



**University Budget Committee Agenda**  
**October 17, 2019**  
**2:00 – 3:00 PM**  
**UH 004**

**1. Old Business/Updates**

**2. Budget Model Discussion led by Kaitlyn Maloney, Senior Consultant, EAB**

Kaitlyn Maloney leads research on behalf of higher education finance and administration leaders. She and her team tackle financial, operational, and strategic research questions spanning institutional strategy to unit-level process improvement. She also regularly facilitates working sessions on institutional or departmental challenges with teams and cabinets. Kaitlyn's areas of expertise are business affairs and operations, operations and strategy, and strategic planning.

Kaitlyn joined EAB in 2015 from the George Washington University School of Business, where she served as an undergraduate career coach for finance and accounting students. She previously worked in PwC's public sector assurance practice.

Kaitlyn is an alumna of the University of Notre Dame, where she earned a B.B.A. in Accountancy *cum laude* and completed the university's Dublin program. She later earned a Master of Science in Education with a focus on Higher Education Administration from the University of Pennsylvania, Graduate School of Education.

**3. Questions and Discussion**

**4. New Business –**

Subcommittees

Axiom Planning & Analysis assessment process

**Minutes**  
**University Budget Committee Meeting**  
**October 17, 2019**

Kaitlyn Maloney, Senior Consultant from EAB, shared a presentation “Optimizing University Budget Models.”

The presentation began by introducing industry trends, including the incremental budgeting model, the responsibility center management (RCM) model, and the emerging trend towards a hybrid model. Pros and cons of each model were discussed.

The presentation then addressed budget model design principles, or the elements of a budget model. Four broad classifications are:

- Revenue Allocation: methods to allocate university revenue to units
- Cost Allocation: methods to assign expenses for university overhead
- Strategic funding: sources of funding for strategic objectives
- Performance targets: mechanisms to inflect unit behavior

Common metrics and methods for allocating revenue are a unit focus, based upon student credit hours, majors, or degrees; a program focus, based upon memorandums of understanding, growth, or program margin; and an institution focus, based upon determinations made by a vice president, dean or department manager, and/or principal investigator.

Cost allocations support those items that are considered university overhead and are indirect to programs. Cost allocations must be easily measured, must be controllable, and must allocations must inflect desired behavior change.

Strategic funding includes large-scale institutional investments, and takes into consideration items such as infrastructure to grow, competitive advantages, technology enhancement, and mission expansion. Strategies may be centralized or decentralized, and usually require a strategic reserve fund for targeted initiatives.

Performance targets may be based upon unit margin such as gain sharing margin targets or improvement goals, student success such as degrees awarded or credit milestones, or priority setting for budget control, fund allocation, or strategic planning.

The presentation wrapped up with further discussion of industry trends and committee member questions and thoughts concerning the types of budget models.

**Minutes**  
**University Budget Model Subcommittee Meeting**  
**October 17, 2019**

Following the monthly University Budget Committee meeting and the presentation from EAB, the subcommittee tasked with recommending a budget model discussed elements that need to be considered and items that are important for planning for the University of Montana.

Discussion ensued around the following:

- Consideration of all revenue sources including net tuition, state allocations, indirect cost recoveries, and gift funding
- Focus on those elements that can be controlled
- Differing costs of academic units that would require varying ratios among the programs regardless of flat revenue sources
- Research strategic initiatives
- Identifying and understanding what is or should be in a “base” budget; recognizing that programs are not currently utilizing consistent budget philosophies
- Strategic directives not included in the base budget should be viable, measurable, and easily assessed
- Adjusting for downturns
  - Planning for tenure track faculty and non-tenure track
- Allowing for time necessary to phase-in a new budget model
- Acknowledge that every program is not a net revenue contributor
- How to factor in research and service when those activities are not reflected in appropriations funding
- Allocation of tuition revenue vs appropriations
- Identifying what we want to incentivize, avoiding perverse incentives
- Identifying what kind of institution we want UM to be
- Understanding the existing budget model
- Strategic priorities or guiding principles – short, medium, and long-term
- Research vs learning and how can they complement each other?