



**WISCONSIN**  
UNIVERSITY OF WISCONSIN-MADISON

**MEMORANDUM**

Date: March 12, 2015

To: Deans  
Directors  
Department Chairs

From: Sarah Mangelsdorf, Provost *Sarah C. Mangelsdorf*  
Darrell Bazzell, Vice Chancellor for Finance and Administration *Darrell Bazzell*

Re: Assessments for Graduate Assistant Tuition Remissions

Based on recommendations made by a faculty committee in 2006, UW-Madison re-implemented a surcharge on graduate assistantships to recover a portion of the forgone tuition revenue associated with graduate assistant tuition waivers (or tuition remissions). The committee devoted over a year of intense study of the significant negative impacts that excess graduate assistant tuition waivers were having on the university's base budget. In response to the structural budgetary shortfall caused by excess tuition waivers, the committee recommended and the campus implemented a fixed surcharge of \$8,000 per year for graduate assistants who have appointments at one-third time or greater.

Teaching assistants were excluded from the surcharge because the institutional tuition and budget model accommodates a fixed number or value of tuition waivers associated with teaching assistants. Tuition waivers in excess of that fixed number cause a structural imbalance in the base budget. Roughly 85% of the related assessments for graduate assistantships that are subject to the charge are applied to external funds—federal and non-federal grants and contracts and gift funds. It should be noted that this assessment is permissible under federal guidelines and a common practice among our peer institutions.

Although campus administration initially planned to index the surcharge to establish annual increases, the \$8,000 per year surcharge has not changed since implementation in 2007. However, since the first full year of implementation in 2007-08, graduate assistant waivers have grown by approximately \$8.0 million per year. Total revenue accruing from the surcharge has not grown sufficiently enough to keep pace with the growth in excess graduate assistant tuition waivers. This growing structural imbalance is causing increasing problems.

Budget reductions imposed on the campus in the current biennium and anticipated reductions that will be imposed in the 2015-17 biennial budget have created additional budgetary pressures to address the structural imbalance. Our approach to these budget reductions has been to seek ways to spread the reductions across the university, rather than concentrating them in the units that are heavily dependent on state dollars. Higher tuition remission surcharges can help address our budgetary pressures. As a result, UW-Madison must raise the tuition remission surcharge to help address both the structural imbalance and budgetary pressures. This will help ease pressures on other areas of the base budget.

Therefore, we are establishing a two-year plan to phase in the necessary increase to the tuition remission surcharge. Specifically:

- Beginning with the 2015 Fall Semester surcharge assessment, the surcharge will rise from \$8,000 per year to \$10,000 per year.
- For the 2016 Fall Semester surcharge assessment, the surcharge will rise an additional \$2,000, bringing the assessment to \$12,000 per year.

We note that the final phased-in amount of \$12,000 per year is still well below the weighted average tuition waiver for graduate assistants based on residency status and dissertator/non-dissertator status, which is estimated to be approximately \$16,000 and in many cases lower than the corresponding assessments charged by our peers. And, as in the past, the assessment will be allowable under applicable federal guidelines.

For most existing sponsored projects, the total award amount will not increase due to the change in the surcharge. However, tuition remission surcharge is exempt from overhead charged to sponsored projects. Therefore, under most sponsored projects, the principal investigator will be able to re-budget the overhead savings to partially offset the impact of the increase in the surcharge. Nonetheless, we understand that this will be a significant change for faculty and some local units and/or specific programs. If the increase will cause extreme hardship for any of your programs, please let us know. In exceptional cases we may be able to discuss potential options for transitional mitigation.

The increase offers the best strategy available to help resolve a structural imbalance that has grown since 2007, which is now all the more significant given our current budget challenges. As you work through these changes, we stress that the university must make every effort to honor commitments to existing graduate students.

cc: Chancellor Rebecca Blank  
Interim Vice Chancellor Marsha Mailick  
Kim Moreland  
Martha Kerner  
Dan Langer  
Tim Norris  
University Committee