

University Budget Redesign Task Force

Summary of Recommendations

Presented to and Endorsed by the Task Force in October 2016
Received by the Steering Committee in December 2016

Tuition and Fee Allocation

This is a summary of recommendations developed by the working group. For additional information, please review the group's full report, presentation and related materials, which contain more detailed discussion and analysis. A complete list of comments received is also available.

Objective

The group was charged to develop recommendations for an equitable and transparent revenue sharing model that allocates tuition and fee revenue to the revenue-generating academic and administrative units.

Based on best practices and VCU's core values for transparency and accountability, the group was also charged with putting forth a model that would easily be communicated and understood and the data would readily be accessible and replicable.

Recommendations

1. **Allocate tuition and fee revenue based primarily on school of instruction.**

- Rationale: The goal of this allocation is to link instructional costs and revenues. As current operational demands make the data set with the instructor of record a less accurate choice, and as the school of instruction is overwhelmingly the same as the instructor of record, this is a more technically feasible option.

2. **Base the revenue calculation on the proportionate share of each enrolled student's total billed tuition charge divided by the student's total billed credit hour load (excluding courses without a tuition charge).**

Student's Total Tuition * (Student's Course Credit Hours/Student's Total Credit Hours)

- Rationale: Given the current VCU tuition structure (and two current tuition model still both in place when the new model goes live), there is a great deal of variability in apparent revenue per credit hour. To address this, the choice would be either to allocate revenue based on each school's percent of credit hours or to utilize actual total hours billed and total charges billed. The decision to use the latter addresses the criteria of transparency, simplicity and accuracy

- 3. For Undergraduate Students: Use BOV approved standard undergraduate tuition rate based on residency status. Allocate 100% of tuition differentials to the student's school of enrollment independently of other tuition and fee revenue. Note that the term "tuition differential" applies to any rate higher than BOV approved typical on-campus rate (example: \$374 per credit 2016 resident; \$1013 non-resident).**
 - Rationale: Differentials are typically sought by units to offset costs associated with instruction and other academic programming costs for majors. Therefore, such revenues should be allocated 100% to the major or school of enrollment..

- 4. For Graduate Students: Use BOV approved standard graduate tuition rates such as Masters, Doctoral, etc. based on graduate program level and residency status.**
 - Rationale: Given the need for a simple, transparent and accessible model, a similar base rate was identified utilizing the BOV approved, standard masters and doctoral rates based on residency status.

- 5. For Professional Students: A base tuition amount, -to be determined-, should be defined for the professional students, using a fixed number of credit hours for all students.**
 - Rationale: The current tuition allocation methodology is dependent on both tuition charges and credit hours to determine School-specific revenue. The academic program for the professional schools do not necessarily fit the traditional credit hour model and therefore, lessen the accuracy of the per credit hour revenue. The recommendation of the working group would be to examine the stated system credit hours and, in light of the per credit hour revenue, develop an alternate credit hour program total which would be used solely for the tuition model.

- 6. Allocate fee revenue in accordance with the fee justification aligning fee to planned expenses. Therefore 100% of program revenue would be allocated to the student's school of enrollment and 100% of course revenue would be allocated to the school of instruction.**
 - Rationale:As these revenues are already aligned with the cost center driving the fee-related expenses, the model does not need to change this methodology.

- 7. Allocate 80% of base tuition revenue to the school of instruction and 20% of base tuition revenue to the student's school of enrollment.**
 - Rationale: This revenue split both recognizes expenses associated with admissions, enrollment, advising and other academic support expenses for school majors outside of

instructional costs as well as preserving the entrepreneurial focus of the model. Such a split is considered a best practice for allocated budget models and provides a shared incentive for strategic enrollment growth by enrollment school as well as supporting instructional costs.. The working group considered a range of splits ranging from (70-30 85-15) and ultimately determined that 80/20 seemed to be the norm among similar institutions. It should be noted that both resident and nonresident tuition will be split among enrolled and teaching school.

Outstanding Issues

- How should course or program fees be allocated if they are not currently allocated directly to the school of instruction? (i.e., Online@VCU)
- How to attribute tuition and fee revenue generated by administrative units (i.e., Academic Affairs, VP of Health Sciences etc.)?
- How to allocate revenue generated by:
 - Dual majors
 - Double majors
 - Cross-listed courses
- Comparison of current enrollment and tuition incentive programs (EPT) and current model
- How to attribute program and course discounts?
- How to allocate waivers (note this was assumed to be addressed by the Financial Aid working group), including the Partnership Exchange Program
- How to adjust model to correspond to actual collected revenue?
- What should happen during the fiscal year if revenue amounts vary from budget?
- How should the model look forward? Should it be based on planned enrollment growth (and how modeled) or should tuition and fee revenue be allocated based on prior year(s) actuals? If so, what is the appropriate time frame (i.e., academic versus fiscal year) and time series (1+ prior years)?
- One-time only tuition amounts (e.g. Bike Race Courses), the Qatar Exchange Program, and contract revenue are currently not in model. Should this be the case?