

Tuition Policy Review Committee

Final Report and Recommendations

Presented to

The Board of Governors for Higher Education

January 21, 2003

**With Commentary by the Office of Policy and Management
(Appendix A)**

Tuition Policy Review Committee

William A. Bevacqua, Member
Board of Governors for Higher Education

The Honorable David Cappiello
Member, Appropriations Committee

The Honorable Konstantinos Diamantis
Vice Chair, Appropriations Committee

The Honorable Robert Farr
Member, Appropriations Committee

Karla Fox, Professor of Business Law
University of Connecticut

Kathy Guay, Section Director
Office of Policy & Management

The Honorable Joan V. Hartley
Member, Appropriations Committee

Chandler Howard, Chair
Board for State Academic Awards

William R. Johnson, Member
CTC System Board of Trustees

Karl J. Krapek, Vice Chair
CSU Board of Trustees

Lawrence D. McHugh, Chair
CSU Board of Trustees

Michael Meotti, President
CT Policy & Economic Council, Inc.

Harry H. Penner, Jr., Chairman
Board of Governors for Higher Education

Thomas D. Ritter, Member
UConn Board of Trustees

Albert Vertefeuille, Member
Board of Governors for Higher Education

Nick Yoia, Senior Director of Financial Aid
Quinnipiac University

Lawrence J. Zollo, Chair
CTC System Board of Trustees

Tuition Policy Review Committee

Proposed Revisions to Connecticut Public Higher Education Tuition and Student Fee Policy

I. Deregulation of Tuition and Fees

The Tuition Policy Review Committee discussed the purpose and application of the existing upper limit on tuition increases contained in the policies (regulations?) of the Department of Higher Education. This cap is currently set at 15% per year.

The Committee believes that financial support for higher education is one of the most promising investments that any state can make in its economic future and strongly recommends that the Governor and General Assembly maintain a high priority for higher education in the state budget. However, the Committee also recognizes the difficult budgetary situation facing Connecticut. The national trend, unfortunately, does indicate that higher education is not likely to do well in state budget decision-making in most states, and Connecticut may not be any different.

The Department of Higher Education and the various state universities and colleges face difficult choices. If state budget support declines or grows slower than relevant inflationary pressures and enrollment demands, Connecticut institutions must choose between cutting back program offerings or raising tuitions, or limiting enrollment. A more rigorous approach to cost-savings and efficiencies may contribute to addressing this fiscal pressure, but it is not likely to significantly impact the decisions to be made.

The Committee considered the option of repealing the tuition cap and granting full control over tuition to the system boards (UConn, CSU, Community Colleges and Charter Oak). After an extended discussion of this option, the Committee agreed that the cap does serve an important policy role and should be maintained. The Committee also supports formal recognition that the constituent units should be able to apply to the Board of Governors for an exemption for the cap for good cause.

II. Fees and other non-tuition charges.

Colleges and universities are complex financial enterprises. The varying use of different services and non-academic programs by students has led to the widespread practice of charging fees to support these activities. The treatment of these fees and charges under the cap currently varies. This lack of consistency is not due to a comprehensive policy deliberation, but a result of the accumulation of case-by-case decisions over the years.

The rules applicable to all units should be consistent. Activities of a similar kind paid for by fees, should either all be under the cap, or not under the cap. So if a general fee supports activities outside of the classroom, not supported by state funds, such as

athletics or transportation of students or parking or other services under the category of auxiliary services, then that portion of the fee should not be subject to the cap. If the general fee supports educational expenditures, it is subject to the cap.

Fees that are not of general application and do not apply to every student, but only to those who engage in certain activities or to those who are subject to certain rules, should not be included under the cap.

III. Tuition paid by part-time students.

The historical development of the tuition cap created another inconsistency. While the cap applies to part-time students, not all part-time students are supported by the state's appropriation for higher education. This is of particular importance within the CSU system, which does not use the state grant to support part-time students.

There is a public benefit derived from higher education for all students, so the state should provide financial support for all students. Given the current trend towards lifelong learning and the use of college programs to adjust to economic dislocations, the State should fund each unit sufficiently to provide support for part-time students on the same basis as full-time students. If the State does not provide support for part-time students on the same basis as for full-time students, then fees for part-time students should not be under the cap.

The Committee does not support changing the current policy for courses that are true "extension" courses, which should not be subject to the cap.

IV. Differential tuition and fees for different graduate programs.

The Committee recognizes that certain graduate programs cost more to offer than other programs. If a unit cannot cover the costs of offering those programs, then they will not be offered, even if they produce students that are needed in critical workforce areas. Expenses would be reduced, but no one would be getting educated in those fields.

Graduate tuition and fees should not be subject to the tuition and fee policy. Boards of the units of higher education should have the independence to set tuition and fees for graduate programs, taking costs and workforce needs into consideration. The General Assembly could decide to allocate additional appropriations to "buy down" the rates charged in programs that meet workforce needs in high priority policy areas.

V. Collective bargaining increases for faculty and staff.

While collective bargaining agreements with faculty and staff are negotiated at the system level, no such agreement can take effect until approved by the General Assembly. In some years, this split in authority has led to situations in which the General Assembly approves a rate of increase for compensation and benefits but subsequently does not increase the state appropriation to higher education at a commensurate level.

The Committee discussed creating a limited exemption from the tuition cap when this occurs.

Some members of the committee expressed concern that a blanket exemption would eliminate any incentive for each unit's Board of Trustees to hold down the increases negotiated. Other members felt that the authority of the General Assembly to disapprove collective bargaining contracts mitigated this concern.

The Committee recommends that the Board of Governors should have the authority to grant an exception to the tuition cap at the request of the Board of Trustees in such circumstances. This issue should be addressed in a policy of broader application concerning cap exemptions that should specify a list of criteria or factors that should be considered by the Board of Governors, such as failure by the General Assembly to appropriate the full amount of funds for a collective bargaining increase, or increasing enrollment at a unit not funded by the state.



STATE OF CONNECTICUT
Office of Policy and Management

Response to the Draft Proposal from the Tuition Policy Review Committee

Kathleen S. Guay, Designee for Secretary Marc S. Ryan
Office of Policy and Management

The draft proposal from the Tuition Policy Review Committee does not adequately address the negative affect costs have on tuition in public higher education. Cost-savings and efficiencies could significantly improve the bottom line for the financial operations of the state's public colleges and universities, thereby decreasing pressure to raise tuition.

Enrollment at the state's public higher education institutions fell steadily through most of the 1990s, only beginning to recover in 1997. Even though enrollment was decreasing, higher education costs did not go down. During this time, the block grants for the state's public higher education institutions grew, the cost per student increased, and tuition rose steadily.

After the recession of the early nineties, the General Fund block grant support for the institutions increased almost every year-sometimes significantly- even though the number of students was falling. Costs per students increased precipitously in this time period: 100% for Connecticut State University (CSU), 88% for the University of Connecticut (UConn) and 65% for the Community-Technical Colleges (CTCs). At the same time, tuition increased significantly: 168% for UConn, 200% for CSU and 164% for the CTCs.

Enrollment could not explain the cost growth in the 1990s. It appears that other factors, such as the expansion of administrative staffing, could have increased costs. From 1989 to 2003, non-faculty staffing grew by a whopping 36%. Faculty growth appears to have mirrored enrollment growth while administrative, non-faculty positions grew steadily-with no apparent connection to enrollment changes. The growth of non-faculty administrative positions created cost pressures on the institutions.

Another factor driving up institutional costs could be compensation. The wages for Connecticut's public higher education faculty are high-a factor also increasing the institutions' bottom lines. While some of the bargaining units in higher education agreed to one year wage freezes, faculty wage levels at the continue to be among the most generous in the country. For instance, the University of Connecticut's average faculty salary is \$82,386, while the peer average salary is \$72,609, almost \$10,000 higher. Cost-of-living pressures exist here but there are similar pressures in other parts of the nation that are not reflected in high salaries.

Connecticut State University (CSU) is concerned about the amount of tuition that its part-time students pay. The block grants were created as a by-product of the state's current services budget process, which did not include full General Fund financial support of part-time students. Given the flexible nature of the block grants, it has been CSU's decision, especially when enrollment was decreasing, not to reorder their block grant spending to increase General Fund financial support for part-time students.

Tuition and fees at Connecticut's The University of Connecticut and Connecticut State University continue to place them among the ten most expensive public higher education institutions in the nation. While the Community-Technical Colleges are relatively more affordable on national rankings (18th or so), they are 6th in a regional ranking. The draft report from the Tuition Policy Review Committee does not address the reasons why tuition costs are so high: mainly, overall costs are too high. These costs, including the overall growth of administrative overhead, possible staff redundancies, and salary levels, should be analyzed and included in discussions about tuition policy.

To address his concerns about administrative growth in higher education, several times, Governor Rowland has recommended streamlining the state's public higher education system. None of these recommendations has been implemented.

