

Executive Board
Erasmus University Rotterdam

Via (mail only):
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Date
24-02-2022

Subject
Response to proposal institutional fees
2023-2024

Our reference
BB/NvG/cl/ese0041189

Your reference

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Dear Executive Board,

In this letter, we provide our response to the proposal for the institutional fees. We first discuss the proposal of the institutional fee committee of December 2021 and then the overall increase rate of the fees.

Response to new approach for setting institutional fees

First of all, we would like to express our gratitude to the institutional fee committee for their important work. At ESE we strongly support the idea of setting institutional tuition fees according to the market, in relation to relevant competitors, and taking into account finding a sweet spot in terms of income and workload. Last year, for ESE, the additional income coming from non-EEA students was about 3.5 million euro, which is roughly 9% of the total ESE income and thus a sizeable part.

There are three main parts to the new approach identified. We respond to each of those.

The first part is to group faculties in clusters by fee level. For pricing according to clusters, the disadvantages don't outweigh the advantages in our view. Particularly for setting fees according to the market, it is important to give every school, or every program for that matter, freedom to do so, taking into account salient features of the program and market. In our view, that strongly outweighs any organizational benefits such as uniform pricing as an institution. While clustering may help alleviate cross-school competition, we think this is not relevant yet given the distinguishing nature of our schools and programs.

The second part is to recalculate the fee levels to be better in line with comparator institutions and to take a more valued market position. We think ESE is currently priced fairly in the market. At the end of 2020, we engaged in an elaborate comparison of benchmark institutions at master level. In this benchmarking analysis we have studied over 30 competitors, compared to three competitors by the institutional fee committee, including quality and ranking aspects. The conclusion from this analysis is that at this moment there is no reason to increase the price of our program by any more than just a few percent (and thus, not by 16% for the bachelor and 25% for the master, as suggested by the committee, going from the current 21-22 rates to the 23-24 rates after rounding). Moreover, an increase in pricing can cause us to lose market share, especially if you take into account that other Dutch universities in that case charge lower fees.

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The third part is that the new fee levels will apply only to new non-EEA students. As we don't see it appropriate to follow the advice, this third part becomes irrelevant for ESE.

There are two additional elements we would like to share regarding the fee increase. First is that we are concerned regarding the inclusivity aspect of setting the correct fee level. Increasing the fees at such high pace may have serious heterogeneous effects of the ability of students from different socio-economic groups to join our school. Despite the committee's suggestion to develop a system of scholarships, we are worried that, without further examination, one of the pillars of the university's strategy (inclusive prosperity) could be undermined when an already high bar is increased further. Second, the proposal states "*Furthermore, even if – against our expectations – the number of non-EEA students was to drop as a result of tuition fee increases, total demand for EUR programmes is high; thus a drop in the number of international students is likely to be compensated for.*" While such reasoning may hold for programs with a (binding) cap on the number of students, this is not the case for ESE programs as none have such a cap and no such compensation can therefore take place.

We have discussed the new approach for setting institutional fees with our School Council on 27 January 2021. The input we received is in line with our response as outlined above.

Response to increase rate of fees

Considering the above arguments, we do not wish to follow the new approach and fees as proposed by the institutional fees committee at this moment.

For EEA students and all non-EEA students (including newly enrolled), we would like to increase the fees for 2023-2024 by the 1.9% level as proposed for EEA and already enrolled non-EEA students.

Sincerely,

Prof. dr. P.J.F. Groenen
Dean Erasmus School of Economics