10/4 URPC Meeting Deliverables

- A timeline to complete the charge
- A clearly defined approach to develop the University -> Division allocation model
- Three model options will be chosen for additional research/consideration
- We will have a strategy for campus engagement/input

URPC Agenda

- Opening Co-Chair Comments (5 minutes)
- Approval of Meeting Minutes (5 minutes)
- Overview of different types of models, including review of FIRMS Codes and Marginal Cost Allocation Methodology (Information/Discussion – 30 minutes)
- Develop Outline for Model Development - see Meeting Deliverables (Action – 40 minutes)
- Next Steps – Set action items to complete for next week’s meeting (10 minutes)

Comments/Questions to contemplate ahead of meeting to aid in model development:

Amber Context: Depending on the approach, there are two different budget allocation layers that need to be considered (University -> Division and Division -> MBU). At each layer, the model development approach used and the URPC’s role will likely be different. Some models, such as Activity Based Costing (ABC) and Responsibility Center Management (RCM), address both layers simultaneously, while others, such as FIRMS Codes/Marginal Cost are higher level and would only allocate to the division. From a time standpoint, ABC and RCM types of models take 2-3 years to develop, whereas others can be developed rather quickly. With models, there is significant variation in terms of process, time, level of detail, and organizational impact.

- **University -> Division** – recommend this be the focus of committee work to achieve December charge
  - Model Goal: establish a scalable allocation methodology that distributes budget allocations to divisions based on projected available revenue
    - Questions:
      - How should the model development occur? Is the URPC actively doing this work or delegating it?
        - If actively doing, should a subgroup of the URPC be established to develop model options? If so, who?
      - What model options should be considered and explored?
        - FIRMS Code/Marginal cost based allocation model
        - FTES, personnel, etc. metrics based model
        - Other options per model discussion?
    - How do we engage faculty, staff, and students in this process? How should input be gathered?
      - World café style forum? Targeted input gathering via questions sent to areas to be completed? Other?
      - Propose Campus meetings week of 10/28 – 11/1 and 12/2 – 12/6 (at the beginning to gather input, and at end to inform)
• **Division -> MBU/College** – this layer represents an important component of shifting away from an incremental model as the University -> Division allocation method is still high level, but recommend this be a later phase in light of time and level of engagement necessary *(note: this would likely occur via a request from URPC to applicable areas, not as URPC actively doing the work, but the process still needs to be developed)*
  o Does this work happen in parallel or begin in spring upon completion of University -> Division model?
  o Separate approaches for academic and non-academic areas?

**Why Are We Doing This?**

• To develop a scalable budget allocation methodology that can handle growth and contraction
• Shift from reduction mindset to spending what we have - allocations based on available resources
• Current incremental model is based on historical allocations, does not adapt to new and evolving needs
• There is consistent campus feedback that current allocation practices are not clearly understood

**Model Development Principles (example from previous model development effort)**

• Data-driven
• Straight forward and transparent
• Consistent
• Understandable allocation drivers
• Methodology should be best combination of fair, reasonable, and replicable
• Include multiple opportunities for campus engagement and feedback

**Considerations**

• How to incorporate smoothing to balance out up/down spikes
• How to phase in changes to existing allocations based on new model methodology