

SPECIAL REPORT
of the
PROGRAM AND BUDGET COUNCIL
concerning
DIFFERENTIAL FEES

Presented at the
711th Regular Meeting of the Faculty Senate
November 17, 2011

COUNCIL MEMBERSHIP

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At the end of the spring semester 2011, the Joint Task Force on Curriculum, Credits, and Costs (JTFCCC) issued its final report (Sen. Doc. No. 11-065). One of the findings of the JTFCCC report is that many universities have additional fees specific to certain majors or colleges, which are commonly known as *differential fees*. (The relevant portion of the JTFCCC report, section IV, is included here as an appendix.) Nearly half of Carnegie research-intensive or -extensive universities have them, as do more than half of the Land Grant universities and public AAU universities. This campus currently has two such fees, one for students in Engineering and the other for Commonwealth Honors College students.

In light of these and other findings in the JTFCCC report, the Rules Committee requested that the Program and Budget Council (PBC) review this matter and consider recommendations for further action. The PBC assigned the initial review to its Budget Subcommittee, which met, discussed the topic extensively, and developed a proposal that was brought to the full PBC for action. After further discussion and amendment, the Program and Budget Council voted 14-0-1 in support of the following resolution:

A Dean of a school or college may submit a proposal for a differential fee increase to be added to the base tuition and fees cost for that school or college or for a major or other degree program within that school or college. A proposed increase should create a manifest benefit for the students and/or cover expenditures for purchasing or maintaining equipment or materials that are necessary for instruction. A proposal should also take into account market comparison and impact on recruitment.

The discussion of this motion particularly emphasized the importance of *manifest benefit to students*: students should be able to see clearly that their money is being spent in ways that improve instruction in their major.

The PBC elected not to include details of implementation in its motion, leaving them to be worked out in the context of actual proposals. Nonetheless, the PBC is aware that many issues must be addressed in any implementation plan. Some of these issues are listed in section C of part IV of the JTFCCC report, which is included here as an appendix. It should be stressed that early consultation with the Registrar and Bursar is essential, to ensure that any implementation plan is compatible with current software and policies.

(Amended Motion approved by the Faculty Senate on November 17, 2011)

MOVED: 16-12 That the Faculty Senate approve the recommendation of the Program and Budget Council regarding differential fees, specifically that: “A Dean of a school or college may submit a proposal on behalf of a department or program for a differential fee increase to be added to the base tuition and fees cost for that school or college or for a major or other degree program within that school or college, such fees to be transferred entirely to a department or program. A proposed increase must create a manifest benefit for the students and/or cover expenditures for purchasing or maintaining equipment or materials that are necessary for instruction. A proposal should also take into account market comparison and impact on recruitment,” as presented in Sen. Doc. No. 12-012A.

Appendix:

Section IV of Sen. Doc. No. 11-065 “Final Report of the Joint Task Force on Curriculum, Credits, and Costs”

IV. Differential Fees

IV.A Findings

JTFCCC member Todd Diacon submitted the following summary of:

Nelson, Glen R. *Differential Tuition by Undergraduate Major: Its Use, Amount, and Impact at Public Research Universities* (Ph.D. dissertation, University of Nebraska Lincoln, 2008)

1. Of the 162 Carnegie Research extensive and intensive public universities (there are 165 such schools, but three do not have undergraduate students): 74 (46%) charge differential tuition by program or major
2. Of the 51 Land Grant universities in this public research university population, 29 (57%) charge differential tuition
3. Of the 34 public AAU members, 18 (53%) had differential tuition by major or program
4. Which programs are most likely to charge differential tuition? Business (51 universities), Engineering (48 universities), Architecture (22 universities), and “science” (17 universities)
5. How much differential tuition is charged? Per credit range of \$2-\$194. “The average differential was 10.8% of resident undergraduate tuition” (p.134)
6. Impact on enrollment? “Nearly two-thirds of the respondents indicated there was no impact to...enrollment by program or major” (p.136). One program reported an *increase* in enrollment because new revenue allowed that department to increase staffing to address unmet demand
7. No university had conducted a study to determine the impact of differential tuition on enrollments in majors by socioeconomic standing. Seven universities reported anecdotal evidence to assert there was no decline in major enrollments by low SES. Only two universities reported allocating additional financial aid to neutralize differential tuition for low SES
8. In 2006-2007, implementing differential tuition increased tuition revenue by an average of 2% (dollar increases in tuition revenue ranged from \$30,000 to \$25,000,000)
9. How were differential tuition revenues distributed? More than half of the universities returned 100% to the college or department with the differential tuition. Some 13% of universities kept 20% centrally, and returned 80% to the program. Some schools earmarked these funds for specific purposes (technology purchases, teaching expenditures)

IV.B Recommendations

General Guidelines

A Dean of a school or college may submit a proposal for a differential fee increase to be added to the base tuition cost for a school, college, major, or program. The proposal should provide a rationale using the following criteria:

1. Cost of instruction variance from base tuition or fees.
2. Increase in quality for the student experience.
3. Market comparison to peer institutions or programs.
4. Benefit to university as a whole.
5. Higher expenditures for specific faculty, equipment, technology, etc.
6. Potential increase in student employment opportunities.
7. Impact on recruitment.
8. If the fee applies only when a student declares the major in a school or college, provide budget projection for ramp-up timeline to full implementation.
9. Fund raising plans for scholarships to offset the increase for needy students.

It is not necessary for every proposal to satisfy all of these criteria, but the criteria used must suffice to justify the proposed increase. Deans should also be attentive to the complexity that results when several programs in a school or college have fees at different levels.

If a differential fee increase is approved, revenues from it will go to the Provost's Office, which will distribute them to the relevant deans who will then distribute them within the school/college.

General Principles for Differential Fee Use

1. Document how new revenue matches with cost.
2. Document with descriptions and percentages on planned use of dollars for: financial aid, faculty hiring, equipment, technology, student services, other.

Communication Plan

1. Document buy-in process for specific groups: current students, future students, student trustees, alums, other UMass campuses, trustees, president's office, general public, legislature.
2. If fee is greater than 10% of in-state mandatory charges, develop document for presidential approval process.

Approval Process

Deans will present plan to Provost's office and Provost's office will review with Chancellor and Senior Management.

IV.C Implementational Issues

The Engineering fee, which has been in place for decades, is the model for differential fees. However, the addition of the CHC fee has brought to light procedural questions and challenges that have become problematic. It is essential that these questions be addressed before we go forward with multiple differential fees for schools, colleges, majors etc.

1. With the addition of multiple fees, which began for students who are both Engineering and CHC, there are issues around who should be charged what when? The items that follow clarify this ambiguity where currently there is no definitive policy or procedure.
2. When can a differential fee be cancelled for a student? This is related to number 6 below.
3. Will differential fees be applicable to primary and secondary majors (and beyond, since we have students with more than two majors)?
4. Since they affect financial aid packages, how will the changes (i.e. changing majors, exceptions processing, etc) be coordinated with the financial aid process? For example, differential fees will impact financial aid budget projections, so is there a mechanism to make sure the budgets are estimates only?
5. A new academic/administrative policy will have to be developed to establish an "effective date" and this date will translate into a student restriction on changes to majors (e.g., financial aid census date) in order to have an accurate student bill and financial aid budget projections. It would mean having a new academic policy establishing a calendar of deadlines on changes of major that shows how the change of major will affect student charges. Note: It was reported by the Registrar that changes of major are extremely high at UMass compared to the other New England land grant universities, so the process of changing majors needs to be reviewed in any case.
6. For students and parents, this process and policy should be clearly communicated, documented and easily understood for their financial planning and understanding the UMass bill. In order to rationalize this even more, the group recommended that the university consider a three-tiered system of differential fees with set dollar values. For example Fee A – High, Fee-B Medium, and Fee-C Low. This system will be easy to communicate to parents and students and it will eliminate any chaotic dollar variance among schools, colleges and majors.
7. Policies and procedures on exception processing (employees, dependents, and special students?) need to be developed and will have some impact on revenue.