May 9th 2013

RE: Master of Management (MM) International Student Tuition Differential Proposal

To the UBC Board of Governors

This submission is made on behalf of the Alma Mater Society of UBC Vancouver (AMS) and the Graduate Student Society of UBC Vancouver (GSS) for consideration regarding the proposed international tuition differential for the Master of Management (MM) Program prepared by the Sauder School of Business. The item presented before the Board was circulated to the GSS and other student groups as mentioned in the proposal. Consultation on the proposal took place over the month of April. The proposal was not sent to the AMS by the Faculty nor was the AMS contacted to engage in the tuition consultation process. The AMS received a copy of the proposal from the GSS on April 17.

This submission outlines the concerns of the AMS and GSS regarding the proposed tuition differential, many of which were articulated during a consultation process presentation made to GSS Council on April 18 by staff and administration from Sauder.

We have divided this submission in two sections: the first section addresses the MM tuition proposal specifically; the second section addresses general issues for consideration regarding graduate student tuition.

Section I: Program Specific Comments

Student Feedback
The Sauder School of Business is proposing to introduce an international student tuition differential (a 44.7% increase to international student tuition) for the Master of Management program effective for August 2014 entry. The consultation process presented a proposal that was complete and ready for implementation. As a result, GSS councilors commented that the process felt more like an information
session and not an open dialogue where student concerns could be directly addressed within the proposal. This is a concern that has been raised in the past by the AMS and is one that the Vice President Students Office has been working with the AMS and GSS to address through the proposed changes to the tuition consultation process and policy.

Both the AMS and the GSS are disappointed with the length of the consultation period for the proposed tuition increase. Consultation with the GSS took place over a short period in April and the AMS was not included in conversations around process or the proposal itself. Large-scale changes to tuition structure are of major concern to students and the AMS and GSS would appreciate having ample opportunity to engage with the administration on such issues ahead of time. While we recognize that this is a graduate program, the AMS represents both undergraduate and graduate student issues and this is reflected in the composition of our governing student council.

**Budget**

The proposal as presented does not constitute an increase in tuition as a cost recovery measure. The proposed increase in international tuition would result in additional revenue of approximately $360,000 to the Sauder School of Business and add an additional $120,000 to UBC central through the budget model tuition contribution. The allocation of the additional $360,000 in tuition revenue has been outlined in the proposal and is intended to provide ‘enhancements’ to the program. Some of these enhancements are targeted towards international students but many of them are enhancements to existing infrastructure that will benefit all students. The AMS and GSS are not comfortable with a greater than cost recovery increase in tuition borne solely by international students for non-essential enhancements that will benefit all students in the program.

Student Financial support is also a large portion of the budget as presented (27.7%). When asked specifically about this issue at GSS council meeting, the presenter highlighted increasing diversity within the course was a major point of this initiative. It is both the AMS and GSS’ belief that financial aid programs should aim to increase the diversity of students by providing opportunities for students from lower socio-economic backgrounds. We encourage the Faculty to engage further with the GSS and international students in the program to determine the most effective merit based and needs based allocations of this financial aid.

The three other areas of revenue allocation include Student experience, Careers and Alumni. Very little rationale is given for these allocations. No review on this course either from the student, administrative or faculty perspective was presented to assess the issues budgeted for in the proposal. Only 50% of the
budgeted allocations of the additional tuition revenue are allocated in such a way as to directly benefit students enrolled in the program.

Overall, the allocation of the additional tuition revenue lacks robust rationale and assurance of direct benefits to international students. Even so, if these enhancements were directed to international students only there would be a direct inequality in student resources and support in the program for domestic students.

**Doubling International Student Enrolment**

Within this proposal, it is estimated tuition for domestic students to be $26,816 CAD and international students to be $38,819 CAD at entry of August 2014. Currently the percentage of international students enrolled in each program in the last year for MM-OR 50% (4/8) and MM-ECM 27% (16/60). The programs are anticipating the percentage of international students enrolled to increase to 50% (from 20 students to 40 students in total) for both programs for the August 2014, with international student enrollment growing 100% from 20 to 40 students. A large portion of the budgeted tuition differential revenue from is tailored towards international recruitment and admissions (27.7%). There has been no assessment presented on the impact of doubling the number of international students over a short time period into these programs. There has also been no assurance given that there will be specific enrolment targets set out for domestic students in order to ensure that domestic students will still have access to this program. An international student tuition increase in tandem with an increase in enrolment of international students does not sit well with the AMS and the GSS. We would like to be provided with more information on the impacts of this increase in enrolment and the driving factors behind this push towards increased international student enrolment in the program.

**Market Comparison**

Market comparisons have been cited as one of the major rationale points for the international tuition differential, stating that in order to remain competitive with other programs, Sauder must increase the services offered. While the benchmarking presented in the proposal shows comparisons of Sauder’s MM programs to numerous other programs in North America, as stated by the administration of the program, it is difficult to draw direct comparisons due to the lack of established programs similar to the MM-ECM and MM-OR.

The proposal document states there are four known programs directly comparable to the MM-ECM and six programs directly relatable to the MM-OR as seen in tables 1 and 2 respectfully.
<table>
<thead>
<tr>
<th>School/University</th>
<th>Program</th>
<th>Domestic Tuition*</th>
<th>International Tuition*</th>
<th>Differential Percentage</th>
<th>Program Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter B Gustavson School of Business, University of Victoria, Canada</td>
<td>Masters of Global Business</td>
<td>$19,102</td>
<td>$24,408</td>
<td>28%</td>
<td>12 months</td>
</tr>
<tr>
<td>Richard Ivey School of Business, Western University, Canada</td>
<td>Masters in Management</td>
<td>$40,000</td>
<td>$55,000</td>
<td>38%</td>
<td>16 months</td>
</tr>
<tr>
<td>Fuqua School of Management, Duke University, USA</td>
<td>Masters of Management Studies</td>
<td>$47,200</td>
<td>$47,200</td>
<td>0%</td>
<td>10 months</td>
</tr>
<tr>
<td>Kellogg School of Management, Northwestern University, USA</td>
<td>Masters of Science in Management Studies</td>
<td>$45,000</td>
<td>$45,000</td>
<td>0%</td>
<td>9.5 months</td>
</tr>
<tr>
<td>Sauder School of Business, UBC, Canada</td>
<td>Masters of Business Administration, Full-Time</td>
<td>$43,023</td>
<td>$55,023</td>
<td>28%</td>
<td>16 months</td>
</tr>
<tr>
<td>Sauder School of Business, UBC, Canada</td>
<td>Masters of Management -ECA</td>
<td>$26,819**</td>
<td>$38,819***</td>
<td>45%</td>
<td>9 months</td>
</tr>
</tbody>
</table>

* As currently advertised to prospective students.

** Estimated tuition for August 2014 entry based on 2013 tuition of $26,293 plus the anticipated annual 2% increase.

*** Estimated tuition for August 2014 entry based on 2013 tuition of $26,293 plus the anticipated annual 2% increase and proposed $12,000 differential.
<table>
<thead>
<tr>
<th>School/University</th>
<th>Program</th>
<th>Domestic/In-state Tuition*</th>
<th>International/Out-of-state Tuition*</th>
<th>Differential Percentage</th>
<th>Program Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>McCombs School of Business, University of Texas, USA</td>
<td>Masters of Science in Business Analytics</td>
<td>$32,000</td>
<td>$38,000</td>
<td>19%</td>
<td>10 months</td>
</tr>
<tr>
<td>Broad College of Business, Michigan State University, USA</td>
<td>Masters of Science in Business Analytics</td>
<td>$36,000</td>
<td>$39,000</td>
<td>8%</td>
<td>12 months</td>
</tr>
<tr>
<td>W.P. Carey School of Business, Arizona State University, USA</td>
<td>Masters of Science in Business Analytics</td>
<td>$29,600</td>
<td>$44,100</td>
<td>49%</td>
<td>9 months</td>
</tr>
<tr>
<td>Weatherhead School of Management, Case Western Reserve University, USA</td>
<td>Masters of Science in Management-Operations</td>
<td>$50,689</td>
<td>$50,869</td>
<td>0%</td>
<td>12 months</td>
</tr>
<tr>
<td>Smith School of Business, University Maryland, USA</td>
<td>Masters of Science in Business: Supply Chain Management</td>
<td>$46,000</td>
<td>$54,000</td>
<td>17%</td>
<td>8 months</td>
</tr>
<tr>
<td>Schulich School of Business, York University, Canada</td>
<td>Masters of Science in Business Analytics</td>
<td>$44,847</td>
<td>$52,538</td>
<td>17%</td>
<td>12 months</td>
</tr>
<tr>
<td>Sauder School of Business, UBC, Canada</td>
<td>Masters of Business Administration, Full-Time</td>
<td>$43,023</td>
<td>$55,023</td>
<td>28%</td>
<td>16 months</td>
</tr>
<tr>
<td>Sauder School of Business, UBC, Canada</td>
<td>Masters of Management-OR</td>
<td>$26,819**</td>
<td>$38,819***</td>
<td>45%</td>
<td>16 months</td>
</tr>
</tbody>
</table>

* As currently advertised to prospective students.

** Estimated tuition for August 2014 entry based on 2013 tuition of $26,293 plus the anticipated annual 2% increase.

*** Estimated tuition for August 2014 entry based on 2013 tuition of $26,293 plus the anticipated annual 2% increase and proposed $12,000 differential.
The GSS and AMS believe utilizing benchmarks without providing clear rationale for comparison between two programs is not informative. Tuition costs in MM-ECM-like and MM-OR-like programs across North America is widely variably ranging from under $20,000 to over $50,000 for domestic/in-state students and from under $25,000 to over $50,000 for international/out-of-state students. It is clear that there are a number of variables in play when comparing tuition including duration of the program, costs, services provided, curriculum, and provincial/state tuition climates. The market comparisons do not make appropriate adjustments for such variables. The AMS and GSS feel that tuition should be set based on the costs of delivering programs at UBC Vancouver, not on external market comparisons.

However if you were to examine differential percentages of all these programs, percentage wise the proposed tuition differential in Sauder is significantly larger than other institutions as shown in the tables above. The proposal lacks rationale as to why the differential at UBC is significantly higher than most other comparable programs at other institutions.

An additional benchmarking-based rational for this differential cited in the proposal is:

"An international differential was introduced for the UBC MBA program in 2011. Sauder now seeks to bring the [Masters of Management] program in line with this fee structure."

While both the MM programs differentials and the MBA program differential are the same dollar amount, international tuition differential in the MM programs will be 45% while the MBA programs tuition differential is only 28% higher. With the additional consideration that the MM-ECM program is only 9 months in duration compared to the MBA program’s 16, the proposed differential appears to impose a higher fee structure on international students in the MM programs than the MBA program.

2011 MBA Program Tuition Differential - MBA Program

The proposal states that this increase in tuition is intended to bring the MM program in line with the fee structure of the MBA. When the differential tuition was introduced for the MBA program in 2011, the MBA Student Society raised a number of concerns regarding the proposal.

The MBA Society's official statement (appendix 1) pointed out several key issues that are also present in this current proposal regarding the MM. Speaking against the proposal's use of comparative differentials:

"...there is no clear explanation in the document for the basis and underlying assumptions for this significant differential in comparison to other schools."
The statement continues on to speak about the lack of detailed comparative analysis on the benefits for students and the lack of details offered on the proposed additional tuition revenue:

"...comparative analysis does not provide any post-program salary comparisons across Canadian schools or what the [rate of investment] from a Sauder degree will be with the increased tuition."

"...the proposal suggested that numerous services and program enhancements would be facilitated by the proposed international student tuition differential. However all benefits stated are very vague and unspecific in the manner of what is going to deliver added value for money."

It is concerning to both AMS and GSS that such issues have continued to resurface in conversations regarding tuition differentials in Sauder professional programs.

**Necessity of a Tuition Differential**

In the consultation presentation made to GSS Council on April 17, it was stated that neither the domestic nor international students in this program are subsidized by provincial funding. If this is the case, both domestic and international students are paying the full cost of their education through tuition for these programs. Tuition differentials in undergraduate programs exist to ensure that international students are paying the full cost of their education where domestic students are subsidized by provincial government funding. When this is not the case for these programs, it begs the question of why a tuition differential is necessary beyond simply increasing the revenues into the program to be allocated towards enhancements. This is not acceptable to the AMS and GSS. We can understand the rationale for differentials in program with provincially subsidized domestic seats, but this does not fall under those principles and we are very disappointed to see such actions being taken that disadvantage international students.

**Summary**

- Sauder School of Business is set to increase the tuition of international students enrolling into the Master of Management program in Aug 2014 by 44.7%. They chose to involve students in this process at the latest possible stage one month prior to Board of Governors submission. This is particularly concerning considering the previous issues raised regarding tuition consultations and student feedback from 2011 when Sauder proposed instating an MBA tuition differential.

- The proposed allocation of the differential tuition revenue contained in the proposal is poorly justified and allocates funds beyond cost recovery of international student tuition.
• The market comparisons used in this proposal do not provide clear rationale for drawing comparisons and also indicated a much larger tuition differential, percentage wise, proposed for Sauder than for the other programs mentioned.

• Domestic student seats in the program are not government subsidized and therefore there is little evidence that supports such a drastic differential on international student tuition is necessary given that international students and domestic students are already paying the full cost of their education.

Request to the Board
The AMS and GSS fundamentally cannot accept such a drastic increase in international student tuition in order to add non-essential enhancements to a program where international students are already paying the full cost of their education. As outlined in the statements above, the rationale provided does not seem to necessitate this increase. The proposed enhancements will benefit both domestic and international students in a program where both should be paying the full cost of their education. This proposal is inequitably placing the cost burden on international students simply because domestic students are protected by the provincial tuition gap.

The AMS and GSS, on behalf of UBC students, respectfully requests that the Board of Governors consider the comments presented in this submission and opt to decline supporting the proposal put forward.

Section II: Graduate Student Tuition Policies
In examining the tuition proposal presented and conducting research into current UBC policies around student tuition, it has come to our attention that many of the policies and resolutions currently in place cover only undergraduate student tuition. The AMS and GSS wish to bring two specific resolutions of the Board of Governors forward for consideration of application to graduate students.

Tuition Increase Guarantee
In 2005, the Provincial government of BC put in place a cap on increases to domestic tuition of 2% per year. In recent years, the Board of Governors has put in a place a tuition guarantee for undergraduate ISI tuition that projects the anticipated annual tuition increases for the entirety of a student’s course of study at UBC.¹ This tuition guarantee provides certainty to international students in planning their finances and ensures that all ISI tuition is collected on a full cost recovery basis per the 2001 Board of Governors resolution regarding ISI tuition:

¹ Item 3.2 UBC Board of Governors Agenda, International Student Initiative 2011/12 Tuition Increase (January 13, 2011)
“That the Board approves the proposal for an increase in tuition for International Undergraduate Students as follows:

- To reflect the cost recovery nature of the ISI program the base tuition for all programs be increased to $516 per credit...
- In the future tuition fees shall be adjusted annually to reflect changes in the UBC education price index.”

This undergraduate tuition guarantee was set through consultation with the AMS and the International Students Association and the implementation was well received by the undergraduate international student population. This guarantee has now been in place for several years and has proven to be a viable mechanism for secure financial planning for international students and the university alike.

However, while this tuition guarantee has provided benefits to undergraduate students, it has not been applied formally to graduate programs. Many course based graduate programs have followed the 2% annual increase for all students in practice, but there is no assurance that this will in fact be the case in all situations as we have seen with the Sauder proposal. Given that a number of course based graduate programs are multi-year in nature, it seems logical to provide this same tuition guarantee offered to undergraduate students be offered to our graduate students.

Cost Recovery Tuition

As we have seen with the Sauder MM program, it is quite easy for a program or Faculty to generate additional program costs to justify increases in tuition borne solely by international students. While the AMS and GSS recognize that international students already subsidize domestic students education because of the diminishing value of the provincial government funded block grant, international graduate student tuition should still follow the principles set out in the 2001 BoG resolution.³

In cases like the Master of Management, the additional international student tuition is being used to subsidize new programming to benefit all students enrolled in the program, while international students are only utilizing a proportional amount of those resources. In such a case, international students are paying more than the “full cost recovery” principle outlines.

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² Minutes of the UBC Board of Governors (September 24, 2001)
³ Ibid
Setting a tuition guarantee would provide welcome assurance to graduate students in multi year program. However, many graduate professional programs, such as the Sauder Masters in Management, are one year programs where large scale tuition changes will not have an impact on current students. As such, there is a need for the university to set principles on what is appropriate for such changes. Perhaps setting a maximum tuition differential between international and domestic students, especially when international student tuition is being pegged at a rate that goes beyond cost-recovery.

We recognize that in tough economic times the desire to achieve growth and expansion in programs is heavily restricted, but the university needs to take a firm stance on whether we are comfortable, in principle, with allowing international students to pay for more than the cost of the delivery of their education. This is especially relevant in cases like the MM where neither domestic nor international student’s seats are being funded or subsidized by provincial government funding nor both are expected to pay the full cost of their education. In such cases, the provisions set out in the provincial tuition cap cover domestic students, but there is no institutional assurance for international students.

The AMS and GSS respectfully request the UBC Board of Governors and University Administration to consider:

- The adoption of a tuition guarantee for graduate students
- Clarifying the applicability of the 2001 Board of Governors resolution and consider applying a similar resolution for international graduate students
- Putting in place principles for international student tuition increase in one year graduate programs

We thank you in advance for your thoughtful consideration of the comments provided in this submission. Please do not hesitate to contact us if you have any further questions.

Sincerely,

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Cc:
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Dr. David Farrar, Provost and Vice President Academic
To the attention of:
Wendy Ma, Assistant Dean & Director, MBA Office, Sauder School of Business
Katrina McDonald, Assistant Dean & Executive Director, Academic Programs, Sauder School of Business
MBA students, Sauder School of Business
Arvind Saraswat, President, Graduate Student Society
Bijon Ahmadian, President, AMS

Subject:
International Students Tuition Increase: Official Statement of the MBA Society

BACKGROUND

The MBA Society understands the overall situation and the reasons behind the effort to increase tuition for international students. We appreciate that the current low level of tuition, as a result of the Provincial Assembly legislating a cap on tuition fee increases, leaves the Sauder School of Business with fees lower than those in other business schools across Canada.

In principal, the MBA Society does not object to the international student tuition increase and differential, however, we would like to point out several of critical flaws in the document “Proposed changes to the MBA Tuition for International Students in 2011 and 2012” (hereafter referred to as “the proposal”). With this in mind, we hope that the Sauder School of Business will take the MBA Society’s recommendations into consideration to improve the structure and outcomes of the proposal.

The issue has sparked extensive discussion among students. Listed below are what the MBA Society considers to be the most critical points to address.

CRITICAL POINTS

COMPARATIVE ANALYSIS
The table that the MBA Office provides in the proposal shows the tuition levels for various Canadian business schools in dollar amounts.

When analyzing the ratios of international vs. domestic tuition for Canadian business schools, the proposal puts Sauder above any of the schools with almost 30% difference in tuition. In comparison, the ratio is currently the highest in Rotman (25%), followed by York (16%), Ivey (15%), Queens (8%) and McGill (6%). There is no clear explanation in the document for the basis and the underlying assumptions for this significant differential in comparison to other schools.

One of the most important aspects that students consider when selecting a business school is the return on their investment. The comparative analysis does not provide any post-program salary comparison across Canadian schools or what the ROI from a Sauder degree will be with the increased
tuition. Sauder currently places in the top ten in Forbes’ MBA return on investment rankings. We risk losing that with such a significant increase in tuition.

PROPOSED BENEFITS
The proposal suggests that numerous services and program enhancements would be facilitated by the proposed international student tuition differential. However, all the benefits stated are very vague and unspecific in the manner of what is going to deliver added value for money (a simple cost–benefit analysis).

If we base our analysis on the 2011 FT Class, about 60% of the class consists of international students (73 students). In this scenario, and with the proposed $12,000 tuition increase, the MBA Program will receive an additional $876,000 in additional revenues annually. With that being said, there is no reference in the highlighted benefits package as to what percentage of the additional revenue will be allocated to the individually-stated benefits or how many additional staff will be hired to facilitate the stated activities. Furthermore, no indication is given as to what portion of the additional revenue will be allocated to scholarships to attract high-quality international students.

ADDITIONAL CRITICAL CONCERNS RAISED FROM STUDENTS

- **International students are a keystone of the MBA program at Sauder. The diversity improves our learning. Further, it enhances Canadian society as most graduates decide to stay in Canada after their studies and also because it increases the country’s international business connections. In fact, having students go back to their countries of origin enhances business ties and improves the Provincial economy.**
- **There may be other unintended consequences. If no quotas are set by the school for the ratio of domestic to international students, it will incentivize Sauder to admit more international students to the detriment of domestic students as the school will receive more money from their tuition.**
- **Additional advising services are not relevant as UBC has International House, whose purpose is to take care of specific issues such as immigration on behalf of international students.**
- **Comparison with schools in the East is not appropriate for various reasons. The most important difference is the post-MBA career opportunities. This is clearly indicated in the average salary post-graduation. For Sauder the average salary is $83,500 where Rotman’s is $96,500 and Ivey’s $102,800 (source FT.com/mba). Higher fees will decrease the return on investment for most of Sauder’s students, affecting the School’s ranking and therefore its desirability.**

RECOMMENDATIONS OF THE MBA SOCIETY

1. **Conduct a thorough cost-benefit analysis.** Before evaluating any price increase, Sauder should prepare and present a detailed price comparison vs. other schools on a per hour of class basis and/or per student cost basis, not program basis.

2. **Clearly state which activities and to what extent will be prioritized in the MBA Program budget.** Specifically address how this will affect the number of scholarships available to high quality international students. In the latest B-schools rankings, Sauder scores extremely
well on diversity (top 25 in the world in international mobility and experience, top 30 in student diversity; compared to 82nd overall).

3. Do not move ahead with the tuition increase until the class entering in 2012 as international students applying to Canadian B-Schools are already in the process of application due to visa requirements. A dramatic increase in tuition during the recruitment process might be perceived as misleading and may damage the Sauder brand.

This document has been prepared on behalf of the MBA Society, in consultation and approved by the members of the General Council.

on October 26th, 2010