

Financial Model Feedback

*Deans' Retreat
January 13, 2014*

Strategic Initiatives Fund

- **Concerns**
 - Tax too high
 - Hold harmless and SIF are convoluted
 - All fees (student, executive education, and community) are assessed tax
 - Base for SIF is heavy on “instruction” based revenues
- **Proposed solutions**
 - Separate “UK subsidy” for Colleges from SIF; make the “UK subsidy” a stable source of revenue and focus SIF exclusively on a smaller university-wide strategic investment fund.
 - SIF tax would be reduced to a lower percentage
 - SIF would be charged against the change in assessed revenues
 - Pass-thru fees being identified; will be excluded from SIF
 - Other Non-credit fees still under review

Net State Appropriations

- **Concerns**
 - Cohorts create unhealthy competition among colleges within a cohort
 - Alignment of cohort with mission/goals of a College is not apparent
 - Focus on Kentucky residents is limiting; dis-incentivizes non-resident recruitment particularly international programming
- **Analyses under review/consideration**
 - Maintain focus on Kentucky Residents because of state funding focus
 - Possibly add a 4th college cohort to total 5 cohorts (C&I's are one cohort) providing more options for affinity groups
 - See handout
 - Discussion/Feedback
 - Review analysis on SCH generation on international students at UG level for multiplier consideration in the tuition formula rather than state appropriations – implications to be examined and discussed

Allocated Expenses

- **Concerns**
 - Administrative/Campus Services methodology of FTE's weights allocated expense to heavy instructional based colleges
 - University-based aid treated as an allocated expense is un-relatable to allocated assessed tuition in the current methodology
 - Accountability of support and resource center units is clouded in current methodology
 - Using IPEDS methodology for FTE data and not actual FTE creates an inaccurate distribution of allocated expense
 - Some research does not bring in enough F & A to cover allocated expense charge

- **Analyses under review/consideration**

- Reviewing impact of moving to combined driver of modified expense base and FTE on distribution of cost
- Looking at combining some of the similar allocated expense categories to simplify
- Reviewing impact of University-based aid becoming a contra-revenue and not subject to SIF tax on SIF availability and hold-harmless calculation
- Reviewing impact of using actual FTE compared to IPEDS FTE calculation on distribution of cost
- Research – to be discussed

Training

- **Concerns**

- Colleges would like to see the full model (including complex formulas for indexing and matching, etc.)
- Support and resource center units need assistance in brainstorming on how they can help Colleges in the model
- Department chairs, faculty, and staff require/desire a better understanding of the model

- **Proposed solutions**

- Implement better ways to display how the model works to improve understanding of model's formulas
- Conduct “what-if” and “how-to” sessions with support and resource center units
- Conduct workshops for faculty, staff, and department chairs on higher education finance and RCM models (once UK's model is finalized, workshops will be conducted on specifics of the model)

Data

- **Concerns**

- Data needs to be available at the department level
- More calculators are needed to project all revenue (not just tuition)

- **Proposed solutions**

- Utilize SAP to build P & L's that can be run at multiple levels, allowing Colleges the ability to review data at multiple levels
- Prioritize calculator development after major model issues are addressed
- Develop a pro forma template for new programs that allows easy evaluation of new programs

Collaboration

- **Concerns**

- HON/HMN courses with the 6x multiplier is too limited
- F & A distribution by Internal Approval Form could cause unhealthy competition
- Colleges would like to explore new joint program offerings (3 + 2, 4 + 1, etc.)

- **Proposed solutions**

- Deans and Faculty Advisory Group develop a list of course or programs considered collaborative or multidisciplinary and eligible for the multiplier
- Research Work Stream should consider a general framework for how F & A distribution should occur when a grant is awarded
- Explore how to begin incentivizing new programming
- Explore how to incentive multidisciplinary research – SIF is one option