



Designing a new budget model

aligning resources with mission and long-term sustainability

February 2026

The decision to move away from RCM reflects an honest assessment of Temple's experience. While RCM can function effectively at some institutions, it requires deep decentralization of authority, strong financial reserves, and a culture that tightly links local decisions to financial consequences. Temple's experience demonstrated that these conditions were not in place.

-June 2025

Charge to Budget Model Task Force

September 2025

Recommend a budgeting system that prioritizes institutional stability and strategic alignment, with central leadership responsible for distributing resources intentionally. The new model emphasizes:

- Strong, centrally determined base budgets, informed by expert analysis and financial reality
- Clear mechanisms that allow units to improve or adjust their base over time by advancing institutional priorities, improving efficiency, and generating non-tuition revenue
- A simple, adaptable structure that can evolve as Temple learns what works best in practice

Budget Model Workshops

October-November 2025



“With any new model, you must have your principles for how resource decisions will be made. The workshops are designed to deliberate on the values to be factored into our model and have it inform the new framework.”

Over 130 faculty, deans, department chairs and administrators participated in small table discussions, with the goal of having diverse roles and perspectives shared as they considered:

- What values should Temple University factor into its resource allocations?
- What information should we be using when making resource allocation decisions?
- What information will tell us that we are successfully achieving and acting on the things we value?

Project Milestones

Activity	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2
RCM Evaluation						
Review of existing RCM model and impacts						
Meetings with RCM Steering Committee and key stakeholders						
Synthesis and presentation of findings; decision to move away from RCM						
Budget Model Design						
Launch of new budget model design to replace RCM						
Meetings and working sessions with the Budget Model Task Force						
Development and circulation of white papers outlining design options and tradeoffs						
Iterative review and refinement of model components based on Task Force feedback						
Campus workshops to gather input on values, goals, and desired outcomes for the model						
Analytic modeling and design of the new budget framework, including base budgets and performance signals						
Assessment of implications for professional and non-professional schools						
Presentation of proposed methodology and preliminary model design to exec sponsors						
Briefings and working discussions with deans						
Final recommendations presented to executive sponsors						
Alignment of model design with emerging strategic plan priorities						

Budget Models at a Glance

Dimension	Current “RCM” Model Characteristics:	Goals for New “Institution-First” Model:
Core Philosophy	Decentralized responsibility: units largely “eat what they kill.”	Institution-first approach: central leadership allocates resources strategically.
Decision Authority	Significant financial responsibility at the school/college level, but without full autonomy in practice.	Central leadership sets base budgets and manages institutional risk; schools focus on academic strategy and execution.
Base Budgets	Effectively fluid—bases shifted frequently due to enrollment swings, assessments, and formula changes.	Stable, centrally determined base budgets designed for multi-year planning.
Use of Formulas	Heavy reliance on complex formulas tied to enrollment, credit hours, and assessments.	Minimal formula use; activity informs decisions but does not automatically reallocate dollars.
Incentives	Primarily enrollment-driven; often rewarded volume over quality or alignment.	Incentives applied intentionally to the base: efficiency, collaboration, revenue diversification, and strategic priorities.
Volatility	High—budget swings year-to-year, often disconnected from academic planning cycles.	Lower—predictability prioritized to support responsible planning.
Salary Increases & Inflation	Units largely responsible for absorbing negotiated raises and cost escalation.	Raises and major cost drivers incorporated centrally into annual allocations.
Collaboration Across Units	Often discouraged; collaboration could reduce a unit’s own revenue share.	Encouraged and supported through central investment and incentive mechanisms.
Professional & Graduate Programs	Strong incentive to optimize locally, sometimes at odds with institutional outcomes.	Evaluated within a broader institutional context; flexibility preserved without recreating RCM competition.
Central Investments	Limited; funds largely flowed through formulas.	Explicit central investment pool for innovation, collaboration, and strategic priorities.
Risk Management	Risk pushed down to units without sufficient reserves.	Risk managed centrally to protect academic continuity and institutional stability.
Cultural Fit at Temple	Required conditions Temple did not have (reserves, autonomy, culture).	Designed to match Temple’s financial reality and institutional culture.

FY27 Realignment to New Budget Model



Broad support for a centrally stewarded base-budget model that prioritizes financial sustainability, uses metrics thoughtfully and transparently, preserves leadership judgment, and provides a durable platform for addressing Temple's challenges over multiple budget cycles.

The Task Force is positioned to resolve remaining design questions, clarify principles, and advance a coherent framework to support planning for implementation. The model will be introduced in phases...

- FY27 will serve as a reset and realignment year, during which budgets will be recalibrated following reductions
- Base allocation is not the “end state,” but a necessary bridge to get there responsibly
- A three-year horizon may be needed for completing the reset, allowing time for schools, colleges, and central administration to adjust behaviors and expectations
- Institution-first approach with the overall financial health and academic mission in mind.

FY28 and Beyond Core Allocation Framework



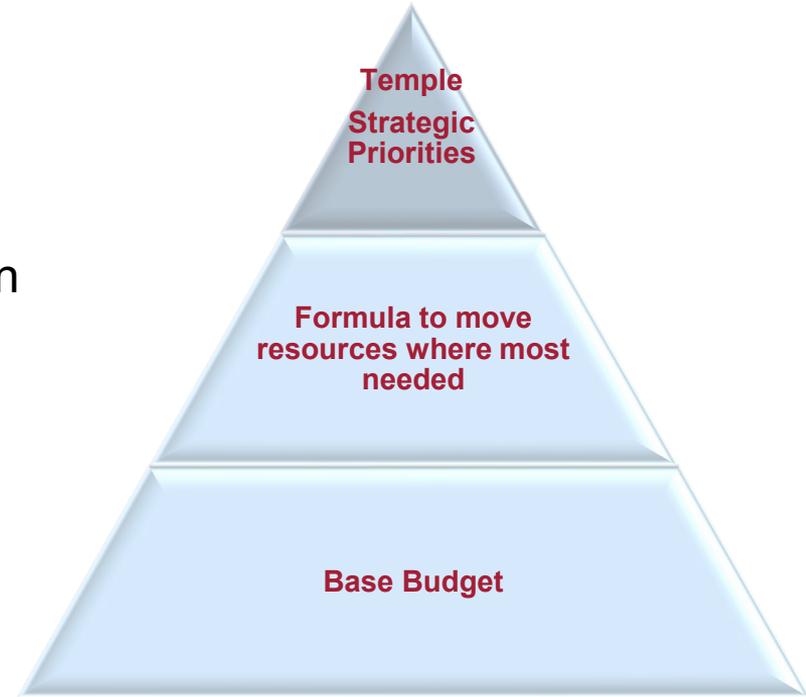
- Beginning in FY28, Temple will move to a new allocation framework that combines stable base funding, limited activity-based adjustments, and targeted central investments.
- The new approach restores central authority while maintaining limited performance signals.
- Guardrails are necessary to avoid recreating RCM-style competition and abandons concepts of subvention and cost allocation.
- This model centralizes *budget authority*, not academic decision-making. What changes, is who carries institutional financial risk—and that risk now sits centrally, where it can be managed responsibly.

FY28 base-budget model



The future framework is designed to align resources with strategy and intended to:

- Reduce siloed incentives and internal competition
- Improve legitimacy and clarity of allocation decisions
- Enable interdisciplinary investment and institutional cohesion
- Provide leadership flexibility to shift resources over time



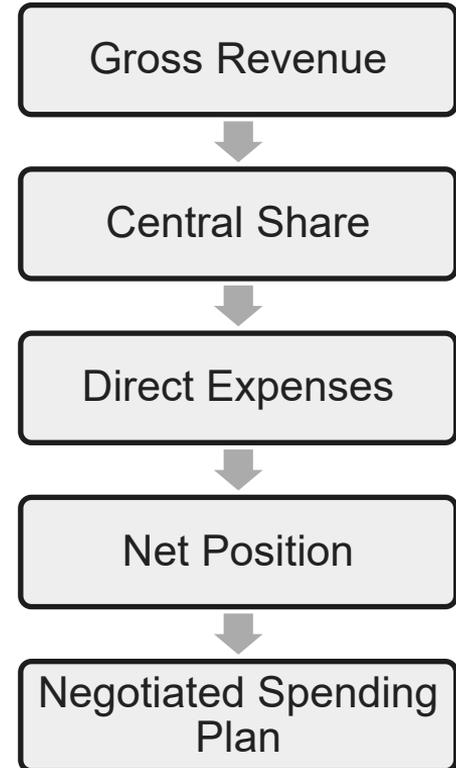
“This model is not about chasing enrollment or protecting silos—it’s about giving faculty and departments the stability they need to do their best academic work, while making sure Temple remains financially sustainable.

— Faculty Chair

Professional school approach

Professional schools require a net-revenue and negotiated approach because finances are more directly attributable.

- Revenue streams are clearer (tuition, clinical, F&A)
- Units manage comprehensive revenue and expense plans
- Leadership negotiates multi-year paths to reduce negative balances, with mission exceptions where appropriate



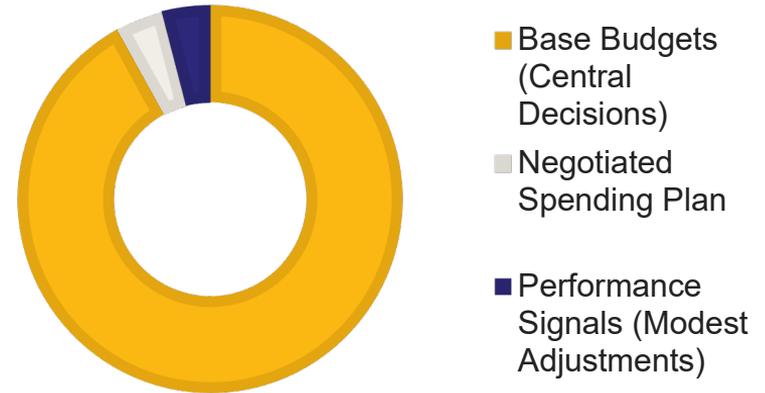
Non-Professional Base Budgets + directional performance adjustments



This model combines centrally set base budgets with modest, directional performance adjustments.

- Base budgets remain the primary allocation mechanism.
- Performance adjustments are intentionally partial signals, not full revenue attribution.
- Most incremental resources remain available for central reallocation based on priorities.
- Consideration of alternate approach for select graduate and professional programs.

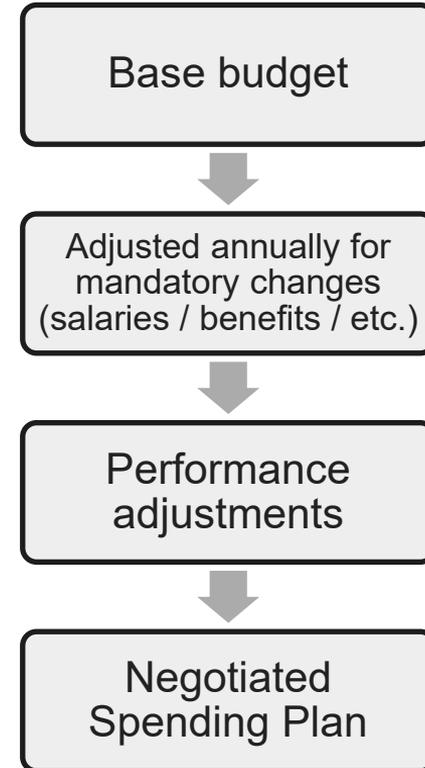
ALLOCATION WEIGHTING



Non-professional school approach

Non-professional schools require pooled activity signals because undergraduate education is inherently interdependent

- Undergraduate tuition cannot be cleanly attributed to individual colleges.
- Significant functions are centrally managed (e.g., admissions) or via collaboration.
- Activity adjustments reflect both enrollment and instruction contributions.
- The model avoids recreating internal competition for undergraduate students.



More than just a model

It is important to acknowledge that **no budget model—by itself—can fix today’s challenges or deficits**. Rather, it is the leadership and clarity of purpose behind the model that will guide our collective success.

Our new model must serve as a tool for strategic decision-making, investment, and cultural alignment, not just as a method for distributing dollars. The budget development process will define core features of the new framework, while analysis identifies areas for deeper transformation around two coordinated initiatives in Spring 2026:

- **Academic Program and Cost of Instruction Review**
- **Review of Administrative Functions and Costs**



Academic Program Cost Analysis



The Program Cost Analysis uses a detailed methodology to associate revenues and costs with specific degree programs. The model is intended to provide multiple lenses through which to view both individual components as well as the aggregate academic program analysis. The results show net revenue per student taught, faculty/student ratios, contribution margin, and other related ratios. Under this methodology, revenue includes academic fees as well as tuition, net of aid. Expenses include the direct cost of instruction, including compensation for faculty and teaching assistants as well as non-compensation expenses including program specific costs, supplies, travel, etc.

The Temple leadership team can review cost ratios at the college level and by program and student level, while accounting for expected variation across disciplines with different cost structures.

For purposes of allocating cost reductions, it would be relevant both to consider the overall ratios for the college as well as at the program level. Outliers at the college level and at the program level might suggest areas with more opportunity for efficiency which might argue for higher allocation of reductions or changes in the program array.

Administrative Functions & Cost Analysis



With the budget design and academic program review activities underway, NACUBO will conduct an initial, high-level, analysis of administrative functions, systems, and their dispersion across the University.

The purpose of the review will be to determine service requirements and performance criteria for core administrative areas, appropriate delivery methods and organization structure, methods to set baseline funding requirements, funding principles going forward, and areas in need of revised or new policies based on the following priorities:

- Where immediate savings occur
- Opportunities for greatest impact and potential for savings and efficiencies
- Roadmap for future focus including organizational, technological, and/or contractual service changes over the next one to four years to “right size” the University’s administrative functions?

What's Next?



February

- Finalize allocation model, address remaining issues
- Begin outreach and vetting of allocation model
- Complete Program Cost Analysis
- Begin data preparation for administrative review

March

- Administrative Review interviews and data collection
- Continue vetting allocation model with Faculty Senate, Provost Senior Staff, Cabinet
- Spring Budget Conferences and Base Setting

April

- Refine and document allocation model and policy
- Share preliminary results of academic program analysis with deans



Forward with Purpose: plan.temple.edu/
Gateway to Finance: finance.temple.edu/budget-information-center/budget-model

