

**UNIVERSITY PLANNING COMMITTEE**  
**Meeting Minutes**  
December 19, 2018

**Attendees**

Andrew Benton	Keith Hinkle	
Paul Caron	Judy Ho	Jeff Pippin
Richard Cupp	Connie Horton	Steven Potts
Stewart Davenport	Lee Kats	Deryck van Rensburg
Michael Feltner	Rick Marrs (chair)	Mark Roosa
Rick Gibson	Marilyn Misch	Jonathan See
Darren Good	Pete Peterson	Joan Singleton
Gary Hanson	Phil Phillips	Helen Williams

**Absent**

**Observers**

Lisa Bortman  
Ildiko Hazak  
Marnie Mitze  
Greg Ramirez  
Jody Semerau

**I. Call to Order and Devotional**

Provost Marrs called the University Planning Committee meeting to order at 8:30 a.m. on December 19, 2018, in the Seaver Board Room at Pepperdine University - Malibu campus. Mark Roosa presented devotional thoughts.

Helen Williams and Pete Peterson moved and seconded approval of the minutes for October 17, 2018, which were adopted.

**II. Existing Market Conditions and Revenue Strategies**

The Deans presented existing market conditions and revenue strategies that support proposed fiscal 2020 tuition pricing.

Seaver College

Presenter: Michael Feltner, Dean

Dean Feltner began by presenting the ten-year history of tuition and fees at Seaver College. Dean Feltner continued presenting the US News top 75 schools tuition rate increases. Dean Feltner discussed endowment and noted that the top 20 undergraduate schools have a larger endowment. The schools ranked from 21 to 75 don't have endowment base, they are more tuition dependent. Dean Feltner compared the tuition rate of Pepperdine to peers and competitors. Dean Feltner

commented that gross tuition only tells portion of the impact on students. The complete picture requires understanding of aid-related spending and its effects on net price. The discount rate reflects the percentage of tuition discounting due to financial aid. Spending on aid relative to tuition decreased. There are positive implications from a net revenue standpoint from controlling aid-related spending. The negative implication is the increased cost to families and students. Dean Feltner commented that if Pepperdine lowers spending on aid, it will require more family wealth. Seaver college recommends a tuition increase by an average of 3.45%-3.65% and a target discount rate of 38%-40%. Seaver College proposes for FY20 a target of 3.55% tuition increase, a "new" financial aid of \$2.8 million and a discount rate of 38.3%.

#### School of Law

Presenter: Paul Caron, Dean

Dean Caron began by discussing the enrollment and tuition pricing strategy of the School of Law. Dean Caron commented that after several years of nationwide declines in the quantity and quality of law applicants the market is now beginning to rebound. School of Law is well positioned to capitalize on this opportunity and continue its rise. Dean Caron noted that the School of Law is on a path to become the nation's premiere Christian law school. The School of Law proposes a 2.5%-3% tuition increase. The School of Law's plan include improving the JD student outcomes by reducing class size and increasing quality, offsetting JD revenue shortfall by reducing expenses and annually ranking among the nation's top 50 law schools. Dean Caron commented that the Law school has a new online MLS degree. Dean Caron noted that non-JD law school enrollment has increased by 200%. Dean Caron commented that \$20 million was raised for the School of Law in the past 18 months. Dean Caron continued that the goal of the School of Law is to annually rank among the top 50 law schools in the nation. Vice Provost Kats asked about the demographics of online students. Dean Caron responded that 60% of the online students are diverse and 70 % of the students are female. Most of the online students are working adults in human resources, health care or real estate industries. The MLS online degree would help their law-related job responsibilities.

#### Pepperdine Graziadio Business School

Presenter: Deryck van Rensburg, Dean

Dean van Rensburg began by discussing the rankings of the Business School. Graziadio Business School is ranked 72. Dean van Rensburg continued by discussing the demand for graduate business programs. Dean van Rensburg commented that the market is sensitive and

there is an uncertain demand for graduate business programs. Dean van Rensburg commented that there is a need for more strategic differentiated positioning. The local market is highly competitive. Dean van Rensburg also pointed out that graduate students are sensitive to tuition increases. Dean van Rensburg discussed case studies in pricing. Arizona State University, W.P. Carey School of Business has reduced the MBA price to zero in 2015. University of Rochester also decreased the price of its MBA program. Dean Caron asked how this price decrease affected the rankings. Dean van Rensburg responded that the rankings of these schools increased. Graziadio Business School recommends a tuition increase by an average of 2.85%-3.10%.

Graduate School of Education and Psychology

Presenter: Helen Easterling Williams, Dean

Dean Williams began by discussing the mission of Pepperdine University Graduate School of Education and Psychology. Dean Williams presented the EdD and PhD program pricing comparisons. Dean Williams commented that these programs are stable, but compared to other institutions, the tuition is much higher. Dean Williams continued to discuss marketing for Graduate School of Education and Psychology. The cost of marketing goes up year after year. Dean Williams presented the tuition pricing and historical rate increases. The Graduate School of Education and Psychology recommends a tuition increase by an average of 2.50%-3.00%. The School is willing to go up 3.50% only if the Graduate School of Education and Psychology can keep the dollars from the additional 0.5% to increase its marketing budget. Judy Ho asked how well is the marketing working for GSEP. Dean Williams responded that the online MA Psychology program is marketed by 2U Inc. The MS degree is marketed by GSEP.

School of Public Policy

Presenter: Pete Peterson, Dean

Dean Peterson began by presenting the 5-year strategy of School of Public Policy, including personnel changes, new social media strategy, expanding curriculum, expanding partnerships, adding new professional certificates, deepening fundraising relationships and securing naming gift. Dean Peterson commented that enrollment increased from 2017 by 38%. Dean Peterson compared the tuition rate of Pepperdine School of Public Policy to competitors. School of Public Policy remains in the middle of the pack of its competitors. School of Public Policy recommends a tuition increase by an average of 2.00%-2.50%.

### **III. Fundraising and Investment Outlook**

Senior Vice Presidents, Keith Hinkle and Jeff Pippin, presented on fundraising and investment outlook.

Presenter: Keith Hinkle, Senior Vice President for Advancement and Public affairs

Keith Hinkle began by sharing the strategy of University Advancement including, inculcating benefactors deeper into the intellectual community, adding "science" to the art of fundraising, developing a robust annual giving program, developing enhanced stewardship on all designated gifts, focusing on alumni engagement and raising money from donor base of alumni and friends. Keith Hinkle continued by presenting the mission of University Advancement. The mission of University Advancement is to enable a margin of excellence through cultivation and solicitation of gifts in support of the worthy cause of Christian higher education. Keith Hinkle commented that currently the cost to raise a dollar is 19 cents. The goal is to lower the cost to 10-15 cents to raise a dollar. Mr. Hinkle commented that gifts are hard to acquire. Keith Hinkle presented the outlook for FY21: total giving amount is projected to be \$44.1 million and donor count is projected to be 10,475.

Presenter: Jeff Pippin, Senior Vice President for Investments

Jeff Pippin began by presenting the 10-year growth of the endowment pool. Mr. Pippin emphasized that endowment management is very important. Jeff Pippin presented the endowment payout. He noted that 10% of the operating budget, \$324.6 million, was paid from 2009-2018. Jeff Pippin continued to discuss the relative performance of endowment in the last ten years. Jeff Pippin presented the role of asset classes, including marketable equities, fixed income, hedge funds, real assets and private equity. Dean Williams asked what effect the Woolsey fire had on endowment. Keith Hinkle responded that there were no negative ramifications of the Woolsey fire on large endowment.

#### **IV. Adjournment**

The meeting was adjourned at 10:25 a.m. The next meeting of the University Planning Committee will convene at 8:30 a.m. on January 16, 2019 in the Seaver Board Room.