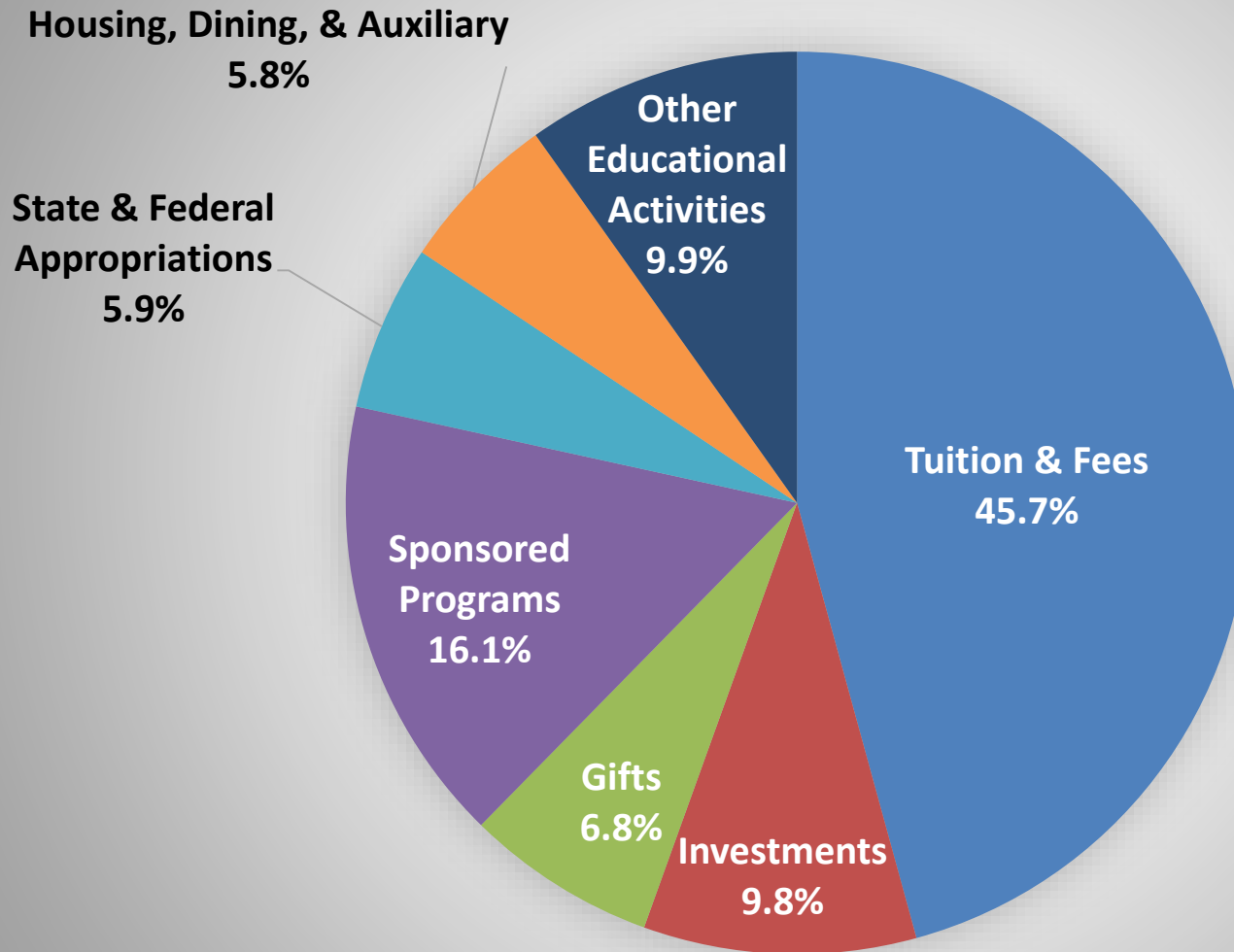# Resource Management

Leadership in Academia Delegation

September 9, 2019

Paul Streeter

Vice President, Budget and Planning

Fiscal Year 2020 Ithaca Campus Revenues $2.53 billion

- Tuition & Fees 45.7%
- Other Educational Activities 9.9%
- Housing, Dining, & Auxiliary 5.8%
- State & Federal Appropriations 5.9%
- Sponsored Programs 16.1%
- Gifts 6.8%
- Investments 9.8%

CORNELL UNIVERSITY

Budget Model – Two Primary Alternatives

Allocation Model

- Major resources and costs flow primarily to the central university budget

- Units receive an allocation from the center

- Central support and facility operations may be funded "off the top" or billed

Advantages

- Better supports centralized management structure

- May be less costly to administer

Disadvantages

- May be less transparent

- Less incentive/reward structure

Budget Model – Two Primary Alternatives

Activity-Based Model

- Major revenues and costs flow primarily to units

- Unit funding tied to activity metrics

- Central support and facility operations billed based on activity/volume metrics

Advantages

- Works better with decentralized management structure

- Promotes transparency

- More incentive/reward structure

Disadvantages

- More costly

- Risk of internal competition or financial impact driving decisions

Resource Allocation

Primary Objectives

- **Academic excellence:**   Promote and support activities within the context of the university's academic priorities and the pursuit of excellence in academics

- **Transparency:** Make budget allocations, financial performance, and other financial decisions as transparent as possible

- **Behaviors:** Motivate actions that improve quality, strength, and academic excellence

- **Accountability:** Align decision-making with financial responsibility at the organizational level where decisions can best be made

- **Predictability:** Provide consistency and predictability in resources to ensure similar outcomes between units with similar activities

Cornell's Budget Model

Activity-based budget elements

- Many resources received directly by units based on actual activity – e.g. gifts, investment income, graduate tuition, sales & service

- Units fund direct cost of operations – e.g. faculty, staff, programs

- Facility operating costs paid directly based on usage or billed based on square footage

Cornell's Budget Model - continued

Three major redistributions

- Undergraduate tuition – pooled centrally and distributed based on college of enrollment (40%) and college of teaching (60%)

- Central support operations – billed to units based on volume metrics – e.g. #faculty, # staff, # students

- University Support Tax – provides Provost with resource to subsidize colleges where needed and to invest in university level priorities & initiatives

Budget Model Results

- Supports the principle that the primary responsibility to advance academic excellence resides within the colleges

- Supports the opportunity for students to take classes throughout the university regardless of college of enrollment.

- Positions the Provost with resources to set and achieve institutional priorities in support of academic excellence and to support units that are not self-sustaining

- Aligns resources and expenses with financial incentives and decision-making responsibility at the operating unit level

- Promotes transparency in the distribution of revenues and expenses and the provision of resources to the Provost for central institutional investments
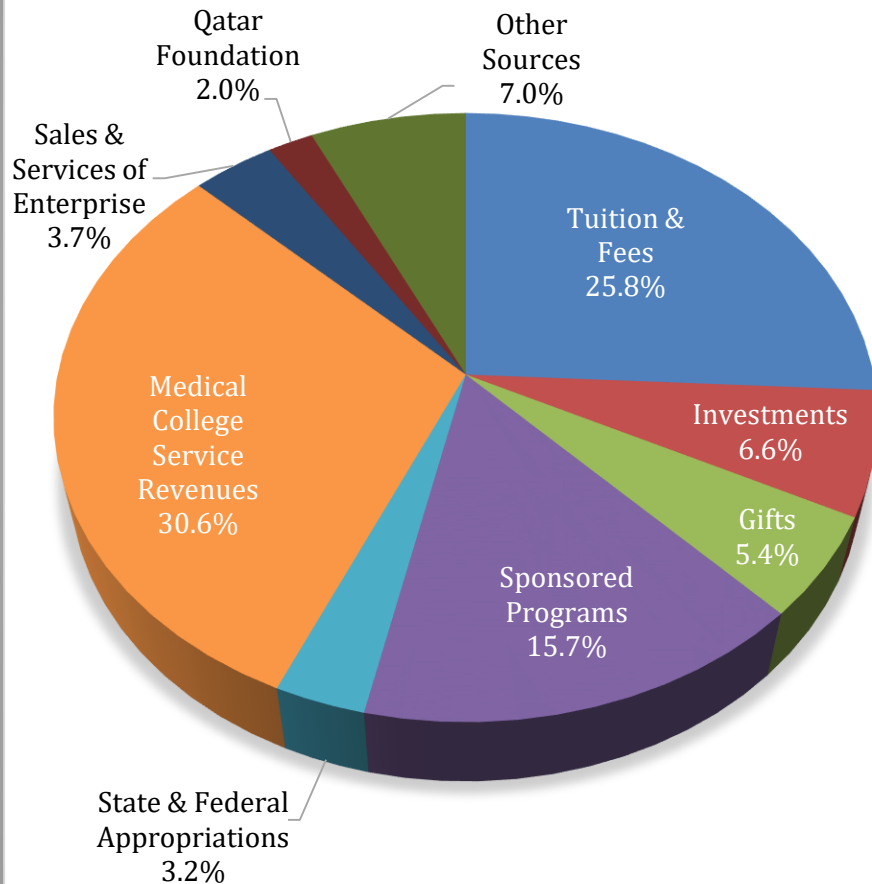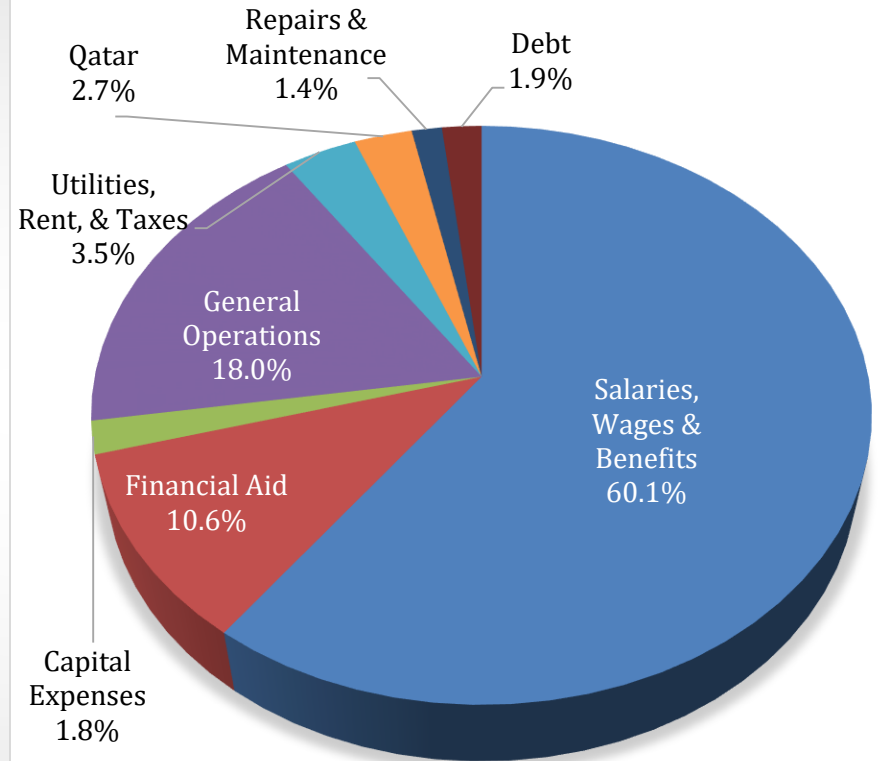
Questions & Discussion

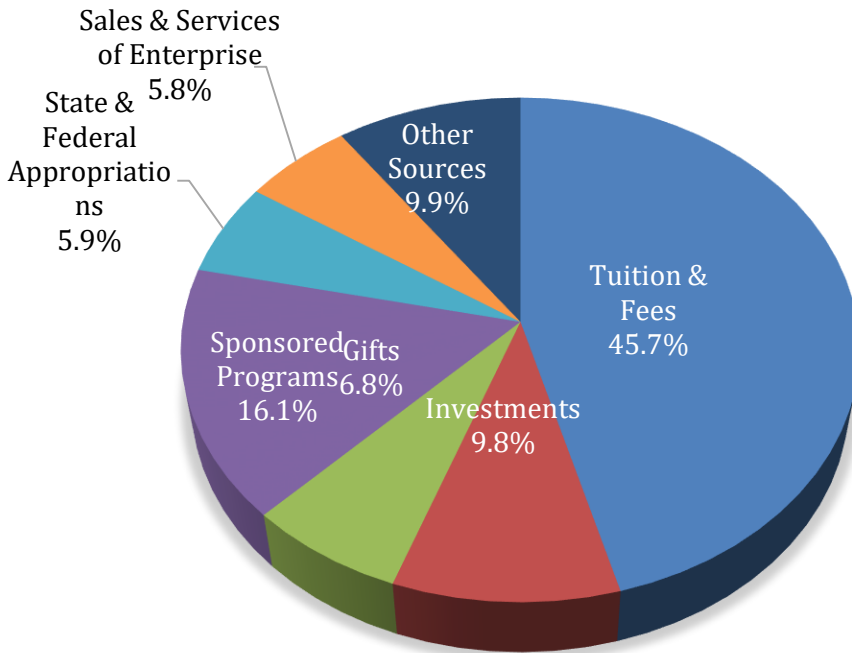# FY20 University Operating Plan

Revenues - $4.77 Billion

- Qatar Foundation 2.0%
- Sales & Services of Enterprise 3.7%
- Other Sources 7.0%
- Tuition & Fees 25.8%
- Medical College Service Revenues 30.6%
- Investments 6.6%
- Gifts 5.4%
- Sponsored Programs 15.7%
- State & Federal Appropriations 3.2%

Expenditures - $4.70 Billion

- Qatar 2.7%
- Repairs & Maintenance 1.4%
- Debt 1.9%
- Utilities, Rent, & Taxes 3.5%
- General Operations 18.0%
- Salaries, Wages & Benefits 60.1%
- Financial Aid 10.6%
- Capital Expenses 1.8%

CORNELL UNIVERSITY

FY20 Ithaca Campus Operating Plan

Revenues $2.53 billion

- Tuition & Fees 45.7%
- Investments 9.8%
- Gifts 6.8%
- Sponsored Programs 16.1%
- State & Federal Appropriations 5.9%
- Sales & Services of Enterprise 5.8%
- Other Sources 9.9%

Expenditures $2.46 billion

- Salaries, Wages & Benefits 55.6%
- Financial Aid 18.8%
- Capital Acquisitions 2.5%
- General Operations 15.2%
- Utilities and Taxes 3.3%
- Repairs and Maintenance 2.3%
- Debt Service 2.3%

CORNELL UNIVERSITY
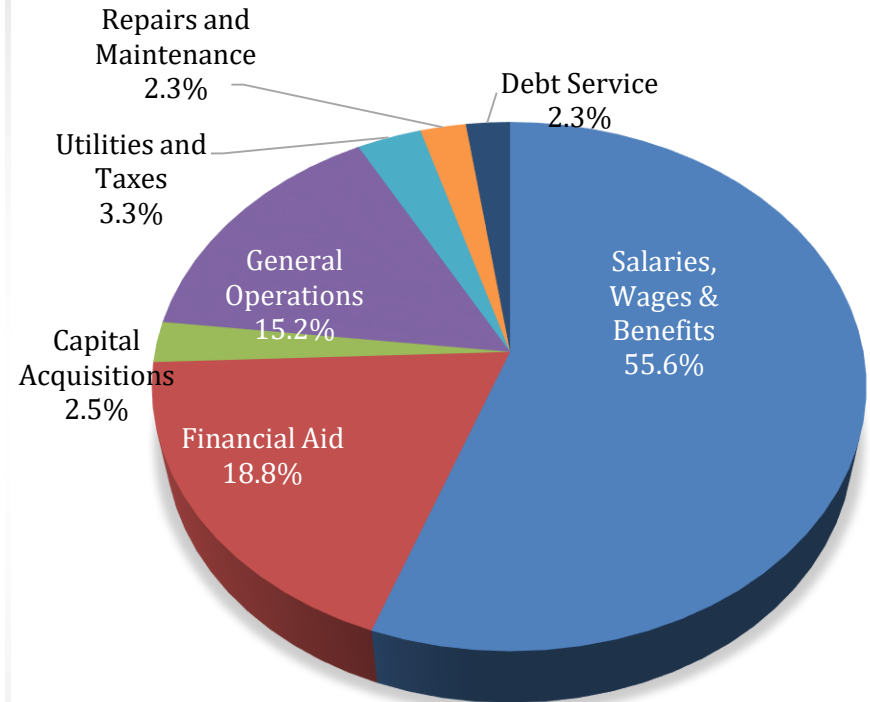
Budget Model – Two Primary Alternatives

Allocation Model

- o Resources flow centrally

- o Units receive an allocation from central – basis for allocation often not clear

- o Common support and facility operations costs may be funded centrally or could be billed based on metrics

Activity Based Model

- o Resources flow predominantly to units

- o Activity measures are transparent and predictable

- o Common support and facility costs billed based on metrics