

MEMORANDUM



DATE: July 18, 2011
TO: House Appropriations Subcommittee on Higher Education
FROM: Kyle I. Jen, Deputy Director
RE: FY 2011-12 Public University Tuition Increases

FY 2011-12 Tuition Increases

As of July 15, all 15 public universities have adopted new tuition and fee rates for the 2011-12 academic year. Under section 267 of the annual Higher Education budget act, the universities will submit tuition and fee information for resident undergraduate students to the Higher Education Institutional Data Inventory (HEIDI) by August 31. In advance of that deadline, I have gathered preliminary data on tuition rates based on information posted on university websites and inquiries with university staff. Rates are calculated based on established HEIDI reporting requirements.

Attachment 1 shows FY 2010-11 and FY 2011-12 tuition rates for the 15 public universities. Please note the following regarding this information:

- The information should be considered preliminary. I have confirmed as many details as possible at this point, but further review of tuition/fee information could result in revisions to the rate information ultimately reported to HEIDI.
- The spreadsheet shows tuition rates for full-time resident undergraduate students enrolled for 30 credit hours during the academic year: 15 credits in the Fall semester and 15 credits in the Winter semester.¹ The rates include mandatory fees but do not include fees that are not paid by a majority of students in a given class level (i.e., most course fees).
- Because of the increasing complexity of tuition and fee structures at various universities, the HEIDI Advisory Committee has adopted a reporting structure based on academic class (freshman, sophomore, junior, senior). The percentage increase in tuition/fees for each university is calculated based on the average rate for the four classes.
- The tuition rate increases reported to the public by the universities are based on varying methodologies. In some cases, therefore, the tuition rate increases shown on the attached spreadsheet, which are based on the uniform HEIDI reporting structure, will differ from the increases reported in the news media.

The FY 2011-12 resident undergraduate tuition rates for the 15 universities (based on the average across the four academic classes) range from \$7,815 to \$13,911. The unweighted average rate for all 15 universities is \$10,416—an increase of \$683 from the FY 2010-11 average of \$9,733.

On a percentage basis, the FY 2011-12 rate increases for the 15 universities vary from 3.6% to 9.6%. The increase in the average rate is 7.0%.

¹ Semester terminology varies across universities. This memorandum will use "Winter" to refer to the semester beginning in January and "Summer" to refer to the semester beginning in May/June.

FY 2011-12 Tuition Restraint Incentive Funding

The FY 2011-12 Higher Education budget, as enacted in Article III of Public Act 62 of 2011, reduced university appropriation amounts by 15.0% from FY 2010-11 levels and, from the remaining appropriation amounts, set aside a total of \$83.0 million in tuition restraint incentive funding. For each university, an amount varying between 5.1% and 9.8% of its overall FY 2011-12 appropriation amount—based on that university's prior five-year average tuition/fee rate increase—is appropriated contingent on compliance with tuition restraint provisions. Those amounts are shown in Attachment 2.

The tuition/fee rate information presented in Attachment 1 to this memo is based on HEIDI reporting requirements and **is not intended to determine compliance with the FY 2011-12 tuition restraint policy**. Under the budget act language, the state budget director has sole authority to determine whether a university has complied with the policy. Subsections (1) and (2) of section 265 of the FY 2011-12 Higher Education budget article contains the specific provisions governing the payment of tuition restraint incentive funds:

(1) The amounts appropriated in section 236 for public university tuition restraint incentives shall only be paid to a public university that certifies to the state budget director by August 31, 2011 that its board did not adopt an increase in tuition and fee rates for resident undergraduate students after February 1, 2011 for the 2010-2011 academic year and that its board will not adopt an increase in tuition and fee rates for resident undergraduate students for the 2011-2012 academic year that is greater than the calculated average of annual statewide changes in tuition and fee rates for academic years 2006-2007 through 2010-2011, as determined by the state budget director. As used in this subsection:

(a) "Fee" means any board-authorized fee that will be paid by more than 1/2 of all resident undergraduate students at least once during their enrollment at a public university. A university increasing a fee that applies to a specific subset of students or courses shall provide sufficient information to prove that the increase applied to that subset will not cause the increase in the average amount of board-authorized total tuition and fees paid by resident undergraduate students in the 2011-2012 academic year to exceed the limit established in this subsection.

(b) "Tuition and fee rate" means the average of rates for all undergraduate classes, based on the highest board-authorized rate for any semester during the academic year.

(2) The state budget director shall implement uniform reporting requirements to ensure that a public university receiving an appropriation under section 236 has satisfied the tuition restraint requirements of this section. The state budget director shall have the sole authority to determine if a public university has met the requirements of this section. Information reported by a public university to the state budget director under this subsection shall also be reported to the house and senate appropriations subcommittees on higher education and the house and senate fiscal agencies.

The State Budget Director has determined that the "the calculated average of annual statewide changes in tuition and fee rates for academic years 2006-2007 through 2010-2011" is equal to 7.1%. For the three universities that are above the 7.1% threshold under calculations made using HEIDI reporting requirements, alternate calculations result in a percentage increase below 7.1%:

- **Michigan State University (MSU):** In June 2010, the MSU Board of Trustees adopted tuition rates for the Fall 2010, Winter 2011, and Summer 2011 semesters. The Summer rates were 2.5% higher than the Fall/Winter rates. The FY 2011-12 rates the board recently adopted, then, are a 9.4% increase from the prior Fall/Winter rates but a 6.9% increase from the prior Summer rates.

- **Northern Michigan University (NMU):** The NMU Board of Trustees provided a credit of \$192 to all resident undergraduate students in the Fall 2010 semester, funded from one-time funding under the federal American Recovery and Reinvestment Act (ARRA).² Under HEIDI reporting provisions, credits or rebates provided to all students on a uniform basis are subtracted from the university's reported tuition/fee rate. On that basis, the university's FY 2011-12 rates are a 9.6% increase from FY 2010-11 levels. If the Fall 2011 credit is not subtracted from the FY 2010-11 rates, however, the FY 2011-12 increase is 6.9%.
- **Wayne State University (WSU):** In June 2010, the WSU Board of Trustees adopted tuition rates for the Fall 2010, Winter 2011, and Summer 2011 semesters. The Summer 2011 rates were 1.7% higher than the Fall/Winter rates. The FY 2011-12 rates the board recently adopted, then, are an 8.8% increase from the prior Fall/Winter rates but a 7.0% increase from the prior Summer rates.³

Please call if you have questions about this information.

Attachments (2)

² The ARRA funds were appropriated to the university in the FY 2009-10 state budget.

³ The difference of 0.1% results from a rounding difference after compounding the two percentage increases.

ATTACHMENT 1
FY 2011-12 Resident Undergraduate Tuition/Fee Rate Increases
Based on PRELIMINARY Data

| University | FY 2010-11 Rates | | | | | FY 2011-12 Rates | | | | | % Change Avg Rate |
|------------------------|------------------|----------------|----------------|----------------|----------------|------------------|-----------------|-----------------|-----------------|-----------------|----------------------|
| | Fresh | Soph | Junior | Senior | Average | Fresh | Soph | Junior | Senior | Average | |
| Central* | \$10,380 | \$10,380 | \$10,380 | \$9,120 | \$10,065 | \$10,740 | \$10,740 | \$10,740 | \$10,740 | \$10,740 | 6.7 |
| Eastern* | 8,465 | 8,377 | 8,377 | 8,377 | 8,399 | 8,771 | 8,683 | 8,683 | 8,683 | 8,705 | 3.6 |
| Ferris | 9,930 | 9,930 | 9,930 | 9,930 | 9,930 | 10,440 | 10,440 | 10,440 | 10,440 | 10,440 | 5.1 |
| Grand Valley | 9,088 | 9,088 | 9,540 | 9,540 | 9,314 | 9,716 | 9,716 | 10,200 | 10,200 | 9,958 | 6.9 |
| Lake Superior | 8,889 | 8,764 | 8,764 | 8,764 | 8,795 | 9,489 | 9,364 | 9,364 | 9,364 | 9,395 | 6.8 |
| Michigan State* | 11,153 | 11,153 | 12,188 | 12,188 | 11,670 | 12,203 | 12,203 | 13,335 | 13,335 | 12,769 | 9.4 |
| Michigan Tech | 12,017 | 13,337 | 13,337 | 13,337 | 13,007 | 12,853 | 14,263 | 14,263 | 14,263 | 13,911 | 6.9 |
| Northern* | 7,897 | 7,672 | 7,672 | 7,672 | 7,728 | 8,639 | 8,414 | 8,414 | 8,414 | 8,470 | 9.6 |
| Oakland | 9,285 | 9,285 | 10,148 | 10,148 | 9,716 | 9,938 | 9,938 | 10,860 | 10,860 | 10,399 | 7.0 |
| Saginaw Valley | 7,308 | 7,308 | 7,308 | 7,308 | 7,308 | 7,815 | 7,815 | 7,815 | 7,815 | 7,815 | 6.9 |
| UM-Ann Arbor* | 11,837 | 11,837 | 13,343 | 13,343 | 12,590 | 12,634 | 12,634 | 14,240 | 14,240 | 13,437 | 6.7 |
| UM-Dearborn* | 9,455 | 9,455 | 9,695 | 9,695 | 9,575 | 10,107 | 10,107 | 10,364 | 10,364 | 10,236 | 6.9 |
| UM-Flint | 8,601 | 8,601 | 8,711 | 8,711 | 8,656 | 9,184 | 9,184 | 9,302 | 9,302 | 9,243 | 6.8 |
| Wayne State* | 9,025 | 9,025 | 10,438 | 10,438 | 9,732 | 9,822 | 9,822 | 11,348 | 11,348 | 10,585 | 8.8 |
| Western | 9,306 | 9,006 | 9,864 | 9,864 | 9,510 | 9,906 | 9,606 | 10,524 | 10,524 | 10,140 | 6.6 |
| Unweighted Avg. | \$9,509 | \$9,548 | \$9,980 | \$9,896 | \$9,733 | \$10,150 | \$10,195 | \$10,659 | \$10,659 | \$10,416 | 7.0 |

General Notes: (1) Per HEIDI reporting requirements, rates are reported based on four class levels; for FY 2010-11, assumes freshmen first enrolled in fall 2011, sophomores in fall 2010, juniors in fall 2009, seniors in fall 2008. Rates are based on 30 credit hours (15 in Fall, 15 in Winter/Spring) and exclude fees not paid by a majority of students in a given class (most course fees), as well as refundable fees. (2) **This document is not intended to determine compliance with the tuition restraint policy contained in Section 265 of the FY 2011-12 Higher Education budget act.**

*University-Specific Notes

Central: Seniors still eligible for locked-in CMU Promise rates in FY 2010-11. FY 2011-12 rates are 3.5% increase from FY 2010-11 freshman/sophomore/junior rates.

Eastern: \$212 out of \$300 fee for incoming freshman excluded from rate, as that amount effectively replaced previous orientation fee.

Michigan State: FY 2011-12 rates are a 6.9% increase from higher Summer 2011 rates adopted in June 2010.

Northern: FY 2010-11 rates reflect subtraction of credit of \$192/student for resident students in fall 2010 semester, funded from federal ARRA funds. FY 2011-12 rates are a 6.9% increase if credit is not subtracted in FY 2010-11.

UM-Ann Arbor: Rates are for College of Literature, Science, and Arts.

UM-Dearborn: Rates are for College of Arts, Sciences, and Letters.

Wayne State: FY 2011-12 rates are a 7.0% increase from higher Summer 2011 rates adopted in June 2010.

Sources: HEIDI database, university websites

ATTACHMENT 2
FY 2011-12 Tuition Restraint Incentive Funding
Article III, Public Act 62 of 2011 (HB 4325)

| University | FY 2011-12 Appropriations | | | Tuition Restraint \$ as % of Total |
|----------------|---------------------------|-----------------------------|------------------------|------------------------------------|
| | Operations | Tuition Restraint Incentive | Total | |
| Central | \$61,431,100 | \$6,677,800 | \$68,108,900 | 9.8 |
| Eastern | 61,319,900 | 3,299,200 | 64,619,100 | 5.1 |
| Ferris | 37,971,600 | 3,352,700 | 41,324,300 | 8.1 |
| Grand Valley | 48,431,500 | 4,245,900 | 52,677,400 | 8.1 |
| Lake Superior | 10,055,100 | 734,400 | 10,789,500 | 6.8 |
| Michigan State | 222,796,200 | 18,324,600 | 241,120,800 | 7.6 |
| Michigan Tech | 37,409,700 | 3,323,900 | 40,733,600 | 8.2 |
| Northern | 36,225,200 | 2,142,200 | 38,367,400 | 5.6 |
| Oakland | 39,313,500 | 3,831,500 | 43,145,000 | 8.9 |
| Saginaw Valley | 21,969,300 | 1,592,200 | 23,561,500 | 6.8 |
| UM-Ann Arbor | 254,931,800 | 13,871,500 | 268,803,300 | 5.2 |
| UM-Dearborn | 19,627,400 | 1,388,900 | 21,016,300 | 6.6 |
| UM-Flint | 16,679,400 | 1,083,000 | 17,762,400 | 6.1 |
| Wayne State | 169,209,400 | 12,827,500 | 182,036,900 | 7.0 |
| Western | 86,866,700 | 6,301,600 | 93,168,300 | 6.8 |
| TOTAL | \$1,124,237,800 | \$82,996,900 | \$1,207,234,700 | 6.9 |

Note: Figures exclude total of \$1.9 million appropriated to three universities on a one-time basis.