

SIUE New REALITY eLearning Work Team Reporting Template

Final Reports are due by December 23, 2013

Submit to: shuffst@siue.edu and maschmi@siue.edu

Work Team: Budget Model and Fee Structure _____

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Summarize what SIUE has been doing in the area under consideration by your work team. Please investigate the scope and success of SIUE's prior efforts. (Bullet points are fine.)

Budget:

- Tuition revenue goes to the Income Fund and is used along with state funding to cover instructional, administrative and support services of the University. State funded units use a centralized, incremental budget model with UPBC providing oversight.
- Revenues and expenses from fee units and funded debt units are budgeted and managed separately.
- One program, contracted training with BJC uses a cost recovery model which splits tuition revenue 35% to income fund and 65% to Academic Affairs (split between the academic unit, graduate school, ITS and Educational Outreach).
- Growth and reduction in enrollment does not result in budget decreases/increases for a school. Prior year's budget plus additional funds for salary increases/inflation is generally the model SIUE follows. This does not provide incentive for academic units and faculty to expand online course offerings as it will not result in additional resources to develop and instruct new online course offerings.

Fee Structure:

- Online courses are assessed three fees: Course Delivery fee \$50.00/credit hour, Information Technology fee \$6.85/credit hour and Textbook Rental fee \$12.30/credit hour (for applicable courses).
- Students who take a combination of online and on-campus courses are penalized as they have to pay front-loaded on-campus fees as well as the incremental online fees.
- Blended courses are assessed the same fees as online courses, even though a student does complete some of their blended coursework on-campus.
- SIUE's \$50/credit hour course delivery fee is in line with most other Illinois schools.
 - SIUC \$59/credit hour.
 - Northern Illinois, Western Illinois, Chicago State, Northeastern Illinois \$50/credit hour.
 - Eastern Illinois \$44/credit hour.
 - U of I Springfield \$25/credit hour.

- Governors State \$17/credit hour.
- U of I Chicago, U of I Champaign-Urbana, Illinois State do not charge a separate online course fee.

Describe promising models from other universities that could be modified, adapted or enhanced for our campus.

Budget: We found that other universities use revenue sharing models for their online courses.

- SIUC splits tuition from online courses 70.5% to the College, 27.5% to Central Administration and 2.0% to the Provosts Office.
- U of I Springfield does not split tuition for online courses it all goes to the general fund. Their online course fee of \$25/hour is split 25% to the Center for Online Learning (faculty support in development and design of classes), 2.5% to marketing, 22.5% to IT (Blackboard, software licensing and help desk) and 50% to academic unit.
- University of North Texas revenue sharing model rewards departments for attracting “net gain” students defined as students located 50 miles or further from campus and taking only online courses or students taking online courses from outside of Texas. Tuition revenue is split 83% academic department; 7% unit that develops online education and remaining 10% split evenly among administrative units (Budget, Registrar, Provost and Bursar). Deans may negotiate to get some of the 83% that goes to academic department.
- Eastern Kentucky University’s budget model is a variation of Resource Center Management. All tuition for online courses goes back into the program to cover costs and what is left over is allocated with a percentage going to the University’s central fund, a percentage going to the College and a % held in the online program to fund Instructional Developers, IT Designers and management of Online programs.
- University of Montana splits revenue 60% to online program and 40% to general fund. An alternate model is being considered where 70% online program (funds instruction costs/admin fees/marketing), 20% general fund, and 10% academic unit.

The committee agreed that revenue sharing at SIUE should include distributions to income fund, ITS, Educational Outreach, Provost’s Office and academic units.

Constraints put upon SIUE by Legislative Audit Commission (LAC) guidelines must be considered when adapting a budget model:

- Cost recovery model requires that a 3rd party pay tuition, not the student
- Prohibits a fee paying instructional costs
- State Budget/Income Fund cannot transfer funds to a non-state account

Using what you have learned, please outline innovative ideas of your own. Again, please list these as bullet points.

- Establish a strategic initiative fund, set aside state budget/income fund “off the top” to be spent towards online instruction and course development. Award these funds to academic units based upon their proposal to expand online programs/courses. This may be more useful for one-time funding to serve as incentive (stipend) rather than ongoing budget (salary).
- Give academic units an incentive by “matching” funds they direct to new online courses. By doing this there is an incentive for units to re-direct some of their existing state budget to new online courses.

Please describe two short-term initiatives that your team views as priorities for SIUE. You should include a rationale and description of resources needed.

- Develop 5-year budget projection assuming (1) follow UIS approach sharing revenue from the \$50/credit hour Course Delivery Fee (approximately \$750,000 for FY13) and (2) follow SIUC approach sharing tuition by college. Identify the pros and cons of each approach. Determine which model or combination of both models best suits SIUE and creates incentive to grow online education. Include in the model expectations of unit so that the corresponding expenses can be estimated and revenues allocated.
- Survey faculty to assess barriers to expanding online courses. Evaluate the need to offer faculty financial incentive such as stipend or funding for course release time to incent online course development. If financial incentives are provided, then formal commitment must be made by the faculty member to instruct the course(s) for a specific number of semesters.

Please describe other short-term initiatives that your team would like to recommend.

- SIUE currently offers 3 fully online programs: RN to BS, Doctorate of Nursing Practice (DNP) and Doctorate of Education (EDD). DNP students pay the same DNP tuition rate regardless of residency. RN to BS and EDD students are charged 2.5 times the in-state tuition rate if they are non-residents. Recommend consistency for all online programs and to offer the same tuition rate regardless of residency (a practice followed by most other Universities offering online courses).
- UIS offers 23 online programs. If we anticipate growing from 3 programs to 23 programs, we’ll need to plan for investing in infrastructure to meet the needs of online students. Academic support services such as advising, registrar, career development center, etc. are areas likely to need additional resources. Funding sources need to be considered for these added costs as well as the direct instructional costs of the online programs.

Please list and describe three long-term initiatives that SIUE should consider to improve in the area under consideration by this work team.

- In order for SIUE's online programs to develop in a deliberate and strategic way that will yield academic and financial success, a team of individuals is needed to evaluate proposals, obtain market information, construct financial projections and make recommendations.
- Evaluate grant funding available for online course development and seek grants that are in synch with SIUE's online initiatives. (For example, UIS has obtained grant funding from the Alfred P Sloan Foundation for converting eight existing degrees to online-delivered versions.)
- Identify changes to SIUE's mandatory fee structure. Does the historical model SIUE continues to use still make sense? Front-loading of fees to on-campus students taking fewer credit hours, higher fees for students taking a combination of on-campus and off-campus courses, and fees assessed for blended/hybrid courses needs to be evaluated.

Please describe other long-term initiatives that your team would like to recommend.