

Funding Incentive Pilot Program for Master's Program Enrollment Growth Academic Years 2019 through 2021

Overview and Objectives

This effort sponsored by the Provost's Office is designed to stimulate growth in Georgia Tech's Master's programs over a three-year period. The objectives as stated in the December 13, 2017 memo from Provost Bras to academic deans are the following:

Increasing enrollment in master's degree programs can both enhance the reach of our programs and scholarly reputation of the Institute, while creating additional revenue. Through a master's program incentive plan, the Institute will partner with the academic units to increase enrollment in our master's programs in the coming academic years.

The incentive funding described subsequently in detail will be provided on the basis of increases in enrollment, as measured by teaching hours

Current Financial Impact of Master's Degree Programs

For the fall 2017 semester, tuition assessed from the master's degree programs, for the Atlanta campus only, was \$42.6 million, and the total net tuition after deduction of all tuition waivers was \$30.4 million. This total excludes online programs but includes tuition differential revenue. The net tuition revenue represents approximately 16% of the Institute's total tuition revenue received in the fall. See *Attachment A* for a recap of the tuition totals from Master's Programs.

Master's Program Expansion Funding

The masters' program expansion incentive funding guidelines, consistent with the Provost's December 13, 2017 memo, are the following:

- The additional tuition revenue generated by master's program growth will be shared with the colleges according to the growth of master's programs, with fall 2017 and spring 2018 semesters used as the bases.
- The incentive funding will be provided to colleges on a pilot program basis over a three-year period, beginning with Fiscal 2019.
- The measure of progress will be the number of "teaching credit hours" per the Office of Institutional Research and Planning, as defined on the next page.* This will be based on the overall master's program growth for each college. Some programs may increase and others may

decline within a college, but only the net growth for the entire college will be considered in the computation.

- The incentive allocations will be computed at a rate of \$200 per teaching credit hour above the fall 2017 and spring 2018 bases, where the fall semester is compared to fall, and spring to spring. For all three years, the growth will be compared to the original Fiscal 2018 bases. The \$200 per teaching hour rate will be adjusted in Fiscal 2020 and 2021 on the basis of any Georgia Tech base graduate tuition increases approved by the Board of Regents. An example computation is included on the next page.

NOTE: The \$200 rate is based on the following computation (details in *Attachment B*):

- Total Gross Tuition Revenue for Fall Semester 2017 (prior to waivers)	\$42,605,614
- Divided by Billable Fall 2017 Hours	<u>/44,367</u>
- Equals Total Average Tuition Revenue per Master' Program Credit Hour	\$960
- 20% of Average Tuition Revenue per Credit Hour	<u>\$192</u>

The computation using net tuition after waivers yields a 20% factor of \$137 per credit hour. The \$200 approximates 30% of net tuition revenue after waivers.

- All incentive funding allocations will be computed by the Office of Budget Planning and Administration, which will distribute the funding on a one-time basis. The Executive Leadership Team will consider permanent allocations to help sustain the growth achieved following the third year of the pilot program.
- Program expansion will be optional for colleges. There will be no financial penalty for colleges that decline in net masters' teaching hours or that experience no growth. Likewise, if a college's overall master's program teaching hours exceeds the bases in one year and then declines in the following year, this will not affect the prior allocation.
- The incentive allocations will provide funding for discretionary uses, as determined by each dean. Deans are encouraged, but not required, to allocate all or a portion of the funding back to the departments or schools that generated the additional enrollment.
- Incentive allocations for each fiscal year will be distributed following the close of the semester after final enrollment and revenue figures are determined. For the fall semester, the allocations will be computed and distributed by the end of the calendar year and for the spring semester, in the first budget amendment in the subsequent fiscal year. Colleges may request interim allocations prior to the close of each semester if there is a financial need, with a reconciliation following the close of the semester.
- This pilot program will be reevaluated for possible adjustments each year.

Example Computation of Incentive Funding Allocations:

	Additional Full-Time Students	Potential Credit Hours	Incentive Allocations
		<i>(2 semesters X 12 Hours each)</i>	<i>(\$200 X inc'd. teaching hours)</i>
College A	100	2,400	\$480,000
College B	25	600	\$120,000

* *“Regular teaching hours” exclude hours associated with Co-op/Internship, Exam Preparation, Studies Abroad, Thesis, Dissertation, Special Problems, Research/Teaching Assistantships, Undergraduate Research, and online masters programs that retain tuition, as provided by Office of Institutional Research and Planning.*

**Masters Tuition Revenue
Fall Semester 2017**

Total Tuition Revenue	Tuition Total	Tuition Waivers	Net Tuition
College of Computing	\$6,434,665	\$2,683,349	\$3,751,316
College of Design	5,674,548	1,500,117	4,174,431
College of Engineering	17,620,713	5,424,962	12,195,752
College of Sciences	2,896,854	635,660	2,261,194
Ivan Allen College	1,310,207	735,267	574,940
Scheller College of Business	8,668,627	1,179,210	7,489,418
Total Masters Tuition	<u>\$42,605,614</u>	<u>\$12,158,564</u>	<u>\$30,447,051</u>

NOTES:

- a) Schedule includes Atlanta campus only – excludes online masters programs.
- b) Schedule includes tuition differential revenue.
- c) The net tuition column does NOT reflect graduate student tuition remission (Graduate Student Tuition Remission Program – GSTRP) from grants and contracts, which is recovered outside of the tuition assessment process to offset a large portion of the waivers. Fall semester GSTRP earnings totaled \$11.0 million for all graduate students (masters and Ph.D.) paid through grants and contracts.
- d) The waiver column includes all tuition waivers but is predominantly comprised of graduate assistantship waivers. Graduate assistantships comprise \$10.5 million of the total, with the other major categories equaling \$1.6 million. The breakdown of assistantships for masters' program students by type for fall 2017 follows: GRAs – \$6.6 million and GTAs – \$3.9 million.

Attachment B

Computation of Net Tuition Revenue Per Credit Hour				
Master's Programs				
Based on Fall 2017				
Master's Program Revenue - Fall 2017:				
Colleges	Tuition	Waivers	Net Tuition	Billable Hours
College of Computing	\$6,434,665	\$2,683,349	\$3,751,316	6,068
College of Design	5,674,548	1,500,117	4,174,431	5,894
College of Engineering	17,620,713	5,424,962	12,195,752	19,188
College of Sciences	2,896,854	635,660	2,261,194	2,579
Ivan Allen College	1,310,207	735,267	574,940	1,568
Scheller College of Business	8,668,627	1,179,210	7,489,418	9,070
Grand Total	\$42,605,614	\$12,158,564	\$30,447,051	44,367
Computation of Net Revenue Per CR Hour:				
		<u>Billed Tuition</u>	<u>Net Tuition</u>	
Total Gross Tuition Revenue Prior to Waivers		\$42,605,614	\$30,447,051	
Total Billable Credit Hours		44,367	44,367	
Revenue per Credit Hour		\$960	\$686	
20% of Tuition Revenue		\$192	\$137	
25% of Tuition Revenue		\$240	\$172	
30% of Tuition Revenue		\$288	\$206	