

Informational Paper 37

---

University of Wisconsin Tuition

---

Wisconsin Legislative Fiscal Bureau  
January, 2007



# University of Wisconsin Tuition

Prepared by

Emily Pope

Wisconsin Legislative Fiscal Bureau  
One East Main, Suite 301  
Madison, WI 53703



# University of Wisconsin Tuition

## Introduction

The Board of Regents of the University of Wisconsin System is delegated the authority to set tuition under s. 36.27 of the statutes. The statutes permit the Regents to set separate rates for state residents and nonresidents and also for different classes of students, extension courses, summer sessions, and special programs. While the Board sets specific tuition levels, the process that determines tuition levels also involves the executive and legislative branches. This paper describes that process, as well as the recent history of tuition increases, comparative statistics, recent policy developments, and other tuition-related issues.

There is a consensus that there are both public and private benefits of higher education, justifying both government investment in public universities and the payment of tuition by students. The amount of these benefits that are public versus private is difficult to assess; determining the appropriate amount of government support is therefore a matter of public policy. Other factors that may be considered in setting tuition include: whether or not students are paying their fair share; how tuition levels compare to those of similar institutions in other states; and whether the amount of the state subsidy is consistent with the perceived priority of public education in the larger context of the state's needs.

## Tuition and the Budget Process

Typically, the process of determining tuition levels begins at the time the UW System proposes its biennial budget request. Under current practice, most requests for new funding reflect a sharing of costs between student fees and state general

purpose revenues (GPR). Because this cost-sharing is not statutory, the Regents are free to propose changes in the ratio of fees to GPR and have done so in prior budgets. However, in recent years it has been the policy of the Regents to request a GPR/Fee ratio of 65%/35% for most items. The Governor and Legislature may either approve or alter the ratio requested by the Regents as part of the biennial budget process. If the proposed GPR/Fee split for instructional items is contained in the biennial budget act, the Legislature and Governor have in essence confirmed the Regents policy. Alternatively, if a higher or lower proportion of instructional initiatives were funded from fee revenues, the tuition levels would then be changed from that proposed by the Regents.

Budget deliberations typically focus on: (1) the amount of revenue to be generated from tuition; (2) the percentages of instructional costs to be paid by students; (3) levels of tuition; and (4) comparisons with other universities or states. Because state statute explicitly delegates the authority to set specific tuition levels to the Regents, the tuition schedule only implicitly enters into the budget discussions and is not set by law. However, exceptions to this practice occurred in the 1999-01, 2001-03, and 2003-05 biennial budget acts. In the 1999-01 state budget (1999 Act 9), the Legislature provided \$28 million GPR in 2000-01 to the University to fund a one-year freeze in resident undergraduate tuition. The 2001-03 state budget (2001 Act 16) required the UW Board of Regents to impose a 5% tuition increase for nonresident undergraduates during each year of the 2001-03 biennium. The 2001-03 budget adjustment act (2001 Act 109) limited the 2002-03 academic year tuition increase for resident undergraduates to 8%. The 2003-05 budget (2003 Act 33), allowed the Regents to increase annual tuition by no more than \$700 for

resident undergraduates at UW-Madison and UW-Milwaukee and by no more than \$500 for other resident undergraduate UW students during the 2003-04 and 2004-05 academic years. The 2005-07 state budget (2005 Act 25) did not impose any explicit limits on the Board of Regents' ability to set tuition beyond those implied by the approved tuition expenditure authority and current law governing spending purposes for tuition revenues from resident, undergraduate students.

The UW System's appropriation for tuition and fee revenues is a continuing appropriation. This means that the University may expend all monies received under the appropriation without limit and without the prior approval of the Legislature or the Joint Committee on Finance as is required for a sum certain appropriation.

Current law limits tuition increases for resident undergraduate students. The Board of Regents is prohibited from increasing tuition for these students beyond an amount sufficient to fund all of the following: (a) in an odd-numbered year, the highest amount shown in the appropriation schedule for the tuition appropriation for that year in the Joint Finance Committee version of the budget bill, the engrossed budget bill, or the enrolled budget bill; (b) in an even-numbered year, the amount shown in the appropriation schedule for the tuition appropriation; (c) the approved recommendations of the Director of the Office of State Employment Relations for compensation and fringe benefits for classified and unclassified staff; (d) the projected loss in revenue caused by a change in the number of enrolled undergraduate, graduate, resident and nonresident students from the previous year; (e) state-imposed costs not covered by GPR as determined by the Board; (f) distance education, inter-session, and nontraditional courses; and (g) differential tuition that is approved by the Board but not included in the tuition appropriation. The Board is required to report its determination of state-imposed costs under (e) annually to the Secretary of Administration.

The Board is also required to report, annually by December 15, on the amount by which expenditures from the tuition revenue appropriation in the previous fiscal year exceeded the amount shown in the appropriation schedule, the purposes for which the additional revenues were spent, and the amount spent for each purpose. In 2005-06, expenditures from the academic student fee appropriation exceeded the estimate in the appropriation schedule by \$24.0 million; these expenditures included \$13.4 million in compensation related expenditures, \$7.8 million in encumbrances from 2004-05, and \$2.8 million resulting from unanticipated increases in differential tuition.

The appropriation for tuition reflects other revenue items in addition to revenues derived from the academic tuition schedule (90.4% of the appropriation). These additional items include: summer school fees (4.2%); off-campus degree programs (3.7%); special fees for law students, master's level business students, pharmacy students, and nonresident undergraduates at Madison (0.8%); the application fee (0.5%); and an accounts receivable allotment (0.4%). Due to these other types of fees, a 5% increase in the appropriation expenditure level would not necessarily translate into an average 5% academic year tuition increase.

Once a systemwide tuition revenue target is established by the Legislature in the state budget, the Board of Regents determines tuition for the different classes of students, as defined by resident status and academic level. For each institution, an estimate is made of the number of anticipated full-time equivalent (FTE) students by student class based on enrollment in the previous year and long-term enrollment targets. These estimates are then used to determine the amount by which tuition should be increased in order to meet the tuition revenue target. Tuition increases often vary from one class of students to another: for example, in 2006-07, resident undergraduates experienced a 6.8% increase, while tuition for nonresident graduate students increased by 1.6%. In preparing

the final tuition schedule, the Regents have the authority to alter the relative proportion of the burden borne by a particular class of students. Tuition revenues up to the amount appropriated are then pooled systemwide and allocated to the institutions based on their prior year budgets and any additional funding provided to them by the Legislature.

Typically, student fees only support the "instructional" portion of the UW budget. Instructional costs are calculated using a cost accounting system that includes faculty salaries and fringe benefits, supplies and services, administration, libraries, student services, and support costs. Faculty salaries comprise the largest portion of these expenditures. In those instances where a faculty or staff member performs research as part of his or her educational responsibilities, only those costs directly related to instruction are included in the cost pool for setting tuition. Exceptions to this occurred in the 1997-99, 1999-01, and 2001-03 state budgets, when the University was allowed to use tuition revenues to support the unfunded portion of the compensation plan for faculty and academic staff for those biennia. Consequently, a portion of the non-instructional cost of the salary increases for these employees was paid from tuition and fee revenues.

While the percentage of costs paid by students reflects the ratio of tuition revenues to GPR in the instructional budget, the actual percentage of costs paid in the form of tuition varies significantly among different types of students. In 2006-07, most undergraduate nonresident students paid between 111% and 180% of their instructional costs, thus subsidizing resident undergraduate students who paid between 43% and 66% of their instructional costs.

Tuition increases from one year to the next are a result of one or more of the following: (1) increases in instructional costs; (2) increases in the percentage of cost assessed; (3) enrollment changes (resident/nonresident mix and numbers); or (4) GPR

funding levels that increase, or decrease, at a lesser rate than costs. Given the relationship between costs and tuition levels, as costs increase due to such items as compensation, program enrichment, and expansion, tuition increases.

Even if the percentage of costs represented by tuition remains stable, students pay a portion of whatever expenditure increases the Governor and Legislature approve for the instructional budget of the UW System. Consequently, cost increases resulting from pay increases or new initiatives will increase tuition. For example, for the 2007-09 biennium it is estimated that for every 1% increase in compensation, tuition will increase 0.7% if funded at the traditional GPR/Fee split. However, if compensation plan adjustments were to be funded completely through academic fees, it is estimated that for every 1% increase in compensation, tuition will increase 2.1%.

### **Differential Tuition**

Subject to approval by the Board of Regents, campuses can charge differential tuition rates for certain programs or students. These differential tuition rates, which may be proposed for an entire institution or by program within an institution, are usually charged for programs for which there is strong demand or particularly high operating costs. For example, students enrolled in UW-Madison's Doctorate of Pharmacy program pay a higher tuition rate than graduate students in other programs. The additional tuition revenues are used to offset costs associated with that specific program. Other differential tuition initiatives may be established for entire institutions. For example, UW-Whitewater has a 3.5% differential for all undergraduate students to provide supplemental advisory services.

Currently, the two doctoral campuses (Madison and Milwaukee) and seven of the comprehensive campuses (Eau Claire, La Crosse, Oshkosh, Platteville, Stout, Superior, and Whitewater) have differential tuition. In addition, the Board

approved a differential tuition initiative for the UW Colleges to gradually increase their tuition rates to 87% of the tuition charged at the comprehensive institutions. This goal was achieved in 1999-00. In 2001-02, a new differential tuition initiative was implemented with the goal of reducing the tuition gap between the UW Colleges (two-year campuses) and the comprehensive institutions to less than \$300 per academic year. This goal was achieved in 2002-03.

In addition, there are three differential tuition programs for nonresident students. The "Return to Wisconsin Program," which began in fall 2004, is a differential tuition pilot program for nonresident students who are the children and/or grandchildren of a specific institution's qualifying alumni. Under the program, the nonresident student must be a legal resident of a state other than Wisconsin or Minnesota. The differential rate will be equal to the nonresident tuition rate less 25%, but not less than the projected cost of a student's education. Participating institutions include UW-Eau Claire, UW-Green Bay, UW-La Crosse, UW-Oshkosh, UW-Parkside, UW-River Falls, UW-Stevens Point, and UW-Whitewater.

In 2005, Wisconsin joined the Midwest Student Exchange Program (MSEP). This program allows students from participating states, including Kansas, Michigan, Minnesota, Missouri, Nebraska, and North Dakota, to attend colleges or universities in other participating states at a tuition of no more than 150% of resident tuition. UW-Eau Claire, UW-Green Bay, UW-La Crosse, UW-Platteville, UW-Stevens Point, UW-Stout, UW-Superior, and UW-Whitewater currently participate in MSEP.

Finally, in the fall of 2005 UW-Platteville began its Tri-State Initiative (TSI), designed to increase enrollment by 2,000 undergraduate students in 10 years. TSI is a pilot differential tuition program for new entering nonresident undergraduate students from Illinois and Iowa admitted to certain programs of study. Under the program, eligible

students will be charged the resident tuition rate plus a premium of \$4,000 per year. The premium will remain the same through 2006-07. The Board of Regents has scheduled a review of the pilot program by the spring of 2009, to determine if the pilot differential tuition rate should be continued.

### **Tuition History**

University of Wisconsin tuition levels are set by the Regents according to a nonstatutory formula that establishes separate tuition categories based on resident status, academic level (undergraduate, graduate or professional school) and institutional cluster (Doctoral, Comprehensive or Colleges). The UW System includes two Doctoral campuses, in Madison and Milwaukee, and 11 Comprehensive campuses, which are four-year institutions that grant baccalaureate and master's degrees. In addition, the System has 13 Colleges, which are two-year institutions that offer associate degree programs and serve primarily as freshman-sophomore liberal arts transfer institutions.

In the past, tuition levels were established annually by applying percentages to costs at each student level for each institutional cluster. For nonresident students, tuition was fixed at a higher ratio of instructional cost. For example, in 1971, before the merger of the various UW campuses into one system, nonresident graduate students paid 70% of their instructional costs while resident graduate students paid 21%. For undergraduates, the tuition share of instructional cost was 100% for nonresidents and 25% for residents. These percentages remained in effect until 1980-81 and have increased over the past years for a variety of reasons, including the primary use of tuition revenues to fund instructional items and the approval by the Regents of special fees.

Through the 2003-05 biennium, tuition levels were based on enrollment management levels as established by the Regents. If actual enrollments differed from these projections, revenue would be higher or lower than anticipated. Prior to 1996-97,

campuses were not allowed to retain the excess tuition revenues resulting from higher than budgeted enrollments. Instead, the additional tuition revenue was carried over to the next academic year and used to reduce tuition increases.

Beginning in 1996-97, the Board of Regents implemented a new policy regarding excess tuition revenues. To provide an incentive for campuses to meet their budgeted enrollment targets, the campuses were allowed to retain 75% of tuition revenues generated in excess of their tuition revenue targets. The remaining 25% was pooled and distributed to campuses at which tuition revenues fell short of their targets. However, a campus at which enrollment deviated from the target by more than 1%, lower or higher, over two years, was required to adjust its enrollment targets for future years. From the time that this policy was adopted through its end in 2004-05, only Whitewater and UW Colleges renegotiated their enrollment targets.

After GPR funding for the University was reduced by \$250 million in the 2003-05 state budget (2003 Act 33), the University suspended the use of long-term enrollment management plans for budgeting purposes. These enrollment management plans had been in use since 1986 and at the time the University was operating under Enrollment Management 21, which had been approved by the Board of Regents in 2000 and was set to expire at the end of the 2006-07 academic year. In January of 2004, then-UW System President Katherine Lyall established the Integrated Planning Work Group (IPWG) to study and develop recommendations on a number of subjects, including the use of enrollment management plans. The IPWG was composed of the chancellors, provosts, and chief businesses officers of all of the campuses. This group recommended, and President Lyall resolved, that, beginning in the 2005-07 biennium, enrollment targets should be set by the UW System President in consultation with the chancellor of each campus on a biennial basis. Under current policy, all tuition revenues collected in excess of tuition revenue tar-

gets due to higher than expected enrollment is retained by the individual campuses. If tuition revenues fall below the target due to lower than expected enrollment, the individual campus is responsible for the shortfall.

In the 2005-07 biennium, the Board of Regents set tuition levels by first determining the desired increase in percentage terms for resident undergraduate students and then applying the corresponding dollar amounts to all other students within the same institution or institutional class. Dollar amounts were determined using resident undergraduate tuition at Madison, Milwaukee, and the comprehensive campuses. Tuition at the UW Colleges was increased by the same dollar amount as at the comprehensive campuses; due to the relatively low tuition charged by the UW Colleges, students at these campuses experienced a slightly greater percentage increase in tuition than resident undergraduates at all other campuses. Exceptions to this practice included tuition at the law, medical, and veterinary schools, and nonresident undergraduate tuition in 2006-07.

Table 1 indicates the annual tuition which resident, undergraduate students have been charged at UW institutions from 1986-87 to 2006-07. The tuition levels indicated are for full-time students who pay a set fee. Since 1993-94, different tuitions have been charged at Madison and Milwaukee. This is the result of the implementation of an instructional technology fee for Madison students that was included in the 1993-95 biennial budget and funded solely with tuition revenues. In 1995-96, the technology fee was extended to Milwaukee and the eleven comprehensive campuses. While each of the comprehensive campuses currently charges the same general tuition rate, some campuses have implemented differential tuition rates for specific programs or campus-wide differential tuition rates. Only the general tuition rate is shown in Table 1.

In addition, Table 1 provides the annualized rate of change in tuition and in the Consumer Price

Index (CPI) for the entire 20-year period as well as the periods from 1986-87 to 1996-97 and from 1996-97 to 2006-07. As indicated in the table, for all campuses, the annualized rate of increase in tuition over the entire period was more than twice the annualized change in the CPI. At every institutional level, the rate of growth in tuition was at least 30% higher during the period from 1996-97 to 2006-07 than it was from 1986-87 to 1996-97. At the same time, the annualized increase in CPI was about 30% less from 1996-97 to 2006-07 than it was from 1986-87 to 1996-97. The UW Colleges experienced a higher annualized rate of change between 1996-97 and 2006-07 as a result of a Board of Regents tuition policy designed to reduce the gap between the Comprehensive tuition rate and the Colleges rate to less than \$300 annually.

Tables 2 and 3 show undergraduate and graduate student tuition for the past eleven years for resident and nonresident students, excluding tuition for the professional schools of law, medicine and veterinary medicine.

Table 4 indicates the differential tuition rates charged in the 2006-07 academic year. As shown in the table, some campuses charge differential rates only for specific programs. Differential tuition rates at Eau Claire, Oshkosh, Superior, and Whitewater are applied to all students enrolled in baccalaureate degree programs; at La Crosse and Stout differential tuition rates apply to all undergraduate and graduate students; the Return to Wisconsin program applies only to eligible nonresident students at Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, River Falls, Stevens Point, and Whitewater; the Midwest Student Exchange Program applies only to eligible nonresident students at Eau Claire, Green Bay, La Crosse, Platteville, Stevens Point, Stout, Superior and Whitewater; and the Tri-State Initiative applies only to eligible nonresident students at Platteville.

UW-Stout started phasing in a per credit differential tuition rate model in 2002-03. Under the program, tuition for incoming undergraduate students is assessed on a per credit basis. Returning undergraduate and graduate students enrolled prior to the fall of 2002 continue to be charged under the previous plateau tuition model. Five other campuses charge a per credit tuition rate during the summer session for graduate students, regardless of the number of credits taken, instead of following the plateau system discussed below.

The general tuition structure for all other UW students is a "plateau system." Students taking up to a specified credit load pay tuition on a per credit basis. Once a student reaches this plateau level, additional credits are free. For undergraduate students, the plateau is from 12 through 18 credits. Students are charged a per-credit amount for each additional credit taken over 18. Therefore, if an undergraduate student takes at least 12 credits in a semester, the student is considered to be full-time for tuition purposes and pays a flat rate for all credits taken through 18. Graduate students pay the same price for eight or more credits at Madison and Milwaukee and for nine or more credits at the comprehensive campuses. However, when determining budget allocations to campuses or cost per student, undergraduate students are considered to be full-time when they carry 15 credits per semester; graduate students, 12. The number of credits taken by undergraduate students ranges to over 20 credits per semester, and averages 13.5. While undergraduate students taking over 12 credits incur no extra cost for additional credits through 18, students taking 12 credits or less pay for all credits taken. This per credit rate is based on 1/12 of the full-time rate. Thus, under the current system, the part-time student is paying 25% more for each course than a full-time student taking 15 credits and 50% more than one taking 18 credits. One effect of the "plateau system" is to make the price of a college degree more costly for part-time students.

**Table 1: Annual Tuition for Resident Undergraduate Students**

Year	Madison		Milwaukee		Comprehensives		Colleges		% of Instructional Cost			Change in CPI-U 1987 thru 2006*
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Madison	Milwaukee	Colleges	
1986-87	\$1,431		\$1,431		\$1,202		\$1,153		31.5%	31.5%	31.4%	30.6%
1987-88	1,563	9.2%	1,563	9.2%	1,305	8.6%	1,251	8.5%	32.5	32.5	32.5	32.5
1988-89	1,679	7.4	1,679	7.4	1,363	4.4	1,251	0.0	32.1	32.1	32.1	32.7
1989-90	1,793	6.8	1,793	6.8	1,457	6.9	1,251	0.0	31.2	31.2	31.2	31.6
1990-91	1,882	5.0	1,882	5.0	1,528	4.9	1,251	0.0	30.4	30.4	30.4	31.3
1991-92	1,946	3.4	1,946	3.4	1,580	3.4	1,293	3.4	30.5	32.0	30.5	28.4
1992-93	2,076	6.7	2,076	6.7	1,686	6.7	1,380	6.7	30.2	32.6	30.8	29.4
1993-94	2,227	7.3	2,206	6.3	1,792	6.3	1,467	6.3	31.0	32.7	30.8	29.9
1994-95	2,415	8.4	2,359	6.9	1,916	6.9	1,568	6.9	31.4	33.3	31.3	30.3
1995-96	2,549	5.5	2,513	6.5	2,041	6.5	1,670	6.5	33.8	35.0	33.1	31.8
1996-97	2,651	4.0	2,639	5.0	2,143	5.0	1,779	6.5	33.8	36.2	34.5	34.0
1997-98	2,860	7.9	2,847	7.9	2,312	7.9	1,956	9.9	34.2	38.3	35.8	35.8
1998-99	3,001	4.9	2,987	4.9	2,426	4.9	2,097	7.2	35.0	38.1	36.1	37.8
1999-00	3,290	9.6	3,194	6.9	2,594	6.9	2,264	8.0	37.6	38.6	36.7	39.0
2000-01	3,290	0.0	3,194	0.0	2,594	0.0	2,264	0.0	38.3	37.0	35.1	34.4
2001-02	3,568	8.4	3,462	8.4	2,776	7.0	2,422	7.0	39.7	40.9	36.8	38.3
2002-03	3,854	8.0	3,738	8.0	3,000	8.1	2,700	11.5	44.9	40.7	38.1	40.4
2003-04	4,554	18.2	4,438	18.7	3,500	16.7	3,200	18.5	47.6	49.8	45.9	49.6
2004-05	5,254	15.4	5,138	15.8	4,000	14.3	3,700	15.6	52.2	58.5	49.5	57.3
2005-06	5,618	6.9	5,494	6.9	4,277	6.9	3,977	7.5	54.0	62.9	53.3	56.6
2006-07	6,000	6.8	5,868	6.8	4,568	6.8	4,268	7.3	53.9	65.6	54.3	57.2
<b>Annualized Rate of Change</b>												
1986-87 thru 2006-07	7.4%		7.3%		6.9%		6.8%		CPI			3.1%
1986-87 thru 1996-97	6.4		6.3		6.0		4.4		CPI			3.7
1996-97 thru 2006-07	8.5		8.3		7.9		9.1		CPI			2.5

\*Through November, 2006.

**Table 2: Tuition for Undergraduate Students**

Year	Madison		Milwaukee		Comprehensives	
	Resident Amount	Nonresident Amount	% Change	Resident Amount	Nonresident Amount	% Change
1996-97	\$2,651	\$9,769		\$2,639	\$9,502	
1997-98	2,860	10,599	7.9%	2,847	10,310	7.9%
1998-99	3,001	11,182	4.9	2,987	10,878	4.9
1999-00	3,290	12,604	9.6	3,194	11,814	6.9
2000-01	3,290	13,688	0.0	3,194	12,642	0.0
2001-02	3,568	15,800	8.4	3,462	14,592	8.4
2002-03	3,854	17,854	8.0	3,738	16,490	8.0
2003-04	4,554	18,554	18.2	4,438	17,190	18.7
2004-05	5,254	19,254	15.4	5,138	17,890	15.8
2005-06	5,618	19,618	6.9	5,494	18,246	6.9
2006-07	6,000	20,000	6.8	5,868	15,470	6.8

**Table 3: Tuition for Graduate Students**

Year	Madison		Milwaukee		Comprehensives	
	Resident Amount	Nonresident Amount	% Change	Resident Amount	Nonresident Amount	% Change
1996-97	\$3,994	\$12,915		\$3,977	\$12,860	
1997-98	4,310	14,013	7.9%	4,291	13,953	7.9%
1998-99	4,522	14,784	4.9	4,502	14,721	4.9
1999-00	4,958	16,662	9.6	4,814	15,988	6.9
2000-01	5,386	18,096	8.6	5,152	17,108	7.0
2001-02	5,840	19,978	8.4	5,586	18,888	8.4
2002-03	6,308	21,578	8.0	6,034	20,400	8.0
2003-04	7,008	22,278	11.1	6,734	21,100	11.6
2004-05	7,708	22,978	10.0	7,434	21,800	10.4
2005-06	8,072	23,342	4.7	7,790	22,156	4.8
2006-07	8,454	23,742	4.7	8,164	22,530	4.8

For new students enrolled since 2002-03, UW-Stout has utilized per-credit tuition for undergraduate and graduate students. The per-credit tuition includes tuition, differential tuition, segregated fees, textbook rental, and a new laptop computer per credit user fee. Currently, only students who enrolled prior to 2002-03 still pay under the old plateau system. The Stout program was designed to be revenue neutral to the University and most full-time students. The per-credit tuition rate was determined by dividing the current tuition revenue by estimated total credits to achieve a per-credit rate that is identical for each student, regardless of full or part-time status. Under the Stout program, part-time students no longer subsidize full-time students through higher actual per credit costs. However, students who must take more than 15 credits per semester, either because they are enrolled in degree programs requiring a higher number of credits or have changed majors, pay higher tuition under the per-credit fee structure.

Since the fall of 2004, the Regents have implemented a tuition surcharge for Wisconsin resident undergraduates with excess cumulative credits. Students who have accumulated more than 165 completed credits will be assessed a 100% tuition surcharge. If the minimum credits required to complete an academic program exceeds 135, the tuition surcharge is not assessed until the cumulative credit total exceeds the minimum by more than 30 credits. Special students and prior baccalaureate degree recipients are exempt from the tuition surcharge.

The UW System has also implemented service-based pricing program for certain graduate and adult non-traditional academic programs. Under Board of Regents policy, these courses must be priced to cover the direct cost of instruction, such as the

**Table 4: UW System Schedule of Differential Tuition – 2006-07 Academic Year**

	Resident	Nonresident
<b>Madison</b>		
Doctor of Pharmacy	\$10,992	\$23,242
<b>Milwaukee</b>		
Communication Science & Disorders (graduate)	9,796	27,036
Occupational Therapy (graduate)	9,796	27,036
College of Business Administration	20/credit	20/credit
College of Engineering and Applied Science	15/credit	15/credit
College of Nursing	30/credit	30/credit
Peck School of the Arts	20/credit	20/credit
Department of Architecture 100 Level Courses	11/credit	11/credit
Dept. of Architecture 200-800 Level Courses	41/credit	41/credit
<b>Eau Claire</b>		
Undergraduate Baccalaureate	4,710	12,185
<b>La Crosse</b>		
Undergraduate Baccalaureate	4,623	12,098
Occupational Therapy -- Returning Students (undergraduate)	5,537	14,506
Occupational Therapy -- New Students (undergraduate)	7,147	19,879
Physician Assistant (undergraduate)	7,147	19,879
Graduate	5,965	16,575
Business Masters	6,519	17,155
Physical Therapy (graduate)	7,147	19,879
<b>Oshkosh</b>		
Undergraduate	4,678	12,153
<b>Stout*</b>		
Undergraduate - Per Credit	169.58	424.57
Graduate - Per Credit	284.03	509.84
<b>Superior</b>		
Undergraduate	4,718	12,193
<b>Whitewater</b>		
Undergraduate	4,728	12,202
<b>Midwest Student Exchange</b>		
Eau Claire - Undergraduate	NA	6,994
La Crosse - Undergraduate	NA	6,907
La Crosse - Graduate	NA	8,920
Oshkosh - Undergraduate	NA	6,962
Stout* - Undergraduate Per Credit	NA	250.33
Stout* - Graduate Per Credit	NA	419.28
Superior - Undergraduate	NA	7,002
Whitewater - Undergraduate	NA	7,012
<b>Return To Wisconsin Program</b>		
Eau Claire	NA	9,174
La Crosse	NA	9,087
Oshkosh	NA	9,142
Whitewater	NA	9,192
<b>Tri-State Initiative</b>		
Platteville - Undergraduate	NA	8,568

\*Excludes students enrolled prior to the 2002-2003 academic year. These students continue to pay tuition according to the old plateau system.

instructor's salary and benefits. In a few instances, such as UW-Milwaukee's Executive MBA, UW-Madison's Masters of Engineering-Professional Practice, and UW-La Crosse's Certificate Program in Medical Dosimetry, the price covers 100% of all costs associated with the programs.

The UW System guidelines for service-based pricing programs require that the program be geared toward non-traditional students who are either: (a) age 25 and above, enrolled part- or full-time, at the undergraduate, professional or graduate level; or (b) enrolled in programs delivered in a non-traditional manner (flexible as to time, place, media, or instruction). Since these courses must at least recover direct costs without any institutional subsidy, per-credit tuition charges are generally above the current tuition schedule. In 2005-06, UW institutions served 13,671 adult/non-traditional students (undergraduates 25 years of age and older and graduate students 30 years of age and older) in courses and programs that covered at least the direct cost of instruction. These students accounted for approximately 68,000 credits generated across all UW institutions.

---

### Segregated Fees

---

In addition to tuition charges, all students are assessed a segregated fee to finance a wide variety of student activities and services including parking and transportation services, student activities and organizations, student union/centers, intramurals, and intercollegiate athletics. In 2006-07, annual segregated fees, as shown in Table 5, range from \$585 at Stout to \$1,148 at Green Bay, and fees at the UW Colleges range from \$209 to \$337.

The total segregated fee amount paid by the student consists of allocable fees and nonallocable fees. According to Board of Regents policy, allocable fees are those fees that constitute substantial support for campus student activities

such as student organizations, concerts, lectures, and bus passes. Nonallocable fees are defined as fees that support fixed obligations and programs that require stable funding such as debt service, base operating funds for student unions, and minimum student health services.

Unlike tuition rates, segregated fees are determined on a campus-by-campus basis. Chancellors, in consultation with students at each institution, are responsible for defining the allocable and nonallocable portions of the segregated fee. By statute, students, in consultation with the chancellor, are responsible for determining the disposition of the allocable portion of the segregated fee.

Board of Regents policy prohibits the use of segregated fees for activities that are politically partisan or religious in nature. However, in 1996, three UW-Madison students filed a lawsuit against the Board of Regents claiming that the imposition of the mandatory fee violated their First Amendment right not to be compelled to speak or associate. The basis for the students' argument was that some of the allocable portion of the fee was used to subsidize organizations whose primary purpose is to advance political or ideological causes. The students named eighteen organizations to which they specifically objected including the Wisconsin Public Interest Research Group, the Campus Women's Center, and the Madison AIDS Support Network.

In November of 1996, a U.S. District Court ruled that the segregated fee policy violates the students' First Amendment rights and that the University "must provide some sort of opt-out provision or refund system for those students who object to subsidizing political and ideological student organizations with which they disagree." The Board of Regents filed an appeal to the Court's decision and both parties agreed to a temporary stay of the judgment pending the outcome of the appeal. In August of 1998, the Seventh Circuit Court of Appeals rejected the appeal, ruling that

**Table 5: UW System Consolidated Schedule of Tuition and Segregated Fees – 2006-07**

	<u>Tuition</u>		Segregated Fees Paid by all Students **	<u>Total Tuition and Fees</u>	
	Residents	Nonresidents		Residents	Nonresidents
<b>DOCTORAL CLUSTER</b>					
<b>Undergraduate</b>					
Madison	\$6,000	\$20,000	\$726	\$6,726	\$20,726
Milwaukee	5,868	15,470	758	6,626	16,228
<b>Graduate</b>					
Madison	\$8,454	\$23,724	\$726	\$9,180	\$24,450
Milwaukee	8,164	22,530	758	8,922	23,288
Law	11,923	30,086	726	12,649	30,812
Medicine	21,534	32,658	726	22,260	33,384
Veterinary Medicine	15,652	23,724	726	16,378	24,450
<b>COMPREHENSIVE CLUSTER</b>					
<b>Undergraduate</b>					
Eau Claire	\$4,710	\$12,185	\$620 *	\$5,330	\$12,805
Green Bay	4,568	12,043	1,148	5,716	13,191
La Crosse	4,623	12,098	775 *	5,398	12,873
Oshkosh	4,678	12,153	682	5,360	12,835
Parkside	4,568	12,043	816	5,384	12,859
Platteville	4,568	12,043	742 *	5,310	12,785
River Falls	4,568	12,043	755 *	5,323	12,798
Stevens Point	4,568	12,043	756 *	5,324	12,799
Stout	4,796	12,271	585 *	5,381	12,856
Superior	4,718	12,193	854	5,572	13,047
Whitewater	4,728	12,202	712 *	5,440	12,914
<b>Graduate</b>					
Eau Claire	\$5,910	\$16,520	\$620	\$6,530	\$17,140
Green Bay	5,910	16,520	1,148	7,058	17,668
La Crosse	5,965	16,575	775	6,740	17,350
Oshkosh	5,910	16,520	682	6,592	17,202
Parkside	5,910	16,520	816	6,726	17,336
Platteville	5,910	16,520	742	6,652	17,262
River Falls	5,910	16,520	755	6,665	17,275
Stevens Point	5,910	16,520	756	6,666	17,276
Stout	6,206	16,816	585	6,791	17,401
Superior	5,910	16,520	854	6,764	17,374
Whitewater	5,910	16,520	712	6,622	17,232
<b>COLLEGES</b>					
Baraboo/Sauk	\$4,268	\$11,252	\$337	\$4,605	\$11,589
Barron	4,268	11,252	244 *	4,512	11,496
Fond du Lac	4,268	11,252	262	4,530	11,514
Fox Valley	4,268	11,252	218	4,486	11,470
Manitowoc	4,268	11,252	225	4,493	11,477
Marathon	4,268	11,252	230	4,498	11,482
Marinette	4,268	11,252	209	4,477	11,461
Marshfield/Wood	4,268	11,252	239	4,507	11,491
Richland	4,268	11,252	279 *	4,547	11,531
Rock	4,268	11,252	262	4,530	11,514
Sheboygan	4,268	11,252	256	4,524	11,508
Washington	4,268	11,252	249	4,517	11,501
Waukesha	4,268	11,252	229	4,497	11,481

\*There is an additional charge of \$123-\$172 for textbook rental on these campuses; on all other campuses, books are purchased by students directly.

\*\* Excludes United Council of UW Student Government's Non-Mandatory Fee Assessment of \$4.00.

the University cannot use the allocable portion of the segregated fee paid by a student to support organizations that engage in political or ideological activities, advocacy, or speech.

In November of 1998, the Board filed an appeal with the U.S. Supreme Court, which issued a unanimous decision on the case in March of 2000. The Court ruled that the First Amendment does not prohibit a public University from charging a mandatory activity fee to fund student organizations, provided that the process used to distribute the fees is "viewpoint neutral." The Court did, however, request that the 7<sup>th</sup> Circuit Court of Appeals examine the University's use of referenda to allocate funds to certain organizations and to determine whether this process violates the viewpoint neutrality requirement. The UW System discontinued the use of the referendum process pending the outcome of the 7<sup>th</sup> Circuit Court examination of the allocation system, which sent the case to District Court.

In December of 2000, the District Court determined that the University's system for compelling, allocating, and distributing segregated university fees did not operate in a viewpoint neutral manner and violated the First Amendment of the U.S. Constitution. As a result, the Associated Students of Madison (ASM) worked with university administrators and UW System legal staff to modify the student fee decision process at UW-Madison. In February of 2001, the UW Board of Regents approved updated segregated fee expenditure policies that required student governments at each UW System institution, in consultation with the chancellors, to develop policies and procedures to set criteria for the allocation of student fees, create records of the allocation deliberations, avoid conflicts of interest, and establish an appeals process if funding decisions are alleged not to have been viewpoint neutral. Nonetheless, in March of 2001, the District Court ruled that the UW System's revisions to the student fee policies gave student government leaders too much discretion in allocating student fee revenues, and once again prohibited

the University from collecting the fees from opposing students.

In October of 2002, the U.S. 7<sup>th</sup> Circuit Court of Appeals lifted the prohibition on collecting the student fees and ruled that the new segregated fee system satisfied the court's viewpoint neutral requirement. The court's decision restricts the UW System from using mandatory fees to pay for travel expenses of student groups that engage in political, religious, or ideological activities of speech. In addition, the University could not use the length of time a student group had existed or the amount of funds a group had received in the past as criteria for distributing funds.

---

### Tuition Remissions

---

During the 2005-06, 12,070 nonresident students received tuition remissions amounting to \$112.1 million. An additional 8,978 resident students received instructional fee remissions totaling \$23.2 million related to the remission of full or partial resident tuition charges. Tuition remissions are funded through a combination of sources, which may include GPR, tuition revenues, gifts, and other sources. In some cases, the decision to remit or waive a student's tuition is at the discretion of the Board of Regents within limits established by statute, while in other cases, the remissions are required by law. For example, 1999 Act 154 requires the Board to waive fees for residents who audit a course and are age 60 or older, provided that space is available in the course and the instructor approves. The following provides a description of the circumstances under which tuition is remitted, with remission amounts shown for the larger programs.

**Needy and Worthy Students.** The Regents may offer to remit the nonresident portion of certain students' tuition. These students, who then pay

resident tuition, include: (a) needy and worthy students on the basis of merit; (b) additional students as in "(a)" who are deserving of relief due to extraordinary circumstances; and (c) needy and worthy foreign students or U.S. citizens whose residence is not in the U.S. Under current law, the aggregate amount of nonresident remissions of tuition and fees for any fiscal year may not exceed the aggregate amount remitted in the 1970-71 fiscal year as adjusted for proportional increases in tuition charges since 1976-77. In 2005-06, 2,364 students received remissions under these provisions valued at \$15.9 million.

**Veteran Tuition Remission.** Under 2005 Act 25, UW institutions are required to grant a 50% remission of fees, including tuition and student segregated fees, less any amount paid under federal programs providing for the education of officers and disabled veterans, to students who are qualified veterans during the 2005-06 and 2006-07 academic years. Under 2005 Act 468, these remissions will increase to 100% of tuition and fees beginning in the 2007-08 academic year. Qualified veterans are eligible for this remission for up to 128 credits or eight semesters, whichever is longer. To qualify as a veteran for this remission, a student must: (1) be verified by the Department of Veterans Affairs as a resident of this state for the purpose of receiving benefits; and (2) have been a resident of this state at the time of entry into the armed services. In addition, a student's military service must meet certain criteria. Students who qualify for this remission but do not qualify for resident tuition as determined by the UW System will also have the nonresident portion of tuition remitted.

**Tuition Remissions for Children and Spouses of Eligible Veterans.** Effective July 1, 2005, UW institutions are required to grant a full remission of tuition and fees for 128 credits or eight semesters, whichever is longer, to the spouse, unremarried surviving spouse, and children of eligible veterans. An eligible veteran is one who: (1) was a resident at the time of entry into the armed services; (2) served

under honorable conditions; (3) either died on active duty, died on inactive duty for training purposes, died as the result of a service-related disability, or has been awarded at least a 30% service-related disability rating; and (4) was a resident of this state at the time of death or service-related disability. The spouse, in the case of disability, or the unremarried surviving spouse, in the case of death, of an eligible veteran is eligible for this remission during the first ten years after the receipt of the disability rating or the death of the eligible veteran. Children of eligible veterans may receive this remission as long as they are at least 18 years of age and not yet 26 years of age, regardless of when the eligible veteran died or received his or her disability rating.

**Graduate Tuition Remissions.** The Board of Regents is permitted to remit all or part of the nonresident portion of tuition for graduate students who are fellows or are employed within the UW System as faculty, instructional academic staff, or assistants with an appointment equal to at least 33% of a full-time equivalent position. Most graduate assistants with at least a 33% appointment also receive remissions for the resident portion of their tuition. UW-Madison provides full remissions to eligible teaching assistants, program/project assistants, and research assistants as part of their collective bargaining agreements. Milwaukee also provides full remissions to teaching assistants, program/project assistants, and research assistants. The UW Comprehensive campuses provide remissions on a campus by campus basis with most campuses remitting the nonresident portion of tuition but few remitting the resident portion.

In 2005-06, 8,091 nonresident graduate students received remissions of both the resident and nonresident portions of their tuition and instructional fees valued at \$87.3 million. In that year a total of 2,708 resident graduate assistants received remissions valued at \$11.8 million. Madison accounted for approximately 90% of remissions to nonresident graduate students and

77% of remissions to resident graduate students.

Beginning in January, 2007, Madison will change the way it charges departments for graduate students receiving tuition remissions. Under current practice, departments are charged 25% of the stipend rate for graduate student project and research assistants (PA/RA). When the new policy is implemented, departments will be charged a flat fee of \$8,000 per PA/RA. Departments will also be charged for PAs and RAs supported by general program operations dollars; under current practice, departments are not charged for these PAs and RAs. To smooth the transition, the charge for these PAs and RAs will be phased-in over a four-year period.

**Tuition Award Program.** Under the tuition award program (TAP), the Board of Regents may exempt from nonresident tuition up to 200 juniors and seniors at UW-Parkside and up to 150 students at UW-Superior who are enrolled in programs identified by the campuses as having excess capacity. In 2005-06, there were 281 students enrolled at Parkside and 170 students enrolled at Superior under the program. The number of students participating during the academic year is higher than the statutory limits because they reflect non-duplicated headcount rather than full-time equivalent participation. For 2005-06, the value of these remissions was \$1,447,100 at Parkside and \$1,337,315 at Superior.

**Athletic Scholarships.** The Regents may remit both resident and nonresident tuition as athletic scholarships. Currently, four UW campuses (Madison, Milwaukee, Green Bay and Parkside) are in NCAA divisions that allow the granting of athletic scholarships. In 2005-06, the number of scholarships awarded by each of the campuses was as follows: 486 at Madison; 385 at Milwaukee; 302 at Green Bay; and 253 at Parkside. For 2005-06, the value of these remissions was \$7.8 million. For all sports except football and basketball, the NCAA allows campuses to divide a scholarship among several athletes. Therefore, the actual number of

students receiving athletic scholarships in a given year is higher than the number of authorized scholarships.

**Tuition Remissions for Children and Spouses of Certain Protective Services Officers.** Current law requires the Regents to grant full remission of fees, including tuition and student segregated fees, to any resident undergraduate student who is enrolled in a bachelor's degree program and who is the surviving spouse or child of a correctional officer, fire fighter, ambulance driver, emergency medical services technician, or law enforcement officer who was killed in the line of duty in this state. To be eligible for the remission, a child must have been under the age of 21 or not yet born when his or her parent was killed. A GPR appropriation of \$30,000 annually funds the cost of this remission. In 2005-06, tuition and fees totaling \$10,798 were waived for six students under this requirement.

**Tuition Remissions for Funeral Assistants.** Under 2005 Act 22, a funeral director may issue a tuition voucher in the amount of \$25 to a student who sounds "Taps" during a funeral for which military honors are held. To be eligible for this voucher, the student must be enrolled in grades 6 through 12 or at a post-secondary institution. These tuition vouchers may be used for the payment of tuition at any UW institution. In 2005-06, 13 students used vouchers totaling \$2,675.

**Academic Excellence Higher Education Scholarship Program.** This program provides four-year tuition scholarships to selected Wisconsin high school seniors who have the highest grade point in each public and private high school in the state and who choose to attend a college or university in Wisconsin. Beginning in 1996-97, the academic year scholarship amount was capped at \$2,250 per student. The institution at which the student enrolls is required to provide 50% of the value of the scholarship. In 2005-06, 2,428 academic scholars attended a UW campuses. In that year, the UW System provided approximately \$635,000 in funds and \$2.5 million in tuition remissions to

fulfill its institutional match requirement.

---

### **Minnesota-Wisconsin Higher Education Reciprocity Agreement**

---

The Minnesota-Wisconsin Higher Education Reciprocity Agreement allows Minnesota and Wisconsin residents to attend higher education institutions in either state without having to pay nonresident tuition. The agreement is negotiated and administered jointly by the Minnesota Office of Higher Education (MOHE) and the Wisconsin Higher Educational Aids Board (HEAB). In Wisconsin, the agreement is subject to legislative approval by the Joint Committee on Finance. While the current Minnesota-Wisconsin compact, which was renewed on July 1, 1998, does not include an expiration date, the agreement may be modified or terminated at any time upon mutual agreement of both parties. A student enrolled under the agreement pays a "reciprocal fee" that cannot exceed the higher of the resident tuition charged at the institution in which the student is enrolled or the resident tuition at a comparable institution in the student's state of residence. The reciprocal fee structure, which is determined jointly by HEAB and MOHE, is included in an annual administrative memorandum that must be approved by the Joint Committee on Finance.

In addition to the Minnesota reciprocity program, which is statewide, UW-Marinette also has a reciprocity agreement with two community colleges in Michigan. This reciprocity agreement covers only students who are residents of specified Wisconsin and Michigan counties and is much smaller than the Minnesota program.

Additional details on these agreements are contained in the Legislative Fiscal Bureau's informational paper entitled "Education and Income Tax Reciprocity Agreements."

---

### **Nonresident Students and Tuition Revenues**

---

Systemwide, approximately 31.2% of nonresident undergraduates attending UW System institutions pay full nonresident tuition. The remaining 68.8% either pay the same as residents, or an amount between resident and nonresident tuition. Of these students, approximately 63.4% are Minnesota or Michigan residents enrolled under a reciprocity agreement. Minnesota residents currently make up 99% of these reciprocity students. The remaining 36.6% receive full or partial tuition remissions, and therefore, pay less than the full Wisconsin nonresident tuition.

Table 6 shows the number, proportion, and type of nonresident students. For example, while 32.3% of Madison's undergraduates are nonresidents, 32.0% of these are reciprocity students and 6.7% receive some form of fee remission; therefore, 61.3% of Madison's nonresident undergraduates, or 19.8% of its total undergraduate population, pay full, out-of-state tuition and fees. Of Madison's graduate students, 56.8% are nonresidents for tuition purposes and 27.8% of those students pay nonresident tuition. At both the undergraduate and graduate levels, there are significantly greater numbers of nonresidents at Madison, Eau Claire, La Crosse, River Falls, Stout and Superior than at other campuses. Minnesota students comprise the majority of nonresidents at Eau Claire, La Crosse, River Falls, Stout, and Superior, but make up less than 10% of all nonresident students at Parkside and Whitewater.

Table 7 shows 2006-07 estimated tuition revenues by resident status. Tuition received from Minnesota residents through reciprocity is contained in the "Residents" column. Systemwide, although non-Minnesota nonresidents compose only 10.8% of the student population, they contribute 28.2% of the tuition revenues. At

**Table 6: Proportion of Students by Tuition Status (Fall 2005)**

	Total Number of Students*	Number of Nonresident Students	Nonresidents as a % of Total	Nonresident Students		
				% Reciprocity Students**	% Receiving Remission***	% Paying Full Nonresident Tuition
<b>Madison</b>						
Undergraduate	29,379	9,475	32.3%	32.0%	6.7%	61.3%
Graduate and Professional	11,227	6,372	56.8%	3.5%	68.8%	27.8%
<b>Milwaukee</b>						
Undergraduate	22,643	667	2.9	41.1	11.4	47.5
Graduate	4,126	841	20.4	6.5	70.4	23.1
<b>Comprehensive Campuses</b>						
Undergraduate	77,253	12,440	16.1	76.2	14.5	9.3
Graduate	5,956	1,240	20.8	39.7	18.1	42.2
<b>Colleges</b>						
Undergraduate	12,349	378	3.1	36.0	53.2	10.8
<b>Total</b>	<b>162,933</b>	<b>31,413</b>	<b>19.3%</b>	<b>43.6%</b>	<b>25.2%</b>	<b>31.2%</b>

\*Headcount of resident and nonresident students.

\*\*Includes Minnesota and Michigan reciprocity students. Michigan residents represent less than 1% of the reciprocity students.

\*\*\*Includes Tuition Award Program students at Parkside and Superior.

Madison, these students represent approximately 31% of total campus population but generate 54.7% of all campus tuition revenues. These figures demonstrate the relative importance of out-of-state students to the tuition revenue pool. In past budgets, nonresident tuition has been used as a source of additional revenue.

In addition, Table 7 shows that while Madison enrolls less than half the number of students as the eleven comprehensive campuses combined, its students contribute approximately the same amount of tuition revenue as do the students at the four-year schools.

---

### Regent Tuition Policy

---

The current tuition policy, which was most recently revised by the Regents in 2004 with regard to competitive nonresident tuition rates, is as

**Table 7: Estimated Tuition Revenues (2006-07 Excluding Summer Session)**

	Tuition Revenue	% Paid by:	
		Residents*	Nonresidents
<b>Madison</b>			
Undergraduate	\$241,157,235	51.3%	48.7%
Graduate	126,305,735	33.9	66.1
<b>Milwaukee</b>			
Undergraduate	110,549,263	95.6	4.4
Graduate	30,543,780	58.0	42.0
<b>Comprehensive Campuses</b>			
Undergraduate	341,146,837	90.5	9.5
Graduate	21,807,704	79.1	20.9
<b>Colleges</b>			
Undergraduate	42,334,674	96.4	3.6
<b>Total</b>	<b>\$913,845,228</b>	<b>71.8%</b>	<b>28.2%</b>

\*Includes Minnesota reciprocity students.

follows:

1. Tuition and financial aid in the UW

System should balance educational quality, access, and ability to pay.

2. As a matter of fiscal and educational policy, the state should, at a minimum, strive to provide a GPR funding share of 65% of regular budget requests for cost-to-continue, compensation, and new initiatives, and fully fund tuition increases in state financial aid programs.

3. Nonresident students should pay a larger share of instructional costs than resident students should, and at least the full cost of instruction when the market allows. Nonresident rates should be competitive with those charged at peer institutions and sensitive to institutional nonresident enrollment changes and objectives.

4. Where general budget increases are not sufficient to maintain educational quality, supplemental tuition increases should assist in redressing the imbalance between needs and resources.

5. Tuition increases should be moderate and predictable, subject to the need to maintain quality.

6. GPR financial aid and graduate assistant support should "increase at a rate no less than that of tuition" while staying "commensurate with the increased student budget needs of students attending the UW System." In addition, support should also reflect "increases in the number of aid eligible students."

7. General tuition revenue, to cover regular budget increases under a 65% GPR and 35% Fees split, should continue to be pooled systemwide. Special fees may be earmarked for particular institutions and/or programs increasing those fees.

8. When considering tuition increases beyond the regular budget, an evaluation of doctoral graduate tuition should consider impacts on multi-year grants and the need to self-fund waivers or remissions from base reallocation

within departmental budgets.

---

### **Primary Causes of Tuition Increases**

---

The primary causes of tuition increases during the past 10 years have been:

- Compensation, including pay plan, "catch-up," and fringe benefit increases. According to UW documents, a 1% compensation increase for faculty and staff translates into a 0.7% overall tuition increase if the traditional GPR/fee funding split is utilized to fund the approved pay plan. If the pay plan is funded with 100% tuition and fee revenue, tuition would need to increase by an estimated 2.1%.

- Enrollment related items - when enrollments decline there are fewer students to whom a tuition increase can be distributed, thus requiring a larger increase. Tuition has also increased in years when the proportion of nonresidents has decreased.

- Budget initiatives, changes in policy, or state fiscal problems. Some examples of these items include:

- Provisions in the 1997-99, 1999-01, and 2001-03 budgets permitted the Board of Regents to fund a portion of the compensation plan for faculty and academic staff solely from tuition revenues.

- The 1999-01 budget provided funding to freeze resident undergraduate tuition in 2000-01 at the 1999-00 level.

- The 2001-03 budget provided for fee increases totaling \$23.2 million over the biennium to partially fund initiatives systemwide.

- The 2001-03 budget required the Board of Regents to increase nonresident undergraduate

tuition by an additional 5% in each year of the biennium.

- The 2003-05 budget provided \$150.0 million in additional tuition expenditure authority related to increasing tuition over the biennium to partially offset base GPR budget reductions of \$250.0 million.

- The 2005-07 budget provided \$160.8 million in additional tuition expenditure authority including: (1) \$60.9 million for fuel and utilities

expenses; (2) \$47.0 million to adjust base level funding to the estimated 2004-05 operating budget level; (3) \$24.2 million for standard budget adjustments; (4) \$21.3 million for debt service; and (5) \$6.9 million for an increase in student technology fee revenues.

Tuition changes and their primary causes, as described above, are summarized for 10 academic years in Table 8. The range of tuition increases (shown in the second column) includes all campuses and all student types. For example, in

**Table 8: Tuition Increases and Related Items**

	Average Tuition Increase (%)	Average Faculty Salary Increase (%)	Difference Actual - Budgeted Enrollment (%)	Notes
1997-98	7.9 to 9.9	4.2 to 5.3	-1.8	1. Compensation (6.1%) 2. Enrollment management / student mix (1.3%) 3. Instructional items (0.5%)
1998-99	4.9 to 7.8	4.6 to 5.4	0.5	1. Compensation (3.4%) 2. Instructional items (1.5%)
1999-00	6.9 to 12.7	0.7 to 11.7	1.4	1. Compensation (6.5%) 2. Instructional items (0.4%)
2000-01	0.0 to 9.1	2.4 to 8.4	0.3	1. Resident undergraduate tuition frozen at 99-00 level
2001-02	7.0 to 15.4	0.0 to 5.4	1.4	1. Pay plan/fringe benefits (4.9%) 2. Instructional items (2.1%) 3. Nonresident undergraduate tuition surcharge (5%)
2002-03	8.0 to 13.0	1.0 to 7.0	1.8	1. Pay plan/fringe benefits (6.8%) 2. Instructional items (1.2%) 3. Nonresident undergraduate tuition surcharge (5%) 4. Resident undergraduate tuition increase capped at 8%
2003-04	0.0 to 18.7	0.1 to 4.8	0.3	1. \$500 annual tuition increase for resident undergraduates at comprehensive campuses and \$700 annual tuition increase for resident undergraduates at doctoral campuses to partially offset \$110 million GPR reduction
2004-05	0.0 to 15.8	-0.2 to 3.8	0.2	1. \$500 annual tuition increase for resident undergraduates at comprehensive campuses and \$700 annual tuition increase for resident undergraduates at doctoral campuses to partially offset \$140 million GPR reduction
2005-06	0.0 to 8.6	1.9 to 4.5	0.8	1. Pay plan/fringe benefits (3.2%) 2. Fuel and utilities (3.0%) 3. Other budget changes (0.5%) 4. Changes in student mix (0.2%)
2006-07	-15.9 to 8.5	N.A.	N.A.	1. Fuel and utilities (4.1%) 2. Health insurance & pay plan (2.5%) 3. Student technology fee (0.3%)

2006-07, all classes of students at Madison, except Law School students and nonresident Veterinary School students, had a \$382 per year tuition increase, while all students at Milwaukee and the non-doctoral campuses, excluding nonresident undergraduates, experienced an annual tuition increase of \$374 and \$291, respectively. As a result, the rate of increase varied from 6.8% for all resident undergraduates excluding those at the UW Colleges and between 4.7% and 5.2% for resident graduate students. Nonresident tuition increased by the same dollar as resident tuition at UW-Madison, resulting in an increase in tuition of 1.9% for nonresident undergraduate students and 1.6% for nonresident graduate students. Nonresident graduate tuition also increased by the same amount as resident undergraduate tuition at UW-Milwaukee and the comprehensive campuses resulting in an increases of 1.7% and 1.8%, respectively. At all UW campuses other than UW-Madison, nonresident undergraduate tuition decreased as the result of a policy designed to attract nonresident students to these campuses. This decrease was the largest at the comprehensive campuses where nonresident undergraduate tuition fell by 15.9%. Nonresident undergraduate tuition decreased at UW-Milwaukee and the UW Colleges by 15.2% and 11.2%, respectively. The average salary increases (third column) also varies considerably by campus and faculty level.

Tuition levels were based on enrollment management targets up to 2004-05. When enrollments exceeded their targets, excess tuition revenues were collected. Until 1996-97, it had been a policy of the Board of Regents to carry over these excess tuition revenues to the next academic year to offset tuition increases. The fourth column of Table 8 shows the percent difference between the actual and budgeted enrollment levels. A positive number means that enrollments were higher than budgeted, resulting in potential tuition carryover monies for future years. As previously noted, from 1996-97 to 2004-05, UW institutions that exceeded enrollment targets were allowed to retain 75% of

their excess tuition revenues with the remaining 25% being distributed to institutions with revenue shortfalls. Currently, institutions that exceed their planned enrollments retain all corresponding additional tuition revenues.

The final column contains the major contributors to tuition increases or offsets to tuition increases. The percentage in parentheses is the tuition increase or decrease resulting from the particular item. For example, the 1997-98 compensation plan translated into a 6.1% tuition increase; enrollment management and changes in the student mix translated to a tuition increase of 1.3%; and an additional 0.5% increase was associated with budgeted instructional items.

---

### **Instructional Cost Per Student**

---

The UW System's basis for determining educational costs is the "cost per student" calculation. The original methodology for determining the cost per student was developed before the merger of the UW System by the Coordinating Committee on Higher Education (CCHE) as a method of comparing relative funding between the University of Wisconsin and the Wisconsin State Universities. These support levels were used by CCHE in making its recommendations for the biennial budget.

The cost per student calculation is based on standard accounting procedures that identify direct and indirect student-related costs funded by GPR and student fees. The calculation includes the direct costs of instruction, student services, and academic support. Other activity costs, such as physical plant, institutional support, and fringe benefits, are included in the cost per student calculation with the costs allocated based on the teaching mission's share of those costs.

As indicated previously, separate tuition levels are set for Madison, Milwaukee, the comprehensive campuses, and the UW Colleges. Although campuses are grouped together, their instructional cost per student vary considerably. Some of the possible reasons for the large variations in instructional costs include economies of scale (the smaller comprehensive campuses are most expensive), array of course offerings, the use of academic staff as instructors, and the mix of students.

Table 9 shows undergraduate cost per full-time student and tuition as a percentage of that cost by campus for 2006-07. For each level, this table shows the instructional cost per student as well as the percentage of that cost paid by tuition. Milwaukee's cost per undergraduate is significantly lower than Madison's and is below the systemwide average for 2006-07. For the comprehensive campuses, the average cost per undergraduate student is \$8,561. The cost of educating an undergraduate student is highest at Madison (\$11,131) and lowest at La Crosse (\$7,859), a difference of 41.6%. Consequently, students at the least expensive campuses, such as La Crosse, Whitewater, and Oshkosh, are paying a greater share of their educational costs than students at the most expensive campuses, including Madison, Superior, and Parkside. For example, while upper level (Junior/Senior) students at Parkside paid 35.3% of the cost of their education, lower level (Freshmen/Sophomore) students at Oshkosh paid 79.4%. Lower level students at Milwaukee pay the greatest share (87.5%) of their instructional costs of any resident undergraduate student group. This is due to both lower than average instructional costs and the tuition premium students pay for attending a doctoral institution.

Table 9 also highlights three potential policy issues. The first regards the use of two-year campuses as a means of reducing costs. The data shows that the average cost per student at the UW

Colleges is greater than the freshmen/sophomore costs at nine of the eleven comprehensive campuses and UW-Milwaukee, with UW Colleges students paying a smaller percentage of the cost of their education than lower level students at any other campus except UW-Superior.

The second issue relates to the disparity in costs between levels of students. The data shows that there is a difference of almost 58% in cost per student between the freshmen/sophomore and junior/senior levels. Higher level students, especially at the doctoral campuses, tend to have smaller classes and are more often taught by faculty rather than teaching assistants or instructors, which results in higher instructional costs.

The final issue involves the disparity among campuses in the cost of graduate level education. At the graduate level, the range between the lowest and highest cost comprehensive campus is \$20,658 (227%). There appears to be little relation between graduate and undergraduate cost per student. The small size of the graduate program at Parkside may account for it being the most expensive.

In addition to costs varying by campus and level, they also vary by discipline. At most campuses, the cost per credit is the highest in the health sciences, followed by engineering. The cost per credit is generally lowest for humanities and social sciences courses.

An examination of the relationship between the cost of education and the associated tuition paid by students shows that numerous trade-offs and compromises enter into the creation of a tuition schedule. It is inevitable, however, that unless a highly complicated tuition schedule is adopted, some groups of students will receive a greater educational cost subsidy than others, due to differences between campuses, levels, and disciplines.

**Table 9: 2006-07 Instructional Cost Per Student and Percent of Cost Paid by Tuition**

	Undergraduate Resident Tuition		Cost Per Student			Graduate Resident Tuition		Cost Per Student			
			Freshman/Sophomore	Junior/Senior	All Levels	Master's	Ph.D.				
Madison*	\$6,000	\$8,413	71.3%	\$13,089	45.8%	\$11,131	53.9%	\$24,515	34.5%	\$25,241	33.5%
Milwaukee	5,868	6,708	87.5	11,091	52.9	8,941	65.6	23,706	34.4	29,781	27.4
Doctoral Average	5,948	7,678	77.5	12,365	48.1	10,270	57.9	24,210	34.6	25,836	32.5
Eau Claire	4,710	6,487	72.6	10,638	44.3	8,554	55.1	20,519	28.8		
Green Bay	4,568	6,169	74.0	10,708	42.7	8,632	52.9	21,933	26.9		
La Crosse	4,623	6,179	74.8	9,619	48.1	7,859	58.8	15,186	39.3		
Oshkosh	4,678	5,888	79.4	9,894	47.3	7,952	58.8	16,221	36.4		
Parkside	4,568	6,902	66.2	12,951	35.3	9,733	46.9	29,755	19.9		
Platteville	4,568	7,173	63.7	10,780	42.4	8,837	51.7	9,097	65.0		
River Falls	4,568	7,302	62.6	10,068	45.4	8,585	53.2	13,286	44.5		
Stevens Point	4,568	6,823	67.0	10,565	43.2	8,712	52.4	22,336	26.5		
Stout	4,796	7,774	61.7	10,581	45.3	9,159	52.4	17,902	34.7		
Superior	4,718	8,897	53.0	12,584	37.5	10,994	42.9	16,002	36.9		
Whitewater	4,728	6,195	76.3	9,589	49.3	7,889	59.9	14,203	41.6		
Comprehensive Average	4,652	6,692	69.5	10,448	44.5	8,561	54.3	15,934	37.4		
Colleges Average	4,268	7,466	57.2			7,466	57.2				
System Average											
Freshman/Sophomore	4,986	7,096	70.3								
Junior/Senior	5,174			11,216	46.1						
All Levels	5,076					9,077	55.9	22,582	34.7		

\*Master's cost per student includes law students; doctoral cost per student excludes medical and veterinary students.

## Comparative Statistics

Peer comparisons are frequently used in evaluating tuition charged at UW System campuses. The Big Ten Universities are generally cited when comparing tuition at UW-Madison to that of similar institutions while the peer group commonly used for UW-Milwaukee consists of other urban campuses across the nation. The peer group for the UW comprehensive campuses includes other public universities in the Midwest.

Historically, UW-Madison's resident tuition has been consistently lower than resident tuition at most other public Big Ten universities in the

Midwest. Table 10 shows that in 2006-07, UW-Madison resident undergraduate tuition ranked eighth out of the nine midwestern public Big Ten institutions, at \$2,198 below the mid-point; and resident graduate tuition ranked sixth, at \$252 below the mid-point. For nonresidents, undergraduate tuition ranked sixth highest among the Big 10 peers, at \$312 below the midpoint; however, graduate tuition ranked second highest, at \$4,493 above the mid-point.

When comparing the rate of tuition and fee increases in Wisconsin with those occurring in the other Big Ten states over the past 10 years, Wisconsin's tuition increases have been above both the average and mid-point percentage increases. However, because of Wisconsin's relatively low

**Table 10: Annual Tuition at Midwestern Public Big Ten Universities (Including Segregated Fees)\***

	Undergraduate				Graduate		
	2005-06	2006-07	% Change		2005-06	2006-07	% Change
<b>Resident Students</b>				<b>Resident Students</b>			
Michigan	\$9,798	\$10,341	5.5%	Michigan	\$14,271	\$14,991	5.0%
Illinois	8,634	9,882	14.5	Minnesota	10,231	10,917	6.7
Michigan State	8,262	9,198	11.3	Illinois	8,878	10,152	14.4
Minnesota	8,599	9,180	6.8	Ohio State	8,832	9,438	6.9
Ohio State	8,082	8,667	7.2	Michigan State	8,790	9,426	7.2
Indiana	7,652	7,460	-2.5	<b>UW-Madison</b>	<b>8,734</b>	<b>9,180</b>	<b>5.1</b>
Purdue	6,458	7,096	9.9	Purdue	6,458	7,096	9.9
<b>UW-Madison</b>	<b>6,280</b>	<b>6,726</b>	<b>7.1</b>	Iowa	6,424	6,759	5.2
Iowa	5,612	5,935	5.8	Indiana	6,258	6,594	5.4
Average (excl. WI)	\$7,887	\$8,470	7.4%	Average (excl. WI)	\$8,768	\$9,724	10.9%
Mid-Point (excl. WI)	\$8,172	\$8,924		Mid-Point (excl. WI)	\$8,811	\$9,432	7.0%
UW Distance to Mid-Point	-\$1,892	-\$2,198		UW Distance to Mid-Point	-\$77	-\$252	
<b>Nonresident Students</b>				<b>Nonresident Students</b>			
Michigan	\$28,570	\$30,154	5.5%	Michigan	\$28,689	\$30,137	5.0%
Illinois	22,720	23,968	5.5	<b>UW-Madison</b>	<b>24,004</b>	<b>24,450</b>	<b>1.9</b>
Michigan State	19,962	21,791	9.2	Illinois	21,718	22,992	5.9
Purdue	19,822	21,266	7.3	Ohio State	21,429	22,791	6.4
Minnesota	20,229	20,810	2.9	Purdue	19,822	21,266	7.3
<b>UW-Madison</b>	<b>20,280</b>	<b>20,726</b>	<b>2.2</b>	Michigan State	17,322	18,648	7.7
Ohio State	19,305	20,562	6.5	Iowa	17,328	18,153	4.8
Indiana	19,508	20,472	4.9	Minnesota	17,331	18,015	3.9
Iowa	16,998	18,159	6.8	Indiana	16,657	17,669	6.1
Average (excl. WI)	\$20,889	\$22,148	6.0%	Average (excl. WI)	\$20,037	\$21,209	5.8%
Mid-Point (excl. WI)	\$19,892	\$21,038		Mid-Point (excl. WI)	\$18,577	\$19,957	7.5%
UW Distance to Mid-Point	\$388	-\$312		UW Distance to Mid-Point	\$5,428	\$4,493	

\* Tuition and Fees reflects tuition for new students, certain returning students may have lower tuition.

**Table 11: Increase in Tuition and Fees for Resident Undergraduates at Public Big Ten Universities (1996-97 to 2006-07)**

	Percent	Amount
Ohio State	149.9 %	\$5,199
Illinois	137.9	5,729
Iowa	124.3	3,289
<b>Wisconsin</b>	<b>122.0</b>	<b>3,696</b>
Purdue	121.2	3,888
Minnesota	112.5	4,860
Michigan State	97.6	4,543
Indiana	97.2	3,677
Michigan	81.1	4,631
Average (excl. WI)	115.2%	\$4,477
Mid-Point (excl. WI)	116.8%	\$4,587

\* Tuition and Fees reflects tuition for new students, certain returning students may have lower tuition.

**Table 12: Undergraduate Tuition and Fees at UW-Milwaukee and Peers (2006-07)**

	Resident	Nonresident
Temple	\$10,180	\$18,224
Rutgers-Newark	9,534	18,039
U. of Cincinnati	9,381	23,904
U. of Illinois-Chicago	8,796	21,186
U. of Akron	8,383	17,631
U. of Toledo	7,927	16,738
Cleveland State	7,920	14,778
U. of Missouri-Kansas City	7,711	17,977
U. of Texas-Dallas	7,330	15,580
Wayne State	7,300	15,784
<b>UW-Milwaukee</b>	<b>6,627</b>	<b>16,228</b>
U. of Louisville	6,252	16,072
SUNY-Buffalo	6,128	12,388
Georgia State	4,818	16,496
U. of New Orleans	3,820	10,864
Average (Excl. WI)	\$7,534	\$16,833
Mid-Point (Excl. WI)	\$7,816	\$16,617
WI Distance to Mid-Point	-\$1,189	-\$389

\*Tuition and Fees reflects tuition for new students, certain returning students may have lower tuition.

tuition, the dollar increase in tuition and fees over the past 10 years is below both the average and the mid-point dollar increases in tuition and fees for other public midwestern Big Ten universities. Table 11 indicates percentage and dollar increases

in tuition and fees for resident undergraduates at the public midwestern Big Ten universities for the period 1996-97 to 2006-07.

Tables 12 and 13 compare undergraduate tuition and fees charged at UW-Milwaukee and the UW comprehensive campuses to tuition and fees at their respective peer campuses. As shown in Table 12, Milwaukee's resident tuition ranks eleventh of 15 peers while nonresident tuition is the ninth highest in the peer group. Similarly, Table 13 indicates that average resident tuition and fees at the comprehensive campuses is lower than all but three of the 34 other institutions in the peer group, while UW nonresident tuition and fees ranks nineteenth out of 35.

These comparisons have been used as benchmarks or justifications for establishing tuition levels. It could be argued, however, that resident tuition at universities in other states is not necessarily a meaningful guide in establishing tuition rates. Resident tuition is not entirely a market-driven commodity; students only have one state in which they would normally qualify for resident tuition and, consequently, resident tuition in other states should have little bearing on where a student chooses to attend school.

Conversely, a case could be made for a national market impact on nonresident tuition levels. With this in mind, the Board of Regents acted to reduce nonresident tuition for the 2006-07 academic year at UW-Milwaukee, the comprehensive campuses, and the UW Colleges in an effort to attract more out-of-state students to these campuses. In 2005-06, tuition for nonresident undergraduates was above the peer median at UW-Milwaukee (\$3,138) and the comprehensive campuses (\$2,592). The Board of Regents believed that the relatively high tuition charged at these campuses put them at a disadvantage when competing for nonresident students. In 2006-07, the Board of Regents reduced nonresident undergraduate tuition such that at UW-Milwaukee it is now \$389 below its peer midpoint and at the comprehensives it is \$159 below their peer mid-

**Table 13: Undergraduate Tuition and Fees  
UW Comprehensive Campuses and Peers  
(2006-07)**

	Resident	Nonresident
<b>Illinois</b>		
Chicago State	\$7,138	\$12,748
Eastern Illinois	7,068	17,481
Univ. Illinois-Springfield	7,002	16,152
Western Illinois	6,923	9,643
Governor's State	6,594	16,278
Northeastern Illinois	6,261	11,511
So. Illinois-Edwardsville	5,938	13,075
<b>Indiana</b>		
Indiana State	\$6,456	\$13,872
Purdue-Fort Wayne	6,041	13,836
Purdue-Calumet	5,466	12,159
Indiana Univ.-South Bend	5,231	13,018
Indiana Univ.-Northwest	5,142	12,085
Indiana Univ.-Southeast	5,118	12,075
<b>Iowa</b>		
U. of Northern Iowa	\$5,912	\$13,828
<b>Michigan</b>		
Michigan Tech.	\$8,516	\$20,306
Central Michigan	7,530	17,520
U. Michigan-Dearborn	7,422	16,217
Ferris State	7,200	14,640
Western Michigan	7,190	17,721
Oakland	6,956	16,028
Eastern Michigan	6,935	18,290
Grand Valley State	6,752	12,721
U. Michigan-Flint	6,594	12,854
Northern Michigan	6,141	10,077
Saginaw Valley State	5,543	12,540
<b>Minnesota</b>		
U. Minn.-Duluth	\$9,606	\$20,713
Winona State	7,100	11,400
Bemidji State	6,490	6,490
Mankato State	5,840	11,668
Moorhead State	5,721	5,721
St. Cloud State	5,633	10,920
<b>Ohio</b>		
U. Akron	\$8,383	\$17,631
Wright State	7,278	14,004
Youngstown St.	6,697	12,204
<b>Wisconsin</b>		
Comprehensive Average	\$5,412	\$12,887
Average (Excl. WI)	\$6,642	\$13,748
Mid-Point (Excl. WI)	\$6,646	\$13,047
WI distance from Mid-Point	-\$1,234	-\$160

\* Tuition and fees reflects tuition for new students, certain returning students may have lower tuition.

**Table 14: Tuition and State Income Measures  
(2005-06)**

Institution	Resident Undergraduate Tuition-Fees	Tuition as % of Per Capita Income	Tuition as % of Median Income
Michigan	\$9,798	33.5%	21.3%
Illinois	8,634	27.0	17.2
Minnesota	8,599	26.3	16.5
Michigan State	8,262	28.2	17.9
Ohio State	8,082	28.8	18.6
Indiana	7,652	27.4	17.4
Purdue	6,458	23.2	14.7
<b>Wisconsin</b>	<b>6,280</b>	<b>21.4</b>	<b>13.3</b>
Iowa	5,612	19.5	12.9

point. In spite of these reductions, nonresident students continue to pay tuition in excess of instructional costs, thus subsidizing resident students.

A final approach to comparing tuition levels between states is to examine the relationship between tuition levels and state income measures, representing ability to pay. Table 14 compares resident undergraduate tuition as a percentage of per capita disposable (post-tax) personal income and median household income for public Big Ten institutions in 2005-06. Using either measure, UW-Madison tuition is the second most affordable behind only Iowa.

The establishment of resident tuition levels is often the culmination of many years of policy development. It impacts both access to higher education and financial aid. It also illustrates the significance of higher education in the state's hierarchy of priorities. Basing one state's tuition on the decisions made in other states may not be consistent with a state's budgetary priorities, educational needs, or broader education policies.