Charge Question: Should we change our budget process?
If yes, then we are to:
- Identify a prospective budget model family
- Present several case studies about the prospective budget model family, including a failure
- Outline a specific prospective model
Recommendation by 31 January 2016
More UBDC information and feedback options at
UBDC Website
Incorporate simplicity, transparency, flexibility, and accountability
Incentivize revenue generation, cost controls, and innovation
Align with mission, shared governance, and student success
Allow for efficient changeover (if applicable)
Balance the economic and academic aspects of higher education
Support academic freedom
Support our commitment to liberal arts and professional studies
Encourage enrollment growth
Focus on the university-to-college/unit level
Consider all forms of revenue and costs
Budget Level Focus

Governor + Legislature

Board of Regents

Campuses

Colleges/Units

Departments
Alphanumeric Revenue Cocktail

102

PR

Other

UW Oshkosh Mission
102 = State Subsidy (GPR) + Tuition

PR = Program Revenue
  - Auxiliaries & Segregated Fees, Differential Tuition, Cost Recovery Revenue

Other
  - Foundation, Indirect Cost Recovery, Financial Aid, Savings
Current Allocation Mechanism (102)

- Mission centricity?
- Faculty/staff costs?
- Revenue?
- Enrollment?
- Incentives?
- Workload?

2014 Budget

+/- Incremental Adjustment (by Central)

2015 Budget
So What Have We Been Doing?

- Understand where money flows currently
  - Current allocations spreadsheet
  - Budget 101 (household budgeting metaphor)
- In-depth understanding of possible models
  - Activity-Based
  - Zero-Based/Incremental
  - Performance-Based/Formula
- Charge Question: Should we change our budget process?
  - Answer: Yes, change is warranted.
- Currently discussing hybrid model (ongoing):
  - University Budget Model – Version 1 “UB-1 Model”
UB-1 Idea

- Hybrid
- Uses elements from...
  - Activity-Based Budgeting
  - Performance/Formula-Based Budgeting
  - Incremental/Zero-Based Budgeting
UB-1: A Clearer Budget Process?

Gather Information

- Mission centricity
- Faculty/staff costs
- Revenue

UB-1 Model

College/Unit Budgets

Other Information?

- Enrollment
- Incentives
- Workload
Why Consider UB-1?

- UB-1 fits charge criteria better than current model
  - Built to support the mission and the strategic plan
  - Adds transparency to budget process
  - Incentivizes revenue generation and cost controls
  - Adds accountability to deans/unit heads
  - Good potential to increase enrollment
  - Allows for workable changeover
  - Balances academics and economics
UB-1: Revenue, Costs, Checks

- **Revenue assignment**
  - 102 assigned to colleges/units based on activity measured two ways
    - Tuition via Student Credit Hours (SCH)
    - GPR via Major/minor head count

- **Cost assignment**
  - Attach direct costs to colleges/units
  - Assign divisible indirect costs to colleges/units using logical measures of consumption
  - Pay indivisible indirect costs using the Central Fund

- **Performance checks and balances**
  - Stay mission-focused and preserve academic quality
**Tuition**: Assign base tuition using SCH
- “Home tuition”
  - e.g., COLS student in COLS class
- “Shared tuition” – e.g., 50/50 split
  - e.g., COLS student in COEHS class
- Reduces competition for students

**GPR**: Assign GPR using major/minor head count
- e.g., if college X has 20% of university majors/minors (head count), then college X gets 20% of GPR
Examples of Direct Costs

- Salaries
- Fringe benefits
- Travel
- Supplies
Examples of Divisible Indirect Costs

- Facilities
  - Assign cost by % of square feet
- Human Resources
  - Assign cost by % of employees
- Library
  - Assign cost by % of SCH
UB-1 Costs
Examples of *Indivisible* Indirect Costs

- Division of Academic Support of Inclusive Excellence
  - e.g., LGBTQ Resource Center
- Center for Equity and Diversity
- Center for Academic Resources
- Chancellor’s Office

- When there is no obvious way to do cost assignment, don’t force the issue - fund centrally instead
UB-1 Costs
The Central Fund

- Create the Central Fund by taxing revenue
  - Tuition tax
  - GPR tax
  - Auxiliary & Segregated fee tax
- The Central Fund covers
  - Indivisible indirect costs
  - Strategic initiatives
- Tax structure means local successes benefit entire campus
Performance checks help mitigate excessive SCH chasing:

- Maximum adjunct/tenure ratio
  - Bounds SCH proliferation
  - Supports teacher/scholar model
- Average SCH/faculty target
  - Bounds SCH proliferation
  - Helps balance average workload
  - Permits variability in class sizes within colleges
UB-1 Checks

Other Possible Performance Checks?

- Time to graduation?
- Credits to degree?
- Many others… but choose wisely…
  - Too many can cause collapse
- Base them on available information
  - Consider…
    - HLC reporting needs
    - UWS reporting needs
    - Accrediting bodies
Preliminary UB-1 Schematic

- Revenue
  - Colleges/Units
    - Direct Costs
    - Divisible Indirect Costs
    - Savings
  - Tax
    - Central Fund
      - Indivisible Indirect Costs
      - Savings
      - Strategic Initiatives
Feedback: UB-1 is very much “in development”
  - Now is a good time for input
  - How does a half-day workshop sound?
- Comments?
- Thoughts?
- Reactions?