**Budget Allocation Review Committee - Session #2**

**September 19, 2024**

Attendees: Jen St Peter, Beth Myers, Lauren Goolsby, Nate Thompson, Anthony Wilson, Margaret Wood, Kelly McCusker, Scott Dawson, Julien Langou, Stephanie Kelly, Nikolas Chabot-Olson,Julia Mahfouz, Mark Golkowsi

*Missing Attendees:* Ann Sherman, Phillip DeLeon, Rich Allen, Amy McGuire, Michael Leaser

**NOTES**

Review of Decisions from Last Session

* **Opening remarks on the 50/50 split slide:**
  + Julien thought nonresident and resident tuition revenues were going to be separated. Worried about 50/50 split.
    - Laura said the notes from Feb. 5 meeting says break down tuition revenue between resident and nonresident. If we combine them in actual dollars and use 50/50 split of all credit hours.
  + Jen said we need to think about the principles to drive decisions how or how not we chose to allocate.
  + Nathan thought incentive was to promote collaboration which is something they want to do as a group; stopping their participation once it gets to the subvention conversation among deans.
  + Julien said we all want to promote good collaboration; if you go too low into the 50/50, the incentive is to not want to teach classes, too high and you duplicate classes; goal is to find sweet balance.
  + Mark said for incentives, non-resident students are a bigger bang for their buck, more of them raises the prestige of the university; we should have as many non-residents as we can.
  + Scott pointed out that in five years, faculty in Business never talked the metrics in the model driving their decision making.
  + Julien pointed out that nonresident students aren’t allocated for state funding, so we should use resident metrics only for state funding
  + Jen and Laura said slicing and dicing students’ credit hours makes it very complicated and unpredictable.

**Talked through challenges the university is facing:**

* Jen explained that historically all campus expenses sat under the administration area.
  + Sitting under chancellor’s office was debt services, AHEC, financial aid.
  + Historical data are not clean; Budget Office has been working to split stuff out to make it clearer, we are going into the third year of solid data.
  + Can use the old budget model as a proxy, look at split of schools/colleges, start to see what the split has historically been.

Julian mentioned having this group stay together next fiscal year. Member agrees to talk about solutions to things the university is facing, i.e. building space, costs, etc.

* + Data: no matter what happens with enrollment, mandatory costs are increasing ever year (AHEC, Microsoft payment, System costs, etc.).
  + For the last few years, we have been in a cycle where for every $1 we bring in for tuition increases, we lose $1 on enrollment.
  + Perception that higher ed is too expensive, that is everyone and a distrust of higher ed in general.
  + AHEC**:** Jen explained we have been trying different ways to think about working with AHEC; capping costs, etc. Part of the reason we are given the level of state funding is because we have to pay AHEC. We are negotiating harder than we ever have on what they get to pass back to the institutions.

**Administration and schools/college splits:** Jen showed a slide that proposed administration as 36.5% of allocable revenue net of campuswide.

* Margaret pointed out that cutting that percent impacts students (SESS is under administration). The group can recommend a lower share, but has to understand the ramifications of cutting administration doesn’t just mean cutting at “bloat”

**Faculty promotion budget:** Based off conversation about faculty promotion budgets (in the library, for example) Jen said schools/colleges can propose creating a specific pool of funds for faculty promotion; if that’s done, deans need to figure out a procedure to organize this.

**Reviewed scenarios outputs handouts (all incentive-based budget models) and metrics handout**

* Jen said 50/50 metric means spreading the wealth.
* Jen said sometimes having budget model be based on headcount sends a different message and that mandatory stuff happens regardless of what anyone in university does; but visually in the budget model, it will look different.
* Jen presented numbers in scenarios to the group.
* Big picture question from Laura: When I’m looking at every single college’s initial net budget, it’s lower than the incremental 24-25. What am I missing? She said schools and colleges seem better off in the incremental model. Jen said they are missing subvention.
* Jen said the group can run multi-year scenarios once they have a fully formed budget model.
* Jen said subvention typically stays constant for three years.

Narrowing Down Scenarios

**Using credit hours for College of Record metric instead of headcount:** Most of the group put up four or five fingers in support, Nathan did not vote for it.

**Proposal to add the residency-based back into the model:** Most of the group put up five fingers in support the following changes:

* Add residency-based allocations on tuition revenue
* Proprotionally reduce all revenue to fund campus-wide expenses
* Allocate state funding only on resident metrics

**Follow-up:** Jen is going to mockup a model with these components added.

* At the next meeting, Jen would like a recommendation from the group on how to build an academic initiativespool.

Key Messages to the campus from the committee’s 2nd session:

1. Recommended proportionally reducing allocated revenue to account for campus-wide expenses
2. Recommended using credit hours for the College of Record metric.
3. Recommended adding residency into the tuition allocations, and using the resident metrics only for the state funding allocation.
4. The group had quite a bit of discussion about the campus budget context, and that we are only talking about a portion of the budget.