Differential Tuition at the University of Illinois at Urbana-Champaign

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What is Differential Tuition?
Differential tuition based on academic program, also known as cost-based tuition, is a growing trend in colleges and universities. The goal of differential tuition is to more fairly spread the burden of tuition among students. It charges higher rates of tuition for students in majors that are more expensive for the university to produce such as science, engineering, math, and fine arts.

Research Questions and Methods
The existing literature on differential tuition and the publicly available information from the University of Illinois was used to answer the following research questions:
1. When and under what circumstances were differential tuition rates first employed at the University of Illinois-Urbana Champaign?
2. What stakeholders are responsible for setting tuition rates, and are these parties also responsible for determining the use of differential tuition? What dictates the differential in rates?
3. Is consideration given to other disciplines that may be affected by this policy?
4. What are the cost-based rates of tuition for similar programs in the region and Big Ten conference?
5. Do departments using differential tuition rates experience increases in external rating systems?

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Individual colleges and departments within the university propose the differentials charged. These differentials need to be approved by the Board of Trustees.

First assigned to a specific college in 1993, the College of Engineering phased in a $300 tuition increase over two academic years. Board of Trustee meeting minutes in 1992 show the need to remain competitive amongst peer institutions, the continuing erosion of state financial support, and the desire to reduce class sizes influenced the decision to raise College of Engineering tuition.

Prior to this decision a tuition differential between upper and lower division undergraduate students was used. After a successful first year of cost-based tuition in the College of Engineering, the division-based differential was eliminated in favor of individual college pricing. Differentials were put in place for Chemistry and Life Sciences, Architecture, Art, and Music. Today, differential tuition is present in 8 different areas in Undergraduate education.

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Motivations for Differential Tuition at the University of Illinois
In the first implementation of differential tuition at the University of Illinois, the Board of Trustees identified the following needs requiring additional funding: faculty salary enhancements, increased instructional laboratory support and continued examination to improve efficiency through organizational consolidation.

When first implemented at the University of Illinois, documents detailing the discussions among the Board of Trustees allude to at least a consideration of student price sensitivity as simultaneous to the proposal of differential Tuition. A motion to increase student acceptance of 250 additional students to the College of Engineering was passed.

Within a few years of the University expressing concerns of remaining competitive, U.S. News and World Reports began releasing its university rankings. Illinois has been in the top 5 for education as well as science, engineering, math, and fine arts. This is a result of differential tuition implementation in 2004.

Support for Differential Tuition
Proponents of differential tuition cite that courses centered in professionally based fields, such as business and engineering, require greater levels of investment to stay up to date on current philosophies or teaching environments. The increasing base of knowledge in these fields require constant advancements to laboratory space and capability, technological equipment, and software; among others. Conversely, some fields of study require little additional capital beyond the normal classroom context to educate a predetermined number of students. The accumulation of these primary assumptions points strongly in the direction that a single price per unit of instruction across an institution requires that students in some fields of study must be indirectly subsidizing students in other areas of the college, creating the basis for the argument on behalf of differential tuition.

Opposition to Differential Tuition
Some have wondered if differential tuition is being used in the manner in which it is intended. Some research has looked to determine whether differential tuition was being used more as a market price to students with little price sensitivity, thus only used as a means to generate further revenue.

"We used to think about education and college education as a place where students would find themselves and they should be free to study whatever they want and not have to worry about a price, now when we put these prices on, we may discourage students from making these switches." - Ronald Ehrenberg, Cornell University Higher Education Research Institute

Implications for Future Research
It is a common belief among researchers that students may be deterred from choosing a more expensive major when differential tuition is implemented. An EUI study of how differential tuition influences a student’s choice in major would be important information to provide to the debate on differential tuition.

The information used in the research project was all publicly available, but most of it was difficult to find. Perhaps this is a sign that the public is not interested in understanding the reasoning behind the decision of the Board of Trustees, or perhaps the public is simply informed by reports from the media regarding tuition decisions. How much and where the public finds their information would also provide information on how differential tuition is impacting the university.

Finally, all college and departments provide different information on their individual websites regarding differential tuition. This may make it difficult for a student to investigate the cost of a potential major, or it may even mislead a student into not fully understanding differential tuition.

Response to Differential Tuition
Student response to differential tuition has been largely undocumented. The Daily Illini has articles every year that relate to tuition increases, but little discussion is found regarding differential tuition. The publication would have been the primary source of student information in 1993.

In the first vote at the University of Illinois at Urbana-Champaign, two of the three Student Trustees voted “No” on the issue of differential tuition implementation for the College of Engineering. The vote still passed by a 9-5 vote.

All of the Big Ten Schools have differential tuition based on program costs. It has become a popular practice at large research institutions. Perhaps students who have always attended a research institution accept cost-based tuition as a policy that will not change, or a policy that is common in higher education.

Data Table

<table>
<thead>
<tr>
<th>Department</th>
<th>First Year Rate ($)</th>
<th>2011-2012 Rate ($)</th>
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</thead>
<tbody>
<tr>
<td>College of Engineering</td>
<td>250</td>
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<tr>
<td>Chemistry and Life Sciences</td>
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<tr>
<td>College of Fine and Applied Arts</td>
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<td>College of Business</td>
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<td>ACEs (ANSC, FSHN, TSM/ABE)</td>
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<tr>
<td>ACEs (CPSC, NRES)</td>
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<tr>
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<tr>
<td>Advertising</td>
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</table>

Tuition Rates by Year
- Business
- Engineering
- Chemistry
- ACEs
- General Tuition

1995 2000 2005 2010