

Western Oregon University
Budget Management Processes

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I. Budget Process

WOU's operating budget includes three major fund types: Education & General (E&G), Auxiliary Enterprises, and Designated Operations and Service Centers (please note there are other fund types such as grants, capital, agency funds that are not included in the operating budget). The budget development process and management of that budget differs depending on the fund type. In general, each budget is composed of revenues, expenses, and transfers, although the nature of those components differs by fund as well. Taken together (revenues less expenses plus net transfers), results in either a balanced, deficit, or surplus budget, which impacts fund balance. For the last several years, WOU has been in a deficit budget environment due primarily to the decreasing enrollment levels.

I. a. General Budget Timeline

January	TFAC begins
February	Preliminary Budget is sent out and budget meetings begin
March	TFAC finalizes their recommendation for Resident Undergraduate tuition rate and mandatory fees
April	Finance & Administration Committee (subcommittee of Board of Trustees) reviews proposed tuition rates
	Proposed tuition rates presented to Board of Trustees for approval
May	Preliminary Budget is finalized (roster is frozen)
	Finalize enrollment assumptions to be used in budget
	Finance & Administration Committee reviews proposed Preliminary Budget
June	Preliminary Budget presented to Board of Trustees for approval
July	Preliminary Budget loaded to Banner
September	Adjustments made to budgeted revenues once enrollment is known. Adjustments to state appropriation for true-up. Any necessary changes to expenses incorporated.
October	Finance & Administration Committee reviews proposed Adjusted Budget
November	Adjusted Budget presented to Board of Trustees for approval
	Adjusted Budget loaded to Banner

I. b. Education & General Fund Budget Process

Revenues

WOU has two main revenue components: state appropriations and tuition revenues.

State Appropriations: Oregon Legislature allocates funding to the Public University Support Fund (PUSF) on a biennium basis (July – June over two years). The PUSF is then allocated among the Oregon public universities based on the Student Success and Completion Model (SSCM); 49% in year 1 and 51% in year 2. The level of funding for the PUSF can be uncertain when in between biennia.

The SSCM is comprised of three components: Mission Differentiation, Outcomes-Based, and Activity-Based. The Mission Differentiation funding allocation is completed first and supports a public university's activities consistent with regional, mission, and research support. The remaining funds are then allocated 60% to Outcomes-Based and 40% to Activity-Based. Outcomes-Based is determined by the most recent three-year average total cost weighted degrees produced, student type, and priority area. Activity-Based is determined by the most recent three-year average total, cost weighted, completed, resident student credit hours (SCH).

Tuition Revenues: Tuition revenues are comprised of tuition, fees (certain types of fees such as matriculation, course fees, application fees, etc.; other types of fees such as incidental and health service support auxiliary operations), and fee remissions (institutional discount given to students as part of financial aid). These are driven by two factors: tuition rates and enrollment levels.

Tuition & Fee Advisory Committee (TFAC) is comprised of student, faculty, and staff with the formal task of recommending to the President the resident undergraduate tuition rate. There is also a Graduate Committee that proposes graduate tuition rate changes to the Vice President of Finance & Administration/President for consideration. Proposed tuition (based on the various levels – undergraduate and graduate by residency) and fee rates are presented to the Board of Trustees for final approval.

Determining enrollment levels to incorporate into budget revenues is challenging, but that assumption is done in collaboration with the University Budget Advisory Committee (UBAC), Institutional Research, and Senior Leadership. This assumption is made based on aggregating Admissions numbers, Financial Aid packaging numbers, Housing reservations for first year students, and information from Institutional Research and Academic Advising surrounding retention efforts.

Other Revenues: Other revenues are composed of investment (interest earned on treasury balances as well as outstanding debt on student accounts), gift grants and contracts (indirect revenue from grant expenses), sales & services, and other miscellaneous revenues. Together, these other revenues comprise a small percentage of E&G revenues.

Expenses

Setting the expense side of the budget is a collaborative process with lots of meetings between Budget & Planning and other stakeholders across campus. The process begins with the Budget & Planning Office sending out a draft budget, typically following an incremental budget model. Meetings are set up with each area (it is up to each Senior Leadership member to determine how they would like to set these up/who all to include) to review the budget for accuracy and request any changes to funding. Senior Leadership members are given discretion to move budget around their department indices/categories of expense as they see fit. However, permanent positions should only be created with the approval of the President/Senior Leadership. Any requests for new funding are compiled to be reviewed by Senior Leadership at a later stage of the budget development.

Personnel: The personnel budget is re-based each year to reflect current faculty/staff rates of pay. Known upcoming contractual changes for WOUFT and SEIU are incorporated, current unclassified salaries are reflected (with any upcoming, known changes incorporated as well). Vacant positions are reduced to step 3 for both faculty and classified (see re-basing the roster for T/TT Retirements/Resignations section below); unclassified positions are re-based to the lower level CUPA range. Classified Pay, Faculty & Unclassified Supplemental Pay, and Student Pay budgets are left at the same levels as prior year. Other Payroll Expense (OPE) rates are updated to incorporate any known changes in rates. Actual Retirement expense (a component of OPE) varies on the individual and their retirement plan, but the budget is based on a composite retirement percentage. This results in some individuals' retirement expense being greater than the budget, while others are less; it is the expectation that overall, the retirement budget compared to actuals evens out and any shortages in one area will be covered by excesses in others.

Re-Basing the Roster for T/TT Retirements/Resignations:

In accordance with a memo from Provost Winningham approved by President Fuller:

1. If a tenure track faculty member retires or resigns during the middle of the academic and fiscal year, instructional needs will be covered with NTT

faculty. The difference between the T/TT salary and the NTT salary for the remainder of the fiscal year may be used by Academic Affairs (Provost will get first right of refusal, and then the College Dean) to deal with unexpected expenses (including other retirement related expenses) and opportunities to invest in other areas.

2. The fiscal year following a T/TT vacancy, there are two likely scenarios:
 - a. A T/TT search has not and is unlikely to be approved: The salary differential between the T/TT faculty member and any NTT FTE needed will be split between E&G and Academic Affairs to allow for strategic investments and/or offset a college level budget deficit (note Academic Affairs has the first right of refusal) in the current year. The NTT FTE will be budgeted for from that point onward, unless enrollment or programmatic needs change.
 - b. A T/TT search is approved: The salary differential between the T/TT faculty member and any NTT FTE needed will go to pay the search costs (estimated at \$10K), and the rest will go into the faculty start-up funds index. If the start-up fund is adequate, the Dean can make a request to the Provost for permission to use some of the extra funds in the current fiscal year. Assuming the hire of the T/TT faculty member is known, the budget for that line will be reset in the following fiscal year and any salary differential between the retired faculty member and the new T/TT faculty member will be absorbed into the overall University E&G budget.

Services & Supplies: Service & Supplies budgets are left at the same level as the prior year. Large contractual inflationary adjustments are considered and noted. Internal Sales (a contra to Service & Supplies) are based on best projections for the upcoming year. Capital Outlay budgets are treated the same as Service & Supplies.

The GEN indices also include a Services & Supplies budget for bad debt expense (what is expected to not be collected from revenues) and a small contingency for unexpected expenses.

One-time funds: One-time budget items are incorporated as needed based on the direction of the President/Senior Leadership. These include large obligations of a limited timeframe. One-time funds may also refer to large one-time influxes of money that are expected.

Transfers: Budgeted transfers out of E&G include the athletics subsidy that funds all athletic personnel and the applicable General Administrative Overhead (GAO) as well

as a Child Development Center subsidy of \$150K. Transfers out of E&G that exceed \$500K require Board of Trustee approval. Generally, any funds transferred out of E&G must have the office of Budget & Planning's approval.

Fund Balance

WOU's Board of Trustees has directed that the E&G fund balance as a percentage of revenues should be 5-15%, with a target of 10-12%.

I. c. Auxiliary, Designated Operations and Service Departments Budget Process

Setting auxiliary, designated operations and service departments budgets is a collaborative process involving meetings between Budget & Planning and the budget authorities from the respective area (note, Incidental Fee funded areas go through the Incidental Fee Committee budget process). The process begins with the Budget & Planning Office sending out a draft budget based on last year's budget and updated for a current staff roster. Meetings are set up with each area to review and update the budget. Revenue assumptions and calculations are reviewed by the Budget & Planning office for reasonableness, and expense budgets are updated based on the area's assessment of what will be spent next year. The expectation is that Auxiliary/DesOps/Service budgets will either be positive or break-even; if an area is expecting a budget deficit, a plan to cover that deficit will be discussed.

Listed below are our main auxiliaries and their general nature of funding:

Athletics: Athletics receives funding from many sources, including general fund (for athletics personnel and the applicable GAO), lottery (88% of lottery funds are routed to athletics, 12% are routed to support graduate scholarships), incidental fee, summer camps, ticket sales, and the NCAA.

Bookstore: The campus bookstore is funded through sales activity.

Campus Dining: Campus Dining is composed of both Residential (Valsetz) and Retail (Press, Allegro, Summit, catering). Residential revenues are generated through board overhead and meal plans, as well as conference events and guests who dine at Valsetz. Retail revenues are generated through service at the various locations.

Child Development Center: The Child Development Center generates revenue through tuition assessed for childcare, as well as various grant funds, funds from IFC to reduce WOU students' childcare tuition, and a subsidy from E&G.

Incidental Fee: Incidental Fee Committee (IFC) is a student committee that determines the incidental fee to be assessed as a mandatory fee to students, as well as how to allocate that funding. The incidental fee supports Abby's House/Food Pantry, Access, ASWOU, Athletics, Campus Recreation, Childcare, Creative Arts, Student Engagement, Student Activities Board, Student Media, and WOLF Ride.

Parking: Parking receives funding through selling parking permits as well as parking fines.

Student Health & Counseling Center: Student Health & Counseling Center generates revenues from the Health Service Fee, a mandatory enrollment fee, as well as fees for specific services provided.

University Housing: University Housing's primary source of revenue is through room collected from students living on campus. University Housing also generates revenue through conference services and hosting guests, primarily during the summertime.

II. Budget Management

Just as with the budget development process, budget management principles vary greatly between different types of funds. For each fund type, budget is allocated and loaded to Banner on an index level basis. The budget account code allocation levels are:

Revenues:

- 01000 – Enrollment Fees (Auxiliary/DesOps only)
- 01100 – Tuition (E&G only)
- 01200 – Study Resource Fees (E&G only)
- 01700 – Other Student Fees (E&G only)
- 01900 – Fee Remissions (contra-revenue) (E&G only)
- 02510 – State Resource Redistribution
- 03000 – Gift Grants & Contracts
- 05100 – Investment/Interest & Royalties
- 06000 – Sales & Services
- 08000 – Other Revenues
- 09000 – Service Dept Sales Reimbursement (Auxiliary/Service only)

Expenses:

- 10102 “TENT” – T/TT Faculty Salaries (E&G only)
- 10102 – NTT Faculty Salaries (E&G only)
- 10103 – Unclassified Salaries
- 10200 – Faculty & Unclassified Supplemental Pay
- 10203 – Academic Pay Summer (E&G only)
- 10301 – Classified Salaries
- 10400 – Classified Pay
- 10500 – Student Pay
- 10964 – Unclassified Health/Life OPE
- 10967 – Unclassified Retirement OPE
- 10968 – Unclassified Other OPE
- 10974 – Classified Health/Life OPE
- 10977 – Classified Retirement OPE
- 10978 – Classified Other OPE
- 10988 – Student OPE

- 20000 – Services & Supplies
- 28204 – General Administrative Overhead (Auxiliary only)
- 28811 – Bond Debt (Auxiliary only)

- 40000 – Capital Outlay
- 50000 – Student Aid
- 60000 – Merchandise for Resale (Auxiliary only)
- 70003 – Indirect Costs (DesOps only)
- 79000 – Internal Sales Reimbursement (contra-expense) (E&G only)
- 80500 – Depreciation (Auxiliary/Service only)
- 91000 – Transfers In
- 92000 – Transfers Out

II. a. Education & General Fund Budget Management

For the Education & General Fund, the budget dictates what can be spent for expenses (unless noted as an exception, rollover index below). While revenues may be routed to specific indices, those revenues do not have an impact on what is allowed to be spent (unless noted as an exception, rollover index below). Although budget is allocated to the account code levels noted above, the Budget & Planning Office does not look at the status of each line item when determining budget status, but rather the bottom line (total sum). The Budget & Planning Office sends out a monthly Budget Status Report (after the close of the month, approximately 10 days into the next month) that summarizes the budget, actuals, encumbrances, and available balances (as well as prior year actuals for the same time period) for each index based on a high-level account code summary (account type level 2) to assist with Budget Management. The Budget & Planning Office also provides Banner training to anyone interested in utilizing Banner to monitor the status of their budget/spending.

II. a. i. Budget Oversight Hierarchy

Each President's Senior Leadership Member is responsible for all indices within their purview. At the end of the year, the Budget & Planning office will prepare a final budget status report that shows budget and spending for each index, aggregated for the following areas:

- President's Office
- General Counsel
- Diversity Equity & Inclusion
- Academic Affairs
 - College of Liberal Arts & Sciences (under Academic Affairs)
 - College of Education (under Academic Affairs)
 - Library (under Academic Affairs)
 - Graduate Studies/Sponsored Research (under Academic Affairs)

Finance & Administration
Student Affairs
Development in Advancement
Marketing & Communications
Athletics
General Institution

Budget overdrafts will not be tolerated. If any of the above areas is over budget in whole, individual indices will be reviewed for overages. As such, each budget authority for an index should be in active communication with their respective Senior Leadership Member Representative of their expected budget status at year end. If a budget area believes they are trending toward an overdraft situation, they should immediately notify their respective Senior Leadership member and the office of Budget & Planning to create a plan.

II. a. ii. Salary Savings

Each position is budgeted for a full-year in the roster, when standard turnover or other reductions in employment take place, budgetary salary savings result. These salary savings can be utilized for other one-time purposes as determined by the appropriate budget authority. The unit is expected to cover any vacation payouts for departing employees, search expenditures for new employees, and moving or other applicable costs to get the new employees on-boarded.

When the overall university is in a budget deficit, the decision may be made to sweep salary savings centrally to help decrease the deficit. This decision will be announced, and the Budget & Planning Office will send a sheet monthly showing the calculation of the resulting savings and how much has been swept. If needed, the respective areas can send a memo to the Budget & Planning Office (CC'ing their Senior Leadership member) requesting salary savings be returned to cover one-time expenses such as search costs, temporary support, etc..

II. a. iii. Rollover Indices

Within E&G, there are several indices that have been created that do not follow the E&G budget management principle that the expense budget determines what can be spent, but rather actual revenues combined with rollover from prior years determine spending levels. These include course fees, indirect cost recovery, and other miscellaneous rollover indices (such as COE Credit Overlay). These indices have unique fund numbers (to track cash balances), automatically rollover their funds (with no

need to complete rollover requests), and do not have budgets loaded in Banner (as budgets do not determine what can be spent). The monthly budget status reports that are sent by the Office of Budget & Planning summarize these rollover indices separately to reflect what is available to be spent. New rollover indices must be approved by the President/Vice President of Finance & Administration.

II. a. iv. Rollover Requests

At the end of the year, budgets will either be underspent (resulting in a budget surplus) or overspent (resulting in an overdraft). If an index and their respective Senior Leadership member aggregated budget is underspent, areas may choose to request rollover. Typically, rollover requests are in the form of a memo that details the amount and purpose for the funds, which then gets routed through the respective Senior Leadership member for their endorsement. The Senior Leadership member will then compile all of their areas' rollover requests to submit to the President for consideration. These requests are taken in consideration with the overall state of the University's budget and financial status. In years where there is an overall budget deficit, it may be determined that rollover requests will not be considered.

II. b. Auxiliaries, Designated Operations and Service Departments Budget Management

Unlike E&G funds, budget does not dictate what can be spent for Auxiliaries/DesOps/Service funds. Rather, actual revenues and available cash determines what can be spent. As such, budget authorities for these areas need to actively assess their current revenues and projections for the remainder of the fiscal year, along with their levels of expenditures. If revenues are projecting lower than what was budgeted, the budget authority needs to plan how to reduce expenses or cover the resulting deficit from the revenue shortfall. These shortfalls may also be communicated to the respective Senior Leadership member and office of Budget & Planning to work towards a plan.

Auxiliaries are intended to be self-supporting business-like operations. However, they rely on the University for many functions (HR, Business office, Mail Room, etc.). As such, General Administrative Overhead (GAO) is charged to contribute to the cost of these functions. GAO rates are subject to change, but are currently assessed at a rate of 8% for most auxiliaries, with incidental fee funded auxiliaries paying 7.4%. These percentages are applied to expenses paid by auxiliaries, with certain accounts being exempt (interest expense, student aid, depreciation – for official exemptions consult the Accounting & Business Services office).

Similar to GAO, DesOps are charged an indirect cost of 10% to contribute to the cost of central University functions.

III. Other Budget-Related Items

III. a. Budget Management Tools

The Budget & Planning website (wou.edu/budget) has many resource tools available, including instructions on how to navigate Banner to review budget status (Budget & Planning staff will also meet with you to go over Banner training). Monthly Budget Status Reports are emailed out to interested campus members, as well as automated COGNOS reports. Management Reports are also provided at each Finance & Administration Subcommittee meeting that report on current activity by fund as well as projections for the fiscal year. If any budget-related questions arise, the Office of Budget & Planning is happy to assist.

III. b. Budget Journal Vouchers (JVs)

Requests for Budget JVs can be sent to the Budget & Planning Office staff. Budget JVs can be done to move funding from one index/account code to another. It is important to understand when a Budget JV versus when an Actual JV is appropriate. Budget JVs move the funding; actual JVs move the actual expense. Some examples of this:

- The Dean has agreed to contribute \$2,000 of funding for a faculty member to go to a conference. A budget JV should be done to move the \$2,000 of funds.
- Conference travel was incorrectly booked to the Dean's index when the expense actually belongs to a department. An actual JV should be done to move where the expense sits. For specific instructions related to how to do a budget JV, please see the Budget & Planning website (wou.edu/budget).

Budget JVs cannot transfer budget between fund types. If an E&G funded area wishes to support an activity outside of E&G, this would need to be done through an actual JV and would need to be approved by the Budget & Planning Office.

III. c. Index Requests

Requests for new/changes to Education & General, Auxiliary, Designated Operations, and Service fund indices should be sent to the Office of Budget & Planning or discussed during budget meetings.

IV. Glossary

Auxiliary Enterprises – An auxiliary enterprise exists to furnish goods or services to students, faculty, or staff as individuals and charges a fee directly related to the cost of the goods or services. Auxiliaries may also furnish services incidentally to the general public. WOU auxiliary enterprises include student incidental fee funded activities, Student Health and Counseling, Athletics, Bookstore, Child Development Center, and Housing and Dining.

Designated Operations (DesOps) – Includes tuition for non-credit continuing education and other revenue from self-support instruction. Other sources include unrestricted gifts and royalties and activities that support instruction and public service and are covered by user fees such as student transportation and housing for field trips, special equipment, or facility users' fees.

Education & General (E&G) Fund – The portion of budget that is devoted to instructional and support services for students and faculty, including managerial and administrative functions needed to provide the services.

Fund Balance – The difference between the assets and liabilities of a fund. Given this definition, fund balance can be described as the available resources of the fund, which can be significantly different than cash balances due to accrual accounting.

General Administrative Overhead (GAO) – Auxiliaries are intended to be self-supporting business-like operations. However, they rely on the University for many functions (HR, Business office, Mail Room, etc.). As such, General Administrative Overhead (GAO) is charged as a percentage of expenses to contribute to the cost of these functions

Lottery Funds – HECC receives lottery support to fund athletics, scholarships, and capital debt service payments. Athletics and scholarship funding is distributed 88% and 12% respectively. Distributions for athletics are required to be allocated 70% for non-revenue producing sports and at least 50% for women's athletics. Lottery funding is used to fund principal and interest debt service payments on lottery bonds from capital projects.

Service Departments – The primary function of a Service Center is to provide services for units or others within the institution, including grants/contracts. Services can be provided to external customers as long as they are less than 20% of total revenue. External customers may include non-WOU entities that are physically located on campus, other State of Oregon agencies, and other tax-supported Oregon entities, such

as counties or cities. A Service Center is self-supporting, responsible for its own equipment depreciation, maintains a reserve for equipment replacement, and may be assessed for building usage, utilities, operations/maintenance

Tuition & Fee Advisory Committee (TFAC) – The Tuition and Fee Advisory Committee advises the University President on the President’s recommendations to the Board of Trustees regarding resident tuition and mandatory enrollment fees for the upcoming academic year. As required by HB4141, the Committee consists of two members from the student government (ASWOU), two students from historically underserved populations, two faculty members, and two administrators; in addition, several at-large students serve on the Committee as well. All meetings are public.

University Budget Advisory Committee (UBAC) – The University Budget Advisory Committee (UBAC) is an advisory group consisting of representation from faculty, classified staff, unclassified exempt staff, students, and administrators. This body is advisory to the President and all members shall be appointed by the President based on recommendations from appropriate constituencies. The UBAC will make recommendations to the President prior to finalizing budget recommendations from the President to the Board of Trustees. Final funding recommendations are expected to have clear linkages to the University’s *Strategic Plan*.