
Budget Modernization

Project Co-Chairs
Brenda Grant
Sabrina Taylor



February 2021





Agenda

1. Overview budget redesign initiative
2. Project goals
3. Project guiding principles
4. Steering Committee progress to date
5. Model timeline and decision points
6. Next steps



University of Toledo Project Governance

Executive Sponsors	Title
Karen Bjorkman	Provost and Executive Vice President for Academic Affairs
Matt Schroeder	Executive Vice President for Finance and Administration, CFO

Steering Committee Members	Title
Brenda Grant (Co-Chair)	Associate VP for Academic Finance
Sabrina Taylor (Co-Chair)	Assistant VP Budget & Planning
Ben Barros	Professor, Dean of College of Law
Mohammad Elahinia	Chair of MIME Department, Distinguished University Professor, and Director of MIME Strategic Initiatives
Mike Dennis	Associate VP for Finance and Treasurer
Jamie Fager	Senior Business Manager, Natural Sciences & Math
Charlene Gilbert	Dean, College of Arts & Letters, Professor of Film
Margaret (Miggie) Hopkins	Professor of Management, College of Business & Innovation
Gary Pollack	Dean, College of Pharmacy & Pharmaceutical Sciences
Bryan Pyles	Senior Associate Dean Admin & Finance, College of Medicine & Life Sciences
JD Smith	Professor of Astronomy, Department of Physics & Astronomy
Michele Soliz	Associate VP for Student Success & Inclusion, Office of Multicultural Student Success



Performance-Based Budgeting

Performance-based budgeting is a management philosophy designed to support the achievement of a college's mission by de-centralizing budget authority – transferring it from central administration to individual colleges.

The primary goal of performance-based budgeting is to incentivize individual college or academic units to take ownership over their revenues and expenses while keeping their own interests in line with the overall mission.



Project Goals

Project Goal

The University is reviewing its approach to resource allocation across the academic enterprise. The primary goal is to **develop a new performance-based budget model and process** that is **transparent** and **empowers local units** to manage to an all-funds budget.

Key objectives to achieve this goal include:

- **Conducting a holistic review** of the UT's **current approach to budgeting**
- **Creating** a set of **guiding principles** to inform UT's future state budget methodology
- **Engaging campus** stakeholders for continuous input and feedback
- **Developing** a new, customized **performance-based budget model** that fits UT's culture, mission, and future objectives
- **Establishing** a **new** annualized **budget process** for campus units to plan and manage to



Budget Model Redesign Efforts

University of Toledo is not alone in discussing resource allocation across campus, Universities rethinking their budget methodology continues to grow.



© 2021 Huron Consulting Group Inc. and affiliates. Note: Illustration depicts institutions who have undertaken a budget model redesign and does not reflect Huron-only budget redesign clients.





Guiding Principles for UToledo

The Steering Committee finalized the following principles to guide the model creation moving forward.

UToledo's approach to budgeting and resource allocation should:

- Promote **healthy fiscal performance**, creativity, and innovation by providing **incentives and flexibility to University units**.
- Establish **reliable, short and long-term fiscal expectations** that allow units to actively plan for and manage to multiple budgetary years.
- **Allocate resources to mission-centric offerings** with an eye on promoting a **university-wide culture that is collaborative and data-driven**.
- Utilize a **transparent budget methodology** that is clear, precise, and simple to understand and operationalize.
- Ensure there are **open lines of communication** with campus stakeholders, including faculty, staff, and students, as it relates to model methodology, processes, and management.

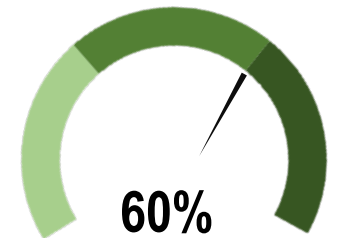
Project Updates



UToledo continues to make anticipated progress in the budget modernization initiative.

General Project Updates	Stakeholder Engagement Updates	Communications Updates
<ul style="list-style-type: none"> Completed initial draft of UToledo's FY2020 'Baseline' Model. UToledo team will provide an update on the Budget Modernization process during the Feb. 10 BOT meeting. 	<ul style="list-style-type: none"> The Huron team will be meeting with each academic unit starting the week of February 8th to share updated operating statements. Dean's Retreat March 22nd 	<ul style="list-style-type: none"> Finalized budget modernization website https://www.utoledo.edu/offices/budget/rcm/ Planning for a campus-wide forum to take place February 25th from 10:30 - 11:30 AM.

Engagement Progress:



Phase	November	December	January	February	March	April
Project Initiation and Visioning	[Yellow bar spanning November]					
Financial Model Development	[Yellow bar spanning November through March]					
Academic Portfolio Assessment	[Yellow bar spanning November through March]					
Stakeholder Engagement	[Yellow bar spanning November through March]					
Steering Committee Meetings	★ ★ ★	★ ★	★ ★	★ ★	★ ★	

© 2021 Huron Consulting Group Inc. and affiliates.

★ Steering Committee Meeting





Model Implementation Timeline

Huron is currently working with UToledo to develop and refine a draft baseline model to be used for additional discussions with the Academic Deans. Huron anticipates UToledo's initial model will be complete by March.

Phase	Fall 2020	Winter 2021	Spring 2021	Summer 2021	Fall 2021	Winter 2022	Spring 2022	Summer 2022
Initial Assessment, Model Development, and Launch	[Yellow bar spanning Fall 2020 to Winter 2021]							
Evaluation and Stakeholder Engagement		[Yellow bar spanning Winter 2021 to Spring 2021]						
Infrastructure Development and Parallel Process			[Yellow bar spanning Spring 2021 to Summer 2022]					
Full performance-Based Model Implementation						[Yellow hatched arrow pointing right from Winter 2022 to Summer 2022]		

Today

Even after a model methodology has been settled on, UToledo must spend several months testing the model, setting up governance structures, and developing a new budget formulation calendar prior to go-live in Summer 2022.



Key Model Creation Decision Points

There are generally 10 key decision points when developing an performance-based budget model. Over the next several weeks, Huron will facilitate discussions of each decision point with the Steering Committee.

	Element	Description	Current Status
1.	Model Philosophy	How decentralized should budgeting authority be? How closely aligned to economic reality?	●
2.	Model Structure	How should institutional units be classified and treated (e.g., college/school, administrative & support, auxiliaries)?	●
3.	Tuition	What is the appropriate balance of allocating tuition based on instructed credit hours v. department enrollments?	●
4.	State Appropriations	What activities (e.g., instruction, advising, research, central support) should these funds support?	●
5.	Research Support	How should growth and quality of the research enterprise be incentivized and subsidized?	●
6.	Cost Pools	How many cost pools should be established? How much detail should be available about overhead costs?	●
7.	Cost Allocations	What metrics should be used to allocate administrative overhead costs?	●
8.	Scholarships, Aid and Waivers	What types of financial aid and scholarships should be charged directly to faculties/schools and what should remain as a central cost?	●
9.	Subvention Funding	How large should the subvention ("strategic investment") pool be? How should it be funded, and how should investments be allocated back to the institution?	●
10.	Model Sensitivity	How responsive should the model be to one-year changes in institutional activity? E.g., How long should changes in enrollment take to affect model allocations?	●

Decision Status Key

Completed
 In Discussion
 Not Begun



Next Steps

UToledo will continue to make progress on the baseline model based on continued input from the Steering Committee. The next several meetings will be dedicated to the remaining model decision points.

- Steering Committee members to finalize approaches for allocating cost pool expenditures.
- Continue to build University FY2020 'baseline' model using UToledo confirmed data elements.
- Prepare for a campus-wide forum on February 25th to provide an overview of this key initiative.
- Re-engage Academic Deans to discuss UToledo's draft baseline model.
- Hold a Dean's Retreat March 22nd .



Questions?