Dear Colleagues:

Thank you for agreeing to serve on the Budget Allocation Model Working Group. The President has asked that we convene to make recommendations relating to how we can improve the implementation of the current model for distributing revenues to units within Academic Affairs and to ensure emphasis on strategic growth and entrepreneurship. Specifically our goal is to ensure that the model is fulfilling the original intention of performance-based budgeting that has been in operation at PSU since 2014 (https://www.pdx.edu/budget/history-of-performance-based-budgeting-0). In this model, the university establishes an additional allocation of funds to the Provost for revenue growth above a base revenue forecast, and those funds are distributed to units in relation to strategic priorities.

The university has also generated a revenue and cost attribution tool (RCAT) that permits a representation of the revenues generated at each school and college and the direct and indirect costs associated with generation of that revenue. Since 2015 this tool was used to set revenue targets for each academic unit and has provided metrics to inform allocation of annual PBB revenue among academic units. Given the changes that have taken place in resources at PSU as well as changing priorities, both at the state allocation level and locally, it is prudent to revisit this model to determine if it continues to facilitate strategic decision-making.

To that end, this working group will consider the following questions:

- What are the strengths and weaknesses of the current allocation model? What should be retained and what should be revised?
- What are the strategic goals to which the budget allocation model should direct resources? To meet those goals, what measures should be included in assessment of academic unit funding?
• Identify institutional examples from other universities that can inform PSU practices; are there other models that should be considered?
• Develop recommendations for iterating or changing the current model to best serve PSU decision-making.

As part of this process, the working group will review the current RCAT model to determine if it serves as a useful tool to inform strategic decision-making regarding attribution of revenue generation and cost.

So that recommended changes may be implemented for FY20, the President has asked that the working group present recommendations by January 15, 2019.

I look forward to working with all of you to improve our ability to manage institutional resources and achieve our strategic goals.

Sincerely,
Susan Jeffords
Provost and Vice President for Academic Affairs
Portland State University