

UNIVERSITY OF WYOMING

Office of Academic Affairs
1000 E. University Avenue
Dept. 3302
Laramie, WY 82071

Nicole S. Ballenger, Associate Provost
307.766.4286 • fax: 307.766.2606
312 Old Main • nicoleb@uwyo.edu

To: Academic Deans and Directors
Subject: Differential Tuition Principles
Copies: Myron Allen, Andy Hansen, Maggi Murdock, Carol Frost, Doug Vinzant, Sara Axelson
Date: January 11, 2012

In March 2005 the UW Board of Trustees approved a set of policies and principles that govern the University's use of differential tuition. The action item presented to and approved by the Board is attached (attachment 1). The purpose of this memo is to refresh our collective memory of the concepts adopted at that time, update information on the use of differential tuition at UW, and prompt discussion of any needed amendments to the principles. The Office of Academic Affairs will entertain proposals for tuition differentials only in an extremely restricted set of cases, based on the reasoning outlined below.

Background

At UW a differential tuition is a tuition rate charged by a professional degree program that is higher than the base graduate-level tuition rate. Revenues associated with the base tuition go into the university's income fund and are broadly distributed to academic and non-academic support units across the university; revenues associated with the differential component go directly into the budgets of the programs charging the differential rates.¹ Because some portion of the revenue flows directly and automatically to the professional degree programs, differential rates have an understandable appeal to academic program directors.

Currently, UW uses differential tuition to support three professional degree programs: the JD offered by the Law School, the PharmD offered by the School of Pharmacy in the College of Health Sciences, and the on-campus MBA offered by the College of Business. Law and Pharmacy had differential tuition rates at the time the Board adopted the current policy. In 2009 the trustees approved a differential rate to support significant enhancements to the MBA program. The School of Nursing has proposed a differential tuition for its new Doctorate of Nursing Practice (DNP) degree. The Board may consider the Nursing proposal at its March 2012 meeting. These differential tuition programs should not be confused with "entrepreneurial programs."²

Current principles

The principles adopted by the Board are presented in their original form in the attachment. They may be distilled into four main concepts, as follows:

¹ Tuition revenues associated with degree programs offered through the Outreach School are handled somewhat differently. In the recently adopted revenue-sharing model, the base tuition is shared 50-50 between the degree-granting college and the Outreach School; and 100 percent of the differential portion of the tuition goes to the degree-granting program.

² Entrepreneurial programs are programs initiated because of a perceived opportunity to tap into the high market demand for a professional degree or certificate, such as the Executive MBA and the certificate program in land surveying. While providing a valuable opportunity for their students and the university, entrepreneurial programs can be closed if they are not fiscally viable.

1. *Tuition differentials are for enhancement of existing graduate-level professional degree programs only.* UW will not implement tuition differentials at the undergraduate level.³ They must advance specific and identifiable academic initiatives within an existing advanced degree program that faces unusually high costs of program delivery (for example, due to the need to provide and staff clinical training sites). They should not be used to expand into new degree programs.
2. *Student access and their future earnings potential must be considered.* Tuition differential rates must not price (in-state, in particular) students out of programs. They must align with rates for attaining comparable degrees at similar institutions, and they must take into account the earnings potential of graduates such that student loan debt is manageable. Only students training for relatively lucrative professions are willing to assume the substantially greater debt associated with differential tuition programs.
3. *A differential tuition must generate revenue for the program.* Tuition differentials must make financial sense for the program too. Graduate programs whose students are funded primarily with state- or grant-funded assistantships and tuition waivers or discounts (as is the case in most Ph.D. programs) will not experience significant revenue gains. Indeed, allocating state-funded GA's and tuition waivers to programs with tuition differentials simply undermines the revenue-generating rationale for the differential.
4. *How investment of differential tuition revenue will benefit the program must be clear and evident.* Students who bear the increased burden of a differential should be the primary beneficiaries of revenues generated. Programs with tuition differentials should fold program- and course-specific fees into the differential in order to make pricing as simple and understandable as possible.

Summary and suggested amendments

The current principles strongly suggest tuition differentials are feasible and appropriate for only a highly restricted set of advanced degree programs with nationwide recognition as high-cost professional programs; whose graduates expect to realize personal financial returns that justify the higher personal costs of attaining the degree; and whose students do not expect to benefit from revenue-offsetting assistantships and accompanying tuition waivers associated with research degrees. The UW degree programs currently supported with differential tuitions meet this test, as does the recently approved DNP program. UW's research-oriented degrees, such as its Ph.D. programs do not; nor do most "professional master's degree" programs that have recently been proposed.

One additional principle, not listed above but arguably equal in importance, is the notion of curricular separability. When there is little overlap between courses taken by the students in the tuition differential program and other students (e.g. law and non-law students, PharmD and non-PharmD students), then it is possible to direct the benefits of tuition differentials to the students who paid them. By contrast, in degree programs where students take other departments' courses and where students from outside the program sometimes enroll in the program's courses, it is much more difficult to draw the correspondence between who's paying and who's benefiting. In this sense, inter- or multi-disciplinarity is an indication that tuition differentials are inappropriate.

³ There are many reasons differentials should not be used at the undergraduate level. One of the most important is ensuring that undergraduate degree options are equally accessible for students, especially those students facing financial constraints. Another is that, in the United States, baccalaureate education is widely regarded as a time of intellectual exploration possibly involving coursework in several colleges and departments, in contrast to the more focused emphasis associated with postgraduate study.