

Budget Model for a Changing Economic Environment

AHC Finance & Planning Committee

(9/9/04)

The Academic Health Center Faculty Finance & Planning Committee (AHC F&P) has previously submitted a faculty-originated proposal titled, "Budget Principles for a Changing Economic Environment" that has been approved as modified Faculty Consultative Committee (FCC) on 6/3/04 following a consultative process including the AHC Faculty Consultative Committee and the Senate Committee on Finance & Planning (SCFP). These "Principles" were distributed to the Internal Budget Model Working Group (IBMWG) at the 9/8/04 meeting. The AHC F&P offers the attached Budget Model

for consideration by the IBMWG. The intent of this model is simplicity, transparency, and predictability. The goal is to foster development of an efficient, utilization-driven budget model which eliminates or at least limits global revenue assessments (e.g. Institutional Revenue Sharing or Enterprise taxes).

This model is based on the "pay for what you use" and the "proportional use" principles. Basically, costs are assessed to consumers (colleges) of central services based on appropriate metrics including direct user fees for services rendered and proportional participation in the costs of central services and common goods based on their use profile (e.g. student service costs should be assessed based on the number of students; human resources costs should be assessed based on the number of faculty and staff; library costs should be based on the number of faculty and students). Note that the model shows full attribution of all revenues generated by the academic units. This is necessary to fully address what is embodied in the "Principles". The goal is to promote efficient use of services and space, careful management of revenue streams, and a fair distribution of central costs based on appropriate metrics.

Attached are the AHC F&P-proposed Budget Model and the AHC F&P-proposed cost allocation metrics. The intent of these proposals is to provide the IBMWG with a visual and (when matched with the "Budgetary Principles for a Changing Economic Environment") a conceptual model to foster the institutional budget model development process.

Respectfully submitted by the AHC Finance & Planning Committee:

Tim Church, Katie Dusenbery, Dan Feeney (03-04 Chair), David Hagen,

Lynda Kreisher, Joan Liaschenko, Stuart McMullan, Beth Nunnally, Tom Shier, and Carol Wells

[PDF of the Budget Model](#)

Common Good/Central Service	Basis for Cost Attribution
Budget and Finance (TBFI)	All Expenses
Controller's Office (excluding SFR) (TCTR)	All Expenses
Sponsored Projects Administration (SPA-Area 290) and Sponsored Financial Reporting (SFR-Area 800)	Sponsored Expenses
Human Resources & Payroll (THRS)	# Employees
Audits (TAUD)	All Expenses
VP for Campus Life (TCLF)	# Students
Registrar / Student Systems	# Students
Facilities Management (TCAF)	Square Feet
Building Debt Service and Interest (TDBT)	Square Feet
University Services VP (TUSV)	# Students and # Employees
Auxiliary Services (TAUX)	# Students and # Employees
Health & Safety Management (THSM)	# Employees
Information Technology (TINF)	# Students and # Employees
General Counsel (TGCL)	# Students and # Employees
University Relations (TINS)	All Expenses

Regents' Office (TREG)	All Expenses
President's Office (TPRO)	All Expenses
Chief of Staff (TCVP)	All Expenses
Office of Sr. VP for Health Sciences (THSC)	All Expenses
AHC Shared Service Units (TAHS)	See Note
Office of Executive VP and Provost (TEVP)	See Note
Research (excluding SPA) (TRES)	See Note
Libraries (TLIB)	# Students and # Employees
Central Reserves Funding	All Expenses

Note – These Area Groups include various centers and programs that are academic in nature, and include areas that provide common goods; costs will need to be attributed to academic programs to pay for areas that are common good providers.

Further deliberation on the specific metrics and formulas for each common good/central service is required.

[Go to the Budget Model Letter](#)