

SENATE RESOLUTION #1951

Title: Non-Support of the Proposed Tuition Plan

Date: March 23, 2000

Authors: Academic Affairs Committee

Sponsors: Senators Deschamp, Plemmons, Cindy Reed, and Kristen Reed

1. WHEREAS, there has only been one tuition restructuring proposal made
2. available for student review (see Addendum A); and
3. WHEREAS, the University Studies Program Review Committee has not yet
4. produced its recommendations as to possible program changes; and
5. WHEREAS, despite the number of students attending the University of
6. Wyoming on scholarship, the tuition proposal does not address how
7. scholarships will be affected under the proposed structure (see Addendum B); and
8. WHEREAS, after review, the ASUW Academic Affairs Committee found no
9. benefits to the students of the University of Wyoming under this tuition proposal.
10. THEREFORE, be it resolved that the Student Senate of the Associated Students
11. of the University of Wyoming does not support the current tuition proposal.

Referred to: Consumer Committee

Date of Passage: \_\_\_\_\_ Signed: \_\_\_\_\_

(ASUW Chairperson)

"Being enacted on \_\_\_\_\_, I do hereby sign my name hereto

and approve this Senate action." \_\_\_\_\_

ASUW President

*1st reading  
3/29/00*

*2nd reading  
4/4/00*

*DO NOT PASS  
recommendation  
4/4/00*

*proposal indefinitely*

**Tuition Structure Committee**  
**Working Draft**  
31 January 2000

**1. Introduction: Conceptual Issues**

This document is a working draft of the Tuition Structure Committee's discussions about tuition structure at the University of Wyoming. The committee's intention is to post the most current version of this draft on the Academic Affairs web site, to make it available for comment and discussion within the UW community. Among the conceptual issues to be addressed in these discussions are the following.

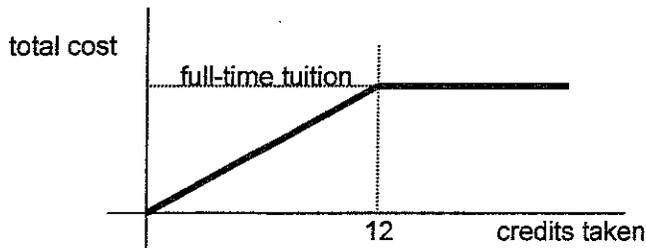
- **Tuition versus credit load.** How should UW price credits? Should there be a flat, per-credit fee, or should students receive a tuition break for credits taken beyond a certain load? The current structure charges a flat, per-credit fee up to a nominal "full-time" load, then charges \$0 for each additional credit taken. This policy has advantages for ambitious students who can carry heavy credit loads. But it places a larger per-credit burden on part-time students, and it does little to discourage students from registering for courses capriciously, since there is no penalty for withdrawing from courses taken beyond the nominal full-time load.
- **Administration of differential tuition.** Several graduate and professional programs have differential tuition charges. Examples include the J.D., M.S.W., and Pharm.D. programs. This practice raises three issues. First, should UW assess differential tuition more broadly? Second, should the University assess differential tuition based on which *program* a student is in or on which *courses* the student is taking? Third, is it reasonable to assign some fixed fraction of differential tuition revenues to the unit in which the students enroll?
- **Graduate tuition.** The issues associated with graduate tuition are especially complex. Many graduate students have Graduate Assistantships that carry tuition waivers. For this reason, full-time graduate tuition plays a minor role in the institution's overall revenues. Graduate Assistantships also reduce the elasticity of demand for graduate education. As a result, tuition issues for graduate students tend to revolve around the details of implementation rather than the price. For example, graduate students who finish their formal coursework must remain registered for "continuing registration" credits, the cost of which can be especially burdensome to students who are finishing a thesis or dissertation off campus.
- **Resident versus nonresident tuition.** Currently, UW distinguishes residents from nonresidents in assessing tuition. As tuition rates have increased over the past decade, we have kept the nonresident/resident tuition ratio fixed. Arguably, in doing so we have paid little attention to the elasticity of nonresident demand for a UW education. What policies should guide future decisions about the nonresident/resident tuition ratio?
- **Privileged categories.** In addition to distinguishing residents from nonresidents in our tuition structure, we identify several "privileged categories" of students. For example, undergraduate sons and daughters of alumni who hold lifetime membership in the UW Alumni Association pay 150 percent of resident tuition rates. What is a reasonable array of privileged categories, from the standpoints of both fiscal soundness and our commitments to our stakeholders? And what are reasonable discounts to offer in these categories?

Many of UW's current approaches to these issues are embedded in history and traditions that extend far beyond this institution. But in an era where student demand for education is a serious consideration for institutions of higher learning, the issues all bear a fresh look.

## 2. Tuition Versus Credit Load

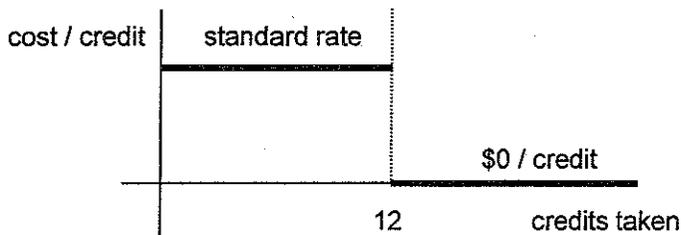
### The current structure

UW's undergraduate tuition structure now has the following shape, considered as a function of credits taken.



Under the current structure, students taking 12 or more credits in a semester have *full-time* status.

The marginal cost per credit – the amount paid for an additional credit – has the following shape:



This second graph shows that part-time students pay the largest marginal rate per credit (and receive the largest per-credit discount when they take fewer credits), while the marginal cost of credits for full-time students is \$0.

The shape of these curves is the same for all undergraduates, but the actual amount of full-time tuition varies with residency status and related variables. For the 1999-2000 academic year, the cost for resident undergraduates taking 12 hours or less is \$84 per credit. Because the marginal per-credit rate for students taking more than 12 credits is \$0, a resident undergraduate taking 18 credits pays \$56 per credit.

For essentially all students the structure has several features:

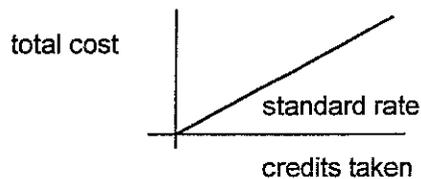
1. **Simplicity.** UW's official publications can easily describe the costs in terms of per-credit charges, at least over specified ranges of credits taken.
2. **Positive incentives to finish early.** A reasonably diligent and focused student can finish a 120-hour degree in eight semesters, for less tuition money than one of her peers would pay to finish the same degree in 10 semesters. An even more diligent student can finish in less time, paying even less in total tuition.

3. No disincentives for capricious course selection. There is no penalty for taking an extra course, then withdrawing late in the semester, if one's final credit tally for the semester is at least 12.
4. Unequal treatment of part-time students. As mentioned, students taking less than 12 credits in a semester pay the highest marginal cost per credit.

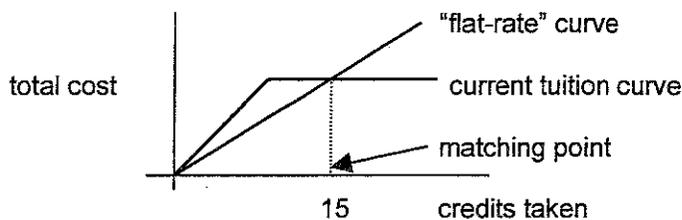
Features 1 and 2 are arguably desirable. Feature 3 is costly to the institution, to the extent that we commit teaching resources to students who don't successfully use them. Feature 4 is discouraging to a segment of our student population. There is an issue of equity here: part-time students are disproportionately nontraditional or low-income students. This segment of UW's student population may have significant potential for growth over the next few years.

### Flat-rate structure

These last two negative features suggest that a fairer tuition structure would be one that charged for credits delivered, independently of how many credits a student may elect to take at one time. With this *flat-rate* structure, the marginal per-credit rate would be constant, and the graph of the tuition curve would be a straight line, as drawn below:



A common argument against this flat-rate structure is that it would cause students who currently take more than 12 credits at a time to pay more for their education. However, it is possible to adjust the standard per-credit rate so that the structure is cost-neutral to a significant set of students in the transition year. For example, it is possible to arrange the flat-rate model so that students taking 15 credits per semester – a set of students who constituted the mode of the distribution of credits taken in Fall 1999 – would pay the same as they do under the current structure. As the following graph shows, under such an arrangement students who take fewer than 15 credits per semester would pay less than they do now; students who take more would pay more.



The 15-credit matching point is just one example; it is possible to select the matching point to meet some specific criterion. Examples of possible criteria include the following.

- Change the structure in a way that is cost-neutral to the average student. Adopting this criterion requires some assumptions about how the new tuition structure will change the average student's demand for credits.
- Index the standard rate to some estimate of the total cost of a UW education.
- Index the tuition rates to some measure of rates at a set of institutions with whom we compete for students.

## Coupon plans

Within the "flat-rate" structure it is possible to preserve, at least in part, the desirable features of our current structure, while still avoiding the negative features. One way to accomplish this is by awarding free or reduced-rate credits or *coupons*. Under the *1-for-n* coupon plan a student would receive a free credit for every  $n$  credits completed. These tuition-free credits would encourage students to earn credits at UW, for example by taking summer courses or by taking more courses per semester in fall and spring.

The coupon plan makes it possible for a student to save some significant fraction of his or her total baccalaureate tuition charges by taking credits at a steady rate and taking advantage of discounts. For example, consider two hypothetical students with a 1-for-7 coupon plan.

Student A takes 15 credits per semester. At the end of 7 semesters he has completed 105 credits and has earned 15 tuition-free credits. He can finish a 120-credit bachelor's degree in one more semester, without paying any additional tuition.

Student B takes 18 credits per semester. At the end of 6 semesters she has completed 108 credits, so she can finish a 120-credit bachelor's degree in her seventh semester. The last 15 credits are tuition-free, and in comparison with Student A she saves a semester's housing and living costs. She also presumably has an opportunity to begin earning a college graduate's salary earlier.

The coupon plan has two advantages over the current tuition structure. Like the flat-rate structure, it retains a disincentive for students to register for credits that they are unlikely to complete. It also provides some incentive for students to stay enrolled at UW rather than transferring their credits to another institution.

## Recommendations

**Recommendation 1: Convert to a flat-rate, per-credit tuition structure.**

**Recommendation 2: Adopt a per-credit tuition rate that is cost-neutral to students who take 14 credits per semester.**

**Recommendation 3: In conjunction with Recommendations 1 and 2, implement a 1-for-7 coupon plan.**

## 3. Administration of Differential Tuition

The University offers several programs for which tuition differs from that charged more broadly. The largest set of these programs is the graduate programs subject to the graduate tuition surcharge. The next section discusses these programs. Of interest in this section are specific degree programs that have a special tuition. The table below lists these programs and the tuition rates listed in the 2000-2001 Fee Book. For comparison, the table also shows the base rate, that is, the corresponding amount that students pay with no surcharges or differential tuition.

*Differential tuition* is the amount of tuition charged beyond that determined by the base rate and, in the case of the J.D. and M.S.W., the graduate surcharge. For example, the total differential tuition per semester paid by a resident pursuing the M.S.W. is

$$\begin{aligned}
 \text{Differential tuition} &= \text{Total tuition} - \text{base rate} - \text{graduate surcharge} \\
 &= \$2,961 - \$1008 - \$252 \\
 &= \$1,701.
 \end{aligned}$$

The corresponding per-semester differential tuition amounts for residents in the J.D. and Pharm.D. are, respectively, \$732 and \$1,200.

Program	Resident tuition (per credit)	Non-resident tuition (per credit)
J.D.	\$166.00	\$385.50
M.S.W.	\$329.00	\$622.00
Pharm.D.	\$184.00	\$403.50
Base rate	\$84.00	\$303.50

Both the origins and administration of differential tuition reflect, in curious ways, the financial pressures and administrative styles that were prevalent at the time that UW first implemented the policies. The notion that certain programs should be fiscally self-supporting – and that students should pay more for programs that cost more – underlies some of our policies. The policies may also reflect a management philosophy that treated individual units as “gainsharing” centers, deserving a proportionate return of some of the differential tuition revenues.

#### Charging by cost of delivery

The idea that cost of delivery should determine a program’s cost to students raises a larger issue: should UW charge for *all* of its programs or coursework based on cost of delivery? As the following table shows, the question is not an idle one: in 1997-1998, the average cost per student-credit of coursework in Chemical and Petroleum Engineering was \$468.04, while the average for Anthropology was \$101.77.

Department	Cost per student credit (1997-1998)
Mathematics	\$99.93
Anthropology	\$101.77
English	\$126.47
Management and Marketing	\$136.10
Lifelong Learning and Instruction	\$140.51
Animal Science	\$182.04
Nursing	\$272.97
Geology and Geophysics	\$325.17
Chemical and Petroleum Engineering	\$468.04

As it applies to degree programs, such as the B.S. Electrical Engineering or the B.A. in English, the question of differential tuition involves numerous complexities. For one thing, comparing averages across departments can be misleading, since it ignores the differences among departments in the mix of service courses and upper-division courses designed for majors. For another, UW’s typical undergraduate changes majors at least twice during his or her baccalaureate career. This fact suggests that charging students according to their declared major would involve not only increased record-keeping and billing difficulties but also possibly perverse incentives for students declaring their majors. For example, a student intending to major in Chemical Engineering might recognize that her tuition charges would be lower if she declared Mathematics as her intended major for her first two years.

Applied to individual courses, differential tuition may seem fairer, in the sense that undergraduates in the same section of the same class would pay the same for their instruction, even if they declared different majors. The complications here have more to do with the effects of cost of delivery on students' choices than with equity. A sound curriculum in Mechanical Engineering will always cost more than one in Philosophy, and in most cases upper-division instruction will cost significantly more than lower-division instruction. But it is doubtful that UW would want to price its courses to discourage students from pursuing careers in Mechanical Engineering or to discourage Philosophy majors from pursuing as much upper-division coursework as they can manage.

Despite its complexities, differential tuition may make sense for a circumscribed set of curricula. Some professional degrees may belong to this set. A student pursuing the Pharm.D., for example, is unlikely to switch to the B.A. in Political Science based on the relative costs of the degrees. Professional degrees typically involve students with strongly focused goals, curricula that are highly constrained, coursework with a high cost of delivery, and intensive interaction between faculty and students. Under these circumstances, the main difficulties associated with differential tuition are determining the relationship of price to student demand and administering the differential tuition revenues once they are collected.

### **Administering differential tuition**

Administering differential tuition revenues is a delicate issue in management philosophy. In some cases our current practice is to  *earmark*  a fraction of these revenues for the unit that delivers the curriculum. While there may be a certain market-based logic in this practice, it is problematic in two respects. First, it places a constraint on the global management of resources by assuming that a program's need for resources grows linearly with its enrollments. This assumption is certainly false. A program whose enrollment is small tends to require more resources per enrolled student than the same program with a large enrollment, owing to economies of scale in the latter case. Also, the need for resources tends to grow in a stepwise fashion: for example, a small program undergoing growth tends to need new instructional personnel, each of whom requires a discrete jump in financial commitments from the institution.

Second, any formula-based system for earmarking funds tends to foster a sense of proprietorship on the part of the unit receiving the funds – a sense that, over time, arises from the formula itself and not from a direct relationship between student needs and resources. And although the proportions being earmarked may be appropriate when the earmarking rule first gets established, as time progresses the earmark may have the unintended effect of protecting one unit's resources when others' are undergoing scrutiny.

In short, the constraints imposed by earmarking are at best unnecessary and at worst distorting. They are unnecessary if all units receive appropriate shares of the institution's resources. They are distorting otherwise, since they assume an incorrect model for the relationship between enrollments and resource needs, and they arbitrarily shield certain units from appropriate scrutiny.

### **Recommendations**

**Recommendation 4. Restrict differential tuition to a small set of graduate and professional programs for which curricular constraints, high cost of delivery, and focused student clientele minimize the issues of complexity and equity. Implement new categories of differential tuition cautiously if at all.**

**Recommendation 5. For the few programs to which it applies, continue to assess differential tuition by the program, not by the course.**

**Recommendation 6. End the earmarking of differential tuition revenues, leaving the budgets of the affected units unchanged in the transition.**

#### 4. Graduate Tuition

##### Issues

The questions surrounding graduate tuition are complex. There are at least five issues that affect tuition policies in this arena.

**Issue 1: Graduate tuition as a revenue source.** Graduate tuition does not generate as much revenue per full-time student as undergraduate tuition. Most full-time graduate students come to UW with some financial support, often in the form of a graduate assistantship (GA) with a tuition waiver. The nominal tuition rate for any full-time graduate student with full or partial GA funding is the resident graduate rate, \$140 per credit. If the GA is state-funded, the tuition waiver essentially amounts to an institutional grant to the student, in partial return for classroom teaching, lab supervision, or other duties. If the GA is funded through a research grant, then the granting agency often pays the tuition, and in these cases UW does receive revenues. Even so, total revenue generated by graduate enrollments is small.

**Issue 2: Elasticity of demand for graduate credits.** Because of the availability of GAs, assessing the elasticity of demand for graduate education at UW is difficult to assess. For students who enjoy full GA funding with tuition waivers, one expects demand to be essentially insensitive to changes in tuition, because these students don't pay it. Still, between Fall 1993 and Fall 1998, resident graduate tuition rose 41 percent (from \$1,994/semester to \$2,816/semester for full-time students taking at least 9 credits), and resident graduate enrollment dropped 22 percent (from 701 to 547). At least part of this decline may be associated with a general nationwide decline in interest in graduate study, with a decline in UW's GA stipend compared with other institutions, or other factors.

At the other extreme, few students are willing to pay for graduate study at the full nonresident rate (\$432.75 per credit), since these students can often find opportunities for GA-supported study, either at UW or at other institutions. In Fall 1999, for example, UW had only 46 full-time graduate students paying nonresident tuition, out of a total of 751 full-time graduate students. (There were 137 nonresident graduate students in all, out of a total of 1,421 full- and part-time graduate students.) We expect the demand for graduate education to be highly elastic for these students. Between Fall 1993 and Fall 1998, full-time nonresident graduate tuition rose 43 percent (\$5,528 per semester to \$7,906 per semester), and total full-time and part-time nonresident graduate enrollments fell by 40 percent (202 to 121). As with the data for resident graduate students, part of the enrollment declines may be attributable to factors other than tuition growth, although the relatively slow growth in UW's stipend is not an issue for students who, by classification, do not receive stipends.

**Issue 3: Continuing registration requirements.** Graduate tuition is subject to peculiarities associated with the fact that formal coursework is not the only requirement for many graduate degrees. For example, when a Ph.D. student completes his or her coursework (at least 72 credits), he or she may still face other a Preliminary Exam, a language exam, and the writing of a dissertation. Some doctoral candidates finish some of this work away from campus. In these cases, the students must pay a "continuing registration" fee amounting to two credits per semester, typically at nonresident rates. This fee – currently \$865.50 per semester for nonresidents – generates considerable ill will, since the student feels that she is paying a substantial sum for essentially no benefit.

To mitigate this ill will, it might be worthwhile to consider a policy adopted by the Trustees in the 2000-2001 Fee Book. This new policy imposes a \$35-per-credit fee for any courses that UW offers for credit but for which the institution incurs no instructional costs. While the impetus for the policy was to recapture lost enrollments in courses offered off-campus to in-service school teachers, the logic arguably applies equally well to continuing registration fees for graduate degree candidates. A UW doctoral candidate finishing her dissertation in New Mexico, for example, would undoubtedly feel less abused were she paying \$60 per semester to maintain her candidacy rather than 14 times that amount.

**Issue 4: Graduate surcharge.** Graduate tuition is currently subject to a surcharge over the corresponding undergraduate rates. This surcharge leads to some anomalies. For example, a graduate student taking a 4000-level course pays more than an undergraduate for the same credits. The issue here is part of a larger issue: should we charge differential tuition by the classification of the student taking the course or by the category of the course? In the case at hand, it may be reasonable to argue that, regardless of the courses they take, graduate students require more intensive advising and intellectual supervision than undergraduates, especially in degree programs requiring research projects.

**Issue 5: Summer tuition.** The University has arguably mismanaged summer tuition for graduate students in the past. The problem was a subtle one: students on GA-funded assistance enjoy nominal status as residents while they hold at least half of an assistantship. Many students have GA funding only for Fall and Spring semesters, and in the past these students typically lapsed into nonresident status during the summer session. The sudden jump in tuition rates – from effectively \$0 per credit for full GAs to over \$400 per credit - discouraged most graduate students from taking summer courses. The Fee Book for 2000-2001 contains a provision that allows students who have at least half-GA funding during the academic year to retain their nominal resident status through the following summer. This measure should allow graduate students to make better use of summer months. If demand is even moderately elastic among these students, the new policy should also allow the University to generate some additional revenue, as more graduate students find summer coursework affordable.

## Recommendations

**Recommendation 7: When assessing continuing registration fees for graduate students, apply the \$35-per-credit fee recently adopted for courses involving no instructional costs to UW.**

**Recommendation 8: Retain the graduate surcharge.**

## 5. Privileged Categories

The University Fee Book identifies several categories of students who enjoy discounts from the standard tuition rates. Among them are the following:

- **Employees.** Full-time employees can take up to three credits per semester without paying tuition or fees. Part-time employees are entitled to half-rate tuition and fees for up to three credits per semester.
- **Senior citizens** are entitled to take courses at the University without paying tuition or fees.
- **Non-resident alumni and their spouses** can take courses at 150 percent of the current resident tuition rate.
- **Spouses and children of lifetime members of the Alumni Association** also can take courses at 150 percent of the current resident tuition rate.

These categories reflect a variety of values, including the importance of an educated workforce, community goodwill, and the cultivation of bonds between the institution and its alumni.

To the extent that individuals in these categories would attend UW without their current privileges, the University loses tuition and fee revenue. However, some of the categories involve relatively small numbers of credits per semester, and others, such as the alumni-related categories, represent groups toward which the University has good reason to promote lifelong relationships. In most of the categories the individuals would be much less likely to attend the University in the absence of these incentives.

It is conceivable that UW might expand the number of privileged categories. Doing so might be one way to help achieve certain institutional objectives, such as enhancing the recruitment of students who can bring special talents or outstanding academic potential to the campus or who can bolster the diversity of the UW community. Worthy though these ends may be, as a tactic for achieving them the establishment of privileged categories is arguably crude. Leveraged financial aid, with its capacity to adjust the financial incentives to the individual, offers greater flexibility.

### Recommendations

**Recommendation 10: Keep four privileged categories: employees, senior citizens, non-resident alumni and spouses, and spouses and children of lifetime members of the UW Alumni Association. Retain the discounts currently associated with these categories.**

**Recommendation 11: Add no more privileged categories.**

**Recommendation 12: Use leveraged financial aid to help achieve UW's other enrollment goals. the institution's efforts to inform targeted groups about the availability of this aid.**

*Patricia Conway and Shalon Baugh are against this Policy*  
**ASUW President**

*Lori Keel is Against this Policy.*

*Megan... Heidi Griffith and Lindsey Loveland are strongly against this tuition policy.*

**From:** Myron B. Allen III  
**Sent:** Thursday, February 24, 2000 9:59 AM  
**To:** ASUW President  
**Cc:** Thomas Buchanan; Myron B. Allen III  
**Subject:** FW: questions about tuition policy

*Kelli Pederson is strongly against this policy.*

Nathan: I've tried to answer the questions below. --- Myron

ADDENDUM B

1. How will scholarships, particularly the Presidential Scholarship, work within this tuition system? Other scholarships?

Although we haven't worked this all out, a likely scenario is that scholarships would have either (1) a fixed dollar value or (2) a fixed credit value. In the latter case, we would have to replace the notion of a "full-time" scholarship with something like an "n-credit-per-semester" scholarship. For example, the vast majority of students on full-time scholarships would find that a 16-credit-per-semester scholarship would easily meet their needs.

2. Do you plan on lowering the number of university requirements in order to allow ALL undergraduate students to graduate with approximately 120 credits?

As part of the implementation of the Academic Plan, we are working to put a maximum of 128 credits on the requirements for all undergraduate majors. Already, many majors require no more than 120 credits. Of course, limiting the number of credits required to complete the degree will not guarantee that all students will complete their requirements in 120 credits. Some students will still have "false starts" and changes in majors, both of which tend to increase the number of credits taken before a degree is finished.

3. Do you feel that this tuition structure limits a student's flexibility in selecting courses? If so, is this a significant problem considering the number of undecided majors on the UW campus?

The key point in any per-credit system of tuition charges is where to set the break-even point. In other words, how many credits could a student take under the proposed system and still pay the same amount as a "full-time" student would under the existing system? If you read carefully, you'll find that the proposed plan would set this break-even point at 16 credits per semester. This is a greater load than most students take. So, financially speaking, most students would have at least as much flexibility under the proposed system as they exercise under the current system. For the few students who sign up for 17 or 18 credits in a semester, the tuition charges would be greater. In fact, most students who take this many credits in a semester (and would therefore pay more) do so for just one or two semesters. In the meanwhile, students who take 15 or fewer credits per semester would pay less.

4. Is this tuition structure discouraging students from achieving anything over what is required of them, especially the financially challenged?

Realistically, the tuition structure should help most financially challenged students, since it would allow them to pay less per credit in semesters where their employment prevented them from taking 16 credits per semester. In addition, they would be able to earn the educational dividends just as their less financially challenged peers.

5. What would you say to those students that want to double major but do not have the financial ability to pay for two degrees?

In many cases, with proper planning, it is possible to complete a double major within 8 semesters at a reasonable credit load. In some cases it is not. Currently, students who take more than 8 semesters typically pay the "full-time" tuition rate for each additional semester. Under the educational dividend plan, such a student could save educational dividends to get a tuition-free semester at the end of his or her undergraduate career. In this system, students who need an extra semester to complete a double major would enjoy a benefit that they now do not.

6. Why is the suggested credit matching point set at fourteen when the standard degree requires at least 120 credit hours? Does it involve the "educational dividend" plan?

With the credit-matching point set at 14 and the 1-for-7 dividend plan in place, a student would effectively pay the same price for 16 credits (14 paid-for credits + 2 dividends) as he or she now pays for 12 or more credits. (Most students now

*Coimre Semer Strongly against policy!*

take 15 or fewer credits per semester.)