

Non-Resident Tuition Discount Response Fall 2014

Joint Education Interim Committee
Joint Appropriations Interim Committee

A footnote in the 2014 Wyoming State Legislature's budget bill (House Enrolled Act 41) directed the University of Wyoming to examine the fiscal, legal, and policy implications of granting reduced tuition status to high school graduates of neighboring states to attend UW. In response, the university reviewed the current package of tuition discounts and scholarships that it offers to non-residents to determine if a different approach would attract more students, and if so, what the fiscal implications would be.

UW currently offers a package of tuition discounts and scholarships to non-resident students which reduces the cost of attendance substantially for many. These opportunities include:

- The Western Undergraduate Exchange (WUE) Program in which up to 50 academically high-performing non-resident freshmen from WICHE states attend UW at 150% of residential tuition rates for four years;
- Children of UW alumni, who can attend UW at 150% of residential tuition rates; and
- The Rocky Mountain Scholarship Award program, which offers scholarships to domestic non-resident students. The amount of the award depends upon the student's high school GPA and ACT score. This program is supported with section 1 resources.

As a result, most new non-resident students do not pay the full price of UW's out-of-state tuition rate, which is already one of the lowest in the nation.

In addressing the legislative footnote, UW examined whether the current package described above could be changed to generate more non-resident students. It can be. By modifying how the tuition discounts and scholarship awards are provided, more high-achieving non-resident students can be attracted.

For instance, the Rocky Mountain Scholarship Award program offers scholarships ranging from \$3,000 to \$6,000 to non-residents who perform well academically in high school (see figure 1 below). The top-performers receive the maximum award of \$6,000. However, if UW were to provide the best and brightest with a tuition discount of 150% of the residential rate (current value of \$8,100) instead of a \$6,000 scholarship, the number of first-tier students would increase. Further, the freed-up scholarship money could be used to attract more non-resident students who perform at the next academic level (see the figure 2 below).

Would this tweaking of UW's non-resident award package produce enough additional students to offset the loss resulting from the lower tuition paid by the highest performing ones? Using historic application, enrollment, and retention data, UW modeled the impact of this approach. Here are the projected results:

- An increase of 77 additional non-resident freshmen per year who are good to exceptional academic performers. This would total an additional 308 students over a four year period. Please note that this revised discount-awards package would be offered to all domestic

non-resident students, not just those from neighboring states as stated in the legislative footnote. Most of these additional students are expected to come from Colorado and other Western states.

- As a bonus, some of the freed-up scholarship money would also be used to attract several more top-performing Wyoming resident freshmen and community college transfer students per year.
- There would be a decrease in the amount of tuition UW would collect in the first year compared to what it otherwise would have collected. After four years of increases in non-resident students, there would be a small increase of \$317,000 over what would have been collected otherwise (assuming a 4% tuition increase per year). This is less than 1% of total tuition revenue that UW now collects.
- There is currently enough enrollment space in most of UW's entry-level classes to accommodate these additional students without having to hire more faculty, provided they don't concentrate in some already popular areas such as the STEM disciplines.

The bottom-line is that re-shuffling how UW distributes its current package of non-resident tuition discounts and scholarships will yield more students. Since they would be high academic performers, UW's retention and graduation rates will likely increase. And of course, those who remain in the state after graduation will convey substantial benefits to their communities and Wyoming's economy. From a financial perspective, the additional tuition revenue is marginal at best. In fact, if the projected increase had been much higher, hiring additional faculty would have been necessary, perhaps resulting in a net loss of income.

UW's Division of Student Affairs presented these results to the Board of Trustees on September 11th. Board members accepted the report as UW's response to the legislative footnote and committed to discussing the details at the November meeting, with the possibility it could be adopted in time to help recruitment for the 2015 fall semester.

Finally, the scenario outlined above was developed by staying within the confines of UW's current budgets for scholarships and recruiting. The Division of Student Affairs will explore what number of additional resident and non-resident students would be attracted to UW if more state and private funding were available to expand financial aid and recruiting efforts. This could result in a request for state funding support for such a plan in UW's FY17/18 biennial budget submission.

For questions or clarifications, please contact Mary Aguayo, Enrollment and Policy Strategist in Student Affairs at MaryA@uwyo.edu or 307-766-5123.

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Appendix: Current and Proposed Scholarship Awarding for Non-Resident Freshmen

Current Program
High School GPA

	3	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4
21											
22							\$4,500				
23											
24									\$5,500		
25			\$3,000								
26											
27											
28											
29											
30											
31			\$5,000						\$6,000		
32											
33											
34											
35											
36											

Figure 1. Current Non-Resident Rocky Mountain Scholars Awarding Grid- *Scholarships Only*

Proposed Program
High School GPA

	3	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4
21											
22		\$3,000									
23											
24											
25											
26					\$6,000						
27											
28											
29								150% Resident Tuition			
30											
31											
32									\$8,100		
33									Value		
34											
35											
36											

Figure 2. New Proposed Non-resident Scholarship and Discount Awarding Grid
Scholarships of \$3,000 and \$6,000 and Tuition Discounts of \$8,100