Budget 102
Understanding Primary and Support Units
MIRA

Model for Incentive-based Resource Allocation

MIRA is a model by which resources are allocated to Primary Units; each unit (college, auxiliary) will develop a distribution plan to adequately support their units and personnel in alignment with college and/or unit goals and priorities.
Definition of MIRA Elements

• Primary Unit –
  – Unit whose activities generate revenue (e.g., College of Business and Public Administration, Housing & Dining Services, etc.)

• Support Unit –
  – Unit whose purpose is to provide services for Primary Units (e.g., Student Affairs, Facilities, etc.)
MIRA
Model for Incentive-based Resource Allocation

PRIMARY UNITS
Primary Units

- Academic
- Auxiliaries
- Centers & Institutes
Academic

- College of Arts and Sciences
- College of Business & Public Administration
- College of Education & Human Development
- College of Engineering & Mines
- College of Nursing & Professional Disciplines
- School of Aerospace Sciences
- School of Law
- School of Medicine & Health Sciences
Auxiliaries, Centers & Institutes

• President
  – Athletics

• Provost
  – Office of Extended Learning
  – EERC
  – Human Nutrition Center
  – Technology Accelerator
Auxiliaries, Centers & Institutes

• Finance & Operations
  – Chester Fritz Auditorium
  – Golf Course
  – Parking Services
  – Environmental Training Institute

• Student Affairs
  – Housing & Dining Services
  – Memorial Union
  – Student Health Services
  – Wellness Center
  – Children’s Learning Center

Created 11/1/2015
MIRA
Model for Incentive-based Resource Allocation

PRIMARY UNITS
ELEMENTS

Created 11/1/2015
Primary Units Revenues

• Direct Revenue
  – Graduate Tuition (for Academic Units)
  – Grants and Contracts
  – Indirect Cost Recovery
  – Non-mandatory student fees
  – Endowment income
  – Gifts
  – Other sales and services
Primary Units Revenues

• Allocated revenue
  – Undergraduate Tuition (for Academic Units)
  – State appropriations
  – Mandatory student fees

Under the current budget model, these revenues are collected centrally and then are allocated to Primary Units by central administration. Under MIRA, these revenues will flow to the Primary Units according to a defined formula.
Primary Units Expenses

• Direct expenses: salaries, fringe benefits, office supplies, other costs of running the unit

• Support Unit allocations: costs paid by Primary Units for their proportional share of services provided by the Support Units

• Participation fee: fees paid by Primary Units to fund/form a **Subvention Fund (Strategic Investment Pool)**
Subvention Fund (Strategic Investment Pool)

• Defined: A centrally-held pool of dollars funded by the Participation Fee.

• The fund has two primary purposes:
  – Subsidize some Primary Units guided by institutional mission, value, and goals
  – Fund strategically important initiatives/priorities
Primary Unit Budget Cycle

Budget Book
UND leadership summarizes current year financial plan and strategic priorities.

Strategic Review
Primary Units review prior year performance and discuss improvement plans.

Budget Development
Primary Unit develops financial plan based on latest analysis and central administration guidance.

Budget Presentation
Primary Unit submits next year plan, 3-year outlook, and subvention requests, if applicable.

Budget Refinement
Primary Units update plan based on presentation outcomes, trends, and central administration guidance.

Created 11/1/2015
During October and November, the Provost Office and Central Budget Office will co-host a session with each Primary Unit to review its prior year performance and to discuss future plans.

These presentations:

- Stimulates Primary Unit to assess internal policies, processes, and priorities to identify opportunities to improve outcomes. Better outcomes often translate to increased revenue.
- Provides an opportunity for Primary Unit to lead an evidence-based conversation with central leadership on issues that are important to the unit.
- As a result of these sessions, central leadership should better understand how it can support Primary Units through improved Support Unit service levels, enhanced tools, and new institutional policies and programs.
Primary Unit Budget Development

From December through February, Primary Units are working closely with the Provost’s Office and Central Budget Office to develop initial budget plans.

• Central administration becomes business partners to help units develop plans and prepare for the budget presentations
• Provost’s Office collaborates with academic units to integrate academic planning with financial management.
• In January, Support Unit budgets will be finalized so those costs can be factored into the Primary Unit plans.
• While planning for next year, Primary Units should develop plans to address any anticipated revenue shortfalls or expense overruns for the current year.

Created 11/1/2015
Primary Unit Budget Presentation

• During March and April, the Provost Office and Central Budget Office will co-host a budget presentation with each Primary Unit to discuss its multi-year financial plans.

• Primary unit explains how strategic goals and programmatic activities are quantified in the budget.
  – Builds on conversations from the strategic review session, including follow up on any action items.
  – Explains any significant variations between revenue or expense forecast and historical trends.
  – Comments on satisfaction with Support Unit service for the Support Unit allocation that is assessed.
Primary Unit Budget Refinement

• During April and May, each Primary Unit refines its financial plans to incorporate updated information in the following areas:

  • Unit commitments and other outcomes from the budget presentation.
  • Updated unit analysis on direct revenue and direct expense forecasts.
  • Latest central guidance on undergraduate tuition, undergraduate financial aid, general state appropriations, participation fee rate, indirect cost recovery, and any “budget balancing” exercises.
  • SBHE approvals on tuition, room, board, and fees for next year.
  • Final adjustments, if any, to Support Unit (cost pool) allocations to Primary Units.
  • Presidential decisions on subvention fund and deferred maintenance allocations.
Tools for Primary Units

• Oracle Planning and Budgeting Cloud Services (PBCS)
  – Provides historical model statements based on actual revenues and expenses that can be used for planning purposes
  – Allows for management of planning versions and ensures that all units are working with up-to-date and accurate numbers
  – Provides ability for units to create “what if” scenarios for up to three different budget options
  – Allows units the ability to enter direct revenue estimates, direct expense estimates, and see resulting model statement.
  – Ability to forecast up to five years beyond current plan year.

• Central Budget Office
MIRA

Model for Incentive-based Resource Allocation

SUPPORT UNITS

Created 11/1/2015
Main MIRA Support Unit/Cost Pools

Nine Main Cost Pools:
• President
• Provost
• Institutional Services
• Finance
• Operations
• Research
• Facilities Management
• Student Affairs
• University & Public Affairs

Created 11/1/2015
MIRA Support Unit/Cost Pools

- President
- Provost
  - Academic Affairs
  - Diversity & Inclusion
  - Graduate Studies
  - Honors Program
  - International Programs
  - Office of Extended Learning – Support
  - Registrar

- Institutional Services
  - CIO (includes Telecom, Center for Instructional Learning Technology)
  - Institutional Research
  - Chester Fritz Library

- Finance
  - Central Budget Office
  - Controller
  - VP for Finance & Operations
MIRA Support Units (Continued)

• Operations
  – Affirmative Action/Equal Opportunity
  – Human Resources & Payroll Services
  – Printing & Mailing Services
  – Public Safety
  – Transportation

• Research
  – EPSCoR
  – Grant & Contract Administration
  – VP for Research

• Facilities

• Student Affairs
  – Enrollment Services
  – Dean of Students
  – Health & Wellness
  – Student Academic Services
  – VP of Student Affairs

• University & Public Affairs
What Stays the Same Under MIRA for Support Units?

• Support Unit budgets will remain, for the most part, incremental.

• Support Units will still monitor a fixed budget.
What is Different Under MIRA for Support Units?

- Budget cycle is earlier moving from April to October.
- Focus on value added services and efficient delivery of services.
- Support Unit costs are allocated to the Primary Units.
- Support units give presentation to Support Unit Allocation Committee.
Support Unit/Cost Pools Allocation

Cost Pools with their basis for allocation to the Primary Units:

- President - total expenditures
- Provost - student FTE
- Institutional Services - total headcount
- Finance - total expenditures
- Operations - total headcount
- Research - sponsored revenue
- Facilities Management - square footage
- Student Affairs - student headcount
- University & Public Affairs - total headcount
Support Unit Allocation Presentation

• During October and November, the Central Budget Office will coordinate Support Unit presentations for the Support Unit Allocation Committee. This session with each Support Unit will review its prior year performance, current year operations, and the next year budget request.

These presentations:

- Provides an opportunity for dialog between the Support Units and Primary Units.
- Provides an opportunity for Support Units to lead an evidence-based conversation with central leadership on issues that are important to the unit.

• The Central Budget Office will send out guidelines for Support Units to use in developing their presentation. These guidelines will indicate if more than one budget scenario is required, e.g. flat budget, optimal budget, 5% decrease budget, etc.

Created 11/1/2015
Are Support Units Eligible for Subvention (Strategic Investment Pool)?

• No –
  – Support units focus on efficiency and not the generation of revenue.

• However –
  – They can make requests for additional funding through their support unit presentations.
Tools for Support Units

• One-on-one or group brainstorming sessions
• Presentation Template Development
• Dashboard Assistance
Support Unit Timeline

– Early Fall 2016
  • Develop FY18 budget plan that aligns with 5 Institutional Goals
– Fall 2016 (Oct/Nov)
  • Present FY18 budget plan to Support Unit Allocation committee
– December 2016
  • Support Unit Allocation committee submits its budget recommendations to Executive Budget Committee.
  • Executive Budget Committee submits its recommendation to President & Executive Council.
– January 2017
  • Support Unit budgets are approved (contingent on State Board guidelines) for allocation to the Primary Units
Central leadership, Primary Units, Support Units, and several advisory committees work in close coordination to optimize the use of resources to advance UND’s mission and strategic priorities.
MIRA Next Steps

• Communication, Communication, Communication
  – Feedback
    • Communication has to be two ways. We need feedback so we can continually improve the process.
  – Presentations
  – Website
  – Training Sessions
• Tool Development
• Process Development and Refinement – still in process

Created 11/1/2015
DRAFT Institutional Timeline

- FY15
  - Build infrastructure, communicate, and train

- FY16 Parallel Year
  - UND will operate under the old budget model and Primary Units will be able to see what funding would be like operating under MIRA.
  - Education and training continue
  - Transition planning

- FY17
  - MIRA goes into effect with “hold harmless,” i.e., units will be somewhat protected from large budget impacts.

- FY18
  - MIRA is fully operational (tentative)
In Summary

Changing to MIRA will –

– Allow us to focus on strategic priorities
– Promote transparency
– Improve efficiency
– Improve quality of service provided by UND
– Allow growth initiatives to flourish