

Customer Name: University of Central Florida Board of Trustees	Effective Date of Change Order: 10/2/2019
	Change Order / Amendment No.: 2

Project Name: Budget Process Redesign

Requester (for Customer): Dennis Crudele


Title: Vice President and Chief Financial Officer

Underlying Document Affected:

- Preferred Supplier Agreement for Business and Administrative Systems Support Services

Description of Change: This change is a request to reallocate previously provided resources to Huron Consulting Group from a Chart of Accounts Redesign to a Budget Process Redesign. The project timeline for the Budget Process Redesign is October 2019 to July of 2020 and will utilize the remaining funds from the existing resources earmarked for Chart of Accounts project (\$1,227,050). This \$0 MSA amendment will be utilized to reallocate these funds for the new project. Detailed SOW for Budget Redesign can be found attached to this change order and is summarized in the table below. In the unlikely event of any contract amendments or scope changes throughout the course of the engagement, we will provide the supporting documentation to our sponsor(s) at that time and process a change order to this document.

Project Phase	Activities	Deliverables	Cost
Phase 1—Due Diligence and Visioning (~1 month)	<ul style="list-style-type: none"> • Identification of redesign elements and considerations • Preliminary stakeholder engagement • Gap analysis and guiding principle creation 	<ul style="list-style-type: none"> • Overview of common resource allocation models • Guiding principles for the development of a new budget model (desired future state) • Current state assessment of UCF's approach to resource allocation • Alignment analysis between current state and desired future state • 	\$122,705
Phase 2—Financial Model Development (~3 months)	<ul style="list-style-type: none"> • Steering Committee Model Decision Points • Baseline Model Development 	<ul style="list-style-type: none"> • Pro forma budget model built in Excel with control panel to allow for easy scenario generation and assumption testing • Inventory of model assumptions • List of critical decision points 	\$368,115
Phase 3—Consensus Building (~3 months)	<ul style="list-style-type: none"> • Model Evaluation • Engage Academic Deans and Business Officers • Engage Additional Stakeholders • Refine Pro Forma Budget Model • 	<ul style="list-style-type: none"> • Summary of benefits and considerations associated with select budget model scenarios • College-level statements of operation to reflect initial allocation methodologies • Summary of frequently asked stakeholder questions and responses • Meeting materials from the model meetings and dean's retreat 	\$368,115
Phase 4—Infrastructure Development (~3 months)	<ul style="list-style-type: none"> • Facilitate Budget Model Expansion • Establish Governance Structure • Map and Enhance Budget Process • Support Unit-Level Scenario Planning Tool Development • Facilitate Budget Workshop Delivery • Conduct Model Training • Perform High-Level Academic Portfolio Analysis • 	<ul style="list-style-type: none"> • Support for UCF's development of an expanded model that relies on budgeted detail • Documentation of governance structure framework • Updated documentation of refined budget process and budget report templates • Unit-level planning tool template in Excel • Meeting materials from budget workshop delivery trainings, open forum session, central administrative unit workshop, and campus leadership retreats • Departmental P&L statements aligned with the new budget model and analysis illustrating the marginal cost per credit hour • 	\$368,115
Grand Total			\$1,227,050

Description of Additional Resource Effort and Additional Estimated Fees	Estimated Additional Time (hours)	Rate (\$US/hr)	Estimated Additional Fee (\$US)
Chart of Accounts SOW			(\$1,280,090)
Chart of Accounts Fees Incurred to Date			\$53,440
Budget Redesign SOW			\$1,227,050
TOTAL ESTIMATE OF ADDITIONAL FEES:			\$0
Description of Additional Travel/Costs (as result of Change order):			Estimated Additional Travel/Costs (exclusive of fees) \$0
APPROVED: By Customer (per authorized representative): Thaddeus Seymour Jr. Signed: Friday, October 18, 2019	APPROVED: By Huron Consulting Services LLC (per authorized representative): 		
Name:	Name: Greg Bedell		
Title:	Title: Managing Director		
Date:	Date: 10/2/2019		

BUDGET REDESIGN

University of Central Florida

October 2, 2019

SUBMITTED TO:

Dennis Crudele
Interim Chief Financial Officer
University of Central Florida
407-882-1030
dennis.crudele@ucf.edu

SUBMITTED BY:

Gregory Bedell
Huron Consulting Group
Managing Director
314-477-0031
gbedell@huronconsultinggroup.com

October 2, 2019

Mr. Dennis Crudele
Interim Chief Financial Officer
University of Central Florida
4000 Central Florida Blvd.
Orlando, Florida, 32816

Dear Mr. Crudele:

I am pleased to propose, on behalf of Huron Consulting Services LLC (“Huron”), an engagement to provide the University of Central Florida (the “University” or “UCF”) with professional consulting services for a Budget Redesign. As you consider our proposal, we ask that you keep the following points in mind:

- **Huron understands higher education.** Since our founding in 2002, Huron has partnered with over 500 institutions including all top 100 research universities. We have more than 700 consultants dedicated solely to the industry and have subject matter experts with extensive experience in higher education. As colleges and universities continue to face fiscal headwinds, Huron has partnered with institutions to strategically assess, innovate, and implement proven and lasting solutions.
- **Huron understands UCF.** As UCF progress with its strategic plan, Huron understands the University remains focused on increasing student access, success, and prominence. UCF hopes to achieve this through various proxy measurements including: a six year graduation rate of 75%, a first year retention rate of 92%, a transfer graduation rate of 75%, a top 5 ranking among Orlando Economic Partnership peer regions of the percentage of population with a bachelor’s degree among others.
- **Huron has a proven methodology for budget redesigns.** Huron has conducted budget assessments and redesigns at over 50 colleges and universities across the United States and Canada including at Auburn University, the University of Nebraska – Lincoln, and the University of Texas – San Antonio. Huron’s phased methodology, as detailed in this response, ensures collaborative partnership throughout the duration of the engagement. Clients adopting and implementing new budget structures enjoy a high rate of success, and Huron works to partner with institutions to ensure sustained success after initial implementation (see appendix for additional information).
- **Huron works with you to engage stakeholders.** There are several important components to a successful redesign initiative, but the importance of broad engagement with UCF stakeholders cannot be understated. A significant amount of the work we do, using our tried and proven approach, is work with stakeholders to understand their current expenditures, how that translates to a new model that considers both revenue and expenditures, and the variables /

levers in the model that will be important for their success once the new approach is live. We repeatedly engage academic leadership to ensure deans' voices are heard and to incorporate their feedback into the model. In addition, we will bring in experiences and best practices from other institutions, such that UCF and its stakeholders can learn from peers and, where appropriate, consider approaches that have been successfully adopted in other university settings.

Combining the above areas of expertise, Huron will partner with UCF through a four-phased approach to evaluate, create, and implement a new budget methodology for the University. We anticipate this partnership to last approximately 9 months resulting in a new budget model and infrastructure that aligns with an FY22 timeline. We understand UCF has had initial discussions pertaining to incentive-based budget models, and we would be happy to discuss how we could leverage previous discussions to expedite the timeline outlined within this document.

We appreciate this opportunity to demonstrate a detailed view of our budgeting capabilities, including a proposed architectural design and roadmap for UCF's model deployment. We look forward to discussing next steps as we work with you to provide the most effective and innovative budgeting solution with the highest adoption rate in the industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gregory Bedell'.

Gregory Bedell
Managing Director
Huron
314-477-0031
gbedell@huronconsultinggroup.com

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Our Understanding of Your Needs

Huron is excited to partner with the University's leadership to outline a budget process that will foster a culture of strategy and performance driven budgeting. Having successfully partnered with more than 50 other institutions, we know this can be accomplished by developing a standard and more transparent process for resource decisions, which advances strategic priorities and ensures that UCF is able to measure and evaluate goal achievement and drive operational efficiency while encouraging and rewarding entrepreneurship and innovation.

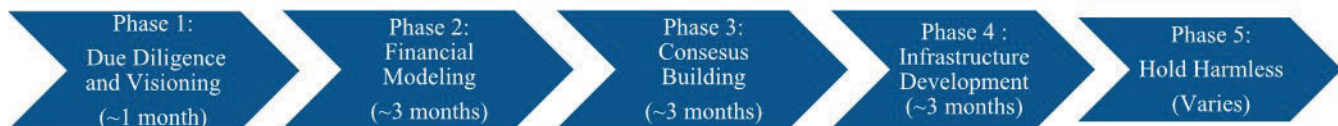
Huron understands that UCF's strategic priority in its "Creating Our Collective Impact" strategic plan is to become the recognized leader among 21st-century universities for transformational impact, and we know that UCF's reputation for excellence in education and research has been recognized with numerous accolades. A new budget model may better assist the institution in its goals to increasing student access, success, and prominence; strengthening faculty and staff; growing research and graduate programs; creating community impacts through partnerships; and leading innovation in higher education by ensuring that academic units are rewarded for financial performance as well as central university leadership has funds to invest in top strategic priorities. We understand that 27 UCF graduate programs rank in the top 100 in the nation, and UCF is within the top 100 universities in the world when it comes to issuing new patents.

Huron is uniquely positioned to partner with UCF, in part because we understand the current market landscape and trends pertaining to resource optimization. We also understand that this is an important time for the University to evaluate its budgeting process as substantial growth in operating revenues over the past five years (6.7%) makes it even more important for the University's corresponding increase in operating expenses to be invested toward mission-centric, strategically-motivated activities. Huron is equipped to assess UCF's current budget process and to develop an action plan for the budget formulation process with clear recommendations for senior leadership and administrators. These recommendations will allow local leadership and deans to make fiscal decisions that drive the growth of the institution. Our proposal below is aimed at outlining and refining the budget formulation process allowing senior leadership to view the University-wide resource picture in alignment with the University's outcomes, mission and strategic goals.

Proposed Approach

Huron’s time-tested process and methodology has become the industry standard due to our philosophy that there is no “ready-made” budget model that works for all institutions. We believe the essence of strategy is in making choices about how to allocate scarce resources, and that a university’s budget model should facilitate that process and direct resources to areas that reflect the institution’s unique strategy. To that end, we believe that budget model redesign requires a deep understanding of the institution’s operations, mission and priorities, and management culture, and that is the knowledge we seek to bring to all our clients.

Huron’s Approach



PROJECT GOVERNANCE

Huron will leverage our experience and expertise in higher education change management and budget redesign to support UCF with this initiative. In doing so, our highest priority will be to facilitate the creation of a budget model that is simple, supports the University’s mission, and gains consensus from key UCF leadership. Huron’s first step will be to work with UCF to establish a governance structure for the initiative. We propose that this structure include:

- **Initiative Sponsor(s)** – The Initiative Sponsor(s) will maintain overall responsibility for the project. We will rely on the Initiative Sponsor to identify individuals and other stakeholder groups that will make up the governance structure, namely the Steering Committee. Often, the Initiative Sponsor represents one of or a combination of the President, Provost, and/or the CFO of the institution.
- **Steering Committee** – The Steering Committee should be representative of select Deans, senior administrators, and budget development stakeholders and would oversee the initiative’s progress. Huron recommends the Steering Committee consists of approximately 12-15 individuals, skewed towards academic vs. administrative representation (including medicine), and reports to the Initiative Sponsors. Participation from Steering Committee members is critical throughout the initiative, so availability should factor into Steering Committee appointments.
- **Technical/Subject Matter Expert Working Groups** – The Technical/Subject Matter Expert (SME) Working Groups will encompass individuals who have the subject matter expertise and technical skills necessary to implement the budget model (e.g., tuition revenue, research and sponsored program revenue, and general business operations expertise). The Technical/SME Working Groups will have smaller rosters (3-5 members per group) than the Steering Committee. These groups will meet on an ad hoc basis throughout the engagement.
- **Model Working Group** – The Model Working Group will represent individuals providing data and technical skills for developing iterations of model allocations throughout the engagement. Huron understands that UCF will rely upon its own resources, including potentially additional consultants, to technically develop and refine the model. This groups will meet on an ad hoc basis throughout the engagement.

- Project Coordinator** – The Project Coordinator will be a staff member who can work closely with the Initiative Sponsor and Huron to coordinate administrative tasks, including identifying meeting participants, scheduling meetings, and assisting in the coordination of data gathering activities as needed. This individual’s time commitment will vary from week to week, but often averages four to five hours per week over the life of the engagement.

In addition to the leadership highlighted above, Huron recognizes the importance of communication throughout the initiative with a broad set of stakeholders. Huron will rely upon the Initiative Sponsor to identify additional groups to engage and collect feedback from. This can include but is not limited to Board of Trustees, Executive Leadership, Deans, and Faculty Senate Leadership. We will also look to the Initiative Sponsor to refine a Huron-proposed communications plan that ensures proper engagement with stakeholder groups.

CHANGE MANAGEMENT

Huron recognizes the importance of effective change management to our clients’ ability to achieve and sustain positive and lasting change. We have designed this methodology to work with our clients’ existing processes, change management methodologies, and resources to focus on achieving the following outcomes:

1. Assess and advance the organization’s capacity for change
2. Create and communicate a shared vision
3. Surface and manage resistance at all levels
4. Develop reinforcement plans to align behaviors with project objectives
5. Strengthen sponsorship
6. Measure progress and accountability
7. Address systemic issues and develop enabling structures to create sustainability



To generate the necessary “buy-in” for its budget redesign approach, Huron also incorporates its project management methodology for managing the people side of implementing change. Huron’s change management methodology is rooted in the industry-proven Accelerating Implementation Methodology (AIM) approach. We will develop change timelines that are appropriate to UCF’s culture and environment, and ensure methods and tools are applied to accelerate the organizational readiness for the specific changes required to achieve desired objectives.

Our change management services begin immediately after a contract is signed and are embedded in every phase of a project. The methodology is tailored to the targeted change taking place at the institution offering a sustainable, adaptable approach. For UCF, we’ve highlighted select change management services for each aspect of this engagement. Additional change management methodology by phase will be incorporated into the Scope of Services section

<p>THE MODEL</p>	<ul style="list-style-type: none"> • Recognizes the strengths of UCF's existing model and builds upon these strengths • Aligns with the desired future state budgeting practices and processes envisioned by the institution • Addresses installation and executes implementation to ensure the model's continued success • Understands organizational climate and defines business changes to develop communications plan • Identifies and manages sponsor resistance to change • Creates cultural fit by taking a side-by-side approach • Highlights the tools, processes, and governance infrastructure necessary to ensure successful transition and implementation • Results in a more transparent and engaged budget process
<p>RESOURCE OPTIMIZATION</p>	<ul style="list-style-type: none"> • Recognizes current personnel capabilities, identifying any gaps that exist and that need to be addressed and developing the processes and tools that will ensure a successful transition • Builds capacity among all levels of sponsors to capitalize on existing resources and processes • Assesses resource availability and reinforcement strategy to determine capacity for change • Implements comprehensive solutions with deliverables, tools, and measurement assessments to maximize available resources
<p>SPONSOR ENGAGEMENT</p>	<ul style="list-style-type: none"> • Increases collaboration by engaging all sponsors to understand market demands and contribute to an accelerated yet sustainable implementation model tailored to the organization's needs • Continually collects stakeholder feedback through a collaborative, iterative change management process that ensures transparency • Builds communication plans to identify goals, mitigate resistance to change, and establish metrics to measure success • Leverages improvements to increase organization's market brand

PROJECT MANAGEMENT

Successful project management requires transparency, consistency, and regular communication between all stakeholders. When we begin a project at an institution, we recognize that a strong partnership between our consultants and your personnel will be essential. Successful partnerships and project management enable the success of the project, the project team, and the stakeholders. Our approach will identify and manage/mitigate risks, provide for timely decision making, and allow for frequent communication across the project team and with UCF leadership to ensure we remain on time, in budget, and obtaining successful benefits realization

Regular meetings with UCF staff and project leadership are critical to the success of the project. These interactions allow stakeholders responsible for project oversight the opportunity to hear first-hand the status of the ongoing initiatives across multiple work streams. One-on-one meetings between project leadership help ensure the project remains on track and that project challenges are easily resolved. The following graphic illustrates a sampling of a multi-function status report for communicating with client stakeholders. Among other project tools, Huron will utilize project status reports, a detailed timeline, and a budget to actuals report to ensure we are meeting UCF's needs.

As outlined throughout this submission, Huron is reliant on both timely data and a collaborative partnership with project stakeholders. Any significant delays or data inaccuracies may affect both the timeline and pricing as outlined in the document. The following critical assumptions are implied when reading the scope of services requested:

- We assume that UCF will fulfill all responsibilities identified in Section 8 Scope of Services Requested.
- We assume Deans and their respective Academic Business Managers will participate in all identified meetings and will be active stakeholders throughout the engagement.
- We assume all central stakeholders requested to be interviewed or requested to take part in stakeholder engagement initiatives will be available and engaged.
- We assume that UCF will provide timely, accurate data that can be relied upon to achieve all major milestones.
- We assume that UCF leadership will drive this initiative from the beginning of this engagement through implementation. We assume that UCF leadership will act as a partner who is willing to collaborate.
- We assume that UCF is aware of and appreciates the investment this initiative will require. We expect UCF to invest the necessary resources, time, and effort that this initiative demands.
- We assume that UCF will be prepared, from the beginning, to develop and maintain a governance structure that enables the success of the initiative. The governance structure outlined in 8 Scope of Services Requested represents a baseline expectation; we expect UCF to fully engage all necessary stakeholders.
- We assume UCF will alert Huron of any necessary changes in timeline or scope and will provide Huron ample time to respond and to adapt.

Please also see the "UCF Responsibilities" section of each project phase. Huron's outlined services are reliant on strict adherence to this timeline in order to meet UCF's implementation schedule. Huron will leverage our experience and expertise in higher education budgeting to conduct this engagement. In doing so, our highest priority will be to develop and support a new budget formulation process to support the strategic plan for FY 2022. The proposed approach consists of four phases, as depicted in the figure below, and is expected to be completed by July 31, 2020.

Task	Month									
	0	1	2	3	4	5	6	7	8	9
Phase 1 –Due Diligence and Visioning										
<i>Element 1 – Redesign Considerations</i>										
<i>Element 2 – Initial Stakeholder Engagement</i>										
<i>Element 3—Gap Analysis & Identify Guiding Principles</i>										
Phase 2 – Financial Model Development										
<i>Element 1 – Steering Committee Model Decision Points</i>										
<i>Element 2 – Baseline Model Development</i>										
Phase 3 –Consensus Building										
<i>Element 1 – Model Evaluation</i>										
<i>Element 2 – Engage Academic Deans and Business Officers</i>										
<i>Element 3 – Engage Additional Stakeholders</i>										
<i>Element 4 – Refine Pro Forma Budget Model</i>										
Phase 4 – Infrastructure Development										
<i>Element 1 – Budget Model Expansion</i>										
<i>Element 2 – Establish Governance Structures</i>										
<i>Element 3 – Map and Enhance Budget Processes</i>										
<i>Element 4 – Unit-Level Scenario Planning Tool Development</i>										
<i>Element 5 – Budget Workshop Delivery</i>										
<i>Element 6 – Conduct Model Training</i>										
<i>Element 7—Perform High-Level Academic Portfolio Analysis</i>										

The scope outlined below documents the specific steps required to implement a successful budget model. Throughout each element of each phase, it is critical that UCF leadership sets the tone at the top of the organization to ensure complete stakeholder commitment and engagement. Initiative sponsors must consistently speak to the need for change and the importance of this engagement, connecting the value of a new incentive-based budget model to the strategic goals of the institution. A collaborative partnership guided by a shared set of principles and goals will enable success.

PHASE 1—DUE DILIGENCE AND VISIONING

Before our arrival on campus, Huron will submit a data and interview request list to UCF. We will conduct a conference call with the “Initiative Sponsor(s)” to confirm project scope, methodology, work plan, deliverables, and project structure. Huron’s data request will include financial, activity-level, and other operating data (e.g. budget call letters and organizational charts). This information will support future stakeholder conversations and provide insight into the current budget process and data environment. Huron’s interview request will solicit stakeholders involved in budgeting and financial management, including, but not limited to, representatives from colleges and schools, and finance and administration. To accomplish our objectives within the proposed timeline, it will be imperative that we hold the conference call, confirm our interview schedule, and receive all requested data prior to our initial visit on campus.

Once on campus, Phase 1 is expected to last 4-6 weeks with an objective to develop a clear understanding of the current state and redesign goals and to develop a vision for the future state budget through an assessment of budget model alternatives and an evaluation of budgeting techniques used at other institutions. This phase can be categorized into the following elements: Redesign Considerations, Initial Stakeholder Engagement, and Gap Analysis & Identify Guiding Principles.

Element 1—Redesign Considerations

During our initial week on campus, Huron will facilitate a kick-off meeting with the project’s Steering Committee. The purpose of this meeting is to address the following topics:

- **Resource Allocation Model Alignment:** Review the spectrum of incentive-based budget models and develop a common understanding as to what components of these models align with the University’s current budget environment, culture, and appetite for change.
- **Guiding Principles:** To serve as cornerstone to future discussions, Huron will work with UCF to create and utilize guiding principles as it relates to what the University would like to see within a new budget model. Huron will solicit input from the initiative sponsors and Project Steering Committee as to potential guiding principles. Huron recommends that institutions consider topics such as authority, entrepreneurship, responsibility, rewards, simplicity, and transparency as important elements in the development of guiding principles. Huron will work with the initiative sponsors to create and eventually finalize a set of four to six guiding principles to govern the new budget model.
- **Budget Redesign Considerations:** Facilitate a conversation to discuss the current state of budgeting at UCF and highlight the potential benefits associated with optimizing UCF’s approach to resource management. As the initiative sponsors consider aspects of model alternatives for the design of a unique UCF budget model, Huron will challenge members by concurrently identifying trade-offs and barriers that the University may face. This conversation will address the strategic and operational aspects of budget redesigns.

Element 2—Initial Stakeholder Engagement

After the Steering Committee kick-off meeting, we will interview key stakeholders on campus. We anticipate speaking to 25 to 30 individuals over the first few weeks on-site and will refine this number and identify the leaders with project leadership once we start. Through these interviews, we will learn more about UCF’s current culture, identify the strengths and weaknesses of existing budgetary approaches, and assess stakeholder appetite for change.

Element 3—Gap Analysis & Identify Guiding Principles

Following interviews, we will develop a report that contextualizes sentiments from key stakeholders based on trends in higher education budget models, ideals for resource allocation at UCF, and analysis of

additional data collected. We expect to share this report with the initiative sponsor(s) and Steering Committee; components of this report will include:

- An alignment analysis diagnostic between the current model – including its associated processes, tools, and allocation methodologies – and the principles developed by the identified committee to build a case for change. This case for change will provide UCF with a foundation to communicate the rationale for why change is needed from the current resource allocation model. The diagnostic will focus on funds flows, resource incentives, and financial planning operations, and will be based on both sentiments from key stakeholders and additional data and process analyses.
- Lessons learned from other institutions and outlined steps that commonly result in a successful redesign initiative. This will incorporate effective tactics from our change management methodology and, working with the session participants, we will attempt to outline the success formula for budget redesign at UCF.

Illustrative Findings Report Deliverables

INITIAL INTERVIEW THEMES
Given the volume and variety of interviews, Huron would like to share five primary themes that were echoed across various stakeholder groups based on their current budget model and process perceptions and recognize the themes are not exhaustive of all the feedback collected.

- Lack of Transparency, Consistency, and Simplicity.** Many interviewees shared that the current budget model and process are opaque and inconsistent, making it difficult to understand and manage.
- Barriers to Innovation Exist.** The current budget model hinders the pursuit of innovative opportunities through its lack of incentives for growth and inability to support true multi-year decisions and investments.
- Confirmed Appetite for Change.** Interviewees, particularly Deans, would like to see more accountability across the University and expressed an eagerness to assume the opportunities and responsibilities of a more decentralized environment.
- Aligning Strategy and Operations with Budgeting.** Interviewees shared that a new model would need to consider a unit's strategy and operations and allow for real-time and multi-year planning.
- Promoting Collaboration as One University.** Interviewees shared that the new model would need to promote collaboration and provides means for appropriate reciprocity across the University and between units.

1. FUNDS FLOW – OPERATING BUDGET VIEW
The flow below is based on a review of general ledger data and discussions with Finance.

The operating budget currently excludes sponsored research and most designated and restricted fund activity.

DRAFT SUMMARY
The budgeting process are misaligned with the Budget Task.

	Alignment
University's strategic framework by sides for one-time allocations to be used to be strategic priorities.	●
Units given the centralization of communication and engagement	●
While systems and tools exist, leaders do not have a strong understanding of how to effectively leverage them to support decision-making and to respond to industry pressures.	●
Few incentive opportunities exist in the current model to promote excellence and innovation and they are often inconsistent or ineffective.	●
A lack of consistency between decisions and the budgeting process does not promote trust and equal accountability amongst stakeholders.	●

Alignment Analysis Legend ● = Alignment ● = Moderate Alignment ● = Misalignment

Once the report is shared, the initiative sponsors and Project Steering Committee will be fully prepared to decide the type of budget model appropriate for UCF. These conversations should include how the new type of budget model aligns with the developed guiding principles and addresses any misalignment from the current model. Huron can assist UCF with comparing their current model with the new type of model and determining the similarities and differences between the different model types. We recognize that UCF has been actively assessing its current model, and we hope to build off of UCF's efforts. By comparing the current model to potential incentive-based models and by documenting areas of similarity and difference, Huron can help UCF better understand what their desired future state model could look like. This comparison exercise will be crucial in helping Huron and UCF determine the level of stakeholder engagement and change management necessary to go through a full budget model implementation. Once a desired future state is envisioned, refined, and agreed upon, Huron can begin their development of an initial pro forma model.

UCF Phase 1 Responsibilities:

Huron’s extensive experience allows us the opportunity to thoroughly understand and share the type of commitment necessary for a successful engagement. Huron’s completion of the services identified in Phase I is subject to UCF providing access to key financial reports and data, policies and procedures, and other pertinent financial and budget information. We will look to the Project Coordinator during the Project to obtain full and active support from data owners, executive leadership and other pertinent stakeholders related to this effort. During Phase I, this support will be demonstrated through the following, but not limited to, activities:

- Designating an employee or employees within your senior management who will make or obtain all management decisions with respect to this engagement on a timely basis,
- Designating points of contact to facilitate logistics across various project activities,
- Submitting requested data and documentation in a timely manner,
- Responding to Huron requests for clarification about data and documentation provided,
- Scheduling meetings with personnel who have knowledge of activities among and within the various functions being assessed,
- Collaborating with Huron staff to plan messages and presentations, and
- Ensuring an efficient and timely approach by which to resolve issues and remove barriers that may impact the project.

Huron understands the importance of this initiative and recognizes that it will require stakeholder engagement at varying degrees based on the phase of work being completed. Below, we identify stakeholders’ expected time commitment during phase I:

STAKEHOLDER	ROLE	PHASE I TIME EXPECTATIONS
Initiative Sponsor(s)	Serve as chair of Steering Committee, provide overall project guidance	2-3 hours per week
Steering Committee Members	Guide project through major decision points	12-18 hours
Phase 1 Interviewees	Participate in one interview	1 hour
Data Providers	Provide requested data, answer questions as needed	1-3 hours
Deans	<i>See Phase I Interviews</i>	<i>See Phase I Interviews</i>
Academic Business Managers	<i>See Phase I Interviews</i>	<i>See Phase I Interviews</i>
Budget Director	Answer questions related to budget data, ensure data is provided in a timely manner	1-2 hours per week
Budget Office Support	Answer questions related to budget data, ensure data is provided in a timely manner	2-4 hours per week
Project Coordinator	Provide scheduling support	1 st 4 weeks: 6-8 hours/week Subsequent weeks: 1-2 hours/week

Phase 1 Deliverables:

The following summarizes Phase #1 deliverables. All deliverables in Phase #1 will be delivered by way of discussion documents unless otherwise noted:

- Overview of common resource allocation models
- Guiding principles for the development of a new budget model (desired future state)
- Current state assessment of UCF's approach to resource allocation
- Alignment analysis between current state and desired future state

The price for Phase 1 of the project is: \$122,705 (see Fees & Expense section for additional detail).

PHASE 2—FINANCIAL MODEL DEVELOPMENT

Phase 2 consists of a full financial modeling effort conducted by Huron based on prior fiscal year actual data. The resulting financial model will serve as the basis for ongoing modeling efforts and customizations in later project phases.

Element 1—Steering Committee Model Decision Points

Our approach to scenario development focuses on answering questions related to the following topics representing the key decision points for developing a new budget model:

1. **Model Philosophy:** How decentralized should budgeting authority be? How closely should the model reflect economic reality?
2. **Model Structure:** How should institutional units be classified and treated (e.g. faculty/school, administrative & support, auxiliaries)?
3. **Tuition (Graduate and Undergraduate):** What is the appropriate balance of allocating tuition on the basis of instructed credit hours v. department enrollments?
4. **State Appropriations:** What activities (e.g. instruction, advising, research, central support) should state appropriations be allocated to support?
5. **Research Support:** How should growth and increased quality of the research enterprise be incentivized and subsidized?
6. **Cost Pools:** How many cost pools should be established? How much detail should be available about administrative overhead costs?
7. **Cost Allocations:** What metrics should be used to allocate administrative overhead costs?
8. **Scholarships, Aid and Waivers:** What types of financial aid and scholarships should be charged directly to faculties/schools and what should remain as a central cost?
9. **Subvention Funding:** How large should the subvention (“strategic investment pool”) pool be? How should it be funded, and how should strategic investments be allocated back to the institution?
10. **Model Sensitivity:** How responsive should the model be to one-year changes in institutional activity? For example, how long should changes in enrollment, instruction, or research activity take to affect model allocations?
11. **Model Infrastructure:** Does the institution currently have the professional and technological resources to manage a sophisticated, decentralized model? What additional investments are necessary?
12. **Model Governance:** What stakeholder group will have ultimate authority for annual budget system operations? Who will influence changes to the model ruleset and who will govern committees that address concerns related to administrative service delivery, space management, academic quality, etc.?

Element 2—Baseline Model Development

As the Steering Committee works through the incentive-based model questions above, Huron will be working through a full financial modeling effort. Huron will build an initial pro forma model in Excel using actuals financial data from UCF’s most recently audited financial statements. By using historical data, we will have a true accounting as to how resources and expenses are currently flowing throughout the

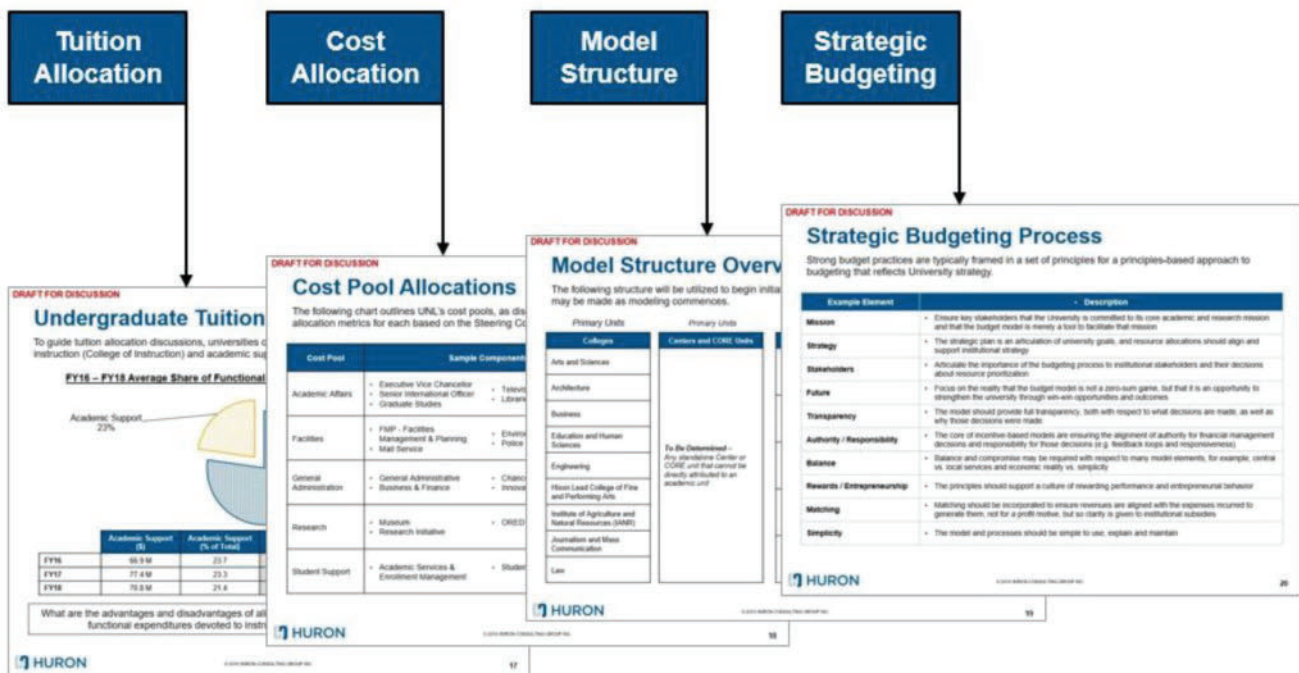
University. In addition to financial data, Huron will incorporate the use of activity level data, such as student headcounts, employee headcounts, credit hours, square footage, etc. which will be needed for purposes of calculating potential allocations.

The model's initial design will act as a "baseline" that reflects the starting point allocation approach. Huron will use principles established in Phase 1, as well as ongoing feedback, to determine a baseline allocation scenario for the model. This initial design will also include a review of UCF's current model development efforts and will work with the model working group to identify the appropriateness of integrating some aspects into the initial pro forma budget model. Huron will ensure that there is consensus around which elements of the UCF's current model development efforts will be included in the new model. We develop a "baseline model" because our experiences suggest that outlining an initial allocation scenario and defining its pros and cons allows for stakeholders to have more concrete, principles-based conversations about potential allocation options.

Huron will develop a model that represents how the University's expenses, revenues, and transfers hit the general ledger in an incentive-based budget statement.

At the end of Element 2, an initial shell of the UCF model will be developed based on the input provided and decisions made by engaged stakeholders.

Illustrative Steering Committee Discussion Documents



Assuming this proposal is expediently awarded, and UCF fulfills its responsibilities (see below), the end of Phase 1 would allow for the model assessment that occurs at the beginning of Phase 2 to be completed by the beginning of FY21, or the commencement of the parallel process year. Although the model will continue to be refined during the parallel year, this timeline will ensure that UCF has a working model that can be used to monitor how the model operates throughout FY21.

UCF Phase 2 Responsibilities:

Huron’s completion of the services identified in Phase 2 is subject to UCF’s continued ability to provide access to key financial reports and data, policies and procedures, and other pertinent financial and budget information. We will look to the Project Coordinator during the Project to obtain full and active support from data owners, executive leadership and other pertinent stakeholders related to this effort. The responsibilities listed in Phase 1 (see Phase I: UCF Responsibilities) remain true in Phase 2.

Below, we identify stakeholders’ expected time commitment during Phase 2:

STAKEHOLDER	ROLE	PHASE I TIME EXPECTATIONS
Initiative Sponsor(s)	Serve as chair of Steering Committee, provide overall project guidance	2-3 hours per week
Steering Committee Members	Guide project through major decision points	12-18 hours
Phase 1 Interviewees	Participate in one interview	1 hour
Data Providers	Provide requested data, answer questions as needed	1-3 hours
Deans	<i>See Phase I Interviews</i>	<i>See Phase I Interviews</i>
Academic Business Managers	<i>See Phase I Interviews</i>	<i>See Phase I Interviews</i>
Budget Director	Answer questions related to budget data, ensure data is provided in a timely manner	1-2 hours per week
Budget Office Support	Answer questions related to budget data, ensure data is provided in a timely manner	2-4 hours per week
Project Coordinator	Provide scheduling support	1-2 hours/week

Phase 2 Deliverables:

The following summarizes Phase 2 deliverables:

- Pro forma budget model built in Excel with control panel to allow for easy scenario generation and assumption testing
- Inventory of model assumptions
- List of critical decision points

The price for Phase 2 of the project is: \$368,115 (see Fees & Expense section for additional detail).

PHASE 3—CONSENSUS BUILDING

Once an initial model is developed, Huron will assess different model scenarios and evaluate the sensitivity of the model. Huron and UCF will then work to build consensus on the new budget model from key stakeholders over the course of a 12-week third phase. Based on feedback from these consensus conversations, Huron and UCF will be able to refine the pro forma budget model to further customize it for UCF's needs. Phase 3 is divided into the following elements:

1. Model Evaluation
2. Engage Academic Deans and Business Officers
3. Engage Additional Stakeholders
4. Refine Pro Forma Budget Model

The objective of Phase 3 will be to secure buy-in on the new budget model and to make any necessary model refinements based on stakeholder feedback. Huron's approach to address this change management initiative is through clear communication, constituency involvement, and methodical, data-driven conversations. By meeting with, listening to, and responding to all stakeholders, UCF will be better prepared to implement a model that is understood and sustainable. Huron believes it is critical that clients listen to the thoughts and concerns of stakeholders before any major changes have been adopted or implemented. Successful budget model redesigns are iterative and responsive change management initiatives. To secure buy-in, stakeholders must feel their voices were heard and valued throughout the process.

This timeline aligns with UCF's goal of implementing the new model for FY22 and will allow UCF to utilize a developed model framework from the outset of the FY21 parallel year while at the same time recognizing that some model refinements might be made before the conclusion of the engagement.

Element 1—Model Evaluation

Once the set of guiding principles are established and the model's initial design is developed, the model is ready to be assessed through various alternatives and scenarios. We anticipate that alternatives will vary with respect to several model characteristics, including: revenue allocation methodologies, cost pool structures, central funding methods (e.g., revenue retention, fee policies, etc.). We will assess the model's sensitivities to changes in revenue and cost allocations as a way of predicting the issues that might arise. For different scenarios, we will create something akin to a profit-and-loss statement for all schools, colleges, and auxiliaries that aligns direct and indirect costs with the revenues that they generate. These statements will illustrate to stakeholders how various assumptions and allocation methodologies impact each entity, using that information to identify any unintended consequences.

Additionally, Huron will inventory each of the rules and assumptions used within the model and will work with UCF to identify the most critical/sensitive decision points. As the University modifies assumptions and addresses the decision points, we will refine the model, interpreting the anticipated benefits and considerations associated with each modification. We will continue to refine the model throughout our stakeholder engagement efforts, after which, we will be left with a model that best reflects the University's culture and strategic priorities.

As part of our model evaluation efforts, we will meet regularly with staff from UCF's Budget Office and other relevant staff to discuss the calculation and interpretation of various data, and its treatment within University reports and information systems. Separately, Huron will host a budget model overview session with select staff from the Budget Office (and other committees/groups as appropriate) to present a preliminary overview of the model structure and framework. A primary focus of this session will be to

engage UCF stakeholders with respect to the present state of model development to ensure that it aligns with stakeholder's general understanding of University operations.

Element 2—Engage Academic Deans and Business Officers

As the life blood of any institution, academic units play a critical role in the success of a model. Academic unit leadership must understand how the model works and why its refinement and adoption is necessary. They also must understand the crucial role they will play in the success of the model after implementation.

We propose a set of iterative individual dean meetings, followed by a dean's retreat to ensure UCF receives appropriate feedback from key academic leadership. Resistance is expected during these meetings, but it is critical that UCF leadership listens to this resistance and is responsive. Academic unit leadership best understand the intended and unintended consequences of the new model for their unit, and initiative sponsors must appreciate that the impact any academic unit feels will impact UCF as a whole as well. An iterative, collaborative process only succeeds if academic unit concerns are listened to and addressed. Ensuring academic units have been engaged and buy in to the model's principles and framework will enable a successful implementation.

Anticipated meetings with academic unit leadership in order include:

- **Model Orientation Meeting:** Huron will meet with each dean and their respective academic business manager separately to provide a general overview of the model, which will address the model framework, functionality, rules, assumptions, and critical decision points. During these sessions, we will share college-specific data used in the model for vetting and verification purposes and collect overall feedback. A UCF Model Initiative Sponsor should participate in these discussions.
- **Model Review Meeting:** Huron will host a second meeting with the deans and business managers to review model specifics related to their respective college/school. The objective of the meeting is to review the new funds flows and to illustrate the impact of proposed incentives. During these sessions, we will solicit questions and guidance for the dean's retreat and prepare the deans to actively engage and participate in the retreat. As with the Model Orientation Meeting, it is expected that a UCF Initiative Sponsor will participate in this discussion.
- **Dean's Retreat:** Huron will facilitate a retreat with all academic deans to review the current state assessment, the case for change, and the baseline (market-driven) version of the model. From there, we will shift the focus to the customizations made to create a "UCF Model." Huron will review the model's critical decision points, encourage participation and feedback, and work to secure buy-in for the model's adoption. In addition to the deans, it is anticipated that Steering Committee members attend and participate in the retreat.

Element 3—Engage Additional Stakeholders

Huron will work with the model redesign champions to engage a broader group of campus stakeholders, recognizing the impact this new model will have across the institution. Community members will expect a transparent process in which their concerns are listened to and appreciated. Explaining how the new model will differ from the institution's current state and reviewing the model's intended impact will ease stakeholder concerns and lead to a healthy dialogue around the model. The budget panel discussion also provides an opportunity for stakeholders to understand how the budget model has impacted similar institutions that have already gone through this initiative.

Efforts to engage a broader stakeholder group will include:

- **Department Chair Meetings:** Huron will work with each of the college/school deans to host a department chair meeting to discuss the University's redesign efforts as desired by college leadership. While we will encourage each dean to tailor the meetings to their leadership style, we anticipate the sessions will include general project updates, college/school-specific information, and question and answer periods.
- **Campus Open Forum:** Huron recommends that the Provost and Vice President for Business and Finance host an Open Forum to update the campus on the budget redesign effort and to answer stakeholder questions. Huron recommends that the forum be open to faculty, staff, students, and other interested parties. Huron will work with UCF to set the forum agenda but anticipates it would include an introduction by the Provost and Vice President for Business Affairs and Treasurer, followed by a joint presentation from Huron and the UCF model redesign champions. The majority of time allocated to the Open Forum should be reserved for questions and answers.
- **Budget Panel Discussion:** Huron recommends that the Provost and Vice President for Business and Finance host a Budget Panel Discussion. Huron will work with UCF to recruit panelists from institutions that have adopted incentive-based models. We will work to secure both academic and administrative stakeholders to serve on the panel. Panelists will share lessons learned from their own model redesign initiative, offer recommendations for UCF, and answer stakeholder questions. *While Huron plays an integral role in planning for the panel and recruiting panelist, any required panelist honorarium and travel expenditure is out of scope and is considered an obligation of UCF.*
- **Campus Leadership Retreat:** As UCF moves forward into parallel year, Huron will return once per semester and meet with campus leadership (e.g. Steering Committee, Provost, Vice President of Business and Finance) to review progress, answer follow-up questions, and facilitate a discussion around key decisions that need to be addressed. Huron will operate in an advisory role during this semi-annual retreat, recognizing the need for UCF to take ownership of the model. These semi-annual meetings will end after the first full fiscal year post-implementation is finalized. Additional fees may be incurred depending on UCF's needs.

As we progress through the stakeholder engagement effort, we will catalog relevant questions. After the meetings have been completed, we will create and distribute a document containing an aggregation of questions posed, and corresponding answers, to provide transparency into the array of stakeholder concerns.

Element 4—Refine Pro Forma Budget Model

As an outcome of conversations with Steering Committee members, academic deans, and other stakeholders, it is likely that the model will need to be refined. Huron will facilitate a discussion with the Steering Committee to review, discuss, and reach agreement on what refinements are needed. The Steering Committee will need to provide final sign off on the structure and design of the customized model for the engagement to continue.

UCF Responsibilities:

Huron's completion of the services identified in Phase 3 is subject to UCF's continued ability to provide access to key financial reports and data, policies and procedures, and other pertinent financial and budget information. We will look to the Project Coordinator during the Project to obtain full and active

support from data owners, executive leadership and other pertinent stakeholders related to this effort. The responsibilities listed in Phase 1 (see Phase I: UCF Responsibilities) remain true in Phase 3.

Below, we identify stakeholders' expected time commitment during Phase 3:

STAKEHOLDER	ROLE	PHASE 2 TIME EXPECTATIONS
Initiative Sponsor(s)	Serve as chair of Steering Committee, provide overall project guidance	2-3 hours per week
Steering Committee Members	Guide project through major decision points	10-14 hours
Data Providers	Provide any additional data requested, answer questions as needed	2-6 hours
Deans	Attend and engage in model orientation and follow-up meetings	5-10 hours
Academic Business Managers	Attend and engage in model orientation and follow-up meetings	2-10 hours
Budget Director	Answer questions related to budget data, ensure data is provided in a timely manner	1-2 hours per week
Budget Office Support	Answer questions related to budget data, ensure data is provided in a timely manner	1-2 hours per week
Project Coordinator	See bullets in Phase I: UCF Responsibilities	1 st 2 weeks: 4-6 hours/week Subsequent weeks: 1-2 hours/week

Phase 3 Deliverables:

The following summarizes Phase 3 deliverables:

- Summary of benefits and considerations associated with select budget model scenarios
- College-level statements of operation to reflect initial allocation methodologies
- Summary of frequently asked stakeholder questions and responses
- Meeting materials from the model meetings and dean's retreat

The price for Phase 3 of the project is: \$368,115 (see Fees & Expense section for additional detail).

PHASE 4—INFRASTRUCTURE DEVELOPMENT

Following the refinement of the pro forma model and the model trainings completed in Phase 3, Huron will share recommendations for implementation and delivery fulfillment. This phase will include an expansion of the refined budget model by including budgetary data. It will also include high-level recommendations for people, processes, and tools to carry out implementation. This expansion of the budget model will help guide UCF leadership and staff in understanding the impact of the new model in next fiscal year's budget forecasts. Huron will incorporate unique aspects of UCF's governing structure into our recommendations and expect to work in an iterative process with UCF leadership to craft recommendations prior to sharing information at the retreat. Phase 4 is divided into the following elements:

1. Facilitate Budget Model Expansion
2. Establish Governance Structure
3. Map and Enhance Budget Process
4. Support Unit-Level Scenario Planning Tool Development
5. Facilitate Budget Workshop Delivery
6. Conduct Model Training
7. Perform High-Level Academic Portfolio Analysis

By the end of Phase 4, if UCF stakeholders commit to an aggressive timeline and fulfill all UCF responsibilities, UCF will be prepared to implement a refined budget model in FY21 and will be equipped with the processes, tools, and governance structures required to succeed under an incentive-based budget model.

Element 1—Budget Model Expansion

By expanding the model to include a model with budgeted detail in addition to actuals, UCF will be better positioned to assess historical financial data and plan for future fiscal years. Working closely with the University's Budget Office, Huron will further develop a model, aligned with UCF's new framework, that uses budgeted data rather than actuals. During this model expansion, Huron will transition ownership of the model over to UCF and Huron will shift into an advisory role once the transition has been completed. UCF will be responsible for providing any necessary data and will inform Huron of any changes in the relationships between general ledger data, budgeted data, and budget model definitions. Huron will support UCF's model development efforts in a step-by-step manner that examines every component of the model development process to ensure UCF is prepared for full implementation. Huron will also review the model and provide support at each juncture of the model development process to ensure UCF staff is properly trained and prepared to utilize the new budget model.

Once this budgeted model has been developed, Huron will guide UCF through each allocation methodology, review UCF's completion of each allocation, and support the documentation of the process, including data requirements, surrounding each allocation. Finally, Huron will support UCF's development of a university-wide funds flow statement, college-level funds flow statements, and an activity-level statement for all model allocation drivers for this year. Huron will recommend specific actions to further refine the model under the assumptions that approved budget amendments will occur from time to time. Huron will rely upon UCF to inform all assumptions, and to provide supporting rationale for all assumptions, including budgetary (i.e., forecast) data for items that have not been historically budgeted. Model ownership, at the beginning of this phase, fully belongs to the University and Huron's involvement is limited to being advisory and supportive in nature only. If Huron is expected to take ownership due to

a lack of progress being made or inability to update the model, additional contractual arrangements will need to be made.

Element 2—Establish Governance Structures

Huron will draft an initial governance framework that includes committee identification, charge development, and participant identification. Huron will create a draft schedule of potential discussion topics for each committee's initial meetings. Once an initial draft is completed, we will facilitate a discussion with the Steering Committee to solicit feedback and make further refinements. The final recommendation, provided in the form of a presentation to the initiative sponsor who will be responsible with finalizing the recommendation, will consider the feedback provided from campus engagement alongside Huron's professional recommendation based on our experience with developing governance structures at other institutions. We will also provide a draft workplan and several identified topics for the governance structures to address during the parallel year.

Once approved by University leadership, we will facilitate a kick-off discussion with governance committee participants to share the approved governance structure, review any created committees' charges, and provide an overview of the new budget model methodology.

Element 3—Map and Enhance Budget Processes

In order to support the development and implementation of a new budget process to support the new incentive-based model, Huron will:

- Develop a revised budget process with support from the Budget Office
- Share the revised budget process with current Steering Committee
- Identify new processes and provide templates for budget reports that will need to be developed by the Budget Office (e.g., call letters, funding communications)
- Develop budget process document that provides detailed descriptions of the elements and incentives inherent in the proposed model

Element 4—Unit-Level Scenario Planning Tool Development

Huron will assist UCF with the development of an Excel-based planning template to facilitate unit-level planning. The template will be designed to predict marginal revenue and expenditure changes resulting from changes in activity levels. The template will include activity-level metric data for the revenue and cost drivers being utilized in the model (e.g., credit hour production, research productivity, space utilization, employee headcount). The template will consequently allow academic units to project both the marginal and consolidated financial implications of growth strategies, programmatic changes, and policy implementations, among other items. Huron will work to balance the sophistication and accuracy of the tool with the simplicity and user friendliness of the tool. This Excel-based tool will be provided to each academic unit electronically.

Element 5—Budget Workshop Delivery

Huron will present this planning tool developed in Element #4 to the Academic Business Managers to provide an introductory training to enhance unit-level financial planning. This kick-off meeting will be a collaborative general session during which Huron will share the unit-level planning tool and train the Academic Business Managers on how to leverage this tool.

Following this kick-off meeting, Huron will conduct one-on-one meetings with each academic unit's Academic Business Manager to discuss how to best utilize the planning tool to inform future forecasting efforts. The purpose of this meeting will be to highlight how this planning tool can be leveraged to equip

the academic units with the knowledge needed to be successful within the context of the new incentive-based model. As we recognize that not all Academic Business Managers have the time or desire to participate in these workshops, we suggest making involvement in Element #5 optional.

Element 6—Conduct Model Training

With refinements in place, Huron will deliver training to the University’s budget model implementation team and staff in UCF’s Budget Office. This training will be high-level and includes a review of the model framework, design, functionality, and calculations. Further, it will explain how the model can be revised in the future. In addition, Huron will create reference materials that can be used to train future UCF users on the model. Huron will conduct up to four (4x), two-hour training sessions.

Element 7—Perform High-Level Academic Portfolio Analysis

To better prepare Deans and Academic Leaders for the new budgeting process, Huron will produce a program-costing model for the calculation of academic program costs and marginal costs by program. We will integrate academic program analyses with salary and faculty effort data, supplemented by select institutional expenditure data to develop a more robust understanding of the costs for delivering education at UCF. These informational components will help academic leadership understand the key levers that each has at his/her disposal to further optimize within the academic units when considering faculty deployment, course sizes, and other key academic metrics. Huron’s analysis will provide insights into the differentiation of costs to deliver education by academic program.

UCF Responsibilities:

Huron’s completion of the services identified in Phase 4 is subject to UCF’s continued ability to provide access to key financial reports and data, policies and procedures, and other pertinent financial and budget information. We will look to the Project Coordinator during the Project to obtain full and active support from data owners, executive leadership and other pertinent stakeholders related to this effort. The responsibilities listed in Phase 1 (see Phase I: UCF Responsibilities) remain true in Phase 4.

Below, we identify stakeholders’ expected time commitment during Phase 4:

STAKEHOLDER	ROLE	PHASE 3 TIME EXPECTATIONS
Initiative Sponsor(s)	Serve as chair of Steering Committee, provide overall project guidance	2-3 hours per week
Steering Committee Members	Guide project through major decision points	6-10 hours
Data Providers	Provide any additional data requested, answer questions as needed	1-2 hours
Deans	Attend follow-up meeting with project consultants (if needed)	1 hour
Academic Business Managers	Engage with unit-level planning tool, attend related training sessions	10-12 hours
Budget Director	Support the development of a FY20 budgeted data model	1 st 4 weeks: 6-8 hours per week Subsequent weeks: 1-2 hours per week
Budget Office Support	Create a FY20 model using budgeted data	1 st 4 weeks: 10-12 hours per week Subsequent weeks: 1-2 hours per week

Project Coordinator	See bullets in Phase I: UCF Responsibilities	1 st 2 weeks: 4 hours/week Subsequent weeks: 1-2 hours/week
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The completion of Phase 4 will prepare UCF to implement the model in FY2022, including a parallel process in FY2021. During the parallel year (FY2021), UCF will execute the current budget process. Phase 4 deliverables are clearly outlined below. If requested, Huron can provide additional implementation services not included in this proposal.

Deliverables:

- Support for UCF’s development of an expanded model that relies on budgeted detail
- Documentation of governance structure framework
- Updated documentation of refined budget process and budget report templates
- Unit-level planning tool template in Excel
- Meeting materials from budget workshop delivery trainings, open forum session, central administrative unit workshop, and campus leadership retreats
- Departmental P&L statements aligned with the new budget model and analysis illustrating the marginal cost per credit hour

The price for Phase 4 of the project is: \$368,115 (see Fees & Expense section for additional detail).

Project Team

Greg Bedell, Managing Director, will provide executive leadership and guidance for the project, ensuring that goals, objectives, expectations and deliverables are aligned. Jaime Ontiveros, Senior Director, will have overall responsibility for the engagement, participating in key meetings and leading the project team. Adam Meyer, Manager, will serve as the project manager, responsible for executing the work plan and serving as UCF's point of contact for all day-to-day operations. Adam and the team will be joined by a project consultant who will support the team in the completion of deliverables.



GREG BEDELL
Managing Director
913-593-4439
gbedell@huronconsultinggroup.com

Greg Bedell, a Managing Director in Huron's higher education practice, will provide project leadership and guidance. Greg will be on-site for all major stakeholder engagement meetings and will be available to connect with UCF project leadership as needed. Greg has worked in the higher education, healthcare, government, and not-for-profit environments for more than 25 years.

He has assisted with universities and research institutions with strategic efficiency and effectiveness assessments, cost reduction, organizational redesign, operational improvement, process reengineering, systems selection, research administration management and compliance, and the implementation of effort reporting solutions. Recent budget redesign work for Greg includes UNC-Chapel Hill and UT San Antonio. In addition, Greg is currently working with the UCF project team on the Service Delivery Initiative.



JAIME ONTIVEROS
Senior Director
815-404-9130
jontiveros@huronconsultinggroup.com

Jaime has partnered with over 30 universities and academic medical centers on matters related to resource management, financial analyses, budget redesign, and initiative implementations. He has experience in the development and implementation of policies and procedures, process mapping, efficiency enhancements, training, and compliance improvement. Additionally, Jaime has

experience providing counsel on business and finance design to university executives and developing and refining organizational models for business and finance division.



ADAM MEYER
Manager
404-822-0424
ameyer@huronconsultinggroup.com

Adam Meyer, a Manager in Huron's higher education practice, will be responsible for executing the work plan and serve as UCF's point of contact for all day-to-day operations. Adam has over seven years of experience working with universities on matters related to resource allocation, budgeting, financial management, strategic planning, and performance optimization and nearly 30 universities. During his time

at Huron, Adam has redesigned the budget process at several universities, conducted detailed spend and cost analyses, facilitated academic programmatic costing reviews, and driven project teams in assessing college and university operations to reduce administrative expense.

Huron will also leverage other internal team members as needed to ensure that the collective expertise and experiences of our dedicated higher education consulting team are brought to bear on this project.

Fees and Expenses

Our professional fees for this engagement are outlined in the table below. Considering the anticipated scope, size of University of Central Florida, duration, staffing requirements, and our strong desire to partner with UCF, our professional fees \$1,227,050 and should be completed by July 31, 2020.

This cost is inclusive of all out of pocket expenses that may be incurred to the University. If selected, we will work with UCF to create a mutually agreeable payment schedule that aligns with the terms and conditions agreed to under the Preferred Supplier Agreement for Business and Administrative Systems Support Services, effective October 15, 2018.

In the unlikely event of any contract amendments or scope changes throughout the course of the engagement, we will provide the supporting documentation to our sponsor(s) at that time and process a change order to this document.

Project Phase	Cost
Phase 1	\$122,705
Phase 2	\$368,115
Phase 3	\$368,115
Phase 4	\$368,115
Grand Total	\$1,227,050

Appendix

QUALIFICATIONS

University of Texas-San Antonio (UTSA)
Incentivized Resource Management

Project Duration

December 2017 - Present

Client Need

The University of Texas at San Antonio (UTSA) engaged Huron to develop a resource allocation model that is transparent, aligned with the strategic priorities of the University, and promotes clarity and understanding for academic and administrative leaders with financial responsibilities – in a manner that is accessible and widely communicated.

Huron Approach and Project Outcomes

Over a year period, Huron completed two initiatives and corresponding budget models for UTSA. The first initiative consisted of a four-phase engagement to redesign the existing incremental-based budget model. Huron's efforts included a financial diagnostic to better understand UTSA's current budgeting state and processes while developing the project's vision and guiding principles, collaborating with a steering committee to develop a "baseline" model to guide future model conversations, customizing the "baseline" model based on feedback via stakeholder engagement, and budget office model training and documentation. At the end of the first initiative, the proposed model was unanimously approved by UTSA's Executive Leadership and Academic Deans. Our stakeholder engagement consisted of 4 rounds of individualized College meetings, hosting a budget panel event showcasing Huron client Universities that have successfully implemented a budget model redesign, and widespread campus efforts alongside UTSA senior leadership such as Budget 101 and Town Hall meetings.

Shortly afterwards, UTSA re-engaged Huron to reinstate the FY19 Budget in the previously agreed upon budget model. This consisted of working hand-in-hand with the Budget Director at UTSA in the development of a budgeted version of the model, ongoing model training sessions, creation of a credit hour and tuition forecasting tool, and developing strategy surrounding future model planning and implementation. The engagement concluded in a round of individualized College meetings where the FY19 Budget Model was shared by Huron representatives, the budget director, and the Vice President for Business Affairs.

Client Reference Information

Kathryn Funk-Baxter
Vice President for Business Affairs
The University of Texas at San Antonio

210-458-4201

kathryn.funk-baxter@utsa.edu**University of South Carolina**
Budget Model Redesign**Project Duration**

December 2017 – October 2018

Client Need

The University of South Carolina (USC) engaged Huron to support a redesign of the University's budget model and to enhance their current approach to resource allocation. USC desired to better understand the changes in higher education and how the University's business model could best adapt to those changes in order to establish a set of values/principles the model should reflect. As a result, Huron assisted USC with the development of a new incentive-based financial model, build consensus among the university, develop an implementation roadmap, which identifies budget process improvements, reporting and governance structures that would allow them to successfully implement the new model. Huron's goals were as follows:

1. Understand the changes in higher education and how USC's business model can adapt to those changes. In that context, determine the values/principles the new budget model will reflect
2. Develop model options that reflect the values/principles
3. Introduce proposed budget model to various leadership groups and lead process to find common ground
4. Present recommended model to leadership groups and hold open forums for feedback
5. Determine an agreed-upon model and prepare for implementation
6. Determine a model for Post-Implementation Monitoring

Huron Approach and Outcomes

During the initial four-month period over three phases, Huron engaged 40+ academic and administrative stakeholders through an iterative process to develop an incentive-based budget model. The initial due diligence and vision phase began when Huron facilitated kick-off meetings with the project working group, Elliott Davis, Dean's Council, and the Board of Trustees. Leading up to and during this initial meeting, Huron performed analysis of current trends in higher education and how USC's business model can adapt to those changes and supported the development of guiding principles for the proposed model. Huron assisted in the visioning and creation of the proposed model structure.

Once a set of guiding principles were discussed and agreed upon, Huron assisted with the development of a prototype budget model based on FY17 actuals as a starting point for future state discussions. Huron collected and organized activity level metrics used for allocation methodologies and facilitated discussions on alternative modeling concepts with budget leadership. To better understand the impacts of the different levers within the model, Huron tested various allocation methodologies and taxation policies.

To ensure that stakeholders' varying opinions on the model were heard, Huron interviewed 40+ stakeholders to inform budget model development through an iterative process. Over the course of the engagement, Huron facilitated three rounds of meetings with the academic deans, incorporating their feedback in the development of model iterations. Huron also participated in meetings with the academic business managers and faculty senate budget committee to provide periodic project updates and field questions.

As a result of our efforts, there was unanimous consensus among the Steering Committee and 15 Academic Deans to move forward with the proposed incentive-based budget model for a partnership period and eventual implementation.

In continuation of the successful initial engagement, Huron was engaged to develop a larger budget model that incorporated the entire USC System. In conjunction with these efforts, Huron performed a System-wide cost study to assess how units across the System consume central support resources, which informed a methodology to allocate expenditures to all units and System institutions within USC System. Currently, Huron is working to build-out additional years of the new budget model and to develop key reporting and budgeting tools for the academic units and budget office.

Client Reference Information

Joan Gabel

Provost

University of South Carolina

803-777-2808

gabelj@mailbox.sc.edu

Leslie Brunelli

VP for Finance and Chief Financial Officer

University of South Carolina

803-777-7427

lqbrunel@mailbox.sc.edu

Auburn University

Original Redesign Initiative: Strategic Resource Investment Initiative

Project Duration

January 2013 – July 2014

Client Need

The financial recession impacted Auburn's operations and financial flexibility. Fiscal pressures ensued and the institution's dependency on non-resident students increased operational risks. Between 2007 and 2011 alone, state appropriations as a percentage of the University's total operating budget declined from 43% to 29% while tuition grew from 46% to 60%. Adding to these risks, Auburn experienced significant salary compression, supported an expanded facilities footprint, and faced growth in departmental administration costs.

Huron Approach and Outcomes

Beginning in January 2013, Huron worked with Auburn to complete a full assessment of its budget function through diligent review of various documents and over 50 interviews with campus stakeholders. Through this review, Huron developed a case for change and a vision for how a new budget model could better support the University's strategic priorities and help manage risks associated with the current funding environment. The review also resulted in the development of a "Top 10" list of recommendations and opportunities related to resource allocation and other operational efficiencies.

Following that phase of work, Huron was asked to conduct stakeholder engagement through a consensus building effort to develop a customized budget model for the University. Huron facilitated discussions with a Provost-led Steering Committee to collect input on allocation metrics and formulae, and tested different scenarios based on their input. Huron also conducted several rounds of meetings with the dean of each college to collect input on the Steering Committee's progress. Huron supported additional communication with the broader campus community through open forum sessions, updates with the faculty senate and administrative leadership committees, and an open panel discussion featuring individuals from other institutions that also redesigned their budget models. Huron's work culminated with a day-long retreat that included the Steering Committee, deans, and additional administrative stakeholders to review a proposed model. At the end of the retreat, the deans unanimously voted in support of the model.

Huron was retained to support implementation efforts, which included developing a budget model governance structure, a budget process that supported the development of model allocations, and training for the broader campus community.

Additional Redesign Initiative: Budget Process Review and Governance Activation

Project Duration

October 2016 – December 2016

Client Need

Huron was tasked with reviewing the first full budget development process for Auburn University's Strategic Budget Initiative (SBI) which converted Auburn's incremental budget to an incentive-based model. The review targeted outstanding decisions with regards to governance, while providing materials and process recommendations from our experience in implementing models elsewhere. Auburn University was in the midst of completing their first budget cycle following a new approach to resource allocation (moving from an incremental to an incentive-based budget model). As part of this first cycle, University stakeholders noted that there are opportunities to enhance the overall process. As such, Auburn engaged Huron to review the first-year budget cycle and make recommendations on how to enhance future iterations and to provide support in activating governance committees to manage the model moving forward.

Huron Approach

Huron performed a qualitative review of the Strategic Budget Initiative, interviewing over 20 stakeholders including deans and business managers, while also reviewing training documents,

schedules, systems, and other process documentation. The review was guided by a Steering Committee made up of deans and administrative leaders.

Project Outcomes

Huron developed a report for the Steering Committee that documented themes from interviews, observations from the process review, roadmaps for governance activation, and recommendations to improve the budget process. Following the delivery of this report, Huron conducted additional discussions with financial leadership to discuss their financial management strategy outside of pure budgeting and in 2018, has partnered with an external vendor to implement a system-based solution to further enable and scale their budgeting, forecasting, and long-range planning throughout their enterprise.

Additional Redesign Initiative: Anaplan System Implementation

As desired, Huron can partner will UCF to discuss and assist with the implementation of a comprehensive budgeting system. This solution will allow for both robust budget analysis and comprehensive long-term planning. While Huron has no preferred vendor, we have experience working with both Oracle's Hyperion Planning and Anaplan. Huron's models can be customized to fit either solution. The below experience outlines our partnership in assisting Auburn with an Anaplan implementation.

Project Duration

August 2018 – July 2019

Client Need

Auburn adopted the incentivized budget model and recently selected Huron and Anaplan, after a competitive RFP process, to support their efforts to move away from a Microsoft Excel budget model to a scalable and cloud-based solution.

Client Reference Information

Tim Boosinger

Provost (during engagement duration)

Auburn University

334-844-4000

boositr@auburn.edu

Bryan Elmore

Assistant VP, Budgets and Business Operations

Auburn University

334-844-2157

elmorebj@auburn.edu

Univeristy of Nebraska – Lincoln

Budget Model Redesign

Project Duration

March 2019 – Present

Client Need

The University of Nebraska Lincoln (UNL) engaged Huron to assist the University with a shift towards an incentive-based budget model. In 2017, UNL charged a task force with studying the current budget structure at the University ultimately resulting in a recommendation to move towards an incentive-based model. The new model became a paramount objective of the University's strategic plan in order to anticipate and plan for future enrollment and state appropriations fluctuations. To that end, UNL requested assistance in making that transition through three iterative phases:

1. Phase I: Initial Assessment, Model Development and Launch
2. Phase II: Evaluation and Stakeholder Engagement
3. Phase III: Infrastructure Development and Parallel Process

Huron Approach and Outcomes

Huron outlined a project plan that aligned with the three phases above. Huron met with over 50 stakeholders to gain a better understanding of the current model's composition and potential shortfalls. In addition, Huron worked with a University-charged Steering Committee to develop a list of guiding principles, discuss incentive-model alternatives, and craft an initial incentive-model framework for UNL. Utilizing that framework and building off our industry expertise, Huron created an initial incentive-based model to socialize concepts and gain input.

Throughout the length of the engagement, Huron interacted with several community stakeholders including meeting with each academic dean and his or her staff 4 separate times to answer questions and gather feedback. Additionally, Huron worked with UNL to conduct two campus forums to provide broad context around the initiative and answer any questions campus may have had. These discussions resulted in further model enhancements and a customized model for UNL that will be used for the parallel process and implementation.

Huron also worked with the budget office and other centralized units to provide on-going model training and guidance. Also, Huron partnered with UNL communications to build a robust project website, continually keeping campus informed of project objectives, progress, and FAQs. Additional work was put into developing initial governance structures and model management tools to ensure sustained success. Huron is continuing to provide ongoing support as the University continues model implementation.

Client Reference Information

Bill Nunez

VC for Business and Finance

University of Nebraska – Lincoln

402-472-4455

bill.nunez@unl.edu

Kathy Farrell
Dean, College of Business
University of Nebraska - Lincoln
402-472-9500
kfarrell2@unl.edu

REDESIGN EXPERIENCE & PHILOSOPHY

Huron is the leading provider of budget model redesign consulting services for the higher education industry. Our dedicated higher education consultants have helped to assess, design, and implement budget models at 50+ institutions over the past 10 years. In many of these cases, we have partnered with universities to develop custom budget models that align with their unique missions and cultures, and to provide the change management and advisory services that support their adoption. Through these experiences, Huron’s experts have become the thought-leaders in designing and implementing budget models.

The table below provides an illustrative sample of Huron’s resource management, allocation, and planning clients.

Representative Budget Redesign Clients		
Auburn University	St. Joseph’s University	University of Louisville
Brown University	Tennessee Technological University	University of Manitoba
Cornell University	Tulane University	University of Massachusetts Amherst
Drexel University	University of Alabama at Birmingham	University of Memphis
Florida State University	University of Alberta	University of North Carolina, Chapel Hill
George Mason University	University of California, Los Angeles	University of North Dakota
Georgia Institute of Technology	University of California, San Francisco	University of South Carolina
Harvard University	University of Chicago	University of Southern Mississippi
Medical University of South Carolina	University of Colorado	University of St. Thomas
Northern Kentucky University	University of Florida	University of Wisconsin, Madison
Ohio University	University of Kansas	University of Wisconsin, Platteville
Purdue University	University of Kentucky	University of Wyoming
Queen’s University		Wayne State University
San Francisco State University		

Our experiences with the above clients demonstrate a strong track record of success with budget model re-design / budget model implementation initiatives:

- **Our methodology has been tested and refined more than any other in the industry.** Over our 50+ projects supporting budget redesign initiatives, we have continuously improved our approach to developing and implementing budget models based on lessons learned. Over the duration of our experiences, our methodology has become the industry-standard in higher education. By selecting Huron, WKU will benefit from the most battle-tested methodology in the industry.
- **Our budget redesign initiatives lead to consensus.** Huron strives to deliver custom-fit models that university leaders unanimously understand will help them better achieve their goals. We track our ability to build consensus among university leaders with borderline obsession – over our last seven budget model re-designs, six concluded with the institution’s deans unanimously supporting the new model. Our focus on communication, collecting feedback, and building consensus is part of all our budget redesign projects and is the secret to our success.
- **The market has recognized Huron’s qualifications for leading budget redesign initiatives.** Our reputation for providing budget redesign consulting services can be measured by the frequency that Huron is selected to support institutions with their budget redesign initiatives. While we have helped over 50 institutions with budget redesign initiatives, and the number of budget redesign RFP’s that we’ve lost to other consultancies can be counted on one hand. This win-rate is rarely seen in the consulting industry.

In addition to the case profiles at the end of this document, we ask UCF to consider the following points related to Huron’s higher education budgeting experience:

- ***Huron’s team members are “regulars” at NACUBO’s Higher Education Planning and Budgeting Forum.*** Huron has presented at nearly all of NACUBO’s Higher Education Planning and Budgeting Forum’s, having only missed one year since the Forum was reconstituted circa 2012. Furthermore, at one of the recent Forums, seven of eight of the presenting institutions spoke about budget initiatives in which Huron was involved. For the 2017 Forum, Huron team member Jaime Ontiveros presented “New RCM Budget Model Implementation Panel: Bringing the Model to Life” along-side Auburn University, the University of Virginia, and the University of Northern Kentucky. For the 2018 Forum, Huron team member Adam Meyer presented “Revamping Budgeting at St. Thomas: Incentive-based, Results-focused, Data-driven” along-side the University of St. Thomas.
- ***Huron is commonly invited to speak about budget redesigns at broader industry conferences.*** Aside from the NACUBO Planning and Budgeting Forum, Huron team members have recently presented at the NACUBO Annual Meeting, the NACUBO Accounting Forum, CAUBO’s Advanced Resource Allocation Workshop, the Ontario Council of Academic Vice-Presidents, CACUBO and SACUBO. Huron partnered with the American Council on Education for a forthcoming web series which launched in September 2017.
- ***Huron understands the landscape and trends pertinent to budget redesign.*** In addition to our client work, publications and conference schedule, our team members have daily conversations with institutional leaders about budget initiatives. At the moment, we are in

active conversations with several major universities who are considering modifications to their approach to budgeting. These contacts and communications have helped our team develop an unmatched understanding of what models – and model attributes – are effective and ineffective.