

Tuition Surcharge PASSED: March 25, 2010

The Faculty Senate recommends that the administration and Board of Visitors allow colleges and/or departments to levy per credit hour tuition surcharge in cases where a college or department believes an increase in tuition is warranted. It is critically important that the decision to impose a surcharge rest with the college or department whose students will bear the additional cost because that unit is best able to assess the likely effects on enrollment and the opportunity graduates will have to recoup the extra tuition investment after graduation. Extra tuition collected under this provision should be credited to Academic Affairs and should be devoted to meeting needs within Academic Affairs. There is no presumption that the additional revenue would be given to the unit that levies the surcharge.

Variations in the cost of educating students in a given college or major are largely a function of the cost of hiring faculty to teach in that college or major. And there is a positive (though not perfect) correlation between how much it costs to hire faculty and the earning potential of graduates in a major. Thus, if all majors pay the same amount of tuition as under present policies, students in lower-cost majors with lower entry-level earning potential after graduation subsidize the cost of educating students in higher cost majors, e.g., majors in the humanities subsidize the cost of educating business and engineering majors. While a complete alignment of instructional and tuition costs is neither desirable nor intended as the outcome of this resolution, provision should be made for colleges or departments to add a tuition surcharge if they believe circumstances warrant an additional charge. Any proposed changes would, of course, be subject to review by and would require the approval of the administration and Board of Visitors.

While tuition surcharges are more typical, indeed, are commonplace in graduate programs, they are also used by many undergraduate programs. An undergraduate surcharge is levied, for example, by the Mason School of Business at the College of William and Mary. All Big Ten undergraduate business programs except for Minnesota levy a tuition surcharge as do all undergraduate business programs in the state of Tennessee. Nationwide, about fifteen percent of undergraduate business programs impose a tuition surcharge. Programs outside of business, e.g., the college of engineering and Iowa State University, likewise impose tuition surcharges. JMU levies the equivalent of a tuition surcharge when it requires students to pay lab fees for some science courses.

The JMU College of Business has expressed an interest in adopting a tuition surcharge. The projected financial benefit to JMU of a COB surcharge are substantial. For example, a \$25 per credit hour surcharge in the COB would have generated \$1,432,550 in the fall and winter terms of the 2009 – 2010 academic year. It is evident that tuition surcharges in selected programs have the potential to generate considerable additional revenue in a financially challenging time from the subset of students who are most likely to be able to recoup the cost of the additional investment. We therefore recommend that the administration and Board of Visitors favorably consider proposals from colleges or departments to levy tuition surcharges.