Budget Principles - outline

• Budget Statement
• General (guiding) principle
• Revenue principles
• Expenditure principles
• Allocation principles
  – Program level
  – University-level
Budget Statement

• The ability of the institution to fulfill its mission is now driven by revenue that is generated by the actions of faculty and staff (tuition, fees, research funding, auxiliaries)

• The University will continue to advocate for the maximum level of state funding. However, budgeting and planning must proceed with the realization that there will not be significant and sustained increases in state funding.

• Faculty, staff and administration must all be attentive to fiscal viability of the institution
Guiding Principles

• All budget decisions are made to support the University’s strategic priorities
• We are a public institution committed to providing higher education opportunities to a diverse student population, including all qualified Oregonians.
• Budget allocations must provide incentives for productivity and accomplishment.
Revenue-tuition related principles

Premise: Tuition is the single largest source of revenue for core academic and related support activities

• Tuition should be set at levels that provide adequate resources for quality academic programs and support services

• Tuition should be set with consideration of program cost

• Student mix, established as part of the enrollment management plan, should be established to meet tuition revenue objectives
Revenue-research related principles

Premise: Research is a growing component of the institutional activities. External funding allows faculty to pursue their scholarly agenda specialized areas by providing summer and some academic year salary, to support both undergraduate and graduate students.

• Maximize the acquisition of external research funding
• Maximize the indirect costs associated with external research funding
Revenue-auxiliary services principles

Premise. Auxiliary services (including parking, housing) provides significant non education and general funds.

• Fees for auxiliary services should be set to cover actual costs (including general institutional support). or

• Fees for auxiliary costs should be maximized so as to both cover actual costs and provide financial support our strategic priorities.
Expenditures

- Effective operation is a key to efficient resource use. Resources made available through efficiency measures will be reallocated to support institutional priorities.
- Tuition Remissions (viewed as either lost revenue or an expense) should support the institutional objectives, e.g. access, attracting the best students, attracting non-residents students, research growth.
- Space is a significant and growing cost at PSU. Space will be assigned based on institutional priorities and revenues associated with space utilization.
Budget Allocation - academic units

- Program productivity - what is this?
  (SCH generated/FTE, income*/expenditures ratio, degrees granted/FTE, external research funding/FTE) *income could include differential tuition, SCH generation using RAM cell values
- Program cost – to reflect the market-based salaries of faculty, specialized equipment, support and space requirements
- Student demand (producing growing enrollments)
- Student mix (non resident students)
- Program quality (measures may include national recognitions of faculty and students, publications, etc.)
- Contributions to institutional priorities (e.g. external research funding/FTE, etc. These measures will change from time to time as priorities change. Current priorities might include:
  - Student success (retention, demonstration of learning outcomes)
  - Increased external research funding
  - Diversity
- Efficient Space utilization
Budget Allocation-non academic units

Requirements

• Business, financial, HR, legal, audit processes and all business transactions
• Student enrollment planning, admissions, financial aid, student activities
• Operation and maintenance of campus physical plant ad campus development.
• Network systems
Budget Allocation-non academic units

Allocation

Based in part on comparison with peer institution investment levels and standards

Performance and Productivity
Incentives

• Selected faculty and staff raises

• Selected increases in number of faculty and staff

• Space (both quality and quantity)
Budget allocation question

Enhanced resources: Should the allocation only involve new resources (enrollment growth funding, growth in non-resident tuition) or also include a reallocation of existing resources (over a 3-5 year transition period)

Decreased resources. Budget cuts.