

Tuition and Fee Revenue Allocations

Progress Report to the New Budget Model Task Force

October 27, 2016



VCU

Objective

Develop recommendations for an equitable and transparent revenue sharing model that allocates tuition and fee revenue to the revenue-generating academic and administrative units.

Work Group

Jonathan D. Becker, VCU Online

Michael S. Flanigan, Strategic Enrollment Management

Melanie M. Goodman, Strategic Enrollment Management

Candace Gordon, Medicine

Michael S. Jones, Planning and Decision Support

Wendy L Kliewer, Humanities and Sciences

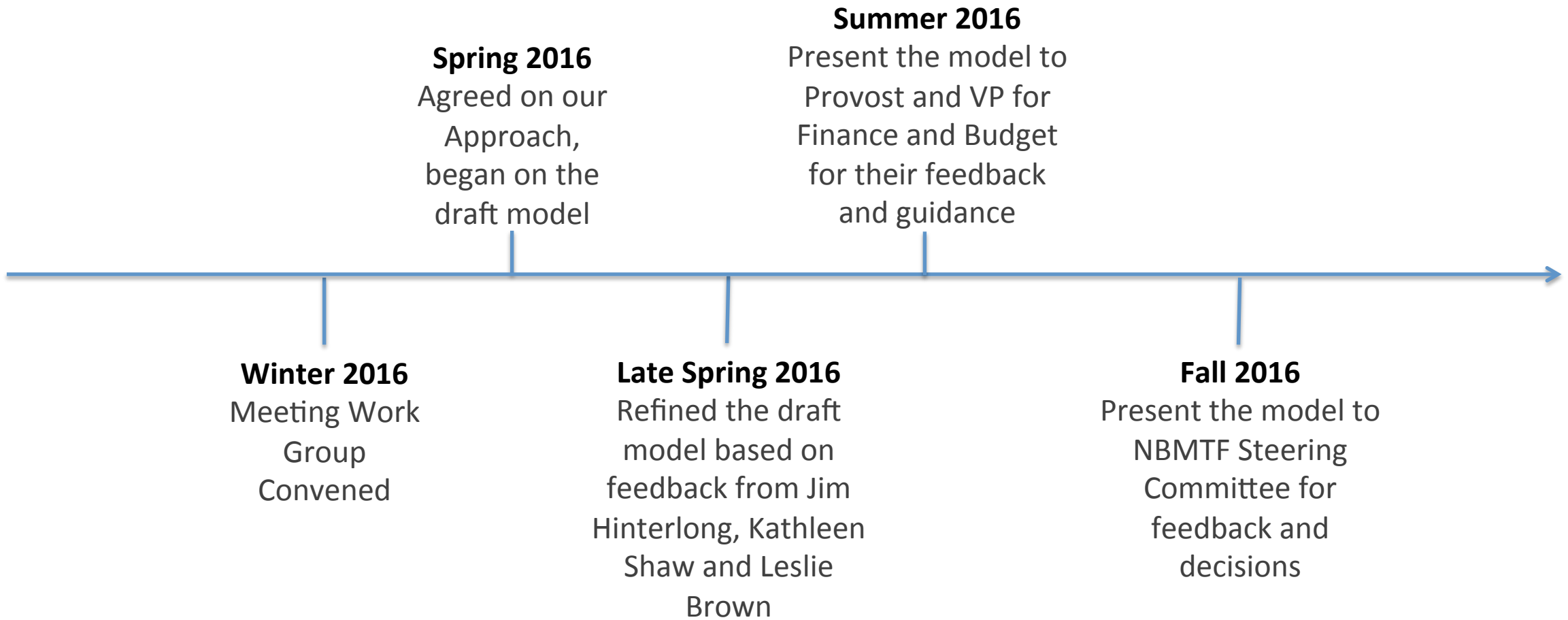
Nancy M. Scott, Arts

Alexander F. Tartaglia, Allied Health Professions

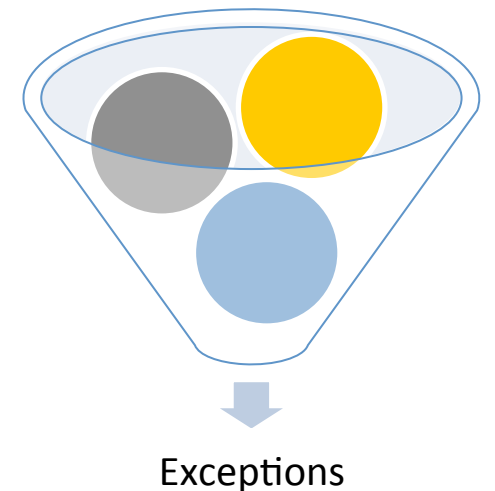
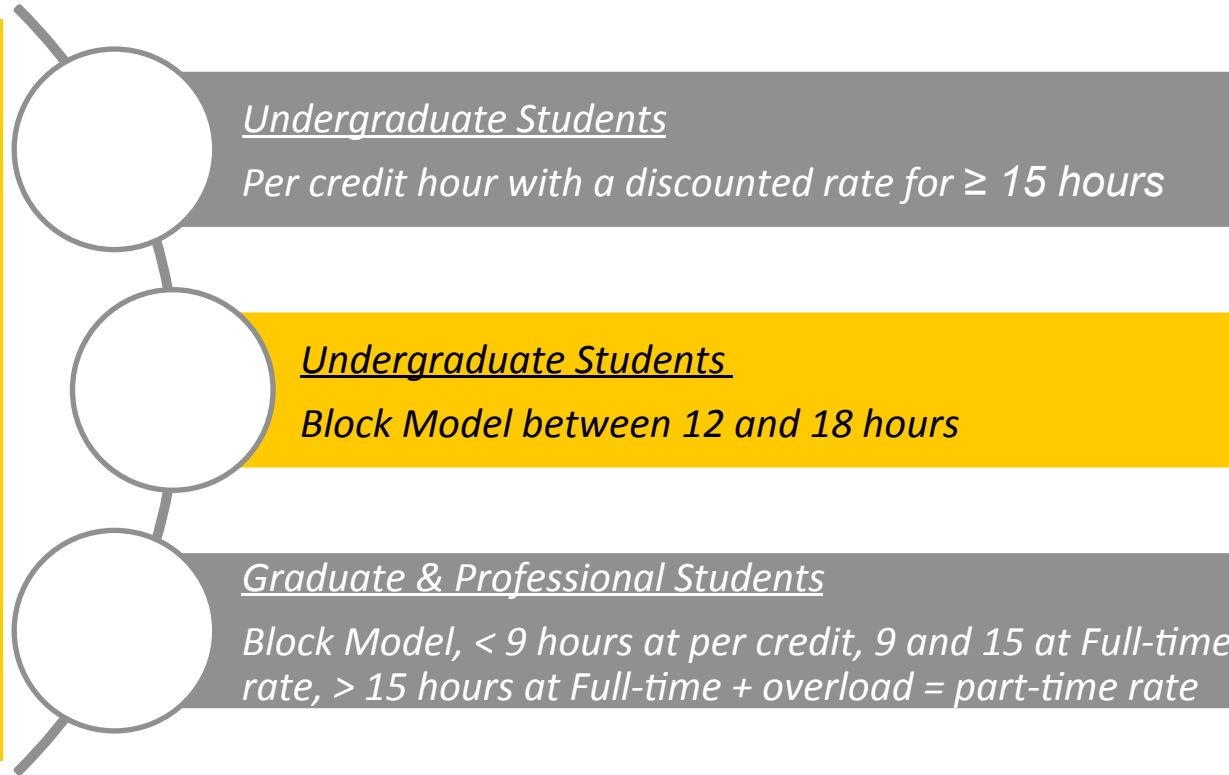
Gokhan Yucel, Planning and Decision Support

Revenue Allocation Development Timeline

February 2016 – September 2016



Tuition Charging Structure – Current Model



Methodology Overview

Background (Why and How?)

Tuition revenue for courses is calculated for each student enrolled based on the student's total tuition charged and the student's total billed credit hour load.

$$\text{Total tuition} * (\text{Course hours} / \text{Total hours})$$

Methodology Overview... Continued

- Differential Tuition such as **Art Differential** and the **Engineering Differential** are allocated independently from any tuition sharing scenario
- Professional student tuition revenue is calculated with a base rate equal to the standard master's rate for the appropriate residency status.
- For graduate and professional students, tuition amounts above the base rates are calculated as differentials
- Fees (Program and Course) are allocated independently from any tuition sharing scenario

Methodology - Assumptions

- Undergraduate, Graduate and Professional Revenues are shared between the unit delivering the instruction (80%) and the unit where the student is enrolled a.k.a. Major School (20%).
- Tuition Differential, Program Fee and Course Fee Revenue are allocated based on the following

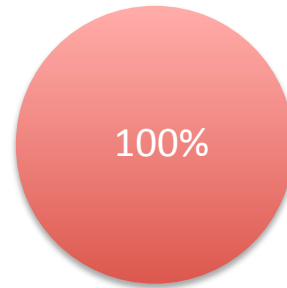
Differential Tuition Revenue Allocation

■ School of Enrollment



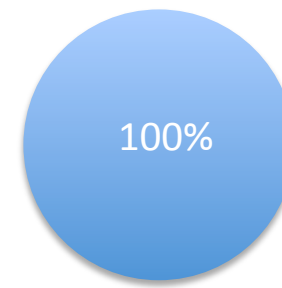
Program Fee Revenue Allocation

■ School of Enrollment



Course Fee Revenue Allocation

■ School of Instruction



Methodology - Terminology

Academic Units	Undergraduate / Graduate / Professional					Differential	Total Tuition	Program Fees	Course Fees	Total Revenue
	Major		Total	Non-Major	Major / Non-Major					
	Internal (100%)	Residual (20%)		Import (80%)	Total Base (Major Total + Non-Major Import)					

80/20 Shared Tuition: Undergraduate, Graduate and Professional Tuition Revenues are shared between the unit delivering the instruction (80%) and the unit where the student is enrolled (20%). Tuition Differentials, Course and Programs Fees are not shared

Internal: 100% of course revenue for student's taking courses within the major school

Residual: 20% of course revenue retained by major school for its students taking courses within another school

Import: 80% of course revenue retained by the major school for teaching students from another school

Major Total: Total course revenue received by the major school from its own major students (**Internal+ Residual**)

Total Base: Total of base course revenue received (**Internal + Residual + Import**)

Major Revenue Distribution		
Undergraduate / Graduate / Professional		
Major (Internal + Residual)	Export (80%)	Major Gross

Export: 80% of course revenue paid to another school for courses outside of the major school

Major Gross: Total course revenue generated by majors within the school; **Internal + Residual + Export**

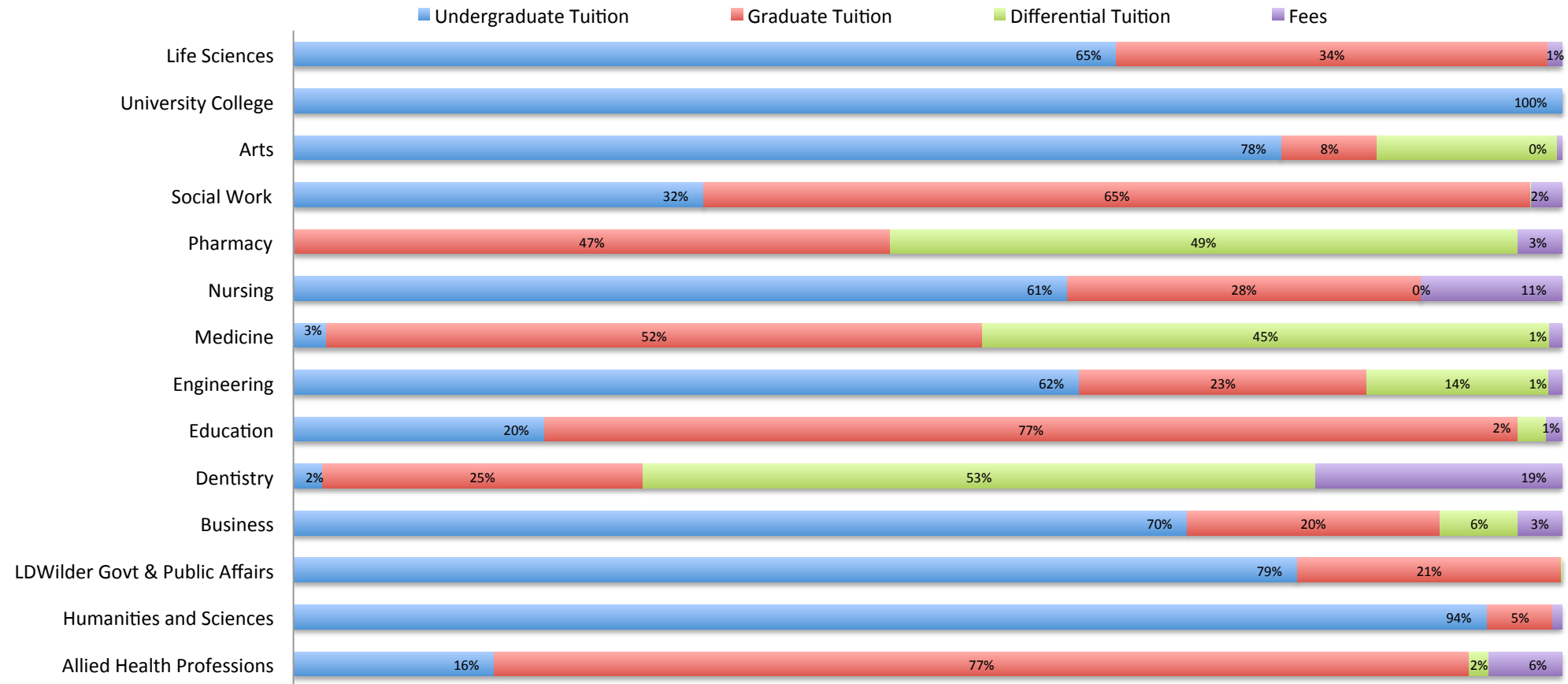
Methodology - Examples

School of Enrollment	Student Level	Residency	Courses Enrolled	Credit Hours	School of Instruction	Undergraduate / Graduate				Course Fees	Total Revenue	Allocated School
						Major			Non-Major			
						Internal (100%)	Residual (20%)	Major Total	Import (80%)			
College of Humanities and Sciences	Undergraduate	Resident	Art Foundation (ARTF) 121	2	Arts	\$2,555.00 x 5/7 = \$1,825	2,555.00 x 2/7 x 20% = \$146	\$1,825 + 146 = \$1971	Chemistry Lab Fee = \$65	\$1,971 + \$65 = \$2,036	Humanities and Sciences	
			Humanities and Sciences (HUMS) 202	1	Humanities and Sciences							
			Chemistry (CHEM)309	3	Humanities and Sciences							
			Chemistry (CHEZ) 309	1	Humanities and Sciences							
Total Tuition = 7 hours @ 365.00 per hour (Part Time UG Tuition Rate) = \$2,555.00									2,555.00 x 2/7 x 80% = \$584	Art Course Fee = \$32	\$584 + \$32 = \$616	Arts

School of Enrollment	Student Level	Residency	Courses Enrolled	Credit Hours	School of Instruction	Undergraduate / Graduate				Tuition Differential	Total Revenue	Allocated School
						Major			Non-Major			
						Internal (100%)	Residual (20%)	Major Total	Import (80%)			
Engineering	Undergraduate	Non-Resident	Engineering (ENGR)	3	School of Engineering	\$11,856 x 9/12 = \$8,892	11,856 x 3/12 x 20% = \$592.8	\$8,892 + \$592.8 = \$9,484.8	Non-resident Engineering Differential = \$1,162	\$9484.8 + \$1,162 = \$10,646.8	Engineering	
			Chemical & Life Sciences Engineering (CLSE)	3	School of Engineering							
			Chemical & Life Sciences Engineering (CLSE)	3	School of Engineering							
			Chemistry (CHEM)	3	College of Humanities and Sciences							
Total Tuition = 12 hours @ 988.00 per hour (full-time non-resident tuition rate) = \$11,856.00									\$11,856 x 3/12 x 80% = \$2,371.2		\$2,371.20	Humanities and Sciences

80 / 20 Revenue Sharing Outlook

**Tuition and Fee Revenue Composition of Academic Units
by Revenue Source
80/20 Model (AY 15)**



Open Issues

- Enrollment Management
- Revenue generated by administrative units
- Revenue generated from students with Double majors, Dual Degrees.
- Revenue generated by Cross listed Courses
- EPT assessments
- Program and course discounts
- Waivers

Opportunity to Consider

Should the current tuition charging structure be revised?

Pros

- *Consistency across units and student populations*
- *reduce complexity in different flavors of charging*
- *more systematic planning and forecasting ability to support the needs of RC units*

Cons

- *increased pressure on the existing RCM timeline*
- *potential risks in implementation (logical vs. physical model misalignment)*
- *limited resources for implementation*