



## Resident Undergraduate Tuition Case Statement Arizona State University Fiscal Year 2009

### Why charge tuition?

Arizona State University maintains one of the lowest levels of tuition and fees of any of the senior public research universities in the nation combined with abundant opportunities for financial aid for students and families at various income levels. Tuition and fees cover only part of the costs associated with fulfilling the educational aspirations of nearly 64,000 students enrolled in undergraduate, graduate, and professional programs, the construction costs of research infrastructure, and the operating expenses associated with libraries, laboratories, and athletic facilities. For each student we presently have funding levels per student well below our competitor public research universities.

The portion of the cost of a college education paid through tuition is the best investment that a student can make in his or her future. Unlike disposable items such as food, fuel, or even a car that are consumed or depreciate in value over time, a college education lasts a lifetime. Average annual earnings of individuals with a bachelor's degree are more than 75 percent higher than the earnings of high school graduates. These additional earnings sum to over \$1 million over a lifetime. And that is just the average. Many college graduates will earn two, three, four or more times that amount. And the earnings gap based on educational attainment is increasing over time (see Appendix A).

A college education provides the foundation for a life with unparalleled career choices and job satisfaction, enhanced ability to understand and appreciate all of the cultural pleasures of life outside of work, and increased opportunity to contribute most productively to the civic enterprise. Higher education has the unique role of producing graduates who meet workforce needs that advance the region's economic development and economic diversity. This is particularly important to the State of Arizona, which continues to attract hundreds of thousands of new residents each year, but has no control over the skill sets of its new residents. Public higher education allows the state to make adjustments to its workforce and enrich the human infrastructure supporting economic growth. The State of Arizona wishes to advance all of these ends and thus makes a significant investment in the public higher education system.

Although investment from the state is a critical source of revenue for the university, additional resources are required in order for the university to continue to offer the quality teaching and learning environments that Arizona students deserve. Given the undeniable personal and societal benefits that derive from investment in higher education, it is reasonable to expect a willingness on the part of students and their families to share in its costs. Establishing a moderate level of tuition that reasonably provides the needed



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resources for the university is imperative if it is to provide a competitive educational experience that best prepares students for the future<sup>1</sup>.

Shortchanging the collective co-investment in higher education can result in class sizes that are too large, classrooms that are not in proper repair, instructors who are not keeping up to date with changes and new developments in their fields, minimal academic support for students needing extra help, and inadequate advising for students seeking their best course of study. Given the enormous long-term economic benefits of a college degree, underinvestment in these resources resulting from insufficient tuition is counterproductive.

Appropriate tuition levels also ensure that a college education is within affordable reach of the largest number of students—another important civic goal for a properly functioning and equitable society. This seemingly paradoxical statement—that higher tuition leads to broader access to education—holds true because higher levels of available funding broaden the available pool of financial assistance for families of limited means. In the absence of sufficient tuition revenues, fewer financial aid dollars can be identified, and many qualified students are denied access to higher education. Increased funding advances the goal of broad and equitable access by building into the tuition structure funding for investment in our students' futures.

### **What constitutes a reasonable level of tuition?**

In 2003 the Arizona Board of Regents (ABOR) established the policy that resident undergraduate tuition, including mandatory fees, would be set at a level no higher than the top of the bottom third (i.e., just under the 33rd position) of resident tuition rates at the senior public institutions in the 50 states. Once this position was reached, tuition would be maintained at that level.<sup>2</sup>

This rate of tuition would allow higher education to be affordable and reasonable for students and their parents and at the same time provide the level of resource support necessary to ensure a quality undergraduate experience and the supply of educated citizens needed to support the state's economic growth.

At the same time, the Arizona constitution requires that public instruction be provided as close to free as possible. The Arizona Supreme Court, in 1935, defined this as being neither excessive nor unreasonable. Tuition levels set at the top of the bottom third of the senior

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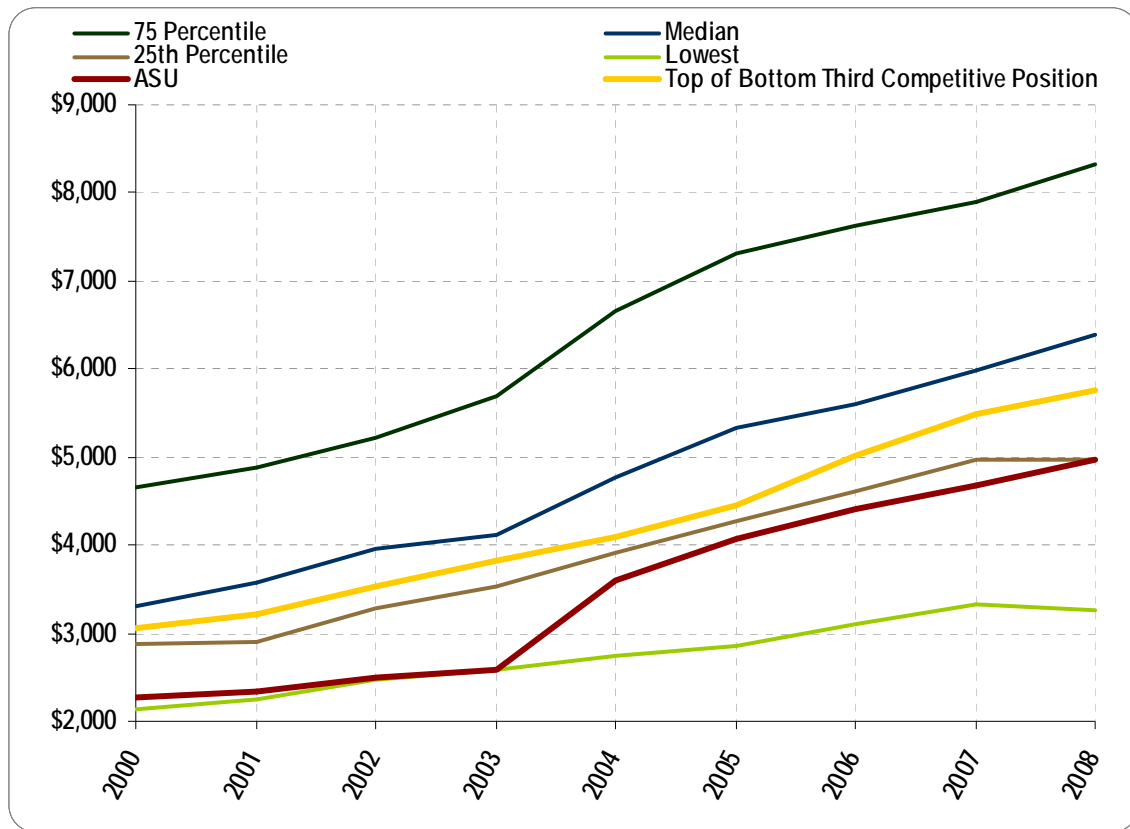
<sup>1</sup> For comparative perspective, consider that French public universities are almost totally supported by the government and charge no tuition. Because of this lack of co-investment from students and their families, they are "underfinanced and poorly equipped," according to the Chronicle of Higher Education (July 13, 2007), and the Economist (July 5, 2007) describes them as "sclerotic" and in "dire condition." From a public policy perspective, French universities are widely held to be in decline, with limited access to a broad demographic and 45 percent of students dropping out before the end of the first year (Washington Times, May 25, 2007). Economists view over-reliance on a third party such as a government as an inefficiency which may explain why France's approach leads to poor performance and many of the US's top performers are private institutions that rely heavily on tuition as a source of funds.

<sup>2</sup> In 1987 the Arizona Board of Regents adopted a policy providing that "resident student fees shall not exceed the amount required to maintain a position within the lower one-third of rates set by all other states for resident fees." In January 2003 the policy was amended to provide that "total mandatory undergraduate resident student tuition and fees shall not exceed the amount required to maintain a position at the top of the lower one-third of rates set by all other states for undergraduate resident tuition and mandatory fees at the senior public universities" (Arizona Board of Regents Policy Manual, 4-104 [1987, amended 1988 and 2003]).



public universities in each state in the nation is appropriately viewed as meeting this requirement (see Appendix B.) In fact, over the past eight years, ASU’s tuition has been set between the bottom and 25th percentile relative to the tuition in other states and has not approached the goal set by ABOR.

Figure 1. ASU Tuition Relative to Public Tuition in Other States



At the time that this “top-of-the-bottom-third” goal was established, tuition and fees at ASU were \$2,486 per year (FY02) and had increased by only \$227 over two years. At that level, ASU’s tuition sat at the 49<sup>th</sup> position among 50 states, where it had been for at least the previous two years.

Despite somewhat aggressive increases in tuition rates in FY04 (39%) and FY05 (13%), and more moderate increases in FY06 (8.5%) and FY07 (6.5%), combined tuition and fees rose only to the level of 39<sup>th</sup> position in the national data. For FY08, further moderation in the rate of increase was approved (5% plus a technology fee), and ASU’s position in the national data dropped from the 39<sup>th</sup> position to the 42<sup>nd</sup> position, nearly 16% below the goal set by ABOR.



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Based on national increases during this same period, the targeted maximum goal for tuition (just under the 33<sup>rd</sup> position) rose from \$3,521 (FY02) to \$5,760 (FY08)—a 64% increase. Despite ASU’s cumulative 100% increase, the gap between ASU and the target improved by only \$244 during that period, decreasing from \$1,035 to \$791. <sup>3</sup>

**Figure 2. Comparison of “Top of Bottom Third Tuition and Fees” with ASU**

FY	TOBT Tuition	ASU Position	ASU Tuition	Annual increase in ASU Tuition and Fees	Diff.
2000	3,052	49	2,259		(793)
2001	3,222	49	2,344	3.8%	(878)
2002	3,521	49	2,486	6.1%	(1,035)
2003	3,828	49	2,583	3.9%	(1,245)
2004	4,103	42	3,593	39.1%	(510)
2005	4,451	41	4,062	13.1%	(389)
2006	5,007	40	4,404	8.4%	(603)
2007	5,493	39	4,686	6.4%	(807)
2008	5,760	42	4,969	6.0%	(791)

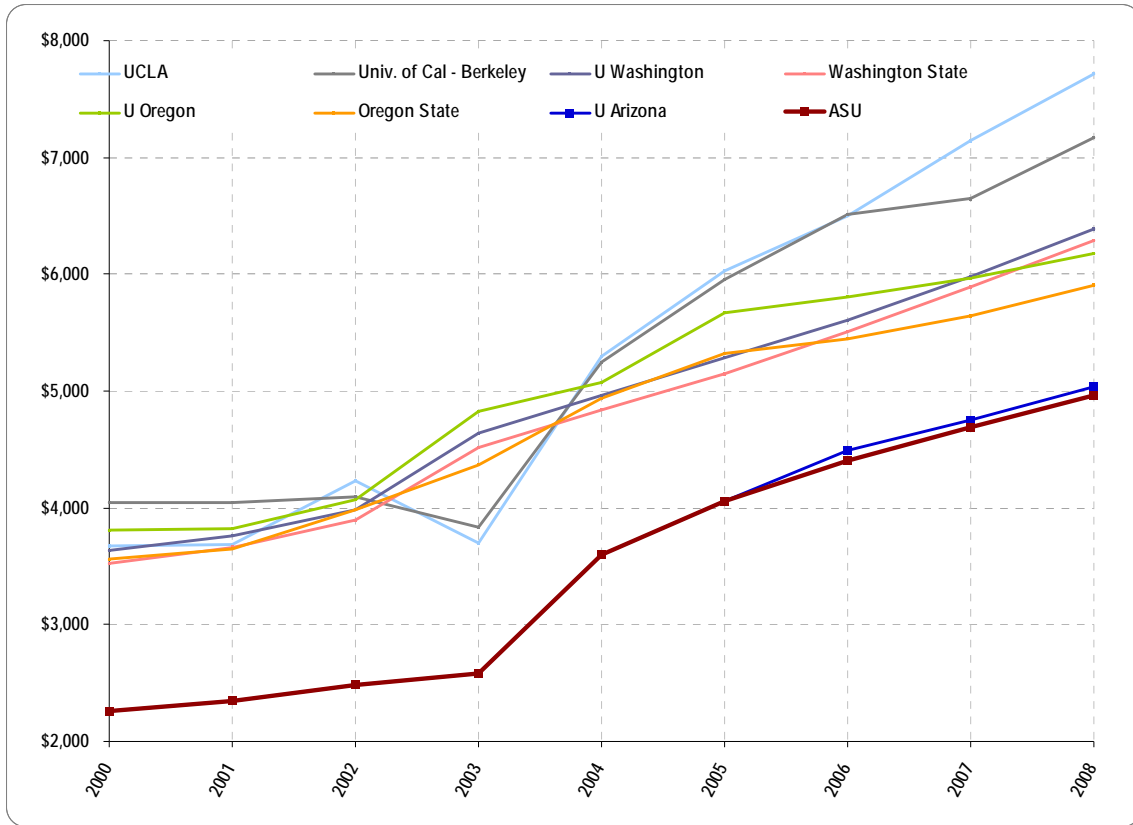
To put this gap in context, an added \$791 in tuition revenue from each of ASU’s 38,400 resident undergraduate students would provide more than \$30 million in additional funding to improve education, facilities, and financial aid programs. Thirty million dollars is just less than the funding that the legislature has provided for enrollment growth in the fiscal years 2006 and 2007 combined. This magnitude of funding increase could provide the university with a transformative level of critical new funding. To put things into perspective, this would provide sufficient funding for approximately 300 new faculty or 440 new advisors.

Closer to home, ASU’s tuition level, along with that of University of Arizona, ranks at the bottom of universities in the Pac-10 Conference, showing a differential of \$2,741 when compared with UCLA (the highest) and \$941 with Oregon State (the lowest of the non-Arizona Pac-10 schools) in 2008. As a member institution of the Pac-10, along with the Big Ten and Ivy League one of the three elite academic/athletic conferences in the country, it is critical that ASU be competitive on more than the gridiron or the hardwoods.

<sup>3</sup> Relative tuition helps us to maintain competitive resources in the national market for faculty and graduate students (teaching assistants and research assistants).



Figure 3. Public Pac-10 Tuition History<sup>4</sup>



**Resources have not kept pace with growth**

Maintaining a lower tuition level than one’s peers and competitors would not be as damaging to quality if other funding sources were adequate to cover the gaps, but that is not the case. In FY2006 total ASU resources from tuition and state appropriation (operating and capital) totaled \$13,473 per student. Resources at UCLA, Berkeley, Michigan<sup>5</sup>, Minnesota, and Ohio State were almost double that amount—all at \$20,000 or more per student, per data from the National Center for Education Statistics. Among ASU’s identified peers, institutions with comparable levels of funds from tuition and appropriations included only Kansas, Colorado, Oklahoma, Florida State, and Texas<sup>6</sup>. This is not to argue that ASU requires funding at similar levels as the most well funded institutions, but it does demonstrate that the low tuition rate is not made up for through higher levels of state or other funding.

<sup>4</sup> Unable to plot the tuition of the private Pac-10 institutions, as they distort the chart despite the fact that we compete with them as well.

<sup>5</sup> The University of Michigan was highlighted by the Goldwater Institute as the model public university for Arizona.

<sup>6</sup> The State of Texas provides funding for the University of Texas and Texas A&M systems through the Permanent University Fund (PUF). The PUF is a public endowment funded from royalties on oil, gas and other natural resources, whose principal balance stood at over \$10.3 billion in 2006 and provided more than \$350 million in funding to member institutions.



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Furthermore, a comparison with the same peer group indicates substantially lower funding from all sources, including gifts, auxiliary funding, grants and other revenues than any of the other schools. The school with the highest resource base is The University of Michigan, with \$83,637, nearly quadruple the resources of \$21,994 per FTE at ASU. The university with a resource base most similar to ASU is Florida State University, with resources nearly 10% greater.

The total resources available are critical in driving university development and growth. Funding influences all investments on campuses, from investment in reducing class size through the addition of faculty, to the development of physical plant and upkeep, to the collections maintained within the libraries. The Center for Measuring University Performance, in its 2002 Top American Research Universities Report, found that the relationship between financial support and performance appears to indicate that public and private research universities with strong financial support do well.<sup>7</sup>

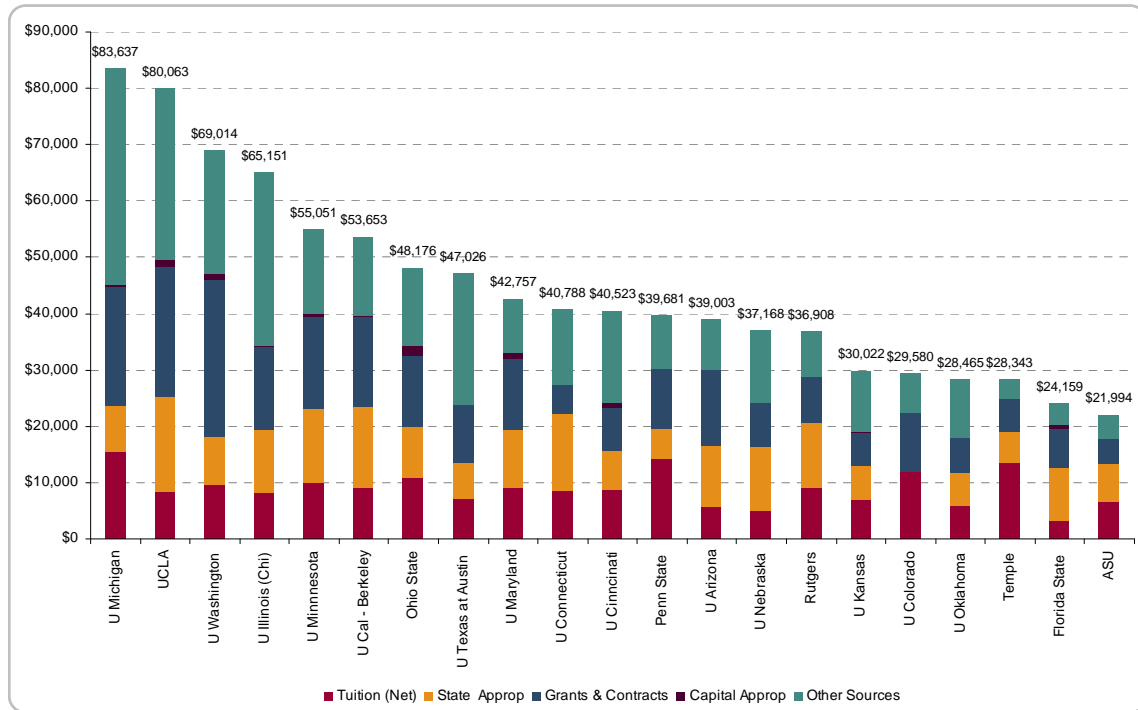
A comparison between ASU and identified peers follows:

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<sup>7</sup> Lombardi, J.V., Craig, D. D., Capaldi, E. D. & Gater, D. S. Relationship of governance to research university competitiveness, *The Top American Research Universities*, 2002. Pp 19-34.



Figure 4. ASU and Peer Institution 2006 Revenue Resources<sup>8</sup>  
Funding per FTE Student



Source data: National Center for Education Statistics

Tuition includes both resident and non-resident tuition. Tuition excludes scholarship allowances, as required by accounting rules.

Other Sources includes gifts and endowments, auxiliary enterprises, investment income, and other.

The State of Colorado provides vouchers for undergraduate resident students to use at institutions of higher education rather than directly providing state support to the universities.

Penn State financial statements were used to derive values, as NCES data was incomplete.

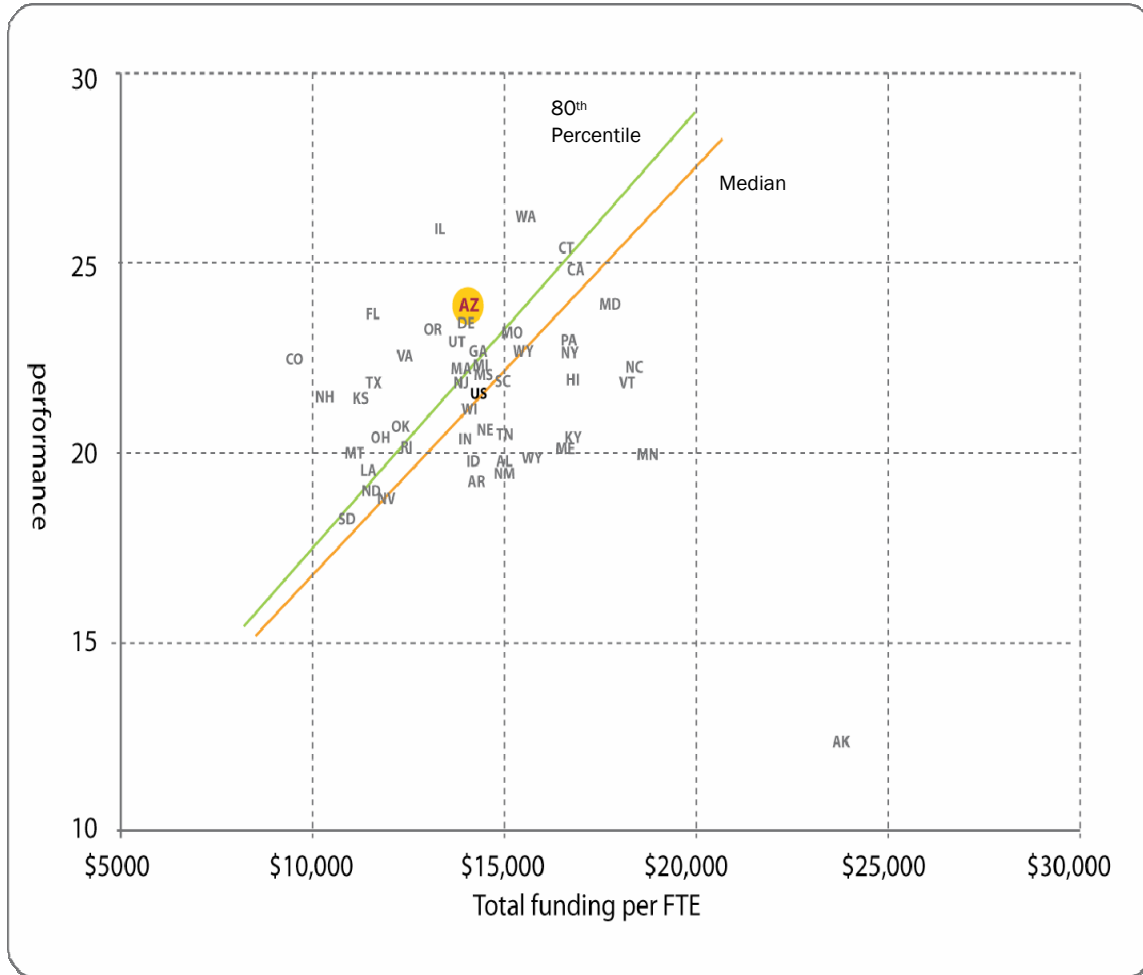
The tuition included in the above chart includes both resident and non-resident tuition, spread evenly across the FTE enrollment base. At ASU, resident undergraduate tuition, excluding fees, was \$4,312 for FY2006. In addition, all financial aid that is provided through the tuition base is excluded from the tuition calculation. In FY06, ASU retained more than \$78 million in tuition to provide financial aid to students. Most universities have minimal set-asides, as other states provide separately for financial aid. Despite having set aside nearly 23% of tuition revenues for financial aid, this approach still overstates the amount of tuition available from resident undergraduates by approximately 50%.

Yet despite the relative lack of funding compared to peer institutions, ASU and its sister state universities perform more efficiently with the resources that have been provided than many other states. The following chart demonstrates this efficiency:

<sup>8</sup> The National Center for Education Statistics uses a different methodology for calculating FTE students than ABOR. The NCES methodology has been used here to ensure comparability across institutions.



**Figure 5. Operational Efficiency: Bachelor's Degrees Awarded Per 100 FTE Undergrads Public Research Institutions, 2002-03**



Source: National Center for Higher Education Management Systems

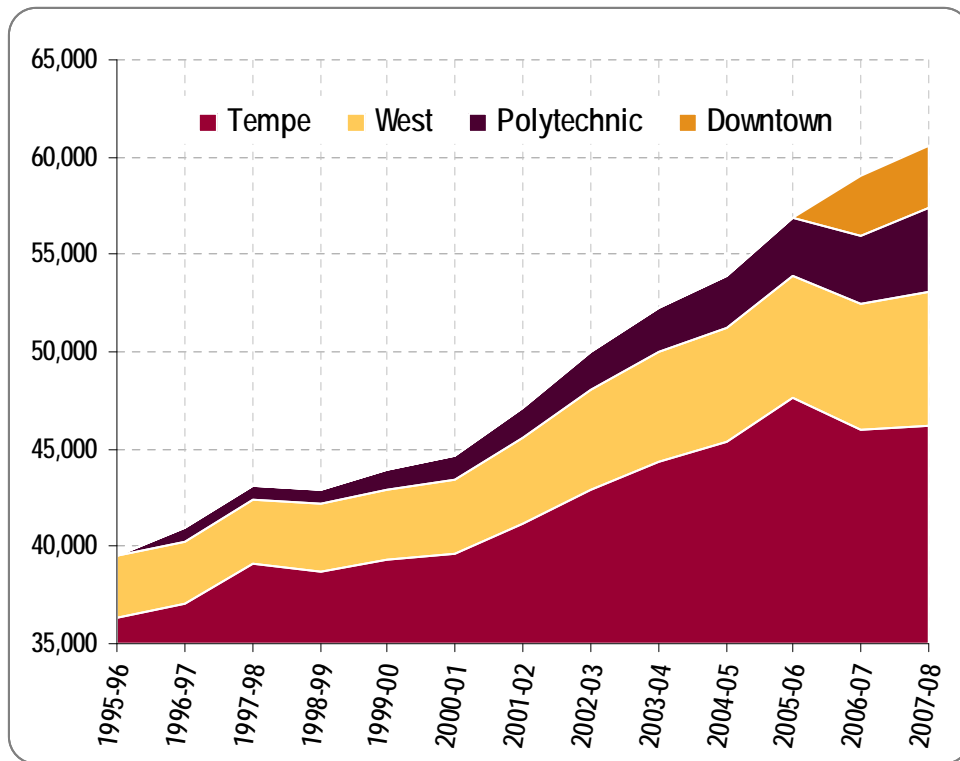


### Enrollment Growth Drives State Resource Availability

One of the reasons ASU funding per student lags its peers is that ASU has been on a substantial growth trajectory over the past decade and for a long stretch of that time did not receive full support from the legislature to fund the programs needed to properly support the higher enrollment levels.

As shown by the chart below, for FY96 to FY05, cumulative growth was 14,321 FTE.

Figure 6. Full-Time Equivalent Student Enrollment Growth<sup>9</sup>



The legislative formula<sup>10</sup> would have suggested that cumulatively ASU would have received \$93.4 million to support that growth between 1996 and 2005. Total funding actually received was \$42.4 million but was offset by other budget reductions in FY02 and FY03 of \$46 million, essentially negating all funding to support growth. This has led to ASU having more than 14,000 students enrolled through 2005 with no new legislative appropriation to help offset the costs. The funding support in the FY06-FY08 timeframe has been far superior, with funding at \$47.5 million coming close to the formulaic request of \$51.0 million. Nonetheless, enrollment-based funding has still fallen short of full support for the new enrollment in that period and has not made up for the under funding based on enrollment in the FY96-04 period. Support for enrollment growth between FY96 and FY08

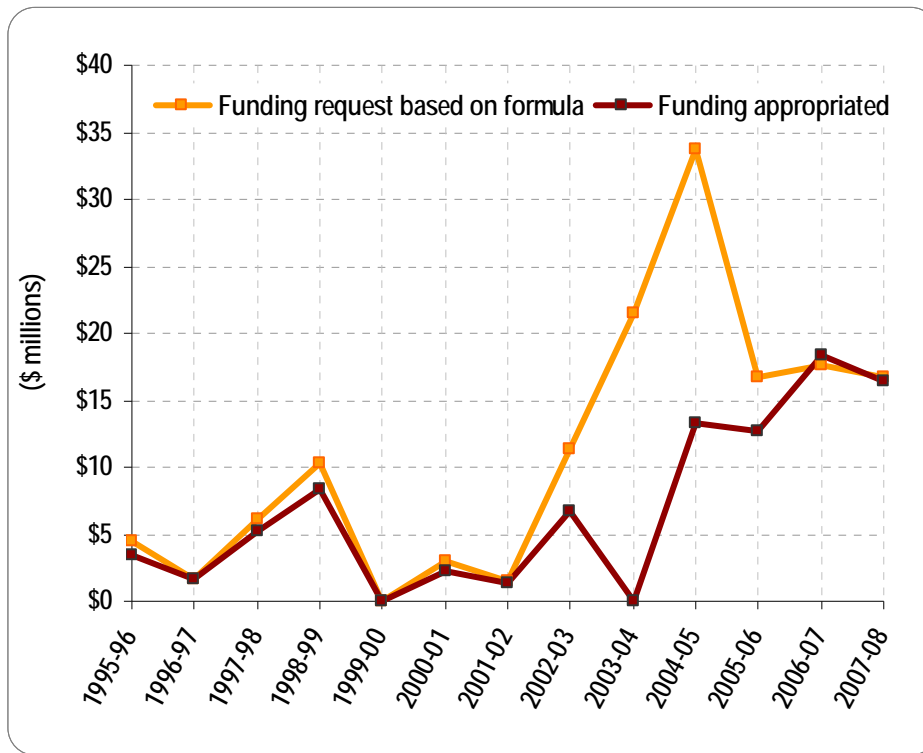
<sup>9</sup> FTE calculated using ABOR and official Arizona reporting guidelines.

<sup>10</sup> The legislative formula for computing enrollment growth funding is based on a 3-year rolling weighted average of full-time-equivalent enrollment.



totals only 30% of the formula-derived request, when the funding cuts imposed in FY02 and FY03 are taken into account.

Figure 7. Enrollment Growth Funding

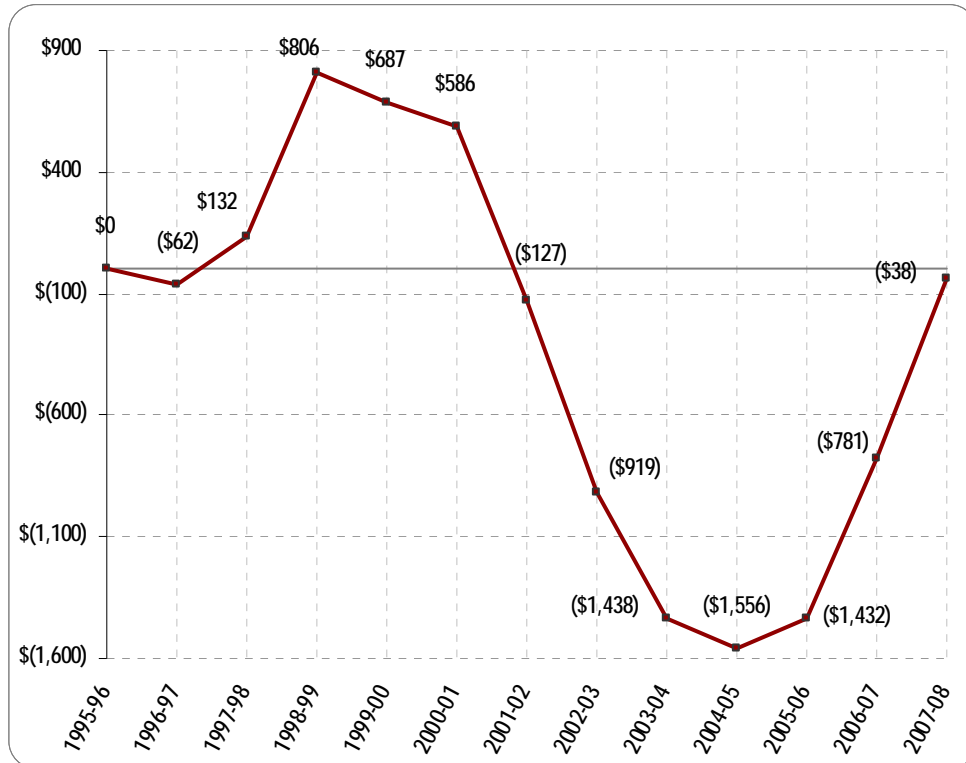


When enrollment growth is fully funded, such funding allows the university to maintain its status quo. While this funding does represent an increase in incremental state appropriations, it allows the university to hire the faculty needed to provide the classes to accommodate increased enrollment which has resulted in large part from the population growth in Arizona, most of which has been absorbed by ASU. Although the university very much appreciates the recent return to more fully funding enrollment growth, a strictly enrollment-growth based funding increase does nothing to improve quality. It does not in itself allow for reductions in existing class size, nor does it provide funding for expansion of classrooms. Additional funding is required to make any advances in the quality of the education the institution provides.



Even with early advances during the 1996-2005 funding period and recent increases in investment by the State of Arizona, state general fund appropriation per FTE, including enrollment growth and all other investments, is \$38 less per FTE than it was more than a decade ago when adjusted for inflation, and \$844 less per FTE than at the high point (1998) during this twelve-year period as shown in the following chart:

**Figure 8. Cumulative Change in General Fund per FTE student in FY08 Dollars**



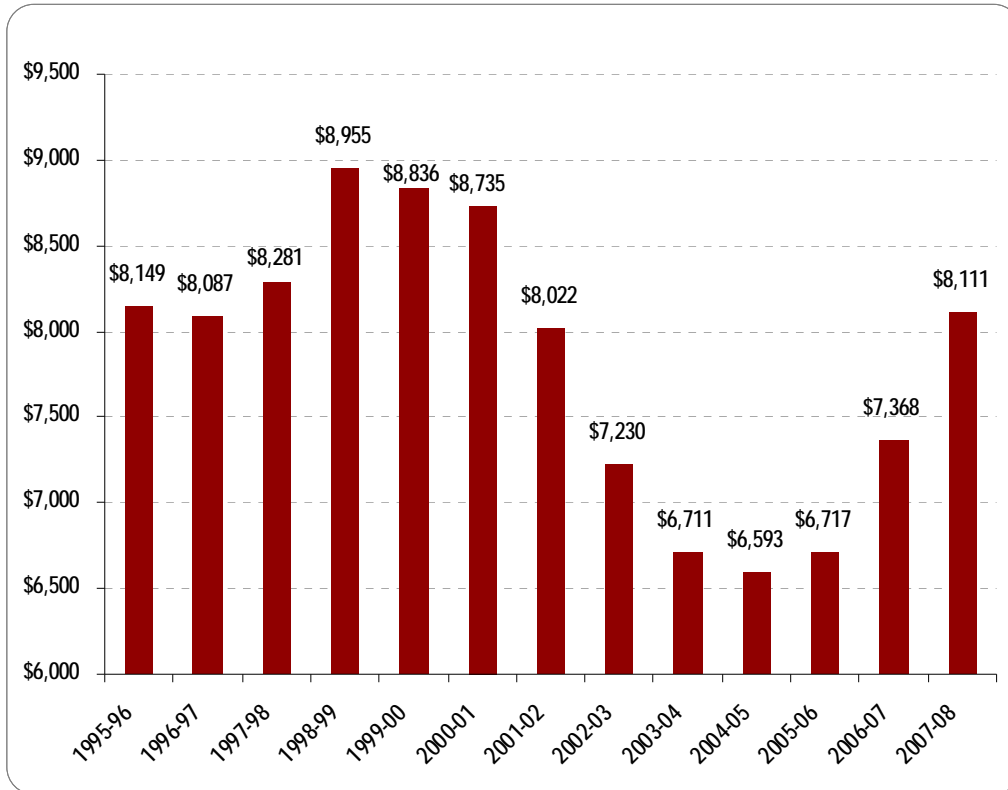
The decrease in relative state funding has resulted in the need to find alternate funding sources to meet increased student growth and increasingly complex academic support. While increases in tuition have offset some of the funding in part, the reductions in funding per FTE have resulted in substantially fewer resources to advance the quality or breadth of the institution.



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Despite the substantial increase in state investment, state support available per FTE student rose at a much slower rate than the total funds over this period, and in fact remains less than it was in FY01 when adjusted for inflation (\$8,735 and \$8,111, respectively). The following chart shows this trend since FY96.

**Figure 9. ASU General Fund per FTE student in FY08 Dollars**

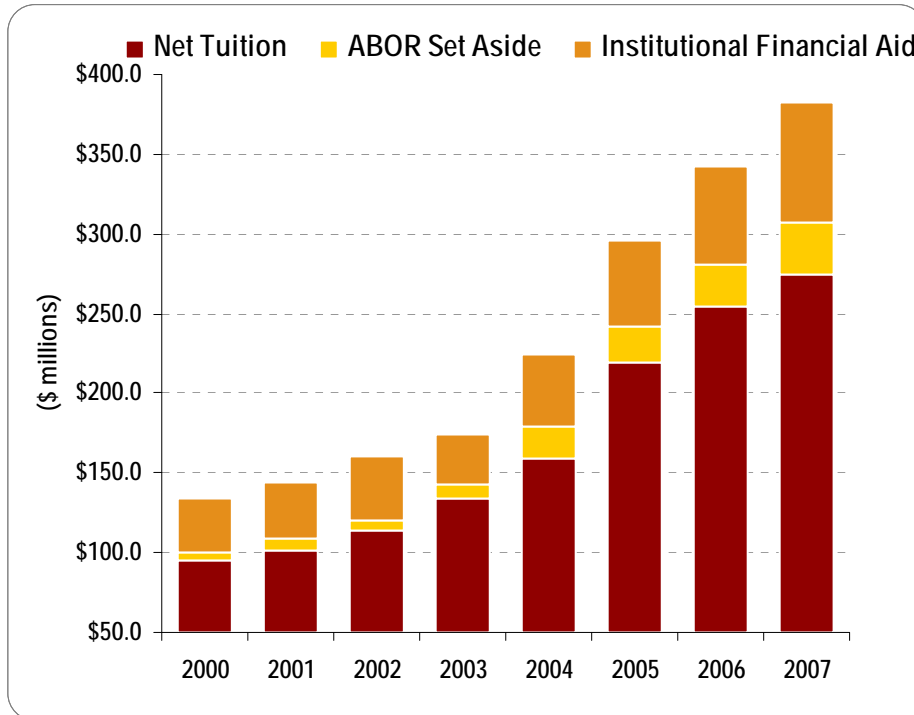




### Maintaining tuition affordability is critical

Total resources available to ASU have clearly increased over the past four years due to increased tuition and new legislative appropriations though appropriations have not increased proportionally to enrollment growth as discussed above. However, while tuition has increased substantially, the net available resources from tuition after offsets for financial aid growth have increased by a significantly lower amount.

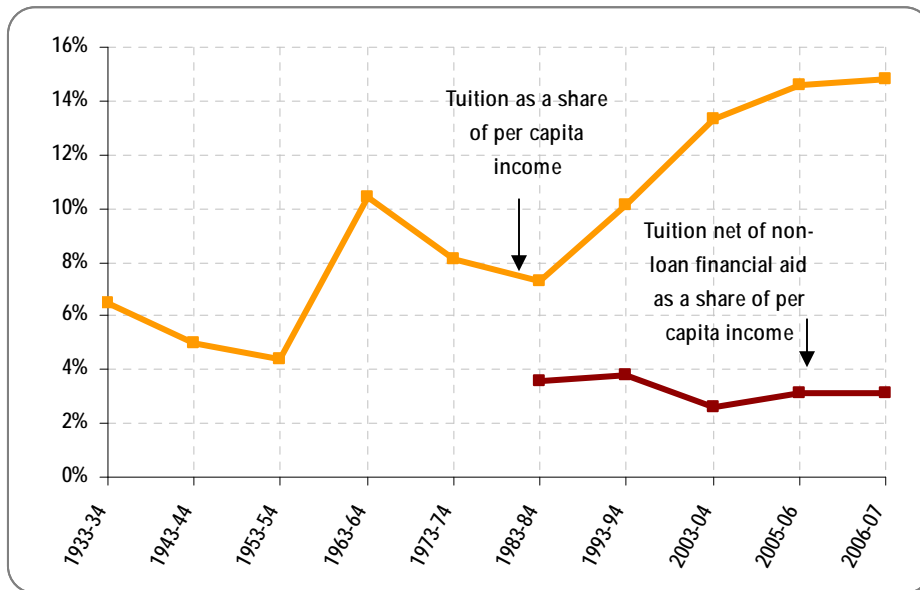
Figure 10. ASU Annual Tuition and Financial Aid



This investment in aid, however, has been and will be critical to any strategy increasing tuition since aid granted determines affordability and accessibility. This ability to set aside increased funding for financial aid has helped to mitigate the rising tuition costs for most students. Financial aid is awarded both for financial need and academic performance. Over the past decade, while tuition has risen by 130%, the relative cost to most students in relation to family income has not increased. In fact, while the relative level of tuition as a percent of per capita income has risen from a little over 6% in 1984 to a current cost of just over 14%, the tuition paid after scholarships and grants, but excluding student loans, has actually decreased from just under 4% of per capita income in 1984 to a present level of about 3%, as illustrated in figure 11 below:



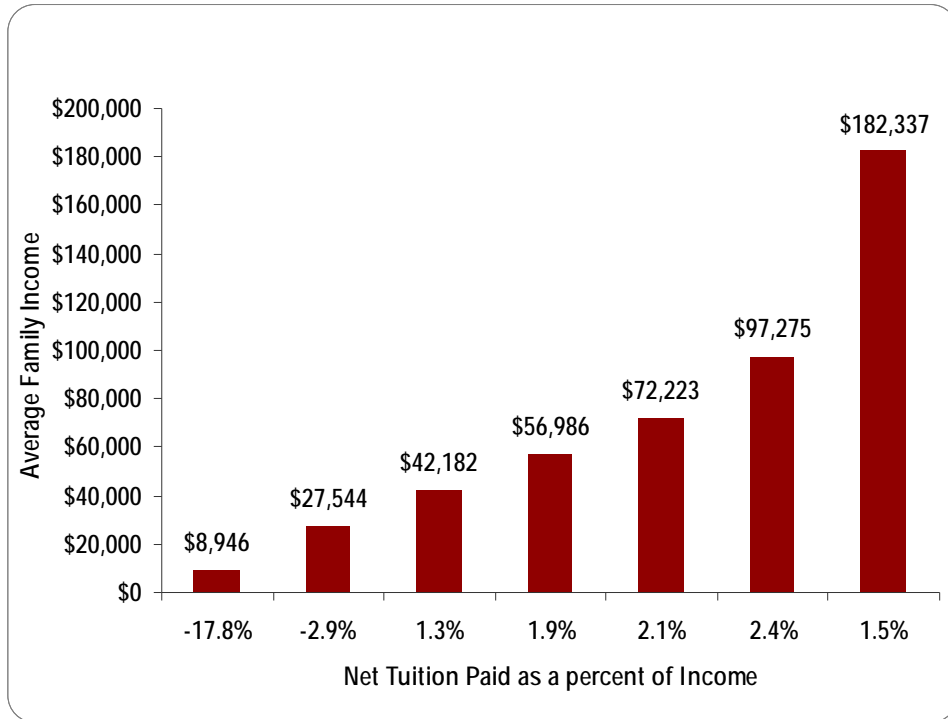
**Figure 11. Tuition and Net Payment Relative to Per Capita Income**



The ability to provide substantially higher funding for financial aid has enabled Arizona State University to provide support for qualified students at all income levels, thereby increasing access to a quality four-year university education and further improving the quality of Arizona's workforce. With ASU's continued commitment to providing financial assistance, the nature of the chart shown in Figure 12 below is unlikely to change with future tuition increases. The relatively small investment in an individual's education shown will yield substantial benefits to both the individual achieving a degree and to the economy of the region.



**Figure 12. Average Resident Undergraduate Net Tuition Paid as a Percent of Family Income**

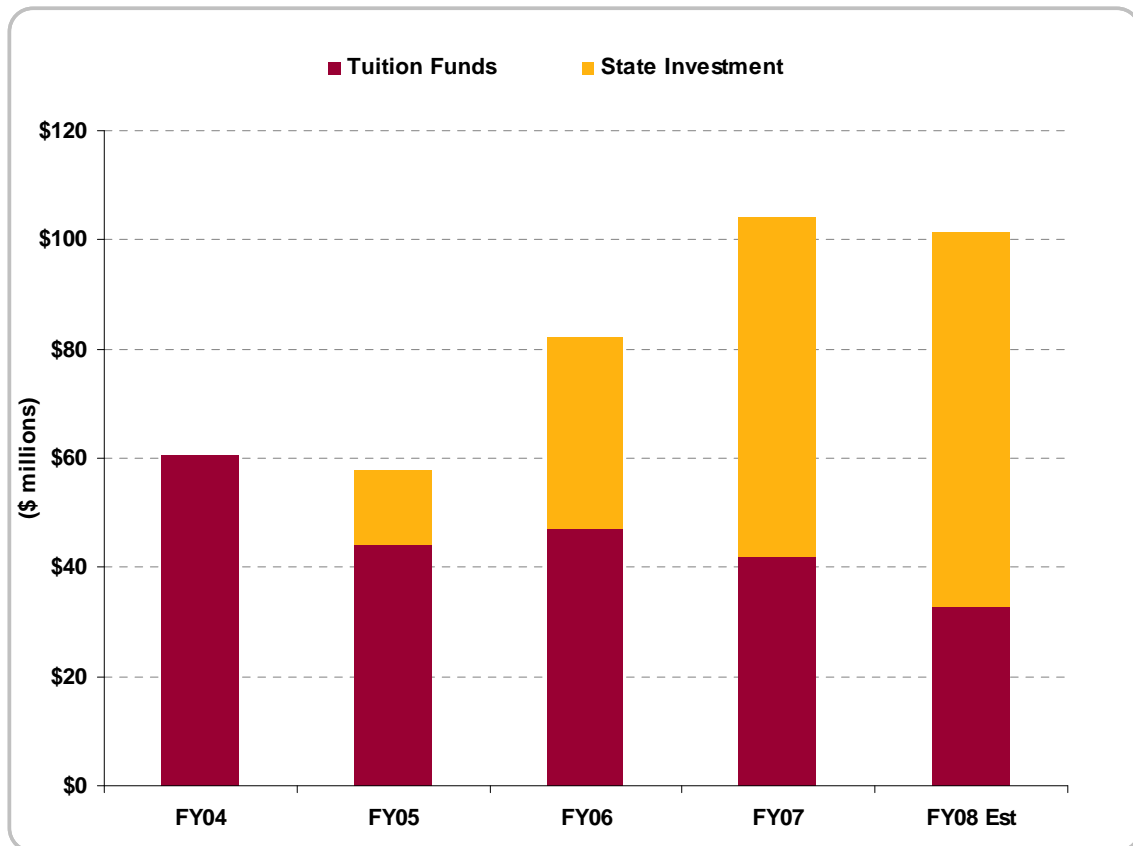




### Progress through investment

Despite the relatively low funding per FTE, ASU has made significant investments in supporting its growing enrollment, assuring access through financial aid, improving its educational programs, and expanding its research enterprise. Incremental resources from state investment and tuition funds have indeed increased over the past five years. It is important to note that the tuition funds represented in the graph below are shown before any retention for financial aid and include both resident and non-resident tuition:

**Figure 13. Incremental Base Resources Available for Investment**



Excludes TRIF and one-time funding

ASU has used the incremental resources provided through state and student investment to support growth, increase financial aid, increase faculty numbers, provide funding for capital investments in classrooms and labs, and support regular operations. The following chart details the investments made to support academic programs:



**Figure 14. New Investment in Academic Programs**

(\$ millions)	FY04	FY05	FY06	FY07	FY08
<i>New Resources</i>					
Enrollment Growth Funds	-	13.3	12.6	18.4	16.5
Less: Over 155 Credit Hour Reduction	-	-	-	(1.1)	(0.3)
Educational Program Investments	-	-	-	10.6	
Investment in Student and Faculty Success	-	-	-	-	15.1
Other Investments	-	0.2	1.0	-	3.0
Tuition Funds	39.5	34.2	41.4	44.7	32.5
<b>Available Funds for Program Investment</b>	<b>39.5</b>	<b>47.7</b>	<b>55.0</b>	<b>72.6</b>	<b>66.8</b>
<i>New Investments</i>					
Faculty Expansion	1.5	19.0	26.6	33.8	20.1
Faculty Startup Costs		2.0	2.4	3.7	3.0
Minor Capital Investments				1.0	5.5
Staff Expansion	-	0.7	8.8	2.4	5.2
Financial Aid Growth	13.7	4.3	9.4	22.0	11.6
IT and Other Systems Needs	-	0.9	-	3.3	2.0
Benefits	7.4	0.3	2.9	0.6	4.3
Utilities and Maintenance	4.2	8.0	-	3.0	6.5
Debt Service	5.7	4.9	4.4	0.1	5.7
Other Needs	7.0	7.6	0.5	2.7	2.9
<b>Total Investments in programs</b>	<b>39.5</b>	<b>47.7</b>	<b>55.0</b>	<b>72.6</b>	<b>66.8</b>
Includes state funding used for academic programs and support only					



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The impact of these funds on many of ASU’s institutional key measures has been positive, as demonstrated in the following chart.

**Figure 15. ASU Key Measures**

	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Faculty FTE (ranked only)	1,970.2	2,018.5	2,034.6	2,063.2	2,173.6	2,316.8	2,462.4
Faculty FTE (with fac assoc)	2,166.8	2,216.4	2,253.2	2,285.5	2,388.2	2,527.6	2,662.2
Faculty Headcount (ranked only)	2,020	2,067	2,086	2,114	2,229	2,378	2,527
Faculty Headcount (with fac assoc)	2,337	2,389	2,449	2,484	2,585	2,734	2,862
AAUP Faculty Salary Unweighted Ranking: Tempe		50	54	51	42	39	33
AAUP Faculty Salary Weighted Ranking: Tempe		61	65	62	47	40	38
Average Class Size	37	37	38	39	37	37	34
Student Faculty Ratio (Tenure/Tenure Track)	29.8	30.7	32.4	34.0	34.9	35.0	35.8
Retention Rate (FTFTF)	73.0%	76.3%	76.6%	76.7%	76.8%	79.0%	78.5%
Graduation Rate (4-Year)	18.8%	21.6%	25.5%	25.9%	26.7%	26.8%	28.2%
Graduation Rate (6-Year)	47.2%	49.2%	51.8%	51.9%	54.6%	55.0%	56.3%
Hispanic Enrollment	5,213 10.4%	5,480 10.4%	6,018 10.8%	6,649 11.6%	6,816 11.7%	7,325 12.0%	7,859 12.4%
Total Minority Enrollment	9,936 19.7%	10,589 20.1%	11,487 20.7%	12,687 22.0%	12,854 22.1%	13,933 22.8%	14,769 23.3%
Resident First-Time Freshmen	3,777	4,163	4,582	4,831	5,107	5,466	5,922
Total Minority	995 26.3%	1,080 25.9%	1,222 26.7%	1,432 29.6%	1,401 27.4%	1,661 30.4%	1,873 31.6%
New Facilities (SF added, thousands)	35.5	148.9	274.3	826.9	1,230.1	489.5	839.9
New Facilities Currently Under Construction (SF, thousands)							3,247.1
Research Expenditures (\$ millions)	\$ 107	\$121	\$154	\$ 151	\$ 183	\$ 204	\$ 219

All of these measures show ASU as an institution that is growing in quality and impact, but which is also constrained by the effects of historic underinvestment, exacerbated by dynamic and persistent high rates of growth in demand for services and activities that drive the state’s economy and its civic performance.

ASU embraces its many roles as an institution of higher education, but in particular embraces its responsibility to provide an exceptional education for all qualified students from Arizona. This means that ASU must continue to have the means to expand its facilities, its faculty, and its financial aid programs, while continuing to serve a growing student base. Arizona is one of the fastest growing states in the country. The U.S. Census Bureau estimates that by 2030 Arizona will have almost 11 million residents and be the tenth largest state in the nation<sup>11</sup>. Commensurate investment is critical. Low tuition rates have historically been a key contributor to underinvestment in the university.

The strategic vision for the university backed by investments that ASU has made in its instruction, programs, and research has resulted in substantial recognition for the institution,

<sup>11</sup> US Census Bureau: *State Interim Population Projections by Age and Sex: 2004-2030, Table 1: Ranking of census 2000 and projected 2030 state population and change*; March 2004.



not only in academic circles, but also with the general public. Recently *Nature*, one of the most respected research periodicals within academia, in its April 26, 2007 edition, highlighted ASU's drive to become the New American University and noted the successes in its interdisciplinary educational programs, research, and partnerships. The Associated Press profiled ASU on March 25, 2007, citing the dynamic nature of the institution and similarly highlighting its recent educational and research successes. The profile was carried in many notable publications, including *USA Today*, CNN.com, and the *International Herald Tribune*.

Such accolades are critical not only for the university, but also for its students and alumni. The recognition not only highlights the opportunities available to students but raises the perceived quality of education at Arizona State University. Studies have shown that students who received degrees from schools of higher perceived quality have an even higher return on their investment in their education than others through higher earnings potential (see Appendix A). Much has been done with limited resources to improve the quality of the education students receive at ASU, but additional investment is required to advance the institution to its full potential.

### **How can we do even more? The Arizona State University tuition proposal and promise**

It is time to move tuition to the level established in ABOR policy five years ago. A rate of tuition that falls below that of two-thirds of the public systems in the country, while still modest and providing less support than most of our peers, together with continued state and external investments over time will provide a higher level of resources that is better aligned with the needs associated with quality, accessibility, and both local and worldwide impact. Through a multi-year approach to establishing tuition levels, we can implement ABOR policy in a measured and responsible fashion that does not disrupt the educational plans of students already attending ASU.

For all currently enrolled resident students, Arizona State University proposes to increase the level of tuition by 5 percent for FY09, plus an increase in mandatory fees of \$200 with the guarantee that the same rate of increase would be maintained for the remaining period until five years after admission as a freshman. (The only caveat to this guarantee is that the rate of tuition increase would need to be reconsidered if we experience substantial reductions in the nature and level of legislative funding or inflation in costs.)

For new resident freshmen and transfers, ASU proposes to raise the tuition by 12.2% which combined with a \$200 increase in mandatory fees for \$5,759 in total costs corresponds to the ABOR policy objective. Students paying this new level of tuition and fees would then be guaranteed that tuition would rise by only 5 percent per year in each of the remaining years until five years after admission as a freshman (with the same caveats).

It is the intent of this proposal that tuition rates for future resident freshmen and entering transfer students would be reset each year after FY09 to the level just below the 33<sup>rd</sup> position as measured in the prior year, with a guaranteed five percent cap in the increase in tuition in the subsequent eligible years. This rate of increase closely correlates with inflationary rates as reported by the Higher Education Price Index (HEPI)<sup>12</sup>, with marginal

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<sup>12</sup> HEPI is an economic inflationary index produced by the Commonfund Institute. This index measures the costs of the particular set of goods and services used by universities. The HEPI index is a more accurate predictor of



room for improvement over inflation. The following table illustrates the estimated tuition and fee charges for resident undergraduate students:

**Figure 16. Estimated Resident Undergraduate Tuition and Fees**

	2008-09	2009-10	2010-11	2011-12	2012-13
Freshman/Transfer Entering Fall 08	\$ 5,759	5%	5%	5%	5%
Second Year Student Fall 08	5,413	5%	5%	5%	
Third Year Student Fall 08	5,413	5%	5%		
Fourth Year Student Fall 08	5,413	5%			
Freshman/Transfer Entering Fall 09 (Est)		\$ 6,162	5%	5%	5%

While the proposal will not have a dramatic impact on the revenue base in FY09 since higher tuition will be collected from only the incoming class, it will nonetheless have a very positive impact over time in addressing some of the structural financial weaknesses that currently prevent sufficient investment in the quality of educational results.

With added resources, ASU makes the commitment that its educational programs will provide its students with the tools needed to succeed in college and in their careers. Specifically, ASU will provide:

- Financial aid programs that continue to ensure that a lack of family resources will not prevent enrollment or continued attendance for any qualified student in any case.
- Continue to increase our programs to maintain a cutting edge range of program options to ensure that all students can pursue degree work in fields directly related to their interests and that match the needs of the changing world.
- Guaranteed seats in all required courses in the sequence needed to ensure that all motivated students can complete their undergraduate degree work in four years.
- Enhanced advising infrastructure (both in terms of personnel and technological infrastructure) that provides students with the personal support needed to make informed choices about what career fits them best and the preparation needed for that career and life choice.
- Increased opportunities for exposure and involvement in research activities in a student's field of study.
- Guaranteed admission to master's programs at ASU for any Arizona resident who has completed his/her ASU bachelor's degree within the last three years with a cumulative 3.5 GPA or above (excluding professional master's degrees). Since admission to a specific master's degree program is dependent on various factors (e.g., capacity and accreditation requirements), a student may be offered admission to other related master's programs.
- Expanded career counseling, internships and placement services.
- Enhanced access to health services.

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university costs than the more common CPI. For more information on the HEPI index, see [http://www.commonfund.org/Commonfund/CF+Institute/CI\\_About\\_HEPI.htm](http://www.commonfund.org/Commonfund/CF+Institute/CI_About_HEPI.htm).



## Resident Undergraduate Tuition Case Statement

### **Appendices:**

Appendix A: The Value of Higher Education

Appendix B: Tuition, Appropriations, and Constitutional Mandates in Arizona