Working Paper, v1 April 2016

Incentive-Based Budget Model

Extended Studies Programs Allocation

This working paper provides a high level summary of the issues discussed by the Committee while working towards making a recommendation on the budgetary treatment of existing programs managed through the Division of Extended Studies. The working paper will continue to be revised throughout the process. If you have any questions or comments you would like to share, you may email broncobudget@boisestate.edu and visit <http://vpfa.boisestate.edu/budget-and-planning/bronco-budget-2-0-new-budget-model/>.

For the purposes of this working paper, Extended Studies program revenue includes self-support programs, online degree programs, summer fees, concurrent high school enrollment, in-service teacher education, and other outreach programs.

In general, incentive-based budget models allocate tuition revenue directly to the units or activities that generate the revenue. The term unit in this document refers to the academic revenue units identified in the budget model. The revenue units that are included in this working paper are the College of Arts and Sciences, College of Business and Economics, College of Education, College of Engineering, College of Health Sciences, School of Public Service, and College of Innovation and Design. Universities that have implemented incentive-based budget models tend to allocate funds at this unit level. There is typically no expectation that funds be distributed to departments using the same methodology that drive allocations to academic revenue units.

**Self-support programs:**

The Committee reviewed and discussed the State Board of Education policy on self-support programs. The SBOE states that “self-support program fee revenue shall cover all direct costs of the program. In addition, self-support program fee revenue shall cover all indirect costs of the program within two years of program start-up.” Given these restrictions, the Committee concluded that there is limited ability to change how self-support programs are managed. However, the methodology for calculating a self-supports program’s contribution to indirect costs will be reviewed in the context of the overall budget model. The Committee also discussed the future of self-support programs in relation to online degree programs which utilize the online program fee. Since not all self-support programs qualify for the online program fee, self-support programs will continue at the university for the foreseeable future.

**Online degree programs utilizing the online program fee:**

SBOE policy states that the online program fee is “a fee charged for any fully online undergraduate, graduate, and certificate program. An online program fee shall be in lieu of resident or non-resident tuition (as defined in Idaho Code §33-3717B) and all other Board-approved fees.” Unlike self-support programs, SBOE policy for programs charging the online program fee allows us the flexibility to incorporate these programs into the budget model. Currently online program fee revenue is split between eCampus, the academic department offering the program, and the central budget. The eCampus share provides funding for the eCampus Center as well as an innovation fund to encourage the creation of new programs. In addition, eCampus offers a marketing service for those programs that need it.

For Bronco Budget 2.0, the Committee recommends that the eCampus Center and Innovation fund receive a fixed per-credit-hour allocation from each online program fee charged. This “eCampus fee” is similar in concept to the facilities fee, technology fee, and student activity fees used to support on-campus students. The remaining online program fee revenue will be allocated directly to the College offering the online program. For programs that desire marketing services, eCampus will charge the program directly for providing these services.

**Summer**

Currently summer revenue is allocated to Extended Studies to cover expenses associated with summer including faculty salaries and a summer program director. Net revenue (after expenses) is distributed to Colleges offering courses as well as the central budget. The Committee recommends continuing to fund a summer program director and managing the summer program through Extended Studies. However, the Committee recommends treating summer tuition revenue allocations and expenses in the same manner as Fall and Spring semester tuition. This recommendations will move faculty instructional expenses from Extended Studies to the academic departments teaching the courses. In addition, tuition revenue will be allocated based on the methodologies detailed in the working papers regarding undergraduate tuition revenue and graduate tuition revenue.

**Concurrent high school enrollment, in-service teacher education, other outreach programs**

After some discussion and a better understanding of the programs, the Committee believes no changes are needed as part of the Bronco Budget 2.0 initiative at this time.