

# **Beacon Budget Model Update April 29, 2025**

## **Update on Work-in-Progress**

- FAQ updates
- CEE to be ARS Center
- Special program (hybrid online) pricing review
  - Hybrid online programs are a lever for ARS centers in the model, pricing review annually considering competitiveness and cost of instruction
  - Adjustments have been made for FY26
- Continuing to work with Deans and Assistant Deans

## **Subvention**

- Subvention – funding to address operating margin targets, strategic investment needs, and ARS deficits/imbalances
- Reviewed different methodologies with Deans
  - Tuition and State Appropriation revenue as a source, using FY24 actuals as an example
  - State appropriation recommended as the most equitable methodology
- Will monitor through parallel year budget process

## Operating Margin

	Reduced from State Appropriation											
	Education & Human Development	Liberal Arts	Management	Nursing & Health Sciences	School for the Environment	Sciences & Mathematics	Centers & Institutes	ARS Center Subtotal	Revenue Operations	CARES & FEMA	Reserve	Total
<b>FY24 Model Margin</b>	<b>3,868,057</b>	<b>7,409,028</b>	<b>6,054,812</b>	<b>8,427,498</b>	<b>(530,286)</b>	<b>(598,759)</b>	<b>(1,137,924)</b>	<b>23,492,426</b>	<b>(2,548,150)</b>	<b>70,116</b>	<b>-</b>	<b>21,014,393</b>
<b>2% Margin Reserve</b>	<b>(1,587,965)</b>	<b>(4,292,434)</b>	<b>(1,779,354)</b>	<b>(1,785,293)</b>	<b>(436,127)</b>	<b>(3,481,297)</b>	<b>(90,889)</b>	<b>(13,453,360)</b>	<b>2,548,150</b>	<b>-</b>	<b>10,905,210</b>	<b>-</b>
<b>Margin from reduced Tuition</b>	<b>2,280,091</b>	<b>3,116,594</b>	<b>4,275,458</b>	<b>6,642,205</b>	<b>(966,413)</b>	<b>(4,080,056)</b>	<b>(1,228,813)</b>	<b>10,039,066</b>	<b>-</b>	<b>70,116</b>	<b>10,905,210</b>	<b>21,014,393</b>

### FY24 example of 2% operating margin

- Reduced from State Appropriation allocation
- \$10.9M required to meet 2% retrospectively in FY24
  - Must cover revenue operations deficit, total amount required from ARS centers was \$13.5M to ensure 2% operating margin

## ARS Deficits/Imbalances

Reduced from State Appropriation												
	Education & Human Development	Liberal Arts	Management	Nursing & Health Sciences	School for the Environment	Sciences & Mathematics	Centers & Institutes	ARS Center Subtotal	Revenue Operations	CARES & FEMA	Reserve	Total
Margin after 2% Reserve	2,280,091	3,116,594	4,275,458	6,642,205	(966,413)	(4,080,056)	(1,228,813)	10,039,066	-	70,116	10,905,210	21,014,393
ARS Deficit Reserve .25% Margin	(160,899)	(434,928)	(180,292)	(180,893)	(44,190)	(352,740)	(9,209)	(1,363,151)	-	-	1,363,151	-
Margin from reduced Tuition	2,119,192	2,681,666	4,095,167	6,461,312	(1,010,604)	(4,432,796)	(1,238,023)	8,675,915	-	70,116	12,268,362	20,014,393

### FY24 hypothetical example using 0.25% of margin as ARS deficit

- Reduced from State Appropriation allocation
- \$1.4M available to redistribute for investment in areas of deficit
  - Investment decisions not hypothetically shown in graphic, but would be considered for ARS centers in deficit
  - Initiatives invested in would be designed to help generate long-term resources to help stabilize deficits.

## Long Term Margin Planning

- ARS Center Examples
  - College of Education and Human Development (CEHD) positive position
    - Driven by enrollment in graduate programs
    - Growing undergraduate enrollment
    - Research is a significant driver
    - Positive margin could provide opportunities for future strategic investment:
      - Support student success
      - Support Faculty & Staff
      - Promote University core mission and strategic priorities
  - School for the Environment (SFE) deficit position
    - Driven by enrollment challenges and research space
    - Deficit margin areas would be encouraged to invest subvention funds to
      - Increase Undergraduate and Graduate enrollment
      - Increase research opportunities by pursuing external funding opportunities
      - Increasing student success and retention
      - Increasing CEE micro-credentials

## Next Steps

- Application of retention targets
  - 40% of state appropriation allocation, methodology for building in targets to be finalized
- Implementation of new Enterprise Performance Management (EPM) software for budget process, long-term financial planning, in-year forecasting, and analysis
  - Develop ARS center margin report
- Transition plan from current incremental model to BBM
- Develop guidelines for strategic investment decision making