MEMORANDUM

From: Katrina Spencer, Associate Vice President of Finance and Budget Director
To: University of Chicago Unit Finance Leaders
Date: March 23, 2018
Subject: FY19 Undergraduate Tuition Allocation

Attachments: (1) Elements of Undergraduate Tuition Allocation to Divisions (rev. 12/22/17)
(2) Example Summary Worksheet: Overview of Estimated Tuition Allocation

I. Purpose

The purpose of this memorandum is to provide University of Chicago budget and financial leadership management teams with estimated undergraduate tuition allocation amounts for FY19. Attachment (1) provides detailed background on the tuition allocation model, how the components of the model were constructed, and key assumptions and calculations. There have been no changes to the assumptions or the model construct. Attachment (2) is a sample of the summary worksheet units will receive. Each impacted unit has been provided with a worksheet in their unit budget folders with tuition allocation estimates for their unit for FY19. If you have any questions about the Undergraduate Tuition Allocation model or the calculations for your unit, please contact your Budget Analyst or email the Budget Office at budgetoffice@uchicago.edu.

II. Tuition Allocation Estimates

An example of the summary worksheet that has been distributed to each unit is included in Attachment (2) which provides an overview of the FY19 allocation and its components. Units have been provided with full-year estimates for their tuition allocation amounts for both FY18 and FY19. Note that these are estimates only and are subject to change as actual quarter enrollments and tuition receipts are recorded.

The FY18 estimate in Attachment (2) is the same estimate that units received on January 19, 2018.

The FY19 Estimate is being provided to units as a preliminary estimate for FY19 budget planning purposes only. The FY19 Estimate is provided for informational purposes and is intended to be used as guidance for determining unit budgeting for FY19. Units should develop their own FY19 tuition allocation assumptions for budgeting purposes based on internal unit estimates for course offerings, enrollment, and other related factors that will impact their FY19 tuition allocations. Each unit is responsible for entering this information into Delphi as part of their FY19 budget preparation cycles. If you have questions about the estimates provided or how to use them to inform your unit’s planning for FY19, please contact your Budget Analyst or email the Budget Office at budgetoffice@uchicago.edu.
III. Frequently Asked Questions (FAQs)

1) How is the tuition allocation being transacted? Has anything changed?
   Tuition allocations are transacted quarterly per the existing process. The same quarterly process of manually reconciling actual enrollment, financial aid, tuition, and other data and revising the model will continue through FY18 and into FY19.

2) What do we do if we have an issue or a question about our FY19 unit tuition allocation calculations?
   Contact your unit’s Budget Analyst or email the Budget Office at budgetoffice@uchicago.edu.

3) Are there any planned or expected changes to the model that we should anticipate?
   Not at this time. The current model, detailed in Attachment (1), is complete with all known assumptions and is processed using all currently available data.

4) What is the schedule for the remaining distributions of the FY18 Tuition Allocation?

   Winter 2018 Quarter
   04/13/18: Data for Winter Quarter sent to units for validation
   04/27/18: Deadline for units to submit changes
   05/04/18: Winter Quarter allocation transactions complete

   Spring 2018 Quarter
   05/04/18: Data for Spring Quarter sent to units for validation
   05/18/18: Deadline for units to submit changes
   05/25/18: Spring Quarter allocation transactions complete
Elements of Undergraduate Tuition Allocation to Divisions
12/22/16 rev. 12/22/17

In brief:

Net College tuition is gross tuition minus financial aid (from both internal and external sources). Each division/school will be allocated a portion of undergraduate tuition based on their share of course enrollments, the number of undergraduate majors, and minors. The dollar ratio of course enrollments, majors, and minors is roughly 1:4:2, respectively.

The following guidelines do not change the current University Statutes concerning joint faculty appointments between the College and the divisions or schools. Tenure Track faculty members will continue to be appointed and renewed jointly by both units. Faculty members teach College students by virtue of their appointment in the Faculty of the College and they teach graduate or professional students by virtue of their appointment in the Faculty of a division or a school. Procedures for evaluating new faculty appointments and for the renewal or promotion of current faculty members remain unchanged from those currently authorized by the Statutes.

Basic Principles:

- The College, together with the divisional deans, are responsible for upholding the University’s academic standards and pedagogical priorities as well as for monitoring the quality of the educational experience of undergraduates.
- Teaching by the core faculty of tenure-track professors has defined the central mission of the University since its founding. Our goal is to align enrollments (and the revenue derived therefrom) with research and related intellectual values.
- In order to coordinate undergraduate education across the divisions and monitor its quality, the College will reconstitute the College Curriculum Committee (composed of faculty representatives of the five Collegiate divisions nominated by the Collegiate masters and divisional deans). It will be tasked with reviewing significant changes to the requirements of majors and minors, proposals for new majors, minors, and other significant changes to the curriculum.
- College tuition revenue goes to the division or school who pays the teacher (this is generally, but not always, the same division or school as that within which the course at issue is primarily listed). College tuition revenue shall not go to any other University unit, including any centers or institutes. For purposes of this document, the Institute for Molecular Engineering shall be considered in the same way as a division or school.
- The net tuition revenue of the College can only be spent on undergraduate education. The College cannot allocate net undergraduate tuition revenue to other units for any other purposes. Further, the College cannot carry over any unspent tuition revenue from one fiscal year to the next.
• The net tuition revenue allocated to the College is designed to help sustain the University’s intellectual values.
• Allowable funds for undergraduate teaching includes equipment and supplies for laboratory courses. The College will pay for such equipment within reason if its primary purpose is to support undergraduate education.
• Based on the understanding that tenure-track faculty are teaching College students by virtue of their appointments in the Faculty of the College, tuition revenue allocated to the divisions and schools is designed to offset faculty compensation in the fiscal year the allocation is made.
• Tuition revenue for any College-funded lecturers, as well as Harper-Schmidt Fellows, will be used by the College to fund undergraduate teaching by the divisions and schools. This revenue cannot be used for anything other than funding undergraduate education and cannot be carried over from one fiscal year to the next. The following notes/exceptions apply to this principle:
  o For Economics OAAs: 100% of the teaching revenue earned by College-employed OAAs in Economics will be allocated to SSD rather than the College. The College will pay half of the lecturer’s salary; the SSD will pay the other half of their salary.
  o The few lecturers in PSD paid by the College will move to PSD for FY18 and onward.
• In the long term programmatic and budgetary structures should align, i.e. lecturers and graduate students should be appointed in the divisions/schools that house the programs in which they teach. In order to achieve that goal the College will, in collaboration with the divisions/schools, conduct a review of the relevant programs/departments to ensure that the relocation of lecturers does not have any adverse effects on programs and teaching.
• Any decisions about faculty teaching specific courses are made at the division/school level. The deans of the divisions/schools should work directly with the College on this issue.
• The College can only allocate tuition to divisions/schools, not directly to individual faculty or departments, nor to centers or institutes.
• Faculty members should work with the chair of their department or, in cases of faculty appointed in the schools, with the relevant academic dean, in planning their teaching activities for a given academic year.
• Tuition allocation when graduate students serve as lecturers will be covered as follows: GAI students who are still covered by their required points and who are serving as Lecturers and paid for by the Divisions will generate tuition revenue that will go back to the Divisions. But all GAI students who teach beyond their required points, but who are still are in the first five years of graduate school, will be paid for by the College, with the College “receiving” the corresponding tuition revenue. Graduate students in their sixth year or beyond and who teach in the Core will be paid for by the College with the corresponding tuition revenue staying with the College/the Provost’s Office. Graduate students in their sixth year and beyond who teach a departmental course and who are paid for by the Divisions will generate tuition revenue to be returned to the Divisions, but the College reserves the right to approve or not to approve such appointments before they are scheduled, since the College is concerned about a possible proliferation of such appointments in the future.
• As is currently the policy (with the exception of PSD), TAs will be authorized by the masters of the relevant Collegiate division, working in collaboration with the department or school which is offering a particular course.
• Major tuition allocation will be based on the number of graduating majors of the current fiscal year.
• Minor tuition allocation will be based on the number of graduating minors of the current fiscal year.
• Divisions and schools will NOT incur a space cost for teaching in any classroom on the Registrar scheduling system (Astra). The College will incur all classroom space costs as part of its College Student Support budget.
• Tuition allocation will be an adaptive process, subject to changes designed to ensure the quality of undergraduate education.
• Any changes to the tuition allocation model should be codified to the fullest extent possible according to formulas and rules derived from clear and consistent principles.
• All major changes must be vetted and approved in writing by the Provost’s Office to ensure budgetary availability and must occur before the College catalogue is finalized for a given academic year.

Special Cases:

• Spousal hires: As a general principle, if a division or school funds the line for another division or school to hire a faculty member, the tuition allocation follows the unit funding the position. Units are always free to make deals that are specific to each case and that supersede this principle.
• In the case of inter-divisional majors, the major allocation will be based on the proportion of teaching done by each division in that major. For example, tuition allocation for Jewish Studies majors will be allocated to the divisions based on the current academic year’s teaching proportions.
• Inter-divisional minors will be allocated in the same fashion as majors delineated in the point above.
• Given the novel nature of the Public Policy major, allocation for majors will not occur for the FY18 budget cycle.
• Courses co-taught across two divisions, two schools or a division and school will receive 150% tuition, with each unit receiving 75% of the revenue.
• If the Marine Biological Laboratory uses faculty fully funded by a division or school (e.g., SSD) to teach a course, the tuition for the course will go to the division or school that funds the faculty member (in this case, SSD). This will also apply to study abroad programs. Extra fees students pay for the special program will go to the unit hosting the program (e.g., MBL or the study abroad office) to cover extra expenses associated with such programs.
• Tuition allocation for classes being taught in the English Language Institute will go to the Humanities Division.
• If a faculty member is paid solely by one division or school, but has a joint appointment (with voting rights) in another division or school, and does some or all of their teaching in this other division or school, then the paying division or school gets 100% of tuition allocation due to enrollments and the division or school in which the teaching is conducted (i.e., where the course is primarily listed) receives an extra 50%. All instances in which this special case applies must be vetted by the Provost’s Office.

• Jointly-funded appointments for faculty in terms of teaching allocation will be worked out on a case-by-case basis.

College Funding to Divisions and Schools:

Additional allocations will be funded by the revenue that the College has earned through its own course enrollments. These additional allocations are generated by credits applied to a division’s or school’s course enrollments and major numbers and are designed to reflect and improve the qualitative dimensions of undergraduate teaching.

To enable curricular and programmatic innovation 10% of the College’s earned tuition allocation will be used for a Curricular Innovation Fund.

Of this 10%, eighty percent will get allocated by a transparent and open bidding process on an annual basis to encourage curricular improvements within existing departmental majors in which divisions and departments can compete (the assumption being that in any given year each division would ‘earn’ a fair share of the 80% by putting forth proposals for curricular improvements). The remaining 20% is a discretionary fund for the Dean of the College and the Masters to jumpstart new curricular experiments in the Core and other interdisciplinary programs.

The rest of the College’s earned tuition allocation will be distributed to the divisions and schools contributing to undergraduate education according to the following four credits:

1. Additional allocation for each junior or senior paper completed as part of a major degree program. Only one additional allocation for each student for each major. Students should register for a course with a name like "BA Thesis" or "Senior/Junior Paper" (usually 29900 or 29800) as appropriate for at least one quarter. Electronic copies of all such papers are to be submitted to the relevant Masters office: +2

2. Additional allocation per student in lab courses: +0.3

3. Additional allocation per student in small courses:

   Enrollments 4–19: +0.5

   Enrollments 20–51: –0.25 (to phase out the bonus while avoiding a sharp discontinuity in funding)

   Enrollments 1–3 and 52 and higher: 0
4. Additional allocation per student in tenure-track faculty taught courses with enrollments 4 and higher: +0.1 (applies to the 4th student and beyond). Additional allocation per student in tenured-faculty taught courses is +0.2 (applies to the 4th student and beyond).

5. For classes containing both undergraduate and graduate students, regardless of the number(s) for the class, the additional allocation is calculated as follows. First, calculate the additional allocation that would result if all of the students in the class were undergraduates (that is, applying rules 1-4). Then, multiply this allocation by the fraction of students in the class who are undergraduates.

Note: Credit 2, 3 and 4 can be combined.
# Overview of Estimated Tuition Allocation

## University Overview

<table>
<thead>
<tr>
<th>Fiscal Yr</th>
<th>Value per...</th>
<th>Fiscal Yr</th>
<th>Value per...</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2019</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Gross tuition</td>
<td>$325,683,070</td>
<td>$347,788,714</td>
<td>$1,505</td>
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<tr>
<td>Unrestricted aid</td>
<td>$(106,432,817)</td>
<td>$(108,424,328)</td>
<td>$6,018</td>
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<tr>
<td>Net tuition</td>
<td>$219,250,253</td>
<td>$239,364,386</td>
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</table>

<table>
<thead>
<tr>
<th>Fiscal Yr</th>
<th>Value per...</th>
<th>Fiscal Yr</th>
<th>Value per...</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2019</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Total support costs</td>
<td>$115,617,490</td>
<td>$126,073,409</td>
<td>$752</td>
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<tr>
<td>Total allocated tuition</td>
<td>$103,632,763</td>
<td>$113,290,977</td>
<td>$301</td>
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## College criteria

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<tr>
<th>Weight (# of enrollments)</th>
<th>0.5</th>
<th>0.25</th>
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<th>0.3</th>
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<tbody>
<tr>
<td>Enrollments of 4-19 students</td>
<td>$752</td>
<td>($376)</td>
<td>$150</td>
<td>$451</td>
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<tr>
<td>Taught by tenured</td>
<td>$782</td>
<td>($391)</td>
<td>$156</td>
<td>$469</td>
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## Allocation metrics

<table>
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<th>Weight ratio</th>
<th>1</th>
<th>4</th>
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<tbody>
<tr>
<td># of course enrollments</td>
<td>60,899</td>
<td>1,859</td>
<td>272</td>
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<tr>
<td># of UG majors</td>
<td>64,005</td>
<td>1,965</td>
<td>288</td>
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<tr>
<td># of UG minors</td>
<td>68,879</td>
<td>72,441</td>
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## Unit Overview

### Full Year Projections

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<tr>
<th>Breakdown by Unit</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td>Sample</td>
<td>$1,111,111</td>
<td>$2,222,222</td>
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</table>

## Class size cut-offs

| Low | 3 |
| Mid | 19 |
| High | 51 |