

Minutes*

Senate Committee on Finance and Planning
Tuesday, February 5, 2002
2:15 – 3:30
300 Morrill Hall

Present: Charles Speaks (chair), Charles Campbell, Gary Jahn, Terry Roe, Susan Carlson
Weinberg, J. Peter Zetterberg

Absent: none counted for an extra meeting scheduled on short notice

Guests: Associate Dean Richard Skaggs, Vice Provost Craig Swan

Other: none

[In these minutes: tuition and graduation rates]

A small group of members of the Committee held a meeting to discuss issues related to tuition and graduation rates. At the meeting:

Professor Speaks said he would forward to the Committee a letter from Associate Dean Skaggs on behalf of the Council of Undergraduate Deans. The Committee will be asked to vote to endorse the letter.

The letter reads as follows:

22 January 2002

To: Mark Yudof, President
Robert Bruininks, Provost

From: Richard H. Skaggs, Chair, Council of Undergraduate Deans

The Council of Undergraduate Deans (CUD) responds as requested to the proposal that undergraduate colleges establish a minimum credit load (13 semester credits) for undergraduate students. This response is in addition to and is informed by responses from individual undergraduate colleges. These comments and recommendations are those on which there is reasonable degree of agreement among the collegiate representatives.

Consensus Comments and Recommendations:

* These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Assembly; none of the comments, conclusions, or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

- The four, five, and six year graduation rates on the Twin Cities Campus are far too low in absolute terms and lag far behind our peers. We have a serious problem that has been recognized for several years but about which too little has been done, the recent upturn in 4 year graduation rates notwithstanding.
- Our students, the public, and the University are ill served by low graduation rates.

Specifically we note that:

- students receive a less coherent and less powerful education when the course of study extends over too many years;
- students are at significantly greater risk of not graduating at all when they plan to take over five or six years to complete their degrees;
- students who do not graduate reduce their life time earnings substantially;
- students who take more than four years to graduate
 - pay additional direct costs for their education,
 - pay a significant opportunity cost by delaying their entry into professions or careers, and
 - are less competitive for professional school and graduate school admissions; and
- when students do not graduate in a timely manner
 - University infrastructure costs are increased,
 - the number of students that can be served by the University is decreased,
 - the reputation and ranking of the University are adversely affected, and
 - the public receives less quality and quantity of undergraduate education for the expenditures made.
- A minimum credit requirement (e.g., 13 credits), crafted in a manner that does not systematically exclude previously disadvantaged students and implemented in manner that minimizes the administrative burdens and costs, can be effective in increasing 4 and especially 5 and 6 year graduate rates when coupled with additional actions and policies including:
 - strong financial incentives, e.g., 1) a larger discount than the current half price after 12 credits, or 2) a flat semester tuition for students other than part-time students, or 3) tuition bands that might apply to full-time students, students granted a reduced study load, and part-time students,
 - additional advising (both face-to-face and technology based),
 - attention to course access,

- strong academic and career planning including year-long course planning and selection,
 - improved information of financial aid and financial options, and
 - modification of registration and other student processes to favor timely progress toward graduation.
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- Rules for granting exceptions to the policies, and processes and criteria for deciding requests for exceptions should be as uniform as possible across the campus but be flexible enough for colleges to respond effectively to special circumstances including those related to administrative burdens and costs.
 - Exceptions must be available for special groups such as care givers, non-matriculated students, graduating seniors, students with significant financial hardships, students who already have earned bachelor level degrees, and students with disabilities.
 - The new policies and practices should be phased in over a period of two to four years.

We appreciate the opportunity to provide advice. We are eager to assist in any way that we can.

Professor Speaks, before this meeting, had distributed to Committee members (electronically) 22 statements concerning graduation rates and tuition and asked them to vote on the statements. Those present at this meeting reviewed the responses from the nine Committee members who had voted and discussed them as follows.

Ms. Weinberg said she favored a statement but wished to see included a statement about a registration system that serves full-time students. This is a critical component to improving graduation rates.

She addressed a question to Dr. Swan. The language speaks about both 4-year and 5-year graduation rates; is the goal to improve either or both or doesn't the University care as long as they improve? It is graduation, Dr. Swan said, and the University should challenge as many students as possible to graduate in four years. He said he believed that if they are challenged, many students can and will do so—and they will have a more positive experience as a result. He suggested the Committee not get hung up on the difference and that improvement in either rate would be acceptable.

So a tuition band should not be targeted to students who want to graduate in four years, Ms. Weinberg said. Dr. Swan said that question raises different issues. Federal financial aid rules give institutions some flexibility, but most want to maximize the dollars available to their students. Taking only 13 credits per semester will not lead to graduation in four years, but the proposal for 13 credits is intended to allow for flexibility for students. Students who graduate from the Twin Cities campus complete, on average, 135 credits, even though the minimum required for a degree is only 120. So even if students take an average of 15 credits per semester, many would not graduate in four years anyway.

Is that because they change majors, Professor Speaks asked? It is for many different reasons, Dr. Swan said. They want to take an extra course and wind up with more credits, or change majors. Data from other institutions suggests this is fairly common. Would it not be the case that if the University achieved the goal of more students graduating, Professor Speaks asked, and more students graduating in four or five years, the fact that they are shopping and taking extra courses would be of no concern? As long as they graduate, Dr. Swan agreed. Although various state legislators, at various times, have said there should be SOME limit on how long the state will support individual students through its support of the University, and that is not an unreasonable view. The position has never been enacted into law, but might provide, for example, that a student who has not graduated after 165 credits would pay non-resident tuition—because if one cannot graduate in 165 credits, something is wrong. It should not be set at 120 or 135, because students do change majors or double major, for example. Dr. Zetterberg said California does limit students to 10% more than the number of credits required for graduation.

He saw two things in CLA data (which tends to mirror data for undergraduates on the Twin Cities campus), Professor Speaks said: for freshmen, sophomores, juniors, seniors, and non-degree students, average enrollment is up by 1/3 to 1/2 credit over the previous year. Freshmen averaged about 14.6 credits. The pattern of drop-off, however, is about the same: freshmen average 14.6 credits, for seniors 11.25.

The discussions here have suggested that when students get close to graduation, the numbers may drop, but if students have a plan for graduation—perhaps they need 24 credits in their senior year—they may drop to 12 credits per semester. It would be silly to insist that they take 15 per semester if they do not need them to graduate, Dr. Swan said. Will SCEP address these kinds of issues, Professor Speaks asked? It will, Dr. Swan affirmed.

Professor Speaks said he was not ignoring the concern about registration and asked Ms. Weinberg to draft a sentence that she believed should be included. Dr. Swan asked what was meant. Ms. Weinberg said that she had made the point at the last meeting that full-time students who are on a path to graduate within the time the University desires, whether within four or five years, ought to be given priority in registration queue—and that part-time students should register after the full-time students have registered. Has this come up in SCEP discussions, Professor Speaks asked? It has not come up, but it will, Dr. Swan said.

At the last meeting someone said students were working on this, Professor Campbell recalled. CLA students developed a proposal that would allow advancing in the queue depending on the number of credits the student has, Dr. Swan, but if there is to be a distinction between full-time and part-time students, that may not be necessary: full-time students would register first. The situation about registration has not come together in the same way that tuition has, he said.

Dr. Zetterberg issued a caution and suggested not saying more than that the registration queue should give some priority to full-time students. It can get complicated when dealing with seniors ready to graduate—who may take a smaller load, but the University does not necessarily want to penalize them. A general statement should be enough. So, either full-time students should have priority in registration OR registration queue should give some priority to full-time students, Professor Speaks summarized.

Embedded within that is the supposition that there is a full-time and part-time designation, he continued. Everyone recognizes that some students will need to be part-time. Questions arise elsewhere: whether students should be designated part-time and full-time, and movement back and forth between

full-time and part-time status should be minimized. On these issues the Committee had earlier expressed divided views. He asked Drs. Skaggs, Swan, and Zetterberg to express their views.

Dr. Zetterberg said there are three issues. First and most important are the expectations the institution sets for new entering freshmen. Second is whether policies support that expectation. The expectation and the policy should determine whether tuition policy should be altered. There seems to be broad agreement on the expectation that new students entering from high school will be full time; they should not be given a choice. New freshmen should be full time. And that is the way they behave when they come to the University, he pointed out; they don't want to be anything other than that. The only option they might have, at some point, is to be reclassified as part-time, under some circumstances.

Then the issue is whether or not there should be some change in policy to make that expectation even stronger. The President has suggested requiring all students to take at least 13 credits per semester. That is something the Council of Undergraduate Deans, SCEP, and this Committee have been talking about. If everyone agrees that that is the policy decision that should be made, the third thing to consider is whether to change tuition structure to support that policy. If everyone is to be required to take 13 credits, then the University should probably go to a 13-credit tuition band. That would seem to be sensible.

But it is important to talk first about the expectation, and then about whether there should be a change in policy. Then, third, consider whether there should be a change in tuition structure.

Professor Campbell asked Dr. Zetterberg to clarify the present situation. Students are admitted to the University. They can do anything they want to, Dr. Zetterberg said; they can register for 3 credits. But one is admitted to the University, Professor Campbell said; the assumption is that one is seeking a degree. It is, Dr. Zetterberg agreed--and that is what they say they intend to do, in overwhelming numbers, Dr. Swan added.

Then there is another group of people who can take courses, Professor Campbell continued. There are three other groups, Dr. Zetterberg said. First, there are non-degree students who just want to take courses. Second, there are students who transfer to the University immediately after they finish a degree at a community college, who are relatively young; the University's expectation probably should be that they, too, will be full time. This group comes because the Twin Cities campus is in a large metropolitan area—and this situation may be the ONLY thing that makes the campus a little different from other places. There are a lot of people living in the Twin Cities who may have completed two or three years of education somewhere else, who have been out of school for five or six years, who want to come back as a very part-time student to complete a degree, perhaps taking only one course per term. It has to be recognized that this is a legitimate educational objective and the University should not do anything that makes it impossible for those people to finish.

But the GREAT majority of the students are very traditional, straight out of high school, Dr. Zetterberg said. They tell the University they are going to graduate in four years. When he and Dr. Swan appear at parent orientation sessions, they ask how many want their students to graduate in four years; they all raise their hand. The University just needs to make the message even stronger. When it tells a students they have been admitted, it should say it expects them to be full-time.

Is the expectation addressed clearly enough, Professor Speaks asked? Everyone seems to agree on it, Dr. Zetterberg said. The question is whether University should do something to make that message even stronger. That is why the President is suggesting the University require students to do something it does not now require, to register for a minimum of 13 credits per semester.

This refers to incoming students, Professor Campbell asked? It does, Dr. Zetterberg said. As freshmen, Professor Campbell asked? And probably transfer students, Dr. Zetterberg. Transfer students typically do well, he said; the ones coming into Nursing or the Carlson School finish in two years. But that's the other group the University should hold to some higher standard.

Professor Roe asked how Dr. Zetterberg asked how he would interpret one part of Dr. Skaggs's memo about the need for exceptions for certain groups (a returning student after three or four years taking one course per term). It also includes students with significant financial difficulties. Students can register for what they want to, Dr. Swan said; the University is not saying "don't come" if one only intends to register for two courses. The question is how the University makes its expectations clear for the vast majority of students and does it have a set of policies that support that expectation? This does not exclude other students, but they would not have the same priority.

There is no doubt that in each freshman cohort there would be some students who would need to be treated differently, Dr. Zetterberg said, such as those with disabilities that makes it impossible for them to take 13 credits. But there is an issue of whether or not the University ALLOWS every student to take 8 credits if they want to. If they are the sons or daughters of millionaires, he would say "no," because they are taking up a place better used by someone else. If there is someone who has a true hardship, that is a different story. One has to look at the circumstances. He said he did not entirely agree with the view that people should be able to do whatever they want if they are willing to pay whatever financial penalty the University exacts. Dr. Swan agreed.

Professor Jahn asked about the students who would not be required to be full-time. Dr. Swan explained that schools that have rules like this do allow part-time status for students who NEED to work. But that means a significant work expectation; someone can work 10 hours per week and still be a full-time student. Or 15 hours per week. Dr. Zetterberg said that if one were to look at the current undergraduates, perhaps 10-20% would be classified as part-time. But it would certainly not be 50%. It is a significant number, but not half.

Professor Speaks said he did not want to do any balloting at this meeting but that he would try to develop a statement. He suggested that to the extent the Committee's position can be supportive of the Council of Undergraduate Deans and the Committee on Educational Policy, that would be good. He said he would seek help with wording. In terms of expectations, the Committee's view would be something like "the University must establish a clear and explicit statement expectation that most students, upon entering as freshmen or transfer students, will be expected to be full time, will be expected to graduate within four to five years, and register for a minimum of 13 credits."

Should the Committee support the Council of Undergraduate Deans letter, Professor Roe asked? The Committee has talked about doing so and he would support doing so. All three elements are in that letter, Dr. Zetterberg said: expectations, policies, tuition structure. Professor Roe said he liked the way the letter handled the outliers; even if they are only 10% of the students, they are still important people. The letter talks about expectations and why the University would have them, the value to the students and

to the University, Dr. Zetterberg said. If the Committee endorses the letter, it goes a long way toward adopting Dr. Zetterberg's views, Dr. Swan said. But tuition structure is clearly an issue this Committee should address.

Professor Speaks said he would send a message to the Committee reporting that those present at the meeting endorsed the Council of Undergraduate Deans' letter. Ms. Weinberg said she objected to an earlier provision calling for students to be dropped from the University if they did not register for 13 credits, but she said she could live with a provision that they drop to part-time status and register after full-time students. Others on the Committee agreed.

There is also a provision in the common undergraduate policies, Dr. Swan commented, that if a student does not register for two semesters and does not apply for a leave of absence, he or she must re-apply to the University. But that may need to be strengthened because a student could take only 1 credit per semester and avoid it, Professor Campbell observed. That is an implementation issue, Dr. Swan said. And it may well be that if a student does not register for one semester certain things should happen. Dr. Zetterberg said he had information about students who graduated last year and their registration status by term, so it is possible to tell how many students were gone for a semester or two semesters.

If the Committee is willing to endorse the Council of Undergraduate Deans, it does not need to address those same items. Nor should the statement be what it does NOT want; it should say which of the tuition options it has considered make most sense. There was a large cost to the institution to go from a 13-credit band to a 12-credit band, so the cost of going to an 8-credit band would be astronomical. Dr. Zetterberg agreed. He said he had modeled one other option (that he was not recommending because it fails the simplicity test) that was the least expensive, and the most protective of students who take a large number of credits: per-credit 1-8 credits, make all students who take 9, 10, 11, or 12 credits pay for 12 credits, and a 13-credit tuition band. It would be designed to encourage students in the 9-12 credit range to take 12 credits. The cost of the 13% credit band is 3% (that is how much higher the charge per credit under 13 would have to be to make up the lost tuition revenue from the band); the cost of the other option would be 1.9%. But fails the simplicity test: the University needs to be able to communicate it to students and there should be some obvious message. While HE knows what the message is, he said, it would not be obvious to a student. It does have some advantages; it does protect students who need to be part-time. But there is a disincentive, Professor Campbell noted: students who might sign up for 9 or 10 credits may sign up for 8 to avoid the higher charge. Dr. Zetterberg agreed; any tuition plan will backfire on some students.

Because it lacks simplicity, would it be better to adopt a 13-and-up-credit or 13-17-credit band and then tweak it in a few years, Professor Speaks asked? He would recommend adopting the 13-credit band, Dr. Zetterberg said. It is simple and the cost is modest. Would 12 be better than 13? He said he did not know, but it is expensive, and the need to raise per-credit tuition below 12 credits would have an adverse impact on students who can only take one or two courses. He said he would also not put an upper cap on the band; 13 is simple and is consistent with the President's goal that students take at least 13 credits.

In his analysis, Dr. Zetterberg had projected certain reductions in tuition revenues depending on which model were adopted, Professor Speaks recalled. One hopes that not only would graduation rates increase but so would credit registration rates. If credit registration rates increased, would they offset other losses? They would, Dr. Zetterberg said, but they would also increase costs. So it will be more

costly to accomplish the goals, Professor Campbell said. The only way the University makes money on these plans, Dr. Zetterberg said, is if students do the opposite of what the University wants—and actually drop their credit loads. Then they will end up paying a lot more.

But if a number of students move from 12 to 13 or more credits, Dr. Swan said, that increase would lead to higher tuition revenue. But the question is how they move up; if a class goes from 22 to 24 that is probably a low marginal cost. But if enough students increase registration that additional sections must be offered, then the University will have real costs.

Some students may take fewer credits, Professor Roe said. Dr. Swan agreed but said there would be other things happening that would move the demand curve out. It is also likely true that as tuition becomes more expensive, graduation rates will improve, up to a point. There is no doubt about that, and the University is nowhere near the point where that would not happen. It is no accident that Penn State and Michigan have the highest graduation rates; they also have the highest tuition. The more expensive it is, the less a student can afford to play around for five or six years to get done. And some students who will not graduate anyway will not persist. Dr. Zetterberg agreed, or they sense that they will not graduate so they get out, he said.

When it is said that entering students take 14.5 credits, is the standard deviation very small, Professor Speaks asked? It is, Dr. Zetterberg affirmed. So a 13-credit minimum may not lead to a very large increase in the average in the first year, Professor Speaks speculated. Dr. Zetterberg said he doubted there would be any increase. But it may have an impact on students who have been here a few years, Dr. Swan said. Dr. Skaggs said that is part of the hope of the Council of Undergraduate Deans.

Professor Speaks said that the Committee had tentatively agreed last week on a 13-credit band with no cap. It appears also to agree that the University should not have a 13-credit strategy that has no link to tuition policy.

Professor Jahn asked about the possibility of having 12 credits cost more than 13 credits. Dr. Skaggs said he has advocated that in the past but has changed his mind; there will be a few legitimate reasons for a student to take fewer than 13 credits. That person should even perhaps be considered full time and should not be penalized financially. What would those reasons be, Professor Speaks asked? One place one would run into problems would be with non-degree-seeking students who are only taking one or two courses; there would be much more price sensitivity in that group and they have a lot of other alternatives in the Twin Cities, Dr. Swan said.

It could cost somewhat more, Professor Jahn said. At Indiana it costs \$100 more, Dr. Swan said. These are the kinds of things that can be fine-tuned after a time, Professor Roe said.

This is why the President may be correct in thinking the University may have to require that students take 13 credits unless they request an exemption. It may be that one can never put in enough of a financial incentive or penalty because it has effects one does not intend or want. So it is necessary to do more than just rearrange the tuition structure; there has to be a policy as well.

Would the President consider banded tuition along with a 13-credit registration policy, Professor Speaks asked? Dr. Zetterberg thought he would. It is only a question of whether or not it should be done this year, given the projected tuition increase already planned.

Professor Speaks noted that Dr. Zetterberg had provided data on the cost to the institution if it adopts a 13-credit band. One possibility was that the University would just absorb the cost. That does not mean "the University," however; it means the colleges will absorb the costs. There is a distinction between the central administration absorbing it and the colleges absorbing it. He urged that the college deans be consulted before that decision that be made. Dr. Zetterberg said he made the suggestion about not recovering the costs because it should be talked about. The Carlson School has made excellent points about how low graduation rates affect them; they make it more difficult for the school to recruit students because the campus has a certain reputation. All advising offices are affected by this. Colleges need to ask themselves questions; maybe CLA would decide it would be worth it in the long run to lose \$500,000 because of what the University is trying to do. The question needs to be put on the table.

Dr. Skaggs agreed and said that the answer now is that tuition revenue needs to be held neutral in the aggregate. IT would probably take the same position, Professor Campbell surmised; IT is almost a lock-step program. Colleges with those kinds of programs would lose more money because the incentive is already built in and the band would not bring in much more money.

When the University went to the half-price discount, it cost the Carlson School and the School of Nursing a lot of money, Dr. Zetterberg said. Both of those colleges had high tuition rates; the University suggested they give some of the money away. They were good citizens; they did not complain. His suggestion is that everyone think and talk about it, Dr. Zetterberg concluded.

Dr. Zetterberg explained some time ago to SCEP what would happen if a tuition band were adopted; the amount of money lost could be made up by an increase in the charge per credit below the band, Professor Speaks noted. Does the University want to make the tuition band revenue neutral by adjusting the per-credit charge upward to offset the loss from the band? Dr. Zetterberg said his assumption in the models is that the University would make up the loss, so students taking 12 or fewer credits would wind up paying more per credit than they would otherwise. But the cost of moving to a 13—credit band is quite modest, about \$3.5 million. If the University wants to recover that \$3.5 million, it will have to increase the per-credit tuition rate for Twin Cities undergraduates by 3% above the general tuition increase. He said he assumes that is what the University would do, but is only suggesting an alternative: since it is a modest amount, regard it as an investment in something the campus claims is a very high priority, and just forego it. The University has spent a lot of money trying to increase graduation rates in other ways.

People are right to suggest that the minor amounts of change in per-credit tuition will not have a significant effect on student behavior, Dr. Zetterberg agreed. How one quotes the rates will determine whether it is viewed as an increase, Professor Campbell said. If the objective is for students to graduate in four years, then one should look at what it will cost someone who enrolls for 15 credits, and if that is a decrease then that is what one should quote. One does not talk about the part-time student. And one talks about the savings over four years, Dr. Zetterberg added.

Professor Speaks next asked about implementation. As he first thought about it, he thought the tuition band should only be effective for freshmen and transfer students OR freshmen, transfers students, and returning freshmen. But if the drop-off in average credits taken is between the sophomore and junior year, and if there is no hidden tuition increase, why not make it effective for everyone? The question is whether that will create a problem in the colleges if it suddenly increases registration by juniors and

seniors and creates a bulge that the colleges are not prepared for? They will take their chance on that, Dr. Skaggs said.

The letter from the Council of Undergraduate Deans says that new policies and practices should be phased in over two to four years, Professor Roe noted. That has to do with the 13-credit requirement, Dr. Swan said. Or if there were to be term tuition—pay \$5000 and take as many courses as you want. Something like that would have to be phased in. But the University is already at a band where credits above 12 are half-price, so a 13-credit band is more tinkering at the margins. This is minor compared to what the University did several years ago, Dr. Zetterberg said, and he believed the change should be effective for all students right away.

As for the statement that there would be no hidden increase, Professor Speaks said he wanted that in there as a public relations statement on record. There will be students who will say the University is sticking it to them again. Dr. Zetterberg said that he and Dr. Swan are already talking with the students about this, so none of this is done behind the scenes.

Professor Speaks said that he would work with Drs. Skaggs, Swan, and Zetterberg on a draft and would then send it to the Committee for adoption. It would go along with letter from the Council of Undergraduate Deans, and should go to the President and the Provost. Dr. Swan suggested sending it also to the Council of Undergraduate Deans, the Faculty Consultative Committee, and the Committee on Educational Policy.

-- Gary Engstrand

University of Minnesota