OREGON STATE UNIVERSITY
EXTENDED CAMPUS

Ecampus Revenue Allocation Model (ERAM)

Introduction

The intent of establishing the Extended Campus Revenue Allocation Model (ERAM) is to create a mechanism for building and sustaining delivery of an inventory of degree and certificate programs specifically designed to meet the academic needs of the growing non-residential, non-traditional student body of Oregon State University. The ERAM is intended to enable this development and delivery by:

1. Providing incentives for departments to become active in teaching non-resident, non-traditional OSU students.
2. Providing incentives for departments to collaborate with the Extended Campus in building and delivering the Program Inventory.
3. Providing revenue to departments to meet departmental growth and development needs.
4. Generating a “replacement” or additional revenue stream for University allocation for institutional sustainability and development.

Implementation

The ERAM received final approval from the President’s Office, the Provost’s Office, and the Office of the Vice President for Administration and Finance for initial implementation Winter Quarter 2003.

The ERAM is based on the assumption that the SCH output of distance education courses, with an adequate degree inventory, has the potential of rapid and significant growth. The ERAM will be applied to an inventory of degree and certificate programs, identified through market analysis, that meet the academic needs of the rapidly growing Lifelong Learning population in Oregon and the U.S.

Implementation of the ERAM is designed to stimulate growth of this inventory and is anticipated to result in a significant level of net revenue above costs for OSU over the 5-7 year period following its implementation.

Revenue Distribution Model

The actual ERAM model is constructed around a revenue distribution formula designed to complement the budget model developed by the FY 2003 Budget Reconciliation Committee (BRC) and is based on the “dollars-follow-productivity” philosophy established by the BRC.
The formula consists of four basic components:

1. Graduate and undergraduate tuition rates bench-marked on the published tuition rates for a single three credit course on the Corvallis campus.
2. A distribution formula for tuition revenues using a ratio of 80% to the academic unit and 20% to program inventory development.*
3. A distribution formula for funding produced by the application of the RAM to eligible SCH using the ratio established by the BRC – 66.4% to academic units and 33.6% to central administrative units.**
4. A standardized distance-learning fee to support OSU Extended Campus operations and infrastructure.***

Ecampus coordinates with OSU Division of Administration and Budget in tracking the student credit hour (SCH) productivity for each unit:

1. Tuition revenue is allocated by Ecampus based on current year SCH productivity – distributed on a quarterly basis.
2. RAM revenue is allocated based on eligible prior year SCH productivity – distributed at the beginning of the fiscal year.

Tuition revenue will be allocated to colleges/departments on a declining schedule over a stepped 5/7 year schedule. This schedule is based on the assumption that the revenue stream, net above costs, will grow as SCH production expands. This provides for predictable growth of the revenue stream to departments and will provide a continuing funding level for support of department participation in the development and delivery of the Ecampus degree inventory. It will also provide for department growth and development based on departmental priorities. It will also allow the university central administration to capture a larger percentage of the revenue for allocation to institution-wide priorities. This declining schedule is projected as follows:

1. 80% - Academic Years 2003-04, 04-05, 05-06, 06-07
2. 70% - Academic Year 2007-08
3. 60% - Academic Year 2008-09
4. 50% - Academic Year 2009-10

During Academic Year 06-07, the allocation ratio will be reviewed to determine the proposed future ratios based on the following criteria:

1. Does the allocation ratio provide sufficient revenue flow to the departments participating in the delivery of the Extended Campus degree inventory to support related departmental costs?
2. Does the allocation ratio provide sufficient incentive revenue for departmental growth and faculty development?
3. Are there emerging University-wide needs that require a larger percentage of the allocation ratio?
* The 20% of the tuition revenue allocated to Ecampus for inventory development will terminate four years following the implementation of the ERAM. At that time, this 20% of tuition revenue will be allocated for distribution to OSU central services.

** This distribution ratio is designed to “float” with the ratios produced by the BAM.

***The distance education fee provides for the infrastructure and operating support of Ecampus. The distance education fee replaces the fees that on-campus, resident students pay for items such as student health services, athletic fees, residence building fees, etc.

**Distribution Schedule for “Central Services”**

Although the final distribution of the “central services” portion of the RAM revenues realized under the ERAM are the decision of the Administration and Finance, it is proposed that this portion of the revenue be allocated among those units directly impacted by providing support services for the OSU non-residential student body. It is proposed that the allocation be distributed on the following schedule, based on the level of participation by the units involved as follows:

15% - Finance and Administration (central services)
35% - Information Services
20% - University Library*
30% - Student Services (Admissions, Registrar)

As the 20% of tuition revenue becomes available for distribution, additional revenues should also be available for support of the above units.

*The University Library is currently classified as an academic unit and is allocated a portion of the RAM revenue generated by Ecampus courses in the BAM calculations and distribution.