

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**

**AGENDA ITEM: 7 – G**

**DATE: October 3-5, 2017**

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**SUBJECT: Iowa Tuition Report**

The Board gave final approval in March of 2016 to an Iowa undergraduate tuition rate that matched the resident tuition rate for DSU, NSU, SDSU and USD. New freshman and new transfers were to be offered the rate. The first year of the program has been completed and we can now look back at the program to determine if we brought in enough new students to counter the lower tuition rates.

Prior to approval of the Iowa program, Iowa residents were assessed the 150% of the resident rate. A comparison of the nonresident rates for FY17 compared to the approved Iowa rates along with the difference in income, based on a 30 credit hour student load, follows:

	<u>FY17 Nonresident Rate</u>	<u>FY17 Iowa Rate</u>	<u>Difference Based on 30 Hours</u>
DSU & NSU	\$330.00	\$232.80	\$2,916
SDSU & USD	\$346.20	\$238.50	\$3,231

Considering the change in rates and using only tuition revenue, a breakeven analysis using the first-time freshman and new transfer numbers from Iowa from 2016 shows the number of credit hours and FTE that were needed for each school to breakeven:

Comparison of Base Students and Number Needed to Break Even

Campus	FY16 Base Credit Hours	Base Student FTE	Credit Hours to Break Even	Student FTE to Break Even	New Full- time Students to Break Even
DSU	197	7	279	9	2
NSU	42	1	60	2	1
SDSU	4,374	146	6,349	212	66
USD	4,639	155	6,734	224	69
Totals	9,252	308	13,422	447	139

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**INFORMATIONAL ITEM**

The following table shows that the system actually experienced a tuition revenue loss of \$541,632.90 for FY17. The table provides a summary of the base credit hours for first-time freshman and new transfer students from FY16, compared to the same for FY17, along with the change in the rates and the gain or loss in tuition revenues:

Comparison of Rates, Credit Hours, and Revenue and FTE Change for Iowa

Campus	FY17 Nonresident Rate	FY16 Base Credit Hours	FY17 Iowa Rate	FY17 Base Credit Hours	Gain or Loss in Tuition Revenue	Gain or Loss in FTE
DSU	\$330.00	197	\$232.80	480	\$46,734.00	9
NSU	\$330.00	42	\$232.80	34	(\$5,944.80)	0
SDSU	\$346.20	4,374	\$238.50	4,936	(\$337,042.80)	19
USD	\$346.20	4,639	\$238.50	5,705	(\$245,379.30)	36
Totals		9,252		11,155	(\$541,632.90)	63

The above calculation assumes that we could have maintained the number of Iowa students at the nonresident rate. USD originally proposed the program because they were experiencing annual declines in Iowa enrollments.

We must also recognize that the additional Iowa FTE helped to generate revenue in areas other than tuition. Housing, meal plans, and General Activity Fees (GAF) are all revenue streams affected by the additional Iowa students. The table below shows the additional income generated in those areas.

Campus	GAF	Housing	Meals	Total
DSU	\$10,463	\$32,904	\$1,313	\$44,680
SDSU	\$19,323	\$63,536	\$4,019	\$86,878
USD	\$36,612	\$147,096	\$18,627	\$202,335
	\$66,398	\$243,536	\$23,959	\$333,893

Because the Board approved the program at the beginning of April, the campuses did not really have time to market the program and many students had made up their minds about where they were going by that date. The universities feel that another year will provide a better measurement of the success of the program. When looking at fall over fall, a growth in Iowa residents is clear and it would appear that we will achieve or exceed the breakeven point in FY2018.

**Growth in Credit Hours for Iowa Students**

	<b>Fall 2015</b>	<b>Fall 2016</b>	<b>% Increase</b>	<b>Fall 2017</b>	<b>% Increase</b>
<b>DSU</b>	101	246	143.6%	377	53.3%
<b>NSU</b>	26	12	-53.8%	66	450.0%
<b>SDSU</b>	2,141	2,606	22.1%	3,260	25.1%
<b>USD</b>	2,356	2,922	24.0%	3,742	28.1%

**Growth in Iowa FTE Students**

	<b>Fall 2015</b>	<b>Fall 2016</b>	<b>% Increase</b>	<b>Fall 2017</b>	<b>% Increase</b>
<b>DSU</b>	7	16	143.6%	25	53.3%
<b>NSU</b>	2	1	-53.8%	4	450.0%
<b>SDSU</b>	142	174	22.6%	217	25.1%
<b>USD</b>	157	195	24.0%	249	28.1%