

April 13, 2009

SUBJECT: Discussion of FY10 Out-of-District Tuition Rate.

RECOMMENDATION

That the Board review staff analysis, and consider an increase in the Out-of-District Tuition rate for FY 2010. Staff are not recommending any In-District Tuition increases, but are recommending out-of-district tuition increase from \$127 to \$137 (an increase of \$10 per semester hour), per Policy G-9, for May adoption.

RELATED BOARD POLICY OR PLANNING PRIORITY

The proposed action relates to G-9, Tuition Rates.

RATIONALE

Board Policy G-9 specifies the calculations by which Out-of District and Out-of-State tuition rates are set each year. In order to set these rates in time for the College's new early registration schedule, staff are recommending that these rates be discussed, and set for adoption at the May 4, 2009 Board meeting.

No increase in Out-of-State Tuition (Texas Non- Resident) is recommended since this rate is currently at the full amount called for in policy, while Out-of-District Tuition is currently short of its target due to G-9's annual limit on increases for this charge.

BUDGETARY CONSIDERATION

None

RESOURCE PERSONNEL

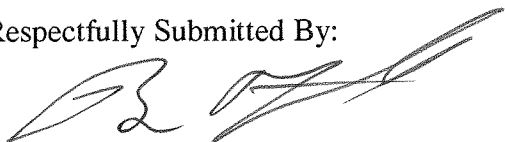
Mr. Ben Ferrell, Executive Vice President, Finance and Administration

ATTACHMENTS

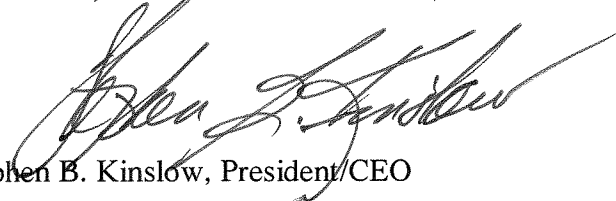
A: Out-of-District / Out-of-State Tuition for FY2010

B: Policy G-9 Tuition

Respectfully Submitted By:



Ben Ferrell, Executive Vice President, Finance and Administration



Stephen B. Kinslow, President/CEO

FY2010 - FY2017 PROJECTED TUITION RATES
 (Out-of-District and Out-of-State Differential Calculations per Board Policy G-9)

| | FY2009 Approved | FY2010 Projected | FY2011 Projected | FY2012 Projected | FY2013 Projected | FY2014 Projected | FY2015 Projected | FY2016 Projected | FY2017 Projected |
|--|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>In-District Tuition Rate</u> | | | | | | | | | |
| Proposed Increase | \$ - | \$ 39 | \$ - | \$ 39 | \$ - | \$ 39 | \$ - | \$ 39 | \$ - |
| Proposed In-District Tuition Rate | \$ 39 | \$ 39 | \$ 39 | \$ 39 | \$ 39 | \$ 39 | \$ 39 | \$ 39 | \$ 39 |
| <u>Out-of-District Differential</u> | | | | | | | | | |
| Property Tax Revenue | \$ 88,473,999 | \$ 101,253,921 | \$ 101,590,771 | \$ 106,426,321 | \$ 112,103,817 | \$ 117,857,008 | \$ 123,353,769 | \$ 129,838,505 | \$ 135,967,136 |
| In-District Credit Hours | 518,000 | 584,161 | 613,369 | 625,636 | 638,149 | 650,912 | 663,930 | 677,209 | 690,753 |
| Out-of-District Differential | \$ 171 | \$ 173 | \$ 166 | \$ 170 | \$ 176 | \$ 181 | \$ 186 | \$ 192 | \$ 197 |
| 80% of Differential | \$ 137 | \$ 139 | \$ 133 | \$ 136 | \$ 141 | \$ 145 | \$ 149 | \$ 153 | \$ 157 |
| Out-of-District Tuition Target | \$ 176 | \$ 178 | \$ 172 | \$ 175 | \$ 180 | \$ 184 | \$ 188 | \$ 192 | \$ 196 |
| Previous Year's OOD Tuition Rate | \$ 118 | \$ 127 | \$ 137 | \$ 147 | \$ 158 | \$ 170 | \$ 183 | \$ 188 | \$ 192 |
| Difference | \$ 58 | \$ 51 | \$ 35 | \$ 28 | \$ 22 | \$ 14 | \$ 5 | \$ 4 | \$ 4 |
| Proposed Increase (8% per year) | \$ 9 | \$ 10 | \$ 10 | \$ 11 | \$ 12 | \$ 13 | \$ 13 | \$ 14 | \$ 14 |
| Proposed OOD Tuition Rate | \$ 127 | \$ 137 | \$ 147 | \$ 158 | \$ 170 | \$ 183 | \$ 188 | \$ 192 | \$ 196 |
| Difference in Target and Proposed Rate | \$ 49 | \$ 41 | \$ 25 | \$ 17 | \$ 10 | \$ 1 | \$ - | \$ - | \$ - |
| <u>Out-of-State Differential</u> | | | | | | | | | |
| State Appropriations | \$ 48,944,394 | \$ 51,993,151 | \$ 51,993,151 | \$ 57,192,466 | \$ 57,192,466 | \$ 60,003,018 | \$ 60,003,018 | \$ 62,977,113 | \$ 62,977,113 |
| In-State Credit Hours | 650,000 | 729,296 | 765,761 | 781,076 | 796,697 | 812,631 | 828,884 | 845,462 | 862,371 |
| Out-of-State Differential | \$ 75 | \$ 71 | \$ 67 | \$ 73 | \$ 71 | \$ 73 | \$ 72 | \$ 74 | \$ 73 |
| Policy G-9 Out-of-State Target | \$ 284 | \$ 283 | \$ 271 | \$ 282 | \$ 285 | \$ 293 | \$ 296 | \$ 304 | \$ 308 |
| Previous Year's OOS Tuition Rate | \$ 276 | \$ 285 | \$ 285 | \$ 285 | \$ 285 | \$ 285 | \$ 293 | \$ 296 | \$ 304 |
| Difference | \$ 8 | \$ (2) | \$ (14) | \$ (3) | \$ - | \$ 8 | \$ 3 | \$ 8 | \$ 4 |
| Proposed Increase | \$ 9 | \$ - | \$ - | \$ - | \$ - | \$ 8 | \$ 3 | \$ 8 | \$ 4 |
| Proposed OOD Tuition Rate | \$ 285 | \$ 285 | \$ 285 | \$ 285 | \$ 285 | \$ 293 | \$ 296 | \$ 304 | \$ 308 |
| Difference in Target and Proposed Rate | \$ (1) | \$ (2) | \$ (14) | \$ (3) | \$ - | \$ - | \$ - | \$ - | \$ - |

G-9 Tuition Rates

Value Statements

- *The Board of Trustees values ACC's role as the first point of access to higher education for many students.*
- *Consequently, the Board is committed to ACC's tuition being the lowest among other local higher education institutions.*
- *Tuition is intended to cover operational costs of the district which are not subsidized by State appropriations and local taxes.*
- *While tuition, like other operating costs will rise over time, ACC shall strive to make for minimal increases only when necessary to support the District operations, to announce increases prior to the beginning of new academic years, and to remain the lowest-cost local provider of higher education.*

[1] The tuition rates for in-district college-credit students shall be set by the Board. Except when the Board explicitly directs otherwise, tuition rates for other students shall be set by the President in accordance with this policy. To the extent feasible, general charges shall be assessed as tuition.

[2] To maintain a tuition differential that is fair both to ACC taxpayers and to Texas-resident ACC students who live outside the taxing district, the credit-hour differential for such students shall reflect the local tax effort in support of in-district students, adjusted to partially reflect the estimated marginal cost of serving all students in order to balance taxpayer fairness with accessibility for out-of-district students. It shall thus be, to the nearest dollar, 80% of the ratio of annual property-tax revenues to annual in-district credit hours, except that any year-to-year increase in the differential shall be no more than 8% of out-of-district tuition. While financial circumstances may necessitate consideration of tuition increases, the College will assist students in anticipating increases by generally approving them only once per year as part of development/approval of the next year's annual operating budget. The President is authorized and encouraged to use any available method to lessen the impact of this tuition differential on economically-disadvantaged students.

[3] The further per-credit-hour differential in tuition rates for students who do not qualify as Texas residents shall be no less than the ratio of all revenues from state government to total credit hours by in-state students.

[4] The President may adopt rules waiving all or part of the tuition and/or other charges for senior citizens or students enrolled under a joint-credit agreement with a school district, with an annual report to the Board on the nature and extent of such waivers.

[5] The President shall set charges for non-credit and continuing-education classes that at least cover operational, indirect, and overhead costs, except where specific programs have been exempted from these criteria by Board approval.

This item was moved from A-4 to G9 under the newly renamed Policy Group G, District Finances (formerly Budgeting), on July 9, 2007.