QUALITY, AFFORDABILITY AND DIFFERENTIAL TUITION
Today’s Discussion

☐ 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 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?

- 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
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

- 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

- 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

- 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

<table>
<thead>
<tr>
<th></th>
<th>4-year graduate completes 15 credits/semester</th>
<th>5-year graduate completes 12 credits/semester</th>
<th>6-year graduate completes 10 credits/semester</th>
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<tbody>
<tr>
<td>Tuition and Fees Paid</td>
<td>$27,765</td>
<td>$35,686</td>
<td>$36,703</td>
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<tr>
<td>Additional Tuition/Fees Paid</td>
<td>7,921</td>
<td>8,938</td>
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<tr>
<td>Additional Room/Board Paid</td>
<td>6,952</td>
<td>14,287</td>
<td></td>
</tr>
<tr>
<td><strong>Total Additional Amount Paid</strong></td>
<td><strong>$14,873</strong></td>
<td><strong>$23,225</strong></td>
<td></td>
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</tbody>
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**4-Year Discount (vs. 5 Years)** = $14,873  
**4-Year Discount (vs. 6 Years)** = $23,225
Quality, affordability, and differential tuition

- 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?