

**The University of Montana  
School of Business Administration  
Super Tuition Proposal**

**Introduction**

This proposal requests charging students in the School of Business Administration (SOBA) at The University of Montana (UM) super tuition in order to: (a) ensure that the school meets the standards necessary for reaffirmation and maintenance of its accreditation; (b) help meet the high cost of business education; and (c) support the technology incorporated in the SOBA curriculum. SOBA has a high quality business program that is experiencing rapidly growing enrollments. The following sections present an explanation of the super tuition plan, justification for the plan, projected needs, and an estimate for the amount of funds that will be generated annually under the plan.

**Super Tuition Proposal**

The proposal is to charge a super tuition to juniors, seniors, and on-campus graduate students majoring in business administration. This proposal will charge all upper division business students taking seven credits or more \$250 per semester and \$150 per semester for students taking less than seven credits. The gate for graduate students will be the current admissions process for acceptance into the MBA or MAcct programs. For undergraduate students, SOBA will require students to be a junior or senior with a declared major in business to take upper division (300 and 400 level) business courses.

**Justification**

The overriding justification for this proposal is that the SOBA must take significant steps to ensure that it maintains its accreditation (which it initially received in 1949 and has maintained continuously since then). Specific concerns and justifications are as follows:

In seeking to reaffirm its business accreditation with AACSB International, the SOBA has struggled to meet AACSB standards relative to resources, especially faculty resources. Accreditation reviewers have indicated that the school is precariously close to not meeting the required minimum number of academically and professionally qualified faculty members. Significant enrollment growth within the school during the past few years has exacerbated this problem. The most recent available data (see Table 1) from the National Study of Instructional Costs and Productivity (NSICP), commonly referred to as the annual "Delaware Study," show that the Student-Faculty Ratio (SFR) for tenurable faculty only in the SOBA is 22:1 compared to a national norm of 15:1, while the SFR for all faculty in the SOBA is 24:1 compared to a national norm of 19:1. Tenurable faculty in the SOBA generated 326 student credit hours (SCH) per faculty FTE

compared to the national norm of 229; all instructional faculty in the SOBA generated 348 SCH per faculty FTE compared to the national norm of 284. Furthermore, instructional expenditures per SCH in the SOBA were \$106 compared to a national norm of \$166. In other words, these measures indicate that UM SOBA faculty, by comparison with those in the NSICP study, are instructing more students on average and generating more student credit hours on average, while spending less per student credit hour of instruction.

Business administration is a high cost program, primarily because of the higher salaries paid to business faculty members due to market demand. The school operates in the national faculty labor market, where high salaries make it difficult to attract and retain quality faculty. As shown in Table 2, average SOBA faculty salaries at the three academic ranks (professor, associate professor, and assistant professor) are 121 percent, 147 percent, and 153 percent, respectively, of the averages for the entire UM campus; yet these averages in the SOBA are only 71 percent, 87 percent, and 79 percent, respectively, of the national averages for business faculty. Thus, for example, when the SOBA recruits for a new assistant professor, it is recruiting at an average competitive salary disadvantage of \$18,046. The SOBA is at a similar disadvantage relative to the retention of existing faculty.

SOBA's mission is based upon a commitment to provide excellence in innovative experiential learning for its students. The Gallagher Building has over \$2 million of information technology that provides the framework for achieving its mission. SOBA has operated the technology in the Gallagher Building without any additional sources of central funding since 1966. Current operations are funded with the SOBA instructional budget, private and corporate support, revenue from fees for service, and funds from the Student Computer Usage and Instructional Fees. This funding stream is no longer sufficient to sustain the \$2 million worth of technology in the Gallagher Building and the rapidly growing student enrollment.

Much of the success of business graduates to compete on a national level is a direct result of the instruction and mentoring provided by business faculty within the technology enriched learning environment of the Gallagher Building. Attraction and retention of high quality faculty along with maintenance of state-of-the-art technology are critical to the continued success of business graduates. Funds from the super tuition combined with other sources will enable SOBA to keep the learning environment in the Gallagher Building on the leading edge.

## Projected Needs

It is projected that the SOBA will need an additional \$500,000 annually to resolve the accreditation issues identified by AACSB International, as identified below:

Three (3) faculty lines @ \$75,000 plus benefits	\$291,375
Faculty retention actions, including increased travel to professional meetings and market adjustment steps	52,875
Technology support, including personnel costs, software licenses, and equipment maintenance	<u>155,750</u>
<b>TOTAL</b>	<b>\$500,000</b>

## Estimated Revenue

It is estimated that the proposed super tuition program will generate \$500,000 in annual revenue, which should be sufficient for the present accreditation cycle. As shown below, \$500,700 would be generated, using Spring Semester 2002 enrollment data for the SOBA.

School of Business Administration  
The University of Montana  
Estimated Student Super Tuition Revenue

Category	Jr	Sr	Grad	Total Students	Rate	Yearly Total
Revenue						
Super tuition						
Spring 2002 Business Students	427	531	75	1033		
Taking Less than 7 credits	16	49	14	79	\$150	\$23,700
Taking 7 or more credits	411	482	61	954	\$250	\$477,000
<b>Total Revenue</b>						<b>\$500,700</b>

**Table 1**

**The University of Montana School of Business Administration Instructional Expenditures and Faculty Productivity Measures (from the National Study of Instructional Costs and Productivity)  
AY 1999-00**

	<u>SOBA</u>	<u>Norms (n=72)*</u>
Tenurable faculty (tenured and tenure track), Fall 1999		
Student-faculty ratio	22:1	15:1
Student credit hours per faculty FTE	326	229
All instructional faculty (includes nontenurable), Fall 1999		
Student-faculty ratio	24:1	19:1
Student credit hours per faculty FTE	348	284
Instructional expenditures per student credit hour, FY 1999-00	\$106	\$166

Note: The National Study of Instructional costs and Productivity, is conducted annually by the University of Delaware (and is commonly referred to as the Delaware Study).

\*These norms are derived from the NSICP subsample of doctoral universities.

Table 2

**The University of Montana School of Business Administration Faculty Salary Comparisons by Rank  
AY 2001-02**

	<u>UM School of Business Administration</u>		<u>SOBA Average as a Percentage of:</u>		<u>Average Faculty Salary Comparisons</u>	
	<u>Number of Faculty</u>	<u>Average Salary</u>	<u>UM Average</u>	<u>OSU Average</u>	<u>UM Overall</u>	<u>OSU Survey (Bus Admin)</u>
Professor	15	81,509	121%	71%	67,094	115,189
Associate Professor	4	76,150	147%	87%	51,818	87,244
Assistant Professor	7	67,701	153%	79%	44,299	85,747
	26	76,967	143%	NAV	53,668	NAV
Instructor	5	30,926	87%	64%	35,678	48,536
<b>All ranks</b>	<b>31</b>	<b>69,541</b>	<b>123%</b>	<b>73%</b>	<b>56,383</b>	<b>94,654</b>

**Sources:**

OSU data -- Oklahoma State University (OSU), "2001-02 Faculty Salary Survey by Discipline;" data for Business Administration (CIP 52.0000). Annual survey of institutions belonging to the National Association of State Universities and Land-Grant Colleges (NASULGC). The ninety-five responding institutions are all Doctoral/Research universities.

The summary data above for Business Administration represent about ninety institutions.

UM data compiled from CUPA (SOBA) and AAUP (overall) databases.

NAV denotes Not Available.