



Budget Model Assessment

Budget Model Review Report
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January 2022 – June 2022



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Engagement Overview

Context for Engagement

University leadership partnered with Huron Consulting Group to assess Queen’s budget model and propose next steps to best align the model to the University strategic framework and engagement go-forward principles.

Strategic Framework



Increase Intensity & Volume of Research



Student Focus



Interdependence of Research & Teaching



Global Presence



Community Involvement



Live our Values

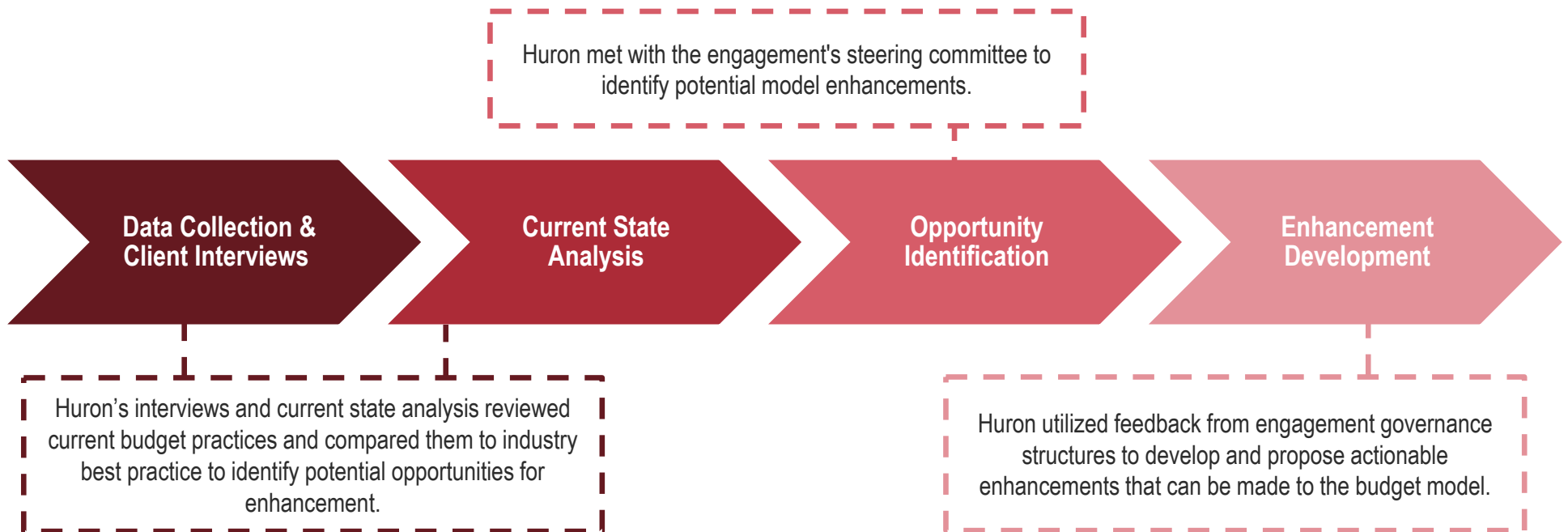
Engagement Go-Forward Principles

1. **Incentivize and support growth** in research and graduate student programming;
2. **Increase funding** to support pan-university **strategic initiatives**;
3. **Encourage collaboration** across Faculties/Schools/Shared-service units;
4. **Reduce duplication** of shared services;
5. **Assess the distribution gap** between Faculties/Schools;
6. **Decrease the complexity** of the allocation model.

Budget models *can* be one of the most useful tools leveraged to enact mission-centric and strategic objectives. Budget models *can't* solve all challenges or address strategic initiatives requiring adjustments in process or culture.

Engagement Summary

Huron utilized the following approach to evaluate Queen's current budgeting practices, identify potential enhancements, and propose plans for the enhancement implementation.*



Current State Findings: Areas of Strength

While conducting stakeholder engagement interviews and an independent current state analysis, Huron identified many positive elements within the budget model and process, which are laid out below.



Autonomy: Faculties feel **empowered to innovate**. The direct and accurate allocation of tuition dollars paired with a clear carryforward policy has allowed Faculties financial autonomy.



Transparency: Nearly **all stakeholders interviewed** indicated the budget model provides a high level of transparency into **revenue and cost allocation** across the Faculties and Central Support Units.



Policies & Procedures: Documents relating to University carryforward policy, trade rates, University budgeting timeline, and budget governance structure are **accessible and helpful** in **educating stakeholders**.



Appetite for Change: University leadership has exhibited a **strong and unified front** around model concerns and shown a willingness to further align the budget model to the University strategic plan and properly incentivize interfaculty collaboration.



Fiscal Strength: The implementation of the budget model has incentivized **improvement in financial performance**, resulting in an ~30% growth rate in excess of revenues over expenses across the past 5 fiscal years

Current State Findings: Areas of Opportunity

The following insights were gathered from stakeholder interviews and current state analysis. Additionally, they were used to inform the selection and potential implementation of model enhancements.



Alignment to Strategy: Separation of strategic priorities from the budget model has led to a focus on **incentivizing undergraduate enrollment** while disproportionately **penalizing other revenue** sources (e.g., research funding, donor funding).



Complexity: Increased complexity around revenue & expense allocation **in the name of accuracy** has **inhibited unit's ability to prepare for the future** and created an **arduous refresh process**.



Budget Tool: The **lack of an enterprise budgeting software** contributes to the complexity of the model, a lengthy budget process and the budget team's ability to quickly and effectively produce reports for units.



Communication: University stakeholders feel they have **little insight into the budgeting process** around what funding is available, what initiatives they should prioritize, and what decisions have already been made.



Duplication of Services: A **high degree of autonomy** at the Faculty level paired with **inadequate funding for central resources** may lead units to invest in **uncoordinated and duplicative initiatives**.

Enhancement Identification Methodology

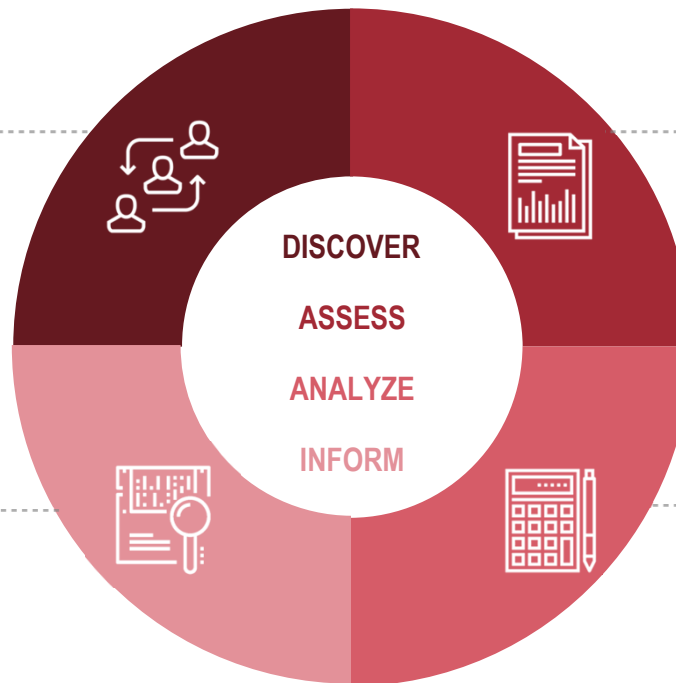
Over the course of this engagement, Huron conducted four major activities which informed the enhancements displayed on the following slides.

Stakeholder Engagement

Huron engaged with 70+ Queen's stakeholders including one-on-one conversations with leadership and focus groups with Department Heads, Faculty Members, and Deans.

Allocation Model Analysis

Huron spent 40+ hours dissecting the Queen's allocation model, including 10+ hours of follow-up conversations and on-going support from the Queen's budget office.



Policy & Procedure Assessment

With help from the Queen's budget office, Huron sourced over 100 documents relating to the Queen's budget process.

Alignment to Industry Best Practice

Huron compiled relevant current state findings to understand where Queen's can improve to meet industry best practices.

Enhancements provided are designed to align go-forward principles with Queen's Strategic Initiatives and industry best practices.

Model Enhancements



Below is a list of all budget model enhancements that Huron recommends Queen's implement in the near-term.

R#	Title	Description
R1	"Total Revenue" Driver	Remove use of "Total Revenue" as a bin allocation variable and consider replacing with expense-based allocation variable.
R2	Degrees Awarded Driver	To more accurately align with activity, Queen's should replace the Degrees Awarded driver in all Advancement Bins with a driver based in alumni engagement (e.g., number of annual alumni events by Faculty).
R3	Library Expense Allocation	Queen's should simplify expense allocation for the Library bin by combining the UG/Grad/Faculty headcounts into a single driver and allocating expenses accordingly.
R4	IDC Recovery Dollars	Don't tax indirect cost (IDC) recovery revenue in both central funds and expense allocation drivers.
R5	Financial Aid Expense	Adjust how University financial aid costs are allocated to the Faculties to better align with how tuition is allocated.
R6	Allocation for Graduate Programs	Provide an incentive or funding based on graduate student enrollment, retention, or graduation rates via provincial grants or other funding.
R7	Allocation for Cross-Teaching	Create a unique pan-university incentive allocation using provincial grants to further incentivize cross-teaching efforts.
R8	Centrally Funded Opportunities	Leverage the University Fund to provide internal opportunities to sponsor strategic initiatives (Research, Interfaculty Collaboration, Graduate Programming, etc.).
R9	Enterprise Budget Tool	Transition the budget model from an Excel based tool to an enterprise budget and planning software to shift focus from transaction entry to planning and analysis.

Model Enhancements

All enhancements were designed with the go-forward principles in mind and resulted in the below table, depicting the relationship between each enhancement and the engagement go-forward principles.

Incentivize research & graduate programming	Increase funding to strategic initiatives	Encourage interfaculty collaboration	Reduce duplication of shared services	Assess distribution gap between faculties/schools	Decrease complexity of the allocation model
R1: Total Revenue Driver R4: Indirect Cost Recovery Dollars R6: Allocation for Graduate Programs	R7: Allocation for Cross-Teaching Activity R8: Centrally Funded Opportunities	R5: Financial Aid Expense	<i>No model enhancements identified for this go forward principle.</i> <i>Addressing this go forward principle can be done via process enhancements.</i>	<i>Recommendations R1, R2, R3 and R6 could address the distribution gap between faculties if implemented.</i>	R2: Degrees Awarded Driver R3: Library Expense Allocation R9: Implement Enterprise Budget Tool

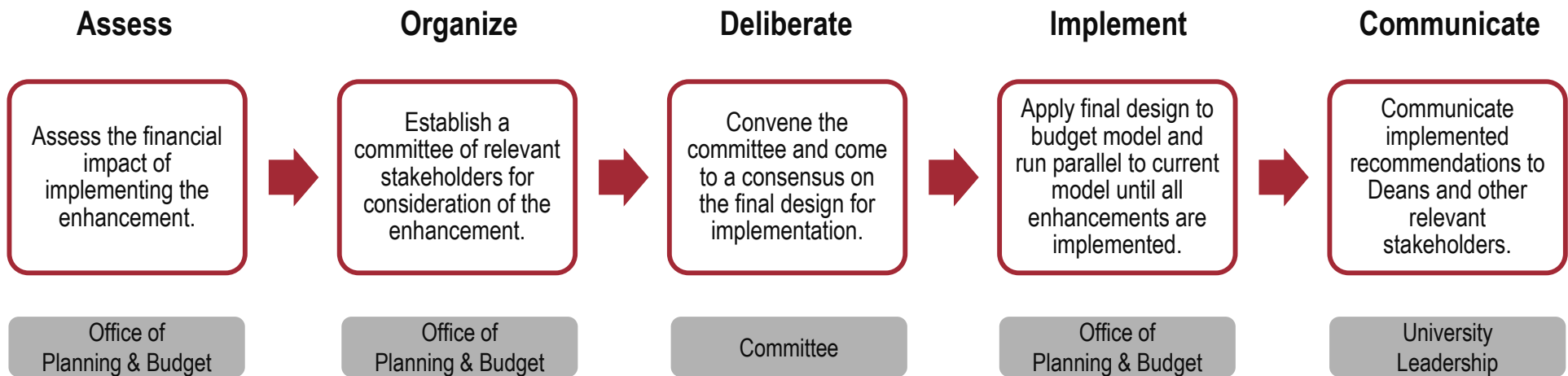
Implementation Considerations

As Queen's reviews the following enhancements, please keep in mind the following points of consideration:

Model Enhancement Considerations
1. Any changes to model mechanics/methodology will lead to differential impacts across Faculties and as a result, the model will warrant calibration across the overall subvention funding mechanism.
2. The allocation model can not produce excess resources, it can only manage the resources at hand.
3. University leadership will need to establish policies, procedures, and expectations to properly incentivize non-model related goals (e.g., reduce duplication of services, assess the distribution gap).
4. The more enhancements implemented concurrently will require additional focus on cross-enhancement coordination and extend the overall timeline.
5. Huron recommends clustering related enhancements to best utilize Queen's resources.

Enhancement Implementation Framework

Queen's should utilize the following framework as university leadership seeks to put the recommended model enhancements into action.



Depending on the enhancement, the level of engagement and needed participants will vary. To ensure an effective implementation, Queen's should consider how much time should be spent on each phase.

Conclusion

Queen's approached Huron Consulting Group to provide guidance on aligning the budget model to the engagement go-forward principles with support from a broadly represented Queen's Steering Committee.

Next Steps:

With Steering Committee and Executive Leadership approval of the recommended model enhancements, the leadership team will determine how to properly implement the identified enhancement opportunities. The following key points should be considered:

- It is common for Universities to reduce the number of allocation drivers 3-5 years after implementing an activity-based budget to minimize complexity and allow for efficient financial planning.*
- Budget models can be a most useful tool; however, budget models can't solve all challenges. Governance processes work together with model incentives to ensure alignment with strategic priorities, such as supporting and increasing the intensity of research activities.
- Adjustments to the University Fund tax rate and/or shifting ongoing commitments to base funding will provide additional strategic priority funding to invest in the strategic mission of the University.
- A budget planning tool will be instrumental in improving the efficiency of the budget planning and budget process.

Thank you to all Queen's stakeholders who aided in the process via focus groups, one-on-one interviews, and all of those who were a part of the engagement's Steering Committee.

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A

Stakeholder Engagement

Stakeholder Engagement – Steering Committee



Over the course of the engagement, Huron was aided in the process by a broadly represented Queen's Steering Committee. The membership of the committee can be seen below.

Participant	Title
Mark Green	Provost & VP (Academic)
Donna Janiec	VP (Finance & Administration)
Nancy Ross	VP (Research)
Heather Cole	Chief of Staff and Legal Advisor, Office of the Principal
Fahim Quadir	Vice-Provost & Dean of School of Graduate Studies
Ann Tierney	Vice-Provost & Dean of Student Affairs
Barbara Crow	Dean Faculty of Arts & Science
Kevin Deluzio	Dean Faculty of Engineering & Applied Science
Jane Philpott	Dean Faculty of Health Sciences
Heather Woermke	Associate VP (Finance & Administration)
Lori Stewart	Executive Director, Provost Office
Teri Shearer	Deputy Provost (Operations & Inclusion)
Tim Almeida	Executive Director, Budget & Resource Planning

Stakeholder Engagement – Interviews



Over the course of the engagement, Huron conducted interviews and focus groups with ~70 Queen's stakeholders from across 24 functional units and faculties.

Unit	# Participants	Unit	# Participants
Advancement	2	Institutional Research & Planning	1
BISC	2	International Programs Office	1
Facilities	1	Libraries	1
Faculty of Arts and Sciences	6	Office of Indigenous Initiatives	2
Faculty of Education	3	Office of Research	2
Faculty of Engineering and Applied Sciences	6	Office of the President	4
Faculty of Health Sciences	9	Office of the Provost	2
Faculty of Law	3	Smith School of Business	2
Finance and Administration	10	Student Affairs	2
Graduate Studies	2	Teaching and Learning	1
Human Rights, Equity and Inclusion	2	University Registrar	1
Information Technology	2	University Relations	2
Total Participants:			69

Stakeholder Engagement – Interview List



Name	Title
Aaron St. Pierre	Associate Director, Office of Indigenous Initiatives
Ann Tierney	Vice-Provost and Dean of Student Affairs
Barbara Crow	Dean, Faculty of Arts and Sciences
Brenda Paul	Associate Vice-Principal of Integrated Relations
Brian Amsden	Department Head, Chemical Engineering
Brian Frank	Associate Dean, Faculty of Eng. and Applied Sciences
Carlos Saavedra	Department Head, Electrical and Computer Engineering
Casey Coleman	Business Process and Special Projects Manager, Faculty of Education
Chad McLeod	Director, Finance and Staffing
Chris Ingram	Facility Director, Information Technology
Cormac Evans	Executive Director, Finance and Ops, Faculty of Arts and Sciences
Dale Best	Director of Financial Services, Faculty of Health Sciences
Deanna Morash	Assistant Dean of Administration and Finance, Faculty of Law
Deb Roy	Sr. Financial and Enrollment Officer, Budget
Denis Bourguignon	Chief Financial & Administration Officer, Faculty of Health Sciences
Donna Janiec	Vice-Principal Finance and Administration
Erna Snelgrove-Clarke	Vice-Dean, School of Nursing
Fahim Quadir	Vice-Provost and Dean of Graduate Studies
Graeme Smith	Department Head, Obstetrics & Gynecology
Heather Cole	Chief of Staff and Legal Advisor
Heather Woermke	Associate Vice-Principal of Finance and Administration
Hugh Horton	BISC Vice-Provost and Executive Director
Jan Hill	Associate Vice-Principal, Office of Indigenous Initiatives

Name	Title
Jane Philpott	Dean, Faculty of Health Sciences
Jim Banting	Assistant Vice-Principal, VPR
Jodi Magee	Executive Director of Institutional Research & Planning
John Witjes	Vice-Principal of Facilities
Julie Anne Matias	Executive Director of Finance & Administration, Faculty of Education
Karen Bertrand	Vice-Principal Advancement
Kate Harkness	Department Head, Psychology
Keith Pilkey	Department Head, Mechanical and Materials Engineering
Kellie Hart	Director of Finance, Faculty of Arts and Sciences
Kevin Deluzio	Dean, Faculty of Engineering and Applied Sciences
Klodiana Kolomitro	Vice-Provost, Teaching and Learning
Leigh Kalin	Vice-Principal Alumni Relations & Annual Giving
Lindsay Benjamin	Manager, Budget
Lisa Newton	University Counsel
Lisa Sansom	Executive Director, School of Graduate Studies
Lois Oyuko	Assistant Director, Budget
Lon Knox	University Secretariat and Corporate Counsel
Lynn Postovit	Department Head, Biomedical and Molecular Sciences
Marcia Finlayson	Vice-Dean, School of Rehabilitation
Marie-Claude Arguin	Chief Information Officer & Associate Vice-Principal, IT
Mark Asberg	Vice-Provost and University Librarian
Mark Green	Provost and Vice-Principal Academic
Mark Walters	Dean, Faculty of Law

Stakeholder Engagement – Interview List Cont.



Name	Title
Michael Fraser	Vice-Principal University Relations
Michelle Carry	Manager, Financial Analysis and Reporting
Nadia Jagar	Associate Director of Finance and Operations, Provost's Office
Nancy Ross	Vice-Principal Research
Nicole Hunniford	Executive Director, Finance and Administration, VPR
Patrick Deane	Principal and Vice-Chancellor
Patrick Fodjeu	Director of Finance, Faculty of Law
Patrick Legresley	Executive Director of Finance, Smith School of Business
Peter Viveiros	Director, Financial Analysis and Reporting
Rebecca Luce-Kapler	Dean, Faculty of Education
Rebecca Manley	Department Head, History
Renata Verano	Budget Coordinator, Budget
Rene Grise	Controller
Robert Knoebel	Department Head, Physics
Sandra den Otter	Vice-Provost International
Sarah Kauffman	Director of Finance and Admin., Faculty of Eng. and Applied Sciences
Stephanie Simpson	Associate Vice-Principal, Human Rights, Equity and Inclusion
Stephen Archer	Department Head, Medicine
Susan Phillips	Director, CSPC, Women's Health Program
Teresa Alm	Associate University Registrar (Student Awards)
Tim Almeida	Executive Director, Budget & Resource Planning
Val Lee	Director of Finance and Assets, BISC
Wanda Costen	Dean, Smith School of Business

Stakeholder Engagement – Queen’s Community



In order to engage the broad Queen’s community, leadership solicited feedback from all Queen’s stakeholders. Below are the major points of feedback distilled down from the ~15 response received. This reflects perspectives from a limited pool of respondents.

- **Sustainability Initiatives**
 - Concerns raised regarding taking steps to enact the Queen’s Climate Action Plan
- **Central Services**
 - The budget model incentivizes decentralized decision making, leading to duplication of central services
- **Deferred Maintenance**
 - There is no clear indication of how deferred maintenance and long-term capital planning is integrated into the budget model
- **Interfaculty and Interdepartmental Collaboration**
 - There are no drivers directly incentivizing this behavior
 - Departments and Faculties may be attempting to retain “their” students and pull back certain course offerings
- **Lack of transparency at the department level**
 - Concerns raised that important budgeting decisions are made in a vacuum without consideration for the impact of those decisions
- **Research & Graduate Enrollment**
 - The budget model is too heavily skewed towards incentivizing undergraduate enrollment and does not directly incentivize research or graduate enrollment/courses

Stakeholder Engagement – Business Officers



To provide clarity and ensure a holistic view of the Faculties position on the budget model, Huron engaged the Faculty business officers on March 2, 2022. Below are the major points of feedback from the group.

- **Budget Process:**
 - The 12-month budgeting process is arduous for the Faculties and Central Service Units, whose primary focus is not on budgeting throughout the year.
 - Work-life balance can be a challenge given the deadlines for the budgeting process (winter & spring break).
 - Recognition of certain key deadlines throughout the year that may not be able to be moved.
- **Interfaculty Collaboration & Cross-Teaching Adjustment:**
 - Adjustments have been made to the cross-teaching formula, but Faculties have experienced difficulties when attempting to collaborate across the University due to complications on who receives what revenue.
- **Research Overhead**
 - Each Faculty has different policies/processes regarding their research overhead dollars.
 - Varying perspectives on the model's incentivization of research (both positive and negative).

B

Current State Understanding




Current State Understanding

The following themes were assessed through various forms of stakeholder engagement in relation to the Queen's University budget model and budget processes.

- Alignment to Strategy
- Effective Model Mechanics
- All Funds Integration
- Reliable Reporting
- Model Management

Assessment Themes: Alignment to Strategy

The budget model has given Faculties a level of autonomy that has led to high levels of innovation, while permitting the duplication of Central Services, and disincentivizing pan-university strategic goals.

Stakeholder Engagement Themes	
	Separation of strategic priorities from revenue and expense allocation drivers has led to a focus on incentivizing undergraduate enrollment while disproportionately penalizing other revenue sources (e.g., research funding, donor funding).
	Interfaculty collaboration is inhibited by the budget model due to difficulties splitting tuition revenues across faculties and an overall complexity in sharing resources (e.g., teaching faculty, space).
	A high degree of autonomy at the faculty level paired with inadequate central resources may lead units to invest in uncoordinated and duplicative initiatives .

Model Alignment to Queen's Strategic Goals*	
●	Increase the intensity and volume of research
●	Better prepare students to have impact in their careers
●	Enhance the interdependence of research & teaching
●	Strengthen Queen's presence globally
N/A	Embed Queen's in the broader community
●	Ensure that in the workplace we live our values




Huron Observations

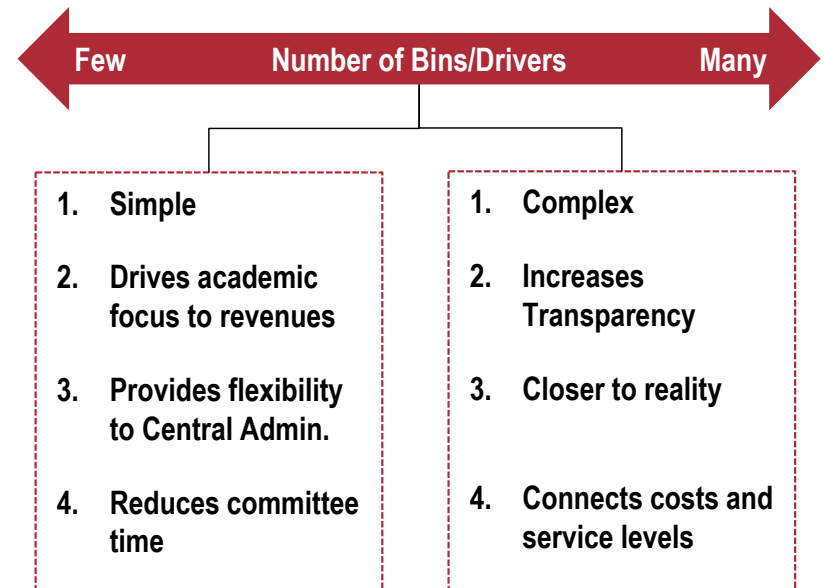
Lack of pan-university buy-in around strategic goals	"Us vs. Them" faculty culture
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In order to effectively align an institutions budget model to its strategy, an institution must take an iterative and flexible approach to its budget by aligning model mechanics to incentivize behavior to execute on the strategic plan.

Assessment Themes: Effective Model Mechanics

With over 30 unique allocation drivers, Queen's has built a level of accuracy in its model that has indirectly made a negative impact on the University's mission and has pulled the Faculties attention away from its academic focus.




Stakeholder Engagement Themes	
	Complexity of revenue & expense allocation in the name of accuracy has inhibited unit's ability to prepare for the future and created an arduous refresh process.
	Model incentives are structured to encourage units to maximize local unit benefits as opposed to a single strategy, which results in an uncoordinated approach to academic strategy .
	The inclusion of research funding (making up ~35% of university revenue) in total revenue cost allocation drivers disincentivizes research production and creates a losing environment for research heavy Faculties.

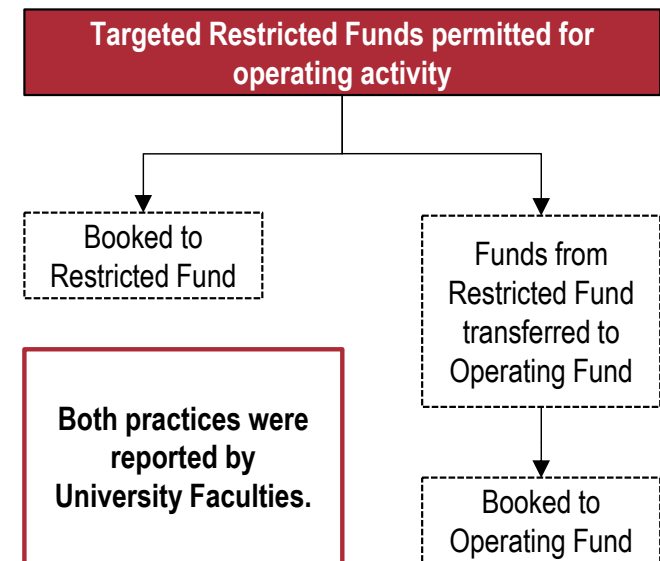


While many bins/drivers creates high transparency, in Huron's experience, it is common for universities to reduce the number of bins as they mature in their incentive-based models.

Assessment Themes: All Funds Integration

In addition to current operating funds, the inclusion of additional funds in the budgeting process could provide more insight into true operating activity.




Stakeholder Engagement Themes	
	All funds are not considered or integrated into a comprehensive evaluation or decision-making process for strategic initiatives .
	Restricted funds that are utilized for non-operating activity are included in the cost allocation for shared services , leading to an impact on operating costs despite the nature of the funds received.
	Inconsistent practices across Faculties regarding non-operating funds creates an incomplete picture for the University budget process and inhibits proper decision making.

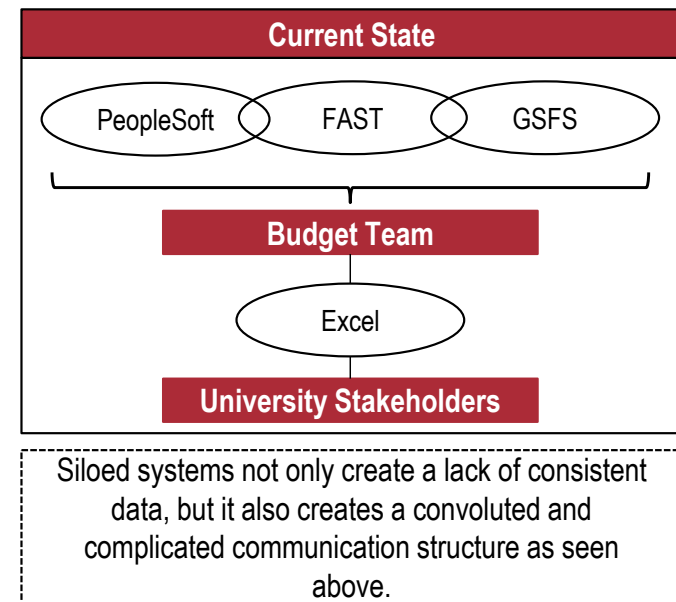


Integrating an all-funds view into budget models and resource decision-making processes can help the University understand the comprehensive resource portfolio at their disposal.

Assessment Themes: Reliable Reporting

Minimal communication and connection between different reporting systems and units at the University reduces confidence in data accuracy, inhibits understanding of overhead allocations, and dilutes incentives.




Stakeholder Engagement Themes	
	<p>The lack of an enterprise budgeting software contributes to the complexity of the model, a lengthy budget process and the budget team's ability to quickly and effectively produce reports for units.</p>
	<p>By utilizing Excel as the central software for all relevant budget data, units do not have a clear path to the data that is utilized by the budget model, leading to confusion and unclear data.</p>
	<p>Both in-year and long term (5+ years) scenario planning/financial forecasting at the faculty level is not occurring due to the limited capabilities of an excel-based model paired with a high level of complexity.</p>



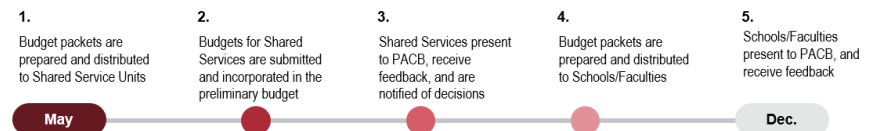
An enterprise budgeting system can provide advantages by establishing a source of truth for financials and encouraging both Central Services and Faculties to improve financial analysis and planning.

Assessment Themes: Model Management

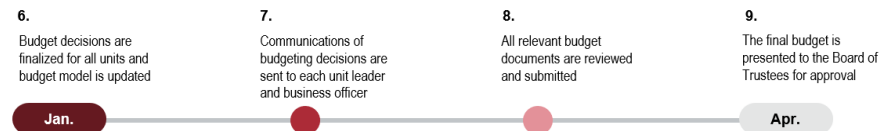
Lengthy budgeting practices paired with an unclear decision-making process has left University stakeholders feeling stuck in an unending budgeting process while being removed from crucial decisions.

Stakeholder Engagement Themes	
	<p>University stakeholders feel they have little insight into the budgeting process around 1. What funding is available (particularly central units), 2. What initiatives they should prioritize, and 3. What decisions have already been made.</p>
	<p>The length and complexity of the budgeting process may cause undue stress on both Central Services and other participating units.</p>
	<p>Annual budget presentations focus more on what the Faculty has accomplished rather than having strategic funding conversations. Additionally, no decisions are made at these meetings, causing Faculties to feel in the dark as to how funding decisions are made.</p>

Preliminary Budget Preparation



Final Budget Preparation



Stakeholder Comments:

1. Model transparency stops at Faculty leadership
2. Budgeting decisions are seemingly made in a vacuum
3. Central Services budget with little to no information


Revisiting budget process documentation to centralize current processes to its intended purpose may increase visibility into decision making and aid in addressing the documented stakeholder concerns mentioned above.

C

Model Enhancements

1: “Total Revenue” Driver

Enhancement : Remove use of “Total Revenue” as a bin allocation variable and consider replacing with expense-based allocation variable.

	Approach	Benefits	Considerations
	<p><i>(Current State)</i> Four “Total Revenue” drivers impacting six bins with various combinations of revenue (e.g., Research, Agency, BISC).</p>	Drivers based on revenue provides an easy to use and easily identifiable driver for overhead expenses that do not have a clear metric to depict activity.	Allocating expenses based on total revenue can disincentivize revenue generation, as units perceive larger impact as their revenue grows.
	<p>Replace “Total Revenue” drivers with multiple expense-based drivers.</p>	Drivers based in expense can incentivize responsible spending habits and utilizing multiple different drivers can create a more accurate outcome for Faculties.	Utilizing expense-based drivers does not create significant swings by Faculty from the current state, rather it creates an allocation based on actual usage, rather than peaks and valleys in revenue generation.
	<p><i>(Solution for Consideration)</i> Eliminate all “Total Revenue” drivers and establish a single expense-based driver.</p>	To maintain ease of use, a single expense-based driver would be clearly understandable for the Faculties and wouldn’t create excess work for the budget team.	This simplistic allocation decreases the accuracy on the allocations from the current state.

It is uncommon for universities to allocate expenses based on revenues generated. Huron has found most Universities allocate bin expenses by headcount, FTE, meters-squared, or an expense-based driver.

2: Degrees Awarded Driver


Enhancement : To more accurately align with activity, Queen’s should replace the Degrees Awarded driver in all Advancement Bins with a driver based in alumni engagement (e.g., number of annual alumni events by Faculty).

Approach	Benefits	Considerations
Advancement takes a percentage of all incoming gifts to support operations (Faculties receive remaining balance)	Immediately support the advancement operations costs, removes the allocation bin(s).	Leads to perceptions of prioritizing administration over mission.
Utilize activity-based driver(s) for the Alumni Relations Expense Bins. <i>(Solution for Consideration)</i>	By aligning the driver to a more accurate representation of activity (e.g., annual alumni events, alumni giving), Faculties can feel they are paying for the services they are receiving.	Faculties with a low level of degrees awarded but high alumni engagement will see their expenses increase. To ensure understanding of these changes and create buy-in, Queen's should utilize a change management strategy.
Utilize Degrees Awarded driver for the Alumni Relations Expense Bins. <i>(Current State)</i>	Degrees awarded is an easily accessible metric that allows for simple inclusion in the model and is a moderately close proxy for alumni engagement.	While degrees awarded is an acceptable proxy for alumni engagement, situations arise where faculties with high enrollment have low alumni engagement and therefore require less services from Advancement.

This change will not increase or decrease the alumni/advancement budget, rather, it will create a more realistic allocation driver.

3: Library Expense Allocation

Enhancement : Queen’s should simplify expense allocation for the Library bin by combining the UG/Grad/Faculty headcounts into a single driver and allocating expenses accordingly.

	Approach	Benefits	Considerations
	Utilize two drivers based on undergraduate FTE, graduate FTE and Faculty FTE, with each having one third weighting <i>(Current State)</i>	Provides insight into the costs of each additional FTE and is a good way to weight costs based on the usage or demand of library services.	By heavily weighting graduate students and faculty members in comparison to undergraduate students, Faculties with large graduate enrollment or faculty are disproportionately penalized and disincentivized to grow.
	Utilize a weighted Headcount or FTE driver for faculty headcount only.	Treats undergraduate and graduate students the same, solving for issues of high library costs for graduate only programs.	Charges a higher rate for faculty members and may disincentivize Faculties from growing their faculty populations for both teaching and research.
	Create 1 driver for the Library bin, such as total student and faculty Headcount or FTE. <i>(Solution for Consideration)</i>	Removes disincentives around faculty and graduate students and assigns costs based on an equal basis (Graduate students are assigned the same cost as a faculty member or undergraduate student).	Undergraduate students are the largest population, therefore Faculties with higher undergraduate headcounts will pay the largest proportion of library expenses.

Approximately 50% of institutions allocate libraries using a student FTE/HC metric. The remaining 50% use student and faculty FTE/HC. This is often dependent on the research intensiveness of the institution.

4: Indirect Cost Recovery Dollars

Enhancement: Don't tax indirect cost (IDC) recovery revenue in both central funds and expense allocation drivers.


Approach	Benefits	Considerations
<p><i>(Current State)</i> Redistribute 5.5% of IDC recovery revenue via the UF & Research Fund and allocate the remainder directly to the Faculties.</p>	All IDC recovery revenues end up at the Faculty level and are allocated based on research activity.	The complex nature of this calculation may create confusion around how IDC recovery revenues are allocated to the Faculties.
<p>Tax a portion of IDC recovery revenue to support / address central research administrative costs and allocate all other revenues directly to the Faculties.</p>	By taxing a portion of these revenues, and maintaining the funding centrally, Queen's can offset some of the central administrative costs.	Because research levels may vary year over year, consider how to balance predictability to support planning.
<p><i>(Solution for Consideration)</i> Allocate 100% of IDC recovery revenue to the Faculties without budget model interference.</p>	Faculties are given full discretion to distribute these funds where they see fit and can utilize the full amount to address the cost of research. Additionally, this creates an incentive to promote increasing effective recovery rate.	By not taxing IDC dollars to cover central costs of research, other University dollars (e.g. tuition, other revenue) will need to be used to cover the associated research costs.

Complex
Less Complex

Approximately 80% of institutions that have an incentive-based budget allocate 100% of IDC recover revenues directly to units. Others hold a small percentage of IDC back to fund special research initiatives.

5: Financial Aid Expense


Enhancement: Adjust how University financial aid costs are allocated to the Faculties to better align with how tuition is allocated.

	Approach	Benefits	Considerations
	<p><i>(Current State)</i> Directly assign financial aid to Faculties based on a 3-year rolling average.</p>	Establishes most direct allocation by tying aid back to individual students and their registered Faculty.	Undergraduate aid decisions are often not made at the Faculty-level potentially leading to the perception of overloading expenses with no input on the decision-making process.
	<p>Use an activity level metric as a proxy to allocate financial aid to Faculties.</p>	Allocate aid on a per student basis (e.g., HC, FTE) without having to tie out each dollar directly to student or Faculty.	Doesn't consider the differential aid cost per student and therefore less accurate than a direct assignment approach.
	<p><i>(Solution for Consideration)</i> Mirror the approach taken for undergraduate Tuition Allocation for Financial Aid.</p>	Maintains consistency in concepts and emphasizes that all Faculties must contribute proportionally based on total tuition dollars collected to support recruitment of desired student population.	This approach will not provide an expense amount equal to the benefit received directly by students within a specific Faculty.

Approximately 90% of institutions who have worked with Huron utilize the mirroring financial aid allocation to tuition allocation. The other ~10% allocate financial aid expenses based on an activity level metric approach.

6: Allocation for Graduate Programs


Enhancement : Provide an incentive or funding based on graduate student enrollment, retention, or graduation rates via provincial grants or other funding.

	Approach	Benefits	Considerations
	Change funding formula to directly reward graduate enrollment, retention, or graduation rates via provincial grant funding.	Creates incentive to increase graduate enrollment, retention, graduation rates, or all the above.	Depending on where additional funding comes from, Queen's may indirectly disincentivize behavior by pulling funding from a different initiative.
	<i>(Solution for Consideration)</i> Allocate a portion of the University Fund (strategic dollars) to support graduate programming.	Utilizes existing university funds (~\$48M) to incentivize graduate programming without disrupting the allocation model.	Unless the University Fund tax rate is increased to generate additional funds for this incentive, the University Fund will be limited in how many initiatives it can invest in annually.
	<i>(Current State)</i> Allocate 100% of graduate revenues to where they are generated.	Creates a clear distribution of revenue based on actual enrollment of graduate students.	Faculties face challenges when developing/growing graduate programs, as these programs may be more difficult or costly than undergraduate programs.

The Solution for Consideration is the most easily implementable for Queen's. However, leadership should consider embedding a formula-based/oriented incentive to drive graduate enrollment, retention, and graduation.

7: Allocation for Cross-Teaching Activity

Enhancement : Create a unique pan-university incentive allocation using provincial grants to further incentivize cross-teaching efforts.

	Approach	Benefits	Considerations
	Determine a weighted metric for cross-taught courses and allocate provincial grants accordingly.	Provides funding for both registered and teaching Faculty and allows for “stackable” dollars to be allocated to those with double majors/minors. For example, cross-taught courses would have 2X weighted allocation.	Key stakeholders often find it difficult to agree on the appropriate weighted allocation.
	<i>(Solution for Consideration)</i> Tax the provincial grants and retain the funding in a central fund for cross-teaching investments.	Leadership (e.g., the Provost or Principal) could distribute the central pool of funding to Faculties either ad hoc or who have met cross-teaching goals for the academic year.	May reduce the provincial grants that Faculties receive annually and requires leadership to establish guidance or KPIs related to cross-teaching by Faculty.
	<i>(Current State)</i> Allocate provincial grants in the same manner as tuition (55% registered faculty, 45% teaching faculty).	Treats grants the same as tuition and provides funding directly to teaching and registered Faculty.	Replicating tuition allocation foregoes an opportunity to create a different incentive and overemphasizes credit hours

Queen’s may consider changing the metrics for provincial grants, however, the current state functions well. Cross teaching should be a core requirement by the Provost and Principal for academic excellence and student experience.

8: Centrally Funded Opportunities

Enhancement : Leverage the University Fund to provide internal opportunities to sponsor strategic initiatives (Research, Interfaculty Collaboration, Graduate Programming, etc.).

	Approach	Benefits	Considerations
	<p><i>(Solution for Consideration)</i> Shift a portion of University Fund budget items to the base budget and reallocate freed up funds to strategic initiatives.</p>	<p>Increases funding for strategic initiatives while maintaining the current funding for things like deferred maintenance, faculty subvention, etc.</p>	<p>By increasing the central base budget, Faculties operating margins will decrease. Queen's should consider how to best reinvest these funds into strategic initiatives that benefit the Faculties.</p>
	<p><i>(Solution for Consideration)</i> Increase the University Fund tax rate and allocate additional funds.</p>	<p>Maintains funding for strategic initiatives and other priorities that utilize University Fund dollars.</p>	<p>Raising the tax rate for a third consecutive year may create concerns from stakeholders that the rate will continue to increase.</p>
	<p><i>(Current State)</i> Utilize the University Fund to fund approved strategic priorities.</p>	<p>Does not pull additional funds from the Faculties to generate funding and would likely be well received by stakeholders.</p>	<p>By designating some of the University Funds to new strategic initiatives, Queen's will need to pull a portion of funding from other priorities that are typically funded through the University Fund.</p>

Industry best practices see modern day central fund tax rates around 10-20%, suggesting room for Queen's to increase their tax rate and allocate those funds towards incentivizing strategic initiatives.

9: Implement Enterprise Budget Tool

Enhancement: Transition the budget model from an Excel based tool to an enterprise budget and planning software to shift focus from transaction entry to planning and analysis.

Approach	Benefits	Considerations
<p>Maintain an Excel based budget model. <i>(Current State)</i></p>	<p>Excel provides flexibility and customization for the model and is low cost for the university to maintain.</p>	<p>Requires a high level of Excel knowledge to properly manage and update the model. Additionally, significant personnel hours are utilized to maintain the model.</p>
<p>Implemented an enterprise budget and planning software. <i>(Solution for Consideration)</i></p>	<p>A budget software solution will greatly decrease the budget office's administrative burden, allow for a more condensed budget timeline, provide the ability to quickly run forecast scenarios, and can yield consistent reporting.</p>	<p>Implementing a budget tool requires a comprehensive technical engagement, dedicated time and money, and demands a holistic understanding of University data, budget work-flows, and budget model mechanics.</p>

Majority, if not all institutions implement a cloud-based solution within 2-3 years of moving towards an incentive-based model.

D

Process, Financial Health, & Communication Enhancements

Additional Enhancements – Slide Intro

In addition to the model related enhancements, Huron identified 10 enhancements related to process, financial health, and communication. For each enhancement, the following material is provided:

Queen's Current State	A brief overview of the Queen's current practice.
Stakeholder Observation	Relevant observations from the Queen's community that were captured during the stakeholder engagement phase of the budget model review.
Industry Best Practice	A description of the best practices for the identified enhancement and what it could look like if implemented at Queen's.
Benefits	Describes the benefit(s) to Queen's if the enhancement were to be implemented.
Considerations	Calls out anything Queen's should keep in mind when deciding whether to implement an enhancement.

For detail on how these enhancements were identified please see slides 7 – 9.

10: SLA Evaluation

Recommendation: Evaluate Service Level Agreements (SLA) for Central Support Units to justify costs and facilitate Faculty input on services provided.

Queen's Current State	Queen's has well documented SLAs for Central Support Units and recently completed a review of select SLAs for consistency.
Stakeholder Observation	Many Faculties interviewed expressed a perceived inequity in the services provided compared to the monies charged for the services. This has led to Faculties creating duplication of services.
Industry Best Practice	Select Central Support Units should have SLA's, which should identify KPI's to evaluate efficacy, support service optimization and budget conversations.
Benefits	Refined and easy to understand SLAs, along with open dialogue between Central Support Units and Faculties, are key to healthy and productive relationships within the University. Identifying and eliminating duplication of services will lead to cost savings.
Considerations	Establishing accountability measures to decrease/eliminate duplication of services between Central Support Units and Faculties. Consider how Central Support Units and Faculties can be involved in the assessment.

Queen's should evaluate peer institution's SLAs or engage an external partner to ensure SLAs are aligned to industry best practice and rationale.

11: Support Unit Review Cycle

Recommendation: Central Support Units should undergo a comprehensive review of their budget where they can reprioritize their goals and design their budget to align with institutional needs.*

Queen's Current State	Central Support Units are currently allocated largely the same annual budget as the prior year, in addition to any approved strategic funding.
Stakeholder Observation	Central Support Units feel they don't have transparency into decisions made about the annual budget and find it difficult to fund their own strategic initiatives. This leads to difficulties covering unintended in-year costs further constraining demands on central resources.
Industry Best Practice	No more than four Central Support Units should undergo this process every year, prioritizing CSUs with high need and large shifts in need. One-offs or emergency funding should be granted through a contingency fund process.
Benefits	Doing a thorough review of Central Support Units will allow Queen's to determine if there are duplication of services in the faculties which could be eliminated for cost savings and reinvested in strategic shared services initiatives to continue to advance Queen's vision.
Considerations	Given the current budget process, Central Support Units are limited in their ability to request and receive substantial budget changes. This may inhibit Central Support Units to provide the necessary support to Faculties, especially during periods of enrollment growth.

Queen's should establish a governance committee and regular timeline/process to rebase Central Support Units in order to adapt to any changes in the marketplace or service offerings.

12: All Funds Report & Update Guidance



Recommendation: Combine unrestricted and restricted funding into an actuals comprehensive view and draft clear guidance for how each fund is to be utilized (carry forward, recurring vs. non-recurring, restricted vs. unrestricted).

Queen's Current State	The University's budget model incorporates ~70% of total University-wide funds, accounting for all operating activity but excludes restricted activity such as donor funding and research revenues.
Stakeholder Observation	In order to give Units a better understanding of Queen's entire portfolio, all funds should be incorporated into a singular, executive-level report view.
Industry Best Practice	Industry best practice, at a minimum, is to report across all funds to provide executive leadership with context against resource consumption. This practice also extends to budgeting to include: <ul style="list-style-type: none"> • Budgeting centrally for non-RCM funds and then allocating projections "locally" (i.e., to faculties) (recommended for ease, but less for accountability) • Budgeting locally for non-RCM funds (recommended for greatest ownership and accountability)
Benefits	An executive-level report provides a quick lens into the overall operations of the University, which will provide transparency at the leadership level and allow the budget team to annually review financial progress for the institution.
Considerations	The inclusion of all-funds in the model is an additional level of transparency not currently present at Queen's and may lead to questions from stakeholders.

Majority of institutions (~90%) that have switched to an incentive-based model in the past 10 years have incorporated an all-funds view to promote understanding of the budget model and generate buy-in.

13: Standard Reports Library

Recommendation: Identifying, categorizing, and publishing standard reports provides consistency and clarity to financial managers and stakeholders in order to best manage their budget.

Queen's Current State	Reports are generated by request and generally for the purpose of aiding the budgeting process. However, despite the lack of standardized reports there is an abundance of policies and procedures.
Stakeholder Observation	Multiple systems maintain different counts and metrics resulting in significant effort dedicated toward identifying the cause of the variances as opposed to leveraging the information for decision making purposes.
Industry Best Practice	A standard reports library is utilized to aid in communicating with the broader community, establishing easily accessible information, and ensure consistent use of information to make decisions (i.e., one source of truth).
Benefits	By having one source for budget and financial reports, units will be able to better quantify budget requests, forecasts and strategic initiatives. This encourages all stakeholders to be working from the same data for consistency and ease of understanding.
Considerations	Consider what reports will be most useful when communicating with all Queen's stakeholders. Additionally, consider what reports will be most useful for executive level reviews. Consider identifying which reports should be converted to the budget planning tool.

Universities that use a cloud-based budget software often house these standardized reports within the budget tool and regularly distribute reports to financial managers and broader University stakeholders.

14: Facilities One-Time & Strategic Funding



Recommendation: Identify strategies to incorporate deferred maintenance, long-term capital projects, and one-time funding requests into on-going operational budgeting approach (funding levels, prioritization, timeline, etc.).

Queen's Current State	The University Fund (UF) currently allocates ~\$15M for transfers to capital and ~\$5.9M for deferred maintenance (DM). Additionally, \$4.2M is allocated to DM through the space cost attribution, and a further \$4.3M is allocated to DM through provincial the Facilities Renewal Fund Grant. The budgeting processes related to these areas are held within the Facilities Management team.*
Stakeholder Observation	The Facilities Management team created an internal structure to support deferred maintenance (DM) and long-term capital projects. However, current funding levels are not adequate to keep up with the pace of needed maintenance and repairs.
Industry Best Practice	Produce a comprehensive report (costs, timeline, funding) composed of all deferred maintenance and capital projects. Establish an annual DM allocation in the model and a committee to make recommendations to leadership for needed funding levels.
Benefits	By establishing a consistent funding source, prioritizing projects, and creating detailed timelines for strategic capital investments the University will be able to better plan and address deferred maintenance/capital projects.
Considerations	Queen's should consider a governance structure to determine the prioritization of deferred maintenance and the needed funding level on an ongoing basis.

As buildings continue to age within the industry, the funding needed for DM will need to increase necessitating a plan to fund that increase in the short-term.

15: Enforce Carryforward Usage

Recommendation: Enforce carryforward policy management to encourage departments to use carryforward reserves before receiving central funding.

Queen's Current State	Queen's has well documented carryforward policies, stating that reserves should not exceed 10% of a unit's annual expenses.
Stakeholder Observation	Many individuals throughout the interview process expressed that the carryforward policy is not enforced and has led to high reserves at the faculty level.
Industry Best Practice	Establishing thresholds for carryforward reserves is industry practice. Huron would also advise carryforward in excess of the established threshold be designated with a plan approved by central leadership, otherwise it be absorbed by central.
Benefits	By ensuring the carryforward policy is being followed, leadership can feel confident any unit applying for contingency or one time funding has first looked to their reserves and maximized the usage of their own funds.
Considerations	Enforcing this policy may frustrate individuals at the faculty level and would require a substantial amount of change management and time.

Enforcing the carryforward policy will not generate new funds for the university. However, it will reduce any potential risks associated with having high reserve balances (i.e., decreased government funding, decreased donations, etc.).

16: Contingency Budget Plan

Recommendation: Establish clear guidelines for how to access the contingency budget and options for in-year emergency funding, including approval hierarchy and leadership discretion on university wide spending.

Queen's Current State	The University Fund currently has ~\$2.8M designated for in-year contingency spending.
Stakeholder Observation	When truly unexpected funding needs arise, Queen's lacks a coordinated strategy for how to address needs. As a result, University leaders must determine who will cover these unexpected expenses.
Industry Best Practice	Leading practice is to establish a portion of University funds for in-year unplanned, emergency (e.g. water line damage) to assist departments with funding. Additionally, a clear process for how to access these funds is recommended.
Benefits	Providing a clear, structured process to Faculties and Central Support Units on when and how to request contingency funds will provide units an opportunity to get support in an emergency.
Considerations	Queen's should review prior budget years to understand what level of budgeted variance is necessary to accommodate. Additionally, Queen's should consider long term risks and potential funding for future initiatives.

A healthy University should have a recurring level of contingency funding that represents 1% - 3% of their annual gross revenue.

17: Space “Bank”

Recommendation: Establish space exchange process by developing a list of currently available University space that can be turned in or redistributed to units for their use.

Queen’s Current State	Queen’s currently allows the “exchange” of space between Faculties and central administration with the ability to adjust on a year-to-year basis.
Stakeholder Observation	Most units have a clear understanding of the drivers established for allocating the cost of space based on square meter, however, some units are unaware of any ability to exchange or eliminate space in order to manage their budgets.
Industry Best Practice	Establish a centralized list of currently available University space that can be turned in or redistributed based on need and use.
Benefits	Understanding Faculties true space needs is beneficial for leadership, especially as other areas may be growing and need additional spaces on campus for instruction or services. This also allows the University to repurpose space or reconsider building new space.
Considerations	If Faculties want to give back space to eliminate costs in their area, it will only shift the expense elsewhere in the University. Queen’s should consider creating a threshold for how much space a unit can/should give back (e.g., minimum requirement of a full floor).

Queen’s policy is in alignment with industry best practice. However, improvements in communication will benefit all faculties in understanding how to manage space.

18: Reinforce Model Governance

Recommendation: Reinforce current model management structures (governance) and correlated communication. Establish and publish charters for PBC and PACB and provide clear guidelines to each committee on their role.

Queen's Current State	The budgetary process is governed primarily through the budgeting office with the Provost's Advisory Committee on Budget (PACB) providing general input into unit budgets and the Provost's Budget Committee facilitating in-year operating decisions.
Stakeholder Observation	Through stakeholder interviews, multiple people mentioned that decisions surrounding the budget were made in a vacuum, and there was not a clear understanding of why the decision had been made. Some stakeholders also mentioned confusion regarding the roles and responsibilities of the Provost's Advisory Committee on Budget (PACB) and the Provost's Budget Committee (PBC).
Industry Best Practice	Universities should utilize an inter-web of committees that supervise and recommend budgets for specific segments (primary units, support units, etc.) with an executive committee over these committees that makes formal recommendations to University leadership.
Benefits	By clarifying the responsibilities for these committees, leadership can be confident decisions are being made by the appropriate committees. Additionally, it allows stakeholders to know who is making the decision, and how to best advocate for their needs.
Considerations	Refining and clarifying the governance structure of the budgeting process may cause stakeholders to want more information or ask additional questions.

Industry practices show Universities benefit from robust committees due to the transparency provided with extensive stakeholder involvement and understanding

19: Budget Planning & Communication

Recommendation: Engage stakeholders in the process through a public FAQ & a 1-page budgeting document. Additionally, quarterly touch points with executive leadership and business officers would increase understanding.

Queen's Current State	Budgeting communications primarily pertain to the budgeting process to keep stakeholders informed on current status, next steps, and finalized budgets.
Stakeholder Observation	A mechanism to promote comprehensive understanding of the University and its component units' financial position does not exist. Establishing a regular forum to educate campus about its current financial health will enhance financial literacy across the enterprise.
Industry Best Practice	Leading practice is to provide consistent communication (e.g., monthly, quarterly, etc.) with University stakeholders around budget to actuals performance, any budget process decisions, and projected forecasts of large revenue streams (e.g., tuition).
Benefits	Regular communication from the budget office will develop and enhance the financial manager positions across the university. Additionally, it allows the budget office to address issues quickly, provide guidance before decisions are made, and build collaboration.
Considerations	This level of detail and communication requires additional time and effort from central resources and may cause local stakeholders to ask for more ongoing information.







These types of reports are often easily accessible on public websites, like the Queen's financial statements, with more sensitive information shared behind a password protected SharePoint.

3

Appendix

Alignment to Strategy

University leadership partnered with Huron Consulting Group to assess the Queen's budget model and propose next steps to best align the model to the new University strategic framework (seen below).

-  **Research:** Increasing the intensity and volume of exemplary, ground-breaking and interdisciplinary research, whether fundamental, applied, or driven through community partnership.
-  **Student Focus:** Advancing highly effective pedagogies, leveraging new technologies, and reconceiving educational programs of all levels and types so as better to prepare students to have impact in their chosen careers and throughout their lives.
-  **Interdependence of Research & Teaching:** Emphasis on greater integration of research in the undergraduate experience, an increase in the ratio of graduate to undergraduate students, and a program to attract, support, and more effectively integrate postdoctoral fellows.
-  **Global Presence:** Developing and implementing a comprehensive, equity-focused and integrated program of global engagement that includes active, strategic partnerships, enhanced student and faculty mobility, and reform oriented toward a pluralistic and culturally relevant global environment.
-  **Community Involvement:** Building deliberate, strategic, respectful and mutually beneficial engagement with communities outside the University, including Kingston, the region, other organizations and institutions, and national and global networks that share our goals.
-  **Live our Values:** Ensuring that in the workplace we live our values, and that our human resources, organizational structure, processes and culture are properly aligned to fulfil our mission.

Budget models *can* be one of the most useful tools leveraged to enact mission-centric and strategic objectives. Budget models *can't* solve all challenges or address strategic initiatives requiring adjustments in process or culture.

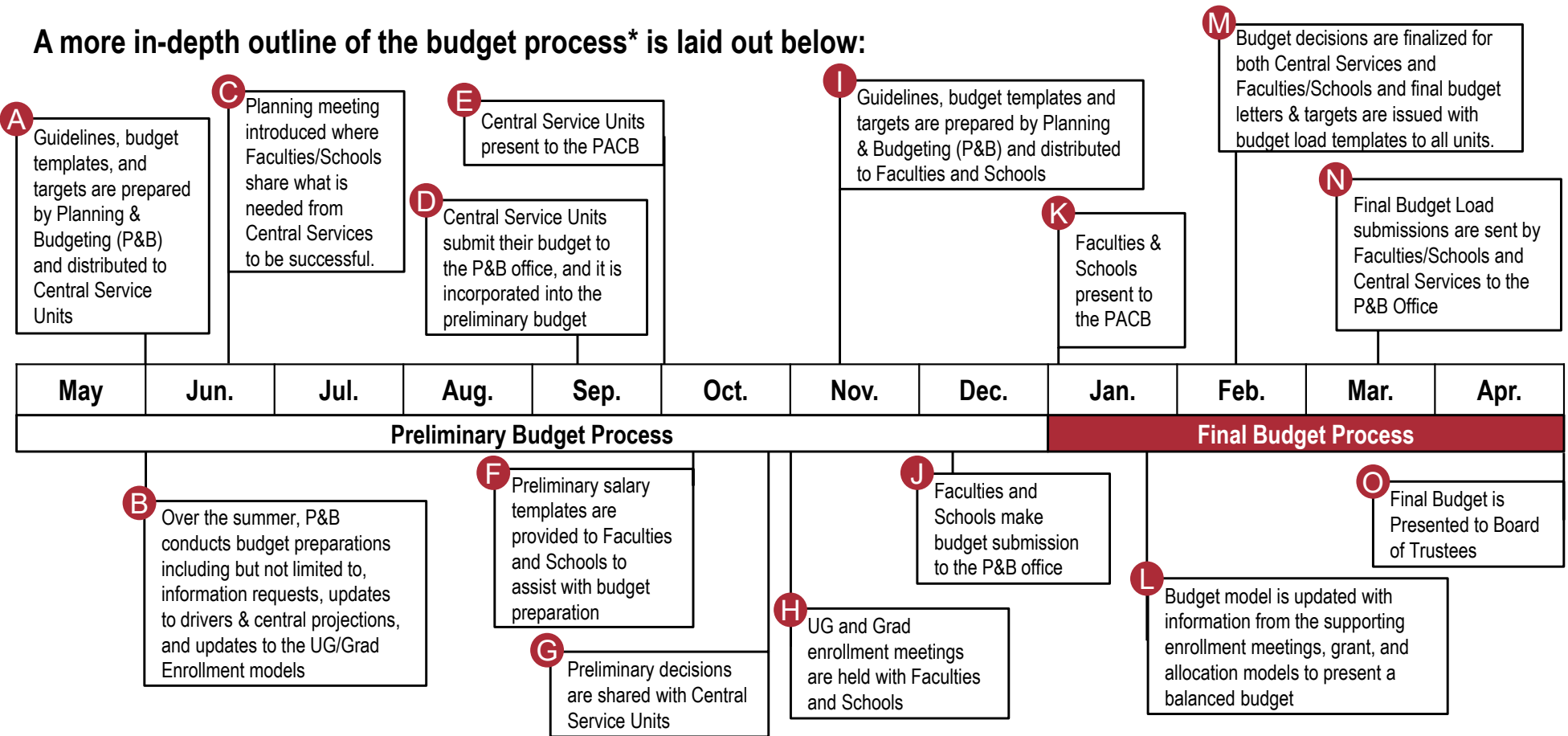
Go-Forward Principles

The intent of this engagement was to critically assess the strengths and areas of opportunity of the budget model and associated processes, and to identify potential modifications to the model that will achieve the following objectives:

1. **Incentivize** and **support growth** in **research and graduate** student programming;
2. **Increase funding** to support pan-university **strategic initiatives**;
3. **Encourage collaboration** across Faculties/Schools/Shared-service units;
4. **Reduce duplication** of shared services;
5. **Assess** the **distribution gap** between Faculties/Schools;
6. **Decrease** the **complexity** of the allocation model.

Budget Process

A more in-depth outline of the budget process* is laid out below:



Current State: Total Revenue Driver

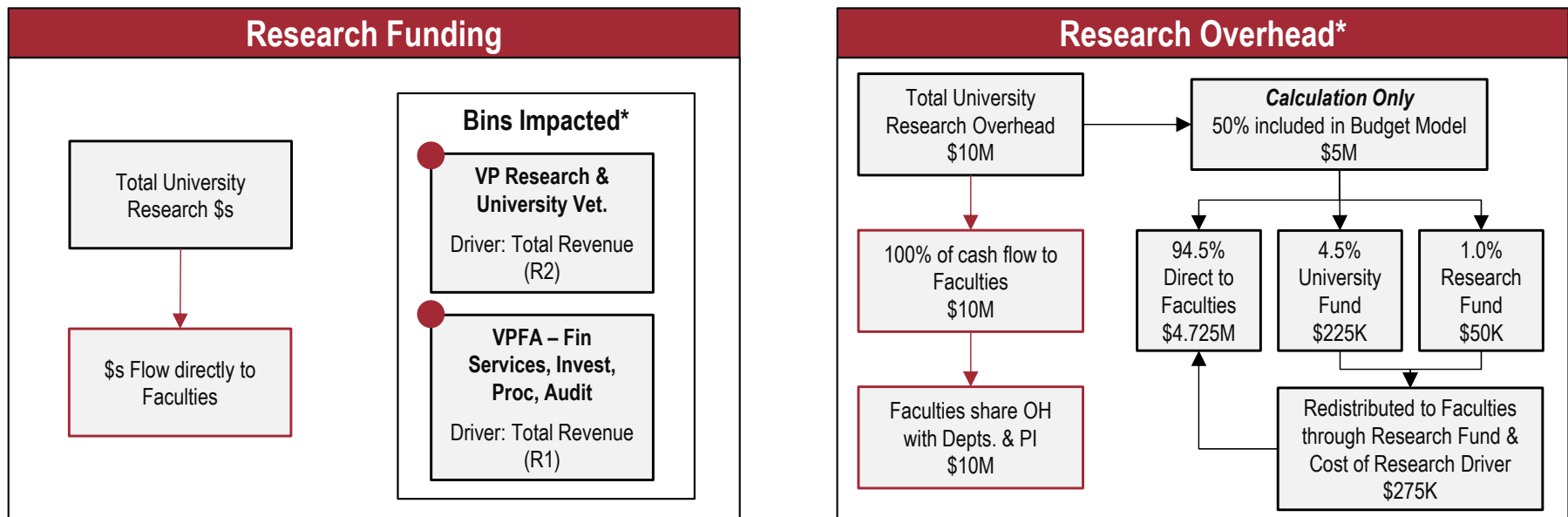
In order to grasp current state funds flow, it is important to understand the total revenue cost allocation driver. There are 4 Total Revenue drivers that are utilized across six different bins, outlined below.

Revenue Driver	Bins Impacted	Revenues Included	Revenues Excluded
R1	<ul style="list-style-type: none"> VPFA – Fin Serv, Invest, Proc, Audit, VPFA 	Operating, Research, Ancillary, Trusts, Endowments, SEAMO, BISC	Agencies Funds
R2	<ul style="list-style-type: none"> Office of VP Research & University Veterinarian 	Operating, Research, Ancillary, Trusts, Endowments, SEAMO	Agencies Funds, BISC
R3	<ul style="list-style-type: none"> Principal’s Office Provost’s Office and Planning & Budget 	Operating, Ancillary, Trusts, Endowments, SEAMO, BISC	Agencies Funds, Research
R4	<ul style="list-style-type: none"> Secretariat’s Office University Wide Admin 	Operating, Ancillary, Trusts, Endowments, SEAMO	Agencies Funds, Research, BISC

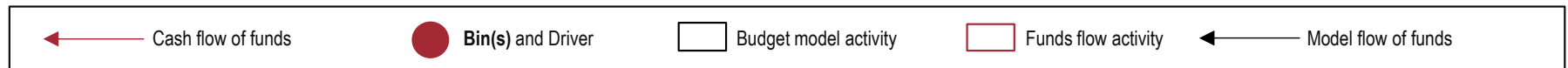
Queen’s utilizes different total revenue calculations in order to more accurately allocate costs based on the associated bin.

Current State: Research Funding & Overhead

Research funding and overhead flow directly to Faculties. These funds impact the budget model in two ways. First, total research funding impacts two bins. Second, 50% of research overhead is taxed and redistributed.

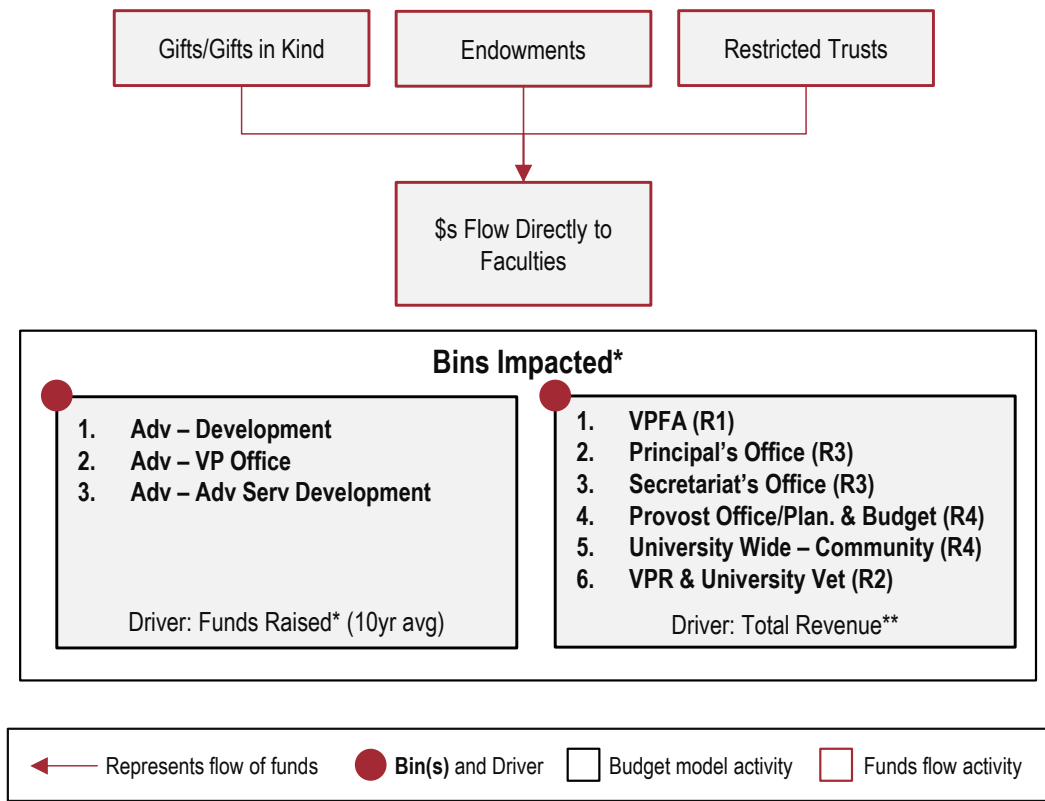


*As research funding increases relative to other Faculties so does the proportion of total revenue and cost allocation for the bins impacted



Current State: Advancement/Donor Funding

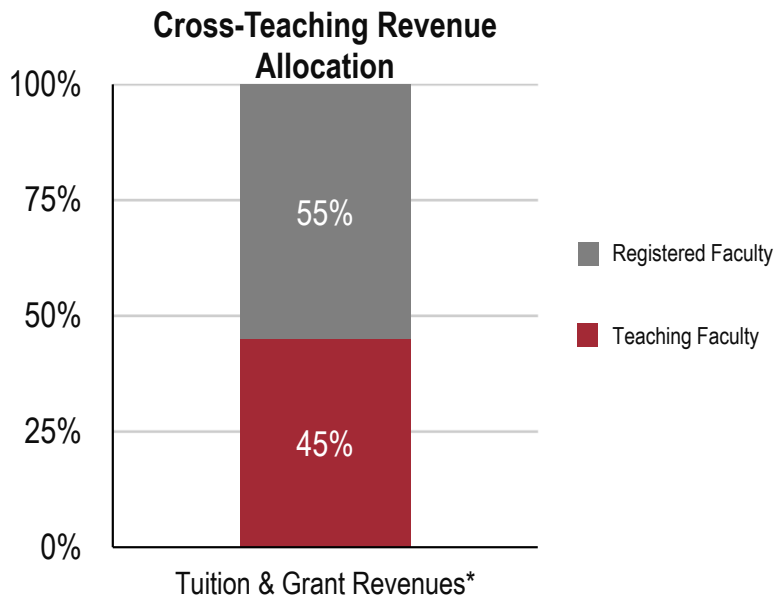
Donor funding flows directly to the Faculties. However, it impacts 9 bins through two different model variables used to allocated bins: Funds Raised, and Total Revenue.



*As donor funding increases relative to other Faculties, so does the proportion of total revenue and cost allocation for the bins impacted

Current State: Cross-Teaching

Feedback from interviews indicated both registered and teaching Faculties felt they were not incentivized and lacked revenue. It is important to note the calculation was changed over the course of the last 3 years (previously 60%/40%).



- | Cross-Teaching Adjustment Calculation | |
|---------------------------------------|--|
| 1. | Average tuition & fees for domestic undergraduates is calculated for each Faculty |
| 2. | Average grant per WGU (Weighted Grant Unit) is calculated for each Faculty |
| 3. | Total domestic and international FTE taught in Faculties outside of the students' registered Faculty is calculated |
| 4. | Tuition Revenue is calculated (Avg. Tuition & Fees * Domestic & Int'l FTEs) |
| 5. | Grant Revenue is calculated (Avg. Grant per WGU * Domestic & Int'l FTEs) |
| 6. | 45% of the Tuition & Grant Revenue calculated above are then allocated to the respective teaching Faculty |
| 7. | 55% of the Tuition & Grant Revenue calculated above are then allocated to the respective Registered Faculty |

By providing clarity around the current cross teaching calculation and understanding associated costs, it may help Faculties as they plan for cross teaching for future years.

Incentives Inventory

A more in-depth outline of the budget incentives are laid out below:

Incentive	Description
Gifts	Deans may receive revenue or in-kind gifts through external fundraising and philanthropic efforts with alumni, foundations, private enterprise, and other interested parties.
One-Time Funding	Deans may seek funding from the Provost's Budget Committee on a case-by-case basis throughout the year.
Carry Forwards	Deans may carry forward surplus revenues up to 10% of their annual budget. Excess dollars must be designated to faculty initiatives.
Undergraduate Enrollment	Revenue is primarily driven by undergraduate enrollment, creating a high incentive for deans to increase undergraduate numbers.

Incentive	Description
University Fund	Deans may receive funding via the university fund to support strategic initiatives.
Research Fund	Deans may receive funding via the research fund to support research activities.
Cross-Teaching Adjustment	Deans may receive funds for teaching students from other Faculties, encouraging interfaculty collaboration.
Indirect Cost Recovery	Deans receive a portion of the indirect cost recovery that is allocated based on research activity.

Model Drivers (Revenue Allocation)

Below is a list of all bins and associated drivers related to revenue allocation in the Queen's budget model.

	Bin	Allocation Variable
Tuition	Tuition - Credit Courses	% total revenue
	Tuition - Non-Credit Courses	% total revenue
Grants – Provincial	Core Op. Grant/Differentiation Bin - UG	Faculty share of Undergraduate WGU (excluding Medicine & Education WGUs)
	Core Op. Grant/Differentiation Bin - Med	100% Medicine
	Core Op. Grant/Differentiation Bin – Edu	100% Education
	Core Op. Grant/Differentiation Bin – Grad	Faculty share of Grad WGUs
	Performance Grant	Faculty share blend of total UG + Grad WGUs
	Special Purpose Grant	100% to attributed Faculty or Shared Service unit
	International Student Recovery UG/Grad	Faculty share of total UG & Grad International FTE
	Research Overhead Infrastructure Envelope	Faculty share of Tri-Council Research grant revenue
Grants – Federal	Grants – Research Support Fund (RSF)	Tri-Council Research
Other	Student Assistance Levy (SAL)	U/G & Grad FTE subject to SAL
	Research Overhead	Direct Allocation
	Other Income	FTE U/G & Grad
	University Fund	Various Strategic Initiatives
	Research Fund	Faculty Proportion of Tri-Council Research grant revenue

Model Drivers (Expense Allocation)

Below is a list of all bins and associated allocation variables used in the Queen's budget model.

Bin	Allocation Variable
Occupancy Costs	Space Occupied, Space Utilized, and Fac & Sch Headcount
Advancement	Funds Raised (10yr Avg.) and Degrees Awarded (5yr Avg.)
Communications	Grad/UG/MBA FTE and Degrees Awarded (5yr Avg.)
Library	Weighted UG/Grad/Faculty FTE
ITS	Grad/UG/QSB/Faculty Headcount
School of Graduate Studies Services	Grad Headcount
Graduate Student Support	Actual Usage
Student Services	Grad/UG/QSB Headcount
Need Based & Undergraduate Merit Student Support	Actual Usage
Vice-Principal Finance & Admin	Total Revenue (research included) and Space Occupied
Human Resources	Employee Headcount
Principal's Office	Total Revenue (research excluded)
Secretariat's Office	Total Revenue (research excluded)
Provost & Vice-Principal Academic	Total Revenue (research excluded)


Bin	Allocation Variable
University Wide - Student, Faculty & Community	Total Faculty, Student HC, Total Revenue (research excl.), and Faculty/Sch Headcount
Vice-Principal Research	Total Revenue (research included), Research Revenue, Grant/Contract Applications
Central Benefits & Pension Special Payments	Continue Employee Salary Base
Capital	To University Fund
Faculty Bridge Programs (QNS, QRC)	Faculty FTE
University Council Athletic Fees (FT)	100% Student Affairs
Student Health Fees (FT)	100% Student Affairs
Other Income - Health Fees (FT)	100% Student Affairs
Misc Athletics Revenue (FT)	100% Student Affairs
Disability Services	100% Student Affairs
Women's Campus Safety (FT)	100% VPFA
Tax Expense	Flow to Central





Project Summary

Throughout the Budget Model Assessment, Huron has partnered with Queen's to understand the current budget model and explore opportunities for optimization.

Completed Activities:

1. Interviewed ~70 stakeholders via individual interviews and focus groups.
2. Received 10+ public comments/feedback from broader Queen's community.
3. Drafted and confirmed go-forward principles to be used to guide the engagement
4. Documented current state of budgeting and resource allocation
5. Conducted analysis highlighting opportunities between go-forward principles and the model
6. Designed an implementation roadmap for the desired future state

 = Steering Committee Discussion

Task	2022																				
	January				February				March				April				May				
	10	17	24	31	7	14	21	28	7	14	21	28	4	11	18	25	2	9	16	23	30
1: Initiate Project																					
2: Understand recent allocation history & define go-forward principles																					
3: Identify recommendations to align model with go-forward principles																					
4: Refine recommendations and create select high-level road maps																					



HURON