

BUDGETING PROCESS

Context

- The KU budget process focuses on only two sources of funds: state appropriations and tuition revenues.
- Unit budgets are based on the previous years' allocation and do not take into account cost drivers such as enrollment and research.
- Recent years' budget allocations have not included funding for strategic priorities.
- Deans petition the Provost for special funding during the year.
- One-time agreements are made between the Provost and the deans on a one-off basis to increase revenues.

Goals

- Redesign the annual budget allocation process to encompass all sources of funding.
- Inform budget development with cost drivers and quality metrics to enable comprehensive budget understanding and budget transparency for all stakeholders.
- Create budgetary incentives to grow enrollment and sponsored research, and to reward accountability.

Challenges

Deploying a new budget model represents a significant change for deans and administrative leaders at KU.

- Direct involvement of the Provost and senior leadership in the implementation of changes to the budget process will be required to secure buy-in and support of the new process.
- The future budgeting system will require KU budget officers to have certain core competencies in accounting and finance and use of reporting tools in order to provide the additional support that will enable units and schools to manage budgets on an ongoing basis.
- Concerns from departments, deans, and vice provosts that carry-forward balances in state and endowment accounts may be "swept;" ongoing communication, transparent treatment of funds and consistent implementation will be required to address such concerns and to enable a successful implementation.

Opportunities

- Implementing a new budget model will provide the data and context needed for schools and units to strategically spend annual funds. Funding for strategic priorities outlined in Bold Aspirations will be a primary focus.
- Redesigning the budget process at KU will identify funds that can spent strategically by the schools and units to further KU's goals. Redesign will also enable conversations between schools and the college that focus on all sources of funds.
- Implementation of an all funds budget process at KU is low risk and will be a key enabler of cost savings and revenue growth in other administrative areas as all sources of funds are employed in the budgeting process and resources are aligned with the strategic goals of the institution