Matching Form with Function

Re-centering our academic mission into our budgetary operations

With Vision 2020 in our sights, we are taking critical steps toward achieving those challenging yet attainable goals now set before us. It is ever more pressing to align our resources with our strategic directions as a result of declining state appropriations and increased demand for demonstrating value in student outcomes. The University is responding to this goal by boldly re-centering our academic mission into our institutional operations; this means matching form with function. The University of Central Oklahoma has proposed the adoption of a new budget model toward this goal in an effort to solve existing budgetary problems, remove inherent and often unintended obstacles that constrain rather than aid financial flexibility and purposefully incentivize achievement of our strategic goals.

A review of best practices has led us to select a Responsibility Center Management (RCM)-based model framework. RCM is titled differently at different institutions; a few of those variations are Performance Based Budgeting, Resource Management, and Activity Based Budgeting. We will select a title through feedback from our campus community that will reflect UCO’s culture as we shape this model to match our institution. This framework is being proposed because it allows:

- resources to flow first to units generating revenue (e.g. Colleges) based on various performance metrics and then flow to the units that support them,
- purposeful and balanced contributions from each Center that generates revenue toward the priorities of the university into a unified strategic investment strategy,
- UCO to connect financial resources with its strategic themes of transformative learning, student success, value and place by rewarding achievements toward our institutional priorities,
- increased transparency in financial decision-making that should include openness in sharing plans for expenditures and the logic supporting those decisions,
- UCO to link expenses to revenues in order to plan for and provide appropriate support to sustain our efforts toward our institutional priorities.

Based on best practices for customizing this framework, an “all funds” RCM budget model will consist of these main components.

- **Sources of Funds** such as tuition revenue, state appropriations, fees (college instructional and campus-wide), other revenue (i.e. Auxiliary), or grants.
- **Distribution of Funds** in a way that supports the University mission rather than flat allocations independent of performance toward our goals.
- **Responsibility Centers** such as the Colleges, CeCE, Auxiliary, Administration, or Student Affairs.
- **Cost Pools** such as Facilities, Utilities, Academic Support, Institutional Support or Information Technology.
- **Reserved Funds** such as strategic investment pools and carryover dollars.
- **Incentives** built within the model to intentionally encourage outcomes linked to the mission of the University.
Funds and expenses will be distributed according to a set of university-defined metrics that may include, but are not limited to Student Headcount, Credit Hours, Number of Majors within a Unit, Faculty and Staff FTE, Actual Usage, or Net Assignable Square Footage. Rather than the current centralized oversight of these variables, the metrics would be monitored in a de-centralized fashion among the revenue centers on campus (colleges, etc.). Primary responsibility for these revenue streams would be assigned to these administrative units with well-defined, ethical boundaries on those responsibilities that will prevent overly competitive practices among units.

A working team called the Budget Development Team has been convened to investigate best practices and lessons learned from other institutions and to incorporate feedback into tests of the model and its variables as we customize this basic framework for our campus community. A final recommendation will be made to the University Planning Council and President’s Cabinet. Every effort will be made to garner feedback from the broader university community through presentations to the Faculty and Staff Senates as well as through the Provost’s Forums, divisional team meetings and other open forums across campus.

The earliest possible implementation target date for this model is the beginning of the 2016 fiscal year (July 1, 2015). There is much work to be accomplished in the coming months in an effort to stay on track for that date. Of key importance, budget managers across campus will need to be briefed on the progress of the project as well as be equipped to access and interpret financial reports that will help them guide financial decisions in their areas.

In addition, two campus-wide taskforces will be assembled this summer to begin the discovery of available and appropriate solutions and possibly make recommendations for the implementation of financial analysis and facilities-space tracking and management softwares. The campus community of budget managers will receive education and training related to these tools as well as the knowledge and training required to fulfill their role successfully.

Incorporated into the proposed model will be a review process that will take place at pre-determined intervals to make adjustments as needed. This review will provide an opportunity to ensure the design of the budget model is successfully supporting the University’s goals, obtaining timely feedback from the campus community and staying aligned with our institutional priorities. Policies and procedures related to budget management and financial authority will be reviewed and revised as needed to support campus needs.

Communication to the campus community on the progress and outcomes will be widely available via the website (http://www.uco.edu/administration/budget_office/index.asp), newsletters, open sessions and group meetings throughout the process. The Budget Office will also be posting on the Website vital information such as a glossary of terms, model development progress, and key decisions as they become available.

Notes:

2) Institutional models being reviewed include, but are not limited to: University of Minnesota, University of Michigan, Iowa State University, Indiana University, Portland State University, and the University of Missouri at Kansas City.

3) Team membership: Dr. Don Chrusciel, Mr. Drew Duke, Dr. Charles Hughes, Ms. Lisa Harper and Ms. Patti Neuhold.