

UNIVERSITY OF  
WISCONSIN

OSHKOSH

University Budget Development Committee  
Progress Update Forum  
16 December 2015

Where excellence and opportunity meet.™

## OSHKOSH UBDC Charge

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- 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](#)

# OSHKOSH Budget Model Criteria (Random Order)

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- 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

OSHKOSH Budget Level Focus

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Governor + Legislature



Board of Regents



Campuses

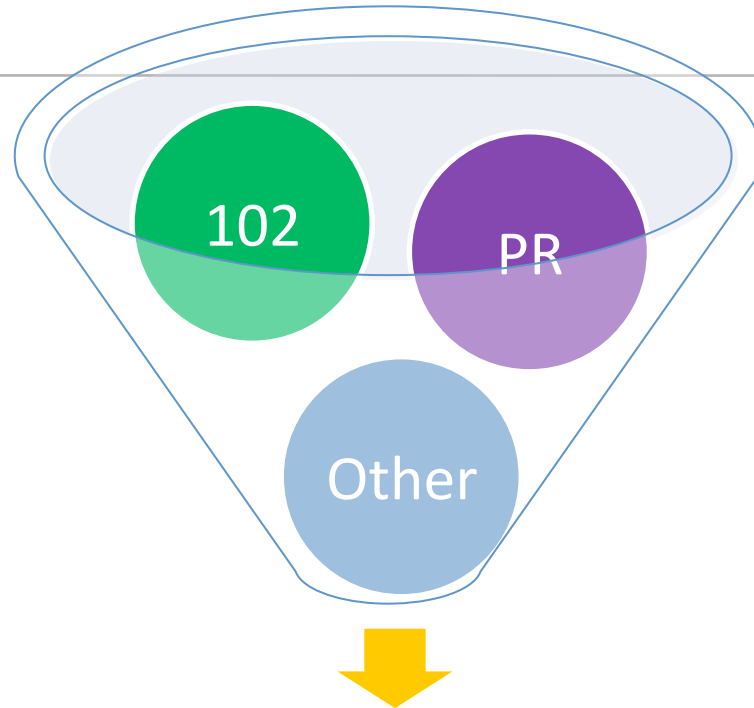


Colleges/Units



Departments

# Alphanumeric Revenue Cocktail



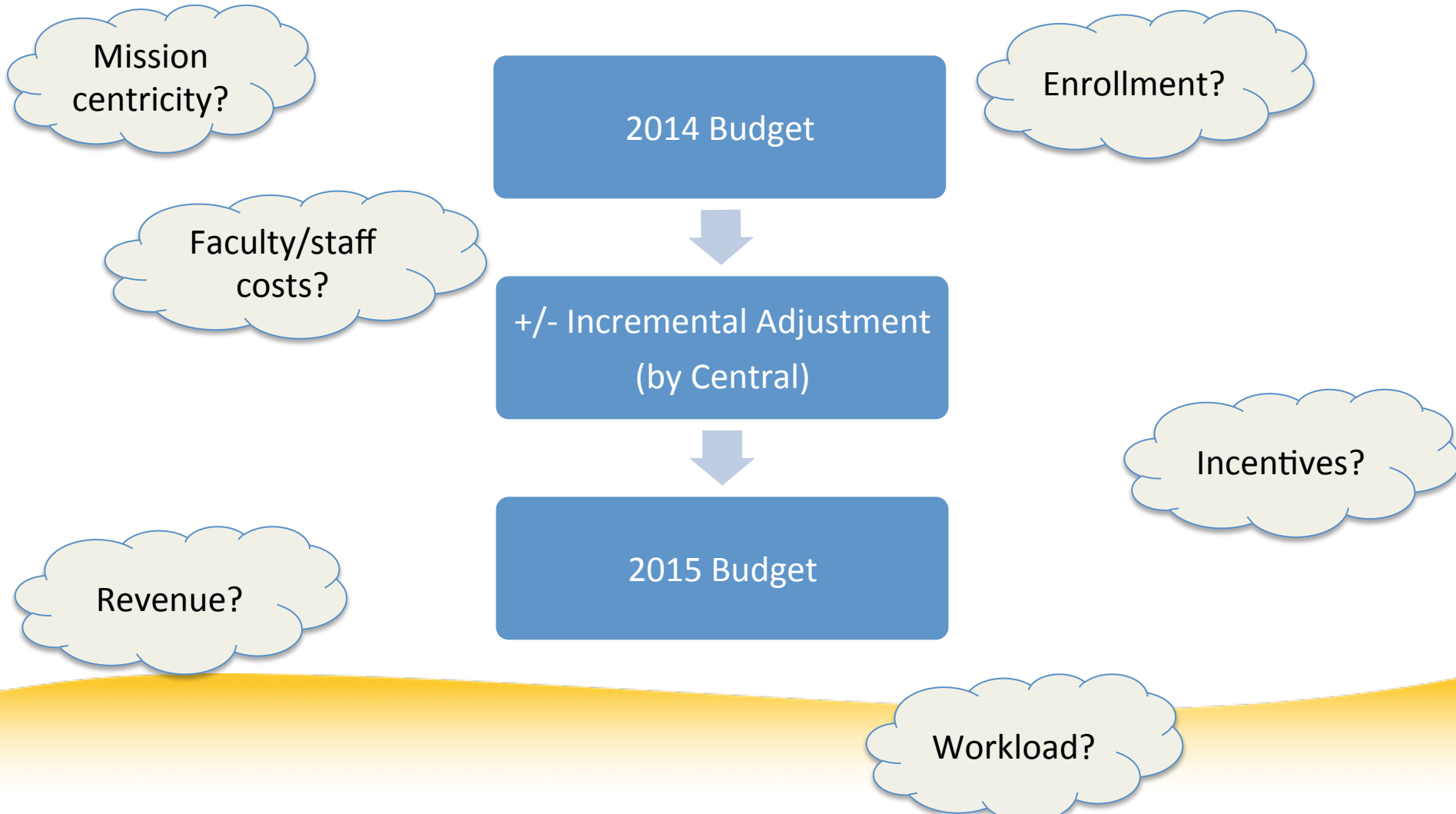
UW Oshkosh Mission

## OSHKOSH Revenue Cocktail Ingredient List

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- 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)



# OSHKOSH So What Have We Been Doing?

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- 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**”

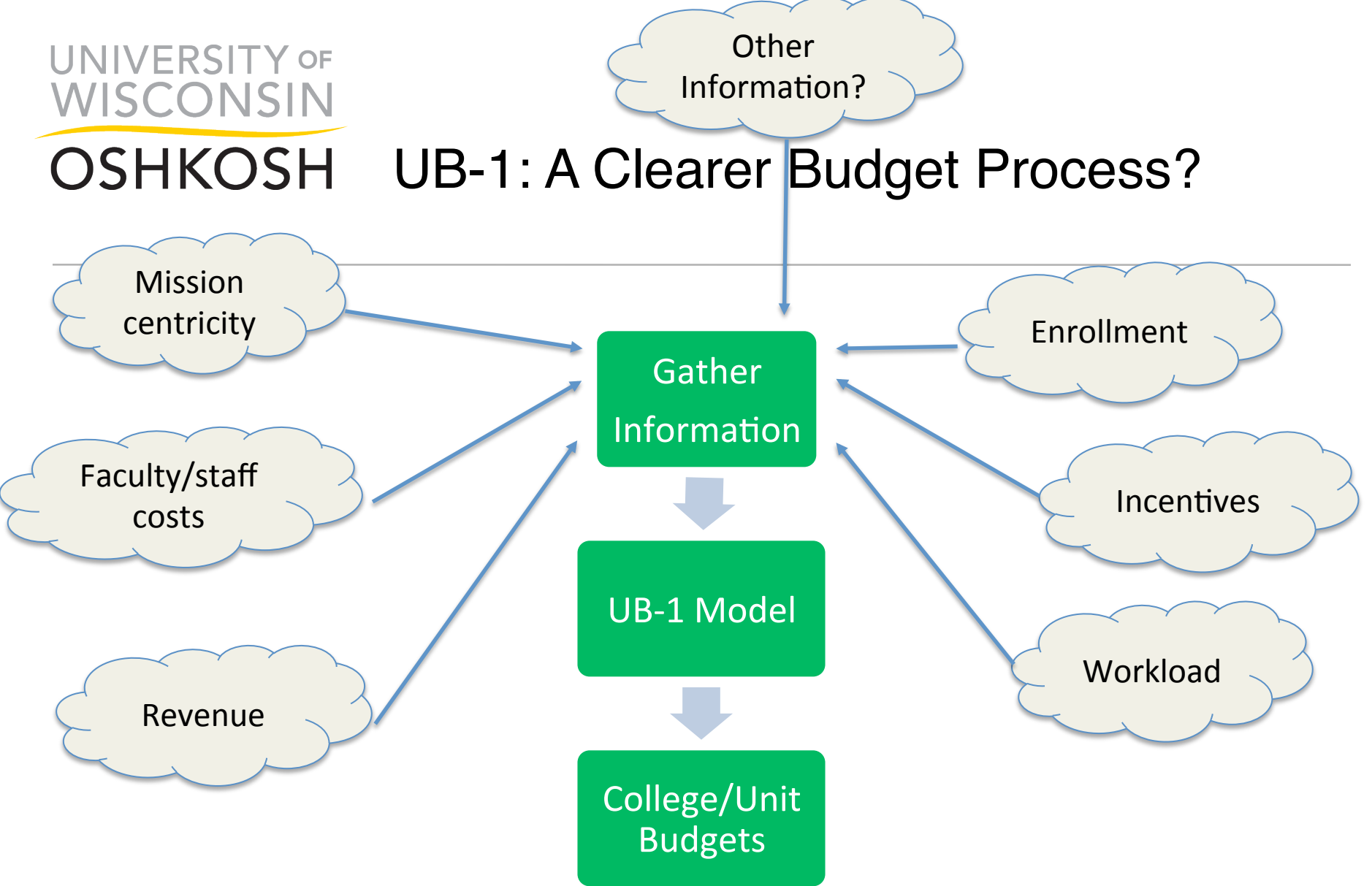


## OSHKOSH UB-1 Idea

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- Hybrid
- Uses elements from...
  - Activity-Based Budgeting
  - Performance/Formula-Based Budgeting
  - Incremental/Zero-Based Budgeting

# UB-1: A Clearer Budget Process?



## OSHKOSH Why Consider UB-1?

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- 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

# OSHKOSH UB-1: Revenue, Costs, Checks

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- **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

- Salaries
  - Fringe benefits
  - Travel
  - Supplies
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- Facilities
  - Assign cost by % of square feet
- Human Resources
  - Assign cost by % of employees
- Library
  - Assign cost by % of SCH

- Division of Academic Support of Inclusive Excellence
    - e.g., LGBTQ Resource Center
  - Center for Equity and Diversity
  - Center for Academic Resources
  - Chancellor's Office
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- **When there is no obvious way to do cost assignment, don't force the issue - fund centrally instead**

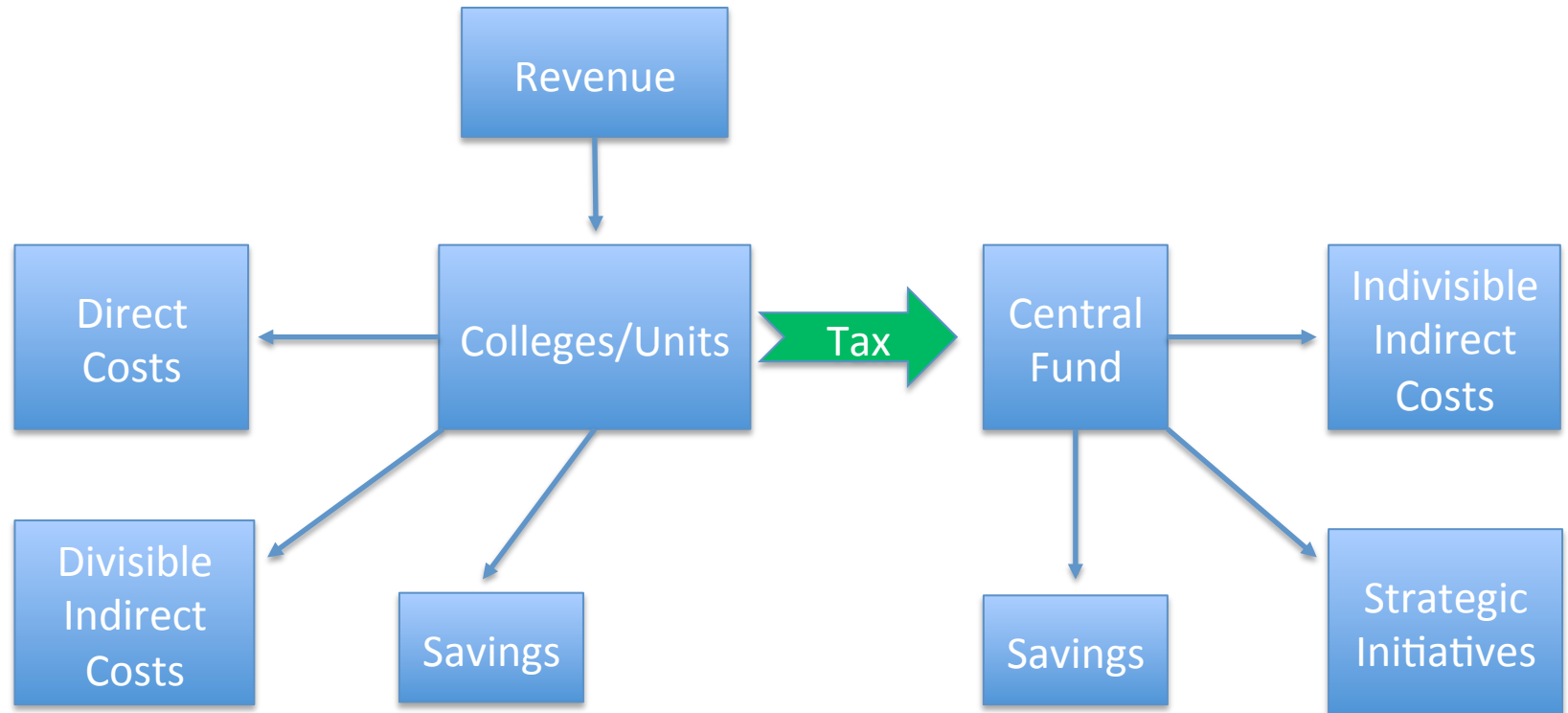


- Create the Central Fund by taxing revenue
  - Tuition tax
  - GPR tax
  - Auxiliary & Segregated fee tax
- The Central Fund covers
  - Indivisible indirect costs
  - Strategic initiatives
- Tax structure means local successes benefit entire campus

- 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

- 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



- 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?