Re: Budget Redesign Update

Dear Colleagues:

Over the past two years faculty, administrators, and staff from across campus have been reassessing how academic and support units are budgeted. A Tuition Flow Taskforce was formed in the summer of 2008, and two working groups have followed up to consider how tuition dollars can be directed to the units that generate them, while also covering the support costs of everything from utilities to security. Many of our peer institutions have developed “responsibility-centered budgeting,” and the working groups have been carefully studying what has been done elsewhere and how we can better align our institutional costs and our revenues.

Because funding does not follow students, our current budgeting does not reward units for teaching the increasing numbers of students we serve or for teaching students more efficiently and effectively. Responsibility-centered budgeting will direct tuition dollars to the colleges where the students are taught in a carefully calculated way to ensure that we do not undercut our research mission or reduce funding for units such as the library. Budgets will increase if enrollments grow, and decline if enrollments drop. This approach to budgeting will increase revenues to programs that develop innovative ways to increase enrollments, and also reward units for reducing costs.

To ensure that this new budget model does not disrupt our efforts, it will be implemented in a phased manner. The budget for 2009-10 will provide the base for future calculations. In 2010-11, deans will see the proportion of their budget that is supported by tuition. If colleges increase enrollments next year, their budgets will increase in 2011-2012, and colleges with decreases in student enrollments will see budget decreases in 2011-12. In the following year, a cost allocation system will be phased in to provide incentives for more efficient resource management. This phased approach will provide time for colleges and departments to align strategic planning and budgeting.

Over the summer there will be presentations to campus constituencies by the Budget Redesign working group with membership representing faculty, deans, department heads, staff, professionals and students. These presentations will be designed to provide department heads and budget managers with answers to questions about how the new budget model will affect their units.

For more information about the budget redesign process, responsibility-centered budgeting, and the new accounting provisions, please visit http://www.budgetredesign.arizona.edu/about_us

Questions, comments and inquiries should be addressed to: Eldenbur@email.arizona.edu.

Sincerely,
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