

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

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

Tuesday, April 26, 2016
12:30 p.m.

Introductions and Discussion of Prior Meetings

Regent Higgins welcomed task force members, staff, and guests and asked everyone present to introduce themselves.

Regent Higgins noted that task force members and staff used much of the March 31st meeting discussing and revising the tuition principles described in Regent Policy Document 32-5. He explained that the April 26th meeting would include a continuation of the discussion regarding suggested tuition-setting principles, followed by an affordability discussion facilitated by Bob Jokisch. In addition, the agenda includes an overview of several tuition models by Freda Harris, as well as a closer examination of the per-credit and stratification models.

Identification and Development of Tuition Principles

Regent Higgins explained that task force members had three documents needed for the principles discussion, the first of which includes principles approved at the March 31st meeting. The second document includes additional principles suggested by task force members, grouped by topic area and prioritized by the level of interest for discussion, as expressed by task force members in a follow-up survey. The third document includes the principles approved on March 31st, with some suggested changes based on survey feedback, for discussion. Regent Higgins emphasized that the purpose of the third document was to facilitate discussion.

Regent Higgins noted that seven of the suggested principles were related to flexibility in tuition-setting authority, and that task force members seemed most interested in discussing suggested principles #3 and #7:

Suggested principle #3: The tuition policy should allow tuition rates to be established by each institution subject to Board approval.

Suggested principle #7: Each institution should have the freedom to structure tuition charges in whatever way properly reflects costs, reduces waste, provides

students with incentives to attain a degree in the shortest possible time and at the lowest price, can be transparently presented to prospective students, and can be efficiently administered.

Other suggested principles in the category included campuses having tuition flexibility based on the costs and demands of the programs offered and letting each institution set tuition based on their market. Other suggestions included program-specific flexibility at the campus level for high-cost programs, consideration of a plan or policy for campus-wide tuition moving toward parity for all comprehensives, flexibility for campuses to address the particular mission and student body, and full authority for institutions to set tuition levels for professional programs and terminal master's degrees based on market analysis.

Regent Higgins offered changes to previously approved principle F, as follows:

UW institutions' tuition schedules should reflect their costs and the marketplace in which they operate and provide incentives for timely degree attainment at the lowest price. Institutions should have the flexibility to set tuition rates for resident undergraduate students, subject to approval by the Board of Regents. Institutions should have the flexibility to price nonresident, graduate and professional tuition based on market, cost of delivery, enrollment opportunities and regional needs, subject to Board approval.

In response to a question, Regent Higgins indicated that this principle would end the use of stratified tuition within the UW System, which provides the same base tuition rate for all of the UW comprehensive institutions, as well as different base rates for UW-Madison, UW-Milwaukee, and UW Colleges.

Some task force members indicated they did not support eliminating stratification as it makes the UW institutions less of a system and questioned the impact eliminating stratification would have on GPR distribution. Some noted that eliminating stratification would lead to more competition for students, while others noted that competition would be beneficial for students. Others noted that competition is attractive when it occurs on a level playing field, and questioned whether UW institutions will be at a level starting point. Others noted that institutions will be competing on price and quality, which will lead to growing inequalities among institutions and will increase the challenges for those institutions that lack the resources and revenue to serve increasingly needy populations of students.

Some task force members noted that stratification has not worked, while others noted that the current challenges are due to inadequate state funding and not due to stratification. Task force members also noted that the lack of state resources to fund public higher education is unlikely to change anytime soon.

Associate Vice President Freda Harris asked whether it would be appropriate to discuss the stratification paper, which was scheduled for later in the meeting, as the task force was deliberating on stratification. Regent Higgins suggested, and task force members agreed, tabling

the discussion of principles and reordering the meeting agenda to address the tuition strategy paper regarding stratification.

Harris provided the history of stratified tuition within the UW System, and how stratified tuition has evolved over time. She also addressed differential tuition within the UW System, and how differentials have been used by institutions to improve quality within programs and at an institutional level.

Task force members and staff offered the following perspectives on proposed Principle F and the potential elimination of stratification:

- Institutions know best the realities of the markets in which they operate, and would benefit from the flexibilities offered in Principle F.
- Institutions where students have the lowest ability to pay will have the least flexibility in pricing going forward, and moving away from stratification will lead to “haves” and “have nots” among UW institutions.
- Stratification made more sense when institutions were more homogenous; as institutions increasingly differentiate, more flexibility in tuition setting makes sense.
- Moving away from stratification will lead to challenges with addressing shared costs such as pay plan, fringes, and other costs; operationalizing any changes proposed by the task force will need to be addressed.
- Differentials are currently used to fund core activities at some institutions; if stratification is eliminated, institutions will need greater flexibility to manage their resources.

Regent Higgins suggested that task force members consider option 8a, from page 10, of the stratification paper:

Discontinue all tuition stratification. Permit institutions to bring tuition increase proposals for residents, nonresidents, undergraduates, and graduates to the Board for approval. Allow institutions to propose a process for converting differentials to base tuition for board approval. All tuition revenue would remain at the institution.

The discussion focused on the following:

- Institutions will need to be responsible for shared costs.
- Institutions should have the flexibility to request different tuition rates, and different rates of increase.
- Some institutions will need additional support from the System.
- Reallocation of GPR will have to be addressed.
- Raising tuition is not an option for institutions serving higher proportions of Pell students; access and affordability must be considered.
- Tuition increases that exceed CPI will be almost impossible.
- Some institutions may want to retain involvement of students in allocation process, if differentials are eliminated.

- Institutions need to be nimble when setting prices for nonresidents and graduate and professional programs; requiring Board approval makes it challenging to be nimble. Institutions would like more authority.

Task force members agreed to adopt option 8a, with the following modifications, as a recommendation:

Discontinue all tuition stratification. Permit institutions to bring institutional and program specific tuition proposals for resident, nonresident, undergraduate, graduate, and professional students to the Board for approval. Develop a process for converting institutional and program specific differentials to base tuition for Board approval, if the institution so chooses. All tuition revenue would remain at the institution. Institutions will remain responsible for shared costs as they have historically.

Task force members also agreed to modify principle F, as follows:

UW institutions' tuition schedules should reflect their costs and the marketplace in which they operate and provide incentives for timely degree attainment at the lowest price. Institutions should have the flexibility to set tuition rates for resident undergraduate students, subject to Board approval. Institutions should have the flexibility to price nonresident, graduate and professional tuition based on market, cost of delivery, enrollment opportunities and regional needs, within limits approved by the Board.

Discussion: What does affordability mean?

Special Assistant Bob Jokisch facilitated a discussion regarding affordability, using a series of discussion questions shared with task force members prior to the meeting. He began with the first question: What are the important concepts regarding “affordability”?

Task force members and staff offered the following comments with regard to this discussion question:

- Some stakeholders are uncomfortable with references to “investment in future” as they believe higher education is a private benefit and therefore individuals should pay for the cost of education.
- A person will have living expenses regardless of whether they are enrolled in college. However, the educational cost of attending college should be considered an investment given the lifetime earnings differential attributable to a college education. Students are also forgoing 4-5 years of consumption while in college; savings account versus and equity investment.
- Individuals with college degrees have greater employment opportunities, particularly persons of color, who are a growing segment of the state’s population.
- If more people recognized the public benefit of higher education, there might be greater investment in higher education. The state benefits from higher education in several ways:

more educated workforce, lower social costs, larger tax base, able to attract business to the state, job creation.

- Student debt levels have increased even though UW System tuition has been frozen for the last few years, suggesting that the UW System has limited ability to impact debt levels. Student debt levels have increased due to an increasing number of students from low-income families attending UW institutions, decreasing funds for financial aid, and stagnant wages that haven't kept pace with inflation.
- Access to college for anyone who has the capacity to succeed is an important component of affordability.

Jokisch asked task force members and staff to consider whom affordability applies to: all students, resident students, or low income students? Task force members generally agreed that access and affordability for resident students, particularly low income resident students, is of primary importance.

Jokisch asked task force members to consider common measures of affordability, such as unmet financial need, debt at graduation, percentage of Pell-eligible students enrolling, etc. Task force members suggested that affordability cannot be considered in isolation, as quality must also be addressed. One additional measure of affordability would limit tuition rates to the sum of the maximum Pell grant, maximum Wisconsin Grant, and institutional aid.

Jokisch also asked task force members to consider what the UW System has control over with regard to affordability, and how tuition policy can be used to address affordability. He offered three suggestions—keeping tuition low, using tuition for financial aid, and income-based tuition. Task force members noted that there are trade-offs involved in using tuition for financial aid as it ensures that there is some money to help needy students, but the amount available is often not enough to cover the increased costs. Some members suggested that if a portion of tuition were used to fund financial aid, the resources might be pooled systemwide and redistributed among institutions as some institutions have greater need for financial aid than what could be generated at the institution.

Jokisch asked the task force to consider cost of attendance, including segregated fees, room and board, distance education fees, and course fees, and how these costs might be controlled. One member noted that segregated fees are substantial and most students don't fully understand how segregated fees work. A large component of growing segregated fees can be attributed to buildings that are both built with and operated with segregated fee revenues. Another member noted that textbooks are a significant cost for students, and suggested that institutional faculty collaborate on the development and use of open source materials to limit costs to students.

Jokisch concluded the discussion by asking task force members to consider areas outside of the UW System's control that would enable the system to achieve affordability. Task force members suggested that the state budget has had a significant impact on affordability, as has state control over administrative processes which add to UW System's operating costs and provide no added value to students. Members also noted that the federal Perkins loan program is going to be discontinued, as is the federal administrative cost allowance associated with the

program that is used to fund positions at campuses. Task force members also noted that compliance with the federal Affordable Care Act has been expensive for campuses.

Preview of Upcoming Meetings

Regent Higgins said the next meeting of the task force is scheduled for May 20, and will include a continuation of the tuition principles discussion as well as the per-credit tuition paper.