

**BOARD OF REGENTS**  
EASTERN MICHIGAN UNIVERSITY

SECTION: **25**

DATE:

March 21, 2006

**RECOMMENDATION**

**2007-2008 GENERAL FUND SCHOLARSHIPS, AWARDS AND GRANTS**

**ACTION REQUESTED**

It is recommended that the Board of Regents approve the 2007-2008 General Fund Scholarships, Awards and Grants proposal for \$16,555,467 (\$16,405,467 through General Fund revenues and \$150,000 through General Fee revenues).

**STAFF SUMMARY**

The General Fund Scholarships, Awards and Grants proposal is presented a year in advance of the 2007 funding time lines due to publication requirements and the recruiting cycle for the 2007 freshman class.

This proposal represents Phase II of the restructuring plan of the General Fund Scholarship program. Effective 2007-2008, the university will award funds based on a tuition discount model designed to shape and compliment enrollment goals. The new awards will be renewable unless individual students fail to meet scholarship maintenance criteria.

**FISCAL IMPLICATIONS**

The 2007-2008 Scholarships, Awards and Grants will be increased by \$947,869 over the 2006-2007 adjusted General Fund base of \$15,607,598.

The total budget of \$16,555,467 includes:

1. Scholarships, Awards and Grants	\$ 10,046,267
2. Athletic Grants-in-Aid	\$ 5,780,003
3. Federal and State Matches	\$ 729,197

**ADMINISTRATIVE RECOMMENDATION**

The proposed Board Action has been reviewed and is recommended for Board Approval.

\_\_\_\_\_  
University Executive Officer

\_\_\_\_\_  
Date

EASTERN MICHIGAN UNIVERSITY  
FALL 2007 PROPOSAL FOR  
FUNDING INSTITUTIONAL STUDENT AID

As state support continues to decline, public institutions like Eastern Michigan University must operate more like private colleges in order to increase student enrollment and maximize revenue. One model, *tuition discounting*, is gaining significant prominence among higher education institutions as a means to meet strategic enrollment goals.

Tuition discounting is the practice of reducing the cost of attendance to individual students by offsetting a portion of their tuition charges with funded and unfunded institutional student aid. At Eastern Michigan University, one of the purposes for using this model is to generate additional enrollment with the ultimate goal of garnering an increase in net revenue to the general fund. Supplementary dollars will also be generated by including additional full year equated students in the state funding formula.

There are four compelling reasons to change the scholarship and grant distribution program at Eastern Michigan:

- 1: To meet the growing financial need of Eastern's student population;
- 2: To calculate the aid packages needed to reach specific enrollment goals;
- 3: To maximize financial aid coverage in an era of shrinking resources; and
- 4: To generate additional net revenue to the general fund

To generate more monies for the general fund, we must grow enrollment, maximize the return from budgeted dollars and minimize costs. Furthermore, we need to award dollars at a level necessary to influence students towards an enrollment decision at EMU, without spending unnecessary dollars. By strategically targeting our university funds, we hope to see a steady growth in net tuition revenue. As a result, we will also be providing a reliable revenue stream to improve the quality of student life and learning in a time of increased cost pressures.

This task can be quite difficult in a state where there is no population growth, and the competition for students is intense. Eastern Michigan has worked closely with Noel-Levitz, a nationally recognized strategic enrollment management firm, to review the various returns from scholarship or grant dollars awarded, as well as the corresponding conversion rates from admitted to enrolled students.

As noted previously, one of the main purposes of this study was to identify ways that we can maximize revenue to the institution in difficult budget times. Using the tuition discount model, in conjunction with our enrollment goals, will allow us to determine how much aid to award a student in order for that student to enroll.

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An equally important point to consider, according to the Noel-Levitz study, is to ensure the funds we award to incoming students are renewable. Previously, EMU had many one-time only awards in an attempt to save costs. However, many students did not persist, resulting in lost revenue. Although there will be a significant increase to the scholarship costs in the out years, we will realize an increase in revenue from additional students who persist. With the increase in retention rates also comes an increase in graduation rates. As retention and graduation rates are now very public, they can directly reflect on the academic character of the institution.

Tuition discounting is a common practice at private universities where the average discount rate is 39% (NACUBO 2005). Many public universities are now using characteristics of tuition discounting in order to enroll their class. Under the tuition discounting model, our discount rate would grow from 24.2% to about 26.4% for our entering EMU freshmen.

A major concern with discounting is that, as more institutional dollars are directed towards merit students, access for low-income students may decline. This is something Eastern Michigan will watch very closely. The Noel-Levitz study indicates that slightly more than one-half of our current merit aid actually goes to students with demonstrated financial need. In the past several years, the loss of state support to public universities has caused tuition rates to rise rapidly, outpacing most measures of economic growth, inflation and ability to pay (College Board 2004). At the same time, federal and state financial aid programs have grown more slowly than the cost of attending college. Most colleges have responded by increasing the amount of institutionally funded financial aid awards; Eastern Michigan University is no exception. Institutionally funded financial aid in the form of scholarships or grants is, in effect, a tuition discount to encourage participation of primarily "middle-class" students from families who increasingly are unable, or unwilling, to pay. The awards bring in additional students and increase the net marginal revenue.

Tuition discounting is an evolving process. It will be a critical element in our enrollment management plan. Eastern Michigan University will use the aid dollars as a tool to enhance diversity, manage access, support pedagogy, maximize academic quality of the class and overcome unwillingness to pay to attend EMU.

University Student Aid  
Adjusted 2006-2007  
and Request for 2007-2008

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**CHART A**

		2006-07		2007-08		Increase
		Adjusted	[FS]	Request	[FS]	Over
		3/21/2006		3/21/2006		2006-07
<b>I. Academic Scholarships, Awards and Grants</b>						
132600	Presidential Scholarship*	\$637,698	49	\$706,023	52	\$68,325
	Regents Gold Scholarship	62,900	10	139,040	20	76,140
132550	Regents Scholarship	1,330,600	475	1,560,600	575	230,000
132850	Recognition of Excellence*	1,146,000	764	916,000	675	-230,000
133000	Wade McCree*	251,582	40	417,120	60	165,538
134270	Provost Scholarship	37500	75	37500	75	0
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	125,000	350	-128,000
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	1,183,500	1295	1,183,500	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	0	0	0	0	0
142600	Eastern Michigan Merit Award	0	0	0	0	0
107550	Bilingual Teacher Training Scholarship	108,000	58	108,000	58	0
133450	National Scholars Program*	694,926	60	719,084	60	24,158
132640	Eagle Scholarship	1,206,000	1005	1,206,000	1005	0
**New**	EMU Student Aid Grant	602,400	502	1,223,400	847	621,000
142750	Great Lakes Award	800,000	133	800,000	133	\$0
Total Academic Scholarships, Awards and Grants		\$9,219,106	5,692	\$10,046,267	5,925	\$827,161
<b>II. Athletic Grants-in-Aid</b>						
134550	Men's Athletic Tuition	\$1,114,281	152	\$1,132,303	152	\$18,022
134450	Men's Athletic Room & Board	1,002,112	151.6	1,032,176	151.6	30063.80
134700	Women's Athletic Tuition	984,919	134.0	1,000,849	134.0	15929.92
134850	Women's Room & Board	885,772	134.0	912,346	134.0	26573.54
134260	Out-of-State Tuition Differentials	1,507,210	122.0	1,537,329	122.0	30119.00
134650	Spring Academic Aid	120,000		120,000		0.00
142650	Men's Football Summer Aid	30,000		30,000		0.00
142700	Women's Basketball 5th Year Aid	15,000		15,000		0.00
Total Athletic Grants-in-Aid		\$5,659,295		\$5,780,003		\$120,708
<b>III. Federal and State Required Matches</b>						
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
<b>Total Expenditure Request</b>		<b>\$15,607,598</b>		<b>\$16,555,467</b>		<b>\$947,869</b>
Funded by General Fee Revenue		\$150,000		\$150,000		\$0
Funded by General Fund		15,457,598		16,405,467		947,869
<b>Total Funding Request</b>		<b>\$15,607,598</b>		<b>\$16,555,467</b>		<b>\$947,869</b>

FS = # of scholarships

## CHART B

**2007-08 ATHLETICS GRANTS-IN-AID REQUEST**  
**Detailed Analysis by Sport 03/21/06**

Men's Athletic Aid		Sport	Room & Board	Tuition & Fees
NCAA	EMU			
85.0	85.0	Football	\$578,727	\$634,867
13.0	13.0	Basketball	88,511	97,097
11.7	11.7	Baseball	79,660	87,388
4.5	4.5	Golf	30,638	33,611
9.9	9.9	Swimming	67,405	73,943
12.6	12.6	Track/Cross Country	85,788	94,110
9.9	9.9	Wrestling	67,405	73,943
146.6	146.6	Total	<u>\$998,133</u>	<u>\$1,094,958</u>

\$2,093,092

5 Medicals @ \$14,277.57 (tuition, fees, room and board)

71,388**Total Men's Athletic Awards****\$2,164,480**

Women's Athletic Aid		Sport	Room & Board	Tuition & Fees
NCAA	EMU			
15.0	15.0	Basketball	\$102,128	\$112,035
12.0	12.0	Softball	81,703	89,628
12.0	12.0	Volleyball	81,703	89,628
8.0	8.0	Tennis	54,468	59,752
14.0	14.0	Swimming	95,320	104,566
12.0	12.0	Gymnastics	81,703	89,628
18.0	18.0	Track/Cross Country	122,554	134,442
14.0	14.0	Soccer	95,320	104,566
6.0	6.0	Golf	40,851	44,814
20.0	20.0	Crew	136,171	149,380
131.0	131.0	Total	<u>\$891,920</u>	<u>\$978,442</u>

\$1,870,362

3 Medicals @ \$14,277.57 (tuition, fees, room, board)

42,833**Total Women's Athletic Awards****\$1,913,194**

122 Out-of-State Differentials @ \$12,601.06 rounded

**1,537,329**

Spring Academic Aid

**120,000**

Men's Football Summer Aid

**30,000**

Women's Basketball 5th Year Aid

**15,000****GRAND TOTAL ATHLETIC AWARDS****\$5,780,003**

NOTE: Average projected tuition/fee increase of 2% and room/board increase of 4% used to calculate 2007/08 funding.

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CHART C

2006-07 ATHLETICS GRANTS-IN-AID REQUEST  
Detailed Analysis by Sport 03/21/06

Men's Athletic Aid		Sport	Room & Board	Tuition & Fees
NCAA	EMU			
85.0	85.0	Football	\$561,870	\$624,762
13.0	13.0	Basketball	85,933	95,552
11.7	11.7	Baseball	77,340	85,997
4.5	4.5	Golf	29,746	33,076
9.9	9.9	Swimming	65,441	72,766
12.6	12.6	Track/Cross Country	83,289	92,612
9.9	9.9	Wrestling	65,441	72,766
146.6	146.6	Total	\$969,061	\$1,077,531

\$2,046,592

5 Medicals @ \$13,960.38 (tuition, fees, room and board)

69,802

**Total Men's Athletic Awards**

**\$2,116,394**

Women's Athletic Aid		Sport	Room & Board	Tuition & Fees
NCAA	EMU			
15.0	15.0	Basketball	\$99,154	\$110,252
12.0	12.0	Softball	79,323	88,202
12.0	12.0	Volleyball	79,323	88,202
8.0	8.0	Tennis	52,882	58,801
14.0	14.0	Swimming	92,543	102,902
12.0	12.0	Gymnastics	79,323	88,202
18.0	18.0	Track/Cross Country	118,984	132,303
14.0	14.0	Soccer	92,543	102,902
6.0	6.0	Golf	39,661	44,101
20.0	20.0	Crew	132,205	147,003
131.0	131.0	Total	\$865,941	\$962,868

\$1,828,810

3 Medicals @ \$13,960.38 (tuition, fees, room, board)

41,881

**Total Women's Athletic Awards**

**\$1,870,691**

122 Out-of-State Differentials @ \$12,354.18 rounded

1,507,210

Spring Academic Aid

120,000

Men's Football Summer Aid

30,000

Women's Basketball 5th Year Aid

15,000

**GRAND TOTAL ATHLETIC AWARDS**

**\$5,659,295**

NOTE: Average projected tuition/fee increase of 2% and room/board increase of 3% used to calculate revised 2006/07 funding.

Summary of Scholarships, Awards and  
Grants Request  
2007-2008

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	2007-2008 Newly Entering	2007-2008 Returning	2007-2008 Total Request
Institutional Aid by Type			
Need Based Gift	\$963,147	\$1,481,253	\$2,444,400
Merit Based Gift	3,613,907	2,921,937	6,535,844
Premier Gift	228,115	477,909	706,024
Talent Based Gift	1,479,434	4,488,220	5,967,654
Other Institutional Gift	172,348	0	172,348
Match Accounts		729,197	729,197
Total 2007-2008 Request	\$6,456,951	\$10,098,516	\$16,555,467
Less 2006-2007 Adjusted	5,618,735	9,988,863	15,607,598
2007-2008 Request	\$838,216	\$109,653	\$947,869



**Eastern Michigan University**  
**2007-2008 Consolidated Annual Plan Summary**  
 Total First-Year and Transfer Students

<b>Enrollment &amp; Financial Impact of Changes</b>			
	2005-06 Actual	2007-08 Estimated	Change
Number of students admitted	9976	12463	2487
Number of students enrolled	3565	4700	1135
Yield	35.7%	37.7%	2.0%
<b>Institutional Revenue</b>			
Tuition revenue	\$20,009,396	\$27,829,293	\$7,819,897
Required fee revenue	\$3,615,166	\$4,855,762	\$1,240,596
Room/board revenue	\$12,920,016	\$16,251,861	\$3,331,845
Other charges revenue	\$497,014	\$689,064	\$192,050
Total revenue	\$37,041,592	\$49,625,979	\$12,584,387
Employee dependent waivers	\$0	\$0	\$0
<b>Institutional Aid by Type</b>			
Need-based gift	\$436,580	\$963,147	\$526,567
Merit-based gift	\$2,515,756	\$3,613,907	\$1,098,151
Premier gift	\$177,660	\$228,115	\$50,455
Talent-based gift	\$1,082,206	\$1,461,222	\$379,016
Other institutional gift aid	\$138,806	\$172,348	\$33,542
Tuition exchange waivers	\$0	\$0	\$0
Total institutional gift aid <sup>3</sup>	\$4,351,008	\$6,438,739	\$2,087,731
Average institutional gift/student	\$1,220	\$1,370	\$149
Work-study	\$54,026	\$70,984	\$16,958
Loan	\$0	\$0	\$0
Total institutional aid	\$4,405,034	\$6,509,723	\$2,104,689
Net Tuition/Fee Revenue	\$19,273,554	\$26,246,316	\$6,972,762
From change in enrollment			\$6,136,181
From per-student net revenue change			\$836,581
Average Net Tuition/Fee Revenue	\$5,406	\$5,584	\$178
Tuition discount rate (NACUBO)	18.4%	19.7%	1.3%
<b>Revenue Minus Unfunded Gift Aid</b>			
Tuition <sup>1</sup>	\$16,828,302	\$22,943,727	\$6,115,425
Room/board	\$11,808,112	\$14,573,139	\$2,765,027
Overall (incl. fees)	\$32,748,594	\$43,245,250	\$10,496,656
Unfunded institutional gift aid	\$4,292,998	\$6,380,729	\$2,087,731
Funded institutional gift aid	\$58,010	\$58,010	\$0
Unfunded tuition discount <sup>1</sup>	15.9%	17.6%	1.7%
Unfunded room/board discount	8.6%	10.3%	1.7%
Overall unfunded discount <sup>1</sup>	11.6%	12.9%	1.3%

<b>Academic Impact of Changes</b>			
Academic Measure	2005-06 Actual	2007-08 Estimated <sup>4</sup>	Change
Academic Index	47.5	43.8	-3.7
SAT composite	1027	1008	-19
ACT composite	20.9	20.9	0.0
High school GPA	3.04	3.04	0.00
Recalc. HS GPA	3.01	3.01	0.00
College GPA	1.27	1.23	-0.04
Class rank			
Predicted GPA			
<b>Assumptions for Direct Charges (weighted)</b>			
Direct Charge Category	2005-06 Actual	2007-08 Estimated	Change
Tuition	\$5,984	\$6,289	5.1%
Required fees	\$1,078	\$1,100	2.0%
Room charge	\$2,986	\$3,198	7.1%
Board charge	\$3,370	\$3,609	7.1%
Other charges			0.0%
Total direct cost	\$13,418	\$14,196	5.8%
<b>Non-revenue cost-of-attendance change</b>			
Assumed number in residence halls - Fall 2007-08			2358
<b>Assumptions for External Financial Aid</b>			
Source/Type of Funds	2005-06 Actual	2007-08 Estimated	Change <sup>2</sup>
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	\$1,675,694	\$454,502
Federal grant	\$3,106,650	\$4,061,981	\$955,331
Federal loan	\$5,409,861	\$7,318,662	\$1,908,801
Private gift	\$0	\$0	\$0
Private work	\$0	\$0	\$0
Private loan	\$0	\$0	\$0
Totals	\$11,748,943	\$15,067,577	\$3,318,634

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 \$0 in cell-by-cell add-ins for exceptions and \$ 166600 in lump sums from the Set-up sections.

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



**Eastern Michigan University**

## 2007- 2008 Consolidated Annual Plan Summary

## Total First-Year and Transfer Students

### Populations included in this Consolidation