

Attachment B.3

Academic Affairs Budget Model

November 4, 2019



- Implemented with FY15 budget
- Established principle that schools and colleges should be rewarded for generating the resources the entire institution depends on
 - Expenditure budgets took into account multiple factors, not just PBB revenue and expense attribution
 - Subventions/subsidies built into the model—”All for one and one for all” rather than “Every tub on its own bottom”
- General Fund budgets allocated to divisions/colleges through the PBB process—deans allocated to departments their own way

- PBB implemented during a period of tough budget years
- Budget allocations within Academic Affairs relied increasingly on across-the-board approaches
- Problems emerged
 - Schools that grew did not see corresponding increases in resources
 - Sense that PBB did not reflect full range of values that are critical to strength of PSU

- Want to move to a budget allocation model within Academic Affairs that is more responsive to changes in activity levels and reflects more of the factors critical to our success on all levels
- Learned about model Virginia Tech uses in its Academic Affairs division that divides allocation into different pools, some of which reflect student success and faculty characteristics
- Decided to develop a PSU version of this sort of model
- Provost charged a working group with representatives from each school, college, and major revenue supporting area to develop a model
 - Will get advice and guidance from ALT and FSBC, report out to the Provost
- Focus is on the model for making the decision about how to allocate General Fund budgets from the Division of Academic Affairs to the schools, colleges, and other units.

1. Tuition revenue generated
2. Degrees and certificates awarded
3. Student Success
4. Overall unit financial performance
5. Barriers to attendance
6. Non-General Fund revenue generated
7. Community engagement

Likely too many pools—will eliminate or combine some

- Have gotten first feedback from ALT and FSBC
- Need to define metrics more precisely and test them
- Will have final model by end of the academic year
- Will use principles from this model to inform FY21 budget development to the extent those principles are clear

Things to remember

- Not every goal can be achieved by the budget allocation model
- Budget model does not replace leadership, collaborative decision-making, and judgment
- Budget model cannot be used to produce radical change
- Not all factors apply to all units
- Metrics and pools will focus on things the colleges and schools control
- The schools and colleges themselves will decide whether and how to apply the principles of this model to allocation decisions within the school/college
- Revenue supporting units need to be brought in somehow
- Other things going on while we work on this—response to enrollment shortfall, developing FY21 budget