

### **Unit Cost of Instruction versus Tuition**

Board policy requires that tuition for nonresident undergraduate students should, at a minimum, cover the full cost of their education at each Regent university. The Board has historically used university-compiled information regarding the cost of instruction per student ("unit cost") to measure compliance.

The unit cost represents general fund supported cost of instruction of a full-time equivalent student at a given level and includes certain assumptions relative to instructional costs at the various student levels (i.e., lower division undergraduates, upper division undergraduates, graduate, and professional). Costs such as building repairs, public service, scholarships and fellowships, auxiliary enterprises, health care units, indirect cost recovery, and capitals are excluded from the unit cost calculations.

The most recent unit cost study, based on FY 2011 expenditures, was presented to the Board in June 2012. Proposed tuition for nonresident undergraduates exceeds the projected unit costs of instruction at all three universities.

	FY 2013 Undergraduate Tuition Only		Estimated FY 2013 Undergraduate Unit Cost
	Resident	Nonresident	
SUI	\$6,678	\$24,900	\$10,452
ISU	\$6,648	\$18,760	\$9,135
UNI	\$6,648	\$15,734	\$11,316

### **Tuition Set-Aside for Student Financial Aid**

The Board's tuition policy mandates that a minimum of 15% of gross tuition proceeds be set-aside for student financial aid, a mix of need-based and merit-based aid. This combination of financial assistance is essential for the universities to attract high achieving students as well as provide affordable higher education.

The policy is under revision and new sources of funding are proposed for FY 2015. FY 2014 will be a transition year.

The proposed set-aside percentages for undergraduate resident students total 17.8%; financial support from all tuition revenues will average 21% for FY 2014. Each university has met or exceeded the minimum requirements for set-aside during the last several years.

### **Projected Tuition Revenue Increases**

Based on Fall 2012 enrollments, the combined additional revenues from the proposed undergraduate and graduate/professional tuition rate increases are expected to provide additional revenues and set-aside funding for the 2013-2014 academic year.

Incremental tuition revenues for the Regent universities are estimated to be \$13.8 million consisting of:

- Increase in base tuition for nonresident undergraduate - \$9.3 million
- Increase in base tuition for graduate and professional resident/nonresident students and supplemental tuition - \$4.5 million

After subtracting tuition set-aside for student financial aid, the incremental net tuition revenues are approximately \$12.3 million. This is approximately half of the net tuition revenues received in the previous year.

Enrollment increases projected for FY 2014 could add another \$2.2 million in gross tuition revenues.