

Report Number 654
December 2002

Highlights

- According to the State Board of Regents, of the projected \$5 million to be generated by stricter residency requirements adopted in HB 331, \$4.9 million failed to appear.
- Utah ranks 4th in the number of western student migrants and 5th when these students are looked at as a percent of the total non-resident student population.
- States in the West compete mainly with each other for non-resident students.
- Residency requirements in Utah are more lenient, even after the passage of HB 331, than in many other western states.
- Six of Utah's nine public institutions of higher education derive more than half of their first-time freshman non-resident population from other western states.
- The proportion of non-resident students to the remainder of the entering freshman class explains why Utah State University has been the most adversely affected by HB 331. It lost 24 non-resident FTEs instead of gaining the 241 it had anticipated.

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Utah's Regional Competitiveness For Non-Resident Higher Education Students

The economic recession dating from March 2001 created budget shortfalls in many states, including Utah. The higher education budget was among many that faced budget cuts. To help make up the shortfall, law changes were put into effect this fall. The new laws changed Utah's residency requirements from one year to sixty semester hours (the equivalent of two years of full-time schooling) and increased resident and non-resident tuition. New revenue from increased tuition paid by more out-of-state students was estimated at \$5 million and would be generated because non-resident students pay approximately three times the tuition of in-state students.

Opponents of changing the residency requirement argued this change in residency requirements would be counterproductive for two reasons. First, it would discourage enough non-residents from seeking an education in Utah to eliminate any revenue gain and could likely create deficit situations at the Utah schools that are highly dependent on non-resident students, such as Utah State University (USU) and Utah Valley State College (UVSC). Second, the lack of a grandfather clause in the law meant that students who had been enrolled as non-resident freshman and were anticipating residency in their sophomore year would no longer be eligible for it. This could result in a reduction in the overall size of the student body. While most colleges (USU being a significant exception) did not see an absolute negative effect, the law change did not produce a significant revenue benefit either. The State Board of Regents recently released a report claiming that out of the \$5 million in non-resident tuition revenues House Bill 331 was projected to generate, \$4.9 million failed to appear.¹

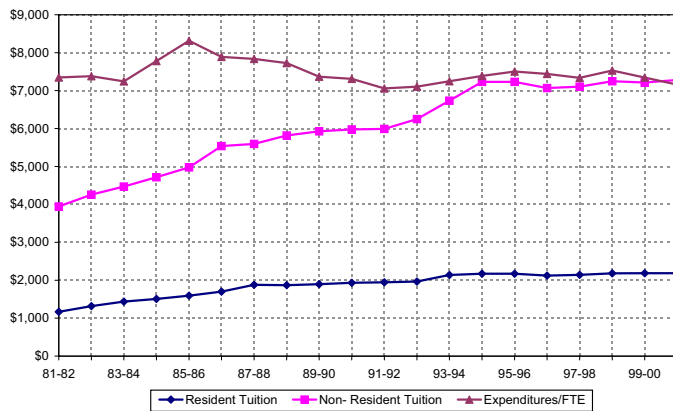
This report provides an overview of national tuition rates and student population growth, followed by a more in-depth look at the regional and institutional context of Utah's higher education system. The section on national statistics highlights the evidence often used in debates regarding the funding and affordability of Utah's education system. The regional analysis shows that the West is different from the United States in two key areas: cost and enrollment growth. Finally, the institutional section offers a glimpse of the various fiscal challenges and advantages of Utah's colleges and universities. This will be accomplished by focusing on three areas: the cost of higher education, the funding of higher education in various states and residency requirements across states. In doing so, some of the possible reasons for the budget shortfalls that materialized in place of expected revenue gains will become apparent.

Utah in a National Context

Nationally, Utah is considered to be one of the most affordable places to receive an education. This is the result of a combination of factors, including low tuition, financial aid, cost of living, etc. The National Center for Public Policy and Higher Education produces an index score based on these measures. Their report, entitled "Losing Ground: A National Status Report on the Affordability of American Higher Education," was last published in

Figure 1

Expenditures Compared with Resident and Non-Resident Tuition: Utah System of Higher Education



Source: Utah System of Higher Education.

May 2002. It placed Utah with the top five states in the nation in terms of providing an affordable higher education. A recent revision of this statistic for the current school year shows Utah losing some ground relative to its past performance in this category, but still remaining within the top five nationally.²

Utah's continual presence in the ten states with the lowest tuition as measured by the National Center for Education Statistics (NCES), and Utah's higher education budget effort, which has led the nation in four of the last five years, contribute to this strong showing on the affordability index. Additionally, Utah's position as one of the youngest states in the nation indicates that higher education enrollments should continue to grow. These statistics in tandem are often used to bolster arguments that Utah should

be able to increase its tuition to ease state budget pressures.

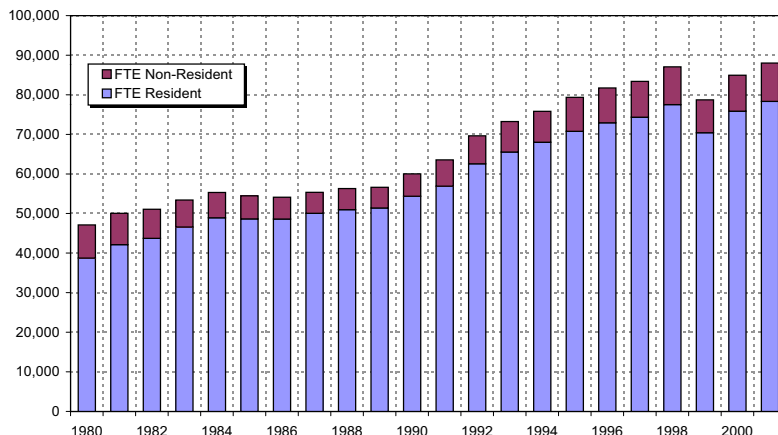
The market should be able to bear these increases, because demographics and the relatively low cost of higher education suggest that Utah's policymakers have more leeway than most states in increasing the cost of education. Given this, the recent report by the State Board of Regents indicating no significant revenue gain from tuition increases and residency law changes is perplexing. The fact that the policy change failed to generate its anticipated benefits and created negative results at many schools that rely on non-resident student enrollment confounds the matter even further. Possible reasons the increases in cost did not have their intended effect can be found by focusing on Utah's regional position rather than its national one. This context is worth examining, because the western United States has large college-aged populations, high percentages of enrollments, low four-year tuition rates when compared nationally, and a tendency for western students to migrate to states within the western region. These factors all affect Utah's competitiveness in the market for out-of-state students.

Utah's Higher Education System and Funding: Overview

Utah's young population suggests that demand for a high percentage of state funding for post-secondary education will continue well into the future. Figures 1 and 2 show Utah's funding and enrollment growth over time. Full-Time

Figure 2

Utah System of Higher Education Resident & Non-Resident Enrollment (Full-Time Equivalent Students)



Source: Utah System of Higher Education.

Equivalent (FTE)³ higher education enrollments in Utah have grown from 63,545 in 1991 to 88,002 in 2001. However, the amount of spending per FTE, as measured in constant dollars, has stayed relatively flat. It declined slightly from \$7,310 in 1991 to \$7,156 in 2001. This demonstrates that budget increases for Utah's Higher Education System have barely kept pace with enrollments when adjusted for inflation. This is surprising because higher education expenditures occupy a relatively large percentage of the state budget. Figure 3 shows Utah's higher education budget as a percent of total state and local government revenues and illustrates that Utah ranks first in the nation for this measure of budget effort.

Furthermore, a recent analysis of population growth indicates that while the college age population in Utah will shrink slightly over the next ten years, it will then grow rapidly after that period by as many as 70,000 to 150,000 additional people aged 18-24 by 2030.⁴ The increase of 70,000 college-aged individuals assumes low in-migration. In other words, it is based on Utah's fertility rate, the number of people in child-bearing years, and natural increases in the population. Assuming Utah's current college age enrollment rate of 54 percent of those aged 18-24, roughly 35,000 to 75,000 students could join Utah's System of Higher Education (USHE) during that period. This growth would be comparable to the boom in higher education numbers that occurred from 1980 to 2000, when college enrollments basically doubled.

Given these numbers, coupled with state rankings in terms of tuition shown in Figure 4, the increased tuition and more stringent residency requirements enacted in a year of budget deficits should have been easily borne by the system. However, looking at national comparisons of tuition and population growth fails to take into account the West's unique demographics and fiscal context.

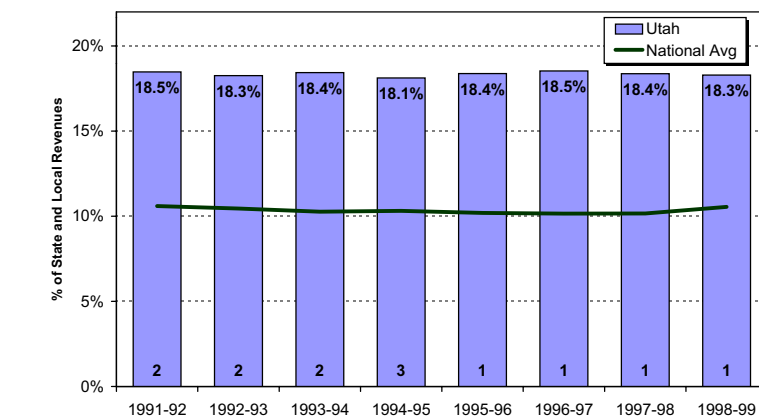
Utah's Higher Education System in a Western Context

In the process of analyzing higher education in a national context, Utah Foundation has noted the uniqueness of the western United States. For the purposes of this report, a western state is defined as a state included within the purview of the Western Interstate Commission for Higher Education (WICHE). These states are distinct in offering a relatively low cost of education and experiencing larger than average increases in enrollments in higher education.

The Washington State Higher Education Coordinating Board has published an analysis of four-year resident and non-resident tuition and fees nationally by type of institution for 2001. Using that data, Figure 5 shows that Utah ranks 41st in average resident tuition and fees for four-year colleges and universities. It is worth noting that nine of the lowest fifteen states in terms of overall tuition are also WICHE states. Thirteen of the fifteen WICHE states are in the bottom half of states. Only Oregon and California (ranked 23rd and 21st, respectively) are not in the bottom twenty-five states when ranked by the cost of a four-year education. Figure 6 shows that Utah's community college resident tuition is priced closer to the national average, and seven WICHE states rank in the bottom fifteen. Non-resident tuition and fees for WICHE universities are not as concentrated in the bottom half of schools. However, eleven schools are in the bottom twenty-five, and eight, including Utah (40th) are in the bottom fifteen. WICHE community colleges are significantly closer to average on this comparison, with only four in the bottom fifteen and seven in the bottom twenty-five; Utah ranks 14th on this scale.

Figure 3

Utah Higher Education Spending
As a percent of total state and local own-source revenues
(National rank shown at bottom of bars)



Source: US Census Bureau; Utah Foundation.

Figure 4

Tuition Averages by State
2001-02

State	Tuition	Rank
Alabama	\$3,261	24
Alaska	N/A	N/A
Arizona	2,486	38
Arkansas	3,477	19
California	1,897	46
Colorado	2,511	37
Connecticut	4,165	9
Delaware	N/A	N/A
Florida	2,551	36
Georgia	2,480	39
Hawaii	N/A	N/A
Idaho	2,732	33
Illinois	4,215	8
Indiana	3,947	11
Iowa	3,440	20
Kansas	2,424	40
Kentucky	2,897	31
Louisiana	2,578	35
Maine	3,690	15
Maryland	4,769	6
Massachusetts	3,295	22
Michigan	4,501	7
Minnesota	3,561	17
Mississippi	3,207	27
Missouri	3,436	21
Montana	3,222	26
Nebraska	2,916	29
Nevada	2,295	41
New Hampshire	5,557	2
New Jersey	5,762	1
New Mexico	2,042	45
New York	4,081	10
North Carolina	2,255	42
North Dakota	2,909	30
Ohio	5,058	4
Oklahoma	2,171	44
Oregon	3,650	16
Pennsylvania	4,969	5
Rhode Island	3,521	18
South Carolina	3,790	13
South Dakota	3,702	14
Tennessee	3,246	25
Texas	2,841	32
Utah	2,252	43
Vermont	5,132	3
Virginia	3,841	12
Washington	3,071	28
West Virginia	2,645	34
Wisconsin	3,272	23
Wyoming	N/A	N/A

Source: Washington State Higher Education Coordination Board, "Tuition and Fee Rates: A National Comparison" (2001-2002).
Italics indicate a WICHE State.

college-age growth and enrollment growth. If WICHE were a state, it would rank 10th in college-age population growth and 8th in college enrollment growth as a percent of the population. Nine of the top fifteen states in college enrollment growth are WICHE states (Utah is 6th); twelve of the top fifteen states in college-age population growth are WICHE states (Utah is 2nd).

In reviewing Figure 7, it is clear that a state's rising college-age population does not necessarily translate to a large increase in enrollment at that state's schools. For example, in Alaska and Wyoming, this discrepancy is particularly evident. While Alaska is 4th in the growth in college-aged population, it is last in the nation in terms of enrollment growth. Wyoming is in a similar position, its college-age population growth ranks 15th in the nation, while its enrollment growth ranks 48th. This suggests that students in some states migrate at a higher rate than students in other states. In other western states, including Utah, the correlation between enrollments and population is strong. Utah, for example, ranks 2nd in college-aged population growth and 6th in terms of enrollment growth. As Figure 8 shows, Utah and nine other western states registered positive in-migration to some degree. Conversely, Alaska, Hawaii, Idaho, Washington and Wyoming all experienced net out-migration in 1999. These data and the data that follow in this report measure migration of western students to public universities and colleges in the West. Therefore, the data are not affected by private schools, such as Brigham Young University, and do not count students who go to or come from states outside of the WICHE region.

Figures 9 and 10 show student migration patterns among WICHE states for students who choose to attend public schools. They show that while some states, like Alaska and Hawaii, have high out-migration rates, their students tend to migrate within the western region. For the remainder of this report, this phenomenon will be referred to as "western student migration" and will represent that percentage of students leaving a western state to receive a public education in another WICHE state.

Considering the tendency of western students to stay in the West when they migrate, the question of which states benefit from this migration is raised. As Figure 10 shows, Arizona is the largest beneficiary of western student migration in 2000-01 in terms of raw numbers, though not in percentages. Idaho has the most western student migrants as a percentage of its non-resident freshman enrollment.

Figure 7

College Age Population and Enrollment Growth 1996-1999

State	% Change, 1996-1999			Rank	
	College Age Population	Total Population	College Enrollment	College Age Growth	Enrollment Growth
Alabama	-1.16%	2.51%	-1.09%	42	44
Alaska	13.61%	3.02%	-8.18%	4	50
Arizona	11.12%	10.95%	19.04%	7	2
Arkansas	1.22%	2.87%	17.23%	32	3
California	10.14%	5.24%	11.03%	8	5
Colorado	11.75%	8.51%	7.83%	5	12
Connecticut	-5.46%	0.51%	-0.50%	49	38
Delaware	3.29%	4.91%	5.20%	27	20
Florida	5.57%	6.53%	7.44%	18	14
Georgia	5.88%	8.34%	-0.92%	17	41
Hawaii	3.38%	0.42%	-0.98%	25	42
Idaho	13.87%	7.44%	8.55%	3	9
Illinois	1.37%	2.05%	2.14%	31	27
Indiana	-1.06%	2.61%	5.22%	41	19
Iowa	3.33%	1.01%	7.45%	26	13
Kansas	8.07%	2.59%	-0.51%	11	39
Kentucky	0.84%	2.74%	1.55%	33	29
Louisiana	4.42%	1.02%	8.54%	21	11
Maine	-1.98%	1.26%	2.25%	45	26
Maryland	2.19%	2.95%	0.94%	28	35
Massachusetts	-4.80%	1.86%	1.43%	47	32
Michigan	-0.80%	2.11%	1.94%	38	28
Minnesota	8.75%	3.69%	0.69%	10	36
Mississippi	-0.31%	2.89%	8.54%	36	10
Missouri	4.22%	2.70%	8.90%	23	8
Montana	6.83%	1.64%	1.03%	14	33
Nebraska	6.23%	1.89%	-4.24%	16	49
Nevada	21.45%	18.58%	32.27%	1	1
New Hampshire	1.63%	4.85%	-1.49%	30	45
New Jersey	-0.88%	2.23%	-0.99%	39	43
New Mexico	5.33%	3.41%	9.27%	19	7
New York	-1.86%	0.25%	-1.98%	43	46
North Carolina	-1.02%	6.48%	6.42%	40	16
North Dakota	3.52%	-1.23%	-0.13%	24	37
Ohio	-0.50%	0.91%	1.53%	37	30
Oklahoma	4.24%	2.83%	-0.90%	22	40
Oregon	10.09%	5.56%	5.08%	9	21
Pennsylvania	-4.63%	-0.42%	-2.02%	46	47
Rhode Island	-7.39%	0.16%	0.97%	50	34
South Carolina	0.78%	5.02%	5.46%	34	18
South Dakota	7.66%	0.67%	14.86%	13	4
Tennessee	0.73%	4.62%	2.83%	35	25
Texas	8.07%	7.30%	4.00%	12	23
Utah	18.88%	7.74%	9.68%	2	6
Vermont	-1.93%	1.87%	4.74%	44	22
Virginia	2.13%	4.11%	6.20%	29	17
Washington	11.50%	5.99%	7.31%	6	15
West Virginia	-5.28%	-0.75%	3.05%	48	24
Wisconsin	4.62%	2.21%	1.52%	20	31
Wyoming	6.78%	0.24%	-3.89%	15	48
WICHE	9.12%	5.59%	9.03%		
United States	3.58%	3.76%	3.71%		

Sources: NCES, The Census Bureau, WICHE; calculations by Utah Foundation.
Shaded states are in the top 15 in growth in college enrollments.
Italics designate WICHE states.

Figure 8

Student Migration for WICHE States: 2000-01

State	Freshmen Migrating In	Freshmen Migrating Out	Net Migration	Migration Gain/Loss*
Alaska	214	1,107	-893	-36%
Arizona	9,391	1,174	8,217	24%
California	15,366	7,066	8,300	4%
Colorado	8,200	2,276	5,924	15%
Hawaii	472	1,228	-756	-12%
Idaho	1,117	1,417	-300	-4%
Montana	1,608	963	645	9%
Nevada	1,540	942	598	7%
New Mexico	2,303	1,540	763	5%
North Dakota	2,834	1,751	1,083	14%
Oregon	4,226	1,518	2,708	12%
South Dakota	2,043	1,507	536	8%
Utah	3,413	491	2,922	17%
Washington	2,116	2,525	-409	-1%
Wyoming	860	870	-10	0%

Source NCES IPEDS data; Calculations by Utah Foundation.
* Measures the percentage of freshman added to or taken from the number of freshman originating in that state.

Figure 9

Western Student Migration 2000-01

	Freshmen Originating in State	Freshmen Staying West*	Percent Staying West	Freshmen Migrating Out	Freshmen Migrating to West	% Migration Staying West
Alaska	3,365	3,133	93%	1,107	875	79%
Arizona	25,714	25,302	98%	1,174	762	65%
California	191,186	188,504	99%	7,066	4,384	62%
Colorado	34,845	33,753	97%	2,276	1,184	52%
Hawaii	7,314	7,110	97%	1,228	1,024	83%
Idaho	8,539	8,430	99%	1,417	1,308	92%
Montana	6,432	6,299	98%	963	830	86%
Nevada	7,949	7,784	98%	942	777	82%
New Mexico	13,205	12,558	95%	1,540	893	58%
North Dakota	6,858	5,334	78%	1,751	227	13%
Oregon	19,204	18,945	99%	1,518	1,259	83%
South Dakota	6,170	5,171	84%	1,507	508	34%
Utah	16,797	16,686	99%	491	380	77%
Washington	31,204	30,688	98%	2,525	2,009	80%
Wyoming	3,756	3,580	95%	870	694	80%

Source NCES IPEDS data; Calculations by Utah Foundation.

* Measures the percentage of freshman added to or taken from the number of freshman originating in that state.

Utah is in the upper half of WICHE states by both measures. It ranks 4th in the number of western student migrants enrolled at its public institutions and 5th when these students are looked at as a percent of the non-resident population.

The relative importance of the western student population to individual states is highlighted by looking at it proportional to the number of non-resident students in the total student population. Utah's 3,413 non-resident students rank fourth in raw number of non-residents behind California, Arizona and Colorado. These 3,413 students comprised 17 percent of the total incoming freshman population. By contrast, North and South Dakota depend on non-residents for 36 percent and 30 percent of their incoming freshman population, respectively. Utah appears to be less dependent on non-residents than its western neighbors; its percentage of non-resident incoming freshmen ranks 9th among the 15 WICHE states. However, a majority of these students come from western states. In combination, these numbers suggest that, while Utah's colleges are less dependent on total migration, of the migrants they do get, the majority come from the west. This suggests that Utah is relatively dependent on western student migration.

Figure 10

Western Student Enrollment by State, 2000-01

States	Freshmen Originating in State	Non-Resident Freshmen	Non-Residents From West	% Non-Resident	% of Non-Resident From West	Total Freshman Enrollment From West	Total Freshman Enrollment
Alaska	3,365	214	85	9%	40%	2,343	2,472
Arizona	25,714	9,391	2,992	28%	32%	27,532	33,931
California	191,186	15,366	1,105	8%	7%	185,225	199,486
Colorado	34,845	8,200	2,615	20%	32%	35,184	40,769
Hawaii	7,314	472	226	7%	48%	6,312	6,558
Idaho	8,539	1,117	856	14%	77%	7,978	8,239
Montana	6,432	1,608	848	23%	53%	6,317	7,077
Nevada	7,949	1,540	956	18%	62%	7,963	8,547
New Mexico	13,205	2,303	579	16%	25%	12,244	13,968
North Dakota	6,858	2,834	608	36%	21%	5,715	7,941
Oregon	19,204	4,226	2,015	19%	48%	19,701	21,912
South Dakota	6,170	2,043	345	30%	17%	5,008	6,706
Utah	16,797	3,413	1,838	17%	54%	18,144	19,719
Washington	31,204	2,116	1,462	7%	69%	30,141	30,795
Wyoming	3,756	860	584	23%	68%	3,470	3,746

Source NCES IPEDS data; Calculations by Utah Foundation.

Figure 11

Western Student Migration Dependency by State

State	% WSM Dependent	Rank
Alaska	3%	14
Arizona	9%	7
California	1%	15
Colorado	6%	9
Hawaii	3%	13
Idaho	10%	4
Montana	12%	2
New Mexico	11%	3
Nevada	4%	12
North Dakota	8%	8
Oregon	9%	6
South Dakota	5%	10
Utah	9%	5
Washington	5%	11
Wyoming	16%	1

Source: National Center for Education Statistics IPEDS; Calculations by Utah Foundation.

To calculate this for all WICHE states, Utah Foundation looked at the percent of non-resident western students and derived a ranking of states by western student migration dependency. Figure 11 shows our results for each WICHE state. Referring back to the percent of students migrating west in Figure 10, one can see that states in the West compete mainly with *each other* for students. Some states are more heavily dependent on western student migration than others. For example, in Wyoming, 23 percent of the student population is non-resident. Of this, 68 percent come from western states. In total, 16 percent of Wyoming's student population is comprised of western student migrants. This yields the highest western student migration dependency ranking among the WICHE states. Utah is in the top third of WICHE states, ranking 5th. Of the 17 percent of students who are non-residents, 54 percent hail from the West.

In thirteen WICHE states, at least half of all migrating students migrate to another WICHE state. This ranges from 92 percent western student migration in Idaho to 52 percent in Colorado. The remaining two states,

North and South Dakota have western student migration rates significantly below 50 percent; however, this can be best explained by the fact that those states are western “border” states who are sending the bulk of their students to a large neighbor to the east that is just outside of the WICHE border. For example, North Dakota only has a western student migration rate of 13 percent, but almost 81 percent of its migratory student population goes just east to Minnesota. Figure 12 highlights this.

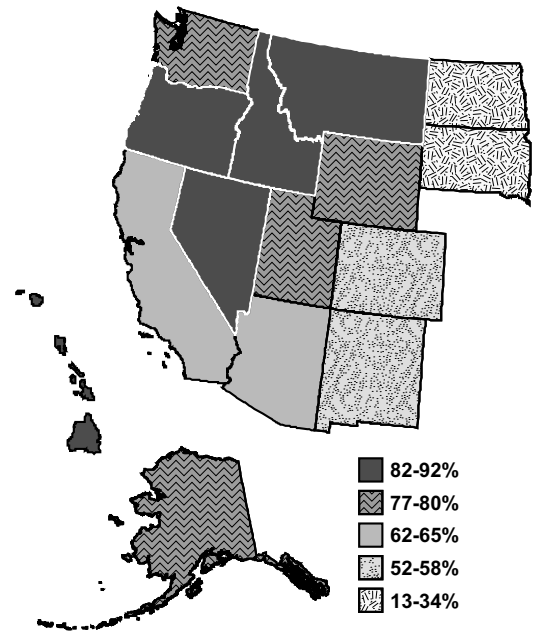
Some factors that may affect a state’s dependency on western student migration are residency requirements (or the likelihood that a student will qualify for in-state tuition during their college career), tuition price (both resident and non-resident), proximity to a student’s home state, and quality of programs offered at a given institution. These latter two factors are relatively static, at least in terms of policymaking decisions. Therefore, we focus on the first two because they are more dynamic and have both been changed by the Legislature in the last year.

Tuition rates have been rising in Utah and other western states for the last ten years; however, tuition has generally been lower in Utah and the West than in the United States overall. Figures 13 and 14 show the average tuition in WICHE states, WICHE’s high and low, Utah, and the U.S. average by institution type over time.⁶ Utah’s resident tuition at two-year colleges is slightly higher than the WICHE average, and slightly lower than the U.S. average, however it has increased more slowly than both. Utah’s tuition at four-year institutions is below both the WICHE average and the U.S. average. While WICHE does not calculate a national tuition average for non-resident students, Utah’s tuition is still lower than the WICHE average for both types of students at four-year schools.

Residency requirements in Utah are also more relaxed, even after the passage of HB 331, than other western states. Figure 15 compares Utah’s residency requirements to other WICHE states. Six WICHE states explicitly deny residency for full-time students seeking residency, with five of these states limiting student residency to half-time students.⁷ For example, Colorado will not allow anyone to start their period of physical presence prior to the age of 22. Of the remaining nine states, two (Nevada and North Dakota) presume a student is in the state for educational purposes, and therefore deny residency, unless it can be proven otherwise. Alaska and New Mexico require that students sign a contract relinquishing previous residency, confirming they are in the state for reasons other than education, and verifying their intent to remain in the state after their education.⁸

Figure 12

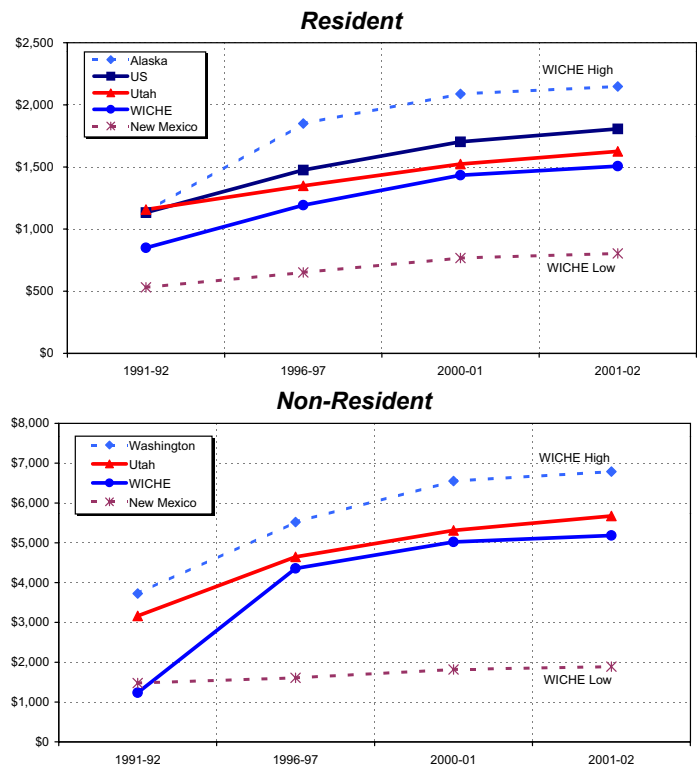
Percentage of Students Migrating to Another Western State



Source NCES IPEDS data; Calculations by Utah Foundation. Measures the percentage of freshman leaving a state who stayed within the West.

Figure 13

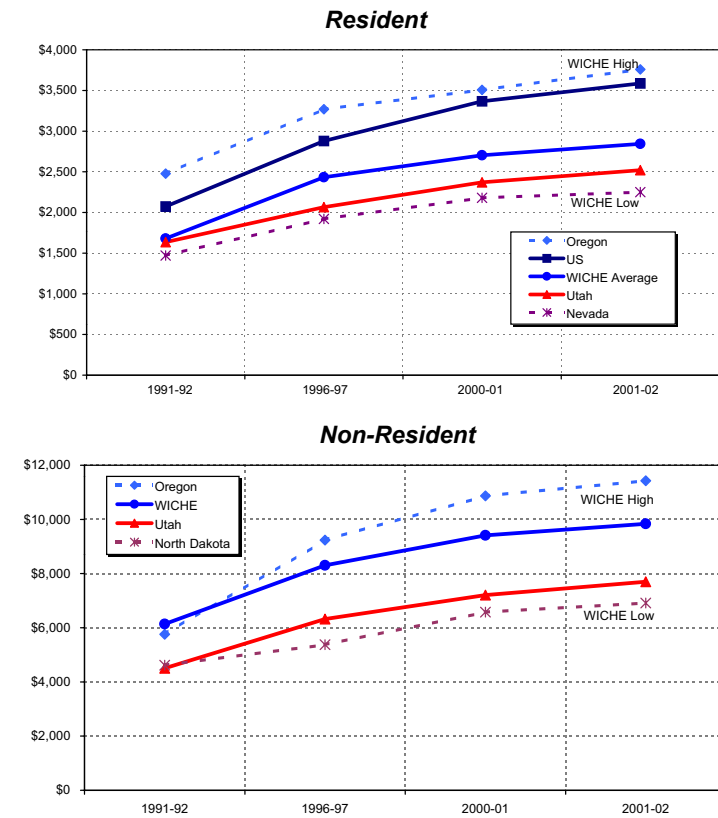
Utah, US, & WICHE Two-Year College Tuition, Including WICHE High and Low States



Source: WICHE.

Figure 14

Utah, US, & WICHE Four-Year University Tuition, Including WICHE High and Low States



Source: WICHE.

This means that ten of the fifteen WICHE states are explicitly denying, or severely limiting, residency to students. Of the remaining six states, Figure 15 shows that four, including Utah, are among the top five when ranked based on the percentage of their first year freshmen who are non-residents; and three of those are among the five highest states in terms of their dependence on western student migration. The exception is South Dakota, which is an aforementioned border state.

Higher Education in the Context of Institution Type

Another factor that significantly influences funding and tuition changes in Utah and the West is institution type. Community college tuition in the West has kept closer pace with national averages than four-year college tuition, and the proportion of resident and non-resident enrollment at each institution differs greatly. To analyze this, Utah Foundation looked at western averages, provided by WICHE, and financial and enrollment data from the nine Utah institutions of higher education provided by the Utah State Board of Regents Data Book. Because of the differing sources the data are not identical, however they are similar enough to provide a reasonable comparison.

Community Colleges

Utah has five two-year, or community colleges. At this point, two caveats are in order. First, the College of Eastern Utah (CEU), Snow College, and Salt Lake Community College

Figure 15

Establishing Domicile Requirements by State
(Including, but not limited to the following).

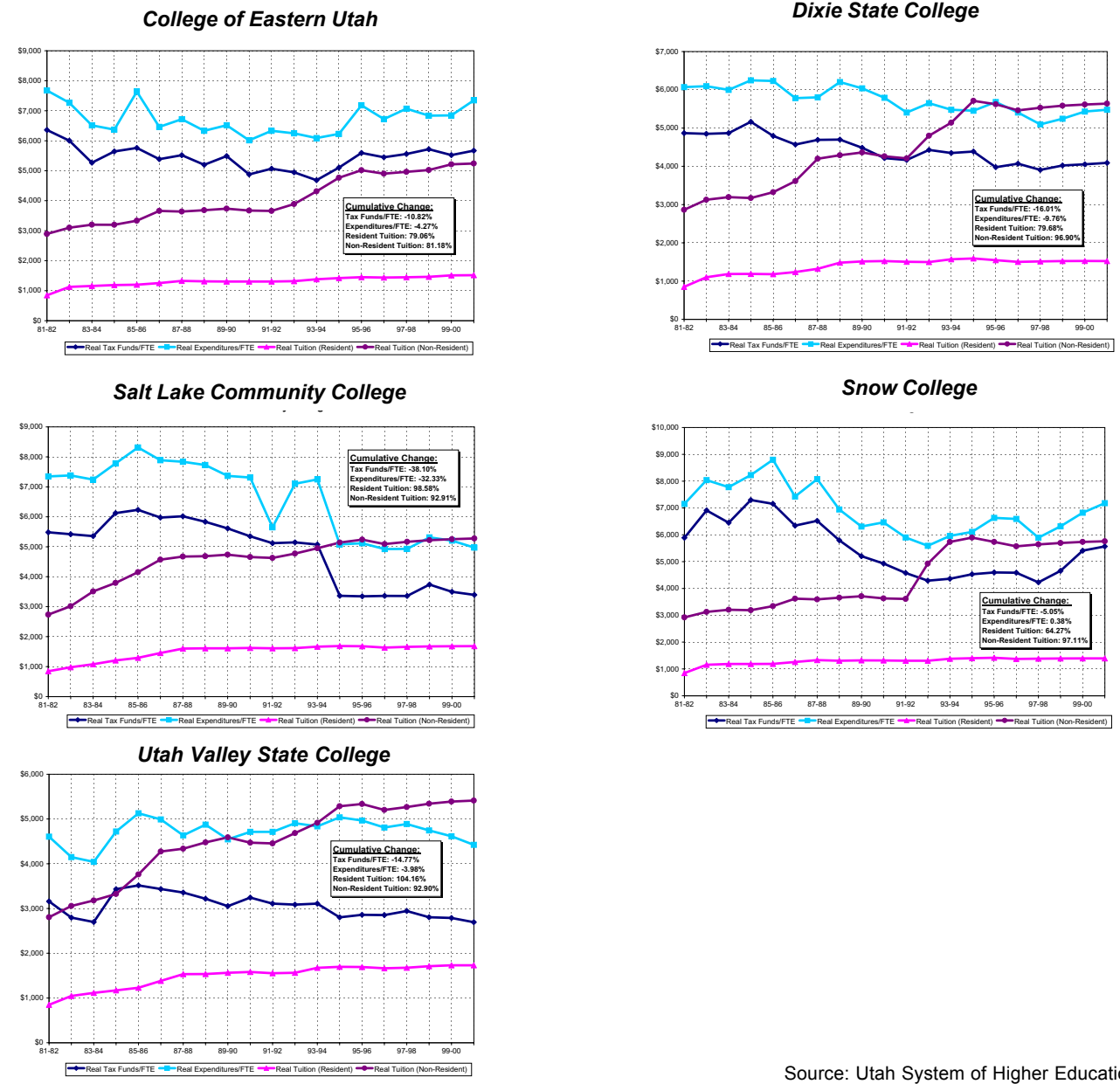
Requirement	Alaska~	Arizona	California	Colorado	Hawaii	Idaho	Montana	New Mexico	Nevada	North Dakota	Oregon~	South Dakota	Utah	Washington	Wyoming~
Evidence of Physical Presence for 1 Year (Including Summer Vacation)	X	X	X*	X*	X	X	X	X	X	X	X	X	Completion of 60 semester hours	X	X
Proof of Financial Independence for...		2 years	X		1 year & continuous	(50% sufficient)		1 year	1 year		X	X (no specified time period)		1 year	
Filing of Federal and State Tax Returns in State	X	X	X	X	X		X	X	X	X	X	X**	X	X	X
Insurance (Health, Auto, or both)	X	X	X	X			X	X	X	X	X	X			X
Lack of Residence in Former State of Residence		X	X	X			X			X	X			X	X
Driver's License	X	X	X	X			X	X	X	X	X	X	X	X	X
Full Time Employment History	X	X	X	X	X			X	X		X				proven 1 year
Ensured Future Employment	X	X			X									X	
Transfer of Banking	X	X	X					X							
Voter Registration & Participation		X	X		X		X	X	X	X	X	X**	X	X	X
Residence of Spouse (if applicable)		X			X	X			X	X		X	X		
Limited Enrollment				X	X		X				X			X	
Written Declaration	X							X							
Presumption				X	X		X		X	X	X				
Explicit Denial of Student Residency				X	X		X				X			X	X

~Only Alaska and Oregon have regulatory residency laws established by the Board of Regents. Wyoming has residency laws based on the preferences of individual institutions. All other states have statutory laws.
 *In California, one year of residency can be counted prior to being 18.
 **In Colorado, in order to begin the one year period you must be over 22, married, emancipated from parents, or a graduate student.
 **South Dakota law specifies that another requirement in addition to these two is necessary to establish residency.

Source: The College Board.

Figure 16

**Expenditures, Taxes and Tuition per FTE at Two-Year Colleges in Utah:
(2001 Dollars)**



Source: Utah System of Higher Education.

(SLCC) fit in this category without dispute. Recently, however, both Dixie State College and Utah Valley State College (UVSC) have made moves to incorporate a limited number of four-year degrees into their programs. This may lead to them being classified with other four-year institutions in the future; however, for the purposes of this report, they are considered two-year institutions due to their Carnegie Classification.⁹ This is the system used by other public policy groups to determine averages across schools.

Second, the Utah College of Applied Technology (UCAT) is often considered to be an institution of higher education. However, it is not included in the Carnegie Classification system and is outside the scope of the traditional understanding of higher education. Because of this, it is not included in this analysis. This in no way implies that UCAT is not an integral part of post-secondary education.

Community colleges in the West and Utah are the institutions that are most closely aligned with national averages in terms of tuition cost. Furthermore, recent cost increases have not translated into spending increases at Utah's

Figure 17

Expenditures per FTE by State

Two-Year Colleges				
	Funding	FTE Students	Funding per FTE	Rank
Alaska	\$13,047,367	479	\$27,239	1
Arizona	521,344,741	86,596	6,020	14
California	2,931,424,514	406,483	7,212	8
Colorado	283,293,724	41,280	6,863	10
Hawaii	97,523,357	15,852	6,152	13
Idaho	56,153,121	3,696	15,193	2
Montana	24,279,752	2,952	8,225	4
Nevada	125,282,000	21,769	5,755	15
New Mexico	210,760,845	27,194	7,750	6
North Dakota	45,087,183	7,152	6,304	11
Oregon	433,639,479	44,777	9,684	3
South Dakota	28,355,233	4,538	6,248	12
Utah	122,123,952	16,573	7,369	7
Washington	808,988,716	113,807	7,108	9
Wyoming	82,963,939	10,667	7,778	5
WICHE	\$5,784,267,923	803,816	\$7,196	

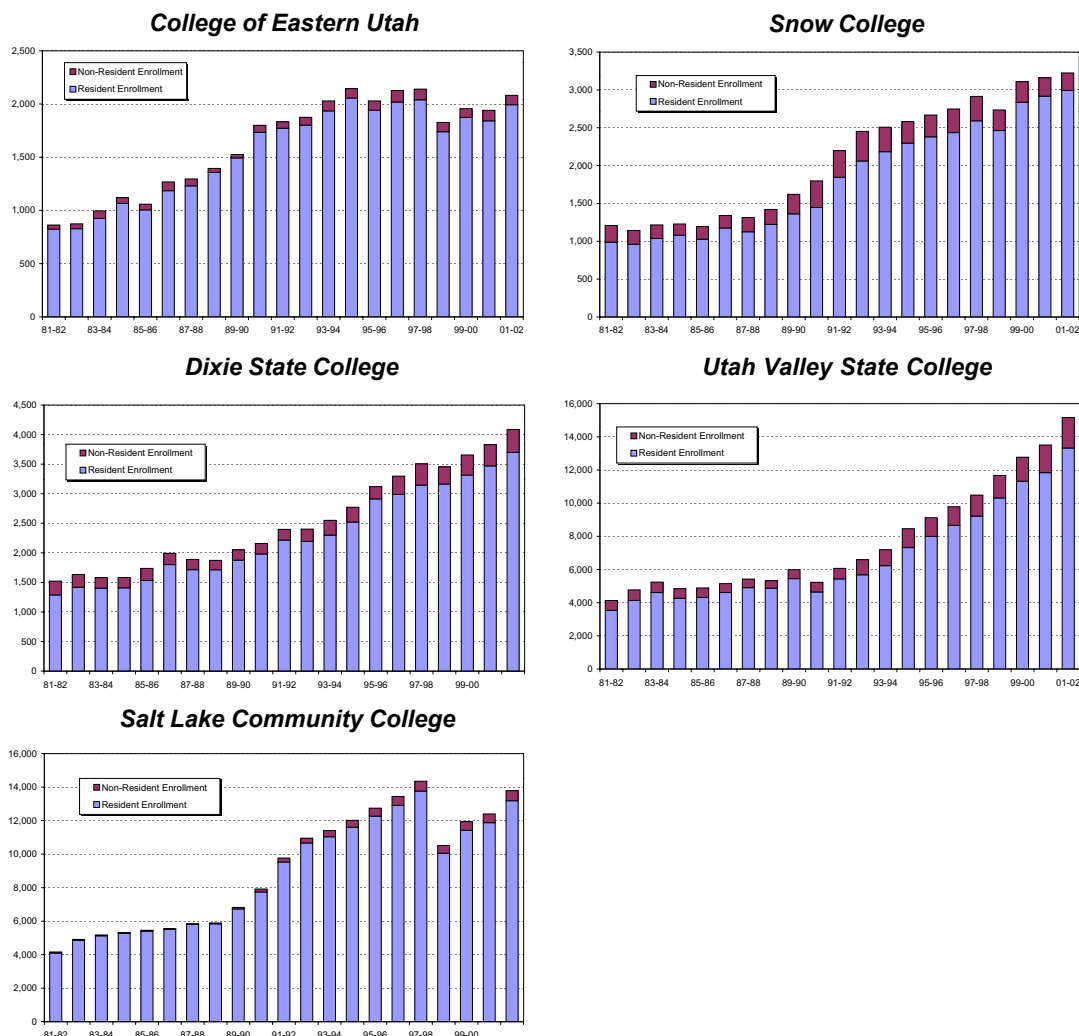
Source: WICHE.

community colleges as Figure 16 shows. In fact, while resident and non-resident tuition has grown between 67 percent and 104 percent at these schools, expenditures and tax dollars per FTE spent at community colleges have either remained static or declined. This suggests that tuition and fees are covering more of the cost of higher education in two-year schools than they had previously. In other words, students are paying more for education than they used to relative to taxpayers.

Public universities, by definition, offer a state-subsidized education to the population that lives in the state. Therefore, resident tuitions rates are expected to be below expenditures per FTE, and tax dollars per FTE. That is not the case for non-residents. They are usually expected to bear the full burden of receiving an education in the state to which they choose to migrate. One way of measuring a state's fiscal contribution to higher education

Figure 18

Resident & Non-Resident Enrollment: Two-Year Schools



Source: Utah System of Higher Education.

is to compare total and tax dollar expenditures to non-resident tuition. When non-resident tuition surpasses, or is equivalent to, FTE expenditures, it is reasonable to deduce that the state is not incurring expense by accepting non-resident students. Three of the five community colleges in Utah (SLCC, UVSC and Dixie) have non-resident tuition rates that are above both the tax dollars and total expenditures per student. At Snow College, non-resident tuition exceeds the tax dollars expended per student but falls

short of the total expenditures per student. While Snow came close to eliminating this gap between 1993-95 and again in 1997, it has since widened. The College of Eastern Utah is the only school in the state where non-resident tuition falls short of both tax dollars and expenditures per student. Non-resident tuition has drawn closer to tax dollars in recent years, but still falls slightly short. Furthermore, CEU has a low dependence on out of state students.

Additionally, Figure 17 shows that Utah is relatively average in terms of its expenditures per FTE student in two-year colleges. It ranks 7th out of 15 WICHE states in expenditures per FTE student with expenditures of \$7,369 per FTE.¹⁰ Therefore, while the tuition at two-year colleges has increased and FTE expenditures have decreased, expenditures are still near the western average.

In terms of enrollments, these schools have all seen considerable growth over the last two decades. The most striking example of this can be seen at UVSC, which grew by more than 10,000 FTEs between 1981 and 2001. Additionally, the majority of this growth took place during the 1990s. In the fall of 1990 the FTE enrollment at UVSC was 5,225, by the fall of 2001 that enrollment had increased to 15,163. In two decades, the number of students at UVSC rose at a rate of 367 percent. This is exceptionally strong growth; however, it was not unique to UVSC. During the same period, Salt Lake Community College grew 331 percent, and CEU, Dixie and Snow all registered increases significantly over 200 percent (See Figure 18).

While these schools are generally less dependent on non-resident enrollments than four-year schools, there are two notable exceptions as seen in Figure 18. Both UVSC and Dixie derive close to ten percent of their total FTE enrollment from non-resident sources. In the case of UVSC, this is generally a student population that wishes to attend BYU at some point in the near future. They are completing part of their degree at UVSC prior to attending BYU. In Dixie's case, it is a matter of proximity. Dixie receives most of its non-residents from Arizona and Nevada, which have borders less than thirty miles away from Dixie.

Masters and Baccalaureate Institutions

Utah has two Masters and Baccalaureate Institutions: Southern Utah University and Weber State University. These schools offer a wide range of four-year degrees and, in the case of Weber State, a limited number of master's degrees. While they are classified differently in Carnegie terms, data from institutions in these categories has been aggregated by WICHE allowing for comparison between them and other types of colleges.

These schools have shown slightly different trends in terms of both funding and enrollment than either the aforementioned two-year schools or the research doctoral institutions, which will be analyzed later in the report. At both schools, resident tuition has doubled in real terms over the last twenty years as seen in Figure 19. During that same period, non-resident tuition has nearly doubled. At Weber, FTE expenditures have increased slightly, up ten percent, and tax funds per FTE have risen a negligible .05 percent. At SUU, expenditures per student are significantly lower than twenty years ago, down 16.58 percent. Tax funds per FTE are also significantly lower, down 26.39 percent.

Utah's Masters' and Baccalaureate Institutions are expending significantly less per student than other western states. Only Colorado, North Dakota and South Dakota spend less per FTE Master's/Baccalaureate student, as shown in Figure 20. In fact, Utah spends nearly the same amount per student at these institutions as at two-year institutions.

Figure 19

Expenditures, Taxes and Tuition per FTE at BA/MA Colleges in Utah: (2001 Dollars)

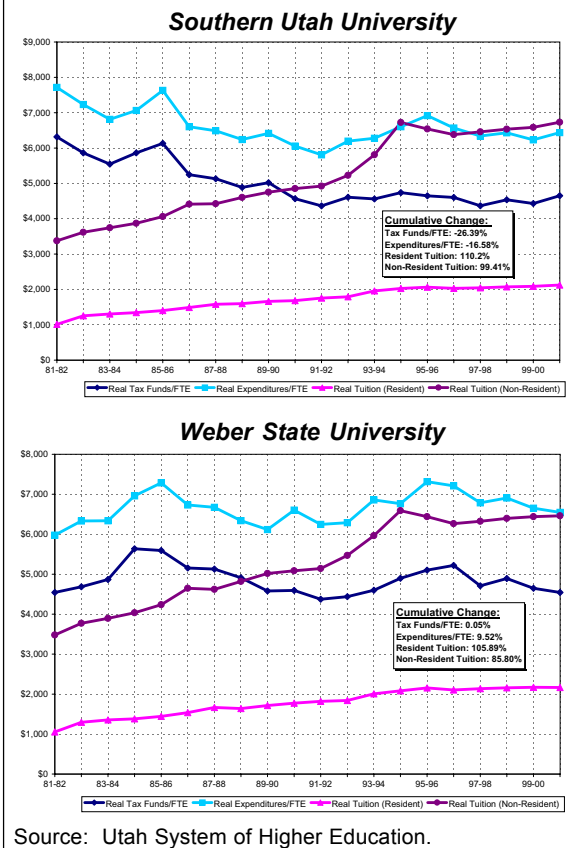


Figure 20

Expenditures per FTE by State

Baccalaureate/Masters Institutions				
State	Funding	FTE Students	Funding per FTE	Rank
Alaska	\$109,151,338	10,439	\$10,456	4
Arizona	49,213,000	3,005	16,377	1
California	2,823,071,540	260,193	10,850	3
Colorado	249,873,816	36,118	6,918	12
Hawaii	27,713,218	2,787	9,944	6
Idaho	135,400,074	13,721	9,868	7
Montana	44,958,109	5,338	8,422	8
Nevada	N/A	N/A	N/A	N/A
New Mexico	83,535,714	6,986	11,958	2
North Dakota	44,602,670	5,889	7,574	11
Oregon	87,400,718	10,502	8,322	9
South Dakota	41,344,806	6,647	6,220	13
Utah	121,456,394	15,958	7,611	10
Washington	307,033,468	29,853	10,285	5
Wyoming	N/A	N/A	N/A	N/A
WICHE	\$3,966,390,527	407,438	\$9,735	

Source: WICHE.

These decreases and relatively low FTE expenditures are not due to low enrollment at these schools. Both schools saw their populations grow significantly from 1981-2001. Weber saw its population increase by approximately 44 percent or 3,700 students. SUU's growth in percentage terms was extraordinary at 173 percent, with its enrollment increasing from 1,896 to 5,172 students. Finally, these schools are not highly dependent on non-resident enrollments. As Figure 21 shows, neither school derives more than ten percent of its FTE student body from the non-resident student population. However, while Weber has had a relatively static proportion of non-residents over the last twenty years, SUU has recently seen its non-resident student population increase.

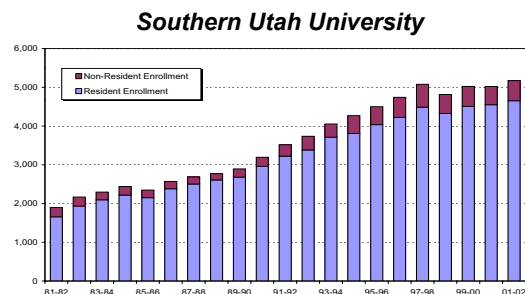
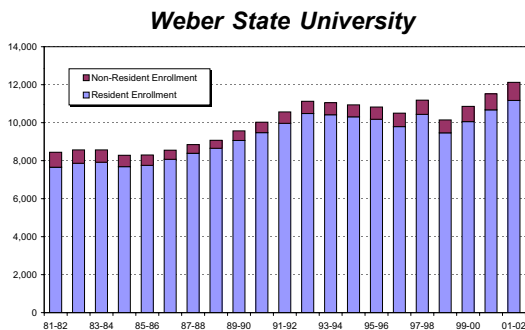
Research and Doctoral Institutions

The most prominent institutions of higher education in the state are the research and doctoral universities: The University of Utah and Utah State University (USU). These schools have taken markedly different

routes to their current funding situations. This is to be expected, given their different roles as institutions of higher education in Utah. The University of Utah is the state's flagship university, while Utah State is a (no less prestigious) land-grant college. Land-grant colleges were established under the Homesteader Act to foster western economic and agricultural growth through federal subsidies. Over time, each land-grant university in the West has come to specialize in certain areas. WICHE and the Western Undergraduate Exchange (WUE) were set up to allow students to receive educational opportunities that were not available in their state through intra-western exchanges. These students receive significant reductions in tuition (generally 150 percent of in-state tuition).

Figure 21

Resident & Non-Resident Enrollment: MA/BA Schools



Source: Utah System of Higher Education

Both Utah State and the University of Utah boast nationally recognized academic programs—in different areas. The University of Utah is renowned as a top school in biology, dance, and communications, to name a few. It also boasts medical and law schools in the top 50 nationally. USU is widely known for its engineering programs, which attract top students from all over the world. Additionally, as a land-grant university, it specializes in agricultural studies.

Tuition rates at the University of Utah and USU have followed relatively similar paths. Both have doubled their tuition rates over the last twenty years. Furthermore, they have doubled both resident and non-resident tuition. Figure 22 demonstrates that, unlike the previous colleges examined in this report, the University of Utah and Utah State have managed to increase both expenditures per student and the number of tax dollars per student during that same period. The growth rates for these figures are quite different, however. At Utah State University, both numbers have increased very slightly, approximately three percent over the last twenty years. At the University of Utah, these number have increased more significantly. Expenditures per FTE have increased 28 percent and tax funds have increased 13.45 percent.

Comparatively, students at Utah's Research and Doctoral Institutions are receiving significantly more funding per FTE than other types of in-state institutions. However, this is true for the majority of western states (see Figure 23). Relative to other western states' expenditures per FTE, Utah is ranked

10th, at \$12,897. The top ranked state in FTE expenditures is Alaska at \$23,092. Montana is the lowest ranked state, with expenditures of \$8,749 a figure that barely surpasses its expenditures at Baccalaureate and Master's Institutions. If WICHE were a state, it would be ranked 5th. This particularly high ranking is due to California's presence in this category—and its expenditures of \$20,212.

The University of Utah and Utah State enroll non-resident populations that make up approximately 10 percent of their total enrollment. However, as Figure 24 shows, while the University of Utah has grown more slowly than most of the institutions in the state, Utah State University has followed the trend of some of the smaller schools. In percentage terms, the University of Utah has grown 17 percent in the last twenty years, while Utah State University has grown 70 percent.

Schools with Large Non-Resident Populations

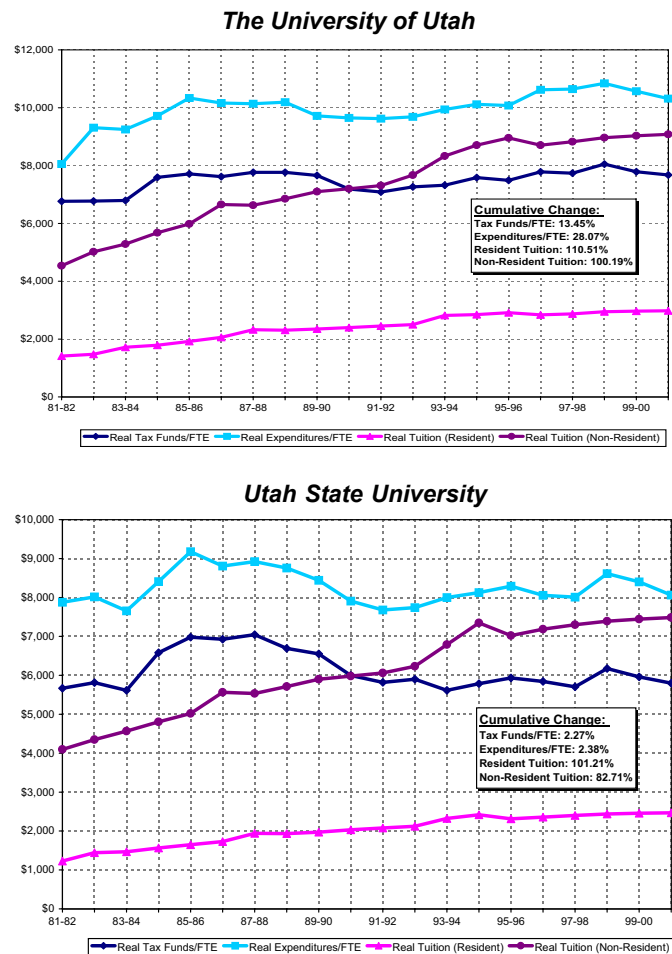
Recently, the Salt Lake Tribune reported that the Utah System of Higher Education saw an overall enrollment increase of 475 non-resident students this year. This look at enrollments is particularly noteworthy in the context of recently released enrollment statistics from the Board of Regents, because the increase in non-residents is likely the result of sophomores who would have otherwise been allowed residency this year. In other words, the increase is largely artificial. Because of this, a more accurate measurement is the number of first-time, non-resident freshmen who are entering Utah's institutions. The Salt Lake Tribune article did find that non-resident freshmen enrollments are down 22.5 percent.¹¹

Four schools (Dixie, UVSC, The University of Utah, and Utah State University) have non-resident populations that exceed 10 percent of the total FTE student population. A fifth school (SUU) has a non-resident first-time freshman population that is overwhelmingly drawn from the West. To determine why those schools were affected in different ways by the residency and tuition law changes, Utah Foundation looked at first-time freshmen who were also western student migrants in Utah's institutions of higher education. We hypothesized that schools that were more dependent on western student migration would be more susceptible to these law changes for three reasons.

First, schools beginning with a small non-resident population will not see their budgets affected as much as schools that start with a large non-resident population. Second, students migrating west are likely to make decisions comparing Utah's schools to other western schools. While program strength may be a factor, it is likely to be a factor equally across multiple (though not all) states. This allows us to look specifically at non-resident populations by

Figure 22

Expenditures, Taxes and Tuition per FTE at Research & Doctoral Colleges in Utah (2001 Dollars)



Source: Utah System of Higher Education.

Figure 23

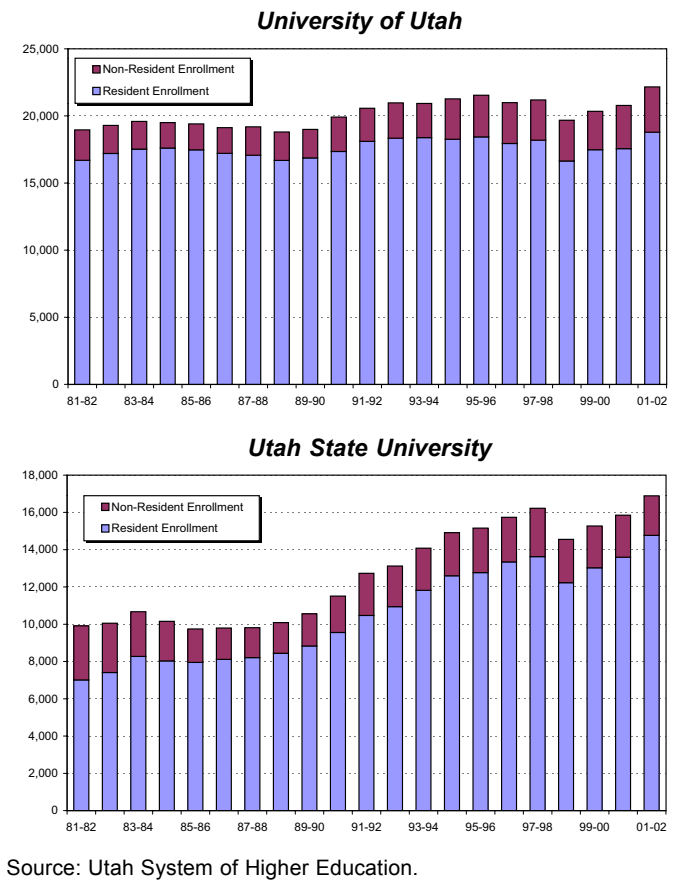
Expenditures per FTE by State

Research Doctoral Institutions				
	Funding	FTE Students	Funding per FTE	Rank
Alaska	\$107,306,703	4,647	\$23,092	1
Arizona	1,130,964,632	81,189	13,930	7
California	3,966,522,700	196,243	20,212	2
Colorado	699,054,499	66,412	10,526	14
Hawaii	252,774,063	14,163	17,847	3
Idaho	254,702,917	19,036	13,380	8
Montana	182,957,253	20,912	8,749	15
Nevada	309,885,728	23,817	13,011	9
New Mexico	478,068,833	32,604	14,663	6
North Dakota	191,844,325	17,862	10,740	12
Oregon	514,840,153	42,664	12,067	11
South Dakota	136,781,353	12,866	10,631	13
Utah	448,398,028	34,768	12,897	10
Washington	877,644,668	49,799	17,624	4
Wyoming	137,161,213	9,243	14,839	5
WICHE	\$9,688,907,068	626,224	\$15,472	

Source: WICHE.

Figure 24

Resident & Non-Resident Enrollment: Research & Ph.D. Schools



institution to see if they are being attracted to that institution by program strength, residency laws, tuition, or a combination of the three. Finally, it allows one to see the role that proximity plays on an institutional level. For example, one would expect more students from Idaho to attend Utah State and more students from Nevada to attend Dixie.

Figure 25 shows the number of first time freshmen who migrated to Utah's schools in the fall of 2000. It shows that six of Utah's nine institutions derive more than half of their first-time freshman non-resident population from the West. Of these schools, Dixie and SUU are the most dependent on western student migration, with 81 percent and 73 percent of their population coming from the West, respectively. In both instances, the majority of their non-resident students came from Nevada, followed by California and Arizona. This is illustrative of the proximity argument made above.

Utah State is a unique case because it has so many non-resident first-time freshmen (987 out of an entering class of 2,840 last fall). Of these, 63 percent are from the West, and more than a third are from Idaho. The proportion of non-resident students to the remainder of the entering freshman class explains why Utah State has been the most adversely affected institution in terms of the residency law changes.

At the University of Utah, more than half of the non-resident first-time freshmen enrolled are from the western United States, however the non-resident population represents only 20 percent of incoming freshmen as opposed to Utah State's 34 percent. This low number relative to the aforementioned schools suggests two things. First, it is indicative of the University of Utah's role as a flagship university. Students are attending the U equally for academic and cost reasons, this is why enrollment was not as adversely effected at the U by increasing the cost of education. Second, it shows that the U is less dependent on non-resident students than other institutions.

Figure 25

Western Student Migration (Freshman) by Institution

State of Students' Origin	CEU	Dixie	Snow	SUU	USU	UVSC	SLCC	U of U	WSU
Alaska	2	4	2	0	8	6	2	1	1
Arizona	25	22	2	13	14	23	5	10	7
California	0	30	7	10	59	163	29	57	22
Colorado	7	12	16	4	30	35	4	17	7
Hawaii	0	5	1	2	2	9	3	10	2
Idaho	6	15	15	5	342	32	10	47	19
Montana	0	2	1	0	13	8	1	7	5
Nevada	3	65	16	48	17	31	2	21	4
New Mexico	2	6	2	1	9	6	0	7	2
North Dakota	0	0	1	0	2	1	0	2	0
Oregon	2	12	3	2	19	25	2	15	7
South Dakota	0	0	0	0	1	3	0	0	1
Washington	0	4	3	3	18	43	2	18	11
Wyoming	1	17	4	3	61	14	6	20	21
Total From West	48	194	73	91	595	399	66	232	109
Total Non-Residents	126	239	140	124	987	723	219	467	256
% Non-Residents from West	38%	81%	52%	73%	60%	55%	30%	50%	43%

Source: IPEDS; NCES.

Figure 26 demonstrates that non-resident enrollments have a greater impact on certain schools. It shows the Board of Regents' projected and actual numbers of non-resident students coupled with the Legislative Fiscal Analyst's projected revenue increase from the residency change enacted in HB 331. Three schools (CEU, SLCC and Snow) were excluded from the fiscal note due to the small size of their non-resident student

population. Of the schools that remain, Utah State is obviously the most adversely affected. Rather than gaining 241 non-resident FTE's, it lost twenty-four. This has created a deficit of over \$2 million dollars.

The University of Utah once again stands out as being the least affected by the change. It came the closest to meeting its projected non-resident freshman enrollment, as it was off by only twenty-five FTEs. This bolsters the point made before, that many of the University of Utah's students are less influenced by cost and residency laws than they are by quality of programs. Of the remaining schools with large non-resident student populations, Dixie gained a third of what it was projected to receive. SUU not only failed to gain the 57 students it was projected to receive, but it lost eleven. Finally, UVSC was hit extremely hard by the law change as it only gained seven FTEs compared to the 228 it was projected to receive. This indicates that these schools rely more on tuition and residency laws to increase their non-resident enrollment. Demand for non-resident education at these schools seems much more elastic, or price-sensitive, than presumed to be when HB 331 was enacted.

Conclusion

Utah's Higher Education System has grown significantly over the last twenty years. After a brief lull in the coming decade, that growth is expected to continue. This, coupled with the increasing need for a highly educated population, will make issues concerning higher education a priority for years into the future.

Often times it is tempting to view Utah's higher education system in the national context; however, this macroscopic view often masks the unique demographic and fiscal situations in the West. This report has attempted to highlight those differences. Western students who migrate to another state tend to stay in the West. This makes western tuition costs more relevant than national tuition costs to a student's decision to attend school in one state versus another. Because of this, anomalous policy outcomes such as the fiscal shortfall from HB 331, can be better explained when viewed in a western context rather than a national one.

Policies also effect colleges differently depending on institution type. A flagship university, like the University of Utah or a land grant college like Utah State University, is less likely to be affected by cost concerns due to the strength of programs at these schools. However, Utah State University is unique, due to its close proximity to Idaho and the number of non-resident students it attracts; because proximity is such a factor in determining Utah State University's non-resident student population, it saw a greater negative impact from HB 331 than did the University of Utah. A similar, result was also seen in a more pervasive sense at Dixie State College.

State budget shortfalls are anticipated once more for Fiscal Year 2003. This will put upward pressure on colleges and universities to look closely at their enrollment and tuition policies in order to minimize the effects of budget cuts. This report is an attempt to illuminate that policy decisions need to be viewed, contextually; otherwise, they may not have anticipated the effects.

Endnotes

¹ HB 331 Impact on USHE Higher Education Enrollment; State Board of Regents, Nov. 2002.

² These calculations are taken from the "Measuring Up" biennial reports. In 2000, Utah received an A, along with California, Illinois, North Carolina and Minnesota. In 2002, Utah's grade slipped to a B, and only California received an A. Other states receiving B's are Virginia, Illinois, and Minnesota.

³ FTE's are calculated by looking at the number of credit hours taken by students rather than a headcount. This is beneficial because it prevents underestimating students who take more credit hours than average and overestimating part-time students. One FTE is equal to 30 credit hours.

⁴ Reeve, T. Ross and Perlich, Pamela S.; *The Coming Wave of Utah's School Age and College Age Populations: State and*

Figure 26

Annualized Non-Resident FTE Student Enrollment Compared to HB 331 Fiscal Note

	2000-01	2001-02	2002-03	Actual 1-year Increase/ (Decrease)	HB 331 Fiscal Note Presumed FTE increase	HB 331 Fiscal Note
UU	3,475	3,701	3,954	253	278	\$1,760,400
USU	2,462	2,383	2,359	-24	241	\$1,304,300
WSU	722	746	750	4	87	\$423,100
SUU	513	546	535	-11	57	\$282,300
Snow	254	240	267	27	n/a	\$0
DSC	365	388	402	14	41	\$180,500
CEU	104	88	67	-21	n/a	\$0
UVSC	1,864	1,998	2,005	7	228	\$1,049,400
SLCC	601	724	491	-233	n/a	\$0
Total	10,360	10,814	10,830	16	932	\$5,000,000

Source: Utah State Board of Regents.

County Scenarios; Bureau of Economic and Business Research; Sept. 2002.

⁵ Longanecker, David; Executive Director of WICHE; Newscap Oct. 2002; available online at <http://www.wiche.edu/news/index.htm#1>.

⁶ These numbers differ slightly from the Washington State Higher Education Board statistics due to slight variations in methodology. They are used because WICHE provides a western average, while the Washington State Higher Education Board does not.

⁷ Half-time students take six credit hours or less.

⁸ Residency requirement information gathered by the College Board, analysis by Utah foundation, the following are the College Board's terms for use of this information: Copyright© 2001 by College Entrance Examination Board. All rights reserved. College Board and the acorn logo are registered trademarks of the College Entrance Examination Board. Any nonprofit organization or institution is encouraged to reproduce this publication in its entirety in quantity sufficient for its own use, but not for sale, provided that the copyright notice be retained exactly as it appears here.

⁹ A breakdown of the various Carnegie Classifications can be found in the first Appendix of WICHE's Tuition and Fees in Public Higher Education in the West, 2001-02 available online at http://www.wiche.edu/Policy/Tuition_and_Fees/2001-02.pdf.

¹⁰ This number differs slightly from the institution-specific numbers provided in the previous table due to slightly different data sets.

¹¹ Stewart, Kirsten "Tuition Hikes Haven't Hurt as Much as Expected" Salt Lake Tribune, Oct. 28, 2002.

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