

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 8 – C
DATE: December 7-8, 2022

SUBJECT

FY24 Tuition Rate Proposals

CONTROLLING STATUTE, RULE, OR POLICY

[SDCL § 13-53-6](#) – Tuition Rates and Fees

BACKGROUND / DISCUSSION

As part of its tuition and fee review, the South Dakota Board of Regents (SDBOR) partnered with EAB in April 2022 for a study of price sensitivity and enrollment patterns to help inform future tuition pricing decisions. EAB analyzed enrollment data for all six SDBOR member institutions for 2019, 2020, and 2021 to identify areas of opportunity for changes in pricing, in addition to highlighting unique enrollment and yield patterns across the system.

As the tuition and fee review process continues, the Business Affairs Council felt there was still an opportunity to adjust special rates and increase the prospective student pipeline, as identified by EAB. As a result, tuition proposals to expand resident rates within the region were discussed at the September Business Affairs Council meeting. Given the existing South Dakota Advantage rate, a proposal was developed to expand the resident tuition program to the states of Illinois and Wisconsin. These states were specifically identified by EAB as potential target markets due to their proximity to South Dakota and level of demand for higher education.

In addition, a proposal was submitted to expand the South Dakota Advantage and Child of Alumni rates to qualifying students pursuing graduate programs at SDBOR campuses. The existing South Dakota Advantage and Child of Alumni rates only apply to undergraduate courses. This proposal would offer resident graduate rates to students that meet the following criteria:

(Continued)

DRAFT MOTION 20221207_8-C:

I move to approve: 1) An expansion of the South Dakota Advantage tuition program offering new freshman and new transfer students from Illinois and Wisconsin a tuition rate equivalent to the resident undergraduate tuition rate set for each university starting summer 2023; 2) I also move approval of an expansion of the South Dakota Advantage and Child of Alumni rates to qualifying students pursuing non-capped graduate programs equivalent to the resident graduate tuition rate set for each university starting summer 2023.

- From a South Dakota Advantage state or are a Child of Alumni; AND
- Received an undergraduate degree from an SDBOR institution.

These proposals were discussed with the Council of Presidents, Academic Affairs, and Student Affairs Councils and were supported by all involved.

Campuses have provided additional information in Attachment I to support the growth needed to be revenue neutral, with the goal of growing enrollments, fulfilling the workforce needs of South Dakota, and generating additional revenue for the universities and the State.

The following tables provide a state-by-state summary of the base freshman and transfers from FY22, the potential revenue loss, and the number of credits and students needed to breakeven by expanding the South Dakota Advantage rate to the states of Illinois and Wisconsin.

Table 1. Expansion of South Dakota Advantage – Illinois

Illinois Breakeven Summary					
School	Base Student FTE	Base Credit Hours	Tuition Reduction	Breakeven Credits	Breakeven Student FTE
BHSU	1.5	46	\$4,756	19	1
DSU	10	294	\$30,400	120	4
NSU	7	216	\$22,334	88	3
SDSM&T	18	548	\$80,830	310	10
SDSU	29	873	\$102,228	395	13
USD	23	677	\$79,209	306	10
System	88.5	2,654	\$319,757	1,238	41

Table 2. Expansion of South Dakota Advantage – Wisconsin

Wisconsin Breakeven Summary					
School	Base Student FTE	Base Credit Hours	Tuition Reduction	Breakeven Credits	Breakeven Student FTE
BHSU	0.5	13	\$1,344	5	-
DSU	5	141	\$14,579	57	2
NSU	18	542	\$56,043	221	8
SDSM&T	25	764	\$112,690	433	14
SDSU	64	1,915	\$224,247	866	29
USD	21	623	\$72,891	281	9
System	133.5	3,998	\$481,794	1,863	62

Table 3 below provides a summary of the base graduate numbers from FY22 that would currently qualify, the potential revenue loss, and the number of credits and students needed to breakeven by expanding the South Dakota Advantage and Child of Alumni rates to qualified students. This program would exclude professional graduate programs that have unique/higher non-resident tuition rates and to which class caps exist such as Pharmacy, Med, Law, OT, PT, PA, and Vet 2+2.

Table 3.

South Dakota Advantage/Child of Alumni for Non-Capped Graduate Programs Breakeven Summary					
School	Base Student FTE	Base Credit Hours	Tuition Reduction	Breakeven Credits	Breakeven Student FTE
BHSU	0	0	0	0	0
DSU	2	45	\$13,000	39	2
NSU	0	0	0	0	0
SDSM&T	28	310	\$105,819	312	13
SDSU	15	457	\$143,452	422	18
USD	32	763	\$125,027	368	15
System	81	1,575	\$387,298	1,141	48

Benefits of Program

Being able to offer a competitive tuition rate to students in the surrounding states has paid off financially in the past. The most recent example is the success we have had with the South Dakota Advantage rate for surrounding states plus Colorado. Table 4 shows the results for year four of the program, where all of the campuses were able to grow enrollments beyond the breakeven point and generate additional tuition revenues.

Table 4.

Existing South Dakota Advantage Undergraduate Program					
Campus	FY18 Base Credit Hours	Additional Credit Hours Needed to Break Even	FY22 Credit Hours	Credit Hours Greater/(Less) than Needed to Break Even	Gain or Loss in Tuition Revenue
BHSU	2,316	927	9,230	5,987	\$1,514,560
DSU	766	317	3,422	2,339	\$595,013
NSU	121	49	2,449	2,279	\$578,448
SDSM&T	3,646	2,068	13,032	7,318	\$1,849,458
SDSU	7,344	3,105	28,262	17,813	\$4,510,856
USD	7,340	3,097	26,147	15,710	\$4,009,530
Totals	21,533	9,563	82,542	51,446	\$13,057,865

Being able to fill vacant rooms strengthens the housing system by generating additional revenues to support maintenance, repair, and operations of the facilities. Strong housing occupancy helps keep costs down for all students.

South Dakota retains about 30% of nonresidents employed in the state after they earn their degree. This educated workforce is critical to our state filling growing high tech jobs, meeting the demands in health fields, and keeping entrepreneurs in the state.

IMPACT AND RECOMMENDATIONS

The universities are confident that offering the on-campus resident rate to new students from Illinois and Wisconsin will result in increased enrollments from those states.

Given that there is facility capacity on campus and that the competition for South Dakota students from surrounding states continues to escalate, we must be aggressive in bringing more young people to South Dakota and keeping our resident students in the state.

Expansion of the South Dakota Advantage program has many benefits and is recommended for approval. The total tuition risk is \$801,551 for expansion to Illinois and Wisconsin based on the current freshman and transfer FTE of 222. Total tuition risk for expansion of resident graduate rates to South Dakota Advantage states and Child of Alumni is \$387,298 based on the current graduate enrollment FTE of 81. To breakeven as a system, we need to attract an additional 104 undergraduate students and 48 graduate students.

ATTACHMENTS

Attachment I – Campus Support for FY24 Tuition Proposals – Undergraduate

Attachment II – Campus Support for FY24 Tuition Proposals – Graduate

CAMPUS SUPPORT FOR FY24 TUITION PROPOSALS

Graduate

Application of South Dakota Advantage for Graduate Students at DSU

The following table includes the number of graduate credit hours taken by students from states that are currently included in the South Dakota Advantage tuition rate. DSU only had students from Iowa and North Dakota that fell into this category for FY22. If graduate courses for students from these states were reduced to the resident graduate rate, DSU would need to increase by 39 credit hours or approximately 3 student FTE (12 credit hours per graduate FTE).

DSU - Graduate Breakeven Analysis

	FY22 Credit Hours	FY22 Rate per credit hour	Total Revenue
Current Revenue-Nonresident rate	45	\$622.15	\$27,996.75
Projected Revenue-Resident rate	45	\$333.25	\$14,996.25
Tuition Revenue Loss			(\$13,000.50)
Breakeven Credit Hours			39
New FTE required to breakeven			3

DSU will market the new rates along with our adjacent state resident rates at very minimal cost including social media, direct mailings, emails, website promotion.

As with the implementation of the current SD Advantage undergraduate programs, DSU proposes to offer the equivalent of resident graduate tuition to incoming new graduate students.

Application of South Dakota Advantage for Graduate Students at Northern

Northern requests approval to offer resident rate tuition to students who receive their undergraduate degree under the terms of the South Dakota Advantage Program and subsequently enroll in an on-campus graduate program. Currently, these students would be required to pay the non-resident rate of tuition. While the majority of Northern's graduate programs are offered on-line, having the ability to offer the resident tuition rate to graduate students may attract additional students to our Counseling, Sport Performance & Leadership and Accounting Analytics programs.

Northern will market the new rates along with our adjacent state resident rates at very minimal cost including social media, direct mailings, emails, website promotion.

As with the implementation of the current SD Advantage undergraduate programs, Northern proposes to offer the equivalent of resident graduate tuition to incoming new graduate students.

Application of South Dakota Advantage for Graduate Students at South Dakota Mines

Undergraduate students from South Dakota Advantage states who have completed a BS degree at South Dakota Mines have invested tuition and spent significant dollars in the local and state economies while earning their degrees. Extending their eligibility for resident-rate tuition should they decide to remain in

South Dakota for graduate school is a sound business decision that makes it more likely for them to continue to invest additional dollars in tuition and the economy.

The accelerated MS programs at South Dakota Mines are popular, with approximately 40 new MS students starting each year and an average enrollment of 65 MS students for the last three years.

Part of the success of this program is being able to offer resident graduate tuition rates for students from the Western Regional Graduate Program (WRGP) states. Nebraska and Iowa are the two South Dakota Advantage states that are not also in WRGP. Thus, the incentive for these students to remain for an MS degree is much lower, as evidenced by the low number of accelerated MS students from these two states. It may seem especially unfair to students that, although eligible for the resident rate while an undergraduate, they must then pay the full rate for graduate school, further discouraging them from staying for a graduate degree.

	Fall 2020	Fall 2021	Fall 2022
Accelerated MS enrollment	53	78	63
Accelerated MS from WRGP states	32	54	43
Accelerated MS from NE, IA	3	5	3

Extending the resident graduate rate to students in all South Dakota Advantage states provides a more consistent tuition structure to students from the states we are targeting and makes it more likely that Nebraska and Iowa students will choose to attend South Dakota graduate schools. Since most accelerated students are already from WRGP states, the difference in tuition receipts would be minimal and the breakeven point is about 4-5 new students from Nebraska and Iowa. With undergraduate recruiting also targeting these states, a larger pool of undergraduates would also contribute to increased graduate enrollment.

While not part of the current proposal, this expansion would work best if the current rate structure for WRGP graduate students would also be fixed as part of this initiative. Currently, accelerated MS students eligible for the resident South Dakota Advantage rate and for the WRGP graduate rate *must pay the full graduate rate until they complete the BS degree*, even though they are eligible for the resident graduate rate. This idiosyncrasy creates much confusion and resentment for our WRGP accelerated students and weakens the recruiting impact of the accelerated programs, since we cannot honestly say that they will save both time AND money.

South Dakota Mines' recruitment and marketing plans will include updating our promotional materials, website, and other high impact practices in these areas, including marketing to existing undergraduate SD Advantage students. Our recruitment team will be targeting both in-person and virtual events to increase the awareness of the increased value.

As with the implementation of the current SD Advantage undergraduate programs, South Dakota Mines proposes to offer the equivalent of resident graduate tuition to incoming new graduate students.

SDSU SD Advantage Graduate and Child of Alumni Tuition Pilot

SDSU is supportive of expanding the adjacent state rate to Non-Capped Graduate Programs. Students are bringing an increasing number of dual credits into college and many will have the ability to start expanding their education into graduate programs even within their four year experience. The current program limits the adjacent state rate to undergraduate programs, so students that wish to start their graduate programs at a BOR institution currently will revert to paying a non-resident rate in graduate courses. This increase in rate may cause them to look for graduate education elsewhere and possibly back in their home state. To help address workforce needs in the state, it makes sense to try retain the students that come here due to the adjacent state program in the state for graduate school and hopefully to find work in the state.

SDSU's Adjacent State Expansion to Non-Capped Graduate Programs					
	Base Student FTE	Base Credit Hours	Tuition Reduction	Breakeven Credits	Breakeven Student FTE (24 Credits)
ADJ States	15	457	\$ 143,452	422	18
*Note: Excludes Pharmacy and Vet 2+2					

SDSU's recruitment and marketing plans will include updating our promotional materials, website, and other high impact practices in these areas. Our recruitment team will be targeting both in-person and virtual events to increase the awareness of the increased value.

As with the implementation of the current SD Advantage undergraduate programs, SDSU proposes to offer the equivalent of resident graduate tuition to incoming new graduate students.

USD SD Advantage Graduate and Child of Alumni Tuition Pilot

In recent years USD, as well as other SD BOR institutions, have offered tuition programs that grant incoming freshman and new transfer students from surrounding states and Colorado or that are child of alumni the equivalent of resident tuition rates for on-campus, state support programming.

The SD Advantage and Child of Alumni undergraduate tuition programs afford the campuses the opportunity to grow enrollments, better utilize available campus capacity, attract nonresidents to help keep the cost lower for all students and to grow the workforce in South Dakota.

These current tuition programs cover undergraduate tuition only, thus those students graduating from a SD BOR institution that wish to pursue graduate education within the system are faced with paying non-resident graduate tuition. This presents two key challenges: risk of losing SD Advantage or Child of Alumni undergraduates to other states, particularly back to their home state

where graduate resident tuition is offered and 2) the perception that the current programs (offered only to undergraduate) is a “bait and switch” when the resident rate does not extend from undergraduate to graduate programming.

To maximize the potential for retaining these graduate degree seeking students, USD seeks approval to extend the SD Advantage and Child of Alumni program to *qualifying* students who wish to pursue graduate programming at USD. Qualifying students must meet the following two criteria: 1) are from a SD Advantage state or are a Child of Alumni *and* 2) received an undergraduate degree (conferred) from a SD BOR institution. With these two criteria met, the student would be eligible for the equivalent of resident graduate tuition (standard rate for graduate or GA).

This initial pilot would include graduate programming to which the following rates apply:

	Current Rate	Proposed SD Advantage Graduate or Child of Alumni Rate (Qualifying Students)
U-Tuition GR Non Resident	654.05	340.15
U-Tuition GR Grad Asst NR	214.30	180.30

Based on FY22 data for students meeting the proposed qualifying criteria, USD’s breakeven is 15 students assuming full-time graduate credits.

Headcount (Unduplicated)	59
Credits Generated	763
Student FTE based on 24 credits	32
Average Credit Taken	13
 FY22 Tuition Revenue at Non-Resident or NR GA Rate	 319,182
 Tuition Revenue if equivalent of Resident or Resident GA applied	 194,156
 Revenue loss at lower tuition rate	 (125,027)
Credits to Break-Even	368
Student FTE to Break-Even (based on 24 credits)	15
Headcount to breakeven assuming average credits (13) taken	27

With graduate programming having varying credit requirements and length of programming, the breakeven above is based on all years of programming. When adjusting for “incoming” new graduates only, we estimate breakeven between 8 (assuming full-time) and 14 (assuming part-time).

USD believes there is strong potential to meet or exceed these breakeven targets and that this tuition strategy will retain more SD Advantage undergrads at USD for graduate programming. Additionally, USD believes this pathway to access resident graduation tuition will be a recruitment tool in increasing the number of undergraduates from the SD Advantage states.

USD's recruitment and marketing plans will include updating our promotional materials, website, and other high impact practices in these areas. Our recruitment team will be targeting both in-person and virtual events to increase the awareness of the increased value.

As with the implementation of the current SD Advantage undergraduate programs, USD proposes to offer the equivalent of resident graduate tuition to incoming new graduate students.

This initial pilot would exclude USD's professional graduate programs that have unique/higher non-resident tuition rates and to which class caps exist. MD, LAW, OT, PT, and PA would not be included in this pilot. With higher non-resident tuition rates to support high costs of program delivery and class caps, revenue losses through reduced tuition could not be replaced through increased enrollment. USD will assess these programs independently to determine what tuition strategies may be possible and affordable for SD Advantage undergrads that wish to pursue these programs.