

# **Budget Model Task Force**

Faculty Senate Meeting

February 2010

## **Budget Model Key Requirements**

- Single budget model
- Open and transparent budget process and information
- Simple, understandable, and predictable
- Enables and motivates actions that improve quality, strength, efficiency, and academic excellence
- Data informed
- Common treatment or distribution of like revenues and costs across all operating units
- Supports critical “checks and balances” with CFO
- Annual review of major revenue and cost distribution actions with Deans and Vice Presidents

## **Budget Task Force Members**

- Cathy Dove, Co-Chair, Associate Dean of Administration, College of Engineering
- Paul Streeter, Co-Chair, Interim Vice President for Budget and Planning
- Steve Golding, Senior Consultant to the President
- Kevin Hallock, Professor, School of Industrial and Labor Relations
- Kent Kleinman, Dean, College of Architecture, Art, and Planning
- Michael Kotlikoff, Dean, College of Veterinary Medicine
- Kellie Page, Director of Finance and Administration, Student and Academic Services
- Jane Pedersen, Associate Dean for Administration, College of Arts and Sciences
- Bob Swieringa, Professor, Johnson Graduate School of Management

## **Task Force Process**

- Evaluated current budget models
- Researched alternative models
- Consulted other universities (Penn, U. Michigan, Stanford, Syracuse)
- Conducted several consultative discussions
  - Financial Policy Committee of Faculty Senate
  - Deans
  - Vice Presidents
- Interim report issued – modified based on feedback

## **Primary Improvements**

- Transparency – simple to understand and to monitor
- Consistent Treatment of Key Resources
- Common valuation of undergraduate tuition and recognition of institutional nature of UG education
- Flexibility within the model – accommodates evolving organizational structures and priorities
- Defined resource for institutional priority investment
- Meaningful governance and oversight

## **Major Budget Model Decisions**

- **Pooling Undergraduate Tuition** - \$432M gross tuition, unrestricted financial aid - \$136M – net approx. \$296M
- **Distributing Net UG Tuition on a Data-Informed Basis** - considering cost, quality, and priority
- **Common Treatment of Like Revenues and Expenses:**
  - **F&A recoveries** - \$79 million
  - **Endowed professorships** - \$40.6 million
  - **Space Costs** - \$120 million (excluding debt)
- **Establishing Sufficient Institutional Resources for Priority Investment** – 10-15% (unrestricted) is approximately \$125-\$175M