

Minutes For The October 31, 2000 -- Resources And Priorities Committee

ATTENDEES: Russell Pimmel, John Chambers, Peter Clark, Melanie Danner, Anthony Davis, Rona Donahoe, Harold Elder, Susan Herndon, John D. Kasberg, Emil Kunze, Lisa Rhiney, James W. Thompson, Maarten Ultee, Molly Lawrence, Reba Essary, Dorthy Martin, Janet Griffith, Pat Bauch, Leslie Scarbrough, Nathan Reamey, Ronald Rogers, Sybil Todd, Robert Wright

1. The Chair summarized the Resources and Priorities Committee's duties as follows:
 - Giving input to planning and setting priorities for budget allocations
 - Reviewing long-range fiscal planning and priorities
 - Reviewing the equity of existing budgets and priorities
 - Reviewing the equity of proposed budgets and priorities
2. The Chair reviewed last year's activities. He indicated that the Committee:
 - Listened to several speakers – e.g., Jeff Neighbors and Bob Wells
 - Reacted to Dr Barrett's White Paper Review of Progress
 - Reacted to the proposed year-end fund allocations
 - Reacted to the proposed 2000-2001 budget
 - Passed two motions:
 - Recommended that the faculty/staff raise funds be increased by 0.5 %
 - Recommended that the tuition be increased incrementally until it reaches the SUG average and that these funds be used to increase faculty/staff salaries
3. The Chair led a discussion on proposed Committee activities for the current year. He described three activities suggested by the Executive Committee:
 - Meet with the Provost to review proposed budgets at her request. This will probably involve a meeting on the proposed year-end fund allocations and one on the proposed 2000-2001 budget.
 - Undertake a study to make recommendation on the University's tuition. Harold Elder led a discussion on this proposed activity using the summary provided below.
 - Undertake a study to recommend how the R&P Committee can obtain more timely information about the proposed year-end allocations and the proposed annual budget so that the Committee can provide a more meaningful review and better suggestions for the Administration. Rona Donahoe led the discussion of this activity using the summary sheet provided below.

Members suggested two additional activities:

- Undertake a study to make recommendation on the resources for and direction of the information technology infrastructure on campus.
- Undertake a review of the Blount Initiative.

We agreed to establish three subcommittees:

- Tuition Subcommittee – Harold Elder (chair), John Chambers, Maarten Ultee, and Leslie Scarbrough

- Budget Information -- Rona Donahoe (chair), Melanie Danner, Russel Pimmel, Lisa Rhiney, James W. Thompson, Maarten Ultee, Molly Lawrence, Reba Essary, and Dorothy Martin
- Information Technology – Peter Clark (chair), Anthony Davis, Emil Kunze, and Nathan Reamey

These subcommittees will work during this academic year to prepare recommendations on these issues. Periodically, they will report their progress to the Committee. The Committee as whole will review and react to all recommendation; those receiving Committee support will be forwarded to the Provost.

We decided that the concern about the Blount Initiative did not merit a yearlong review and asked Robert Wright to present an overview of the Blount Initiative at the next Committee meeting.

4. Our next meeting is scheduled at 3:30 on Tuesday, Nov. 28, 2000. The agenda will be:

- Blount Initiative (20 minutes) – Robert Wright
- Tuition Subcommittee Report (12 minutes) -- Harold Elder
- Budget Information Subcommittee Report (12 minutes) -- Rona Donahoe
- Information Technology Subcommittee (12 minutes) – Peter Clark

Resources and Priorities Committee

How are Tuition Rates Set?

Background:

Last year R&P committee considered the setting of tuition rates by the University, and after the discussion recommended:

- Tuition should be raised incrementally until the rate at the University of Alabama reaches the SUG average, and
- Additional funds generated by these increase be used to increase faculty/staff salaries

Question:

Does the committee wish to examine this question again, and at what depth?

- What process should be used to determine tuition?
- Should these funds be used for salaries?

Relevant Issues on Setting Tuition:

- Consideration should focus on revenue flows from tuition rather than tuition rates, *per se*.
- Need to discuss in-state separately from out-of-state tuition charges separately
 - In-state rate is not far away from SUG average. In-state 92% of SUG average; out-of-state 83% of SUG average.
 - Higher rates for out-of-state students would suggest more price sensitivity. Will increases in rates generate higher revenues (need information on price elasticity for these students)? [\[1\]](#)

- What states represent the primary sources of out-of-state enrollments? Are there special plans in place in those states that make staying in-state more attractive (e.g., Georgia, Florida lottery funds directed at scholarships)? How have such inducements affected enrollments at UA in recent years?
- Alternative approach would consider "*effective price*" charged to students (both in-state and out-of-state) rather than simply tuition. Effective price in this context implies tuition and fees less any university funds (scholarships, grants, etc.) that offset costs to students. Effective price also implies that funds used to offset tuition cannot be used for other uses (however, these dollars may be from funds not available for other use).
 - What proportion of in-state students (out-of-state students) receives scholarship funds or financial aid? What are the academic profiles of enrolling out-of-state students?
 - Examination of issues in this way would require more detailed information.

A Proposal to Establish a Process to Obtain Budgeting and Planning Information
Resources and Priorities Committee
10/31/00

To enable the Resources and Priorities Standing University Committee to make informed and timely responses to budget planning and resource allocation initiatives, the Committee requests that the following information be provided to it each year as soon as available, in an on-going process:

1. **Budget Planning and Resource Allocation** - The Committee requests information by Division for the last 3 years, and also current Division allocations/income for: Salaries, Operating Budgets, Teaching Funds (lab and computer fees, etc), Gift Fund Balances, and Research Overhead. In successive years, this information should be provided to the Committee prior to its consideration of the University's proposed budget.
2. **Year-End Fund Allocations** - The Committee requests a summary of year-end fund requests made by each Division prior to consideration of Year-End Fund Allocation proposals.
3. **Standing Committee, Faculty Senate, and Ad Hoc Committee Reports** - Reports making recommendations for resource allocation, or recommendations for changes in Unit/Division structure that would affect resource allocation, should be brought to the attention of the Committee in a timely manner.

[1] These are based upon undergraduate rates. Graduate and other rates follow similar patterns. In 99-00 in-state rate was \$2872, SUG average \$3126; rate is close to tuition levels in Mississippi, Georgia, Louisiana and Tennessee; rate is also close to rates at other Alabama institutions. Out-of-state tuition was \$7722, SUG average \$9252.

