Breakfast for Progress

Ensuring a Sustainable Financial Future at Ohio University
1-31-18
Decision-making Structure

What is the role of shared governance in OHIO’s budget process?
Resource Allocation Decisions: Central, Planning Unit, & Dept.

<table>
<thead>
<tr>
<th>Central Decisions</th>
<th>Planning Unit* Decisions</th>
<th>Dept/Division Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raise Pool</td>
<td>Allocation of Raise Pools</td>
<td>Faculty/Staff Workload</td>
</tr>
<tr>
<td>Benefits</td>
<td>Staffing/Replacements/Hiring</td>
<td>Curriculum delivery</td>
</tr>
<tr>
<td>Debt Strategy</td>
<td>Support Pathways/Priorities</td>
<td>Academic outcomes</td>
</tr>
<tr>
<td>Institutional Investments</td>
<td>Capital Project Prioritization</td>
<td>Student Success/Service</td>
</tr>
<tr>
<td>Enrollment</td>
<td>Program Priorities/Reallocations</td>
<td>Efficiency/Service level</td>
</tr>
<tr>
<td>State Support</td>
<td></td>
<td>Compliance/Accreditation</td>
</tr>
<tr>
<td>Tuition Rates</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Planning Units are defined as colleges (led by Deans) or administrative/support units (led by Executive staff)
Factors influencing Budget Planning
Salaries and Wages

Raise Pool
- Budget Planning Council
- Deans Council
- President’s Council
- Total Compensation Committee

Faculty Compensation Plan
- Faculty Compensation Task Force
- Deans Council

Staff Compensation Plan
- Total Compensation Committee

- Market rates of increase
- Employee recognition
- Improving competitive position
- Biennial equity review
Factors influencing Budget Planning

Benefits

Healthcare/Other Benefits

• Benefits Advisory Council
• Total Compensation Committee
• Deans Council
• President’s Council
• Budget Planning Council

• Cost inflation
• Plan design
• University vs. Employee share
• Eligibility
• Managing utilization/experience
Factors influencing Budget Planning
Capital Plan/ Internal Loans

Capital Investment Priorities

- Deans Council
- Budget Planning Council (BPC)
- Facilities Planning Advisory Council (FPAC)
- Facilities Management
- Ridges Advisory Committee
- Capital & Facilities Planning Council (CF&PC)
- Presidential Advisory Council on Disability and Accessibility Planning (PACDAP)

Use of Debt

- Treasury and Debt Advisory Council (TDAC)
- Budget Planning Council (BPC)
- Deans Council
- President’s Council

• Deferred Maintenance
• Utility Infrastructure
• Programmatic needs
• Classroom/lab design and technology
• Student experience and expectations
• Accreditation and academic quality
• Debt Capacity & Affordability/Ratings
Factors influencing Budget Planning
Scholarships, Financial Aid, and Graduate Support

Scholarships and Financial Aid

• Deans Council
• Budget Planning Council (BPC)
• President’s Council
• Strategic Enrollment Management Steering Committee
• College/Department

Graduate Support

• Graduate Council
• Deans Council
• President’s Council
• College/Department/Program Director

- Enrollment strategy
- Competitive pressure
- Student Quality/Recognition
Institutional Investments/Expenses
Challenges/Constraints

- Competitive Compensation
- Healthcare cost inflation
- Deferred Maintenance
- Enrollment Competition
- Strategic Academic/Research Growth
- Student/Public Expectations
- Protecting Academic Excellence
Resource Allocation Framework

**Definition of a Budget Model:**
Representation of institutional revenues, expenses, and distribution of resources across units

- “Budget Model” does not dictate decisions about allocation of resources.
- No model will
  - Add revenue to the system
  - Determine your unit’s academic and academic support priorities
  - Determine the best way to invest in built environment, technologies, staffing
  - Solve collective budget deficits
Budget Context

• At its core, budgeting is simply the allocation of resources in a constrained environment
• The primary resources that units need are people and space and both need funding to exist
• Therefore budgets are simply funding distributions resulting from resource allocation decisions
• Strategic priorities should drive resource allocation decisions
Resource Allocation Principles: University Strategic Pathways and Priorities

• University Strategic Pathways and Priorities should help guide resource allocation decisions, at all levels of the institution – https://www.ohio.edu/president/initiatives/strategic-pathways.cfm

• Colleges and administrative units should translate the University Strategic Pathways and Priorities into their own strategic priorities
Resource Allocation Principles
Internal/Mission Factors

Such as:

- Alignment with strategic pathways and priorities
- Continuous improvement in academic quality
- Rankings consistent with access mission
- Excellence in research and creative activity
- Program demand, growth, and investment
- Service level expectations
Resource Allocation Principles
External Pressures/Drivers

Including but not limited to:
• Compliance
• Accreditation
• State of physical environment (e.g. deferred maintenance)
• Service expectations (e.g. IT, mental health)
• Inflationary pressures (e.g. healthcare)
• Market pressures/demographics (e.g. SSI, enrollment/financial aid)
Resource Allocation Principles: Balance

• Financial sustainability requires the strategic allocation of constrained resources
• Both financial and non-financial performance measures are needed to inform allocation decisions
Discussion Question #1

When making resource allocation decisions, what measurable non-financial factors should be considered

A. Related to academic unit performance?
B. Related to administrative unit performance?
Resource Allocation Decision Making

• Resource allocation decisions are made at every level
  – University decisions about resource levels across planning units
  – College/Administrative Unit decisions about resource levels available to each department/school/division
  – Department/School/Division decisions about allocation of personnel and space
Unit-Level Resource Allocation
Balancing Efficiency and Quality

• Requires maximizing revenue while managing expenses and maintaining quality

• Focusing only on maximizing efficiency can negatively impact long-term academic quality, rankings, or service levels
  • Producing credit hours as cheaply as possible can impact quality
  • We cannot ignore compliance and safety in service delivery

• Maximizing quality requires strategic allocation of resources; resources are not unlimited

• Resource allocation must balance efficiency with quality
Discussion Question #2

• What can your academic unit do and/or what have you done to creatively impact efficiency (curriculum, scheduling, pedagogy, use of faculty, etc.) while also protecting academic/research quality as much as possible?

• What can your administrative unit do impact efficiency while balancing quality and service level expectations?
Discussion

Question #1
When making resource allocation decisions, what measurable non-financial factors should be considered?

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Discussion

Question #2

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• What can your administrative unit do to impact efficiency while balancing quality and service level expectations?