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Budget Model Redesign Initiative

University Initiative Update

October 17, 2016 – Bannatyne Campus

October 18, 2016 – Fort Garry Campus



UNIVERSITY
OF MANITOBA

Context and Initiative Background

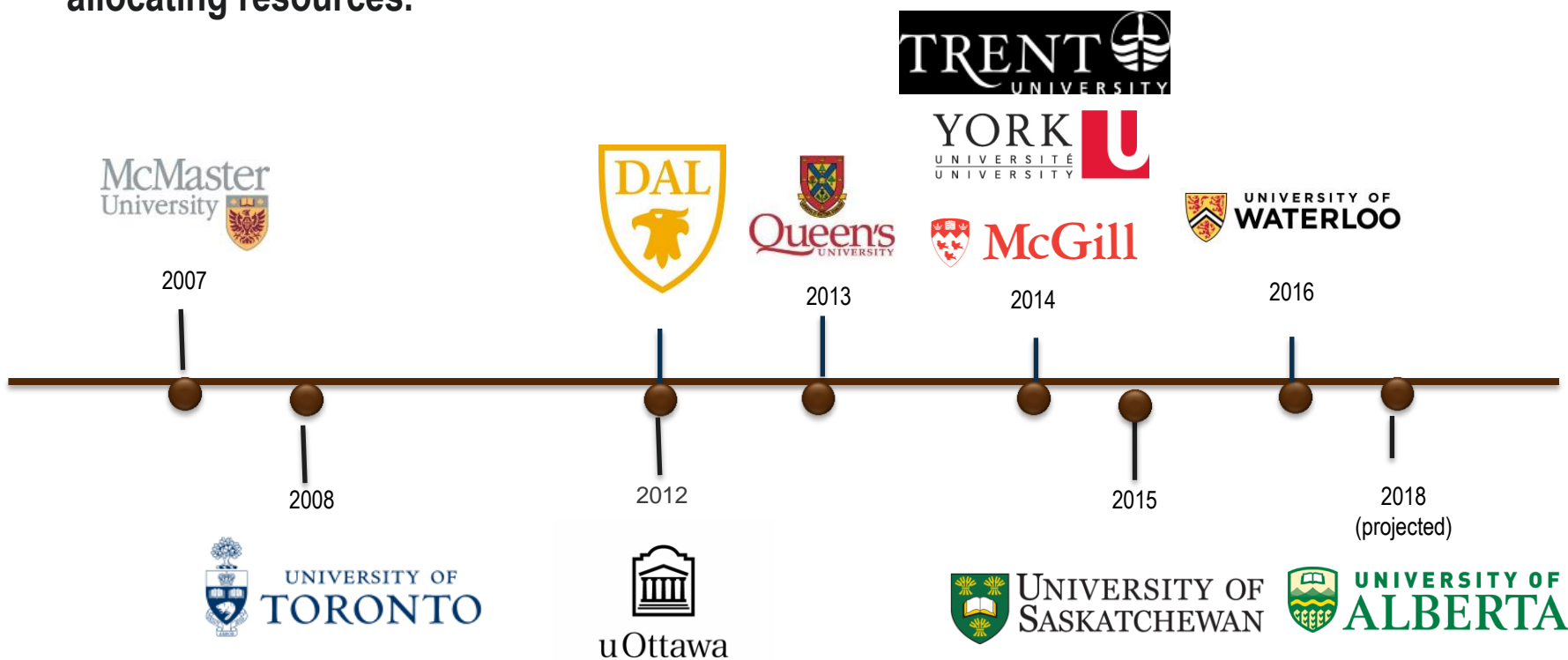
- Increasing financial constraints
- Costs continuing to outpace revenues
- Initial conversations regarding our budget model since 2013
- In October 2015, an RFP was developed and Huron Consulting Group was selected
- Improve transparency and develop a better understanding of fiscal challenges
- Form better linkages between planning and resource allocation in support of UM's mission and Strategic Plan.

Steering Committee

Name	Title
Janice Ristock	Chair - Provost and Vice-President (Academic)
David Collins	Project Champion - Vice-Provost (Integrated Planning and Academic Programs)
Kathleen Sobie	Project Champion - Executive Director, Financial Planning
Dan Bailis	Department Head, Psychology, Faculty of Arts
Stefi Baum	Dean, Faculty of Science
Jonathan Beddoes	Dean, Engineering and Interim Dean, Faculty of Architecture
Tom Hay	Comptroller
Mario Lebar	Chief Information Officer
David Mandzuk	Dean, Faculty of Education
Rick Pelletier	Business Manager, I.H. Asper School of Business
Brian Postl	Dean, Rady Faculty of Health Sciences
Brandi Smith	Business Manager, Kinesiology and Recreation Management

Canadian Higher Education Budget Initiatives

Other Canadian institutions have engaged in similar processes to explore new ways of allocating resources.



Budget redesign is an international trend in higher education as universities face fiscal challenges and seek to expand the number of institutional leaders focused on resource maximization.

Overview of Budgeting Alternatives

As stakeholders consider model alternatives, focus often shifts to decentralized models; yet there is material differentiation among the landscape of decentralized alternatives.

Common Budgeting Models			
Incremental	Formula	Performance	Decentralized
<ul style="list-style-type: none"> Centrally driven Current budget is “base” Each year’s increments (decrements) adjust base Focus on expenses 	<ul style="list-style-type: none"> Focus on equitable funding Input-based rates Driven by production quantity 	<ul style="list-style-type: none"> Focus on rewarding mission delivery Output based- rates Driven by changing production 	<ul style="list-style-type: none"> Focus on academics Revenue ownership and central cost allocation Priorities managed through “central pool”

See below

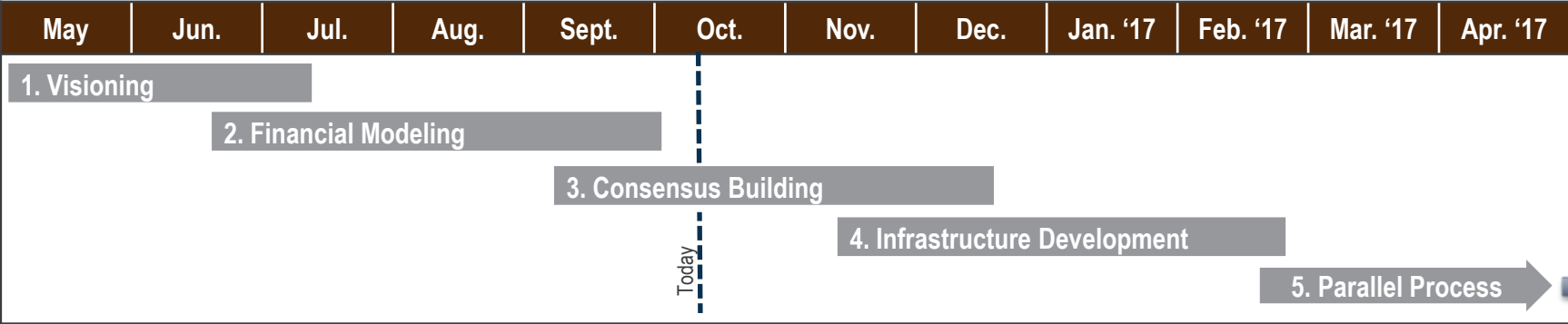
Spectrum of Decentralized Models		
Contemporary	Responsibility-Centered	Every Tub Own Bottom
<ul style="list-style-type: none"> Higher central control Allocation of revenue, but higher subvention “tax” 	<ul style="list-style-type: none"> Some central control Less revenue collected as subvention “tax” 	<ul style="list-style-type: none"> Little-to-no central control Revenue units operate as own financial entities

Benefits of Decentralized Budget Models

- Places strategy before history - better aligns resource allocation with academic and strategic priorities
- Enhances transparency and accountability
- Fosters revenue growth and cost containment
- Illustrates the full cost of activities (academic programs, research, etc.) resulting in more tangible decisions and collaboration

Initiative Overview

Five-phased approach to budget redesign for guiding the University through the development and implementation of a new model.



Phase	Overview
Phase I: Visioning	Develop a clear understanding of vision through an assessment of current resource allocation practices.
Phase 2: Financial Modeling	Build-out a “pro-forma” model to provide a platform for testing different model alternatives.
Phase 3: Consensus Building	Address change management through methodical, data-driven stakeholder engagement.
Phase 4: Infrastructure Development	Develop supporting tools, processes, and governance to carry out budget development.
Phase 5: Parallel Process	Test a new model to understand outcomes if the new model were implemented.

Activities To Date

- More than 40 stakeholder interviews, engaging 80 plus individuals at the University.
- Seven Steering Committee meetings
- Two presentations to Senate Planning and Priorities Committee
- Two updates at Senate
- Presentation to the President's Executive Team
- Standing agenda item at monthly Dean's and Director's Council meetings (three held)
- Presentation to the administrative and academic unit heads scheduled (October 18)
- Individual meetings with all Deans/Directors and Business Officers

Current State

Following a two-month review of our current budget model and interviews with key stakeholders, Huron confirmed:

- Current budget process primarily allocates resources incrementally and offers little incentive opportunities to the units
- Limited collaboration between units due to scarce resource opportunities
- Units feel resource allocation decisions are not fully transparent
- Current technology infrastructure to support budget development is manual and outdated

The Steering Committee has recommended exploring a more decentralized budget model

What is a More Decentralized Budget Model?

- Faculties retain a majority of their revenue and give up some revenues to create a central pool
- Central pool will allow for cross-subsidies across units and strategic investments
- Resource allocation process will be transparent
- New technology solution tool will optimize planning and budgeting

The more decentralized budget model will be customized for the University of Manitoba.

Guiding Principles

The Steering Committee developed the following five guiding principles. These principles will provide direction for future budget model redesign recommendations.

- **Align** resource management, planning, and allocation **with the University's mission and strategic priorities.**
- **Enhance collaboration** between and within academic and support units.
- **Incent creativity, innovation and the pursuit of revenue opportunities** to position the University for a strong, sustainable future.
- **Promote fiscal understanding, responsibility, and accountability** throughout the University.
- **Be straightforward and transparent.**

These principles will guide the Steering Committee's recommendations for a new budget model.

Ongoing Engagement

Process to develop a budget model customized for U of M.

Steering Committee

- Develop the starting points for a new budget model structure
- Continue to refine allocation methodology

Faculty Deans/Directors and Business Officers

- Continuous dialogue on the work of the Steering Committee's progress
- Review draft model structure
- Collect feedback to share with the Steering Committee
- Infrastructure development

Deans/Directors' Retreat - December

- Finalize the budget model

Technology Update: Context and Background

- Current State of Technology
- Future State of Technology
- Technological Infrastructure needed to support a *more* decentralized budget model
- Hyperion Planning and Budgeting Software
- Stakeholder Engagement

Software Working Group

Name	Title
Kathleen Sobie	Executive Director, Financial Planning - Project Champion
David Collins	Vice-Provost (Integrated Planning and Academic Programs) - Project Champion
Carla Buchanan	Manager, Financial Reporting
Janice Derco	Acting Director of Technology Services
Kurt Hanoomansingh	Project Manager, Budget Model Redesign
Jonathan Hyman	Assistant Manager, Budget Accounting and Travel Services
Colleen Limon	Finance Manager, Vice-President (Administration)
Holly Madden	Director of Finance, Rady Faculty of Health Sciences
Gordon Pasieka	Associate Comptroller
Anil Rattan	System Administrator and Functional Analyst
Randy Roller	Acting Executive Director, Institutional Analysis
Brandi Smith	Business Manager, Kinesiology and Recreation Management
Mark Walc	University Budget Officer, Financial Planning Office

Software Development Stakeholder Engagement

Software development activities will take place primarily in Phases 2 and 4 of the initiative, with Phase 4 involving a much broader stakeholder engagement component.

	Phase 2 – Financial Modeling	Phase 4 – Infrastructure Development
Purpose	Build tool to model and report resource allocations under various allocation methodologies.	Enable all University contributors to carry out budgeting tasks under the new model within the tool.
Timeframe	July 2016 – October 2016	November 2016 – March 2017
UM Stakeholders Involved	<ul style="list-style-type: none"> • Financial Planning • Software Working Group 	<ul style="list-style-type: none"> • Financial Planning • Software Working Group • Deans (governance) • Academic unit users, central finance users
Deliverables	University-wide reporting to internally test various budget model proposals.	Technology solution and accompanying support including planning processes, governance, reporting, testing and training

Ongoing Updates

- Updates at Senate Planning and Priorities and Senate; Information Sharing Session (early 2017)
- Updates on the Budget Model Redesign Initiative Website:

<http://umanitoba.ca/admin/budgetplanning/budgetmodelredesign.html>

- Submit your Feedback:

SUBMIT YOUR
FEEDBACK

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Questions and Answers



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