Financial Forum: UW Bothell

General Faculty Organization
Office of the Chancellor
April 10, 2018
Overview & Goals

• FY 2018: Transitioned from an incremental budget model to a Responsibility Centered Management (RCM) budget model
  – Intent: Provide better planning parameters for the instructional units

• Goals: Support panel discussion by providing overview of UW Bothell modified RCM budget model
Additional Materials & Meetings

• Office of Institutional Planning & Budget website
  – Google “UWB Budget Recalibration Initiative”
    > Phase 1 materials- previous work to recommend a new budget model
    > Phase 2 materials- current work to support implementation
    > FAQ on the new budget model
    > Policies & Decisions

• Open Budget Forum
  – April 25, 2018
  – 11 am – 12 pm
  – LB2-216
What is an incremental budget model?

- Relatively simple budget model
- Incremental revenue pooled at the top of the organization
- Escalating costs are funded first (e.g. annual salary increases)
- Organizational decision-makers allocate remaining funds, based on instructional/non-instructional unit requests
- Allocated funds remain within instructional/non-instructional units, unless a change is prompted by organizational decision-makers
What is a responsibility centered management budget model?

- Revenue is allocated to instructional and non-instructional units via agreed upon parameters and metrics.
- Instructional and non-instructional units are expected to cover escalating costs.
- Decision-making for utilization of funds is pushed further down the organization.
# Incremental vs. RCM Budget Model

<table>
<thead>
<tr>
<th>Incremental</th>
<th>RCM</th>
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<tbody>
<tr>
<td>1 Collect incremental revenue</td>
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<tr>
<td>2 Fund university escalating costs</td>
<td>2 Allocate incremental revenue to instructional/non-instructional units</td>
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<tr>
<td>3 Allocate remaining incremental revenue to instructional/non-instructional units</td>
<td>3 Instructional and non-instructional units fund their respective escalating costs</td>
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Modified RCM at UW Bothell

- FY 2017 is the baseline for instructional and non-instructional units
- Beginning FY 2018, incremental tuition revenue from enrollment growth and tuition increases generates the RCM pool
  - 70% allocated to instructional units
  - 30% allocated to non-instructional units
Modified RCM at UW Bothell: Non-Instructional Units

- 30% of incremental tuition revenue
  - Chancellor’s Office
  - Division of Academic Affairs (non-instructional units)
  - Division of Advancement & External Relations
  - Division of Planning & Administration
  - Central university costs (e.g. Real estate, operations & maintenance)

- Chancellor and CET make allocation decisions
RCM at UW Bothell: Instructional Units

- 70% of incremental tuition revenue
  - 80% allocated based on proportion of student FTE generated
  - 20% allocated based on proportion of major headcount
- Funds available to instructional units:
  - FY 2018 baseline
  - RCM allocation
UW Bothell modified RCM vs. UW Seattle ABB

- Revenue distributed
  - UWB: Tuition revenue
  - UWS: Tuition revenue, Indirect Cost Recovery (ICR) and miscellaneous student fees

- Tuition split between instructional units and central/non-instructional units
  - Both split 70/30 between instructional units and central/non-instructional units
  - UWB: No distinction is made for different tuition categories
  - UWS: ABB allocation methodology is applied to all tuition categories individually
UW Bothell modified RCM vs. UW Seattle ABB (cont.)

• Tuition split amongst instructional units
  – UWB: Student FTE- 80%; Major Headcount- 20%
  – UWS:
    > Undergraduate: Student Credit Hours- 80%; Degree Majors-20%
    > Graduate/Professional: Student Credit Hours- 80%; Major Enrollments-20%

• Baselines and Supplements
  – UWB: FY 2017 functions as an instructional unit’s baseline budget
  – UWS: Supplements were calculated to ensure an instructional unit’s budget was not reduced immediately after the implementation of ABB