

Date: February 15, 2018
To: Gail Burd, Senior Vice Provost, Academic Affairs
From: Paulo Goes, Dean, Eller College of Management
Lisa Ordóñez, Vice Dean, Eller College of Management
Shyam Sunder, Associate Dean, Eller MBA Programs

*Approved
Gail D. Burd
2/16/18*

SUBJECT: Request for Evening & Executive MBA Programs Tuition & Fees Price Down

This memo outlines a price down request for the Evening and Executive MBA programs to be made effective Fall 2018. It is intended that all currently enrolled cohorts be grandfathered at the rate at which they were admitted.

The Evening MBA and Executive MBA programs designed for working professionals wanting to earn an MBA while continuing to work. The Evening MBA is offered in Tucson and Phoenix. The Executive MBA is a hybrid program with content delivered online and in the classroom in Phoenix.

While we have had success in attracting students to the Evening MBA in Tucson it has been more difficult to fill classes in Phoenix. Last year we made changes to both programs to be more competitive in the market. These changes have netted positive results. In addition, we hired a new assistant director of admission to focus on recruiting and admissions for the professional MBA programs.

Price down for the Evening MBA Cohort based on market conditions

The ABOR approved fee for the Evening MBA cohort entering January 2018 or later is \$57,000, which is billed at \$9,500 per term. When the increased fee was proposed, Eller indicated that this would be an upper limit, and that the college may propose a lower price based on market conditions. Based on Eller MBA's evaluation, the appropriate rate for the cohort entering Fall 2018 is a total fee of **\$54,000** which will be billed at **\$9,000 per term for six terms**. This represents a \$3,000 increase over last year's entering cohort and a price point that will optimize enrollment in the next cohort while being competitive in the market.

Price down for the Executive MBA Cohort based on market conditions

The ABOR approved fee for the Executive MBA cohort entering Fall 2018 or later is \$85,000, which is billed at \$21,250 per term for **four** terms. When the increased fee was proposed, Eller indicated that this would be an upper limit, and that the college may propose a lower price based on market conditions. Based on Eller MBA's evaluation, the appropriate rate for the cohort entering Fall 2018 is **\$68,000** which will be billed at **\$13,600 per term for five terms**. This represents a \$5,000 increase over last year's entering cohort and a price point that will optimize enrollment in this cohort while being competitive in the market place.

Please feel free to contact us for additional information or supporting documentation. Thank you for your consideration.

PROGRAM FEE REQUEST

University: University of Arizona
 Department: Eller MBA

College/School: Eller College of Management
 Program: Evening MBA

Circle one: Graduate Undergraduate
 Circle one: Upper Division Lower Division Both

New \$ _____ \$ <u>Fall 2015</u> (Proposed) (Effective Date)	Program will be offered through: <input type="checkbox"/> Main Campus <input type="checkbox"/> Outreach College <input type="checkbox"/> Both Proposed fee to be applied as: <input checked="" type="checkbox"/> Per Program, Divided into equal payments based on number of terms <input type="checkbox"/> Per Unit--Total ___ Units/Program
Existing \$51,000* program \$45,000 April 2013 (Proposed) (Current) (Year Approved)	Proposed fee to be applied: <input checked="" type="checkbox"/> Fall <input checked="" type="checkbox"/> Spring <input checked="" type="checkbox"/> Summer <input type="checkbox"/> Winter Date Submitted: March 26, 2015

*This request is to increase the fee gradually over the next three years: \$51,000 for the cohort beginning January 2016; \$57,000 for the cohort beginning January 2017; and \$65,400 for the cohort beginning January 2018.

Rationale for Request

Eller has been operating the Evening MBA program for several years. The students have high expectations about the quality of instruction, the level of IT support, and the logistics of the program. The program length varies, but generally lasts 22 months. The fee is divided into equal payments based on the number of terms. To provide the high quality and seamless experience required, the fee is inclusive of instruction as well as program related expenses, including meals on class days, a hotel room for residential components of the program, textbooks and course materials. This extra funding will be used to continuously improve and successfully compete in this professional education space, enhancing the programs through increased services, investments in facilities and technology; investments in faculty recruitment and retention; and scholarships. In addition, the increased fee will cover the ground component of the required international experience, so a separate course fee is no longer required. The last fee increase, to \$45,000, went into effect fall 2013.

Compliance with Board Guidelines

Quality of Student Experience: Fee revenues have contributed to significant improvements in the quality of education and experiences for students in this program. New curricula, better services, faculty retention and recruitment, investments in facilities, and new information technology have contributed to our strong reputation. Additional support will assist the Eller College to continue innovating and improving its programs.

Access and Affordability: The Executive MBA program is designed with flexibility for working executives with a fixed price and set payment schedule that covers instruction as well as other expenses related to the design and delivery of the program as noted above. Since students are generally working professionals, this program does not include a financial aid component. The qualified tuition reduction (QTR) will provide a reduction of the base graduate tuition (where appropriate for the status of the individual) for students eligible for these waivers; no QTR is provided for the program fee or the mandatory fee component of this fixed price fee.

Cost of Instruction: Students in professional management programs have extraordinarily high expectations for quality of faculty and related career, placement, and information technology services. Market salaries for business school faculty are significantly (over 50%) higher than the University of Arizona average, and continue to increase. The fees support faculty recruitment and retention.

Student Consultation

On November 5, 2014, Eller MBA leadership met with Eller Evening MBA student leaders to discuss the potential fee increase. Students uniformly support the fee increase as necessary due to the substantial value that is realized from the new additional resources (e.g., elective offerings, expanded experiential learning opportunities and additional academic counseling resources) incorporated into the program, and competitive market conditions (currently priced on the lowest end of the market and far below closest competitors).

MARKET PRICING (~200)

Market Pricing: The attached schedules show the total tuition / fees for programs for fully employed students, including program lengths. Additional institutions that are in the competitive landscape for the University of Arizona Evening MBA program include the following:

University	Length of Program	Date	Amount
UCLA	3 years	February 2015	\$118,620
UC Berkeley	2 years	February 2015	\$123,060
UC Irvine	3 years	February 2015	\$95,824
University of Washington	3 years	February 2015	\$73,190
Arizona State (Carey)	Varies	February 2015	\$53,000-\$62,000
University of Arizona	22 months	Proposed for January 2016	\$51,000

Based on this review, the proposed rate for the University of Arizona Evening MBA program will be priced below most of our peer public institutions, and thus remain affordable relative to this benchmark.

ACCOUNTABILITY

Financial Aid Set-Aside Amount: 14% not applicable for this program

Proposed Annual Revenue

Program Fee (\$51,000 total over two years, \$25,500 each year)	\$	\$25,500
Number of Students	#	100
Total Revenue	=	\$2,550,000

Proposed Annual Expenditures

Financial Aid Set Aside (14%) – not applicable for this program	\$	0
Administrative Charge (10% estimate)	\$	255,000
Instructional and Advising Personnel	\$	1,645,000
Support Staff Expense	\$	200,000
Operating Expenses	\$	450,000
Total Program Costs	=	\$2,550,000

May 6, 2015

MEMO TO: Jeffrey Schatzberg, Dean, Eller College of Management

FROM: Gail Burd, Senior Vice Provost, Academic Affairs *GDB*

SUBJECT: Eller College of Management Program Fee Approval

The Arizona Board of Regents has approved the Eller College of Management program fee requests shown below.

Eller Undergraduate, Pre-Business Program	\$350 / semester, effective Fall 2015
Eller Undergraduate, Advanced Standing	\$50 / unit, Summer & Winter, effective Fall 2015
Eller Evening MBA	\$51,000 / program for January 2016 cohort \$57,000 / program for January 2017 cohort \$65,400 / program for January 2018 cohort
Eller Executive MBA	\$68,000 / program for July 2015 cohort \$78,000 / program for July 2016 cohort \$85,000 / program for July 2017 cohort

Copies of the approved requests, as they appear in the May 2015 ABOR Board Book, are attached. The Board Book can be viewed online at the Arizona Board of Regents web site shown below.

<http://www.azregents.edu/abouttheboard/publicmeetings/boardmeetings/boardmeetings.aspx>

The Online Handbook for Program Fees and Differential Tuition is available at <http://www.academicaffairs.arizona.edu/program-fees>, and contains useful information regarding procedures for managing program fees, as well as contact information for people in areas related to the administration and reporting of program fees and differential tuition.

cc: Lisa Ordóñez, Vice Dean, Eller College of Management
Jean Vock, Assistant Dean for Finance and Administration, Eller College of Management
Hope Schau, Associate Dean, Eller MBA Programs, Eller College of Management
Steven Gilliland, Associate Dean, Executive Education, Eller College of Management
Pamela Perry, Associate Dean, Undergraduate Programs, Eller College of Management
Traci Sitzmann, Associate Bursar, FSO-Bursar's Office
Anna Midkiff, Accounting Manager, FSO-Financial Management
Jani Fisk, Accountant, Senior, FSO-Financial Management