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