

**SOUTH DAKOTA BOARD OF REGENTS
PLANNING SESSION
AUGUST 11-12, 2015**

SUBJECT: Tuition Strategies

The competition in the region for non-resident students as well as strategies employed by each state to retain their own high school graduates must be monitored closely to make sure our strategies are aligned with what is going on in the region. The ability of surrounding states to offset tuition cost with well-funded merit-based and need-based scholarships continues to be a competitive disadvantage for South Dakota. This item will serve as an update to what is happening in surrounding states and some possible strategies we may want to consider.

Non-Residents

- The Board currently has a reciprocity agreement with Minnesota that allows students to attend school in the other state based on the higher of two rates: 1) the institution attended, or 2) the average cost in the student’s home state. As of fall 2014, SD gained 2,117 total students under the agreement.

	Undergraduate Students	Graduate Students	1 st Professional Students	Total
Fall 2014				
Minnesota Students Studying in South Dakota	3,152	159	4	3,315
South Dakota Students Studying in Minnesota	1,056	113	29	1,198

- The agreement allows undergraduate Minnesota students to attend in South Dakota at about 8% more than a traditional resident student or 20% less than a traditional non-resident student.
- The agreement allows graduate Minnesota students to attend in South Dakota at about 33% more than a traditional resident student or 23% less than a traditional non-resident student.

- According to the 2012 Integrated Postsecondary Education Data Systems data used on the SDBOR Freshman Migration dashboard, South Dakota had a net in-migration of 674 freshmen students from Minnesota.
- The following table shows that SDSU has about 67% of the credit hours from Minnesota.

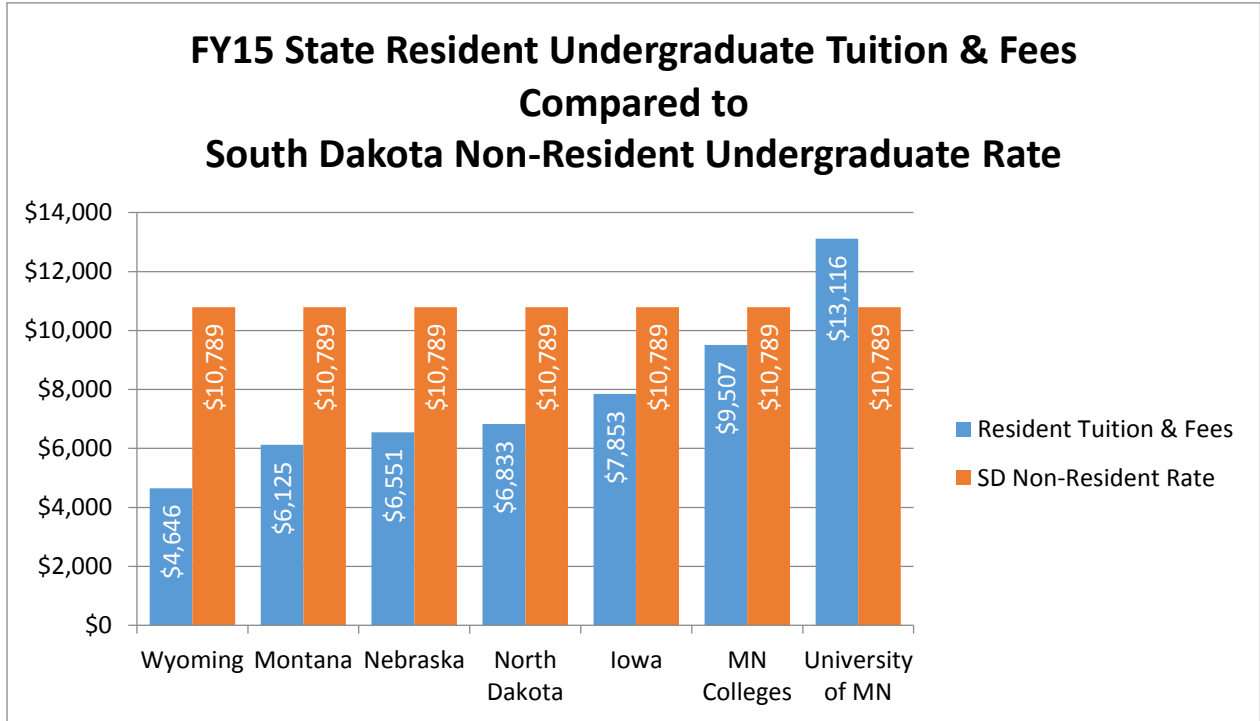
Table I.				
Minnesota Reciprocity Credit Hours by Campus				
FY15				
fy15	UG	GR	Grand Total	% of Total
BHSU	734	0	734	0.9%
DSU	2,716	51	2,767	3.3%
NSU	4,136	27	4,163	5.0%
SDSM&T	7,370	43	7,413	8.9%
SDSU	54,926	752	55,678	67.1%
USD	10,909	1,290	12,198	14.7%
	80,790	1,422	82,953	

- North Dakota students can attend Northern State University at in-state rates. NSU had about 100 of the 308 students attending in South Dakota fall of 2014. NSU had 38 North Dakota freshmen in fall 2014. In 2012, North Dakota had a net freshmen migration exchange of +59 with South Dakota.
- Starting summer 2013, new Wyoming students could attend Black Hills State University at in-state rates. BHSU had about 286 of the 412 Wyoming students attending in South Dakota in the fall of 2014; of the 286 at BHSU, 74 were freshman. Wyoming had a net freshmen migration exchange of -59 with South Dakota in 2012.
- During the 2013 December meeting, the Board indicated that it was open to raising non-resident tuition rates for FY14 based on an analysis and proposal from each campus. Because each university operates in very different markets and is often trying to attract a different population for different programs, the Board was willing to consider a different rate for each campus. Up to this point, only SDSM&T has requested a higher rate for non-residents. SDSM&T now charges \$44.40 per credit hour or 21% more than BHSU/DSU/NSU, and \$35.95 per credit hour or 17% more than SDSU/USD.
- The Western Interstate Commission for Higher Education (WICHE) operates the Western Regional Graduate Program (WRGP). The WRGP includes master's and doctoral degree programs that are of demonstrated quality and not widely available in the WICHE region. Students from the WICHE states seeking degrees in these programs pay resident tuition rates.

- South Dakota WRGP programs include: SDSM&T - M.S. and Ph.D. degrees in Materials and Engineering and Science, Paleontology and Atmospheric Sciences, Computational Sciences and Robotics; BHSU – Integrative Genomics; DSU – M.S. in Health Informatics; SDSU – M.S. Chemistry – Chemistry Education Specialization and M.S. in Athletic Training.
- When analyzing our current non-resident student population on-campus, Minnesota makes up 33.6%, Iowa 14%, foreign students 13.1%, Nebraska 8.2%, Wyoming 4.1%, Colorado 3.4%, California 3.3%, North Dakota 3%, Illinois and Wisconsin at 2.1%, Arizona and Texas at 1.1% and Montana and Washington at 0.9%. Thus, the surrounding states account for 63.8% of our non-resident enrollments.
- South Dakota has the lowest published non-resident tuition and fee cost for undergraduates and graduates in the 50 states. In 2013-2014, the last year of the Washington State Tuition Study, when comparing flagship universities, South Dakota was at \$10,104 and the national average was \$26,042.
- South Dakota participates in the WICHE Western Undergraduate Exchange Program. South Dakota is a net importer of students from that program.

Table I.			
Western Undergraduate Exchange			
Net Impact to South Dakota			
State	Imported from SD	Exported to SD	Net
Alaska	2	39	37
Arizona	20	107	87
California	5	308	303
Colorado	92	324	232
Hawaii	8	5	-3
Idaho	4	22	18
Montana	59	85	26
Nevada	3	43	40
New Mexico	7	20	13
North Dakota	173	185	12
Oregon	2	37	35
Utah	4	13	9
Washington	3	93	90
Wyoming	140	247	107
Two-Year	167	0	-167
Four Year	355	1,528	1,173
Grand Total	522	1,528	1,006

- As the cost to attend a public university in South Dakota increases, South Dakota will continue to look less attractive to non-resident students. Table 3 shows the surrounding states' undergraduate in-state tuition and fee costs for FY15 compared to the non-resident rate to attend in South Dakota.



Residents

- South Dakota resident undergraduate tuition rates for comprehensive institutions ranked 19th (high to low) for the 50 states for FY14 at \$7,922 with a national average of \$7,766.
- South Dakota resident undergraduate tuition for flagship universities were ranked 35th (high to low) for the 50 states for FY14 at \$8,022 with a national average of \$9,946.
- When looking at surrounding states' websites for special discipline fees, South Dakota had the broadest discipline fees of almost all the schools. This might make up for the low overall cost when comparing flagship universities. It would also make the comprehensive schools less competitive.
- A number of the surrounding states are becoming more aggressive at finding ways to keep their own students in state.
 - Wyoming has a substantial scholarship program for Wyoming residents which recently forced BHSU to lower Wyoming tuition rates to South Dakota resident rates in an effort to recruit more Wyoming students.
 - Nebraska offers a number of merit-based scholarship programs to keep Nebraska students in state and to recruit the brightest from other states.
 - Minnesota has the highest level of grant aid per student FTE in the region.
- According to the SHEF (State Higher Education Finance) study for FY2014, South Dakota gets \$4,878 in state funding per FTE. This is 34% below the national average of \$6,552. South Dakota also collects \$8,221 in net tuition revenue per FTE which is 47% higher than the national average of \$5,777. In total educational funding per FTE, South Dakota is at \$12,298 per FTE which is near the national average of \$12,266. This does not include tuition used for capital investment, i.e. HEFF. So, the data would indicate that overall funding is in-line with the nation, but state funding is significantly behind. Our net-tuition revenue number is high partly because of the contribution to capital investments. (Note: the SHEF report includes all postsecondary sectors for all states)
- South Dakota has been ranked at the bottom (currently ranked 49th just in front of Wyoming) when comparing the average per student general funding allocations used to provide need-based financial support to students. The following table provides the comparison of regional states.

Total Grant & Aid Funding for Surrounding States Based on Total Enrollments Receiving Pell Awards

State	Need-Based Funding¹	Merit Based Funding	Total Grant Funding	Pell Eligible Students	Need Funding Per Pell Eligible Student
South Dakota	\$200,000	\$4,011,000	\$4,211,000	15,629	\$12.80
North Dakota	\$9,193,000	\$3,005,000	\$12,198,000	13,156	\$698.77
Wyoming	\$167,000	\$14,965,000	\$15,132,000	7,849	\$21.28
Colorado	\$67,332,000	\$9,603,000	\$76,935,000	102,266	\$658.40
Iowa	\$48,854,000	\$8,995,000	\$57,849,000	152,554	\$320.24
Montana	\$5,288,000	\$3,701,000	\$8,989,000	16,857	\$313.70
Nebraska	\$14,948,000	\$724,000	\$15,672,000	34,895	\$428.37
Total/Average	\$265,676,000	\$55,663,000	\$321,539,000	450,894	\$589.22

- To assist the campuses with being competitive with scholarships, the Board has expanded the institutional resources that can be used to support scholarships. In December of 2012, a number of fund sources were added to policy 3:15 allowing an expansion of institutional fund sources that could be used for athletic and institutionally funded scholarships. FY14 was the first full year that the fund sources were in play for awarding scholarships. The amounts that each campus dedicated for that purpose follows:

FY14 Institutional Scholarship Funding

	<u>BHSU</u>	<u>DSU</u>	<u>NSU</u>	<u>SDSM&T</u>	<u>SDSU</u>	<u>USD</u>
<u>Institution Funded</u>						
Athletic	\$41,912	\$74,615	\$0	\$0	\$2,744,037	\$2,524,445
General	\$20,268	\$0	\$60,000	\$0	\$1,637,612	\$143,792
Subtotal	\$62,180	\$74,615	\$60,000	\$0	\$4,381,649	\$2,668,237
<u>Foundation Funded</u>						
Athletic	\$416,738	\$210,968	\$992,031	\$789,284	\$886,230	\$746,910
General	\$646,075	\$494,675	\$823,937	\$1,675,074	\$4,589,191	\$5,643,805
Subtotal	\$1,062,813	\$705,643	\$1,815,968	\$2,464,358	\$5,475,421	\$6,390,715
Total	\$1,124,993	\$780,258	\$1,875,968	\$2,464,358	\$9,857,070	\$9,058,592

South Dakota has reciprocity with Minnesota and the other surrounding states belong to a compact. The following table compares the published non-resident rate with the rate offered to South Dakota students. It should be noted that the average rate a resident student would have paid in South Dakota for 2014-15 was \$8,039. A South Dakota student could attend 14 of the institutions for the same cost or cheaper than they can attend in their own state.

**Non-Resident Rates Compared to SD Exchange Rates
SD Border States**

	<u>Published Non-Resident</u>	<u>South Dakota Student Exchange Rate</u>
IOWA		
Iowa State University	\$20,617	\$20,617
University of Iowa	\$27,409	\$27,409
University of Northern Iowa	\$17,647	\$17,647
MINNESOTA		
Bemidji State University	\$8,134	\$8,123
Metropolitan State University	\$13,226	\$8,039
Minnesota State University--Mankato	\$15,053	\$8,039
Minnesota State University--Moorhead	\$14,727	\$8,039
Saint Cloud State University	\$15,273	\$8,039
Southwest Minnesota State University	\$8,074	\$8,074
University of Minnesota Duluth	\$16,467	\$16,467
University of Minnesota--Crookston	\$11,468	\$11,468
University of Minnesota--Morris	\$12,583	\$12,583
University of Minnesota--Twin Cities	\$20,367	\$20,367
Winona State University	\$14,236	\$8,736
MONTANA		
Montana State University--Billings	\$17,466	\$8,102
Montana State University--Bozeman	\$21,390	\$9,465
Montana State University--Northern	\$17,819	\$7,086
Montana Tech of the University of Montana	\$20,989	\$9,029
The University of Montana - Western	\$15,697	\$5,769
The University of Montana - Missoula	\$23,275	\$8,357
NEBRASKA		
Chadron State College	\$5,767	\$5,767
Peru State College	\$5,862	\$5,862
University of Nebraska at Kearney	\$12,742	\$12,742
University of Nebraska at Lincoln	\$21,950	\$21,950
University of Nebraska at Omaha	\$20,069	\$20,069
Wayne State College	\$9,804	\$7,704
NORTH DAKOTA		
Dickinson State University	\$8,495	\$7,273
Mayville State University	\$8,895	\$7,693
Minot State University	\$6,226	\$6,226
North Dakota State University	\$18,849	\$11,122
University of North Dakota	\$18,409	\$10,935
Valley City State University	\$15,070	\$7,931
WYOMING		
University of Wyoming	\$14,876	\$6,342

The Board may wish to consider the following questions relative to non-resident and resident tuition and enrollments:

- 1. Are we charging resident student too much when considering our approach to non-residents?*
- 2. What changes are needed in our tuition strategies to attract more non-residents and residents to our universities?*
- 3. Should we allow each university to propose their own tuition strategies for in-state and out-of-state students that could result in more of a campus-based tuition model?*
- 4. How can we assist the comprehensive schools to be more competitive with institutionally funded scholarships?*
- 5. Do we want to continue to be members of WICHE and Minnesota reciprocity which provides opportunities to South Dakotans to leave the state?*
- 6. How aggressive do we want to be in attracting non-residents to fill available capacity?*
- 7. Is there any concern about the balance of residents and non-residents?*
- 8. How do we attract more South Dakotans to the universities?*
- 9. If the state does not appropriate additional dollars, will we simply keep increasing tuition and fee rates to cover our costs?*
- 10. What other cost savings measures need to be considered to keep the system affordable and accessible?*