Strategic Budgeting

Using Analytics to Efficiently Allocate Instructional Resources

CBMI- University of Kentucky

Course #HED 2246

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Class Objectives

- Compare common budget allocation models
- Use enrollment, section, and productivity data to inform funding decisions
- Apply a macro instructional budget model to a realistic enrollment target
- Analyze faculty productivity after a college’s general decline in enrollment and identify budget implications

Financial State of Our Colleges

Financial Pressure Facing Colleges

- Enrollment softness is weakening tuition revenue
- Inflation, labor, benefits, and technology costs continue to rise
- Fixed costs limit short-term flexibility
- Public, federal, and research funding are increasingly uncertain

Why Fiscal Stability Is Declining

- Public confidence in the value of college is more fragile
- Enrollment and completion patterns are weakening revenue streams
- Students and families are more debt and price-sensitive
- Career outcomes increasingly shape perceived institutional value

Winners, Losers, and Fiscal Risk

- Higher education is separating into stronger and weaker institutions
- Smaller, lower-resourced colleges face the greatest pressure
- The risk is not just lower revenue; it is a compounding “death spiral”
- Budget strategy must shift resources toward high-impact areas

Budgeting Challenges

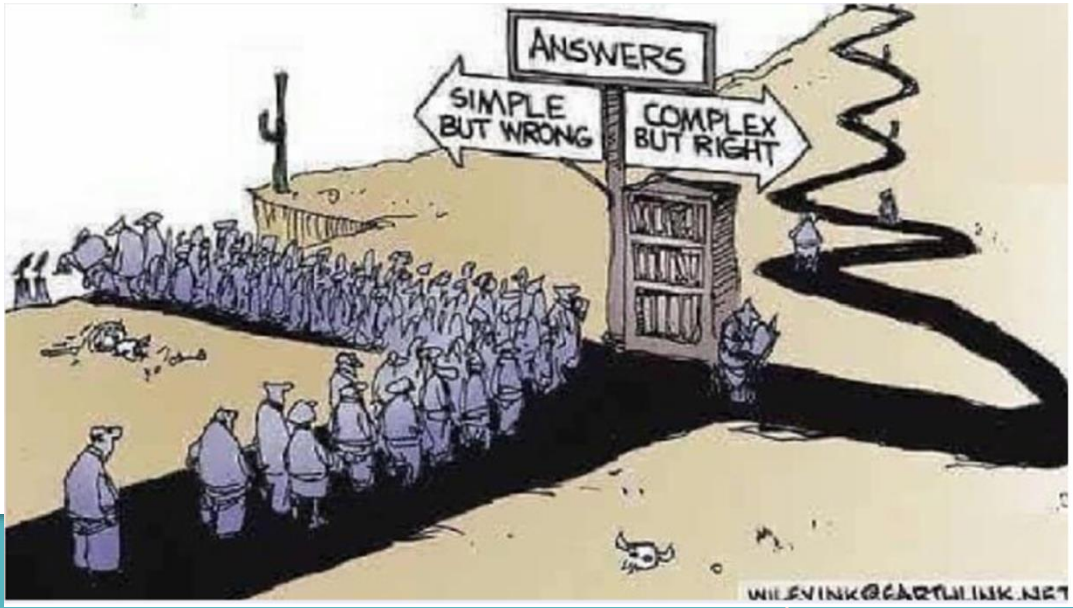
Budgeting Models – Potential Challenges

- Many institutions allocate funds through habit and politics, often resulting in inefficient funding allocations
- SWOT (strengths, weaknesses, opportunities and threats) or objective-based budgeting depends on who defines priorities
- Incremental budgeting protects existing allocations
- Program or project budgeting can miss broader outcomes
- Zero-based budgeting requires strong oversight and clear measurable criteria

Budgeting Crossroads

- Wealthier colleges can absorb inefficiency more easily
- Less affluent colleges need a more strategic allocation process

Continuing the status quo is the simplest road, but "simple" isn't the same as the "right" path to success



Applying Analytics to Budgeting Models Isn’t the Simple Road

However
Applying Analytics to Strategic Budgeting is the Right Road

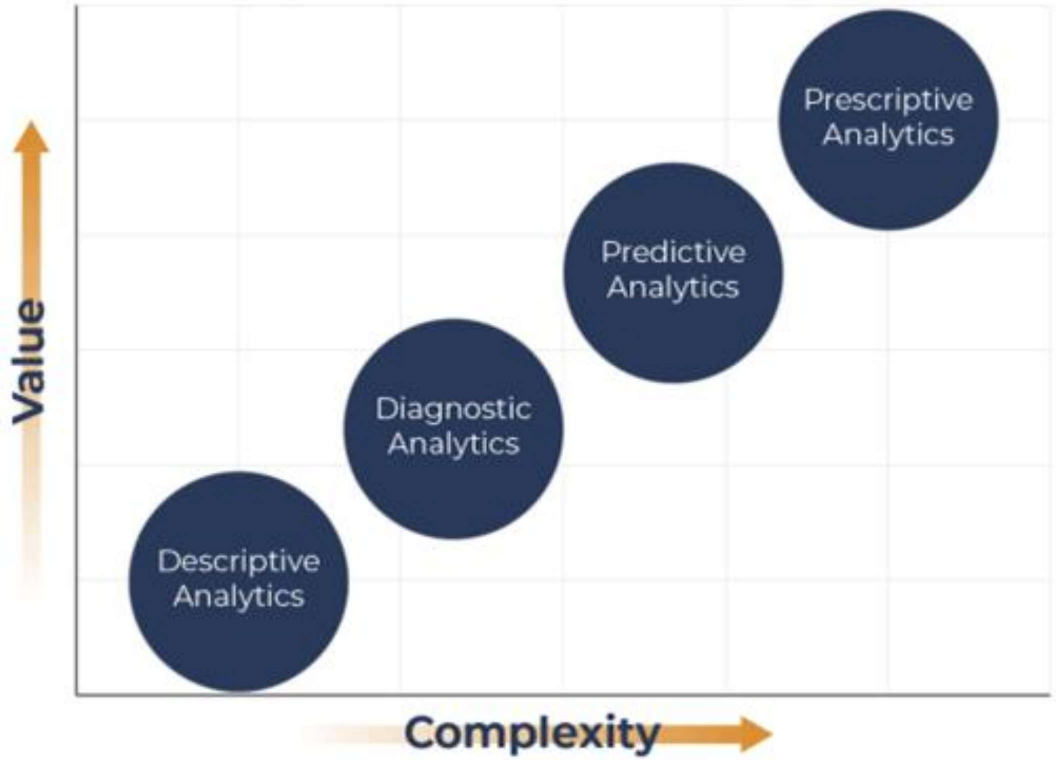
When We Don’t Pay Attention to the Data

Analytics Shifts the Budget Conversation

- Budgeting is not just allocating dollars — it is choosing priorities
- Analytics connects resources to demand, productivity, cost, and outcomes
- Analytics makes tradeoffs clearer, more transparent, and less political
- The goal is not to replace judgment, but to improve it

Analytics moves the budget from "Who gets what?"
to "What works, what matters, and what can we afford?"

Four Stages of Analytics



1. What happened?
2. Why it happened?
3. What is likely to happen?
4. What should be done?

Strategic Budgeting: What It Means

- Uses data as evidence to understand demand, cost, productivity, and outcomes
- Applies analytics to identify patterns, gaps, and tradeoffs
- Moves resources from lower-impact activities to higher-impact priorities
- Aligns budget decisions with mission, fiscal reality, and student success
- Creates a more rational environment for difficult resource decisions

Strategic budgeting helps colleges fund what matters most — not just what was funded before

The Budget Questions Data Should Answer

- Where is demand increasing, declining, or shifting?
- Are staffing and expenses aligned with current activity?
- Which costs are fixed, flexible, or discretionary?
- Which areas are producing strong results relative to cost?
- What should be protected, reduced, redesigned, or reinvested in?

Data does not make the decision — but it makes the right decision harder to ignore

Bringing the Pieces Together

Analytics shifts the conversation

From politics, history, and habit to evidence, impact, and affordability

Strategic budgeting defines the approach

A more intentional way to align limited resources with mission and results

Data answers the budget questions

Where demand, cost, staffing, productivity, and outcomes are aligned — or out of alignment

Now we need a budget model that helps turn these ideas into decisions

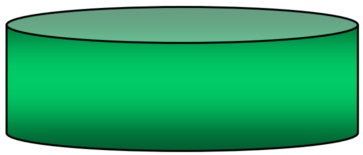
A Three-Level Strategic Budget Model

Before colleges can make better budget choices, they need to know which costs are essential, which are fixed, and which can be changed

- **Level 1:** Instructional salaries + direct teaching costs
- **Level 2:** Mandatory and contractual expenses
- **Level 3:** Discretionary and supportive expenses

The model helps separate what must be funded from where choices can be made

Level 1
Instructional Salaries



Level 1: Instructional

Funding for all full and part-time faculty

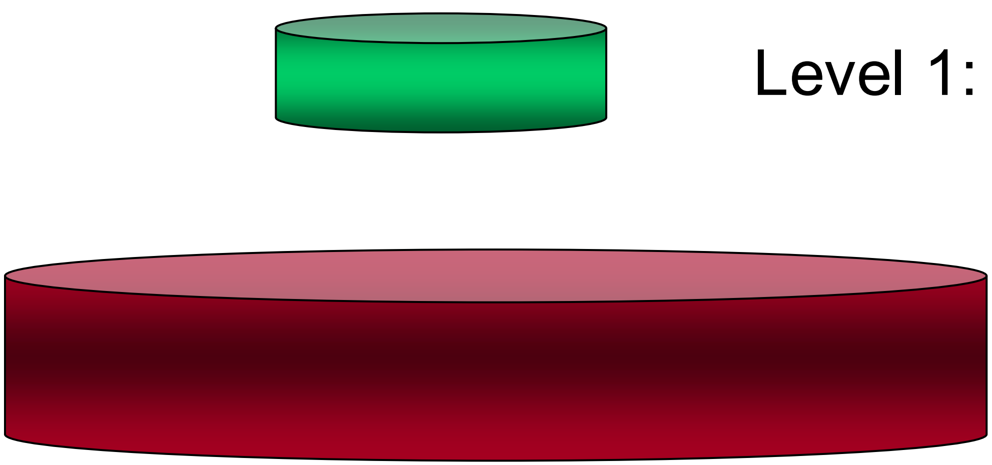
First dollar emphasis on classroom instruction = primary college mission

Level 2
Mandatory & Contractual Expenses

ALL OTHER FULL-TIME SALARIES

CONTRACTUAL OBLIGATIONS—E.G. DEBT SERVICE

OPERATIONAL REQUIREMENTS -E.G. UTILITIES, HOUSEKEEPING, TELEPHONES, TRASH REMOVAL

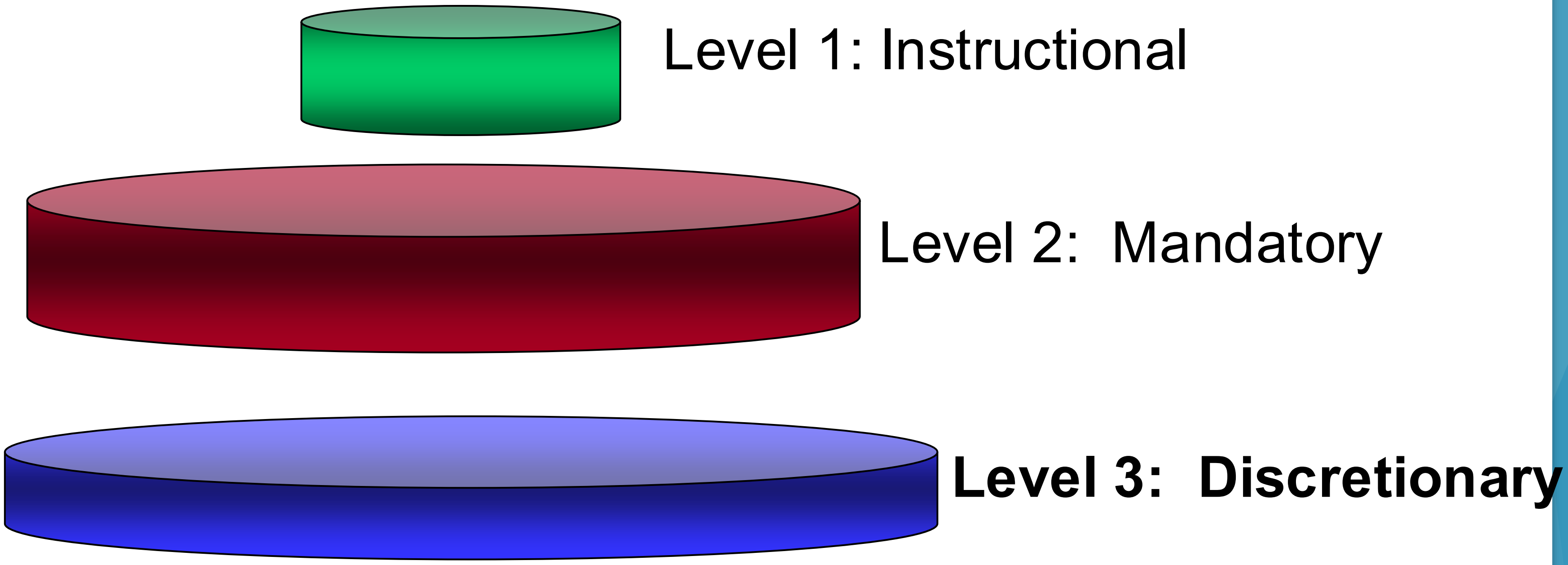


Level 1: Instructional

Level 2: Mandatory

Level 3
Discretionary/Supportive Expenses

All other expenses not included **in** Levels 1 and 2



Key Data Terms for Strategic Budgeting

- **FTE** — full-time equivalent
- **FTES** — full-time equivalent students; converts enrollment activity into a common measure
- **FTEF** — full-time equivalent faculty
- **Credit hours** — the instructional activity generated by student enrollment
- **Sections** — the number of class offerings needed to serve demand
- **Faculty load** — the teaching assignment carried by faculty
- **Productivity** — the relationship between instructional output and staffing or cost

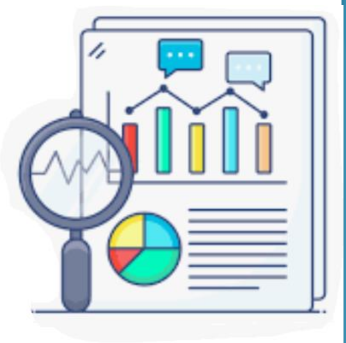
Time to put the theory into practice

Work in teams of 3-4 participants

Use the assumptions provided to build a college-level instructional budget

Engagement 1

Case Study 1
Developing a Macro Instructional Budget



Case Study 1.1

Assumptions

- Target: 5,000 FTES, with 30 credits per FTES
- Average 27 students per three-credit section/class
- Full-time faculty teach 10 courses per year; 125 full-time faculty
- Part-time faculty cost: $3,500 per section

Assignment

What is the part-time faculty budget for an enrollment of 5,000 full-time equivalent students– FTES?

Case Study 1.1

Part-Time Faculty Calculations

Step 1: Total credits needed

5,000 FTES × 30 credits = 150,000 credits

Step 2: Credits generated per section

27 students × 3 credits = 81 credits per section

Step 3: Total sections needed

150,000 ÷ 81 = 1,852 sections (rounded from 1,851.85)

Step 4: Sections covered by full-time faculty

125 faculty × 10 courses = 1,250 sections

Step 5: Sections needed from part-time faculty

1,852 total sections – 1,250 full-time sections = 602 part-time sections

Step 6: Part-time faculty budget 602 sections × $3,500

Part-time faculty budget = $2,107,000

Case Study 1.2

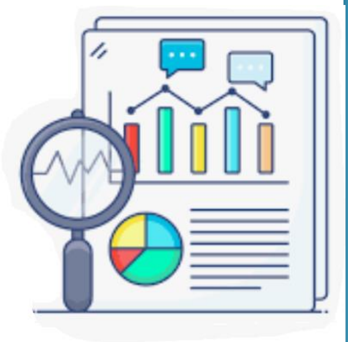
Enrollment Adjustment

Assignment

What would be the additional cost if the target was increased to 5,500 FTES?

Assumptions

Assume all additional classes will be taught by part-time faculty.



Case Study 1.2

Cost to Add 500 FTES Calculations

Step 1: Additional credits needed

500 FTES × 30 credits = 15,000 credits

Step 2: Credits generated per section

27 students × 3 credits = 81 credits per section

Step 3: Additional sections needed

15,000 ÷ 81 = 185.19 sections

Step 4: Rounded sections needed

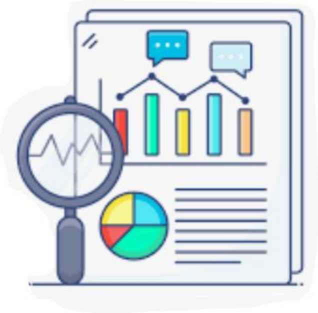
186 sections *(rounded up from 185.19)*

Step 5: Additional part-time faculty cost

186 sections × $3,500 = **$651,000**

Additional part-time faculty cost: $651,000

Case Study 1



Question

Change in assumptions that would affect the results?

Discussion

How was analytics applied to the case study when enrollment was increased by 500 FTES?

Four Stages of Analytics

1. What happened?
   - *Level 1 instructional costs increased*
   - *The additional 500 FTES required more sections*
2. Why it happened?
   - *Enrollment growth created an additional cost*
   - *The assumption was that added sections would be taught by part-time faculty*
3. What is likely to happen?
   - *Level 2 and Level 3 budgets may be squeezed if revenue does not cover the added cost*
   - *Other allocations may need to be revised*
4. What should be done?
   - *Rebalance the proposed budget*
   - *Review assumptions, revenue, and noninstructional funding levels*

Now let's drill down into a micro budget level

Please stay with your teams of 3-4 participants

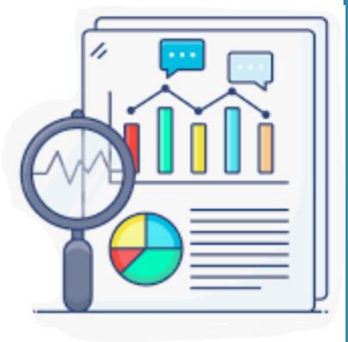
Use the exhibit (1 through 6) packet that each of you should have

Micro Analysis: Why It Matters

- This exercise examines institutional efficiency and faculty productivity
- The goal is to test whether costs align with enrollment realities
- Participants compare post-decline staffing to pre-decline productivity
- The analysis supports evidence-based budget decisions

Engagement 2

Case Study 2
Micro Analysis of an Instructional Budget



Micro Analysis: The Data Set

- The exhibits use faculty-load data from an actual university
- Enrollment declined significantly over a three-year period
- The analysis focuses on productivity, not just headcount
- The goal is to identify whether budget adjustments (FTEF) were sufficient when current productivity is compared to pre-reduction enrollments

Micro Analysis: FY1 to FY2

- FY1 represents the pre-decline enrollment baseline
- FY2 reflects faculty-load adjustments after the decline
- Productivity is measured through credit-hour and faculty-load relationships

Micro Analysis: Participant Task

- Analyze XYZ University faculty-load and budget data
- Compare FY1 and FY2 after an enrollment decline
- Determine whether faculty adjustments matched the enrollment change
- Compare credit-hour changes with faculty (FTEF) changes
- Look for departments where productivity improved or weakened
- Use the data to recommend FY3 budget action

Case Core Questions

Which departments are out of alignment with enrollment change?

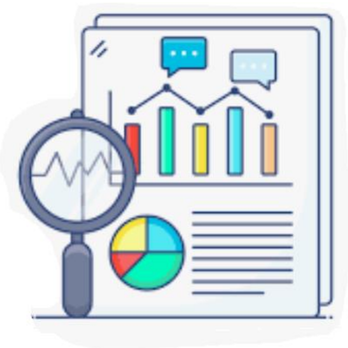
Where would cuts, reinvestment, or deeper analysis be justified?

What recommendation(s) would you present to campus leaders?

Did the university reduce enough faculty FTE to regain fiscal stability?

Exhibit 1

Comparison of Faculty Productivity



What to Look For

- Sorts credit-hour increases and declines by department
- Compares faculty productivity before and after enrollment decline
- Shows whether FTEF reductions matched credit-hour losses
- Key finding: faculty declined far less than credit decline

Exhibit 1

XYZ University

Comparison of Enrollment Between FY1 and FY2

Sorted by % Change in Total Credit Hours

Program	FY1 CHs	FY2 CHs	Δ CHs	%Δ CHs	FY1 FTEF	FY2 FTEF	Δ FTEF	%Δ FTEF	FY1 CH/FTEF	FY2 CH/FTEF	Δ CH/FTEF	%Δ CH/FTEF
Counseling Psych.	6,786	3,472	-3,314	-49%	58	48	-10	-17%	117	72	-45	-38%
Accounting	10,934	6,518	-4,416	-40%	17	13	-4	-24%	643	501	-142	-22%
History	17,648	10,824	-6,824	-39%	40	33	-7	-18%	441	328	-113	-26%
Communication	10,999	7,297	-3,702	-34%	55	48	-7	-13%	200	152	-48	-24%
Political Science	9,476	6,357	-3,119	-33%	35	32	-3	-9%	271	199	-72	-27%
Fine Arts	7,984	5,431	-2,553	-32%	13	12	-1	-8%	614	453	-162	-26%
Economics	7,828	5,549	-2,279	-29%	25	15	-10	-40%	313	370	57	18%
Philosophy	22,068	16,035	-6,033	-27%	36	37	1	3%	613	433	-180	-29%
HRIR	4,230	3,105	-1,125	-27%	5	5	0	0%	846	621	-225	-27%
English	24,603	18,111	-6,492	-26%	56	43	-13	-23%	439	421	-18	-4%
Psychology	19,684	14,574	-5,110	-26%	17	18	1	6%	1158	810	-348	-30%
Criminal Justice	4,260	3,163	-1,097	-26%	11	17	6	55%	387	186	-201	-52%
Theology	20,650	15,425	-5,225	-25%	33	23	-10	-30%	626	671	45	7%
Modern Languages	9,774	7,309	-2,465	-25%	13	16	3	23%	752	457	-295	-39%
Pastoral Studies	5,093	4,062	-1,031	-20%	30	28	-2	-7%	170	145	-25	-15%
Sociology & Anthro	11,610	9,584	-2,026	-17%	20	16	-4	-20%	581	599	19	3%
Classical Studies	4,410	3,702	-708	-16%	11	11	0	0%	401	337	-64	-16%
Natural Sciences	6,049	5,259	-790	-13%	27	30	3	11%	224	175	-49	-22%
Finance	6,302	5,492	-810	-13%	10	17	7	70%	630	323	-307	-49%
Physics	3,851	3,439	-412	-11%	41	58	17	41%	94	59	-35	-37%
Biology	10,994	9,893	-1,101	-10%	47	41	-6	-13%	234	241	7	3%
Marketing	5,739	5,185	-554	-10%	32	26	-6	-19%	179	199	20	11%
Management Sci	9,507	8,667	-840	-9%	21	24	3	14%	453	361	-92	-20%
Social Work	12,493	12,421	-72	-1%	73	65	-8	-11%	171	191	20	12%
Chemistry	8,560	8,712	152	2%	28	24	-4	-14%	306	363	57	19%
Law	21,246	21,774	528	2%	11	12	1	9%	1931	1815	-117	-6%
Theatre	2,457	2,526	69	3%	18	13	-5	-28%	137	194	58	42%
Management	7,146	7,531	385	5%	27	24	-3	-11%	265	314	49	19%
Ed. Leader & Pol. S.	4,344	4,794	450	10%	47	53	6	13%	92	90	-2	-2%
Cent. Org Dev.	1,026	1,293	267	26%	9	9	0	0%	114	144	30	26%
Math, Stats & CS	15,483	19,725	4,242	27%	20	37	17	85%	774	533	-241	-31%
General Nursing	6,639	9,116	2,477	37%	11	8	-3	-27%	604	1140	536	89%
Curr. Instr. & P.E.	6,774	10,722	3,948	58%	19	30	11	58%	357	357	1	0%
Total	**326,647**	**277,067**	**-49,584**	**-15%**	**916**	**886**	**-30**	**-3%**	**357**	**313**	**-44**	**-12%**

It’s OK! I’ve got you

Exhibit 1

XYZ University
Comparison of Enrollment Between FY1 and FY2
Sorted by % Change in Total Credit Hours

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Exhibit 1
Questions

1. What do the totals tell us about the college's FY2 enrollment and the aggregate faculty teaching loads?

2. Does it appear that the decline in FTEF matched the decline in FTES?

3. What does the %ΔCH/FTEF (percentage change in credit hours per FTEF/faculty load) tell us about the overall teaching productivity?

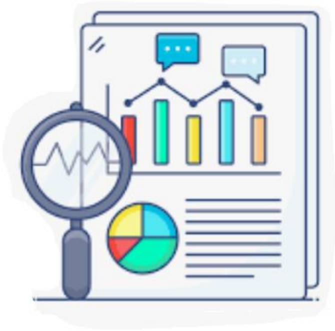
Exhibit 1

Debrief

- Total credit-hour decline was 15%, not 25%, because some areas grew—see Exhibit 4
- Many departments did not reduce faculty FTEF to match enrollment decline
- Overall FY2 productivity has declined
- The budget question is where adjustments are still needed

Exhibit 2

Average Credit Hours per Faculty



What to Look For

- The far-right column shows percentage change in faculty load
- Negative change means faculty taught fewer credits per faculty member
- Persistent negative change may signal insufficient FTEF reductions
- Use the graph to spot the largest productivity shifts quickly

Exhibit 2

XYZ University
Comparison of Faculty Productivity Between FY1 and FY2
Sorted by % Change in Average Credit Hour/Faculty

Program	FY1 CHs	FY1 CH/FTEF	FY2 CHs	FY2 CH/FTEF	Δ CHs	%Δ CHs	Δ CH/FTEF	%Δ CH/FTEF
Criminal Justice	4,260	387	3,163	186	-1,097	-26%	-201	-52%
Finance	6,302	630	5,492	323	-810	-13%	-307	-49%
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Theatre	2,457	137	2,526	194	69	3%	58	42%
General Nursing	6,639	604	9,116	1,140	2,477	37%	536	89%
Total	**326,647**	**357**	**277,067**	**313**	**-49,584**	**-15%**	**-44**	**-12%**

A negative percentage change in credit hours per faculty indicates faculty are teaching fewer students during FY2 as compared to FY1 = may indicate insufficient FTEF reductions.

Exhibit 2 – A Picture is Worth…

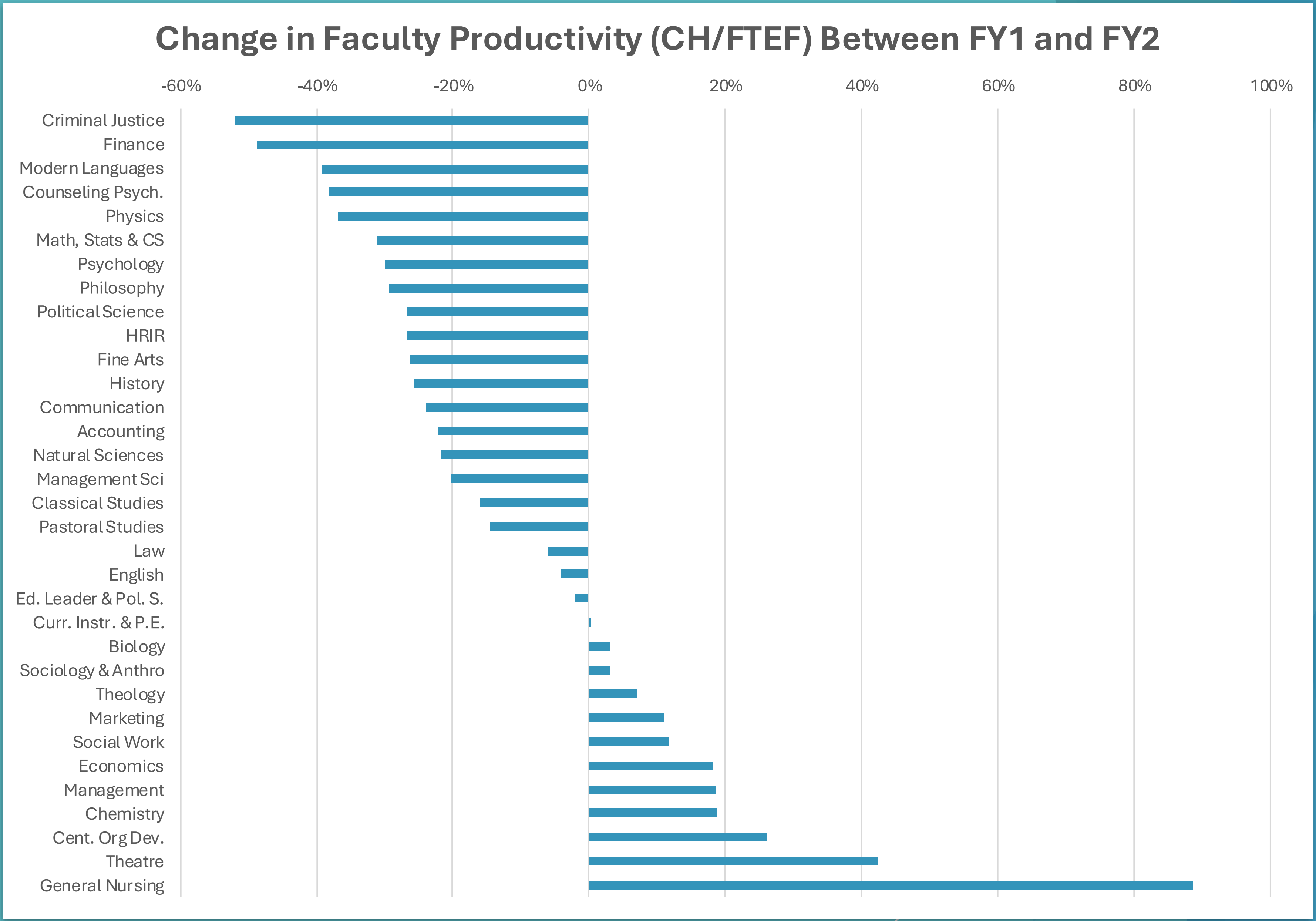


Exhibit 2

Questions

1. Which department(s) adjusted their FTEF consistent with the changes in enrollment (CHs)?

2. Are there any other columns besides the %ΔCH/FTEF column that identifies clues to whether department productivity is in sync with FY1?

3. Which departments grew in credit hours (CHs) and still experienced a decline in FTEF productivity?

Exhibit 2

Debrief

Question #1: Biology (decline); PE & Pol. Sci = growth

Question #2: Change in CH/FTEF

Question #3: Math, Law, Pol. Sci

Exhibit 3

FTEF Cuts Needed

What to Look For

- Focuses only on departments with enrollment decreases
- Compares credit-hour declines with FTEF reductions
- Identifies additional FY3 adjustments needed to match FY1 loads
- Includes both full-time and part-time faculty
- What programs with declining enrollments added FTEF? Any reason(s) why?

Exhibit 3

XYZ University
Assessment of Departments with Declining Enrollement
FY3 FTEF Adjustments Needed to Equal FY1 Faculty Loads

Program	%Δ CHs	FY1 FTEF	FY2 FTEF	Δ FTEF	%Δ FTEF	FY2 REQ ADJ	FY3 FTEF ADJ
Counseling Psych.	-49%	58	48	-10	-17%	-28	-18
Accounting	-40%	17	13	-4	-24%	-7	-3
History	-39%	40	33	-7	-18%	-15	-8
Communication	-34%	55	48	-7	-13%	-19	-12
Political Science	-33%	35	32	-3	-9%	-12	-9
Fine Arts	-32%	13	12	-1	-8%	-4	-3
Economics	-29%	25	15	-10	-40%	-7	3
Philosophy	-27%	36	37	1	3%	-10	-11
HRIR	-27%	5	5	0	0%	-1	-1
English	-26%	56	43	-13	-23%	-15	-2
Psychology	-26%	17	18	1	6%	-4	-5
Criminal Justice	-26%	11	17	6	55%	-3	-9
Theology	-25%	33	23	-10	-30%	-8	2
Modern Languages	-25%	13	16	3	23%	-3	-6
Pastoral Studies	-20%	30	28	-2	-7%	-6	-4
Sociology & Anthro	-17%	20	16	-4	-20%	-3	1
Classical Studies	-16%	11	11	0	0%	-2	-2
Natural Sciences	-13%	27	30	3	11%	-4	-7
Finance	-13%	10	17	7	70%	-1	-8
Physics	-11%	41	58	17	41%	-4	-21
Biology	-10%	47	41	-6	-13%	-5	1
Marketing	-10%	32	26	-6	-19%	-3	3
Management Sci	-9%	21	24	3	14%	-2	-5
Social Work	-1%	73	65	-8	-11%	0	8
Total	**-25%**	**726**	**676**	**-50**	**-7%**	**-168**	**-118**

Exhibit/Graph 3a

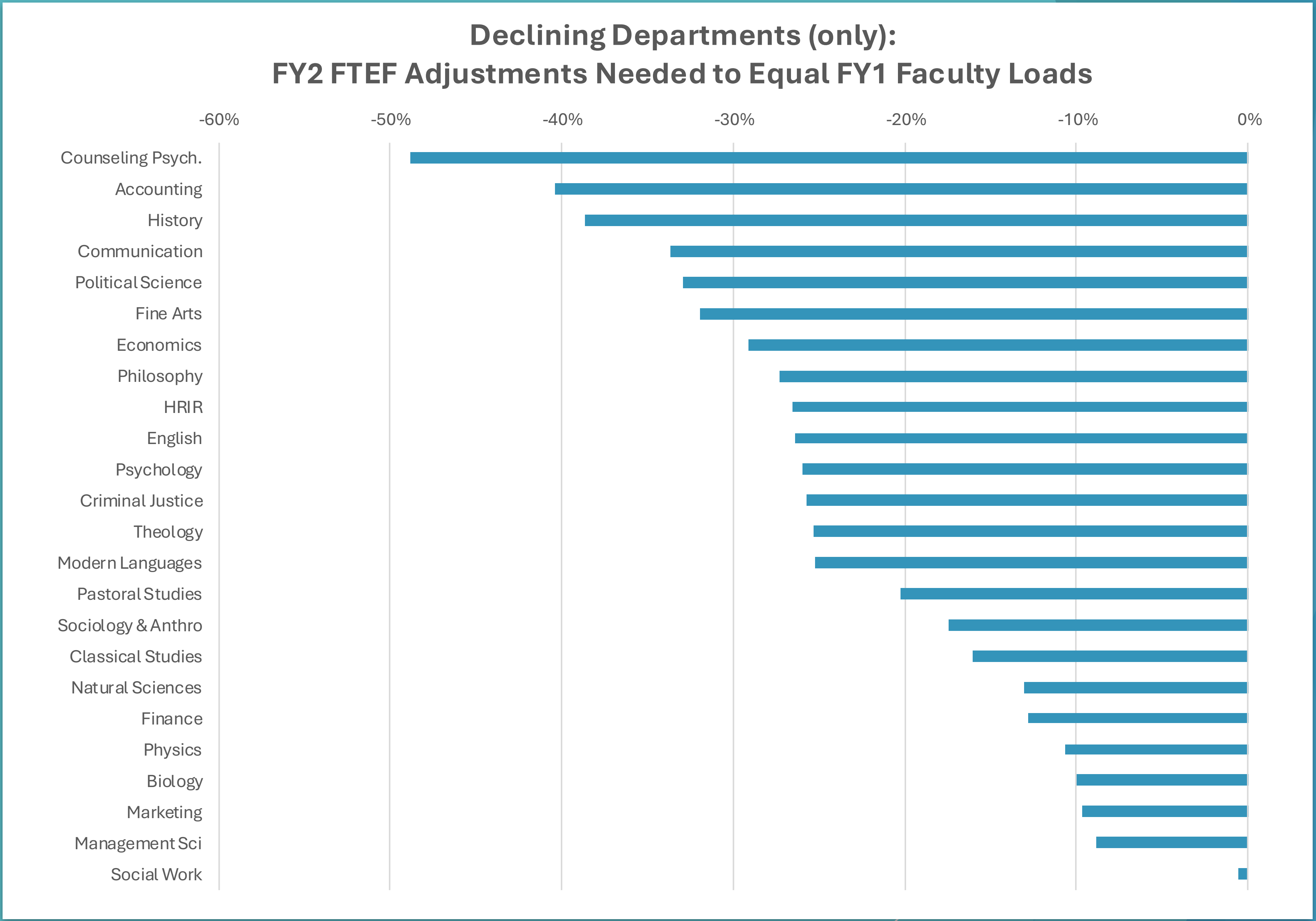


Exhibit 3

Questions

1. How does the total required %ΔFTEF compare to the %ΔCH? How many more FTEF cuts are needed to get the faculty load in sync with FY1?

2. Did all of the departments with declining enrollments reduce FTEF? See Graph 3b below.

3. If you were a department head, what would be a reason you would use to increase FTEF when enrollments are decreasing?

Exhibit/Graph 3b

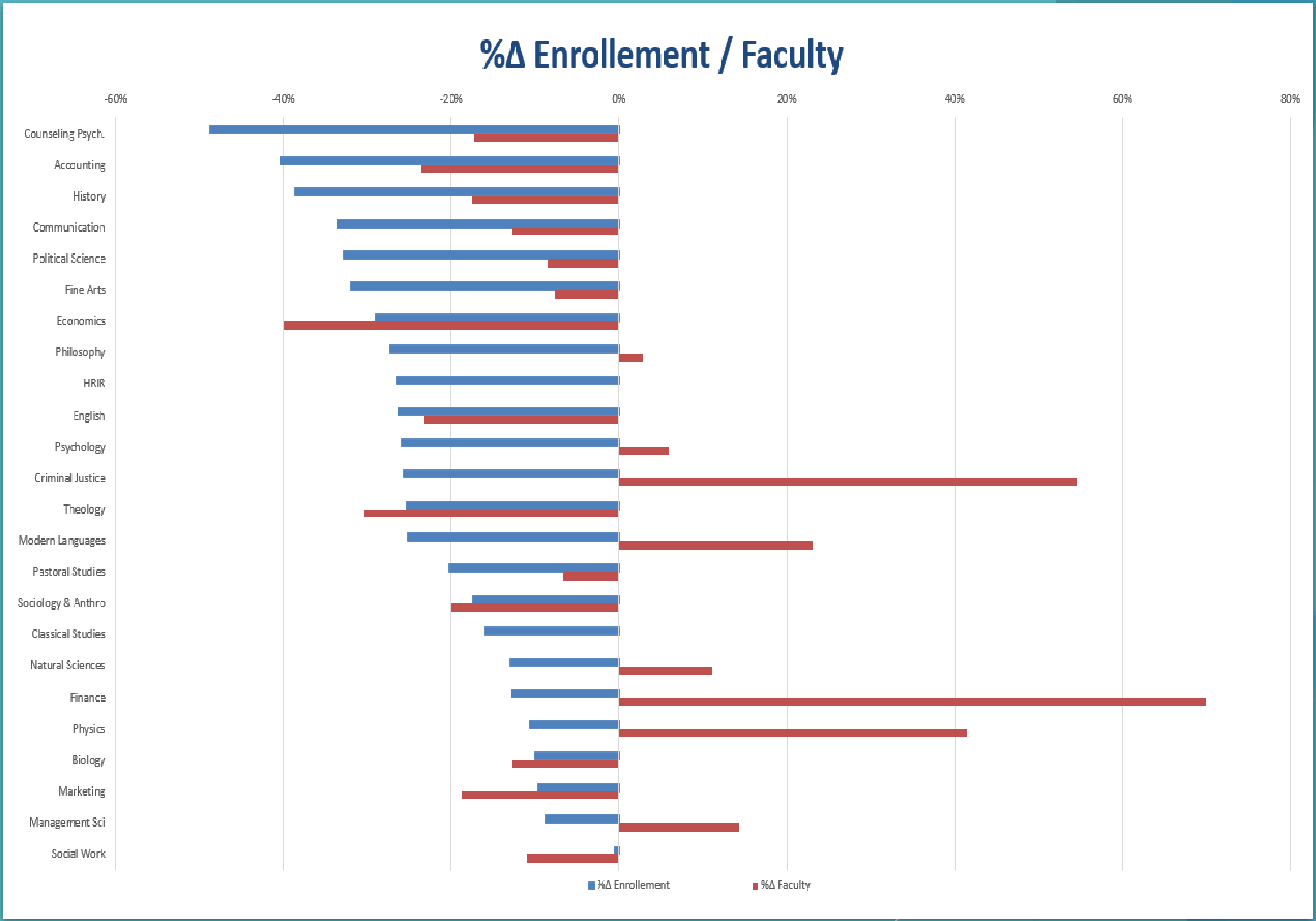
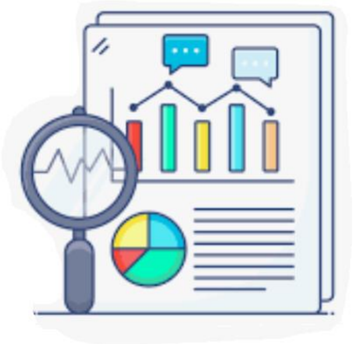


Exhibit 3

Debrief



Question #1:

- 168 FTEF should have been eliminated to maintain FY1 productivity
- Only 50 FTEF were eliminated

Question #2: Refer to bar graph (3b)

Question #3:

- Reduce class size for academic purposes (Math, Criminal Justice) or prepare for growth (Law).
- Politics, student retention concerns, new sites

Exhibit 4

Growth Inside Decline

What to Look For

- Department productivity decline can be offset by growth in selected programs
- Growing departments may offset the perceived need to adjust declining department budgets
- Budget reductions should be applied using productivity measurements and analytics
- Strategic instructional budgeting protects growth while correcting excess FTEF capacity

Exhibit 4

XYZ University

Assessment of Departments with Increasing Enrollement

FY3 FTEF Adjustments Needed to Equal FY1 Faculty Loads

Program	%Δ CHs	FY1 FTEF	FY2 FTEF	Δ FTEF	%Δ FTEF	FY1 CH/FTEF	FY2 CH/FTEF	Δ CH/FTEF	%Δ CH/FTEF	FY2 ALW ADJ	FY3 FTEF ADJ
Chemistry	2%	28	24	-4	-14%	306	363	57	19%	0	4
Law	2%	11	12	1	9%	1931	1815	-116	-6%	0	-1
Theatre	3%	18	13	-5	-28%	137	194	57	42%	1	6
Management	5%	27	24	-3	-11%	265	314	49	18%	1	4
Ed. Leader & Pol. S.	10%	47	53	6	13%	92	90	-2	-2%	5	-1
Cent. Org Dev.	26%	9	9	0	0%	114	144	30	26%	2	2
Math, Stats & CS	27%	20	37	17	85%	774	533	-241	-31%	5	-12
General Nursing	37%	11	8	-3	-27%	604	1140	536	89%	4	7
Curr. Instr. & P.E.	58%	19	30	11	58%	357	357	0	0%	11	0
Total	17%	190	210	20	11%	388	410	22	6%	31	11

1. Not all departments experienced a decline in enrollment between FY1 and FY2. Despite an increase in enrollment, several departments cut FTEF, thus contributing eleven net FTEF cuts not shown.
2. Several departments with increasing enrollments also justified decreases in FTES/faculty ratios because of extremely high faculty (FTES) loads--see Law and Math/Stats & CS.

Exhibit 4

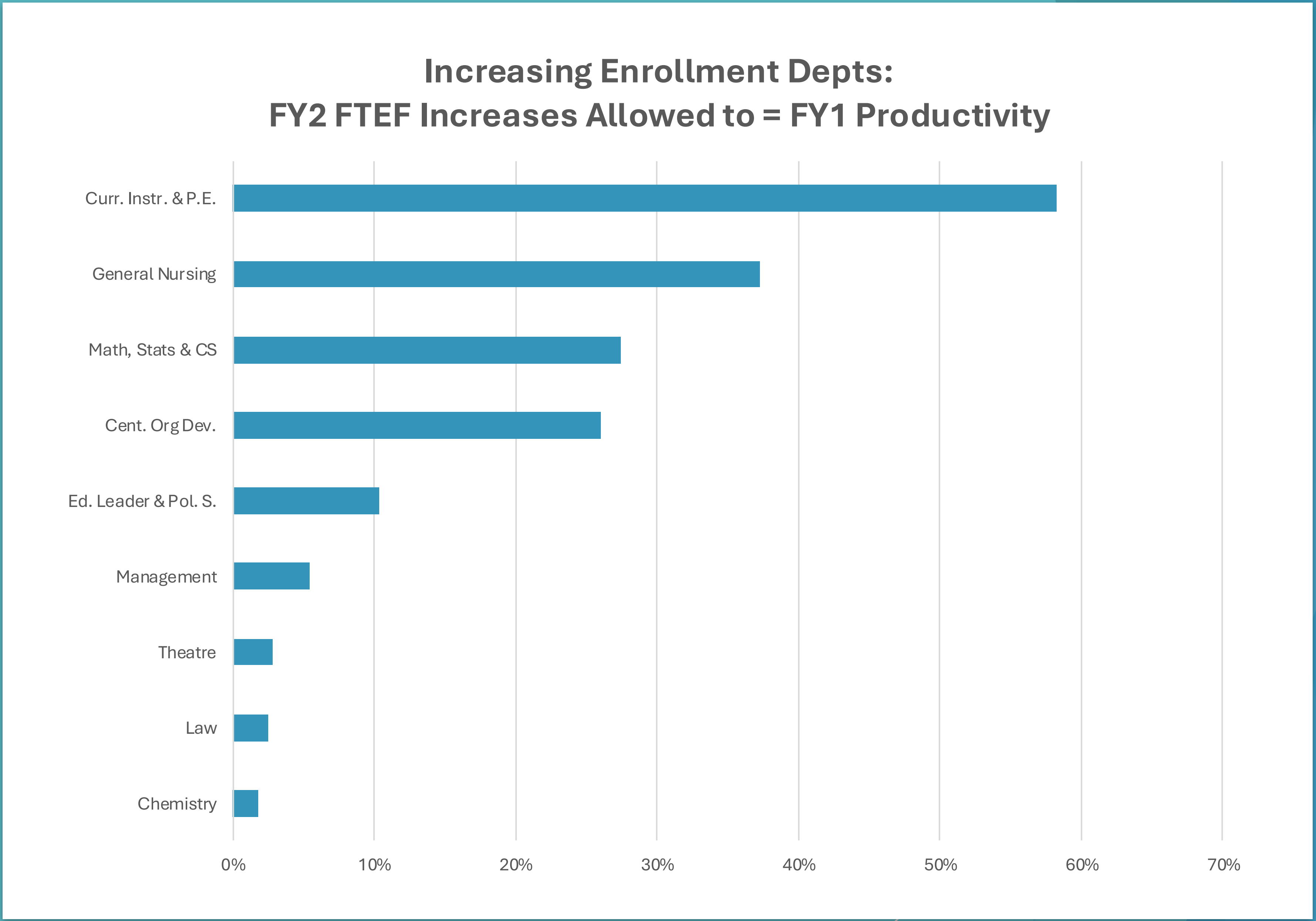

Increasing Enrollment Depts:
FY2 FTEF Increases Allowed to = FY1 Productivity
Curr. Instr. & P.E.
General Nursing
Math, Stats & CS
Cent. Org Dev.
Ed. Leader & Pol. S.
Management
Theatre
Law
Chemistry
0%
10%
20%
30%
40%
50%
60%
70%

Exhibit 4

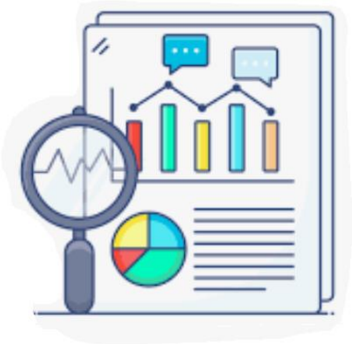
Questions

1. The departments on this schedule experienced overall growth between FY1 and FY2. How did they respond in comparison to the declining enrollment departments?

2. Two of the "growth" departments appear to have taken advantage of their increased enrollments and substantially reduced faculty loads—e.g., credit hours per faculty. What are your thoughts?

Exhibit 4

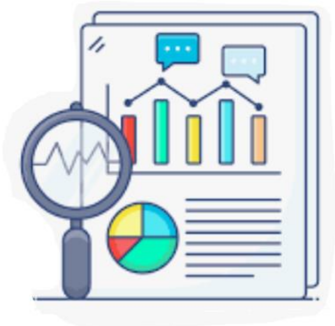
Debrief



- Growth departments may justify additional FTEF if enrollment demand supports it
- Programs experiencing growth can mask (offset) overall-productivity problems in declining departments
- Budget decisions should protect genuine growth while correcting excess FTEF
- Some departments may need deeper review before action is taken

Exhibit 5

Additional Reductions Needed



What to Look For

- FY3 adjustments begin with part-time faculty reductions
- After adjunct capacity is exhausted, remaining reductions affect full-time positions
- Cost estimates include salary, taxes, benefits, and related payroll costs
- The exhibit translates productivity gaps into budget implications

Exhibit 5

XYZ University
FY3 Faculty Reductions to Match FY1 Faculty Teaching Load

Program	Total FY2 FTEF	FY2 FT Faculty	FY2 PT Faculty	FY3 Requied ∆ FTEF	FY3 ∆ FT	FY3 FT $ Adj.	FY3 ∆ PT	FY3 PT $ Adj.	FY3 Total Savings
History	33	17	16	8	0	$0	8	$600,000	$600,000
Physics	58	34	24	21	0	0	21	1,575,000	1,575,000
Counseling Psych.	48	32	16	18	2	250,000	16	1,200,000	1,450,000
Criminal Justice	17	14	3	9	6	750,000	3	225,000	975,000
Communication	48	35	13	12	0	0	12	900,000	900,000
Math, Stats & CS	37	22	15	12	0	0	12	900,000	900,000
Finance	17	15	2	8	6	750,000	2	150,000	900,000
Philosophy	37	23	14	11	0	0	11	825,000	825,000
Political Science	32	13	19	9	0	$0	9	675,000	675,000
Modern Languages	16	12	4	6	2	250,000	4	300,000	550,000
Natural Sciences	30	20	10	7	0	0	7	525,000	525,000
Ed. Leader & Pol. S.	53	30	23	6	0	0	6	450,000	450,000
Psychology	18	14	4	5	1	125,000	4	300,000	425,000
Management Sci	24	17	7	5	0	0	5	375,000	375,000
Pastoral Studies	28	24	4	4	0	0	4	300,000	300,000
Accounting	13	11	2	3	1	125,000	2	150,000	275,000
Fine Arts	12	7	5	3	0	0	3	225,000	225,000
English	43	32	11	2	0	0	2	150,000	150,000
Classical Studies	11	8	3	2	0	0	2	150,000	150,000
Law	12	9	3	1	0	0	1	75,000	75,000
HRIR	5	3	2	1	0	0	1	75,000	75,000
Total	592	392	200	153	18	$2,250,000	135	$10,125,000	$12,375,000

Exhibit 5

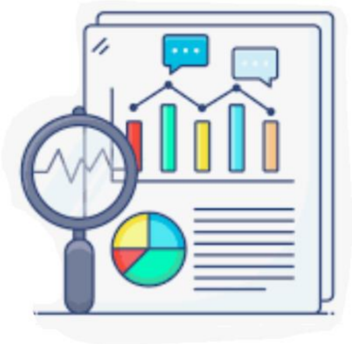
Questions

1. Would you assume PT-FTEF are typically the first choice for cuts? Could there be exceptions?

2. How would you be able to determine whether the FY1 FTEF teaching loads were efficient?

Exhibit 5

Debrief



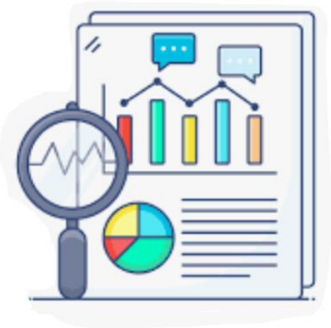
- Part-time reductions are usually the first place to look because they are more flexible—no tenure
- Exceptions may apply if adjuncts are needed for accreditation, specialized expertise, or hard-to-staff courses
- FY1 productivity should not automatically be assumed efficient
- Historical load, institutional comparisons, class size, program need, and student retention should be reviewed

What Happens When the Data Is Incomplete?

Before paper and scissors

Exhibit 6

Beyond Faculty Costs



What to Look For

- Faculty productivity is important, but it is not the whole budget story
- FY2 cost per credit hour can reveal disproportionate resource use
- Division-level total budget comparisons help identify where deeper review is needed
- Budget decisions should integrate productivity, cost, and mission impact

Exhibit 6

XYZ University

Program Budget Comparisons Cost of Instruction Per Credit Hour (CH)

Program	FY1 Avg CHs /Faculty	FY2 Total CHs	FY2 Avg CHs /Faculty	FY2 Division Budget	FY2 Cost $/Cr Hr
Arts & Sciences					
Theatre	197	2,526	211	$ 2,273,364	$ 900
Chemistry	405	8,712	363	5,798,892	666
Biology	411	9,893	330	6,138,514	620
Physics	363	3,439	287	2,130,044	619
Fine Arts	243	5,431	236	3,100,552	571
Criminal Justice	442	3,163	266	1,520,130	481
Political Science	345	6,357	265	2,925,574	460
Psychology	354	14,574	339	6,376,610	438
Communication	346	7,297	281	3,163,296	434
Modern Languages	243	7,309	221	3,126,874	428
Sociology & Anthro	391	9,584	342	3,940,950	411
History	377	10,824	264	4,108,932	380
Classical Studies	241	3,702	285	1,364,936	369
Math, Stats & CS	382	19,725	340	6,931,995	351
Philosophy	399	16,035	334	4,532,092	283
Theology	359	15,425	321	4,118,336	267
English	339	18,111	279	4,597,103	254
Natural Sciences	534	5,259	478	1,239,274	236
Total & Averages	**354**	**167,366**	**302**	**$ 67,387,468**	**$ 403**
Business					
Accounting	418	6,518	362	$ 3,311,975	$ 508
Finance	573	5,492	323	2,401,226	437
Management	536	7,531	471	2,786,437	370
Management Sci	559	8,667	482	3,019,771	348
Economics	470	5,549	427	1,742,035	314
Marketing	626	5,185	576	1,549,671	299
Total & Averages	**420**	**319,579**	**358**	**$ 119,322,371**	**$ 373**
Education					
Ed. Leader & Pol. S.	233	4,794	282	$ 2,443,512	$ 510
Counseling Psych.	274	3,472	231	1,567,206	451
Curr. Instr. & P.E.	333	10,722	290	3,499,769	326
Total & Averages	**280**	**18,988**	**268**	**$ 7,510,487**	**$ 396**
Nursing					
General Nursing	120	9,116	285	$ 12,096,932	$ 1,327
Food & Nutrition	162	1,511	378	394,726	261
Total & Averages	**141**	**10,627**	**332**	**$ 12,491,658**	**$ 1,175**
Institution Total & Averages	**299**	**516,560**	**315**	**$ 206,711,984**	**$ 400**

Exhibit 6

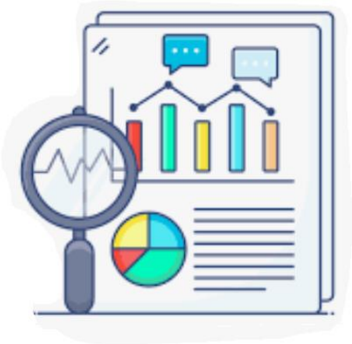
Questions

1. What would be a possible explanation for a difference in $/CR besides faculty productivity? When looking at the highest cost budgets, is faculty productivity always the root cause?

2. Do only the FY3 faculty load adjustments resolve the university's total budget issues? What financial information is missing?

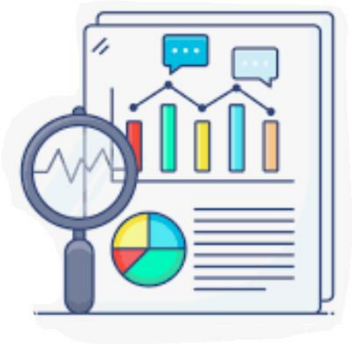
Exhibit 6

Debrief



- Cost per credit can differ because of labs, accreditation, equipment, facilities, clinical requirements, or program mix
- Faculty-load adjustments alone may not resolve the full budget issue
- Missing information includes nonfaculty costs, revenue sources and amounts, subsidies, program outcomes, and strategic priority
- Final recommendations should combine productivity, cost, mission, and feasibility

Budget Builder Discussion



- What should XYZ University recommend for FY3?
- How should the macro three-level model connect to micro department analysis?
- Where can Level 2 and Level 3 adjustments free resources for reallocation?
- Which recommendations are analytically defensible and politically realistic?

And that is how it’s done . . .

Using data to drive budget decisions.


Any
QUESTIONS?

Key Takeaways
Why Strategic Budgeting Matters

- Maintaining the status quo protects yesterday's decisions
- Fiscal challenges require rational resource allocations
- High-impact functions should receive priority funding
- Strategic budgeting helps colleges fund what matters most — not just what was funded before

Communicating the Numbers: Make the Case Clear

- Numerical information is difficult to absorb quickly
- Translate data into charts, ratios, and clear comparisons
- Use visuals to make budget tradeoffs easier to understand
- A clear picture can make the case more memorable than a table

Closing Reflection

From Data to Decisions

- Fiscal administration sets the tone for rational decision-making
- Data-informed leaders can challenge bad inertia and political budgeting practices
- The goal is not just cuts, but to better align resources with results

The goal is not simply to spend less

The goal is to spend better

Thank you for your time and participation

Jeff Marsee, PhD

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Don’t forget to complete the CBMI Instructor/Class evaluation—it matters

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