

PROGRAM FEE REQUEST

University: University of Arizona
Department: Eller MBA

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

Circle one: Graduate

Undergraduate

Circle one: Upper Division

Lower Division Both

New \$ _____ \$ Fall 2015 _____
(Proposed) (Effective Date)

Existing \$68,000* \$56,000
per program per program 2011
(Proposed) (Current) (Year Approved)

Program will be offered through: Main Campus Outreach College Both

Proposed fee to be applied as: Per Program, divided into equal payments Per Unit--Total ___Units/Program

Proposed fee to be applied: Fall Spring Summer Winter

Date Submitted: March 26, 2015

*This request is to increase the fee gradually over the next three years. The fee will increase to \$68,000 for the cohort beginning July 2015; to \$78,000 for the cohort beginning July 2016; and \$85,000 for the cohort beginning July 2017.

Rationale for Request

The Eller Executive MBA program runs every other weekend over 16 months, and is costly to execute. The cost to deliver a high quality program for this particular business executive / student audience is high, and has been steadily increasing. The students have high expectations about the quality of instruction, the level of IT support, and the logistics of the program. The program requires more staff support and a differentiated, executive learning environment. 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 each Friday night following class, textbooks and course materials. This extra funding will be used to continuously improve and successfully compete in this executive education space, enhancing the programs through increased services, investments in facilities and technology; and investments in faculty recruitment and retention. In addition, the increased fee will cover the ground component of the required international experience. The last fee increase, to \$56,000, went into effect in fall of 2011.

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. However, students may be eligible for waivers or tuition relief through employer support or qualified tuition reduction. 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 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 10, 2014, Eller MBA leadership met with Eller Executive 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., career coaching services, study spaces, networking opportunities, and guest speakers) incorporated into the program, and competitive market conditions (currently priced on the lowest end of the market and far below closest competitors).

MARKET PRICING

The current tuition of \$56,000 for the complete program is far below tuition at peer programs. As a basis for comparison, listed below are the executive MBA total program tuition rates for Thunderbird, ASU, and several other public university programs.

UCLA (Anderson)	22 months	February 2015	\$138,758
UC Irvine (Merage)	21 months	February 2015	\$106,708
Thunderbird (Garvin)	16 months	February 2015	\$91,500
University of Washington	21 months	February 2015	\$94,500
Arizona State (Carey)	21 months	February 2015	\$78,000
University of Arizona	16 months	Proposed August 2015	\$68,000

At the proposed total program tuition of \$68,000, the Arizona program would be 50 percent less expensive than the average of the peer group programs. These comparisons are important, particularly because we view the program as a regional program drawing students from throughout the Western U.S.

ACCOUNTABILITY

Financial Aid Set-Aside Amount: not applicable for this professional program.

Proposed Revenue Per Cohort (16 months)

Program Fee – Fixed price of \$68,000 total for program over 16 months	\$	\$68,000
Number of Students per cohort	#	30
Total Revenue	=	\$2,040,000

Proposed Expenditures Per Cohort (16 months)

Financial Aid Set Aside (14%) – not applicable for this program	\$	0
Administrative Charge (10% estimate)	\$	183,600
Instruction, Advising and Support Personnel (70%)	\$	1,040,400
Other Operating Expenses (40%)	\$	816,000
Total Program Costs	=	2,040,000