RE-ENVISIONING YOUR BUDGET MODEL

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UF | UNIVERSITY of FLORIDA

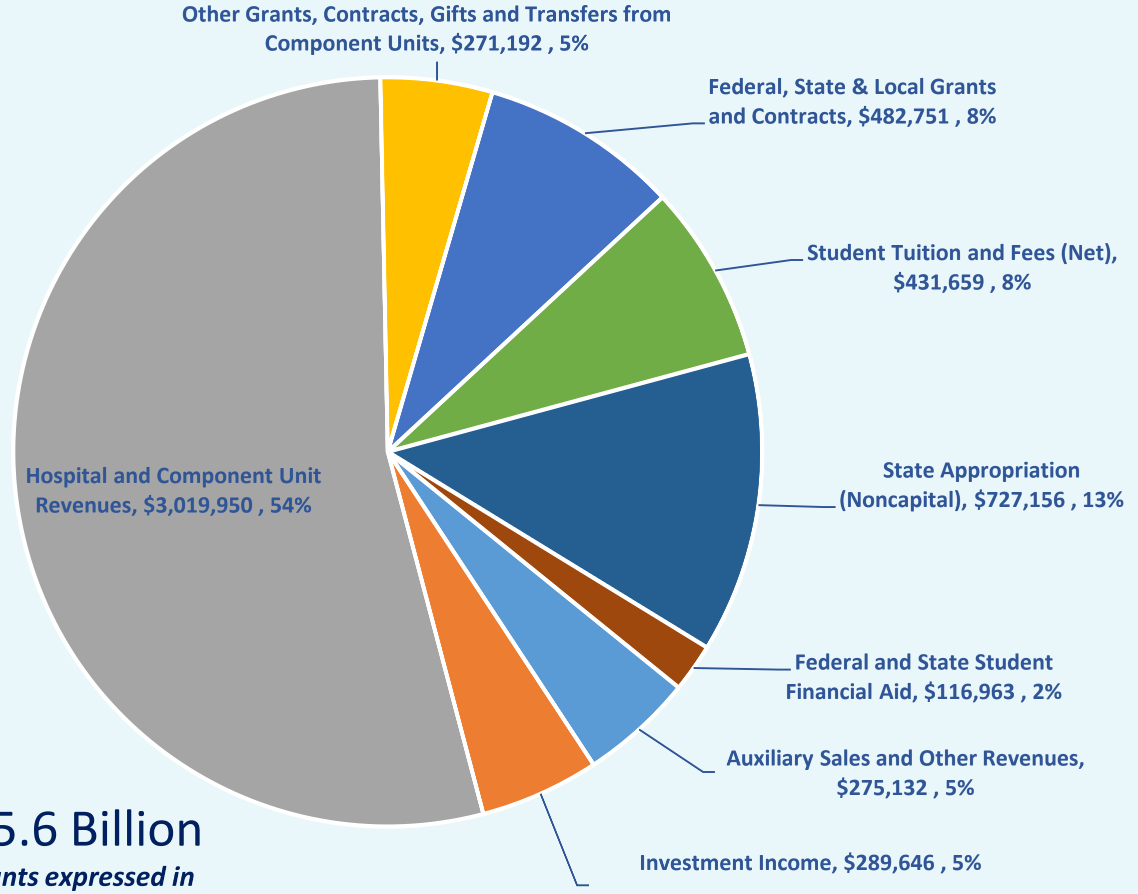
The University of Florida

- Established in 1853
- Land Grant Institution
- AAU Member (Public) Since 1985
- 16 Academic Colleges (including Medical School)
- 2017 Enrollment – 55,862
  - Undergraduates – 36,436
  - Graduates – 12,160
  - Professional – 4,137
  - Non Degree Seeking - 3129

The University of Florida

- 150 Research Centers and Institutes
- 2,000-acre campus
- 900+ buildings (170 with classrooms and labs)
- 2014-15 Total Expenditures $5B

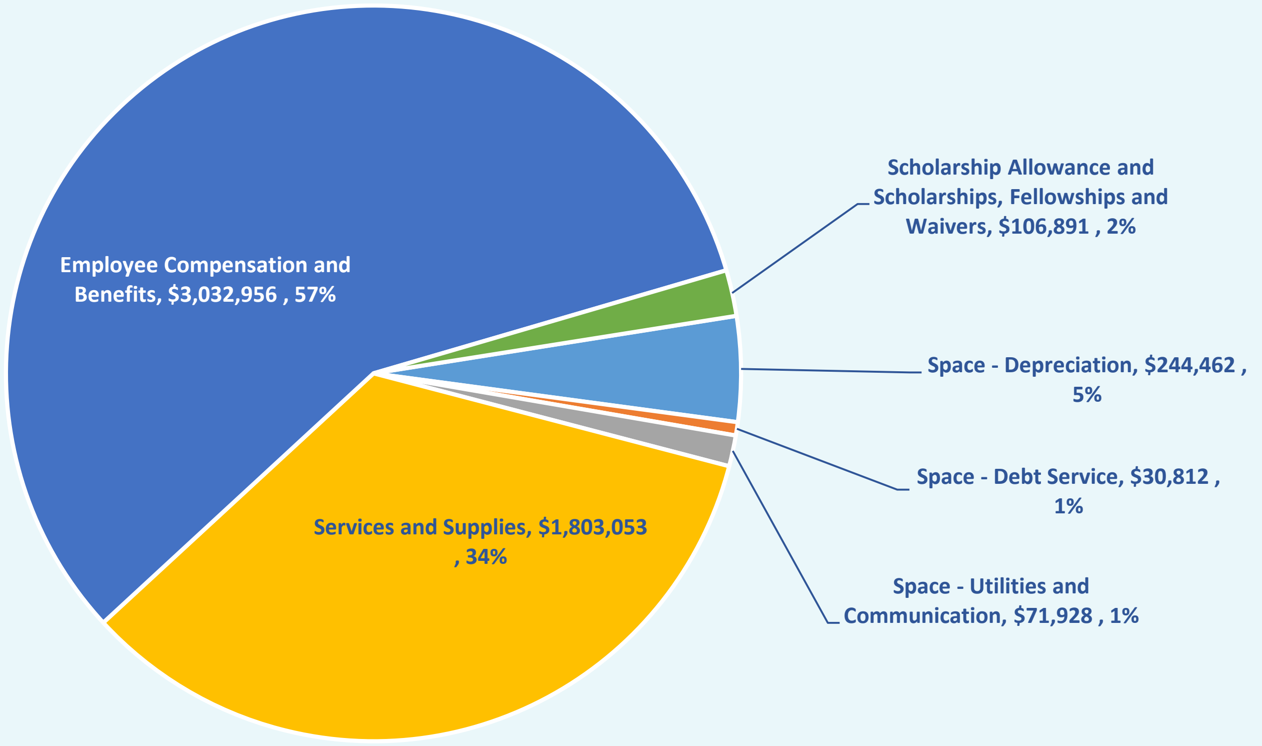
UF Enterprise Revenue Sources FY17



Total $5.6 Billion

Dollar amounts expressed in thousands

UF Enterprise Expenses FY17



Total $5.3 Billion

Dollar amounts expressed in thousands

Concerns with Current Model

- Weights
- Classification of space
- Calculation too complicated
- Budget is a surprise each year
- Can’t predict outcomes of decisions
- Degree production not incentivized
- Retention not incentivized
- Interdisciplinary programs not incentivized
- Research not incentivized (linear tax)
- IDC vs SPA Tax
- Tax Driver/Assessment Metrics
- Start up issues for entrepreneurial activities
- Capped enrollment
- Tuition allocation
- Waivers
- Self funded courses lead to faculty overload
- Tax creep
- Subvention
- Strategic Fund

The Journey

- Incentivize Specific Activities
- Simplify the Model
- Model should be:
  - Predictable
  - Ensures alignment with University strategic goals
  - Provides Clarity
- Creation of Dedicated Provost Strategic Fund

Year 1 Changes

The New World

Year 1 Changes Implemented – 2016-17 Colleges

- General fund revenues (Tuition, State Appropriations) all flow to central administration – then distributed to Colleges
- Colleges receive a significant portion of their revenue as a function of what they do (Tuition & IDC)
- Distribute all (collected/net) tuition using 70/30 teaching/enrollment except for new undergraduate student out of state fee – Differentiate tuition from fee
- Tuition revenue determined using terms from CY 2015 (Spring, Summer, Fall 2015)
- Revenues from new undergraduate out of state students (Fall 2015 – 300 new students = approx. $3.6m) will establish the Provost Strategic Fund

Year 1 Changes Implemented – 2016-17 Colleges

- State appropriation used to help pay for General Fund Supplement
- Distribute General Fund Supplement to hold harmless for FY 2017 – same budget as FY 2016 – with additions for FY 16 raises, Preeminence changes, PO&M
- General Fund Supplement will be the same in future years unless significant or strategic changes occur
- OH assessed using fixed rates on revenues (GA/IT 10%; 2.15% HSC), Facilities no change – commitment is that support units costs will be managed and controlled to stay within this budgeted revenue stream – significant unfunded mandates may require special assessments

Year 1 Changes Implemented – 2016-17 Colleges

- Provost in consultation with Sr. VPs sets budgets for Support Units
- Library and Student Services funded by the Provost
- State funded Service Centers and other appropriated units funded by State appropriation
- Other distribution/assessment arrangements stay the same for the upcoming budget year (FY 17)
- Auxiliary unit's budgets lie outside of the general fund but pay tax on expenditures

The Work

College (A)	In State Tuition: Under Grad (B)	In State Tuition: Grad 1 (C)	In State Tuition: Grad 2 (D)	In State Tuition: Prof (E)	In State Tuition Total (F=B+C+D+E)	Out of State Fee: Under Grad (G)	Out of State Fee: Grad 1 (H)	Out of State Fee: Grad 2 (I)	Out of State Fee: Prof (J)	Out of State Fee Total (K=G+H+I+J)	Grand Total (L=F+K)	Net Tuition To Colleges: Total (N=L-G)	General Fund Supplement (GFS): Recurring (P)	General Fund Supplement (GFS): PO&M (Q)	General Fund Supplement (GFS): Total (R=P+Q)
	Tuition (Calendar Year of 2015) 70% By Teaching/30% By Enrollment														
Agricultural and Life Sciences	12,966,410	2,244,274	3,381,207		18,591,892	2,874,655	695,889	746,212		4,316,755	22,908,647	20,033,993	19,132,354	188,352	19,320,706
Arts	4,499,862	376,065	233,434		5,109,361	876,430	50,385	690		927,505	6,036,866	5,160,436	12,970,672	67,534	13,038,206
Business Administration	11,408,324	9,558,702	142,111		21,109,137	4,000,484	4,698,709	17,462		8,716,655	29,825,792	25,825,308	6,768,711	1,459,458	8,228,170
Dentistry	433	485,331	3,114	12,115,986	12,604,863		162,959		151,319	314,277	12,919,141	12,919,141	14,373,019	69,928	14,442,947
Design, Construction & Planning	2,846,661	2,311,627	647,731		5,806,020	992,903	1,339,106	289,819		2,621,827	8,427,847	7,434,944	5,876,697	-	5,876,697
DOCE	2,983,650				2,983,650	1,139,951				1,139,951	4,123,601	2,983,650	976,960	-	976,960
Education	2,852,610	4,800,759	3,071,777		10,725,145	759,213	644,826	347,374		1,751,413	12,476,558	11,717,346	9,503,996	-	9,503,996
Engineering	15,345,750	10,306,282	8,124,946		33,776,978	2,386,168	8,832,747	624,812		11,843,727	45,620,705	43,234,536	47,060,477	1,130,705	48,191,183
Health & Human Performance	5,756,370	1,476,317	585,995		7,818,682	1,641,571	550,857	53,147		2,245,574	10,064,256	8,422,685	4,920,034	1,198	4,921,231
Journalism & Communications	5,715,417	601,804	160,062		6,477,284	1,905,513	377,890	54,941		2,338,344	8,815,628	6,910,114	6,501,921	325,764	6,827,685
Latin American Studies	84,825	209,452	22,422		316,699	25,862	20,016	6,764		52,642	369,342	343,479	2,402,616	35	2,402,651
Law	1,917	1,824,674	17,838,776		19,665,367	211	383,495	886,758		1,270,465	20,935,832	20,935,621	7,786,921	146,478	7,933,399
Liberal Arts & Sciences	48,334,549	1,650,170	3,575,702		53,560,420	11,721,462	912,906	642,407		13,276,775	66,837,195	55,115,733	71,596,619	30,110	71,626,729
Medicine	1,117,665	3,264,642	1,626,632	16,685,295	22,694,234	164,956	604,928	80,893	27,848	878,624	23,572,858	23,407,902	61,831,317	2,495,891	64,327,208
Nursing	1,771,309	682,798	2,616,561		5,070,668	200,039	8,283	130,723		339,045	5,409,713	5,209,674	5,400,196	-	5,400,196
Pharmacy	96,639	29,300	22,006,764		22,132,702	21,658	24,326	372,863		418,847	22,551,549	22,529,891	(281,355)	3,962	(277,393)
Public Health & Health Professic	2,603,427	4,032,515	5,149,141		11,785,083	445,979	635,206	166,848		1,248,033	13,033,116	12,587,137	6,046,838	276,236	6,323,074
PHHP-COM Integrated Programs		110,085	208,435		318,520		101,944	3,382		105,326	423,846	423,846	53,828	332,729	386,557
Veterinary Medicine	39,257	195,747	91,872	8,748,359	9,075,235	3,749	69,195	966	8,523	82,433	9,157,668	9,153,920	20,457,814	1,819,539	22,277,353
Grand Total	118,425,075	44,160,544	69,486,681	37,549,640	269,621,940	29,160,803	20,113,666	4,426,062	187,690	53,888,220	323,510,160	294,349,357	303,379,638	8,347,919	311,727,557

The Work

Overhead to Hold Harmless				FY17 State Revenue to Hold Harmless (Y=N+R-W)	FY17 Additional GFS			FY17 Non-Recurring Legislative Specials	Preeminence		Overhead On Additional Allocations in FY17			FY17 Net State Revenue (AN=Y+AH+AL)
IT and GA (T=N*10%+R*10%)	HSC Admin (U=N*2.15%+R*2.15%)	Facilities (V)	Total OH (W=T+U+V)		FY17 Recurring Legislative Specials (AB)	FY16 College Faculty and Staff Raises (AC)	FY17 UG Differential Tuition (AD)	FY17 Non-Recurring Legislative Specials (AF)	Preeminence (AG)	SubTotal (AH=AB+AC+AD +AF+AG)	IT/GA (AJ=AH*10%)	HSC Admin (AK=AH*2.15%)	SubTotal (AL=AJ+AK)	
10.00%	2.15%										10.00%	2.15%		
(3,935,470)		(4,971,088)	(8,906,558)	30,448,141		817,816	-		1,943,445	2,761,261	(276,126)		(276,126)	32,933,276
(1,819,864)		(2,307,969)	(4,127,833)	14,070,809		379,318	228,420		165,350	773,088	(77,309)		(77,309)	14,766,588
(3,405,348)		(1,929,673)	(5,335,021)	28,718,457		747,471	-		-	747,471	(74,747)		(74,747)	29,391,181
(2,736,209)	(588,649)	(2,616,243)	(5,941,101)	21,420,986		528,691	-		150,000	678,691	(67,869)	(14,601)	(82,470)	22,017,207
(1,331,164)		(1,671,042)	(3,002,207)	10,309,435		275,088	-		-	275,088	(27,509)		(27,509)	10,557,014
(396,061)		-	(396,061)	3,564,549		12,329	-		-	12,329	(1,233)		(1,233)	3,575,645
(2,122,134)		(1,268,929)	(3,391,063)	17,830,279	400,000	461,450	-	2,000,000	458,500	3,319,950	(331,995)		(331,995)	20,818,234
(9,142,572)		(14,616,053)	(23,758,624)	67,667,095		1,803,536	-		3,568,653	5,372,189	(537,219)		(537,219)	72,502,065
(1,334,392)		(1,398,163)	(2,732,555)	10,611,362		231,891	-		150,000	381,891	(38,189)		(38,189)	10,955,064
(1,373,780)		(800,633)	(2,174,413)	11,563,387		282,392	-		328,500	610,892	(61,089)		(61,089)	12,113,189
(274,613)		(85,181)	(359,794)	2,386,336		67,232	-		150,000	217,232	(21,723)		(21,723)	2,581,845
(2,886,902)		(2,052,609)	(4,939,511)	23,929,509		535,103	-		250,000	785,103	(78,510)		(78,510)	24,636,102
(12,674,246)		(14,264,694)	(26,938,940)	99,803,522		2,835,508	304,560		2,051,152	5,191,220	(519,122)		(519,122)	104,475,620
(8,773,511)	(1,887,473)	(12,741,332)	(23,402,317)	64,332,794		1,675,157	-	1,250,000	2,489,110	5,414,267	(541,427)	(116,479)	(657,906)	69,089,155
(1,060,987)	(228,254)	(420,536)	(1,709,776)	8,900,094		214,098	-		150,000	364,098	(36,410)	(7,833)	(44,243)	9,219,949
(2,225,250)	(478,725)	(1,399,578)	(4,103,553)	18,148,945		441,351	-		850,000	1,291,351	(129,135)	(27,781)	(156,916)	19,283,380
(1,891,021)	(406,821)	(1,581,618)	(3,879,461)	15,030,750		361,078	-		750,000	1,111,078	(111,108)	(23,903)	(135,011)	16,006,818
(81,040)	(17,434)	(289,103)	(387,577)	422,825		26,753	-		598,326	625,079	(62,508)	(13,448)	(75,955)	971,949
(3,143,127)	(676,191)	(4,803,164)	(8,622,483)	22,808,791		522,618	-		400,000	922,618	(92,262)	(19,849)	(112,110)	23,619,298
(60,607,691)	(4,283,548)	(69,217,607)	(134,108,847)	471,968,067	400,000	12,218,880	532,980	3,250,000	14,453,036	30,854,896	(3,085,490)	(223,893)	(3,309,383)	499,513,580

Year 1 Changes Implemented – 2016-17 Sponsored Program Assessment

- Revenue is shared based on a percentage of total accrued IDC to a given unit in the prior year.
- The percentage applied for the Sponsored Program Assessment is not the same for all units. Instead, there are four tiers:
  - Tier 1 (36.8%): High research intensity, high in-unit research infrastructure costs, little or no additional resources to support research infrastructure
  - Tier 2 (49%): High research intensity, high in-unit research infrastructure costs, some additional resources available to support research infrastructure
  - Tier 3 (53.5%): Units with research portfolios that have additional resources to support research infrastructure, lower in-unit research infrastructure costs, or have lower research intensity
  - Tier 4 (75%): Units with little or no research activity; 25% of the returned IDC is reserved in the event that a PI, dept, or center is eligible for returned IDC under UF policy.

Year 1 Changes Implemented – 2016-17 Sponsored Program Assessment

- The overall model was required to collect very near the same total amount of assessment as was collected in FY 16, effectively using FY 16 as a baseline
- The individual percentages for each tier were optimized to yield manageable shifts in the assessment within the context of FY 16.
- No change to existing distribution policy for PI's, Departments or Centers
- As the research portfolio grows, this model allows the available resources for central research services supported by SPA (Office of Research, Contracts & Grants, EH&S, Cost Analysis) to increase proportional to IDC growth. In addition, this same group of units will need to be able to withstand fluctuations downward in IDC in any given year.

Year 1 Changes Implemented – 2016-17 Sponsored Program Assessment

College	FY15 Accrued IDC	FY16 SPA tax (under expenditure-based model used last year)	Proposed Model: Percentage of total accrued IDC to be collected as SPA tax	Proposed Model: SPA tax for FY2016 (last year) if proposed model had been applied	Difference in SPA tax (last year) with proposed model
TIER 1					
CLAS	7,224,308	2,839,686	0.368	2,658,545	-181,141
Engineering	14,222,992	5,064,691	0.368	5,234,061	169,370
HHP	898,827	287,451	0.368	330,768	43,317
Pharmacy	2,412,537	784,771	0.368	887,814	103,043
PHHP	2,825,881	1,078,853	0.368	1,039,924	-38,929
Dentistry	3,237,458	1,054,478	0.368	1,191,385	136,907
PHHP-COM	1,533,071	493,523	0.368	564,170	70,647
Nursing	336,527	89,403	0.368	123,842	34,439
Latin Am Stu	290,004	110,030	0.368	106,721	-3,309
Whitney Lab	587,979	227,333	0.368	216,376	-10,957
FLMNH	1,267,935	363,172	0.368	466,600	103,428
TIER 2					
Medicine	28,823,233	14,804,628	0.49	14,123,384	-681,244
COM-JAX	2,108,416	1,679,317	0.49	1,033,124	-646,193
ICHP	2,567,655	972,255	0.49	1,258,151	285,896
Vet Med	1,774,308	909,802	0.49	869,411	-40,391
TIER 3					
Research	2,637,128	1,449,391	0.535	1,410,863	-38,528
IFAS	11,600,630	6,289,615	0.535	6,206,337	-83,278
Sea Grant	372,398	126,217	0.535	199,233	73,016
Education	1,708,694	885,047	0.535	914,151	29,104
Arts	3,142	23,930	0.535	1,681	**
Info Tech	3,446	950	0.535	1,844	894
DCP	521,523	268,345	0.535	279,015	10,670
Business	35,360	46,678	0.535	18,918	**
Intl Center	53,674	20,265	0.535	28,715	8,450
Journalism	24,829	134,217	0.535	13,284	**
Law	46,247	18,649	0.535	24,742	6,093
Libraries	69,919	40,776	0.535	37,407	-3,369
HARN	0	998	0.535	0	**

Year 2

Items Considered in Year 2

- Auxiliary Tax
- Graduate Student Waivers
- Facility Tax
- Dual Degrees – 2 diplomas/2 colleges
- Subvention

Items Considered in Year 2

Auxiliary assessment

- Expenditure based – based on prior calendar year
- Maintain current exemptions this year but CFO office will review the total monetary impact of those exemption and recommend any issues that need to be addressed. Review will take place over the next 4-6 months
- Rate will be recalculated ever 3-5 years
- Initial rate – 13 percent

Items Considered in Year 2

Graduate Tuition Waivers

- Provide annual reporting to Deans for review
- Deans will mediate any disturbing trends that come up
- Calendar year data to be used – 2016 will set established baseline
- Most students use waivers for coursework in the same college that issues the waiver (88%)
- Colleges should to discourage interdisciplinary study and recognize the marginal cost to the teaching college may be less that the teaching portion (70%) of foregone tuition revenue

Items Considered in Year 2

Facility Assessment

- Separate utility assessment
- Calculate utility rate annually based on projected costs
- Assessment based on assignable square feet and 4-6 weighted types (we now have four but may be able to separate out labs into wet, dry, general use)
- Move towards charging actual utility cost – hope this will motivate people to reduce consumption
- Actual charge plan probably won't take effect for another two years
- Maintenance – establish base rate for plant maintenance
    - Recalculate rate as needed every 2-3 years
    - Assessment based on assignable square feet – keep the 1-3 space types we now have
- Deferred maintenance
    - Separate assessment based on square feet
    - Rate would be 17 cents per $1 million in revenue if everyone, including support units, pay
    - Phased plan – year 1 - $5 million; year 2 - $10 million; year 3 - $15 million
    - Starting FY 17/18
    - Annual deferred maintenance priorities established by VP for Business Affairs, SVP's and Deans
    - Initial focus on energy efficiency projects

Items Considered in Year 2

Dual Degrees

- No changes needed to current model
- Only impacts 30 percent enrollment of collected tuition
- Not a significant portion of undergraduate students
- Primary enrollment college determined by first major student applies for

Items Considered in Year 2

Subvention

- Recommendation:
  - No subvention – Colleges manage tuition revenue risk
  - State budget cuts are not eligible for subvention and are handled as adjustments to a college's general fund supplement