# **Contribution Margin and Academic Financial Profile Overview**

## **Overview & Rationale**

The Contribution Margin report seeks to estimate how much a given school or college contributes to support the university’s operations while the Financial Profile report seeks to estimate how much a given program or department contributes to its school or college’s contribution margin.

Activity reflected in the reports capture only revenue and expenditures from unrestricted funds (Fund Type Level 2: 11). The reports reflect the instruction of student credit hours (SCH) by a given school or college, regardless of the student’s home school/college. Instructional activity is the basis for how tuition is allocated in the reports as well as at the University.

A school or college’s contribution margin is its tuition revenue, less tuition exceptions including Jesuit Exchange, less unrestricted academic financial aid, plus non-tuition revenue, less its unit level expenditures, less university level associated online/hybrid course costs.

The Financial Profiles separate expenses into Instructional, Direct and Indirect Support Costs. Instructional Costs include faculty compensation (salary, stipends, and benefits). Support Costs include instructional release, sabbatical and leave compensation, staff compensation, program level expenditures, general school or college overhead, and university level associated online/hybrid course costs. By allocating all college level expenses, program contributions can be compared within a given school or college as well as across the university.

## **Methodology**

Tuition, tuition exceptions, and financial aid are obtained from student accounts receivable records and then allocated across the credit units students enrolled. These are then reflected for the school/college and teaching subject’s instructional activity. General tuition exceptions including Jesuit Exchange tuition exceptions are identified at the program level. Financial aid is from unrestricted sources and does not include Room & Board Aid or Athletic Books & Supplies.

Instructional costs are the sum of unrestricted faculty salary payments, obtained from payroll records, and their corresponding calculated benefit rates. Benefits are calculated at either the full or part-time rate, depending upon the account code the salary expense was recorded to. The total compensation for each faculty member is then allocated across their instructional load and instructional release, as indicated in the course and release records. Allocated compensation for instructional release is assigned as a support cost at program, department, college, or university level. In the case of university related release, allocated compensation is excluded from the school/college in the reports. Allocated instructional compensation is split 50% across SCH and 50% across instructed Credit Units. Cross-listed courses are accounted and adjusted for. Instructional loads are adjusted for percentage share of responsibility in a course. In the case that faculty are not matched to a course, their compensation is allocated across the college by SCH.

Support costs are the sum of faculty instructional release, sabbatical, and leave compensation, staff compensation, and general overhead expenditures. In the case of partial year faculty sabbaticals and leaves, the individual’s instructional portion is adjusted to reflect the portion of the year they were not on sabbatical or leave. The portion of compensation paid while on sabbatical or leave is allocated across the school/college by SCH. Staff compensation and general overhead expenditures are obtained from the operating ledger following the fiscal year close. Costs classified to specific programs are represented as Direct Support Costs. Costs classified to departments or subject areas are allocated across their respective programs by SCH activity. General college costs are allocated across the school/college by SCH. Online program marketing costs are assigned from Orgs 390002 (FY15) and 360003 – Digital Strategy at the program level where applicable or allocated by SCH. Online program course development costs are assigned by program.

In calculating the budgeted values for the current fiscal year in the Contribution Margin reports, faculty compensation, financial aid, and online categories are derived from combining budgeted costs from outside the school or college with those within the school or college. Faculty compensation budgets under the Provost are allocated across the schools and colleges based the prior fiscal year’s faculty compensation activity. Undergraduate financial aid is allocated by teaching college based on the prior fiscal year’s average discount rate. Jesuit Exchange tuition exceptions are allocated based on past years’ average percentage of tuition. Budgets for online programs outside the schools/college are allocated based on the budgeted SCH for such programs.

In the case of Arts & Sciences, Education, and Law, special purpose centers and organizations have their financial activity excluded for the purpose of comparability of the reports across schools and colleges. Arts & Sciences excluded organizations: 214004-Ricci Libr Acquisition, 214005-Ricci Inst Oper, 219501-KUSF, 220001-Lane Center, 220002-Immersion Programs, 221501-McCarthy Center, and 221504-McCarthy Ctr Sarlo Grant Cost Share. Education excluded organizations: 253001-Upward Bound, 258001-TEAMS/CNCS Cost Share; and 258002-Upward Bound Cost Share. Law excluded organizations: 261007-Info Technology Law, 261507-Payroll Info Technology Law, 263002-Law Registrar, 263502-Payroll Law Registrar, 265001-Law Alumni/Development, 265501-Payroll Law Alumni and Development, 266001-Law Library, 266501-Payroll Law Library.