Resource Allocation, Management, and Planning
Steering Committee #7

Agenda

Huron is pleased to partner with WKU on this resource allocation, management, and planning ("RAMP") initiative.

Our goals for today's meeting include:

1. Review recent efforts and project plan

2. Overview governance structures

3. Discuss the annual budget process

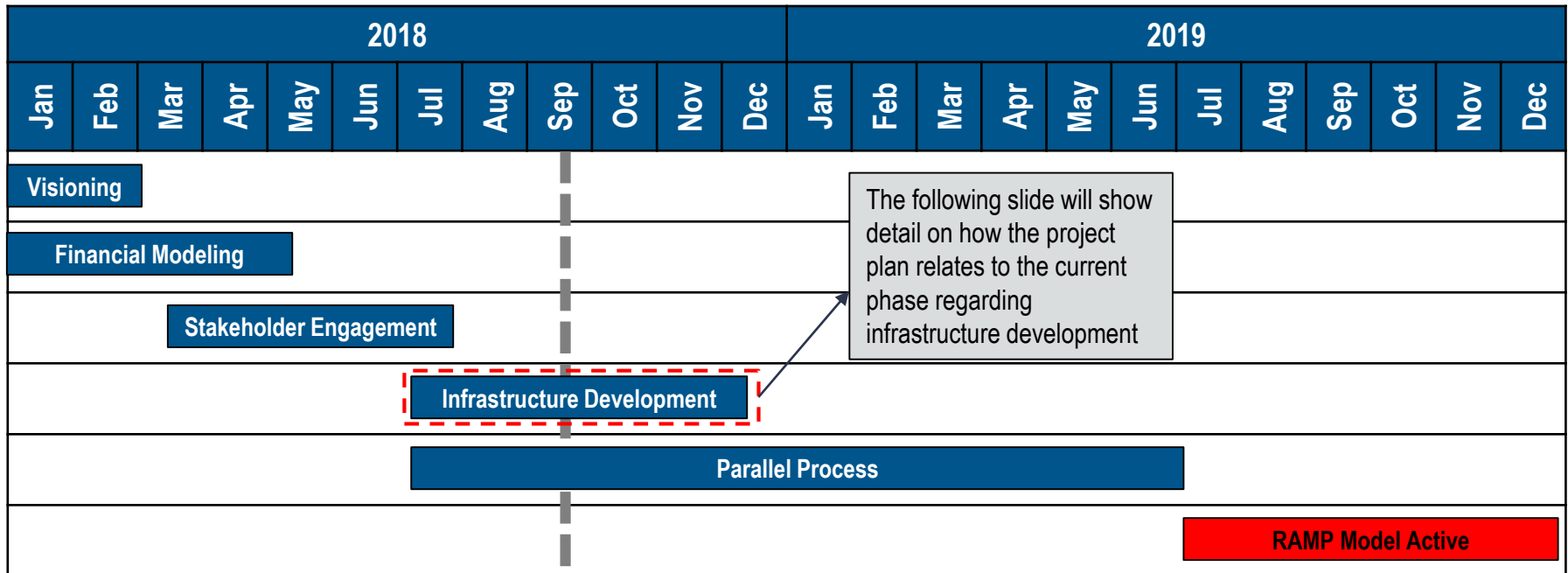4. Outline next steps

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Recent Efforts

Since the last Steering Committee Meeting, Huron has completed several tasks described in the project plan; these are as follows:

- Facilitated Department Chair meetings with each of the Colleges to provide a project overview and address questions

- Held the Budget Panel Event to engage the broader WKU community, which was attended by over 120+ campus stakeholders

- Conducted the Dean's Capstone Retreat to establish a framework for the new incentive-based budget model

- Presented project update to the Board of Regents

- Documented current annual budget processes and began developing a refined annual budget calendar to support the new incentive-based budget model

- Developed draft governance structures

- Continued to refine and expand the model to include additional years of financial data

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RAMP Redesign Timeline

Since the initiative started 9 months ago, Huron has met with 40+ stakeholders to ensure the RAMP model meets campus needs. The current phase of the engagement is part of a broader five-phase approach necessary for a successful RAMP process redesign.

2018												2019											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

Visioning

Financial Modeling

Stakeholder Engagement

Infrastructure Development

The following slide will show detail on how the project plan relates to the current phase regarding infrastructure development

Parallel Process

RAMP Model Active

Phase	Overview
1. Due Diligence and Visioning	Develop a clear understanding and vision through an assessment of current resource allocation practices.
2. Financial Modeling	Build-out a "pro-forma" model to provide a platform for testing different model alternatives.
3. Stakeholder Engagement	Address change management through methodical, data-driven stakeholder engagement.
4. Infrastructure Development	Develop supporting tools, processes, and governance to carry out budget development.
5. Parallel Process	Test a new model to understand outcomes if the new model were implemented.

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Current Phase Project Plan

The project plan for the current phase of this engagement structures primary activities into overlapping work streams that take place over a 13-week period.

Workstream Week→	30-Jul	6-Aug	13-Aug	20-Aug	27-Aug	3-Sep	10-Sep	17-Sep	24-Sep	1-Oct	8-Oct	15-Oct	22-Oct
	1	2	3	4	5	6	7	8	9	10	11	12	13
Develop Governance Structures • Develop initial governance structures, charges and membership		▓	▓	▓	▓	▓	▓						
Propose New Annual Budget Process • Identify roles, responsibilities, and develop a schedule of activities for each "budget actor"		▓	▓	▓	▓	▓	▓						
Engage Auxiliary and Support Unit Leadership • Meet with Auxiliary and Support Unit Leadership to review the model	▓	▓											
Model Expansion: Budgeted Financial Data • Expand the budget model to include FY2018 and FY2019 budgeted data		FY19 Model Development							FY18 Model Development				
Department Chair Meetings • Review university wide model and scenario reports with Department Chairs							▓						
Model Training and Expansion • Train WKU Budget Office to build the FY2018 actuals financial model					▓	▓	▓	▓	▓	▓	▓	▓	▓
Steering Committee Meetings					★				★				★

★ Steering Committee Meeting   ▓ Work Stream

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Process Objectives

The new budgeting process is designed to support the success of primary and support units in the new resource allocation environment.

- Promotes a culture of **regular planning, management, and evaluation** to achieve better results

- **Fosters dialogue** between **primary units** and **central leadership** as to how various activities relate to WKU's mission and strategic framework
  - Leverages the use of **institutional data** to evaluate **past performance** and to guide **future decisions**

- Draws upon the knowledge, experience, and creativity of a **broader mix of stakeholders**
  - Defines structures and expectations to encourage different groups to cooperate on budgetary issues

- Establishes a **standardized framework**, but expects each **primary unit to drive the conversation** on important issues that may be unique to its operation

- Features a **flexible process** that can accommodate **future enhancements** as needs grow more sophisticated over time

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Primary Differences with the New Process

The new budgeting process features significant differences from the legacy process. These differences will enable the University to more effectively plan and manage its resources.

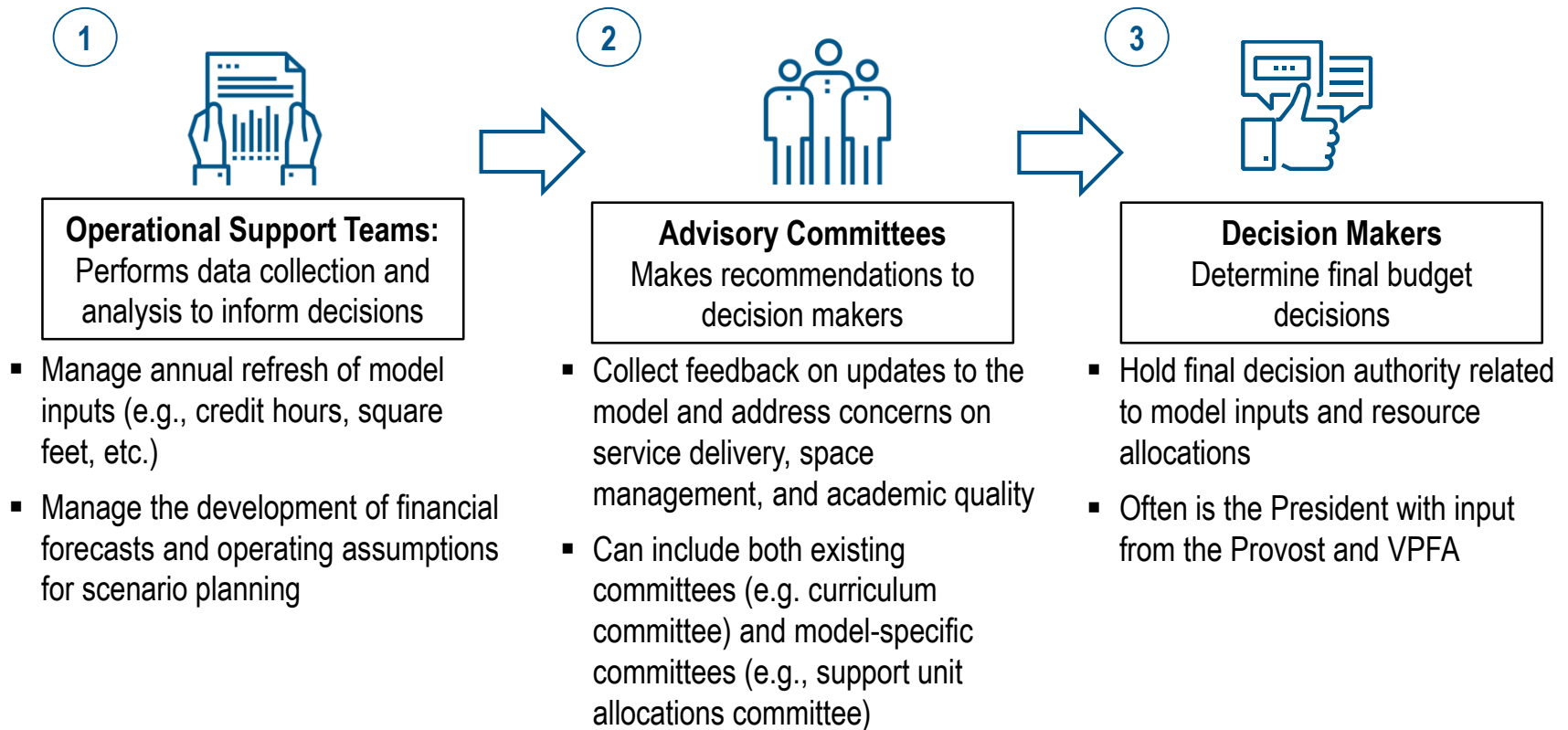| Legacy Budget Process	New Budget Process
1. **Centrally-driven approach** to resource planning that mostly occurs over several months	1. **More collaborative approach** to resource planning that occurs throughout the year
2. **Separate set of conversations** for academic planning and financial management	2. **Integrated conversations** for academic planning and financial management
3. **Shorter term outlook** that plans for next year	3. **Longer term outlook** that plans for next 3 to 5 years
4. **Limited formal review** of unit-level financial performance	4. **Regular data-driven review** of unit-level financial performance
5. **Limited scope** for stakeholder groups to inform budgetary decisions	5. **Broader scope** for stakeholder groups to inform budgetary decisions in a coordinated way
6. **Lack of broad-based communication** on the allocation of discretionary funds	6. **Formal communication** that links central investments to university-wide strategic priorities

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GOVERNANCE

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Budget Model Governance

Budget model governance is intended to clarify roles and responsibilities for facilitating the budget process, including information collection, advisory input, and decision authority.

Illustrative Governance Information Flow:

① Operational Support Teams:
Performs data collection and analysis to inform decisions

- Manage annual refresh of model inputs (e.g., credit hours, square feet, etc.)
- Manage the development of financial forecasts and operating assumptions for scenario planning

② Advisory Committees
Makes recommendations to decision makers

- Collect feedback on updates to the model and address concerns on service delivery, space management, and academic quality
- Can include both existing committees (e.g. curriculum committee) and model-specific committees (e.g., support unit allocations committee)

③ Decision Makers
Determine final budget decisions

- Hold final decision authority related to model inputs and resource allocations
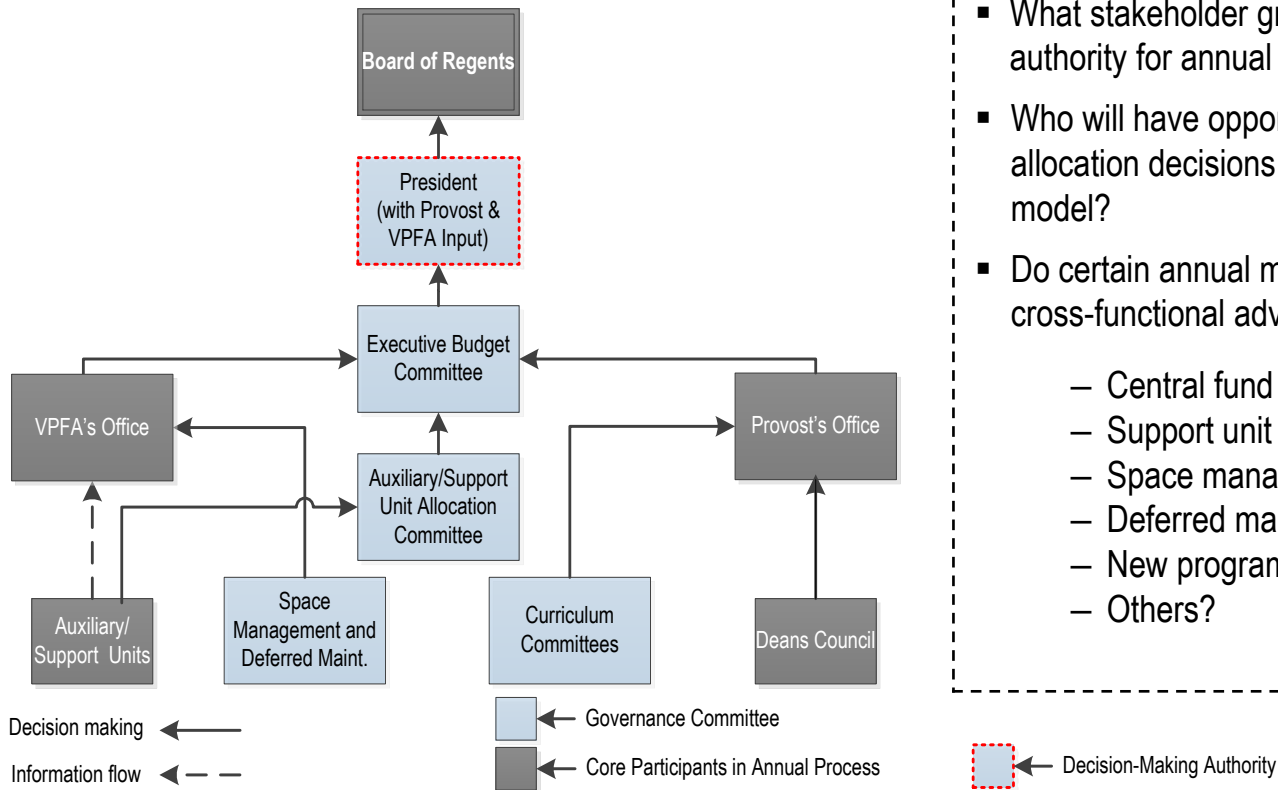- Often is the President with input from the Provost and VPFA

A strong governance structure will ensure that broad, cross-functional input is collected in the allocation process; it will not, however, ensure consensus among stakeholders.

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Governance Structure and Considerations

Governance structures at institutions operating inventive-based models vary based on the degree of decision authority and quantity of advisory committees influencing decision making.

Decision Making Flow[1]

Board of Regents

President (with Provost & VPFA Input)

Executive Budget Committee

VPFA's Office

Provost's Office

Auxiliary/Support Unit Allocation Committee

Auxiliary/ Support Units

Space Management and Deferred Maint.

Curriculum Committees

Deans Council

Decision making

Information flow

Governance Committee

Core Participants in Annual Process

Decision-Making Authority

Governance Considerations

- What stakeholder group will have ultimate authority for annual resource allocation decisions?

- Who will have opportunity to provide input into allocation decisions and other changes to the model?

- Do certain annual model inputs require specific, cross-functional advisory input?

  - Central fund allocations?
  - Support unit allocations?
  - Space management?
  - Deferred maintenance?
  - New program development?
  - Others?

Once a governance structure with appropriate decision-making authority is identified, it is important to document committee membership and charges to effectively operationalize the new budget model.

Note 1: In addition to the depicted governance committees, additional operational support teams are recommended to enhance the budget development process

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Executive Budget Committee

The Executive Budget Committee will review academic, auxiliary, and support unit budgets and provide recommendations to the President.

Roles and Charges

- Review recommendations from the Provost regarding Academic Unit budget requests
- Review recommendations from Auxiliary/Support Unit Allocations Committee
- Recommend Central Fund distribution
- Recommend comprehensive budget
- Review and provide policy/guidance on budget model management
- Conduct outreach across university on resource allocation priorities

Desired Membership

- Vice President Finance and Administration
- Provost
- University Senate Chair
- Staff Council Chair
- Budget Director
- SGA
- Presidential Appointment

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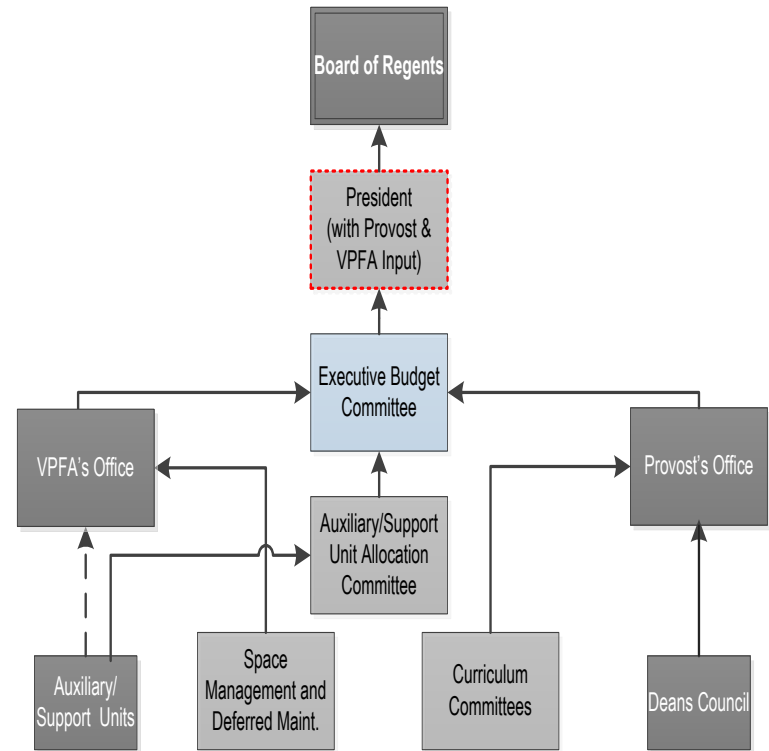
Auxiliary/Support Unit Allocation Committee

The Auxiliary/Support Unit Allocation Committee would meet during October and November to support unit leadership to review each unit's budget proposal, and promote service effectiveness and efficiency.

Roles and Charges

- Reviews the auxiliary and support unit's budget proposals, including strategic objectives, service level demands, and workforce plans

- Examines benchmark data and performance metrics to evaluate service level effectiveness and efficiency

- Offers suggestions for performance improvement for support units; promotes development of service level agreements

- Submits an executive summary of the unified auxiliary and support unit budget recommendations to the Executive Budget Committee

Example Membership

|	
▪ Vice President Finance & Administration ▪ 2 Deans	▪ 4 Administrators (Academic and Academic Administrative representatives) ▪ 2 Faculty representatives

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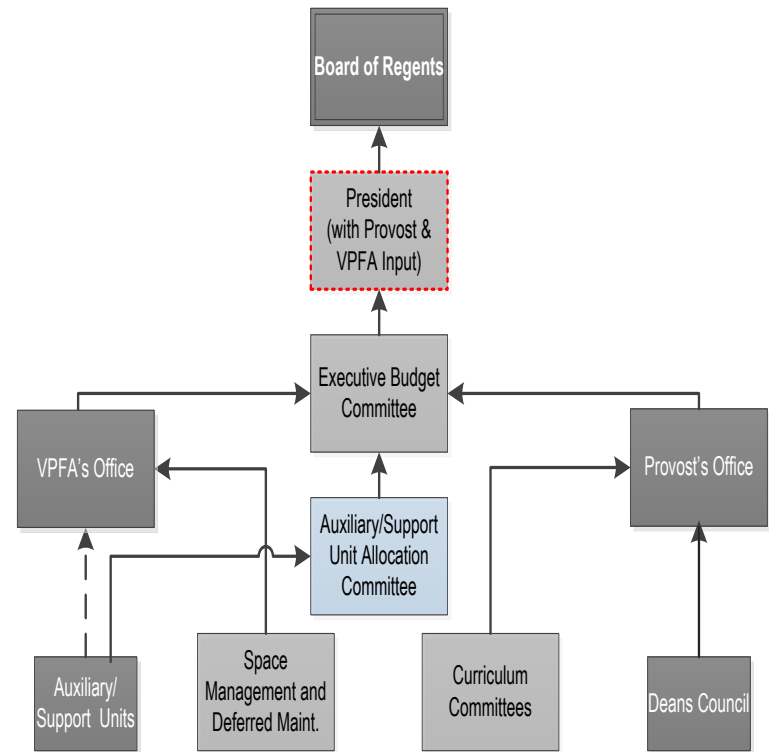
Space Mgmt. and Deferred Maint. Committee

The Space Management and Deferred Maintenance Committee develops policies and procedures for space management and deferred maintenance and acts as a broker for space across campus.

Roles and Charges

- Reviews requests, identifies possible solutions and makes recommendations for the use of space on campus
- Develop policies and procedures for space management and deferred maintenance
- Govern the allocation and brokerage of space across campus
- Ensure that facilities management distributes accurate and timely space utilization data to operating units for budget planning
- Support development of service level agreements between facilities management and revenue-generating units

Example Membership

Vice President Facilities	Athletics Representative
Vice President Student Affairs	Vice President Research
Dean	College Business Manager
Facility Planning Representative	Department Chair

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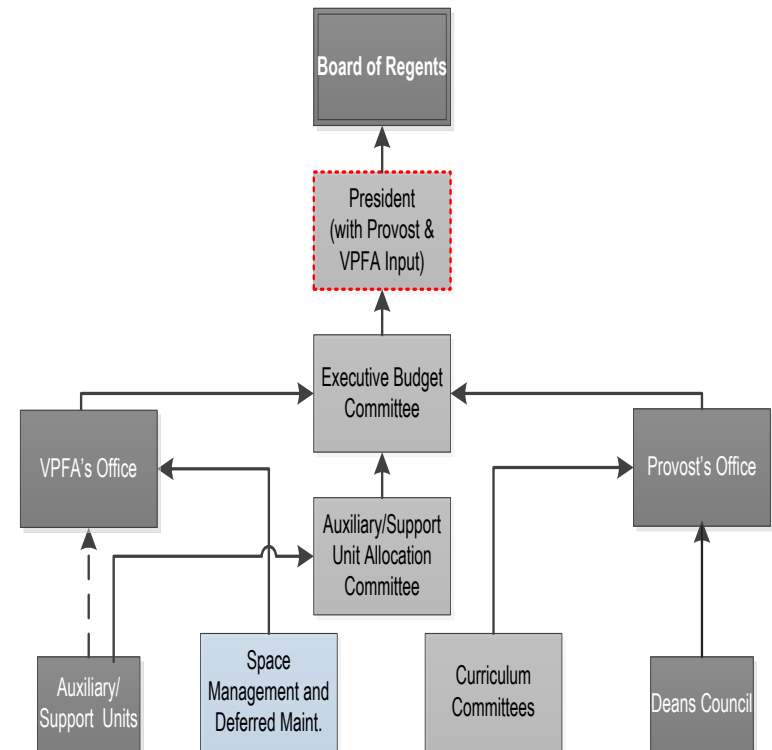
Curriculum Committees

The Undergraduate and Graduate Curriculum Committees advise colleges on curriculum issues. This includes the addition or elimination of courses or programs and ensuring coherent interdepartmental curriculum changes.

Roles and Charges

- Addresses curriculum issues of interest to the University
- Considers proposals for new courses and programs, and changes to existing ones. Submits recommendations to the Faculty Senate.
- Reviews the various university curricula with special attention to duplication or obsolescence of courses
- Promote the development of interdisciplinary courses and programs
- Ensure that proposed changes embody coherent courses of study and adhere to sound educational practices. Recommends against course/program changes that are strictly for financial gain

Example Membership

- Provost Office Representation
- 6 Faculty Members
- 2 Student Representatives
- Registrar Representation
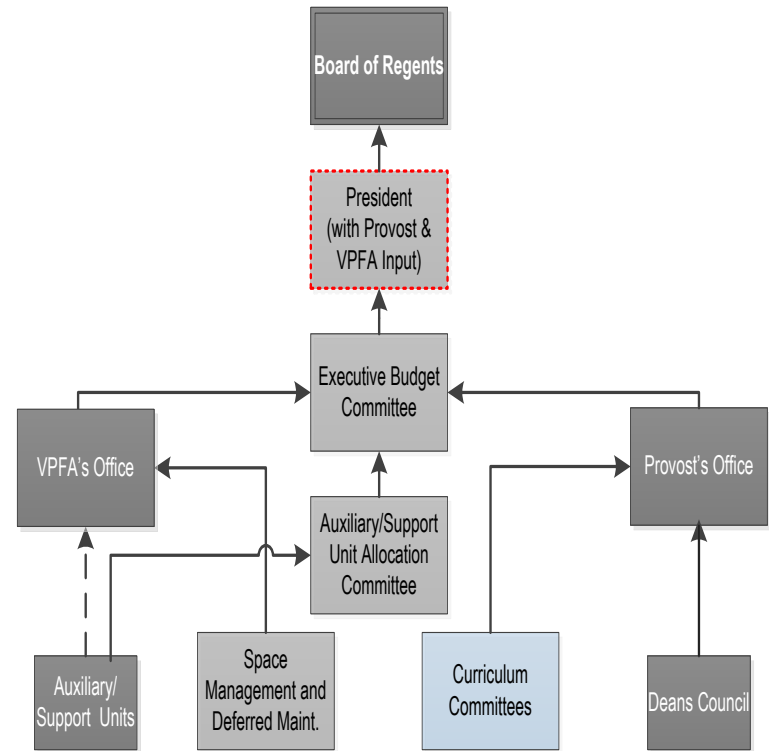
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Recommended Operational Support Teams

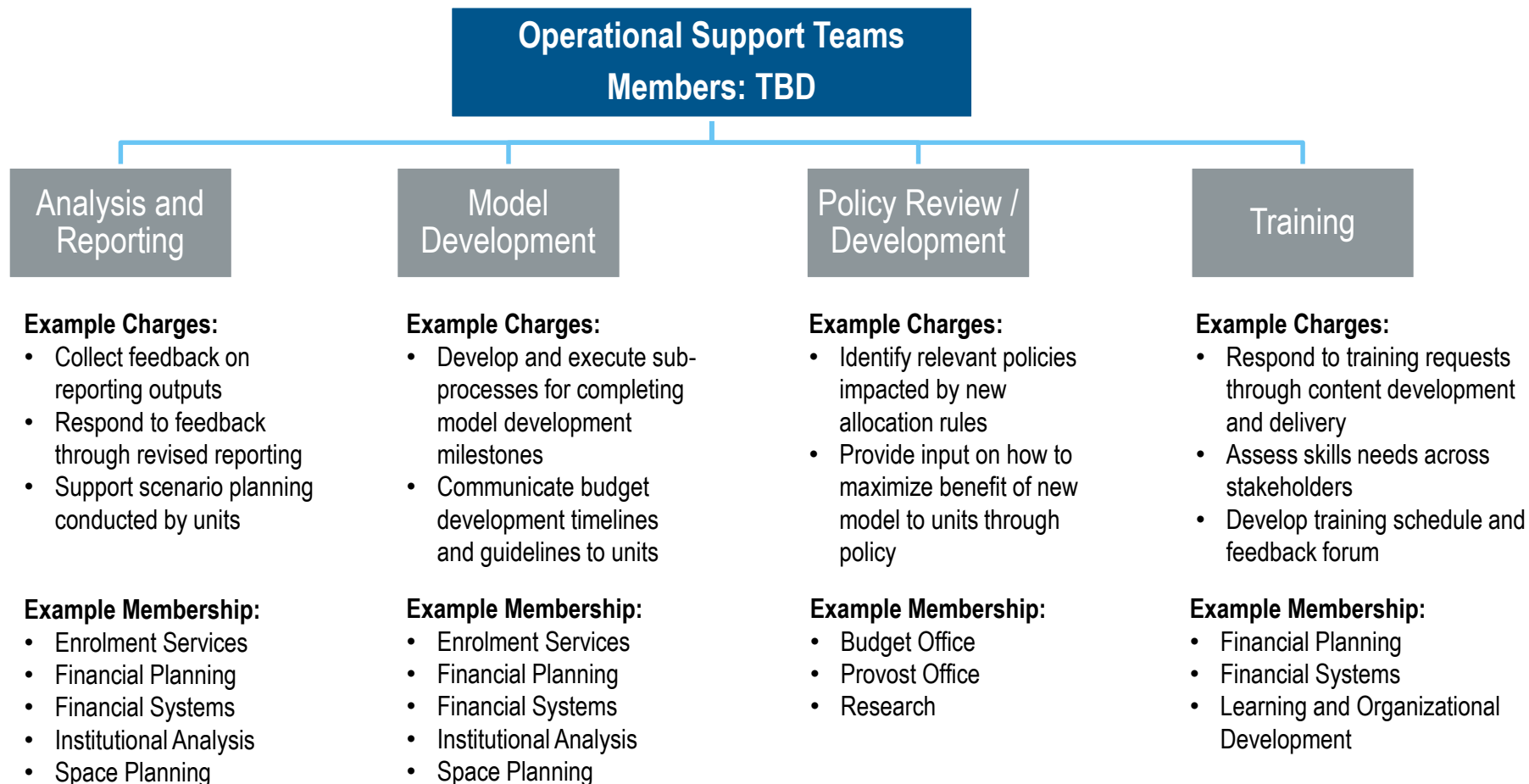In addition to the model management structure, Huron proposes creating the following operational support teams to facilitate the budget development process.

Operational Support Teams
Members: TBD

Analysis and Reporting	Model Development	Policy Review / Development	Training
Example Charges: • Collect feedback on reporting outputs • Respond to feedback through revised reporting • Support scenario planning conducted by units	**Example Charges:** • Develop and execute sub-processes for completing model development milestones • Communicate budget development timelines and guidelines to units	**Example Charges:** • Identify relevant policies impacted by new allocation rules • Provide input on how to maximize benefit of new model to units through policy	**Example Charges:** • Respond to training requests through content development and delivery • Assess skills needs across stakeholders • Develop training schedule and feedback forum
Example Membership: • Enrolment Services • Financial Planning • Financial Systems • Institutional Analysis • Space Planning	**Example Membership:** • Enrolment Services • Financial Planning • Financial Systems • Institutional Analysis • Space Planning	**Example Membership:** • Budget Office • Provost Office • Research	**Example Membership:** • Financial Planning • Financial Systems • Learning and Organizational Development

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BUDGET MODEL DEVELOPMENT PROCESS

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Model Development Process Overview

The table below outlines milestones in the proposed budget development process, along with the groups with primary accountability and responsibility for their completion.

Model Development →

	A	B	C	D	E
Milestone	Collect Data & Develop Assumptions	Develop Cost Allocations	Develop Budget Requests	Finalize Funding Decisions	Update Throughout Fiscal Year
Goal	Forecast University revenues and allocate in model using data variables	Review Central Support Unit budgets and allocate in model using data variables	Develop financial plan requests based on assumptions, cost allocations and local priorities	Review funding requests and make central fund allocation decisions.	Revise budget as needed based on updated forecasts.
Primary Participants	Operational Support Teams, Budget Office	Support Units, Auxiliary/Support Unit Allocation Committee	Deans, Auxiliary Unit Leaders, Business Officers	Deans, Auxiliary Unit Leaders, Advisory Committees, Executive Budget Committee	Executive Budget Committee, Budget Office, Primary Units
Timeframe (Jul. 1 FY)	Oct. – Nov.	Dec. – Jan.	Feb. – Mar.	Apr. – May	Jul. – Jun.

The subsequent slides detail the activities for each budget process milestone. Today's goal is to better understand where additional insight or guidance is needed to fully describe the process after the parallel year.

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Collect Data & Develop Assumptions
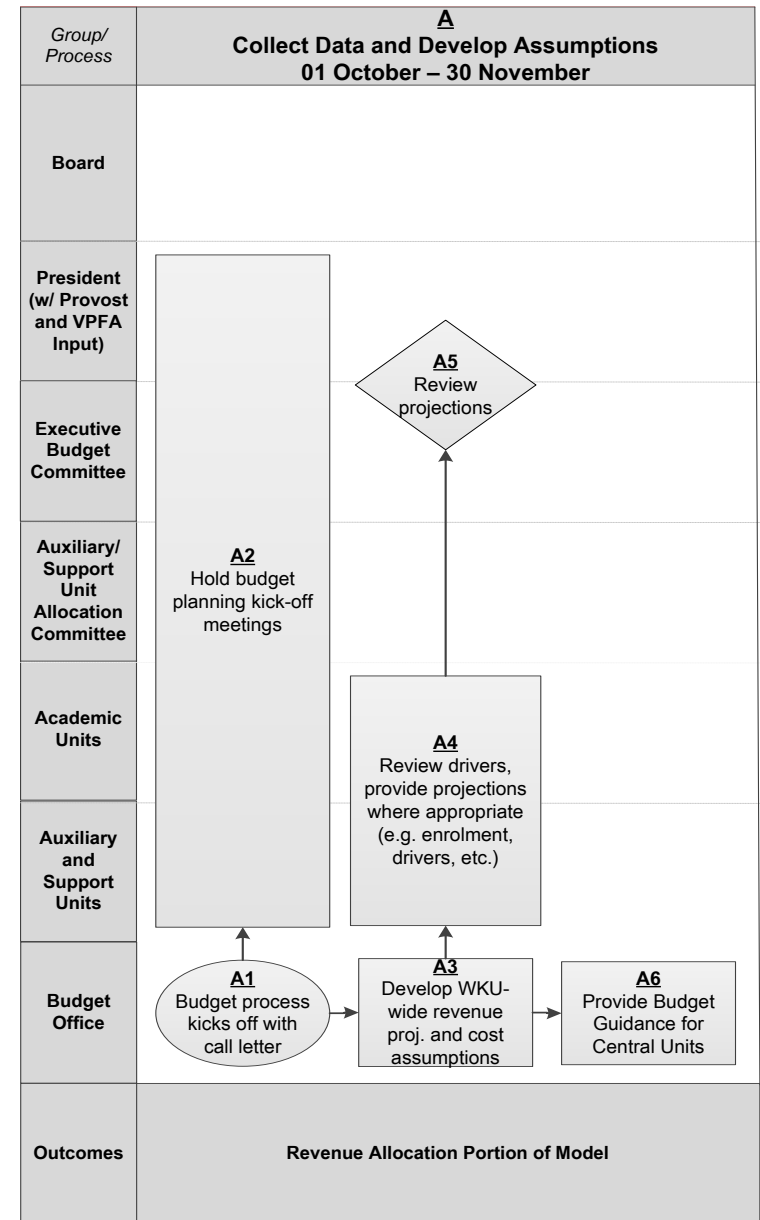
Process Summary:

A1. The budget process will kick off with a call letter to units that includes guidelines for the upcoming year and timelines for budget development

A2. Units and model management committees hold initial planning meetings

A3. Budget Office will forecast university-wide tuition and fees and grants and contracts revenues

A4. Budget Office will oversee calculation of revenue allocations using projected revenues and data variables

A6. Budget Office will distribute guidelines for budget development to Central Support Units

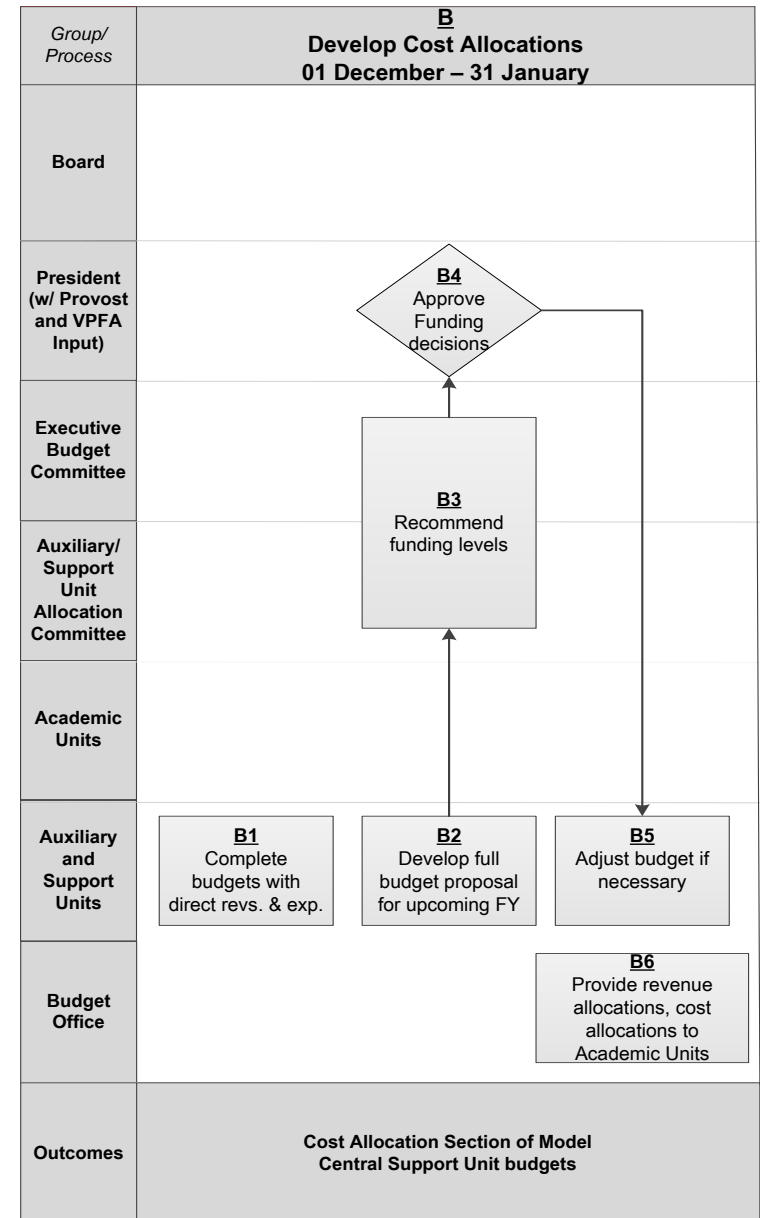| Group/Process	A — Collect Data and Develop Assumptions — 01 October – 30 November
Board	
President (w/ Provost and VPFA Input)	
Executive Budget Committee	**A5** Review projections
Auxiliary/ Support Unit Allocation Committee	**A2** Hold budget planning kick-off meetings
Academic Units	
Auxiliary and Support Units	**A4** Review drivers, provide projections where appropriate (e.g. enrolment, drivers, etc.)
Budget Office	**A1** Budget process kicks off with call letter → **A3** Develop WKU-wide revenue proj. and cost assumptions → **A6** Provide Budget Guidance for Central Units
Outcomes	**Revenue Allocation Portion of Model**

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Develop Cost Allocations

Process Summary:

B2. Support Units will develop budgets and present to the Auxiliary/Support Unit Allocation Committee, highlighting the services provided and attendant costs

B3. The Auxiliary/Support Unit Allocation Committee will recommend funding levels (relative to prior year) to the Executive Budget Committee

B4. The Executive Committee will submit budget requests to the President (w/ Provost and VPFA input), who will make final funding decisions regarding all requests

B6. Once all Central Support Unit budgets have been finalized, the Budget Office will oversee allocation of costs to the Academic and Auxiliary Units
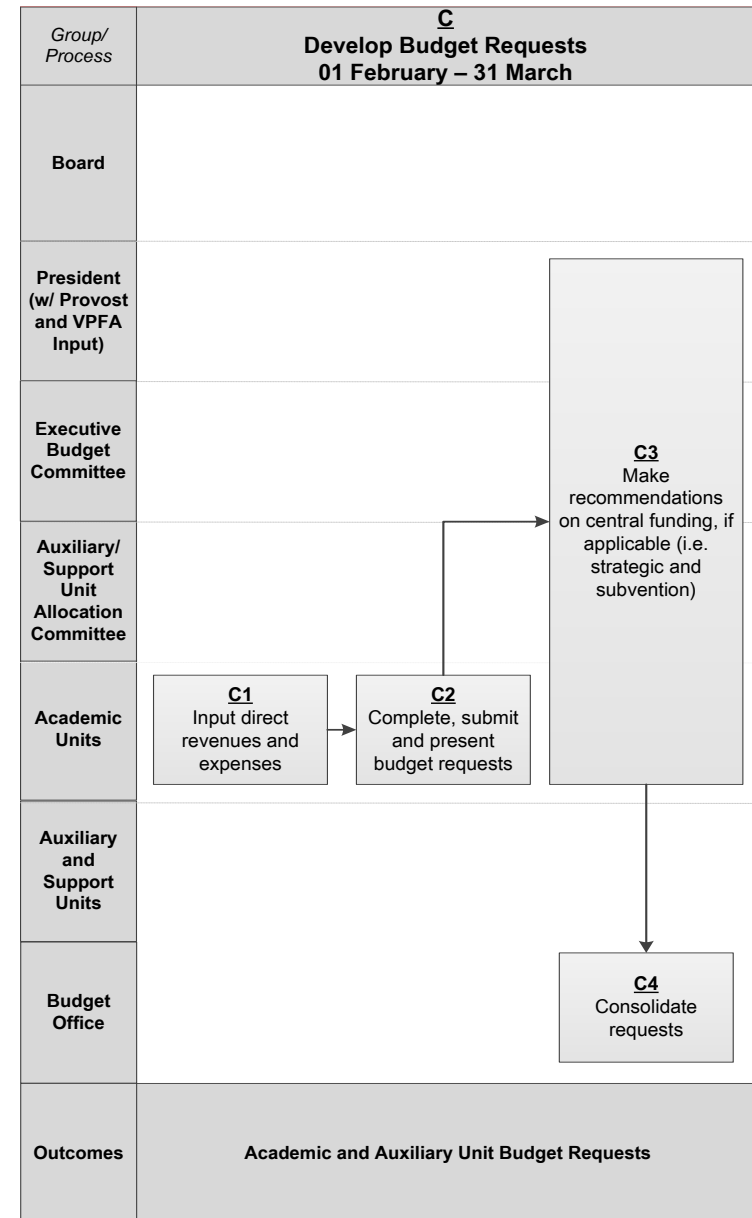
Group/ Process	B Develop Cost Allocations 01 December – 31 January		
Board			
President (w/ Provost and VPFA Input)		B4 Approve Funding decisions	
Executive Budget Committee		B3 Recommend funding levels	
Auxiliary/ Support Unit Allocation Committee			
Academic Units			
Auxiliary and Support Units	B1 Complete budgets with direct revs. & exp.	B2 Develop full budget proposal for upcoming FY	B5 Adjust budget if necessary
Budget Office			B6 Provide revenue allocations, cost allocations to Academic Units
Outcomes	Cost Allocation Section of Model Central Support Unit budgets		

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Develop Budget Requests

Process Summary:

C1. Academic and Auxiliary Units will develop budget proposals around allocated revenues and costs

C2. Academic Units will present their budget requests to the Provost, while the Auxiliary Units will present their budget requests to the Auxiliary/Support Unit Allocation Committee. Both sets of budget requests will ultimately be escalated to the Executive Budget Committee for review

C4. Budget Office will oversee creation of a consolidated, university-wide budget for President to review requests

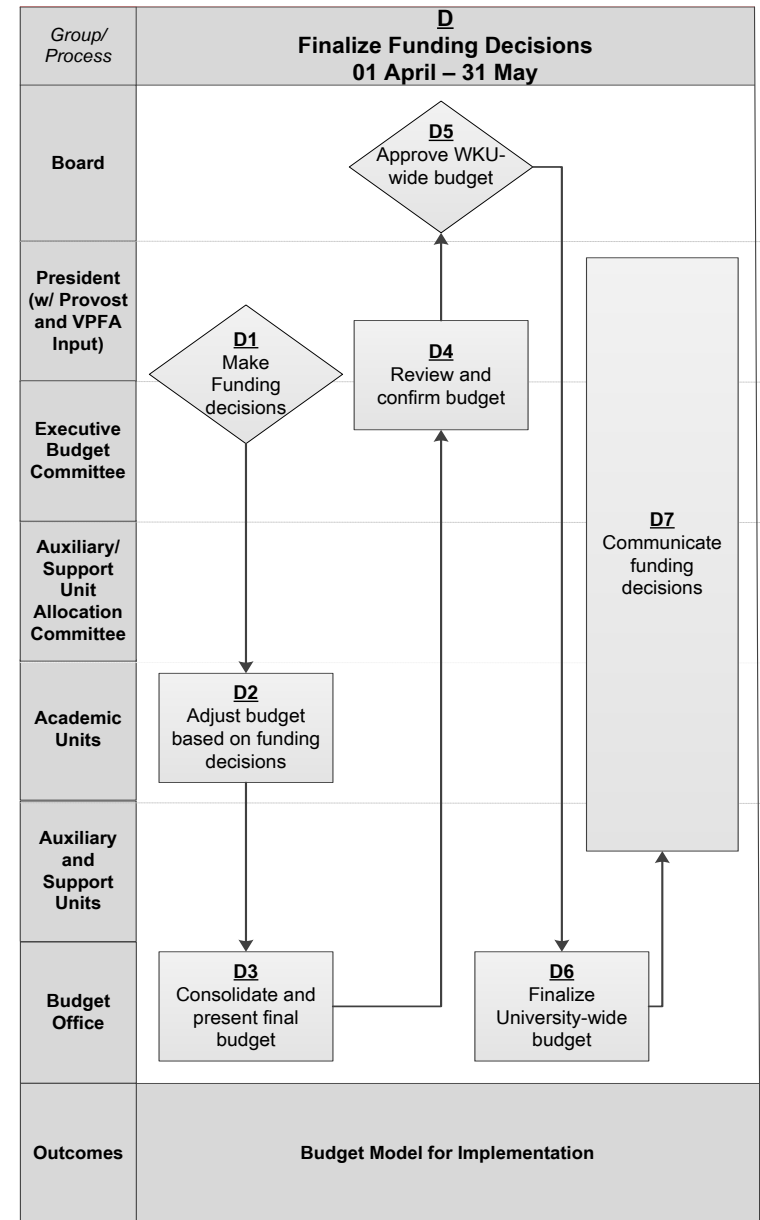| Group/Process	C — Develop Budget Requests — 01 February – 31 March
Board	
President (w/ Provost and VPFA Input)	
Executive Budget Committee	**C3** Make recommendations on central funding, if applicable (i.e. strategic and subvention)
Auxiliary/ Support Unit Allocation Committee	
Academic Units	**C1** Input direct revenues and expenses → **C2** Complete, submit and present budget requests
Auxiliary and Support Units	
Budget Office	**C4** Consolidate requests
Outcomes	**Academic and Auxiliary Unit Budget Requests**

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Finalize Funding Decisions

Process Summary:

D1. Based on recommendations from the Executive Budget Committee, the President will make final funding decisions

D2. Based on funding decisions, units will make budget adjustments as needed

D5. Board will approve the university-wide budget

D6. Budget Office will finalize the university-wide budget aggregate report after all funding decisions are finalized

Group/Process	**D** **Finalize Funding Decisions** **01 April – 31 May**
Board	**D5** Approve WKU-wide budget
President (w/ Provost and VPFA Input)	**D1** Make Funding decisions — **D4** Review and confirm budget
Executive Budget Committee	
Auxiliary/Support Unit Allocation Committee	
Academic Units	**D2** Adjust budget based on funding decisions
Auxiliary and Support Units	
Budget Office	**D3** Consolidate and present final budget — **D6** Finalize University-wide budget
	D7 Communicate funding decisions
Outcomes	**Budget Model for Implementation**

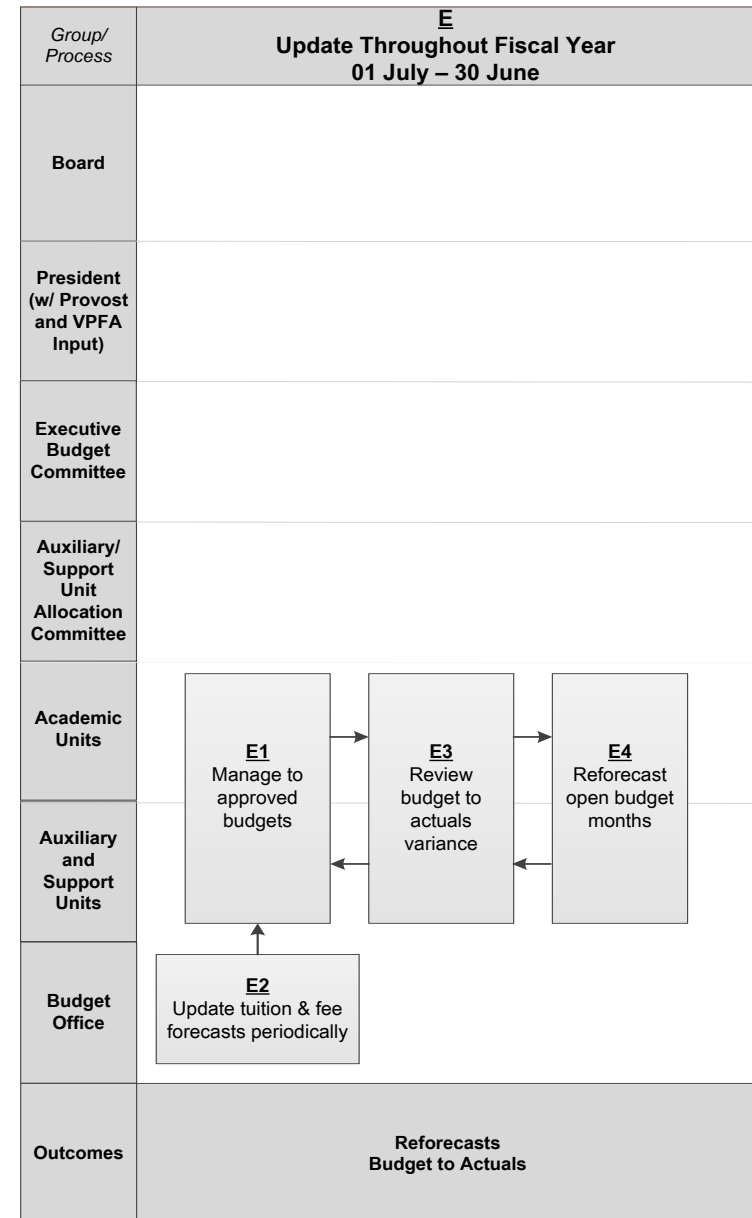**HURON**

Update Throughout Fiscal Year

Process Summary:

E1. Academic, Auxiliary, and Support Units will be expected to manage within approved budgets

E3. Updates will be made to actuals as better information for forecasts (e.g., enrolment) becomes available

E4. Updates to forecasts will be reflected in revised allocations (e.g., If enrolment is lower than forecasted, allocated tuition will have to decrease) and subsequent budget adjustments to open budget months may be made

Note: Steps A-D of the following budget development cycle will occur during E (e.g., Steps A-D for FY20 will occur during Step E of FY19)

Group/Process	E — Update Throughout Fiscal Year 01 July – 30 June
Board	
President (w/ Provost and VPFA Input)	
Executive Budget Committee	
Auxiliary/Support Unit Allocation Committee	
Academic Units	**E1** Manage to approved budgets → **E3** Review budget to actuals variance → **E4** Reforecast open budget months
Auxiliary and Support Units	
Budget Office	**E2** Update tuition & fee forecasts periodically
Outcomes	**Reforecasts Budget to Actuals**

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NEXT STEPS

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Next Steps

In accordance with the proposed project plan, Huron proposes the following next steps:

- Continue to refine RAMP model as needed

- Conduct meetings with academic department chairs

- Conduct ad-hoc meetings with campus leadership as needed

- Continue development of the FY19 and FY18 budget forecast models

- Finalize governance committees

- Develop initial carryforward and deferred maintenance policies

- RAMP Steering Committee to make recommendations to the President for the approval of the new budget model by the October 26th, 2018 Finance and Budget Committee

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APPENDIX

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Project Goals and Objectives

Huron understands that WKU desires a consulting partner to assist with the development of a new performance-based resource allocation model and proposed implementation schedule.

The RAMP model will seek to address the following desires:

- Align with the State's funding formula to better position WKU to increase State funding

- Address current financial trends, which include declines in student enrollment and sponsored programs

- Allocate funds in a way that will support the University's new strategic plan

- Reward performance and invest in strategic priorities in an equitable manner

- Increase transparency and simplicity in resource allocation

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Project Team

**Andrew Laws,
Managing Director**

alaws@huronconsultinggroup.com

- **Experience**: 15+ years
- **Focus Area**: Andrew has helped more than 45 universities optimize institutional resources through financial modeling and budget planning initiatives; revenue enhancement and cost reduction initiatives; and organizational assessment and business process redesign initiatives.
- **Recent Clients**: University of Denver, University of St. Thomas, University of Wyoming, University of Virginia, Auburn University, University of North Dakota, University of Kentucky

**Matt Smith,
Project Director**

msmith@huronconsultinggroup.com

- **Experience**: 15+ years
- **Focus Area**: Matt has worked on a variety of finance-related projects, which include budget model redesign, capital planning, business process reengineering, financial report development, strategic planning, fund balance analysis, endowment spending research, and program cost analysis.
- **Recent Clients**: University of Colorado Denver, University of North Carolina, University of North Dakota, Purdue University

**Josh Flax,
Project Manager**

jflax@huronconsultinggroup.com

- **Experience**: 4 years
- **Focus Area**: Josh uses his background in accounting and finance to assist institutions with resource allocation and optimization, long range financial planning and modeling, and change management initiatives.
- **Recent Clients**: University of South Carolina, University of Colorado – Denver, University of Texas – San Antonio, Seton Hall University, Columbia College of Chicago, and Rutgers University

**Doug Priest,
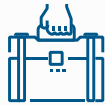Subject Matter Expert**

priest@indiana.edu

- **Experience**: 40+ years
- **Focus Area**: Doug was Associate Professor Emeritus at Indiana University-Bloomington in the Department of Education Leadership and Policy Studies. Doug has held several roles at IU, including Special Advisor to the Chancellor, Senior Associate Vice President for Finance, and Executive Associate Dean for Budgetary Administration and Planning, among others. Doug is the co-author of Incentive-Based Budgeting Systems in Public Universities and various other published works.

**Tori Wilbraham,
Project Consultant**

vwilbraham@huronconsultinggroup.com

- **Experience**: 2 years
- **Focus Area:** Tori has supported academic institutions on a variety of projects, which include shared services initiatives, budget assessment, tuition projection analysis, federal grants reporting, and academic portfolio management.
- **Recent Clients:** Seton Hall University, University of Wyoming, University of North Carolina

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