

3. Act on Request to Authorize New Tuition Rate – President Myers KSU

Summary

Kansas State University requests authority to charge a reduced out-of-state tuition rate that is equivalent to the resident tuition rate effective Fall 2021 to full-time, domestic, undergraduate students (first time freshman or transfer) from the State of Missouri. This reduced rate will be available to students pursuing any undergraduate major at K-State and the initial eligibility criteria will be a 3.25 overall high school grade point average (GPA) and a composite score of 22 on the ACT (1100 SAT) for first time, full-time freshman and a 3.25 college GPA for new transfer students. The university requests Board of Regents approval now so K-State can market the discounted rates for recruiting the Fall 2021 class.

Background

State law (K.S.A. 2020 Supp. 76-719) directs the Board of Regents to set tuition and fees at the state universities. Through the Midwest Student Exchange Program, or MSEP, Kansas State University offers a reduced tuition rate to all full-time, domestic, out-of-state undergraduate students (freshman or transfer) who reside in a MSEP participating state and who are pursuing any major with a 3.25 GPA and a 22 on the ACT (1100 SAT) at 150% of the resident tuition. To encourage enrollment of students with higher academic criteria, Kansas State University offers additional scholarship add-ons or larger scholarship amounts in lieu of the tuition waiver based on the high school GPA and test score. Additionally, through the Missouri Reciprocal Agreement, K-State provides resident tuition to a limited number of students enrolled in select degree programs. This reduced rate is available to students enrolled in architectural engineering, architecture, interior architecture and product design and landscape architecture who meet specific academic criteria.

Rationale

As an institution, K-State needs to be able to maintain momentum in high potential recruitment markets, including Missouri. The University's Strategic Enrollment Management (SEM) plan includes a goal of increasing the enrollment of out-of-state students to 20% of the undergraduate population by 2025. Offering a reduced tuition rate is an attractive incentive for out-of-state students and K-State's data suggests the reduction to an in-state rate for Missouri will result in an increase in enrollment with a flat or net positive tuition revenue.

Robust recruitment of out-of-state undergraduate students bolsters the Kansas economy in a number of ways. Upon graduation, these non-resident students increase the educated workforce upon which Kansas companies can draw. Out-of-state alumni provide many opportunities for students to seek internships and mentoring connections that further enhance the educational experience provided by the University. Oftentimes, these alumni networks provide a crucial link to their communities for recruitment efforts.

Missouri remains a high potential recruitment market based on:

- similar academic and demographic characteristics of current, successful K-State students;
- the limited educational capacity in these states to serve current resident populations for certain academic interests;
- compatible academic and career interests with current K-State offerings; and
- high concentration of K-State alumni.

Missouri represents K-State's largest out of state market with over 31% of out of state students coming from this state. Kansas City, Missouri is the largest potential market to recruit from within a 150-mile radius of Manhattan. The resident rate would provide the opportunity to expand on existing partnerships with KC Scholars, Hispanic Development Foundation, and other organizations to assist in multicultural recruitment and land-grant mission of access and affordability.

Kansas State has continued to see high interest from Missouri students, but has failed to see a sustained increase in enrollment from this state. Applications and admits of the freshman class have both increased by approximately 12% over the last three years while the yield (percent of admitted students who enrolled) has decreased by 7% over the same timeframe. Additionally, K-State has seen a higher yield of students who received the Missouri Reciprocal, students receiving an in-state tuition benefit, than those who did not receive a tuition reduction benefit. As shown in Appendix C, in 2019 students receiving a Missouri Reciprocal resident tuition rate were yielding at a 16% higher rate compared to a student receiving the Missouri Student Exchange rate and 27.4% higher than students paying the full out of state tuition rate.

The complexity of the current scholarship and tuition revenue models are difficult for potential students from Missouri to understand. As students and families have become more price sensitive, providing an easy to understand reduced tuition rate is critical to continued enrollment growth. Guaranteeing in-state tuition for all students who meet the academic criteria (3.25 GPA/22 ACT) will help to generate more applications and increase yield as students have a lower net price. Providing the reduced tuition to full-time, domestic, undergraduate students (first time freshman or transfer) from the State of Missouri offers many benefits to the students, institution, and State of Kansas.

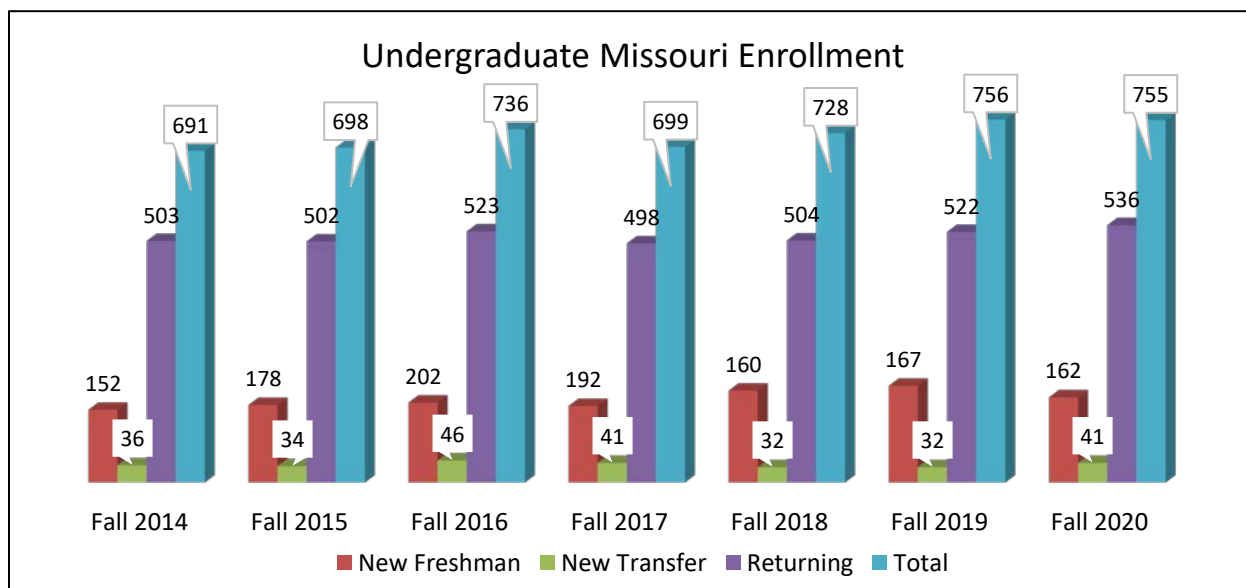
Appendix A provides additional detail on K-State's undergraduate student enrollment from Missouri from Fall 2015 to Fall 2019.

Financial Impact

K-State's proposal is designed to net to either equal or greater tuition revenue than under the current structure. In Appendix D, K-State modeled the anticipated outcome (15% application increase and 4.1% yield increase); this brings an additional 39 students, and \$150,000 in additional net tuition revenue the first year. While K-State anticipates this increase, an increase of only 24 students would allow the tuition change to be neutral in financial impact.

Further, recent investments in marketing and recruitment efforts will have more opportunities to penetrate high potential markets when messages regarding anticipated tuition rates remain consistent. K-State's increased efforts to grow enrollments in strategic out-of-state geographies will benefit from time and consistency as the University expands its reach, refines messages, and analyzes where the institution is realizing the largest gains. With time and continued data driven execution of the strategic plan, K-State will grow enrollment, increase the geographic diversity of the student body, and increase tuition revenue.

Appendix A



Appendix B

Missouri Enrollment Funnel: All Campuses Freshman				
	2017	2018	2019	2020*
Applied	777	806	853	905
<i>Increase in Applications</i>		3.73%	5.83%	6.10%
Admitted	638	694	703	775
<i>Admit Rate</i>	82.11%	86.10%	82.42%	85.64%
<i>Increase in Admitted Students</i>		8.78%	1.30%	10.24%
Enrolled	160	192	202	178
Yield	25.08%	27.67%	28.73%	22.97%
Missouri Enrollment Funnel: All Campuses Transfer				
	2017	2018	2019	2020*
Applied	76	72	76	80
<i>Increase in Applications</i>		-5.26%	5.56%	5.26%
Admitted	58	54	56	57
<i>Admit Rate</i>	76.32%	75.00%	73.68%	71.25%
<i>Increase in Admitted Students</i>		-6.90%	3.70%	1.79%
Enrolled	41	32	32	41
Yield	67.20%	51.90%	60.70%	66.70%

*2020 numbers will be final at the time of Fall Census.

Appendix C

Missouri Enrollment by Academic Level (Grouped by Current Waiver Structure)

Academic Level (GPA/ACT)		2012	2013	2014	2015	2016	2017	2018	2019	2020 (August)
No Waiver Eligibility	Admit	284	254	274	221	195	204	228	202	242
	Matric	50	59	53	56	31	40	45	40	48
	Yield	17.6%	23.2%	19.3%	25.3%	15.9%	19.6%	19.7%	19.8%	19.8%
Current MSEP (3.25/22)	Admit	260	259	307	322	353	360	384	410	445
	Matric	86	79	81	88	116	100	111	128	112
	Yield	33.1%	30.5%	26.4%	27.3%	32.9%	27.8%	28.9%	31.2%	25.2%
Current MO Reciprocal (3.5/24, and applying to specific majors)	Admit	43	40	32	32	30	48	64	72	53
	Matric	17	17	18	18	20	20	36	34	18
	Yield	39.5%	42.5%	56.3%	56.3%	66.7%	41.7%	56.3%	47.2%	34.0%
Total	Admit	587	553	613	575	578	612	676	684	740
	Matric	153	155	152	162	167	160	192	202	178
	Yield	26.1%	28.0%	24.8%	28.2%	28.9%	26.1%	28.4%	29.5%	24.1%

Appendix D

Missouri Match (Non-MO Reciprocal; 3.25 GPA/22 ACT)

	2020 Expected	Modeled Outcome		Required to Break Even	
		Scenario	Delta 2020	Scenario	Delta 2020
Admits	445	512	67	460	15
Matrics	119	158	39	143	24
Yield	26.7%	30.8%	4.1%	31.0%	4.3%
Tuition	\$14,063	\$9,375	-\$4,688	\$9,375	-\$4,688
Avg. Inst. Aid	\$2,861	\$0	-\$2,861	\$0	-\$2,861
Avg. NTR	\$11,202	\$9,375	-\$1,827	\$9,375	-\$1,827
Aggr. NTR	\$1,333,038	\$1,479,673	\$146,635	\$1,336,875	\$3,837
Discount	20.3%	0.0%	-20.3%	0.0%	-20.3%

NTR = Net Tuition Revenue