



BOARD OF GOVERNORS

Budget and Finance Committee

Special Meeting

May 17, 2018

Minutes

The meeting was called to order at 3:05 p.m. by Governor Kelly in the Cohn Lounge at the College of Nursing. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Busuito, Kelly, Nicholson, O'Brien and Thompson; Linda Beale, Faculty Representative and Aaron Szpytman, Student Representative

Committee Members Absent: and Louis Romano, Faculty Alternate Representative and Anthony Eid, Student Representative

Also Present: Governors Dunaskiss, Gaffney, and Trent; and President Wilson; Provost Whitfield; Vice Presidents Burns, Decatur, Lessem, Lindsey, Staebler, and Wright; and Secretary Miller

FY 2019 TUITION AND FEE RATES FOR THE SCHOOL OF MEDICINE MD PROGRAM

President Wilson introduced Rebecca Cooke, Associate Vice President for Health Affairs at the School of Medicine, for the presentation on the proposed FY 2019 tuition and fee rates for the School of Medicine MD program.

Ms. Cooke began a short PowerPoint presentation which provided an overview and background on the proposed tuition rate for FY18-19. The administration is recommending an increase for resident and non-resident tuition of 2.9% for students entering the M.D. program next year. This rate increase would generate about \$1.9 million per year in revenue, which is 4.2% over the current year. Consistent with the shift in policy that began last year, the School will continue to increase its ratio of resident to non-resident students, and move towards standardized tuition across all four years of medical school. A slide showing medical student indebtedness reported that several years ago, WSU was significantly above the national average, and that has been corrected over the last few years. WSU is now below the national average. In terms of how WSU compares to other Michigan medical schools in terms of tuition, WSU has the lowest in-state medical school tuition for resident students. Tuition rate for non-resident students is right at the Michigan average, although higher than the public school national average. Ms. Cooke shared other comparison data on cost of attendance, where WSU

compares favorably. In terms of the impact of the shift towards a larger non-resident student ratio that began last year, Ms. Cooke advised that even with that change, the WSU School of Medicine still educates more Michigan residents than any other school in the State of Michigan. In terms of the proposed 2.9% increase, she advised that the increase would apply to all students except fourth-year students, whose tuition will be held at the same level based on the tuition freeze program that was in place when they began their studies.

Governor Busuito raised concerns he continues to have about increasing the number of non-resident students, and believes that the change in the ratio has a negative impact on Michigan students who have to go elsewhere to obtain their education, usually at a higher cost. He has received similar comments from other medical school alumni with similar concerns.

President Wilson indicated he is sensitive to the concerns raised by Governor Busuito. He advised that currently the university receives very little funding for the School of Medicine - the State of Michigan's current performance funding does not consider medical students in its formulas for university funding. The university currently takes in 180 resident students, the largest of any school in the State, and in order to service those students, additional funds are needed to protect the quality of education the students receive. Governor Busuito offered to help garner support for a legislative campaign to support the School.

Professor Beale suggested that the impact of the 2.9% increase on non-residents is far greater than on residents, and suggested that the Board consider instead a tuition increase at the same dollar amount for non-residents as for residents, which will have less of an impact on the gap between non-resident and resident tuition. She suggested that the declines in non-resident tuition shown by the graphs will begin to go back up again without careful consideration of non-resident rates. She asked whether the average debt for non-resident students, under the proposed tuition increases, creates concern for accreditation.

Ms. Cooke advised that the LCME focuses on total cost of attendance for non-residents, where WSU has shown significant improvement. It is expected that most medical schools will be raising their tuition this year, and that WSU's position among all medical schools is expected to remain constant. Professor Beale reiterated her concern that the impact of a tuition increase on non-resident students is much higher than on resident students and their debt level will increase. Governor Busuito commented that some resident students have no debt, or reduced debt, because they come from a higher socio-economic status, which he believes is counter to the University's mission.

President Wilson advised that there have been a number of different sentiments expressed to him from Board members, including comments that the University should not raise tuition for in-state students, and not for out-of-state students. Governor Nicholson agreed, and added that he believes that medical students have the ability for a higher earning capacity than students in most other majors, and that current medical

school tuition is well below what it costs the university for medical school education. SOM students will need to bear some portion of the costs of that education.

Governor Thompson asked for clarification on the impact of the increase on accreditation. President Wilson advised that given that the School is at the national mean, and that all medical schools are expected to increase tuition, he expects no impact on accreditation.

Governor Busuito cautioned that it can take years for doctors to pay off debt accrued in financing their education, and the interest that accrues during this process can sometimes be overwhelming. There are a number of factors that impact debt load, and doctors also need to consider saving for retirement. These financial decisions can impact which field of concentration they select, as those interested in family medicine or pediatrics make much less than those in other specialties.

Governor Gaffney asked for clarification on the tuition rate adopted last year for non-resident students. Ms. Cooke advised that the board decreased non-resident tuition last year, for the incoming class. She confirmed that this year's proposal is for a 2.9% increase for all classes except the fourth-year class. Governor Gaffney then asked for background and rationale for the change in the proportion of resident and non-resident students. President Wilson responded, and advised that the change was instituted at the same time that a proposal was made to keep medical student tuition the same for four years. To afford that proposal, a decision was made to slowly move to change the mix of in- and out-state students, and that began about 3-4 years ago.

Mr. Szpytman commented that the pilot program that increased tuition for year one students and held it constant for the 4 years they were in school allowed students to plan for future academic costs, and was discussed just last year. He asked why that program was not continued, and whether or not it was sustainable. Ms. Cooke was not at the university when the decision was made to discontinue the program, but commented that such a program restricts the School's ability to be flexible in the face of changing circumstances. To make such a program work, the first year tuition has to be raised fairly significantly to cover costs for four full years. It then forces the school to have a higher tuition rate than what might otherwise be considered to be able to respond to economic conditions. From a competition point, there are not many other medical schools with this type of program in place, and this does not seem to be a factor for students deciding to come to Wayne. She referenced survey data identifying the top reasons students selected the WSU SOM and conversely why other schools were selected. The top reason other students provided for choosing another school was that the school was ranked higher personally for them than Wayne.

Governor Busuito added that he believes there is a higher than ever number of applicants to the School; Ms. Cooke concurred and advised that the School has more than 8000 applications this year. Discussion continued on the impact of the change in ratio, and how many resident students would be affected, given the size of the class. With the current split, the change to a 60/40 resident/non-resident mix would be 11 to 12 more non-

resident students than are currently enrolled. Prior to 2016, the ratio goal was 75% resident, 25% non-resident - Ms. Cooke advised that it is hard to hit these numbers exactly, but they are goal numbers expressed.

Governor Gaffney suggested that the Committee may wish to first concentrate on the tuition question before it, and indicated that he would be interested and willing to serve on a subgroup to more broadly discuss the concerns raised about the ratio of resident to non-resident students, a policy question that has many aspects to it. He asked whether or not the Board approved the change in ratio discussed last year; Secretary Miller advised that discussion on the change in ratio was part of the presentation last year, in relation to how the tuition freeze would be financed, but was not voted on. Several Board members asked Secretary Miller to review the recommendation adopted by the Board last year to confirm what occurred, and report to the Board on that finding. Governor Busuito agreed that more discussion was needed on this issue. Governor Trent also agreed that it would be beneficial to take a deeper dive on the student mix and to look at different models, but also commented on the funding needs for the School, and that the cost of education is much more than the cost of tuition. She added that WSU is the University that educates Michiganders, and that it will continue to do so, but that there are tough choices to be made each year on funding.

President Wilson added that the School of Medicine made significant cuts to their operational budgets over the years, and a number of the personnel needed for a top medical school were impacted by those cuts, and were part of the deficiencies identified by the LCME. A number of those deficiencies have been corrected, some through use of one-time funds, but those dollars will only go so far.

Professor Beale asked, given the support needed by the School of Medicine, whether the Board had considered a rate of 3%. A discussion ensued about where institutional support for the School comes from, and whether or not that funding is taken from other schools and colleges at the University. A question was asked of Vice President Decatur as to whether the new Responsibility Center Management Model would explain this issue. He advised that funding for the schools and colleges is a complex issue, and that research funding is a significant factor in covering medical school cost. They are beginning to build pro forma for an RCM type model that will answer some of these questions about both revenue and expenses by college. He added that it is important that as the University moves to this model, it will be with the understanding that schools and colleges will be subsidizing each other. He added that there are some schools and colleges that produce significant net income, and others that, due to constraints, such as accreditation requirements, aren't able to generate enough revenue. It is a complex issue.

Professor Beale returned to her original question regarding consideration of a 3% versus a 2.9% increase, and how much additional revenue would be recognized. Ms. Cooke advised that the difference in dollar value between those two rates is \$30,000 per year. In response to a question about the state cap on tuition, Ms. Cooke advised that the tuition cap is 3.8%.

Governor Kelly asked for a motion on the recommendation.

MOTION: The motion by Governor Nicholson, supported by Governor O'Brien, is that the Budget and Finance Committee recommend that the Board of Governors adopt a base tuition rate increase of 2.9% for the School of Medicine MD program for FY 2019 for Year 1, Year 2, and Year 3 resident and non-resident students. It is further recommended that the Student Medical Support Fee (annual fee) increase by 2.9% for all Year 1, Year 2 and Year 3 level students. It is further recommended that the Student Services Fee (per credit hour fee) increase by 2.9% for all Year 1, Year 2 and Year 3 level students. The tuition stability program initiated in FY 2016 will remain in effect. Year 4 students will retain the tuition and fee rates paid in the previous year. The rates for all four levels will be included with the minutes of this meeting. As part of this resolution, the Board of Governors authorizes the President or his designee to make adjustments to the rates for special programs or where otherwise appropriate.

Governor Busuito asked to add an amendment to the motion indicating that the Board will revisit the in-state/out-of-state split. Governor Nicholson accepted the amendment to the motion. When a voice vote was not clear, Governor Kelly asked for a show of hands on the above motion. The motion carried with a vote of 4 yea, 3 nay.

ADJOURNMENT

There being no further business, the committee adjourned at 3:57 p.m.

Respectfully submitted,



Julie H. Miller
Secretary to the Board of Governors

The School of Medicine M.D. tuition and fee rates for FY 2019 are as follows:

Category	Resident	Non-Resident
Tuition (40 or more credits)		
M1	\$32,761	\$59,109
M2	\$32,761	\$59,109
M3	\$31,963	\$66,515
M4	\$30,453	\$63,373
Tuition (per credit)		
M1	\$655.22	\$1181.29
M2	\$655.22	\$1181.29
M3	\$655.22	\$1363.53
M4	\$621.25	\$1292.80
Student Services Fee (per credit)		
M1	\$25.31	\$25.31
M2	\$25.31	\$25.31
M3	\$25.31	\$25.31
M4	\$24.00	\$24.00
Student Medical School Support Fee (annual)		
M1	\$885.45	\$885.45
M2	\$885.45	\$885.45
M3	\$885.45	\$885.45
M4	\$839.50	\$839.50