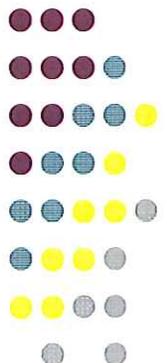


University of Wisconsin Tuition

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Introduction

Higher education benefits both the student and the state. The student benefits primarily through increased knowledge and future earnings while the state benefits through greater tax revenues, increased economic development, and decreased spending on health and social programs, among other less tangible benefits. The precise amount of these benefits that accrue to the state, as opposed to the student, cannot readily be determined. As a result, the amount of state support for higher education and subsequently the amount of tuition charged to students is a matter of public policy. Factors that may be considered in setting tuition include: whether or not students are paying their fair share; whether higher education is affordable for all state residents; 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 higher education in the larger context of the state's needs. This paper describes the process by which tuition levels are set, tuition history and policies, the causes of tuition increases, comparisons of tuition to instructional costs and to tuition charged in other states, and other tuition-related issues.

Background

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 different classes of students, for residents and nonresidents, and for extension courses, summer sessions, and special programs. Statutes limit the amount by which resident undergraduate tuition can be increased; however, there are no restrictions on the

amount of tuition increases the Regents may impose on graduate, nonresident, and other students, nor on campus or program specific differential tuition imposed on resident undergraduate students.

Tuition rates are established annually at the same time as the University's annual operating budget is approved. Separate rates are set for students at UW-Madison, UW-Milwaukee, the comprehensive campuses, and the UW Colleges. Table 1 shows the tuition schedule, including tuition differentials and segregated fees, for 2010-11.

Tuition typically supports only the "instructional" portion of the UW budget. Instructional costs include faculty salaries and fringe benefits, which comprise the largest portion of instructional costs, supplies and services, administration, libraries, student services, and support costs. 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, which included compensation increases for faculty and academic staff whose time was spent on activities other than instruction.

Tuition and the Budget Process

Changes in tuition are the result of changes in costs as well as changes in GPR-support for the University, the Board's tuition revenue authority, and other factors. As levels of GPR-support and tuition revenue authority are determined by the Legislature during the biennial budget process, tuition levels indirectly enter into the budget process. In past biennia, budget discussions related to tuition have focused on the amount of revenue that could be generated from tuition, resulting increases in tuition, the percentages of instructional costs that should be paid by students, and comparisons with other universities or states.

Table 1: UW System Consolidated Schedule of Annual Tuition and Segregated Fees – 2010-11

	<u>Tuition</u>		Segregated Fees Paid by all Students **	<u>Total Tuition and Fees</u>	
	Residents	Nonresidents		Residents	Nonresidents
DOCTORAL CLUSTER					
Undergraduate					
Madison	\$7,933	\$23,183	\$1,050	\$8,983	\$24,233
Milwaukee	7,269	16,998	832	8,101	17,830
Graduate					
Madison	\$9,887	\$24,054	\$1,050	\$10,937	\$25,104
Milwaukee	9,565	22,852	832	10,397	23,684
Madison -- Business	11,343	25,678	1,050	12,393	26,728
Milwaukee -- Business	10,959	24,316	832	11,791	25,148
Law	16,995	36,532	1,050	18,045	37,582
Medicine	22,967	33,704	1,050	24,017	34,754
Veterinary Medicine	17,085	24,769	1,050	18,135	25,819
COMPREHENSIVE CLUSTER					
Undergraduate					
Eau Claire	\$6,122	\$13,695	\$1,053 *	\$7,175	\$14,748
Green Bay	5,659	13,232	1,314	6,973	14,546
La Crosse	6,809	14,382	918 *	7,727	15,300
Oshkosh	5,775	13,348	905	6,680	14,253
Parkside	5,659	13,232	960	6,619	14,192
Platteville	5,766	13,339	864 *	6,630	14,203
River Falls	5,731	13,304	1,020 *	6,751	14,324
Stevens Point	5,659	13,232	1,050 *	6,709	14,282
Stout***	6,025	13,055	782 *	6,807	13,837
Superior	5,866	13,439	1,300	7,166	14,739
Whitewater	5,857	13,430	831 *	6,688	14,261
Graduate					
Eau Claire	\$7,001	\$16,771	\$1,053	\$8,054	\$17,824
Green Bay	7,001	16,771	1,314	8,315	18,085
La Crosse	7,121	16,891	918	8,039	17,809
Oshkosh	7,001	16,771	905	7,906	17,676
Parkside	7,001	16,771	960	7,961	17,731
Platteville	7,001	16,771	864	7,865	17,635
River Falls	7,001	16,771	1,020	8,021	17,791
Stevens Point	7,001	16,771	1,050	8,051	17,821
Stout***	7,514	13,723	782	8,296	14,505
Superior	7,001	16,771	1,300	8,301	18,071
Whitewater	7,001	16,771	831	7,832	17,602
Business Masters					
Eau Claire	\$7,555	\$17,351	\$1,053	\$8,608	\$18,404
La Crosse	7,675	17,472	918	8,593	18,390
Oshkosh	7,555	17,351	905	8,460	18,256
Parkside	7,555	17,351	960	8,515	18,311
Whitewater	7,555	17,351	831	8,386	18,182
COLLEGES					
Baraboo/Sauk	\$4,268	\$11,252	\$392	\$4,660	\$11,644
Barron	4,268	11,252	330 *	4,598	11,582
Fond du Lac	4,268	11,252	337	4,605	11,589
Fox Valley	4,268	11,252	264	4,532	11,516
Manitowoc	4,268	11,252	314	4,582	11,566
Marathon	4,268	11,252	276	4,544	11,528
Marinette	4,268	11,252	292	4,560	11,544
Marshfield/Wood	4,268	11,252	343	4,611	11,595
Richland	4,268	11,252	349 *	4,617	11,601
Rock	4,268	11,252	307	4,575	11,559
Sheboygan	4,268	11,252	308	4,576	11,560
Washington	4,268	11,252	327	4,595	11,579
Waukesha	4,268	11,252	304	4,572	11,556

* There is an additional charge of \$136-\$185 for textbook rental on these campuses; on all other campuses, books are purchased by students.

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

*** UW-Stout charges tuition and segregated fees on a per credit basis. The annual tuition rates and segregated fees shown are based on the average number of credits taken by students in fall, 2009. In addition, UW-Stout charges all students a laptop fee of \$27 per credit. The fee is excluded from the amounts shown in the table.

The budget process begins with the UW System's biennial budget request which is approved by the Regents in August of even-numbered years. Most requests for instructional funding included in the UW System's budget request reflect a sharing of costs between student fees and state general purpose revenues (GPR). Following the Regent tuition policy principles, which are shown in the appendix to this paper, the Regents generally request that instructional and related items be funded using a 65% GPR/35% fees (tuition) split. 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.

During the budget process, the Governor and Legislature may either approve the GPR/fee split requested by the Regents by providing the amount of GPR funding requested or alter the split by providing a different level of GPR support. Due to the relationship between tuition, GPR support, and instructional costs, when the amount of GPR provided is greater than requested by the Regents, increases in tuition are generally smaller. When the amount of GPR provided is less than requested, increases in tuition will be larger.

Although the statutes provide that tuition is set by the Board of Regents, in some biennia, including 1999-01, 2001-03, and 2003-05, budgets have included provisions that directly affected tuition rates. For example, 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 tuition increases for resident undergraduates to 8% in 2002-03. The 2003-05 budget (2003 Act 33), stipulated that the Regents could not increase annual tuition by more than \$700 for resident undergraduates at UW-Madison and UW-Milwaukee or by more than \$500 for other resident undergraduate UW students during the 2003-04 and 2004-05

academic years.

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. 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. As a result, tuition increases often vary from one class of students to another: for example, in 2010-11, resident undergraduates enrolled at the four-year campuses experienced a 5.5% tuition increase, while tuition for undergraduates at the UW Colleges and nonresident graduate students did not increase at all.

When collected, tuition revenues up to the amount appropriated are pooled systemwide and allocated to the institutions based on their prior year budgets and changes in the state budget. Under current policy, any tuition revenues collected by an institution in excess of that institution's tuition revenue target is retained by the campus. If tuition revenues fall below the target due to lower than expected enrollment, the individual campus is responsible for the shortfall. Revenues from differential tuition approved by the Board of Regents are also retained by the campus.

Appropriations for Academic Student Fees

Tuition revenues are deposited in the UW System's appropriation for academic student fees, also known as the tuition appropriation. This appropriation includes revenue generated by tuition during the normal academic year as well summer session fees, application fees, and special program fees charged to certain students.

Prior to 1997, the tuition appropriation was an annual appropriation. This limited the amount of tuition revenue the Board of Regents could spend to the amount shown in the appropriation schedule plus the tuition portion of the pay plan as approved by the Joint Committee on Employment Relations (JCOER). The expenditure of any excess tuition revenue collected had to be approved by the Secretary of the Department of Administration and the Joint Committee on Finance. Excess tuition revenues collected could be carried into the next academic year to buy down future tuition increases. In 1997, the appropriation was modified to permit the UW System to spend excess tuition revenues up to 4% of the appropriation shown in the schedule in 1997-98 and up to 7% in 1998-99.

Under 1999 Act 9, the UW System's tuition appropriation was changed to an all monies received 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.

Act 9 also established certain limits on the amount by which the Board of Regents could increase tuition charged to resident undergraduate students. Under current law, 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) dis-

tance education, intersession, 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. In 2010-11, the tuition appropriation is set at \$911,429,000 in the appropriation schedule that is printed in the statutes.

In addition to the appropriation for academic student fees, there are separate appropriations for revenues generated by special fees charged to master's level business students (\$608,000), special fees charged to support the modernization of laboratories (\$4,406,200), and for tuition charged by the UW-Extension (\$34,195,400).

Tuition History

Prior the 1980-81 academic year, the Board of Regents established tuition rates by applying a set percentage to the total cost per student. This percentage varied by student class (undergraduate or graduate), residency status, and, in some years, the type of institution. In general, resident undergraduate tuition was set at 25% of total cost per student and nonresident undergraduate tuition was set at 100% of cost. Resident graduate tuition rates ranged from 20% to 22% of cost while nonresident graduate tuition was set at 70% of cost. As these percentages were not statutorily fixed, there was some variance in the percentages used from year to year.

Beginning in 1980-81, the percentage of cost per student that is funded through tuition has increased incrementally. This has happened as the Board of Regents has increased tuition to offset GPR budget reductions, the Legislature has funded certain instructional items entirely through tuition revenues, and tuition revenues have increased as the result of higher enrollments without subsequent increases in the amount of GPR fund-

ing. Table 2 shows resident undergraduate tuition as a percentage of the instructional cost per student from 1990-91 to 2008-09. As shown in the table, tuition as a percent of instructional cost has risen from approximately 30% in 1990-91 to approximately 56% in 2008-09.

In 1993-94, an instructional technology fee was implemented at UW-Madison. This decoupled the Madison and Milwaukee tuition rates; prior to that time, students at Madison and Milwaukee had been charged the same tuition. In 1995-96, the technology fee was extended to Milwaukee and the eleven comprehensive campuses.

Between 1996-97 and 2002-03, the Board of Regents adopted two differential tuition initiatives with the aim of increasing UW Colleges tuition first to 87% of tuition charged at the comprehensive campuses and then to within \$300 of the tuition charged by the comprehensives. Since 2006-07, the Board of Regents has frozen tuition charged by the UW Colleges at \$4,268 with the aim of providing a lower-cost entry point to the UW System.

Through the 2003-05 biennium, tuition levels were based on long-term enrollment management plans established by the Regents. 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 these enrollment management plans for budgeting purposes. Beginning in the 2005-07 biennium, enrollment targets have been set by the UW System President in consultation with the chancellor of each campus on a biennial basis.

Tuition in Recent Biennia

Since 2007-08, tuition for resident undergraduates at the 11 four-year campuses, excluding differential tuitions, has increased by 5.5% annually. Tuition for resident and nonresident undergraduates at the UW Colleges has been frozen at the 2006-07 level. Increases for all other classes of students, including nonresident undergraduates and resident and nonresident graduate and professional students, have varied. In general, dollar in-

creases in tuition for nonresident undergraduates, resident graduate and business students, and medical and veterinary students have been the same as for resident undergraduates; however, percentage increases have been smaller because these dollar increases are applied to the relatively higher tuition rates charged to these students. Tuition at the law school and the pharmacy school have increased by greater amounts to support certain initiatives. Since 2008-09, nonresident graduate tuition has been frozen at all campuses. In 2010-11, tuition for nonresident medical and veterinary students was also frozen.

Historic Tuition Rates

Table 2 shows annual tuition for full-time resident undergraduate students enrolled in UW institutions, annual tuition increases, and annual increases in the Consumer Price Index (CPI) from 1990-91 to 2010-11. Annualized increases in tuition and CPI are shown for the entire 20-year period as well as the periods from 1990-91 to 2000-01 and from 2000-01 to 2010-11 at the bottom of the table. Tuition rates shown in Table 2 include differential tuitions charged to all resident undergraduate students. Differential tuitions charged only to certain students are excluded.

As shown in the table, tuition increases for resident undergraduate students have exceeded increases in the CPI in 18 of the 21 years shown. In addition, the annualized increase in tuition for all UW System institutions over the entire period was more than twice the annualized increase in the CPI and almost three times as high at Madison. The table also shows that, in general, tuition increases have been greater in the most recent 10 years than in the prior 10 years. This difference is largely the result of above average tuition increases during the 2003-05 biennium.

Tables 3 and 4 show undergraduate and graduate student tuition for resident and nonresident students, excluding tuition for the professional schools of law, medicine and veterinary medicine, from 2000-01 to 2010-11.

Table 2: Annual Tuition for Resident Undergraduate Students

Year	Madison		Milwaukee		Comprehensives		Colleges		% of Instructional Cost				Change in CPI-U 1990 thru 2010*
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Madison	Milwaukee	Comp.	Colleges	
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%	5.4%
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	4.2
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	3.0
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	3.0
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	2.6
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	2.8
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	3.0
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	2.3
1998-99	3,001	4.9	2,987	4.9	2,440	5.5	2,097	7.2	35.0	38.1	36.2	37.8	1.6
1999-00	3,290	9.6	3,194	6.9	2,620	7.4	2,264	8.0	37.6	38.6	36.9	39.0	2.2
2000-01	3,290	0.0	3,194	0.0	2,620	0.0	2,264	0.0	38.3	37.0	35.1	34.4	3.4
2001-02	3,568	8.4	3,462	8.4	2,803	7.0	2,422	7.0	39.7	40.9	37.1	38.3	2.8
2002-03	3,854	8.0	3,738	8.0	3,041	8.5	2,700	11.5	44.9	40.7	38.1	40.4	1.6
2003-04	4,554	18.2	4,438	18.7	3,564	17.2	3,200	18.5	47.6	49.8	45.9	49.6	2.3
2004-05	5,254	15.4	5,138	15.8	4,077	14.4	3,700	15.6	52.3	58.5	49.5	57.3	2.7
2005-06	5,618	6.9	5,494	6.9	4,358	6.9	3,977	7.5	54.0	62.9	53.3	56.6	3.4
2006-07	6,000	6.8	5,868	6.8	4,652	6.7	4,268	7.3	53.9	65.6	54.3	57.2	3.2
2007-08	6,330	5.5	6,191	5.5	4,912	5.6	4,268	0.0	53.4	66.3	55.1	53.7	2.8
2008-09	6,678	5.5	6,531	5.5	5,248	6.8	4,268	0.0	52.4	65.3	58.1	55.1	3.8
2009-10	7,296**	9.3	6,890	5.5	5,589	6.5	4,268	0.0	N.A.	N.A.	N.A.	N.A.	-0.4
2010-11	7,933**	8.7	7,269	5.5	5,950	6.5	4,268	0.0	N.A.	N.A.	N.A.	N.A.	1.6

Annualized Rate of Change

	Tuition				CPI-U	
1990-91 thru 2010-11	7.5%		7.0%	7.0%	6.3%	2.6%
1990-91 thru 2000-01	5.7		5.4	5.5	6.1	2.8
2000-01 thru 2010-11	9.2		8.6	8.5	6.5	2.4

* Through November, 2010.

** Includes a differential tuition charged to all undergraduates.

Table 3: Tuition for Undergraduate Students

Year	Madison				Milwaukee				Comprehensives			
	Resident		Nonresident		Resident		Nonresident		Resident		Nonresident*	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
2000-01	\$3,290	0.0%	\$13,688	8.6 %	\$3,194	0.0%	\$12,642	7.0%	\$2,620	0.0%	\$10,122	7.0%
2001-02	3,568	8.4	15,800	15.4	3,462	8.4	14,592	15.4	2,803	7.0	11,544	14.0
2002-03	3,854	8.0	17,854	13.0	3,738	8.0	16,490	13.0	3,041	8.5	13,046	13.0
2003-04	4,554	18.2	18,554	3.9	4,438	18.7	17,190	4.2	3,564	17.2	13,546	3.8
2004-05	5,254	15.4	19,254	3.8	5,138	15.8	17,890	4.1	4,077	14.4	14,046	3.7
2005-06	5,618	6.9	19,618	1.9	5,494	6.9	18,246	2.0	4,358	6.9	14,323	2.0
2006-07	6,000	6.8	20,000	1.9	5,868	6.8	15,470	-15.2	4,652	6.7	12,043	-15.9
2007-08	6,330	5.5	20,580	2.9	6,191	5.5	15,919	2.9	4,912	5.6	12,392	2.9
2008-09	6,678	5.5	20,928	1.7	6,531	5.5	16,259	2.1	5,248	6.8	12,657	2.1
2009-10	7,296	9.3	22,045	5.3	6,890	5.5	16,619	2.2	5,589	6.5	12,937	2.2
2010-11	7,933	8.7	23,183	5.2	7,269	5.5	16,998	2.3	5,950	6.5	13,232	2.3
Total % Increase		141.1%		69.4%		127.6%		34.5%		127.1%		30.7%
Annualized Increase		9.2		5.4		8.6		3.0		8.5		2.7

*Excludes differential tuitions charged to all students.

Table 4: Tuition for Graduate Students

Year	Madison				Milwaukee				Comprehensives			
	Resident		Nonresident		Resident		Nonresident		Resident		Nonresident	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
2000-01	\$5,386	8.6%	\$18,096	8.6%	\$5,152	7.0%	\$17,108	7.0%	\$3,756	7.0%	\$12,700	7.0%
2001-02	5,840	8.4	19,978	10.4	5,586	8.4	18,888	10.4	4,020	7.0	13,844	9.0
2002-03	6,308	8.0	21,578	8.0	6,034	8.0	20,400	8.0	4,342	8.0	14,952	8.0
2003-04	7,008	11.1	22,278	3.2	6,734	11.6	21,100	3.4	4,842	11.5	15,452	3.3
2004-05	7,708	10.0	22,978	3.1	7,434	10.4	21,800	3.3	5,342	10.3	15,952	3.2
2005-06	8,072	4.7	23,342	1.6	7,790	4.8	22,156	1.6	5,619	5.2	16,229	1.7
2006-07	8,454	4.7	23,742	1.7	8,164	4.8	22,530	1.7	5,910	5.2	16,520	1.8
2007-08	8,784	3.9	24,054	1.3	8,486	3.9	22,852	1.4	6,161	4.2	16,771	1.5
2008-09	9,132	4.0	24,054	0.0	8,826	4.0	22,852	0.0	6,426	4.3	16,771	0.0
2009-10	9,500	4.0	24,054	0.0	9,186	4.1	22,852	0.0	6,706	4.4	16,771	0.0
2010-11	9,887	4.1	24,054	0.0	9,565	4.1	22,852	0.0	7,001	4.4	16,771	0.0
Total % Increase		83.6%		32.9%		85.7%		33.6%		86.4%		32.1%
Annualized Increase		6.3		2.9		6.4		2.9		6.4		2.8

Additional Tuition Policies

Differential Tuition

Beginning in 1997, when the Board of Regents was first permitted to expend excess tuition revenues, the Regents have had the ability to impose differential tuitions. This authority was codified under 1999 Act 9. Differential tuition is an amount charged on top of base tuition to support additional services and programming for students at a particular institution. Differential tuition can be charged to all students enrolled at a particular institution, a particular category of students, such as all undergraduates, or only to students enrolled in certain programs. Program-specific differential tuitions are usually charged for programs that have high operating costs such as the health sciences and engineering. A differential tuition may be set at a dollar amount or as a percentage of base tuition. Individual students may also be charged multiple differential tuitions. For instance, an undergraduate engineering student at UW-Madison would be charged both the undergraduate differential (\$500 in 2010-11) and the School of Engineering differential (\$1,400). Additional revenues generated by a differential tuition are retained by the campus or program where they are generated.

Table 5 shows differential tuitions charged in 2010-11 and the year that each differential tuition was implemented. As shown by the table, the amount of a differential tuition can vary widely. For instance, all undergraduates at River Falls are charged a differential tuition of \$72 per year compared to \$1,030 at La Crosse. Currently, ten of the 13 four-year campuses (Eau Claire, La Crosse, Madison, Milwaukee, Oshkosh, Platteville, River Falls, Stout, Superior, and Whitewater) charge differential tuition.

Plateau System

With the exception of UW-Stout, UW System institutions charge students tuition using a "pla-

teau system." Under this system, undergraduate students taking 12 to 18 credits are charged one flat full-time rate. Students taking less than 12 credits are charged a per credit fee equal to 1/12 of the full-time rate. Students taking more than 18 credits in a semester are charged per-credit for each additional credit. 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

Under the plateau system, part-time students generally pay more per credit than students enrolled full-time. Indeed, a full-time undergraduate student taking 15 credits pays 20% less per credit than a part-time student enrolled in 12 credits or less.

Since 2002-03, UW-Stout has charged students on a per-credit basis. The Stout program was designed to be revenue neutral to the University and most full-time students. Under the Stout program, part-time students do not pay more per credit than full-time students. In addition, five other campuses (Eau Claire, Oshkosh, Platteville, River Falls, and Superior) charge a per credit tuition rate during the summer session for graduate students.

Other Tuition Policies

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 for certain programs targeted to adult non-traditional and graduate students. The UW System guidelines for service-based pricing

Table 5: UW System Schedule of Differential Tuitions for the 2010-11 Academic Year

Institution	Program	Amount	Year Implemented
Madison	Doctor of Pharmacy	In 2010-11, residents pay \$3,731 above general resident graduate tuition, nonresidents pay \$2,021 above general nonresident graduate rate.	1997
Milwaukee	Communication Science and Disorders and Occupational Therapy Graduate programs	Graduate tuition is set at 120% of the general graduate tuition rate	1997
Eau Claire	All Undergraduates	\$163 per year	1997
La Crosse	Allied Health Programs	Graduate tuition in the occupational therapy, physician assistant, and physical therapy programs is set at 120% of the general graduate tuition rate	1997
Stout	Customized Instruction	Charges market rates for customized programs, certificates, and courses typically offered during the summer, evenings, or weekends	1999
Stout	All Students	5% of resident undergraduate and graduate tuition	1999
Whitewater	All Undergraduates	3.5% of resident undergraduate tuition, \$198 per year in 2010-11	2002
La Crosse	All Students	\$120 per year	2003
Oshkosh	All Undergraduates	\$116.64 per year, increases by 3% annually	2003
Milwaukee	Peck School of Arts	\$21.20 per credit for undergraduate courses other than those satisfying general education requirements	2004
Milwaukee	College of Engineering and Applied Science	\$20.80 per credit for all undergraduate and graduate courses	2004
Milwaukee	School of Business Administration	\$20 per credit for all 200 to 600 level courses	2004
Milwaukee	College of Nursing	\$30.60 per credit for undergraduates enrolled in clinical major courses	2004
Milwaukee	School of Architecture and Urban Planning	\$43 per credit for undergraduate and graduate 200 to 800 level courses, \$11.55 for 100 level courses	2006
Madison	School of Business	\$1,000 per year for students enrolled in bachelor's degree program, \$300 per year for students enrolled in certificate program	2007
River Falls	All Undergraduates	\$72 per year	2007
Madison	School of Engineering	\$1,400 per year for students enrolled in bachelor's degree programs	2008
La Crosse	All Undergraduates	\$1,030 per year (students enrolled prior to fall, 2008, are exempt from this differential)	2008
Platteville	All Undergraduates	1.9% of resident undergraduate tuition, \$107.52 per year in 2010-11	2008
Superior	All Undergraduates	\$207 per year	2008
Madison	All Undergraduates	Currently being phased in; for resident students, \$500 in 2010-11, \$750 in 2011-12, and \$1,000 in 2012-13; for nonresidents, \$1,500 in 2010-11, \$2,250 in 2011-12, and \$3,000 in 2012-13	2009
Eau Claire	All Undergraduates	Currently being phased in; \$300 per year in 2010-11, \$600 in 2011-12 \$900 in 2012-13, and \$1,200 in 2013-14	2010

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). These courses must be priced to cover the direct cost of instruction, such as the instructor's salary and benefits, without any institutional subsidy. Therefore, per-credit tuition charges are generally above the current tuition schedule.

Service-based pricing programs are currently offered by 12 of the four-year campuses, the UW Colleges online, and UW-Extension. In 2009-10, UW institutions served 16,992 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 100,000 credits generated across all UW institutions.

Primary Causes of Tuition Increases

Table 6 shows tuition increases for resident undergraduates and the primary causes of these increases for the most recent ten years. As shown in the table, the primary causes of tuition increases over the past decade have been as follows:

- **Salary increases and fringe benefit costs for faculty and academic staff.** Table 6 shows salary increases for faculty and academic staff provided as part of the state pay plan. In general, increases in salary and fringe benefits are funded using a GPR/fees (tuition) split. However, in some biennium, including 1997-99, 1999-01, and 2001-03, the Board of Regents have been permitted to provide additional compensation increases funded solely by tuition revenues. For the 2011-12 year, it is estimated that for every 1% increase in compensation, tuition would increase by 0.6% if funded

using the traditional GPR/fee split. 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 2.0%. (Additional information on faculty and academic staff compensation is contained in the Legislative Fiscal Bureau informational paper entitled "University of Wisconsin System Overview.") in 2009-10 and an additional \$15.5 million in 2010-11 to partially offset this reduction.

- **Reductions to the GPR base.** Significant reductions to the UW System GPR base budget were made under the 2003-05, 2005-07, and 2009-11 biennial budgets. During the 2003-05 and 2009-11 biennia, the Board of Regents increased tuition to partially offset these GPR base reductions. During the 2003-05 biennium, the budget provided the Board of Regents with \$150 million in additional tuition expenditure authority to partially offset a base GPR budget reduction of \$250 million. Under 2009 Act 28, the UW System's GPR base budget was reduced by approximately \$60 million annually. Tuition was increased to generate \$35 million in 2009-10 and an additional \$15.5 million in 2010-11 to partially offset this reduction.

- **Fuel and utilities costs.** The 2005-07 budget provided additional tuition revenue authority of \$16.7 million in 2005-06 and \$43.3 million in 2006-07 to fund fuel and utilities expenses.

- **Instructional initiatives.** The 2001-03 budget provided for fee increases totaling \$23.2 million over the biennium to partially fund instructional initiatives systemwide. The 2007-09 biennial budget provided \$8.2 million in additional tuition revenue expenditure authority to support the UW System's growth agenda.

- **State imposed costs not covered by GPR.** In 2008-09, tuition was increased to generate \$18 million in revenues to offset forgone revenue resulting from tuition and fees remissions provided to veterans. Tuition was increased by an additional \$2 million in 2009-10 to offset these remissions.

Table 6: Tuition Increases and Related Items

	Tuition Increases for Resident Undergraduates*	Faculty and Academic Staff Pay Plan	Causes of Tuition Increases
2001-02	8.4% at doctorals, 7.0% at all others	3.2%	1. Pay plan and fringe benefits (4.9%) 2. Instruction -- additional information technology and biotechnology courses (2.1%) 3. Initiatives at Madison and Milwaukee (1.4%)
2002-03	8.0% and 8.5% at four-years, 11.5% at UW Colleges	4.2%	1. Pay plan and fringe benefits (6.8%) 2. Instructional Items (1.2%) Note: Resident undergraduate tuition increase capped at 8% by the Legislature.
2003-04	17.2% to 18.7%	0.0%	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	14.4% to 15.8%	1.1%	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	6.9% at all four- years, 7.5% at UW Colleges	2.0%	1. Pay plan and fringe benefits (3.3%) 2. Fuel and utilities (3.1%) 3. Student technology fee (0.5%)
2006-07	6.8% at all four-years, 7.3% at UW Colleges	4.3%	1. Fuel and utilities (4.1%) 2. Pay plan and fringe benefits (2.4%) 3. Student technology fee (0.3%)
2007-08	0% at UW Colleges, 5.5% at all other campuses	2.0%	1. Pay plan and fringe benefits (4.5%) 2. Fuel and utilities (0.8%) 3. High demand faculty (0.2%)
2008-09	0% at UW Colleges, 5.5% at all other campuses	1.0%	1. Veterans remissions (2.7%) 2. Growth agenda (1.2%) 3. Fuel and utilities (0.6%) 4. Pay plan and fringe benefits (0.6%) 5. Other budget changes (0.4%)
2009-10	0% at UW Colleges, 5.5% at all other campuses	0.0%	1. Recission of the 2% salary increase and implementation of furlough (-4.8%) 2. Tuition offset to base reduction (5.7%) 3. Pay plan and fringe benefits (3.6%) 4. Veterans remissions (0.3%) 5. High demand faculty and staff (0.3%) 6. Other budget changes (fuel & utilities and student technology fee) (0.4%)
2010-11	0% at UW Colleges, 5.5% at all other campuses	0.0%	1. Fringe benefits (2.5%) 2. Tuition offset to base reduction (2.4%) 3. High demand faculty and staff (0.2%) 4. Other budget changes (fuel & utilities and student technology fee) (0.4%)

* Excludes differential tuitions.

Nonresident Students and Tuition Revenues

For tuition purposes, students fall into three categories: resident, nonresident, and nonresident students under a reciprocity agreement.

Nonresident Tuition

Nonresident students are charged tuition in excess of instructional costs thus subsidizing resident students. Nonresident tuition is not subject to any statutory limits and, in past budgets, has been used as a source of additional revenues. However, increases in nonresident tuition are limited by the amount nonresident students and their families are willing to pay. The UW System competes with other regional and, in some cases, national and international institutions for nonresident students. Setting nonresident tuition at a level that is not competitive with the rates charged by these institutions may result in decreases in nonresident enrollment and related revenues.

With this in mind, the Board of Regents reduced nonresident tuition to below the peer midpoints in 2006-07 at Milwaukee, the comprehensive campuses, and the UW Colleges in an effort to attract more out-of-state students to those campuses. Prior to this reduction, tuition for nonresident undergraduates had been above the peer median at Milwaukee (by \$3,138) and the comprehensive campuses (by \$2,592). This comparatively high tuition may have put these institutions at a disadvantage in terms of competing for nonresident students. In 2010-11, nonresident undergraduate tuition at UW-Milwaukee is \$2,478 (12.2%) less than the peer midpoint while nonresident undergraduate tuition at the comprehensives is \$1,995 (12.0%) below the peer midpoint. In spite of these reductions, nonresident students continue to pay tuition in excess of instructional costs, thus subsidizing resident students.

In the years since the Board of Regents reduced

nonresident undergraduate tuition at Milwaukee, the comprehensives, and the UW Colleges, nonresident undergraduate enrollments have increased significantly at those institutions. From 2005-06 to 2009-10, nonresident undergraduate enrollment increased by 2,610 headcount students, or 70%, at those institutions. By comparison, enrollment by nonresident undergraduates at UW-Milwaukee and the comprehensives decreased by 243, or 6%, from 1995-96 to 2005-06.

Reciprocity Tuition

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. In Minnesota, changes to the agreement are approved by the University of Minnesota Board of Regents. While the current agreement, which was most recently modified effective on July 1, 2007, 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 home state. 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."

Additional Special Programs for Nonresidents

There are several special programs that allow non-Minnesota nonresidents to attend a UW institution without paying full nonresident tuition. Through these programs, nonresident students may receive a remission of nonresident tuition, may be exempted from paying nonresident tuition, or may be charged a differential tuition that is less than the full nonresident rate.

By statute, the Board of Regents can remit the nonresident portion of tuition to a limited number of nonresident undergraduate and graduate students who are either: (1) needy and worthy on the basis of merit; (2) deserving of relief due to extraordinary circumstances; or (3) needy and worthy foreign students and U.S. citizens not currently residing in the U.S. In addition, statutes permit the Regents to remit nonresident tuition and, in some cases, resident tuition to athletes and certain graduate students. Under the tuition award program, a limited number of students enrolled in specific programs at Parkside and Superior may be exempted from nonresident tuition. Beginning in 2009-10, certain undocumented students may also be exempted from nonresident tuition. Additional information regarding tuition remissions and tuition exemptions is provided in the Legislative Fiscal Bureau's informational paper entitled "Student Financial Aid."

In addition to these remissions and exemptions, there are three differential tuition programs that allow nonresident students to pay less than the full nonresident tuition rate. The "Return to Wisconsin Program," which began in fall 2004, is a differential tuition pilot program for nonresident undergraduate students who are the children 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 is equal to the nonresident tuition rate less 25%, but not less than the projected cost of a student's education. Participating institutions include Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, River Falls, Stevens Point, Whitewater, and the UW Colleges.

In 2005, Wisconsin joined the Midwest Student Exchange Program (MSEP). This program allows undergraduate and graduate students from participating states, including Indiana, 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. Eau Claire, Green Bay, La Crosse, UW Colleges Marinette campus, Milwaukee, Oshkosh, Parkside, Platteville, Stevens Point, Stout, Superior, and Whitewater currently participate in MSEP.

Finally, in the fall of 2005, UW-Platteville implemented the Tri-State Initiative (TSI) which was designed to increase enrollment by 2,000 undergraduate students in 10 years. Through TSI, nonresident undergraduate students from Illinois and Iowa who have been admitted to certain programs of study are charged the resident tuition rate plus a premium of \$4,400 per year. The Board of Regents reviewed TSI in 2009 and extended the program through 2014.

Nonresident Enrollment

Table 7 shows the total number of students, the number of nonresident students, and the percentage of those students who were reciprocity students, received remissions, or paid full nonresident tuition by institutional type. Of the 27,069 nonresident undergraduate students who were enrolled in the UW System in fall, 2009, approximately 39.8% paid nonresident tuition. Of those nonresident undergraduate students who did not pay full nonresident tuition, 64.8% are Minnesota or Michigan residents enrolled under a reciprocity agreement.

Table 7: Proportion of Students by Tuition Status (Fall 2009)

	Total Number of Students*	Number of Nonresident Students	Nonresidents as a % of Total	Nonresident Students		
				% Reciprocity Students**	% Receiving Remission***	% Paying Full Nonresident Tuition
Madison						
Undergraduate	29,925	10,341	34.6%	30.4%	4.8%	64.8%
Graduate and Professional	11,729	6,644	56.6	3.5	65.6	31.0
Milwaukee						
Undergraduate	25,204	1,272	5.0	29.6	10.4	60.0
Graduate	5,214	1,459	28.0	6.9	47.9	45.2
Comprehensive Campuses						
Undergraduate	84,958	15,060	17.7	65.8	12.6	21.6
Graduate	8,090	1,700	21.0	30.0	12.9	57.1
Colleges						
Undergraduate	<u>13,789</u>	<u>396</u>	2.9	31.3	2.5	66.2
TOTAL	178,909	36,872	20.6%	39.0%	21.2%	39.8%

*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 at Parkside and Superior, where students enrolled in programs with excess capacity can receive a remission of nonresident tuition.

As shown in the table, 34.6% of Madison's undergraduates are nonresidents. Of these students, 30.4% are reciprocity students and 4.8% receive tuition remissions. Therefore, 64.8% of Madison's nonresident undergraduates, or 22.4% of its total undergraduate population, pay full, non-resident tuition. Of Madison's graduate students, 56.6% are nonresidents for tuition purposes and 31% of those students pay full, nonresident tuition.

Tuition Revenues

Table 8 shows 2009-10 estimated tuition revenues less remissions granted in that year by resident status. Tuition received from Minnesota residents through reciprocity is included in the "Residents" column. While non-Minnesota nonresidents make up only 12.6% of the student population systemwide based on fall, 2009, enrollment, these students generate 22.7% of total tuition revenues. At Madison, these students represent approximately 32.7% of total campus population but generate 48.2% of all campus tuition revenues. These fig-

ures demonstrate the relative importance of out-of-state students to the tuition revenue pool.

Table 8: Estimated Tuition Revenues Less Remissions, (2009-10)*

	Tuition Revenue	% Paid by:	
		Residents**	Nonresidents
Madison			
Undergraduate	\$285,184,820	50.5%	49.5%
Graduate	47,866,796	59.5	40.5
Milwaukee			
Undergraduate	148,693,578	93.1	6.9
Graduate	27,282,097	69.7	30.3
Comprehensive Campuses			
Undergraduate	403,290,956	91.6	8.4
Graduate	33,930,121	71.9	28.1
Colleges			
Undergraduate	<u>43,038,839</u>	96.1	3.9
TOTAL	\$989,287,209	77.3%	22.7%

* Excludes summer session.

**Includes Minnesota reciprocity students.

Madison, with its relatively high nonresident enrollment, generates an estimated one-third of total systemwide tuition revenue despite enrolling only one-quarter of all students enrolled in the UW System. As tuition revenues are pooled systemwide, nonresidents enrolled at Madison could be viewed as subsidizing resident students systemwide, not just at the Madison campus. By comparison, the 11 comprehensive campuses enroll 52.0% of all students but generate an estimated 44.2% of UW System tuition revenues.

Segregated Fees

In addition to tuition charges, all students are assessed segregated fees which are used to finance a wide variety of student activities and services including student unions and student centers, student health services, student activities and organizations, intercollegiate and recreational sports, parking and transportation services, and child care. 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.

In 2010-11, annual segregated fees at the four-year campuses range from \$782 at Stout to \$1,314

at Green Bay and fees at the UW Colleges range from \$264 to \$392. Table 9 shows segregated fees charged at each of the four-year campuses from 2000-01 to 2010-11. The table also compares annualized increases in segregated fees charged to annualized tuition increases. At some campuses, such as Superior, where segregated fees have been increased by a total of \$513 over the past six years to support the construction of a new student union, segregated fees have been increasing more rapidly than tuition. At other campuses, such as Milwaukee, La Crosse, and Platteville, segregated fees have increased more slowly than tuition. In general, campuses with smaller increases in segregated fees have not had large, segregated fee fund supported construction projects in recent years.

In addition to tuition and segregated fees, students who choose to live on campus also must pay room and board charges. Table 10 shows these charges by campus for 2003-04 to 2010-11.

First Amendment Challenge

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.

In November, 1996, a U.S. District Court ruled that the segregated fee policy violated 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 appealed the decision and, in March, 2000, the U.S. Supreme Court ruled that the First Amendment does not prohibit a public University from charging a mandatory activity fee

Table 9: Segregated Fees by Campus, 2000-01 to 2010-11

	Madison	Milwaukee	Eau Claire	Green Bay	La Crosse	Oshkosh	Parkside	Platteville	River Falls	Stevens Point	Stout	Superior	Whitewater
2000-01	\$498	\$567	\$427	\$712	\$592	\$427	\$496	\$561	\$435	\$467	\$454	\$407	\$460
2001-02	518	592	458	872	624	449	516	575	490	487	474	454	491
2002-03	569	615	480	1,023	670	460	532	584	552	510	491	461	528
2003-04	582	666	538	1,154	682	490	572	615	607	521	508	620	546
2004-05	608	693	576	1,154	706	502	648	672	630	569	528	652	556
2005-06	662	726	600	1,148	742	590	720	704	685	651	560	755	703
2006-07	726	758	620	1,148	775	682	816	742	755	756	585	854	712
2007-08	854	763	705	1,140	817	760	936	787	861	880	628	942	740
2008-09	886	774	785	1,224	848	843	984	823	921	981	654	1,068	766
2009-10	1,014	812	922	1,250	904	872	912	848	954	1,031	739	1,165	801
2010-11	1,050	832	1,053	1,314	918	905	960	864	1,020	1,050	782	1,300	831
Total % Increase	110.8%	46.7%	146.6%	84.6%	55.1%	111.9%	93.5%	54.0%	134.5%	124.8%	72.2%	219.4%	80.7%
Annualized Increase	7.7	3.9	9.4	6.3	4.5	7.8	6.8	4.4	8.9	8.4	5.6	12.3	6.1
Tuition													
Total % Increase	141.1%	127.6%	127.2%	118.2%	162.5%	122.6%	118.2%	122.3%	120.9%	118.2%	121.2%	126.1%	126.1%
Annualized Increases	9.2	8.6	8.6	8.1	10.1	8.3	8.1	8.3	8.2	8.1	8.3	8.5	8.5

*UW-Stout charges tuition and segregated fees on a per credit basis. Segregated fees shown are for 28.3 credits.

Table 10: Academic Room and Board Fees by Campus, 2003-04 to 2010-11

	Madison	Milwaukee	Eau Claire	Green Bay	La Crosse	Oshkosh	Parkside	Platteville	River Falls	Stevens Point	Stout	Superior	Whitewater
2003-04	\$5,170	\$4,040	\$3,980	\$3,561	\$4,100	\$3,984	\$4,756	\$4,112	\$3,908	\$3,964	\$3,942	\$4,247	\$3,702
2004-05	5,381	4,230	4,130	3,850	4,520	4,312	4,850	4,328	4,120	4,094	4,232	4,342	3,892
2005-06	5,730	4,596	4,266	3,990	4,770	4,634	4,950	4,112	4,340	4,322	4,660	4,422	4,120
2006-07	6,180	4,988	4,444	4,200	4,970	5,015	5,010	4,325	4,586	4,542	4,884	4,575	4,322
2007-08	6,650	5,442	4,828	4,350	5,130	5,242	5,390	4,602	4,924	4,832	4,994	4,721	4,574
2008-09	6,909	5,738	4,960	4,700	5,420	5,720	5,570	4,809	5,106	5,180	5,170	4,954	4,790
2009-10	7,157	6,838	5,630	5,000	5,630	5,864	5,750	5,002	5,330	5,612	5,336	5,085	5,028
2010-11	7,435	7,018	5,770	5,450	5,630	5,976	5,974	5,208	5,530	5,760	5,560	5,330	5,402
Total % Increase	43.8%	73.7%	45.0%	53.0%	37.3%	50.0%	25.6%	26.7%	41.5%	45.3%	41.0%	25.5%	45.9%
Annualized Increase	5.3	8.2	5.4	6.3	4.6	6.0	3.3	3.4	5.1	5.5	5.0	3.3	5.5

to fund student organizations provided that the process used to distribute the fees is "viewpoint neutral."

To comply with the U.S. Supreme Court ruling, new segregated fee policies were adopted by the Board of Regents. In October, 2002, the U.S. 7th Circuit Court of Appeals lifted its prohibition on the collection of segregated 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 cannot use the length of time a student group has existed or the amount of funds a group has received in the past as criteria for distributing funds.

The use and allocation of segregated fee funds continues to be a controversial matter at UW-Madison and other UW System institutions. In 2007, the University of Wisconsin Roman Catholic Foundation, now known as Badger Catholic, filed suit against the UW Board of Regents and UW-Madison officials after it was denied reimbursement for activities considered to be worship, proselytizing, and sectarian religious instruction. In January, 2008, the U.S. District Court for the Western District of Wisconsin issued a preliminary injunction against the University and, in September, 2008, declaratory relief was granted by that Court. Both rulings found the University's policy of not funding religious speech that it considered to be worship, proselytizing, or sectarian religious instruction to be unconstitutional. The University appealed this decision and, in September, 2010, the U.S. 7th Circuit Court of Appeals affirmed the District Court's ruling in favor of Badger Catholic.

Instructional Cost Per Student

The UW System's basis for determining instruc-

tional 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. 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.

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 can vary considerably. Some of the possible reasons for the large variations in instructional costs include economies of scale (the smaller comprehensive campuses are more expensive), array of course offerings, the use of academic staff as instructors, and the mix of students.

Table 11 shows undergraduate cost per full-time student and tuition as a percentage of that cost by campus for 2008-09. For each level, the table shows the instructional cost per student as well as the percentage of that cost paid by tuition. Systemwide, the average instructional cost per undergraduate student is \$9,910. The cost of educating an undergraduate student ranges from \$8,289 at La Crosse and Whitewater to \$12,747 at Madison, a difference of more than 50%.

Including differential tuitions, tuition at the comprehensive campuses varies by 11%, significantly less than the variance of 42% in instructional costs. Consequently, students at the campuses where instructional costs are the lowest, such as Whitewater, La Crosse, and Oshkosh, are paying a greater share of their educational costs than students at campuses with the highest instructional costs, including Superior and Parkside. For example, while upper level (Junior/Senior) students at Parkside paid 36% of the cost of their education, lower level (Freshmen/Sophomore) students at La Crosse paid 90%.

Despite paying a higher amount of tuition, students at UW-Madison pay a lower percentage of their instructional costs than the average for students at the comprehensive campuses. By contrast, students at Milwaukee pay a greater share of their instructional costs than students at the comprehensive campuses. This is due to both lower than average instructional costs and the tuition premium students pay for attending a doctoral institution.

Nonresident students are charged tuition in excess of their instructional costs. In 2008-09, nonresident undergraduate students paid 164% of their instructional costs at UW-Madison, 162% of instructional costs at UW-Milwaukee, and between 108% and 159% of their instructional costs at the comprehensive and UW Colleges campuses. These students provided a subsidy for resident undergraduate students who paid between 44% and 68% of their instructional costs.

Table 11 also highlights three potential policy issues. The first is in regard to 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 seven of the eleven comprehensive campuses and UW-Milwaukee. UW Colleges students also pay a smaller percentage of the cost of their education than lower level students at any other campus.

The second issue relates to the disparity in costs between levels of students. The data shows that there is a difference of almost 60% 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 academic staff, which results in higher instructional costs.

The third 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 \$15,582 (134%). 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 11: 2008-09 Instructional Cost Per Student and Percent of Cost Paid by Tuition

	Undergraduate Resident							Graduate Resident Tuition	Cost Per Student			
	Tuition	Freshman/Sophomore		Junior/Senior		All Levels	Master's		Ph.D.			
Madison*	\$6,678	\$9,622	69.4%	\$14,870	44.9%	\$12,747	52.4%	\$9,132	\$26,382	34.6	\$28,977	31.5%
Milwaukee	6,531	7,840	83.3	12,156	53.7	10,008	65.3	8,826	24,193	36.5	32,273	27.3
Doctoral Average	6,613	8,837	74.8	13,919	47.5	11,678	56.6	8,999	25,433	35.4	29,416	30.6
Eau Claire	5,240	7,080	74.0	11,184	46.9	9,134	57.4	6,426	24,842	25.9		
Green Bay	5,084	6,691	76.0	12,194	41.7	9,612	52.9	6,426	17,817	36.1		
La Crosse	5,643	6,299	89.6	10,346	54.5	8,289	68.1	6,485	12,595	51.5		
Oshkosh**	5,194	6,533	79.5	10,156	51.1	8,451	61.5	6,426	19,200	33.5		
Parkside	5,084	7,203	70.6	14,032	36.2	10,434	48.7	6,426	27,245	23.6		
Platteville	5,184	7,906	65.6	12,111	42.8	9,725	53.3	6,426	11,663	55.1		
River Falls	5,156	7,845	65.7	11,172	46.2	9,411	54.8	6,426	16,559	38.8		
Stevens Point	5,084	7,189	70.7	11,367	44.7	9,292	54.7	6,426	21,658	29.7		
Stout	5,338	7,958	67.1	10,818	49.3	9,372	57.0	6,748	18,649	36.2		
Superior	5,291	9,265	57.1	13,531	39.1	11,811	44.8	6,426	20,532	31.3		
Whitewater	5,262	6,398	82.2	10,380	50.7	8,289	63.5	6,426	13,127	49.0		
Comprehensive Average	5,248	7,098	73.9	11,200	46.9	9,133	57.5	6,486	16,716	38.8		
Colleges Average	4,268	7,739	55.1			7,739	55.1					
System Average	5,510	7,700	71.6	12,291	44.8	9,910	55.6	8,399	21,558	39.0		

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

**Reflects a revision to the cost per student data by the UW System

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 lower than resident tuition at most other

public Midwestern Big Ten universities. Table 12 shows that in 2010-11, UW-Madison resident undergraduate tuition ranked eighth out of the nine midwestern public Big Ten institutions, at \$1,330 below the mid-point; and resident graduate tuition ranked sixth, at \$1,111 below the mid-point. For nonresidents, undergraduate tuition ranked sixth out of the nine peers, at \$2,923 below the midpoint while graduate tuition ranked fifth highest, at \$499 below the mid-point.

Table 13 shows increases in tuition and fees in both percentage and dollar terms for resident undergraduates at the public midwestern Big Ten universities for the period from 2000-01 to 2010-11. As shown in the table, tuition and fees at all of the

Table 12: Annual Tuition and Fees at Midwestern Public Big Ten Universities (Including Segregated Fees)*

	Undergraduate			Graduate		
	2009-10	2010-11	% Change	2009-10	2010-11	% Change
Resident Students						
Illinois	\$12,642	\$13,658	8.0%	\$12,648	\$13,620	7.7%
Michigan	11,659	11,837	1.5	17,813	17,973	0.9
Minnesota	11,017	11,792	7.0	13,109	14,042	7.1
Michigan State	10,930	11,205	2.5	11,979	12,797	6.8
Ohio State	8,676	9,420	8.6	10,683	11,298	5.8
Purdue	8,638	9,070	5.0	8,638	10,060	16.5
Indiana	8,613	9,028	4.8	7,898	7,911	0.2
UW-Madison	8,310	8,983	8.1	10,514	10,937	4.0
Iowa	6,824	7,419	8.7	7,701	8,412	9.2
Average (excl. WI)	\$9,875	\$10,429	5.6	\$11,309	\$12,014	6.2
Mid-Point (excl. WI)	\$9,803	\$10,313		\$11,331	\$12,048	
UW Distance to Mid-Point	-\$1,493	-\$1,330		-\$817	-\$1,111	
Nonresident Students						
Michigan	\$34,937	\$36,001	3.0%	\$35,839	\$36,133	0.8%
Michigan State	27,392	29,160	6.5	23,697	25,103	5.9
Illinois	26,184	27,800	6.2	25,914	26,904	3.8
Indiana	26,160	27,689	5.8	21,299	21,311	0.1
Purdue	25,118	26,622	6.0	25,118	27,613	9.9
UW-Madison	23,059	24,233	5.1	25,068	25,104	0.1
Iowa	22,198	23,713	6.8	21,305	22,832	7.2
Minnesota	22,647	23,422	3.4	20,207	21,140	4.6
Ohio State	22,248	22,434	0.8	25,923	26,103	0.7
Average (excl. WI)	\$25,861	\$27,105	4.8	\$24,913	\$25,892	3.9
Mid-Point (excl. WI)	\$25,639	\$27,156		\$24,408	\$25,603	
UW Distance to Mid-Point	-\$2,580	-\$2,923		\$661	-\$499	

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

Table 13: Increase in Tuition and Fees for Resident Undergraduates at Public Big Ten Universities (2000-01 to 2010-11)*

	Ten-Year Increase	
	Percent	Amount
Illinois	173.5%	\$8,664
Iowa	137.2	4,291
Wisconsin	137.1	5,195
Purdue	134.2	5,198
Minnesota	133.6	6,745
Ohio State	114.9	5,037
Indiana	106.9	4,665
Michigan State	104.8	5,733
Michigan	72.5	4,973
Average (excl. WI)	122.2%	\$5,663
Mid-Point (excl. WI)	124.3%	\$5,118

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

institutions have increased by more than 100% over the most recent ten years. In dollar terms, increases at UW-Madison have exceeded increases at these peer institutions but by a relatively small amount. Tuition and fee increases have accelerated over time; from 1990-91 to 2000-01, tuition and fees at the peer institutions increased by an average of 79.3%, the equivalent of 6% annual increases, compared to 122.2%, or 8.3% annually, from 2000-01 to 2010-11.

Tables 14 and 15 compare undergraduate tuition and fees charged at the UW comprehensive campuses and UW-Milwaukee to tuition and fees at their respective peer campuses. Table 14 indicates that average resident tuition and fees at the comprehensive campuses is lower than 26 of the 34 other institutions in the peer group while UW non-resident tuition and fees ranks 24th out of 35. As shown in Table 15, Milwaukee's resident tuition ranks thirteenth of 15 peers while nonresident tuition is the tenth highest in the peer group.

The UW System does not maintain a list of peer institutions for the purpose of comparing tuition and fees at the 13 two-year UW College campuses. However, tuition and fees at the UW Colleges could be compared to tuition charged by the

Table 14: Undergraduate Tuition and Fees at UW Comprehensive Campuses and Peers (2010-11)*

	Resident	Nonresident
Illinois		
Governor's State	\$13,119	\$23,784
Chicago State	10,366	18,376
Eastern Illinois	9,987	25,227
Northeastern Illinois	9,981	16,881
Univ. Illinois-Springfield	9,917	19,067
Western Illinois	9,490	13,100
So. Illinois-Edwardsville	8,401	17,703
Indiana		
Indiana State	\$7,714	\$16,626
Purdue-Fort Wayne	7,272	17,466
Purdue-Calumet	6,623	14,961
Indiana Univ.-South Bend	6,290	16,617
Indiana Univ.-Northwest	6,193	16,381
Indiana Univ.-Southeast	6,163	15,428
Iowa		
U. of Northern Iowa	\$7,008	\$14,596
Michigan		
Michigan Tech.	\$11,654	\$24,164
Central Michigan	10,380	23,670
Ferris State	9,930	15,900
U. Michigan-Dearborn	9,455	20,659
Oakland	9,285	21,675
Grand Valley State	9,088	13,402
Western Michigan	9,006	20,894
Eastern Michigan	8,288	22,193
U. Michigan-Flint	8,160	15,914
Northern Michigan	8,089	12,505
Saginaw Valley State	7,308	17,147
Minnesota		
U. Minn.-Duluth	\$11,969	\$13,969
Winona State	8,233	12,616
Bemidji State	7,485	7,488
Moorhead State	6,923	6,923
Mankato State	6,725	13,478
St. Cloud State	6,645	13,721
Ohio		
Wright State	\$9,318	\$16,626
U. Akron	8,947	16,603
Youngstown St.	7,199	12,872
Wisconsin		
Comprehensive Average	\$7,091	\$14,615
Average (Excl. WI)	\$8,606	\$16,724
Mid-Point (Excl. WI)	\$8,345	\$16,610
WI distance to Mid-Pt.	-\$1,254	-\$1,995

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

Table 15: Undergraduate Tuition and Fees at UW-Milwaukee and Peers (2010-11)*

	Resident	Nonresident
U. of Illinois-Chicago	\$12,864	\$25,254
Temple	12,424	22,252
Rutgers-Newark	12,069	23,825
U. of Texas-Dallas	10,744	25,866
U. of Cincinnati	10,065	24,588
Wayne State	9,025	19,225
U. of Akron	8,947	16,603
Georgia State	8,698	26,908
Cleveland State	8,610	11,531
U. of Missouri-Kansas City	8,602	20,191
U. of Toledo	8,491	17,611
U. of Louisville	8,424	20,424
UW-Milwaukee	8,101	17,830
SUNY-Buffalo	7,136	15,036
U. of New Orleans	4,318	12,474
Average (Excl. WI)	\$9,316	\$20,128
Mid-Point (Excl. WI)	\$8,823	\$20,308
WI Distance to Mid-Point	-\$722	-\$2,478

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

Wisconsin technical colleges for collegiate transfer programs. In 2010-11, tuition and fees charged by the UW Colleges range from \$189 to \$194 per credit. By comparison, the Wisconsin technical colleges charged \$142 per credit for collegiate transfer credits. However, while the Wisconsin technical colleges charge all students on a per-credit basis, the UW Colleges charge students using the plateau system. As a result, students taking 15 credits or less through a collegiate transfer program at a Wisconsin technical college would pay less in tuition than those enrolled at a UW Colleges campus while students taking 16 credits or more would pay more.

In the past, cross-state comparisons have been used as benchmarks or justifications for establishing tuition levels. It could be argued, however, that resident tuition charged in other states is not relevant to the tuition setting process in this state. Students generally only have one state in which they

would qualify for resident tuition and, consequently, resident tuition in other states should not effect the decisions students in this state. In addition, different states may have different human capital development needs, goals, and strategies. Tuition decisions made in other states may not be consistent with this state's budgetary priorities, educational needs, or broader education policies.

Another approach to evaluating tuition levels is to examine the relationship between tuition levels and state income measures, representing ability to pay. Table 16 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 2009-10. Using either measure, UW-Madison tuition is the second most affordable institution behind only Iowa. However, tuition and fees at these public institutions have been becoming less affordable over time as tuition and fees have increased at a faster rate than incomes. In 1999-00, tuition and fees at UW-Madison were equal to 15.7% of Wisconsin's disposable per capita personal income compared to 24.5% in 2009-10. To the extent that resident tuition is not affordable to all Wisconsin students, tuition rates impact access to higher education and may increase the need for financial aid.

Table 16: Tuition and State Income Measures (2009-10)

Institution	Resident Undergraduate Tuition and Fees	Tuition as % of Per Capita Income	Tuition as % of Median Income
Michigan	\$11,659	37.0%	25.8%
Michigan State	10,930	34.7	24.2
Illinois	12,642	33.3	23.4
Minnesota	11,017	29.3	19.8
Purdue	8,638	27.9	19.0
Indiana	8,613	27.8	19.0
Ohio State	8,676	26.7	19.1
Wisconsin	8,310	24.5	16.6
Iowa	6,824	19.8	14.2

APPENDIX

University of Wisconsin Board of Regents 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 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, supple-

mental 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.