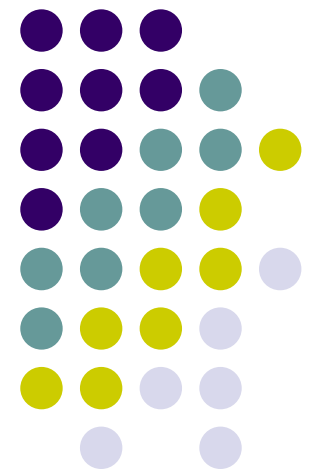




World-Class Education in the Real World™



FY 2008 Budget Discussions



Board of Governors ◆ ***July 25, 2007***

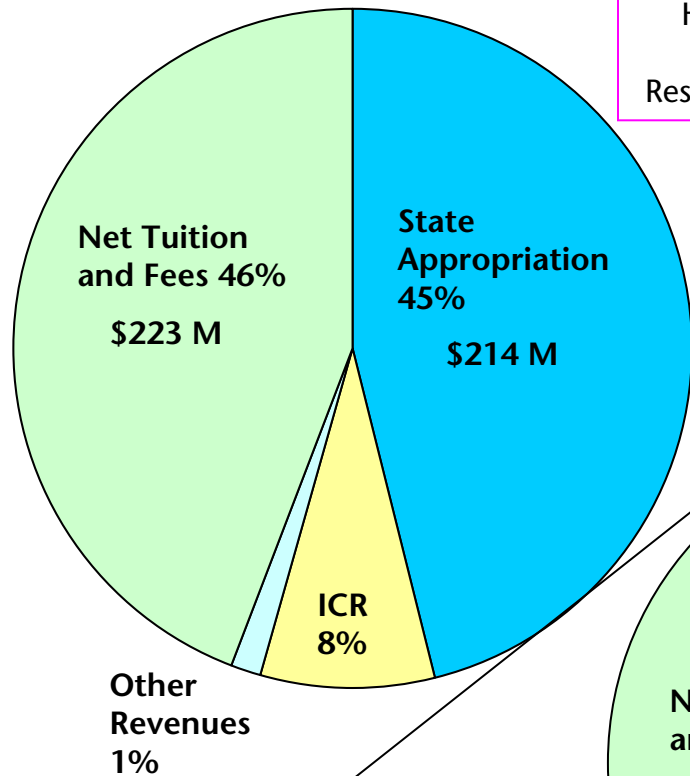
Agenda



- Understanding ICR Discussion
- Follow-Up from July 10th meeting
- Discussion of three tuition scenarios
 - Discussion of implications of all scenarios
- Presentation of high level budgets that incorporate tuition scenarios
- Approval of FY 2008 tuition and fee rate

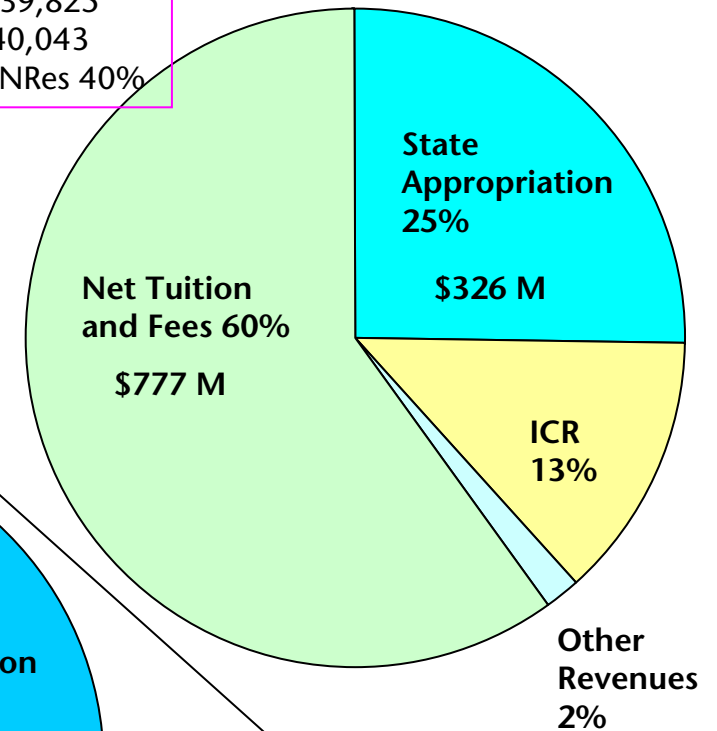
FY 2007 GF Budgets – UM, MSU & WSU

Wayne State - \$489 M



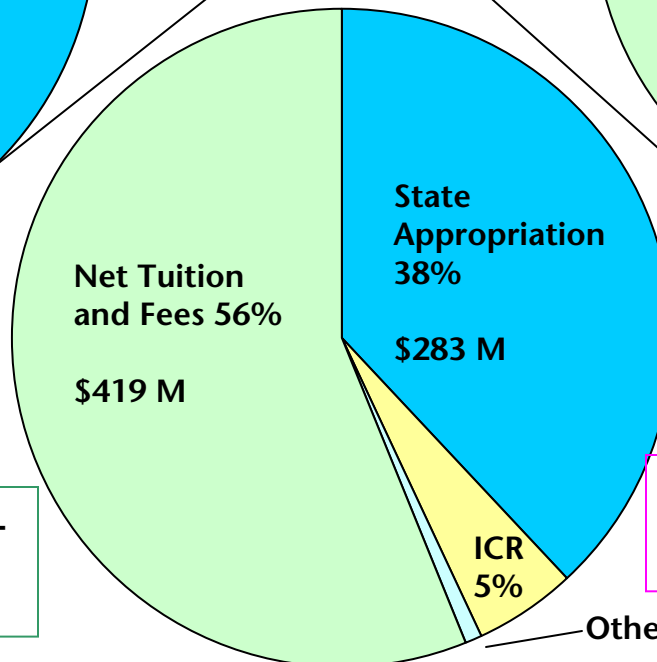
Heads=33,137
 FYES=25,235
 Res=94%; NRes 6%

University of Michigan-AA - \$1,295 M



Heads=39,825
 FYES=40,043
 Res=60%; NRes 40%

Michigan State - \$746 M

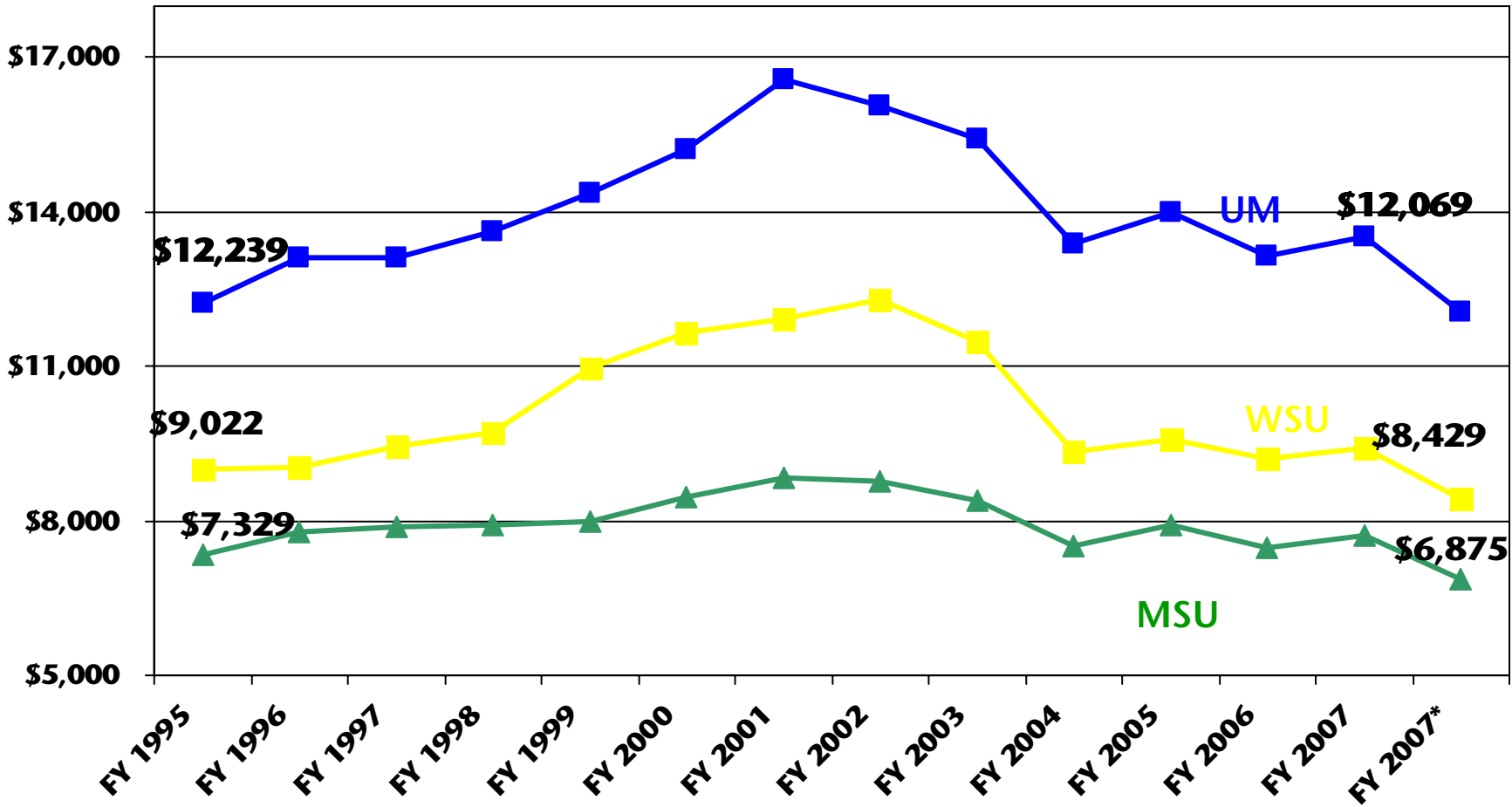


Heads=45,166
 FYES=42,430
 Res=89%; NRes=11%

Other Revenues 1%

Note: Estimate of UM-AA & MSU net tuition and fees is based on WSU comparative percentages for bad debt and graduate research waivers.

State Appropriations per Resident FYES (FY 1995 to FY 2007)



Changes from FY 1995 to FY 2007*: UM -1.4%; MSU -6.2%; WSU -6.6%

Note: FYES FY 2007 numbers are estimates; FY 2007* include impact of state budget cuts to date



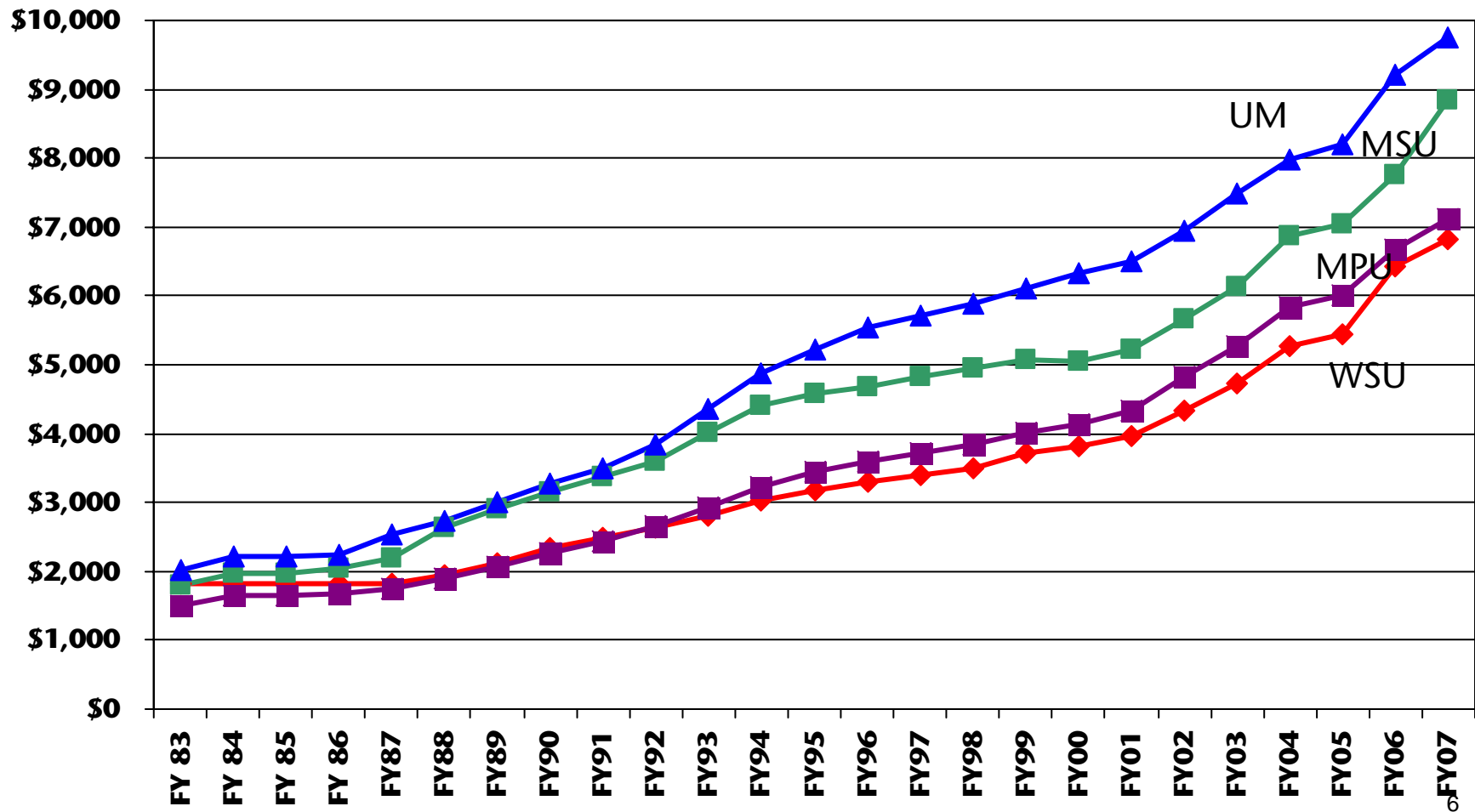
Definition of FYES

- Undergraduate = 24 credit hours
- Graduate = 16 credit hours
- Professional = 8 credit hours
- Calculations on previous slide we derived by
$$\text{Total credit hours} / \text{total FYES} = \text{Avg credit hours per FYES}$$
- Then total resident credit hours / Avg hours per FYES = Resident FYES

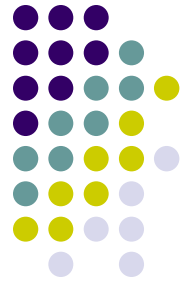
Undergraduate Tuition: FY 1983 to FY 2007



Resident, Lower Division



What if Everyone Adopts the MSU Tuition Rate: (MSU tuition rate increase of 9.6%)

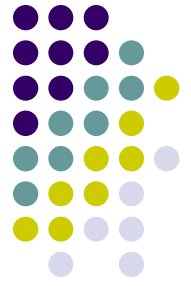


	FY 2007 Rate	Variance from WSU	% Increase needed to achieve \$849 increase
Univ of M--AA	\$9,747	\$2,935	8.7%
MTU	\$8,911	\$2,099	9.5%
MSU	\$8,842	\$2,030	9.6%
CMU	\$7,530	\$718	11.3%
UM-D	\$7,255	\$443	11.7%
FSU	\$7,200	\$388	11.8%
WMU	\$7,166	\$354	11.8%
EMU	\$6,933	\$121	12.2%
UM-F	\$6,903	\$91	12.3%
WSU	\$6,812	\$0	12.5%
Oakland University	\$6,738	(\$75)	12.6%
LSSU	\$6,628	(\$184)	12.8%
GVSU	\$6,587	(\$225)	12.9%
NMU	\$6,141	(\$672)	13.8%
SVSU	\$5,543	(\$1,270)	15.3%

MPU Freshman Tuition Rates:

FY 2007 Rates-Tuition & Fees for Full Year

Based on 24 Credit Hours



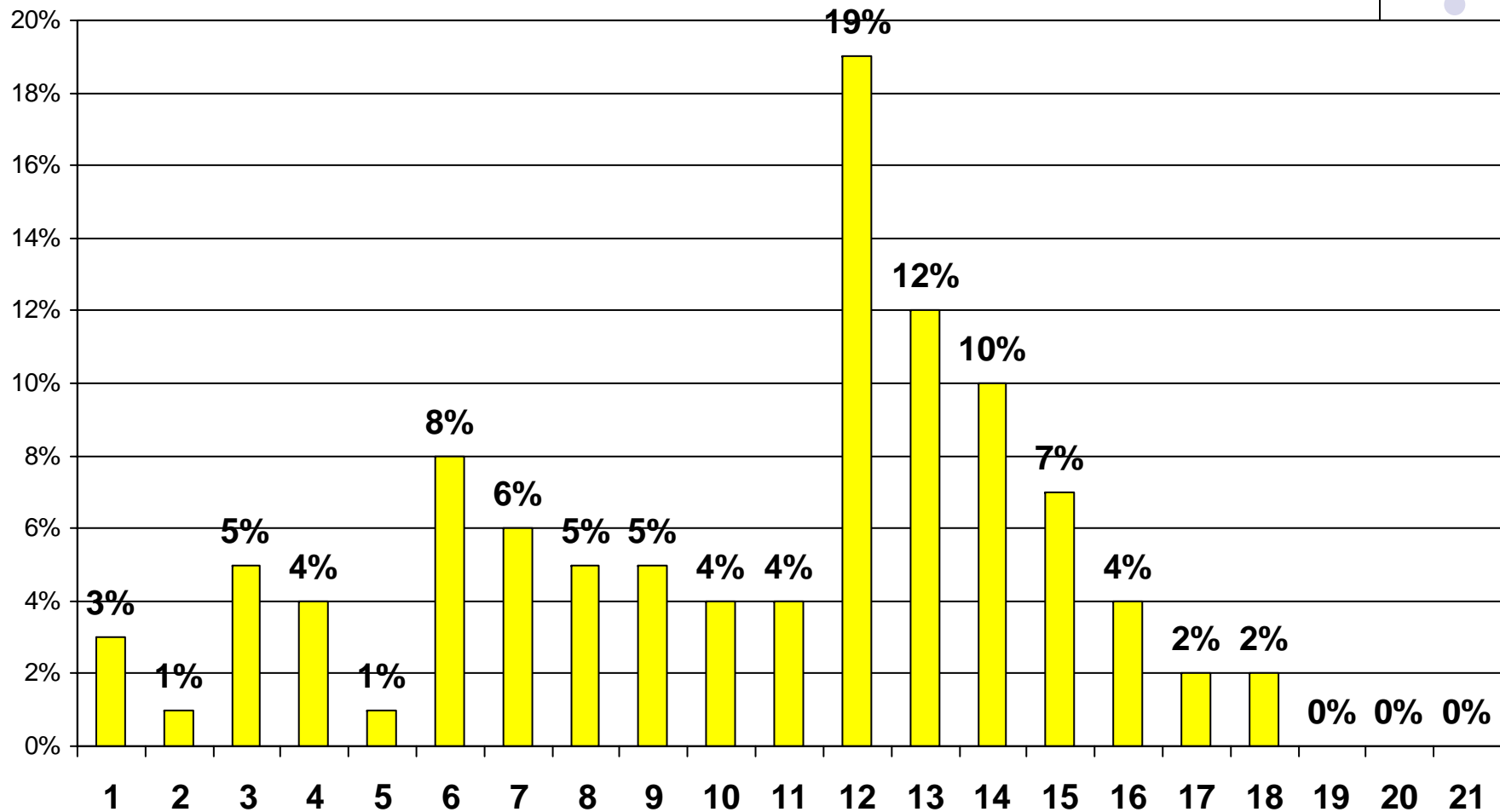
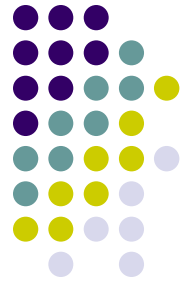
Resident Tuition

<u>Institution</u>	<u>\$\$</u>	<u>Rank</u>
• UM	\$9,724	1
• MTU	\$8,910	2
• MSU	\$8,647	3
• CMU	\$7,530	4
• UMD	\$7,188	5
• WMU	\$6,866	6
• LSSU	\$6,708	7
• OU	\$6,638	8
• GVSU	\$6,588	9
• FSU	\$6,580	10
• UM-F	\$6,548	11
• NMU	\$6,141	12
• EMU	\$6,135	13
• SVSU	\$5,543	14
• WSU	\$5,509	15

Non-Resident Tuition

<u>Institution</u>	<u>\$\$</u>	<u>Rank</u>
• UM	\$29,132	1
• MSU	\$21,292	2
• MTU	\$20,679	3
• EMU	\$18,290	4
• CMU	\$17,520	5
• WMU	\$16,806	6
• UMD	\$15,745	7
• OU	\$15,473	8
• LSSU	\$13,266	9
• FSU	\$13,140	10
• UM-F	\$12,762	11
• SVSU	\$12,540	12
• GVSU	\$12,510	13
• WSU	\$11,715	14
• NMU	\$10,077	15

UG Student Credit Hour Load Fall 2006



70% of students

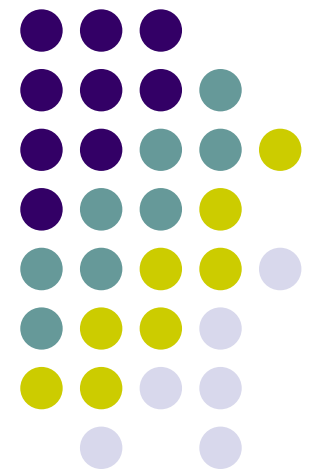
Credit Hours per Semester--Full Time Student = 12 hours



World-Class Education in the Real World™



FY 2008 Tuition & Fees Recommendation



FY 2008 Enrollment Outlook

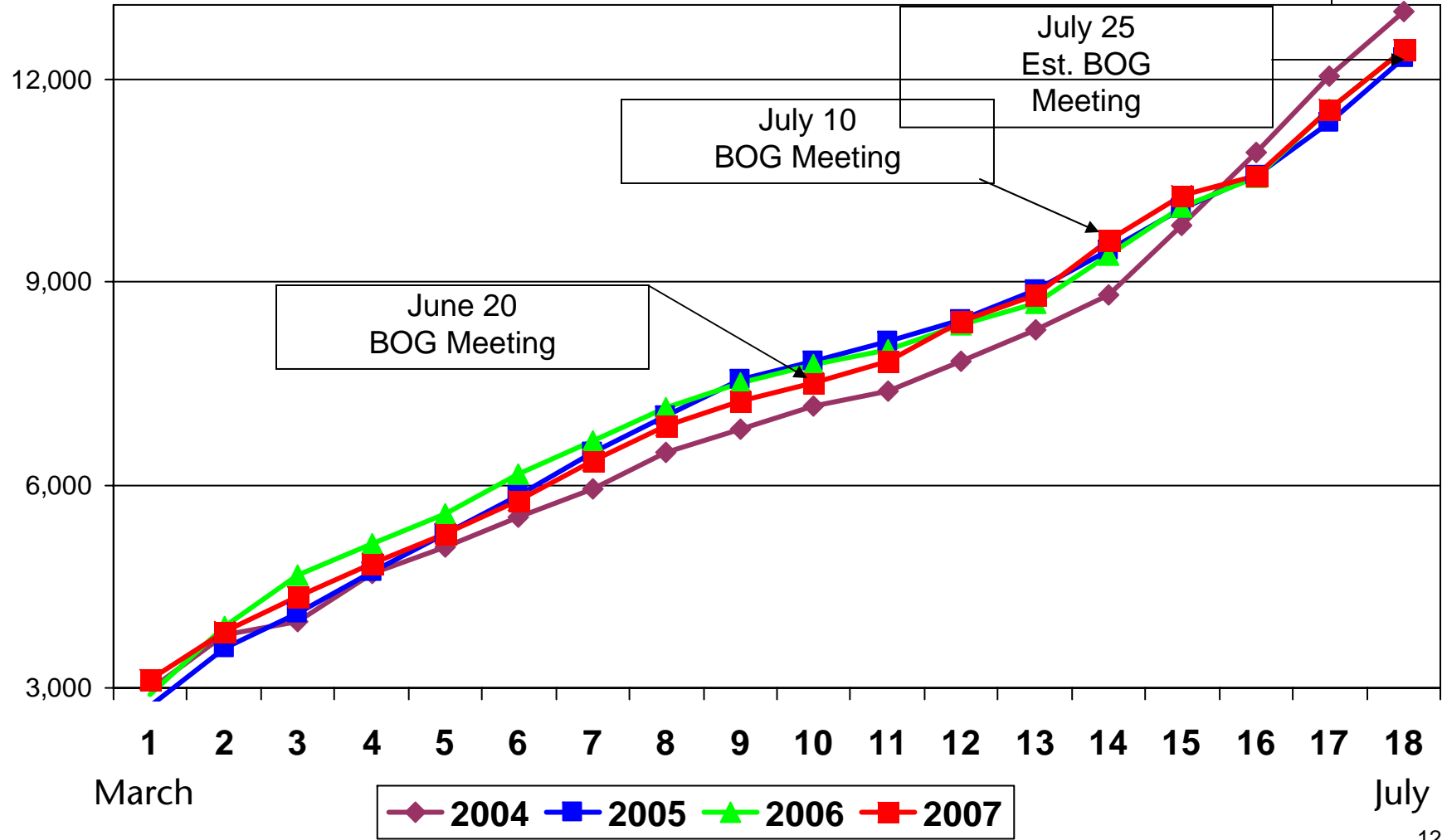


<u>TYPE</u>	<u>FY 2007</u>	<u>FY 2008 Proj.</u>	<u>Variance</u>	
● <u>Headcount</u>				
● Undergraduate	20,892	20,766	-209	-0.6%
● Graduate & Prof	12,090	11,703	-387	-3.2%
● Total	32,982	32,469	-596	-1.6%

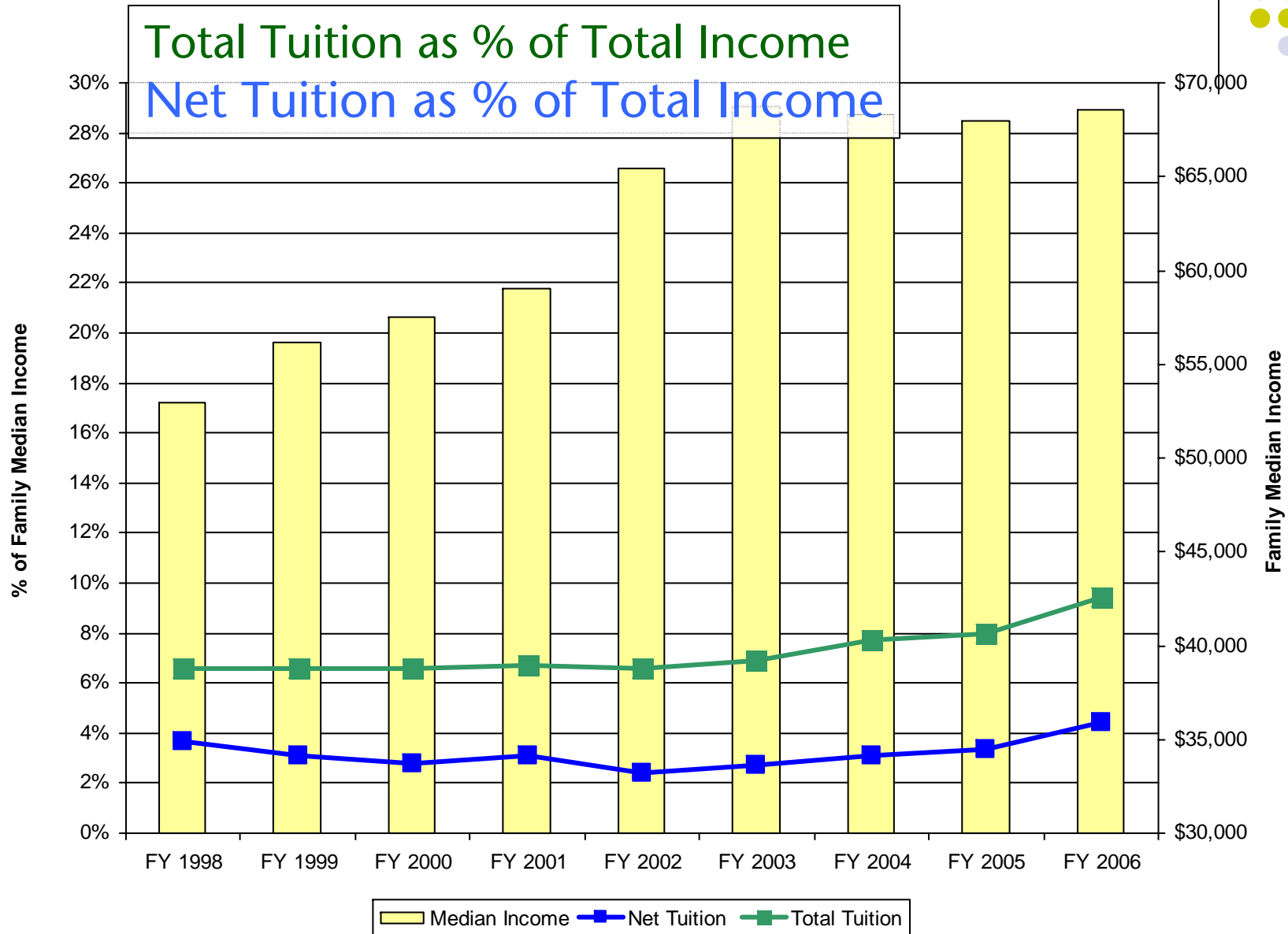
Enrollment Analysis:

- Undergraduates— Strong increases in first-time freshman; continued decline in continuing students
- Graduates— Increases in PhD students, but over all decline in graduate programs.

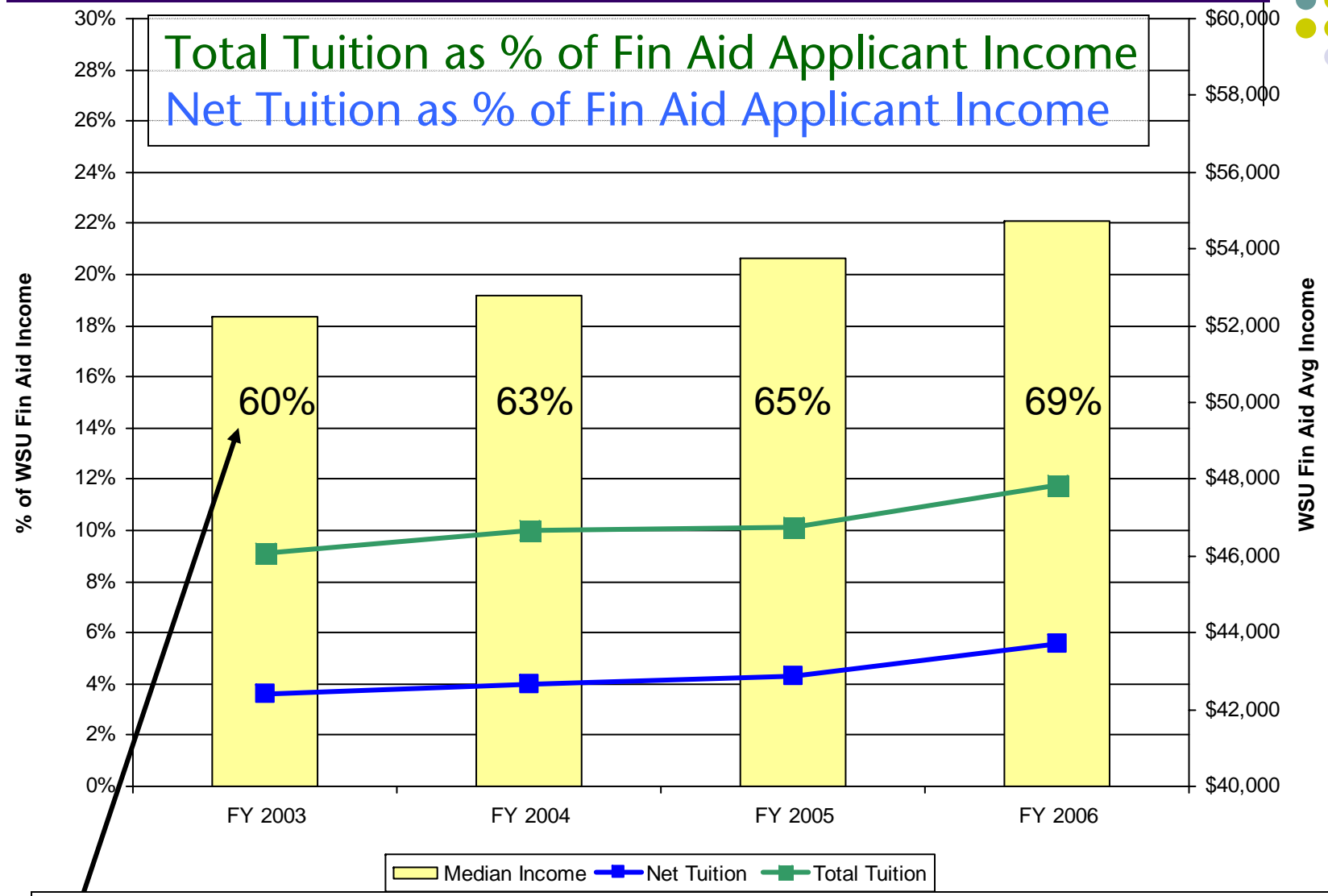
Undergraduates “Enrolled” Through Week 18 of Registration (Fall Headcount)



Gross Tuition & Net Tuition as a Percent of Median Family Income



Gross & Net Tuition as a % of WSU Fin Aid Applicant Incomes



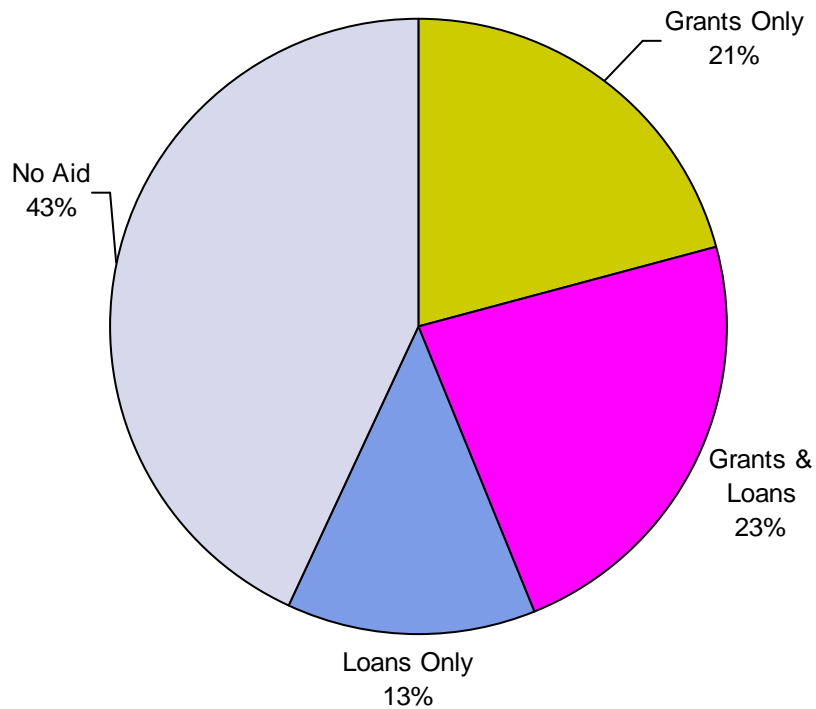
Numbers are percent of undergraduates who apply for financial aid

WSU Undergraduates w/ Financial Aid

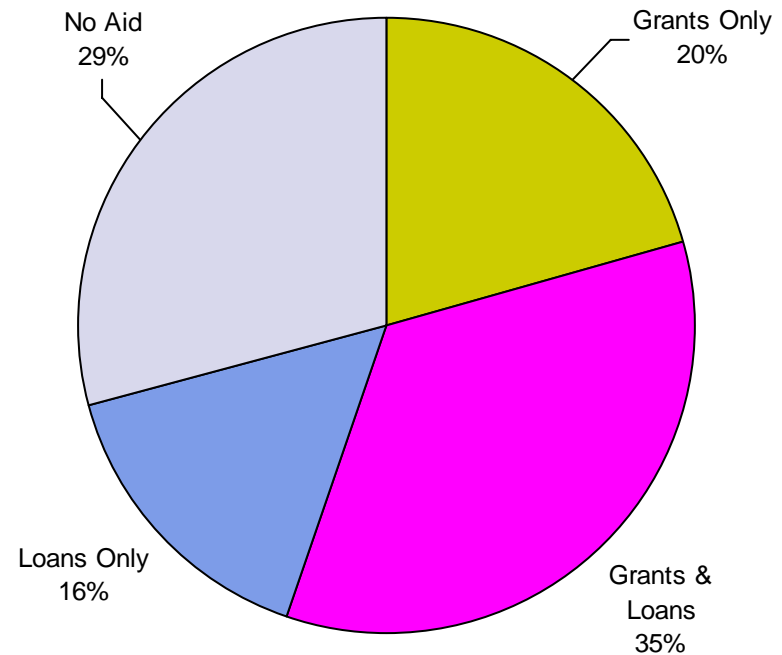


Fall 2002—18,407 Students

Fall 2006—20,892

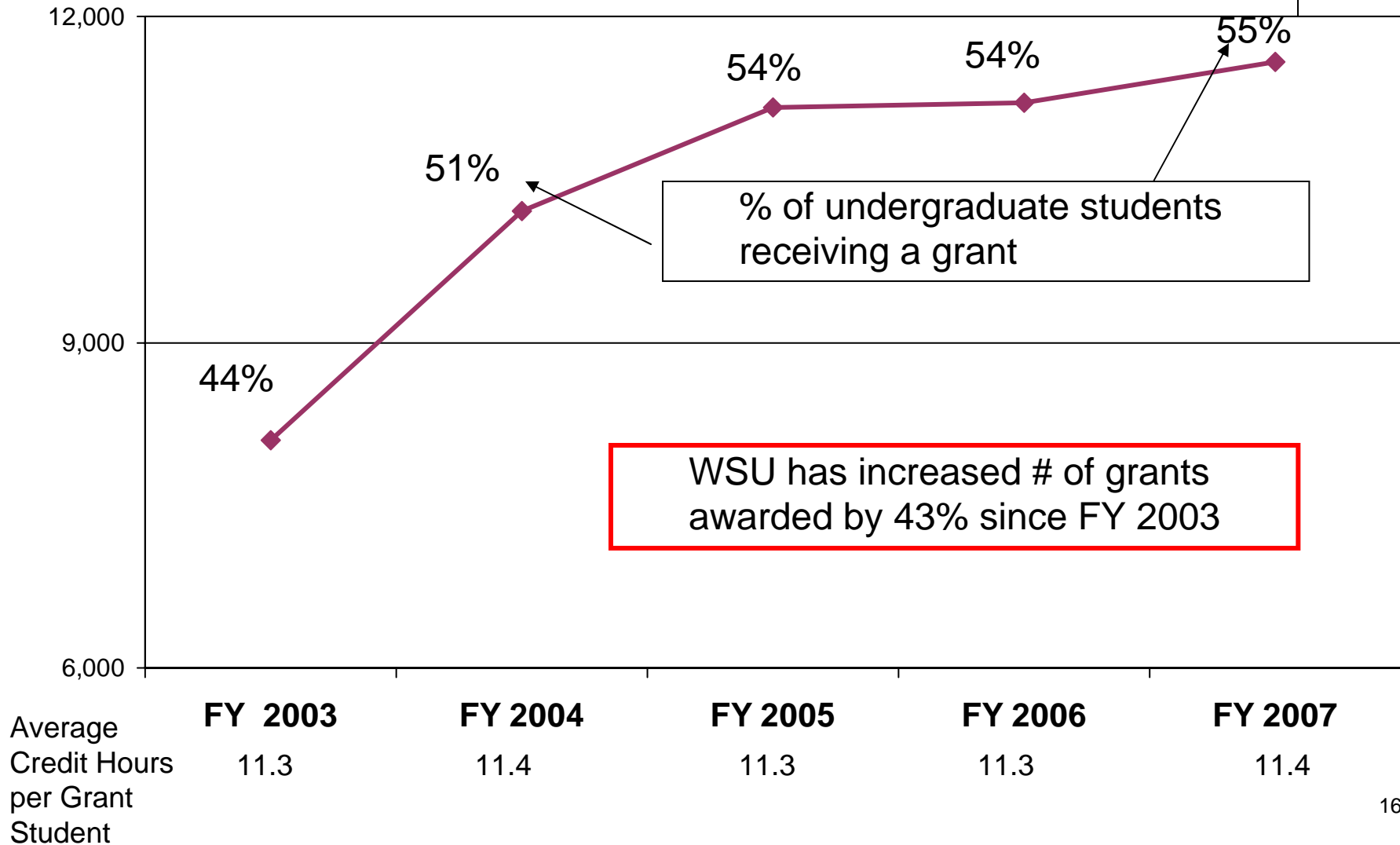
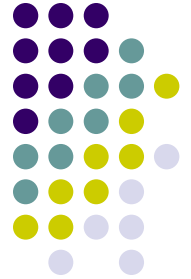


Scholarships & Fellowships
FY 2003 \$44.4 M

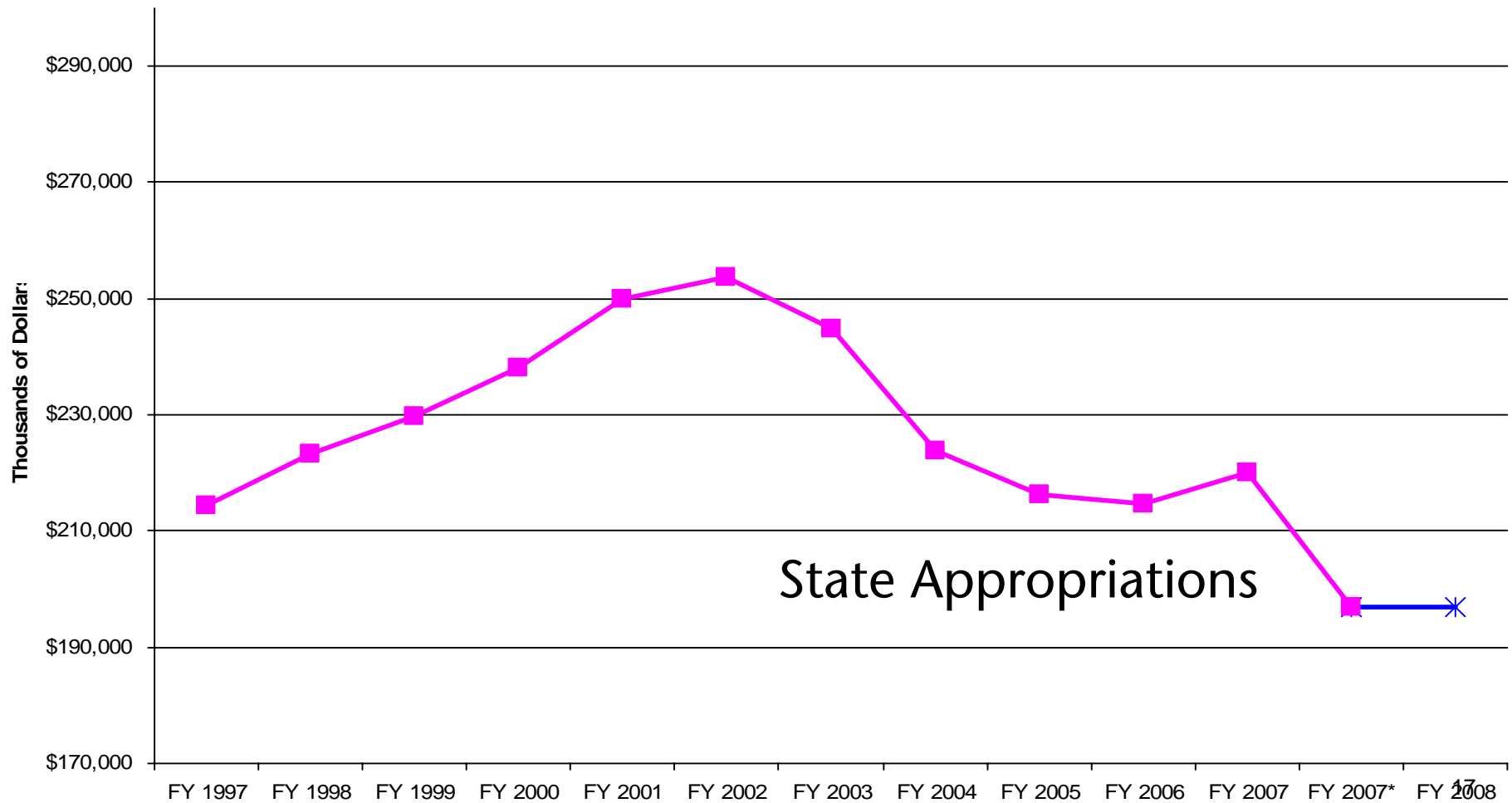


Scholarships & Fellowships
FY 2006 \$58.6 M

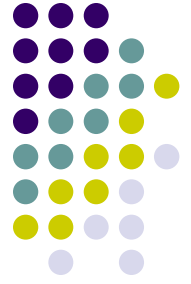
WSU Undergraduates Receiving Grants



Wayne State University State Appropriation vs. FYES *FY 1997 to FY 2007 (with reductions)*



FY 2008 Outlook

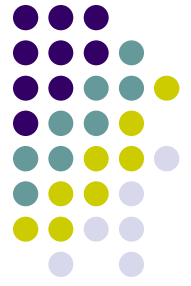


Expenditures *(Projected Changes)*

● Compensation <i>(Increases)</i>	
● All Faculty	\$7.2 M
● Non-Faculty	\$3.5 M
● Faculty Recruit & Prior Commitments	\$1.2 M
● <u>Fringe Benefits</u>	<u>\$1.5 M</u>
● <i>Sub-Total Comp</i>	<i>\$13.4 M</i>
● Operating Expenditures <i>(Increases)</i>	
● General Operating	\$0.7 M
● Utilities & Debt Service	\$1.3 M
● <u>Financial Aid</u>	<u>\$ 0 M</u>
● <i>Sub-Total Gen. Exp</i>	<i>\$2.0 M</i>
● Expenditures Increases	\$15.4 M
● Additional Expenditures	
● “Unbudgeted” Expenditures	\$3.7 M
● Expenditure Reductions	
● Net Reduction Target	(\$9.9 M)
● TOTAL EXPENDITURES	\$9.2 M

Note: financial aid increase will be based on tuition increase

Additional “Unbudgeted” Expenditures



- In prior years, WSU has maintained the practice of providing funding for some non-recurring items with one-time or year-end surpluses.
- It is anticipated in FY 2007 there will be no balances to fund these critical projects or other initiatives.
- In order to provide funding for a portion of these or other projects, reductions beyond the proposed \$9.9 M may be necessary in order to balance the budget.
- Proposed additional expenditures:

<u>ITEM</u>	<u>FY 2007</u>	<u>FY 2008</u>
● Deferred Maintenance	\$3.5 M	\$1.50 M
● Pres. Research Enhancement	\$1.8 M	\$1.50 M
● University Wide Marketing	\$0.4 M	\$0.38 M
● <u>Telemarketing Contract</u>	<u>\$0.3 M</u>	<u>\$0.26 M</u>
● Total	\$6.0 M	\$3.64 M

Note: Telemarketing generates about \$800 k per year in pledges to the University

Targets for Reductions & Re-Allocations

● Possible Reductions in Expenditures

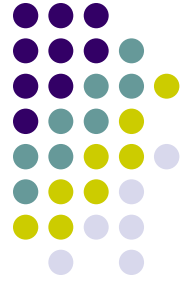
- Strategic University-wide Reductions *Target \$8.2 M*
 - Non-Personnel reductions
 - Reductions in force
 - Technicians
 - Vacant Lines
 - *Reduction could include a reallocation to strategic targeted areas* *Target (\$1.2 M)*
- Research Excellence Funds contribution *Target \$0.4 M*
- Increase class sizes
 - *Class size has already increased by 20% in last 5-years*
- Consolidation of administrative support *Target \$0.3 M*
- Improvement of business processes such as Information Technology efficiencies or centralizing services *Target \$0.03 M*
- Temporary hold on Library inflation allocation *Target \$0.2 M*

Targets for Reductions & Re-Allocations

● Possible Increases in Revenues

- Increase enrollments by changing policy on academic holds
 - *Eliminated 1800 academic holds—impact TBD*
 - ICR Assistance *Target \$2.0 M*
 - Utilization of investment income *Target \$2.5 M*
 - Additional tuition increases *Target \$ 0 M*
 - *Each 1% increase generates (net) \$1.8 M*
 - Implement specific deferred maintenance fees *Target \$ 0 M*
 - \$10 / per credit hour fee would generate \$7.5 M
 - Current GF contribution to Deferred Maintenance \$7.9 M
 - Utilization of various tuition structures, tuitions differentials or fees *Target \$ 0 M*
 - Ferris State approved a per credit hour “Contingency Fee” that will be applied in the fall and then removed in winter if the State of Michigan “meets its obligations”.
 - A “contingency fee” if applied at WSU would be approximately \$14 / per credit hour for every \$10 M not restored.
 - No further permanent State reductions *Target \$ 0 M*
 - Full repayment = \$20 M of revenues

FY 2008 Outlook

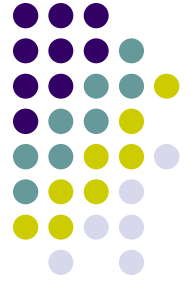


Revenues *(Projected changes from FY 2007 budget)*

- Operating Revenues
 - State Appropriation \$0 M
 - Tuition \$0 M
 - Investment Income \$2.5 M
 - Enrollment Shortfall (\$2.6 M)
 - Indirect Cost Recovery (ICR) (\$11.1 M)
 - Indirect Cost S/C Contributions \$4.8 M
 - Operating Revenues (\$6.4 M)
-
- Total Revenues (\$ 6.4 M)

Note: assumes no tuition rates or state appropriations have been set

FY 2008 Outlook Summary



Budget Summary

- Revenues *(Projected Changes)* (\$6.4 M)
- Expenditures *(Projected Changes)* \$ 9.2 M
- Surplus / (Shortfall) (\$15.6 M)

- Note: This assumes no changes in tuition or state appropriations to date

MPU Freshman Tuition Rates:

FY 2007 Rates-Tuition & Fees for Full Year – 30 credits

	FY 2007	Variance
UM-AA	\$9,747	\$2,935
MTU	\$8,911	\$2,099
MSU	\$8,842	\$2,030
CMU	\$7,530	\$718
UM-D	\$7,255	\$443
FSU	\$7,200	\$388
WMU	\$7,166	\$354
EMU	\$6,933	\$121
UM-F	\$6,903	\$91
WSU	\$6,812	\$0
Oakland University	\$6,738	(\$75)
LSSU	\$6,628	(\$184)
GVSU	\$6,587	(\$225)
NMU	\$6,141	(\$672)
SVSU	\$5,543	(\$1,270)

FY 2007 MPU Average \$7,119; a variance of \$307 from WSU

Tuition Options

- Assumptions:
 - Assumes FY 2007 budget deficit has been successfully closed (\$25.7 M)
 - Assumes permanent expenditure reduction targets (\$9.1 M) have been achieved along with additional revenue contributions
 - Assumes:
 - All of the deferral (\$20 M) will be returned in Option #1
 - \$10 M of the \$20 M State deferral will be returned for Option #2 & Option #3
- Options:
 - Option #1: Tuition increase of 12.8%
 - Option #2: Tuition increase of 12.8%, plus a per credit hour contingency fee
 - Fee would be implemented in fall 2007 and removed for winter semester *if* the State makes good on promise to reimburse deferred payments
 - Option #3: Tuition increase of 19.4%

Tuition Option #1: 12.8% Increase

- Revenues

- State Support (\$ 3.2 M)
- Tuition Increase \$ 23.1 M
- Enrollment (\$ 2.6 M)
- ICR (net of S & C) (\$ 6.3 M)
- Investment Income \$ 2.5 M
- Total Revenues \$ 13.5 M

- Add'l Revenues

- ICR Assistance \$ 2.0 M

- **TOTAL REVENUE \$15.5 M**

- Expenditures

- Compensation \$ 13.4 M
- Operating \$ 2.0 M
- Financial Aid \$ 4.3 M
- Total Expenses \$ 19.7 M

- Add'l Expenditures

- "Unbudgeted" Expend \$3.7 M

- Expenditure Reductions

- Reductions Target (\$ 9.1 M)
- Re-allocation \$1.2 M

- **TOTAL EXPENSES \$15.5 M**

- Budget is balanced
- Requires \$9.1 M of permanent reductions
- Requires 100% of State deferment to be returned in October; additional cuts and/or tuition increases will be required
- Tuition still below MPU FY 2008 average

Tuition Option #1: 12.8% Increase

- In order to keep budget balanced, model assumes:
 - All deferred payments are made in full in FY 2008
 - All reduction targets are achieved
- Could have to implement an additional mid-year increase up to 13% or attain \$10 M of additional cuts if only ½ of repayments are made
- No increases in operating expenses except on mandated costs such as utilities and debt service
- Student / Faculty ratios could go up
- Not able to cover inflation on library materials
- Reduced funds for deferred maintenance, marketing & President Research Enhancement
- Reduced funding for faculty start-ups
- Provides prescribed financial aid increases

Tuition Option #2: 12.8% Increase + Contingency Fee

- Revenues

- State Support (\$ 3.2 M)
- Tuition Increase \$ 23.1 M
- Contingency Fee \$ 12.1 M
- Enrollment (\$ 2.6 M)
- ICR (net of S & C) (\$ 6.3 M)
- Investment Income \$ 2.5 M
- Total Revenues \$ 25.6 M

- Add'l Revenues

- ICR Assistance \$ 2.0 M

- **TOTAL REVENUE \$27.6 M**

- Expenditures

- Compensation \$13.4 M
- Operating \$ 2.0 M
- Financial Aid \$ 6.4 M
- Total Expenses \$ 21.8 M

- Add'l Expenditures

- "Unbudgeted" Expend \$3.7 M

- Expenditure Reductions

- Reductions Target (\$ 9.1 M)
- Re-allocation \$1.2 M

- **TOTAL EXPENSES \$17.6 M**

- Generates an additional \$12.1 (\$2.1 M for Fin Aid) expenditures to guard against State default of payment. (Note: Fee would only generate a total of \$6.05 M if discontinued in winter semester)
- Requires \$9.1 M of permanent reductions to be achieved
- Requires \$10 M of \$20 M deferment to be paid in order to keep budget balanced.

Tuition Option #2: 12.8% Increase + Contingency Fee

- Base Tuition rate increase of 12.8%
- Contingency Fee:
 - Will be applied for fall, but could be removed for winter if State makes full-repayment
 - Fee is \$13 / credit hour for undergraduates; \$29 / credit hour for graduates
 - Financial aid will be available to help offset fee impact
- No increases in operating expenses except mandated costs such as utilities and debt service
- Not able to cover inflation on library materials
- Reduced funds for deferred maintenance, marketing & President Research Enhancement
- Reduced funding for faculty start-ups
- Provides prescribed financial aid increases

Tuition Option #3: 19.4% Increase

- Revenues

- State Support (\$ 3.2 M)
- Tuition Increase \$ 35.2 M
- Enrollment (\$ 2.6 M)
- ICR (net of S & C) (\$ 6.3 M)
- Investment Income \$ 2.5 M
- Total Revenues \$ 25.6 M

- Add'l Revenues

- ICR Assistance \$ 2.0 M

- **TOTAL REVENUE \$27.6 M**

- Expenditures

- Compensation \$ 13.4 M
- Operating \$ 2.0 M
- Financial Aid \$ 6.4 M
- Total Expenses \$ 21.8 M

- Add'l Expenditures

- "Unbudgeted" Expend \$3.7 M

- Expenditure Reductions

- Reductions Target (\$ 9.1 M)
- Re-allocation \$1.2 M

- **TOTAL EXPENSES \$17.6 M**

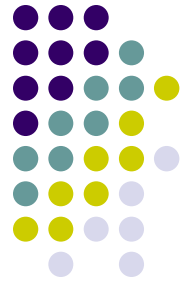
- Generates an additional \$12.1 (\$2.1 M for *Fin Aid*) expenditures to guard against State default of payment.
- Freshman tuition rate would be about at MPU average rate
- Requires \$9.1 M of permanent reductions to be achieved
- Requires \$10 M of \$20 M deferment to be paid in order to keep budget balanced.

Tuition Option #3: 19.4% Increase

- Base Tuition rate increase of 19.4%
- If State does not provide $\frac{1}{2}$ of repayment, no mid-year adjustments required
- Moves tuition rate to about MPU average for FY 2008
- No increases in operating expenses except mandated costs such as utilities and debt service
- Not able to cover inflation on library materials
- Reduced funds for deferred maintenance, marketing & President Research Enhancement
- Reduced funding for faculty start-ups
- Provides prescribed financial aid increases
- Does not provide additional funding to reduce class sizes

Comparison of Options

\$ Impact of Tuition Increases to Students *Resident Freshman*



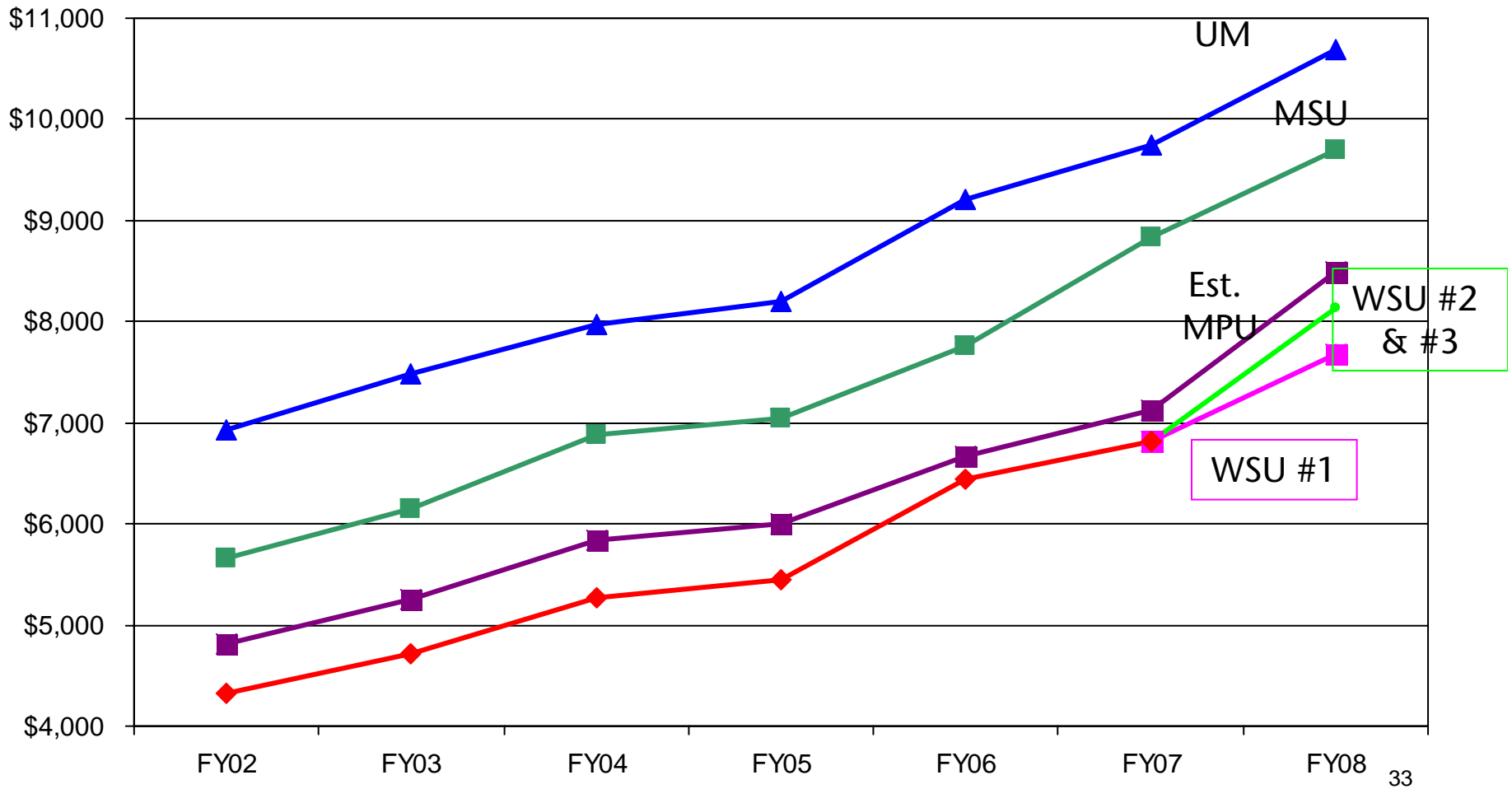
<u>Year</u>	<u>Option 1</u> <u>12.8%</u>	<u>Option 2</u> <u>12.8% &</u> <u>contingency</u>	<u>Option 3</u> <u>19.4%</u>
FY 2008 <u>1 credit hour</u>	\$25.65	\$25.65 + \$13.00 = \$38.65	\$38.88
FY 2008 <u>12 credit hours</u>	\$307.80	\$307.80 + \$156.00 = \$463.80	\$466.56
FY 2008 <u>15 credit hours</u>	\$384.75	\$384.75 + \$195.00 = \$579.75	\$583.20

Does not include fees

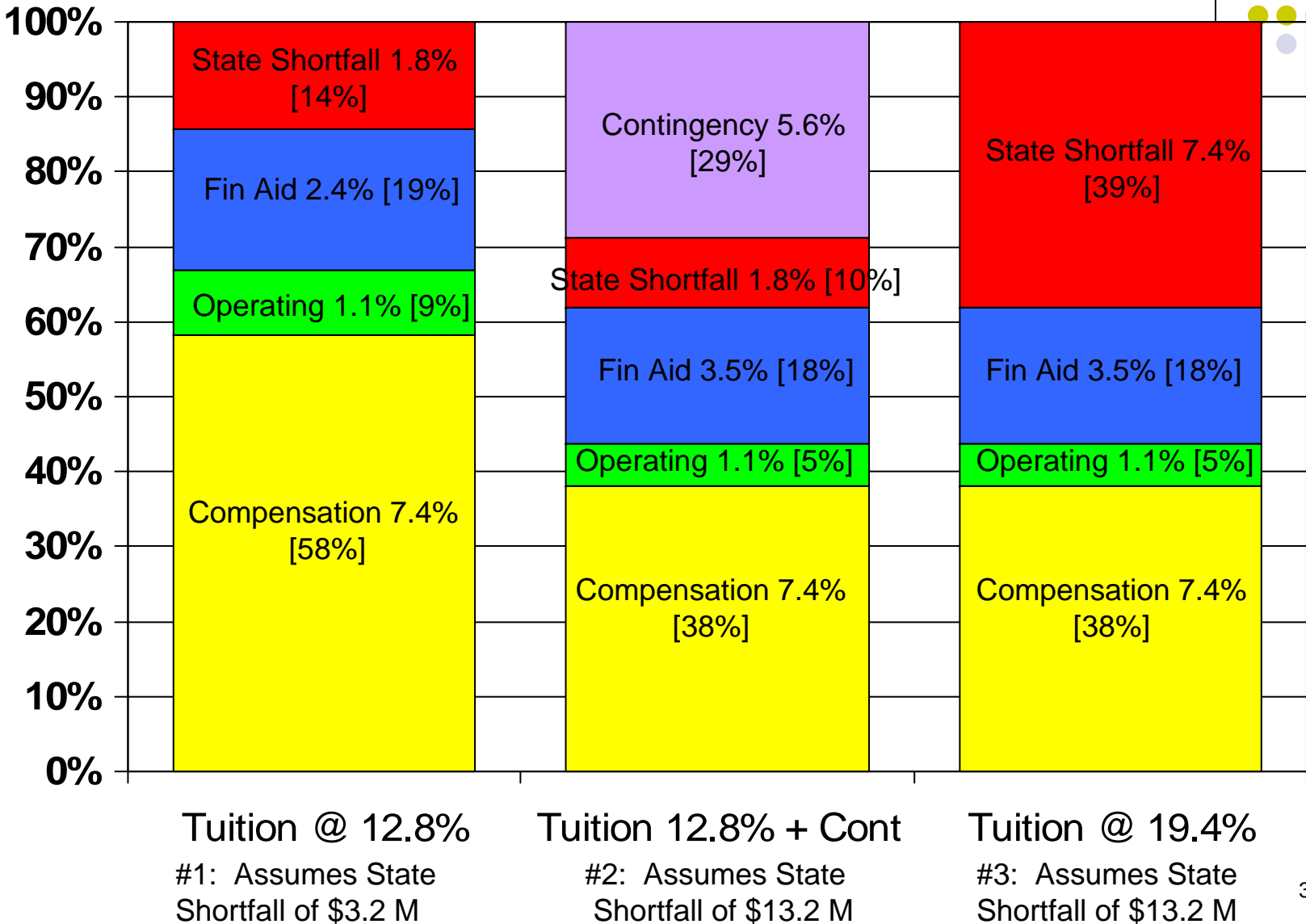
Undergraduate Tuition: FY 2002 to FY 2008



Resident, Lower Division



Where Does the Tuition Go?



What Combination of Tuition & State Appropriations does WSU Need to Balance the Budget?

Tuition and Fees Increase (net of financial aid increases) of:

	0%	1%	3%	5%	8%	10%	12%	14%	16%	18%	20%	22%	26%
-11%	(\$23)	(\$22)	(\$19)	(\$16)	(\$11)	(\$8)	(\$5)	(\$2)	\$0.5	\$3.4	\$6.4	\$9.3	\$15
-6%	(\$13)	(\$12)	(\$9)	(\$6)	(\$1.5)	\$1.5	\$4	\$7	\$10	\$13	\$16	\$19	\$25
-1.5%	(\$3)	(\$2)	\$1	\$4	\$9	\$11	\$14	\$17	\$20	\$23	\$26	\$29	\$35
0%	\$0	\$1.5	\$4	\$7	\$12	\$15	\$18	\$21	\$24	\$27	\$30	\$32	\$38
2.5%	\$5	\$7	\$10	\$13	\$17	\$20	\$23	\$26	\$29	\$32	\$35	\$38	\$44

What increases would WSU need to meet the expected shortfall of \$15-\$16 M?

Additional Cuts Required

Breakeven

Allows for Strategic Investments

State Appropriation Scenarios:

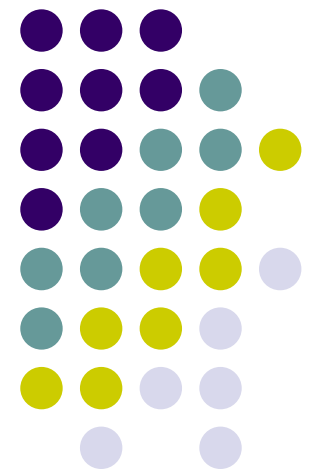
- 11% = None of the delayed payments restored; a \$23 M reduction
- 6% = Only \$10 M of delayed payments restored; \$13 M reduction
- 1.5% = All of delayed payments restored; a \$3.2 M perm reduction

How will the Options Compare?

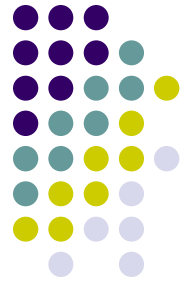
FY 2008 Rates-Tuition & Fees for Full Year

Institution	FY 2008	Notes
UM-AA	\$10,443 est.	estimated to be 7.4% increase
MTU	\$9,758	
MSU	\$9,690	
CMU	\$9,111	
FSU	\$8,700	includes contingency fee of \$240
WSU - Option 3	\$8,061	18.3%
WSU - Option 2	\$8,039	18.1% (with contingency fee)
UM-D	\$7,796 est.	estimated to be 7.4% increase
Oakland	\$7,675	
WSU - Option 1	\$7,661	12.5%
EMU	\$7,490	
WMU	7/24/2007	
UM-F	\$7,413 est.	estimated to be 7.4% increase
LSSU	\$7,225	
GVSU	\$7,240	
NMU	7/20/2007	
SVSU	7/27/2007	

**What information will be
discussed at the September
meeting?**



September Meeting



- Follow-up from July 25th meeting
- Presentation of Current Funds Budget
- Discussion *and* approval of detailed budgets:
 - General Fund budget by school / college / division
 - Auxiliary Fund budgets
 - Research Excellence Fund budget

Tuition and Fee Rates, FY 2007-08
Option 1: Tuition at 12.8 percent

It is recommended that the Board of Governors set FY 2007-08 tuition rates at an increase in credit hour rates and registration fee for all students at 12.8 percent above the FY 2006-07 rates. An increase of 9.4 percent in the omnibus fee rate is proposed.

The following schedule of credit hour and fee rates reflects these recommendations.

	Credit Hour Rates	
	FY 06-07	FY 07-08
Freshmen and Sophomores		
Resident	200.40	226.10
Non-Resident	459.00	517.80
Junior, Seniors, Post-Bachelors		
Resident	236.30	266.50
Non-Resident	543.30	612.80
Graduate Students		
Resident	357.20	402.90
Non-Resident	788.80	889.80
Law School		
Resident	584.10	658.90
Non-Resident	1,115.30	724.80
Mandatory Fees		
Registration Fee (per semester)	123.50	139.30
Omnibus Fee (per credit hour)		
Undergraduate	16.75	18.30
Graduate	25.20	27.60
Fitness Center Fee (per semester)	25.00	25.00
Annualized Tuition and Fees for M.D. Students		
Resident	22,953.00	25,891.00
Non-Resident	47,765.00	53,878.90
Omnibus Fee	601.60	658.20
Student Support Fee	1,050.00	1,050.00

Credit hour rates include \$3.50 set aside to fund the operations and maintenance of the Student Center building, and for student activities and programs.

It is also recommended that the Board of Governors authorize the President or his designee to make adjustments to the rates for special programs or where otherwise appropriate.

FY 2007-08 Tuition and Fee Rates Recommendation

July 25, 2007

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Background

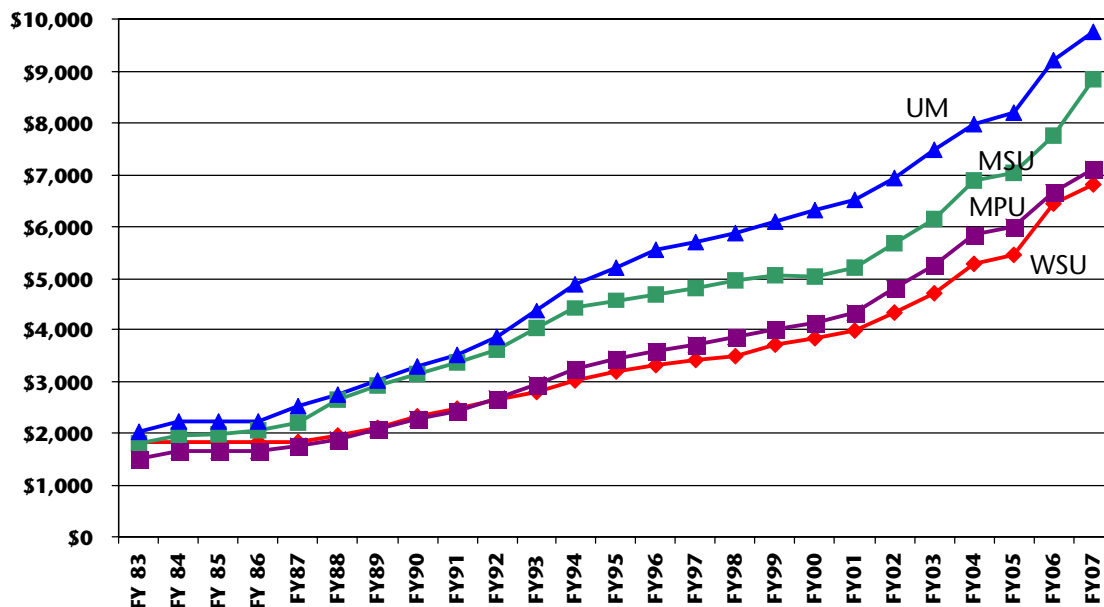
During FY 2007, the State of Michigan, as a result of revenues shortfalls, was required to make expenditure reductions that had a direct impact on all public institutions of higher education. As a result of these actions, the state reduced Wayne State's appropriation by \$23.2 million or 11 percent. Of this amount, \$3.2 million would be a permanent reduction and the other \$20 million would be repaid in FY 2008. The guideline for developing this tuition option is that the state will make the FY 2007 appropriation deferred payments totaling \$20 million to the University by not later than October 17, 2007, as the state has promised, and that the state will not defer, delay, or withhold and payments due to the University as part of the FY 2008 operating appropriations. The tuition and fees structures in this recommendation are established based on timely payments of the anticipated amounts from the state.

In the event that the state does not re-pay the entire deferred amount, the University will have to make additional mid-year expenditure reductions above and beyond the almost \$10 million of previous reductions in order to balance the FY 2008 budget. WSU could also have to increase tuition and fees charges to make up for this shortfall.

These reductions will be permanent reductions and could amount up to \$20 million depending on much, if any, the state repays. These additional reductions will drastically reduce academic and research components of Wayne State and could lead to the closing of one or more schools and colleges.

Wayne State tuition rates vs. other Michigan public universities

Wayne State tuition has been below the median for the Michigan public universities since 1993 and well below that of Michigan's other major public research universities since 1988, as the chart showing annual tuition and fees for lower division undergraduates demonstrates:



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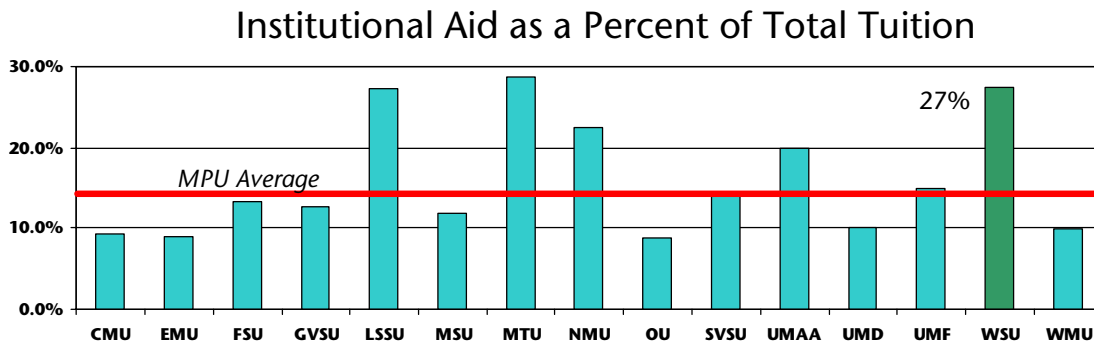
Since WSU has a different tuition structure than most other institutions in the state, the Wayne State annual FY 2006-07 tuition for a student taking 12 credit hours per semester is the lowest among all Michigan public universities.

Institution	FY 2006-07 Cost	Rank	Variance from WSU
University of Michigan-Ann Arbor	\$9,724	1	\$4,215
Michigan Technological	\$8,910	2	\$3,401
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University of Michigan-Dearborn	\$7,188	5	\$1,679
Western Michigan	\$6,866	6	\$1,357
Lake Superior State	\$6,708	7	\$1,199
Oakland	\$6,638	8	\$1,129
Grand Valley State	\$6,588	9	\$1,079
Ferris State	\$6,580	10	\$1,071
University of Michigan-Flint	\$6,548	11	\$1,039
Northern Michigan	\$6,141	12	\$632
Eastern Michigan	\$6,135	13	\$626
Saginaw Valley State	\$5,543	14	\$34
Wayne State	\$5,509	15	-

Financial aid at Wayne State

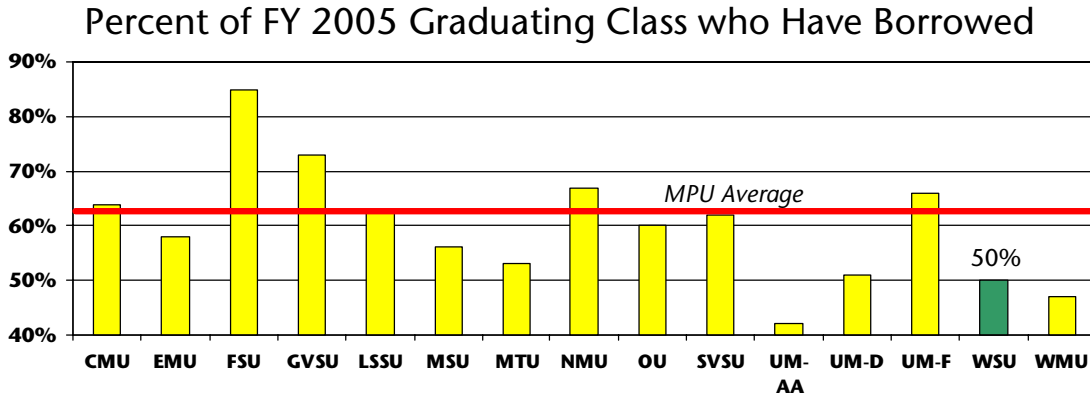
Wayne State is always mindful that annual increases in tuition and fees create an additional burden to students and their families. Along with any tuition increase, Wayne State has been providing substantial financial aid to students and families. As can be seen in the following charts, Wayne State is one of the leaders regarding how much of the tuition revenues are put back into financial aid.

Chart 1



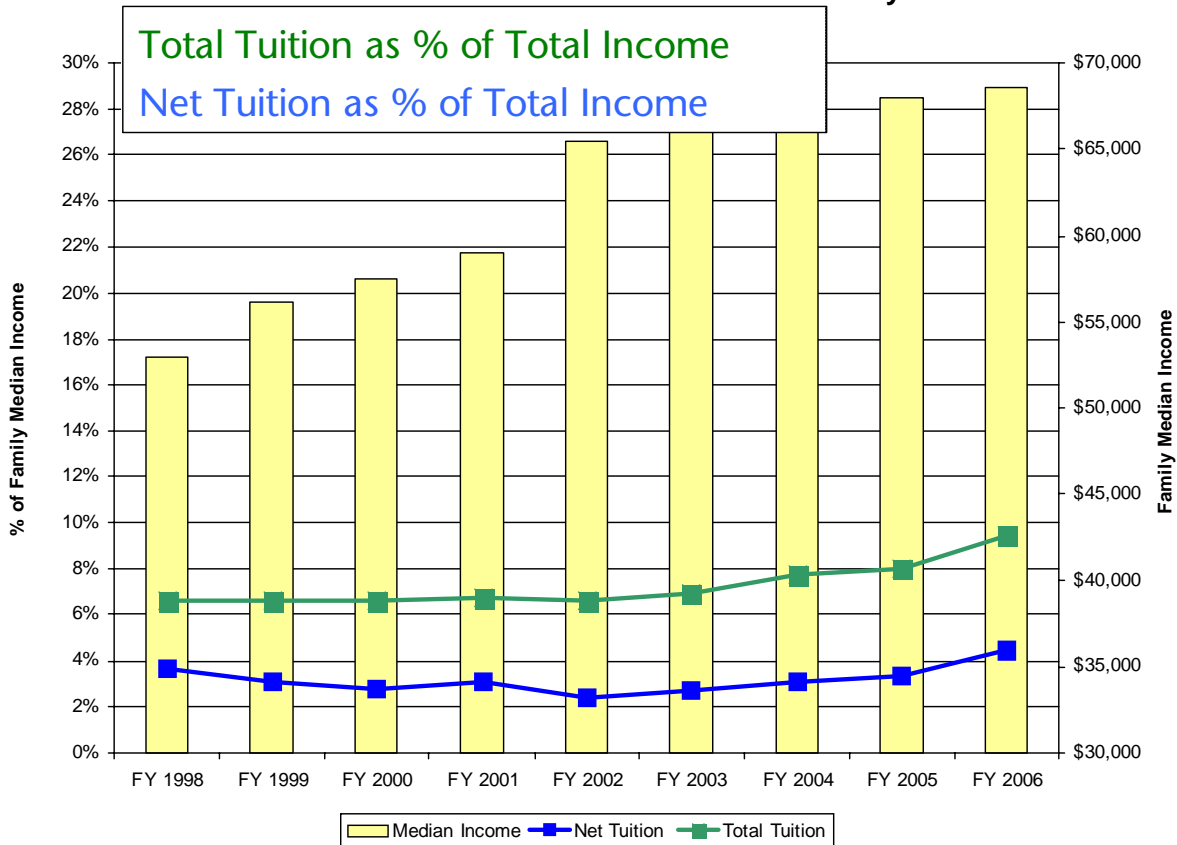
In addition, Wayne State is extremely efficient and effective in its allocation of its financial aid resources. As can be seen in Chart 2, Wayne State has one of the lowest “borrow” rates for graduating students and is well below the Michigan public university average.

Chart 2



This concept of providing increased financial aid to students and families in conjunction with tuition increases has been a long standing tradition at Wayne State. As can be seen in Chart 3, after the average grant award is applied against the gross tuition amount, this rate has remained relatively level as a percent of the Michigan median family income.

Chart 3: Gross Tuition and Net Tuition as a Percent of Median Family Income



Annual tuition and fee cost

This tuition and fee proposal would increase annual tuition costs to the amounts shown on the following schedule:

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Student Level	FY 2007	FY 2008	
	Annual Tuition Cost	Annual Tuition Cost	Increase over FY 2007
Undergraduate			
Lower Division	6,811.50	7,660.60	849.10
Upper Division	7,888.50	8,872.60	984.10
Graduate	9,474.60	10,660.60	1,186.00
Law	14,920.20	16,804.60	1,884.40
Medicine	24,604.60	27,599.20	2,994.60

Differential tuition

Tuition rates for certain programs include a differential charge in recognition of the higher cost of the program, or the market demand. Differential tuition is reinvested in these programs at various rates to ensure a high level of program quality. The following schedule identifies these programs and the differential rate of tuition that is assessed for FY 2008.

Program	FY 2007	FY 2008
Graduate		
Business	414.50	467.60
Engineering	414.50	467.60
Nursing	414.50	467.60
Library and Information Science	414.50	467.60
Medical Physics Program	482.20	543.90
Doctor of Pharmacy	403.20	454.80
Doctor of Physical Therapy	410.80	463.40

Summary of FY 2008 Tuition Actions

This tuition recommendation will help meet only the very basic operating needs of the University. It is important to remember that leading up to this increase, the University will have already had to close a budget deficit of \$25 million in FY 2007 and absorb almost \$10 million of permanent expenditures reductions in FY 2008.

Wayne State students receive a good value for their tuition dollars. They study with high quality faculty recruited from around the world. The faculty body generates research on critical issues that range from enhanced quality of life and health care to improved manufacturing processes. This work is a source of prestige and brings prominence to Wayne State. In recent years, a focus on campus life has sought to create a more comprehensive campus experience that extends learning beyond the classroom. Wayne State has enhanced the use of technology in many areas of student services, including on-line admissions applications and registration for classes, on-line classes, and innovative

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ways of delivering instruction. However, Wayne State will not be able to continue to maintain or expand these improved levels of services to students over the long run in an environment of uncertainty and reduced budgetary commitment from the state.

Other Proposed Tuition Structure Adjustments

During the year, Wayne State encourages school and college to examine their current tuition strategies to ensure that they are using a structure that reflect their current student market. This year the Law School is proposing to establish a new non-resident tuition rate for the WSU Law School to be set at a rate of 1.1 times (110%) the resident tuition rate. This change will enhance the Law School's ability to recruit and enroll a more geographically diverse entering class. The new rate structure will be done on a pilot basis from FY 2008 to FY 2010.

Because of the year-long recruiting and admission cycle for the Law School, the impact of the changes to recruiting and admission of non-resident students will not be visible until the 2008 entering class matriculates. The resulting changes will strengthen the Law School's ability to meet multiple aspects of our stated admissions and recruiting goal: Attracting highly-credentialed law students consistent with our strategic plan to regain our previous standing in the *U.S. News and World Reports* rankings, while also ensuring we provide access to legal education to a diverse range of students.

Situation Analysis

The current non-resident tuition rate is an obstacle to enrolling any non-resident students and impedes the Law School's competitive position. Thanks to recruiting efforts, an average of almost 20 percent of the Law School's applicant pool is comprised of students that do not have permanent residence in Michigan. An average of 12 percent of the admission offers go to non-resident candidates, but the number of candidates who eventually matriculate only averages 3 percent per year. Of that 3 percent, only 1 or 2 students enroll at the full non-resident rate.

2006 Summary of Non-resident vs Resident Admission, Matriculation, and Yield Rates

	Non Res	Res	Total
Applicants for the 2006-07 entering class	230	989	1219
% of applicant pool	19%	81%	100%
Candidates with sufficiently high credentials to be admitted	61	464	525
% of admitted pool	12%	88%	100%
Students who were admitted and enrolled in the fall of 2006	7	207	214
% Yield(enroll/admit)	11%	45%	41%
Students who were admitted, but did not enroll at WSU	54	257	311
% of enrolled class	3%	97%	
Students (first-year) paying Full-non-res tuition	2		
Students awarded the Barrister Award	3		
Students covered by the WSU Good Neighbor Tuition Policy	2		

NOTE: Barristers Program and University Good Neighbor Tuition Policy provide subsidies or lower rates to selected non-residents. Therefore, they do not represent an increase in revenue to the school as compared to resident students. Only the number of non-resident students who pay full non-resident tuition (1-2 new per year) are relevant to the discussion of revenue changes from this proposal.

In other words, while the Law School is successful in attracting candidates whose credentials meet our admission standards, virtually none of them enroll without some form of discount from the high

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tuition rates. For non-resident students whose credentials are above our medians, WSU Law School appears to be a more costly choice than our strongest competitors for their enrollment.

Comparing WSU resident and non-resident tuition rates with rates of other law schools:

State	Column A	B	C	D	E
		Current	Current	Current	Proposed
				Other Res v.	Other Res v.
	School	Resident	Non-Resident	WSU Non-Res	WSU Non-Res
	WSU Law School	18,526	34,462	NA	NA
	PROPOSED WSU	18,526	20,379	NA	NA
IL	DePaul	30,670	30,670	-3,792	10,291
IN	Indiana-Bloomington	15,784	30,311	-18,678	-4,595
MN	William Mitchell	27,530	27,350	-6,932	7,151
OH	Toledo	14,839	25,082	-19,623	-5,540
WI	Wisconsin	12,653	30,816	-21,809	-7,726

KEY

The Resident (Column B) and Non-Resident (Column C) tuition figures are taken from the LSAC guide to law schools for 2006-07.

Other Res v. WSU Non-Res (Column D) shows the variance of each school's Resident Rate compared to WSU's Non-Res Rate--Other Res v. WSU Non-Res (Column E) shows proposed variance).

NOTE: This amount represents the cost difference a candidate, who is a resident of State X faces when choosing to attend in State X or WSU Law School.

The ability to enroll more non-resident students is also a significant competitive issue in light of the *U.S. News and World Reports* rankings. With an average of 97% of our students coming from Michigan, the Law School's graduate employment statistics are closely tied to the Michigan economy—unlike those of our competitors. Increasing the balance of resident and non-resident students is an essential part of a long-term strategic plan to regain a place within the top 100 law schools, a position held in recent years.

Fiscal Impact

A reduction in the current non-resident tuition rate **will not** result in a significant loss of revenue to the University. Rather, it is a means to address a change in the competitive environment for high-credentialed non-resident candidates. The question of fiscal impact of this rate change is best viewed in the context of the current situation and future enrollment expectations. Over the past decade, the average non-resident enrollment has been approximately 3 percent of the entering class each year (only 1 or 2 of 7 students paying the full non-resident tuition rate). If the proposed rate changes increase the number of full non-resident tuition students by as few as 1 or 2 new students per year, the change will be revenue neutral. Any increase beyond the typical 3 new students per year will produce an increase over current circumstances.

Submitted by: Nancy S. Barrett, Provost and Senior Vice President for Academic Affairs

Tuition and Fee Rates, FY 2007-08
Option 2: Tuition at 12.8 percent plus contingency fee

It is recommended that the Board of Governors set FY 2007-08 tuition rates at an increase in credit hour rates and registration fee for all students at 12.8 percent above the FY 2006-07 rates. In addition this proposal adds a contingency fee to decrease the budgetary impact of changes in the FY 2008 state appropriation. An increase of 6.8 percent in the omnibus fee rate is proposed.

The following schedule of credit hour and fee rates reflects these recommendations.

	Credit Hour Rates	
	FY 06-07	FY 07-08
Freshmen and Sophomores		
Resident	200.40	226.10
Non-Resident	459.00	517.80
Junior, Seniors, Post-Bachelors		
Resident	236.30	266.50
Non-Resident	543.30	612.80
Graduate Students		
Resident	357.20	402.90
Non-Resident	788.80	889.80
Law School		
Resident	584.10	658.90
Non-Resident	1,115.30	724.80
Mandatory Fees		
Registration Fee (per semester)	123.50	139.30
Omnibus Fee (per credit hour)		
Undergraduate	16.75	17.90
Graduate	25.20	26.90
Fitness Center Fee (per semester)	25.00	25.00
Annualized Tuition and Fees for M.D. Students		
Resident	22,953.00	25,891.00
Non-Resident	47,765.00	53,878.90
Omnibus Fee	601.60	642.50
Student Support Fee	1,050.00	1,050.00

Credit hour rates include \$3.50 set aside to fund the operations and maintenance of the Student Center building, and for student activities and programs.

It is also recommended that the Board of Governors authorize the President or his designee to make adjustments to the rates for special programs or where otherwise appropriate.

FY 2007-08 Tuition and Fee Rates Recommendation

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Background

During FY 2007, the State of Michigan, as a result of revenues shortfalls, was required to make expenditure reductions that had a direct impact on all Michigan public institutions of higher education. As a result of these actions, the state reduced Wayne State's appropriation by \$23.2 million or 11 percent. Of this amount, \$3.2 million would be a permanent reduction and the other \$20 million would be repaid in FY 2008. The guideline for developing this tuition option is that the state will hopefully be able make the FY 2007 appropriation deferred payments totaling \$20 million to the University by no later than October 17, 2007, but in the event that not all of the repayments are made, the University will have a funding mechanism, a contingency fee, in place to avoid further drastic expenditure reductions. The contingency fee will be implemented for the fall semester, but if all deferred payments are made in a timely manner, the fee will be dropped for the winter semester. However, if the funds are not repaid, the fee will remain in place until the University has been made whole for the impact of the lost or delayed payments.

The contingency fee concept is intended to protect the quality of Wayne's programs and maintain student access through appropriate financial aid in the event of a revenue shortfall from the State. It is also primarily intended to preserve the integrity of the proposed budget. The two primary sources of revenues for the University are tuition and fees paid by students and the annual appropriation from the state, and they are interdependent. As in past years, cost containment measures and measures designed to optimize revenues from other sources has been part of the budgeting process. However, during FY 2007 and FY 2008, the University will be facing additional financial pressures as revenues from Indirect Costs Recovery will be significantly down and student enrollment is expected to be down slightly. By putting in place this contingency fee mechanism, the University protects its long-term financial health and its high standing in the academy, for the benefit of students, faculty and other members of the University community. The following chart proposes the contingency fees for the fall semester.

Contingency Fee	Rate
Freshmen and Sophomores	\$13.00 per credit hour
Junior, Seniors, Post-Bachelors	\$13.00 per credit hour
Graduate, Law Students	\$29.00 per credit hour
M.D. Students	\$1,059 per year

This contingency fee only provides a funding mechanism for half of the state's deferred payments. In the event that the state does not re-pay the entire deferred amount, the University will have to make additional mid-year expenditure reductions above and beyond the almost \$10 million of previous reductions in order to balance the FY 2008 budget. WSU could also have to increase tuition and fees charges to make up for this shortfall.

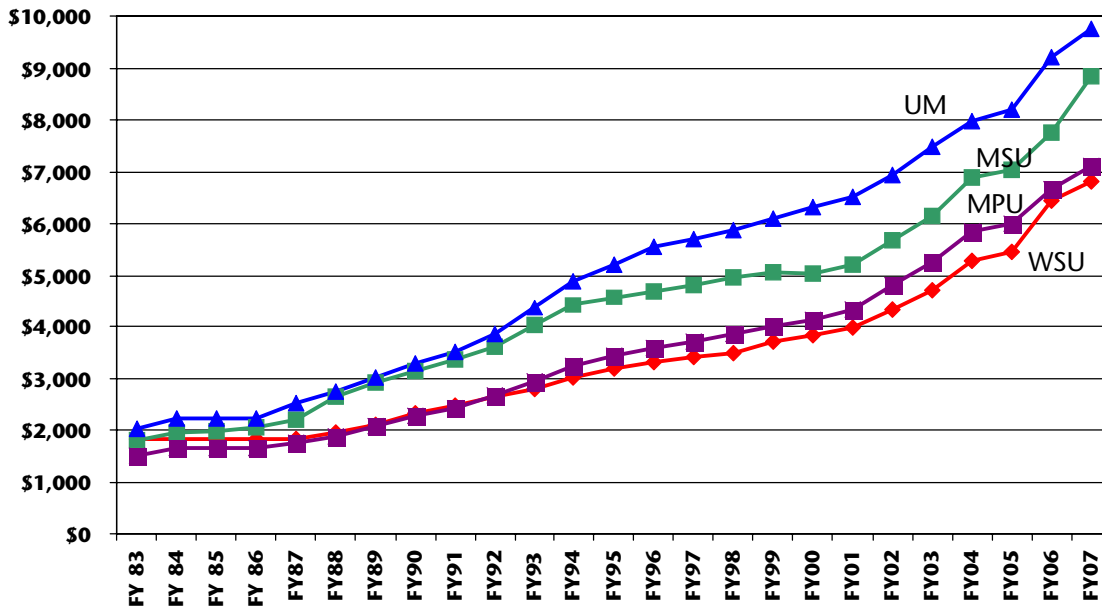
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Wayne State tuition has been below the median for the Michigan public universities since 1993 and well below that of Michigan's other major public research universities since 1988, as the chart showing annual tuition and fees for lower division undergraduates demonstrates:

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Since Wayne State has a different tuition structure than most other institutions in the state, Wayne State annual FY 2006-07 tuition for a student taking 12 credit hours per semester is the lowest among all Michigan public universities.

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Eastern Michigan	\$6,135	13	\$626
Saginaw Valley State	\$5,543	14	\$34
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Annual tuition and fee cost

This tuition and fee proposal would increase annual tuition costs to the amounts shown on the following schedule:

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July 25, 2007

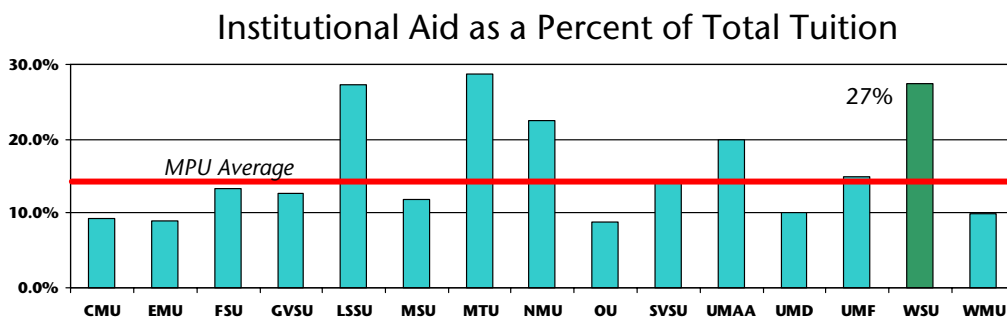
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Student Level	FY 2007	FY 2008	
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Financial aid at Wayne State

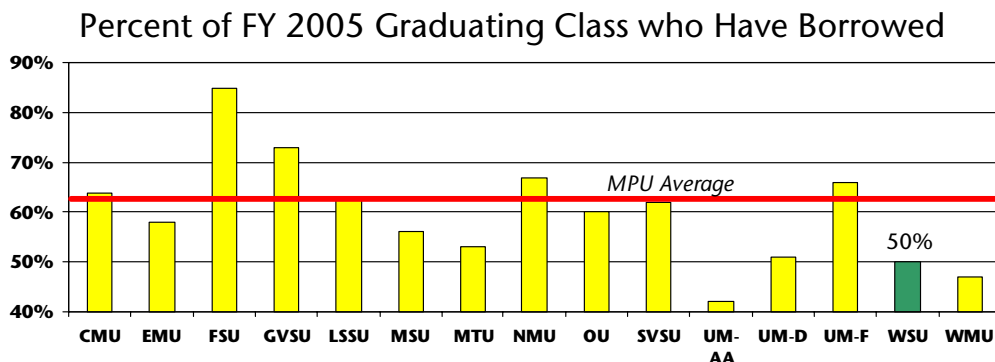
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Chart 1



In addition, Wayne State is extremely efficient and effective in its allocation of its financial aid resources. As can be seen in Chart 2, Wayne State has one of the lowest “borrow” rates for graduating students and is well below the Michigan public university average.

Chart 2



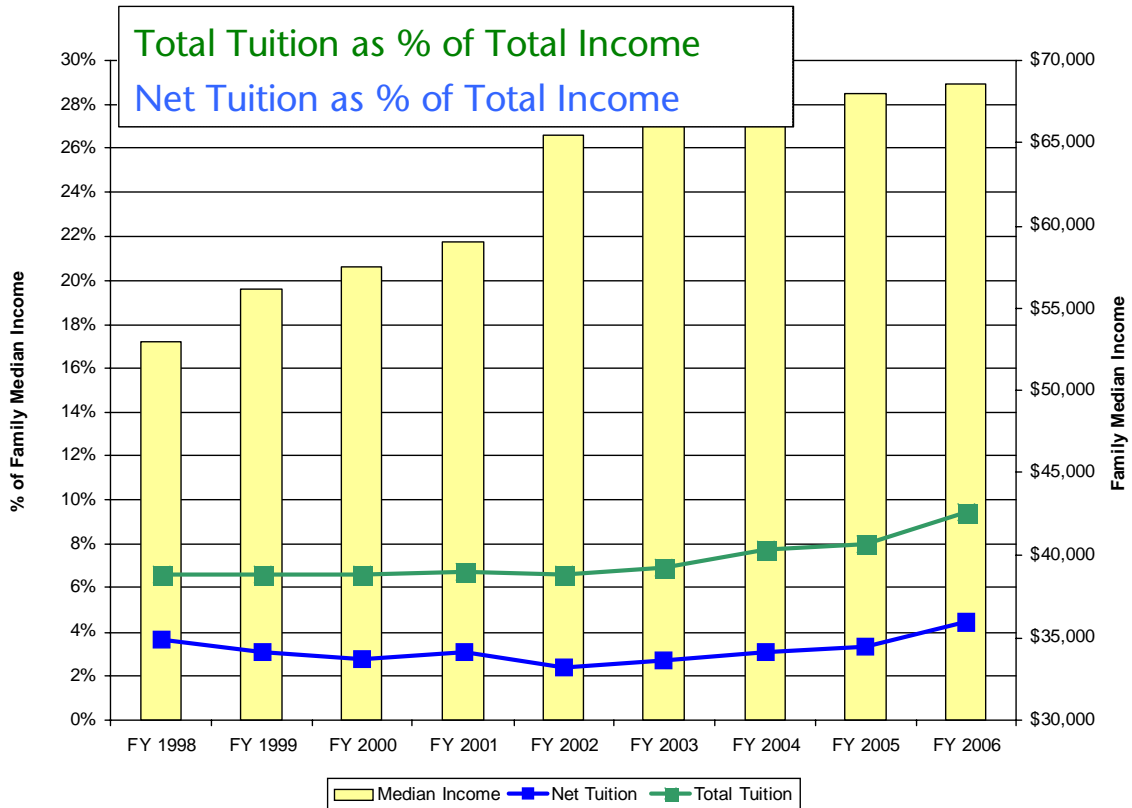
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Chart 3: Gross Tuition and Net Tuition as a Percent of Median Family Income



Differential tuition

Tuition rates for certain programs include a differential charge in recognition of the higher cost of the program, or the market demand. Differential tuition is reinvested in these programs at various rates to ensure a high level of program quality. The following schedule identifies these programs and the differential rate of tuition that is assessed for FY 2008.

Program	FY 2007	FY 2008
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Business	414.50	467.60
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Nursing	414.50	467.60
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Summary of FY 2008 Tuition Actions

This tuition recommendation will help meet only the very basic operating needs of the University. It is important to remember that leading up to this increase, the University will have already had to close a budget deficit of \$25 million in FY 2007 and absorb almost \$10 million of permanent expenditures reductions in FY 2008.

Wayne State students receive a good value for their tuition dollars. They study with high quality faculty recruited from around the world. The faculty body generates research on critical issues that range from enhanced quality of life and health care to improved manufacturing processes. This work is a source of prestige and brings prominence to Wayne State. In recent years, a focus on campus life has sought to create a more comprehensive campus experience that extends learning beyond the classroom. Wayne State has enhanced the use of technology in many areas of student services, including on-line admissions applications and registration for classes, on-line classes, and innovative ways of delivering instruction. However, Wayne State will not be able to continue to maintain or expand these improved levels of services to students over the long run in an environment of uncertainty and reduced budgetary commitment from the state.

Other Proposed Tuition Structure Adjustments

During the year, Wayne State encourages school and college to examine their current tuition strategies to ensure that they are using a structure that reflect their current student market. This year the Law School is proposing to establish a new non-resident tuition rate for the WSU Law School to be set at a rate of 1.1 times (110%) the resident tuition rate. This change will enhance the Law School's ability to recruit and enroll a more geographically diverse entering class. The new rate structure will be done on a pilot basis from FY 2008 to FY 2010.

Because of the year-long recruiting and admission cycle for the Law School, the impact of the changes to recruiting and admission of non-resident students will not be visible until the 2008 entering class matriculates. The resulting changes will strengthen the Law School's ability to meet multiple aspects of our stated admissions and recruiting goal: Attracting highly-credentialed law students consistent with our strategic plan to regain our previous standing in the *U.S. News and World Reports* rankings, while also ensuring we provide access to legal education to a diverse range of students.

Situation Analysis

The current non-resident tuition rate is an obstacle to enrolling any non-resident students and impedes the Law School's competitive position. Thanks to recruiting efforts, an average of almost 20 percent of the Law School's applicant pool is comprised of students that do not have permanent residence in Michigan. An average of 12 percent of the admission offers go to non-resident candidates, but the number of candidates who eventually matriculate only averages 3 percent per year. Of that 3 percent, only 1 or 2 students enroll at the full non-resident rate.

2006 Summary of Non-resident vs Resident Admission, Matriculation, and Yield Rates

	Non Res	Res	Total
Applicants for the 2006-07 entering class	230	989	1219
% of applicant pool	19%	81%	100%
Candidates with sufficiently high credentials to be admitted	61	464	525
% of admitted pool	12%	88%	100%
Students who were admitted and enrolled in the fall of 2006	7	207	214

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% Yield(enroll/admit)	11%	45%	41%
Students who were admitted, but did not enroll at WSU	54	257	311
% of enrolled class	3%	97%	
Students (first-year) paying Full-non-res tuition	2		
Students awarded the Barrister Award	3		
Students covered by the WSU Good Neighbor Tuition Policy	2		

NOTE: Barristers Program and University Good Neighbor Tuition Policy provide subsidies or lower rates to selected non-residents. Therefore, they do not represent an increase in revenue to the school as compared to resident students. Only the number of non-resident students who pay full non-resident tuition (1-2 new per year) are relevant to the discussion of revenue changes from this proposal.

In other words, while the Law School is successful in attracting candidates whose credentials meet our admission standards, virtually none of them enroll without some form of discount from the high tuition rates. For non-resident students whose credentials are above our medians, WSU Law School appears to be a more costly choice than our strongest competitors for their enrollment.

Comparing WSU resident and non-resident tuition rates with rates of other law schools:

State	Column A	B	C	D	E
		Current	Current	Current	Proposed
	School	Resident	Non-Resident	Other Res v. WSU Non-Res	Other Res v. WSU Non-Res
	WSU Law School	18,526	34,462	NA	NA
	PROPOSED WSU	18,526	20,379	NA	NA
IL	DePaul	30,670	30,670	-3,792	10,291
IN	Indiana-Bloomington	15,784	30,311	-18,678	-4,595
MN	William Mitchell	27,530	27,350	-6,932	7,151
OH	Toledo	14,839	25,082	-19,623	-5,540
WI	Wisconsin	12,653	30,816	-21,809	-7,726

KEY

The Resident (Column B) and Non-Resident (Column C) tuition figures are taken from the LSAC guide to law schools for 2006-07.

Other Res v. WSU Non-Res (Column D) shows the variance of each school's Resident Rate compared to WSU's Non-Res Rate--Other Res v. WSU Non-Res (Column E) shows proposed variance).

NOTE: This amount represents the cost difference a candidate, who is a resident of State X faces when choosing to attend in State X or WSU Law School.

The ability to enroll more non-resident students is also a significant competitive issue in light of the *U.S. News and World Reports* rankings. With an average of 97 percent of our students coming from Michigan, the Law School's graduate employment statistics are closely tied to the Michigan economy—unlike those of our competitors. Increasing the balance of resident and non-resident students is an essential part of a long-term strategic plan to regain a place within the top 100 law schools, a position held in recent years.

Fiscal Impact

A reduction in the current non-resident tuition rate **will not** result in a significant loss of revenue to the University. Rather, it is a means to address a change in the competitive environment for high-credentialed non-resident candidates. The question of fiscal impact of this rate change is best viewed in the context of the current situation and future enrollment expectations. Over the past decade, the average non-resident enrollment has been approximately 3 percent of the entering class each year (only 1 or 2 of 7 students paying the full non-resident tuition rate). If the proposed rate changes increase the number of full-non-resident tuition students by as few as 1 or 2 new students per year, the change will be revenue neutral. Any increase beyond the typical 3 new students per year will produce an increase over current circumstances.

Tuition and Fee Rates, FY 2007-08
Option 3: Tuition at 19.4 percent

It is recommended that the Board of Governors set FY 2007-08 tuition rates at an increase in credit hour rates and registration fee for all students at 19.4 percent above the FY 2006-07 rates. An increase of 6.8 percent in the omnibus fee rate is proposed.

The following schedule of credit hour and fee rates reflects these recommendations.

	Credit Hour Rates	
	FY 06-07	FY 07-08
Freshmen and Sophomores		
Resident	200.40	239.30
Non-Resident	459.00	548.00
Junior, Seniors, Post-Bachelors		
Resident	236.30	282.10
Non-Resident	543.30	648.70
Graduate Students		
Resident	357.20	426.50
Non-Resident	788.80	941.80
Law School		
Resident	584.10	697.40
Non-Resident	1,115.30	767.10
Mandatory Fees		
Registration Fee (per semester)	123.50	147.50
Omnibus Fee (per credit hour)		
Undergraduate	16.75	17.90
Graduate	25.20	26.90
Fitness Center Fee (per semester)	25.00	25.00
Annualized Tuition and Fees for M.D. Students		
Resident	22,953.00	27,291.10
Non-Resident	47,765.00	56,792.60
Omnibus Fee	601.60	642.50
Student Support Fee	1,050.00	1,050.00

Credit hour rates include \$3.50 set aside to fund the operations and maintenance of the Student Center building, and for student activities and programs.

It is also recommended that the Board of Governors authorize the President or his designee to make adjustments to the rates for special programs or where otherwise appropriate.

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Background

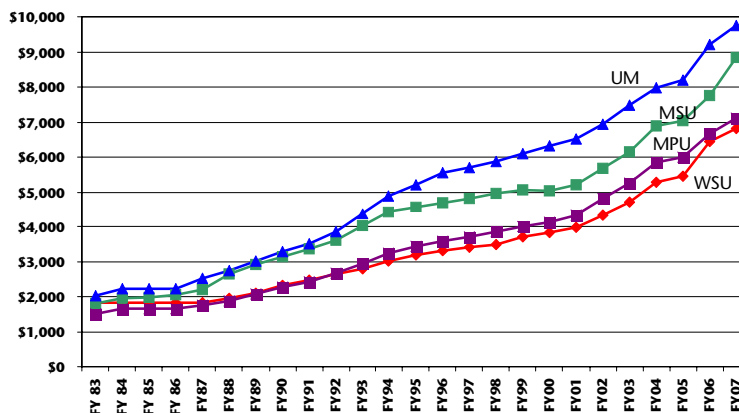
During FY 2007, the State of Michigan, as a result of revenues shortfalls, was required to make expenditure reductions that had a direct impact on all public institutions of higher education. As a result of these actions, the state reduced Wayne State's appropriation by \$23.2 million or 11 percent. Of this amount, \$3.2 million would be a permanent reduction and the other \$20 million would be repaid in FY 2008. The guideline for developing this tuition option is that the state will hopefully be able make the FY 2007 appropriation deferred payments totaling \$10 million of the deferred \$20 million to the University by no later than October 17, 2007. This tuition proposal provides a mechanism to cover the \$10 million that was not repaid. If a funding mechanism is not in place to guard against a potential shortfall, any mid-year adjustments will have compounding impact since half of the academic year will have already been completed.

The proposed tuition rate increase is intended to protect the quality of Wayne State programs; maintain student access through appropriate financial aid in the event of a revenue shortfall from the state and preserve the integrity of the University's proposed budget. The two primary sources of revenues for the University are tuition and fees paid by students and the annual appropriations from the state, and they are interdependent. As in past years, cost containment measures and measures designed to optimize revenues from other sources has been part of the budgeting process. However, during FY 2007 and FY 2008, the University will be facing additional financial pressures as revenues from Indirect Costs Recovery will be significantly down and student enrollment is expected to be down slightly. By putting in place this tuition and fee plan, the University's long-term financial health and its high standing in the academy is protected, for the benefit of students, faculty and other members of the University community.

As mentioned, this tuition plan only provides a funding mechanism for half of the State's deferred payments. In the event that the state does not re-pay the additional \$10 million deferred amount that is not covered by the tuition revenues, the University will have to make additional mid-year expenditure reductions above and beyond the almost \$10 million of previous reductions in order to balance the FY 2008 budget. WSU could also have to increase tuition and fees charges to make up for this shortfall.

Wayne State tuition rates vs. other Michigan public universities

Wayne State tuition has been below the median for the Michigan public universities since 1993 and well below that of Michigan's other major public research universities since 1988, as the chart showing annual tuition and fees for lower division undergraduates demonstrates:



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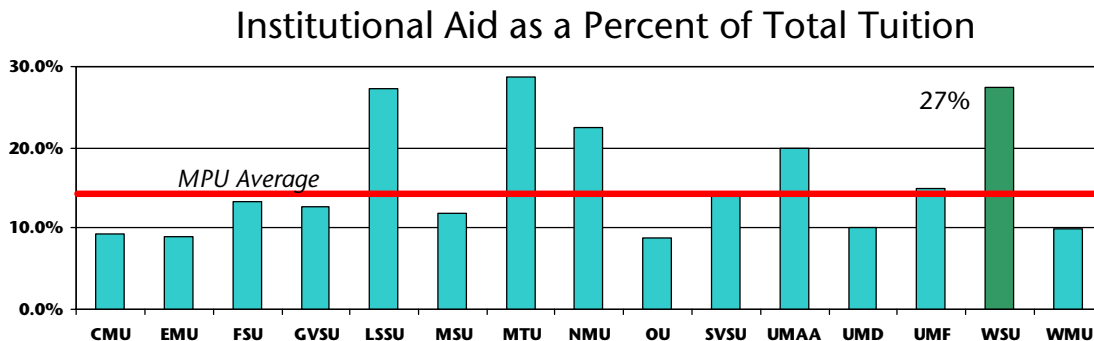
Since WSU has a different tuition structure than most other institutions in the state, the Wayne State annual FY 2006-07 tuition for a student taking 12 credit hours per semester is the lowest among all Michigan public universities.

Institution	FY 2006-07 Cost	Rank	Variance from WSU
University of Michigan-Ann Arbor	\$9,724	1	\$4,215
Michigan Technological	\$8,910	2	\$3,401
Michigan State	\$8,647	3	\$3,138
Central Michigan	\$7,530	4	\$2,021
University of Michigan-Dearborn	\$7,188	5	\$1,679
Western Michigan	\$6,866	6	\$1,357
Lake Superior State	\$6,708	7	\$1,199
Oakland	\$6,638	8	\$1,129
Grand Valley State	\$6,588	9	\$1,079
Ferris State	\$6,580	10	\$1,071
University of Michigan-Flint	\$6,548	11	\$1,039
Northern Michigan	\$6,141	12	\$632
Eastern Michigan	\$6,135	13	\$626
Saginaw Valley State	\$5,543	14	\$34
Wayne State	\$5,509	15	-

Financial aid at Wayne State

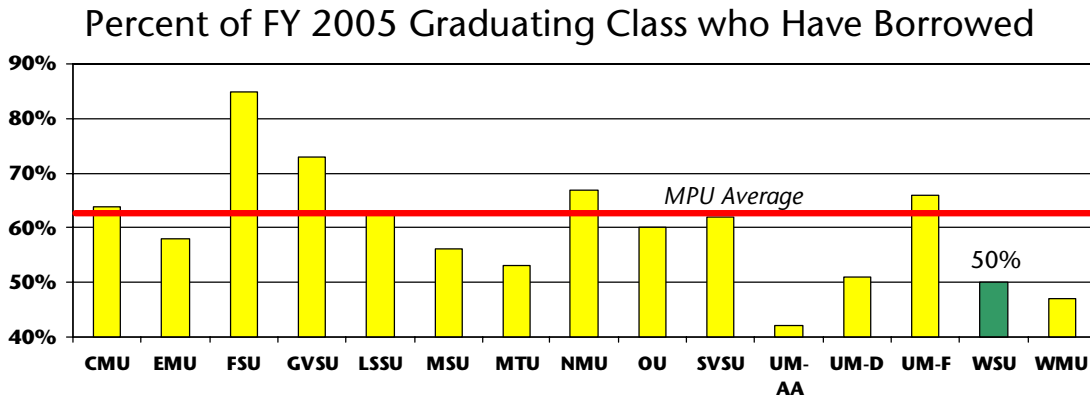
Wayne State is always mindful that annual increases in tuition and fees create an additional burden to students and their families. Along with any tuition increase, Wayne State has been providing substantial financial aid to students and families. As can be seen in the following charts, Wayne State is one of the leaders regarding how much of the tuition revenues are put back into financial aid.

Chart 1



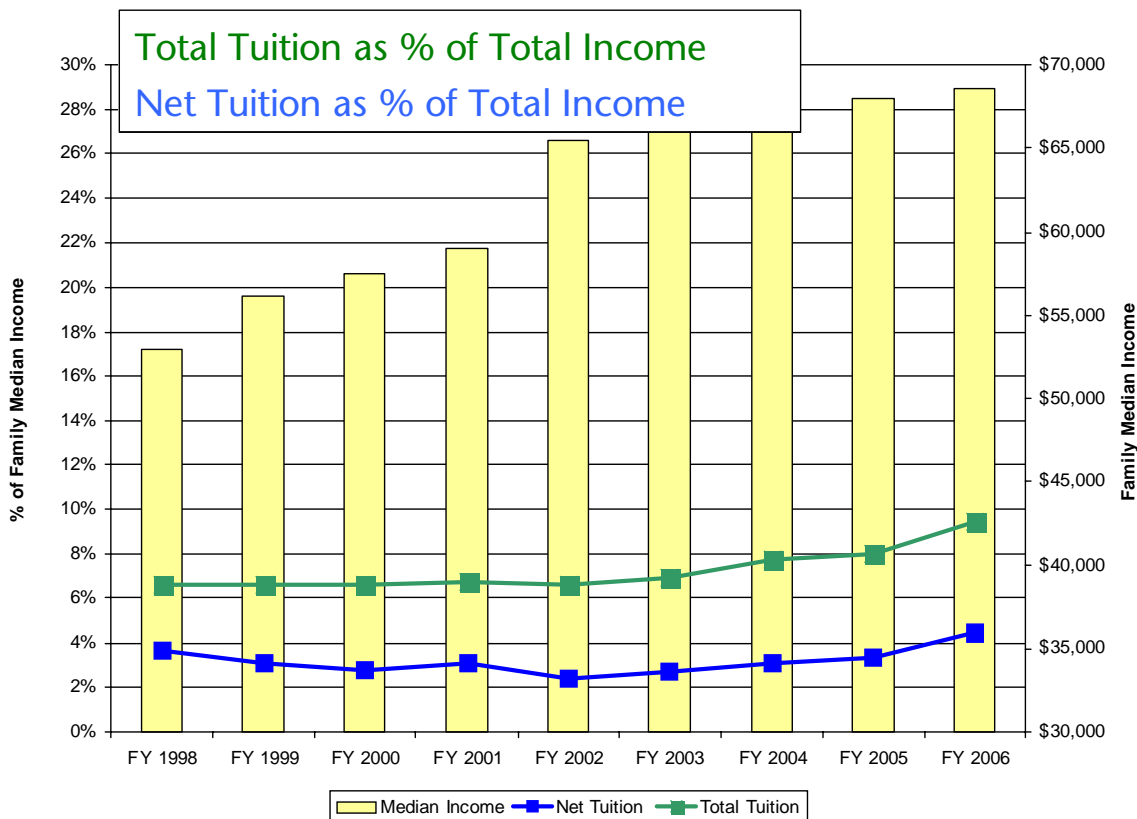
In addition, Wayne State is extremely efficient and effective in its allocation of its financial aid resources. As can be seen in Chart 2, Wayne State has one of the lowest “borrow” rates for graduating students and is well below the Michigan public university average.

Chart 2



This concept of providing increased financial aid to students and families in conjunction with tuition increases has been a long standing tradition at Wayne State. As can be seen in Chart 3, after the average grant award is applied against the gross tuition amount, this rate has remained relatively level as a percent of the Michigan median family income.

Chart 3: Gross Tuition and Net Tuition as a Percent of Median Family Income



Annual tuition and fee cost

This tuition and fee proposal would increase annual tuition costs to the amounts shown on the following schedule:

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Student Level	FY 2007	FY 2008	
	Annual Tuition Cost	Annual Tuition Cost	Increase over FY 2007
Undergraduate			
Lower Division	6,811.50	8,061.00	1,249.50
Upper Division	7,888.50	9,345.00	1,456.50
Graduate	9,474.60	11,226.60	1,752.00
Law	14,920.20	17,728.20	2,808.00
Medicine	24,604.60	28,983.60	4,379.00

Differential tuition

Tuition rates for certain programs include a differential charge in recognition of the higher cost of the program, or the market demand. Differential tuition is reinvested in these programs at various rates to ensure a high level of program quality. The following schedule identifies these programs and the differential rate of tuition that is assessed for FY 2008.

Program	FY 2007	FY 2008
Graduate		
Business	414.50	494.90
Engineering	414.50	494.90
Nursing	414.50	494.90
Library and Information Science	414.50	494.90
Medical Physics Program	482.20	575.70
Doctor of Pharmacy	403.20	481.40
Doctor of Physical Therapy	410.80	490.50

Summary of FY 2008 Tuition Actions

This tuition recommendation will help meet only the very basic operating needs of the University. It is important to remember that leading up to this increase, the University will have already had to close a budget deficit of \$25 million in FY 2007 and absorb almost \$10 million of permanent expenditures reductions in FY 2008.

Wayne State students receive a good value for their tuition dollars. They study with high quality faculty recruited from around the world. The faculty body generates research on critical issues that range from enhanced quality of life and health care to improved manufacturing processes. This work is a source of prestige and brings prominence to Wayne State. In recent years, a focus on campus life has sought to create a more comprehensive campus experience that extends learning beyond the classroom. Wayne State has enhanced the use of technology in many areas of student services, including on-line admissions applications and registration for classes, on-line classes, and innovative ways of delivering instruction. However, Wayne State will not be able to continue to maintain or

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expand these improved levels of services to students over the long run in an environment of uncertainty and reduced budgetary commitment from the state.

Other Proposed Tuition Structure Adjustments

During the year, Wayne State encourages school and college to examine their current tuition strategies to ensure that they are using a structure that reflect their current student market. This year the Law School is proposing to establish a new non-resident tuition rate for the WSU Law School to be set at a rate of 1.1 times (110%) the resident tuition rate. This change will enhance the Law School's ability to recruit and enroll a more geographically diverse entering class. The new rate structure will be done on a pilot basis from FY 2008 to FY 2010.

Because of the year-long recruiting and admission cycle for the Law School, the impact of the changes to recruiting and admission of non-resident students will not be visible until the 2008 entering class matriculates. The resulting changes will strengthen the Law School's ability to meet multiple aspects of our stated admissions and recruiting goal: Attracting highly-credentialed law students consistent with our strategic plan to regain our previous standing in the *U.S. News and World Reports* rankings, while also ensuring we provide access to legal education to a diverse range of students.

Situation Analysis

The current non-resident tuition rate is an obstacle to enrolling any non-resident students and impedes the Law School's competitive position. Thanks to recruiting efforts, an average of almost 20 percent of the Law School's applicant pool is comprised of students that do not have permanent residence in Michigan. An average of 12 percent of the admission offers go to non-resident candidates, but the number of candidates who eventually matriculate only averages 3 percent per year. Of that 3 percent, only 1 or 2 students enroll at the full non-resident rate.

2006 Summary of Non-resident vs Resident Admission, Matriculation, and Yield Rates

	Non Res	Res	Total
Applicants for the 2006-07 entering class	230	989	1219
% of applicant pool	19%	81%	100%
Candidates with sufficiently high credentials to be admitted	61	464	525
% of admitted pool	12%	88%	100%
Students who were admitted and enrolled in the fall of 2006	7	207	214
% Yield(enroll/admit)	11%	45%	41%
Students who were admitted, but did not enroll at WSU	54	257	311
% of enrolled class	3%	97%	
Students (first-year) paying Full-non-res tuition	2		
Students awarded the Barrister Award	3		
Students covered by the WSU Good Neighbor Tuition Policy	2		

NOTE: Barristers Program and University Good Neighbor Tuition Policy provide subsidies or lower rates to selected non-residents. Therefore, they do not represent an increase in revenue to the school as compared to resident students. Only the number of non-resident students who pay full non-resident tuition (1-2 new per year) are relevant to the discussion of revenue changes from this proposal.

In other words, while the Law School is successful in attracting candidates whose credentials meet our admission standards, virtually none of them enroll without some form of discount from the high

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tuition rates. For non-resident students whose credentials are above our medians, WSU Law School appears to be a more costly choice than our strongest competitors for their enrollment.

Comparing WSU resident and non-resident tuition rates with rates of other law schools:

State	Column A	B	C	D	E
		Current	Current	Current	Proposed
				Other Res v.	Other Res v.
	School	Resident	Non-Resident	WSU Non-Res	WSU Non-Res
	WSU Law School	18,526	34,462	NA	NA
	PROPOSED WSU	18,526	20,379	NA	NA
IL	DePaul	30,670	30,670	-3,792	10,291
IN	Indiana-Bloomington	15,784	30,311	-18,678	-4,595
MN	William Mitchell	27,530	27,350	-6,932	7,151
OH	Toledo	14,839	25,082	-19,623	-5,540
WI	Wisconsin	12,653	30,816	-21,809	-7,726

KEY

The Resident (Column B) and Non-Resident (Column C) tuition figures are taken from the LSAC guide to law schools for 2006-07.

Other Res v. WSU Non-Res (Column D) shows the variance of each school's Resident Rate compared to WSU's Non-Res Rate--Other Res v. WSU Non-Res (Column E) shows proposed variance).

NOTE: This amount represents the cost difference a candidate, who is a resident of State X faces when choosing to attend in State X or WSU Law School.

The ability to enroll more non-resident students is also a significant competitive issue in light of the *U.S. News and World Reports* rankings. With an average of 97% of our students coming from Michigan, the Law School's graduate employment statistics are closely tied to the Michigan economy—unlike those of our competitors. Increasing the balance of resident and non-resident students is an essential part of a long-term strategic plan to regain a place within the top 100 law schools, a position held in recent years.

Fiscal Impact

A reduction in the current non-resident tuition rate **will not** result in a significant loss of revenue to the University. Rather, it is a means to address a change in the competitive environment for high-credentialed non-resident candidates. The question of fiscal impact of this rate change is best viewed in the context of the current situation and future enrollment expectations. Over the past decade, the average non-resident enrollment has been approximately 3 percent of the entering class each year (only 1 or 2 of 7 students paying the full non-resident tuition rate). If the proposed rate changes increase the number of full non-resident tuition students by as few as 1 or 2 new students per year, the change will be revenue neutral. Any increase beyond the typical 3 new students per year will produce an increase over current circumstances.