Beacon Budget Model Update

Campus Update

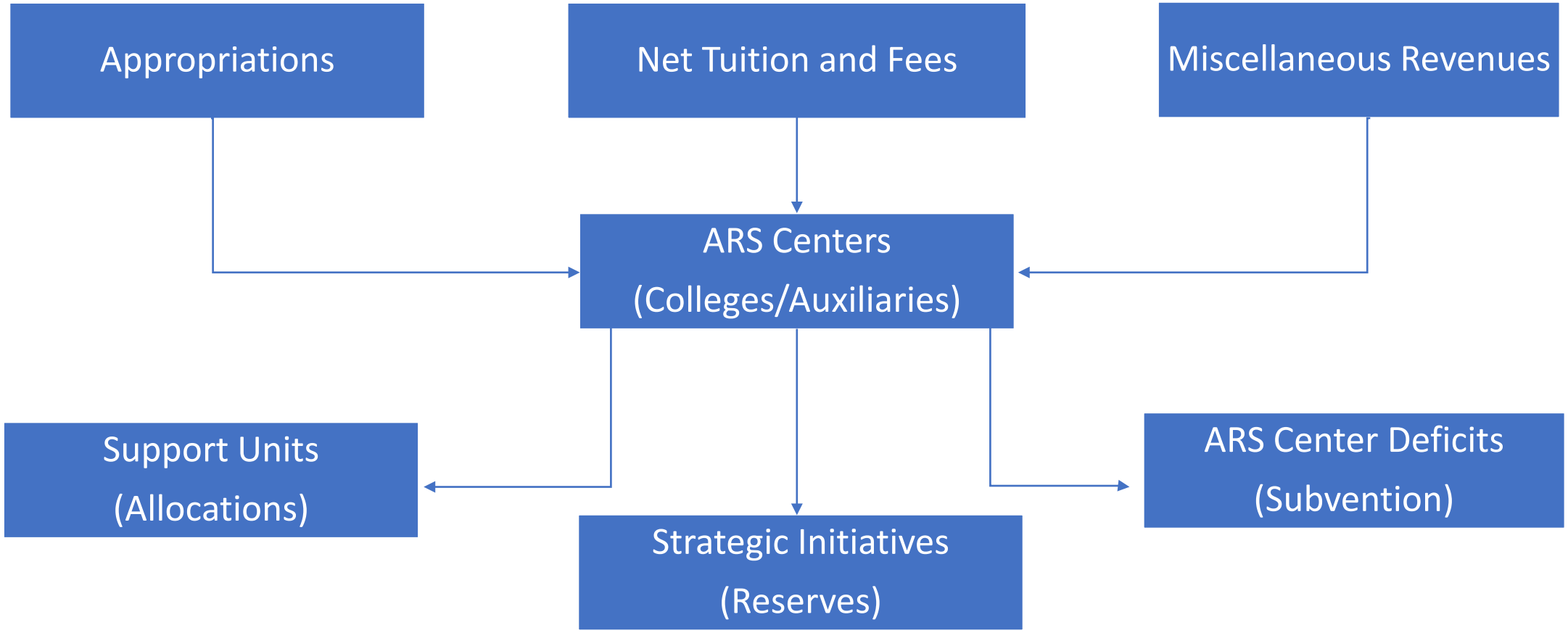
Monday, October 26th, 2026

Agenda

- Beacon Budget Model – Refresher
- Updates
  - Key updates on progress since our last meeting
  - Key lessons learned
  - Progress on implementation of Enterprise Performance Management (EPM) reporting tool
- Training/reporting needs
- Q & A

Beacon Budget Model Refresher

Basic Model Design



Allocation Metrics

- Tuition & Fee Component Allocation
  - **General Undergraduate:** 80% COI – 20% COR.
  - **Graduate & Doctoral:** 80% COI – 20% COR.
  - **Tuition Differential:** 100% to unit that charges.
  - **Special Programs:** 100% to COI.
  - **Non-Credit Tuition:** Will be its own ARS Center, more to follow
  - **Student Fees:** 100% directly to purpose/course.

- State Appropriation (net of central costs)
  - **Degrees Awarded:** 45% allocated proportionately based on percent of total degrees.
  - **2-Year Retention:** 40% allocated proportionately based on total headcount.
  - **Research:** 15% allocated proportionately based on indirect research revenue

NOTE: Metrics are based on 3-year weighted averages (50%/30%/20%)

Progress Since Our Last Meeting

- Collaboration with Huron: Continued working with Huron to refine our approach and prepare for implementation.
- All-Funds Budgeting: Introduced an all-funds approach in this year's college budget process to provide greater visibility into available funding sources and help colleges prepare for the transition to BBM. Established monthly meetings with Deans, and BBM working group.
- Training and Readiness Assessment: Distributed a survey to key stakeholders to identify training needs and assess readiness for the new budget model.
- Budget Process Timeline: Developed a draft timeline outlining key milestones and activities to support the budget process and BBM implementation.
- Ongoing Working Group: small working group that meets biweekly to advance implementation planning and address key issues.
- Leadership Engagement: Continued discussions with the Vice Chancellors and Deans to review progress, align expectations, and outline next steps toward implementation.

Key Points learned from Best Practices

- BBM should be a planning, transparency, and incentive tool and used to make choices more transparent and strategic
- Subvention should be transparent, targeted, and transitional where possible.
- Not all units can or should land at a zero margin
- Carryforward and reserve policies need to be clear
- Early implementation should require central guardrails
- The model must protect programs and services that are essential to the university's public mission
- The model should reinforce incentives for enrollment growth, retention, appropriate cost management, external revenue generation, and mission-aligned program development
- Training and reporting are critical to the success for the model

September-October Phase 1 - *Draft*

Support Units	ARS Centers	Auxiliary Areas	Administration/Leadership	Administration/Leadership
All Funds Budgeting in EPM System	**All Funds Budgeting in EPM System**	**All Funds Budgeting in EPM System**	**All Funds Budget in EPM System**	**State Appropriation**
Position Planning	***Position Planning***	***Position Planning***	***Expense Assumptions***	*State Parameters*
Current Positions projection, ensuring all funding sources are	*Current Positions projection, ensuring all funding sources are*	*Current Positions projection, ensuring all funding sources are*	*High level accruals*	*Conservatism factor*
New Position Requests	*New Position Requests*	*New Position Requests*	*Central Assessment*	**Other High-Level Revenue**
All Funds Non-Benefitted & Non-Payroll Planning	*NTT Planning based on course schedule AND ENROLLMENT*	*NTT Planning based on course schedule ????*	*Financial Aid (tied to tuition revenue planning below)*	*Investment Income*
Trend analysis	***All Funds Non-Benefitted & Non-***	***All Funds Non-Benefitted & Non-***	*Depreciation*	*Ground Lease*
Contract Reviews	*Trend analysis*	*Trend analysis*	*Interest Expense*	**Updated Variables for Allocation**
Inflationary Requests	*Contract Reviews*	*Contract Reviews*	*Principal Payments for Debt Service*	*FTE (student, staff, & faculty) 3-year average*
Strategic Requests	*Inflationary Requests*	*Inflationary Requests*	*Bad debt expense*	*Credits (instructional & Programatic) 3-year average*
Carry-Forward usage	*Strategic Requests*	*Strategic Requests*	***Payroll Assumptions***	*Indirect Cost Recovery (Grants) 3-year average*
All Funds Revenue Projections	*Carry-Forward usage*	*Carry-Forward usage*	*CoL Assumptions*	*Graduate Stipends 3-year average*
Trend analysis	***All Funds Revenue Projections***	***All Funds Revenue Projections***	*Fringe Assumptions*	*Degrees granted 3-year average*
New Revenue Iniatives (likely tied to Strategic expense requests)	*Trend analysis*	*Trend analysis*	*Vacancy Savings Assumptions*	*2nd-year headcount 3-year average*
Revenue projections for ongoing revenue streams - CEE, UA high	*New Revenue Iniatives*	*New Revenue Iniatives*	**Tuition Revenue (also need to involve ARS's)**	*Retention rate 3-year average*
	Grants & Contracts Analysis & RTF projection (guidance with high level	*Grants & Contracts Analysis & RTF projection*	*Enrollment Projection (with guidance from ARS centers)*	*Square Footage*
	Endowment Projections	*Endowment Projections*	*Tuition Increases*	**Reserve/Subvention Draft**
	ESS projections	*Revenue projections (ongoing revenue streams) - UHS, Parking,*	*Special Program Pricing*	*2% Margin Reserve*
	Gifts and Development Fund projections (guidance with UA high		*Spring melt assumption*	*Subvention/Strategic request reserve*
	Enrollment Projections		*Summer enrollment assumption*	*Cuts to Support Units (if necessary)*
				Support Unit Request Approval/Denial (from reserve)
				New Positions
				Inflationary Requests
				Strategic Initiatives
				New Revenue Initiatives
				ADD BALANCE SHEET ITEMS, FOR NEW REQUIREMENTS

November – February Phase 2 - *Draft*

Support Units	ARS Centers	Auxiliary Areas	Administration/Leadership
All Funds Budgeting in EPM System - Complete	**Allocations Applied**	**Targets distributed (tied to target setting in central)**	**Target Setting ARS/Auxiliary**
Final Budget Authorization from Central	*Tuition Revenue*	**All Funds Budgeting in EPM System - Finalization (tie to distributed target)**	*Allocations Applied*
	State Appropriation Revenue	***Position Planning***	*Cuts to ARS/Auxiliary if necessary*
	Support Unit Overhead	*Current Positions projection, ensuring all funding sources are correct*	**ARS/Auxiliary Request Approval/Denial (from remaining reserve)**
	Targets distributed (tied to target setting in central)	*New Position Requests*	*New Positions*
	All Funds Budgeting in EPM System - Finalization (tie to distributed target)	*NTT Planning based on course schedule*	*Inflationary Requests*
	Position Planning	***All Funds Non-Benefitted & Non-Payroll Planning***	*Strategic Initiatives*
	Current Positions projection, ensuring all funding sources are correct	*Trend analysis*	*New Revenue Initiatives*
	New Position Requests	*Contract Reviews*	**Submission of Final Plan**
	NTT Planning based on course schedule	*Inflationary Requests*	
	All Funds Non-Benefitted & Non-Payroll Planning	*Strategic Requests*	
	Trend analysis	*Carry-Forward usage*	
	Contract Reviews	***All Funds Revenue Projections***	
	Inflationary Requests	*Trend analysis*	
	Strategic Requests	*New Revenue Iniatives*	
	Carry-Forward usage	*Grants & Contracts Analysis & RTF projection*	
	All Funds Revenue Projections	*Endowment Projections*	
	Trend analysis		
	New Revenue Iniatives		
	Grants & Contracts Analysis & RTF projection		
	Endowment Projections		

Training & Reporting Needs

Proposed Training Topics

- Revenue strategy & model mechanics
    - Key operational levers and diverse revenue sources
    - Fundamentals of carryforward mechanics and policy
- Personnel & instructional costs
    - Managing instructional costs & vacancy mechanics
    - Aligning non-tenure track budgeting with academic planning
- Academic & enrollment planning
    - Data-driven multi-year forecasting
    - Assessing model downstream impacts on unit operations
- Endowments & restricted funds
    - Best practices for managing restricted funds
    - Understanding endowment fund purposes

System & Reporting Priorities

- Maximizing existing reporting capabilities
  - Ensuring users have the permissions and roles needed to view key reports
  - Training teams to navigate and leverage existing system capabilities
- Developing a routine monitoring system
  - Creating a standardized review cadence to monitor unit budget performance
  - Establishing key financial metrics for units to monitor
- Enterprise Performance Management (EPM) system transition
  - Aligning review workflows with EPM roll-out
  - Supporting unit leads through upcoming system and reporting updates

EPM

Enterprise Performance Management

EPM

- OBFP developing all-funds reporting and planning templates
  - Utilizing the current EPM system “smart view” reporting capability, to generate reports and templates for all-funds budgeting and forecasting
- BBM integration into EPM
  - Initial proposal from implementation consultant (Performance Architects) to integrate BBM logic using currently owned Oracle Enterprise Profitability and Cost Management (EPCM) software purchased as part of the EPM software package to replace the current excel-based model with a centralized, governed, transparent, and auditable solution
  - Integration into a currently owned tool allows for reporting, budgeting, and forecasting in the BBM methodology in and automated system

Next Steps

- Ongoing consultation with Deans
- Spring campus update date TBD
- Release of training resources on BBM website
- Implementation of Oracle Enterprise Performance Management (EPM) system for budgeting and planning

Q&A