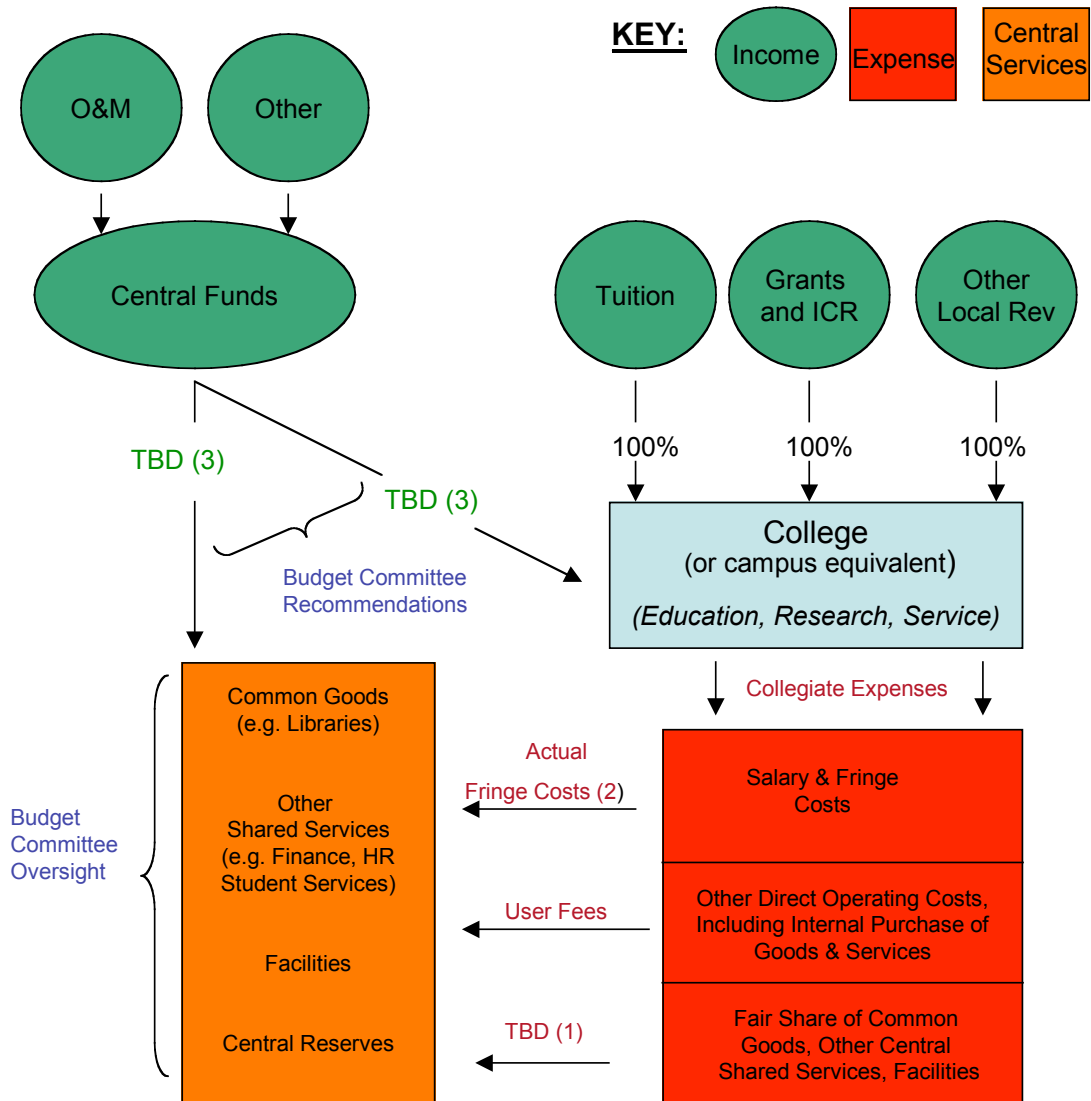


AHC F&P Committee Proposed Resource and Cost Allocation Model



(1) – When possible, central costs should be attributed to colleges based on the appropriate metric for use of services (i.e. student services based on number of students; HR and payroll based on number of employees). However, central funds need not be transferred to colleges only to be collected back to fund central service units. An analysis of how central costs would be attributed to colleges might result in the following: a) elimination of IRS in lieu of O&M reduction; and b) redistribution of the residual O&M across collegiate units.

(2) – Fringe benefit costs charged to colleges should be the actual costs attributable to each employee and not as a percent of salary.

(3) – Allocation and reallocation of central financial resources, including Academic and Student Investment Pools, should be directed to colleges based on specified criteria (e.g. tuition elasticity, unique mission, core program) and to central services on the basis of common good, to supplement “user fees” and metric-based cost attributions to colleges.