

Pre-Meeting Narrative
Blueprint for Academic Excellence
Darla Moore School of Business
March 17, 2023

Goal 1: Enhancing the Moore School as a World-Class Research Institution

Research at the DMSB is primarily measured by the number and impact of peer-reviewed research publications in top-tier journals. The number of publications appearing on various externally recognized lists such as the UT Dallas, Financial Times, and Chartered ABS. Based on these measures, the DMSB is consistently in the top 35-45 range of research productivity for all U.S. business schools, with a few departments in the top 15. Another measure is the number of top tier distinctions (Fellows, Career Awards, etc.) that is tracked through Academic Analytics. The DMSB is one of the top business schools in the South-East region on the Faculty Awards dimension.

Goal 2: Enhancing Key Programs

Enrollments

The Darla Moore School of Business continues to be a major player in the overall USC Columbia Campus recruitment funnel. DMSB grew from 17.5% to 21.3% of the total number of applications (freshmen, transfer, and graduate) for the Columbia campus from 2017 to 2021. In Fall 2016, DMSB instituted an enrollment cap of 1400 newly admitted students/year to allow for re-alignment and a focus on our Undergraduate Excellence Initiative to improve student outcomes, as well as improve our student-to-faculty and student-to-staff ratios. As a consequence, interest in DMSB has continued to grow. As of 3/6/23, this strength in recruiting at DMSB is illustrated in the Admissions Office update that indicates that 22.7% of admitted students to all of USC for Fall 2022 are DMSB prospects. Over the past two admissions cycle, DMSB has worked with admissions to somewhat relax the cap and to accept 100 additional students (above our 1400 cap), so our undergraduate enrollment is growing as these larger classes matriculate. Our Graduate Program enrollment has remained fairly stable throughout the period. (see “*Columbia All Admissions Funnel*” graph.) Continued growth in the DMSB UG program would require additional investment to support faculty/staff hiring.

It is important to highlight the size of DMSB compared to our peer and aspirant institutions in terms of Degree Completions, which is illustrated in the “*Degree Completions Benchmark Dashboard: 2017-2019*”. DMSB Undergraduate Programs are second (of ten compared) in size only to our peer University of Georgia, and second (of eight) in size only to our aspirant, University of Michigan. In our graduate programs, we are slightly above the middle of the pack of our peer schools, but second to the smallest in size of our aspirants.

Student Graduation, Retention, and Employment Outcomes

Our overall 4-year graduation rates have shown a positive trend from the 2010 entering cohort to the 2018 entering cohort increasing 15 percentage points from 60% to 75%. A breakout by gender shows that rates for female students exceed that for males by a wide margin of 10-20%, with the gap narrowing for the most recent cohort to ~ 10%. Our entering Freshman class (and overall class) enrollments are more heavily male, though the gap narrowed significantly in Fall 2021.

A comparison of 4-year graduation rates between DMSB versus USC shows that the overall graduation rate for the DMSB's most recent graduating cohort (entering 2018) is about 15 percentage points higher than USC overall.

First-Year retention rates in the DMSB have improved significantly beginning 2016, when the Freshman cap was introduced and 50-60% of our Freshman class enrolled in business sections of UNIV 101. Retention rates of females have been in the 90%+ range, while for males the rate has hovered in the mid to high 80s%. The freshman cap likely resulted in freshman admits who were more academically prepared for college. The introduction of Univ 101 business sections likely contributed to the improved retention rates, as well.

Employment outcomes for undergraduate students graduating between 2018 – 2022 show a strong increase in placement rates and starting salaries. (As a side note, the 2018 and 2019 graduates entered the DMSB prior to the start of the Excellence Initiative in the DMSB, the freshman cap, and the business analytics concentration).

Some of the increase in placement rates and starting salaries owes to programmatic changes with the introduction of the Business Analytics concentration in 2017, as well as increases in the number of students with internships owing to the Business Expo held each Fall and Spring, as well as through engagement with centers and corporate sponsors.

The 2021 placement rate exceeded expectations despite Covid, in part because our OCM ran business expos in-person and online, and because the job market was showing signs of recovery. Year 2022 was a banner year with an average placement rate of 96% (placement rate of all majors exceeded 90%) and an average starting salary of \$66k, both the highest numbers on record. The 2022 Undergraduate Majors Report shows that Business Economics majors had an average starting salary of \$72k and International Business majors, \$76k. All other majors reported average starting salaries of \$60k and above, also the first time ever.

Diversity, Equity, and Inclusion

Although the Darla Moore School of Business (DMSB) does not have control over the diversity mix of its undergraduate admissions since this is managed by the central USC Admissions Office, DMSB has tried to make a positive impact by making a significant investment in D&I through the appointment of an Associate Dean and by growing the department by an additional 3 staff positions. This team focuses on “changing lives through education and accomplishing this by

working in a diverse and inclusive community.” Their development, marketing, and administration of the DMSB Rising Scholars program (now admitting their 4th cohort in AY23-24 of 40 students/year), Power Forward program, and partnerships with HBCU’s are examples of how DMSB is working towards a more diverse and inclusive community. These efforts have resulted in some D&I gains, as ethnic diversity has grown from 17.19% in Fall 2017 to 19.74% of the total Full-time Undergraduate enrollment in Fall 2022. (See the *“Ethnicity in DMSB FT UG% of TTL Enrolled”* graph). From the graduate population perspective, Graduate Programs recruitment efforts do emphasize diversity, and DMSB Graduate Programs have been able to increase ethnic diversity from 30.89% in Fall 2017 to 38.36% Fall 2022 (See the *“Ethnicity in All DMSB Grad as % of TTL Enrolled”* graph.)

Diversity in faculty and staff hiring is a challenge, as diversity, especially at the faculty level, comes at a premium cost and our margins continue to shrink. Although full time staff is predominately female, 73% in Fall 2022, females only represent 34.8% of the full-time faculty positions in Fall 2022. Some strides have been made in hiring diversity, as the full time slots of all faculty/staff in Fall 2017 were 75.5% Caucasian, but the metric has decreased to 63.5% of all slots in Fall 2022. One of the largest gains in diversity has been in Black or African American faculty and staff, which represented only 4.8% of all employees in Fall 2017 but has increased to 8.3% of all employees in Fall 2022, although we do realize continued improvements still need to be made. (See *“Departmental Employee Trends”* graph.)

Goal 3 – Enhancing International Programs

The DMSB continues to lead the university in the breadth and depth of international business student experiences and curriculum. As one example, DMSB students have made up over 50% of all the USC students who have studied abroad over the last three years. The number of partner universities offering exchange and/or study abroad opportunities is now at 96 total, representing 51 different countries.

Our IB focused majors at both the undergraduate and graduate levels continue to be recognized as the best in the country. US News recently ranked our International Master’s in Business Administration (IMBA) program as #1 in International Business and #47 in the MBA program category nationally. Our Master’s of International Business is ranked #2 nationally and #46 globally.

Goal 4 – Enhancing and Strengthening Corporate Relations

The DMSB has a long history of partnering with companies through our center, Exec Ed, and OCM, to offer experiential learning opportunities through faculty-led course projects, case competitions, speaker series, executive education programs and customized classes to businesses and to our Alumni, as well as industry panels and employer pop-ins, , with the support of our career development office. In 2019-20, we offered 205 experiential learning options for our students.

Our 12 academic centers all have advisory boards consisting of high-level corporate executives. Each year we host a conference for the top chief human resource officers as well as a separate conference for the top chief marketing officers. These types of engagements raise the profile of the school, our students, programs, and research, and contribute to internship and full-time job opportunities, course projects for student teams, as well as research opportunities for faculty and students.

The number and size of our executive education programs has significantly increased over the last three years, providing life-long learning opportunities for our local and region executive workforce as well as for Alumni of the Moore School. The largest customer of these programs over the last seven years has been the U.S. Army, where we have trained over 5,000 soldiers on advanced business analytics techniques during this time period.

Goal 5 - Developing organizational resources and infrastructure critical to academic mission

DMSB operates under the mission to ensure our unit generates the financial resources needed to support the research, academic and outreach goals of the school and the University as measured in the current budget model. Budget neutrality along with graduate program cost modeling are concepts that are employed in daily decision making and annual reviews of committed personnel and non-personnel resources to our academic and support units at DMSB that serve our students. To mitigate issues that are driving our annual net operating margins and carryforward negative, as depicted in the following visuals, we use a balanced approach of assessing new ways to generate revenue and control operating expense, while creating positive outcomes for our students.

Sources of Revenue

65%, or \$65M, of our unrestricted revenue sources are generated from the traditional fall/spring UG revenue pools that are highly sensitive to the change in the R/NR student mix and the size of the revenue pools after tuition abatement, both of which are not under our control. UG enrollment is capped to maintain a minimum quality standard student to faculty ratio of 35, although the cap has been exceeded that last couple of years to allow for revenue growth and freshmen student college of record requests. DMSB has MOU's with the Honors College that generates funds to offset the cost of small class sizes requested, and with schools of Law and Pharmacy to capture dual degree revenues that DMSB has instructed. The undergraduate enrichment fee is not as much under our control as it was in the past due to tuition and fee pressures from state government and the public, although using Clemson as a comparison and along with solid student outcomes and salary/debt ratios, the undergraduate enrichment fee is due for an increase.

Traditional revenue from fall/spring graduate tuition, graduate program partner revenue, and summer teaching are under our control, although growing summer revenue is challenged by "summer break" culture. In the interim, DMSB has implemented new graduate programs such as MSBA, dual degree PhD, and MIB Live, along with implementing a board approved tuition increase for existing graduate programs, which could require additional private fellowships to

sustain enrollments. Certificate programs have been developed to increase credit hour production and student marketability, PMBA sites and equipment upgrades have almost been completed to continue attracting the enrollments of scale needed to support the graduate program portfolios, and sustaining as self-funded Executive Education's model, contributes to a balanced approach for generation of financial margins.

Uses

Cost control is another aspect of our balanced approach to generate organizational resources. Personnel costs, in terms of faculty and staff headcounts, are mainly limited to replacements, and retention budgets are limited to a minimal 1% of base salary. Flat FTE's mirror teaching a stable enrollment and maintaining a student faculty ratio not to exceed 35. State mandated salary increases, promotion raises, rising fringe costs, balancing teaching and research loads, and lack of external research awards in business school education put significant pressure on the bottom line and mean additional sources of revenue must be sought.

DMSB uses a self-funded approach to funding academic centers of excellence that are critical to serving students, academics, and research along with cultivating external partnerships and potential sources of private donations.

Non-personnel annual operating budgets are flat with non-recurring investment in teaching technology and off campus sites to keep programs competitive without relying on private funds to source operations. Private sources are used to fund important initiatives like DE&I.

Net Margins

In summary, the DMSB projects negative operating margins to continue for FY 23 and out.