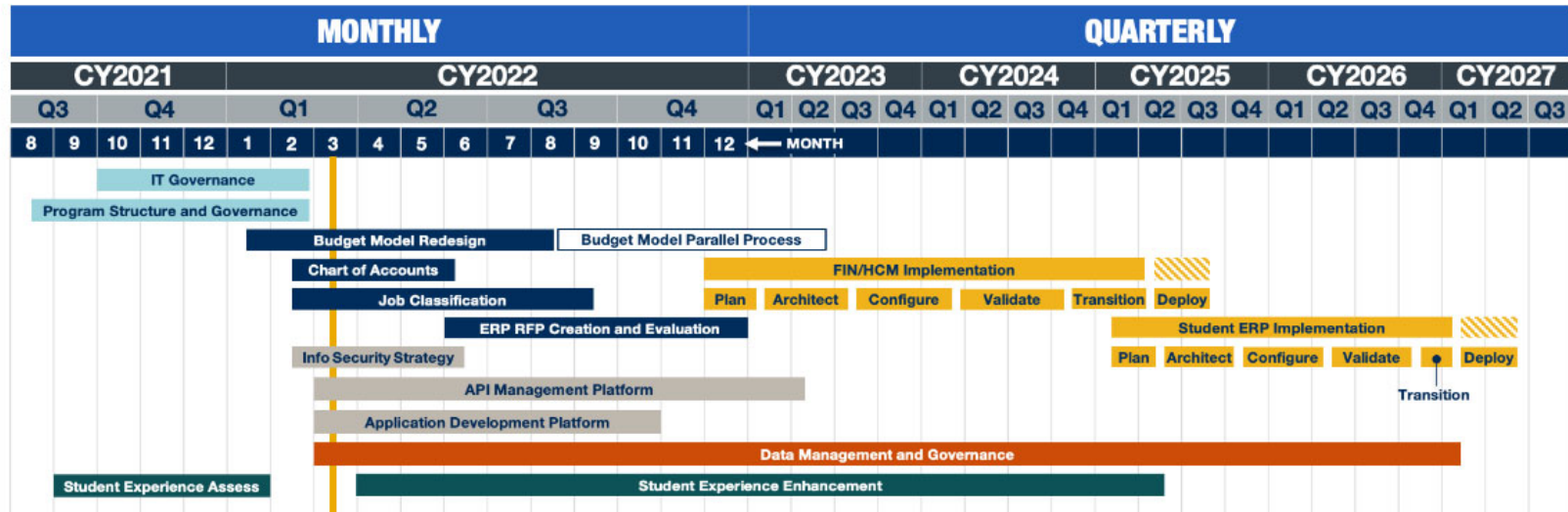


Institutional Budget Models: The Ugly just got Uglier

Matt Wilson

WVU MODERNIZATION PROGRAM ROADMAP



★ We are here

Under Assessment (Timeline TBD):

- Content Services Platform
- Robotic Process Automation (RPA)
- Digital Experience Platform
- Knowledge Base and Digital Assistant

Legend

- GOVERNANCE ESTABLISHMENT
- IT / TECHNICAL PROJECTS
- ERP PREPARATION
- DATA MANAGEMENT AND GOVERNANCE
- ERP IMPLEMENTATION
- STUDENT EXPERIENCE ENHANCEMENT

ALLOCATING REVENUE TO THE ACADEMIC UNITS

Revenue	Design Team Recommended Allocation Metrics
Undergraduate Tuition	<ul style="list-style-type: none"> ✓ 80% College of Instruction (<i>using Credit Hours Instructed</i>) ✓ 20% College of Record (<i>using Credit Hours for Student's Declared College of Record</i>)
Graduate / Professional Tuition	<ul style="list-style-type: none"> ✓ 100% College of Record
University Online Tuition	<ul style="list-style-type: none"> ✓ Base: 80% College of Instruction; 20% College of Record
Scholarships / Financial Aid	<ul style="list-style-type: none"> ✓ UG: 80% College of Instruction / 20% College of Record ✓ GR / PR: 100% College of Record
Student Fees	<ul style="list-style-type: none"> ✓ 80% College of Instruction; 20% College of Record (<i>General Student Fees Only</i>)
State Appropriation	<ul style="list-style-type: none"> ✓ Research Subsidization ✓ State Formula Funding: Degrees Awarded & CHP by College of Instruction
Indirect Cost Recovery	<ul style="list-style-type: none"> ✓ F&A Recovery Directly to Unit

ALLOCATING EXPENSES TO THE ACADEMIC UNITS

Cost Pools	Sample Components	Design Team Recommendations	
Academic Support	<ul style="list-style-type: none"> / Office of the Provost / Libraries / Enrollment Management 	<ul style="list-style-type: none"> / University Registrar / Academic Affairs Support / Student Financial Services 	Faculty and Student FTE
Facilities	<ul style="list-style-type: none"> / Utilities / Environmental Health and Safety 	<ul style="list-style-type: none"> / Facilities Management / Physical Plant 	Net Assignable Square Footage
General Administration	<ul style="list-style-type: none"> / Human Resources / Information Technology / Office of the President 	<ul style="list-style-type: none"> / Finance and Administration / Shared Services / University Relations 	Total Direct Expenditures
Research	<ul style="list-style-type: none"> / WVU Research Office Admin / Research Office / Sponsored Programs 	<ul style="list-style-type: none"> / WVU Centers and Institutes / Regional Research Institute / Research and Economic Dev 	Research Expenditures
Student Affairs	<ul style="list-style-type: none"> / Dean of Students / Office of VP of Student Life / Office of International Global Outreach 	<ul style="list-style-type: none"> / Residential Education / SL Student Success / Center Black Culture 	Student Headcount
Budget Control	<ul style="list-style-type: none"> / General Ops. (Debt Services) / Central Costs (Insurance) / Institutional Event Costs 	<ul style="list-style-type: none"> / Leases/Real Estate / Fringe Accounts 	Total Direct Expenditures
HSC Administration	<ul style="list-style-type: none"> / HSC Research / HSC Academic Support 	<ul style="list-style-type: none"> / HSC General Administration / HSC Facilities 	(See above)

STRATEGIC INVESTMENT POOL

Central Funding Mechanism

Rationale	<ul style="list-style-type: none">✓ The sum of the parts is not optimal for the whole therefore the university needs the ability and flexibility to act as one entity with respect to key initiatives
Funding Source	<ul style="list-style-type: none">✓ Central funds are centrally retained and/or generated revenues purposed for mission and strategic investment
Fund Principles	<ul style="list-style-type: none">✓ The Strategic Initiative Pool can be a useful management tool to help fund long-term initiatives by advancing capital, provide critical subsidies to kick-start initiatives✓ Funding size should enable leadership to “steer,” which will ultimately benefit the university mission as a whole✓ Funds provided to any unit should never be viewed as an annual entitlement only as a way to kick-start initiatives✓ The model uses a participation fee to generate the central fund, applying a participation rate to selected revenues. Having a diverse revenue portfolio rather than a single source allows for stability✓ Participation fees need to ensure “neutral starting points” at implementation; thus, the rate needs to be high enough to ensure surpluses are available to fill all Academic Unit deficits

REVENUE GENERATING UNIT EXAMPLE

REVENUE (ALLOCATED AND DIRECT)	
Undergraduate Tuition	\$10,640,000
Graduate / Professional Tuition	\$3,810,000
University Online Tuition	\$3,525,000
Scholarships / Financial Aid	(\$3,850,000)
Student Fees	\$1,020,000
State Appropriations	\$4,350,000
Indirect Cost Recovery	\$8,595,250
Total Revenue (Allocated and Direct)	\$28,090,250

DIRECT EXPENSES	
College Expenses (Direct)	\$17,400,000
ALLOCATED COSTS	
Academic Support	\$1,520,000
Facilities	\$1,795,000
General Administration	\$1,005,000
Research	\$225,500
Student Affairs	\$730,000
Budget Control	\$85,000
Total Direct Expenses and Allocated Costs	\$22,760,500

INVESTMENT (RATE CHARGED TO REVENUE)	
Profit or Loss	\$5,329,750
Strategic Participation Amount	\$5,618,050
Profit or Loss	(\$288,300)
University Investment	\$288,300
Profit or Loss	-

HIGHER EDUCATION IN TRANSITION



PennState

*“Currently, we have a **\$140 million** structural budget deficit . . . In June 2022, the University had **\$350 million** in reserves and was using those reserves to fund commitments of more than **\$100 million** a year. . . . This budget deficit, the internal and external pressures we face, the exhaustion of our institutional reserves, and the direction of our Board of Trustees have necessitated that we take swift action to ensure Penn State has a bright and thriving future. I know we are up to the challenge.”*

- Neeli Bendapudi, President



*“Our already approved budget for the **current** year anticipates a gap between recurring expenses and recurring revenues of approximately **\$125 million** at the end of the fiscal year.*

. . . I know it feels like we are just emerging from a really hard period, and now I’m sharing additional challenging information. But I wouldn’t be here if I didn’t believe so deeply in our ability to rise to those challenges and continue to serve the state of New Jersey, the nation and the world.”

- Jonathan Holloway, President



*“We have **\$305 million** in revenue and **\$330 million** in expense; that’s not the model we need, so we have a game plan in place to strengthen our financial resiliency.”*

- Brad Smith, President

JULY 2023

JULY 1

Report due to Provost Office identifying programs of concern based on data-driven assessment

JULY 10

FACULTY SENATE

JULY 10 (WEEK OF)

Deans and Chairs notified of programs of concern that will be subject to the program review process

Campus Community notified of programs of concern that will be subject to the program review process

JULY 11 - 31

Deans and Chairs will seek input from Faculty and Staff on the Program Review Self-Study Form before it is submitted to the Provost's Office

JULY (TBD)

BOG MEETING

- Vote on Rule 4.7 and Rule 3.9 as amended
- Vote on Faculty and Classified Staff Severance Package Schedule
- Discussion of programs of concern that will be subjected to the program review process

SEPTEMBER 2023

SEPTEMBER 6

Appeal Process is completed. All of the Provost's Office Final Recommendations for Program Reduction and Discontinuation will go to Board of Governors.

SEPTEMBER 11

FACULTY SENATE

- Present finalized Final Recommendations for Program Reduction and Discontinuation that will go before the Board of Governors
- Review BOG speaking schedule and rules for public comment

SEPTEMBER 14

BOG MEETING

- Financial Update
- Update on progress with Academic and Non-Academic Transformation Plans
- Public comment period

SEPTEMBER 15

BOG MEETING

- Vote on Final Recommendations for Program Reduction and Discontinuation

AUGUST 16, 2023

The Evisceration of a Public University

West Virginia University is being gutted, and it's a preview for what's in store for higher education.

LISA M. CORRIGAN

SHARE ▾



Questions?