



UNIVERSITY of WASHINGTON

FY2024 Operating Budget Development Narrative Prompts

Foster School of Business

Programmatic & Academic Vitality Narratives

- 1) Please briefly summarize your unit's/campus's strategic plan and how your FY24 operating budget proposal (as submitted in Workday Adaptive Planning) connects to your campus/unit strategic plan. [Word Limit: 500](#)

We have not made any substantive changes to our strategic plan or budgeting process over the last year. Our Purpose Statement remains the same:

PURPOSE STATEMENT

Together...

We Foster Leaders

We Foster Insights

We Foster Progress

...To Better Humanity

Our overall strategic priorities remain:

1. *Expand our thought leadership*
2. *Recruit, retain, and promote outstanding faculty, staff, and students*
3. *Innovate in teaching, research, and service*
4. *Incorporate inclusion, diversity, and equity perspectives into every decision*
5. *Align resources with Foster's strategic objectives*

For 2022 – 2023 we narrowed our school-level focus (due to the pandemic) on the following four strategic initiatives, which fit within our strategic priorities:

1. *Live our Purpose by hosting and promoting impactful events that explore 1) how equity, social justice, and business intersect, and 2) how environmental issues and sustainability interact with business.*
2. *Establish a welcoming and inclusive onboarding experience that emphasizes our Purpose Statement and values while providing important details about how things work at the UW and Foster.*
3. *Investigate a new incentive structure for faculty to encourage meaningful thought leadership and impact on our communities.*
4. *Create a Foster-wide organizational structure for classroom support, instructional media, and instructional design. The new unit will be called "Instructional Services."*

When assessing our FY24 budget, we do so through the lens of our strategic priorities and Purpose Statement. We will continue to do so in the foreseeable future.

- 2) Building on the responses your campus/unit submitted during the FY23 annual review cycle ([posted here](#)), how has your unit/campus integrated the themes and goals of [the 2022 – 2026 UW Diversity Blueprint](#) into your campus's/unit's ongoing work to take actions towards access, inclusion, and equity? [Word Limit: 750](#)

*The Fostering Diversity website provides an overview of resources, efforts, and programming designed to achieve our strategic priority of incorporating an inclusion, equity, and diversity perspective into every decision we make at the Foster School. In addition, the 2021 Annual Report details our recent initiatives and progress. Broadly speaking, our efforts are focused in three main areas (1) **Expanding thought leadership** to expose students to a greater diversity of experts, leaders, and authorities. Some recent accomplishments in this area include*



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launching The Tenure Project, which is designed to help Black, Latinx, and Native junior faculty obtain tenure in business schools, and adding more than 8 Black faculty to the Foster community. **(2) Increasing belonging** so that every Foster student feels that Foster is a place that they can learn and thrive both inside and outside of the classroom. We achieve this by providing support to faculty to increase their inclusive teaching skills and investing in community building efforts that celebrate the diversity of our community. Recent accomplishments in this area include the establishment of the Foster ID framework, which allows students to build inclusive leadership and effective allyship skills across the self, relationship, and systems levels. This Foster ID framework is presented in all 13 degree programs currently operating at Foster. Finally, **(3) increasing access** involves welcoming a greater diversity of people into our community and is supported by investing in pipeline programs (such as Young Executives of Color) and partnership programs (such as The Consortium). We also are very proud of the work that the Consulting and Business Development Center does to use management education, access to markets and capital to support businesses who need the most support. In 2020 the network supported more than 190 companies that grew revenue by more than \$85 million. Over the next three years, Ascend will grow 500 more multi-million dollar businesses owned by people of color.

This work is led by the Associate Dean for Inclusion and Diversity and is supported by a team of 7.5 FTE who work across undergraduate and graduate programs to recruit and support a diverse student population. The Foster School has also established an overarching Diversity Committee which is comprised of faculty, staff, and student subcommittees to increase communication between and among our community members on DEI progress. As in the previous year, we track progress in multiple ways including the DEI Dashboard (which tracks diversity of students over time), an annual Inclusive Climate Survey, and regular Listening Sessions with Foster leadership.



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Tuition Based Program Rate Recommendations - Narrative Section

Within the FY2024 Annual Review Survey, Foster will be asked to project Student FTE growth or contraction, by tuition group, by fiscal year for the period FY24-27.

Enrollments	FY21	FY22	FY23	FY24	FY25	FY26	FY27
UG	2096	2065	2065	2065	2065	2065	2065
MBA	227	233	204	204	215	220	225
PhD	84	90	78	88	90	90	90

Responses to the questions below are required for each tuition category that your unit/campus recommends adjusting (as submitted to OPB by 2/1/23). **Please note question #7 is required for any programs for which no tuition increase is requested.** 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. *Word Limit: 500*

We limit our responses to our tuition-based, Full-Time MBA Program. We are proposing a 4.0% increase for incoming Resident students, a 3% increase for incoming Non-Resident students, and 5% increases for both continuing Resident and Non-Resident students.

As for the latter, the 5% increase for continuing students should be automatic. Per long-standing agreement with the Office of the Provost, we use the same tuition model deployed at other leading business schools, a model in which student tuition levels are locked in for the anticipated two-year program of study presuming the student makes expected progress toward graduation requirements. Deviating from this model by introducing variable tuition levels in year two of a student's program of study would make Foster a market outlier and prevent us from attracting applicants and yielding students in a competitive marketplace; our cost of attendance would be less certain than that of all competing schools. The Continuing rates you see for FY24 are thus set at the Incoming rates for FY23.

The 4% increase in incoming Resident tuition and the 3% increase in incoming Non-Resident tuition will help offset (but not cover) the expected increase in operating costs given substantial year over year inflation and expected increases in faculty and staff salaries via unfunded yet mandatory merit as well as promotion. Given our read of the market, we believe that these increases will also maintain our competitive position relative to public peer schools. We considered an even larger increase to help cover costs, but we do not believe we have the market latitude to do so in the current environment. The Foster Full-Time MBA Program operates in the most competitive of the various MBA markets (e.g., executive, hybrid/online, part-time, etc.) and we believe we are simply unable to yield large, well-qualified, and collectively diverse cohorts at higher tuition levels. To help cover increased costs at the School, we plan to continue to grow revenues in fee-based programs, programs where we believe we have more favorable competitive positions.

- 2) Explain whether and how each proposed change will affect peer comparisons and/or whether a market analysis was conducted. *Word Limit: 500*



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Conducting a backward-looking analysis of tuition levels at peer schools is part of our standard operating procedure. We, like our peers, do not coordinate tuition planning with peer schools and instead project where our proposed tuition levels would place us relative to peers based upon our forecasts of their likely tuition behavior. Our ongoing, stated intention is to keep our tuition levels relative to peers constant. We believe that our proposed Full-Time MBA tuition levels (Resident and Non-Resident) are appropriate for our current top-tier ranking and reputation assuming modest tuition increases by leading business schools at public peer universities. Foster tuition levels and career outcomes of graduating students continue to offer exceptional ROI, though of course Seattle's substantially higher cost of living is part of the total cost of attendance considered by applicants and is not a part of any ROI formula.

- 3) Tuition and fee increases have a disproportionate impact on low-income students. Please comment on how each fee change will affect student debt loads, and specifically how the program will offset this impact. *Word Limit: 550*

We anticipate offsetting any incremental increases in student debt loads that a tuition increase implies with incremental scholarship dollars, and we have a plan within the Foster School for increased (Foster-funded) awards in FY24. Foster awards scholarships considering the merit of applicants in contributing to a large, well-qualified, and collectively diverse cohort. Our most substantial scholarship awards are typically given to those well-qualified candidates who would bring valued diversity to our community and thereby enhance the learning experience for all.

- 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. *Word Limit: 250*

We anticipate that the modest increases in incoming rates proposed will not materially impact enrollment. It is worth noting that the global full-time MBA marketplace is anticipated to again be in year-over-year decline, but we do not anticipate material changes in our tuition levels or pocket prices net of average scholarship awards relative to peers. Thus, we do not anticipate substantial tuition-induced declines in enrollment. Like all ranked schools vying for high quality candidates, our percentage of non-resident (largely international) students will likely remain higher than it was 3-5 years prior, but this is not an impact of tuition level changes.

- 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. *Word Limit: 250*

If the 4% (Resident) and 3% (Non-Resident) increases in incoming tuition levels were not implemented, we anticipate that we would be able to cover an even smaller subset of anticipated increased operating costs and thus would likely choose to cut certain operating activities of the Full-Time MBA Program; our plan would be to cut those activities that are less central to our focal mission of accelerating student academic, leadership, and professional development growth, but there surely would be impact on the quality of experiences that we afford students. These would presumably be in the leadership and/or professional development domains.

If the 5% increases in tuition levels for continuing students were not approved, we would be violating our contract with continuing students as well as be viewed as an outlier in the full-time MBA space, i.e., we would become a program that does not play by the same rules as peers. Over the intermediate term, we would anticipate a sharp drop in application volume and yield, particularly among low-income populations most sensitive to potential, unanticipated tuition level increases in year 2 of their program of study. These students typically bring valued



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diversity to our program communities in terms of accelerating the rate of learning and growth of peers, and the damage to the learning experience that a dwindling number entails would be painful for the community.

- 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?) [Word Limit: 250](#)

Our tuition strategy for Full-Time MBA remains that of increasing our incoming tuition levels in accordance with peers who will likely pursue modest annual increases in tuition in FY2024-2028. Should our ranking either drop or increase substantially and in a sustained way, we believe that we would have substantially less (in the case of a ranking decrease) or more (in the case of a ranking increase) tuition flexibility that would necessitate a one-time change to a new tuition level better fitting our new perceived market standing. Similarly, if we poorly forecast peer school responses to the cost increases that they are also likely experiencing in the face of declining global applicant demand, we would need a one-time change to our incoming tuition levels to maintain our standing relative to peers.

- 7) If you are not planning to increase tuition for any program, please respond to the following: Generally, small, inflationary increases (1-2% annually) are preferred over no increase or large increases every few years. Please answer the following questions for each program where no increase is requested. [Word Limit: 250](#)
- a) Please explain why this program's rate does not warrant an increase by describing the program's financial position, structure, peer comparisons, or other relevant information.
 - b) What do you currently anticipate annual rate change requests will be for the next two years?



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Communication with Faculty & Student Stakeholders

Communication of your unit's/campus's annual review materials, including your proposed FY24 operating budget, narrative responses and tuition rate recommendations is an important and necessary component of the UW's budget development process. Your responses to the questions below will be documented and included as part of the FY24 operating budget development review materials provided to Executive Leadership of the UW. **It is expected that all unit/campus review and consultative processes are completed by the March 17, 2023 due date.**

- 1) Please indicate 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
Feb 22, 2023
- 2) Please list a point of contact for your FACULTY leadership (name and UW email address).
*Jennifer Koski, Associate Dean of Academic and Faculty Affairs jkoski@uw.edu
Warren Boeker, Faculty Council Chair, wboeker@uw.edu*
- 3) Please indicate 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.
March 3, 2023
- 4) Please list a point of contact for your STUDENT leadership (name and UW email address).
*Emma R. Dahleen, edahle@uw.edu, co-President of Undergraduate Business Council
Vanessa Buenrostro, vbuenr@uw.edu, VP of Diversity (undergraduate)
David Lynch dlynch15@uw.edu MBAA President (graduate)*
- 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.

On Friday, March 3, 2023, members of the Foster School leadership team met with two undergraduate student leaders and one graduate student leader for approximately one hour to review Foster's FY24 budget and tuition recommendations. The leadership team shared Foster's purpose statement, the School's resource allocation philosophy and processes for budgeting in support of that purpose statement, and tuition recommendations and supporting data and logic for the MBA incoming and continuing tuition categories for both resident and non-resident students. Student representatives posed clarifying questions and expressed gratitude for being included in the process. Importantly, only incoming students will face a new tuition level under this set of proposals, and the student leaders concurred with the prudence of that approach.