

Minutes*

Senate Committee on Finance and Planning
Tuesday, January 29, 2002
2:15 – 4:00
229 Nolte Center

- Present: Charles Speaks (chair), Prince Amattoe, Brittny McCarthy Barnes, Jean Bauer, Stanley Bonnema, Charles Campbell, David Chapman, Daniel Feeney, Gary Jahn, Cynthia Jara, Elo Charity Oju, Terry Roe, Susan Carlson Weinberg, J. Peter Zetterberg
- Absent: Wendell Johnson, Michael Korth, Richard Pfutzenreuter, Michael Volna
- Guests: Craig Swan (Office of the Executive Vice President and Provost), Gerald Rinehart (Carlson School of Management, Council of Undergraduate Deans)
- Other: Khaled Dajani (Student Senate Consultative Committee)

[In these minutes: graduation and retention and tuition policy]

Professor Speaks convened the meeting at 2:25; before turning to Drs. Rinehart, Swan, and Zetterberg for a discussion of tuition policies related to graduation and retention, he reported that he will now begin calling people to serve on the Capital Projects Subcommittee because Professor Marvin Marshak has agreed to serve as chair.

Professor Speaks now welcomed the guests to discuss tuition policy. Dr. Swan began. The Graduation and Retention Subcommittee of the Council of Undergraduate Deans started with the premise that the University should have programs that align with students success and that graduation is important to student success. University of Minnesota graduation rates do not compare favorably with its peer institutions. There are a lot of stories about why the University is different from other institutions-- because it is urban, less selective, and so on--and the Subcommittee looked at part-time students and controlled for as many characteristics of the student body as it could identify. Even ACCOUNTING for the differences that exist, graduation rates are not where they should be. The University under-performs in comparison with the data for other institutions. This does not serve students or the University well, he said.

There is no single bullet that will lead to improvements; there needs to be a constellation of policies and practices that change. It took the University a number of years to get into this position and it will take a number of years to get out of it.

Two items got the attention of the Subcommittee, Dr. Swan related. First, does the University have the right incentives for graduation in its tuition structure? No one is proposing the model of the private colleges (one price), but it is clear that tuition structure can provide an incentive. Second, a 13-

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credit rule, which Dr. Swan said he believes is the clearest and cleanest way to state institutional expectations, with provisions for students who legitimately cannot meet the rule.

Dr. Zetterberg began by telling the Committee that the current tuition structure is much better than the one in place ten years ago. At that time the University had one lower division rate, 15 upper division rates (they varied by college) and the upper division rates were about 20% higher than lower division—they increased in price as students became juniors and seniors, even though freshmen and sophomores are typically better supported by their families. That tuition structure was created by an economist who believed that tuition should be linked to the cost of education and priced per credit (as if the University were selling courses, not degrees). It was about the worst tuition structure the University could have.

Painfully over the last ten years the tuition structure has changed radically. The different rates have been eliminated and students are provided an incentive to carry more than 12 credits (because of the 50% discount for the 13th and subsequent credit). Now the University is considering additional changes to encourage students to graduate in a timely way.

How bad are University graduation rates, Dr. Zetterberg asked rhetorically? They are not just marginally different from peer institutions. Most of the University's peers have a 5-year graduation rate in the 60% range; Minnesota's is 45%. If EVERYONE eventually graduated, he said, he would not care about the 4- or 5-year graduation rate—but that is not what happens. If a student does not graduate in 4 or 5 years, he or she will not graduate at all (only a handful of students graduate after the 5th year). The University is only kidding itself if it thinks it's a student's business if he or she wants to take 6 or 7 years—that is NOT in the student's best interest.

Dr. Zetterberg said he has been critical of the University's graduation rates for a long time. There is a cultural problem on the campus, he said; most faculty and staff do not see the low graduation rate as a problem. But if the same students at Minnesota had gone elsewhere, they would not behave the way they do in terms of graduating. It is true there are more opportunities to work that tempt students. At the same time, incoming students say they want to graduate in 4 years, but by the time they are sophomores and juniors they see others taking fewer credits so they do, too.

The situation has improved, Dr. Zetterberg said. In the late 1980s, the 4-year graduation rate was 8%, "the lowest in the solar system." Now it is 27%, a dramatic improvement. The 5-year rate is 45% and that will keep going up; the question is whether something major still needs to be done to help students graduate. Students do not come here to take courses, they come to get a degree. President Yudof's proposal is that students must take 13 credits. (Texas, UCLA, Berkeley also require 13 credits, Dr. Swan observed.) The question is, should the University also provide a financial incentive?

At other public institutions there is a tuition band, such as one price for all credits over 12. It is also true that higher tuition is correlated with higher graduation rates (students at private colleges and universities cannot AFFORD not to graduate, but Penn State and Michigan have the highest tuition in the Big Ten and also the highest graduation rates). Dr. Zetterberg said he was asked to look at alternatives to the current tuition structure; he modeled three options: a flat 12-credit tuition band (all credits above 12 free), a 13-17 credit band or 13-and-above credit band, and a 75% discount on all credits over 12).

Professor Speaks said that a 13-credit minimum has embedded within it the notion of SOME minimum; is 13 the correct number? He pointed out that the opening paragraph of Dr. Zetterberg's handout, he observes that the problem is not that too many students take fewer than 12 credits, it is that they take fewer than 15 credits. If that is so, is 13 the right number? It is better than 12, Dr. Zetterberg replied, and would make students change their behavior. With a lot of different credit values, students could get to 13, but in a predominantly 3-credit curriculum, there is a big difference between a 12-credit minimum and 13. There are a lot of 4- and 5-credit courses that students can put together in different ways, Dr. Swan said; a student can take 13 one semester, 17 the next, and still be on track. A 15-credit rule would cause a lot of problems; the message is the signal; if the University went to a 15-credit rule there would be the potential for a lot of student hassle.

Ms. Barnes recalled that the University of Wisconsin had a 12-18-credit band, but as a student she was always mindful of the need to take 15 credits. It is important to talk to students about doing so, she said. She related that she had a double major and worked but still graduated in 4 years; it is not clear why students cannot do that.

There are a lot of myths about Minnesota students, Dr. Zetterberg said, such as that they are poorer. Students at Minnesota are no different from those at Wisconsin. The notion that a student who works cannot be full time is "nonsense." Students at urban private universities work and are also full-time students. The federal government allows institutions to define full-time but the minimum they can choose is 12 credits per term, so that is what most use. That is where many tuition bands start and full-time financial aid can be awarded. Twelve credits is not, however, what a student needs to graduate in 4 years. In they must take 15 credits to receive a full state grant--and poorer students have a higher credit load; they know what's in their best interest.

What happens to students who do not enroll for 13 credits and do not have approval to register for fewer, Dr. Rinehart asked? Do they pay the full-time rate? Dr. Zetterberg offered the opinion they should not be allowed to enroll. Dr. Swan said that question has not been answered but he agreed with Dr. Rinehart that such students should be required to pay the full-time rate if they have not obtained approval to register for fewer than 13 credits.

If one defines the rule in a way that is easily quantifiable, that is one thing, Professor Speaks opined; if one has to turn to associate deans for approval, then one has to worry about how it would work. The Council of Undergraduate Deans is looking at this, Dr. Swan said. UCLA says one must be a full-time student unless one works more than 20 hours per week. The problem, Dr. Zetterberg said, is that hours a student works can vary each term; how would it be enforced?

Professor Roe said that tuition is not the right instrument to use. The current mechanisms are sufficient; it is time to understand the problem in more depth. There ARE differences between Minnesota and other institutions--for one thing, it has lower graduation rates. The University provides and dispenses knowledge, which comes in bits, a credit at a time; he said he would rather people had more knowledge even though that may come at the cost of fewer degrees. The intent of the recommendations, Dr. Swan said, is to have more people with more knowledge. Professor Roe said the University does not understand the problem and the options being considered are punitive.

Dr. Zetterberg said he DID understand the problem. Dr. Rinehart said that if the systems are not aligned with the goals, the University is just jawboning. Nothing by itself will accomplish the goals; to the extent the University does not produce graduates with knowledge, it can do better.

Dr. Zetterberg pointed out that the tuition options he has modeled are minor compared to the changes the University has already made. There is no magic bullet, he said, and there are a lot of other things to be done. But if a student does not graduate in four or five years, he or she will not graduate. Professor Roe agreed but repeated that knowledge comes in bits and credits; as tuition rules are tightened up, the number who can come to the University will be restricted. Dr. Swan said he did not agree. Then Dr. Swan does not believe in the elasticity of demand, Professor Roe replied.

The models provided by Dr. Zetterberg do not change the total tuition revenue to the University, Dr. Swan said. As the structure is tilted, for every increase there is a decrease, the total revenue is held constant. Students would not be handed a hidden 10% tuition increase--and if they take advantage of a changed tuition plan, they could SAVE money.

Ms. Oju noted that for international students there is an INS policy that requires them to register for a full course load each academic year, and if for any reason they cannot do this during the regular academic year they are required to make up work during the summer. She asked if a similar policy could be put in place for American students. For example, if because of pregnancy or other unforeseen circumstances, an American student registered for less than 15 credits during Fall or Spring Semester, could he or she be required to make up the number of credits in the summer? She asked if Dr. Zetterberg's office had looked at graduation rates for international students to see if they are better, possibly because of the INS policy, and if so, could the University look into enacting a similar non-tuition-related registration requirement? She also asked if there had been any consideration of tuition rates for international students; could they make up work in the summer? Whether the University requires a certain number of credits or establishes a particular tuition plan, Dr. Zetterberg said, the issue is helping students plan for four years (ideally, he said, there would be a single tuition rate for the entire year, permitting students to take courses Fall, Winter, and Summer). Or students could be permitted to register for the year, but that is very difficult to do, so tuition is paid by the term. International students might be disadvantaged if they choose to take a significant number of credits in the summer and thus not qualify for the discount.

Is the graduation rate better for non-resident, non-reciprocity students, Professor Speaks asked? There are so many factors that come into play that it is difficult to tell, Dr. Zetterberg said; non-resident students cannot be commuters, for example. And there are only a very small number of non-resident/non-reciprocity students.

Ms. Barnes said that with a 13-credit rule, some may view it as punishment to remove students from student status because they fall below 13 credits; it may mean that if one does not take 13 credits, one is not a student. That does not take into account the student experience, and if it does not, it will not address the problem. Professor Roe is right, she said. If a student must go through hoops to obtain permission to register for fewer than 13 credits, it could potentially be embarrassing if he or she must disclose personal information to get the permission. She said she advocates graduating in a timely manner but there must also be attention to the qualitative nature of the experience.

The report and recommendations have spurred by VERY strong undergraduate student interest and have led to improved relationships with MSA and the Student Senate, Dr. Swan said. Regardless of the outcome there should be joint committees with students and faculty so that the situation can be monitored from this point forward. It is also clear that if there are credit expectations for students, the process for students with legitimate concerns must be simple, straightforward, and transparent to students.

Just before the University changed to semesters, Dr. Zetterberg said, students who were within a year of graduation were contacted and told that it might be more convenient for them to graduate on the quarter system. They found that there were 10,000 students, with an average GPA of 2.9, who were within a year of graduation! Many of them had just drifted away. The longer one takes to graduate, he emphasized again, the greater the chance one will not graduate at all.

To better understand the options, Ms. Weinberg said, they need a summary of how the registration system registers full time, the courses needed, and so on, so a student can graduate in four years. How is the registration system geared to serve students? There has been a guaranteed four-year graduation program, Dr. Swan recalled, which means students must meet with advisors. The four-year guarantee is a program of MUTUAL responsibilities: the student must commit to being full time and work with an advisor and the University will make the needed courses available. If one changes, for example, from Nursing to Electrical Engineering, all bets are off. The University has not pushed this program as much as it might but it is now part of orientation to advise students to an academic plan for the first year, as part of a four-year plan.

There is no special registration provision for full-time students, Ms. Weinberg asked? There is not. Should it be considered, she then asked? The students are thinking about a number of ideas, Dr. Swan said, and the administration will be responsive (for example, students with 75 or more credits might be given registration priority).

Dr. Zetterberg cautioned that no college or university can guarantee that any student can take any class at any time he or she wants. The University can guarantee that the student will be able to get the course in four years (e.g., if they take freshman comp in spring rather than fall is acceptable). Course access is much better than it was in the past; that may be the one good thing that has come from IMG. Bottlenecks have been eliminated because departments and colleges have an incentive to offer courses. Access is good if students think about four years, not if they are thinking about 8:00 on Thursday morning.

The lower the tuition band the more expensive it is, Dr. Zetterberg next explained, because the University is "giving away" more credits above the minimum. (For example, a 13-credit-and-up band makes all credits over 12 "free." An 8-credit-band would make all credits above 7 "free.") A 12-credit band costs more than a 13-credit band by about 9%. If the band is 13-17 credits, the increased cost is about 2.5%. How does one know if a 12-credit band is better than a 13-credit band? You don't, he said. It is probably better, but not a lot. Part of the band is the message; it is best to explain simply to students (for example, "all credits over 13 are free"). Explaining a 13-17-credit tuition band is harder.

There is also the question of whether the University wants to make up the lost tuition revenue; this could be seen as an investment in the graduation rate and the University could choose not to raise rates to keep revenue constant. A 13-credit tuition band is not that costly and might be more effective than doubling the number of advisors. The University should think about whether any proposal

SHOULD be revenue-neutral. What has also never been done is to make the price of one or two additional courses very cheap without increasing rates at the lower end of enrollment. It might be possible to have different rates for entering freshmen and for a student 30 years old who returns after several years of working--but, he pointed out, students will play games with the system.

Ms. Barnes said that there is a trend toward non-traditional students returning to higher education. Dr. Zetterberg contradicted her; that is not true at Minnesota, he said. Non-traditional students ARE in technical and community colleges, but the average age of undergraduates at the University is not changing. Would a 13-credit rule affect non-traditional students, Professor Roe asked? It would. It may be that they need to be tracked, he suggested.

Are non-traditional students counted in the 45% 5-year graduation rate, Ms. Barnes inquired? They are not, Dr. Zetterberg said. That rate is based on students who matriculate at the University and are first-time, full-time students. If a student starts at the University taking 6 credits, he or she is not counted. But if someone 50 years old is new to college and takes 15 credits, he or she is counted. But most new students are 18-19 years old, typical of the student body one would also find at Carleton, Madison, or Texas. The University also grants a large number of degrees to transfer students who have accumulated credits elsewhere before coming to Minnesota; the University does have the graduation rate for those students. The difficulty is in identifying the cohorts, Dr. Swan added; students may come in with 9 or 10 or 60 credits--and with PSEO, students are coming out of high school with a significant number of credits.

Do the partnership degree programs with the community colleges count in the graduation rate, Professor Campbell asked? No, but the graduation rates of those students tends to be very good; the students have already been through a two-year filter.

Professor Bauer said any model should take into account non-traditional students who take up to five credits--they should receive a lower rate--and then create a band and let the market rule. She said she wanted to make a plea to be sure that total costs to the University are accounted for, both direct costs and hidden and indirect costs. She said she worried that if there must be a decision about whether or not a student is full time and how that will be judged, the cost of making the assessment will not be fully considered. She urged that whatever the system, it let the marketplace decide and not make the University an intermediary. The University cannot afford to add any more hidden costs to departments, she summarized. Dr. Swan agreed and said he has told the members of the Council of Undergraduate Deans that they are on the hook for any system they approve.

Professor Speaks now noted that the President had said he was authorized to adopt a 13-credit rule, rather than have to obtain approval from the Senate. Dr. Swan said that the authority is vested in the colleges but that the President has asked for a broad discussion, including Senate committees. There ARE programs that do have cohorts (e.g., the professional schools) and those are clearly college decisions. Dr. Swan noted that athletes are required to take a minimum number of credits (13); there is serious discussion nationally about raising that number to 14 because there are too many athletes who have to take courses in summer school to catch up.

It is possible to change the culture, Dr. Zetterberg said. He recalled a conversation with a former Dean of the Law School, who when he took office found students taking courses over 4 or 5 or 6 years. By the time he left students were finished in 3 years. There are a lot of little things the University can do.

Professor Campbell asked if universities with better graduation rates do the kinds of things that have been discussed here. Do they check payroll statements for students who claim to be working and thus exempt from a credit rule? He said he was concerned about what could be an endless list of tasks; do other institutions do without them? Dr. Swan said the University must be clear about expectations but not require elaborate enforcement mechanisms. It will expect students to be full-time unless they work more than 20 hours per week; he said he did not know how that might be enforced. Berkeley asks students for a statement on company letterhead indicating they work 20 hours per week or more.

Dr. Zetterberg said he has told the President he believes that if there is a 13-credit rule (or something similar), the only students who should be granted an exemption are students with a disability, with an illness, or perhaps a single mother with children. Working should NOT qualify a student for an exemption. And if a student is granted an exemption, that should be it--the question will not be revisited for that student. In addition, he predicted, there might be an administrative burden at the beginning but that as the expectation of 13 credits becomes known, there will be fewer requests for an exemption.

It would be possible to declare students full-time or part-time and treat them differently, Dr. Rinehart said. Most new students say they plan to graduate in 4 years and take 15 credits per semester. If a policy is geared to exceptions it will not be doing what students want. Is it reasonable to ask students to declare themselves full-time or part-time and not allow them to move back and forth between the two, Professor Speaks asked? To do so would penalize a PSEO student who doesn't need as many credits to graduate in four or five years after high school, or a student who took 16 or 17 credits for a few semesters and then dropped back to fewer for a period, Professor Campbell pointed out. Dr. Swan thought a rule could be set up that would not have that effect; that is where a plan comes in. He has worked with students who chose to take 12 credits some semesters--as part of an academic plan.

Does a decentralized system lead to a better graduation rate, Professor Roe asked? It seems to. What minimum credit rule would work within a decentralized system? There has been much work to develop a set of common policies for undergraduates, Dr. Swan said. The President has said a credit rule is within collegiate authority but he would strongly prefer a single rule for the Twin Cities campus. Uniformity is fine except when it does not work, Professor Roe said. Dr. Swan said he could not see the case for heterogeneity on this issue.

Certain types of banding have been tried, Professor Feeney recalled. Is it possible to give preference in the registration queue for people trying to graduate in four years? Dr. Zetterberg said it is; it would be a nightmare come true, something he would love to see happen.

Dr. Rinehart recalled that he initially got interested in the topic of graduation when he was in many meetings with college admissions officers about tuition targets but never heard anything about graduation. Tuition should be adjusted so students come in full time. The University can provide better service and a better experience rather than diluting its offering across more students. Dr. Zetterberg commented that if students are here five or six years rather than four or five, the University needs a larger headcount, which means that many things must be oversized (parking, advising, registration, food service) and use funds that could be put into the instructional side.

Or advising, Professor Feeney said. One of the things one hears most is that students go to Carleton or St. Olaf because they receive more individual attention and are more likely to plan so they

graduate in four or five years. The University must address that question; a registration priority seems like a good idea. He also recalled the principle enunciated by former Provost E. F. Infante (KISS--keep it simple, stupid) and said there should not be 300 combinations of tuition rates.

Professor Speaks related anecdotes about trying to learn about the tuition discount rate and finding University offices (e.g., admissions staff) who knew nothing about it. Many students don't know about the discount offer, he said, because it is not well publicized. There is nothing to remind students who register on-line about what they may be missing. A simpler message, Professor Bauer said, would be that all credits above 13 are free. (Ms. Barnes said this was a "weird" way to talk about education. It is not about half-price tuition, it is about the number of credits and types of classes a student is taking.)

Dr. Zetterberg agreed that the need to set expectations is most important, but tuition should be structured to support those expectations. If there is to be a significant change, it must be communicated to students. During the change to semesters he spent \$25,000 per year on ads in the DAILY to inform students of the half-price option. It is also appropriate for advisors to remind students to take an extra course; that is both wise academically and it saves them money.

With respect to advisors, Professor Campbell said, he has taught freshman seminars recently and has learned there are STILL advisors who believe it best for undergraduates to take 12 credits; no orders from the administration will change that. Dr. Zetterberg agreed, and said that until recently advisors would tell honors students to take 12 credits. If a student takes fewer than 15 credits the first term, he or she will NEVER take 15 later. But some advisors think students should start easy.

Tuition banding that starts at 12 credits would be a mistake, Ms. Weinberg said. Everything the University provides to students that says 12 credits is full time only reinforces the pattern. Any tuition band should start at 13 credits. Is there consensus that any tuition band should start higher than 12, Professor Speaks asked? There appeared to be.

Do all students register electronically, Professor Feeney asked? All but Law and Medicine. So there are many opportunities to use websites with pop-ups and the like to remind students. That is one way to drive the message home. It is one under consideration, Dr. Swan said. Many groups want to get into the registration queue to get a message to students, and they have taken a firm stand against messages. This, however, might be an exception.

There are alternatives to using the registration system, Dr. Zetterberg said, such as sending emails to students. Part of the vision of the One-stop website was to replace a lot of mechanical and routine advising with electronic help. That goal has not fallen away but he said he did not know its status. PeopleSoft is very complicated, Dr. Swan observed.

Professor Speaks said he could not imagine why there would be a cap on any tuition band. Dr. Zetterberg agreed; he said he had checked to see if there are more Incompletes from students who register for a higher number of credits; there are not. The problem, he said, is not freshmen and sophomores; if one graphs the age of students and the number of credits they take, the latter drops in a straight line.

The Committee agreed with Dr. Zetterberg's point that any plan must be easy to communicate.

Professor Speaks said a recommendation will need to be made within the next 4-6 weeks. It would be premature of the Committee to act on a tuition proposal now. He asked that the administration bring a recommendation to the Committee. (Subsequent to the meeting, he concluded the Committee should consider making a recommendation of its own, and he scheduled an additional meeting to take up the subject.) He then adjourned the meeting at 4:00.

-- Gary Engstrand

University of Minnesota