

Department Chair Leadership Training: Budget and Finance

MARCH 15, 2023

Presenters:

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**Administrative Services and Strategic Executive Team
(ASSET)**

Sally Tavizon, Asst. Dean & CFAO

School of Education (SOE) and School of Public Policy (SPP)

Agenda

1. Budget and Finance within the University of California
2. Budget and Finance from a School/College and Department Perspective
3. Questions

CAMPUS BUDGET OVERVIEW

Revenue and Expenses in FY21-22

~\$1 billion total budgeted revenues and expenditures

Core revenue (state funds, tuition) plus Student Fees, Contract & Grants, Gifts, Sales & Service, and Auxiliary Services.

~\$630 million core budgeted revenues and expenditures

Core revenue (state funds, tuition, F&A) used to fund the teaching and research operations for the campus

Projected Revenue and Expenses for FY22-23

~\$1.12 billion total budgeted revenues and expenditures

Core Budget plus Student Fees, C&G, Gifts, Sales & Service, and Auxiliaries

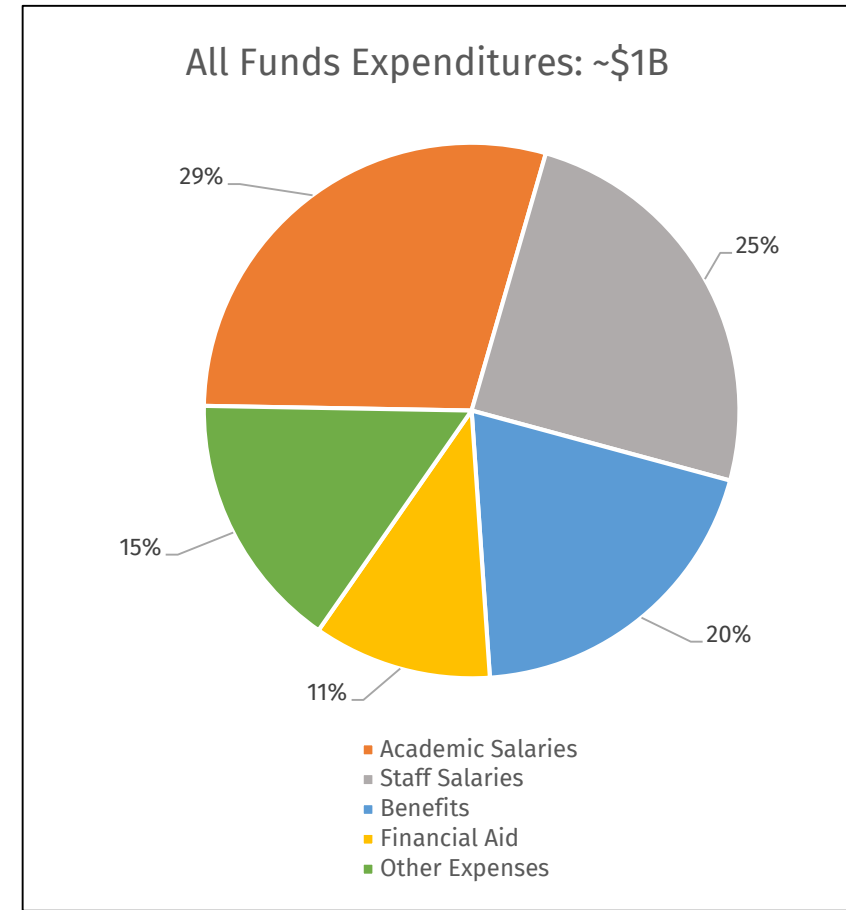
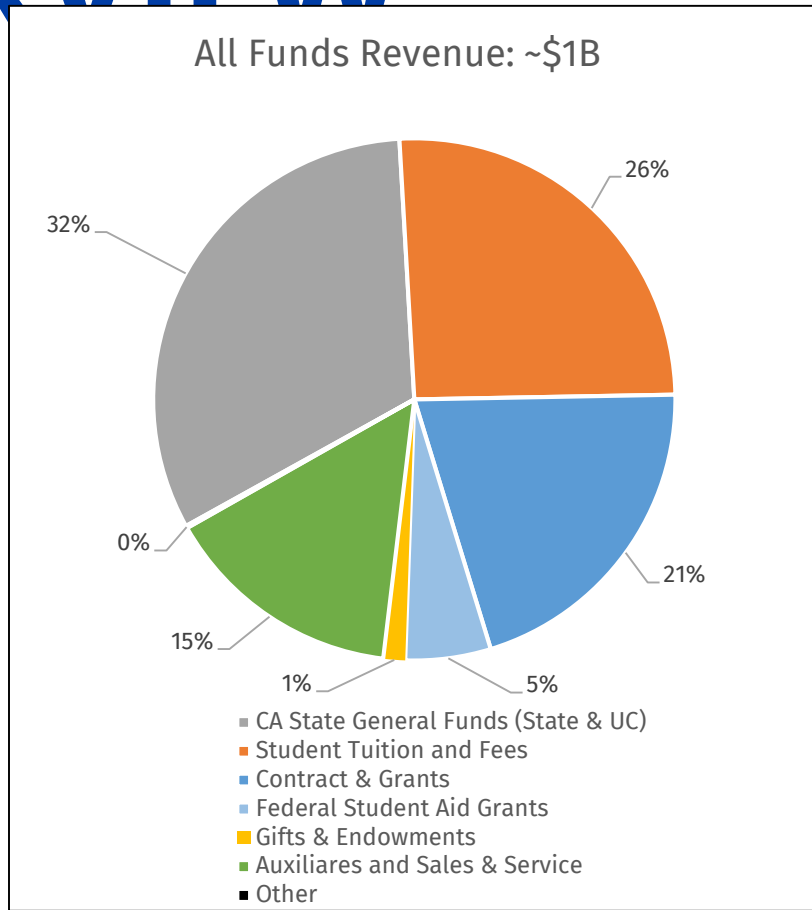
~\$670 million core budgeted revenues and expenditures

Core used to fund the teaching and research operations for the campus

CAMPUS BUDGET

FY22 All Funds Revenue and Expenditures

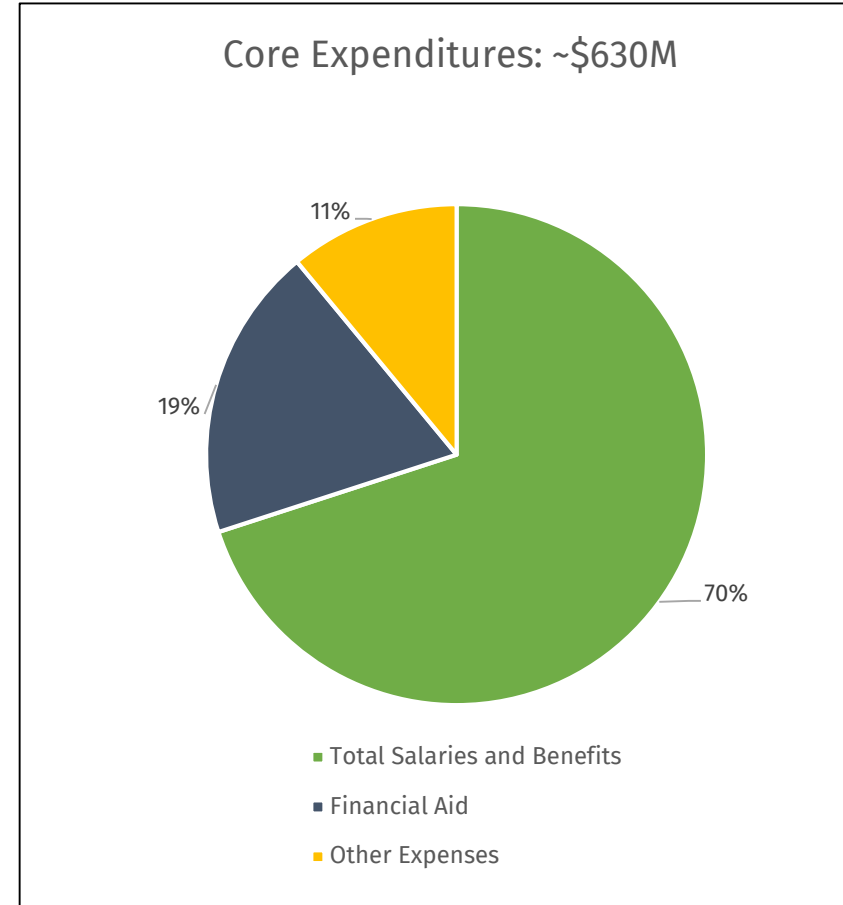
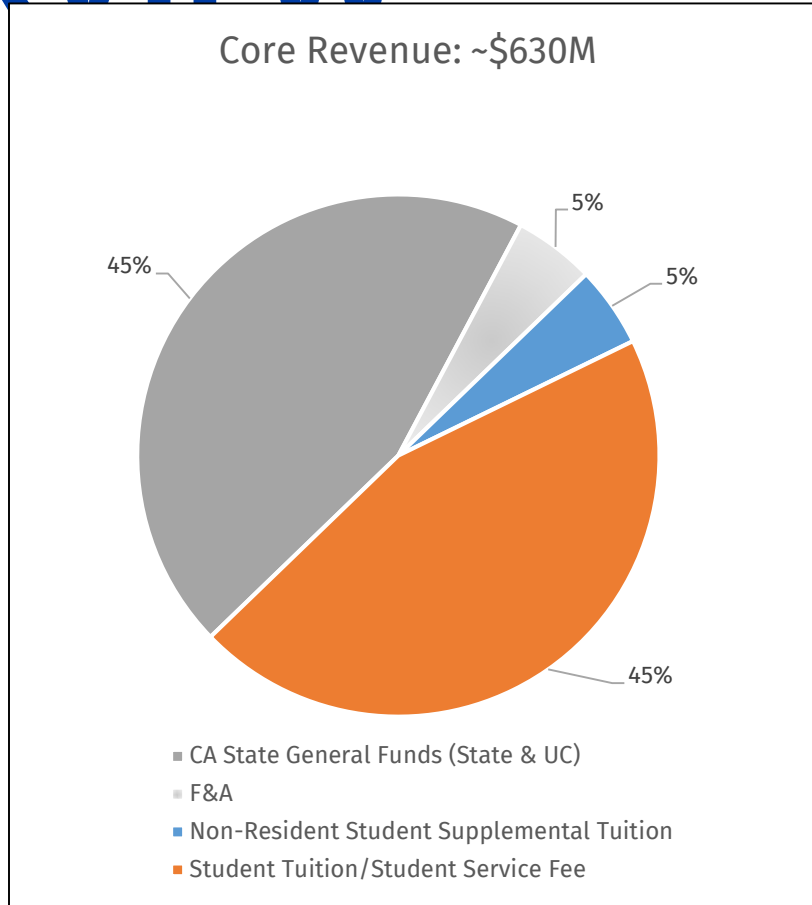
OVERVIEW



CAMPUS BUDGET

FY22 Core Revenue and Expenditures

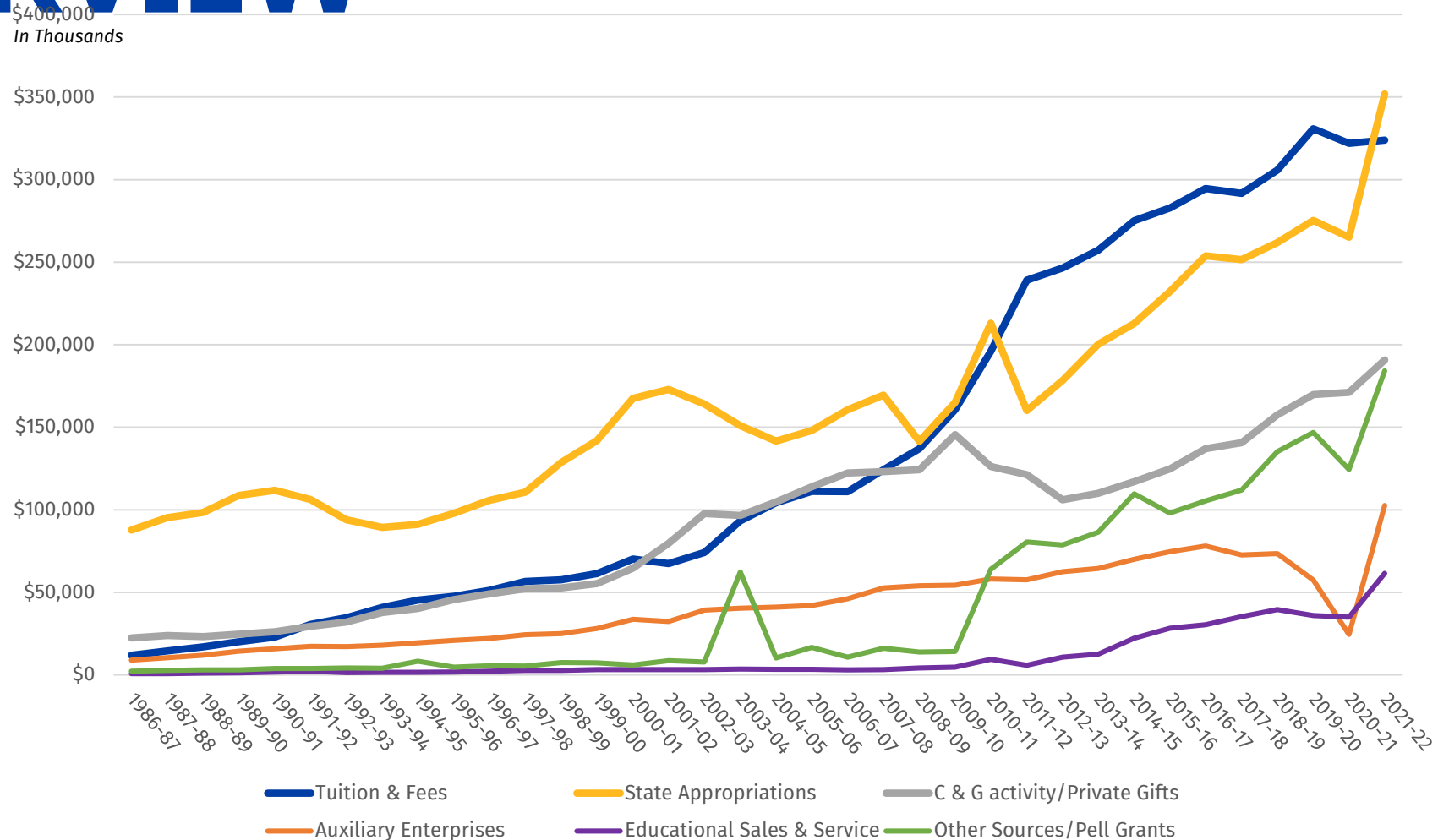
OVERVIEW



CAMPUS BUDGET

UCR Major Revenue Streams over time

OVERVIEW

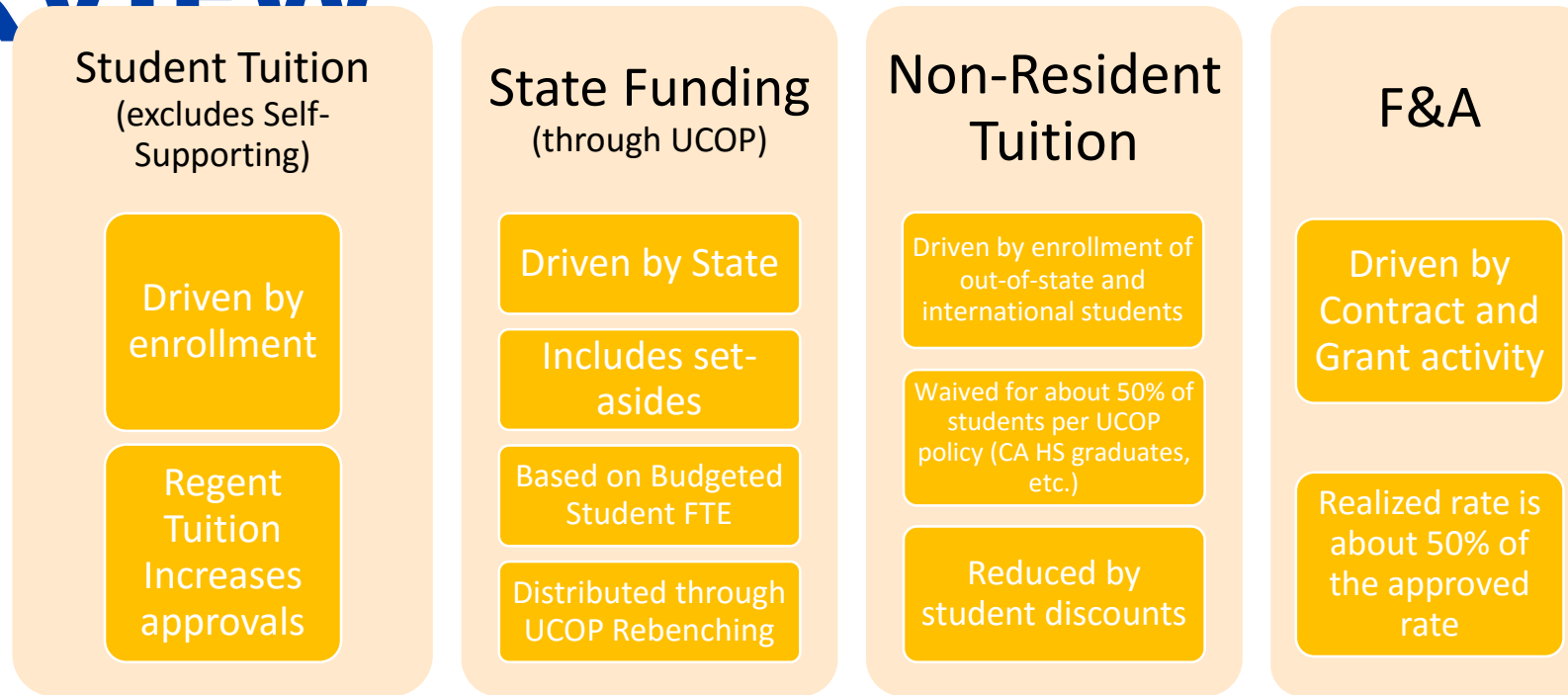


CAMPUS BUDGET

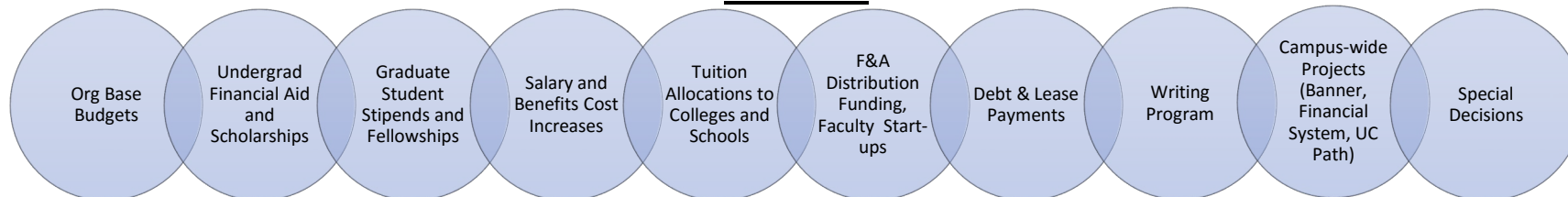
UCR Major Core Revenue Flows

OVERVIEW

Inflow



Outflow



CAMPUS BUDGET

UCR Major Core Revenue Variables

OVERVIEW

01

Tuition Increases

(excludes Self-Supporting)

- Tuition provides ~50% of our core revenues
- Tuition changes require Regental approval

02

State Funding Increases

- State funding provides ~45% of our core revenues
- Based on FTE enrollment (average unit loads) and defined set-asides
- Negotiated by UCOP and CA Legislature, Governor

03

Student Enrollment Growth

- Additional tuition & state funds (offset by costs)
- Enrollment of self-supporting Masters and non-residents provide add'l revenue
- Based on Budgeted FTE, under discussion to change to Actual FTE
- Limited by current human and capital infrastructure

CAMPUS BUDGET

Major Core Revenue Variables

OVERVIEW

04

UCOP Rebenching Model

(Model under review for
adjustments by UCOP.
Potential changes for FY24
cycle)

- The UCOP process to allocate state funds to each of the campuses based on student enrollment.
- UCOP also allocates state funds to “set-asides”
- UCOP determines model and the last rebenching process took multiple years to determine (2008-12) and to implement (2013-2018) We are awaiting an update to the model from UCOP. Goal is to bring each UC campus up to 95% of the UC average for state funding per unweighted student over no more than three years.

CAMPUS BUDGET

Major Cost Revenue Variables OVERVIEW

05

UCOP Assessment

- Total assessment in FY21-22 = \$20M
- UCOP “charges” each campus an assessment fee to fund their central operations
- UCOP determines model

06

Fixed Cost Increases

- Salary and Benefits for faculty and staff are the main drivers.

CAMPUS BUDGET

UCR's FY22 State Permanent Budget with Set-Asides Noted

Description	UCR Amount	Location
AgOps – Agricultural Exp Stations	\$33,976,012	UCB, UCD, UCR (only set-aside currently adjusted for inflation)
SAPEP	\$723,000	All campuses
Fixed Cost Set-Aside	\$15,000,000	Rebenching Campuses (all campuses except UCM and UCSF)
SOM	\$40,000,000	UCR Only
Improve Grad Rates	\$1,600,000	UCM, UCR, UCSC, UCSB
Dream Loan Program	\$344,000	All campuses
Summer Financial Aid	\$595,000	All campuses except UCSF
Student Basic Needs	\$1,240,000	All campuses
Student Rapid Rehousing	\$307,000	All campuses
Student Mental Health	\$2,139,000	All campuses
Faculty Hiring Incentive Program	\$1,105,000	All campuses
USAP Financial Aid Program	\$0	All campuses
UCR State Funding from set-asides	\$97,029,012	
UCR's State Funding based on Enrollment	\$215,932,040	Rebenching Funds which are adjusted for inflation with state funds
UCR's Total FY22 State Perm Budget*	\$312,961,052	

This is perm core funding from the state only and does not include any carryforward or temp.

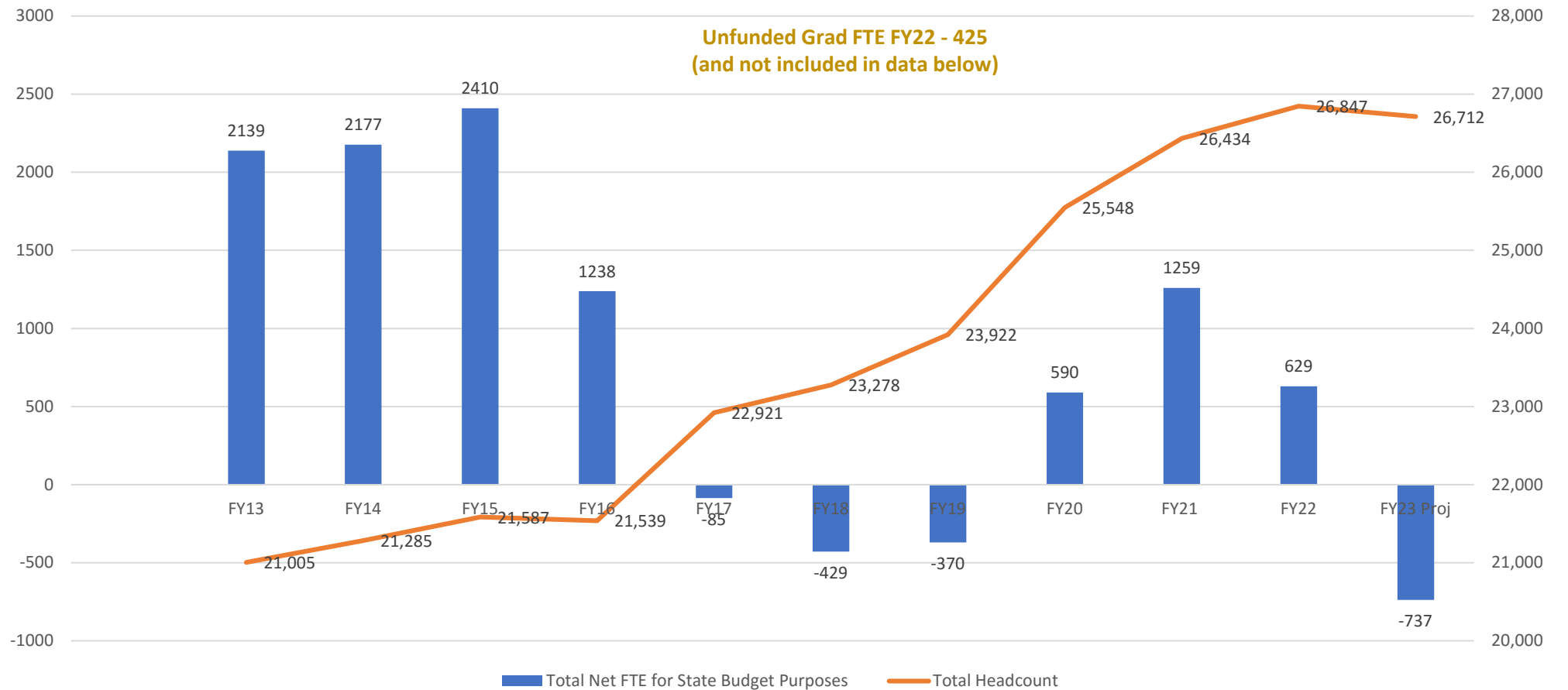
**Does not include the \$4.3M Perm Budget for Alianza UCMX*

CAMPUS BUDGET

State Funding is dependent on a Campus meeting the UCOP approved budgeted student FTE target

OVERVIEW

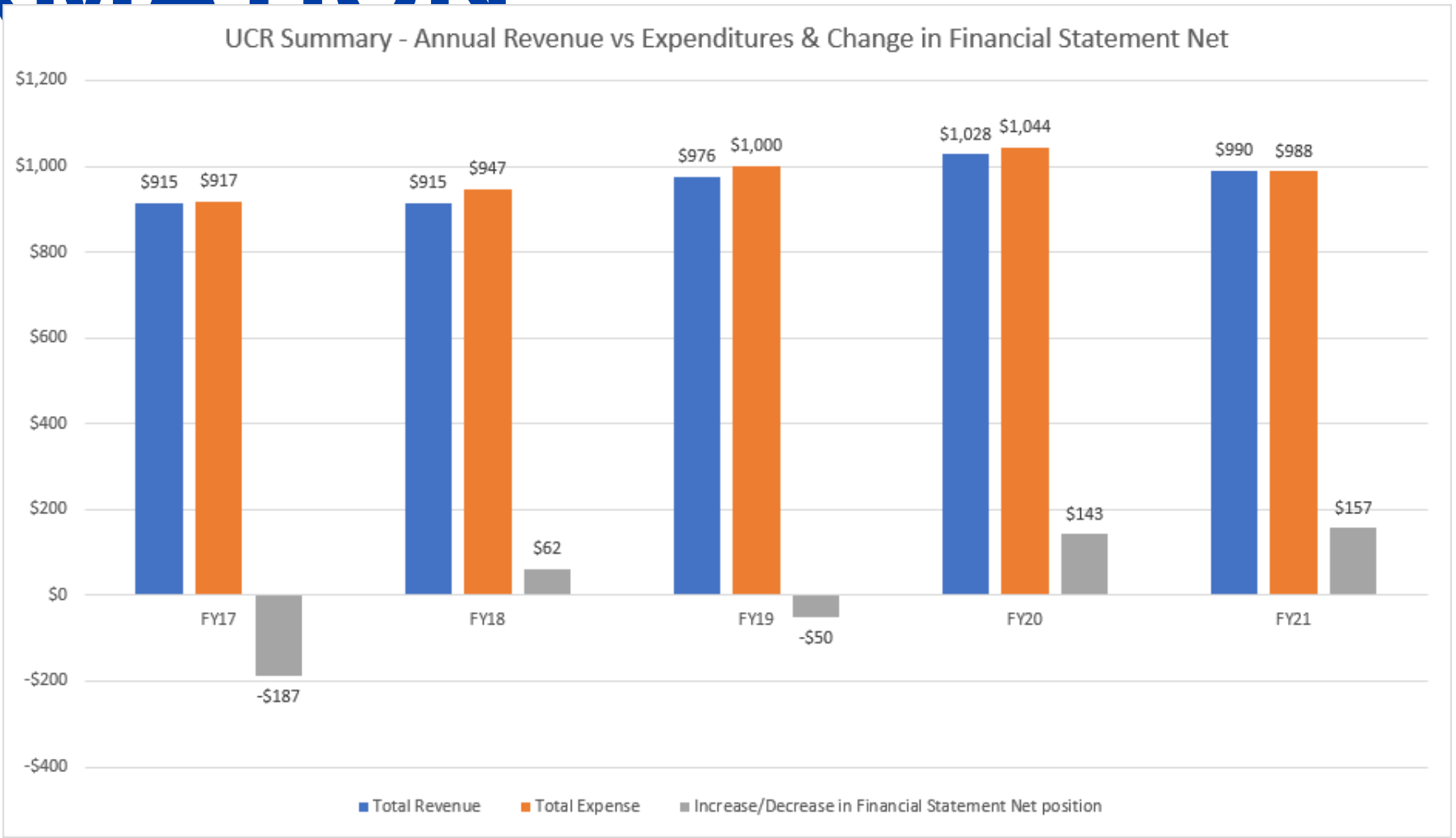
UCR - State Funded UG FTE vs Budget for State Funded UG FTE



FINANCIAL

UCR Net Position from the annual Financial Statements – UCR and UCR Foundation Combined

INFORMATION





CURRENT BUDGET MODEL – REVENUE DISTRIBUTION AND IMPACTS TO CENTRAL CAMPUS RESOURCES

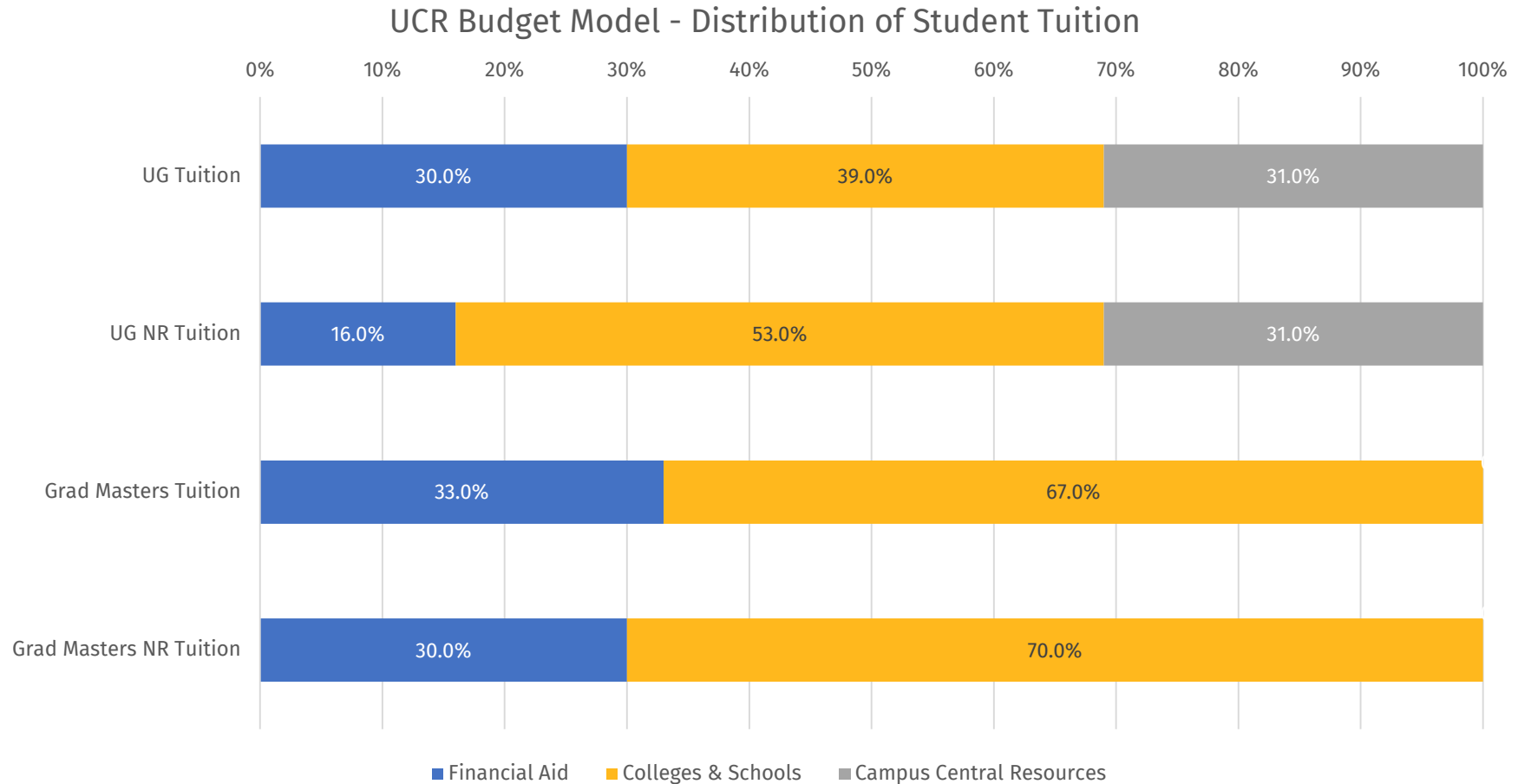
UC RIVERSIDE

BOLD HEARTS. BRILLIANT MINDS.

REVENUE DISTRIBUTION

Distribution of Core Tuition & Non-Resident Tuition by Student Type

- Approved Modifications
- The UG NR Tuition percentages will gradually change over time as the formula adjusted from 70%-to-30% for Colleges & Schools and 30%-to-70% for Campus Central Resources on increases starting in FY19-20. These are the updated percentages as of FY22.*
 - In order to smooth the budget adjustments to Colleges & Schools, the Workload and Headcount for the current year and prior 2 years (3-year total) will be averaged in order to calculation the allocation amount effective in FY22-23.*

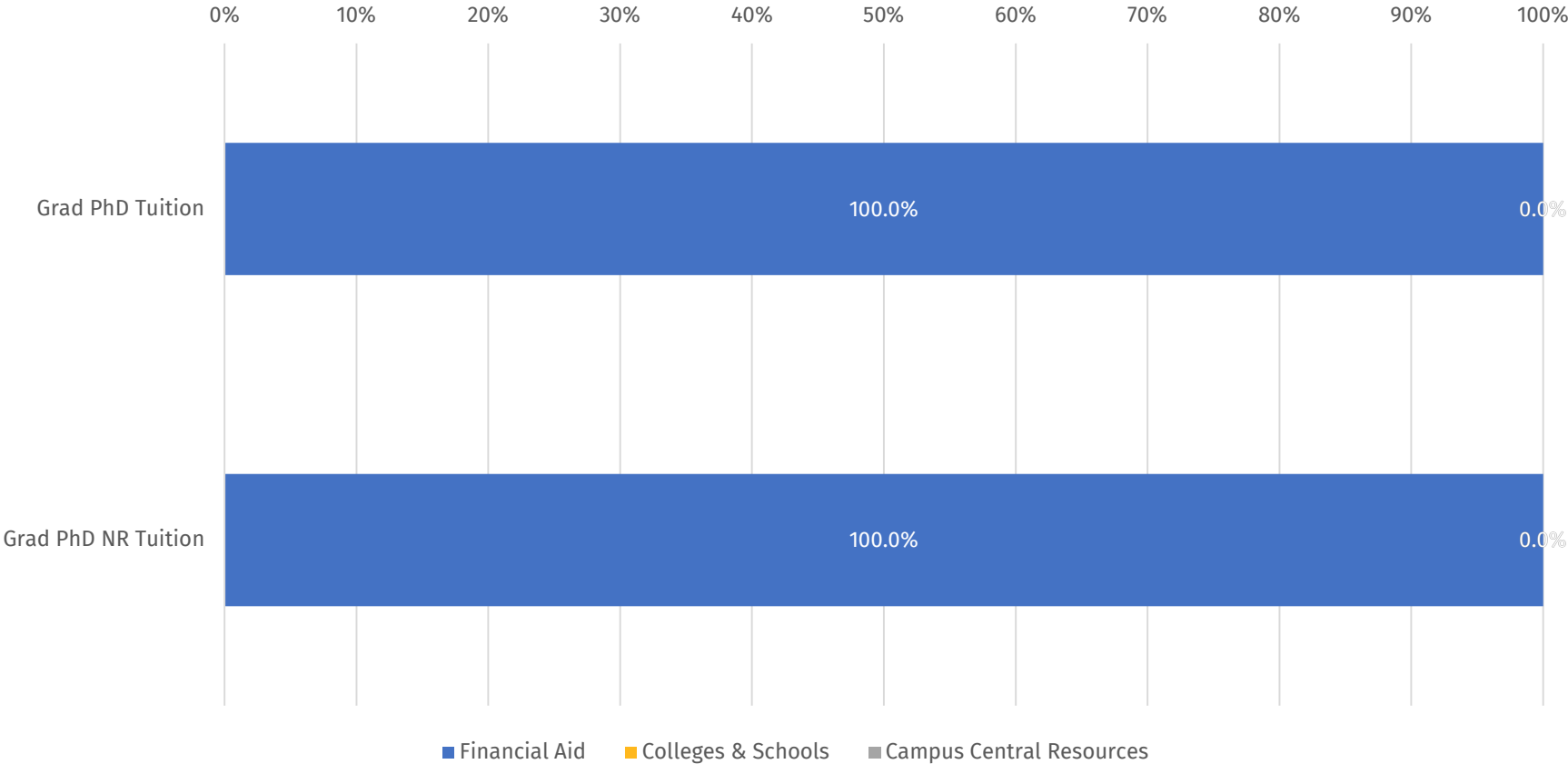


- Prior to the Budget Model, all of the Colleges & Schools went to the Campus Central Resources.
- All Financial Aid from Graduate Master Tuition/NRT goes to Grad Division to support PhD students.

REVENUE DISTRIBUTION

Distribution of Core Tuition & Non-Resident Tuition by Student Type

UCR Budget Model - Distribution of Student Tuition



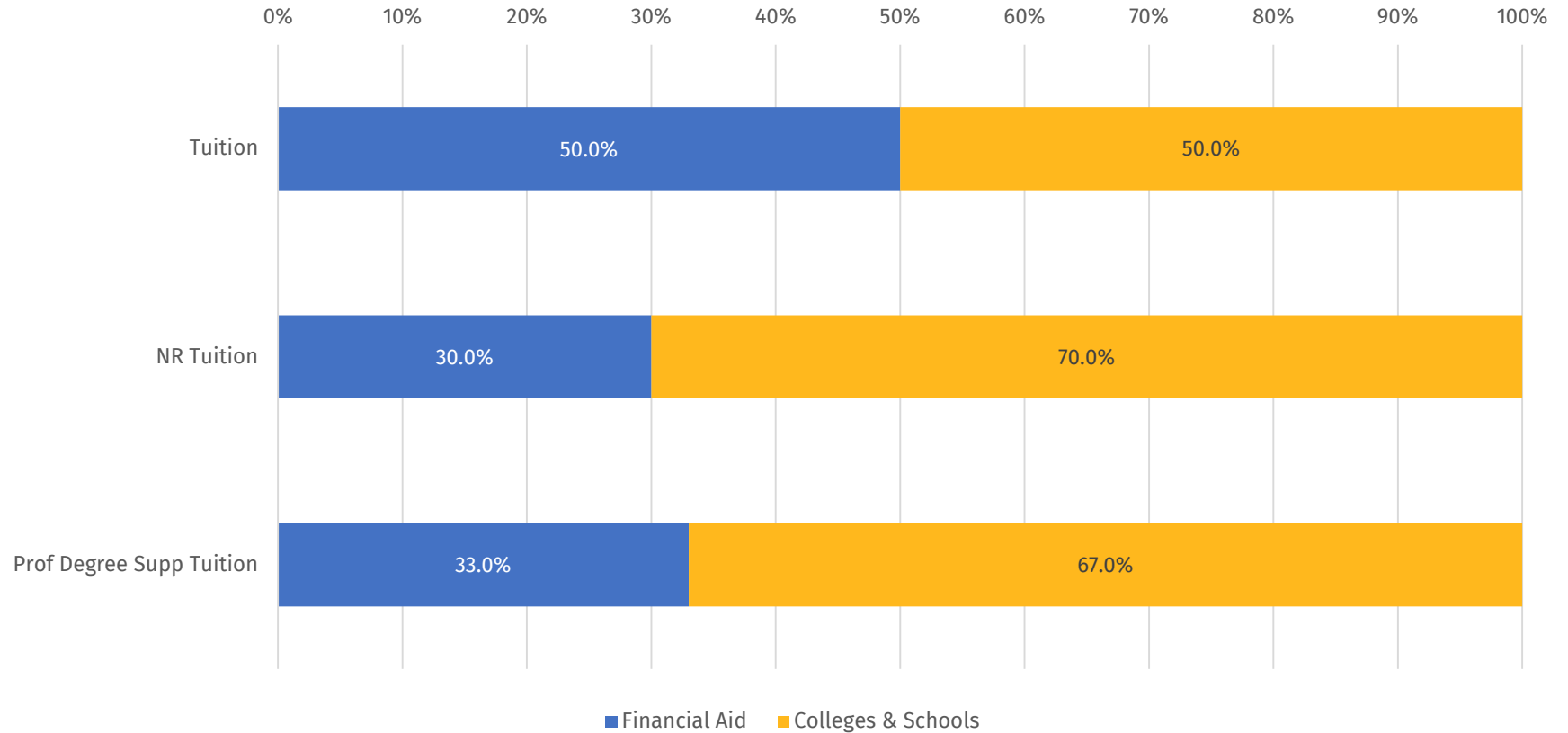
Note: If Grad PhD tuition and NRT is actually paid, the distribution would be 100% to Financial Aid. Most PhD tuition and NRT is “waived.”

- All Financial Aid from any Tuition/NRT paid goes to Grad Division to support PhD students.

REVENUE DISTRIBUTION

Distribution of Tuition & Non-Resident Tuition for Professional Masters

UCR Budget Model - Distribution of Professional Masters Fees



- Approved Modifications
- In order to smooth the budget adjustments to Colleges & Schools, the Headcount for the current year and prior 2 years (3-year total) will be averaged in order to calculation the allocation amount effective in FY22-23.*

- Prior to the Budget Model, all of the Colleges & Schools funding went to the Campus Central Resources.
- All Financial Aid from Prof. Masters Tuition/NRT goes to the Grad Division to support PhD students.
- PDST Financial Aid must be spent on Professional Masters Students only.

CAMPUS CORE BUDGET

Core Budget Summary as of 7/1/22

Core Budget includes:

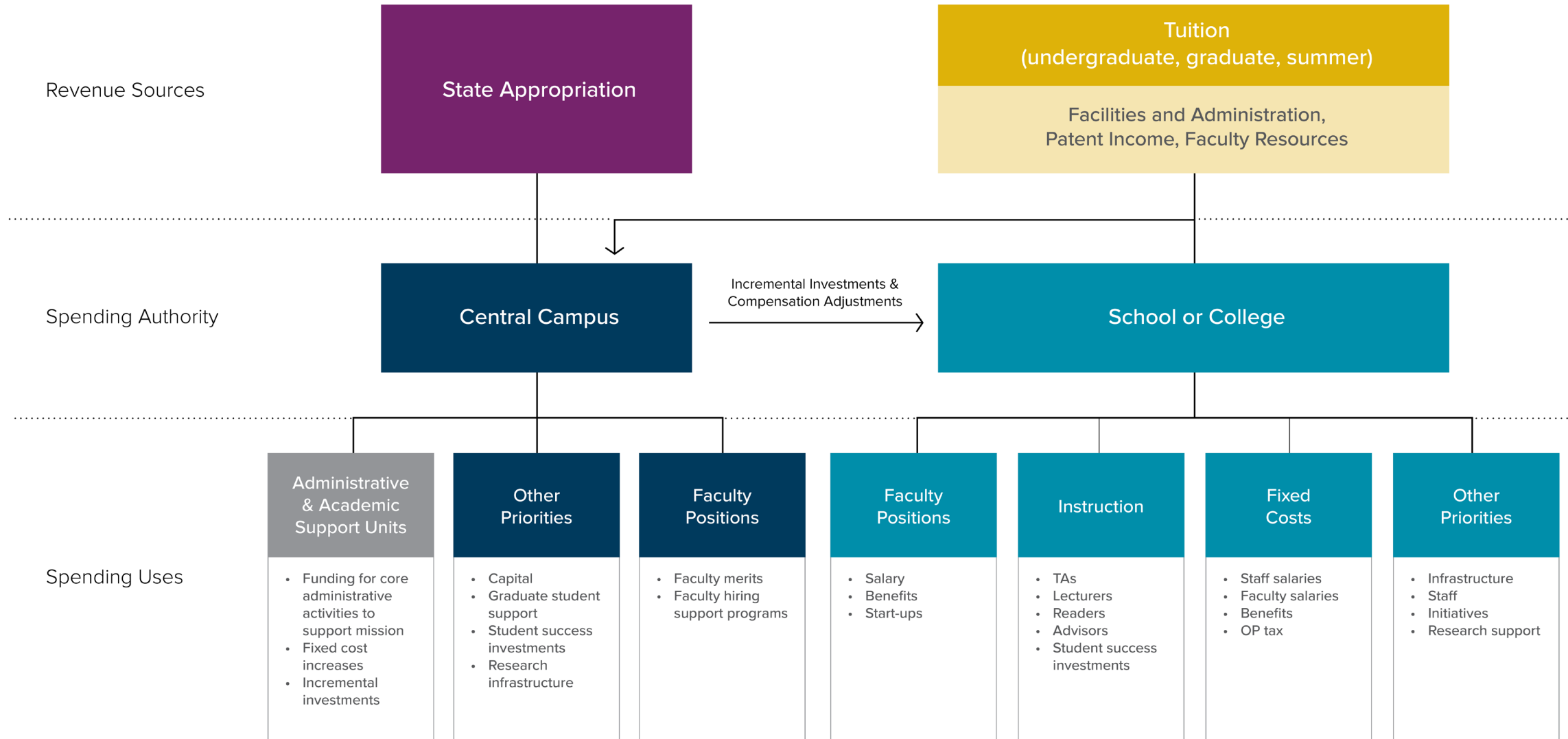
- State General Funds
- UC General Funds
- Tuition
- Student Services Fee
- Non-Resident Tuition
- F&A (new as of 7/1/22)

<u>Org</u>	<u>Subvention</u>	<u>Tuition</u>	<u>F&A</u>	<u>Total Core Budget</u>
Academic Senate	1,755,821			1,755,821
Auxiliary Services	2,552,005			2,552,005
Bourns College of Engineering	27,159,439	17,767,442	3,671,186	48,598,067
Chancellor	10,563,688			10,563,688
Coll of Hum, Arts & Social Sci	44,604,789	48,652,957	1,218,907	94,476,653
College of Nat & Agr Sciences	78,142,133	28,486,523	7,214,148	113,842,804
Control Functions	22,328,487			22,328,487
Enrollment Services	9,209,892			9,209,892
Fac- Plng - Design - Const	42,018,202			42,018,202
Graduate Division	2,704,924			2,704,924
Info. Technology Solutions	32,059,615			32,059,615
International Affairs	2,199,638			2,199,638
Palm Desert Graduate Center	1,048,835			1,048,835
Planning, Budget & Admin	16,971,997			16,971,997
Provost/Exec Vice Chancellor	5,370,288			5,370,288
School of Business	5,173,669	9,780,237		14,953,906
School of Education	6,864,586	3,796,424	252,774	10,913,784
School of Medicine	43,049,764	1,838,529	1,051,370	45,939,663
School of Public Policy	4,899,904	1,274,235	187,975	6,362,114
UCR Intercollegiate Athletics	5,584,059			5,584,059
Undergraduate Education	5,070,460			5,070,460
University Library	17,539,735			17,539,735
Vice Chancellor - Research	5,282,541		5,561,736	10,844,277
Vice Chancellor - Univ Adv	21,853,865			21,853,865
Vice Chancellor Student Affairs	25,504,532			25,504,532
Graduate Financial Aid	-	20,717,049		20,717,049
Undergraduate Financial Aid	-	79,372,208		79,372,208
Total	439,512,868	211,685,604	19,158,096	670,356,568



BUDGET & FINANCE FROM A SCHOOL/COLLEGE/DEPARTM ENT PERSPECTIVE

Budget Model Source, Authority and Use



BUDGET MANAGEMENT

You will have different “buckets” of funds within your unit

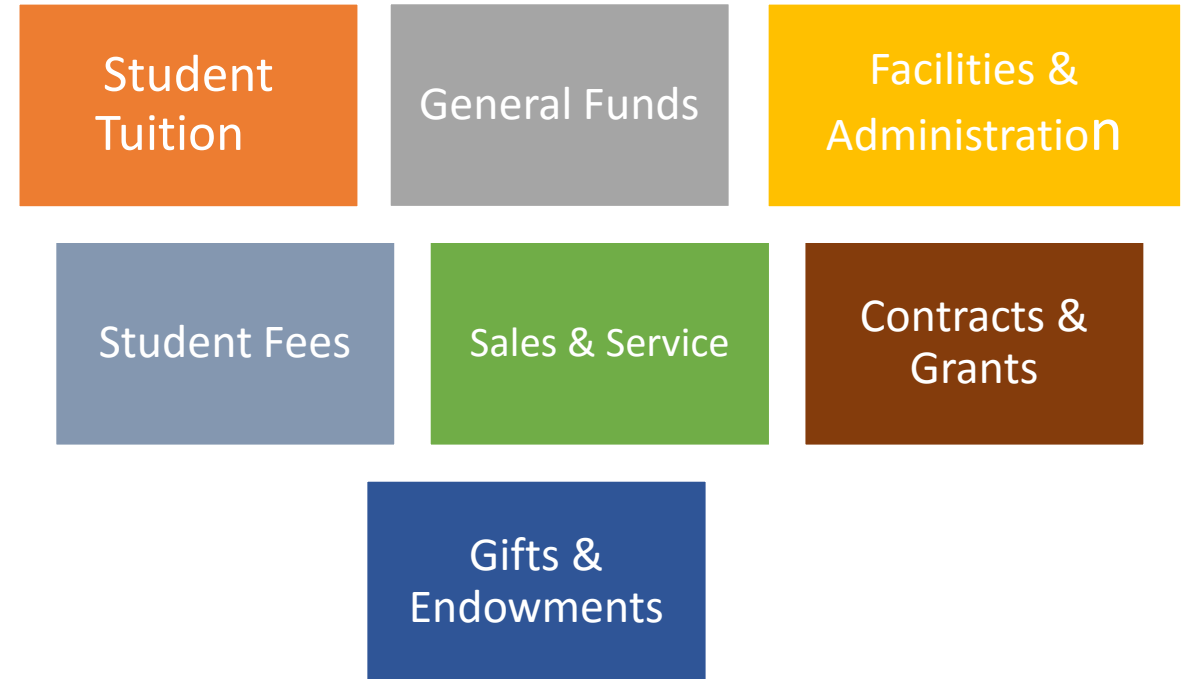
- Department Operating Budgets
- Gift/Foundation Funds
- Scholarship Funds
- Endowed Chair Funds (if any)
- Chair Discretionary Funds
- Contracts and Grants



Work with your financial manager to gain a deeper understanding of your department’s budget to determine the right level at which to plan and to align funding to support department strategic plans and unit/program goals.

FUNDING SOURCES

- Gain an understanding of your funding sources and associated restrictions. *Perm. v Temp.*
 - Funds appropriated on an on-going basis are permanent funds and are received on an annualized basis.
 - Funds appropriated on a one-time basis are temporary funds and are normally for a specific activity.
- Determine how to leverage other funding sources such as whether specific courses might require a Course Materials Fee.



Expenditures

- Expenses need to be reasonable, allocable, and within policy and funding restrictions.
- Determine what expenses you want to approve as Department Chair.
- Many of our UCR financial systems might require your approval in the system.
- Identify expenses that you would like to have your financial manager track for reporting purposes.

FINANCIAL REPORTING

- Schedule time to meet with your Financial Manager at least once a month to review the department's financial position.
- Ask for a comprehensive report of all fund sources including department managed scholarship funds.
- Work with your Financial Manager to determine what expenses you might wish to track more closely such as Teaching Assistant (TA) Budgets.
- Staff can revamp financial reports to help better understand the overall financial picture.
- Feel free to ask any/all questions...it helps us to understand how we can best help you in your role as the Chair be successful.



SPACE

Space is considered a core infrastructure service and is an indirect cost to Schools & Colleges. Most schools/colleges do not pass on the costs to their departments.

Space Calculation:

\$18.82 per square foot (Fixed Dollar Amount for Space)

X Assigned Square Footage of School/College

= Cost of Space for School/College

- Units that use more space have a higher space infrastructure cost.
- Should a unit choose to reduce its space on campus, its portion of space costs would then decrease.
- Current space model does not account for type of space or quality of space.

Additional items for Chairs to keep on their radars...



SCHOLARSHIPS-

- Chairs are responsible for timely administration of scholarships that are held in the department. Work with the FAO (and others in your department) to understand what they have available and the criteria around the award.

TRANSPARENCY-

- Developing fair and equitable ways of providing funds to the faculty for conference, travel, co-shares etc. Let your faculty know what the process is and ensure everyone has equal access. Providing commitment letters is helpful for your staff to refer back to and can also provide historical insight.

BUDGET-

- Determining a carry forward value for the department (or maybe the college has a rule of thumb, i.e. 10%). Look at your annual spend (minus faculty/staff salaries and benefits) and determine a fair percentage you would like to carry forward

GENERATING FUNDING

- Indirect Cost Revenue
- Fellowship opportunities in Foundations
- Endowed Chair Opportunities
- Concurrent Enrollment
- Increase Summer Session Offerings
- Increase/Revamp Master's degree program offerings (which can increase revenue)
- Review existing available resources and possibly reallocate
- Host research conferences-charging registration fees, etc. to help cover costs. (Donors may also be interested in supporting these initiatives!)



FISCAL CLOSING

- Fiscal closing is the process of preparing the general ledger for financial statement presentation and the closing of financial books for UCR. The campus provides a series of cut-off dates for processing financial and business activities.
- Fiscal closing takes place during the months of April-July of every year
- This is a busy time for staff supporting finance and business operations.
- This year in particular fiscal closing will be impacted by the campus' transition to a new financial system replacement program as part of Impact 23.
- Fiscal closing typically overlaps with Staff Performance Management each year.

QUESTIONS OR COMMENTS?

