

**MEMORANDUM**

**TO:** Henry S. White, Chair

 Cindy Berg, Interim Dean, College of Social and Behavioral Science

 Christine Botosan, Professor, David Eccles School of Business

 David Browdy, Associate Vice President of Finance & Chief Financial Officer, Health Sciences

 Frank Brown, Dean, College of Mines and Earth Sciences

 Rich Brown, Dean, College of Engineering

 Ed Buendia, Acting Associate Vice President for Equity and Diversity

 Alberta Comer, Dean, J. Willard Marriott Library

 Howard Horwitz, Professor, Department of English

 Robin Marcus, Interim Dean, College of Health

 Larry Mauck, Clinical Administrative Manager, Department of Surgery

 Robert Newman, Dean, College of Humanities

 Raymond Tymas-Jones, Dean, College of Fine Arts

**FROM:** Ruth V. Watkins, Senior Vice President for Academic Affairs

 Cathy Anderson, Associate Vice President for Budget and Planning

**DATE:**  September 25, 2013

**SUBJECT: Budget Principles and Process Working Group**

We are writing to invite you to serve on a working group to help define a budget process that will benefit our campus in the near term, and position the institution for continued and expanded success in future years. As you are well aware, financial models for public research universities have changed significantly over the past decade, with major shifts in relative contributions of different sources of support for mission and operation. In light of this changing environment, new principles and processes may be needed to guide and optimize resource allocation decisions, to enable innovation, and to encourage resource generation activities. In discussions with campus leaders, faculty members, and senior staff, we have the perspective that this is an appropriate time to thoughtfully examine and refine our budget processes, as a means to strengthen the campus and position the institution for even greater impact in the future.

As you begin your work, it will be helpful to spend some time at the outset developing a shared knowledge base. Specifically, you will want to review the current resource base of the campus and major academic units (college-level), the various sources of funds that make up this resource base, and the processes and principles now in place for allocating resources from the campus to academic units. Associate Vice President Cathy Anderson will serve as your guide for this component of the discussion. As you consider potential resource allocation principles and processes for the future, we ask that your team:

* **Develop a set of general principles to guide resource allocation**. Some of these principles are likely to be straightforward, for example, we have a mandate to work within a balanced budget framework. Other possible principles will need significant discussion, for example, how open

 should our annual budget process be? What information about academic unit priorities, resources and needs can be shared and in what context? What should be the contribution of activity/productivity and quality? How can we promote productivity without inadvertently setting up unhealthy incentives? Should guiding principles promote innovation, interdisciplinary efforts and revenue generation initiatives? In a period without clear sources of new funds, how can we optimize the resources from new sources (e.g., private, corporate and foundation support, new students served through technology) available to advance the institution? As you consider these questions and others that you will generate, remember that your immediate focus is guiding principles and development of an annual process, and that you need not devise a full budget model at this early stage.

* **Consider and design an annual process** that would allow major academic units
(college level) to articulate their goals, priorities, and planned strategies to achieve their goals, as well as the resource needs that they have to achieve their goals and activities that could generate new revenue. Among other things, the process could include a written component from the unit, an opportunity for dialogue about the report between unit leaders and campus leaders, and a source of input and advice to the SVPAA on budget decisions. You may wish to give thought to whether and how information about resource allocation can be shared with the larger community.

We anticipate that the focus on principles and processes in AY2013-14 will form the foundation for detailed consideration of the underlying model of resource allocation, quite likely to occur in AY2014-15.

This is an important undertaking for the campus, and the institution will benefit from your service on this working group. You may wish to engage some external advice and assistance in your efforts, and we would support this if you think it would be valuable. If for any reason you are not able to participate at this time, please inform Cathy Anderson (cathy.anderson@utah.edu) as soon as possible. We have invited Professor Henry White to serve as the chair, and he has graciously agreed to do so. We request a final report from your team by April 1, 2014, and suggest that we schedule an interim progress report discussion in early December 2013. Of course, we are available to talk with your team any time throughout the process of your discussions, at your request. We will join the initial meeting of your working team to help launch this effort and respond to any questions that you may have.

Thank you in advance for your time and insights, and your contributions as a leader in the advancement of the institution.

RW:nh