

Board Meeting  
March 26, 2008

## APPROVE GLOBAL CAMPUS TUITION DISCOUNT POLICY FOR GROUPS

**Action:** Approve Global Campus Tuition Discount Policy for Groups and Organizations Who Achieve Negotiated Minimum Annual Enrollments of Their Members or Employees in Global Campus Academic Programs

**Funding:** No New Funding Required

At the meeting on March 13, 2007, members of the Board of Trustees approved the establishment of the University of Illinois Global Campus. The Global Campus offers fully accredited University of Illinois master's degrees, bachelor's completion degrees, and certificate programs across an array of disciplines. These academic programs and courses are developed and delivered in partnership with University of Illinois colleges and departments.

All programs offered by the Global Campus are self-supporting and operated on a "full cost recovery" basis. Tuition rates for Global Campus programs are approved by the Board of Trustees. They are market driven and are priced competitively to achieve enrollment goals, cover costs, and generate revenues for investment in the University's instructional mission. When establishing tuition rates it is also important to recognize the University's land-grant heritage and ensure access to qualified students regardless of income level.

Offering group discounts to customers who purchase in bulk is a fundamental business practice. Typically, as customers commit to purchase an increasing amount of a product or service, the seller will, in return, offer discounts at varying levels, depending on the amount of the purchase and the seller's ability to maintain profitability.

The arena of online higher education is highly competitive, with large and wealthy for-profit colleges and universities serving the largest shares of the market. These universities have great flexibility to build customized education programs for corporate clients and to price program tuition to meet the needs of those clients. To enable the Global Campus to be competitive in offering online degree and certificate programs to corporations, organizations, associations, and other large groups, a group discount program will be implemented that allows some flexibility in pricing, yet satisfies the "full cost recovery" goal for each academic program. Because the traditional web-based marketing and lead generation strategies that are normally used to recruit online students are expensive, the cost of the group discount is expected to be largely offset by the reduction in marketing expenses associated with implementing group programs. In effect, these marketing cost savings are passed along to the companies and their employees in the form of the tuition discount.

Approval is recommended of the following Global Campus Tuition

Discount Policy for Groups and Organizations:

- The Global Campus is authorized to negotiate and implement tuition discounts with groups and organizations who enroll minimum numbers of their members or employees in specific academic programs offered through the Global Campus.

- The Global Campus will implement tiered discount programs in which higher numbers of enrollments can lead to larger discounts.
- Group discounts will be governed by a negotiated contract between the University and the client which specifies the term of the contract and the required annual enrollments for each discount level.
- The maximum discount rate is 15 percent below the regular tuition rate which has been approved for the program.
- All incremental costs of offering the academic program to students participating in the group discount (including net marketing costs) must be covered by the discounted tuition.
- All students must meet eligibility requirements for the program in order to be included in a group discount.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The Vice President for Academic Affairs and the Vice President/Chief Financial Officer and Comptroller concur with this recommendation.

The President of the University recommends approval.