



# University of Wisconsin Tuition

## Informational Paper

36

Wisconsin Legislative Fiscal Bureau  
January, 2005



# 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 every biennial budget act since 1999-01. 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%. Most recently,

the 2003-05 budget (2003 Act 33), restricted the Board from increasing tuition for resident undergraduate students at UW-Madison or UW-Milwaukee by more than \$350 a semester over the tuition charged in the prior academic year during the 2003-04 and 2004-05 academic years, and for a student enrolled at any other UW System institution by more than \$250 a semester over the tuition charged in the prior academic year in the 2003-04 and 2004-05 academic years.

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 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 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 that 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 Director of the Office of State Employment Relations for compensation and fringe benefits for classified and unclassified staff; (d) the projected loss in revenue caused by a change in the number of enrolled undergraduate, graduate, resident and nonresident students from the previous year; (e) state-imposed costs not covered by GPR as determined by the Board; (f) distance education, 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 2003-04, expenditures from the academic student fee appropriation exceeded the estimate in the appropriation schedule by \$37.7 million; these expenditures included \$6.9 million in compensation related expenditures, \$20.2 million in enrollment related funding, \$1.5 million in utility expenditures, and \$9.0 million in encumbrances from 2002-03.

The appropriation for tuition reflects other revenue items in addition to revenues derived from

the academic tuition schedule (91.2% of the appropriation). These additional items include: summer school fees (4.5%); off-campus degree programs (2.8%); special fees for law students, master's level business students, non-resident undergraduates at Madison and other special fee programs (0.5%); the application fee (0.5%); and an accounts receivable allotment (0.5%). 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 number of anticipated full-time equivalent (FTE) students by student class based on enrollment management targets and tuition revenues expected to be generated by the FTE students. 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. Other differential tuition initiatives may be established for entire institutions. For example, UW-Whitewater has a 3.5% differential for all undergraduate students to provide supplemental advisory services.

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. Currently, the two doctoral campuses and six comprehensive campuses have differential tuition.

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

Typically, student fees only support the "instructional" portion of the UW budget. Instructional costs are calculated using a cost accounting system that includes faculty salaries

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

While the percentage of costs paid by students reflects the ratio of tuition revenues to GPR in the instructional budget, the actual percentage of costs paid in the form of tuition varies significantly among different types of students. In 2004-05, most undergraduate nonresident students paid between 140% and 204% 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 61% and 167% of their instructional costs, while resident graduate students paid between 21% and 56% of their costs.

Tuition increases from one year to the next are a result of one or more of the following: (1) increases in instructional costs; (2) increases in the percentage of cost assessed; (3) enrollment changes (resident/nonresident mix and numbers); or (4) GPR funding levels that increase, or decrease, at a lesser rate than costs. Given the relationship between costs and tuition levels, as costs increase due to such items as compensation, program enrichment and expansion, tuition 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 UW System. Consequently, cost increases resulting from pay increases or new initiatives will automatically increase tuition. For example, for the 2005-07 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 1.8%.

### **Tuition History**

University of Wisconsin general tuition levels are traditionally set by the Regents according to a nonstatutory formula that establishes separate tuition categories based on resident status, academic level (undergraduate, graduate or professional school) and 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 implementation of the current enrollment management plan (EM-21) in the fall of 2001, only Whitewater and UW Colleges have renegotiated their enrollment targets.

Table 1 indicates the annual tuition which resident, undergraduate students have been charged at UW institutions from 1984-85 to 2004-05. 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 that was included in the 1993-95 biennial budget and funded solely with tuition revenues. In 1995-96, the technology fee was extended to Milwaukee and the eleven comprehensive campuses. While each of the comprehensive campuses currently 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 1984-85 to 1994-95 and from 1994-95 to 2004-05. As indicated in the table, for all campuses, the annualized rate of increase in tuition over the entire period was more than twice the annualized change in the CPI. The rate of growth in tuition was slightly lower among the doctoral and comprehensive campuses from 1984-85 through 1994-95 than it was between 1994-95 and 2004-05. However, the 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 1994-95 and 2004-05 as a result of a Board of Regents tuition policy designed to reduce the gap between the Comprehensive tuition rate and the Colleges rate to less than \$300 annually.

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

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

Year	Madison		Milwaukee		Comprehensives		Colleges		% of Instructional Cost					Change in CPI-U 1984 thru 2004*
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Madison	Milwaukee	Comp.	Centers		
1984-85	\$1,150		\$1,150		\$980		\$865		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	3.6%	
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	1.9	
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	3.6	
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	4.1	
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	4.8	
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	2,426	4.9	2,097	7.2	35.0	38.1	36.1	37.8	1.6	
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	2.2	
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	3.4	
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	2.8	
2002-03	3,854	8.0	3,738	8.0	3,000	8.1	2,700	11.5	44.9	40.7	38.1	40.4	1.6	
2003-04	4,554	18.2	4,438	18.7	3,500	16.7	3,200	18.5	47.6	49.8	45.9	49.6	2.3	
2004-05	5,254	15.4	5,138	15.8	4,000	14.3	3,700	15.6	52.2	58.5	49.5	57.3	2.4*	
<b>Annualized Rate of Change</b>														
1984-85 thru 2004-05	7.9%		7.8%		7.3%		7.5%		CPI					
1984-85 thru 1994-95	7.7		7.4		6.9		6.1		3.0%					
1994-95 thru 2004-05	8.1		8.1		7.6		9.0		2.4					

\*Estimate

**Table 2: 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
1994-95	\$2,415		\$8,774		\$2,359		\$8,374		\$1,916		\$6,704	
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
2003-04	4,554	18.2	18,554	3.9	4,438	18.7	17,190	4.2	3,500	16.7	13,546	3.8
2004-05	5,254	15.4	19,254	3.8	5,138	15.8	17,890	4.1	4,000	14.3	14,046	3.7

**Table 3: 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
1994-95	\$3,537		\$11,383		\$3,457		\$11,124		\$2,521		\$8,258	
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
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

Table 4 indicates the differential tuition rates charged in the 2004-05 academic year. As shown in the table, some campuses charge differential rates only for specific programs. Differential tuition rates at UW-Eau Claire, Oshkosh, Superior, and Whitewater are applied to all students enrolled in baccalaureate degree programs; La Crosse and Stout's differential tuition rates apply to all undergraduate and graduate students; and the Return to Wisconsin program applies only to eligible nonresident students at Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, River Falls, Stevens Point, and Whitewater. Starting in the fall of 2005, Platteville will implement a pilot differential tuition program for new entering non-resident undergraduate students from Illinois and Iowa. Under the program, eligible students will be charged the resident tuition rate plus a premium of \$4,000 per year. The premium will remain the same through 2006-07. The Board of Regents has scheduled a review of the pilot program by the spring of 2009, to determine if the pilot differential tuition rate should be continued.

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

The general tuition structure for all 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

**Table 4: UW System Schedule of Differential Tuition – 2004-05 Academic Year**

	Resident	Nonresident
<b>Madison</b>		
Evening MBA	\$13,956	NA
Doctor of Pharmacy	10,246	22,496
<b>Milwaukee</b>		
Communication Science & Disorders (graduate)	8,622	25,786
Occupational Therapy (graduate)	8,622	25,786
Physical Therapy (graduate)	8,622	25,786
College of Business Administration	10/Credit	10/Credit
College of Engineering and Applied Science	5/Credit	5/Credit
College of Nursing	30/Credit	30/Credit
Peck School of the Arts	10/Credit	10/Credit
<b>Eau Claire</b>		
Undergraduate Baccalaureate	4,131	14,177
<b>La Crosse</b>		
Undergraduate Baccalaureate	4,040	14,086
Occupational Therapy (undergraduate)	4,840	16,895
Physician Assistant (undergraduate)	4,840	16,895
Graduate	5,382	15,992
Business Masters	5,936	16,572
Physical Therapy (graduate)	6,450	19,182
<b>Oshkosh</b>		
Undergraduate	4,110	14,156
<b>Stout</b>		
Fresh/Soph/Junior (Per Credit Tuition)	148.51	492.67
Seniors	4,200	14,246
Graduate	5,609	16,219
<b>Superior</b>		
Undergraduate	4,150	14,196
<b>Whitewater</b>		
Undergraduate	4,140	14,186
Return To Wisconsin Program	NA	10,535

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.

For new students enrolled since 2002-03, UW-Stout has utilized per-credit tuition for undergraduate and graduate students. The per-credit tuition includes tuition, differential tuition, segregated fees, textbook rental, and a new laptop computer per credit user fee. The per-credit tuition program has been phased in, with only the current senior class paying under the old plateau system in the fall of 2004. Starting in the fall of 2005, all students will pay the per-credit tuition rate. The Stout program was designed to be revenue neutral to the University and most full-time students. The per-credit tuition rate was determined by dividing the current tuition revenue by estimated total credits to achieve a per-credit rate that is identical for each student, regardless of full or part-time status. Under the Stout program, part-time students 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.

Effective in 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 exceed 135 credits, the tuition surcharge does not get assessed until the cumulative credit total exceeds the minimum by more than 30 credits. Special students, and prior baccalaureate degree recipients are exempt from the tuition surcharge.

The UW System has also implemented service-based pricing program for certain graduate and adult non-traditional academic programs provided through most campuses. Under Board of Regents policy, these courses must be priced to cover the direct cost of instruction, such as the instructor salaries and benefits. In a few instances, such as UW-Milwaukee's Executive MBA and UW-Madison's Masters of Engineering-Professional Practice, programs have been developed that cover 100% of all costs associated with the programs.

The UW System guidelines for service-based pricing programs require that the program be geared toward non-traditional students 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 (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 2003-04, UW institutions served over 14,000 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 approximately 64,000 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 2004-05, annual segregated fees, as shown in Table 5, range from \$502 at Oshkosh to \$1,154 at Green Bay, and fees at the Colleges range from \$168 to \$281.

The total segregated fee amount paid by the student consists of allocable fees and nonallocable fees. According to Board of Regents policy, allocable fees are those fees that constitute substantial support for campus student activities such as student organizations, concerts, lectures, and bus passes. Nonallocable fees are defined as fees that support fixed obligations and programs that require stable funding such as debt service, base operating funds for student unions and minimum student health services.

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

Board of Regents policy prohibits the use of segregated fees for activities that are politically partisan or religious in nature. However, in 1996, three UW-Madison students filed a lawsuit against the Board of Regents claiming that the imposition of the mandatory fee violated their First Amendment right not to be compelled to speak or associate. The basis for the students' argument was

that some of the allocable portion of the fee was used to subsidize organizations whose primary purpose is to advance political or ideological causes. The students named eighteen organizations to which they specifically objected including the Wisconsin Public Interest Research Group, the Campus Women's Center, and the Madison AIDS Support Network.

In November, 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.

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 from charging a mandatory activity fee to fund student organizations, provided that the process used to distribute the fees is "viewpoint neutral." The Court did, however, request that the 7<sup>th</sup> Circuit Court of Appeals examine the University's use of referenda to 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 7<sup>th</sup> Circuit Court examination of the allocation system, which sent the case to District Court.

**Table 5: UW System Consolidated Schedule of Tuition and Segregated Fees – 2004-05**

	<u>Tuition</u>		Segregated Fees Paid by all Students **	<u>Total Tuition and Fees</u>	
	Residents	Nonresidents		Residents	Nonresidents
<b>DOCTORAL CLUSTER</b>					
<b>Undergraduate</b>					
Madison	\$5,254	\$19,254	\$608	\$5,862	\$19,862
Milwaukee	5,138	17,890	693	5,831	18,583
<b>Graduate</b>					
Madison	\$7,708	\$22,978	\$608	\$8,316	\$23,586
Milwaukee	7,434	21,800	693	8,127	22,493
Law	10,122	26,340	608	10,730	26,948
Medicine	21,152	32,276	608	21,760	32,884
Veterinary Medicine	15,270	23,304	608	15,878	23,912
<b>COMPREHENSIVE CLUSTER</b>					
<b>Undergraduate</b>					
Eau Claire	\$4,131	\$14,177	\$576 *	\$4,706	\$14,752
Green Bay	4,000	14,046	1,154	5,154	15,200
La Crosse	4,040	14,086	706 *	4,746	14,792
Oshkosh	4,110	14,156	502	4,612	14,658
Parkside	4,000	14,046	648	4,648	14,694
Platteville	4,000	14,046	672 *	4,672	14,718
River Falls	4,000	14,046	630 *	4,630	14,676
Stevens Point	4,000	14,046	569 *	4,569	14,615
Stout	4,200	14,246	528 *	4,728	14,774
Superior	4,150	14,196	652	4,802	14,848
Whitewater	4,140	14,186	556 *	4,696	14,742
<b>Graduate</b>					
Eau Claire	\$5,342	\$15,952	\$576	\$5,918	\$16,527
Green Bay	5,342	15,952	1154	6,496	17,106
La Crosse	5,382	15,992	706	6,088	16,698
Oshkosh	5,342	15,952	502	5,844	16,454
Parkside	5,342	15,952	648	5,990	16,600
Platteville	5,342	15,952	672	6,014	16,624
River Falls	5,342	15,952	630	5,972	16,582
Stevens Point	5,342	15,952	569	5,911	16,521
Stout	5,609	16,219	528	6,137	16,747
Superior	5,342	15,952	652	5,994	16,604
Whitewater	5,342	15,952	556	5,898	16,508
<b>COLLEGES</b>					
Baraboo/Sauk	\$3,700	\$12,400	\$281	\$3,981	\$12,681
Barron	3,700	12,400	238 *	3,938	12,638
Fond du Lac	3,700	12,400	246	3,946	12,646
Fox Valley	3,700	12,400	220	3,920	12,620
Manitowoc	3,700	12,400	178	3,878	12,578
Marathon	3,700	12,400	210	3,910	12,610
Marinette	3,700	12,400	168	3,868	12,568
Marshfield/Wood	3,700	12,400	221	3,921	12,621
Richland	3,700	12,400	255 *	3,955	12,655
Rock	3,700	12,400	210	3,910	12,610
Sheboygan	3,700	12,400	248	3,948	12,648
Washington	3,700	12,400	243	3,943	12,643
Waukesha	3,700	12,400	219	3,919	12,619

\* There is an additional charge of \$118-\$154 for textbook rental on these campuses; on all other campuses, books are purchased by students directly.

\*\* Excludes United Council of UW Student Government's non-mandatory fee assessment of \$4.00.

In December, 2000, the District Court determined that the University's system for compelling, allocating, and distributing segregated university fees did not operate in a viewpoint neutral manner and violated the First Amendment of the U.S. Constitution. As a result, the Associated Students of Madison (ASM) worked with university administrators and UW System legal staff to modify the student fee decision process at UW-Madison. In February, 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 if funding decisions are alleged not to have been viewpoint neutral. Nonetheless, in March, 2001, the District Court ruled that the UW System's revisions to the student fee policies gave student government leaders too much discretion in allocating student fee revenues, and once again prohibited the University from collecting the fees from opposing students.

In October, 2002, the U.S. 7<sup>th</sup> Circuit Court of Appeals lifted the prohibition on collecting the student fees and ruled that the new segregated fee system satisfied the court's viewpoint neutral requirement. The court's decision restricts the UW System from using mandatory fees to pay for travel expenses of student groups that engage in political, religious, or ideological activities of speech. In addition, the University could not use 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 2003-04, 12,213 nonresident students received tuition remissions amounting to \$88.2 million. An additional 8,046 students received instructional fee remissions totaling \$51.2 million related to the remission of full or partial resident tuition charges. Tuition remissions are funded through a combination of sources, which may include GPR, tuition revenues, gifts, and other sources. In some cases, the decision to remit or waive a student's tuition is at the discretion of the Board of Regents within limits established by statute, while in other cases, the remissions are required by law. For example, 1999 Act 154 requires the Board to waive fees for residents who audit a course and are age 60 or older, provided that space is available in the course and the instructor approves. The following provides a description of the circumstances under which tuition is remitted, with remission amounts shown for the larger programs.

**Needy and Worthy Students.** The Regents may offer to remit the nonresident portion of certain students' tuition. These students, who then pay resident tuition, include: (a) needy and worthy students on the basis of merit--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 2003-04, 2,550 students received these remissions valued at \$16.6 million.



**Veteran Tuition Remission.** Under 2003 Act 185, veterans who qualify for state veterans benefits are eligible for in-state tuition even if the veteran is not eligible for in-state tuition under UW System residency rules. Among those eligible are any veterans who served honorably on active duty for at least 90 days during a war period. Eligibility for in-state tuition began with the spring of 2004 semester.

**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.

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. In 2003-04, 8,149 nonresident students received total remissions valued at \$86.5 million on

both the resident and nonresident portion of their tuition and instructional fees. Madison accounted for 90% of these remissions.

Beginning with the spring of 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 2003-04, a total of 2,239 resident graduate assistants received remissions valued at \$8.8 million. Madison accounted for 80% 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 2003-04, there were 221 students enrolled at Parkside and 158 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 2003-04, the value of these remissions was \$1,475,780 at Parkside and \$1,374,283 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 2003-04, the number of scholarships awarded by each of the campuses is as follows: 540 at Madison; 386 at Milwaukee; 277 at Green Bay; and 259 at Parkside. For 2003-04, the value of these remissions was \$7.2 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 2003-04, tuition and fees totaling \$2,834 were waived for four 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 2003-04, 2,300 academic scholars attended a UW campus, with their remissions valued at \$2.6 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" that cannot exceed the higher of the resident tuition charged at the institution in which the student is enrolled or the resident tuition at a comparable institution in the student's state of residence. The reciprocal fee structure, which is determined jointly by HEAB and 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 the Legislative Fiscal Bureau's informational paper entitled "Education and Income Tax Reciprocity Agreements."

---

### Nonresident Students and Tuition Revenues

---

Systemwide, approximately 30.8% of nonresidents attending UW System institutions pay full nonresident tuition. The remaining 69.2% either pay the same as residents, or an amount between resident and nonresident tuition. Of these students, approximately 43.2% are Minnesota residents enrolled under the Minnesota-Wisconsin reciprocity agreement and 26.0% receive full or partial tuition remissions, and therefore, pay less than the full Wisconsin non-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, 32.1% of these students are from Minnesota and 6.8% receive some form of fee remission; therefore, 61.1% of Madison's nonresident undergraduates, or 18.7% of its total undergraduate population, pay full, out-of-state tuition and fees. Of Madison's graduate students, 56.7% are nonresidents for tuition purposes and 28.6% of those students pay nonresident tuition. At both the undergraduate and graduate levels, there are significantly greater numbers of nonresidents at Madison, Eau Claire, La Crosse, River Falls, Stout and Superior than at other campuses. At the comprehensive campuses, Minnesota students comprise the majority of nonresidents.

Table 7 shows 2004-05 estimated tuition revenues by resident status. Tuition received from Minnesota residents through reciprocity is

**Table 6: Proportion of Students by Tuition Status (Fall 2003)**

	Total Number of Students*	Number of Nonresident Students	Nonresidents as a % of Total	Nonresident Students		
				% Reciprocity Students**	% Receiving Remission***	% Paying Full Nonresident Tuition
<b>Madison</b>						
Undergraduate	29,499	9,017	30.6%	32.1%	6.8%	61.1%
Graduate and Professional	11,270	6,392	56.7	2.4	69.0	28.6
<b>Milwaukee</b>						
Undergraduate	20,788	635	3.1	35.7	11.2	53.1
Graduate	4,087	798	19.5	5.5	66.3	28.2
<b>Comprehensive Campuses</b>						
Undergraduate	76,644	12,328	16.1	75.4	15.4	9.2
Graduate	6,005	1,067	17.8	43.8	27.0	29.2
<b>Colleges</b>						
Undergraduate	12,410	362	2.9	35.1	43.6	21.3
<b>TOTAL</b>	<b>160,703</b>	<b>30,599</b>	<b>19.0%</b>	<b>43.2%</b>	<b>26.0%</b>	<b>30.8%</b>

\*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 (2004-05 Excluding Summer Session)**

	Tuition Revenue	% Paid by:	
		Residents*	Nonresidents
<b>Madison</b>			
Undergraduate	\$217,145,890	50.1%	49.9%
Graduate	136,544,703	22.1	77.9
<b>Milwaukee</b>			
Undergraduate	94,195,654	93.4	6.6
Graduate	28,198,373	56.5	43.5
<b>Comprehensive Campuses</b>			
Undergraduate	302,408,911	87.3	12.7
Graduate	22,521,569	74.4	25.6
<b>Colleges</b>			
Undergraduate	36,799,088	95.6	4.4
<b>TOTAL</b>	<b>\$837,814,187</b>	<b>66.7%</b>	<b>33.3%</b>

\*Includes Minnesota reciprocity students.

contained in the "Residents" column. Systemwide, although non-Minnesota nonresidents comprise 19.0% of the student population, they contribute 33.3% of the tuition revenues. 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.

At Madison, the students who are non-Minnesota nonresidents (30.3% of the campus total) contribute more than 60% 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 9% 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 13.3% of the System's students, contributes 22.4% 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 most recently revised by the Regents in 2004 with regard to competitive non-resident 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, supplemental tuition increases should assist in redressing the imbalance between needs and resources.

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

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

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

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

---

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

---

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

- Compensation, including pay plan, "catch-up" and fringe benefit increases. According to UW documents, a 1% compensation increase for faculty and staff translates into a 0.6% overall tuition increase if the traditional GPR/fee funding split is

utilized to fund the approved pay plan. If the pay plan is funded with 100% tuition and fee revenue, tuition would need to increase by an estimated 1.8%.

- 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.

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

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 2003-04, all classes of students at the doctoral campuses, except Medical and Veterinary School students, had a \$700 per year tuition increase, while all students at non-doctoral campuses had a \$500 per year tuition increase. As a result, the rate of increase varied from between 16.7% and 18.7% for resident undergraduates, between 11.1% and 11.6% increases for resident graduate students. Nonresident undergraduate and graduate student tuition also increased by the same dollar amount per semester as resident tuition, resulting in an increase in nonresident tuition that varied between 2.9% and 4.4%. The average salary increases (third column) also varied considerably by campus 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 to 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**

---

The UW System's basis for determining the educational costs is the "cost per student" calculation. The original methodology for determining the cost per student was developed before the merger of the UW System by the Coordinating Committee on Higher Education (CCHE) as a method of comparing relative funding between the University of Wisconsin and the 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 missions share of those costs.

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

	Average Tuition Increase	Average Faculty Salary Increase	Actual - Budgeted Enrollment Change	Notes
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. Non Resident 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. Non Resident undergraduate tuition surcharge (5%) 4. Resident undergraduate tuition increase capped at 8%
2003-04	0.0 to 18.7	0.1 to 4.8	0.0	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	0.0 to 15.8	NA	NA	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

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 2004-05. 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 \$8,242. The cost of educating an undergraduate student was highest at Superior (\$10,172) and lowest at Whitewater (\$7,518), a difference of 35%. 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 and Parkside. For example, while upper level (Junior/Senior) students at Parkside paid 34.5% of the cost of their education, lower level (Freshmen/Sophomore) students at Oshkosh paid 72.5%.

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 \$16,556 (138%). 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 54% 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 nine of the eleven comprehensive campuses and UW-Milwaukee, 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.

---

### 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 2004-05, UW-Madison resident undergraduate tuition ranked eighth out of nine Midwestern public Big Ten institutions, \$1,585 below the mid-point; and resident graduate tuition ranked third, \$137 above the mid-point. However, for nonresidents, undergraduate tuition ranked third highest and graduate tuition ranked second highest among the Big 10 peers, at \$1,231 and \$5,903, respectively, above the mid-points. Since 2001-02, Illinois, Indiana, 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 new students.



**Table 9: 2004-05 Instructional Cost Per Student and Percent of Cost Paid by Tuition**

	Undergraduate		Cost Per Student				Graduate					
	Resident Tuition	Freshman/Sophomore	Junior/Senior	All Levels	Resident Tuition	Master's	Ph.D.					
Madison	\$5,254	\$7,700	68.2%	\$11,638	45.1%	\$10,060	52.2%	\$7,708	\$20,480	37.6%	\$22,860	33.7%
Milwaukee	5,138	6,830	75.2	10,782	47.7	8,782	58.5	7,434	22,081	33.7	26,649	27.9
Doctoral Average	5,203	7,318	71.1	11,372	45.8	9,566	54.4	7,619	20,999	36.3	23,285	32.7
Eau Claire	4,130	6,212	66.5	9,939	41.6	8,076	51.1	5,342	21,085	25.3		
Green Bay	4,000	6,032	66.3	10,279	38.9	8,327	48.0	5,342	26,090	20.5		
La Crosse	4,040	6,039	66.9	9,724	41.5	7,955	50.8	5,382	12,484	43.1		
Oshkosh	4,110	5,668	72.5	9,555	43.0	7,614	54.0	5,342	15,337	34.8		
Parkside	4,000	7,321	54.6	11,579	34.5	9,440	42.4	5,342	22,704	23.5		
Platteville	4,000	6,920	57.8	10,655	37.5	8,643	46.3	5,342	12,590	42.4		
River Falls	4,000	6,948	57.6	9,642	41.5	8,249	48.5	5,342	9,534	56.0		
Stevens Point	4,000	6,602	60.6	10,098	39.6	8,397	47.6	5,342	18,543	28.8		
Stout	4,200	7,813	53.8	9,546	44.0	8,735	48.1	5,609	16,363	34.3		
Superior	4,150	8,452	49.1	11,347	36.6	10,172	40.8	5,342	13,491	39.6		
Whitewater	4,140	5,934	69.8	9,273	44.6	7,518	55.1	5,342	13,882	38.5		
Comprehensive Average	4,076	6,495	62.8	9,955	40.9	8,242	49.5	5,384	15,055	35.8		
Colleges Average	3,700	7,002	52.8			6,454	57.3					
System Average	4,365	6,817	64.0	10,523	41.5	8,575	50.9	6,842	18,932	36.1		

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

	Undergraduate			Graduate		
	2003-04	2004-05	% Change	2003-04	2004-05	% Change
<b>Resident Students</b>						
Michigan	\$8,481	\$8,722	2.8%	\$12,933	\$13,585	5.0%
Minnesota	7,125	8,037	12.8	8,553	9,557	11.7
Illinois*	7,010	7,944	13.3	7,756	8,310	7.1
Ohio State*	7,051	7,542	7.0	7,278	8,250	13.4
Michigan State	7,044	7,352	4.4	7,762	8,108	4.5
Indiana*	6,517	6,750	3.6	5,569**	5,796	4.1
Purdue*	5,860	6,092	4.0	5,860	6,092	4.0
<b>UW-Madison</b>	<b>5,136</b>	<b>5,862</b>	<b>14.1</b>	<b>7,590</b>	<b>8,316</b>	<b>9.6</b>
Iowa	4,993	5,396	8.1	5,689	6,182	8.7
Average (excl. WI)*	\$6,760	\$7,229	6.9	\$7,675	\$8,235	7.3
Mid-Point (excl. WI)*	\$7,027	\$7,447		\$7,517	\$8,179	
UW Distance to Mid-Point*	-\$1,891	-\$1,585		\$73	\$137	
<b>Nonresident Students</b>						
Michigan	\$25,647	\$26,941	5.0%	\$25,999	\$27,311	5.0%
Illinois*	18,046	20,864	15.6	18,866	20,310**	7.7
<b>UW-Madison</b>	<b>19,136</b>	<b>19,862</b>	<b>3.8</b>	<b>22,860</b>	<b>23,586</b>	<b>3.2</b>
Minnesota	18,755	19,667	4.9	15,652	16,656	6.4
Purdue*	17,640	18,700	6.0	17,640	18,700	6.0
Indiana*	17,552	18,563	5.8	14,959**	15,562**	4.0
Michigan State	16,948	18,148	7.1	14,920	15,980	7.1
Ohio State*	16,638	18,129	9.0	18,429	20,133	9.2
Iowa	15,285	16,048	5.0	15,723	16,666	6.0
Average (excl. WI)*	\$18,314	\$19,633	7.2%	\$17,774	\$18,915	6.4%
Mid-Point (excl. WI)*	\$17,596	\$18,632		\$16,682	\$17,683	
UW Distance to Mid-Point*	\$1,540	\$1,231		\$6,179	\$5,903	

\*Tuition rates reflect new student tuition rates for University of Illinois-Urbana, Indiana University, Ohio State University, and Purdue University; these campuses have multiple tuition rate tiers for certain levels of returning students enrolled prior to the fall of 2003.

\*\*Tuition and fees for returning students.

When comparing the rate of tuition and fee increases in Wisconsin with those occurring in the other Big Ten states over the past 10 years, Wisconsin's tuition increases have been above both the average and mid-point increases. Table 11 indicates percentage increases in tuition and fees for resident undergraduates at the public Big Ten Universities for the period 1994-95 to 2004-05.

Tables 12 and 13 compare undergraduate tuition and fees charged at UW-Milwaukee and the UW comprehensive campuses to tuition and fees at their respective peer campuses. As shown in Table 12, Milwaukee's resident tuition ranks eleventh of

**Table 11: Increase in Tuition and Fees for Resident Undergraduates at Public Big Ten Universities (1994-95 to 2004-05)**

	Percent	Amount
Ohio State*	144.3%	\$4,455
Minnesota	123.7	4,444
Iowa	119.4	2,937
<b>Wisconsin</b>	<b>114.3</b>	<b>3,127</b>
Purdue*	111.2	3,208
Illinois*	110.3	4,166
Indiana*	102.2	3,411
Michigan	59.4	3,251
Michigan State	57.7	2,691
Average (excl. WI)	103.5%	\$3,570
Mid-Point (excl. WI)	110.8%	\$3,331

\*Rates for students enrolled after Summer, 2003.

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 two of the 34 other institutions in the peer group, while UW nonresident tuition and fees is ranked 5th 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.

**Table 12: Undergraduate Tuition and Fees at UW-Milwaukee and Peers (2004-05)**

	Resident	Nonresident
Temple	\$9,102	\$16,268
U. of Cincinnati	8,379	21,351
Rutgers	8,207	15,242
U. of Akron*	7,510	15,741
U. of Missouri-Kansas City	7,285	16,732
U. of Toledo	7,054	15,865
U. of Illinois-Chicago*	6,926 **	18,174
Cleveland State*	6,792	12,852
U. of Texas-Dallas	6,363	14,463
SUNY-Buffalo	5,907	12,167
<b>UW-Milwaukee</b>	<b>5,831</b>	<b>18,583</b>
Wayne State	5,828	12,571
U. of Louisville	5,040	13,752
Georgia State	4,154	14,260
U. of New Orleans	3,184	10,228
Average (Excl. WI)	\$6,552	\$14,976
Mid-Point (Excl. WI)	\$6,859	\$14,853
WI Distance to Mid-Point	-\$1,028	\$3,731

\* U. of Illinois-Chicago, U. of Akron, and Cleveland State have tiered tuition; rates shown reflect the rate charged to new students enrolled after Summer, 2003.

\*\*Tuition and fees for returning students.

**Table 13: Undergraduate Tuition and Fees  
UW Comprehensive Campuses and Peers  
(2004-05)**

	Resident	Nonresident
<b>Illinois</b>		
Western Illinois	\$5,695	\$10,232
Univ. Illinois-Springfield*	5,247	13,257
So. Illinois-Edwardsville*	4,859	10,889
Northeastern Illinois*	4,496	8,216
Governor's State*	5,619	14,439**
Eastern Illinois*	5,781	14,046
Chicago State	5,632	9,982
<b>Indiana</b>		
Indiana State*	\$5,640	\$12,368
Purdue-Ft. Wayne*	5,312	12,249
Purdue-Calumet*	4,795	10,750
Indiana Univ.-Southeast*	4,770	11,160
Indiana Univ.-South Bend*	4,754	11,825
Indiana Univ.-Northwest*	4,706	11,096
<b>Iowa</b>		
U. of Northern Iowa	\$5,387	\$12,705
<b>Michigan</b>		
Michigan Tech.	\$7,248	\$18,420
Ferris State	6,190	12,380
U. Michigan-Dearborn	6,137	13,408
Western Michigan	5,934	14,573
Grand Valley State	5,888	12,721
Eastern Michigan	5,762	15,769
U. Michigan-Flint*	5,722	10,878
Oakland	5,590	12,392
Central Michigan	5,375	12,477
Northern Michigan	5,334	8,742
Saginaw Valley State	5,048	11,019
<b>Minnesota</b>		
U. Minn.-Duluth	\$8,415	\$19,522
Mankato State	5,088	9,998
Bemidji State	5,653	11,147
Winona State	6,325	10,271
St. Cloud State	5,202	10,560
Moorhead State	4,894	4,894
<b>Ohio</b>		
U. Akron*	\$7,510	\$15,741
Wright State*	6,477	12,492
Youngstown St.	5,884	11,092
<b>Wisconsin</b>		
Comprehensive Average	\$4,724	\$14,771
Average (Excl. WI)	\$5,658	\$12,109
Mid-Point (Excl. WI)	\$5,626	\$12,037
WI distance from Mid-Point	-\$902	\$2,734

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

\*\*Tuition and fees for returning students.

**Table 14: Tuition and State Income Measures  
(2003-04)**

Institution	Resident Undergraduate Tuition-Fees	Tuition as a % of Per Capita Income	Tuition as a % of Median Income
Michigan	\$8,481	30.3%	18.8%
Michigan State	7,044	25.2	15.6
Minnesota	7,125	23.8	13.1
Ohio State	7,051	26.5	16.2
Illinois	7,010	23.7	15.4
Indiana	6,517	25.2	15.5
Purdue	5,860	22.6	13.9
Wisconsin	5,136	18.8	11.0
Iowa	4,993	19.4	11.9

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 2003-04. Using either measure, tuition in Wisconsin is the most affordable among all other Big Ten states.

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.