

**BOARD OF TRUSTEES
UNIVERSITY OF THE DISTRICT OF COLUMBIA
UDC RESOLUTION NO. 2019 - 37**

**SUBJECT: NOTICE OF PROPOSED RULEMAKING, AMENDMENTS TO
CHAPTER 7, UPDATING TUITION RATES FOR AY 2020-2021**

WHEREAS, District of Columbia law (D.C. Official Code §38-1202.06(8)) provides for the Board of Trustees of the University of the District of Columbia (“University”) to fix tuition to be paid by resident and nonresident students attending the University; provided, that such tuition is adopted by the Trustees in accordance with the provisions of D.C. Official Code §2-505(a); and

WHEREAS, the University consists of a flagship urban land-grant university offering a broad range of academic and professional programs including, a community college offering workforce development opportunities, academic certifications and academic associate degrees, and a law school whose mission is to recruit and enroll students from groups under-represented at the bar, provide a well-rounded theoretical and practical legal education that will enable students to be effective and ethical advocates, and represent the legal needs of low-income District of Columbia residents through the school's legal clinics; and

WHEREAS, the University is trying to avoid sporadic, significant tuition increases and trying instead to maintain existing cost structure consistent with the rate of inflation by implementing consistent incremental increases; and

WHEREAS, a tuition rate increase of 2.5% for the Academic Year 2020-2021, will maintain the existing cost structure consistent with the rate of inflation.,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of the District of Columbia hereby increases the tuition rates by 2.5% for all programs; and

THEREFORE, BE IT FURTHER RESOLVED that the Board of Trustees of the University of the District of Columbia hereby takes proposed rulemaking action to amend Chapter 7 of the University Rules (Title 8B DCMR) to increase tuition to the rates as indicated in the Notice of Proposed Rulemaking attached hereto as Appendix A; and

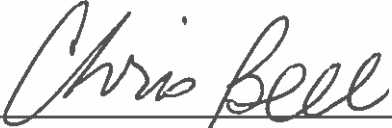
BE IT FURTHER RESOLVED that the Acting General Counsel of the University is hereby directed to publish this Notice of Proposed Rulemaking in the D.C. Register as soon as is practicable for a comment period of not less than thirty (30) days, in accordance with the provisions of D.C. Official Code §2-505 (a).

Submitted by the Audit, Budget & Finance Committee: August 6, 2019

Submitted by the Academic & Student Affairs Committee: August 15, 2019

Approved by the Board of Trustees:

September 10, 2019



Christopher Bell
Chairperson of the Board

**APPENDIX A
UNIVERSITY OF THE DISTRICT OF COLUMBIA**

NOTICE OF PROPOSED RULEMAKING

The Board of Trustees of the University of the District of Columbia, pursuant to the authority set forth under the District of Columbia Public Postsecondary Education Reorganization Act Amendments (Act) effective January 2, 1976 (D.C. Law 1-36; D.C. Official Code §§ 38-1202.01(a); 38-1202.06)(3),(13) (2012 Repl.) hereby gives notice of its intent to amend Chapter 7 (Admissions and Academic Standards) of Subtitle B (University of the District of Columbia) of Title 8 (Higher Education) of the District of Columbia Municipal Regulations (DCMR) in not less than thirty (30) days from the date of publication of this notice in the *D.C. Register*.

The purpose of the proposed rule is to adjust tuition rates for degree granting programs beginning in the fall semester of 2020.

The Board of Trustees will take final action to adopt these amendments to the University Rules in not less than thirty (30) days from the date of publication of this notice in the *D.C. Register*.

Chapter 7, ADMISSIONS AND ACADEMIC STANDARDS, of Title 8-B DCMR, UNIVERSITY OF THE DISTRICT OF COLUMBIA, is amended as follows:

Subsections 728.1 -728.8 of Section 728, TUITION AND FEES: DEGREE-GRANTING PROGRAMS, are amended as follows:

728.1 The following tuition and fees have been approved by the Board of Trustees consistent with D.C. Official Code § 38-1202.06(8):

728.2 COMMUNITY COLLEGE ASSOCIATE DEGREE-GRANTING PROGRAMS

| | <u>Per Credit Hour</u> |
|-----------------------------|------------------------|
| Washington, D.C. Residents | \$117.00 |
| Metropolitan Area Residents | \$197.00 |
| All Other Residents | \$332.00 |

728.3 FLAGSHIP BACCALAUREATE DEGREE-GRANTING PROGRAMS

| | <u>Per Credit Hour</u> |
|-----------------------------|------------------------|
| Washington, D.C. Residents | \$324.00 |
| Metropolitan Area Residents | \$374.00 |
| All Other Residents | \$680.00 |

728.4 FLAGSHIP GRADUATE DEGREE-GRANTING PROGRAMS

| | <u>Per Credit Hour</u> |
|-----------------------------|------------------------|
| Washington, D.C. Residents | \$513.00 |
| Metropolitan Area Residents | \$580.00 |
| All Other Residents | \$986.00 |

728.5 DAVID A. CLARKE SCHOOL OF LAW DEGREE-GRANTING PROGRAMS
FULL TIME PROGRAM STUDENTS (FALL & SPRING SEMESTERS ONLY)

| | <u>Per Semester</u> |
|-----------------------------|---------------------|
| Washington, D.C. Residents | \$6,219.00 |
| Metropolitan Area Residents | \$9,328.00 |
| All Other Residents | \$12,436.00 |

728.6 DAVID A. CLARKE SCHOOL OF LAW DEGREE-GRANTING PROGRAMS
ALL OTHER STUDENTS

| | <u>Per Credit Hour</u> |
|-----------------------------|------------------------|
| Washington, D.C. Residents | \$422.00 |
| Metropolitan Area Residents | \$631.00 |
| All Other Residents | \$843.00 |

728.7 SCHOOL OF ENGINEERING BACCALAUREATE DEGREE-GRANTING
PROGRAMS

| | <u>Per Credit Hour</u> |
|-----------------------------|------------------------|
| Washington, D.C. Residents | \$345.00 |
| Metropolitan Area Residents | \$400.00 |
| All Other Residents | \$725.00 |

728.8 Definitions

- (a) **Full-Time Students.** Any undergraduate or community college student enrolled in at least twelve (12) credit hours per semester, or any graduate student enrolled in at least nine (9) credit hours per semester, shall be considered a full-time student for the purposes of calculation of tuition in accordance with this chapter. Full-time undergraduate and community college students shall be charged tuition for each semester in which they are enrolled in the amount of twelve (12) credit hours, regardless of the number of credit hours actually taken. Full-time graduate students shall be charged tuition for each semester in which they are enrolled in the amount of nine (9) credit hours, regardless of the number of credit hours actually taken.

- (b) **Metropolitan Area Residents.** Any individual who can establish residency in one of the following counties and cities shall be considered a Metropolitan Area Resident: Montgomery County, Maryland; Prince George's County, Maryland; Arlington County, Virginia; Alexandria County, Virginia; Fairfax County, Virginia; and City of Alexandria, Virginia. The standards used to establish residency shall be the same standards used to establish residency for District residents.

All persons desiring to comment on the subject matter of the proposed rulemaking should file comments in writing not later than thirty (30) days after the date of publication of this notice in the *D.C. Register*.

Comments should be filed with the Office of General Counsel, Building 39- Room 301-Q, University of the District of Columbia, 4200 Connecticut Avenue, N.W., Washington, D.C. 20008.

Comments may also be submitted by email to OfficeofGC@udc.edu. Individuals wishing to comment by email must include the phrase "Comment to Proposed Rulemaking: Tuition and Fees: Degree-Granting Programs " in the subject line.

RULEMAKING TRANSMITTAL FORM

TYPE OF RULEMAKING ACTION: _____ EMERGENCY RULES
_____ FINAL RULES X PROPOSED RULES _____ COMBINED

DATE AND TIME RECEIVED
Office of Documents use only

AGENCY: University of the District of Columbia

AGENCY REPRESENTATIVE: Avis Marie Russell

ADDRESS: 4200 Connecticut Avenue NW, Washington DC 20008

TELEPHONE: 202-274-5400

TITLE AND DESCRIPTION OF RULES:

Notice of Proposed Rulemaking – To revise the tuition rates for degree-granting programs

If this rulemaking action will amend or repeal existing rules, give a complete citation to the rules being amended or repealed:

Amending: 8B DCMR §728.1-728.8

FINAL RULES ONLY: Give the D.C. REGISTER citation and date of publication of the Notice of Proposed Rulemaking for these rules: _____ DCR _____ DATE: _____

COMPLETE CITATION to the statute, regulation, or other legal authority which specifically authorizes the issuance of the substance of these rules:

DC Code §§38-1202.01(a) and 38-1202.06 (8)

LEGAL CERTIFICATION: I certify that I have reviewed the attached rulemaking and, in my opinion, the substance of the text of the rules is legally sufficient.

FINAL X CONDITIONAL

SIGNED *Avis Marie Russell* PHONE: 202-274-5400

NAME: Avis Marie Russell

TITLE: Acting General Counsel

PROMULGATOR: Name and title of the person legally authorized to adopt and promulgate these rules (or the name of the board or other body authorized to adopt rules by vote):

Christopher Bell

TITLE: Chairperson, Board of Trustees

COMPLETE CITATION to the statute, regulation, order, or other legal authority that specifically authorizes this person or agency to adopt and promulgate these rules:

DC Code §§38-1202.01(a) and 38-1202.06(8)

SIGNATURE OF THE PERSON AUTHORIZED TO ADOPT RULES OR ATTEST TO THE ADOPTION OF RULES

DATE OF APPROVAL OR VOTE: 9/10/2019

APPROVAL OR ATTEST: *Chris Bell*

TITLE: Chairperson

PHONE: 202-274-6528

Office of Documents use only:
THIS NOTICE PUBLISHED AT:

VOL _____ DCR _____ DATE _____

FISCAL IMPACT STATEMENT

TO: Board of Trustees
FROM: Managing Director of Finance *David A. Franklin*
DATE: September 13, 2019
SUBJECT: UDC Tuition Rate Increase for AY2020-2021

Conclusion

In conclusion, the tuition rate increase for AY 2020-2021 is expected to partially mitigate the decrease in tuition revenue assuming enrollment continues to decline at the University. The University's enrollment has declined over the past two academic years.

Background

Higher Education Price Index (HEPI) data show that inflation for colleges and universities was 2.8% for FY2018, which ended on June 30. That represents a decline from FY2017's 3.3% (which was also the highest rate of inflation in the past decade, and the highest since it reached 5.0% in FY2008). FY2018's 2.8% was, nevertheless, considerably higher than the 1.8% rate reported for FY2016.

There are eight cost factors that contribute to the HEPI regression calculation: faculty salaries, administrative salaries, clerical salaries, service employee salaries, fringe benefits, miscellaneous services, supplies and materials, and utilities. For FY2018, costs rose in all eight categories, compared to FY2017, when costs rose in seven of the eight categories. The chief causes of the increase in HEPI from FY2016 to FY2017 were: a 14.5% increase in utility costs; a 4.1% increase in fringe benefits; and a 3.7% increase in service employee costs. For FY2018, the largest increases were 3.4% in service employee costs, and 3.2% in faculty salaries. They were the only two components to reach or exceed the 3.0% level.

Notwithstanding, the Board of Trustees policy of HEPI plus 1% (3.8%), the University Administration's proposed tuition of 2.5% with a potential incremental increase in tuition revenue of \$478,750. The projected incremental increase in tuition revenue assumes the University's enrollment will continue to decline. The assumption is based on the decline in enrollment for the past two academic years. The assumption further aligns with declines in enrollment across the country.

The tuition rate increase will increase tuition revenue. That increase will be offset by the loss of tuition revenue from the decline in student enrollment. With the assumption of continued

decline in enrollment, the second assumption is that the decrease in tuition revenue from the decline in student enrollment will be greater than the increase in tuition revenue from enrolled students. Thus, the net tuition revenue for the University is projected to decrease.

Financial Impact

The decrease in tuition revenue will increase financial pressure on the University’s budget. Per the HEPI report, operational cost has increased in all eight major expense categories tracked by HEPI. The University of the District of Columbia can reasonably expect to have the same increase in operating cost as predicted in the report. The University will have to take action to address the expected increase in operating cost, and the decrease in tuition revenue. Further, impacting the net tuition revenue is the uncollected balance of student accounts.

Increasing tuition rates will have a direct impact on students. The average student indebtedness will increase. The average student indebtedness for Academic Year 2018-2019:

| Student Type | Average Indebtedness (One-Year) | FY21 Projected Average Indebtedness |
|---------------------------------|---------------------------------|-------------------------------------|
| Undergraduate (UG) Students | \$7,866 | \$8,063 |
| Community College (CC) Students | \$6,572 | \$6,736 |

For Community College (CC) students who receive the full Pell Grant award, the Pell Grant award will cover their direct charges (Tuition and Fees). Not all students are awarded the same amount of Pell Grant. Some students do not receive a Pell Grant award.

- o % of DC Residents Receiving Federal Aid of total DC Residents registered – 58%
- o % of DC Residents Receiving Federal Aid and Scholarship – 8%
- o % of DC Residents Receiving Federal Aid and NO Scholarship – 50%

| Risk Assumptions | Impacts |
|--|--|
| Higher tuition rates may negatively impact enrollment. | Research indicates low to moderate fiscal impact on the correlation of tuition increase and decline in enrollment and retention. |

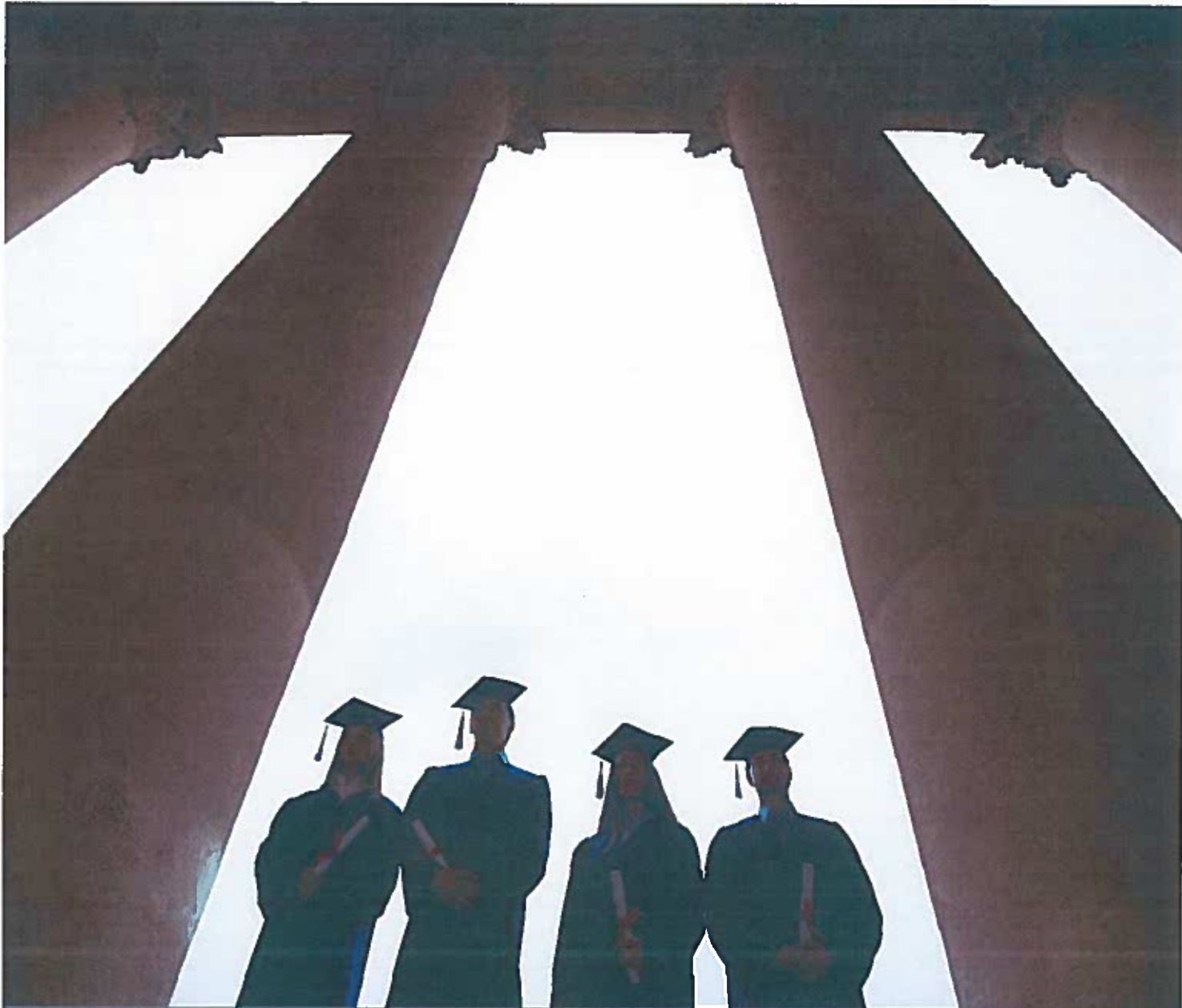
The administration continues to monitor the impact of tuition rate increases on student enrollment, and understands that continued tuition rate increase has the potential to become a point of consternation for students and prospects. The current risk level continues to be low to moderate at time. Monitoring of this will continue.

This proposed tuition rate increase is submitted for consideration based on the information provided.

University of District of Columbia
 Schedule of Tuition Rates All Schools/Programs
 For Academic Year 2020 - 2021 (FY21)
 Tuition Rate Increase 2.5%

| Full-Time per Semester | | | | | | | | | | | | | | | |
|------------------------|---------------|---------------|----------|---------------|---------------|----------|---------------|---------------|----------|---------------|---------------|----------|---------------|---------------|----------|
| Tuition Residency | CC | | | VN UG | | | VN GR | | | VN ENG UG | | | LS | | |
| | Approved FY20 | Proposed FY21 | Increase | Approved FY20 | Proposed FY21 | Increase | Approved FY20 | Proposed FY21 | Increase | Approved FY20 | Proposed FY21 | Increase | Approved FY20 | Proposed FY21 | Increase |
| | Resident | 1,368 | 1,404 | 36 | 3,792 | 3,888 | 96 | 4,500 | 4,617 | 117 | 4,044 | 4,140 | 96 | 6,067 | 6,219 |
| Metro | 2,304 | 2,364 | 60 | 4,380 | 4,488 | 108 | 5,094 | 5,220 | 126 | 4,680 | 4,800 | 120 | 9,100 | 9,328 | 228 |
| Non-Resident | 3,888 | 3,994 | 96 | 7,956 | 8,160 | 204 | 8,658 | 8,874 | 216 | 8,484 | 8,700 | 216 | 12,133 | 12,436 | 303 |

| Per Credit Hour | | | | | | | | | | | | | | | |
|-------------------|---------------|---------------|----------|---------------|---------------|----------|---------------|---------------|----------|---------------|---------------|----------|---------------|---------------|----------|
| Tuition Residency | CC | | | VN UG | | | VN GR | | | VN ENG UG | | | LS | | |
| | Approved FY20 | Proposed FY21 | Increase | Approved FY20 | Proposed FY21 | Increase | Approved FY20 | Proposed FY21 | Increase | Approved FY20 | Proposed FY21 | Increase | Approved FY20 | Proposed FY21 | Increase |
| | Resident | 114 | 117 | 3 | 316 | 324 | 8 | 500 | 513 | 13 | 337 | 345 | 8 | 412 | 422 |
| Metro | 192 | 197 | 5 | 365 | 374 | 9 | 566 | 580 | 14 | 390 | 400 | 10 | 616 | 631 | 15 |
| Non-Resident | 324 | 332 | 8 | 663 | 680 | 17 | 962 | 986 | 24 | 707 | 725 | 18 | 822 | 843 | 21 |



Commonfund Higher Education Price Index®

2018 Update

commonfund
INSTITUTE

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About Commonfund Institute

Commonfund Institute houses the education and research activities of Commonfund and provides the entire community of long-term investors with investment information and professional development programs. Commonfund Institute is dedicated to the advancement of investment knowledge and the promotion of best practices in financial management. It provides a wide variety of resources, including conferences, seminars and roundtables on topics such as endowments and governance; proprietary and third-party research such as the Commonfund Benchmark Studies®; publications including the Commonfund Higher Education Price Index® (HEPI); and events such as the annual Commonfund Forum and Investment Stewardship Academy.

Executive Summary

Commonfund Higher Education Price Index (HEPI) data show that inflation for colleges and universities was 2.8 percent for fiscal year 2018, a decline from last year's 3.3 percent but higher than the average of 2.4 percent for the preceding five fiscal years. Over the past 10 years, FY2018 HEPI was the third highest rate of inflation, trailing only FY2017 and FY2014.¹

FY2018 costs rose in all eight components tracked by HEPI compared with last year when costs rose in seven of the eight. Differentiating this year from last, this year no single cost rose as much as last year's 14.5 percent increase in utility costs and 4.1 percent in fringe benefits; instead, costs this year were in a tighter range of 1.7 percent (for utilities) to 3.4 percent (for service employees).

Introduction: The Higher Education Price Index

About HEPI

The Higher Education Price Index (HEPI) is an inflation index designed specifically for use by institutions of higher education. Compiled from data reported by government agencies and industry sources, HEPI measures the average relative level in the price of a fixed market basket of goods and services purchased by colleges and universities each year through current fund educational and general expenditures, excluding research. A more accurate indicator of cost changes for colleges and universities than the Consumer Price Index (CPI), HEPI is used primarily to project future budget increases required to preserve purchasing power. With compilations dating back to 1961, HEPI offers more than 50 continuous years of higher education inflation data. It is an essential tool enabling schools to determine increases in funding necessary to maintain both real purchasing power and investment.

In 2005, Commonfund Institute assumed responsibility for the index and the proprietary model used to calculate HEPI's values from Research Associates of Washington, D.C. In subsequent years, in keeping with its commitment to improving and expanding the index, Commonfund Institute has expanded HEPI to include additional calculations and measures.

HEPI is compiled using data items from publicly-available sources that are released at different points in the academic fiscal year, from July 1 through the following June 30.

IMPORTANT NOTE: In 2015, the American Association of University Professors (AAUP) began using a new methodology that was not directly comparable with the past; therefore, data on faculty salaries and fringe benefits, as well as information by region and type of institution, was excluded from the 2016 and 2017 HEPI reports. The conversion has been completed and the 2018 report once again includes these data points. Additionally, due to the modification mentioned above, last year's FY2017 HEPI number has been restated to 3.3 percent.

HEPI data is provided free of charge via Commonfund's website at www.commonfund.org.

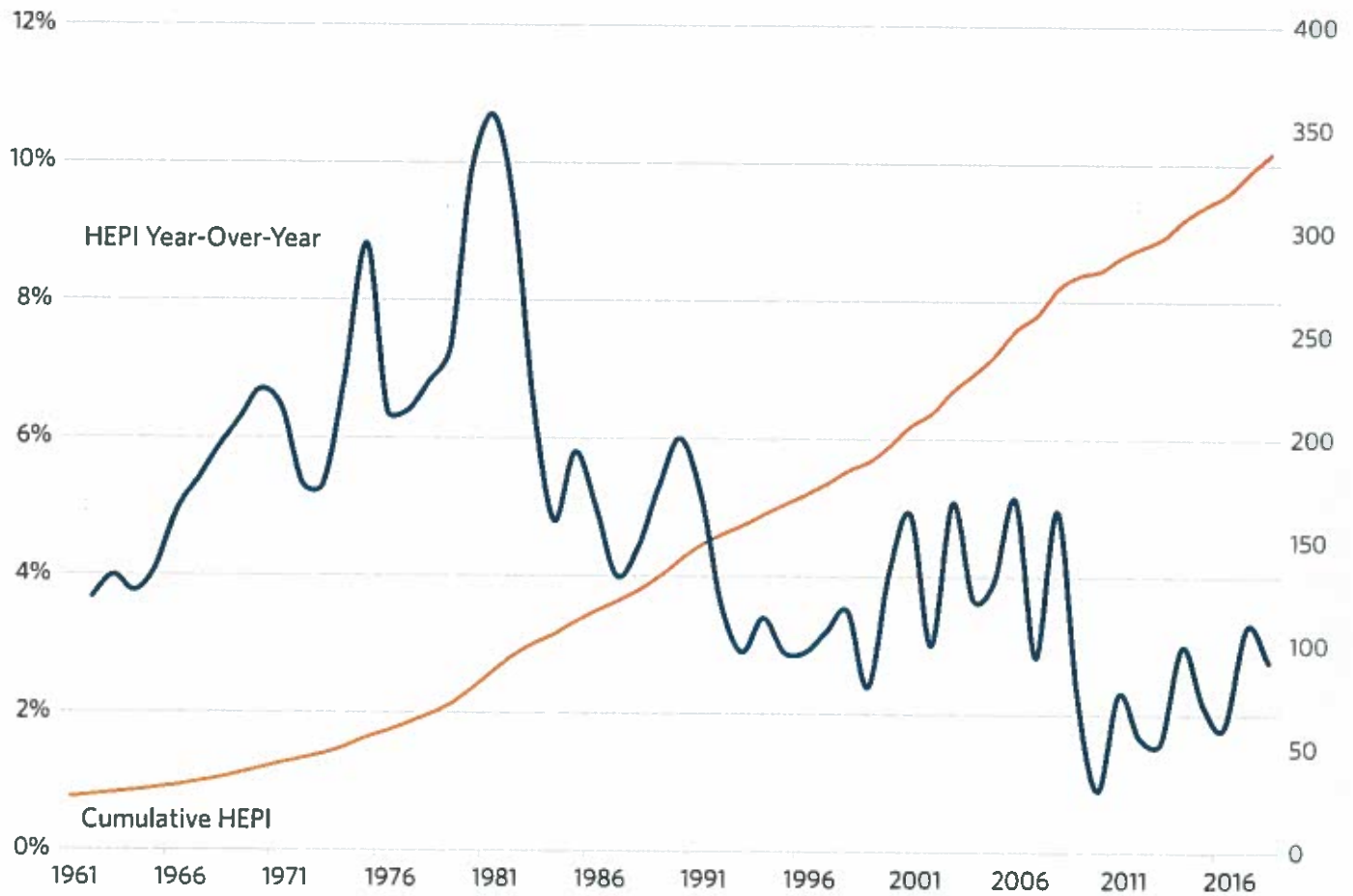
¹ As noted throughout the following report, a change in methodology for computing faculty salaries and fringe benefits means that data for these factors are not directly comparable with years prior to FY2016. We have, however, used what we believe are reasonable estimates for changes in these two components. Please read the important notes for more details.

The HEPI Tables

The chart below shows HEPI from fiscal years 1961 to 2018. Table A on page 3 summarizes HEPI and CPI for the same period. Table B on page 4 summarizes the regression formula used since FY2002 to calculate HEPI. HEPI data beginning with FY2002 have been restated to reflect methodological improvements adopted in 2009.

HIGHER EDUCATION PRICE INDEX

1961 - 2018



This chart traces the Higher Education Price Index (HEPI) from 1961 to 2018. Cumulative HEPI is represented by the steadily increasing orange line, indexed to 100 for 1983, and should be read using the right-hand scale. The jagged line traces percentage year-over-year changes in HEPI and should be read using the left-hand scale. In this chart and in the supporting data in Table A on page 4, HEPI is presented in two ways: as an index level and as a year-over-year percent change. HEPI data beginning with FY2002 have been restated to reflect the methodological improvements adopted in 2009.

TABLE A**HISTORICAL SUMMARY OF HIGHER EDUCATION PRICE INDEX® AND CONSUMER PRICE INDEX**

Fiscal Years 1961 to 2018

| College and University Operations | | | Consumer Prices | | College and University Operations | | | Consumer Prices | |
|-----------------------------------|--------------------------------|-----------------|-------------------------------|-----------------|-----------------------------------|--------------------------------|-----------------|-------------------------------|-----------------|
| Fiscal Year | HEPI Index Value 1983 = 100 | Yearly % Change | CPI Index Value 1983 = 100 | Yearly % Change | Fiscal Year | HEPI Index Value 1983 = 100 | Yearly % Change | CPI Index Value 1983 = 100 | Yearly % Change |
| 1961 | 25.6 | — | 30.3 | — | 1991 | 148.2 | 5.2% | 136.4 | 5.4% |
| 1962 | 26.5 | 3.7% | 30.6 | 1.0% | 1992 | 153.5 | 3.6% | 140.8 | 3.2% |
| 1963 | 27.6 | 4.0% | 31.0 | 1.1% | 1993 | 157.9 | 2.9% | 145.2 | 3.1% |
| 1964 | 28.6 | 3.8% | 31.4 | 1.4% | 1994 | 163.3 | 3.4% | 148.8 | 2.5% |
| 1965 | 29.8 | 4.1% | 31.8 | 1.3% | 1995 | 168.1 | 2.9% | 153.2 | 3.0% |
| 1966 | 31.3 | 4.9% | 32.6 | 2.3% | 1996 | 173.0 | 2.9% | 157.4 | 2.7% |
| 1967 | 32.9 | 5.4% | 33.5 | 3.0% | 1997 | 178.4 | 3.2% | 161.9 | 2.9% |
| 1968 | 34.9 | 5.9% | 34.6 | 3.3% | 1998 | 184.7 | 3.5% | 164.8 | 1.8% |
| 1969 | 37.1 | 6.3% | 36.3 | 4.8% | 1999 | 189.1 | 2.4% | 167.6 | 1.7% |
| 1970 | 39.5 | 6.7% | 38.5 | 5.9% | 2000 | 196.9 | 4.1% | 172.5 | 2.9% |
| 1971 | 42.1 | 6.4% | 40.5 | 5.2% | 2001 | 208.7 | 6.0% | 178.4 | 3.4% |
| 1972 | 44.3 | 5.3% | 41.9 | 3.6% | 2002 | 212.7 | 1.9% | 181.6 | 1.8% |
| 1973 | 46.7 | 5.3% | 43.6 | 3.9% | 2003 | 223.5 | 5.1% | 185.5 | 2.2% |
| 1974 | 49.9 | 6.9% | 47.5 | 8.9% | 2004 | 231.7 | 3.7% | 189.6 | 2.2% |
| 1975 | 54.3 | 8.8% | 52.8 | 11.2% | 2005 | 240.8 | 3.9% | 195.3 | 3.0% |
| 1976 | 57.8 | 6.4% | 56.5 | 7.1% | 2006 | 253.1 | 5.1% | 202.7 | 3.8% |
| 1977 | 61.5 | 6.4% | 59.8 | 5.8% | 2007 | 260.3 | 2.8% | 208.0 | 2.6% |
| 1978 | 65.7 | 6.8% | 63.8 | 6.8% | 2008 | 273.2 | 5.0% | 215.7 | 3.7% |
| 1979 | 70.5 | 7.3% | 69.8 | 9.3% | 2009 | 279.3 | 2.3% | 218.7 | 1.4% |
| 1980 | 77.5 | 9.9% | 79.1 | 13.3% | 2010 | 281.8 | 0.9% | 220.8 | 1.0% |
| 1981 | 85.8 | 10.7% | 88.2 | 11.6% | 2011 | 288.4 | 2.3% | 225.3 | 2.0% |
| 1982 | 93.9 | 9.4% | 95.8 | 8.7% | 2012 | 293.2 | 1.7% | 231.9 | 2.9% |
| 1983 | 100.0 | 6.5% | 100.0 | 4.3% | 2013 | 297.8 | 1.6% | 235.7 | 1.7% |
| 1984 | 104.8 | 4.8% | 103.7 | 3.7% | 2014 | 306.7 | 3.0% | 239.4 | 1.6% |
| 1985 | 110.8 | 5.8% | 107.7 | 3.9% | 2015 | 313.3 | 2.1% | 241.1 | 0.7% |
| 1986 | 116.3 | 5.0% | 110.8 | 2.9% | 2016 | 319.0 | 1.8% | 242.8 | 0.7% |
| 1987 | 120.9 | 4.0% | 113.3 | 2.2% | 2017 | 329.5 | 3.3% | 247.2 | 1.8% |
| 1988 | 126.2 | 4.4% | 118.0 | 4.1% | 2018 | 338.6 | 2.8% | 252.8 | 2.3% |
| 1989 | 132.8 | 5.3% | 123.5 | 4.7% | | | | | |
| 1990 | 140.8 | 6.0% | 129.4 | 4.8% | | | | | |

Sources: HEPI, Research Associates of Washington; CPI, Bureau of Labor Statistics, U.S. Department of Labor
CPI, U.S. Department of Labor, data is calculated to July 1 - June 30 (annual published CPI is computed over the calendar 12-month period)

IMPORTANT NOTE Two of the main HEPI cost factors, faculty salaries and fringe benefits, are derived from faculty compensation data published by the American Association of University Professors (AAUP), which in FY2016 began using a new methodology that is not directly comparable with the past. Due to this change in methodology, in the two previous years' reports we have used what we believe are reasonable estimates for changes in faculty salaries and fringe benefits to aid in the transition from FY2015 to subsequent years. With this report we are once again calculating faculty salaries and fringe benefits based on the previous (pre 2016) AAUP methodology.

TABLE B**HIGHER EDUCATION PRICE INDEX 2007 - 2018**

Regression Analysis of Components – Fiscal Years 1961 to 2018

| | Fiscal Year | Regression HEPI | Faculty Salaries | Administrative Salaries | Clerical | Service Employees | Fringe Benefits | Miscellaneous Services | Supplies & Materials | Utilities |
|--------------------|-------------|-----------------|------------------|-------------------------|----------|-------------------|-----------------|------------------------|----------------------|-----------|
| Index Value | 2007 | 260.3 | 257.6 | 299.2 | 237.7 | 213.6 | 360.8 | 238.3 | 165.3 | 220.6 |
| | 2008 | 273.2 | 268.1 | 314.0 | 245.1 | 220.5 | 380.7 | 246.4 | 180.0 | 252.0 |
| | 2009 | 279.3 | 277.3 | 330.9 | 251.6 | 226.7 | 394.4 | 253.1 | 181.6 | 213.8 |
| | 2010 | 281.8 | 280.6 | 337.6 | 255.2 | 230.0 | 402.8 | 255.8 | 179.3 | 193.6 |
| | 2011 | 288.4 | 284.5 | 343.2 | 260.2 | 233.2 | 417.6 | 260.3 | 193.9 | 201.5 |
| | 2012 | 293.2 | 289.6 | 352.3 | 264.8 | 235.7 | 425.3 | 264.6 | 203.9 | 191.7 |
| | 2013 | 297.8 | 294.6 | 362.4 | 269.8 | 239.4 | 437.5 | 269.4 | 180.0 | 195.6 |
| | 2014 | 306.7 | 301.0 | 366.4 | 274.8 | 242.0 | 458.3 | 274.2 | 200.2 | 211.4 |
| | 2015 | 313.3 | 307.7 | 381.9 | 280.4 | 248.4 | 484.0 | 279.8 | 190.6 | 183.5 |
| | 2016 | 319.0 | 316.0 | 393.3 | 289.1 | 253.3 | 503.9 | 285.7 | 179.5 | 146.5 |
| | 2017 | 329.5 | 323.5 | 405.2 | 297.3 | 262.7 | 524.7 | 290.7 | 178.6 | 167.8 |
| 2018 | 338.6 | 333.9 | 414.1 | 305.9 | 271.6 | 536.7 | 297.8 | 183.7 | 170.7 | |
| Standard Deviation | 2003-2018 | 37.5 | 34.1 | 54.4 | 30.4 | 24.5 | 79.9 | 28.9 | 23.6 | 34.9 |
| Yearly % change | 2007 | 2.8% | 3.8% | 4.0% | 3.6% | 4.0% | 5.0% | 4.2% | 4.5% | -13.7% |
| | 2008 | 5.0% | 4.1% | 5.0% | 3.1% | 3.2% | 5.5% | 3.4% | 8.9% | 14.2% |
| | 2009 | 2.3% | 3.4% | 5.4% | 2.7% | 2.8% | 3.6% | 2.7% | 0.9% | -15.1% |
| | 2010 | 0.9% | 1.2% | 2.0% | 1.4% | 1.4% | 2.1% | 1.1% | -1.3% | -9.5% |
| | 2011 | 2.3% | 1.4% | 1.7% | 2.0% | 1.4% | 3.7% | 1.8% | 8.2% | 4.1% |
| | 2012 | 1.7% | 1.8% | 2.7% | 1.7% | 1.1% | 1.8% | 1.7% | 5.2% | -4.9% |
| | 2013 | 1.6% | 1.7% | 2.9% | 1.9% | 1.6% | 2.9% | 1.8% | -11.7% | 2.1% |
| | 2014 | 3.0% | 2.2% | 1.1% | 1.9% | 1.1% | 4.8% | 1.8% | 11.2% | 8.1% |
| | 2015 | 2.1% | 2.2% | 4.2% | 2.1% | 2.6% | 5.6% | 2.1% | -4.8% | -13.2% |
| | 2016 | 1.8% | 2.7% | 3.0% | 3.1% | 2.0% | 4.1% | 2.1% | -5.8% | -20.2% |
| | 2017 | 3.3% | 2.4% | 3.0% | 2.8% | 3.7% | 4.1% | 1.7% | -0.5% | 14.5% |
| 2018 | 2.8% | 3.2% | 2.2% | 2.9% | 3.4% | 2.3% | 2.4% | 2.8% | 1.7% | |

IMPORTANT NOTE: Two of the main HEPI cost factors, faculty salaries and fringe benefits, are derived from faculty compensation data published by the American Association of University Professors (AAUP), which in FY2016 began using a new methodology that is not directly comparable with the past. Due to this change in methodology, in this year's report we have used what we believe are reasonable estimates for changes in faculty salaries and fringe benefits to aid in the transition from FY2015 to FY2017 and beyond.

Summary Output**Regression Statistics**

| | |
|-------------------|-------------|
| Multiple R | 0.999998904 |
| R Square | 0.999997809 |
| Adjusted R Square | 0.999997261 |
| Standard Error | 0.096391663 |
| Observations | 41 |

Coefficients

| | |
|-----------|--------------|
| Intercept | -0.286286907 |
| Faculty | 0.353741718 |
| Admin | 0.10428948 |
| Clerical | 0.18408585 |
| Service | 0.082314791 |
| Fringe | 0.131020859 |
| Services | 0.022899544 |
| Supplies | 0.05513843 |
| Utilities | 0.068247106 |

Higher Education Price Index Analysis

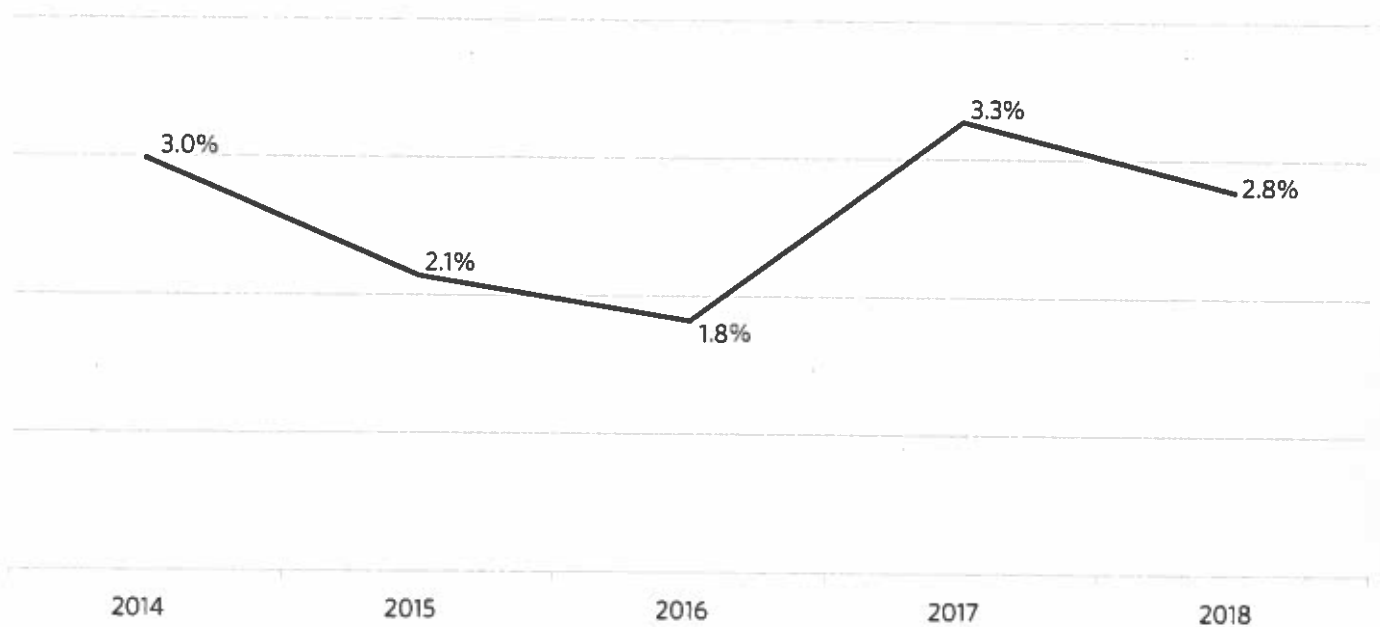
HEPI for 2018

For fiscal year 2018, which ended on June 30, the HEPI calculation reveals that inflation for colleges and universities was 2.8 percent, representing a decline from FY2017's 3.3 percent (which was also the highest rate of inflation in the past decade and the highest since 5.0 percent in FY2008). FY2018's 2.8 percent was, nevertheless, considerably higher than the 1.8 percent reported for FY2016 and FY2015's 2.1 percent.

FIGURE 1

THE HIGHER EDUCATION PRICE INDEX

Fiscal years 2014 - 2018



- There are eight cost factor components that contribute to the HEPI regression calculation: faculty salaries, administrative salaries, clerical costs, service employee costs, fringe benefits, miscellaneous services, supplies & materials, and utilities.
- The regression equation assigns a different weighting to each cost factor and, therefore, a change in one component may influence the final HEPI calculation more than another.
- The components that are most heavily weighted are faculty salaries, clerical salaries and fringe benefits.

Highlights of 2018 Study

For FY2018, costs rose in all eight of the components tracked by HEPI; a year ago, costs rose in seven of the eight, the only exception being supplies & materials. The chief causes of the increase in HEPI from FY2016 to FY2017 were: a 14.5 percent increase in utility costs; a 4.1 percent increase in fringe benefits; and a 3.7 percent increase in service employee costs. This year, the largest increases were 3.4 percent in service employee costs and 3.2 percent in faculty salaries. They were the only two cost components to reach or exceed the 3.0 percent level.

Supporting Data

- All other costs were in the 1.7 percent range, from 1.7 percent for utilities to 2.9 percent for clerical costs. Close behind, supplies & materials rose 2.8 percent. Other cost increases were: 2.2 percent for administrative salaries, 2.3 percent for fringe benefits and 2.4 percent for miscellaneous services.
- Utilities, which last year represented the greatest single cost increase, was this year's lowest cost increase. Utility costs have been highly volatile in recent years, as they declined 20.2 percent in FY2016 and 13.1 percent in FY2015. Service employee costs, the largest increase this year, was the third highest increase last year.
- The increase in costs for supplies & materials was only the second time in the past six years that this component has risen.
- While service employee costs rose 3.4 percent in FY2018, they account for only 8 percent of cost factor weightings overall. The second-highest increase, faculty salaries at 3.2 percent, account for 35 percent of cost factor weightings, by far the largest. The third-highest increase this year, clerical costs at 2.9 percent, represent the second-largest weighting factor at 18 percent.