

# Consolidated Operating Budget Training

Fiscal Year 2011

Presentation to A&S staff & faculty

May 2010

# Strategic Financial Planning and Management

## Consolidated Operating Budget Goals

- Support comprehensive financial planning
- Simplify budgeting, financial transactions, and reporting
- Encourage more effective use of all financial resources
- Reaffirm budget and financial responsibility at the School, Center, Vice Provost/Associate/Assistant Vice President levels
- Establish reserves to encourage responsible financial management

Source: Roberts, April 26, 2010 Powerpoint

# The New Basic Rule in A&S

- All spending will be from an Operating fund called the “Education and General Fund (11001).”
- The only exception to the Basic Rule is that you may spend directly from internal grants or external grants.

# Two New Fund Types: Operating and Non-Operating

## Operating Funds

Education and  
General

Designated

Auxiliaries

## Non-Operating Funds

Endowment  
and  
Expendable Gift

- Facility Reserves (operations dept)
- Technology Reserves (IT only)
- Equipment Reserves (School level)

Internal  
and  
External  
Grants

Operating  
Reserve (each  
school)

Plant (operation  
dept only)

Non-University  
Agency

# 3 Types of Operating Funds

## Education and General Fund 11001

- School Administration, Instruction & Research
- Academic Support Services
- Enrollment Management
- Student Life and Campus Ministry
- Athletics and Recreation
- Information Services
- Administration and Finance
- University Relations
- University Executive Offices
- General University

## Designated 21xxx

- Law School
- Jesuit School of Theology
- Selected School Centers and Institutes
- University Centers of Distinction
- Undergraduate and Graduate Student Organizations

## Auxiliary 30xxx

- Housing
- Dining Services
- Book Store
- Conference Services
- ACCESS
- Parking

# New Terminology for Operating Funds

## ■ Types of Operating Funds:

- Education & General Fund (11001)- most of the university including A&S & ECP.
- Designated Fund (21xxx)-Centers & Institutes, JST, Law School and grad student organizations.
- Auxiliary Services (30xxx)- Housing, ACCESS, etc.

## ■ Characteristics of Operating Funds

- They DO NOT carry over from fiscal year to fiscal year

# New Terminology for Non-Operating Funds

## ■ **Types of Non-Operating Funds:**

- Endowment (principal & spending) and expendable gifts
- Internal and external grant funds
- Reserves (facility, technology, equipment or operating reserves)
- Plant and non-university Agency funds

## ■ **Characteristics of Non-Operating Funds:**

- No direct spending of these funds EXCEPT for internal and external grants.
- Do carry over fiscal years
- Are used primarily to transfer revenue to the Operating fund via Budget Process.

# Sources & Uses of Operating Funds

- Sources of Operating Funds (11001)
  - Usual University allocation
  - Transfers in from endowment income, gifts, or reserves
  - Overhead from federal grants (indirects)
  - Continuing education revenue
  - Sales and other revenue
- Uses of Operating fund 11001
  - Expenses to support operations (faculty, staff and student wages, operating expenses, University Overhead & Administration, Financial Aid, Debt)
  - Transfers out to internal grants or reserves

# Budget planning steps

- Evaluate Current Year Operations (review reports) and Develop Operating Requirements for Next Fiscal Year
- Identify all Available Resources of Funding for Next Fiscal Year (i.e., endowment allocations, gift funds, indirects)
- Develop a Comprehensive Operating Plan Incorporating All Funding Sources and Operating Requirements

# Budget Planning Steps continued

- You will receive departmental allocation, including endowment allocations week of May 10 (as usual).
- You will use a spreadsheet to submit budget to Sue Khalipa (as usual) by May 21.
- Dean's office will input budget into PeopleSoft (as usual).

# What does this all mean for me at the Department level?

- You will still receive an allocation from the Dean for your Operating Fund 11001.
- For A&S academic departments, all expenses will be charged to 11001 Operating Fund or to internal/external grants (14015/13001).
- Graduate student organizations will use designated funds
- Each Department will still have gift fund(s).

# What does this all mean for me at the Department level?

- Your excellence \$\$ in current 21xxx funds will be moved to your departmental gift fund.
- The current department excellence funds (21xxx) number will be closed.
- There will be College-wide equipment reserves for replacement of new equipment (not repair or maintenance) in 4 areas:
  - Lab sciences, CPA, Comm TV studio, A&S
- There will be one college-wide operating reserve, but no departmental reserves.

# How will things be different in budget planning

- *Current:* You budget expenses for your 11001, your excellence, endowment, and gift funds separately.
- *New:* You will budget all expenses in your 11001 and then tell us how much of your excellence or gift funds you want transferred *into your 11001* to spend in the next fiscal year.
- *New:* Endowment income & expendable gifts will be put into your 11001 automatically and will be presumed to be the first funds spent.
- *New:* To use gift funds, you will need to transfer it into your 11001 toward the end of the fiscal year so it is not lost.

# Transfers Into Operating Fund

- We need to consider if those source funds had a special purpose (i.e., gift funds, endowments)
- Do we want to budget those transfers and the subsequent expenses using activity or class so that we can track correct use of \$\$ at the departmental level?
- See new budgeting accounts.

# New Budget Accounts – Revenue Transfers In

## REVENUE TRANSFERS IN

<b>TRIOHA</b>	University Allocations
<b>TRIFUN</b>	Transfers In from Operating Funds
<b>TRIDEB</b>	Transfers In from Debt Payment / Plant
<b>TRIING</b>	Transfers In from SPO / Internal Grants
<b>TRIGFT</b>	Transfers In from Gift Funds
<b>TRIEND</b>	Transfers In from Endowment Funds
<b>TRIFAC</b>	Transfers In from Facility Reserves
<b>TRIEQT</b>	Transfers In from Equipment / Tech Reserves
<b>TRIOPR</b>	Transfers In from Operating Reserves

# New Budget Accounts - Expense Transfers Out

## EXPENSE TRANSFERS OUT

TROFUN	Transfers Out to Operating Funds
TRODEB	Transfers Out to Debt Payment / Plant
TROING	Transfers Out to SPO / Internal Grants
TROGFT	Transfers Out to Gift Funds
TROEND	Transfers Out to Endowment Funds
TROFAC	Transfers Out to Facility Reserves
TROEQT	Transfers Out to Equipment / Tech
Reserves	
TROOPR	Transfers Out to Operating Reserves

# Incentives for Good Fiscal Management

- What if we **spend less** than our departmental budget?
  - The University will move any unspent part of the college-wide operating budget into a **college** operating reserve that will carryover to next fiscal year.
  - There are lower & upper limits on the amount that can be in that college operating reserve.
  - The DEAN is working to figure how that to incentivize responsible spending at the end of the fiscal year in light of loss of excellence funds.
  - To keep this program an extensive shadow system will probably need to be created and maintained at college level.
- What if we **overspend** the departmental budget?
  - The College will transfer that amount from the “excellence” portion of your gift fund or possibly reduce the following year’s Operating Fund allocation.

# Details re FY2010 Budget

- A&S received no additional lab fees for addition of 350 new core lab seats.
- A&S received no additional operating funds for additional 100 frosh (yet?).
- Former summer revenue provided to A&S has been earmarked exclusively for faculty development and equipment, cannot be used to support operating expenses/lab expenses/rebates.

# Summer School Changes

- The Provost now sets summer tuition rates and controls the revenue. The College only manages the program.
- The College received a budget allocation to cover some of what summer revenue used to bring. These funds have been limited to dean's grants for professional development or equipment replacement expenses. *We are unclear if these funds will be allowed to be used for departmental incentives.*
- The College will no longer directly benefit from exceeding the summer revenue target and will no longer suffer from missing the target.
- If we consistently miss the target, we *think* the Provost will decrease the amount allocated for summer faculty salaries as well as the A&S allocation referred to above.
- Incentives? Still waiting for word from the Provost on terms.

# FY11 Budget Schedule

TASK	Participants	Due Dates
FY2011 Budget Guidelines distributed to Budget Managers	Budget Office	Monday, April 26
Budget Allocation for Departmental Operating and Student Wages to VP, Deans & Divisions	Budget Office	Monday, May 3
Budget Workshops	Budget Office	May 3-14 <sup>th</sup>
Department budget Planning and Budget Input to System	Budget Managers & Preparers	Friday, May 28
Confirmation of budgets back to VP/Deans/ Divisions	Budget Office	Friday, June 18

# Your deadlines

Action item	Dates
Receive operating and endowment allocations from dean	Week of May 10, 2010
Receive spreadsheet for inputting budget	Week of May 17, 2010
Submit spreadsheet to Sue Khalipa	May 21, 2010