

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 28

DATE:

January 17, 2006

RECOMMENDATION

RESTRUCTURING GENERAL FUND SCHOLARSHIP PROGRAM

ACTION REQUESTED

It is recommended that the Board of Regents approve restructuring the General Fund scholarship program to increase enrollment, improve retention and increase net tuition revenue. The restructuring is estimated to generate \$1,117,403 in net tuition/fee revenue. There are two phases to the implementation.

SUMMARY

Eastern Michigan University, in partnership with Noel-Levitz, recently conducted a comprehensive study of the impact of scholarships and financial aid on enrollment decisions. The study focused on entering freshmen and transfer students and measured their academic ability against their willingness to pay for college costs. It also included a three-year analysis of enrollment conversion and retention rates, reviewed the amounts and types of aid awarded, and used predictive modeling to help determine factors that are statistically relevant to enrollment decisions. This study supports the need to overhaul Eastern's scholarship program and strategically use scholarships and financial aid to help increase the size and academic quality of our entering classes, target limited resources to retain students at higher levels, and increase net total tuition revenue.

Key highlights of this study revealed the following:

- Merit based scholarship recipients have the highest rate of retention.
- Students who are in the middle need ranges and are solid academic achievers are more likely to enroll if they are awarded merit aid.
- Students who live on-campus are retained at a higher rate than those who live off campus.
- Our experience with enrolling first year and transfer students can be improved if institutional awards are made earlier.
- Renewal awards help to retain students.
- The Provost Scholarship, Valedictorian/Salutatorian and Merit Plus Award were not effective in converting admitted students.

It is proposed that our scholarship program be restructured in two phases:

Phase I: Effective for 2006-2007, requires additional funding of \$654,000 for the 2006-2007 General Fund Scholarships, Awards and Grants program and changes to programs and award criteria:

- Eliminate three scholarship programs and redirect funding to a general achievement award and a need-based grant.
- Approve additional funding for new Eagle Scholarship and Regents Gold awards and target students who have at least a 3.0 high school grade point average and 18 ACT score.
- Increase the Regents Scholarship from \$2,600 to \$3,000 to improve the enrollment yield rate of qualifying students.
- Reduce the value of the Regents and Recognition of Excellence Scholarships for students who are granted waivers of the residence hall requirement.
- Add 50 Great Lakes Scholarships for international students.
- Begin awarding institutional aid as soon as students are admitted.

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Phase II: Effective for 2007-2008:

- Change the method of funding merit and need based institutional aid from a flat dollar amount to a tuition discount model.
- Target specific awards and grants to students to help shape enrollment goals.
- Adjust annual spending plan based on the results of meeting the 2006-2007 goals.

The Phase II proposal will be presented for approval in March 2006.

FISCAL IMPLICATIONS

The 2006-2007 Scholarships, Awards and Grants will be increased by \$654,000 over the General Fund base of \$14,243,211, which was approved on June 21, 2005.

The total budget of \$14,897,211 includes:

1. Scholarships, Awards and Grants	\$8,786,110
2. Athletic Grants-in-Aid	\$5,381,904
3. Federal and State Matches	\$ 729,197

The investment of an additional \$654,000 is estimated to produce net tuition/fee revenue of \$1,117,403 (see attached 2006-07 Consolidated Annual Plan Summary).

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer
Vice President for Enrollment Services

Date

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2006-07 General Fund Scholarships,
Awards and Grants
Original Budget vs Mid-Year Request

	2006-07 Approved 6/21/2005	[FS]	2006-07 Mid-Year Request	[FS]	Increase Over 6/21/2005
I. Academic Scholarships, Awards and Grants					
132600 Presidential Scholarship*	\$637,698	49	\$637,698	49	\$0
Regents Gold Scholarship	\$62,900	10	\$62,900	10	\$0
132550 Regents Scholarship	1,235,000	475	1,330,600	475	\$95,600
132850 Recognition of Excellence*	1,146,000	764	1,146,000	764	\$0
133000 Wade McCree*	251,582	40	251,582	40	\$0
134270 Provost Scholarship	959,500	836	37500	75	-\$922,000
134200 ROTC Service Award	30,000	10.5	30,000	10.5	\$0
133200 National Guard Program	90,000	56.25	90,000	56.25	\$0
133100 Leadership Award	253,000	506	253,000	506	\$0
133850 Communication & Theatre Arts	65,000	60	65,000	60	\$0
132750 International Student Award	150,000	75	150,000	75	\$0
133950 Music Service Award	50,000	111	50,000	111	\$0
133650 Undergrad Honors Assistantship	90,000	54	90,000	54	\$0
133600 University Grant	783,500	1295	783,500	1295	\$0
133750 Graduate Fellowship	230,000	153	230,000	153	\$0
133300 Community College Transfer Scholarship	200,000	200	200,000	200	\$0
133250 Valedictorian/Salutatorian	100,000	50	0	0	-\$100,000
142600 Eastern Michigan Merit Award	528,000	450	0	0	-\$528,000
107550 Bilingual Teacher Training Scholarship	108,000	58	108,000	58	\$0
133450 National Scholars Program*	661,930	60	661,930	60	\$0
New EMU Achievement Award (to be named)	0		1,206,000	1005	\$1,206,000
New EMU Grant (to be named)	0		602,400	502	\$602,400
Total Academic Scholarships, Awards and Grants	\$7,632,110	5,313	\$7,986,110	5,559	\$354,000
II. Athletic Grants-in-Aid					
134550 Men's Athletic Tuition	\$1,052,394	151.6	\$1,052,394	151.6	\$0
134450 Men's Athletic Room & Board	962,383	144.9	962,383	144.9	\$0
134700 Women's Athletic Tuition	916,332	132.0	916,332	132.0	\$0
134850 Women's Room & Board	850,138	128.0	850,138	128.0	\$0
134260 Out-of-State Tuition Differentials	1,435,658	122.0	1,435,658	122.0	\$0
134650 Spring Academic Aid	120,000		120,000		\$0
142650 Men's Football Summer Aid	30,000		30,000		\$0
142700 Women's Basketball 5th Year Aid	15,000		15,000		\$0
Total Athletic Grants-in-Aid	\$5,381,904		\$5,381,904		\$0
III. Federal and State Required Matches					
135100 Michigan Work Study Match	\$65,500		\$65,500		\$0
135050 Federal Work Study Match	349,364		349,364		\$0
135250 Federal Perkins/NDSL Match	23,000		23,000		\$0
134950 Federal Supplemental Grant Match	291,333		291,333		\$0
Total Federal and State Matches	729,197		729,197		\$0
IV. Subtotal Request					
	\$13,743,211		\$14,097,211		\$354,000
<i>Add Restricted Award Funds:</i>					
142750 Great Lakes Award	\$500,000	83	\$800,000	133	\$300,000
Total Expenditure Request	\$14,243,211		\$14,897,211		\$654,000
Funded by General Fee Revenue	\$150,000		\$150,000		\$0
Funded by General Fund	14,093,211		\$14,747,211		\$654,000
Total Funding Request	\$14,243,211		\$14,897,211		\$654,000

FS = # of scholarships

Eastern Michigan University
2006-07 Consolidated Annual Plan Summary
Total First-Year and Transfer Students

Enrollment & Financial Impact of Changes			
	2005-06 Actual	2006-07 Estimated	Change
Number of students admitted	9976	10026	50
Number of students enrolled	3565	3772	207
Yield	35.7%	37.6%	1.9%
Institutional Revenue			
Tuition revenue	\$20,009,396	\$22,018,100	\$2,008,704
Required fee revenue	\$3,615,166	\$3,825,313	\$210,147
Room/board revenue	\$12,920,016	\$14,164,468	\$1,244,452
Other charges revenue	\$497,014	\$521,447	\$24,433
Total revenue	\$37,041,592	\$40,529,328	\$3,487,736
Employee dependent waivers	\$0	\$0	\$0
Institutional Aid by Type			
Need-based gift	\$436,580	\$994,058	\$557,478
Merit-based gift	\$2,515,756	\$3,002,473	\$486,717
Premier gift	\$177,660	\$184,766	\$7,106
Talent-based gift	\$1,082,206	\$1,125,455	\$43,249
Other institutional gift aid	\$138,806	\$145,703	\$6,897
Tuition exchange waivers	\$0	\$0	\$0
Total institutional gift aid ³	\$4,351,008	\$5,452,456	\$1,101,448
Average institutional gift/student	\$1,220	\$1,446	\$225
Work-study	\$54,026	\$58,102	\$4,076
Loan	\$0	\$0	\$0
Total institutional aid	\$4,405,034	\$5,510,558	\$1,105,524
Net Tuition/Fee Revenue	\$19,273,554	\$20,390,957	\$1,117,403
From change in enrollment			\$1,119,110
From per-student net revenue change			-\$1,706
Average Net Tuition/Fee Revenue	\$5,406	\$5,406	\$0
Tuition discount rate (NACUBO)	18.4%	21.1%	2.7%
Revenue Minus Unfunded Gift Aid			
Tuition ¹	\$16,828,302	\$17,711,517	\$883,215
Room/board	\$11,808,112	\$12,762,129	\$954,017
Overall (incl. fees)	\$32,748,594	\$35,134,882	\$2,386,288
Unfunded institutional gift aid	\$4,292,998	\$5,394,446	\$1,101,448
Funded institutional gift aid	\$58,010	\$58,010	\$0
Unfunded tuition discount ¹	15.9%	19.6%	3.7%
Unfunded room/board discount	8.6%	9.9%	1.3%
Overall unfunded discount ¹	11.6%	13.3%	1.7%

Academic Impact of Changes			
Academic Measure	2005-06 Actual	2006-07 Estimated ⁴	Change
Academic Index	47.5	48.8	1.3
SAT composite	1027	1012	-15
ACT composite	20.9	20.8	-0.1
High school GPA	3.04	3.04	0.00
Recalc. HS GPA	3.01	3.02	0.01
College GPA	1.27	1.03	-0.24
Class rank			
Predicted GPA			
Assumptions for Direct Charges (weighted)			
Direct Charge Category	2005-06 Actual	2006-07 Estimated	Change
Tuition	\$5,984	\$6,226	4.1%
Required fees	\$1,078	\$1,078	0.0%
Room charge	\$2,986	\$3,105	4.0%
Board charge	\$3,370	\$3,505	4.0%
Other charges			0.0%
Total direct cost	\$13,418	\$13,914	3.7%
Non-revenue cost-of-attendance change			\$0
Assumed number in residence halls - Fall 2006-07			2112
Assumptions for External Financial Aid			
Source/Type of Funds	2005-06 Actual	2006-07 Estimated	Change ²
Campus-based gift	\$378,433	\$378,433	\$0
Campus-based work	\$968,397	\$968,397	\$0
Campus-based loan	\$664,410	\$664,410	\$0
State grant	\$1,221,192	\$1,318,575	\$97,383
Federal grant	\$3,106,650	\$3,129,266	\$22,616
Federal loan	\$5,409,861	\$5,474,919	\$65,058
Private gift	\$0	\$0	\$0
Private work	\$0	\$0	\$0
Private loan	\$0	\$0	\$0
Totals	\$11,748,943	\$11,934,000	\$185,057

1. Employee dependent waivers are treated as lost revenue for these calculations.

2. Minor changes will occur due to rounding.

3. Total institutional gift includes \$343,456 in cell-by-cell add-ins for exceptions and \$ 310,400 in lump sums from the Set-up sections.

4. Missing values in base year data will skew the estimates.

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