

A decorative graphic consisting of a vertical black line and a horizontal black line intersecting. To the left of the intersection are three overlapping squares: a blue one on top, a red one on the left, and a yellow one on the bottom right.

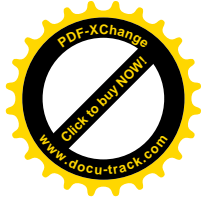
The Chair, the Dean and Budget

New Leaders Orientation



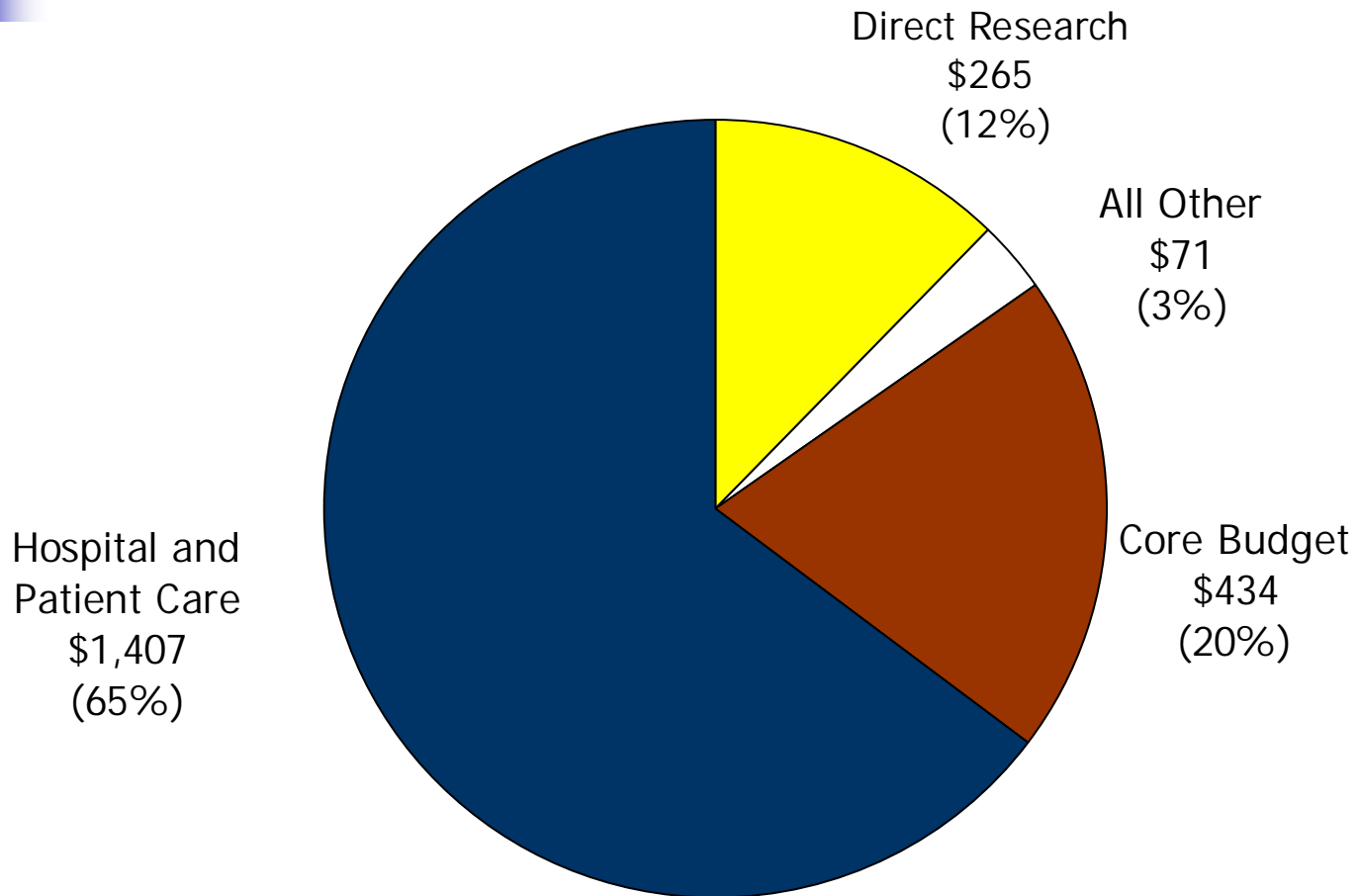
Overview

- Total University – the Big Picture
- The Core Budget
- Decentralized Budgeting
- Budget Responsibility



Total University The Big Picture

(\$ in Millions)



***\$2.2 Billion Operating Expenditures FY07
Actual***



The Core Budget

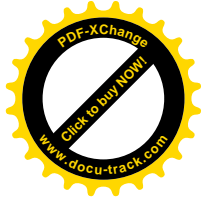
- Aggregates the six academic divisions that draw upon endowment resources to support operations.

- Does not include:
 - Patient Care
 - Grant revenues and expenditures
 - Cost centers or auxiliaries



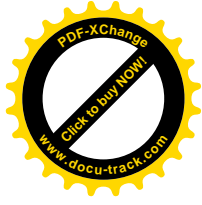
The Core Budget

- The key financial concepts for the Core Budget are:
 - Balanced budgets that support the academic mission
 - Preservation of physical assets
 - Intergenerational preservation of endowment



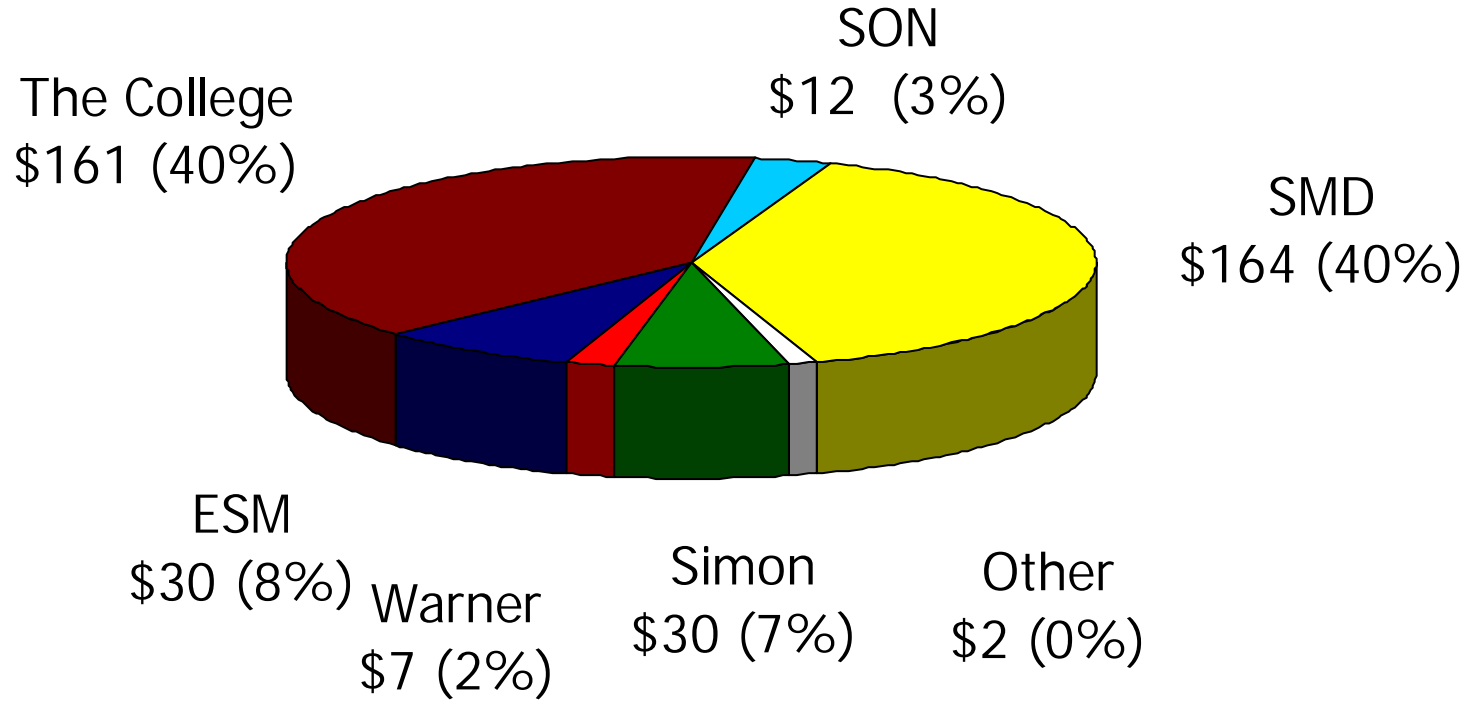
Decentralized Budgeting

- Greater local (school) authority and accountability
- Divisions budget own revenues and expenditures and are allocated central services (budgets)
- Central does not keep any funds

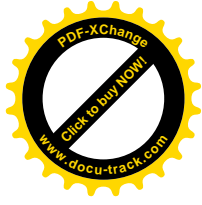


Fiscal Year 2008 Actual Core Budget

(\$ in Millions)



\$406 Million Operating Expenditures



Core Budget

- Revenues and expenditures
- Restricted and unrestricted accounts
- Expenditures in core: ledgers: 2 (unrestricted), 4 and 6 (restricted)
- Departmental operating budgets

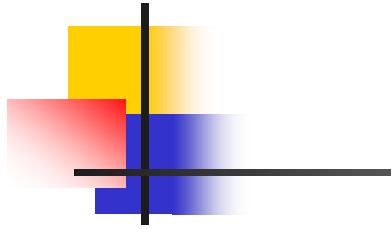


School Revenues

- Tuition-net of scholarships
- Indirect Cost Recovery
- Gifts
- Endowment Use
- *Other*



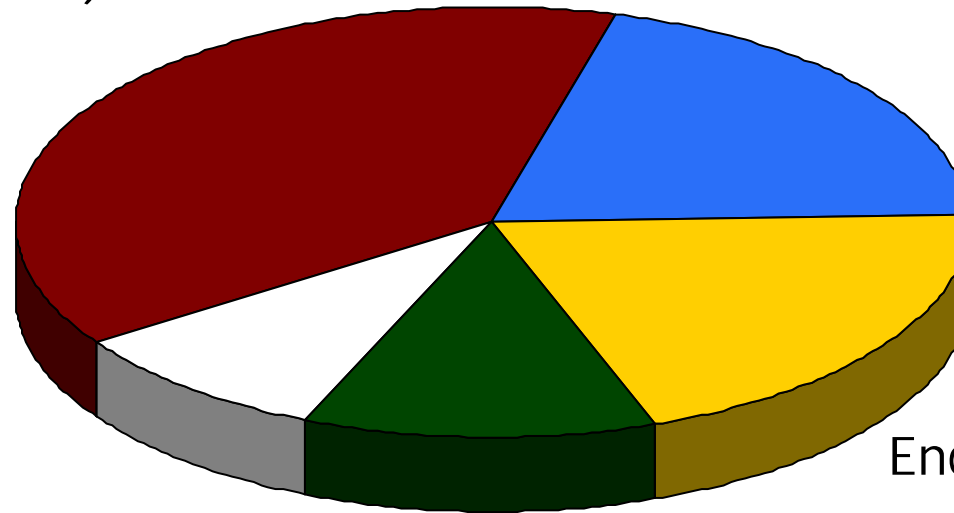
2008 Actual Core Budget



(\$ in Millions)

Net Tuition
\$157 (39%)

Indirect Cost Recovery
\$82 (20%)

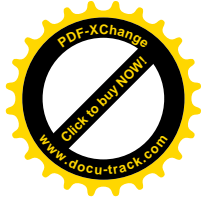


Transfers
\$37 (9%)

Endowment Use
\$82 (20%)

Gifts & Other Revenues
\$48 (12%)

Actual Core Budget Revenues \$406



School Expenses

- Instruction :
 - faculty & staff salaries & benefits
 - graduate stipends
 - other operating
- Plus...



School Expenses

Direct and Allocated

- Library
- Facilities -maintenance, utilities, debt service
- Public Relations and Development
- Student Services
- Divisional and Central Administration



2008 Actual Core Budget

(\$ in Millions)



Instruction
\$200 (49%)

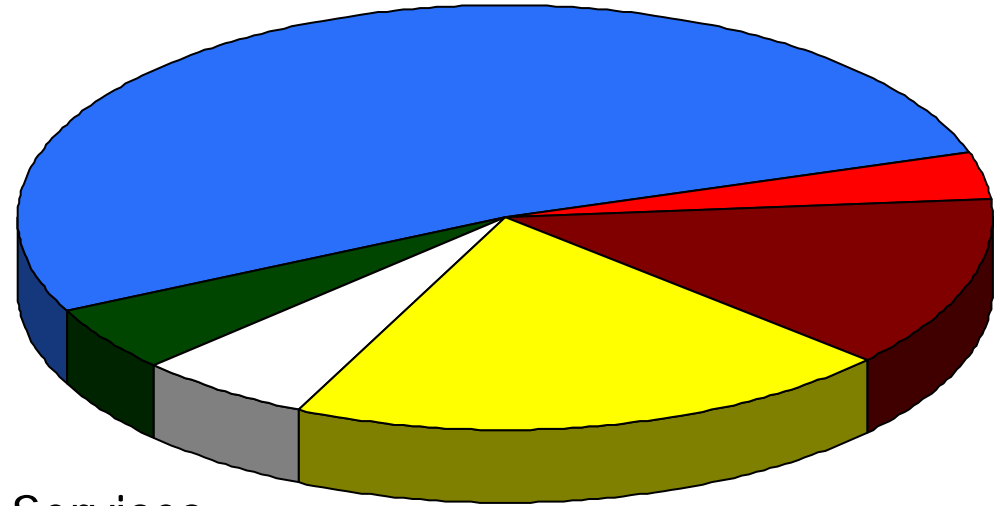
Advancement/PR
\$25 (6%)

Libraries
\$18 (4%)

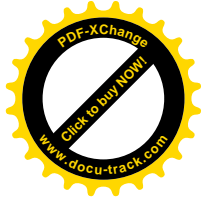
GA & I
\$52 (13%)

Student Services
\$23 (6%)

Operations & Maintenance
\$88 (22%)

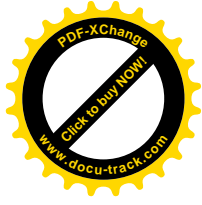


Actual Core Budget Expenditures - \$406



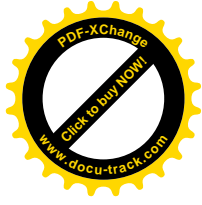
Allocated Costs

- University-wide allocations are made for:
 - University Administration
 - Central Services
 - Public Relations and Development
 - Central Operations and Maintenance



Allocated Costs

- Allocations are based on units of service, appropriate surrogate measures or estimates of effort
- Allocations and bases are documented and periodically reviewed with deans
- River Campus and Health Affairs allocations



Capital Budgeting

- Centrally consolidated for Sr. Administration and Board approval
- Divisions maintain local process for prioritizing projects from departmental requests
- Funding plans are critical.

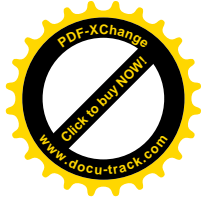


Capital Budgeting

- External debt is limited and centrally determined based on:
 - debt capacity and credit ratings
 - prioritization of all project requests across the University
 - division's ability to fund debt service

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Budget Responsibility



Who Has Fiscal Responsibility?

- Board of Trustees
- Senior Administration
- Deans, Chairs and Program Directors
- Administrators



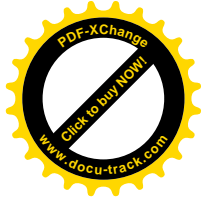
Board of Trustees

- Approve tuition rates
- Approve endowment spending rates
- Approve overall operating and capital budgets
- Also monitor compensation program, approve benefits plan, etc.



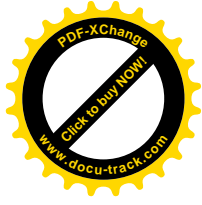
President/Provost/Sr. VP and CFO

- Set divisional endowment spending targets
- Set compensation policies
- Approve tuition and aid policies
- Determine overall institutional direction
- Assist deans with strategic planning



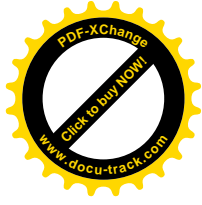
President/Provost/Sr. VP and CFO

- Approve faculty recruiting plans (Provost)
- Set Vice Presidents' administrative budget targets (President)



Responsibilities of Deans, Chairs and Program Directors

- Vision and Mission
- Strategic planning and direction
- Goal setting and tactical planning (ST/LT)
- Fund raising
- Operations and administration
- Allocate limited resources



Responsibilities of Deans, Chairs and Program Directors

- Develop and approve operating, capital and startup budgets
- Monitor and control budget performance
- Manage offices, labs, classrooms
- Recruit and retain faculty, staff, students
- Comply with legal requirements, agency regulations, University policies



Key Departmental Internal Controls

- Separation of duties (authorization versus transactional)
- One over one signature policy for travel and entertainment, expense reimbursement, etc.
- Financial controls – monthly review of ledgers
- Training and advice available within the University



Resources

- Department Administrator
- Your divisional deans and/or business officers
- Various training programs (CLASP, Supervisor, Accounting, etc.)
- Central financial resources



Questions??
