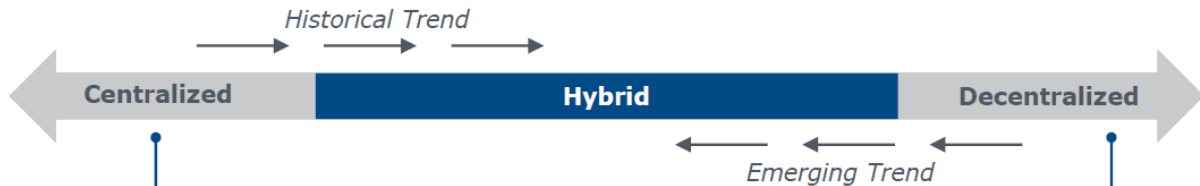


University of Delaware
Budget Model
Town Hall

December 4, 2019

Finding the Middle Ground

Increasing Number of Institutions Moving Toward Hybrid Models



CBOs struggle to determine which institutional goals are best achieved through decentralized incentives versus central investment and oversight

Advantages:

- Resources available for central investment
- Senior leaders able to drive institutional vision

Limitations:

- May not incent unit revenue growth or cost control
- Difficult to maintain in periods of stagnant growth
- May not accommodate changes in enrollment patterns

Advantages:

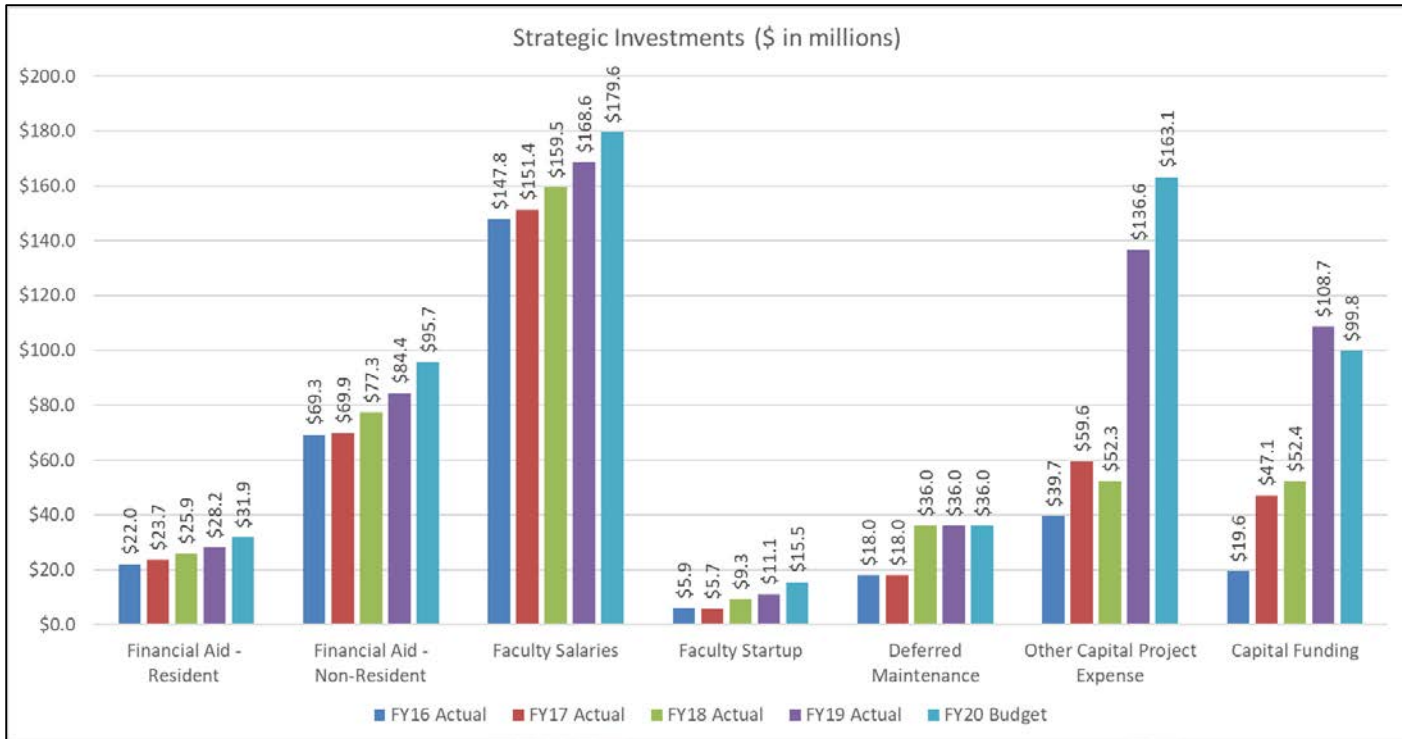
- Creates unit-level financial accountability
- Automatically shifts resources to areas of high growth

Limitations:

- Yields few resources for central strategic investment
- Devolves decision-making power to units at expense of central strategic vision
- Shifts resources to units based on year-to-year performance and market trends rather than institutional priorities

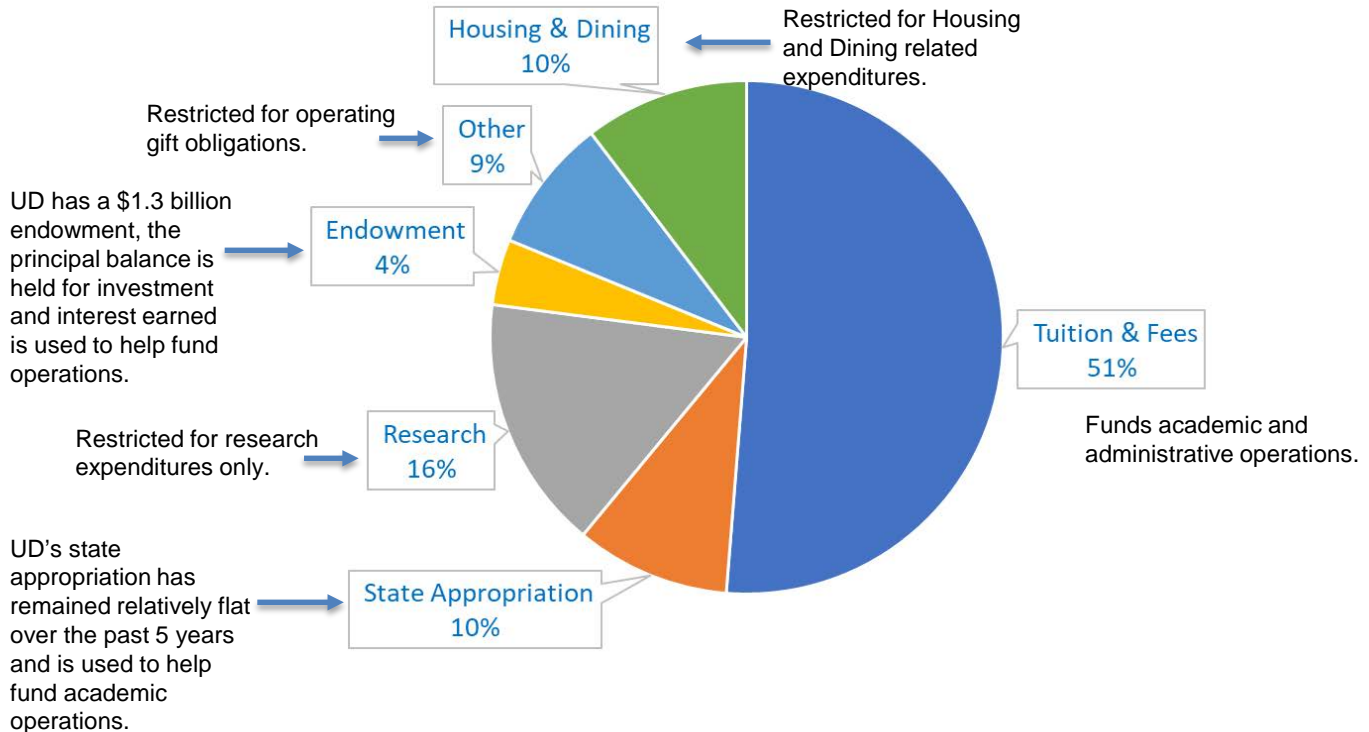
University of Delaware Budget Model

- Significant investments in support of the Strategic Plan have been made, in lieu of the UD budget model.



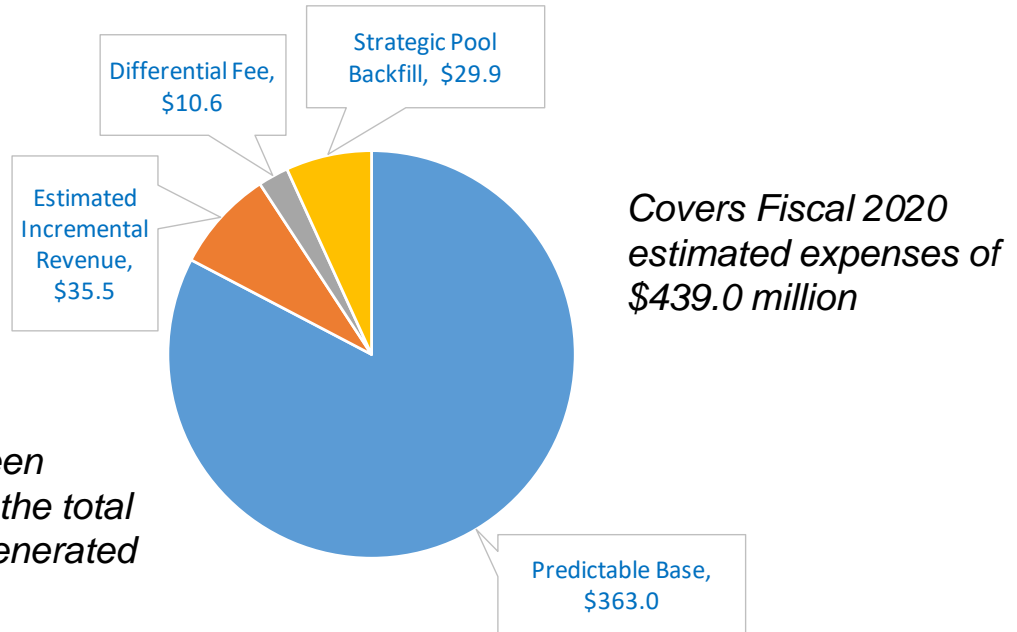
Fiscal 2019 - All Funds Budget Resources

- UD's operating budget is \$1.3 billion and is comprised of a variety of sources.
- Many of these sources are restricted in nature and must be used to cover specific expenses.



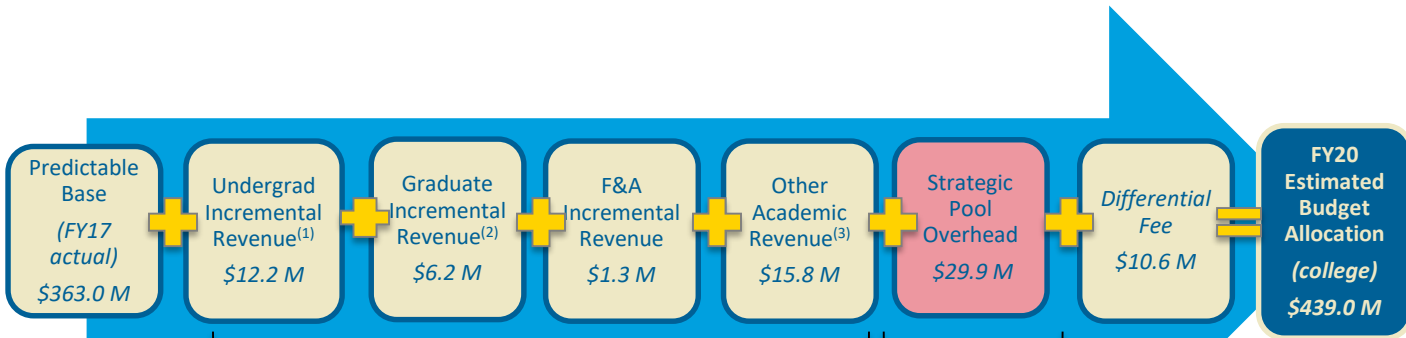
Estimated Fiscal 2020 Budget Model Components – Colleges

- The predictable base is guaranteed funding that will be allocated annually at the college/department level.
- Differential Fees flow directly to the college with the fee.
- Estimated incremental revenue is expected to increase over the next 3 – 5 years and is meant to fund strategic investments that have been made since President Assanis joined UD in fall 2016.



Colleges have been allocated 64% of the total resources they generated

Estimated Fiscal 2020 UD Budget Model



Formulaic allocation based on metrics. FY20 estimated total \$35.5 million out of \$439.0 million allocated to colleges.

Combination of formulaic allocation and one time cash reserves

- (1) Undergraduate Incremental Revenue is calculated net of financial aid.
- (2) Graduate Incremental Revenue is calculation as gross revenue and does not include graduate tuition expense as this is transacted at the department level.
- (3) Summer, winter, non-credit and other entrepreneurial activities

- *Differential tuition returned 100% to the College.*
- *Gifts and self-supporting (2book) revenue excluded from the model.*

Estimated Fiscal 2020 UD Budget Model – Framework

1) \$363.0 million - Predictable Base Allocation

2) \$35.5 million - Incremental Revenue Allocation

\$10.6 million - Differential Fees - flows 100% to colleges

\$29.9 million - Strategic Pool/Overhead; funded from combination formulaic allocation of onetime cash reserves

Recommended Minimums	Undergraduate Incremental Revenue (1)	Incremental Graduate Revenue (2)	Special Academic Revenue (winter/summer sessions)	F&A Incremental Revenue - College/Depts.	F&A Incremental Revenue - Centers and Institutes	Differential Fee	Course Fees
Metrics							
Student Head Count - major	25%	33%	0%				
Instructor College of Record - taught	75%	34%	100%				
Subject - course ownership	0%	33%	0%				
Distribution							
college	50%	25%	25%	35%		100%	100%
department	0% *	12.5%	25%	10%			
program		12.5%					
centers/institutes					45%		
PI				5%	5%		
Arts & Humanities				2%	2%		
Strategic Pool/Overhead	50%	50%	50%	48%	48%		

(1) Undergraduate Incremental Revenue is calculated net of financial aid.

(2) Graduate Incremental Revenue is calculated as gross revenue and does not include graduate tuition expense as this is transacted at the department level.

* UG Incremental Revenue will not be formulaically distributed to departments; however, metric report results are to be shared with each department.

UD Budget Model - Timeline

May 13, 2019	Faculty Senate General Meeting – UD Budget Model presentation by President Assanis
July 1, 2019	UD Budget Model Implementation
September 26, 2019	Undergraduate Incremental Revenue metrics updated to reflect 75% ICOR; 25% Headcount (major).
October 7, 2019	Collective Deans meeting to discuss UDBM status and department level distributions
October 7, 2019	General Faculty Meeting
mid–late October 2019	Individual Deans meetings to discuss college/department resource distributions
November – December 2019	Deans and college business officers work with Provost's Office and Budget Office to create department base budgets and align expenditures with departments
November 18, 2019	Faculty Senate Budget Committee Meeting Faculty Senate Executive Committee Meeting
November 20, 2019	Chairs Caucus Meeting
December 4, 2019	Town Hall to discuss Budget Model in Trabant Theater at 4pm
December 31, 2019	Draft White Paper released to Deans for review
March 2020	Draft White Paper released to campus for review
April 2020	Department level rebase of expenses to be completed by College Deans Institute level rebase of expenses to be completed by College Deans and RSO
May 2020	Department level and Institute level predictable base allocations to be completed (can only occur after rebase exercise)
July 2020	Department Incremental revenue to be allocated based on department level actual metric results.