

HIGHER EDUCATION STUDENT COMPLETION INCENTIVE

This memorandum provides the estimated costs of a higher education incentive program to encourage students to complete college programs in a designated amount of time.

INCENTIVE

The following table provides information on the proposed incentives that would be awarded to students based upon the length of time to complete their program of study:

Number of Years to Complete Program	Incentive for Students Enrolled in Two-Year Programs	Incentive for Students Enrolled in Four-Year Programs
2	\$4,000	N/A
3	\$2,500	N/A
4	\$0	\$8,000
5	\$0	\$5,000
6	\$0	\$2,000
7 or greater	\$0	\$0

COLLEGE COMPLETION RATES

The table below summarizes the percentage of freshmen students who began as a first-time student at a North Dakota public higher education institution on a full-time basis in the fall of 2000 and continued their education at the same institution until completing the program:

Number of Years to Complete Program	Estimated Two-Year Program Completions ¹	Estimated Four-Year Program Completions at Research Institutions ¹	Estimated Four-Year Program Completions at Nonresearch Four-Year Institutions ¹
2	21%	N/A	N/A
3	14%	N/A	N/A
4	N/A	21%	15%
5	N/A	23%	17%
6	N/A	7%	4%

¹Based on information provided by the North Dakota University System and the United States Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System.

The rates in the table above do not reflect program completions of students who transfer between institutions. Students may either transfer between institutions that offer the same program length or may transfer from a two-year institution to a four-year

institution. Based on students who enrolled as full-time freshmen-level students in the fall of 2000, the North Dakota University System reported that approximately 240 of the first-time students transferred between institutions.

During the fall of 2007, the North Dakota University System had a freshmen full-time equivalent enrollment of 4,918 students at four-year research institutions, 1,429 at nonresearch four-year institutions, and 2,767 at two-year institutions. Based upon estimated completion and projected transfer rates, the estimated number of fall 2007 freshmen that will graduate from a two-year or four-year program is:

Number of Years to Complete Program	Estimated Number of Graduates of Two-Year Programs	Estimated Number of Graduates of Four-Year Programs
2	595	N/A
3	397	N/A
4	N/A	1,326
5	N/A	1,420
6	N/A	411

COST OF PROPOSED INCENTIVE PROGRAM

Based on fall 2000 freshmen completion rates, transfer estimates, and fall 2007 enrollment, the incentive program would cost an estimated \$21.9 million annually. This amount does not include administrative costs or any changes in the student completion times or rates. In addition, consideration was not given to students who complete more than one degree, students that transfer into the state, students that complete both a two-year and a four-year degree, or programs that take more than four years to complete.

The table below details the cost of the program for the different completion areas:

Completion Time	Cost of Two-Year Program Completions	Cost of Four-Year Program Completions	Total
2 years	\$2,380,000		\$2,380,000
3 years	992,500		992,500
4 years		\$10,608,000	10,608,000
5 years		7,100,000	7,100,000
6 years		822,000	822,000
Total	\$3,372,500	\$18,530,000	\$21,902,500