

Report On The New Per-Credit Fee Structure

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I) INTRODUCTION

For undergraduate students, LUMS is reverting back to charging fees on a per-credit hour basis, a practice that was followed in the past. This committee was charged with looking at community concerns around this transition and make recommendations. This report shares the committee's conclusions and analysis.

The report begins by looking at the rationale behind the change in fee structure for undergraduate students; it then examines community-concerns and the committee's recommendations for addressing these concerns.

Note: the change in fee structure is only for Undergraduate Students; graduate programs will continue under their existing fee policies.

II) UNDERSTANDING THE CHANGE

The average tuition cost of a LUMS degree under the old fee structure was PKR 2,818,925 for graduates from the last three batches (2017-2019, all majors); in the new per-CH fee structure as proposed in this report, the average tuition cost of the degree comes out to be PKR 2,807,316 (see [Section III](#) of this report for the proposed fee model and [Appendix A.1](#) for the data).¹ The new fee structure may result in variable tuition in a particular semester based on enrolled CHs, but the total overall cost of a LUMS degree remains similar to the total cost of the degree under the prior fee structure. While keeping the total tuition-costs the same, the new fee system allows for improved academic decisions, expanded curricular opportunities, improved learning experiences and greater equity.

The old fee structure

In the old fee structure, students paid a flat per-semester fee for 12-20 CHs. This fee structure had several issues.

DISTORTING SOUND ACADEMIC DECISIONS & REDUCING CURRICULAR OPTIONS: Because the fee structure required additional tuition expense for summer courses and 9th/10th terms, these options were disincentivized and there was financial pressure to complete the degree within 8 spring/fall terms. This, in turn, led to students overloading during fall/spring terms (even in instances when taking summer courses or a 9th/10th term would have made more academic sense). This overloading negatively impacted these students' learning and stress-levels. Further, the absence of summer as a fully feasible option put enrollment-pressure on fall and spring terms, exacerbating demand for popular courses and preventing many students to enroll in courses of their choice. This enrollment-pressure also resulted in larger class sizes, which lowered the learning experience for all students.

INEQUITIES: By keeping tuition constant from 12-20 CHs, the educational costs of students who overloaded were borne by those taking who took the regular course-load. Ideally, subsidization should be targeted towards those with lower ability-to-pay; but the old fee system was subsidizing those with greater willingness-to-overload *irrespective* of their ability-to-pay. Further, the pay-per-semester fee model required financial assistance to be tied to 8 regular semesters. Consequently, financial assistance could not be made adequately available to students wanting to take summer courses or those wanting (or needing) to finish their degrees in more than 8 terms. In other words: summer courses and 9th/10th terms were more accessible to those with ability-to-pay and inequitably accessible to under-resourced students.

¹ Each student pays a different fee. The total tuition fee varies across students depending on their degree requirements and the manner in which they choose to take or, say, repeat certain courses over time. Therefore, we look at student enrollment data from the last 3 batches to calculate the average tuition cost they would have paid under different fee regimes. The average tuition cost mentioned here are averaged across different majors' program fee computations reported in Tables 1A, 2A and 3A in [Appendix A.1](#).

The new fee structure

The new fee structure ties tuition to CHs. The per-credit charge is calculated in such a manner that the total overall cost of a LUMS degree under the per-credit fee system remains equivalent to the total tuition of the LUMS degree in the old fee system. While the shift to the new system is cost-neutral and doesn't increase the overall tuition payments for students, it addresses the above-mentioned issues with the old fee model.

SOUNDER ACADEMIC DECISIONS: The fees charged per CH means that the total cost to students of a LUMS degree remains roughly the same, irrespective of the number of credits taken in any particular term. This makes summer credits and 9th/10th terms more cost-neutral and therefore more viable. In other words: decisions about *how many* CHs, and *when* to take them, can now be based on academic factors without being distorted by financial factors. (Students can still choose to overload, but now they can do so for academic reasons, because overloading – as well as under-loading – only impacts short-term payments while the overall cost of the full degree remains approximately the same whether students complete the degree in 7, 8, 9 or 10 semesters.²)

MORE CURRICULAR OPTIONS & IMPROVED LEARNING EXPERIENCES: Making summer courses financially viable (along with reducing the length of summer sessions) means additional courses can be offered – and popular courses can be offered again – during the summer. This means students can have greater choice in course-selections and a greater chance of getting into their preferred courses. It is important to note that in addition to benefitting students who take summer courses, the new system increases curricular options and learning experiences for all students throughout the year. Afterall, easing term-time enrollment-pressures (by shifting some enrollments to the summer) means that *all* students have a greater chance of getting their preferred courses and benefiting from smaller class-sizes, including during spring and fall terms.

GREATER EQUITY: The new system better targets subsidization based on ability-to-pay (as opposed to the previous model that subsidized those with willingness-to-overload irrespective of ability-to-pay). Further, the per-credit fee system allows financial assistance to be de-coupled from semesters and to be tied to CHs, irrespective of when those CHs are taken. In other words, financial assistance can now extend to CHs taken during summer or 9th/10th terms, making these more equitably affordable and accessible than before.³

In summary: both tuition models (pay-per-semester and pay-per-CH) generate comparable tuition costs. This means that *on average* students will be paying the same tuition in both models. Of course, both fee models have some students who will be anomalous in terms of their tuition-costs. The only difference is the *type* of students who will be anomalous: In the previous fee model, students taking summer courses, enrolling in 9th/10th terms, or taking more than 20 CHs in a semester were paying more; at the same time, under-resourced students were denied equal access to summer courses and 9th/10th semesters, and students who overloading were being subsidized irrespective of their ability-to-pay. In the new fee model, the students who face higher tuition costs are students who take more than 136 CHs and have ability-to-pay.⁴ This is far more equitable. In addition to

² The per-CH fee model significantly lowers the additional costs of 9th/10th terms, but does not eliminate this cost entirely. In the new fee model, the cost-difference between a student who graduates in 9 or more terms (vs. a student who graduates in 8 terms) will only be the semester enrollment/registration fee (lab fee for SBASSE students is charged for only 8 semesters, so 9th/10th semesters there will be no lab fee). This is *significantly* less than the cost-difference borne by students graduating in 9 or more terms under the previous per-semester fee model. Note: there is no enrollment/registration fee for taking summer courses, so students taking summer courses will not have to face even this cost in the new fee model.

³ Making the university's different educational opportunities accessible-to-all is an important goal in its own right. However, the benefits of the new fee system are particularly relevant for under-resourced students. Many of these students could benefit from taking lighter course-loads when facing adjustment issues at LUMS in initial semesters, then taking summer courses (or 9th/10th terms) to make up for these credits. The new fee model allows for this in a way that was not possible before.

⁴ As clarified in footnote 2 above, students taking 9th or 10th terms will also be paying an additional semester enrollment fee in the new fee model, but this cost remains significantly less than the cost of 9th/10th terms in the old fee model.

being more equitable and keeping tuition the same on average – i.e. being ‘cost-neutral’ for the average student – the new fee model expands curricular opportunities and learning experiences for *all* students.

III) KEY CONCERNS & OUR RECOMMENDATIONS

While the new fee model is informed by sound rationale, it has raised genuine questions about: managing the transition of current students (who joined LUMS under the previous fee structure); and ensuring that the new fee model does not introduce any novel issues of its own. Below, we take up specific concerns and offer recommendations.

Rising Juniors, Seniors, Super Seniors

The concern for these students is that they had made course-plans under the old fee structure and did not anticipate a change in fee structure in their final years. As a result, switching to the new fee structure will be difficult for them at this stage, especially for students who require more than the normal course-load per semester to graduate.

In light of this concern, and at the request of students from these batches who have reached out to us directly as well as through the Student Council, **we propose that Juniors, Seniors and Super Seniors should retain the old fee structure.**

It is important to note that financial assistance for summer or 9th/10th terms is only possible under the new per-credit fee structure. Batches that have requested and are being continued on the old fee structure will also have to continue under the old fee structure’s policies, which do not provide for summer or 9th/10th term financial assistance (they will have to also pay according to the old fee structure for more than 8 semesters). **The per credit tuition fee for these students will remain the same for those who will take courses in summer term of 2021 onwards, but they will not receive financial assistance. Further, we will not withdraw the financial assistance commitment to rising juniors or seniors for Summer Term for this year, 2020. We recommend this one-time exception because we understand that students have already made plans for this year’s Summer term, 2020.**

Rising Sophomores and Incoming First Year Students

The concerns relating to Sophomores and First-Year students are less about mid-stream transitioning and more about the new fee structure itself:

- The first concern relates to the overall cost of a LUMS degree: students often take more than the minimum CH required for their degrees for various reasons (e.g. to repeat courses, explore minors, or take courses-of-interest after facing enrollment issues in prior semesters, etc.) The concern is that the pay-per-CH model should not pose an inordinate financial disincentive for these students taking extra CHs.
- The second concern relates to equity: in a fee structure that ties tuition-costs to CHs, under-resourced students should not be denied opportunities to explore extra CHs.

We propose that rising Sophomore and incoming First-Year student be inducted into the new fee system and that these students be charged for 130 CHs and allowed 136 CHs (i.e. a cushion of 6 CHs). Further, we propose that students on Financial Assistance be allowed 140 CHs and be able to petition for financial assistance for up to 145 CHs (i.e. a cushion of 10-15 CHs).

Relying on data on recent batches, our analysis shows that this proposed system will not adversely impact the tuition costs for students, will not impose financial disincentives to take extra CHs (to repeat courses, explore

minors, etc.) and will also enable under-resourced students to take additional CHs beyond their degree-requirements:

- Most students graduate with 136 or lower CHs. [Appendix A.2](#) shows that for the most recent three graduating batches, 96% of students graduated after completing 136 CHs or less; 72% graduated after attempting 136 CHs or less (these calculations exclude EE and Law, which are discussed separately in a later section of this report). The students who will primarily be expected to pay more under the new fee model are students who attempt more than 136 CHs *and* are not on financial assistance, which constituted 19 % of students in the batches of 2017, 2018 and 2019. (Note: many students attempt more credit hours in order to repeat courses; therefore, improvements in academic advising should further reduce this proportion of students).
- Further, the new system has sufficient leeway to allow for minors and other curricular explorations. 111 students opted for a minor in the batch of 2018 and 93 students opted for a minor in the batch of 2019; in both years the majority by far were in MGSHSS. [Appendix A.3](#) shows data for minors, including the enrollment-patterns of students who opted for minors in the last three graduating batches (2017-2019 – excluding Law and EE). 90% of students who did minors completed 136 CHs or less while 78% attempted 136 CHs or less. Thus, with the 6 CH cushion for all students, 10-15 CH cushion for FA students and a better advising system, students should have ample space and choice to complete their desired academic trajectory including minors.
- Finally, by enabling FA students to take 140 CHs (or 145 CHs with petition), the new system gives under-resourced students opportunity to access extra CHs. Only 10% of FA students attempted more than 145 CHs in the last three graduating batches (excl. Law & EE; see [Appendix A.4](#)). Since the most significant driver of attempting extra CH is to repeat courses in which students have performed poorly, we hope this small proportion can be further reduced through improved academic advising and support.

Covid Pass/NC policy

Rising Juniors and Seniors are continuing under the old fee structure which will allow them to make up for any extra CH as allowed per the old policies. Therefore, students in these batches who opt for NC under Covid policies will not face any adverse impact.

Rising Sophomores will be transitioning to the new fee system. Sophomores who opt for NC already have a 6 CH cushion built into the new fee system (10-15 CH cushion for FA students); **we propose an extra cushion of 4 CHs only for current rising sophomores**. This means that this batch will have 140 CHs or a cushion of 10 CH (FA students will have 144-149 CHs or a cushion of 14-19 CHs). This will enable the current sophomore batch impacted by the pandemic to use the NC option and not face a financial penalty for making up CHs in the future.

Majors with CH requirements exceeding 130

Some majors require more than 130 CHs (see [Appendix A.5](#)). **We propose that Electrical Engineering majors and Chemical Engineering majors be allocated 140 CHs to graduate; and Law students be allocated 170 CHs on the same five-year fee structure.** Biology requires 131 CHs, but we believe that the cushion already built into the fee system (6 CHs for all students, 10-15 CHs for FA students) is sufficient for Biology majors. **Electrical Engineering and Chemical Engineering Majors, who are on FA will get 145 credits (150 with petition). Further Law students on FA will get 175 credits (180 with petition).** To reiterate, for these majors as well the provision for FA students in the new system gives under-resourced students opportunity to access extra CHs.

IV) CONCLUSION

To summarize: the new pay-per-credit model, along with the proposals in this report, will i) keep tuition-costs the same for the vast majority of students while also ii) improving academic decision-making among students; ii) expanding curricular opportunities and learning experiences for all students, iii) making educational opportunities more equitable for under-resourced students, and v) catering to the one-time needs of students in the current transitional batches.

In fact, overall, the new fee model leads to a slight *reduction* in tuition-revenues – a cost to the university that we believe is manageable and outweighed by the educational and equity benefits highlighted above (see [Appendix A.6](#)).

The information given below is dependent on available data. We regret mild discrepancies as they are based on aggregate numbers and may need further analysis. The information is partly offered as examples to explain the Report

APPENDIX: FIGURES CITED IN THE REPORT

A.1 – Comparing Tuition-Costs: Old fee structure vs. new fee structure⁵

Table 1A: Tuition-fee comparison for the average LUMS graduate of 2017-19 batches (excl. EE & Law)

CHs attempted by the typical graduate (approx.)	135 CHs
Old fee structure's total tuition for the LUMS degree	2,776,231 Rs.
New fee structure's total tuition for the LUMS degree	2,762,664 Rs.
<i>Tuition-impact of the new fee structure</i>	Lower, by 13,567 Rs. <i>0.5% decline</i>

Table 1B: Tuition-fee comparison at different levels of Attempted CHs (2017-19; excl. EE & Law)

CHs attempted	130-132 CHs	133-136 CHs	137-140 CHs	>140 CHs
Old fee structure's total degree tuition	Rs 2,722,608	Rs 2,749,007	Rs 2,795,872	Rs2,966,311
New fee structure's total degree tuition	Rs 2,721,341	Rs 2,721,248	Rs2,767,690	Rs2,956,728
Tuition-Impact of the new fee structure	Lower by Rs. 1,267 <i>0.05% decline</i>	Lower by Rs. 27,759 <i>1% decline</i>	Lower by Rs. 28,182 <i>1% decline</i>	Lower by Rs. 9,583 <i>0.3% decline</i>

Table 2A: Tuition-fee comparison for the average LUMS graduate of 2017-19 batches (EE only)

CHs attempted by the typical graduate (approx.)	138 CHs
Old fee structure's total tuition for the LUMS degree	2,824,586 Rs.
New fee structure's total tuition for the LUMS degree	2,763,187 Rs.
<i>Tuition-impact of the new fee structure</i>	Lower, by 61,399 Rs. <i>2% decline</i>

⁵ These tuition-fee comparisons have been made using data on graduates from 3 recent batches to understand the full cost implications and incorporate the different paths students took to graduation. The figures for tuition fee reported here do not include other (non-tuition) fee components, such as admission fee, semester registration fee, security deposit etc. Further, these calculations assume zero fee inflation over time, in order to cleanly contrast the financial implications of changing the fee structure only.

Table 2B: Tuition-fee comparison at different levels of Attempted CHs (2017-19; EE only)

CHs attempted	133-135 CHs	136-139 CHs	140-143 CHs	>143 CHs
Old fee structure's total degree tuition	Rs 2,731,909	Rs 2,761,290	Rs 2,858,625	Rs3,288,600
New fee structure's total degree tuition	Rs 2,720,900	Rs 2,720,900	Rs2,755,783	Rs3,031,362
Tuition-Impact of the new fee structure	Lower by Rs. 11,009 <i>0.4% decline</i>	Lower by Rs. 40,390 <i>1% decline</i>	Lower by Rs. 102,842 <i>4% decline</i>	Lower by Rs. 257,238 <i>8% decline</i>

Table 3A: Tuition-fee comparison for the average LUMS graduate of 2017-19 batches (Law only)

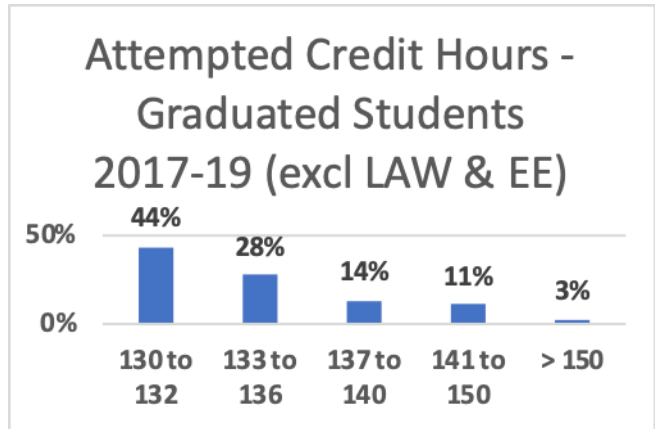
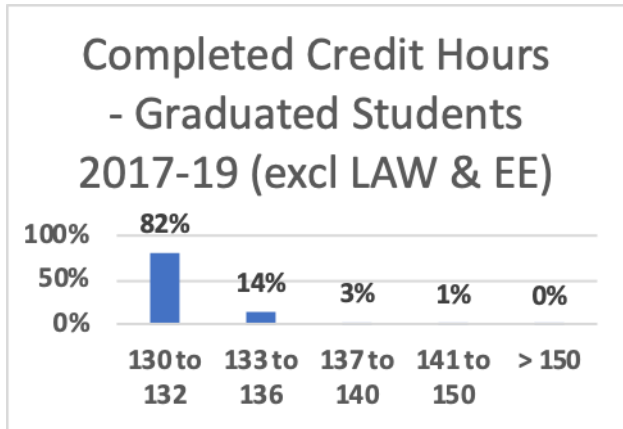
CHs attempted by the typical graduate (approx.)	170 CHs
Old fee structure's total tuition for the LUMS degree	3,430,584 Rs.
New fee structure's total tuition for the LUMS degree	3,467,288 Rs.
Tuition-impact of the new fee structure	Higher, by 36,704 Rs. <i>1% increase</i>

Table 3B: Tuition-fee comparison at different levels of Attempted CHs (2017-19; Law only)⁶

CHs attempted	162-164 CHs	165-168 CHs	169-172 CHs	>173 CHs
Old fee structure's total degree tuition	Rs3,367,575	Rs3,421,845	Rs3,409,316	Rs3,483,113
New fee structure's total degree tuition	Rs3,390,660	Rs3,390,660	Rs3,446,023	Rs3,600,541
Tuition-Impact of the new fee structure	Higher by Rs. 23,085 <i>1% increase</i>	Lower by Rs. 31,185 <i>1% decline</i>	Higher by Rs. 36,707 <i>1% increase</i>	Higher by Rs. 117,428 <i>3% increase</i>

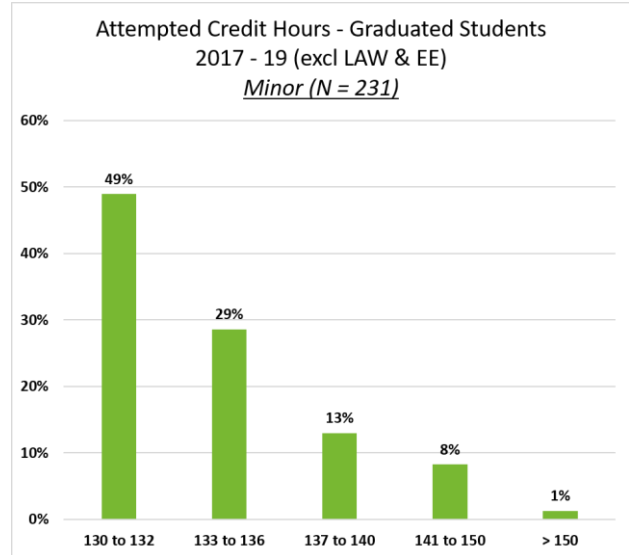
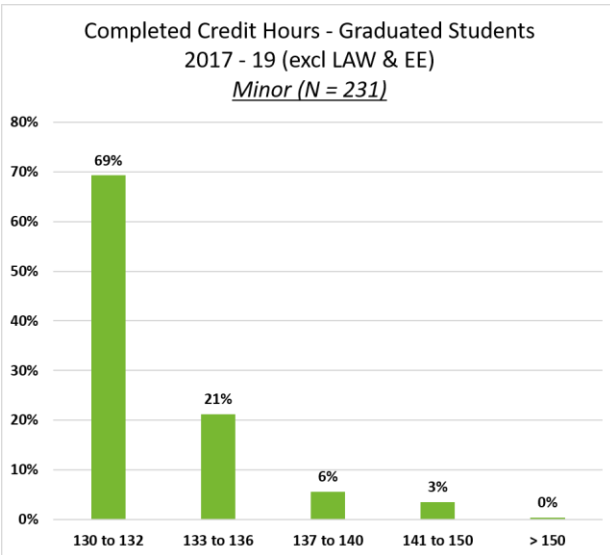
⁶ This table, like others above, apply a 6-credit cushion after the minimum graduation requirement (162 CHs in the case of the Law program). The new fee structure policy now offers Law majors some extra cushion in proportion to the fact that this is a 5-year program unlike the other degree programs. The extra buffer now available will reduce the total tuition fee paid under the new fee structure and lower the financial impact further as compared to the numbers reported in this table.

A.2 - Completed and Attempted CHs (Batches of 2017-19, excl. Law, EE)



A.3 - Data on Minors

Student's School	SDSB						MGSHSS						SBASSE						SAHSOL			
	130-135		136-140		141 or above		130-135		136-140		141 or above		130-135		136-140		141 or above		166-170		170 or above	
Minor School	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
SDSB	5	4		1			7	1	1													1
Public Management	5	4					7	1	1													1
Computational Finance				1																		
MGSHSS	12	6	1		1	1	51	39	4	3	3	4	3	4					1	1	1	
Economics	4	1					1	1														
Psychology	6	3			1	1	27	15	1	1	2	1	3	4								
Literature in English	1	1	1				7	4	2			1										
History							6	5	1		1	1										
Political Science	1						4	5											1	1	1	
Anthropology and Sociology		1					4	6		2		1										
Study of Religion							1	3														
Philosophy							1															
SBASSE	2	8	1	1		1	11	4	1	2			4	8	1		2	3				
Mathematics	2	2	1			1	8	4	1	2			4	3	1							
Computer Science		6		1			3							3			1	1				
Physics														1			1	1				
Biology														1			1					
Grand Total	19	18	2	2	1	2	69	44	6	5	3	4	7	12	1	0	2	3	0	1	1	2

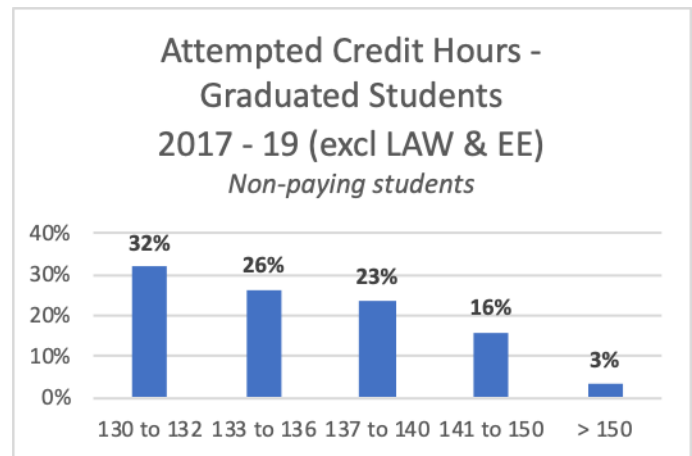
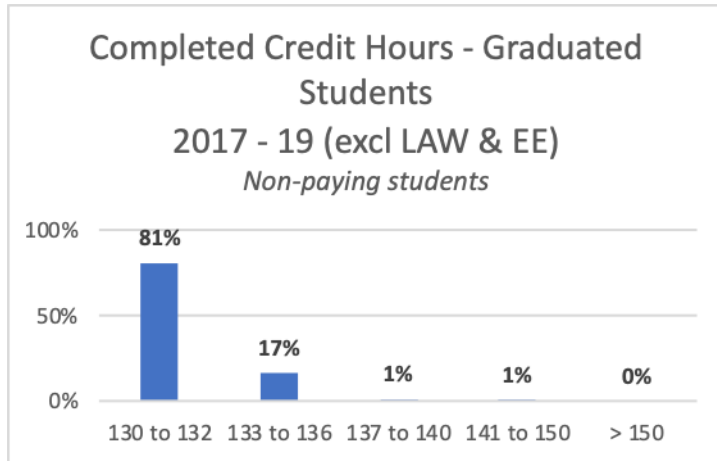


A.4 - CH Distribution of Students on Financial Aid (Batches of 2017-19, excl Law, EE)

These graphs are for graduated students (excluding Law and EE students) from the last three batches who on average receive at least 50% financial aid during their undergraduate studies at LUMS.⁷

Most of these students (98%) complete 136 CRH or less.

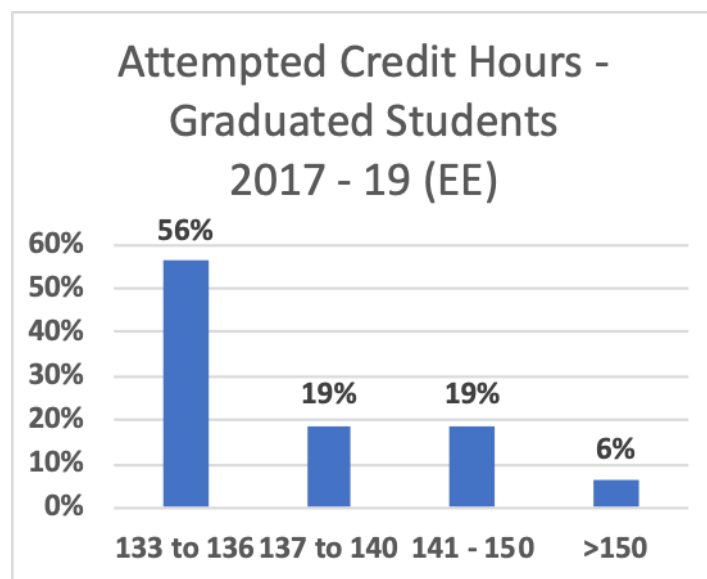
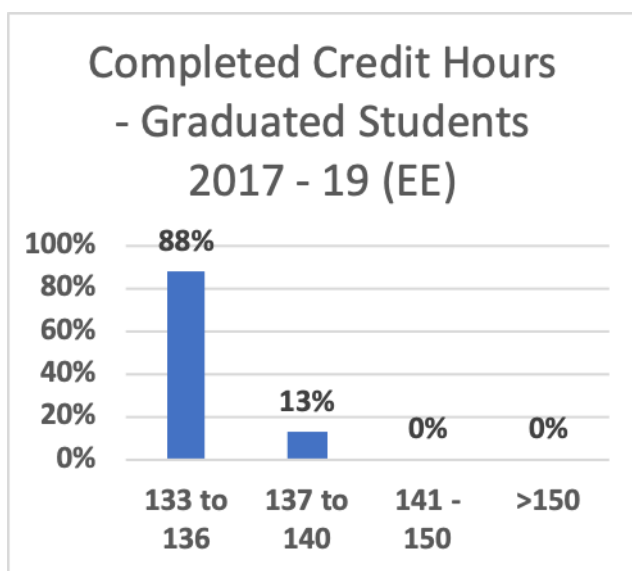
When looking at attempted CHs, only 58% attempt 136 CHs or less; a sizable 42% attempt more than 136 CHs. So, the policy of allowing these students 10 free CRH will be useful for them. 81% of them take 140 CHs or less, which means this most non-paying students will be fully covered under the 10 free CRH allowance. The rest of these students may be allowed 145 CHs with petitions. (Only 10% of FA students took more than 145 CHs)



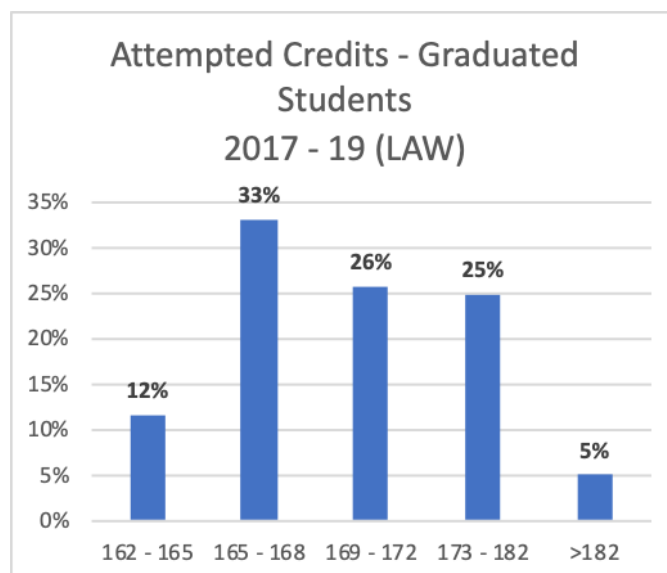
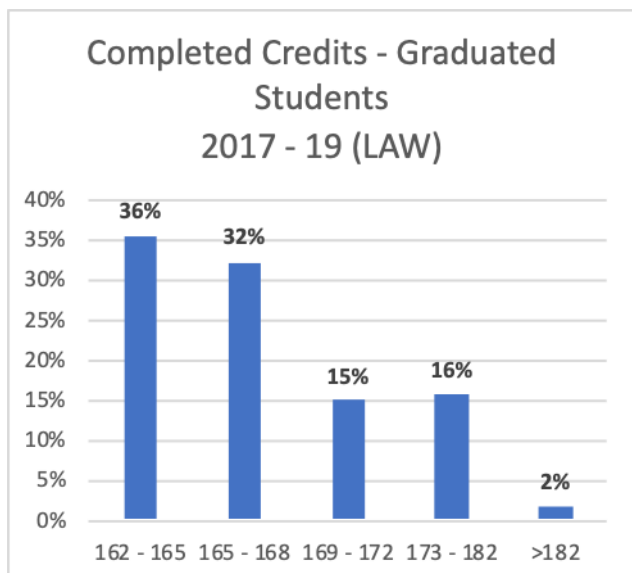
⁷ These students are referred to as non-paying students.

A.5 – CH Distribution of EE and Law Majors (Batches of 2017-19)

Electrical Engineering



Law



A.6 - Tuition revenues under the proposed fee model relative to the old fee model

The table takes the entire enrollment data for the graduating cohort of 2017 and calculates the total tuition that this cohort would have paid under the new fee model relative to the old fee model.

This shows that the university's tuition revenue declines by 0.6% by shifting to the new fee model.⁸

Comparing the Total Tuition Revenue for a Single Graduating Batch (Batch of 2017) Under the New Fee Structure (Relative to the Old Fee Structure)	
	New Fee (@ 16.25, Rs 20,930) + buffer
Revenue-difference for LUMS, compared to the previous fee model	<i>Rs (10,637,830)</i>
Revenue-difference for LUMS (as a % of estimated revenue in the previous fee model)	<i>-0.6%</i>

⁸ A rough calculation suggests that allowing for non-paying (financial aid) students will reduce the net revenue by 10% e.g. the net revenue from the 16.25 parity model with 6 free CRH (relative to the old fee structure) is now estimated to be -9,574,047 (0.9 x -10,637,830). As a percentage of total tuition revenue, however, it should remain the same (i.e. the percentage loss of revenue will still be 0.6%).