

VIII. CONSIDERATION OF DISCUSSION AGENDA

A. *Fiscal Affairs and Audit*
Regent Jill Docking

Diane Duffy
Vice President for Finance and Administration

**1. CONSIDER PROPOSAL-“THE JAYHAWK GENERATIONS”
 SCHOLARSHIP TUITION WAIVER PILOT PROGRAM – KU**

Summary

House Bill 2007, part of the Board’s legislative package, was passed by the Legislature and, on March 27th, was signed by the Governor. This new legislation, effective July 1, 2009, amends existing law to permit the Board of Regents to authorize the awarding of fellowships, scholarships and tuition and fee waivers to both undergraduate and graduate students. The University of Kansas seeks approval from the Board to establish “The Jayhawks Generations Tuition” program pursuant to this new legislation (see attached proposal).

Background

There are numerous tuition reduction programs in operation today, such as those for military service members and dependents, graduate teaching assistants, and certain border-state residents. The basis for these current programs fall into two primary categories: groups named in statute and policies that fall within the broad tuition setting authority of the Board. This statutory change aligns the Board’s authority to establish tuition and fees for the state universities with setting and overseeing appropriate policies regarding the provision of scholarships, fellowships, and tuition and fee waivers for persons or groups not specifically provided for by statute.

Tuition discounting or “waiving” is the forgiveness of all or part of a student’s published tuition price. Discounting can be a way to “attract” students to fill seats or maximize revenue. It can also be an effective enrollment planning and financial management tool.

Tuition revenues, whether from residents or non-residents, are very important to the state universities. As a result of legislative changes in 2001 that moved the state universities to a budgeting model of an SGF block grant and tuition ownership, the Legislature created an incentive for the Board and the universities to be very careful with the discounting and/or waiving of tuition by crediting tuition revenues to the General Fees Fund (the fund where tuition is deposited) of each state university, subject to appropriation by the Legislature, but without an expenditure limit on the fund. This approach ensures that the Board and universities exercise great care in evaluating to what extent it is in a state university’s interest to waive or discount tuition. It is in this context that the legislation was approved by the Legislature and that the University of Kansas’ Jayhawks Generations Tuition proposal is submitted.

Recommendation

Staff has reviewed the proposal and believes it captures the intent of the legislation insofar as it attempts to attract well-qualified non-resident students who have a connection to the University and the State of Kansas, and who may thus be more likely to remain in Kansas after graduation, but who may be reluctant to attend college here because of the cost of non-resident tuition. It is crafted as a pilot program for two four-year cohorts and would require evaluation and a determination that it is achieving the desired goals prior to it being made into a more permanent program. It is presented to the Board

now so that it can be offered to new students enrolling for the Fall 2009 semester, allowing for first evaluation of the program in November of this year. However, no tuition waivers will be made prior to the bill's July 1 effective date.

Staff recommends approval of the KU proposal, with the understanding that because this is a “quick start” implementation of a limited, two-year pilot, the Board will have the opportunity to review more details regarding the program and a preliminary report in November, 2009, and KU will seek approval of a more permanent plan in the Fall of 2010.

Staff has begun work on policy provisions related to the new legislation and we will use implementation of the pilot program to help guide development of the Board's policy.

**The University of Kansas
The Jayhawk Generations Scholarship
Proposal Submitted to the Kansas Board of Regents
April 6, 2009**

The University of Kansas (KU) seeks approval from the Kansas Board of Regents to establish a pilot program authorized under HB 2007: The Jayhawk Generations Scholarship. Specifically, KU requests approval for a limited, two-year pilot program designed to provide a partial waiver of out-of-state tuition for high ability students whose parents or grandparents graduated from KU. All participants in the program will pay the full cost of their education.

Statement of Purpose:

The Jayhawk Generations Scholarship is designed to increase the enrollment of nonresidents who are the children or grandchildren of KU graduates and to reconnect these families to the State of Kansas and to KU. The program improves relationships with KU alums and their alma mater, allows KU to offer a program comparable to those in surrounding states, and offsets the enrollment declines anticipated with the projected decrease of Kansas high school graduates. The intent of this program is to encourage families who have a connection with KU to return to Kansas. Data indicate that 27% of nonresident KU students remain in Kansas or the Greater Kansas Area after graduation. A significant proportion of the Jayhawks who come to Kansas under this program are likely to contribute to the local economy for years, if not decades, to come.

Eligibility Requirements:

Students who meet the following requirements are eligible to receive the partial tuition waiver offered through Jayhawk Generations Scholarship:

- New nonresident freshmen whose parent, step-parent, legal guardian, grandparent or step-grandparent graduated from KU with a bachelor, master, first professional (law, medical or pharmacy), or doctoral degree
- Meet all regular KU admission requirements and meet all deadlines, including payment of the May 1 Enrollment Deposit
- Hold a 3.25 minimum HS GPA and minimum 26 ACT Composite/1170 SAT (math and critical reading only)
- Submit the Jayhawk Generations Scholarship application form, used to verify the parent/grandparent's KU degree

- Earn a 3.25 minimum KU GPA (checked at the end of each spring semester) in order to remain eligible for this four-year (48-month) program

Partial Tuition Waiver Amounts

For the 2008-2009 academic year, a nonresident student paid \$16,272 in annual tuition; the actual cost to provide education for this student was \$12,678. The Jayhawk Generations Scholarship will make use of the difference between nonresident tuition and the actual cost of education (\$3,594) in order to establish a tiered system of partial tuition waivers for eligible students. Even with the partial tuition waiver, students receiving this scholarship still pay over 100% of the cost of their KU education, and continue to subsidize the college education of Kansans.

The partial tuition waivers are offered on a percentage basis, as follows:

- ACT score of 26-29: 12% of approved Fall 2009 nonresident tuition (for Fall 2008 the partial tuition waiver would have been \$1,952 based on 30 credit hours per year)
- ACT Score of 30 and above: 20% of approved Fall 2009 nonresident tuition (for Fall 2008 this would have been \$3,254 based on 30 credit hours per year)

Financial Impact:

The program is designed to be revenue neutral. For KU, this program creates an opportunity to generate additional revenue if it results in only modest increases in nonresident enrollment. With more significant increases in the enrollment of nonresident legacy students, the Jayhawk Generations Scholarship will generate additional tuition revenue well beyond the cost of the partial tuition waivers.

Assessment:

The first assessment of the pilot program will occur in October 2009. During the 2009-2010 academic year, the program will be used as a recruitment tool, and the second pilot assessment will take place in October 2010 in order to measure the legacy enrollment increases between Fall 2008 (without the program) and Fall 2010 (second year of program). A determination will be made after each assessment regarding possible adjustments to ensure financial sustainability.

Summary:

KU alums have voiced overwhelming support for the Jayhawk Generations Scholarship. The immediate approval of this program will allow the current cohort of newly admitted legacy freshmen to benefit beginning in Fall 2009. At a time of financial challenge for many families, this benefit may make the difference that will increase the number of high ability nonresident students who enroll at KU. For this reason, KU requests approval to implement a two-year pilot program for eligible students enrolling in Fall 2009 and Fall 2010. As the State of Kansas seeks creative ways to align our educational goals with the advancement of state workforce needs, this program is an important tool that allows KU to work for Kansas and contribute to the economic future of our state.