



**NORTHWEST**  
**MISSOURI STATE**  
**UNIVERSITY**

**Office of the  
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Northwest  
focuses on  
student success –  
every student,  
every day.

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March 19, 2021

Missouri Department of Higher Education and Workforce Development  
P.O. Box 1469  
Jefferson City, MO 65102-1469

RE: 2021-22 HESFA Penalty Waiver

Dear Commissioner Mulligan and Ms. Stokely,

In accordance with the Higher Education Student Funding Act (HESFA), § 173.1003 RSMo, Northwest Missouri State University is permitted to increase tuition and required fees charged to Missouri resident undergraduate students from \$8,362.80 to \$8,903.87, an increase of \$541.07 for the 2021-22 academic year, without incurring a penalty.

On March 18, Northwest Missouri State University's Board of Regents approved a resolution establishing 2021-22 tuition and required fees for Missouri resident undergraduate students. The resolution increases tuition and required fees, as calculated by HESFA, by a total of \$770.70 resulting in a total of \$9,133.50.

**Northwest Missouri State University respectfully requests a HESFA penalty waiver in the amount of \$229.63 (\$770.70 increase less the allowed increase of \$541.07). Details of this request are set forth in the attached Memorandum in Support of HESFA Waiver Request.**

While Northwest's tuition changes result in an increase under HESFA, it is a revenue-neutral adjustment. The university is establishing a new tuition model that will replace Northwest's current policy of charging a different rate for on-ground and online courses. The tuition increase for on-ground courses will be offset by a tuition decrease for online courses. The intent of this change is to support students' need for flexibility with learning options as a result of the pandemic and ongoing learner changes, and the typical student—and the student body as a whole—will not see an increase.

This change is broadly supported by Northwest's Student Senate, which has publicly stated their support (Exhibit E), as well as our Faculty Senate and Staff Council.

Furthermore, Northwest continues to focus on affordability and flexibility for our students, which is evidenced in many ways including our competitive net price (Exhibit C), which is in the lower one-third of our peers including for families with incomes between \$30,000 and \$110,000, and responding to students' desire to have flexibility in course scheduling through a single blended rate (Exhibits A & B) – all while providing significant economic impact and being the most efficient institution in the state.

Finally, according to a report released by the Missouri Department of Higher Education and Workforce Development in January 2021, Northwest is the most efficient among state universities for state appropriations per degree and certificate granted (see Exhibit D). Also, Northwest receives the second-lowest level of funding per full-time equivalent, while experiencing enrollment increases (see Exhibit D). This is all evidenced by sustained and focused discipline as Northwest generated \$87.7 million in cost containment and efficiencies between 2012 and 2020 and cut institutional debt by more than half since 2009.

Please feel free to let me know if you have any questions or would like additional information.

Sincerely,

A handwritten signature in black ink that reads "John Jasinski". The signature is written in a cursive style with a large initial "J".

John Jasinski, Ph.D.  
President

Encl: Memorandum and exhibits

cc: Stacy Carrick, Mary Collins

## MEMORANDUM IN SUPPORT OF HESFA WAIVER REQUEST

The Higher Education Student Funding Act (HESFA) accomplishes three objectives. First, it requires public universities to report their tuition rates to the Coordinating Board for Higher Education (CBHE). Second, it establishes financial penalties for universities that increase tuition more than authorized by a series of calculations. Finally, the HESFA establishes a framework for the commissioner of higher education to waive these financial penalties when an institution submits a waiver request that is “sufficiently warranted.” Mo. Rev. Stat. §173.1003; 6 CSR 10-14.010.

When determining whether a waiver request is sufficiently warranted, “the factors considered by the commissioner shall include but not be limited to the relationship between state appropriations and the consumer price index and any extraordinary circumstances.” Mo. Rev. Stat. § 173.1003.5. Northwest Missouri State University requests that Commissioner Mulligan approve its waiver request as sufficiently warranted for the reasons described in this memorandum.

**1. The increase in tuition for on-ground courses is offset by a decrease in tuition for online courses, resulting in a single blended tuition rate that will apply to in-state undergraduate students.**

Northwest currently charges the following in-state undergraduate tuition rates:

- \$212.76 for on-ground courses
- \$222.76 for blended courses
- \$242.76 for Northwest-Kansas City courses
- \$252.76 for online courses

In 2021-22, Northwest will change to a single blended rate - \$238.45 – for the undergraduate courses outlined above. The Northwest Board of Regents approved implementing

the increase to achieve the single blended rate over two years (Exhibit A). In addition, the Board of Regents approved the Student Senate's recommendation to decrease our required fees (Exhibit A).

The HESFA calculation evaluates only the tuition rate for on-ground courses, so the offsetting decrease in Northwest's online tuition rate has not been accounted for in the HESFA calculation process.

## **2. The new tuition model is revenue neutral for Northwest.**

In-state undergraduate students will pay the same in total tuition and fees to Northwest under the new model (Exhibit B). In sum, when we account for the offsetting decrease in Northwest's online tuition rate, the new model is revenue neutral.

The HESFA statute and regulations are premised on limiting "growth in [university] revenues in excess of the [consumer price index]". 6 CSR 10-14(5)(B). Northwest's new tuition model does not result in revenue growth.

## **3. The new tuition model benefits students.**

Most students take a mixture of online and on-ground courses. The new model will cost a student taking only on-ground courses slightly more in tuition and fees, and it will cost a student taking only online courses slightly less. However, the "typical" student who takes a mixture of online and on ground courses will pay about the same amount.

The university's previous model of charging different rates for online and on-ground courses has been scrutinized by the student body. Northwest's Student Senate stated their support for the new model publicly at the Board of Regents meeting where the new model was approved (Exhibit E). The new model is fairer and more transparent for students. Students will be better equipped to estimate the cost of their education. It removes financial impact from the calculus when a student is deciding which courses and modalities to take. It also recognizes the modern

reality that the line between “on-ground” and “online” courses has blurred and includes a two-year implementation designed to focus on affordability and respond to student preferences with support from the Faculty Senate, Staff Council and Board of Regents.

**4. The penalty waiver decision criteria for “extraordinary circumstances” set forth in 6 CSR 10-14.010(5)(B) support a waiver.**

This tuition change can be approved without considering the criteria set forth in the HESFA implementing regulation because it does not result in “growth in [university] revenues in excess of the [consumer price index],” and the HESFA statute and regulations are premised on limiting such growth. 6 CSR 10-14.010(5)(B).

However, the penalty waiver decision criteria set forth in 6 CSR 10-14.010(5) also support Northwest’s HESFA penalty waiver request.

“Historical trends in . . . tuition policy [ ] and other financial issues and relationships” and “[t]he current and [ ] historical structure of [Northwest’s] total budget” support Northwest’s request. 6 CSR 10-14.010(5)(B)(2), (5). Historically, tuition for online courses was higher because expenses (technology, personnel, etc.) associated with delivering those courses were higher. As more courses (on-ground and online) incorporated online and technology-based components, those extra expenses have now been spread over the university’s entire operations and can no longer be properly attributed only to online courses. The new tuition model will adjust the tuition students pay to match this shift in expenses.

Mandatory costs and costs related to the institution’s mission, strategic initiatives, and needs support Northwest’s waiver request. 6 CSR 10-14.010(5)(B)(1), (3)-(4). Mandatory costs have risen dramatically. Examples include the university’s required contribution under MOSERS and CURP (increased \$15.1 million or 389.2% FY10 to FY20) and health care expenses under the

university's medical plan (increased \$2.6 million or 62.3% FY10 to FY20). Northwest must also address expenses related to its physical infrastructure and labor needs. Northwest has taken great strides to become as efficient as possible, recording nearly \$90 million in efficiencies and cost savings during the last decade. If Northwest were forced to blend its tuition at a lower rate (one that would not be revenue neutral), Northwest would not be able to appropriately manage increases in mandatory and other costs.

Moreover, as set forth above, the tuition change is revenue neutral and will not have a negative financial impact on most students. Accordingly, the "magnitude of tuition increase and the likely impact on the students of the institution" criterion supports Northwest's request. 6 CSR 10-14.010(5)(B)(8).

For the reasons set forth herein, Northwest requests that Commissioner Mulligan approve its HESFA penalty waiver request as sufficiently warranted based on extraordinary circumstances pursuant to Mo. Rev. Stat. §173.1003 and 6 CSR 10-14.010.

## Exhibit A

### Board of Regents Proposal and Resolution Northwest Missouri State University Board of Regents Date of Meeting: March 18, 2021

**Agenda Item:** Academic Year 2021-22 Rate Schedule

**Lead:** VP of Finance and Administration Stacy Carrick and AVP of Finance Mary Collins

**Open or Closed agenda item?** OPEN

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#### **Issue Description and Proposal (as approved by the President):**

This agenda item seeks approval for the Academic Year 2021-22 Rate Schedule, including tuition and fees, room and board rates, and supplemental fees.

The overall proposal is to book the allowable undergraduate resident tuition rates provided by the Department of Higher Education and Workforce Development (DHEWD) under the Higher Education Student Funding Act (HESFA) including a waiver to create a single blended tuition rate that will apply to undergraduate students excluding our online professional programs and be implemented over a two-year period (FY22 and FY23). The single blended tuition rate is prompted by several factors, including post-pandemic student expectations and faculty capabilities, current and prospective student preference for flexibility and our Student Senate desiring this move and overwhelmingly supporting the rate increase with implementation over a two-year period. Student Senate also approved to reduce their co-curricular designated fees and there are no proposed changes for technology, textbook fees or course fees. Furthermore, the proposal includes increases to online professional tuition rates based on market and increases to meal plans and room rates based on CPI.

As you know, our core competencies include being safe, trusted, invested and resourceful, or STIR, and we enjoy peer-leading metrics across so many measures. Additionally, a report released by the Missouri Department of Higher Education and Workforce Development in January shows Northwest is the most efficient among state universities for state appropriations per degree and certificate granted. Further, it shows that Northwest receives the second-lowest level of funding per full-time equivalent – all while we've experienced enrollment increases last fall and an all-time highest graduate enrollment this spring, in addition to those peer-leading metrics. Not only are we trusted and invested, but we are the most resourceful in the state with the dollars we receive.

Further, Northwest continues to focus on affordability with 98 percent of our first-time, full-time students receiving some type of financial assistance. The University has achieved cost containment and efficiency measures in excess of \$87 million between 2012 and 2020 while our net price has remained competitive over time in our commitment to strengthen access and affordability. Our average net price is favorable compared to the average of our top competitors in Missouri, Iowa, Nebraska and Kansas. The average student indebtedness is lower than both state and national averages. Additionally, our placement rates for undergraduates and graduates are 96 percent.

Our approach is focused on affordability, strategic investments in enrollment, program growth and student need-based scholarship support while protecting the use of reserves. Northwest reviews and

analyzes respective CPI rates for tuition, housing and food as well as projected inflationary costs (e.g., utilities, health insurance, license agreements, etc.). Key proposed changes in the Academic Year 2021-22 Rate Schedule are summarized below.

## **UNDERGRADUATE**

### **Tuition**

The proposal for undergraduate residents is to book with DHEWD the allowable HESFA rate based on 1.4% CPI, year-over-year decrease in state appropriations and a waiver to create a single blended tuition rate that will apply to undergraduate students excluding our online professional programs and be implemented over a two-year period (FY22 and FY23). The same methodology is used for both resident and non-resident undergraduate students. In addition, the phased implementation period provides a mechanism to continue our focus on affordability for our students while limiting the use of reserves over a two-year implementation period.

The full booked amount is an estimated average annual net price increase of \$460 for an undergraduate resident and an estimated average annual net price increase of \$480 for an undergraduate non-resident.

The implemented rate for undergraduate residents in academic year 2021-22 would result in a 4.0% increase or an estimated average annual net price increase of \$265. The tuition for undergraduate non-residents would result in an estimated average annual net price increase of \$307.

### **Designated, Technology and Textbook Fees**

The proposal is to decrease student-approved designated fees by \$0.10 as voted by Student Senate. The change will reduce the co-curricular fee from \$0.50 to \$0.40. There are no changes for technology or textbook fees.

### **Other Undergraduate Programs**

Other undergraduate programs represent courses that are generally provided off-campus and have non-standard tuition and fee rates to cover costs that vary from traditional courses.

## **GRADUATE**

### **Tuition**

There are no proposed changes for traditional graduate program tuition.

### **General and Technology Fees**

There are no proposed changes for general and technology usage fees.

### **Other Graduate Programs**

Other graduate programs represent courses that are generally provided off-campus and have non-standard tuition and fee rates to cover costs that vary from traditional courses.

## **ONLINE PROFESSIONAL**

The proposal is to realign education and nursing within the online professional program portfolio while maintaining competitive market strategy. The programs will be aligned to the respective undergraduate online professional tuition rate of \$299 per credit hour and graduate online professional tuition rate of \$350 per credit hour.



## COURSE FEES

There are no proposed changes for course fees.

## ROOM AND MEAL PLAN RATES

The proposal is to increase room and board rates on average 3.0% to align with CPI. The estimated annual increase for residential housing is \$162 and a range of options for meal plans based on type of plan with an estimated annual increase of \$116. The meal plan rate adjustment is based on the Midwest Region food-away-from-home CPI and the current dining contract.

## SUPPLEMENTAL FEES

Supplemental fees include additional academic and administrative services students may incur during their academic career at the University. Finance works with departments throughout the year to review the revenues and expenses of various programs and services in establishing and updating rates.

### Key Considerations for the Board of Regents:

1. What are the overall impacts of these proposed changes on students?
  2. How will these proposed changes help address academic quality and changes in state operating support?
  3. What are the impacts should we not approve the proposed tuition and fees or room and board rates?
- 

### Proposed Resolution:

- I move to approve the Academic Year 2021-22 Rate Schedule as presented.

**Note:** Academic Year FY21-22 Rate Schedule Excerpt for Undergraduate Courses excerpt follows:

## UNDERGRADUATE COURSES

### Tuition and Fees (Fall 2021, Spring 2022 and Summer 2022)

<i>Rates reflected per credit hour</i>	MO RESIDENT	NON-MO RESIDENT
<b>Tuition (Incidental Fee) - DHEWD Booked AY 2021-22</b> Unrestricted; implement over two years (AY 2021-22 and AY 2022-23)	238.45	491.23
<b>Tuition (Incidental Fee) - Implement AY 2021-22</b> Unrestricted	227.56	480.34
<b>Tuition (Designated Fee)</b> Restricted Includes designated fees for academic classrooms & equipment, campus master plan programming, campus recreation, facility improvements/debt/sustainability, health & wellness and student programming.	112.10	112.10
<b>Technology/Textbook Usage Fee</b> Technology Fee	23.20	23.20
Textbook Fee	6.00	6.00
<b>Total Tuition &amp; Fees</b>	368.86	621.64

## Exhibit B

### Waiver Calculations

#### Northwest Missouri State University Waiver Calculations

Undergraduate Delivery Method	Add't Fee/Credit Hr	Fall 2020 Credit Hours	Spring 2021 Credit Hours	Summer 2020 Credit Hours	Total Credit Hours
Web Course	\$ 40.00	7,326	9,020	8,382	24,728
Blended Course	\$ 10.00	3,749	2,594	248	6,591
Kansas City Course	\$ 30.00	750	872	239	1,861
Traditional	\$ -	59,260	51,090	1,532	111,882
<b>Total</b>		<b>71,085</b>	<b>63,576</b>	<b>10,401</b>	<b>145,062</b>

Undergraduate Delivery Method	Tuition Rate	Calculated Tuition Revenue			Total
		Fall	Spring	Summer	
Web Course	\$ 270.79	1,983,808	2,442,526	2,269,762	6,696,095
Blended Course	\$ 240.79	902,722	624,609	59,716	1,587,047
Kansas City Course	\$ 260.79	195,593	227,409	62,329	485,330
Traditional	\$ 230.79	13,676,615	11,791,061	353,570	25,821,247
<b>Total Revenues</b>		<b>\$ 16,758,737</b>	<b>\$ 15,085,605</b>	<b>\$ 2,745,377</b>	<b>\$ 34,589,719</b>

Calculated Revenue	\$ 34,589,719
Average Per Credit Hour	\$ 238.45
New Model Revenue	\$ 238.45 \$ 34,589,719

#### FY2021 allowed under HESFA

		30 Credit Hrs
Unrestricted Tuition per credit hour	\$ 212.76	\$ 6,382.80
Student Fees per Semester	\$ 2,121.00	
Less Excluded under HESFA (student-approved)	\$ (1,131.00)	
Student Fees for HESFA	\$ 990.00	\$ 1,980.00
HESFA Tuition and Fees		\$ 8,362.80

Revenue Neutral Blended Rate	\$ 238.45	\$ 7,153.50
Student Fees per Semester	\$ 2,119.50	
Less Excluded under HESFA (student-approved)	\$ (1,129.50)	
Student Fees for HESFA	\$ 990.00	\$ 1,980.00
HESFA - Tuition & Fees FY2022		\$ 9,133.50
HESFA - Tuition & Fees FY2021		\$ 8,362.80
HESFA - Increase for FY2022		\$ 770.70 9.2%

#### Allowed under HESFA FY2022

CPI	\$ 117.08
Recoup reduction appropriation	\$ 423.99
	\$ 541.07

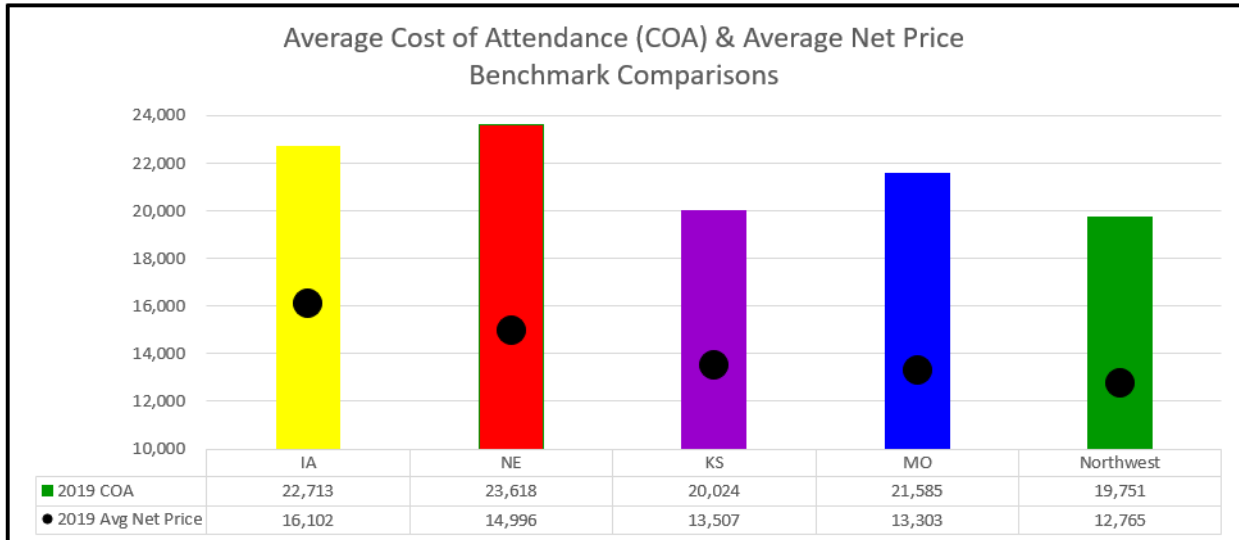
FY2022 Allowed under HESFA	\$ 541.07
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FY2022 allowed under HESFA	\$ 8,903.87
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Waiver Request	\$ 229.63 2.6%
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## Exhibit C

### Cost of Attendance and Net Price Comparisons



**Average Net Price First-Time Full-Time Resident Students** - provides the 'average net price' for first-time full-time resident students receiving grant aid. The net price is specific to each student based on personal circumstances and the college's financial aid policies including institutional funds available for scholarships as well as federal and state funds. The net price, on average, is considerably lower than the published price known as Cost of Attendance. Northwest's Net Price ranks below the state average of its top competitors in Missouri, Iowa, Nebraska and Kansas. Please note that Northwest adjusted our scholarship model in 2018 focusing on retention of quality students over their academic career to assist with college completion. The new model will be fully implemented in FY2022 which will result in a continued increase in the Average Net Price as the institutional scholarship funds are reallocated to focus on both recruitment and retention.

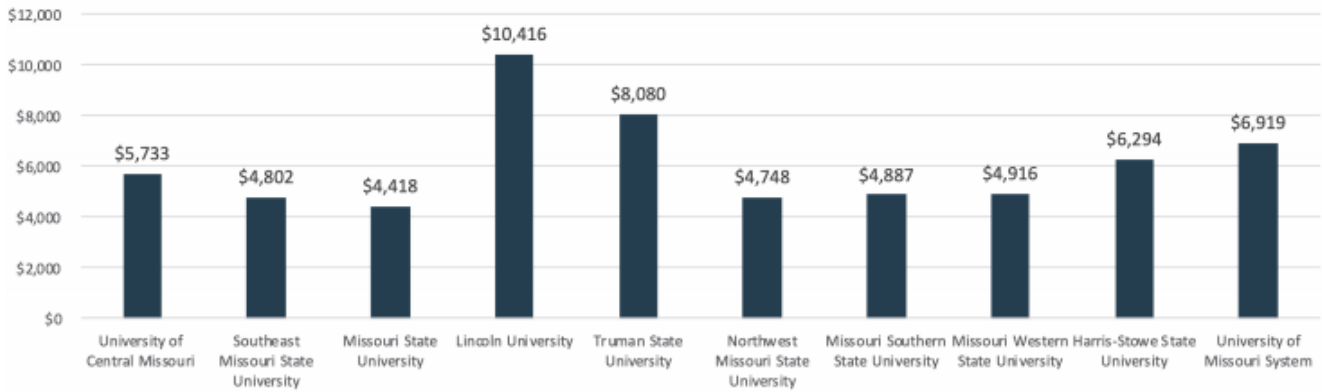
<b>COST OF ATTENDANCE &amp; NET PRICE COMPARISON (FY2018-19)</b>							
State	Rank #	Institution Name	Graduation Rate	Cost of Attendance	COA Ranking	Net Price	NP Ranking
MO		Missouri Southern State University	32%	17,666	1	9,810	1
MO		Missouri Western State University	38%	20,575	7	10,383	2
KS		Fort Hays State University	43%	18,048	2	12,108	3
MO		Southeast Missouri State University	50%	21,570	10	12,350	4
<b>MO</b>		<b>Northwest Missouri State University</b>	<b>52%</b>	<b>19,751</b>	<b>3</b>	<b>12,765</b>	<b>5</b>
NE		University of Nebraska at Omaha	50%	22,300	13	12,899	6
MO		Truman State University	75%	21,329	9	12,912	7
MO		University of Central Missouri	51%	19,953	5	13,098	8
KS		Washburn University	46%	22,056	12	13,752	9
KS		Pittsburg State University	52%	19,902	4	13,847	10
KS		Emporia State University	50%	20,088	6	14,319	11
IA		Iowa State University	74%	21,186	8	15,195	12
MO		University of Missouri-Columbia	71%	26,766	17	15,850	13
MO		University of Nebraska at Kearney	56%	23,040	14	15,890	14
MO		Missouri State University-Springfield	56%	21,782	11	16,134	15
IA		University of Iowa	72%	24,239	15	17,008	16
NE		University of Nebraska-Lincoln	66%	24,936	16	17,093	17

*Source: IPEDS Data Center and College Navigator*

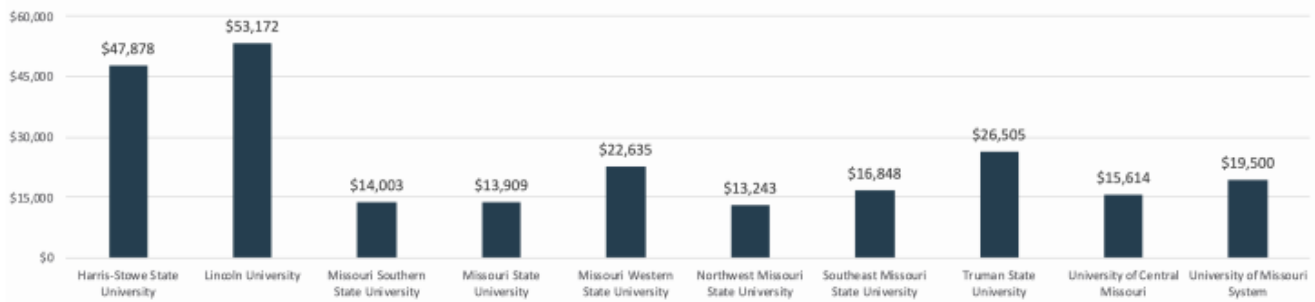
## Exhibit D

### State Appropriations

State Appropriations Per FTE, Public Universities FY 2020



State Appropriations Per Degree & Certificate Granted, Public Universities, FY 2020



## Exhibit E

### Student Senate Letter of Support



**NORTHWEST**  
MISSOURI STATE  
UNIVERSITY

**Student Senate**

Office of Campus Activities  
J.W. Jones Student Union  
660.562.1218 office

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March 19, 2021

Missouri Department of Higher Education and Workforce Development  
Truman Office Building  
P.O. Box 1469  
Jefferson City, MO 65102-1469

RE: 2021-22 HESFA Penalty Waiver

Dear Commissioner Mulligan,

We are writing to share the Northwest Missouri State University 98<sup>th</sup> Student Senate's endorsement of the proposed tuition waiver. Vice President of Finance Stacy Carrick and Vice President of Student Affairs Matt Baker met with our Student Senate to share the proposal. During the conversation, student senators were polled and the proposal received overwhelming support.

We wanted to share with you the student support of this waiver and of moving to a single blended rate for undergraduate tuition and spreading the increase over two years.

Respectfully,

Mr. Kirayle Jones  
President of the 98<sup>th</sup> Student Senate  
Northwest Missouri State University

Mr. Connor Thompson  
Student Regent  
Northwest Missouri State University