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To: Council of Deans
Budget Unit Directors

From: P. Barry Butler, Executive Vice President and Provost
Rod Lehnertz, Senior Vice President for Finance and Operations
Terry Johnson, Chief Financial Officer and Treasurer

CC: Bruce Harreld
Susan Klatt
Don Szeszycki

Date: 13 February, 2017

Re: New GEF Budget Model

The following outlines four key components of the University of Iowa's new budget model for allocating GEF funds: i) Characteristics, ii) Goals, iii) Next Steps and Issues to be Resolved, and iv) Annual Timeline and Major Milestones. We intend to implement the new budget model for FY18 with the understanding that it may be modified in the coming years as we monitor the impact the new budget model has on our ability to advance the University.

- **New Budget Model - Characteristics**

- Value-based, transparent, and shaped by guiding principles (Student Success, Quality Indicators, Our Values, Our Future)
- Flexible design to support and finance the 2016-21 University of Iowa Strategic Plan
- Based on annual increases/decreases to the GEF "Collegiate Economic Analysis"

- **New Budget Model - Goals**

- Maximize annual net tuition revenue
- Accommodate future state appropriations at flat or reduced levels
- Incentivize new revenue generation
- Provide recurring/non-recurring funding for strategic initiatives
- Ensure collegiate/non-collegiate unit financial accountability
- Improve salary competitiveness
- Fund salary and benefit adjustment and/or other inflationary increments through new revenues, efficiencies or reprioritization
- Develop multi-year revenue/expense projections

- **New Budget Model – Next Steps and Issues to be Resolved**
 - In consultation with collegiate deans and non-collegiate unit leaders, finalize allocation principles/rules for “Collegiate Economic Analysis.” The allocation principles/rules will be reviewed annually and adjustments will be made if necessary.
 - Appoint “Shared Cost Center Advisory Committees” responsible for reviewing and advising non-collegiate units. Each committee (see, page 4) will meet throughout the year to review efficacy of unit activities and annual budgets.
 - Strategic initiative funding to be sourced by:
 - Savings identified through Shared Cost Center Advisory Committees and TIER
 - Adjustments in state appropriations
 - Other institutional recommendations regarding tuition rate adjustments and/or enrollment adjustments
 - Strategic initiative requests to be made through annual process. Collegiate/Non-Collegiate Budget Committee leaders meet once a year to finalize and allocate annual strategic initiative funding.
 - Determine collegiate unit “base” adjustments utilizing “Collegiate Economic Analysis” and other collegiate performance metrics. If adjustments are recommended, the implementation timeline will be based on the degree of adjustment.

- **New Budget Model - Annual Timeline and Major Milestones**
 - **October 1**
 - “Collegiate Economic Analysis” metrics analyzed and adjusted based on previous fiscal year actuals (e.g., tuition revenue, student headcount, faculty/staff FTE, research awards, building space costs, mid-year recurring collegiate/non-collegiate unit budget adjustments)
 - Collegiate units collaborate with Enrollment Management staff to determine enrollment/student aid goals for upcoming fall
 - **December 15**
 - Each collegiate unit’s tuition revenue adjusted by BOR-approved tuition inflation and/or anticipated change in tuition supplements (if applicable)
 - **January – February**
 - Each collegiate unit’s tuition revenue adjusted by projected enrollment and/or student aid adjustments
 - **March 1**
 - Non-collegiate units develop proposed budgets for upcoming fiscal year
 - Shared Cost Center Advisory Committees meet with non-collegiate units and approve unit budgets
 - **April 1**
 - Funds available for annual strategic initiatives finalized
 - **May 1 (Budgets Finalized – Predictor Step)**
 - Unit budgets finalized by Chief Budget Officer
 - Annual increase/decrease in state appropriations known
 - Collegiate units develop proposed direct expense budgets based on projected net revenues and shared cost centers approved budgets

- Strategic initiatives approved and awarded
- **September 15 (Budget Adjustments – Corrector Step)**
 - Variances between actual fall enrollments and projections identified
 - Each collegiate unit's tuition revenue adjusted by enrollment variances
 - Enrollment meets or exceeds projections:
 - Additional resources allocated to collegiate unit based on tuition allocation methodology
 - Enrollment does not meet projections:
 - Collegiate unit must return allocated resources based on tuition allocation methodology.
 - Collegiate unit determines ability to repay allocation - options for repayment may include utilization of non-recurring GEF funds, unit non-GEF funds or loan from central resources.

Shared Cost Center Advisory Committees

Enrollment Management & Student Financial Aid

Units:	Student Financial Aid Student Financial Aid Operations Admissions	Participants:	Assoc. VP for Enrollment Mgmt. Collegiate Deans (2 – TBD) Other Representatives (TBD)
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Student Academic Support

Units:	University Libraries Registrar's Office Academic Advising Graduate College Admin & College General University College Distance & Online Education Int'l Programs & Study Abroad Summer Session Honors Program	Participants:	Exec. VP & Provost Collegiate Deans (2 – TBD) Other Representatives (TBD)
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Student Life Support

Units:	Division of Student Life Hancher	Participants:	VP Student Services Collegiate Deans (2 – TBD) Other Representatives (TBD)
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Research & Economic Development

Units:	VPR Admin. Services & Centers Grant Accounting State Hygienic Laboratory Museums & State Arch.	Participants:	VP Research & Econ. Development Collegiate Deans (2 – TBD) UIRB Representatives (TBD) Other Representatives (TBD)
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Buildings & Grounds Support

Units:	Bldg. O&M/Utilities (classrooms, offices, support space, etc.) Energy Conservation Building Capital & Renewal	Participants:	Senior VP Finance & Operations Collegiate Deans (2 – TBD) Facilities Mgmt. Representatives (TBD) Other Representatives (TBD)
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Information Technology Services

Units:	ITS	Participants:	Assoc. VP/CIO Collegiate Deans (2 – TBD) Other Representatives (TBD)
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Central Administrative Support

Units:	President's Office Provost Office Finance & Operations External Relations General Counsel Human Resources State/Board of Regents General University Commitments	Participants:	University President Other Representatives (TBD)
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