Minutes: Revenue Enhancement Committee

July 18, 9:00 am OM 321

Primary purpose – Attempt to define an approach to developing a fee proposal

- Engineering proposal
- Principles to approach research
  - Types of fees to consider
  - Data collected since last meeting
- Comparator analysis
  - Program analysis
- Other issues unknown
- Committee homework forward.

Minutes:

Attending: Michael Pishko, Susan Frye, John Mittelstaedt, Denise Gable, Reed Scull, Ricki Klages, Anne Alexander, Rob Godby, Greg Brown.

Absent: Mary Burman, Gerry Andrews (Ag)

Rob announced that Gerry Andrews had been appointed to join the committee by Dean Galey. He would be able to attend Thursday July 21. John Mittelstaedt was also welcomed and was attending his first meeting.

First item – Addressing the Principles we will use to address a proposals, Anne Alexander volunteered to take the first stab at crafting a simple document. (Most recent version is included in the July 21 meeting materials).

General discussion of type of fee – credit hour, semester fee of one based on major and standing (e.g. junior/senior only). John M noted that he had previous experience at Clemson where the fee was introduced on upper division majors only. Rob noted that Engineering and Business schools like Clemson's may be able to control admission better and use such fees while those like A&s that can't may be better off with a credit hour fee to ensure they achieve revenue goals.

Greg Brown discussed a spreadsheet he created that tried to estimate how much an A&S SciQ fee would increase costs of Science majors and those in selected other majors. Cost increase over a normal degree program would range from $100 over a degree in Poli Sci to $1100 more in the sciences.

Engineering proposal:

Dean Pishko described a proposal being developed for a Program fee in the College of Engineering and Applied Science (CAES). The proposal summary copy is included with the July 21 materials. He first described existing fees and the revenues they are estimated to generate. They total $330,000/year across 3 fees. He then identified the staffing and program costs and scholarship needs the proposed fee would fund based on their full cost (salary and benefits). The proposal would include fund for four engineering staff, three system analysts and six advisors totaling an estimated 1,350,000/year. The proposal would also provide $200,000 in scholarships for students to offset the fee cost. Total level of costs the fee is meant to offset is $1,880,000/year including the scholarships. This would require a fee of approximately $989.47/year per student in engineering based on current enrollment. He also noted that the Section 1 savings it would be $990,000 that could be used for other expenses. The fee would be assessed on all majors and would be a semester-based fee. A major benefit of the proposal is the creation of an advising center to improve student advising in the college. CAES revenues would also cover any A&S Stem fee costs for classes outside the college or an additional fee could be assessed for those classes.

Possible pitfalls: Any student can now register for Engineering including non-majors which would allow bypassing the fee – the fee would reduce such students just "browsing" and the College is looking to implement registration to their classes on the basis of being a declared major or by instructors consent to allow greater control on who is assessed the fee (majors only) – consent allows student to enter as a means of encouraging students from other programs to declare as engineers.

Dean Pishko also noted the thought in CAES was that a semester fee would be preferred to a per credit-hour fee to reduce the fees per semester and avoid incentive to reduce classes taken a credit hour fee could create. It would also be assessed on all four years of student attendance – possibly less for lower division students, but ideally he thought it should be the same. The fee would also allow better management and use of fees collected than currently occurs.

John M then an analysis he did looking at comparator land-grant schools in business. He noted three methods – as per credit hour fee, semester fee and a % of tuition fee. The first two methods encompass all but three schools in his set. He compared all institution's base resident tuitions and their existing fees. He noted the following:

- 34% of land-grant schools with business programs charge no fee (some have since moved to a fee).
    - Average tuition differential between these schools and UW was $5829 (UW is this much less than the average) suggesting that schools without fees can address revenue with higher general tuition.
- The schools with lowest average tuition and fees (still averaging $4358 more than UW) charge a credit hour fee averaging $69/credit hour
- Average tuition among those charging semester fees was higher ($6371 greater than UW). Average charge was $569/semester.
- Highest average was among the three schools using a Percentage mark-up above base university tuition – they averaged $8975 more than UW. Average charge additional was 8%.
- John provided some possible revenue implications for the UW college of Business based on 600 juniors and seniors if they were charged the same average base tuition as the other four types of schools (no fees, credit hour fees, semester fees and additional % of tuition fee) and their average fees, and the average additional revenues ranged from $3.45 million to 5.56 million/year that UW gives up by not charging higher tuition and fees relative to other land-grant schools.
- John noted a flat tuition schedule combined with majors that create higher lifetime earnings implies that not charging a fee could be interpreted as providing an implicit subsidy by people in programs with lower earnings potential to those that have higher earnings potential.

Discussion occurred

– specific issues included justification of fees – John noted the approx. $50 million in recent cuts amounts to about $5000/undergraduate student. Other issues to consider – fees could benefit students with better advising and improving retention and graduation rates, financial aid offsets could be provided, program area cost differentials could be financed, and faculty salary and market issues could be better managed.

> -Rob noted need to create a general fee policy to be used at UW and that institutional priorities should be considered in the justification.

-comparator analysis must be performed, with fees different by discipline.

-concern any proposal be one the President can support and one that will generate Trustee support. Should we engage trustees and try to find a champion when needed or will President do this? Proposal may need to be "sold".

> - to address both concerns – President Nichols will be present at next meeting, and Rob will go to Trustee's meeting in August.

-question – should Outreach fees be considered also?

Homework – next meeting:

Rob – fee book applications to estimate and get additional info on cost challenges at UW.

Additional work by others collecting college and program-specific information

Begin a comparator analysis – John looked at updating the comparator group and summary of fees at those schools by discipline or area.

Next meeting – need to define very soon how proposal fees are to be assessed (cred hr., semester, or other) and this will be universal, and the areas they will be assessed over.