

PRICING AND TERM LENGTHS FOR THE UNIVERSITY OF WISCONSIN FLEXIBLE OPTION

EXECUTIVE SUMMARY

BACKGROUND

Since its announcement in June 2012, several UW institutions have been working to develop the University of Wisconsin Flexible Option, a portfolio of self-paced, competency-based degree and certificate programs that will allow students to progress toward degrees and obtain certificates by demonstrating knowledge they have acquired through prior coursework, military training, on-the-job training, and other learning experiences. Through the UW Flexible Option (UW Flex), the UW System seeks to provide another delivery option by which the citizens of Wisconsin—particularly working and/or place-bound adults—can complete a college degree or meet other higher educational goals.

Through a shared leadership model, faculty and staff at UW-Milwaukee and the UW Colleges, in partnership with the UW Flex Core Team at UW-Extension and UW System, have been working to design Flex curricula and operational and administrative systems, policies, and procedures that will allow students to enroll in the first set of UW Flexible Options by late Fall 2013. In addition, three advisory groups have played critical roles in defining some of the academic, administrative and business, and operational parameters of the Flex Option: the Faculty and Instructional Academic Staff Advisory Group; the Administrative Advisory Group; and the Operational Advisory Group for Academic and Student Support.

While the Flex Options under development entail conversion of existing academic programs at UW institutions into competency-based delivery modes, the UW System's regional accreditor, the Higher Learning Commission (HLC), is requiring a separate approval process before any Flex Options can be offered to students. UW-Milwaukee and UW Colleges (the degree-granting institutions for Cohort I) are working with HLC as part of a pilot project to determine how HLC will accredit direct-assessment (i.e., non-credit-based models), competency-based programs (degree, diploma, or certificate). On May 15, UW-Milwaukee and the UW Colleges submitted formal "substantive change applications," and expect to hear back from HLC sometime in July as to the results of their applications. Once HLC addresses accreditation, the participating UW institutions may apply to the Secretary of Education for authorization to award federal financial aid to students enrolled in the Flex Option. The Department of Education announced its approval process for competency-based programs in March 2013.

The Board of Regents has received regular updates on the development of the UW Flexible Option since its announcement, including a comprehensive status report at its April meeting. In June, the Business, Finance, and Audit Committee discussed the proposed pricing structure for

UW Flex, along with an update on the Business Plan. At its July meeting, the Board of Regents will be asked to endorse the UW Flexible Option pricing structure for Fall 2013, in accordance with the UW System's existing policy on distance education pricing.

REQUESTED ACTION

Approval of Resolution I.2.c.

DISCUSSION

Proposed Pricing and Term Length

The UW Flex Core Team has worked extensively to determine the appropriate pricing and term length for UW Flexible Option programs. The proposed approach for 2013-14 is to utilize two pricing options:

- an “all-you-can-learn” option based on a three-month term at \$2,250/term; and
- an “assessment-only” option offered at a “cost-plus” fixed price.

Under the “all-you-can-learn” options, students will have access to advising, tutoring, and other student services, as well as financial aid. Students will also be able to take multiple assessments during the term. These services will not be available under the “assessment-only” option, under which a student will enroll, take the assessment, and be graded based on the assessment, with no other access to services.

This pricing was derived through discussions with the UW Flex Administrative Advisory Group, analysis of tuitions for traditional UW programs across the System, and a review of tuition pricing of other competency-based programs (e.g., Western Governor's University, Southern New Hampshire University). In addition, the Hiebing Group, a Wisconsin integrated marketing Company with clients that include Fortune 500 companies such as American Family Insurance and Coca-Cola, conducted market testing on potential students for the term length and the proposed tuition pricing.

The market survey conducted by the Hiebing Group indicates that there is high interest in the Flexible Option among potential students, and that two pricing options—the “assessment-only” and the “all-you-can-learn” options—were preferred. Based on this research, an earlier “per course” pricing option has been eliminated. In addition, the survey revealed that a price between \$2,000 and \$3,000 per term was viewed as a good value by potential students, with interest and projected enrollments starting to decline at price levels exceeding \$3,000.

The “all-you-can-learn” pricing model will be available to students upon formal launch of Flex programs in late 2013. The Fall 2013 price for the “all-you-can-learn” option is based on the survey conducted by the Hiebing Group and, assuming three terms (nine months of study) per year, will approximate resident undergraduate tuition rates (three terms at \$2,250/term = \$6,750).

The 2012-13 weighted average tuition (only) for resident undergraduates is \$7,222 (for tuition & fees it is \$8,320).

It is difficult to project the time-to-program or time-to-degree completion for students who will enroll in UW Flexible Option programs. Program/degree completion averages 2.6 years at Western Governors University, which uses a delivery model similar to the Flex Option; students at this institution typically enter with some college credits. Given the unique nature of the Flex Option, the time-to-degree will vary greatly based on each student's prior experience, assessment of prior learning, and motivation (the number of competencies completed within a term). It is anticipated that many Flex students will enter their programs with some college credit, and some will have the ability to move through program assessments to demonstrate mastery of competencies fairly quickly. Others will need more time and support. Therefore, similar to students at Western Governors, some students enrolled in the Flex Option will graduate in three years. On the other hand, based on average number of competencies required for individual Flex programs, many students should be able to complete their programs in seven to eight terms, i.e., in 21 to 24 months.

The pricing recommendation for the "assessment-only" option is still being evaluated. The recommended price will be based on estimates of staffing, services and other expenses, which are still under development, so that the suggested price will cover these anticipated costs.

Existing Policy on Pricing for Distance Education Programs

While the UW Flexible Option is unique in the UW System because of its competency-based structure, its proposed tuition pricing is in compliance with existing Regent and System policy on distance education pricing.

RPD 15-1, Distance Education Pricing, describes the Principles for Pricing Distance Education Credit Courses, Degree and Certificate Programs that are detailed in the UW System policy *Academic Information Series #5.4 (ACIS 5.4 Revised)*. ACIS 5.4 Revised, *Programming for the Non-Traditional Market in the University of Wisconsin System*, provides the broad parameters for credit courses that are offered through the University of Wisconsin System and intended to serve working adults and the non-traditional market.

In particular, the tuition model for UW Flex is covered by Principle #5 in Appendix C to ACIS 5.4 Revised, *Principles for Pricing Distance Education Credit Courses, Degree and Certificate Program*. Principle #5 states:

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.

Given the distinctiveness and innovation of its academic, delivery, and business models, UW Flex will need to follow closely market and other cost factors in adjusting its pricing.

RELATED REGENT AND UW SYSTEM POLICIES

Regent Policy Document 15-1: Distance Education Pricing Principles

Academic Information Series # 5.4 (ACIS 5.4 Revised): Programming for the Non-Traditional Market in the University of Wisconsin System

Appendix C, Academic Informational Series # 5.4 (ACIS 5.4 Revised): Principles for Pricing Distance Education Credit Courses, Degree and Certificate Programs