

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 6 – F
DATE: October 2-4, 2018

SUBJECT

Iowa Reduced Tuition Program Results

CONTROLLING STATUTE, RULE, OR POLICY

[SDCL 13-39A-12 - Tuition and Fees](#)

BACKGROUND / DISCUSSION

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 program has been in place for two years 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 150% of the resident rate. A comparison of the nonresident rates for FY17 compared to the new reduced rates provides the annual benefit to a student, assuming a 30 credit hour student load:

	<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 and GAF 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 growth necessary for each school to breakeven:

(Continued)

INFORMATIONAL ITEM

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Comparison of Base Students and Number Needed to Break Even							
Campus	FY17 Nonresident Rate plus GAF	FY16 Base Credit Hours	Base Student FTE	FY17 Iowa Rate plus GAF	Credit Hours to Break Even	Student FTE to Break Even	New Full-time Students to Break Even
DSU	\$368.75	197	7	\$271.55	268	9	2
NSU	\$360.10	42	1	\$262.90	58	2	1
SDSU	\$380.10	4,362	145	\$272.40	6,087	203	57
USD	\$389.60	4,605	154	\$281.90	6,364	212	59
Totals		9,206	307		12,776	426	119

The following table shows that the system actually experienced a revenue loss of \$465,591.25 for FY17. Because the Board approved the program at the beginning of April, the campuses did not really have time to market the program in 2017 and many students had made up their minds about where they were going by that date. 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 loss in tuition and GAF revenues:

FY16 to FY17 Iowa First-time Freshman and New Transfers

Campus	FY17 Nonresident Rate plus GAF	FY16 Base Credit Hours	FY17 Iowa Rate plus GAF	FY17 Credit Hours	Gain or Loss in Tuition & Fee Revenue	Gain or Loss in FTE
DSU	\$368.75	197	\$271.55	480	\$57,700.25	9
NSU	\$360.10	42	\$262.90	34	(\$6,185.60)	0
SDSU	\$380.10	4,374	\$272.40	4,936	(\$317,991.00)	19
USD	\$389.60	4,639	\$281.90	5,705	(\$199,114.90)	36
Totals		9,252		11,155	(\$465,591.25)	63

Given a full year to market the program and recruit students, the number of students is now ahead of the breakeven point for all schools. All schools are showing positive revenue flows due to the change. The numbers do not include room and board revenues or other miscellaneous revenues generated from the new students.

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FY16 Base to FY18 Iowa First-time Freshman and New Transfers

Campus	FY18 Nonresident Rate plus GAF	FY16 Base Credit Hours	FY18 Iowa Rate	FY18 Credit Hours	Gain or Loss in Tuition & GAF Revenue	Gain or Loss in FTE
DSU	\$376.35	197	\$278.70	716	\$125,408.25	17
NSU	\$373.65	42	\$276.00	130	\$20,186.70	3
SDSU	\$389.60	4,374	\$281.35	6,243	\$52,357.65	62
USD	\$400.65	4,639	\$292.40	7,372	\$296,957.45	91
Totals		9,252		14,461	\$494,910.05	174

IMPACT AND RECOMMENDATIONS

The Iowa reduced tuition program has proven to be a great success in year two. All of the schools show a tuition and fee revenue gain in the second year. All schools but SDSU show a positive return over the two-year period except for SDSU which showed a \$265,633 revenue loss in tuition and GAF.

ATTACHMENTS

None