

## Office of the President

### TO MEMBERS OF THE ACADEMIC AND STUDENT AFFAIRS COMMITTEE:

#### ACTION ITEM

*For Meeting of May 15, 2019*

### APPROVAL OF PROFESSIONAL DEGREE SUPPLEMENTAL TUITION FOR ONE GRADUATE PROFESSIONAL DEGREE PROGRAM

#### EXECUTIVE SUMMARY

This action item requests the Regents' approval of the multi-year plan for charging Professional Degree Supplemental Tuition (PDST) for UC Berkeley's full-time Master of Business Administration (FTMBA) program. The maximum annual PDST levels for the five-year period specified in the program's multi-year plan would be effective upon approval of the plan.

UC Berkeley's FTMBA program is an existing two-year graduate professional degree program. The program meets all requirements of Regents Policy 3103: Policy on Professional Degree Supplemental Tuition. Its multi-year plan describes strategies for creating a robust level of racial and ethnic diversity, includes plans for the use of financial aid to ensure accessibility, and demonstrates programmatic needs that justify the proposed PDST levels. The program consulted with current students and faculty to gauge support for the FTMBA multi-year plan.

#### RECOMMENDATION

The President of the University recommends that the Academic and Student Affairs Committee recommend that the Regents approve the multi-year plan for Professional Degree Supplemental Tuition for the FTMBA program at UC Berkeley, with fee levels as shown in Display 1.

---

**DISPLAY 1: Proposed Professional Degree Supplemental Tuition Levels for AY 2019-20 through AY 2023-24\***

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
FTMBA, UC Berkeley					
CA Resident PDST Level	\$48,262	\$49,710	\$51,200	\$52,736	\$54,318
Nonresident PDST Level	\$38,222	\$41,662	\$45,410	\$49,500	\$54,318

---

\* The amounts reflect maximum approved PDST levels, effective as of the academic year indicated. Assessing PDST levels less than those indicated requires approval by the President with the concurrence of the Chancellor. PDST levels may be assessed beyond the period covering the program's approved multi-year plan but not in excess of the maximum levels specified in the final year. Assessing PDST levels greater than the amounts in the display requires Regental approval of a new multi-year plan.

## **BACKGROUND**

Professional Degree Supplemental Tuition was established in 1994-95 to allow UC's professional schools to offset reductions in State support and maintain program quality. PDST is assessed in addition to mandatory tuition, the Student Services Fee, and, if applicable, Nonresident Supplemental Tuition.

Historically, many of UC's professional schools have held a place of prominence in the nation, promising an exceptional education for a reasonable price. Revenue generated from PDST has been critical to these programs' efforts to regain and maintain excellence. The Regents Policy on PDST includes specific conditions for ensuring that the University's commitments to excellence, access, inclusion, affordability, and students' public service career decisions are not adversely affected by increases in fees for graduate professional degree students. The University affirmatively monitors related indicators such as student debt levels. Any graduate professional degree program that proposes charging PDST for the first time is required to submit a multi-year plan for approval from the Regents.

The multi-year plan is reviewed by the Office of the President for the following information:

- the amount of resources required to sustain academic quality at, and enrollments in, the particular graduate professional degree program;
- the intended uses and justification for PDST revenue, including the educational benefits that will be provided to students;
- the tuition and fees for comparison programs at public and private institutions of higher education;
- the program's affordability goals, financial aid strategies, and student loan debt trends;
- the program's racial, ethnic, and (when available) socioeconomic student enrollment trends and diversity strategies; and
- the views of the program's student body and faculty on the proposed PDST levels.

During the intensive multi-year plan review process, campuses must demonstrate that proposed PDST levels will not adversely affect the University's commitments to excellence, access, inclusion, and affordability. The Provost also ensures that each program complements its proposed multi-year plan for PDST levels with financial aid measures, including scholarships, grants, and/or loan repayment assistance programs, to ensure access to the degree programs, to minimize financial barriers to the pursuit of lower-paying public interest careers, and to reduce restrictions on students' career options due to student debt. In addition, the appropriateness of each program's selection of comparator programs in public and private institutions is examined, and its total tuition and/or fees are compared to those of its comparators. A program that submits a multi-year plan that does not include sufficient information or is not satisfactory in some other way is required to reconsider its efforts and submit revisions.

The multi-year plan proposal submitted by UC Berkeley’s FTMBA program has met the standards of the Provost, and the President recommends its approval by the Regents.

***Proposed PDST Levels for UC Berkeley’s FTMBA Program***

As shown in Display 1, the FTMBA program has proposed to increase PDST levels for California residents by 3 percent each year and, for nonresident students, by 9 percent for each year in the first four years and 9.733 percent in the final year of its multi-year plan. Currently, there is an \$11,790 gap between resident and nonresident PDST levels (\$46,856 for California residents and \$35,066 for nonresidents). By the end of the plan, the gap between California resident and nonresident PDST levels will have closed (\$54,318 for California resident and nonresident students), in concert with the program’s plan to grow California resident enrollment by 45 percent.

***Market Comparisons***

Regents Policy 3103 calls upon programs to develop PDST plans that analyze the graduate professional degree program in relation to its comparators. Most programs consider both public and private comparators in their marketplace analyses. The comparison institutions chosen by UC’s programs are generally current competitors for students, faculty, and national rankings or a mix of current competitors and programs with which UC aspires to compete.

UC Berkeley’s FTMBA program has identified comparison programs of high quality at public and private institutions across the nation for the marketplace analysis. Display 2 lists the proposed total in-state and out-of-state charges for UC Berkeley’s FTMBA program and the expected average of its comparison institutions.

---

**DISPLAY 2: Proposed Total In-State and Out-of-State Charges at UC and the Expected Average of Comparator Institutions**

	2019-20	2020-21	2021-22	2022-23	2023-24
CA Resident Annual Levels					
FTMBA, UC Berkeley (a)	\$62,836	\$64,734	\$66,694	\$68,713	\$70,798
Other Publics (b)	\$66,602	\$68,600	\$70,658	\$72,778	\$74,961
Privates (c)	\$77,673	\$80,004	\$82,404	\$84,876	\$87,422
Nonresident Annual Levels					
FTMBA, UC Berkeley (a)	\$65,041	\$68,931	\$73,149	\$77,722	\$83,043
Other Publics (b)	\$70,722	\$72,844	\$75,029	\$77,280	\$79,598
Privates (c)	\$77,673	\$80,004	\$82,404	\$84,876	\$87,422

---

a) Total UC charges include mandatory systemwide charges (Tuition and Student Services Fee), Professional Degree Supplemental Tuition, campus-based fees, other fees where applicable, and, for nonresident students, Nonresident Supplemental Tuition. Projections for comparators’ total charges assume 3 percent annual increases.

b) Public comparison institutions include the University of Virginia and University of Michigan.

c) Private comparison institutions include Columbia University, Harvard University, Northwestern University, and Stanford University.

For the FTMBA program at UC Berkeley, the proposed PDST levels are anticipated to result in total in-state student charges that are less than the estimated average total charges for in-state

students in public comparison programs and substantially lower for private comparison programs. The proposed PDST levels are anticipated to result in total nonresident student charges that are less than the estimated average total charges for nonresident students in public comparison programs in the first three years of its plan and in private comparison programs for all five years of its plan.

***Uses of Revenue from Proposed PDST***

As part of its expenditure plan, the FTMBA program’s primary goals are to significantly grow the number of California residents and increase the diversity of the program. In addition to the increases in PDST levels as shown in Display 1, the FTMBA’s expenditure plan is based on a 3 percent enrollment growth of the total student body by the end of the plan, in which enrollment of California residents is projected to grow by 45 percent. Display 3 summarizes how the program plans to use new PDST revenue in the five-year period covered in its plan.

Approximately 60 percent of new PDST revenue will be used for student financial aid, including targeted scholarships to enroll a more diverse student body. At least 15 percent of new PDST revenue will support new diversity, equity, and inclusion staff roles and initiatives, including support for a new Director of Diversity Admissions, hiring a new Chief Diversity, Equity and Inclusion Officer, and admission staff to focus more on personal outreach to California resident and underrepresented minority (URM) candidates. Remaining funds will be used on faculty salary adjustments, facilities, instructional equipment, and other non-salary cost increases.

---

**DISPLAY 3: Projected Uses of New PDST Revenue, AY 2019-20 through AY 2023-24**

<u>Expenditure Category</u>	<u>Revenue Share</u>
Providing Student Financial Aid	61.7%
New Diversity, Equity, and Inclusion Staff Roles and Initiatives	15.0%
Benefits/UCRP Cost	8.2%
Providing Student Services	7.4%
Faculty Salary Adjustments	6.3%
Facilities/Other Non-Salary Cost Increases	0.9%
Instructional Equipment Purchases	0.5%
Total	100%

---

***Financial Aid and Student Indebtedness***

In its multi-year plan, the FTMBA program has expressed its commitment to providing students with grant and scholarship support in order to ensure that students with financial need do not find program costs to be an insurmountable barrier to enrolling, consistent with the financial aid policy goals first articulated by the Regents in 1994. Exceeding the 33 percent requirement per policy, the program plans to supplement financial aid sources by an amount equivalent to approximately 60 percent of new PDST revenue.

*Strategy for Inclusion of Underrepresented Groups*

Existing programs report on several factors related to historical enrollment trends and diversity strategies. Over the last three years, the FTMBA program's gender composition has been approximately 40 to 42 percent female, compared to 35 and 39 percent at its public and private comparison institutions, respectively. During the same period, students from underrepresented groups comprised 7 to 9 percent of the total student body compared to 9 percent at its public and private comparison institutions.

To counter its low enrollment of students from underrepresented groups and to create a school experience that is more diverse and inclusive, the program has implemented a school-wide Diversity, Equity, and Inclusion (DEI) action plan. Though not exhaustive, the following are examples from the program's DEI plan of its new and additional efforts to provide a robust level of diversity:

- hiring a Chief Diversity, Equity, and Inclusion Officer who will be responsible for executing the school's DEI plan;
- piloting a new "3+2" program to increase the California resident and URM pipeline by offering early admission to undergraduate seniors with delayed enrollment into the FTMBA program upon completion of three years of work experience;
- expanding the program's outreach efforts by permanently adding admissions staff who will attend more URM-focused recruiting events and provide more personal outreach to applicants from underrepresented groups;
- changing the program's admission process, including hiring a new Director of Diversity Admissions and modifying the application and interview process to include criteria that measure commitment to diversity, socioeconomic background, and significant challenges overcome; and
- substantially increasing the amount of scholarships provided to applicants who apply and are accepted through the Consortium for Graduate Study in Management, a non-profit organization dedicated to increasing the number of students from underrepresented groups: the program has awarded \$2.5 million in Consortium fellowships for the entering Class of 2020 and is targeting to award \$5.0 million for the entering Class of 2021.

More information on the Haas School of Business's commitment to recruiting a diverse student body and its DEI plan is located at the Haas School of Business website.

### *Faculty and Student Consultation*

The Regents Policy requires programs to provide opportunities for faculty and students to engage in a dialogue with program leadership about multi-year plans, the rationale for PDST increases or new PDSTs, the impact on program quality of various PDST choices, and how any potentially adverse consequences of PDST levels will be mitigated by financial aid, outreach, and recruitment of low-income and underrepresented minority students.

The program held three focus groups with first-year and second-year FTMBA students to discuss the first iteration of its proposal, which was submitted to UCOP in November 2018. This version was based on a seven percent increase per year in PDST for California residents and a nine percent increase per year in PDST for nonresidents for the five-year period in its multi-year plan. Between eight and 15 students attended each of the focus groups. The program gave a 20-minute presentation, which included context setting, a comparison of its fees as compared to its peers, and an outline of its proposal. The remainder of the time, 40 minutes, was used to address questions from students.

After the three focus group sessions, the program sent out a survey to all FTMBA students, including information presented to the students who attended the focus group. Of approximately 570 FTMBA students, the program received 132 responses for a survey response rate of 23 percent. About half of the students who responded to the survey were second-year students (who will not be directly affected by the proposed PDST increases) and the other half of the students were first-year students (who will be directly affected by the proposed PDST increases). Approximately 64 percent of the students who responded supported the proposal to increase PDST by seven percent per year for residents and nine percent per year for nonresidents. Approximately 36 percent did not support the proposal. For the students who responded in favor of the proposal, 57 of the 85 students provided comments. Those comments generally fell into two categories:

- Support for the increased scholarships and enhanced diversity of the class (35 students)
- The proposal will enable the program to maintain its reputation and keep up with its peers (20 students)

For the students who responded that they were not in favor of the proposal, 39 of the 47 students provided comments and those comments fell into five categories:

- Affordability concerns on increasing PDST levels for current students (12 students)
- Disagreement with raising student fees instead of securing other revenues sources to increase scholarship funding (10 students)
- More information needed on the implementation of the increased scholarship funding (9 students)
- Preference for other uses for new PDST revenue— examples from students on other uses for new PDST revenue include expanded support for student organizations and clubs,

more elective course offerings, infrastructure upgrades, career management, and alumni relations (5 students)

- Equity concerns for students who do not receive scholarship funding (2 students)

The program also surveyed all ladder-rank faculty about the original proposal. Twenty-eight out of 73 faculty responded, all of whom supported the proposal.

Since the initial consultations with students and faculty, the program revised its proposal in part to address student concerns. The revised proposal reduces the PDST increase from seven percent to three percent for California resident students and slightly increases the PDST increase for nonresident students in the final year to fully close the gap between resident and nonresident PDST levels. As endorsed by students and faculty, the program will use most of the PDST revenue generated from the PDST increases for student financial aid and improving diversity in the program. The program also will pursue opportunities to rebalance resources to address some of the student suggestions during its annual budget process, including using philanthropic support, for example, to provide more career management services.

[Attachment: Multi-year Plan](#)