



# Activity Informed Budgeting (AIB) – Quick Reference Document

### General Details

- Model includes all Unrestricted Revenues, grouped into 5 categories:
  - Undergraduate Net Tuition Revenue (NTR)
  - Graduate NTR
  - Facilities & Administrative Cost Recovery (FA&)
  - Other Unrestricted Sources
  - Local Sources
- Model includes 3 budget allocation techniques
  - Activity – Changes in metrics formulaically drive changes in budget
  - Strategic Budget Allocation – strategy, goals, and performance evaluation decided upon by executive leadership drive changes in budget
  - Innovation/Investment funding – return-on-investment (ROI) analysis, peer committee review, and project goals determine allocation amounts and length of funding

### Undergraduate Tuition Distribution

- Funds are pooled, reduced by institutional aid, then distributed as Net Tuition Revenue (NTR)
- Undergraduate metrics are SCH, Enrollment, and Degree
- Blended average across all delivery platforms is ~62% of NTR by activity and ~38% SBA Undergraduate Activity Revenue Sharing
- The dollar per SCH, Degree, and Enrollment are fixed and will utilize an inflation rider to increase
- FY23 \$/SCH
  - \$175 for Distance (including Community)
  - \$185 for On Campus (Fall/Spring & Summer/Winter) & Global Direct
  - \$250 for Online
- FY23 \$/Degree
  - \$500 for Global Direct
  - \$3,000 for Distance (including Community) and On Campus (Degrees issued in summer apply to Fall)
  - \$4,000 for Online
- FY23 \$/Enrollment
  - \$100 for Global Direct
  - \$180 for Distance (including Community)
  - \$275 for Online
  - \$350 for On Campus (Fall/Spring & Summer/Winter)
- SCH measured using Course Owner Methodology
- Degree and Enrollment count Unique students not unique degrees or majors



### **Graduate Tuition Distribution**

- Grad Net Tuition Revenue will be assessed on a student-by-student basis
- Graduate metrics are SCH and Enrollment
- GIDPs and Grad non-degree are treated the same as all other Grads
- College waivers are capped at 10% of Net Tuition Revenue before Revenue Share
  - College waivers in excess of cap will have Revenue Share applied to NTR before factoring in waiver amounts
- Revenues from GAs from unrestricted funding sources are excluded from revenue share
- 17% of NTR to college of enrollment, 68% to college owning SCH = 85% for college activity
- 15% SBA Grad Activity Revenue Sharing

### **Facilities and Administration (F&A) Cost Recovery**

- Distributed annually with no base year
- Flows to support units the same as colleges
- 38% distribution to colleges and support units
- 2% distribution to PIs
- 12.1% to Research Development Fund
- 47.9% SBA F&A Activity Revenue Sharing

### **Program Fees & Differential Tuition (PFDT), Medical Students, and Veterinary Medicine Students**

- Revenues shared as local sources in the model
- 85% directly to college
- 15% SBA Revenue Sharing

### **Other Local Sources**

- 11% Auxiliary/Designated Revenue (ASC)
- 2% Auxiliary/Designated Expense (ASC)
- Up to 15% Revenue Share on Other Local Sources (SLI, NEI, etc.)



### Strategic Budget Allocation (SBA)

- Allocations made to colleges and support units made by senior leadership strategically instead of by formula. Some examples of factors influencing the allocation:
  - Differential Cost of Instruction
  - Non-Sponsored Research Costs
  - Service Portfolio
  - Faculty and Staff Salaries as Compared to Market
  - Operational Efficiency
  - Existing Financial Resources
  - Strategies and Goals of the Unit
  - Stakeholder Needs
  - Unit-Specific Mission
  - Market Opportunities
  - Facilities-Related Costs
- Major uses of SBA include:
  - Supporting differential cost of instruction across colleges
  - Strategic college investments
  - Supporting non-sponsored research expenditures
  - Unavoidable institutional costs such as utilities and insurance
  - Support unit operating budgets
  - Salary program support
- 3% of ongoing SBA will be reallocated among colleges receiving SBA annually
- 15% of Net Available Unrestricted Resources will be applied as Gain Sharing for one-time SBA reallocation annually for both support units and colleges (see below Gain Sharing section for detailed calculations)

### Gain Sharing Methodology

- Balances analyzed include:
  - Year Ending Estimated Unrestricted Fund Balances
  - Forecasted Operating Expenditures
  - Both Figures were derived from annual All Funds Planning estimates provided by units
- Exclusions:
  - 25% of Forecasted Operating Expenditures (Reserves/Contingency Funds)
  - Internally Designated Funds Removed: Auxiliary, Service Center, "Dean's Tax" funds, Fixed-Price Complete, and Patents/Royalties
- Existing Balances - Exclusions = Net Available Resources
- Net Available Resources \* 15% = Gain Sharing One-Time SBA Pool
- 85% of Net Available Resources Shared with College/Support Unit & 15% Shared with SBA Pool