

Submitted by: Nancy S. Barrett, Provost and Senior Vice President for Academic Affairs

FY 2008-09 Tuition and Fee Rate Recommendation

(As approved by Board of Governors, July 30, 2008)

Recommendation

It is recommended that the Board of Governors approve the FY 2009 tuition rates and mandatory fees as recommended below. In summary, the base tuition rates for Wayne State University are proposed to increase by approximately 5.9 percent for undergraduates and 7.5 percent for graduates. In addition, professional programs will increase by 5.9 percent unless those programs have had their rate structure previously approved or are addressed specifically in this resolution. A brief summary of the per credit hour tuition rate increases for a resident student in general programs are illustrated in the table below:

WAYNE STATE UNIVERSITY				
FY 2009 TUITION RATE RECOMMENDATION				
Category & Level	Resident			
	FY 2008	FY 2009	\$ Diff.	% Diff.
Undergrad--Lower Division	\$226.10	\$239.40	\$13.30	5.88%
Undergrad--Upper Division	\$266.50	\$282.20	\$15.70	5.89%
Graduate (General Programs)	\$402.90	\$433.10	\$30.20	7.50%

In terms of mandatory fees, Wayne State University requires all students to pay a registration fee (on a semester basis), a fitness center fee (on a semester basis) and an omnibus fee (on a per credit hour basis). It is proposed that the registration fee increase by 5.9 percent, while the fitness center fee remains constant. For the omnibus fee, it is proposed that this fee increase by \$1.50 per credit hour for all undergraduate students and \$2.30 for all graduate and professional programs.

The table at the end of this document details the specific changes for all Wayne State University tuition rates and mandatory fees for FY 2009. It should be noted that the tuition and fees for the School of Medicine's MD program were approved by the Board of Governors at the April 2008 meeting. They are listed in the attached schedule for informational purposes only.

It is also recommended that the Board of Governors authorize the President or his designee to make adjustments to the rates for special programs or where otherwise appropriate.

Background

During the initial State of Michigan budget discussions, it was originally proposed that the state would increase Wayne State University's state appropriations by over 3.0 percent. Based on this proposed increase, the initial tuition rate recommendation was for an increase of 4.8 percent. Unfortunately, the final budget adopted by the State of Michigan only provides an increase to the state appropriation to Wayne State University of 1.0 percent. In order to develop a balanced budget, an undergraduate tuition rate increase of 5.9 percent is required. This change will increase the per credit hour rate for a resident freshman by just under \$14 per credit hour. It is projected that this increase will be the second lowest change by dollar amount of all major public universities in the State of Michigan.

In terms of mandatory fees, this recommendation includes a couple of changes. First, as previously approved in January 2008 by the Board of Governors, the contingency fee that was put in place last year to guard against any potential state funding shortfall has been completely eliminated. Second,

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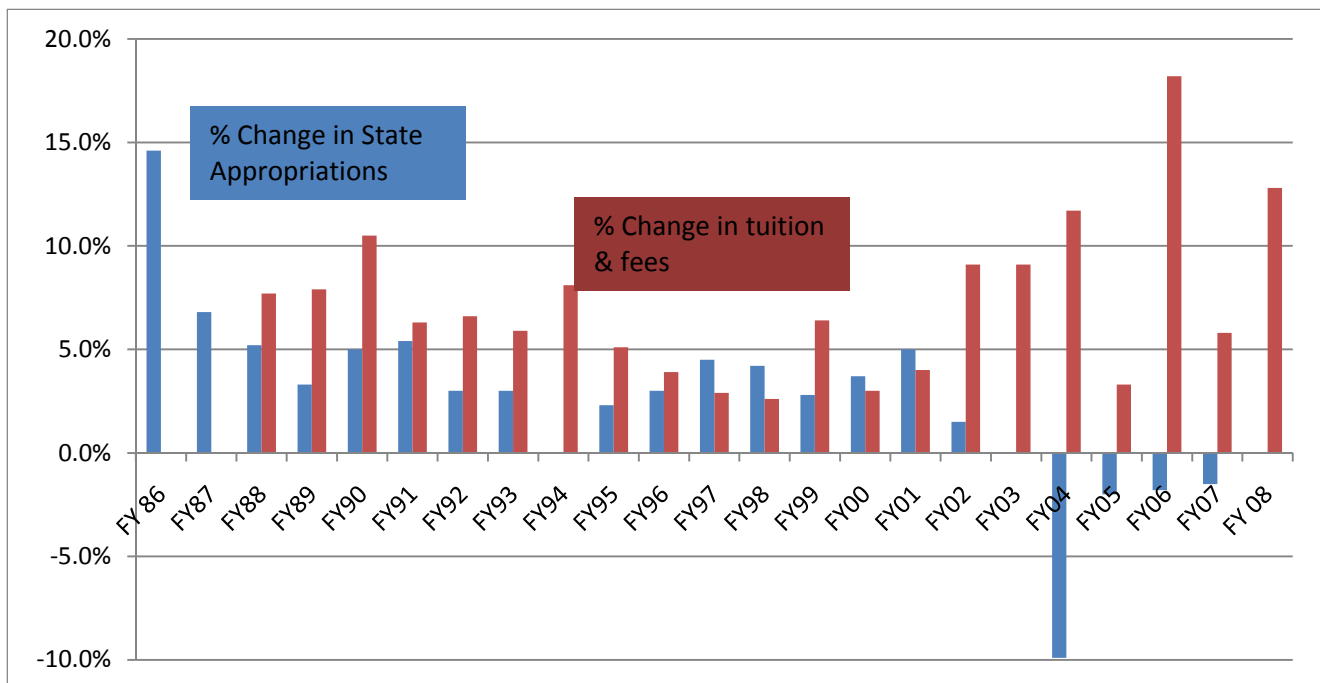
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this recommendation proposes that the registration fee increase by 5.9 percent, while the fitness center fee remains constant. Third, this recommendation proposes an omnibus fee increase of \$1.50 per credit hour for all undergraduate students and \$2.30 for all graduate and professional programs. This increase will provide a significant additional investment into instructional and instructional support technology initiatives for the students at Wayne State University. In addition, this recommendation proposes the elimination of the \$3.50 tuition set aside to fund the operations and maintenance of the student center building, and for student activities and programs. These programs will now be funded through the omnibus fee and as a result these operations will be eligible for increases in their operating budgets. These entities have not received any type of inflationary increase to the fee rate since June 1997. This set aside not only provides funding for the Student Center, but also the Dean of Students Office.

Relationship of tuition and state appropriations

Wayne State's two main sources of general fund revenues are tuition and state appropriations. Over the last several years, WSU has had to rely on tuition increases to keep up with inflationary increases as the amount that the state has provided has continued to shrink. In FY 2001, for example, tuition revenues accounted for 28 percent of the budget, while state appropriations accounted for 63 percent. For FY 2009, tuition revenues will account for 51 percent of the University's budget, while state appropriations now only account for 41 percent. The following chart illustrates the relationship between the increases in the tuition rates versus the percent increases in the state appropriations. It shows that when there is either decreasing or no increases from the state, the University must rely on tuition to balance the budget. On the contrary, when the state provides significant appropriations, as it did in the mid-eighties, no tuition increases are required.



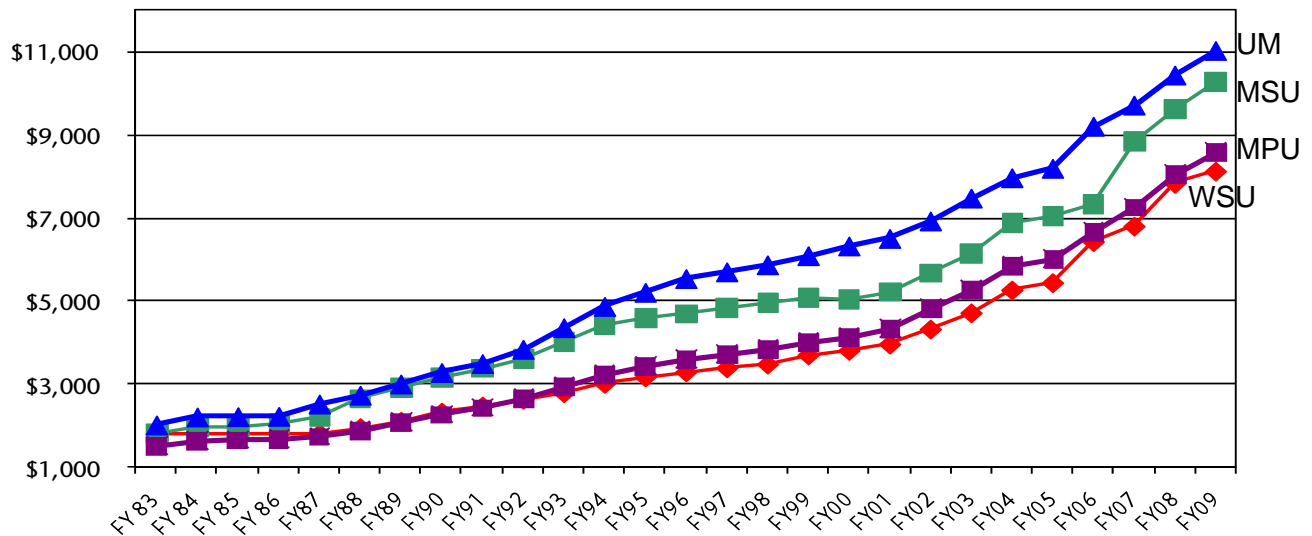
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Wayne State University tuition rates vs. other Michigan public universities

Wayne State tuition has been below the median for the Michigan public universities since 1993 and well below that of Michigan's other major public research universities since 1988, as the chart showing annual tuition and fees for lower division undergraduates demonstrates:



When comparing tuition rates at various institutions, it is important to not only look at the tuition of the institution, but also what type of institution it is. According to the Carnegie Classification system, Wayne State University is classified as a Research University-Very High Research. University of Michigan and Michigan State University are the only other institutions with this classification in the state. In addition, when comparing tuition, the number of credit hours that the typical student takes is an important factor. At Wayne State University, the average undergraduate student takes approximately 12 credit hours per semester. The following chart ranks all of Michigan's public universities freshman tuition for FY 2009 based on a student taking 24 credit hours (12 per semester) and it also identifies each institution by its Carnegie classification.

Institution	Carnegie Classification	FY 08 Tuition	FY 09 Tuition	Rank	\$ Change	% Change	Variance from WSU	% Variance from WSU
UM-AA	Research Univ. - Very High	\$10,447	\$11,037	1	\$590	5.6%	\$4,481	68.3%
MTU	Research Univ. - High	\$7,993	\$8,648	2	\$655	8.2%	\$2,092	31.9%
MSU	Research Univ. - Very High	\$7,950	\$8,554	3	\$604	7.6%	\$1,998	30.5%
GVSU	Master's	\$7,240	\$8,196	4	\$956	13.2%	\$1,640	25.0%
UM-D	Master's	\$7,453	\$7,937	5	\$484	6.5%	\$1,381	21.1%
WMU	Research Univ. - High	\$7,260	\$7,928	6	\$668	9.2%	\$1,372	20.9%
LSSU	Baccalaureate	\$7,246	\$7,894	7	\$648	8.9%	\$1,338	20.4%
CMU	Doctoral / Research Univ.	\$7,296	\$7,776	8	\$480	6.6%	\$1,220	18.6%
UM -F	Master's	\$6,966	\$7,376	9	\$410	5.9%	\$820	12.5%
FSU	Master's	\$6,768	\$7,200	10	\$432	6.4%	\$644	9.8%
NMU	Master's	\$6,709	\$7,078	11	\$369	5.5%	\$522	8.0%
WSU	Research Univ. - Very High	\$6,341	\$6,556	12	\$215	3.4%	\$0	0.0%
EMU	Master's	\$6,008	\$6,470	14	\$462	7.7%	(\$86)	-1.3%
OU	Doctoral/Research Univ.	\$6,060	\$6,444	13	\$384	6.3%	(\$112)	-1.7%
SVSU	Master's	\$5,006	\$5,192	15	\$186	3.7%	(\$1,364)	-20.8%

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Changes in cost of attendance for WSU students

The following table compares the total costs from FY 2008 to FY 2009 for an undergraduate resident student who is attending Wayne State and living on campus and the corresponding variance.

FY 2008			FY 2009			Variance		
Tuition & Fees	Housing	Total	Tuition & Fees	Housing	Total	Tuition & Fees	Housing	Total
\$6,341	\$6,702	\$13,043	\$6,556	\$6,932	\$13,488	3.39%	3.43%	3.41%

Program adjustments and differential tuition

This proposed tuition recommendation also includes several adjustments to specific programs. First, the proposed rate includes structure realignment for a number of the health related programs. At the School of Medicine, the resident rates for the Medical Physics program will be reduced by \$5.70 per credit hour and the nonresident rate increased \$179.80 to bring them into alignment with the School of Medicine's MD program. In addition, the Pharm.D, Physical Therapy and Physicians Assistant programs, all within the Eugene Applebaum College of Pharmacy and Health Sciences, have been brought into alignment at the FY 2009 Doctor of Physical Therapy rate. These changes will simplify the tuition structures for these two schools.

Second, this proposal includes three changes to tuition differentials. Typically tuition differentials are incorporated into programs to reflect their high costs to provide a quality education. At the School of Business Administration, it is proposed to increase the undergraduate rate by an additional \$5 per credit hour over the FY 2009 general undergraduate rates. The revenues from this proposal will be used to recruit additional faculty to accommodate the increasing student enrollment as well as to replace retiring faculty; and to enhance student experience and quality of instructional programs to attract and retain students while balancing the increased demands on available resources.

The second differential tuition proposes an \$8 increase per credit hour within the Law School, with the resulting adjusted rate increased by the approved change in professional programs of 5.9 percent. Over time these funds will be used to hire additional faculty. According to the American Bar Association data, Wayne State University is well above average in the number of student to faculty ratio. In order to maintain the quality of education that the Wayne State University law students receive, it is important to decrease this student to faculty ratio.

The third differential tuition change is for graduate Nursing. In November 2007 the Board approved a new schedule of differential tuition for Nursing. Per this schedule, in FY 2009 the resident Nursing differential tuition increases to \$105 over the FY 2009 general resident graduate rate.

Summary of FY 2009 tuition actions

This tuition recommendation will help meet only the very basic operating needs of the University. It is important to remember that leading up to this increase, the University has gone through several years of budget reductions, plus dealing with a significant (-12%) decline in state appropriations. Again, it is important to point out that it is anticipated that this increase will be the lowest dollar increase of all major public universities in the State of Michigan.

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Wayne State students receive a good value for their tuition dollars. They study with high quality faculty recruited from around the world. The faculty body generates research on critical issues that range from enhanced quality of life and health care to improved manufacturing processes. This work is a source of prestige and brings prominence to Wayne State. In recent years, a focus on campus life has sought to create a more comprehensive campus experience that extends learning beyond the classroom. Wayne State has enhanced the use of technology in many areas of student services, including on-line admissions applications and registration for classes, on-line classes, and innovative ways of delivering instruction. However, Wayne State will not be able to continue to maintain or expand these improved levels of services to students over the long run in an environment of uncertainty and reduced budgetary commitment from the state.

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Proposed FY 2008-09 Tuition and Fee Rates

WAYNE STATE UNIVERSITY								
FY 2009 TUITION AND FEE RECOMMENDATION								
Category & Level	Resident				Non-Resident			
	FY 2008	FY 2009	\$ Change	% Change	FY 2008	FY 2009	\$ Change	% Change
Undergraduate - Lower Division								
<u>Tuition Rates</u>								
All Schools (except Bus. Adm.)	\$226.10	\$239.40	\$13.30	5.88%	\$517.80	\$548.40	\$30.60	5.91%
Business Administration	\$226.10	\$244.40	\$18.30	8.09%	\$517.80	\$553.40	\$35.60	6.88%
<u>Mandatory Fees</u>								
Contingency Fee (per hour)	\$13.00	\$0.00	(\$13.00)	-100.00%	\$13.00	\$0.00	(\$13.00)	-100.00%
Omnibus Fee (per hour)	\$17.90	\$19.40	\$1.50	8.38%	\$17.90	\$19.40	\$1.50	8.38%
Registration Fee (per sem)	\$139.30	\$147.50	\$8.20	5.89%	\$139.30	\$147.50	\$8.20	5.89%
Fitness Center Fee (per sem)	\$25.00	\$25.00	\$0.00	0.00%	\$25.00	\$25.00	\$0.00	0.00%
Undergraduate - Upper Division								
<u>Tuition Rates</u>								
All Schools (except Bus. Adm.)	\$266.50	\$282.20	\$15.70	5.89%	\$612.80	\$649.00	\$36.20	5.91%
Business Administration	\$266.50	\$287.20	\$20.70	7.77%	\$612.80	\$654.00	\$41.20	6.72%
<u>Mandatory Fees</u>								
Contingency Fee (per hour)	\$13.00	\$0.00	(\$13.00)	-100.00%	\$13.00	\$0.00	(\$13.00)	-100.00%
Omnibus Fee (per hour)	\$17.90	\$19.40	\$1.50	8.38%	\$17.90	\$19.40	\$1.50	8.38%
Registration Fee (per sem)	\$139.30	\$147.50	\$8.20	5.89%	\$139.30	\$147.50	\$8.20	5.89%
Fitness Center Fee (per sem)	\$25.00	\$25.00	\$0.00	0.00%	\$25.00	\$25.00	\$0.00	0.00%
Graduate Programs								
<u>Tuition Rates</u>								
General Graduate Programs	\$402.90	\$433.10	\$30.20	7.50%	\$889.80	\$956.50	\$66.70	7.50%
Business, Engineering, Lib Sci.	\$467.60	\$502.70	\$35.10	7.51%	\$954.50	\$1,026.10	\$71.60	7.50%
Law (LLM Program)	\$658.90	\$706.20	\$47.30	7.18%	\$724.80	\$776.00	\$51.20	7.06%
Medical Physics Program	\$543.90	\$538.20	(\$5.70)	-1.05%	\$939.80	\$1,119.60	\$179.80	19.13%
Nursing	\$487.60	\$538.10	\$50.50	10.36%	\$974.80	\$1,061.50	\$86.70	8.89%
Physical Therapy D.	\$463.40	\$498.20	\$34.80	7.51%	\$950.30	\$1,021.60	\$71.30	7.50%
Physicians Assistant Prog.	\$452.90	\$498.20	\$45.30	10.00%	\$939.80	\$1,021.60	\$81.80	8.70%
<u>Mandatory Fees</u>								
Contingency Fee (per hour)	\$29.00	\$0.00	(\$29.00)	-100.00%	\$29.00	\$0.00	(\$29.00)	-100.00%
Omnibus Fee (per hour)	\$26.90	\$29.20	\$2.30	8.55%	\$26.90	\$29.20	\$2.30	8.55%
Registration Fee (per sem)	\$139.30	\$147.50	\$8.20	5.89%	\$139.30	\$147.50	\$8.20	5.89%
Fitness Center Fee (per sem)	\$25.00	\$25.00	\$0.00	0.00%	\$25.00	\$25.00	\$0.00	0.00%
Professional Programs								
<u>Tuition Rates</u>								
Law (JD Program)	\$658.90	\$706.20	\$47.30	7.18%	\$724.80	\$776.00	\$51.20	7.06%
Medicine (MD Program)	\$518.00	\$538.20	\$20.20	3.90%	\$1,077.60	\$1,119.60	\$42.00	3.90%
Pharm D	\$454.80	\$498.20	\$43.40	9.54%	\$941.70	\$1,021.60	\$79.90	8.48%
<u>Mandatory Fees</u>								
Contingency Fee (per hour)	\$29.00	\$0.00	(\$29.00)	-100.00%	\$29.00	\$0.00	(\$29.00)	-100%
Omnibus Fee (per hour)	\$26.90	\$29.20	\$2.30	8.55%	\$26.90	\$29.20	\$2.30	8.55%
Omnibus Fee (MD Prog/hour)	\$17.90	\$18.80	\$0.90	5.03%	\$17.90	\$18.80	\$0.90	5.03%
Registration Fee (Law, Pharm only, per sem)	\$139.30	\$147.50	\$8.20	5.89%	\$139.30	\$147.50	\$8.20	5.89%
Student Support Fee (MD Prog.)	\$1,050.00	\$550.00	(\$500.00)	-47.62%	\$1,050.00	\$550.00	(\$500.00)	-47.62%
Fitness Center Fee (per sem)	\$25.00	\$25.00	\$0.00	0.00%	\$25.00	\$25.00	\$0.00	0.00%