

# Tuition Sharing Compacts

Faculty Senate Budget Task Force

October 20, 2015

# Evolution, Not Revolution

- Efforts to improve UNM's budget model are not new:
  - 2005: RCM considered during financial reorganization
  - 2009: Provost Budget Parameters Planning Group
  - 2010: RCM recommended in LFC Audit of UNM/NMSU
  - 2011-12: UCAP Models for Resource Allocation sub-committee
  - 2012-13: UNM RCM/PBB Committee
  - 2013-14: ROM reallocation framework
  - 2015-16: 5% hold back

# What is Different Now?

- Recent RCM/PBB/ROM work has resulted in vastly improved data, reports, and analysis capacity
- Enrollment stability is more critical than ever – we must proactively mitigate the risk of decreasing enrollment
- Historical I&G revenue sources cannot be relied upon for growth (state formula & tuition increases)
- Units have historically shown strong responses to financial incentives

# Tuition Share Working Group

- Appointed by President and EVPs at the end of the spring 2015 semester to recommend the design, structure, and components of a tuition sharing budget model:
  - Norma Allen, Associate Director, Office of Planning, Budget and Analysis
  - Dorothy Anderson, Vice President for Human Resources
  - Terry Babbitt, Associate VP for Enrollment Management
  - Robert Berrens, Director of Water Resources Program
  - Andrew Cullen, Associate VP for Planning, Budget, and Analysis
  - Nicole Dopson, Financial Officer for Academic Affairs
  - Cenissa Martinez, Manager of Division Support Services, Office of the EVP for Administration
  - Kymberly Pinder, Dean of Fine Arts
  - Barbara Rodriguez, Chair of Speech and Hearing Sciences
  - Kevin Stevenson, Strategic Planner, Office of the President
  - Mahmoud Taha, Chair of Civil Engineering
  - Craig White, Dean of Anderson School of Management
  - Amy Wohlert, Chief of Staff, Office of the President
  - Shawn Berman, Associate Dean of Anderson School of Management (alternate)

# Scope and Constraints

- The scope of this exercise and model is the current Instruction and General pooled revenues
  - Base tuition
  - State formula funding
- Revenues currently allocated directly to units or outside of the I&G pool will remain unchanged
  - F&A, sales/service, differential tuition, etc.

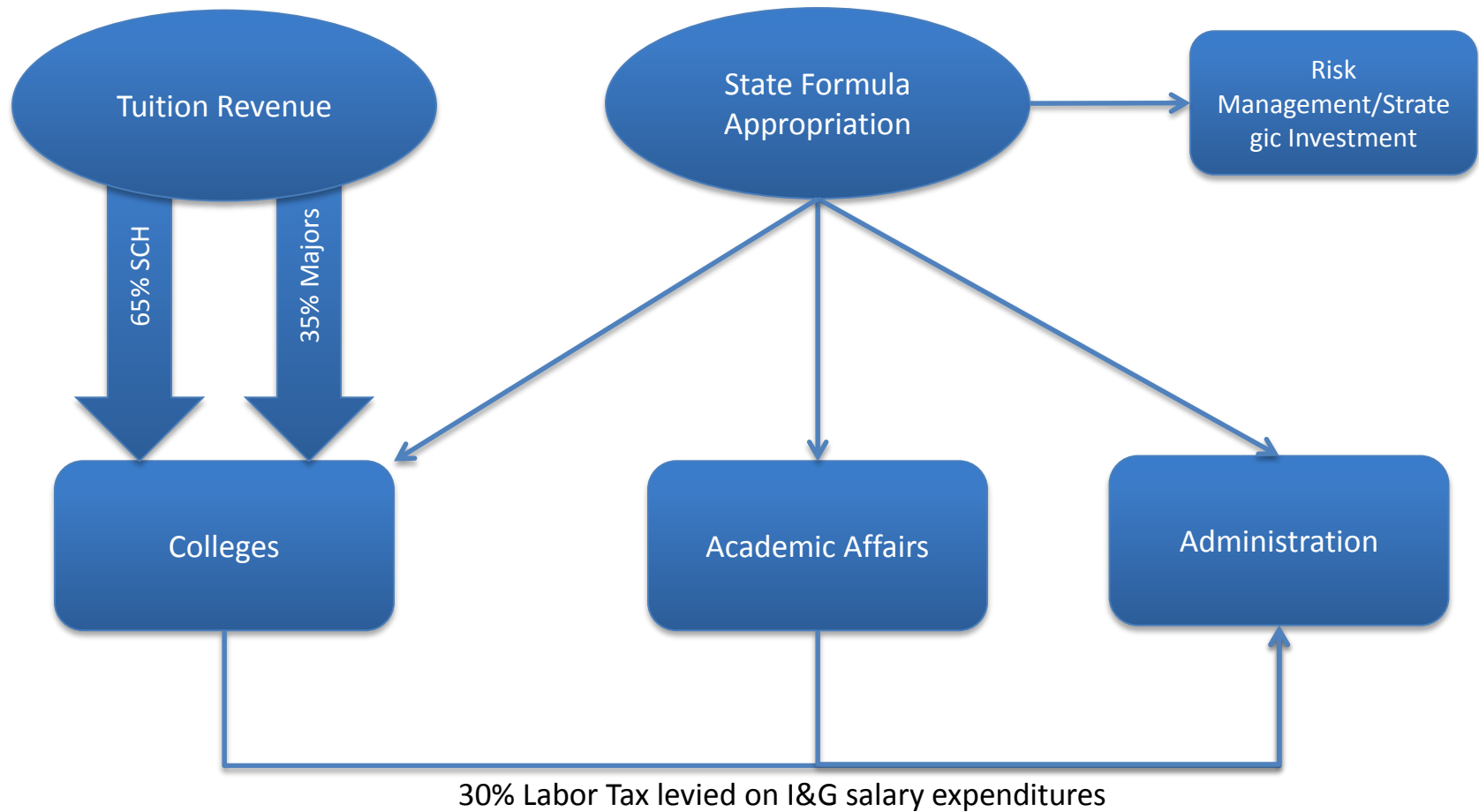
# Working Group Charge

- Make recommendations to the President and EVPs on a tuition sharing model(s) that facilitates accomplishing our goals. Some initial goals that the model aims to accomplish are as follows:
  - Align budget allocations with incentives to grow tuition revenues and manage costs in support of our mission & values
  - Distribute appropriate levels of financial risk and rewards to those units that bear responsibility for revenue generation
  - Create an allocation model that is flexible and agile enough to evolve over time as the university evolves, both in structure and strategic direction
  - Determine the appropriate manner of participation of units that support the mission but do not generate I&G revenues

# Working Group Charge

- Second component of the charge was to develop a process to accompany the new budget model:
  - This distinction between a budget model and budget process is an important one, as the budget model on its own cannot take into account the context within which it operates
  - There are no systemic rules that can determine progress or performance in areas such as academic quality or scholarly productivity, and whether the activities driven by the budget model are aligned with the university's vision and strategic goals.

# Proposed Allocation Process





# Proposed Compact Process

- Budget process would be built upon binding “compacts” which provide predetermined rubrics for revenue sharing and maximizing certainty for planning purposes
  - An overarching, potentially multi-year compact that define the rules of the budget model and budget process (taxes, timing, allocation details, reserves, risk collars, etc.)
  - A unit-specific, annual process that occurs between Level 2 and Level 3 organizations (Provost and Deans, EVP and VPs, for instance), which incorporates the level of I&G subsidy, goals, and performance metrics

# Timeline and Next Steps

- September – November:
  - Discussion with and feedback from campus community
- November – Decision to implement
  - Compact process begins
  - Finalize allocation model and other details for development of FY17 budgets
- December – March:
  - Continued discussion with campus community