

University Budget Development Committee

Frequently Asked Questions^{1,2}

Version: October 2015

What is the UBDC and what is its history?

The UBDC (University Budget Development Committee) is a group of eleven faculty, staff, and students assembled by Chancellor Leavitt in September 2015 to produce a recommendation regarding the current university-to-college/unit budget model. The UBDC's charge, membership, and other pertinent information can be found at:

<http://www.uwosh.edu/forward/university-budget-development-committee-ubdc/>

The process of better understanding the budget structure and the quest for possible improvements began under former Chancellor Wells in Spring/Summer 2014. Chancellor Leavitt continued this effort by forming the Chancellor Study Group – Budget Structures in January 2015, which produced a white paper in April 2015 (located on the UBDC website). The UBDC is the current step in this ongoing process.

How can I interact with the UBDC?

The UBDC is engaged in ongoing interactions with the governance groups and the general campus community through meetings, workshops, listening sessions, update forums, and the aforementioned website, which includes a field for submitting anonymous questions and comments. Listening sessions and update /feedback forums will be held throughout fall 2015 and will be announced via campus email. Additionally, the UBDC will reach out to stakeholders upon request; contact the UBDC chair (ubdc@uwosh.edu).

What is the UBDC's expected timeline, if changing models is warranted?

- The UBDC recommendation deadline is 31 January 2016
- Spring/Summer 2016: Prepare for a trial implementation of the prospective budget model
- Fall 2016 – Spring 2017: Run a non-live trial version of the prospective budget model parallel to the existing model
- Spring 2017 – Summer 2017: Assess the performance of the trial run and make adjustments
- Fall 2017 – Spring 2018: First live run of prospective model; closely monitor; make adjustments
- August 2018: UBDC dissolves

What type of budget model has UW Oshkosh used historically?

¹ This is an evolving document and will be updated near the first of each month to include developing questions and concerns.

² Acronyms are typically defined upon first use and also in the glossary.

UW Oshkosh has traditionally used an Incremental Budget Management (IBM) model, sometimes called a Base-Plus or Historical Budget Model. Under IBM, colleges/units are allocated approximately what they were in the prior year with minimal adjustments made for successes (e.g., enrollment growth, program development) and with minimal penalties for lagging performance (e.g., major count declines, small class sizes). Given the ongoing budget cuts at the State level, the colleges/units have generally received lesser amounts of money each year (i.e., negative incremental adjustments).

Why consider changing budget models?

While once very popular in higher education, IBM has ebbed as the pressure to do more with less has increased. This trend exposes some of IBM's inherent weaknesses, among them: poor transparency and problematic incentives regarding revenue generation and cost controls.

Why not simply improve the current IBM model?

It may be possible to successfully modify IBM to function more effectively, and the UBDC will consider this as an option if the current model, as it currently operates, is deemed unsatisfactory.

What are some advantages and disadvantages of IBM?

Some Advantages:

- Easy to administer
- Traditionally popular in higher education
- Facilitates planning because budgets change little year to year
- Few metrics to maintain and argue

Some Disadvantages:

- Problematic incentives for:
 - innovation
 - controlling costs
 - revenue creation
- Difficult to make transparent, even by those that administer it
- Can induce "entitlement mentality" wherein allocations are received because of historical practice and not because of relevance, mission centrality, quality, or need
- Can induce workload imbalances across colleges/units
- Reallocations are painful, often perceived as zero-sum-games based on influence and deals rather than transparent metrics.

I have heard that a new budget model is already being developed, is that true?

No. As of this version of the FAQ, the UBDC is the sole campus entity charged with the consideration and recommendation of a possible budget model changeover at the university-to-college/unit level. Part of the UBDC charge is to outline an alternative model if, and only if, the committee determines that the current model is no longer satisfactory.

I have heard that Responsibility Center Management (RCM) is a fait accompli, and I am concerned because my area makes little or no revenue.

RCM is not a forgone conclusion at this time. It is one of several models that will be considered if the current model is determined to be unsatisfactory. As for revenue generation: like all budget models, RCM makes logical allocations for non-revenue generating areas (e.g., Human Resources, Library) by channeling cross subsidies.

What will happen to my major, program, or department?

The answer to this question is generally outside the UBDC's purview. At present, the decision to move away from the current model has not been finalized. And even if the UBDC recommends doing so, the change would be at the university-to-college/unit level; i.e., deans and unit heads would retain the autonomy they currently have to run their areas as they see fit. Strategic decisions about programs, majors, etc. are, however, currently being considered through the University Strategic Planning and Implementation Process. The UBDC is a separate, longer-term process with a 2-4 year timeline.

How does the current budget model impact student fees? And how would a new budget model impact fees?

Current student fees, such as Differential Tuition (DT) and Segregated Fees (SF), are not part of the current IBM structure. Instead, they are accumulated and allocated through a separate process overseen by the Chancellor, Student Affairs, students, and other stakeholders. As required by state law (Chapter 36, 36.09(5)), students work in consultation with the Chancellor and are subject to final approval by the Board of Regents (BOR) to determine the disposition of student fees. The student-led Segregated Fees Committee and Differential Tuition Committee must abide by UW Oshkosh and UW System policies on how fees are appropriated. A concise summary of how this process operates can be found at:

http://www.uwosh.edu/student_financial/student-accounts/tuition-and-fees/segregated-fees

If the university chooses a new budget model, it must align with Statute and BOR rules. UW Oshkosh rules and practices may or may not change.

Acronym Glossary

BOR: University of Wisconsin System Board of Regents.

DT: Differential Tuition is a fee charged per student above and beyond the standard tuition rate.

GPR: General Program Revenue (from taxpayer dollars).

IBM: Incremental Budget Management is a mode of budgeting historically popular in higher education. It is sometimes call a Base-Plus Budget model.

RCM: Responsibility Center Management or Revenue-Cost Management is a family of incentive-based budget models

PBBM: Performance-Based Budget Management is another type of budget model that indexes funding hitting performance targets.

SF: Segregated Fees are fees charged to students above and beyond the standard tuition rate.

ZBBM: Zero-Based Budget Management is another type of budget model, generally centralized in nature.