

June 5, 2014

Dear Colleagues,

Last September, a task force of faculty members and administrators undertook a review of the University's responsibility based budgeting (RBB) process at my request. The task force was charged to examine how the current model works in light of the University's strategic priorities, to assess how it meets or fails to meet our principles and objectives and to recommend how it could serve us better.

Over the last several months, this task force has worked diligently to study the issue, gain external perspective and debate options for revising the model.

Guiding the task force's work was the principle that resources and cost allocations should be driven by core academic priorities, foremost of which was the pursuit of academic excellence and research prominence throughout the University. Consideration also was paid to the idea that revenue streams and cross-college subsidies should be transparent.

This spring, the task force completed an interim report and shared it with the deans, vice presidents, academic chairs and directors and the Faculty Senate.

Among the recommendations are:

- Increasing communication and transparency;
- Ensuring academic excellence through regular program reviews that assess both quality and costs;
- Distributing undergraduate tuition and half of the unrestricted state allocations to colleges based on percentage of student credit hours taught and student headcount;
- Creating a special provost's subvention fund to support excellent programs essential to the core mission and to support strategic initiatives; and
- Funding most central administrative costs via a flat tax, and reviewing cost centers on a regular basis to assure both efficient and high quality service..

You can read all the recommendations, along with the full interim report online.

With these recommendations in hand, the Budget Office now will develop and test different models consistent with the recommendations, using historical data to assure that the model is robust and that unintended consequences are minimized. Since only about half the University's revenue is distributed through RBB, the Budget Office also will review all funds in the colleges and other units, as well as potential cost-cutting measures. That work is expected to be completed by February 1, 2015, at which point the proposed model will be brought back to the RBB Task Force for feedback.

I am most grateful to the task force for its dedication and hard work on this project. My thanks to the chairs Nancy Brickhouse and Donald Sparks, and to all the members: Ann Ardis, Titus Awokuse, Mohsen Badiey, Kenneth Barner, Gretchen Bauer, Prasad Dhurjati, Lynn Okagaki, Lynnette Overby, Anna Papafragou, Charles Riordan, Lynn Snyder-Mackler, Gerry Turkel and Bruce Weber, as well as to Peggy Bottorff, Kathy Dettloff and John Sawyer for serving as resources throughout the process.

This is an important project in the life of this University, and along with the Strategic Planning Initiative, will position us well as we dare to be considered among the world's best research universities.

Sincerely



**Domenico Grasso**  
*Provost*