“Wonders” of Budgeting at UVU

MAY 2012 – SUMMER UNIVERSITY
HAVE YOU EVER WONDERED

WHERE the bread comes from?
HAVE YOU EVER WONDERED
HAVE YOU EVER WONDERED

WHERE does UVU’s funding come from?

WHAT is a budget?

WHY do we budget?

is it so complex?

WHEN do we budget?

WHO can we contact for help?
WHERE?

Every child deserves a quality education

Our future depends on our education system...

Yeah... Yeah... Yeah... So how much are you slashing our budget this time?...
WHERE?

- Revenue (Appropriated)
  - Tax Funds
    - Legislature
  - Tuition & Fees
    - Enrollments
      - Increased enrollments (may increase costs)
    - Tuition Rates
      - Increased rates (may decrease enrollments)
    - Less Waivers (scholarships)
## Tax Funds

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Funds</th>
<th>Reduction</th>
<th>Cumulative Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09 (July 1 budget; $10 million in base)</td>
<td>$68,441,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-09 Actual</td>
<td>$63,321,600</td>
<td>($5,119,400)</td>
<td>($5,119,400)</td>
</tr>
<tr>
<td>2009-10 Actual</td>
<td>$60,312,600</td>
<td>($3,009,000)</td>
<td>($8,128,400)</td>
</tr>
<tr>
<td>2010-11 Actual</td>
<td>$60,020,200</td>
<td>($292,400)</td>
<td>($8,420,800)</td>
</tr>
<tr>
<td>2011-12 Budget</td>
<td>$58,704,000</td>
<td>($1,316,200)</td>
<td>($9,737,000)</td>
</tr>
<tr>
<td>2012-13 Budget</td>
<td>$62,082,300</td>
<td>$3,378,300</td>
<td>($6,358,700)</td>
</tr>
</tbody>
</table>
WHERE?

Education and General Revenue

2012-13 Appropriated Revenue Budget
$162,749,300

Tuition & Fees
$100,667,000

Tax Funds
$62,082,300

38.15%

61.85%
WHERE?

Tuition

- Impacted by Enrollments and Rates
- Tuition Setting
  - First Tier Tuition
    - Historically established as part of appropriation process; Regents approval
    - Same for each USHE institution
    - Provides portion of funds for compensation increases
  - Second Tier Tuition
    - Differs by institution; provides funds for institutional needs
    - Involves administration, students, and Trustees; Regents approval
    - Statutory requirements
Tuition History
Academic Year, Resident, 15 credits

WHERE?

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>$2,196</td>
</tr>
<tr>
<td>2003-04</td>
<td>$2,450</td>
</tr>
<tr>
<td>2004-05</td>
<td>$2,788</td>
</tr>
<tr>
<td>2005-06</td>
<td>$3,022</td>
</tr>
<tr>
<td>2006-07</td>
<td>$3,308</td>
</tr>
<tr>
<td>2007-08</td>
<td>$3,528</td>
</tr>
<tr>
<td>2008-09</td>
<td>$3,752</td>
</tr>
<tr>
<td>2009-10</td>
<td>$4,048</td>
</tr>
<tr>
<td>2010-11</td>
<td>$4,288</td>
</tr>
<tr>
<td>2011-12</td>
<td>$4,584</td>
</tr>
<tr>
<td>2012-13</td>
<td>$4,786</td>
</tr>
</tbody>
</table>
WHERE?

Appropriated Budget Revenue History

<table>
<thead>
<tr>
<th>Years</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>00-01</td>
<td>23</td>
</tr>
<tr>
<td>01-02</td>
<td>28</td>
</tr>
<tr>
<td>02-03</td>
<td>37</td>
</tr>
<tr>
<td>03-04</td>
<td>42</td>
</tr>
<tr>
<td>04-05</td>
<td>48</td>
</tr>
<tr>
<td>05-06</td>
<td>51</td>
</tr>
<tr>
<td>06-07</td>
<td>50</td>
</tr>
<tr>
<td>07-08</td>
<td>54</td>
</tr>
<tr>
<td>08-09</td>
<td>59</td>
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<tr>
<td>09-10</td>
<td>68</td>
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<tr>
<td>10-11</td>
<td>81</td>
</tr>
<tr>
<td>11-12</td>
<td>94</td>
</tr>
<tr>
<td>12-13</td>
<td>101</td>
</tr>
</tbody>
</table>

- **Tax Funds**: 36, 41, 40, 40, 48, 48, 50, 62, 68, 57, 60, 59, 62
- **Tuition & Fees**: 37, 28, 40, 40, 42, 42, 50, 62, 68, 68, 57, 60, 59, 62

Legend:
- **Tax Funds**: Green
- **Tuition & Fees**: Brown

Note: The chart shows the appropriated budget revenue history from fiscal year 2000-2001 to 2012-2013, with a breakdown of tax funds and tuition & fees.
WHAT?

budget [buhj-it]  noun, adjective, verb, budgeted, budg·et·ting.
noun
1. an estimate, often itemized, of expected income and expense for a given period in the future.
2. a plan of operations based on such an estimate.
3. an itemized allotment of funds, time, etc., for a given period.
4. the total sum of money set aside or needed for a purpose: the construction budget.

Source: Dictionary.com
WHAT?

**budget** [buhj-it]  
*noun, adjective, verb*, budg·et·ed, budg·et·ing.

Within constrained resources, a financial plan that:

- Reflects priorities
- Fiscally responsible
- Flexible to respond to unanticipated circumstances
- Applies effect of decisions made through the planning process
WHAT A BUDGET IS NOT

- A record of expenditures/revenues (accounting)
- A guarantee (only as good as projection)
- Real money (allocation based on projection)
- Concrete (responsive, fluid, constantly monitored)
Roles of a Budget

- Financial representation of the university’s plans
- Control mechanism
- Accountability system
- Indicator of risk tolerance
WHAT?

Budget Philosophy

A budget is a map guiding an institution on its journey in pursuit of its mission.

Source: College & University Budgeting, NACUBO
WHY?

OK... I'LL ADMIT... THINGS LOOK GRIM!

BUT HEY... I'M WORKING ON A PLAN RIGHT NOW!

BUDGET DEFICIT

JEFF VELLA 2009

JEFFVELLA.BLOGSPOT.COM
WHY?

- Decide how to spend our revenue
- Mechanism for dealing with the known and anticipating problems in an organized manner
- Chaos without them
- Highlights costs of particular activities
- Monitor spending
WHY?

Key Factors

EXPENDITURES (Appropriated Budget)

- Funding comes with strings attached
  - Legislative Intent
  - 2nd Tier Tuition
  - Line Items
  - Regents Guidelines
  - O & M for Facilities
WHY?

Key Factors

EXPENDITURES (Appropriated Budget)
- Cost Increases
  - Fuel & Power, Software, Salaries/Benefits
  - No formula to increase funding for these costs
- Maintain Resources
  - Facilities, IT Infrastructure
- Implement New Programs/Services
- Improve Existing Programs/Services
WHY ALL THOSE NUMBERS?

Index 610001

Fund—120000 State Education & General

Organization—610001 Budget Office

Program—600 Institutional Support

Account—Telephone Expense

Current Expense 710000

Travel Expense 750000

Salary & Wages 611005-620000

Capital Expense 770000

Benefits 630000
2011-12 Appropriated Operating Budget by Functional Classification

- **Instruction** - 100, 51.51%
- **Institutional Support** - 600, 19.53%
- **Academic Support** - 400, 7.84%
- **Student Services** - 500, 8.09%
- **Library** - 610, 1.89%
- **Athletics** - 510, 1.56%
- **Public Service** - 300, 0.09%
- **Scholarships** - 800, 0.42%
- **Plant Operation & Maintenance** - 700, 9.09%
WHY?

2011-12 Appropriated Operating Budget by Natural Classification

Salaries & Wages 611005-620000, 60.18%
Benefits 630000, 23.29%
Current Expense 710000, 13.60%
Fuel & Power 740000, 0.50%
Capital Equipment 770000, 2.00%
Travel 750000, 0.42%
WHEN?

Always, All of the time, Around the clock
WHEN?

Departmental Budgets

- Fiscal year (July 1 through June 30)
- Same base resources as previous year; plus or minus changes
  - Budget cuts
  - Reallocations/Permanent Transfers
  - New Allocations
WHEN?

Budgeting Strategies

- Operational Strategies
  - Contingencies (provide flexibility in plan)
  - Benefits Pool
  - Position Pool (new positions)
  - Vacancy Savings
  - Carryforward Procedures
  - Liberal budget transfer allowances (current, travel, capital, hourly)
  - Phases of funding
WHEN?

PBA Process

- Identifying opportunities consistent with institutional mission and core themes
- Planning to bring to fruition identified strategic initiatives
- Budgeting according to the plan
- Being accountable for how resources are used according to the plan—looking forward to next year’s needs by looking back on how past resources were used
WHO?

Women who Wander in Wonder-land

How will a 4% tuition increase affect the institution as a whole?

What if tax funds decreased by 2%?

Do we really want to grow?

Who said throwing darts was a bad way to make decisions?
WHO?

- Get Training
  - BANNER (contact Finance Office)
  - Budget (contact Budget Office)
  - Payroll Coordinator Training (contact Payroll Office)

- Use Tools
  - BANNER Online
  - E-mailed expenditure reports
  - Labor reports
  - Spreadsheet software
WHO?

- **Budget Transfer (Budget Office)**
  - Generally between appropriated indexes
  - Changes “budget”
    - Permanent
    - One-time

- **Journal Voucher JV (Business Office)**
  - Moves non-wage/benefits “expenditures”

- **Reallocation (Payroll Office)**
  - Moves wage/benefits “expenditures”
Wonders of Budgeting

We put our money where our plans are
QUESTIONS?