Financial Partnerships: Creating a Comprehensive Engagement Plan for Budget Implementation

Vice Chancellor Planning and Budget, Maria Anguiano
Agenda

Preliminary Stage:
Opening the Communication Channel

Research Phase:
Provisions for Steering Committee

Design Phase:
Things to Keep in Mind

Implementation Phase:
Ramp Up Engagement

Tips for a Realistic Engagement Plan
Preliminary Stage: Opening the Communication Channel
Transparency and campus engagement were key pillars throughout the redesign process.
Begin by meeting with Deans 1:1 to find out how they feel about the budget process

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What is working well with the budget process?</td>
</tr>
<tr>
<td>2</td>
<td>What are the pain points around the central budget process?</td>
</tr>
<tr>
<td>3</td>
<td>Do you think your resources are aligned to the campus strategic goals if not, why or why not?</td>
</tr>
<tr>
<td>4</td>
<td>What processes do you use to ensure that your organizational/departmental goals and priorities align with the campus's strategic goals?</td>
</tr>
<tr>
<td>5</td>
<td>What central data would help facilitate decision making at the school/Division level?</td>
</tr>
<tr>
<td>6</td>
<td>What can the campus do to help you improve your internal planning processes?</td>
</tr>
<tr>
<td>7</td>
<td>What type of data do you use in your organization to make budget allocations?</td>
</tr>
<tr>
<td>8</td>
<td>What are the budget pressures in your school/division?</td>
</tr>
<tr>
<td>9</td>
<td>What do you think are the highest priority areas for your School/Division for reexamination by central administration?</td>
</tr>
<tr>
<td>10</td>
<td>Final observations?</td>
</tr>
</tbody>
</table>
Next, ask faculty and staff what they think of the current process
Campus surveys helped gauge the effectiveness of the current budget process and provided guidance for the future process.

### Current Process

<table>
<thead>
<tr>
<th>Stakeholder Survey Results</th>
<th>Current Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Survey Results</strong></td>
<td></td>
</tr>
<tr>
<td>To what extent do you believe UCR’s current state budget process enables achievement of the UCR 2020 Strategic Goals?</td>
<td>Observation</td>
</tr>
<tr>
<td>3 out of 4 people selected between 1 (Not at all) and 3</td>
<td>Most believe that the current state budget process is not aligned to enable achievement of the UCR 2020 Strategic Goals.</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<td><strong>Survey Results</strong></td>
<td></td>
</tr>
<tr>
<td>To what extent do you feel you have the ability to pursue entrepreneurial activities and/or feel incentivized to generate more revenue for your unit/department?</td>
<td>Observation</td>
</tr>
<tr>
<td>1 out of 2 people answered between 1 (Not at all) and 3</td>
<td>The correlation between support unit costs and service delivery performance benchmarks is not visible to consumers.</td>
</tr>
</tbody>
</table>

<table>
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</tr>
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<tbody>
<tr>
<td><strong>Survey Results</strong></td>
<td></td>
</tr>
<tr>
<td>To what extent do you see a correlation between the quality of service and cost of service of indirect institutional support services (e.g., Shared Services, Facilities, Printing &amp; Reprographics, Network, etc.)?</td>
<td>Observation</td>
</tr>
<tr>
<td>~70% of survey respondents selected an answer between 1 (Not at all) and 3</td>
<td>There is not a strong alignment between spend authority and accountability to deliver results.</td>
</tr>
</tbody>
</table>

### Desired Future Process

<table>
<thead>
<tr>
<th>Stakeholder Survey Results</th>
<th>Desired Future Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Survey Results</strong></td>
<td></td>
</tr>
<tr>
<td>To what extent would you like to see accountability for generating more revenue pushed to lower levels of the organization (e.g., school, department, etc.)?</td>
<td>Observation</td>
</tr>
<tr>
<td>1 out of 2 people answered between 1 (Not at all) and 3</td>
<td>Over 60% of survey participants answered between 5 and 7 (Fully Localized)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholder Survey Results</th>
<th>Desired Future Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Survey Results</strong></td>
<td></td>
</tr>
<tr>
<td>To what extent would you like to see accountability for the management of costs (e.g., staff, direct expenditures, etc.) pushed to a lower level of the organization (e.g., school, department, etc.)?</td>
<td>Observation</td>
</tr>
<tr>
<td>3 out of 4 people in the functional leadership positions selected between 5 and 7 (Fully Localized)</td>
<td>Over 95% of those in a functional leadership position selected between 5 to 7 (Completely Open)</td>
</tr>
</tbody>
</table>

<table>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Survey Results</strong></td>
<td></td>
</tr>
<tr>
<td>Does your unit/department have the appropriate skills and resource capability to support additional financial management activities (e.g., analysis, decision support, etc.)?</td>
<td>Observation</td>
</tr>
<tr>
<td>2 out of 3 people answered between 5 and 7 (Completely Open)</td>
<td>66% of respondents in Academic roles chose between 5 and 3</td>
</tr>
</tbody>
</table>

<table>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Survey Results</strong></td>
<td></td>
</tr>
<tr>
<td>How open is your unit/department to a resource allocation and budget design initiative (i.e., to what extent will every one be on-board?)?</td>
<td>Observation</td>
</tr>
<tr>
<td>5 out of 5 people in leadership positions answered between 5 and 7 (Completely Open)</td>
<td>60% of survey participants in leadership positions answered between 5 and 3 compared to less than 25% of people in staff/faculty roles</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th>Desired Future Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Survey Results</strong></td>
<td></td>
</tr>
<tr>
<td>How difficult do you think it will be to design and implement a new resource allocation and budget process?</td>
<td>Observation</td>
</tr>
<tr>
<td>Not at all</td>
<td>Over 95% of those in a functional leadership position selected between 5 to 7 (Completely Open)</td>
</tr>
</tbody>
</table>

The resource allocation and budget model redesign and implementation will be fairly difficult, but welcomed.
Workshops solicited feedback on the desired budget and operating models

- Need a mix of integrated versus holding models: Decisions need to be made in determining which areas should be managed by integrative or holding
- Academia needs the administration to push down the decision making to move towards an incentivized and integrated model

- Opportunity cost is too high for a “10”
- Using tuition as an incentive may be taking things too far
- Org decisions could be in conflict with campus goals (e.g. Do we want to grow Psychology even though it would be easy to increase students in that area for tuition revenue?)

- Need a mix of integrated versus holding models: Decisions need to be made in determining which areas should be managed by integrative or holding
- Decision making: Define metrics to what academic units have to accomplish
Research Phase: Provisions for Steering Committee
Current State Assessment: Share current funds flow with campus stakeholders
After showing the current process, ask faculty and staff to describe what comes to mind for a future budget process.
Use campus feedback to guide the development of your budget model’s guiding principles

<table>
<thead>
<tr>
<th>PRINCIPLE</th>
<th>DESIGN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Transparent</td>
<td>Ability for campus to understand flows of revenue and use of resources</td>
</tr>
<tr>
<td><strong>2</strong> Incentivized</td>
<td>Tuition will be distributed based on performance (student credit hours, majors, graduation rate)</td>
</tr>
<tr>
<td><strong>3</strong> Strategic</td>
<td>Create Strategic Investment Fund</td>
</tr>
<tr>
<td><strong>4</strong> Risk Tolerant</td>
<td>Reward entrepreneurial behavior by department/unit (e.g., expanding masters degrees)</td>
</tr>
<tr>
<td><strong>5</strong> Logical</td>
<td>Costs decentralized to benefiting units (rent charge and utility charge)</td>
</tr>
</tbody>
</table>
Budget Model Definitions

**Incremental**
Budget proposals and allocations are based upon funding levels of previous year. Only new revenue is allocated. Budget cuts made as percentage of institution’s historical budget and typically across-the-board in reach.

**Hybrid**
Combine elements of incremental and performance based budget models.

**Responsibility Center Management**
Delegates operational authority to schools, divisions, and other units within an institution. Each unit receives all of its own revenues and income, including tuition of its enrolled students. Units are responsible for their expenses and a share of campus overhead.

**Performance**
Awards funds based on achieving target metrics, such as revenue, graduation rate, or research funding; awards funds based on performance, which is determined by a number of defined outcomes standards.
Make sure all stakeholders have a clear understanding of the different budget model options available.

**Understanding the Range Between Budget Models**

**Historical Trend**
- Incremental
  - Common Limitations:
    - Does not incent unit revenue growth or cost control
    - Difficult to maintain in periods of stagnant growth
    - Do not flexibly accommodate changes in enrollment patterns

- Hybrid
- RCM

**Emerging Trend**
- Common 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 market trends and dean performance rather than institutional priorities

CBOs struggle to determine which institutional goals are best achieved through decentralized incentives versus central investment and oversight.
Overview of Budget Models: Levers That Can Be Pulled

- Linkage Between Budget and University’s Mission
- Time and Cost of Implementation
- Incentives for College-Level Entrepreneurial Activities
- Role of Central University in Resource Allocation
The current budget becomes thought of as “the base,” and there is little incentive to question the justification of continuing programs which may not align with the university’s mission.

The budget model is primarily focused on increasing productivity and enrollment growth.

Responsibility Centers can be rewarded through special funds for pursuing activities tied to university’s mission. However, Responsibility Centers can also independently increase revenue by pursuing entrepreneurial activities.

The model focuses on linking university activities to the university’s mission and priorities. This budget model is very result-oriented focusing on outcomes rather than on inputs and processes.
<table>
<thead>
<tr>
<th>Incremental</th>
<th>Hybrid</th>
<th>RCM</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>It conserves time and energy as budget and budget expectations remain the same from year to year, allowing only for minor changes in revenue levels and resource distribution.</td>
<td>Because the majority of funds continue to be distributed under incremental budgeting, there is no need to re-haul the budget model. Budget officers do not need major re-training.</td>
<td>Because Responsibility Centers manage revenues and expenses, much time is spent on determining appropriate allocation methodologies. Budget officers need to be retrained.</td>
<td>Because of the comprehensive and integrated nature of this budget model, all activities and resources are reviewed in consideration of the institution’s priorities. Budget officers must be retrained.</td>
</tr>
</tbody>
</table>
### Incentives for College-Level Entrepreneurial Activities

<table>
<thead>
<tr>
<th><strong>Incremental</strong></th>
<th><strong>Hybrid</strong></th>
<th><strong>RCM</strong></th>
<th><strong>Performance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>As funds are co-mingled in the general fund and not directly allocated to colleges, there is little incentive for deans and executives to generate additional revenue.</td>
<td>College deans pursue enrollment growth strategies to help boost productivity funding. Because funding is supplemental, it doesn’t incentivize significant entrepreneurial activities.</td>
<td>Responsibility Centers pursue entrepreneurial activities and revenue generated from these activities will be directly allocated to their center.</td>
<td>The budget model primarily incentivizes college deans to pursue activities that support the university’s mission.</td>
</tr>
</tbody>
</table>
## Role of Central University in Resource Allocation

<table>
<thead>
<tr>
<th>Incremental</th>
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<th>RCM</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>While all funds are distributed by the central university, academic units expect to receive similar funding to the prior year, thereby reducing the flexibility of the central university to shift resources.</td>
<td>Majority of funds are distributed under incremental budgeting.</td>
<td>Central university controls a significant portion of funds but colleges can influence allocation based on activities.</td>
<td>All funds are distributed by the central university and resource allocation decisions are based on institutional priorities.</td>
</tr>
</tbody>
</table>
Develop an advisory committee to aid in the budget allocation process

<table>
<thead>
<tr>
<th>Member</th>
<th>Initial Variable Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dean of Graduate School of Education</td>
<td>3 Years</td>
</tr>
<tr>
<td>Dean of College of Humanities, Arts, and Social Sciences</td>
<td>4 Years</td>
</tr>
<tr>
<td>CFAO for School of Public Policy</td>
<td>2 Years</td>
</tr>
<tr>
<td>CFAO for College of Natural and Agricultural Sciences</td>
<td>4 Years</td>
</tr>
<tr>
<td>CFAO for University Extension</td>
<td>2 Years</td>
</tr>
<tr>
<td>VC of Student Affairs</td>
<td>3 Years</td>
</tr>
<tr>
<td>Academic Senate of Planning &amp; Budget</td>
<td>Open</td>
</tr>
</tbody>
</table>

- Contains a mix of campus leadership
- Rotates new members each year with 3 year staggered terms
- Reviews budgets of Service Providers
- Makes recommendations based on the needs of the campus

The SLA Governance Committee is an *advisory committee* to the Provost/EVC and Vice Chancellor of Planning & Budget
Once you established an advisory committee, make sure you also develop the committee’s role and responsibility:

- **Advocate** on behalf of the user
- **Verify** service provision, quality of services, and costs are in alignment with overall **strategic objectives of UCR** and the needs of the customer units
- **Review** each services provider’s actual performance, both from a **financial and qualitative** perspective
- **Assess** service levels and funding requirements for the upcoming fiscal year
- **Recommend** to Provost and Vice Chancellor of Planning and Budget changes to levels of service and funding necessary to support the service
Training for Committee Member Development

- Go Over Current State
- Go Over Budget Model Options
- Set Expectation for Timeline
- Participation
Design Phase:
Things to Keep in Mind
Develop a streamlined approach that results in a clearer, more transparent view of the institution’s resource use.
With the guide of established principles, a clear and more transparent budget model was developed.
UCR’s new model categorizes all UCR Organizations as either Revenue Generators or Service Providers.

**Revenue Generators**
- Generate revenue for campus
- Include academic units and self-supporting / auxiliary units

**Service Providers**
- Grouped into one of four Cost Pools
  - Infrastructure
  - Administration
  - Student Support
  - Academic/ Research Support
Revenue from the various sources now flows directly to the revenue generators.

**Revenue Sources**

<table>
<thead>
<tr>
<th>Revenue Sources</th>
<th>Tuition &amp; Fees</th>
<th>Contracts &amp; Grants</th>
<th>Gifts</th>
<th>Auxiliary</th>
<th>State Appropriations</th>
<th>Other Revenue</th>
</tr>
</thead>
</table>

**Revenue Recipients**

- **Aux / Self-Supporting Enterprises**
- **Academic Units**
- **Subvention & SIF**

**Academic Units**

- BCOE
- CHASS
- CNAS/OR
- GSOE
- SOBA
- SOM
- SPP
- VPUE - English
- Writing
- VPUE - Summer
- Session
- Athletics
- UNEX
- Palm Desert
- Bookstore
- Child Dev Ctr
- TAPS
- Housing/Dining
- UCR Card
- Faculty Housing
- HUB
- Health Center
- Rec Center

Academic Units and Auxiliary Units generate revenue through several revenue sources such as Contracts & Grants, Tuition, Gifts, Sales & Services, and Auxiliary.
Service providers generate indirect expenses which are allocated to Colleges & Self-Supporting Units following a step-down methodology.

<table>
<thead>
<tr>
<th>Cost Pools</th>
<th>Infrastructure</th>
<th>Administration</th>
<th>Student Support</th>
<th>Academic &amp; Research Support</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructure</strong></td>
<td>BAS – Facilities Services</td>
<td>BAS – HR</td>
<td>Graduate Division</td>
<td>Academic Senate</td>
</tr>
<tr>
<td></td>
<td>BAS – Police / ERM</td>
<td>BAS – Business &amp; Financial Services</td>
<td>Student Affairs</td>
<td>Library</td>
</tr>
<tr>
<td></td>
<td>C&amp;C</td>
<td>BAS – General Administration</td>
<td></td>
<td>Research &amp; Econ Dev</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CEVC/P&amp;B</td>
<td></td>
<td>Advancement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>VP Units: VPUE, VPIA,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Academic Personnel</td>
</tr>
</tbody>
</table>

- **Allocated to all Units**
- **Allocated to all Units except Infrastructure**
- **Allocated to Colleges and Schools**
- **Allocated to Colleges and Schools**
New College Profit and Loss Statement

- Tuition
- Other Direct Revenue
- Direct Expenses
- Indirect Charges (Cost Pools)
- New Margin
Hold Harmless Period: A one-time subvention calculation was designed to make schools/colleges FY16/17 budget the same as their FY15/16 budget.

<table>
<thead>
<tr>
<th></th>
<th>Old Model</th>
<th>New Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perm/Gen. Funds</td>
<td>$58 M</td>
<td></td>
</tr>
<tr>
<td>Tuition Revenue</td>
<td></td>
<td>$38 M</td>
</tr>
<tr>
<td>Direct Revenue</td>
<td>Open</td>
<td>Open</td>
</tr>
<tr>
<td>Direct Expenses</td>
<td>$54 M</td>
<td>$54 M</td>
</tr>
<tr>
<td>Indirect Expenses</td>
<td></td>
<td>$24 M</td>
</tr>
<tr>
<td>Net</td>
<td>$4 M</td>
<td>$-40 M</td>
</tr>
<tr>
<td>Subvention (State/ UC Gen Funds)</td>
<td></td>
<td>$44 M</td>
</tr>
<tr>
<td>Carry Forward</td>
<td>$4 M</td>
<td>$4 M</td>
</tr>
</tbody>
</table>

One-Time Calculation

- Permanent 19900 Budget
- Tuition Revenue
- Amount Charged for Cost Pools (Indirect Expenses)
- Subvention*
Moving forward, subvention calculations will be adjusted for fixed cost increases only

Incremental adjustments will be based on available funding from the State or Student Fee increases and will only be available for the following expenses:

**Fixed Costs**
- Faculty Merits & Promotions
- Employee Benefits & Retirement
- Staff Merits & Range Adjustments
The actual cost allocation amount of a Service Provider to an Org will be determined by specific drivers.

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Driver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>Facilities Services</td>
<td>Total Space=% Sq. Ft Utilized</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Enterprise Risk Management, Computing &amp; Communications</td>
<td>FTE= Total Academics*, Staff, Students</td>
</tr>
<tr>
<td>Administration</td>
<td>Human Resources, Bus &amp; Fin Svcs</td>
<td>FTE= Academics* &amp; Staff</td>
</tr>
<tr>
<td>Student Support</td>
<td>Undergrad Admissions, Financial Aid</td>
<td>FTE= Undergraduate</td>
</tr>
</tbody>
</table>

*Includes Ladder Rank, Other Instructional Faculty, Academic Appointments, TAs/GSRs

Orgs cannot opt out of any of these indirect costs by declining certain services. The indirect costs calculated by the Central Budget Office act as a kind of tax across the community.
The decentralized budget model eliminated 90% of campus recharge transactions.
A balance needed to be achieved between high quality services at a reasonable cost.

In response, SLAs were created

**What They Are**
- Agreement with customers to align service level with expectations

**What They Are NOT**
- Detailed bill between each customers and service provider
Implementation Phase:
Ramp Up Engagement
UCR’s budget redesign was completed over several months using a combination of interviews, surveys, and workshops that involved several campus constituents.
Campus engagement during design is crucial: we hosted several workshops to discuss the allocation of various revenue sources, including tuition allocation.

**HOW SHOULD TUITION BE DISTRIBUTED TO COLLEGES?**
**ALLOCATION WEIGHTING DISCUSSION OUTPUT**

**Identified Clusters:**
- Instruction: 50 – 80%
- Majors: 10 – 30%
- Performance: 10 – 30%

**What We Picked:**
- Instruction: 60%
- Majors: 20%
- Performance: 20%
We asked CFAOs to provide us with specific issues they had with the different areas of the budget process.

1. What was of value to you, and what didn’t work well?
2. What was confusing, difficult, or tedious to compile?
3. What are we missing?
In follow-up meetings we provided a handout that listed the common themes found in their feedback to ensure accuracy.

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### May 3rd, 2015
### CFO Budget Template Debrief Meeting – Common Themes

**Group 1**
- Georgiana Carson
- Karin Zuberi
- Swetha Sharpe-Nar
- Jan Wildman
- Pat Harey
- Glau Kast
- Wanda Murphy
  (Christina and Leslie)

**Group 2**
- Tamara Hedges
- Catei Eskelson
- Shelby Grupa
- Ginger Osborn
- Tracey Schlimmer
- Yvonne Tajia
  (Stamos and Anson)

**Group 3**
- Veronica Ruiz
- Cindy Williams
- Jennifer Furgas
- Michael Bold
- Gav Atkinson
- Kayla Dolese
  (Stephanie)

**Group 4**
- Cynthia Persich
- Sally Turcios
- Louise Gustafson
- Kenneth Lai
- Lee Banks
- Bobbi McCowen
  (Matt and Daisy)

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**P&L**
1. **Back-up for Indirect Expenses & Net Cost Pool Allocation**: clarity from unit costs, service expenses, calculations, and direction on future projections.
2. **Recharge Rationalization clarity**: data files, account numbers needed more than a populated template
3. **One-time Adjustments clarity**: provide details on a separate tab or if it’s a common SEA, include in P&L
4. **Better, explicit directions**: individual cell explanation requests, line by line explanation requests
5. **Show difference between Actual vs. Budgeted, or Speculated vs Non-Speculation**: Units are missing in requests with projections
6. **Multiple P&L’s**: Ex: Physical Plant O&M and Physical Plant Services, or C&C, or Business Financial Services – UIC P&L vs. Services

**Salary & FTE**
1. FTE was tedious to calculate, given that there are different definitions of FTE and no written directions on the template were provided (budgeted vs actual, etc.)
2. **Tools**: There should be consistency between the salary report and FTE, additional training, new tool/system to get #’s
3. **Student FTE – Issues with inflating FTE or giving the wrong Org picture, should FTE be counted?**

**Carry Forward**
1. P&L Reference: Balance sheet needs to reference, tie back, have better integration to with the P&L but should not be an add-on P&L (2 suggestions for multiyear; Group 2 wants CFO in P&L)

**Executive Summary**
1. **More Direction Needed – What do reviewers want to see?**
2. **Additional Sections – SLA explanation of additional core, top funding priorities, 5 year plan** (but Groups 1 & 4 also liked brevity)

**Other Suggestions**
1. Better ways of providing more explanation/ transparency to internal funding
2. Reconcile org charts to Salary/FTE and Template to Appendix
3. Explain how to treat graduate tuition & financial aid in Grad Division
4. KPI’s were challenging and required a lot of leg work (future discussion)
5. SLA workshop

*Per VCP8, we need to have a roll-up section for temp adjustments*
We also wanted to know how long it took them to complete the process and what, if anything, worked out well for them.

How long did it take to complete each section of the budget template?

Please turn into FP&A when completed.

Exercise 1: Issues/Feedback/Proposed Solutions for RATES

1. What was of value to you, and what didn’t work out well?

2. What are we missing? What questions do you still have?

3. From your unit’s perspective, is this appropriate documentation for record keeping and auditing purposes?

Exercise 3: How much time did you spend on each budget template section?

<table>
<thead>
<tr>
<th>Exec Summary</th>
<th>#2 Salary &amp; FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 – P&amp;L</td>
<td>#3 – Net Position (CFD)</td>
</tr>
<tr>
<td>#1a - PDST</td>
<td>#4 Rates</td>
</tr>
<tr>
<td>#1c - OSF</td>
<td>#5a – FP&amp;A Metrics &amp; KPIs</td>
</tr>
<tr>
<td>#1b - SSDF</td>
<td>#5b – Unit created KPIs</td>
</tr>
<tr>
<td>#1d - Aux</td>
<td></td>
</tr>
</tbody>
</table>
We identified where financial officers struggled the most and are preparing **1-on-1 sessions** for those sections.

**KPIs & Benchmarks**

- Specific
- Measurable
- Achievable
- Results Oriented
- Time-bound

Note that not all metrics are KPIs – this is dependent on each unit’s criteria for success.

**Small discussions will improve this year’s budget process**
For example, units had a hard time developing strong key performance indicators (KPI) so we dedicated a training session to help CFAOs develop KPIs for their units.

A KPI should be

- **S**pecific
- **M**easurable
- **A**chievable
- **R**esults Oriented
- **T**ime-bound

Criteria for a Strong KPI

1. Quantifiable measures
2. Compares performance in terms of meeting strategic/operational goals
3. Defines and tracks business goals and objectives
4. Advises tactical courses of action

Note that not all metrics are KPI's – this is dependent on each unit's criteria for success.

The expectation for Unit KPI's is to provide quantifiable data.
We provided examples of what KPIs would look like for some units and asked them to use the examples to create a few samples for their unit.

**EXAMPLE: Matching TAPS language to SMART KPI’s**

<table>
<thead>
<tr>
<th>S</th>
<th>Specific</th>
<th>Keep the percentage of commuter students who purchase permits below a baseline trend…</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>Measurable</td>
<td>40%</td>
</tr>
<tr>
<td>A</td>
<td>Achievable</td>
<td>Is the specific goal achievable? Yes</td>
</tr>
<tr>
<td>R</td>
<td>Results-Oriented</td>
<td>more available parking spaces, less need for capital projects</td>
</tr>
<tr>
<td>T</td>
<td>Time-bound</td>
<td>Each Year</td>
</tr>
</tbody>
</table>

**Goal: Improving Unit Based KPIs**

- Select 1-2 KPI’s and apply the SMART methodology
- Capture Improvements on Handout
Service Level Agreements were another source of confusion so we did a deep dive into what this would mean for each unit.

**The Definitions**

**Core Services**
Customers will be provided a high quality service that is sufficient to address their operational needs while also addressing regulatory or policy mandates. The cost of providing this level of service will be assessed to campus units as applicable.

**Premium Services**
Customers can option for an added level of service on a long-term basis to address their unique needs. This arrangement will be subject to a premium-level assessment on top of their core-level assessment.

**Recharges**
On an as-needed basis, services can be selected to address specialized needs at pre-established rates.
Meet with all unit heads to confirm understanding of new budget model

Common Issues Identified by Organizations:

- Budget templates were time consuming and difficult to complete
- Time allotted to complete templates was not enough
- Unclear how to fill out certain sections of the templates (ex: KPIs)
- Request for more training sessions around the budget process
- Glossary of terms requested
The Planning and Budget Office scheduled meetings with all campus constituents to review budget model updates and answer any questions:

- Executive Senate Committees
  - December 2016

- Supervisors for Admin Staff
  - December 2016

- Faculty
  - January 2017

- FAOs
  - January 2017

- Department Chairs and Directors
  - January 2017

- Student Leadership
  - February 2017

- College Executive Committees
  - February 2017

- Online Materials
  - February 2017