

Distance Education Pricing Principles  
University of Wisconsin System Administration

EDUCATION COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the Principles for Pricing Distance Education Credit Courses, Degree and Certificate Programs. These principles will be reviewed in three years.

06/11/99

I.1.b.

## **PRINCIPLES FOR PRICING DISTANCE EDUCATION CREDIT COURSES, DEGREE AND CERTIFICATE PROGRAMS**

### **EXECUTIVE SUMMARY**

#### **BACKGROUND**

The *Pilot Distance Education Funding Policies for Credit Instruction* have been in place since 1995. These policies defined distance education as credit courses where the majority of students are at a distance from the instructor. The policies provided institutions flexibility in funding sources, fees, and nonresident tuition for distance education courses. The policies were scheduled for review in 1998. At the October 1998 meeting of the Board of Regents, a revision to the policies was discussed. This revision provided even greater flexibility to institutions to determine distance education fees and tuition. However, questions were raised about the cost of distance education courses, and the methodology by which costs were determined. The Board requested that UW System Administration review the policies to address these questions. At the February 1999 Board of Regents meeting, System Administration discussed a new pricing model for distance education courses and programs. The Board concurred that System Administration should develop a new tuition model for distance education courses and programs.

A working group consisting of chancellors, vice chancellors, chief information officers, institutional business officers, and representatives from UW System Administration has developed the enclosed *Principles for Pricing Distance Education Credit Courses, Degree and Certificate Programs*. These principles will provide the foundation for a new tuition model for distance education courses and programs. Furthermore, these principles will facilitate development of (1) system-wide standards to assure quality distance education programming, and (2) a common methodology to identify distance education costs. These principles pertain to entire courses and programs offered using distance education technology; they do not pertain to on campus, technology-enhanced courses.

#### **REQUESTED ACTION**

The UW System Administration requests approval of Resolution I.1.b., approving the Principles for Pricing Distance Education Credit Courses, Degree and Certificate Programs.

#### **RELATED REGENT POLICIES**

Related Regent policies include ACIS 5.4 (Credit Outreach in the University of Wisconsin System), the Board of Regents Study of the UW System in the 21<sup>st</sup> Century, FPPP 44 (Tuition and Fee Policies for Credit Instruction).

## **PRINCIPLES FOR PRICING DISTANCE EDUCATION CREDIT COURSES, DEGREE AND CERTIFICATE PROGRAMS**

1. Access for Wisconsin residents to undergraduate education through distance education courses does not have to be provided solely on a cost-recovery basis and can be supported by GPR/Fee funds.
2. Academic and student support services for distance education courses should adhere to system-wide standards to assure high quality distance education programming.
3. UW institutions will identify distance education costs (such as instruction, development, support services, electronic delivery, and administrative overhead) using a common methodology. Costs may be calculated at the course or program level.
4. Pricing distance education courses and programs should take into account fixed and variable costs, future enrollments, and frequency of distance education offerings. Prices may be charged at the course or program level.
5. Institutions may choose to increase the price charged for distance education courses and programs to take advantage of market opportunity. Conversely, institutions may choose to decrease the price charged for distance education courses and programs according to the following factors: derivative benefits to faculty or institution, access/mission relationship, multiple sources of subsidy (e.g., grants, contracts, unused or marginal capacity), or competition.

6. Tuition for all students taking distance education courses will be charged outside the credit plateau, i.e., each distance education credit would be charged at the per credit rate. However, institutions will have the flexibility to waive this principle and charge within the plateau for their own students.
7. There is no change to current policy (FPPP 44) which allows institutions to waive segregated fees for students enrolled exclusively in courses held off-campus. Institutions should consider a number of factors when determining if segregated fees are appropriate including student input, the benefits received by off-campus students, and whether the price charged will be a disincentive for students to register for distance education courses.
8. Institutions will be held accountable for their distance education pricing and cost analyses (consistent with the above principles) by keeping records demonstrating the use of a common methodology. UW System Administration will report annually to the Board of Regents on distance education pricing activities.
9. These principles do not pertain to non-credit continuing education courses and programs. Existing institutional and system policies are sufficient for determining costs and setting prices (see Continuing Education Fee Policy).