

Senate Budget & Finance Committee
Meeting Minutes
February 19, 2019
Helm 108B
4:00 p.m.

Present: Jim Berger (Chair), Laura Delancey, Kim Link, Dan Clark, Claus Ernst, Carol Watwood, Aaron Wichman

- I. Welcome and Call to Order
- II. RAMP Model Description – Wichman provided a finalized version of the description of the RAMP Model and asks that we post this to the WKU Senate website. Motioned and Seconded. Motion passed.
- III. Student Survey on WKU Finances – Garrett – No Report
- IV. New Business
 - a. Joint Committee Resolution – still working on getting together to put craft a resolution.
- V. Adjourn

Prepared by Aaron Wichman; aaron.wichman@wku.edu

A lay-person's overview of our new budget: the Resource Allocation, Management, and Planning model (RAMP). This overview is not official, but represents the current understanding of the Senate Budget and Finance Committee. No warranty is given or implied.

The model sets criteria for how money is distributed around the university. It distributes money to colleges, not directly to departments. College Deans then decide how to spend this money. The model allows deans flexibility in funding different departments in their colleges. In addition to a certain amount of state funding, colleges receive revenue mainly through tuition and fees, grants, and contracts. Based on how many student credit hours each college as a whole contributes, student tuition dollars are allocated to the college, in proportion to the level of tuition paid. For instance, out of state students bring in more money to the college than do in-state students, and international students bring in even more money to the college. Additional tuition dollars are allocated for each student who majors in a program offered by the college. Note that colleges can achieve high revenue either through a combination of highly productive programs, or by means of a small number of highly productive programs subsidizing the other, smaller programs.

At the university level, the budget model divides the university into Revenue Generating Units and Support Units. Support Units provide services to the university but do not directly generate revenue.

Revenue generating units include all academic colleges, Department of Extended Learning and Outreach (DELO), as well as other units that collect money from non-tuition sources but which are not strictly revenue dependent, such as housing and dining, Parking,

athletics, the WKU store, and others. These “auxiliary” units may be funded through a combination of self-generated revenue and subsidies from the university.

Support Units include Administration, Finance, Information Technology, Libraries, Legal, Research (grants and contracts application and administration), Physical Facilities, and others. Revenue Generating Units “pay” Support Units according to the amount of Support Unit services they use. Larger colleges, with more students and grants, will use more services. These support unit payments are determined in part through negotiations, with input from several entities.

These entities are composed either of preexisting administrator units (i.e. council of deans; provost) or are committees that provide information related to space and maintenance service usage, and a committee to present the needs of the support units. The output of these negotiations is subject to review by an executive budget committee and the president before being reviewed by the board of regents.

Payments to Support Units are a cost to Revenue Generation Units. Another cost to many Revenue Generating units is a tax on income that is derived from tuition dollars, grants, and state appropriations. This money is used to support a University Level Initiatives Fund (the “Strategic Mission Enhancement Fund”; SMEF for short) and to pay for an Unexpected Costs Fund (a “Subvention” fund). This Unexpected Costs fund is used to address financial needs that have not been met through the rest of the budget process—for instance a college that temporarily needs money to hire instructors. The money also is used to pay central services and administration, as well as philanthropy and alumni engagement. Note that taxes accrue mainly toward revenue generated. Paying tax is mostly an outcome of a college’s revenue. Revenue is strongly tied to income generated. However, each year, college allocations ultimately are determined by administrative review of the college’s credit hour production, numbers of majors, and grants and contracts. Radical year to year alterations in allocations can be reduced with money from the Unexpected Costs Fund.

Please see <https://www.wku.edu/ramp/> for the official version of our budget model description.