



UNIVERSITY OF ILLINOIS

AT URBANA-CHAMPAIGN

2011 BUSINESS LEADERSHIP CONFERENCE

Suggestions for Unit Financial Management

Wednesday, 4/6/11

10:30 – 11:45 and 3:15 – 4:30

Workshop Presenters

- Name: Barb Geissler
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Please ...

- Turn your cell phones to silent.
- Sign the attendance roster.
- Complete the evaluation at the end of the workshop.
- Questions are welcomed at anytime during the presentation.

Workshop Objectives

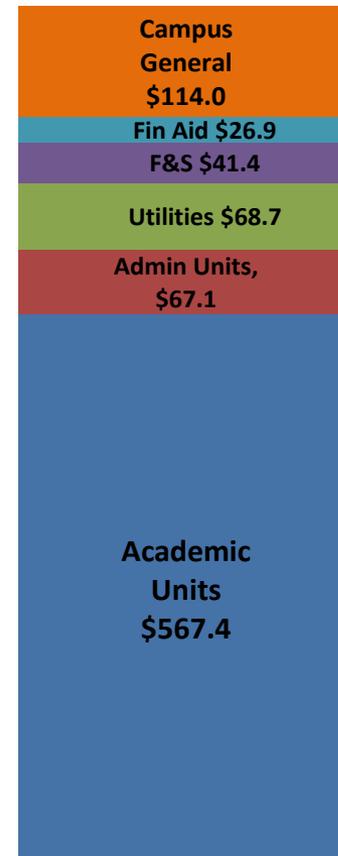
- Understand the state and ICR funds allocation process from campus, college and department perspectives
- Recognize restricted fund types: evaluating financial position and considerations for restricted funds in unit financial management
- Highlight sources of information useful in creation of financial and managerial reporting.

UIUC FY11 Unrestricted Permanent Budget (\$885.5 million)

By source:



By use:

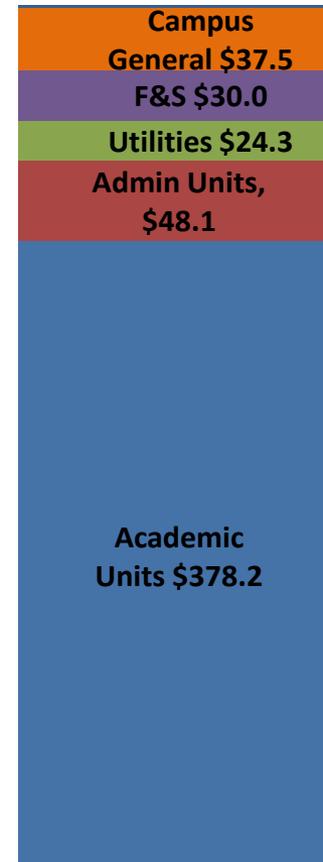


UIUC FY01 Unrestricted Permanent Budget (\$519.9 million)

By source:



By use:



Annual College Budget Allocation (State Funds)

- Incremental process: Prior year budget is starting point, allocation indicates additions and deductions
- Total campus-wide allocations to college-level units equals budgeted change in state appropriation and income fund
- Allocations deal with recurring funds only
- College allocations itemized on allocation sheet-sample allocation sheet next slide

(thousands of dollars)
Updated 7/29/2008

RATE INCREASE:		Base	Filled	Amount		
Academic		5,762.0		\$86.4		
Additional Academic (CMER) *		4,307.3		\$21.5		
Assistants		959.9	X .95	\$13.7		
Nonacademic		591.2	X .95	\$8.4		
Wages			X .95			
Subtotal:					\$130.0	
Promotion Funds					\$17.5	
1116-02 Instructional Award;					\$1.5	
1047-03 CAPE Award;						
1019 CAEPE Award						
TOTAL RATE INCREASE:						\$149.0
Excess or deficiency in earned funds from income fund.						\$297.8
OTHER CHANGES:						
1312-03 FE					\$140.0	
1381-01 TOP					\$62.0	
1381-01 Dual					\$5.2	
1381-01 Dual					\$15.0	
2279-01 Retention					\$20.0	
2299-02 MPH funding					\$200.0	
TOTAL OTHER CHANGES:						\$442.2
REDUCTIONS:						
Academic Base		10,367.2				
Assessment for core operations (deferred maint. Debt service, Library materials, network infrastructure, building maintenance restoration, programmatic initiatives) (2.1%)					(\$217.7)	
Assessment for base energy program, TOP/Faculty Excellence/Spousal program, Medicare and Workers Comp (1.0%)					(103.7)	
TOTAL REDUCTIONS:						(\$321.4)
STATE ALLOCATION (GRF & Income Fund)						\$567.6

Components of State Allocation

- Rate Increase – most years
- Increased salary expenses accompany this budget increase
- Sample:

RATE INCREASE:				
	Base		Amount	
Academic	5,762.0	Filled	\$86.4	State funded filled budgeted positions
Additional Academic (CMER) *	4,307.3		\$21.5	
Assistants	959.9	X .95	\$13.7	Typically filled state faculty base
Nonacademic	591.2	X .95	\$8.4	
Wages		X .95		Banner permanent budget base
Subtotal:			\$130.0	
Promotion Funds			\$17.5	
Instructional Award;			\$1.5	
CAPE Award;				
CAEPE Award				
TOTAL RATE INCREASE:				\$149.0

Components of State Allocation (continued)

- Earned income-tuition distributed to unit
- Single line on allocation sheet; increase or decrease to unit's budget
- Does not have direct link to increased expenses in the way that salary rate funds do
- Complicated calculation; simplifications to increase predictability and relevancy in coming years

Components of State Allocation (continued)

Excess or deficiency in earned funds from income fund. \$297.8

- Calculation shown on revenue generation sheet:

Unit: XXX				Amount
		Required		above/(below)
	<u>FY08</u>	<u>FY09</u>	<u>FY09</u>	<u>Salary need</u>
Income Fund				
Undergraduate Tuition	7,543.3	7,543.3	7,756.0	212.7
Graduate Tuition	416.1	416.1	501.0	84.9
Self-Supporting Tuition	-	-	-	-
Differential Tuition	-	-	-	-
Teacher Ed. Instruction	23.4	23.4	24.1	0.7
Extramural & Other	<u>2.1</u>	<u>2.1</u>	<u>1.7</u>	<u>(0.5)</u>
Total	7,984.9	\$ 7,984.9	8,282.7	\$ 297.8
Total Income Fund				\$ 297.8

- Calculation detailed in tuition distribution files on Budget web site (<http://www.obfs.uillinois.edu/budgeting/urbana-champaign-campus/budget-reform/>)

Components of State Allocation (continued)

- Other Changes: Typically relate to recurring funding commitments from Provost Office
- Usually increase budget but decreases are possible
- Typically result in increased expenditures

OTHER CHANGES:			
FE		\$140.0	
TOP		\$62.0	
Dual		\$5.2	
Dual		\$15.0	
Retention		\$20.0	
MPH funding		\$200.0	
TOTAL OTHER CHANGES:			\$442.2

Components of State Allocation (continued)

- Budget Reductions-calculated as a % of permanent budget base
- % has varied over years; in FY11, reduction % depended on whether funding was self-generated or allocated

REDUCTIONS:					
Academic Base	10,367.2				
Assessment for core operations (deferred maint. Debt service, Library materials, network infrastructure, building maintenance restoration, programmatic initiatives) (2.1%)					(\$217.7)
Assessment for base energy program, TOP/Faculty Excellence/Spousal program, Medicare and Workers Comp (1.0%)					(103.7)
TOTAL REDUCTIONS:					(\$321.4)

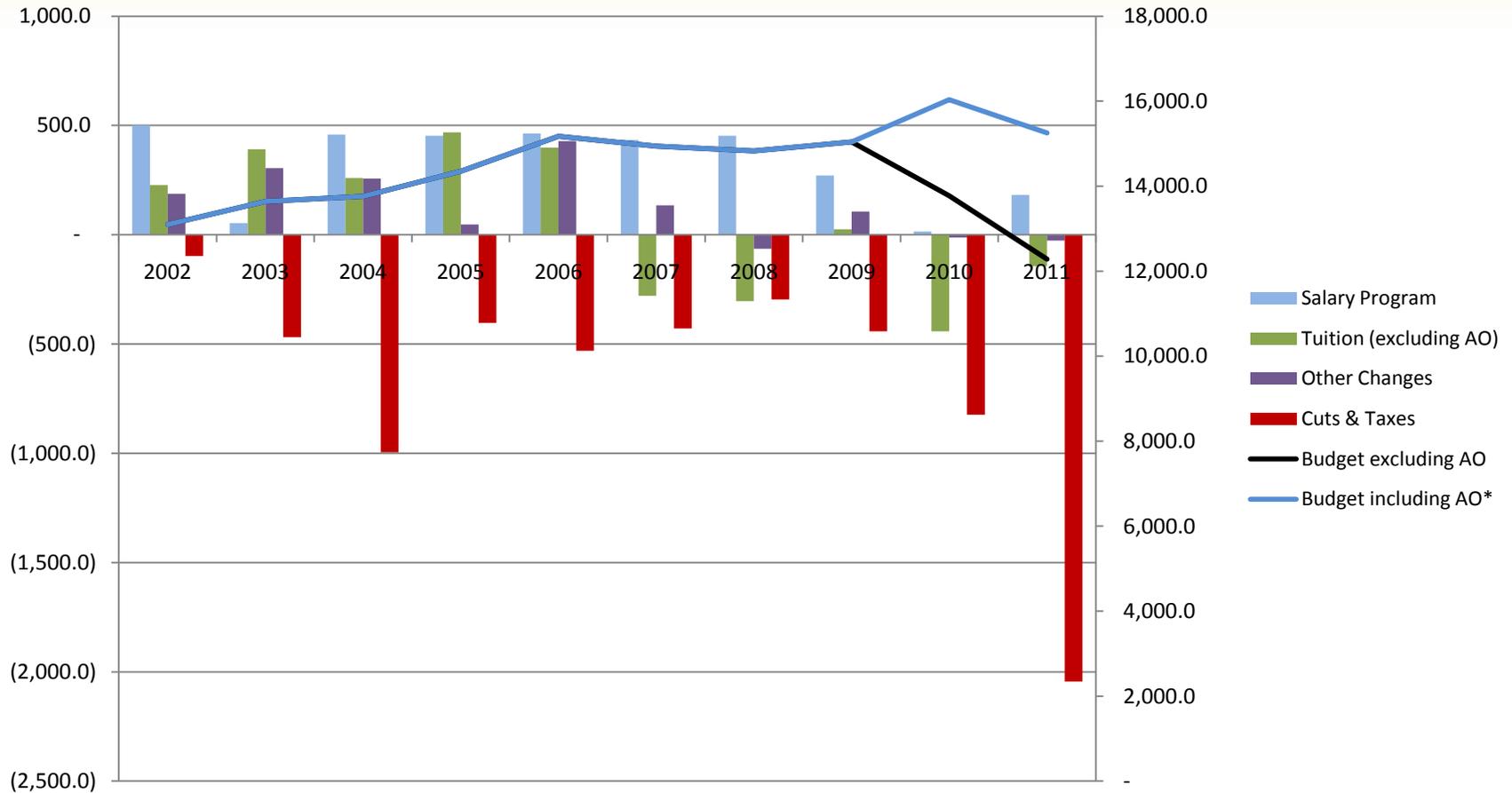
Permanent state and allocated ICR



Components of State Allocation (continued)

- Budget reductions create budget shortfall that has to be covered by generating new revenue to cover shortage or by reducing permanent costs
- Recurring obligations must be matched with recurring funding sources to avoid structural deficit
- Non-recurring funding available for non-recurring uses or as temporary buffer against structural imbalance

CoE Budget Changes over Time



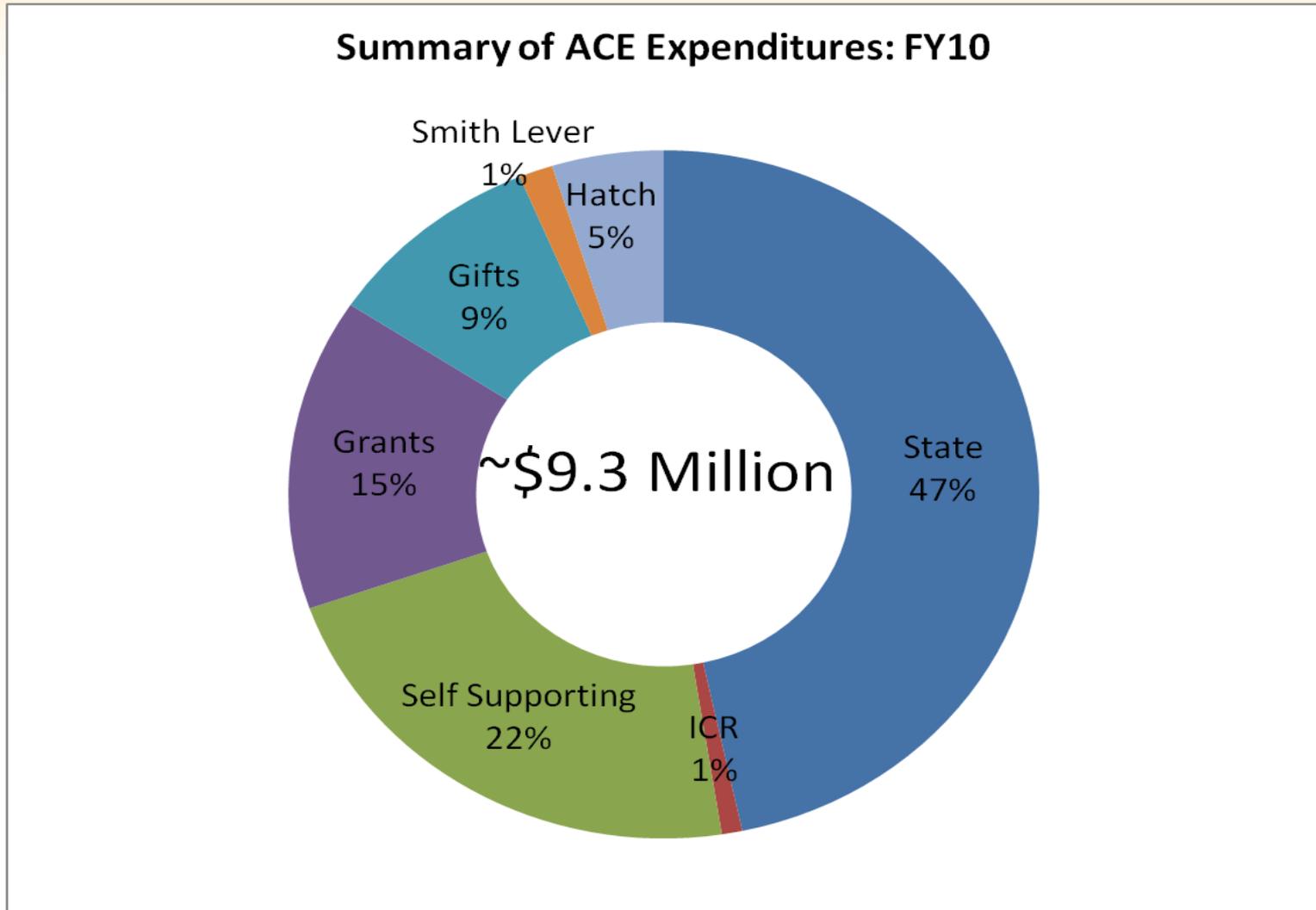
Education Budget Lines

- Academic Salaries
- Staff Salaries
- Assistant Salaries
- Materials and Supplies

Principles for Allocation to Departments

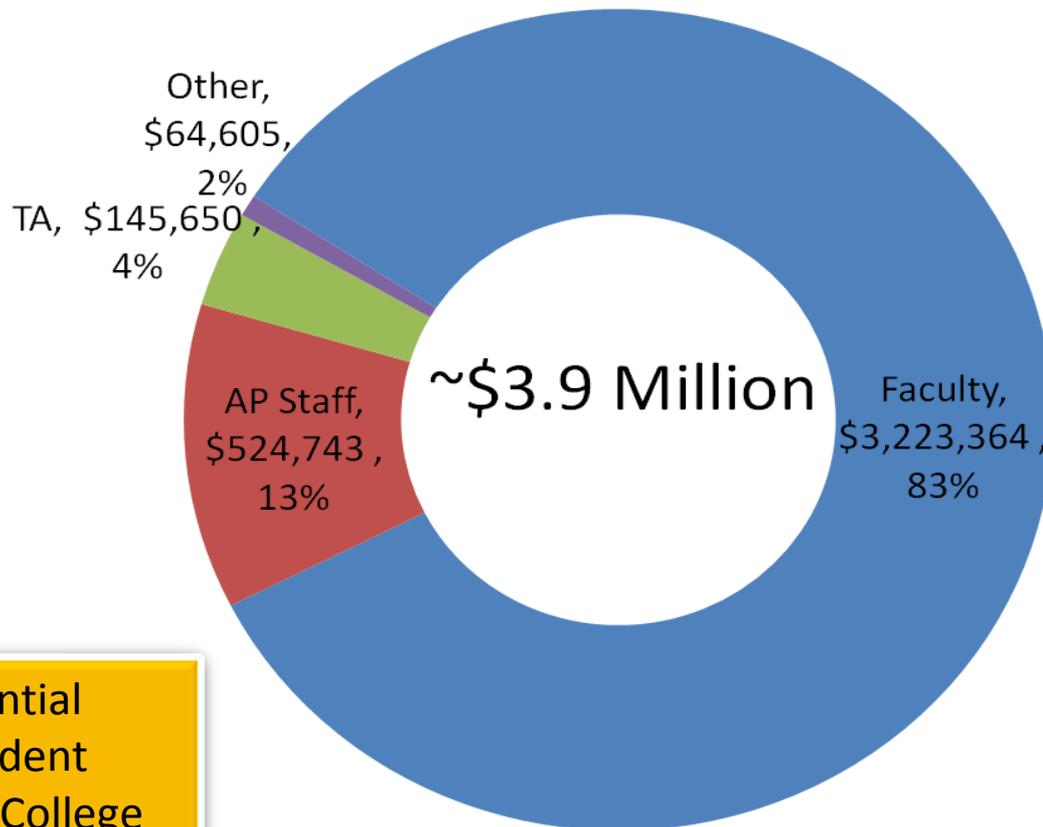
- Vacant faculty lines (academic salaries) revert to a 'pool' for allocation based upon discussion by academic unit heads
- Staff salary lines distributed to departments in accordance with prior year allocation
- Allocation of Assistant Salaries funding to departments dependant upon budget availability
- Materials and supplies made after all others and according to budget availability

Summary of Expenditures



State Recurring \$ - Source

State Recurring \$ for ACE: FY11 Budget



Tuition differential
\$1,500 per student
50-50 share with College
\$90,000

State Expenditures exceed State Sources

\$ 95,000	Supplies and expenses
86,986	AP Salaries
185,643	Instructor led teaching
<u>40,000</u>	TA costs exceeding budget
\$ 407,629	

Meet the deficit?

- Beg
\$189,550 Non-recurring provided by College
- Gifts, ICR, Hatch Reserves & Other
\$ 218,029

State Funds Earned and Allocated

- Budgets recorded in Banner state fund (100011) include state appropriations (GRF) and income fund (tuition)—source of funding is not discernible in Banner
- Campus budgeting does not separately identify GRF and tuition
- Interest has increased recently in understanding what portion of a unit's budget is self-generated and what portion is “allocated”
- Answering this requires estimates and assumptions

State Funds Earned and Allocated (continued)

- Approach taken for FY11 budget:
 1. Assign all tuition to tuition-generating units by allocating 100% of tuition according to campus distribution policies
 2. Identify overhead functions that are funded partially using tuition; estimate the portion of funding from tuition and identify an allocation base for charging the cost to tuition-generating units
 3. A unit's self-generated funding is the result of #1 - #2; the fully-attributed tuition less the unit's share of tuition-funded overheads
- Calculation done at college-level for all tuition-generating units

State Funds Budget Process

- State budget process demo available at:
<http://www.uillinois.edu/our/media/budgetprocess.html>
- Discusses key steps and timeline for state budget process to University as a whole and may be of interest for background

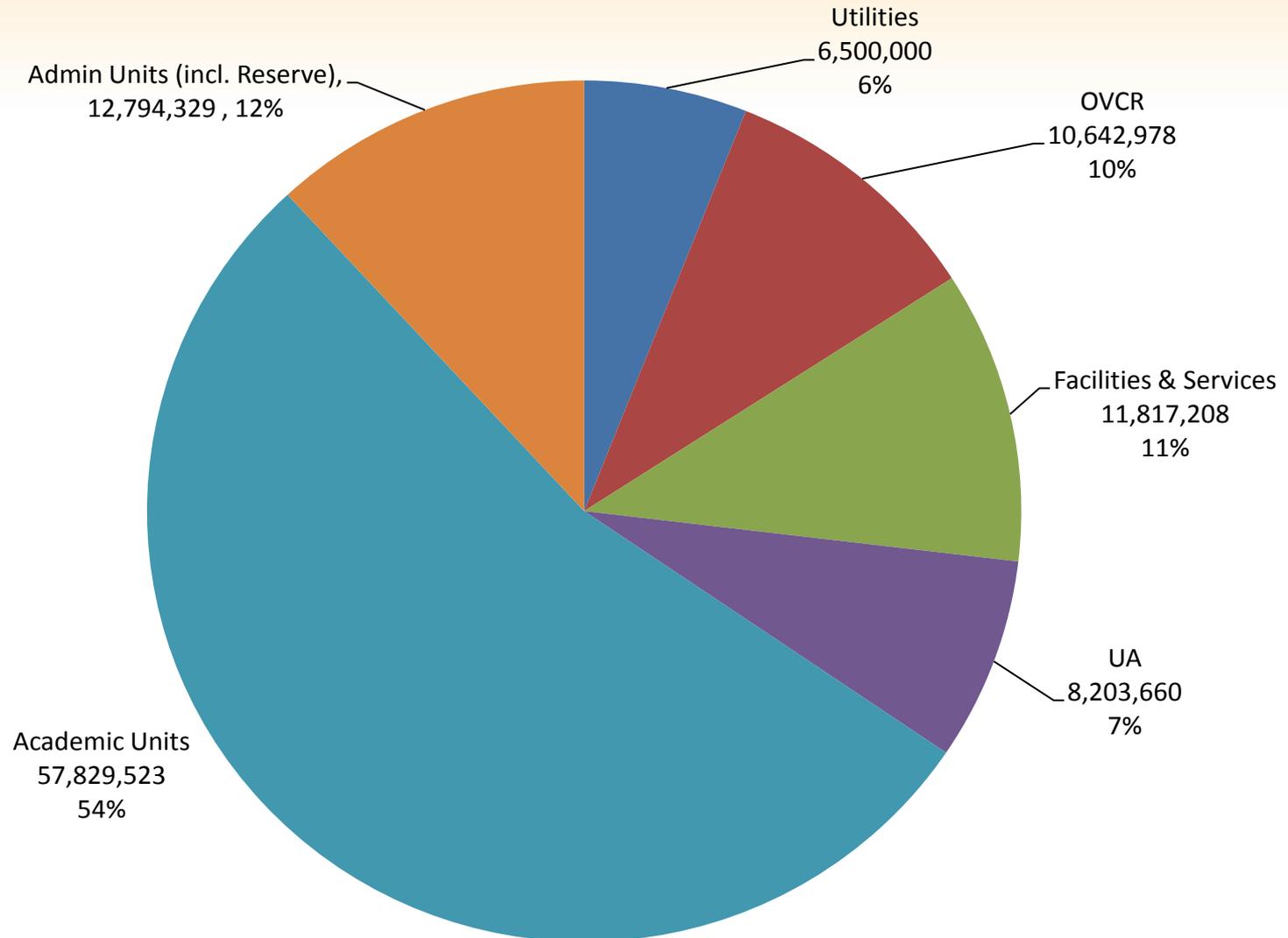
Other Unrestricted Fund Sources

- FY11 recurring institutional funds budget:

Indirect cost Recoveries	\$ 101.2
Administrative Allowances	14.3
Royalties	1.7
Total	<u>\$ 117.2</u>

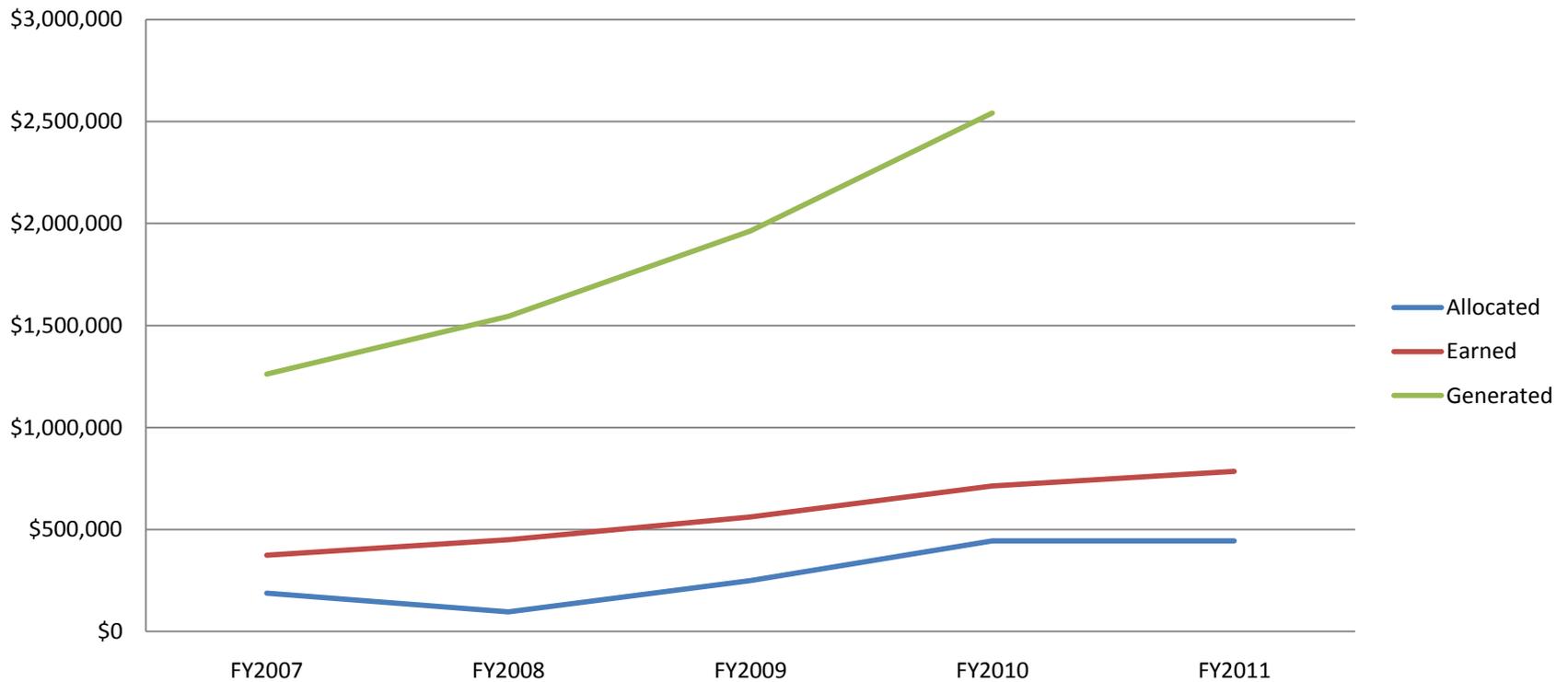
How We Allocated ICR in FY10

(Total = \$107,787,698, Adjusts for ICR-State Swaps, IGB & NCSA part of Academic Units)



ICR Funds

College of Education 5 Year ICR Trend



College ICR Policy

Allocated ICR and college share of Earned ICR

- College priorities

Department share of Earned ICR shared between the department and the grant PI

- Dept 60%/PI 40%

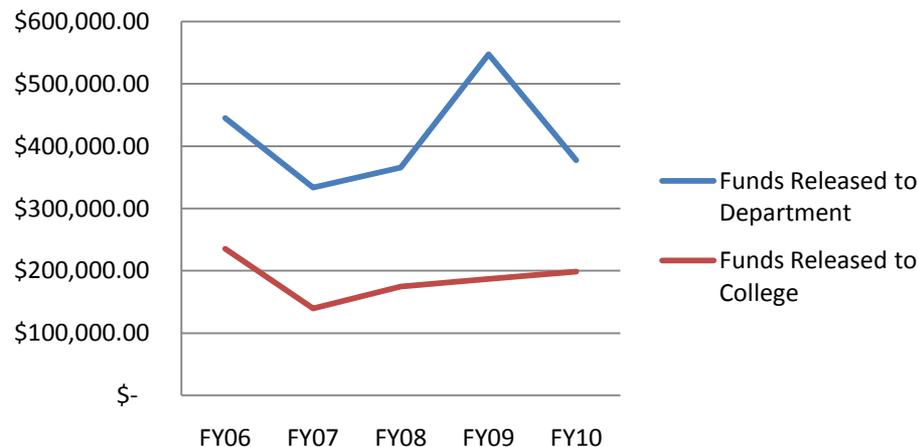
Tuition remission adjustment

- College 25%/Dept 75%

Restricted Fund Types

- Sponsored program-Allowable expenditures governed by terms of award
 - Faculty AY salary on sponsored projects “releases” permanent state funds

CoE Funds Released



Restricted Fund Types

- Self-supporting-Expenditures must be related to underlying activity
- Self-supporting budgets are estimates and do not impact financial position of fund
- Fund financial position is assessed via cash and fund balance which are impacted by revenues, expenses and collections
- Funds should be self-sufficient and should not be subsidized by other fund sources; full costs should be charged to funds and rates should be set to fully recover costs.

Restricted Fund Types

- Gift/Endowment-Expenditures must comply with donor intent
- Financial position assessed based on cash/fund balance for GL (fund) and BBA for SL (C-FOP)
- To extent donor intent allows, gift funds may provide means of coping with reductions in other fund sources.

Budgeting in a challenging environment

- Understand what you do and how to pay for it
- Diversify your funding sources; view budget and assess financial position holistically
- Match recurring costs to recurring sources
- Have a multi-year planning horizon, seek equilibrium over time
- Have a process – identify your strategy, resources, priorities, schedule, opportunity costs
- Periodically review outcomes and actual costs and revenues

Expenses									
Regular Faculty Salaries	7,515,856	-	-	-	-	-	-	-	7,515,856
Academic Professional Salaries	2,796,697	-	-	-	-	-	-	-	2,796,697
Staff Salaries	1,192,491	-	-	-	-	-	-	-	1,192,491
Administrator Salaries+	-	-	-	-	-	-	-	-	-
Assistant Salaries	966,000	-	275,000	-	-	-	-	-	1,241,000
Other Personnel	892,218	-	-	-	-	-	-	-	892,218
Supervision	73,885	-	-	-	-	-	-	-	73,885
Materials and Supplies***	387,300	-	-	-	-	-	-	-	387,300
AO Program Costs	-	1,665,000	-	-	-	-	-	-	1,665,000
Sponsored Projects/Committed	-	-	-	1,693,815	12,815,000	-	676,445	15,185,260	
Revolving Acct Expenses	-	-	-	-	-	-	-	-	-
Summer salary+	71,525	-	-	-	-	-	-	-	71,525
Vac/Sick Leave Payouts+	180,000	-	-	-	-	-	-	-	180,000
Scholarship/Gift Fund Commitments	-	-	-	-	-	1,585,953	-	1,585,953	
Total Expenses	14,075,972	1,665,000	275,000	1,693,815	12,815,000	1,585,953	676,445	32,787,185	
Income less Expense	(254,045)	(339,311)	98,912	3,284,595	-	1,121,826	719,032	4,631,009	

Notes

Perm. salaries as percentage of perm. state budget less reduction 84.91%

Useful Sources of Financial Information

- Canned statements
- Banner forms
- Banner self-service budget queries function
- Queries against EDW (typically Business Objects)
- DMI

Canned Statements

- Accessible via:
 - Eddie (<https://eddie.ds.uillinois.edu/>); requires training and access
 - View Direct
(<https://docdirectpweb.admin.uillinois.edu/ddrint/servlet/ddrint>)
- Limitations: Standard format, non-adaptable

Banner Forms

- Quickly accessible
- Often can review further levels of detail
- Not adaptable
- Cannot specify period
- Budget not split by permanent and temporary components

Several Useful Banner Forms

Form	Form Title	Purpose
FGIBDST	Organization Budget Status	Adjusted Budget, YTD Activity, Commitments, Avail Balance
FGIBDSR	Executive Summary	Same as FGIBDST but fund roll-up
FGITBSR	Trial Balance Summary	Cash & Current Fund Balance including roll-up ability
FGITBAL	General Ledger Trial Balance	Cash & Fund Balance
FGIBSUM	Organization Budget Summary	Account type roll-up of activity
FGIDOCR	Document Retrieval Inquiry	View banner journal vouchers

Banner Self-Service Budget Queries

- Accessible through Finance menu within the Web For Employees section of Banner:
(<https://apps.uillinois.edu/EmpSelfService.html/>)
- Query results downloadable to Excel
- Several reporting alternatives available
- Drill-down capability through finance hierarchy levels
- Not as customizable as Business Objects
- Presentation regarding use available at:
(<http://adminconference.illinois.edu/presentations.html#7>)

Business Objects Queries of EDW

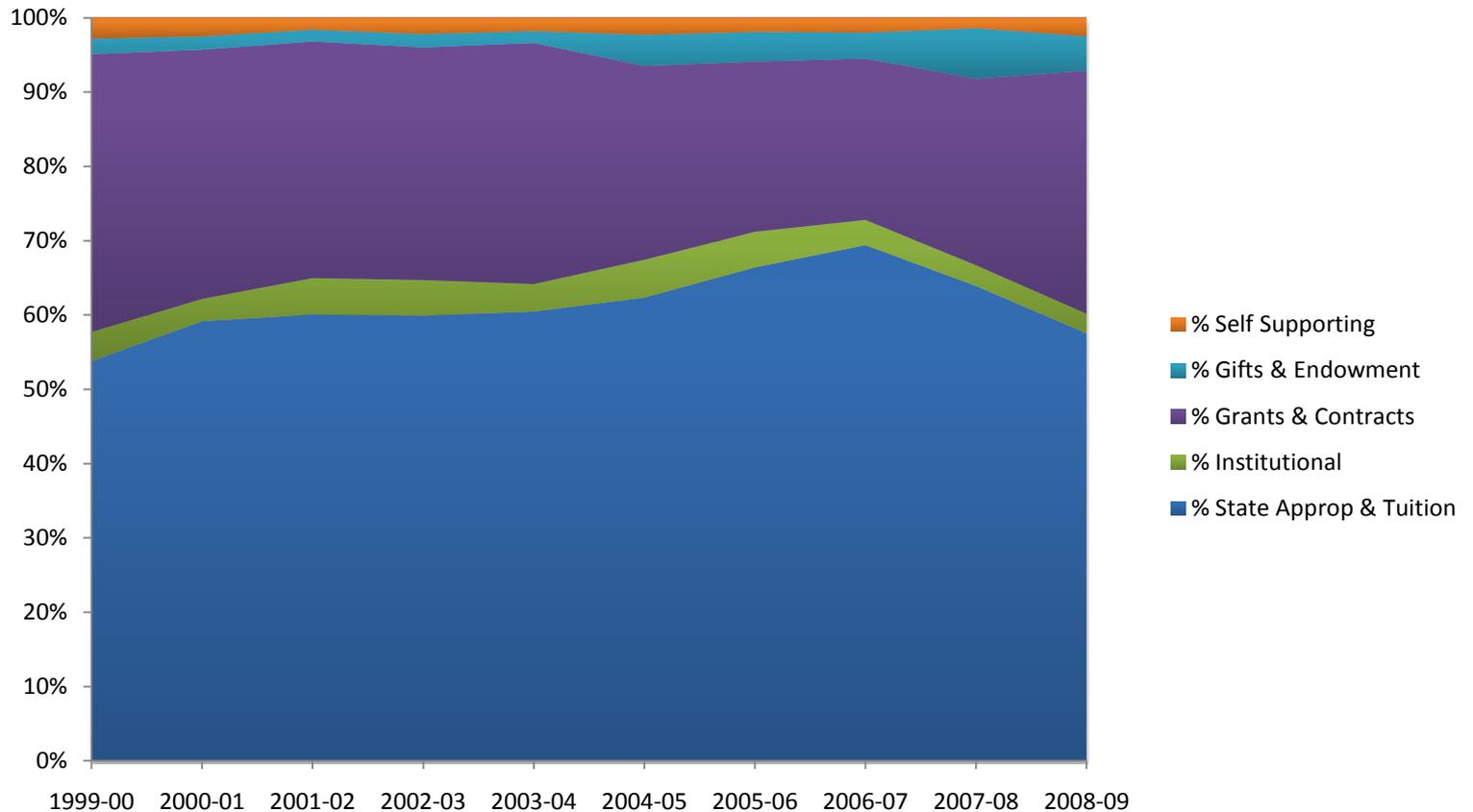
- Training and access via Decision Support (<http://www.ds.uillinois.edu/web/>)
- Highly customizable
- Easy to learn and use
- Strong support system
- Results downloadable to Excel
- Wide array of data available
- Several canned queries available at:
(<http://www.obfs.uillinois.edu/budgeting/urbana-champaign-campus/financial-query-resources/>)

Division of Management Information

- Very useful & informative site (<http://www.dmi.illinois.edu/>) includes:
- Campus Profile: “The UIUC Factbook” – 10 years of measures on various topics at campus, college, school, dept. level, highly customizable
- Current campus and UA org structures and staffing
- Various student enrollment reports
- Budget reform data; include tuition and waiver by college & dept.
- Tuition, waiver & Appt. information; customizable tuition data by term, student level and unit. Access restricted to authorized users.
- Many other topics

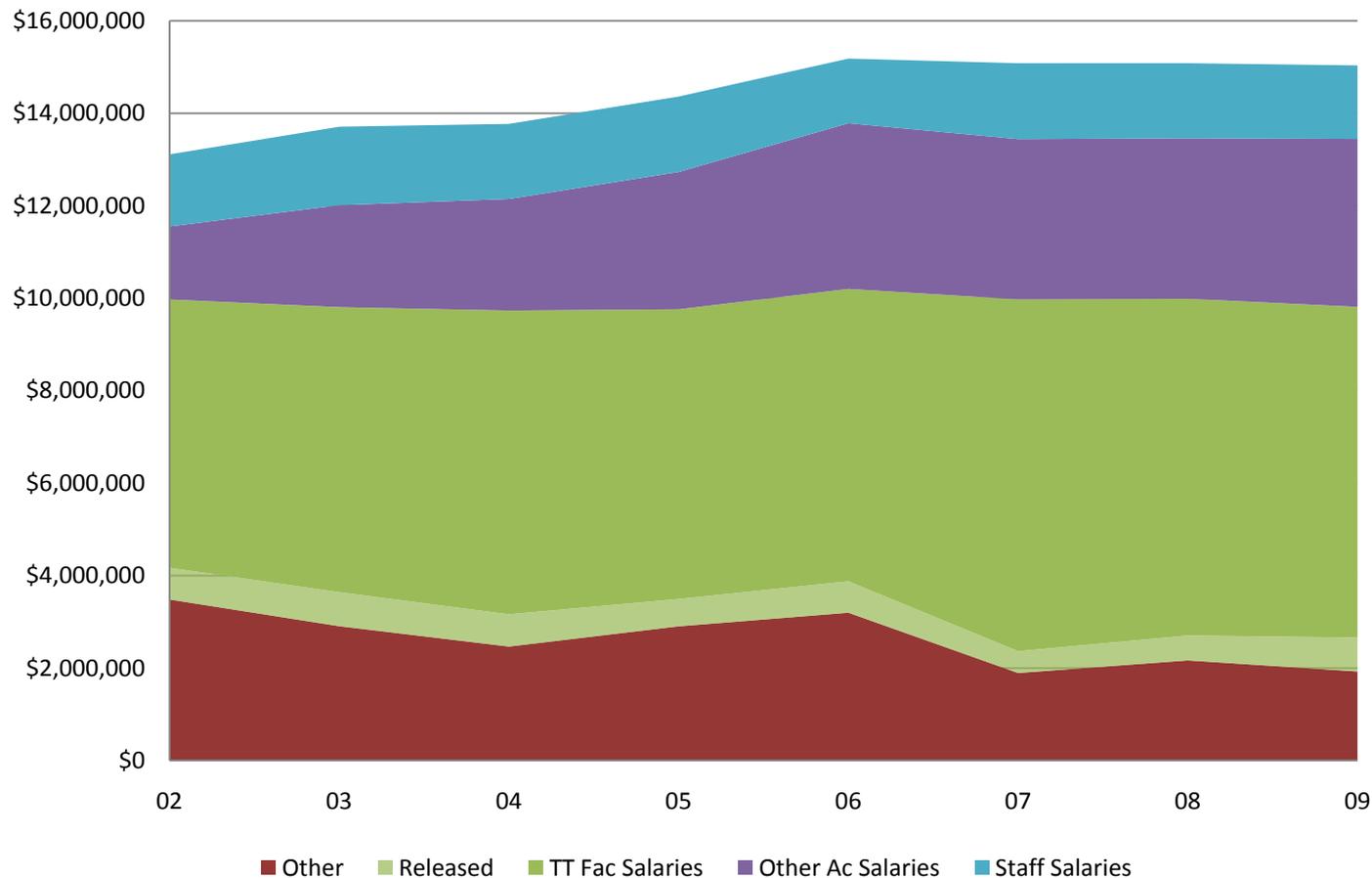
Financial/Managerial Reporting Examples

Expenditures by Fund Type



Financial/Managerial Reporting Examples

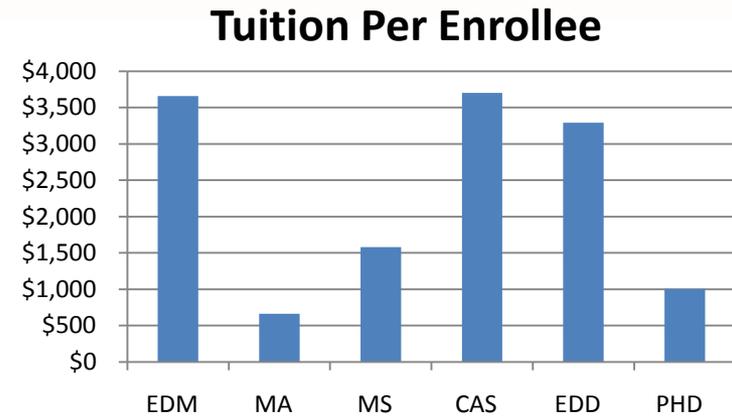
COE Allocation of State Budget



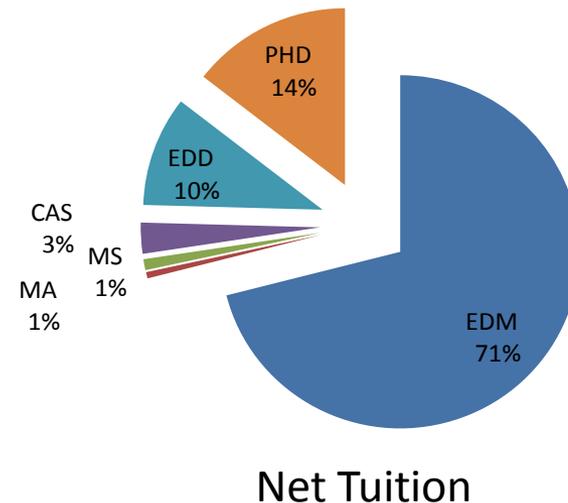
Financial/Managerial Reporting Examples

FY09 Graduate Tuition & Enrollment by Degree*

Degree	Number Enrolled
EDM	584
MA	26
MS	19
CAS	23
EDD	92
PHD	434
Total	1178



Degree	Assessed Tuition	Waived Tuition	Net Tuition
EDM	\$ 3,310,051	\$ 1,173,551	\$ 2,136,500
MA	\$ 249,670	\$ 232,413	\$ 17,257
MS	\$ 167,173	\$ 137,169	\$ 30,004
CAS	\$ 127,741	\$ 42,586	\$ 85,155
EDD	\$ 435,331	\$ 132,519	\$ 302,812
PHD	\$ 5,747,740	\$ 5,311,602	\$ 436,138
Total	\$10,037,706.00	\$7,029,840.00	\$3,007,866.00

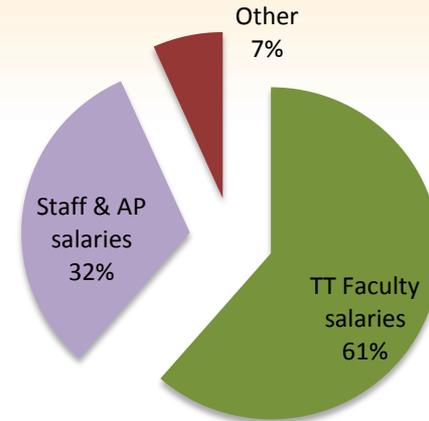


*Includes AO tuition

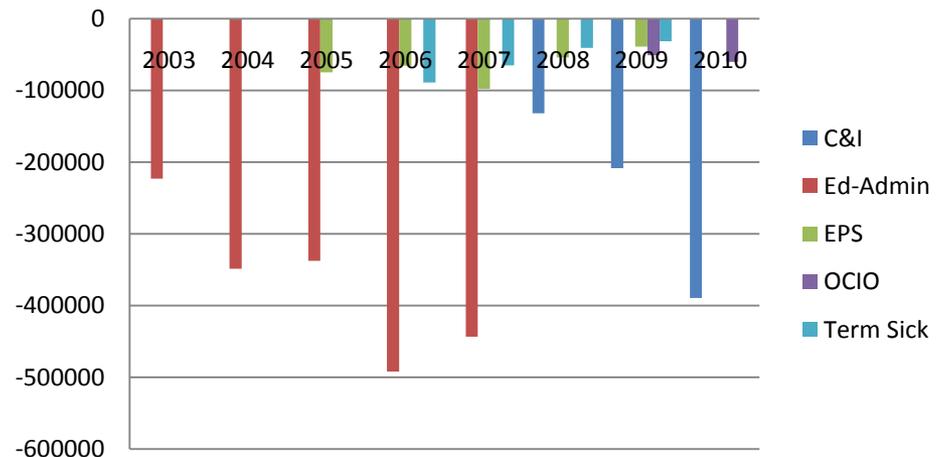
FY10 Selected Unit Expenditures

Unit	Budget Total	Expenditures
Advancement	216,038.00	224,272.43
BER	351,253.00	332,211.70
Budget Office	475,838.00	473,260.84
C&I	175,822.00	182,614.05
Center for Education in Small	0.00	334,441.84
Dean's Office	473,325.00	369,719.48
EPS		68,543.10
EPSY	144,658.00	121,251.68
Matching Fellowship	14,865.00	14,865.03
MSTE	182,189.00	205,725.44
OCIO	642,843.00	737,449.83
SAAO	527,943.00	473,374.97
Service Center	212,452.00	221,461.35
Sped	176,548.00	140,979.18
unspecified	8,656.00	80,839.08
Grand Total	3,602,430.00	3,981,009.98

FY11 Allocation of State Budget



Deficit History



	<u>FY11</u>	<u>FY11 Percentage</u>	<u>FY10</u>	<u>FY10 Percentage</u>
Base State Budget (excluding AO tuition rev)	13,400,527		14,373,392	
Portion Attributed to Reg Tuition	4,003,000	30%	4,225,480	29%
Portion Attributed to General Revenue Funds	9,397,527	70%	10,147,912	71%
Total Budget Perm Positions	13,224,459		14,077,775	
Total Budget Perm Positions as a Percentage	99%		98%	
FTE TenSYS Faculty DMI (1030)	73.33		82.35	
Tuition Generation by FTE	54,589		51,311	
Net Tuition UG				
UG Tuition Enrollment Portion	1,125,683	41%	1,125,180	39%
UG Tuition Instructional Units Portion	1,580,279	58%	1,621,540	56%
UG Tuition Summer Session	41,188	1%	148,816	5%
Total UG =	<u>2,747,151</u>		<u>2,895,536</u>	
Net Tuition Grad				
Grad Tuition	925,800		965,490	94%
Grad Tuition Summer Session	108,100		60,353	6%
Total Grad =	<u>1,033,900</u>		<u>1,025,843</u>	
Net Tuition Other				
Correspond/Extramural/Other Income =	<u>222,000</u>		<u>304,101</u>	
Total Net Tuition	<u>4,003,051</u>		<u>4,225,480</u>	
Net Change Income Funds			(416,754)	
Percent Change			-8.98%	
Tuition Attributed By Department G/UG/SMR				
Ed Admin**	118,133	3%	564,816	13%
Special Education	404,528	10%	489,734	12%
Curriculum and Instruction	2,154,560	54%	1,764,059	42%
Educational Psychology	386,953	10%	488,739	12%
Educational Policy Studies	392,852	10%	383,235	9%
Ed Organization and Leadership	247,704	6%	259,084	6%
Human Resource Education	298,323	7%	275,814	7%
Total Tuition Allocated =	<u>4,003,053</u>	100%	<u>4,225,480</u>	100%