

University Budget

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*With thanks to Linda A. Kosten, Ph.D. and Lisa
A. Frace from WACUBO for slide content*

Purpose

- WOU has adopted a decentralized budget management style
- Departments have control over all of their funds, within university guidelines
- We are providing this self-paced training on basic concepts and terms to help you with the transition
- You can complete this at your own pace; however, it is required prior to the in-person budget training.

Concepts

*Accounting,
budgeting, &
finance*

Purpose

*Way you think
about
budgets*

Concepts

- What is a budget?
- Why do we budget?
- How to distinguish budgeting from accounting
- How budgets fit into the world of finance
- Understanding budgetary fund sources
- Understanding fund uses
- Resource duration and designations

Finance is the umbrella under which accounting and budgeting fall



**ACCOUNTING
= THE PAST**

- Recording
- Analysis
- Reporting
- Audits

**BUDGETING
= THE FUTURE**

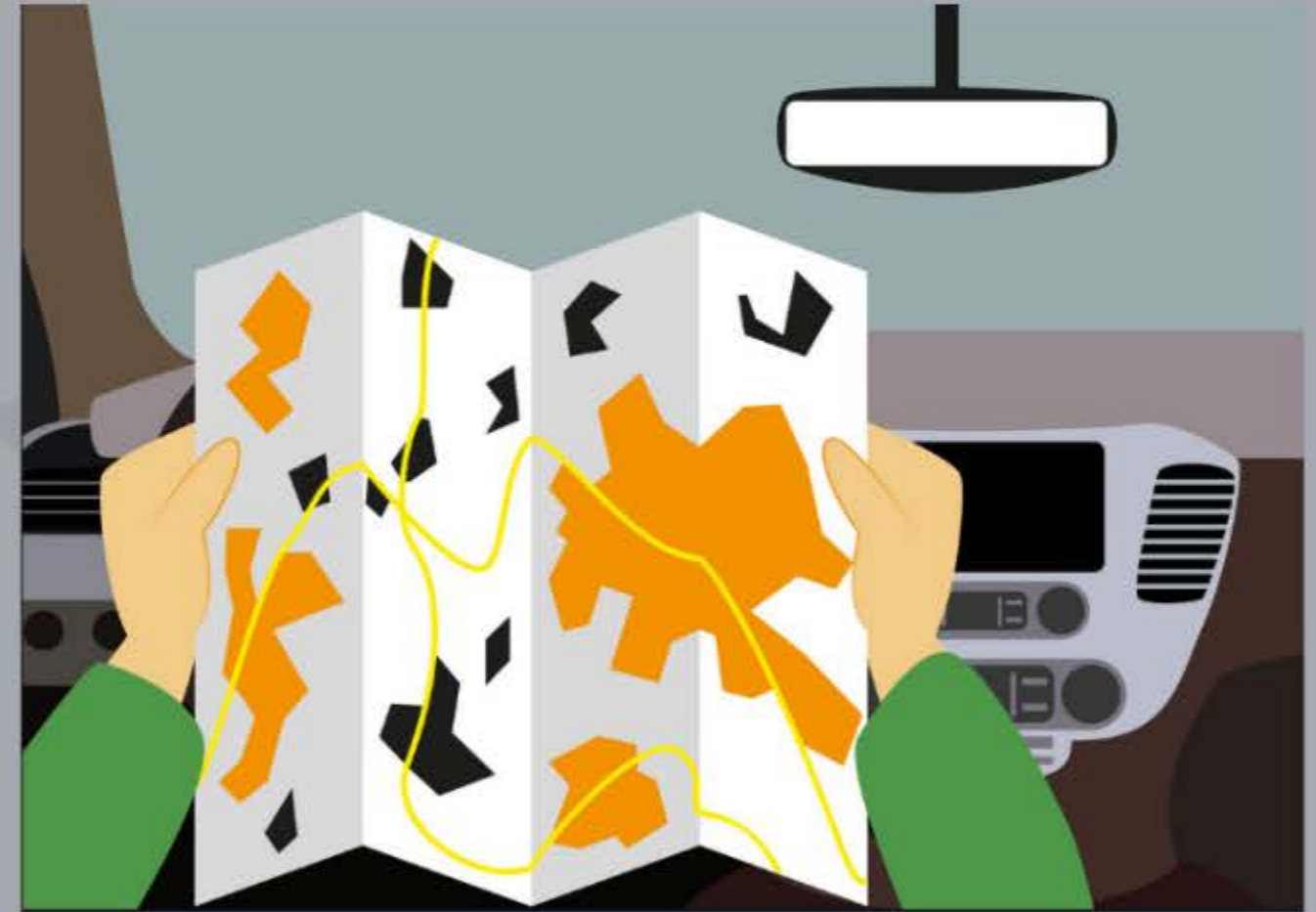
- Info Gathering
- Modeling
- Discussions
- Decisions

RESOURCE FLOW

A budget serves multiple purposes

- A forecast of revenues, spending, and saving
- A tool for the allocation of current and anticipated financial resources
- A reflection of organizational values and priorities
- A means to promote good management
- An instrument to monitor progress and funds usage
- A method of communication

Shifting the understanding of budgets



Higher education finance terminology

FINANCING



INVESTMENTS



OPERATIONS



*Includes personnel expenses

Most of us create budgets focused on our operating activities

... but budgets may also include balance sheet obligations like debt service payments and funding for capital investments for property, plant, and equipment

OPERATIONS

Revenues

—

Expenses

=

Fund
balance

In higher education, we need to know certain things about our money

REVENUES

- Source
- Restrictions

EXPENSES

- Natural classification
- Functional classification

BOTH REVENUES & EXPENSES

- Fungibility
- Duration

Sources

Restrictions

Natural
classifications

Functional
classifications

Fungibility

Duration

Our revenue comes from different sources

Revenues

Tuition

Students, families, third-party, employers

Appropriations

HECC SSCM funding model

Research support

Federal government, state & local grants

Private support

Donors, sponsorships

Auxiliary income

Housing, dining, parking, bookstore

Sales and services

Conferences, ticket sales, medical centers

Interest income

Endowments, cash balance annual earnings

HECC Students Success and Completion Model

Consists of three components:

- Mission Differentiation Funding Allocation - supports a public university's activities consistent with Regional Support, Mission Support, and Research Support
- Outcomes-Based Allocation - determined by the most recent three-year average total cost weighted degrees produced, student type, and priority area
- Activity-Based Allocation - determined by the most recent three-year average total, cost weighted, completed, resident student credit hours (SCH)

Mission Differentiation Allocation is completed first, with the remaining funds then being allocated 60% to Outcomes-Based and 40% to Activity-Based

***Some funds have more restrictions than others
and we must comply with those restrictions***

Revenues

Unrestricted
(largely)

Tuition

State
appropriations

Sales &
services

Restricted

Federal
research

Gifts^{*}

Course
fees

*Gifts may be unrestricted; it is dependent on donor instructions

We use "natural" classifications to group and manage our expenses

Expenses

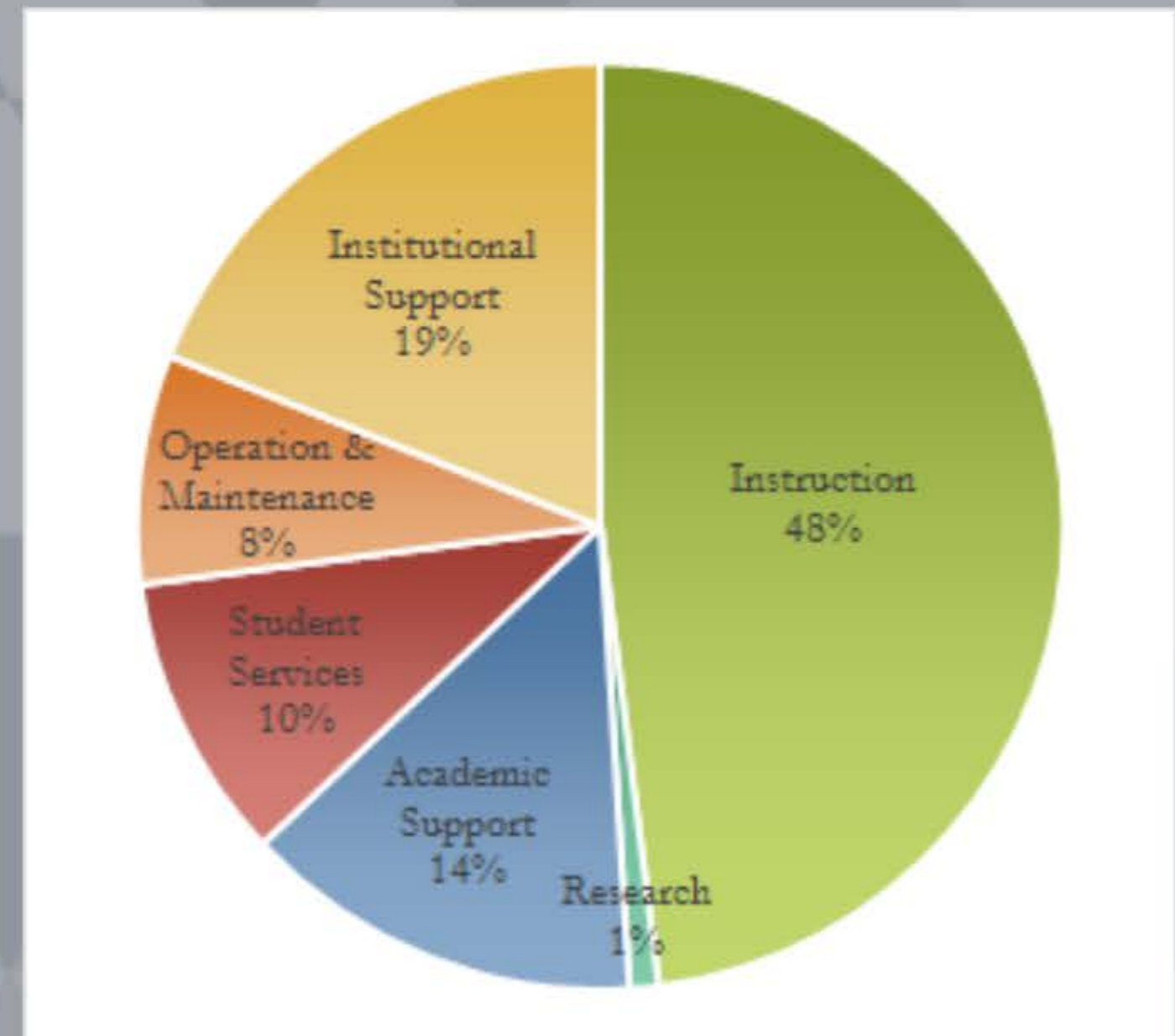
- Salaries and wages
- Employee benefits
- Scholarships
- Supplies and services
- Utilities
- Travel
- Professional development
- Marketing
- Depreciation

We also use "functional" classifications to show how our expenses support our mission

Expenses

- Instruction
- Research
- Public service
- Academic support
- Student services
- Institutional support
- Auxiliary enterprises
- Service centers
- Student financial assistance
- Operation and maintenance of plant

WOU's E&G FY19 Budget



Funds can be more or less fungible (flexible) depending on their source or our designations

Revenues & Expenses

Some activities are supported by "designated" funds, which are less fungible





- Faculty development
- Student aid
- Research
- Building renovation
- IFC

Other activities are supported by undesignated funds

- Instruction
- Office support
- Technology
- Auxiliary services (housing, dining, bookstore, parking)

It is also important to be aware of the timing and duration of your funding

Revenues & Expenses

	Revenues	Expenses	Fund balance or reserve
Recurring, on-going, or permanent			X
One-time or temporary			

Scenario Examples

- Vacant Position
 - Obligations: Vacation payout, recruitment expense, temporary replacement expense
 - Information: How much money are you working with?
- Course fees
 - Actual earnings
- Unexpected major expense
 - Elevating to higher budget authority

***Budget
Rollover***

Budget JVs

Budget Rollover

- Requests filter up to Deans, Vice Presidents, etc.
- Memo to the President
 - How much is the request?
 - How much is available from PY budget?
 - What's the purpose?
- Once FY is over, assess our position as a University as a whole, and the President will make the decisions
- Loaded into Banner budgets as an adjustment

Budget JVs

- Different than actual JVs
 - Purpose
 - Rule code
- Not necessary within indexes
- Training available to learn how to do these yourself
- Email request
 - Index, account, amount, reason

***Contact me if you have
any questions!***

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Resources are also available at www.wou.edu/budget