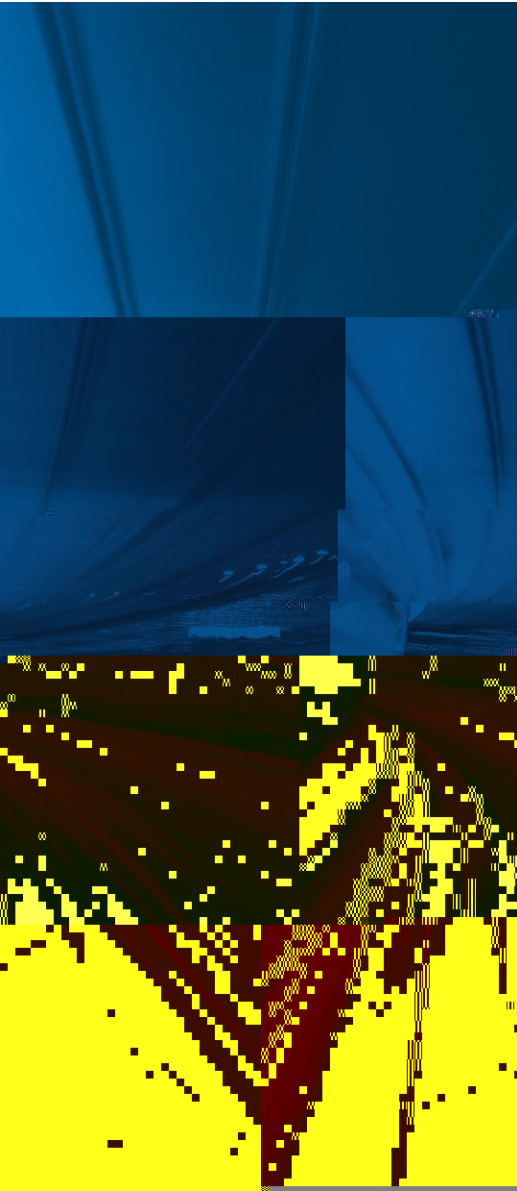# Budget Model Assessment

Contents

1

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.

Increase Intensity & Volume of Research

Student Focus

1. **Incentivize** and **support growth** in **research and graduate** student programming;

Interdependence of Research & Teaching

Global Presence

2. **Increase funding** to support pan-university **strategic initiatives**;

3. **Encourage collaboration** across Faculties/Schools/Shared-service units;

Community Involvement

Live our Values

4. **Reduce duplication** of shared services;

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.*

Huron met with the engagement's steering committee to identify potential model enhancements.

Data Collection & Client Interviews

Current State Analysis

Opportunity Identification

Enhancement Development

Huron's interviews and current state analysis reviewed current budget practices and compared them to industry best practice to identify potential opportunities for enhancement.

Huron utilized feedback from engagement governance structures to develop and propose actionable enhancements that can be made to the budget model.

*Queen's leadership will be responsible for implementing the recommendations, as it was not included in the scope of work.

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

Current State Findings: Areas of Opportunity

Enhancement Identification Methodology

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

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.

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	*No model enhancements identified for this go forward principle.* *Addressing this go forward principle can be done via process enhancements.*	*Recommendations R1, R2, R3 and R6 could address the distribution gap between faculties if implemented.*	R2: Degrees Awarded Driver R3: Library Expense Allocation R9: Implement Enterprise Budget Tool

*All go-forward principles have been paraphrased and do not reflect the full go-forward principle. For a comprehensive list, please see slide 4.
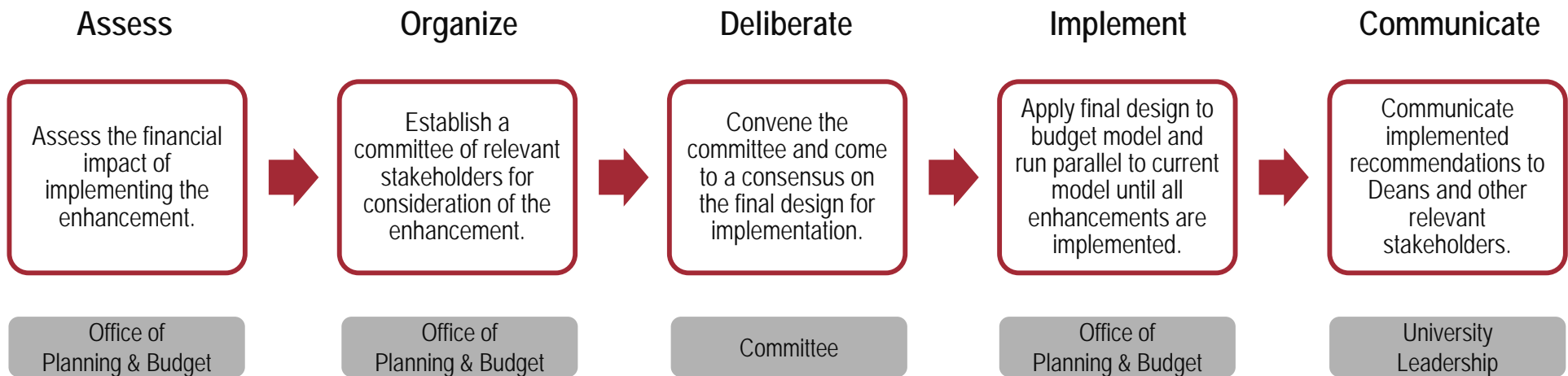
Implementation Considerations

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

Enhancement Implementation Framework

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

Assess		Organize		Deliberate		Implement		Communicate
Assess the financial impact of implementing the enhancement.	→	Establish a committee of relevant stakeholders for consideration of the enhancement.	→	Convene the committee and come to a consensus on the final design for implementation.	→	Apply final design to budget model and run parallel to current model until all enhancements are implemented.	→	Communicate implemented recommendations to Deans and other relevant stakeholders.
Office of Planning & Budget		Office of Planning & Budget		Committee		Office of Planning & Budget		University Leadership

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.

Task Owner

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.**

*Queen's is currently in its 6th year since implementing an activity-based budget.

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A

Stakeholder Engagement

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
BISC045 r20(Advanceml4)2a41.445ln1			

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

B

Current State Understanding

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 disproportionally penalizing other revenue sources (e.g., research funding, donor funding).
	Interfaculty collaboration is inhibited by the budget model due to

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.

Few   Number of Bins/Drivers   Many

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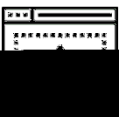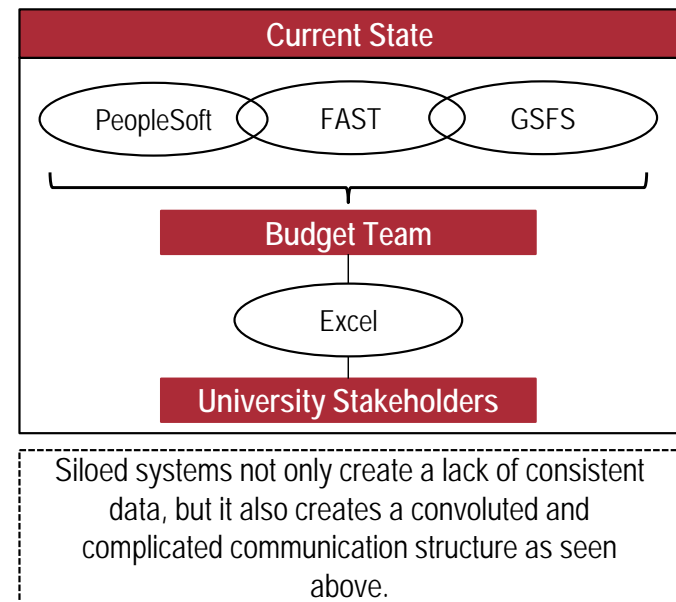
Integrating an all-funds view into budget models and resource decision-making processes can help the University understand the comprehensive resource portfolio at their disposal.

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	
	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.
	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.
	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.

Current State

Siloed systems not only create a lack of consistent data, but it also creates a convoluted and complicated communication structure as seen above.

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.

Revisiting budget process documentation to centralize current

C

Model Enhancements

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).

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 *(Current State)*	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 weighting		

(Left axis: Complex ↕ Less Complex)

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
(Current State) Redistribute 5.5% of IDC recovery revenue via the UF & Research Fund and allocate the remainder directly to the Faculties.	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.
Tax a portion of IDC recovery revenue to support / address central research administrative costs and allocate all other revenues directly to the Faculties.	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.
(Solution for Consideration) Allocate 100% of IDC recovery revenue to the Faculties without budget model interference.	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

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.	w 0 l the above.

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.

8: Centrally Funded Opportunities

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

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.

13: Standard Reports Library

Universities that use a cloud-based budget software often house these standardized reports within the budget tool

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.

*All financial approximations are based on the 2021-2022 final budget.

15: Enforce Carryforward Usage

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

Queen's Current State	

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.).

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

19: Budget Planning & Communication

Recommendation: Engage stakeholders in the process through a public FAQ & a 1-page budgeting document.

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:

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:

May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Preliminary Budget Process											

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.
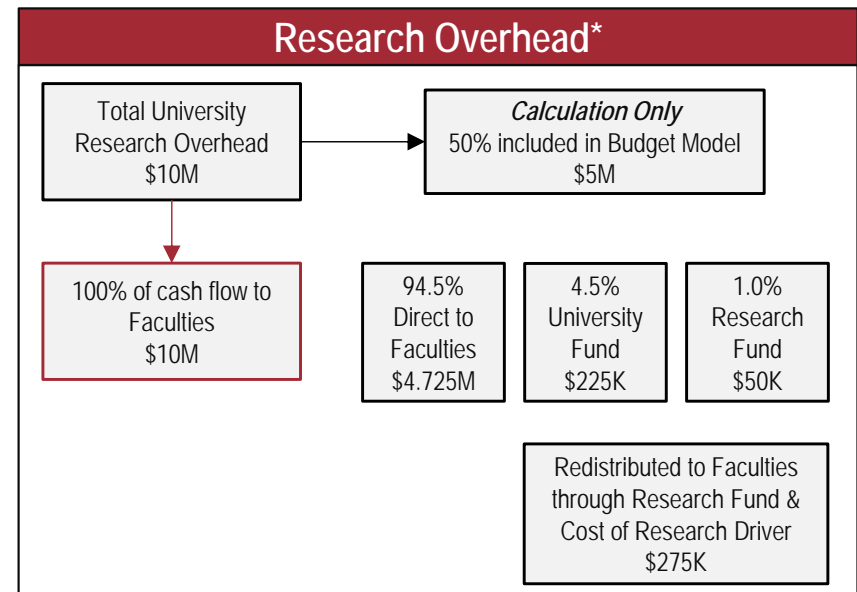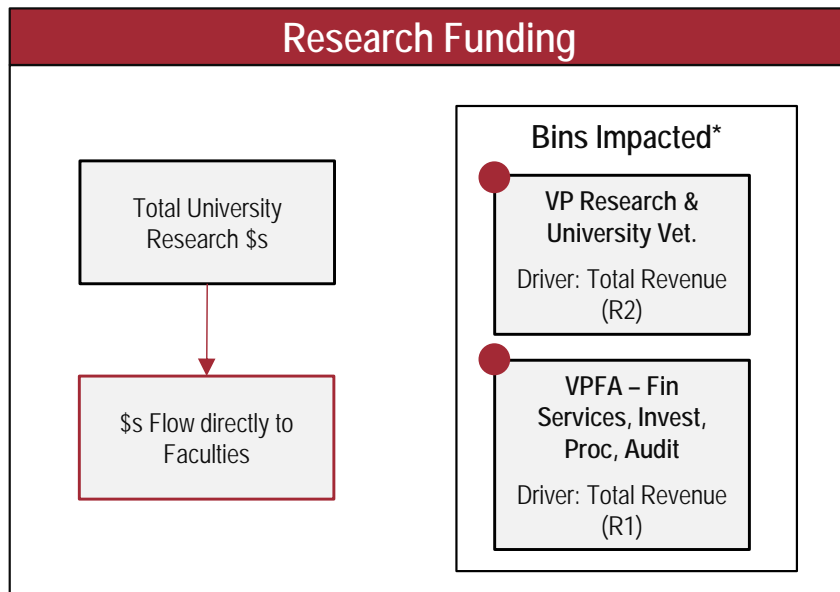
Revenue Driver	Bins Impacted	Revenues Included	Revenues Excluded
R1	• VPFA – Fin Serv, Invest, Proc, Audit, VPFA	Operating, Research, Ancillary, Trusts, Endowments, SEAMO, BISC	Agencies Funds
R2	• Office of VP Research & University Veterinarian	Operating, Research, Ancillary, Trusts, Endowments, SEAMO	Agencies Funds, BISC
R3	• Principal's Office • Provost's Office and Planning & Budget	Operating, Ancillary, Trusts, Endowments, SEAMO, BISC	Agencies Funds, Research
R4	• 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.

Research Funding

Total University Research $s	**Bins Impacted***
↓	**VP Research & University Vet.** Driver: Total Revenue (R2)
$s Flow directly to Faculties	**VPFA – Fin Services, Invest, Proc, Audit** Driver: Total Revenue (R1)

Research Overhead*

Total University Research Overhead $10M	→	*Calculation Only* 50% included in Budget Model $5M

100% of cash flow to Faculties $10M	94.5% Direct to Faculties $4.725M	4.5% University Fund $225K	1.0% Research Fund $50K

Redistributed to Faculties through Research Fund & Cost of Research Driver $275K
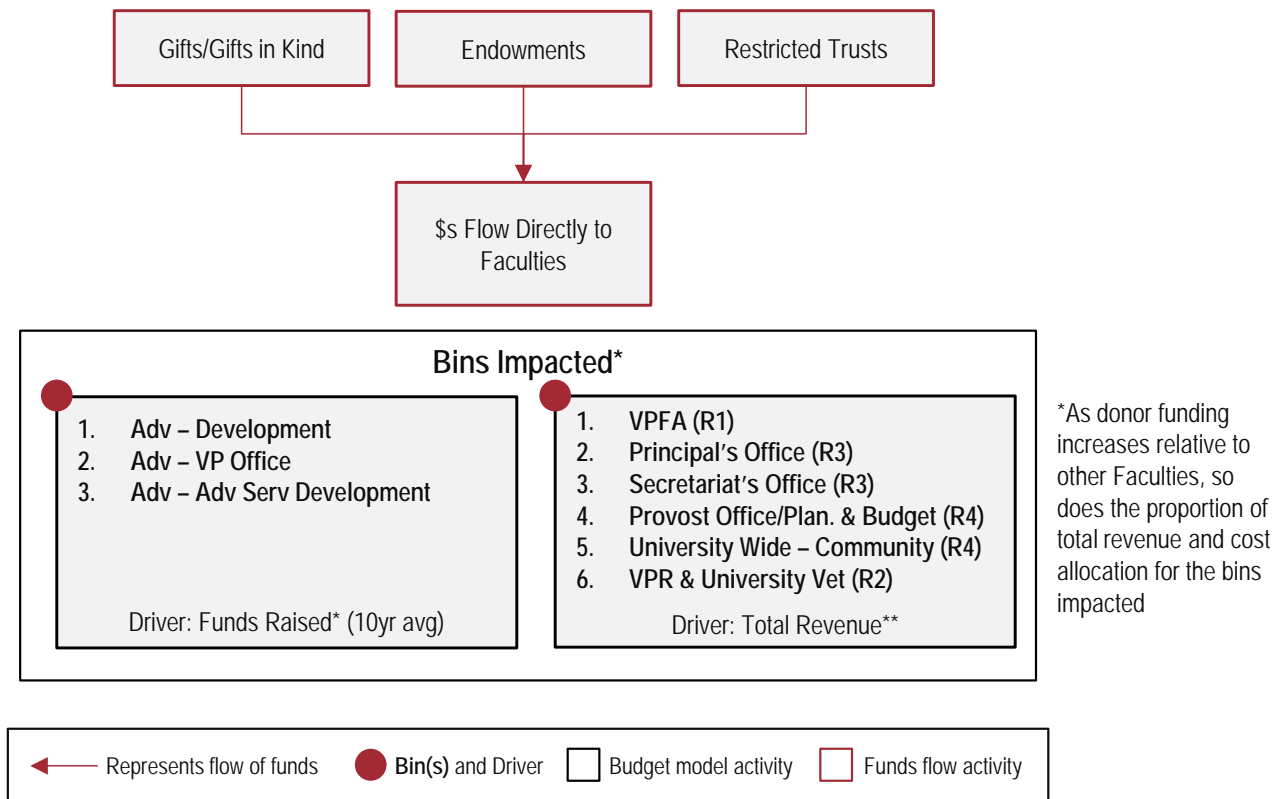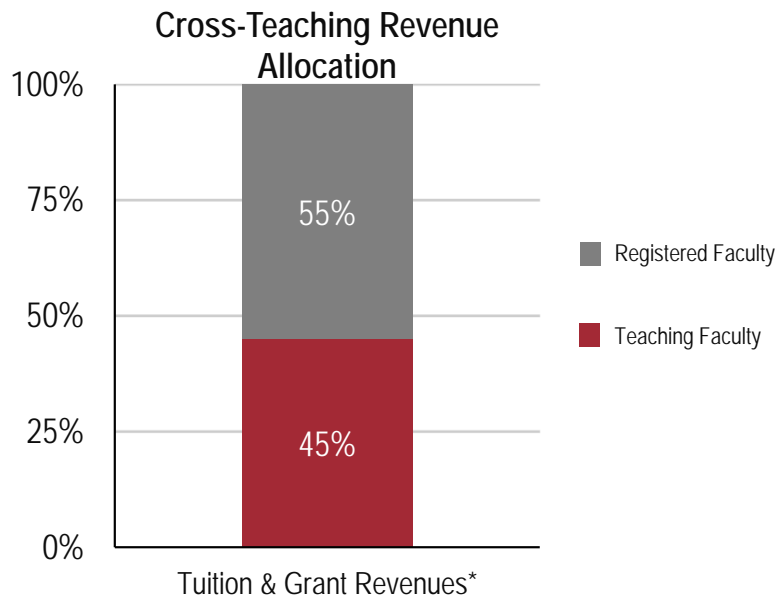
Current State: Advancement/Donor Funding

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.

| Gifts/Gifts in Kind | Endowments | Restricted Trusts |

$s Flow Directly to Faculties

Bins Impacted*

1. **Adv – Development**
2. **Adv – VP Office**
3. **Adv – Adv Serv Development**

Driver: Funds Raised* (10yr avg)

1. **VPFA (R1)**
2. **Principal's Office (R3)**
3. **Secretariat's Office (R3)**
4. **Provost Office/Plan. & Budget (R4)**
5. **University Wide – Community (R4)**
6. **VPR & University Vet (R2)**

Driver: Total Revenue**

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

Legend:
- ← Represents flow of funds
- ● **Bin(s)** and Driver
- ☐ Budget model activity
- ☐ Funds flow activity

*Funds Raised: Sum of all pledges & gifts (10yr avg) **Total Revenue: Revenue activity for the fiscal year

Current State: Cross-Teaching

Cross-Teaching Revenue Allocation

⬛	Registered Faculty
🟥	Teaching Faculty

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

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.

Project Summary

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

Task	2022				
	January	February	March	April	May