December 7, 2015

Steven Leslie, Ph.D.
Executive Vice Chancellor for Academic Affairs
The University of Texas System

Dear Dr. Leslie:

The University of Texas at Austin recommends a 3 percent tuition increase for the 2016-17 and 2017-18 academic years plus $5.00 per semester to be dedicated to the same purposes as the expiring Environmental Services Fee (Green Fee). If approved by the UT System Board of Regents, this will be the first tuition increase for resident undergraduates since Fall 2011.

This tuition recommendation for UT Austin was developed through a campus-wide consultative process in response to your memorandum of October 19, based on the Board of Regents authorization. The Tuition Policy Advisory Committee (TPAC) included student leaders, faculty, and senior administrators, and developed recommendations with feedback from online surveys, a dedicated website, two public forums with live streaming, and three meetings with student leadership organizations. The committee recommended a 3 percent increase for all categories of undergraduate and graduate tuition. In addition, I decided, in consultation with student leaders, to add $5.00 per semester to replace funding for the Environmental Services Fee, which will expire in Summer 2016. The total recommended tuition increase will produce approximately $15.7 million in net revenue each year.

The 2015-16 core academic budget of UT Austin is approximately $1.4 billion. The core academic budget excludes extramural research funding, gifts and endowments, and auxiliaries because these are dedicated funds not directly related to education and general operations. As TPAC noted, simply keeping pace with cost escalation requires additional annual recurring revenue of $30 million to $40 million. Most cost escalation is related to competitive compensation and required benefits for faculty and staff, which is central to UT Austin’s excellence. Since 2009, however, revenue increases for UT Austin have fallen well short of this threshold.

These cost pressures are limiting our ability to carry out UT Austin’s mission as a preeminent public research university. Advancing excellence requires revenues beyond cost escalation to allow the university, through strategic initiatives, to increase student success in and outside of the classroom, provide salaries in a highly competitive environment, and fund depreciation of the physical plant, all of which are central to quality education and research.
Tuition has an important role in providing the revenue for quality education. However, quality is a shared responsibility between the UT System (through AUF) and the state (through General Revenue appropriations) so students and their families are not asked to bear the entire burden of closing these funding gaps. Furthermore, tuition increases should be used to advance institutional priorities that most impact students.

Two priorities most significantly impact students: student success programs and outstanding faculty. About one-half of the new tuition revenue will be committed to further building our Student Success initiatives so that more UT Austin undergraduates will complete their degrees in four years or less. We will also improve and increase the value of UT Austin degrees by creating next-generation degree programs that will incorporate more experiential learning, investing in financial aid strategies to improve affordability, making targeted investments to improve the success of underrepresented populations in high-demand majors, and strengthening career placement and advising services.

The second way we will enhance the value of UT Austin degrees is strategic investments to enhance faculty salaries, for recruiting and retaining top faculty. UT Austin’s success depends fundamentally on the quality of our faculty, who enable students to benefit from unique educational opportunities that leverage the capabilities of a leading public research university. Although we anticipate spending approximately half of new tuition revenue on these strategies, it is important to note that bringing faculty salaries to the national average requires approximately $20 million annually.

I look forward to working with you, the Chancellor, and the Board of Regents as they consider UT Austin’s recommendation for a tuition increase for 2016-17 and 2017-18. I appreciate the hard work and thoughtful contributions of the members of the Tuition Policy Advisory Committee—especially our student leaders—in developing this proposal.

Thank you for your consideration of this critical request for UT Austin.

Sincerely,

[Signature]

Gregory L. Fenves
President

cc: Judith Langlois, Interim Executive Vice President and Provost
    Harrison Keller, Deputy to the President for Strategy and Policy
    Mary Knight, Associate Vice President for Finance and Interim Vice President and Chief Financial Officer
    Daniel Slesnick, Senior Vice Provost for Resource Management