UNIVERSITY OF OREGON
College of Arts and Sciences

March 2, 2017

Dear Department Heads and Managers,

The College of Arts and Sciences is introducing a new system for calculating returns on summer session revenue, beginning summer 2017. The College will retain additional revenue to fund online and hybrid course development across the College and to invest in strategic initiatives related to diversity.

The new system will be set up using the following principles:

(1) The percent held back will be progressive, and assessed on the *difference between summer tuition revenue and summer expenses,* normalized to the total general fund budget of the department.

(2) Percentages will be held back according to the following formula:

CAS 2017 Summer Session Hold Back Formula			
Tier 1	**Tier 2**	**Tier 3**	**Tier 4**
The difference between general fund expenditures for the department and summer revenues is less than 1%	The difference between general fund expenditures and summer revenues is 1.0% to 1.25%	The difference between general fund expenditures and summer revenues is 1.25% and 1.5%	The difference between general fund expenditures and summer revenues is greater than 1.5%
20% of the difference is held back.	First 1% difference is held back at 20% and the remainder at 25%.	First 1% difference held back at 20%; between 1%-1.25% at 25% and the remainder at 35%.	First 1% difference held back at 20%, between 1%-1.25% at 25%, between 1.25%-1.5% at 35% and the remainder at 45%.
Based on 2016 experience, twenty-two units would have capped out at Tier 1	*Based on 2016 experience, two units would have capped out at Tier 2*	*Based on 2016 experience, four units would have capped out at Tier 3*	*Based on 2016 experience, eight units would have capped out at Tier 4*

The following are two numerical examples that illustrate revenue calculations for different tiers. In these examples, S = the difference between summer tuition revenue and summer expenses and GF = previous year general fund expenditures.

Tier 1: GF = $4M and S = $35K. 1% of GF =$40K.
Since S is less than 1% of GF ($35K<$40K) the formula is applied as follows:

CAS retains 20% of the difference (20% x $35K)	*$ 7,000*
The unit retains 80% x 35K	*$28,000*

Tier 4: GF = $4M and S = $80K. 1% of GF = $40K; 1.25% of GF = $50K; 1.5% of GF = $60K
Since S is greater than 1.5% of GF ($80K>$60K) the formula is applied as follows:

CAS retains 20% of the amount up to 1% (20% x $40K)	*$ 8,000*
25% of the amount between 1% and 1.25% (.25% x [50K-40K])	*$ 2,500*
35% of the amount between 1.25% and 1.5% (35% x [60K-50K])	*$ 3,500*
45% of the amount greater than 1.5% (45% x [80K-60K])	*$ 9,000*
	$23,000

The unit retains 80% x $40,000 + 75% x $10,000 + 65% x $10,000 + 55% x $20,000 = $57,000
Based on last year's activity, we project that this new system will lead to additional central revenues for the College on the order of $225,000. As noted above, the revenues generated by this new system will be fully invested back into the College for two new strategic initiatives.

The first initiative is to encourage and compensate faculty to develop new online course offerings in the College. CAS has just announced a call for new proposals to develop online course offerings. See https://casweb.uoregon.edu/onlinehybrid-course-call-winter-2017. These courses will help CAS meet the President's mandate to improve undergraduate student access, time to graduation, and retention. Online offerings may also allow us to develop new sources of revenue, particularly with summer courses.

CAS will also use the revenues to invest in diversity, equity, and inclusion initiatives in the College. These issues are central to our work in the College and University. We will be finalizing our three-year College-wide diversity action plans in March 2017. While there are many ways in which we can improve diversity, equity and inclusion with little to no financial resources, some actions plans will require financial investment to implement.

As dean, I know that this is a change relative to past practice. I am changing the summer revenue allocation because the CAS Dean's Office has no central carry forward or indirect costs from grants that can be used for strategic projects and to meet the President's mandates. It also reflects my belief that our General Education requirements and student major preferences advantage some departments in ways that others do not have a chance to benefit from.

Our office will work with any departments where changes in the summer holdback may create problems. For example, I know that some departments have obligated future summer revenues to support faculty startups or retentions. We will honor those commitments and work with you to make sure that your departments remain incentivized to keep summer offerings.

Thank you for working with us on this change.

W. Andrew Marcus

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Tykeson Dean of Arts and Sciences