



<b>Date:</b>	1/7/2020
<b>Time:</b>	11:00 a.m. – 01:00 p.m.
<b>Location:</b>	Milican Hall (MH), 395
<b>Executive Sponsors:</b>	Elizabeth Dooley and Dennis Crudele
<b>Facilitators:</b>	Committee Chair Kristie Harris, Paul Jarley, and Huron Consulting
<b>Attendees:</b>	Sejal Barden, Hina Behal, Rhonda Bishop, Paige Borden, Danny Cavallo, Donna DuBuc, Maribeth Ehasz, Kyler Gray, Sheila Amin Guitierrez de Piñeres, Elizabeth Hamilton, Derek Horton, Chris Ingersoll, Mike Johnson, Elizabeth Klonoff, Kathy Mitchell, Shawn Putnam, Rebeca Richards, Misty Shepherd
<b>Invitees:</b>	Huron Consulting Group: Greg Bedell, Michael Lee, Adam Meyer, and Jaime Ontiveros
<b>Minutes:</b>	Melinda Martin

## Meeting Agenda

### Old Business

1. Approval of 12/04/19 and 12/18/19 Meeting Minutes
2. Brief Recap and Summary  
Guiding Principles and Organizational Structure (how units should be classified: Academic or SCH-generating Units, Revenue-generating/self-supporting units, Central Units).

### New Business

1. Revenue Discussion
2. Preliminary revenue categories.
3. Next Steps and Meeting Preview

### Old Business

Approval of the December 4, 2019 and December 18, 2019 minutes will be postponed until the next scheduled meeting of January 21, 2020.

Chair Kristie Harris provided a brief overview of the Guiding Principles approved at the last committee meeting with no objections from the committee members.

Huron consultants presented the preliminary organization structure. There were three broad classifications:

- Revenue Generating Units, Academic
- Revenue Generating Units, Auxiliary/Non-College
- Central Support Units

It was confirmed that the research centers are part of the college in which they are affiliated. There are three research centers that do not fall cleanly into that category.

### **New Business**

The Huron team began the discussion with an overview of the preliminary revenue categories and tuition and fee and residency breakouts. This discussion was essential in determining how to best represent the various auxiliary entities, centers and institutes, and other organizational components of the new model. Several members offered suggestions and comments regarding the layout presented by Huron. As a result, a few changes to the structure are underway.

Questions were raised as to whether the colleges should retain 100 percent of tuition revenues generated between student credit hours (SCH) by Instructor of Record and SCH by Course-offering College. Huron explained that universities often take an initial look at the proportions of functional expenditure categories between instruction and academic support as a proxy of activity. Institutions with incentive-based models will typically study an undergraduate tuition allocation that uses a blend of credit hours by Instructor of Record and Course-offering College. Huron presented a chart that categorized the tuition split between instruction and record implemented by other universities across the country. One may argue that the school providing students with courses at a substantial cost should be the primary driver of tuition allocations. However, the typical split is 80 percent based on credit hours and 20 percent based on the major. The committee agreed to adopt an 80/20 approach with the flexibility of making adjustments as needed.

The committee had a lengthy discuss about the current methodology used to allocate tuition and fees at the institution. Much consideration should be given as to whether the current method of allocating tuition revenue should remain unchanged. One major characteristic of an incentive-based model is the allocation of tuition revenues to those colleges and schools generating the student credit hours. The consultants shared several considerations for the committee to think about moving forward (page 13 of the January 7, 2019 presentation).

The committee discussed tuition weighting, which is difficult to implement in a way that is satisfactory to everyone. Tuition weighting attempts to account for the problem of common tuition prices across units with different cost of instruction. Small changes in the weights could swing millions of dollars in revenue from one college to another. Because of this sensitivity, weighting formulas tend to be complex and difficult to fully understand.

Huron presented the Student Financial Aid Overview and Functional Expenses chart and emphasized that the treatment of student aid within the model is a key component of the revenue discussion. Two

common practices are as follows: aid and remissions are directly assigned as a contra-revenue where applicable and for general institutional aid and remissions, an allocation methodology or net tuition philosophy is used. Similar to the tuition allocation discussion, a few considerations were highlighted regarding the allocation of student financial aid (page 10 of the January 7, 2019 presentation).

The committee discussed the university's current debt obligations, including the issuance of bonds. There was consensus among the members that funds to support debt service obligations should be identified and directly support the debt service obligation. Huron explained that this practice is a common feature of an incentive-based model.

There was also discussion of unfunded mandates to specific colleges and how to manage those expenses. Due to this and other earlier considerations, it was generally agreed that a component of the model should be simple, transparent, and data-informed.

### **Next Steps**

Next time, the committee will discuss the following topics:

- Tuition Allocation and State Appropriations continued
- Model Element Overview
- Next Steps

The next meeting will be held at 11 a.m. on Tuesday, January 21, 2020, in Milican Hall (MH), 395.

The meeting was adjourned at 1:05 pm.