

Statement from ASU President Michael M. Crow:

Arizona's future has never seemed more promising: The entrepreneurial spirit of the state provides a fertile environment for innovators looking to create the advanced industries that will power the economy through the coming decades. Its awe-inspiring beauty makes it a remarkably attractive place to live. And after navigating a difficult economic period, the state has found itself in possession of a more than \$1 billion budget surplus.

To create the kind of future that we all want for Arizona, it's crucial that we continue to increase the number of state residents who not only graduate from high school but also go on to achieve a post-secondary education. The increasing complexity of the modern workplace will require special skills and if we want employers to base their operations in Arizona, we need a substantial population of what we at ASU think of as "master learners" to form the skilled workforce that businesses rely upon. More importantly, research has revealed a direct correlation between educational attainment and the economic strength of an individual and the region where he or she lives. Western states with whom Arizona can be said to compete for economic advantage – Colorado, Utah and Texas, to name just a few – understand this proposition and leaders in those states resumed investing in their public colleges and universities as the Great Recession ended.

In the Grand Canyon State, the cuts continued through last year, reducing the state's investment in ASU, per student, by 60% since 2008. An annual national survey found our state at the bottom of the list of states that are spending less on higher education than they were five years ago.

We did not let these circumstances deter us. The New American University model that we have evolved over more than a decade allowed us the flexibility to improve our service to students and meet our responsibilities to the state even as we made difficult adjustments in response to cut after cut. Consider that even after this difficult period, we at ASU can boast that:

- US News & World Report named ASU the ["most innovative" university](#), ahead of the Massachusetts Institute of Technology and Stanford University.

- NASA selected ASU to [lead a lunar mission](#) that will send a miniature satellite to map water on the face of our closest celestial neighbor.

- The New York Times called our Barrett Honors College ["the gold standard"](#) among honors colleges.

And when Fulbright scholars were named last month, ASU was the top producer of the prestigious scholars among research institutions, with 10 awards to faculty members. The University ranked fifth in the nation among research institutions in Fulbright scholarships to students, with 22.

As we look ahead to the next academic year we are determined to continue to lead nationally in our teaching and research, but competing at this level requires resources. We were gratified to see that the governor embraced a new funding model for the state's public universities that focuses directly on supporting Arizona students, and his budget did offer an initial investment in that model. At a time when the state's finances have recovered, we are hopeful that members of the state House and Senate will provide adequate funding to ensure that the model embraced by the governor can be successful.

ASU Proposal

We indicated four years ago that we would not raise tuition more than 3% per year for the ten-year planning horizon. We have kept that promise and will continue to do so. However, it is extremely difficult to remain competitive in the higher education market and keep costs low for Arizona students given the massive reductions in state support in recent years.

Last year, we enacted a \$320 surcharge to all resident students to help cover a portion of the \$53 million state cut we sustained and to stave off drastic steps that could have damaged the quality of our educational offerings. As stated at the time, the surcharge was intended to fill a portion of the public funding gap until the state's finances stabilized and its support for the University returned to historic levels.

ASU proposes reducing the surcharge by \$50 to \$270 since it appears likely that state leaders will restore a portion of last year's funding cut in FY2017. The remainder of the surcharge would be kept in place until there is a restoration of general purpose educational funding equal to 50% of the FY16 reduction. Given the current substantial recovery in state revenues, we hope this can be accomplished in the FY18 budget cycle at the latest.

While progress has begun on new revenue, inadequate funding continues to pose a risk to the quality of the educational experience we provide to students. Accordingly, ASU proposes to increase base tuition by a modest amount to allow for incremental improvements in the education we provide and to cover inflation partially. For resident students (undergraduate and graduate), the increase proposed is \$200 for the year. For non-resident and international undergraduate students the increase is \$1,000 for the year. For non-resident and international graduate students the increase is \$1,100 for the year.

Nationally competitive

ASU tuition remains reasonable and competitive on a national basis, and the stated tuition rates do not tell the story of the affordability of an ASU degree. ASU's commitment to financial aid remains strong. In Fall 2015, 80% received gift aid from University or federal sources, and 27% received gift aid sufficient to cover all tuition, surcharge, and mandatory fees. The average amount of gift aid was \$6,350, leaving only 39% of the stated rates (\$4,125) to be paid.

With this proposal, ASU will continue to implement the tuition strategy, outlined in its annual strategic enterprise framework report, of very limited growth in resident tuition and market-rate increase for non-residents and graduate students. With the FY17 proposal approval, the combination of tuition and surcharge for resident undergraduates will have increased at an average annual rate of \$149 or 1.6% per year in the five years since FY12.

The fact that resident tuition and surcharge growth has been only 1.6%, while all success indicators have risen is a powerful achievement that demonstrates the dynamism of our institutional design. But the institution can only make accommodations to compensate for lack of public investment for so long. If we are to achieve the future that we want for Arizona, we first have to achieve consensus that investing in the post-secondary education of more of our residents is a priority.