

Raise or lower tuition

Literature, Russian Literature



Raise or Lower Tuition Because of the continued decrease of government support for public universities and the increasing cost of living, the only way the public universities can increase their revenue is through increasing the school tuition. An increase of school tuition should not affect the enrolment for it to increase school revenue. However, you find that even though the increment are within the margins of the tuition that other universities offer, students who are in the lower earning profile will be greatly affected even with minimal increment. The university can deal with this problem by setting aside a percentage of the revenue generated for financial aid. Another way of ensuring that the school enrolment is not affected by increase in tuition could be through differential increase in tuition among the students taking different courses (Boyes & Melvin 2012). For course that are offered by many other university and thus the students have a wide range of schools to choose from, the increment should be minimal. However, for courses which are unique to Nobody State University or are offered by a few universities the increment could be higher. Raising the tuition fee in Nobody State University could lead to an increase in revenue if the amount were raised to a level that is close to the tuition charged by other alternative universities. This would ensure that enrolment is not affected because if the increment is too high, students would prefer to enroll in other cheaper universities. This is because universities do not operate as monopolies. They are surrounded by other universities that offer similar courses. It could seriously affect the students in the lower learning profile. If the enrolment level went down, then the tuition increment would not have any significance effect on the university revenue (Landsburg 2011). The increment should also be high

enough in order to make considerable change in the overall university revenue. If these conditions are met, then it is possible for the university to raise more revenue from tuition increment. When the conditions mentioned above are met, it would be possible to ensure that more revenue is generated. This is because since the financial aid will cater for students with low income, and this would ensure that the level of enrolment is not affected. The differential charging depending on the course a student is undertaking would also reduce the number of transfers from one university to the other. This creates some sort of balance that would ensure that the enrolment is not affected and the revenue generated from the tuition increment is used to cover the expense that the university has been struggling with. The university could also increase enrolment in the university by offering activities that attract students such as entertainment facilities. Price elasticity is one of the factors that can be used to help an organization to know which strategy to employ in order to increase its revenue. Price elasticity is calculated by comparing the percentage change in quantity of goods in relation to percentage of increase in the price of those goods. Revenue can be increased by two ways, increasing the demand or increasing the price. If the true price elasticity of Nobody State University is -1.2, this means that the price is fairly inelastic. This means that an increase in tuition fee would not result in significant changes in enrolment rates. A moderate increase in tuition fee would thus result in an increase in the amount of revenue the university earns without greatly affecting the enrolment. However, further increments would result in a decrease in enrolment. The slight decrease in enrolment will not affect revenue since more revenue would be

generated from the increased tuition fee. If the elasticity was higher than 1, it could mean that price of NSU is elastic (Landsburg 2011). This implies that increase in tuition would result in considerable changes in enrolment to this university and this would leave the university deficient of the revenue that it seeks to increase. From what that have been discussed above, the president of NSU would be advised to use the option of increasing tuition as a way of increasing the university revenue and dealing with the financial problems its currently facing. Because the price elasticity is inelastic, it can be confirmed that increase in revenue would not result in great changes in student enrolment. The slight decrease can be counteracted by increasing the financial aid for the needy student. This would ensure that all students including those who are economically challenged are able to study in this university while at the same time the university is able to generate adequate revenue to run smoothly. The other option of increasing revenue by expanding the university and increasing the number of enrolment may not be viable now. This is because it would involve the university investing more on expanding the facilities to accommodate the large number of students. This would require funds which the university cannot afford since it is struggling to maintain the current student population. References Boyes, W. J., & Melvin, M. (2012). Microeconomics. Mason, OH: South-Western Cengage Learning. Landsburg, S. E. (2011). Price theory and applications. Australia: South-Western/Cengage Learning.