

University of Wisconsin Tuition



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Introduction

Higher education benefits both the student and the state. The student benefits primarily through increased knowledge and future earnings while the state benefits through greater tax revenues, increased economic development, and decreased spending on health and social programs, among other less tangible benefits. The precise amount of these benefits that accrue to the state, as opposed to the student, cannot readily be determined. As a result, the amount of state support for higher education and subsequently the amount of tuition charged to students is a matter of public policy. Factors that may be considered in setting tuition include: whether or not students are paying their fair share; whether higher education is affordable for all state residents; 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 higher education in the larger context of the state's needs. This paper describes the relationship between tuition levels and the state budget, current and past tuition levels, the causes of tuition increases, differential tuition, tuition for nonresident students, comparisons of tuition to instructional costs and to tuition charged in other states, and other tuition-related issues.

Background

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 different classes of students, for residents and nonresidents, and for extension courses, summer sessions, and special programs. The amount by

which resident undergraduate tuition can be increased has been capped by statute at 5.5% in each year of the 2011-13 biennium. Unless modified by the Legislature during the 2013-15 session, there will be no limits on the Regents' authority to set resident undergraduate tuition beginning in the 2013-14 academic year under current law. Consistent with past biennium, there are no statutory restrictions on the amount by which the Regents may increase tuition for graduate, nonresident, and other students.

Tuition rates are established annually at the same time as the University's annual operating budget is approved. Separate rates are set for students at UW-Madison, UW-Milwaukee, the comprehensive institutions, and the UW Colleges. Table 1 shows the tuition schedule, including tuition differentials and segregated fees, for 2012-13. Tuition typically supports only the "instructional" portion of the UW budget. Instructional costs include faculty salaries and fringe benefits, which comprise the largest portion of instructional costs, supplies and services, administration, libraries, student services, and support costs.

Tuition and the Budget Process

Changes in tuition are the result of changes in costs, changes in general purpose revenue (GPR) support for the University, and other factors. As levels of GPR-support and, in previous biennia, tuition revenue authority are determined by the Legislature during the biennial budget process, tuition levels indirectly enter into the budget process. In past biennia, budget discussions related to tuition have focused on the amount of revenue that could be generated from tuition, resulting increases in tuition, the percentages of instructional costs that should be paid by students, and comparisons with other universities or states.

Table 1: UW System Consolidated Schedule of Annual Tuition and Segregated Fees – 2012-13

	Tuition		Segregated Fees Paid by all Students **	Total Tuition and Fees	
	Residents	Nonresidents		Residents	Nonresidents
DOCTORAL CLUSTER					
Undergraduate					
Madison	\$9,273	\$25,523	\$1,105	\$10,378	\$26,628
Milwaukee	8,091	17,820	1090	9,181	18,910
Graduate					
Madison	\$10,728	\$24,054	\$1,105	\$11,833	\$25,159
Milwaukee	10,387	22,852	1,090	11,477	23,942
Madison -- Business	13,184	26,678	1,105	14,289	27,783
Milwaukee -- Business	11,781	24,316	1,090	12,871	25,406
Law	20,235	38,932	1,105	21,340	40,037
Medicine	23,807	33,704	1,105	24,912	34,809
Veterinary Medicine	17,925	24,769	1,105	19,030	25,874
COMPREHENSIVE CLUSTER					
Undergraduate					
Eau Claire	\$7,361	\$14,934	\$1,128*	\$8,489	\$16,062
Green Bay	6,298	13,871	1,350	7,648	15,221
La Crosse	7,585	15,158	987*	8,572	16,145
Oshkosh	6,422	13,995	929	7,351	14,924
Parkside	6,298	13,871	989	7,287	14,860
Platteville	6,418	13,991	897*	7,315	14,888
River Falls	6,428	14,001	1,129*	7,557	15,130
Stevens Point	6,298	13,871	1,071*	7,369	14,942
Stout***	234	492	31*	265	523
Superior	6,535	14,108	1,363	7,898	15,471
Whitewater	6,519	14,092	859*	7,378	14,951
Graduate					
Eau Claire	\$7,640	\$16,771	\$1,128	\$8,768	\$17,899
Green Bay	7,640	16,771	1,350	8,990	18,121
La Crosse	7,780	16,911	987	8,767	17,898
Oshkosh	7,640	16,771	929	8,569	17,700
Parkside	7,640	16,771	989	8,629	17,760
Platteville	7,640	16,771	897*	8,537	17,668
River Falls	7,640	16,771	1,129	8,769	17,900
Stevens Point	7,640	16,771	1,071	8,711	17,842
Stout***	367	778	43*	410	821
Superior	7,640	16,771	1,363	9,003	18,134
Whitewater	7,640	16,771	859	8,499	17,630
Business Masters					
Eau Claire	\$8,195	\$17,351	\$1,128	\$9,323	\$18,479
La Crosse	8,334	17,491	987	9,321	18,478
Oshkosh	8,195	17,351	929	9,124	18,280
Parkside	8,195	17,351	989	9,184	18,340
Whitewater	8,195	17,351	859	9,054	18,210
COLLEGES					
Baraboo/Sauk	\$4,750	\$11,734	\$402	\$5,152	\$12,136
Barron	4,750	11,734	396*	5,146	12,130
Fond du Lac	4,750	11,734	383	5,133	12,117
Fox Valley	4,750	11,734	267	5,017	12,001
Manitowoc	4,750	11,734	315*	5,065	12,049
Marathon	4,750	11,734	346	5,096	12,080
Marinette	4,750	11,734	346	5,096	12,080
Marshfield/Wood	4,750	11,734	356*	5,106	12,090
Richland	4,750	11,734	372*	5,122	12,106
Rock	4,750	11,734	348	5,098	12,082
Sheboygan	4,750	11,734	311	5,061	12,045
Washington	4,750	11,734	327	5,077	12,061
Waukesha	4,750	11,734	332	5,082	12,066

* There is an additional charge of \$136-\$250 for textbook rental on these campuses; on all other campuses, books are purchased by students.

** Excludes United Council of UW Student Government's Fee Assessment of \$6.00.

*** UW-Stout charges tuition and segregated fees on a per credit basis. In addition, UW-Stout charges all students a laptop fee of \$27 per credit. The fee is excluded from the amounts shown in the table.

The budget process begins with the UW System's biennial budget request which is approved by the Regents in August of even-numbered years. Most requests for instructional funding included in the UW System's budget request reflect a sharing of costs between student fees (tuition) and state GPR. Following the Regent tuition policy principles, which are shown in the appendix to this paper, the Regents generally request that 65% of instructional and related items be funded with state GPR and the remaining 35% be funded with students fees (tuition). This is known as the GPR/fees split. 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.

During the budget process, the Governor and Legislature may either approve the GPR/fee split requested by the Regents by providing the amount of GPR funding requested or alter the split by providing a different level of GPR support. Due to the relationship between tuition, GPR support, and instructional costs, when the amount of GPR provided is greater than requested by the Regents, increases in tuition are generally smaller. When the amount of GPR provided is less than requested, increases in tuition will be larger.

Prior to the 2011-13 biennium, the Legislature also influenced tuition increases by limiting the amount of tuition revenue the Board of Regents could spend or limiting the purposes for which tuition could be increased. Until 2011-12, tuition revenues were deposited in a separate program revenue appropriation titled "academic student fees." Through 1996, the appropriation for academic student fees was an annual appropriation. This limited the amount of tuition revenue the Board of Regents could spend to the amount shown in the appropriation schedule plus the tuition portion of the pay plan as approved by the Joint Committee on Employment Relations (JCOER). Excess tuition revenue collected could only be expended with prior approval of the Sec-

retary of the Department of Administration and the Joint Committee on Finance. Under this mechanism the Legislature was able to limit tuition increases by limiting the amount of tuition revenues that could be spent in any given year.

In 1997, the academic student fees appropriation was modified to permit the UW System to spend excess tuition revenues up to 4% of the amount shown in the schedule in 1997-98 and up to 7% in 1998-99. Under 1999 Act 9, the UW System's tuition appropriation was changed to an all monies received continuing appropriation. This meant that the University could expend all monies received under the appropriation without limit and without the prior approval of the Legislature, the Joint Committee on Finance, or the Secretary of the Department of Administration.

Act 9 also established a list of items in addition to the amount in the appropriation schedule for academic students fees and the tuition portion of the JCOER-approved pay plan that the Board of Regents was permitted to increase tuition in order to fund. In this way, Act 9 gave the Board of Regents more flexibility to spend tuition revenues while allowing the Legislature to maintain some control over tuition increases.

The academic student fees appropriation was deleted under 2011 Act 32. Beginning in 2011-12, tuition revenues have been deposited in a continuing, all monies received, program revenue appropriation for general program operations. Revenues from UW auxiliary enterprises, such as residence halls, parking, students unions, and athletics, UW-Extension programs, and other general operating receipts are also deposited in that appropriation.

In addition to indirectly affecting tuition through the level of GPR funding for the University and, in the past, through limits on the tuition appropriation, some budgets have included provisions that have directly affected tuition rates. For example, in the 1999-01 biennial budget, the

Legislature provided \$28 million GPR in 2000-01 to the University to fund a one-year freeze in resident undergraduate tuition. Conversely, the 2001-03 biennial budget required the Board of Regents to impose a 5% tuition increase for non-resident undergraduates during each year of that biennium. During the same biennium, tuition increases for resident undergraduates were limited to 8% in 2002-03 by a budget adjustment act. The 2003-05 biennial budget stipulated that the Regents could not increase annual tuition by more than \$700 for resident undergraduates at UW-Madison and UW-Milwaukee or by more than \$500 for resident undergraduate students at all other UW institutions during the 2003-04 and 2004-05 academic years. Similarly, the 2011-13 biennial budget limited increases in resident undergraduate tuition to 5.5% in each year of the biennium.

Once a systemwide tuition revenue target is established, the University determines tuition for the different classes of students, as defined by resident status and academic level. Tuition increases often vary from one class of students to another: for example, in 2012-13, tuition was increased by 5.5% for resident undergraduates (excluding increases in differential tuition charges) but was frozen for nonresident graduate students.

Since 2007-08, base tuition for resident undergraduates at the 13 four-year institutions has increased by 5.5% annually. (Total tuition increases may have been higher for students at institutions that charge differential tuition.) Tuition for resident undergraduates at the UW Colleges was frozen at the 2006-07 level through 2010-11 and then increased by 5.5% in 2011-12 and 2012-13. Increases for all other classes of students, including nonresident undergraduates and resident and nonresident graduate and professional students, have varied. In general, dollar increases in tuition for nonresident undergraduates and resident graduate, business masters,

medical, and veterinary students have been the same as for resident undergraduates, excluding certain differential tuition charges; however, percentage increases have been smaller because these dollar increases are applied to the relatively higher tuition rates charged to these students. Tuition at the law school, the pharmacy school, and for UW-Madison School of Business masters programs have increased by greater amounts to support certain initiatives. Since 2008-09, nonresident graduate tuition has been frozen at all institutions. In addition, nonresident tuition for medical and veterinary students has been frozen since 2010-11.

When collected, tuition revenues are pooled with state GPR funds and these pooled funds make up the University's base budget. Each institution has a GPR/fees budget, which is based on their prior year budgets and changes in the state budget, and a tuition revenue target. If an institution does not meet its tuition revenue target, the institution is responsible for the shortfall.

Historic Tuition Rates

Table 2 shows annual tuition for full-time resident undergraduate students enrolled in UW institutions, annual tuition increases, and annual increases in the Consumer Price Index (CPI) from 1992-93 to 2012-13. Annualized increases in tuition and CPI are shown for the entire 20-year period as well as the periods from 1992-93 to 2002-03 and from 2002-03 to 2012-13 at the bottom of the table. Tuition rates shown in Table 2 include differential tuitions charged to all resident undergraduate students. Differential tuitions charged only to certain students are excluded.

As shown in the table, tuition increases for resident undergraduate students at UW-Madison, UW-Milwaukee, and the comprehensive institutions have exceeded increases in CPI in every year since 1992-93 except for 2000-01 when the Legislature provided funds to freeze tuition in-

creases. In addition, annualized tuition increases for all UW System institutions over the twenty-year period shown were more than two and a half times the annualized increase in the CPI and more than three times at UW-Madison. The table also shows that, in general, tuition increases have been greater in the most recent 10 years than in the prior 10 years. This difference is largely the result of above average tuition increases during the 2003-05 biennium.

Table 2 also shows resident undergraduate tuition as a percentage of the instructional cost per student from 1992-93 to 2012-13. As shown in the table, tuition as a percent of instructional cost has risen from approximately 31% in 1992-93 to approximately 71% in 2012-13.

Tables 3 and 4 show undergraduate and graduate student tuition for resident and nonresident students, excluding tuition for the professional schools of law, medicine and veterinary medicine, from 2002-03 to 2012-13.

Primary Causes of Tuition Increases

Table 5 shows tuition increases for resident undergraduates and the primary causes of these increases for the most recent 10 years. As shown in the table, the primary causes of tuition increases over the past decade have been as follows:

- **Salary increases and fringe benefit costs for faculty and academic staff.** In general, increases in salary and fringe benefits are funded using a GPR/fees (tuition) split. Table 5 shows salary increases for faculty and academic staff provided as part of the state pay plan. As shown in the table, the state pay plan did not provide salary increases for faculty and academic staff in five of the most recent 10 years. However, tuition was increased in four of those five

years to fund increases in fringe benefit costs for faculty and academic staff.

Inversely, the implementation of furloughs during the 2009-11 biennium and increases in employee contributions to health insurance and pension programs beginning in the 2011-13 biennium lowered the University's salary and fringe benefit costs resulting in tuition savings. In general, these savings were used to offset reductions to the University's GPR base budget.

For the 2012-13 year, it is estimated that for every 1% increase in compensation, tuition would increase by 0.6% if funded using the traditional GPR/fee split. If compensation plan adjustments were to be funded completely through tuition, it is estimated that for every 1% increase in compensation, tuition would increase 1.8%. (Additional information on faculty and academic staff compensation is contained in the Legislative Fiscal Bureau informational paper entitled "University of Wisconsin System Overview.")

- **Offset Reductions to the GPR base.** Significant reductions to the UW System GPR base budget were made under the 2003-05, 2005-07, 2009-11, and 2011-13 biennial budgets. During the 2003-05, 2009-11, and 2011-13 biennia, the Board of Regents increased tuition to partially offset these GPR base reductions. During the 2003-05 biennium, the biennial budget provided the Board of Regents with \$150 million in additional tuition expenditure authority to partially offset a GPR base budget reduction of \$250 million. Under 2009 Act 28, the UW System's GPR base budget was reduced by approximately \$60 million annually. Tuition was increased to generate \$35 million in 2009-10 and an additional \$15.5 million in 2010-11 to partially offset this reduction. During the 2011-13 biennium, the Board of Regents was permitted to increase resident undergraduate tuition by 5.5% annually. These increases allowed the University to generate \$37.5 million in 2011-12 and an additional \$35.8 million in 2012-13 in tuition revenues to

Table 2: Annual Tuition for Resident Undergraduate Students

Year	Madison		Milwaukee		Comprehensives		Colleges		% of Instructional Cost			Change in CPI-U 1992 thru 2012*	
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Madison	Milwaukee	Comp.		Colleges
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	2,440	5.5	2,097	7.2	35.0	38.1	36.2	37.8	1.6
1999-00	3,290	9.6	3,194	6.9	2,620	7.4	2,264	8.0	37.6	38.6	36.9	39.0	2.2
2000-01	3,290	0.0	3,194	0.0	2,620	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	2,803	7.0	2,422	7.0	39.7	40.9	37.1	38.3	2.8
2002-03	3,854	8.0	3,738	8.0	3,041	8.5	2,700	11.5	44.9	40.7	38.1	40.4	1.6
2003-04	4,554	18.2	4,438	18.7	3,564	17.2	3,200	18.5	47.6	49.8	45.9	49.6	2.3
2004-05	5,254	15.4	5,138	15.8	4,077	14.4	3,700	15.6	52.3	58.5	49.5	57.3	2.7
2005-06	5,618	6.9	5,494	6.9	4,358	6.9	3,977	7.5	54.0	62.9	53.3	56.6	3.4
2006-07	6,000	6.8	5,868	6.8	4,652	6.7	4,268	7.3	53.9	65.6	54.3	57.2	3.2
2007-08	6,330	5.5	6,191	5.5	4,912	5.6	4,268	0.0	53.4	66.3	55.1	53.7	2.8
2008-09	6,678	5.5	6,531	5.5	5,248	6.8	4,268	0.0	52.4	65.3	58.1	55.1	3.8
2009-10	7,296**	9.3	6,890	5.5	5,589	6.5	4,268	0.0	53.7	66.2	62.5	57.2	-0.4
2010-11	7,933**	8.7	7,269	5.5	5,963	6.7	4,268	0.0	58.0	71.2	65.1	55.4	1.6
2011-12	8,592**	8.3	7,669	5.5	6,333	6.2	4,503	5.5	64.8	78.9	70.4	63.7	3.2
2012-13	9,273**	7.9	8,091	5.5	6,723	6.2	4,750	5.5	66.7	79.8	72.1	66.2	2.1

Annualized Rate of Change

	Tuition	
1992-93 thru 2012-13	7.8%	7.0%
1992-93 thru 2002-03	6.4%	6.1%
2002-03 thru 2012-13	9.2%	8.0%

* Through November, 2012.

** Includes a differential tuition charged to all undergraduates.

CPI-U

2.5%
2.5%
2.5%

Table 3: Tuition for Undergraduate Students

Year	Madison		Milwaukee		Comprehensives	
	Resident Amount	Nonresident Amount	Resident Amount	Nonresident Amount	Resident Amount	Nonresident Amount
2002-03	\$3,854	\$17,854	\$3,738	\$16,490	\$3,041	\$13,077
2003-04	4,554	18,554	4,438	17,190	3,564	13,600
2004-05	5,254	19,254	5,138	17,890	4,077	14,111
2005-06	5,618	19,618	5,494	18,246	4,358	14,470
2006-07	6,000	20,000	5,868	15,470	4,652	12,107
2007-08	6,330	20,580	6,191	15,919	4,912	12,462
2008-09	6,678	20,928	6,531	16,259	5,248	12,811
2009-10	7,296	22,045	6,890	16,619	5,589	13,141
2010-11	7,933	23,183	7,269	16,998	5,963	13,466
2011-12	8,592	24,342	7,669	17,398	6,333	13,803
2012-13	9,273	25,523	8,091	17,820	6,723	14,163
Total % Increase	140.6%	43.0%	116.5%	8.1%	121.1%	8.3%
Annualized Increase	9.2	3.6	8.0	0.8	8.3	0.8

*Average tuition calculated using nonresident undergraduate enrollment by institution. 2012-13 tuition estimated using 2011-12 nonresident undergraduate enrollment.

Table 4: Tuition for Graduate Students

Year	Madison		Milwaukee		Comprehensives*	
	Resident Amount	Nonresident Amount	Resident Amount	Nonresident Amount	Resident Amount	Nonresident Amount
2002-03	\$6,308	\$21,578	\$6,034	\$20,400	\$4,342	\$14,952
2003-04	7,008	22,278	6,734	21,100	4,842	15,452
2004-05	7,708	22,978	7,434	21,800	5,342	15,952
2005-06	8,072	23,342	7,790	22,156	5,619	16,229
2006-07	8,454	23,742	8,164	22,530	5,910	16,520
2007-08	8,784	24,054	8,486	22,852	6,161	16,771
2008-09	9,132	24,054	8,826	22,852	6,426	16,771
2009-10	9,500	24,054	9,186	22,852	6,706	16,771
2010-11	9,887	24,054	9,565	22,852	7,001	16,771
2011-12	10,296	24,054	9,965	22,852	7,312	16,771
2012-13	10,728	24,054	10,387	22,852	7,640	16,771
Total % Increase	70.1%	11.5%	72.1%	12.0%	76.0%	12.2%
Annualized Increase	5.5	1.1	5.6	1.1	5.8	1.2

*UW-La Crosse charges resident and nonresident graduate students an additional \$140.

Table 5: Tuition Increases and Related Items

	Tuition Increases for Resident Undergraduates*	Faculty and Academic Staff Pay Plan	Causes of Tuition Increases
2003-04	16.7% to 18.7%	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	14.3% to 15.8%	1.1%	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
2005-06	6.9% at all four-years, 7.5% at UW Colleges	2.0%	1. Pay plan and fringe benefits (3.3%) 2. Fuel and utilities (3.1%) 3. Student technology fee (0.5%)
2006-07	6.8% at all four-years, 7.3% at UW Colleges	4.3%	1. Fuel and utilities (4.1%) 2. Pay plan and fringe benefits (2.4%) 3. Student technology fee (0.3%)
2007-08	0% at UW Colleges, 5.5% at all other institutions	2.0%	1. Pay plan and fringe benefits (4.5%) 2. Fuel and utilities (0.8%) 3. High demand faculty (0.2%)
2008-09	0% at UW Colleges, 5.5% at all other institutions	1.0%	1. Veterans remissions (2.9%) 2. Growth agenda (1.3%) 3. Fuel & utilities (0.6%) 4. Pay plan and fringe benefits (0.3%) 5. High demand faculty (0.2%) 5. Other budget changes (0.2%)
2009-10	0% at UW Colleges, 5.5% at all other institutions	0.0%	1. Recission of the 2% salary increase and implementation of furlough (-4.8%) 2. Tuition offset to base reduction (5.7%) 3. Pay plan and fringe benefits (3.6%) 4. Veterans remissions (0.3%) 5. High demand faculty and staff (0.3%) 6. Other budget changes (fuel & utilities and student technology fee) (0.4%)
2010-11	0% at UW Colleges, 5.5% at all other institutions	0.0%	1. Fringe benefits (2.5%) 2. Tuition offset to base reduction (2.4%) 3. High demand faculty and staff (0.2%) 4. Other budget changes (fuel & utilities and student technology fee) (0.4%)
2011-12	5.5% at all institutions	0.0%	1. Increased employee contribution to health insurance and pension (-3.1%) 2. Offset GPR base reduction (7.8%) 3. Increase in health insurance costs (0.8%)
2012-13	5.5% at all institutions	0.0%	1. Offset GPR base reduction (4.8%) 2. Increases in health insurance costs (0.7%)

* Excludes differential tuitions.

offset GPR base budget reductions of \$125 million annually.

- **Fuel and utilities costs.** The 2005-07 budget provided additional tuition revenue authority of \$16.7 million in 2005-06 and \$43.3 million in 2006-07 to fund fuel and utility expenses. Increases in fuel and utility costs led to smaller increases in tuition during the 2007-09 and 2009-11 biennia.

- **Student technology fee.** An instructional technology fee was implemented at UW-Madison in 1993-94 and at all other UW four-year institutions in 1995-96. This fee is set as a percentage of overall tuition (2.5% at Madison and 2.0% at Milwaukee) such that the fee increases as tuition increases. Because of the way it is calculated, tuition increases attributable to the student technology fee are generally quite small.

- **Instructional and other initiatives.** The 2007-09 biennial budget provided \$7.9 million in additional tuition revenue expenditure authority to support the instructional initiatives related to the UW System's growth agenda. The 2007-09 and 2009-11 biennial budgets provided \$3.1 million and \$5.3 million, respectively, in additional tuition revenue expenditure authority to support competitive compensation for faculty in high-demand academic disciplines.

- **Tuition remissions for veterans.** In 2008-09, tuition was increased to generate \$18 million in revenues to offset forgone revenue resulting from tuition and fees remissions provided to veterans. Tuition was increased by an additional \$2 million in 2009-10 to offset these remissions.

Differential Tuition and Other Tuition Policies

Beginning in 1997, when the Board of Regents was first permitted to expend excess tuition revenues, the Regents have had the ability to impose differential tuitions. This authority was codified under 1999 Act 9. Under 2011 Act 32, the Regents are prohibited from approving any new differential tuitions during the 2011-13 biennium if doing so would increase resident undergraduate tuition at any institution by more than 5.5%.

Differential tuition is an amount charged on top of base tuition to support additional services and programming for students at a particular institution. Differential tuition can be charged to all students enrolled at a particular institution, to a particular category of students, such as all undergraduates, or only to students enrolled in certain programs. Program-specific differential tuitions are usually charged for programs that have high operating costs such as the health sciences and engineering. A differential tuition may be set at a dollar amount or as a percentage of base tuition. Individual students may also be charged multiple differential tuitions. For instance, a resident undergraduate engineering student at UW-Madison would be charged both the undergraduate differential (\$1,000) and the School of Engineering differential (\$1,400). Additional revenues generated by a differential tuition are retained by the campus or program where they are generated.

Table 6 shows differential tuitions charged in 2012-13 and the year that each differential tuition was implemented. As shown by the table, the amount of a differential tuition can vary widely. For instance, all undergraduates at Oshkosh are charged a differential tuition of \$124 per year in 2012-13 compared to \$1,147 at La Crosse. Currently, 10 of the 13 four-year campuses (Eau Claire, La Crosse, Madison, Milwau-

Table 6: UW System Schedule of Differential Tuitions for the 2012-13 Academic Year

Institution	Program	Amount	Year Implemented
Madison	Doctor of Pharmacy	In 2012-13, residents pay \$4,429 above general resident graduate tuition, nonresidents pay \$3,560 above general nonresident graduate rate.	1997
Milwaukee	Communication Science and Disorders and Occupational Therapy graduate programs	Graduate tuition is set at 120% of the general graduate tuition rate	1997
Eau Claire	All Undergraduates	\$163 per year	1997
La Crosse	Allied Health Programs	Graduate tuition in the occupational therapy, physician assistant, and physical therapy programs is set at 120% of the general graduate tuition rate	1997
Stout	Customized instruction	Charges market rates for customized programs, certificates, and courses typically offered during the summer, evenings, or weekends	1999
Stout	All Students	5% of resident undergraduate and graduate tuition	1999
Whitewater	All Undergraduates	3.5% of resident undergraduate tuition, \$221 per year in 2012-13	2002
La Crosse	All Students	\$140 per year in 2012-13, increases by 6% annually	2003
Oshkosh	All Undergraduates	\$124 per year in 2012-13, increases by 3% annually	2003
Milwaukee	Peck School of Arts	\$21.20 per credit for undergraduate courses other than those satisfying general education requirements	2004
Milwaukee	College of Engineering and Applied Science	\$20.80 per credit for all undergraduate and graduate courses	2004
Milwaukee	School of Business Administration	\$20 per credit for all 200 to 600 level courses	2004
Milwaukee	College of Nursing	\$30.60 per credit for undergraduates enrolled in clinical major courses	2004
Milwaukee	School of Architecture and Urban Planning	\$43 per credit for undergraduate and graduate 200 to 800 level courses, \$11.55 for 100 level courses	2006
Madison	School of Business	\$1,000 per year for students enrolled in bachelor's degree program, \$300 per year for students enrolled in certificate program	2007
River Falls	All Undergraduates	\$130 per year in 2012-13 and \$160 per year in 2013-14	2007
Madison	School of Engineering	\$1,400 per year for students enrolled in bachelor's degree programs	2008
La Crosse	All Undergraduates	\$1,147 per year; adjusted annually to cover salary and fringe benefit increases	2008
Platteville	All Undergraduates	1.9% of resident undergraduate tuition, \$120 per year in 2012-13	2008
Superior	All Undergraduates	\$237 per year	2008
Madison	All Undergraduates	\$1,000 for resident students and \$3,000 for nonresident students	2009
Eau Claire	All Undergraduates	Currently being phased in; \$900 in 2012-13 and \$1,200 in 2013-14	2010
Superior	Department of Natural Sciences	\$12 per credit	2011

kee, Oshkosh, Platteville, River Falls, Stout, Superior, and Whitewater) charge differential tuition.

Other Tuition Policies

With the exception of UW-Stout, UW System institutions charge students tuition using a "plateau system." Under this system, undergraduate students taking 12 to 18 credits are charged a flat, full-time rate and students taking less than 12 credits are charged a per credit fee equal to 1/12 of the full-time rate. Students taking more than 18 credits are charged per-credit for each additional credit. 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.

Under the plateau system, part-time students generally pay more per credit than students enrolled full-time. For example, a full-time undergraduate student taking 15 credits will pay 20% less per credit than a part-time student enrolled in 12 credits or less.

Since 2002-03, UW-Stout has charged students on a per-credit basis. The Stout program was designed to be revenue neutral to the University and most full-time students. Under the Stout program, part-time students do not pay more per credit than full-time students. In addition, six other campuses (Eau Claire, Green Bay, Oshkosh, Platteville, River Falls, and Superior) charge a per credit tuition rate during the summer session for graduate students.

Since 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 credits will be assessed a 100% tuition surcharge. If the minimum credits required to complete an academic program exceeds 135, the tuition surcharge is not assessed until the cumulative credit total exceeds the minimum by more

than 30 credits. This policy applies only to resident undergraduate students pursuing their first bachelors degree and only credits earned at UW institutions or transferred from Wisconsin technical colleges are counted towards the 165 credit limit.

The UW System has also implemented service-based pricing for certain programs targeted to adult and graduate students. These courses must be priced to cover the direct cost of instruction, such as the instructor's salary and benefits, without any institutional subsidy. Per-credit tuition charges for these programs are generally above the current tuition schedule.

Service-based pricing programs are currently offered by 12 of the four-year campuses, the UW Colleges online, and UW-Extension. In 2011-12, UW institutions served 18,163 adult students (undergraduates 25 years of age and older and graduate students 30 years of age and older) and 25,507 traditional aged students in courses and programs that covered at least the direct cost of instruction. These students accounted for approximately 256,000 credits generated across all UW institutions.

Tuition for Nonresident Students

For tuition purposes, students fall into three categories: resident, nonresident, and nonresident students covered by a reciprocity agreement.

Nonresident Tuition

Nonresident students are charged tuition in excess of instructional costs thus subsidizing resident students. Nonresident tuition is not subject to any statutory limits and, in past budgets, has been used as a source of additional revenues. However, increases in nonresident tuition are limited by the amount nonresident students and

their families are willing to pay. The UW System competes with other regional and, in some cases, national and international institutions for nonresident students. Setting nonresident tuition at a level that is not competitive with the rates charged by these institutions may result in decreases in nonresident enrollment and related revenues.

With this in mind, the Board of Regents reduced nonresident tuition to below the peer midpoints in 2006-07 at Milwaukee, the comprehensive institutions, and the UW Colleges in an effort to attract more out-of-state students to those campuses. In 2012-13, nonresident undergraduate tuition at UW-Milwaukee is \$4,148 (18%) less than the peer midpoint while nonresident undergraduate tuition at the comprehensives is \$2,066 (12%) below the peer midpoint. In spite of these reductions, nonresident students continue to pay tuition in excess of instructional costs, thus subsidizing resident students.

In the years since the Board of Regents reduced nonresident undergraduate tuition at Milwaukee, the comprehensives, and the UW Colleges, nonresident undergraduate enrollments have increased significantly at those institutions. Excluding UW-Platteville, which offers discounted tuition to certain nonresidents through its Tri-State Initiative (described below), nonresident undergraduate enrollment increased by 3,065 headcount students, or 96%, at UW-Milwaukee, the comprehensive institutions, and the UW Colleges from 2005-06 to 2011-12. By comparison, enrollment by nonresident undergraduates at those institutions decreased by 457, or 12%, from 1995-96 to 2005-06.

Reciprocity Tuition

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 Office of Higher Education (MOHE) and the Wisconsin Higher Educational Aids Board (HEAB). In Wisconsin, the agreement is subject to legislative approval by the Joint Committee on Finance. In Minnesota, changes to the agreement are approved by the Minnesota State Colleges and Universities Board of Trustees and the University of Minnesota Board of Regents. While the current agreement, which was most recently modified effective on July 1, 2007, 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" which is generally the higher of the resident tuition charged at the institution in which the student is enrolled and the resident tuition at a comparable institution in the student's home state. The reciprocal fee structure, which is determined jointly by HEAB and MOHE, is included in an annual administrative memorandum that must be approved by the Joint Committee on Finance. In 2010-11, 10,181 Wisconsin residents attended Minnesota institutions and 14,431 Minnesota residents attended college in Wisconsin under this agreement.

In addition to the Minnesota reciprocity program, which is statewide, UW-Marinette also has a reciprocity agreement with two community colleges in Michigan. This reciprocity agreement covers only students who are residents of specified Wisconsin and Michigan counties. In 2011-12, 100 Michigan resident students attended UW-Marinette under this agreement.

Additional details on these agreements are contained in the Legislative Fiscal Bureau's informational paper entitled "Education and Income Tax Reciprocity Agreements."

Additional Special Programs for Nonresidents

There are several special programs that allow

non-Minnesota nonresidents to attend UW institutions without paying full nonresident tuition. Through these programs, nonresident students may receive a remission of nonresident tuition, may be exempted from paying nonresident tuition, or may be charged a differential tuition that is less than the full nonresident rate.

By statute, the Board of Regents can remit the nonresident portion of tuition to a limited number of nonresident undergraduate and graduate students who are either: (1) needy and worthy on the basis of merit; (2) deserving of relief due to extraordinary circumstances; or (3) needy and worthy foreign students and U.S. citizens not currently residing in the U.S. In addition, statutes permit the Regents to remit nonresident and resident tuition to athletes and certain graduate students. Additional information regarding tuition remissions is provided in the Legislative Fiscal Bureau's informational paper entitled "Student Financial Aid."

Statutes also permit the Board of Regents to exempt up to 300 nonresident juniors and seniors enrolled at UW-Parkside and 225 nonresident students enrolled at UW-Superior from nonresident tuition through the Tuition Award Program (TAP). To be eligible for TAP, students must be enrolled in programs that have been identified as having surplus capacity. In fall, 2011, 262 students enrolled at UW-Parkside and 190 students enrolled at UW-Superior through the TAP program.

In addition to these remissions and exemptions, there are three differential tuition programs that allow nonresident students to pay less than the full nonresident tuition rate. The Return to Wisconsin program, which began in fall, 2004, is a differential tuition pilot program for nonresident undergraduate students who are the children or grandchildren of a specific institution's qualifying alumni. Under the program, the nonresident student must be a legal resident of a state other than Wisconsin or Minnesota. The differ-

ential rate is equal to the nonresident tuition rate less 25%, but not less than the projected cost of a student's education. Participating institutions include Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, River Falls, Stevens Point, Stout, and Whitewater. In fall, 2011, 96 students attended UW institutions through the Return to Wisconsin program.

In 2005, Wisconsin joined the Midwest Student Exchange Program (MSEP). This program allows undergraduate and graduate students from participating states, including Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, and North Dakota, to attend colleges or universities in other participating states at a tuition of no more than 150% of resident tuition. Eau Claire, Green Bay, La Crosse, Milwaukee, Oshkosh, Parkside, River Falls, Stevens Point, Stout, Superior, and the UW Colleges Marinette and Rock County campuses currently participate in MSEP. In fall, 2011, 531 undergraduate students and 40 graduate students attended UW institutions through MSEP.

Finally, in the fall of 2005, UW-Platteville implemented the Tri-State Initiative (TSI) which was designed to increase enrollment by 2,000 undergraduate students in 10 years. Through TSI, nonresident undergraduate students from Illinois and Iowa who have been admitted to certain programs of study are charged the resident tuition rate plus a premium of \$4,400 per year. The Board of Regents reviewed TSI in 2009 and extended the program through 2014. In fall, 2011, 1,334 students enrolled in Platteville through the Tri-State Initiative.

Nonresident Enrollment

Table 7 shows the total number of nonresident students and the number of those students who were reciprocity students, received remissions, enrolled through a special program for nonresidents, or paid full nonresident tuition in fall, 2011. Of the 29,523 nonresident undergrad-

Table 7: Nonresident Students by Tuition Status (Fall 2011)

	Number of Nonresident Students	Nonresident Students			Paying Full Nonresident Tuition
		Reciprocity Students*	Receiving Remission	Enrolling Through Special Programs**	
Undergraduate					
Madison	10,751	3,312	606	0	6,833
Milwaukee	1,535	373	236	52	874
Comprehensives	16,735	10,442	1,922	2,351	2,020
UW Colleges	<u>502</u>	<u>130</u>	<u>21</u>	<u>3</u>	<u>348</u>
Subtotal	29,523	14,257	2,785	2,406	10,075
Graduate and Professional					
Madison	6,938	228	5,281	0	1,429
Milwaukee	1,586	124	1,037	0	425
Comprehensives	<u>1,847</u>	<u>509</u>	<u>302</u>	<u>46</u>	<u>990</u>
Subtotal	10,371	861	6,620	46	2,844
Total	39,894	15,118	9,405	2,452	12,919

*Includes Minnesota and Michigan reciprocity students. Michigan residents represent less than 1% of the reciprocity students.

** Includes the Midwest Student Exchange Program, the Return to Wisconsin program, the Tri-State Initiative, and the Tuition Award Program.

uate students who were enrolled in the UW System in fall, 2011, approximately 34% paid nonresident tuition. Of those nonresident undergraduate students who did not pay full nonresident tuition, 73% are Minnesota or Michigan residents enrolled under a reciprocity agreement, 14% received a remission of nonresident tuition, and 12% enrolled through a special program for nonresident students.

Compared to nonresident undergraduate students enrolled at other UW institutions, nonresident undergraduate students enrolled at Madison and Milwaukee are more likely to be charged full, nonresident tuition. This is because a smaller percentage of nonresident students enrolling at Madison and Milwaukee are Minnesota reciprocity students than at the comprehensive institutions (30% versus 61%). By contrast, a smaller fraction of nonresident graduate students at Madison and Milwaukee pay full, nonresident tuition than at the comprehensive institutions. This is due to the large proportion of Madison and Milwaukee graduate students who receive nonresi-

dent tuition remissions in exchange for work as teaching and research assistants.

Tuition Revenues

Table 8 shows 2012-13 estimated tuition revenues less remissions granted by student level and resident status. Tuition received from Minnesota residents through reciprocity is included in the "Residents" column. While non-Minnesota nonresidents made up only 14% of the student population systemwide based on fall, 2011, enrollment, these students generate 22% of total tuition revenues. At Madison, these students represent approximately 33% of total campus population but generate 47% of all campus tuition revenues. These figures demonstrate the relative importance of out-of-state students to the tuition revenue pool.

Madison, with its relatively high nonresident

Table 8: Estimated Tuition Revenues Less Remissions, 2012-13*

	Tuition Revenue	% Paid by:	
		Residents**	Nonresidents
Madison			
Undergraduate	\$316,036,600	53.2%	46.8%
Graduate	64,663,900	53.3	46.7
Milwaukee			
Undergraduate	180,515,500	91.0	9.0
Graduate	33,632,000	68.4	31.6
Comprehensive Campuses			
Undergraduate	503,085,400	90.7	9.3
Graduate	37,783,700	70.0	30.0
Colleges			
Undergraduate	<u>53,776,700</u>	95.8	4.2
TOTAL	\$1,189,493,700	77.7%	22.3%

* Excludes summer session.

**Includes Minnesota reciprocity students.

enrollment, generates an estimated 32% of total systemwide tuition revenue despite enrolling only 23% of all students enrolled in the UW System. By comparison, the 11 comprehensive campuses enroll 52% of all students but generate an estimated 45% of UW System tuition revenues.

Segregated Fees

In addition to tuition charges, all students are assessed segregated fees which are used to finance a wide variety of student activities and services including student unions and student centers, student health services, student activities and organizations, intercollegiate and recreational sports, parking and transportation services, and child care. 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 student activities such as student organizations, concerts, lectures, and bus passes. Nonallocable fees are de-

financed 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 an institution-by-institution and 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.

In 2012-13, annual segregated fees at the four-year institutions range from \$859 at White-water to \$1,363 at Superior and fees at the UW Colleges range from \$267 to \$402. Table 9 shows segregated fees charged at each of the four-year institutions from 2002-03 to 2012-13. The table also compares annualized increases in segregated fees charged to annualized tuition increases. At most campuses, segregated fees have increased at a slower rate than tuition. In general, campuses with larger increases in segregated fees, such as Superior, Eau Claire, and Stevens Point, have had large, segregated fee fund supported construction projects, usually related to the student union, within the last decade.

In addition to tuition and segregated fees, students who choose to live on campus must also pay room and board charges. Table 10 shows these charges by institution for 2003-04 to 2012-13.

First Amendment Challenge

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

Table 9: Segregated Fees by Campus, 2002-03 to 2012-13

	Madison	Milwaukee	Eau Claire	Green Bay	La Crosse	Oshkosh	Parkside	Platteville	River Falls	Stevens Point	Stout	Superior	Whitewater
2002-03	\$569	\$615	\$480	\$1,023	\$670	\$460	\$532	\$584	\$552	\$510	\$491	\$461	\$528
2003-04	582	666	538	1,154	682	490	572	615	607	521	508	620	546
2004-05	608	693	576	1,154	706	502	648	672	630	569	528	652	556
2005-06	662	726	600	1,148	742	590	720	704	685	651	560	755	703
2006-07	726	758	620	1,148	775	682	816	742	755	756	585	854	712
2007-08	854	763	705	1,140	817	760	936	787	861	880	628	942	740
2008-09	886	774	785	1,224	848	843	984	823	921	981	654	1,068	766
2009-10	1,014	812	922	1,250	904	872	912	848	954	1,031	739	1,165	801
2010-11	1,050	832	1,053	1,314	918	905	960	864	1,020	1,050	782	1,300	831
2011-12	1,073	1,006	1,095	1,312	951	905	960	887	1,063	1,040	849	1,329	863
2012-13	1,105	1,090	1,128	1,350	987	929	989	897	1,129	1,071	877	1,363	859
Total % Increase	94.2%	77.2%	135.0%	32.0%	47.3%	102.0%	85.9%	53.6%	104.5%	110.0%	78.6%	195.7%	62.7%
Annualized Increase	6.9	5.9	8.9	2.8	3.9	7.3	6.4	4.4	7.4	7.7	6.0	11.4	5.0
Tuition													
Total % Increase	140.6	116.5	137.5	109.9	152.8	114.1	109.9	113.9	114.3	109.9	110.2	117.8	110.0
Annualized Increases	9.2	8.0	9.0	7.7	9.7	7.9	7.7	7.9	7.9	7.7	7.7	8.1	7.7

*UW-Stout charges tuition and segregated fees on a per credit basis. Segregated fees shown are for 28.3 credits.

Table 10: Academic Room and Board Fees by Campus, 2003-04 to 2012-13

	Madison	Milwaukee	Eau Claire	Green Bay	La Crosse	Oshkosh	Parkside	Platteville	River Falls	Stevens Point	Stout	Superior	Whitewater
2003-04	\$5,170	\$4,040	\$3,980	\$3,561	\$4,100	\$3,984	\$4,756	\$4,112	\$3,908	\$3,964	\$3,942	\$4,247	\$3,702
2004-05	5,381	4,230	4,130	3,850	4,520	4,312	4,850	4,328	4,120	4,094	4,232	4,342	3,892
2005-06	5,730	4,596	4,266	3,990	4,770	4,634	4,950	4,112	4,340	4,322	4,660	4,422	4,120
2006-07	6,180	5,024	4,642	4,200	5,020	5,015	5,010	4,329	4,586	4,542	4,884	4,575	4,322
2007-08	6,650	5,442	4,828	4,350	5,130	5,242	5,390	4,602	4,924	4,832	4,994	4,721	4,574
2008-09	6,909	5,738	4,960	4,700	5,420	5,720	5,570	4,809	5,106	5,180	5,170	4,954	4,790
2009-10	7,157	6,838	5,630	5,000	5,630	5,864	5,750	5,002	5,330	5,612	5,336	5,085	5,028
2010-11	7,435	7,018	5,770	5,450	5,630	5,976	5,974	5,208	5,530	5,760	5,560	5,330	5,402
2011-12	7,724	8,182	5,947	5,700	5,930	6,128	6,192	6,042	5,715	6,002	5,844	5,420	5,554
2012-13	8,024	8,594	6,182	5,950	6,000	6,248	6,382	6,440	5,957	6,158	6,054	5,610	5,786
Total % Increase	55.2%	112.7%	55.3%	67.1%	46.3%	56.8%	34.2%	56.6%	52.4%	55.3%	53.6%	32.1%	56.3%
Annualized Increase	5.0	8.7	5.0	5.9	4.3	5.1	3.3	5.1	4.8	5.0	4.9	3.1	5.1

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 was to advance political or ideological causes.

In November, 1996, a U.S. District Court ruled that the segregated fee policy violated 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 appealed the decision and, in March, 2000, the U.S. Supreme 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."

To comply with the U.S. Supreme Court ruling, new segregated fee policies were adopted by the Board of Regents. In October, 2002, the U.S. 7th Circuit Court of Appeals lifted its prohibition on the collection of segregated 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 cannot use the length of time a student group has existed or the amount of funds a group has received in the past as criteria for distributing funds.

The use and allocation of segregated fee funds continues to be a controversial matter at UW-Madison and other UW System institutions. In 2007, the University of Wisconsin Roman Catholic Foundation, now known as Badger Catholic, filed suit against the UW Board of Regents and UW-Madison officials after it was denied reimbursement for activities considered to be worship, proselytizing, and sectarian religious

instruction. In January, 2008, the U.S. District Court for the Western District of Wisconsin issued a preliminary injunction against the University and, in September, 2008, declaratory relief was granted by that Court. Both rulings found the University's policy of not funding religious speech that it considered to be worship, proselytizing, or sectarian religious instruction to be unconstitutional. The University appealed this decision and, in September, 2010, the U.S. 7th Circuit Court of Appeals affirmed the District Court's ruling in favor of Badger Catholic.

Instructional Cost Per Student

The UW System's basis for determining instructional 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 Wisconsin 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 costs allocated based on the teaching mission's share of those costs. In those instances where a faculty or staff member performs research as part of his or her educational responsibilities, only those costs directly related to instruction are included in the cost per student calculation.

Prior the 1980-81 academic year, the Board of Regents established tuition rates by applying a set percentage to the total cost per student. This percentage varied by student class (undergraduate or graduate), residency status, and, in some years, the type of institution. In general, resident undergraduate tuition was set at 25% of total cost per student and nonresident undergraduate tuition was set at 100% of cost. Resident graduate tuition rates ranged from 20% to 22% of cost while nonresident graduate tuition was set at 70% of cost. As these percentages were not statutorily fixed, there was some variance in the percentages used from year to year.

Beginning in 1980-81, the percentage of cost per student that is funded through tuition has increased incrementally. This has happened as the Board of Regents has increased tuition to offset GPR budget reductions, the Legislature has funded certain instructional items entirely through tuition revenues, and tuition revenues have increased as the result of higher enrollments without subsequent increases in the amount of GPR funding.

Table 11 shows instructional cost per full-time student and tuition as a percentage of that cost by institution and student level for 2012-13. As shown in the table, the instructional cost per student varies considerably by both institution and student level. Systemwide, the average cost per undergraduate student is \$10,228 and ranges from \$8,263 at Whitewater to \$13,898 at Madison, a difference of 68%. Some of the possible reasons for variations in instructional costs amongst the institutions include economies of scale (the smaller comprehensive campuses are more expensive), array of course offerings, the use of academic staff as instructors, and the mix of students.

Because tuition is not set at a percentage of instructional costs, students at different institutions pay differing percentages of their instruc-

tional costs. Students at the institutions where instructional costs are the lowest, such as Whitewater, La Crosse, River Falls, and Stevens Point, pay a greater share of their educational costs than students at institutions with the highest instructional costs, including Superior and Parkside. For example, while undergraduate students at Superior paid 49% of the cost of their education, students at La Crosse paid 88%.

Despite paying a higher amount of tuition, undergraduate students at Madison pay a lower percentage of their instructional costs than the average for students at the comprehensive institutions. By contrast, students at Milwaukee pay a greater share of their instructional costs than students at all other UW institutions except La Crosse. This is due to the tuition premium students pay for attending a doctoral institution combined with instructional costs that are significantly lower than at Madison.

Instructional costs also vary by student level. On average, instructional costs for juniors and seniors are 46% higher than for freshmen and sophomores. As a result, freshman and sophomore students typically pay a higher portion of their instructional costs through tuition than upper-level students. Upper-level students, especially at the doctoral campuses, tend to have smaller classes and are more often taught by faculty rather than teaching assistants or academic staff, which results in higher instructional costs. In addition, instructional costs also vary by discipline. For example, costs per credit are higher for health sciences courses than for humanities and social sciences courses.

Nonresident students are charged tuition in excess of their instructional costs. In 2012-13, nonresident undergraduate students paid 184% of their instructional costs at UW-Madison, 176% of instructional costs at UW-Milwaukee, and between 106% and 175% of their instructional costs at the comprehensive institutions and

Table 11: 2012-13 Instructional Cost Per Student and Percent of Cost Paid by Tuition

	Undergraduate Resident Tuition		Cost Per Student			Graduate Resident Tuition		Cost Per Student			
			Freshman/Sophomore	Junior/Senior	All Levels	Master's	Ph.D.				
Madison*	\$9,273	\$10,931	84.8%	\$15,825	58.6%	\$13,898	66.7%	\$22,234	48.3%	\$20,793	51.6%
Milwaukee	8,091	7,613	106.3	12,218	66.2	10,137	79.8	21,010	49.4	22,875	45.4
Doctoral Average	8,797	9,482	92.8	14,457	60.8	12,382	71.0	21,775	48.9	21,107	50.4
Eau Claire	7,361	8,797	83.7	11,231	65.5	10,069	73.1	18,376	41.6		
Green Bay	6,298	7,895	79.8	10,363	60.8	9,335	67.5	12,790	59.7		
La Crosse	7,585	7,976	95.1	9,341	81.2	8,654	87.6	11,303	68.8		
Oshkosh	6,422	7,160	89.7	10,916	58.8	9,127	70.4	13,771	55.5		
Parkside	6,298	9,784	64.4	13,503	46.6	11,713	53.8	16,894	45.2		
Platteville	6,418	7,834	81.9	10,281	62.4	8,971	71.5	11,567	66.0		
River Falls	6,428	7,600	84.6	10,015	64.2	8,828	72.8	14,150	54.0		
Stevens Point	6,298	7,754	81.2	9,845	64.0	8,833	71.3	14,308	53.4		
Stout	7,014	8,469	82.8	10,818	64.8	9,711	72.2	14,006	47.2		
Superior	6,535	12,060	54.2	14,124	46.3	13,309	49.1	17,278	44.2		
Whitewater	6,519	6,876	94.8	9,615	67.8	8,263	78.9	10,621	71.9		
Comprehensive Average	6,719	7,989	84.1	10,566	63.6	9,322	72.1	12,960	58.0		
Colleges Average	4,750	7,175	66.2			7,175	66.2				
System Average	7,297	8,305	87.9	12,133	60.1	10,228	71.3	18,294	54.2	9,923	

* Master's cost per student includes law students; doctoral cost per student excludes medical and veterinary students.

Table 12: Annual Tuition and Fees at Midwestern Public Big Ten Universities (Including Segregated Fees)*

	Undergraduate			Graduate		
	2011-12	2012-13	% Change	2011-12	2012-13	% Change
Resident Students						
Illinois	\$14,414	\$14,960	3.8%	\$14,390	\$14,938	3.8%
Michigan	12,634	13,234	4.7	18,860	19,434	3.0
Minnesota	12,572	13,016	3.5	14,950	15,544	4.0
Michigan State	12,255	12,682	3.5	13,694	14,372	5.0
UW-Madison	9,665	10,379	7.4	11,369	11,833	4.1
Ohio State	9,735	10,037	3.1	11,298	12,201	8.0
Indiana	9,523	10,033	5.4	8,519	9,009	5.8
Purdue	9,478	9,900	4.5	9,478	9,900	4.5
Iowa	7,765	8,057	3.8	8,982	9,135	1.7
Average (excl. WI)	\$11,047	\$11,490	4.0	\$12,521	\$13,067	4.4
Mid-Point (excl. WI)	\$10,995	\$11,360		\$12,496	\$13,287	
UW Distance to Mid-Point	-\$1,330	-\$981		-\$1,127	-\$1,454	
Nonresident Students						
Michigan	\$37,782	\$39,312	4.0%	\$37,920	\$39,076	3.0%
Michigan State	31,200	32,632	4.6	26,858	28,196	5.0
Indiana	29,540	31,483	6.6	22,739	23,795	4.6
Illinois	28,556	29,102	1.9	27,656	28,204	2.0
Purdue	27,646	28,702	3.8	27,646	28,702	3.8
UW-Madison	25,415	26,628	4.8	25,127	25,160	0.1
Iowa	25,099	26,279	4.7	24,340	25,299	3.9
Ohio State	24,630	25,445	3.3	27,228	29,513	8.4
Minnesota	17,572	18,266	3.9	22,404	23,294	4.0
Average (excl. WI)	\$27,753	\$28,903	4.1	\$27,099	\$28,260	4.3
Mid-Point (excl. WI)	\$28,101	\$28,902		\$27,043	\$28,200	
UW Distance to Mid-Point	-\$2,686	-\$2,274		-\$1,916	-\$3,040	

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

the UW Colleges. These students provided a subsidy for resident undergraduate students who paid between 49% and 88% of their instructional costs.

that of similar institutions while the peer group commonly used for UW-Milwaukee consists of other urban institutions across the nation. The peer group for the UW comprehensive institutions includes other public universities in the Midwest.

Comparative Statistics

Peer comparisons are frequently used in evaluating tuition charged at UW System institutions. The public, Midwestern universities belonging to the Big Ten conference are generally cited when comparing tuition at UW-Madison to

Historically, UW-Madison's resident tuition has been lower than resident tuition at most other public midwestern Big Ten universities. However, the implementation of a \$1,000 differential tuition charged to all resident undergraduate students has increased tuition such that UW-Madison is now at the midpoint of its peer group. Table 12 shows that in 2012-13, both resident

Table 13: Increase in Tuition and Fees for Resident Undergraduates at Public Big Ten Universities (2002-03 to 2012-13)*

	Ten-Year Increase	
	Percent	Amount
Wisconsin	134.7%	\$5,956
Illinois	123.2	8,256
Minnesota	107.0	6,729
Michigan State	97.8	6,270
Iowa	92.2	3,866
Indiana	88.8	4,718
Purdue	77.4	4,320
Ohio State	76.4	4,346
Michigan	66.3	5,274
Average (excl. WI)	91.1	\$5,472
Mid-Point (excl. WI)	90.5	\$4,996

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

undergraduate and resident graduate tuition and fees at UW-Madison ranked fifth out of the nine public Midwestern Big Ten institutions. For non-residents, undergraduate tuition ranked sixth out of the nine peers, at \$2,274 below the midpoint, while graduate tuition ranked seventh highest, at \$3,040 below the mid-point.

Table 13 shows increases in tuition and fees in both percentage and dollar terms for resident undergraduates at the public midwestern Big Ten universities for the period from 2002-03 to 2012-13. As shown in the table, tuition and fees at all of the institutions have increased by at least 66% over the most recent 10 years and by more than 100% at three institutions, including UW-Madison. Although tuition and fee increases at UW-Madison over this time period were the largest in percentage terms, tuition and fees increased by a greater dollar amount at three institutions: University of Illinois Champaign-Urbana, University of Minnesota-Twin Cities, and Michigan State University. Tuition and fee increases have moderated in recent years; from 2007-08 to 2012-13 tuition and fees at the peer institutions increased by an average of 29.2%

Table 14: Undergraduate Tuition and Fees at UW-Milwaukee and Peers (2012-13)*

	Resident	Nonresident
U. of Illinois-Chicago	\$13,938	\$26,328
Temple	13,596	23,422
Rutgers-Newark	12,612	25,932
U. of Texas-Dallas	11,592	29,266
U. of Cincinnati	10,784	25,816
U. of Missouri-Kansas City	10,629	23,163
Wayne State	10,190	21,735
Georgia State	9,664	27,874
U. of Akron	9,552	17,753
U. of Louisville	9,466	22,950
Cleveland State	9,264	12,386
UW-Milwaukee	9,181	18,909
U. of Toledo	9,054	18,174
SUNY-Buffalo	7,782	18,402
U. of New Orleans	5,742	17,754
Average (Excl. WI)	\$10,276	\$22,211
Mid-Point (Excl. WI)	\$9,927	\$23,057
WI Distance to Mid-Point	-\$746	-\$4,148

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

compared 51.4% to from 2002-03 to 2007-08.

Tables 14 and 15 compare undergraduate tuition and fees charged at UW-Milwaukee and the UW comprehensive institutions to tuition and fees at their respective peer institutions. As shown in Table 14, Milwaukee's resident tuition ranks twelfth of 15 peers while nonresident tuition is the tenth highest in the peer group. Table 15 indicates that average resident tuition and fees at the comprehensive institutions is lower than 24 of the 34 other institutions in the peer group while nonresident tuition and fees ranks 27th out of 35.

The UW System does not maintain a list of peer institutions for the purpose of comparing tuition and fees at the 13 two-year UW Colleges campuses. However, tuition and fees at the UW Colleges could be compared to tuition charged by the Wisconsin technical colleges for colle-

Table 15: Undergraduate Tuition and Fees at UW Comprehensive Campuses and Peers (2012-13)*

	Resident	Nonresident
Illinois		
Univ. Illinois-Springfield	\$11,413	\$20,563
Chicago State	10,964	19,424
Eastern Illinois	10,930	27,670
Northeastern Illinois	10,607	18,857
Western Illinois	10,444	14,450
So. Illinois-Edwardsville	9,251	19,673
Governor's State	9,116	16,586
Indiana		
Indiana State	\$8,098	\$17,644
Purdue-Fort Wayne	7,640	18,350
Purdue-Calumet	6,959	15,720
Indiana Univ.-South Bend	6,608	17,363
Indiana Univ.-Southeast	6,575	17,509
Indiana Univ.-Northwest	6,507	17,357
Iowa		
U. of Northern Iowa	\$7,635	\$16,721
Michigan		
Michigan Tech.	\$13,353	\$27,258
Central Michigan	10,950	23,670
Ferris State	10,710	16,080
U. Michigan-Dearborn	10,482	22,896
Oakland	10,230	23,873
Grand Valley State	10,078	14,568
Western Michigan	9,982	23,262
U. Michigan-Flint	9,028	17,626
Northern Michigan	8,934	13,830
Eastern Michigan	8,930	23,912
Saginaw Valley State	8,120	15,338
Minnesota		
U. Minn.-Duluth	\$12,998	\$15,663
Winona State	8,722	13,951
Bemidji State	8,106	8,106
Moorhead State	7,792	14,690
Mankato State	7,532	15,011
St. Cloud State	7,472	15,114
Ohio		
U. Akron	\$9,552	\$17,753
Wright State	8,354	16,182
Youngstown St.	7,712	15,669
Wisconsin		
Comprehensive Average	\$7,862	\$15,294
Average (Excl. WI)	\$9,170	\$18,010
Mid-Point (Excl. WI)	\$8,981	\$17,360
WI distance from Mid-Point	-\$1,120	-\$2,066

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

giate transfer programs. In 2012-13, the UW Colleges charge \$198 per credit compared \$158 per credit charged by the technical colleges for collegiate transfer credits. However, while the Wisconsin technical colleges charge all students on a per-credit basis, the UW Colleges charge students using the plateau system. As a result, students taking 15 credits for less would pay less in tuition at a technical college collegiate transfer program while students taking 16 credits or more would pay less in tuition at UW Colleges campuses.

In the past, cross-state comparisons have been used as benchmarks or justifications for establishing tuition levels. It could be argued, however, that resident tuition charged in other states is not relevant to the tuition setting process in this state. Students generally qualify for resident tuition in only one state and, consequently, resident tuition in other states should not affect the decisions of students in this state. In addition, different states may have different human capital development needs, goals, and strategies. Tuition decisions made in other states may not be consistent with this state's budgetary priorities, educational needs, or broader education policies.

Another approach to evaluating tuition levels is to examine the relationship between tuition levels and state income measures, representing

Table 16: Tuition and State Income Measures (2011-12)

Institution	Resident Undergraduate Tuition and Fees	Tuition as % of Per Capita Income	Tuition as % of Median Income
Michigan	\$12,634	38.7%	27.5%
Michigan State	12,255	37.5	26.7
Illinois	14,414	37.2	27.1
Minnesota	12,572	32.0	22.1
Indiana	9,523	29.6	20.5
Purdue	9,478	29.4	20.4
Ohio State	9,735	28.7	21.3
Wisconsin	9,665	27.3	19.2
Iowa	7,765	20.8	15.7

ability to pay. Table 16 compares resident undergraduate tuition as a percentage of per capita disposable (post-tax) personal income and median household income for public Midwestern Big Ten institutions in 2011-12. Using either measure, UW-Madison tuition is the second most affordable institution behind only Iowa. However, tuition and fees at these public institutions have been becoming less affordable

over time as tuition and fees have increased at a faster rate than incomes. In 2001-02, tuition and fees at UW-Madison were equal to 16.3% of Wisconsin's disposable per capita personal income compared to 27.3% in 2011-12. To the extent that resident tuition is not affordable to all Wisconsin students, tuition rates impact access to higher education and may increase the need for financial aid.

APPENDIX

University of Wisconsin Board of Regents Tuition Policy

The current tuition policy, which was most recently revised by the Regents in 2004 with regard to competitive nonresident 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.