



Budgeting at Northeastern Update to Faculty Senate

February 15, 2017

Why Hybrid for NU?

- Encourages entrepreneurial activities
- Aligns resource generation with resource allocation
- Provides colleges with resources for strategic investment
- Encourages units to set priorities and develop new activities in support of the university's mission and academic plan
- Promotes efficiency at the unit level
- Includes mechanisms to encourage cross-unit collaborations

Hybrid Budget Model Overview

- Decentralized budgeting system with each School/College established as a Responsibility Center (RC)
- Central support units are Cost Centers
- RCs are the key decision making units in the budget model (12 Academic, 5 Non-Academic RCs)

Hybrid Budget Model Overview

Academic Responsibility Centers

- Bouve College of Health Sciences
- College of Arts, Media & Design
- D'Amore McKim School of Business
- College of Computer & Information Science
- College of Engineering
- College of Professional Studies
- College of Science
- College of Social Sciences & Humanities
- Gordon Leadership Program
- School of Law
- International Study Programs (GEO)
- University Programs (General Studies and Undeclared)

Auxiliary Responsibility Centers

- Campus Dining Services
- Conference Centers
- Parking
- Residence Halls

Other Responsibility Centers

Summer Conferences (EMSA)

Hybrid Budget Overview Template

Undergraduate Tuition	\$
Graduate Tuition	\$
(Financial Aid)	(\$)
Indirect Cost Recovery	\$
Gifts and Endowment Income	\$
Other Revenue	\$
(University Contribution)	(\$)
Current Fund Allocation	\$
TOTAL REVENUE	\$
Salaries and Benefits	\$
Other Direct Expenses	\$
Allocated Costs	\$
TOTAL EXPENSES	\$
BALANCE for Fiscal Year	\$

Hybrid Budget Model Overview

- Revenue is attributed to the RC that generates it
 - ✓ Undergraduate tuition (except Study Abroad) is divided 50%-50% between the RC offering the instruction and the RC of enrollment
 - ✓ Undergraduate financial aid is calculated as an average discount on the tuition of all undergraduate students
 - ✓ Graduate tuition flows to the instructing unit; Graduate financial aid is assessed based on average prior years discount of the enrolling college
 - ✓ Revenue from grants and contracts, gifts, endowments, and non-credit activities flow directly to RCs
 - ✓ Indirect cost recovered from externally funded grants and contracts is credited to the RCs, split by the percentages in the grant proposals.

Hybrid Budget Model Overview

- RCs pay a “University Contribution” (a percentage of all revenues except direct grant funding, gifts and endowment income)
 - ✓ The “University Contribution” funds a “Current Fund Allocation” used by the Provost to achieve appropriate balance between an RC’s revenue and expenses and University initiatives

Hybrid Budget Model Overview

Cost Centers (selected examples):

- Administrative (Office of the President, Office of the SVP/CFO, Facilities)
- Academic (Office of the Provost, Office of the Registrar, Career Services)
- Student Services (EMSA)
- Library
- Research (Office of the SVP Research, ORAF)

Change: 8 Buckets Reduced to 3

Previous

#	Bucket	Driver
1	Administrative	Direct Expenses
2	Academic	Direct Expenses
3	Student	Students
4	Library	Students and Faculty
5	Research	Research Expenditures
6	NUGN	Revenue Goal
7	Classrooms	Credits
8	Space	Square Footage

New in FY18

#	Bucket	Driver
1	Allocated Costs	Direct Expenses
2	PAN	Revenue Goal
3	Space	Square Footage

Hybrid Budget Model Overview

- Central university costs are now allocated to the RCs in three categories
 - ✓ Professional Advancement Network (PAN) costs are allocated based on multi-year revenue goals
 - ✓ Space costs (including classroom costs) are allocated based on occupancy and type
 - ✓ All other allocated costs are based on a percentage of direct expenditures

Why the Proposed Changes?

- Simpler
- Predictable
- Addresses individual nature of each college
- Enables better planning and prioritization
- Improves accountability
- Aligned with entrepreneurial behaviors

Hybrid Budget at NU Today

- Deans are empowered to make resource allocation decisions for their units and take responsible risks to generate new revenue
- Hybrid model supports the advancement of metrics which move the institution forward, not just those that maximize revenues
- Revenue growth, primarily from new Graduate programs, have allowed colleges/schools to invest in new faculty lines and infrastructure improvements
- Deans are now able to make long term planning decisions as they project revenue and expenses for future years

Hybrid Budget at NU Today

➤ Learn more at:

<https://www.northeastern.edu/hybrid>