

COMMITTEE ON EDUCATIONAL POLICY

Meeting Accreditation-Driven Quality Standards in State-Supported Business Graduate Programs with Revenue Support Derived from a Professional Fee

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Summary

The CSU expects to implement in fall 2008 a professional fee of \$210 per semester unit upon all students in state-supported M.B.A. and similar professional business graduate programs, with 25% of the revenue set aside to support students who show financial need. Projections are that this additional fee would bring the estimated total CSU price to 94% of the estimated fall 2008 total price at CPEC comparison *public* institutions. The same total CSU price would represent 76% of estimated average tuition and fees at all CPEC-defined CSU comparison institutions (public and private); 46% of estimated average fees charged by the Irvine, Riverside, and Davis campuses of the University of California; and 35% of estimated average fees charged by all 5 UC campuses (including UCLA and Berkeley).

Upon the implementation of this fee, CSU deans of business will be expected to propose for campus provost and president approval (a) improvements in professional support for business faculty, with the goal of increasing success rates in recruiting academically well-qualified faculty; and (b) programs to recruit and support graduate students, and to assure students' professional success. Internships, where appropriate, could be included as part of a plan.

With an appropriate return of revenue to student aid, with new resources made available for student recruitment and support, in an environment where some employers may be expected to subsidize student fees, and with an expectation that graduate degree program enrollments will no longer be severely constrained due to faculty shortages, such a fee is projected to promote access. Certainly, continued accreditation will make programs attractive to prospective students, and to their employers.

Background

California State University (CSU) professional business graduate programs need additional revenue in order to produce the right leadership for California commerce and industry. AACSB International accreditation marks essential quality, which employers, students and business education professionals all demand. This accreditation, awarded to whole schools/colleges of business (rather than to particular programs), benefits all students, undergraduate and graduate.

AACSB accreditation sets standards for faculty academic and professional qualifications, that cannot be met in the current revenue environment. The principal difficulty lies in hiring academically well-qualified faculty. As of March 2007, CSU counted 200 unfilled tenure-track positions in business, with 120 searches authorized; and experience teaches that not all authorized searches end in success. Recruitment is challenging because the CSU has found it difficult to meet national norms for salary and working conditions for academically well-qualified business faculty. In 2006, CSU paid business “full” Professors 74% of the national average. As a specific example, Professors of Marketing were paid 79% of the mean for public accredited business schools. For Professors of Finance, the comparable figure was 73%.

Importantly, enrollments in CSU state-supported graduate programs have stagnated or fallen in response to these hiring difficulties. Fall 2006 graduate degree program enrollments in CSU business management were just 80% of the enrollments in fall 2002. These fiscal constraints, if allowed to continue, threaten to bring about *de facto* “impaction” in a number of state-supported CSU business programs at a time when student demand is strong and rising.

The needed additional revenue can best be provided via a professional fee levy on graduate students in M.B.A. and similar professional business graduate programs. Such a fee would need to include provision for a set-aside for financial aid to ensure that the neediest students escape undue financial burden.

To consider the feasibility of such a fee, a task force comprised of CSU business faculty, campus provosts, campus vice presidents for business & finance, campus deans of business, and Chancellor’s Office staff was convened in February, 2007. The group was co-chaired by Executive Vice Chancellors West and Reichard. A substantial review paper was commissioned to support the deliberations of the task force, the recommendations from which were twice considered by systemwide provosts, by systemwide vice presidents for business & finance, and by presidents. Presidents indicated their support for the key recommendations at the August 28-29, 2007 Executive Council meeting.

Based on current student enrollment and course-taking patterns, this fee will raise the total program price (before financial aid) for an M.B.A. in the CSU to an estimated average of \$22,132. The price would be payable across the typical two years plus one or two summers

that students usually choose for the program. As noted, that total price would represent 94% of the estimated Fall 2008 total price at CPEC comparison *public* institutions; 76% of estimated average tuition and fees at all CPEC-defined CSU comparison institutions (public and private); 46% of estimated average fees charged by the Irvine, Riverside, and Davis campuses of the University of California; and 35% of estimated average fees charged by all 5 UC campuses (including UCLA and Berkeley).

Other professional business graduate programs will also be subject to a \$210 / semester unit professional fee. Some require fewer semester units than an M.B.A., and so will carry a proportionally smaller additional price. A set-aside for student aid of 25% will apply also to these other professional programs. Examples of non-M.B.A. professional graduate programs offered by colleges or schools of business administration include Master of Science (M.S.) programs in Accountancy, Business Administration, Information Systems, and Taxation. The fee would not apply to non-professional programs offered at the graduate level by colleges / schools of business, such as the M.A. in Economics.