

NEW INTERNAL FINANCIAL MODEL STEERING COMMITTEE - July 13, 2011

The July 13th meeting of the Steering Committee began with co-sponsors Interim Provost Milton Adams and EVP/SOO Michael Strine stating their plans to meet individually with members of the Steering Committee (SC) to gain feedback to assess direction and progress on the project.

The Committee discussed the need to reach out proactively to various constituencies and communities and to regularly inform them of the process and progress on the project. The SC discussed various mechanisms for providing information and communicating to the university utilizing such methods as a dedicated website, meetings with departments, the Faculty Senate, and monthly Fiscal Administrators meetings. The committee recommended developing communication material that can be distributed throughout the institution. The co-sponsors will make a presentation on the new budget model to the October 18 Faculty Senate meeting and will respond to questions at that forum. The co-sponsors stressed the need for face-to-face communication throughout the length of the project and their willingness and availability to meet with groups.

Foundations: Foundations are a vital part of the conversation, as they are a component of the financial capacity of the University and the achievement of its goals and objectives. It is important to recognize the different roles and relationships of Foundations to schools. In developing the financial model, it will be essential to build a dialogue with leadership among the foundations to align and coordinate the work of foundations and the University. The co-sponsors will provide leadership for engagement of foundation leaders.

Representatives from the Core Work Group (CWG) led the Steering Committee through a set of institutional financial profiles that compared various financial models to: 1) understand the various versions and possibilities in RCM (Responsibility Centered Models), 2) begin policy level discussions upon review of similarities and differences, and 3) develop design principles for the financial model going forward. The institutions reviewed were: University of Virginia, University of Virginia-self-sufficiency, Harvard University, Iowa State, University of Minnesota, and University of Michigan.

The Steering Committee then identified the following elements for consideration in the development of design principles:

- Strategy and long range plans for the University
- Understand what we control and what we do not, with respect to State exposure
- Capacity of schools and their leadership to achieve goals of the schools and the University
- Decentralization versus Centralization of Revenue Streams
- Cost Allocation and Tax Structure - Cost based (itemized), cost plus (subventions), determination of allocations to manage
- Determine types of Responsibility Centers - University-wide, Academic only, Units et al
- Governance - determine authority and decision-making process
- Allocation of Tuition - determine allocation to schools and basis, questions regarding enrollment-basis, customization, etc.

- Consistency and reliability – identify what elements may be constant among centers and which may be variable; determine support level of data and systems