University of Florida 5 Year Budget Review

Steering Committee Role and Responsibility

- Defined the scope of the review process, project goals and guiding principles.
- Ensured that the resulting project plan, implementation efforts, and resources required aligned with the University's strategic goals and initiatives.
- Provided leadership and guidance for any decisions, issues, and risks that were escalated by the Budget Review Task Force.

Task Force Role and Responsibility

- Responsible for performing a review of the current Budget Model and related business processes.
- Identified the specific work streams to be carried out based on guidance provided by the Steering Committee.
- Created working groups as needed and made all work assignments.
- Provided guidance and support for participation from within the university to enable appropriate decision making.
- Escalated issues to the Steering Committee when appropriate.
- Provided monthly status reports to the Steering Committee.

Desired Outcomes Addressed

- Simplify the Model
- Model should be:
  - Predictable
  - Ensure alignment with University strategic goals
  - Provide Clarity
- Creation of Dedicated Provost Strategic Fund
- Incentivize Specific Activities

Common Concerns We Focused On

- Weights
- Classification of space
- Calculation too complicated
- Budget is a surprise each year
- Can't predict outcomes of decisions
- Degree production not incentivized
- Retention not incentivized
- Interdisciplinary programs not incentivized
- Research not incentivized (linear tax)
- IDC vs SPA Tax
- Tax Driver/Assessment Metrics
- Start up issues for entrepreneurial activities
- Capped enrollment
- Tuition allocation
- Waivers
- Self funded courses lead to faculty overload
- Tax creep
- Subvention
- Strategic Fund

Overview of Work

- Reviewed methodology for Base Budget and Subvention
- Identified process issues – what is working, what needs improvement
- Reviewed weights and their use
- Reviewed variable tax rates
- Reviewed methods for funding Provost Strategic Fund
- Reviewed how Tuition is allocated
- Reviewed dependence on State timelines
- Reviewed Support Unit budgeting process
- Provided ranked options/recommendations for changes to current model

Overview of Work

Committee focused on a model for:

Colleges -

- General fund revenues (Tuition, State Appropriations) all flow to central administration – then distributed to Colleges
- Colleges receive a significant portion of their revenue as a function of what they do (Tuition & IDC)
- State appropriation used to help pay for General Fund Supplement
- Colleges pay a set of revenue taxes: IT, General Administration, Health Science Center Administration, and a Facility Assessment based on square footage and type of space

Overview of Work (continued)

Distribution of revenues to Colleges

- Distribute all (collected/net) tuition using 70/30 teaching/enrollment except for new undergraduate student out of state fee – Differentiate tuition from fee
- Revenues from new undergraduate out of state students (Fall 2015 – 300 new students = approx. $3.1m) will establish the Provost Strategic Fund
- Distribute General Fund Supplement to hold harmless for FY 2017 – same budget as FY 2016 – with additions for FY 16 raises, Preeminence changes, PO&M
- General Fund Supplement will be the same in future years unless significant or strategic changes occur
- OH assessed using fixed rates on revenues (GA/IT; HSC), Facilities no change – commitment is that support units costs will be managed and controlled to stay within this budgeted revenue stream – significant unfunded mandates may require special assessments
- Tuition revenue determined using terms from CY 2015 (Spring, Summer, Fall 2015)
- This actually generates additional new revenues over prior (hold harmless) years – waiting on final appropriation numbers to determine how to handle this new revenue

Overview of Work (continued)

Auxiliaries -

- Auxiliary unit's budgets lie outside of the general fund but are taxed
- Auxiliaries pay tax on expenditures: IT and General Administration (Note for Facilities costs: many own their own space or are funded through PO&M)

Support Units and Other -

- Provost in consultation with Sr. VPs sets budgets for Support Units
- Library and Student Services funded by the Provost
- State funded Service Centers and other appropriated units funded by State appropriation
- Other distribution/assessment arrangements stay the same for the upcoming budget year (FY 17)

Overview of Work (continued)

Research – Sponsored Program Assessment Desired Outcomes

- Minimize disincentives or penalties within the previous expenditure-based model for low IDC bearing grants and contracts
- Achieve better predictability for IDC distributions to the units
- Minimize the perturbation in distribution to any given unit in making the transition to the new model.
- Distribute returned IDC so as to support research operations and infrastructure, factoring in research costs and other available resources within a given unit

Overview of Work (continued)

Research – Sponsored Program Assessment

- Proposed New Model
  - It is not based on expenditure data. Instead, the amount of SPA tax assessment is based on a percentage of total accrued IDC to a given unit in the prior year.
  - The percentage applied for assessing the SPA tax is not the same for all units. Instead, there are four tiers:
    - Tier 1 (36.8%): High research intensity, high in-unit research infrastructure costs, little or no additional resources to support research infrastructure
    - Tier 2 (49%): High research intensity, high in-unit research infrastructure costs, some additional resources available to support research infrastructure
    - Tier 3 (53.5%): Units with research portfolios that have additional resources to support research infrastructure, lower in-unit research infrastructure costs, or have lower research intensity
    - Tier 4 (75%): Units with little or no research activity; 25% of the returned IDC is reserved in the event that a PI, dept, or center is eligible for returned IDC under UF policy.

Overview of Work (continued)

Research – Sponsored Program Assessment

- The overall model was required to collect very near the same total amount of SPA tax as was collected in FY 16, effectively using FY 16 as a baseline
- The individual percentages for each tier were optimized to yield manageable shifts in SPA tax within the context of FY 16's tax.
- No change to existing distribution policy for PI's, Departments or Centers
- As the research portfolio grows, this model allows the available resources for central research services supported by SPA (Office of Research, Contracts & Grants, EH&S, Cost Analysis) to increase proportional to IDC growth. In addition, this same group of units will need to be able to withstand fluctuations downward in IDC in any given year.

Approvals and Next Steps

Approvals

- Reviewed with Budget Review Task Force – January 25
- Reviewed with Sr. VPs – February 2
- Reviewed with Executive Steering Committee – February 9

Next Steps

- Review with Faculty Senate – April 21
- Make final adjustments and run the final model – April 25 – May 2
- Determine next steps for further refinement to model for FY 2018 and gain Executive Steering Committee endorsement – reconvene the Task Force

Questions?