

FY27

BUDGET MODEL

Targets • Central Tuition Flow • 80/20 Performance Sharing

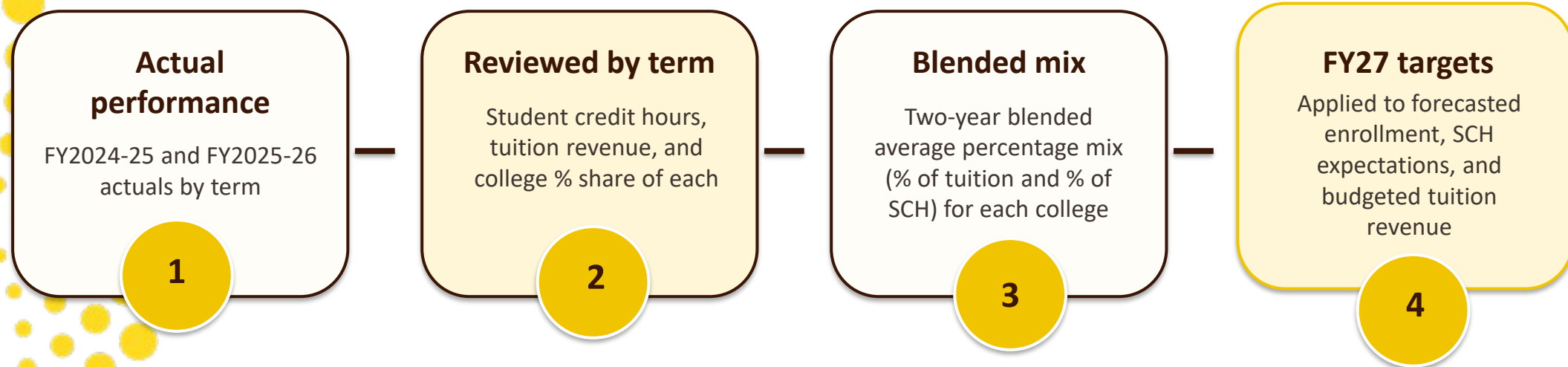
Academic Affairs | Budget Model Overview



HOW FY27 TARGETS WERE BUILT

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Historical activity + FY27 forecasted enrollment and budgeted tuition revenue



Targets represent each college's expected contribution to the overall Academic Affairs tuition revenue target.

PLANNING AND PERFORMANCE TOOLS — NOT A CHANGE TO CENTRAL TUITION FLOW.

TUITION FLOW & 80/20 MODEL

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The dollars continue to flow centrally; year-end performance determines the result

All tuition revenue

Flows centrally — not directly to AA or colleges

Year-end comparison

Actual AA tuition revenue compared with the overall AA target

Net result

Surplus/incentive or shortfall obligation

+

If AA exceeds target

\$5M above target → \$4M to Academic Affairs (80%) + \$1M remains central (20%).

—

If AA is below target

\$5M shortfall → AA responsible for \$4M (80%) + central covers \$1M (20%).

THE 80/20 SHARE APPLIES TO THE OVERALL ACADEMIC AFFAIRS RESULT.

OVERALL PERFORMANCE MATTERS

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Individual categories and colleges roll into one Academic Affairs result

\$268M

University budgeted tuition
revenue centrally

The grand total is the
measure.

UG tuition

Could be below target

Graduate tuition

Could be above target

Combined result

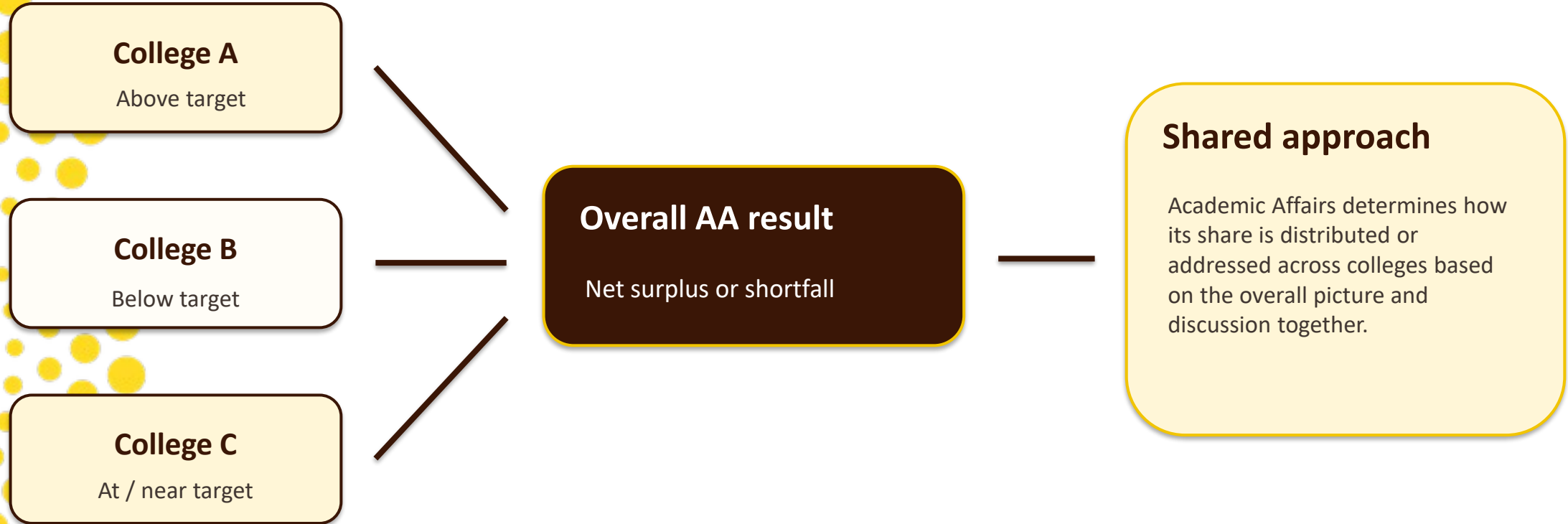
As long as combined tuition revenue
meets or exceeds the overall target,
AA has met the tuition revenue
target.

COLLEGE AND UG/GRADUATE TARGETS ARE MONITORED — BUT EVALUATED COLLECTIVELY.

SOCIALIZED ROLL-DOWN AFTER YEAR-END

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Distribution or shortfall coverage is determined after the overall AA result is known

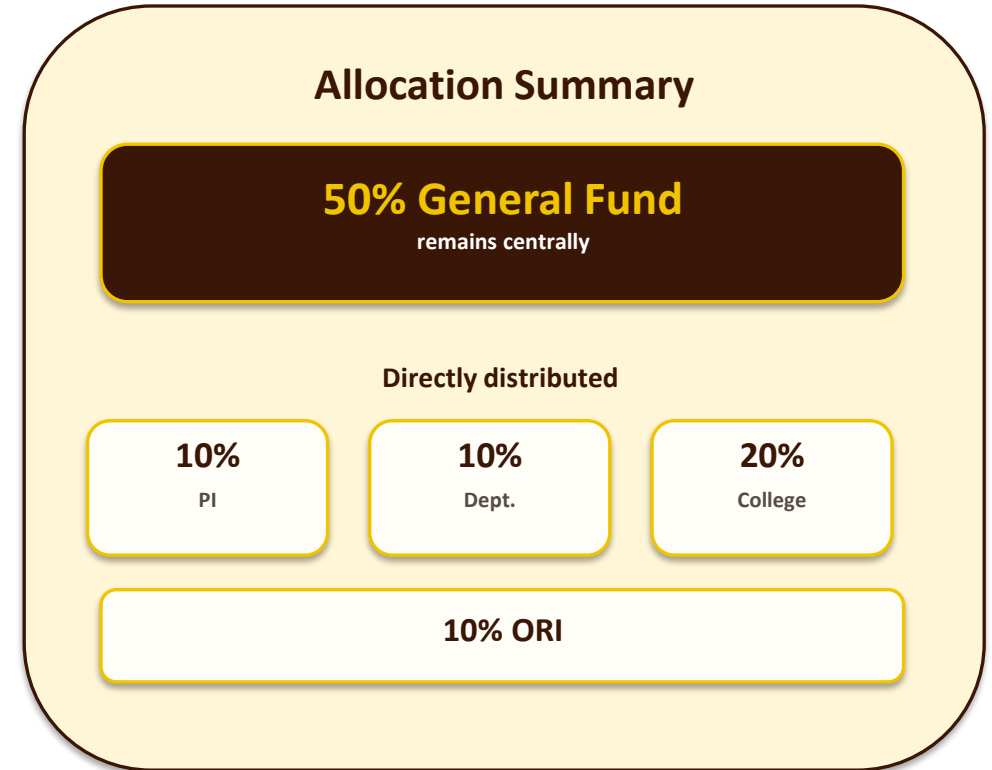
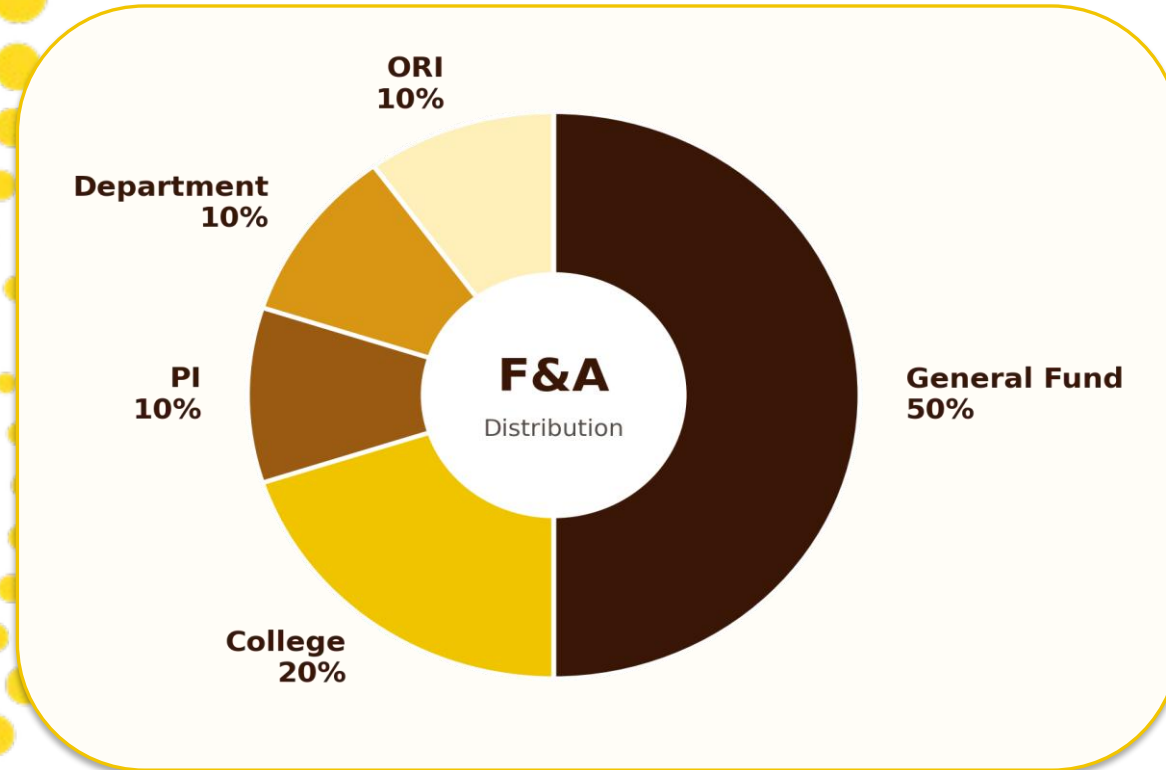


INCENTIVE FOR EXCEEDING TARGET; SHARED ACCOUNTABILITY IF TARGET IS NOT ACHIEVED.

F&A DISTRIBUTION

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Facilities & Administrative revenue will be distributed directly, rather than routed through ORI.



KEY MESSAGES & TARGET EXCLUSIONS

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What should be clear as we move into FY27

Target exclusions

- Grow Your Own revenue is not included in targets
- Merze Tate FYE courses roll to the AA tuition pool
- Lee Honors sections roll to the AA tuition pool

Remember

- Colleges have SCH and tuition revenue targets
- Tuition continues to flow centrally
- We are measured collectively
- Positive or negative variance is shared 80% AA / 20% Central
- Nothing has changed as it relates to your base budget from SRM to now.
- Dual enrollment is distributed as contract tuition to the colleges like SRM but there is no UPA.

COLLECTIVE PERFORMANCE + TRANSPARENT TARGETS + SHARED ACCOUNTABILITY.

WMU Budget Model: SRM vs. New Budget Model

A department-level overview of the current model and the direction of the new model

Current Model: SRM

- ☐ Decentralized model that ties units more directly to revenues and allocations.
- ☐ Uses revenue allocation rules and revenue targets as drivers.
- ☐ Includes historical base budget.
- ☐ All revenue flow to the college.
- ☐ UPA tax on all revenues.
- ☐ Includes space costs and other formally centrally allocated expenses.
- ☐ Ability to grow your base budget and one-time budget.
- ☐ Held accountable for not meeting targets.

New Budget Model

- ☐ Base budget model for colleges with opportunity for incentive.
- ☐ Colleges receive their historical base budget.
- ☐ Incentives provide an opportunity for Academic Affairs to earn one-time funding by exceeding established revenue targets. Based on overall performance, those dollars may then be distributed to colleges.
- ☐ No UPA, space costs, strategic investment pool, etc.
- ☐ Revenue does not flow to the college.
- ☐ Encourages growth while making budgeting more stable and more understandable.