
Budget Modernization

Project Overview



February 2021



Project Goals



One of the key priorities for UT as identified by President Postel was a move towards modernizing UT's budget model and process.

Project Goal

The University is reviewing UT's approach to resource allocation across campus. The primary goal is to **develop a new incentive-based budget model** and **process** that is **transparent** and **empowers local units** to manage to an all-funds budget.

Key objectives to achieve this goal include:



Review current budget practices



Create guiding principles to inform future state methodology



Engage campus



Develop an incentive-based budget model



Redesign the budget process

Guiding Principles for UT



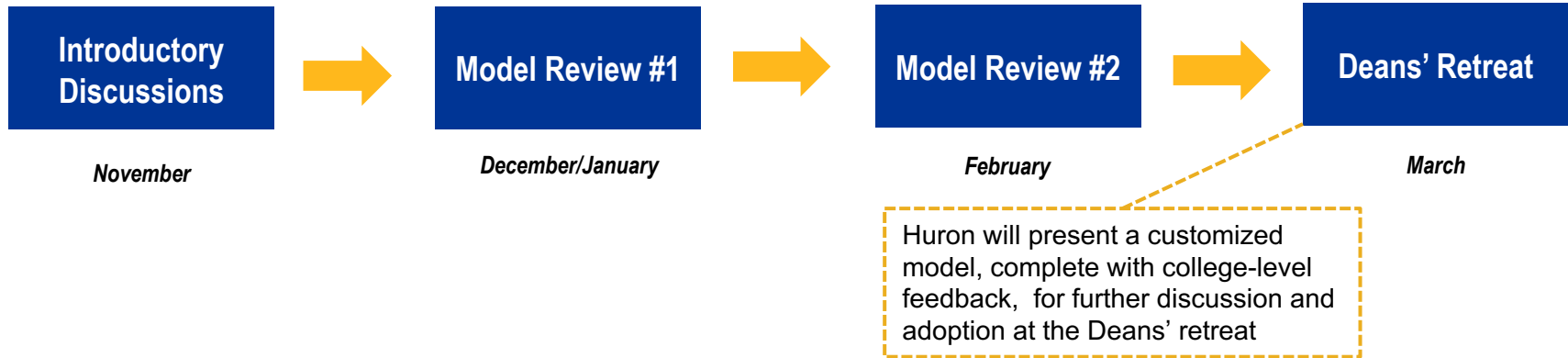
The Steering Committee finalized the following principles to guide the engagement and model creating moving forward.

UT's approach to budgeting and resource allocation should:

- Promote **healthy fiscal performance, creativity, and innovation** by providing incentives and flexibility to University units.
- Establish **reliable, short and long-term fiscal expectations** that allow units to actively plan for and manage to multiple budgetary years.
- **Allocate resources to mission-centric offerings** with an eye on promoting a university-wide **culture** that is **collaborative** and **data-driven**.
- Utilize a **transparent budget methodology** that is clear, precise, and simple to understand and operationalize.
- Ensure there are **open lines of communication** with campus stakeholders, including faculty, staff, and students, as it relates to model methodology, processes, and management.

Dean Engagement

The University of Toledo and Huron are prioritizing Dean engagement throughout this process. We are gathering college-specific input through a series of 1:1 meeting with each academic dean and his or her leadership team.



Huron is aggregating all feedback received from each college to ensure UToledo adopts a model that fits the University's current state realities, future state aspirations, and culture.



Model Implementation Timeline

Huron is currently working with central finance staff to develop and refine a baseline model to be used for additional discussions with the Academic Deans. Huron anticipates Toledo's initial model will be complete by March.

Phase	Fall 2020	Winter 2021	Spring 2021	Summer 2021	Fall 2021	Winter 2022	Spring 2022	Summer 2022
Initial Assessment, Model Development, and Launch	[Yellow bar]							
Evaluation and Stakeholder Engagement		[Yellow bar]						
Infrastructure Development and Parallel Process			[Yellow bar]					
Full Incentive-Based Model Implementation						[Yellow arrow]		

Initial Model Completion

Even after a model methodology has been settled on, Toledo must spend several months testing the model, setting up governance structures, and developing a new budget formulation calendar prior to go-live in Summer 2022.



Key Model Creation Decision Points



There are generally 10 key decision points when developing an incentive-based budget model. Over the next several weeks, Huron will facilitate discussions of each decision point with the Steering Committee.

	Element	Description	Current Status
1.	Model Philosophy	How decentralized should budgeting authority be? How closely aligned to economic reality?	●
2.	Model Structure	How should institutional units be classified and treated (e.g., college/school, administrative & support, auxiliaries)?	●
3.	Tuition	What is the appropriate balance of allocating tuition based on instructed credit hours v. department enrollments?	●
4.	State Appropriations	What activities (e.g., instruction, advising, research, central support) should these funds support?	●
5.	Research Support	How should growth and quality of the research enterprise be incentivized and subsidized?	●
6.	Cost Pools	How many cost pools should be established? How much detail should be available about overhead costs?	●
7.	Cost Allocations	What metrics should be used to allocate administrative overhead costs?	●
8.	Scholarships, Aid and Waivers	What types of financial aid and scholarships should be charged directly to faculties/schools and what should remain as a central cost?	●
9.	Subvention Funding	How large should the subvention ("strategic investment") pool be? How should it be funded, and how should investments be allocated back to the institution?	●
10.	Model Sensitivity	How responsive should the model be to one-year changes in institutional activity? E.g., How long should changes in enrollment take to affect model allocations?	●

Decision Status Key

Completed
 In Discussion
 Not Begun