

# University-wide Budget Process

A Campus Perspective

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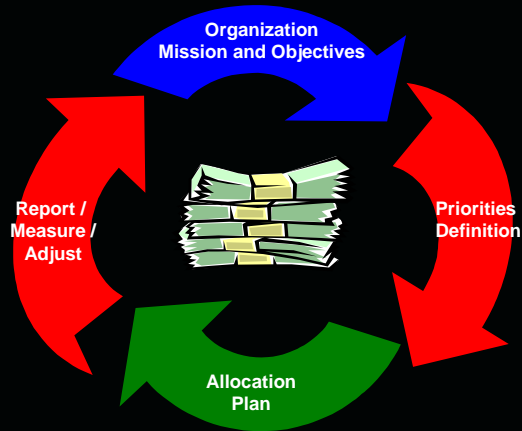
UC Irvine Budget Office

November 29, 2006

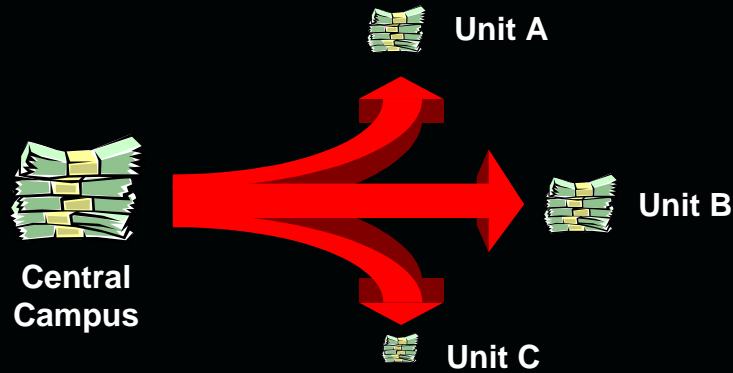
## Intentions of this Section

- Quick Review - Basic Budgeting Concepts
- Campus Fund Sources
- Campus Resources for 2005-06
- UC Allocation Methodology
- Campus Budget Process
- Wrap Up

## Budgeting is...a process for resource management



## Budgeting provides blueprint for allocation



## Budgeting involves...



**Communication**

&



**Accountability**

## The budget function involves three (3) major activities:

**Budget Development**

**Budget Negotiation**

**Budget Management**

## There are two types of budgets to be aware of...

Focus  
Here

OPERATING BUDGET

CAPITAL BUDGET

## Permanent vs. Temporary Budgets

### Permanent Budget

- Result of incremental budget approach
- Base level of resources recurring to cover costs for faculty and staff salaries, S&E, etc.

### Temporary Budget

- Annual installment of permanent base + one-time allocations

## Campus Fund Sources

### Core Funds

- State General Funds
- UC General Funds
- Tuition and fees

### Other Budgeted Funds

- Sales and Services Revenue
- Auxiliary Revenue
- Hospital Income

### Extramural Funds

- State & Local Contracts/Grants
- Federal Contracts/Grants
- Private Gifts and Grants

## State of California General Funds (19900-19999)

- Are appropriated from the State General Fund as part of annual state budget process
- Support all University activities (except Auxiliaries)
- Some funds are restricted
- No STIP is earned by UC (State retains STIP)
- Fund balances lapse at year-end

## Lottery Funds

- Are restricted State General Funds
- Used for instruction, including instructional computing, instructional equipment, and instructional support
- Cannot be used to support research or to replace state allocations

## UC General Funds

- Appear as if appropriated by the State
- Funds are actually generated by each campus in order to fund a portion of the UC budget plan
- State portion of Federal Overhead Recovery and Non-Resident Tuition are biggest generators
- UC General Funds support all University activities (except Auxiliaries)
- No STIP earned by UC (State retains STIP)

## Non-Resident Tuition

- Fee paid by non-resident students - in addition to fees paid by resident students
- Viewed as part of UC General Funds

## Educational (ED) Fee (20095)

- Paid by all students
- Campus does not retain STIP
- Portion reserved for financial aid - remainder returned to campuses, looking like General Funds
- Controlled system-wide

## Registration Fee (20XXX)

- Paid by all students
- Provides funding for services that are necessary for students (e.g. counseling, advising, recreation), but not part of instruction
- Campus retains STIP
- Controlled at the campus level

## Other Fees Include:



### •Professional Degree Fees

(Law, Business, Optometry)



### •Student Approved Mandatory Fees

(Life/Safety; specific student supported facilities such as student centers, events centers, and recreational centers)

## Sales and Services revenue includes:



### Educational Activities

- Revenues from Dental Clinics, Botanical Gardens, Veterinary Clinics, etc.
- Funds support the activities



### Auxiliary Enterprises

- Self-supporting (Athletics, Housing, Parking, Teaching Hospital)
- Revenues must cover expenses

## Gifts and Endowments

- Many designated for specific purposes
- Amount of endowment distribution by OP and campus foundation specified by formula (5-year rolling average market value used to determine the payout based on a spending rate of 4.75%)



## Overhead Recovery Funds



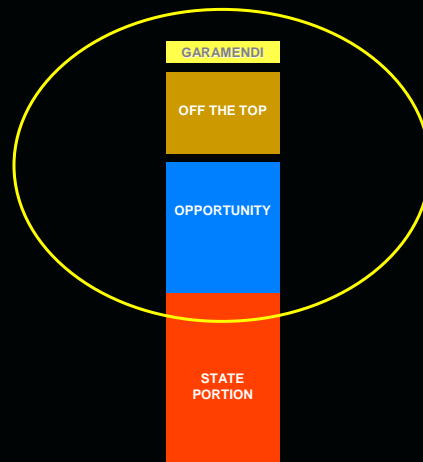
Based upon the amount and type of research conducted on the campus, the campus is reimbursed for some of the costs the campus has incurred to support that research

This is overhead recovery

## Federal Overhead Recovery Funds

Three types of funds above State Portion:

- Garamendi
- Off-the-Top
- Opportunity



## Garamendi Funds

- Amount based upon Federal research occurring in specific campus space
- Available for revenue bond repayment on acquisition, construction, renovation, or equipping research facilities, as well as maintenance costs
- Capital projects require both Regental and State approval



## Off-the-Top Funds (69750)

- Approximately 20% of Federal Overhead recovery (after Garamendi)
- Intended to cover contract and grant administrative costs and support other research related activities
- Campus does not retain STIP earnings



## Opportunity Funds (07427 or 09XXX)

- 45% (of the remaining 80%) of Federal overhead recovery, after the Off-the-Top & Garamendi removed
- Chancellor's discretionary fund
- Primary source of funds for long term debt service
- Campus does not retain STIP earnings



## Private Contract and Grant Overhead Recovery -

### The Educational Fund (05397)

- Large portion of the indirect cost recovered from private contracts and grants is returned to campus as the Educational Fund
- Clinical Trial recovery is retained in total by the campus

### UC Irvine Budget 2005-06 by Fund Source (\$ Ms)

BUDGETED FUNDS

•State of California	230.5	16%
•Tuition and Fees	159.8	11%
•Auxiliaries and Sales	695.2	48%
•Other Funds	38.9	3%
<b>SUBTOTAL BUDGETED FUNDS</b>	<b>1,124.4</b>	<b>78%</b>

EXTRAMURAL FUNDS

•State Contracts & Local Government	41.6	3%
•Federal Contracts & Grants	201.7	14%
•Private Gifts & Grants	78.6	5%
<b>SUBTOTAL EXTRAMURAL FUNDS</b>	<b>321.9</b>	<b>22%</b>
<b>TOTAL FUNDS</b>	<b>1,446.3</b>	<b>100%</b>

### UC Davis Budget 2005-06 by Fund Source (\$ Ms)

BUDGETED FUNDS

•State of California	413.6	18%
•Tuition and Fees	197.3	9%
•Auxiliaries and Sales	1,155.5	50%
•Other Funds	25.6	1%
<b>SUBTOTAL BUDGETED FUNDS</b>	<b>1,792.0</b>	<b>78%</b>

EXTRAMURAL FUNDS

•State Contracts & Local Government	117.0	5%
•Federal Contracts & Grants	295.0	13%
•Private Gifts & Grants	106.6	4%
<b>SUBTOTAL EXTRAMURAL FUNDS</b>	<b>518.6</b>	<b>22%</b>
<b>TOTAL FUNDS</b>	<b>2,310.6</b>	<b>100%</b>

**UCLA Budget 2005-06 by Fund Source (\$ Ms)**

BUDGETED FUNDS

•State of California	605.0	17%
•Tuition and Fees	248.6	7%
•Auxiliaries and Sales	1,694.9	47%
•Other Funds	46.7	1%
<b>SUBTOTAL BUDGETED FUNDS</b>	<b>2,595.2</b>	<b>72%</b>

EXTRAMURAL FUNDS

•State Contracts & Local Government	101.1	3%
•Federal Contracts & Grants	601.5	17%
•Private Gifts & Grants	291.0	8%
<b>SUBTOTAL EXTRAMURAL FUNDS</b>	<b>993.6</b>	<b>28%</b>
<b>TOTAL FUNDS</b>	<b>3,588.8</b>	<b>100%</b>

**UC San Diego Budget 2005-06 by Fund Source (\$ Ms)**

BUDGETED FUNDS

•State of California	288.3	13%
•Tuition and Fees	164.9	8%
•Auxiliaries and Sales	911.5	42%
•Other Funds	35.9	2%
<b>SUBTOTAL BUDGETED FUNDS</b>	<b>1,400.6</b>	<b>65%</b>

EXTRAMURAL FUNDS

•State Contracts & Local Government	59.2	3%
•Federal Contracts & Grants	525.0	24%
•Private Gifts & Grants	171.8	8%
<b>SUBTOTAL EXTRAMURAL FUNDS</b>	<b>756.0</b>	<b>35%</b>
<b>TOTAL FUNDS</b>	<b>2,156.6</b>	<b>100%</b>

### UC Berkeley Budget 2005-06 by Fund Source (\$ Ms)

BUDGETED FUNDS

•State of California	500.7	31%
•Tuition and Fees	229.6	14%
•Auxiliaries and Sales	157.3	10%
•Other Funds	47.7	3%
<b>SUBTOTAL BUDGETED FUNDS</b>	<b>935.3</b>	<b>58%</b>

EXTRAMURAL FUNDS

•State Contracts & Local Government	93.3	6%
•Federal Contracts & Grants	334.2	21%
•Private Gifts & Grants	236.1	15%
<b>SUBTOTAL EXTRAMURAL FUNDS</b>	<b>663.6</b>	<b>42%</b>
<b>TOTAL FUNDS</b>	<b>1,598.9</b>	<b>100%</b>

### UC Merced Budget 2005-06 by Fund Source (\$ Ms)

BUDGETED FUNDS

•State of California	14.4	22%
•Tuition and Fees	1.2	2%
•Auxiliaries and Sales	6.4	10%
•Other Funds	1.2	2%
<b>SUBTOTAL BUDGETED FUNDS</b>	<b>23.2</b>	<b>36%</b>

EXTRAMURAL FUNDS

•State Contracts & Local Government	28.7	44%
•Federal Contracts & Grants	4.9	7%
•Private Gifts & Grants	8.9	13%
<b>SUBTOTAL EXTRAMURAL FUNDS</b>	<b>42.5</b>	<b>64%</b>
<b>TOTAL FUNDS</b>	<b>65.7</b>	<b>100%</b>

**UC Riverside Budget 2005-06 by Fund Source (\$ Ms)**

BUDGETED FUNDS

•State of California	143.4	33%
•Tuition and Fees	101.1	23%
•Auxiliaries and Sales	45.3	10%
•Other Funds	15.6	4%
<b>SUBTOTAL BUDGETED FUNDS</b>	<b>305.4</b>	<b>70%</b>

EXTRAMURAL FUNDS

•State Contracts & Local Government	21.8	5%
•Federal Contracts & Grants	84.2	19%
•Private Gifts & Grants	23.8	6%
<b>SUBTOTAL EXTRAMURAL FUNDS</b>	<b>129.8</b>	<b>30%</b>
<b>TOTAL FUNDS</b>	<b>435.2</b>	<b>100%</b>

**UC Santa Barbara Budget 2005-06 by Fund Source (\$ Ms)**

BUDGETED FUNDS

•State of California	198.5	31%
•Tuition and Fees	132.7	21%
•Auxiliaries and Sales	86.3	13%
•Other Funds	17.9	3%
<b>SUBTOTAL BUDGETED FUNDS</b>	<b>435.4</b>	<b>68%</b>

EXTRAMURAL FUNDS

•State Contracts & Local Government	21.0	3%
•Federal Contracts & Grants	126.0	20%
•Private Gifts & Grants	55.9	9%
<b>SUBTOTAL EXTRAMURAL FUNDS</b>	<b>202.9</b>	<b>32%</b>
<b>TOTAL FUNDS</b>	<b>638.3</b>	<b>100%</b>

**UC Santa Cruz Budget 2005-06 by Fund Source (\$ Ms)**

BUDGETED FUNDS

•State of California	119.6	28%
•Tuition and Fees	93.2	21%
•Auxiliaries and Sales	74.4	17%
•Other Funds	12.0	3%
<b>SUBTOTAL BUDGETED FUNDS</b>	<b>299.2</b>	<b>69%</b>

EXTRAMURAL FUNDS

•State Contracts & Local Government	17.8	4%
•Federal Contracts & Grants	84.3	20%
•Private Gifts & Grants	30.4	7%
<b>SUBTOTAL EXTRAMURAL FUNDS</b>	<b>132.5</b>	<b>31%</b>
<b>TOTAL FUNDS</b>	<b>431.7</b>	<b>100%</b>

**UC San Francisco Budget 2005-06 by Fund Source (\$ Ms)**

BUDGETED FUNDS

•State of California	202.3	8%
•Tuition and Fees	30.6	1%
•Auxiliaries and Sales	1,390.4	53%
•Other Funds	42.1	1%
<b>SUBTOTAL BUDGETED FUNDS</b>	<b>1,665.4</b>	<b>63%</b>

EXTRAMURAL FUNDS

•State Contracts & Local Government	141.9	5%
•Federal Contracts & Grants	528.0	20%
•Private Gifts & Grants	304.8	12%
<b>SUBTOTAL EXTRAMURAL FUNDS</b>	<b>974.7</b>	<b>37%</b>
<b>TOTAL FUNDS</b>	<b>2,640.1</b>	<b>100%</b>

## UC allocates funds to campuses in two block allocations

- To cover inflation costs
- To support increased workload

## The Inflation Block Allocation includes funds to support:



- Salary increases (for budgeted positions)



- Benefit cost increases



- Price increases for non-salary budgets

## Campuses that are growing receive a Workload Block allocation



This allocation is based on the Marginal Cost of Instruction per incremental budgeted student FTE, as negotiated with the State.

Provides salary and benefits funding for new Faculty and TA FTE, as well as all other support costs, e.g. additional library support, police, etc.

## Final Allocations may also include:



- Operations and maintenance of plant funds for new space (OMP)

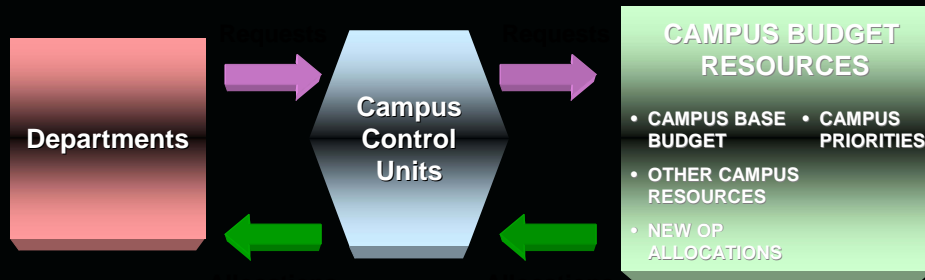


- Special Program Funds



- Deferred Maintenance funding

## Irvine Campus Budget Process



## Budget Process Timeline



### JANUARY

- Governor's Budget is announced
- Planning & Budget estimates available resources and identifies planning assumptions based on Governor's Budget
- Campus budget call sent to control units

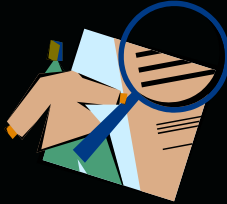


**MARCH**



- Control units submit requests

**APRIL**



- Planning & Budget analyzes requests

**MAY**



- Campus budget discussions occur

**MAY**



- Governor announces budget revision
- Campus adjusts revenue projections

**JUNE/JULY**



- Governor's Budget finalized???

**AUGUST/  
SEPT**



- Campus receives final budget allocations and makes final decision on distribution of funds

## UC Irvine's Budget Principles:

- Base strategic budgetary decisions on analysis, evaluation, and consultation
- Continue to build excellence of academic and professional programs, while accommodating enrollment increases
- Continue to recruit highest quality faculty and provide associated new staff
- Continue to streamline processes
- Continue to seek new sources of revenue

## Irvine campus budget process has several benefits:

- Units do more formal planning
- Look at all campus resources
- Units report on prior year allocations
- Opportunity for dialogue about priorities

## Budgeting Issues for Managers

- Become aware of your campus and unit budget process
- Understand your unit's (College or Department) permanent and temporary budget and the relationship between them
- Understand which actions you take affect which budget
- For help contact:
  - Your control unit's (Vice Chancellor) Budget Office
  - Campus Budget Office

## Questions

