

NEW FINANCIAL MODEL STEERING COMMITTEE - MARCH 21, 2012

PART ONE: TASK FORCE LEADERS MEETING

The Steering Committee (SC) has established shared goals, reviewed financial models of peer institutions, listened to the schools and major service unit presentations and developed principles at the SC retreat.

Task Forces have been formed to prioritize and address key topics and principles prior to modeling exercises that will take place.

TASK FORCE LEADERS

Dean Bob Bruner - Revenue and Incentives

Dean Paul Mahoney - Cost and Services

Dean Bob Pianta - Communications and Change Management

Dean Kim Tanzer - Governance and Policies

VP/CIO James Hilton - Financial Reporting

The Task Force (TF) leaders met before the SC meeting to plan and organize their work. Many questions for discussion - the flow of tuition revenue; in state and out of state undergraduate tuition, differences between schools; how to align incentives to reward desired behavior; how to resolve much of the work that will cross committees. The TFs will return to the SC for decisions on key questions after exploring and documenting alternative resolutions and identification of the principles impacted, impeded or advanced.

The Communications & Change Management TF, scheduled to meet 3/22, would like a straw man model. Expressed concerns about resources required, finding time and performing documentation.

Governance - not just a review of policy and process, also how do we make decisions together - who decides; need the right people (deans and admin.) and the right meetings to make good decisions. This year, service units met with schools before developing the budget.

Cost Architecture - group will begin with basic principles and a mechanism for aligning incentives, address the question - what is directly charged vs taxed.

Investments - regarding fundraising and unrestricted endowment vs capital to invest in growth, discussion point regarding complexity of schools standing on their own.

In addition, how to manage risks and handle reserves; implicit in financial reporting, but not currently addressed.

Resourcing across the TFs is an issue; leaders were asked what support was needed in order for them to succeed and progress.

Team leads are encouraged to talk on a regular basis. SC and TF summer availability will be a challenge.

Discussion regarding faculty concern about emphasis on perceived business principles; resources are necessary but the solution cannot always be that more resources are needed. Education is key, will positively affect capacity to adapt, collaborate and continuously improve.

Budget reviews of all schools is currently underway, positive process for all to look at their own appropriations and own their destinies. Scenarios provide situations for all to gain competency and understand consequences of choices and decisions.

PART TWO: STEERING COMMITTEE MEETING

Summary of retreat; two important outcomes.

1. Reviewed empirical data from leader survey, perceptions of colleagues regarding the guiding principles;
2. Transition to collaboration, taking abstract principles, discussing how to take a bottoms up view including understanding the implications of each decision.

This year's budget process was valuable for the co-sponsors to fully witness the issues of the schools and units. A good way to align administration, see common patterns between schools, understand school and unit readiness.

The TF leads are convening groups that will build support. Members are cross functional with representation from schools, admin, faculty and staff. Need to determine goals of each. TFs will identify "talkers" who understand the rationale and goals of the new model and will help to educate the University community.

Financial Reconciliation - Numbers do not include the flow of funds from central sources to the schools and the flow of revenues within school budgets; currently, there is a gap - needs work to get to real sources and uses and include transfers. A more complete model will be available soon. This exercise is an important one since it is building the base on which to model the NIFM scenarios.

The goal of the SC is to create a balanced NIFM that allow all schools to succeed.

School Preparedness – the Curry School’s process can be a model for this

- A document was rolled forward from Curry planning group to faculty meetings, discussed the big picture and controlling their own destiny
- Discussed values, processes, aims
- Faculty Budget Group determined responsibility and info architecture
- Document is a reference point for the faculty – all decisions are documented
- Tool was developed to show profiles of faculty members – individual revenues and expenses; assumptions; shows how various types of faculty members perform in the new model
- Forming a partnership between administrative, new budget group and faculty
- Organization of the school is necessary to align with the new budget model

Service Preparedness – Management and Budget Department is undertaking a review of service preparedness. 7 service units including Procurement, Facilities Management, Budget Office, Space and Real Estate Management, University Building Official, State Government Relations, and Process Simplification, ranging in size from a department of one in Process Simplification to Facilities Management which has 1,200 employees.

- Discovered the commonalities among the units – refined a new mission and overall vision for Management and Budget.
- Establish understanding of the cost of service; getting criticism from state legislators on costs; there is a need to reduce and consolidate costs
- Work group developed to examine core functions and assess performance of the service units.
- Performance data collected, customer input solicited, performance improvement plans adopted.

Suggestions regarding communications are welcome: srstrine@virginia.edu