

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 0391/1

INTRODUCTION # SB 189

Admin. Rule #

Subject

Limiting Increases of Academic Fees at the University of Wisconsin System

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation
 Or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb
 Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:

- Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

Senate Bill 189 limits resident undergraduate tuition increases at the University of Wisconsin System to the percentage change in the consumer price index. However, the biennial budget bill approved by the Conference Committee and both legislative houses, includes statutory language limiting resident undergraduate tuition increases to a level sufficient to fund legislatively approved biennial budgets and compensation plans. Essentially, with the exception of differential tuition initiatives and distance education, the UW Board of Regents' flexibility to increase resident undergraduate tuition is limited by the proposed biennial budget.

The 1999-01 biennial budget is not final and compensation/pay plan increases are unknown. Consequently, it is not possible to calculate the impact of this bill on the current biennium. However, had undergraduate tuition increases been limited in this manner during the current biennium (1997-99), undergraduate tuition revenue would have been \$32.1 million less (\$11.7 million less in 1997-98 and another \$20.4 million less in 1998-99).

Revenue, Enrollment, and Faculty Reductions Under SB 189

	UW-Madison	UW-Milwaukee	Comprehensives*	Colleges**	System Total
1997-98	-\$2,700,000	-\$1,800,000	-\$6,600,000	-\$600,000	-\$11,700,000
1998-99	-\$4,800,000	-\$3,100,000	-\$11,500,000	-\$1,000,000	-\$20,400,000
Lost Revenue	-\$7,500,000	-\$4,900,000	-\$18,100,000	-\$1,600,000	-\$32,100,000
Enrollment Reduction	-600 FTE	-400 FTE	-1700 FTE	-200 FTE	-2900 FTE
Loss Faculty/Staff	-70 FTE	-50 FTE	-170 FTE	-20 FTE	-310 FTE

* Includes four year non doctoral campuses.

** Includes two year campuses.

To compensate for this revenue reduction and maintain educational quality a combination of revenue increases or base cuts would have been necessary.

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 262-6715

Date

10/19/99

Revenue Solutions:

- GPR support for the UW System would have to have been increased by \$32.1 million for the biennium;
- Non resident tuition and resident graduate tuition would have to have been increased by 17% in 1997-98 and 12% in 1998-99; or
- The number of non resident undergraduate students, who now pay up to 140% of instructional costs, would have to be increased and the number of resident undergraduate students, who now pay about one third of the cost, would have been correspondingly decreased.

Base Cuts:

- Take the \$32.1 million revenue reduction as a budget cut and reduce the number of faculty and staff by 310 FTE during the biennium.
 - Then either cut resident undergraduate enrollments by 1,600 FTE in 1997-98 and another 1,300 FTE in 1998-99 to maintain current support levels per student and educational quality; or
 - Leave enrollment levels as is and reduce educational quality by increasing student to faculty ratios. This would result in larger classes, closed sections, and increased time to degree (graduation).

SB 189 limits State, student and UW System flexibility. State flexibility to use non GPR resources to fund UW System budgets when other statewide funding priorities consume available GPR dollars would be reduced. During the 1995-97 biennial budget, the State used this flexibility to fund other priorities when it cut System's GPR base by \$43.8 million and increased its tuition revenue base by \$10.2 million to partially offset the cut.

Currently, the majority of UW System's biennial budget initiatives that relate to operations are funded using 65% GPR and 35% student fees. This bill would require the state to fund activities at higher levels of GPR, or not at all, when low inflation increases limit tuition increases.

Students at UW-Eau Claire and UW-Stout have initiated tuition increases of \$50 per semester - 4.1% increase - at UW-Eau Claire and 5% at UW-Stout in order to enhance educational quality and access. SB 189 would preclude the Board of Regents from approving new student initiatives such as these.

The methods of delivering higher education courses and programs are quickly changing due to the advent of the internet and the new dynamics present in the economy. More courses and programs are being delivered "on-line" (over the internet, or audio and video lines), during evenings and weekends, and at off campus sites such as at the work place. At the same time, new specialized programs are being developed to meet the training needs of businesses, government, and individuals in local communities. These new programs and delivery methods are often more expensive to provide and therefore require higher tuition rates. Without the higher tuition rates, these activities could not be offered or would reduce the resources available to serve current students and eventually reduce educational quality for the System. Even though students are willing to pay more for the convenience of internet courses and businesses for specialized programs for their employees, SB 189 would limit UW-System's ability to serve their needs without compromising educational quality.

Finally, UW System has identified programs, such as medical, engineering, and business that are more expensive to provide, are in high demand by students, and whose graduates generally have higher than average starting wages. Currently, students in those programs are charged a higher, differential tuition to offset increased costs. SB 189 would limit UW System from charging new differential tuition levels. Such a limitation will either reduce access to those programs or financial resources for the rest of the System.