UAF School of Management
Differential Tuition (DT) Proposal
History

• **1924:** First degree in business administration offered

• **1959:** Degrees expanded to include accounting, business education, management, marketing and secretarial science

• **1975:** School of Management (SOM) formed

• **1988:** Achieve accreditation with the Association to Advance Collegiate Schools of Business (AACSB International). Dual accreditation for both SOM and specialized accreditation for accounting
Programs

Bachelor Degrees in
• Accounting
• Business Administration
• Economics
• Emergency Management

Master Degrees in
• Business Administration (MBA)
• Resource and Applied Economics

Ph.D. in
• Natural Resources and Sustainability

Other Programs
• Northern Leadership Center (NLC)
• ROTC
QUALITY

1. **Dual AACSB International Accreditation:** Achieved by just 178 Universities or 1.4% of Universities worldwide

2. **CPA exam pass rate:** Highest in Alaska
   - **2010-2012:** UAF 50.6% National 49.1%

3. **Educational Testing Service (ETS) Business Exam**
   (average since 2005)
   - **Undergraduate:** 91st percentile of over 700 Universities
     - Economics 96
     - Accounting 92
     - Finance 91
     - International 90
     - Info Systems 89
     - Quantitative 86
     - Management 77
     - Legal 76
   - **MBA:** 77th percentile
EXPERIENTIAL/ACTIVE LEARNING

• Student Investment Fund (SIF) $600,000
• Real Estate Investment Fund (REIT) $140,000
• Arctic Innovation Competition (AIC) idea competition 220 entrants
• 37th Business Leader of the Year (450 annually in attendance)
• Alaska Business Week (60 high school participants)
• KPMG Etiquette function and dinner (20 graduating seniors and 10 corporations)
• Northrim Roast and Boast
• Annual spring trips to Anchorage and San Francisco
• High School Accounting Bridging Program
• Flipped courses and clickers
EXPERIENTIAL/ACTIVE LEARNING

Student Organizations

- Associated Students of Business (ASB)
- Great Alaskan Accounting People (GAAP)
- Native Alaskan Business Leaders (NABL)
- ROTC
- Student Advisory Council (SAC)
- Students in Free Enterprise (SIFE)
- Students Offering Leadership Development (SOLD)
- Students Who Enjoy Economic Thinking (SWEET)
<table>
<thead>
<tr>
<th>Major</th>
<th>Fall 2012</th>
<th>FY07</th>
<th>5-year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergrad</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Administration</td>
<td>363</td>
<td>241</td>
<td></td>
</tr>
<tr>
<td>Accounting</td>
<td>146</td>
<td>124</td>
<td></td>
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<tr>
<td>Emergency Management</td>
<td>90</td>
<td>0</td>
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</tr>
<tr>
<td>Economics</td>
<td>33</td>
<td>16</td>
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<tr>
<td>Total Undergrad</td>
<td>632</td>
<td>381</td>
<td>66%</td>
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<tr>
<td>Graduate</td>
<td></td>
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<tr>
<td>MBA</td>
<td>76</td>
<td>33</td>
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<tr>
<td>MS Resource Econ</td>
<td>11</td>
<td>5</td>
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<tr>
<td>Total Graduate</td>
<td>87</td>
<td>38</td>
<td>129%</td>
</tr>
<tr>
<td>Total All</td>
<td>719</td>
<td>419</td>
<td>72%</td>
</tr>
</tbody>
</table>
COST OF BUSINESS EDUCATION

- SOM’s budget is approximately 95% salaries and 5% for other operating expenses

<table>
<thead>
<tr>
<th>National Average by Discipline</th>
<th>($000)</th>
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</thead>
<tbody>
<tr>
<td>Finance</td>
<td>170</td>
</tr>
<tr>
<td>Accounting</td>
<td>137</td>
</tr>
<tr>
<td>Marketing</td>
<td>119</td>
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<tr>
<td>Management</td>
<td>107</td>
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<tr>
<td>Economics</td>
<td>85</td>
</tr>
<tr>
<td>Electrical Engineering</td>
<td>85</td>
</tr>
<tr>
<td>Chemical Engineering</td>
<td>81</td>
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<tr>
<td>Mechanical Engineering</td>
<td>78</td>
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<tr>
<td>Petroleum Engineering</td>
<td>76</td>
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<tr>
<td>Civil Engineering</td>
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<tr>
<td>Chemistry</td>
<td>62</td>
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<tr>
<td>Biology</td>
<td>61</td>
</tr>
<tr>
<td>Oceanography</td>
<td>60</td>
</tr>
<tr>
<td>Physics</td>
<td>59</td>
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<td>Psychology</td>
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<tr>
<td>Math</td>
<td>58</td>
</tr>
<tr>
<td>Education</td>
<td>56</td>
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<tr>
<td>Sociology</td>
<td>56</td>
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<tr>
<td>English</td>
<td>54</td>
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<tr>
<td>History</td>
<td>52</td>
</tr>
</tbody>
</table>
Top Degrees in Demand (NACE) 2012

Top 10 undergraduate degrees in demand

1. Finance
2. Accounting
3. Computer and Informational Services
4. Electrical Engineering
5. Mechanical Engineering
6. Business Administration/Management
7. Management Information Systems
8. Computer Engineering
9. Economics
10. Logistics/Materials Management
SOM Budget Outlook

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start of the Year</td>
<td>($35,000)</td>
<td>($370,000)</td>
<td>($760,000)</td>
<td>($1,160,000)</td>
<td>($1,660,000)</td>
</tr>
<tr>
<td>After 40% cuts to non-</td>
<td>$103,945</td>
<td>($14,632)</td>
<td>($408,671)</td>
<td>($810,000)</td>
<td>($1,210,000)</td>
</tr>
<tr>
<td>salary budget</td>
<td></td>
<td></td>
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</table>

Continuing cost saving measures include

- Cuts to our non-salary budget by 40% in FY13
  - Travel
  - Supplies
  - Student Programs
    - Students in Free Enterprise (SIFE)
    - Lemonade Day
- Replaced tenure-track positions with instructors
  - Increased teaching loads at lower cost to serve a five-year 70% increase in students
- Increased use of Teaching Assistants in classroom
REASONS FOR SOM BUDGET CRISIS

• Our budget is 95% salaries
  • Just 50% of UAF’s annual salary increases are covered
  • Tenure and Promotion salary increases are not covered
• Annual UAF budget Pullbacks (1% to 4.5%)
• Facing decreased tuition rate increases
• 72% increase in majors
• Demand to move to 12-months and online to
  • Increase # students
  • Increase retention
  • Increase graduation rates
  • Decrease time to graduation

We need an 8-10% increase in tuition each year just to stay even. At level tuition we are losing the equivalent of a faculty member each year.
DIFFERENTIAL TUITION PROPOSAL

Key Components:

• 25% tuition differential for upper division and graduate SOM courses
• 10% first year, 15% second year
• 20% of tuition surcharge goes to needs-based scholarships
• Approximate increase in SOM revenue ($380,000) if student numbers stay even
• Average increase to student tuition $3,000 over their time with us
• Percentage increase to 4-year student 3.2% to 4.1%

• Allows SOM to increase and continue
  • Experiential/active learning
  • Continue high quality education including learning outside of the classroom
  • Increase retention
  • Increase graduation rates
  • Faster time to graduation (faster on the job market)
  • Continue as a School
NATIONAL TREND FOR DIFFERENTIAL TUITION

• Most common: business, engineering and nursing

• 35 states have business and engineering

• 2 more in the process of adding

• 50% of flagship campuses have DT with business the most common

• For example, all big ten schools have it

• 8 of 13 UAF peer schools have it

• 13 of 21 peer UA schools have it

• Business School Differentials range from 2% to 59% with a mean of 14%
**Figure 1.** Number of U.S. Universities with Differential Tuition in a Year.
# Estimated Cost of Attending UAF

## On-campus

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>DT</th>
<th>% Inc</th>
</tr>
</thead>
<tbody>
<tr>
<td>In State Tuition/fees</td>
<td>7,193</td>
<td>8,693</td>
<td>20.8%</td>
</tr>
<tr>
<td>Books/Supplies</td>
<td>1,400</td>
<td>1,400</td>
<td></td>
</tr>
<tr>
<td>Room and Board</td>
<td>7,200</td>
<td>7,200</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>400</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Misc/personal</td>
<td>2,250</td>
<td>2,250</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,443</td>
<td>19,943</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

## Off-campus

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<tr>
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<tr>
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<td>2,250</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td>23,343</td>
<td>24,843</td>
<td>6.4%</td>
</tr>
</tbody>
</table>
Student Scholarships

Endowments:
• July 1, 2010 $249,054 for student scholarships
• Jan 1, 2013 $455,782 for student scholarships

2012 Fund-raising
• In FY12 we raised $328,831 in private donations. Of that, $119,823 was new funds for student scholarships.

Needs-based scholarships
• 20% of the differential tuition would go to needs-based scholarships

Across the nation, 83% of students either support or are neutral to differential tuition after it is explained to them.

Across the nation, 97% of Universities have found no detrimental effect to low-income students.

Differential tuition is better for the students. In the long-run it saves them money.
CONCLUSION

• Business degrees cost more to produce.

• Business students are in high demand and paid very well vs. most other degrees.

• The UAF School of Management is not sustainable under current fiscal realities.

• Differential tuition, which will increase a student's overall college expense by 3.2% to 4.1% will both increase the quality of their degree and save them money by allowing them to graduate faster.

• Differential tuition benefits the students and is supported by the students.
THANK YOU FOR YOUR TIME!