

## Badgers United

### *Testimony by Executive Director, Amber Schroeder*

My name is Amber Schroeder, and I am here as Executive Director of Badgers United, a 501(c)3 organization that digs into the data on higher education to provide policy-makers like yourselves the information you need to make informed decisions on issues that affect UW-Madison.

We believe deeply that a strong UW-Madison leads to a strong Wisconsin. A healthy, sustainable University provides economic returns for taxpayers and addresses the workforce needs of the State of Wisconsin.

### **Thawing The Tuition Freeze**

Wisconsin currently has the longest-running and most restrictive tuition freeze in the nation. This has been politically popular on both sides of the aisle, but this is not a stable way to fund higher education in our state - because anything that has the price frozen indefinitely, eventually becomes free.

One thing lost in this conversation is how this freeze affects the University. While predictability and stability are critically important for families, so too is it critically important that we protect the investment of taxpayers across the state who have built UW-Madison into a national leader over the last 100 years.

Unlike other state agencies, UW-Madison is not a regulatory department - the University attracts talent and dollars to the state of Wisconsin. In 2017-18, for example, over a billion research dollars came into our state through UW-Madison. Our land grant university isn't just a government service for Wisconsin students - it is the single highest economic rate of return per tax dollar.

While much of the conversation today has revolved around how thawing tuition will impact the families of students who attend UW-Madison, we cannot lose sight of the fact that the University is also significantly affected by this decision.



The bill at hand chains tuition increases to a maximum of CPI - a policy approach that is a compromise between the more substantial tuition increases that leaders in higher education would prefer and the continued freeze that families in the state desire. By providing both families and the university predictability, taxpayers are getting a significant return-on-investment from their University & not shouldering additional costs.

**Digging Into The Data:**

We ran the numbers on what Chained-CPI tuition would look like to inform this conversation and our findings merit discussion.

First, regarding cohort tuition, though its focus on predictability is well-intentioned, the data finds cohort tuition is unnecessary. Chained-CPI tuition increases are, on average, just \$161/year - well within a predictable range that students and families can plan for, and nothing like the “horror stories” of double-digit tuition bumps other states are seeing. So, we find that the cohort model’s effort to provide predictability are redundant and bring with it additional regulatory burdens for the University - adding administrative costs.

As we review data on the costs for students, our findings indicate that tuition increases under the new legislation for a freshman at UW-Madison who started in 2013 would be \$645 or an average of \$161.25/year. An increase of this size is certainly well within the earning potential of a graduate of UW-Madison. Additionally, the program provides students the budgetary predictability of not relying on legislative budget cycles to determine the yearly costs of their education - all while delivering necessary financial stability to the University.

**COHORT TUITION SOLVES A  
NON-EXISTENT PREDICTABILITY PROBLEM:**

|                | COHORT   | CHAINED-CPI | TOTAL COST DIFFERENCE |
|----------------|----------|-------------|-----------------------|
| <b>'13-'14</b> | \$10,544 | \$10,544    | <b>+\$0</b>           |
| <b>'14-'15</b> | \$10,544 | \$10,706    | <b>+\$162</b>         |
| <b>'15-'16</b> | \$10,544 | \$10,716    | <b>+\$172</b>         |
| <b>'16-'17</b> | \$10,544 | \$10,855    | <b>+\$311</b>         |
| <b>TOTALS</b>  | \$42,176 | \$42,821    | <b>+\$645</b>         |

Chained-CPI tuition provides sustainable predictability to taxpayers, universities and families.

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*As you can see, the calculations show the Chained-CPI tuition structure is moderate and predictable.*

### **Student Debt**

While discussing this plan, concerns have been raised regarding another popular national narrative regarding increasing student debt. The current tuition freeze has, in many ways, transformed to be a response to those concerns. However, if we are to justify a continuation of this freeze based on student debt load, it is essential to clarify what student debt looks like at UW-Madison.

Currently, more than 50% of undergraduate students graduate with ZERO student debt. The school's default rate is 1.3%, which is considerably lower than that national average of 10.2%. Success in this area has been driven by programs like Bucky's tuition promise, made possible by private donors, which guarantees 4-years of free tuition for in-state families who earn less than \$60,000/year.



As with all conversations, we must approach the subject with nuance. When looking at the data regarding student debt, it is necessary to separate undergraduate and graduate debt as well as to demarcate public vs. private institutions. These delineations are critical as the data finds high student debt is largely driven by expensive private institutions and high-debt advanced degrees.

Another crucial part of the debt conversation revolves around future earning potential from degrees, another area in which UW-Madison excels - 50%+ of the school's graduates are making more than the average WI resident five years out of school.

### **Conclusion:**

To keep our public higher education competitive in Wisconsin, it is time that we step back and look at the whole ecosystem of higher education - not just the families that are sending their students to our universities.



As elected officials, you have an obligation to look out for the interests not just of the families of students who attend our schools, but for the investments every citizen of Wisconsin has made into our land grant university.

The data is clear that we are on an unsustainable path and that it is time to provide predictability and stability to our universities and our families through measured yearly increases in tuition that tied to the inflation rate. These increases, as mentioned before, would be near the cumulative total of \$645 over a student's 4-years, but in REAL dollars, *dollars adjusted for inflation*, that is an increase of ZERO.

We are pleased to see this committee is taking the matter seriously by starting a conversation on the subject. We look forward to continuing to provide data-driven perspectives to help enable you to make informed decisions.

Thank You

Amber Schroeder  
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