

To: University Budget Committee

From: John Powell

Re: Agenda Item: Possible Reallocation of State Univ. Fees from Summer to OAA

I'd like to ask the Budget Committee to discuss and perhaps recommend allocating the State University Funds we receive from summer session to Academic Affairs. This could help OAA afford, with continuing careful management, a somewhat expanded summer session which could be budget neutral or even helpful to the University's bottom line. If there are other factors which make it inadvisable to allocate all the summer SUF revenue to Academic Affairs, we might want nevertheless to recommend that the revenue be split (half and half or two thirds to OAA, or summer costs to OAA).

The last summer session was markedly reduced from what we had in Summer of 2007, and plans are being formulated for the same this year as last. Roughly, for these two, each summer costs OAA about half a million dollars for two hundred FTES (one hundred FTES when annualized), and more than pays for itself, with 0.7 million coming in to the University as a whole in the form of State University Fees. That is, running the last two summer sessions has helped the University budget (though not the OAA budget) to the tune of 0.2 million each summer.

Background: OAA has reduced the size of summer session mainly because they, as are we all, are under pressure to reduce their budgets and the number of summer offerings is a place where it is easy to make those reductions. Further, the revenues which come in as a result of summer are almost entirely in the form of the State University Fees students pay. The campus does get to keep these fees, but they come to the University as a whole, not to OAA. If the SUF's came to OAA, cutting back summer would not be a budget cut, since the lost revenues would be (given the careful management we have had the last two summers) more than what is saved.

Other relevant considerations.

- 1.) Aside from the budgetary effects within OAA, HSU needs to manage enrollment so that it does not exceed its enrollment target too much or the CSU system threatens to require the campus to reimburse State University Fees for excess over-enrollment. Since summer is the first enrollment period counted toward the academic year, it comes at a time before total enrollment can be reliably predicted. This comes in as an argument for being careful with summer enrollments.
- 2.) Summer enrollment has complex consequences for enrollments the rest of the year--allowing students into summer classes may result in empty seats during the rest of the year, and so less efficiency. These effects can perhaps be minimized by offering summer sections of courses which reliably enroll during the year to a level that they earn their keep and assure efficient use of faculty. It is not clear how many of our students, if they are denied classes they need during summer, take classes elsewhere in summer, or how many students come here or would come here from other campuses.
- 3.) The effect of a reduced summer on students' retention and time to graduation is not known, except that it cannot be positive.
- 4.) The fact that most students taking summer classes are part time (the average course load is about 6 credit hours--the headcount for those 200 FTES is about 500) means that

they pay a proportionally larger SUF than they do during the regular academic year (see pp. 43-44 of the catalog). Also, we are being told that the SUF is probably going to be raised by 10% for next year (though a third of that will be sent to financial aid).

5.) I am told that reductions in summer session reduce revenues at University Center, the Health Center, and elsewhere on campus. The community probably also has some interest in keeping more students with their wallets and rents around during the summer.

6.) The current bookkeeping arrangement (costs come out of OAA, but revenues do not come into OAA) discourages taking a university-wide perspective, though that is currently a theme in our planning talk.

7.) Summer revenues and expenses do not show up as separate figures in most of the easily-available budget reports. There are no separate categories for summer in the quarterly operating reports, and State University Fees show up as aggregated totals for the year. You have to go into Hyperion (or other datasets I don't know—not that I really know what I'm doing in Hyperion), where the figures fairly jump out at you. Before we reduced summer, the income purely from the State University Fee for Summer Session 07, (so leaving out the extra fees charged with many classes, leaving out the General Fund monies for 200 annualized FTES back when we were getting that, and leaving out other fees) is 799 K for a program which cost about 570 K. In other words, S.U.F.'s alone paid more than \$220 K over what summer cost. In other words, a three-credit section cost Academic Affairs \$7,000.00 and brought in (admittedly not to OAA but to the University) \$10,000.00, without including any enrollment-based monies other than S.U.F.'s and without including extra fees. For this last year, I find myself distrusting the numbers and my ability to see what I should see, and expecting they will be revised. But in Hyperion for Summer 2008 costs show as 215K and SUF revenues show as 437 K. (I leave out nonresident fees, which would add 40 K). That's still well over 200,000 more income in SUF alone than costs.

I'm probably leaving out other factors. I'm curious about the history of funding for summer, and whether some funding to OAA was provided with the understanding it would strengthen summer. If the Budget Committee recommends moving summer SUF revenues to OAA, any paper trail should include language to the effect that the money should not be raided for non-summer expenditures. If any of you think of more concerns you think should go to the committee, please use Reply All. If you see errors, you can either reply to all or send them to me. I have discussed this with about half a dozen faculty and administrators; no one disapproves yet, but I don't know I've covered a good sample of knowledgeable people. In particular, I've not talked to Enrollment Management administrators, who need to be consulted.

I think that this is a Provost or President decision, not a matter of policy that needs to go through the Senate. The Provost and President, I'm sure, will take the Budget Committee recommendation seriously, but it is their decision, not ours. We can help with consultation, and I encourage you to forward this note to others if they can help us think. The call is out now for summer course proposals, and it might be a good idea to at least raise the issues quickly.