

August 19, 2020

TO: Planning & Budget Committee
Tuition and Fee Committee

FROM: Daniel M. White, Chancellor



RE: Tuition Model

Last fall, the UA Board of Regents asked that the Universities couple tuition setting with budget planning. This action was requested to more tightly connect the two so there is clear justification for tuition increases, should they be needed. The UA President then asked Chancellors to review propose tuition rates that were shaped by our budget considerations. In order to facilitate this, the tuition and fee committee reviewed tuition considerations. UAF also engaged Ruffalo Noel Levitz (RNL) to conduct a price sensitivity assessment so that we could better understand how tuition increases might affect our market. Some key highlights are helpful in informing our tuition strategy for next year (fall 2021).

- Simplifying the UA tuition structure would be helpful and improve communications with students. Combining the lower and upper division rates into a single undergraduate rate is one recommendation. This could be done at once or over a multi-year period with a planned approach.
- A tuition reset (i.e. reduction) is not recommended.
- Increasing student financial aid/scholarships in a strategic way is recommended, coupled with a strong marketing plan.
- The out-of-state student market has the highest potential for increase and is likely to respond to increased financial aid/scholarships.
- Differentiating CTC via adoption of the lower division rate with a smaller increase, is recommended.
- A higher rate increase is possible for campuses offering 4-year programs, in combination with financial aid/increased scholarships and a marketing plan.
- 10%+ is not recommended due to the national economic climate resulting from COVID-19 and risk of student attrition.

As a result, I have recommended the following scenarios and would like your feedback on these (or other) considerations as part of the tuition setting strategy. Tuition must be considered within the UAF budget context, noting net tuition revenue anticipated (at flat enrollment) with the benefits and risks of adopting any option. Please provide your written comments to be by

Wednesday, August 26. VC Keith Champagne will also be hosting a student forum before that time to get initial feedback from students.

General Recommendations:

- Sunset the Occupational Endorsement & Certification (OEC) discount, which is currently in its final year as a pilot program (year 3 of 3). Replace this pilot program with strategic financial aid and scholarship packages.
- Increase financial aid/scholarships for out-of-state students based on market data.
- Build on the Nanook Pledge and other financial aid packages in a strategic way for all students.

Scenario 1: Differentiate by Rate Type.

- 2.5% increase lower and upper division
- 5% increase graduate and non-resident surcharge

Scenario 2: Differentiate by Campus. Create a Common Undergraduate Rate

- 2.5% CTC Campus Rate (0-2 year campus)
- Freeze upper division - adopt this as a new "UAF Undergraduate Rate" transitioning Troth Yeddha and CRCD students to this rate over a 2-3 year term (4-year campuses)
- 5% increase graduate and non-resident surcharge

Each option will require some level of change within our current structure, and I am sensitive to students in a time of financial distress. In addition, UAF is working to close a budget shortfall as a result of state funding cuts, so will be considering tuition as part of this effort to preserve and enhance academic programs and services moving forward.

Thank you in advance for this work.

DMW:jdp