

DATE: March 4, 2011  
TO: CARLI Board of Directors  
FROM: CARLI Finance Committee  
RE: CARLI Membership Fees – Review and Recommendations

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When the CARLI membership and governance structure was revised in 2010, the Board of Directors established membership fees under the following criteria:

- All Affiliate members would pay a flat fee of \$500 per year.
- Governing members would pay fees on a sliding scale.
- The fee scale was calculated using the existing formula comprising institutional FTE<sup>1</sup> reported to the IBHE and a weighting factor representing the institution's Carnegie classification<sup>2</sup>.
- The maximum membership fee remained \$10,000.
- The minimum fee for FY 2011 was previously set at \$1,000. The Board instituted increases in the minimum fee to \$1,250 in FY 2012 and to \$1,500 in FY 2013.
- Beginning with FY 2014, all Governing membership fees would be increased annually by a percentage rate set by the Board. The % increase for FY 2014 and FY 2015 was set at 3% and was subject to review and modification based on the needs of the consortium.

The Board directed staff to review the basic formula and make recommendations regarding: (1) any changes needed to ensure the fairness of the fee scale; and (2) subsequent increases in membership fees.

The existing fee formula was recalculated for all current Governing members using the most recent FTE figures reported to the IBHE (December 2010) and the previously established Carnegie class weighting factors.

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<sup>1</sup> The calculation used the FTE reported in December 2005 when membership fees were first established.

<sup>2</sup> For members that did not report FTE to IBHE and were not covered by Carnegie classifications, mutually agreed to surrogates were established.

- When the FY 2012 minimum (\$1,250) was applied, less than 35% of all members would pay the actual calculated membership fee, with all others paying the minimum or the maximum.
- For those members paying the calculated amount (rather than the minimum/maximum) 35 institutions would see a fee increase ranging from 1% - 71% and 10 institutions would see a fee decrease ranging from 5% - 28%.
- When the FY 2013 minimum of \$1,500 is applied to the fee schedule, only 25% of the membership would pay the actual calculated membership fee.

We also examined the pattern of fluctuations in member FTE's from 2005 to 2010. There was a substantial volatility in enrollments during this period, especially among the community colleges. Consequently, we believe that if membership fees are recalculated, it would be more equitable to use a multi-year average in the formula rather than a single year's reported enrollment figures.

#### Recommendations:

1. Use the existing membership fee schedule through FY 2013 (July 1, 2012 - June 30, 2013), when the Board approved minimum fee of \$1,500 takes effect.
2. In December 2011, recalculate the fee schedule for all Governing members using the originally established formula. Replace the December 2005 FTE figures used in the original fee calculation with a three (3) year average of FTE's reported in 2009, 2010 and 2011.
3. Inform all members of their FY 2013 fees, whether the minimum of \$1,500, a revised calculated amount or the maximum of \$10,000.
  - a. No revised fee based on the actual formula should be increased by more than 25%
  - b. No revised fee based on the actual formula should be decreased by more than 10%
4. In FY 2014 (July 1, 2013 - June 30, 2014), the revised membership fee schedule will be increased by 3% for all Governing members. Affiliate members fees will be increased by 5%.
5. In FY 2015 (July 1, 2014 - June 30, 2015), the membership fees will be increased by 3% for all Governing members. Affiliate members fees will be increased by 5%. Either or both of the recommended fee increases are subject to review and modification by the Board of Directors based on the fiscal needs of the consortium or external economic conditions.
6. In December 2015, the fee formula will be recalculated with updated three (3) average FTE data and a recommendation on membership fee levels will be presented to the Board of Directors.