

University-wide Budget Process

A Campus Perspective

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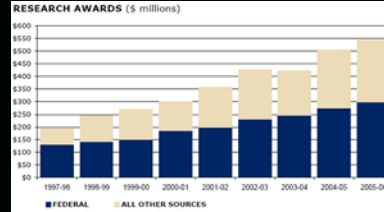
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Intentions of this Section

- Key Budget Concepts for managers
- Sources and Uses of Funds
- UC Allocation Methodology
- Campus Budget Process

Key Concept: Two primary types of budgets

OPERATING BUDGET



CAPITAL BUDGET

Key Concept: Funds can be either on-going or one-time

Permanent Budget (on-going or base)

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

Temporary Budget (One-time)

- Annual allocations or unspent funds from prior year
- Funds used once
- Dept budget includes permanent base + any one-time allocations

Key Concept: Budget authority differs by type of fund

- General funds
 - Budget = authority to spend
- Self-supporting funds
 - Budget = estimate or plan
 - Authority to spend based on actual revenue earned

Key concept: Not all money is green

Core Funds

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

Other Budgeted Funds

- Sales and Services Revenue
- Auxiliary Revenue
- Hospital Income

Extramural Funds

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

Key concept: Every campus is different

- Exhibit A – Revenue sources for each campus
 - Medical Centers: D, I, LA, SD, SF
 - Many variables: Revenue sources, enrollment, programs, geography, age, etc..
- Each school, college, division has unique circumstances, fund sources and challenges
 - See above
- Goal is to identify shared opportunities and consistent business processes

Core Funds: State General Funds

- Two sources:
 - Appropriated from the State General Fund
 - Generated by the University (UC General Funds)
 - Non-resident tuition, application fees, portion of overhead
- Budget = authority to spend
- Funds should be expended or encumbered in same year (managed by campus)

Core Funds: Student Fees

- Mandatory Fees
 - Educational Fee (\$5,850)
 - Registration Fees (\$786)
- Professional Degree Fees (varies by school)
- Non-Resident Tuition (\$19,468)
- Campus Based Fees (\$1,488)
 - Student Referenda
 - Chancellor and other
- Health Insurance (\$801)

[Note: Fees shown are 2007-08 estimates for full-time California resident undergraduates attending UC Davis]

Sales and Service activities

- Educational Activities: Veterinary Clinics, laboratory services, recharge activities, etc.
- Auxiliary enterprises: Parking, Housing, Athletics, Teaching Hospital
- Funds support the activities
- Rate approval process
- Budget is estimate; authority to spend based on actual revenue

Gifts and Endowments

- Many designated for specific purposes
- 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%



Indirect Cost Recovery Funds



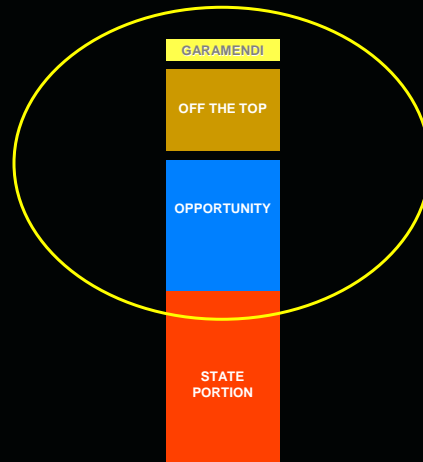
Based upon the amount and type of research conducted on the campus, the campus is reimbursed for some of the costs the campus has incurred to support that research.

This is overhead recovery (also called Facility & Admin Costs).

Federal Overhead Recovery Funds

UC manages as Four types of funds:

- State Share
- Garamendi
- Off-the-Top Fund
- Opportunity Fund



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 Budget Process: Block allocations

1. Inflation cost increases
 - Compact with Governor
 - Salaries, Benefits, non-salary price increase
2. Enrollment Growth
 - State Marginal Cost
 - Educational Fees
 - Funds new faculty 18.7:1 and all other costs related to growth

Final Allocations may also include:



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

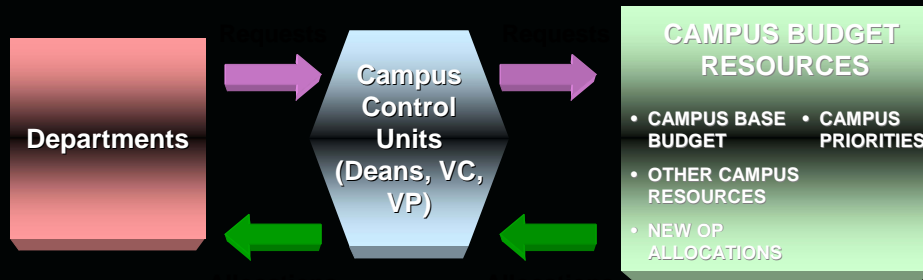


- Special Program Funds



- Deferred Maintenance funding

Davis Campus Budget Process



Davis campus budget process

- Decentralization to ensure decisions made as close as possible to programs
- Budget based on all sources of funds
- Challenges addressed from center if possible
- Opportunity for dialogue about campus and unit 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:
 - Dean or Vice Chancellor Budget Office
 - Campus Budget Office (www.ormp.ucdavis.edu)

Questions

