UW SYSTEM TUITION-SETTING POLICY TASK FORCE

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

1220 Linden Drive
1820 Van Hise Hall
Madison, Wisconsin

Agenda

8:30 I. Introductions (if needed); summary and takeaways from the May 20, 2016 meeting – *Regent Chair Tim Higgins/All*

- Check-in on principles document (approved at 5/20/2016 meeting)
- Check-in on recommendations (approved as of 5/20/2016 meeting)

9:00 II. Tuition Strategies-Presentation and Discussion – *UW System Office of Budget & Planning/All*

- Plateau Options
- Per Credit Tuition
- Cohort Tuition Update

10:00 III. Elements of Quality, Access, and Affordability – *Office of Policy Analysis and Research/All*

11:15 IV. Discussion of Institutional Considerations for Tuition Setting– *Regent Chair Tim Higgins/All*

12:15 V. Overview of Tuition Remissions– *UW System Office of Budget & Planning/All*

- Existing statutory authority
- RPDs 32-2 and 32-6; other System Administration Policies
- Types of remissions-for what students? For what purposes?
- What, if any, should the Board's policy be regarding tuition remission?

1:15 VI. Preview of Upcoming Meetings – *Regent Chair Tim Higgins*

1:30 VII. Adjourn

PER-CREDIT OPTION PAPER

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

UNIVERSITY OF WISCONSIN SYSTEM

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

	UW-Stout Per-Credit	Comprehensive Rate	Difference
2004-05	$148.51	$166.66	$18.15
2005-06	$158.16	$178.21	$20.05
2006-07	$169.58	$190.33	$20.75
2007-08	$178.90	$200.80	$21.90
2008-09	$188.74	$211.84	$23.10
2009-10	$199.12	$223.49	$24.37
2010-11	$210.07	$235.78	$25.71
2011-12	$221.62	$248.75	$27.13
2012-13	$233.81	$262.43	$28.62
2013-14	$233.81	$262.43	$28.62
2014-15	$233.81	$262.43	$28.62
2015-16	$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.[1]

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.

[1] 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.

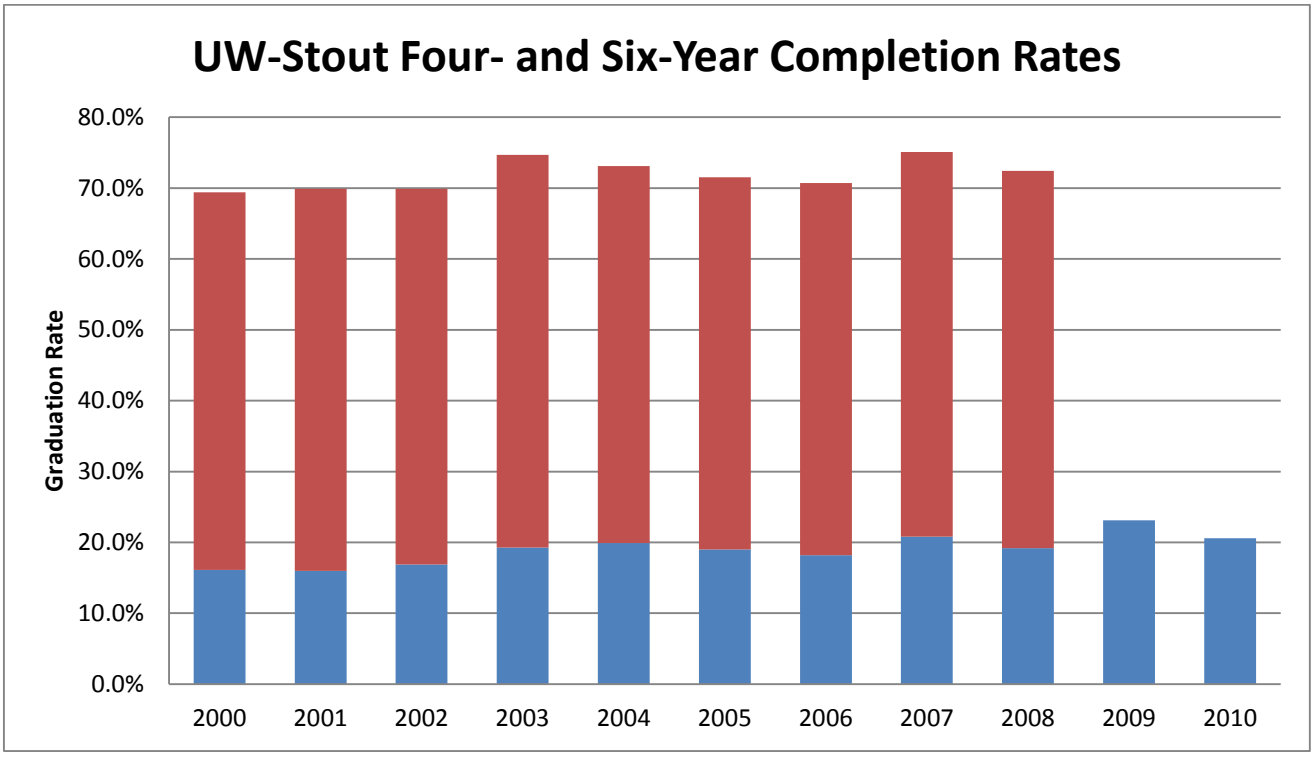
Figure 7 shows the six-year graduation rates at UW-Stout by freshman cohort. UW-Stout remained fairly level both before and after the per-credit model was implemented. UW System as a whole showed steady increases over the same time period. However, while some institutions saw significant increases in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

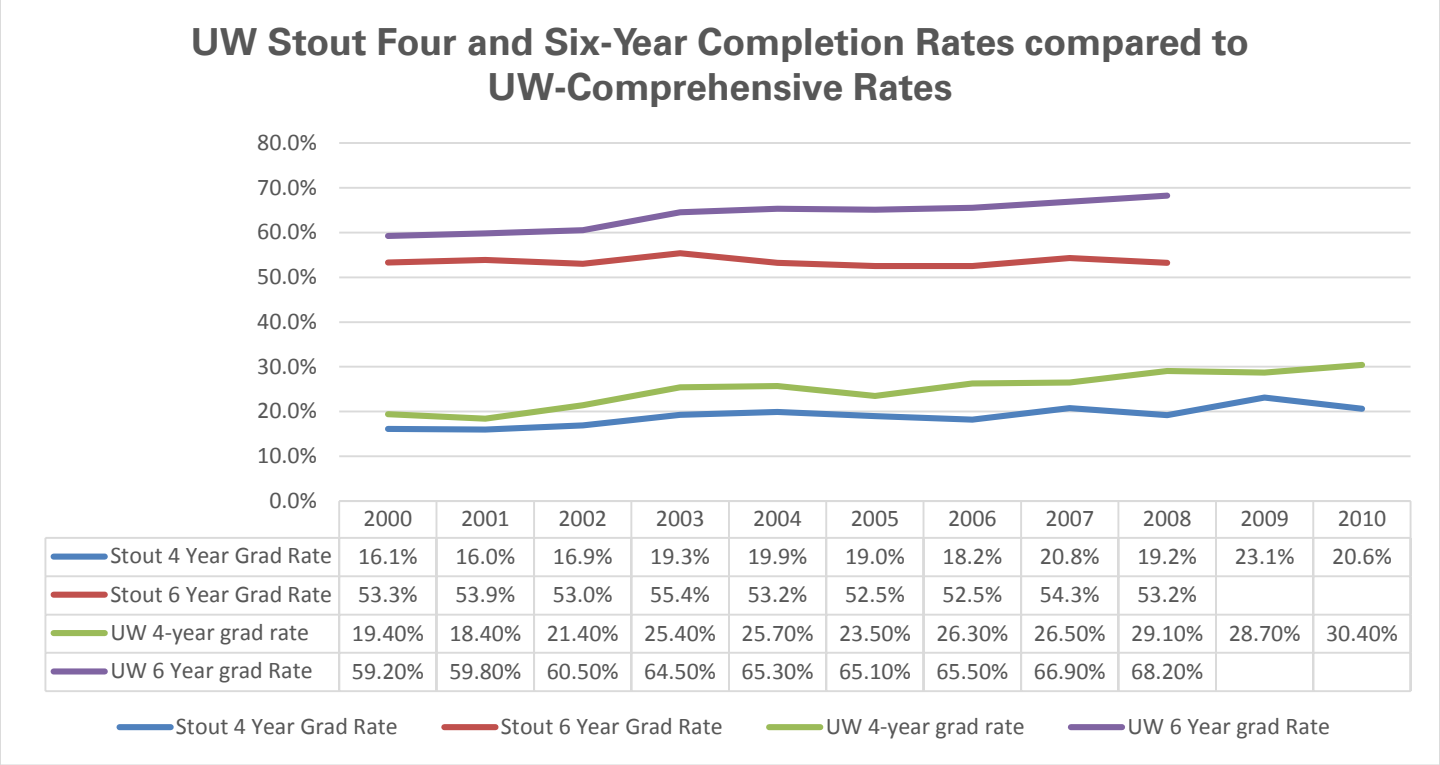
Figure 7: Six-Year Graduation Rates by Cohort

	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:





	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Stout 4 Year Grad Rate	16.1%	16.0%	16.9%	19.3%	19.9%	19.0%	18.2%	20.8%	19.2%	23.1%	20.6%
Stout 6 Year Grad Rate	53.3%	53.9%	53.0%	55.4%	53.2%	52.5%	52.5%	54.3%	53.2%		
UW 4-year grad rate	19.40%	18.40%	21.40%	25.40%	25.70%	23.50%	26.30%	26.50%	29.10%	28.70%	30.40%
UW 6 Year grad Rate	59.20%	59.80%	60.50%	64.50%	65.30%	65.10%	65.50%	66.90%	68.20%		

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.

COHORT TUITION SUMMARY

June 14, 2016

Cohort tuition, also called a tuition guarantee, commits a university to fixed annual tuition increases for a cohort of entering students. Ideally, new students will know the cost of tuition for their entire undergraduate degree provided that they remain continuously enrolled and in the same cohort.

The following document provides 1) background information, 2) a discussion on the outcomes of cohort tuition models in other states, and 3) and an overview of what the University of Wisconsin is already doing in this area.

1. Background

The University of Wisconsin Board of Regents has discussed cohort tuition as part of three separate strategic planning reports in the last decade. The reports have identified the following advantages and disadvantages of this approach, and the Board ultimately decided against cohort tuition.

Advantages:

- Better financial planning for students and families as there are defined tuition increases for the cohort.
- Guaranteeing a specific tuition rate for a limited number of years provides an incentive to complete a degree faster. If students reduce their time to degree, there may be potential reductions in state support per degree and potential increases in institutional capacity.
- Increasing predictability may encourage more students to attend UW institutions.

Disadvantages:

- The root cause of unpredictable tuition increases is fluctuating state support. Cohort tuition only addresses the symptoms, not the root problem.
- Cuts in state funding as a result of macroeconomic or political changes disrupt the projections on which cohort tuition structures are based. These disruptions result in financial instability.
- Periods of sustained high inflation can diminish an institutions ability to provide access to Wisconsin residents and a high-quality education.
- The model is not easily applied to part-time students or students who are obligated to interrupt their studies for personal or professional reasons. This is contrary to the university's stated goal of serving more nontraditional students.
- Tuition rates between cohorts often increase significantly in order to account for no subsequent cohort tuition increases. This may contribute to "sticker shock" for students considering a university education.
- Transfer students from technical colleges and private schools may pay higher rates than other juniors who began at the institution. This may discourage students from transferring.
- Campus billing and student tracking will become more complex.
- Students and families may find it difficult to compare a four-year guaranteed rate to a traditional rate of tuition, which may lead to a competitive disadvantage when recruiting students.

- The inherent financial risk built into guaranteed tuition generally encourages overall tuition increases.

Ultimately, the Board of Regents has rejected cohort tuition with the following rationale:

> "While this model has some attractions in terms of tuition cost predictability for students and parents, it also has potential serious revenue effects. Regents expressed concerns about the subsidizing of upper division students by incoming freshmen….If and when it would be seriously considered, it is recommended that the approach be one of a commitment to second through fourth year tuition increases no higher than the higher education price index. An absolute "no increase" policy would seriously jeopardize the overall revenue base for instruction, given the very regular and cyclical nature of GPR base budget reductions in this State. Before even moving to a pilot, intensive modeling needs to be done to assure that any individual campus's or the System's general-tuition revenue base will not be eroded. "

2) Outcomes in Other States

- Significant Initial Tuition Increases.

Ordinarily, institutions increase tuition across all undergraduate students each year. There are many factors that influence these tuition increases: enrollment numbers, institutional costs (new buildings, utility costs, health care costs, etc.), income of families in the area, institutional quality, and state appropriations being just a few. On top of these costs that all institutions must face, cohort models have to contend with the fact that they must meet these varying costs by only raising tuition on incoming students instead of having an entire student population to spread the costs among. This risk is passed on to students in the form of higher tuition rates in the first years to ensure revenue levels in the later years of the guarantee. The initial high increases during implementation are generally thought to be a result of institutions adjusting to taking on these risks. Often the institutions will explain a 9% increase by explaining this is "only a 2.25% increase over four years." Instead of reacting to a particular funding change, these increases are trying to predict changes that may occur over a four year period.

For example, the University of Texas at Dallas began a Guaranteed Tuition Plan in Fall 2007. Table 1 shows the significant increase in cohort tuition rates (31.2 percent in 2007 and 15.2 percent in 2008). UT Dallas was placed under a tuition freeze from the fall of 2014 to the spring of 2016. Dallas has written of the freeze that because tuition and fee income from most of its students is fixed for two to four years, the freeze imposes significant constraints on the University's ability to respond to changes in its financial environment.

Table 1: University of Texas at Dallas Semester Resident Tuition

Cohort	Tuition	increase
Fall 2005	$3,117	
Fall 2006	$3,260	4.6%
Fall 2007	$4,277	31.2%
Fall 2008	$4,925	15.2%
Fall 2009	$5,170	5.0%

Fall 2010	$5,372	3.9%
Fall 2011	$5,584	3.9%
Fall 2012	$5,796	3.8%
Fall 2013	$5,903	1.9%
Fall 2014*	$5,903	0%

***Note: UT System was under a tuition freeze from fall 2014 to spring 2016**

The University of Illinois implemented a tuition guarantee for new students enrolling in 2004. Each cohort is guaranteed a fixed tuition rate over four years. After four years, the student is placed in the following tuition cohort for two additional years. Fees, room, and board are excluded from the program. Tuition increases were 9 to 9.5 percent in five of the first six years (Table 2)

In addition to tuition increases, the University of Illinois increased mandatory fees by $1,130 over the first six years primarily to cover deferred maintenance costs and to support the library. These costs would typically be covered by tuition, but tuition funding under the cohort approach was insufficient to meet these critical needs.

Table 2: U of I at Urbana-Champaign Annual Resident Tuition

Cohort	Tuition	Increase
Fall 2004	$6,460	
Fall 2005	$7,042	9.0%
Fall 2006	$7,708	9.5%
Fall 2007	$8,440	9.5%
Fall 2008	$9,242	9.5%
Fall 2009	$9,484	2.6%
Fall 2010	$10,386	9.5%
Fall 2011	$11,104	6.9%
Fall 2012	$11,636	4.8%
Fall 2013	$11,834	1.7%
Fall 2014	$12,036	1.7%

A study published in the Economics of Education Review in April 2015 analyzed the University of Illinois's guaranteed tuition laws. According to the study, a four-year tuition guarantee is associated with inflationary risk for institutions. This risk is assumed to contain a financial cost, which is passed on to the students in the form of higher tuition rates. The frontloading of tuition leads to increases in first-year tuition levels that will be higher than a traditional tuition rate, which is allowed to vary annually, due to expected inflation. The study concluded that although the laws in Illinois offered predictability in tuition levels for students, the inherent financial risk built into the programs encouraged higher overall tuition increases compared to universities that were not under a cohort tuition model. Public four-year institutions in Illinois increased their tuition by approximately $1,500, on average, as compared to institutions not subject to the law.

- Lack of Interest by Students given an option.

In 2013 the Texas Legislature enacted legislation that required public universities to provide both in-state and

out-of-state students with the option of a fixed rate tuition plan. So far, the option has proved to be much less popular than originally predicted. Only 1,640 students had signed up across six participating campuses in the fall of 2014. The UT System believes the fixed rate is especially unpopular among financially needy students who struggle to pay short-term tuition costs. The Texas plan includes tuition and all mandatory fees.

The University of Oklahoma passed a "Tuition Lock Program" in 2007 that required four-year public institutions to offer students the choice of a fixed rate of tuition for the first four years or the standard rate, which is subject to annual increases. The fixed rate is set at a 15% premium over the standard rate. Only 7.3 percent of incoming students opted-in to the program when it was first available in fall 2008. The participation rate dropped significantly in fall 2009 to 3.5 percent and 2 percent in fall 2011.

- Sensitivity to Funding Changes.

Cohort tuition programs rely on accurate predictions of revenue to set appropriate tuition rates. State funding instability invalidates the predictions and destabilizes overall revenues. As such, cohort tuition programs require ongoing stability in state support in perpetuity.

The Board of Regents of the University System of Georgia instituted a "Fixed for Four" tuition guarantee plan beginning with the Fall 2006 cohort. In 2009, the program was suspended following significant reductions in state funding. The vice chancellor for fiscal affairs said, "Fixed for Four was contingent on no reductions in funding. That clearly has not been the case."

Central Michigan University (CMU) also ended its cohort tuition program as a result of financial concerns. The Saginaw News reported the following about CMU's discontinuation:

"It was too risky for us to move forward," said Jeffrey R. Caponigro, board chairman. "The funding of the program was not the reason (for its end). It was the other elements that play a part in predicting what the financial risk might be." Michigan's economy proved the largest factor, he said. Barrie J. Wilkes, controller and associate vice president of financial services and reporting, delivered a 15-minute presentation explaining the peril the Promise could put CMU in. "With revenues being limited, with limited flexibility in terms of what we bring in (for tuition revenues under the initiative), it puts at risk the quality of education we offer," Wilkes said.

In 2007, Arizona State University (ASU) developed a 4-year tuition program as requested by the legislature. Students were guaranteed that their tuition would not increase by more than 5 percent for five years unless there was a significant change in state funding or inflation. Tuition initially increased by 12.2 percent. In March 2010, the Arizona Board voted to significantly exceed the 5 percent limit as a result of large reductions in state funding. Undergraduate Student Government President Brendan O'Kelly said, "That predictability model is officially obliterated."

In 2006, Maryland established the Commission to Develop the Maryland Model for Funding Higher Education. The Commission addressed tuition guarantees as a possible option and concluded the following:

> "Considerable effort was devoted by the commission to structure a rigorous tuition guarantee program. Although highly attractive in principle, the experience of other states that have attempted such programs has been, at best, mixed. The Tuition Stabilization Trust Account proposed herein, backed by a strong need-based scholarship program, represents a compromise version of a tuition guarantee designed to ease financial planning needs of students with the exigencies inherent in the State's ability to project tax revenues."

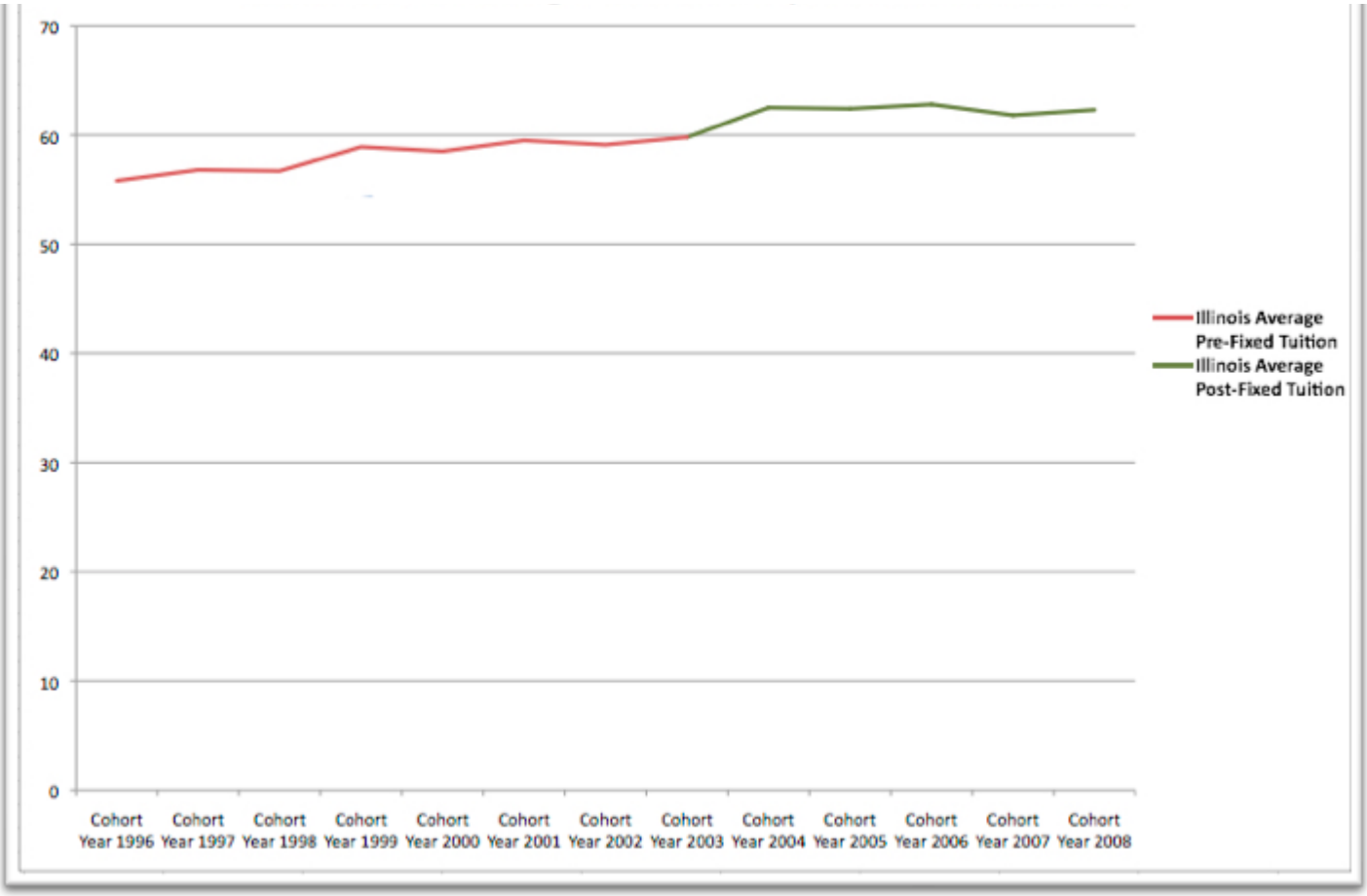
Illinois's current budget crisis also illustrates the consequences of state budget volatility on legislatively man-

dated tuition guarantees. There has been no state aid for the public universities for more than eight months due to a state budget standoff between the legislature and the governor of Illinois. Illinois's 12 public universities have struggled to maintain operations while waiting out the crisis; however, because of the guaranteed tuition law, administrators are not legally allowed to raise rates on current students to cover short-term operational needs. The situation has caused Moody's Investors Service to downgrade the credit rating of three of the state's universities and pushed Chicago State University to accelerate the current semester and close its doors for the summer early.

- Lack of Evidence on Graduation and Retention Rates.

Anecdotally proponents of cohort tuition claim that by putting a four-year limit on tuition guarantees, students will be incentivized to complete their degrees during that period. Using Illinois as an example, despite a slight trend upward as seen on Chart 1, four-year completion rates at Illinois public universities don't appear to have been greatly affected by the introduction of tuition guarantees.

Chart 1. Illinois Average Four-Year Completion Rates 1996-2008



Source: Integrated Postsecondary Education Data System

The University of Colorado-Boulder has seen a similar trend. UC-Boulder implemented a guaranteed tuition plan for undergraduate students paying non-resident tuition in 2005. The first cohort of non-resident undergrad-

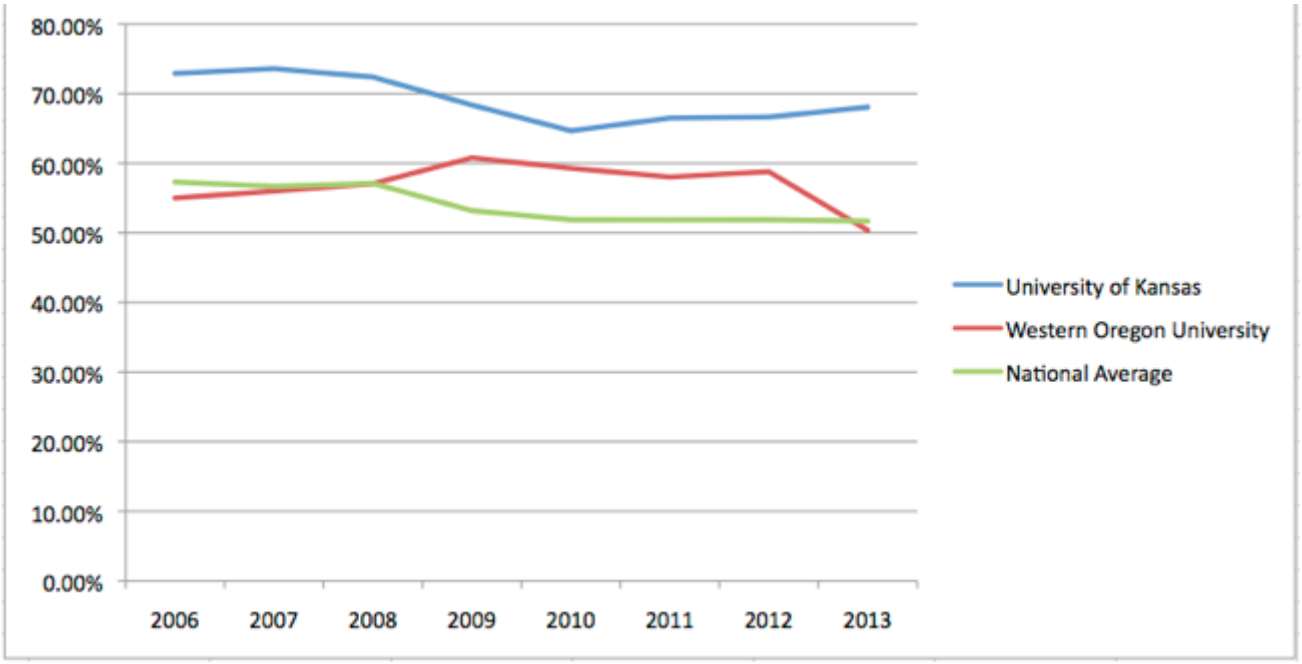
uate students enrolled in the plan graduated in spring 2009. The average four-year graduation rate for non-resident students between 2005 and 2008 was 58.75 percent. This rate increased slightly to 59.25 percent (a .5 percent increase) between 2009 and 2012, when the first four cohorts under the plan graduated.

Four-year graduation rates increased at the majority of institutions that introduced guaranteed tuition plans profiled in a 2014 report from the National Association of Student Financial Aid Administrators. However,the report stated that there is no evidence that tuition guarantees actually affect retention or graduation. In all of these instances other instiutional initiatives also contributed to the higher rates.

Supporters of tuition guarantees also claim that year-to-year retention rates increase under these plans because students are able to accurately plan for costs. The University of Kansas implemented a mandatory tuition guarantee in 2007. In 2015 the tuition guarantee became optional for incoming freshman because, while KU had seen a higher retention rate, they "attribute[d] it to other first-year advising programs…But just the compact alone did not seem to move the needle." As seen in Chart 2, while first-to-second year retention rates remained much higher at the University of Kansas than the national average, the introduction of guaranteed tuition in 2007 doesn't seem to have had a measurable impact.

A similar trend can be seen at the Western Oregon University. WOU implemented a mandatory guaranteed tuition plan in 2007, after an initial increase peaking in 2009, retention rates have declined steadily. In 2011 WOU made the tuition guarantee optional for incoming freshmen

Chart 2. Firt-to-Second Year Retention Rate at University of Kansas, Western Oregon University, National Averager of 4-year Public Colleges.



Source: Integrated Postsecondary Education Data System

3) Current UW Programs

Proponents of a cohort tuition structure generally cite two advantages of the program. First, it increases pre-

dictability for students and their families. Second, it encourages students to graduate faster.

Predictability. The fundamental cause of large tuition increases is instability in state support. Cohort tuition is a means to address the observed tuition increases, but not the underlying variations in state support. As discussed in several examples above, state funding variations ultimately cause cohort tuition programs to become financially unstable. Cohort tuition can only increase predictability for students if state support for the university is also predictable.

There is no mechanism to ensure that state funding will remain stable in tumultuous macroeconomic and political environments. Any statutory requirement that mandates stability in state support can be unilaterally terminated at any time. For example, the State of Wisconsin attempted to statutorily link increases in the Wisconsin Higher Education Grant (WHEG) to the average increase in resident undergraduate tuition. However, the link has been suspended in each biennium since it was established in 2001.

Even in this challenging environment, current University of Wisconsin policy requires that tuition increases be moderate and predictable. The Board has demonstrated its commitment to this policy by limiting tuition increases to 5.5 percent since Fall 2007 despite the largest GPR reductions in the university's history. Tuition at the UW Colleges was also frozen over four years to preserve a low-cost access point. The current tuition freeze for resident undergraduate students at UW institutions has kept tuition low and well below our peers. Any future tuition increases will continue to be moderate and predictable and take into consideration affordability and accessibility for Wisconsin students.

- Reduced Time to Graduation

The Board of Regents has encouraged students to graduate sooner by offering the 12-credit tuition plateau. Students taking 12 through 18 credits only pay for 12 credits. Essentially, a student can take 6 free credits each and every semester.

Over the course of a degree, the plateau can result in significant savings. UW-Madison students who complete15 credits per semester would save well over $8,000 in tuition alone, could graduate an entire year earlier, and could gain a year of paid career experience in their chosen field (See graphic). Students at other UW institutions enjoy similar savings.

President Reilly reiterated the significant savings that students can achieve in December 2009 as the "UW System Four-Year Discount Initiative." This initiative coupled the savings from the tuition plateau with efforts by individual institutions to develop more degrees into four-year templates. The templates outline how a student can arrange their schedules in order to graduate in four years.

Unlike cohort tuition, students can take advantage of the plateau regardless of which year they entered, whether they needed to step out to care for family, or whether they enrolled in a STEM discipline that requires more than 120 credits to complete. This option is available to students at any time they are ready to accelerate their education without regard for past academic performance.

Access, Affordability, & Quality Concepts
For Discussion

Access

1. What are important concepts regarding access?
    a. Equality of opportunity (for qualified candidates)
    b. Widening participation to all sectors of society
    c. Geographic availability of post-secondary institutions

2. Access for whom?
    a. Wisconsin high school graduates
    b. URM and low-income students
    c. Non-traditional populations

3. What are common measures of access?
    a. Participation of WI high school graduates
    b. Participation of WI high school graduates of color
    c. Participation of non-traditional populations

Affordability

1. What are important concepts regarding affordability?
    a. Access to post-secondary education (regardless of income)
    b. Ability to pay
    c. Debt accumulation

2. Affordable for whom?
    a. All students
    b. Resident undergraduate students
    c. Low income students

3. What are common measures of affordability?
    a. Unmet financial need
    b. Debt at graduation
    c. Percentage of Pell-eligible students
    d. Tuition relative to peers
    e. Net price
    f. Tuition as a percentage of median family income

Quality

1. What are important concepts regarding quality?
    a. Stakeholders approach the issue of quality in different ways—what may be quality from one person's perspective, may not be quality from someone else's perspective
    b. Quality is easier to describe in relative terms rather than absolute terms

2. Quality to whom & in terms of what?
    a. Students/families, Prospective students, Alumni, Business leaders
    b. Quality of inputs/processes (preparation, enrollments, faculty)
    c. Quality of outputs (degrees, critical thinking, learning competencies)
    d. Educational experiences

3. What are common measures of quality?
    a. Accreditation & rankings
    b. Undergraduate experiences
        i. HIPs, Study abroad, Internships, UG Research
        ii. Lab facilities & Classroom technology
        iii. Student services
    c. Job placement

Institutional Considerations for Tuition Setting

Cost

1. What are the projected total program costs (based on given budget assumptions or estimates)?

2. What is the amount of additional savings, if any, that can be achieved through efficiencies within educational cost categories (i.e., instruction, academic support, student services)?

3. What is the amount of additional savings, if any, that can be achieved through efficiencies within the other cost categories (i.e., institutional support, operation/maintenance, etc.)?

4. What is the amount of additional savings, if any, that can be achieved through redirection of resources from any direct (i.e., specific low enrollment academic programs or departments, admission, advising, tutoring, etc.) or indirect costs (management positions, etc.) to the total program costs?

5. What are the revenue sources and the amount from each source that will be available to cover program costs?

6. What costs are appropriate to use for comparison with competitor institutions?

7. What is the minimum tuition level that can be charged without affecting program quality?

Market

1. What institutions are your overall competitors (and for specific programs, if applicable), how do you decide who your competitors are, and what are their tuition rates?

2. How does your institution compare to competitors with regard to measures of quality, e.g., 4-year and 6-year graduation rates, first-to-second year retention rates, job placement rates, post-graduation (median) salary, faculty-to-student ratio, HIP participation rates, etc.? What other measures do you use to define quality?

3. Where do you see your institution within the market, and what is your plan for getting there?

4. How does your institution compare to competitors with regard to relevant costs?

5. How much demand is there currently for your proposed program and what demand will there be in 5, 10, and 15 years?

6. What is the revenue maximizing tuition level?

Affordability

1. What are the projected demographics for low- and middle-income) students and what is their expected unmet need?

2. How much institutional aid will be available to meet unmet need or help hold low-income students harmless?

3. What is the minimum tuition level that can be charged without affecting affordability?

4. What are institutional and/or department efforts regarding affordability? For example:

    a) Assisting current and prospective students to secure as much financial aid and private scholarship funding as possible?
    b) Keeping seg fees, room and board, and textbook costs low?
    c) Keeping the number of credits required for graduation below 130 without affecting the quality?
    d) Advising students in ways that enable them to graduate in four years?
    e) Making classes required for graduation available to students?
    f) Maximizing student credits through transfer, AP, dual enrollment, credits for prior learning, etc.?
    g) Maximizing opportunities to employ students in on-campus jobs?