Special Academic Revenue Subcommittee

DRAFT Recommendations

October 15 2018

**Limited scope of subcommittee**: Since the recommendations of the subcommittee were submitted to the Steering Committee in March 2018, the working definition of Special Academic Programs was narrowed to consider *only credit-bearing, undergraduate courses and programs taught in winter and summer.* Excluded from the previous scope were study abroad fees, online programs, two-book operations, non-credit programs, Cooperative Extension and graduate programs/courses. Revenues from Special Academic Programs (as defined here) in winter and summer of the previous fiscal year were approximately $22 million and $9 million, respectively.

**Rationale and potential benefits of enhancing Special Academic Programs:** Courses and programs taught in winter or summer would provide multiple benefits to students, allowing greater flexibility in scheduling, greater affordability due to reduced tuition in special sessions, and opportunities to complete an undergraduate degree more quickly, reducing debt load and increasing earnings. While such courses and programs represent only a small portion of the workload and revenue for undergraduate programs, they can contribute significantly to UD’s value proposition, better utilizing campus infrastructure while generating new revenue. For the University, greater utilization of the campus year-round enhances *operational efficiency*, creates flexibility in faculty teaching schedules, provides opportunities for overload pay, and may improve *student success* in terms of 4- and 6-year graduation rates.

Another benefit that could be realized quickly is to offer educational opportunities for matriculated students who take courses elsewhere in winter and summer, transferring the credit back to UD to meet graduation requirements. Analyses have been performed for the top courses transferred in to UD, which show an opportunity cost of over $10 million per year (data appended). The University should incentivize flexible, high quality and online courses that could provide value to at least part of this market, and offer the courses in summer and winter sessions.

With proper scheduling and curricular reform, it is possible to envision some undergraduate programs at UD as 3-year degrees if summer and winter sessions are utilized for 30 or more credit hours over the course of the student’s matriculation. Recently, [Purdue University’s College of Liberal Arts](https://www.purdue.edu/newsroom/releases/2017/Q3/purdue-liberal-arts-launches-3-year-degree-tracks.html) launched 3-year degree programs that produce cost savings of $9000 (resident) to $19,000 (non-resident and international); total cost savings are further amplified by beginning employment a year earlier. Short of a 3-year degree, accelerated credit hour production in certain majors would allow semester-long study abroad, internships, and other experiential learning opportunities within the traditional 4-year timeframe.

**Challenges:** Changing the campus culture to be more active during winter and summer sessions will not be trivial. Students look to these sessions as times for work, internships and other activities, and most faculty use winter/summer to focus on research or outreach. Safeguards must be taken to prevent “cannibalization” of credit hour production from fall/spring semesters, i.e., the goal is to raise total credit hour delivery on an annual basis, not to move courses from spring/fall to special sessions.

**Goals: (i)** Make winter/summer *sessions less distinct* and more integral to a BS degree program experience at UD. **(ii)** Increase campus utilization and total credit hour production of the university via enhanced course offerings in special sessions. **(iii)** Capture revenue lost to other institutions when matriculated students opt to take courses elsewhere and transfer credits to UD.

**Recommendation 1: Revenue sharing and model parameter selection**. To properly incent the production of high quality, high demand course offerings in winter and summer, we recommend a *model based on 100% ICOR*. Activities associated with headcount or home school are minimal when considering additional courses that may be taken in summer/winter, and the main expense will be the extra compensation for instruction, so a 100% ICOR model is justified. Total tuition revenue should be the basis of a model, not incremental above a base year. Incremental revenue above a base of only $31 million will not produce enough additional resources to grow special sessions appropriately. The total revenue from credit-bearing courses during winter/summer should be allocated as follows:

**30% - a strategic pool** used for financial aid and/or tuition discounting to make attendance in special sessions financially attractive.

**10% - university overhead** to cover costs of services such as Registrar, Student Life, Library, IT, OCM and other non-college units.

**60% - revenue allocated to colleges**, to be shared with the units that developed the course or program as appropriate and based on unique considerations in the colleges.

**Recommendation 2: Tuition discount.** Currently, winter session is discounted by allowing 6 credits to be taken for the price of 4.5; we recommend applying a simple 25% tuition discount across-the-board, regardless of number of credits taken, for winter and summer sessions. In this way, we could incentivize students who want to focus on one particularly difficult course to take the course at UD.

**Recommendation 3: Workload issues.** Currently, in-load teaching can be assigned to faculty workload in summer/winter upon mutual agreement. The cultural shift induced by this practice should be recognized and handled appropriately. For example, the impact of summer teaching on writing summer months of salary into grants should be examined in conjunction with the Sponsored Program Revenue Subcommittee.

**Recommendation 4: Transfer credit policies**. An examination of University and college-specific transfer policies should be made to harmonize enhanced course offerings in special sessions with current student behavior.

**Recommendation 5: Marketing**. If a share of the 10% overhead is not sufficient to cover costs, additional funding should be allocated to OCM specifically for marketing courses in special sessions and future programs such as 3-year degrees to current and future students. Special session attendance can be a part of the value proposition of a UD education and part of the brand [e.g., “UD in Three”] Advertising and marketing the discounted tuition rate is important to attracting students to winter/summer as cost is perceived to be a major driver of a student’s decision to take courses elsewhere and transfer credit to UD.

**Recommendation 6: Impact on financial aid.** An examination of the impact of our recommendations on financial aid and eligibility for aid should be made before implementation.

**Appendix**

*Under RBB, colleges received $437.40 per SCH in ICOR and an additional third of that ($145.80 per SCH) in Home School support. Therefore, under RBB, the lost college funds from transfer credits in FY18 would have been $10.7 million. With better marketing, promotion, and quality, we should be able to bring back much of this instruction and dollars to UD.*



