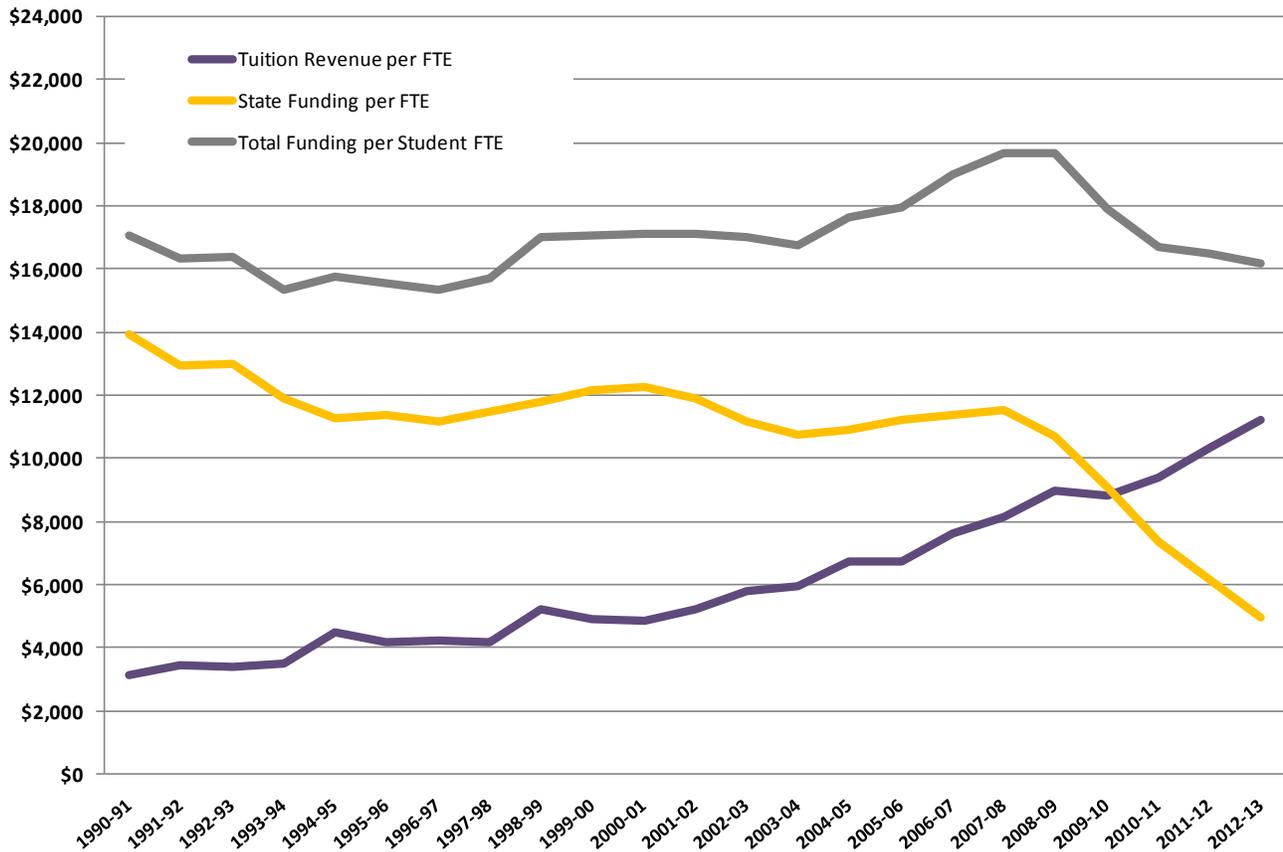


Date: April 29, 2011
Subject: Setting UW Tuition Rates Fairly and Responsibly

Tuition Has Become an Increasingly Important Funding Source for the University

A sustainable funding model recognizes that state funding, tuition and financial aid operate in concert to support the University of Washington’s public mission. As is common across the country, Washington State has divested from higher education and shifted its public institutions toward reliance on tuition revenue, making tuition pricing and financial aid policy choices increasingly critical factors in protecting educational quality and student access and affordability.

State and Tuition Funding per FTE, Including the Governor's Budget for FY 2012 and FY 2013
 (in 2013 Dollars)

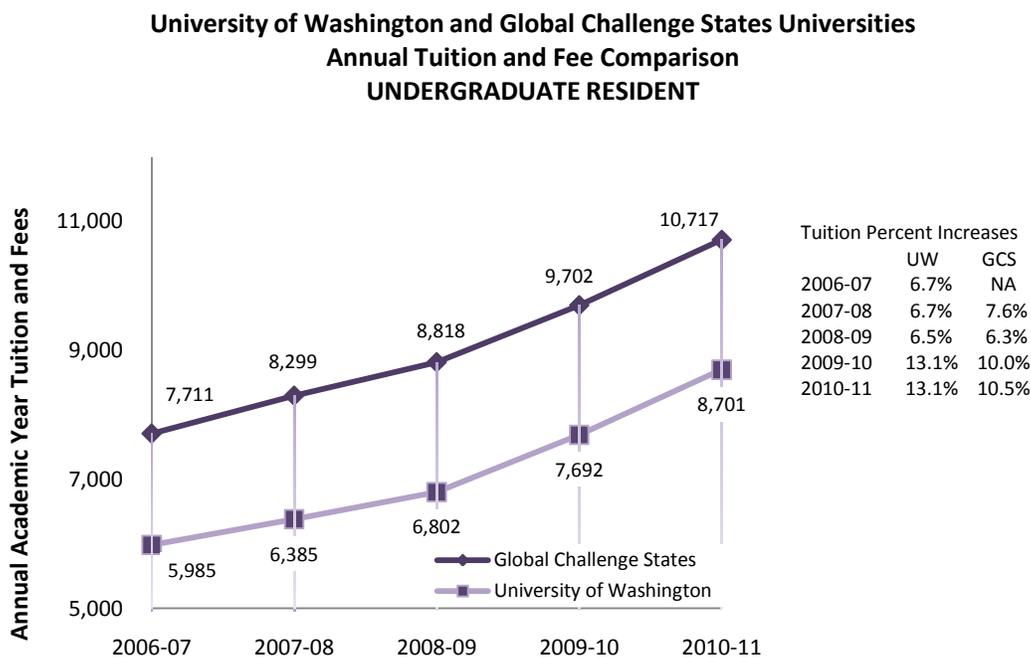


As illustrated above, **the rise in tuition has not been the result of increased spending by the University, but of cost shifting from the state to the student.** By the end of the 2011-13 biennium, the state share of funding per student FTE will have dropped from 70 percent a decade ago to nearly 30 percent. Meanwhile, at the same time that tuition revenue has supplanted a significant amount of state support, the demand for undergraduate education at the University of Washington has grown dramatically: a record number of incoming freshman applied to join the 2011 entering class.

Increasing demand for a UW education coupled with declining state subsidy and legislatively controlled undergraduate resident tuition rates forces the University into the difficult position of managing inconsistent revenue streams while attempting to continue providing a quality education to as many qualified students as possible regardless of their ability to pay. With state funding continuing to decline, the ability to set resident undergraduate tuition has become an increasingly important policy goal for the UW, a topic further explored below.

UW Undergraduate Resident Tuition In Context

State investment in the University is the reason the resident undergraduate tuition rates have remained low for Washingtonians:



As the state investment in the UW has deteriorated, the Legislature has allowed undergraduate resident tuition to increase at higher than the statutorily mandated seven percent, but not enough to make up for the deep funding cuts received. This has created a funding gap that requires either new revenue or further spending cuts that would threaten the quality of a UW education. The request for UW authority to set undergraduate resident tuition free from a legislative cap is the result of this unhappy circumstance.

On the positive side, local tuition management can make tuition rates more predictable for students and their families by enabling a stable revenue base for the institution that is not so sensitive to the short-term ups and downs of the economy. However, appropriate conditions and restraints are necessary to ensure that the institution protects student access and maintains an economically diverse student body.

Many states have already reached this conclusion and provided more control over tuition rates to institutions; **Florida, Louisiana and Washington are the only three states where resident undergraduate tuition rates are set solely by the Legislature.** In most states, tuition rates are currently set by institutional governing boards, system governing boards, or some combination of the two:

Legislature	Statewide coordinating/agency for multiple systems	Coordinating/ governing board(s) for individual systems	Individual institutions
Florida	Colorado	Alaska	Alabama
Louisiana	Hawaii	Arizona	Arkansas
Washington	Idaho	California	Delaware
	Iowa	Connecticut	Florida
	Kansas	Florida	Illinois
	Kentucky	Georgia	Indiana
	Louisiana	Illinois	Michigan
	Massachusetts	Louisiana	New Jersey
	Montana	Maine	New Mexico
	Nevada	Minnesota	Ohio
	North Dakota	Mississippi	South Carolina
	Oklahoma	Missouri	Virginia
	Utah	Nebraska	West Virginia
		New Hampshire	Wyoming
		New York	
		Oregon	
		Pennsylvania	
		Rhode Island	
		South Dakota	
		Tennessee	
		Texas	
		Vermont	
		West Virginia	
		Wisconsin	

** From SHEEO's [State Tuition, Fees, and Financial Assistance Policies for Public Colleges and Universities](#).

Note that a state's cession of direct control over tuition rates does not equal an abdication of the state's responsibility to support and oversee public higher education. The state remains deeply involved in many key ways:

- Enabling student access through the provision of student financial aid.
- Helping keep tuition increases low via new investment or reinvestment in institutions.
- Holding institutions accountable via performance agreements with specified outcomes measures and goals.
- Overseeing the institution's exercise of tuition setting authority, including requiring substantial institutional investments in financial aid, setting outer limits on tuition rates, and more.
- Requiring transparency in institutional decision-making, including open meetings, publication of processes, and presentation of institutional data.

Key Principles Governing UW Tuition Decision-Making

In addition to state oversight, the institution itself sets up tuition-setting processes that seek to safeguard the balance between student access and affordability and the resources necessary to maintain a high quality education. The UW already makes all tuition decisions within the following framework.

When considering increases in undergraduate resident tuition, the following questions must always be considered:

- What are anticipated cost increases for the core educational enterprise?
- What is the anticipated level of state operating support?
- How much revenue will be generated by any given tuition increase?
- What are the likely consequences of tuition increases on student financial need and student access?
- How much of the additional revenue generated must and should be committed for financial aid?
- What changes to financial aid policy might ensure continued student access in a context of increasing tuition?

In addition, **any proposed increase in tuition for a UW program is considered based on a variety of factors, including:**

- What does it cost to deliver the program?
- What is the institution’s current funding level compared to peer institutions?
- What is the program’s quality goal and is it achieving that goal?
- What is the value of the program to students?
- What is the market demand for graduates of the program?
- What is the student demand for the program?
- What is the average loan debt of students graduating from the program?
- How much financial aid are colleges/schools able to offer students in their programs?
- To what extent can we make tuition predictable for students?

Existing UW Track Record of Responsible Exercise of Tuition-Setting Authority

While UW Regents do not currently have the authority to set undergraduate resident tuition increase limits, the institution has been setting rates for all other tuition categories since the Legislature gave the Board of Regents control over nonresident undergraduate, graduate and professional tuition rates in 2003.

The Board of Regents first utilized this tuition setting authority when it established tuition rates for the 2003-04 academic year. Guided by the principles and questions above, and after extensive consultation with university administrative and academic leadership, as well as student government, the Regents have continued to independently and responsibly set tuition rates for these categories of students since that time, with tuition rates in those categories staying just at or near the average among peer institutions.

Tuition Category	UW Tuition	HECB 24 Average Tuition
Undergraduate nonresident	25,329	26,568
Graduate resident	11,449	11,648
Graduate nonresident	24,789	23,980
Professional resident	22,949	26,409
Professional nonresident	42,091	42,354

Safeguarding Affordability for Washingtonians

In addition to a very careful and consultative tuition setting process, the UW works in many ways to maintain affordability for qualified students while engaging current and future students in understanding tuition increases, financial aid options, scholarship opportunities, and federal tax credits including:

1. **The Husky Promise Program:** The UW’s commitment to covering tuition and fees for students that qualify for either the federal Pell Grant or the State Need Grant was established in the 2007-08 academic year as the Husky Promise. The 2010 UW freshman class represented the largest group of Husky Promise students to date, with over one quarter of students qualifying for the program. This program ensures that the most economically vulnerable students attending the UW pay no tuition or mandatory fees for as long as they qualify for the program.
2. **Other Forms of Institutional Aid:** Overall, 44 percent of UW resident undergraduates demonstrate financial need. Of resident undergraduates demonstrating need, 34 percent receive institutional aid derived from tuition revenue and 73 percent receive aid from grants, scholarships or waivers. Of *all* resident undergraduates, 52 percent receive some sort of financial aid and 47 percent receive financial aid in the form of grants, scholarships, or waivers.
3. **Education and Outreach Programs:** Several important programs at the UW focus on reaching out to prospective students, and facilitate enrollment and degree completion for admitted students. In particular, for those students and families that might be especially prone to tuition sticker shock, The Dream Project and the Pipeline Project perform outreach to low-income and prospective first-generation college students by providing tutoring, SAT preparation, and help with the college admissions and financial aid processes. Additionally, the Admissions Office visits high schools and community colleges across the state to educate prospective students on UW admissions and financial aid processes, as well as providing on campus information sessions, and developing educational materials.
4. **Financial Aid Estimator:** Recognizing the importance of combating tuition sticker shock, particularly for those students most at risk of not applying to the UW even though they might be qualified (low-income, first-generation and underrepresented minority students), the UW has developed an [online tool](#) that gives prospective students and their families a general sense of the actual (net) price they might expect to pay based on the family’s specific economic situation. This tool is incredibly helpful for educating Washington families who might not realize how integral financial aid is for a large number of students attending the UW.

In addition, the state further assists Washington families in preparing for higher education expenses through the State Need Grant, the fifth largest state financial aid program in the country, and through the GET program, the nation’s most generous pre-paid tuition plan. No matter how much tuition might increase, families who have purchased GET contracts, which can cover up to five years of higher education, know that the tuition and mandatory fees at any public institution in Washington will be fully covered for their student(s).

In the future, **the UW will also explore cohort tuition pricing, which guarantees that the tuition rate at entry will remain the same cohort of students for a set period of time** (generally, four or five years for undergraduates). This model uses future projections for costs and funding to set one price for a set period of time, which can enhance a student and their family’s ability to plan for the costs of higher education by providing stability and predictability.

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