



*Academic Transformation
Campus Conversation:*

UNIVERSITY BUDGET MODEL

March 10, 2022

TODAY'S PRESENTERS



/ Maryanne Reed

Provost and Vice
President for Academic
Affairs



/ Rob Alsop

Vice President for
Strategic Initiatives



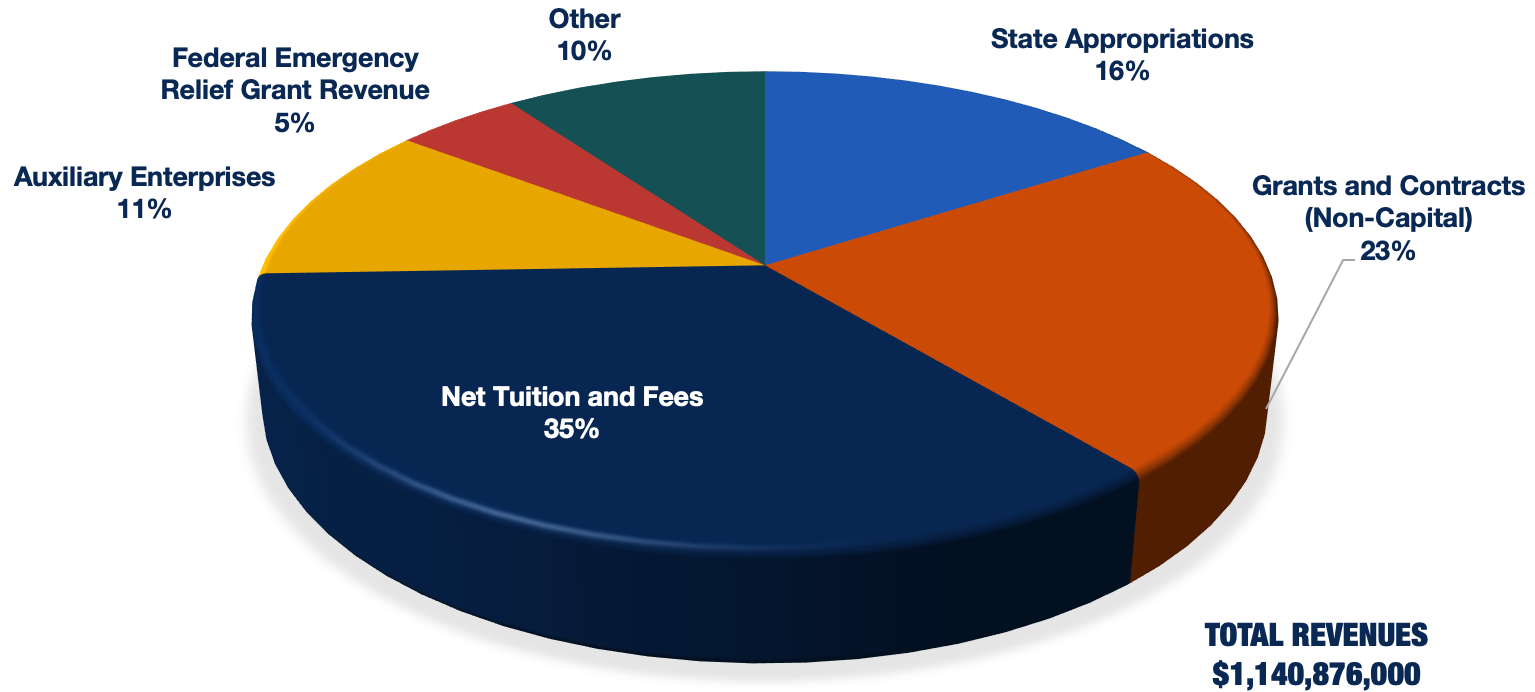
/ Lisa Sharpe

Finance Program Manager

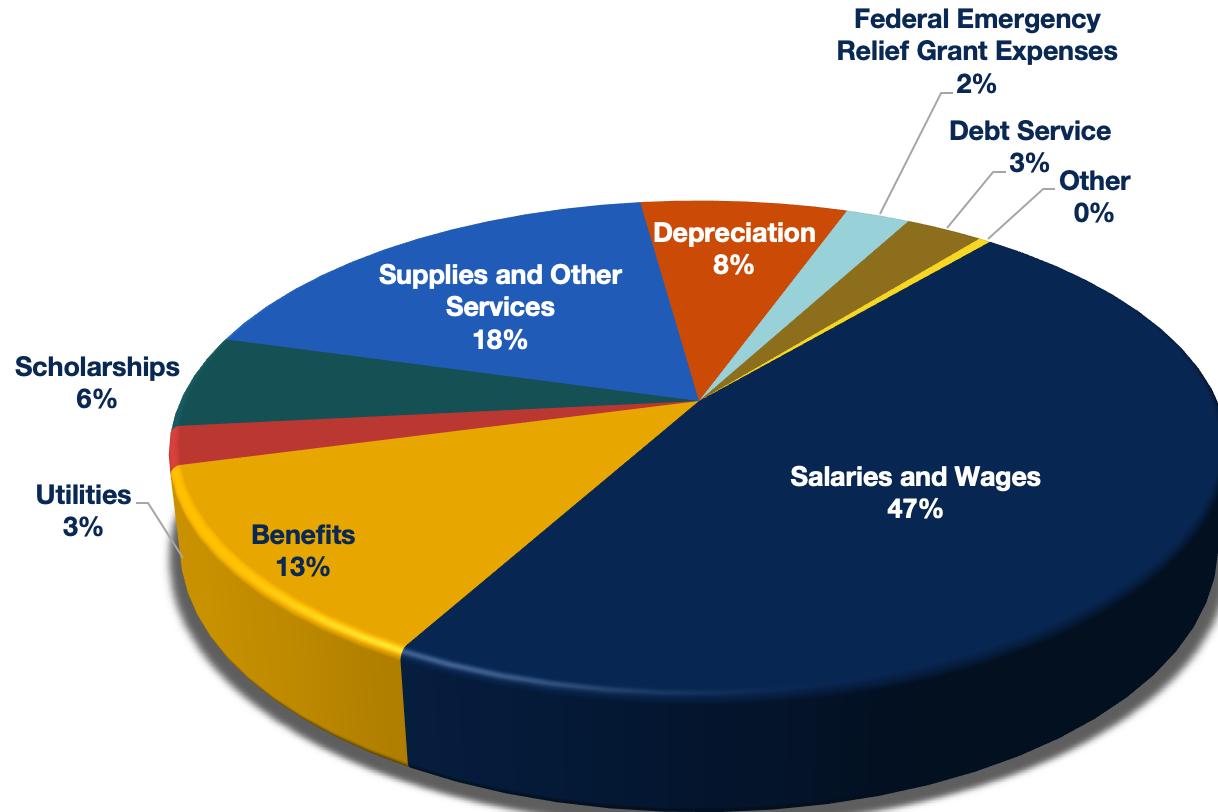
WVU'S FINANCIAL GOALS

- ✓ Identify resources for investment in **strategic priorities** that will maximize opportunities to **grow enrollment, increase retention and persistence** and **support West Virginia University's strategic goals**.
- ✓ Develop a **structurally sound budget** with attainable assumptions and consistent positive operating margins on a year-to-year basis.
- ✓ Over time, **improve the balance sheet** by increasing our net cash position to 2014 levels.
- ✓ Maintain our **current bond ratings**.
- ✓ Develop a model that addresses the current reserve imbalance.

FISCAL YEAR 2022 REVENUES



FISCAL YEAR 2022 EXPENSES

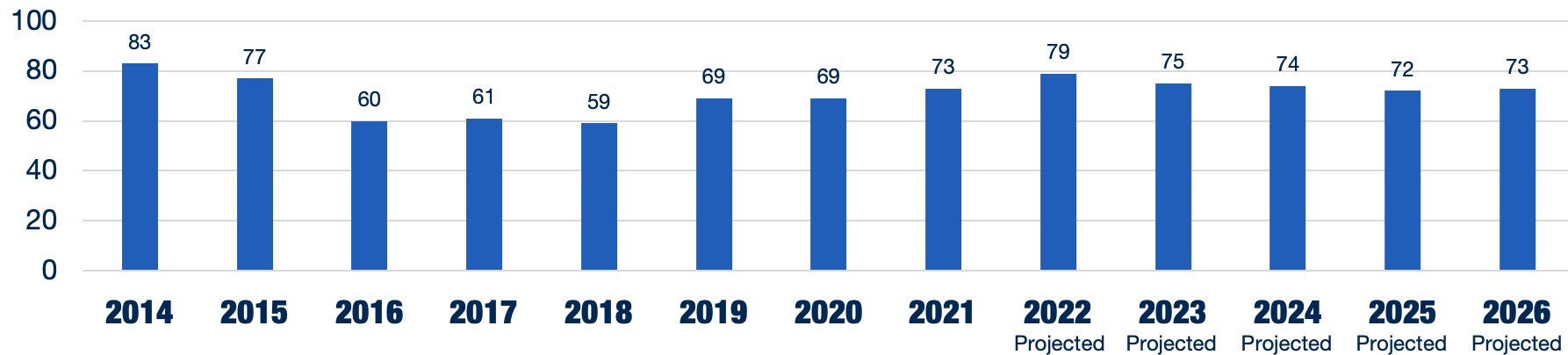


TOTAL EXPENSES
\$1,157,949,000

WVU'S BUDGET MODEL

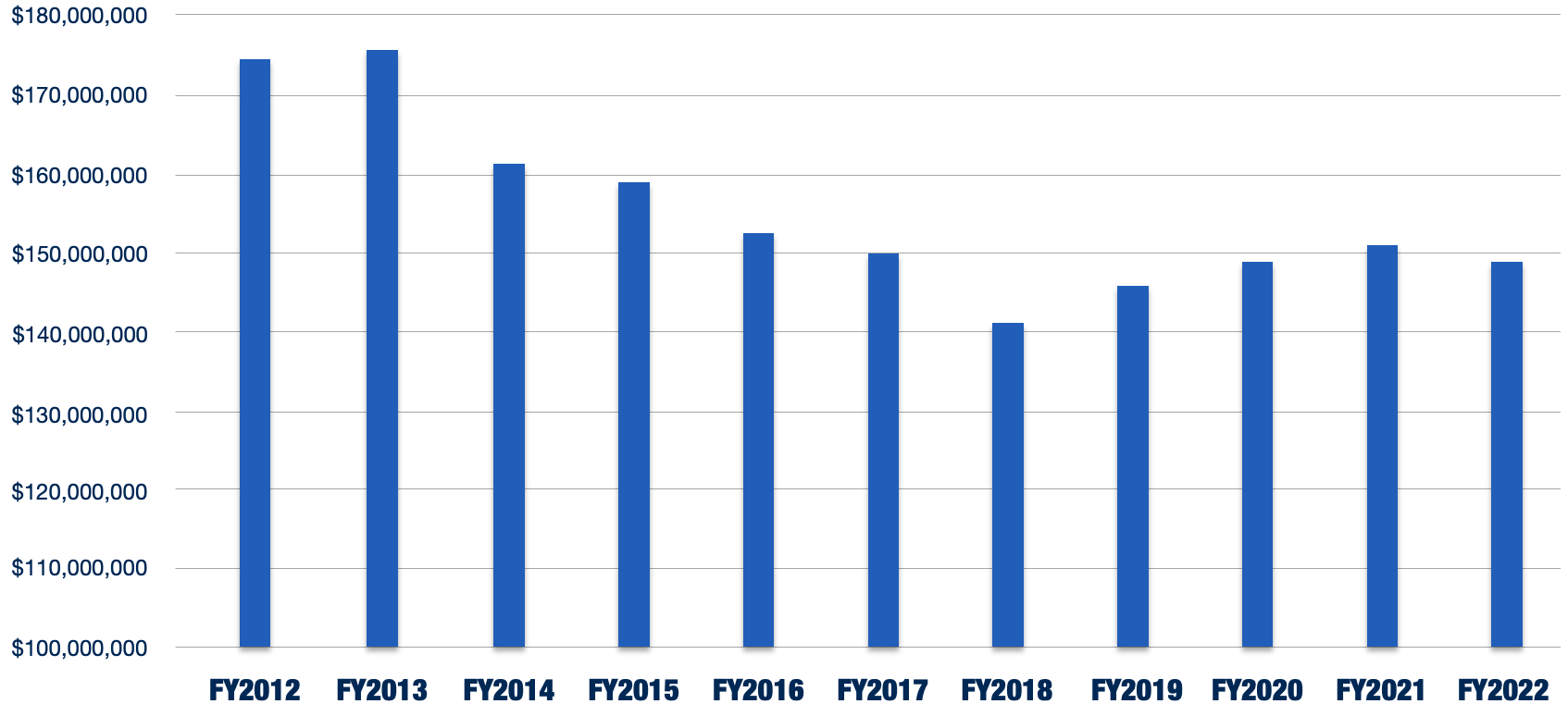
- WVU's current budget model is not working.
- Moreover, we do not appropriately reward those who increase enrollment, research or other targets.
- We do not provide the appropriate clarity in terms of outcomes.
- Particularly as it relates to transformation, we do not have a budget model that will appropriately align with new academic innovation, transformation and priorities of key University leaders.
- When you consider the technology deficits we hope to cure throughout the next several years, we have reached a critical juncture where we need to develop a sustainable budget model for WVU.

DAYS CASH ON HAND



<i>\$ in thousands</i>	2016	2017	2018	2019	2020	2021	2022 PROJECTED	2023 PROJECTED	2024 PROJECTED	2025 PROJECTED	2026 PROJECTED
Cash	\$94,855	\$92,491	\$85,298	\$116,290	\$116,090	\$107,993	\$132,478	\$116,581	\$111,349	\$105,853	\$111,065
Liquid Investments	\$68,675	\$75,204	\$73,511	\$78,293	\$81,313	\$101,159	\$104,888	\$107,888	\$110,888	\$113,888	\$116,888
TOTAL CASH	\$163,530	\$167,695	\$158,809	\$194,583	\$197,403	\$209,152	\$237,366	\$224,469	\$222,237	\$219,741	\$227,953
Adjusted Total Expense	\$987,753	\$1,007,140	\$987,198	\$1,023,564	\$1,049,011	\$1,045,299	\$1,096,515	\$1,089,916	\$1,102,027	\$1,118,626	\$1,134,569
Days of Cash on Hand	60	61	59	69	69	73	79	75	74	72	73

STATE APPROPRIATIONS



THE NUMBERS: MORGANTOWN CAMPUS

YEAR	HEADCOUNT ENROLLMENT	FTF	RETENTION	HONORS	HONORS AVG. HIGHSCHOOL GPA
2014	29,175	4,868	76.71%	566	3.92
2015	28,776	4,782	78.72%	714	3.94
2016	28,488	5,124	79.17%	898	3.94
2017	28,409	5,225	79.47%	902	3.94
2018	26,864	4,732	75.81%*	1,018	3.94
2019	26,839	4,949	78.89%	1,051	4.14
2020	26,269	4,494	82%	943	4.16
2021	25,560	4,327	81.20%	959	4.16

* The freshman retention rate from Fall 2017 to Fall 2018 declined as WVU raised its GPA suspension policy from the most liberal (lowest) in the Big 12 to the most stringent.

NOTE: WVU ran a focused Registered-Not Paid process in late August 2018 that was not performed in Fall 2016 nor 2017. This process reduced Fall 2018 in comparison to prior years.

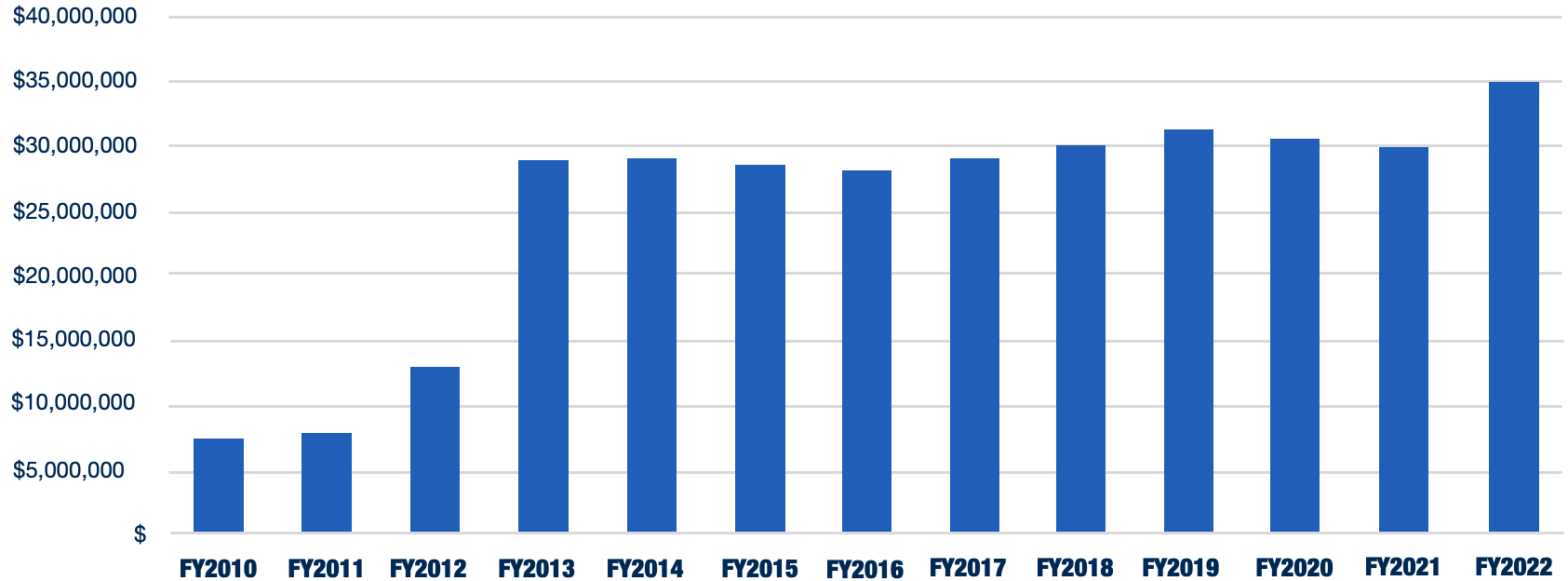
UNDERSTANDING WVU'S TUITION AND FEES PROGRAM DESIGN

	Actuals			
	2016	2019	2020	2021
Private pay, loans, third party payers	\$308,445,000	\$329,295,000	\$325,666,000	\$307,746,000
Pell Grants	\$29,890,000	\$30,290,000	\$28,573,000	\$26,722,000
Other Federal, State, & Local Grants	\$2,774,000	\$3,002,000	\$3,063,000	\$3,185,000
Foundation Scholarships	\$20,828,000	\$17,076,000	\$14,377,000	\$13,686,000
PROMISE Scholarship	\$22,082,000	\$23,531,000	\$21,162,000	\$23,149,000
Total Funded Merit/Need Based Aid	\$75,574,000	\$73,899,000	\$67,175,000	\$66,742,000
Net Tuition & Fees	\$384,019,000	\$403,194,000	\$392,841,000	\$374,488,000
Total Discounted Aid	\$65,628,000	\$92,197,000	\$107,507,000	\$118,358,000
Gross Tuition & Fees	\$449,647,000	\$495,391,000	\$500,348,000	\$492,846,000
Financial FTE Enrollment	28,508	27,147	27,085	26,450
Net Tuition & Fees Per FTE	\$13,471	\$14,852	\$14,504	\$14,158
Percentage of Funded Aid to Total Aid	53.52%	44.49%	38.46%	36.06%
Percentage of Discounts to Total Aid	46.48%	55.51%	61.54%	63.94%
Discount Rate	14.60%	18.61%	21.49%	24.02%

TRADITIONAL AND ONLINE UNDERGRADUATE FALL UNIVERSITY REVENUES

	2016	2017	2018	2019	2020
All WEOC	\$1,708,514	\$1,620,068	\$1,698,534	\$1,627,386	\$770,834
PTM	-	-	-	\$274,352	\$1,735,630
Hybrid	\$4,706,277	\$6,284,954	\$9,167,666	\$10,327,923	\$17,247,314
Traditional	\$126,141,789	\$138,842,055	\$132,468,878	\$131,899,178	\$118,016,084
Total	\$132,556,580	\$146,747,077	\$143,335,077	\$143,854,487	\$136,034,232

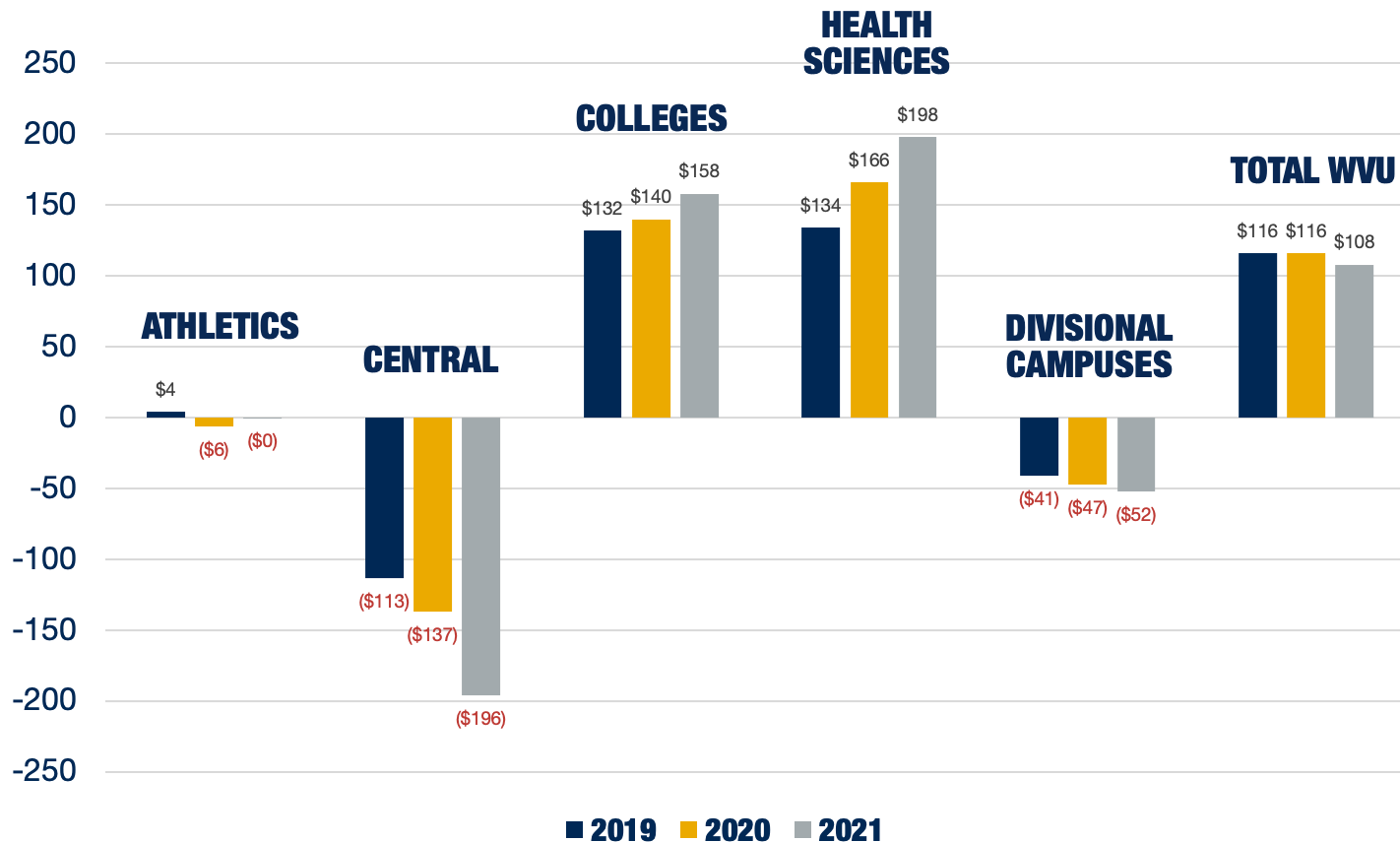
CENTRAL DEBT SERVICE SUPPORT FOR ACADEMIC PROJECTS



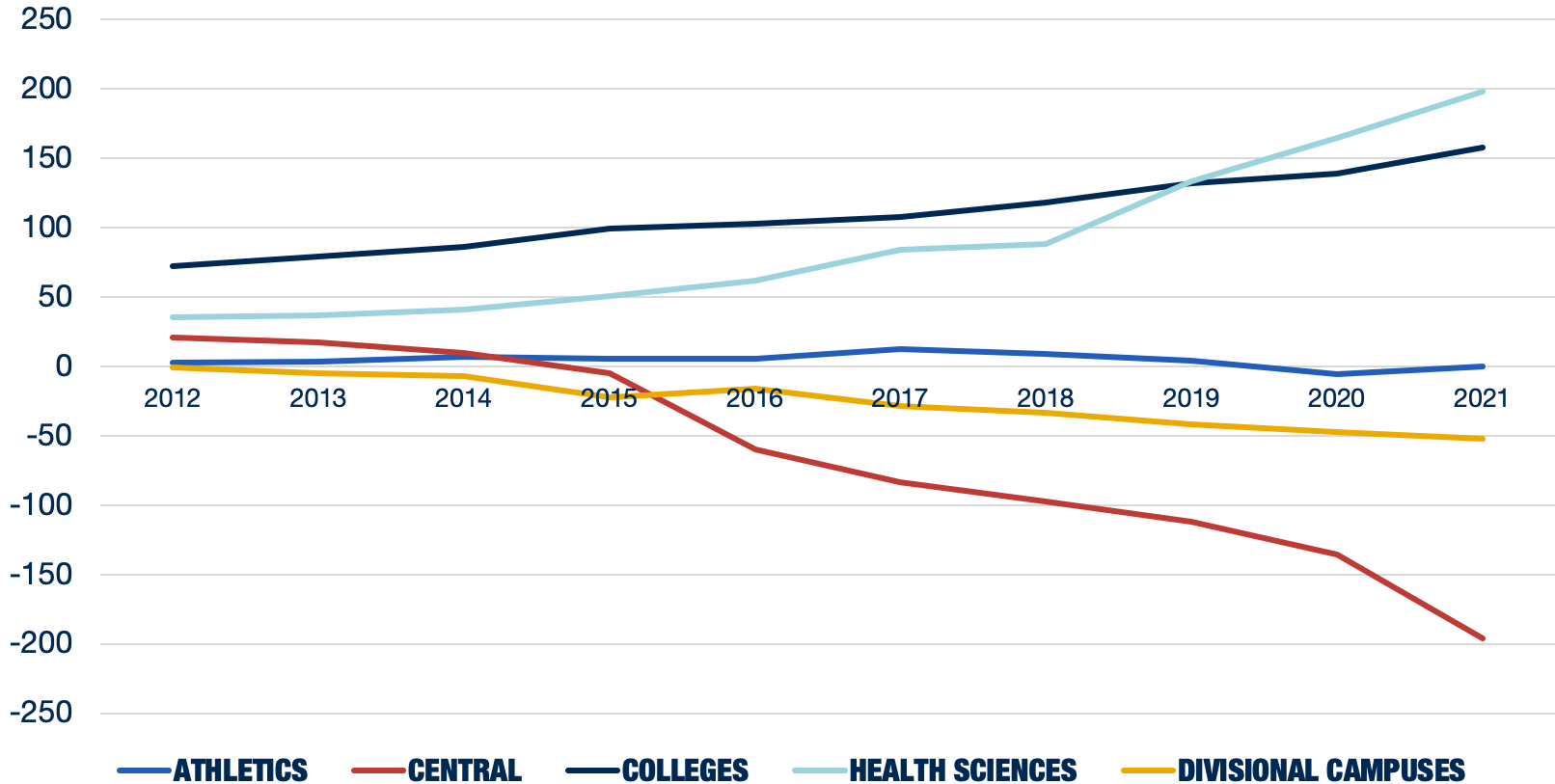
WVU'S RESERVE IMBALANCE

- WVU has seen multi-year reductions in State appropriations.
- The University also has experienced significant increases to waiving/discounted tuition.
- Central support for debt service has increased.
- WVU is experiencing a revenue split given the growth in online programming.
- The University's reserve growth no longer is a function of enrollment growth or overall expense savings.

OPERATING CASH (RESERVES)

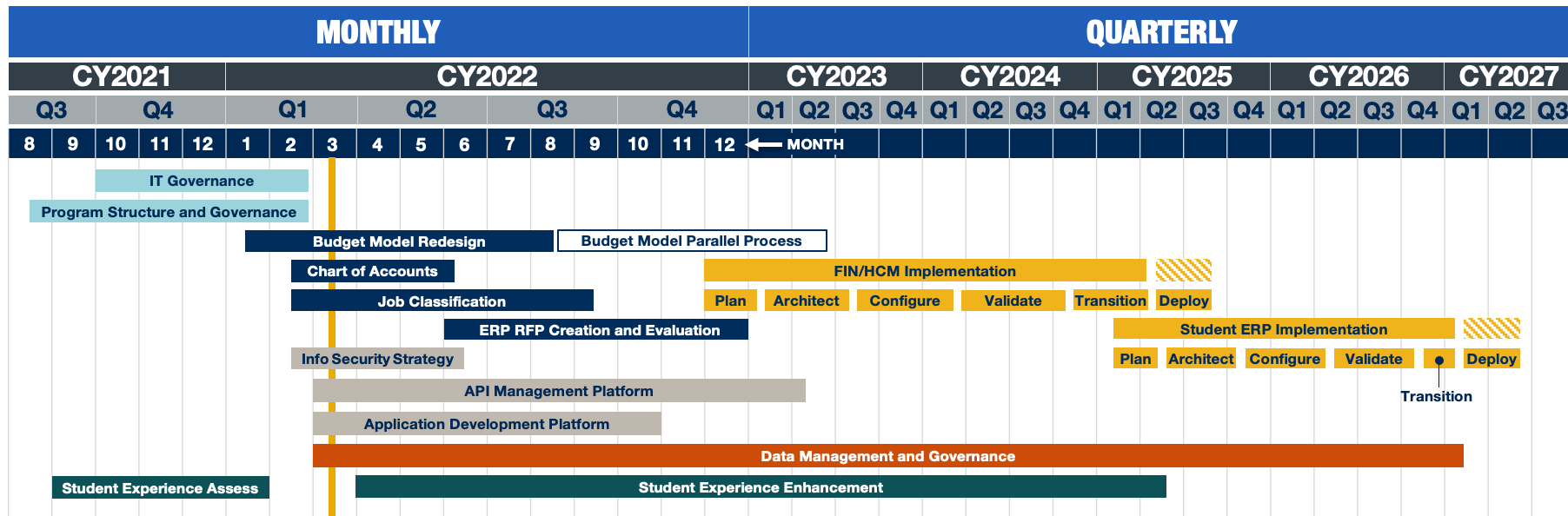


OPERATING CASH TEN YEAR



WVU MODERNIZATION PROGRAM: BUDGET MODEL REDESIGN PROJECT

WVU MODERNIZATION PROGRAM ROADMAP



★ We are here

Under Assessment (Timeline TBD):

Content Services Platform

Robotic Process Automation (RPA)

Digital Experience Platform

Knowledge Base and Digital Assistant

Legend

GOVERNANCE ESTABLISHMENT

IT / TECHNICAL PROJECTS

ERP PREPARATION

DATA MANAGEMENT AND GOVERNANCE

ERP IMPLEMENTATION

STUDENT EXPERIENCE ENHANCEMENT

FOUNDATIONAL PROJECT DESIGN TEAMS

- Individuals from across the WVU community are being invited to join **Design Teams**, bringing their expertise and institutional perspectives to evaluate options and identify solutions for assigned foundational projects.

80+

individuals from across the WVU
community

120+

appointments across
12 Design Teams

- Information Technology Services
- Finance
- Talent and Culture
- Office of the Provost
- WVU Research
- University Relations and Enrollment Management
- Health Sciences
- Shared Services
- Procurement, Contracting and Payment Services
- Athletics
- College of Law
- Eberly College of Arts and Sciences
- Benjamin M. Statler College of Engineering and Mineral Resources
- Graduate Education
- WVU Online
- Staff Council

GUIDING PRINCIPLES



UNIFIED FUTURE: Unite the institution by looking towards the future; in the spirit of OneWVU, optimize business processes by considering what will best serve the institution broadly.



BLUE-SKY APPROACH: The WVU Modernization Program will be uninhibited by past practices.



PEOPLE-DRIVEN DESIGN: Enhance the user experience by creating useful, integrated, intuitive and technology-enabled engagement to benefit the University as a whole.



SIMPLIFICATION AND STANDARDIZATION: Increase standardization, eliminate unnecessary complexity and prioritize interconnection between systems and practices.



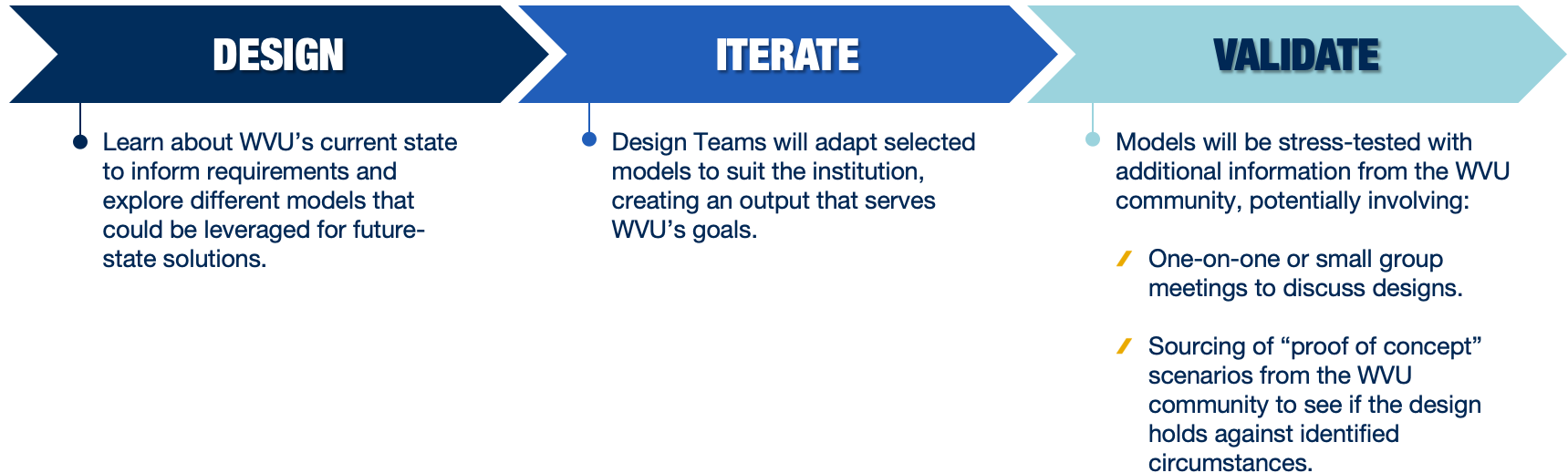
DATA-EMPOWERED DECISIONS: Empower data-based decision-making while protecting individual privacy and institutional security.



BUILT TO LAST: Create sustainable systems and practices that can withstand future challenges, adapt to changing needs, respond to innovation and provide enduring support for mission-critical functions.

FUNCTIONAL PROJECT APPROACH

- Across the functional projects, the process will be as important as the design itself. Because these projects touch on sensitive subjects (e.g., budgets, autonomy and organizational structure), a high degree of engagement will be vital to generating buy-in and understanding community concerns.



BUDGET MODEL REDESIGN: PURPOSE AND OUTCOMES

PURPOSE:

- / Promote greater **transparency** and **timeliness** with WVU's budgeting process.
- / **Design, develop and implement** a new budget model that defines cost and revenue allocation aligned with the University's strategic objectives.
- / Create a budget tool that supports **real-time decision-making, planning** and **alignment with strategic goals**.

ALIGNMENT WITH WVU MODERNIZATION PROGRAM OUTCOMES:



Data-empowered Decisions: Empower data-based decision-making while protecting individual privacy and institutional security.

RECENT TRENDS IN BUDGETING

- Even though an array of alternative and hybrid models exist, incremental budgeting is the most common approach to university resource allocation.

INCREMENTAL BUDGETING

- Centrally driven
- Current budget acts as “base”
- Each year’s budget increments (decrements) adjust the base
- Focus typically is placed on expenses
- Common modifications:
 - Block-grant models bucket line-items together to promote local control
 - Revenue incentives may be incorporated for the allocation of resources above and beyond the base
- Approximately **49%** of institutions and **65%** of public master’s / bachelor’s institutions report using this model

FORMULA FUNDING

- Unit-based model focused on providing equitable funding
- Unit rates are input-based and commonly agreed upon
- Annual fluctuations are driven primarily by the quantity of production and not from changes to rates
- Common modifications:
 - Weighting schemes to control for local cost structures
 - Used only for select activities (e.g., instruction)
- Approximately **24%** of institutions and **28%** of public master’s / bachelor’s institutions report using this model

PERFORMANCE FUNDING

- Unit-based model focused on rewarding mission delivery
- Unit rates are output based and commonly agree upon
- Annual fluctuations are driven primarily by changing production and not from changes to rates
- Common modifications:
 - Weighting schemes to control for local unit mission
 - Used only for small portions of overall resources (as little as **1-5%**)
- Approximately **19%** of institutions and **14%** of public master’s / bachelor’s institutions report using this model

INCENTIVE-BASED MODELS

- Focus on academic units
- Incorporates a devolution of revenue ownership to local units, as generated
- Allocates costs to revenue generating units
- Utilizes a centrally managed “subvention pool” to address strategic priorities
- Common modifications:
 - Revenue allocation rules
 - Number of cost pools
 - Participation fee (tax rate)
- Approximately **32%** of institutions and **27%** of public master’s / bachelor’s institutions report using this model



QUESTIONS?

CONTACT US

- / Email us at academictransformation@mail.wvu.edu.
- / Watch an archived version of this **Campus Conversation**:
 - / provost.wvu.edu/academic-transformation/campus-conversations
 - / bureaucracybusters.wvu.edu/campus-conversations
- / Visit modernizationprogram.wvu.edu for more on the **WVU Modernization Program**.
- / Visit go.wvu.edu/budget-model-redesign for details on the **Budget Model Redesign** project.
- / Stay tuned for additional **Campus Conversations**.