



COST AND AFFORDABILITY

Snow College Strategic Plan White Paper

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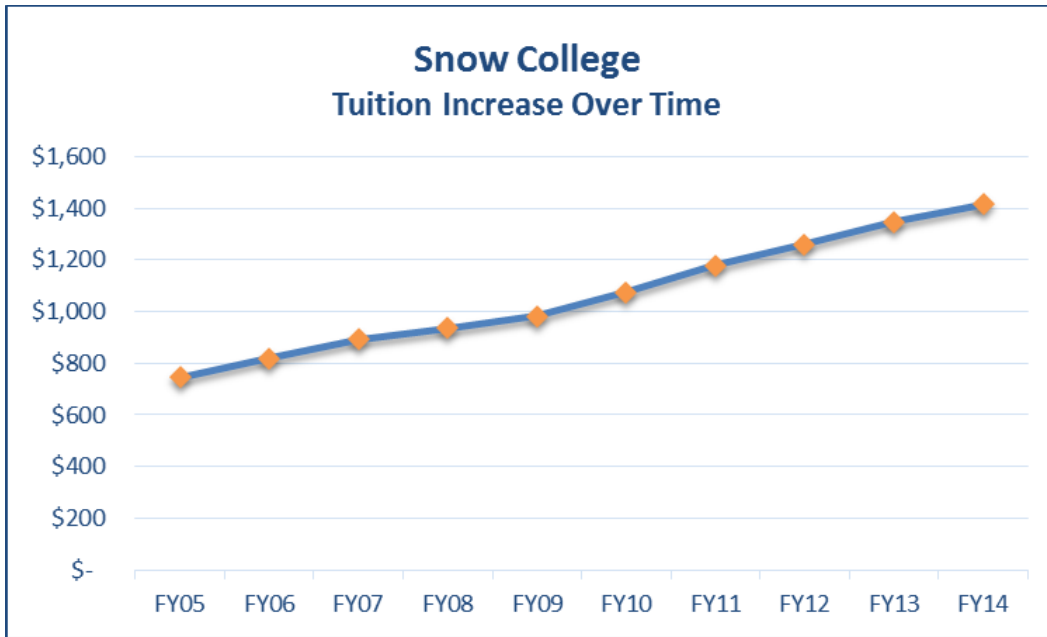
Background

Based on comparative data of in-state tuition, Snow College is one of the least expensive schools in Utah. Low cost along with small class size has traditionally provided many students an affordable and excellent education. In recent years however, this high quality education with its attractive affordability has been subjected to difficult economic circumstances.

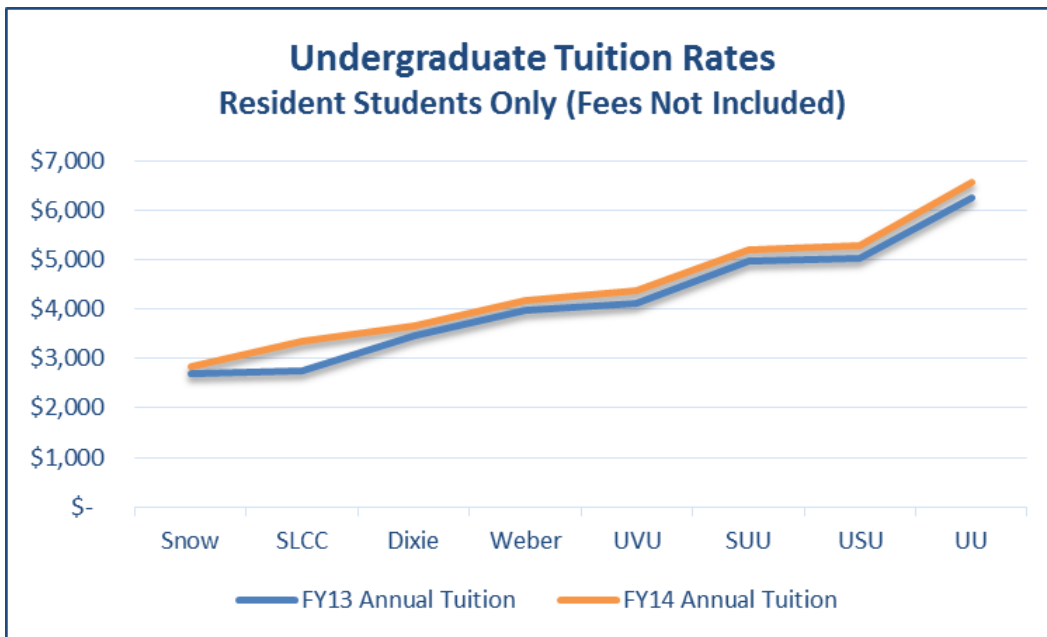
Snow College basically has two sources of revenue for its General Fund operation – the state appropriation (from tax sources) and Snow’s own tuition revenue. Although tuition revenue is solely collected and managed by Snow College, it is included as part of the gross allocation that the state reviews and authorizes each spring.

For many years during the 1980’s and 90’s, the State of Utah provided at least 80% of Snow College’s general operating funds. This percentage continued up through FY04-05 as well as through the first half of FY08-09. Tuition for a full-time student at Snow during FY04-05 was only \$746 per semester. Annual tuition revenue generated from this based on enrollment was \$4,517,300. During the previous decade of the 1990’s and maybe beyond, this total revenue saw only minor increases from year to year – increasing just a couple hundred thousand dollars on average each year with most of this increase due to enrollment growth and not tuition increases. Then from 2005 to 2008 tuition for a full-time student per semester rose from \$746 to \$983. Much of this increase was used to fund salary and benefit increases to faculty and staff. Fees, on the other hand, rose only slightly from a low in the 1990’s of \$135 per semester to \$150 in FY04-05 and then increased to \$195 in FY08-09. Fees have remained the same since that time.

In the summer and fall of the 2008-09 school year, the economic downturn began to take its toll. Over the next four years, the state’s tax appropriation to Snow College’s general fund decreased by \$4,315,800. This represented a 19% cut to the total operating budget. To mitigate this loss, Snow was forced to cut programs and lay off employees. The Board of Regents also began requiring the state’s institutions of higher education to raise tuition rates. Some of these rates were imposed by the Regents while others were voluntarily implemented by the schools themselves. From a low rate of \$746/semester in fiscal year 2004-05 to the present school year’s rate of \$1,415/semester, tuition has seen an increase of 90%. Gross tuition revenue for this 2014 fiscal year is expected to be above \$10,300,000, an increase of \$4,580,000 above that generated just since the recession began in 2008. The table below, “Tuition Increase Over Time,” illustrates this steady climb of tuition costs at Snow College.



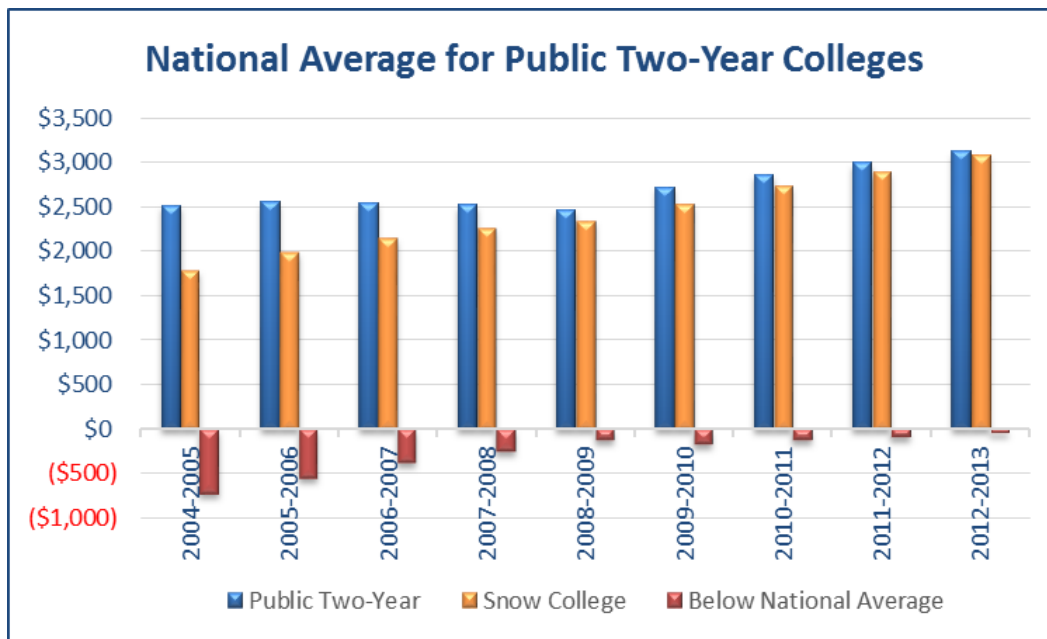
Prior to this economic slump, the State of Utah’s contribution to the overall general operating fund was 80% of the total cost. Now in FY14 they are covering just 68% of that burden. Although this represents a substantial change in the composition of annual revenue, Snow remains the least expensive higher education institution in the state. The table below makes this comparison for the fiscal years 2013 and 2014.



National Trends

Price of Two-Year Education. Although the table above shows Snow continues its ranking as a great bargain among the other in-state institutions, it has become average in price in comparison to other public two-year schools throughout the nation. The cost of higher education is continuing to increase nationwide.

However, tuition (and fees in this instance) on a national average for public two-year college's has not risen as sharply as has that of Snow College. The table below shows that for the 2004-05 academic year, Snow College tuition and fees were \$722 per year lower than the national average. For FY13, the gap narrowed to just \$45.



SOURCE: 1987-88 to 2012-13: Data from Annual Survey of Colleges, The College Board, New York, NY, weighted by full-time undergraduate enrollment.

Negative Reactions to Rising Costs. Many students and their families are finding it harder to pay for higher education. This leaves many people asking if college degrees are worth obtaining.

According to José Antonio Bowen, “To survive in the digital world, universities will need to convince students and parents of three things: (1) learning takes place when students and faculty interact in classrooms; (2) this learning is different from the learning that happens when you learn on your phone; and (3) this learning is worth the massive expense of a face-to-face education.... *E-learning* is the experience and expectation of our entering students, and it will continue to compete with traditional universities for eyeballs as well as dollars... The vast majority of American universities are about to face a perfect storm of new global technological competition that will put even more pressure and scrutiny on tuition prices... A large global market wants cheap, high-quality, online education, and American students increasingly want more flexibility and convenient schedules. Someone will meet that demand. American not-for-profit higher education needs to adjust to meet this new competition.”¹

Student Loan Default. The national student default rate is increasing every year with many students relying solely on student loans to pay for their education. A recent report by the National Association of Consumer Bankruptcy Attorneys has found that students and their parents are borrowing at record rates. According to the Department of Education, in 2009 a total of 225,300 U.S. college graduates had no alternative but to default on their student loans. This is about 6.7% of all borrowers.² And, since 2009

¹ José Antonio Bowen, *Teaching Naked: How Moving Technology Out of Your College Classroom Will Improve Student Learning*, San Francisco: Jossey-Bass, 2012.

² Ghaffar, A. (2009). Default on Student Loans: The Negative Effects of Student Loan Default. <http://a-ghaffar.suite101.com/default-on-student-loans-a158558>

these rates have increased. The student loan debt in the U.S. now totals more than \$1 trillion.³ At Snow College, the default rate calculated as of the year 2012 is 12.6%. In years past, default rates at Snow College have been as low as 2%. This shows a very dramatic increase and a very big problem not only for students, but also for colleges and universities. Snow could lose its ability to offer student loans if the default rates reach 25% or higher in three consecutive years.

Lessons Learned

Financial Aid. The college awards financial aid in the form of *Pell grants*, direct loans, state grants, and *Work Study*. Over 75% of Snow College students receive financial assistance either through financial aid, scholarships, or both. When compared with a larger university, the chance of receiving financial assistance at Snow College is very good.

For the academic year 2012-2013, more than \$3 million in student loans were disbursed to students in addition to more than \$5.8 million in the Federal Pell grant and more than \$200,000 in miscellaneous state and federal grants. With Snow College's affordability, many students receiving financial assistance have their full tuition covered and often have money left over to help cover living expenses. When compared with other institutions, Snow College is uniquely affordable with an increased opportunity for a debt-free education.

Scholarships. Scholarships are offered to many qualifying students. Academic, private, performance based, diversity and departmental scholarships are currently offered. The dollar value of scholarships range anywhere from \$400 to cover student fees to full tuition. Some performance or departmental scholarships may also include money to help cover housing, books, meals, and other related educational expenses. The College works with several off-campus partners who provide a variety of scholarships. Beyond academic scholarships, many students can receive scholarships based on their major, financial need, service experiences, leadership skills, talents, etc. Scholarships create not only financial support for many students, but also create opportunities for engagement in academic departments, clubs, organizations, and the community. As tuition prices go up and interest rates remain low, the ability to award sufficient scholarships is shrinking; consequently, there is a need to increase scholarship revenue.

On-Campus Student Employment. *Work to Learn* (funded by the College), *Work Study* (federally subsidized), and hourly jobs are available on campus to students to help cover their expenses. Each year an online list of employment opportunities is made available to all students (<https://www.snow.edu/hr/jobs/>). The annual budget for *Work to Learn* is \$189,000. The average award to a department per student employee for this category is \$1,200. At this rate Snow College can serve approximately 160 students through the *Work to Learn* budget. This budget has not been increased significantly for the past three fiscal years.

According to records, 550 total students are employed on campus through *Work to Learn* and *Work Study* in jobs ranging anywhere from tutoring to grounds keeping. The number of students enrolled for classwork at Snow for Fall semester 2013 is currently 4,240. Based on this number, only 13% of our students are employed by the College. Job opportunities have not increased in proportion to student enrollment increases. There is a significant need for more employment opportunities on campus.

Off Campus Student Employment. There are also opportunities for students to work off campus in local businesses, though this opportunity is much greater for students attending the Richfield campus. Snow

³ Weissbaum , H. (2012). Mounting Student Loans a 'Debt Bomb' Waiting to Explode. Retrieved from <http://bottomline.msnbc.msn.com/news/2012/02/22/10469504-mounting-student-loans-a-debt-bomb-waiting-to-explode>

College's Career Services and *Continuing Education* and Economic Development (CEED) employees are part of local, state, and region networks that coordinate opportunities for student employment. The Career Services office works closely with *Department of Workforce Services* to coordinate on-campus career fairs and employer recruiting efforts.

The Career Badger website serves as a "one-stop shop for Hire Learning" (<http://www.snow.edu/career/>). The website is in its early stages. Students began using the site in February 2013. The site allows students to search for a career, a part-time job, or an internship off campus; store a résumé on line; and apply for job postings online. The site also allows employers to post positions and search for and download student résumés. In the near future, all full-time employees at Snow College will have access to Career Badger to help students find employment.

Since the site launched in 2013, 1,061 employers posted 1,267 jobs. Of those jobs, 234 were "local" to Sevier and Sanpete counties. Snow College belongs to a consortium which includes all college and university career centers in Utah. Members of the consortium share job postings which account for 284 of the employers in the database and many jobs statewide.

Student accounts on the website are updated weekly through the Snow College student database. Over 7,000 students have accounts in Career Badger which includes the Class of 2013 and the current student body. There were 2,673 unique student users between March and September 2013. Of these users, 1,527 have logged in since August 2013. Additionally, there were 1,208 incidents where students (not necessarily unique users) did things like apply on line, email a résumé, follow a link to the employer's website, or look up employer contact information. This seems to be a good indication that current students are looking for local jobs. Statistics for the actual number of students employed off campus are not available; however, there are too few jobs available especially in Sanpete County where there is a larger student population on the Ephraim campus and fewer opportunities for employment.

Communication. Some students are not aware of on-campus or off-campus job opportunities and the procedures or resources available on the college website. Many students apply for jobs not realizing there are two campuses. For example, Ephraim students apply for positions that are available on the Richfield campus and vice versa.

Strategic Themes

Snow College must remain an affordable choice for students pursuing higher education. Continuing to provide a low-cost, high-quality education not only helps students and the College, but also helps lessen the impact on the national student loan deficit.

It is also important to provide more employment opportunities for all students. Currently, there is a deficiency and/or lack of awareness in off-campus work opportunities and internships especially for the Ephraim campus. There is an expectation that opportunities will grow as the college and local communities partner to become a strategic economic channel in Central Utah.

If Snow College is to thrive and endure a yet unstable economy, considerations in regard to affordability must include student retention, recruitment, low tuition, and student jobs.

Options

Increase Tuition. In order to provide more resources for employment, programs, and student learning, Snow College could significantly increase tuition. Currently, Snow is \$500 a year less than any other school in the state. Tuition could be raised an additional \$500 and Snow would still be one of the most affordable colleges in the state.

Maintain Low Tuition Rate. For recruitment, retention, and accessibility reasons, Snow College could maintain its low tuition rate. In order to do so and maintain quality, current resources would likely need to be reallocated.

Capital Campaign. Given that it is unlikely the legislature will significantly increase Snow College's budget, Snow College could launch a fundraising campaign in order to increase resources and keep costs, for students, as low as possible.

Short-Term Goals

- Maintain tuition and fee rates as low as possible.
- Increase the current Work to Learn budget from its current \$189,000 in order to increase the number of positions funded and to stay current with minimum wage increases.
- Consider a publicized, central location on each campus where students can go for one or two days early in each semester to apply and interview for on-campus/off-campus jobs.
- Consider an "SOS temporary job board" where employers/citizens could post temporary, immediate needs. (Pulling weeds, stuffing envelopes, prepping for a large event, cleaning, etc.)
- Use departmental scholarships strategically to engage students through a résumé building experience. (For example, the business department awards scholarships to marketing interns and web interns. These student interns recruit and update the department web page regularly.)
- Encourage use of technology (Canvas, eBooks, and open source materials) to reduce cost/need for textbooks.

Long-Term Goals

- Aid in attracting or helping businesses relocate to the Central Utah region by
 - Providing added business incubator space (like West Campus).
 - Increasing quality educated workforce through additional *Career and Technical Education* opportunities and/or more four-year degrees. (For example, focus CTE offerings on growing composites industry in Central Utah.)
 - Creating partnerships between faculty/research and business.
 - Adding additional amenities like quality restaurants, shopping, hotels, etc. to draw more people to Central Utah. More visitors would yield a demand for additional jobs that would help provide Snow students and graduates with additional job opportunities.
 - Focusing additional college funding on programs that parallel the activities of each county economic development strategies.
- Launch a comprehensive fundraising campaign to increase endowment.

Recommendations

As announced by President Wyatt at the opening session for the FY14 school year, there is a surplus built into the budget for reserve in the event that enrollment for spring semester is down. If enrollment maintains itself at the normal level, we recommend using that surplus for one or more of the following:

- Additional scholarships.
- More student employment opportunities.
- A reserve for Healthcare cost considerations for FY15 so that tuition does not need to be increased to cover the added burden of the Affordable Health Care Act.
- A reserve for funding the added costs of additional four-year programs.
- Additional recruiters for both in-state and international students.

- Ongoing wage increases to employees who feel they have lost significant economic power over the past five years.

Furthermore, because legislative funding is typically tied directly to compensation or earmarked for special projects, the College should aggressively seek external funding sources, some of which may be easier to procure with four-year programs on the horizon. With a focus on excellence, innovation, and engagement, the College should also pursue a comprehensive program prioritization and reallocation of resources.

Cost and Affordability – Statistical Summary

Tuition:

- State of Utah funded 80% of General Fund operations in FY08-09. Now that percentage is just 68%.
- Tuition in 2004-05 was \$746/semester. Now for FY14 it is \$1,415, representing a 90% increase.
- Snow continues to have the lowest tuition in the State at \$2,830 for two semesters. This is 18% below our nearest competitor – Salt Lake Community College. Snow is 131% below the University of Utah.
- National Comparison – in 2004-05 we were \$722 below national average tuition and fees. Now in FY12-13 we were just \$45 below national average for two-year schools.
- Fees – no significant increase since mid-nineties and especially since 2009. Lowest in the State.

Financial Aid:

Disbursements at Snow College for Federal and State Grants and Loans including Pell, Stafford, etc. increased from \$4,918,768 in FY08-09 to \$9,140,526 in FY12-13. An increase of 86%.

- Over 75% of Snow students receive financial assistance of some kind.
- During FY12-13:
 - 285 students received some amount of tuition funding from Designated Foundation Awards.
 - 75 students received some amount of funding from Undesignated Foundation Awards.
 - 2,357 students received some amount of funding from Federal Grants.
 - 1,199 students received some amount of funding from Federal Loans.
 - 1,637 students received some amount of funding from departmental scholarships or waivers.
 - The total number of awards (many students receive more than one award) was 5,553.

Loan default rate: For two-year colleges in 2009 the default rate on student loans was 18.3% nationally. Snow's rate that same year was 5.1%. In FY12 it jumped to 12.6%. Snow has been as low as 2%, so this represents a huge increase in defaults. In Utah, for FY08-09 the rate was 10.1% for all institutions.

Scholarships:

Snow College's interest earnings used for departmental scholarships have dropped from \$924,328 per year in 2008-09 to just \$251,223 for the year FY13. This is a drop of \$673,105 or 73%, leaving us with only 27% of what we formerly had for departmental scholarships just five years ago. And interest rates are still very flat.

Private scholarship disbursements have risen from \$188,024 in FY08-09 to \$293,498 in FY12-13. An increase in disbursements of 56%.

Student Jobs:

During FY13, 4,600 student applications were processed through Human Resources for on-campus jobs (students can apply for more than one job); 550 students were actually hired. Only 13% of our students (based on total headcount for Fall semester 2013) have an on-campus job.

Work to Learn provides \$1,200 annually to 160 students per year. Total current budget is \$189,000.