

September 24-25, 2003

ITEM 120-108-R0903

Establishment of Tiered Tuition Rates; Montana University System

THAT:

The Board of Regents directs the commissioner's office and the campuses to develop an implementation plan for tiered tuition at the campuses of the Montana University System. At a minimum, the implementation plan should include three tuition tiers at the two-year, regional college, and flagship university level. The plan should be presented to the Board of Regents no later than the March 2004 regular board meeting. The plan should be developed in a manner that incorporates the following objectives:

1. Quality at each campus shall be maintained or improved under the plan.
2. Tuition dollars will not be transferred among institutions. Funding adjustments needed to implement the plan will be made through the general fund allocation model.
3. Access to and affordability of higher education for Montana residents will be a primary consideration in the development of an implementation plan.
4. Tuition and mandatory fees shall be considered in the development of the plan.
5. Quantifiable assessment measures should be identified as part of the implementation plan.

EXPLANATION:

Prior to Fiscal Year 1993, the Montana University System had only two resident tuition rates, one rate for all the colleges of technology and one rate for all the four-year institutions. The MUS had a two tiered tuition rate structure with the college of technology rate at approximately 80% of the four-year institution's tuition rate (see FY92 tuition chart below).

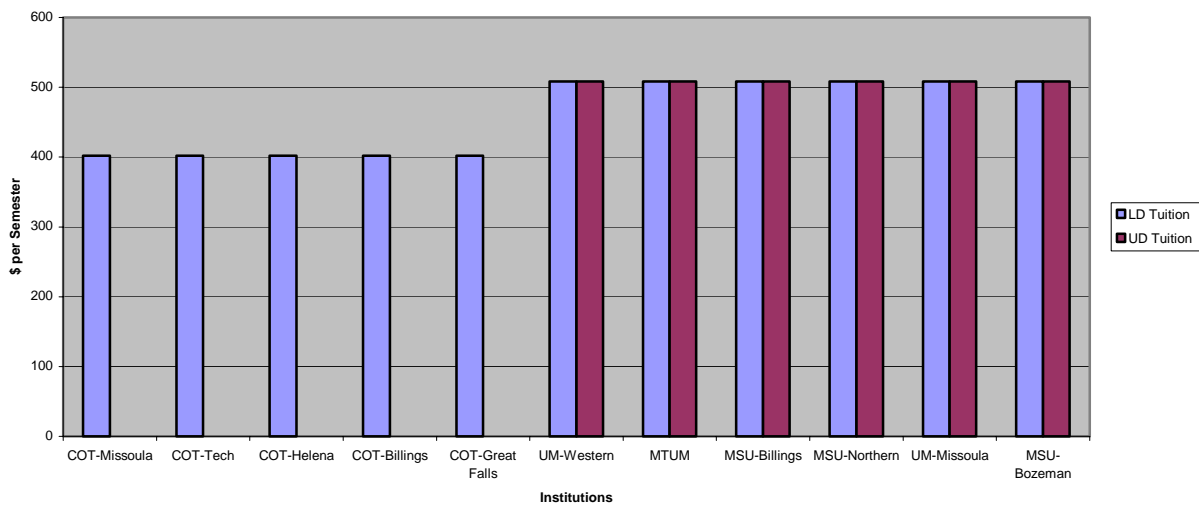
As the system transitioned from formula funding to lump sum funding and campuses were given greater flexibility in setting tuition, the two tiered tuition structure that existed in FY92 gradually evolved to the point where each campus had its own tuition rate and in some cases both an upper and lower division rate. At the same time the gap between the college of technology tuition rates and the four-year rates decreased. By FY99, the average tuition rate for the colleges of technology had increased to 87% of the average

four-year institution's tuition rate (see FY99 tuition chart below).

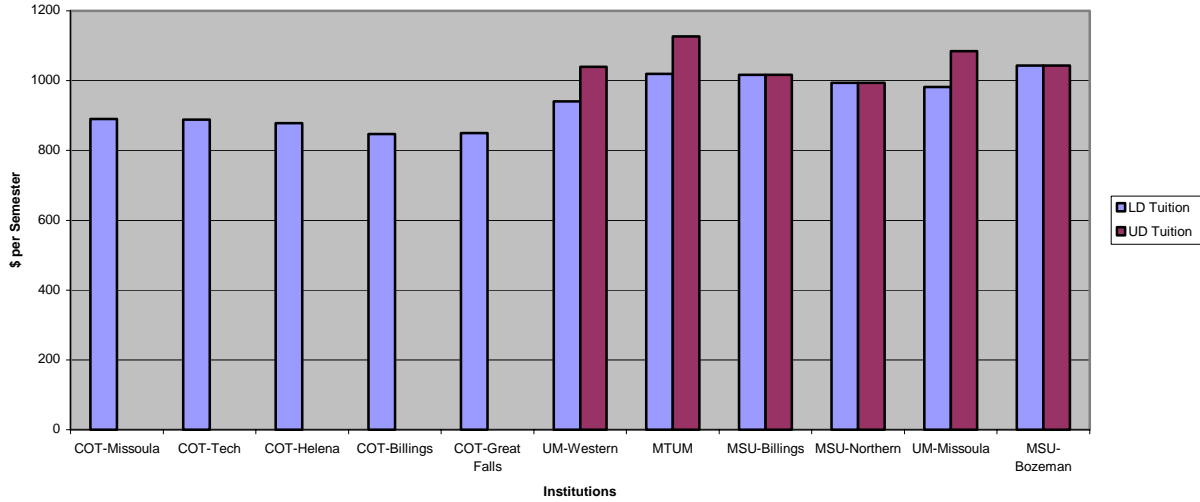
In FY2000, the Board of Regents adopted a tuition differential (tiered tuition) strategy in an effort to increase the gap between the tuition rates for the four-year institutions and the colleges of technology. This was later expanded to include lower division tuition rates at The University of Montana-Western and MSU-Northern. This strategy was implemented through adjustments in the allocation model that necessitated smaller tuition increases at the colleges of technology and for lower division students at UM-Western and MSU-Northern. This strategy held each unit harmless as the adjustments did not impact an institution's overall funding. This strategy continued through FY01, FY02 and FY03. While individual campuses still have unique tuition rates, this strategy did accomplish its objective. In FY04, the average tuition rate for the colleges of technology and lower division at UM-Western and MSU-Northern is approximately 67% of the average four-year institution rate (see FY04 tuition chart below).

This item would result in the development of an implementation plan that would further expand tiered tuition to the four-year units. The board has previously endorsed this concept and it is contemplated in the Policy Statement of Tuition.

FY92 Tuition Levels



FY99 Tuition Levels



FY04 Tuition Levels

