

UC DAVIS

BUDGET AND INSTITUTIONAL ANALYSIS

WORKING PAPER, V2

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Incentive-Based Budget Model Graduate Tuition Allocation

In response to the feedback that we received, this proposal for distributing graduate tuition revenue in the budget model is significantly different from version 1. The two proposals are so different that the changes between this paper and the prior version are not specifically referenced. Instead, this paper focuses on the changes that would occur to existing graduate support programs if this proposal were adopted for 2014-15. For reference, version 1 is available here: <http://budget.ucdavis.edu/budget-model/documents/BdgtModel-Working-Paper-Graduate-Tuition-V01.pdf> and the Background section is included as Appendix III of this paper.

The following information is intended to provide context for a discussion on allocating graduate tuition revenue within an incentive-based budget. The scope of this paper is limited to graduate academic programs – graduate professional and self-supporting degree programs will be covered separately.

PRINCIPLES

Before delving into the specifics of graduate tuition allocation, it is important to reiterate the over-arching principles of the UC Davis budget process. These principles should help inform the decisions to be made on specific aspects of the budget model.

1. Establish a sustainable funding model with incentives that advance the Vision of Excellence.
2. Advance and encourage campus strengths and priorities such as interdisciplinary scholarship and internationalization, as well as boost economic development.
3. Be transparent, linking authority with accountability.
4. Be as simple as possible to understand, administer and implement; rely on common and easily available data sources.
5. Encourage creativity and responsible risk-taking while providing for reasonable reserves and oversight.
6. Balance local autonomy with a strong sense of unity in vision and values.
7. Provide mechanisms for investments in fresh ideas at all levels.
8. Provide for reasonable transitions and bridging strategies.

Additionally, specific to graduate education the model should:

9. Facilitate growth in the number of graduate students.
10. Help us think about enrollment strategies.
11. Minimize the financial barriers to accepting national and international students, especially nonresident supplemental tuition.
12. Expand funding for graduate fellowships.
13. Encourage programs to make competitive, multi-year offers of support to prospective students.

TERMINOLOGY

The term **enrollment** refers to the graduate program of study that a student is registered. For this proposal, a portion of the graduate tuition revenue would be allocated to the dean based on the program of enrollment. Allocations for graduate groups based on enrollment would flow to the lead dean.

Fee remission is a benefit of employment for students employed as teaching assistants (TAs), associates in ____ (AIs), readers, tutors or graduate student researchers (GSRs). In general, a student must be employed at or above 25% time to be eligible for fee remission. While it may be more accurate to speak in terms of tuition remission and fee remission separately, fee remission is often used to encompass tuition and campus-based fees. The specific campus-based fees that are remitted vary by position.

The term **financial aid** encompasses a variety of mechanisms to help students pay education expenses. It includes federal, state and private sector support in the form of grants, loans and work-study programs. The term **return-to-aid** (RTA) is the portion of tuition revenue that, per Regental policy, is dedicated to the University Student Aid Program (USAP). For graduate academic students, the policy is that 50% of any increase in tuition or the student service fee will go towards return-to-aid. In the undergraduate model, the tuition distributed to units is net of RTA. For graduate tuition, all of the incremental growth in tuition would be distributed and over 50% of the funding will be directly used for support.

The **general fund**, known by its fund number (19900) includes the state appropriation and tuition revenue (resident and nonresident supplemental).

Graduate programs at UC Davis are either **departmentally-based programs** or **graduate groups**. In general, departmentally-based programs are governed within a single department and comprised of the faculty within that particular department. By contrast, graduate groups bring together faculty from departments across campus that share common research interests and establish independent governance. This proposal is specific to tuition generated by students enrolled in graduate academic programs. Tuition from students in graduate

professional programs and fees from self-supporting degree programs will be handled separately.

The term **lead dean** is used to recognize the dean that is responsible for an interdisciplinary organization on campus (e.g., a graduate group, research center). In the context of graduate education, each graduate group has a lead dean.

For purposes of this paper, the term **tuition** includes the tuition paid by all graduate students (formerly called the educational fee) enrolled in departmentally-based graduate programs, graduate groups and the School of Education credential programs. For 2013-14, tuition is \$11,220 per year. **Nonresident supplemental tuition (NRST)** is the additional tuition paid by national and international students. For 2013-14, nonresident supplemental tuition is \$15,102 per year – or \$26,322 per year when combined with tuition. This paper is focused on the methodology for allocating tuition and NRST. The Student Services Fee (\$972 for 2013-14) is excluded, because its uses are restricted to student services and cannot be used to directly support instruction. Campus-based fees (\$917 - without health insurance - for 2013-14) are also excluded, because they are, in general, dedicated to specific purposes and are not available for the allocation process described in this document. This paper excludes professional tuition and self-supporting degree fees; these will be covered in a subsequent paper.

Unless otherwise stated, the term **unit** is intended to refer to the primary campus organizational units that are led by a dean, vice provost or vice chancellor.

SUMMARY OF CHANGES

The following tables summarize what would and would not change if this proposal were adopted for 2014-15. See the next section of the paper for a more detailed explanation of each item.

No Change for 2014-15	
GSR buy-down program	The GSR buy-down program will continue to provide a rebate of 25% to those PIs that support tuition and NRST on extramural funds.
TA fee remission	Fee remission for teaching assistants and other instructional employees (readers, tutors, etc.) will continue to be funded centrally.
Fellowship allocations from Graduate Studies (formerly called block grants)	Graduate Studies will continue to distribute fellowship allocations to graduate programs per the existing formula.

Proposed Changes for 2014-15	
Increase support for Ph.D. students	Graduate programs will receive supplemental allocations equivalent to the NRST for all 2 nd year international Ph.D. students and 3 rd year international Ph.D. students who have not advanced to candidacy
Consistent fee remission policies for GSRs	Funding currently used to support fee remission for GSRs whose salary is paid with general funds will be decentralized. Funds will be allocated to units based on fee remission expenditures for 2013-14.
Allocation of incremental graduate tuition revenue	<u>Tuition</u> 67% to the provost 33% to the deans of the schools, colleges and divisions <u>NRST</u> 100% of NRST from Ph.D. students and 50% of NRST from Master's students to provost 50% of NRST from Master's students to graduate programs
Master's pilot program	• Incorporate the pilot program into the new allocation methodology • Programs would receive a direct allocation of 50% of NRST from Master's students • Establish a transition plan for all participating programs
Disaggregate graduate tuition and provost allocation	• Identify, by unit, the \$14 million of graduate tuition revenue that is already distributed in general fund base budgets • Distribute the GSR fee remission funds, thereby increasing the amount of graduate tuition revenue held by each unit • Going forward, incremental allocations will be identified as graduate tuition

PROPOSED FUNDING MODEL FOR GRADUATE TUITION REVENUE

This section begins with a list of starting assumptions used to frame the proposal, followed by a more detailed explanation of what would and would not change under this plan.

Starting assumptions

1. Focus on the incremental growth in graduate students and the corresponding revenue.

This proposal is primarily concerned with the incremental growth in tuition revenue from graduate students and not the existing funding base. In general, this proposal does not intend to reallocate the base. Instead, it seeks to make clear how new funds will be distributed.

There are two exceptions to this assumption. The first relates to the decentralization of GSR fee remission, which is a reallocation of funds from central campus to the units. The second

relates to defining the amount of graduate tuition already in unit base budgets. While not a reallocation of the base, we will make a distinction between provost allocation and graduate tuition in each unit's current budget.

2. Because the undergraduate population and number of faculty members are expected to increase, assume a 25% increase in the number of graduate students and corresponding revenue.

The 2020 Initiative intends to increase the undergraduate student population and the number of faculty at UC Davis. Thus, it is reasonable to assume that the number of graduate students will grow in response to additional faculty and undergraduates. Additionally, as a campus, one could argue that the current proportion of graduate students to undergraduate students is lower than what we would like. Because of these two factors, we will assume that graduate student enrollment will increase by 25% over the next five to seven years.

3. By 2020, if the assumption of 25% growth is correct, graduate tuition revenue will increase by approximately \$11.0 million and NRST revenue will increase by approximately \$3.4 million.
4. Assume that the funding for current programs supporting graduate students will need to increase by 25% in order to maintain current spending power.
5. Assume no tuition increases.

This proposal focuses on how to allocate the tuition revenue that comes as a result of growth in the number of graduate students and assumes that tuition will remain \$11,220 per year and NRST will remain \$15,102 per year. The incremental revenue that would come as the result of an increase to tuition will be handled differently. This will be explained in more detail in the section on fee remission.

Investment for 2014-15 – increase support for Ph.D. students

Mitigate the financial barriers for international graduate students

Starting July 1, 2014, the Office of Graduate Studies will provide supplemental allocations to the graduate programs equivalent to the NRST for all 2nd year international Ph.D. students and 3rd year international Ph.D. students who have not advanced to candidacy.

This will provide immediate benefit to the fellowship program by making additional support for graduate students available and by allowing some existing fellowship allocations (formerly known as block grants) to be re-purposed.

The existing buy-down program for GSRs supported by contracts and grants will continue. Principal investigators (PIs) would still be expected to charge the tuition and NRST to their

grants, and PIs would continue to receive a 25% rebate at the level of the grant for the tuition and NRST supported by extramural funding.

Each graduate program would decide how to use these funds for graduate student support. The allocations may be used as fellowships to bolster support for existing students or to support growth in graduate enrollments.

The allocations will be made directly to the graduate programs via Graduate Studies. As displayed in the table below, if this program had existed during 2012-13, then the immediate investment from central campus would have been approximately \$2.1 million. To help fund the program going forward, 100% of the growth in supplemental tuition revenue from Ph.D. students and 50% of the supplemental tuition revenue from Master's students will be retained by the provost.

The table below starts with the number of international Ph.D. students, by quarter, which fit the criteria of the program for 2012-13. Then, we multiply the three quarter average of each cohort by the NRST which equals about \$2.5 million (167 student x \$15,102). Finally, we subtract the funding from the GSR buy-down program that already covered a portion of NRST (\$436,000). This results in almost \$2.1 million being available for distribution to graduate programs for the new supplemental allocations.

International Ph.D. Students w/D-1 Status
Students entering in 2010-11 & 2011-12

	2012-13			
	Fall	Winter	Spring	Average
2010-11 Cohort, D-1 student count	71	47	40	53
2011-12 Cohort, D-1 student count	129	119	95	114
Total	200	166	135	167
				Total
Graduate NRST	\$5,034	\$5,034	\$5,034	\$15,102
3rd year Int'l D-1 Ph.D. students	\$357,000	\$237,000	\$201,000	\$795,000
2nd year Int'l D-1 Ph.D. students	\$649,000	\$599,000	\$478,000	\$1,726,000
Cost for 2012-13	\$1,006,000	\$836,000	\$679,000	\$2,521,000
Less GSR buy-down funds for NRST				\$436,000
Net Cost				\$2,085,000

GSR buy-down program

No change for 2014-15

The GSR buy-down program will continue to provide a rebate of 25% to those PIs that support tuition and NRST on extramural funds.

Consistent fee remission policies for GSRs

Change for 2014-15

In July 2014, the funding currently used to support fee remission for GSRs whose salary is paid with general funds will be decentralized. Funds will be allocated to units based on fee remission expenditures for 2013-14.

The decentralization of these funds means that central campus will no longer provide funding to support GSR fee remission from central resources. If a unit would like to create a new GSR position beyond the spending authority of 2013-14, then the unit must fund the salary, benefits and fee remission locally. As graduate tuition revenue increases, this treats GSR funding the same for all sources, and since less funding will be needed centrally to cover fee remission, more funds may be dedicated to graduate student fellowships.

Allocations will be made to the deans of the schools, colleges and divisions. Each unit will decide how to further allocate these funds. These allocations will not include funds associated with GSRs supported by work-study awards. Graduate Studies will continue to allocate work-study units to programs, and central campus will continue to cover 75% of tuition and fees (assuming an appointment at Step III).

Fee remission for instructional employees

No change for 2014-15

Fee remission for teaching assistants and other instructional employees (readers, tutors, etc.) will continue to be funded centrally. This will maintain the incentive for units to hire additional TAs, since only the salary and benefits need to be funded locally.

In the past, increases in the amount of graduate tuition revenue went first to pay for fee remission, with the remainder going towards the fellowship (formerly block grant) program. In this proposal, the amount of graduate tuition that may be used for fee remission will be capped at 60% of the growth in tuition that flows to the provost. Capping the amount of graduate tuition that will go towards fee remission acknowledges that graduate tuition revenue should not be the sole source of funds for fee remission. We estimate that, over time, an additional \$1.2 million will be needed to support fee remission, most likely coming from the provost's share of undergraduate tuition.

As previously mentioned in the list of starting assumptions, revenue from an increase in tuition will be treated differently than revenue from an increase in the number of graduate students.

This is because an increase in tuition raises the cost of all TAs and other instructional employees. Since fee remission for TAs will still be provided by central campus, the provost will retain enough of the revenue related to a tuition increase in order to cover the higher fee remission cost. Once the fee remission obligation is satisfied, any remaining funds could be allocated per the methodology described in this paper.

Allocation of incremental tuition revenue Change for 2014-15

Tuition

Allocate the incremental growth in tuition revenue as follows:

67% allocated to the provost

- Of that, no more than 60% may be dedicated to support fee remission for teaching assistants and other instructional employees.
- The remaining 40% will be allocated to Graduate Studies to support graduate student fellowships.
- Graduate Studies is responsible for any changes to the distribution methodology of the fellowship program.

33% allocated to the deans of the schools, colleges and divisions based on enrollment

- The distribution methodology of funds for graduate student support will vary by unit.
- Each dean's office will be asked to share how the allocations to graduate programs were calculated and how the distributions were communicated.

NRST

Allocate the incremental growth in supplemental tuition as follows:

- 100% of the NRST from Ph.D. students and 50% of the NRST from master's students will be used to offset the cost of the 2nd & 3rd year NRST fellowship program.
- Graduate Studies will allocate 50% of the NRST from master's students to the graduate programs based on enrollment.

See Appendix I for a graphical representation of the proposed allocation methodology.

Master's pilot transition Change for 2014-15

Under the proposed methodology, 33% of the tuition from Master's students or \$3,703 (\$11,220 x 33%) would flow to the deans of the schools, colleges and divisions. Each unit will decide how to further allocate these funds. The graduate programs would receive 50% of the NRST from Master's students or \$7,550 (\$15,100 x 50%). While this is a reduction in the funding that the pilot program currently provides to campus units, it is important to remember that a greater portion of the NRST is going to central campus in order to fund the 2nd and 3rd year Ph.D. fellowships for all international students.

Consistent with the principles of the budget model, BIA is currently working on a transition plan for the programs that are participating in the pilot.

Disaggregate graduate tuition and provost allocation Change for 2014-15

We have often referred to the initial implementation of the budget model as the re-coloring of general funds. In the first year (2012-13), the general fund for each unit was divided into undergraduate tuition revenue and provost allocation. Because graduate tuition revenue was not included in the initial implementation, each unit's provost allocation includes a portion of this revenue. Now, we need to identify the portion of the provost allocation that is graduate tuition.

As reflected in Appendix II and the Current Funding Model section of Appendix III, approximately \$14 million of graduate tuition revenue is currently distributed in the general fund base budgets of the campus units. If we assume a two-year average based on program of enrollment, then the distribution of funds would look like this:

Unit	Graduate Enrollments¹	% of Graduate Enrollments¹	Share of graduate tuition (\$ in thousands)
CA&ES	980	23.5%	\$3,288
CBS	390	9.3%	\$1,307
COE	926	22.2%	\$3,105
HArCS	336	8.0%	\$1,126
MPS	538	12.9%	\$1,803
DSS	479	11.5%	\$1,607
SOE	305	7.3%	\$1,024
SVM	148	3.5%	\$496
Other units	72	1.8%	\$244
Total	4,174	100%	\$14,000

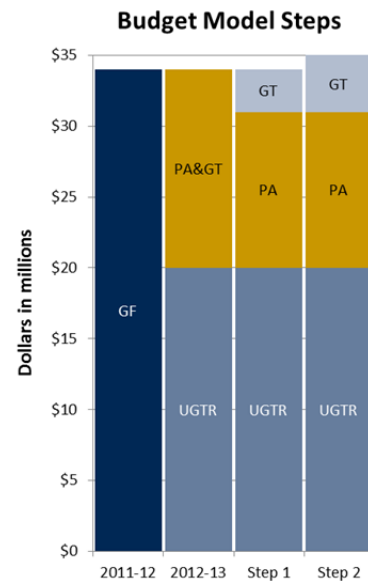
¹Average of 2011-12 and 2012-13 enrollments, based on lead dean of the graduate group or academic home of the departmentally-based program

It is important to recognize that these funds currently do what other general funds do: support faculty, staff, student employees and departmental overhead. To put another way, there is a portion of every unit's budget that supports graduate education broadly. Over time, units might more closely align these funds with direct graduate student support.

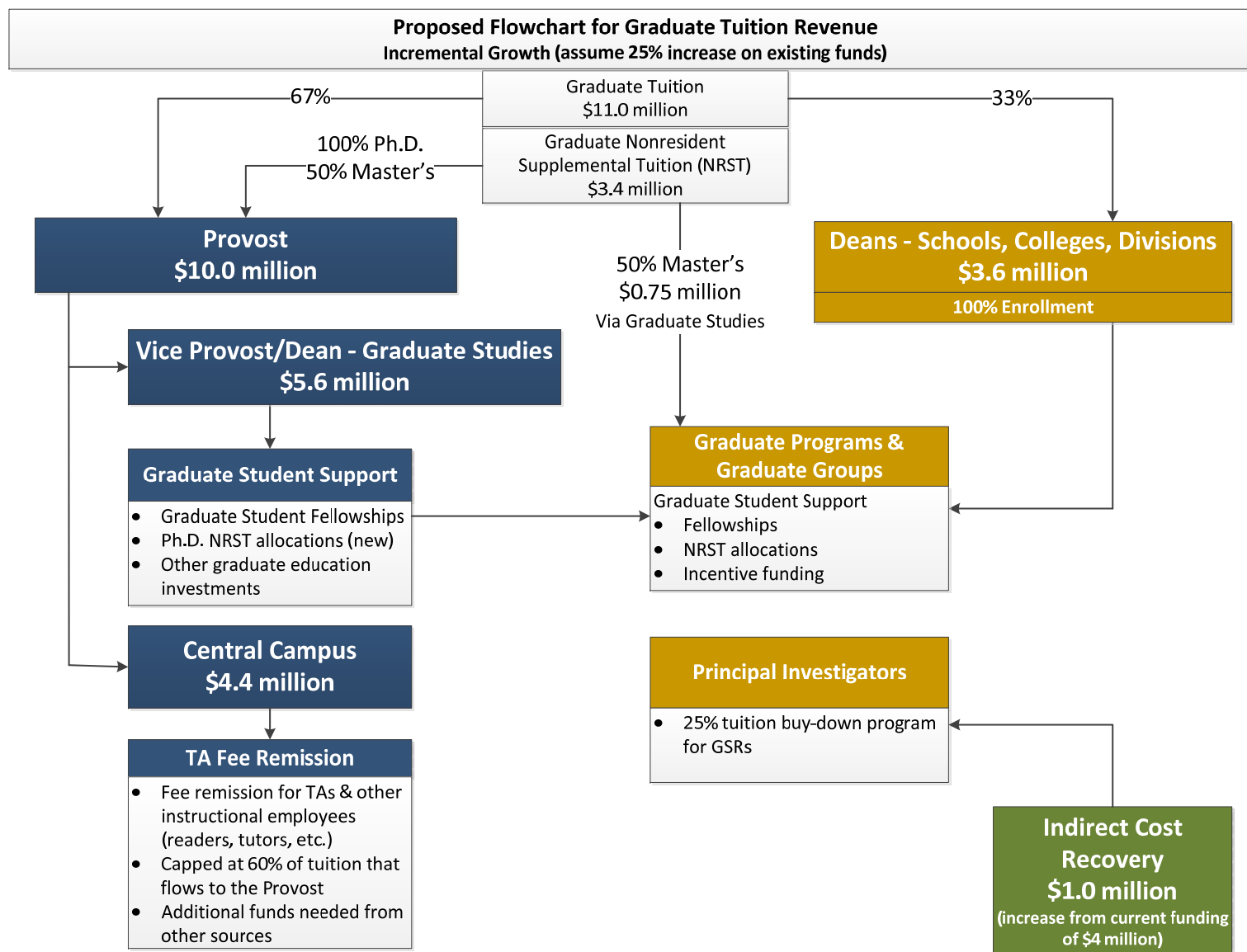
These amounts will not be recalculated each year based on enrollments. As previously stated, the focus of this component of the budget model is on the incremental growth of graduate tuition revenue.

The process of identifying the amount of graduate tuition in a unit's existing budget is represented by Step 1 in the bar chart on the right – distinguish between the provost allocation (PA) and graduate tuition (GT). Note that there is no increase in the overall funding level in Step 1. The funds are already distributed to the units but not identified as graduate tuition. In this example, \$3 million was identified in the existing base budget as graduate tuition.

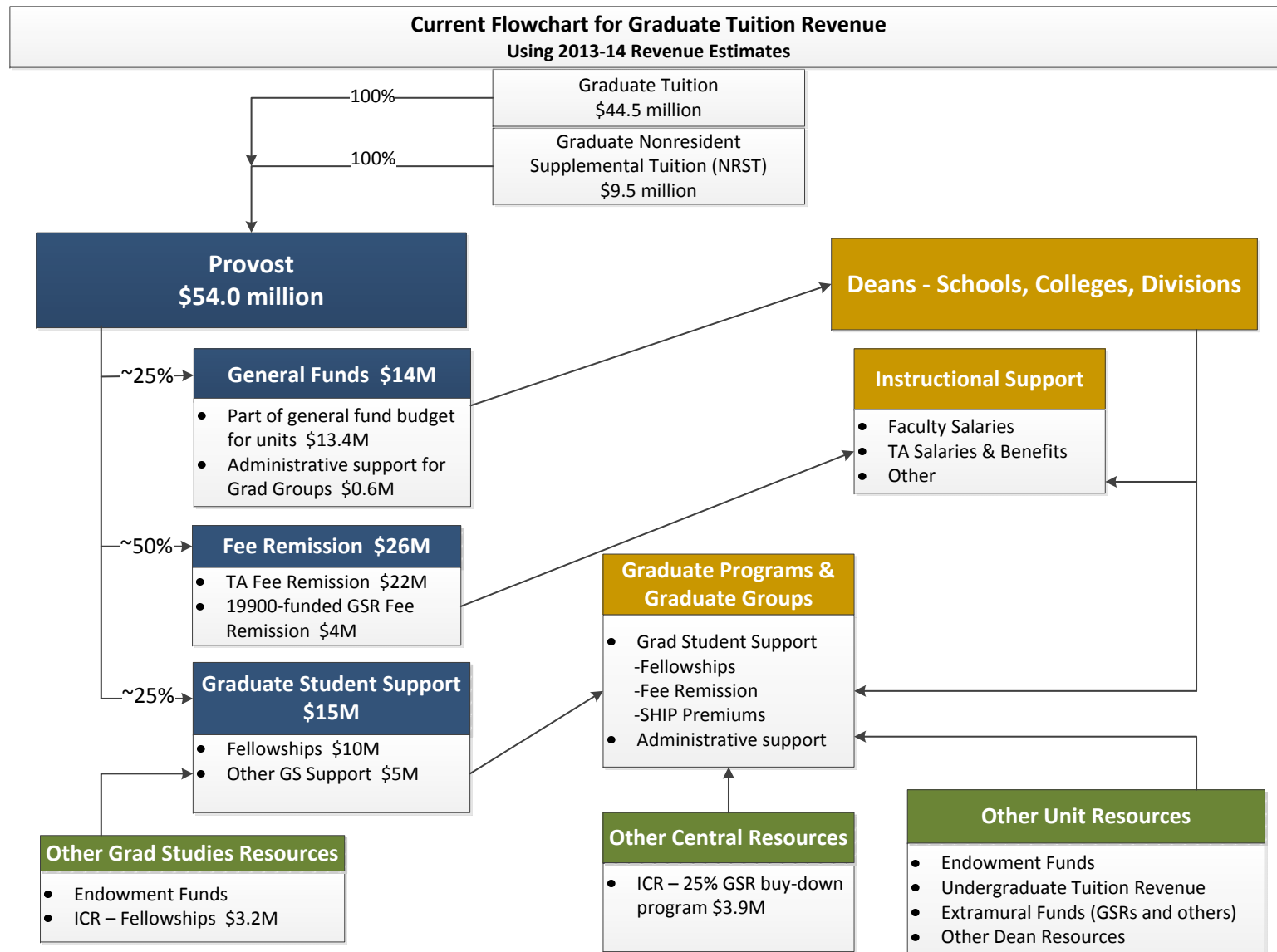
The decentralization of GSR fee remission will increase the amount of graduate tuition revenue in a unit's base budget. This is represented by Step 2 as an increase in the amount of graduate tuition (GT). In this example, \$1 million was allocated from central campus to the unit as part of the decentralization of GSR fee remission. The total amount of graduate tuition in the unit's base budget is now \$4 million.



APPENDIX I



APPENDIX II



APPENDIX III – BACKGROUND *(from version 1 of the working paper)*

The scope of this paper is limited to graduate academic programs – graduate professional and self-supporting degree programs will be covered separately. Currently, there are 81 graduate academic programs on campus, consisting of 39 departmentally-based graduate programs and 42 graduate groups. Enrollment at UC Davis in graduate education has increased by 28% from 2001-02 to 2011-12, compared with a 16% increase in undergraduates over the same period. In 2011-12, the three quarter average of students was 4,205 (2,234 in departmentally-based programs and 1,971 in graduate groups).

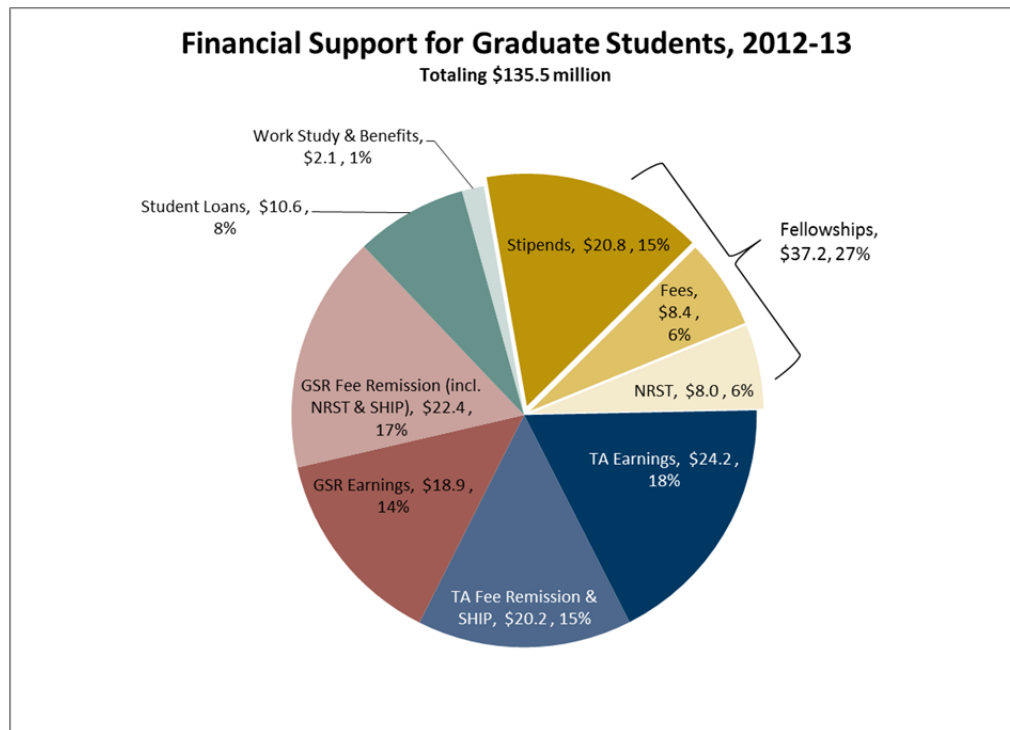
But there are challenges with increased enrollment. Financial support for graduate students has not kept up with the increasing cost of tuition, and there is increased competition for limited resources. In May of 2011, the Joint Administration / Academic Senate Special Task Force on Graduate Education was appointed. One element of its charge was to assess the various ways UC Davis supports graduate education and how this might be further improved.

In developing this proposal we have considered the conclusions of the Task Force (the full report is available here: <http://provost.ucdavis.edu/initiatives-and-activities/initiatives/initiative-ja-as-ge.html>). To the extent possible, the model attempts to address the concerns of the Task Force through the following attributes:

- Recognizing faculty effort in support of graduate education in both teaching and mentoring.
- Ensuring that the full amount of graduate tuition flows to activities that support graduate education.
- Recruiting and attending to special needs of international students.

Financial support for graduate students

While the focus of this paper is on graduate tuition as a source of revenue for the campus, it is important to acknowledge that tuition is only one source of graduate student support. In the broadest sense, total financial support for graduate students is approximately \$135.5 million. Financial support is comprised of fellowships (\$37.2 million), earnings and fee remission for TAs and other teaching positions (\$24.2 million and \$20.2 million, respectively), earnings and fee remission for GSRs (\$18.9 million and \$22.4 million, respectively), student loans (\$10.6 million), work study earnings (\$1.1 million), and other employee benefits (\$1.0 million). The sources of this support include graduate tuition revenue, unrestricted state funding, extramural research funding (direct charges and indirect cost recovery), and endowments, gifts and grants.



We can also make some comparisons as to how this support is distributed between departmentally-based programs and graduate groups. Focusing on competitive financial support (TA and GSR positions and fellowships), students in departmentally-based programs and students in graduate groups receive similar levels of support. As displayed in Table 1, during 2011-12, total competitive financial support for students in departmentally-based programs was \$59.7 million. For students in graduate groups, the level of support was \$58.4 million. On a per student basis, recipients in departmentally-based programs obtained about \$10,000 per quarter compared to almost \$11,000 per quarter for recipients in graduate groups. The biggest difference between the two types of graduate programs is in the category of fellowships and grants. Recipients in departmentally-based programs were awarded, on average, roughly \$3,600 per quarter, while recipients in graduate groups were awarded about \$5,000 per quarter. See Appendix III for additional details on financial support for graduate students.

Table 1: Financial Support for Graduate Students - Competitive Support Total and average per recipient per quarter (\$ in thousands)				
Type of Program	TA Support ¹	GSR Support ²	Fellowships/Grants ³	Total
Departmental Programs	\$28,311	\$17,380	\$14,012	\$59,704
<i>Avg. support/recipient/qtr.</i>	<i>\$3.3</i>	<i>\$3.2</i>	<i>\$3.6</i>	<i>\$10.0</i>
Graduate Groups	\$13,392	\$26,144	\$18,882	\$58,418
<i>Avg. support/recipient/qtr.</i>	<i>\$3.2</i>	<i>\$3.3</i>	<i>\$5.0</i>	<i>\$10.9</i>
Total Support	\$41,703	\$43,524	\$32,895	\$118,122
<i>Avg. support/recipient/qtr.</i>	<i>\$3.3</i>	<i>\$3.3</i>	<i>\$4.3</i>	<i>\$10.6</i>

¹TA Support includes earnings, GSHIP and fee remission for TAs, AIs, readers and tutors

²GSR Support includes earnings, GSHIP, fee remission and NRST remission

³Fellowships/Grants includes stipends, fee remission and NRST remission

While the financial support on a per recipient basis is fairly close, this does not imply that departmentally-based programs and graduate groups do not face other challenges. Departmentally-based programs and graduate groups that are closely aligned with a department can more easily place students in TA positions than graduate groups that are not aligned with a department. Another difference is that, in general, graduate groups are in disciplines that have greater access to extramural research funding, which brings with it an additional opportunity for supporting graduate students.

Campus leadership for graduate education

Currently, the dean of Graduate Studies (now also vice provost of Graduate Education) and the deans of the schools, colleges and divisions each have a role in graduate education and funding graduate student support. The dean of Graduate Studies oversees the administration of graduate programs for the campus, distributes graduate fellowship and related funding, and appoints the chairs of the graduate groups. The deans of the schools, colleges and divisions are engaged with graduate education as part of their leadership of the academic programs. They provide unit funding for graduate support in the form of TA positions, fellowship funds and administrative support to departments. Administrative support for graduate groups is jointly funded by the dean of Graduate Studies and the deans of the schools, colleges and divisions. The proposed budget model recognizes this dual role of responsibility.

CURRENT FUNDING MODEL

Currently, revenue from graduate academic tuition is approximately \$54 million per year. For context, the revenue from undergraduate tuition is roughly \$290 million (including return-to-aid), and indirect cost recovery from research sponsors generates about \$120 million.

Per Regental policy, roughly 50% of graduate tuition must be dedicated to return-to-aid. At UC Davis, about 75% of the revenue from graduate tuition is distributed back to graduate students in the form of fellowships, grants or fee remission. The remainder is distributed as part of the general fund that supports campus instruction and research. Each of these distributions is

described in more detail below. See Appendix II for a graphical representation of the current flow of graduate tuition revenue.

General funds for academic programs

About 25% (\$14 million in 2012-13) of graduate tuition revenue is already allocated to the campus units. It is a part of their existing general fund base budget, but it is not categorized as graduate tuition. Instead, graduate tuition is captured under the larger heading of general funds which supports the academic endeavors of the campus, including funding for faculty and staff salaries, operating expense, and any other costs associated with the academic mission. Similar to undergraduate tuition, one of the goals of this component of the budget model is to develop a formula that, in effect, reveals the amount of graduate tuition that each unit has within their current budget.

One exception to this category is the \$0.6 million of general funds allocated for administrative support for graduate groups. These funds are allocated by formula from the dean of Graduate Studies to the lead deans of the graduate groups. The lead deans are expected to, at a minimum, match the funding from Graduate Studies. This mechanism is intended to ensure equity between departmentally-based programs and graduate groups, but this is difficult to assess since there has been five years of base budget reductions and the development of many shared services and consolidated administrative structures. It may be advisable to revisit this allocation as part of the overall review of graduate tuition.

Fee remission and tuition buy-down for GSRs

While fee remission is a vital component of graduate student support, it is also a benefit of employment that is provided automatically when a student is appointed to a TA, AI, reader, tutor or GSR position at or above 25% time. All of these positions receive full remission of their tuition (terms set as part of the collective bargaining process), and GSRs are eligible for remission of the NRST. Other campus fees are remitted based on the appointment type. If the student is employed in more than one unit or in another eligible title code, then the fees are split between the appointments. Student Health Insurance Program funding (SHIP) is also provided as a benefit of employment.

Currently, close to 50% of graduate tuition revenue (about \$25 million in 2012-13) is spent on fee remission for TAs and other teaching positions (about \$20 million) and GSRs paid with general funds (about \$5 million). The decentralization of employee benefits that occurred in 2012-13 did not include fee remission. So, the funding that supports fee remission is still held centrally, not in the individual units.

While not funded by tuition revenue, another central program that helps support graduate students is the GSR buy-down program. When GSRs are paid on extramural funds, the tuition and SHIP must be charged to the grant. If the GSR is a national or international student, then the NRST must also be charged to the grant. Beginning in July 2006, the campus subsidizes 25% of these costs as part of the GSR buy-down program. The total cost of the buy-down program in 2011-12 was \$4.1M. The funding comes from the share of indirect cost recovery retained by

the provost. When implemented, this program sought to mitigate the effect of multiple years of large tuition increases and to mitigate the rising cost of a GSR when compared to a postdoctoral scholar. As noted in a recent presentation by Graduate Council, this is still a significant issue. In 2012-13, the average cost of a resident GSR charged to an extramural grant is about \$40,000, while the cost for a postdoctoral scholar is roughly \$47,000. For a student subject to the NRST, the amount charged to the grant exceeds \$51,000. This situation is exacerbated by the fact that a GSR works, on average, 60% of a calendar year while a postdoctoral scholar is usually working 100%. Lastly, this comparison is based on the direct costs charged to a grant and does not include the indirect costs. Since the indirect cost rate is not applied to tuition or the NRST, then the indirect costs for a postdoctoral scholar are greater than a GSR. See Appendix IV provided for additional details on this comparison.

Fellowships and other graduate student support

Graduate Program Fellowship Allocations (formerly called block grants) are a primary source of funding for fellowships provided by graduate programs to their students. The funds are distributed by the dean of Graduate Studies based on a formula that considers the size of the program and type of degree offered (doctoral students are weighted more than masters students). However, the dean has proposed and is developing a methodology that incorporates specific metrics to determine allocations to programs. Programs choose how to use these funds to best support their students. Fellowships may be distributed to students as stipends (to pay for living expenses), used to pay for tuition (resident and nonresident supplemental), or a combination of the two. For 2012-13, the fellowship allocations were almost 20% (roughly \$10 million) of graduate tuition revenue.

The dean of graduate studies also sponsors other targeted programs for graduate support. These include humanities/social science fellowships, campuswide competitive fellowships, and matching funds for dean priorities and training grants. Currently, these programs account for more than 5% of graduate tuition revenue (approximately \$5 million).

While general funds are the primary funding source, endowments earnings (approximately \$0.6 million) and indirect cost recovery (\$2.6 million) also support these programs.