

Staff Council Standing Committee Minutes

Committee Name: Executive

Meeting Date and Place: 09/01/15, University Club

Members Present: Joaquin Baca, Danelle Callan, Crystal Davis, Mary Clark, Renee Delgado-Riley, Carla Sakiestewa, Kathy Turner and Jasmine Torres

Members Excused: Jodi Perry

Guest: Kevin Stevenson, Strategic Planner, President's Office

Minutes submitted by: Kathy Meadows



| | Subject | Notes | Follow-Up |
|---|---------------------------------|--|-----------|
| 1 | Approve Agenda | Approved with changes. | |
| 2 | Approve Minutes from 8/25/15 | Approved | |
| 3 | Guest Speaker | Stevenson spoke about Tuition Sharing Compacts (see attached handout). | |
| 4 | Administrative Officer's Report | An email vote was conducted for the following issues: <ol style="list-style-type: none">1. Do you support moving the presentation of the Jim Davis award from July to April? The majority voted yes.2. Do you support an "off-campus" picnic venue for 2015? The majority voted no.3. Do you support the requested revision to the Staff Councilor Engagement committee charge? The majority voted yes. | |
| 5 | President's Report | Postponed. | |
| 6 | President Elect's Report | Postponed. | |
| 7 | Speaker's Report | Postponed. | |
| 8 | Treasurer's Report | Postponed. | |
| 9 | Roundtable | Postponed. | |

Tuition Sharing Compacts

Deans' Council

August 27, 2014

Evolution, Not Revolution

- Efforts to improve UNM's budget model are not new:
 - 2005: RCM considered during financial reorganization
 - 2009: Provost Budget Parameters Planning Group
 - 2010: RCM recommended in LFC Audit of UNM/NMSU
 - 2011-12: UCAP Models for Resource Allocation sub-committee
 - 2012-13: UNM RCM/PBB Committee
 - 2013-14: ROM reallocation framework
 - 2015-16: 5% hold back

What is Different Now?

- Recent RCM/PBB/ROM work has resulted in vastly improved data, reports, and analysis capacity
- Enrollment stability is more critical than ever – we must proactively mitigate the risk of decreasing enrollment
- Historical I&G revenue sources cannot be relied upon for growth (state formula & tuition increases)
- Units have historically shown strong responses to financial incentives
 - However, these incentives have always been at odds with, not in support of, the main university budget (Extended University, UNM West, International, etc.)

Tuition Share Working Group

- Appointed by President and EVPs at the end of the spring 2015 semester to recommend the design, structure, and components of a tuition sharing budget model:
 - Norma Allen, Associate Director, Office of Planning, Budget and Analysis
 - Dorothy Anderson, Vice President for Human Resources
 - Terry Babbitt, Associate VP for Enrollment Management
 - Robert Berrens, Director of Water Resources Program
 - Andrew Cullen, Associate VP for Planning, Budget, and Analysis
 - Nicole Dopson, Financial Officer for Academic Affairs
 - Cenissa Martinez, Manager of Division Support Services, Office of the EVP for Administration
 - Kymberly Pinder, Dean of Fine Arts
 - Barbara Rodriguez, Chair of Speech and Hearing Sciences
 - Kevin Stevenson, Strategic Planner, Office of the President
 - Mahmoud Taha, Chair of Civil Engineering
 - Craig White, Dean of Anderson School of Management
 - Amy Wohlert, Chief of Staff, Office of the President
 - Shawn Berman, Associate Dean of Anderson School of Management (alternate)

Working Group Charge

- Make recommendations to the President and EVPs on a tuition sharing model(s) that facilitates accomplishing our goals. Some initial goals that the model aims to accomplish are as follows:
 - Align budget allocations with incentives to grow tuition revenues and manage costs in support of our mission & values
 - Distribute appropriate levels of financial risk and rewards to those units that bear responsibility for revenue generation
 - ✂ – Create an allocation model that is flexible and agile enough to evolve over time as the university evolves, both in structure and strategic direction
 - Determine the appropriate manner of participation of units that support the mission but do not generate I&G revenues

Working Group Charge

- Second component of the charge was to develop a process to accompany the new budget model:
 - This distinction between a budget model and budget process is an important one, as the budget model on its own cannot take into account the context within which it operates – there are no systemic rules that can determine progress or performance in areas such as academic quality or scholarly productivity, and whether the activities driven by the budget model are aligned with the university's vision and strategic goals.

Working Group Charge

- The working group was not asked to deliver a final model. Rather, their work is intended to provide the foundation for a larger discussion with primary stakeholders during the fall semester, to solidify operational details and lead to a final decision that will be implemented as a part of the FY17 budget development process.

Scope and Constraints

- ✘ • The scope of this exercise and model is the current Instruction and General pooled revenues
 - Base tuition
 - State formula funding
- Revenues currently allocated directly to units or outside of the I&G pool will remain unchanged
 - F&A, sales/service, differential tuition, etc.

Proposed Compact Process

- Budget process would be built upon binding “compacts” which provide predetermined rubrics for revenue sharing and maximizing certainty for planning purposes
- Clearly articulate levels of risk and rewards born by the units and the administration
- Provides a formal process for budget request and justification for units requiring subsidy
- Process also provides venue for discussion of cost, quality, and service level mix in administrative and service units

Proposed Compact Process

- The compact process has two distinct components:
 - An overarching, potentially multi-year compact that define the rules of the budget model and budget process (taxes, timing, allocation details, reserves, risk collars, etc.)
 - A unit-specific, annual process that occurs between Level 2 and Level 3 organizations (Provost and Deans, EVP and VPs, for instance), which incorporates the level of I&G subsidy, goals, and performance metrics

Discussion

- Some consensus points for a new allocation model:
 - Tuition should be allocated to the academic units, and be transparent enough such that incentives, risks, and rewards are visible to individual faculty and sufficient to influence outcomes
 - The model must be able to evolve over time to sustain the incentive structure that it puts into place
 - UNM should impose a labor tax to fund the the cost of fringe benefits of employees funded by I&G dollars
 - UNM should allocate tuition based on a combination of SCH and headcount of majors, to encourage collaboration and reduce unnecessary duplication

Discussion

- Some remaining discussion points for a new allocation model:
 - **Labor Tax** – should the tax be based upon estimated benefit costs and increase from year to year, or at a lower, fixed amount?
 - **Tuition Split** – is the proposed 65%/35% split between SCH and majors appropriate to incentivize the outcomes we desire?
 - **Allocation Timing** – should tuition be allocated in arrears based on historical information, or in real time based on current year revenue and enrollment?
 - **Reserves** – what are the appropriate reserve levels given the level of risk that units across campus are required to bear?
 - **Compact Funding** – what is the mechanism to provide sufficient central funding to operate the compact process, both in terms of managing risk (how to fund the “collars”) and providing sufficient funds for strategic investments and institution-wide priorities?
 - **Budget process changes and BLT charge** – what is the role of the BLT in the expanded budget process and development of compacts, and how are tuition rate increases or additional state formula funding incorporated into the tuition share process?

Timeline and Next Steps

- September – October: Discussion with and feedback from campus community
- October – Recommendations to President and EVPs
- November – Decision to implement
 - Compact process begins, finalize allocation model and other details for development of FY17 budgets

Tuition Share Working Model: Level 2 Summary

Cost of Fringe Benefits for only I&G employees

| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) |
|------------------------------|-----------------------------|--------------------------|-------------------------------------|--|-----------------------------|---------------------|--------------------------------|--------------------------|----------------------|-----------------------|
| Org Level 2 | FY15 Base Budget Allocation | FY15 I&G Actual Salaries | Est. Tuition Revenue from SCH (65%) | Est. Tuition Revenue from Majors (35%) | Total Tuition Revenue (C+D) | Labor Tax (B * 30%) | Gross Contribution (E - F - A) | State Formula Allocation | Total Revenue (E+H) | Exp. Net |
| EVP for Administration | \$114,927,645 | \$17,181,723 | \$0 | \$0 | \$0 | \$5,154,517 | (\$120,082,162) | \$65,078,787 | \$65,078,787 | (\$55,003,375) |
| President Executive | \$6,061,040 | \$4,693,468 | \$0 | \$0 | \$0 | \$1,408,040 | (\$7,469,080) | \$7,469,080 | \$7,469,080 | \$0 |
| Provost Academic Affairs | \$169,888,315 | \$156,336,985 | \$78,282,878 | \$42,152,319 | \$120,435,198 | \$46,901,095 | (\$96,354,213) | \$96,354,213 | \$216,789,410 | \$0 |
| VP for Student Affairs | \$4,638,707 | \$4,689,995 | \$0 | \$0 | \$0 | \$1,406,999 | (\$6,045,706) | \$6,045,706 | \$6,045,706 | \$0 |
| VP Institutional Advancement | \$321,000 | \$442,412 | \$0 | \$0 | \$0 | \$132,724 | (\$453,724) | \$453,724 | \$453,724 | \$0 |
| Other | | | | | \$10,561,074 | | | \$13,204,491 | (\$311,209) | |
| Grand Total | \$295,836,707 | \$183,344,583 | \$78,282,878 | \$42,152,319 | \$130,996,271 | \$55,003,375 | (\$230,404,884) | \$188,606,000 | \$295,525,498 | (\$55,003,375) |