Hi. Michael Crow here.

We had the tuition hearing the other night with the Board of Regents and I thought following that hearing that it might be useful to speak to the students at ASU regarding where we’re heading with our tuition proposal, our logic for that proposal and deal with some of the students concerns that I heard at the hearing. The basic proposal that we have, as you’ve heard from me before relative to tuition, is for all students presently at the university to receive a 5 percent tuition adjustment. That’s an upward adjustment. This is about the same as the cost of living adjustment, but also grossly less than some of our losses that we’re experiencing from state investment and I want to talk a little bit about that.

Our principle logic for advancing this particular tuition model is to give students a continued access to the institution at what we call a modest tuition level and giving students a very predictable tuition increase amount. Now, many of the students at the event the other night focused on an area of concern related to what they called “accountability for tuition,” which is “What are we doing with these resources?” and I want to put some of that into perspective.

Our present financial models for the university with our proposed tuition increases call for the university to be able to generate roughly $45 million dollars of additional revenue from tuition increases. Now just let me just put those into perspective. $45 million dollars of additional tuition revenue coming in on a university funding base that is larger than $1.8 billion dollars gives you some sense of the scale. Then also to put that tuition increase into scale, it is unfortunate that at the same time as we are moving forward with this tuition increase, the state’s reduction in investment in the institution will total more than $60 million dollars. And so, just to put things into perspective, the tuition increase, including growth in the student body, is smaller than the entire loss of investment from the state. Now at many institutions, the tuition increases are being geared exactly to replace the funding that’s lost from state investments. We’re not moving in this direction, and we’re not moving in this direction so that we can stay true to our promise of predictability. So, where we are is a very difficult situation: a $60 million dollar minimum reduction in state financing and a total net increase in tuition revenue of $45 million dollars. That is a difficult situation for us, indeed.

Now, in moving forward, I wanted to talk a little bit specifically about the kinds of things that students have indicated that they are concerned about. So let me just look at a list here.

First, some students have indicated that tuition is increasing to offset budget cuts that are a result of poor planning or excessive spending at ASU. Well, this couldn’t be further from the truth. Our budget cuts are a result of the state reducing its appropriation to the university. So, imagine the following: the state gives us $500 million dollars as a portion of the university’s budget and then, in the middle of the year due to their own financial circumstances, takes back $60 million of that $500 million from us after we’ve already committed it. That’s the financial stress.

Our expenses that we have within the university itself, let’s say for instance the repair of the Union, that is something that’s largely paid for by insurance and a group called State Risk Management, so it’s not a project like that or other things we’ve done, dormitories and so forth.
Our dormitories, our residence halls, these are all projects that are self-financed. That is, the room fees pay for the residence halls. That’s the way that it works. It’s called an auxiliary enterprise and it’s not a part of the cost associated with instruction. In fact, that’s one of the things makes it a little bit more difficult in terms of dealing with tuition and cost of instruction, and that is that certain parts of the university, like our research enterprise, is self-financed. Our residence halls are self-financed. Our dining halls are self-financed. Our athletics program is self-financed. It is our instructional programs where tuition revenue and state revenue are so important to us. So, it is not the case that these budget cuts are the result, or the tuition increases are the result, of either poor planning or excessive spending.

A second issue that students have brought up is one that goes something like this, “Tuition is increasing even though money is being spent on “non-necessities,” specifically athletics, administrative salaries, SRC expansion, MU renovation, and so forth. Now, I sort of addressed those in my earlier comments, but it’s important to understand one of the financial realities of the institution. We receive from the state for each student that’s here about $7,200 dollars, and for in-state students we receive less than $6,000 dollars of tuition revenue. Now, let’s add those together and just round them to $13,000 dollars of revenue for an in-state student. $13,000 dollars of revenue for an in-state student from tuition and state resources is less than our actual cost of instruction. Our cost of instruction is higher than that, and so it isn’t the case that we have issues where we’re spending more on this or that, those things run themselves. Our real problem is that we have insufficient resources for our instructional enterprises to begin with and then the state is stepping up and reducing some of those resources on top of that.

A third issue goes something like this, “Tuition increases prove that ASU isn’t aware of the financial challenges faced by students and the university doesn’t care.” Well, I don’t know what could be further from the truth. We have moved more than $100 million dollars of university resources into financial aid in the last several years. We’ve greatly expanded the university’s access. When I took office in 2002 our tuition was under $2,500 dollar a year, and while that might sound very good to many of you, it turns out that we had no financial aid. We had minimal resources for investment and we had an underachieving institution. That’s what I call the failed “low tuition, low financial aid” model. Right now we have a “modest tuition, high financial aid” model. We now have more Pell Grant eligible students attending the university than ever in its history. We have more students attending from families with incomes below the poverty line. We have more students on financial aid, more students receiving financial aid, and we’ve even moved the university to a position where in-state students are now graduating with a decreasing level of debt. Now that might not affect you individually for many, many different reasons, but on average, we believe that we have helped this institution to be very successful.

A fourth question is, “Tuition increases don’t seem to result in any tangible improvements to the student experience.” Well, this is a complex question. We’ve made massive investments over the last several years from tuition increases to improve the student experience, but they may not all be visible. We have renovated classrooms. We’ve added mediation technologies into classrooms. We’ve expanded the faculty. We’ve expanded academic advisors. We have expanded our Department of Public Safety personnel. We have added to the overall capability of the university to take on and do many things related to instruction. We’ve added degree programs. We’ve added over 100 new degree programs and so we’ve been expanded the
intellectual side of our enterprise and the tuition has gone to benefit those processes. This notion about tangibility, if one is expecting, “Well, I’m going to pay 5 percent more this year and I’m going to see some massive change in the institution,” one has to remember that we’re also dealing with simultaneous budget reductions from the state. So we are focusing our tuition revenue on our academic enterprise so that in fact it doesn’t have to be reduced, and so that it can continue, in fact, to expand. So that we can continue to subscribe to the journals in the library and so that we can continue to move the enterprise forward. It is not the case that there are not tangible improvements. There are tangible improvements in spite of substantial financial reductions from the state.

This fifth question that has come from a number of folks is an interesting one – it is almost amusing to me – but nonetheless, here it is: “Tuition increases prove that the university is being run for profit.” Well, the university is not being run for profit. We are a not-for-profit enterprise where all of our resources from all of our 17 revenue sources, tuition being one and state appropriations being another, those are all devoted to the teaching, learning and discovery function of the institution. We have no other enterprises. We have no other places to put our money. We are focused on that one and singular objective.

So, having said all of that, I know it might sound a little bit confusing. It is a confusing time. The country continues to be in the midst of a financial crisis. We’re managing our way through that financial crisis. We’re trying to provide to you as students a 5 percent, predictable, tuition increase. We’re trying to manage the enterprise in a way where we’re devoting as many of our resources to you as we can and cutting as many expenses as we can in the rest of the institution, and we’re doing all of this in a way that we hope that you really just focus on your studies, your creativity and your discovery-related activities.

Now, having said all that, we also know that family circumstances are changing. Financial aid needs can change as a function of that, and I hope that each of you that experience a financial aid change, or a family circumstance change, will be in contact with our financial aid advisors so that we might have an opportunity to be helpful to you as you still try to find ways to continue the advancement of your own career here at the university.

We are very interested in your success. We’re focused on your success. We want this moment to be an exciting time in your life. We’re building and have built a fantastic university here for you. You have access to fantastic faculty and fantastic programs and so we’re very excited about your being here, and I just wanted to bring you up to speed on where we are relative to our tuition proposals.

Thank you.

Tuition at ASU  http://www.asu.edu/yourtuition
ASU Planning and Budget  http://budget.asu.edu
Financial Aid  http://students.asu.edu/financial-aid