

## MEMORANDUM

**DATE:** April 21, 2025

**TO:** Deans, Vice Provosts, and Center Executives

**FROM:** Torrey Lawrence, Provost & Executive Vice President

**RE:** FY26 Budget Allocations



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Fiscal year 2026 will be the fourth year with budget changes informed by the Vandal Hybrid Budget Model. Tuition revenues increased again so there are new funds to allocate. The information below explains both reductions and increases. We can discuss general questions at the ALC meeting tomorrow. Trina and I are available to discuss any individual/unit questions with you privately.

### General framework

The main factors driving budget allocation decisions:

- Categories 4 and 5 (Academic Affairs) will be provided with \$1,273,099 in additional Gen Ed funding created by enrollment growth.
- The model includes a 2% holdback from all Category 4 & 5 units. This will be returned to all units so it is not included in the details below.
- The Hybrid budget model determined cuts to create additional funds that can be reallocated for metric performance or strategic requests. There are both cuts and new allocations for FY26. Some units will receive both.

### Changes and Updates to the Model for Category 4 & 5

- Removed “Contribution Margin” metric
- Undergraduate and graduate enrollments will continue to be tracked separately but combined in the metrics to follow our past practices more simply
- Revise weighting for remaining three metrics to 33.33% each (SCH, Degree Completions, and Enrollment Trend)
- Strategic Pool: Continue with 2% but include Category 4 units also (Note: it is being returned for FY26 as explained above)
- SCH will consider both fall and spring data
- The metric spreadsheet has been “flipped” to a vertical format to allow for better sharing and transparency.

## Funding Summary

### **New Gen Ed Revenue Distribution of \$2,370,000**

Utility P3 Annual Payment	395,000
Category 2 (President, DFA, OIT)	451,901
Category 3 (Central & Fixed Costs)	250,000
Category 4 & 5 (Academic Affairs)	<u>1,273,099</u>
<b>Total</b>	<b>2,370,000</b>

### **Available Funds to Academic Affairs**

New funds for Category 4 & 5	1,273,099
Reductions from budget model metrics	<u>312,024</u>
<b>TOTAL available for allocation to Cat. 4 &amp; 5</b>	<b>1,585,123</b>

### **Allocation Summary of \$1,585,123**

Restore TA budget shortfall (year 1 of 6)	250,000	
Increases for metric performance	830,000	(62% of increases)
Increases for strategic requests	<u>505,123</u>	(38% of increases)
<b>TOTAL allocations to Category 4 &amp; 5</b>	<b>1,585,123</b>	

## Reduction Details

Reductions are determined by budget model metrics and each college's performance:

<b>College</b>	<b>\$ Decrease from Metrics</b>
Agricultural & Life Sciences	(93,053)
Art & Architecture	0
Business & Economics	(12,720)
Education, Health & Human Sciences	(3,426)
Engineering	(39,246)
Letters, Arts & Social Sciences	(117,408)
Natural Resources	(5,180)
Science	(40,991)
<b>Total</b>	<b>\$(312,024)</b>

## Allocation Details

Allocations are awarded in two ways: increases for metric performance above 100% and funding strategic requests.

### **1. Metric performance (Category 5)**

Unlike some previous years of running the model, colleges' performance against the metrics did not separate them into distinct groups. As we did last year, this year's funding is allocated individually according to the level of performance above 100% of metrics for each college.

<b>College</b>	<b>Increase Base</b>	<b>Gen Ed Budget Increase</b>
Agricultural & Life Sciences	0.54%	19,000
Art & Architecture	2.86%	91,000
Business & Economics	4.38%	209,000
Education, Health & Human Sciences	1.14%	49,000
Engineering	2.05%	216,000

Letters, Arts & Social Sciences	0.25%	29,500
Natural Resources	0.08%	4,000
Science	2.07%	212,500
<b>Total</b>		<b>\$830,000</b>

Budget increases for metric performance may be used at the discretion of the dean, vice provost, or CEO. These funds will be provided as a lump sum. Metric performance funds will be placed in an index of the unit's choice as a non-salary amount. If the unit would like to later convert this amount to salary dollars, the unit must manage fringe benefits at the appropriate fringe rate for FY26.

Notes: Percentage increases are intentionally reported to show relative changes. Dollar amounts can be deceiving because the scale of colleges is so different.

## 2. Strategic Requests from units (Cat. 4 and 5)

Requests totaled \$5.07M. The following requests are funded – approximately 10% of requests. All funded requests were in the top ranking made by ALC leadership and/or UBFC.

<b>Unit, Request, and Rationale</b>	<b>Request</b>	<b>Funded</b>
<b>CLASS:</b> General Education Instructional Support <i>Rationale: Additional GE courses to support the university's enrollment increase</i>	247,179	<b>80,000</b>
<b>COGS:</b> Move staff position from 0.5 to 1.0 FTE <i>Rationale: Support efforts to increase graduate enrollment and sustain R1 classification efforts</i>	28,383	<b>28,383</b>
<b>Library:</b> Subscription Inflation <i>Rationale: Maintain scholarly and research resources and subscriptions for faculty and students</i>	90,847	<b>31,584</b>
<b>Academic Affairs:</b> Classroom upgrades <i>Rationale: Progress to restore annual funding for ongoing classroom improvements to support instructors and students</i>	300,000	<b>99,768</b>
<b>VPAl:</b> Increasing Retention <i>Rationale: Fund a portion of the SUCCESS Team proposal to increase retention across the university</i>	296,815	<b>98,000</b>
<b>VPDLI:</b> Program Manager Alignment <i>Rationale: Moving salaries to Gen Ed funding will release P3 funds for increased investment in new online programs</i>	112,338	<b>50,000</b>
<b>SEM:</b> Financial Aid Salary Increases <i>Rationale: Increase employee retention in a highly competitive area to better support student needs</i>	117,388	<b>117,388</b>
<b>Total</b>		<b>\$505,123</b>

Funding for Strategic Requests must be used for the proposed use and units should expect to report progress on those initiatives in the future. Strategic Request funds will be placed in a General Education index of the unit's choice. Position funding includes fringe benefits (CFR) according to the requests made during fall semester – CFR funding will go into the Central General Education Benefit Pool. Please inquire with Trina about any changes to the intended use.

### Attachments

1. Metric performance details for all units (new vertical format)

- a. Student Credit Hours
  - b. Degree Completions
  - c. Enrollment
  - d. Summary
2. Metric performance details for your unit (colleges only)
3. Five-year Enrollment Targets for Category 5 (revised)
4. Summary of budget changes from the model (four years thus far)

Other details and reminders:

1. The **College of Law** has been removed from the metric reduction/allocation portion of the budget model. This is for two reasons. First, the influx of students from Concordia a few years ago creates problems in all data trends. That influx would negatively impact the college using the standard metrics. Second, the college retains additional Gen Ed funds through reduced charges for the Front Street Building when the college's enrollment increases. This will continue to provide the college with decreased expenses (i.e. increased revenue) that correspond to their enrollment increases.
2. Four colleges have already reached their five-year enrollment goal: **College of Natural Resources, College of Business and Economics, College of Art and Architecture, and College Law** (see note above regarding Law). Congratulations! As long as colleges maintain their five-year goal, they will not receive cuts from the enrollment metric.
3. The College of Letters, Arts and Social Sciences (CLASS) provided a profound service to previous students by launching their [Vandal Finish](#) initiative. UI awarded 283 Associates degrees awarded after CLASS reached out to thousands of students who had stopped out but met the requirements for this degree already. We have removed this group of conferrals from the college's "Degree Completions" data because the initial effort would hurt the college in future trend data (i.e. the result of the initial effort can't be replicated). For their efforts, CLASS will receive a one-time budget increase of \$40,000 instead of permanent funding through this budget model.
4. We confirmed that programs utilizing Self Support Program fees and Online Program fees (see SBOE V.R.3.b.ii & iv) have been removed for all metrics in the model. Tuition from these programs does not contribute to general Gen Ed funds so they are not considered in this budget model.
5. As in previous years, metrics were calculated using 10<sup>th</sup>-day data from fall semester (2024).
6. Changes may be necessary if the state makes any substantial changes to our current funding.
7. You may share your unit's data within your unit. Please do not share the full data broadly until it is posted publicly to the university webpage after funding sources are fully secured (i.e. legislative approvals, tuition increases, etc.).

Next Steps – Budget System Updates – Due April 30

Please work with your business officer to provide Trina with a single General Education index and a Miscellaneous Groups PCN in the case of position funding. Funds can be further distributed to multiple indexes and positions if applicable after the start of the fiscal year.

### Conclusion

We have experienced four years of enrollment growth which has resulted in four years of university budget increases. Congratulations! It is exciting to see new investments being made in our people and programs. These increases are possible due to everyone's efforts to increase enrollment.