

Submitted: July 24, 2007 (revised from July 16, 2007)

Approved: August 20, 2007

**Recommendation #9: Offsetting expenses associated with the student exchange programs with tuition revenue**

**Issue number: T-06, T-17**

***Background***

Iowa State participates in several student exchange programs where an Iowa State student enrolls in classes at another college or university (outbound student) and in exchange, a student from the same college or university enrolls in classes at Iowa State (inbound student). Both students are assessed tuition based on his or her residency status. Typically, the inbound student has a non-residency status.

The outbound student is required to pay the assessed tuition at Iowa State. The inbound student is required to pay the assessed tuition at their home college. The inbound student also is assessed tuition at Iowa State, but receives a scholarship for all of the tuition that is assessed. In fiscal year 2007 the assessed tuition revenue from the outbound students was \$356,262. The assessed tuition revenue from the inbound students and the cost of the scholarships for the inbound students was \$732,548.

Currently, both the outbound and the inbound student are counted in the 10<sup>th</sup> day enrollment census file. Only the inbound students generate student credit hours.

***Recommendation***

The assessed tuition revenue associated with the outbound student will be included in the distribution of tuition. The outbound student's major will be used to determine the college of enrollment. The outbound students' enrollment data will then be used for the distribution of tuition associated with enrollment. Because the outbound student does not generate student credit hours at Iowa State, the student credit hour data is not applicable for distributing the SCH tuition pool. In other words, the outbound student's tuition will contribute to the amount of dollars in the SCH tuition pool, but they will not contribute to the student credit hour data used to distribute the SCH tuition pool.

Because the inbound student's assessed tuition is offset entirely by a scholarship, the inbound student will not contribute to the amount of dollars in the tuition distribution. Because the inbound student does generate student credit hours, the inbound student's SCH data is included in the Office of Institutional Research SCH data that is used to distribute the SCH tuition pool.

**Illustration of the process for distributing tuition associated with an exchange program**

During the Fall term, there are 200 full-time Iowa State undergraduate students (outbound students) and 200 full-time undergraduate students from other colleges (inbound students) enrolled in an exchange program.

*Outbound students*

All 200 outbound students are a resident of Iowa and are assessed the full-time resident tuition rate of \$2,500. Of these 200 outbound students:

- College A: 50 enrolled students
- College B: 50 enrolled students
- College C: 100 enrolled students

No credit hours were generated by the outbound students.

*Inbound students*

All 200 inbound students are not a resident of Iowa and are assessed the full-time, non-resident tuition rate of \$8,000. Of these 200 inbound students,

- College A: 0 enrolled students
- College B: 0 enrolled students
- College C: 200 enrolled students

The inbound students generated 2,500 student credit hours. Of these 2,500 student credit hours,

- College A: 250 student credit hours
- College B: 250 student credit hours
- College C: 2000 student credit hours

The methodology for distributing undergraduate tuition revenue is twenty-five percent of net undergraduate tuition revenue assessed for the student is distributed to colleges based on the student's college of enrollment. Seventy-five percent of net undergraduate tuition revenue is included in the SCH tuition pool and distributed proportionately to colleges based on the college's proportion of student credit hours they generate during the term.

*Tuition dollars generated:*

- Outbound students generated \$500,000 ( $200 * \$2,500$ ) in tuition revenue. Twenty percent (20%) of the assessed tuition is distributed to the Student Financial Aid office, leaving a net tuition \$400,000 or \$2,000 per student.
- Inbound students were assessed \$1,600,000 in tuition, but received a scholarship for 100% of their assessed tuition. So the inbound students generated net tuition revenue of \$0.

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*Tuition revenue distribution based on enrollment*

Based on the individual student's tuition assessment, the tuition revenue distribution based on the students' college of enrollment is as follows:

- College A: 50 outbound students \* \$2,000 tuition \* 25% = \$25,000
- College B: 50 outbound students \* \$2,000 tuition \* 25% = \$25,000
- College C: 100 outbound students \* \$2,000 tuition \* 25% = \$50,000
- College C: 200 inbound students \* \$0 \* 25% = \$0

*Tuition revenue distribution based on student credit hours*

Of the \$400,000 of net tuition revenue generated, 75%, or \$300,000, is distributed to the SCH tuition pool. The distribution of the SCH pool is as follows:

- College A:  $(250 \text{ SCH} / 2,500 \text{ total SCH}) * \$300,000 \text{ SCH tuition pool} = \$25,000$
- College B:  $(250 \text{ SCH} / 2,500 \text{ total SCH}) * \$300,000 \text{ SCH tuition pool} = \$25,000$
- College C:  $(2,000 \text{ SCH} / 2,500 \text{ total SCH}) * \$300,000 \text{ SCH tuition pool} = \$250,000$