

UNIVERSITY OF
WISCONSIN

OSHKOSH

University Budget Development
Committee

14 October 2015

Where excellence and opportunity meet.™

OSHKOSH UBDC Genesis

- Spring/Summer 2014
 - Former Chancellor Wells begins the process
- January 2015: CSG – Budget Structures
 - Chancellor Leavitt continues the process
- April 2015: White Paper
- April/May 2015: Presentations
- September 2015: UBDC Charged

OSHKOSH UBDC Charge

- Should we change budget structures?
- 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

OSHKOSH Some of the Why: Challenges

- Perennially declining State support
- No general tuition setting authority
- Four-year tuition freeze
- Very low tuition within UW System
- Faculty/staff salaries
- Time to graduation
- Enrollment needs
- Workplace morale
- Opaque financial rudder
- Do more with less

OSHKOSH Budget Structure Levels

Governor + Legislature



Board of Regents



Campuses

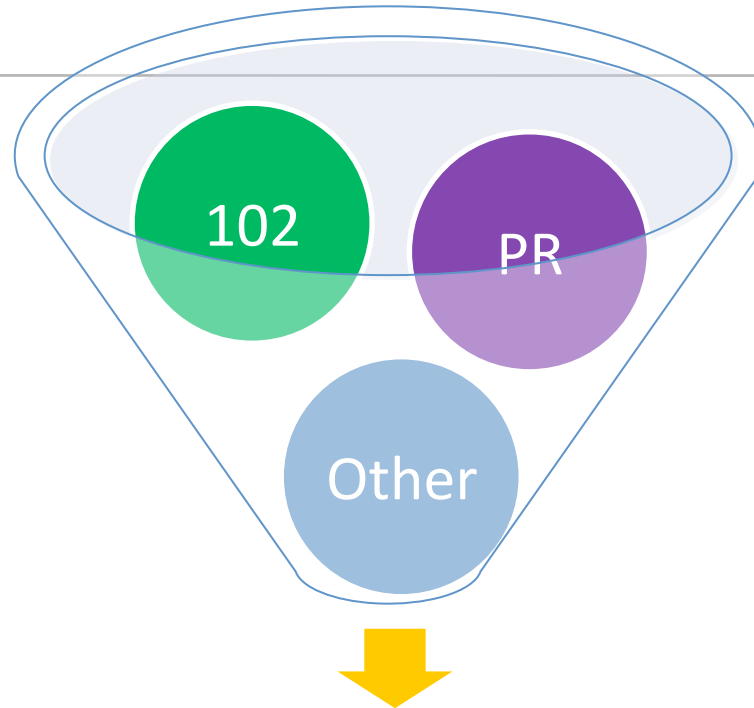


Colleges/Units



Departments

Alphanumeric Revenue Cocktail



UW Oshkosh Mission

OSHKOSH Revenue Cocktail Ingredient List

- 102 = State Subsidy (GPR) + Tuition
- PR = Program Revenue; e.g.,
 - Differential Tuition
 - Cost Recovery Revenue
- Other; e.g., Foundation, Indirect Cost Recovery, Financial Aid

OSHKOSH So What Are We Doing?

- “Operation Bedrock” - blueprinting current budget model
 - “All funds” approach
 - Spending laws and rules
 - Budget 101
 - Nomenclature
 - Transparency
- **Status: Ongoing and time consuming, but essential**
- **More UBDC information and feedback options at**
 - [UBDC Website](#)

First Major Questions:

Q1: SHOULD UW OSHKOSH CONTINUE TO USE THE CURRENT INCREMENTAL BUDGET MODEL AS IT CURRENTLY OPERATES AT THE UNIVERSITY TO COLLEGE/UNIT LEVEL?

Q2: WHAT INFORMATION DOES THE UBDC NEED TO ANSWER THIS QUESTION?

OSHKOSH Budget Model Criteria (Random Order)

- 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 Incremental Budget Management (IBM)

- Centralized – allocation determined by university and sent to colleges/units
- Mostly a cost-only allocation
- Prior allocations have heavy influence
- Allocations are adjusted via increments

OSHKOSH IBM Schematic (102)

Mission
centricity?

Enrollment
growth?

2014 COLS
Allocation



+/- Increment
(central)



2015 COLS
Budget


Faculty/staff
costs?

Incentives?

Revenue?

Workload?

OSHKOSH IBM: Some Advantages

- Relatively easy to administer
 - Traditionally popular in higher education
 - Induces stability in year-to-year funding
 - Few metrics to create and argue
- 

OSHKOSH IBM: Some Disadvantages

- Problematic incentives concerning...
 - innovation
 - controlling costs
 - growing enrollment
- Can induce imbalanced workloads
- Often opaque
- Reallocations are painful, often perceived as zero-sum-games based on influence and deals rather than transparent metrics

OSHKOSH Other Budget Mechanisms Here

- Cost Recovery Programs (CRPs); e.g., CAPP, Remedial Math, EMBA
 - Activity-based model (RCM)
- Segregated fees and differential tuition
 - Zero-based model
- Reeve Union (e.g., this room)
 - Formula-based model
- Tuition revenue target (BOR level)
 - Performance-based model

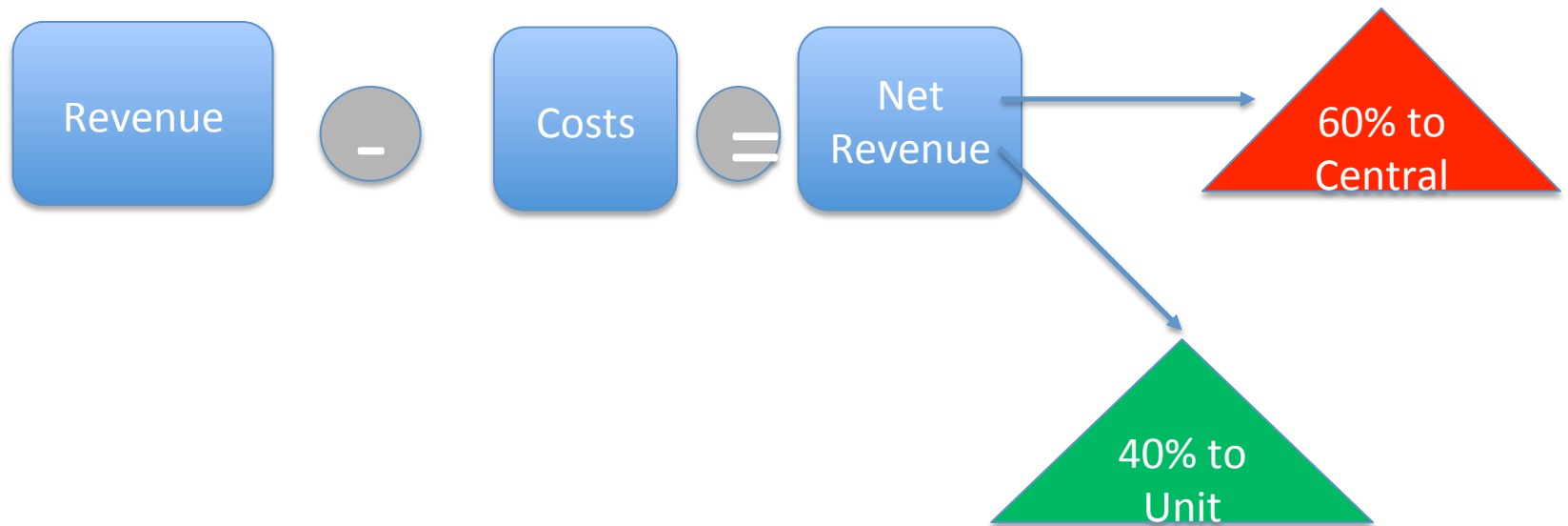
OSHKOSH Tuition Revenue Target

- Current tuition target = 60 million
- If we exceed 60 million, we keep the excess
- If we are below 60 million, we are responsible for the shortfall
- All “standard” undergrad and graduate programs contribute to the target
- PR does not contribute to the target
- (Performance-based model)

OSHKOSH Cost Recovery Programs (CRPs)

- Tuition revenue target = 60 million
 - All standard undergrad and graduate programs
- CRPs can't usurp students from tuition target
- Proposals need approval at several levels
- WISDM account for CRP
- (Activity-based model)

Cost Recovery Program Flow



OSHKOSH Seg Fees and Differential Tuition

- Submit detailed budget request (e.g., career services)
- Reviewed by relevant committee
- Available funds determined
- Allocation amount determined
- Repeat process each year
- Used to enhance scores of student-based programs
- (Zero-based model)

OSHKOSH Reeve Union: Room Usage

- Submit room request
- Add amenities (e.g., microphone, laptop)
- Pay set price per room and per amenity
- Total bill created and charged
- (Formula-based model)

OSHKOSH Outside UBDC Purview

- Strategic planning
- Strategic realignment
- Current budget cuts
- Intra-college and departmental issues

OSHKOSH Possible Timeline (if we change)

- Recommendation by 31 January 2016
- Spring/Summer 2016: Prepare for shadow implementation
- Fall 2016 – Spring 2017: Shadow budget
- Spring 2017 – Summer 2017: Adjustments
- Fall 2017 – Spring 2018: Run live, monitor, adjust
- August 2018: UBDC dissolves

- What are your experiences trying to understand the budget model?
- What is causing anxiety?
- What do you not want to happen?
- What do you “dream of” in a budget model?
- What do you want us to explain next time?