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News Release

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Guaranteed four-year tuition rate for new students approved

Annualized 2.7 percent increase tied to rate of inflation

URBANA, Ill. — The University of Illinois Board of Trustees on Wednesday approved a 6.9 percent increase in guaranteed four-year tuition rates for incoming students next fall – about 30 percent less than the average increase over the last decade and holding rates to inflation-adjusted levels.

The tuition increase – only for incoming Illinois-resident freshman – is the first under a tuition-setting policy adopted by the Board in January that seeks to hold increases to the rate of inflation, addressing affordability while retaining the University's purchasing power. It also enables the Board to set tuition earlier, giving students and their families adequate time to arrange college finances.

The rate for this fall's incoming class is locked in for four years under the state's guaranteed tuition law, meaning an annualized increase of 2.7 percent-a-year over that period – matching inflation rates over the last four years as measured by a leading national index. The state tuition-guarantee was launched in 2004 to help students and families plan for the cost of a public university education by locking in tuition rates for the four years required to complete most undergraduate degree programs.

The tuition increase for incoming Illinois-resident freshmen is smaller than a 9.5 percent increase for the 2010-11 academic year and nearly a third lower than the average increase of more than 10 percent since 2001-02.

Vice President/Chief Financial Officer Walter Knorr said the smaller increase reflects the University's ongoing efforts to reduce costs and a budget recommendation by Gov. Pat Quinn that proposes no cut in the U of I's direct state appropriation next year.

The annualized 2.7 percent increase is below national trends in recent years. Tuition and fee increases at four-year public universities averaged 7.9 percent for the 2010-11 academic year, according to the most recent survey by the College Board, a nonprofit association representing U.S. colleges and universities.

University of Illinois base tuition for in-state resident students will increase $718 per year to $11,104 at the Urbana-Champaign campus; $630 per year to $9,764 at the Chicago campus; and $562 to $8,670 at the Springfield campus.

President Michael J. Hogan said the tuition increase seeks to hold down student costs while maintaining the academic and research excellence that have made the U of I one of the nation's premier public research universities.

"Affordability and excellence are twin concerns," Hogan said. "We want to ease the financial burden on students and families, but also ensure that a U of I degree remains a ticket to success and higher earnings potential when our students graduate into the workforce."

University trustees revised a tuition rate-setting policy in January that seeks to keep tuition flat on an inflation-adjusted basis and set tuition earlier, ahead of the May 1 national acceptance day for major universities.

The new tuition policy seeks to hold increases to the four-year average of national inflation rates for higher education, but also factors in changes in state funding, the impact of ongoing University cost-containment efforts and other factors.

The annual increase in inflation has averaged 2.7 percent over the last four fiscal years, as measured by the Higher Education Price Index (HEPI), a barometer that measures costs for U.S. colleges and universities. HEPI is calculated using data collected from colleges and universities as well as indices published by the U.S. Bureau of Labor Statistics.

University officials say tuition has risen to maintain the U of I's high-quality academic standards as state funding has steadily declined over the last three decades.

State funding that covered nearly half of the University's operating expenses in 1980 now accounts for 15 percent of the $4.7 billion operating budget for the fiscal year that began July 1. Adjusted for inflation, officials said the University's current $697 million appropriation is below 1970 levels, even though the U of I has expanded its capacity to serve the state and now has about 28,000 more students.

The state's budget crisis has also delayed payments to the University, which is owed $447 million on this year's appropriation.

To counter the state funding decline, the University has launched a program to promote efficiency and take advantage of economies of scale to reduce administrative costs, along with reviews of academic programs on its three campuses.

The program outlines University-wide cost-containment measures expected to save at least $60 million annually within three years and has netted more than $5 million in savings since it was launched last summer. Officials project those savings will double by June 30, the end of the current fiscal year.

Administrative and academic program savings would be used to bolster core academic programs, fill faculty and staff vacancies, and provide compensation for faculty and staff who have not received pay increases since August 2008.

FINANCIAL AID

The Board also approved a $6 million increase in supplemental financial aid, which would provide a total of $51.2 million in institutional, need-based aid to help students offset tuition costs.

More than half of U of I students pay less than the full cost of tuition and fees because of need- and merit-based aid provided by the University and federal and state grant programs. Forty-six percent of students pay less than the sticker price at the Urbana-Champaign campus, 57 percent at the Chicago campus and 67 percent at the Springfield campus.

UNDERGRADUATE FEES

The board finalized undergraduate fees for the 2011-12 academic year, approving increases that are well below 2010-11 increases and reflect ongoing efforts to contain student costs.

Undergraduate fees will increase less than 1 percent on the Urbana-Champaign campus, with a 1.8 percent increase for students in Springfield and a 1 percent decrease on the Chicago campus. Fee increases for 2010-11 were 2.8 percent in Urbana-Champaign, 1.3 percent in Chicago and 6.4 percent in Springfield.

Annual undergraduate fees at the Urbana-Champaign campus will increase $12, or 0.4 percent, from $2,860 to $2,872. Fees for undergraduates in Chicago will decrease $30 a year, from $2,928 to $2,898, and annual fees for undergraduates will increase $31.50 at the Springfield campus, from $1,714.50 to $1,746.

Fees help fund programs such as student health, counseling, career services and recreation centers; debt service, facility repair, remodeling and renovation; and library-information technology expenses.

INTERIM VICE PRESIDENTS

The board approved the appointments of Joe G.N. "Skip" Garcia as interim vice president for health affairs and Lawrence B. Schook as interim vice president for research.

The office of the vice president for health affairs is a newly created position that will consolidate oversight of the University's hospital in Chicago and health-care operations across its campuses. The office of the vice president for research was established by re-titling the office of the vice president for technology and economic development to increase research collaboration among campuses and enhance competitiveness for external funding.

Garcia is vice chancellor for research at UIC and a professor in the College of Medicine. Schook is a professor of animal sciences and director of the Division of Biomedical Sciences at the Urbana-Champaign campus. Searches will be launched within a year to fill both positions permanently.

Both vice presidents will work with the University's Governmental Relations staff and a new federal relations office in Washington, D.C., to increase the U of I's more than $700 million portfolio of government and privately funded research.

RESEARCH PARK

The board approved a 10-year agreement with Fox/Atkins LLC to continue development of the University of Illinois Research Park, located on the south end of the Urbana-Champaign campus.

Fox/Atkins is the original developer of the decade-old research park and was chosen to continue that role after a 20-month competitive process and negotiations with the research park's Board of Managers.

The agreement includes provisions that will benefit the University and further development of the park, such as having at least 20,000 square feet of building space available at all times for potential tenants and requirements for marketing and infrastructure development.

The research park is an incubator that seeks to create businesses and jobs as an outgrowth of University research. The park currently has 90 companies housed in 11 buildings and employs nearly 1,300 people in high-tech jobs, including many students.

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The University of Illinois is a world leader in research and discovery, the largest educational institution in the state with more than 76,000 students, 24,000 faculty and staff, and campuses in Urbana-Champaign, Chicago and Springfield. The U of I awards more than 19,000 undergraduate, graduate and professional degrees annually.