A Positive Return on Investment

Request for State Appropriations
For Fiscal Years 2016 and 2017

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Keene State College
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Granite State College
Acting President Todd J. Leach
September 12, 2014

Commissioner Linda Hodgdon  
State of New Hampshire  
Department of Administrative Services  
25 Capitol Street  
Concord, NH 03301

Dear Commissioner Hodgdon:

The University System of New Hampshire (USNH) respectfully submits its State biennial budget request for fiscal years 2016 and 2017, as unanimously approved by the USNH Board of Trustees.

USNH requests State appropriations of $100 and $105 million in fiscal years 2016 and 2017, respectively. The Board of Trustees voted unanimously at its meeting in June of this year that increases in appropriations over the current fiscal year 2015 level of $84 million would be targeted toward

- No in-state tuition increases over the 2016-2017 biennium;
- Lower net tuition for students focusing on science, technology, engineering, and math (STEM) related majors of study; and
- Lower net tuition for Community College transfer students in targeted workforce programs.

Annual State appropriations of $100 million in fiscal year 2016 would continue the restoration of State support begun by Governor Hassan and the State Legislature and return it to the level provided seven years prior, in fiscal year 2009. While at this level public support remains the lowest in the country, we commit to continue to freeze in-state tuition and expand upon programs that are targeted toward economic and workforce development needs to benefit all of New Hampshire’s citizens. This is achievable because our Board and our institutions have proven to be responsible stewards of the resources entrusted to our care.

A budget based on current funding of $84 million with a 3 percent increase in the second year would maintain levels of funding equal to those dating back a decade. At those levels, USNH can neither commit to freeze tuition for our New Hampshire students, nor lower tuition for New Hampshire students in programs targeted at our State’s workforce needs.

The University System is focused on access, quality, affordability, and the return on investment to our students and to the citizenry, and we are eager to strengthen our partnership with the State to further those goals. The pages that follow provide decision makers with remarkable outcomes of our State’s four-year public system of higher education.

Please do not hesitate to contact me, at 862-0963, or Catherine Provencher, USNH vice chancellor and treasurer, at 862-1622, with questions or comments.

Respectfully,

Todd Leach  
Chancellor
University System of New Hampshire — A Positive Return on Investment

**USNH is committed to providing affordable access to higher education.**

**USNH commits to allocate the appropriation increase above the fiscal year 2015 level of $84 million to**

- Meet the needs of NH families and students through increased affordability and access by freezing in-state tuition for an additional two years,
- Provide critical support for STEM students to meet the needs of the NH economy, and
- Provide scholarships to equalize tuition on defined workforce partnership programs with the Community College System.

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**Despite the reduction in state appropriation in 2012 and 2013, USNH continued to fund financial aid at 2011 levels to minimize the direct impact on NH students.**

Of the total State appropriation, USNH funds more than $12M in direct State services and mandates, including $6M to the Cooperative Extension, $4M to the NH Agricultural Experiment Station, and $1.5M for tuition benefits to our National Guard members. The balance of the State support provides direct need-based financial aid to NH students and helps to offset the difference between resident and nonresident tuition.

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**40% Increase in Online Enrollment!**

In 2014, more than 9,200 individual students enrolled in at least one totally online course offered by a USNH institution. This represents a 40% increase from 2012 as online program offerings have expanded, in turn expanding access to citizens across the state.

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**State funding at $100M will restore USNH funding to the FY 2009 level.**

NH State support for public higher education remains the lowest in the US by nearly any measure.

At the $105M funding level, State support for USNH would amount to less than 2% of the total State budget (FY 2015).

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**USNH + CCSNH Partnerships = Win : Win For NH Students and Economy**

USNH is working with CCSNH to target workforce needs through innovative partnership programs, such as a new RN to BSN program, announced this year, which will enable CCSNH’s nursing students (approximately 300 annually) to go on to earn a bachelor’s degree at a USNH institution at the prevailing CCSNH tuition rate. More such programs are expected in the future.

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USNH continues to seek partnership opportunities with NH’s Community College System (CCSNH) to best serve the residents of our state. More than 130 program articulation agreements and “2+2” pathways are in place, with more in progress—and colocating of Granite State College and CCSNH in Manchester, Nashua, and Portsmouth (to date) drives efficiency through coordinated programming and advising.

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**Data from Illinois State University, Center for the Study of Education Policy, Grapevine; US Census Bureau 2013 population estimates, most recent available. State appropriations for two- and four-year institutions.**

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**USNH Allocation of State Appropriation**

State Support for Higher Education, per Capita Age 18 to 24

FY14 | US Average | NH | VT | RI | MA | ME | CT
---|---|---|---|---|---|---|---
$849 | $1,359 | $1,360 | $1,544 | $2,290 | $2,907

NH State support for public higher education remains the lowest in the US by nearly any measure.

At the $105M funding level, State support for USNH would amount to less than 2% of the total State budget (FY 2015).
USNH leads New England public higher education in operating efficiency.

**Moody’s credits USNH with strong performance**

“Despite an extremely steep cut in state funding in the last biennium, USNH maintained strong operating performance with another year of positive operations projected for FY 2014. The System is focused on cost containment and increased efficiencies, and educational expenses per student have declined.”

USNH institutions continuously find ways to operate efficiently and effectively to provide an affordable education while maintaining high levels of quality both regionally and nationally. USNH leads New England in operating efficiency—despite the fact that the second-most efficient system receives four times the amount of State support per capita age 18 to 24. Administrative overhead is one of the smallest components of USNH expense due to its organizational design that promotes collaboration, shared services, and cost sharing, along with innovative operating practices and cost-containment measures.

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**E&G Expense per Student, FY12**

<table>
<thead>
<tr>
<th></th>
<th>FY12 Expense Per Student</th>
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<tbody>
<tr>
<td>USNH</td>
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<tr>
<td>RI</td>
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Data from US Department of Education, IPEDS, most recent available. Total reported 12-month full-time-equivalent enrollment. Includes all expense categories except self-supporting (auxiliary, hospital, independent operations). Includes system office expense. Education and general (E&G) expense as defined by Delta Cost Project, American Institutes for Research.

**USNH expenses are about 25% lower than the regional average and about half as much as NH private nonprofit colleges.**

When comparing overall education and general expenditures to its New England counterparts and NH private nonprofit four-year colleges, **USNH expense per student is the lowest.**

Numerous cost-containment actions, such as separation incentive programs, employee benefits changes, and a move to self-insured health benefits have helped to suppress the rate of expenditure growth. Many of the savings initiatives are designed to permanently reduce costs.

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**USNH Revenues Total = $955 Million**

- Resident tuition: 18%
- Nonresident tuition: 25%
- Grants incl Pell & contracts: 16%
- State appropriations: 7%
- Student fees & continuing education: 5%
- Gifts, investments, other: 7%

**USNH Expenses Total = $918 Million**

- Academic & student support: 11%
- Research & public service: 13%
- Operations & maintenance: 3%
- Administrative support: 3%
- Fundraising & communications: 13%
- Depreciation: 6%
- Interest expense: 2%
- Student financial aid: 16%
- Instruction: 25%

Data from USNH unaudited financial statements. Revenues reflect gross tuition/fees, not netted for student financial aid. Capital additions excluded.
While we are proud of our operating efficiencies, the real achievement for USNH is the quality educational outcomes our students experience. Our students complete degrees in a timely manner and go on to successfully repay student loans, an indication that our graduates are gainfully employed.

At the state level, the 78% degree attainment rate of USNH bachelor’s students ranks #1 in New England and #3 in the country among public four-year institutions.

High graduation and degree attainment rates directly relate to the low three-year student loan default rates of USNH students. High rates of degree completion indicate students are more likely to be employed and able to repay student loans.

Low default rates indicate students are well prepared for gainful employment and real world success. The USNH student loan default rate at 4.9% ranks third lowest in the nation for public four-year institution state average, behind Iowa and North Dakota, both at 4.6%. Nationally, across all sectors of postsecondary education, 15% of students entering repayment default on their student loans—three times the average rate of USNH students.

USNH student loan default rate at 4.9% ranks 3rd lowest in the nation for public four-year institution state average.
Access to quality higher education benefits NH’s citizens and economy.

Providing access to higher education is critical to the University System’s mission. To this end, USNH has steadily increased NH student financial aid each year, notwithstanding cuts in appropriations. The State operating appropriation to USNH not only funds need-based financial aid for NH students, it provides a subsidy to all resident students. Whereas State support is not at a level to fund financial aid and the entire tuition subsidy, other revenue sources, such as nonresident tuition, are used to partially offset the gap.

Prior to the 2012 decrease in state support for USNH, NH resident enrollment had increased steadily, outpacing the rate of growth of the NH population by 14%.

Following nearly a decade of steady enrollment growth, NH resident enrollment dropped in FY 2013, coinciding with the 2012 decrease in State support and the related increase in tuition rates. In two years’ time, 2013 and 2014, resident degree enrollment dropped by nearly 1,400 students. Public response, from guidance counselors and parents in particular, suggests that the high visibility of the State funding decrease undercut the confidence of students and their families that USNH would be able to maintain quality and meet NH students’ needs.

USNH has instituted a number of initiatives to address the enrollment decline, among them, working with the State to secure increased appropriations in FY 2014 and 2015, which enabled an in-state tuition freeze in both years.

Pathways between public systems of higher education facilitate access and student success. Following implementation of NHTransfer.org and numerous partnership initiatives, transfers of CCSNH students to USNH institutions have increased by 65%.

With state funding in FY 2016 and 2017 at the levels requested, USNH will commit to another two-year tuition freeze for NH students.

Data from USNH Finance Office and campus Institutional Research Offices. 12-month reported full-time-equivalent enrollment, NH resident degree candidates. Includes UNH School of Law. Appropriation for in-state student financial aid and tuition subsidy.

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The NHTransfer.org site, launched and promoted by USNH in 2008 and 2009, marked a new wave of voluntary collaboration between the two public systems to create seamless two- to four-year degree pathways. The site supports the efforts of both systems by providing NH Transfer Connections Program information and access to the NH Transfer Credit Database, a course equivalency and transcript evaluation resource.

Data from USNH Institutional Research Offices, most recent available.

University System of New Hampshire—A Positive Return on Investment
USNH plays the lead role in educating NH’s current and future workforce.

USNH degree and certificate completions have grown steadily over the past 10 years, with a 55% increase in bachelor’s degrees awarded annually.

In FY 2013, USNH awarded more than half of NH’s bachelor’s degrees and certificates and graduated 23% more students at the bachelor’s level than did the 13 NH private baccalaureate institutions combined. The steady upward trend in awards coincides with improved graduation rates for first-time freshmen and reflects strategies adopted by USNH institutions to help students to optimize time to degree.

USNH continues to grow its number of graduate-level offerings to meet workforce needs, while moderating the number of associate’s programs in recognition of CCSNH’s role as the state’s accredited public community college system.

USNH is committed to increasing the number of STEM graduates to support NH’s growing high-tech industry and the state’s economy.

USNH is NH’s primary supplier of bachelor’s degrees in STEM, awarding 61% of the State’s four-year STEM degrees in 2013.

According to labor market research, 52% of all entry-level jobs requiring a bachelor’s degree or higher in NH in 2013 were in STEM. Of the nearly 12,000 entry-level STEM jobs, 59% required a bachelor’s degree or higher.

USNH STEM degree awards have increased steadily over the past 10 years, with notable gains in the past 5 years—achieving in FY 2013 a 50% increase over the decade. To help to meet continuing workforce needs, USNH has committed significant resources around STEM and has initiated numerous strategies and partnerships with K-12, CCSNH, and the business community to continue to expand STEM education attainment.

By education attainment level, the percentages of the NH population who ...

For more information, contact
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