# Campus Request for Authorization to Change Premium Tuition

Date: May 23, 2016

Institution: NC State University

Degree Program CIP: 52.0201, 52.0203

## Introduction

The graduate management programs covered in this request include:

* Master of Business Administration
* Master of Global Innovation Management

Part of AACSB-accredited Poole College of Management and designed to meet the needs of full-time students, working professionals and military personnel, the Jenkins Graduate Management Programs impacted by premium tuition include two degrees -- delivered on main campus, on a satellite campus and online -- and four graduate certificate programs.

The programs are as follows:

**Full-time MBA:** Featuring award-winning faculty, innovative curriculum and real business experience, this format is completed in two academic years on NC State’s main campus. 56 credit hours.

**Professional Evening MBA**: With convenient evening courses and a flexible timeframe for completion (21 mos - 6 years), working professionals choose the path that meets their needs. Locations include Nelson Hall on NC State’s Main Campus, or our satellite location in Research Triangle Park, NC. 40 credit hours.

**Professional Online MBA**: For the ultimate in flexibility, classes may be completed entirely online -- with the exception of two required 3-day residencies in Raleigh, NC. Flexible timeframe for completion (21 mos - 6 years). 40 credit hours.

**Master of Global Innovation Management, concentration in Global Luxury Management (GLM)**

Global Luxury Management (GLM) is a unique academic program offered as an option in the Master of Global Innovation Management (MGIM) program. The GLM option was developed and is offered as a partnership between NC State's Poole College of Management and College of Textiles and SKEMA Business School's Paris campus in France. 33 credit hours over two semesters.

## Premium Tuition Increase Requested

We propose increasing the CITI for the full-time MBA program and the GLM program from $13,000 in 2016-17 to $14,000 in 2017-18 and $15,000 in 2018-19. The increase also will apply to the evening and online MBA programs, but prorated on a per-credit-hour basis to reflect their part-time nature.

To continue to be successful in a the highly competitive MBA market, the NC State Jenkins MBA needs the ability to enhance program quality and to increase faculty and staff support to meet the demands of a growing program. The online program especially needs increased support for faculty, instructional design and technology. The proposed increase in CITI would address these concerns.

## Considerations (A-I)

### Consideration A: The anticipated impact of the proposed tuition premium on program quality.

*Increased tuition will lead to substantial improvements in the quality of the program(s) for students.*

NC State’s MBA programs are nationally recognized, some of which are listed below:

* Full-time MBA
  + #29, Bloomberg Businessweek (up from #54)
  + #52, US News & World Report (up from #70)
* Part-time MBA
  + #34, US News & World Report (up from #103)
  + #45, Bloomberg Businessweek
* Online MBA
  + #15, US News & World Report
  + #20, Princeton Review
  + #13 for military veterans, US News & World Report

These results could not have been achieved without CITI support. CITI funds support all career services for MBA and MGIM. They also support admissions staff and marketing. There has been a clear payoff from these efforts. Before CITI, starting salaries for graduates lagged well behind peer schools, whereas they are now competitive. Before CITI, the MBA was not in the top 100 of any MBA ranking. CITI provides the support base needed for excellence.

The admissions and marketing initiative has been very successful. MBA enrollment increased from 200 in fall 2002 (when we started charging premium tuition) to 424 in fall 2013 and is up to 539 in spring 2016. We forecast at least one more year of enrollment growth.

Graduates are extremely successful. Starting salaries of the graduates of the full-time program are in the $80,000-$90,000 range. Salaries of students in the evening and online program increase by 20-25% between starting the program and graduating.

To continue to be successful -- *defined as steady or increasing enrollments and same or higher student quality* -- in a the highly competitive MBA market, we need the ability to increase and support faculty and staff meet the demands of a growing program (growth referenced above). We specifically need support in the following areas:

* Leadership development: In 2015 the MBA program received a gift from a private donor that allowed it to set up the MacLaughlan Leadership series. The initial offering in spring 2016 for 24 selected students was extremely successful; our goal over the next three years is to expand this opportunity to all 600 students, roughly 200-250 per year.
* Online program improvements: The NC State online MBA lags behind comparable programs in three areas: (1) educational technology experts and instructional designers to support faculty, (2) software and hardware to support the program, and (3) faculty lines for advanced electives and student projects.

### Consideration B: The projected impact of increased tuition on access for North Carolina residents

*An increase in tuition would not significantly reduce access to residents or would expand access.*

The program will remain highly accessible for North Carolina residents. As of the Spring 2016 semester, about 85 percent of NC State’s MBA students are working professionals and more than half of these students have their tuition partially or fully paid by their employer. Most of NC State’s full-time MBA students receive tuition assistance and in many cases full tuition assistantships. About 17 percent of incoming students Fall 2015 and Spring 2016 semesters (full-time and part-time) receive some type of active-duty military or veterans benefits.

The MGIM is a one year program with tuition levels below what peer universities charge. For those financing their own education, accessibility hinges on both tuition and the value of the degree.

As will be shown in more detail below, salaries of MBA graduates remain extremely high compared to graduates of other masters’ degree programs.

### Consideration C: The availability of student financial aid for students with economic need and of tuition remission

*Premium tuition would increase the availability of financial aid to students who need it.*

Students in all professional masters programs in the Poole College of Management are eligible to apply for need-based subsidized and unsubsidized federal loans (Perkins and Stafford), and the federal PLUS program. International students may apply for loans through the Graduate Management Admission Council’s international loan program.

In the past year, we have introduced two new scholarship programs for working professional students, and an increase in premium tuition would allow us to expand these scholarship offerings.

### Consideration D: The extent to which current and prospective students can afford increase in tuition

*Current and prospective students would be able to afford the rise in tuition.*

**The availability of cost reimbursement by employers:**

Companies continue to support MBA education for high potential employees.

Among all part-time and online incoming students in spring 2016 semester (95), 67 percent in reported receiving some level of cost reimbursement from their employer. This figure is consistent with the support level over the last few years.

MGIM is a full-time program where students are not expected to be employed.

**Starting salaries of recent graduates:**

MBA graduates receive compensation well above that received by graduates of other masters programs. The average starting salary for full-time students who graduated in May 2015 was $82,389 with an average signing bonus of $10,718. Also, 92 percent of graduates seeking full-time employment accepted job offers within three months of graduation.

The average salary of (reporting) part-time students who graduated in the December 2014-December 2015 time period was $88,309. Among that population, part-time evening graduates experienced an average 24 percent salary increase while enrolled in the MBA program, and online students experience an average 19 percent salary increase.

The return on investment is extremely high. The current cost of the program for evening and online students is roughly $40,000. With earnings increasing by 24 percent between the start and the end of the program, a student can recover the tuition investment within two years and four months. They then get to enjoy the 24% return for the rest of their 30-year-plus careers.

Students graduating from MGIM earned $51,000 on average upon graduation in 2015. This amount is smaller because these students generally have no work experience and MGIM is a one year degree.

### Consideration E: The relationship between projected tuition revenue to institutional and/or program costs.

*The increase in tuition would not unduly increase institutional and/or program costs.*

The state budget for the Poole College of Management was $27 million for 2014-15, which covers the cost of instruction for approximately 2600 undergraduates and 800 graduate students. Premium tuition for the MBA and MGIM programs generates about $5 million toward this budget. This proposal would generate $435,000 in 2017-18 based on projected fall 2017 enrollment levels. It would generate an additional $435,000 in 2018-19. With funding tied to enrollment, the proposal also guarantees that the service level can keep up with future growth in the program.

The CITI budget for the MBA and MGIM programs always has been carefully managed. The investments needed in leadership development and improving the online program can all be funded with the expanded budget in 2017-19. Increased spending on financial aid will not generate undue administrative expenses.

### Consideration F: Tuition and fees, net of remissions and waivers, charged by peer institutions or programs as compared to tuition and fees, net of remissions, for the program (the public subsidy received by students at public institutions or programs in the peer set, including the program in question, will also be identified as part of the comparison)

*The current tuition and fees (net remissions and waivers) are low in comparison to similar programs at peer institutions and would not become inordinately high in the same comparison if the proposed tuition increase were implemented.*

MBA tuition at NC State is quite low compared to benchmark schools. As a benchmark, we examined tuition for full-time MBAs at NC State’s 16 peer institutions, plus UNC Chapel-Hill and Duke University.

Median in-state tuition (per year) for full-time MBA programs at the 18 schools was $25,868, above NC State’s tuition of $23,697. NC State’s in-state tuition was below 11 of the 18 schools, even when comparing NC State’s latest proposed 2016-17 tuition to the 2015-16 tuition levels still posted at many of the schools. (See Appendix A for complete details.) The picture is similar for out-of-state MBA tuition. Median out-of-state tuition at these 22 schools is $41,930, which again is well above NC State’s out-of-state tuition of $38,704. NC State’s out-of-state tuition is below 11 of the 18 benchmark schools.

The Master of Global Innovation is unique, so there is no benchmark data available.

### Consideration G: A plan for the intended use of additional tuition receipts

*The Jenkins Graduate Management Programs have a clear and detailed plan for the use of the tuition increase.*

To continue to be successful -- *defined as steady or increasing enrollments and same or higher student quality* -- in a the highly competitive MBA market, we need the ability to increase and support faculty and staff meet the demands of a growing program.

In particular, the online MBA program needs increased support for staff, faculty, instructional design and technology. The proposed increase in CITI would address these concerns.

Investment priorities for the online MBA include:

*Teaching*

* 4 teaching professor positions, including finance, marketing, analytics, and strategy
* 1 teaching professor to manage research projects conducted for companies that partner with the Poole College of Management
* 8-10 part time industry experts to assist teaching faculty

*Technology support and instructional design*

* 1 full-time staff to assist in on-line course design and development
* Hardware and software expenses to keep up to date

We also will be making investments in leadership development programs, which will require additional part-time faculty and a full-time director of leadership development. Finally we plan on making investments in increased training in written and oral communications for all students, as well as investments in Financial aid – will be increased both to hold current students and to attract more students.

The MGIM program would make investments in faculty, career services and program enrichment. The program has benefited from bringing in part-time instructors to teach short courses in topics such as social media marketing and marketing analytics. Additional funding would be used to expand this practice and add courses in areas such as design thinking, product innovation and business model innovation.

Career services support will be expanded so that students will receive more support in their job search and more companies can be persuaded to recruit the program’s graduates.

To enrich the out-of-classroom experience, CITI support would be used to launch an executive lecture series and to expand the North Carolina study tour to include an overnight stay.

### Consideration H: Assistantships or grant support for graduate students

*The Jenkins Graduate Management Programs provide sufficient assistantships and/or grant support for its graduate students.*

According to the NC State Office of Tuition and Financial Aid, 85 percent of full-time MBA students enrolled during the fall 2015 semester received some level of assistantship, grant and/or scholarship. More than half of full-time MBA students are on the Graduate Student Support Plan (GSSP), which provides health insurance and tuition support during the program.

No assistantships are provided in the MGIM program because students spend only one semester at NC State and the other semester overseas.

### Consideration I: Analysis of student indebtedness levels within the university.

*The Jenkins Graduates Management Programs are aware of indebtedness of students within the programs.*

Of full-time MBA graduates during the July 1, 2014 - June 30, 2015 period, 51% borrowed through the university financial aid office. They borrowed an average of $36,759 which is slightly below the in-state tuition paid over the two years needed to complete the program.

Among part-time evening students, 46% borrowed while in the program. The part-time students (virtually all of whom were fully employed during this period) who took out loans borrowed an average of $35,654, again somewhat below their tuition bill for the program.

Among part-time online students, 27% borrowed while in the program. The online students (virtually all of whom were fully employed during this period) who took out loans borrowed an average of $38,324, again somewhat below their tuition bill for the program.

As for the MGIM program, 22% of the 23 spring 2015 graduates borrowed through the university financial aid office. The average level of indebtedness was $30,675.

### Appendix A.

Tuition and fees per semester for full-time MBA programs at peer institutions, plus UNC Chapel Hill and Duke University.

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| --- | --- | --- | --- |
| **University/**  **BusinessSchool** | **Tuition Year** | **Annual tuition resident** | **Annual tuition non-resident** |
| Iowa State University, College of Business | 2016-17 | $11,281 | $24,607 |
| University of Florida, Hough Graduate School of Business | 2015-16 | $13,237 | $30,630 |
| University of Wisconsin-Madison, Wisconsin School of Business | 2015-16 | $16,018 | $30,835 |
| Colorado State University- College of Business | 2015-16 | $20,565 | $35,468 |
| Texas A&M University, Mays Business School | 2015-16 | $21,418 | $32,103 |
| Purdue University, Krannert School of Management | 2015-16 | $22,418 | $42,184 |
| North Carolina State University, Jenkins Graduate School of Management | 2016-17 | $23,697 | $38,704 |
| University of Arizona, Eller College of Management | 2016-17 | $24,100 | $43,300 |
| Pennsylvania State University, Smeal College of Business | 2015-16 | $24,585 | $38,945 |
| University of Illinois at Urbana-Champaign, College of Business | 2015-16 | $27,150 | $38,700 |
| Michigan State University, Broad College of Business | 2015-16 | $28,313 | $44,895 |
| Rutgers University, Rutgers Business School | 2015-16 | $28,022 | $46,726 |
| Georgia Institute of Technology, Scheller College of Business | 2015-16 | $28,088 | $41,676 |
| Ohio State University, Fisher College of Business | 2015-16 | $31,139 | $50,611 |
| University of California-UC Davis Graduate School of Management | 2016-17 | $38,484 | $50,729 |
| University of North Carolina-Chapel Hill, Kenan-Flagler | 2016-17 | $43,142 | $59,264 |
| University of Maryland, Smith School of Business | 2015-16 | $45,499 | $54,409 |
| Duke University, Fuqua School of Business | 2016-17 | $63,600 | $63,600 |
| Median |  | $25,868 | $41,930 |