GW BUDGET MODEL

PRESENTATION TO THE FACULTY SENATE

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PROVOST AND PROFESSOR OF POLITICAL SCIENCE

OCTOBER 2016
NEW BUDGET MODEL

The new budget model is an alternative way of distributing resources to open unit schools.

Our consolidated university budget includes Open Schools, Closed Schools, and Central Operations.

- **Open Schools**: 7 schools operate under the new budget model
  - CCAS, CPS, ESIA, GSEHD, GWSB, SEAS, SON

- **Closed Schools**: 3 schools are self-funding
  - GWSPH, LAW, SMHS

- **Central Operations**
  - Development and Alumni Relations, External Relations, OVPR, EVP&T, Libraries, Provost, Student Affairs
## Consolidated University Budget

**FY17 Approved**

<table>
<thead>
<tr>
<th></th>
<th>Closed Schools</th>
<th>Open Schools</th>
<th>Total Schools</th>
<th>Total Central</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Student Tuition &amp; Fees</td>
<td>$239,608</td>
<td>$292,358</td>
<td>$531,966</td>
<td>$481,555</td>
<td>$1,013,521</td>
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<tr>
<td>Less: University funded scholarships</td>
<td>$(42,935)</td>
<td>$(27,029)</td>
<td>$(69,964)</td>
<td>$(206,020)</td>
<td>$(275,984)</td>
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<tr>
<td><strong>Net Student Tuition &amp; Fees</strong></td>
<td><strong>$196,672</strong></td>
<td><strong>$265,329</strong></td>
<td><strong>$462,001</strong></td>
<td><strong>$275,535</strong></td>
<td><strong>$737,536</strong></td>
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<tr>
<td>Medical Center Agreements</td>
<td>63,327</td>
<td>29</td>
<td>63,356</td>
<td>111,828</td>
<td>111,928</td>
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<tr>
<td>Indirect Cost Recoveries</td>
<td>15,549</td>
<td>-</td>
<td>15,549</td>
<td>12,565</td>
<td>28,115</td>
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<tr>
<td>Auxiliary Enterprises</td>
<td>100</td>
<td>-</td>
<td>100</td>
<td>111,828</td>
<td>111,928</td>
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<tr>
<td>Contributions-net</td>
<td>4,547</td>
<td>6,217</td>
<td>11,764</td>
<td>12,565</td>
<td>24,332</td>
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<tr>
<td>Other/Investment income</td>
<td>17,013</td>
<td>4,974</td>
<td>21,987</td>
<td>15,193</td>
<td>37,180</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>$305,975</td>
<td>$279,257</td>
<td>$585,232</td>
<td>$424,225</td>
<td>$1,009,457</td>
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<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td></td>
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<tr>
<td>Faculty Compensation</td>
<td>$64,899</td>
<td>$156,155</td>
<td>$221,054</td>
<td>$8,305</td>
<td>$229,359</td>
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<tr>
<td>Non-Faculty Compensation</td>
<td>75,577</td>
<td>41,508</td>
<td>117,085</td>
<td>188,982</td>
<td>306,067</td>
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<td>Fringe benefits</td>
<td>31,512</td>
<td>45,099</td>
<td>76,611</td>
<td>39,632</td>
<td>116,244</td>
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<tr>
<td><strong>Total Compensation</strong></td>
<td><strong>$173,988</strong></td>
<td><strong>$242,763</strong></td>
<td><strong>$416,751</strong></td>
<td><strong>$236,919</strong></td>
<td><strong>$653,669</strong></td>
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<tr>
<td>Purchased services</td>
<td>71,345</td>
<td>21,673</td>
<td>93,019</td>
<td>75,990</td>
<td>169,009</td>
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<tr>
<td>Supplies</td>
<td>4,497</td>
<td>3,543</td>
<td>8,041</td>
<td>5,146</td>
<td>13,186</td>
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<td>Equipment</td>
<td>3,803</td>
<td>3,288</td>
<td>7,091</td>
<td>6,902</td>
<td>13,993</td>
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<tr>
<td>Bad Debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,709</td>
<td>1,709</td>
</tr>
<tr>
<td>Occupancy</td>
<td>8,814</td>
<td>573</td>
<td>9,387</td>
<td>39,930</td>
<td>49,317</td>
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<tr>
<td>Scholarships and fellowships</td>
<td>1,747</td>
<td>8,322</td>
<td>10,579</td>
<td>4,136</td>
<td>14,715</td>
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<tr>
<td>Communications</td>
<td>478</td>
<td>564</td>
<td>1,042</td>
<td>3,766</td>
<td>4,808</td>
</tr>
<tr>
<td>Travel and training</td>
<td>3,859</td>
<td>7,975</td>
<td>13,654</td>
<td>9,096</td>
<td>22,750</td>
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<tr>
<td>Other</td>
<td>10,384</td>
<td>7,114</td>
<td>17,498</td>
<td>20,257</td>
<td>37,755</td>
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<tr>
<td>Cost Recoveries</td>
<td>(154)</td>
<td>13</td>
<td>(141)</td>
<td>(46,137)</td>
<td>(46,278)</td>
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<tr>
<td>Interdepartmental Assessments</td>
<td>11,649</td>
<td>2,348</td>
<td>13,997</td>
<td>33,248</td>
<td>47,246</td>
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<tr>
<td><strong>Total Expense</strong></td>
<td>$290,410</td>
<td>$300,506</td>
<td>$590,916</td>
<td>$390,963</td>
<td>$981,879</td>
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<tr>
<td><strong>OTHER INCR (DECR) IN NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>$5,804</td>
<td>$4,723</td>
<td>$10,527</td>
<td>$7,384</td>
<td>$17,911</td>
</tr>
<tr>
<td>Debt Service &amp; Mandatory Purposes</td>
<td>9,164</td>
<td>1,952</td>
<td>11,115</td>
<td>83,587</td>
<td>94,703</td>
</tr>
<tr>
<td>Endowment Support</td>
<td>(21,876)</td>
<td>(7,845)</td>
<td>(29,721)</td>
<td>(45,488)</td>
<td>(75,209)</td>
</tr>
<tr>
<td>Support/Investment</td>
<td>(2,987)</td>
<td>(20,752)</td>
<td>(23,739)</td>
<td>13,913</td>
<td>(9,826)</td>
</tr>
<tr>
<td>Overhead Allocations</td>
<td>9,504</td>
<td>835</td>
<td>10,339</td>
<td>(10,339)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total other changes in net assets</strong></td>
<td>$(392)</td>
<td>$(21,086)</td>
<td>$(21,478)</td>
<td>$49,057</td>
<td>$27,579</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td>$15,958</td>
<td>$(163)</td>
<td>$15,795</td>
<td>$(15,795)</td>
<td>$(0)</td>
</tr>
</tbody>
</table>
CONSOLIDATED UNIVERSITY BUDGET
 FY 2017 – SOURCES/REVENUES

- Net Tuition: 67%
- Endowment: 7%
- Support & Investment: 1%
- All Other Revenue: 22%
- Net Contributions - Non Endowment: 3%

Net Tuition & Fees: $737.5
University Funded Scholarship: $276.0
Gross Tuition

Net Tuition & Fees
$737.5

University Funded Scholarship
$276.0

Gross Tuition
CONSOLIDATED UNIVERSITY BUDGET
FY 2017 – USES/EXPENSES

- Total Compensation: 60%
- Purchased services: 15%
- All Other Expenses: 14%
- Capital Expenditures: 2%
- Debt Service & Mandatory Purposes: 9%

The pie chart shows the distribution of expenses for FY 2017.
OLD BUDGET MODEL

CENTRALIZED CONTROL

- Open Schools & Provost agreed on enrollment projections
  - If schools meet their original enrollment projections on both the UG and Grad level, they achieve their approved revenue and expense budget targets.
  - If schools exceed their original projections, they get 40% of extra revenue produced that year.
  - If schools miss their original projections because of continuing students transferring (including internally) or because of smaller than projected entering classes, they are responsible for 100% of any shortfall.

- Yearly Budget Adjustments
  - 3% compensation increase
  - Negotiated discretionary funding from Provost for mutually agreed upon priorities
  - Central Funds: Undergraduate aid, undergraduate recruitment, capital projects, space, shared services (libraries, payroll, operations, etc.) REIA-12% (8%-to PIs, 4% to departments)
NEW BUDGET MODEL

DEVELOPMENT AND WORK IN PROGRESS

- Development (FY 15)
  Regular meetings with:
  - Finance Directors
  - Deans
  - Faculty (Fiscal Planning and Budgeting Committee Consultation)

- First Year of Implementation (FY 16). Planned post-implementation review in FY18.

- Continuous tweaking to address implementation challenges and a few issues where perverse incentives exist

- No budget model will ensure all goals are met. And, every budget model requires that (a) all units recognize that there is a collective interest in the success of the institution, faculty, and students; and (b) that there are regulatory controls that are used; and (c) that the model will continue to be refined and evolve over time.
NEW BUDGET MODEL

PRIMARY OBJECTIVES

▸ Ensure that revenue growth disproportionately benefits academic units (e.g. schools)

▸ Recognize that enrollment (particularly graduate) and research requires significant investment on the part of schools in reputation building faculty, state-of-the-art recruitment in graduate enrollment approaches, graduate aid, and academic infrastructure located within schools

▸ Enhance undergraduate cross-disciplinary flexibility and mobility

▸ Recognize that UG enrollment largely depends upon central decisions and will likely require more aid in foreseeable future

▸ Enable development of joint school programs at the graduate level

▸ Enhance predictability, transparency, and accountability

▸ Ensure all schools have ability to meet original costs (”held harmless”)
NEW BUDGET MODEL

PLANNING PARAMETERS

- Undergraduate Tuition Revenues
  - Each college will receive a pro-rata share of undergraduate tuition revenues based on current undergraduate credit hours taught based on a fixed rate.
  - FY17 Fixed Rate: $320/UG student credit hour

- Supplemental Instructional Payment
  - Recognizes that differential costs of instruction and operations among schools.
  - Ensures that schools were “held harmless” and had same resources under both models if enrollment and pricing status quo existed.
  - Will be maintained for three-year planning period assuming performance targets are met.

- Summer (Undergraduate Tuition)
  - 70% retained by the school.
NEW BUDGET MODEL (CONTINUED)

PLANNING PARAMETERS

- Graduate Tuition Revenues
  - On-Campus: 70% retained by the school
  - Off-Campus: 80% retained by the school
  - Online: 85% retained by the school

- Research Incentive based on Indirect Cost Recovery
  - Continue Practice: 8% REIA to PI’s
    4% REIA to Departments
  - New Budget Model: 15% Budget allocation to schools
  - Total Research Support: 27%
NEW BUDGET MODEL

UNDERGRADUATE REVENUE DISTRIBUTION

EXAMPLE

TOTAL COST OF ATTENDANCE
31 CREDITS @ $320/CREDIT HOUR
TUITION = $50,000

Undergraduate

Schools receive $320/credit hour for instructional costs, plus a Supplemental Instructional Payment to account for differential costs of instruction across open schools.

Central administration pays 100% of student aid.

(1) Schools receive 9,920 per student.
Graduate

- Schools pay instruction costs and vast majority of aid, receiving tuition revenues based upon enrollment incentives:
  - On-Campus: 70%
  - Off-Campus: 80%
  - Online: 85%

- Central retains small graduate aid budget to incentivize various enrollment goals (e.g. Diversity Doctoral Packages; Tuition Support for graduate research assistants; etc.)

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**NEW BUDGET MODEL**

**GRADUATE REVENUE DISTRIBUTION**

**EXAMPLE**

**TOTAL COST OF ATTENDANCE**

ON-CAMPUS MASTER’S PROGRAM
18 CREDITS @ $1650/CREDIT HOUR

- 30% (1)
- 50% (2)
- 20%

- Central Ops
- School-based Aid
- School

(1) Includes central-based aid.
(2) Schools receive 14,850 per student.