IOWA STATE UNIVERSITY

Fourth Report of the Budget Model Development Committee

June 2006

INTRODUCTION

This Fourth Report of the Budget Model Development Committee (BMDC) has resulted from over a year of investigating models of budget development and resource management in higher education. The goal of this study is to propose a new approach to budgeting for Iowa State University that distributes revenues and costs to units more consistent with their responsibilities and workloads, provides incentives, enables planning and provides transparency. The BMDC's work has been enhanced by considerable feedback from and dialogue with the university community that has significantly influenced the recommendations discussed in this report. The recommendations build on work presented in the BMDC's previous three reports and the May update (which can be accessed at http://www.iastate.edu/~budgetmodel/), were shaped by the experiences of other universities that have implemented alternative methods of budgeting, and were guided by consultations with John Curry and James Kemp of Huron Consulting Group. The committee is indebted to many universities who have freely shared their experiences, to Huron Consulting, which brought a wealth of experience to the table, and to our colleagues at ISU who took the time to participate in forums and send many thoughtful comments for consideration.

The BMDC proposes a method of budget development and resource management titled, in this report, "Alternative Budget Model #3" (ABM3). Previous reports of the BMDC discussed two other alternative budget models and described the current budgeting method employed by the university. ABM3, the final recommendation, combines features from the previous models, modified in response to feedback from the ISU community. It is the end product of an extensive process of committee review, debate, and refinement. The BMDC's review process included developing a numerical model of ABM3 so that various scenarios could be investigated to highlight intended and unintended consequences. The BMDC used FY2005 financial data in order to model and simulate the effects a new budget model would have on distribution of resources and expenses. This modeling stimulated close examination of all of the factors and relationships in ABM3, sharpened the BMDC's thinking, and shaped the recommendations that follow.

The BMDC believes that ABM3 meets the goals for a new budget model that were established earlier this year by President Geoffroy. In particular, the BMDC believes that the model distributes revenues and costs in a way that links them with unit responsibilities and which will reflect systematic changes in the university. Not surprisingly, this approach highlights the interdependence of each area of the university and makes very clear the resources required to maintain and improve all aspects of the university's operation. The BMDC believes that ABM3 strikes an appropriate balance between the precision needed for an institution as complex as Iowa State University and the simplicity needed for this approach to be transparent. While a certain amount of ABM3 is formula driven, this approach to budgeting will more than ever require strong leadership to set priorities, guide change, and ensure that institutional goals are being met, particularly those of progressively increasing the quality of the university's academic program and continuing to foster an environment favorable for interdisciplinary collaboration.

While this report is the BMDC's final recommendation to President Geoffroy and the university community, the work needed to detail and implement ABM3 is far from complete. This summer and fall will be devoted to at least two parallel sets of activities: review of the model by the university community and continued refinement of the model's parameters and datasets. Both sets of activities are described below.

The BMDC welcomes a continuing dialogue with the university community so that the budget model recommended by the committee is thoroughly understood and so that President Geoffroy has the appropriate feedback to make an informed decision about implementation.

This report contains:

- Academic Goal, Measures of Success and General Principles
- Diagram and description of Alternative Budget Model #3
- Discussion of decision processes and the role of the advisory committees
- Discussion of the review, refinement and implementation processes

Academic Goal

The primary purpose of the new budget model is to serve as a tool that will help Iowa State University more effectively accomplish its mission, reach its vision of being "the best at advancing the land-grant ideals and putting science and technology to work," and address strategic plan priorities – Undergraduate, Professional, and Graduate Education; Research Programs; Economic Impact; Iowa Life, and University Life – with excellence through innovation and continuous improvement. It is particularly important that the new budget model reinforce an environment favorable for interdisciplinary collaborations that have proven so important to advancing the university.

Measures of Success

The new budget model will be considered successful if:

1. The general quality of the university's academic programs increases
2. Measurable progress is made on the university's strategic plan
3. Student enrollment targets are met and tuition revenues are maximized
4. Revenues from sponsored funding and indirect cost recovery increase
5. The President and the Provost have adequate resources to affect strategic change and reward quality
6. Support and services are provided in an increasingly efficient and cost effective manner

General Principles

The budget model has been designed to:

1. Link revenue distribution to the responsibilities and performance of major academic and administrative units,
2. Distribute revenues and costs in a manner that is transparent, easy to understand, and informed by data,
3. Increase flexibility, enable multi-year budget planning through some form of carryover authority, and enable simulation of future budget years,
4. Distribute the cost of services to units that utilize and benefit from those services,
5. Work effectively during years of revenue growth and revenue decline both for the university and for major academic and administrative units, and
6. Hold formulas for distributing revenues and expenses stable for a defined period of time, e.g., 3 to 5 years, before changes are considered and then only after a careful evaluation process.

ALTERNATIVE BUDGET MODEL #3

Overview

The BMDC has developed a budget model that will better align revenue and expenses within the organizational structure of the university, and thereby provide incentives to generate revenue and minimize expenses. The concept of a "responsibility center" arises from the goal to align revenue and expenses and is an important element of the model.

Responsibility centers are those units that generate revenue or to which revenue can be directly attributed. Responsibility centers also incur expenses; both directly as a result of decisions they make and as a share of the administrative and other support costs from which they benefit. The new budget model directs revenues to the units that generate them, assigns direct costs to the units that incur them, and distributes administrative and support service costs to units that benefit from those services based on a well-defined formula or other analytic means.

The tuition revenue and some portion of state appropriations are distributed to colleges according to formulas that reflect the investment colleges make in recruiting, advising and mentoring students enrolled in their own units, and the effort expended in educating all students regardless of their home units. Another share of state appropriations is distributed to individual responsibility centers as a subvention. In the initial year, subvention will be used to create a base of support for each unit that is comparable to its previous year's budget; that is, the subvention will equate revenues to expenses. In subsequent years, subvention levels will be adjusted by university leadership to a level of support that mediates unintended consequences of the formulaic distributions of revenues and expenses, and reflects long-term strategic directions.

General Description of the Diagram

A schematic of the budget model showing the flow of revenues from their sources to and between organizational units appears on page 5. The direction of the arrows depicts the direction that resources flow. For example, tuition revenue flows to the colleges and then resources from the colleges flow to service groups to pay for services.

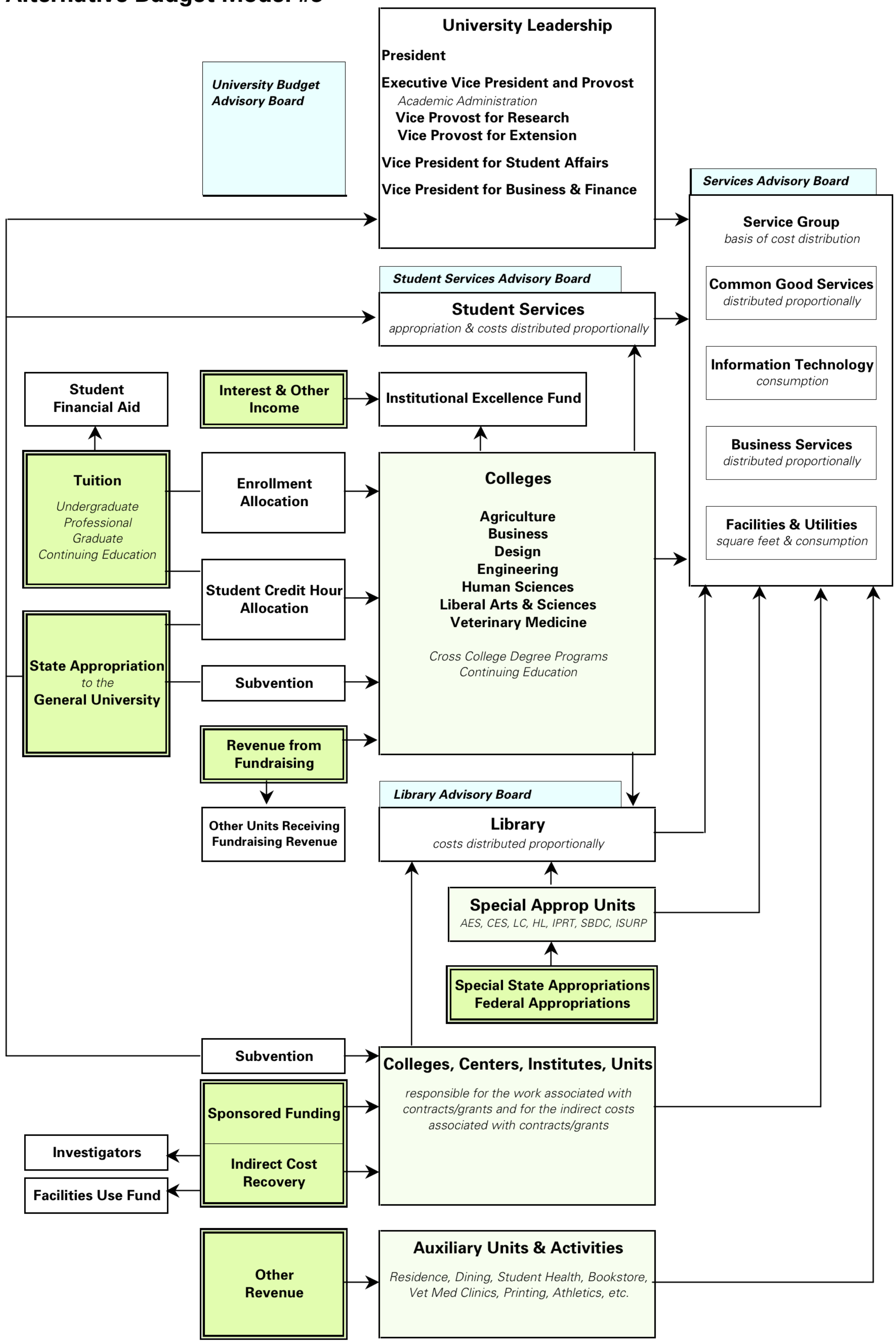
The responsibility centers are those units to which revenue can be directly attributed. (In the diagram, these appear as light green boxes.) The responsibility centers are each of the seven colleges, research centers and institutes that report to the Vice Provost for Research, those units with special state appropriations (Cooperative Extension Service, Agriculture and Home Economics Experiment Station, Institute for Physical Research and Technology, Small Business Development Center, Leopold Center for Sustainable Agriculture, Healthy Livestock Initiative, ISU Research Park), and auxiliary units and activities, such as the Student Health Center, the ISU Bookstore and ISU Athletics. Many of the auxiliary units at ISU are already functioning as responsibility centers. They receive the revenue they directly generate and are responsible for many of the costs contained in the Service Group box on the diagram. With the new model, some auxiliary units will be expected to pay for services that they do not pay for under the current model.

The revenue sources are: Interest and Other Income, Tuition, State Appropriation to the General University, Revenue from Fundraising, Special State Appropriations and Federal Appropriations, Sponsored Funding and Indirect Cost Recovery, and Other Revenue. (They appear in bright green boxes in the diagram.) A method for distribution of funds from each source has been developed. Interest and Other Income and the State Appropriation to the General University are viewed as accruing to the benefit of the institution overall and are distributed in support of the overall institutional mission.

The white boxes between a revenue source and a responsibility center indicate pooled resources that are then distributed to the responsibility centers using a formula. University Leadership, Student Financial Aid, the Institutional Excellence Fund, the Library, the Facilities Use Fund, the incentive to investigators of sponsored activity, and administrative support units also appear in white boxes in the diagram.

The diagram shows advisory boards, whose purpose is to provide advice to the budget development process for its area of responsibility. (They appear in blue boxes in the diagram.) There are four advisory boards: University Budget Advisory Board, Services Advisory Board, Student Services Advisory Board and Library Advisory Board.

Alternative Budget Model #3



Distribution of Revenues

Interest and Other Income

Interest income is earned from the management and investment of institutional cash balances and, as such, is generated by the entire institutional financial framework. The revenue from this source is distributed to the Institutional Excellence Fund which, at the discretion of the President, may be allocated on a one-time or recurring basis to any organizational unit or purpose.

Other Income consists of miscellaneous fees and charges (e.g., application fees and deferred billing charges) that are generated as a result of fundamental administrative processes and are accumulated and pooled rather than being distributed to units. The revenue from this source will also be distributed to the Institutional Excellence Fund.

These sources of revenue are somewhat volatile and thus are being used to fund the Institutional Excellence Fund and reduce the amount that the colleges contribute to the fund.

Tuition

Tuition revenue from undergraduate students is distributed to the college in which the student is enrolled and the college in which the student takes classes. Student financial aid (currently 15-20% of the total) is first removed from the tuition revenue. Of the remaining tuition revenue, 25% is distributed to the college in which the student is enrolled. The remaining 75% is pooled and distributed based on the student credit hours (SCH) taught by each college. The undergraduate SCH are weighted to reflect differences in the cost of instruction among colleges and divisions within colleges. The portion of revenue distributed based on enrollment reflects the residency status of the student; the portion distributed on SCH does not.

Tuition revenue generated from professional students is first adjusted for the required contribution to student financial aid. After that adjustment, 75% of the remaining tuition revenue is distributed to the college and the remaining 25% is pooled and distributed based on where the SCH are delivered. As with undergraduates, the portion of revenue distributed based on enrollment reflects the residency status of the student; the portion distributed on SCH does not.

Tuition revenue, net of financial aid, generated from differential tuition rates is distributed entirely to the college for which the rate is assessed.

Tuition revenue generated from graduate students is also distributed based on the college of enrollment and where the SCH are delivered. Seventy-five percent of the tuition generated is distributed to the college in which the student is enrolled and 25% is distributed based on where the graduate SCHs are taught. Since colleges receive all of the tuition generated by graduate students, they are also fully responsible for any scholarship or assistantship support these students receive.

Tuition revenue generated from students enrolled in interdisciplinary, cross college programs will also be distributed based on enrollment and SCH. Enrollments will be attributed to the program of the student's declared major. College deans will negotiate the distribution of these revenues for degree programs that span two or more colleges.

Tuition revenue from continuing education credit courses is distributed to the college that offers the course. These revenues will continue to be managed outside the college's general fund budget and will be expected to recover the full costs of offering these courses.

State Appropriation to the General University
The state appropriation to the General University will be used in four ways:

- To support the instructional activities of colleges, which is accomplished by adding a portion of the state appropriation to the pool of tuition revenue that is distributed based on undergraduate SCH.
- To fund University Leadership, which includes the operating budgets for the offices of the President, the Executive Vice President and Provost (including general academic administration), the Vice Provost for Research, the Vice Provost for Extension, the Vice President for Student Affairs, and the Vice President for Business and Finance.
- To partially support the budgets of the central student services units. The intent of directly supporting, in part, student services units is to reduce the per-student charge assessed to colleges for these services. Doing so maintains an incentive for colleges to recruit and increase their enrollment.
- To provide a subvention to the responsibility centers within the General University budget. In the first year of the model, the subvention will be the means of making individual responsibility centers "whole"--balancing expenses (both direct and those now distributed as part of the model) with the revenue that the responsibility center generates at a level similar to the prior year.

Changes in the state appropriation to the general university will be allocated to the President for distribution to the responsibility centers and other units that receive direct funding from state appropriations.

Revenue from Fundraising
Revenue raised in collaboration with the ISU Foundation flows into all areas of the institution and is generally targeted to a use specified by the donor. Those revenues will continue to be managed in the current manner.

Special State Appropriations and Federal Appropriations
Iowa State receives special state appropriations to support unique aspects of its mission. Funds are appropriated specifically to support the Cooperative Extension Service, Agriculture and Home Economics Experiment Station, Institute for Physical Research and Technology, Small Business Development Center, Leopold Center for

Sustainable Agriculture, Healthy Livestock Initiative, and the ISU Research Park. These appropriations will be distributed directly to these units as required by law.

In addition Iowa State receives federal appropriations to support our land grant mission through the Agriculture & Home Economics Experiment Station and the Cooperative Extension Service. Occasionally ISU also receives a special Federal "earmarked" appropriation. These appropriations will be distributed directly to these units as required by law.

Sponsored Funding and Indirect Cost Recovery
The portion of sponsored funding spent for the direct expenses of the sponsored activity will be directed to and managed by the principle investigator(s) and their administering units in the current manner. There is no change to this element of budgeting or financial management.

The revenue generated by the indirect cost rate applied to the direct expenses of the sponsored funding, i.e. the indirect cost recovery, will be distributed using a formula that considers where the costs of the activity are incurred. Indirect costs are associated with all sponsored activity, but the costs can be particularly significant when the sponsored activity is research. With the new budget model, more of the expenses associated with doing research will be distributed to colleges, institutes/centers, and other comparable units that receive external funding, as will a greater portion of the indirect cost recovery revenue in order to pay those costs. Specifically, indirect cost recovery will be distributed as follows:

- 20% to the Facilities Use Fund, a central capital cost recovery fund used for infrastructure improvement costs. This is unchanged from the current system.
- 15% to the principal investigator(s). This is unchanged from the current system.
- 10% to the college, institute/center, or other comparable unit that is administering the grant to cover the costs associated with grant administration.
- 20% to the college, institute/center, or other comparable unit paying the principal investigator's salary. When an individual principal investigator's salary is shared between two or more colleges, institutes/centers, or other comparable ISU units, the indirect cost recovery distributed based on his or her percent of effort will be distributed between those units based on their share of the individual's salary. When there are multiple co-principal investigators, this share of the indirect cost recovery will be distributed based on the percent of effort for each co-principal investigator. Percent of effort will be negotiated among co-principal investigators at the time that the award is received, and the negotiated agreement must be approved administratively through a sign-off procedure that is similar to the pre-award gold sheet approval process.
- 35% to the college, institute/center, or other comparable unit responsible for the site where the research is conducted. If there are multiple sites, then this portion of the indirect cost recovery will be distributed between the sites in proportion to the amount of work scheduled for each site. Like percent of effort, this percentage would be established by the principal investigator(s) at the time that

the award is received, and the negotiated agreement must be approved administratively through a sign-off procedure that is similar to the pre-award gold sheet approval process.

Other Revenue

These revenues are generated by auxiliary units and activities and will continue to be received by them in recognition of the goods and services they provide. These revenues are managed outside the general fund and will be expected to cover the full costs of providing the goods and services, including a share of the distributed costs for common good services, information technology, business services, and facilities and utilities.

Distribution of Expenses

All expenses that are not directly attributed to a responsibility center must be accounted for in another way in the model. Some of these expenses, such as University Leadership, Student Financial Aid, and the Facilities Use Fund, are funded directly by a revenue stream as identified in the previous section.

The Institutional Excellence Fund (IEF) is partially funded with the revenue from Interest and Other Income as described above. The balance of the IEF is funded with contributions from the colleges that are distributed proportionally based on the total direct expenses to the college. One purpose of the IEF is to provide research and academic infrastructure support broadly to all organizational units.

The rest of the expenses not directly attributed to a responsibility center were aggregated into six expense pools and will be distributed to those units that benefit from them and utilize their services as described below.

Student Services

A portion of the expense budget for central student services is funded directly from state appropriations to the general university and a portion is distributed proportionally to the seven colleges based on their direct expenses. State appropriations will fund 25% of the student services budget leaving 75% to be distributed to the colleges.

Library

The Library's expense budget will be distributed proportionally to the seven colleges, the special appropriation units and the colleges, centers/institutes and units based on their direct expenses.

Common Good Services

This expense pool includes the costs of those activities and services that are perceived to benefit the entire university community. These services include, for example, campus grounds, general university classrooms, unassignable space (e.g., entries, hallways and restrooms), public safety, university museums, Memorial Union and portions of information technology services such as the internet backbone. These expenses are distributed to all university units proportionally based on direct expenses.

Information Technology
This expense pool includes the costs of portions of the central information technology services that can be distributed based on each unit's consumption.

Business Services
This expense pool includes the costs of all of the centrally provided business services which include, for example, accounting, payroll, human resource services, sponsored programs services, accounts receivable and the Treasurer's Office. These expenses will be distributed to all university units proportionally based on the number of FTE staff.

Facilities and Utilities
This expense pool includes the costs of supporting and maintaining the institution's physical facilities, including the cost of utilities. These costs will be distributed to the space occupants with:

- A campus wide average cost per net assignable square foot for non-utility operating costs, which include custodial and area maintenance costs.
- A building specific utility rate which will be determined by actual consumption of utilities.

The method for distributing the costs of space are intended to provide opportunities for units to achieve cost savings by more efficient use of space or by reducing utilities consumption through conservation measures such as reducing building temperatures, limiting hours of operation, or replacing or eliminating high consumption equipment.

Budget Tools, Model Parameters and Data

To test the operation of the model, the concepts described here were coded into a computer spreadsheet. This provided a budget tool that predicts revenues and expenses for all units and so enabled the BMDC to evaluate the interactions among elements of the model and assess the impacts they have on each other. This budget tool utilizes "raw data" that represents, for example, SCH, enrollment, utility costs, FTEs and state appropriations. The raw data was taken from actual university records. The budget tool was used by the BMDC to examine various scenarios by modifying parameters in the formulas.

Some of the key model parameters include:

- The split of tuition revenue into two pools to be distributed based on enrollment versus SCH
- The weighting factors used to adjust SCH for the cost of instruction

- The amount of state appropriation that is added to the tuition revenue that will be distributed based on SCH
- The portion of the central student services expenses to be funded directly from state appropriations
- The proportions used to distribute indirect cost revenues

The parameters used in the budget tool are initial estimates and additional analysis, input, and discussion is expected to refine them. A supporting tool that assists with projecting tuition revenue uses historical trends to predict what courses students within a major take while at ISU. This enables colleges to estimate revenue increases or decreases based on enrollment changes in other colleges as well as their own.

The model is heavily dependent on data. Some of the key datasets include:

- Student credit hours
- Tuition assessments
- Student enrollments
- Faculty and staff FTE
- Net assignable square feet of space
- Utilities consumption
- Sponsored funding awards

All of these datasets must be carefully reviewed to ensure their suitability for use in the new budget model. Some changes in administrative processes are likely to be required in order to generate datasets that work well with the model. In addition, many of these datasets must be made more accessible to a broader sector of the university.

DECISION PROCESS and ADVISORY COMMITTEES

President Geoffroy recently transferred the responsibility for university budget development to the Executive Vice President and Provost (Provost). The Provost will be responsible for ensuring that each dean uses college resources to advance the goals of the university and the college, increase the quality of the college's academic programs, and continue to foster interdisciplinary collaborations and academic programs.

The Provost and Faculty Senate will be responsible for shaping curricular and course review processes that ensure changes advance the quality of the university's degree programs and are in the best interest of students.

ABM3 includes parameters for distributing revenues and costs to colleges and other major administrative units. Vice presidents, deans, and directors will be responsible for developing processes to distribute revenues and expenses to departments/units under their respective administrations. Data sets and budget tools that will be used to distribute expenses and revenues to colleges and major administrative units will also be generated at the department level and provided to vice presidents, deans, and directors to facilitate their decision making. While there will likely be differences in the decision processes used in each college and major administrative unit, the committee recommends that regardless of the differences, these processes be consultative and that final budget decisions and the rationale for those decisions be well communicated within each college and unit.

The BMDC recommends that the Provost establish four boards whose roles will be to provide advice throughout the annual process of budget development and implementation, advice that will shape the Provost's recommendation to the President. The BMDC further recommends that each board include administrative, faculty, staff, and student leaders as well as other members appropriate for each board's work, but leaves the details of committee composition, membership, and committee chairs to the Provost. In all cases, the boards are, as their names imply, advisory. Final budget decisions are the responsibility of the Provost and President. Directors of responsibility centers (e.g., deans and vice-presidents) are encouraged to make their opinions on budgeting processes known to the advisory boards during their deliberations, as well as directly to the Provost.

University Budget Advisory Board. The University Budget Advisory Board has five primary roles:

1. Make recommendations on the annual distribution of revenues.
2. Perform periodic reviews of distribution parameters (the coefficients in the formulas).
3. Review the budgets of the Offices of the President, Executive Vice President and Provost, Vice President for Student Affairs, and Vice President for Business & Finance on a regular basis to ensure that these administrative functions of the university are being carried out effectively, efficiently, and with integrity.
4. Make recommendations on the use of the Institutional Excellence Fund.
5. Coordinate its recommendations with those made by the other advisory boards and annually prepare and present one unified set of recommendations to the Provost.

Library Advisory Board. Regularly review the University Library's budget and costs benchmarking these using American Research Library data, and recommend changes in support levels and cost distribution methods as appropriate. The Library serves a unique function in the university and provides a unique service to academic units. As such, academic deans are free to directly fund acquisitions and services in the Library that benefit their colleges should the resources allocated to the Library not provide these services.

Student Services Advisory Board. Regularly review budgets and costs of student services units, benchmarking these against similar units at peer universities, and recommend changes in support levels and cost distribution methods as appropriate. As with the library, deans are free to directly fund services that benefit their colleges should the resources allocated to the student service units not provide these specialty services.

Services Advisory Board. Regularly review the budgets of units comprising the major service groups and the cost of providing services to the university while benchmarking these against the cost of providing similar services at peer universities. Recommend changes in support levels and cost distribution methods for Common Good Services, Information Technology, Business Services, and Facilities and Utilities. Ensure that services are provided in a manner that optimizes effectiveness, efficiency, and cost. As with the library and student services, deans are free to directly fund services that benefit their colleges should the services not be provided through the general allocation.

REVIEW, REFINEMENT and IMPLEMENTATION

To this point the report has focused on the budget model development process. The balance of the report will focus on the future - the review of the model by the university community and the continued planning that is needed to refine and finalize many details of the recommended model. The model and diagram may appear static, yet they reflect a complex interplay of data elements, some of which may need further refinement. This work will provide the groundwork for the implementation of the model.

Two simultaneous, yet separate processes will occur during the summer and fall: review by the university community and refinement of the model. Each set of activities will inform the other with the end result being a decision by the President early in the spring semester about adoption of the model.

A key set of activities for summer and fall is fully educating the university community about the model to allow for a thorough and careful review of it. This process will:

- Continue to discuss how the model will be able to support ISU's academic goals and its vision for the future.
- Describe and further explore exactly how the model will change planning and budget processes.
- Educate deans and other administrators about how the budget tools function, and how the elements of the model interact and affect one another.
- Lead to an understanding of the decision-making processes inherent in the model.

There are many interested constituencies. Many opportunities for learning and feedback will be provided through broad university forums, targeted discussions on specific aspects of the model, web-based feedback mechanisms, e-mail, and FAQs.

Throughout this report the need for further study and refinement of the model and its parameters has been mentioned. Several of the most critical are described below.

Space. The space data provided by Facilities, Planning & Management is aggregated to the college level and uses a university wide average cost per square foot for all space. The BMDC recommends that costs for space be distributed based on two components: utilities based on consumption by building and other operating costs (e.g. custodial and maintenance) based on the average of all general fund facilities. Additional infrastructure data and analysis are needed to implement this aspect of the model.

Cost of Instruction. The model contains weighting factors that adjust the allocation of tuition revenue for SCH to account for differences in the cost of instruction. The current budget tool utilizes data adapted from *A Study of Higher Education Instructional Expenditures: The Delaware Study of Instructional Costs and Productivity* that the Committee modified for the purpose of testing the model and the budget tool. ISU will undertake its own study of cost of instruction to develop relative weights for SCH to use in the model.

Expense Pools. The expense cost pools for student services, common good services, information technology, business services and facilities and utilities must be analyzed and refined. The current budget tool broadly accumulates costs by account number. It is necessary to first define what activities and services are contained in each cost pool and then quantify the costs associated with those activities and services, as well as finalize methods for distributing them.

Indirect Cost Recovery. The model distributes revenue generated from indirect cost recovery to colleges, institutes/centers and other units based on the administering department assigned as part of the accounting record for the grant. New datasets and processes will be needed to fully implement this aspect of the model. These must be developed in collaboration with the Vice Provost for Research.

Administrative Systems. The availability of a data warehouse is a critical tool to support deans and other decision-makers and financial managers as they plan and budget. The data warehouse under development must be expanded to include the elements needed for the model. Other administrative information technology systems will also need to be modified and aligned to meet the demands of the new environment for planning and financial management.

Carryover Authority. The ability of individual units to carry forward revenues across fiscal years is necessary to the success of the new budget model. Discussions have begun with Board of Regents and state leaders to secure the authority to do so. These discussions must continue and be brought to a successful conclusion.

Implementation Timeline

Adopting a new model for budget planning will be a radical change and shaping and managing that change is complex. A few of the broad steps that must be addressed and a rough idea of the timeframe for them are provided below.

Summer 2006/Fall 2006

- Prepare IT systems and generate data needed for testing, simulations, and ultimately running the new budget model.
- Work with service providers to refine data and generate initial rate recommendations.
- Familiarize the vice presidents, vice provosts, deans, directors, department chairs, and fiscal officers with the details of the new budget model and accompanying budget tools and initiate the development of vice presidential and collegiate plans to distribute revenues and expenses to departments/units.

Fall 2006

- Initiate an all university review of the proposed budget model.

Spring 2007

- The President will make a final decision on whether to adopt a new budget model and an implementation timeline; or seek further refinements or information before a final decision is made.
- When an implementation decision is made, seek Board of Regents approval to change ISU's budget and reallocation reports, finalize the changes needed to secure carryover authority, and charge the Provost to work with the Faculty Senate to examine processes for reviewing curricular changes, revising them as appropriate.
- Continue budget model testing and refinement.
- Develop and provide the training necessary for full implementation.
- Develop the FY2008 budget using the current budgeting process for the last time.

Fiscal Year 2007-2008

- Make final refinements and adjustments to budget model parameters.
- Make final preparations of administrators and staff for full implementation.
- Form advisory boards.
- Develop the FY 2009 budget using the new budget model.

Fiscal Year 2008-2009

- New budget model is fully operational.

Committee Members

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Mike Crum, Associate Dean, Professor of Logistics and Supply Chain Management, College of Business
Rick Dark, Associate Professor of Finance, College of Business and Member of the Faculty Senate's Resource Policies and Allocations Council
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