Introduction to the UND’s New Budget Model
Existing Budget Model?

• UND’s budget approach has been historical and incremental

**Meaning**: The next year’s budget for a unit would be what units got this year plus whatever salary increase was approved.
Problems with Existing Model

– Does not take into account the change in revenues from year-to-year (enrollments increase/decrease; levels of external grant funding change)

– Does not make resources readily available for investment in strategic initiatives.
New Budget Model

We need a new budget model that will help:

• Allow us to focus on strategic priorities
• Promote transparency
• Improve efficiency
• Improve quality of service provided by university
• Allow growth initiatives to flourish
What did we do?

• Huron Consulting Group was hired to help UND assess, evaluate, and develop a new budget model.

• Steering Committee composed of faculty, staff, and administrators was formed to work collaboratively with Huron.

• Numerous interviews were conducted with UND community during the process.

• The collaborative efforts resulted in a resource allocation model, customized to UND’s values and culture.
Let’s Give it name

Model for Incentive-Based Resource Allocation*

MIRA

* MIRA is a model by which resources are allocated to colleges; each college will develop a distribution plan to adequately support their units and faculty in alignment with college and unit goals and priorities.
Definition of MIRA Elements - 1

- **Primary Unit** – Unit whose activities generate revenue (e.g., College of Business and Public Administration; this includes all colleges/schools, as well as Housing & Dining Services, Wellness Center, etc.)

- **Support Unit** – Unit whose purpose is to provide service for primary units (e.g., Student Affairs, Facilities, etc.)
Primary Units Revenues:

1- Direct revenue

- Graduate tuition revenue
- Grants and contracts
- Indirect Cost Recovery
- Non-mandatory student fees
- Endowment income
- Gifts
- Other sales and services
Primary Units Revenues:

2. Allocated revenue

- Undergraduate tuition
- State appropriations
- Mandatory student fees

Under the current budget model, these revenues are collected centrally and then are allocated to Primary Units by the Provost’s Office. Under MIRA, these revenues will flow directly 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)*

Revised 11/16/2015
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, vision and goals
  – Fund strategically important initiatives

Revised 11/16/2015
Draft Timeline

- FY15
  - Build infrastructure, communication, and train.

- FY16 Parallel Year
  - UND will operate under the old budget model and units will be able to see what it would be like to operate under MIRA.
  - Continue building infrastructure
  - Education and training continue
  - Transition planning

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Draft Timeline, continued

• FY 17
  – MIRA goes into effect
  – Units will be “held harmless”, i.e., units will be somewhat protected from large budget decreases.

• FY18
  – MIRA is fully operational (tentative)
Opportunities to Learn

- Deans are participating in training now.
- The entire UND community is learning together and open, frequent communication will be necessary as we move forward.