# Criteria and Budget Principles from Tom Sullivan’s Presentation to the University

## Criteria for Decision Making
1. Centrality to mission
2. Quality, productivity, and impact
3. Uniqueness and comparative advantage
4. Enhancement of academic synergies
5. Demand and resources
6. Efficiency and effectiveness
7. Development and leveraging of resources

## Budget Principles
1. Advance and maintain quality and competitiveness
2. Support and retain faculty and staff
3. Increase productivity and revenues
4. Support financial access and affordability for students
5. Address long and short term budget challenges
6. Invest prudently in capital infrastructure
7. Remain accountable to these principles and the strategic positioning criteria
University Strategic Positioning Goals

**Vision:** Improve the human condition through the advancement of knowledge.

**Mission:** Extraordinary Education • Breakthrough Research • Dynamic Public Engagement

**Goal:** Become one of the top three public research universities in the world.

**Exceptional Students**
Recruit, educate, challenge, and graduate outstanding students who become highly motivated lifelong learners, leaders, and global citizens.

**Exceptional Faculty and Staff**
Recruit, mentor, reward, and retain world-class faculty and staff who are innovative, energetic, and dedicated to the highest standards of excellence.

**Exceptional Organization**
Be responsible stewards of resources, focused on service, driven by performance, and known as the best among our peers.

**Exceptional Innovation**
Inspire exploration of new ideas and breakthrough discoveries that address the critical problems and needs of the University, state, nation, and world.

**Foundation for Success:** Foster a Culture of Excellence • Calibrate International Learning • Advance Interdisciplinary Frontiers • Build Diverse Community • Generate Critical Resources • Account for Results

*May 2006*

University of Minnesota

College of Design University of Minnesota
Important Dates

- January 29 – March 4: Planning and Budget meetings with departments, administrative units, academic resources, R&O units
- February 6: Budget & compact instructions to colleges
- February 13: Open meetings with Faculty and staff
- February 16: Deans meet to discuss feedback
- February 18: Deans & Department Heads meet to discuss feedback
- February 19: Draft Compact document out to college for comment
- February 20: Due date for Compact document
- February 26: Annual Compact meeting with the Provost
- March: New State budget forecast
- May/June: Central decisions re: CDes budget cuts
- June: FY10 budget due and entered into the system
Basis for Decision-Making by the Deans in the College

- Look at all options, both trimming and new revenue.
- Everyone does their part - how can each of us make a difference?
- Minimize layoffs - look at a creative, flexible workforces.
- Move toward equitable subsidies.
- Appropriate class sizes and faculty to student ratios.
- Increase activity in research by applying for research grants with F&A (ICR).
- Equitable faculty responsibilities.
- Students retained from year to year, timely completion, access and affordability, transfer friendly.
- Align with broader University goals.
- Be strategic about what we do and don't do.
- Suggestions need to be within your own domain.
- Enhance our current strengths.
FY09 issues and strategies

- January 2009: the University “unallotted” the college $210,000
- We are projecting a slight tuition shortfall.
  - we are currently at 98% of our budgeted tuition and fees.
- An end of year 2% shortfall in tuition/fees is an additional $150,000 problem.
- Even without tuition shortfall, CDes end of year balance in O&M funds is projected to be near zero or in deficit.

  - Effective immediately, all expenses not already encumbered need to be covered by non O&M funds for the remainder of the fiscal year unless specifically approved by a dean.
  - $210,000 unallotment will be taken out of unexpended balances across the college. Specific amounts to be determined following all budget and planning meetings.
FY09 all funds non-sponsored budget: $26,725,988

- Cost Pool: 35%
- Departments: 38%
- Admin: 14%
- Research & Outreach: 6%
- Academic Resources: 3%
- Student Services: 4%
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Cost Pool</td>
<td>9,276,648</td>
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<tr>
<td>Architecture</td>
<td>4,659,371</td>
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<tr>
<td>Administration</td>
<td>3,840,066</td>
</tr>
<tr>
<td>Design, Housing, and Apparel</td>
<td>3,755,354</td>
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<tr>
<td>Landscape Architecture</td>
<td>1,646,388</td>
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<tr>
<td>Research &amp; Outreach</td>
<td>1,499,644</td>
</tr>
<tr>
<td>Student Services</td>
<td>1,187,170</td>
</tr>
<tr>
<td>Academic Resources</td>
<td>861,347</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,725,988</strong></td>
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</table>
Actual Enrollment: Fall 2008

<table>
<thead>
<tr>
<th>Department</th>
<th>All Students Enrolled Fall 2008</th>
<th>Fall 2008 FTE T/TT and Contract Faculty</th>
<th>FTE Adjuncts Fall 2008</th>
<th>Ratio of Students to Regular Faculty</th>
<th>Ratio of Students to Total Faculty &amp; Adjunct FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arch</td>
<td>797</td>
<td>19.00</td>
<td>15.00</td>
<td>41.95</td>
<td>23.44</td>
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<tr>
<td>DHA</td>
<td>834</td>
<td>23.25</td>
<td>8.67</td>
<td>35.87</td>
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<tr>
<td>LA</td>
<td>191</td>
<td>7.50</td>
<td>8.05</td>
<td>25.47</td>
<td>12.28</td>
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<tr>
<td>Design Minor</td>
<td>86</td>
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<td></td>
<td></td>
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<tr>
<td>Non-Degree</td>
<td>12</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Totals</td>
<td>1920</td>
<td></td>
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</tr>
</tbody>
</table>
Enrollment Projections: Fall 2010

Projections as of 1/28/2009.
FY10 issues and discussion

- College target range is 5-8% of FY09 O&M and State Special allocation: $1,169,000 - $1,816,000.
- 5% cut assumes a tuition increase of 7.5% and no further deterioration to state budget.
- If Regents hold tuition to previously agreed upon 4.5% or if state budget dramatically deteriorates, the cuts will be in the 8% range.
- University will make cuts differentially after Compact meetings, but each college has to plan for 5% and 8%.

- How can we use this as an opportunity to get the college and its units on a more sustainable and equitable footing?
- Can we develop a set of principles that are clear, simple, and fair, while also giving units incentives to generate new revenue?
Scenarios for Discussion
to address specific FY10 cuts
Scenario 1: Across-the-Board Cuts

*We can not cut the cost pool. The 5%-8% cut translates to actual cuts of 6.6% - 10.4% to O&M/tuition.*

<table>
<thead>
<tr>
<th>Area</th>
<th>FY09 Budget</th>
<th>% of total</th>
<th>6.6%</th>
<th>10.4%</th>
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</thead>
<tbody>
<tr>
<td>Architecture</td>
<td>4,659,371</td>
<td>27%</td>
<td>312,150</td>
<td>484,913</td>
</tr>
<tr>
<td>Administration</td>
<td>3,840,066</td>
<td>22%</td>
<td>257,261</td>
<td>399,646</td>
</tr>
<tr>
<td>Design, Housing, Apparel</td>
<td>3,755,354</td>
<td>22%</td>
<td>251,586</td>
<td>390,830</td>
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<tr>
<td>Landscape Architecture</td>
<td>1,646,388</td>
<td>9%</td>
<td>110,298</td>
<td>171,344</td>
</tr>
<tr>
<td>Research &amp; Outreach</td>
<td>1,499,644</td>
<td>9%</td>
<td>100,467</td>
<td>156,072</td>
</tr>
<tr>
<td>Student Services</td>
<td>1,187,170</td>
<td>7%</td>
<td>79,533</td>
<td>123,552</td>
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<tr>
<td>Academic Resources</td>
<td>861,347</td>
<td>5%</td>
<td>57,705</td>
<td>89,643</td>
</tr>
<tr>
<td></td>
<td><strong>17,449,340</strong></td>
<td><strong>1,169,000</strong></td>
<td><strong>1,816,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

- **Advantage:** Maintains status quo, cuts proportional to size.
- **Disadvantage:** Maintains status quo, doesn’t leverage situation to create a more equitable or sustainable approach to the budget.
Scenario 2: 50/50 Split
*We can not cut the cost pool. The 5%-8% cut translates to actual cuts of 6.6% - 10.4% to O&M/tuition.*

- Keep budget process as is and split the FY10 Reallocation 50/50 between the academic departments and college administration.

- Total FY10 reallocation is $1,169,000 (5%) or $1,816,000 (8%).

- A 50/50 split would mean that:
  - The **departments** would, collectively, need to cut: $584,500 (5%) or $908,000 (8%).
  - The **college**, including its **research/outreach** units would cut an equal amount: $584,500 (5%) or $908,000 (8%).

- **Advantage:** College-wide participation in cuts.
- **Disadvantage:** Not tied to size or budget; not forward thinking.
Scenario 3: Incentives for Growth Model

*We cannot cut the cost pool. The 5%-8% cut translates to actual cuts of 6.6% - 10.4% to O&M/tuition.*

- The college budget would follow the University’s old IMG model, with units living within the revenue customarily allocated to them.

- **Departments** would operate within the 75% instructional tuition generated.
  - Loss of $620,000 collectively.

- **College** administration would operate within the remaining 25% and the O&M allocation minus the cost pool.
  - Loss of $275,000 collectively.

- **Research/outreach** units would have central administration in-kind support, but their staff and researchers would be entirely funded by grants, contracts, or foundation funds.
  - Loss of $420,000 collectively.

- **Advantage:** Alignment with University tuition attribution structure. Gives departments more control over their destiny, with an incentive to grow enrollments and tuition.

- **Disadvantage:** Will require some transition to reach the goal.
Scenario 4: Differential Cuts

*We cannot cut the cost pool. The 5%-8% cut translates to actual cuts of 6.6% - 10.4% to O&M/tuition.*

- Deans determine all budget cuts.
- Could be a combination of the first three scenarios, plus better modeling of fee structure/costs of services and new revenue ideas.
- Cuts are made differentially, based on priorities, established criteria, and assessment of units’ ability to withstand cuts.
- Mirrors University model of differential cuts.

**Advantage:** Responsibility is on Deans to make decisions. Deans have the “big picture” after holding 20+ budget and planning meetings.

**Disadvantage:** Not all decisions will be popular.
We can control our own destiny

- Increased enrollment generates tuition.
- Increased research generates F&A (ICR).
- External sales generates income.
- Align and set fees more directly to service costs and services rendered.
- Alternative education has the potential to generate income.
  - On-line courses
  - Summer cohorts
  - Certificate programs
Provost requests we address the following at our Compact meeting

1. A candid assessment of the unit’s strengths and challenges given the financial outlook for the next several years and the unit’s strategic direction.
2. A prioritized list of legal/contractual, safety, or compliance commitments.
3. Other multi-year commitments from prior compacts.
4. A brief description of one extremely compelling opportunity that could transform the unit and keep it on track vis-a-vis the unit’s and the University’s strategic goals.
5. A list of the unit’s lowest priority activities.
6. A brief description, including dollar estimates, of current and future cost-saving initiatives and productivity gains.
7. Given items 1-6 above, a list of activities recommended for elimination or curtailment.
8. The unit’s vision statement and highest priority initiatives for capital campaign gifts.
Compact Responses

1. A candid assessment of the unit’s strengths and challenges given the financial outlook for the next several years and the unit’s strategic direction.

Strengths:
- Strong, competitive academic programs.
- Some programs are unique in the state.
- High quality, competitive students.
- Opportunity for growth in areas such as sustainability.
- Beginning to leverage “College of Design” label with external constituents and donors.

Challenges
- Began as a college with a structural deficit.
- Need to have a sustainable budget.
- Need time to grow reserves.
Compact Responses

2. A prioritized list of legal/contractual, safety, or compliance commitments.

- No legal/contractual or safety commitments.
- We need to pay attention to accreditation requirements in three programs.
- Central University IT compliance (e.g., data security) will require allocation of resources.
Compact Responses

- 3. Other multi-year commitments from prior compacts.
  - There are no prior multi-year commitments.
Compact Responses

4. A list of the unit’s lowest priority activities.

- The lowest priority activities have already been discontinued.
  - Design Institute
  - Continuing Education

- We have no intention of closing academic units, eliminating functional areas, academic resources, or research and outreach efforts. These are all priority activities that serve the college, University, and community.
Compact Responses

5. A brief description, including dollar estimates, of current and future cost-saving initiatives and productivity gains.

- The savings realized from attrition in FY08 and FY09 was $700,000.
- Unfilled staff RIO positions could save $85,000.
- Unfilled faculty lines could save $325,000.
- Reduction in adjunct and teaching faculty could save $??.
- Reduction in food and entertainment expenses should save $50,000 - $100,000 college-wide.
- Reduction in printing should save $25,000 college-wide.
- Savings from staff choosing part time employment may save ~ $25,000 college-wide.
- Architecture freshman admitting will generate both registration (25%) tuition (~$250,000) and college fee revenue (~$75,000).
- Continuation of Managed Printing program generates ~ $75,000 in income to cover consumables.
- Increased enrollment in specific courses will generate tuition revenue with little additional cost.
- Examine increased collegiate fees and associated expenses.
- Other?
Compact Responses

6. A brief description of one extremely compelling opportunity that could transform the unit and keep it on track vis-a-vis the unit’s and the University’s strategic goals.

- We’ll be asking for your ideas and input during the Friday meetings.
Compact Responses

7. A list of activities recommended for elimination or curtailment

- Faculty searches for open positions will be delayed until FY11 with anticipated start in FY12.
- Considering reduction in senior leadership summer appointments.
- Reduction in food and travel budgets.
- Additional cuts will seriously and negatively impact service to students, service to faculty, service to the University.
8. The unit’s vision statement and highest priority initiatives for capital campaign gifts.

- Responsible for the design and use of the information, goods, and environments that people depend on daily, the College of Design has the opportunity, here, to leverage its unique advantage as one of the largest and most diverse design schools in one of the only land-grant research universities in a large urban area. Through this Campaign, we hope to integrate our teaching and research through a series of interdisciplinary themes that cut across all of our fields and that respond to the needs for new knowledge among the professions and people, and the communities and companies we serve in our region and around the world.

- Design for Everyone, Everywhere
- Designing a more Sustainable Future
- Design, Health, and Well-being
Give us your feedback

- Participate in one of the meetings on Friday.

- **Faculty Assembly:** 10:00 am to Noon
  Video linked from 165 Peik Hall, East Bank, and 4 Magrath Library, St. Paul

- **Staff Meeting:** 2:30 pm to 4:30 pm
  Video linked from 165 Peik Hall, East Bank, and 145 Peters Hall, St. Paul

- Send your thoughts to me by e-mail to: tfisher@umn.edu

- Use the comment feature on [CDes MEMO](#).