

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

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

Wednesday, June 22, 2016
8:30 a.m.

Introductions and Discussion of Prior Meetings

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

After providing an overview of the items on the agenda, Regent Higgins said he wanted to revisit the tuition principles to finish the discussion regarding Principle J.

Principle J states:

“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.”

Regent Higgins explained that he suggested Principle J at the last meeting to address existing practices related to entrepreneurial programming, noting that currently, institutions have little flexibility to recommend or set tuition. He continued by saying that if the Board of Regents adopts the task force’s principles and recommendations, institutions will have significantly more flexibility to develop tuition schedules that reflect their costs and the marketplace, leading him to now question the necessity of Principle J.

Some task force members suggested that the principles should affirm the existing delegations, and Principle J should be included. Others suggested the delegation included in Principle J would not be necessary in the future. Others suggested that Board and System policies related to distance education need to be updated. After discussing the language in Principle J, Tim Norris offered draft new language for task force members to consider later in the meeting. Regent Higgins then reviewed the other draft principles approved and recommendation approved at the prior meeting and asked if anyone had any concerns or proposed changes. Hearing none, he proceed to the next item on the agenda.

Note: prior to adjourning the meeting, Norris suggested new language for Principle J, which was discussed, modified, and adopted as follows:

“Chancellors have the full authority to price entrepreneurial programs and programs targeted to nontraditional students. These programs should be priced at market levels, as determined by the institution, and fully cover costs.”

Tuition Strategies

Per-Credit and Plateau Options

Adrienne Eccleston, UW System Office of Budget and Planning, began her presentation by reviewing the history of per-credit tuition and the 12-18 credit tuition plateau within the UW System. She noted that there are several variations to per-credit structures including: (1) revenue neutral; (2) revenue generating; (3) tuition neutral; (4) expanded summer per-credit; and (5) modified tuition plateau. Eccleston noted that proponents of a tuition plateau argue that it encourages students to take additional credits, reducing time to degree and potential debt load. Proponents of per-credit tuition argue that there is little evidence to support a relationship between a per-credit structure and lower credit loads. In addition, any reduction in credit load may be due to students more carefully considering their educational path which does not necessarily impact time to degree.

Eccleston noted that proponents of the plateau system suggest that it provides greater flexibility for students to explore academic interests, which enhances the breadth of a student’s education and contributes to a well-rounded individual.

Eccleston touched on the issue of financial aid, noting that how a per-credit system is implemented may impact what low-income students have to pay out of pocket. She added that the majority of Pell recipients at UW institutions are full-time students who would not benefit from per-credit tuition. She also added that fiscal planning is more difficult for full-time students under a per-credit structure because students will have to know in advance how many credits they will take for the year. Adding or dropping courses could result in either an excess or a shortage of financial aid for the individual student.

Eccleston explained that under a plateau tuition structure, full-time students are not charged for additional credits taken within the plateau and part-time students pay more for the same courses. She also noted that additional administrative burdens for revenue-sharing exist due to the plateau when a student is enrolled at more than one UW institution.

Task force members and staff discussed the importance of educating students to take 15 credits per semester in order to graduate in four years, and whether advising or a plateau structure is more likely to encourage such behavior. Some asserted that per-credit tuition would be easier to administer; others noted that students receiving financial aid would be expected to pay more out of pocket and that segregated fees would need to be adjusted accordingly. Some task force members shared that they didn’t feel they had enough information to make a decision on per-credit or plateau structures. Some said that the existing Board policy on the 12-18 credit plateau

allows individual institutions to seek Board approval to use a per-credit structure, and suggested no changes were necessary; others suggested the existing policy on the 12-18 credit plateau should be removed entirely, or require institutions to use a per-credit structure with an option to opt-in to a plateau. Still others suggested that institutions within the System should take a uniform approach rather than each institution choosing between per-credit and a plateau in a piecemeal fashion.

Task force members requested a mock-up of what a per-credit tuition structure would look like for each UW institution, using a revenue-neutral approach. Task force members also asked for an analysis of class drop rates for each institutions, and at each level of credit.

Cohort Tuition

Eccleston provided an overview of the paper summarizing cohort tuition. While cohort tuition programs may allow for better financial planning by students and families, and increased predictability, Eccleston identified several disadvantages, including:

- State funding cuts disrupt the projections on which cohort tuition structures are based and result in financial instability;
- Periods of high inflation can diminish an institution's ability to provide access and a high-quality education;
- Not easily applied to part-time students or nontraditional students who may interrupt their studies for personal or professional reasons;
- Tuition rates between cohorts often increase significantly which may contribute to "sticker shock";
- Transfer students from technical colleges and private schools may pay higher rates than those who began at the institution, which may discourage students from transferring;
- May be difficult to compare a four-year guaranteed rate to traditional tuition rates at other institutions, which may make recruiting students more difficult;
- The inherent financial risk encourages overall tuition increases.

Eccleston noted that other states that have implemented cohort tuition programs have experienced significant tuition increases, lack of student interest, sensitivity to funding changes, and no evidence of improved graduation and retention rates.

Regent Higgins noted that cohort tuition programs result in students and families paying for an element of risk that is of no educational value. He also noted the impact such programs have on affordability. Task force members agreed that cohort tuition is not a viable option for the UW System.

Elements of Quality, Access and Affordability

Regent Higgins asked Sue Buth, Office of Policy Analysis and Research, to lead a discussion of the various elements of access, affordability and quality. He said he hoped the outcome of the discussion would help determine the elements of quality, access, and affordability that institutions would use in developing tuition proposals for the Board.

Sue noted that the handout of points for discussion were intended only to generate discussion and should not be taken as comprehensive/exhaustive list of issues, concepts, or measures. Task force members and staff began by discussing what is meant by access. Important concepts include: equality of opportunity; widening participation to all sectors of society; and geographic availability of post-secondary institutions. The term “access” applies to Wisconsin high school graduates; underrepresented minority students and low-income students; non-traditional populations; first generation students; and students who need some remedial education. Consideration must also be given to institutional mission, and the students each institution is supposed to target. Common measures of access include participation rates of: Wisconsin high school graduates, Wisconsin high school graduates of color, non-traditional populations, and first-generation students. Access to required courses was also an issue raised by the task force which crossed all each of the areas—access, affordability, quality. It was further noted that many of these concepts are interrelated.

The important concepts regarding affordability include: access to post-secondary education regardless of income; ability to pay; debt accumulation; and, for some, relative to anticipated income upon completion. Affordability can also be thought of in terms of semester costs, annual costs, and cost-to-degree. Affordability encompasses more than just tuition--segregated and other fees, room and board, as well as transportation and miscellaneous costs, should also be considered. Common measures of affordability include: unmet financial need; debt at graduation; percentage of Pell-eligible students served; tuition relative to peers and market; net price (cost of attendance less grant aid); tuition as a percentage of median family income. With respect to financial aid it was noted to differentiate between merit aid and aid based on financial need.

With regard to quality, it was noted that what may be quality from one person’s perspective may not be quality from someone else’s perspective and may be easier to describe in relative terms rather than absolute terms. Quality may be considered in terms of quality of the inputs or processes (e.g. student preparation, class size and student to faculty ratios, faculty awards/prestige), or quality of the outputs (degrees, critical thinking, learning competencies), or educational experiences (e.g. internships, high impact practices). Task force members discussed looking at student success measures or perhaps surveys of wellbeing (e.g. Gallup-Purdue). Common measures of quality include accreditation; undergraduate experiences such as high impact practices; facilities and technology; student services; job placement rates. Task force members noted that rankings are misleading if used as a measure of quality.

Discussion of Institutional Considerations for Tuition Setting

Regent Higgins referred to a list of questions titled “Institutional Considerations for Tuition Setting.” He asked everyone to consider how the questions might be modified or added to, with a goal of developing and documenting a thorough list of issues that each institution will need to consider in developing tuition proposals.

Task force members considered the following cost-related questions, and suggested including questions related to benchmarking of costs as well as added value of costs:

1. What are the projected total program costs (based on given budget assumptions or estimates)?
2. What is the amount of additional savings, if any, that can be achieved through efficiencies within educational cost categories (i.e., instruction, academic support, student services)?
3. What is the amount of additional savings, if any, that can be achieved through efficiencies within the other cost categories (i.e., institutional support, operation/maintenance, etc.)?
4. What is the amount of additional savings, if any, that can be achieved through redirection of resources from any direct (i.e., specific low enrollment academic programs or departments, admission, advising, tutoring, etc.) or indirect costs (management positions, etc.) to the total program costs?
5. What are the revenue sources and the amount from each source that will be available to cover program costs?
6. What costs are appropriate to use for comparison with competitor institutions?
7. What is the minimum tuition level that can be charged without affecting program quality?

Task force moved on to market-related questions, and considered the following:

1. What institutions are your overall competitors (and for specific programs, if applicable), how do you decide who your competitors are, and what are their tuition rates?
2. How does your institution compare to competitors with regard to measures of quality, e.g., 4-year and 6-year graduation rates, first-to-second year retention rates, job placement rates, post-graduation (median) salary, faculty-to-student ratio, HIP participation rates, etc.? What other measures do you use to define quality?
3. Where do you see your institution within the market, and what is your plan for getting there?
4. How does your institution compare to competitors with regard to relevant costs?
5. How much demand is there currently for your proposed program and what demand will there be in 5, 10, and 15 years?
6. What is the revenue maximizing tuition level?

Task force members also considered the following questions related to affordability:

1. What are the projected demographics for low- and middle-income students and what is their expected unmet need?
2. How much institutional aid will be available to meet unmet need or help hold low-income students harmless?
3. What is the maximum tuition level that can be charged without affecting affordability?
4. What are institutional and/or department efforts regarding affordability? For example: helping students to maximize financial aid and scholarship funding; maintaining low fees related to segregated fees, room and board, and textbook; monitoring credits required for degree programs; advising; availability of required courses; maximizing student credits through transfer, Advanced Placement, dual enrollment, and credits for prior learning; Maximizing opportunities to employ students in on-campus jobs?

Overview of Tuition Remissions

Regent Higgins asked Freda Harris to provide a brief overview of tuition remissions to determine if task force members were interested in additional information and/or making any recommendations regarding remissions.

Harris explained that state statutes allows the Board to remit nonresident tuition for nonresident students on the basis of merit or for whom, in the judgment of the Board, are deserving. In addition, the Board may grant full remission of fees and nonresident tuition as athletic scholarships, up to the maximum allowed by the appropriate athletic conference. The board is also allowed to remit nonresident tuition and fees for resident and nonresident graduate students who are fellows or employed at least 33% FTE position. Statutes also require the Board of remit tuition and fees for veterans, survivors of certain veterans, and survivors of certain public safety employees killed in the line of duty. Harris also noted that Board policies delegate to chancellors remission authority for nonresident tuition and graduate student tuition, and that the Board policies need to be updated to remove outdated statutory limits.

Task force members discussed the existing level of flexibility for granting nonresident remissions, whether additional flexibility was needed for resident students or if institutional aid can be used to address situations with resident students. A suggestion to consider remissions for employees or employee family members was tabled due to funding concerns.

Task force members agreed that no changes were needed to the existing remission policies, other than to update statutory references.

Preview of Upcoming Meetings

Regent Higgins suggested that at the next task force meeting, staff prepare examples of materials institutions might be expected to submit when requesting a change in tuition levels. He also noted that he hoped by the next meeting, the task force would be finishing the first stage of their work, which was to develop a model and recommendations for tuition-setting policy. He said the next stages would involve reaching out to stakeholders to obtain feedback on the task force's work and revising the model based on feedback. He asked task force members to consider how to obtain stakeholder feedback.

Regent Higgins noted that the next meeting of the task force is scheduled for July 22, with additional meetings to be scheduled for August and September.