Annual Budget Plan

Guidelines & Instructions

9/1/2010

PACE UNIVERSITY

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INTRODUCTION

INTRODUCTION:

Over the past several years, Pace has consistently faced financial challenges, but we have enjoyed a great deal of success and continue to make progress toward addressing these pressures. As President Friedman stated during his roll-out of the three-year strategic plan, A Path to a Firm Foundation, “Our past challenges prepared us to do more with less, focus on improving our productivity, strategically invest in areas of academic strength and build the quality and depth of our administrative team to enable us to continue to move to a position of strength.”

While we are on the right path, the unpredictable economy requires diligence and we must remain focused on our goals of increasing fiscal stability and improving our management culture. Part of that diligence is enhancing our understanding of how and why we justify and commit resources to various schools and campus initiatives.

After last year’s successful introduction of the redesign process we have integrated suggested improvements to make the budget development calendar and inputs even better.

THE GOALS OF THE BUDGET PROCESS:

Short-term goals include:

- Identify the link between budgeting decisions and the University’s strategic plan
- Focus budgeting on revenues as well as expenses
- Provide additional guidance and training to Budget Representatives, Deans, and VPs on effective budgeting practices and use of forms
- Combine the operating budget process with the development of new initiatives
- Identify the roles and responsibilities of all parties involved in the budget process
- Increase involvement of Directors and Budget Representatives
- Prioritization of new initiatives and develop capacity for growth by substitution

Our long-term goals include:

- Implement technology enhancements to fully automate the budget development process
- Revise the budgeting timeline to reflect increased focus on a decentralized process
- Implement multi-year budgeting to encourage long-term planning
- Combine the capital and temp restricted budgeting processes with the operating budget process
- Encourage departments to partake in periodic zero-base budgeting
- Introduce more in-depth performance analytics

PRINCIPLES OF EFFECTIVE BUDGETING:

The University has adopted a set of budgeting principles in an effort to provide additional structure for the annual budget process, inform individuals about key themes and objectives, and promote a holistic view of the University through budgeting.

- The budgeting process will remain sensitive to the defining aspects of Pace's culture and committed to its core academic mission and capabilities
- All budgeting decisions will be made in adherence to the University's strategic plan
- The maximization of revenues, the management of expenses, and the inter-relation of the two will be central to the budgeting process
- "Growth by substitution" will be used continually to ensure incremental resources are devoted to the highest priority strategic initiatives
- All budgetary decisions and reasoning will be communicated clearly and systematically in a transparent reporting process
- The operating, capital, and new initiatives budgeting processes will be combined into a single, multi-year budgeting process

GUIDELINES FOR RESOURCE ALLOCATION:

These guidelines are designed to provide a formalized strategy and communication of how cost reductions will be realized, cultivate an entrepreneurial culture, and establish clarity among the University community on how to allocate resources.

- Strategic investments should be made if they reduce continuing costs or increase revenues sufficiently, while preserving or enhancing the current service levels
- Proposals for budget reductions, retention of current levels of funding, or potential revenue options will require business case analyses to explore the full impact of proposed actions
- While administrative costs will be a key focus of budget adjustments, cost reduction measures should not be focused only on administrative expenses and services
- Use of reserve funds will be justified where it eases the transition to a well-defined, sustained budget reduction solution
- Synergies in labor activities and cost reductions in staff should be achieved through attrition where appropriate and without diminishing level of service
- Revenue options, where feasible, should be invoked to reduce the size of expense reductions

ROLES AND RESPONSIBILITIES:

The process will continue to involve a significant number of individuals across the University. An abridged list of roles and responsibilities is provided below.

Constituent	Responsibility
Budget Representatives	• Attend monthly budget meetings and budget training and coaching sessions • As required, coordinate the development and input of proposed budget changes into the Budget Development Report • Help their respective Dean/VP/Department Managers with the development of strategic initiatives and business cases and input into the Annual Budget Plan
Budget Committee	• Continue current role of setting University-wide assumptions/fiscal parameters • Meet the deadlines of submission dictated by the Budget Calendar
Office of Budget and Planning	• Development of the University Forecast Model for presentation to the Board of Trustees • Coordination of the budget process, including ongoing development, training and communication of process changes, budgeting tools and timelines • Consolidation of school/division budgets into a comprehensive University-wide budget
Academic Budget Director	• Coordination of the development of the consolidated academic budget per the parameters and assumptions set by the President and Provost • Training and coaching of academic budget representatives
Deans / Vice Presidents	• Develop and communicate department-level expense parameters and assumptions • Responsible for developing Annual Budget Plans and Budget Development Reports for their respective schools/divisions • Comprehensive business cases may also be required for large-scale initiatives (supplemental)
Department Managers	• Develop and communicate strategic initiatives, business cases and proposed budget changes to their respective Dean/VP and Budget Representatives
President/EVP of Finance and Planning	• Present key fiscal parameters and the University forecast model to the Board • Review and negotiate Annual Budget Plans and Budget Development Reports with their direct reports
President	• Reviews, discusses and negotiates initiatives recommended in the Budget Development Reports • Reviews, revises and approves the University Budget
Board of Trustees	• Review and approve key fiscal parameters • Review and approve final University-wide budget

GUIDELINES & INSTRUCTIONS FOR COMPLETING THE ANNUAL BUDGET PLAN

These guidelines are designed to assist Pace's institutional leaders to create consistent, complete and efficient budgeting and planning documents. It should be used as a reference and not as a prescriptive set of rules. Each of Pace's operating units and each initiative is unique and therefore may require inclusion, exclusion or focus on certain aspects of the recommended Annual Budget Plan.

The following five sections (Budget Development Report, Executive Summary, Overview of Key Strategic Initiatives, List of Strategic Initiatives, and Business Cases) address the major components of the new Annual Budget Plan. Each section provides content requirements and hints for ideal completion. The formal Annual Budget Plan should follow this outline. However, exhibits that directly explain points or provide additional supplemental detail may be included.

BUDGET DEVELOPMENT REPORT

The Budget Development Report ("BDR") is comparable to the spreadsheets distributed and updated during the FY2012 budget development process. All of the historic data is downloaded directly from Banner. The Centrally Processed Changes column is used by the Office of Budget and Planning to input all budget changes proposed by the Budget Committee and approved by the President and Board of Trustees. These changes include tuition, housing and fee revenues, and compensation and benefits increases. All additional changes requested by the school/division are entered into the Strategic Initiatives and/or Re-allocations columns.

EXECUTIVE SUMMARY

The Executive Summary provides a consolidated view of the school's/division's historical and projected operating revenue and expenses. Important aspects of the Summary include:

- The Executive Summary is entirely automated. All of the changes made on the BDR feed directly into the Executive Summary. **Please note that after a change is made on the BDR, the BDR Pivot Table must be refreshed to update the Executive Summary.**
- The inclusion of revenues is an important change as it highlights some of the additional "levers" that various deans/VPs/directors/managers have at their disposal when pursuing new initiatives and requesting funding. This section reinforces Pace's interest in pursuing mission-centered initiatives that fund themselves through new revenue streams.
- The percent change column also adds to the ease of review by providing individuals with the ability to quickly ascertain which revenue items had the most growth or are most at risk, and which expense items are considered critical path versus less strategic.

OVERVIEW

The second page of the Annual Budget Plan begins with a narrative overview. The overview broadly summarizes the proposed Annual Budget Plan and provides a brief summary of the proposed strategic initiatives.

This overview should contain:

- A brief summary of the unit's performance vs. budget for the past two fiscal years
- An indication of how the unit is performing from a budget perspective year-to-date for the current fiscal year
- Explanation of significant changes to the permanent base budget for any line item on the Executive Summary (i.e. percent change in excess of $100K & +/-20%)
- Themes or commonalities in the unit's FY2012 strategic initiatives
- A short overview of the most significant strategic initiatives, in terms of resource requirements or strategy

If successful, this summary should provide reviewers with a clear picture of the strategic goals, in 500 words or less, for the school/division as they review the detail of the plan.

FY 2012 KEY STRATEGIC INITIATIVES

The next section of the Annual Budget Plan provides for a listing of FY 2012 Strategic Initiatives. Each school/division should list their key strategic initiatives and complete a business case for each. Each department will likely have different drivers for approaching their strategic initiatives. However, it is highly recommended that initiatives be listed if they meet any one of the following criteria:

- Funding support from central administration is requested
- New part-time or full-time position requested
- Additional budget request for Adjuncts, Graduate Assistants or College Work Studies
- Capital project requested, requiring submission of Capital Project Request Form (see Appendix II)
- Significant allocation of human resources required to achieve key strategic goal
- Cumulative one-year expenditure of over $100,000
- Ongoing funding commitments of more than $50,000 per annum are required
- Significant charges proposed to be assessed to other schools/divisions

The table on page two provides for these initiatives to be highlighted individually. The initiatives should be titled, the estimated resource requirement should be listed, and a summary description should be provided. Units should not go into great detail in this section, as each item listed on the strategic initiatives list should have companion supporting detail. There is no minimum or maximum requirement for the number of initiatives each unit should have; however, it is expected that units are consistently exploring new ways to streamline their operations, increase delivery of services, and/or better achieve their missions. These requests should also be prioritized according to their importance to the success of the department in supporting the strategic plan.

BUSINESS CASES

As stated above, each Strategic Initiative should be expounded on in the Business Case section of the Annual Budget Plan. This section of the report includes an area to more completely describe the initiative, to justify its strategic importance, to explain the initiative's value proposition, to expound on how it will be funded, to address the potential risks inherent in pursuing or foregoing the initiative, and to suggest how the successful completion of the initiative should be monitored and measured.

Despite the common requirements for inclusion on the list, and the guidance for areas to address, the components and detail of each initiative are expected to vary. Similarly, depending on how many criteria apply to the initiative and how many resources are required, more or less analysis and details should go into the development of the report, and hence the justification of the initiative. The ultimate level of detail is left to the schools/divisions/departments. Some initiatives may even be well served through the creation of an entirely separate and stand alone business case.

1. Description of Initiative

   This section should provide a general description of the initiative in question, as well as some key summary points from the value proposition, funding analysis, and risk assessment. The background of the initiative should also be discussed. In addition to these points, the summary should address the high-level implementation plans for the initiative. The summary should be an expansion on the description provided in the listing of strategic initiatives, and should provide adequate information so that interested readers can take away the basics of the initiative without the need for reading the complete supporting information section.

2. Strategic Relationship

   Discussions throughout the Budget Development Plan should be framed in reference to the service levels of the department. The section should expand on that by discussing strategic initiatives through the framework of the University's strategic plan. The drafting of this section should consider the following questions:

   - How do the initiative's mission and its major objectives align with the University's strategic plan?

- How do leaders categorize the initiative within the strategic vision of the department (critical to sustain current service levels, augment service levels, answer to regulatory requirements, etc.)?
- What are the goals and objectives of the initiative?
- Has the operating environment and conditions of the department changed, creating a need for this initiative?
- How does this initiative tie to current or past initiatives and what progressive steps towards desired goals has the unit realized?
- Does this initiative impact other departments and/or facilitate collaboration with initiatives underway in other units?

3. Value Proposition (alternatives considered, benchmarking, methodology)

This section explains the alternatives that were considered in deciding to pursue the initiative in question, as well as why the presented initiative was chosen. These decisions should be made with the support of external market research, competitive analysis, and benchmarking. This section should consider:

- How will requested resources add value to ongoing operations?
- What alternatives would provide similar value?

After consideration is given to these questions, this section should include:

- A description of the analysis that was done in comparing these alternatives to the status quo,
- An assessment of the benchmarking, external market research, and competitive analysis that was completed,
- An indication of the operational efficiency of the selected initiative and the metrics developed to assess success, and
- The reasoning for why the proposed solution was selected.

The relative cost of the initiative (e.g. dollars and/or man-hours) will dictate the amount of detail required for the market and competitive analysis; however, potential methods of analysis include:

- *Peer benchmarking* – comparison of operations to select peer institutions to identify strengths and weaknesses. Important aspects to consider when conducting peer benchmarking include geographic location, demographic information, service mix, market share, resources available, similarity of issues and challenges, and pricing structures.
- *Industry benchmarking* – comparison of operations to consolidated peer group standards. Important aspects to consider when conducting industry benchmarking include: historical and current trends, barriers to entry, market size, and the success and failures of similar past initiatives or decisions.

- *Historical benchmarking* – considers how operating environments have changed over time. Important aspects to consider when conducting historical benchmarking include: historical attempts at similar initiatives or decisions and the effects of variations in operating or environmental conditions.
- *Internal benchmarking* – comparisons of similar units/operations/campuses within Pace University. Important aspects to consider when conducting internal benchmarking include: variances in levels of service between otherwise similar operations, opportunities for economies of scale, and effects of variations in operating or environmental conditions.

4. Funding Analysis (source of funds, revenue generation, self-funding, requested funds, etc.)

This section serves in tandem with the Annual Budget Plan to outline how the unit anticipates funding the proposed initiative. If the proposed initiative requires funding, the planned source of the funding must be identified, and any concerns, open issues, or unanswered questions on initiative funding must be listed here. If incremental revenues are proposed, substantial supporting information is required to justify the probability of capturing the revenues.

Units should use an appendix for significant financial analysis, but this section should summarize those findings. The sources for all support data must also be identified.

If a capital project (greater than $2,000) is required for the initiative, a Capital Project Request Form will need to be completed and included in the Annual Budget Plan submission. Summarize the contents of each form within the Funding Analysis section and include a copy of each form as support for the initiative.

This section should include any important variance analysis and sensitivity analysis, as dictated by the drivers of the initiative. There should be a discussion regarding how the proposed variances from the previous year or proposals may impact this initiative or other departments and initiatives.

With respect to revenues, this section should include:

- Description of current and incremental revenue sources, how these funds will be collected, and how they will be utilized,
- Requests for funds from the University,
- Proposed contribution to the University,
- Disclosure of the use of temporarily restricted funds,

On the expense side, the authors of this section should consider all expenditures, both one-time and on-going, and functional expenditures, including but not limited to:

- Facilities, equipment and space needs,

- Information technology needs,
- Human resources and faculty member needs, and
- Required central administration support services.

In addition to the revenue and expense assessments, substantial initiatives should be supported with an internal rate of return and/or payback period analysis. Illustrations, training and support for these types of analytics will be provided by the Office of Budget and Planning.

If an appendix is created for large initiatives, it should include the proposed budget of the initiative as well as the financial and intangible implications of decisions proposed in the Annual Budget Plan. This budget should represent a two-year schedule of revenues and expenses. This budget should include three components: base budget; incremental revenue & expense methodology; and, findings.

- *Base Budget*: This budget should be representative of the revenues and expenses that the department will experience if the current level of service is maintained from the previous year, and it should be projected for two years. In addition, it should provide adequate detail to support the new initiative (revenue and cost details). Requirements for capital budgeting should also be included in this section. The budget should take the general format displayed in the Annual Budget Plan, but also include the drivers of revenues and expenses (faculty, students, square-feet, etc.).

- *Incremental Revenue & Expense Methodology:* This is a description of the extent of the financial analysis conducted in support of the initiatives. Any underlying assumptions to the financial projections should be mentioned in this section. As a general rule of thumb the following methodologies are acceptable:
  - Comparison of Annual Budget Plans: variance analysis
  - Additional Revenues: contribution margin analysis
  - New Department or Facility: full-absorption costing analysis
  - Additional Operational Support Function: NPV, IRR, payback period, or cash flow analysis

  Regardless of the methodology accepted, a sensitivity analysis should also be present to compare multiple different situations and funding opportunities.

- *Findings:* This section details the reasoning and the results of the financial analysis. The narrative should explain any underlying facts or assumptions that are not obvious from reading the exhibit. This section should also explain how changes to the current levels of service will affect other departments or initiatives within the University.

5. Risk Assessment

This section details the level of risk associated with pursuing or forgoing the proposed initiative and how the risk will be managed in order to mitigate it. At a minimum, this section should incorporate consideration of the following items:

- Likelihood of success for the initiatives,
- How risk (pursuit or forgone) will be managed,
- Classification of risk associated with the initiative (financial, reputational, operational, etc.), and
- The controls needed to mitigate risk.

6. Financial and Operational Metrics (variance and sensitivity, ratios, etc.)

This section should encompass how success will be measured for the proposed initiative. Performance metrics, goals, and methods for collecting metrics should also be presented in this section. This section should also assign responsibility to individuals for monitoring and reporting the success (or lack of success) for the proposed initiative. It should provide:

- An explanation of how progress towards department goals will be measured,
- A definition of how initiative level success will be measured,
- Description of metrics that will be employed to measure goals and initiative success, and
- Methodology for how metrics will be collected and whose responsibility it is to collect and monitor the metrics.

APPENDIX I: ILLUSTRATIVE REPORT

[NOTE: THIS INFORMATION IS FOR TRAINING PURPOSES ONLY AND IS NOT INDICATIVE OF AN ACTUAL PACE UNIT.]

ABP EXECUTIVE SUMMARY

PACE UNIVERSITY

Annual Budget Plan (Executive Summary)

Annual Budget Plan
Executive Summary
School of XYZ

Division/Area: School of XYZ
Dean/VP Name: Dean Smith

Date Submitted: 2/28/2009
Completed By: Jane Doe

		FY 2008	FY 2009	FY 2010		FY 2011						
						School/Division Changes						
		Actuals (Audited)	Actuals (Unaudited)	Adjusted Budget	YTD Actuals (as of 12/15/09)	Permanent Base Budget	Centrally Processed Changes	Strategic Initiative Changes	Reallocation Changes	Total Changes	Proposed Base Budget	% Change to Base
Revenues												
Tuition & Fees												
Undergraduate	(08 per Cr-2-$ Report)	$5,000,000	$5,322,505	$6,011,145	$5,536,807	$6,011,145	$110,000	$0	$0	$110,000	$6,121,145	2%
Graduate	(08 per Cr-2-$ Report)	$4,000,000	$4,051,118	$5,500,000	$4,137,702	$6,027,034	$125,000	$100,000	$0	$225,000	$6,252,034	4%
Tuition Law		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Other Tuition Programs		$6,500,000	$6,852,342	$6,700,000	$5,438,067	$5,889,093	$110,000	$0	$0	$110,000	$5,999,093	2%
Fees		$124,150	$105,228	$120,000	$76,953	$120,000	$0	$0	$0	$0	$120,000	-
Discounts		($211,741)	($431,784)	($252,433)	($525,023)	$0	$0	$0	$0	$0	$0	-
Cancellations		($41,839)	($34,236)	$0	($306,439)	$0	$0	$0	$0	$0	$0	-
Forfeited Deposits		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Total Tuition & Fees		$15,370,570	$15,865,173	$18,078,712	$14,358,067	$18,047,272	$345,000	$100,000	$0	$445,000	$18,492,272	2%
Institutional Aid	(per Student ledger)	($2,055,000)	($2,067,994)	($2,044,442)	($2,072,880)	($2,044,442)	$0	$0	$0	$0	($2,044,442)	-
Scholarships		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Contributions		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Other Sources		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Total Revenues		**$13,315,570**	**$13,797,179**	**$16,034,270**	**$12,285,187**	**$16,002,830**	**$345,000**	**$100,000**	**$0**	**$445,000**	**$16,447,830**	**3%**
Expenditures												
Salaries & Wages												
Full-Time Faculty Salary & Wages		$4,587,200	$4,577,971	$4,647,885	$2,766,427	$4,647,885	$139,437	$75,758	$0	$215,195	$4,863,080	5%
Full-Time Faculty Other Compensation		$317,869	$239,542	$103,622	$97,116	$103,622	$3,109	$0	$0	$3,109	$106,731	3%
Full-Time Faculty Salaries Overage		$212,404	$218,180	$191,400	$63,863	$0	$0	$0	$0	$0	$0	-
Adjunct Faculty Salary & Wages		$652,728	$634,914	$556,787	$438,027	$280,000	$8,400	$0	$0	$8,400	$288,400	3%
Full-Time Staff Salary & Wages		$2,405,328	$2,290,321	$2,650,631	$1,475,123	$2,650,631	$79,519	$85,000	$0	$164,519	$2,815,150	6%
Full-Time Staff Other Compensation		$150,548	$97,466	$19,875	$29,741	$0	$0	$0	$0	$0	$0	-
Part-Time Staff Salary & Wages		$171,595	$213,901	$236,439	$118,168	$254,674	$7,640	$0	$0	$7,640	$262,314	3%
Total Salary & Wages		$8,497,672	$8,272,295	$8,406,639	$4,988,465	$7,936,812	$238,105	$160,758	$0	$398,863	$8,335,675	5%
College Work Study		$34,508	$27,714	$26,415	$13,162	$0	$0	$10,000	$0	$10,000	$10,000	-
Employee Benefits		$2,521,789	$2,619,957	$2,902,701	$1,621,846	$2,554,787	$76,644	$51,443	$0	$128,087	$2,682,874	5%
Marketing Publications and Printing		$61,890	$65,990	$139,905	$9,609	$139,905	$200	$75,000	$0	$75,200	$215,105	54%
Supplies and Services												
Professional Fees		$925,926	$784,355	$793,963	$284,412	$826,103	$0	$25,000	$75,000	$100,000	$926,103	12%
Supplies		$314,613	$155,212	$500,853	$74,232	$466,952	$0	$0	($75,000)	($75,000)	$391,952	-16%
Travel and Meals		$225,984	$193,243	$365,443	$97,191	$364,945	$0	$0	$0	$0	$364,945	-
Payments to Food Service		$70,939	$87,480	$105,000	$36,957	$105,000	$0	$0	$0	$0	$105,000	-
Memberships		$50,856	$78,108	$92,225	$31,320	$92,225	$0	$0	$0	$0	$92,225	-
Minor Furniture and Equipment		$77,944	$72,553	$94,541	$53,549	$54,541	$0	$0	$0	$0	$54,541	-
Procurement Card		$45,574	$32,769	$17,000	$6,780	$17,000	$0	$0	$0	$0	$17,000	-
Library Materials and Books		$0	$54	$3,000	$0	$3,000	$0	$0	$0	$0	$3,000	-
Other		$159,749	$107,852	$1,500	($7,143)	$1,500	$0	$0	$0	$0	$1,500	-
Honoraria and Awards		$900	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Total Supplies and Services		$1,872,485	$1,511,626	$1,973,525	$577,298	$1,931,266	$0	$25,000	$0	$25,000	$1,956,266	1%
Utility & Plant Contracts												
Telephone and Cable Service		$14,187	$17,410	$22,300	$7,588	$22,300	$0	$0	$0	$0	$22,300	-
Utilities and Common Charges		$0	$71	$99	$288	$0	$0	$0	$0	$0	$0	-
Plant Contracts		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Property Insurance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Leased Properties and Taxes		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Total Utility & Plant Contracts		$14,187	$17,481	$22,399	$7,876	$22,300	$0	$0	$0	$0	$22,300	-
Capital Assets & Project Costs		$50,779	$3,300	$37,600	$8,894	$30,000	$0	$0	$0	$0	$30,000	-
Fund Transfers		($34,581)	($15,441)	$0	$0	$0	$0	$0	$0	$0	$0	-
Contingency		$0	$0	$10,338	$0	$40,000	$0	($27,200)	$0	($27,200)	$12,800	-68%
Internal Usage and Chargebacks		$45,053	$67,357	$68,200	$22,899	$68,200	$0	$0	$0	$0	$68,200	-
Depreciation		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Asset Retirement Adjustment FIN 47		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Interest Expense		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Federal Matches and Indirect Costs		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Fund Level Budget Control		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-
Total Expenditures		**$13,063,782**	**$12,570,279**	**$13,587,722**	**$7,250,049**	**$12,723,270**	**$314,949**	**$295,001**	**$0**	**$609,950**	**$13,333,220**	**5%**
Operating Surplus/(Deficit)		**$251,788**	**$1,226,900**	**$2,446,548**	**$5,035,138**	**$3,279,560**	**$30,051**	**($195,001)**	**$0**	**($164,950)**	**$3,114,610**	-5%

Total FY2011 Capital Expenditures Requested per Capital Project Budget Request Forms: $ 50,000

ABP OVERVIEW

Annual Budget Plan (Strategic Initiatives)

Division/Area: School of XYZ
Completed By: Dean Smith

Overview *(Guidance 500 words)*

The School of XYZ has enjoyed tremendous growth over fiscal years 2008, 2009 and projected 2010. From FYE 2009 to projected year-end FY2010, the School's revenues are pacing to increase by 16%. The majority of increased revenue came from new graduate programs. These revenues were offset by expense increases of only 1.2%, illustrating substantial gains in efficiency.

Through the first 8 months of the current fiscal year, we have incurred 53% of our expense budget. This indicates that we've been successful with last year's cost reduction plans, in which we planned to cut non-core and non-strategic expenses by 20%. While the year-to-date performance looks strong, it is notable, that several large expenditures are expected to hit in the fourth quarter (equipment replacement, professional services and part-time employment). The large salary increases are needed because we recovered from the drop in enrollment more quickly than anticipated (12.3% increase over last year).

A key theme among the initiatives proposed is the need to increase faculty and staff due to the pressures caused by a large prior year increase in enrollment and the projected increases in enrollment for FY2011. The total cost of these two initiatives is $165k to be funded centrally due to the 16% increase in revenue from FY2009 to FY2010.

For FY2011 we have one significant initiative requiring greater than $100k or more in funding. Benchmark analyses have shown that our part-time and summer enrollment figures lag behind those of our competition. The University's 2 year old discounted summer tuition rate program has increased the pressure on our school to maximize our summer enrollment. Last year our school did not increase our summer enrollment resulting in lower revenues for the summer program. To respond to this need, we plan to engage a marketing consulting firm to review the School's campaign and marketing materials and to increase our marketing budget by $100k per year. The $100k for the marketing consultant will be covered by the estimated increase in FY2011 Summer I revenue. The $75k incremental increase in on-going marketing expenses will be covered by a reduction in the Supplies and Services account.

When taken together, we think these initiatives will position our School ideally to respond to market demands and fulfill our mission of teaching, research and public service.

ABP STRATEGIC INITIATIVES

FY 2011 Strategic Initiatives					
Priority	**Initiative**	**Description**	**Contingencies**	**Notes**	**Resources Required**
1	Investment in marketing campaign	We've engaged marketing consultants to review the campaign and materials are expected to be delivered next month and reach a broader portion of our target market. This will cost an estimated $175,000.			175,000
2	Addition of Associate Dean of Academic Affairs	This position has been vacant for two years, but we will now request a position control approval in the amount of $85,000 to cover the salary. The remaining balance of the salary and fringe costs will be covered by the Dean's discretionary funds.			85,000
3	Addition of 1 instructor for Department ABC graduate program	$100,000 to hire an instructor for graduate program 123 for department ABC, given we had tremendous enrollment growth in FY10 and we anticipate higher applications for the upcoming fiscal year.			80,000
4	Conversion of suite of administrative offices	Conversion of a suite of administrative office into a dry lab for research faculty members. During the 2010 fiscal year, we increased authorship of grants by 30% and we anticipate increased research funding during FY2011. This increased funding is anticipated to come with indirect cost recovery of $75,000, which will more than cover the $50,000 one-time conversion of the office suites.	Achievement of 50% of anticipated research funding.		50,000
Total Estimated Resources Required					**390,000**

ABP BUSINESS CASE

Business Case for FY2011 Initiative #1

Ref. #	Description of Initiative:
1.1	Over the past two years, the University has discounted its summer per credit tuition rate. Last year, our school did not increase its summer enrollment enough to offset the decrease in the per credit rate. Therefore, our summer tuition revenues was $200k lower than originally expected. For FY2011 we are requesting the retention of a marketing consultant to review our marketing campaign and materials to ensure we are reaching a broader portion of our target market. The estimated cost of the initiative is $175k. The marketing consultant contract is estimated to be a one-time cost of $100k. The on-going incremental increase in marketing expense is $75k. This initiative does not come without risks. However, we are confident that the greatest risk would be our inaction.

Ref. #	Strategic Relationship:
1.2	This initiative ties directly to the growth, recruitment & retention goals illustrated in the three-year plan. Specifically, "significant efforts need to be made to increase retention of students substantially over prior year."

Ref. #	Value Proposition (alternatives considered, benchmarking, methodology):
1.3	We performed a benchmark analysis of our top 10 peer institutions. Relatively speaking, our discounted per credit rate is now very competitive with our peers and our summer enrollment numbers lag behind those of our competition. In determining the need for a marketing consultant the alternative of using internal resources was evaluated. However, it was determined that the in-house capability was not sufficient for the needs of this initiative. The $175k cost of this initiative is measured against $200k reduction in summer revenue from the summer 20089 to the summer of 2010. The goal of this initiative is to recoup 50% of the revenue lost.

Ref. #	Funding Analysis (source of funds, revenue generation, self-funding, requested funds, one-time, ongoing, etc):
1.4	***Note: Capital Budget Requests (greater than $2,000) require the completion of the attached Capital Project Request form.*** The cost of the marketing consultant will be funded by the estimated $100k increase in summer revenue generated. The on-going incremental increase in marketing expenses of $75k will be funded by a dollar for dollar reduction of the supplies and expenses base budget.

Funding summary:			
Expense Reallocation	$75,000	Construction Capital	
New Revenue	$100,000	FF&E Capital	
Request for additional operating funds		IT Capital	
Other (please specify):			

Ref. #	Risk Assessment:
1.5	The risks associated with this initiative include: 1. That we fall short our of our enrollment goal. 2. We reach the enrollment goals but not the credit hours required to reach our revenue goals. 3. We market using the wrong media type and sources that do not yield the increased exposure to new students.

Ref. #	Financial and Operational Metrics (variance and sensitivity, ratios, etc.):
1.6	We plan to measure our success in this area using the following metrics: 1. Total summer enrollment current year vs. prior year. 2. Total revenue current year vs. prior year, calculated each week from the initial registration date through the void date. 3. Total credit hours registered current year vs. prior year. 4. Pace students vs. visiting students.

APPENDIX II: CAPITAL PROJECT REQUEST FORM

PACE UNIVERSITY
CAPITAL PROJECT REQUEST FORM

Construction: ☐ Information Technology: ☐ Furniture, Fixtures & Equipment ☐

School / Division: ________ **Campus:** ________ **Date:** ________

Project: ________
Description

(use additional sheets if necessary)

Summary of Estimated Costs (attach details)

E30601	Professional services	$ -	**E30804**	Project management	-
E30801	Contractual services	-	**E19701**	Supplies	-
E31802	Furnishings	-	**E31600**	Trash removal	-
E32302	Equipment	-	**E30803**	In house services	-
E32802	Sitework	-	**E36001**	Contingency	-
E31403	Moving	-	**E32401**	Computer Software	-
E33001	Rentals	-	**E33001**	Computer Hardware	-
E33201	Insurance	-	**EXXXX**	Other (describe)	-
E33802	Legal and administrative	-	**EXXXX**	Other (describe)	-
				Project Total	$ -

Proposed Sources of Funding	
Capital budget - Construction	-
Capital budget - FF&E	-
Capital budget - IT	-
Capital budget - Total	-
Expense reallocations	-
New Revenues	-
Additional operating funds requested:	-
Other (please specify):	-
Total funding (must equal Project Total from above)	$ -

School/Division Approvals	
Project Owner	
Title	
Date	
Budget Representative	
Title	
Date	
Dean / VP	
Title	
Date	