

PimaCountyCommunityCollegeDistrict

Governing Board

4905C East Broadway/Tucson, Arizona 85709-1010

ACTION ITEM

Meeting Date: 4/12/17

Item Number: 4.2 (1)

Item Title

Contact Person

Academic Year 2017-2018 Student Tuition and Service Fees

Dr. David Bea
Executive Vice Chancellor for
Finance and Administration
(206-4519)

Recommendation:

The Chancellor recommends that the Governing Board approve a \$3.00 increase to In-State Resident and Non-Resident (including Online and Summer) tuition, as well as an International Fee of \$75.00 per semester, for the 2017-2018 Academic Year. Information regarding tuition and service fees rates will be presented to the Governing Board during the meeting.

Justification:

The large majority of the College's General Fund revenues come from property taxes and student tuition. In the FY2017 budget, tuition and fees comprised approximately 27% of the General Fund revenues compared with more than 70% from property taxes. The proportion of the General operations funded by tuition grew over the past ten years, principally as a function of the elimination of state funding. Despite the elimination of state aid, the College has made a concerted effort to keep tuition increases as low as possible.

Approximately 75% of the General Fund expenses are comprised of salaries, wages, and benefits for faculty, staff, and administrators. Operating expenses, including utilities expenses, system licenses and maintenance costs, insurance, supplies and materials, travel, and student scholarships, comprise about 18% of the General Fund expenditure budget. The remainder of the budgeted General Fund is transferred for capital projects or held in contingency reserves. Moderate cost increases are expected in utilities, system costs, and employee benefits. The College has also not budgeted for salary increases since FY2015 and would like to recognize employees for their work.

Current Tuition and Service Fees

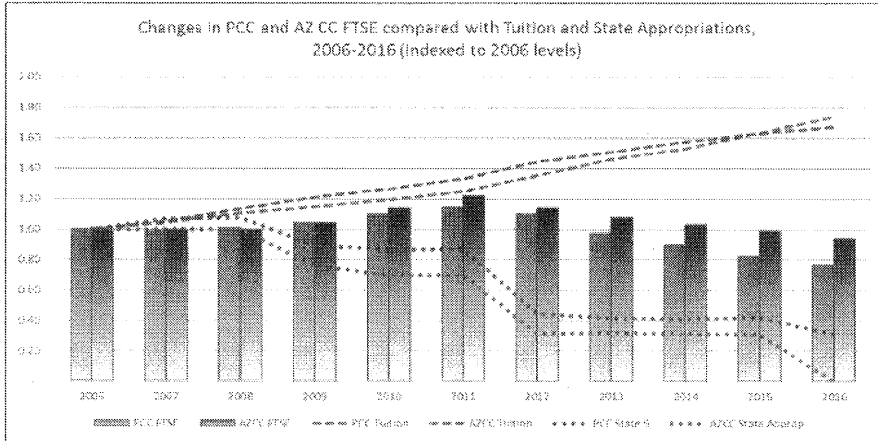
A Summary of Tuition Rates and Service Fees for 2016-2017 is provided below. Currently, an In-State Resident pays \$78.50 in tuition plus \$2.50 in Technology and \$3.00 in Student Services fees.

Tuition Rates for Credit Courses	Cost per Credit
In-State Resident	\$78.50
Non-Resident Classroom – Fall/Spring	\$300.00
Non-Resident Classroom – Summer	\$229.00
Non-Resident Online	\$210.00
Differential Tuition A	\$23.50
Differential Tuition B	\$31.50

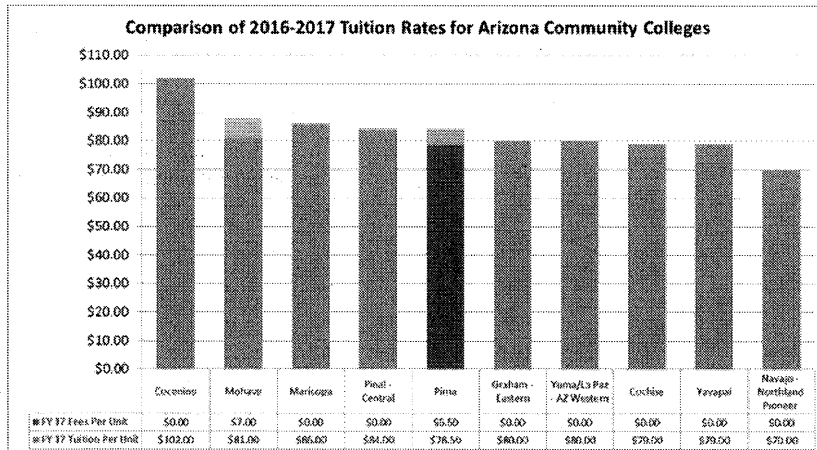
Service Fee	Cost
Processing Fee	\$15.00/Semester
Technology Fee	\$2.50/Credit
Student Services Fee	\$3.00/Credit

Tuition Rates for Arizona Community Colleges

Historically, PCC has maintained modest tuition increases, and the College's tuition has often been below the average of Arizona community colleges. The last few years have been an exception as state aid declined and, in Fiscal Year 2016, was completely eliminated. The table below demonstrates how tuition and state aid have changed and the effect it has had on PCC in comparison with the other Arizona community colleges. Nevertheless, the proposed tuition rates continue to be very close to the statewide average.



Pima is currently in the middle of the Colleges, ranking 7th in tuition and 5th in tuition and per credit fees:



Finalized tuition rates for Arizona community colleges are still being determined. However, the average projected increase in tuition is \$2 per unit. A \$7 increase would give PCC the 4th highest tuition when compared to Arizona community colleges (2nd highest combined tuition and fee rate). Pima Community College would be 7th if tuition increased \$3 per credit (and 3rd highest combined tuition and fee rate).

Proposed Tuition and Service Fees for 2017-2018

A \$3 per credit hour increase is recommended for In-State Resident, Non-Resident, Non-Resident Online, and Non-Resident Summer tuition. Differential tuition will be adjusted accordingly. The proposed tuition and fee schedule is outlined in the table below, which includes a comparison to current academic year rates:

Tuition Rates for Credit Courses	2016-2017 Cost per Credit	2017-2018 Recommended Cost per Credit
In-State Resident	\$78.50	\$81.50
Non-Resident Classroom – Fall/Spring	\$300.00	\$303.00
Non-Resident Classroom – Summer	\$229.00	\$232.00
Non-Resident Online	\$210.00	\$213.00
Differential Tuition A	\$23.50	\$24.50
Differential Tuition B	\$31.50	\$32.50
Service Fees	2016-2017	2017-2018
Processing Fee	\$15.00/Semester	\$15.00/Semester
Technology Fee	\$2.50/Credit	\$2.50/Credit
Student Services Fee	\$3.00/Credit	\$3.00/Credit
International Fee	-	\$75.00/Semester

A new fee for International students is recommended for the 2017-2018 Academic Year. The International fee will be \$75.00 per semester, and the elimination of the \$65.00 International Application fee is also recommended. The new fee will allow for increased engagement and activities for students. The fee will support:

- Shaping the experience of the student from the moment of their arrival. For example, two-day orientation sessions could provide students with visits to different campuses, participation in workshops, and integration activities
- Implementing a case management model in which all international students have to meet with advisors, while at-risk students are carefully tracked and supported

Financial Considerations:

In December 2016, an update on the College's financial outlook was presented to the Governing Board. The presentation included three potential budget scenarios based on financial health indicators, estimated operational cost increases, Expenditure Limitation restrictions, and investment into the Education Master Plan. Each scenario also carried potential tuition implications. A \$1.00 increase to In-State Resident tuition generates approximately \$450 thousand in additional General Fund revenue based on the current enrollment levels.

Scenario A did not include substantive budget reductions in the first year and, as a result, it included a very large tuition increase of \$7 per credit (9%). This increase would represent the largest increase in PCC's history, and the College would have the second highest tuition per credit in the state. Scenarios B and C included a tuition increase of \$3 per credit (4%), which is more typical for the college and would leave the College positioned near the middle of our peer Arizona Colleges.

The budget scenarios and associated increases to tuition are outlined below:

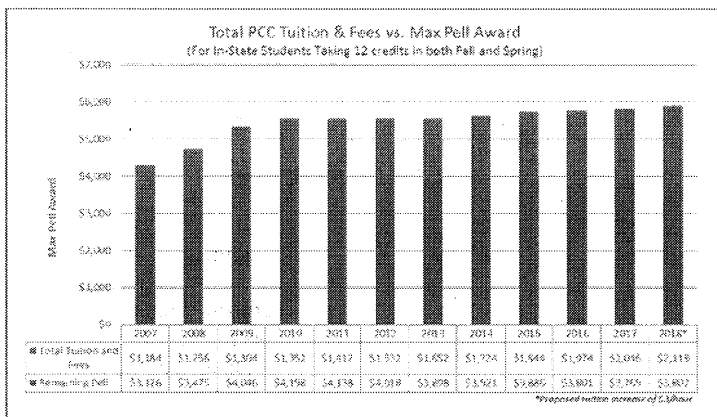
	Budget Implications	Tuition Increase
Scenario A Delay impacts for now	Plan for \$15 million reduction in Fiscal Year 2020	\$7 per credit
Scenario B Rejuvenate the College	Reduce current operations by \$5 million per year in each of the next three years	\$3 per credit
Scenario C Revolutionize the College	Reduce current operations by about \$10 million per year in each of the next three years	\$3 per credit

Impact to Students

College leadership met with student representatives at the Downtown Campus on February 17, 2017. After a brief review of PCC's financial outlook, the proposed tuition increases were discussed. The students in attendance understood the purpose of a proposed increase of \$3 per credit hour in light of the various operational challenges, but expressed concern over a \$7 per credit hour increase to tuition. In terms of the overall picture, they were supportive of measures that would help ensure service quality.

The impact to students receiving financial aid was also considered. For Academic Year 2016-2017, the maximum Pell Grant award was \$5,815. A full-time student taking 12 credits in both the Fall and Spring semesters had total tuition and fees of \$2,046. The maximum Pell Grant award for 2017-2018 is \$5,920; a tuition increase of \$3 per unit would equate to a total of \$2,118 in tuition and fees for a student registered under the same circumstances.

The table below demonstrates trends in maximum Pell awards versus College tuition and fees, including the example of a \$3 per hour increase to 2017-2018:



College Discussions on Budget and Tuition

In addition to numerous budget sessions with faculty, staff, and administrators throughout the district locations and with College committees, the budget and tuition proposals were also discussed with the Governing Board's Finance and Audit Committee and All College Council.

Strategic Plan:

This supports Strategic Direction 2. Improve access and student success. Revenues from additional tuition dollars would be reinvested in improvements to College programs and facilities as the Educational Master Plan is implemented.

Approvals

Contact Person 
David Bea, Ph.D.

Chancellor 
Lee D. Lambert, J.D.