

## Tuition Rates UMKC

The University of Missouri-Kansas City (UMKC) is requesting new tuition rates for undergraduate students who are residents of Midwestern states.

The Kansas undergraduate tuition rate is an expansion of the current undergraduate metro rate available to bordering counties to all of Kansas. Kansas is an underdeveloped market area for UMKC and one the campus believes will help stabilize their enrollment and financial position with little financial risk. The new rate will be known as the Kansas undergraduate tuition rate and will always be greater than or equal to the Missouri resident undergraduate rate.

The Heartland undergraduate rate will provide Arkansas, Iowa, Kentucky, Oklahoma, South Dakota, Tennessee, and Texas undergraduate students a rate comparable to the Midwest Student Exchange Program (MSEP) rates. This rate will always approximate the MSEP rates which currently is 150 percent of the UMKC Missouri resident undergraduate rate. UMKC has data indicating high school graduation rates in these states will be increasing in the next few years and offers an untapped market.

These new tuition rates will be re-evaluated after five years and will be eliminated or the Board of Curators will be asked to renew rates for another five years.

For FY 2019, UMKC is requesting the Kansas undergraduate rate be set equal to the Missouri resident undergraduate tuition rate and the Heartland undergraduate rate be set equal to 150 percent of the Missouri resident rate.

No. 2

Recommended Action - Tuition Rates, UMKC

It is recommended by Interim Chancellor Bichelmeyer, endorsed by President Choi, moved by Curator \_\_\_\_\_ and seconded by Curator \_\_\_\_\_,

that a special tuition rate for Kansas resident undergraduate students attending the University of Missouri – Kansas City be established.

- a) Program shall be known as the Kansas undergraduate tuition rate and will begin in FY 2019 for undergraduate students attending the University of Missouri – Kansas City who are residents of Kansas.
- b) Rate shall be greater than or equal to the Missouri undergraduate tuition rate and subject to customary approval by the Board of Curators.
- c) Program will be re-evaluated after five years (FY 2024) and will either be eliminated or extended for another five-year period.
- d) This tuition program will be effective with the Fall 2018 term.
- e) FY 2019 Kansas undergraduate rate will be equal to the Missouri resident undergraduate rate.

that a special tuition rate for Arkansas, Iowa, Kentucky, Oklahoma, South Dakota, Tennessee, and Texas resident undergraduate students attending the University of Missouri – Kansas City be established.

- a) Program shall be known as the Heartland undergraduate tuition rate and will begin in FY 2019 for undergraduate students attending the University of Missouri – Kansas City who are residents of Arkansas, Iowa, Kentucky, Oklahoma, South Dakota, Tennessee, and Texas.
- b) Rate shall be comparable to the Midwest Student Exchange Program undergraduate tuition rate and subject to customary approval by the Board of Curators.
- c) Program will be re-evaluated after five years (FY 2024) and will either be eliminated or extended for another five-year period.
- d) This tuition program will be effective with the Fall 2018 term.

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e) FY 2019 Heartland undergraduate rate will be equal to 150 percent of the Missouri resident undergraduate rate.

Roll call vote of the Committee: YES NO

Curator Brncic  
Curator Chatman  
Curator Layman  
Curator Snowden  
Curator Sundvold

The motion \_\_\_\_\_.

Roll call vote of Board of Curators: YES NO

Curator Brncic  
Curator Chatman  
Curator Farmer  
Curator Graham  
Curator Layman  
Curator Phillips  
Curator Snowden  
Curator Steelman  
Curator Sundvold

The motion \_\_\_\_\_.



indicated less than one-third of Kansas students paid the full non-resident rate (i.e. received no scholarships or aid).

### ***Competitive Landscape for Cross-State Tuition Rates***

Four universities in Kansas with which UMKC competes for student enrollment offer tuition incentives for Missouri residents as listed below:

University of Kansas offers in-state tuition for Missouri residents only at the KU Edwards Campus in Overland Park, Kansas, which is approximately 15 miles from UMKC's Volker campus. At KU Edwards, in-state tuition is available for Missouri residents as follows:

- Missouri residents taking upper-level (junior/senior) undergraduate and graduate level courses;
- Missouri residents who are admitted to an Edwards Campus degree program;
- Missouri residents who are non-degree seeking, enrolled in KU Edwards Campus course(s);
- Missourians who have been residents of one of the follow counties for 12 months prior to enrollment (documentation is required with application): Bates, Buchanan, Cass, Clay, Clinton, Henry, Jackson, Johnson, Lafayette, Platte and Ray.

KU announced in December 2017 plans to boost out-of-state enrollments and provide additional scholarships to Kansas students. This would be done by cutting out-of-state tuition prices to bring in talented high school students from across the country and redirect scholarship funds toward need-based aid for in-state Kansas residents. Plans are to redirect as much as half a million dollars to in-state students via scholarships and provide out of state students tuition waivers to reduce the cost of them coming to KU. This was announced at a council meeting at the Kansas Board of Regents in December, 2017. KU plans to have the program in place to impact the incoming fall 2018 recruits.

Emporia State University offers a 'Flat Rate Tuition' for full-time students taking 10 credit hours or more on Emporia State's campus. Missouri residents have two discount options:

- Missouri residents in Buchanan, Cass, Clay, Jackson and Platte counties in Missouri are eligible for the same tuition as Kansas in-state students.
- Residents of states noted below are eligible for 150% of Kansas resident tuition, which is a savings of almost 55% over non-resident tuition:
- NEARR is Neighbors in Education and Recruitment and Retention (NEARR) Program and includes Colorado, Missouri, Nebraska, Oklahoma and Texas
- MSEP is The Midwest Student Exchange Program (MSEP) and includes Illinois, Indiana, Michigan, Minnesota, Nebraska, Missouri, North Dakota, Ohio and Wisconsin. Students must declare a major **and be full time (12 hours)** to be eligible.

Kansas State University (KSU) offers a Missouri Reciprocal Tuition Agreement only for their Architecture, Planning and Design department. No other special rates offered to Missouri residents are advertised on the K-State website.

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KSU has announced plans to boost enrollment through an announcement made in December 2017. KSU is hiring Huron Consulting Services to help revise their enrollment plans following a large 4.14% enrollment drop in fall of 2017.

Pittsburg State University offers a ‘Gorilla Advantage Program’ which provides in-state tuition for non-resident undergraduate and graduate students from select counties in Arkansas, Missouri, and Oklahoma. For Missouri, eligible counties include: Barton, Barry, Bates, Cass, Cedar, Clay, Dade, Henry, Jackson, Jasper, Lawrence, McDonald, Newton, Platte, St. Clair, and Vernon.

### **Request for a new Kansas Rate:**

Given low enrollments of Kansas residents at UMKC, as well as the extensive discounting provided to those students who do enroll, there is an opportunity to expand the undergraduate metro rate to the entire state of Kansas to help grow enrollment at UMKC. This new rate would be named the Kansas Undergraduate Tuition Rate, and would be equal to the current Metro Rate that UMKC extends to 11 Kansas counties in the Greater Kansas City region which is the Missouri resident rate. The proposed new rate would be greater than or equal to the Missouri undergraduate tuition rate and subject to approval by the Board annually.

There are three key advantages that would be gained by creating a Kansas Undergraduate Tuition Rate, rather than awarding additional out-of-state scholarships to Kansas residents:

- It will allow UMKC to effectively market and promote a special Kansas Rate to Kansas residents. This approach is an improvement over the current practice of promoting a special Kansas discount from UMKC’s non-resident tuition. By announcing a universal Kansas rate to all Kansas residents, we can easily target Kansas residents and communicate the message that we will match in-state tuition rate available to Missouri residents.
- It will be easier for prospective students from Kansas to understand that they qualify for in-state tuition rate available for Missouri residents. This approach is an improvement over the current practice of students trying to assess the value of a special scholarship for Kansas students. A Kansas Rate would eliminate confusion and take out the guesswork for these students.

Ultimately, the combination of a special tuition rate for Kansas residents that is competitive with other institutions that attract Kansas residents from beyond the Greater Kansas City region, together with an easy-to-understand message and marketing about the amount and target group eligible for the special rate, should have the effect of increasing the number of applications from Kansas residents.

Our consultants, Ruffalo Noel Levitz, conducted a Pricing Study in 2016 that included a recommendation that the metro rate be offered to all students in Kansas. They have also

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advised that UMKC will need to aggressively market the award to build demand. They have reviewed the most recent data and continue to support this recommendation. The Kansas rate program is similar to the Illinois rate program UMSL to Illinois residents which was approved by the Board of Curators in February, 2017.

### **Financial summary**

For the first year of the new Kansas Rate (without including the cost of marketing efforts), UMKC would need to add 42 students to offset the \$89,000 of tuition that would be lost when the 13 Kansas residents who are currently paying non-resident rates begin paying the new Kansas Rate. The goal for the first full year would be to gain 50 students, which would generate gross incremental revenue of \$60,000. This would be the base from which UMKC will build its Kansas enrollment. The growth rate for this student population going forward is projected at 2.5%.

### **Next steps**

Three steps are required in order for UMKC to take advantage of this opportunity:

1. UMKC would need approval from the UM System Board of Curators to create a new Kansas Undergraduate Tuition Rate that would expand the metro-rate to the entire State of Kansas,
2. UMKC leadership would review and revise financial aid awards for Kansas residents to adjust institutional aid for these students to create attractive, competitive incentives for prospective students, and
3. UMKC would make an investment in marketing the new Kansas Undergraduate Tuition Rate throughout Kansas.

### **Summary**

We are seeking approval of a new Kansas Undergraduate Tuition Rate that extends the existing UMKC Metro Undergraduate Rate to all counties in Kansas. The proposed new rate would be greater than or equal to the Missouri undergraduate tuition rate and subject to approval by the Board annually. We are requesting the FY 2019 Kansas Undergraduate rate be equal to the Missouri resident undergraduate rate. This action is projected to help us grow enrollment and strengthen our financial position.

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## Heartland Undergraduate Tuition Rate

### **Request for a new Heartland Rate:**

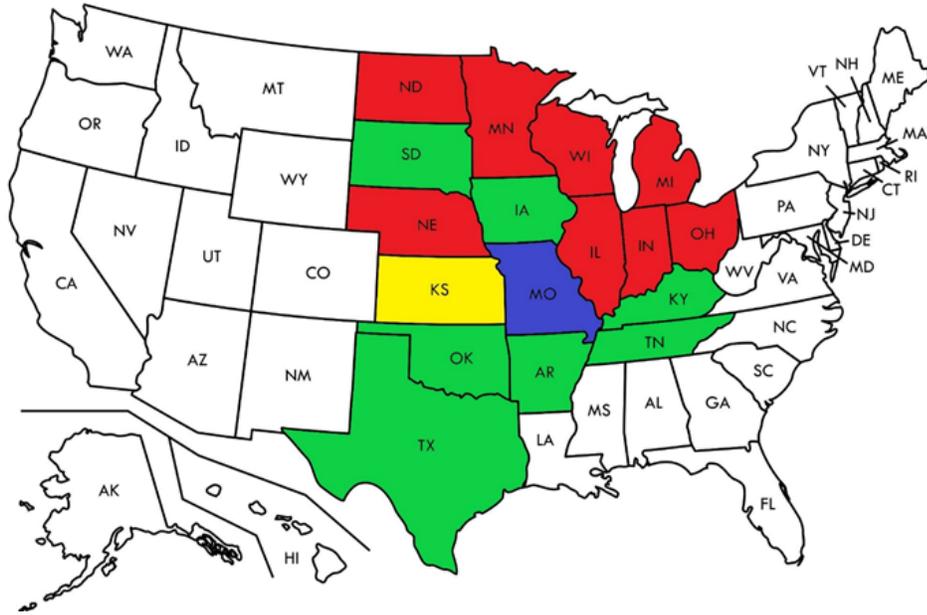
Given our challenge to improve access to higher education, grow undergraduate enrollment, improve retention and ultimately improve financial performance, we are seeking to create a new Heartland Undergraduate Tuition Rate that would be assessed at 150% of the Missouri resident rate for undergraduate, non-professional students from the states of Iowa, South Dakota, Arkansas, Texas, Oklahoma, Kentucky and Tennessee. This would complement the states covered by the Midwest Student Exchange, and would match the pricing of this compact. The proposed new rate would be subject to approval by the Board annually.

### **Current Tuition Rates**

FY 2018 Undergraduate tuition rates:

- Missouri resident - \$278.00/student credit hour
- Metro rate - \$278.00/student credit hour. Today this rate is extended to undergraduate non-professional students coming from 11 counties in Kansas. There is a proposal under consideration to expand this rate to cover all Kansas counties.
- Missouri non-resident - \$768.90/student credit hour
- Midwest Student Exchange Program - \$417.00/student credit hour. This is a multi-state tuition reciprocity program. Through this exchange, public institutions have agreed to charge 150% of their in-state rate for specific programs. All decisions are made by the receiving campus. Ten states participate – Illinois, Indiana, Kansas, Ohio, Michigan, Minnesota, Missouri, Nebraska, North Dakota and Wisconsin.

Currently at UMKC, non-resident students (excluding those who qualify for the metro rate) pay either nonresident rate or Midwest Exchange rate.



Red – covered by the Midwest Student Exchange program.  
 Green – would be covered by the Heartland Rate

Our current analysis is for first-time college students, with additional work to be performed on undergraduate transfer student data. Excluding undergraduate students from Kansas and non-resident undergraduate students enrolled in professional programs, UMKC currently enrolls 151 non-resident first-time college students.

Residency status of first-time college students	Enrollment
States covered by Midwest Exchange Program	60
International	50
Other states	41

Analysis of the residency status of 41 students from other states shows 22 are residents of states that would be included in the proposed Heartland area.

Further analysis of net tuition of these 22 students is consistent with other findings, and show students who are non-resident receive substantial scholarships and aid. In this particular case, eight students receive athletic scholarships, one is a UMKC Trustee scholar and 11 receive other aid; only two students pay the full non-resident tuition.

Given these low enrollments, as well as the extensive discounting provided to those students who do enroll, there is an opportunity to utilize a Heartland Rate to help grow enrollment at UMKC.

Three key advantages would be gained by creating a Heartland undergraduate rate for tuition, rather than awarding additional out-of-state scholarships to these non-residents:

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- a. It will allow UMKC to effectively market and promote a special Heartland rate to make UMKC more competitive with other universities, and therefore more attractive to students from states in closest proximity to UMKC. This approach is an improvement over the current practice of promoting scholarships that discount UMKC's non-resident tuition. By announcing a Heartland rate, we could easily target prospective residents and communicate the message we have a more attractive tuition rate.
- b. It will be easier for prospective students who are eligible for the Heartland rate to understand a special tuition rate than for these students to understand how to assess the value of a special scholarship, to calculate such a discount on a non-resident tuition rate, or to compare the discount to other scholarships available, therefore eliminating confusion and guesswork for these students.
- c. Ultimately, the combination of a special tuition rate for residents of these states which is competitive with other institutions, together with easy-to-understand messages about the cost of tuition and students' eligibility for the special rate, should have the effect of increasing number of applications from undergraduate non-resident students who are eligible for the Heartland rate.

We know cost is a significant factor in decisions of out-of-state students who choose to come to UMKC. We also know cost is a major contributor to poor retention of students.

We believe the proposed Heartland rate would be attractive to our targets, would increase applications, result in higher conversion rates of admitted students, significantly reduce current use of waivers and scholarships and improve retention of enrolled students.

Our consultants from Ruffalo Noel Levitz support this proposal to establish the Heartland rate. They have also advised UMKC will need to aggressively market the award to build demand.

### **Financial summary**

Given that UMKC currently has a very low number of students enrolled who would be eligible for the Heartland rate, along with the fact these students already receive significant discounts through scholarships, a small increase in enrollment would cover income lost from these current full pay students. Further, we expect improvement in yield and higher retention for eligible students.

### **Next steps**

Three steps are required in order for UMKC to take advantage of this opportunity:

1. Curator approval to create a new Heartland Undergraduate Tuition Rate that would be assessed at 150% of the Missouri resident rate for undergraduate, non-professional

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students from the states of Iowa, South Dakota, Arkansas, Texas, Oklahoma, Kentucky and Tennessee. This would match the rate available to students from states covered by the Midwest Student Exchange.

2. UMKC leadership will review and revise financial aid awards for these residents to adjust institutional aid for these students to create attractive, competitive incentives for prospective students.
3. UMKC will make strategic marketing and recruiting investments in selective markets throughout the Heartland states.

### **Summary**

UMKC is seeking approval of a new Heartland Undergraduate Tuition Rate. The proposed new rate would be equivalent to the current Midwest Exchange rate and subject to approval by the Board of Curators annually. UMKC is requesting the FY 2019 Heartland Undergraduate Tuition Rate be assessed at 150% of the Missouri resident undergraduate rate. This action is projected to help us grow enrollment and strengthen our financial position.