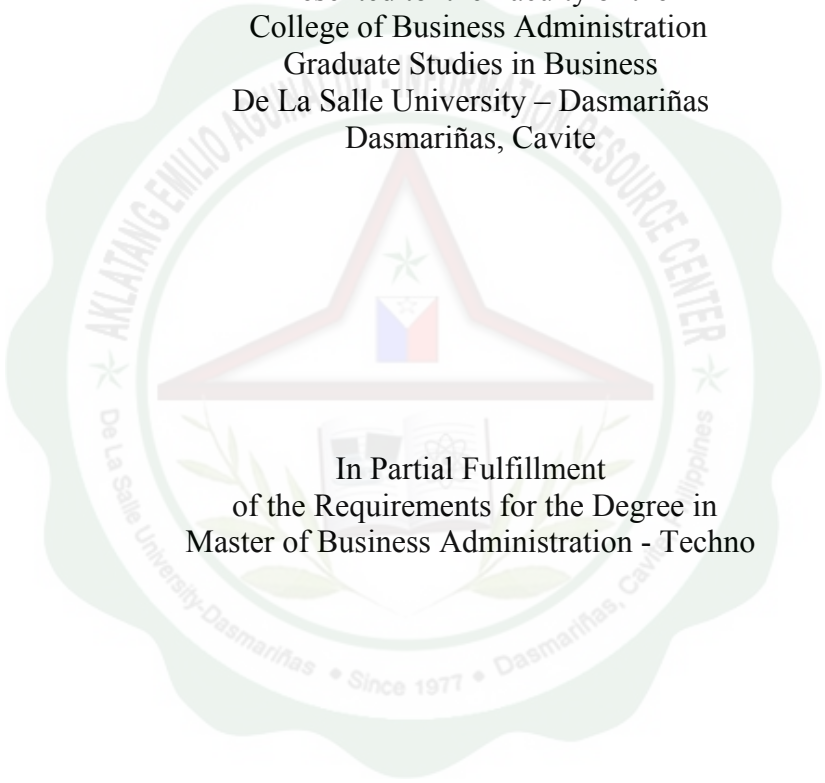


**COST DETERMINANTS OF TUITION REVENUES OF A PRIVATE
HIGHER EDUCATIONAL INSTITUTION**

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ABSTRACT

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This study was conducted primarily to analyze the cost determinants of tuition of a private higher educational institution. Specifically it aimed to: 1) present a brief profile of enrolment and curricular offerings; 2) determine the tuition rates charged by the university; 3) determine the revenues generated from tuition and the costs incurred by the concerned colleges; 4) analyze whether total tuition increases per year were apportioned according to R.A. 6728; and 5) analyze the effect of various cost components in the tuition charged by the respective colleges.

Secondary data on enrolment, tuition rates, revenue and expense accounts were gathered from the university's official records. Activity-based and responsibility accounting concepts were used to assign revenues and costs to each college. Multiple linear regression analysis was used to explain and analyze data. Five colleges were selected for the study which covered a 10-year period from school years 1995-96 to 2004-05.

Enrolment figures were steadily increasing for the period under study but growth rates have diminished through the years. Recent years have seen enrolment growth dwindling from zero to two percent growth. Tuition rates have increased over the years and tuition increases had been more uniformly applied

within the second half of the period. In matching revenues and expenses, the institution consistently experienced deficits. On a per capita basis, general tuition revenues per student were less than the costs expended. The university, as well as the individual colleges, had failed to contain their costs within tuition revenues and, therefore, exceeded the mandate of R.A. 6728 where 70 percent of tuition should be spent for personnel service costs and that at least 20 percent of the remainder should be spent for operating expenses and capital expenditures. The institution included debt servicing to be covered as well within the remainder from tuition revenues. The performances of the individual colleges were not properly monitored due to a lack of an adequate system that could generate the desired information.

The results of the regression showed that total tuition was significantly affected generally by personnel service costs with some individual colleges affected as well by operating expenses and capital expenditures.

In view of the foregoing, the following recommendations were made:

- 1) For enrolment, a strategic plan must be devised by the university which would result in the adoption of a marketing plan to attract the talented youth into the university;
- 2) For the proper setting up of tuition rates and control of costs within the limits prescribed by R.A. 6728, an automated budget system should be implemented that would cover budget preparation, monitoring, and reporting, thereby ensuring that costs are within projected tuition revenues for a school year.

In a related recommendation, responsibility accounting concepts should be

executed in order that the performance of each college is measured and that information can be the basis for determining the adequacy of tuition fees charged, ensuring that colleges are performing financially, as expected, and that costs are contained within the limits of R.A. 6728; and 3) To address the significance of changes in costs on tuition revenues, the university can adopt the regression model used in this study to make fair projections that will have a bearing on school policies and decisions.

