

15 April 2015

Dr. Kemper and Midwestern University,

As future physicians in the Osteopathic Community, we pride ourselves on one day becoming a part of the healthcare system in America. The Osteopathic Community prides itself on training physicians to serve in the underserved populations primarily in the means of Primary Care and Osteopathic Manipulative Medicine. As a student body, complaints will always arise, and most will come with the questions of whether our school is living up to the ideals of the osteopathic community and are we getting the education we need to best serve our future patients. As Midwestern University states in its mission statement, that it strives to "Promote and Maintain the Osteopathic Philosophy", we as a student body write this letter to ensure that the University has not steered off course.

We understand that your office does not directly deal with tuition or the finances of the university, but we write this letter to you, as our Dean, Mentor, and Colleague to best represent our voice and ensure that our questions are answered. We understand that historically tuition has increased roughly 5%, since 2002, and every year students are upset and do not know how to handle the situation. We understand that last year we held a Town Hall Meeting with Dr. Goepfinger, which very few students attended - due to this concern, we feel it is best to address our questions and concerns in this manner instead. As a student body, we collected all of the information that has been passed between students. We collected every question students may have and also collected every rumor they may have heard. Throughout the information below, we will highlight those rumors and we will also highlight out the facts and the questions we have about our tuition and the financial situation of Midwestern University. We have tried to lay everything out as concise as possible - we primarily hope for two things: An itemized breakdown of the MWU expenses and where our tuition dollars go. We would like to hear from MWU with answers to our questions in 1 month's time.

**The Facts:** All resources are provided at the end of this letter.

-The Mean 2014-2015 COM Tuition and Fees	\$42,953
-The Mean 2014-2015 COM Tuition and Fees Increase	3.7%
-The Mean Private COM Tuition and Fees	\$45,622
-The Mean Private COM Tuition and Fees Increase	3.5%
-The Cost 2014-2015 AZCOM Tuition and Fees	\$58,630
-The Cost 2014-2015 CCOM Tuition and Fees	\$60,446
-The Cost 2014-2015 MWU Tuition and Fees Increase	5.0%

AZCOM and CCOM are the top 1st and 2nd in the nation for tuition. The next school tuition is NYITCOM at \$53,760 roughly \$5000 less than AZCOM and \$7000 less than CCOM. NYITCOM is

in the Heart of NYC, NY - currently the most expensive city in the US. And note that the only For Profit DO school in the country has tuition set at \$48,938.

Last year at the Town Hall Meeting we were told our tuition was higher because our tuition was all inclusive and other programs had more out of pocket fees by their students. Things we pay for out of pocket: Health Insurance, Room & Board, Board Examination Review material, Clickers for Mandatory Attendance, all Books, Anatomy Dissection Kits, Anatomy Lab Gloves, Anatomy Lab apron, Micro Lab Apron, White Coat embroidery, Ipad/Computer, On campus club membership, Vaccinations, Annual Flu shots, Stethoscopes, Otoscopes, Ophthalmoscopes, Reflex hammer, Eye chart, Blood Pressure Cuff, Licensure Exams 2-5 totally between \$3000-\$7000, Conference Travel, etc..

Things other schools get that we do not: (all results collected from published minutes on AACOM's website of university representatives - out of 36 COMs). 17 schools give their students free vaccines, 17 schools provide health insurance in their tuitions, 20 schools have access to a 24/hr library, 29 schools have all electronic/computer/tablet exams, 17 schools have doctoral graduation bonnets/tudor caps at graduation and not the traditional MortarBoard Undergraduation caps, Video Recording - CCOM remains to be one of 4 schools in the Country without Video Recording, AZCOM had to abstain from that vote seeing as only part of the curriculum is recorded while the rest of the schools have full video recording.

The other comment we heard from last year is that it is not fair to assess tuition rates due to the lack of equality in living expenses and the urban landscape of each school. To better assess this - another individual survey was collected from 35 of the 36 schools. The data that was collected was the average amount taken out by a student in federal loans, to be fully supported on federal aid. To throw out all outliers, only single, non married students were asked who did not have any children. For example, our tuition is \$58K - when we apply for loans it gives a maximum award based on living expenses in the area, extra fees, living/personal expenses, etc - AZCOM's average is between \$85-\$90K. This amount is a better comparator between schools when it comes to true loan debt - an MWU student will leave school with \$360,000 in debt assuming they have to take out roughly \$90K in debt each year. The survey results - these are rough estimates from collection of students at each of the schools:

-Average COM Yearly fees	\$67,340
-Median & Mode	\$70,000
- Low & High	(\$41,000 & \$90,000)
-Standard Deviation	\$14,000
-95% Confidence Interval	(\$53,160 & \$81,530)

Which means both AZCOM and MWU are two of the three schools outside the 95% confidence interval for yearly fees. After next year's Tuition increase, the school will now collect an extra \$2.7M from AZCOM students and \$2.8M from CCOM students.

As students, we do understand the value of good education and we understand that with a tuition raise we should expect increased benefits and increased educational opportunities. These next facts are based off the 2013 Federal Tax Exempt 990 Forms. In comparing our school to a number of other universities, we have a strikingly different Profit Margin and % revenue.

	Total Revenue	Total Expenses	Margin (M)	%Revenue	Total Assets	% Assets
<b>MWU</b>	<b>302,270,337</b>	<b>212,651,986</b>	<b>89,618,351</b>	<b>30%</b>	<b>947,050,869</b>	<b>9%</b>
Stanford U.	4,936,509,854	4,300,789,168	635,720,686	13%	31,539,947,659	2%
AT Still U.	114,946,380	109,269,257	5,677,123	5%	241,716,222	2%
Western U.	163,959,662	155,060,103	8,899,559	5%	277,856,101	3%
U of Pikeville	46,748,270	46,858,485	(110,215)	0%	83,692,435	0%
KCUMB	49,573,518	47,222,930	2,350,588	5%	186,897,200	1%
NOVA - NSU	651,459,765	615,759,212	35,700,553	5%	1,148,069,543	3%

Which means 2 years ago MWU had a surplus of \$90 Million dollars with a profit margin of 30%.

Another question that has arisen from the 990 Tax Return, is in regards to general activities made outside of the US. The \$7000 for a medical mission is easy to understand, but where is the \$4,057,000 described as “investment[s]” going towards in “Central America and the Caribbean”. Students have brought up this topic have joked that this is to fund a future Caribbean MD Medical School. Is there any truth to this rumor? Other rumors that have been reported are that these funds are used to benefit members on the Board of Trustees.

Another explanation we received last year to why tuition continues to increase is due to the the increase in utility cost and property cost. Two years ago MWU also filled a 990 Tax Exempt Return for Midwestern University Properties Corp - this organization had a revenue of \$476,755 for the year all termed from the Program service Revenue of “Student Housing”. The total expenses on this same land and housing was \$259,330. This gives the net revenue for charging students for housing to be \$217,425 with the Properties Corp adding to its \$7,425,981 in assets. Even under MWU’s 990 Tax Return, it states that MWU collected \$5,126,820 from Student Housing fees and the expenses for that year for student housing totaled \$4,840,302 meaning MWU made a profit off of student housing fees. With these types of profits and revenue margins - where is MWU seeing an increase in utility cost and property cost?

The other major concern is the odd fact that the exact same Tuition Letter, word for word, was sent out to both CCOM and AZCOM. The only differences between the two letters was the Dean’s Signatures, Dr. Nichols and Dr. Kemper, respectively, and also the exact tuition amounts. In the letter it states that each school can stand alone in its operating costs, “each College and program must stand alone and pay for itself” - the issues students have brought up about this is that several faculty in various departments teach for multiple colleges on campus. With a department of 10 Professors, AZCOM students may only get lectures from 6 of out the 10 in the department. Are our tuition dollars only going to those 6 professors and are they paid for the different college budgets

based on the percentage of time they spend on each program? If not, then how do the different budgets stay separate when it comes to faculty compensation. The AZCOM Pathology department now has to increase their workload by instructing students at the AZVM program (vet med), how is their compensation changing based on the fact they are redirecting time to another program? In particular the letter states “we maintain separate and distinct firewalls between the finances of our Downer’s Grove campus and those of our Glendale campus to ensure that our tuition dollars go directly back into your college and your campus” - how is this the case if Identical Budget Pie Charts were placed on each tuition letter?

Also in the tuition letter we were presented with a Pie Chart that gives the breakdown of the University’s budget. At first glance you would think that the chart represents the budget for AZCOM alone especially after reading that the school maintains “its own checkbook[s]”. With both AZCOM and CCOM receiving the same chart - the graph is very misleading and gives us no relevant information as to the breakdown of our education and all of the costs at AZCOM. On the chart it says the school spends 3% on clinical teaching costs and we as students, are always told that rates or tuition go up because we have to pay for our students on their rotations sites. Do we in fact pay for students on their rotations? If we do how much are these costs? The rumors we as students hear is that some Preceptors work for free, some work for \$400 a month and others work for \$1000 a month. We have also heard that many preceptors do not want to with our students because of the poor compensation for their time from AZCOM. Rumors are also being spread that this is the reason why AZCOM does not have students at Mayo. With annual Tuition rates of \$58K (\$116K for the two years of rotations) and rotating for 21 months - the school collects \$5700 per rotation month per student from tuition. If we only pay preceptors \$1000 a month does the other \$4700 go to administrative costs? If so the school collects roughly \$2.7M per month from the MSIII and MSIV students for their rotations.

Currently as a student body at AZCOM (1026 students) we pay a total of \$60,150,000 each year. We are consistently told that they are trying to increase the number of faculty to educate us in our first two years. With all of the additions over the past few years, has increased faculty actually translated to increased testing scores? Has it ever been looked at to reduce the faculty and pay them higher wages to do a higher percentage of work instead of some faculty teaching only 3 lectures in 6 months?

As students we have also been told that our tuition rates continue to increase to help competitively pay our faculty and give them a 5% increase in salary. If this is the case, why are there rumors that not every faculty member gets a 5% increase in their salary? Does a 5% faculty salary increase equate to a 5% tuition increase?

If Tuition is increased 5% each year, why are the various departments, officers, administrative offices only allowed to ask for a 3% increase in their annual budgets? Where does the rest of the student tuition increase go?

Board of Trustees members are said to be unpaid - except the CEO of Chanen Construction, who does construction on the Glendale Campus, was appointed to the Board of Trustees for MWU - how is the expansion of the university not an incentive for him as the CEO of the company profiting from our expansion? Can he give unbiased opinions about the financial considerations of this university?

Last year, at the Town Hall meeting it was also said that the small increases of 4-5% each year help to prevent huge jumps in cost. While the basic concept is true (a 4% jump is smaller than an 8% jump), simple math can show that this isn't necessarily true for the total cost of attendance over 4 years. If we start out at \$56,000 a 5% jump to the next year puts us at \$58,800. A 4.5% increase the following year puts us at \$61,446. Lets say for fun we get a smaller increase for our final year of 4% and go up to \$63,904. The total cost of 4 years is \$240,150. If we look at this from Dr. G's perspective of no increase vs large jump we would have (1) \$56,000- follows an increase (2) \$56,000 (3) \$60,480- an 8% increase (4) \$60,480 = \$232,960. Even with a 10% jump between 2nd and 3rd years the total would be \$235,200. Two 8% jumps would = \$242, 278.

Another area of concern was the recent proposal made to the city to pay for a local library with \$5M in cash. If the university has \$5M in cash, which according to it's tax 990 Return it does, why is it increasing tuition 4.5% to increase revenue by \$2.7M? Was there any consideration as to whether this would actually benefit students or if students would actually utilize it? The school also made a number of large purchases for Local Bonds - \$50M in 2011 and \$120M in 2013. With all this additional revenue why has there been a continuous increase in tuition rates?

### **Student Questions:**

Can the students receive an itemized breakdown of Midwestern's Finances?

How are the two campuses actually divided when it comes to funds?

Can we get pure transparency by the University regarding our costs?

What is MWU doing with the \$89 M in profit from 2013?

Why is MWU over \$10,000 the National COM average in tuition?

Why did MWU have a 5% increase in tuition from 2002-2014?

Why is MWU's tuition increase still above the national average?

Why is there less than \$2 million devoted to scholarships over BOTH campuses of thousands of students yet Dr. G is compensated almost \$1.3 million annually?

Why did both campuses receive the same Tuition Letter if each program has a distinct budget and checkbook?

Why can we not afford to expand our Video Capturing software to record all classes?

Why do we have to pay for health insurance when 17 other schools do not?

When will the school expand the size of the cafeteria, library, and gym - which no longer meet the needs of the current student population on campus?

How did the school make money off of student housing yet say they need to raise prices to match utility costs?

Is there any truth to the rumor that MWU is investing in a Caribbean Program in the future?

Do we pay for students on their rotations?

If we do, how much are these costs?

Why do preceptors tell our students MWU pays preceptors lower than other programs?

Why does our tuition not include the price needed to pay for Step 2 COMLEX that we have to take to graduate?

With all of our funds, why was Careers in Medicine cut, when it was an invaluable resource to students?

With all of our funds, why is UpToDate potentially being cut from the Libraries budget?

With all of the additional faculty over the past few years, has increased faculty actually translated to increased testing scores?

Do all faculty members get a 5% increase in their salary each year?

Why are departments on campus only allowed a 3% increase in budget while we have a 5% tuition increase each year?

Is there an upper limit dollar amount that you find acceptable to charge students?

Does Midwestern do any research to see how much residents and young practicing alumni are hurting financially?

Are there checks and balances in place to protect the students from paying unexplained tuition increases or can the school set the tuition to any amount it would like?

If the university had over \$89M in profits in 2013, why are they refusing to pay \$7000 for the traditional doctoral tudor graduation bonnets?

Can our tuition be locked after our second year? If tuition continues to climb or MSIII and MSIV year, do our preceptors also get an increase in payment?

The school now is receiving tuition funds from an additional 100 Vet students - since many of our current faculty started teaching those students as well - and not a lot of new faculty for the vet program was added, what is the school doing with the additional funds from the new vet students now?

Do MWU administrators feel right about continuing to raise tuition while physicians incomes are declining?

Why doesn't our expensive tuition include all board exam costs, lab equipment and supplies, white coat embroidery, etc.?

Are our tuition increases being reinvested in our program, or to MWU as a whole?

If we set up our own rotations 4th year, why do we pay tuition?

If wages are the biggest expenditure, why has tuition gone up since 1st year when I've been taught by preceptors not paid by the school?

What efforts are being made to lower cost if any?

Can we make more classes online to cut down on instructors/faculty?

What steps is Midwestern taking to becoming a sustainable institution?

How are we avoiding waste and excess spending?

What is AZCOM doing to establish strong relationships with academic facilities to give us a better educational experience?

Why do we have the highest tuition yet still not have campus wide WIFI?

Why do you not hire more rotation coordinators? They are stressed out and difficult to communicate with.

What are you doing to address the national student debt crisis instead of contributing to it?  
What checks and balances exist between the levels of administration?  
Are there measurable benefits to spending so much on teachers?  
Why are the average COMLEX scores at 63% roughly?

### **Student Quotes:**

- I feel like we are not in a position to lobby for change at all right now with the current set up - I feel very helpless and like I am being taken advantaged of.
- I would speak up about my opinion but I feel it is at the expense of my Dean's letter or possibly expulsion - other DO students have been expelled from other universities for making their opinion known, I fear that very thing here.
- It is patronizing and demeaning when we are lectured in financial aid courses about pinching pennies to save \$7 a week on coffee or unused gym memberships, as if this will make our break our financial future, but then when a tuition increase of \$2200 comes around they act as if it means nothing
- It's a pattern of disrespect and lack of transparency. We are intelligent people and they speak to us like we are children. Their replies to our questions are ambiguous and we see right through it.
- I came to medical school to be a primary care physician, due to the fact that I will be leaving with over \$360K in debt, I WILL NOT be able to pursue a career in Primary Care - I am going to have to specialize just to have a family and pay off my loans.
- I no longer recommend MWU to prospective students.
- Our tuition is now estimated to raise 4-7% a year (more than the interest I pay on my student loans) which means I'm accruing approximately 13% more in debt each year between the tuition increase and my loans
- At this school, the board sets a budget for the following year and then guarantees that the revenue will be available by setting a tuition level that fits their needs. This is the exact opposite of most businesses. Most businesses project revenues and then utilize a prudent budget based on the supposed incoming funds.
- For AZCOM specifically, it was frustrating to hear Dr. Schwalenberg say that rotation coordinators efforts will be more focused on incoming 4th year students because their audition rotations were more important. We pay 60K a year to be put on the back burner for a year.
- Do they really think that I get an education and experience worth the \$60,000 a year? If so, then why are the average AZCOM board scores barely above average? If I pay so much so that the school can better help me, then why do I constantly have to struggle to change anything in my rotation schedule, only to later be told no.

### **Areas of Concern:**

Due to the lack of trust students have for administrators at MWU - we have started to hear of several plans to make this information public. One direct quote from an anonymous survey, "Several of the Student Ambassadors have discussed banning together and trying to tell

applicants and interviewees that they should, at all costs not attend MWU because of the costs - unless the school does something to stop the tuition rates.”

Another student wrote in saying that they have previously written several complaints to the BBB about Midwestern University and the state of affairs at the university but has not heard back any information from them yet.

Several students had discussed trying to get national coverage of this issue or writing and publishing an article on the state or national level highlighting the tuition at MWU.

### **To Close:**

We hope this letter finds you on good terms. It is very concerning for students to have all of these unanswered questions about tuition and no one to answer them. Pressure is continuously put on us that if we do anything wrong or say anything out of place it could be negatively reflected in our Dean's Letter in years to come. Students are hesitant to speak up or voice their opinion as MWU is a private institution and there is nothing from stopping school officials from expelling students for no reason. Due to these constrictions, students do not feel their voice and their opinion can be heard without a consequence or a cost.

Nationally, Tuition is plaguing all of the DO schools. If you look at our tuition rates compared to MD programs, our rates tend to be higher. The MD schools have to remain competitive and they are heavily scrutinized by the public market and US News and Reports rankings and tuition costs. DO schools have no one holding them accountable for their tuition rates. The AOA, AACOM and COCA may seem like optimal governing bodies to ensure there are checks and balances in place, but the fact of the matter is, most of the Board of Trustees or governing members of these organizations are Deans of various schools themselves. We as students are well aware that as a Dean you are our advocate, but you do not personally have any say over our tuition. Nationally this comes at a great cost to students seeing as the ones who hold national positions are in fact employed by the ones setting student tuition levels.

As we opened, we are eager to be apart of the Osteopathic Community. We hope you too pride yourself on putting physicians where this country needs them most. The fact of the matter is that many students will be leaving Midwestern with over \$360K in debt which will climb to over \$400K by the end of residency. If a Midwestern Graduate wanted to practice medicine according to the Osteopathic Philosophy they would seek to inhabit a small rural location where there were no medical resources or physicians. They would have to open their own practice and work from the ground up - taking out a small business loan up to \$500,000. With close to \$1M in debt, would a practicing physician devote the time needed to their patients and family? Would that type of physician be able to successfully overcome their student debt or would that physician be forced to move into a bigger suburb and work for a hospital system to increase their productivity and reduce their overhead? These questions remain unanswered as medical tuition continues to rise.

In our tuition letter this year it states, "We take our commitment to our students very serious. As such we believe you deserve honest and direct answers to your questions about tuition." We thank you for taking the time to read and hear about our concerns and we hope that our questions will be answered. In the words of A.T. Still DO, MD, "Let us not be governed today by what we did yesterday, nor tomorrow by what we do today, for day by day we must show progress." We hope that as a University, Midwestern is doing everything it can to show progress towards a better future in healthcare.

Sincerely,

The AZCOM Student Body  
Midwestern University

References:

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Source: guidestar.org --> free non-profit information. Form 990 tab

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