

In December 2014 IUP submitted a pricing flexibility pilot proposal to the Office of the Chancellor which requested a per-credit tuition rate for undergraduate resident students.

At that time, Western Pennsylvania was experiencing double-digit declines in high school enrollment. Enrollment had declined from 15,132 to 14,369. IUP was projecting cumulative operating deficits of \$12.2 million for fiscal year 2015-16 with increasing deficits projected through 2017-18. A three-pronged approach to address the budget challenges was developed at that time with one of the strategies being to implement the per-credit tuition pilot for undergraduate resident students.

Beginning with January 2020, IUP has been diligently working to address financial sustainability and has developed a new Strategic Plan focusing on student success. Additionally, IUP is in the process of implementing our Strategic Enrollment Plan (SEP), part of which addresses student affordability. Reviewing the pilot per-credit tuition model program and understanding the impact to our students and university is a critical component in supporting both of those important initiatives.

The per-credit tuition pilot as implemented charges undergraduate resident students at a per-credit rate. This rate was calculated based on the undergraduate resident per-credit rate as approved by the Board of Governors (BOG) and then discounted, for a three-year period. The discount percentages were determined based on the need to generate revenue to balance the annual budgets. The discount percentages were 7%, 4%, and 1% over three years, with the 1% discount continuing thereafter.

This pilot was approved by the BOG in January 2015 with a revised effective period of fall 2016 through summer 2019. In May 2019, IUP had provided a pilot report that recommended continuing the pilot.

During the 2021 fall semester, IUP formed a Tuition Model and Pricing Workgroup, a subgroup out of the University Budget Advisory Council, was created with the following charge: *Review and analyze the existing per-credit tuition model and select associated student fees at IUP and to explore, analyze, and make recommendations regarding IUP's tuition model. The IUP Strategic Plan emphasizes student success and must be a primary*

Enrollment Plan and in other committees across campus, is utilized and coordinated with this workgroup's charge.

The workgroup, led by the vice presidents for enrollment management and administration and finance, began their work in late November 2021 and made recommendations regarding the t

recommendations on February 1, 2022. IUP is submitting this report to the Office of the Chancellor, as subsequent discussions and input at IUP.

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Like many universities nationally and regionally, the enrollment of undergraduate, resident students at IUP has been declining over the past 10 years. From fall 2010 to fall 2015, full-time, undergraduate, resident student enrollment at IUP declined an average of -2.32% each year and the total decline from fall 2010 to fall 2015 was -11.2%. Review of the enrollment trends from fall 2016 to fall 2021 show a much sharper decline. The average enrollment decline of this group during these years was -7.95% and the decline from fall 2016 to fall 2021 is -33.98%.

In addition to the decline in headcount for our full-time, undergraduate, resident students, we have also experienced a decline in the average credit hours in which students are enrolling (see appendix A). While at face value the reduction in average credit hour enrollment does not appear significant, 14.81 average credit hours in fall 2015 versus 14.41 average credit hours in fall 2021, it does result in a loss in full-time equivalency (FTE) at a level that is much more pronounced. Further, the reduction in average credit hours continues to decrease our headcount to FTE ratio. For example, applying the FTE to headcount ratio from fall 2015 to the headcount in fall 2021, the result would be an additional 2,385.45 credit hours generated and a 159.03 FTE increase over the actual fall 2021 FTE.

Upon closer inspection regarding the reduction in average credit hours, it was found that full-time, resident, undergraduate students enrollment patterns showed a reduction in the percentage of students who were enrolling in 15 or more credits during the fall semester once the per-credit tuition structure was implemented in fall 2016. From fall 2010 to fall 2015, an average of 65.19% of the students enrolled in 15 or more credits. Fall 2016 the percentage of students enrolled in 15 or more credits was 64.27% and it subsequently declined each year through fall 2021, at which time 56.48% of full-time students enrolled in 15 or more credits. During that time frame of fall 2016 through fall 2021, the average percentage of students who were enrolled in 15 or more credits was 61.36% (see appendix B)

Both recruitment of new students and retention of current students are critical for sustained enrollment. A review of admissions funnel data before and after per-credit tuition shows that our average number of freshman admission applications per year for fall 2016 through fall 2021, as well as our average market share of applications, actually increased over the fall 2010 through fall 2015 average. This increase is due, in part, to our collaboration with EAB for application marketing in fall 2017. In fall 2017, our application volume increased by over 22% from fall 2016 and was largely sustained in fall 2018 and fall 2019.

Under the Pilot, the per-credit in-state Undergraduate tuition rate higher than the standard board approved tuition rate with the banded (flat rate) tuition structure for in-state undergraduate student cost only slightly lower than some non-PASSHE competitor schools, specifically Penn State and University of Pittsburgh (appendix H).

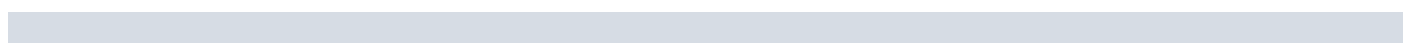
IUP has been analyzing the trend for student receivables and bad debt. We are concerned about the pandemic and the per credit pilot financial impact on our students. This concern is supported by anecdotal and net student accounts receivable information and could negatively impact student success.

IUP recommends discontinuation of the pilot per-credit program and convert to the standard board approved tuition rate with the banded (flat rate) tuition structure for in-state undergraduate students, including the students attending the regional campus locations.

The average credit hours in which undergraduate, in-state students have enrolled has declined each year since the implementation of per-credit pricing. This reduced course load ultimately results in a decline in the calculated full-time enrollment (FTE).

Year	Average Credit	FTE to Head	Decline from	Decline from	Average
Fall 2010	10.951	161,060.00			
Fall 2011	10.951	161,060.00			
Fall 2012	10.951	161,060.00			
Fall 2013	10.951	161,060.00			
Fall 2014	10.951	161,060.00			
Fall 2015	10.951	161,060.00			
Fall 2016	10.951	161,060.00			
Fall 2017	10.951	161,060.00			
Fall 2018	10.951	161,060.00			
Fall 2019	10.951	161,060.00			
Fall 2020	10.951	161,060.00			

The percent of in state, undergraduate students who enrolled for 15 or more credits in the fall semester has decreased steadily since the implementation of the per-credit tuition model.



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While application market share remained fairly stable after the per-credit tuition pilot, our market share of enrolled students declined in most fall semesters since the implementation of per-credit tuition.

Pennsylvania Market Share Analysis										
Fall 2010	131,343		9,637		7.34%	2,757		28.61%		2.10%
Fall 2011	130,285	-0.81%	10,064	4.43%	7.72%	2,683	-2.68%	26.66%	-1.95	2.06%
Fall 2012	131,733	1.11%	9,730	-3.32%	7.39%	2,682	-0.04%	27.56%	0.90	2.04%
Fall 2013	129,778	-1.48%	9,038	-7.11%	6.96%	2,496	-6.94%	27.62%	0.05	1.92%
Fall 2014	128,042	-1.34%	9,470	4.78%	7.40%	2,603	4.29%	27.49%	-0.13	2.03%
Fall 2015	123,775	-3.33%	9,345	-1.32%	7.55%	2,365	-9.14%	25.31%	-2.18	1.91%
Fall 2016	125,051	1.03%	8,915	-4.60%	7.13%	2,137	-9.64%	23.97%	-1.34	1.71%
Fall 2017	125,505	0.36%	10,894	22.20%	8.68%	2,242	4.91%	20.58%	-3.39	1.79%
Fall 2018	125,746	0.19%	10,383	-4.69%	8.26%	1,918	-14.45%	18.47%	-2.11	1.53%
Fall 2019	125,611	-0.11%	11,035	6.28%	8.79%	1,738	-9.38%	15.75%	-2.72	1.38%
Fall 2020	123,008	-2.07%	9,271	-15.99%	7.54%	1,723	-0.86%	18.58%	2.83	1.40%
Fall 2021	124,365	1.10%	8,753	-5.59%	7.04%	1,580	-8.30%	18.05%	-0.53	1.27%
Implemented per-credit pricing.										

The yield from admit to enroll for our new resident freshmen students declined for all but one year since the implementation of the per-credit tuition in fall 2016.

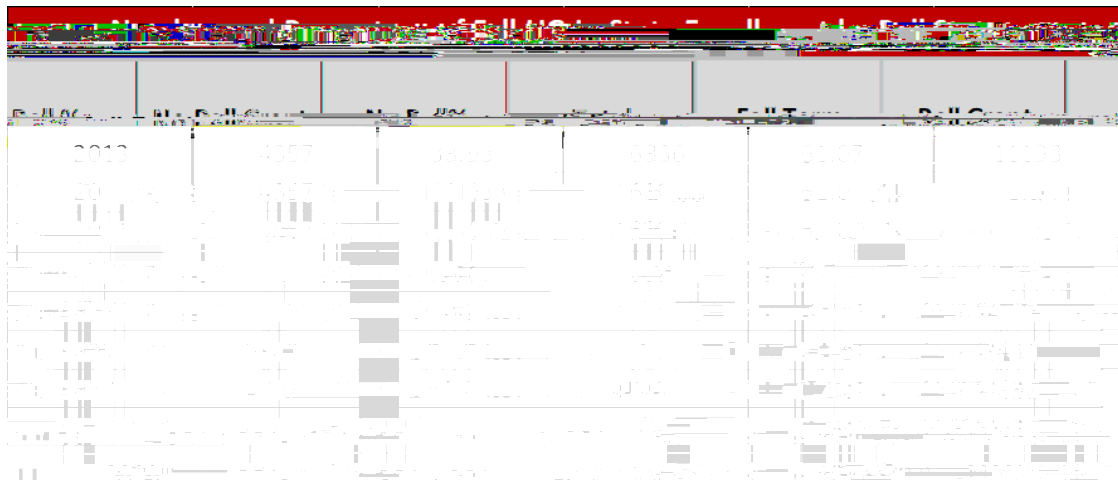
Fall 2010	9637	7391	2,757	37.30%
Fall 2011	10064	7651	2,683	35.07%
Fall 2012	9730	7602	2,682	35.28%
Fall 2013	9038	7602	2,496	33.28%
Fall 2014	9470	7602	2,603	33.82%
Fall 2015	9345	7602	2,365	31.74%
Fall 2016	8915	7602	2,137	29.81%
Fall 2017	10894	7602	2,242	27.41%
Fall 2018	10383	7602	1,918	24.24%
Fall 2019	11035	7602	1,738	21.54%
Fall 2020	9271	7602	1,723	23.97%
Fall 2021	8753	7602	1,580	26.17%

Cohort retention to year 2 and persistence to years 3 and 4 have declined from the average of the three years (75.12% prior to the implementation of the per-credit tuition.

Cohort	Year 2	Year 3	Year 4
Fall 2013	Year 2 (Fall 2014) 74.77%	Year 3 (Fall 2015) 65.93%	Year 4 (Fall 2016) 61.62%
Fall 2014	Year 2 (Fall 2015) 75.52%	Year 3 (Fall 2016) 63.24%	Year 4 (Fall 2017) 59.39%
<i>Difference (ppt)</i>	0.75	(2.69)	(2.23)
Fall 2015	Year 2 (Fall 2016) 75.08%	Year 3 (Fall 2017) 65.41%	Year 4 (Fall 2018) 61.34%
<i>Difference (ppt)</i>	(0.44)	2.17	1.95
Fall 2016	Year 2 (Fall 2017) 71.02%	Year 3 (Fall 2018) 61.18%	Year 4 (Fall 2019) 57.44%
<i>Difference (ppt)</i>	(4.06)	(4.23)	(3.90)
Fall 2017	Year 2 (Fall 2018) 70.20%	Year 3 (Fall 2019) 60.53%	Year 4 (Fall 2020) 56.36%
<i>Difference (ppt)</i>	(0.82)	(0.65)	(1.08)
Fall 2018*	Year 2 (Fall 2019) 71.85%	Year 3 (Fall 2020) 62.99%	Year 4 (Fall 2020) 56.62%
<i>Difference (ppt)</i>	1.65	2.46	0.26
Fall 2019*	Year 2 (Fall 2020) 71.91%	Year 3 (Fall 2021) 59.83%	Year 4 (Fall 2022) N/A
<i>Difference (ppt)</i>	0.06	(3.16)	



The number and percentage of Fall Undergraduate In-State student who had a paid PELL Grant. The PELL Status was monitored to determine if the pilot was having an impact on students who had financial need.



The number and percentage of Fall Undergraduate In-State student by Race/Ethnicity. The diversity of student body was monitored to make sure the pilot did not have a negative impact on the student body.

The following two charts show 1)

Projected revenue based on the per-credit tuition pilot vs. potential revenue based on the

The number and percentage of Undergraduate In-State non transfer students who transferred credits into IUP from other institutions. An unintended consequence it seems is students transferred in a higher number and larger percentage of credits from other institutions.

