

MEETING SUMMARY
Of the
UW SYSTEM TUITION-SETTING POLICY TASK FORCE

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

Wednesday, February 10, 2016
9:00 a.m.

Welcome and Introductions

Regent Higgins welcomed task force members and reviewed the meeting agenda. Regent Higgins stated that after the presentations on how the needs and priorities of the state should influence the tuition-setting process, he hoped to have a robust discussion regarding how needs should be determined and whether tuition incentives should be used to attract students to programs that address state needs.

Analysis of Needs and Priorities of the State

Regent Higgins introduced Regent Mark Tyler, the guest presenter on state needs. Regent Tyler is the Vice President of the Wisconsin Technical College System Board, and is the founder and president of OEM Fabrication, Inc.

Regent Tyler began his presentation by explaining that Wisconsin is grappling with scary demographics. Wisconsin's workforce is aging, and Northeastern Wisconsin is leading the state in terms of running out of a labor force. Even if birth rates increase, it will take time to remedy this situation.

Regent Tyler noted that as educational attainment levels increase, earnings increase and unemployment rates decrease. He also noted that between one-half and three-quarters of careers in the next ten years will require more than a high school diploma, and many will be in the science, technology, engineering and mathematics (STEM) area.

Regent Tyler noted that workforce development is a huge issue in the state, and many state agencies and businesses are involved in understanding the impacts. He reviewed the work of the Governor's Council on Workforce Investment, as well as the Job Center of Wisconsin's efforts to track job openings, and the Future Wisconsin Project.

Regent Tyler concluded his presentation with a discussion of career exploration efforts and Academic and Career Plans (ACP). In 2015-16, 25 school districts are piloting ACP, with plans to implement the program statewide in 2017-18, providing students with counseling and

guidance to explore interests, career pathways and educational opportunities beginning in sixth grade.

Task Force Member Presentations

Regent Higgins asked task force members – Rob Cramer (UW-Platteville), Gesele Durham (UW-Milwaukee), and Patrick Guifoile (UW-Stout) – to share efforts at their respective institutions to assess and respond to state and local needs and how tuition policies may have been adjusted to respond to those needs.

Rob Cramer stated that UW-Platteville's College of Engineering, Mathematics and Science (EMS) serves the entire state and the Midwest region. This year, the College of EMS is serving approximately 4,250 students, primarily in engineering programs. This includes students enrolled in the Collaborative Engineering Program at UW-Fox Valley, Rock County, Sheboygan, and Washington County, a program that allows students to attend classes at those institutions and earn an undergraduate engineering degree from UW-Platteville without ever attending classes at the UW-Platteville campus

Cramer explained that UW-Platteville works with companies around the state in an effort to better understand the needs of employers. To accomplish this, each department has an advisory board, and staff talk to employers on a regular basis to try to understand their needs with regard to curriculum and preparing students. He also noted that students spend at least one to two cycles in co-ops or internships, and the majority of students receive at least a job offer from the company where they intern or co-op. Cramer explained that UW-Platteville also works closely with particular companies to address their workforce needs and offers a Career Fair in another effort to connect students and employers. Approximately 70 percent of UW-Platteville graduates stay in the state of Wisconsin after graduation. Of increasing importance for UW-Platteville is the support that employers are providing both at the institution and through the collaborative program. As resources have become more limited and it has been harder for UW-Platteville to keep current with equipment, employers have been asked to make donations of equipment and have been responsive.

Cramer noted that some of the challenges facing UW-Platteville include: 1) recruiting and retaining talented faculty; and 2) providing the infrastructure (facilities) for programs such as mechanical and civil engineering that are being taught in outdated facilities.

Gesele Durham discussed some of the programs that have been developed at UW-Milwaukee to specifically respond to state and local needs. Examples include:

- School of Education – Center for Mathematics and Science Education Research provides teachers with opportunities to deepen their knowledge of math content and pedagogy; Early Reading Empowerment partners with school districts around the state to create expert literacy instructors for students who struggle learning to read; and the Southeast Wisconsin Regional Leadership Cohort at the Racine Unified School District increases access to Master's Degree educational programming in the southeastern region of the state.

- School of Social Welfare – Child Welfare Training Program assists current and future employees of local child welfare service agencies earn degrees in social work; Social Work 300 Course (An Introduction to Aging) for students completing a Certificate in healthy Aging; Youth-Oriented Substance Abuse and Trauma Counseling in the School of Social Welfare prepares MSW students to pursue behavioral health clinical work with at-risk children and youth; Screening, Brief Intervention, and Referral to Treatment for Substance Misuse trains multidisciplinary teams of social workers, nurse practitioners, and medical students on substance misuse.
- College of Nursing – Community Paramedics Program, a non-credit bearing program provides an educational foundation to community-based paramedics to improve health outcomes and access/care coordination; Westlawn Partnership for a Healthier Environment provides students with community-based, credit-bearing learning in identifying, prioritizing and addressing environmental health risks.
- Lubar School of Business – various executive programs for specific companies as well as leadership training programs.

Patrick Guilfoile shared that UW-Stout has established networks with business leaders and each department has an advisory board. The most recent programs that were developed in response to state needs are the Mechanical Engineering Program and Digital Marketing Technology.

Engineering programs are generally more expensive, and student tuition covers about one-half to two-thirds of the cost. In the case of the Mechanical Engineering Program, differential tuition and program specific fees are used for juniors and seniors to help cover the costs of the program.

Digital Marketing Technology was developed with input from businesses. The program uses the customized instruction model for off-campus students and charges market-based rates. UW-Stout is looking to move this program to on-campus. A donor is willing to provide support for the development of the on-campus program, but having flexibility in tuition would be helpful.

Discussion

Regent Higgins opened the discussion by reiterating the need for a robust discussion on how the needs of the state should be determined and integrated into tuition policies. On the first half of the question, Regent Higgins noted that Regent Tyler and other presenters offered several examples of how state needs are determined including statewide labor statistics, as well as UW institutions' relationships with employers and the development of various occupational programs needed by employers and asked for additional feedback. Regarding the second half of the question, Regent Higgins asked task force members whether tuition incentives should be provided to students enrolled in programs that meet state needs.

Task force members spent considerable time discussing and commenting on these questions and related issues, and offered the following:

- UW institutions are already working with employers and communities to determine and address state and local needs in many ways.
- Many UW institutions are taking into account labor market projections to assess the supply and demand for graduates in particular fields.
- The UW System needs to look more broadly than just STEM fields and must continue to invest in liberal arts degrees and experiences. The UW System needs to do more to convey to both students and employers the skills, knowledge, and value of a liberal arts education/degree.
- The UW System should focus on preparing students to adapt to the changing job markets instead of trying to steer students to currently known high-demand fields.
- Tuition policy should be geared toward getting students to graduate sooner, and should provide clarity on issues related to plateaus and differentials.
- Charging higher tuition for high-demand and high-cost programs does not incent students to enroll in these types of programs. Lower tuition for these types of programs means high-cost programs will be subsidized by other programs. The financial situation at UW institutions is such that institutions cannot afford to discount tuition for high-cost programs.
- GPR and tuition are interconnected and tuition policy cannot decouple the two.
- Higher education is both a public and a private good.

Discussion of Prior Meetings

Regent Higgins thanked task force members for providing feedback on the last meetings and mentioned that a summary of the survey is included in the meeting materials.

At the previous meeting, a suggestion was made to include the consideration of GPR resources in the charter. Regent Higgins stated that he had consulted with UW System President Cross, who suggested he discuss the issue with Julie Gordon, Interim Vice President for Finance. President Cross indicated that he did not support expanding the charter to include the consideration of state resources on tuition policies, but the Tuition-Setting Policy Task Force is encouraged to have ongoing conversation with the Resource Allocation Work Group.

Regarding task force members' comments about having more substantive discussions, Regent Higgins said he appreciated members' patience in taking the time to review background to allow all task force members, who have varied backgrounds, to get on the same page. He also noted that the group has begun the process of having more substantive discussions with the conversation about state needs and will be moving into more substantive discussions regarding cost, affordability, and market.

Regent Higgins then summarized his takeaways from the last meeting:

- Tuition and fees within the UW System have increased modestly over the last ten years, but increases during the last four years have been fairly limited. Along with tuition and fees, room and board, transportation, books and supplies and miscellaneous expenses are

all used to determine the total cost of attendance. Increases in the total cost of attendance have also been fairly limited during the last four years.

- Nearly three-quarters of financial aid for resident undergraduates was federally funded, 10% was state funded, 7% was institutionally funded, and 10% came from other sources. In 2014-15, loans accounted for 60% of the financial aid provided to resident undergraduates and grants accounted for 39% of the total.
- Subsidies can cause increases in price, something the task force needs to consider.

Regent Higgins also asked if there was anything task force members wanted addressed as part of future agendas. Rob Cramer suggested including information regarding tax policy and how it ties into affordability.

Use of Tuition and Impact on Allocations

Associate Vice President Freda Harris shared information regarding the use of tuition and impact on allocations. She began by explaining that historically, tuition has been used to fund “costs to continue”, new initiatives, legislative budget, compensation, state-mandated costs, and institutional requests for funding. Tuition typically supports the instructional portion of the UW System budget. Prior to 1980-81, tuition was set as a percentage of the total cost per student; resident undergraduate tuition was set at 25% of costs while nonresident tuition was set at 100% of costs, with costs grouped by types of institutions—doctoral, comprehensive, and colleges.

Harris explained that under prior statutes, GPR funding and tuition authority was received through the following ways:

1. Biennial budget process—involves the UW System submitting a budget request to the Governor, who includes or excludes parts of the UW System’s budget request to develop the executive budget, which is then submitted to the Legislature for consideration.
2. Supplement process—a process by which the UW System receives additional funding related to changes in health insurance, other fringe benefits, or salary costs.
3. Institutional requests—allows institutions to request additional budget authority due to changes in revenue from enrollment mix and growth, self-supporting programs, etc.
4. State imposed costs—statutes used to allow for tuition increases for specified reasons, including state imposed costs.

Harris continued by further explaining the biennial budget process and costs to continue, noting that each biennium, the Department of Administration provides instructions regarding what can be included in requests for Cost-to-Continue or Standard Budget Adjustments. The state funds 65% of biennial budget salary and fringe requests, and it is the university’s responsibility to fund the remaining portion of the costs using tuition. She also noted that when setting tuition, it is important to recognize that some of the costs that are to be covered by tuition are not within the university’s control.

The UW System uses its October payroll base to determine the GPR/tuition split that will be used in biennial budget salary and fringe requests. Areas such as instruction, student services and academic support are areas that students are expected to fund 35% of the costs, and the state would fund 65% of the costs. Areas such as research, public service, and financial aid are 100% funded by the state. Normally, funding for Cost-to Continue has included full funding of fringe benefits through the first year of the biennium prior to the requests, or 2015-16 costs for the 2017-19 budget. Costs-to-Continue also includes full funding of salaries approved in the current biennium, 65% of utilities for new space, and full funding of financial aid. Harris added that utilities are now part of UW Systems “block grant” funding, meaning there is no longer a separate appropriation for utilities.

Harris explained that new initiatives are funding requests for new activities, and are requested by the Board using a mix of GPR and tuition based on the purpose of the funding. Typically, new academic programs, improved quality, libraries, enrollment growth, retention, etc. are funded 65% GPR and 35% tuition, while research, financial aid, and public service are 100% GPR funded. New initiatives can be specific to individual institutions, or may have a systemwide focus that includes all institutions.

As part of the biennial budget process, the Governor adds funding for debt service (100% GPR funded) and utility costs adjustments into the UW System’s budget, and then the Governor and Legislature decide whether to fund special items requested by the Board and whether to accept the GPR/tuition split for different budgetary items. The Governor and Legislature can also suspend or override the Board’s authority to increase tuition, through the use of tuition freezes, tuition caps, and mandated increases for nonresident students.

With regard to compensation, typically the UW System’s biennial budget request does not include funding for salary increases in the upcoming biennium as this funding is normally part of the Compensation Reserve maintained by the state. Tuition does cover a share of proposed salary increases for GPR/tuition funded staff.

The final piece of the biennial budget process to consider is state mandated costs. In the past, the UW System has not been allowed to increase tuition beyond the amount specified in the budget, the amounts need to cover compensation and fringe benefit increases, nor state mandated costs. This refers to activities required by the state for which the state does not provide funding, such as shortfalls in the compensation reserve, unfunded utility increases, and required remissions for veterans and other students. Harris noted that the statutes no longer includes language limiting tuition increases to only these situations, but since this statutory language has been removed the System has been under a tuition freeze.

Harris continued by explaining that institutions can request increased budget authority for tuition funding due to revenue growth from differential tuition, enrollment growth, online programs, collaborative programs, or service-based pricing and Extension programs. Once an institution’s budgetary authority for tuition is increased, the institution is responsible for generating the increased revenue.

Harris then turned to the issue of the impact of tuition on GPR allocations. She explained that System Administration allocates to institutions the resources needed for systemwide costs. In the past, funds have been allocated based on the purpose for which the funding was received (e.g., pay plan, utilities, new initiatives, etc.). She added that there are many different ways of looking at allocations and distribution of resources, and there is not just one way in which funds are allocated.

She also noted that tuition increases requested for enrollment changes and self-supporting programs are allocated to the institution, though none of these funds are currently used to support general systemwide needs for cost-to-continue, new initiatives, or supplements. In addition, institutions are responsible for funding their own salary and fringe costs related to these revenues/programs.

Harris explained that tuition revenue required by changes in the biennial budget, for compensation purposes and state imposed costs, is calculated. The funding that is estimated by each institution based on current enrollment in the “pool” and the prior year tuition rate is calculated. The percentage increase needed to generate the additional revenue is calculated and applied to base tuition levels of each institution. The tuition base plus rate increases and institutional requests becomes the new tuition requirement. Each institution’s tuition requirement is based on the new rates and is subtracted from the amount of funding needed to support the allocated level of funding. GPR is provided to bridge the gap between the allocated level and the tuition generated through rate increases.

Harris concluded by explaining where funding comes from for enrollment and mission changes. Institutions receive funding for enrollment changes as the result of either the biennial budget or from the tuition generated by new students. Mission changes and program-related funding comes as the result of reallocation at the institution or through the biennial budget. Institutions have responsibility for initiating the changes and funding decisions for enrollment changes.

Discussion and questions focused on:

- The rationale for having three tuition clusters – Research (Doctoral), Comprehensives, and Colleges – and whether there is a continuing need to maintain the same clusters. Harris explained that the rationale for the different groupings was the recognition of the different programming offered at the institutions, with a broader array of programming available at the research institutions and different levels of access to various types of activities, as compared to comprehensive institutions. The original concept was to charge one tuition rate for all the comprehensive institutions based on what was needed to support the whole group of institutions, so that students wouldn’t have to choose among the institutions based on price. Over time, differences in prices have occurred due to differential tuition charges which have been approved by students. She also noted that differential tuition was one of the limited statutory options for increasing tuition.
- Going forward, who will be responsible for utility costs above the base allocation and debt service for GPR-funded capital projects in the current funding cycle? Harris noted that the answer to those questions is unknown.

Tuition Strategies

Adrienne Eccleston, policy analyst in the UW System's Office of Budget and Planning presented four tuition models – current plateau, discounted plateau, full-time only rate, and per credit model – from the several models they have looked at. Other models of interest to the group will be brought to the group at a later time. Eccleston shared a handout describing each model, and how the models differed in terms of costs paid by students, revenue generation, affordability, market aspects, and state needs.

With the exception of UW-Stout which uses a per credit model, Eccleston explained that UW System currently uses a plateau model, with institutions charging undergraduate students a per-credit tuition rate up to 12 credits, not charging for additional credits between 12 and 18 credits, and charging the per-credit rate for credits in excess of 18 per semester. This model is considered to encourage students to take a full credit load and shorten the time to degree. Plateau models may also encourage exploration and degree enhancement activities. Eccleston reviewed the discounted plateau, full-time only rate, and per credit models as well.

Discussion and questions centered on:

- If a plateau could be used to increase revenue using a flat rate based on 15 credits rather than 12 credits.
- The Provosts as a group are interested in exploring the per-credit model, as some studies suggest that the plateau model does not encourage students to take more credits or higher graduation rates, and the plateau model makes it difficult to determine the true cost of a degree.
- UW-Stout's implementation of the per-credit model in a revenue-neutral manner and with incoming students only (currently enrolled students were grandfathered).
- The importance of emphasizing that taking 15 credits per semester, regardless of the tuition model used, will allow students to graduate in four years.
- The difficulty in determining the direct impact of a shift in policy when multiple changes are in play. For example, what have institutions experienced in terms of retention, graduation, affordability, etc. when switching from one model to another, recognizing that student behavior is sensitive to many different factors.
- The impact the per-credit model has on the number of credits to graduate.
- The need to keep the effect on part-time students' time to degree, access, affordability, etc. when considering tuition models.

Task force members expressed interest in modifying the tuition plateau model currently in place, and requested additional information regarding cohort tuition, program differential tuition, graduate program pricing, program stratification (by lower level and upper level courses). The task force is interested in further exploration of per-credit tuition and addressing the administrative ease associated with different models. Task force members suggested discussion of the complexities related to tuition setting for distance learning, service-based pricing, etc., and how related policies might be simplified.

Preview of Upcoming Meetings

Regent Higgins noted that the issue of tuition policy principles will be addressed initially through a survey, with a discussion to follow at a subsequent meeting. Future meetings will also include discussions on defining costs, and issues of affordability and market competition.