

Subject: Explanations for the Excel File, "ABB Tuition Distribution for 2011-12.xlsx"

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The "ABB Tuition Distribution for 2011-12" spreadsheet available at <http://www.washington.edu/admin/pb/home/docs/abb/ABB-Tuition-Distribution-for-2011-12.xlsx> includes the calculations used to determine the distribution of net operating fee revenue that appear in Attachment I of the FY 2012 Budget Letter from the provost, which is available at <http://www.washington.edu/admin/pb/home/uw-bgt-process.htm>.

The following elements are calculated separately and then entered into the tuition spreadsheet:

- Estimated or projected net operating fee revenue by tuition group,
- The proportion of student credit hours (SCH) taken by each tuition groups that is generated by each school or college,
- The proportion of major enrollments of graduate and professional students for which each school or college is responsible, and
- The proportion of undergraduate degree majors generated by each school or college.

The *Activity Based Budgeting (ABB) Tuition Revenue Distribution Manual*, available at <http://www.washington.edu/admin/pb/home/pdf/abb/ABB-Manual.pdf>, includes detailed explanations of both the calculations included in the Excel file and of the calculation of the inputs to "ABB Tuition Distribution for 2011-12.xlsx" noted above.

The summary of all tuition distributions can be found on the tab labeled "TuitRev." The calculations of tuition distributed to units in 2011-12 are divided into four groups, each of which is described below.

1. Calculation of the "true-up" of 2010-11 tuition,
2. Calculation of a starting point for 2011-12, which is the base distribution of revenue for 2010-11,
3. Calculation of the loss of revenue resulting from planned movement of programs to Educational Outreach in 2011-12, and
4. Calculation of incremental tuition for 2011-12 resulting from expected enrollment changes and tuition increases.

2010-11 True-Up

The initial incremental tuition revenue that was distributed to units in 2010-11 was the difference between:

- The projection of 2010-11 tuition revenue by tuition group¹ produced in Spring 2010, and
- Net collections for 2009-10.

In Spring, 2011, an estimate of actual net tuition collections in 2010-11, based on actual 2010-11 enrollments, was available. The difference between this revenue estimate and the projection used last spring to calculate incremental revenue distributions – the "true-up" – is distributed on the basis of:

¹ This projection was based on information about 2009-10 enrollments, intended tuition rates for 2010-11, and any intended enrollment changes for 2009-10.

- SCH and graduate/professional major enrollments from 2010-11, and
- Degree majors from 2009-10.

Since 80 percent of incremental undergraduate tuition was to be distributed based on SCH and 20% based on degrees, these proportions were used in calculation the distribution of the true-up. Note that starting in 2011-12, the new undergraduate proportions – 60% SCH/40% degrees – will be used. The proportions for graduate and professional students (20% SCH, 80% major enrollments) are the same for all years.

True-Up Calculation Details

Five tabs in the Excel file are used for these calculations:

- “2010-11 SCH”: 2010-11 SCH from each tuition group generated by each unit,
- “2010-11 Majors”: 2010-11 major enrollments from each tuition group generated by each unit,
- “2009-10 Degrees”: 2009-10 undergraduate degree majors,
- “True-up Rev”: Amount of estimated 2010-11 revenue in excess of previous 2010-11 projection, and
- “True-Up Distn by TG”: This contains the calculations of the distribution of true-up revenue to each college from each tuition group based on ABB rules and parameters.²

Base 2010-11 Tuition Revenue Distribution (Using 2010-11 Distribution Proportions)

In order to begin assessing the incremental effect of moving programs, changing enrollments, and increasing tuition rates, we need a base point of comparison. The first step, then, is to determine how 2010-11 revenue would be distributed to units if all tuition revenue were to be distributed.

2010-11 Base Revenue Distribution Calculation Details

Five tabs in the Excel file are used for these calculations:

- “2010-11 SCH”: 2010-11 SCH from each tuition group generated by each unit,
- “2010-11 Majors”: 2010-11 major enrollments from each tuition group generated by each unit,
- “2009-10 Degrees”: 2009-10 undergraduate degree majors,
- “2010-11Rev”: Estimated 2010-11 revenue by tuition category, and
- “2010-11RevbyTG”: This contains the calculations of the distribution of total 2010-11 revenue to each college from each tuition group that would have taken place if all revenue were distributed based on 2011-12 ABB rules and parameters.

² The calculations in the spreadsheet occur as follows:

In the column for undergraduates, 80% of the revenue pool is multiplied by the proportion of undergraduate SCH generated by a given school and 20% of the revenue pool is multiplied by the proportion of undergraduate degrees generated by a given school. The sum of the distribution of undergraduate revenue across all schools equals the total undergraduate revenue pool.

In the column for each of the graduate and professional tuition categories, 20% of the revenue pool from the tuition category is multiplied by the proportion of that tuition group’s SCH generated by a given school, and 80% of the revenue pool is multiplied by the proportion of major enrollments generated by that school.

The sum across all tuition categories of the amount distributed to a given college is the total ABB distribution to that college.

Programs Moving to EO

Some units received approval to shift certain programs to Educational Outreach (EO). These units were apprised that, as a result, the unit base budget would be reduced by the revenue that had been generated by such programs. In addition, units that did not shift programs to EO also might expect a loss in distributed revenue because the course-taking and major enrollments of students in the shifted programs, which may have involved other units, are now moved outside of the ABB tuition revenue distribution structure.

ABB revenue lost as a result of a unit's decision to shift a program to EO is not considered a budget cut, since it is expected that compensatory revenue will flow to the unit through EO. As a result, these revenue reductions can be found in the last column of Attachment I of the Provost's budget letter. For units experiencing collateral losses associated with program shifting initiated by other units, losses were rolled into the 2011-12 incremental tuition figures in Attachment I. Details of these calculations can be seen on the "TuitRev" tab.

EO Revenue Loss Distribution Calculation Details

Students enrolled (in 2010-11) in a program to be shifted to EO were excluded from:

- The calculation of the expected revenue pool,
- The calculation of the percentage SCH for each tuition category generated by each school or college, and
- The calculation of the percentage of major enrollments for each tuition category generated by each school or college.

The distribution of revenue given these calculations, which exclude the programs shifting to EO, is compared to the base distribution of 2010-11 revenue to determine the losses associated with the shifts.

More specifically, six tabs in the Excel file are used for the calculation of the loss to schools and colleges associated with programs moving to EO:

- "2010-11RevbyTG": This contains the calculations of the distribution of total 2010-11 revenue to each college from each tuition group that would have taken place if all revenue were distributed based on 2011-12 ABB rules and parameters.
- "SCHEO": 2010-11 SCH from each tuition group generated by each unit, excluding SCH of students in the EO programs,
- "MajorsEO": 2010-11 major enrollments from each tuition group generated by each unit, excluding the major enrollments of students in the EO programs,
- "2009-10 Degrees": 2009-10 undergraduate degree majors (no undergraduate programs moved),
- "EORev": Estimated 2010-11 revenue by tuition category excluding EO programs, and
- "EODistnbyTG": Calculations of the distribution of total 2010-11 revenue to each college using the 2011-12 ABB distribution parameters – with EO programs excluded -from each tuition group; the difference between this distribution amount and the amount in "2011-11Revby TG" is the loss associated with the move of a program to EO.

Distribution of 2011-12 Incremental Tuition

The distribution of 2011-12 incremental tuition revenue to units is calculated as the difference between the distribution of all 2011-12 projected revenue (found on the “FY12DistnbyTG” tab) and the distribution (using 2011-12 ABB parameters) of 2010-11 revenue with EO programs excluded (found on “EODistnTG” tab).

2011-12 Incremental Revenue Distribution Calculation Details

Six tabs in the Excel file are used for the calculation of 2011-12 incremental tuition revenue to be distributed to schools and colleges:

- “EODistnbyTG”: Calculations of the distribution of total 2010-11 revenue to each college – with EO programs excluded -from each tuition group.
- “SCH2012”: Projected 2011-12 SCH from each tuition group generated by each unit,
- “Majors2012”: Projected 2011-12 major enrollments from each tuition group generated by each unit,
- “2009-10 Degrees”: 2009-10 undergraduate degree majors,
- “FY12IncrRev”: Projected 2011-12 revenue by tuition category, and
- “FY12DistnbyTG”: Calculations of the distribution of projected total 2011-12 revenue generated, according to ABB principles, by each school or college; the difference between this distribution amount and the amount in “EODistnbyTG” is the distribution of incremental revenue to each unit.

Summary Calculations & Relationship to Attachment I of Provost Budget Letter

The total amount of tuition revenue to be distributed to each unit is summarized on the “TuitRev” tab:

- True-up distributions can be found in column I,
- “Collateral” losses associated with programs moving to EO (the loss faced by units not moving a program) can be found in column J,
- Incremental 2011-12 tuition distributions can be found in column K, and the
- Combination of collateral EO losses and 2011-12 incremental revenue distributions can be found in column L. This last value (column L) is the one found on Attachment I of the FY 2012 Budget Letter from Mary Lidstrom under the heading “Incremental Tuition 2011-12.”