



SUBJECT	Student Affordability Task Force Recommendation #1 - Develop a Multi-Year Tuition Framework
SUBMITTED TO	Finance Committee
MEETING DATE	November 20, 2024
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	For information only - No action requested
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PRIOR SUBMISSIONS

The subject matter of this submission has not previously been considered by the Finance Committee.

EXECUTIVE SUMMARY

A recommendation of the 2022 Student Affordability Task Force was that UBC develop a Multi-Year Tuition Framework to provide tuition stability and predictability for international undergraduate students at UBC.¹ Starting with incoming students for the 2025/26 winter term, the administration is implementing a multi-year tuition framework that would work as follows. Annually, when the administration seeks approval from the Board for the tuition increase for incoming international undergraduate students for the coming academic year, the administration will also seek approval on a cap for the rates of increase that will apply to tuition for that cohort of international undergraduate students in their subsequent years of study.

The framework is aligned with the policy on tuition transparency for international students put into effect this year by the BC Ministry of Post-Secondary Education and Future Skills and it incorporates the December 2017 Board-approved “legacy rules” (revised February 2020), which are explained below.

With this framework, new incoming international undergraduate students will be able to calculate the maximum cost of tuition for their program of study before accepting their offer to study at UBC.

Background

Over the past decade, tuition increases for international continuing undergraduate students at UBC have typically ranged between 2% to 3%. However, specific cohorts admitted in 2015/16, 2016/17, and 2017/18 experienced pre-set tuition increases, with rates varying from 10% to 15% initially, followed by a maximum of 5% in subsequent years. The soaring tuition increases during these years were intended to bring UBC’s international tuition rates in line with peer universities.

¹ Student Affordability Task Force Report and Recommendations, March 22, 2022
https://bog3.sites.olt.ubc.ca/files/2022/03/2.1i_2022.03_Student-Affordability-Task-Force.pdf

Guiding Principles

The guiding principles for the Multi-Year Tuition Framework include:

- **Simplicity:** easy for students to understand;
- **Transparency:** clearly indicate the rate of increase or set a cap of increase for the same cohort of continuing students;
- **Competitiveness:** ensure UBC remains competitive with its peers;
- **Affordability:** ensure the rate of increase is moderate to remain affordable for students while avoiding financial risks to UBC; and
- **Ability to implement and sustainability:** can be implemented within Workday Student and will be sustainable in the long term.

Scope and Assumptions

The scope of the Multi-Year Tuition Framework is focused on international undergraduate students. For domestic students, tuition increases are limited by the provincial Tuition Limit Policy, typically ensuring that rates remain consistent regardless of the start year. These rate increases have been capped at 2% for many years. Specific guidelines also apply to international students transferring internally within UBC.

Existing tuition legacy rules for international students will continue to apply under the new multi-year tuition framework. Tuition guarantees (“tuition legacy rules”) for international undergraduate students were approved by the Board in December 2017² and come into effect four years immediately following a student’s first registered session. Students who do not complete their undergraduate degree within five years will be assessed the international tuition rate for their sixth and subsequent years that is assessed of students in their fifth year in the same degree program. As the Report to the Board of Governors stated: “For example, an international BA student who started in 2012-2013 and requires another year to complete their degree program in the 2017 Winter session (i.e., the sixth year) will be assessed the same international tuition rate as an international BA student who started in 2013-2014.” In December of 2019³, the Board approved an additional rule that students who continue into a seventh or more year of study be assessed rates that: 1) do not exceed the rates assessed to students who start the same program in later years; and 2) adhere to a historically applied principle that annual tuition increases do not exceed 15%.

Environmental Scan

An environmental scan of peer institutions with a tuition guarantee reveals that a few institutions have recently developed multi-year tuition frameworks or are in the process of doing so. These include Dalhousie University, McGill University, Simon Fraser University, University of Alberta, University of Toronto, University of Victoria, and Western University. Their policies are summarized below.

At the University of Toronto, continuing students will not see their fees rise by more than 5% per year during the normal length of full-time study for their program, with domestic students potentially seeing lower increases if mandated by the Provincial Government’s Domestic Tuition Framework.

² Legacy Rules and Tuition Assessments for Internal Transfer Undergraduate and Graduate Students, December 5, 2017
https://bog3.sites.olt.ubc.ca/files/2017/12/4.16_2017.12_Tuition-Legacy-Guidelines.pdf

³ Tuition Legacy Rules for International Undergraduate Students, February 6, 2020
https://bog3.sites.olt.ubc.ca/files/2020/01/8_2020.02_Tuition-Legacy-Rules-for-International-Undergrads.pdf

Effective fall 2022, McGill University guarantees a set tuition rate for new international bachelor's degree students for the duration of their program. This rate is based on the year the student begins their degree program. It is calculated by taking the total anticipated cost of the degree and dividing it evenly over the years of study, with the cost of inflation built into the tuition guarantee. Similarly, Dalhousie University, starting in fall 2023, offers a fixed tuition for international students in specific faculties, which will not increase or decrease over the duration of the guarantee.

The University of Alberta, also effective fall 2023, provides international students with a guaranteed tuition amount for the duration of their program, based on a program-based tuition model where the program rate and annual rate are set based on rates approved for the admission term. Western University implemented a policy in fall 2021 that tuition rates for undergraduate international students will not increase more than 4% per year after the first year. Lastly, Simon Fraser University and the University of Victoria plan to implement a tuition guarantee similar to the University of Toronto where tuition will not increase more than a certain percentage per year. However, the exact percentage has not yet been determined.

Analysis

Several proposals, corresponding to the policies at peer institutions above, were considered and analyzed by a committee led by the Registrar and AVP Enrolment Services, Rella Ng. All provided a different form of predictability and stability, but each had different advantages and disadvantages.

1) *Tuition Increase Limit Model*, a permanently set cap (University of Toronto and Western University). This was considered relatively inflexible and not responsive to conditions at the time of application. For example, if inflation is low and is expected to be low for years ahead, a 5% cap will look expensive and uncompetitive to students.

2) *Admitted Cohort One-Time Increase Model*, features a set tuition rate for all years of study (McGill University and Dalhousie University). As noted, this approach requires that the total anticipated cost of the degree be determined in advance and that this cost be divided evenly over the years of study, with the cost of inflation built into the tuition guarantee. This means that inflationary costs from later years are spread out over the early years resulting in a higher initial cost ("front loading"), which could be a disincentive to enrolment.

3) *Program Fee Model*, sets a pre-determined program fee for each program for each admitted cohort. This model fixes the annual fee for students, regardless of credits taken. This model is similar to that used by the University of Alberta.

4) *Admitted Cohort Model*, which imposes a cap set in the year that students enter the program. This allows the university to determine the most appropriate level of cap for the year of admission, apportions inflationary costs to the appropriate year of study, and, unlike Framework 2 above, it is agnostic about the number of years of study that the student takes to complete the degree.

These frameworks were presented to the Okanagan and Vancouver Council of Deans for feedback and then to Executive for approval. It was determined that Framework 4 provided the best combination of flexibility and security.

Summary

The development of a multi-year tuition framework has been intended to enhance principles of simplicity, transparency, competitiveness, affordability, and sustainability. The framework will provide a guarantee for international undergraduate students that their tuition will not rise more than a certain percentage per year during their program's normal length of full-time study, after which the "tuition legacy rules" will apply. The framework will give the university flexibility to adjust to economic conditions and maintain its competitive position. In addition, the framework developed will satisfy regulatory requirements for tuition transparency.