provides advanced notice that allows students and families to plan
  - Allows campuses to engage in financial long range planning
  - Aids recruitment (Financial aid award process begins March 1)
- What if our assumptions are incorrect or something changes?
  - Mid-schedule review
  - By policy, tuition is subject to modification by the BOR
Summary

- An overview of the tuition setting process
- A review of the governing documents and factors to be considered in the process
- Considerations for new tuition revenue
  - Academic support to increase student completion
  - Financial aid to facilitate student access and completion
  - Deferred maintenance/capital renewal
- Next steps
  - Tuition proposal at the February 2016 BOR Meeting
Mahalo!

tuition@hawaii.edu

www.hawaii.edu/offices/aa/tuition