

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)



MAJORS

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

COST OF BUSINESS EDUCATION

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

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

	FY13	FY14	FY15	FY16	FY17
Start of the Year	(\$35,000)	(\$370,000)	(\$760,000)	(\$1,160,000)	(\$1,660,000)
After 40% cuts to non-salary budget	\$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

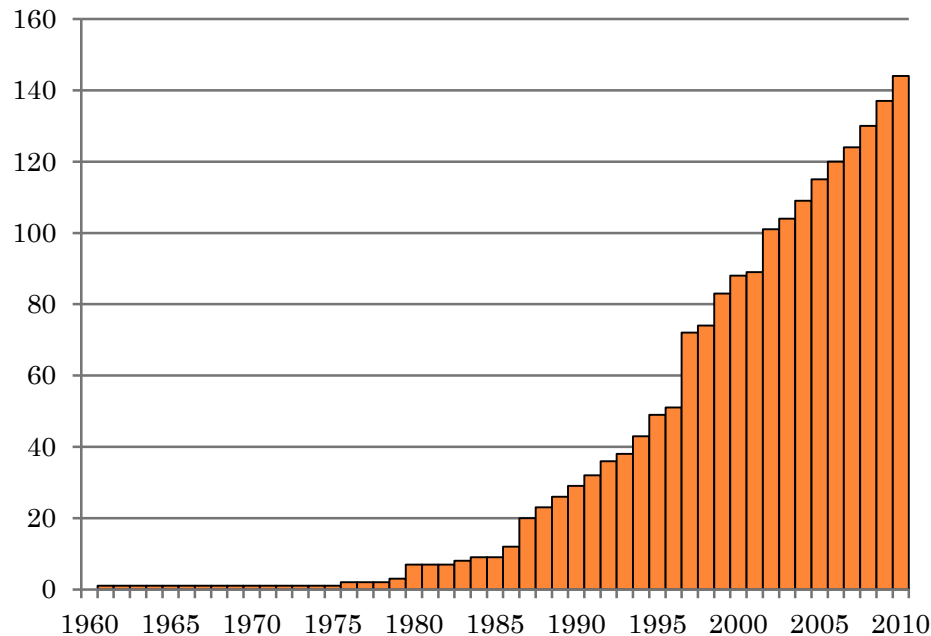


Figure 1. Number of U.S. Universities with Differential Tuition in a Year.

ESTIMATED COST OF ATTENDING UAF

On-campus

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

Off-campus

Junior/Senior	Current	DT	% Inc
In State Tuition/fees	7,193	8,693	20.8%
Books/Supplies	1,400	1,400	
Room and Board	10,500	10,500	
Transportation	2,000	400	
Misc/personal	2,250	2,250	
Total	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!

