

Analysis of budget allocations for FY 08

The rationales for determining funding allocations to UTD's seven academic schools for support of the major components of their operations are described in the following notes.

The approximate guide for the final aggregate budget allocations to the Schools (other than those that are proportional to Indirect Cost Recovery income generated by their faculty and staff) is the percentage of university income that each School generates (“% *generated \$*”) through the tuition and fee and state formula funding associated with its teaching activities. Given the significant quantitative uncertainties in calculating these income numbers and the questionable philosophical foundations of such an allocation principle, this guide is not expected to suffice for the total allocations. In particular, historical legacies and investments for the future in the domain of faculty salaries, the largest budget components, cannot be addressed by such simple schemes.

However, these criteria are more justifiable when determining allocations for various specific components of each unit's budget other than faculty salaries. In addition to “% *generated \$*”, additional productivity measures used here for some allocations are the percentages of bachelors degrees awarded, (“% *BA/BS*”) and the percentages of student credit hours taught (“% *SCH*”).

The values for these percentages that are used for the seven UTD schools, sometimes significantly “rounded off”, are as follows:

Unit	code	% <i>gen. \$</i>	% <i>SCH</i>	% <i>BA/BS</i>
AH	#1	11	15	9
BBS	#5	11	11	11
EPPS	#3	11	12	10
GS	#6	3	4	14
Man	#4	27	25	32
NSM	#2	19	21	8
ECS	#7	18	12	16

The major components of academic budgets that are discussed here, along with associated account numbers, are:

Faculty Salaries – 9 month	210-1xx through 210-7xx
Faculty Salaries – Summer	210-19x through 210-79x
Academic Staff Salaries	211-1xx through 211-7xx
Academic Administration Salaries	212-1xx through 212-7xx
T. A. Tuition and Fees support	317-701 through 317-707
T.A. Salaries – 9 month	317-601 through 317-607
T.A. Salaries – Summer	317-651 through 317-657

Advising Staff Salaries, etc.	317-121 through 317-127
Instructional Infrastructure	317-011 through 317-017
School M&O support	316-801 through 316-807
Indirect Cost Recovery Reinvestment	317-721 through 317-727
Faculty Research Support	316-901 through 316-907
EEF Faculty Excellence	316-xxx and 317-zzz, misc.

Faculty Salaries - 9 month:

The aggregate allocations for Faculty Salaries include the costs of Tenure and Tenure-Track faculty, Senior Lecturers and Clinical Lecturers, and Part-time Lecturers. The expenses associated with Tenure and Tenure-Track faculty are fixed for any given year and slow to change over several years. At the same time, non-tenure track faculty offer critically important components of the instructional programs and budgets for these efforts must be adequate for sustaining educational operations. These facts combine to make it impractical to use a formula to determine this component of each School's annual budget allocation. Of course, over the longer term, faculty salary costs for a School that are significantly in excess of its generated income are a source of disequilibrium that cannot be sustained over the long term.

Faculty Salaries – Summer:

The allocations for Academic Administration are intended to relieve the Faculty Salaries – Summer budgets from the burdens of paying faculty in the summer for their administrative contributions over the twelve months. Hence, these allocations should be utilized for programmatically necessary student instruction, not for salary augmentation for Tenure and Tenure-Track faculty who, if they are to compete at the “Tier 1” level, need to devote their summers to scholarly activity. Please prepare to document how this allocation is used.

Staff Salaries:

These allocations are based on the Schools' percentages of generated income, drawn from a base of \$6,000,000. There will be an indistinct boundary between staff supported from these allocations and those supported on the Academic Administration allocation, as noted below.

Academic Administration:

These allocations are intended to cover the salaries of the Deans, the administrative supplements of the Associate Deans and Department Heads, and the administrative staff that supports the core School administration. (Obviously, at the staff level there is not a rigorous distinction between “core” and other staff.) The amount allocated to each School is based on a fixed sum of \$250,000 per unit, independent of size, plus the School's percentage of generated income drawn from a base of \$2,000,000. An underlying

concept of this allocation is that there is an inescapable fixed cost to administering a School that is more or less independent of size.

Teaching Assistant Tuition and Fees support:

Each School's allocation of Tuition and Fee support for Teaching Assistants is based on its percentage of total SCH generated. The total number of Teaching Assistants continues to be set at 500, and the estimated (12 month) FY 08 cost for one graduate student's tuition and fees is \$8000, for a total budget of \$4,000,000. Please prepare to document how this allocation is used. We have postulated in the past that the common practice in the nationally competitive market for good PhD students suggests a tight linkage between tuition and fee support for TA's and salary support. However, there are opinions that this linkage is overly rigid as a universal rule, and that some flexibility in decoupling salaries and tuition and fee support would be productive.

My comment on the matter is: Be sure you know what you are doing and be careful. In particular, remember that this tuition and fee support is interpreted as a scholarship, which means that the competition for such grants must be open to Texas residents if the grant is used to qualify a student for resident-rate tuition.

Teaching Assistant Salaries – 9-month

These allocations are based on the percentage of each School's generation of income. The aggregate allocation for the university is \$6,750,000, equivalent to an average 9-month salary of \$13,500 each for 500 individuals. If a School intends to pay more than this on average, it must find additional funds from other budget categories or appoint fewer TA's, and move funds from tuition and fee support to salary support. If School goals can be met by paying less than this average, excess funds from this allocation component can be transferred to another category or additional TA's could be appointed, also moving additional funds to the Tuition and Fees support account.

Teaching Assistant Salaries– Summer

These allocations are equal to 20% of the 9-month salary allocations, totaling to \$1,200,000. If experience in a particular School is at variance with this projection, then re-budgeting should occur accordingly.

Academic Advising:

The allocations from the Undergraduate Advising Fee are based on the percentages of the total numbers of BA and BS degrees awarded by each School, averaged over the last three years, drawn from a base of \$2,000,000. It is expected that these funds will be expended primarily for salaries. Fringe benefits do not need to be budgeted from these allocations, since they will be paid from a single separate account. The estimated total annual income from the Undergraduate Advising Fee is \$4.3 million, with the remaining

funds being allocated to support central Undergraduate Education operations and to pay for fringe benefits.

Good advising remains a priority. If in your opinion these funds are insufficient for that purpose then you may supplement them from other categories or assign more faculty effort to this key responsibility.

The allocations of the Graduate Advising Fee are based on the Schools' percentages of graduate SCH drawn from a base of \$200,000. The estimated total annual income from the Graduate Advising Fee is \$570,000, with \$370,000 being allocated to support the Graduate Studies Office and to pay for fringe benefits. The allocations for both Undergraduate and Graduate Advising use the common account numbers 317-12x.

Instructional Infrastructure Fee support:

The university needs to obtain a better balance between the income streams and necessary expenditures associated with the Instructional Infrastructure Fee and the Information Technology Fee and to improve the congruence between the stated intents of these fees and expenditures from these fund sources. To accomplish this, all funds from the Information Technology Fee will be allocated to support the various operations of the Information Resources units starting in FY 08. The allocations from this Fee source that have been directed to the academic units will be replaced by an increase of the previous allocations of funds from the Instructional Infrastructure Fee.

All expenditures that have been made previously from Information Technology funds in the Schools can be made from Instructional Infrastructure Fee funds with equally good justification. The allocations of funds from the Instructional Infrastructure Fee are based on the Schools' percentages of generated income, drawn from a base of \$2,500,000. This budget allocation can be used to support appropriate personnel and to cover other expenses. Budgeting need not include fringe benefits on salaries, since these will be paid from a separate budget line. The estimated total income from this Fee is \$5.1 million. The remaining funds from this fee will be allocated to support operations in Information Resources and Facilities and to pay for fringe benefits.

As a corollary, the allocations in the 316-80x accounts will no longer associated with Information Technology but with Schools' M&O allocations, drawn from Designated Tuition funds. We need to recycle these numbers because the proliferation of accounts has almost exhausted the account numbers in the ranges 316-xxx and 317-xxx, the only ones allowed by our business software.

School Maintenance and Operations (M&O)

These allocations are intended to cover the usual miscellany of non-salary expenses in the Schools and are based on the Schools' percentages of SCH taught, drawn from a base of \$1,500,000. If the allocation for a School is in excess of what is required for these

purposes, portions of the allocation can be redirected to salaries with the proviso that **fringe benefits will have to be included in the re-budgeting.**

Indirect Cost Recovery Reinvestment

The policy of annual allocating funding to the Principal Investigators of external grants and contracts in amounts equal to 10% of the Indirect Costs Recovery (ICR) on those grants and contracts will be continued. Following prior practice, these amounts for FY 08 will be calculated on the basis of expenditures for FY 06, since allocations for FY 08 are being made before the bulk of the FY 07 expenditures are recorded. The total ICR for FY 06 was \$5,600,000, so the aggregate allocation to Principal Investigators will be \$560,000.

It is estimated that the ICR for FY 08 will increase to approximately \$7,000,000. These funds will be allocated as follows:

\$560,000	Principal Investigators: (10% of FY 06, as noted)
\$500,000	Research Support for all UTD TTT faculty (roughly \$1000 per individual, in accounts 316-90x)
\$1,000,000	Support of RA tuition and Fees (\$8000 per RA, allocated proportionately to the Schools' generation of ICR)
\$3,500,000	Support of Research in the Generating Schools (50% of FY 08 ICR, allocated proportionately to the Schools' generation of ICR.)
<i>(Since the allocations of RA support and of Research Support are in the same proportions, the allocations will be made into a single account for each School, 317-72x.)</i>	
\$1,540,000	Support of Research Initiatives through the Office of the Vice President for Research

\$7,000,000	Total estimated FY 08 ICR

Research Support for Tenure and Tenure-Track Faculty:

These allocations, as noted above, are distributed from the Indirect Cost Recovery funds and distributed on the current basis of \$1000 per TTT faculty in each School.

Excellence in Education Fund (EEF) endowment distributions:

The EEF endowment is the university's main endowment, specified to be expended annually to promote excellence at UTD. These allocations are made to support the non-endowed "named" Professors that have been authorized in the various Schools and to assist the Deans in promoting excellence in the Schools.