

can see that they can do it in order to keep the tuition increase to the point where they are presently proposed.

President Todd said that he wanted to try to put the Board back in time to September 2001 when the University thought it could get by with a 5.5% increase. He said he would explain where the administration was mentally at that time versus where they are now. He said that they felt the University's funding needs were \$15.2 million back in September 2001. They thought the University was going to get \$4.7 million from benchmark funding from the legislature; however, that did not materialize. At that time, the administration had planned a 5.5% increase in tuition, and they were going to go after another million dollars of overhead recovery. They had not planned to do the Provost model savings for another year, and they were still going to reduce programs by \$4 million to make up the \$15.2 million needed. This would be for salary increases and other increases shown on the previous slides. He noted that there was a \$9.1 million difference between the two slides. The proposed actions are actually bigger than that because the University did not get the \$4.7 million that they had been counting on. The proposed tuition increase is \$9 million more than expected. They are reducing the overhead another \$800,000. He said that the savings from the Provost model has now been added in, and he had hoped to use that savings for other purposes, not for this balancing act but that is what the administration has to do. They have increased the program reductions to make up for this \$9 million. When they thought they could get by with a 5.5% tuition increase, it was because the administration thought they had more money coming to the University. They did not expect some of the cuts that were coming down.

President Todd then reviewed the proposed annual tuition and fees schedule. The undergraduate resident students' tuition would increase about \$260 per semester. The fees increases are \$64.00 per year. He noted that the LCC rate of increase is less because they are further away from their benchmarks than any other institution in the state. When benchmark funds were applied, they were cut less. When the \$19 million came in the pool, they were given back more; therefore, the administration has been able to keep their tuition increase to a smaller number.

President Todd displayed a slide showing the total tuition fees, the amount of the increase on an annual basis, and the percent of the increase. Again, he pointed out that the percent of increase on the LCC side is only 9.26%. He explained that they tried to go for the same dollar amount on the non-residents. A few years ago, the out-of-state tuition was increased 9% two years in a row, and it cost the University some enrollment and some dollars. Last year as well as this year, a decision was made to go with the same dollar amount with the out-of-state students as the in-state students; therefore, the percentage does not look as high. There is still a significant difference in the out-of-state tuition and the in-state tuition.

President Todd said that a lot of parents would look at the per semester increase in total tuition and fees. The amount of increase is up by about \$300 per semester. He said he was just focusing on the undergraduate tuition because that is the bulk of the issue.