



DAVE MURPHY

State Representative • 56th Assembly District

Assembly Committee on Consumer Protection

Public Hearing, September 21, 2021

Assembly Bill 382

Testimony of State Representative Dave Murphy

Madam chair and members of the committee, thank you for hearing Assembly Bill 382 today.

College costs too much. I could spend all day talking about whose fault that is, but instead I'd rather talk about how we can make sure the problem doesn't get worse under our watch.

I initially proposed a hard inflation based cap on future tuition and fee increases. This prompted university administrators and student leaders to request more flexibility to increase tuition and fees when it's absolutely necessary.

The substitute amendment in front of you today lays out fair and transparent process for University of Wisconsin institutions to set tuition and fees. Increases will be capped at inflation; however, when instructional costs actually exceed inflation or when students, through a referendum, support a new fee increase, this cap may be exceeded if it is submitted to the legislature's Joint Committee on Finance for a 14 day passive review.

This ensures that the legislature will be well aware when a campus cannot meet its real costs without additional financial support. It also ensures that students will have similar oversight of the fees they pay that local taxpayers have in a municipality. College students are adults and deserve the same responsibility over the services they get for the fees they pay.

Assembly Amendment 1 to Assembly Bill 382 would implement the following specific changes in state law:

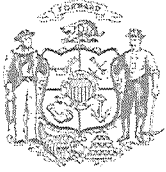
- It requires the Board of Regents to consult with student leaders when creating new categories of tuition and fees, such as differential tuition or a new categorization of student status,
- It prohibits the Regents from increasing resident undergraduate student tuition and fees by more than inflation, except under the following conditions:
 - Differential tuition may only be created or increased greater than inflation if it is directly linked to increased costs associated with enrollment in a course, program, department, or school or college. If such costs are demonstrated and approved by

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the Regents, the proposed increase is then submitted to the legislature's Joint Finance Committee for a 14 day passive review.

- Segregated fees may only be increased greater than inflation if authorized by a student referendum and the Regents. If authorized, the proposed increase is then submitted to the legislature's Joint Committee on Finance for a 14 day passive review.
- It gives student governments clear responsibility to set the amount and annual allocation of all student fees. Currently student governments may only allocate fees that are collected. In the past, some institutions have collected fees far exceeding what students voted to support.
- It specifies that a chancellor may not request board approval of fees without prior approval of the student government.
- It prohibits the Regents from designating a fee as "non-allocable" unless the fee funds a genuine obligation, such as a contract or debt repayment. This ensures students can discontinue fees and programs they no longer want.

A statutory cap on future tuition and fee increases, along with a narrow window for exceeding the cap, will provide Wisconsin families and UW System institutions with the predictability required to budget for college expenses into the future.



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*Testimony before the Assembly Committee on Consumer Protection
State Senator André Jacque
September 21, 2021*

Chair Dittrich and Committee Members,

Thank you for holding this hearing on AB 382, relating to University of Wisconsin System resident undergraduate tuition and fees.

In order to prevent tuition from skyrocketing after the current freeze we must implement a common sense law placing controls on how tuition and fees will be set in the future. Under the bill, tuition and fees for in-state Wisconsin undergraduates could not increase faster than the rate of inflation.

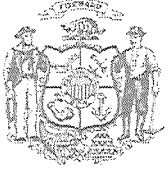
The current in-state undergraduate tuition freeze exists as a non-statutory provision of the state budget act. Absent a renewal of this provision in a state budget or a change in the statutes, the Board of Regents has authority under 36.27 (1) of Wis. Stats. to increase tuition as it sees fit.

Resident undergraduate tuition at all 13 UW institutions has been frozen since 2012. Over the last decade, from 2010-2020, the annualized rate of change in tuition at UW–Madison was 1.6%, at UW–Milwaukee it was 1.1%, and at all other institutions was 1.3%. This is the first time in modern history in which tuition has increased by less than the Consumer Price Index for All Urban Consumers (CPI-U), which was 1.7% annualized over 2010-2020.

After the previous single year tuition freezes in 1967 and 1999, tuition increased by 56% and 60% respectively over the subsequent four year period, far exceeding the rate of inflation, as displayed in the tables below.

Under AB 382, if the non-statutory freeze expires, the Board of Regents may only increase tuition and fees for resident undergraduate students up to the rate of Consumer Price Index (CPI-U). This would set a ceiling on annual tuition and fee increases, permitting the board to set tuition and fees at any rate below this level.

A statutory cap on future tuition increases will provide Wisconsin families and UW System institutions with the predictability required to budget for college expenses into the future.



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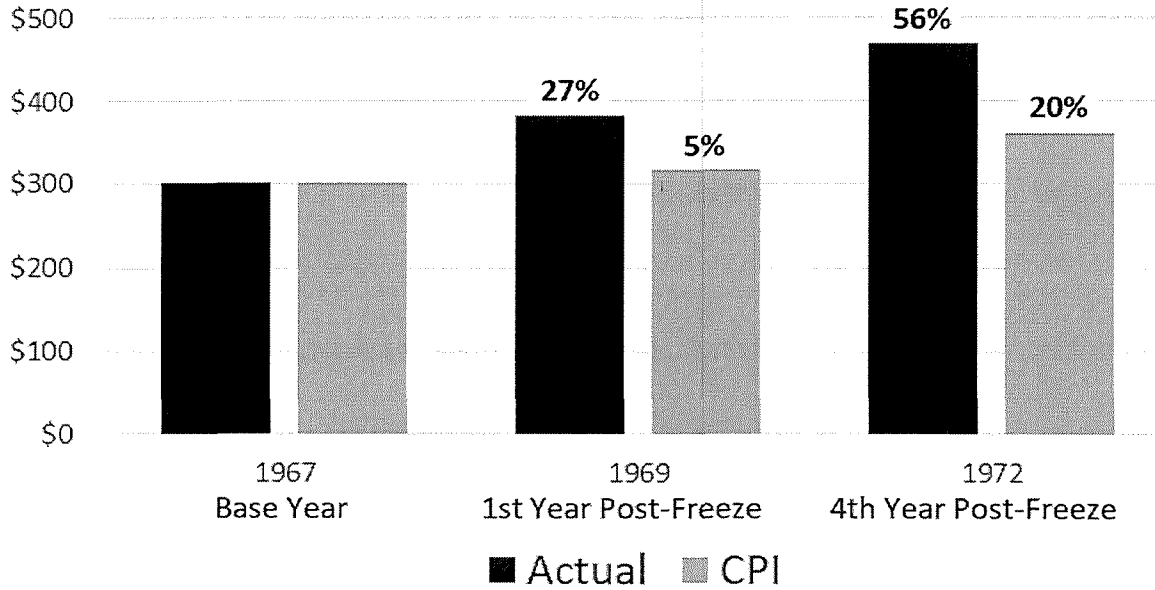
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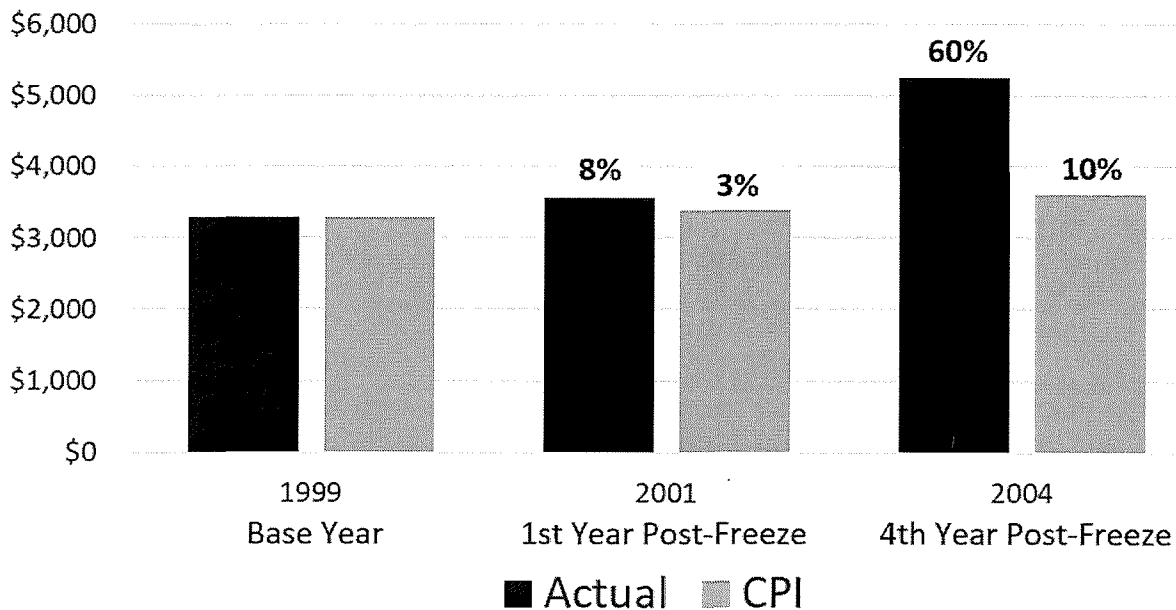
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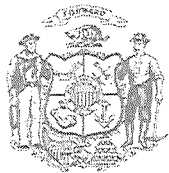
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Post-1967 Freeze Tuition Increases



Post-1999 Freeze Tuition Increases





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Thank you for your consideration of Assembly Bill 382.



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DATE: September 21, 2021

TO: Members of the Assembly Committee on Consumer Protection

FROM: Jeff Buhandt, UW-System Interim Vice President for University Relations

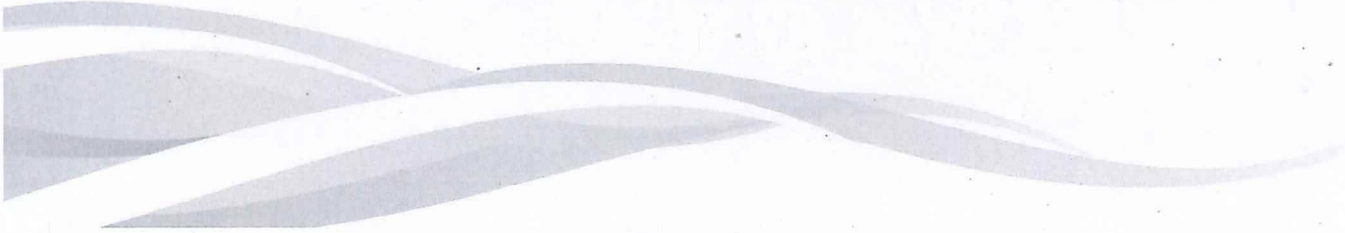
RE: Written Testimony on Assembly Bill 382

Thank you Chair Dittrich and committee members for providing the UW System (UWS) an opportunity to provide written testimony on Assembly Bill 382 and its substitute amendment. We value the legislative intent to keep our university system schools affordable and provide cost transparency for students. UW System and the Board of Regents (BOR) share these values, and with the renewed authority to set tuition, intend to keep these ideals at the forefront of tuition discussions. Since receiving this renewed authority in July 2021, the Board of Regents has voted to maintain the tuition freeze for the 2021-22 academic year.

As you are aware, in the 2021-23 State Budget passed this summer, the legislature and Governor granted tuition setting authority back to the Board of Regents. Under this renewed authority, the Board of Regents and UW System have engaged in conversations on how to improve the tuition setting process to provide reasonable expectations, notice, and transparency of any tuition changes for students. It is this goal that predicated the Board of Regents to maintain the freeze for this academic year. This legislation would curtail the Board of Regents authority before they have even had an opportunity to review and implement a new tuition policy and rate. Provided this recent policy change that the legislature agreed to, UWS believes that this legislation would be premature to implement at this time.

The substitute amendment would also make significant changes to how student segregated fees are allocated. This proposed change could cause major disruption to services provided to students on our campuses. Currently, non-allocable fees are used for debt service, but also for operations and staffing buildings, including student unions, health centers, childcare centers, recreation centers, and recreation/athletic facilities. Many of these services are provided by full-time university staff. The proposed changes in the substitute amendment could create instability in these services. [Regent Policy Document 30-5](#) already outlines requirements of campus administration to consult student governance groups and provide ample opportunity to review the non-allocable budget. We agree that student involvement in the review of these fees are important, but it is best to maintain the current system to provide for the daily operations without disrupting these services on campuses.

Again, thank you for the opportunity to provide testimony on this bill and substitute amendment.





WISCONSIN

UNIVERSITY OF WISCONSIN-MADISON

Assembly Committee on Consumer Protection

2021 Assembly Bil 382

University of Wisconsin System resident undergraduate tuition and fees

September 21, 2021

Chair Dittrich and members of the Assembly Committee on Consumer Protection:

The University of Wisconsin-Madison thanks the committee for the opportunity to provide written testimony on Assembly Bill 382, relating to University of Wisconsin System resident undergraduate tuition and fees. UW-Madison opposes the passage of AB 382 for the reasons discussed below.

Tuition-setting authority for in-state undergraduate tuition was returned to the University of Wisconsin System Board of Regents as part of the 2021-23 Biennial Budget. The Board of Regents did not consider an undergraduate resident tuition increase for the fall 2021 semester. However, modest and predictable tuition increases are necessary for a number of reasons. They support increases in the costs of goods and services, allow for us to expand financial aid to students and families with demonstrated need, and ensure we remain competitive in retaining and recruiting world class faculty, among other things.

As Wisconsin's flagship campus, UW-Madison is committed to higher education access and affordability. More than half of UW-Madison undergraduates earn their degree with no student debt. For those that graduate with debt, the student loan default rate is less than 1%, compared to the national average of 10%. This tells us that UW-Madison students are well prepared for the workforce and are able to get jobs and start careers that allow them to pay back their student loans.

UW-Madison also offers millions of dollars of financial aid to Wisconsin residents each year. Our preeminent tuition assistance program, Bucky's Tuition Promise, ensures a tuition free four-year college education for all Wisconsin students who are admitted to UW-Madison with a family income of less than \$60,000. There is a similar program for Wisconsin residents transferring from two-year institutions called Badger Promise, which provides similar tuition and fee benefits. Currently, over 3,400 UW-Madison students have benefitted from Bucky's Tuition Promise and they hail from all 72 counties across Wisconsin.

As we continue to grow our commitment to affordability, it seems reasonable for policymakers – now the Board of Regents - to implement modest and predictable tuition increases for in-state students, as our peer institutions have been doing, to ensure that we have the resources required to provide our students a world-class education.

For the last eight years, UW-Madison's in-state undergraduate tuition has been frozen. At the same time, tuition at Big 10 schools in other midwestern states has increased between 5.3% and 25.1%, as demonstrated

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by the attached slide. UW-Madison should not be the most expensive school in the Big 10, but nor should it be second from the bottom. Rather than artificially tying tuition increases to the CPI as AB 382 would do, UW-Madison's tuition should be considered in relation to the tuition at other Big 10 schools, with a goal of being at or slightly above the average of those tuition rates. Doing so, in combination with programs like Bucky's Tuition Promise, would provide an ability to remain responsive to the changing landscape in higher education while maintaining our commitment to affordability.

Assembly Bill 382 also has a pending substitute amendment that would make various changes to segregated fees and the fee allocation process at UW-Madison. As written, the legislation would create significant financial disruption for the funding of major programs and activities on campus.

The University of Wisconsin System and its campuses have a rich history of shared governance whereby major decisions are made with input from students, faculty, and staff. At UW-Madison, that tradition is reflected in the strong commitment by the campus administration to working with the various shared governance groups to build consensus and inform decision-making. While the input of the students is an important component to the existing process, the proposal as written – essentially giving student government the final say in setting the amount and annual allocation of student fees – would simply not be feasible.

There are two types of segregated fees that are paid by students: allocable and nonallocable. Allocable fees provide substantial support for campus student activities and are allocated by students through the student government process, in consultation with the chancellor and subject to the final confirmation of the Board of Regents. Examples include operations, activities and programs of recognized student organizations and club sports; concerts and lectures; student help and limited term employee costs and associated fringe benefits in organized activities; and general operating costs or overhead costs of the student government.

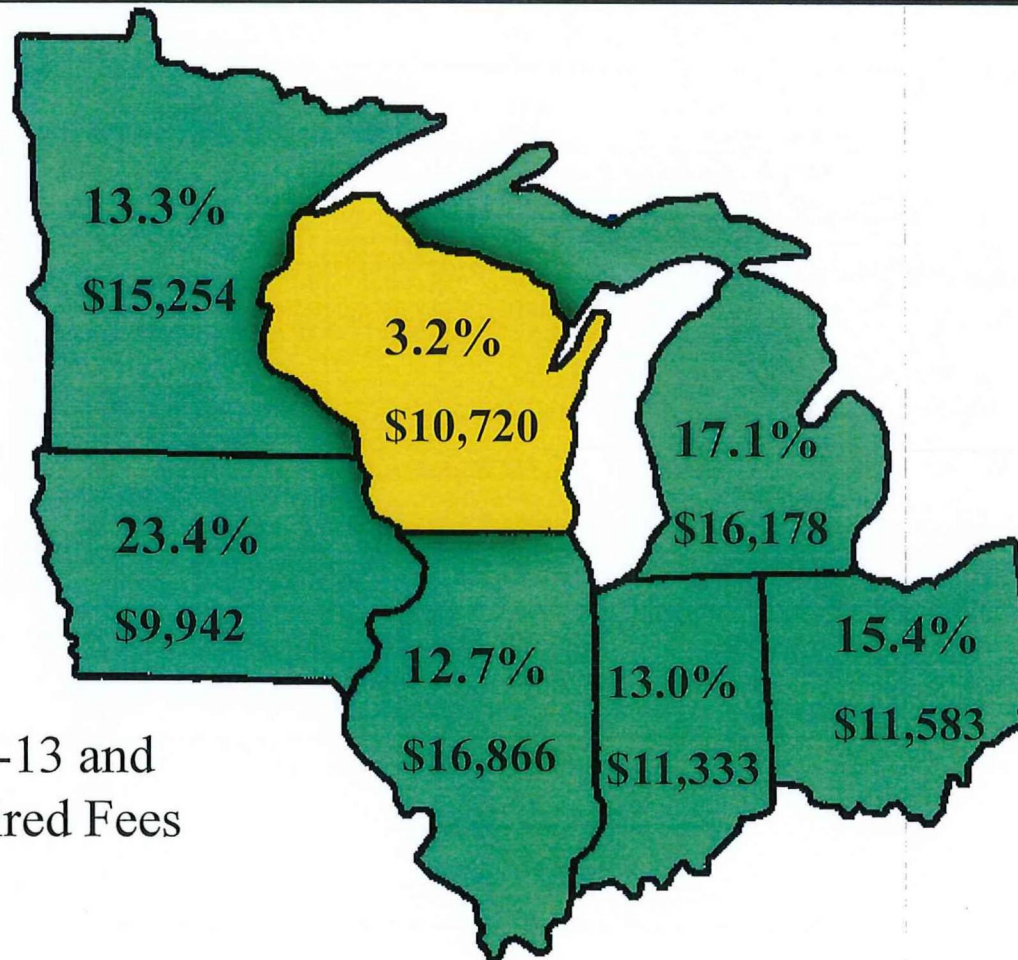
Nonallocable fees are determined by the Chancellor with approval by the Board of Regents. Examples of nonallocable segregated fees at UW-Madison include debt service on certain facilities; the operation of University Health Services, the Wisconsin Union and UW-Madison Student Recreation & Wellbeing; and subsidy of the Madison Metro bus pass. Changes in the proposed legislation would remove all university oversight over nonallocable fees that fund these programs (with the exception of certain debt service payments). Amending the process of determining nonallocable fees to be contingent on the views of continuously changing student government leadership each year would be hugely disruptive to cash flow in these units, which provide significant services to our students and require a large number of permanent staff to do so. This would also effectively prevent the campus from long-range planning for programs and infrastructure because the campus could not count on the required funding being approved by student government in any particular year. Designating a student fee as nonallocable only when the fee is solely for the purpose of repayment of debt would have a similar impact.

Thank you for the opportunity to submit written testimony on the impact this legislation would have on UW-Madison. If you have any questions, please reach out to UW-Madison Director of State Relations Crystal Potts at crystal.potts@wisc.edu or (608) 265-4105.

Resident Tuition and Required Fees 2012-13 to 2021-22

UW-Madison and Peers

Change by State Flagship



Percent change since 2012-13 and 2021-22 Tuition and Required Fees

Source: AAU Data Exchange Tuition and Required Fees

*University of Minnesota-Twin Cities, University of Iowa, University of Illinois-Urbana-Champaign, Indiana University-Bloomington, The Ohio State University, University of Michigan.

Hello, In regards to ASSEMBLY SUBSTITUTE AMENDMENT 1, TO ASSEMBLY BILL 382, I am opposed to the changes requested. As a member of the UW Madison Student Council and the SSFC, I was asked not to speak on this bill. I joined student council so my voice would be heard, instead I was requested to keep silent. I see how poorly student government works and would not trust this institution with any authority over student fees. Student fees should be rolled into tuition and then abolished in my opinion. Any increases in cost should be in tuition directly and not separated out into fees that extra-curricular organizations or facilities on campus can use to further their own interests. Student Fees do not further the interests of the State of Wisconsin. Non-tuition money is routinely used on campus for irresponsible spending, whereas tuition dollars are more restricted in their use on campus as they should be. It is clear to me student government is more interested in serving themselves and building an additional layer of bureaucracy that doesn't represent all the students, doesn't respect students, and seeks to restrict student freedoms and bloat the University budget. I would not support this amendment but would rather see student involvement in fee dispensation abolished completely, rather than student government "empowered" by this bill.