**Budget Model**

**Undergraduate Tuition Sub Committee Charge**

**Goals:**

To recommend an undergraduate tuition sharing model that achieves the following:

* Incentivizes creation of new or enhanced undergraduate programs that address instructional needs of 21st century undergraduate students, increasing enrollments while also increasing quality, and contributing to the strategic mission of the university
* Capitalizes on planned investments in new and replacement faculty, including interdisciplinary cluster hires as well as renewal of campus facilities and new buildings
* Incentivizes interdisciplinary educational initiatives, cross colleges and departments
* Incentivizes complementary development of programs that cross fund types, for instance development of 4+1 and joint programs.
* Increases instructional productivity/efficiency
* Creates a transparent, consistent and predictable formulaic return to all units

**Guiding Principles:**

The development, implementation and continuing assessment of the **new hybrid budget model** will be guided by the following principles:

* Creates incentives at all levels of the University that
	+ Do not compete with each other
	+ Increase academic quality and excellence
	+ Promote financial sustainability and fiscal responsibility
	+ Promote harmony among
		- Instructional, research and service missions of the University
		- Different levels/units of the University (College/Department/Center; academic/administrative etc.)
* Encourages innovation and entrepreneurship throughout the University
* Provides transparency, clarity and predictability at all levels of the University
* Can be easily understood, is easy to implement and operate and is flexible
* Can adapt to all cycles of the economy whether robust or downturn
* Creates a sufficient strategic pool of resources, above the base, to support new initiatives
* Builds an environment of inclusive excellence

**Assumptions:**

* The work of the Budget Model Steering Committee is separate from the anticipated work of the Operational Excellence Steering Committee that will be formed in the spring of 2018, although recommendations of the former will inform the work of the Operational Excellence Steering committee, especially relating to **base budget allocation process**.
* The work of this subcommittee, which is advisory, supplements and informs the work of Steering Committee, which guides the complementary work of the subcommittees to recommend a cohesive budget model.

**Deliverables:**

1. **Define the parameters of allocation of UG tuition**. Some questions to consider include:
	* How does this relate to strategic pool allocations, i.e. do strategic pool allocations fund “startup” costs, with tuition from increased UG enrollment funds recurring/ongoing costs? Do we envision a cyclical model in which strategic pool funds start-up costs, the performance of which generates revenue that is used partially to pay back the strategic pool and partly to generate additional funds for the unit. What is the process and timeline in which the additional revenue becomes part of the operational base?
	* How do we establish the baseline from which to determine increases in UG enrollments/tuition revenue generated?
		+ What is the baseline year from which we are measuring increased enrollment?
		+ Does baseline include planned enrollment growth of UG at 1,000+? How much additional growth over the 1,000+ students is possible (recognizing that semester long study abroad, online programs allow for more growth than merely the traditional model).?
		+ If overall tuition does not grow, how do we treat individual department/program/college fluctuations to maintain incentives to grow?
	* Although differential pricing strategy will be implemented as a fee, how does this relate to UG tuition allocation?
	* How does cost of instructional delivery factor into UG tuition allocation?
	* How do we balance revenue generation with increasing academic excellence where these goals appear to be at odds?
	* How do we balance operational excellence with incentives for increased UG program growth?
		+ How do we incentivize “sunset”ing or re-engineering of current UG academic programs that no longer serve the needs of UG students, where doing so means less UG tuition revenue for that program/department?
	* How do we incentivize new program growth, including interdisciplinary program growth, but no duplication of programs and no competition between colleges and departments?
	* What types of expenditures can be made from the funds at all unit levels, i.e. what part of these funds should be used to cover new faculty hires, startups, versus discretionary new resources? Need to make sure first call on new revenue generated is covering the expenses incurred to generate it.
	* How does this relate to summer and winter session allocations? How does this relate to graduate tuition sharing?
2. **Recommend formulaic allocations to the units, addressing the following questions**:
	* What is the right split between majors, student credit hours, and instructor pay department for tuition distribution? How are multiple majors treated? Are minors included?
	* What is the right unit level distribution percentage (college, department) that allows sufficient revenue at the right level to facilitate decision making for best UG instructional delivery?
	* How do scholarships and resident status figure into the calculations, i.e. blended rates vs actual? Scholarships required to generate revenue for a new program need to be considered as a cost for the new program; should these scholarship decisions be centralized or local to department or college?
	* How should student success measures (e.g. retention and graduate rates) figure into the calculations?
	* How can we promote interdisciplinary collaboration across colleges, departments and units that may or may not lead to new program creation; how will these be counted and allocated?
	* How do non-academic, non-revenue generating critical support functions like advising, career services, pre-college programs, get funded?
3. **Recommend related and complementary adjustments to current strategies and policies in the departments/colleges/centers, including, but not limited to:**
	* Standardized definitions for allocation of teaching effort of faculty and teaching assistants; lab, research/internship, other sections
	* Review and enhancement of major declaration policies, as well as intercollege/major transfer policies
	* Make intentional connection to academic program assessment, accreditation decisions as well as to course and program creation to eliminate duplication.
4. **Recommend principles and process to deal with negative externalities, including state budget cuts, changing market demand for majors etc**
5. **Recommend campus reporting plan to enhance transparency regarding tuition allocation process, assign accountability for goal realization and analyze return on investments**
	* What performance metrics indicate success toward goals? E.g.
		+ Increasing enrollment in courses, majors (credits, heads, FTE)
		+ Increasing degrees produced
		+ Increasing net revenue balanced with increase in quality and diversity
		+ Increasing interdisciplinary course/major creation with increasing enrollment
		+ Increasing academic success of UG – retention and graduation rates
		+ Increased national rankings
		+ Increased academic efficiency balanced with increased academic quality – increased FT faculty to PT faculty ratio, effective deployment of s-contracts for course delivery
		+ Other?
6. **Subcommittee co-chairs will provide updates to the Steering Committee, as well as final report of recommendations to the President, Provost and EVP.**
	* Relating recommendations and effect on other subcommittee recommendations will be key, to minimize development of incentives promote one goal the expense of another, or that allow obvious opportunities to “game” the system.
7. **The Budget Office will create a website that will contain the Budget Process updates as well as final report and other related information**.

**Process and Timeline:**

* The steering committee will meet bi-weekly.
* December 2017:
	+ Steering Committee Charge issued by President, Provost and EVP
	+ Subcommittee Support Staff kick off meeting
* January 2018:
	+ Steering Committee bi-weekly recurring meetings will commence
	+ Subcommittee Charges to be issued
	+ Subcommittee weekly recurring meetings will commence
		- written reports are due to the Steering Committee each Friday outlining:
			* 3 main topics of conversation
			* items the steering committee should help direct
* Winter 2018: President’s Executive Council, Roundtable, Senate, other public forum updates monthly or as needed.
* Spring 2018: new budget model recommended to President, Provost and EVP.
* Ongoing:
	+ Continue to work to evaluate budget model impact and recommend appropriate refinements to optimize outcomes
	+ Continue to work with units to achieve operational efficiencies over 3-year period.
	+ Continue to work with units and budget office regarding standardization of budget definitions, procedures, policies and common reports across colleges and units, and creation of budgeting system.