

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 6 – L

DATE: May 11-12, 2016

SUBJECT: SDSM&T WUE Tuition Rate

Up until FY14, SDSM&T, like the other universities, participated fully in the Western Undergraduate Exchange Program. The WUE program allows students from participating WUE states to attend at 150% of the resident tuition rate. South Dakota accepts students from all WUE states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, and Wyoming. Further, the nonresident rate for all nonresidents has been at 150% since FY10.

For FY14, South Dakota School of Mines requested that the Regents approve a \$25.00 per credit hour increase for undergraduate and graduate nonresident students above the increase at other schools. The rationale at that time was that a modest increase of \$25/credit hour or \$750/FTE student, would increase the cost to \$18,250, which was still competitive with other targeted states. Because the SDSM&T nonresident rate moved above 150% of the resident rate, they could no longer participate in the WUE program.

For FY16, SDSM&T again requested the Board approve tuition rates beyond those approved for the other universities. SDSM&T requested a \$5.35 per credit hour increase for residents and \$11.00 per credit hour increase for nonresidents. The rationale was to increase tuition to reflect the high cost of STEM programs: “As a relatively small institution specializing in the STEM disciplines, SDSM&T does not have the ability to cross subsidize its high cost science and engineering programs with lower cost programs. The cause for the higher STEM costs are closely tied to the amount of dedicated lab space needed, the expensive lab equipment required, the need for smaller student/faculty ratios, and the demand for STEM educators that, in turn, translates to higher salaries for those educators.”

The FY17 rates approved for SDSM&T compared to the other schools are identified in the following table. On April 25, SDSM&T sent a request to the board office requesting a WUE rate of \$367.20, which is 150% of their undergraduate resident tuition rate. This is a reduction of \$486.00 per year for a WUE student, or \$1,944 over the course of a 4-year degree. The rate would apply to new freshman and new transfers starting after spring 2016.

(Continued)

DRAFT MOTION 20160511_6-L: I move to approve the addition of a WUE rate of \$367.20 for SDSM&T starting summer 2016.

FY17 Rates Approved April 1, 2016

	<u>Undergrad Resident</u>	<u>Grad Resident</u>	<u>Undergrad Nonresident</u>	<u>WUE Rate</u>	<u>Grad Nonresident</u>
BHSU	\$232.80	\$304.60	\$330.00	\$330.00	\$576.00
DSU	\$232.80	\$304.60	\$330.00	\$330.00	\$576.00
NSU	\$232.80	\$304.60	\$330.00	\$330.00	\$576.00
SDSM&T	\$244.80	\$318.45	\$383.40		\$639.15
SDSU	\$238.50	\$313.15	\$346.20	\$346.20	\$602.05
USD	\$238.50	\$313.15	\$346.20	\$346.20	\$602.05

When SDSM&T requested an additional increase in nonresident rates in FY14, they had been experiencing growth ahead of projections for multiple years. They did not know what impact there would be on demand by raising their cost. Maybe more importantly, they did not know the significance of being part of the WUE program where students from 14 states have easy access to cost information about the school. Per SDSM&T, there is no official analysis of the impact of a WUE rate now, nor was there one at the time nonresident rates were increased above that charged at USD and SDSU. Anecdotal evidence suggests that the increase of nonresident tuition & fees has negatively impacted enrollments, specifically in the WICHE states. This evidence includes:

- Decreasing numbers of nonresident applicants from the WICHE states
- Declining enrollment from these same states
- A push from the WICHE states to keep their own students in-state by increasing need based financial aid, specifically in Colorado and California which are two states targeted by SDSM&T.

SDSM&T believes that if they get the same yield in fall 2016 as they had for fall 2015, they are estimating enrollments could be down as many as 25 students from the WICHE states alone – a potential loss of tuition revenue of over \$287,000. It is their belief that by implementing a WUE rate, they can reduce further enrollment declines from WICHE states. If they are wrong and enrollments do not increase with the rate change, they have the potential to lose \$69,498. SDSM&T will need to add seven additional students each fall over the current number in order to make up for the reduced rate – from 143 to 150 each fall. The following table provides the calculations and the enrollments as of fall 2015 from each state:

SDSM&T WUE Tuition Rate
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	Fall 2015 <u>Student</u> <u>Count</u>	Assuming <u>30 Credit</u> <u>Hours</u>	Total <u>Revenue</u>
Alaska	1	30	
Arizona	12	360	
California	8	240	
Colorado	73	2,190	
Hawaii	3	90	
Idaho	1	30	
Montana	4	120	
North Dakota	14	420	
New Mexico	2	60	
Nevada	1	30	
Oregon	3	90	
Washington	11	330	
Wyoming	<u>10</u>	<u>300</u>	
Total	143	4,290	
FY17 Nonresident Rate		\$383.40	\$1,644,786.00
FY17 Proposed WUE Rate		\$367.20	<u>\$1,575,288.00</u>
Lost Revenue			\$69,498.00
Breakeven Credit Hours		\$367.20	190
Breakeven Student FTE			7

A historical report on WUE enrollments for all schools and the success of this program and the Iowa program will be provided to the Board at the December 2016 meeting.