Proposal from the University of Nevada, Las Vegas, College of Business, for Approval of Differential Fees for Masters of Business Administration and Associated Courses

Introduction

In response to the Special Board of Regents meeting of April 16, 2010, at which the regents approved a new policy allowing for the implementation of differential fees, the UNLV College of Business has submitted a proposal, in the form of a Board of Regents Briefing Paper, seeking approval to implement differential fees for its MBA courses. On October 25, the Faculty Senate Chair, Dr. Cecilia Maldonado submitted this proposal to the Faculty Senate Fiscal Affairs Committee for consideration and comment.

Faculty Senate Fiscal Affairs Committee

The Fiscal Affairs Committee currently comprises of 15 members, of which one seat (from the College of Business) remains unfilled, one seat is held by a representative of the GPSA, one seat is held by the Chief Human Resource Officer at UNLV (Ex-Officio) two members are administrative Faculty (including the Chair) with the remainder drawn from Academic Faculty and UNLV Libraries.

College of Business MBA Program

UNLV’s Annual Average Full Time Equivalent (AAFTE) cost per student is $11,833. MBA related courses have an (AAFTE) cost per student of $14,382, which places the program cost 9th out of 62 graduate programs. Over the period reported, FY 2006 to FY2010, an average of 298 applications per year were received, out of which an average of 121 applicants per year were admitted. Capacity for the program is said to be 120 students. Over the period in question the yield rate was on average 85%, which is considered to be high. For the current year 21% of students are classified as out-of-state (a large proportion of which are international students).
Student Involvement in the Differential Fees Proposal

This matter of student involvement was a source of concern for the Fiscal Affairs Committee. The College of Business held two open forums addressing the proposal for students. Approximately 30 students, representing a maximum of 25% of students in the program, attended these forums. It is difficult to judge the value of the consultation as it is not unreasonable to suggest that some, if not many, of those in attendance will have graduated by the time differential fees are to be introduced.

It has been stated within the proposal that students were broadly in support of increasing program fees as long as the additional funds were invested in the following areas:

1. An increase in marketing expenditure to promote the program.
2. The provision of a dedicated career services for the MBA program.
3. The introduction of clinical faculty to teach capstone and strategy classes.

The Proposed Increase in Fees

It has been proposed to phase in differential fees, over a period of three years.

Year 1 - Differential of $100.00 per credit hour

Year 2 - Differential of $175.00 per credit hour

Year 3 - Differential of $225.00 per credit hour thereafter

Rationale for Differential Tuition

The main thrust of the proposal is that the MBA program is substantially underpriced in terms of “In-State” tuition, especially as the program is the only one in southern Nevada that is AACSB accredited. A concern that runs through the proposal is that low cost is equated with low quality, an assumption that is perhaps underpinned by the absence of a dedicated career advice/placement services and other program characteristics.

- The Fiscal Affairs Committee notes that the Nevada System of Higher Education (NSHE) uses the 15 states comprising the Western Interstate Commission of Higher Education for benchmarking purposes; this proposal appears to use a more selective base of comparators.
- The Fiscal Affairs Committee notes that the impact of applying differential fees might have a disproportionately detrimental impact on out-of-state students who are, it is acknowledged within the proposal, already paying the “going rate” for the program.

In Support of the Proposal

- It is acknowledged that the MBA program at UNLV provides very good value when viewed against the comparators indicated within the report.
• It is acknowledged that the MBA program at UNLV has a high operating cost.
• It is acknowledged that the implementation of differential fees may improve the cost/revenue ratio of the MBA program at UNLV.
• It is acknowledged that the MBA program is a high yield program and that the program has a history of over-subscription in terms of number of applicants for a limited number of spaces available.
• It is acknowledged that the proposal has given due consideration to all aspects of its proposal, as currently laid down in both the NSHE Procedures and Guidelines Manual and the NSHE Board of Regents Handbook, Title 4, Chapter 17, Fees and Expenses.

Concerns Arising from the Proposal at the College of Business Level

• Out-of-State students represent 21% of the students in the program and the impact of the implementation of differential fees on those students cannot be fully determined.
• It would appear that the proposal submitted was developed to improve the program rather that to improve its cost/revenue ratio.

Issues Arising from the Proposal at the Institution Level

• The Fiscal Affairs committee notes that the university has yet to develop and implement a detailed process for:
  o The identification of programs which may best lend themselves to differential fee arrangements
  o The preparation of proposals for the introduction of differential fee arrangements
  o The evaluation of proposals for the introduction of differential fee arrangements
  o The implementation of differential fee arrangements
  o The post implementation review of differential fee arrangements
  o Proposals to review previously approved differential fee arrangements

• The Fiscal Affairs Committee is uncertain as to the university’s intention as to the implementation of differential fee arrangements, specifically:
  o Are such arrangements intended to make programs more self-supportive?
  o Are such arrangements intended to fund changes and enhancements to the programs for which such fees will be applied?
  o Are such arrangements intended to result in high demand programs generating additional revenues in order to cross-subsidize other potentially lower demand programs for which differential fees are not an option?
Recommendation of the Fiscal Affairs Committee

1. The Fiscal Affairs Committee recommends that the Faculty Senate lends its support to the College of Business proposal for differential fees for Master of Business Administration and associated courses.

2. The Fiscal Affairs Committee recommends that the Offices of the President, the Provost and the Faculty Senate work together to develop a clearly articulated policy on the issue of differential fees, to include the purpose and intent of the introduction of such fees.

3. The Fiscal Affairs Committee recommends that the Offices of the President, the Provost and the Faculty Senate develop and agree on a template for a proposal for differential fees.

4. The Fiscal Affairs Committee recommends that the proposed proposal template take a form similar to the proposal submitted by the university’s College of Business.

5. The Fiscal Affairs Committee recommends that the Provost surveys College Deans to identify opportunities for the introduction of differential fees.

6. The Fiscal Affairs Committee recommends that the Faculty Senate Program Review Committee and the Fiscal Affairs Committee be jointly tasked with the periodic review of differential fee program arrangements, once they have been implemented.

7. The Fiscal Affairs Committee recommends that every effort be expended to ensure student involvement in the differential fee process.

8. The Fiscal Affairs Committee recommends that market research be undertaken by the university in order to ensure that appropriate “market rate” fees are charged to students.

9. The Fiscal Affairs Committee recommends that appropriate institutional comparators be selected and utilized for the purpose of evaluating differential fee proposals.

Acknowledgements

The Fiscal Affairs Committee acknowledges and thanks the university’s Provost, Dr. Michael Bowers and the Dean of the College of Business, Dr. Paul Jarley, for the assistance that they have provided to the committee in reviewing the differential fee proposal.