

RESOURCE ALLOCATION AND MANAGEMENT PLANNING (RAMP)

COMMENTS ON EXAMPLES OF UTILIZING THE MODEL

This document is written for readers that plan to study the budget model spreadsheets published to the RAMP website so it includes some very detailed comments that we anticipate would be valuable.

The RAMP budget model includes volumes of data from student enrollments, building square footage and actual and budgeted revenues and expenditures. The model includes allocation formulas developed through the RAMP Steering Committee. Examples of applying the model to actual FY 2017 and FY 2018 and budgeted FY 2019 are posted to the website.

At the time of publication, there are individuals still reviewing the data to determine if specific data/distributions are correct. The files are labeled final for the purposes of presenting versions of applying the model, but we reserve the right to still make changes in the spreadsheets when we believe corrections are warranted. For example, there is a model distribution of tuition revenue to the colleges that are recognized as tuition that has been generated by DELO. This distribution is included in the revenue allocation formulas. There is no allocation formula to move expenses from DELO (e.g., summer school or winter term) to the college to correlate with the allocation of revenues. This adjustment is done based on separate analyses and then is incorporated into the model. This is one aspect of the spreadsheets that is being validated.

It is emphasized that the spreadsheet can contribute to understanding the structure of the model. RAMP Steering Committee power points are on the website and do address more specific variables incorporated into the spreadsheets such as the distribution of credit hours driving the distribution of tuition revenues.

The model includes a participation rate that is intended to create a source necessary to fund the subvention fund and the strategic and mission enhancement fund. It is noted that a goal in an incentive-based budget model is to achieve a capacity to fund strategic investments through this participation rate. Initially strategic investment funding may be achieved through carry forward allocations before this component can be fully implemented through the budget model.

The spreadsheet columns are divided into three main sections: Academic Units and Auxiliary Units (together known as the Primary Units) and Support Units. Campus units have been categorized within one of these sections based upon their impact on revenue generation and their level of financial self-sustainability.

The model includes concepts that are new to the campus. For example, full costs including indirect costs have not been presented previously. The University has never billed units for indirect costs. The model just demonstrates a depiction of the value of service units to academic and auxiliary units. The budget model includes all funds including grants and contracts. The model takes actual scholarships expenses and nets them against the revenue. The model includes a term "subvention" to show to what degree revenue generated by a unit aligns with the full costs of a unit. A FAQs document has been added to the RAMP website.

It is advisable not to compare actual FY 2017 and actual FY 2018 spreadsheets to budget FY 2019. The budget FY 2019 has several significant components that make it unique.

- The FY 2019 budget is structurally imbalanced meaning that revenue is not sufficient to cover expenditures. There is a negative budget on the expenditure side to balance the budget. The budget FY 2019 spreadsheet includes a hypothetical distribution of budget reduction to account for the negative budget of (\$5,230,000). The approved operating budget states that this budget balancing will be achieved by capturing vacant positions. This has not been achieved yet.
- It is very common for actual expenditures by unit/college/division to be less than budgeted. We call the underexpenditures carry forward. The unrestricted operating budget is approximately 60% personnel costs. Staff turnover and vacant positions have contributed routinely to carry forward balances.
- Please note that FY 2017 and FY 2018 show University College as an academic unit. FY 2019 reflect the elimination of the College and realignment of programs to other colleges.
- FY 2019 includes some anticipated expenditures in Support Units such as the salary increase pool and the KERS rate increase for FY 2020 that would normally be allocated to the units. Thus, a review of Support Units budgets over the three spreadsheets will show a large increase in Support Units budgets that is misleading.

The enrollment used in the examples is as follows:

FY 2017	2016-17 annual enrollment
FY 2018	2017-18 annual enrollment
FY 2019	2017-18 annual enrollment

Carry forward is shown as a line toward the bottom of the spreadsheets. The intent is to show to what degree revenue generated in one year is sufficient to fund expenditures in that year without consideration of funds rolling forward from a previous year.

These spreadsheets will not tell you how WKU will implement the model. It serves as a budget tool. Full implementation will be phased in over time.