

## Budget Model Task Force

### Summary charge

The Budget Model Task Force has been charged by the University Provost to develop recommendations for a new approach to budget planning. The group will recommend options that support effective planning and achievement of institutional and unit-level priorities and mission objectives. The recommendations will include coherent budget models and cost accounting practices, and will be guided by best practices without being constrained by current funding and cost distribution models. A final report of the group is due in December.

### Detailed charge

#### Overall Objective:

The Cornell University operating budget is based on multiple and complex financial models and structures that make the overall budget and underlying practices difficult to understand, to manage, and to support effective planning. The current complexity has contributed to the failure to maintain a balanced and sustainable operating budget.

The overall objective of this review is to redefine budget structures and processes that effectively support short and long-term planning, that promote good decision-making in support of institutional priorities, and that ensure a sustainable operating budget is continuously maintained.

#### Scope of work:

- Major organizational units – academic and non-academic
- All funding sources and costs
- Operating budget inclusive of capital plan items with impact on operating budget

#### Intended Outcomes:

- Develop recommendations for resource distribution practices that enable effective planning and achievement of institutional and unit-level priorities and mission objectives. The recommendations will include coherent budget models and cost accounting practices and will be guided by best practices without being constrained by current funding and cost distribution models. Specifically, recommendations will:
  - Align with institutional priorities
  - Support collaborative and coordinated academic activities and planning
  - Produce incentives for desired behavior and effective planning
  - Be transparent
  - Err on the side of simplicity
  - Be cost effective
  - Treat units/functions with similar objectives and financial cost structures in a like manner

- Meet stewardship requirements with external constituencies – i.e. sponsored research funders, New York State, restricted gift donors
- Develop recommendations for a standard approach to budget planning and forecasting to ensure that cumulative information is consistent and accurate. Identify roles and responsibilities.
  - Annual plan
  - Multi-year
  - Operating impact of capital plan
- Analyze the impact of the recommendations
- Recommend processes and timing for implementation.

Task Force Activities:

- Develop an understanding of strengths and weaknesses of existing resource distribution, funding and cost accounting models.
- Identify the key budget principles and incentives that should guide the overall budget system for the Ithaca campus.
- Review budget and planning systems and models in place at other major research institutions and in industry to determine which could work most effectively at Cornell.
- Identify and document stewardship requirements, particularly for New York State appropriations but including all major fund sources. Develop alternative budget model scenarios that meet NYS stewardship requirements and achieve the intended outcomes. Identify any issues that warrant change through appropriate NYS or SUNY legislative or procedural action.
- Develop a comprehensive and coherent budget model for the Ithaca campus that incorporates each major college and unit.
- Provide recommendations to the Provost.
- Develop a strategy and timeline for implementing approved recommendations.

Timing:

- June – September: data collection and analysis
- End of September: preliminary report to Provost
- December 15, 2009: final report