

University of Wisconsin Tuition



*Informational
Paper 37*

*Wisconsin Legislative Fiscal Bureau
January, 2003*

University of Wisconsin Tuition



*Prepared by
John Stott*

*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.

The policy of charging tuition at a public university reflects a consensus that there are personal or private benefits for the individual student, as well as public benefits that justify government investment in higher education. As a matter of public policy, it is difficult to assess the appropriate balance between the public and private benefits of higher education when determining what portion of the students' educational cost should be borne by the students themselves. 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 the Regents have been explicitly delegated the authority to set specific tuition levels, the tuition schedule only implicitly enters into the budget discussions and is not set by statute. However, exceptions to this practice have occurred in the 1999-01 and the 2001-03 state budgets and in the 2001-03 budget adjustment act. 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 non-resident 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%.

In the past, the Legislature's primary role in the tuition setting process was to establish the appropriation level for "academic student fees" (tuition) which, until 1997-98, was the upper limit on the amount of tuition revenues that could be expended. While more revenues could be generated, expenditure of these additional revenues required approval by the Secretary of the Department of Administration and the Joint Committee on Finance under a 14-day passive review process. A provision in the 1997-99 state budget (1997 Act 27) expanded the Regents' authority to expend tuition and fee revenues beginning with the 1997-98 academic year. Under that provision, the Regents were permitted to expend up to 104% of the amount appropriated by the Legislature in the first year of a biennium and up to 107% of the amount appropriated in the second year of a biennium. The University was also allowed to expend tuition revenues that were budgeted, but not expended in the prior year.

The Legislature's oversight role with regard to tuition levels was further diminished by a provision in 1999 Act 9 which changed the appropriation for tuition and fee revenues from an annual, sum certain to 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. Act 9 did include statutory language aimed at limiting 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 Secretary of 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, intersession and nontraditional courses; and (g) differential tuition that is approved by the Board but not included in the amount in the appropriation schedule for the tuition appropriation. The Board is required to report its determination of state-imposed costs under (e) to the Secretary of Administration beginning on December 15, 2000 and annually thereafter. 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 2001-02, expenditures in the academic student fee appropriation exceeded the amount in the appropriation schedule by \$65.4 million; these expenditures included \$41.2 million in compensation related expenditures, \$10.2 million in enrollment related funding, \$3.2 million in utility expenditures, and \$10.8 in encumbrances and carryover balances from 2000-01.

The appropriation for tuition reflects other revenue items in addition to revenues derived from the academic tuition schedule (91.1% of the appropriation). These additional items include: summer school fees (4.6%); off-campus degree programs (2.0%); special fees for law students, master's level business students, non-resident

undergraduates at Madison and other special fee programs (0.7%); and the application fee (0.5%). In addition, the UW System budgets a certain amount of tuition and fee revenues for use of the tuition flexibility authority (0.6%). 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 calculated, the University determines tuition for the different classes of students, which differ by resident status and academic level. Tuition increases often vary from one class to another: for example, resident undergraduates may experience a 7% increase, while tuition for nonresident graduate students could increase by 12.5% for the same academic year. The amount of tuition revenues appropriated is then allocated to the institutions based on their prior year budgets and any additional funding provided by the Legislature. For each institution, an estimate is made of the anticipated full-time equivalent (FTE) students by student class based on enrollment management targets and tuition revenues expected to be generated by the FTEs. The enrollment management targets are set by the Regents, with the cooperation of each campus, and are the basis for most internal budget decisions. 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.

Beginning in 1996-97, subject to approval by the Board of Regents, campuses have been permitted to 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 increased costs associated with the implementation of the program. Since the policy was implemented, the Board of Regents has approved differential tuition initiatives at the doctoral campuses and eight of the four-year campuses. 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. While this goal was reached in 1999-00, a new differential tuition initiative, begun in 2001-02, was implemented to reduce the tuition gap between the Colleges and the comprehensive institutions to less than \$300 per academic year; this goal was achieved in 2002-03.

Typically, student fees only support the "instructional" portion of the UW budget. Instructional costs are calculated using a cost accounting system which includes faculty salaries and fringe benefits, supplies and services, administration, libraries and 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 their educational responsibilities, only those costs directly related to instruction are included in the cost pool for setting tuition. Exceptions to this occurred when nonstatutory provisions in the 1997-99, 1999-01 and 2001-03 state budgets allowed the University 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 noninstructional cost of the salary increases for these employees was paid solely 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 2001-02, most undergraduate nonresident students paid between 127% and 172% of their instructional costs, thus

subsidizing resident undergraduate students who paid between 29% and 41% of their instructional costs. Many nonresident graduate students also subsidize resident graduate students with nonresident graduate students paying between 69% and 135% of their instructional costs, while resident graduate students paid between 17% and 39% of their costs. Nonresident law, medical, and veterinary students paid 165%, 62%, and 58%, respectively, while residents enrolled in Madison's law, medical and veterinary schools paid 58%, 41%, and 38%, respectively.

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 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 automatically 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 University System. Consequently, cost increases resulting from pay increases or new initiatives will automatically increase tuition. For example, for the 2003-05 biennium it is estimated that for every 1% increase in compensation, tuition will increase 0.6% 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%.

Tuition History

University of Wisconsin general tuition levels are traditionally set by the Regents according to a nonstatutory formula which establishes separate tuition categories based on resident status,

academic level (undergraduate, graduate or professional school) and institution 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. Tuition charges are established annually by applying percentages against costs at each student level for each institutional cluster. For nonresident students, tuition has been fixed at a higher ratio of instructional cost. At the time of merger of the various UW campuses into one system in 1971, nonresident graduate students paid 70% of their instructional cost compared to 21% for resident graduate students. 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.

According to Regent policy, tuition levels are currently based on the enrollment management levels established by the Regents. If enrollments are lower than projected, revenue to the University will be lower than anticipated. If enrollments are higher than anticipated, more revenue will be generated. In the past, campuses were not allowed to retain the excess tuition revenues from higher than budgeted enrollments. 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 budget and enrollment targets, the campuses are allowed to retain 75% of tuition

revenues generated in excess of their tuition revenue targets. The remaining 25% is pooled and may be distributed to campuses at which tuition revenues fall short of their targets. However, a campus at which enrollment deviates from the target by more than 1%, lower or higher, over two years, may be required to adjust its enrollment targets for future years. Since the policy was implemented, Oshkosh and Parkside have lowered their targets, and three campuses (La Crosse, Green Bay and River Falls) have increased their targets. Milwaukee's target was reduced in 1998-99, but was subsequently increased to its original level in 2000-01.

Table 1 indicates the annual tuition which resident, undergraduate students have been charged at UW institutions from 1982-83 to 2002-03. The tuition levels indicated are for full-time students who pay a set fee. Since 1993-94, separate tuition has been charged at Madison and Milwaukee. This was the result of the implementation of an instructional technology fee for Madison students which 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 that comprise the comprehensive cluster. While each of the comprehensive campuses currently charge 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 1982-83 to 1992-93 and from 1992-93 to 2002-03. As indicated in the table, for all campuses, the annualized rate of increase in tuition over the entire period was approximately twice the

annualized change in the CPI. The rate of growth in tuition was slightly higher among the doctoral and comprehensive campuses from 1982-83 through 1992-93 than it was between 1992-93 and 2002-03. However, the larger tuition increases in the 1980s and early 1990s coincided with a period of larger increases in the CPI. The colleges experienced a higher annualized rate of change between 1992-93 and 2002-03 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 (excluding tuition for the professional schools of law, medicine and veterinary medicine), respectively for the past eleven years for resident and nonresident students.

Table 4 indicates the differential tuition rates charged in the 2002-03 academic year. As shown in the table, some campuses charge differential rates only for specific programs. However, as noted, all students enrolled at the Colleges currently pay a differential tuition rate set \$300 less than the general tuition rate at the Comprehensive campuses. The differential tuition rate at UW-Eau Claire is applied to all students enrolled in baccalaureate degree programs; UW-Whitewater and Stout's differential tuition rates apply to all undergraduate and graduate students. In addition, UW-Stout will phase in a per credit tuition model in 2002-03; tuition for incoming undergraduate students will be assessed on a per credit basis while returning undergraduate and graduate students will continue 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.

Table 1: Annual Tuition for Resident Undergraduate Students

Year	Madison		Milwaukee		Comprehensives		Colleges		% of Instructional Cost			
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Madison	Milwaukee	Comp.	Centers
1982-83	\$994		\$994		\$836		\$836		27.3%	27.3%	27.3%	27.3%
1983-84	1,065	7.1	1,065	7.1%	886	6.0%	836	0.0%	27.0	27.0	27.0	27.7
1984-85	1,150	8.0	1,150	8.0	980	10.6	865	3.5	28.3	28.3	28.3	28.3
1985-86	1,255	9.1	1,255	9.1	1,077	9.9	1,024	18.4	29.0	29.0	29.0	29.0
1986-87	1,431	14.0	1,431	14.0	1,202	11.6	1,153	12.6	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	NA	NA	NA	NA

Annualized Rate of Change

	Tuition		CPI
1982-83 to 2002-03	7.0%	6.8%	3.2%
1982-83 to 1992-93	7.6	7.3	4.2
1992-93 to 2002-03	6.4	5.9	2.5

Table 2: Tuition for Undergraduate Students

Year	Madison			Milwaukee			Comprehensive Cluster					
	Resident		Nonresident	Resident		Nonresident	Resident		Nonresident			
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change		
1992-93	\$2,076		\$7,571		\$2,076		\$7,362		\$1,686		\$5,871	
1993-94	2,227	7.3%	8,090	6.9%	2,206	6.3%	7,810	6.1%	1,792	6.3%	6,240	6.3%
1994-95	2,415	8.4	8,774	8.5	2,359	6.9	8,374	7.2	1,916	6.9	6,704	7.4
1995-96	2,549	5.5	9,304	6.0	2,513	6.5	8,964	7.0	2,041	6.5	7,176	7.0
1996-97	2,651	4.0	9,769	5.0	2,639	5.0	9,502	6.0	2,143	5.0	7,607	6.0
1997-98	2,860	7.9	10,599	8.5	2,847	7.9	10,310	8.5	2,312	7.9	8,254	8.5
1998-99	3,001	4.9	11,182	5.5	2,987	4.9	10,878	5.5	2,426	4.9	8,708	5.5
1999-00	3,290	9.6	12,604	12.7	3,194	6.9	11,814	8.6	2,594	6.9	9,458	8.6
2000-01	3,290	0.0	13,688	8.6	3,194	0.0	12,642	7.0	2,594	0.0	10,122	7.0
2001-02	3,568	8.4	15,800	15.4	3,462	8.4	14,592	15.4	2,776	7.0	11,544	14.0
2002-03	3,854	8.0	17,854	13.0	3,738	8.0	16,490	13.0	3,000	8.1	13,046	13.0

Table 3: Tuition for Graduate Students

Year	Madison			Milwaukee			Comprehensive Cluster					
	Resident		Nonresident	Resident		Nonresident	Resident		Nonresident			
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change		
1992-93	\$2,969		\$9,555		\$2,969		\$9,555		\$2,165		\$7,093	
1993-94	3,217	8.4%	10,353	8.4%	3,188	7.4%	10,258	7.4%	2,325	7.4%	7,615	7.4%
1994-95	3,537	9.9	11,383	9.9	3,457	8.4	11,124	8.4	2,521	8.4	8,258	8.4
1995-96	3,804	7.5	12,242	7.5	3,752	8.5	12,075	8.5	2,736	8.5	8,964	8.5
1996-97	3,994	5.0	12,915	5.5	3,977	6.0	12,860	6.5	2,900	6.0	9,547	6.5
1997-98	4,310	7.9	14,013	8.5	4,291	7.9	13,953	8.5	3,129	7.9	10,358	8.5
1998-99	4,522	4.9	14,784	5.5	4,502	4.9	14,721	5.5	3,283	4.9	10,928	5.5
1999-00	4,958	9.6	16,662	12.7	4,814	6.9	15,988	8.6	3,510	6.9	11,868	8.6
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

Table 4: UW System Schedule of Differential Tuition – 2002-03 Academic Year

	Resident	Nonresident
Madison		
Evening MBA	\$13,024	\$23,202
Doctor of Pharmacy	8,846	21,096
Milwaukee		
Communication Science & Disorders (graduate)	7,222	24,386
Occupational Therapy (graduate)	7,222	24,386
Physical Therapy (graduate)	7,222	24,386
Eau Claire		
Undergraduate Baccalaureate	3,100	13,146
La Crosse		
Occupational Therapy (undergraduate)	3,592	15,588
Physician Assistant (undergraduate)	3,592	15,588
Physical Therapy (graduate)	5,196	17,878
Stout		
New Freshman (Per Credit Tuition)	111.35	456.55
Undergraduate	3,150	13,196
Graduate	4,560	15,170
Whitewater		
Undergraduate	3,105	13,151
Colleges		
	2,700	11,400

The general tuition structure for all 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 students who attend on a part-time basis.

Starting in 2002-03, UW-Stout will implement per-credit tuition for undergraduate and graduate students. The per-credit tuition will include tuition, differential tuition, segregated fees, textbook rental, and a new laptop computer per credit user fee. The per-credit tuition program will be phased in, beginning with new freshmen in the fall of 2002 and will continue to be phased in for new freshmen over a period of four years. 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 which is identical for each student, regardless of full or part-time status. Under the Stout program, part-time students would no longer subsidize full-time students through higher actual per credit costs. However, students enrolled in degree programs requiring a higher number of credits or students who change majors and need to take more classes to complete their major would actually pay higher tuition under the per-credit fee structure if they took more than 15 credits per semester.

The UW System has also implemented service-based pricing program for certain graduate and adult non-traditional academic programs provided through most campuses. The tuition for these programs is set to recover fixed and variable costs associated with the programs including the instructor salaries and benefits. The UW System guidelines for service-based pricing programs require that the

program be geared toward non-traditional students that are either: (a) aged 25 and above, part or full time, at the under-graduate, professional or graduate level, or (b) enrolled in programs delivered in a non-traditional manner (i.e. flexible as to time, place, media, or instruction). Since these courses must at least recover direct costs without an institutional subsidy, per-credit tuition charges are generally above the current tuition schedule. In 2001-02, UW institutions served over 11,000 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 over 46,000 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 2002-03, annual segregated fees, as shown in Table 5, range from \$460 at Oshkosh to \$1,023 at Green Bay. 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 which 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 non-allocable 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 which 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 (WISPIRG), the Campus Women's Center and the Madison AIDS Support Network.

In November, 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, 1998, the Seventh Circuit Court of Appeals rejected the appeal, ruling that 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.

Table 5: UW System Consolidated Schedule of Tuition and Segregated Fees – 2002-03

	Tuition		Segregated Fees Paid by all Students **	Total Tuition and Fees	
	Residents	Nonresidents		Residents	Nonresidents
DOCTORAL CLUSTER					
Undergraduate					
Madison	\$3,854	\$17,854	\$569	\$4,423	\$18,423
Milwaukee	3,738	16,490	615	4,353	17,105
Graduate					
Madison	6,308	21,578	569	6,877	22,147
Milwaukee	6,034	20,400	615	6,649	21,015
Law	8,272	23,720	569	8,841	24,289
Medicine	21,152	32,276	569	21,721	32,845
Veterinary Medicine	15,270	23,304	569	15,839	23,873
COMPREHENSIVE CLUSTER					
Undergraduate					
Eau Claire	3,100	13,146	480 *	3,580	13,626
Green Bay	3,000	13,046	1,023	4,023	14,069
La Crosse	3,000	13,046	670 *	3,670	13,716
Oshkosh	3,000	13,046	460	3,460	13,506
Parkside	3,000	13,046	532	3,532	13,578
Platteville	3,000	13,046	584 *	3,584	13,630
River Falls	3,000	13,046	552 *	3,552	13,598
Stevens Point	3,000	13,046	510 *	3,510	13,556
Stout	3,150	13,196	491 *	3,641	13,687
Superior	3,000	13,046	461	3,461	13,507
Whitewater	3,105	13,151	528 *	3,633	13,679
Graduate					
Eau Claire	4,342	14,952	480	4,822	15,432
Green Bay	4,342	14,952	1,023	5,365	15,975
La Crosse	4,342	14,952	670	5,012	15,622
Oshkosh	4,342	14,952	460	4,802	15,412
Parkside	4,342	14,952	532	4,874	15,484
Platteville	4,342	14,952	584	4,926	15,536
River Falls	4,342	14,952	552	4,894	15,504
Stevens Point	4,342	14,952	510	4,852	15,462
Stout	4,560	15,170	491	5,051	15,661
Superior	4,342	14,952	461	4,803	15,413
Whitewater	4,342	14,952	528	4,870	15,480
Colleges	2,700	11,400	154-232*	2,854-2,932	11,554-11,632

* There is an additional charge of \$103-\$140 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 \$2.70.

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, 2000. The Court ruled that the First Amendment does not prohibit a public University to charge 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 7th Circuit Court of Appeals examine the University's use of referenda to determine funding for certain organizations and whether this process violates the viewpoint neutrality requirement. The UW System discontinued the use of the referendum process pending the outcome of the 7th Circuit Court examination of the allocation system.

In December 2000, the Circuit Court determined that the University's current system for compelling, allocating and distributing segregated university fees does not operate in a viewpoint neutral manner and violates 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, 2001, the UW Board of Regents approved updated segregated fee expenditure policies that require student governments at each UW System institution, in consultation with the chancellors, to develop policies and procedures that set criteria for the allocation of student fees, create records of the allocation deliberations, avoid conflicts of interest, and establish an appeals process where funding decisions are alleged not to have been viewpoint neutral. Nonetheless, in March 2001, the Circuit 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, 2002, the U.S. 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 as criteria for distributing funds, the length of time a student group had existed or the amount of funds a group had received in the past.

Tuition Remissions

During the 2001-02 academic year, 13,364 resident and nonresident students received remissions amounting to \$96.3 million. An additional \$7.6 million in fee remissions were granted during the summer session. 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.

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--not to exceed an amount equal to full remissions for 8% of the number of nonresident students registered at that

institution in the preceding year (known as the "Regents Nonresident 8%"); (b) up to an additional 2% of nonresident students as in "(a)" who are deserving of relief due to extraordinary circumstances; and (c) a number of worthy and needy foreign students or U.S. citizens whose residence is not in the U.S., not to exceed 2% of a campus' FTE enrollment for the preceding academic year. In 2000-01, 2,318 students received these remissions valued at \$10.5 million.

Graduate Tuition Remissions. The Board of Regents is permitted to remit all or part of the nonresident portion of the tuition of 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. In 2000-01, 6,474 nonresident students received remissions valued at \$56.6 million.

Since the spring, 1997-98 semester, most graduate assistants with at least a 33% appointment have also received remissions for the resident portion of their tuition. While most universities in other states remit both resident and nonresident tuition for such students, until 1997-98, Wisconsin law prohibited the Board of Regents from waiving resident tuition for graduate students. To compensate for the lack of a tuition remission, UW graduate assistants were paid a higher salary than was typically paid at universities that offered remissions. However, because the IRS regarded salary as taxable income while remissions were not, it was argued that graduate assistants at UW institutions were financially disadvantaged compared to similar students enrolled at other universities. In order to improve the competitiveness of UW institutions, particularly Madison and Milwaukee, in recruiting and retaining graduate students, a provision included in the 1997-99 state budget required the Regents to remit both resident and nonresident tuition, in whole or in part, for graduate assistants with appointments equal to at least 33% of full-time.

Beginning with the spring 1998 semester, Madison implemented full remissions to eligible teaching assistants and program/project assistants as part of their collective bargaining agreements. Madison began to provide full remissions for research assistants beginning in the 1998-99 academic year. Milwaukee provides full remissions to teaching assistants and program/project assistants as well as remissions of \$100 per semester for research assistants. At the time the remissions were provided, the salaries/stipends of graduate students holding these appointments were reduced. The UW Comprehensive campuses, which do not generally compete on a national level for graduate assistants, have provided a remission of \$50 per semester in order to comply with the law. In 2000-01, a total of 2,097 resident graduate assistants received remissions valued at \$6.1 million. Madison accounted for 83% of these remissions.

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 2000-01, there were 282 students enrolled at Parkside and 193 students enrolled at Superior under the program. The numbers of participating students during the academic year are higher than the statutory limits because they reflect non-duplicated headcount rather than full-time equivalent participation. For 2000-01, the value of these remissions was \$1,262,273 at Parkside and \$1,062,087 at Superior.

Athletic Scholarships. The Regents may remit both resident and nonresident tuition as part of athletic scholarships. Currently, four UW campuses (Madison, Milwaukee, Green Bay and Parkside) are in NCAA divisions that allow the granting of athletic scholarships. In 2000-01, the number of scholarships awarded by each of the campuses is as follows: 434 at Madison; 321 at Milwaukee; 274 at Green Bay; and 246 at Parkside.

For 2000-01, the value of these remissions was \$8.6 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 much higher than the number of authorized scholarships.

Tuition Remissions for Children and Spouses of Certain Protective Services Officers. Provisions in 1995 Act 228 require 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 child of a correctional officer, fire fighter or law enforcement officer who was killed in the line of duty in this state. The remissions were expanded in 1997 Act 163 to include surviving spouses of such officers, and again in 1999 Act 130 to include spouses and children of ambulance drivers and emergency medical services technicians who were killed in the line of duty. In order to be eligible to receive the remission, a child must have been under the age of 21 or not yet born when his or her parent was killed. Initially, \$15,000 GPR annually was provided to cover the cost of the remissions. However, the actual cost of the remissions began to exceed this amount after the first year, and a provision in the 1999-01 state budget increased the appropriation to \$30,000, beginning in 1999-00. In 2001-02, tuition and fees totaling \$29,300 were waived for 11 students under this requirement.

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. Since the 1992-93 academic year, the Board of Regents has been allowed to satisfy this matching requirement through tuition waivers, if the total value of the UW match is higher than the payments made in the 1991-92 academic year. In 2000-01, 2,227 academic scholars attended a UW campus, with their remissions valued at \$1.8 million.

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 Higher Educational Services Office (MHESO) 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" which 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 MHESO, is included in an annual administrative memorandum that must be approved by the Joint Committee on Finance. Additional details on this agreement are contained in Informational Paper #72, by the Legislative Fiscal Bureau, entitled "Education and Income Tax Reciprocity Agreements."

Nonresident Students and Tuition Revenues

Systemwide, approximately 32% of nonresidents attending UW System institutions pay nonresident tuition. The remaining 68% either pay the same as residents, or an amount between resident and nonresident tuition. Of these students, approximately 63% are Minnesota residents enrolled under the Minnesota-Wisconsin reciprocity agreement and 37% receive tuition remissions, and therefore, pay Wisconsin resident tuition through other nonresident tuition remission programs.

Table 6 shows the number, proportion and type of nonresident students. For example, while 30.6% of Madison's undergraduates are nonresidents, 31.1% of these students are from Minnesota and 5.2% receive some form of fee remission; therefore, 63.7% of Madison's nonresident undergraduates, or 19.5% of its total undergraduate population, pay full, out-of-state tuition and fees. Of Madison's

graduate students, 54.6% are nonresidents for tuition purposes and 30.4% of those students pay nonresident tuition. Systemwide, 32% of the nonresident students pay full 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. At the comprehensive campuses, Minnesota students comprise the majority of nonresidents.

Table 7 shows 2002-03 estimated tuition revenues by resident status. Tuition received from Minnesota residents through reciprocity is contained in the "Residents" column. The relative importance of out-of-state and graduate students to the tuition revenue pool is significant and has been used as a source of additional revenue in several of the past budgets. Systemwide, although non-Minnesota nonresidents comprise 11.0% of the student population, they contribute 32.3% of the tuition revenues.

Table 6: Proportion of Students by Tuition Status (Fall 2001)

	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	29,885	9,133	30.6%	31.1%	5.2%	63.7%
Graduate and Professional	10,992	6,000	54.6	2.6	67.0	30.4
Milwaukee						
Undergraduate	19,803	737	3.7	24.0	16.4	59.6
Graduate	4,032	686	17.0	5.8	80.9	13.3
Comprehensive Campuses						
Undergraduate	76,571	12,763	16.7	72.5	15.5	12.0
Graduate	5,773	923	16.0	52.1	28.6	19.3
Colleges						
Undergraduate	<u>12,377</u>	<u>396</u>	3.2	34.1	36.4	29.5
TOTAL	159,433	30,638	19.2%	42.7%	25.2%	32.0%

*Headcount of resident and nonresident students.

**Includes Minnesota and Michigan reciprocity students. Michigan residents represent less than 2% of the reciprocity students.

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

Table 7: Estimated Tuition Revenues (2002-03 Excluding Summer Session)

	Tuition Revenue	% Paid by:	
		Residents*	Nonresidents
Madison			
Undergraduate	\$157,034,090	45.8%	54.2%
Graduate	84,995,891	31.3	68.7
Milwaukee			
Undergraduate	63,896,950	89.5	10.5
Graduate	16,429,430	72.5	27.5
Comprehensive Campuses			
Undergraduate	213,621,190	87.6	12.4
Graduate	15,194,247	83.0	17.0
Colleges			
Undergraduate	<u>20,567,292</u>	95.8	4.2
TOTAL	\$571,739,090	67.7%	32.3%

*Includes Minnesota reciprocity students.

At Madison, the students who are non-Minnesota nonresidents (21.1% of the campus total) contribute more than 54% of the campus' student tuition revenue. In addition, while Madison enrolls less than half the number of students as the eleven comprehensive campuses combined, its students contribute approximately 6% more than the amount of tuition revenue as do the students at the four-year schools.

Graduate students are also important contributors to the tuition pool. This group, while comprising 13.0% of the System's students, contributes 20.4% of the System's tuition revenues, although a majority of nonresident graduate students receive some type of tuition remission and consequently, do not pay the out-of-state portion of their tuition. These statistics underscore the importance of "student mix" as well as total student numbers in evaluating changes in tuition.

Regent Tuition Policy

Prior to 1992, the Board of Regents' policy was to base tuition increases on the anticipated inflation rate and an increase designed to move tuition towards the mid-point tuition of the University's peer institutions. After the UW's GPR budget request was approved, the tuition portion of each instructional item was calculated. In 1992 the Regents rescinded the policy of bringing tuition for resident undergraduates at Madison and Milwaukee to the midpoint of the Big Ten, and resident undergraduates at the comprehensive campuses to the midpoint of their peers.

The current tuition policy, which was revised by the Regents in 1996, 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 maintain its current GPR funding share (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.
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 the standard 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 0.6% overall tuition increase.

- Enrollment related items - when enrollments decline there are fewer students to whom a tuition increase can be distributed, thus increasing tuition rates. 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:

- In the 1995-97 biennium, tuition for all students (except those at Madison) increased by 1% in 1995-96 and an additional 1% in 1996-97 to improve instructional technology services including increasing the number of computer labs and lab hours, providing dial-in access for students living off-campus and providing electronic mail to students and faculty. Madison students began paying the technology fee in 1993-94.

- The 1995-97 budget provided for fee increases totaling \$15.3 million over the biennium to partially offset reductions in state funding.

- 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.

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 2000-01, there was no tuition increase for all resident undergraduates, while nonresident undergraduates and all graduate students at Madison had a 8.6% tuition increase, and nonresident undergraduates and all graduate students at all other UW System campuses had a 7.0% tuition increase. The average salary increases (third column) also varied considerably by campus

Table 8: Tuition Increases and Related Items

	Average Tuition Increase	Average Faculty Salary Increase	Actual - Budgeted Enrollment Change	Notes*
1993-94	6.1 to 11.9	2.4 to 5.2	-0.6	1. Pay plan / fringe benefits (3.4%) 2. Enrollment management (1.3%) 3. Tuition only budget items
1994-95	6.7 to 12.4	6.1 to 8.9	-0.8	1. Compensation (4.5%) 2. Enrollment management / student mix (2.0%)
1995-96	5.5 to 8.5	1.1 to 1.8	-1.6	1. Compensation (2.4%) 2. Enrollment management / student mix (2.1%) 3. Partial offset to GPR reductions (1.0%)
1996-97	4.0 to 7.5	2.0 to 2.8	0.1	1. Compensation (1.7%) 2. Enrollment management / student mix (1.3%) 3. Partial offset of GPR reductions (1.0%)
1997-98	7.9 to 9.9	4.2 to 5.3	0.6	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	1.9	1. Compensation (3.4%) 2. Instructional Items (1.5%)
1999-00	6.9 to 12.7	0.7 to 11.7	0.3	1. Compensation (6.5%) 2. Instructional Items (0.4%)
2000-01	0.0 to 9.1	2.4 to 8.4	2.2	1. Resident undergraduate tuition frozen at 99-00 level
2001-02	7.0 to 15.4	0.0 to 5.4	0.6	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	1.0	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%

and faculty level.

Tuition levels have been based on enrollment management targets since 1987-88. When enrollments have exceeded their targets, excess tuition revenues were collected. Until 1996-97, it had been a policy of the Board of Regents carry over these excess tuition revenues to the next academic year as an offset to tuition increases. The fourth column of Table 8 shows the difference between the budgeted and actual change in enrollment levels. A positive number means that enrollments were higher than budgeted, resulting in potential tuition carryover monies for future

years. As previously noted, beginning in 1996-97, UW institutions that exceed enrollment targets are allowed to retain 75% of their excess tuition revenues with the remaining 25% being distributed to institutions with revenue shortfalls.

The final column contains the major contributors to tuition increases or offsets to tuition increases. The percentages in parentheses are the tuition increase or decrease resulting from the particular item. For example, the 1997-98 compensation plan translated into a 6.1% tuition increase and an additional 1.3% was for enrollment management and changes in the student mix; and

an additional 0.5% was associated with budgeted instructional items.

Instructional Cost Per Student

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.

Table 9 ranks the campuses by undergraduate cost per full-time student for 2001-02. For each level, this table shows the instructional cost per student as well as the percentage of that cost paid by tuition. Milwaukee's costs for undergraduates are slightly lower than those at Madison. For the comprehensive campuses, the average cost per undergraduate student was \$7,623. The cost of educating an undergraduate student was highest at Superior (\$9,456) and lowest at Whitewater (\$7,119), a difference of 33%. Consequently, students at the least expensive campuses such as Whitewater, La Crosse and Oshkosh are paying a greater share of their educational costs than students at the most expensive campuses -- Superior, Parkside, and Platteville. For example, while upper level (Junior/Senior) students at Parkside paid 23.9% of the cost of their education, lower level (Freshmen/Sophomore) students at Oshkosh paid 50.6%.

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.

At the graduate level, the range between the lowest and highest cost comprehensive campus is \$12,946 (126%). There appears to be little relation

between graduate and undergraduate cost per student. The relatively small size of the Green Bay graduate program may account for it being the most expensive.

Finally, there is a difference of almost 53% 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.

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, however, that the average cost per student at the UW Colleges is greater than the freshmen/sophomore costs at five of the eleven comprehensive campuses, with UW College 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 described above. The final issue involves the disparity among campuses in the cost of graduate level education.

In addition to costs varying by level, they also vary by discipline and among the campuses. 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 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 or disciplines.

Table 9: 2001-02 Instructional Cost Per Student and Percent of Cost Paid by Tuition

	Undergraduate		Cost Per Student				Graduate Resident Tuition	Cost Per Student			
	Resident Tuition	Freshman/Sophomore	Junior/Senior	All Levels		Master's		Ph.D.			
				Freshman/Sophomore	Junior/Senior				All Levels		
Madison	\$3,568	\$6,931	51.5%	\$10,610	33.6%	\$8,989	39.7%	\$17,825	32.8%	\$21,730	26.9%
Milwaukee	3,462	6,692	51.7	10,386	33.3	8,472	40.9	18,732	29.8	20,182	27.7
Doctoral Average	3,525	6,833	51.6	10,535	33.5	8,797	40.1	18,100	31.8	21,566	26.7
Eau Claire	2,876	6,339	45.4	8,907	32.3	7,569	38.0	18,737	21.5		
Green Bay	2,776	6,072	45.7	8,752	31.7	7,516	36.9	23,222	17.3		
La Crosse	2,776	5,610	49.5	8,710	31.9	7,148	38.8	12,793	31.4		
Oshkosh	2,776	5,488	50.6	9,227	30.1	7,305	38.0	13,333	30.2		
Parkside	2,776	6,539	42.5	11,601	23.9	8,865	31.3	19,183	21.0		
Platteville	2,776	6,414	43.3	9,837	28.2	8,041	34.5	20,141	20.0		
River Falls	2,776	6,441	43.1	8,587	32.3	7,470	37.2	10,276	39.1		
Stevens Point	2,776	6,155	45.1	9,322	29.8	7,742	35.9	17,766	22.6		
Stout	2,916	6,626	44.0	8,985	32.5	7,807	37.4	15,949	26.5		
Superior	2,776	7,584	36.6	11,191	24.8	9,456	29.4	12,254	32.8		
Whitewater	2,776	5,678	48.9	8,841	31.4	7,119	39.0	11,269	35.7		
Comprehensive Average	2,803	6,114	45.8	9,210	30.4	7,623	36.8	14,250	28.4		
Colleges Average	2,422	6,321	38.3			6,321	38.3				
System Average	2,976	6,364	46.8	9,736	30.6	7,943	37.5	16,793	30.8		

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 2002-03, UW-Madison resident undergraduate tuition ranked eighth out of nine midwestern public Big Ten institutions, \$1,086 below the mid-point; and resident graduate tuition ranked fourth, \$347 above the mid-point. However, for nonresidents, undergraduate and graduate tuition were both ranked second highest among the Big 10 peers, at \$3,081 and \$7,405, respectively, above the mid-points. Since 2001-02, Illinois, Ohio State, and Purdue have all implemented a new student surcharge; UW-Madison's rankings and distance to the peer mid-point are based on tuition for returning students.

When comparing the rate of tuition and fee increases in Wisconsin with those occurring in the

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

	Undergraduate			Graduate		
	2001-02	2002-03	% Change	2001-02	2002-03	% Change
Resident Students						
Michigan	\$7,308	\$7,960	8.9%	\$11,524	\$12,197	5.8%
Illinois (New Students)		6,704			7,420	
Michigan State	5,912	6,412	8.5	6,510	7,062	8.5
Minnesota	5,717	6,286	10.0	6,728	7,680	14.1
Illinois (Returning Students)	5,254	5,704	8.6	5,914	6,420	8.6
Ohio State (New Students)		5,691			6,639	
Purdue (New Students)		5,580			5,580	
Indiana	4,734	5,315	12.3	6,333	5,361	-15.3
Ohio State (Returning Students)	4,788	5,217	9.0	4,818	6,639	37.8
Purdue (Returning Students)	4,164	4,580	10.0	4,164	4,580	10.0
UW-Madison	4,086	4,423	8.2	6,358	6,877	8.2
Iowa	3,522	4,191	19.0	4,108	4,887	19.0
Average (excl. WI)*	\$5,175	\$5,708	10.3	\$6,262	\$6,853	9.4
Mid-Point (excl. WI)*	\$5,021	\$5,509		\$6,124	\$6,530	
UW Distance to Mid-Point*	-\$935	-\$1,086		\$234	\$347	
Nonresident Students						
Michigan	\$22,337	\$24,991	11.9%	\$23,164	\$24,517	5.8%
UW-Madison	16,318	18,423	12.9	20,496	22,147	8.1
Minnesota	15,183	16,860	11.0	12,380	14,238	15.0
Purdue (New Students)		16,260			16,260	
Indiana	14,468	15,925	10.1	13,102	14,390	9.8
Michigan State	14,214	15,423	8.5	12,510	13,572	8.5
Illinois (New Students)		15,308			16,094	
Purdue (Returning Students)	13,872	15,260	10.0	13,872	15,260	10.0
Ohio State (New Students)		15,114			17,214	
Ohio State (Returning Students)	13,554	14,640	8.0	16,404	17,214	4.9
Illinois (Returning Students)	13,074	14,308	9.4	13,798	15,094	9.4
Iowa	11,950	13,833	15.8	12,330	14,271	15.7
Average (excl. WI)*	\$14,832	\$16,405	10.6	\$14,695	\$16,070	9.4
Mid-Point (excl. WI)*	\$14,043	\$15,342		\$13,450	\$14,742	
UW Distance to Mid-Point*	\$2,275	\$3,081		\$7,046	\$7,405	

* Includes University of Illinois-Urbana, Ohio State University, and Purdue University Returning Students

other Big Ten states over the past ten years, Wisconsin's tuition increases have been above the average but below the mid-point. Table 11 indicates percentage increases in tuition and fees for resident undergraduates at the public Big Ten Universities for the period 1992-93 to 2002-03.

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 twelfth of 15 peers while nonresident tuition is the second highest in the peer group. Similarly, Table 13 indicates that average resident tuition and fees at the comprehensive campuses is lower than all but one of the 34 other institutions in the peer group, while UW nonresident tuition and fees is ranked 4th highest.

These comparisons have been used as benchmarks or justifications for establishing tuition levels. As noted, the Regents once had a policy of targeting tuition charged to resident undergraduates at Madison and Milwaukee at the mid-point of the Big Ten institutions and that of the comprehensive campuses at the mid-point of their peer institutions. 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, the resident tuition in other states would have little bearing on where someone would choose to attend school. One could make a better case for a national market impact on nonresident tuition levels.

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 personal income and median household income for public Big Ten institutions in 2001-02. Using either measure, tuition in Wisconsin is more affordable than all other Big Ten states except Iowa.

Table 11: Increase in Tuition and Fees for Resident Undergraduates at Public Big Ten Universities (1992-93 to 2002-03)

	Percent	Amount
Ohio State*	89.8%	\$2,469
Wisconsin	88.7	2,079
Iowa	88.1	1,963
Minnesota	86.6	2,918
Indiana	86.4	2,463
Purdue*	81.7	2,060
Illinois*	79.1	2,520
Michigan	73.6	3,376
Michigan State	60.7	2,472
Average (excl. WI)	80.8%	\$2,524
Mid-Point (excl. WI)	84.1%	\$2,496

*Does not include surcharge for new students.

Table 12: Undergraduate Tuition and Fees at UW-Milwaukee and Peers (2002-03)

	Resident	Nonresident
Temple	\$8,062	\$14,316
Rutgers	7,024	13,000
U. of Cincinnati	6,936	17,319
Wayne State	6,104	11,094
U. of Toledo	5,836	14,289
U. of Illinois-Chicago	5,812	13,140
U. of Akron	5,798	10,962
U. of Missouri-Kansas City	5,543	14,696
Cleveland State*	5,196	10,243
SUNY-Buffalo	4,790	9,690
U. of Texas-Dallas	4,775	11,315
UW-Milwaukee	4,353	17,105
U. of Louisville	4,082	11,162
Georgia State	3,472	11,842
U. of New Orleans	2,876	9,920
Average (Excl. WI)	\$5,450	\$12,356
Mid-Point (Excl. WI)	\$5,671	\$11,579
WI Distance to Mid-Point	-\$1,318	\$5,527

* Does not include tuition surcharge for new students.

Table 13: Undergraduate Tuition and Fees UW Comprehensive Campuses and Peers (2002-03)

	Resident	Nonresident
Illinois		
Western Illinois	\$4,498	\$7,963
Chicago State	4,462	11,002
Eastern Illinois	3,997	9,202
Governor's State	3,963	4,287
So. Illinois-Edwardsville	3,709	6,679
Northeastern Illinois	3,615	8,631
Univ. Illinois-Springfield	3,588	10,158
Indiana		
Purdue-Ft. Wayne**	\$4,355	\$10,140
Indiana State	4,216	10,376
Indiana Univ.-South Bend	3,930	10,269
Purdue-Calumet***	3,913	9,365
Indiana Univ.-Northwest	3,883	9,605
Indiana Univ.-Southeast	3,865	9,587
Iowa		
Northern Iowa	\$4,118	\$10,426
Michigan		
Michigan Tech.	\$6,239	\$14,749
U. Michigan-Dearborn	5,452	13,012
Ferris State	5,334	10,826
Western Michigan	5,156	12,276
Grand Valley State	5,148	11,120
Eastern Michigan	5,027	13,760
Oakland	4,818	11,406
U. Michigan-Flint	4,786	9,314
Northern Michigan	4,780	7,732
Central Michigan	4,747	11,119
Saginaw Valley State	4,382	9,288
Minnesota		
U. Minn.-Duluth	\$6,811	\$17,070
Mankato State	4,652	8,362
Bemidji State	4,475	8,715
Winona State	4,161	8,041
St. Cloud State	3,998	8,049
Moorhead State	3,704	3,714
Ohio		
U. Akron	\$5,798	\$10,962
Wright State*	5,163	10,326
Youngstown St.	4,996	9,748
Wisconsin		
Comprehensive Average	\$3,604	\$13,650
Average (Excl. WI)	\$4,581	\$9,920
Mid-Point (Excl. WI)	\$4,469	\$9,944
WI distance from Mid-Point	-\$865	\$3,706

Notes:

* Does not include a \$200 surcharge for new students.

** Does not include a \$500 surcharge for new students.

*** Does not include a \$480 surcharge for new students.

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 including whether there is a long tradition of being a low- or high-tuition state. 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.

Table 14: Tuition and State Income Measures (2001-02)

Institution	Resident Undergraduate Tuition-Fees	Tuition as a % of Per Capita Income	Tuition as a % of Median Income
Michigan	\$7,308	28.7%	15.9
Michigan State	5,912	23.2	12.9
Minnesota	5,717	20.4	10.5
Illinois	5,254	18.8	11.2
Ohio State	4,788	19.4	11.1
Indiana	4,734	19.6	11.5
Purdue	4,164	17.3	10.1
Wisconsin	4,086	16.3	8.9
Iowa	3,522	14.8	8.5