

# CORNELL HIGHER EDUCATION RESEARCH INSTITUTE

## SURVEY OF THE RESOURCE ALLOCATION METHODOLOGIES EMPLOYED AT PRIVATE RESEARCH AND DOCTORAL UNIVERSITIES

University Name \_\_\_\_\_

FICE Code \_\_\_\_\_

Respondent \_\_\_\_\_

Respondent Title \_\_\_\_\_

Respondent Telephone ( \_\_\_\_\_ )

email ( \_\_\_\_\_ )

*This is a survey of the resource allocation methodologies used by major American Universities. The information collected will remain strictly confidential and will be used only as input into statistical tabulations and analyses. No mention will be made in documents produced by the project of the specific institutions that responded to the survey, nor will the response of any individual institution ever be made public.*

*In answering the questions, please ignore your medical college (if you have one) and its relationship to the rest of the university. If you would like to provide a narrative with clarifying remarks to accompany your answer to any question, please do so on separate sheets of paper that include your name and institution at the top of each sheet. If there is an explicit statement already prepared about the resource allocation methodology at your institution please also include that with your response.*

Simplifying things greatly, there are four broad types of resource allocation methodologies, or systems of budgetary arrangements, that universities use.

**A. CENTRAL CONTROL** - all revenue, (with the possible exception of some external gifts and direct costs on external research grants) flows directly to the central administration. The central administration covers central costs and then allocates some portion of the remaining revenue back to the colleges.

**B. TUBS** - colleges are treated as “tubs” on their own bottoms. They keep all of the tuition and other sources of revenue that they generate and remit funds to the central administration only to cover their allocated share of the central costs. The colleges are responsible for all the direct and indirect costs that they incur, including facilities, maintenance and operating costs.

**C. TUBS WITH A FRANCHISE FEE** - the colleges are treated as “tubs” on their own bottoms but they remit more than their allocated share of central costs to the central administration. The extra amount that a college remits is based upon its revenues or expenditures. This “franchise fee”, is then allocated back to colleges at the discretion of the central administration and/or through some priority setting process.

**D. ACTIVITY DRIVEN** - each college remits to the center a share of its total expenditures. The share it remits may differ depending upon whether the expenditures are for teaching, sponsored research, or other programs (e.g. executive education). No explicit allocation of central costs to different units is made when this approach is used. The center uses the money it receives to cover central costs and to reallocate funds across colleges based upon its priorities.

1. Circle the letter that best describes the resource allocation methodology in place at your university. (Please circle ONE response.)

**A                      B                      C                      D**

2. Circle the letter that best describes the resource allocation methodology in place at your university if one also excludes law and business schools from consideration. (Please circle ONE response.)

**A                      B                      C                      D**

3. If you circled **A** in either question 1 or question 2, in practice, do central administration allocations of incremental funds deviate substantially from proportionate increases? (Please circle ONE response.)

**YES                      NO**

4. If you circled **D** in either question 1 or question 2, what are the “tax rates” on expenditures that the central administration charges the colleges for: (If the tax rates are variable, please attach a brief explanation)

expenditures relating to degree programs \_\_\_\_\_

expenditures relating to sponsored research \_\_\_\_\_

expenditures relating to other activities (e.g. executive education) \_\_\_\_\_

The questions that follow focus on different types of revenues.

## Tuition Revenues

1. Is the allocation of tuition revenue from on-campus degree programs under the control of the central administration of your university? *(Please circle ONE response.)*

**YES**                      **NO**

2. Is the allocation of tuition revenue from non-degree programs (e.g. continuing and executive education) or degree program off campus (delivered by distance learning) under the control of the central administration of your university? *(Please circle ONE response.)*

**YES**                      **NO**

3. If the colleges keep their tuition revenue, but remit a percentage of that back to the central administration, what is that percentage for: *(If the percentage varies across colleges or is variable for a given college, please attach a brief explanation)*

on-campus degree program revenue                      \_\_\_\_\_%

non degree program revenue                      \_\_\_\_\_%

off-campus degree program revenue                      \_\_\_\_\_%

## Indirect Cost Rate Revenue

1. Do all revenues from indirect cost recoveries on grants and contracts flow directly to the central administration of the university? *(Please circle ONE response.)*

**YES**                      **NO**

2. If a percentage of indirect cost recovery revenues goes automatically to the colleges, what is that percentage? *(If the percentage varies across colleges or is variable for a given college, please attach a brief explanation)*

\_\_\_\_\_%

## Development and Endowment

1. Is the financing of development activities a college as well as a university responsibility? *(Please circle ONE response.)*

**YES**                      **NO**

When Colleges raise their own funds, the central administration may place a "tax" on these funds to help cover its fixed costs or to provide funds to help support university priorities. Such a tax may take the form of:

- A. Keeping the funds centrally for a period of time before turning them over to the college thereby earning short-run income on the funds
- B. Implicitly taxing colleges by lowering their university appropriation by a fraction of the giving (or annual increase in giving) they receive
- C. Sharing in the pay out of endowment funds explicitly or by implicit taxation as in B

2. Does your university do any of the above? (Please circle ALL that apply)

**A                      B                      C**

3. The central administration of a university often limits access to a number of key donors, who it "reserves" for fund raising approaches that relate to university wide objectives. What percentage, if any, of your donors fall in this category? \_\_\_\_\_%

4. What percentage of the total spending produced by your university's endowment is under the control of the central administration, rather than the individual colleges or other units? \_\_\_\_\_%

5. If one eliminates endowment spending that is designated to support undergraduate or graduate financial aid, what percentage of the remaining total spending from the endowment is under the control of the central administration? \_\_\_\_\_%

### Faculty Involvement

1. At the University level, what role does the faculty play in central administrative decisions about factors (such as tuition rates and enrollment levels) that influence the level of the university's annual budget? (Please circle ONE response.)

**A MORE THAN ADVISORY                      B ADVISORY                      C NO ROLE**

2. At the University level, what role does the faculty play in central administrative decisions about how to allocate the budget across colleges, programs and administrative support areas? (Please circle ONE response.)

**A MORE THAN ADVISORY                      B ADVISORY                      C NO ROLE**

3. At the University level, what role does the faculty (beyond those who may benefit directly from a new facility) play in central administrative decisions about whether to construct a new facility? (Please circle ONE response.)

**A MORE THAN ADVISORY                      B ADVISORY                      C NO ROLE**

**Thank you for your assistance!**  
**Please either return the survey in the postage-paid envelope provided for your convenience or Fax to: 1-607-255-7118**  
**If you have any questions, please call toll-free 1-888-367-8404**