

May 18, 2017

Response to the Doctoral Candidacy Graduate College Committee Report Recommendations

Recent conversations related to potential changes to the Fair Labor Standards Act have raised questions about the procedures used to support externally-funded research on our campus. As a part of these discussions, several colleagues referred to the prior work of the Doctoral Candidacy Graduate College Committee that issued its report on April 12, 2014. Although this report was presented to the Provost and considered at length, no formal response was issued.

Vice Chancellor for Research Peter Schiffer and Dean of the Graduate College and Interim Dean of the College of Media Wojtek Chodzko-Zajko established an informal working group to respond to its recommendations. This document provides information and summarizes efforts to date to respond to the five recommendations from the Committee's Report.

Recommendation 1: Establish an independent process for determining graduate tuition and graduate tuition remission rates, independent of the process for determining undergraduate tuition.

Academic colleges are currently able to request changes to their differential tuition rates from the Office of the Provost, with approval from the Board of Trustees.

Changes to graduate base tuition and graduate nonresident/international differential tuition rates are requested by the Office of the Provost in consultation with the academic colleges that offer graduate programs. As undergraduate base rate tuition rates have risen over time, graduate base rate tuition rates have also increased in parallel. The 2017-2018 Academic Year full-time base undergraduate tuition rate is \$12,036, while the base graduate tuition rate is \$12,488. Academic colleges can request changes to college specific program differential rates, but must provide justification for these changes. If the Office of the Provost supports and approves these requests, the recommendations are then forwarded to the Board of Trustees for final approval. Total tuition can be a blend of base, nonresident, international and program differential tuition rates. Ultimately, academic colleges determine the total blended graduate tuition rate that best meets the needs of the college and specific graduate program. Colleges submit requests to alter these rates accordingly. This may lead to the approval of a new program differential.

Tuition remission at the University of Illinois at Urbana-Champaign is the funding provided by some sponsored research agreements that result in tuition waivers provided to graduate research assistants. The tuition remission reimbursement currently collected is expressed as a percentage of graduate student stipend.

The current tuition remission rate is 64% and was set in April 2013 for FY14, with the approval the federal government as a campus-wide rate. When a grant is initiated at a given tuition remission rate, that rate persists for the lifetime of that grant. Thus there are currently some grants on campus that are being charged the FY03 or the FY07 rate because the grants have

been renewed over ten or more years. The remission rate is set by the Vice Chancellor for Research, in consultation with the Dean of the Graduate College and the Provost, and is independent of the undergraduate tuition rate.

Recommendations 2 & 3: Charge graduate tuition remission as a flat rate, not a percentage of graduate stipend. Uncouple the graduate tuition remission rate from the graduate tuition rate. (These recommendations were combined due to the overlap in their content).

An informal working group of campus and administrative functional representatives held multiple meetings to discuss the viability of implementing a flat rate tuition remission rate within the current Banner system. Institutions such as the University of Michigan, Michigan State University, University of Wisconsin- Madison, Purdue University all charge tuition remission as a flat rate, rather than as a fringe benefit or percent of graduate stipend. Unfortunately, none of these institutions use the Banner system for Human Resources, Financial Aid or Financial Reporting. The one university that uses Banner and charges a flat tuition, Virginia Tech, has created a complex custom software system with which to do so.

The working group evaluated the feasibility of using the Banner Payroll system to assess a flat rate tuition remission rate. Assessment of employee paid fringe benefits as a flat rate has never been tested or explored by University Payroll and Benefits (UPB) or AITS. Developing and testing such a process would require significant effort from UPB, AITS, University Accounting and Financial Reporting and other stakeholders. The university would also need to address coverage or treatment of the assessed tuition that exceeds the flat rate. Any number of these issues might require major modification of the Banner system or the development of processes outside of Banner to accommodate this treatment and any associated progressive remission assessments. Given the age of the Banner system and the likelihood that it will be replaced relatively soon, such a modification does not seem prudent at this time.

One advantage of the current remissions system is that, by applying a percentage rate to student stipend, and charging the resulting tuition remission to the sponsored project employing the student, the current system ensures that tuition remission is appropriately charged to the grant employing the student. Any system developed to enable charging a set tuition rate would need to meet accounting standards for allocability as a student moved from sponsored project to sponsored project, or was paid by multiple projects. Given these limitations, under our current Banner accounting system, any implementation of a flat tuition rate would require numerous manual transactions for each student, significantly increasing the administrative burden for both investigators and administrative staff.

Recommendations 4 and 5: Lower tuition remission rates to recognize the changing emphasis from formal coursework to thesis research during the course of the graduate student's career. Establish a separate, flat tuition rate for graduate students who are working solely on the completion of their dissertation. (These recommendations were combined due to the overlap in their content).

The argument for a lower tuition remission rate post-candidacy assumes that the student is no longer taking classes, and that the cost of education for the student is thus lower. However, there are many components to the cost of graduate education, and a detailed costing study would be a major undertaking. Furthermore, this cost treatment would need to be extended to the treatment of students not funded by grants. These issues argue against an immediate change to the current system.

The vast majority of tuition remission currently collected from grants is returned to the academic colleges of student enrollment (75% to the academic colleges and 25% to the Provost's Office), in order to reflect where the costs of graduate education are accrued. As a result, any reduction in remission or tuition post-candidacy could be viewed as a concern by the colleges during the current budget time. As a possible way to compensate for such losses, the working group also examined the viability of assessing tuition remission on all Fund types within the current Banner system (e.g., assessing remission on gift funds and ICR funds). Expanding the types of funds assessed would be more equitable and could potentially enable an overall reduction in the current tuition remission rate. The working group discussed the possibility of using an existing system called the Allocation and Assessment system (ALAS) for this expansion, which seems feasible.

With these caveats, however, the idea of a lower rate for more advanced graduate students should be explored. This is especially true in light of the possibility of replacing Banner at some point in the future. In order to charge a differential tuition rate or a lower percentage of tuition remission post-candidacy, it would be necessary to reliably track candidacy status, and to impose a uniform system for this across campus. The Graduate College will establish a committee to explore the definition of post-candidacy across disciplines, to assess the impact of reducing tuition/tuition remission income for students who are post-candidacy, and to propose the implementation of a campus-wide system for tracking this status.

Members of the Doctoral Candidacy Graduate College Committee

Andrew Belmont, Professor, Cell and Developmental Biology, Chair
Philippe Guebelle, Bliss Professor and Head, Aerospace Engineering
Almeida Heitor, Stanley C. and Joan J. Golder Chair in Corporate Finance
Geoffrey Hewings, Professor, Urban and Regional Planning, Geography and Economics
Melanie Loots, Executive Associate Vice Chancellor for Research, OVCR
Edward McAuley, Shahid and Ann Carlson Khan Professor in Applied Health Sciences
Sarah McCarthey, Professor of Curriculum and Instruction

Dana Rabin, Associate Professor of History and Global Studies
Staff Support: Graduate College Assistant Dean Anne Kopera

Members of the Working Group

Shelly Benson – UIUC Government Costing
James Davito – University Payroll and Benefits
Amy Edwards – Office of the Provost
Jayne Goby – UIUC Grants and Contracts
Linda Gregory – UIUC Grants and Contracts
Lawrence Hanyzewski - University Payroll and Benefits
Kassandra Hester - University Payroll and Benefits
Melanie Loots – Office of the Vice Chancellor for Research
Amie Loyd – Office of the Provost
Ron Miner – University Accounting and Financial Reporting
Catherine Ocen – Graduate College
Amy Pendle – University Accounting and Financial Reporting
Derek Rakoci – University Payroll and Benefits
Brent Rasmus – University Accounting and Financial Reporting
Suzanne Rinehart – Office of Business and Financial Services and Office of the Provost
Sharee Robinson – Office of the Vice Chancellor for Research
Amy Roessler – UIUC Grants and Contracts
Nicholas Unser – University Accounting and Financial Reporting

Doctoral Candidacy Graduate College Committee Report 4/12/14

Committee:

Andrew Belmont, Professor, Cell and Developmental Biology (Committee Chair)
Philippe Guebelle, Bliss Professor and Head, Aerospace Engineering
Almeida Heitor, Stanley C. and Joan J. Golder Chair in Corporate Finance
Geoffrey Hewings, Professor, Urban and Regional Planning, Geography and Economics
Melanie Loots, Associate Vice Chancellor for Research, OVCR
Edward McAuley, Shahid and Aan Carlson Khan Professor in Applied Health Sciences
Sarah McCarthy, Professor of Curriculum and Instruction
Dana Rabin, Associate Professor of History and Global Studies

Staff Support: Graduate College Assistant Dean Anne Kopera

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I. Summary:

Our Charge:

1. Explore the possibility of establishing candidacy status for doctoral students and consider whether it serves the best interests of the student and his/her advisor.
2. Consider and make recommendation about a reduced tuition rate for doctoral candidates.

Our Findings:

1. Formal course requirements and timing of the preliminary exam vary widely among graduate programs. No formal candidacy definitions exist for most programs.
2. In all Ph.D graduate programs there is a general transition of student effort from formal coursework to mentored, individual scholarship. This transition does not cleanly map to the timing of the preliminary exam in many programs.
3. Graduate tuition rates at UIUC currently are set with the goal of matching undergraduate tuition rates.
4. Undergraduate tuition rates have risen significantly in the past few years, as the University has moved increasingly towards a “marketplace” approach to setting undergraduate tuition.
5. However, the Ph.D graduate student marketplace is completely different from the undergraduate marketplace. Very few Ph.D graduate students pay their own tuition; in most programs none do.
6. In the graduate student tuition marketplace, UIUC faculty compete with faculty at other institutions for external research dollars based on their relative research productivity.
7. Currently, tuition remission rates are set with the ideal goal of recovering as much of the full, in-state graduate tuition rate as possible.
8. Tuition remission is charged as a percentage of graduate student stipend.
9. Charging tuition remission as a percentage of stipend appears to be a historical anachronism. No other Big Ten University does this. We may in fact be the only US major research University that does this.
10. The formula used for calculating this ideal tuition remission rate is fundamentally flawed.
11. Tuition remission has been used similarly to indirect cost recovery as a means of supporting research activities.
12. No process at UIUC now exists for determining graduate tuition rates based on the graduate tuition marketplace, uses of graduate tuition dollars, and costing models for graduate tuition.
13. Many, if not most, of our peer institutions decouple graduate student tuition rates from graduate student tuition remission rates, thereby charging significantly lower tuition remission than UIUC.
14. Additionally, many of our peer institutions charge variable tuition rates based on where the student is in their graduate program, thereby further lowering tuition costs.
15. Our current system of graduate tuition remission rates is already having a negative impact on UIUC research.
16. Current graduate tuition and postdoc fringe benefit rates make UIUC an expensive place to do research.

Our Major Recommendations:

1. Establish an independent process for determining graduate tuition and graduate tuition remission rates, independent of the process for determining undergraduate tuition.
2. Charge graduate tuition remission as a flat rate, not a percentage of graduate stipend.
3. Uncouple the graduate tuition remission rate from the graduate tuition rate. Possible options include establishing a scholarship rate to cover the difference between tuition and remission rates or establishing a special “assistantship” discount for TAs and RAs.
4. Lower tuition remission rates to recognize the changing emphasis from formal coursework to thesis research during the course of the graduate student’s career. Possible options include differential rates for pre- versus post-candidacy tuition or for thesis research credit hours versus formal coursework credit hours. Costing models based on either approach could be used to calculate a constant, but lower, tuition remission rate specific for each unit.
5. Establish a separate, flat tuition rate for graduate students who are working solely on the completion of their dissertation and will not be registered for any courses while completing their thesis writing. This would be analogous to separate tuition rates for undergraduate students off-campus for internships.

II. Our Process:

We met as a committee roughly once per week starting in mid-December through mid-March, not counting holidays and the semester break.

First, we met to review our charges. From our initial conversation we identified the following goals for our future meetings: 1. Review how doctoral candidacy is established at other Universities and then review how candidacy, or its equivalent, is established in different UIUC departments. 2. Understand the logic and procedure by which graduate tuition levels are set here at UIUC. 3. Review the impact of possible changes in doctoral candidacy practices and graduate tuition among various UIUC campus units. We also decided to incorporate into our discussions the zero-time tuition charges for graduate students who have left full-time graduate studies while completing their thesis writing.

This then launched our formal investigations of these questions. An important step early in this process was understanding various UIUC definitions with regard to tuition, which in many cases were far from transparent. We then proceeded to discussions related to the above three points. In particular with regard to question 3, we covered how tuition remission money is distributed back to different campus units, the range in graduate student stipends across campus, and exactly how much money is actually collected from tuition remission relative to ICR.

To help our committee understand issues related to question 2, our committee met with and heard presentations from Randy Kangas, Associate Vice President for Academic Affairs, Julie Jarvis, Director of Government Costing, OBFS-UIUC Grants and Contracts, and Michael Andrechak, Associate Chancellor & Vice Provost, Budgets and Resource Planning.

Having gathered information and answers related to our three questions, our committee then met twice to discuss our analysis and decide on our recommendations, with further discussion via email.

III. Definitions and Process Related to Graduate Student Tuition:

The process of setting graduate student tuition and tuition remission is far from transparent here at UIUC. None of the committee faculty members had an understanding of this process initially, despite many years as faculty at UIUC. Part of the confusion starts with the definitions in use for talking about tuition. Another part of this confusion, as discussed below, has to do with how the process has evolved historically, with various practices adopted retroactively to compensate for problems encountered after policies were set. A third, major contributing factor for this confusion has to do with the lack of a formal process at the campus level for determining graduate student tuition practices- in particular, a process that considers graduate tuition separately from undergraduate tuition, with bottom-up input from campus departments and units directly affected by tuition rates.

1. UIUC Definitions:

A. Graduate Tuition Rate- The charge for graduate student enrollment to cover the expense of the graduate education. This is a fixed amount of money per year or semester and per credit hours as published by the Registrar's office (http://registrar.illinois.edu/financial/tuition_1314/AY/grad.html) and varies between different programs and units. Different rates are also charged for Illinois State residents versus nonresidents.

B. Tuition waiver: The tuition waiver is defined as the waiving of the individual *graduate student's* responsibility to pay the official tuition rate. Tuition may still be charged for this student's tuition on sponsored research grants.

C. Tuition remission: The charge (as % of student stipend) charged to a subset of grants (typically NIH, NSF) to recover for the University the cost of graduate tuition.

D. 50% Research / Teaching Assistantship: An assistantship that is considered full-time.

E. Comments on UIUC definitions:

i. The Webster definition of "waiver" implies the waiving or relinquishing of tuition. But in fact the UIUC tuition waiver does not "waive" tuition, as it still is charged for research assistantships from grants. Many UIUC faculty take years to understand this difference. More importantly, University budget reports that show large sums of "tuition waiver" dollars do not distinguish between dollars truly waived (ie not collected) from dollars that are collected separately as tuition remission. University administrator "insiders" understand this. News media and politicians may not.

ii. Many other Universities use more transparent terms in their day-to-day communications with faculty and budget support staff. For instance, instead of "tuition remission" they use "tuition charged to grants". Instead of tuition waiver, they may refer for instance to "assistantship scholarship" to describe the difference between the tuition rate and that charged to a grant.

2. UIUC Process for Setting Graduate Tuition Rate, Graduate Tuition Remission Rate

A. Graduate tuition rates for most units, as published by Registrar's office, are set essentially to match undergraduate tuition rates.

This applies to both in and out of state tuition. This is based on the working maxim that "graduate tuition rates can't be less than undergraduate tuition rates". From year to year undergraduate and graduate tuition may differ. This has to do with current practices of having one tuition rate ensured for undergraduates during their entire four-year enrollment, versus the practice of negotiating graduate tuition rates through the ONR on a different time schedule. However, adjustments to

graduate tuition rates are made to “catch-up” to undergraduate rates. For certain professional programs (i.e. MD, MBA, JD) which do not have corresponding undergraduate department majors, tuition rates are set independently, presumably based on market-based analysis of competing programs at other institutions.

B. Tuition remission rates are set with an initial, ideal goal of recovering as much of the full cost of graduate tuition, at least at the in-state rate, as possible.

Once this target goal of full tuition recovery is calculated, additional discussions at higher administration levels on campus occur with regard to what fraction of recovery can be achieved practically. However, this discussion is done with essentially no input from academic units with regard to what is a “reasonable” rate and what impact the rate would have for various units. There is no systematic process to define what this rate should be, although there does seem to be the goal of reaching “full recovery”.

C. The formula used to calculate tuition remission rates as a percentage of graduate student stipend.

To calculate the percentage of tuition remission that captures the full cost of tuition, the University uses the formula $(N/D)*100$, where N equals the sum of the value of the tuition for each tuition waiver granted to graduate students receiving a tuition waiver and D equals the TA and RA salaries paid to these graduate students. This calculation as currently computed uses data from all UIUC graduate students granted tuition waiver, regardless of whether they are supported by TAs, RAs that are not eligible for tuition recovery, or RAs in which tuition remission is charged from sponsored research grants. This calculation as currently computed uses the full cost of the tuition waiver, regardless of what percent appointment the student has. Graduate students receive a full tuition waiver for 25% or higher assistantships, but only the partial stipend, proportional to the percent appointment relative to the full-time 50% appointment, is entered into the calculation.

Once this calculation establishes the percentage required for “full recovery”, a process involving the higher administration, but without broad unit contribution, determines what percentage is “acceptable”.

IV. Findings in more detail:

1. Formal course requirements and timing of the preliminary exam vary widely among graduate programs. No formal candidacy definitions exist for most programs.

The Graduate College Handbook currently states “A student who has completed Stage II is formally a candidate for the doctoral degree.” This is also defined as being “ABD” (all but dissertation).

The Graduate Handbook defines Stage II as follows: “A doctoral student is considered to be in Stage II from completion of the master’s degree or equivalent to completion of all departmental requirements (except the defense and deposit of the dissertation), including passing the preliminary examination.”

However, there is currently substantial variability in different graduate programs with regard to the timing and content of the preliminary examination. In some Ph.D programs, the preliminary exam is taken in the spring of the 2nd year; in other programs, the preliminary exam is not taken until the 4th or even 5th year. In some Ph.D programs, the preliminary exam involves defending a future program of thesis research, with just ~6-12 months of preliminary data included, with an emphasis on judging the critical thinking skills of the student. In other programs, the preliminary exam involves defending the major thrust of the final thesis and demonstrating that all major challenges involved in the thesis research have been, or in the near future, will have been completed; in these programs the preliminary exam may occur within 6-12 months of the actual thesis defense.

There is also great variability in terms of whether Ph.D programs currently formally define candidacy status in their graduate program descriptions.

2. In all Ph.D graduate programs there is a general transition of student effort from formal coursework to mentored, individual scholarship. This transition does not cleanly map to the timing of the preliminary exam in many programs.

UIUC graduate programs currently differ in their timing of when thesis research begins. In many programs, thesis research begins sometime during the first year or at the beginning of the second year, while students are still engaged in meeting formal coursework requirements. In other programs, students are expected to finish formal coursework requirements prior to beginning thesis research. The timing of the preliminary exam may be close to cessation of formal coursework or years later. Additionally, while formal course requirements may be completed within the first two years in some programs, many advisors may still encourage their students to take elective courses throughout their graduate career.

Despite these differences, there is a general trend in all graduate programs of transitioning from an emphasis on formal coursework early in the graduate program to thesis research later in the program.

3. Graduate tuition rates at UIUC currently are set with the goal of matching undergraduate tuition rates.

This applies to both in and out of state tuition. This is based on the working maxim that “graduate tuition rates can’t be less than undergraduate tuition rates”. From year to year undergraduate and graduate tuition may differ. This has to do with current practices of having one tuition rate ensured for undergraduates during their entire four-year enrollment, versus the practice of negotiating graduate tuition rates through the ONR on a different time schedule. However, adjustments to graduate tuition rates are made to “catch-up” to undergraduate rates. For certain professional programs (i.e. MD, MBA, JD) which do not have corresponding undergraduate department majors, tuition rates are set independently, presumably based on market-based analysis of competing programs at other institutions.

4. Undergraduate tuition rates have risen significantly in the past few years, as the University has moved increasingly towards a “marketplace” approach to setting undergraduate tuition.

Decreasing state support to UIUC has led to significant increases in undergraduate tuition. This has threatened to make us noncompetitive for many students, as our “sticker-price” tuition is beyond the reach of many of our target students. Moreover, although our tuition prices remain lower than many private schools, our

lack of financial aid packages makes us more expensive to many middle-class and lower-class students relative to private schools. In response, the University is working towards fund-raising to establish a greater capability to provide financial aid depending on student need. At the same time, increasingly, limits to tuition increases are based on the undergraduate higher education “marketplace”.

Thus, we are increasingly moving closer to a private school type model, in which substantially higher “sticker-price” tuition will be offset by financial aid packages for lower and middle class students.

This trend has put increasing stress on our graduate tuition practices, due to our coupling of graduate tuition to undergraduate tuition together with our goal of recovering full tuition costs from tuition remission.

5. However, the Ph.D graduate student marketplace is completely different from the undergraduate marketplace. Very few Ph.D graduate students pay their own tuition; in most programs none do.

The undergraduate tuition marketplace involves the balance between the net tuition/financial aid package cost at a particular school versus the perceived value attached to an undergraduate degree from that school. Importantly the prospective undergraduate student is the customer in this marketplace.

In contrast, the vast majority of UIUC graduate programs promise TA, RA, or fellowship support and a waiver of tuition to prospective incoming students. Thus, the graduate tuition marketplace customer is not the graduate student but rather the PI of the sponsored research grant who competes for research dollars from various funding agencies against PIs from different institutions.

There is a similar mismatch when considering the uses of tuition dollars. Whereas currently the price of undergraduate tuition sets the price of graduate tuition, undergraduate versus graduate tuition dollars are used differently and therefore should have different costing models.

6. In the graduate student tuition marketplace, UIUC faculty compete with faculty at other institutions for external research dollars based on their relative research productivity.

This competition is based on grant productivity, which ultimately is tied to the number and quality of personnel supported by a comparable grant administered by UIUC versus other institutions. Thus recruitment and retention of UIUC PIs is tied to UIUC tuition remission rates relative to tuition amounts charged to sponsored research grants at other institutions.

Higher tuition remission rates put UIUC faculty at a disadvantage in this competition. The UIUC practice of tying tuition remission to graduate stipend increases this disadvantage by further constraining the ability to offer a competitive graduate stipend to prospective graduate students.

7. Currently, tuition remission rates are set with the ideal goal of recovering as much of the full, in-state graduate tuition rate as possible.

Once this target goal of full tuition recovery is calculated, additional discussions at higher administration levels on campus occur with regard to what fraction of recovery can be achieved practically. However, this discussion is done with no input from academic units with regard to what is a reasonable, “marketplace” rate and what impact the proposed rate would have for various units. There is no systematic process to define what the tuition recovery rate should be, although there does seem to be the goal of reaching “full recovery”.

8. Tuition remission is charged as a percentage of graduate student stipend.

To calculate the percentage of tuition remission that captures the full cost of tuition, the University uses the formula $(N/D)*100$, where N equals the sum of the tuition values for each tuition waiver granted to all students on campus supported by research or teaching assistantships who receive tuition waivers and D equals the sum of all TA and RA salaries paid to these students.

9. Charging tuition remission as a percentage of stipend appears to be a historical anachronism. No other Big Ten University does this. We may in fact be the only US major research University that does this.

We are unique among Big Ten Universities in charging tuition remission as a percentage of student stipend. Julie Jarvis, Sr Dir Government Costing in the OBFS- UIUC Government Costing University Administration, did not know of any other University in the country that calculated tuition remission by a percentage of student stipend. The current practice of charging tuition remission as a percentage of student stipend is likely a historical anachronism, reflecting the unique status of the University of Illinois as the only institution that was granted permission to treat tuition remission as an indirect cost from FY82 through FY98 (Appendix 1). The motivation for this special dispensation was for the University to retain and control its tuition revenue rather than send it to Springfield. The method for charging tuition remission as a percent of graduate stipend was apparently to accommodate indirect cost charging mechanisms. With a change in State policies in the mid-90s allowing the University to retain and control this sponsored grant tuition revenue, this practice became unnecessary and now tuition is explicitly presented as a direct cost. However, the practice of charging tuition as a percentage of stipend has been retained.

10. The formula used for calculating this ideal tuition remission rate is fundamentally flawed.

The problems with this formula are that it is based on the concept of recovering full tuition costs for students who are on part-time assistantships and that it “blends” very different stipend levels supporting all students across campus to calculate a tuition remission charge for a subset of students supported by sponsored research grants. As a result, the calculated percentage of tuition remission that would recover full tuition costs according to this formula yields actual remission rates significantly higher than the actual tuition charges for many, if not most, students supported by sponsored research grants subject to tuition remission charges.

More specifically, full tuition waivers are given to all students who receive a 25% or larger RA and/or TA. A large number of students on campus, particularly in the humanities where financial RA support is limited, receive less than a 50% TA but are given a full tuition waiver. This has the effect of disproportionately inflating the numerator tuition waiver term of the tuition remission formula, thus inflating the nominal remission rate that the campus calculates is necessary for full tuition recovery. It also appears to violate the government expectation that costs charged on grants to personnel are proportional to their percent effort on that grant. The second problem of using the current “blended rate” approach, essentially revolves around the arithmetic that $(N1 + N2 + N3 + \dots)/(D1 + D2 + D3 + \dots) \neq N1/D1 + N2/D2 + N3/D + \dots$. Even if tuition waivers were weighted appropriately, the very different tuitions and graduate student stipends across campus would create imbalances between the blended formula tuition remission rate and the actual cost of tuition in different units.

The campus has been considering still higher tuition remission rates, and considers the current 64% as still not recovering full tuition costs. In fact the current 64% remission rate already gives approximately full recovery of tuition waiver costs for the vast majority of RAs on sponsored research grants (from Engineering, School of MCB, School of Chemical Sciences). Specifically, the RA stipends for a 50% appointment fairly closely match the tuition rates as published by the Registrar’s Office for these programs.

The most significant driver for this discrepancy appears to be the first problem of trying to recover full tuition costs for students on part-time assistantships. As documented in the University of Illinois, Urbana-Champaign Sponsored Research Tuition Remission Analysis (Appendix 1) document, a FY2012 Tuition remission analysis calculated an overall full in-state tuition recovery remission rate of 71% but this dropped to 63% when the calculation included only students on 46-67% assistantships.

11. Tuition remission has been used similarly to indirect cost recovery as a means of supporting research activities.

During this period of time from FY82 through FY98, because tuition recoveries were considered an indirect cost of research activity, the University was allowed to retain and use the funds in the same way as indirect cost funds. This practice has been continued in the sense that tuition remission is used in the same way as indirect costs- for instance for faculty recruitment, provision of matching funds for research grants, etc.

12. No process at UIUC now exists for determining graduate tuition rates based on the graduate tuition marketplace, uses of graduate tuition dollars, and costing models for graduate tuition.

We've learned that at different levels within the University administration and at the Board of Trustees nearly the entire focus has been on establishing the proper rate of undergraduate tuition. There is no process in place for discussing the true cost of graduate education, the importance of graduate education to the UIUC mission, and effects of proposed tuition changes on various units.

13. Many, if not most, of our peer institutions decouple graduate student tuition rates from graduate student tuition remission rates, thereby charging significantly lower tuition remission than UIUC.

At the undergraduate level, we are increasingly moving towards a private school-like market-place tuition model in which the tuition sticker-price is selectively modified by addition of a financial aid package which can be varied according to student.

Similarly, it is already common for schools, especially private schools with high undergraduate tuition, to have a sticker-price graduate student tuition rate up to several fold higher than the actual tuition rate charged to grants, with the missing difference credited to scholarship or cost-sharing accounts.

Thus most of our competing, peer institutions have at least two additional degrees of freedom- they separate tuition remission from stipend and they uncouple tuition rates from tuition remission rates.

14. Additionally, many of our peer institutions charge variable tuition rates based on where the student is in their graduate program, thereby further lowering tuition costs.

A survey of 6 peer Universities showed that all have substantially lower tuition levels than UIUC (Appendix 2). Moreover, 5/6 of these Universities further lowered tuition costs for later year students. Michigan and Wisconsin do this by offering a lowered, post-candidacy rate (\$2,258 per semester non-resident rate at Wisconsin). Penn State allows students past their preliminary exam to register for a flat "dissertation rate" covering a noncredit hour dissertation research course rubric (\$1,795 per semester) or to register for this dissertation rate plus up to 3 credit hours at a slightly higher rate (\$2,530 per semester). Berkeley offers in-state tuition levels for students in the candidacy stage. Virginia lowers its tuition rates for students in year 4 and beyond. (Note that as described in finding #13, at some of these schools tuition rates listed in Appendix 2 are not necessarily the same as tuition charged to grants).

The idea behind a different tuition rate for graduate students entering the candidacy stage of their graduate career is related fundamentally to a costing model of graduate education. Students typically finish most of their formal coursework prior to admission to candidacy. Therefore if tuition is related to the cost of providing instruction, then since the amount of formal instruction is reduced after candidacy it makes sense to have a reduction in the tuition cost.

Moreover, for graduate students supported by an RA paid for by a sponsored research grant, the graduate student thesis research is essentially an apprenticeship or internship type relationship between the student and the mentor, helping the mentor attain the aims of the sponsored research grant.

Such a model is consistent with the current support of UIUC faculty by funding agencies such as NIH. The time that a PI spends supervising the grant-related thesis research of a graduate student is already either funded by NIH or committed to NIH as cost-sharing based on the percentage effort the PI has for this grant. During the 9 month academic year this fraction of PI salary is considered donated to the federal government. Thus, there is no rationale for this PI salary effort to be recovered independently by tuition remission dollars.

15. Our current system of graduate tuition remission rates is already having a negative impact on UIUC research.

The increased pressure on undergraduate and therefore graduate tuition rates has led to a rapid increase in tuition remission rates, which unfortunately has coincided with a very difficult federal funding climate.

Increasingly, both NIH and NSF are trending towards giving out fixed packets of dollars per grant. Therefore our productivity per grant, and therefore competitiveness, is being negatively impacted by rapid rises in tuition remission. Indeed recognition of this trend apparently was the basis for a decision by the University to continue using a 34.5% rate of tuition remission from FY1996 through FY2003, despite approval from ONR of a

47% remission rate. From our committee's limited survey, we currently have the highest tuition grant recovery rate of any of the peer Universities for which we had comparison data.

We know that because of the NIH cap, which prohibits total compensation of stipend plus tuition remission for graduate students to exceed the compensation of first year postdoctoral fellows, our current system for tuition remission is having negative impact on NIH funded units. We are running into cap-based limits on graduate student stipends at the same time the tuition charged to NIH grants has rapidly grown. Because tuition remission is tied to graduate stipend, we have no degree of freedom to separate the two. We know that our graduate tuition charged to grants is significantly larger than at least at some other peer institutions. We know that at least some UIUC units are significantly trailing their peers in terms of graduate stipend levels because of these cap-based limits and high, stipend-dependent tuition costs. Because our total compensation package already exceeds the NIH cap, we can assume that institutions following this cap are charging less tuition charges to grants than we are. Thus our current system of tuition remission is limiting both our ability to compete for the best students as well as elevating our cost of doing research.

Overall the cost of graduate students on sponsored research grants is nearing that of a postdoctoral fellow. This is explicitly demonstrated by the existence of the NIH cap limiting total compensation of a graduate student to less than the costs of a first year postdoctoral fellow. The net effect is to encourage laboratories to replace graduate students with postdoctoral fellows or technicians. Many units are already exceeding this cap. If PIs replaced all graduate student RAs by postdoctoral fellows, this would have the same effect as reducing graduate student tuition dollars to zero, reducing total ICR plus tuition income to the University.

However, UIUC to a large extent has been a graduate student driven research University. We are more competitive to attracting graduate students in many units than attracting postdoctoral fellows. Moreover, there are NSF and other grants that are specifically designed for graduate student training and research. Our increased graduate student costs are therefore having the effect of reducing numbers of graduate students without producing an increased University income but likely at the cost of reducing our competitiveness for external funding.

16. Current graduate tuition and postdoc fringe benefit rates make UIUC an expensive place to do research.

The low cost of doing research at UIUC has been a long-standing, traditional message used by UIUC department heads during faculty recruiting. In fact, for personnel costs at least, in recent years we have gone from low to high cost. Not only are our graduate tuition remission rates high, as described above, but at the same time we have fringe benefit rates for postdoctoral fellows that are anywhere from ~1.6 to 5 fold higher than a quick sampling using Google of peer Universities (Penn State 7.9%, Wisconsin 14.5%, Johns Hopkins 10.5%, UCSF 23%, Emory 23.5%, Stanford 27.9%, Northwestern 27.2%).

The net effect of these expenses is to place UIUC faculty at increasing disadvantage in the marketplace competition for external grant dollars.

V. Major Recommendations- in Detail:

1. Establish an independent process for determining graduate tuition and graduate tuition remission rates, independent of the process for determining undergraduate tuition.

As described in Section IV, graduate tuition is fundamentally different from undergraduate tuition, both in their respective “marketplaces” and also in terms of costing models. Yet our University’s current approach to setting tuition is essentially focused on issues related to undergraduate tuition, with graduate tuition levels simply mirroring undergraduate tuition levels.

Therefore we recommend establishing a completely independent process for determining graduate tuition decisions. This process should include a means by which academic units contribute directly and at early stages in the deliberations leading to the decision making process.

2. Charge graduate tuition remission as a flat rate, not a percentage of graduate stipend.

Our current practice of charging tuition remission as a percentage of graduate students stipend appears to be unique among major research Universities. It arose historically from a previous workaround to how tuition money was distributed between the State and the University. It is illogical, creates unintended discrepancies in tuition remission among different units, and, particularly in units heavily funded by NIH, prevents us from offering competitive graduate stipends.

As a committee, we were unanimous in recommending that the University change our current policy to match that of essentially all other major US research universities by charging tuition as a fixed charge, independent of graduate stipend.

3. Uncouple the graduate tuition remission rate from the graduate tuition rate. Possible options include establishing a scholarship rate to cover the difference between tuition and remission rates or establishing a special “assistantship” discount for TAs and RAs.

As described by Randy Kangas, Associate Vice President for Academic Affairs, our University is moving closer to a private school model in which increasing undergraduate tuition is offset by financial aid packages for lower income and middle class students. What is clear already is that undergraduate tuition has risen sharply in recent years with decreasing state budget support.

This has led to rapid rises in graduate tuition during a time in which federal grant support has tightened and funding levels have decreased in inflation-adjusted dollars. As described in Section IV, the graduate tuition marketplace is different from the undergraduate tuition marketplace. In an era in which most Ph.D students nationwide are provided support for tuition and generous stipends, our rapidly rising graduate tuition rates have put increasing strain on UIUC faculty grant budgets.

In comparison, many of our private school peer institutions already charge an official “sticker-price” graduate tuition rate several fold above our current rate. Yet their tuition remission rates are in many, if not most, cases lower than ours. By uncoupling the tuition rate from the tuition remission rate, they maintain a parallel between undergraduate and graduate tuition rates, while also maintaining a competitive position in the graduate marketplace of student support from external research grants.

Our committee recommends a similar uncoupling of graduate tuition rates from graduate tuition remission rates. We suggest two possible options:

a. Establish an “Assistantship Scholarship” equal to the difference between the tuition and tuition remission rates. This scholarship would be analogous to our current tuition waiver system. However, the difference in this case would be that this scholarship would be a true, but partial waiving of tuition by all parties.

b. Offer a special “Assistantship” tuition rate to all RA and TAs. This would be justified in light of their service to the University.

4. Lower tuition remission rates to recognize the changing emphasis from formal coursework to thesis research during the course of the graduate student's career. Possible options include differential rates for pre- versus post-candidacy tuition or for thesis research credit hours versus formal coursework credit hours. Costing models based on either approach could be used to calculate a fixed but lower tuition remission rate specific for each unit.

A significant fraction of Universities vary the tuition rate, and therefore tuition remission rate, as a function of the graduate student career stage. This practice recognizes the fundamentally different costs associated with delivering formal coursework versus thesis research mentorship.

In a sense, UIUC already has a de facto policy allowing lower tuition at later stages of the Ph.D. This would correspond to Range IV, the 0 hours credit range on the Register' Web site. Range IV 0 hours tuition varies depending on the discipline. For spring 2014, both the GRAD Resident and non-Resident Base Rate is a minimum of \$969 but will be greater depending on the discipline. In addition, a student must pay the General Fee \$262, the AFMA fee \$53, and the Library/Information Tech fee \$41. Therefore the minimum total is \$1325. International Graduate Students also pay an International Student Fee \$35. There is an additional \$332 Health Insurance Fee that students can be exempted from. Once an International Student completes all degree requirements, including minimum total hours required for the degree (96 or 64 for the doctoral degree depending on whether a Master's was used for Stage I), the International Student can consult with ISSS about registering for fewer than 12 hours. International students who have completed all required course work and all required thesis credits, as well as all departmental requirements for the Ph.D except the dissertation itself can register for zero hours of 599 or its equivalent and still be considered full-time for F-1 purposes.

As one can see, the above de facto policy is quite convoluted. Very few departments even know about this possibility and it is not advertised campus-wide as a policy for lowering tuition for advanced students. Moreover, because this possibility of 0 credit hour registration does not explicitly distinguish between formal course requirements versus thesis research credit hours, students who have completed all but thesis research still will not be eligible until later years in their graduate career. Thus this policy does not explicitly recognize the intrinsically different costing models for formal coursework versus thesis research. Finally, this de facto policy is quite inflexible, relative to what exists at other Universities, as explained below.

In comparison, most other Universities do this by establishing distinct tuition rates for students pre-versus post-candidacy, where candidacy is typically defined as the stage after passing the preliminary exam and meeting all required formal coursework requirements for the graduate program aside from thesis research credit hours. This last exception is important, as these other Universities typically still require their post-candidacy stage students to register for a certain number of thesis research credit hours. Moreover, most Universities still allow students to register for formal coursework while remaining eligible for the post-candidacy tuition rate, but typically place a limit on the number of such courses for which the students can register. A common limit is one such course, besides thesis research, per semester.

Our committee recommended that UIUC also adopt this differential tuition rate policy. We suggest three possible options:

- a. Establish different tuition remission rates for students who are pre- versus post- candidacy.
 - i. Pros: This would represent a policy already in place at a significant fraction of our peer institutions. We would have the advantage of comparison with policies at other Universities in establishing our own. For grant budgeting we would have just two different tuition remission rates.
 - ii. Cons: We would need to establish clear definitions and policies establishing formal candidacy requirements in all Ph.D graduate programs. Tuition rates would not cleanly mirror the different types of instruction experienced by graduate students pre- and post- candidacy in different campus programs. Pre-candidate students who are devoting substantial effort, perhaps even the majority of their credit hours, on thesis research, would still be charged the higher rates associated with formal coursework. Conversely, this policy might interfere with the ability of

students to take formal coursework later in their graduate careers. Finally, establishing this policy might put heavy pressure on certain graduate programs to substantially change their current policies with regard to timing of their preliminary exams or formal coursework requirements.

b. Establish a different tuition remission charge for thesis research credit hours versus formal coursework credit hours.

i. Pros: This option would explicitly recognize the different costing models inherent in formal coursework versus mentored thesis research. Moreover, it would automatically accommodate the different practices across different campus graduate programs with regard to when thesis research begins and the very different formal coursework requirements among different programs.

ii. Cons: Overall tuition rates per student per year would vary, possibly complicating budgeting for certain types of grants. Overall this variation might not be that different from a separate pre-versus post-candidacy rate, averaged over the several students typically supported pre grant.

c. Establish a single remission charge that would apply to all graduate students in a unit but which would be lowered based on costing models using options a or b to calculate what the weighted average should be for each unit. Such costing models essentially would use the unit's student numbers from the previous year(s) to calculate a weighted tuition remission charge to apply for the current year.

As a concrete example, suppose option (a) involving different rates for pre-candidacy versus post-candidacy students was chosen as the costing model. Then each unit would use the previous year's numbers of pre-candidacy versus post-candidacy students to compute an average tuition rate that would be applied to all students. If the unit had a certain number of pre-candidacy (N_{pre}) students and another number of post-candidacy (N_{post}) students, and the pre-candidacy tuition was " T_{pre} " and the post-candidacy tuition was " T_{post} " then the flat tuition rate would simply be the corresponding weighted average:

$$\text{Weighted tuition remission rate} = (N_{pre} * T_{pre} + N_{post} * T_{post}) / (N_{pre} + N_{post})$$

This number could be calculated at the end of each year to determine the tuition to be applied for the next year. In a large enough unit, these numbers shouldn't fluctuate too much assuming that the pre- and post-candidacy tuition rates didn't change.

i. Pros: This option would establish a single tuition remission charge per student, facilitating budgeting for graduate students in grants.

ii. Cons: Calculating the weighted average rate on a unit specific basis might prove difficult to implement in practice. Units with small numbers of graduate students might want to group with larger units to avoid significant fluctuations from year to year. So for instance, these numbers might be computed on a School-wide basis rather than individual departments.

5. Establish a separate, flat tuition rate for graduate students who are working solely on the completion of their dissertation and will not be registered for any courses while completing their thesis writing. This would be analogous to separate tuition rates for undergraduate students off-campus for internships.

The University we understand already has a special undergraduate tuition rate for students doing off-campus internships. We recommend establishing a comparable low rate for graduate students who are completing their final stages of thesis writing while located off-campus or working in town in a new position. This would be a minimal rate that would enable minimal University services enabling them to complete their thesis writing- for example, University email access and library privileges.

VI. Impact of Possible Changes

Currently, graduate tuition remission dollars are used for similar purposes as ICR dollars to support research activities on campus. Therefore, in assessing impact we focused on the effects on total ICR plus graduate tuition grant income to the University, reasoning that the campus could simply come up with new adjustments in ICR distribution to compensate for any specific issues arising from changes in graduate tuition income. Below are our two major findings regarding potential impact:

1. Because tuition remission and ICR dollars are distributed similarly and used similarly, and because we know how much money is currently collected for tuition remission versus ICR, we can establish an upper bound on how changing tuition remission would impact total ICR plus tuition grant dollars.

Tuition remission collected was most recently \$18.9 million; ICR collected was \$121.9 million. To a first approximation, for most NIH and NSF grants in the last few years there has been a trend of basically a fixed amount of money being awarded, independent of details of the grant budget. For NIH grants this fixed amount is based on direct costs. In this case, assuming a 58.6 indirect cost rate, dropping the tuition rate to zero would result in each tuition remission dollar being rebudgeted to one dollar of direct costs in another category with 58.6 cents added in indirect costs. Therefore the tuition remission dollars would convert to direct costs with indirect cost recovery, reducing total ICR plus tuition income by 41.4% for these lost tuition dollars. For NSF grants assuming this fixed amount is based on total grant cost- direct plus indirect- dropping the tuition remission to zero would result in each tuition remission dollar being rebudgeted to 63 cents of direct cost and 37 cents of indirect cost. Therefore the tuition remission income would drop by 63% with the remaining 37% recovered as indirect costs.

Using 60% as the average drop in University recovery of tuition dollars, setting tuition to zero would result in a loss of \$11.34 million or ~8% of current total ICR plus tuition remission dollars, assuming no change in the percentage of funded grants. This then serves as an upper bound estimate of the impact of reducing tuition.

2. The actual impact of lowering tuition remission rates is impossible to predict as decreasing tuition rates may disproportionately increase grant productivity based on the increased number of graduate students an NSF or NIH grant could support. Therefore, total University income, the sum of ICR plus tuition dollars, could very well increase with decreases in tuition remission.

We know that in the current funding climate the percentage of grants approved for funding by federal agencies is dropping and becoming increasingly competitive. Rebudgeting typical NIH grants under different scenarios that drop tuition rates to zero were calculated as leading to losses of University income per grant from a few percent to ~10-15%, but increasing numbers of graduate students by 20-45%.

Clearly, very high graduate student costs would drop productivity of grants supporting graduate student driven research to a point where competitive grant renewal would be unlikely. In contrast, increased productivity with lower tuition cost would increase the likelihood of funding. What we don't know is at what tuition rate the University would maximize total ICR plus tuition remission dollars. It could be lower than current tuition remission rates. It could even be a maximum at zero tuition remission.

**University of Illinois, Urbana-Champaign
Sponsored Research Tuition Remission Analysis
(with historical reference to UIC process)
Graduate Assistant Tuition Remission:
Charges to Sponsored Projects
June 24, 2011**

Role of Federal Cost Principles

The federal government is the largest source of sponsored research funding at the University of Illinois, providing approximately seventy percent of all sponsored research dollars. For this reason, many policies at the University of Illinois are driven by Federal cost principles and administrative requirements.

From the time the federal government began negotiating indirect cost rates with universities in the early 1960's, graduate student tuition remission was recognized as a cost that the federal government would reimburse. The University of Illinois recovered tuition remission as a component of the research indirect cost rate.

In 1979, the federal government made a major change to the cost principles. Tuition remission could no longer be recovered as a component of the research indirect cost rate. It had to be charged directly to the sponsored project(s) on which the graduate assistant worked. This change took effect in FY 1982. In response to this change, the University of Illinois negotiated a tuition indirect cost rate with the federal government. Under this arrangement, tuition remission was charged in proportion to the graduate assistant salaries charged to any given project, rather than as a separate direct cost. The *amount* charged to the project was the same as if it had been a separate direct cost category. But because the recoveries were considered an indirect cost of the research activity, the University was allowed to retain and use the funds in the same way it retained and used indirect cost funds.

From FY82 through FY98 the University of Illinois was the only educational institution that treated tuition remission as an indirect cost. In effect, the University had two rates on each project that funded tuition remission. When the State changed its policies in the mid 1990's to allow the University to retain and control its tuition revenue, there was no longer any need for a separate tuition indirect cost rate. Consequently, beginning in FY99, tuition remission is presented to sponsors as a direct cost. The University continues to use tuition remission in the same way it uses indirect costs to protect and strengthen the research enterprise. They use these funds to help recruit new research faculty, to provide matching funds that enhance the competitiveness of a proposal, and for seeing investigators through brief lapses in funding.

Determining the Value of Tuition Remission

From 1982 through the mid-90s graduate assistant tuition waivers were reported in the financial statements at resident rates. During this period, the value of the tuition waivers was estimated by imputing tuition costs for each individual graduate assistant charged to a sponsored project,

based on the resident tuition rate schedule associated with each student's credit load and program of enrollment. In 1994, the University began recording graduate tuition remission at actual resident/non-resident rates. For tuition remission rate purposes, Urbana computed two rates for consideration. The first used resident rates for all graduate assistants. The second used non-resident tuition for first-year graduate students, and in-state for continuing students, under the presumption that they would have established residency after a year, consistent with the way in- and out-of state tuition status was determined for residents new to the state.

In 1996, the Board of Trustees revised the residency requirement for graduate students, so that merely attending graduate school in Illinois did not establish residency for tuition assessment purposes. This resulted in a third way of determining the value of tuition remission. The new rate used the non-resident rate for the duration of the student's graduate education (assuming they were not already bona fide Illinois residents upon enrollment in their graduate program).

Calculating the Tuition Remission Rate

The tuition remission rate calculation is conceptually simple, and uses a methodology approved by the Office of Naval Research (ONR). The "numerator" is the amount of tuition waived. Each graduate student's tuition amount is determined based on the program the student is enrolled in, and the number of credit hours for which they are registered. Even though fees are also waived, the cost cannot be passed on to sponsors because the fees assessed to graduate students without assistantships are set high enough to recover the fees not paid by graduate assistants.

The denominator is the salaries paid to graduate assistants with waivers.

Until FY 1982, tuition remission was included in the indirect cost pool, along with such things as administrative costs, building and equipment depreciation, utilities, etc. For purposes of the calculation, tuition was imputed at the resident rate. This composite rate was established through negotiation with the Office of Naval Research. It was recovered, along with other indirect costs, through the application of the indirect cost rate to salaries and wages charged directly to the sponsored project.

From FY 1982 through FY 1995, indirect cost rates (including tuition remission rates) were calculated annually, and the resident amount was used for all graduate assistants after their first year as graduate students, and the non-resident rate used for new non-resident graduate students.

Beginning with the FY 1996 rate, the rate cycle at Urbana changed to every four years. The FY 1996 through FY 1999 rates were calculated on the same basis they had been since 1982, and was also calculated on the basis of resident tuition for *all* graduate assistants, even those who were first-year non-residents. These calculations were based on Urbana campus data, and yielded rates of 47% and 34.5%, respectively.

Urbana calculated the FY 2000 through FY 2003 rate with the same blend of resident and non-resident rates it had been using since 1982. This rate was 46%, and the estimated corresponding rate at Chicago is 55.4%. In addition, both Chicago and Urbana calculated a second rate using only resident tuition, and the result was 37.5% at Urbana and 48.9% at Chicago. Urbana and

Chicago also calculated the rate that would result from the full recovery of non-resident tuition for all graduate students except those who are bona fide Illinois residents. This calculation reflected the change in residency policy made by the Board of Trustees in 1996. The result was a rate of 77% at Urbana, and 76% at Chicago.

Urbana calculated the FY2004 through FY2007 and FY2008 through FY2011 rates with the same blends as before. The calculations reflected significant tuition rate increases without consistent graduate student salary/stipend increases.

The FY2012 rate of 60% does not recapture the in-state rate for even the highest level of graduate appointments. Additional analysis (see details at Attachment A) shows:

- Rate for those with 25-45% waiver generating appointments would be 83%
- Rate for those with 46-67% waiver generating appointments would be 63%
- Additional waivers are provided with no appointment (e.g. traineeships, auto summer)

Negotiating the Tuition Remission Rate

Until the FY 2000 rate, ONR negotiated the tuition remission rate based on documented costs, calculated as described above. That is, on the basis of non-resident tuition for first year non-resident students, and resident tuition for everyone else. The Urbana campus negotiated the 47% rate for the FY 1996- 2000 rate, but the campus elected to assess only the 34.5% rate based on the resident tuition rate. The Chicago campus negotiated a tuition remission annually, based on resident tuition.

Beginning with the rate agreement FY 2000 through 2003, Urbana agreed to continue use of the 34.5% rate. The decision to use the 34.5% rate was made by the campus academic administrators who believed that higher rates would come at the expense of other budget categories. The concept that guided them was that sponsors (especially the National Science Foundation and the National Institutes of Health...the University's two largest sponsors) typically fund a "ball park" figure for a given type of research project, and that asking for more tuition remission or indirect costs would not result in a larger "bottom line." The Chicago campus calculated a 48.9% rate, but the campus elected to assess only 34.5% in order to maintain parity with the Urbana campus.

Beginning with FY2008 rate period, ONR communicated that they would no longer include or negotiate the Tuition Remission rates as part of the F&A rate cycle and negotiation. They explained that because the Tuition Remission costs represent direct costs and not indirect costs, they should not be included in the F&A process and instead should be considered on an annual basis. The Urbana campus elected to continue the routine of "pairing" the Tuition Remission rate with the F&A rate by requesting for approval of the 56% rate for each year FY2008 through FY2011.

For the current F&A rate period, FY2012 through FY2015, the campus has elected to review the tuition rates on an annual basis. The initial campus review concluded with Tuition rates of 60% for FY2012 and 64% for FY2013.

The policy of under-recovering tuition remission is shared by other universities in the Big 10, and many other public and some private universities, as well. This preserves more of the budget for the investigator to control, and may also improve the University's competitive position relative to other institutions.

Analysis of FY2010 Tuition Rates, Graduate Salaries, Recoveries

The following summarizes for the FY2010 Sponsored Projects:

FY_CD	FUND_LOCN_CD	FIN_FUND_TYPE_CD	Sponsor Type	SumOfSal_Asst With Waivers	SumOfTuition Recovered
2010	10	4A	Federal Funds	32,062,028.97	14,069,410.28
2010	10	4C	Other Gov't	450,472.96	41,562.74
2010	10	4E	Private	6,415,646.58	2,419,945.07
2010	10	4G	State	1,685,876.33	51,260.56
Total				40,614,024.84	16,582,178.65

Tuition Rate Summary		Salaries	Recovered
56.00%	FY 2008 - 2011	19,219,286.65	10,760,495.91
37.00%	FY 2004 - 2007	15,049,817.95	5,569,380.99
34.50%	FY1999 - 2003	519,194.52	179,122.31
		5,825,725.72	73,179.44
Total		40,614,024.84	16,582,178.65

Sponsor or other recovery limitations

It is important to note that full recovery of tuition remission can never be a reality. Some examples of projects that do not recover tuition remission are:

- projects funded with State of Illinois agency funds
- most of the U. S. Department of Agriculture projects which are prohibited by federal statute from reimbursing this cost
- research traineeships where full or partial tuition is provided as a fixed amount
- funding programs that do not provide tuition remission
- not-for-profit sponsors that do not provide the full indirect cost rate as a matter of policy
- projects where the indirect costs are waived in accordance with the provisions in the General Rules usually also waive tuition remission

Draft for Discussion Purposes

- long-standing contract with the Army Construction Engineering Research Laboratory to hire University graduate students that includes a provision that they do not provide tuition remission

It is also important to understand that rates are generally used for the life of multi-year projects, even if a new rate is negotiated while the project is going on. This is reflected in the number of awards still assessing at the FY2007 rate in the FY2010 analysis (see Tuition Rate Summary above).

**Tuition Remission Analysis
FY2012 (Based on FY2010)**

Purpose: To determine Tuition Remission Rate to request from ONR for rate period FY2012. ONR has suggested a two year rate period.

Summary

May 11th meeting with campus brought up additional questions regarding the Tuition Remission Rate calculation. This paper provides additional information regarding (1) the make-up of the tuition amounts (differentials) included and (2) the percent appointments invoking the waivers. The following chart represents initial data from the May 11th meeting.

	Actual Tuition Waiver (BaseWvr+NRWvr)	Tuition Waiver 2nd Year In State	In State Tuition Waiver (BaseWvr)	Assistant Salaries (Pay)	Actual Tuition Wvr / Asst Salaries	Tuition Wvr 2nd Year In State / Asst Salaries	In State Tuition Wvr / Asst Salaries
All Ledgers / All Functions	115,624,587	68,627,725	62,081,817	88,029,879	131%	78%	71%
All Ledgers / Research Function	61,399,076	35,436,418	32,717,831	45,316,502	135%	78%	72%

Our analysis determined that (1) differentials are included in base waiver amounts and (2) the rate for waivers granted for students varied by groupings as shown below:

	Actual Tuition Waiver (BaseWvr+NRWvr)	Tuition Waiver 2nd Year In State	In State Tuition Waiver (BaseWvr)	Assistant Salaries (Pay)	Actual Tuition Wvr / Asst Salaries	Tuition Wvr 2nd Year In State / Asst Salaries	In State Tuition Wvr / Asst Salaries
All Ledgers / All Functions (25% thru 67%)	99,515,723	58,297,555	52,942,966	79,540,796	125%	73%	67%
All Ledgers / All Functions (25% thru 45%)	22,163,854	13,737,223	12,260,704	14,785,306	150%	93%	83%
All Ledgers / All Functions (46% thru 67%)	77,351,869	44,560,332	40,682,262	64,755,490	119%	69%	63%
All Ledgers / All Functions (< 25%)	16,079,408	10,316,191	9,124,872	8,445,841	190%	122%	108%
All Ledgers / All Functions (> 67%)	29,456	13,979	13,979	43,242	68%	32%	32%

Methodology

The Division of Management Information (DMI) office compiles the data for the Government Costing Office's use in calculation of the Tuition Remission Rate. The criteria for compiling the data from the DMI "Tuition Assessment/Waiver/Appt" system for the rate calculation is as follows:

- One record per appointment per assistant per term.
- Assistant appointments were selected only if:
 - E-class was GA
 - P-class was C-xx- where xx is ('SA', 'SH', 'SN', 'SQ', 'SY', 'SW', 'SG', 'SM', 'SP', 'SV', 'SX')
- Assistant was enrolled and had a non-zero assistantship tuition waiver for that term.
- Appointments lasting over more than one term were split into multiple records, one for each term.
- Term dates for FY2010: Fall - 8/16/09-12/31/09; Spring - 1/1/10-5/15/10; Summer - 5/16/10-8/15/10.
- Dates were adjusted and pay was prorated based on days in the term.
- If more than one appt was found, the tuition amounts and waivers were prorated to each appointment based on the pay.
- Differentials are included in the "Base Waiver". Note that the Base Waiver plus the NR Waiver represent the "Actual Tuition Waiver" in the rate calculation.

FY10 Summary of Waivers By Assistant Type

Research Assistants	48%
Other Assistants	29%
Teaching Assistants	22%
Traineeships	.9% (see note below)
Graduate Assistants	<u>.1%</u>
Total	<u>100%</u>

Note: During our analysis for campus, we further discussed the existing methodology for compiling the DMI data for the calculation. During this discussion, Carol Livingstone indicated there are instances where the waiver was a traineeship waiver and not actually an assistantship waiver and there was no 25% appointment requirement. Trainee waivers are much like fellowship waivers. The NIH gives a department funds for student traineeships, which are 0% appointments, and the campus awards a tuition waiver as kind of a match.

For reference purposes, the following is a listing of Tuition Detail Codes (examples). (These codes indicate the type of tuition being charged. If a student is charged both the base rate and a differential tuition, only the code of the differential tuition is shown.)

1TD2 Master of Social Work (MSW)
1TEG Tuition Engineering Graduate
1TEU Tuition Engineering Undergrad
1TG1 Tuition Graduate
1TG2 Tuition Chem Life Sci Graduate
1TGB Tuition Business Graduate
1TGF Tuition FAA Graduate
1TGL Tuition Law
1TGS Prof Science Masters Diff Grad
1TJG Journalism Tuition Diff Grad
1TLS Tuition Lib Info Sciences
1TMB Tuition MBA 1st Year
1TS7 Tuition MAS in Accountancy
1TS8 Tuition Master in HRIR
1TU1 Tuition Ungraduate
1TVM Tuition Veterinary Medicine
1TX3 OCE Tuition
1TX4 OCE LEEP Tuition
1TX8 OCE Community Credit Tuition
2NMG Tuition Medical Nonres

For reference purposes, the following is a listing of P_Classes (with pattern like C):*

<u>SP_POSN</u>	<u>CLS</u>	<u>CD</u>	<u>SP_POSN</u>	<u>CLS</u>	<u>DESC</u>
CASAA			ASTFE	9MO	GRDAP
CASGA			ASTFE	9MO	GRDAP RSRCH
CASHA			ASTFE	9MO	GRDAP TEACH
CASXA			ASTFE	9MO	GRDAP PREPF
CASYA			ASTFE	9MO	GRDAP TCHRQ
CASZA			ASTFE	9MO	GRDAP ADVCN
CCSAA			ASTFE	12MO	GRDAP
CCSGA			ASTFE	12MO	GRDAP RSRCH
CCSHA			ASTFE	12MO	GRDAP TEACH
CCSXA			ASTFE	12MO	GRDAP PREPF
CDSAA			ASTFE	<9MO	GRDAP
CDSFA			ASTFE	<9MO	GRDAP CLNCL
CDSGA			ASTFE	<9MO	GRDAP RSRCH
CDSHA			ASTFE	<9MO	GRDAP TEACH
CDSL A			ASTFE	<9MO	GRDAP NMEDINT
CDSXA			ASTFE	<9MO	GRDAP PREPF
CDSYA			ASTFE	<9MO	GRDAP TCHRQ
CDSZA			ASTFE	<9MO	GRDAP ADVCN

Candidacy Background Information¹

December 13, 2013

Prepared by Anne Kopera, Assistant Dean, Graduate College

1. Introduction

Defining Candidacy status establishes a measurable milestone for doctoral degree requirements. Establishing a defined status of “Candidacy” can assist with assessing doctoral students’ progress toward degree completion. It would help to insure that requirements such as course requirements, supporting minors, and English competency are achieved before dissertation research and writing are undertaken in earnest. Developing a Candidacy Tuition rate may also assist both students and departments in providing a consistent and predictable tuition rate during the last stages of a doctoral student’s degree completion.

2. Peer Institutions Findings

Background information for this project was gathered from the following six universities: University of Wisconsin—Madison, University of Michigan, Ann Arbor, University of California Berkeley, University of Texas at Austin, Penn State University, and University of Virginia.

a) Define the term “candidate.” Review our current terminology and the terminology used in the peer schools.

In all five of the universities reviewed except Virginia, “Candidate” has been defined as a doctoral student who has completed all degree requirements except for dissertation research, writing and deposit. The student’s record is reviewed at the time of Candidacy application to determine that the Preliminary Exam (or the university’s equivalent exam) is passed and to determine that all other degree requirements are completed. These other requirements include earning the minimum number of hours for the degree; completing all minor/concentration requirements, all department requirements, and all foreign language requirements; passing any English competency exam or requirement if applicable; completing all Incompletes (or in one case having a maximum of 2 at the time of Candidacy); and achieving the minimum required GPA. In addition, the student must be in good academic standing. Candidacy applications may also include the appointment of the dissertation committee and indication on the application for Candidacy if human or animal subjects will be used in the dissertation research.

¹ Attempts have been made to ensure the accuracy of the information about the peer institutions. However, the peer school information is mostly based on information published on the Universities’ Web Sites unless otherwise noted. As a result, all of the information may not be current.

The student submits an application to the Graduate College which reviews and determines if the student has achieved Candidacy.

Once Candidacy has been achieved and certified, the student is usually limited to enrolling in dissertation research or dissertation research and in a single course that is approved for support of the dissertation research. In addition, at some universities a strict time limit is placed on how long a student can remain a Candidate, meaning how long the student has until degree conferral.

Note: Virginia is an outlier: The definition of candidacy exists at the program level only. It typically includes the completion of coursework, as well as comprehensive or qualifying examinations, but it may also include language proficiency examinations, qualifying papers, and a dissertation proposal. (Note: This information was provided in an email from the University of Virginia.)

Illinois draft definition for Candidacy

Candidacy is the status for students who have completed all requirements for a Ph.D. degree (should we include other doctoral degrees such as Ed.D, DMA, DAud also?) except for the dissertation research, writing, Final Defense and deposit. To be eligible for Candidacy status, a student must:

- *Pass the preliminary examination(s);*
- *Complete all minor requirements and/or concentration requirements;*
- *Complete all program requirements except the dissertation;*
- *Complete all foreign language requirements;*
- *Complete or pass all English proficiency requirements, if applicable;*
- *Clear all Incomplete grades, NR's, and DFR grades in non-thesis courses (DFR grades in 599 research may remain);*
- *Earn at least a 2.75 cumulative GPA or the department minimum if higher;*
- *Be in Good Academic Standing as determined by the department;*
- *Earned a specified minimum number of hours for the degree towards the 96 hours required for the doctoral degree (Examples 64 of the 96 or 32 of the 64 required hours depending on whether a student begins the doctoral program at Stage One- no applicable Master's- or Stage Two-Applicable Master's);*
- *Submit the application for Candidacy to the Graduate College by the deadline before the beginning of the term.*

Candidacy status is effective at the start of the semester following completion of all Candidacy requirements for the Ph.D. degree except for the dissertation. In order to initiate the change to Candidacy status, the Candidacy Application must be sent to the Graduate College. All Candidacy requirements must be met before the first day of classes to be a Candidate for any given semester.

b) Brief description of the candidate tuition framework and nuances in the peer schools

Six different models exist at the six universities reviewed. Wisconsin and Michigan have special Candidacy tuition rates. Penn State has a special rate based on dissertation registration, not candidacy.

Berkeley, UT Austin, and Virginia do not have a Candidate tuition rate. There are variations between schools.

Wisconsin: Candidacy tuition is based on a maximum of 3 hours of dissertation research credit which counts as full time status. Enrollment in additional credits results in the loss of Candidacy status and the Candidate tuition rate.

Michigan: Ph.D. candidates register in the fall and winter terms for 995, "Dissertation/candidate," which consists of 8 credit hours for a full term or 4 credit hours for a half term. No part-time enrollment is possible. A student who defends in the spring/summer term must register for 8 credit hours of 995 for the spring/summer full term. Candidates who register for a course in addition to dissertation credits should seek prior approval from their faculty advisors. Candidates may elect one course per term without paying additional tuition beyond candidacy tuition.

Berkeley: Candidates enroll in 12 units of prospectus or dissertation writing (298) to qualify for full time status. There is no adjustment of tuition for Candidacy Status except for non-California residents who are charged only resident tuition rate during Candidacy. Specifically, the non-resident tuition differential of non-California resident graduate students who have been advanced to candidacy for the doctorate is reduced to zero. This reduction for non-California residents is only available for a maximum calendar period of three years calculated from the semester subsequent to the students' advancement, whether registered or not. Any non-California resident student who continues to be enrolled or who re-enrolls after the three-year period will be charged the full nonresident tuition rate that is in effect at the time. In other words, the non-California resident Candidate loses their tuition reduction after 3 years.

UT Austin: Students must register for at least two semesters of dissertation. There is no Candidacy tuition rate. However, the "99 hour rule" refers to the implementation of Texas Senate Bill 961, passed by the Seventy-fifth Legislature. It is the rule that students at The University of Texas at Austin (UT Austin) with over 99 doctoral hours may be subject to the payment of nonresident tuition.

Penn State: Post-comprehensive Ph.D. students (the equivalent of passing the Preliminary Exam at Illinois) can maintain registration by registering for credits in the usual way, or by registering for noncredit 601 (Full time dissertation research) or 611 (Part time dissertation research). Students may take 601 plus up to 3 additional credits of course work for audit by paying only the dissertation fee. Students wishing to take up to 3 additional credits of course work for credit with 601 may do so by paying the dissertation fee and an additional flat fee. Enrolling for either 3 credits for audit or credit will be the maximum a student may take with 601 without special approval by the Graduate School. NOTE: Registration for additional credits above this will incur an additional charge at the appropriate tuition per-credit rate (in state or out of state). Students wishing to take more than 3 additional credits of course work must register for 611 (i.e., not for 601, which is full-time thesis preparation).

Note that the least expensive way for a student to maintain full-time status while working on research and thesis preparation is to register for 601. This clearly is the procedure of choice for international students who need to maintain status as full-time students for visa purposes.

Virginia: The Virginia tuition rates are based on year of study. Years one through three are assessed full tuition. Years four and beyond are assessed a lower rate. While this approximates the typical candidacy period, at least in the humanities and social sciences, the tuition rate one is assessed is not tied to achieving candidacy. (Note: This information was provided in an email from the University of Virginia.)

Options for Illinois Candidate Tuition Framework

- *No Impact for tuition framework; Candidacy is an academic policy only; students continue to register as they currently do (Berkeley, UT Austin, Virginia)*
- *Students apply for and achieve Candidacy. When they do so, they qualify for a special, Candidacy registration/tuition framework. Students may choose the Candidacy registration but not required to do so. (Penn State)*
- *Students apply for and achieve Candidacy. When they are certified as Candidates by the Graduate College, they qualify for special, required Candidacy registration/tuition framework. Students may not register for additional courses (Wisconsin, Michigan)*

c) Candidate tuition rates in the peer schools

Wisconsin

Dissertator tuition Rate includes fees per semester

Resident: \$1, 658.05 for required 3 hours

Nonresident \$2,258.05 for required 3 hours

Regular Tuition Rate includes fees per semester

Resident 3 hours: \$2,258.05; Resident 8+ hours (full time) \$5, 928.80

Nonresident 3 hours: \$4, 756.84; Nonresident 8+ hours (full time) \$12, 592.24

Michigan: Tuition Rate Varies by College or School and also by Resident and Nonresident Status for Non-Candidates and by Candidacy Status. Rates below are per semester.

Candidate Tuition Rate Ranges \$5,211 (Literature, Science and Arts and other Schools) to-\$7,725 (Engineering-Graduate)

Non Candidate Tuition Rates

Resident \$9,799 (Literature, Science and Arts and other Schools) to \$12,776 (Architecture)

Non-Resident \$18,714 (Architecture and Urban Planning) to \$21, 346 (Engineering-Graduate)

Berkeley: There is no Candidate Tuition Rate for California residents. Non California resident graduate doctoral students who have advanced to candidacy by the beginning of the semester are eligible for a reduction of the Nonresident Supplemental Tuition (to \$0.00) for a maximum of 3 years (6 consecutive semesters, excluding summer). Such students who continue to enroll or re-enroll after the 3-year period will be assessed the Nonresident Supplemental Tuition in full.

UT Austin: No separate Candidate Tuition Rate. Graduate Tuition is by College and by Credit Hours Enrolled (1, 2, 3, etc.) and by Texas Resident or Non-Resident Status. Full Time Status is 9 hours.

Resident Graduate Tuition Range minimum to maximum for 9 hours Full Time Status
\$3,934 (Business) to \$4,915 (Information) per semester

Non-Resident Graduate Tuition Range minimum to maximum for 9 hours Full Time Status
\$7,843 (Business) to \$8,963 (Information) per semester

Penn State: The flat rate cost of \$1,795 would cover 601 or 611 (Ph. D. Dissertation) alone or with a 3 credit course for audit. The cost of \$2,530 covers 601 or 611 plus 3 credits for credit. Per semester (Note: This information was provided in an email from Penn State.)

Virginia: Not applicable; no candidacy status and no candidacy tuition rate

Possible Illinois Tuition Rate Models

- Create a new course with a flat rate Candidacy Tuition Rate Attached to it
- Create a new course for a specified number of "candidate" credit hours with attached candidate tuition rate
- Register for 599's at a reduced rate if a Banner Attribute can be used

d) Process for changes to the candidate rates for the student achieving candidacy

Michigan and Wisconsin (with a Candidacy tuition rate): The student submits the application for Candidacy to the Graduate College before the term begins. Once the GC determines that the student has achieved Candidacy, the Candidate Tuition rate, if applicable, is applied to the student record.

Penn State: It depends on correct registration in 601 or 611 and assistantship status. Otherwise tuition rates vary by campus, student level, program, and residency status. Penn State does not have an application process for Candidacy.

Berkeley and UT Austin: In these institutions, the tuition is raised if the student does not complete the degree within the specified time limit.

Virginia: Not applicable because it does not have a candidate tuition rate

Options for Illinois

If Illinois determines that there should be a required Candidacy Tuition Rate, then the following steps would be necessary: an application for Candidacy, Certification of Candidacy Status by the Graduate College, and authorization on the student's record of the Candidacy tuition rate.

e) Does the candidate tuition rate change with the graduate tuition?

Yes, in all schools with a candidate tuition rate. Example from Michigan: Tuition and Fees are subject to change without notice by the Regents of the University.

Option for Illinois

Changes in any candidate tuition rate would be determined by the Board of Trustees.

f) Candidate tuition rate impact on RAs and grant proposal development in the peer schools

If the institution has a candidate tuition rate, Wisconsin and Michigan, that rate is what is used for RA's or grant proposal development.

Penn State: GAs/Fellows/ and Trainees are charged flat rate tuition, either the flat rate for 601 or 611 (post comp) or they are charged the flat rate of \$15,570 per academic year, \$7,785 per semester (precomp). And in the case of GA's whichever flat rate tuition that they are charged is covered by the assistantship appointment. So, the per credit hour tuition rate is charged to those without assistantships and perhaps some of those on fellowship or traineeship who are precomp. (Note: This information was provided in an email from Penn State.)

Berkeley: The source of a student's funding is not relevant to any fee assessment.

UT Austin: Not applicable; no candidacy tuition rate

Virginia: Not Applicable; no candidacy tuition rate

Possible option for Illinois

If Illinois develops a candidate tuition rate, the simplest model is that the Candidacy tuition rate is what is used for RA's or grant proposal development.

3. Key Issues to consider (Incomplete List)

a) Questions for the Committee

- 1) Should there be a Candidacy Application Fee? Berkeley charges \$90
- 2) Will current students be required to file for Candidacy or will the policy affect new students only?
- 3) Do we make Candidacy Tuition Rate mandatory for all candidates or make it an option?
- 4) What gains/losses in tuition revenue would result?
- 5) Are there groups of students who would be affected negatively by this policy?
- 6) Would there be differences in impact on different programs/departments?
- 7) Are there consequences if a student does not apply for Candidacy?

4. Project stakeholders

a) Candidacy Policy

Required for Approval

Graduate College Executive Committee

Senate and Ed Pol approval required if it appears on transcript or if change to degree requirements

Consultants/Supporters

Graduate Programs

Graduate College Units

b) Candidacy Tuition RateRequired for Approval

Graduate College Executive Committee

Senate and Ed Pol approval required if it appears on transcript or if change to degree requirements

Board of Trustees

Consultants/Supporters

Graduate Programs

Budget and Resource Planning (Financial Impact Study)

Ed Policy Committee

Senate

Council of Deans

Provost

Vice Chancellor for Research

Office of Sponsored Programs

Fellowships

Graduate Students

GEO

Graduate College Units

Financial Aid Office

ISSS

Registrar

5. Other Considerations

- a) Budget issues: Tuition revenue, Tuition and fee waivers, Fellowships, etc.
- b) Culture shift/Change Management Plan is needed
- c) Build consensus and support: Executive Committee, Council of Deans, Department Heads, DGS's, and Academic Senate/Ed Policy Committee
- d) Implementation Plan is needed
- e) Communication Plan is needed
- f) GEO needs to be taken into consideration
- g) Infrastructure needed in Graduate College for Candidacy Implementation: If the applications and certification of Candidacy are reviewed by the Graduate College, this would involve staff verifying candidacy requirements and then later verifying the degree certification.

- h) Infrastructure in the program offices? Program Staff training and needs
- i) How would Candidacy Tuition Rate be assigned to the student's registration? Options include
 - Using an Attribute attached to the student's record in Banner
 - Developing a new course number available in each doctoral department that is tied to Candidacy Tuition Rate.
 - Using the current 599 course number. However, 599 is already also used for Master's Thesis research and many departments use 599 for students preparing for the Preliminary Exam. Limiting 599 to post Prelim/Candidacy status would involve another change in Graduate College policy and Department Practice. It would also involve creating a new course number for Preparation for the Preliminary Exam and Master's Thesis research.
- j) Peers with Candidacy all appear to have very strict time to degree enforcement; for example, if candidacy is not achieved in 3 years, it reduces the time eligible for candidacy
- k) It must qualify student as full time for Financial Aid/Visa purposes
- l) Eligibility for Health Insurance
- m) Student Records issues: If this is part of the student academic record, where and how is it housed?