URPC APPROACH DEVELOPMENT
Date: September 20th, 2019

OVERARCHING RECOMMENDATIONS & CONSIDERATIONS

• Updated enrollment projections need to be incorporated into planning
• 1st Quarter Projections can provide starting point for understanding potential availability of one-time resources
• Approach used should reflect low/middle/high planning scenarios

OPTIONS FOR CALCULATING AND DISTRIBUTING REDUCTIONS

Option 1: Marginal Cost Distribution by Division (provide MBU level detail for context) (middle @ $5.4M, -/+ 2% for low/high scenarios)
Reduction targets distributed by division and each division would develop reduction plans with their respective areas. URPC could develop templates, questions, etc. to guide this work.

• PROS:
  o Marginal cost model based on enrollment, which is the driver of current deficit – it is a method for scaling up and down based on marginal cost of a student
  o Method developed by URPC several years ago and used for 1) enrollment growth a few years ago and 2) 2019-20 reductions of $950k

• CONS:
  o Current budget allocations to areas are historical and may not be based on need, which further perpetuates existing inequities
  o Higher impact to Instruction, albeit proportional impact based on enrollment

Option 2: Across the Board 3%/5%/7% Reduction Scenarios requested from each division (have reduction planning start at the department/MBU level) based on 2019-20 Budget and flow up through the organization based on IAPB. Strategy: ask for more than is needed so that the request is across the board, but the implementation is not (prioritize via IAPB org flow: dept->MBU->Division – example: start with 8% at dept level and end up with 5% by VP level)
Reductions distributed by division and each division would develop reduction plans with their respective areas. URPC could develop templates, questions, etc. to guide this work

• PROS:
  o Straight forward to implement
  o Engages all levels of the organization in a consistent approach

• CONS:
  o Current budget allocations to areas are historical and may not be based on need, which further perpetuates existing inequities
  o Across the board approach is not strategic, although implementation would likely vary (not across the board with reduction decisions) to be more strategic based on information submitted
Option 3: Target FIRMS Code percentages (40% instruction, etc.) distributed by division

*Reductions distributed by division and each division would develop reduction plans with their respective areas. URPC could develop templates, questions, etc. to guide this work.*

- **PROS:**
  - Could be applied to the budget as a whole or to reductions specifically
  - Strategic application based on functional classification
  - Ability to perform peer comparisons
- **CONS:**
  - Economies of scale would drive need to recalibrate as enrollment changed
  - Differential programmatic mix, location, etc. make peer comparisons challenging

Option 4: Campus call for ideas, URPC works more as a task force and actively vets suggestions and makes recommendations

*In this approach, URPC much more hands on in gathering reduction ideas and making recommendations. Would need to work through how this would be vetted with respective areas.*

- **PROS:**
  - Highly interactive from a feedback solicitation standpoint
- **CONS:**
  - We have already used this approach in previous iterations so many ideas already gathered (pro aspect to this as well in terms of previous use)
  - Small URPC group making potentially big recommendations; having sufficient context to do so would be challenging
  - Does not follow decision-making framework of IAPB where ideas should be vetted at each organizational level to provide opportunities for prioritization/decision-making where appropriate

Option 5: Develop a scalable budget model

*Focus on developing a new scalable budget model that allocates budget based on available resources, rather than the current approach that deals with historical budget allocations and then “cuts” spending to balance – would require extensive legwork to develop and vet such a model*

- **PROS:**
  - Ability to scale up/down allocations as enrollment changes - shifts focus to here is your allocation instead of here is how much you have to cut
  - Addresses historical inequities that may exist in current budget allocations, rather than only adjusting on the margins
  - The need for a scalable budget model has been a consistent theme for the past several years
- **CONS:**
  - Political – may result in perceived “winners” and “losers”
  - Time consuming to develop
  - May result in budget recalibrations that would take time to achieve
  - May need some one-time funding to bridge full implementation by 2021-22