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## **U of I Board seeks to stabilize tuition rates**

*New policy geared to keep tuition flat on inflation-adjusted basis*

CHICAGO, Ill. — The University of Illinois Board of Trustees will consider a policy Thursday aimed at stabilizing tuition increases, seeking to promote affordability for students and provide a predictable revenue stream to sustain academic quality and finance critical operational needs.

The policy would update 1995 guidelines on tuition policy, linking rate increases to inflation in a method that also factors in other variables, such as increases or decreases in state financial support and savings from internal cost-containment efforts.

Board of Trustees Chairman Christopher Kennedy said the policy is intended to ease broad, year-to-year swings in tuition and establish a framework that would set tuition earlier to aid both students and University budget planners.

“The Board’s hope is to keep tuition flat on an inflation-adjusted basis,” Kennedy said. “Inconsistent increases and unpredictable timing on when rates will be set hinder short- and long-term planning for students and their families as well as administrators. This conceptual framework should aid the University in its planning.”

Tuition increases have ranged from 2.6 percent to 16 percent since 2004, when a state law that locks in tuition rates for undergraduate students for four years took effect, and rates have been set as late as June – two months before the start of the fall semester. Under the guaranteed tuition law, tuition for each successive incoming class remains fixed for four years. In the last six years tuition at the U of I has increased by an annualized rate of about 3.6 percent per year.

The board will consider the policy Thursday during its regular meeting at the U of I’s Chicago campus. Trustees will set tuition for incoming students in the 2011-12 academic year at or before their scheduled Board meeting in March.

Kennedy said the policy proposal also promotes student affordability and the Board hopes tuition increases would not exceed inflation, based on the four-year average of an appropriate, nationally recognized price index.

The new tuition-setting approach also would include other variables. It would factor in changes in state funding, which has steadily declined over the last decade, along with the impact

of ongoing University cost-containment efforts that already have netted annual savings in personnel, utilities and purchasing.

Kennedy said the variables ensure that students reap the benefits of below-inflation tuition increases if University revenues rise, and also safeguard the University if income falls, boosting needed revenue for academic programs, operations and salaries.

He said tuition has become an increasingly important revenue source for the University as state funding has declined, providing the money needed to maintain academic excellence, hire and retain top-flight faculty and staff, and support programs on the three U of I campuses.

According to the proposed policy, “any tuition rate increase recommendation...shall include a comparison to the most recent four-year average annual rate of inflation using an appropriate, nationally recognized price index. The impact of any increase or reduction in the state’s general revenue fund appropriation from the prior fiscal year appropriation amount shall also be presented, compounded to the guaranteed rate. The University’s ongoing costs reduction efforts shall be taken into account when determining any rate recommendation.”

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