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BACKGROUND ON BUDGET MODEL DEVELOPMENT

In late 2011 UWM initiated the process of developing a new resource allocation methodology for UWM. Subsequently, a Budget Model Working Group (BMWG) was established to take up this charge and develop a new university budget model.

The work of the group consisted of four phases:

- **Phase 1:** Requirements and Best Practices Data Gathering
- **Phase 2:** Development and Approval of the Resource Allocation Framework
- **Phase 3:** Testing the Proposed Model
- **Phase 4:** Implementation of the New Model

The work of developing a new budget model was undertaken because many universities had moved from incremental-based budgeting to models that provide more accountability, particularly among the revenue-generating units, for total revenues and expenses, and thus more incentives for net revenue growth. In addition, UWM's current budget model is the result of a series of historical decisions that are complex and difficult to understand, and may not provide the types of incentives that are now optimal. Finally, the last four years of budget cuts, tuition freezes, and enrollment declines have made it much more critical that all revenues be allocated to maximum effectiveness, both among the revenue-generating schools and colleges and the support functions, in order to sustain UWM's future.

Throughout the process, the BMWG sought to create a new resource allocation model with the following desired features identified by the campus:

- Flexibility
- Predictability
- Simplicity
- Inclusivity
- Incentivizes desired activity
- Strategic in nature

In February of 2016, the BMWG discussed with Chancellor Mone, Provost Britz, and Vice Chancellor Van Harpen recommendations for a new model. The new model provided for a simplified formula for distribution of tuition and other revenues and a more inclusive and strategic decision-making process. However, in light of an extremely large budget deficit and mass cuts to spending underway at that time, Chancellor Mone, Provost Britz and Vice Chancellor Van Harpen decided to delay implementation of any new model to allow efforts to be focused on managing the fiscal crisis. It was also decided that the interim would be used to further explore several remaining issues of concern: (1) whether research activity should be further incentivized in the base allocation model; (2) how to better explain costs allocated for and value provided by centralized support activities; (3) the decision-making process around the funding for support activities, strategic support for schools and colleges, and strategic initiatives; and (4) the impact of the model on budgets that have undergone significant transformation over the last four years.

Provost Britz and Vice Chancellor Van Harpen worked with the Budget Model Support Team (BMST) to continue to study and discuss these issues. As a result of that further study, the BMST is now submitting this amended report and recommendations to Chancellor Mark Mone for review. This amended report substantially answers the concerns listed above, providing a more transparent, inclusive, and strategic model for allocating revenues.

The BMST would like to continue to meet going forward into the future, throughout the first couple of years of implementation, in order to continue to work on questions that arise that have not been answered to date in the proposed model.

BMST RECOMMENDED ALLOCATION ACTIONS

Based on its review of UWM's current model and research into best practices at other institutions of higher education, the BMST offers the following recommended changes to the allocation of campus revenues.

A – Budget Allocation Process: The BMST recommends establishing a new Budget Allocation Process as described below.

- 1. Establish Preliminary “High-Level” 101/131/189/150 Budgets:** The Provost and Vice Chancellor for FAA, in consultation with appropriate experts and the Chancellor, will determine preliminary 101/131/189/150 budget (expense) targets for the following areas, in aggregate: (a) Central Support Services and Infrastructure; (b) Unit-Wide (central campus obligations not in any unit); (c) Schools/Colleges; and (d) Strategic Initiatives (new) for a rolling 6-year period that begins with the next applicable budget year. While the first two years of the rolling 6-year period will be firm, the latter years are subject to change but will be used for planning purposes. This determination is based on the last year's budgets, best projections for overall campus enrollment and state appropriations trends, and any other relevant factor (such as internal reorganizations or significant new campus investments broadly impacting any of these categories). These preliminary aggregate budget (expense) targets will be shared with the APBC for questions and/or input.
- 2. Calculate Preliminary “Unadjusted” Budgets for School/Colleges:** The Budget Office will prepare a preliminary tuition revenue budget for each school and college, including the School of Continuing Education.¹ The preliminary budget will be the starting point for determining the appropriate budget levels for individual schools and colleges.

Indirect Cost Recovery Funds: Preliminarily, the unadjusted budget will allocate indirect cost recovery funding (Fund 150). Currently, 30% of indirect cost recovery funds (Fund 150) received by the campus as a result of grant funding are distributed to schools/colleges, and then further divided between the school, department, and PI. The remaining amount is used to fund Chancellor's Graduate Student awards, research support for schools and colleges, and campus overhead. Under the new recommended model, 80% of indirect cost recovery funds would be distributed to the school or college generating the indirect cost return. Initially, this will not result in more revenues to the schools/colleges because other distributed revenue will be reduced by a corresponding amount in order to continue to cover the same obligations. Over time, however, this will create incentives for schools and colleges to prioritize and, thus, grow extramurally-funded research, as the school will be able to keep 80% of any new indirect cost recovery funds, and also will experience 80% of the declines in such funding. The Research Office will further work with schools and colleges to develop methodology for passing along increases or decreases in this funding to departments and PIs.

¹ Information about the current tuition allocation process is provided in **Appendix A**.

Tuition Revenue Allocation: Next, the tuition revenue budget will be allocated based on projected tuition revenue for Funds 101, 131, and 189, that is designated for Schools/Colleges in Step 1 above, as described below:

- a. Graduate tuition revenue is distributed based on the school/college of enrollment²
- b. Undergraduate tuition revenue is pooled and distributed based on the following formula, using a two-year average in each case:
 - i. 70% of formula: Undergraduate credits conveyed
 - ii. 10% of formula: Undergraduate Degrees granted
 - iii. 20% of formula: Research Activity
- c. Indirect cost recovery funds are distributed 80% to the school/college generating the funding; the remaining portion is allocated to other areas as needed in Step 1 above.

Differential Tuition: Differential Tuition and Fees in Lieu of Tuition are restricted funding and earned by the school/college of enrollment.

Weighting Undergraduate Credit Hours: In contrast to the current budget model, in the preliminary “unadjusted” budget, student credits conveyed are not weighted based on cost differences between upper and lower level courses. Similarly, the BMST considered but recommended against weighting of credit hours based on costs of the discipline. The reason for this is that the model is intended to highlight, at a baseline, actual tuition produced, and not automatically create an artificial financial incentive in favor of upper level courses. Nevertheless, the impact of credit hours based on costs (related to level or discipline) will be produced, so that this can be taken into account in determining the appropriate “adjusted budget” in the next step.

Research Activity: Following the designation of UWM as an R1 institution and further consideration of the manner in which research is funded at UWM, the BMST is recommending that research activity be included within the formula for distributing base funding to units. Research activity will be measured based on a formula established in consultation with the Office of Research from time to time and calculated to incentivize activities that will support UWM’s continued status as a top-tier research institution. That formula is likely to include the factors of research expenditures, public service expenditures, and doctoral awards.³ Schools that are not expected by UWM to engage in traditional research activity as measured in the research activity formula, but that have other scholarly activity, will be considered in the process of setting the “adjusted budgets,” below.

These preliminary unadjusted budgets are the first step only in determining optimal budget

² Tuition for Graduate Assistants is discussed in **Appendix B**.

³ Further information about a proposed research activity formula is provided as **Appendix C**.

levels for schools and colleges.⁴

- 3. Establish “Adjusted Budgets” for Schools/Colleges:** The Provost and his team, in consultation with two designated representatives of the APBC and school/college representatives, will adjust the preliminary budget for each school/college, including the School of Continuing Education, up or down, thus developing a rolling 6-year adjusted budget for each school/college. The first two years of the rolling 6-year period will be firm, and the latter years are subject to change but will be used for planning purposes. The adjustments will be based on any relevant factor which may include:
- a. Schools/colleges’ six-year forecasts of expenses and revenues, including school/college enrollment projections based on market trends;
 - b. School/colleges’ missions and expected costs of instruction and research;
 - c. Academic, research and administrative effectiveness, with benchmarking as available, such as that provided through EAB’s Academic Performance Solutions or similar other data source, including consideration of important academic or research contributions not quantified in the unadjusted model;
 - d. Campus strategic opportunities or priorities to be an outstanding learning environment, an exceptional research institution, and a leader in community engagement, and others as determined by the Chancellor, including each school’s contributions to the institution’s mission and priorities beyond the value calculated in the Step 1 formula; and
 - e. Historical 101/131/189/150 revenue and expense levels for each school/college, including campus investment decisions impacting each school/college as well as trends in carryforward balances;

The aggregate of the adjusted budgets for all schools/colleges must equal the aggregate budget determined in Step 1, or there must be a plan to use available carryforward balances on a short-term basis only. Plans to decrease balances in aggregate across all schools and colleges must be disclosed, with an explanation as to how those balances will be stabilized long-term. The adjusted budgets will be reported to the APBC for questions and/or input before they are presented to the Chancellor for final approval.⁵

- 4. Establish Central Support Services and Infrastructure Budgets:** Schools and colleges cannot accomplish UWM’s core mission of teaching, research, and public service without non-instructional services and infrastructure that is often provided more efficiently at the campus level. These can include: (a) academic support such as the libraries, research administration, advising, and international student services; (b) recruitment and enrollment services such as admissions, financial aid, and accounting; (c) student support services such as the Dean of Students’ office and support for our diverse student populations; and (d) basic administrative services such as facilities, human resources, payroll, and IT. To provide transparency into this funding, the campus will publish an Overview of Central Support

⁴ An example of an unadjusted budget using the above formula is included in **Appendix D**.

⁵ See also **Appendix D**.

Services and Infrastructure as well as the historic use of state appropriations and tuition to fund Central Support Services and Infrastructure Budgets.⁶

The Provost and Vice Chancellor for Finance & Administrative Affairs will be responsible for determining rolling 6-year 101/131/189 expense budgets for each division that contains elements of the Central Support Services and Infrastructure, in consultation with one or two designated representatives of the APBC and each division impacted. The first two years of the rolling 6-year period will be firm, and the latter years are subject to change but will be used for planning purposes. These budgets will be based on the same proportion to the whole of the prior year's 101/131/189 funding for all Central Support Operations and Infrastructure, with adjustments based on any relevant factor, which may include:

- Units' six-year forecasts of total expenses and revenues;
- Historical revenue and expense levels for each division as well as trends in carryforward balances;
- Opportunities for efficiencies such as through reorganization, consolidation, or implementation of technology;
- Peer benchmarks around efficiency and effectiveness, to the extent available;
- Campus strategic opportunities or priorities to be an outstanding learning environment, an exceptional research institution, and a leader in community engagement, and others as determined by the Chancellor, including each central support unit's contribution of foundational support to the university;
- Change in factors that may impact the relative needs for services among the different support units, such as employee headcount, gross square footage, extramural research funding, or compliance requirements; and
- Other relevant factors as appropriate, such as internal reorganizations or significant new campus investments requiring internal reallocation of 101/131/189 budgets.

Once allocated to the division, the division has the discretion to further allocate or reallocate budgets to departments within the division, as needed to deal with real-time needs that cannot be accommodated within the budget cycle. The divisional budgets will be reported to the APBC for questions/comment, before being shared with the Chancellor for final approval.

- 5. Determine Strategic Initiatives Funding:** The Chancellor will articulate strategic priorities for the campus outside of any budget-building process. Based on these strategic priorities, the Chancellor may designate initiatives, or types of initiatives, that may be selected for seed funding or investment.

The Chancellor will establish a process to solicit proposals from the leaders of campus groups who are responsible for carrying out the campus strategic opportunities/priorities, and/or Deans/Division Heads, as determined by the Chancellor. In consultation with their relevant campus groups, the leadership for campus strategic priorities will prioritize proposals from

⁶ A suggested Overview of Central Support Services and Infrastructure and example Historic GPR/Tuition Expenses for Central Support Services and Infrastructure are attached as **Appendices E and F**.

their areas and assess top proposals for campus funding.

The campus-level review will be conducted by a “Strategic Investment Team” to be appointed by the Chancellor and including representatives of governance. The team will (1) analyze the short-term and long-term costs and benefits (“return on investment”) of the top proposals; and (2) use the campus priorities to rank proposals. These two factors and the amount of funding available will dictate the number of proposals that can be supported. The Strategic Investment Team will make a recommendation for funding to the Chancellor, Provost, and Vice Chancellor for Finance & Administrative Affairs. The Chancellor, Provost, and Vice Chancellor for Finance & Administrative Affairs will review and approve the recommendation.

- 6. Management of Carryforward Balances:** The Chancellor (for all GEA units), Provost (for Academic Affairs and all schools/colleges), Vice Chancellor for Finance & Administrative Affairs (for FAA), Senior Student Affairs Officer (for Student Affairs), and Chief Enrollment Officer (for Enrollment Management) have the responsibility to manage 101/131/189 carryforward balances within their areas of operation and have the right (and responsibility) to reallocate carryforward balances within their areas of responsibility to manage the needs of those areas to maximum effectiveness and in support of campus strategic priorities. In addition, those four individuals and their business representatives will meet in the Fall of each fiscal year, following completion of the carryforward balance reporting process, to determine any appropriate reallocation of carryforward balances between those four areas, in light of the balances at close of the fiscal year. The goal is to work with each school, college, and division to reduce negative balances to zero to the maximum extent feasible. Any proposed reallocation of balances will be reported to the APBC for questions and/or input before being presented to the Chancellor for final approval.

B – Maintain Current Central Management of Fringe Benefits for GPR-funded Positions:

Currently, funding for fringe benefits for GPR positions (Fund 101 – General Program Operations and Fund 402 – Minority & Disadvantaged Programs) is held in a central administrative department and fringe benefits are paid directly from that fund. The new budget model proposed in February of 2016 recommended that those fringe benefit funds be distributed out to units who would then use that funding to pay their own fringe benefit expenses. The reasoning for this recommendation was that it would provide greater transparency around the true cost of unit operations.

More recently, that recommendation has been re-evaluated. Although distributing funding for fringe benefits would highlight the total cost of compensation, doing so would result in a significant change in budgets such that it would be more difficult to compare divisions’ budgets over time. It would also add to the complexity of the new model and require more administrative time to manage. On balance, our conclusion now is that foregoing this change would be simpler, thus allowing scarce time and resources to be spent on other aspects of the

new model. Business and Financial Services will continue to study this issue and consider implementing the distribution of fringe benefits at a later date.

C – Recognize the Role of the Academic Planning and Budget Committee (APBC) in Budget Matters:

Over the past several years, UWM has employed various bodies to assist with the implementation of unprecedented budget cuts, including the Budget Cutting Task Force, the Chancellor’s Committee on Operational Effectiveness, and the Strategic Position Control committee. Having progressed through those unusual years and anticipating a more stable future under a new budget model, it is recommended that the APBC be used as the primary governance body to provide input and advice in the budget building process. In preparation for that role, the ABPC has undertaken rigorous curriculum in financial matters for the purpose of educating committee members. The role of the APBC is further specified in the budget process steps outlined in **A – Budget Allocation Process**, above.

MODIFICATIONS TO UWM’S ANNUAL BUDGET BUILDING PROCESS

An important outcome of a new budget model is an adjustment to UWM’s annual budget building process. Changes to UWM’s annual budget building process have occurred through recent application of budget cutting exercises and strategic position control. Adoption of a new model creates and opportunity to rethink long-term how budgets should be established for the campus.

Currently, budget development is initiated in the Fall semester prior to the beginning of a new fiscal year (which begins July 1st) and takes approximately 6 months. The current process, while overseen by the Office of Budget and Planning within Finance and Administrative Affairs, is fairly decentralized and directed by each of the campus’ divisions. It has not, to date, directly connected with campus-wide planning for budget cuts or declines in tuition revenue.

The new process, as proposed, will:

- Involve a more **rigorous planning process** that includes forecasting revenues and expenses 6 years into the future;
- **Incorporate enrollment forecasts** of the Chancellor’s Enrollment Management Action Team (CEMAT);
- **Be more data-driven** with the consideration of benchmarks and data where available;
- **Link resources to campus strategic opportunities and priorities**; and
- **Involve more campus input into budgetary changes** from both units and governance.

These changes will ensure the integrity of the planning process, that initiatives and investments receive an appropriate level of review and scrutiny by campus leadership, and that campus leadership has the opportunity to direct the campus' use of its resources, as well as make course corrections if needed.

The technical aspects of the annual budget building process will continue to be overseen by the Office of Budget and Planning. In addition, the Academic Planning & Budgeting Committee (APBC) will be utilized to add a level of strategic oversight and governance input. A preliminary timeline for FY 2020 budget development is attached.⁷

⁷ This can be found at **Appendix G**.

Appendix – A

Explanation of Current Marginal Tuition Model

Since 2002, Fund 101 tuition revenue has been allocated using a marginal tuition revenue formula. In general, the incremental, or “marginal” change in tuition revenue related to enrollment growth or decline is distributed to schools and colleges (80%) and central campus (20%).

In the undergraduate model, tuition revenue is pooled at the campus level and divided by total undergraduate credits weighted by level of course, with greater weighting given to upper level courses to reflect differences in cost of instruction. The resulting tuition revenue per weighted credit is multiplied by each school’s credits weighted by level of course to determine the school’s current distribution under the formula. This amount is compared to the prior year’s distribution to determine the marginal change; this marginal change is built into the school’s annual budget. When there are declines, the decline in revenue is distributed using the same method: 80% of growth or decline in tuition revenue is distributed to the schools and colleges, 20% is distributed to the central campus.

For graduate Fund 101 tuition revenue, the marginal change is determined by comparing the year-to-year change in tuition revenue generated by each school’s enrollments.

In contrast, Fund 189 tuition revenue is not distributed based on a model of marginal change. Rather, each year, 80% of Fund 189 tuition revenue is distributed to the school or college generating the tuition, and 20% is retained by the central campus.

Appendix – B

Tuition Assessment for Graduate Assistants

As recognized in a 2012 review of graduate assistantships, tuition charges for graduate assistants are not assessed in a consistent manner. The current tuition structure encourages units to appoint project/program assistants instead of research assistants, which does not align with campus goals to increase research activity. Other criticisms of the current model are that it is complex, lacks transparency, and does not return graduate assistant tuition back to schools and colleges.

The BMST now recommends that the campus:

- Adopt a fixed tuition charge for graduate assistantships that is directly linked to the actual average in-state (instructional) tuition for research assistants (RA) and project/program assistants (PA). (This recommendation is being implemented for externally supported RA and PA appointments, beginning Fall 2017; the transition will be completed at the end of FY 2019.)
 - The initial tuition rate for FY 2020 will be set at \$8400 per year, with subsequent changes based on changes to the in-state graduate tuition.
- Waive tuition charges for all teaching assistants. If tuition was charged for TA appointments, the cost of these appointments would be prohibitive since most class sections are capped for instructional reasons or due to room limitations.
- Distribute the tuition collected through the above-noted tuition charge for RA and PA appointments in the same way as other graduate student tuition. This would result in a majority of the tuition on all RA and PA appointments (internal or externally funded) being distributed back to schools and colleges.

APPENDIX - C

Research Activity Model

The resource allocation model includes a research component in light of UWM's identity as a top-tier research university.

The factors used for this component reflect widely-used metrics for assessing research universities. The most common metrics are: (1) research expenditures (extramural and, in some cases, internal); (2) research appointments with doctorates, not including tenure-track faculty (scientists and post-docs); (3) awarded doctoral degrees; and (4) publications and citations (particularly for international/global rankings). At UWM, we have good data on expenditures and degrees, so these metrics are used in the allocation model component related to research. The Carnegie Classification of Doctoral Universities use the first three of these metrics.

The Research Activity Model allocates the research component based upon the relative weighing of the Carnegie Classification: 25% for research expenditures, 25% for post-docs and scientists, and 50% for doctoral awards. All measures are based on two-year averages.

- Expenditures (25%): Traditionally, research assessments only consider expenditures coded as "research" (activity 4) - in part because this is what is compiled in NSF rankings. These assessments all include extramural funds, and some include internal funds. At urban research institutions, some important research is supported through funding coded as "public service" (activity 5), so it is appropriate to recognize this type of support. At the same time, we desire to stress efforts to attract research funding. The model includes public service expenditures, weighted at 75% of research funding.
- Number of scientists and post-docs (25%): These position titles within UW-System follow the usual definitions.
- Doctoral awards (50%): The allocation is based on doctoral degrees awarded, including both PhDs and doctorates of professional practice.

The method can be illustrated using some real data for recent years (Table 1 below). Please note that the amount of funds in the distribution is arbitrary. This example illustrates how the research component would allocate \$40M. The expenditure data is taken from the Office of Research information for FY 2016 and 2017. The post-doc and scientist count is for payroll data for FY 2016 and 2017. The PhD award data is the average for 2015-16 and 2016-17 based on information in the UWM Factbook.

Schools and colleges that are not able to participate in the type of research activity noted above, but that have different scholarly activity, will be considered for an adjustment during the adjustment process, as determined by the Provost. It is also possible that different activity could be incorporated into the Research Activity Model in the future, with additional work. For example, one metric that is under-represented in this scheme is scholarly outcomes, specifically publications, creative works, and citations. To incorporate these outcomes into the allocation model will require two different inputs. First, we will need an accurate data report across all units. This may be possible through a campus reporting system (such as Digital Measures) but our current reporting is incomplete. Second, we will need to decide how to balance the different types of scholarly outcomes among different disciplines. This will take some care because excellence is expressed differently in different disciplines.

TABLE 1: MODEL ALLOCATION FOR RESEARCH COMPONENT

Calculation using 2-yr averages		Distrib Metrics				Allocation
Metric	Expenditure Data		0.25	0.25	0.50	
	Research aver FY 2016+17	Publ Serv aver FY 2016+17*	Composite R + PS Expend	Sci + Post-doc aver 2016+17	Doc. awards aver 2016+17	
Discounted		0.75				
Architecture & Urban Planning (School of)	\$35,763	\$21,025	\$51,531		3.00	\$285,360
Arts (Peck School of the)	\$936	\$250,126	\$188,531			\$48,479
Business (Sheldon B. Lubar School of)	\$5,905	\$0	\$5,905		5.00	\$455,033
Continuing Education	\$0	\$578,482	\$433,862			\$111,563
Education (School of)	\$166,270	\$1,210,924	\$1,074,463	2.33	17.50	\$2,050,994
Engineering & Applied Science (College of)	\$4,437,100	\$389,501	\$4,729,225	28.00	25.00	\$5,735,721
Freshwater Sciences (School of)	\$2,527,010	\$275,185	\$2,733,399	13.67	2.50	\$2,029,119
Health Sciences (College of)	\$1,156,579	\$270,867	\$1,359,729	3.33	28.50	\$3,202,511
Information Studies (School of)	\$130,021	\$0	\$130,021		2.00	\$214,840
Letters & Science (College of)	\$18,101,015	\$3,490,795	\$20,719,111	72.33	89.50	\$19,263,224
Nursing (College of)	\$1,191,936	\$668,902	\$1,693,612	2.67	45.00	\$4,731,880
Public Health (Joseph J. Zilber School of)	\$1,625,191	\$155,312	\$1,741,675	1.00	1.50	\$664,341
Social Welfare (Helen Bader School of)	\$1,051,221	\$3,969,233	\$4,028,146	1.00	1.00	\$1,206,934
TOTALS	\$30,428,946	\$11,280,351	\$38,889,209	124.33	220.50	\$40,000,000
* Public Service Expenditures discounted to 75%						
Funds to be distributed	\$40,000,000					

APPENDIX – D

Proposed Budget Model Testing Results (FY 2017 Data)

	Current Budget Model	New Budget Model - Formula Results (100%)- Unadjusted Allocations			New Budget Model- Adjustments	
	A	B	B-A	(B-A)/A	C	B+C
College/School	2016/17 Revenue	Step #2 Unadjusted 2016/17 Base	Difference in Base, between New and Current Model	Difference, as a % of Current Model Base	Step #3: Adjustments	Adjusted Budget (2016/17)
10 - Health Sciences	13,815,715	12,771,710	(1,044,005)	-7.6%		
11 - Architecture & Urban Planning	4,062,602	3,141,156	(921,446)	-22.7%		
12 - Business	15,760,737	21,270,723	5,509,986	35.0%		
17 - Education	13,744,407	12,457,809	(1,286,598)	-9.4%		
19 - Engineering	21,385,601	17,633,444	(3,752,157)	-17.5%		
21 - Arts	11,985,752	9,459,958	(2,525,794)	-21.1%		
25 - Freshwater Sciences	6,559,175	5,512,823	(1,046,352)	-16.0%		
48 - Letters & Science	79,290,322	87,712,054	8,421,733	10.6%		
51 - Information Studies	5,671,636	6,212,910	541,274	9.5%		
65 - Nursing	11,558,273	9,080,561	(2,477,711)	-21.4%		
70 - Public Health	5,175,615	2,529,080	(2,646,535)	-51.1%		
86 - Social Welfare	12,263,115	13,490,722	1,227,606	10.0%		
Total	201,272,951	201,272,951	-	0.0%		201,272,951

Note: School of Continuing Education will participate in a similar process, but the funding sources are different and therefore it has not been included in this Testing Results appendix.

In general, the "adjusted" amount of resources amongst all schools would need to total the same as aggregate revenue allocated to the schools and colleges (in FY 2017, this was \$201M). If enrollment or other revenues improve, the allocated amount would increase. Additionally, leadership may elect to allow the use of ending balances any given year, beyond revenue earned.



APPENDIX – E

Overview of Central Support Services and Infrastructure

UWM’s central support operations and infrastructure (“UWM-CSSI”) are essential services provided outside of the schools and colleges that are necessary for UWM to operate and fulfill its mission. In general, schools and colleges could not accomplish UWM’s primary mission without these operations and services. Depending on how a university is organized, more or less of these operations could exist within the academic schools or colleges.

As this time, UWM has determined that the costs of providing these UWM-CSSI are not feasibly allocated based on actual usage, but rather should be charged to schools and colleges, as the tuition-revenue generating units, on a pro rata basis against the revenues generated through the activity formula.

UWM-CSSI should be relatively stable and are distinguished from use of the University Fund for strategic initiatives. Nevertheless, funding levels are reviewed on an annual basis. Criteria for determining funding levels for UWM-CSSI should include:

- Units’ six-year forecasts of total expenses and revenues;
- Historical revenue and expense levels for each division as well as trends in carryforward balances;
- Opportunities for efficiencies such as through reorganization or implementation of technology;
- Peer benchmarks around efficiency and effectiveness, to the extent available;
- Campus strategic opportunities or priorities to be an outstanding learning environment, an exceptional research institution, and a leader in community engagement, and others as determined by the Chancellor, including each central support unit’s contribution of foundational support to the university;
- Change in factors that may impact the relative needs for services among the different support units, such as employee headcount, gross square footage, extramural research funding, or compliance requirements; and
- Other relevant factors as appropriate, such as internal reorganizations or significant new campus investments requiring internal reallocation of 101/131/189 budgets.

In order for the campus to better understand costs attributable to UWM-CSSI, UWM will provide historical and current information on both budget and actual expenditures for each of the subunits making up UWM-CSSI. The subunits making up UWM-CSSI are described further below.

UWM-CSSI Subunits (May be Modified with Reorganization)

Chancellor’s Office, including Governance Support

Functions covered include: the Office of the Chancellor, the Secretary of the University’s Office, and support for governance committees. It also includes the Chancellor’s Discretionary Fund (\$1 million per year) which is distributed to other units based on the Chancellor’s strategic priorities.

Development & Alumni Relations

Functions covered include: Alumni Relations, Annual Giving, Corporate and Foundation Relations, Donor Relations, Donor Research, Major & Planned Giving, and Scholarship & Gift Agreements.

Global Inclusion & Engagement

Functions covered include the Black Cultural Center, Carnegie Classification Initiative, Equity & Diversity Services, Life Impact Program, Panther Foundations for Success, and Stem Inspire/WiscAmp.

University Relations & Communications

Functions covered include: Government Relations, Executive Communications, Events & Projects, External Relations, Graphic Design, Marketing Communications, Neighborhood Relations, News & Media Services, Web & Mobile, Photography, Print & Copy, Public Records, Public Relations, Social Media, and Video.

Information Technology

Functions covered include: Client Services, Campus Central Software, Communications & Internet, TechStore, Application Development, Core Enterprise Services, Information Systems, Project Management, Classroom Services, Help-Desk, Desktop Services, Network Services Backbone, Data Center Operations, Network Operations, Research Computing, and Information Security Office.

Business Services and Human Resources

Functions covered include: Budget & Planning, Purchasing, Controller's Office (including Accounts Receivable, Accounts Payable, and Accounting Services), and Human Resources (Benefits, Employment Services, Employee Relations and Compliance, Information Services and Payroll).

Facilities & Planning, Transportation & Sustainability

Functions covered include Campus Planning (including Space Management and Campus Signage), Facilities Services (Power Plant, Mail Services, Custodial Services, Grounds, Garage Services, Construction, Facility Repair, Preventative Maintenance, Fire-Life Safety, Carpenters, Electricians, Painters, Mechanicals, Classroom Modernization & Maintenance), Transportation Services, and Sustainability

Police, Safety & Legal

Functions include University Police (including Security, Background Checks, Alcohol Diversion Program, Emergency Management, and Walking Patrol) and University, Safety and Assurances (Risk Management, Lab & Biological Safety, Institutional Review Board, Animal Care & Animal Resource Center), and Legal Affairs.

Athletics

Functions include: Men's & Women's Basketball, Men's & Women's Soccer, Men's Baseball, Mens & Women's Tennis, Women's Volleyball...

Student Support Services

Functions include: Center for Community-Based Learning, Leadership and Research, Children's Learning Center, Dean of Students Office, LGBT Resource Center, Women's Resource Center, Inclusive Excellence Center, Military & Veterans Resource Center, Norris Health Center, Student Association Professional Staff, Center for Student Involvement, and the SSAO's Office.

Enrollment Management (Undergraduate)

Functions include Undergraduate Admissions, Financial Aid, Registrar's Office, Trio/Pre-College Programs, and Career Planning & Resource Center.

Libraries

Functions include: Interlibrary Loans, American Geographical Society Collection, Wisconsin Archives Program, Educational Technology, Domestic Books, and Library Automation.

Academic Initiatives

Functions include: Tutoring & Academic Resource Center, Minicourses, Planning for the Future, Quest, Future Success Program, Accessibility Resource Center, Honors College, and Graduate School (Graduate Admissions, Graduate Education Administration, Diversity/AOP/McNair, Graduate Student Recruitment, and Fellows Travel & Student Travel Awards).

Academic & Research Administration

Functions include: Research Services & Administration, RGI Administration and grant funding, Innovation Accelerator Administration, Bioengineering Laboratory & Prototyping Laboratory, Research Committee Awards, Center for 21st Century Studies, Center for Global Water Studies, Office of Undergraduate Research, Institutional Research and Research Cyberinfrastructure.

Academic Centers & Institutes

Functions include: Center for Instructional & Professional Development, Learning Technology Center, Center for Urban Initiatives & Research, Roberto Hernandez Center, CIE Administration, and Academic Opportunity Center.

Central Obligations

Functions include: any centrally administered revenues and expenses.

APPENDIX – F

Historic GPR/Tuition Expenses for Central Support Services & Infrastructure

		UWM Support Operations & Services								
		GPR/Tuition Actual (1) (2)			% of Overhead			% of Campus GPR/Tuition Budget		
		FY15	FY16	FY17	FY15	FY16	FY17	FY15	FY16	FY17
Division	Major Cost Pools									
GEA	Chancellor's Office, including Governance Support	1,492,273	1,348,255	1,136,985	1.6%	1.5%	1.3%	0.6%	0.5%	0.5%
GEA	Development	2,591,895	2,559,204	2,549,059	2.7%	2.8%	3.0%	1.0%	1.0%	1.1%
GEA	Global Inclusion & Engagement	949,466	878,899	903,813	1.0%	1.0%	1.1%	0.4%	0.4%	0.4%
GEA	University Relations & Communications	5,528,767	4,957,359	4,843,146	5.8%	5.4%	5.7%	2.1%	2.0%	2.1%
FAA	Information Technology	13,672,262	14,192,455	10,629,263	14.3%	15.4%	12.4%	5.3%	5.8%	4.6%
FAA	Business Services, Human Resources	3,702,947	3,834,188	3,364,732	3.9%	4.2%	3.9%	1.4%	1.6%	1.4%
FAA	Facilities, Campus Planning, Transportation, Sustainability	13,418,959	12,724,118	13,086,997	14.0%	13.8%	15.3%	5.2%	5.2%	5.6%
FAA	University Safety & Assurances, Police, Legal	5,240,611	4,241,480	4,456,967	5.5%	4.6%	5.2%	2.0%	1.7%	1.9%
SA	Athletics	920,400	372,182	252,107	1.0%	0.4%	0.3%	0.4%	0.2%	0.1%
SA	Student Support Services	3,352,422	2,320,276	2,343,203	3.5%	2.5%	2.7%	1.3%	0.9%	1.0%
SA	Undergraduate Admissions, Registrar's Office, Financial Aid	8,288,095	7,707,572	7,592,065	8.6%	8.4%	8.9%	3.2%	3.1%	3.3%
AA	Academic Support Services - Library	8,026,766	8,166,160	7,594,876	8.4%	8.9%	8.9%	3.1%	3.3%	3.3%
AA	Academic Initiatives	7,004,442	6,707,133	6,310,464	7.3%	7.3%	7.4%	2.7%	2.7%	2.7%
AA	Academic & Research Administration	3,758,341	3,895,543	3,947,333	3.9%	4.2%	4.6%	1.4%	1.6%	1.7%
AA	Academic Centers & Institutes	5,702,943	5,819,476	4,823,646	6.0%	6.3%	5.6%	2.2%	2.4%	2.1%
Unitwide	Central Obligations	12,182,864	12,151,323	11,739,588	12.7%	13.2%	13.7%	4.7%	4.9%	5.1%
Total Support Operations & Services		95,833,453	91,875,623	85,574,244	100.0%	100.0%	100.0%	36.8%	37.4%	36.9%
Total Campus		260,216,109	245,587,133	232,101,751						
Notes:										
(1) Includes Funds 101, 131, 189 and 402										
(2) Excludes fringe benefits budgeted in campus unitwide for Funds 101, 131, and 402										
(3) Amounts for major overhead cost pools within GEA, FAA, SA, and AA include an allocated amount related to the VC's office and divisional unit wide budgets										
(4) Integrated Support Services will be added as hubs come online										

Appendix – G

FY 2020 Budget Development Timeline

Steps	Who is Responsible?	Consultation	Approval	Timing	Comments
1. a. Divisions develop 6-year revenue	Divisions			April 2018	Will use revenue and expense projections developed for the prior year's budget
1. b. Forecasts are summarized and provided to Provost/VC for FAA	Office of Budget & Planning			July 2018	
2. Develop high-level budget targets for a rolling 6-year period	Provost/VC for FAA	Chancellor Appropriate experts <i>Shared with APBC for questions/input (September)</i>		August 2018	
3. Prepare an unadjusted budget for each School/College	Office of Budget & Planning			September 2018	
4. Determine "adjusted budgets" for Schools/Colleges	Provost	APBC designees School/College representatives <i>Shared with APBC for questions/input (December)</i>	Chancellor	October/ November 2018	
5. Determine Central Support Services budgets	Provost/VC for FAA	APBC designees Representatives from Support divisions <i>Shared with APBC for questions/input (December)</i>	Chancellor	October/ November 2018	
6. Determine Strategic Initiatives Fund allocations	Chancellor/Designee	Strategic Investment Team Relevant Campus Groups	Chancellor	September through December 2018	
7. Build divisional budgets into the budget systems	Divisions			February/ March 2019	Annual budget due to UW System in April