ISSUE PAPER NOVEMBER 2019

Increased Master's Enrollment Incentive

The optional Master's Enrollment Incentive Program (MEIP), described in some detail below, first went into effect in the 2017-18 fiscal year for programs that notified Graduate Studies (GS) in 2016-17 of their desire to participate in the MEIP. Additional programs opted in for the 2018-19 fiscal year and programs may contact sjalbrecht@ucdavis.edu to discuss opting in for 2019-20 or later years.

PRINCIPLES

UC Davis has long been interested in growing its graduate enrollment. In developing the initial proposal for the MEIP, staff in GS, campus leadership, and Budget and Institutional Analysis (BIA) considered several principles for a new enrollment growth incentive model:

- Facilitate growth in graduate master's enrollment
- Establish a financial framework for considering different enrollment strategies for master's students
- Expand funding for graduate student fellowships
- Support creation of new graduate programs
- Recognize that expanded or significant levels of master's education is not feasible in all disciplines
- Simplify revenue allocations and clarify financial incentives
- Achieve an academically healthy balance between undergraduate, master's, doctoral, and professional education in the context of other campus activities and initiatives

DESCRIPTION OF MODEL

The Master's Enrollment Incentive Program budget model allows graduate groups and programs that offer master's degrees to opt in to a budget model that will provide greater financial resources to the unit than the Graduate Tuition Revenue (GRTR) budget model if the program grows master's enrollment.

The GRTR budget model allocates 50% of Tuition and 50% of Nonresident Supplemental Tuition (NRST) to GS for return-to-aid and/or program fellowships. Net of aid, the remaining Tuition is split 33% to the unit Dean and 67% to the Provost, while all of the remaining NRST goes to the Provost. The optional MEIP model, on the other hand, allocates funds for every additional master's student in the program over an established base enrollment level differently from base enrollment. 40% of Tuition and 80% of NRST associated with new enrollments is directed to unit Deans (7% more of the Tuition and 80% more than the NRST than in the GRTR budget model). The Provost receives only 10% of Tuition and 20% of NRST associated with new enrollments (57% less Tuition and 30% less NRST), and GS receives 50% of Tuition associated with enrollment growth rather than 50% of new NRST revenue as in the GRTR model. The models are compared in Table 1 below.

Table 1. Standard Graduate versus Optional MEIP Budget Model Allocations for New Enrollment Revenue

	GRTR Model		Optional MEIP Model	
	Tuition	**NRST**	**Tuition**	**NRST**
Graduate Studies (in the form of graduate student aid to programs)	50%	50%	50%	80%
Unit Dean	Net of aid, 33%	n/a	40%	n/a
Provost	Net of aid, 67%	Net of aid, 100%	10%	20%

Notes: Revenue is allocated adjusting for exemptions, waivers, part-time status, and residency.
UC Policy requires that approximately 48.1% of graduate tuition be used for financial aid.

USE OF FUNDS

Funds allocated to GS are distributed by that office to programs in the form of fellowships, which can take the form of a stipend, tuition (including Nonresident Supplemental Tuition) and fees, research, travel, or any combination of these. For more information, see https://grad.ucdavis.edu/financial-support/internal-fellowships.

Deans receive allocations for all participating programs under their purview, and establish agreements with those programs as to the use and/or split of funding between Deans and programs received from the MEIP budget model at the time the program opts in to the model. This agreement should be reviewed regularly. Funds allocated to Deans are available to be used to support any expense associated with graduate education.

The funds allocated to the Provost make up part of the pool the Provost uses for leadership decisions and campus investments. Typically, any new investments in graduate aid (recent examples include maintaining the buying power of graduate aid programs and increasing funds available for TA fellowships) are made with graduate revenue growth.

REQUIREMENTS TO PARTICIPATE

To participate in the optional MEIP budget model allocation,

- The program must be a Master's degree that does not charge Professional Degree Supplemental Tuition and not be a self-supporting degree program.
- Both the faculty in and lead Dean of the graduate program must agree to participate.
- The program and Dean must agree to the use of any funding received through the MEIP budget model allocation.
- The program and lead Dean must submit a notification to the Dean of Graduate Studies of their intent to participate and documentation of the agreements and enrollment plan noted above.

OPTING IN TO THE MEIP BUDGET MODEL

While no program will lose funding as a result of opting in to the MEIP budget model, it is not mandatory and whether opting in is financially beneficial for a program requires the program to grow beyond its starting enrollment.

To discuss opting in to the MEIP model, please contact Steven Albrecht, Director of Graduate Student Financial Support, at sjalbrecht@ucdavis.edu. The Director and Assistant Dean will work with interested programs to identify the base enrollment (described below) and share of funding to direct to the Dean's office and department, and help the unit to create an MOU detailing these terms.

For the purposes of the MEIP budget model, starting enrollment is based on each program's enrollment trajectory over the past three years, as calculated by the MEIP calculator, which uses data from the Office of the University Registrar and is adjusted for residency, part-time status, exemptions and waivers, and joint degree enrollment. The MEIP calculator is posted at https://grad.ucdavis.edu/financial-support/information-faculty-and-staff/masters-enrollment-incentive-program-meip and is updated after each term's census.

Determine Starting Enrollment
When an existing master's program considers whether to opt-in to the master's allocation model, the program can use the MEIP calculator to determine the starting enrollment level upon which incremental growth will be calculated. Since some master's programs have significant enrollment variations year to year, the year a program chooses to opt in could have a significant impact on the potential allocations under the model. Starting enrollment remains at the level at the time of opt-in. As a result, a program does not need to keep growing every year to benefit from the MEIP budget model; it does need to achieve enrollment growth above a certain level and maintain it to receive the more generous MEIP budget model allocations.

Starting enrollment is calculated using the context of the most recent three full years of 3-quarter average enrollment data available with the following adjustments:

- Tuition levels used in the revenue calculations will not be reduced to account for waivers or *in absentia*: the use of *in absentia* status for master's students is rare, and doing so ensures that there is not a disincentive for programs to admit students who qualify for legal waivers such as CalVet.
- Tuition levels used in the calculation will, however, take into account lower tuition rates paid by students who are registered part-time and or who are UC employees and pay reduced tuition, per UC policies.
- Part-time students, as determined by the Office of the University Registrar based on specific criteria, are counted as 0.5 FTE.
- Full-time students with a dual major are counted as 0.5 FTE, and part-time students with a dual major are counted as 0.25 FTE. The calculation is the same regardless of which major the student enrolled in first or whether majors are both master's or a master's and a Ph.D.

This approach reduces smooths the effect of enrollment fluctuations and prevents a situation where a program could intentionally reduce enrollment in the year prior to opting in to increase future allocations under the model. Moreover, these adjustments ensure that allocations do not exceed revenue collected and all programs receive funding for enrolled students. The calculation has three possible outcomes:

Scenario 1: If enrollment data shows that the program grew consistently over the past 3 years, then the most recent enrollment will be the starting point and revenue from any enrollment increases will be allocated according to the MEIP budget model.

Scenario 2: If enrollment data shows that the program has declined consistently over the past 3 years, then a 3-year average will be used. Once enrollment exceeds the 3-year average, revenue from those increases will be allocated according to the MEIP budget model, but until enrollment rises above the starting enrollment figure, there will be no new revenue for the program to receive an allocation under the MEIP budget model.

Scenario 3: If enrollment data shows that the program has remained relatively flat, or varied in a way that doesn't reflect a clear trend, then either an average or most recent year could be the starting point. In this case, the Dean of Graduate Studies and the program will negotiate an appropriate starting point that takes into account that information, the historical enrollment data, and the program's future enrollment plans.

Once a program opts in to the model, it is assumed that the program will continue in the model unless it explicitly opts out.

Allocation of MEIP Budget Model Funds
Allocations will be based on the revenue associated with the incremental change in enrollment from the base year determined per item 1 above, and the current year. Possible allocations are increases, cuts, or no allocation as follows:

Scenario 1: If a program grows enrollment above starting enrollment, the revenue associated with that enrollment growth will be allocated to the program Deans, GS, and the Provost as described above. The allocation will be a positive amount.

Scenario 2: If a program's enrollment is at or above starting enrollment but less than in a prior year in which the program had opted in to the MEIP budget model, they will receive a reduced allocation (cut) commensurate with the decrease in their enrollment compared to the prior year. This decrease will not be more than what the unit has received while in the MEIP budget model – that is, no base budget decrease will be made below what a program had when it first opted in to MEIP.

Scenario 3: If a program's enrollment is flat, no allocation will be made.

Note that it is possible for more than one scenario to apply to a program because of student residency. A program could have an increase in Tuition revenue but a larger offsetting decrease in NRST if the proportion of residents and nonresidents changes.

Allocations will be made based on final 3-quarter average data. For example, if a program increased enrollment between 2018-19 and 2019-20 the allocation would be provided in after the final enrollment census is taken in spring. While allocations will not be made at the beginning of the year, they will occur within the same fiscal year that the enrollment increase occurred. Costs can be incurred against this revenue source during the same year the program has increased enrollment. As expenditures are made prior to the revenue allocations, it will be important for the program and Dean's Office to make an estimate of anticipated revenue under the incentive based on known enrollment information and plan spending throughout the year.

Allocations will be incremental, current funds-only, changes over the program funding level prior to opting in to the master's incentive tuition model. Opting in does not affect any previous base budget allocations to your program. Master's enrollment growth above the opt-in baseline also does not increase the Graduate Program Fellowship Allocation (block grant funding) to a program or TA/GSR funding.

OPTING OUT OF THE MEIP BUDGET MODEL

Programs may also choose to opt out of the MEIP budget model, though there is no financial penalty for remaining in the MEIP budget model. To opt out, a program need simply contact sjalbrecht@ucdavis.edu.

If a program does not explicitly request to opt out, it will be assumed that the program will remain opted in indefinitely.

CONTINUATION OF CURRENT BUDGET MODEL ALLOCATIONS FOR ALL OTHER GRADUATE ACADEMIC PROGRAMS

All other graduate academic programs, master's and doctoral, will continue to participate in the GRTR budget model. Master's programs that opt in to the master's incentive model will be excluded from the standard graduate budget model. More information about both graduate budget models is available here: https://financeandbusiness.ucdavis.edu/bia/budget/model/grad-tuition.

Questions: sjalbrecht@ucdavis.edu