

# Virginia Tech Board of Visitors Meeting

## April 28, 2013

### Minutes

A. [Presentation](#): 2013-14 Tuition and Fees

B: [Resolution](#): Tuition and Fee Rates for 2013-14

## MINUTES

April 28, 2013

The Board of Visitors of Virginia Polytechnic Institute and State University held a special meeting on Sunday, April 28, 2013, at 1:00 p.m. in Latham DEF at the Inn at Virginia Tech, Blacksburg, Virginia.

### **Present**

Dr. Nancy V. Dye  
 Mr. William D. Fairchild, III  
 Mr. Cordel Faulk  
 Mr. B. Keith Fulton  
 Mr. William B. Holtzman  
 Mr. John C. Lee IV (via phone)  
 Mr. George Nolen (Vice Rector)  
 Ms. Suzanne Obenshain  
 Ms. Deborah Leigh Martin Petrine  
 Mr. Michael J. Quillen (Rector)  
 Mr. John G. Rocovich, Jr.  
 Mr. Paul W. Rogers, Jr.  
 Dr. Sarah Karpanty, Faculty Representative  
 Ms. Sue Teel, Staff Representative  
 Ms. Robyn T. Jones, Graduate Student Representative  
 Mr. Nicholas A. Onopa, Undergraduate Student Representative

### **Absent**

Ms. Michele Duke  
 Mr. Dennis H. Treacy

Also present were the following: Dr. Charles Steger, Mr. Ralph Byers, Mr. George Cooper, Dr. Karen DePauw, Mr. Corey Earles, Ms. Natalie Hart, Ms. Kay Heidbreder, Mr. Larry Hincker, Mr. Timothy Hodge, Ms. Elizabeth Hooper, Dr. Mark McNamee, Dr. Scott Midkiff, Dr. Todd Ogle, Ms. Kim O'Rourke, Dr. Patty Perillo, Mr. Dwight Shelton, Dr. Tom Tillar, Dr. Robert Walters, Dr. Sherwood Wilson, faculty, staff, Tonia Moxley (*Roanoke Times*), Frankie Jupiter (WDBJ-7), and other reporters

\* \* \* \* \*

Rector Quillen convened the meeting at 1:00 p.m.

\* \* \* \* \*

### **Presentation on 2013-14 Tuition and Fee Recommendations**

Rector Quillen called on Mr. Shelton, Vice President for Finance and Chief Financial Officer, who provided a detailed explanation of the proposed tuition and fee rates using a PowerPoint presentation. (Copy filed with the permanent minutes and marked Attachment A.)

Mr. Shelton gave an update on the major cost drivers and resource developments subsequent to the March Board of Visitors meeting, including the library initiative investment and implementation of a library fee and additional alternative scenarios for tuition adjustments. He reviewed the market for nonresident undergraduate students and the significance of those students, whose tuition is considerably higher than their cost of education, in achieving tuition revenue targets. Though they comprise only 26 percent of undergraduate enrollment, nonresidents provide 46 percent of net undergraduate tuition revenue. Thus, a decline in nonresident enrollment negatively impacts tuition revenue. He displayed the possible tuition scenarios in the context of the established cost drivers, showing that little, if any, of the incremental revenue would be available for academic initiatives after compensation and health insurance, and other mandatory and unavoidable costs and the library expense are covered.

Mr. Shelton also highlighted some of the details of the 2013-14 tuition and fee recommendations. This included adjustments to differential tuition charges with increased Engineering and Architecture & Design fees, a new differential charge for the Pamplin College of Business, and a new pricing model for the fully-online Masters of Information Technology program. Mr. Shelton described the efforts to enhance access and promote the year-round use of facilities and explained a reduction in the Veterinary Medicine Facility Fee resulting from a lower cost of capital than anticipated. Mr. Shelton described the recommendations for the auxiliary fees and explained the cost drivers of auxiliary fees as well as the benefits from auxiliary fee increases.

Mr. Shelton closed with a presentation of the 2013-14 rate recommendations and explained how the Funds for the Future financial aid program would help offset the impact of this increase for families with financial need. For example, a family with adjusted gross income below \$30,000 would receive sufficient financial aid to fully offset the increase, thus experiencing no net increase.

He presented benchmarking to show that this recommended increase would put Virginia Tech in the middle when compared to William and Mary, the University of Virginia, James Madison University, and the University of Mary Washington. Further, he presented a chart showing that the proposed tuition and fee increases are well within the guidelines provided by the Governor.

The board discussed various aspects of the proposal, the university's cost structure and very favorable comparison to peers with respect to the ratio of administrative costs to core activities, and the price sensitivity of non-resident undergraduates. A modification to the nonresident undergraduate rate proposal was offered.

A motion was made by Mr. Nolen seconded by Mr. Holtzman, and approved 11 to 1 by the board via a roll call vote. The vote in opposition was made by Ms. Obenshain.

**Resolution to Approve  
Tuition and Fee Rates for 2013-14**

**That the proposed tuition and fee rates for 2013-14 be approved with one modification to change the increase in tuition and fees for non-resident undergraduates from the proposed 4.9 percent to 5 percent, effective Fall Semester 2013.** (Copy modified as noted above filed with the permanent minutes and marked Attachment B.)

The Rector and several other members of the board expressed the desire to begin a comprehensive discussion of tuition and fees for 2014-15 well before spring 2014.

The following resolution was moved by Mr. Nolen, seconded by Dr. Dye, and approved unanimously by roll call vote.

**MOTION TO BEGIN CLOSED MEETING**

I move that the Board of Visitors of Virginia Polytechnic Institute and State University convene in a closed meeting, pursuant to § 2.2-3711, Code of Virginia, as amended, for the purposes of discussing:

1. Personnel matter
2. The status of current litigation and briefing on actual or probable litigation.

all pursuant to the following subparts of §2.2-3711 (A), Code of Virginia, as amended, .1 and .7.

[Note: Mr. Lee left at the beginning of the closed session due to a schedule conflict and did not re-join the meeting.]

\* \* \* \* \*



The following resolution was moved by Mr. Nolen, seconded by Mr. Rocovich, and approved unanimously by roll call vote.

**MOTION TO RETURN TO OPEN SESSION**

**WHEREAS**, the Board of Visitors of Virginia Polytechnic Institute and State University has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision of The Virginia Freedom of Information Act; and

**WHEREAS**, Section 2.2-3712 of the Code of Virginia requires a certification by the Board of Visitors that such closed meeting was conducted in conformity with Virginia law;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Visitors of Virginia Polytechnic Institute and State University hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Visitors.

\* \* \* \* \*

The date for the next regular meeting is June 2-3, 2013, Blacksburg, Virginia.

The meeting adjourned at 4:10 p.m.

\_\_\_\_\_  
Michael J. Quillen, Rector

\_\_\_\_\_  
Kim O'Rourke, Secretary



2013-14 Tuition & Fees

Board of Visitors

April 28, 2013

M. Dwight Shelton, VP for Finance and Chief Financial Officer

- ❑ Update of Major Cost Drivers and Resource Developments after the March Presentation
- ❑ Highlights of 2013-14 Tuition and Fees Recommendation
- ❑ 2013-14 Tuition Rate Recommendation
- ❑ Questions

# **Major Cost Driver and Resource Developments**

# Major Cost Drivers - Updated

2013-14  
(\$s in millions)

	Total	Fund Split	
		State	University
Compensation	\$11.4	\$4.1	<b>\$7.3</b>
Mandatory Cost Drivers	9.7	3.3	<b>6.4</b>
Unavoidable Cost Increases	2.2	0.6	<b>1.6</b>
March Presentation Totals	23.3	8.0	<b>15.3</b>
Academic Initiatives: Library Investment	0.6	0.0	<b>0.6</b>
Revised Cost Drivers Total	\$23.9	\$8.0	<b>\$15.9</b>

# Library Expense and Fee

- ❑ Library needs identified as high priority
  - ❑ Funds will be used to support the new Library Transformation Initiative
  - ❑ Library expenditures ranked:
    - ❑ 101<sup>st</sup> of 115 of the American Research Libraries member institutions
    - ❑ 3<sup>rd</sup> lowest of SCHEV Peer group
- ❑ Implementation of Library Fee will directly support university's library needs
  - ❑ E&G fee allocation of previously identified tuition revenue
  - ❑ Supports expenses otherwise considered in the budget development process.
    - ❑ These expenses were NOT part of the university's previously identified fixed cost drivers.



# Additional Tuition and Fee Calculations

## Nonresident Undergraduate Alternatives

- ☐ **Increase Nonresident undergraduate rate increase by an additional 0.5% (Critical Needs 2)**
  - ☐ Total nonresident increase of 5.3% (\$1,385)
  - ☐ Generates an additional \$707k net revenue, equivalent to the revenue generated by 26 nonresident students
  
- ☐ **Increase Nonresident undergraduate rate increase by an additional 1.0% (Critical Needs 3)**
  - ☐ Total nonresident tuition increase of 5.8% (\$1,503)
  - ☐ Generates an additional \$1.4m net revenue, equivalent to the revenue generated by 52 nonresident students



# Revised Potential Tuition & Mandatory Fee Increases Scenarios for 2013-14

Scenarios	Undergraduate		Graduate		Incremental Tuition Revenue
	Resident	Nonresident	Resident	Nonresident	
<b>Current Rate</b>	\$10,923	\$25,915	\$12,413	\$23,266	
<b>Inflation</b>	1.7% \$186	4.9% \$1,267	4.9% \$610	5.7% \$1,322	\$11.3m
<b>FY13 Rate Increase</b>	3.9% \$426				\$14.6m
<b>Critical Needs</b>	4.9% \$532				\$16.1m
<b>Critical Needs 2</b>	4.9% \$532	5.3% \$1,385	4.9% \$610	5.7% \$1,322	\$16.8m
<b>Critical Needs 3</b>	4.9% \$532	5.8% \$1,503			\$17.5M
<b>Progress</b>	7.0% \$764	4.9% \$1,267	4.9% \$610	5.7% \$1,322	\$19.5m





# Nonresident Undergraduate Market Update

## ❑ Net Price

- ❑ Total cost of attendance less average institutional financial aid package.
- ❑ Key component of the economic decision faced by a student/family.
- ❑ Findings of Net Price benchmarking for 2010-11 for a Nonresident freshman with assumed household income of \$60,000:

	<u>Cost of Attendance</u>	<u>Net Price</u>
Virginia Tech	\$ 36,400	\$ 31,700
SCHEV Peer Average	<u>38,255</u>	<u>30,754</u>
Advantage/(Disadvantage)	\$ 1,855	\$ (946)

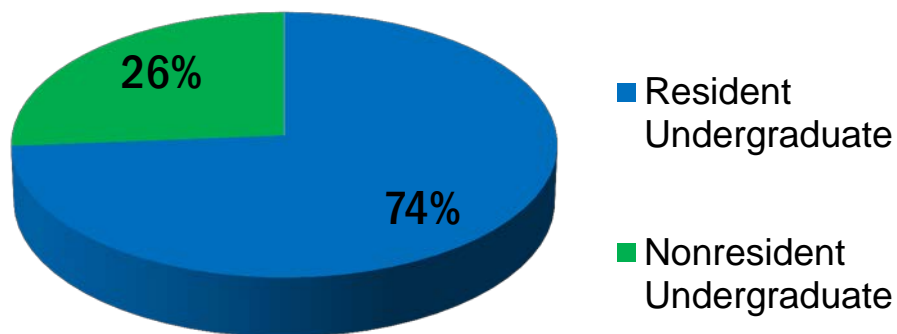
	<u>Cost of Attendance</u>	<u>Net Price</u>
Virginia Tech	\$ 36,400	\$ 31,700
Regional Competitive Peers	<u>38,862</u>	<u>31,265</u>
Advantage/(Disadvantage)	\$ 2,462	\$ (435)



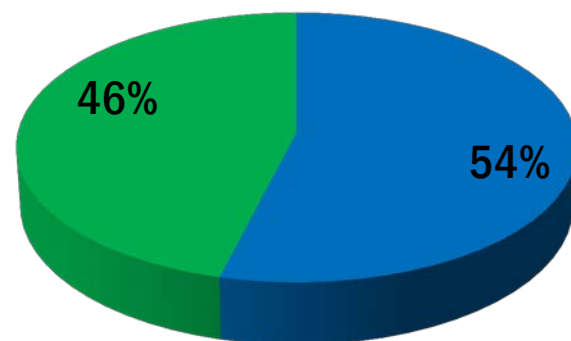
# Nonresident Undergraduates

Attachment A

Fall 2012 Enrollment

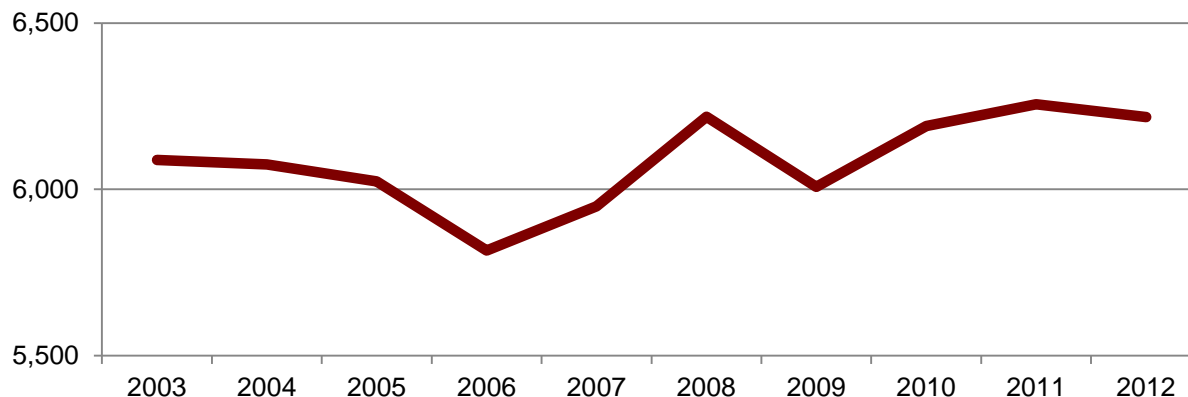


2012-13 Net Tuition Revenue



- ❑ Though only **26%** of undergraduate enrollment, nonresidents provide **46%** of net undergraduate tuition revenue.
- ❑ Nonresident undergraduate freshmen enrollment has fallen short of target for the last two years by an average of 43 students.

Nonresident Undergraduate Headcount

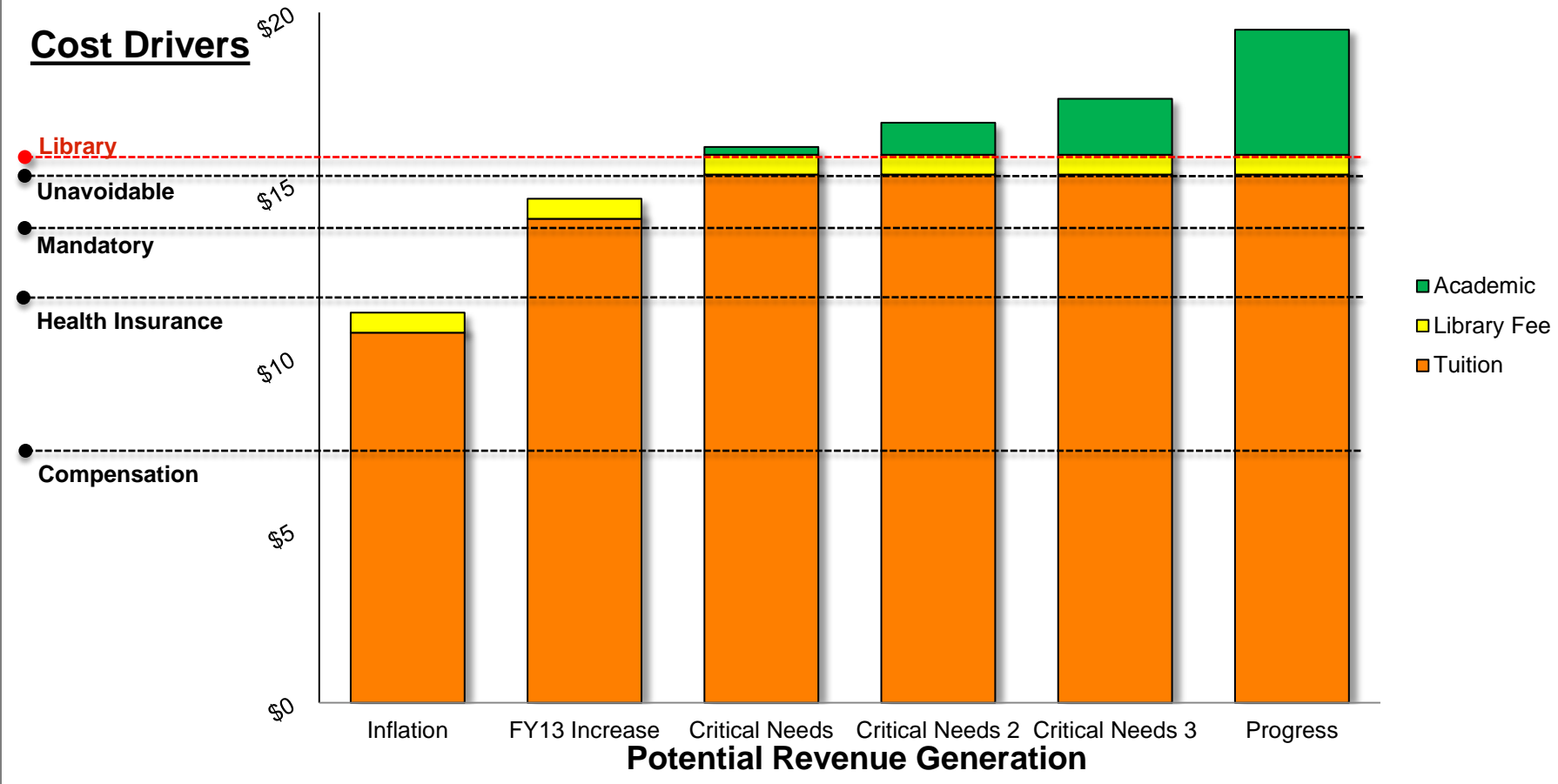




# Tuition Coverage of Nongeneral Fund Costs

## Example Scenarios for 2013-14

Comparison of incremental revenue generated by tuition rate scenarios to the nongeneral fund share of the major cost driver categories.



# **Highlights of the 2013-14 Tuition and Fee Recommendation**

# Differential Tuition Charges

## ☐ University has identified additional revenue:

### ☐ Updated Engineering Fee:

- ☐ Undergraduate: \$33 per credit hour (10% increase)
- ☐ Graduate: \$792 per academic year (10% increase)

Central Share	College Share
\$215k	\$215k

### ☐ Updated Architecture & Design Fee:

- ☐ \$715 per academic year (10% increase)

	\$35k	\$35k
<i>Total</i>	\$250k	\$250k

# Differential Tuition Charges

- ❑ New program differential for the Pamplin College of Business
  - ❑ Unique and exceptional costs of maintaining a competitive business curriculum drive additional resource need
  - ❑ \$25 per credit for 1000 level courses in 2013-14
  - ❑ Envision implementation of 2000 level courses in 2014-15, 3000 level courses in 2015-16, and 4000 level courses in 2016-17
  - ❑ Projected resources committed to college to fund academic initiatives:

**Year One**

\$0.2 m

**Year Four**

\$2.1 m

# On-line Differential Pricing

## ☐ **Masters of Information Technology (MIT)**

- ☐ Nationally recognized graduate program offered fully online
- ☐ Current pricing model has differential rates for resident and nonresident graduate students
- ☐ New pricing model can capitalize on program reputation and drive broader enrollment
- ☐ For 2013-14, a pilot pricing program is recommended
  - ☐ \$900 per credit hour for all on-line MIT students
  - ☐ No assessment of the Commonwealth Capital & Equipment fee

# New Tuition Rates to Enhance Access and Year Round Use of Facilities

- ❑ To address the university and Commonwealth goals of:
  - ❑ Providing enhanced opportunities to explore other academic areas and degree options, as well as potentially reducing time-to-degree, and
  - ❑ More fully utilizing facilities throughout the year
  
- ❑ The university recommends two specific actions:
  - ❑ **Continue the new summer session discount of 10% per credit hour for 2013-14**
  - ❑ **Apply 10% discounted rate for on-campus instruction during winter session program**
    - ❑ Winter session provides opportunities to earn credit between December 28<sup>th</sup>, 2013 and January 18<sup>th</sup>, 2014 through in-residence, on-line, blended, and study abroad educational experiences.
  
- ❑ 2013-14 per credit hour rate proposal:

<u>Undergraduate On-Campus</u>	<u>Regular Session</u>	<u>Summer/Winter Session</u>
Resident Credit Hour	\$400.75	\$361.00
Nonresident Credit Hour	1,030.75	928.00



# Veterinary Medicine Facility Fee

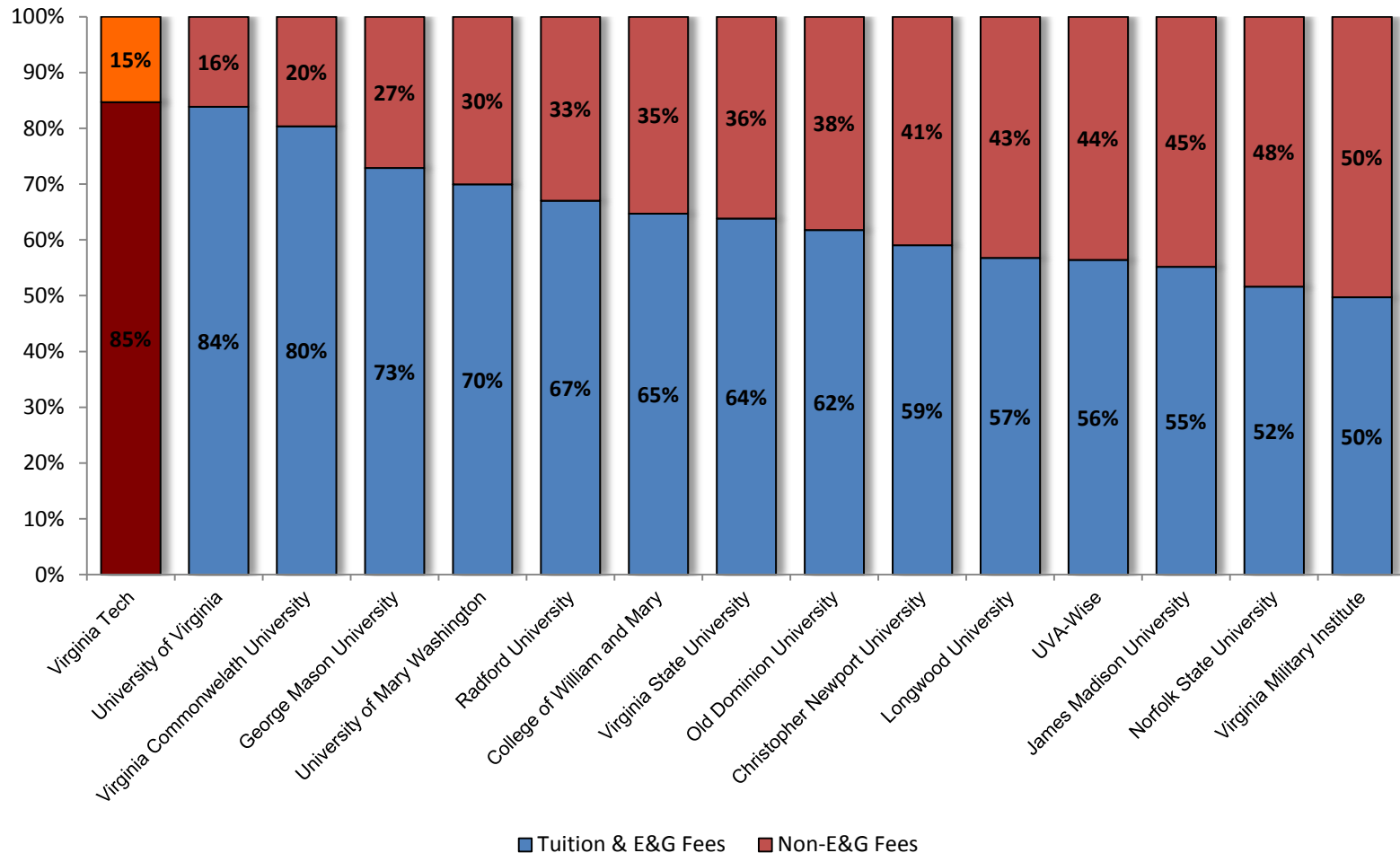
- ❑ Planned to cover the cost of new instructional addition
- ❑ Permanent debt issued in 2012-13, cost of capital was less than planning placeholder
  - ❑ 2.51% vs. 4.5%
- ❑ As a result, the university can reduce the Veterinary Medicine Facility Fee
  - ❑ From \$1,535 per year to \$1,250, an annual savings of \$285
- ❑ Overall tuition and mandatory fee increases are limited
  - ❑ Resident: 1.7% increase
  - ❑ Nonresident: 2.4% increase

# 2013-14 Auxiliary Fees

	<u>2012-13</u> <u>Charge</u>	<u>Proposed</u> <u>2013-14</u>	<u>Increase</u> <u>\$</u>	<u>%</u>
<u>Comprehensive Fee</u>				
Student Activity Fee	\$437	\$464	\$27	6.2%
Health Service Fee	362	372	10	2.8%
Athletic Fee	267	273	6	2.2%
Bus Fee	109	123	14	12.8%
Recreational Sports Fee	265	273	8	3.0%
Student Services Fee	233	247	14	6.0%
Total Comprehensive Fee	<u>\$1,673</u>	<u>\$1,752</u>	<u>\$79</u>	<u>4.7%</u>
Northern VA Center Student Services Fee	\$104	\$113	\$9	8.7%

# Mandatory Fees as a Percentage of Mandatory Costs

Virginia Public Institutions, 2012-13



# 2013-14 Auxiliary Fees

	<u>2012-13</u> <u>Charge</u>	<u>Proposed</u> <u>2013-14</u>	<u>Increase</u> <u>\$</u>	<u>%</u>
<u>Room &amp; Board Fees</u>				
Pre-1983 Dormitories	\$4,448	\$4,622	\$174	3.9%
Major Flex Plan	\$2,806	\$3,028	\$222	7.9%

# Major Cost Drivers of Auxiliary Fees

Auxiliaries are responsible for 100% of cost increases:

- ☐ State Assigned Compensation
- ☐ State Assigned Health Insurance
- ☐ Fixed costs
- ☐ Operation and maintenance of new facilities
- ☐ Maintenance reserve program

# Program Benefits of Auxiliary Fee Increases

## ☐ Programmatic

- ☐ Maintain quality of food product
- ☐ Address overcrowding of dining facilities
- ☐ Improve furnishings of dining facilities
- ☐ Enhance Blacksburg Transit Routes
- ☐ Additional Recreational Sport Equipment
- ☐ Expanded Recreational Sport Hours of Operation
- ☐ Student Budget Board Inflationary Increase
- ☐ Additional Career planning personnel
- ☐ Enhance alcohol awareness programming

# 2013-14 Rate Recommendations

# 2013-14 Tuition & Mandatory Fees

	2011-12	Proposed	Rate	
	Charge	2013-14	Increase	
			\$	%
<b><u>Undergraduate Students</u></b>				
Resident	\$10,923	\$11,455	\$532	4.9%
Nonresident	25,915	27,182	1,267	4.9%
<b><u>Graduate Students</u></b>				
On-Campus Programs				
Resident	\$12,413	\$13,023	\$610	4.9%
Nonresident	23,266	24,588	1,322	5.7%



# Key Elements of Recommendation

- ❑ Proposed rates balance the resource needs of the university with price sensitivity
- ❑ Increases are driven largely by fixed increases and unavoidable costs
- ❑ Allows the university to make modest progress in support of university and Commonwealth goals
- ❑ Continues to support access for Virginia resident undergraduates in accordance with the university's Management Agreement
- ❑ Includes differential rates and modified pricing strategies to increase revenues outside of general tuition increase

# Undergraduate Scholarships

## Funds For the Future

- ❑ Funds for the Future ensures existing levels of financial aid are maintained and retain their value over a returning student's four-year academic progression.
- ❑ Funds for the Future works on a sliding scale of family responsibility for coverage of tuition and fee increases.

Family Income (AGI)	Virginia Resident Undergraduate Tuition and E&G Fee Increase	Net Impact of Tuition & Fee Increase
\$0 - \$29,999	4.9%	0%
\$30,000 - \$49,999	4.9%	1.2%
\$50,000 - \$74,999	4.9%	3.4%
\$75,000 - \$100,000	4.9%	3.9%

# Tuition and Fee Rate Relationship to the Average Cost of Education

Using 2013-14 Recommended Rates

	Amount*	% of Average
Average Cost of Education	\$15,955	
<u>Undergraduates</u>		
Residents	9,703	61%
Nonresidents	24,826	156%
<u>Graduates</u>		
Residents	11,271	71%
Nonresidents	22,232	139%
<u>Residency</u>		
Residents		62%
Nonresidents		150%

\*Amount includes proposed tuition and E&G fees for 2013-14. Nonresident Capital and Equipment Fee and Comprehensive fees are not comparable to the Average Cost of Education.

# Virginia Tech Tuition and Fee Benchmarking

2012-13			
	VT	Average	VT Rank
<b>In-state Undergraduate</b>			
Public SCHEV Peers	\$10,923	\$11,073	<b>11 out of 24</b>
Virginia Institutions	\$10,923	\$9,847	<b>4 out of 15</b>
UVA	\$10,923	\$12,006	
CWM	\$10,923	\$13,570	
<b>Out-of-state Undergraduate</b>			
Public SCHEV Peers	\$25,915	\$27,576	<b>16 out of 24</b>
Virginia Institutions	\$25,915	\$25,082	<b>5 out of 15</b>
Regional Competitive Peers (a)	\$25,915	\$25,851	

(a) Regional competitive peers: Pennsylvania State, Rutgers University, University of Maryland, Ohio State, University of Pittsburgh, and North Carolina State.

## Resident Undergraduate Tuition and Fee Rate Increases Approved at Virginia Public Institutions for 2013-14

Institution	Tuition & E&G Fees		Tuition & Mandatory Fees	
	\$	%	\$	%
College of William & Mary*	455	<b>5.2%</b>	699	5.1%
James Madison University	242	<b>5.0%</b>	368	4.2%
Virginia Tech (Recommendation)	453	<b>4.9%</b>	532	4.9%
University of Mary Washington	290	<b>4.5%</b>	414	4.5%
University of Virginia	394	<b>3.9%</b>	452	3.8%

\*CWM implemented differentiated increases to the entering class. These figures represent Virginia Tech's estimate of how this approach would translate to an average for all students.

# Increases to Tuition & E&G Fees and General Fund Support Per Student

Institution	Incremental GF/FTE	Tuition & E&G Fee Increase	Total Tuition and GF/FTE Increase
College of William & Mary*	\$261	\$455	<b>\$716</b>
University of Virginia	272	394	<b>666</b>
Virginia Tech (Recommendation)	190	453	<b>643</b>
James Madison University	219	242	<b>461</b>
University of Mary Washington	151	290	<b>441</b>

\*CWM implemented differentiated increases to the entering class. These figures represent Virginia Tech's estimate of how this approach would translate to an average for all students.

# Consistency With Executive Language

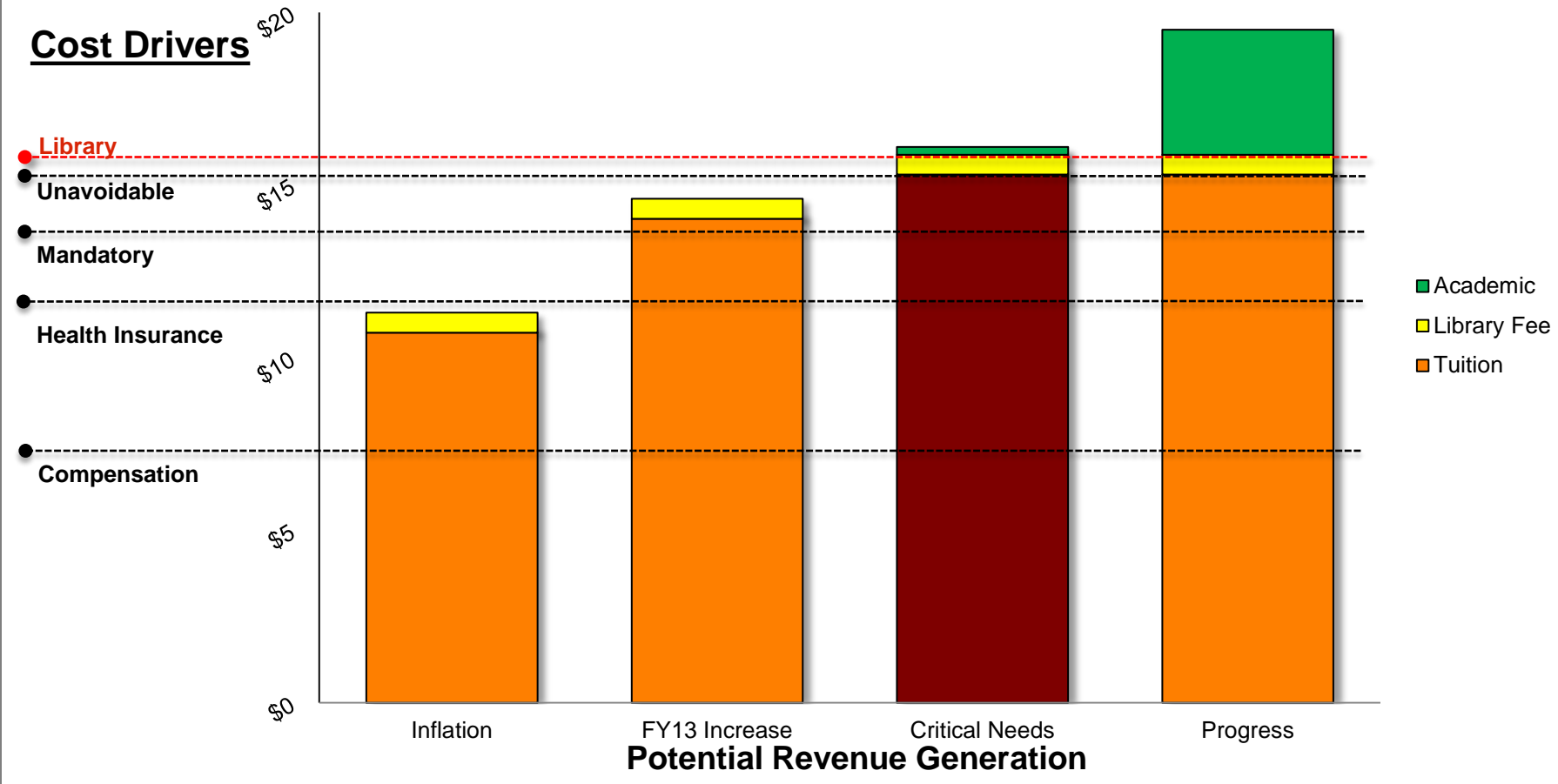
“I ask that you make every effort to keep in-state tuition and fee increases for the fall semester to the rate of inflation measured by the Consumer Price Index, after taking into account institution-specific state budget actions, and considering any unavoidable cost increases for FY14.”

-April 4, 2013

	<u>Allowable</u>	<u>Proposal</u>	<u>Unused Capacity</u>
State budget actions (Compensation, Health Care, O&M, Mandated Assignments)	3.7%	3.7%	0.0%
Unavoidable cost increases (Utilities, Leases, Fixed Increases)	0.5%	0.5%	0.0%
Consumer Price index	1.7%	0.8%	0.9%
Total	5.8%	4.9%	0.9%

# **Tuition Coverage of Nongeneral Fund Costs** **Example Scenarios for 2013-14**

☐ Comparison of incremental revenue generated by tuition rate scenarios to the nongeneral fund share of the major cost driver categories.





# Questions?

# Efficiencies

- ❑ In March, the BOV requested additional information about efficiency efforts at the university.
- ❑ Savings: Immediate cost savings are limited and are being reallocated to top priorities.
- ❑ Enhanced Capacity: Investments in administrative systems will help hold down future administrative costs.
- ❑ Examples:

Action	Annual Savings
Shift Surplus Auctions from State to University	\$30,000
Contracting of Renovation Operations	\$202,937
Energy Savings Contracts (ESCOs)	\$442,679 (savings realized in 2021)
Electronic Credit Card – Vendor payment	\$330,000
Automated Systems (Leave and Timekeeping, Research Admin.)	Slows future cost growth
Video Conferencing	Reduced travel costs
Classroom Renovations Program	279 general assignment classroom seats gained 99 lab stations gained

## **Proposed Tuition and Fee Rates for 2013-14**

### **FINANCE AND AUDIT COMMITTEE**

**April 18, 2013**

#### **Development of 2013-14 Tuition and Fee Rates**

The university has traditionally developed tuition and fee proposals in February and March of each year, with final rates submitted to the Board of Visitors in late March or April. This process allowed the university to incorporate into the tuition and fee proposals the impact of legislative actions taken during the General Assembly session. Finalizing these rates at the March Board of Visitors meeting helps students plan for the financial costs of the upcoming academic year, helps students make decisions such as attendance at summer school, and allows the University Scholarships and Financial Aid Office to deliver timely and effective financial aid award information to current and prospective students.

The 2013 General Assembly completed the 2012-14 biennial budget process at a reconvened session on April 3, 2013, after approving amendments to the budget that impact both the level of General Fund support for higher education, as well as the nongeneral fund cost assignments to be met with self-generated support. With an understanding of the budget impacts of the 2013 General Assembly, the following tuition and fee recommendation is now proposed to address the university's 2013-14 resource needs.

#### **Tuition**

##### **History of Tuition Legislation in Virginia**

The period of 1989 to 2012 was one of significant change in the level of state support, tuition policies and rates. The substantial growth in tuition continues to be a source of increasing concern to institutions of higher education, students, parents, and state officials.

During the period of 1989 to 1996, tuition increased dramatically across the Commonwealth due to the decline in General Fund support for higher education. At Virginia Tech, undergraduate tuition increased by 49 percent for resident students and 91 percent for nonresident students in the six-year period 1989-90 to 1995-96, a direct result of six rounds of reductions in state General Fund support.

In 1994 the Appropriation Act included language which established tuition rate growth caps of 3 percent for resident students and 7.5 percent for nonresident students for

each year of the biennium. For 1996-97 through 1998-99, the Appropriation Act included language to freeze tuition for Virginia undergraduates at the 1995-96 level. The 1999 General Assembly approved a 20 percent reduction in tuition and mandatory Educational and General fees for Virginia undergraduate students and offset the reduction in revenue by providing new General Fund support. The 2000 Appropriation Act included language to continue tuition and mandatory Educational and General fees at 1999-00 levels for Virginia undergraduate students during the 2000-02 biennium.

To address state revenue shortfalls, language in the 2002 Appropriation Act provided authority to increase tuition and mandatory Educational and General fees for Virginia undergraduate students by 9 percent. The 2003 General Assembly allowed for the annualization of the Spring 2003 tuition increases and limited increases in tuition and mandatory Educational and General fees for Fall 2003 for Virginia undergraduate students to 5 percent plus nongeneral fund cost assignments.

The authority granted by the 2004 General Assembly continues for 2012-13 and establishes that "The Board of Visitors . . . of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all resident student groups based on, but not limited to, competitive market rates, provided that the total revenue generated by the collection of tuition and fees from all students is within the nongeneral fund appropriation for educational and general programs provided in the act."

Effective July 1, 2006, the university entered into a management agreement with the Commonwealth of Virginia. A critical element of this agreement is the reaffirmation of the Board of Visitors' authority to establish tuition and fee rates. This rate setting authority, coupled with the sum sufficient revenue authority to establish nongeneral fund appropriations as provided in the management agreement, provides a much more stable environment for planning and establishment of future tuition and fee rates.

For 2007-08, the 2007 General Assembly established a Tuition Incentive for allocation to institutions contingent upon limiting the increase of tuition and E&G fees for in-state undergraduate students to 6 percent plus in-state undergraduate financial aid. The 2008 General Assembly continued the incentive fund concept to encourage institutions to limit the in-state undergraduate tuition and E&G fee increases to 3 percent for E&G operations and 1 percent for student financial aid in 2008-09.

Language included in the 2009 budget, and continued in 2010, reiterated the intent of the federal American Recovery and Reinvestment Act of 2009 (ARRA) to "mitigate the need to raise tuition on in-state students at public colleges and universities." As a result of this Act, the University division received over \$11 million in funding in 2009-10. This funding came along with an understanding, expressed verbally by state budget-writers, that higher education institutions would use ARRA funding to mitigate the need to increase tuition to Virginia residents beyond 5 percent.



The Governor's Commission on Higher Education, Reform, Innovation, and Investment introduced the Higher Education Opportunity Act of 2011 at the start of the 2011 General Assembly. In this legislation, institutional tuition and fee-setting authority is retained by the Board of Visitors. However, total tuition and fee revenue is limited to the aggregate cost of education for all enrolled students, minus state General Fund support. The model does allow for exclusion of Virginia resident tuition and fee revenue directed towards financial aid, an institution's NGF share of the state mandated salary and fringe increases, improving faculty salary competitiveness, and unavoidable cost increases to ensure flexibility and inclusion of specific institutional characteristics, missions, and goals. The university is in compliance with this test; thus, the Board of Visitors retains the authority to set tuition and fee levels.

## Tuition

The defined state process envisions utilizing the Six-Year Financial Plans that are developed in accordance with state guidelines and approved by the Board as the framework for the development of tuition and E&G fees given certain assumptions about General Fund support provided by the General Assembly. However, development of tuition and fee recommendations for the coming year must consider the actual level of support from the Commonwealth and nongeneral fund cost assignments in the second year of the biennium. The university has worked to balance these criteria in developing the proposed 2013-14 rates shown below.

### Full-Time Students

	<u>2012-13</u> <u>Charge</u>	<u>Proposed</u> <u>2013-14</u>
<u>Undergraduate</u>		
Resident	\$ 9,187	\$ 9,617
Nonresident	23,575	<del>24,740</del> 24,769
<u>Graduate</u>		
Resident On-Campus	10,677	11,185
Nonresident On-Campus	20,926	22,146
Resident Off-Campus	11,822	12,383
Nonresident Off-Campus	22,435	23,737

The semester rates equal one-half of the annual rates.

## Impact of Student Financial Aid Programs

As reported to the Board in November 2012, the university maintains a robust student financial aid program to ensure access and affordability of the institutions programs. Consistent with this, it is important to remember that the proposed charges represent the gross amount assessed to students and may be offset by one of the university's various financial assistance programs, including the Funds For the Future program, which shelters returning undergraduate students from tuition increases at increasing levels dependent upon need.

## Part-Time Students

Part-time tuition charges for all student categories are derived from the full-time rate and are directly related to the number of credit hours taken. For tuition calculation purposes, the full-time undergraduate semester rate is divided by 12 credit hours and the full-time graduate student semester rate is divided by nine hours. The proposed per hour charges for 2013-14 are:

	<u>2012-13 Charge</u>	<u>Proposed 2013-14</u>
<u>Undergraduate</u>		
Resident	\$382.75/hour	\$400.75/hour
Nonresident	982.25/hour	<del>1,030.75/hour</del> 1,032.00/hour
<u>Graduate</u>		
Resident On-Campus	593.25/hour	621.50/hour
Nonresident On-Campus	1,162.50/hour	1,230.25/hour
Resident Off-Campus	656.75/hour	688.00/hour
Nonresident Off-Campus	1,246.50/hour	1318.75/hour

## **Special Tuition Rates**

### Summer and Winter Session Rate

The Higher Education Opportunity Act of 2011 outlines several objectives that seek to expand access to and enhance the completion of degrees across the Commonwealth's higher education system. Increasing year-round utilization of facilities and advancing opportunities for degree completion during non-traditional academic time periods is an important strategy to supporting these objectives. To position the university for continued innovation in non-traditional session enrollment growth, in 2012-13 the university shifted the assessment of undergraduate tuition to a per credit hour basis at a 10 percent discount of the regular session hourly rates to those students enrolled on-campus in Summer 2013 on a pilot program basis. For 2013-14, the university proposes to continue this assessment methodology for the Winter and Summer sessions. It is the university's belief that the combination of these actions will not only position the



university for improved year-round use of facilities, but also provide a financial incentive for students to complete their degree at an accelerated pace and offer improved flexibility for faculty to innovate academic offerings during these non-traditional sessions. The proposed per hour charges for Winter and Summer 2014 are:

Undergraduate On-Campus

Resident	361.00/hour
Nonresident	928.00/hour

Veterinary Medicine

When the Virginia-Maryland Regional College of Veterinary Medicine was formed, the two states agreed to provide equal contributions (per Virginia and Maryland student) to the instructional operating budget. It was also agreed that both Virginia and Maryland students would pay the same resident tuition rate. The tuition agreement has been sustained since the first class was admitted. Until 1996-97 only residents of Virginia and Maryland were admitted for study in the professional veterinary medicine curriculum.

Effective for the Fall 1996, the enrollment policy was modified to admit 10 nonresident students (i.e. non-Virginia and non-Maryland residents) per year until fully implemented in the Fall of 1999. This resulted in a total enrollment of 40 nonresident students. This change did not affect the enrollment totals for Virginia or Maryland. In 2009-10 the college expanded the incoming class by adding five additional nonresident students. For 2012-13, the enrollment plan adds 25 nonresident students into the entering cohort as well as five transfer students in the second year.

Each year the tuition proposal is reviewed with the Virginia-Maryland Regional College of Veterinary Medicine Budget and Program Review Board (established to review the college's budget and comprised of representatives from Virginia Tech and the University of Maryland). The university, in conjunction with the Budget and Program Review Board, proposes to increase the tuition rates for all veterinary medicine students for 2013-14. The current and proposed annual tuition rates are displayed below:

	2012-13 <u>Charge</u>	Proposed <u>2013-14</u>
Virginia-Maryland Students	\$18,163	\$ 18,708
Nonresident Students	42,491	43,766

## Master of Information Technology Tuition Rate

The Master of Information Technology program is an integration of business, engineering and computer science curriculum, and is offered entirely on-line. In order to continue upon the success of this program and attract additional enrollments, the university proposes offering the on-line MIT program at a single rate to all students. As a pilot program, this new pricing structure will ensure that the program is available to a broader audience, while satisfying state policy requiring that nonresident students be assessed at least the average cost of education. Under the pilot program, MIT students will be assessed the Library and Technology Fees yet be exempted from the Capital & Equipment assessment since this degree is 100 percent online. The proposed per credit hour rate for all students enrolled in the MIT program is summarized below:

	2012-13 Charge	Proposed 2013-14
MIT Tuition Rate	N/A	\$900

## Special Tuition Rate for Elementary and Secondary School Personnel

The original policy regarding special tuition rates for elementary and secondary school personnel was approved in 1984 and allowed public school teachers to attend graduate classes at Virginia Tech on a reduced tuition schedule for purposes of recertification. Recertification is a statewide requirement that can strengthen the total education system. The original policy underscored the university's commitment to improving the quality of elementary and secondary education through the continued education of elementary and secondary school teachers.

In January 1989 the Board of Visitors approved a revised policy. Teachers, counselors, administrators, and supervisors employed by elementary and secondary school systems in the Commonwealth of Virginia may enroll in graduate classes, both on-campus and at off-campus locations, and pay approximately 60 percent of the authorized tuition rate. The Board of Visitors also expanded the policy in two ways. First, all elementary and secondary school personnel are now eligible for the reduced tuition rate. Second, all graduate hours qualify for the plan, not just recertification hours. Further, elementary and secondary school personnel may enroll in an unlimited number of graduate courses for the purpose of recertification or for an advanced degree.

In February 1999 the Board of Visitors approved an expansion of the special tuition rate to include undergraduate-level courses for vocational teachers who do not have a bachelor's degree.



The special instructional fees for elementary and secondary school personnel are 60 percent of the corresponding campus tuition rates (excludes professional and executive programs). The following table shows the proposed special rates per credit hour for 2013-14 Virginia residents:

	<u>2012-13 Charge</u>	<u>Proposed 2013-14</u>
Undergraduate	\$230.00/hour	\$240.00/hour
Graduate		
Blacksburg Campus	356.00/hour	373.00/hour
Extended Campus	394.00/hour	413.00/hour

#### Special Tuition Rate for Study-Abroad Programs

Providing the opportunity for students to study abroad is an important strategy in strengthening the international programs of Virginia Tech. The Board of Visitors has previously approved a special tuition rate for students who participate in the various study-abroad programs operated by the university. The special tuition rate reflects instructional services that all students receive, but excludes the cost of on-campus services.

In 2008-09 the study abroad rate was 80 percent of the on-campus tuition rates. The university proposes to continue the special tuition rate for study-abroad programs. Consistent with prior years, the special tuition rate for study abroad would not apply for students studying at the Center for European Studies and Architecture.

The following table shows the proposed special rates for study-abroad programs per credit hour for 2013-14:

	<u>2012-13 Charge</u>	<u>Proposed 2013-14</u>
Undergraduates		
Resident	\$306.00/hour	\$321.00/hour
Nonresident	786.00/hour	825.00/hour
Graduates		
Resident	475.00/hour	497.00/hour
Nonresident	930.00/hour	984.00/hour

## **Educational and General Fees**

### **Technology Service Fee**

In accordance with the language in the 1998 Appropriation Act, the university implemented an Educational and General technology service fee effective with the 1998 fall semester. The fee is currently \$63 per academic year. Part-time students pay half the full-time rate. The technology fee is paid by all students. An increase in the technology service fee of \$3 is recommended for 2013-14. For 2013-14, the technology fee will be \$66 or \$33 per semester for full-time students.

### **Library Fee**

In order to support a robust scholarly environment to advance academic achievement, the university proposes to institute a library fee that will directly support the growing needs and rising costs of maintaining a comprehensive library resource. This fee and will be assessed to all students starting in Fall 2013. For 2013-14, the library fee will be \$20 per academic year or \$10 per semester for full-time students. Part-time students pay half the full-time rate.

### **Commonwealth Capital and Equipment Fee**

The 2003 General Assembly required the establishment of a capital fee to be assessed to all nonresident students at institutions of higher education for 2003-04 to pay a portion of the debt service on bonds issued under the 21<sup>st</sup> Century Program. The 2004 General Assembly increased the nongeneral fund portion of lease payments for the 2004-06 allocation of equipment under the Higher Education Equipment Trust fund and stipulated the source of the nongeneral funds be an increase in fees for nonresident students at public institutions of higher education starting in 2005-06. The General Assembly increased the amount of debt service on bonds to be funded by nonresident students in 2007 and again in 2009. The 2010 General Assembly further increased the amount of debt service on bonds to be funded by nonresident students by \$1.4 million, or 57 percent, beginning in 2010-11. As a result, the Commonwealth Capital and Equipment fee for 2010-11 was increased to cover the debt service mandated by the 2010 General Assembly. Part-time students pay one-half the full-time rate. The capital and equipment fee of \$604 is paid by all nonresident students. No change in the Commonwealth Capital and Equipment fee is proposed for 2013-14.

### **Average Cost of Education**

The Commonwealth of Virginia has a well-established methodology for computing the per student educational cost for colleges and universities. This process identifies the average educational cost for all undergraduate and graduate students, including part-time and full-time students taking classes at both on-campus and off-campus locations. The Average Cost of Education does not include professional programs such as veterinary medicine.

Until 2004, the Average Cost of Instruction was utilized as the measure of per student instructional cost. The Average Cost of Instruction identified the instructional cost components within the Educational and General appropriation and computed an average instructional cost.

In 2004, a new state policy replaced the Average Cost of *Instruction* with the Average Cost of *Education*. The Average Cost of Education is the instructional funding need generated by the base budget adequacy model. The Average Cost of Education is not comparable to the Average Cost of Instruction due to the differences in methodology.

The Average Cost of Education now serves as the basis for insuring that nonresident undergraduate and graduate students cover at least 100 percent of the average cost of their education as the General Assembly instructed colleges and universities in the 1991 legislative session. Nonresident tuition and mandatory E&G fee rates for the upcoming academic year are examined against the Average Cost of Education in the prior year to insure they cover 100 percent of the Average Cost of Education. Commonwealth policy continues to allow the university to recover the full cost from nonresidents as a group.

Because the State Council of Higher Education for Virginia does not compute the Average Cost of Education until July, the following table presents Virginia Tech's estimate of the Average Cost of Education and coverage percentages by student category for 2013-14. The Average Cost of Education is estimated to be \$15,955. The proposed Virginia Tech nonresident tuition and mandatory E&G fees are 156 percent of the Average Cost of Education and are in compliance with state tuition policy.

Average percentages of the Cost of Education by individual student category are summarized in the following schedule.

	<u>Amount*</u>	<u>% of Average</u>
Average Cost of Education	\$ 15,955	
<u>Undergraduates</u>		
Residents	9,703	61%
Nonresidents	24,826	156%
<u>Graduates</u>		
Residents	11,271	71%
Nonresidents	22,232	139%
<u>Residency</u>		
Residents		62%
Nonresidents		150%

\*Amount includes proposed tuition, and E&G fees for 2013-14 (the nonresident capital and equipment fee is not comparable to the Average cost of Education).

### **Excess Credit Hour Surcharge**

The 2006 General Assembly (§ 23-7.4F Code of Virginia) required the establishment of a surcharge to be assessed to all resident undergraduate students beginning in the semester after 125 percent of credit hours required for baccalaureate degrees have been completed.

This applies to students entering on or subsequent to August 1, 2006. The surcharge amount is the difference between the Average Cost of Education and the in-state undergraduate tuition and mandatory E&G fees. In effect, the surcharge requires the student to pay the Average Cost of Education once they have exceeded 125 percent of degree requirements.

The following table displays the actual 2012-13 surcharge amount and an estimated surcharge amount for 2013-14 based on Virginia Tech's estimate of the Average Cost of Education for 2013-14 and the proposed 2013-14 tuition and mandatory E&G fees included in this package.

	2012-13 Charge	Estimated 2013-14*
Average Cost of Education	\$ 15,875	\$15,955
In State Undergraduate Tuition and E&G Fees	9,250	9,703
Surcharge-Annual	6,625	6,252
Surcharge Per Credit Hour	276	261

\*The Average Cost of Education for 2013-14 is an estimated value pending SCHEV's computation in July 2013.

### **Comprehensive Fee**

In 2012-13, students attending Virginia Tech paid a Comprehensive Fee totaling \$1,673 to support six different services. The Student Activity Fee, the Health Service Fee, the Athletic Fee, the Bus Fee, the Recreational Sports Fee, and the Student Services Fee are consolidated into one fee in order to streamline the process for collecting and accounting for these charges. The \$1,673 per student fee is the lowest Comprehensive Fee charged by any four-year institution in Virginia. Comprehensive fees at the other five doctoral institutions range from \$1,940 to \$4,792. Individual descriptions and recommended amounts for 2013-14 are given below for each component of the Comprehensive Fee.

### **Student Activity Fee**

Full-time students currently pay \$437 annually for the Student Activity Fee, which covers the debt retirement, maintenance and operation of the student centers, and supports student activities as determined by the Student Budget Board. Part-time students pay one-half of this fee. A \$27 increase in the Student Activity Fee is recommended for 2013-14 to cover personnel costs, adjustments to fringe benefit rates, increased utility costs, facility and maintenance costs, student affairs costs, an increase in student budget board funding, and operating support for the Center for the Arts. If approved, the current \$437 per year charge will be replaced by a \$464 annual, or \$232 per semester, charge in the 2013-14 academic year.

### **Health Service Fee**

Full-time students currently pay \$362 per year for normal medical and nursing attention and counseling services provided by Schiffert Student Health Services, Cook Counseling Center, and Virginia Tech Rescue Squad operations. Part-time students



may elect to pay the fee for health service coverage. A \$10 increase in the Health Service Fee is recommended for 2013-14 to cover personnel costs, adjustments to fringe benefit rates, increased utility costs, student affairs costs, and increases in general operating costs. If approved, the current \$362 per year charge will be replaced by a \$372 annual, or \$186 per semester, charge in the 2013-14 academic year.

### **Athletic Fee**

Full-time students currently pay \$267 per year, or \$133.50 per semester, to support a portion of the athletic program operations. Part-time students may elect to pay the Athletic Fee. A \$6 increase in the Athletic Fee is recommended for 2013-14 to cover adjustments to facility and maintenance costs and Student Athlete Academic Services Support. The student fee revenue covers the costs of athletic administration and sponsoring intercollegiate varsity sports that do not generate revenue. This fee entitles students to free admissions into sporting events, while recognizing that student seating is limited thus not guaranteed. If approved, the current \$267 per year charge will be replaced by a \$273 annual, or \$136.50 per semester, charge in the 2013-14 academic year.

### **Bus Fee**

Students enrolled at Virginia Tech have unlimited access to bus transportation provided by the Blacksburg Transit System through a contract the university negotiates with the Town of Blacksburg each year. In the current year, students pay \$109 per year, or \$54.50 per semester for unlimited ridership. Part-time students pay one-half of the fee. An estimated three and a half million student trips on the Blacksburg Transit will occur in 2012-13. In addition to the convenience for students, the bus system saves the university considerable resources by lowering requirements for on-campus parking. A \$14 increase in the Bus Fee is recommended for 2013-14 to cover operating and additional buses. If approved, the current \$109 per year charge will be replaced by a \$123 annual, or \$61.50 per semester, charge in the 2013-14 academic year.

### **Recreational Sports Fee**

Full-time students currently pay \$265 annually for the Recreational Sports Fee, which supports debt retirement, maintenance, operations, intramural and extramural sports club programs, and recreational activities. Part-time students pay one-half of the full-time fee. An \$8 increase in the Recreational Sports Fee is recommended for 2013-14 to cover personnel costs, adjustments to fringe benefit rates, increased utility costs, facility maintenance, student affairs costs, as well as operating, wages, and equipment replacement. If approved, the current \$265 per year charge will be replaced by a \$273 annual, or \$136.50 per semester, charge in the 2013-14 academic year.

## Student Services Fee

Full-time students currently pay \$233 annually for the Student Services Fee, which supports the debt retirement, operation, and maintenance of the Career Services facility; non self-supporting student services components of the Hokie Passport Office, including the cost of new student IDs; the Office of Student Conduct; the Office of Fraternity and Sorority Life; and the cost of maintaining the campus wireless network.

A \$3 increase for Career Services and a \$2 increase for the Office of Student Conduct are recommended to align facility and operating costs. A \$9 increase is recommended for the wireless network component to cover telecommunications network infrastructure improvements. If approved, the current \$233 charge will be replaced with a \$247 annual, or \$123.50 per semester, fee in the 2013-14 academic year. Part-time students would pay one-half of this fee.

## Summary of Comprehensive Fee

	2012-13 Charge <u>Annual Fee</u>	Proposed 2013-14 <u>Annual Fee</u>
Student Activity Fee	\$ 437	\$ 464
Health Service Fee	362	372
Athletic Fee	267	273
Bus Fee	109	123
Recreational Sports Fee	265	273
Student Services Fee	<u>233</u>	<u>247</u>
Total	1,673	1,752

## Room and Board Charges

The University's Residential and Dining Programs serve students by providing on-campus housing and dining services. Generally, all entering freshmen must live on campus, and housing is available on a limited basis for returning students who choose to live on campus at the fee approved by the Board of Visitors. The university establishes optional room and board rates based on a derivation of the Board-approved fee and to appropriately reflect costs for Summer Session and summer conferences. All students living on campus must select a meal plan, with the exception of students who elect to reside in the planned Oak Lane – Phase IV housing development; off-campus students may elect to participate in one of the meal plan programs.

## Room Fees

A 3.9 percent increase is proposed to cover personnel costs, adjustments to fringe benefit rates, increased utility costs, student affairs costs, the maintenance of facilities, and debt service and planning costs for major facility renovation projects and improvements.

Included within the dormitory rate is a charge for the university's telecommunication system. Since 1988, voice, video, and data services have been provided for all dormitory residents. In addition, the proposed room rates by location and room type are listed below:

	2012-13 Charge <u>Annual Fee</u>	Proposed 2013-14 <u>Annual Fee</u>
Upper Quad	\$4,190	\$4,354
Lower and Prairie Quad	4,448	4,622
Cochrane Hall	5,468	5,682
Special Purpose	5,484	5,698
Oak Lane IV	6,492	6,744
Payne Park		
Traditional - Single	6,550	6,806
Traditional - Double	4,868	5,058
Suite - Single	7,904	8,212
Suite - Double	5,808	6,034
Large Suite - Double	5,942	6,174
East & West Ambler Johnston Residential College		
Traditional – Double	5,710	5,932
Private Bath – Double	6,492	6,744
Efficiency – Double	6,570	6,826
Hillcrest		
Double	5,332	5,540
Single	7,152	7,430
Main Campbell		
Double	4,980	5,174
Single	6,666	6,926
Graduate Life Center at Donaldson Brown		
Double	6,072	6,308
Single	8,172	8,490
New Hall West		
Double	6,072	6,308
Single	8,172	8,490



## Board Fees

Students living on-campus currently have a choice of three types of flexible meal plans. The Flex Plan operates like a debit account with a designated amount for the purchase of food in the dining facilities. Students are able to increase their Flex account balance during the year by depositing cash to their Flex accounts. Consistent with the purchasing power of traditional meal plans, the intent of annual rate changes for the Flex Plans is to hold overall purchasing power constant year-to-year.

A 7.9 percent increase is proposed for board fees to cover increased food costs, personnel costs, adjustments to fringe benefit rates, increased utility costs, student affairs costs, the maintenance of facilities, as well as operating and debt service costs for the new Turner Street facility. The proposed board rates by meal plan program are listed below:

	2012-13 Charge <u>Annual Fee</u>	Proposed 2013-14 <u>Annual Fee</u>
Major Flex Plan	\$2,806	\$3,028
Mega Flex Plan	3,006	3,244
Premium Flex Plan	3,216	3,470

## Specialized Campus Fees

Specialized campus fees are designed to cover costs that are unique to a specific campus. These fees are charges established for a specific campus which are beyond regular tuition and fees and are equal for students, both resident and nonresident.

### **Northern Virginia Center Student Services Fee**

The comprehensive fee, which supports a number of on-campus services, is not charged to off-campus students. However, students attending courses at the Northern Virginia Center benefit from several of these services including the infrastructure and use of the wireless network, as well as the issuance and use of student identification cards. For 2013-14, the university proposes assessing a \$113 annual student services fee to Northern Virginia Center students. Part-time students would pay one-half of this fee.

### **Fee Rates for the Center for European Studies and Architecture**

The Center for European Studies and Architecture (CESA) in Lugano, Switzerland, opened in the Fall of 1993. The Center serves as a resident educational facility for Virginia Tech students from many academic programs. Providing the opportunity for

students to study abroad is an important strategy in strengthening the international programs of Virginia Tech, an objective of both the university and the Commonwealth.

For purposes of financing the operations of the Center, two separate programs are maintained. First, all instructional costs are accounted for in the Educational and General program of the University Division. Second, the housing, dining, and student activity auxiliary enterprise programs are recorded within the university's Residential and Dining Hall System. The Ferrari Foundation, the university's Swiss subsidiary corporation, manages the day-to-day activities of the Center.

Students attending the Center for European Studies and Architecture are assessed the same tuition as on-campus students, and it is recommended that this tuition policy continue.

For housing and dining services at the Center, the proposed fees are higher than on-campus rates to reflect the higher cost of living at the Center. Students are not required to pay the on-campus Comprehensive Fee while studying abroad. Students currently pay a \$117 CESA student activity fee, which provides students with community-building social and recreational events and activities. The university proposes no increase in the student activity fee for the 2013-14 academic year and a \$244 increase in the room and board fee to cover increased operating costs and the current exchange rate; this represents an increase of 3.78 percent. If approved, CESA students will pay a \$117 Student Activity Fee and \$6,712 per semester for room and board. The university proposes the following semester rates for Virginia Tech students:

	2012-13 Charge <u>Semester Rate</u>	Proposed 2013-14 <u>Semester Rate</u>
CESA Student Activity Fee	\$ 117	\$ 117
CESA Room and Board Costs	6,468	6,712

### **Specialized Program Fees**

Supplemental program fees are designed to cover costs that are unique to a specific discipline. To maintain the intent of the Commonwealth's funding policies regarding the collection and allocation of tuition revenues, Specialized Program Fees are charges established for a specific program which are beyond regular tuition and fees and are equal for students, both resident and nonresident.

### **Architecture + Design Supplemental Fee**

Architecture, industrial design, interior design, and landscape architecture students in the School of Architecture + Design need access to appropriate studio equipment and technology. Since Fall 2008, the university has recognized this differential cost of instruction for students with majors in the School of Architecture + Design through a

supplement program fee. This fee supports costs that are unique to Architecture + Design students including: the updating, equipment, and materials for instructional studios, student projects, and operational support of instructional studios. A \$65 change in the supplemental fee is recommended for 2013-14:

	2012-13 Charge <u>Annual Fee</u>	Proposed 2013-14 <u>Annual Fee</u>
Full-time	\$650	\$715
Part-time	325	358

### Engineering Supplemental Fee

To ensure that engineering students continue to receive a state-of-the-art education in a quality learning environment, the university began recognizing the higher cost of instruction in the College of Engineering (COE) through the establishment of a supplemental fee in fall 2007. This fee supports costs that are unique to College of Engineering students including: the continuing need for modernization of instrumentation and materials for instructional laboratories and student projects, instructional space costs, effective maintenance of instrumentation and technology, and operation of the instructional laboratories. The supplemental fee proposal for 2013-14, is presented below:

	2012-13 <u>Charge</u>	Proposed <u>2013-14</u>
<u>Undergraduate</u>	\$30/hour	\$33/hour
<u>Graduate</u>		
Full-time	720/year	792/year

## **Pamplin College of Business Fee**

Delivering a high-quality business education requires the resources to address costs unique to the Pamplin College of Business. To ensure continued excellence in the Pamplin College of Business, dedicated resources are required. A new fee is proposed to address this need. Funds will be utilized exclusively for the Pamplin College of Business. The new fee would begin with all 1000 level business classes for the Fall 2013 semester and be phased in yearly with 2000 level classes starting in Fall 2014, 3000 level classes in Fall 2015, and 4000 level classes in Fall 2016.

	<u>2012-13 Charge</u>	<u>Proposed 2013-14</u>
<u>1000 Level Courses</u>	N/A	\$25/hour

## **Course Specific Charges**

The university may establish course specific charges for study abroad costs, field trips, course materials, laboratory cost, or other extraordinary costs tied to individual courses. The university avoids establishing course charges for materials and laboratory charges in programs with specialized program fees.

## **Specialized Graduate Degree Program Fees**

Specialized graduate degree programs provide a valuable service by meeting targeted educational and professional development needs. Since both the academic units and the university have added costs associated with providing high demand specialized graduate degree programs, specialized graduate program fees address these incremental college and university costs required to deliver high quality programs. To maintain the intent of the Commonwealth's funding policies regarding the collection and allocation of tuition revenues, Specialized Graduate Program Fees are charges established for a specific graduate program, potentially at a specific location, beyond regular tuition and fees and are equal for students, both resident and nonresident.

## **Veterinary Medicine Facility Fee**

Capital improvements have enhanced the College of Veterinary Medicine instructional space. Increased and enhanced facilities were necessary for the recruitment and retention of high-quality faculty and students. All Veterinary Medicine students are assessed a facility fee. Proceeds from the facility fee will be used exclusively for College of Veterinary Medicine instructional space improvements. A favorable interest

rate was secured for recent debt issued to complete a major instructional facility construction project, enabling the university to reduce the facility fee for students in the college for 2013-14.

	2012-13 <u>Charge</u>	Proposed <u>2013-14</u>
Veterinary Medicine Facility Fee	\$1,535	\$ 1,250

### **Master of Public Health (MPH) Supplemental Fee**

The MPH degree program was approved by the Virginia Tech Board of Visitors on June 1, 2009 and by the State Council of Higher Education for Virginia (SCHEV) on January 12, 2010. For 2013-14, the proposed supplemental fee is to remain at the same level as the 2012-13 rate. Part-time students will pay one-half of the fee.

	2012-13 <u>Charge</u>	Proposed <u>2013-14</u>
Full-time	\$500	\$500
Part-time	250	250

### **Master of Business Administration Supplemental Fee**

At the November 2009 Board of Visitors meeting, a new program fee for the Master of Business Administration (MBA) program was approved. This fee, implemented in Fall 2010, more appropriately aligns pricing of the Virginia Tech MBA program and provides increased funding for the college's academic program, expanded recruitment efforts, and enhanced career placement services for students.

The fee is not assessed to Executive MBA or Professional MBA students (which have separate rate structures). On and off campus students pay this fee; part-time students will pay the fee on a per credit hour basis. The supplemental fee proposal for 2013-14, with no change recommended, is presented below:

	2012-13 <u>Charge</u>	Proposed <u>2013-14</u>
Full-time	\$3,900	\$3,900
Part-time	\$162.50/hour	\$162.50/hour

### **Executive Model Graduate Degree Program Fees**

While similar to specialized graduate program fees, the industry standard for this type of professional education program is to be quoted in terms of a total cost, for the entire program period. A program period generally spans 18 months to two years. A new



multi-year total cost is developed for each incoming cohort. The annual program fees are established as the difference between regular tuition and fees and the total cost during the cohort period. The program fee for a cohort's second year is established when tuition and fee rates are established for that year; this can be impacted by various factors including cost assignments by the General Assembly (such as the non-resident capital assessment), but are designed to honor the previously quoted total cost of the entire program period.

### **Professional Master of Business Administration (PMBA) Supplemental Fee**

The PMBA program is intended for experienced working professionals to complete an MBA on a part-time basis in an accelerated format. The program is designed on the cohort model with face-to-face weekend classes (in Richmond and Roanoke) while leveraging online technology for supplemental instructional delivery to provide flexibility for busy working professionals to complete the program over a two year period. The charges for the Professional MBA program are presented in the table below:

	<u>Two-Year Program Cost</u>	<u>2012-13 Charge</u>	<u>Proposed 2013-14</u>	<u>Placeholder 2014-15</u>
<u>Fall 2012 Cohort</u>				
PMBA Total Cost – Resident	\$36,500	\$17,962	\$18,538	
Less: Off-campus Tuition & Fees		<u>(11,885)</u>	<u>(12,469)</u>	
PMBA Fee – 2012 Resident		6,077	6,069	
 PMBA Total Cost – Nonresident	 57,500	 29,179	 28,321	
Less: Off-campus Tuition & Fees		<u>(23,102)</u>	<u>(24,427)</u>	
PMBA Fee – 2012 Nonresident		6,077	3,894	
<u>Fall 2013 Cohort</u>				
PMBA Total Cost – Resident	37,500		18,559	18,941
Less: Off-campus Tuition & Fees			<u>(12,469)</u>	<u>TBD</u>
PMBA Fee – 2013 Resident		N/A	6,090	TBD
 PMBA Total Cost – Nonresident	 58,500		 30,517	 27,983
Less: Off-campus Tuition & Fees			<u>(24,427)</u>	<u>TBD</u>
PMBA Fee – 2013 Nonresident		N/A	6,090	TBD

### Executive Master of Natural Resources (XMNR) Supplemental Fee

In 2010-11, the College of Natural Resources expanded the existing Master of Natural Resources program delivered in the National Capital Region by adding an executive format cohort. The program is an accelerated, non-residential graduate degree for working professionals with significant management experience. The proposed total cost and resulting supplemental fee are listed below.

	Two-Year Program Cost	2012-13 Charge	Proposed 2013-14	Placeholder 2014-15
<u>Spring 2013 Cohort</u>				
XMNR Total Cost – Resident	\$42,000	\$20,691	\$21,309	
Less: Off-campus Tuition & Fees		(11,885)	(12,469)	
XMNR Fee – 2013 Resident		8,806	8,840	N/A
XMNR Total Cost – Nonresident	61,971	31,908	30,063	
Less: Off-campus Tuition & Fees		(23,102)	(24,427)	
XMNR Fee – 2013 Nonresident		8,806	5,636	N/A
<u>Spring 2014 Cohort</u>				
XMNR Total Cost – Resident	42,000		20,669	21,331
Less: Off-campus Tuition & Fees			(12,459)	TBD
XMNR Fee – 2014 Resident		N/A	8,200	TBD
XMNR Total Cost – Nonresident	61,971		32,622	29,349
Less: Off-campus Tuition & Fees			(24,422)	TBD
XMNR Fee – 2014 Nonresident		N/A	8,200	TBD

### Parking Fee

The General Assembly directed institutions of higher education to organize parking services as an auxiliary enterprise operation in 1989. The expenditure of General Fund dollars for the maintenance or improvement of parking lots and facilities was prohibited. Accordingly, Virginia Tech established the Parking Services Auxiliary Enterprise at the beginning of fiscal year 1989-90 and instituted a fee for faculty, staff, and students who parked in campus lots. For 2012-13, the annual parking fee is \$235 for faculty and staff, \$212 for commuter/graduate students and \$235 for resident students. The fee revenue covers the costs of operating, constructing, maintaining, and improving the parking lots and facilities. Annual parking fees at other Virginia doctoral institutions for 2012-13 range from \$216 to over \$600 for students, dependent upon the type and proximity of parking facilities utilized.

The university proposes to increase the annual parking fee for commuter/graduate students from \$212 to \$230, resident students from \$235 to \$284, and faculty and staff

from \$235 to \$247 for 2013-14. The increases are necessary to cover operating, debt service, and planning costs for major facility projects. The university also proposes to continue to provide a parking rate discount to encourage car-pooling in an effort to reduce the amount of vehicular traffic on campus.

### **Summary of Tuition and Fee Rates**

A summary of the recommended tuition rates is shown on Schedules 1 and 2, and a summary of fees is attached on Schedules 3 and 4. Also, the total mandatory costs for students to attend Virginia Tech is detailed on Schedule 5 for undergraduate students and Schedule 6 for graduate students.

### **RECOMMENDATION:**

That the proposed tuition and fee rates be approved, effective Fall Semester 2013.



**Schedule 1**

**VIRGINIA TECH**  
**2013-14 TUITION RECOMMENDATIONS**  
**SUMMARY OF ANNUAL CHARGES**

**RECOMMENDATION**

	<u>2012-13 Charge</u>	<u>Proposed 2013-14</u>	<u>Rate Increase</u>	
			<u>\$</u>	<u>%</u>
<b>Undergraduate Students</b>				
Resident	\$9,187	9,617	\$430	4.7%
Nonresident	23,575	<del>24,740</del>	<del>1,165</del>	<del>4.9%</del>
		24,769	1,194	5.06%
<b>Graduate Students</b>				
On-Campus Programs				
Resident	10,677	11,185	508	4.8%
Nonresident	20,926	22,146	1,220	5.8%
Off-Campus Programs				
Resident	11,822	12,383	561	4.7%
Nonresident	22,435	23,737	1,302	5.8%
<b>Veterinary Medicine</b>				
Virginia/Maryland	18,163	18,708	545	3.0%
Out-of-State Non-Maryland	42,491	43,766	1,275	3.0%

*Presentation Date: April 28, 2013*

## Schedule 2

## VIRGINIA TECH

## 2013-14 SPECIAL TUITION RATES

## SUMMARY OF HOURLY RATES

	2012-13 Charge	Proposed 2013-14	Increase	
			\$	%
<b><u>Regular Part-Time Students (a)</u></b>				
<b><u>Undergraduate Students</u></b>				
Resident	\$382.75	\$400.75	\$18.00	4.7%
Nonresident	982.25	<del>1,030.75</del>	<del>48.50</del>	<del>4.9%</del>
		1,032.00	49.75	5.06%
<b><u>Graduate Students</u></b>				
<b><u>On-Campus Programs</u></b>				
Resident	593.25	621.50	28.25	4.8%
Nonresident	1,162.50	1,230.25	67.75	5.8%
<b><u>Off-Campus Programs</u></b>				
Resident	656.75	688.00	31.25	4.8%
Nonresident	1,246.50	1,318.75	72.25	5.8%
<b><u>Summer and Winter Sessions</u></b>				
<b><u>On-Campus Programs</u></b>				
Undergraduate Resident	344.00	361.00	17.00	4.9%
Undergraduate Nonresident	884.00	928.00	44.00	5.0%
<b><u>On-line Masters of Information Technology</u></b>				
MIT Major	N/A	900.00	N/A	N/A
<b><u>School Personnel</u></b>				
Undergraduate Resident	230.00	240.00	10.00	4.3%
<b><u>Graduate Resident</u></b>				
Blacksburg Campus	356.00	373.00	17.00	4.8%
Extended Campus	394.00	413.00	19.00	4.8%
<b><u>Study Abroad Programs (b)</u></b>				
Undergraduate Resident	306.00	321.00	15.00	4.9%
Undergraduate Nonresident	786.00	825.00	39.00	5.0%
Graduate Resident	475.00	497.00	22.00	4.6%
Graduate Nonresident	930.00	984.00	54.00	5.8%

(a) Part-time tuition charges for all student categories are derived from the full-time rate and are directly related to the number of credit hours taken. For tuition calculation purposes, the full-time undergraduate semester rate is divided by 12 credit hours and the full-time graduate student semester rate is divided by 9 hours.

(b) Special tuition rates for study abroad do not include students studying at the Center for European Studies and Architecture.

Presentation Date: April 28, 2013

## Schedule 3

**VIRGINIA TECH**  
**2013-14 FEE RECOMMENDATIONS**  
**SUMMARY OF ANNUAL CHARGES**

	2012-13 Charge	Proposed 2013-14	Increase	
			\$	%
<b><u>Educational and General Fee</u></b>				
Technology Fee	63	66	3	4.8%
Library Fee	0	20	20	N/A
Commonwealth Capital and Equipment Fee				
Resident	0	0	0	-
Nonresident	604	604	0	0.0%
<b><u>Comprehensive Fee</u></b>				
Student Activity Fee	437	464	27	6.2%
Health Service Fee	362	372	10	2.8%
Athletic Fee	267	273	6	2.2%
Bus Fee	109	123	14	12.8%
Recreational Sports Fee	265	273	8	3.0%
Student Services Fee	233	247	14	6.0%
Total Comprehensive Fee	1,673	1,752	79	4.7%
Northern Virginia Center Student Services Fee	104	113	9	8.7%
<b><u>Room Fees</u></b>				
Upper Quad	4,190	4,354	164	3.9%
Pre-1983 Dormitories	4,448	4,622	174	3.9%
Cochrane Hall	5,468	5,682	214	3.9%
Special Purpose Housing	5,484	5,698	214	3.9%
Oak Lane IV	6,492	6,744	252	3.9%
Payne Park				
Traditional - Single	6,550	6,806	256	3.9%
Traditional - Double	4,868	5,058	190	3.9%
Suite - Single	7,904	8,212	308	3.9%
Suite - Double	5,808	6,034	226	3.9%
Suite - Double (Large Suite)	5,942	6,174	232	3.9%
East & West Ambler Johnston Residential College				
Traditional Double	5,710	5,932	222	3.9%
Private Bath Double	6,492	6,744	252	3.9%
Efficiency Double	6,570	6,826	256	3.9%
Hillcrest				
Double Occupancy	5,332	5,540	208	3.9%
Single Occupancy	7,152	7,430	278	3.9%
Main Campbell & Newman				
Double Occupancy	4,980	5,174	194	3.9%
Single Occupancy	6,666	6,926	260	3.9%
Graduate Life Center at Donaldson Brown				
Double Occupancy	6,072	6,308	236	3.9%
Single Occupancy	8,172	8,490	318	3.9%
New Residence Hall West				
Double Occupancy	6,072	6,308	236	3.9%
Single Occupancy	8,172	8,490	318	3.9%
<b><u>Board Fees</u></b>				
Major Flex Plan	2,806	3,028	222	7.9%
Mega Flex Plan	3,006	3,244	238	7.9%
Premium Flex Plan	3,216	3,470	254	7.9%

Presentation Date: April 28, 2013

## Schedule 4

**VIRGINIA TECH**  
**2013-14 SUPPLEMENTAL PROGRAM FEES**

*All charges are academic year unless otherwise noted.*

	2012-13 Charge	Proposed 2013-14	Increase	
			\$	%
<b><u>Specialized Program Fees</u></b>				
Architecture + Design Supplemental Fee				
Full-time	\$650	\$715	\$65	10.0%
Part-time	325	358	33	10.0%
Engineering Supplemental Fee				
Undergraduate, per credit hour	30	33	3	10.0%
Graduate - Full-time	720	792	72	10.0%
- Part-time	360	396	36	10.0%
Pamplin College of Business Supplemental Fee				
1000 level courses, per credit hour	N/A	25	N/A	N/A
<b><u>Specialized Graduate Degree Programs</u></b>				
Veterinary Medicine Facility Fee	1,535	1,250	(285)	-18.6%
Master of Public Health - Full-time	500	500	0	0.0%
- Part-time	250	250	0	0.0%
Master of Business Administration-Full-time	3,900	3,900	0	0.0%
- Part-time, per credit hour	162.50	162.50	0	0.0%
Master of Information Technology				
Per credit hour	145.25	N/A	N/A	N/A
<b><u>Executive Model Graduate Degree Programs (a)</u></b>				
Professional MBA				
Fall 2012 Cohort - Resident	6,077	6,069	(8)	-0.1%
- Nonresident	6,077	3,894	(2,183)	-35.9%
Fall 2013 Cohort - Resident	N/A	6,090	N/A	N/A
- Nonresident	N/A	6,090	N/A	N/A
Executive Master of Natural Resources				
Spring 2013 Cohort - Resident	8,806	8,840	34	0.4%
- Nonresident	8,806	5,636	(3,170)	-36.0%
Spring 2014 Cohort - Resident	N/A	8,200	N/A	N/A
- Nonresident	N/A	8,200	N/A	N/A

(a) Supplemental program fees for Executive Model Graduate Degree Programs are designed to balance the difference between the quoted price (for a multi-year program) and actual tuition and fees.

*Presentation Date: April 28, 2013*

## Schedule 5

## VIRGINIA TECH

## TOTAL COST TO STUDENTS

## Comparison of 2012-13 and 2013-14 Annual Charges

UNDERGRADUATE STUDENTS

	<u>2012-13 Charge</u>	<u>Proposed 2013-14</u>	<u>Increase</u>	
			<u>\$</u>	<u>%</u>
<b><u>Resident</u></b>				
Tuition	\$9,187	\$9,617	\$430	4.7%
Comprehensive & E&G Fees	<u>1,736</u>	<u>1,838</u>	<u>102</u>	<u>5.9%</u>
Total All Residents	<u>10,923</u>	<u>11,455</u>	<u>532</u>	<u>4.9%</u>

Nonresident

Tuition	23,575	24,769	1,194	5.06%
Comprehensive & E&G Fees	<u>2,340</u>	<u>2,442</u>	<u>102</u>	<u>4.4%</u>
Total All Nonresidents	<u>25,915</u>	<u>27,211</u>	<u>1,296</u>	<u>5.0%</u>

Presentation Date: April 28, 2013

## Schedule 6

**VIRGINIA TECH**  
**TOTAL COST TO STUDENTS**  
**Comparison of 2012-13 and 2013-14 Annual Charges**

	2012-13 Charge	Proposed 2013-14	Increase	
			\$	%
<b><u>GRADUATE STUDENTS</u></b>				
<b>On-Campus Programs</b>				
<u>Resident</u>				
Tuition	\$10,677	\$11,185	\$508	4.8%
Comprehensive & E&G Fees	1,736	1,838	102	5.9%
Total Cost for Residents	<u>12,413</u>	<u>13,023</u>	<u>610</u>	<u>4.9%</u>
<u>Nonresident</u>				
Tuition	20,926	22,146	1,220	5.8%
Comprehensive & E&G Fees	2,340	2,442	102	4.4%
Total Cost for Nonresidents	<u>23,266</u>	<u>24,588</u>	<u>1,322</u>	<u>5.7%</u>
<b>Off-Campus Programs</b>				
<u>Resident</u>				
Tuition	11,822	12,383	561	4.7%
Comprehensive & E&G Fees	167	199	32	19.2%
Total Cost for Residents	<u>11,989</u>	<u>12,582</u>	<u>593</u>	<u>4.9%</u>
<u>Nonresident</u>				
Tuition	22,435	23,737	1,302	5.8%
Comprehensive & E&G Fees	771	803	32	4.2%
Total Cost for Nonresidents	<u>23,206</u>	<u>24,540</u>	<u>1,334</u>	<u>5.7%</u>
<b><u>VETERINARY MEDICINE</u></b>				
<b>Virginia/Maryland Students</b>				
Tuition	18,163	18,708	545	3.0%
Comprehensive & E&G Fees	3,271	3,088	-183	-5.6%
Total Cost for Virginia/Maryland Students	<u>21,434</u>	<u>21,796</u>	<u>362</u>	<u>1.7%</u>
<b>Out-of-State Students</b>				
Tuition	42,491	43,766	1,275	3.0%
Comprehensive & E&G Fees	3,875	3,692	-183	-4.7%
Total Cost for Out-of-State Students	<u>46,366</u>	<u>47,458</u>	<u>1,092</u>	<u>2.4%</u>

Presentation Date: April 28, 2013