University Budget Redesign: Overview

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UNIVERSITY BUDGET REDESIGN

The University Budget Redesign initiative will transform our planning and budget process to accelerate our progress as a 21st Century, public research university.
Why Redesign VCU’s Budget?

• Our redesigned budget process will improve our approach to resource allocation and planning to allow us to better align our financial resources with the university’s mission, vision, core values and strategic direction.

• Our redesigned planning and budget process will:
  – Enhance the quality of education and services to students by supporting academic planning with transparent decision making
  – Emphasize innovation and collaboration as pathways to achievement
  – Enhance VCU’s commitment to accountability and integrity
  – Enable us to make strategic investments to better serve our communities
  – Foster an entrepreneurial mindset that promotes innovation in teaching, growth in research and our engagement with our communities
  – Support multi-year planning with data and tools
Who is Leading the UBR?

Since it began in 2013, the University Budget Redesign has been and will continue to be an inclusive process involving representatives and input from every college, school and major administrative unit at VCU.

- Co-chaired by provost and vice president for finance and budget
- Steering Committee: VPs, Deans, Faculty Senate Rep., and VCU Budget Office
- Task Force: nearly 50 reps. selected by deans, VPs and faculty senate

- Complete listing of members: http://BudgetUpdate.vcu.edu/who.html
Milestones

• University-wide Task Force produced ~30 recommendations
• Steering Committee adopted nearly all recommendations, a few were modified (see the UBR website for complete details)
• Budget Office met regularly with all deans and CBOs, auxiliary heads
• Feedback from university leaders and consultants incorporated
• Steering Committee approved preliminary E&G model for FY18
• FACR and Auxiliary budgets under development
• Monthly training for CBOs underway
What is the UBR Timeline?

There is a timeline: http://BudgetUpdate.vcu.edu/timeline.html

**FY18**

- Preliminary version of the new budget model and process ready
  - Preliminary model used for informational purposes (“parallel reporting”)
  - Preliminary model to be analyzed and refined
  - FY18 budgets were developed with existing process
  - FY19 budget development will begin using revised process (late Fall 2017)

**FY19**

- New budget model and process implemented
  - “Steady State” only (E&G budgets maintained at FY18 levels assuming no changes in state funding)
Key Terms

- **E&G** – Education and General
  - Tuition & fees
  - Undesignated state support
  - Other revenue

- **FACR** – Facilities & Administration Cost Recovery
  - Overhead charged on grants and contracts

- **Revenue units** – 14 schools/college

- **Central support units** – all units apart from revenue units and auxiliaries (~75)

- **Auxiliary units** - self-supporting units (e.g., Housing, Dining, Parking, Business Services, Athletics)

- **Central cost allocation** – the distribution of central expenses among the schools/college
All Funds FY 2017-18 Budget ($1.2 Billion)

(In Millions)

- Education & General: $617,770 (53%)
- Sponsored Programs: $216,453 (19%)
- Auxiliary Enterprises: $148,167 (13%)
- Student Financial Assistance: $61,803 (5%)
- Other: $67,396 (6%)
- University Funds: $42,659 (4%)

Total: $1,200,000
Tuition and Fees (E&G)

- Tuition follows the student and where they learn
- Teaching school receives 80% of base tuition
- Student’s home (major) school receives 20% of base tuition
- BOV-approved tuition differentials remain with school (including out-of-state)
- Fees remain with the unit responsible for the program or course
- The Budget Model does not change tuition or fee levels, or approval process
State Funds (E&G)

- Provided to VCU in support of our mission

- Shared among schools/college:
  - 50% follows proportion of tuition generated
  - 25% follows proportion research expenditures
  - 25% follows proportional share of central costs

- Funds continue to be available for any E&G purpose
Central Support Costs (E&G)

• Approximately 35% of VCU’s operating budget covers central costs, including academic supports such as the Libraries & IT

• Schools/College cover their share of central costs as determined by a small number of metrics, including space, faculty/staff headcount, and student FTEs
Financial Aid (E&G)

• Significant strategic priority

• Undergraduate aid is shared among schools/college in “need blind” manner – no change from current practice

• Graduate aid is charged based on a school’s use of that aid
University Priorities Fund (E&G)

• 100% of E&G revenue is received directly by schools/college

• Schools/college contribute 20% of tuition (not fees) to the UPF

• UPF is primarily used to invest in academic units

• UPF also used for strategic initiatives
FACR Revenue

• 70% to generating unit; 30% transferred to E&G per state law

• Units contribute 4% FACR to Research Priorities Fund

• Units share in central research costs according to research expenditures

• Units cover costs that specifically benefit that unit

• Distribution of FACR within units is determined by the dean
How it will work

• Deans and central unit leaders will develop budget plans for Provost/VP approval

• University Budget Advisory Committee (UBAC) will provide input

• University Budget and Strategic Planning Committee will determine allocations

• Model stops at the school/college level: Deans and central unit leaders are responsible for all decisions and decision processes within their unit
Questions or Additional Information

• Visit the UBR Website: http://BudgetUpdate.vcu.edu

• Contact Leslie Brown, University Budget Director
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