



Board of Regents - Work Session

December 2015

December 10, 2015

8:00 a.m. - 9:30 a.m.

West Committee Room, McNamara Alumni Center

BOR - DEC 2015 - Work Session

1. Aligning Tuition / Aid Philosophy with Enrollment Strategy

Docket Item Summary - Page 3

Presentation - Page 5



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 10, 2015

AGENDA ITEM: Aligning Tuition/Aid Philosophy with Enrollment Strategy

Review Review + Action Action Discussion

This is a report required by Board policy.

PRESENTERS: Karen Hanson, Senior Vice President for Academic Affairs and Provost
Robert B. McMaster, Vice Provost and Dean of Undergraduate Education
Lincoln Kallsen, Finance Director, Office of Budget and Finance

PURPOSE & KEY POINTS

The purpose of this item is to articulate key strategies regarding enrollment management, tuition, and financial aid, and discuss the inter-relationships among them. A strong relationship among these strategies is essential for success in recruiting, enrolling, retaining, and graduating the very best students.

Key Points

Tuition philosophy is articulated in the guiding principles of the Board of Regents Policy: *Tuition and Fees*. These principles have helped guide current tuition strategies and structures for University students at various levels, on multiple campuses, and in various programs. Among the important considerations in setting tuition rates and tuition structures are incentives for student success, simplicity and transparency of rates, cost and market considerations, and politics.

Financial aid philosophy is grounded in the Board of Regents Policy: *Student Financial Aid*. The guiding principles in the policy explain that the University will award financial aid to students on the basis of merit and of need; assist as many students as possible in securing grants, scholarships, loans and employment; and provide counseling in the use of such resources to help students finance their education. The University has developed principles around financial aid for undergraduates, including the following:

- Connecting financial aid strategies to University and State goals and priorities.
- Aligning financial aid strategies and tuition strategies.
- Supporting access for qualified students.
- Attracting high-achieving students.
- Focusing aid on Minnesota residents.
- Supporting timely graduation.
- Supporting the University's strengths and increasing enrollments in priority areas.

Enrollment management principles reflect institutional goals and priorities. The enrollment management principles for undergraduate students include:

- Admitting for success.
- Supporting student success.
- Incorporating ethnic, social, economic, and geographic diversity.
- Providing a high quality education and student experience.
- Emphasizing signature strengths.
- Maintaining adequate tuition revenues.
- Giving highest priority to degree-seeking students.
- Considering state, national, and global workforce needs.

Discussion Items

The following are some potential discussion items for the Board's work session:

- Continued focus on student academic success and timely graduation.
- Enrollment management planning strategies to support student success.
- Financial aid strategies to support student success.
- Tuition structures and rates that support institutional goals.

BACKGROUND INFORMATION

The following presentations to the Board of Regents have covered related topics in recent years:

- October 8, 2015 – Principles and Objectives to Govern Enrollment Management Through 2025, Work Session
- October 8, 2015 – University Enrollment Management, Academic & Student Affairs Committee
- October 8, 2015 – Tuition and Financial Aid Management, Academic & Student Affairs Committee
- February 12, 2015 – Balancing UMTC Strategies Around Enrollment and Financial Aid, Academic & Student Affairs Committee
- December 11, 2014 – Twin Cities Undergraduate Education Update, Academic and Student Affairs Committee
- October 10, 2014 – Demographic Trends & System-wide Enrollment Management, Board of Regents
- December 12, 2013 – Twin Cities Undergraduate Education Update & Future Goals, Academic & Student Affairs Committee
- December 13, 2012 – Undergraduate Education Update & Goals for the Future, Educational Planning & Policy Committee
- December 13, 2012 – Undergraduate Education Enrollment Trends and Tuition Philosophy, Educational Planning & Policy Committee
- December 8, 2011 – The Student Experience: Financial Aid and Financial Literacy, Faculty, Staff & Student Affairs Committee
- February 10, 2011 – Financial and Advising Support for Undergraduate Students, Educational Planning & Policy Committee

Board of Regents Work Session

Aligning Tuition / Aid Philosophy with Enrollment Strategy

December 10, 2015

Eric Kaler

President

Karen Hanson

Senior Vice President for Academic Affairs and Provost

Robert McMaster

Vice Provost and Dean of Undergraduate Education,
Twin Cities Campus

Lincoln Kallsen

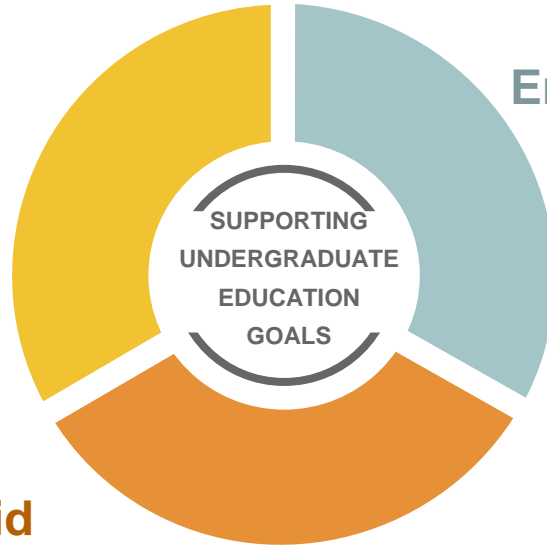
Director, Institutional Analysis



Enrollment Management, Tuition, & Financial Aid

Tuition

- tuition structures
- 13-credit band
- resident rate
- non-resident rate
- incentives/ disincentives
- fees



Enrollment Management

- size of undergraduate student body
- size of freshman class
- size of transfer class
- undergrad priorities
- balance of MN reciprocity, other U.S, International
- ethnic, special, and economic diversity

Financial Aid

- need-based aid to maintain access
- merit-based aid to attract high-achieving students
- attentive to MN middle income
- leverage federal and state aid
- attentiveness to student debt

Why do higher education institutions charge tuition?

- As an appropriate charge to the student, recognizing the private value and individual benefit of the education in building human capital
- As a resource to maintain and enhance academic quality and the student experience
- As a demand regulator and incentive for timely completion
- For private colleges, prestige and other perceptual reasons

Current Undergraduate Tuition Structure

U of M - Twin Cities Campus

Rate	Resident	Reciprocity	NRNR
Full time (13cr+)	\$12,240	\$12,240	\$20,660
Per credit	\$470.77	\$470.77	\$794.62

- International student academic services fee -- \$500
- 13 credit banding and policies
 - All credits above 13 in a term are available at no additional charge
 - Degree-seeking students must apply for an exemption to enroll for fewer than 13 credits or more than 20 credits

Resident Undergraduate Tuition

2015-16 Big 10 Tuition & Fees and Cost of Attendance (Resident)

<u>2015-16</u>	<u>% Tuition Increase Over</u>	<u>Tuition & Fees</u>	<u>Total COA</u>
	<u>Prior Year</u>		
Northwestern University	6.3%	\$49,047	\$68,095
Pennsylvania State University	2.7%	\$17,514	\$34,740
University of Illinois	0%	\$15,626	\$30,336
University of Michigan	2.7%	\$14,729	\$28,685
Michigan State University	2.7%	\$14,386	\$26,874
Rutgers University	1.5%	\$14,032	\$26,109
University of Minnesota	1.5%	\$13,840	\$25,784
University of Wisconsin	0%	\$10,416	\$24,736
Indiana University	0%	\$10,388	\$24,538
Ohio State University	0%	\$10,010	\$25,552
Purdue University	0%	\$10,002	\$23,032
University of Maryland	6.0%	\$9,996	\$24,588
University of Iowa	0%	\$8,104	\$21,010
University of Nebraska	2.5%	\$8,378	\$18,688



Current Undergraduate Tuition Structure U of M System Campuses

Rate	Resident	Reciprocity	NRNR
Duluth	\$11,720	\$11,720	\$15,385
Morris	\$11,720	\$11,720	\$11,720
Rochester	\$11,720	\$11,720	\$11,720
Crookston	\$10,030	\$10,030	\$10,030

- International student academic services fee -- \$500 (\$250 at Crookston)
- All campuses have the 13-credit band and similar policies
- These campuses are at or near the top of their individual peer groups with regard to tuition, and are in perceived competition with lower-priced regional institutions (e.g., MnSCU universities, North Dakota & North Dakota State)

Current U of MN Tuition Structure – Graduate and Professional programs

- “Graduate School” rate used for M.A., M.S., and Ph.D. programs, as well as other graduate programs without a unique rate structure
- Full-time resident rate is \$15,844/\$1320.34 per credit, with a 6-14 credit band
- Non-resident rate of \$24,508
- Graduate School rates are intertwined with graduate assistantships, graduate student recruitment, fringe rate considerations, and overhead rates on sponsored grants and contracts
- Professional programs’ rates and structures are set by a variety of methods, but often are tied to market considerations, accreditation standards, or cost of instruction

Board of Regents Policy on Tuition and Fees

TUITION AND FEES

This policy establishes the basic principles for assessing, collecting, and managing tuition and fees at the University of Minnesota (University).

SECTION I. GUIDING PRINCIPLES.

The University is a publicly-supported institution whose programs benefit individual students, the state, and the nation. The following principles shall guide the assessment, collection, and management of tuition and fees at the University:

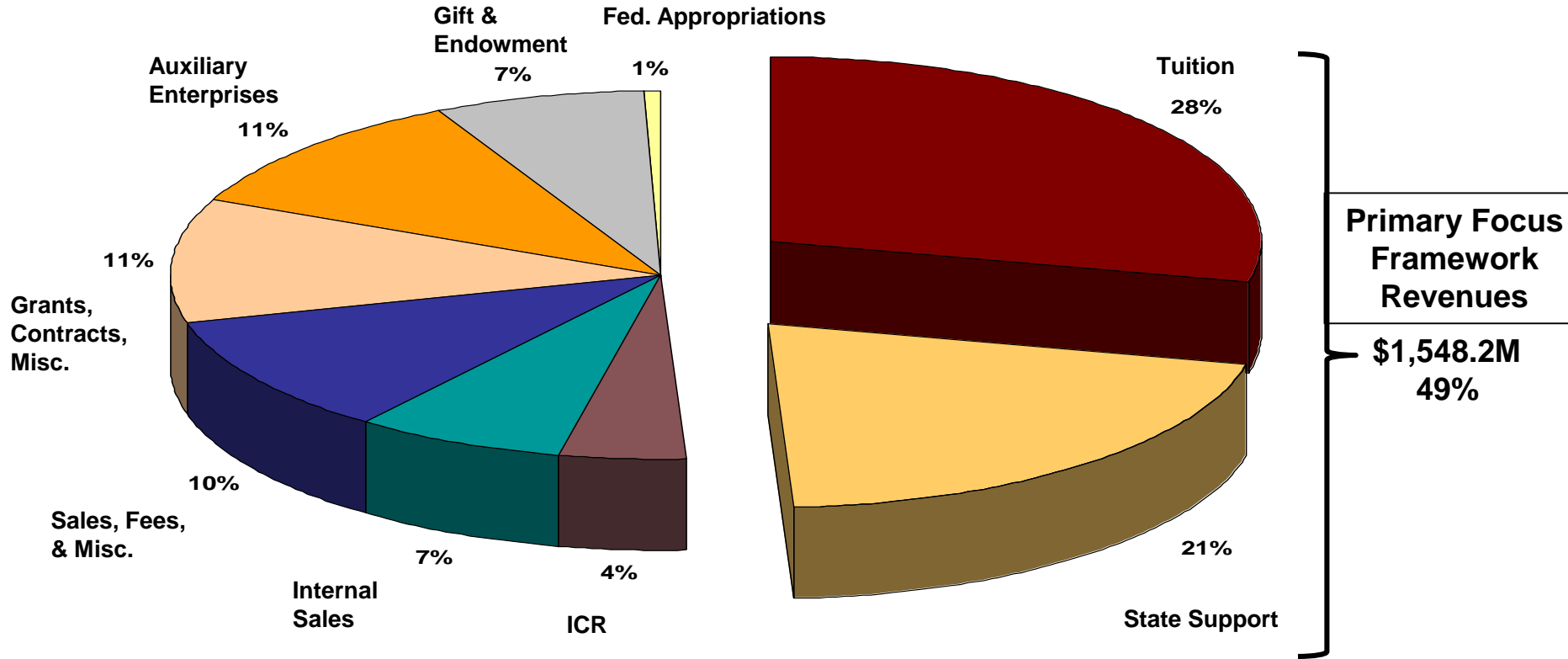
Subd. 1. Shared Responsibility. The University's tuition and fee assessments shall reflect the shared responsibility, benefits, and needs of the individual student, the University, and the state.

Subd. 2. Access, Retention, and Timely Progress. The tuition rate structure shall provide appropriate incentives for access, retention, and timely progress toward the degree.

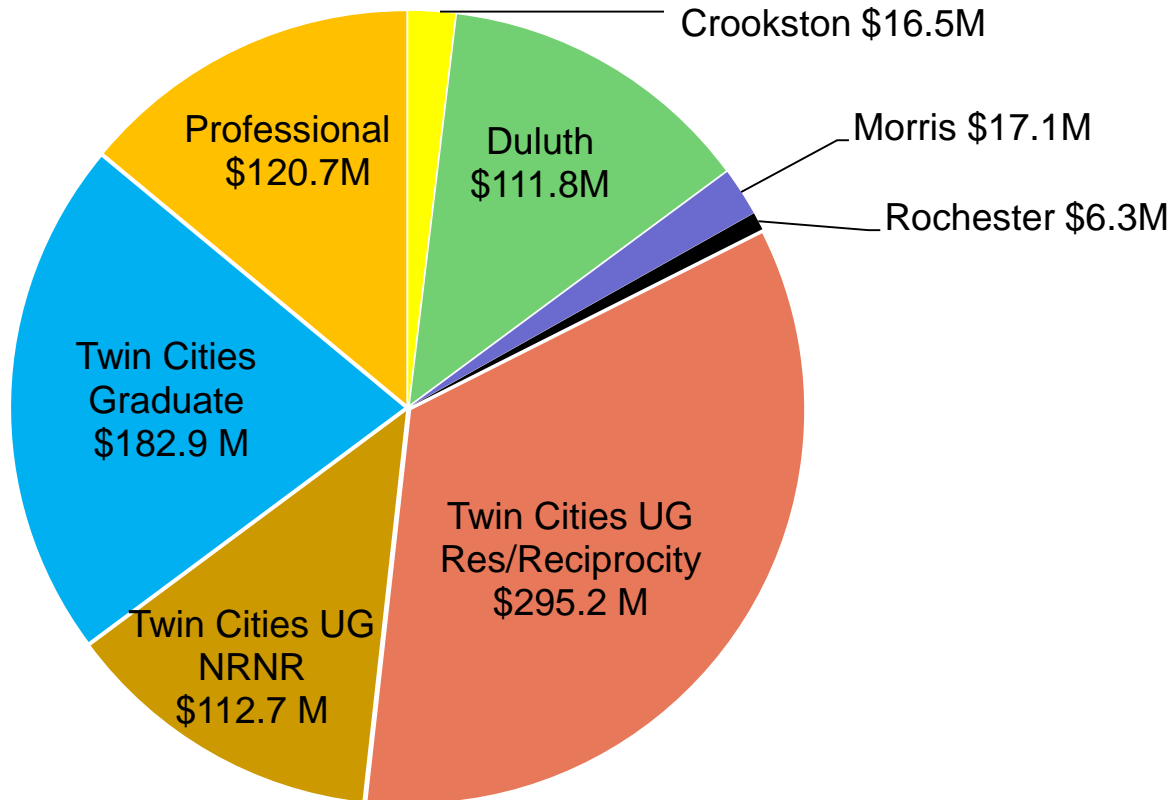
Subd. 3. Determinants of Tuition Rates and Related Fees. Tuition rates and related fees shall take into account the competitive environment of individual programs, personal benefits to individual students, and social needs as well as the level of state appropriations for the University's instructional programs. Graduate tuition rates, graduate assistant wage rates, and tuition waiver and remission policies shall enable recruitment of the best students to ensure that the quality of graduate programs is maintained and that the institution benefits from the contributions of graduate students to instructional and research programs.

Subd. 4. Assessment and Collection of Tuition and Fees. All tuition and fees assessed by the University shall be collected and managed under approved University business procedures.

University of Minnesota Non-sponsored Revenue Sources All Funds FY16: \$3.1 Billion

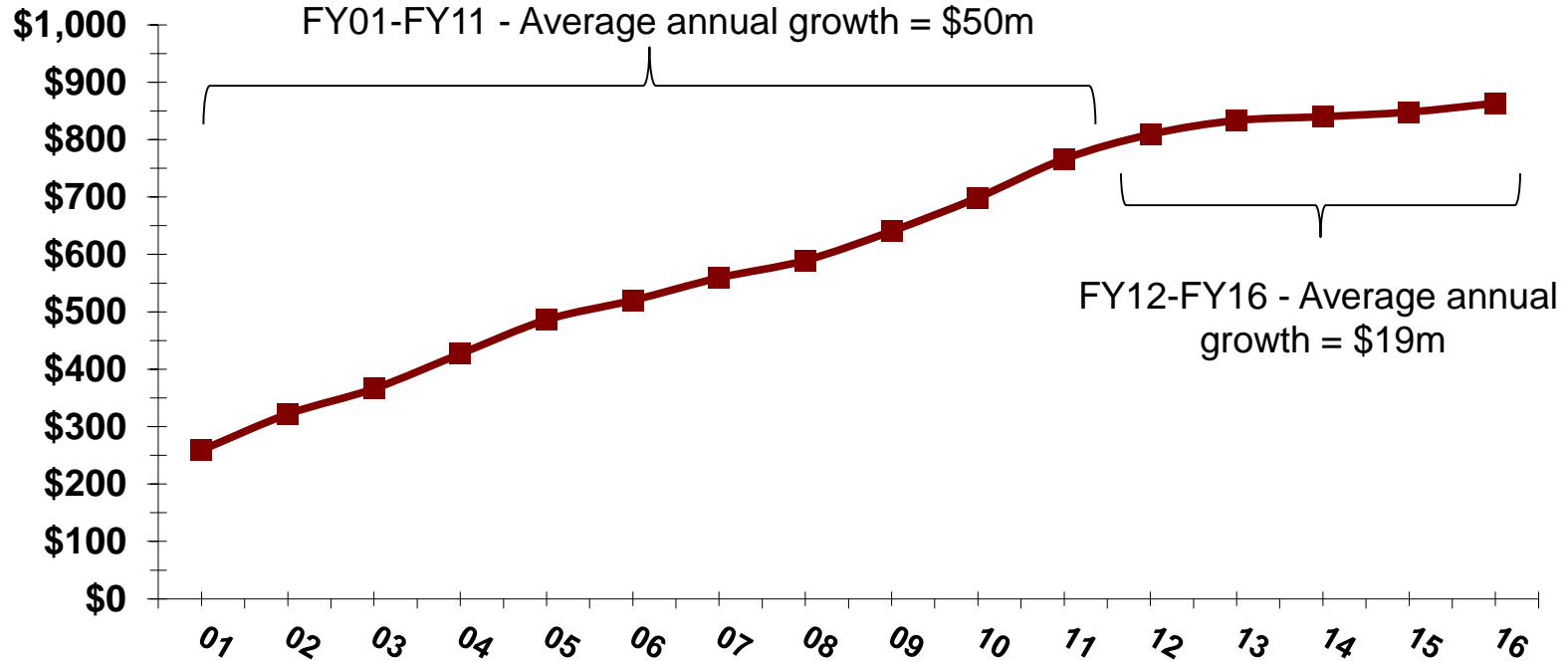


Budgeted FY 16 Tuition Revenue - \$863.2M



Trend in Total Tuition Revenue 2001 to 2016

(growth generated by changes in enrollment & rates)



Other Tuition Structures and Policy Choices

- Per credit models
- Lower-division/upper-division models
- Differential tuition by college/program
- 4-year guarantee models
- Other models and choices
- Non-resident tuition rates

Lower Division/Upper Division Models

University of Michigan College of LSA

Level	Semester tuition rate
Lower Division (0-54cr)	\$6,764
Upper Division (55+ cr)	\$7,637

Rationale: Junior and senior level courses are expected to be more specialized and expensive to teach than lower-division courses

Considerations: Ability to offer a lower entering rate to freshmen; price incentive to not advance to upper division

Differential Tuition by College or Major

University of Illinois

Level	Annual tuition rate	Level	Annual tuition rate
Base rate	\$12,036	Chem & Life Science	\$17,040
Advertising	\$12,816	Engineering	\$17,040
Agriculture	\$14,622	Fine & Applied Arts	\$13,640
Business	\$17,040	Journalism	\$12,816

Rationale: Differences in instructional costs among colleges and majors, demand or market opportunities, or enhancements to academic quality

Considerations: Additional complexity; price incentives for certain programs/majors over others; financial aid programs often not sensitive to differential tuition; incentives to stay in lower-cost majors and then attempt to transfer

Cohort/Tuition Guarantee Plans

University of Illinois – Base Fee

Level	Annual tuition rate
Enter Summer 2015-Spring 2016	\$12,036
Enter Summer 2014-Spring 2015	\$12,036
Enter Summer 2013-Spring 2014	\$11,834
Enter Summer 2011-Spring 2013	\$11,636
Enter Summer 2010-Spring 2011	\$11,104
Enter before Summer 2010	\$10,832

- Tuition rate guaranteed for 4 years based on entry term – assigned to cohort
- Changing campuses or major puts student in a new rate, with same cohort
- U of Illinois maintains a “without guarantee” tuition schedule as well
- Wide variety of rules for extensions, petition to initiate refunds and so on
- **State mandated**

Cohort Plans/Guaranteed Tuition

Rationale: Provide a high degree of certainty about tuition costs for students and families

Considerations:

- Greatly reduced flexibility for administration and Board
- Much higher administrative complexity
- Certainty only for those students who remain in the same area of study, graduate in four years, and elect no curricular enhancements that might add time – study abroad, internships, double majors, etc.

Targeted and Experimental Models

- Targeted models
 - Summer differential tuition
 - On-line tuition rates
 - International
 - Excessive credits
 - Defined groups with automatic residency rates
- Experimental models
 - Pay it forward (Oregon)
 - Differential tuition by employment demand (Florida)

Non-Resident Undergraduate Tuition

2015-16 Big 10 Tuition & Fees and International Surcharge

<u>2015-16</u>	<u>Tuition & Fees</u>	<u>International Surcharge</u>
Northwestern University	\$49,047	
University of Michigan	\$45,002	
Michigan State University	\$36,986	+\$1,500
Indiana University	\$33,740	+\$1,500
Pennsylvania State University	\$31,346	
University of Maryland	\$31,114	
University of Illinois	\$30,786	+\$830
University of Wisconsin	\$29,665	+\$1,000
Rutgers University	\$28,810	
Purdue University	\$28,804	+\$2,000
University of Iowa	\$27,890	
Ohio State University	\$27,336	+\$1,000
University of Nebraska	\$22,546	
University of Minnesota	\$22,260	+\$500



President's Proposed NRNR strategy

- Increase NRNR undergraduate tuition by \$3200 (~15%) each year for four years on the Twin Cities campus.
 - Non-resident tuition and fees would be approximately \$35,000 by 2019-2020
- Provide automatic discounts to currently enrolled NRNR students such that their effective rate would increase by approximately 5.5% per year until their timely graduation
- Maintain current NRNR recruitment scholarship strategy
- Consider transition costs (e.g., communications), and closely monitor student behavior as a result of this change

Principles to Guide Financial Aid for UMTC Undergraduate Students



- Connect financial aid strategies to University and state goals and priorities
- Align financial aid and tuition strategies
- Support access for qualified students
- Attract high-achieving students
- Focus aid on Minnesota residents
- Support timely graduation
- Support the University's strengths and increase enrollments in priority areas

2015-16 Cost of Attendance

Twin Cities Campus

Minnesota Resident Undergraduate Living on Campus



Tuition & Fees	\$13,840
Room & Board	\$8,744
Books, Supplies, Transportation, & Personal/Misc.	\$3,200
Total Cost of Attendance	\$25,784

2015-16 Cost of Attendance

Twin Cities Campus

Non-Resident Undergraduate Living on Campus



Tuition & Fees	\$22,260
Room & Board	\$8,744
Books & Supplies (\$1,000)	
Transportation (\$1,700)	
Personal/Misc. (\$2,000)	\$4,700
Total	
Cost of Attendance	\$35,704

System-wide Degree-Seeking Undergraduates Financial Support (in \$ millions)

Financial Aid Year (Fall, Spring, Summer)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Gift Aid (e.g., grants, federal Pell, scholarships)	\$145.7	\$190.7	\$211.6	\$191.2	\$188.2	\$195.6	\$198.0
Waivers (i.e., U of M tuition waiver awards)	\$11.3	\$10.7	\$10.0	\$11.8	\$12.7	\$14.7	\$16.5
Employment (work-study and other U of M employment)	\$29.8	\$30.4	\$30.7	\$31.6	\$32.3	\$32.7	\$33.0
Loans (student and parent loans)	\$229.3	\$244.6	\$258.4	\$274.4	\$265.5	\$257.1	\$253.0
TOTAL	\$416.1	\$476.4	\$510.8	\$508.9	\$498.7	\$500.1	\$500.6
Gift Aid + Waivers as % of Total	37.7%	42.3%	43.4%	39.9%	40.3%	42.1%	42.9%
Loans as % of Total	55.1%	51.4%	50.6%	53.9%	53.2%	51.4%	50.5%

PELL GRANTS

Twin Cities Degree-Seeking Undergraduate Students

Financial Aid Year (Fall, Spring, Summer)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
% all enrolled students with PELL Grants	20%	23%	27%	26%	25%	24%	23%
Average PELL Grant Amount Disbursed	\$3,197	\$3,948	\$3,963	\$3,740	\$3,793	\$3,876	\$3,971
Federal PELL Maximum Amount	\$4,731	\$5,350	\$5,550	\$5,550	\$5,550	\$5,645	\$5,730



Loan Debt (for those with debt)

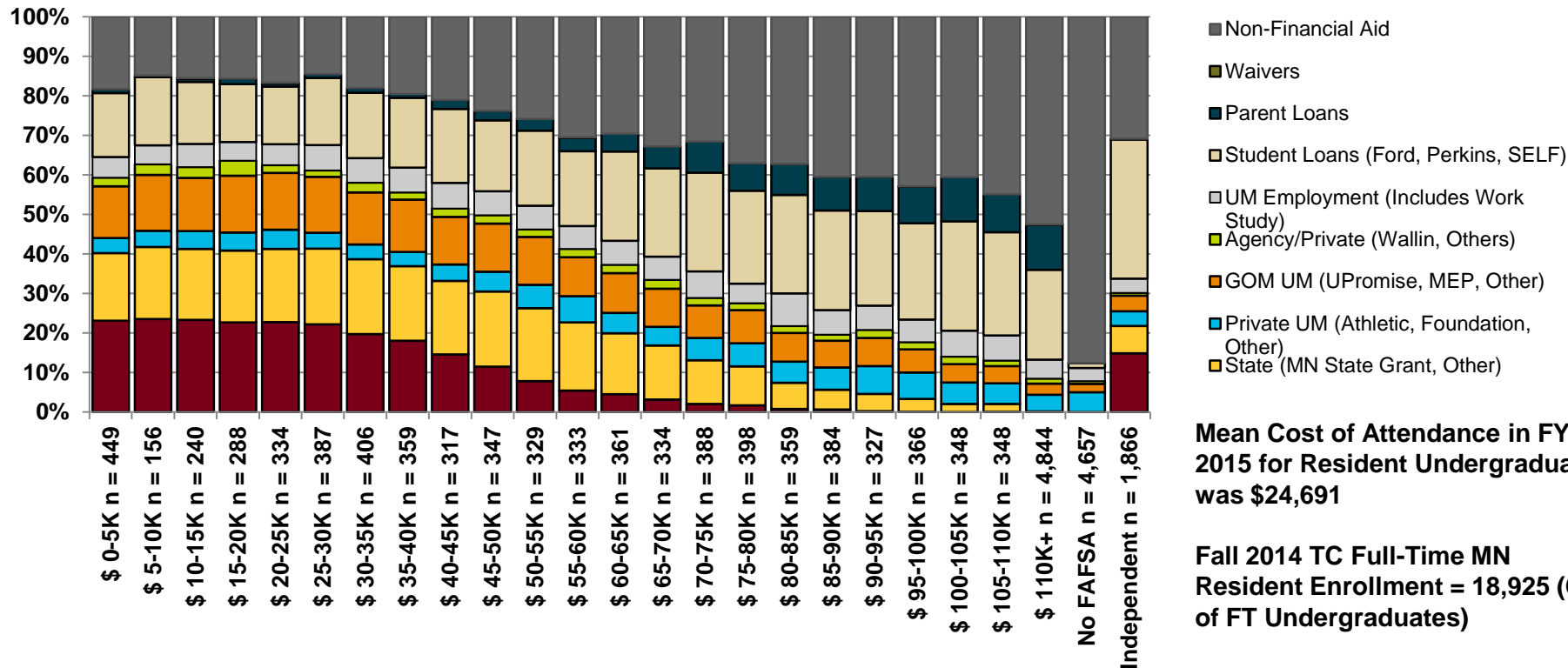
Twin Cities Campus Bachelor's Degree Recipients

Year of Graduation	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Number of Graduates	6,542	6,758	6,861	7,439	7,420	7,387	7,382
% with NO Debt	35%	36%	34%	36%	37%	38%	40%
<u>Student Loan Debt (excluding PLUS parent loans)</u>							
Average – for students with debt	\$25,433	\$26,348	\$27,086	\$27,578	\$27,158	\$26,406	\$26,091
Median – for students with debt	\$23,455	\$23,503	\$24,337	\$24,646	\$24,594	\$24,433	\$24,000

Typical Need-Based Aid Packages at Various Income Levels: Twin Cities Campus, MN Resident Undergraduate, 2015-16

Cost of Attendance (COA)	\$25,784	\$25,784	\$25,784
Tuition and Fees	\$13,840	\$13,840	\$13,840
Adjusted Gross Income (AGI)	\$25,000	\$50,000	\$99,999
Expected Family Contribution (EFC)	\$0	\$4,750	\$14,778
<u>Typical Aid Package</u>			
Pell	\$5,775	\$1,025	\$0
State Grant	\$5,560	\$5,750	\$0
U Promise	\$4,000	\$2,464	\$750
Subtotal Gift Aid	\$15,335	\$9,239	\$750
Student Loan (amount offered)	\$5,500	\$5,500	\$5,500
Parent Loan (amount offered)	\$4,949	\$11,045	\$19,534
Total Aid Package (offered)	\$25,784	\$25,784	\$25,784

FY 2015 Share of Cost of Attendance for Twin Cities, Full-Time, Resident Undergraduates by Parent Income Level and Financial Aid Type



Mean Cost of Attendance in FY 2015 for Resident Undergraduates was \$24,691

Fall 2014 TC Full-Time MN Resident Enrollment = 18,925 (65% of FT Undergraduates)



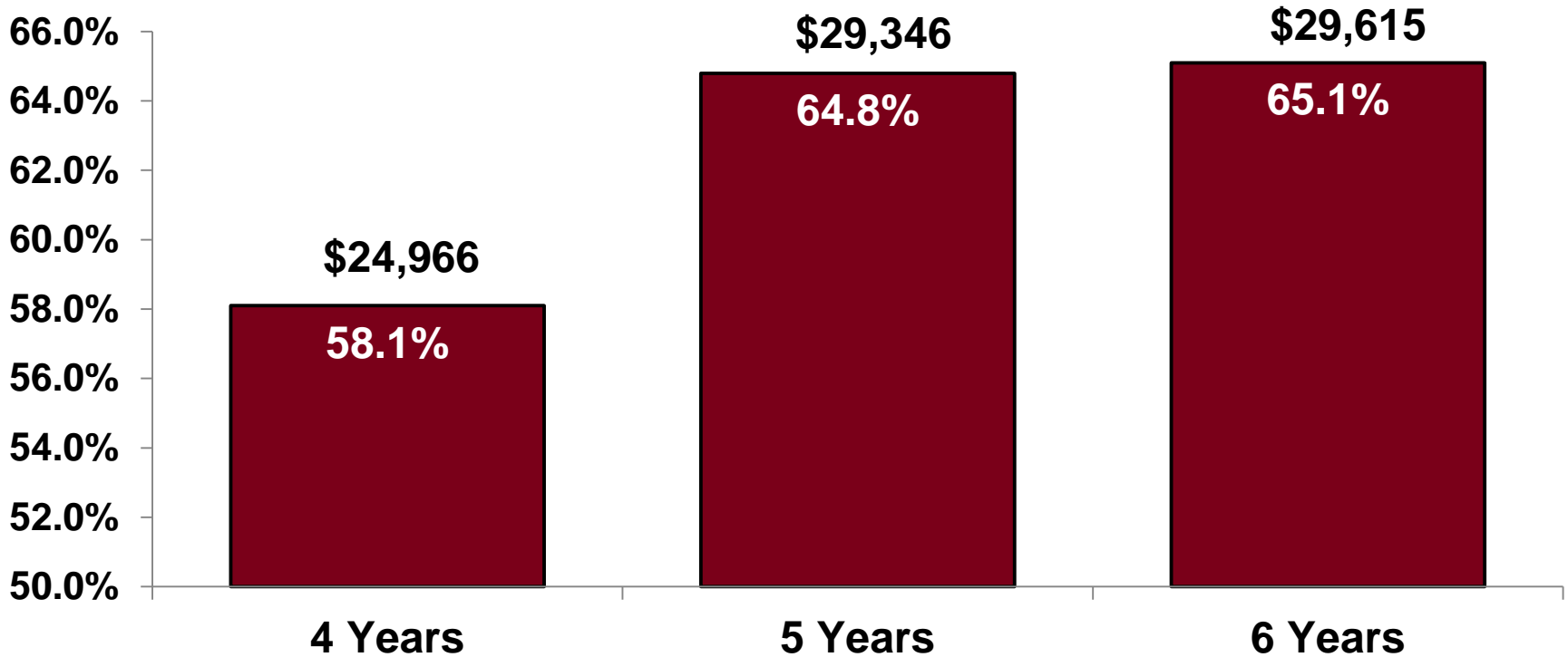
Gift Aid Disbursed in Aid Year 2014-15

Twin Cities Degree-Seeking Undergraduates (in \$ millions)

**\$1.7 million in additional gift aid remains uncategorized.*

Merit			
Merit (including Athletics, Collegiate, Departmental, or Designated Awards)	\$42.5		
Tuition Waivers	\$11.2		
Total Merit	\$53.8	Total Merit-Based Gift Aid	\$53.8 36%
Low Income Need			
Pell	\$29.2	}	
Minnesota State Grant	\$28.8		
U of M Promise Income <\$50K	\$11.6		
Other	\$17.3		
Total Low Income Need	\$87.0		Total Need-Based Gift Aid
Middle Income Need			
U of M Promise >\$50K	\$5.8	}	
UMF Middle-Income Scholarships (Johnson, Buuck, and Larson)	\$1.3		
Total Middle Income Need	\$7.0		Total Gift Aid and Waivers

Graduating in more than four years: impact on student debt (fall 2009 NHS) – Average debt and % with debt



Graduating in Four Years: Debt Savings Estimate

Improving time-to-degree saved
2006-2009 entering students
an estimated
\$7.7 million
in potential loan debt

Improvements to *Live Like a Student Now (LLAS)*



Consistent Message



Year-Round Presence



Early Freshman Awareness



Multimedia Campaign



Using the Student Perspective



Creating a Community

Certification of One Stop Staff in Personal Financial Management

- By summer 2016, all One Stop professional staff will have completed certification in Personal Financial Management through *Inceptia*, a company specializing in certifying higher education professionals who counsel students
- Rigorous online program with topics including personal spending, investments, major life purchases, and the time value of money and other topics
- Requires a proctored exam with a minimum score of 70% to obtain certification
- Requires 20 continuing education units every two years to maintain certification

Financial Aid Scorecard

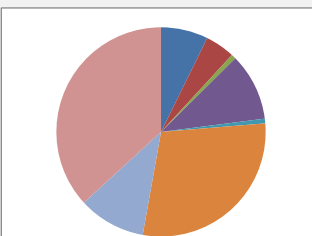
Entry Term: Fall 2012

Goldy Gopher

University of Minnesota Financial Aid Scorecard

Cost of Attendance	Goldy
2011 Academic Year	\$23,982
2012 Academic Year	\$24,872
2013 Academic Year	
2014 Academic Year	
Total	\$48,854

Actual Cost Breakdown



- University Scholarships
- PELL (Federal)
- Other Federal
- State/Local Gvt
- Private Scholarships
- Loans
- Parent Loans
- Out of Pocket

Total Aid (through 2013)	Goldy	Univ. Avg.
University Scholarships	\$3,500	\$7,652
PELL (Federal)	\$2,200	\$7,533
Other Federal	\$350	\$968
State/Local Gvt	\$5,000	\$5,191
Private Scholarships	\$350	\$4,889
Athletic	\$0	\$27,689
Regents Scholarship	\$0	\$7,968
Work Study	\$750	\$3,494
U Employment-Students No Work Study	\$0	\$4,066
Loans	\$14,000	\$16,613
Parent Loans	\$5,000	\$20,593
Waivers	\$0	\$8,776
Out of Pocket	\$17,704	\$15,000
Total	\$31,150	

Total Loans Disbursed at UMN	Goldy	Univ. Avg.
Stafford Loans	\$14,000	\$16,613
Parent Plus Loans	\$5,000	\$20,593
Total	\$19,000	\$18,603

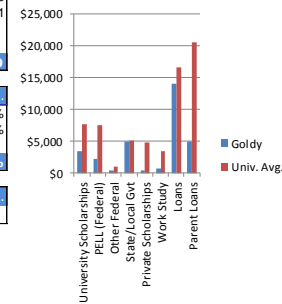
Completed Academic Credits	Goldy	Univ. Avg.
2011 Academic Year	26	29
2012 Academic Year	56	61
2013 Academic Year		
2014 Academic Year		
Total	82	90

Percentage of Degree Completion	Goldy	Univ. Avg.
Liberal Education Requirements (6 required)	50%	66%
Major Requirements	25%	26%
Total Requirements	68%	75%

Total Projected Debt	Goldy	Univ. Avg.
	\$38,570	\$37,206

Based on this loan projection and current interest rates, your expected monthly loan payment **\$443**

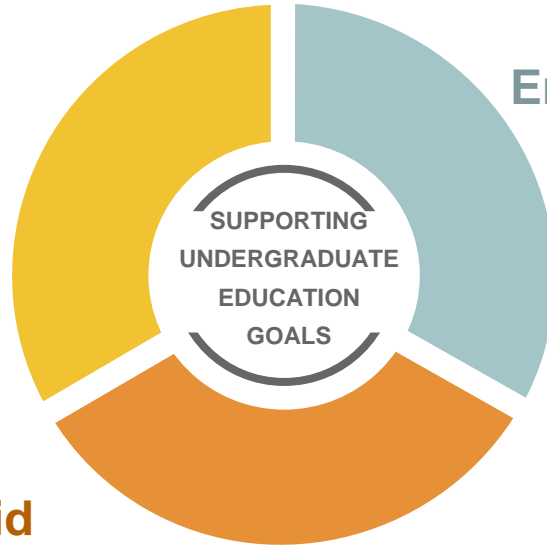
Comparisons with University Average



Enrollment Management, Tuition, & Financial Aid

Tuition

- tuition structures
- 13-credit band
- resident rate
- non-resident rate
- incentives/ disincentives
- fees



Enrollment Management

- size of undergraduate student body
- size of freshman class
- size of transfer class
- undergrad priorities
- balance of MN reciprocity, other U.S, International
- ethnic, special, and economic diversity

Financial Aid

- need-based aid to maintain access
- merit-based aid to attract high-achieving students
- attentive to MN middle income
- leverage federal and state aid
- attentiveness to student debt

Tuition and Financial Aid Governance Considerations

- Reflect shared responsibility of students, the University, and the state
- Ensure access for Minnesota resident students
- Support diversity of the student body
- Support retention and timely graduation
- Provide reliable revenue generation
- Enhance the academic quality of the University
- Recognize competitive environments and differing markets
- Understand unique needs and requirements in graduate and professional programs
- Maintain strong need-based and merit-based financial aid programs
- Simplify tuition structures and aid programs to the extent possible and increase ease of understanding for students and parents
- Reduce administrative complexity to save costs and enhance student services

QUESTIONS AND DISCUSSION

