**Feedback on Hybrid Budget Models**

- The hybrid may not force a conversation between academic units and central operation on allocations that are needed to fund central operations. Nearly all SP 3.0 goals require as much from central operations as academic units.
- Some scenarios to illustrate sensitivity analysis would be helpful.
- How to manage key policies and strategies: institution wide raises, don’t defund central ops, make sure budget maps to SP 3.0 and units are accountable for progress
- Return more F&A to colleges to create unit-level incentives would be developed to increase research across the university.
- More credit should be given to the major headcount and number of graduates. One of our big challenges is convincing faculty that it makes sense to bring on more and more majors.
- There is a real need to tie teaching productivity to budget... as the linkage is obscure and with a long time delay. This is in contrast to e-campus and ROH revenue. But..... there are reasons for loose coupling---majors take time to develop and there are areas of scholarship that are simply important to have beyond just revenue.
- There are other factors to consider than current numbers---students are now fitting more and more between majors and between institutions; perhaps more important criteria include quality of the program, job prospects for students, etc.
- The focus on credit hours and degrees would not encourage much research innovation as the pressure is to grow student numbers.
- ROH and e-campus are sometimes viewed by faculty as "their" money. This balance between individual need and community need is sometimes difficult to manage. A change in model could add to the complications.
- Rather than focus on the entire base, maybe we could just look at tying in new efforts into some sort of productivity model--- perhaps we need something simpler than the hybrid focusing only on budget increments
- Cost of delivery is not considered within undergrad or grad programs. That's particularly problematic for programs with a high ratio of upper division to lower division credits and with programs that are on the upper end with respect to cost to deliver. My concern is that if we don't build cost of delivery into the model up front, we will incentivize only a certain kind of activity: courses with a low delivery cost. We could:
  - Incorporate cell values from the Budget Allocation Model into the Credit Hour Allocation
  - Allow a Differential Tuition for those programs that are more expensive to deliver. It would seem appropriate to reopen the conversation with other colleges that have similarly expensive programs to deliver, but have not been allowed to use differential tuition.
  - Use the "Total Student Incentive" to help fund programs with higher delivery costs (i.e. include more kinds of students or more money per student for certain majors).
Some Ideas and Questions for Budget Model Revisions

What do we need to provide with the budget (as a university in rank order to generate some discussion)?

- Undergraduate degrees
- Graduate and professional degrees
- Research with impact on disciplines and/or practice
- Assistance to stakeholders in the State (crops, water, forests, etc.)
- Opportunities for other educational advancement (certificates, non-credit, etc.)

What do we value in what the budget enables and promotes? (not in any particular order)

- Sufficient for quality programs
- Transparent, fair (as opposed to uniform or proportional), and consistent
- Collaboration across academic units
- Robust enough it is relatively insensitive to “gaming” and does not encourage “poaching” of credit hours, students, etc. across units
- Flexible enough that it allows for the things we want to provide above
- And....
What are people trying to accomplish in various places? Both competing and complementary goals. But these are the major things the budget needs to enable

**Program Delivery**
- Degrees
- Research
- Engagement
- Colleges
- SWPS
- CIPS

**Support and infrastructure**
- Labs and classrooms
- Library
- Compliance
- Buying, accounting, banking, etc.
- Finance and Admin
- Library
- Facilities
- Research, Grad School

**Financial Stability**
- Reserves
- Debt Service
- Pools for raises, cost escalation
- Financial forecasting
- VP Finance and Admin

**Strategic Direction**
- Long term direction
- Position in State
- Progress towards
- SP3.0
- Stakeholder expectation
- President
- Provost
- VPFA

Each of these needs budget resources at some level to make progress on the goals. The distribution needs to be appropriately balanced

**Characteristics of Principal Types of Revenue (E&G)**

**Tuition Net of Waivers**
- Academic Year
- Ecampus
- Summer term
- Resident
- Non-Resident
- Graduate
- Undergraduate
- Distributed by institutional choice to support core programs
- Principal support of overhead costs

**State “Cell” and General Funding**
- Money for instruction and academic programs (mostly, a few strings here and there)
- Moving to outcomes (degrees) basis
- Significant overhead costs as this is a major part of academic programs

**Purpose Defined By Awarding Agency**
- State Program money (ETIC, Climate, INR, SWPS etc.)
- Federal Formula Funds
- Legislatively “earmarked”
- Can be significant overhead costs—creates new things, grows programs, sustains large programs

**Purposed Narrowly Defined in Nature of Revenue**
- Student Course Fees
- Most Other Fees
- Differential Tuition
- Sales & Service
- F&A Recovery
- Marginal Overhead Costs
- Not growth, reimbursement or cost recovery
- Business & Management Overhead

Distributing and expending each of these types of revenues creates overhead and infrastructure needs---facilities, library, business affairs, compliance, etc.
Responsibility Centered Management

Shared Responsibility Budgeting?

“Hidden” Needs: Reserves, Debt, Compliance

Support Services

Management and Administration

Academic Program Delivery