

OVERALL AHSCSB COMMITTEE RECOMMENDATIONS

The Ad Hoc Senate Committee on Strategic Budgeting has completed a long and thorough review of the rationale and proposed procedures for modifying the way budgeting is done on Auburn University's Main campus. The members of the committee are in general agreement with the need to develop an approach to budgeting that is both responsive to changes in the economic environment facing the University (and higher education in general) while allowing it the flexibility to invest in new, possibly yet unknown, initiatives. The RCM model and the version proposed here have the potential to provide the change needed for Auburn to move forward. However, as a committee that has reviewed both positives and negatives associated with RCM implementations across the country (approximately 21% of doctoral granting institutions use some form of RCM) we have developed some recommendations:

1. **Tuition and fees should be allocated according to some form of weighting procedure.** The wide variations in 'Margins before MEF' are not conducive to incentivizing deans and faculty. Two investigations of weighting methods both gave more units a better opportunity to produce a breakeven budget. Cost of instruction weighting is the most common approach used by other schools (if they choose to use weights at all), but the PLS estimation approach presented here provides the best opportunity to arrive at a set of weights that will get all 12 Schools and Colleges as close to breakeven as possible, while minimizing the value judgements that seem to be associated with weighting instructional costs by discipline (under the PLS approach the weighting criteria are more objective student counts, faculty numbers, square footage of classroom space, etc.).

Re-examine the rationale for splitting tuition into various components (resident/non-resident; department of instruction/department of major).

If a weighting method is adopted as described above, these splits unnecessarily complicate the allocation of tuition and fees to units that need them to balance their budgets. [Amended to remove #1 at Senate Meeting April 7, 2015]

2. **Year-to-year reductions in funding should be capped at 3% of total revenues.** Many of the academic units will face a negative margin as they are forecasting their revenues and costs (in the 2012 example, 2 units faced a shortfall of over \$10,000,000). If the MEF contribution to the unit makes it solvent there is no problem. But if in budget negotiations, a Provost suggests awarding less than that amount, that reduction should not exceed 3% of the

units total budgeted revenues for the year.

3. **Review the selection of bases for determining contributions to the Central Support Allocation pools.**
4. **Institute a policy that encourages Colleges/Schools to prepare guidelines providing for the participation of departments (and their faculty) in the budget process.**