



UNIVERSITY of WASHINGTON

FY2021 Annual Review Narrative Survey

Unit Name: [Foster School of Business]

Programmatic & Academic Vitality Narratives

- 1) Have you made any changes to your unit's annual budget development process from the response provided last year? If yes, please briefly describe the changes you've made to your unit's annual internal budget development process. If no, please answer with a simple, "no changes." *Word Limit: 500*
No changes to the process, other than considering changing the timing (pushing the budget process back) so we have more accurate information when making difficult decisions.

<OPB insert FY 20 response below>

In the spring, operating units (departments, programs, centers, IT, etc.) complete an annual budget and operating plan for the next fiscal year. Individual units then meet with Foster's Budget Committee which is made up of the dean, three associate deans, the assistant dean of finance and facilities and the director of human resources. During this meeting, there is review of results versus goals in the prior year and new goals for the coming year. There is also a review of the proposed budget including year-over-year comparisons, new funding requests, and significant changes. The information is summarized and discussed by the committee, and funding decisions are made. Finalized budgets are then sent to each unit indicating approved funding for the coming year. The budgets are combined to develop a School wide budget which is discussed with the Faculty Council.

- 2) Have you made any changes to your unit's strategic plan in the past year? If yes, what are 3-5 key elements of your unit's new/revised strategic plan? If no, please comment on the progress you've made in 3-5 key areas of your strategic plan. *Word Limit: 500*
Our vision is to be the "best public business school in the U.S." We are undertaking a branding and strategic analysis to sharpen what it means to be the best public business school. Our analysis should conclude by the end of the academic year. Though we don't expect our overall vision to change dramatically, we do expect the Foster community to more clearly define what we mean by being the best place for staff to work, the best place for faculty to conduct research and teach, and the best place for students to learn.
- 3) What major obstacles or institutional barriers currently do, or will, hinder execution of your strategic plan? What are you doing to address these challenges? If no changes from your response to either component of this question from last year, please answer "no changes": *Word Limit: 250*
The most significant barrier is financial. We currently have a deficit and are working on a two-year plan to eliminate that deficit. We have two pressing issues. The First pertains to salaries. Salary expense is increasing at the same time that we are being assessed additional fees from central and our endowment payouts are being reduced. The second pertains to a supplemental operations and maintenance (O&M) fee we are currently responsible for on Founders Hall, which will open in late 2021. We currently do not have funds to cover this supplemental O&M fee.

Addressing our deficit and future O&M-related fees will largely come from reducing existing costs, increasing revenues in our fee-based programs, and donor support.

- 4) Over the next year, could any of your planned strategic activities result in material changes to revenues or expenditures, faculty or staff workload, or the student experience within your unit/campus and/or another unit/campus? *Word Limit: 500*
Our strategic activities will not result in significant changes to faculty or staff workload, and it is our intention to not have any of our budget reduction choices negatively influence the student experience. We are, however,

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planning to increase enrollment in our fee-based programs to increase revenues, which could impact the student experience if doing so results in a different type (e.g., less qualified) student joining those programs.

- 5) What is your unit doing to effectively use or redeploy resources in a way that benefits your unit/campus and/or other units/campuses? *Word Limit: 500*

Foster has started to centralize fiscal support, such as in some of the specialty master's programs for travel, purchasing, reimbursements, and reconciliation. We are looking at expanding this to other fiscal areas as well as marketing, recruitment, admissions, and advising.

- 6) For UW student facing units, what are you doing to improve the experience and outcomes of students on your campus or in your unit? What could the University do to support your efforts? *Word Limit: 500, Leave blank if N/A*
Foster dedicates significant resources to placing both undergraduate and graduate student in internships and jobs. Statistics related to these efforts are:

- *Graduate Career Management budget: \$1.7M*
- *Internship placement: 100% each of the last three years.*
- *Job placement 3 months after graduation: 98% in 2017, 99% in 2018, and 99% in 2019.*
 - *Our graduate internship and job placement statistics are some of the highest in the U. S.*
- *Undergraduate Career Management budget: \$1.1M*
- *Internship placement: 2019:*
 - 94% received job offers by graduation*
 - 95% internship**2018:*
 - 90% received job offer by graduation*
 - 89% internship**2017:*
 - 80% received job offers by graduation*
 - 85% internship*

We proactively engage staff, faculty and students to assess what we are doing, and to strategize about how we can improve. We hold both formal (scheduled town hall meetings) and informal (attending student events and club activities) to gather feedback. Our underlying focus is on building community, through nurturing connections, to be better tomorrow than we are today.

As we mentioned last year, one key area of the student experience that would benefit greatly from University support is a conversion of the tuition-based Full-Time MBA to a fee-based program. Foster currently operates 13 fee-based Master's programs (7 MBA and 6 Specialty Master's programs) alongside 1 tuition-based Full-Time MBA. Running the Full-Time MBA as a tuition-based offering creates confusion for students as well as inefficiency for staff and imposes a number of non-value-added costs. While we necessarily and prudently mix student populations across the Full-Time and Evening MBA programs in a single community of learners, students are confused about the differing rules and policies for tuition- and fee-based students regarding registration, taking courses outside of the Foster School, and the like. Moreover, Foster must then still over-allocate staff time in doubled effort in scheduling, administering, and reporting on mixed tuition- and fee-based sections. Our Master's-level budget process is drawn over multiple months and with distinct processes in terms of the Foster School's planning and reporting cycles with UW OPB. All of this is at best inefficient, is sometimes outright harmful, and detracts actively from student learning and growth.



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Section 7: Tuition Based Program Rate Recommendations - Narrative Section

Text submitted within this section **will** be published to OPB's Annual Budget Development website

-- If applicable to your unit. If not applicable, simply leave this section blank --

Responses to the questions below are required for each tuition category that your unit/campus recommends adjusting. If you are recommending changes for multiple tuition categories, please differentiate your responses within each question.

- 1) Please explain why each proposed change is needed and how your unit/campus will use new incremental tuition revenue increases or absorb incremental tuition revenue losses.

Foster is proposing modest increases in tuition to continue to fund a world-class academic, leadership, and personal development experience for Full-Time MBA students in the face of increasing faculty and staff costs as well as diversity, equity, and inclusion initiatives. Foster faces budget shortfalls in other parts of the school, and a tuition increase is thus prudent.

- 2) Explain whether and how each proposed change will affect peer comparisons and/or whether a market analysis was conducted.

Each year we compare our tuition levels to those at peer schools. Given that all schools and programs face both the same cost and market pressures that we do, we do not anticipate that our proposed modest changes will significantly affect our tuition levels vis a vis those of peer schools.

- 3) Discuss the impact of each proposed change on student debt load.

We expect modest increases in student debt loads attributable to our proposed increase in tuition. Average debt loads should increase by no more than 2-4% (and likely less) as a significant portion of tuition is funded by scholarships. Continuing and graduating students self-report debt levels as part of the annual program survey conducted each Spring quarter, and we monitor reported values for unanticipated increases in student debt.

- 4) Describe whether you expect the proposed tuition rate(s) to result in any substantial changes to enrollment (including a change in the resident/nonresident composition) or to the volume of waivers awarded.

We do not anticipate a substantial change in enrollment or enrollment composition based upon the proposed increase in tuition levels. Waiver dollar value (but not volume) will likely increase modestly and in line with the percentage increase in tuition. External market forces, notably the decline in application volume for full-time MBA programs nationally, will have a much more substantial impact on enrollment than any modest increase in tuition given that it is likely to not change Foster's tuition relative to peer schools. Average compensation (salary plus signing bonus plus other compensation) for students graduating from the Foster Full-Time MBA is approximately \$150,000. Foster has been a national leader in student placement over the last two years, with placement rates exceeding 98% each year.

- 5) For each proposed change, please explain what would happen if the change were not implemented (e.g. deficit, loss of staff positions, etc.). If a proposed change is part of a plan to eliminate a current deficit, please indicate that.

Failure to adopt the proposed tuition level increase will lead to 1) a decline in the volume and/or quality of academic, personal, and professional development experiences for students and/or 2) a further reduction in staff support dedicated to maintaining high quality recruiting, admissions, and/or student services.



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- 6) For each tuition category that you have proposed changing, please discuss your unit/campus's overall tuition rate strategy for the next 3-5 years. In your response, please explain whether and how your long-term strategy connects to "market" rates (e.g. where do you want to be, rate wise, compared to peers?)

Foster is currently considered a good value for students relative to our ranking and reputation, albeit in a declining market. If our rankings continue to increase, we will have more flexibility to increase tuition levels without dollar-for-dollar increases in scholarship support while also maintaining our current yield on offers of admission to the Foster Full-Time MBA Program. In the interim, we anticipate 2-4% annual increases in tuition levels to fund quality development experiences in the face of escalating costs.

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Section 8: Communication with Faculty & Student Stakeholders

*Text submitted within this section **will** be published to OPB's Annual Budget Development website*

-- If applicable to your unit. If not applicable, simply leave this section blank --

Communication of your unit's annual review materials, including fiscal vitality data, narrative responses and tuition rate recommendations is an important and necessary component of the University of Washington's Annual Review process. Your responses to the questions below will be documented and included as part of the annual review materials provided to Executive Leadership of the UW.

If the meeting schedules of faculty and student leadership groups present a challenge, please make accommodations to get approval within the necessary time frame. If necessary, you may submit an update to OPB at a later date, after faculty and students have had an opportunity to review.

- 1) Please select the date that FACULTY leadership within your unit/campus was consulted and provided the opportunity to provide input as part of this budget planning exercise. If, due to scheduling difficulty, you are unable to consult with faculty leadership before the February 3, 2020 submission deadline, please select the date you are scheduled to consult with FACULTY leadership and, immediately after that date, please provide an update to Jed Bradley

Thursday, January 23, 2020

- 2) Please list a point of contact for your FACULTY leadership (name and UW email address)
Ed Rice, Professor and Faculty Council Chair erice@uw.edu
- 3) Please select the date that STUDENT leadership within your unit/campus was consulted and provided the opportunity to provide input as part of this budget planning exercise. If, due to scheduling difficulty, you are unable to consult with student leadership before the February 3, 2020 submission deadline, please select the date you are scheduled to consult with STUDENT leadership and, immediately after that date, please provide an update to Jed Bradley

Wednesday, February 5, 2020

- 4) Please list a point of contact for your STUDENT leadership (name and UW email address)
Undergraduate- Krista Jacobs kbennitt@uw.edu (Feb 5, 2020)
Graduate- Dan Ochoa dan8a@uw.edu (Feb 18, 2020)
- 5) Enrolled students affected by tuition rate increases should be consulted on proposed increases before proposals are finalized. Please describe when and how students were consulted and summarize the feedback they provided regarding EACH of your tuition recommendations.

Dean Hodge and Assistant Dean for Finance, Michelle Griffin are meeting with the Undergraduate leadership committee on Feb 5, 2020 and the MBA leadership committee on Feb 18, 2020. We will be presenting the budget and soliciting feedback on topics such as proposed tuition increases and the financial state of the school.