Designing a new One Temple model

aligning resources with mission and long-term sustainability

July 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

Fall 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 One Temple 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.

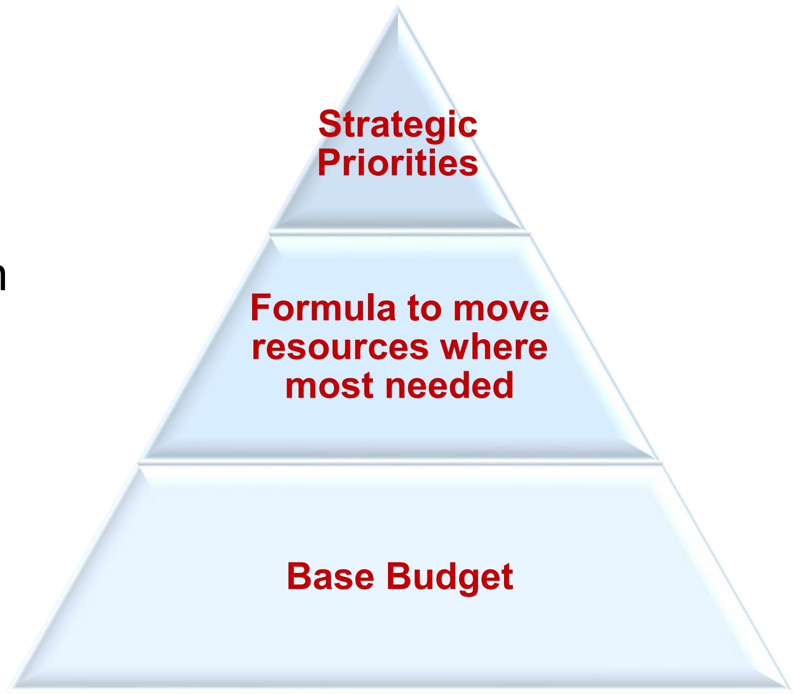
FY28 and Beyond Core Allocation Framework

- 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



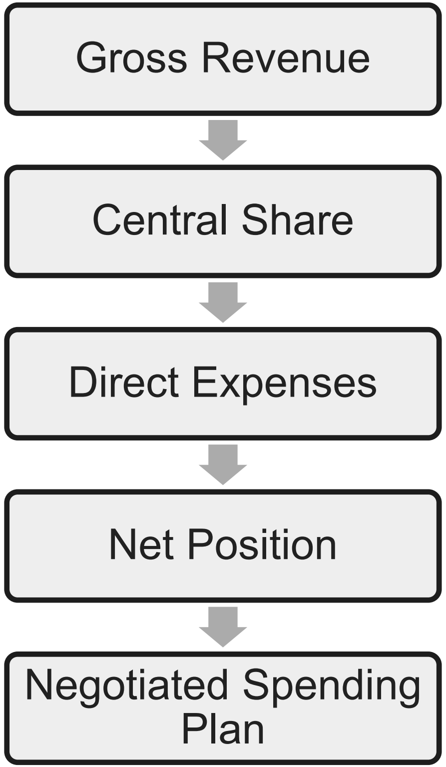
“This model is not about chasing enrollment or protecting silos—it’s about giving faculty and departments the stability they need to do their best academic work, while making sure Temple remains financially sustainable.

— **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

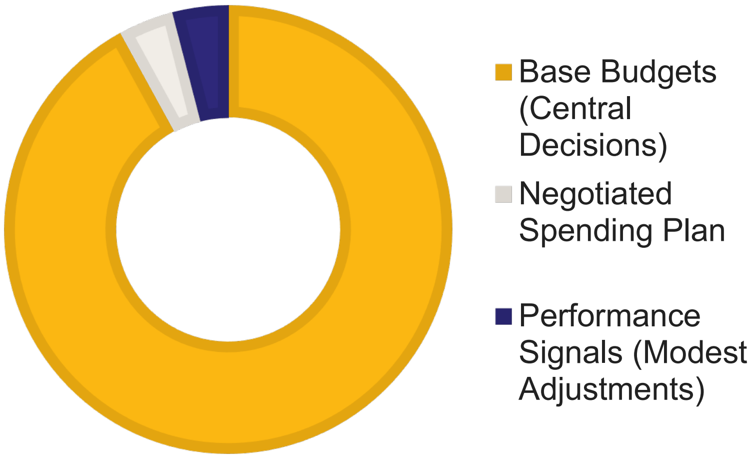


Non-Professional Base Budgets + directional performance adjustments

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.

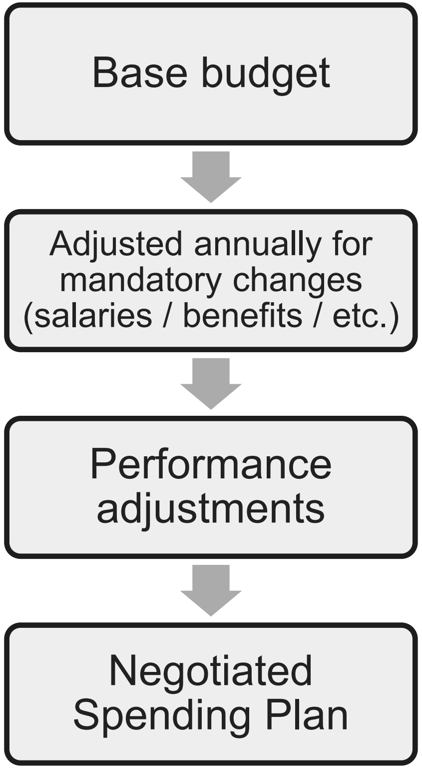
ALLOCATION WEIGHTING



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.



Beginning July 1, we will begin the transition to a new "One Temple" budget model, which will allow us to better align resources with institutional priorities, support long-term financial sustainability, and strengthen transparency and accountability across the university.

— *President Fry, June 26, 2026*

One Temple, beginning July 1

The model is built around a simple principle: Temple should budget from centrally determined core allocations, informed by activity and performance, and adjusted through strategic institutional judgment—not through decentralized ownership of revenue streams.

When Temple transitions to the new model on July 1, a few things will happen immediately with the change:

- ✓ Cost allocation pools will cease. The central costs assigned to responsibility units under RCM will now reside within FY27 base budgets in the administrative areas.
- ✓ Subvention and strategic initiative funds will be replaced by an overall base budget and limited strategic investment funds.
- ✓ Revenues will be pooled, not assigned to the schools and colleges. They will factor into the allocation of base budgets.

Stable Base Budgets as the Foundation

FY27 base budgets are built primarily from current spending levels, adjusted for reductions to address the current structural deficit. This will allow Temple to move into the new model without creating the immediate destabilization that formulaic redistribution would cause, while moving towards a recalculated base budget over the next few years.

Each school, college, and administrative unit will operate from a core base budget, carried forward annually and reviewed periodically to provide predictability for planning, stability for operations and a clearer basis for accountability.

Use of Activity & Performance Metrics

Metrics should inform decision-making but should not mechanically determine budget allocations. Temple will use a defined set of metrics as decision-support inputs to inform incremental changes over time.

For undergraduate-intensive and mixed academic units, relevant metrics may include:

- Majors and matriculants (headcount of currently active students)
- Student credit hours (SCH)
- Undergraduate retention and completion
- Cost of instruction indicators
- Faculty productivity and deployment
- Research activity and F&A generation where relevant
- Program-level contribution margin and academic viability indicators

For professional, clinical, research-intensive, and specialized units, different measures will be required to reflect distinct operating realities.

Budget Process & Engagement

Critical to establishing transparency and legitimacy in the budget process is the structure of consultation and decision-making process. Various groups of stakeholders need to be involved at the right times, while maintaining clarity on accountability for decisions.

Timely communication and workshops to support the budget planning process are as essential as unit meetings and regular engagement with the core advisory and decision groups.

Structured Shared Governance

The Task Force strongly affirmed that successful implementation of the new budget model requires meaningful, structured shared governance because institutional legitimacy, transparency, and long-term success depend on broad participation in how the model is understood, interpreted, and improved over time.

Temple's budget model is guided by a shared governance that brings together academic and administrative leadership to ensure that financial decisions support the university's long-term mission, priorities, and sustainability.

- ❖ Reviewing policy proposals and implementation assumptions
- ❖ Vetting academic and operational implications
- ❖ Informing treatment of graduate, professional, and interdisciplinary activity
- ❖ Reviewing metric definitions and methodological assumptions
- ❖ Assessing impact on academic quality, faculty work, student success, and research capacity
- ❖ Providing structured feedback and regular assessment on the model and consequent outcomes

Governance in the Budget Cycle

President's Budget Advisory Council is an existing standing body including the President, Provost, COO and CFO, meets regularly and would continue to play a central role in a year-round budget process. Their role is to review strategic issues, metrics and allocations, prepare engagement with other groups in the process, and bring in specific stakeholders or stakeholder groups as needed. This group also arranges annual conferences to review budget needs and potential allocations.

Budget & Planning Council is an existing standing body comprised of the senior business officer for every school/college and central administrative unit. This group meets quarterly to review planning priorities and align budget decisions with the university's mission, enrollment strategy, and long-term institutional goals. The Task Force recommends that the **Deans and Business Officers** for all schools and colleges convene at least twice a year with the Provost and COO leadership team to review the actual operating budget, strategic priorities, decision factors, and review budget allocation decisions as they are taking shape.

Budget Advisory Committee is new group appointed by the President with representatives of the Faculty Senate, deans, administration, and staff will serve as advisors to the President on key allocation principles and decisions. This group will ensure regular engagement with existing faculty and academic governance structures occur on policy design and revision, metric interpretation, research and graduate policy implications, academic planning consequences, and multi-year implementation review. Responsibilities are advisory only and do not have approval authority.

Faculty Senate is a critical part of the budget development process and appoints an existing standing committee of faculty to review budgets and liaise with administration and faculty on budget and financial matters. In addition to including Faculty Senate representatives on the new Budget Advisory Committee described below, members of the central finance team meet with the Faculty Senate at minimum two times during the process.

Governance in the Budget Cycle

September
- Commonwealth Appropriations request submitted
- Deans & Business Officers Individual meetings with Finance team – results & strategy
- UBAC Meeting on results and outlook; introduce roadmap to implement One Temple model
- PBAC Review plan for One Temple implementation and progress of model
- PBAC Develop plan for cost of instruction, dispersion of administrative activities, and student life cycle potential

October
- PBAC Develop initial projections with census results and multi-year view to FY30 margin
- FSSC Feedback on results, planning elements

November
- Begin budget analysis and identify issues to be addressed in the budget planning process
- PBAC Circulate fall census activity stats
- DBO Individual: review resources and faculty plans
- AEC Assess central support units and administrative data insights
- Joint Review Q1 results and set expectations for FY28-FY30
- Town Hall on One Temple & Outlook

December
- Collect and distribute allocated cost and assessment metrics; preliminary enrollment targets are set
- PBAC Review progress of implementation & communicate spring 2027 calendar with budget conference dates and materials

Governance in the Budget Cycle

January
- PBAC Provide guidance on strategic and budget proposals
- UBAC Meeting on priorities

February
- Governor’s Budget Address & Convene the University Fee Committee
- PBAC Calculate model parameters & review proposals
- DBO Submit proposals & discuss priorities & potential allocations

March
- PBAC & DBO Review budget proposals
- Joint Review Q2 results and set expectations for FY28 budget conferences

April
- Budget conferences held for schools, colleges and central administrative units
- UBAC Review allocation decisions

May
- Build & submit budget
- Town Hall on decisions

July
- Board meets to approve budget

Budget Policy Changes

Temple University now requires a budget model that reflects the reality of its financial environment, the complexity of its academic enterprise, and the urgency of restoring long-term sustainability.

The Task Force believes the recommended model and the policy changes outlined in the following slides, creates a framework that combines discipline, transparency, strategic judgment, and institutional accountability.

Tuition & Fee Allocation

All undergraduate, graduate, professional, and other general operating tuition flows to a central institutional pool. This is the foundational policy change that makes the new model operationally coherent.

Differential tuition and approved program fees may be returned to the originating unit, subject to a transparent institutional assessment

The treatment of summer, non-credit, and other fee-based offerings must be standardized in a follow-up implementation policy

Carryover/Carryforward

Balances local planning flexibility with institutional liquidity and accountability. It also creates a mechanism for discouraging unproductive accumulation while preserving incentives for prudent stewardship.

Units retain 65% of year-end unspent general funds. All carryforward balances must be accompanied by annual spending plans reviewed by central leadership

Aggregate balances are capped at 30% of annual allocations for academic units and 15% for administrative units. Units above these limits must submit a three-year compliance plan.

Salary Vacancy and Position Control

This policy is essential to workforce planning, expense discipline, and strategic reinvestment.

University-wide vacancy and position control policy under which vacant tenured, tenure-track, non-tenure-track, and clinical faculty lines revert to a Provost-managed pool. The Provost, in consultation with deans and relevant stakeholders, determines whether the line returns in full; a portion returns for replacement at a different cost level (based on rank and TT/NTT); or the position is strategically redeployed.

Staff vacancies are similarly reviewed through an approved institutional process aligned with operational needs and financial priorities.

Annual salary increases and contractual salary obligations remain centrally planned and funded as institutional obligations.

Budget Planning & Accountability

This policy shifts budgeting from annual transaction management to strategic operating stewardship. Full implementation of the new budget model must ensure it mandates accountability for financial outcomes at the school, college, and unit level, clearly linking resource allocation to strategic university priorities.

As part of a multi-year roadmap to achieving a positive operating margin by FY2030, a formal annual budget planning process will require each academic and administrative unit to submit:

- annual budget narratives
- multi-year financial and academic outlooks
- enrollment and revenue assumptions
- staffing plans
- strategic investment requests
- corrective action plans where deficits or structural misalignments exist

Academic Planning

Stronger practices of coordinated planning will greatly enhance the transparency and strategic clarity of the budget allocation process. The Task Force strongly recommends that Temple treat data credibility as a change management issue, not only a technical issue.

Confidence in the model will depend heavily on whether the underlying data are defensible, reproducible, clearly defined, and accessible. Recommend that Temple prioritize:

- Standardization of faculty cost allocation methods
- Cleanup of enrollment and matriculant data
- Alignment of net revenue reporting with academic structures
- Development of role-based dashboards and scorecards
- Program Review & Cost of Instruction methodology documentation and dedicated staffing to maintain model integrity

Strategic Allocations

The University must retain the ability to make targeted investments in programs and initiatives deemed to be strategic priorities. The Task Force recommends the creation of centrally governed strategic allocation capacity, even if built gradually over time.

The pool should reflect institutional and leadership priorities, and therefore the allocation process would start with identifying those priorities, rather than applications and proposals from units.

Those bottom-up proposals should be included in the unit's proposals for allocation of base budgets as opposed to specific central strategic funds. Members of the Task Force made the case for keeping the pool limited in size, which might happen naturally because of Temple's fiscal constraints, but the pool should also reflect the scale of the investments necessary to advance the institution.

Administrative Service & Cost Transparency

Support for central administrative units must be keyed to accountability for quality, responsiveness, and value. The findings from the Administrative Cost Review indicate Temple should adopt a formal framework requiring:

- Clear definition of central administrative functions
- Standard service expectations and accountability measures
- Transparent reporting of service cost and performance
- Development of Service Level Agreements (SLAs) where appropriate

Administrative costs will be integrated into the broader review process, and information on changes in allocations to administrative units should be shared in the same way as changes in allocations to schools and colleges.

Policy Decisions Remaining

- Treatment of graduate and non-professional revenue and expense practices
- Central share of differential tuition and a structure to simplify rate schedule
- Use of metrics related to retention, research, and instructional contribution margin
- F&A distribution and research support methodology
- Mechanism for Provost review of faculty vacancy dollars for potential re-allocation
- Summer school
- Non-credit program treatment and other continuing education
- Clinical education and clinical margin
- Strategic fund size, funding source, and governance
- Long-term treatment of online and newly launched graduate programs
- Allocations to support doctoral programs and the role of the Graduate School in guiding those allocations.
- Service Level Agreement framework for administrative and research support functions

Next Steps

- What decisions will be made differently?
- What authority they retain?
- What accountability they now carry?
- What data will be used and how?

A budget model can fail even when technically well-designed if the institution does not manage the transition effectively. The Task Force therefore emphasizes that implementation must be approached as a major organizational change effort, not merely as a financial systems update.

Temple's success will depend on whether leaders, deans, chairs, faculty, and administrators understand not only what is changing and why.