

## **UW SYSTEM TUITION-SETTING POLICY TASK FORCE**

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

**1220 Linden Drive  
1820 Van Hise Hall  
Madison, Wisconsin**

### **Agenda**

- 12:30 I. Introductions (if needed); summary and takeaways from the March 31, 2016 meeting – *Regent Chair Tim Higgins/All*
- 12:45 II. Discussion: Identification and development of tuition principles (continued from March 31) – *All*
- 2:15 III. Discussion: What does affordability mean? – *All*  
  
Break
- 3:30 IV. Tuition Strategies
  - A. Overview of other tuition models – *UW System Office of Budget and Planning Staff*
  - B. A closer examination of the per-credit and stratification models – *UW System Office of Budget and Planning Staff*
  - C. Discussion – *All*
- 4:45 V. Framing future discussions regarding the analysis of cost – *UW System Office of Budget and Planning Staff*
- 5:00 VI. Preview of Upcoming Meetings – *Regent Chair Tim Higgins*
- 5:15 VII. Adjourn

## Suggested Principles from Survey

### **Flexibility in Tuition-Setting Authority**

1. Encouraging UWS and campuses to have tuition flexibility, per the costs and demands of the programs offered.
2. I think there should be consideration of program-specific tuition flexibility at the campus level for high-cost programs. I think there should be consideration of a plan or policy for campus-wide tuition (including campus-wide tuition differentials) moving toward parity for all comprehensive campuses.
3. The tuition policy should allow tuition rates to be established by each institution subject to Board approval.
4. Letting tuition be set by each institution based on their marketplace.
5. For non-doctoral post-baccalaureate programs (such as professional, terminal master's degree, and capstone programs), institutions should have full authority to set tuition levels based on market analysis.
6. The flexibility for campuses to address their particular mission and student body. Consideration of distance learning students, as a separate population?
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.

### **Specific Tuition-Setting Strategies**

8. Guidelines for academic program differentials and per credit tuition pricing should be developed as part of the tuition policy principles.
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.
10. Differential tuition should be eliminated. The existing differentials should be considered part of the tuition charge at each institution where they exist.

### **Distribution of Resources**

11. Having all forms of tuition included for each campus, i.e., including differential tuition in a campus's tuition formula.
12. Coordinated effort with the state in regards to GPR and financial aid, as they relate to tuition and affordability.
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.

### **Public/Private Benefit**

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.
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.

## Suggested Principles from Survey

### Quality

- 16. Quality is defined as meeting or exceeding customer (student) expectations.
- 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.
- 18. Tuition setting policy should include incentives for institutions to provide the highest quality educational experience at the lowest possible cost (i.e., the highest value).

### Similar to Those Addressed in March 31 Discussion

- 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.
- 20. Having increases in tuition be based on affordability, access, and educational quality, not just one of these principles.
- 21. Tuition earned by an institution stays at that institution.

### Other Suggestions

- 22. Program fees and special course fees are sometimes used to backfill tuition. The tuition policy principles may want to address this issue.
- 23. Provide a mechanism for the UW to plan for the longer term.
- 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.
- 25. I think simplicity for parents and prospective students should be paramount. I also believe that this simplicity would yield the transparency that the legislature needs to ensure trust and accountability.
- 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.

**Proposed Tuition Principles  
For Discussion at April 26, 2016 Meeting  
of the Tuition-Setting Policy Task Force**

- A. When setting tuition for University of Wisconsin System institutions, the Regents should consider educational quality, affordability, access and the financial resources available to institutions and students.

Tuition increases should be moderate and predictable, subject to the need to maintain educational quality, affordability and access.

- B. As a measure to maintain and to increase access to an affordable education, the university should, at a minimum, continue to request the state fund 65% of regular budget requests for cost-to-continue, compensation, and new initiatives as General Purpose Revenue (GPR).

Additionally the University should request, at a minimum, that the state fully fund the Wisconsin Grant for tuition increases as described in s. 39.435 Wis. Stats.

- C. Where general budget appropriations are not sufficient to maintain educational quality, tuition increases should be considered to assist in redressing the imbalance between needs and resources, recognizing the importance of affordability and access.

- D. Tuition setting should be based on providing each student with access to a quality education at an affordable price, as well as the cost to deliver quality education and the competitive market in which each institution operates. Tuition for nonresident undergraduate students should be set at a larger percentage of the UW System cost-per-student for undergraduates than resident undergraduate students, and at least the full cost of instruction where the market allows. Nonresident undergraduate rates should be competitive with those charged at peer institutions and sensitive to institutional nonresident undergraduate enrollment changes and objectives.

**Commented [JL1]:** Incorporates #17.

- E. To provide 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.

**Commented [JL2]:** Incorporates #18.

- F. 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, subject to Board approval.

**Commented [JL3]:** Addresses #4.

**Commented [JL4]:** Incorporates part of #7.

**Commented [JL5]:** Incorporates #3.

Parking Lot

G. All institutions should effectively contain costs and consider other funding sources to limit tuition increases.

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. Additional fees related to differentials, programs, or courses should be eliminated.

**Commented [JL6]:** Incorporates parts of #7, #22, and #25.

	1. Current Plateau	2. Discounted Plateau	3. Full Time Only Rate	4. Per Credit
Description	Most UW institutions charge undergraduates per-credit tuition up to 12 credits, do not charge for additional credits between 12-18 credits, and continue to charge the per-credit rate above 18 credits.	Institutions charge a reduced rate beyond a certain number of credits. For example, an institution with a discounted 12-credit plateau might charge \$200 per credit up to 12 credits and \$100 per credit above 12 credits.	Degree-seeking undergraduate students pay a flat tuition rate based on a full time rate no matter their credit load. Exemptions exist at UM-Twin Cities for non-degree students; students with disabilities; employees of the University; students who have significant work, family, or financial responsibilities; and students participating in an internship.	Students pay a fixed amount for each credit regardless of the number of credits taken.
Cost/Revenue	<ul style="list-style-type: none"> <li>- Costs are applied more heavily to part-time students.</li> <li>- It should be noted that part-time students may require more resources relative to credit load.</li> <li>- Generally, a plateau is not implemented to increase revenue.</li> </ul>	<ul style="list-style-type: none"> <li>- A discounted plateau has the potential to generate more revenue than the current plateau.</li> <li>- Might address the issue of part-time students subsidizing full-time students to some degree.</li> </ul>	<ul style="list-style-type: none"> <li>- This approach is generally not implemented to increase revenue.</li> <li>- First-generation students and nontraditional students may be deterred.</li> </ul>	<ul style="list-style-type: none"> <li>- Per-credit strategies can be revenue generating or revenue neutral.</li> <li>- Students may be more price sensitive and take fewer credits during an economic downturn.</li> <li>- Institutions may find it easier to evaluate the financial viability of new programs.</li> <li>- Because students must pay for each course, per credit may reduce dropped courses or course hoarding.</li> <li>- Revenue sharing between UW institutions may be easier, particularly for collaborative programs.</li> <li>- Per credit does not recognize that there may be additional costs and services for part-time students.</li> </ul>
Affordability	<ul style="list-style-type: none"> <li>- A plateau structure encourages students to take additional credits in order to shorten time to degree. A student taking 15 credits over 8 semesters could complete 120 credits in four years.</li> <li>- Because students can take between 12 and 18 credits for the same price, the plateau may make financial planning more predictable for students and families.</li> <li>- Full-time students using the plateau will save money if they commit to timely graduation.</li> <li>- Part-time students, who are often financially constrained, do not benefit from the plateau.</li> </ul>	<ul style="list-style-type: none"> <li>- The discounted plateau still encourages students to take a full course load and shorten time to degree.</li> <li>- The discounted plateau is less affordable for students than the current plateau.</li> </ul>	<ul style="list-style-type: none"> <li>- Costs are more predictable to students and families than a per-credit model.</li> <li>- Students may be encouraged to decrease time to degree.</li> <li>- Pricing may be more transparent or straightforward.</li> </ul>	<ul style="list-style-type: none"> <li>- Unmet need could increase under a per-credit structure.</li> <li>- Majors requiring more credits will pay more than they would under a plateau model.</li> <li>- Financial advising will be more difficult because the exact number of credits a student will take is not known.</li> <li>- May make pricing more transparent.</li> </ul>
Market	The plateau may be attractive to full-time students.	<ul style="list-style-type: none"> <li>- The plateau is attractive to full-time students.</li> <li>- Transition to a discounted plateau may create sticker shock during initial implementation.</li> <li>- Because students will be charged for all credits, financial aid and billing could be more difficult and less predictable.</li> </ul>	<ul style="list-style-type: none"> <li>- Full-time students may find this approach attractive.</li> <li>- Part-time students would not find this approach attractive.</li> </ul>	This approach could be attractive to part-time and nontraditional students under a revenue-neutral implementation.
State Needs	<ul style="list-style-type: none"> <li>- Encourages students to take more credits and graduate in four years, saving students money and helping institutions achieve graduation goals.</li> <li>- Allows greater flexibility for students to explore academic interests creating more well-rounded students and citizens.</li> </ul>		Encourages four year graduation.	<ul style="list-style-type: none"> <li>- Charging for each credit may encourage students to carefully consider their course selection and academic path.</li> <li>- If students take fewer credits, this may slow progress to a four-year degree without proper advising.</li> </ul>
Variants	<ul style="list-style-type: none"> <li>- The plateau could be changed to include 12 to 15 credits or 15 to 18 credits..</li> <li>- At Indiana University students taking 12 to18 credits are charged a flat rate based on a 15 credit rate.</li> </ul>	At Ohio State University, this strategy was used to transition between a plateau structure and per-credit structure.		<ul style="list-style-type: none"> <li>- Revenue Neutral: When transitioning from a plateau to a per-credit structure, the per-credit tuition is lowered in order to hold overall tuition Revenue neutral.</li> <li>- Revenue Generating: the per-credit rate remains the same but the plateau is removed. Or, the per-credit rate can be lowered to a level that is still generating more revenue.</li> <li>- When implementing a per-credit model, current student could be grandfathered into the plateau model.</li> </ul>

	1. Prepaid Tuition	2. Mandatory Financial Aid	3. Cohort Tuition	4. Resident Alumni Discount/Financial Aid
Description	<p>Families can purchase a contract to cover all, or a portion of, a student's future tuition.</p> <p>This option can be used to address concerns about future tuition increases.</p>	<p>Requires the use a portion of any tuition increase for financial aid. In Texas, for example, 20 percent of a tuition increase must go towards financial aid.</p> <p>This option can be used to address concerns about affordability and access as tuition increases.</p>	<p>Generally, a student will pay the same tuition rate each year over 4 or 5 years. Tuition rates increase after the guarantee expires. Fees (e.g., segregated fees and special course fees) are generally not included in the cohort guarantee. In Illinois, this approach is called Guaranteed Tuition.</p> <p>This option can be used to address concerns about future tuition increases.</p>	<p>Resident undergraduate students are offered a discount or scholarship if their parents are alumni. This is not common in public higher education, and all of the examples that were found are funded through the foundation or alumni association. Under current law, the UW System would likely need to create a separate student class for tuition purposes.</p>
Cost/Revenue	<ul style="list-style-type: none"> <li>- Prepaid tuition (PPT) transfers the risk of future tuition increases from the student to the institution.</li> <li>- Students who choose to attend out of state or at private institutions are returned their investment.</li> <li>- As of 2006, many credit- or unit-based PPT plans were running at a deficit because investment returns were not matching tuition inflation.</li> <li>- The prepaid plan may also cost the family more per credit if the per-credit rate does not increase as much as was assumed under the plan.</li> <li>- This strategy generally promotes certainty, not access and affordability.</li> </ul>	<p>Because a portion of tuition revenue is dedicated to financial aid, there is less revenue available from a given tuition increase to fund other institutional priorities.</p> <p>However, if a significant number of students would not have been able to attend an institution without financial aid, there may be a net positive revenue impact.</p>	<ul style="list-style-type: none"> <li>- Generally, cohort tuition is not implemented to increase revenue.</li> <li>- Cohort tuition pricing models are particularly sensitive to changes in state funding.</li> <li>- This approach can result in sizeable increases in tuition for new students because new funding requirement can only be met by rate changes for new students.</li> </ul>	<p>Reducing tuition for a student who is likely to attend the institution may reduce institutional revenue. However, if the scholarship is funded by a third-party, there would be no net reduction in revenue.</p>
Affordability	<ul style="list-style-type: none"> <li>- Families must make an initial investment that may be inaccessible to the neediest families.</li> <li>- May encourage higher tuition and potentially lower state support because middle- and upper-income voters that have invested in PPT will not be affected by decreases in state funding and higher tuition rates.</li> </ul>	<ul style="list-style-type: none"> <li>- High tuition - high aid models may create sticker shock for families who are not aware of the available financial aid.</li> <li>- Tuition-based financial aid may be less volatile than state-supported financial aid.</li> <li>- Access to more financial aid would make college more accessible for low-income students.</li> </ul>	<ul style="list-style-type: none"> <li>- Cohort models improve predictability for students, not affordability. In principle, cohort tuition students would pay the same amount as they would have under a traditional model over four years.</li> <li>- Cohort students generally pay more than they would have in the first two years and less than they would have in the second two years. This means that students who discontinue in the first two years pay more in tuition than they otherwise would have.</li> <li>- One study concluded that cohort tuition structures cause tuition to increase faster.</li> <li>- Fees, instead of tuition, have increased to offset funding reductions in other states.</li> </ul>	<ul style="list-style-type: none"> <li>- Reduces the cost of attendance for recipients</li> <li>- Does not reduce cost of attendance for first-generation college students who tend to have greater financial need.</li> </ul>
Market	<p>Only available for families that can invest before their student goes to college.</p>	<ul style="list-style-type: none"> <li>- Sticker shock may deter students, especially middle-income students that may not qualify for the increased financial aid.</li> <li>- Net price marketing may help to reduce sticker shock.</li> <li>- Perceived inequities could create resentment among students.</li> </ul>	<ul style="list-style-type: none"> <li>- Because students initially pay a higher tuition rate, cohort institutions can appear more expensive than its peers.</li> <li>- However, institutions can also use the stable cohort pricing as a recruitment tool.</li> </ul>	<ul style="list-style-type: none"> <li>- May create a competitive niche with the children of alumni, particularly among well-prepared students who are considering selective institutions.</li> <li>- May be valuable in creating alumni relationships for lifelong learning and institutional advancement.</li> </ul>
State Needs		<p>Mandatory financial aid requirements could reassure stakeholders that the university is committed to access and affordability.</p>	<ul style="list-style-type: none"> <li>-At the program level, cohort tuition is more commonly used in nontraditional or specialized programing. However, cohort tuition could be implemented in high-demand undergraduate programs as a recruitment and retention tool.</li> <li>-A nonresident cohort tuition program could potentially be a recruitment tool for nonresident students, who may be concerned about large tuition increases.</li> </ul>	<p>This approach may help to retain Wisconsin residents in state.</p>
Variants	<p>Prepaid tuition has been discussed in Wisconsin, but the state ultimately chose to create Edvest instead.</p>	<p>A variant of this approach has been used in the UW System as institutions use part of their differential tuition revenue for financial aid.</p>	<ul style="list-style-type: none"> <li>- Some cohort models guarantee that tuition will not increase by more than CPI or a fixed percentage over four years.</li> <li>- Indiana University implemented a Finish in Four program that held students harmless from tuition increases in their junior and senior years. The program is being phased out.</li> </ul>	<ul style="list-style-type: none"> <li>- Alumni may be offered a discount following graduation (Blugold Alumni tuition discount)</li> <li>- Nonresident children of alumni can be offered a discount (Return to Wisconsin)</li> </ul>

	5. Tuition Delegation with Accountability	6. Entrepreneurial Tuition	7. Pricing by Level	8. Tuition Rebate
Description	<p>The Board of Regents currently has statutory authority for tuition setting and could delegate that authority based on an institution meeting defined criteria.</p> <p>This approach may be useful as a tool to demonstrate public accountability for tuition rates and to encourage institutional performance.</p>	<p>Currently, the Board has granted greater tuition flexibility to institutions for online, service-based pricing, and contract instruction programs. The Funding Allocation Working Group recommended, and President Cross implemented, greater flexibility for institutions to propose tuition rates for graduate and nonresident undergraduate students to the board for approval.</p>	<p>Tuition pricing varies based on a course level (i.e., 100, 200, 300, 400). There are examples of this strategy being used with program-specific differentials at UW institutions.</p> <p>This strategy may be used to encourage access by reducing the cost of attendance during the first two years.</p>	<p>Students receive a tuition rebate if they complete their course of study in four years.</p> <p>This approach may encourage students to graduate faster.</p>
Cost/Revenue	<ul style="list-style-type: none"> <li>- Depending on how an institution exercises its tuition flexibility, this could result in more or less tuition revenue.</li> <li>- Depending on the criteria defined by the board, institutions with less administrative capacity or that serve an access mission may be less able to take advantage of the additional flexibility.</li> </ul>	<p>Institutions could potentially increase revenue with additional pricing flexibility.</p>	<p>This strategy can be implemented in a way that recognizes educational costs. Generally, it is less expensive to offer freshmen- and sophomore-level courses than to offer junior- and senior-level courses.</p>	<p>In Texas, the legislation intended for the rebates to "be financed by savings to the state resulting from reductions in the number of courses taken by undergraduate students."</p>
Affordability	<p>If affordability is a criteria to gain greater tuition flexibility, this option could create an incentive for institutions to focus on affordability.</p>		<ul style="list-style-type: none"> <li>- In principle, students should pay roughly the same amount in tuition over four years under this approach. However, students who discontinue early or graduate with an associates degree in two years will pay less in tuition.</li> <li>- Reducing the tuition cost in the first two years could reduce unmet financial need for some students. When tuition increases in the second two years, students may be better prepared to address their unmet financial need.</li> </ul>	<ul style="list-style-type: none"> <li>- Students graduating in four years would receive a financial benefit</li> <li>- The rebate is not available to help students with unmet need before graduation</li> <li>- Students with the greatest financial need may be less likely to benefit. In the UW System, Pell recipients have a four-year graduation rate of 20.9 percent. Non-Pell recipients have a four-year graduation rate of 34.9 percent.</li> </ul>
Market	<ul style="list-style-type: none"> <li>- With greater flexibility, institutions would be able to respond to their unique market environment.</li> <li>- Variations in tuition flexibility and pricing could result in greater competition between UW institutions.</li> </ul>	<ul style="list-style-type: none"> <li>- Institutions could propose tuition rates that are higher or lower than standard tuition.</li> <li>- Greater flexibility would allow institution to be more responsive to their markets.</li> </ul>	<p>Pricing freshmen courses lower may create the impression that UW institutions charge a lower rate when compared to peers.</p>	
State Needs		<p>The ability to propose unique tuition rates may allow institutions to offer programming that address targeted state needs.</p>		
Variants			<p>An institution could reduce tuition for junior- and senior-level courses in order to encourage students to encourage retention.</p>	<ul style="list-style-type: none"> <li>- It may be possible to offer tuition rebates to students graduating in high-demand fields.</li> <li>- In Texas, B-On-Time loans are given to needy students at zero interest. The loan is forgiven based on GPA and time to graduation.</li> <li>- Students who are on track to graduate in four years could receive a discounted tuition rates (Finish in Four).</li> </ul>



	9. "Excess Credit" Penalty	10. Employer Tuition Assistance	11. Nonresident Forgivable Loans
Description	<p>Tuition increases for students taking more than a certain number of credits above their degree requirement. In the UW System, the Excess Credit policy applies to students taking more than 165 credits.</p> <p>Historically, this approach has been used to encourage students to graduate faster and as a way to reduce tax payer subsidization of a student's education.</p>	<p>Students benefit from employer-sponsored programs that help employees and their dependents pay for college. Employers can receive a federal tax break by providing tuition assistance.</p>	<p>Nonresident undergraduates receive a forgivable loan for the difference between resident and nonresident tuition. If the student continues to work in Wisconsin after graduation, a portion of their loan is forgiven.</p> <p>This approach may be used to retain nonresident students in state after graduation.</p>
Cost/Revenue	<p>- This approach attempts to recognize that there is a state resource cost for credit production. However, many of these programs were implemented before tuition became a larger share of the instructional budget.</p> <p>- The intent of these policies is not to generate additional tuition revenue</p>	<p>The cost would depend on how the benefit is implemented. If institutions wanted to encourage employers to offer tuition assistance with a tuition match or complementing an employer tuition assistance benefit, tuition assistance could come with some cost.</p>	<p>- If enough nonresident students are attracted to an institution with capacity, the reduction in nonresident tuition revenue could be offset by the larger number of students.</p> <p>- This strategy may have significant administrative costs depending on the number of participants.</p>
Affordability	<p>- Anecdotally, these programs can have a disparate impact on students transferring from a two-year college to a four-year university.</p> <p>- Reducing time to degree lowers the overall cost of a degree to a student.</p>	<p>- May help part-time students time to degree and retention rates</p> <p>- It is unclear what impact this may have on a student's financial aid package.</p> <p>- Students can be reimbursed for up to \$5,250 in educational assistance per year before the benefit is taxable.</p>	<p>- If the loss of nonresident tuition revenue is not significant, this approach would not reduce affordability for resident students. For example, there would be little loss of revenue if an institution already provides a remission to most nonresidents.</p> <p>- If nonresident enrollments increase significantly, this may generate additional resources that benefit all students. For example, increased residence hall occupancy may hold down costs for all occupants.</p>
Market		<p>- Additional resources could increase access and affordability for nontraditional and part-time students.</p> <p>- An ongoing relationship with an employer may encourage more employees to enroll.</p>	<p>This strategy may help recruit nonresident students.</p>
State Needs		<p>- Tuition partnerships may also build relationships with local businesses and community leaders.</p> <p>- Tuition partnerships could be targeted on areas of regional need.</p>	<p>- If successful, this program may increase the retention of nonresident students in Wisconsin.</p> <p>- If unsuccessful, this program may reduce tuition revenue from students that already planned to stay in Wisconsin.</p>
Variants	<p>Summer term can be exempted from the excess credit policy.</p>	<p>The institution may choose to match up to a certain dollar amount or match a percentage of the amount offered by the employer.</p>	



# PER-CREDIT OPTION PAPER

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Office of Budget and Planning, 2016  
Adrienne Eccleston, Policy Analyst

## **Background**

This document was created for the Tuition Setting Policy Task Force. It provides an overview of per-credit tuition as an option for UW Institutions.

Whether per-credit tuition should be implemented will generally depend on the goals to be achieved, the type of change to the current tuition structure that is desired, and the circumstances of individual institutions.

Under a per-credit tuition structure, students pay a fixed amount for each credit regardless of the number of credits. For example, at a per-credit institution, an undergraduate student would pay \$200 per-credit whether the student enrolled in 4 credits (\$800) or 15 credits (\$3,000). A per-credit tuition structure is also known as a “linear model” in some states.

The paper is designed to follow the charge of the Tuition Setting Policy Task Force as it relates to tuition structures. First, the paper will review current UW System policies and the history of per-credit tuition use in the UW System. Then, the paper will look at variations of the per-credit model and address the primary differences among those variations. The paper will also explore the effects a per-credit tuition structure can have on affordability, cost, and reporting requirements. Finally, the paper will address how a per-credit model could impact state needs in terms of resource efficiency.

## **History of Per-Credit Tuition in the UW System**

The University of Wisconsin System currently utilizes a plateau model to assess tuition except at UW-Stout, which charges tuition on a per-credit basis. At all other institutions, undergraduate students are charged per-credit up to 12 credits. Between 12 and 18 credits, students pay the same tuition as a student taking 12 credits. The per-credit rate is again charged for each credit over 18 credits.

The current plateau policy was implemented from a report on restructuring tuition that was required in the 1987-89 biennial budget. At that time, the legislature was particularly interested in a per-credit tuition structure. In February 1989 the Board adopted Resolution 5144:

1. As a general University of Wisconsin System policy, the 12-18 credit plateau tuition structure is adopted;
2. If an institution determines that a per-credit structure better addresses local circumstances, the institution would be permitted to seek approval from the Board of Regents to adopt a per-credit structure;
3. The Report on Restructuring Tuition is received and approved for transmittal by the Board of Regents to the Joint Committee on Finance as directed by the Joint Committee on Finance in September, 1988 under Wis. Stats. § 13.10.

Since that time, per-credit tuition has been discussed repeatedly. The following summarizes some of the per-credit discussions:

- UW-Superior piloted a summer tuition schedule in 1998 that charged per-credit to graduate students.
- In 1999, UW-Oshkosh, UW-River Falls, UW-Eau Claire, and UW-Platteville also began to charge graduate summer per-credit tuition. UW-Stevens Point and UW-Green Bay began to charge graduate

summer per-credit tuition in 2011, however UW-Stevens Point returned to the plateau structure in summer 2012.

- In 2001, the Board approved a per-credit tuition structure at UW-Stout that applied to the entire academic year.
- *Building Our Resource Base*, an initiative by the Board of Regents in 2001 and 2002, recommended evaluating the existing per-credit pilots and permitting additional pilots under the Board review process.
- Per-credit tuition was part of a 2005 discussion to assess tuition differently.
- In the 2008 *Report on Tuition and Financial Aid Policy*, the President's Advisory Group considered the advantages and disadvantages of a per-credit structure. Implementation of a per-credit tuition structure was not included in the group's recommendations.
- The 2010 Legislative Study Committee on Financial Aid Programs discussed per-credit tuition options, but did not include per-credit tuition in the legislative recommendations.

## Per-Credit Tuition Implementation Variations

Per-credit tuition structures can be implemented in five ways: 1) Revenue Neutral, 2) Revenue Generating, 3) Tuition Neutral, and 4) Expanded Summer Per-Credit 5) Modified Tuition Plateau.

### 1) Revenue Neutral

A revenue neutral transition from a plateau structure to a per-credit structure lowers the per-credit tuition rate in order to hold tuition revenue neutral. This approach is generally used when equity between full-time and part-time students or administrative improvements are a priority.

Depending on the implementation scope, revenue could be held neutral at the system level, by cluster, or by institution. The scope will change both the per-credit tuition rate and institutional contributions to the tuition pool. For example, UW-La Crosse has a higher percentage of full-time students than UW-Parkside. If revenue is held neutral by institution, the per-credit rate at UW-La Crosse would need to decrease by more to hold revenue neutral than it would at UW-Parkside.

It should be noted that a revenue neutral approach would not necessarily remain revenue neutral over time. For example, revenue models show that UW-Stout is generating less undergraduate revenue under the per-credit model than it would have under the plateau model.

Figure 2: UW-Stout Undergraduate Revenue under a Per-Credit and Plateau Model

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Per Credit	\$16,573,453	\$17,431,748	\$18,778,842	\$19,836,154	\$21,684,387	\$22,809,280
Plateau	\$16,207,361	\$17,202,737	\$18,498,081	\$19,799,873	\$21,742,217	\$22,945,446
Difference	\$366,092	\$229,011	\$280,761	\$36,281	-\$57,830	-\$136,167

The revenue generation in 2006-07 is likely the result of the initial per-credit rate being set with a contingency to prevent loss of revenue should student behavior be impacted by the change. Higher annual tuition increases on plateau tuition is largely responsible for the subsequent decline in revenue. Figure 3 shows this change over time.

Figure 3: UW-Stout Tuition Gap

	<b>UW-Stout Per-Credit</b>	<b>Comprehensive Rate</b>	<b>Difference</b>
<b>2004-05</b>	\$148.51	\$166.66	\$18.15
<b>2005-06</b>	\$158.16	\$178.21	\$20.05
<b>2006-07</b>	\$169.58	\$190.33	\$20.75
<b>2007-08</b>	\$178.90	\$200.80	\$21.90
<b>2008-09</b>	\$188.74	\$211.84	\$23.10
<b>2009-10</b>	\$199.12	\$223.49	\$24.37
<b>2010-11</b>	\$210.07	\$235.78	\$25.71
<b>2011-12</b>	\$221.62	\$248.75	\$27.13
<b>2012-13</b>	\$233.81	\$262.43	\$28.62
<b>2013-14</b>	\$233.81	\$262.43	\$28.62
<b>2014-15</b>	\$233.81	\$262.43	\$28.62
<b>2015-16</b>	\$233.81	\$262.43	\$28.62

Note: The Comprehensive rate is the base published per-credit rate before any added differentials.

## 2) Revenue Generating

Under a revenue generating model, the per-credit tuition rate either remains the same or is adjusted downward to a level that is higher than the revenue neutral level and the plateau is removed. All students must then pay for each credit. The summer graduate per-credit programs kept the per-credit rate the same and charged for all additional credits.

## 3) Tuition Neutral

A tuition neutral approach holds tuition constant for the average full-time student. The result is a lower per-credit rate for all students. A full-time student taking the average number of credits pays the same amount, while full-time students taking more than the average credit load pay more. Part-time students and students taking less than the average number of credits pay less in tuition. This approach is usually considered when access is the primary concern. This may result in a loss of revenue.

Figure 4: Tuition-Neutral Resident Undergraduate Rates 2015-16

	Full-time Rate	Average Full-time Credit Load	Per-Credit Rate
UW-Madison	\$4,637	14.5	\$319.79
UW-Milwaukee	\$4,046	14.4	\$280.97
UW-Eau Claire	\$3,681	14.7	\$250.41
UW-Green Bay	\$3,149	14.4	\$218.68
UW-La Crosse	\$3,792	14.9	\$254.50
UW-Oshkosh	\$3,211	15.0	\$214.07
UW-Parkside	\$3,149	14.2	\$221.76
UW-Platteville	\$3,209	15.2	\$211.12
UW-River Falls	\$3,214	14.5	\$221.66
UW-Stevens Point	\$3,149	14.4	\$218.68
UW-Superior	\$3,268	14.3	\$228.53
UW-Whitewater	\$3,259	14.8	\$220.20
UW-Colleges	\$2,375	13.9	\$170.86

#### 4) Expanded Summer Per-Credit

Currently, several UW Institutions utilize a per-credit model for graduate students in the summer term. Undergraduate students, however, are charged under a modified plateau during the summer where students are charged per-credit up to six credits, are not charged for additional credits between six and nine credits, and continue to be charged the per-credit rate above nine credits.

It has been suggested that both graduate students and undergraduate students could be charged per-credit during the summer term. Moving to a per-credit model for the summer term may help offset the costs of holding summer courses.

#### 5) Modified Tuition Plateau

A common plateau model includes a return to a per-credit model beyond a number of credits. For example, most UW institutions charge undergraduates per-credit tuition to 12 credits, do not charge for additional credits between 12 and 18 credits, and continue to charge the per-credit rate above 18 credits. The range for the plateau could be modified to include more or fewer credits.

Another plateau variation is charging a reduced rate beyond a certain number of credits. For example, an institution with a modified 12-credit plateau would charge \$200 per-credit to 12 credits and \$100 per-credit above 12 credits.

##### a) Raise the Tuition Plateau

The UW could also consider reassessing the plateau at the current average credit load at UW-Madison, UW-Milwaukee, and the Comprehensives. For example, the plateau could begin at 14 credits at UW-Madison instead of 12 credits.

Raising the plateau rate to the average credit load would account for students taking higher credit loads than in the past. This approach would generate additional revenue that could be used for system or institutional priorities.<sup>1</sup>

### **Implications of Per-Credit Tuition on Cost and Affordability**

UW institutions, System Administration, and the state legislature have discussed the advantages and disadvantages of a per-credit tuition structure for many years. This section addresses the validity of claims made during these discussions to the extent that is possible with existing data.

#### **Student Credit Load**

One of the stated purposes of the UW plateau structure is to encourage students to take additional credits in order to shorten their time to degree. For example, for a 120-credit program, students can graduate in four years instead of five by taking 15 credits per semester as opposed to 12. Proponents of the plateau argue that earlier graduation not only reduces tuition expenses and debt load, but also allows students to enter the workforce sooner.

Proponents of a per-credit structure generally offer two counter arguments. First, they argue that there has been little evidence to support a connection between a per-credit structure and reduced credit loads. And, second, any reduction in credit load may be the result of students more carefully considering their educational path. This may not necessarily impact time to degree.

This section evaluates both discussion points by reviewing modifications to the plateau at UW-Stout and Eastern Oregon University.

- *UW-Stout.*

UW-Stout partially implemented a revenue-neutral per-credit structure in fall 2002. Students already enrolled were grandfathered into the plateau structure; only new students started on the per-credit structure.

Figure 5 shows the average credit load for resident undergraduates who were enrolled full time. Note that there was a small decrease, 14.8 to 14.7 credits, in fall 2002. The credit load increased back to the plateau levels in two years. The table also shows that UW-Stout has had the largest decrease in credit load over time.

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<sup>1</sup> In April 1991 the 12-18 credit plateau was set at the 14.1 credit equivalent rate. 14.1 credits was the average credit load covered by full-time students at the time.

Figure 5: Full-time Resident Undergrad Credit Load								
	Fall 2001	Fall 2003	Fall 2005	Fall 2007	Fall 2009	Fall 2011	Fall 2013	Fall 2015
UW-Madison	14.2	14.4	14.4	14.3	14.4	14.4	14.4	14.5
UW-Milwaukee	13.9	14.1	14.1	14.1	14.2	14.2	14.3	14.4
UW-Eau Claire	14.5	14.6	14.6	14.6	14.6	14.6	14.6	14.7
UW-Green Bay	14.3	14.6	14.5	14.4	14.4	14.3	14.4	14.4
UW-La Crosse	14.8	14.8	14.9	14.9	14.9	14.9	14.9	14.9
UW-Oshkosh	15.2	15.1	15.1	14.9	14.9	14.8	14.8	15
UW-Parkside	14.1	14	14.1	14	13.9	13.9	13.9	14.2
UW-Platteville	14.9	14.9	15	15.1	15.2	15.1	15.2	15.2
UW-River Falls	14.8	14.7	14.7	14.6	14.5	14.4	14.5	14.5
UW-Stevens Point	14.6	14.6	14.6	14.6	14.7	14.6	14.5	14.4
UW-Stout	14.8	14.8	14.7	14.6	14.4	14.3	14.3	14.3
UW-Superior	14.4	14.3	14.4	14.2	14.3	14.1	14.3	14.3
UW-Whitewater	14.5	14.6	14.6	14.7	14.8	14.8	14.7	14.8
UW-Colleges	13.8	13.8	13.9	13.9	14	13.9	13.9	13.9

However, Figure 5 does not capture the larger undergraduate trend at UW-Stout. Between 2001-02 and 2015-16, full-time undergraduate headcount at UW-Stout increased from 6,545 students to 6,841 – a 4.5 percent increase. At UW comprehensives, excluding UW-Stout, the same headcount increased from 60,998 to 73,068 – or 7.3 percent.

Between 2001 and 2011, the number of students taking 15 or more credits at UW-Stout, which is the average credit load required to graduate in 4 years, declined by 12 percent (3,776 to 3,314). The other UW comprehensives saw a 12 percent increase (34,950 to 39,221).

Figure 6 shows the percent of full-time students taking 15 or more credits. Note that UW-Stout saw a significant decline, while the UW Comprehensives as a whole have remained relatively stable.

Figure 6: Percentage of Full-Time Undergraduates Enrolled in 15 or More Credits

	UW-Stout	Comprehensives
Fall 2001	57.7%	57.3%
Fall 2002	55.1%	58.3%
Fall 2003	56.2%	57.2%
Fall 2004	54.4%	57.3%
Fall 2005	56.2%	57.8%
Fall 2006	55.0%	57.4%
Fall 2007	55.2%	57.6%
Fall 2008	53.9%	58.3%
Fall 2009	49.2%	57.9%
Fall 2010	47.3%	57.1%
Fall 2011	46.3%	57.4%

The comprehensive institution data in Figure 6 does not, however, account for the significant variation in credit load changes between institutions. Using a two year average, UW-Stout saw the largest decline in the percentage of full-time students taking 15 or more credits (-8.2 percent). However, UW-Parkside (-8.0



percent), UW-Oshkosh (-7.3 percent), and UW-River Falls (-5.9 percent) also saw significant declines that cannot be attributed to a per-credit model. Stout does not appear to be unique in the dramatic decline in the percentage of students enrolled in 15 or more credits from fall 2008 to 2011.

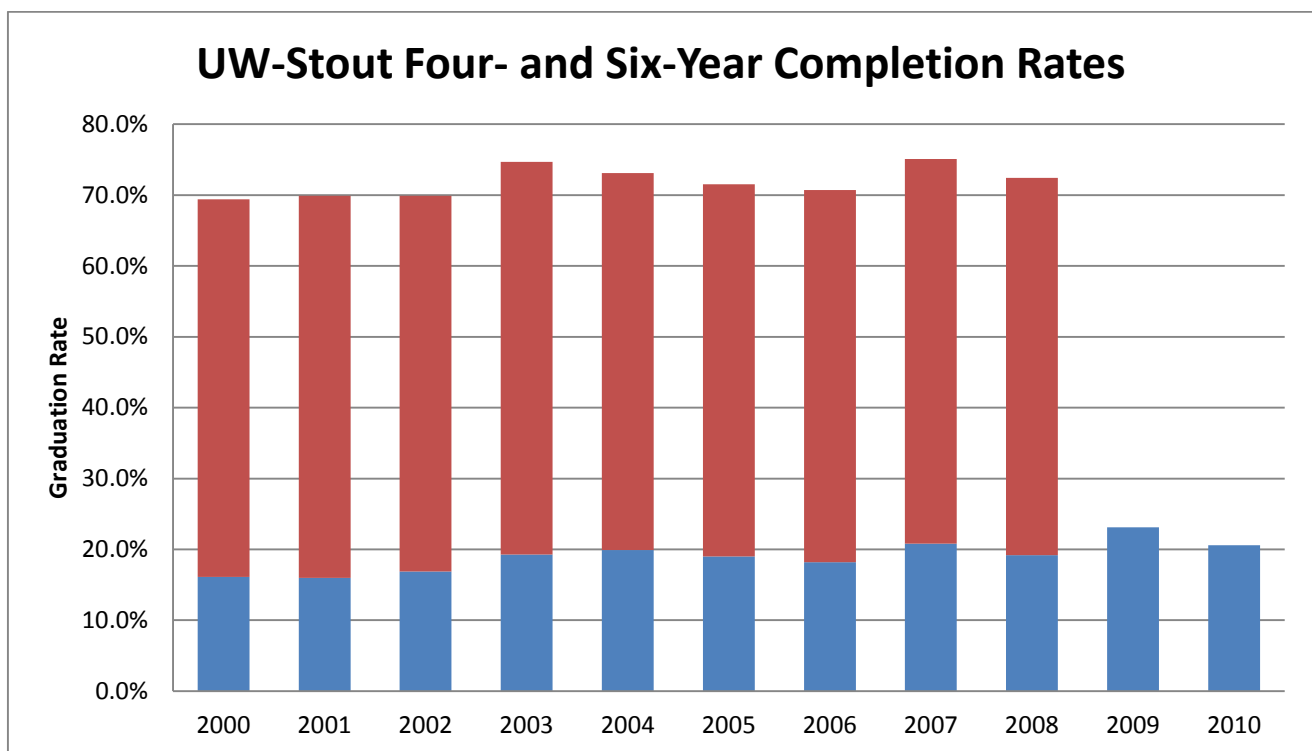
Figure 7 shows the six-year graduation rates at UW-Stout by freshman cohort. UW-Stout remained fairly level both before and after the per-credit model was implemented. UW System as a whole showed steady increases over the same time period. However, while some institutions saw significant increases in six-year graduation rates, other institutions that did not implement a per-credit structure also remained level.

Figure 7: Six-Year Graduation Rates by Cohort

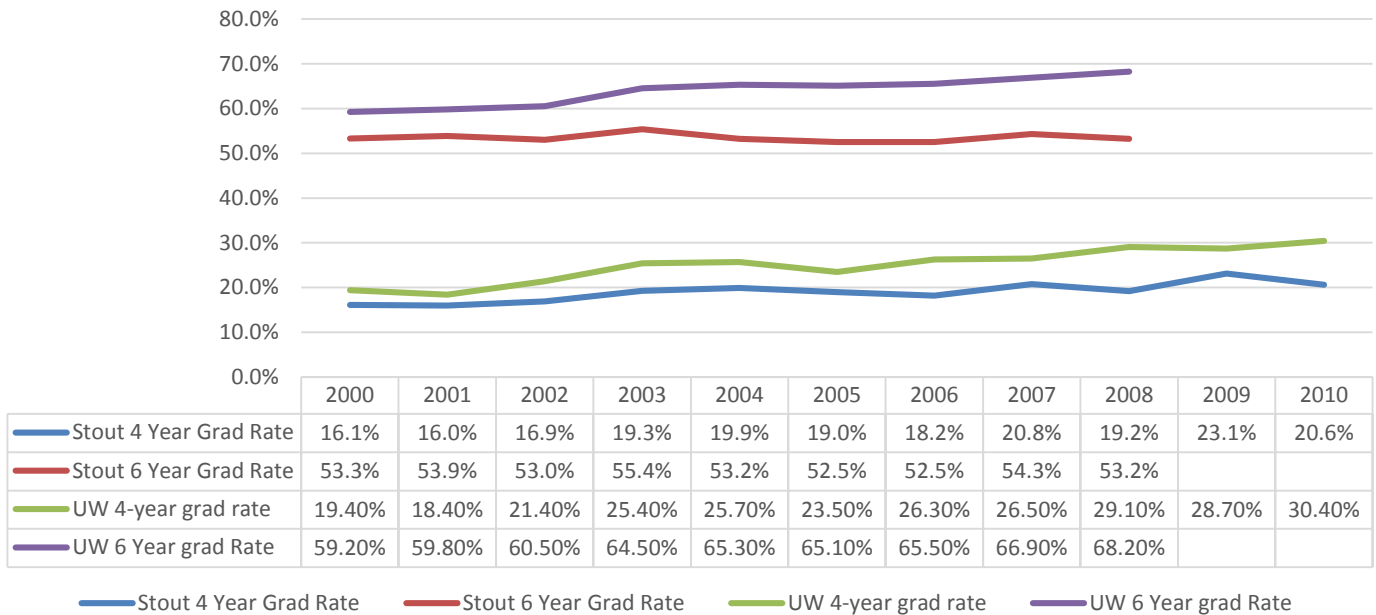
	Fall 2000	Fall 2001	Fall 2002	Fall 2003	Fall 2004
UW-Stout	53.3%	53.9%	53.0%	55.4%	53.2%
UW System	58.0%	58.7%	59.3%	59.7%	60.4%

While the graduation rate remained level, time to degree within the graduation rate changed. A greater proportion of students began graduating in four years. This further supports the claim that per-credit tuition does not negatively impact time to degree.

Figure 8:



## UW Stout Four and Six-Year Completion Rates compared to UW-Comprehensive Rates



However, care should be taken in making long-term generalizations about the effects of per-credit tuition on graduation rates. Graduation rates are prone to swings that may not be related to per-credit tuition. For example, Figure 9 shows a similar trend at UW-Whitewater.

Figure 9: UW-Whitewater Four-Year Graduation Rates

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
20.7%	20.4%	23.1%	25.2%	24.5%	25.7%	29.9%	27.5%	27.0%	27.9%	29.0%

- *Eastern Oregon University.*

Historically, Eastern Oregon University used an undergraduate plateau between 12-18 credits. In 2003, the Oregon State Board of Higher Education approved a proposal to eliminate the plateau. The changes went into effect in winter 2003. The per-credit rate was reduced, but it is unclear if it was reduced far enough to be revenue neutral.

Citing financial benefits to students and an effort to increase on-campus learning, EOU reintroduced a partial plateau at 16 credits in fall 2008. Figure 10 shows the per-credit rate for each credit.

Figure 10: Resident Undergraduate Tuition Rate by Credit

	2008-09	2009-10	2010-11	2011-12
1	\$111.00	\$115.00	\$118.00	\$124.50
2	\$112.00	\$115.00	\$118.00	\$124.50
3	\$111.00	\$115.00	\$118.00	\$124.50
4	\$111.00	\$115.00	\$118.00	\$124.50
5	\$112.00	\$115.00	\$118.00	\$124.50
6	\$111.00	\$115.00	\$118.00	\$124.50
7	\$112.00	\$115.00	\$118.00	\$124.50
8	\$111.00	\$115.00	\$118.00	\$124.50
9	\$111.00	\$115.00	\$118.00	\$124.50
10	\$112.00	\$115.00	\$118.00	\$124.50
11	\$109.00	\$113.00	\$116.00	\$124.50
12	\$109.00	\$113.00	\$116.00	\$124.50
13	\$106.00	\$109.00	\$112.00	\$124.50
14	\$105.00	\$109.00	\$112.00	\$124.50
15	\$105.00	\$109.00	\$112.00	\$124.50
16	\$53.00	\$55.00	\$56.00	\$124.50
17	\$53.00	\$55.00	\$56.00	\$124.50
18	\$53.00	\$55.00	\$56.00	\$124.50

Figure 11 shows the change in full-time credit loads at EOU for resident undergraduate students. The first line is the average credit load. The second line is the percentage of full-time students taking 15 or more credits.

Figure 11: Change in Resident Undergraduate Credit Loads

	Fall 2002	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
Credit Load	14.8	14.8	14.4	14.5	14.5	14.5	14.5	14.1	14.2	14.1
15 or More Credits	49.6%	50.2%	44.1%	46.0%	44.9%	44.5%	44.7%	39.9%	42.8%	38.1%

Both metrics showed a noticeable decline in fall 2004 when per-credit tuition was implemented.

Several states have worked with the Lumina Foundation to implement marketing campaigns to promote taking 15 credits and/or completing in 4 years under plateau approaches. More information/awareness might be useful in increasing credit loads.

### Academic Breadth

Proponents of a plateau system often suggest that it provides greater flexibility for students to explore academic interests. This exploration enhances the breadth of a student's education and contributes to a well-rounded individual.

Proponents of a per-credit system counter that charging for each credit encourages students to carefully consider their course selection and academic path. Students then take the courses that they need to graduate faster instead of electives.

**UW-Stout.** Figure 12 shows the total attempted credits to bachelor's degree by graduation year. The data only includes students who graduated from the same UW institution where they entered as new freshmen. Only students earning their first UW bachelor's degree are included. The difference column shows the change between 2001-02 graduates and 2006-07 graduates, which is when students starting under the per-credit model would start graduating.

Figure 12: Total Attempted Credits to Degree

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Difference
UW-Eau Claire	142	141	142	142	141	138	138	136	137	136	137	-3
UW-Green Bay	132	135	131	131	132	131	131	133	132	133	135	-4
UW-La Crosse	142	140	142	141	142	141	140	138	137	139	138	0
UW-Madison	129	128	128	128	127	127	127	126	126	126	125	-1
UW-Milwaukee	143	142	143	142	141	141	141	140	141	141	141	-1
UW-Oshkosh	143	142	142	143	143	142	143	143	143	142	141	1
UW-Parkside	139	138	140	140	138	140	140	141	140	143	144	2
UW-Platteville	145	146	146	146	143	144	145	143	144	143	141	-1
UW-River Falls	138	137	138	137	135	134	133	135	136	135	135	-4
UW-Stevens Point	140	139	139	140	141	141	139	139	139	140	140	0
UW-Stout	142	141	142	143	141	140	141	141	138	139	138	0
UW-Superior	145	138	138	140	139	142	136	135	131	136	135	-2
UW-Whitewater	140	141	140	140	140	139	139	140	139	136	136	-2

The trend for credits to degree at UW-Stout is comparable to other UW institutions. And, in the total number of credits to degree, UW-Stout ranks in the middle of comprehensive institutions. The information available does not suggest that a per-credit model has impacted academic breadth.

## Financial Aid

**Pell-Eligible Students.** A student taking 15 credits under a plateau structure and a student taking 15 credits under a per-credit structure are both considered full-time for financial aid purposes. The maximum Pell Grant that a full-time student can receive in 2015-16 is \$5,815 regardless of the tuition structure. As such, full-time students under either tuition structure would be eligible for the same maximum level of financial aid.

However, 15 credits under a revenue neutral or revenue generating per-credit model are more expensive than 16 credits under the plateau. Low-income students would then be responsible for paying the additional tuition from personal resources or by taking out additional loans.

Please note that Pell-eligible students taking fewer than 12 credits would benefit from the lower per-credit rate under a revenue neutral per-credit model. This is because their tuition cost would go down, freeing resources for other needs.

Figure 13 shows the total percentage of full-time Wisconsin resident students receiving Pell Grants. Note that the majority of Pell recipients at all institutions are full-time students who would not benefit from per-credit tuition.

Figure 13: Fall 2001 to fall 2014 Total Percentage of Full-Time Wisconsin Resident UW System Pell Recipients

Institution	2000-01			2007-08			2014-15		
	Full-time enrollment	Total Pell Awards	Total Percent	Full-time enrollment	Total Pell Awards	Total Percent	Full-time enrollment	Total Pell Awards	Total Percent
UW-Madison	18,139	2,285	12.60%	17,755	2,666	15.02%	17,092	3,240	18.96%
UW-Milwaukee	13,789	2,867	20.79%	19,320	4,334	22.43%	16,537	6,963	42.11%
UW-Eacu Claire	6,865	1,344	19.58%	7,214	1,550	21.49%	6,618	2,085	31.50%
UW-Green Bay	3,908	769	19.68%	4,376	1,043	23.83%	3,868	1,476	38.16%
UW-La Crosse	6,482	1,166	17.99%	6,663	1,212	18.19%	7,405	1,839	24.83%
UW-Oshkosh	7,528	1,355	18.00%	8,463	1,859	21.97%	8,434	2,773	32.88%
UW-Parkside	2,917	761	26.09%	3,237	1,047	32.34%	2,774	1,334	48.09%
UW-Platteville	4,186	934	22.31%	4,805	1,246	25.93%	5,253	1,600	30.46%
UW-River Falls	2,566	660	25.72%	2,813	849	30.18%	2,301	875	38.03%
UW-Stevens Poi	6,888	1,435	20.83%	7,398	1,793	24.24%	7,298	2,634	36.09%
UW-Stout	4,553	1,187	26.07%	4,489	1,243	27.69%	4,381	1,570	35.84%
UW-Superior	1,028	338	32.88%	1,040	435	41.83%	898	460	51.22%
UW-Whitewater	7,930	1,419	17.89%	8,040	1,670	20.77%	8,396	2,742	32.66%
UW-Colleges	7,247	1,391	19.19%	8,138	2,052	25.22%	7,015	2,895	41.27%
UW System	94,026	17,911	19.05%	103,751	22,999	22.17%	98,270	32,486	33.06%

**Advising.** Institutions have reported that financial aid advising is significantly more difficult under a per-credit structure. In order for students and families to know how much to borrow, they must know exactly how many credits the student will take. And, families often have difficulty estimating how many credits the student will take in the spring semester when applying for loans in the previous summer.

If a student takes one unanticipated class, tuition costs can increase by \$800. In the current economic climate, families may find it difficult to cover that additional cost. Conversely, if families overestimate the number of credits, then they have borrowed more than was needed for the year. This financial variability has anecdotally led to frustration for students and families.

While tuition is variable both below and above a plateau, the plateau does provide students and families with a greater degree of financial certainty and enrollment flexibility.

**Administrative Burden.** In past discussions about per-credit tuition, one concern was the complexity of administering financial aid under a per-credit structure. In particular, every add or drop is a separate transaction that must be evaluated for impacts on the financial aid package.

In practice, this does not appear to be a significant issue. Students are already charged on a per-credit basis under 12 credits and these changes are managed by financial aid offices. Additionally, students are categorized for federal financial aid purposes as quarter time, half time, three-quarters time, and full time. Provided that the student remains in the full-time category when adding or dropping classes, the financial aid package would usually remain the same.

## Transparency

**Student Billing.** Under a per-credit model, enrollment changes before the drop-add deadline can be a challenge for students. When students drop a class before the add-drop period, they are issued a refund. Many students, however, will then add another class. This will generate another bill the students may not have been expecting.

Anecdotally, students become frustrated when they discover an overdue balance while trying to register for the following semester after having received a refund in the previous semester.

This situation could be improved by waiting to process refunds until after the add-drop period. For example, financial aid and student billing could be delayed until the fourth week after classes start. Up until that date, credit sensitive aid adjusts with every credit load change.

However, delayed processing may prevent students from receiving a timely refund so that they can pay for other expenses, such as books or rent.

## Equity

***Part-Time Student Disparity.*** Under a plateau tuition structure, full-time students are not charged for additional credits taken within the plateau. However, there is still a cost associated with providing these credits. As such, all students pay higher per-credit rates to cover the credits within the plateau.

Another way to consider equity is to look at the per-credit tuition price. A part-time student may pay \$1,200 for 6 credits, or \$200 per-credit. A full-time student would pay \$2,400 for 16 credits, or \$150 per-credit. Because of the plateau, part-time students pay more in tuition for the same courses.

A per-credit tuition structure would eliminate the difference between full-time and part-time student billing.

However, while part-time students pay higher tuition rates under the plateau structure, the higher rates may not be inequitable when considered holistically. While part-time students take fewer credits, they do not necessarily use proportionally fewer institutional resources. Part-time students may require the same or more academic advising, financial aid advising, career counseling, and general administrative support as full-time students.

Additionally, part-time students may receive the same access to institutional benefits at a disproportionately lower cost. For example, a part-time student taking 6 credits at UW-Stout pay \$192 per semester for a rental laptop. A student taking 16 credits would pay \$512 for the same laptop.

Based on this information, it is reasonable to assume that the inequities between part-time and full-time students vary by institution based on institutional policy and student composition. As such, a uniform statement cannot be made on the equity of a per-credit tuition model for part-time students.

## Resource Efficiency

***Institutional Planning.*** Under a plateau structure, tuition revenue varies with the number of credits taken by the student. For example, at UW-Green Bay, the plateau rate is \$3,149 per semester. A student taking 12 credits pays the equivalent of \$262.43 per-credit. A student taking 16 credits pays \$196.82 per-credit.

Because of this variation in the per-credit tuition rate, it is not readily apparent whether a proposed course will cover all of its expenses. For example, assume that a three-credit course at UW-Green Bay has a marginal cost of \$5,000 to offer. The course must enroll seven part-time students to cover the cost of the course. However, the same course must enroll nine 16-credit students to cover all expenses.

Under a per-credit model, it may be easier and more intuitive to evaluate the financial viability of new programs. Additionally, staff could more readily evaluate cross subsidizations between and within existing programs.

***Plateau Discount.*** Historically, state support has been the primary source of revenue for universities. As other institutions have experienced a decrease in state support, they have found it meaningful to consider the merit of providing a product at no charge. This was one of the reasons cited when the Oregon University System transitioned from a plateau model toward a per-credit model.

### **Impact on State Needs**

***Revenue Sharing.*** When a student is enrolled at two University of Wisconsin institutions, the plateau applies to the combined enrollment at both institutions. In other words, a student taking 8 credits at UW-Fond du Lac and 7 credits at UW-Green Bay should only be charged for 12 credits.

FAP 44 discusses the implementation of this policy:

If the undergraduate credit plateau (12 through 18 credits) is achieved at the first institution, no additional tuition will be assessed by the second institution unless the total credits exceed 18 credits.... At no time will the credit plateau assessment be less than the lowest nor more than the highest credit plateau rate of the institutions involved. The first institution shall be generally defined as the one enrolled in for a degree.

In practice, revenue sharing within the plateau results in funding inequities. UW Colleges indicates that it is not usually considered to be the “first institution,” which results in more tuition and fees being waived by the institution. In addition, UW-Stout, which is per-credit, never waives tuition and fees for dual enrolled students regardless of the “first institution” status.

Revenue sharing difficulty has been suggested as an obstacle to greater collaboration between institutions.

In fall 2010, 900 students were concurrently enrolled at more than one UW institution. Figure 22 shows the distribution of these students by institution. Please note that there were eight triple enrolled students who are not included on the table.

Figure 14: Students Concurrently Enrolled at Two UW Institutions - fall 2010

	MSN	MIL	EAU	GBY	LAC	OSH	PKS	PLT	RVF	STP	STO	SUP	WTW	UWC	Total
MSN		8	4	2	46	14			1	3	1		16	18	113
MIL	8				3	7	95	1		4	3	2	6	96	225
EAU	4			1	3		1		12	1	3	1	1	38	65
GBY	2		1		1	13	1			3	1		1	44	67
LAC	46	3	3	1		2			1	1	2	3		2	64
OSH	14	7		13	2		1	2	1	8		3	2	122	175
PKS		95	1	1		1					3		1	5	107
PLT		1				2			2	1	1		2	150	159
RVF	1		12		1	1		2			3	1		7	28
STP	3	4	1	3	1	8		1			5	1	3	52	82
STO	1	3	3	1	2		3	1	3	5		3		12	37
SUP		2	1		3	3			1	1	3			10	24
WTW	16	6	1	1		2	1	2		3				25	57
UWC	18	96	38	44	2	122	5	150	7	52	12	10	25		581
Total	113	225	65	67	64	175	107	159	28	82	37	24	57	581	

UW Colleges, which enrolls over half of the dual enrolled students, is the most impacted by the systemwide plateau. Of their nearly 600 dual enrolled students, UW Colleges indicates that FAP 44 may be inequitably applied to approximately 30. In fall 2015, 2,204 students were concurrently enrolled at more than one UW institution, which illustrates the growing demand for easy credit transfer by students.

If all UW institutions adopted a per-credit structure, this issue would be eliminated. However, if some institutions remained under the plateau, the inequities would not be resolved.

Another option that could alleviate revenue sharing concerns while maintaining the plateau would be to remove the system wide plateau for concurrently enrolled students.

**Administration and Tuition Billing.** As discussed above, the plateau currently applies to students who are enrolled at multiple institutions in a single semester. Because UW institutions do not have a common billing system, institutions must communicate with each other and students about concurrent enrollment status. Any enrollment changes must also be communicated.

Reducing the intricacy of tuition coordination has been suggested as a way to decrease administrative complexity and facilitate collaboration. This may become particularly relevant as tuition rates across UW institutions continue to diversify.

If the entire UW System adopted a per-credit structure or revised the policy as it relates to dual enrolled students, concurrent enrollment communication between institutions would be reduced.

However, regardless of the tuition structure, communication between institutions would still need to occur for financial aid and Wisconsin GI Bill purposes. And, if some institutions retained the plateau, communication between plateau and per-credit institutions would still be necessary.



- *Subterm Courses.*

Subterm courses are compressed courses that have a shorter duration than the standard academic calendar. For example, a subterm course may begin in the middle of the semester and meet twice as often.

Because subterm courses begin on a later date than the standard semester, subterm courses have unique add-drop deadlines. In past years, the difference between the standard add-drop deadline and the unique deadline created a calculation problem for the PeopleSoft system.

For example, assume that a student is enrolled for 13 credits. One of the 13 credits is a subterm course that begins later in the semester. Suppose that the student drops a 3 credit course after the standard drop date. No refund is issued and the student is now actively enrolled in 10 credits. The student then drops the 1 credit subterm course before the subterm drop deadline.

PeopleSoft processes the one-credit drop as though the student was dropping from 10 credits to 9 credits. This generates a one-credit refund. However, PeopleSoft should have processed the drop as being a change from 13 credits to 12 credits – resulting in no refund.

UW Colleges currently offers a significant number of subterm courses. In past years, in order to accurately bill subterm students, UW Colleges central office staff had to manually review about 100 billing changes per week.

UW-Oshkosh also offers a significant number of subterm courses during the semester and has reported similar billing difficulties. An institutional study in 2010 found over \$25,000 in erroneous refunds or charges by PeopleSoft during one semester.

In previous discussions, staff at both UW Colleges and UW-Oshkosh believed that PeopleSoft lacked adequate functionality to correctly bill students for subterm courses.

If a per-credit model were adopted, the PeopleSoft deficiency would no longer be relevant. Each credit would be billed independent of any previous enrollment changes.

- *Differential Tuition Above the Plateau.*

Differential tuition proposals are usually made for a per-semester tuition increase that is prorated for part-time students. However, proposals generally do not include a prorated rate for students above the 12 to 18 credit plateau. As such, the differential is not charged for any credits above 18.

While this approach prevents students above the plateau from paying more differential tuition than other full-time students, it also creates a more complicated tuition structure. For example, at UW-Madison, an undergraduate is charged \$386.39 per-credit until 12 credits. From 12 to 18 credits, students are charged \$0.00 for each additional credit. For each credit above 18 credits, students are charged \$344.72, which excludes the differential.

Under a per-credit structure, the tuition schedule could be uniformly applied to all credits.

The tuition schedule could also be simplified while maintaining the plateau by clarifying the application of differential tuition pricing with the Board of Regents.

- *System Plateau Policy.*

Some concern has been expressed about the application of the plateau at institutions with diverse pricing structures (i.e., higher tuition engineering programs). For example, assume that an undergraduate student is taking 12 credits at the standard tuition rate and 4 credits at a higher tuition rate. UW policy does not specify whether the 4 higher-cost credits should be charged under the standard plateau rate or if the higher tuition increment should be charged in addition to the plateau.

Under a per-credit model, variations in credit pricing would not be an issue for billing.

However, some UW institutions have implemented a diversified tuition schedule successfully within the plateau structure. For example, UW-Madison, UW-Milwaukee, and UW-Superior have differential tuition programs that increase the tuition rate for courses in specific colleges and departments. Students regularly take a combination of lower- and higher-cost courses.

At UW-Superior, the differential for the Collaborative Degree Program is implemented as a special course fee for billing purposes. Students are billed the base tuition rate following plateau guidelines. The differential then appears as a separate charge for each course regardless of the plateau.

It should be noted that the differential appears on a student's bill as a distinct charge from tuition. While an itemized charge may make sense for some differentials, itemization may not be intuitive for students if the course has a higher price under the distance learning or service-based pricing policy.

- *Add/ Drop Processing.*

In previous discussions about per-credit tuition, one concern was the administrative burden of processing every add and drop on each student's account as a separate financial transaction.

However, this concern appears to predate significant advances in computer technology. Many of the processes involved in billing are now automated, and staff members are generally not required to manually update student accounts for enrollment changes.



# STRATIFIED TUITION AND DIFFERENTIAL TUITION

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Tuition Setting Task Force, 2016

# STRATIFIED TUITION AND DIFFERENTIAL TUITION

This document provides a history of tuition stratification and differential tuition since the merger of the UW System, general considerations for both policies, and options that the Task Force may wish to consider.

## HISTORY

Tuition stratification refers to the difference in base tuition levels between UW institutions. Historically, the UW System has stratified tuition in three clusters – doctoral, comprehensive, and the UW Colleges. This section provides an overview of how the system developed its current tuition structure.

During the late 1960s and the 1970s, biennial budget reviews established that resident undergraduates should pay one-fourth of the average cost of their instruction.

**Table 1: Resident Undergraduate Annual Tuition**

	1971-72	1975-76	1976-77	1993-94	1997-98	2000-01	2005-06	2010-11	2015-16
UW-Madison	462	540	574	2,227	2,860	3,290	5,618	7,933	9,273
UW-Milwaukee	462	540	574	2,206	2,847	3,194	5,494	7,269	8,091
UW-Eau Claire	364	524	544	1,792	2,412	2,694	4,414	6,122	7,361
UW-Green Bay	462	524	544	1,792	2,312	2,594	4,277	5,659	6,298
UW-La Crosse	364	524	544	1,792	2,312	2,594	4,331	5,779	7,585
UW-Oshkosh	364	524	544	1,792	2,312	2,594	4,387	5,775	6,422
UW-Parkside	462	524	544	1,792	2,312	2,594	4,277	5,659	6,298
UW-Platteville	364	524	544	1,792	2,312	2,594	4,277	5,766	6,418
UW-River Falls	364	524	544	1,792	2,312	2,594	4,277	5,731	6,428
UW-Stevens Point	364	524	544	1,792	2,312	2,594	4,277	5,659	6,298
UW-Stout*	364	524	544	1,792	2,312	2,724	4,491	6,300	7,020
UW-Superior	364	524	544	1,792	2,312	2,594	4,427	5,866	6,535
UW-Whitewater	364	524	544	1,792	2,312	2,594	4,277	5,857	6,519
UW Colleges	462	524	518	1,467	1,956	2,264	3,977	4,268	4,750

\* The per-credit rate at UW-Stout is multiplied by 15 credits

In the early 1970s, the current UW System was created by the merger of Chapter 36 institutions (UW-Madison, UW-Milwaukee, UW-Green Bay, and UW-Parkside) and Chapter 37 institutions. In 1971-72, tuition rates were stratified between Chapter 36 and Chapter 37 institutions (Table 1).

Graduate students were charged more than undergraduate students, which was referred to as a bi-level plan.

In 1973-74, the system started moving to an integrated tuition schedule. Tuition rates were not synchronized immediately in order to avoid “abrupt, sizeable increases in charges to some categories

of students.” Under the new schedule, students would continue to pay 25 percent of the average cost of education.

At the same time, the system also implemented a tri-level plan, which lowered tuition for freshmen and sophomores. The proposal was made in recognition of the lower cost to deliver freshmen and sophomore courses and in response to a Governor’s policy paper recommendation.

In 1975-76, the tuition schedule returned to a bi-level plan.

A three-year, low-tuition plan at the coordinated campuses in Fond du Lac (now UW-Fond du Lac) and Rice Lake (now UW-Barron County) ended in 1975-76. During the pilot, tuition was set at the same rate as the VTAE institutions (now Wisconsin Technical Colleges). Although the pilot demonstrated positive effects on student access to higher education and attracted national attention, a regent proposal to stabilize and then reduce fees throughout the system was not seriously considered in the legislative review.

In 1976-77, the tuition rate at the UW Colleges were reduced to reflect their lower instructional costs. Tuition was set at 25 percent of the UW Colleges cost and not the cost for the entire comprehensive cluster.

In 1993-94, the Board of Regents approved a 6.3 percent resident undergraduate tuition increase at UW-Milwaukee and a 7.3 percent tuition increase at UW-Madison. The additional 1.0 percent increase was legislatively authorized for undergraduate initiatives like advising, instructional technology, research seminars, and a business fellows program. This was the beginning of the tuition distinction between UW-Milwaukee and UW-Madison in the doctoral cluster.

In 1996-97, the board used differential tuition authority for the first time. The regents began a multi-year process to increase tuition at the UW Colleges to the level of the college-parallel program at the Wisconsin Technical Colleges.

Historically, the board had limited authority to set tuition, particularly for resident undergraduates, or to expend tuition revenue. Differential tuition was a statutory flexibility [Wis. Stat. 36.27(1)(am)6] that provided the board and institutions flexibility to address strategic priorities. The statute did not define the characteristics of a differential or the approval process that should be followed.

In other states, “differential tuition” has a different meaning than it does in Wisconsin. Nationally, differential tuition means that a specific program has a higher tuition rate (e.g., business and engineering). It is uncommon for differential tuition to apply to all students at an institution. In other states, an across-the-board tuition increase for an institutional priority would be handled like any other general tuition increase.

In 1997-98, the board approved differential tuition rates for the UW-Madison Doctor of Pharmacy Program, the UW-Eau Claire Undergraduate Baccalaureate Degree Program, and the UW-La Crosse allied health programs.

In the 2008 report of the Advisory Group on Tuition and Financial Aid Policy, the group identified tuition stratification and differential tuition as the policy alternatives that were the most consistent with the contemporary tuition policy principles.

In 2010, the board approved a new policy and approval process for differential tuition, including student involvement and five-year reviews.

In 2011, the legislature removed the statutory limitations on the board's tuition setting authority and the statutory reference to differential tuition (2011 Act 32). With these changes, the board could set tuition by program, institution, or cluster without a requirement to use the differential tuition process.

The 2011 Report of the Graduate Programs and Nonresident Tuition Working Group recommend greater flexibility for graduate and nonresident tuition setting. While the report was not presented to the board, differential tuition proposals have generally been limited to undergraduate tuition as a result of the report. Proposals to change graduate pricing have been treated as changes to the base tuition rate.

In a technical sense, the UW System continues to stratify tuition by cluster. Each comprehensive institution has a shared base rate for resident undergraduates. Differential tuition is added to that uniform rate. The end result is a functional diversity in tuition rates.

It should also be noted that tuition stratification in the UW System has become less defined as a result of the tuition freeze. While general resident undergraduate tuition is frozen, the Board has considered and approved proposals submitted by institutions for new programs. These new rates are not differentials as described in board policy, but changes to the institution's base tuition rate.

For example, the base resident undergraduate tuition rate at comprehensive institutions is \$6,298. At UW-River Falls, the base undergraduate tuition rate is \$6,298 with a \$130 differential. At UW-Green Bay, the base tuition rate for the recently approved undergraduate engineering technology program is \$7,698.

# GENERAL CONSIDERATIONS

## Tuition Stratification

Cluster-based stratification has its historical roots in recognizing the difference in instructional costs between clusters. The policy was based on the premise that students should be charged similar tuition rates at similar institutions as a matter of equity.

Those roots support a policy argument that a “UW credit is a UW credit,” and the quality and price of a credit should be similar regardless of the access point. A related argument is that students should select a UW institution based on educational fit instead of price.

Stratification also serves as a method to regulate pricing competition within a system. As resident freshmen enrollments continue to a 10-year low and state funding is reduced, there could be an incentive for institutions to use pricing to compete against each other. Creating a fixed tuition stratification across institutions reduces an institution’s ability to reduce tuition rates as a recruitment lever.

However, cluster-based stratification is not responsive to institutional markets or missions. Some institutions are able to charge higher tuition rates and maintain enrollments, while others cannot. Stratification could prevent institutions from raising rates to the market level, force institutions with less price flexibility to charge a higher tuition rate than is sustainable, or both.

Additionally, rigid tuition stratification does not take into account the higher cost of instruction for some programs. Programs that are more expensive to offer charge the same tuition as programs that are less expensive.

*Affordability.* Generally, cluster-based stratification is not intended to be an affordability strategy.

An argument can be made that stratification encourages affordability by limiting tuition increases to the same amount at each institution. Institutions with high student demand would be unable to increase tuition in response to the market.

However, using stratification for affordability only considers student cost at the broadest level and does not respond to the financial need of individual students. Students and families with greater ability to pay are charged the same tuition as students with limited means. A uniform tuition rate is not that same as a rate that is affordable to students of limited means.

Further, stratification focuses on tuition pricing, which is only one aspect of affordability. It could be argued that a higher tuition rate is more affordable if the resources are used to reduce time to degree or to increase retention rates.

## Differential Tuition

Current differential tuition policy provides institutions with a mechanism to propose tuition increases that address institutional priorities while retaining board oversight. The statutory constraints on tuition setting that prompted the creation of the differential policies no longer exist, but the policies may still be a useful framework for resident undergraduate tuition proposals.

Current policy requires student input in differential tuition programs. This collaboration appears to have been a factor in legislative acceptance of the UW-Stevens Point differential tuition in the 2015-17 biennial budget (2015 Act 55):

The Board of Regents of the University of Wisconsin System may increase resident undergraduate tuition at the University of Wisconsin–Stevens Point in the 2015–16 and 2016–17 academic years to implement a differential tuition that is approved by students in a referendum held after the effective date of this subsection.

However, the differences in student populations creates disparities among institutions. Some institutions may be unable to implement a substantial differential because students are unwilling to support the proposal, the market appears to be unable to support the higher cost, or a differential is assumed to be inconsistent with an access mission.

The differential process also creates a segregated funding source that can only be reallocated to meet changing institutional priorities with board approval. And, an institution's operational obligations (i.e., common systems charges, facilities maintenance) are unlikely to qualify for differential funding. With continuing instability in GPR funding and growing pressure to fund core functions, segregating tuition revenue may no longer be desirable.

Further, the differential approval process, ongoing collaboration with students, and five-year reviews can be time intensive. An argument could be made that the ongoing administrative investment in maintaining a differential is disproportionately burdensome when compared to the greater flexibility on general tuition revenue.

*Affordability.* Differential tuition programs increase tuition, which increases the cost of attendance. The immediate impact is to reduce affordability.

However, additional services provided by differential tuition revenue may decrease time to degree or increase retention rates. For example, a differential may support high-impact practices or additional tutoring resources. If a student graduates in four years instead of five years as a result of these services, the overall reduction in the total cost of a degree may more than offset the cost of the differential.

A student's decision to attend an institution is dependent on many factors outside of the cost of attendance. Parental influence, program array, location, atmosphere, and extracurricular activities are some of the factors that also strongly influence the selection process. Because of the complexity of the decision making process, it is difficult to isolate the impact of a single variable – tuition – on enrollment.

With this in mind, the percentage of Pell-eligible resident new freshmen was compared between UW-La Crosse, UW-Eau Claire, and UW-Stevens Point to explore the impact of differential tuition on



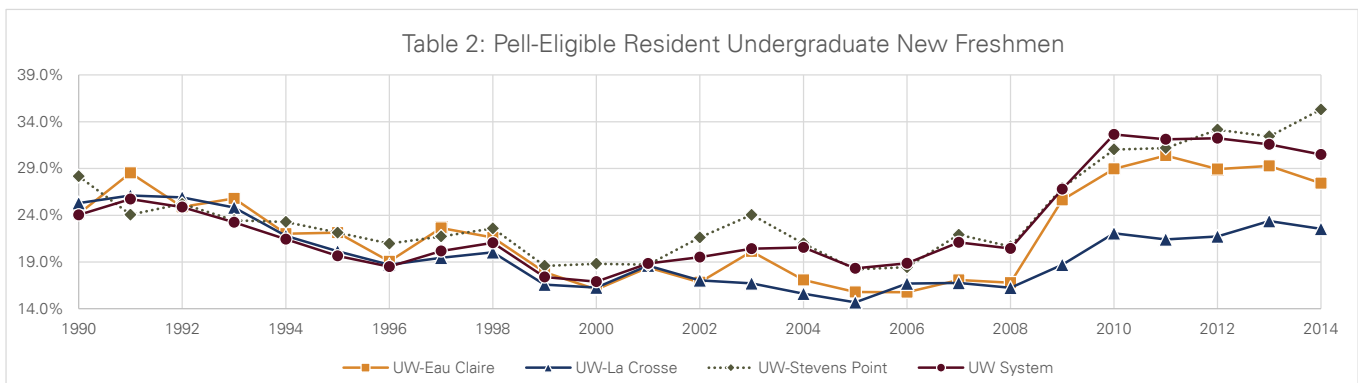
students of limited means. These institutions were selected because they are all comprehensive institutions, are geographically close, and have significant differences in their differential tuition programs.

The freshmen cohort was chosen because currently enrolled students may be charged less than new students during the implementation of a differential. And, currently enrolled students may be less price sensitive than students who are still selecting an institution.

UW-La Crosse implemented a small differential in Fall 2003 and a relatively large differential in Fall 2008. The large differential was \$250 per semester for new students in Fall 2008, and \$500 per semester in Fall 2009. The combined total of the two differentials is currently \$643.20 (\$69.96+\$573.24) per semester. UW-La Crosse intended to redirect GPR resources to need-based financial aid, but the change was not approved by the state legislature. As such, the differential does not have a defined financial aid component.

UW-Eau Claire implemented a small differential in Fall 1997 for \$50 per semester. In Fall 2010, the small differential was replaced with a relatively large differential. The differential was \$81.50 per semester in Fall 2009, \$231.50 in Fall 2010, \$381.50 in Fall 2011, and \$531.50 in Fall 2012. The final increase in Fall 2013 has not occurred because of the ongoing tuition freeze. The current differential included a substantial financial aid requirement. In particular, all Pell-eligible students receive a grant that offsets the entire differential.

UW-Stevens Point did not have a differential tuition program prior to Fall 2014.



Before 2008, the percentage of Pell-eligible students at UW-La Crosse was similar to the other institutions. After 2008, the percentages diverged sharply. This suggests that there may be some relationship between large differential tuition programs without financial aid and perceived or actual affordability.

Again, a student's decision to select an institution is complex. Identifying the impact of a differential tuition program on students, particularly with the pervasive influence of the Great Recession, is difficult.

# OPTIONS

The following are options that the task force members may wish to consider in their discussion.

## **1. Continue with current tuition stratification and differential tuition policy**

## **2. Modify the current tuition stratification clusters and maintain differential tuition policy**

- a. Gradually stratify institutions based on selectivity clusters.
- b. Gradually stratify institutions based on geographic clusters.
- c. Gradually stratify institutions based on mission clusters.
- d. Gradually stratify comprehensive institutions based on number of students.
- e. Include the UW Colleges in the comprehensive tuition cluster rate.

## **3. Continue with current tuition stratification and modify differential tuition policy**

- a. Gradually convert all differentials to base tuition. All former differential tuition revenue remains at the institutions.
- b. Gradually convert all differentials to base tuition. All former differential tuition revenue is available for redistribution among institutions.
- c. Immediately convert all differentials to base tuition. All former differential tuition revenue remains at the institutions.
- d. Permit institutions to reallocate differential tuition funds to other institutional priorities with student consultation. The board would continue to require ongoing student consultation and five-year program reviews.

## **4. Reaffirm tuition stratification for resident undergraduates**

- a. Maintain resident undergraduate tuition rates at UW-Madison and UW-La Crosse, and gradually increase tuition at other institutions until each cluster is at a single tuition rate. The additional tuition revenue remains at the institution. Gradually convert all differentials to base tuition with the revenue remaining at the institution.
- b. Maintain resident undergraduate tuition rates at UW-Madison and UW-La Crosse, and gradually increase tuition at other institutions until each cluster is at a single tuition rate. Some portion of the additional tuition revenue remains at the institution. Gradually convert all differentials to base tuition with the revenue remaining at the institution.

- c. After the tuition freeze, immediately raise all resident undergraduate tuition rates to the highest tuition rate within a cluster. The additional tuition revenue remains at the institution. Convert all differentials to base tuition immediately with the revenue remaining at the institution.
- d. After the tuition freeze, immediately raise or lower resident undergraduate tuition rates at each institution to the cluster average. The existing differential tuition programs would be rolled into the new rate, but the revenue would continue to be segregate for the purposes approved by the board.

## **5. Reaffirm tuition stratification by program**

- a. Gradually increase program tuition rates so that similar programs have the same tuition rate across the system. The additional tuition revenue would remain at the institution. For example, all engineering programs would have the same tuition rate.

## **6. Reaffirm tuition stratification within current clusters for all students**

- a. Freeze all tuition rates at UW-Madison and UW-La Crosse, and gradually increase tuition at other institutions until each cluster has the same tuition rate. The additional tuition revenue remains at the institution. Gradually convert all differentials to base tuition with the revenue remaining at the institution.
- b. Freeze all tuition rates at UW-Madison and UW-La Crosse, and gradually increase tuition at other institutions until each cluster has the same tuition rate. Some portion of the additional tuition revenue remains at the institution. Gradually convert all differentials to base tuition with the revenue remaining at the institution.
- c. After the tuition freeze, immediately raise all tuition rates to the highest tuition rate within a cluster. The additional tuition revenue remains at the institution. Convert all differentials to base tuition immediately with the revenue remaining at the institution.

## **7. Discontinue graduate and nonresident tuition stratification**

- a. Continue to permit institutions to bring graduate and nonresident tuition increase proposals to the board for annual approval. Allow institutions to convert graduate and nonresident differentials to base tuition. Institutions would retain all tuition revenue.
- b. Continue to permit institutions to bring graduate and nonresident tuition increase proposals to the board for approval. Allow institutions to convert graduate and nonresident differentials to base tuition. Institutions would retain some portion of the additional tuition revenue generated.
- c. Delegate tuition-setting authority from the board to chancellors for nonresident and graduate tuition. Require institutions to report tuition rates to the board in the annual operating budget. Allow institutions to convert graduate and nonresident differentials to base tuition.

## 8. Discontinue all tuition stratification

- a. 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.
- b. 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. Some proportion of new tuition revenue would remain at the institution.
- c. Permit institutions to bring tuition increase proposals for residents, nonresidents, undergraduates, and graduates to the board for approval. Maintain current differential tuition programs for resident undergraduates. Allow institutions to convert graduate and nonresident differentials to base tuition.
- d. Delegate tuition-setting authority from the board to chancellors for all tuition rates. Require institutions to report tuition rates to the board in the annual operating budget. Allow institutions to convert all differentials to base tuition. All tuition revenue would remain at the institution.
- e. Delegate tuition-setting authority from the board to chancellors within limits approved by the board each year. Require institutions to report tuition rates to the board in the annual operating budget. Allow institutions to convert all differentials to base tuition. Institutions would retain all tuition.