



**Resource Allocation
 Charter Document**

v8
 Updated: September 12, 2012

Team Name	Resource Allocation
Executive Sponsors	<ul style="list-style-type: none"> - Chancellor - Provost - Vice Chancellor for Administration
Business Process Owner(s)	<ul style="list-style-type: none"> - Chancellor - Provost - Vice Chancellor for Administration - Deans and Directors - Divisional finance and decision-support staff - Budget Office - Office for Academic Planning & Analysis
Governance	Serves in an advisory role to the Steering Committee
Objectives	<p>The objectives of this project are to establish a new process for allocating GPR funds to the divisional level that:</p> <ol style="list-style-type: none"> 1. Ensure divisions* receive sufficient funding to support their contribution to the mission of the university; 2. More closely ties resource allocation to current and anticipated future funding needs and diverse operational realities; 3. Balances the need for stability with the need for flexibility in future allocations of GPR funds; 4. Formally establishes a funding pool to fund activities of strategic importance to the institution; and 5. Sets clear rules and incentives for revenue growth. <p>The successful completion of this project will provide strong support for the University's resource stewardship goals, provide clarity into how resources are generated, and will ensure the continued funding of innovation and other strategic priorities. Creating a process that more consciously and clearly aligns resources with teaching, research, and outreach will provide support for, and credibility to, making the case for increased funding in the future.</p> <p>*division refers to the school/college level when used within this document</p>
Goals	<ol style="list-style-type: none"> 1. Create a set of principles to guide the process



	<ol style="list-style-type: none">2. Collect and structure operational data to guide future allocation processes3. Create a comprehensive financial model(s) to portray the impact of alternative allocation scenarios on division level funding in order to inform resource allocation decisions4. Design a process to guide enterprise financial management, planning, and analysis including processes and policies that create incentives for desired revenue creation5. Assess gaps between current skills/capabilities, staff resources, and technology and those which will be needed by a future-state process of resource allocation; recommend necessary adjustments6. Ensure campus stakeholders are appropriately engaged throughout the process and that decisions are clearly communicated with campus7. Establish a plan for implementation that accounts for the gaps identified in goal # 5 and that considers an appropriate timeline to spread the impact of funding changes across several years
Scope	<p>Included in scope are the allocations of GPR funds from the central to the divisional level. These allocations will be informed by all other funding sources available at the divisional level (e.g., gifts) and by other operational data.</p> <p>The scope of this review considers the allocation of funding to the divisional level only; any subsequent allocation of funds or processes attendant to that allocation from the divisional to the departmental are out of the scope of work outlined in this document.</p> <p>The scope of review is focused on the annual operating budget but the budget process assessment step (see below) may include recommendations regarding the link between the operating and capital budgeting processes.</p> <p>The scope of this project includes all UW-Madison divisions including academic, administrative, and auxiliary divisions. It is recognized that administrative and auxiliary units may require distinctive consideration of metrics and processes to guide allocations and cost recovery.</p>
Critical Assumptions	<ul style="list-style-type: none">• Project planning and major milestones will require the engagement of deans and senior divisional administration and finance leadership, including faculty with subject matter expertise. It is assumed that these individuals will make



	<p>appropriate adjustments in their schedules, where requested, to sufficiently engage in this project and that the project planning will be sufficiently flexible to accommodate periods in which their availability is limited.</p> <ul style="list-style-type: none"> • It is understood that the “full” implementation of any change to a system for allocating resources is likely to take on the order of 3 to 5 years; the project timeline indicates the work required to begin the process of implementation rather than complete it. • Individuals contributing to this project will be able to dedicate appropriate levels of time to it; for some, it is expected that this commitment represents approximately 8 hours per week over the duration of the project participation. • The team lead will utilize the Administrative Excellence issue escalation process to resolve issues relating to project activities (e.g., data availability, unclear decision outcomes) where appropriate to ensure major milestones are met • Data required for financial modeling purposes, where appropriate, will be available and/or provided in a timely fashion
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Timeline	Work Step	Timeline	Completion Date
	Project Initiation	Week 0 – 2	July 31
	Data Collection	Weeks 1 – 5	Aug 31
	Guiding Principles	Weeks 3 – 7	Sep 14
	Selection of Metrics	Weeks 4 – 8	Sep 21
	Financial Model Development	Weeks 4 – 14	Oct 31
	Budget Process Assessment	Weeks 10 – 24	Dec 31
	Implementation Planning	Ongoing	Dec 31
	Implementation Begins	Week 25	Jan 1, 2013

Deliverables	It is anticipated that each work step will have associated deliverables. The following table indicates the anticipated deliverables for each step of the project.	
	Work Step	Major Deliverable(s)
	Project Initiation	• Project plan sign-off
	Principles	• Formal guiding principles
	Selection of Metrics	• List of metrics for use in guiding allocation and attendant data for each division
	Financial Modeling	• Pro forma financial model
	Budget Process Development	• Selection of a process for resource allocation redesign
	Capability Assessment	• Identification of specific investments required at the divisional and central administrative levels in training and



		additional resources (people and technology) required for implementation
	Communication and Vetting	<ul style="list-style-type: none"> • Communication plan and strategy
	Implementation Planning	<ul style="list-style-type: none"> • Multi-year implementation plan • Approach to phase-in changes
	Additional interim deliverables may be required as the Working Group identifies additional needs for Advisory Committee and/or Steering Committee review during the course of the project.	
Roles of Project Members	Group	Role
	Project Core Team	While the individual roles within the core team may vary, the core team will be responsible for the day to day execution of the project according to the work steps defined above. The core team will be responsible for drafting all project deliverables but will not, by themselves, have decision rights regarding specific deliverables.
	Administrative Excellence Program Management	Provide overall project management and guidance through the development of agendas, tracking of team progress, and escalating issues as needed; build the communication plan, stakeholder engagement, and step-by-step implementation plans and policy language; support business case development process and presentation of deliverables to Advisory Committee and Steering Committee.
	Huron Consulting Group	Contribute to data collection process and perform necessary data analysis; provide project management and guidance through the development of agendas, tracking of team progress, and escalating issues as needed; partner with AE project staff to build communication, stakeholder engagement, and step-by-step implementation plans and policy language; support business case development process and presentation of deliverables to Advisory Committee and Steering Committee. Huron anticipates utilizing John Curry and Jaime Ontiveros as subject matter experts during this initiative. John will provide expertise into effective approaches to resource allocation, management and planning, as well as



		implementation guidance. Jaime will provide expertise with respect to budget modeling. Jaime's efforts will be deployed as the pro forma financial model is developed.
	AE Advisory Committee	Contribute by providing input and feedback periodically throughout the project through project team updates during AE Advisory Committee meetings.
	Steering Committee	Review deliverables, facilitate conversations with Deans and the Dean's Council, and own decision making processes at key points throughout the project.
	Additional Resources	Additional resources both within the university and externally will be engaged as needed.