This model is a tool to make our decisions about revenue, spending and transfers more transparent.

The main difference from today is that these transfers will now be intentional and transparent.
Revenue Allocations

- Direct State Appropriations
  - $221M
- Income Fund
  - $781M
- Institutional Funds
  - $165M

**FY18 Total**

= $1,167M
OFFICE OF THE PROVOST

FY 17 Net Tuition Revenue

$703 Million Net Tuition

- Graduate: 13%
- Program Differential: 11%
- NonRes Differential: 17%
- Intl Differential: 1%
- Base Rate: 52%

$573 Million Net UG Tuition

- NonRes Differential: 21%
- Program Differential: 13%
- Intl Differential: 2%
- Base Rate: 64%
College Budgeting Framework

**SOURCES of FUNDS:**

- Tuition
- Indirect Cost Recovery (ICR)
- University Value-Based Investment

**USES of FUNDS:**

- Existing College Budget
- Facilities, Utilities & Technology Services
- Investment in Administration & Public Goods

**Sources Total**

**Uses Total**
Initial Conditions

**SOURCES of FUNDS:**
- Tuition
- Indirect Cost Recovery (ICR)
- University Value-Based Investment

**USES of FUNDS:**
- Existing Unit Budget
- Facilities, Utilities & Technology Services
- Investment in Administration & Public Goods

University Value-Based Investments offsets **Uses of Funds** not supported by **Tuition** and **ICR**
Revenue Drivers: \( \text{Price} \times \text{Unit} \)

Aggregate Total

Data Considerations

- Availability
- Timing
- Averaging
Criteria for Model Components

Data Driven

- Provide Correct Incentives
- Improve Financial and Risk Management
- Enhance Predictability
- Data Driven and Comprehensive

DMI

- Timely
- Available at Department Level
- Inclusive of Entire Campus
- Historical Trends

Office of the Provost
Criteria for Model Components

- Data Driven and Comprehensive
- Provide Correct Incentives
- Grow the Pie
- Reduce Costs
- Monitor Competition
- Enhance Excellence

- Enhance Predictability
- Improve Financial and Risk Management

Incentives
Criteria for Model Components

- Data Driven and Comprehensive
- Provide Correct Incentives
- Enhance Predictability
- Improve Financial and Risk Management

Predictability

Simplicity

Technical Precision
Criteria for Model Components

- Data Driven and Comprehensive
- Provide Correct Incentives
- Enhance Predictability
- Improve Financial and Risk Management

Level to manage risk:
- Unit
- College
- Campus
REVENUE DETAILS
Undergraduate Tuition

Timing

Rate: Current FY projection
Allow rate to fluctuate annually
Reconcile year-to-year

Units: Majors and IUs estimates based on one year lag
Undergraduate Tuition

Rate Calculation

Aggregate campus base tuition x proportion allocated to majors

\[
\frac{\$390,638,959 \times 50\%}{32,845} = \$5,946.70 \quad \text{FY17 example}
\]

Aggregate campus base tuition x proportion allocated to IUs

\[
\frac{\$390,638,959 \times 50\%}{1,058,329} = \$184.55 \quad \text{FY17 example}
\]
Undergraduate Tuition

Specific and General Allocation

Specific %: Additional costs incurred for recruiting & career services

General %: Continued focus on resident students
Allocation same as base rate
Undergraduate Tuition

Timing

Specific: Current FY projection
Reconcile year to year

Units: Majors and IUs estimates based on one year lag

FY17 Example ACES (20% specific)

Tuition from all nonresident ACES students = $5,452,339
\[ \times \quad 20\% \]
\[ \quad = \quad \$1,090,468 \quad = \quad \text{Specific} \]
Undergraduate Tuition

General Calculations

Aggregate nonresident tuition x general % x proportion allocated to majors

\[
\frac{\$129,624,693 \times 80\% \times 50\%}{32,845} = \$1,579 \text{ per major} \quad \text{FY17 example}
\]

Aggregate nonresident tuition x general % x proportion allocated to IUs

\[
\frac{\$129,624,693 \times 80\% \times 50\%}{1,058,329} = \$48.99 \text{ per IU} \quad \text{FY17 example}
\]
Example ACES

FY17 Example ACES (20% specific, 80% general)

Tuition from all nonresident ACES students = $5,452,339

\[
x \times 20\% = \$1,090,468 = \text{Specific}
\]

80% General

\[
\text{\$48.99/IU} \times 71,670 \text{ IUs} = \$3,511,113
\]

\[
\text{\$1,579/Major} \times 2,556 \text{ majors} = \$4,035,924 = \text{General}
\]

Total Allocated to ACES Nonresident $8,637,505
Undergraduate Tuition

Timing

Specific: Current FY projection
Reconcile year to year

All attributed to college(s) of enrollment

Shared programs should have a negotiated agreement
Undergraduate Tuition

NOT allocated to specific college where financial aid received

Same allocation as base rate tuition: IUs & majors

Allocated tuition earnings from DGS used to offset campus costs

Calculations: Current FY projection
Reconcile year to year
### Value of IU

<table>
<thead>
<tr>
<th></th>
<th>25%</th>
<th>50%</th>
<th>75%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Base-Rate Tuition</td>
<td>276.83</td>
<td>184.55</td>
<td>92.28</td>
</tr>
<tr>
<td>Undergrad Non-resident Tuition</td>
<td>73.49</td>
<td>48.99</td>
<td>24.50</td>
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<tr>
<td>Undergrad Program Differential</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Undergrad International Base</td>
<td>2.98</td>
<td>1.99</td>
<td>0.99</td>
</tr>
<tr>
<td>Undergrad International Differential</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Less: Centrally-Assigned Tuition Waivers</td>
<td>-22.33</td>
<td>-14.89</td>
<td>-7.44</td>
</tr>
</tbody>
</table>

---

Scenario: 2017, all differentials to colleges, 20% of nonresident to colleges

\[
\text{Total Value} = 282.06 + 192.06 + 98.11 = 572.23
\]

### Value of Major

<table>
<thead>
<tr>
<th></th>
<th>25%</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Base-Rate Tuition</td>
<td>2,973.35</td>
<td>5,946.70</td>
<td>8,920.06</td>
</tr>
<tr>
<td>Undergrad Non-resident Tuition</td>
<td>789.31</td>
<td>1,578.62</td>
<td>2,367.93</td>
</tr>
<tr>
<td>Undergrad Program Differential</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Undergrad International Base</td>
<td>32.01</td>
<td>64.03</td>
<td>96.04</td>
</tr>
<tr>
<td>Undergrad International Differential</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: Centrally-Funded Financial Aid</td>
<td>(525.25)</td>
<td>(921.21)</td>
<td>(1,180.25)</td>
</tr>
<tr>
<td>Less: Centrally-Assigned Tuition Waivers</td>
<td>(239.87)</td>
<td>(479.74)</td>
<td>(719.61)</td>
</tr>
</tbody>
</table>

---

Scenario: 2017, all differentials to colleges, 20% of nonresident to colleges

\[
\text{Total Value} = 3,029.55 + 6,188.40 + 9,484.17 = 18,702.12
\]
Graduate and Professional Tuition

Similar to existing allocation procedures.

Attributed to college of enrollment. Projections will require data support of departments.

Inter-college agreements on instructional units outside of college. Colleges may need to do this for departments.

Timing
Specific: Current FY projection
Reconcile year to year
# College Tuition Report

<table>
<thead>
<tr>
<th>CATEGORY ITEM</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Base-Rate Tuition</td>
<td>$28,551,147</td>
<td>$28,420,027</td>
<td>$28,426,802</td>
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<td>Undergrad Non-resident Tuition</td>
<td>8,225,214</td>
<td>8,482,871</td>
<td>8,636,700</td>
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<tr>
<td>Undergrad Program Differential</td>
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<td>5,825,682</td>
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<td>Undergrad International Base</td>
<td>286,509</td>
<td>298,549</td>
<td>306,059</td>
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<tr>
<td>Undergrad International Differential</td>
<td>13,480</td>
<td>29,705</td>
<td>44,983</td>
</tr>
<tr>
<td>Less: Centrally-Funded Financial Aid</td>
<td>(3,607,834)</td>
<td>(4,030,314)</td>
<td>(4,139,461)</td>
</tr>
<tr>
<td>Less: Centrally-Assigned Tuition Waivers</td>
<td>(2,191,376)</td>
<td>(2,255,449)</td>
<td>(2,293,290)</td>
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<tr>
<td>Less: College-Assigned Tuition Waivers</td>
<td>(1,329,702)</td>
<td>(1,361,346)</td>
<td>(1,216,855)</td>
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<tr>
<td>Net tuition: Graduate</td>
<td>1,583,883</td>
<td>1,560,117</td>
<td>1,518,133</td>
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<td>Net tuition: Professional</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net tuition: CITL (all levels)</td>
<td>500,089</td>
<td>533,937</td>
<td>676,571</td>
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<tr>
<td>Coursera and Other Revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Tuition Revenue Generated</td>
<td>$37,946,661</td>
<td>$37,582,109</td>
<td>$37,785,323</td>
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Indirect Cost Recovery

Tuition Remission
- 100% attributed to college

Facilities and Administration (F&A)
- 45% College Distribution (no change)
- College Managed
  - 55% Campus Distribution
  - Attributed to Colleges

Interdisciplinary Research Unit (IRU) Managed
- 45% College Distribution (no change)
- IRU Portion - (no change)
- Campus Portion - Cost offset for IRU

Existing Distribution
Or
College Managing Grant
Campus will help mediate attribution
## College ICR Report

### Indirect Cost Recoveries

<table>
<thead>
<tr>
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<th>786,875</th>
<th>981,151</th>
<th>925,960</th>
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<tbody>
<tr>
<td><strong>College Managed Grants</strong> Facilities &amp; Admin. Cost: Distributed</td>
<td>$3,037,669</td>
<td>$3,476,369</td>
<td>$3,509,052</td>
</tr>
<tr>
<td>Campus Portion Facilities &amp; Admin. Cost: Allocated (banner)</td>
<td>3,719,970</td>
<td>4,156,156</td>
<td>4,228,258</td>
</tr>
<tr>
<td><strong>IRUs &amp; Other Unit Managed Grants</strong> Facilities &amp; Admin. Cost: Distributed</td>
<td>217,244</td>
<td>225,215</td>
<td>269,539</td>
</tr>
<tr>
<td><strong>Total Indirect Cost Recoveries Generated</strong></td>
<td>$7,761,758</td>
<td>$8,838,890</td>
<td>$8,932,809</td>
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# College Revenue Report

## Tuition Revenue

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## Indirect Cost Recoveries

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<td>All Tuition Remission</td>
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<td>925,960</td>
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## Total Revenue Generated

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<th>FY17</th>
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<tr>
<td><strong>Total Revenue Generated</strong></td>
<td><strong>$45,708,418</strong></td>
<td><strong>$46,420,999</strong></td>
<td><strong>$46,718,132</strong></td>
</tr>
</tbody>
</table>
PREPARING FOR CHANGE

Concerns & Questions

Next Provost Coffee:
Cost and Investment
April 19, 2018
provost.illinois.edu
Budget Flows

- State Appropriations
- Tuition Revenue
- Indirect Cost Recoveries

Flow Diagram:
- University
- Colleges/Units
- Departments
- Direct Cost Assessment

Subcategories:
- Facilities, Space, Utilities & Tech Services
- Admin & Other Campus Units
- University Investments & Initiatives
- Investment for Growth
- University Risk Management
- Research Admin, Campus Interdisciplinary Research Units