Budget Redesign

Tuition and Cost Allocation Assumptions

Tuition Distribution Assumptions

1. The first year of Budget Redesign implementation will include only standard academic year tuition revenue distribution. Tuition from summer sessions, winter session, and outreach (including UA South, evening/weekend, distance, and correspondence) will be excluded. ICR revenue will also be excluded. These exclusions will be reevaluated after implementation of the new system.

2. The base year will be AY 2009-10, fall and spring only, for all variables in the model except degrees, which include those conferred during the summer. Base budgets include temporary teaching funds for the base year.

3. Tuition to be distributed for tuition funds flow excludes tuition-funded financial aid, debt service, differential tuition, program fees, mandatory fees, and some program costs, which will continue unchanged from current policies. For the base year, FY 2010, this amount was $204M (approximately $181M undergraduate, $23M graduate/first professional).

4. Tuition flows to the responsibility centers, which mirrors the UA college structure.

5. Tuition will be distributed through CLAS to the four colleges comprised within this structure. Detailed tuition flow data will be provided for each college within CLAS.

6. Undergraduate model: 72% SCH (all course levels treated equally), 25% enrollment (all majors), 3% degrees.

7. Tuition attributed to the group of undergraduate majors that formerly were part of University College (Pre-Pharmacy, Pre-Nursing, Undecided, and Interdisciplinary) will be distributed to CLAS. SCH for these students will be distributed using the same decision rules as all other undergraduate SCH.

8. Graduate model: standard tuition distributed 100% to responsibility center of enrollment, except GIDP and non-degree seeking students’ tuition is distributed based on SCH.

9. SCH for undergrad and grad are attributed to the responsibility center that is funding the instruction. If an instructor is paid by more than one responsibility center, then the tuition funds associated with those SCH will be split proportionately among those responsibility centers.

10. SCH and enrollment are determined using 21st day census data.

11. Degrees are determined using the annual ABOR and IPEDS reporting data.
12. For students with multiple majors, program credit and the associated portion of tuition funds will be split proportionately among the responsibility centers that house the programs.

13. The total dollar amount of undergraduate tuition to be distributed in FY 2011 will be based on tuition rates for FY 2010. This total tuition dollar amount will be divided by the total number of SCH produced during AY 2010-11 to establish the rate per SCH for that period. Therefore tuition rate increases will not be included in the total tuition distributed.

14. Based on the FY 2010 base model, FY 2011 increases in SCH, enrollment, or degrees will result in additional marginal funding for responsibility centers in FY 2012; decreases in SCH, enrollment, or degrees will result in marginal budget reductions.

15. The Provost will hold some funds at the university level for strategic program investment that is unrelated to the budget increments from tuition distribution.

Cost Allocation Assumptions

16. Only part of the support costs will be allocated, a large proportion (about 74%) will be retained centrally including ERE, financial aid, utilities, debt service, among others. Allocated cost pools will include only the proportion of cost that is funded by state funds and tuition (about 77%). Other funds, such as indirect cost recovery and interest, among others, fund the remaining 23%.

17. Budgets for FY 2012 will be increased by each college’s total amount of allocation and that amount will then be returned to the university for the support services. Marginal changes in the allocation bases during that year will affect budgets for FY 2013.

18. Proposed cost pools and allocation bases for the following support services are:

- Institutional support (administration and business services)
  - Allocation based on total responsibility center budget (State funds and tuition only)
- Information technology
  - Weighted average of student enrollment (20%) and employees (80%)
- Student services
  - Student enrollment
- Libraries
  - Weighted average of students and faculty
    (undergraduates=1; graduate students=2; and instructional faculty=4)
• Facilities (costs of centrally provided housekeeping and basic maintenance, such as painting, repairs, and replacement, among others)
  o Square footage

19. Following is specific information about measurement of the allocation bases. Calculations will be made separately for each responsibility center.
• **Budget**: State general fund and tuition budget only.
• **Student enrollment**: combined student headcount enrollment on the 21st day of the fall and spring semesters.
• **Employees**: total FTE for all funded employees shown in the fall or spring employee census files.
• **Faculty**: the total academic year faculty FTE (graduate assistants are not included)
• **Square footage**: total square footage, including any space where the university provides housekeeping services, irrespective of whether it is owned, leased or rented (centrally controlled space is excluded).