

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

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

Friday, May 20, 2016
8:30 a.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 said that he wanted to start the meeting by revisiting the work completed by the task force at the April 26th meeting, to ensure that all task force members had a common understanding of what was agreed to. He noted that at the prior meeting, task force members and staff had a lengthy discussion regarding a suggested change to Principle F, which led to a discussion of stratified tuition and differential tuition, and a recommendation to discontinue both.

Principle F states:

“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.”

Regent Higgins said that his understanding of Principle F is that in the event the Board of Regents adopts the Principle F, each UW institution will be able to develop and recommend tuition rates for resident undergraduate students, subject to Board approval. In addition, each UW institution will be able to set tuition for nonresident, graduate, and professional tuition within limits approved by the Board. Task Force members confirmed that his understanding was consistent with action taken.

Regent Higgins proceeded to review the recommendation approved by task force members at their prior meeting. He explained that he understood that the task force was recommending the discontinuation of both tuition stratification and differentials, with differentials to be converted to base tuition if institutions choose to do so. Institutions could continue to designate tuition to

specific activities and include students in the decision-making process, if they choose to do so. He suggested modifying the first sentence to include “and differentials,” and read the recommendation with his suggested modification:

“Discontinue all tuition stratification and differentials. Permit institutions to bring institutional and program specific tuition proposals for resident undergraduates to the Board for approval, and to price tuition for nonresidents, graduate and professional students within limits approved by the Board. 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 discussed the elimination of the process that accompanies differential tuition, but allowing institutions to recommend different tuition rates for certain programs. Some suggested removing “if the institution so chooses” from the recommendation. Others suggested clarifying that UW System would preserve the cost pool. After discussing several suggestions, task force members agreed upon the following changes to the recommendation language:

“Discontinue all tuition stratification and differentials. Permit institutions to bring institutional and program specific tuition proposals for resident undergraduates to the Board for approval, and to price tuition for nonresidents, graduate and professional students within limits approved by the Board. Develop a systemwide process for converting institutional and program specific differentials into specific tuition rates for Board approval. All tuition revenue would remain at the institution. Jointly, institutions will remain responsible for shared (pooled) costs as they have historically.”

Discussion: Tuition Principles

Regent Higgins noted that task force members and staff would continue the conversation from the April 26 meeting regarding suggested tuition principles. He noted that several of the remaining suggested principles, including #9, #10, and #12, have already been addressed through principles adopted at the prior two meetings, or through the adopted recommendation:

Suggested principle #9: There should be no expectation that UW System cohort institutions (e.g., research universities, comprehensives) will charge the same amount for resident undergraduate tuition. (*Note: This has historically been referred to as stratified tuition among UW clusters.*)

Suggested principle #10: Differential tuition should be eliminated. The existing differentials should be considered part of the tuition charge at each institution where they exist.

Suggested principle #12: Coordinated effort with the state in regards to GPR and financial aid, as they relate to tuition and affordability.

Regent Higgins suggested moving forward with no changes to the exiting principles and was met with no objections. He then suggested setting aside suggested principles #11 and #13 as both relate to GPR distribution, an issue that President Cross specifically asked task force members not to address:

Suggested principle #11: Having all forms of tuition included for each campus, i.e., including differential tuition in a campus's tuition formula.

Suggested principle #13: GPR distribution to an institution may take into account tuition revenue but a reduction in GPR to an institution should not offset more than 50% (or some other percentage) of the institution's earned tuition increase.

His suggestion was met with no objections from task force members.

Regent Higgins noted that suggested principles #14 and #15 address the public-private nature of post-secondary education:

Suggested principle #14: Public post-secondary education carries both public and private benefits. The value of public benefit is determined in each biennium by the elected representatives of the people of Wisconsin. The governor proposes, and the legislature approves a state contribution to public post-secondary institutions (GPR) and to resident undergraduate students (HEAB) who attend those institutions. The representatives of the people in congress also determine a Federal value for the public benefit and fund it by contributing to students through financial aid programs. The additional amount necessary to provide a quality education at UW institutions is, then, the charge for the private benefit that accrues to the student. It is the responsibility of the Board of Regents to provide students useful information about the quality of the education they will receive and what the price of that education will be at each System institution.

Suggested principle #15: State needs are part of the public benefit of public post-secondary education and should be addressed by the governor, legislature and congress in allocating GPR and state and federal student financial aid.

Task force members agreed with Regent Higgins' suggestion to incorporate language into the task force's report that address the public/private benefit of higher education, rather than incorporating this language into tuition-setting principles.

Regent Higgins asked task force members to consider suggested principle #17:

Suggested principle #17: Tuition setting policies should revolve around providing each student with a quality education at an affordable price, while taking into account the cost to deliver quality education and the competitive market in which each institution operates.

He asked task force members to consider Principle I, which emphasizes the importance of affordability, access and quality, and incorporates language from Principle G regarding the importance of controlling costs:

Access to a quality education at an affordable cost without the need for students and families to take on excessive debt is a central priority for the University of Wisconsin System. While costs should reflect the competitive market in which institutions operate and should ensure that each student will have access to a quality educational experience, each UW institution will control costs in an effort to manage tuition. Each UW institution shall also review and implement administrative, academic, and financial aid policies necessary to promote degree attainment in a timely and efficient manner.

Suggestions were made to remove the reference to “excessive debt”, or to replace the word “excessive” with “reasonable.” Task force members noted that UW institutions have the ability to impact affordability, but little to no impact on individual choices that lead to debt. Others said they felt strongly that the principles need to address the issue of debt. In addition, Regent Higgins encouraged task force members to think about how to define “affordability” as UW System stakeholders will ask what is meant by the term. After much discussion, task force members agreed to reconsider addressing the issue of debt as a report recommendation, and approved the following language as Principle I:

Access to a quality education at an affordable cost is a central priority for the University of Wisconsin System. While costs should reflect the competitive market in which institutions operate and should ensure that each student will have access to a quality educational experience, each UW institution will control costs in an effort to manage tuition. Each UW institution shall also review and implement administrative, academic, and financial aid policies necessary to promote degree attainment in a timely and efficient manner.

Task force members continued to discuss the need for the task force to define affordability with some indicating a definition was necessary and others stating that they were comfortable with the lack of specificity as affordability means different things to different people. Regent Higgins suggested tabling the discussion on definitions for a subsequent meeting.

Regent Higgins asked task force members to consider suggested principle #18:

Suggested principle #18: Tuition setting policies should include incentives for institutions to provide the highest quality educational experience at the lowest possible costs (i.e., the highest values).

He suggested modifying Principle E to incorporate additional language to address incentives, so that the new principle would read:

To create incentives for institutions to provide the highest quality educational experience at the lowest possible costs, tuition shall remain at the institution that

generated the tuition. Institutions will be fully funded for cost-to-continue, compensation, and new initiatives with a combination of general tuition and GPR increases.”

Task force members discussed the suggested language and decided not to incorporate the language regarding incentives, and make no changes to Principle E:

Principle E: Tuition shall remain at the institution that generated the tuition. Institutions will be fully funded for cost-to-continue, compensation, and new initiatives with a combination of general tuition and GPR increases.”

Regent Higgins suggested deferring a discussion regarding suggested principle #16 to a subsequent meeting should any task force members want to discuss that particular definition of quality. He also noted that suggested principles #19, #20, and #21 were adequately addressed in Principles A, C, E, and I:

Suggested Principle #16: Quality is defined as meeting or exceeding customer (student) expectations.

Suggested Principle #19: Something similar to U of Maine's: all institutions should attempt to effectively contain costs as a way of limiting increases in tuition and fee rates.

Suggested Principle #20: Having increases in tuition be based on affordability, access, and educational quality, not just one of these principles.

Suggested Principle #21: Tuition earned by an institution stays at that institution.

Regent Higgins noted the suggested principle #22 addresses the use of program fees and special course fees as a way to backfill tuition and suggested principle #25 addresses transparency. He offered a new principle, “H” incorporating language from #22 and #25:

Tuition should be structured in a way that is transparent to students, parents, and other stakeholders, and in a way that can be efficiently administered. Additional fees related to programs or courses should be eliminated.

Task force members discussed the use and implementation of course fees, and possible implications if fees were eliminated. It was suggested that the existing course fee policy was very clear, but could be better implemented. Task force members agreed to remove the last sentence, and agreed to the following language for principle H:

Principle H: Tuition should be structured in a way that is transparent to students, parents, and other stakeholders, and in a way that can be efficiently administered.

Noting there were only three remaining suggested principles, Regent Higgins offered the #24 was adequately addressed in other principles and that #23 might be more appropriate as a report

recommendation. He also offered that suggested principle #26 which refers to unbundling costs might be better addressed by a subcommittee of members. Task force members agreed with his suggestions.

Suggested Principle #23: Provide a mechanism for the UW to plan for the longer term.

Suggested Principle #24: The University of Minnesota's principle: Access, Retention, and Timely Progress. The tuition rate structure shall provide appropriate incentives for access, retention, and timely progress toward the degree.

Suggested Principle #26: Institutions should have the ability to unbundle costs (e.g., to charge an additional fee to a student who needs academic advisory services beyond a certain minimum) to whatever extent is necessary to meet the needs of their target students and to maximize enrollment.

Regent Higgins asked the task force to consider one last suggestion, Principle J, which attempts to address existing practices related to entrepreneurial programming. He explained that at a prior meeting, the task force discussed the importance of institutions having the ability to price entrepreneurial programs without having to wait for board approval, and offered the following:

Chancellors have full authority to price programs targeted to nontraditional students who are served off-campus or during nontraditional hours (e.g., evenings and weekends). These programs should be priced at market levels, as determined by the institution, and should fully cover all costs.

Some task force members questioned whether the suggested language included the necessary programs and suggested revisiting the principle at a subsequent meeting.

Tuition Strategies

Regent Higgins noted that the next portion of the meeting would include a high-level overview of some tuition strategies, followed by an opportunity to ask questions and discuss if any of the strategies should be explored at a future meeting. He then invited Freda Harris and Adrienne Eccleston of the UW System Office of Budget and Planning to begin their presentation.

Harris and Eccleston reviewed the following strategies:

Tuition for financial aid—allows institutions to use a portion of any tuition increase for financial aid. Task force members commented that this would limit the use of future tuition increases for other purposes, and might be considered divisive by some. Some UW institutions are currently using a portion of their differential tuition to fund financial aid. Task force members agreed that institutions should be allowed to use tuition to fund either financial aid or scholarships, but should not be required to do so.

Cohort tuition—a student is guaranteed to pay the same tuition rate each year over a 4-5 year period; also referred to as Guaranteed Tuition. Task force members and staff noted that similar programs haven't been successful in other states and led to significant tuition increases. Some also commented that the cost burden is shifted to incoming students and would be challenging to implement given the level of uncertainty regarding UW System funding. Because this strategy is of interest to some stakeholders, it was suggested that UW System identify what would be needed to successfully implement cohort tuition.

Pricing by level—tuition pricing would vary based on student level or course level (i.e., 100, 200, 300, 400); some program-specific differential programs at UW institutions employ this strategy. Task force members suggested that this strategy could de-incentivize degree quality.

Task force members discussed how to incentivize time to degree. Suggestions included doing more to market existing approaches such as the four-year guarantee, the affordable tuition charged by UW Colleges, and encouraging students to take 15 credits each semester. Other suggestions included emphasizing intrusive advising and changing the existing plateau structure.

Preview of Upcoming Meetings

Due to time constraints, Regent Higgins suggested postponing the remaining agenda items until the next meeting. He also announced the appointment of a subcommittee of task force members to develop recommendations for this group regarding issues of cost—how costs should be determined and analyzed, and documented, and how costs should inform tuition-setting and tuition-setting policy—and develop recommendations for the larger group to consider. He noted that Bob Hetzel agreed to chair the subcommittee, and would be joined by Rob Cramer, Tim Norris, and Steve Wildeck.

Regent Higgins also noted that the next meeting of the task force is scheduled for June 22.