THE FUTURE OF TUITION

Colleges Eye Discounts on Tuition to Change Student Choices

By SARA HEBEL

Raising tuition can be about more than simply plugging budget holes. As colleges debate their pricing structures, some administrators want to see if they can also force changes in student behavior.

By charging varying rates of tuition, colleges hope to entice students to enroll in classes at unpopular times of day, take enough courses to graduate within four years, or find a way to afford a college education that might have seemed out of reach. For public colleges, those goals are often shared by state lawmakers, who are urging institutions to make more efficient use of their facilities, improve their graduation rates, and help get more low-income students into college.

Finding new ways of charging tuition is more than just a theory at some colleges. Starting last year, the University of Oregon began making two major adjustments in its tuition policy, giving discounts to encourage students to take classes at unpopular times and easing the burden on part-time students, who were paying a disproportionate share of tuition.

In some ways, the university's hand was forced. When one of the institution's largest classroom buildings had to be closed for renovation in 2002, officials had to find somewhere to put the growing number of students. They sought a way to stretch out the class schedule throughout the day to fit more classes into other buildings. The university offered students a 15-percent discount on credit hours for classes they took after 3 p.m., a policy the university will extend to classes that start before 9 a.m. this winter. The plan has worked to make afternoon classes more popular, says John T. Moseley, the university's senior vice president and provost. University officials say 32 percent of students, or 3,190, took at least one discounted class last fall and projected that the policy would save students a total of $1.5-million in 2003-4.

Offset by Higher Tuition

Some students say the discounts, while better than nothing, were of limited help because the university raised tuition in the middle of 2002-3 by about 12.7 percent, or $10 per credit hour. Gabe V. Kjos, a junior, says the tuition increase more than wiped out the $53 of tuition savings he realized from taking a 3 p.m. politics class last winter. In the spring, he could not take advantage of the discount because his work-study job at the law school needed him in the afternoons.

"The tuition discount seems like an innovative way of saving students money, but when they surcharged students as well as giving them a discount, we aren't saving," says Mr. Kjos, who says he carefully weighs the costs of every class, including whether it comes with additional fees and how expensive the books are, before registering. "And that hurts students who are pinching pennies to stay in school."
With tuition rates rising, University of Oregon officials say that it is imperative that the growing costs are appropriately allocated among students. In 1979, the state covered 70 percent of the cost of educating a state resident at the university; today it pays less than half.

Until this academic year, students have not been charged extra for credit hours above 13 or below 17 in any quarter, effectively making part-time students shoulder a significant portion of tuition for classmates who took heavier course loads. The new policy more evenly distributes costs among students. For instance, it will charge students who take more than 13 but less than 17 credits a discounted rate rather than giving them those courses free of charge.

"Now it is more important than ever that tuition be equitable," Mr. Moseley says. "Once our policy encouraged students to take a more diverse workload and to explore. But now it is not equitable if they are exploring on the backs of others."

While Oregon is charging more to students who take full course loads each quarter, the University of Texas is considering charging them less to encourage more students to finish college within four years. Under the plan, the university would discount tuition, or even make it free, for credits that students take above a certain minimum number, for which the university would charge full fare.

"We should view tuition not only as a way of raising money but achieving strategic objectives," says Mark G. Yudof, chancellor of the University of Texas System. He has set up two committees to weigh new approaches to tuition after the Texas Legislature this year granted public institutions authority to set their own rates. "You can encourage low-income students to graduate on time and enhance students' willingness to take credits they need," he argues.

Community colleges in Texas have already experimented with differential pricing over the past two years, taking an approach similar to Oregon's by discounting classes taken at unpopular times, but with a main goal of increasing access.

The Dallas County Community College District slashed rates in half, to $13 per credit hour, for students who took classes between 1 p.m. and 4:30 p.m. during the week, after 1 p.m. on Friday, and all day throughout the weekend. Enrollment in the district grew by 17 percent, to 56,000 over the past two years, and officials attribute one-third of that increase directly to the tuition policy.

The lower tuition rates attracted financially strapped international students, who aren't eligible for most financial-aid programs, while also easing parking problems and spreading out the use of student services, such as career counseling, throughout the day, officials say.

But the policy was discontinued this year because it led to a decline in revenue. Tuition income dropped by about 4.6 percent, or $4-million, for instance, at the Dallas district, says Bob Brown, the district's vice chancellor of business affairs.

Still, Mr. Brown says, the experiment was useful in making some realities clear to state officials. "It helped demonstrate to the state the price sensitivity of our students, even at community colleges with extraordinarily low tuition," he says.

**Basing Tuition on Majors**

In other states, college officials are looking at a variety of ways to set varying tuition rates, including one idea that would charge students based on their choice of major.
That approach was one of many the University System of Maryland weighed as a university committee reviewed tuition policies. In the end, though, the university panel focused on making rate increases more predictable. At the same time, university officials shied away from several differential-pricing ideas, fearing that those policies could create unproductive incentives for students, colleges, and the state.

"Many students had many questions about whether differential policies were fair and whether they might skew choices," says Gerald A. Heeger, president of the University of Maryland University College and the leader of the tuition study group.

If some liberal-arts majors were cheaper to pursue than degrees in engineering or chemistry, students might shy away from areas of study that were best suited for them. And, Mr. Heeger says, it would be unfair to charge students based on what they are expected to earn in the future. Many people who received a master's degree in business administration and went to work in energy-related jobs, for example, may now be unemployed, he points out.

Maryland State Sen. Thomas M. Middleton, a Democrat who is chairman of the Senate Finance Committee, also worries that making it more expensive for students to study subjects that often lead to high-paying jobs could hurt the economy. If too many residents choose to pay less by studying other subjects, a state could unwittingly shrink its knowledge base in key areas.

"It could damage opportunity for potential economic development," says Mr. Middleton. He argues that state officials need to keep tuition increases in check by funneling as much money as possible to higher education. Otherwise, he says, the state risks forcing institutions to adopt potentially damaging policies. "You get what you pay for," he says. "You've got to be very careful."

ON SALE: A 3 P.M. CLASS

Last year, to encourage more students to take classes during unpopular times, the University of Oregon began to offer a 15-percent tuition discount for classes that met at 3 p.m. or later. Here is how the policy worked for Gabe V. Kjos, a junior and Oregon resident who was able to save $53, or 4.2 percent, off his total tuition bill last winter.

Winter 2003

A midyear tuition surcharge of $10 per credit hour encouraged Mr. Kjos to look especially hard for savings wherever he could. While he had a difficult time finding late-afternoon classes for his major -- planning, public policy, and management -- he was able to find a 3 p.m. class that satisfied requirements for his minor, political science.

Discount Rate

Four credits, Oregon government-and-politics class: $302.60

Regular Rate

14 credits: $901.00

Total winter-quarter tuition bill: $1,203.60

Spring 2003
In the spring Mr. Kjos needed to work the 3-to-5 p.m. shift at his work-study job at the university's law school, so he could not take advantage of the discount for late-afternoon classes. University officials now say they will expand the discount in an attempt to help working students like Mr. Kjos. Beginning in the winter of 2004, tuition will be cut by 15 percent for classes beginning before 9 a.m., as well as for those at 3 p.m. or later.

**Regular Rate**

18 credits: $1,257.00

**Total spring-quarter tuition bill: $1,257.00**

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