Myth: interdisciplinary course collaborations (team teaching, requiring courses or electives in programs other than your own, and joint programs) are harder to do now that we have performance based-budgeting (PBB).

The Fear: There have been concerns expressed that an academic unit will end up losing student credit hours to another unit as the result of collaboration and this, in turn, will harm the unit’s overall budget.

How it works: The setting of performance requirements is the relationship between 1) a school’s /college’s revenue requirement (how much they generate from tuition, fees and attributed state appropriation) and 2) its expenditure budget (how much they are allowed to spend). For a short video on how performance-based budgeting works see http://www.youtube.com/v/Vdt30w5Yu8w

With performance-based budgeting revenue requirements and expenditure budgets can be adjusted to acknowledge when units team teach courses, require courses in other programs, teach across departments, or offer joint programs. In short: performance budgets can be adjusted to reflect the impact of collaboration so that academic units are fairly treated and not harmed through collaborations within and across schools and colleges at PSU.

The provost (in consultation with the deans, other vice presidents, and the president) sets performance requirements for each school/college. It is then up each dean to determine how allocations are made within his or her school/college.

Once an interdisciplinary collaboration is identified, adjustments can be made in a revenue requirement or expenditure budget. The principles of how performance-based budgeting works are the same whether we are talking about interdisciplinary collaborations between schools/colleges or interdisciplinary collaborations between departments in the same school/college.

The process for adjustments is based on collaborations as follows:

1. During the annual enrollment management process that all schools/colleges participate in, deans work with one another to identify interdisciplinary collaborations related to the delivery of instruction.

2. Having identified those, the deans share plans with the provost. Collaborations could result in a school/college having a higher or lower revenue generation requirement (depending on where student credit hours are generated) and/or higher or lower expenditure budget (depending on where the instruction costs are funded).

Knowing the result of any increases or decreases in revenue generation and/or expenditure budgets can then be accounted for by adjusting school/college revenue requirements and/or expenditure budgets up or down accordingly.

The same is true at the unit level within a school/college, although there is greater tolerance in the revenue requirements and the expenditure budgets because all stay within a single school/college.
In effect, we can arrange performance-based budgets to accommodate curricular collaborations that benefit student learning opportunities, without penalizing academic units for collaborating.

**These concepts are best illustrated with a few examples:**

**Example 1:**
A program in college A determines that instead of students taking all the courses required for their major within college A that students would benefit greatly from taking 12 credits of required courses in college B. College A, however, is concerned that by doing so, college A will lose the revenue generated by those 12 credits and need to make up that revenue in some other way.

Performance-based budgeting recognizes that college A will no longer be generating the revenue for those courses (nor will they any longer have the costs associated with them) therefore, we in turn could lower our expectations on their revenue requirement and their expenditure budget. College B on the other hand, will see an increase in revenue (as well as needing the budget to cover those courses). College B’s revenue requirement and expenditure budget could be adjusted to reflect these increases.

**Example 2:**
A program in college A has a faculty member in department 1 who wishes to team teach a course with a faculty member in department 2. They are concerned about who will get credit for the revenue generated and which department’s expenditure budget will cover the cost of the course.

There are a number of options, and it should be noted that how this is handled might vary for schools/colleges based on how a dean distributes the revenue requirements and the expenditure budgets. But here are some scenarios:

- **Scenario 1:** The faculty members can cross list the course, having each department cover the cost of their faculty member and have the revenue attributed based on which prefix students sign up for.

- **Scenario 2:** One department (department 1) can offer the course under its prefix only. This causes an increase in revenue generated for department 1 and a decrease for department 2. The dean takes into account that all the revenue is attributed to department 1 and does not expect department 2 to generate that revenue. Department 1 can cover the cost of both instructors. The expenditure budgets of department 1 and 2 reflect that.

**Key take aways:**
- When interdisciplinary collaborations are desired, we need to make it possible to adjust expectations around revenue requirements and expenditure budgets accordingly.
- If the collaborations are revenue neutral for the university (this occurs when the collaboration does not add new revenue to the university, but when students are now taking courses in one unit instead of another), then it calls for a shift of the revenue requirement from one unit to the other.
- If the collaborations result in new student revenue to the university then decisions are made as to where (in what units) the revenue requirement is adjusted.

*For Questions and more information: Visit* [http://www.pdx.edu/budget/performance-based-budgeting](http://www.pdx.edu/budget/performance-based-budgeting) *or contact the Provost’s Office (provost@pdx.edu or 503-725-5257)*