

University of North Texas

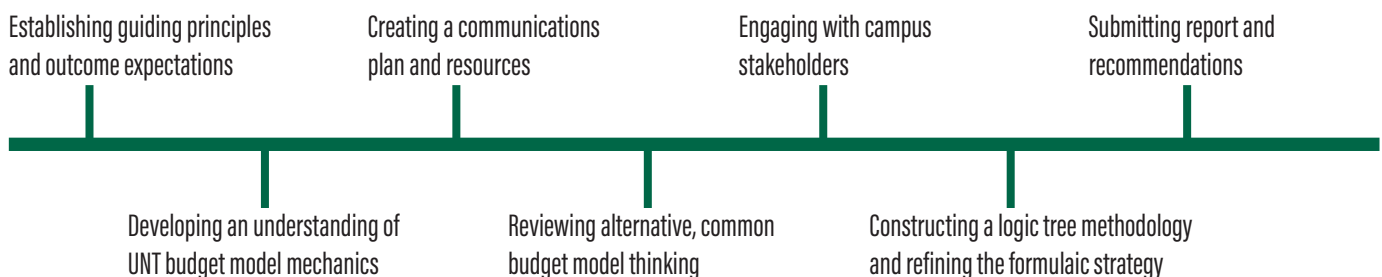
New Budget Model and Process

Report Summary

In September 2024, the University of North Texas (UNT) began to redefine its budgeting approach to better support its mission as a top public research institution. Three committees were formed. The Technical Committee provided research and data support. The Steering Committee reviewed the information and provided recommendations to the Executive Committee. A detailed report of the process can be found on the Strategic Budgeting website. This report summary is intended to provide highlights of that process.

Committee Efforts

The Steering Committee created a phased approach to ensure that the project had a solid foundation and a framework for next steps. The seven phases are listed below:



These phases allowed the committee to establish a way to assess budget model options; gain insight into the ways various types of budget models could support the university; identify gaps in understanding from the community and work toward better communications and transparency; and filter recommendations for both a new budget model and the budgeting process.

Committee Findings

An analysis of the university's budgeting environment helped inform the committee on the best ways to revise the historic model and process. These key points reflect their findings.

- **Lack of clarity.** The budgeting process had historically been siloed. Units did not fully understand how their budgets tied into the university as a whole and had little knowledge of other units' budgets.
- **Opaque funding decisions & process transparency.** There had been limited communication about how and why decisions were made regarding units' budgets.
- **Campus knowledge of available financial information.** Community feedback indicated many were unaware of where to find resources, such as the approved overall university budget.
- **Budget holders inadequately informed/prepared until late in the budget process.** Budgets are prepared in spring and approved in August, leaving units with draft budgets for months. The annual budget preparation did not include a strategic look ahead to help with planning.
- **Historically centralized and incremental budget model.** Historic practice had been to use the same budget as the previous year, with some incremental allowances. A new budget model was deemed necessary to provide a more strategic approach to fiscal planning.
- **Need for an adaptive model.** There is no standard budget model for Texas higher education institutions. Most institutions use a hybrid blend of two or more of the six most common models.

Recommendations

The proposed new model and process will enable UNT to ensure that financial resources are aligned to advance the university's mission, values, and strategic priorities. These recommendations center around transparency, predictability, and adaptability. The initial year of the new budget model includes a strong focus on allocations to academic units, based on revenue generated through tuition and state appropriations for semester credit hours (SCH). Recommendations include:

- **Establish a new Strategic Enhancement Fund.** This is designed to support strategic priorities that spur innovation, collaboration and new initiatives.
- **Use hybrid weighting for academic units.** For revenues linked to Statutory Tuition and State Appropriations, utilize weighted SCH to allocate those revenues; for Designated Tuition, utilize unweighted SCH.
- **Revise academic allocations.** Allocations will be based on whether units are the College of Instruction and/or College of Record, and depending on undergraduate and graduate SCH.
- **Ensure that resource distribution is congruent with strategic priorities.** The model and process should be reviewed annually and assessed for effectiveness.
- **Use scenario analysis and peer comparisons.** Prior to receiving new requests, learn what other institutions are doing and about the trends that may impact UNT. This should help identify inefficiencies and opportunities for improvement and maximize efficient use of resources.
- **Maintain and grow transparency.** Establish a group with student, faculty and staff representatives who will make recommendations for allocating academic stabilization and strategic enhancement funds. Publish clear guidelines for budget decisions.
- **Create performance dashboards and providing additional training opportunities.** This will give unit leaders the ability to enhance their understanding of the new model.
- **Build a multi-year pro forma budget model.** UNT must adhere to the state's fiscal year calendar with budget approval in August. Strategic planning that looks ahead will provide better guidance and allow units to better forecast and communicate their ideas and suggestions.
- **Expand the model beyond academic units.** Initial implementation focuses heavily on academic units, but administrative areas should be examined next.

Next steps

- Budget allocations to academic units may differ significantly from their prior fiscal years' budgets.
- To reduce disruptions, the committee proposes a transition period during which allocated budgets are not less than a certain percentage of the preceding year. That percentage should be determined by those helping to implement the new model and process.
- After applying transition stabilization, surplus funds will be allocated to a new Stabilization Fund, which will provide additional funding to academic units during the transition and beyond.
- For an example of how the first year transition stabilization might work, refer to page 14 in the full report.

Additional resources
Visit the Strategic Budgeting website for additional information and resources.
president.unt.edu/strategic-budgeting

