

NDSU NORTH DAKOTA
STATE UNIVERSITY

Tuition Incentive Model Final Report

Prepared January 2023

STUDENT FOCUSED • LAND GRANT • RESEARCH UNIVERSITY

Shifting the Focus of University Budgeting

As NDSU adapts to a changing higher education landscape, the institution is reframing budgeting as a strategic exercise and responsibility shared by central and academic leadership.

Traditional Budgeting

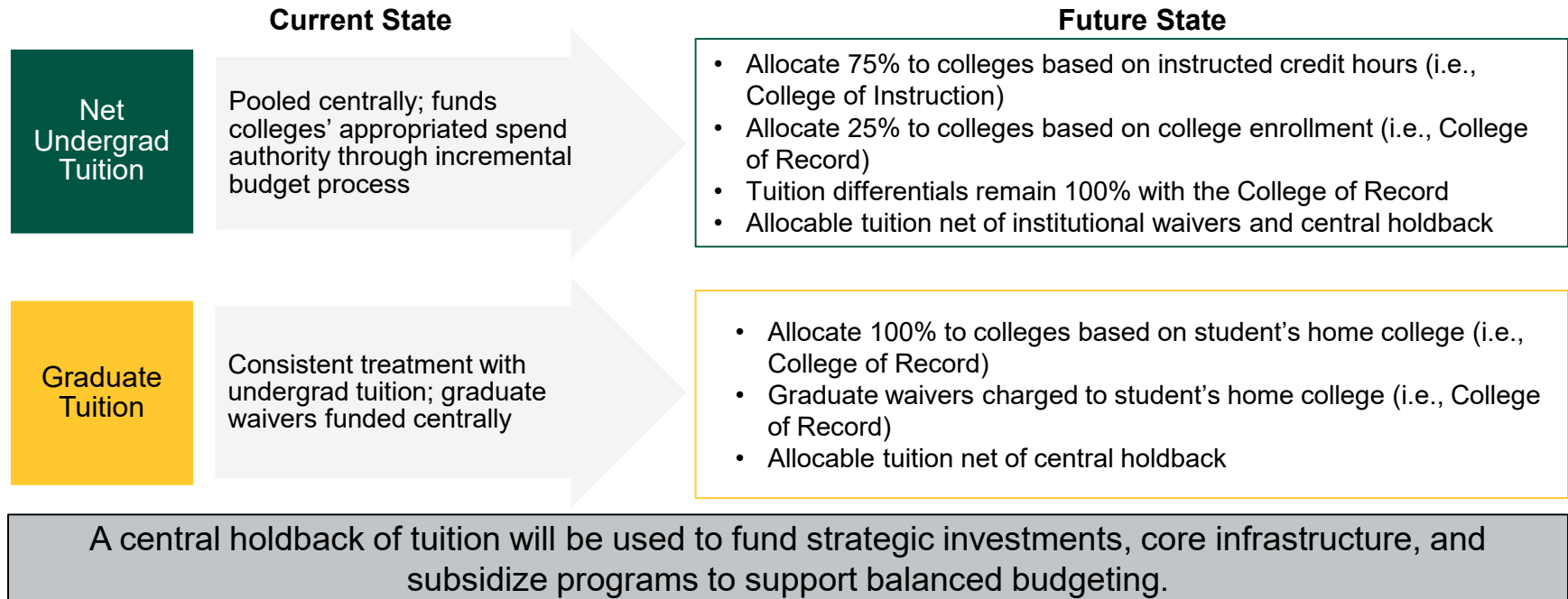
- Inventory of anticipated expenditures
- Mechanism to control expenditures
- Independent activity performed by department managers
- Backroom operation performed by accountants
- Spreadsheet indicating resource availability
- Performance measures that reset annually

Strategic Budgeting

- (Multi-year) plan for developing resources
- Mechanism to create institutional incentives
- Tool to empower departments to engage in entrepreneurial activities
- Predictor of annual financial statements
- Baseline measure of accountability

Model Mechanics and Scope of Allocations

Multiple funding sources support operations at NDSU, but the Tuition Incentive Model is focused specifically on the allocation of tuition revenues to inform college budgets.



Model Decisions (1 of 2)

	Element	Treatment	Rationale
1	Allocable Net Undergraduate Tuition	Allocated using a share of credit hours by college of instruction (75%) and record (25%)	Recognizes costs associated with delivering instruction as well as enrolling, retaining, and supporting students.
2	Institutional Waivers	Centrally-offered waivers are netted against base tuition prior to allocation	Treats institutional aid as a “common good” and serves as a general discount against gross undergraduate tuition to avoid penalizing any single college.
3	Allocable Net Graduate/ Professional Tuition	Allocated entirely by student college of record (100%)	Graduate/prof. students take a vast majority of their courses within the college they are enrolled, and approach aligns with treatment of graduate waivers.
4	Graduate Waivers	Directly assigned in alignment with graduate tuition	Follows recommendation from NDSU Waiver Committees. Establishes most accurate allocation by tying aid directly back to individual students and their college of record where graduate/prof. aid decisions are often made.
5	Employee/Dependent Waivers	Directly discounted against college of instruction	Aligns revenue attributed to college with waiver expense.

Model Decisions (2 of 2)

	Element	Treatment	Rationale
6	Differential Tuition	100% assigned to units which charge the differential	Reflects higher programmatic costs and premium paid by enrolled students.
7	Student Fees	100% assigned to the unit that charge the fee	Each of these fees are established, approved, and levied for a specific purpose.
8	Funding University Strategy	Consists of funds required to bring Support Units to breakeven, operational support funds, and strategic investment funds; all are removed from allocable tuition pool before allocation to colleges	Strategic funds are meant to better enable university leadership to invest in line with the mission. An off the top holdback is simpler to implement.
9	VP Agricultural Affairs, ND Forest Service, and Upper Great Plains Transportation Institute	Revenues and expenses are excluded from the model	Units receive separate agency appropriations apart from the university and do not rely on tuition allocations to operate.

Tuition Allocation General Approach

Instructed credit hour production and student enrollment will inform the allocation of tuition revenue during the budget development process.

College of Record

Total student credit hours based on the college of enrollment, regardless of what college is instructing the course

- Promotes recruitment/retention and enhances planning
- Supports the costs of administrative and student support functions (i.e., advising) provided by home colleges
- Aligns with graduate waiver allocations for graduate students



College of Instruction

Total student credit hours based on the college of instruction, regardless of what college the student is enrolled in

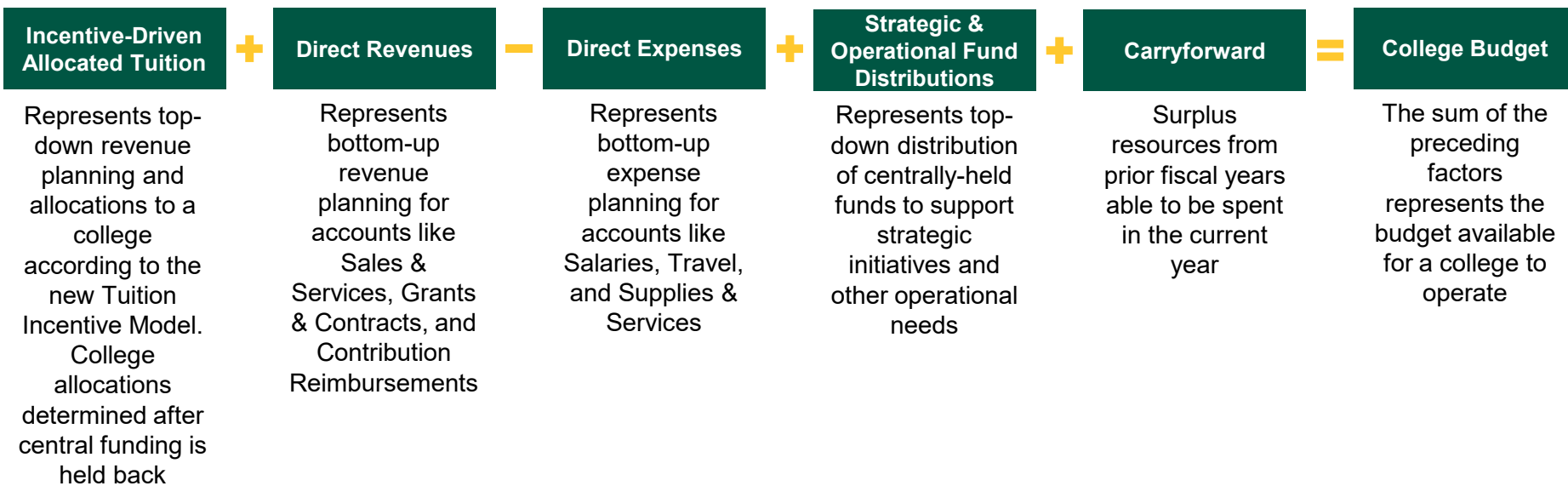
- Promotes course offerings and delivery
- Supports the expenses associated with instruction and better aligns cost with the internal economy

The model will allocate net undergraduate tuition based on relative shares of credit hour production and enrollment, while graduate tuition and waivers are allocated to the college of record.

Summary of Budget Planning

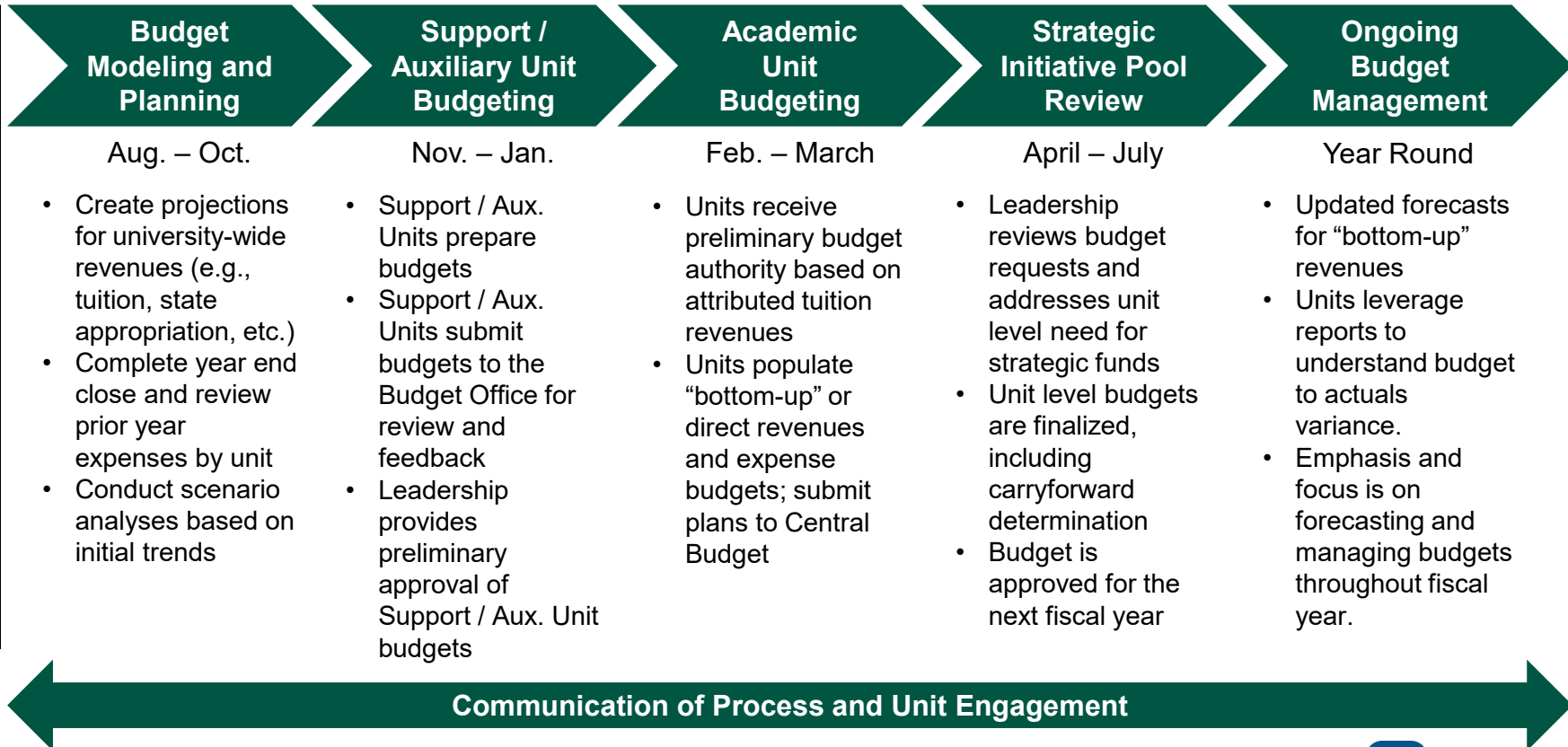
College budgets will reflect multiple inputs, including traditional expenditure plans, revenue allocations, and strategic investment funds, to arrive at the approved expenditure budgets.

New Formula for Building a College's Budget



Illustrative Budget Development Timeline

Key Activities:



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Operations Assessment Final Report

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Future State Assessment Key Takeaways

The recommended future-state operating model is a result of a comprehensive current state financial assessment and extensive stakeholder engagement.

Key Takeaways:

1. The recommended operating model will increase staff specialization, aligning jobs with financial services or general administrative work in order to clarify roles and responsibilities, create opportunities for career advancement, and improve the effectiveness of financial business processes.
2. The new operating model will distribute financial activity across Business Operations Centers, a Transaction Center, and Centers of Expertise.
3. Approximately 58% of distributed financial activity surveyed¹ is expected to remain in-unit in a Business Operations Center and 42% is expected to shift to the Transaction Center.
4. NDSU staffing levels will remain consistent with the current state as a result of the implementation of the recommended operating model.
5. The realignment of financial activity and reporting structures will increase the capacity of Business Partners to serve their units and better align functional expertise across NDSU to support a successful implementation of the Tuition Incentive Budget Model.

Current State Challenges

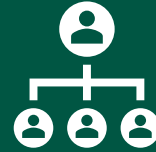
The Current State Assessment elevated observations related to decentralized and different organizational structures, paper-based and inconsistent business processes, and steep learning curves.



NDSU currently utilizes several types of operating models (centralized, decentralized, and portfolio), unintegrated technology systems, and providing financial support requires steep learning curves.



NDSU manages several business processes that are manual / paper-based, inconsistent across units, use shadow systems to track data, and lack clarity around roles and responsibilities.



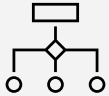
Over 60.0% of all supervisors manage three or fewer direct reports, limiting opportunity for managerial development. 8.7% of supervisors manage ten or more direct reports, overstretching some managers.



Staff in similar financial roles across the institution report significant variations in time spent on specific financial activities, highlighting inconsistencies in roles and responsibilities.

Future State Operating Model Recommendations

The design of the recommended future state operating model reflects the service delivery structures, roles, and tools needed to enhance business operations and support the tuition incentive model.



Routine, transactional financial activities will be delivered by a centralized transaction center. Activities requiring local context, including Dean-specific support, will remain in units.



A Business Partner role will serve as the strategic partner to the Dean while receiving functional support from Central Finance. Business Partners could be a single person or oversee an office depending on organizational size and complexity.



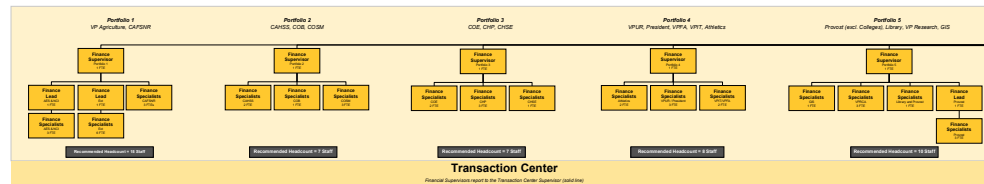
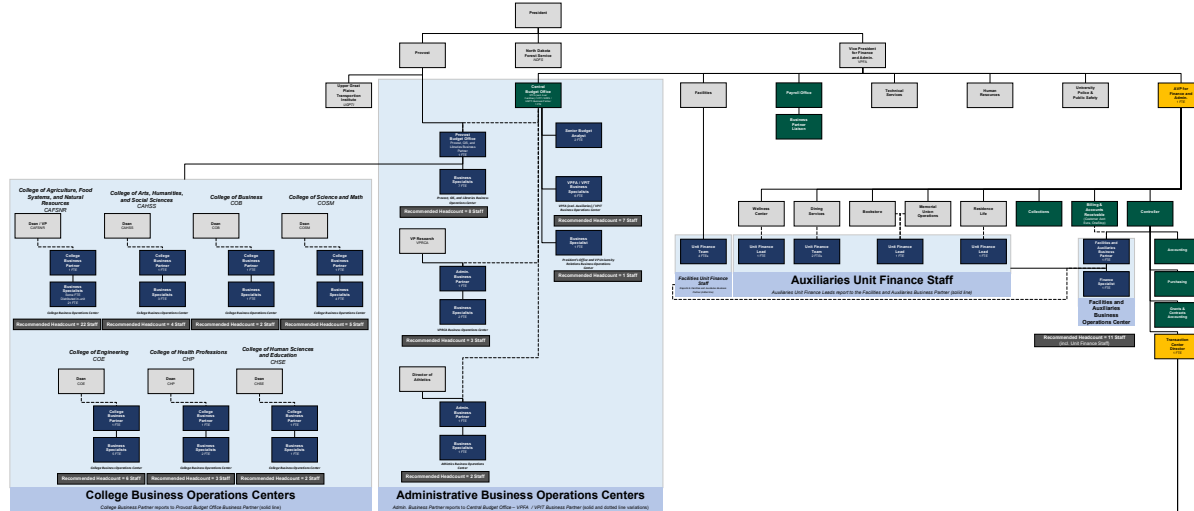
Department-level administrative staff may have the opportunity to fill financial specialist roles within College Business Operations Centers or a central transaction center.



Development, coaching and functional guidance for financial staff will continue to be available through centers of expertise in central finance.

Proposed Future State Operating Model

The future-state operating model will realign financial activity across three distinct administrative structures: Centers of Expertise, Business Operations Centers and a Transaction Center.



Impact to the Organization

Staff will transition into new roles as part of the implementation of the new financial operating model, but overall staffing levels will remain flat across the institution.

Business Operations Center	
12	<i>Business Partners</i>
6	<i>Business Specialist Leads</i>
58	<i>Business Specialists</i>

Transaction Center	
1	<i>Transaction Center Director</i>
5	<i>Portfolio Managers</i>
2	<i>Finance Leads</i>
40	<i>Finance Specialists</i>

Centers of Expertise	
1	<i>Payroll Liaison¹</i>
2	<i>New direct reports for the Controller</i>
	<ul style="list-style-type: none"> <i>Auxiliaries / Facilities Business Partner</i> <i>Transaction Center Director</i>
<i>No structural changes to current operations and staffing levels of the Centers of Expertise.</i>	

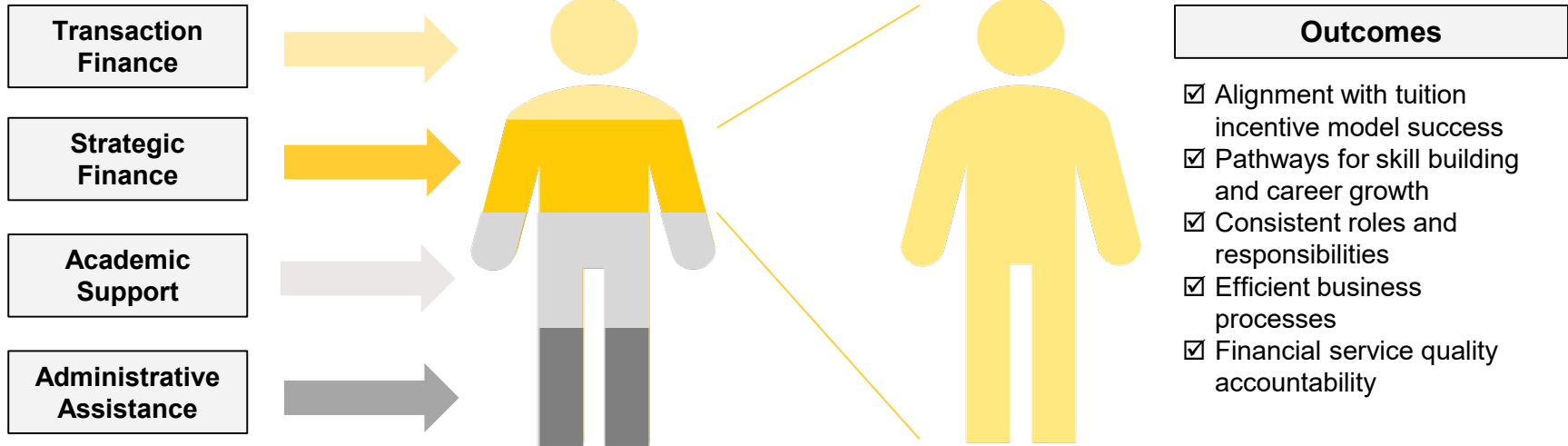
Service Delivery Structures

Specialized Roles and Responsibilities

Staff providing in-unit financial support will specialize in transactional or strategic finance¹, creating consistency in roles and responsibilities that facilitate business processes and career advancement.

Example: Current State Finance/Admin
Employee in a Department

Example: Future State Finance
Specialist in the Transaction Center



Successful implementation of the new financial operating model is **complex** with decisions on communication and change management, business process changes, job descriptions, talent transition planning, and more on the horizon.

Supporting Financial Management

Establishing service level agreements, investing in technology, and refining job aids are important enablers of success for the new operating model.

Service Level Agreements

Service Level Agreements are detailed governance documents that outline the responsibilities and performance metrics between service providers (e.g., a College Business Operations Center or the Transaction Center) and end users.

Service delivery is improved through investments in technology, which include leveraging electronic document and timesheet submission practices, coordinating with Core Technology Services (CTS) to increase the frequency of data integrations across systems, and creating centralized sources of information to improve information accessibility and process efficiencies.

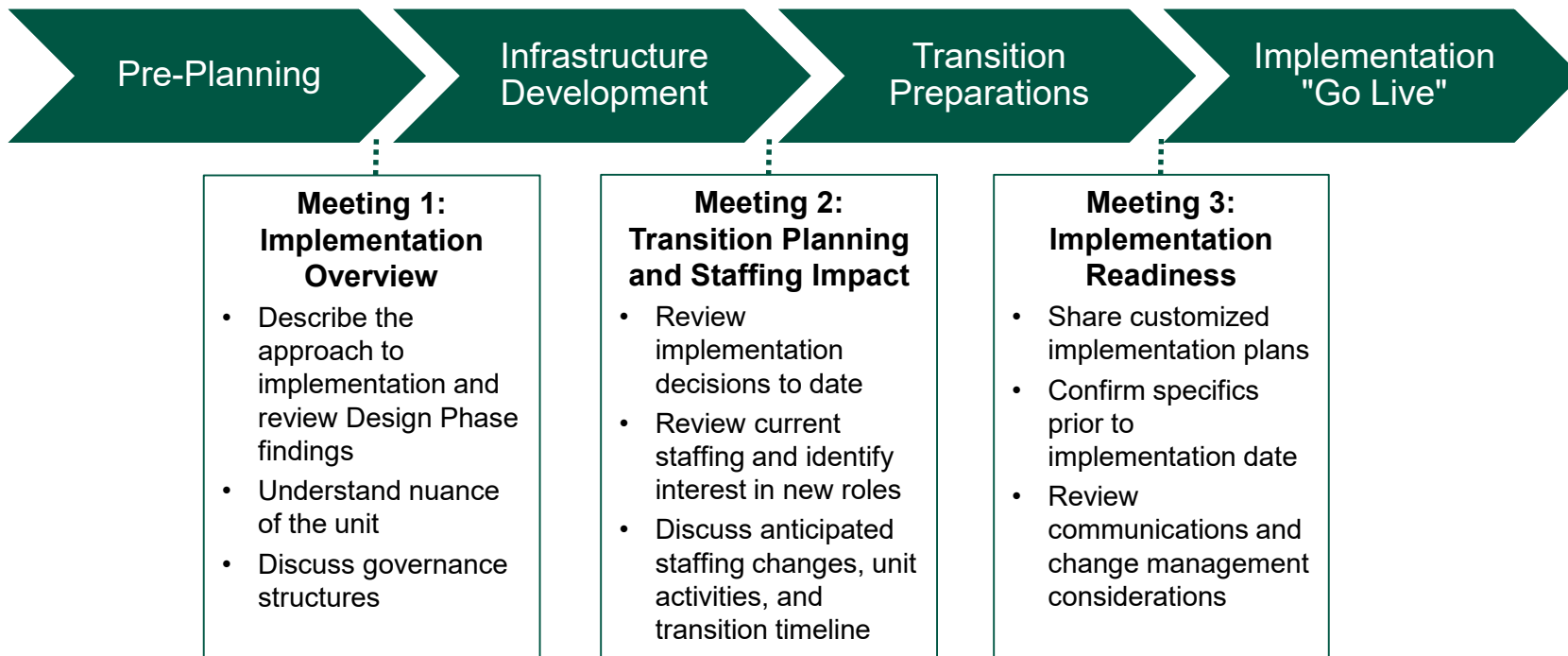
Technology Investments

Job Aids

Interview and focus group participants indicated a high degree of interest in accessing clear and easy-to-use job aids for functional support FAQs. Opportunities exist to leverage investments in technology to amplify the accessibility of job aids for employees.

Unit Implementation Meetings

We recommend a consistent cadence of touchpoints with Deans and Administrative Leaders to provide updates, receive feedback, and finalize unit specific plans.



Implementation Timeline and Milestones

★ Project Milestone

