Budget Model
Special Academic Revenue Generation Sub Committee Charge

Goals:
To recommend supplemental incentives model to UG and grad tuition, sponsored fund models that achieves the following:

- Incentivizes creation of new or enhanced credit and non-credit programs that address instructional needs of 21st century students, increasing enrollments while also increasing quality, and contributing to the strategic mission of the university
- Increases online programs, UG and graduate, that complement not compete with residential programs
- Better uses summer, winter and noncredit course/programs to increase revenue to the university; decrease costs; improve graduation rates, maximize space capacity, etc. complementing regular academic year offerings and programs
- 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 new or enhanced international 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 between
        - 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 operate in 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, 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 special academic revenue generation**. Some questions to consider include:
    - How is this defined, for credit and non-credit programs?
        - For credit programs, do special sessions (winter/summer), different locations (international/domestic) or modes of instructional delivery require different revenue/cost sharing models, or should these be folded into the other incentives models? If we suggest different revenue sharing models, how does this relate to UG tuition allocation, summer/winter, online program allocations?
        - How do we define the parameters of non-credit ventures that support the academic mission, i.e. the UD Creamery?
        - What part does community engagement play in the development of these ventures?
    - How does this relate to strategic pool allocations, i.e. do strategic pool allocations fund “startup” costs, with tuition from increased enrollment funds recurring/ongoing costs?
    - How do we establish the baseline from which to determine increases in revenue?
    - 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 program growth?
        - How do we incentivize “sunset”ing or re-engineering of current academic programs that no longer serve the needs of students, where doing so means less graduate 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?
2. **Recommend formulaic allocations to the units, addressing the following questions**:
    - What is the right revenue sharing model between International Programs and Colleges and Departments to increase semester and yearlong study abroad programs?
        - What are the internal and external barriers to increasing the number and size of programs and net tuition revenue from these programs?
        - How does this relate to ELI?
    - What is the tuition sharing model for summer/winter sessions:
        - Are majors considered, or is distribution at the course level? If so, how are multiple majors treated? Are minors included?
        - How is differential pricing treated?

        - What is the right unit level distribution percentage (college, department) that allows sufficient revenue at the right level to facilitate decision making for best instructional delivery?
        - How do scholarships and resident status figure into the calculations, i.e. blended rates vs actual?
        - How are interdisciplinary programs counted and allocated?
    - What is the revenue sharing model for online programs/courses:
        - Is there a fee assessed for the costs of online delivery, or is this another tuition sharing model?
            - Are majors considered, or is distribution at the course level? If so, how are multiple majors treated? Are minors included?
            - How is differential pricing treated?
            - What is the right unit level distribution percentage (college, department) that allows sufficient revenue at the right level to facilitate decision making for best instructional delivery?
            - How do scholarships and resident status figure into the calculations, i.e. blended rates vs actual?
            - How are interdisciplinary programs counted and allocated?
3. **Recommend related and complementary adjustments to current strategies and policies in the departments/colleges/centers, including, but not limited to:**
    - Fees
    - Differential rates (summer/winter/online/international)
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?
        - Increasing enrollment in courses, majors (credits, heads, FTE)
        - Increased study abroad enrollments/program, success of students in these programs, translation to increased research relationships with faculty etc.
        - Increasing net revenue balanced with increase in quality and diversity in summer/winter/online/study abroad programs
        - Increasing academic success of graduates – increased graduation rates/reduced time to degree, placement (job or postdoc placement), median salaries
        - Increased national rankings
        - Increased academic efficiency balanced with increased academic quality
        - 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 – for instance, how may recommendations**
7. The Budget Office will create a website that will contain the Budget Process updates as well as final report and other related information.

<u>**Process and Timeline:**</u>

- 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.