

Virginia Tech Board of Visitors Meeting

May 17, 2012

Minutes

- A. [Presentation](#): 2012-13 Tuition and Fee Presentation
- B. [Proposal](#): Option 2_Tuition and Fee Rates for 2012-13 (APPROVED)

MINUTES

May 17, 2012

The Board of Visitors of Virginia Polytechnic Institute and State University held a special meeting on Thursday, May 17, 2012, at 12:00 noon at the Virginia Tech Research Center at 900 N. Glebe Road in Arlington, Virginia, and via tele/videoconference.

Present

Mr. George Nolen (Rector)
 Mr. Frederick J. Cobb (via phone)
 Ms. Beverley Dalton
 Mr. Douglas R. Fahl
 Mr. Cordel Faulk
 Mr. William B. Holtzman
 Dr. Calvin D. Jamison, Sr.
 Mr. John C. Lee IV (via phone)
 Ms. Suzanne Obenshain
 Ms. Deborah Leigh Martin Petrine (via phone)
 Mr. Michael J. Quillen
 Mr. John G. Rocovich, Jr. (via phone)
 Mr. Paul W. Rogers, Jr.
 Dr. Bruce Pencek, Faculty Representative (videoconference)
 Ms. Maxine Lyons, Staff Representative (videoconference)
 Ms. Michelle McLeese, Graduate Student Representative (videoconference)

Absent

Ms. Michele Duke
 Mr. Matthew Banfield, Undergraduate Student Representative

Also present in Arlington: Dr. Charles Steger, Mr. Ralph Byers, Ms. Natalie Hart, Mr. Timothy Hodge, Ms. Elizabeth Hooper, Ms. Kim O'Rourke, Mr. Dwight Shelton, Dr. Sherwood Wilson, faculty, staff, and reporters.

Present in Blacksburg (videoconference): Ms. Shelia Collins, Dr. Sam Easterling, Dr. Jack Finney, Mr. Mark Gess, Ms. Heidi McCoy, Mr. Mark Owczarski, Ms. Ellen Plummer, Mr. Christopher Rahmes, Dr. Ken Smith, Ms. Sandra Smith, Ms. Brenda van Gelder, Dr. Lisa Wilkes, Ms. Tonia Moxley (*Roanoke Times*).

Present at other locations: Dr. Mark McNamee (videoconference).

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Rector Nolen convened the meeting at 12:00 noon.

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Presentation on 2012-13 Tuition and Fee Recommendations

Rector Nolen called on Mr. Shelton, Vice President for Finance and Chief Financial Officer, to give a presentation for the Board on the outcome of the 2012 General Assembly Session and tuition and mandatory fee recommendations for 2012-13. (Copy filed with permanent minutes and marked Attachment A.)

Mr. Shelton reviewed the information shared at the April 20, 2012, special Board meeting held at The Hotel Roanoke. (Refer to minutes of that meeting for further information.) In addition, he shared two additional scenarios as requested by the Board at the April 20 meeting. All three options (including the one presented on April 20) would result in the lowest percentage increase in Virginia undergraduate tuition at Virginia Tech in 10 years.

The three options presented differed only in terms of the amount of the increase in tuition and mandatory fees for in-state undergraduate students. For 2011-12, annual tuition was \$8,852, and mandatory fees were \$1,657.

Option One would increase tuition to \$9,272 (an increase of \$420 or 4.7%). Fees would increase to \$1,752 (an increase of \$95 or 5.7%). The overall percentage increase would be 4.9 percent. Because of the remaining shortfall, this would require the university to make reductions and reallocations totaling \$13.3 million.

Option Two would increase tuition to \$9,187 (an increase of \$335 or 3.8%). Fees would increase to \$1,736 (an increase of \$79 or 4.8%). The overall percentage increase would be 3.9 percent. Because of the remaining shortfall, this would require the university to make reductions and reallocations totaling \$14.6 million.

Option Three would increase tuition to \$9,113 (an increase of \$261 or 2.9%). Fees would increase to \$1,736 (an increase of \$79 or 4.8%). The overall percentage increase would be 3.2 percent. Because of the remaining shortfall, this would require the university to make reductions and reallocations totaling \$15.9 million.

The differential pricing structure for the Colleges of Engineering, Architecture and Urban Studies, and Veterinary Medicine was consistent across the three options.

Mr. Shelton explained that Virginia Tech received the lowest (3.0%) increase in general fund support as a percent of E&G funding of all Virginia public institutions. Virginia Tech's base budget adequacy shortfall as computed by SCHEV is \$46.7 million, exceeded only by ODU and VCU. Under Options Two and Three, the incremental support received by Virginia Tech as a percentage of the Average Cost of Education would rank Virginia Tech at the very bottom of all Virginia public institutions. Option One would still place Virginia Tech in the bottom third.

Mr. Nolen reminded the Board that the university has \$34.2 million in major cost drivers for FY 2012-13 (see presentation from April 20, 2012).

Following a lengthy discussion of the negative budgetary impacts of the three tuition-and-fee options and possible ways to increase revenues and reduce costs, **Mr. Holtzman made a motion to consider only Options One and Two and to remove Option Three from consideration. The motion was seconded by Mr. Rogers and passed unanimously.**

Rector Nolen noted that Virginia Tech is doing a fantastic job with the available resources. He added that the Board's responsibilities include:

1. To preserve and advance the university's excellent reputation.
2. To make progress on the strategic plan.
3. To support a compensation plan to keep good faculty and staff.
4. To exercise due diligence in setting the budget.

Rector Nolen called upon each Board member to express his or her opinion individually. Although Ms. Dalton spoke in favor of Option One and several others found that option acceptable, the general consensus was in support of Option Two.

Mr. Rocovich made a motion to accept Option Two, which includes a 3.9 percent total increase in tuition and mandatory fees for Virginia undergraduates. The motion was seconded by Ms. Obenshain and approved unanimously. (Copy filed with the permanent minutes and marked Attachment B.)

President Steger commented that the resulting shortfall will slow progress and expressed concern about the fiscal situation for next year, FY 2013-14. The state will have no more money next year due to rising Medicare/health care costs, etc., and the university's fixed costs will continue to grow. Rector Nolen added that the university and the Board need to begin working immediately to bring about an increase in the level of funding that Virginia Tech receives from the state in comparison to other public institutions and to find ways to generate more revenue and achieve even greater operating efficiencies. Mr. Nolen thanked Mr. Shelton and his staff.

Dr. Jamison made a motion to adjourn, which was seconded by Mr. Rocovich and passed unanimously.

The date for the next regular meeting is June 3-4, 2012, in Blacksburg, Virginia.

The meeting adjourned at 1:45 p.m.

George Nolen, Rector

Kim O'Rourke, Secretary.



2012-13 Tuition and Fees

Board of Visitors

May 17, 2012

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

Update on State Support

- ❑ On May 5, 2012, the Governor submitted additional amendments to the budget recommended by the Joint Conference Committee.
- ❑ These amendments eliminated General Fund support for the state share of the envisioned 3% contingent bonus program at institutions of higher education.
- ❑ Passage of these amendments would result in \$3.3M less state support for the University Division's Educational and General program in 2012-13.
- ❑ This potential shortfall is not addressed in this presentation.
- ❑ On May 14th the General Assembly restored the state share to help with the cost of the bonus.

Chronology of Cost Drivers 2012-13

March	Cost Drivers Identified to Board	\$ 32.1
April	New Costs: 1% to Align with State Bonus	2.1
May 5	New Cost: General Fund Share of 3% Bonus	3.3
May 14	Reversal of May 5th General Fund Share of 3% Bonus	(3.3)
	Revised Cost Drivers	<u>\$ 34.2</u>

Analysis of State Budget

Incremental General Fund - 2012 Session

Virginia Public Institutions

Institution	\$	% of E&G GF
University of Virginia-Wise	\$1,163,446	10.3%
Virginia Military Institute	656,731	8.8%
Old Dominion University	6,843,230	7.5%
James Madison University	4,459,719	7.1%
Christopher Newport University	1,448,183	6.5%
Radford University	2,496,436	6.3%
University of Mary Washington	1,121,555	6.2%
Virginia State University	1,731,790	6.2%
Longwood University	1,118,763	5.1%
Virginia Commonwealth University	7,166,101	5.0%
Norfolk State University	1,818,964	4.8%
George Mason University	4,992,484	4.6%
College of William & Mary	1,097,190	3.1%
University of Virginia	3,470,242	3.1%
Virginia Tech	3,887,079	3.0%

Incremental General Fund per Resident FTE

2012 Session

Virginia Public Institutions

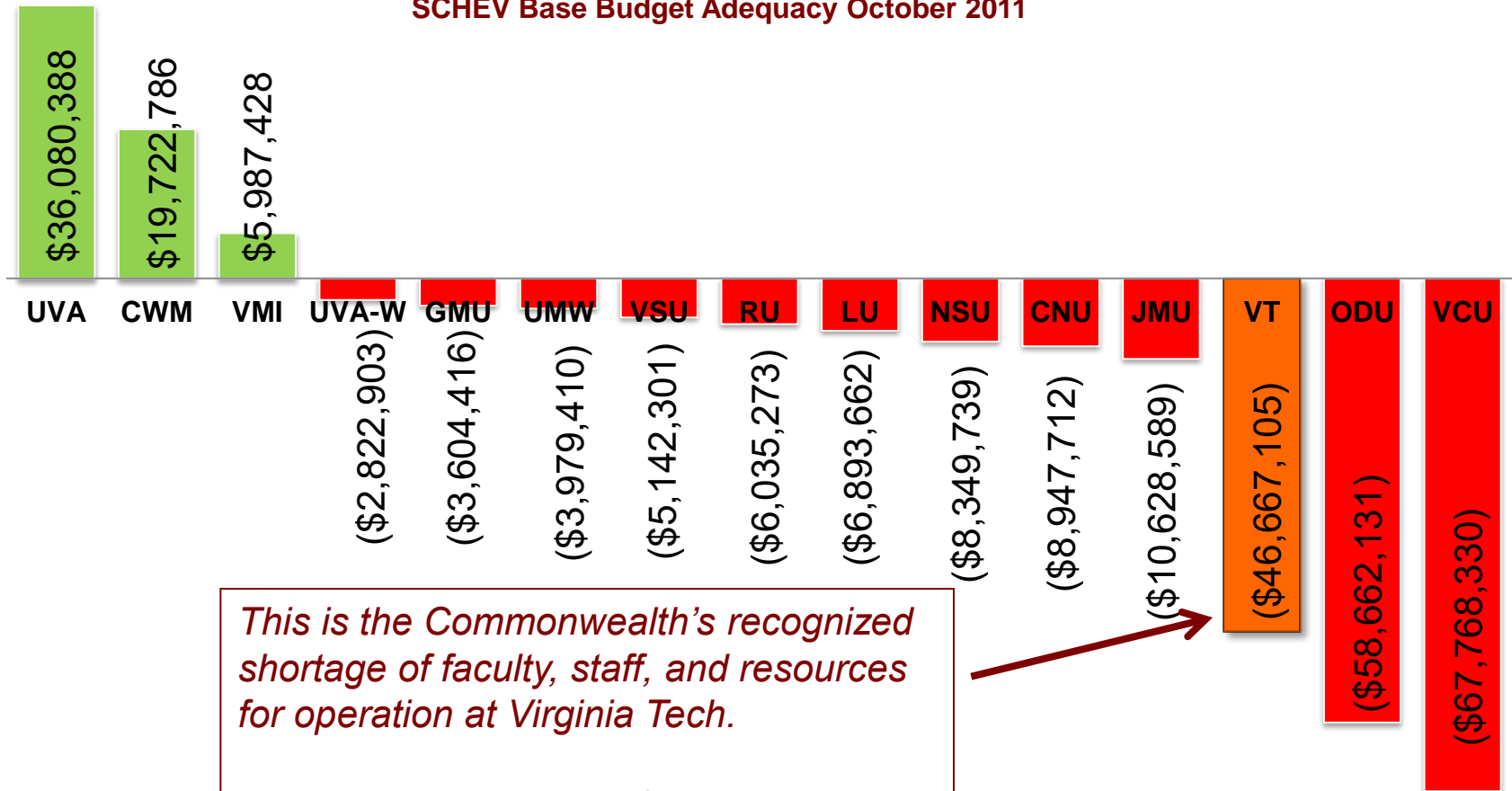
<u>Institution</u>	<u>Incremental GF/FTE</u>
University of Virginia-Wise	\$695
Virginia Military Institute	614
Virginia State University	444
Old Dominion University	391
Norfolk State University	372
James Madison University	329
Christopher Newport University	318
Radford University	303
Virginia Commonwealth University	289
University of Mary Washington	283
Longwood University	262
University of Virginia	251
George Mason University	240
College of William & Mary	225
Virginia Tech	180

Funding Analysis

***Each Institution has a unique funding need
computed by the
State Council on Higher Education for Virginia (SCHEV)***

Funding Shortfall

SCHEV Base Budget Adequacy October 2011

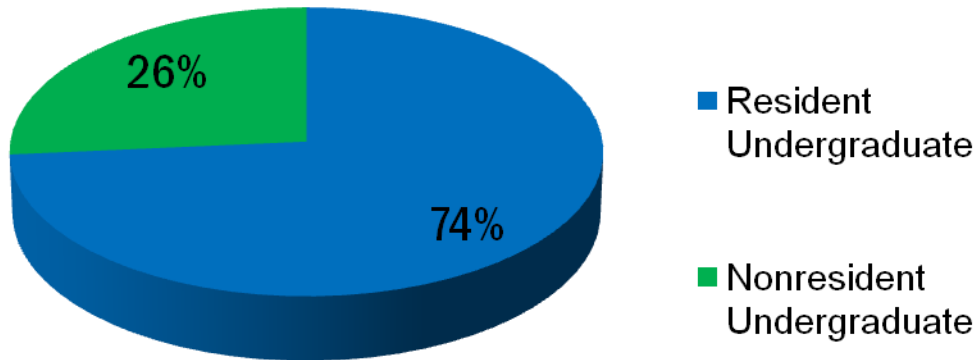


This is the Commonwealth's recognized shortage of faculty, staff, and resources for operation at Virginia Tech.

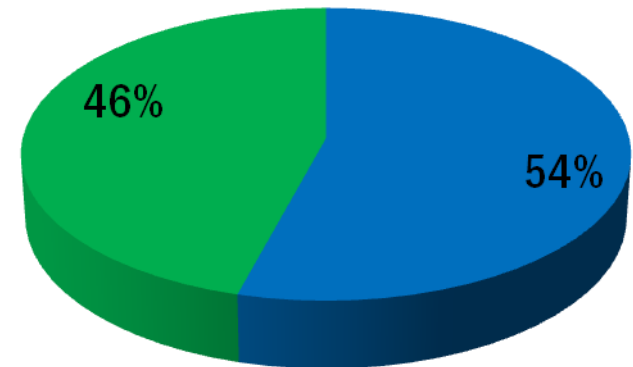
Virginia Tech has one of the larger dollar and percentage shortfalls in the state.

Undergraduate Enrollment Update

Fall 2011 Enrollment



2011-12 Net Tuition Revenue



- ❑ Though accounting for only 26% of undergraduate enrollment, nonresidents provide approximately 46% of net undergraduate tuition revenue.
 - ❑ However, nonresident undergraduate applications for 2012-13 are **down 8%** from the previous year.
- ❑ Resident undergraduates account for 74% of undergraduate enrollment, yet provide only 54% of net undergraduate tuition revenue.
 - ❑ Resident undergraduate demand remains strong, with 2012-13 applications **increasing 2%** over the previous year.

2012-13 Tuition and Fee Options

Tuition Options

Three options for 2012-13 tuition and fees are provided:

Option 1:

4.7% for tuition for Virginia undergraduates

4.9% for tuition and mandatory fees

Range of room and board increases which span from 6.6% to 7.4%

Option 2:

3.8% tuition for Virginia undergraduates

3.9% tuition and mandatory fees

Range of room and board increases which span from 3.8% to 6%

Option 3:

2.9% tuition for Virginia undergraduates

3.2% tuition and mandatory fees

Range of room and board increases which span from 3.8% to 6%

Tuition Options

The three options differ in the following areas:

- ☐ Tuition for Virginia undergraduates is reduced from 4.7% in Option One to 3.8% in Option Two and 2.9% in Option Three.
- ☐ Mandatory fee increases are reduced from \$95 to \$79 in both Options Two and Three, as well as the derivative charges thereof.
- ☐ Room rate increases were reduced and modified to a flat dollar increase resulting in a wider range of room and board increases of 3.8% to 6% in Options Two and Three.
- ☐ There are no other differences among the options.

**All three options will result in the
lowest percentage increase in
Virginia undergraduate tuition in
10 years.**

Virginia Undergraduates Option One

	2011-12	Proposed	Increase	
	<u>Charge</u>	<u>2012-13</u>	<u>\$</u>	<u>%</u>
Tuition	\$8,852	\$9,272	\$420	4.7%
Comprehensive and E&G Fees	<u>1,657</u>	<u>1,752</u>	<u>95</u>	<u>5.7%</u>
<i>Tuition & Mandatory Fees</i>	\$10,509	\$11,024	\$515	4.9%

Room & Board Charges

Option One

On campus students

	2011-12	Proposed	Increase	
	Charge	2012-13	\$	%
Room (Pre-1983) & Board (Flex Plan)	\$6,856	\$7,314	\$458	6.7%

NOTE: Room rates and meal rates will vary depending on the type of dorm and meal plan selected. (Room and Board rate increases range from 6.6% to 7.4%)

Virginia Undergraduates Option Two

	2011-12	Proposed	Increase	
	<u>Charge</u>	<u>2012-13</u>	<u>\$</u>	<u>%</u>
Tuition	\$8,852	\$9,187	\$335	3.8%
Comprehensive and E&G Fees	<u>1,657</u>	<u>1,736</u>	<u>79</u>	<u>4.8%</u>
<i>Tuition & Mandatory Fees</i>	\$10,509	\$10,923	\$414	3.9%

Room & Board Charges Options Two and Three

On campus students

	2011-12 Charge	Proposed 2012-13	Increase	
			\$	%
Room (Pre-1983) & Board (Flex Plan)	\$6,856	\$7,254	\$398	5.8%

NOTE: Room rates and meal rates will vary depending on the type of dorm and meal plan selected. (Room and Board rate increases range from 3.8% to 6.0%)

Virginia Undergraduates Option Three

	2011-12	Proposed	Increase	
	<u>Charge</u>	<u>2012-13</u>	<u>\$</u>	<u>%</u>
Tuition	\$8,852	\$9,113	\$261	2.9%
Comprehensive and E&G Fees	<u>1,657</u>	<u>1,736</u>	<u>79</u>	<u>4.8%</u>
<i>Tuition & Mandatory Fees</i>	\$10,509	\$10,849	\$340	3.2%

Tuition & Mandatory Fee Increases 2012-13

Sorted by Percentage Increase

Institution	Tuition & Mandatory Fee Increase	%
Old Dominion University	TBD	TBD
Virginia State University	\$470	6.6%
University of Virginia-Wise	386	5.0%
University of Mary Washington	440	5.0%
Virginia Military Institute	651	4.9%
Virginia Tech Option 1	515	4.9%
Christopher Newport University	488	4.8%
James Madison University	360	4.3%
Virginia Commonwealth University	368	3.9%
Virginia Tech Option 2	414	3.9%
George Mason University	354	3.8%
University of Virginia	430	3.7%
Longwood University	360	3.4%
College of William & Mary	438	3.3%
Radford University	270	3.2%
Virginia Tech Option 3	340	3.2%
Norfolk State University	80	1.2%

Tuition & Mandatory Fee and General Fund per Student Increases 2012-13

Institution	Incremental GF/FTE	Tuition & Mandatory Fee Increase	Total T&MF and GF/FTE Increase
Old Dominion University	\$391	TBD	TBD
Virginia Military Institute	614	\$651	\$1,265
University of Virginia-Wise	695	386	1,081
Virginia State University	444	470	914
Christopher Newport University	318	488	806
University of Mary Washington	283	440	723
Virginia Tech Option 1	180	515	695
James Madison University	329	360	689
University of Virginia	251	430	681
College of William & Mary	225	438	663
Virginia Commonwealth University	289	368	657
Longwood University	262	360	622
Virginia Tech Option 2	180	414	594
George Mason University	240	354	594
Radford University	303	270	573
Virginia Tech Option 3	180	340	520
Norfolk State University	372	80	452

Analysis of Support

2012-13

Institution	Incremental Support per Student			Average Cost of Education (ACE)	
	General Fund	Tuition and E&G Fees	Total	\$	Incremental Support as % of ACE
Old Dominion University	\$ 391	TBD	TBD	\$ 13,277	TBD
Virginia State University	444	470	914	11,072	8.3%
University of Virginia-Wise	695	218	913	12,349	7.4%
Christopher Newport University	318	296	614	11,990	5.1%
Virginia Military Institute	614	258	872	17,168	5.1%
Virginia Commonwealth University	289	343	632	13,803	4.6%
University of Mary Washington	283	308	591	13,034	4.5%
James Madison University	329	220	549	12,284	4.5%
Radford University	303	200	503	11,700	4.3%
University of Virginia	251	382	633	16,134	3.9%
Virginia Tech Option 1	180	436	616	15,870	3.9%
Longwood University	262	237	499	12,910	3.9%
Norfolk State University	372	80	452	11,759	3.8%
College of William & Mary	225	413	638	17,120	3.7%
George Mason University	240	258	498	14,754	3.4%
Virginia Tech Option 2	180	351	531	15,870	3.3%
Virginia Tech Option 3	180	277	457	15,870	2.9%

Support vs. Need

2012-13

Institution	Incremental Support	% of Average Cost of Education	Shortfall per student
Old Dominion University	TBD	TBD	\$ (3,354)
Virginia State University	\$914	8.3%	(1,318)
University of Virginia-Wise	913	7.4%	(1,687)
Christopher Newport University	614	5.1%	(1,965)
Virginia Military Institute	872	5.1%	5,596
Virginia Commonwealth University	632	4.6%	(2,730)
University of Mary Washington	591	4.5%	(1,005)
James Madison University	549	4.5%	(784)
Radford University	503	4.3%	(732)
University of Virginia	633	3.9%	2,614
Virginia Tech Option 1	616	3.9%	(2,162)
Longwood University	499	3.9%	(1,613)
Norfolk State University	452	3.8%	(1,707)
College of William & Mary	638	3.7%	4,043
George Mason University	498	3.4%	(173)
Virginia Tech Option 2	531	3.3%	(2,162)
Virginia Tech Option 3	457	2.9%	(2,162)

Differential Pricing

- ❑ The university has expanded and enhanced its review of various revenue alternatives including differential pricing.
- ❑ The university will continue to study this issue over the coming months to allow time to further analyze the market, value demand to address exceptional program costs, and engage the appropriate constituencies to ensure a congruent solution.
- ❑ The university envisions bringing forth these new strategies for 2013-14 as part of the tuition and fee process in spring 2013.
- ❑ The university's budget planning model forecasts a highly constrained fiscal environment for 2013-14 for which these resources will be critical.

Scenario 1

4.9% Virginia Undergraduate Tuition

\$	Reduction and Reallocation Strategy and Impact
-0.5	Reduce student financial aid derived from tuition revenue. Reduced student access or increase in student loans.
-6.3	Assign 60% (NGF share) of 3% bonus costs to colleges and administrative units. Numerous impacts as units hold back base expenditures, reduce support for faculty,
-1.0	Reassign strategic ETF allocation to operational distance learning issue. Eliminates \$1.0 M in strategically planned research equipment to further position faculty to pursue large competitive grants and contracts.
-2.0	Assign new one-time research ETF allocation to high performance computing. Many faculty across the university will not have incremental ETF resources to support their research program.
-0.5	Assign contract escalation costs to responsible units. Differential reductions to administrative units, e.g., IT, where less funds will be available for staff.
-0.7	Reallocate one-time savings (energy savings from warm winter) to ensure functional classrooms. Reduced capacity to address promised support for faculty start up costs.
-1.9	Reallocate existing funds to cover enrollment growth. Not able to reduce faculty shortfall from \$46M Base Budget Adequacy shortfall and improve availability of course sections; not able to improve below average faculty salaries which further increases
-0.4	Lengthen financing plan for communications system. Pulls funds from future budgets -- resources available in future years will be reduced.
-13.3	TOTAL REDUCTIONS AND REALLOCATIONS

3.9% Virginia Undergraduate Tuition

\$	Reduction and Reallocation Strategy and Impact
-0.2	Further reduce student financial aid derived from tuition revenue. Further reduced student access or increase in student loans.
-0.1	Eliminate faculty position -- high performance computing. Reduces high performance computing efforts
-0.2	Reduce support for research administration system. Assign differential budget reductions to stakeholders.
-0.2	Reduce support for classroom video renewal. Reduce ability to deliver distance learning and advance the goals of Top Jobs 21.
-0.2	Reduce classroom repairs program. Reduces capacity to provide conducive learning environment on aging physical plant and defers refurbishment of biology laboratories.
-0.2	Further lengthen financing plan for communications system. Pulls additional funds from future budgets -- resources available in future years will be reduced.
-0.2	Eliminate research compliance position. Reduces support for IT-related research compliance for faculty -- faculty will be on their own to implement policies.
-1.3	INCREMENTAL REDUCTIONS
-14.6	TOTAL REDUCTIONS AND REALLOCATIONS

2.9% Virginia Undergraduate Tuition

- 0.4 Assign across-the-board or differential base budget reductions to administrative units. Administrative units would be required to reduce compliance activities, service to students and employees, slow down or eliminate progress on efficiency activities to maintain basic operating requirements, and hold positions vacant or for elimination.
- 0.9 Assign across-the-board or differential base budget reductions to academic and academic support units. Academic and academic support units would reduce activity levels and be required to hold positions vacant that are planned to be filled; staff and administrative and professional faculty positions may be eliminated.

-2.6 INCREMENTAL REDUCTIONS**-15.9 TOTAL REDUCTIONS AND REALLOCATIONS**

Scenarios do not include a strategy to absorb the impact of Governor's May 5th amendment to eliminate the state share of the 3% bonus in FY13. This is a \$3.3M unplanned cost for Agency 208 E&G was reversed by the General Assembly on May 14.

The University has also identified additional critical academic and support needs beyond those listed in budget outlook shared on April 20, 2012.

Discussion

Proposed Tuition and Fee Rates for 2012-13

BOARD OF VISITORS

May 7, 2012

Development of 2012-13 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. For 2012-13, the extended legislative session and continuing efforts to remain sensitive to the cost of education results in a delay in the timeframe of establishing tuition rates.

The 2012 General Assembly Session began with consideration of an Executive Budget that supported the Higher Education Opportunity Act of 2011 by providing additional General Fund support to institutions of higher education. On April 18th, the House and Senate agreed to a set of budget amendments during a special legislative session. These amendments propose changes to the Executive budget bill and impact the proposed level of new state support and costs for the university in the coming biennium, yet demonstrate the Commonwealth's general commitment to invest in higher education. On April 20th all institutions of higher education and members of their Board of Visitors received a communication from the Governor encouraging sensitivity to the cost of education for instate undergraduates. On May 5th, the Governor proposed new amendments to the state budget including the elimination of the Commonwealth's General Fund share of the legislated 3% bonus.

Tuition

History of Tuition Legislation in Virginia

The period of 1989 to 2011 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 three 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 nine 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 five 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 six 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 three percent for E&G operations and one 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 five 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, based on the level of General Fund support provided by the General Assembly. However, development of tuition and fee recommendations for the coming year must also consider the Commonwealth's expectation that its investment in higher education over the next biennium will have a significant impact on moderating resident student rate increases. The university has worked to balance these criteria in developing the proposed 2012-13 rates shown below.

Full-Time Students

	<u>2011-12 Charge</u>	<u>Proposed 2012-13</u>
<u>Undergraduate</u>		
Resident	\$ 8,852	\$ 9,187
Nonresident	22,254	23,575
<u>Graduate</u>		
Resident On-Campus	10,048	10,677
Nonresident On-Campus	19,497	20,926
Resident Off-Campus	11,124	11,822
Nonresident Off-Campus	20,902	22,435

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

Impact of Student Financial Aid Programs

As reported to the Board in November 2011, 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 2012-13 are:

	<u>2011-12 Charge</u>	<u>Proposed 2012-13</u>
<u>Undergraduate</u>		
Resident	\$368.75/hour	\$382.75/hour
Nonresident	927.25/hour	982.25/hour
<u>Graduate</u>		
Resident On-Campus	558.25/hour	593.25/hour
Nonresident On-Campus	1,083.25/hour	1,162.50/hour
Resident Off-Campus	618.00/hour	656.75/hour
Nonresident Off-Campus	1,161.25/hour	1,246.50/hour

Special Tuition RatesSummer 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 summer session enrollment is an important strategy to supporting several of these objectives, including the Commonwealth's desire to optimize the year-round use of the university's facilities. To position the university for continued innovation in summer programming and achieve summer session enrollment growth, the university proposes to shift the undergraduate tuition to a per credit hour basis at a 10 percent discounted of the regular session hourly rates to those students enrolled on-campus beginning Summer 2013 on a pilot program basis. 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 as well as an improved flexibility for faculty to innovate academic offerings during summer session. The proposed per hour charges for summer 2013 are:

Undergraduate On-Campus

Resident	344.00/hour
Nonresident	884.00/hour

Veterinary Medicine

When the Virginia-Maryland Regional College of Veterinary Medicine was formed, the two states agreed to provide equal contributions (per 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 2012-13. The current and proposed annual tuition rates are displayed below:

	2011-12 <u>Charge</u>	Proposed <u>2012-13</u>
Virginia-Maryland Students	\$17,444	\$ 18,163
Nonresident Students	40,847	42,491

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 on-campus rates. The following table shows the proposed special rates per credit hour for 2012-13 Virginia residents:

	<u>2011-12 Charge</u>	<u>Proposed 2012-13</u>
Undergraduate	\$ 221.00/hour	\$ 230.00/hour
Graduate	335.00/hour	356.00/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 2012-13:

	<u>2011-12 Charge</u>	<u>Proposed 2012-13</u>
Undergraduates		
Resident	\$295.00/hour	\$306.00/hour
Nonresident	742.00/hour	786.00/hour
Graduates		
Resident	447.00/hour	475.00/hour
Nonresident	867.00/hour	930.00/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 \$47 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 \$16 is recommended for 2012-13 to offset additional costs of university's communication network, e911 system, and emergency communications systems. For 2012-13, the technology fee will be \$63 or \$31.50 per semester for full-time students.

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 21st 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 will be paid by all nonresident students.

As of the writing of this report, the 2012 General Assembly has proposed an increase in the amount of debt service assigned to nonresident students for 2012-13 that would increase the fee by \$35 per year based on the House and Senate versions of the budget during the special session. Subsequently, for 2012-13, the annual Commonwealth Capital and Equipment fee will increase by \$35 to \$604, or \$302 per semester for full-time students.

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 specialized 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.

Since 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 2012-13. The Average Cost of Education is estimated to be \$15,870. The proposed Virginia Tech nonresident tuition and mandatory E&G fees are 143 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	\$ 15,870	
<u>Undergraduates</u>		
Residents	9,250	58%
Nonresidents	23,638	149%
<u>Graduates</u>		
Residents	10,740	68%
Nonresidents	20,989	132%
<u>Residency</u>		
Residents		60%
Nonresidents		143%

*Amount includes proposed tuition and technology fee for 2012-13 (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 2011-12 surcharge amount and an estimated surcharge amount for 2012-13 based on Virginia Tech's estimate of the Average Cost of Education for 2012-13 and the proposed 2012-13 tuition and mandatory E&G fees included in this package.

	2011-12 Charge	Estimated 2012-13*
Average Cost of Education	\$ 15,697	\$15,870
In State Undergraduate Tuition and E&G Fees	8,899	9,250
Surcharge-Annual	6,798	6,620
Surcharge Per Credit Hour	283	276

*The Average Cost of Education for 2012-13 is an estimated value pending SCHEV's computation in July 2012.

Comprehensive Fee

In 2011-12, students attending Virginia Tech paid a Comprehensive Fee totaling \$1,610 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 \$1,610 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 \$1,892 to \$4,767. Individual descriptions and recommended amounts for 2012-13 are given below for each component of the Comprehensive Fee.

Student Activity Fee

Full-time students currently pay \$411 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 \$26 increase in the Student Activity Fee is recommended for 2012-13 to cover personnel costs, adjustments to fringe benefit rates, increased utility costs, facility and maintenance costs, a realignment of student affairs costs, an increase in student budget board funding, and operating support for the Center for the Arts. If approved, the current \$411 per year charge will be replaced by a \$437 annual, or \$218.50 per semester, charge in the 2012-13 academic year.

Health Service Fee

Full-time students currently pay \$346 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 \$16 increase in the Health Service Fee is recommended for 2012-13 to cover personnel costs, adjustments to fringe benefit rates, increased utility costs, technical realignment of student affairs costs,

College Alcohol Abuse Prevention Center educational operating and personnel costs, Schiffert Health personnel costs, and facility improvements. If approved, the current \$346 per year charge will be replaced by a \$362 annual, or \$181 per semester, charge in the 2012-13 academic year.

Athletic Fee

Full-time students currently pay \$260 per year, or \$130 per semester, to support a portion of the athletic program operations. Part-time students may elect to pay the Athletic Fee. A \$7 increase in the Athletic Fee is recommended for 2012-13 to cover adjustments to facility and maintenance costs, operating, 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 \$260 per year charge will be replaced by a \$267 annual, or \$133.50 per semester, charge in the 2012-13 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 \$104 per year, or \$52 per semester for unlimited ridership. Part-time students pay one-half of the fee. An estimated three million student trips on the Blacksburg Transit will occur in 2011-12. In addition to the convenience for students, the bus system saves the university considerable resources by lowering requirements for on-campus parking. A \$5 increase in the Bus Fee is recommended for 2012-13 to cover operating and additional buses. If approved, the current \$104 per year charge will be replaced by a \$109 annual, or \$54.50 per semester, charge in the 2012-13 academic year.

Recreational Sports Fee

Full-time students currently pay \$258 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. A \$7 increase in the Recreational Sports Fee is recommended for 2012-13 to cover personnel costs, adjustments to fringe benefit rates, increased utility costs, facility maintenance, a realignment of student affairs costs, as well as operating, wages, and equipment replacement. If approved, the current \$258 per year charge will be replaced by a \$265 annual, or \$132.50 per semester, charge in the 2012-13 academic year.

Student Services Fee

Full-time students currently pay \$231 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 \$4 decrease for Career Services and a \$2 decrease for the Hokie Passport Office are recommended to align facility and operating costs. An \$8 increase is recommended for the wireless network component to cover adjustments to fringe benefit rates, and telecommunications network infrastructure improvements. If approved, the current \$231 charge will be replaced with a \$233 annual, or \$116.50 per semester, fee in the 2012-13 academic year. Part-time students would pay one-half of this fee.

Summary of Comprehensive Fee

	2011-12 Charge <u>Annual Fee</u>	Proposed 2012-13 <u>Annual Fee</u>
Student Activity Fee	\$ 411	\$ 437
Health Service Fee	346	362
Athletic Fee	260	267
Bus Fee	104	109
Recreational Sports Fee	258	265
Student Services Fee	<u>231</u>	<u>233</u>
Total	1,610	1,673

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.

Virginia Tech has the lowest combined average room and board fees in the Commonwealth for 2011-12 at \$6,856 per student. Average room and board fees at the other five doctoral institutions range from \$8,218 to \$9,036. Individual descriptions and suggested amounts for 2012-13 are given below for each of the programs.

Room Fees

An across-the-board increase of \$310 to the rate structure is proposed to cover personnel costs, adjustments to fringe benefit rates, increased utility costs, technical realignment of student affairs costs, personnel services costs for additional residential

staffing associated with new facilities, the maintenance of facilities, and debt service and planning costs for major facility renovation projects and improvements. The percentage increase will range from 3.9% per year to 8.0% per year for undergraduate and graduate housing.

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. A \$3 increase in the telecommunications portion of the room fee is proposed for 2012-13 to cover operating costs. If approved, the current \$309 per year charge will be replaced by a \$312 charge in the 2012-13 academic year. The proposed room rates by location and room type are listed below:

	<u>2011-12 Charge Annual Fee</u>	<u>Proposed 2012-13 Annual Fee</u>
Upper Quad	\$3,880	\$4,190
Lower and Prairie Quad	4,138	4,448
Cochrane Hall	5,158	5,468
Special Purpose	5,174	5,484
Oak Lane IV	NA	6,492
Payne Park		
Traditional - Single	6,240	6,550
Traditional - Double	4,558	4,868
Suite - Single	7,594	7,904
Suite - Double	5,498	5,808
Large Suite - Double	5,632	5,942
East & West Ambler Johnston Residential College		
Traditional – Double	5,400	5,710
Private Bath – Double	6,182	6,492
Efficiency – Double	6,260	6,570
Hillcrest		
Double	5,022	5,332
Single	6,842	7,152
Main Campbell		
Double	4,670	4,980
Single	6,356	6,666
Graduate Life Center at Donaldson Brown		
Double	5,762	6,072
Single	7,862	8,172
New Hall West		
Double	5,762	6,072
Single	7,862	8,172

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.

An \$88 increase is proposed for board fees to cover personnel costs, adjustments to fringe benefit rates, increased utility costs, a technical realignment of 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:

	<u>2011-12 Charge Annual Fee</u>	<u>Proposed 2012-13 Annual Fee</u>
Major Flex Plan	\$2,718	\$2,806
Mega Flex Plan	2,918	3,006
Premium Flex Plan	3,128	3,216

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. Given that the services are now available, a fee is needed to support the associated ongoing operational costs. For 2012-13, the university proposes assessing a \$104 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 2012-13 academic year and a \$353 increase in the room and board fee to cover increased operating costs and the current exchange rate; this represents an increase of 5.77 percent. If approved, CESA students will pay a \$117 Student Activity Fee and \$6,468 per semester for room and board. The university proposes the following semester rates for Virginia Tech students:

	2011-12 Charge <u>Semester Rate</u>	Proposed 2012-13 <u>Semester Rate</u>
CESA Student Activity Fee	\$ 117	\$ 117
CESA Room and Board Costs	6,115	6,468

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. No change in the supplemental fee is recommended for 2012-13:

	2011-12 Charge <u>Annual Fee</u>	Proposed 2012-13 <u>Annual Fee</u>
Full-time	\$650	\$650
Part-time	325	325

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 2012-13, with no change recommended, is presented below:

	2011-12 Charge <u>Charge</u>	Proposed 2012-13 <u>2012-13</u>
<u>Undergraduate</u>	\$30/hour	\$30/hour
<u>Graduate</u>		
Full-time	720/year	720/year
Part-time	360/year	360/year

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 these 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 are in progress to improve the College of Veterinary Medicine instructional space. Increased and enhanced facilities are necessary for the recruitment and retention of high-quality faculty and students. All Veterinary Medicine students are assessed a facility fee as part of a multi-year plan. Proceeds from the facility fee will be used exclusively for College of Veterinary Medicine instructional space improvements. No increase in the Veterinary Medicine Facility Fee is proposed for 2012-13.

	2011-12 <u>Charge</u>	Proposed <u>2012-13</u>
Veterinary Medicine Facility Fee	\$1,535	\$ 1,535

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 2012-13, the proposed supplemental fee is to remain at the same level as the 2011-12 rate. Part-time students will pay one-half of the fee.

	2011-12 <u>Charge</u>	Proposed <u>2012-13</u>
Full-time	\$500	\$500
Part-time	250	250

Virginia Tech-Georgetown University Master of Science Degree in Biomedical Technology Development and Management

In 2005, Virginia Tech began collaborating with Georgetown University to pilot a joint degree in biomedical technology development and management. This program, approved by SCHEV and the Board of Visitors in 2007, is designed to meet a growing demand for advanced degrees for individuals working in regulatory agencies and the pharmaceutical and biotechnology industries.

As a true joint degree program, students were able to matriculate at either Virginia Tech or Georgetown at the same total cost. All courses were cross-listed at both institutions, and the two institutions divided revenues and expenses based on the number of credit hours delivered. To fully implement this arrangement with Georgetown, Virginia Tech's total tuition and mandatory fee charge for this program was set to equal Georgetown's total tuition and fees for its graduate medical program on a per credit hour basis.

Beginning fall 2013, all instructional activity and management of this program will be transitioned to Virginia Tech. While Georgetown will no longer be partnering in this program, the university believes that the existing rate structure should continue for 2012-13 until the evolution of the program is complete.

Since Georgetown's tuition and fee rates are not yet known for 2012-13, the graduate program fee cannot be established at this time. The graduate program fee element of Virginia Tech's rate will be established to equal the difference between the total tuition and mandatory fees and the corresponding off-campus tuition rate.

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 2012-13, with no change recommended, is presented below:

	2011-12 <u>Charge</u>	Proposed <u>2012-13</u>
Full-time	\$3,900	\$3,900
Part-time	\$162.50/hour	\$162.50/hour

Master of Information Technology Supplemental Fee

The Master of Information Technology program is an integration of business, engineering and computer science curriculum. This supplemental fee ensures the program is able to develop, maintain and deliver a high quality and cutting-edge program in a rapidly changing technological environment. The supplemental fee proposal for 2012-13, with no change recommended, is presented below:

	2011-12 <u>Charge</u>	Proposed <u>2012-13</u>
MIT Fee	\$145.25/hour	\$145.25/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>2011-12 Charge</u>	<u>Proposed 2012-13</u>	<u>Placeholder 2013-14</u>
<u>Fall 2011 Cohort</u>				
PMBA Total Cost – Resident	\$35,000	\$17,149	\$17,851	
Less: Off-campus Tuition & Fees		<u>(11,171)</u>	<u>(11,885)</u>	
PMBA Fee – 2011 Resident		5,978	5,966	
 PMBA Total Cost –Nonresident	 55,000	 27,496	 27,504	
Less: Off-campus Tuition & Fees		<u>(21,518)</u>	<u>(23,102)</u>	
PMBA Fee – 2011 Nonresident		5,978	4,402	
 <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>TBD</u>
PMBA Fee – 2012 Resident		N/A	6,077	TBD
 PMBA Total Cost – Nonresident	 57,500		 29,179	 28,321
Less: Off-campus Tuition & Fees			<u>(23,102)</u>	<u>TBD</u>
PMBA Fee – 2012 Nonresident		N/A	6,077	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.

	<u>Two-Year Program Cost</u>	<u>2011-12 Charge</u>	<u>Proposed 2012-13</u>	<u>Placeholder 2013-14</u>
<u>Spring 2012 Cohort</u>				
XMNR Total Cost – Resident	\$42,000	\$20,580	\$21,420	
Less: Off-campus Tuition & Fees		<u>(11,171)</u>	<u>(11,885)</u>	
XMNR Fee – 2012 Resident		9,409	9,535	N/A
XMNR Total Cost – Nonresident	61,971	30,927	31,044	
Less: Off-campus Tuition & Fees		<u>(21,518)</u>	<u>(23,102)</u>	
XMNR Fee – 2012 Nonresident		9,409	7,942	N/A
<u>Spring 2013 Cohort</u>				
XMNR Total Cost – Resident	42,000		20,691	21,309
Less: Off-campus Tuition & Fees			<u>(11,885)</u>	TBD
XMNR Fee – 2013 Resident		N/A	8,806	TBD
XMNR Total Cost – Nonresident	61,971		31,908	30,063
Less: Off-campus Tuition & Fees			<u>(23,102)</u>	TBD
XMNR Fee – 2013 Nonresident		N/A	8,806	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 at the beginning of fiscal year 1989-90 and instituted a fee for faculty, staff, and students who parked in campus lots. For 2011-12, the annual parking fee is \$225 for faculty and staff, \$198 for commuter/graduate students and \$225 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 2011-12 range from \$204 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 \$198 to \$212, resident students from \$225 to \$235, and faculty and staff from \$225 to \$235 for 2012-13. 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 cost 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 2012.

**Option 2
Schedule 1**

**VIRGINIA TECH
2012-13 TUITION RECOMMENDATIONS
SUMMARY OF ANNUAL CHARGES**

RECOMMENDATION

	<u>2011-12</u>	<u>Proposed</u>	<u>Rate</u>	
	<u>Charge</u>	<u>2012-13</u>	<u>Increase</u>	
			<u>\$</u>	<u>%</u>
Undergraduate Students				
Resident	\$8,852	\$9,187	\$335	3.8%
Nonresident	22,254	23,575	1,321	5.9%
Graduate Students				
On-Campus Programs				
Resident	10,048	10,677	629	6.3%
Nonresident	19,497	20,926	1,429	7.3%
Off-Campus Programs				
Resident	11,124	11,822	698	6.3%
Nonresident	20,902	22,435	1,533	7.3%
Veterinary Medicine				
Virginia/Maryland	17,444	18,163	719	4.1%
Out-of-State Non-Maryland	40,847	42,491	1,644	4.0%

Presentation Date: May 17, 2012

Option 2
Schedule 2

VIRGINIA TECH

2012-13 SPECIAL TUITION RATES

SUMMARY OF HOURLY RATES

	<u>2011-12 Charge</u>	<u>Proposed 2012-13</u>	<u>Increase</u>	
			<u>\$</u>	<u>%</u>
<u>Regular Part-Time Students (a)</u>				
<u>Undergraduate Students</u>				
Resident	\$368.75	\$382.75	\$14.00	3.8%
Nonresident	927.25	982.25	55.00	5.9%
<u>Graduate Students</u>				
<u>On-Campus Programs</u>				
Resident	558.25	593.25	35.00	6.3%
Nonresident	1,083.25	1,162.50	79.25	7.3%
<u>Off-Campus Programs</u>				
Resident	618.00	656.75	38.75	6.3%
Nonresident	1,161.25	1,246.50	85.25	7.3%
<u>Summer School</u>				
<u>On-Campus Programs</u>				
Undergraduate Resident	N/A	344.00	N/A	N/A
Undergraduate Nonresident	N/A	884.00	N/A	N/A
<u>School Personnel</u>				
Undergraduate Resident	221.00	230.00	9.00	4.1%
Graduate Resident	335.00	356.00	21.00	6.3%
<u>Study Abroad Programs (b)</u>				
Undergraduate Resident	295.00	306.00	11.00	3.7%
Undergraduate Nonresident	742.00	786.00	44.00	5.9%
Graduate Resident	447.00	475.00	28.00	6.3%
Graduate Nonresident	867.00	930.00	63.00	7.3%

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

Presentation Date: May 17, 2012

VIRGINIA TECH
2012-13 FEE RECOMMENDATIONS
SUMMARY OF ANNUAL CHARGES

	2011-12 Charge	Proposed 2012-13	Increase	
			\$	%
<u>Educational and General Fee</u>				
Technology Fee	47	63	16	34.0%
Commonwealth Capital and Equipment Fee				
Resident	0	0	0	-
Nonresident	569	604	35	6.2%
<u>Comprehensive Fee</u>				
Student Activity Fee	411	437	26	6.3%
Health Service Fee	346	362	16	4.6%
Athletic Fee	260	267	7	2.7%
Bus Fee	104	109	5	4.8%
Recreational Sports Fee	258	265	7	2.7%
Student Services Fee	231	233	2	0.9%
Total Comprehensive Fee	1,610	1,673	63	3.9%
Northern Virginia Center Student Services Fee	0	104	104	N/A
<u>Room Fees</u>				
Upper Quad	3,880	4,190	310	8.0%
Pre-1983 Dormitories	4,138	4,448	310	7.5%
Cochrane Hall	5,158	5,468	310	6.0%
Special Purpose Housing	5,174	5,484	310	6.0%
Oak Lane IV	0	6,492		
Payne Park				
Traditional - Single	6,240	6,550	310	5.0%
Traditional - Double	4,558	4,868	310	6.8%
Suite - Single	7,594	7,904	310	4.1%
Suite - Double	5,498	5,808	310	5.6%
Suite - Double (Large Suite)	5,632	5,942	310	5.5%
East & West Ambler Johnston Residential College				
Traditional Double	5,400	5,710	310	5.7%
Private Bath Double	6,182	6,492	310	5.0%
Efficiency Double	6,260	6,570	310	5.0%
Hillcrest				
Double Occupancy	5,022	5,332	310	6.2%
Single Occupancy	6,842	7,152	310	4.5%
Main Campbell & Newman				
Double Occupancy	4,670	4,980	310	6.6%
Single Occupancy	6,356	6,666	310	4.9%
Graduate Life Center at Donaldson Brown				
Double Occupancy	5,762	6,072	310	5.4%
Single Occupancy	7,862	8,172	310	3.9%
New Residence Hall West				
Double Occupancy	5,762	6,072	310	5.4%
Single Occupancy	7,862	8,172	310	3.9%
<u>Board Fees</u>				
Major Flex Plan	2,718	2,806	88	3.2%
Mega Flex Plan	2,918	3,006	88	3.0%
Premium Flex Plan	3,128	3,216	88	2.8%

Option 2
Schedule 4

VIRGINIA TECH

2012-13 SUPPLEMENTAL PROGRAM FEES

All charges are academic year unless otherwise noted.

	2011-12 Charge	Proposed 2012-13	Increase	
			\$	%
<u>Specialized Program Fees</u>				
Architecture + Design Supplemental Fee				
Full-time	\$650	\$650	\$0	0.0%
Part-time	325	325	0	0.0%
Engineering Supplemental Fee				
Undergraduate, per credit hour	30	30	0	0.0%
Graduate - Full-time	720	720	0	0.0%
- Part-time	360	360	0	0.0%
<u>Specialized Graduate Degree Programs</u>				
Veterinary Medicine Facility Fee	1,535	1,535	0	0.0%
Master of Public Health - Full-time	500	500	0	0.0%
- Part-time	250	250	0	0.0%
VT-GU M.S. in Biomedical Technology Development				
Total Cost per credit hour	1,643.75	TBD	TBD	TBD
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	145.25	0	0.0%
<u>Executive Model Graduate Degree Programs (a)</u>				
Professional MBA				
2011 Cohort - Resident	5,978	5,966	(12)	-0.2%
- Nonresident	5,978	4,402	(1,576)	-26.4%
2012 Cohort - Resident	N/A	6,077	N/A	N/A
- Nonresident	N/A	6,077	N/A	N/A
Executive Master of Natural Resources				
2011 Cohort - Resident	9,409	9,535	126	1.3%
- Nonresident	9,409	7,942	(1,467)	-15.6%
2012 Cohort - Resident	N/A	8,806	N/A	N/A
- Nonresident	N/A	8,806	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: May 17, 2012

Option 2
Schedule 5

VIRGINIA TECH
TOTAL COST TO STUDENTS

Comparison of 2011-12 and 2012-13 Annual Charges

UNDERGRADUATE STUDENTS

	<u>2011-12 Charge</u>	<u>Proposed 2012-13</u>	<u>Increase</u>	
			<u>\$</u>	<u>%</u>
<u>Resident</u>				
Tuition	\$8,852	\$9,187	\$335	3.8%
Comprehensive & E&G Fees	<u>1,657</u>	<u>1,736</u>	<u>79</u>	<u>4.8%</u>
Subtotal All Resident Students	10,509	10,923	414	3.9%
 <u>Nonresident</u>				
Tuition	22,254	23,575	1,321	5.9%
Comprehensive & E&G Fees	<u>2,226</u>	<u>2,340</u>	<u>114</u>	<u>5.1%</u>
Subtotal All Nonresident Students	24,480	25,915	1,435	5.9%

Presentation Date: May 17, 2012

Option 2
Schedule 6

VIRGINIA TECH
TOTAL COST TO STUDENTS
Comparison of 2011-12 and 2012-13 Annual Charges

	2011-12 Charge	Proposed 2012-13	Increase	
			\$	%
<u>GRADUATE STUDENTS</u>				
On-Campus Programs				
<u>Resident</u>				
Tuition	\$10,048	\$10,677	\$629	6.3%
Comprehensive & E&G Fees	<u>1,657</u>	<u>1,736</u>	<u>79</u>	<u>4.8%</u>
Total Cost for Residents	<u>11,705</u>	<u>12,413</u>	<u>708</u>	<u>6.0%</u>
<u>Nonresident</u>				
Tuition	19,497	20,926	1,429	7.3%
Comprehensive & E&G Fees	<u>2,226</u>	<u>2,340</u>	<u>114</u>	<u>5.1%</u>
Total Cost for Nonresidents	<u>21,723</u>	<u>23,266</u>	<u>1,543</u>	<u>7.1%</u>
Off-Campus Programs				
<u>Resident</u>				
Tuition	11,124	11,822	698	6.3%
Comprehensive & E&G Fees	<u>47</u>	<u>167</u>	<u>120</u>	<u>255.3%</u>
Total Cost for Residents	<u>11,171</u>	<u>11,989</u>	<u>818</u>	<u>7.3%</u>
<u>Nonresident</u>				
Tuition	20,902	22,435	1,533	7.3%
Comprehensive & E&G Fees	<u>616</u>	<u>771</u>	<u>155</u>	<u>25.2%</u>
Total Cost for Nonresidents	<u>21,518</u>	<u>23,206</u>	<u>1,688</u>	<u>7.8%</u>
<u>VETERINARY MEDICINE</u>				
Virginia/Maryland Students				
Tuition	17,444	18,163	719	4.1%
Comprehensive & E&G Fees	<u>3,192</u>	<u>3,271</u>	<u>79</u>	<u>2.5%</u>
Total Cost for Virginia/Maryland Students	<u>20,636</u>	<u>21,434</u>	<u>798</u>	<u>3.9%</u>
Out-of-State Students				
Tuition	40,847	42,491	1,644	4.0%
Comprehensive & E&G Fees	<u>3,761</u>	<u>3,875</u>	<u>114</u>	<u>3.0%</u>
Total Cost for Out-of-State Students	<u>44,608</u>	<u>46,366</u>	<u>1,758</u>	<u>3.9%</u>

Presentation Date: May 17, 2012