

Budget-y Words

Budget: Amount of money a unit can (or does) spend

Budget Model: Method for allocating budgets

Budget Process: Method for reviewing budgets and model

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Notes:

- Only discussing on-going budgets (not one-time)
- All numbers are yearly amounts
- All numbers based on Summer 2016 projections of 2016-17 budget
- All numbers have been rounded and are only for qualitative comparisons
- This presentation focuses on the mechanisms and not on their analysis or evaluation.

RCM: Responsibility Centered Management

RCM delegates operational authority to units within an institution

First implemented in U Penn in 1974.

Many university implement some version of it.

(e.g. Iowa State, Rutgers, Indiana, Arizona, Duke, Harvard, Michigan)

No two implementations are the same.

UCR Income

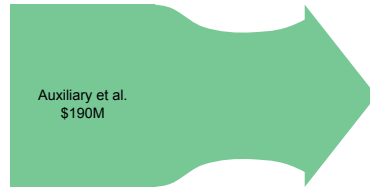
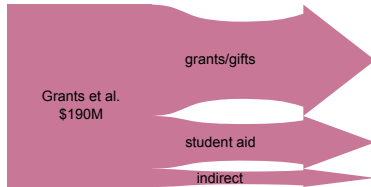
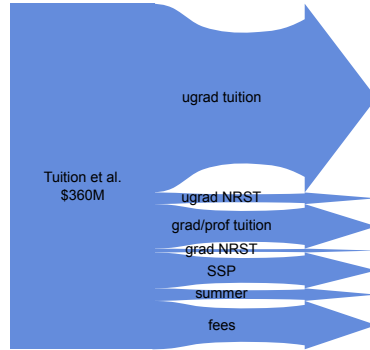
State
\$250M

Tuition et al.
\$360M

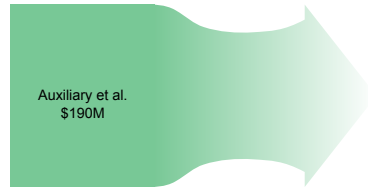
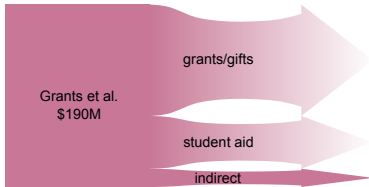
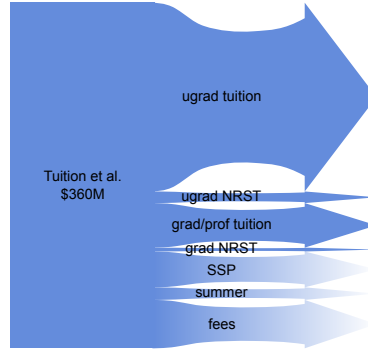
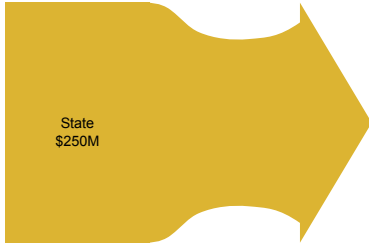
Grants et al.
\$190M

Auxiliary et al.
\$190M

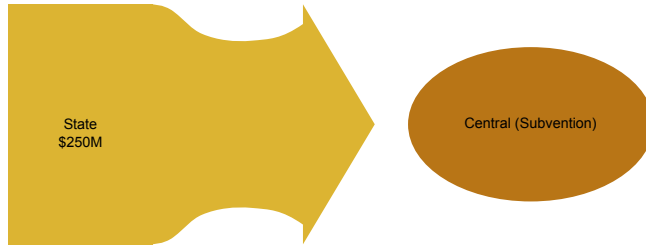
UCR Income



UCR Income

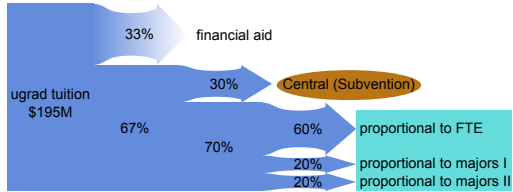


State

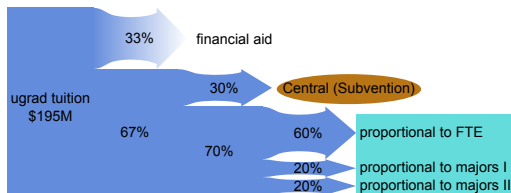


State money set aside for subvention (to be explained later)

Tuition



Tuition



proportional to FTE: to each college proportional to undergraduate FTE
($\approx \$306/\text{student}/4\text{-unit course}$)

proportional to majors I: to each college proportional to undergraduate majors
($\approx \$1148/\text{major}$)

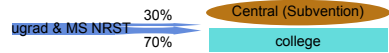
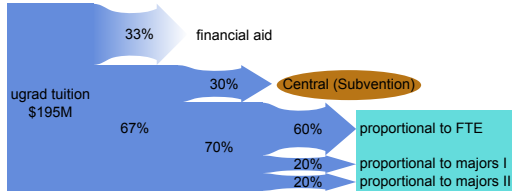
proportional to majors II: as I, but only proportional to improvement toward 75% grad rate:

$$\approx \$1148 \times \max \left(0, \min \left(1, \frac{r - r_0}{0.75 - r_0} \right) \right)$$

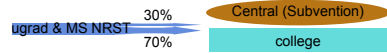
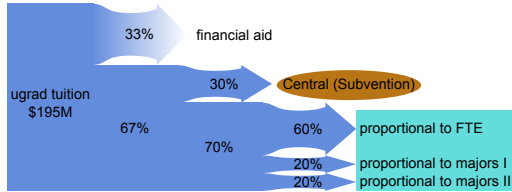
r = current 4-year grad rate

r_0 = 2010 entering class 4-year grad rate

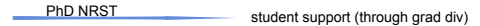
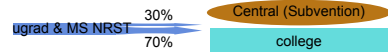
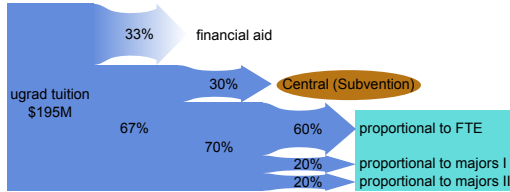
Tuition



Tuition

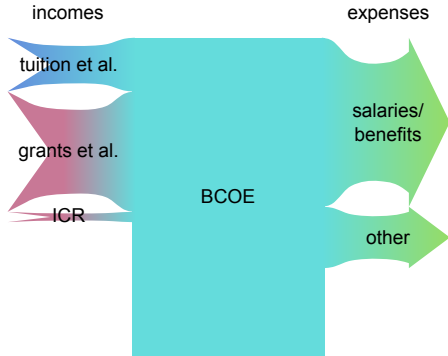


Tuition





College Budget



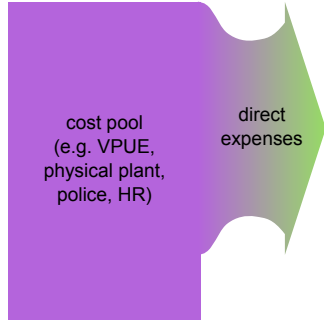
- There are no “faculty lines” or “TA lines”
- Units are (more-or-less) free to allocate money to expenses

Cost Pool

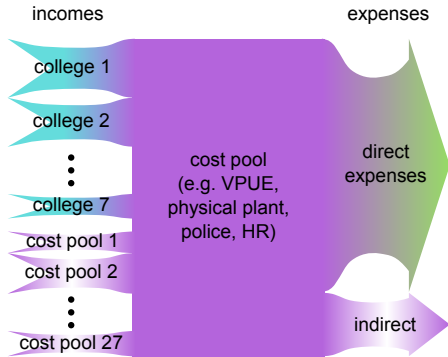
incomes

expenses

Total budget (height) set by governance committee



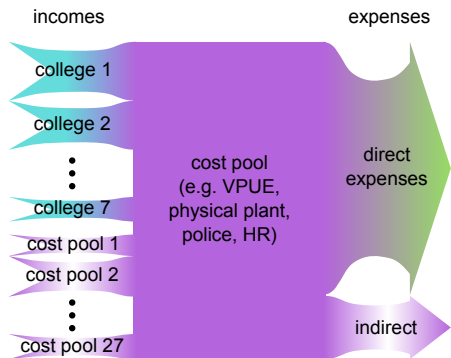
Cost Pool



Total budget (height) set by governance committee
Charged to other units proportional to "cost driver"
e.g.

- physical plant: square foot utilized
- police: total FTE (academics, staff, students)
- grad division: grad + prof FTE
- ugrad education: ugrad FTE

Cost Pool



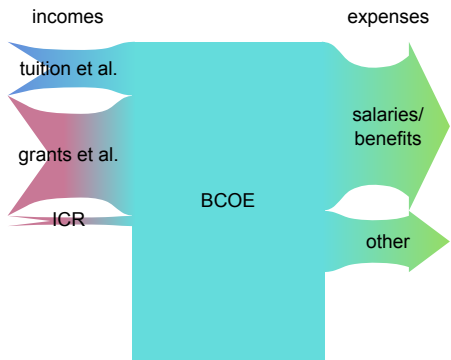
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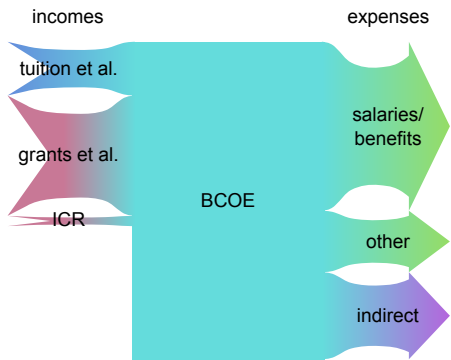
Current (approx) charges per FTE/sqft:

Faculty	Lecturer	Staff	UGrad	Grad	TA/GSR	1K sqft
\$22 000	\$10 000	\$8 000	\$3 000	\$4 000	\$7 000	\$17 000

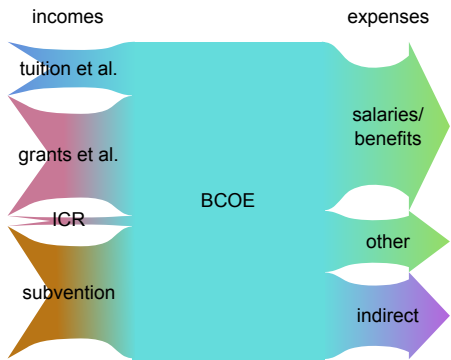
College Budget



College Budget

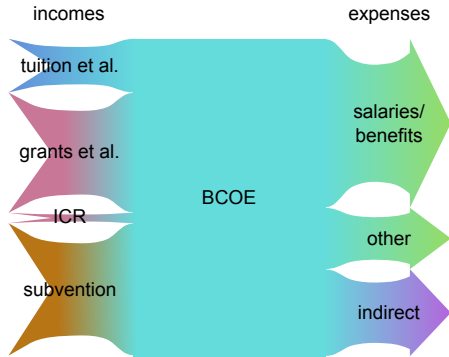


College Budget



Subvention initially set to make 15-16 budget balance

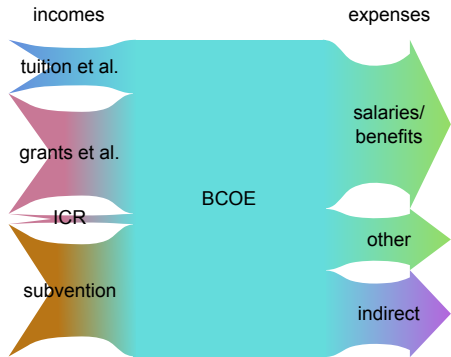
College Budget



Subvention initially set to make 15-16 budget balance
Subvention increases to cover

- merits, promotions
- benefit changes
- cluster hires' initial salary

College Budget



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Rough subvention ratios:

	BCOE	CHASS	CNAS	GSOE	SOBA
subvention : tuition	2.1	0.7	2.7	3.8	0.6
subvention : total revenue	0.6	0.6	0.7	1.5	0.2

How to Adjust Budget

Increasing students

- Increases revenues
- (Potentially) Increases direct costs
 - ▶ Depends if faculty/lecturers/staff must be added
- (Potentially) Increases indirect costs
 - ▶ Depends on how cost pool budgets scale (average cost \neq marginal cost)
 - ▶ Depends on whether FTE/major is “at the expense” of another unit (inc. denominator for cost pool alloc.? or transfer cost from another unit to your own?)