

# Analysis of EIU's Affordability

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## Comparison Institutions

- Chicago State University (CSU)
- Governors State University (GSU)
  - No financial data reported to IPEDS, excluded from analysis
  - From their web site: 2014-2015 Tuition/fees = \$9,386, 2013 Fall enrollment = 5,568
- Illinois State University (ISU)
- Northeastern Illinois University (NEIU)
  - Some financial data not reported to IPEDS
- Northern Illinois University (NIU)
- Southern Illinois University-Carbondale (SIU-C)
- Southern Illinois University-Edwardsville (SIU-E)
- University of Illinois Champaign (UI)
- University of Illinois Chicago (UIC)
- University of Illinois Springfield (UIS)
- Western Illinois University (WIU)

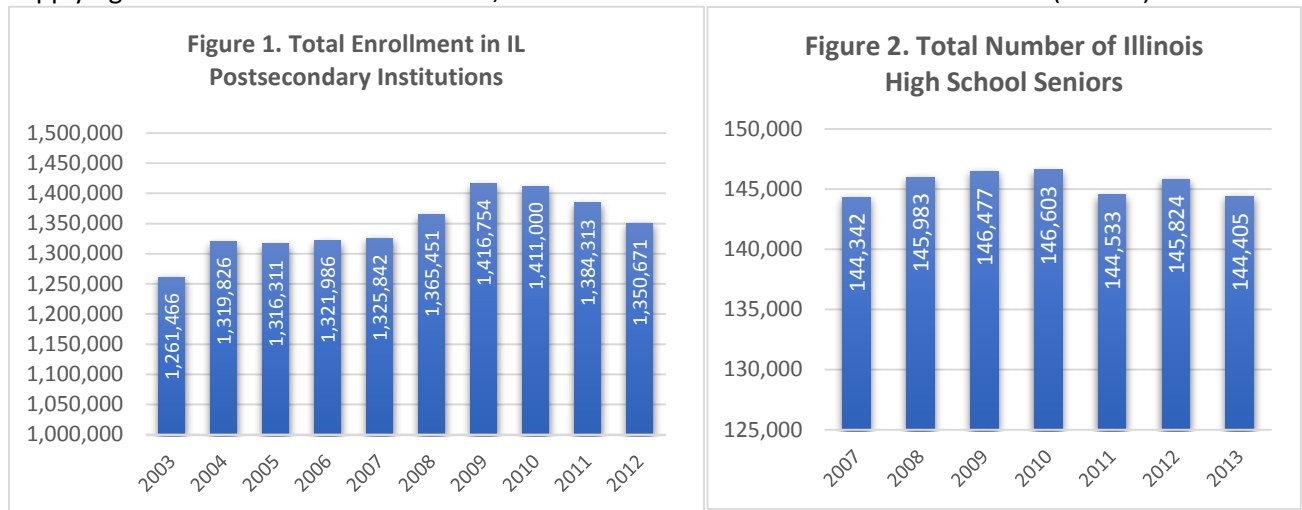
Note: Except where noted, all institutional data reported below was downloaded from the IPEDS Data Center (<http://nces.ed.gov/ipeds/datacenter/>)

## Background

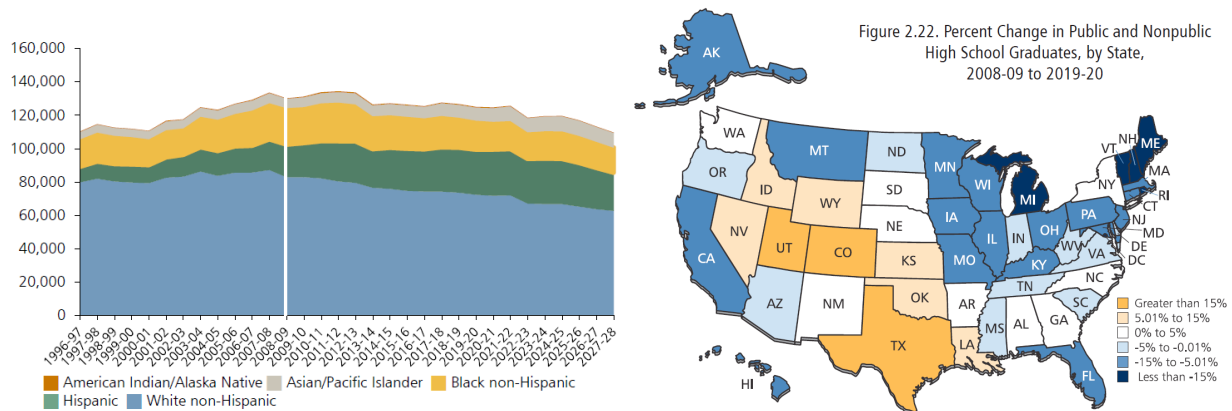
The last decade has brought about a whirlwind of complex forces that have significantly affected budgets and enrollment at institutions of higher education, including that at EIU. In an article by Cronin and Horton (2009) in the Chronicle in Higher Education, the authors suggested that higher education may be the next bubble to burst, after having witnessed the crash of the housing market and the dot-coms before that. The relationship between cost of attendance and enrollment is moderated by a number of factors including the pool of college-bound high school seniors and competition with other institutions. The main question to be addressed in this report is how EIU compares to other Illinois public institutions in enrollment trends and cost of attendance.

### Postsecondary Enrollment in Illinois

One factor influencing EIU’s enrollment is the number of people statewide who are enrolling in postsecondary institutions (including trade schools, colleges, professional schools, etc.). In Illinois, the number grew steadily until 2009 and then declined over the next three years by a total of 4.7%, see Figure 1 (IPEDS data). The number of Illinois high school seniors has followed a similar trend, increasing slightly over the same period, with a slight decline (1.5%) since 2010 (IBHE Data), see Figure 2. However, among Illinois institutions that are eligible to receive federal financial aid, there were only 688,574 students enrolled in Fall 2014, which is down from 735,415 in Fall 2012, a 6.4% decrease (National Student Clearinghouse data, courtesy Mary Herrington-Perry). Illinois community college enrollment, supplying about 40% of EIU’s enrollment, has also decreased—8.6% from 2009 to 2013 (M. H-P).

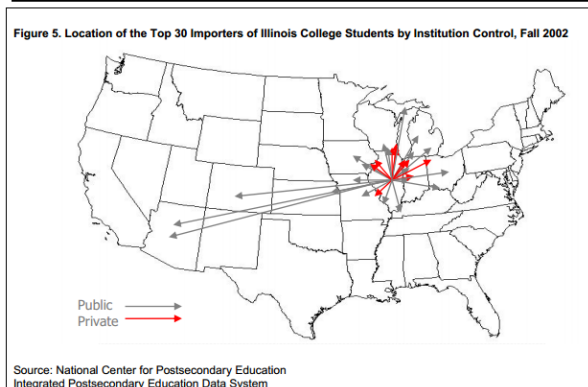


According to a Western Interstate Commission for Higher Education (WICHE) [report on Illinois](#), the number of future high school graduates is declining. “Illinois’s total public and nonpublic graduates are projected to have peaked in 2010-11 at 151,000 graduates. While there will be several classes with small increases, the graduating class of 2028 will be 14 percent smaller than the class of 2009 (by 20,000 graduates).” The following figures taken from [another WICHE report](#) show the change over time of high school graduates by race/ethnicity (in Illinois; left) and by state throughout the country (right).



## Migration of Illinois High School Seniors

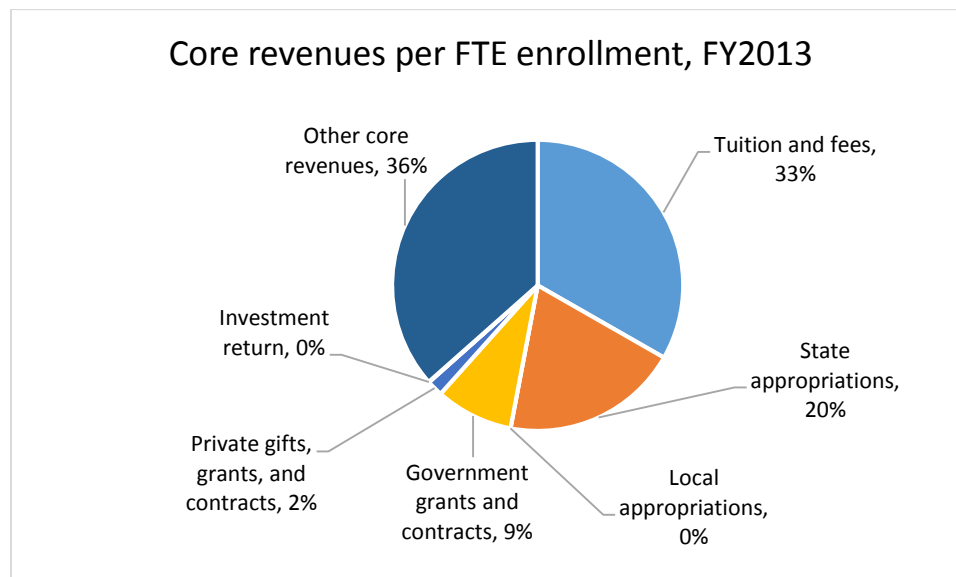
Unfortunately, Illinois is near the top of all states in the number (and proportion) of high school seniors who attend college out of state--largely because of the higher average cost of higher education in Illinois (as cited in [Center for the Study of Education Policy Report](#), 2006, ISU). "Illinois has the (now) third highest net out-migration of college students to other states, according to the [National Center for Education Statistics](#), losing almost 28,000 students each year" (M. H-P.). The following graph is taken from the ISU report and shows that when students migrate out of state, they generally don't go very far.



"Illinois' higher education costs are, on average, about \$3,000 more than the national average ([College Board](#)). We continue to give students good excuses to go to college in other states." M. H-P.

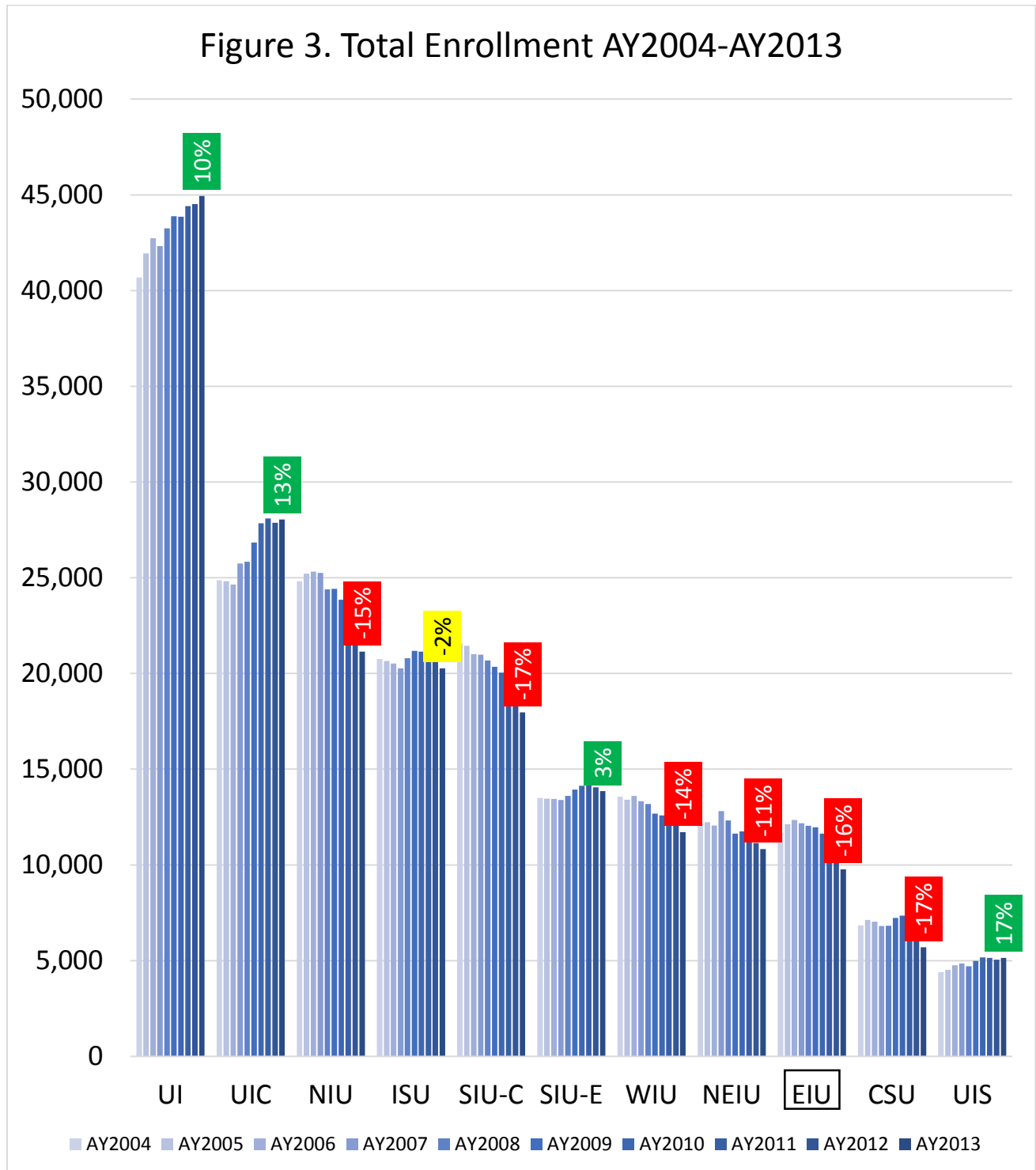
## Core Revenues

"State appropriations for the university peaked in FY2002 at \$54.9 million. Since that time, state appropriations have fallen by \$10.9 million to \$44.0 million FY2012, but have remained steady at this level for the past three years. In FY2002, the university's appropriated budget was based on a ratio of \$2 of state funding for every \$1 of tuition. In FY2009, this ratio had fallen to \$1 of state funding for every \$1 of tuition. In FY2013, this ratio was \$0.70 of state funding for every \$1 of tuition" (NCA Self-study, 2014). The percentage of state appropriations declined from 27% in FY2006 to 20% in FY2013. The proportion of core revenues per FTE enrollment in FY2013 for each revenue source are shown below:



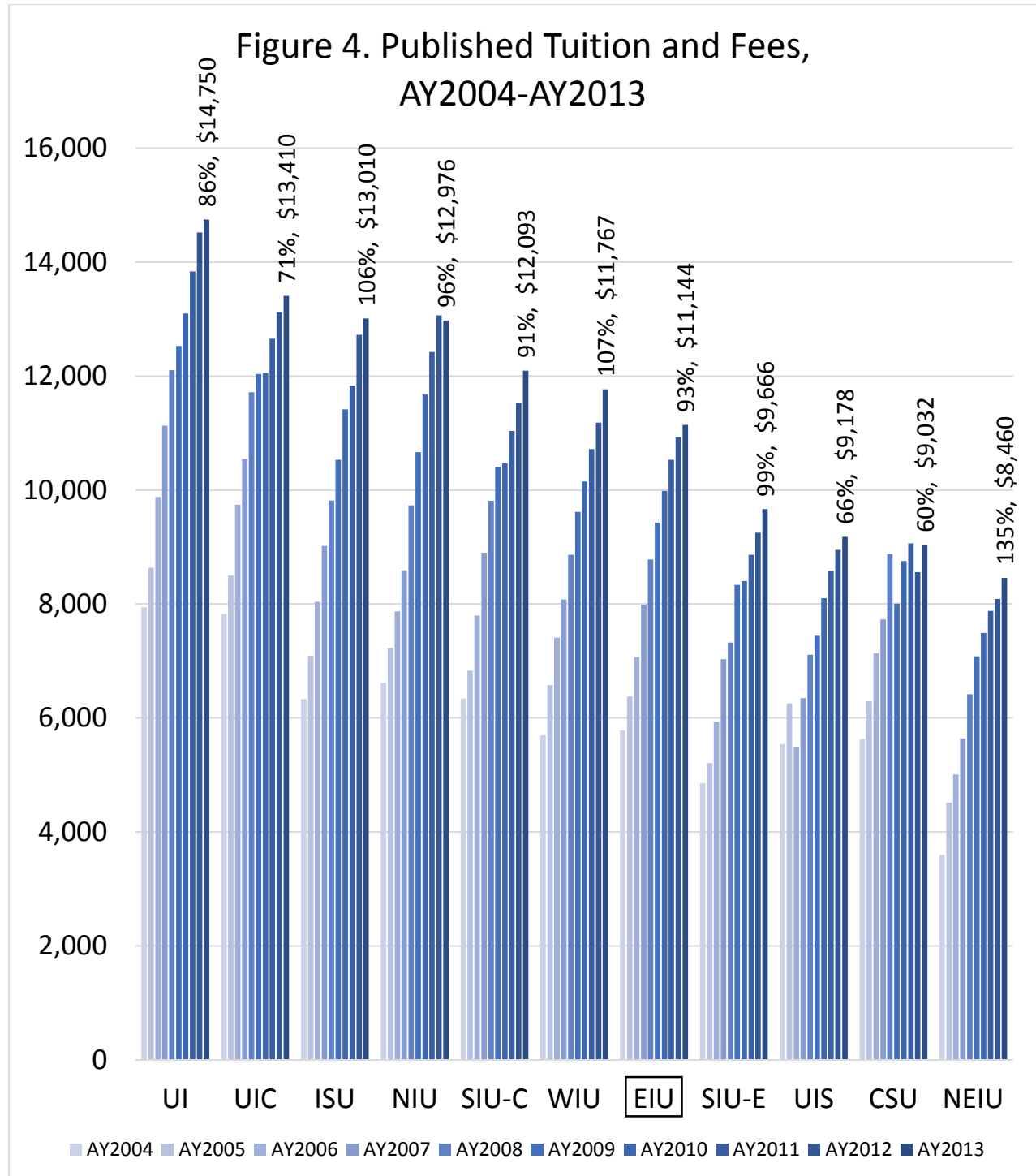
## Enrollment

Total enrollment at EIU has dropped considerably over the last decade, from Fall 2004 (11,651) to Fall 2013 (9775), a decline of 16% (24% to Fall 2014), see Figure 3. Over a comparable period, some Illinois public institutions have experienced similar declines (CSU, NIU, SIU-C), while others have remained stable (ISU, SIU-E), or even increased enrollment (UIC, UIS, UI).



### Tuition and Fees

Over the last decade (AY2004-AY2013), tuition and fees have increased dramatically among all of Illinois' public institutions, see Figure 4. At EIU, tuition has increased over this period by \$5,363, which is an increase of 93%. In relation to other institutions, EIU's published tuition and fees ranking has fallen in the middle to lower end of the 10 comparison institutions (6<sup>th</sup> highest in 2004, 8<sup>th</sup> highest in 2008, and 7<sup>th</sup> highest in 2013). Data labels show the AY2004 and AY2013 tuition and fees.



### Total Price for In-state Students Living on Campus

Over the last decade (AY2004-AY2013), EIU's ranking of total cost for in-state students living on campus has fallen in the middle to lower end of the 10 comparison institutions (tied for 6<sup>th</sup> highest in 2004, 10<sup>th</sup> highest in 2008—the lowest total cost of all comparison institutions at a time of near record enrollments, and 6<sup>th</sup> highest in 2013). Over this time period, the total price for in-state students living on campus at EIU has increased from \$15,181 to \$25,138 (a 66% increase). Figure 5 shows the change in total price over time and Figure 6 shows the breakdown by tuition, fees, books, room/board for AY2013. Note: Some NEIU financial data is not reported in the IPEDS database.

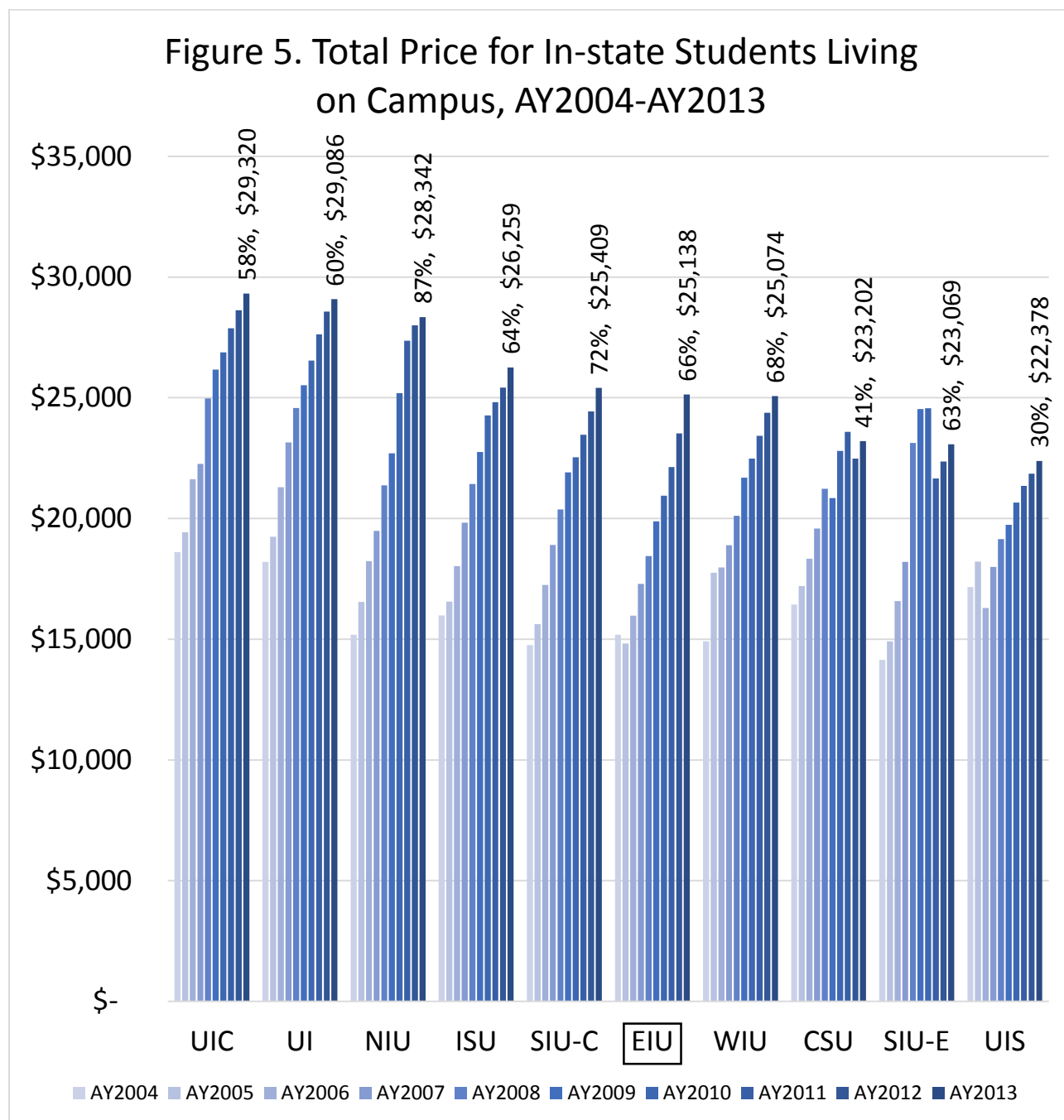
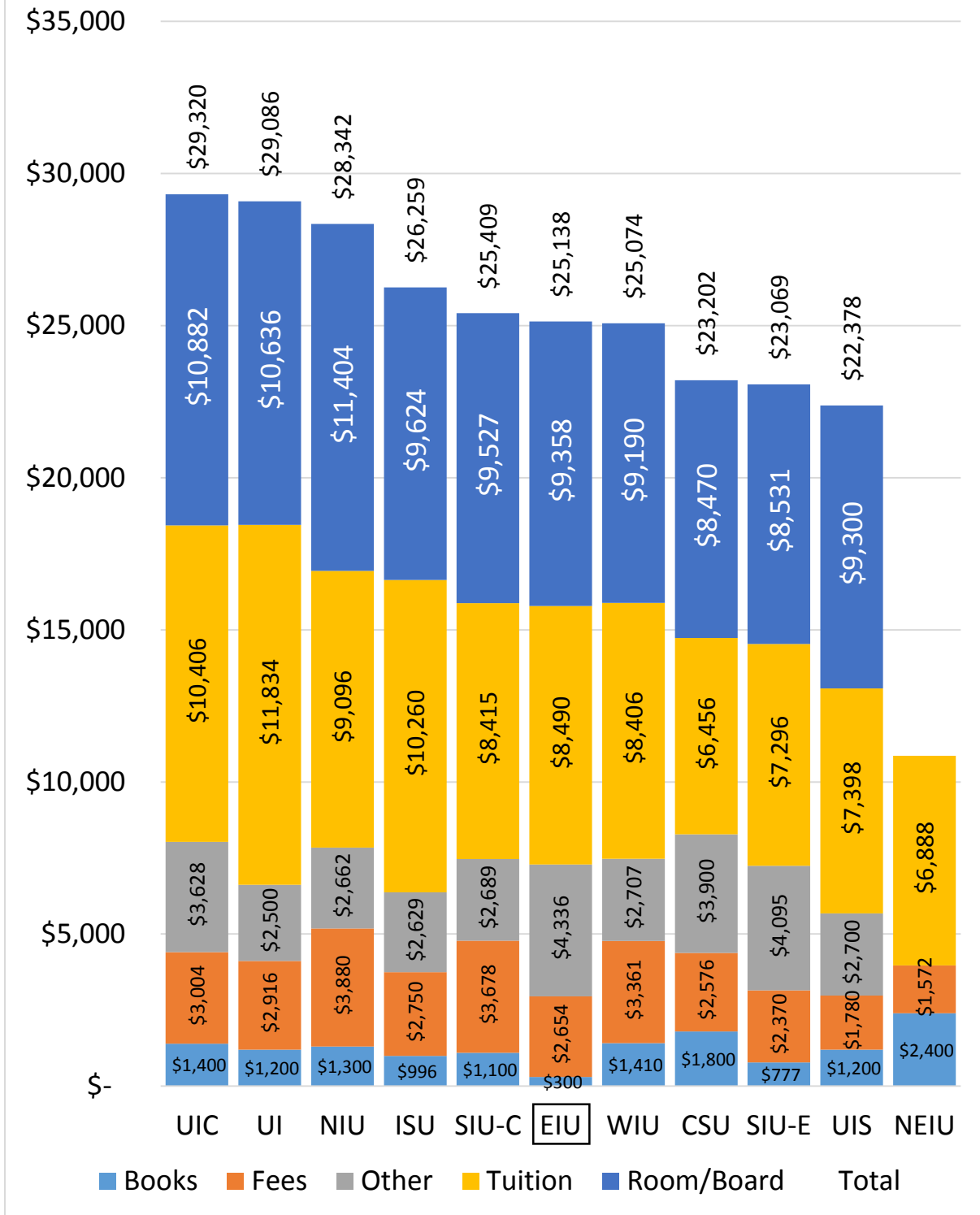


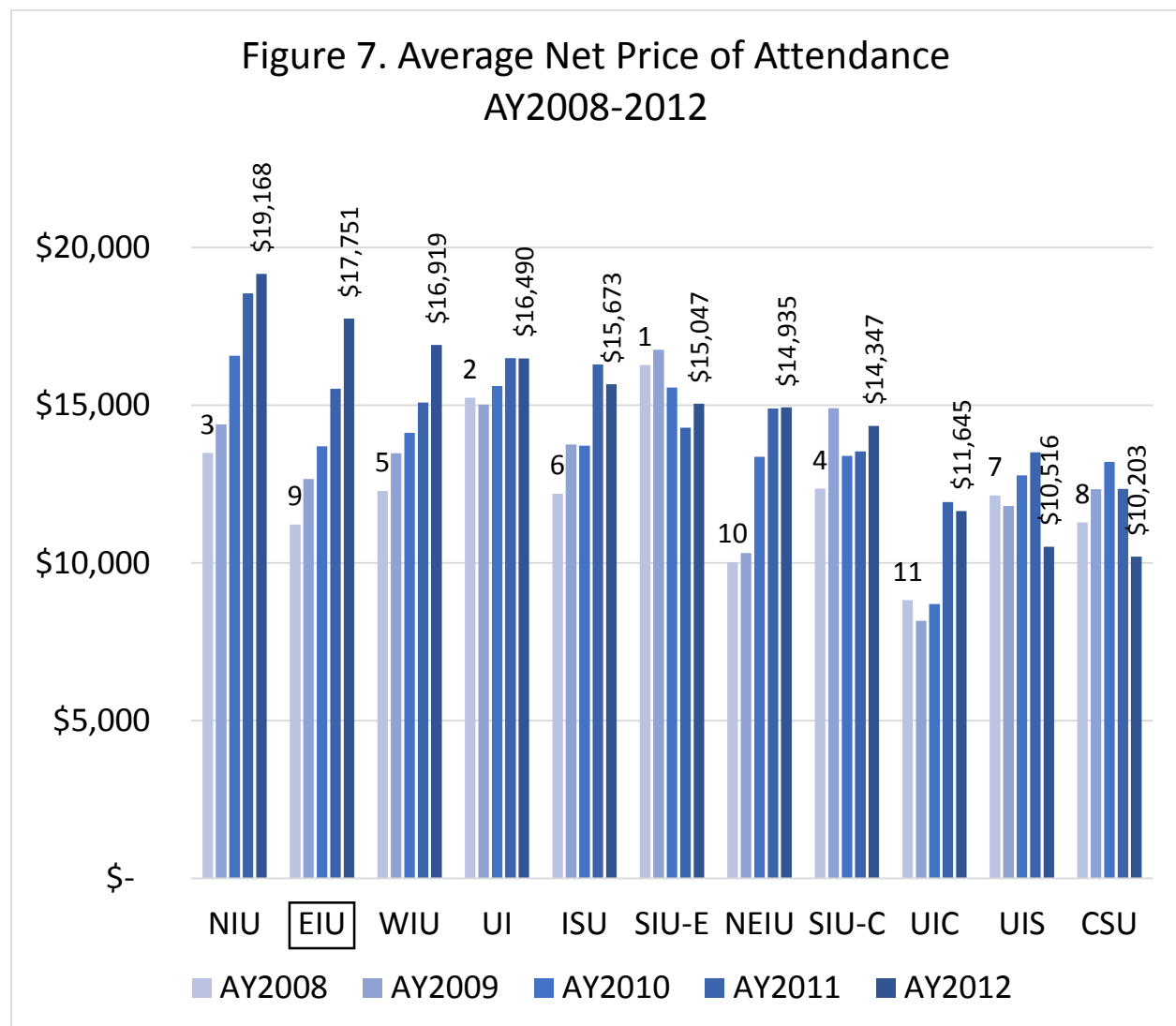
Figure 6. Breakdown of Total Cost of Attendance (AY2013)



## Average Net Price of Attendance

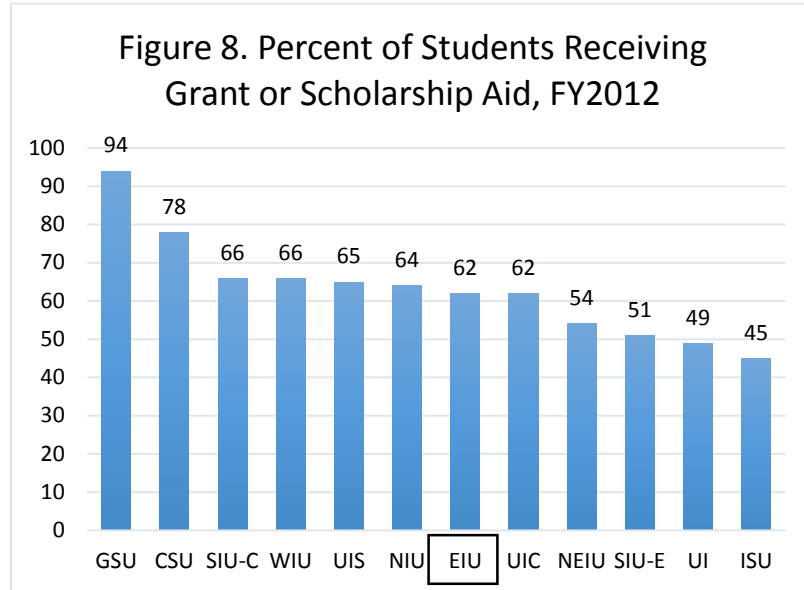
**IPEDS Definition:** “Average net price for full-time, first-time degree/certificate-seeking undergraduates paying the in-state or in-district tuition rate who received grant or scholarship aid from federal, state or local governments, or the institution. Other sources of grant aid are excluded. Aid received at any time during the full aid year is included. Average net price is generated by subtracting the average amount of federal, state or local government, or institutional grant and scholarship aid from the total cost of attendance. Total cost of attendance is the sum of published tuition and required fees (lower of in-district or in-state), books and supplies and the weighted average room and board [i.e., adjusted for the percentage of students that live on campus] and other expenses.”

Over the last 5 years that IPEDS data is available (AY2008-AY2012), EIU has gone from a ranking of 9<sup>th</sup> on the average net price for students receiving grant or scholarship aid (\$11,218) to 2<sup>nd</sup> (\$17,751; a 58% increase), which is higher than all other state institutions except Northern Illinois University, see Figure 7. However, this does not account for the differences in percentage of students that receive financial aid across institutions. Data labels over AY2008 show that year’s rank in net price.



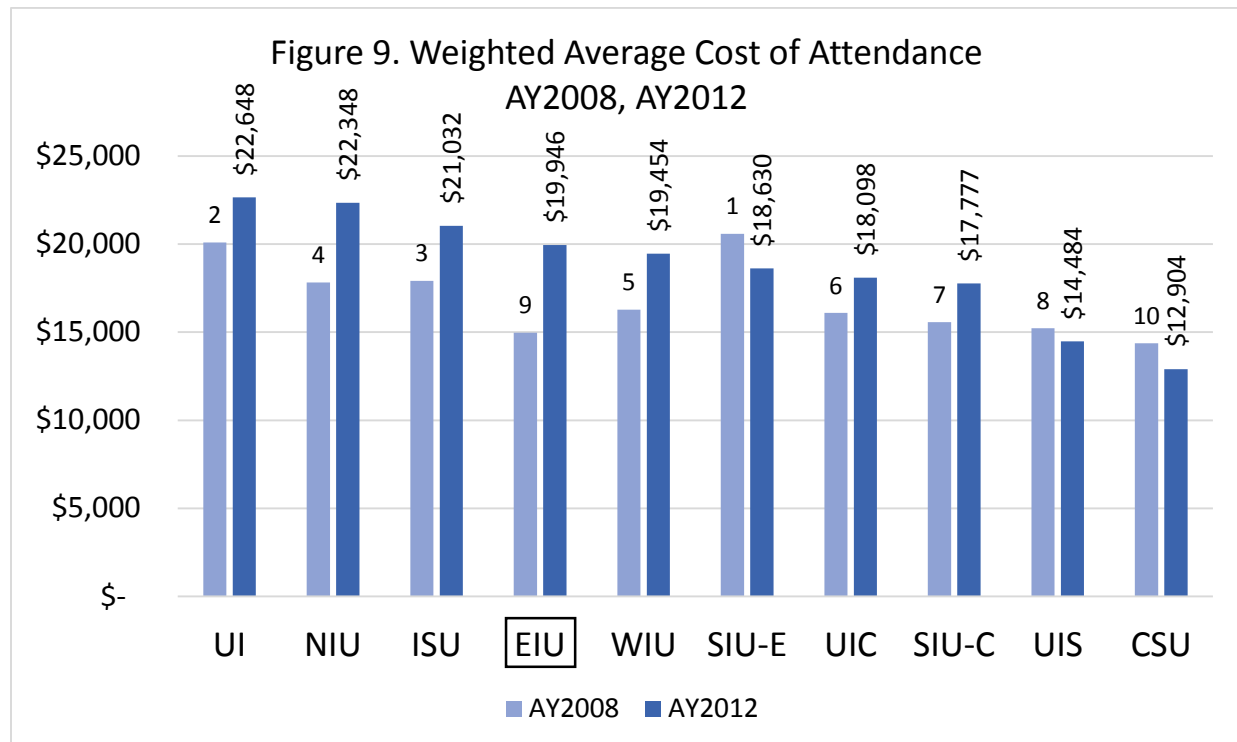


According to IPEDS data FY2012, 62% of EIU students received some form of grant or scholarship aid (federal, state, local), which is comparable to most other Illinois public institutions, see Figure 8. Schools that have lower percentages of students receiving grant or scholarship aid obtain a greater proportion of their revenue from students who are paying the full cost of attendance (either now or with loans).



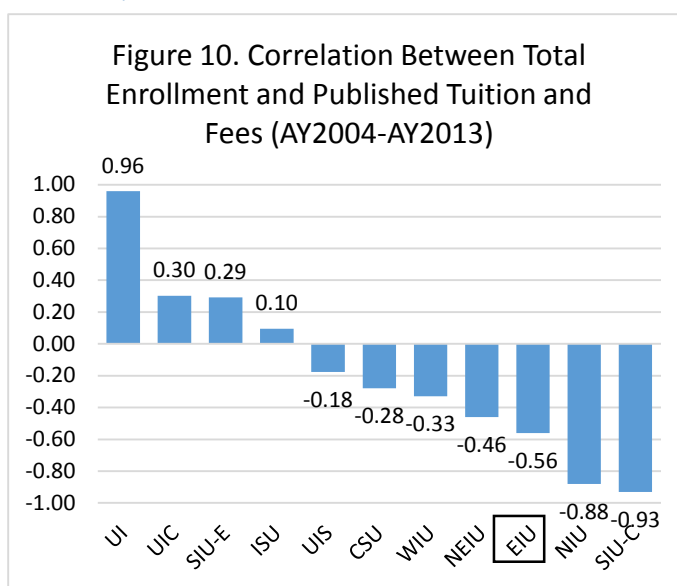
Multiplying the percentage of students who receive grants or scholarships by the number of enrolled students results in the number of students who are paying the reduced average net price. Presumably, the rest of the students who don't receive financial aid will pay the full cost of attendance (in-state and living on campus). Adding the costs incurred through these two routes (discounted and full tuition), the total costs can then be divided by the total enrollment number to obtain a weighted average cost of

attendance, which is shown in Figure 9. Compared to AY2008 (\$14,973), EIU's weighted average cost of attendance has grown by 33% to AY2012 (\$19,946), changing our ranking from 9<sup>th</sup> highest in AY2008 to 4<sup>th</sup> highest in AY2012 of all reporting institutions. For simplicity, this analysis assumes that on/off campus living expenses are comparable. Data labels over AY2008 show that year's rank in cost.



## Correlation Between Total Enrollment and Tuition/Fees

Over the last decade (AY2004-AY2013), EIU (and other institutions that have a significant decrease in enrollment, see Figure 3) have a negative correlation between the published cost of tuition and fees and total enrollment, see Figure 10. This may simply reflect the fact that while all institutions have been increasing tuition and fees, only these institutions have had declines in enrollment. The data here are only correlational, but they do show that the relationship between tuition/fees and enrollment differs dramatically across institutions.



## Affordability Solutions

A complex environment of shifting demographics, decreased state funding, and increasing costs has put EIU in a less competitive position to attract students. Increased state funding could solve a large part of the problem, but we are currently facing even deeper cuts to state-appropriated funds. Thus, we must turn to other strategies over which we exert greater control.

### Enrollment

Although not the main focus of this report, ongoing enrollment strategies obviously play an important role. Continued efforts to increase enrollment of specific groups through strategic marketing, development of emerging programs, and increased advertising (particularly of our successful reaffirmation of accreditation and our #4 US News and World report ranking of Midwest public regional universities) can raise enrollment to offset decreased state funding.

### Relative Affordability

When EIU was relatively more affordable (10<sup>th</sup> place of 10 institutions in total cost for in-state students living on campus, see Figure 5), enrollment was near record levels. If EIU desires to return to the 10<sup>th</sup> place ranking on the overall cost for in-state students living on campus (not adjusting for financial aid awarded), it would require a reduction in total cost from \$25,138 to less than \$22,378 (that of UIS), an overall reduction in cost of \$2,760 per student or 11%. Assuming a comparable percentage reduction in out-of-pocket costs for those who receive some form of financial aid, overall student revenue would be cut by 11%. With an assumed enrollment of 8,000 students, an 11% loss in revenue would require additional enrollment of 989 students to recover the cost.

One area that Eastern seems to be relatively higher than other schools is the published “other” cost (\$4,336) that contributes to a higher total cost (the average “other” cost of all other Illinois comparison schools is \$3,057). Analysis and truthful reduction of the *actual* “other” costs to peer levels could potentially lower the total cost of attendance by \$1,279 (5%) with no other change.

### Tuition Discounting/Fundraising?

Tuition discounting would lower the total costs for students without having to cut other sources of student revenue. Any subsequent increase in enrollment could offset this loss of revenue.

Raising money to offer deeper financial discounts across-the-board would be a challenge. Using the weighted average cost of attendance at EIU (\$19,946), we would have to raise \$2,194 per student annually to lower their cost by 11%, a total of \$17.5 million per year.

### Lower Tuition, Fees, Room and Board?

This seems counterintuitive in the context of historically raising tuition to offset decreased state support. However, the predicted bubble of higher education may be ready to burst, and institutions must be prepared to handle decreased revenue. A number of independent colleges listed on the National Association of Independent Colleges and Universities web site have lowered tuition (or implemented other [special initiatives](#)) as a means to increase affordability. Analyses of enrollment at public and private institutions that have lowered their tuition have produced mixed results. Some schools have seen large increases in enrollment, while others have not (and the net price may actually rise because less financial aid is offered), see [The Effects of Tuition Reduction: a Report](#). Between 2008 and 2012, UIS has lowered their net price (by offering more aid) by 13% and experienced a 7% increase in enrollment, likely not enough to recoup lost revenue.

Cutting only the cost of tuition, while keeping other student costs constant is another possibility. A 10% cut in tuition (\$1,114), while holding all other factors constant, would result in an overall reduction in revenue of only 3.3% (based on FY2013 numbers, 2014 NCA self-study report). However, advertising a reduction in tuition of 10% would certainly be noticed—not just by potential students and their parents, but by the IBHE, legislators, and peer institutions. The marketing statement could be, “EIU: the leader in making quality education more affordable for families in Illinois.” The psychological impact would likely only last for a year or two (and it would be difficult to raise tuition after that), but it would help our relative ranking in affordability, which could have long term benefits. A 10% reduction in tuition (\$1,114), combined with a truthfully recalculated “other” cost (up to \$1,279) would result in an overall reduction of \$2,393 in student costs, moving EIU from 2<sup>nd</sup> most expensive to 5<sup>th</sup> most expensive on net price, and from 6<sup>th</sup> to 10<sup>th</sup> on total price.

Another approach would be to make significant financial cuts immediately across the board (tuition, fees, housing), but that would be more risky and more difficult to accommodate. Alternatively, cost reductions could be built into a multiyear plan where student costs are gradually reduced, while relying more on recruitment and marketing to maintain or increase enrollment; or, have no further annual tuition increases until we steadily fall in the tuition rankings as others raise their tuition (and hope that other institutions don’t start lowering student costs).

### EIU3?

Some undergraduate degree programs could be completed in 3 years, potentially saving students up to 25% of the living expenses required to obtain a degree. See the accompanying EIU3 proposal ☺

### Conclusion

The price of college has outpaced the ability for many families to pay for it. Now, more than ever, consumers (students and their parents) strongly consider the bottom line costs for education, which

have soared much faster than inflation. If EIU can strategically lower the costs for students (relative to other state schools in Illinois), EIU may return to the days of modestly higher enrollments and greater overall revenue. EIU needs the collaborative efforts of EIU faculty, staff, and students to develop creative financial and enrollment strategies for the future. "Necessity is the mother of invention."