

Summer Incentive Program (Model Illustrated with Summer 2017 Money)

This document outlines the summer incentive program. Seven operating principles and seven terms/definitions follow the description of the concept. Summer 2017 funding and revenues illustrate the incentive model in the table on page 2.

Concept: The basic idea is that all classes are in essence Pay-as-You-Go and colleges need to balance their summer budgets. The Provost distributes summer base budgets to the colleges from the AA Summer Base Budget to cover their summer expenses. Each college must use all of its summer base budget to schedule classes before scheduling entrepreneurial Pay-as-You-Go classes.

Academic Affairs collaborates with Business and Finance to determine the Revenue Target that must be met to cover summer term expenses. Excess Revenue (i.e., entrepreneurial revenue) is earned if Academic Affairs exceeds the Revenue Target in addition to costs associated with Pay-as-You-Go classes. After the summer term ends, Excess Revenue is divided between Academic Affairs and the University in a 64.5%/35.5% split and distributed proportionally to the colleges/school that earned it.

The Divisions of Academic Affairs and Business and Finance decide together if the Academic Affairs Summer Base Budget and Revenue Target should be adjusted. This is done on an annual basis.

- Summer Base Budget. The colleges' summer base budgets will be increased in accordance with a tuition increase.
- Revenue Target. The Revenue Target should be adjusted in accordance with a tuition increase. It may need to be adjusted to align with cost increases, too. Although tuition increases and costs should match, it is possible that costs could grow at a higher percentage than tuition.

Excess revenue is distributed to the colleges in September following the end of the summer term. The early distribution helps colleges budget the dollars strategically in order to reap more benefits for their entrepreneurial efforts.

Operating Principles

1. *Standard Tuition Rates.* The Summer Incentive Program applies only to tuition collected at the standard rates. It excludes eTuition, professional program differentials, and eCore classes.
2. *Calendar Year.* Budget numbers are based on the calendar year (i.e., entire summer semester) rather than the fiscal year.
3. *Banner Reports.* Budget numbers are taken from agreed-upon reports. Banner sa2310 for total revenues is used in revenue projections.
4. *Scheduled Courses.* No course that is required for graduation will be scheduled ONLY in the summer term.
5. *Distribution Date.* Academic Affairs' share of the excess revenue is transferred from Budget to Academic Affairs in September.
6. *Distribution Formula.* Academic Affairs' share of the excess revenue is distributed proportionally among the units that earned it. For example, if COAH earns 10% of the net revenue, it receives 10% of the excess revenue.
7. *Overspent Summer Budgets.* If a college or school overspends its summer budget, that amount is subtracted from its fall and/or spring budget.

Terms/Definitions:

- **Line A. Academic Affairs Summer Base Budget.** The size of the summer base budget for Academic Affairs is similar – proportionally – to the AA/University split that is used for the fall and spring semesters.
- **Line B. University Summer Budget.** These funds help support operations in all divisions excluding Academic Affairs.
- **Line C. Revenue Target.** This is the minimum amount that the summer semester needs to generate. It is the sum of Lines A and B.
- **Line D. Summer Revenue.** This is the net revenue earned. It equals the summer tuition charges minus all waivers associated with those charges. In other words, the Summer Revenue reflects real dollars earned.
- **Line E. Faculty Costs for Pay-as-You-Go Classes.** These expenditures are for faculty salaries and fringe if classes are scheduled that exceed the AA Summer Base Budget (Line A). These classes are referred to informally as the Pay-as-You-Go classes.
- **Line F. Total Costs.** This is the sum of the Revenue Target (Line C) plus Faculty Costs for Pay-as-You-Go Classes (Line E).
- **Line G. Excess Revenue.** This is the difference between the Summer Revenue (Line D) and Total Costs (Line F). The Excess Revenue is divided between Academic Affairs and the University in a 64.5%/35.5% split. The Academic Affairs portion is distributed to the colleges.
- **Line H. Academic Affairs’ Share.** Academic Affairs’ share of the Excess Revenue (64.5%) is distributed to the colleges.
- **Line J. University’s Share.** The University’s share of the Excess Revenue (35.5%) helps support operations in Business and Finance, Student Affairs and Enrollment Management, Information Technology Services, Advancement, and the President’s Division.

Distribution Formula. The excess revenue is distributed proportionally among the Academic Affairs colleges/school that earned it. For example, if COAH earns 10% of the net revenue, it will receive 10% of the excess revenue.

TABLE: Summer 2017 Funding and Revenue – Use this Pattern for Summer 2018

Line	Description	FY17 Summer Budget	Notes
A	Academic Affairs Summer Base Budget	\$ 3,457,244	Classes covered by the summer base budget. It is not necessary to calculate fringe for these.
B	University Summer Budget	\$ 1,944,877	Portion of summer budget for B&F, SAEM, ITS, Advancement, and President that comes from tuition and fees.
C	Revenue Target	\$ 5,402,121	Line A + Line B
D	Summer Revenue Earned	\$ 6,215,803	Net revenue earned.
E	Faculty Costs for Pay-as-You-Go Classes	\$ 646,369	Pay-as-You-Go classes. You must calculate fringe for these.
F	Total Costs	\$ 6,048,490	Line C + Line E
G	Excess Revenue	\$ 167,313	Line D – Line F
H	Academic Affairs’ Share	\$ 107,916	AA’s share of the excess revenue (64.5%).
J	University’s Share	\$ 59,396	University’s share of the excess revenue (35.5%).