

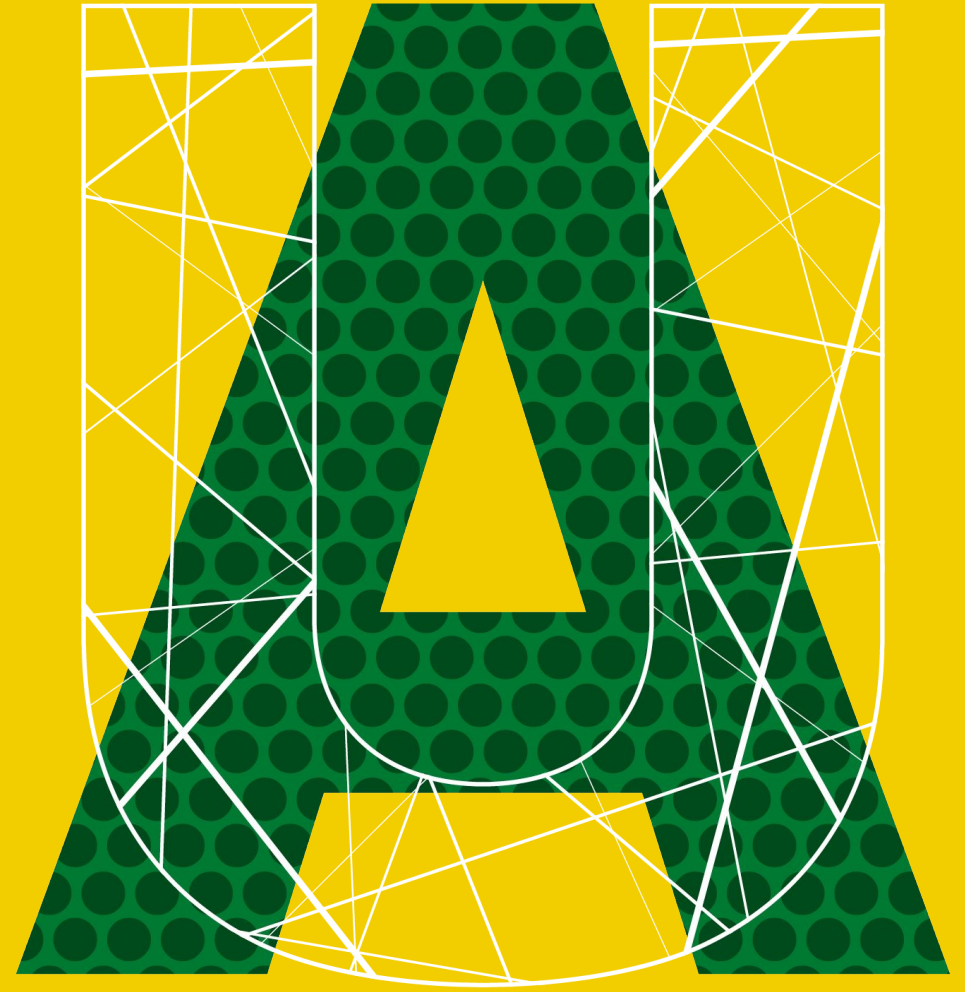
Budget Model 2.0

Budget Model 2.0 TownHall

April 12, 2023



UNIVERSITY
OF ALBERTA



Agenda

Submit your questions:
budget@ualberta.ca

1. What is a budget model?
2. Why do we need a new budget model?
3. What principles will guide the design?
4. How are we developing the budget model?
5. What have we heard from the community?
6. What next?
7. Discussion

What is a budget model?

University budget model

A series of rules that describe how operating funds are allocated to colleges, faculties, and university-wide service units to advance the university's mission and goals.

Budgeting process

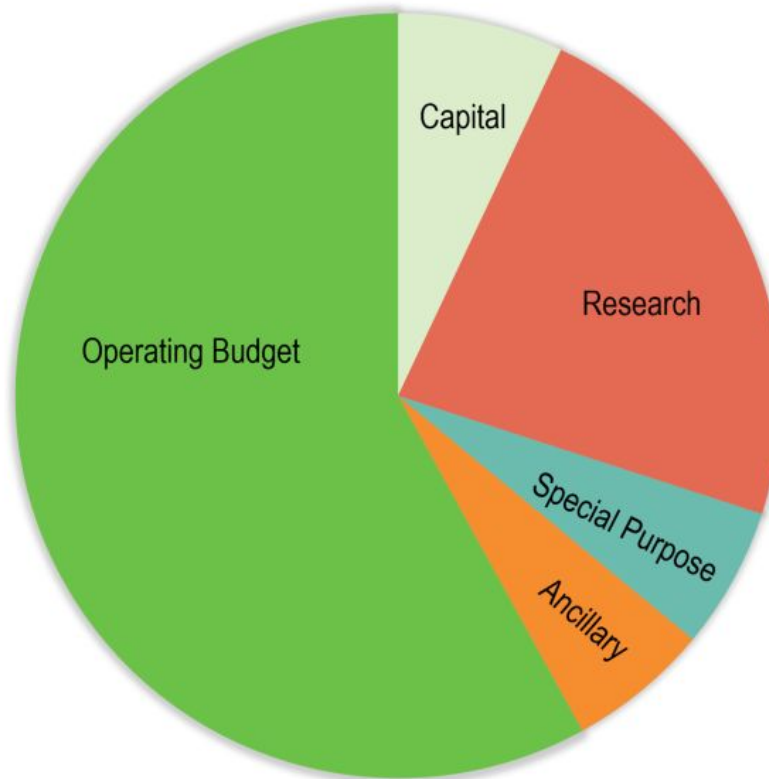
The annual process of the colleges, faculties, and units planning, setting priorities, and determining how they will spend their allocated operating budget.

What is a budget model?

Structure of Consolidated Budget

FY 2023-24 Breakdown

Operating (58%): represents the institution's general operations. The budget process focuses on the allocation of these funds. The main sources of funding are government grants and tuition.



Capital (6%): includes both restricted and unrestricted funding primarily used for major capital/deferred maintenance projects.

Research (24%): subject to external restrictions, and can only be used for the purposes for which the funds were provided.

Special Purpose (6%): primarily related to the Academic Medicine and Health Services Program, and annual endowment spending allocations from non-research related endowments.

Ancillary (6%): stand-alone enterprises fully funded by their own revenues.

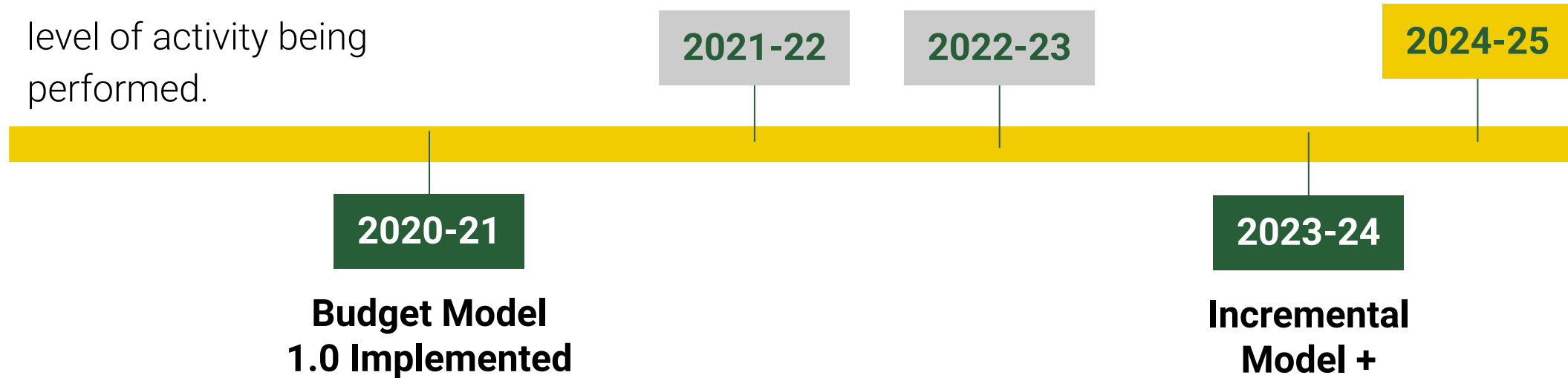
A bit of history

Incremental budgeting

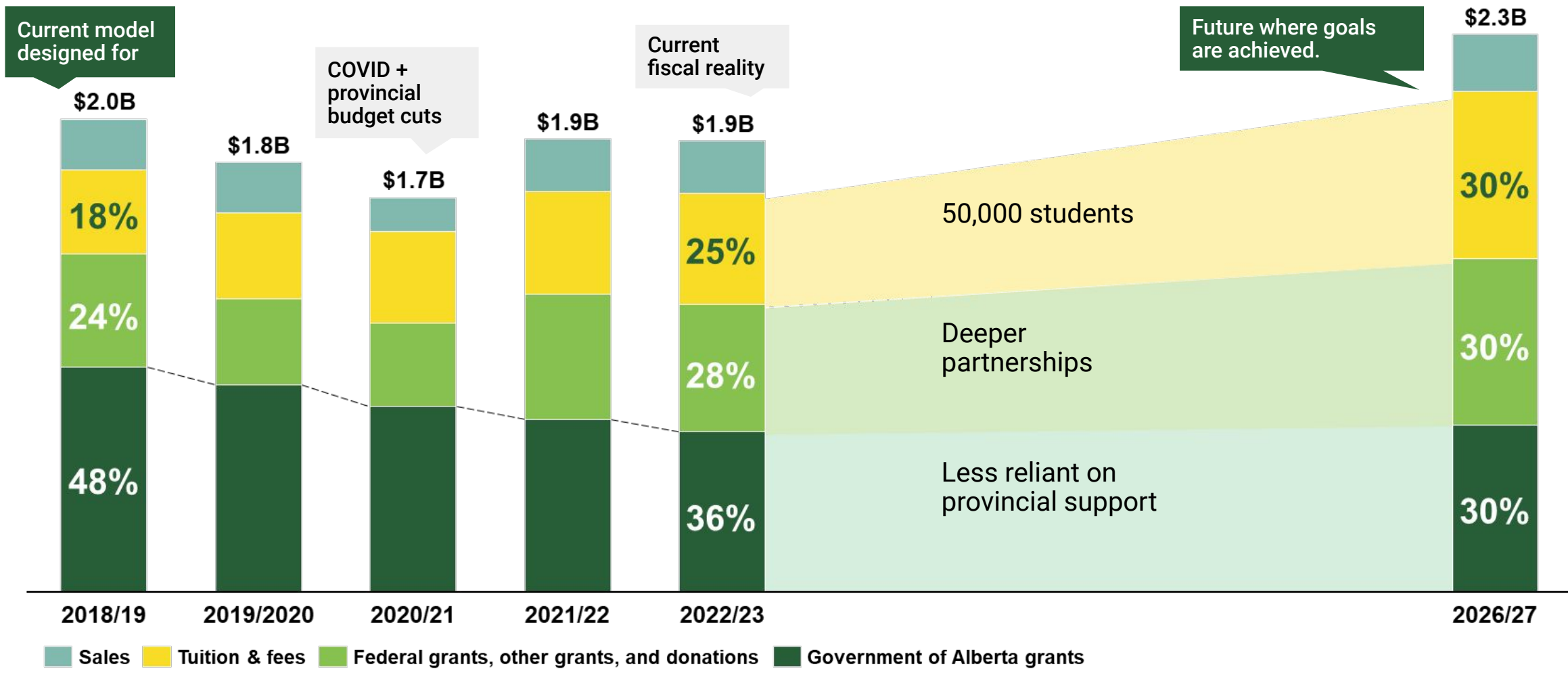
where faculties and units are allocated historical budgets, disconnected from current level of activity being performed.

Incremental budgeting returns, with three years of across-the-board cuts.

Budget Model 2.0 Implementation



Why do we need a new model?



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Why do we need a new model?

- Challenges of relying on provincial funds
- Benefits of a new model
 - Enable us to plan long-term
 - Ensure limited resources are directed in a way that achieves our goals
 - Provide more transparency and clarity on how resources are allocated
 - Create incentives for enrollment growth, teaching and research
 - Enable everyone to make data-driven decisions

What principles will guide the design?

- Priority of academic needs
- Transparency
- Predictability
- Simplicity
- Consistency
- Accountability
- Equity
- Collaboration
- Strategic

How are we developing the new budget model?

Expert Groups

Tuition revenue sharing

Chair: Provost

Vice-Chair: Deputy Provost, Students & Enrolment

Central services and functional efficiency

Chair: VP University Services & Finance

Vice-Chair: VP Facilities & Operations

Strategic initiatives

Chair: Provost

Vice-Chair: VP University Services & Finance

Research support and growth

Chair: Provost

Vice-Chair: VP Research & Innovation

Multi-year budget mechanisms

Chair: VP University Services & Finance

Vice-Chair: AVP Finance, Procurement & Planning

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What have we heard?

Support for:

- **Budget based on activity** (teaching, research, service) rather than historic costs with a limited **reward funding** pool for targeted priorities.
- Provincial grant allocation that recognizes **differences in costs of delivery** and research intensity across faculties.
- **Tuition sharing** between program owners, teaching units, and central student supports.
- Stable funding for **institutional strategic initiatives** and **supporting research growth**.
- **A space allocation** approach and incentives.
- Budget allocations based on **multiple years** of teaching and research activity to encourage future growth and smooth changes.
- **Multi-year functional plans** for central portfolios focus on service effectiveness and cost of delivery.

What next?

Phase 1: Principles and conceptual choices (January - March 2023)

Phase 2: Model development (April - June 2023)

Phase 3: Implementation planning (July - September 2023)

Implementation: (commencing October 2023)



Discussion

THANK YOU



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