

ILLINOIS STATE UNIVERSITY

BOARD OF TRUSTEES

Information Item No. 2023.05/01 First Reading Amendment of Board of Trustees Governing Document Regarding Pricing Guidelines

The Board of Trustees of Illinois State University approved the Board of Trustees Governing Document Policies with Resolution No. 97.05/12, dated May 9, 1997. The Board of Trustees Governing Document currently includes specific guidelines for decision-making regarding price setting, revenue generation, affordability, and use of funds, and when the University is able to use differential tuition. Differential tuition is defined as an amount charged on top of base tuition. The current Governing Document states that differential tuition should only be charged under three separate conditions: to comply with the “truth-in-tuition statute,” to differentiate state residency status, and to differentiate undergraduate from graduate instruction.

Setting tuition and fees is always a complex exercise, requiring the balancing of affordability for students and their families with maintaining high educational standards while also managing the increasing costs of campus operations. The Board of Trustees proposes to amend Section C, Chapter 4, Number 5 of the Governing Document to remove restrictions on the University’s ability to charge differential tuition and allow the Board to approve differential tuition on a program-by-program basis.

Charging differential tuition for certain academic programs has become a standard practice by a number of public universities throughout the state of Illinois and other peer, cross-applicant and regional competitors. Universities that use a differential tuition model, base tuition costs on factors such as a student’s field of study, the market value of a degree, student demand for the major, and the cost of instruction. Differential tuition generates added revenue for select programs with higher instructional costs.

The administration estimates that if Illinois State University continues with current practices regarding tuition and fee charges, several negative consequences could arise. These include, among others, increased tuition costs for all students; the University may lose faculty, be uncompetitive, or be unable to hire faculty in some areas; the University may experience reduced flexibility for strategically supporting areas of high growth; and the University may experience reduced flexibility for need-based student financial aid in high demand but expensive programs. Permitting the University to charge differential tuition for these types of programs minimizes the impact to only those students that are enrolled in these specified majors rather than impose larger increases in tuition for all students. Additionally, students enrolled in these programs receive the added value from these in-demand majors that tend to command a higher salary upon graduation.

The additional resources provided through the implementation of a differential tuition rate for certain programs will

allow the University the flexibility to retain current and attract new talented faculty while meeting market demands. It also allows for enhanced student learning experiences through improvements to lab equipment, research facilities and the innovative technologies needed for these programs with greater operating costs.

The revised section of the Board of Trustees Governing Document is proposed as follows:

The Board of Trustees of Illinois State University sets broad goals for the institution and adopts policies designed to guide the administration in achieving those goals. Implementation of the Board's Policies is delegated to the President who, in turn, charges the various administrative offices with developing specific procedures and practices. Setting the University's strategic direction through policies for student pricing is among the most important roles of the Illinois State University Board of Trustees. Adopted guidelines:

- The graduate tuition rate should reflect more appropriately the higher cost of graduate instruction.
- Differential tuition for a program may be charged upon approval by the Board of Trustees.
- Illinois State University's tuition should be comparable and competitive with tuition charges at competitor Illinois public universities.
- Illinois State University should continue to devote a portion of new tuition and fee revenue to assist University students who are eligible for maximum Monetary Award Program grants from the Illinois Student Assistance Commission, but whose grants fall short of the University's tuition and fee charges.
- Illinois State University should review routinely and assess the amount, use and allocation process of tuition waivers.
- The revenue derived from student charges should be allocated only by the University's annual budget process to address the highest current priorities.
- Until the University is again able to address operational cost increases on a campus-wide basis, student fee increases should be limited to that necessary to support salary increases for employees in fee-supported areas.
- Room and board rates should increase to the upper quartile among Illinois residential public universities and an adequate proportion of those revenues allocated to the repair and renovation fund in order to support the current long-range housing and dining plan.
- Illinois State University should incorporate the demand for renovated spaces as part of its room and board pricing process.