

UNIVERSITY PLANNING COMMITTEE
Amended Meeting Minutes
 November 17, 2021

Attendees

Jay Brewster (Chair)	Nelson Granados	Steven Potts
Ebony Cain	Connie Horton	James Prieger
Dean Paul Caron	Lee Kats	Greg Ramirez
Lauren Cosentino	Marilyn Misch	Dean Mark Roosa
Dean Michael Feltner	Tim Perrin	Nicolle Taylor
President James Gash	Dean Pete Peterson	Dean Deryck van Rensburg
Jaye Goosby Smith	Phil Phillips	Dean Helen Williams

Absent

Rick Cupp	Gary Hanson	Sara Jackson
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Observers

Danny DeWalt	Petra Rickertsen	Jody Semerau
Seta Khajarian	Jonathan See	Nicole Singer

I. Call to Order and Devotional

Provost Brewster called the University Planning Committee meeting to order at 8:30 a.m. on November 17, 2021 by Zoom. Dean Feltner presented devotional thoughts.

Marilyn Misch and Dean Helen Williams moved and seconded approval of the October 13, 2021 meeting minutes which were adopted.

II. Fiscal 2023 Budget Process Timeline and Tuition Analysis

Nicole Singer presented a budget process timeline overview and reviewed tuition rates compared to each school's primary competitors and relative to inflation. Nicole Singer suggested mindfulness of inflation when establishing next fiscal year's tuition pricing strategy: for tuition to stay in line with inflation and continue covering program costs, the minimum average tuition rate increase is 5%. Dean Williams drew members' attention to GSEP's per unit price which is about twice that of Azusa Pacific University as this affects GSEP's recruitment.

III. Core Revenue Landscape

Deans presented existing market conditions and revenue strategies that support proposed fiscal 2023 tuition pricing.

Dean van Rensburg shared a Graziadio Business School (PGBS)'s tuition and revenue strategic synopsis and provided recommendations. The Dean showed that international students' new enrollment by degree-level and subject are declining across universities including PGBS. Dean van Rensburg advised that the BSM and MS programs not incur price increases due to the premium between current PGBS tuition compared to competitors which places the school at risk for growth.

PGBS tuition rate recommendations include avoiding increases in international-dependent programs and minimal increases to FEMBA and Executive programs, such that the weighted average increase lies between 1.4% and 2.3%. A further recommended breakdown by program was provided. PGBS revenue recommendations include adjusting on-ground revenue expectations (level and mix). Dean van Rensburg suggested aligning the budget and actual revenue next year, as the budget is currently ahead of what tuition is producing. As to whether there is an expected cost restructure corresponding with the proposed revenue restructure, Dean van Rensburg commented that cost will be considered but a significant cost change is not projected as some costs were removed in the last year. Dean van Rensburg responded to a question on application decline and rebound potential that while it is early to predict 2022 there has been a softening in program interest because of relative price positioning, and offered to share a deeper root cause analysis driving differentials. Applications for fall 2022 were confirmed due June 1st.

Dean Caron presented on Caruso School of Law market conditions and revenue strategies. The Dean explained that over the past few years the revenue strategy has been to take advantage of the market position and over-enroll, while staying attune to how this affects the entering class' academic credentials. Dean Caron stated that COVID travel restrictions do adversely affect Strauss enrollment given the program's international student reliance, resulting in the revenue strategy's objective to restore international student numbers while focusing on professional skill programs. The online program is a financial lifeline of the Law School, so the revenue strategy includes boosting online degrees. Units sold and enrollment both show growth in 2021. Considering fall tuition revenue, Dean Caron noted their balance of concern for student debt and gratitude for its decline in the last 5 years, particularly given student loan debt as a new U.S. News ranking factor where Pepperdine ranks 164 of 200 law schools. Dean Caron suggested a 4% tuition increase considering inflation and the limited faculty and staff merit raises over several years. Dean Caron responded that enrollment decline may mainly be due to COVID, compounded by new competition from USC. When asked about this year's discount level, Dean Caron responded that student aid per student is reduced for incoming 1L's which may be a trend going forward.

Dean Helen Williams presented on Graduate School of Education and Psychology FY23 pricing, highlighting sustainability and capacity. Dean Williams reviewed how GSEP meets community needs through historic and current programs. GSEP's enrollment over the last 7 years has increased 137%. Dean Williams reviewed data on the Ed OL program standing third in pricing compared to competitor universities. Pepperdine costs are higher than national and California averages. Dean Williams detailed a high interest in the online Psychology program but decline in enrollment. This information was furthered by a chart exemplifying the employment rate, median debt, median salary, and salary score for master's degrees with which Dean Williams corroborated that students earn jobs but graduate with significant debt in relation to their median salaries due to high Pepperdine program costs. Dean Williams suggested addressing alignment between median debt and median salary for master's and PhD programs as this may be a factor of slowing applications. Dean Williams recommended improving the student-to-faculty ratio and increasing staff support to keep GSEP in a highly competitive state. Dean Williams proposed an edit to the GSEP recommendation, suggesting no more than a 2% tuition increase and a 3% merit pay increase. Dean Williams responded that 75% tenure/tenure track would be ideal; while high, the quality and brand requires a high ratio. How demand factors into pricing recommendations was

asked and the Dean responded that while it is considered, inquiry quality and applications are lower than previous years and these factor into pricing. Dean Williams concluded by expressing gratitude for Provost Brewster's work to provide the school with staff and faculty positions.

Dean Pete Peterson presented a School of Public Policy FY23 preview and tuition forecast. Dean Peterson opened with a student enrollment 10 year overview, sharing that a 7 year downward trend is being reversed over the past 4 years. The Dean commented on expectations for a greater growth rate. Class of 2023 details were compared with the average since 2011. Dean Peterson highlighted that largely due to COVID, the international student percentage is at an all-time low and that they currently compose the highest number of deferrals though this may return to traditional numbers. The Dean provided an endowment and scholarship review, noting having crossed \$40 million in endowments at a sub 5% payout due to the current market. Tuition compared to the top 30 policy schools was covered, with Pepperdine ranking at 13. Dean Peterson commented that inflation may increase the originally proposed 2.75% tuition increase. The first online and second degree programs were launched. To celebrate SPP's 25th anniversary next year, several events, scholarships, and endowment opportunities will be announced.

Dean Michael Feltner produced a FY23 Seaver College tuition presentation. The Dean highlighted lower tuition increases since 2010 due to the market. The discount rate as a percentage of tuition was reviewed: when net tuition falls, discount rates rise. The Dean noted that this is happening now and a similar trend is noticed with total cost of attendance. Dean Feltner reviewed competitors' tuition and fees by detailing their tuition and percent increase over/under that of Pepperdine's in AY 2021-2011. Pepperdine was in the upper quartile for tuition and in the median for percent increase. A peer and competitor AY 2022-2023 tuition and fee forecast followed. The Dean made note that the accuracy to predict these may be off this year because of the historical data variability in the past two years. Dean Feltner suggested additional factors to consider in tuition and pricing include inflation and employment. Dean Feltner recommends increasing tuition at minimum 4% and suggests 5.96% to fund investing in employees, benefits, and programs. Dean Feltner offered that with last year's low tuition increase, increasing tuition 5.13%-5.96% this year results in a 2 year annualized increase of under 5%. A member commented that when recruiting new, younger faculty it may be more attractive to provide salary boosts over benefits. Dean Feltner clarified the suggestion for Pepperdine to increase staff compensation comprehensively.

Presentation copies were requested and Petra Rickertsen will email them to UPC members. Colleges' application, acceptance and enrollment numbers were requested and members were reminded that Deans shared this information at a prior meeting.

IV. Adjournment

The meeting was adjourned at 10:17 a.m. The next University Planning Committee meeting will convene at 8:30 a.m. on December 15, 2021 at the Seaver Board Room.

Minutes amended 13 December 2021 to revise the fall 2022 PGBS application deadline to June 1st.