

**Date:** June 6, 2018  
**Subject:** Supplement Changes – Technical Addendum

### Undergraduate Year-to-Year Growth Cap

Beginning with the FY19 projections and true-up process, The Office of Planning & Budgeting (OPB) will calculate and administer an undergraduate growth cap at the direction of the Provost. This cap, placed on undergraduate student credit hour (SCH) revenue growth, will be assessed based on a “no growth” baseline for FY19. Growth, calculated during the spring 2019 true-up process, exceeding 5 percent of the baseline calculation will result in a supplement reduction of the excess amount.

This cap does not prevent an increase in revenues, but it seeks to slow tuition revenue growth to prevent system-wide gyrations that have, thus far, reflected a move away from some of our less costly majors and toward more costly majors. Under these parameters, growth is still possible, but the extent of that growth will be mitigated by a cap to ensure that we are growing at a manageable clip and maintaining cross-subsidies across and within units that are necessary for us to function.

### Process and Calculations

This option would consider just SCH revenue growth by looking at a baseline of FY19 projected SCH revenue (i.e. accounting for tuition rate changes, but keeping enrollment flat and carrying SCH% distribution over from the prior year) and comparing this baseline to the FY19 Actuals. If we cap this growth at 5 percent, we would reduce the supplement by the excess SCH revenue growth amount.

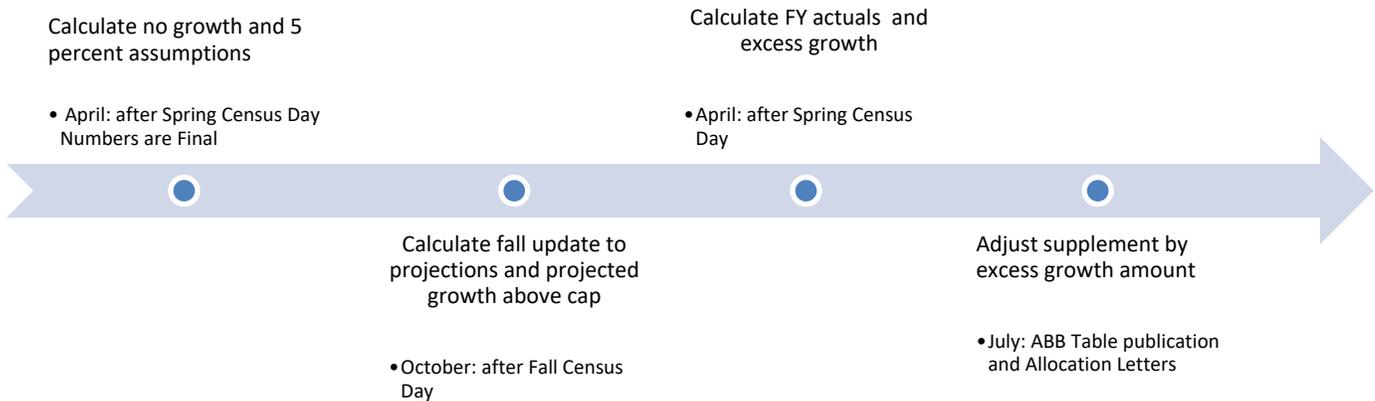
### Example for FY19 Projections

The FY19 projected SCH revenue, keeping enrollment growth flat but accounting for a 2.2% resident undergraduate tuition rate increase and a 3% non-resident undergraduate tuition increase, is approximately \$221,526,581, which also takes into account the risk pool and the 30% tax. Using FY18 SCH distribution percentages, the following table displays the no growth and 5 percent growth assumptions for FY19. Schools/Colleges generating SCH revenue growth in excess of their FY19 5 percent growth amount will see a reduction equivalent to that excess amount in their FY20 supplement.

College Name	FY18 SCH Percentage	FY18 SCH Revenue	FY19 No Growth Baseline	FY19 5 Percent Growth
Provost	0.16%	\$359,206	\$360,816	\$378,856
Built Environments	2.33%	\$5,132,939	\$5,155,934	\$5,413,731
College of Arts and Sciences	61.64%	\$135,947,393	\$136,556,437	\$143,384,259
Foster Business School	6.18%	\$13,635,686	\$13,696,774	\$14,381,613
College of Education	2.15%	\$4,742,213	\$4,763,458	\$5,001,631
College of Engineering	10.99%	\$24,235,560	\$24,344,135	\$25,561,342
College of the Environment	5.80%	\$12,800,156	\$12,857,500	\$13,500,376
Graduate School	0.02%	\$54,563	\$54,807	\$57,548
The Information School	2.46%	\$5,434,139	\$5,458,484	\$5,731,408
School of Law	0.05%	\$101,886	\$102,343	\$107,460
Evans School of Public Affairs	0.06%	\$134,126	\$134,727	\$141,464
School of Social Work	0.26%	\$571,582	\$574,142	\$602,849
Undergraduate Academic Affairs	1.33%	\$2,943,576	\$2,956,764	\$3,104,602

School of Dentistry	0.00%	\$9,006	\$9,046	\$9,498
School of Medicine	2.85%	\$6,285,091	\$6,313,248	\$6,628,910
School of Nursing	0.95%	\$2,101,590	\$2,111,005	\$2,216,555
School of Pharmacy	0.03%	\$66,924	\$67,223	\$70,585
School of Public Health	2.71%	\$5,982,934	\$6,009,738	\$6,310,225
<b>Total</b>		<b>\$220,538,570</b>	<b>\$221,526,581</b>	<b>\$232,602,910</b>

**Timeline**



Each spring, OPB will calculate a “no growth” assumption (based on prior year actuals and only controlling for tuition rate changes). This “no growth” assumption will be used as the baseline for calculating growth and any excess growth above a 5 percent cap.

**After Fall Census Day**, OPB will update projections and provide an update to units on projected growth in excess of the 5 percent cap. This should allow for shifts in planning and resources for the coming year.

During the Spring Census Day true-up calculations, OPB will calculate the difference between the “no growth” projections and actual growth. The SCH revenue amount in excess of 5 percent will be assessed as a reduction to the coming fiscal year’s supplement.

**Considerations**

There are a number of situations that would warrant further analysis and conversations between the provost and deans, possibly resulting in an adjustment to the cap calculation. Below are several examples of situations where an adjustment may be warranted; however, this list is not intended to be exhaustive.

- Provisos and other mandated growth scenarios
  - From time-to-time, a school or college receives funding specifically tied to enrollment growth. In these cases, school administrators will work with OPB to account for this growth within the cap calculation.
- Enrollment skyrockets or plummets
  - If, in calculating annual projections and fall estimates, OPB estimates an unexpected sharp increase or decrease to enrollment numbers, the Provost and Dean will discuss potential mitigations.
- Supplement is taken down to zero
  - Should a school or college experience many years of growth, in excess of the cap, resulting in a reduction of the supplement down to \$0, the Provost and Dean will discuss potential options.