

**MEETING SUMMARY**  
**of the**  
**UW SYSTEM TUITION-SETTING POLICY TASK FORCE**

Held at 1820 Van Hise Hall,  
1220 Linden Drive  
Madison, Wisconsin

Thursday, October 15, 2015  
1:00 p.m.

**Welcome and Introductions**

Regent Higgins welcomed everyone to the first meeting of the Tuition-Setting Policy Task Force, thanked them for agreeing to serve, and asked all task force members and staff to introduce themselves.

**Presentation of Task Force Charge**

Regent President Millner thanked everyone for agreeing to serve on the task force and Regent Higgins for agreeing to chair the group. She began by acknowledging the ongoing resident undergraduate tuition freeze, and the public's and legislature's concern with how the UW System will set tuition once the freeze is removed. She said it is vital that the UW System recognize and respect the concerns being voiced, while ensuring that the System's institutional and educational integrity and reputation are maintained. She also emphasized the importance of ensuring that the UW System process for setting tuition is defensible and transparent, resulting in rational, data-based decisions, as well as the importance of upholding the system's longstanding commitment to providing students with an accessible, affordable, quality college experience.

Regent President Millner explained that the Tuition-setting Policy Task Force is charged with developing recommendations for consideration by the Board of Regents as it revises its policies on tuition setting and tuition increases. She asked that the task force's analysis include a review of UW System's policies on tuition and tuition-setting, as well as relevant literature, pricing models and other background data. She said the task force would need to analyze alternative tuition-setting strategies or models and the cost of delivering the educational experience to UW students, and consider trends in the higher education marketplace and how the needs and priorities of the state should influence the tuition-setting process. She also charged the task force with considering the relationship between tuition and affordability.

Regent President Millner said that she expects the task force to provide principles and recommendations by the summer of 2016 that will guide and be a part of a future tuition-setting model. Included would be:

- the broad principles that should inform the tuition-setting process;
- factors to be considered in a future tuition-setting model;
- possible ways in which Board policy should address nonresident tuition, graduate tuition, and tuition remissions; and
- possible ways in which Board policy should address tuition remissions, if at all.

She then asked President Cross to address some of the underlying assumptions with regard to tuition-setting. President Cross said he believes there are four factors that need to be considered as part of a tuition-setting model:

- an assessment of what it costs to deliver the educational experience, which can be difficult to determine;
- the competition in the marketplace;
- how public universities meet the needs of the state; and
- how tuition policy is connected to affordability.

He suggested that as the task force is carrying out its charge, members consider that there must be room for creativity. He explained that systems tend to homogenize, and suggested that the system should instead experiment.

President Cross also encouraged the task force to engage stakeholders by sharing its ideas with legislators and politicians, to get their buy-in. He also said that in addition to identifying priorities, he hoped the group might identify some additional ideas that require further study.

Regent Higgins then shared his expectations of the task force, noting that the group would engage in a three-stage process. The first stage includes the development of a draft model that identifies the many factors that must be taken into account when setting tuition, reviews the options available within each factor, selects a best option among them and lists the important considerations to be taken into account when applying that option. The second stage will be to review the draft model with stakeholders, legislators, parents, business and community representatives and shared governance partners: faculty, staff and students. The final stage will involve revising the model based on the input received, resulting in a final version of a model. He said the goal is to craft a process for tuition setting that gives proper weight to each of the multiple factors that must be taken into account when developing a tuition recommendation and provides a platform from which to explain and, if necessary, justify that recommendation.

Regent Higgins then asked each of the task force members to share what they are looking for from the task force. In response, task force members offered the following:

- Greater clarity on the connection between tuition and the cost of delivering services, as well as the connection between tuition setting and funding of those costs.
- Opportunities to explore the innovation in tuition-setting as mentioned by President Cross.
- How to support affordability and access for students, and the relationship between tuition, financial aid, access and affordability.

- How to better use non-resident tuition to support resident students; consider all students in setting tuition rates and not burden nonresident students unfairly.
- Interest in bringing in stakeholders, particularly legislative stakeholders from both parties, early on in the task force's work.
- Understanding of the changing federal landscape with regard to financial aid, and what that means for Wisconsin.
- A way to address legislative concerns that enhancing state funding of financial aid will only lead to increased spending by UW System, and concerns over whether the UW System makes wise use of its resources.
- Important to have a tangible outcome or a product to put into place.
- Greater clarity in tuition-setting will be welcomed by both the Legislature and by parents, and maybe be beneficial for the UW System moving into the 2017-19 biennium.
- Recognition of the variability among the UW campuses.
- Consideration for different tuition-setting models for different types of tuition, i.e., resident undergraduate, nonresident, graduate, etc.
- Greater clarity on the concept of higher education as a public good or a private good, and who should pay.
- Use this opportunity to view tuition-setting as a pricing model, rather than a payment model, and direct students to degrees that serve the needs of the state.

There was also considerable discussion on the relationship between tuition and state GPR, and not separating policy discussions on how to distribute GPR within the system from discussion on tuition-setting policy. President Cross encouraged the task force to focus on the development of a rational process, and emphasized that he was not asking members to view tuition and GPR separately, but to instead first determine the cost of the educational experience.

In response to concerns about quality, and assumptions that UW institutions can continue to deliver the same quality with less funding, President Cross suggested that one cannot prove quality until costs are under control. He also noted the difference between diminishing quality and a need to right-size.

Task force members suggested the UW System revisit the cost-per-student model that it used in the past and that is included in the Minnesota reciprocity cost formula. Others urged members not to lose sight of financial aid and the relationship between tuition and financial aid. Members were also encouraged to think about higher education in terms of the cost for a degree, and whether higher annual costs but shorter time to degree is more beneficial. It was also pointed out that the UW System only controls some of its costs, while the state controls other costs of the system.

### **Overview of UW System Tuition-Setting Process and Policies**

Adam Pfof, Director of the UW System Office of Budget and Planning, provided a presentation on the tuition setting process, pooled and un-pooled tuition, what each is used for, and policies related to each type of tuition.

He noted that pooled tuition is set annually by the Board of Regents and generally applies to traditional, on-campus students. Pooled tuition generally supports salary and fringe costs, utilities, and legislative initiatives. The concept behind pooled tuition is addressed in Wis. Stat. 36.09(1)(h), which requires the Board of Regents to allocate funds and adopt budgets for the UW institutions, giving consideration to comparable budget support for similar programs and equitable compensation for faculty and staff with comparable training, experience and responsibilities. Pooled tuition is addressed in various UW System policies, including the Board's tuition policy principles and the policy on the 12-18 credit plateau, as well as through the state-negotiated Minnesota reciprocity agreement. Un-pooled tuition is program-based and includes all differential tuition proceeds, delegated/specific tuition pricing, and tuition proceeds from enrollment growth.

Pfost suggested several topics for discussion at future task force meetings including: tuition plateau, tuition floor, differential tuition, nonresident tuition remissions, nonresident and graduate pricing, community programming, and distance education flexibilities. Task force members discussed the reason for, and impact of, differential tuition initiatives within the UW System and how differential tuition in Wisconsin differs in comparison to other states. Members also noted that tuition and fee structures vary from state to state, and suggested the task force consider including tuition and fees when making comparisons to other states, as well as including state support and tuition costs when comparing UW System to other states. Members also asked how cost sharing between tuition and General Purpose Revenue is determined, what state guidance exists on differential tuition, why some UW institutions do not have differential tuition, and how many other states have one base tuition rate for all their comprehensive institutions.

### **Analysis of Demographic Trends Affecting Higher Education in Wisconsin**

David J. Ward, UW System Interim Vice President for Academic and Student Affairs, provided a presentation on enrollment trends. He began by noting that enrollment in higher education in Wisconsin has been declining since 2010, though UW System enrollments since 2010 have held steady. He said that graduate enrollment hasn't changed much in the last 20 years, and that the UW System is largely an undergraduate operation. Since 1995, undergraduate enrollments have increased steadily, with nonresident and reciprocity enrollment growth outpacing resident enrollment growth.

Ward compared data on Wisconsin high school graduates enrolling immediately upon graduation to national figures. He explained that 32 percent of Wisconsin high school graduates enroll in a UW System institution (27 percent at a four-year institution); 11 percent enroll in the Wisconsin Technical College System; and 18 percent enroll in private, for-profit, or out-of-state institutions. In comparison, nationally only 23 percent of high school graduates enroll in public four-year institutions. He also noted that the UW System has a 50-percent market share. He also shared comparable data for neighboring states.

Ward pointed out that while 32 percent of Wisconsin high school graduates enroll immediately in a UW System institution, some race/ethnic groups have lower participation rates, particularly among African Americans, with an 11-percent participation rate; American Indians, at 10

percent; and Hispanic/Latino(a), at 22 percent. He also noted that when looking at Wisconsin median family incomes by race/ethnicity, these same race/ethnic groups have lower median family incomes, which means less ability to pay for higher education. Ward explained that over the next ten years, the number of high school graduates in Wisconsin is projected to increase, due to increases among students of color. Ward suggested the task force consider how UW tuition policy affects the ability to serve traditional students and the changing demographics of the state.

With regard to nontraditional students, Ward noted that UW System institutions serve 22 percent of the nontraditional student market, while WTCS serves 60 percent and other sectors in Wisconsin serve 17 percent. He also provided comparable data for neighboring states and the U.S. Ward explained that over the next ten years, Wisconsin's younger adults, ages 25-39, will increase by 50,000 while older adults, ages 40 and above, will increase by 300,000, with most of this increase coming among those ages 65 and over.

He showed that a high proportion of UW alumni remain in the state after graduation, 85 percent, compared to Minnesota reciprocity students (7 percent) and other nonresidents (10 percent). Wisconsin lags the national average in adults with a bachelor's degree or higher, but matches the proportion with an associate's degree or higher. However, both Illinois and Minnesota have a higher proportion of adults with a bachelor's degree or higher.

Task Force members asked to see race/ethnic income information on a per capita basis. They requested race data for Wisconsin high school graduates enrolling in other sectors, not just those attending UW System institutions. Members also asked to see demographic information for participants in the UW Flexible Option. Regent Higgins requested that Interim Vice President Ward join the task force at a future meeting to continue the discussion of demographic data and its relationship to tuition policy.

### **Preview of Upcoming Meetings**

Regent Higgins reminded everyone that the next task force meeting is scheduled for November 5. Dennis Jones, President Emeritus of the National Center for Higher Education Management Systems, will attend to provide information on the different models and approaches that are used across the nation. Regent Higgins also announced that each task force member would receive an electronic survey in the next few days with five to eight questions evaluating the first task force meeting. Responses to the survey will be collected anonymously.

In response to Regent Higgins' request for questions or suggestions, task force members suggested reaching out to elected officials sooner rather than later, and also suggested some type of formal communication and/or link to the internal group addressing GPR allocations. Task force members asked for an opportunity to provide specific feedback on tuition policies at a future meeting. Members were also encouraged to share meeting materials and summaries with governance groups.