



# QUALITY, AFFORDABILITY AND DIFFERENTIAL TUITION

Board of Regents Meeting  
December 11, 2009

# Today's Discussion

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- No action needed – Discussion only
- Conversations about tuition start with affordability and financial aid
- The issue of “quality” underlies both sides of this discussion – ensuring access to high-quality educational opportunities
- Seeking input on ways to update and consolidate our Differential Tuition policies/procedures
- Big-picture discussion will inform future policy recommendation

# Tuition and Financial Aid – 2008

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- Tuition and Financial Aid Workgroup presented its report to the Board in March 2008
  - Current approaches were working
  - UW facing new challenges
  - UW tuition below that of peers
  - Wisconsin remained a “low aid” state.

# What is affordability?

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- Affordability is a multi-dimensional measure
  - Total cost of attendance (tuition, room and board)
  - Available need-based financial aid
  - Family's ability to pay
- ***Measuring Up 2008*** – Minnesota ranked more affordable than Wisconsin even though tuition is higher, while Iowa ranked less affordable, with lower tuition
- Need-based aid is a big factor, along with household incomes

# Need-based aid

- Two years ago, UW System set a goal of doubling private need-based aid.
  - For 2009-10, UW System will provide an estimated \$17.5 million in non-federal, non-state need-based aid, compared to \$5.9 million in 2006-07
- The Board requested additional funding for Wisconsin Higher Education Grant (WHEG-UW) resulting in significant increases over the past 10 years
  - Annual funding grew from \$18.9 million to \$55 million
  - Recipients grew from 16,669 to 27,162
  - Average award doubled, from \$1,011 to \$2,024

# Planning ahead saves money

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- On most campuses, students taking 12 to 18 credits pay the same tuition
- For degree programs requiring 120 credits, students need 15 credits per semester to graduate in 4 years – something about 29% of UW System students now do
- A student taking 15 credits per semester will pay **20% less in tuition and fees alone** for a 120-credit degree, compared to a student who takes 12 credits per semester
- Graduating sooner saves room and board and moves the student into the workforce faster – they start earning wages while UW gains capacity/efficiency

# Other cost-saving options

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- Three-year degree options
  - ▣ UW-Stout will offer this option in 3 programs:
    - Business Administration
    - Psychology
    - Hotel, Restaurant, and Tourism Management
- Start at UW Colleges
  - ▣ Live at home (or close to home) for a period of time
  - ▣ Guaranteed transfer
  - ▣ 2,500 students/year transfer from UW Colleges to UW 4-year institutions

# More cost-saving options

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- Participate in the Wisconsin Covenant
  - About 52,000 students have enrolled in the program
  - First cohort (17,000) will enter college in Fall 2011
- Fully explore other financial aid options – start by filling out the application
  - Currently, about 60% of students nationwide fill out the FAFSFA. Of the 40% who don't, about a quarter (26.8%) would probably qualify for a Pell grant
- Take college credit or AP courses in high school
  - About 2,500 high school students take UW college courses each year
  - Of 65,000 high school graduates in Wisconsin each year, about 15,700 take an AP exam (10,000 pass the exam)



# UW System Four-Year Discount Initiative

## Three UW-Stevens Point Students Graduating with 120 Credits

	4-year graduate completes 15 credits/semester	5-year graduate completes 12 credits/semester	6-year graduate completes 10 credits/semester
Tuition and Fees Paid	\$27,765	\$35,686	\$36,703
<i>Additional Tuition/Fees Paid</i>		7,921	8,938
<i>Additional Room/Board Paid</i>		6,952	14,287
<b><i>Total Additional Amount Paid</i></b>		<b>\$14,873</b>	<b>\$23,225</b>

**4-Year Discount (vs. 5 Years) = \$14,873**

**4-Year Discount (vs. 6 Years) = \$23,225**

# Quality, affordability, and differential tuition

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- Need better communications around discount and cost-saving options with students and families
- Frank talk and good choices
- One option students have chosen to enhance quality, and the Board has approved, is differential tuition
  - Look closely at how we've used this option today
  - Some decisions in February

# Differential Tuition

- What is differential tuition?
- Why is differential tuition necessary?
- How is differential tuition used?
- How is the student involved in establishing differential tuition?
- What policy questions should be considered?

# What is differential tuition?

- Differential tuition is a tuition increment added to the base tuition level set by the Board of Regents to supplement services and programming for students at that institution
- Differential tuition can be implemented through an individual program, on an institution-wide basis, or on a system-wide basis

# What is differential tuition?

- All differential tuition revenues remain at the campus, and students see direct benefits from the additional tuition
- Differential tuition initiatives can be tailored, with student involvement, to enhance services or programs that are a high priority to students and the university

# Why is differential tuition necessary?

- State statute limits the tuition increases (for resident undergraduate) to the following purposes:
  - ▣ Increases included in the biennial budget
  - ▣ Compensation
  - ▣ Projected loss of revenue caused by reduced enrollments
  - ▣ State-mandated costs not covered by GPR
  - ▣ Distance education, non-traditional courses and intersession courses
  - ▣ Differential tuition

# How is differential tuition used?

- Adds quality
  - ▣ Need-based financial aid
  - ▣ Advising/support services
  - ▣ Wellness programs
  - ▣ Additional faculty
  - ▣ Undergraduate research
  - ▣ Freshman experiences
  - ▣ Library services
  - ▣ Internships

# How is the student involved in establishing differential tuition?

- The guidelines for student involvement are:
  - Students advised through student government organizations
  - Institutions will consult with students most directly impacted by differentials
  - The Board requires a student consultation process and outcome plus official stance of student government (if any)
  - The purpose of the differential, as defined by institution and students, must be clearly stated
  - Proposals must describe any oversight, evaluation, and/or consultation process for the initiative



# Policy questions

- Should the number of proposals be limited?
- Are the present guidelines for student involvement in setting differential tuition adequate in ensuring debate and input?
- Should there be a mandate to include a financial aid component on all new proposals or should campuses make those decisions based on their individual program and student circumstances?
- Should the board be concerned with the variance in size of differentials by campus? What options exist for program improvement?