

To: UO Tuition and Fees Advisory Board (TFAB)

From: Sarah Nutter, Edward Maletis Dean, Lundquist College of Business

Date: January 2, 2018

Subject: Proposal for a per SCH Differential Tuition for Undergraduate Students taking business courses in the Lundquist College of Business

Attached is a proposal for a tuition differential for students taking business courses in the Lundquist College of Business to begin AY2018-19. Preparation of this proposal has included discussions at many levels within the Lundquist and the University administration, including the Provost's Office, and the Academic Leadership Team. Within Lundquist, we have had discussions with and sought input from student leadership groups, our Academic Council, and all faculty and staff. As you will see, we have also gathered substantial data on differential tuition for business majors at UO comparators. Quick facts of this proposal are:

- Based on student feedback on the earlier proposal submitted in December 2016, this proposal has been updated and being put forth on a per SCH basis instead of a per term basis.
- One of our closest state comparators, Oregon State, charges \$20.00 per SCH for business majors and minors.
- Students would be charged \$20.00 per credit hour for courses taken in the College of Business.
- All students enrolled in College of Business undergraduate courses would be charged differential tuition regardless of their major.
- Differential tuition would be the same for in-state and out-of-state students.
- Additional revenue could partially fund enhancements to student services (advising), faculty, and student support (i.e., student club projects and/or global experiences).
- In years one and two additional revenue, on top of the standard 10% held for financial aid, would be set-aside to provide need-based remissions to some continuing students.

Please let me know if I (and the Lundquist staff) can be of any further assistance as you consider the proposal.

Proposal for a Tuition Differential for Undergraduate Students

I. INTRODUCTION AND CONTEXT

Over the past number of years, the revenues of the Lundquist College of Business have not kept pace with our rising costs. As a consequence, Lundquist is facing increasing difficulty in continuing to deliver the high quality undergraduate and graduate education, as well as the student services such as advising and career services that our students deserve.

In 2015-16, the Lundquist College of Business (LCB) went through a major review with its main accrediting body, the Association to Advance Collegiate Schools of Business (AACSB) International. The AACSB review pointed to a number of areas that require close attention.

A main conclusion of the AACSB review was that the percent of curriculum taught by research-active faculty in the LCB was low for a Research I University and therefore a significant concern. Their review clearly concludes that the LCB needs to increase and maintain a significant number of additional research-active faculty members to meet accreditation standards in the future.¹ A related concern is the relatively low number of advisors (both academic and career-related) that Lundquist has for the large student population it serves. For example, Lundquist's student to career service's staff ratio is 799:1, whereas comparator business schools average around a 300:1 ratio.

The AACSB review noted most of our comparators charge differential tuition for business majors at their institutions in order to provide the level of services expected of a top business program.² Our research on this topic in 2016 bore this out with 26 of our 37 comparators charging differential tuition to students who are business majors.

For comparison, this time, we narrowed our research to Oregon schools, PAC-12 Publics, and a few select AAU Universities. As shown on Appendix A (note all figures are based on a credit load of 12), three of those charge a per student credit hour (SCH) fee, Oregon State, Portland State, and the University of Utah. Oregon State University charges their fees on a SCH basis versus a per term basis (\$20 per SCH) for both resident and non-resident students, which matches what we are proposing.

¹ A quote from the AACSB report states "...40% is much too low for a research-oriented doctoral granting college such as LCB. The reason for the low percentages of SA [research-active] faculty is straightforward: 48 tenure/tenure-track faculty and more than 5,000 students. The LCB has done a great job of deploying the faculty they have—they simply do not have enough faculty for a college of their size and range of programs. ...Prior to the next review, LCB must present a plan to address their faculty qualification issue."

² Another major that commonly charges differential fees is Engineering. Honors Colleges at other universities also charge differential tuition, as does the UO Clark's Honors College.

II. PROPOSAL

We propose establishing differential tuition on all undergraduate courses within the Lundquist Business College that would charge ***a differential tuition fee of \$20 per SCH.***

Using a 3-year average for SCH (87,112) estimated revenue after deductions is as follows. As is standard at UO, 10% of the revenues generated by the differential tuition will be set aside for financial aid. An addition 10% will be held back in year one (FY19), and 5% in year two (FY20) to provide need-based remissions to some continuing students. These funds would be managed by the Director of Financial Aid for distribution.

After FY20, there will be no additional set-aside, however, the standard 10% for financial aid will continue.

Item	Year 1 (FY19)	Year 2 (FY20)
Differential Tuition (per student credit hour)	\$20 per SCH	\$20 per SCH
Projected # of Student Credit Hours (<u>all student credit hours</u> taken by students based on a 3-year average including summer).	87,113	87,113
Subtotal	\$1,742,260	\$1,742,260
Less: 10% standard holdback (financial aid)	(\$174,226)	(\$174,226)
Less: Additional holdback to provide need-based remissions to some continuing students (10%, 5%)	(\$174,226)	(\$87,113)
Total Estimated Revenue to Lundquist	\$1,393,808	\$1,480,921

Figures at the end of this document visually show UO tuition and fees for resident and nonresident business majors relative to our comparators if the proposed differential tuition is in place. This comparison suggests we would still be in a reasonably competitive position with our comparators.

Revenues generated by the differential tuition will be used to add faculty to keep our class sizes relatively small and to meet accreditation standards, particularly on the percent of courses taught by research-active faculty. They will also be used to increase student service staffing in areas of importance to students, including academic advising, tutoring, and career advising services. We will also consider other uses student feedback suggests are important, such as experiential learning opportunities and co-curricular activities (e.g., supporting student clubs).

III. NOTES

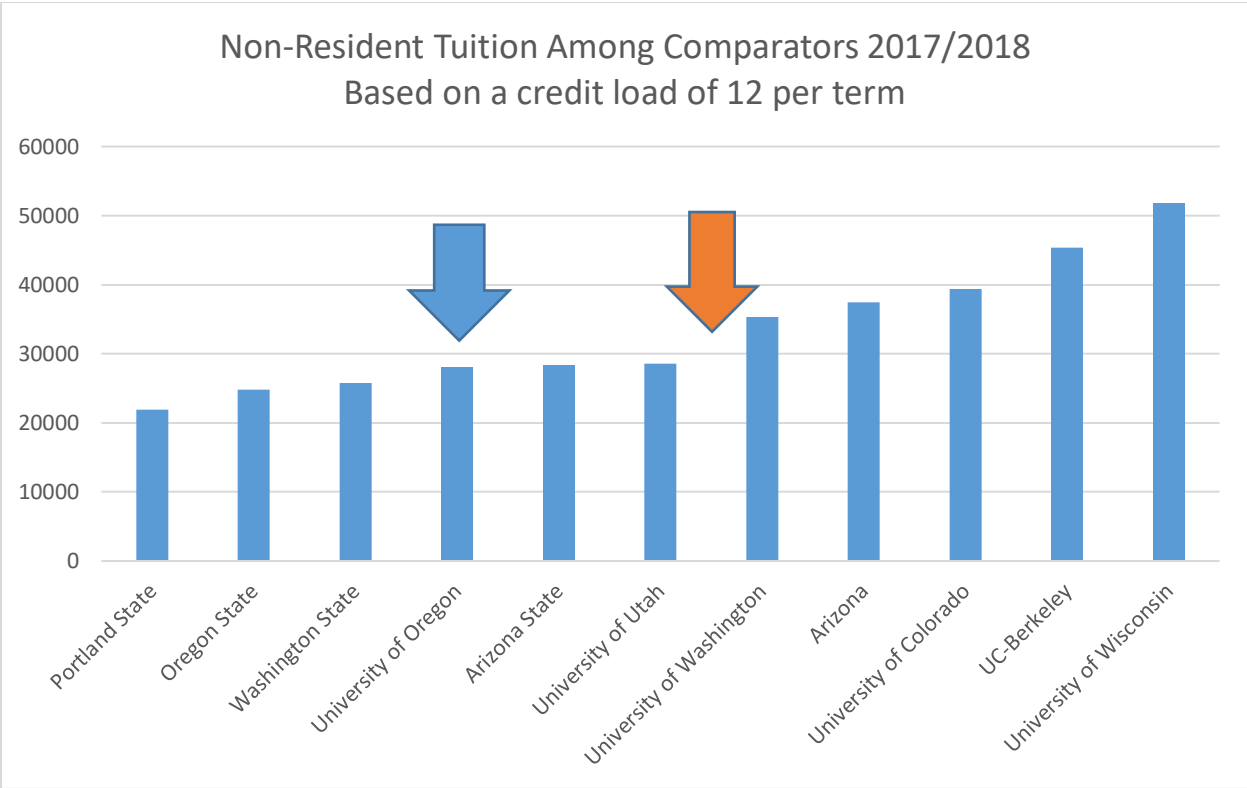
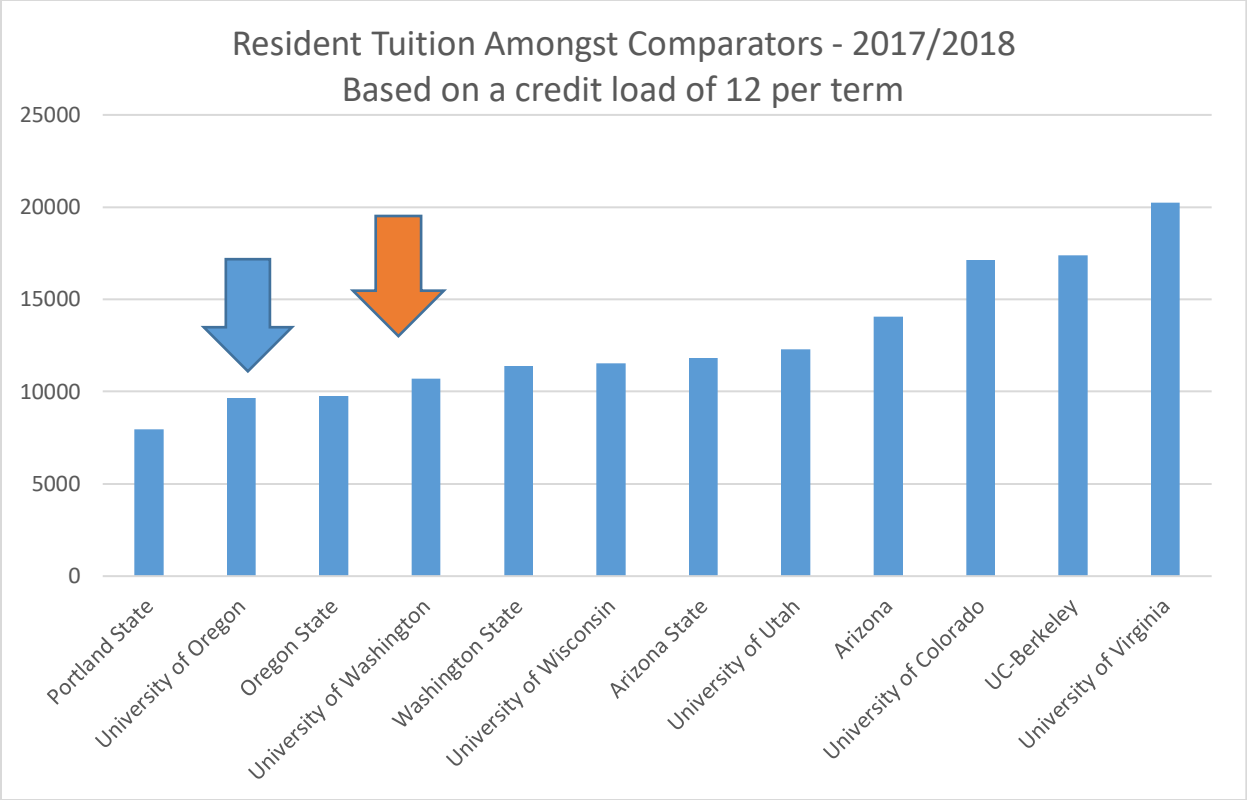
A) Implementation

Tuition increases pose concerns for students, no matter the timing. The timing of the additional tuition needs to balance the concern of giving students timely notice with being able to add faculty and student services as soon as possible. We propose that differential tuition would be charged beginning Fall term 2018 on all students since Lundquist has already made initial investments in increased services in anticipation of differential tuition income that was ultimately delayed due to the structure of the proposal last year.

B) No difference for resident versus nonresident

Following most of our comparators, we propose an identical rate for resident and nonresident students. The differential tuition of \$20 per SCH would represent very different percentage increases for the two groups of students. Based on an average credit load of 12 per term, a differential tuition of \$20 would represent a 2.56% increase over current per credit rates and fees for nonresident students, and a 7.44% increase over current resident per credit rates and fees. Differences by pre-business, minor and major are shown below assuming the student completes all the required course work in one year for the minor, and half the required courses in one year for the major. Graphs also show where College of Business tuition would fall before (blue arrow) and after (orange arrow) amongst comparators.

	Average SCH in an AY	Tuition - No Differential	Tuition with \$20 Differential	Fees	Total Tuition and Fees - No Differential	Total Tuition and Fees with \$20 Differential	Difference
Resident							
Pre-Business	8	\$1,688.00	\$1,848.00	\$684.00	\$2,372.00	\$2,532.00	\$160.00
Business Minor	24	\$5,064.00	\$5,544.00	\$2,052.00	\$7,116.00	\$7,596.00	\$480.00
Business Major	36	\$7,596.00	\$8,316.00	\$2,076.00	\$9,672.00	\$10,392.00	\$720.00
Non-Resident							
Pre-Business	8	\$5,784.00	\$5,944.00	\$684.00	\$6,468.00	\$6,628.00	\$160.00
Business Minor	24	\$17,352.00	\$17,832.00	\$2,052.00	\$19,404.00	\$19,884.00	\$480.00
Business Major	36	\$26,028.00	\$26,748.00	\$2,076.00	\$28,104.00	\$28,824.00	\$720.00



C) Decision for a per-credit hour differential tuition rather than per-term.

In 2016, student feedback suggested a strong preference for per-course fees rather than per-term differential tuition, everything else equal. Students thought the per-term differential tuition provides incentives to complete required business major courses as quickly as possible, which they did not view as a positive incentive. They also believed it was unfair to charge it only to majors when services (e.g. tutoring, advising) are available to pre-business and minor students as well.

Courses with the following prefixes would be impacted: BA, BE, ACTG, FIN, MGMT, MKTG, OBA, and SBUS.

D) Student feedback

We presented and discussed the proposal at a joint meeting with ClcC and DUSAC, comprised of leaders of our major student organizations and clubs, as well as our student peer advisors (approximately 35 students attended). No major concerns were voiced. Students asked questions about how funding would be used, made suggestions for where more services should be applied (i.e. advising and tutoring), and one student asked about grandfathering. Minutes from the meeting are attached as Appendix B.

E) Implications for other entities on campus or otherwise

We do not intend to change the number of LCB majors when differential tuition is implemented, and so enrollments in other parts of campus should not be affected. It may change the composition of our students and we will want to keep close watch on this. Entities that are providing full tuition and fee benefits to students will be affected, which will include Pathways Oregon and student-athletes on scholarships.

APPENDIX A: Differential Fees for Business Majors Across our Comparators

	BUS Diff - SCH, Term, or None	\$/SCH	Diff. Per Year	% for Resident	% for Nonresident	Annual Tuition and Fees for Resident Business Major	Annual Tuition and Fees for Nonresident Business Major
University of Oregon		20	720	7.4	2.6	10,392	28,824
<u>Other Oregon Schools</u>							
Oregon State	SCH	20	720	8.0	3.0	9,762	24,831
Portland State-Res	SCH	18.40	662	9.1	NA	7,964	NA
Portland State-NR	SCH	19	684	NA	3.2	NA	21,864
<u>Pac-12 Publics</u>							
Arizona-BUS	Term	NA	1,800	14.7	5.0	14,048	37,478
*Arizona-Pre & Min	Term	NA	700	5.7	2.0	12,948	36,378
Arizona State	Term	NA	1,050	9.7	3.8	11,842	28,422
U of Colorado-Res	Term	NA	5,064	41.9	NA	17,152	NA
U of Colorado-NR	Term	NA	3,196	NA	8.8	NA	39,418
U of Colorado-Pre	Term	NA	850	7.0	2.3	12,938	37,072
U of Colorado-Min	Course	NA	1,000	8.3	2.8	13,088	37,222
UC-Berkeley	None	NA	NA	0	0	17,372	45,386
UCLA	No undergraduate program					15,762	43,776
U of Utah-Bus	SCH	197.68	4,744	63.0	19.9	12,280	28,564
U of Utah-Bus Scholar	SCH	30	720	9.7	3.1	8,180	24,260
U of Utah-Min	SCH/Course	49 (average)	1,186	15.7	5.0	8,722	25,006
U of Washington	None	NA	0	0	0	10,722	35,286
Washington State	None	NA	0	0	0	11,391	25,817
<u>Other AAU Publics or AACSB Declared Comparators</u>							
U of Virginia-Res Junior Year	Term	NA	4,174	26.0	NA	20,242	NA
U of Virginia-Res Senior Year	Term	NA	3,152	19.6	NA	19,220	NA
U of Virginia-NR	Term	NA	5,250	NA	11.3	NA	51,846
U of Wisconsin	Term	NA	1,008	9.5	2.9	11,534	35,783
U of Wisconsin-Cert	Term	NA	300	2.8	0.9	10,834	35,083

	Diff. Per Year	% for Resident	% for Nonresident	Annual Tuition and Fees for <u>Resident Business Major</u>	Annual Tuition and Fees for <u>Nonresident Business Major</u>
<i>Average across those with differential fees (Bus Majors)</i>	2,014	16.71	5.29	12,947	34,082
<i>Average Tuition of ALL (including UO)</i>	1,946	16.13	5.11	12,820	33,806

NOTES:

OSU:

- Pre-Business Majors pay the same as Business Majors based on Rate code (Major Code 180)

Arizona:

- Pre-Business Majors are charged Professional Development fee of \$350 per semester (\$700 for AY)

Colorado:

- Pre-Business Majors are charged \$850 fee per AY
- Minors are charged \$500/course and four courses are required in the minor (\$1000/year for purposes of above data)

Utah:

- Differential tuition for all upper-division courses (Junior standing). "All students, regardless of class standing, taking upper-division Business Courses, will be charged an additional \$197.68 per credit hour for credits taken in upper-division courses in the School of Business."
- Freshman can be admitted to Business Scholars program. During lower division, charged an additional \$30/credit hour. Once upper division, charged as Business Major.
- Business minors require 2 upper division courses per year during Junior & Senior year. Calculated using 18 credits of base upper division tuition + 6 credits Business upper division tuition.

Virginia:

- Different tuition for Junior vs. Senior year for residents only.

Wisconsin:

- Certificate of Business (CIB) option for non-business students. Has separate tuition schedule.

APPENDIX B: Minutes from the ClcC/DUSAC Joint Meeting – Lillis 440, 12:00 pm-1:15 pm

Attendees: Dean Sarah E. Nutter, Associate Dean Collette Niland, Jessica Best (Senior Assoc Director Career Services), Chris Bennett (Senior Assoc Director Career Services), Undergraduate students (Sophomores, Juniors, Seniors) who are part of the Dean's Undergraduate Student Advisory Council (DUSAC) and the Council for Interclub Coordination (ClcC)

- Dean Nutter introduced herself to the group
- Oregon Consulting Group Survey – please complete
- Discussion about curriculum review
- Differential tuition for business school
 - Proposing \$20 per credit charge to any classes with the business school
 - 10% to scholarships
 - Balance to student services and faculty to provide the specialized services business students need over and above what is offered by the university
 - Other universities charge the same or more for business classes

Q&A related to differential tuition

Q: Is this money going toward improving services or add other services, such as career services?

A: To improve. Ratio should be closer to 300:1, we are at 790:1, students to advisors. We need to augment and provide more career services. Expand Braddock tutoring center. Expanded ARC with fully functioning tutoring center.

Q: What other services have been considered?

A: Expanded club support. A year of professional experience before graduation. Expanded internships. End goal, when students graduate, they are career ready.

Q: in what way, will funds be used for faculty? Additional training, more faculty?

A: We currently do not have enough faculty to teach the classes. Some of these resources will go to hiring faculty.

Q: Will upper division finance class tutoring be offered?

A: Braddock tutoring center has been funded by a Braddock grant, but has only allowed tutoring at the lower levels. This funding would allow us to add upper division support.

Q: Will resources be put towards continuous improvement of curriculum?

A: Yes. And professors are currently doing that. We are currently looking at big changes, but continuous improvement will be ongoing. These funds will not necessarily be used for that, but we are building process and structure so we do not have to go through this heavy lift

Q: What is the timeline for adding these charges?

A: Next fall.

Q: Will Marketing be making changes to curriculum? There aren't enough marketing classes available.

A: There are conversations, but timing of implementation of changes may not be as quick as OBA. New digital marketing class.

Q: Would the addition of faculty lead to the addition of concentrations?

A: We have a BS in business admin with concentrations within it. Changes require approval from the state. This is less a financial issue, more of an approval issue. A major course is transcriptable and approval for this tends to be a multi-year process. Benefit to a BS with a concentration because it allows us to shift, but we should have transcriptable concentrations within the BS.

Q: Tuition increase in effect this fall. When we will see the benefit of that? Feels unfair to be paying for it when we may not see the effects.

A: Should be while you are still in school. We are already making investments. We put an additional advisor, last year a couple additional people in career services, additional money added to student clubs. It will take time to get some things into place. We will also discuss grandfathering. We want to be transparent with students on what the return on investment will be for students. We want students to graduate without a great deal of debt.

Q: Where will the 10% of the \$20 differential tuition scholarship support go?

A: University-wide need based scholarships. These monies will go to high need students.

Student Comments:

- Live chat with tutors
- Expanded access to Lillis (even with key card) especially during finals week. Primarily the meeting spaces. Investment group would love expanded access to the center.
- Could funds be set aside for collaboration with other clubs in other schools, such as journalism school
- Nice to hear Dean say that undergrad curriculum is valued. There aren't enough sports business classes offered and marketing classes need to be taken to fulfill requirements. The undergrad sports students do not feel supported
- Reducing burden on advisors' week 7 and beyond, have faculty open office hours as support
- Software, Bloomberg would be beneficial for student use
- Offer an excel for accounting class as a vast knowledge of excel is needed in your career. Excel isn't embedded in accounting classes.
- Transparency in meetings for various clubs so they can collaborate better. More sharing of information. Warsaw club is working on a way for clubs to group up. Use OrgSync.
- Have a tutorial on using OrgSync so it can be used to its maximum capacity
 - Per Jessica Best, all business students will be auto enrolled in OrgSync in the future.

- Warsaw would be happy to provide a tutorial.
- Incorporate OrgSync into BA199?
- Cutting out the unnecessary textbooks. Offer a loan library for books that aren't heavily used. The workbooks created by professors are the most effective.
- Online textbook codes are pricey and do not seem to be effective.
- Per Dean Nutter, we should be constantly thinking about how we can improve efficiency and reduce costs for students.
- Research guides available at library are such a great resource. Introduce to students early, in BA101, as many students don't know the resource exists, or anytime a student is introduced to doing research.
- Guaranteed buy back rate, such as western Oregon where they offer a minimum of 50% back for used textbooks
- All students should know how to negotiate. Sales should be more highly valued here at UO.
- Resume quality of exiting students is currently not impressive; students simply don't know that resources exist. We need to do a better job of communicating.
- Have a meeting with career services to review your resume as a process of getting into the business school. Get students thinking about their careers the moment they step foot in the business school.
- Students would love to see more meeting spaces available to students. There are only 3 available and they are booked most of the time.
- Internships as a business elective for credit – this is on the agenda to be reintroduced.
- Virtual interviewing space – career services staff can assist with this

Per Collette Niland: Potential OCG project – how can we better leverage the spaces in this building, especially after hours when students aren't allowed access to the classroom.