Budget Model Development

Budget Model Working Group (BMWG) Kickoff Meeting Report
November 8, 2012

To: Provost Britz & Interim Vice Chancellor Van Harpen

Introduction
In his Fall 2011 Plenary, Chancellor Lovell made the case for a new resource allocation methodology for UWM. Citing the need to link scarce University resources to current and emerging strategic initiatives, Chancellor Lovell argued that the 12 year old current budget model was unaligned with current needs and incentivizing the wrong behaviors. Furthermore, the Chancellor informed the audience that he had charged leadership from all governance groups to work together to develop a new budgeting model for the UWM campus.

Shortly after his Plenary, the Chancellor appointed Provost Britz and Vice Chancellor Christy Brown co-chairs of a new Budget Model Working Group. This group was tasked with developing a new resource allocation model. After initial meetings, the group issued an RFP to engage a consultant that could guide the group through this process. In the spring of 2012, Mr. Larry Goldstein of Campus Strategies was contracted to help facilitate the development of the campus’ new budget model.

In July 2012, Mr. Goldstein traveled to UWM to facilitate a Kickoff of the BMWG. During his visit, the consultant recommended that, due to their demanding schedules and the amount of time needed to effectively lead the BMWG, Provost Britz and Vice Chancellor Brown step down as co-chairs and assign a new pair of leaders for the group. Mr. Goldstein also recommended the group be increased to include more members of the Faculty.

With the departure of Vice Chancellor Brown (who was replaced by Interim VC Robin Van Harpen) from the University during the summer of 2012 and per the request of the consultant, new co-chairs of the budget model were selected and the BMWG was expanded to include more members of the campus Faculty. In September 2012, Swarnjit Arora, Professor of Economics and Jerry Tarrer, Associate Vice Chancellor for Business and Financial Services, were selected as co-chairs of the Budget Model Working Group (BMWG).

On November 8, 2012, Mr. Goldstein facilitated a Kick-Off Meeting of the BMWG. The meeting was an all day gathering held in the UWM student Union. Below is a report on the activities and outcomes of the event.
Kickoff Meeting Objectives

1. Provide the BMWG an Overview of the Principles of Resource Allocation
2. Provide a Review of the Prevailing Budget Models used in Higher Education
4. Establish a framework for making decisions within the group.
5. Identify stakeholder groups from whom the BMWG will solicit input into the resource allocation model via a series of data gathering listening sessions and forums.
6. Introduce techniques for gathering data from large groups.
7. Develop questions to ask stakeholder groups during listening sessions and forums.

Principles of Resource Allocation and Budget Modeling in Higher Education
During the meeting approaches to resource allocation were discussed by Mr. Goldstein. After reviewing the key principles of resource allocation, it was understood that the ideal approach to resource allocation:

- Is driven by strategic and operational plans
- Relies on a broadly participative process
- Integrates with operation planning and assessment
- Emphasizes accountability versus control

Mr. Goldstein emphasized that the objectives of resource allocation are to achieve a vision while honoring values, accomplishing specific goals, and maintaining financial equilibrium.

Review of the Prevailing Budget Models used in Higher Education
The consultant discussed in detail six (6) prevalent budget models:

- Incremental
- Formula
- Responsibility center
- Zero-based
- Special purpose
- Hybrid

According to Mr. Goldstein, most Universities use a Hybrid model which includes the combined use of two or more of the above models. UWM’s model will almost certainly be a form of Hybrid model.
Reaffirm the Ground Rules and Group Operating Principles Established in the July 2012 Kickoff Meeting

The group reviewed and reaffirmed the ground rules that were established during the July 2012 Kickoff meeting.

1. Leave Titles at the door
2. Focus on big picture
3. Leave baggage at the door
4. Positive attitude
5. Meetings for dialogue-decision-finality

The group that met on November 8th advocated for and adopted an additional Ground Rule:

6. No substitutes at meetings if member cannot attend
   Members will not send substitutes or proxies. If a member is unable to attend a meeting, it will be the responsibility of that member to become informed of what transpired at the meeting. If a member is chronically absent, it will be the responsibility of the co-chairs of the BMWG to ask that member of the group to relinquish his/her membership.

In addition to the Ground Rules, operating principles that were discussed and established during the July 2012 Kickoff meeting were also adopted.

- Whatever BMWG come up with will not be perfect
- Whatever BMWG agree upon, make sure we administer and implement well
- Collaboration through the process, and unity in the message and implementation is desired
- Build consensus – come to agreement on a model that we call all live with
- Be open, flexible, adaptable in our thinking – have humility to realize “my way” may not always be best way
- Keep differences internal
- Leadership values are important
- Working together as a group is advantageous – gives us joint wisdom
- Not one truth – nothing will be perfect for everyone
- All must support group process and consensus

Establish a Framework for Decision Making within the Group

To facilitate decision making within the group, the members of the BMWG adopted the following decision making criteria.

- Meeting Quorum - 75% of members must be in attendance at BMWG meetings to conduct a meeting (this standard will be revisited based on actual experience at future meetings)
- Decision Protocol – Consensus minus one (85/15)
  - Fallback – Super Majority (75%)
Identify Stakeholder Groups
A significant component of the work performed by the BMWG will be the solicitation, from the campus community, of input into the resource allocation model. This solicitation will be conducted via a series of data gathering listening sessions and forums. The group identified several stakeholder groups from whom input will be sought.

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Introduce techniques for gathering data from large groups.
Members of the BMWG are expected to pair off and engage the above stakeholder groups in a series of data gathering sessions. It is expected that each pair will conduct 2-3 of these sessions. To help facilitate these sessions, the Consultant, Larry Goldstein introduced two (2) data gathering techniques.

1. Carousel Design – allows individuals to answer a pre-determined number of important questions regarding resource allocation.

2. Interview Design – enables a group to gather and synthesize large amounts of information to help inform resource allocation.

The instructions for using each of these techniques is located in the BMWG Pantherfile folder “Support Material”.

Develop questions to ask stakeholder groups during listening sessions and forums.
As members of the BMWG canvas the campus seeking input into our resource allocation approach, they will employ a standard set of questions for each session. During the November 8th meeting, the group identified the following questions.
1. What are the most significant concerns with the current approach to resource allocation?
2. What are the most valuable features of the current approach to resource allocation?
3. What is your greatest hope or aspiration for the new resource allocation model?
4. What specific criteria should drive university resource allocation decisions?
5. What could be done to enhance your readiness to move to a new resource allocation model?

Next Steps
The next steps for the BMWG include a follow up meeting in late November. This meeting will cover the following topics:
1. Introduction of Key Budget Model Issues
2. Identification of the 2 Person Teams for Data Gathering
3. Introduction of the UWM Current Resource Allocation Model