### PRICING POLICY PROS AND CONS

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
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<tr>
<td><strong>$3,000 Increase</strong></td>
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<td>Gross tuition will increase $9.2 million over four years with a $3,000 increase. We shall incur additional financial aid obligations in the amount of $4.8 million and the remaining $4.4 million in additional resources over four years will be available for other strategic plan purposes. 100% of the proceeds must go to financial aid in the first year of implementation. It will provide $1.4 million in year 2 and $1.5 million in each of years 3 and 4 for other strategic plan initiatives. If we increase our price by $3,000, we will net additional resources while still maintaining a significant advantage in tuition cost relative to our peer and aspirant schools. There is not likely to be a story in the media. This smaller increase is more palatable and may be easier to explain.</td>
<td>Given the current media hype surrounding tuition increases nationally, increasing our price could result in negative press for Richmond. However, it may send a message that we are an emerging major player in education. Implementing a large tuition increase could negatively affect annual giving. This is not likely. A $3,000 increase is not sufficient to enable us to reach our long-term institutional goals or the near-term aspirations in the current strategic plan. It does not reflect our true value compared to peer and aspirant schools. It will be reported as a 14.4% (5% + 9.4%) increase in the initial year. Wake Forest’s $3,000 increase in 1996 was 23.7% and Northwestern’s $2,200 increase in 1998 was 13.8%. There would be only a small Program Improvement* pool, which we depend upon to fund all of our strategic plan initiatives.</td>
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*Program Improvement Pool – During October the Program Improvement Subcommittee (of the Planning and Priorities Committee) meets to review all requests for new positions, equipment and programs. Department heads are instructed that any new budget lines above the standard increase must come before this committee and compete with all requests. The PI Subcommittee includes faculty from each school, plus the Provost, Vice Presidents for Student Affairs and Business and Finance, and the Associate VP and Controller. The requests traditionally total more than $3 million and compete for a pool of $1.5 million. They are reviewed for relativity to the strategic plan as well as for importance to the mission of the University. The final report of recommendation is submitted to the President.*
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Gross tuition will increase $15.4 million over four years with a $5,000 increase. We shall incur additional financial aid obligations in the amount of $7.2 million and the remaining $8.2 million in additional resources over four years will be available for other strategic plan purposes. It will provide $0.9 million in year 1, $2.3 million in year 2, $2.4 million in year 3, and $2.6 million in year 4 for other strategic plan initiatives.

If we increase our price by $5,000, we will net additional resources while maintaining a 50th percentile position in cost relative to our peer and aspirant schools.

The strategic uses to which funds will be put may result in favorable media attention.

It will provide funding to finish the current strategic plan and leaves a cushion of safety for future administrations; there is room for a further increase in relation to comparable schools in future years if the endowment falls or if our financial aid projections prove wrong.

Increasing our price by $5,000 puts us in the middle of our peer and aspirant schools, thereby reducing our relative cost advantage. However, we shall have gained the resources to compete more effectively.

Higher cost could negatively impact the number of admission applications. This could force us to increase our acceptance rate for an interim period.

Higher cost will increase our need-based financial aid obligations.

It will be reported as 20.7% (5% + 15.7%) increase in the initial year. Wake Forest’s $3,000 increase in 1996 was 23.7% and Northwestern’s $2,200 increase in 1998 was 13.8%.

Given the current media hype surrounding tuition increases nationally, increasing our price could result in negative press for Richmond. However, it may send a message that we are an emerging major player in education.

Implementing a large tuition increase could negatively affect annual giving. This is not likely.

A large tuition increase may be a deterrent for middle class prospective families who do not qualify for need-based aid and for whom cost is thus a factor.

It is not enough to begin to cover the next strategic plan which we will soon begin planning; it limits our development.
Pros
$7,000 Increase

Gross tuition will increase $21.6 million over four years with a $7,000 increase. We shall incur additional financial aid obligations in the amount of $9.8 million and the remaining $11.8 million in additional resources over four years will be available for other strategic plan purposes. It will provide $1.7 million in year 1, $3.2 million in year 2, $3.4 million in year 3, and $3.5 million in year 4 for other strategic plan initiatives.

The strategic uses to which funds will be put may result in positive media attention.

The Program Improvement pool will increase substantially.

It is enough to complete our financial aid objectives, finish the current strategic plan, and get a good start on funding the next strategic plan.

A full array of institutional advances could be funded and thus the value of the increase would be readily apparent and easily explainable in specific terms that make sense to all affected constituencies—students, parents, faculty and staff.

A $7,000 increase, which reflects our ambition, optimism and momentum, is very bold.

Cons
$7,000 Increase

Increasing our price by $7,000 will bring our cost to the top tier of our peer and aspirant schools, thereby eliminating our pricing advantage in relation to these schools. However, we shall have gained the resources to compete more effectively.

Higher cost could negatively impact the number of admission applications. This would force us to increase our acceptance rate and may reduce our yield for an interim period.

Higher cost will increase our need-based financial aid obligations significantly.

The price increase will be reported as 26.9% (5% + 21.9%). Wake Forest’s $3,000 increase in 1996 was 23.7% and Northwestern’s $2,200 increase in 1998 was 13.8%.

Given the current media hype surrounding tuition increases nationally, increasing our price could result in negative press for Richmond.

Implementing a large tuition increase could negatively affect annual giving. This is not likely.

A large tuition increase may be a deterrent for middle class prospective families who do not qualify for need-based financial aid and for whom cost is a factor.