

# UAF SCHOOL OF MANAGEMENT DIFFERENTIAL TUITION (DT) PROPOSAL



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# 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:** 91<sup>st</sup> percentile of over 700 Universities
    - Economics 96
    - Accounting 92
    - Finance 91
    - International 90
    - Info Systems 89
    - Quantitative 86
    - Management 77
    - Legal 76
  - **MBA:** 77<sup>th</sup> 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
- 37<sup>th</sup> 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)



# MAJORS

<b>Undergrad</b>	<b>Fall 2012</b>	<b>FY07</b>	<b>5-year Change</b>
Business Administration	363	241	
Accounting	146	124	
Emergency Management	90	0	
Economics	33	16	
<b>Total Undergrad</b>	<b>632</b>	<b>381</b>	<b>66%</b>
<b>Graduate</b>			
MBA	76	33	
MS Resource Econ	11	5	
<b>Total Graduate</b>	<b>87</b>	<b>38</b>	<b>129%</b>
<b>Total All</b>	<b>719</b>	<b>419</b>	<b>72%</b>

# COST OF BUSINESS EDUCATION

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

National Average by Discipline	(\$000)
<b>Finance</b>	170
<b>Accounting</b>	137
<b>Marketing</b>	119
<b>Management</b>	107
<b>Economics</b>	85
<b>Electrical Engineering</b>	85
<b>Chemical Engineering</b>	81
<b>Mechanical Engineering</b>	78
<b>Petroleum Engineering</b>	76
<b>Civil Engineering</b>	74
<b>Chemistry</b>	62
<b>Biology</b>	61
<b>Oceanography</b>	60
<b>Physics</b>	59
<b>Psychology</b>	59
<b>Math</b>	58
<b>Education</b>	56
<b>Sociology</b>	56
<b>English</b>	54
<b>History</b>	52



# 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

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

## 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

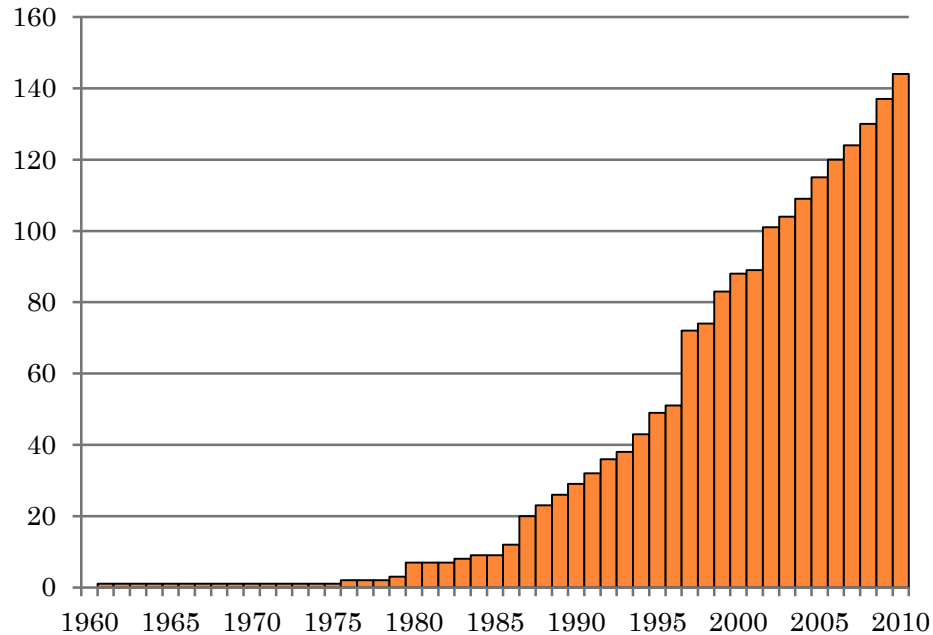
## Key Components:

- 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%

# NATIONAL TREND FOR DIFFERENTIAL TUITION



**Figure 1.** Number of U.S. Universities with Differential Tuition in a Year.

# ESTIMATED COST OF ATTENDING UAF

## On-campus

<b>Junior/Senior</b>	<b>Current</b>	<b>DT</b>	<b>% Inc</b>
<b>In State Tuition/fees</b>	7,193	8,693	20.8%
<b>Books/Supplies</b>	1,400	1,400	
<b>Room and Board</b>	7,200	7,200	
<b>Transportation</b>	400	400	
<b>Misc/personal</b>	2,250	2,250	
<b>Total</b>	18,443	19,943	8.1%

## Off-campus

<b>Junior/Senior</b>	<b>Current</b>	<b>DT</b>	<b>% Inc</b>
<b>In State Tuition/fees</b>	7,193	8,693	20.8%
<b>Books/Supplies</b>	1,400	1,400	
<b>Room and Board</b>	10,500	10,500	
<b>Transportation</b>	2,000	400	
<b>Misc/personal</b>	2,250	2,250	
<b>Total</b>	23,343	24,843	6.4%

# 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 students 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!

