FAQs – Finance and Budget Modeling Initiative

- Why do we need to create a new budget model?
    - To improve transparency, to ensure that data drives decision making, and to make strategic decisions based on UTSA goals and strategic plans.

- What is the aim of this project…what outcome (end state) are you trying to achieve?
    - The Finance and Budget Modeling Task Force will create a new budget model that is transparent, data-driven, supports entrepreneurship and innovation, and aligns resources needed for our strategic mission, vision and themes. In addition to assessing our current financial practices, this task force will develop strategies to optimize our financial resources and our expenditures by adopting best financial practices.

- What rules are guiding your approach?
    - The Guiding Principles for this task force developed by UTSA in 2017 include:
        - Align resources with institutional priorities (supporting students as that is part of our institutional policies and priorities)
        - Support the decision-making process with reliable data and analysis
        - Improve budget transparency
        - Incentivize revenue growth and cost effectiveness
        - Improve fiscal accountability and management of resources
        - Evaluate budget process periodically and adjust as necessary

- What advantages are you trying to accomplish over the current model?
    - The major advantage is the ability for greater accountability and for those units generating revenue to become more incentivized to earn revenue and control costs.

- How is this project aligned with our strategic goals and Dr. Eighmy's six themes?
  - This project falls under operational and infrastructure excellence theme.
  - It is closely aligned with the other major initiatives like Student Success and Strategic Enrollment.
  - Having a robust budget model will help us move effectively into the future with greater financial stability.

- How will our students be impacted by a new budget model?
  - The model is being designed with student success at its core. The model should open up avenues for revenue generation and cost controls. Our efforts are aimed at minimizing costs to students overall, creating a strategic fund for new initiatives and emphasizing activities that support student success.

- How will we know if the new budget model is ultimately better than our current one?
  - Feedback will be gathered, and the new model will be evaluated. More accountability will be built into the model with metrics. We're exploring possible performance incentives, too.
  - Keep in mind that the budget model will evolve as we learn more going forward. FY 19 budget will be under our current practices but in parallel we will review the new model.

- What other universities are using incentive-based models, and what have their results been? Do you know if they've benefited and in what ways?
  - Models are selected based upon universities' mission and values.
  - Many universities have shifted to incentive-based models, and we'll continue tracking their lessons learned and best practices to consider for UTSA.

- How were the members of this taskforce selected?
  - Deans, department heads, students and administrators were chosen from across the university to ensure a balance in membership.

- Why was this composition of the steering committee chosen?
  - Members were selected from larger taskforce membership. Creating a smaller group reporting back to the larger taskforce has been effective for setting up meetings and engaging in dialog.

- Does this group truly represent my issues?
  - We ask members to speak with their constituents to make sure that all views are heard. We also have an email set up to gather feedback from anyone on campus.
  - We are holding town hall meetings as well as meetings with the full taskforce, all deans, department chairs, and others to ensure the decision- making process is well informed. We encourage and welcome your input throughout the process.
  - You can email your suggestions and questions at initiatives@utsa.edu.

- How will we be assured that we're part of the decision-making process going forward?
  - While we've been conducting research for several months, no budget model has yet been selected. Working efficiently in our timeframe, we have been and continue seeking feedback that will inform our final decision making. By running our desired model in parallel during FY 19 budget, we'll be able to further refine our final model for use in FY 20. We will be monitoring the model as we move through strategic planning and priorities; we expect to refine the model on an ongoing basis.

- Why did this require the use of an outside consultant?
  - It is a big endeavor to completely redesign a budget for a university as large as UTSA. Further, we have been using Huron's expertise in strengthening more than 35 projects at UTSA the past few years. They have a wealth of knowledge on budget design and have made many excellent recommendations. So with their help we have been able to work effectively and stay on our timeline

- Why did you choose Huron?
  - For their extensive and relevant experience as well as their expertise in working with universities that use PeopleSoft.

- What mistakes have other universities made that we are trying to avoid?
  - Many universities moved too quickly towards full incentivized models with too little funding of strategic projects at the central level. We want to have a strategic funding model in place so critical university efforts have the needed resources to succeed.
  - Other universities overcomplicated their transition to a new budget model. Our focus is to keep it reasonable, understandable, transparent and easy to use.
  - A few universities have tried to make every area pay for itself. We don't want to replace our academic excellence at the expense of any one college or program if it were not able to fully pay for itself. We anticipate that support units will continue to be funded centrally. We want to ensure that we adhere to our values and maintain our focus on student success.

- Do people here have the skills needed to implement and adopt the new system?
  - Many of the basic principles in budgeting will not change, especially related to monitoring budgets vs. actuals. We will enhance what we currently do with more data, tools, and reports so we can optimize revenues and control costs, plus provide more clarity for decisions being made on budgeting.

- o We will evaluate staff members' skills to make sure we have resources to effectively implement and fully use the new model.
- o Training will be a vital component of the transition effort.

- How will you teach us a new system?
  - o More educational efforts and formal training will follow current outreach efforts. People involved in budgeting will have opportunities to learn new processes in training courses specifically designed for their role.
  - o Department heads will be asked to take courses with their administrative staff to provide better exposure to the materials and support for understanding these.

- Is the new system going to require more time to develop and manage the budgets on our end?
  - o As we begin this change, it's likely that additional time will be needed to develop the budget model, train everyone, and get our data formatted for ease of use. As with all new processes, there will be a learning curve.

- Might my area be worse off with an incentive-based budget?
  - o No one is recommending a drastic change. We are recommending a hybrid model approach, maintaining central control of some revenues and introducing some performance-based funding, too. FY 19 will be the parallel year to study the impact. Based on what we learn, we will then continue to evolve and hone the model for UTSA.

- What's actually going to change?
  - o We will have greater transparency in how the budget is put together. More information on any allocations, revenue units, support units and strategic funding will be provided. Revenues and expenses for the entire university will be shown. Likely a form of governance or resource council will be established

to provide consistency in budgeting practices and allocations.

- Is this likely to lead to fewer approved tenure-track positions?
    - That is not likely as instruction is mission critical, and our focus is on student success. Having adequate resources is key to approving new faculty positions, the model will ultimately lead to enhanced revenue generation.

- What is the timing for us to start using the new budget model?
    - FY 19 is the year we will run the current and the new models in parallel. We will seek feedback before the model is fully honed so we can use the new model only in FY 20.

- What factors could lead departments to getting a higher budget?
    - Revenue-generating units will have an advantage in earning a higher share of the overall budget.

- How will you be communicating about these changes?
    - We will continue to have town halls, update the Finance and Budget Model Task Force website, and meet with stakeholders.
    - Look for training and educational sessions on the new model later in June.

- How is money allocated for instructional (faculty salaries) and research expenditures?
    - Currently by incremental methods. Eventually by using optimization processes that each college will develop and have reviewed by the representative college administration. The provost and vice president for research will provide input as well.

- With a new budget model will we still have to work with PeopleSoft?
  - Yes, we will continue working with UT Share/PeopleSoft. Among the reasons for consulting with Huron is their budget development experience with universities that use PeopleSoft.
  - We are committed to continually improving PeopleSoft, as we have been doing in the past few years.

- Hyperion doesn't interface well with PeopleSoft. Will we continue using it?
  - Hyperion is paid for by the UT System, and improving its functionality is on the list of projects for UT Share. We will look at other options, but given there has already been an investment in Hyperion, we likely will end up continuing to use it.

- How will (service) support departments that don't generate income make it under an incentivized budget model?
  - Under a new model it is likely revenue will still be provided to cover support departments. Accountability, perhaps including service support level agreements for support units, will possibly be an element of the model as well. We expect to have a resource allocation committee that will provide framework and governance on making sure our support departments are able to excel at providing services in the new model.

- Under this new budget model, which functions will be considered support units?
  - This is still being decided and under discussion. Most division or departments will be classified as support, auxiliary or as revenue units.

- How often will the dollars come to revenue or support areas?
  - Likely still only once a year, but there could be some flexibility to review and move additional revenue if available. This will be decided as the process advances.

- Will costs charged to us, like Facilities charges, change with a new budget model?
  - This has not yet been decided, but if a unit is using an actual "recharge service center" that is providing services outside of the normal scope of Facilities typical services, there will be charges by work order and calculated based upon annually established shop rates.

- We serve many first-generation and other underserved students who benefit from experiential learning and other approaches that are more costly. How can we ensure that all students can still access these opportunities?
  - These costs will need to be reviewed as part of our support functions. We will likely establish a resource committee to monitor and approve allocations, ensuring they are appropriately within our model and university established values and ultimately within our ability to fund.

- Will you provide some examples of incentives?
  - None have been decided yet. Overall, an incentive model would allow a division to grow revenues and control costs to be able to keep some or all the margin of revenue after expenses.

- How will this new budget model square with Dr. Eighmy's vision for the Downtown Campus?
  - Very well given that the growth in Downtown enrollments will generate additional revenues.

- What do you know about the Provost candidates' perspective on budgeting?
  - All candidates were aware of our budget model redesign efforts and supportive of being involved in a new model. Some have specific experiences they bring with them about using different budget models.

- Do you expect our culture to change with this new model? Might we do more to measure productivity vs. simply activity?
  - Dr. Can Saygin, Interim Senior Vice Provost, has identified a number of metrics that matter most to UTSA and developed a list of Key Performance Indicators. We need to be clear on what contributes to these KPIs and link them to the budget process as much as possible

- How will the new budget model and processes provide greater transparency so we can understand where the money goes?
  - As a public institution, our books are open for review. A budget book is available and posted online. Reporting of federal awards are required and included as a schedule in our annual reports available for the public. NCAA mandates an annual report on the institution's financing of athletic programs and is available to the public too. We will continue to have budget information on our Budge website.

- How does our budget stack up to other universities'?
  - On instruction and research and student support, we are below our peers' average per the Huron diagnostic report for FY 16. On academic support, we are significantly above the average for our peers.