



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #826

Application Fee Increase (UW System)

Bill Agency

[LFB 2007-09 Budget Summary: Page 574, #12]

CURRENT LAW

Applicants seeking admission into the UW System as new freshmen or out-of-state transfer students are required to pay a \$35 fee; applicants seeking admission into the UW System as graduate, law, or medical students are required to pay a \$45 fee. The UW Board of Regents may exempt up to 5% of all applicants from this fee on the basis of financial need.

GOVERNOR

Increase statutorily set application fees from \$35 to \$50 for new freshmen and out-of-system transfers and from \$45 to \$60 for graduate, law, and medical students. Provide \$1,814,100 annually to reflect the estimated annual increase in revenues. The additional revenue generated by the application fee increase would be used to defray the costs of application publications; brochures; IT enhancements or updates to electronic applications and other student services sites; reimbursement of campuses for e-commerce costs related to credit card payment processes; the assessment and evaluation of candidates; and to support institutional activities related to the Wisconsin covenant.

DISCUSSION POINTS

1. The purpose of the application fee is to defray the cost of maintaining admissions offices and processing applications as well as to deter insincere applicants. In 2005-06, the UW System received fees from approximately 115,000 applications from new freshmen and out-of-state

transfer applicants and 6,200 applications for graduate admission. The fees associated with these applications generated approximately \$4.3 million in PR revenue in that year. In 2005-06, the admissions offices for the 13 four-year campuses in the UW System had a combined budget of about \$11 million, excluding fringe benefit costs.

2. The proposed application fee increase would generate an estimated \$1.8 million annually. Of this amount, \$500,000 would be used to update and improve the online application system. The remaining funds would be used to support the assessment and evaluation of candidates for admission at the campus level. The UW System notes that the cost of processing applications has increased significantly as the result of the increase in the number of applications received. For example, data provided by the UW System shows that the number of new freshmen applications has increased from 61,000 in 1997-98 to 90,900 in 2006-07, an increase of approximately 50%.

3. The application fee was last increased in 1997 and first affected students applying for admission in the fall of 1998. Prior to that year, the application fee had been \$28 for new freshmen and out-of-system transfer students and \$38 for graduate, law, and medical students. Under 1997 Act 27, the application fee increased by \$7 for all students to the current \$35 for new freshmen and transfer students and \$45 for graduate, law, and medical school students.

4. Inflation has eroded the value of the 1997 application fee increase. If the application fee established in 1997 would be adjusted for inflation, the fee would be \$44 for new freshman and out-of-system transfer students and \$56 for graduate, law, and medical students. As an alternative to the \$15 increase provided in SB 40, the Committee could decide to increase the application fee by \$9 for new freshmen and transfer students and by \$11 for graduate, law, and medical students, which would be consistent with the increase in CPI since 1997. These increases would generate an estimated \$1.1 million annually. This increase in revenue would be sufficient to fund the update of the online application system, estimated at \$500,000.

5. The UW System generally compares itself to three different peer groups: one for UW-Madison, generally made up of the other Big Ten universities; one for UW-Milwaukee, generally comprised of other large, urban doctoral institutions; and one for the comprehensive campuses and the UW Colleges, generally including other medium- and small-sized colleges and universities in the Midwest region. Within the Madison and Milwaukee peer groups, the median application fee for undergraduates is \$40. The median application fee amongst the peer group for the comprehensive campuses and the UW Colleges is lower at \$30. If the UW System would raise its application fee to \$50 for undergraduates, UW-Madison would be tied for highest application fee among public Big Ten universities with Indiana and Penn State; UW-Milwaukee would have the second highest application fee in its peer group behind Rutgers University-Newark; and the comprehensive campuses and the UW Colleges would be tied for the highest application fee within their peer group with the University of Illinois-Springfield. No data was provided regarding application fees charged to graduate, law, and medical school students at peer institutions.

6. As an alternative to the \$15 increase provided in SB 40, the Committee could increase the application fee by \$5 for all applicants. This would raise the application fee such that it

is equal to the median application fee charged within the Madison and Milwaukee peer groups. If charged to all applicants including graduate, law, and medical students, this increase would generate an estimated \$600,000 annually. This increase in revenue would be sufficient to fund the update of the online application system, estimated at \$500,000, but would not allow any significant expenditures for other activities identified by the UW System.

7. Over 60% of all new freshmen applications are submitted to the comprehensive campuses and the UW Colleges. At \$35, the application fee charged to new freshmen is greater than the median application fee charged by the peer group for the comprehensive campuses and the UW Colleges. For this reason, the Committee could decide to delete the application fee increase from the bill and maintain current law.

8. However, the purpose of the application fee is to defray the costs of maintaining admissions offices and processing applications. According to the UW System budget documents, the cost of maintaining admissions offices was about \$11 million in 2005-06 while the application fee generated \$4.3 million in that year. The difference between the amount of revenue generated by the application fee and the cost of maintaining admissions offices must be funded through other sources, including GPR.

9. No estimate has been provided of how this increase in the application fee might affect the number of applications received by the UW System. However, when the application fee increased in 1997, which first affected applicants for the fall 1998 semester, the number of new freshmen applicants increased by 3.7%. By comparison, the average annual increase in undergraduate applications was 5.0% from 1999-00 to 2005-06.

10. Under current law, the Board of Regents is permitted to waive the application fee for up to 5% of all applicants based on financial need. In 2006-07, the UW System waived this fee for roughly 3,700 new freshmen and out-of-system transfer applicants, or 3.1% of all applicants. The percentage of applicants for whom the fee is waived varies by campus; Milwaukee had the highest percentage of fees waived at 7.5% and Stout had the lowest percentage at less than 1%.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation, which would increase the application fee by \$15 for all applicants. This would make the application fee \$50 for new freshman and out-of-system transfer students and \$60 for graduate, law, and medical students. Provide \$1,814,100 PR annually to reflect this increase.

ALT 1	Change to Bill Funding	Change to Base Funding
PR	\$0	\$3,628,200

2. Modify SB 40 to increase the application fee by \$9 for new freshmen and out-of-system transfer students and by \$11 for graduate, law, and medical school students, which would adjust the application fees by the increase in CPI since 1997. Delete \$714,100 annually to reflect the reduced revenues under this alternative.

ALT 2	Change to Bill Funding	Change to Base Funding
PR	- \$1,428,200	\$2,200,000

3. Modify SB 40 to increase the application fee by \$5, which would raise the application fee charged to new freshmen and transfer students to the peer medians for the Madison and Milwaukee campuses. Delete \$1,214,100 annually to reflect the reduced revenues under this alternative.

ALT 3	Change to Bill Funding	Change to Base Funding
PR	- \$2,428,200	\$1,200,000

4. Delete provision.

ALT 4	Change to Bill Funding	Change to Base Funding
PR	- \$3,628,200	\$0

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