

Fiscal Year 2021 Budgeting

Overview of Development Process – May 6, 2020



Building FY2021 Budget

- Incremental approach – proportionate adjustments (most common)
 - Advantage: Equalized adjustments, easily implemented and understood
 - Disadvantage: May not be equitable, strategic or recognizing underlying reasons causing budget reduction
- Differential approach – differential adjustments
 - Advantage: Can invest in new areas of growth, address long standing disparities, address long-term challenges to revenue or expenses
 - Disadvantage: Community buy-in is differential, disrupts unity, requires deliberative and deep understanding of how to differentiate adjustments

Both of the above approaches embrace a stagnant or slowly-changing administrative structure that cannot persist if deep reductions are required. Deep reduction in resources requires new structures that minimize duplication, costs and untenable activity.



Clean Slate Approach to Meeting Our Mission – Serving Students and the Region

- General Funds will go from \$325 million/yr to \$260 million/yr
- Funds will be allocated across functional activities, not across pre-existing executive / midlevel / departmental structures
- Benchmarking will be utilized by University Council Budget & Finance Committee to set these functional budgets
- FY21 funds will populate down to the mid-level (Colleges) based on traditional levels of functional activity as a fraction of the whole
- New colleges will develop FY21 budget – merger and reorganization plan in process

Comment: Fewer colleges results in more efficient administrative support for students and faculty, but colleges need to have a unifying and cohesive culture. Current collegiate deans have recommended merging current structures into no more than five colleges.



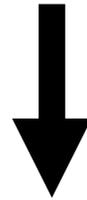
Functional Expense Categories

Program	FY2020 Budgeted	FY2020 Budgeted
1000 Instr & Dept Research	130,477,686	44.7%
2000 Separately Budg Research	4,827,947	1.7%
3000 Public Service	134,609	0.0%
4000 Academic Support	25,981,562	8.9%
6000 Institutional Support	36,075,469	12.4%
5000 Student Services	12,129,751	4.2%
7000 Oper & Maint of Plant	19,496,227	6.7%
8000 Scholarships & Fellowships	62,760,143	21.5%
Grand Total	291,883,394	100.0%
Transfers-Out Athletics		
Debt Service in Athletics	3,967,000	
Other Athletics Expenditures	18,826,510	
Transfers-Out Debt Service	0	
Transfers-Out Plant	1,000,000	
Transfers-Out Other (Student Union, Rec Center, EJ Thomas)	8,025,789	
Tr-Out Carryover & Encumbrances	0	
	323,702,693	



Scaling current budgets – made up example

Unit	1000 Instr & Dept Research	2000 Separately Budg Research	3000 Public Service	4000 Academic Support	6000 Institutional Support	5000 Student Services	7000 Oper & Maint of Plant	8000 Scholarships & Fellowships	Grand Total
The Zip College of Kangaroo Studies	8,266,788	254,332	100,000	789,031	0	129,788	75,032	55,000	9,669,971
The College of Elephant Studies	9,111,611	0	600,000	98,668	0	0	0	0	9,810,279
Rural Research Institute	504,211	2,579,379		0	0	0	0	0	3,083,590
All other areas		422,876	300,576	0	3,677,463	3,447,885	7,336,688	6,554,402	21,739,890
	17,882,610	3,256,587	1,000,576	887,699	3,677,463	3,577,673	7,411,720	6,609,402	44,303,730



Unit	1000 Instr & Dept Research	2000 Separately Budg Research	3000 Public Service	4000 Academic Support	6000 Institutional Support	5000 Student Services	7000 Oper & Maint of Plant	8000 Scholarships & Fellowships
The Zip College of Kangaroo Studies	46.23%	7.81%	9.99%	88.88%	0.00%	3.63%	1.01%	0.83%
The College of Elephant Studies	50.95%	0.00%	59.97%	11.12%	0.00%	0.00%	0.00%	0.00%
Rural Research Institute	2.82%	79.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
All other areas	0.00%	12.99%	30.04%	0.00%	100.00%	96.37%	98.99%	99.17%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



Functional expense code definitions

- Definitions are publicly available from National Association of College and University Business Officers (NACUBO)
- IPEDS provides good short definitions here:

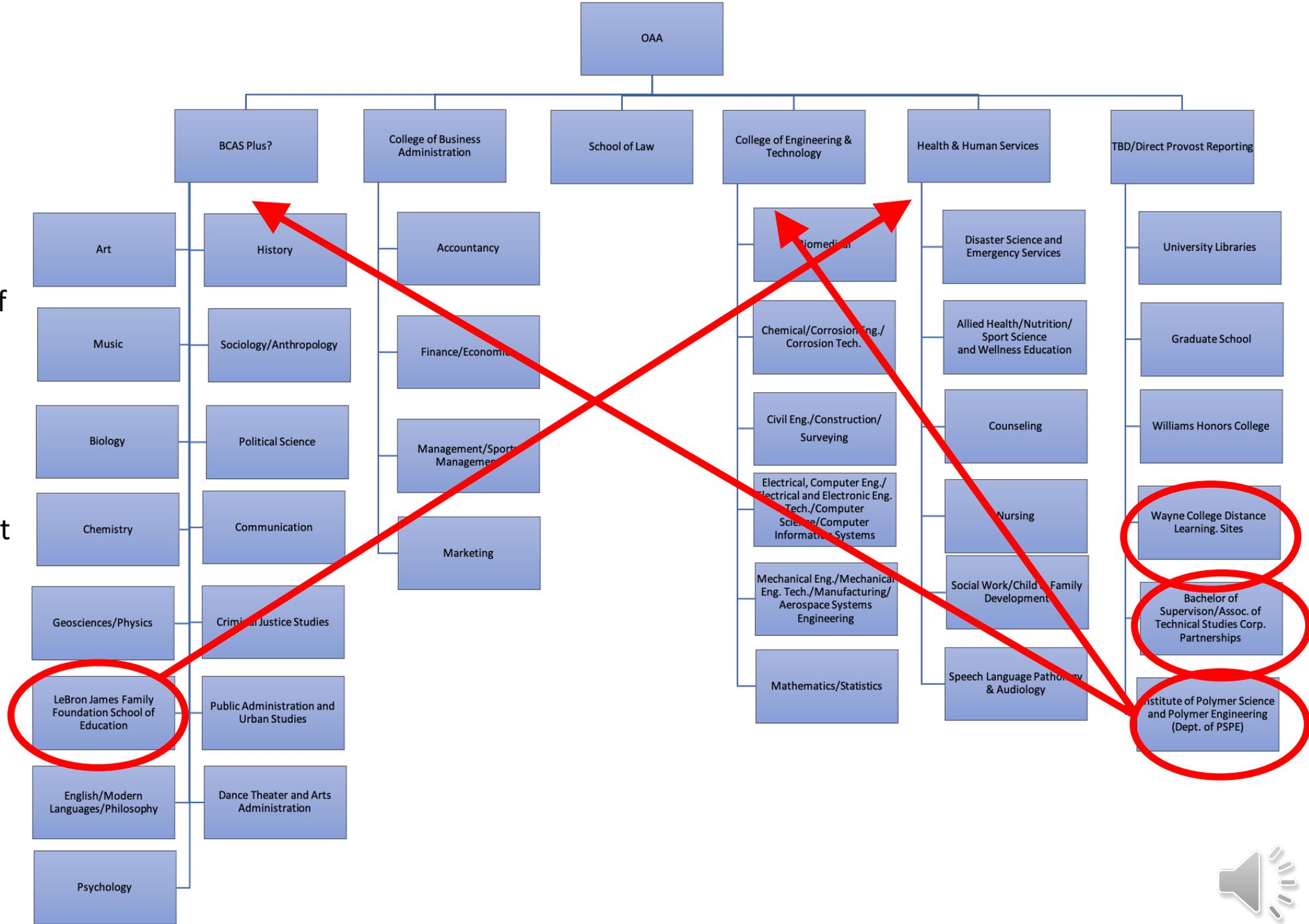
<https://nces.ed.gov/pubs2006/ficm/content.asp?ContentType=Appendix&appendix=B>

- Some observations: Administrative costs are buried within many functional codes although commonly held views of administrative overhead will include academic support, institutional support, student services, plant and other transfers. Viable universities must support all of these functional areas. Benchmark data is available.



New Organizational Draft

- Continued focus on supporting communities of scholars, students, faculty
- Seeks to promote opportunity to collaborate and gain efficiency
- Ongoing conversations within new colleges will set FY21 budgets
- Commitment to students as they complete their chosen major



Steps and actions

- Approximate adjustment targets sent already
- UCEC Budget committee/FSEC – Functional expense percentages (May 13)
- Accurate mid-level adjustment targets available (May 13)
- Reach consensus on composition of five colleges (May 15)
- New college meetings and planning to build budget (now-May 26) – eliminate redundancies, assess program viability, reduce overhead costs
- Deans present finalized budget recommendations to Provost/President for approval (May 27)
- In parallel, other executive areas work with mid-levels and higher to finalize budgets by May 27
- University plan finalized by May 29

