Operating Budget Discussion
B&F Committee: April 6, 2016

What is the purpose of preparing an operating budget?

Considerations:

- A reactive tool
  - will use a “best guess” based on historical
  - is being done to “satisfy the BOR”
  - is not viewed as a management tool
- A proactive tool
  - will require discussion and agreement upon strategic targets
  - will establish stretch goals
  - addresses resource requirements to meet strategic goals

Examples of targets that have financial implications, and that are tied to our stated Strategic Initiatives:

- Graduation Initiative: Enrollment assumptions affect assumed tuition revenues
  - What should the targeted enrollment be for each campus?
  - What should the targeted mix of resident vs. non-resident students be?
    - This requires a thoughtful policy discussion – other universities (ie UC system) have intentionally pursued out of state tuition as a means to balance budgets but it has come at a social cost
  - What is the goal/strategy for enrolling international students and what are our targets for each campus?
  - What resources are required to achieve these targets?

- Research & Innovation: Extramural funding assumptions
  - Where do we anticipate growth in federal funding to occur and what key areas should we be pursuing?
  - What is the strategy for capturing additional extramural funding and how should these growth targets be set?
  - How are current ORU’s being evaluated and what strategies are being employed to address non-performing units?
  - What resources and strategies are required to achieve strategic growth?

- 21st century facilities and sustainability goals
  - What is our targeted energy reduction goal?
  - What is the targeted reduction in kwh per campus?