Revenue Enhancement Committee: Report to ASUW

October 11, 2016

Rob Godby – Economics and Finance
COMMITTEE MEMBERSHIP

- Rob Godby: Chair
- Mary Burman: Vice-chair, Health Sciences
- Anne Alexander: Academic Affairs
- Michael Pishko: Engineering
- Ricki Klages: Visual & Performing Arts
- Susan Frye/Reed Scull: Outreach
- Greg Brown: A&S, STEM
- Denise Gable: Health Sciences
- Gerry Andrews: Agriculture
- John Mittelstaedt: Business
- Suzie Young: Education
REVENUE SOURCES

- State funds
- Tuition + mandatory fees
- Program fees
- Outreach (self-support)
- Research/tech transfer
- 3rd party contracts
- Foundation/private gifts
- User charges
- Other entrepreneurial activities
To develop a program fee proposal, assessed by credit hour and to be comprehensive, replacing all existing course and program fees in the affected area.
COMMITTEE TIMELINE

- Release initial proposal: Aug-Sept
- Gather feedback: September
- Make revisions: Early October
- Trustee consideration: November
COMMITTEE APPROACH

Focused on undergraduate program fees

- Must be cost-based and benefit students
  - Not all programs can have fees
    - General benefit (freed up funds can be used elsewhere)

Examples of cost justifications
UW Annual Instruction Cost per Full Time Enrollment = $14,616 (FY 2014)
UW Academic Year Tuition and Required Fees, Full Time Undergraduate = $4,646 (AY 2014)
Average of Comparators, Annual Instruction Cost/Full Time Student = $13,738 (FY 2014)
Average of 50 Comparators, Academic Year Tuition and Required Fees, Full Time Undergraduate = $10,020 (AY 2014)
MARKET INFORMATION

AMONG 11 PEER COMPARATOR SCHOOLS (2016/17)

- Tuition: UW is 187% of the average 11 near-peers.
- Mandatory Fees: UW is 135% of the average 11 near-peers.
- Tuition and Mandatory Fees: UW is 173% of the average 11 near-peers.
MARKET INFORMATION

AMONG 11 COMPARATOR SCHOOLS

10 of 11 have program fees
Most common: Business, Engineering, Nursing, Arts, Sciences/Quantitative.

Range from $2 - $137 per credit hour
Average: $45.90

11th School (NMSU) has significant fees for high-cost classes

Average per credit hour program fee at comparators
WHY PROGRAM FEES?

• Committee felt program fees were the fairest means to maintain academic standards while striving to ensure student success.
  • Reflect fact that costs of programs differ – user-pay principle.
  • Value of benefits from programs after graduation differ.
  • Allow students to avoid higher cost program costs if they wish to.
  • Avoid implicit subsidy of flat tuition.
    • Tuitions from lower cost programs implicitly subsidize higher cost ones when university revenues are flat.
PRIORITIES

• ENSURE ACCESS - UW will continue to be affordable to UW students.

• ENSURE STUDENT VALUE – strive to improve value students receive for their tuition at UW.

  1. ENSURE STUDENT SUCCESS – create a revenue stream to improve student outcomes.
     • Improve retention rates and graduation rates
     • Improve student success skills in written communication, math.
     • Improve career-readiness and placement in higher paying jobs.

  2. ENSURE QUALITY – maintain UW’s academic excellence.
CURRENT FEES

• Current Program and course fees (fee book pp 27-34, UG only):
  • Program fees: 11 separate UG college-wide fees
  • Course fees: 86+ courses listed with separate fees
  • Other misc. fees: 40+ specific fees

• Current revenues (2015-16) for all fees pp. 27-34:
  • $1.4 million approximately.

• Proposed Program fees: will replace most of these with a single program fee for college, program or discipline area.
  • Some fees will remain
IMPLEMENTATION

• Transparency
  • Ensure that expenditures benefit instruction – identify fee uses.
  • Implement practices to ensure students see their fees in action and can assess their value.

• Accountability
  • Performance – units generating fees will be held accountable to ensure they are effectively employed.
    • Course guarantees, equipment budgets. These must now come out of department budgets – must develop plans for fee use.

• Revision:
  • Processes to be developed for review/elimination of fees.
• Identification of costs for student success priorities
  • Actions and personnel needs to support expanded advising, career support, writing and math skills centers that will benefit students.

• Identified programs with additional costs.

• Identified market competitive program fee levels through comparator analysis.
Proposal includes the following program fees:

1) Single College-wide program fees – vary by college/school
2) High cost program fees – these vary by program
   • Science and Quantitative classes (Sci-Q)
     • Differential fees according to general area/college
     • Across colleges (Ag and A&S Science areas)
   • Visual and Performing Arts
   • Heath Science – separate fees for programs
     • Nursing
     • Kinesiology and Heath
     • WIND
     • Comm. Disorders
PROPOSED COLLEGE FEES

- Engineering: $69/credit hour
- Business: $45/credit hour
- A&S: $10/credit hour
- Agriculture: $10/credit hour
- Education: $45/credit hour
- ENR/ Haub: $48/credit hour
- Health Science $12/credit hour

All classes in these colleges/schools will be assessed these fees.
PROPOSED PROGRAM FEES

• Arts & Science
  Sci-Q: Tier 1: $10/credit hour
  Tier 2: $20/credit hour
  Tier 3: $45/credit hour
  Music, T&D, Art: $45/credit hour

• Agriculture: Tier A: $10/credit hour
  Tier B: $15/credit hour

• Health Science:
  Nursing, Comm Dis.: $30/credit hour
  K&H: $25/credit hour
  WIND: $10/credit hour
OTHER NEW FEES

• Learning commons and technology fee: $50/semester
• International Programs – several adjusted fees to update market costs
$10+ MILLION
  • Estimate of total revenues fees will collect annually.

$5+ MILLION
  • to assure program quality not impacted by escalating costs/declining state support.

$3+ MILLION
  • Maintain, expand and improve existing student services.

$1.4+ MILLION
  • Current fee revenues that proposed fees replace.
$369/semester
- Average additional amount program fees will add to student tuition/fees.
- Range: $158/semester to $637/semester.

14.6%
- Average increase in cost of tuition and fees for students.
- Actual cost will vary by program.

6.2%
- Impact to students in least impacted programs, covering cost of increased student services

25%
- Impact to students in most affected program (Engineering). Cost covers increased student services and Tier 1 Engineering Initiative improvements in program quality.
PERSPECTIVE

$5,055/year
• Current cost of tuition and mandatory fees per year at UW.

$5,793/year
• The proposed cost of tuition/mandatory fees + program fees per year at UW.

$6,469/year
• U. of Montana tuition/fee cost - next most affordable flagship school in US.
• 12% greater than UW with new program fees (and before MT’s own program fees included).

$8,753/year
• Average tuition/fee cost of 11 near-peer schools BEFORE their program fees are included.
• 51% higher than UW cost AFTER program fee implementation.
$1,565 to $1,993/month

- University wage premium: the additional monthly salary earned for having a university degree versus none.

$751,200 to $956,640

- Additional lifetime earnings a university degree creates over no degree based on a 40-year career.

2 months

- Time it takes to pay the additional cost of program fees at UW out of the wage premium having a UW degree will create over an average student’s lifetime.
PERSPECTIVE

• College Debt:
  • Only 36% of UW students graduate with Federal debt
    • Average of peers is 50.4%
  • UW typical debt load after graduation: $18,750
    • Average of peers is $21,956 (17% higher than UW)
  • UW average salary after graduation: $46,100
    • Average of peers is $41,055 (11% lower than UW)
  • 90% of UW grads with debt are paying it down (not in default).
    • Average of peers is 84.9%
Even after the implementation of the proposed fees...

UW will still be the most affordable and best value doctoral institution in the United States.
• Despite revenue challenges, UW can aspire to be better.
• We WILL continue to be one of the most affordable universities in the country.
• UW will cost more for students, but...
• We WILL improve value students receive by
  • Improving retention and graduation rates
  • Ensuring students are career ready upon graduation
  • Ensuring programs are of better quality
Program fees actually empower student preferences and voice:
- Programs notice when enrollments drop off.
- Fees create an incentive to improve teaching to attract more revenue.
- Additional revenue creates additional instructional resources.

Program fees make cost of attendance more transparent.

Program fees make programs more accountable to students.
QUESTIONS?

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## Wage Premiums by Field

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<thead>
<tr>
<th>Field</th>
<th>Men</th>
<th>Women</th>
<th>Combined</th>
</tr>
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<tbody>
<tr>
<td>Business</td>
<td>$2,009</td>
<td>$1,640</td>
<td>$1,824</td>
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<tr>
<td>STEM</td>
<td>$3,120</td>
<td>$2,479</td>
<td>$2,799</td>
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<tr>
<td>Health Science</td>
<td>$1,696</td>
<td>$1,812</td>
<td>$1,754</td>
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<td>Social Science</td>
<td>$1,186</td>
<td>$863</td>
<td>$1,024</td>
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<td>Education</td>
<td>$320</td>
<td>$701</td>
<td>$511</td>
</tr>
<tr>
<td>Liberal Arts</td>
<td>$1,056</td>
<td>$640</td>
<td>$848</td>
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<tr>
<td><strong>Average</strong></td>
<td><strong>$1,565</strong></td>
<td><strong>$1,356</strong></td>
<td><strong>$1,460</strong></td>
</tr>
</tbody>
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Source: Kim, Tamborini and Sakamoto (2015)