

Grow Eastern Montana

Miles Community College

Tuition proposal FY2010

December 2, 2008

Requested Action:

Miles Community College requests permission to provide an in-state tuition rate to all out-of-state and International students from Wyoming, North Dakota, South Dakota, and Canada beginning in the fall semester of 2009.

Rationale:

- Allows Miles Community College to be more competitive when recruiting out-of-state and International students within our service region.
- Provides Miles Community College the opportunity to generate much needed revenues that would allow the college to hold tuition, and other associated costs down for Montana students.
- Creates for Miles Community College the opportunity to mitigate the effects of declining demographics in Eastern Montana.
- Generates additional revenues that would allow the college to implement its strategic master plan and continue to implement recommendations from the strategic budget process funding priority list (FY2008 – 2012).
- Shifts recruitment area from Western Montana to Western North Dakota, Western South Dakota, Northern Wyoming and Southern Saskatchewan, Canada. A total recruiting area of 147,000 square miles centered on Miles City and equal to the total square mileage of the State of Montana.

Enrollment Management

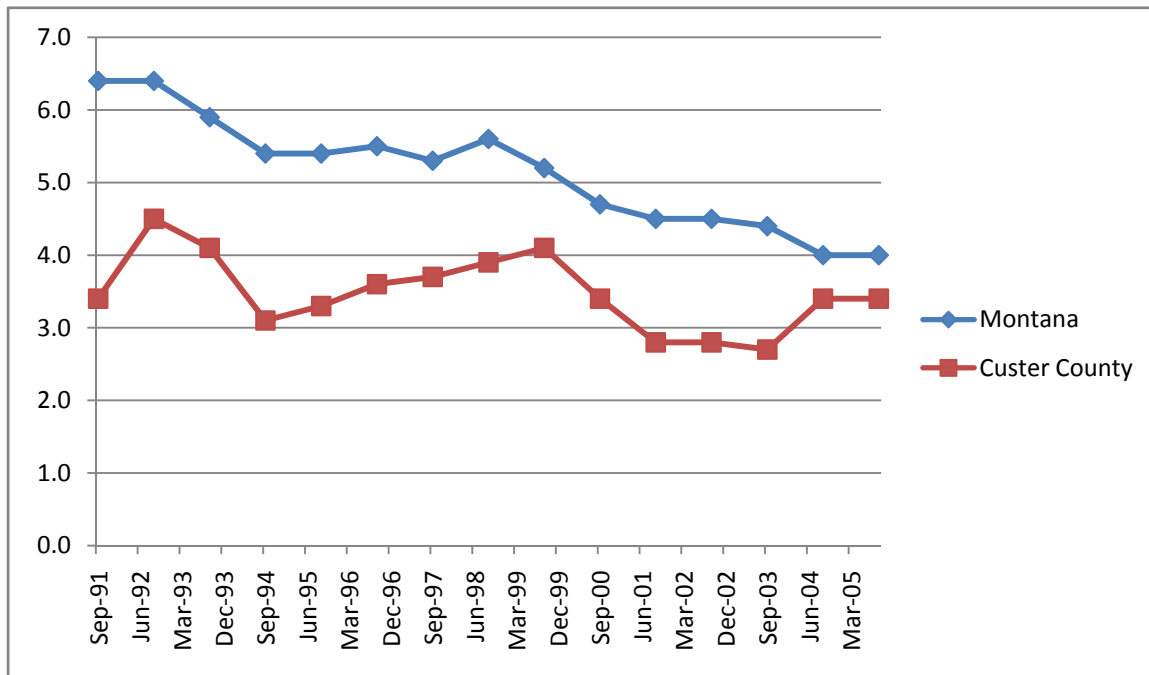
Enrollment at Miles Community College has been slowly falling for the past 5 years. We believe that the major reason for this decline is the result of (1) a rapid decline in population in our service region, (2) increased competitive pressure from schools throughout the state of Montana and North Dakota, and (3) an extremely low unemployment rate in Eastern Montana (2.7% avg.)*. Due to these external threats Miles Community College has had to take steps to ensure adequate enrollment. In the fall of 2007, we instituted a strategic enrollment management plan. This plan included strategies to improve recruiting and retention practices, marketing, internal operations, and developmental education combined with mandatory placement per results of placement testing (ACT or COMPASS). The initial results of this plan are beginning to surface. This fall MCC enjoyed a second straight year of increased headcount. Although the FTE count has not increased, we believe this to be a result of new guidelines adopted by the MCC administration and those placed on MCC by the Montana Board of Regents. Program scopes and sequences have been reworked so that students are able to take the recommended number of credits to earn their certificate or Associate degree. This has eliminated extra elective credits student used to take, which needlessly inflated the FTE number. Another change has been in the area of Developmental education. MCC no longer offers these courses for credit and therefore does not charge students to take these courses. We have found that a flexible and intimate classroom environment that focuses on the basic building blocks in Math, Reading and English helps students develop their skills and in turn, makes them a better college student. This practice is expected to increase retention rates and overall success in college-level courses.

The current program offerings at MCC support and complement our service region and community well. However, our recruiting efforts do not. As MCC progresses into the future, we have projected modest increases in enrollment that are essential for MCC to remain a feasible option for students. This proposal is intended to build on the success that the enrollment management plan has already begun to generate. With the ever-present economic crisis and rising unemployment rates we believe that Miles Community College could be strategically situated to be a very viable option for all students.

* Montana has had record low annual unemployment rates in each of the last 3 years (2005 – 3.6%; 2006 – 3.2%; 2007 – 3.1%). One of the lowest unemployment rates in the nation (1.4% - 1.6% below national rate for the 2005-2007 period – currently 1.5% below national rate).

Economic Impact

The unemployment rates in Eastern Montana have traditionally been much lower than those in Western Montana. Custer County, as illustrated in the chart below, has endured a rate of less than 4% for most of the past twenty years. Eastern Montana relies primarily on agriculture based industry; however, energy development, tourism, and outdoor recreation also bring in revenue to the area.



The decreasing unemployment rates are in direct relation to the decrease in total population in Eastern Montana. As a result of these two factors, an economic downturn has begun. The human capital needed to support local business is at an all time low. With the unemployment rate where it is, everyone who wants a job has a job. Many businesses have closed because they can no longer find viable employees. Others have closed due to lack of business.

The Grow Eastern Montana proposal can spark an economic rebound in Eastern Montana. Although the proposal is needed to generate and increase student numbers at Miles Community College, other benefits will also be realized. Students from the surrounding states that enroll at Miles Community College will begin a one-year professional-technical program or a two-year transfer program. Program completion can take many of them up to three years to complete. So for possibly three years these students live in Eastern Montana and contribute to the economic growth of this area. They buy or rent housing, buy groceries and support local

restaurants, and buy clothing and entertainment. They essentially become residents during the time they are enrolled in school. Once they graduate many leave but some stay. The following year a new group replaces them which keeps the economic momentum going. Local businesses benefit from increased business but more importantly from an increase in human capital looking for work to help fund their academic endeavors.

Capacity

A recent analysis of our classroom capacity at Miles Community College shows that on average we are operating at 50% capacity. This means that in most classrooms, half of the available seats remain empty. Currently, we have only two programs with waiting lists: Nursing and Heavy Equipment Operations. The popularity of these two programs mirrors the demand for trained individuals with these respective skills in our service region.

In regard to infrastructure, capacity is less of an issue. Occupancy in the Residence Halls has increased to levels nearing 85 – 90 %. Adjustments in recruiting strategies for Athletics, housing waiver policies for Miles City residents, and possible acquisition of off-campus housing could make room for 30 additional students. The dining facility was never designed to handle the number of students it currently serves. However, remodeling currently underway in the Cafeteria is expected to ease student flow as enrollment numbers near the 500 FTE mark. In-State FTE for Fall 2008 was at 383 and a majority of students that make up that number are served by the cafeteria.

Under this tuition proposal we are projecting residence hall occupancy to increase to 100% with a waiting list. Although not having enough housing for our students is a concern, having a full residence hall offers several advantages. Revenues from the residence halls and cafeteria will be maximized. Having these auxiliaries operating in the black eases the financial burden on the general fund that would be used to make these funds flush. An occupancy rate that increases from the current 88% to 100% would equal 21 students.

21 students x \$2,250 single room / year = \$47,250 additional income

Plus

21 students x \$1550 meal plan / year = \$32,550 additional income

These numbers reflect dollar amounts associated with a double room in Pioneer Hall and the least expensive meal plan. Adjustments may be made for higher meal plans and differences between the rates for the Pioneer Hall and the Lodges, as well as single-room rates that will no longer be available.

Enrollment numbers in Fall 2008 core courses needed for the A.A and A.S. degrees were healthy. An increase in science related sections and possibly a couple other departments may be needed to handle increased enrollment. However, until enrollment reaches the 500 FTE mark, MCC should be able to handle enrollment increases with very minimal adjustments and capital outlay.

Chart #1 shows a three-year history by headcount the number of students who have attended MCC from the three states included in the proposal. In regard to WY, ND, & SD, there is significant room to grow. Chart #2 shows the top five feeder states and the student counts associated with those states. In Fall 2008 we did have 14 students from the three states included in the proposal. It is expected that increased enrollment from these three states will offset the revenue losses generated by reducing tuition costs.

STATE	2006	2007	2008
MT	432	428	413
WY	1	0	4
SD	1	1	6
ND	3	4	4

Chart #1

Top five feeder States for Out-of State students with (headcount)

	2006	2007	2008
#1	Idaho (4)	Utah (5)	Utah (13)
#2	Colorado (3)	Idaho (5)	South Dakota (6)
#3	North Dakota (3)	North Dakota (4)	Wyoming (4)
#4	Utah (2)	Alaska (3)	North Dakota (4)
#5	Wyoming (1)	Colorado (2)	Michigan (3)

Chart #2

Supplemental Factors

- In chart #2 for 2008, over 98% of those students are athletes receiving some form of financial assistance. The amount of scholarship dollars used to recruit those students would be reduced due to a lower cost of attendance.
- The number of students attending from South Dakota, North Dakota, and Wyoming is small and loss of revenue would be minimal even if an increase in enrollment from those states is not realized.

- Television station coverage primarily in Williston, N.D., Bismarck, N.D. and Billings, MT covers our proposed recruiting area better than the geographical area of the state. We have to utilize stations in those towns to hit eastern Montana and can benefit from the coverage within the other states for no additional cost.

The following chart shows student headcount by county for the 26 eastern Montana counties. Most have remained constant or have shown increases with the exception of Custer County. The 143-student decrease from 1998 -2008 shows that residents of Custer County are not taking advantage of course offerings at MCC as they once were. They are either not attending school or going elsewhere for their education possibly at a less expensive institution.

Montana Students by Eastern Montana Counties: 1998-2008

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Big Horn	1	3	3	4	2	4	3	3	1	4	3
Blaine	4	5	2	2	0	0	0	0	0	0	1
Carbon	9	3	4	4	0	2	3	1	1	1	2
Carter	3	4	1	3	2	10	1	1	3	5	5
Custer	338	345	326	313	254	268	279	230	188	192	195
Daniels	2	1	1	0	0	3	3	4	1	3	1
Dawson	14	8	5	3	4	5	7	15	14	19	18
Fallon	5	7	14	9	5	6	9	12	12	9	13
Fergus	6	6	5	2	2	6	5	6	8	4	6
Garfield	10	12	9	12	12	15	13	8	14	16	14
Golden Valley	1	0	0	0	0	0	1	2	1	0	2
McCone	4	5	8	4	8	8	6	5	4	4	5
Mussel shell	4	2	2	3	3	2	7	2	9	6	9
Petroleum	0	0	0	0	1	1	1	2	0	1	0
Phillips	4	4	4	5	5	5	2	6	4	1	3
Powder River	3	11	5	3	9	13	12	11	7	6	7
Prairie	6	7	12	7	9	13	10	6	6	5	7
Richland	7	5	5	7	11	11	21	10	9	8	12
Roosevelt	7	4	7	9	13	13	8	7	4	1	4
Rosebud	43	36	34	26	25	41	44	43	41	37	30
Sheridan	1	1	1	3	1	2	2	1	7	5	1
Stillwater	2	2	2	3	5	3	1	2	3	3	1
Treasure	7	3	5	1	1	3	2	1	1	2	4
Valley	3	6	7	6	8	9	12	11	17	15	13
Wibaux	0	0	0	0	1	1	1	3	3	4	4
Yellowstone	11	9	7	8	19	27	24	22	26	29	22

Tuition Rates-Contiguous States/Peer Institutions/Rival Institutions

These charts show in-state and out-of-state tuition rates for the listed institutions by state, the in-state and out-of-state per-credit-hour charges and fees. There are two informational columns, one which lists information relating to caps for credit hour charges and the other which provides information relating to special arrangements regarding tuition charges.

Miles Community College used this information to compare our in-state rate to these institutions' in-state rates and out-of-state rates and used this information to help project the probable positive impact available to MCC by changing its out-of-state tuition rate to equal its in-state rate.

Supplemental Factors

- Most institutions cap tuition at 12 credits. Miles Community College caps at 15. The charts are shown with 12 credits but a charge for the 3 credits additional would accrue for MCC students and not for the students at the other institutions.
- The charts show that MCC is competitive with other Montana institutions in regard to non-resident tuition. However, for non resident students who are considering a school in their state versus MCC, major cost differences are evident.
- The price difference for students looking at 2-year schools in Montana versus 4-year schools in North Dakota and South Dakota is extremely minimal.

