

The University of Kansas (All Campuses)

FY 2004 TUITION PROPOSAL

Introduction

The first year of KU's five-year tuition strategy achieved the goals that were identified in 2002:

- Provide much-needed new funding for high priority academic program enhancements;
- Generate approximately \$2.2 million for need-based KU Tuition Grants; and
- Avoid using tuition as a dollar-for-dollar substitute for reduced state funding.

The importance of the strategy was evident throughout FY2003. A difficult economy and the state's severe budget crisis resulted in KU absorbing nearly \$19 million in reduced appropriations and unfunded commitments. While private contributions and research grants increased, the universities' operating block grant from the state did not. Only the tuition increase made it possible for KU to progress this year toward the stated goal of becoming a top-25 public teaching and research university.

KU's students recognize that the quality of their education is tied to the five-year tuition strategy. KU Student Body President Jonathan Ng supported the strategy and students helped decide how the tuition increase would be distributed. "By including us in the process," said Ng, "we're better able to communicate to the student body why tuition increases are necessary as long as they are allocated to enhancements, and we can show students the results."

KU's FY2004 tuition proposal, the second year of the five-year strategy, is described below and in two attached appendices. In summary, it calls for the following increases in tuition at the Lawrence and Medical Center campuses:

- \$303 per semester increase for resident undergraduate students (15 hours);
- \$439.50 per semester increase for non-resident undergraduate students (15 hours);
- \$259.20 per semester increase for resident graduate students (12 hours); and
- \$375.00 per semester increase for non-resident graduate students (12 hours).

For medical students, tuition will increase by \$1,009 per semester for resident students and by \$1,083.50 for non-resident students. Required fees vary by campus and are charged in addition to tuition.

Tuition and fees represent a little more than one-fourth of the total cost of attending KU for resident undergraduates (\$12,214 in 2002-03, factoring in room, board, books, travel and personal expenses). While the proposed increase in tuition and fees at Lawrence for resident undergraduate students is 17.7%, the amount of the increase (\$617) represents only about a 5% increase in the total cost of attending KU (projected to be \$13,001 in 2003-04).

Again, the first year of KU's five-year tuition strategy was highly successful in achieving its goals and had no negative effect on enrollment (which increased last fall by 659 students). KU is confident that the second and subsequent years will be similarly successful at enhancing the academic experience for students while, for the most part, holding harmless those who have the greatest financial need.

Table A represents **proposed tuition rates for FY 2004**, which includes:

➤ **basic tuition**

- FY 2003 base tuition per credit hour x 3.8% maintenance increase based on the Higher Education Price Index (HEPI) + \$16.50 per credit hour enhancement tuition = FY 2004 base tuition per credit hour.
- Medical tuition is shown per semester since it is not based on credit hours.

Table B includes:

- **differential tuition** for Pharmacy, Law, Business, Engineering, and Architecture, each of which we propose to increase 3.8% consistent with the proposed tuition maintenance increase. *(NOTE: The Architecture Fee is new beginning in FY 2004 and will be indexed to HEPI beginning in FY 2005).*

Financial Aid - Approximately 20% of the revenue generated by the proposed FY 2004 enhancement tuition increase will be directed toward need-based financial aid. In the FY 2003 enhancement tuition increase, \$1.7 million was set aside for need-based financial aid at the Lawrence and Edwards campuses, which resulted in 4,098 students (3,333 undergraduate, 765 graduate) receiving tuition grants averaging about \$415 each. A total of \$235,000 set aside for need-based financial aid at the Medical Center campus resulted in tuition grants averaging just over \$535 each to 437 students.

A. FY 2004 PROPOSED TUITION RATES (All Students)

	FY 2003 Tuition Rate*	Proposed FY 2004 Tuition Rate*	\$ Increase	% Increase
--	----------------------------------	---	--------------------	-------------------

Undergraduate Resident	97.35	117.55	20.20	20.75%
Graduate Resident	134.45	156.05	21.60	16.07%
Undergraduate Nonresident	337.45	366.75	29.30	8.68%
Graduate Nonresident	388.55	419.80	31.25	8.04%
Medical Students Resident	6,283.00/Sem	7,292.00/Sem	1,009.00/Sem	16.06%
Medical Students Nonresident	13,474.00/Sem	14,557.50/Sem	1,083.50/Sem	8.04%

* The proposed rates include the technology and library fees, which were formerly identified separately.

B. FY 2003 PROPOSED FEE RATES (Differential Tuition)*

The following fees are charged in addition to the tuition rates above.

	FY 2003 Fee Rate	Proposed FY 2004 Fee Rate	\$ Increase	% Increase
Pharmacy (PharmD degree)	88.40	91.75	3.35	3.80%
Law	104.00	107.95	3.95	3.80%
Business (Masters)	57.20	59.40	2.20	3.80%
Engineering (Technology Fee)	15.00	15.00	0	0
Edwards Campus Engineering (Masters)	31.20	32.40	1.20	3.80%
Architecture	0	15.00	--	--

* The use of the Higher Education Price Index (HEPI) to index required fees was proposed to the Regents last year and approved in June 2002. Accordingly, the above table demonstrates increases in differential tuitions due to indexing.

Architecture Fee – Revenue from the new Architecture Fee of \$15 per student credit hour will be used to build and support the sophisticated technological environment required in modern architectural education. The dean of the School of Architecture has had numerous meetings with students and their organizations over the past two years to describe the need for the fee and determine their support. Letters of support have been received from the school’s Student Council, AIAS Student Senate, Alpha Rho Chi, and the Kansas Association of Planning Students. The support is widespread, and there is an absence of any significant opposition to the fee. This new fee should generate approximately \$180,000 per year.

C. OTHER PROPOSED CHANGES TO TUITION STRUCTURE

“Edwards Campus Program Fee” – Beginning in FY 2004, a \$15 per student credit hour program fee will be assessed to enable the Edwards Campus to broaden its curriculum and program availability to students. In FY 2005, the Edwards Campus will charge an additional \$15 per student credit hour program fee. This fee should generate approximately \$500,000 in FY 2004 and will be used for additional instruction.

	FY 2003	Proposed FY 2004	\$ Increase	% Increase
KUEC Program Fee	0	15.00	--	--

D. DESCRIPTION OF RELATIONSHIP OF FY 2004 PROPOSALS TO FIVE-YEAR PLAN

KU’s five-year tuition strategy is a critical component of the University’s goal to become a top 25 U.S. public research institution by 2010. Currently, KU is ranked 41st among public institutions by *U.S. News & World Report*. Rankings such as these serve as an important proxy measure of high quality; indicators of high quality include strong academic reputation, high retention rates, adequate institutional financial resources, support for faculty, research funding, and prestigious awards and memberships.

The proposed tuition rates for FY 2004 reflect an annual increase of \$16.50 per credit hour for all students, plus an annual maintenance increase based on the Higher Education Price Index (HEPI). These increases could be projected through FY 2007 as a five-year plan, but the efficacy of any five-year plan would inevitably depend upon the level of state funding that is provided. The key is to attain a level of state support that will bring KU close to the average funding of its peers. With significant increases in state support, the rate of increase in tuition could be moderated.

To maintain access to the University, KU will reserve about 20% of the additional revenue generated from the proposed enhancement tuition increases for need-based financial aid. In academic year 2001-02, KU students received \$126 million in total financial aid.

E. DESCRIPTION OF STUDENT AND OTHER CAMPUS COMMUNITY INVOLVEMENT IN DEVELOPMENT AND/OR REVIEW OF FY 2004 PROPOSALS

As a result of more than 30 campus dialogues begun on November 28, 2001, to initiate discussions about a five-year tuition strategy at the University of Kansas, a permanent

process was established to ensure ongoing communication focused on proposed tuition increases and uses for tuition enhancement revenue allocations. The Planning and Resources (P & R) Committee, comprised of faculty and students representing the Lawrence and Edwards campuses and augmented to include representatives from unclassified and classified staff, agreed to a request by 2002-03 Student Body President Jonathan Ng to appoint a committee to provide student comments whenever the tuition strategy is discussed in the P & R Committee. The Student Tuition Committee met with the P & R Committee on October 11, 2002, to consider the proposal by Lawrence Campus Provost and Executive Vice Chancellor David Shulenburg for allocating the tuition enhancement dollars. The joint committee gave it a positive response.

In an email to the Provost in January 2003, Jonathan Ng said, "I think the tuition discussions we've all had this past semester serve as a model for the rest of the state. I feel they have been very positive and productive. Additionally, I am very pleased to see that (it appears) KU is the only Regents institution to have stuck to its promise of keeping tuition increase dollars for enhancements. I foresee us being able to carry on this dialogue further, easing the transition into another tuition increase for students. By including us in the process, we're better able to communicate to the student body why tuition increases are necessary as long as they are allocated to enhancements, and we can show students the results."

On February 26, 2003, Senior Vice Provost Kathleen McCluskey-Fawcett made a presentation to the Student Senate outlining KU's proposed FY 2004 tuition increase and responded to questions and comments from the 100 or so students who attended. On March 14, 2003, Provost Shulenburg gave a similar presentation to the joint Planning and Resources Committee and Student Tuition Committee.

The newly elected Student Body President for 2003-04, Andy Knopp, along with outgoing President Jonathan Ng, is in the process of arranging a tuition forum at the Lawrence campus. Their goal is to facilitate students' questions and comments regarding the proposed FY 2004 tuition increase and to explain the effect of KU's five-year tuition strategy on achieving the goal of becoming a top 25 research university.

At the Medical Center campus, Executive Vice Chancellor Don Hagen, Vice Chancellor for Administration Ed Phillips, and Dean of Students Dorothy Knoll meet monthly with student leadership to keep students apprised and updated on tuition issues. In February 2003, the three met with most of the student organizations to provide details of tuition enhancement allocations and to present an overview of the proposal for FY 2004. KUMC students understand the need for increased tuition; their primary concern was having the information early so they have adequate time to plan their budgets for medical school.

Consistent with the campus dialogue at Lawrence, KUMC has established an ongoing process for discussion of the five-year tuition strategy and the role it plays in achieving the goal of becoming a top 25 research university.

F. PROJECTED INCREASE IN TUITION REVENUES AND PLANNED USES OF INCREASED REVENUES

Revenue increases and expenditures as a result of the proposed FY 2004 tuition and fee rates (see Tables A and B above) are projected to approximate \$16.2 million in additional total revenue in FY 2004: \$14.4 million at the Lawrence campus and \$1.8 million at KUMC.

Targeted Uses of Increased Revenue

- Need-based financial aid, including Study Abroad participants
- Improvements in technology, including improved classroom computing and laboratory instrumentation and additional technology support for academic users
- Increase departmental operating expense budgets
- Provide better salaries for graduate teaching assistants
- Provide better wages for student hourly and unclassified positions
- Implement merit-based faculty salary increases
- Hire additional faculty
- Improve teaching facilities
- Improve minority recruitment and retention
- Improve and expand library services and provide remote access to electronic resources
- Improve services to students with disabilities
- Add student services support staff in academic units
- Other enhancements as the need is identified

If the University of Kansas pursues tuition increases for all five years planned, tuition enhancement revenue of \$8.6 million per year (\$43 million total over five years) at the Lawrence and Edwards campuses and \$1.1 million per year (\$5.5 million total over five years) at the Medical Center campus will be allocated to address the needs in the bulleted list above, which were identified by the Ad Hoc Committee on University Funding, comprised of students, faculty, and staff from KU-Lawrence and KUMC and agreed to by Chancellor Robert Hemenway.

The FY 2003 tuition increase, which increased tuition revenue at the Lawrence and Edwards campuses by about \$13.7 million, included \$1.7 million for need-based financial aid and about \$3.4 million for maintenance costs. The remaining portion of the increase, which amounted to approximately \$8.6 million, is being used to enhance funding in areas that have not been adequately supported in recent years.

In FY 2003, the \$8.6 million in tuition enhancements at the Lawrence and Edwards campuses were used as follows:

- Technology Improvements - \$2.4 million

- Other Operating Expenses to Schools and Departments - \$1.5 million
- GTA Salaries - \$1 million
- Libraries - \$800,000
- New Staff Positions - \$80,000
- New Faculty Startups - \$1 million
- Student Hourly Wages - \$150,000
- New GTA/Lecturer Positions - \$250,000
- GRA and Training Grant Tuition Payment - \$750,000
- Program/Student Support - \$300,000
- Classroom Improvements - \$500,000

The \$1.1 million in tuition enhancements at the Medical Center Campus were used as follows:

- Technology Improvement - \$201,000
- GTA Salary Increase - \$48,000
- New GTA Positions - \$95,000
- Classroom Improvements - \$133,600
- Libraries - \$45,000
- Other Operating Expenses to Schools and Departments - \$115,000
- Student Study Area - \$134,800
- Program/Student Support - \$253,200
- New Staff Positions - \$74,400

APPENDIX A

The University of Kansas All Campuses

FY 2004 TUITION PROPOSAL

I. FY 2004 PROPOSED TUITION RATES* APPLICABLE TO ALL STUDENTS

	FY 2003 Tuition Rate*	Proposed FY 2004 Tuition Rate*	\$ Increase	% Increase
Undergraduate Resident	97.35	117.55	20.20	20.75%
Graduate Resident	134.45	156.05	21.60	16.07%
Undergraduate Nonresident	337.45	366.75	29.30	8.68%
Graduate Nonresident	388.55	419.80	31.25	8.04%
Medical Students Resident	6,283.00/Sem	7,292.00/Sem	1,009.00/Sem	16.06%
Medical Students Nonresident	13,474.00/Sem	14,557.50/Sem	1,083.50/Sem	8.04%

* The proposed rates include the technology and library fees, which were formerly identified separately.

APPENDIX B

**The University of Kansas
All Campuses**

**FY 2004 PROPOSED TUITION AND REQUIRED FEES
Fulltime, Per Semester**

LAWRENCE CAMPUS				
	Approved FY 2003	Proposed FY 2004	\$ Increase	% Increase
Resident Undergraduate (15 hrs.)				
Tuition	1,460.25	1,763.25	303.00	20.75%
Required Fees	281.50	287.00	5.50	1.95%
Total	1,741.75	2,050.25	308.50	17.71%
Nonresident Undergraduate (15 hrs.)				
Tuition	5,061.75	5,501.25	439.50	8.68%
Required Fees	281.50	287.00	5.50	1.95%
Total	5,343.25	5,788.25	445.00	8.33%
Resident Graduate (12 hrs.)				
Tuition	1,613.40	1,872.60	259.20	16.07%
Required Fees	281.50	287.00	5.50	1.95%
Total	1,894.90	2,159.60	264.70	13.97%
Nonresident Graduate (12 hrs.)				
Tuition	4,662.60	5,037.60	375.00	8.04%
Required Fees	281.50	287.00	5.50	1.95%
Total	4,944.10	5,324.60	380.50	7.70%

MEDICAL CENTER CAMPUS

	Approved FY 2003	Proposed FY 2004	\$ Increase	% Increase
Resident Undergraduate (15 hrs.)				
Tuition	1,460.25	1,763.25	303.00	20.75%
Required Fees	119.60	126.80	7.20	6.02%
Total	1,579.85	1,890.05	310.20	19.63%
Nonresident Undergraduate (15 hrs.)				
Tuition	5,061.75	5,501.25	439.50	8.68%
Required Fees	119.60	126.80	7.20	6.02%
Total	5,181.35	5,628.05	446.70	8.62%
Resident Graduate (12 hrs.)				
Tuition	1,613.40	1,872.60	259.20	16.07%
Required Fees	119.60	126.80	7.20	6.02%
Total	1,733.00	1,999.40	266.40	15.37%
Nonresident Graduate (12 hrs.)				
Tuition	4,662.60	5,037.60	375.00	8.04%
Required Fees	119.60	126.80	7.20	6.02%
Total	4,782.20	5,164.40	382.20	7.99%
Resident Medical Students				
Tuition	6,283.00	7,292.00	1,009.00	16.06%
Required Fees	174.00	183.00	9.00	5.17%
Total	6,447.00	7,475.00	1,018.00	15.77%
Nonresident Medical Students				
Tuition	13,474.00	14,557.50	1,083.50	8.04%
Required Fees	174.00	183.00	9.00	5.17%
Total	13,368.00	14,740.50	1,092.50	8.00%