

# Academic Affairs Fiscal Contacts Meeting

October 18, 2011

Kathy Farrelly, Academic Affairs

# Announcements

- »» 11 / 12 Salary Increases
- Employee Benefits Rates
- UCRP Supplemental Benefit
- J-1 Visa Recharge Fee
- Indirect Cost Rate Change
- Project Detail Query

# 11/12 Salary Increases

- ▶ Salary increases for academic appointments are effective 10/1/11
  - Increases are now reflected in PPS
- ▶ Salary increases for non-represented staff are effective retroactive to 7/1/11
  - Increases will be reflected in PPS on 10/22/11
  - Employees will receive increased salary in their November paychecks
  - Dates for payment of retroactive pay are still to be determined
  - As in the past, retroactive pay will be charged to the fund source where the employee is currently paid

# Funding for 11 / 12 Salary Increases

- ▶ Permanent funding will be allocated for salary increases for employees who are permanently budgeted on general funds.
- ▶ The timing of the allocations is still being determined.
- ▶ After the allocations have been made, please review your staffing lists to verify that you have been allocated the correct funding.

# Funding for 11 / 12 Salary Increases

- ▶ If an employee's salary is manually updated in PPS, a manual transfer of funds will need to be processed to obtain funding.
- ▶ Please contact one of the following staff with questions or to request a transfer:
  - Staff Salaries: Denise Christensen ([dechristensen@ucsd.edu](mailto:dechristensen@ucsd.edu))
  - Academic Salaries: Nancy Santucci ([nsantucci@ucsd.edu](mailto:nsantucci@ucsd.edu))

# Employee Benefits Rates – Permanent Budget

- ▶ If you plan to disestablish any staff FTE in 11 / 12, the default employee benefits rate that will be returned is 20.7%.

Instructions for disestablishing FTE:

<http://www-cbo.ucsd.edu/BenefitRefunds/BenefitRefundInstruction.aspx>

- ▶ If you plan to establish new staff FTE in 11 / 12, the benefits rate is 39.4% of salary.

# UCRP Supplemental Benefit

From the Campus Budget Office:

- ▶ The UCRP supplemental assessment (.7% of payroll) began charging against the operating ledger in August. This assessment is for the repayment of the borrowed \$2B that was deposited into the UC Retirement System Fund. It is reflected in the composite benefits planning rate as part of the 7.7% total employer contribution rate for UCRP in FY 11/12.
- ▶ Some confusion may be generated at the department level due to the title of the account code being used to capture this charge, which currently reads “415(M)RESTORATION PLAN-REGENTS CTRB.” The account code is 668630 and is correctly being used systemwide as directed by UCOP. The assessment is not related to the 415(m) program for which the VC units pay separately.
- ▶ General Accounting will be changing the title of this account to reflect “UCRP Supplemental Assessment.” This change should be effective no later than the October ledger. (NOTE: This change has already been completed.)

# J-1 Visa Recharge Fee

- ▶ The International Scholar Office (ISO) will begin recharging fees for its J-1 services for initial and extension applications, no earlier than November 1, 2011.
- ▶ There is no fee associated with amendments to a J-1 program.
- ▶ The proposed fee is \$350, and must be charged to a department index number.
- ▶ Once the recharge rate is approved, any J-1 request form packet received by the ISO will need to have the updated Visa Services Recharge Form included with the appropriate budgetary information.
- ▶ If you have any questions or concerns about this policy, please contact the Director of the International Scholar Office, Roark Miller, at [rtmiller@ucsd.edu](mailto:rtmiller@ucsd.edu) or x43731.



# Indirect Cost Rate Change

- ▶ The approved indirect cost rate for sponsored research changes from 54.5% to 55% effective July 1, 2012
- ▶ In July 2012, OPAFS will update the indirect cost rates for those funds that are subject to the rate increase, so that no manual adjustments should be needed

# Project Detail Query

- ▶ New Project Detail Query available (July 2011) that allows you to look at all of the components that make up a project number
- ▶ Located in the Chart of Accounts section on the Financial Link Queries page

# Budget Overviews Presented to ABA on Oct 4, 2011

»» Sylvia Lepe, Campus Budget Office  
Debbie McGraw, Academic Affairs



# UC San Diego

## Campus Budget Office



## Budget Update

### Academic and Business Administrators

October 4, 2011

# State Budget

- California's budget problem persists
- State and UC have dealt with large budget shortfall since 2007
- UC must reaffirm State support
  - Funding for Higher Education is an investment in California; UC is part of the solution to economic crisis



# 2011/12 State Budget

- State Budget Act addresses budget gap of over \$26 billion
- Makes some progress on state's structural budget deficit
- Assumes \$4 billion in revenues, and includes 'reduction triggers' if revenues are not achieved



# 2011/12 State Budget University of California

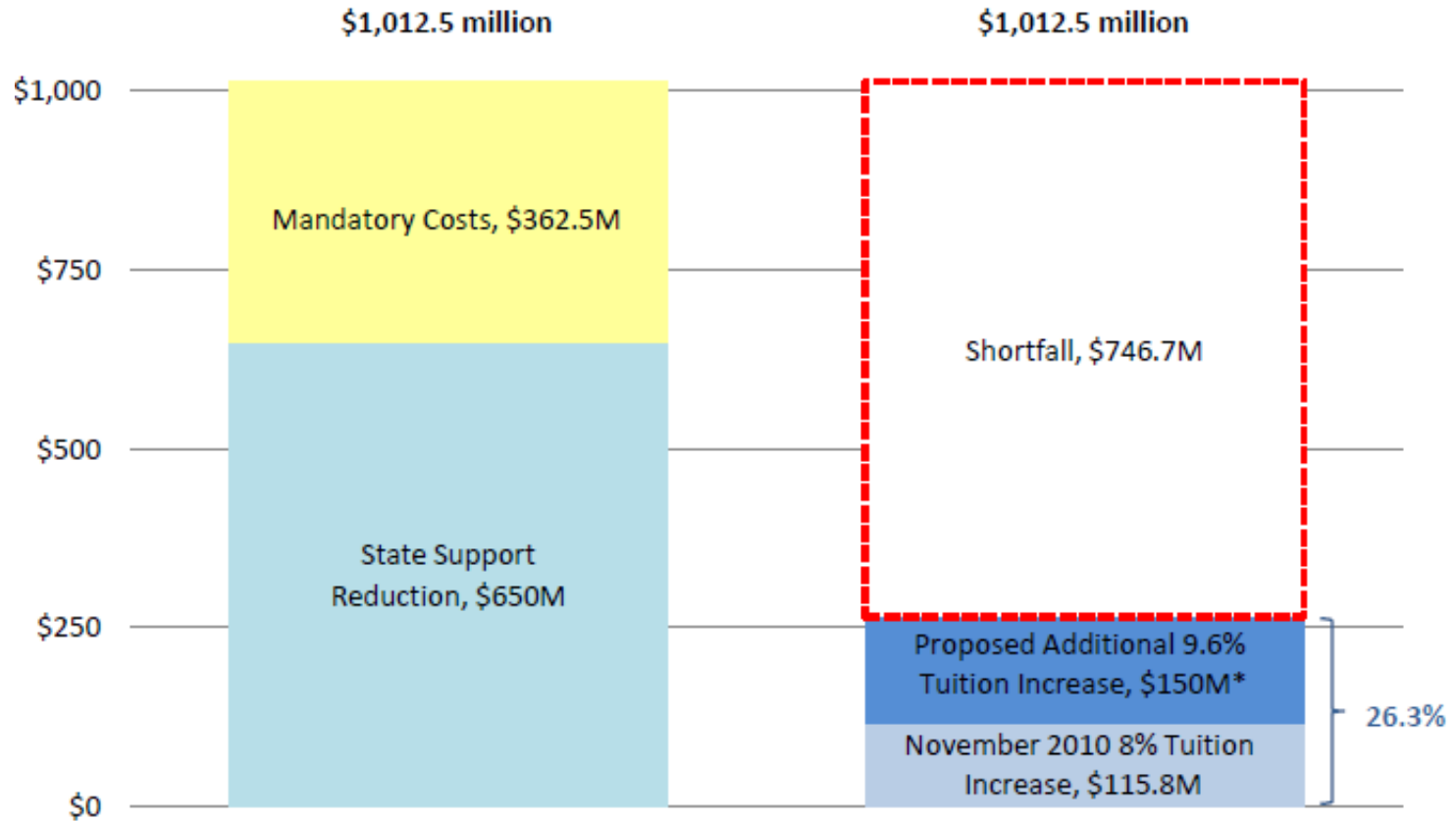
- Total Undesignated Reduction:  $-\$650$  million
- No funding for enrollment, retirement contributions, or other mandatory costs
- Sum of cuts and unfunded costs  $> -\$1$  billion gap
- Limits on discretion to assign cuts
- Funding for two capital projects:  $\$45.7$  million

Includes the following for UCSD:

- $\$5.7$  million for SIO Research Support Facilities
  - $\$947,000$  for the second equipment phase – Structural and Materials Engineering Building
- Potential Mid-Year Trigger:  $-\$100$  million



# 2011/12 State Budget UC Budget Gap



\* Annualized Revenue Impact





# 2011/12 State Budget UCSD

- Total undesignated reduction:  $-\$70.5$  million
- In addition, unfunded mandatory costs for salary, health and welfare benefits, retirement contributions equate to  $-\$27.6$  million
- Projected budget shortfall:  $-\$98.1$  million
  - Campus is distributing  $\$27.5$  million of this budget gap to Vice Chancellor operating budgets
  - Balance is offset with other campus resources and income from student fee increase



# Multi-Year State Budget Impact UCSD

	2008/09		2009/10		2010/11		2011/12 -est.		Total Perm
	Perm	1-time	Perm	1-time	Perm	1-time	Perm	1-time	
State Budget Reductions <sup>(1,2)</sup>	\$ -	\$ 12.0	\$ 20.0	\$ 64.2	\$ 20.0	\$ -	\$ 70.5	\$ -	\$ 110.5
Mandatory Cost Increases <sup>(3)</sup>	12.1	-	14.4	-	24.1	-	27.6	-	78.2
Total State Funding Shortfall	\$ 12.1	\$ 12.0	\$ 34.4	\$ 64.2	\$ 44.1	\$ -	\$ 98.1	\$ -	\$ 188.7
Fee Increase Income <sup>(4)</sup>	\$ (7.7)		\$ (13.5)		\$ (21.0)	\$ (22.2)	\$ (42.3)		\$ (84.5)
Net State Funding Gap	\$ 4.4	\$ 12.0	\$ 20.9	\$ 64.2	\$ 23.1	\$ (22.2)	\$ 55.8	\$ -	\$ 104.2

<sup>1</sup> UCSD share of State budget cuts directed to UC, per annual State Budget Act.

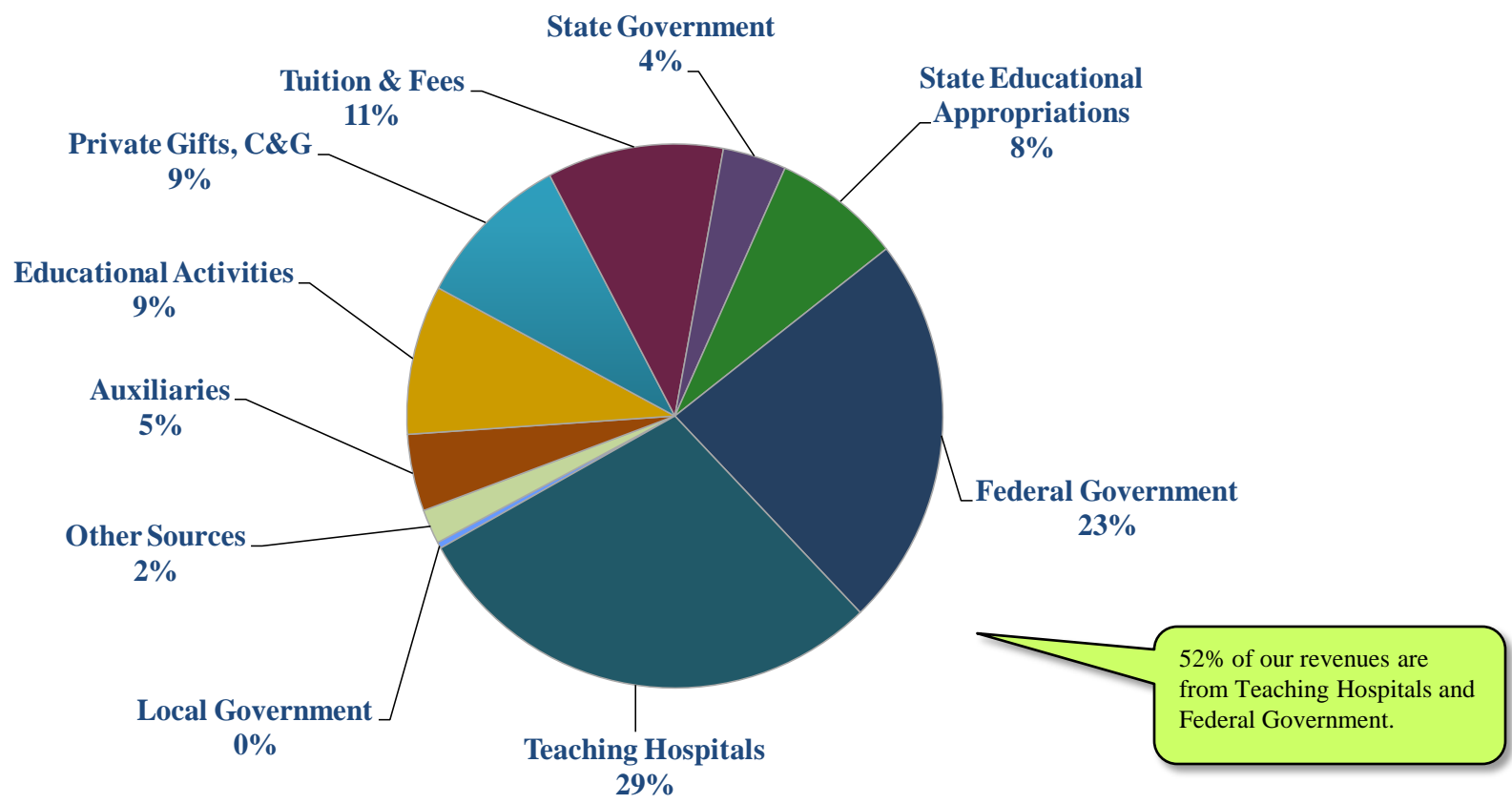
<sup>2</sup> In 2007/08, UCSD's State Education Appropriation was \$301M, eroding 36.7% by 2011/12.

<sup>3</sup> State's share of mandatory costs that were not funded (including health benefits, faculty merits, bargaining unit negotiations, UCRP; does not include state share of over-enrollment, utility inflation costs).

<sup>4</sup> Student Fee Income used to address annual State Funding Gap, including income in 2011/12 from the 9.6% fee increase used to fully offset UCSD's share of the additional \$150M state cut.



# UCSD Sources of Revenues \$2.93 Billion



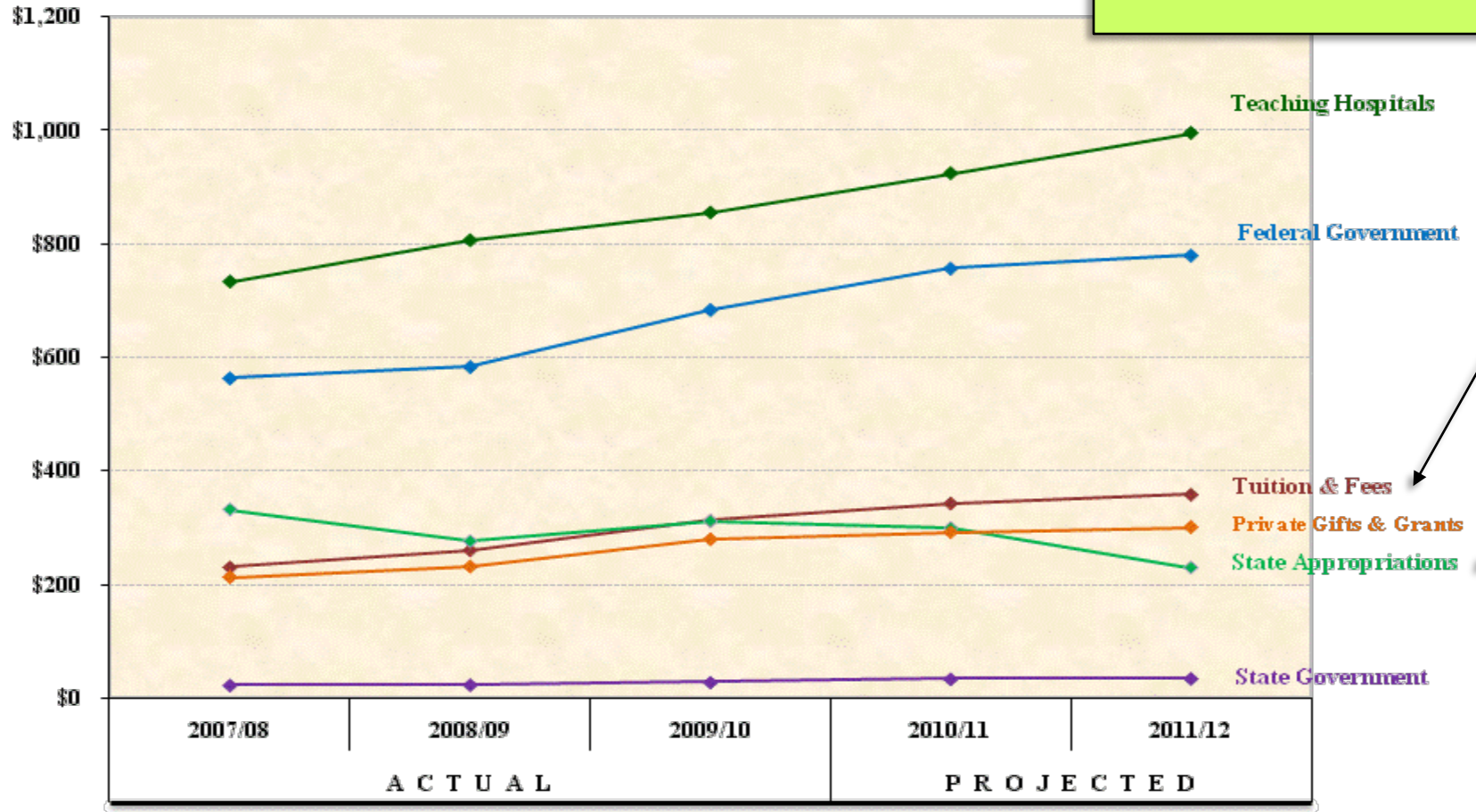
Data Source: UCSD Detailed Financial Schedules



## UCSD Revenues Trend \$ Million

Tuition & Fees + State Appropriations revenues are declining as total % of campus revenues:

- 2007/08 - 22.3%
- 2008/09 - 19.6%
- 2009/10 - 17.5%

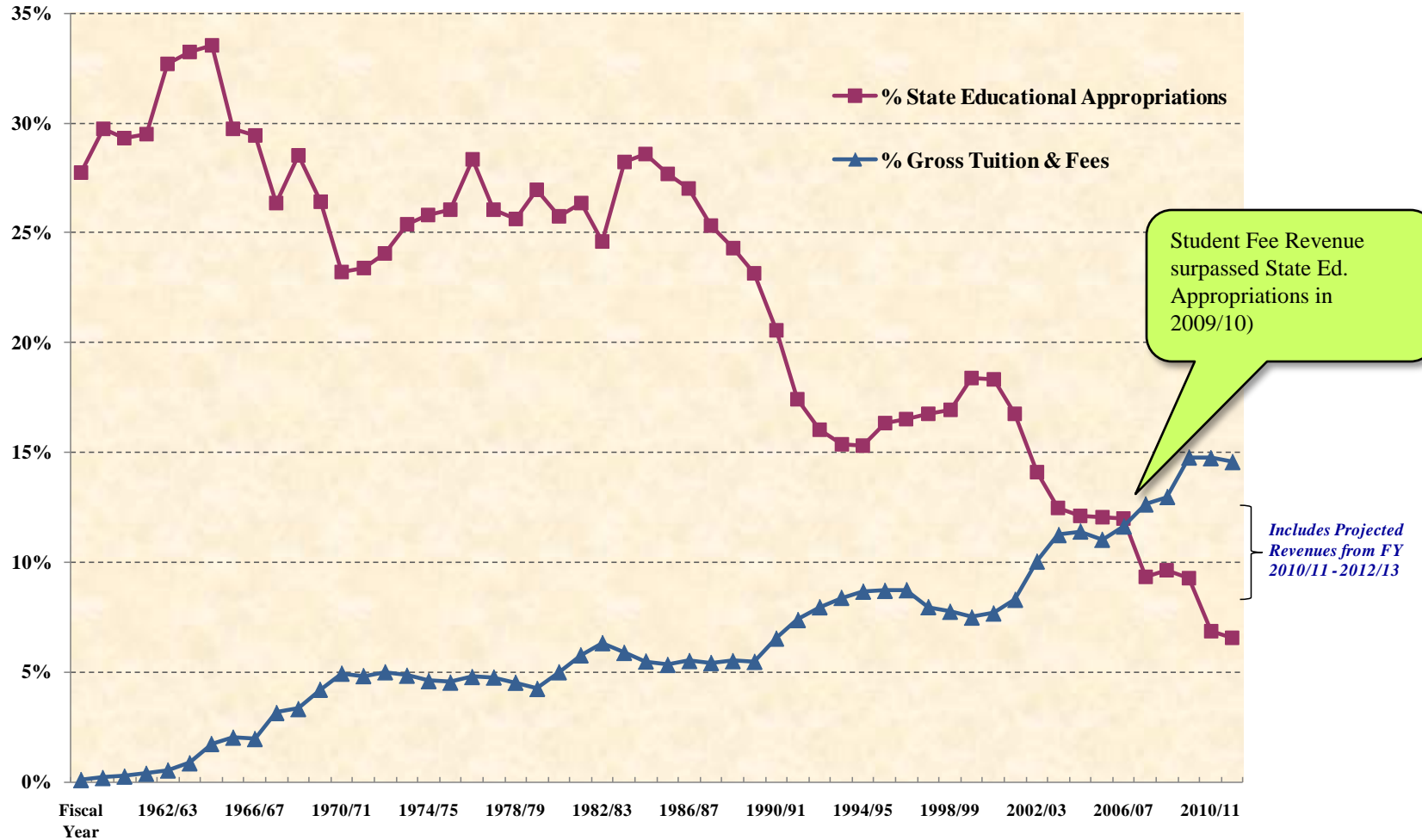


Data Source: UCSD Detailed Financial Schedules



## University of California, San Diego

Historical Trend of State Educational Appropriations vs. Gross<sup>(1)</sup> Tuition & Fees  
As a Percent of Total Current Funds Revenues



Student Fee Revenue surpassed State Ed. Appropriations in 2009/10

Includes Projected Revenues from FY 2010/11 - 2012/13

(1) As of 2001/02, Tuition & Fees are reported net of scholarship allowance. For consistency, the graph shows only gross Tuition & Fees not reduced by scholarship allowance.

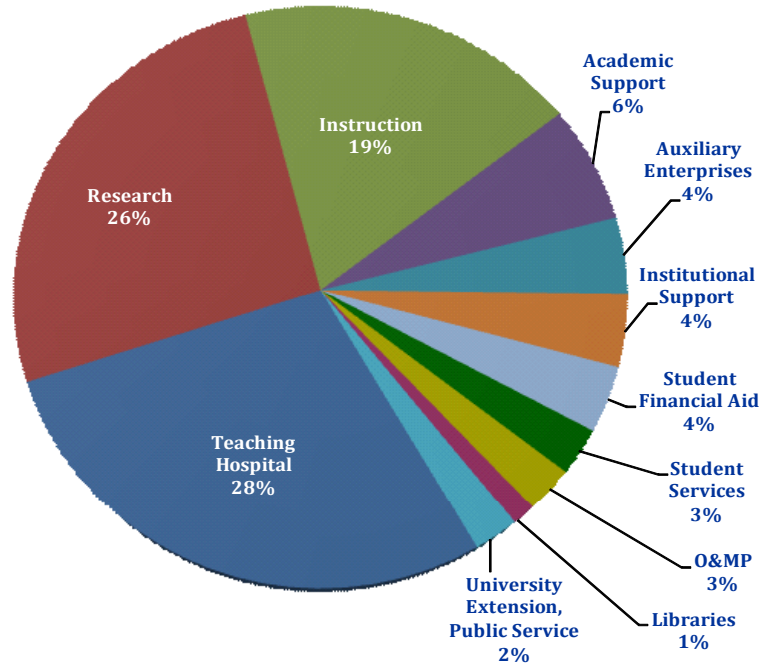
Data Source: UCSD Detailed Financial Schedules



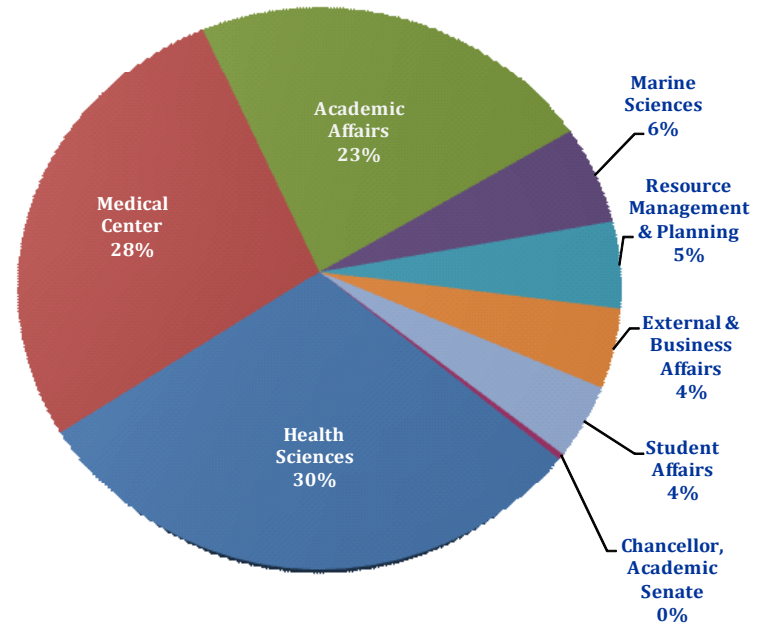
# UCSD Operating Expenditures

## \$2.55 Billion

**% Program**



**% Vice Chancellor**



**Expenditures by Program\***

Teaching Hospital	\$721M
Research	\$664M
Instruction	\$472M
Academic Support	\$165M
Auxiliary Enterprises	\$108M
Institutional Support	\$103M
Student Financial Aid	\$94M
Student Services	\$67M
O&MP	\$65M
Libraries	\$31M
University Extension, Public Service	\$60M

'Core' mission (*instruction, research & public service*) are 47% of campus expenditures.

**Expenditures by Vice Chancellor\***

Health Sciences	\$769M
Medical Center	\$721M
Academic Affairs	\$600M
Marine Sciences	\$149M
Resource Management & Planning	\$131M
External & Business Affairs	\$118M
Student Affairs	\$108M
Chancellor, Academic Senate	\$8M

\*Expenditure amounts may vary from the UCSD Detailed Financial Schedules due to classification or year-end adjustments.

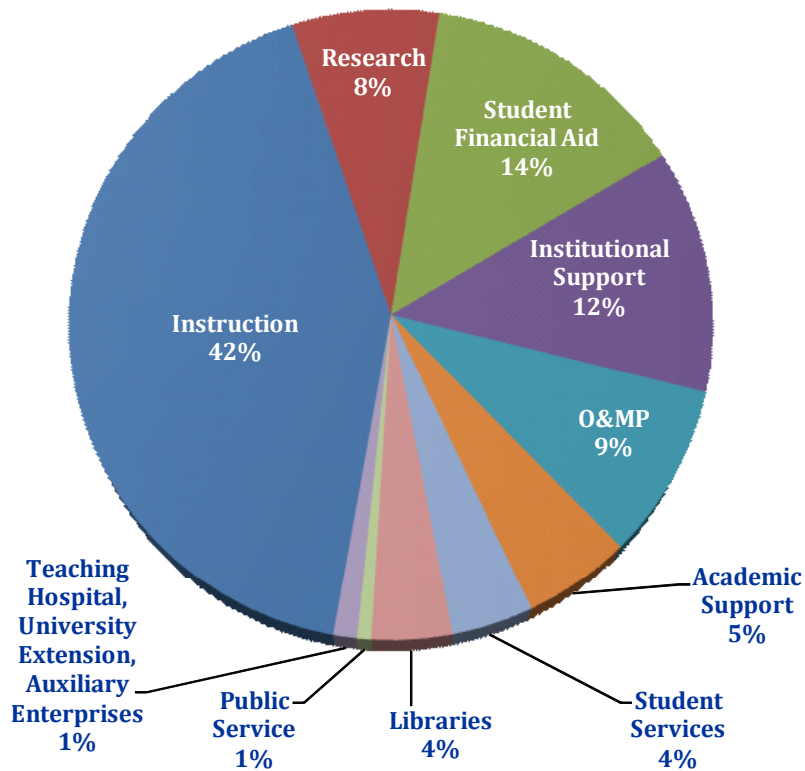




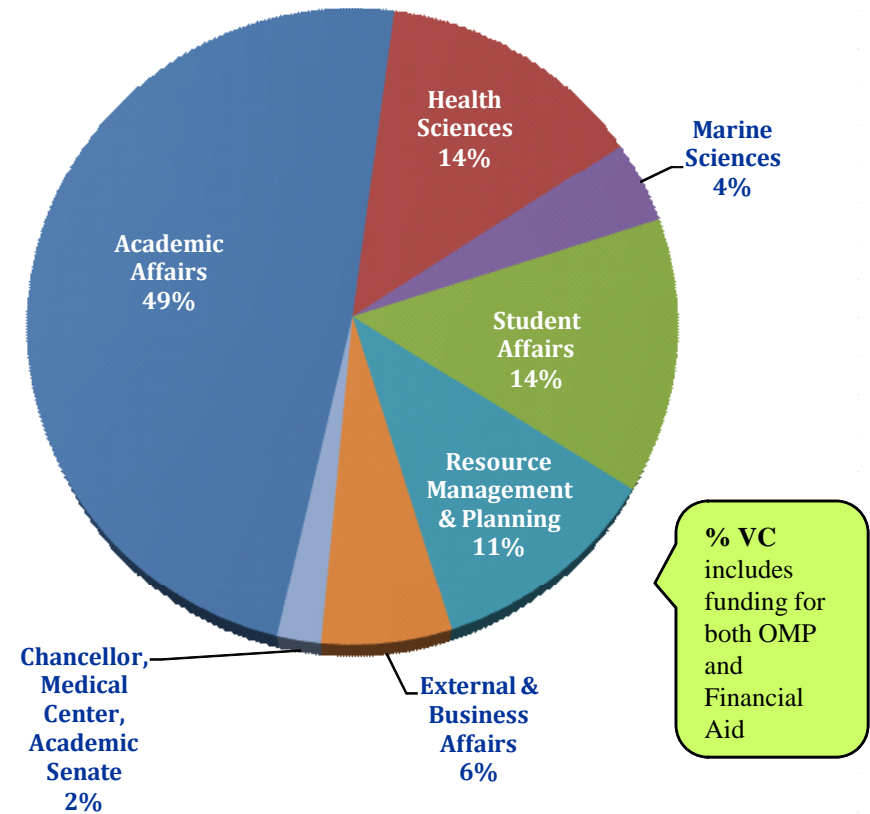
## UCSD Operating Expenditures

### Core Funds = \$663 Million

**% Program**



**% Vice Chancellor**

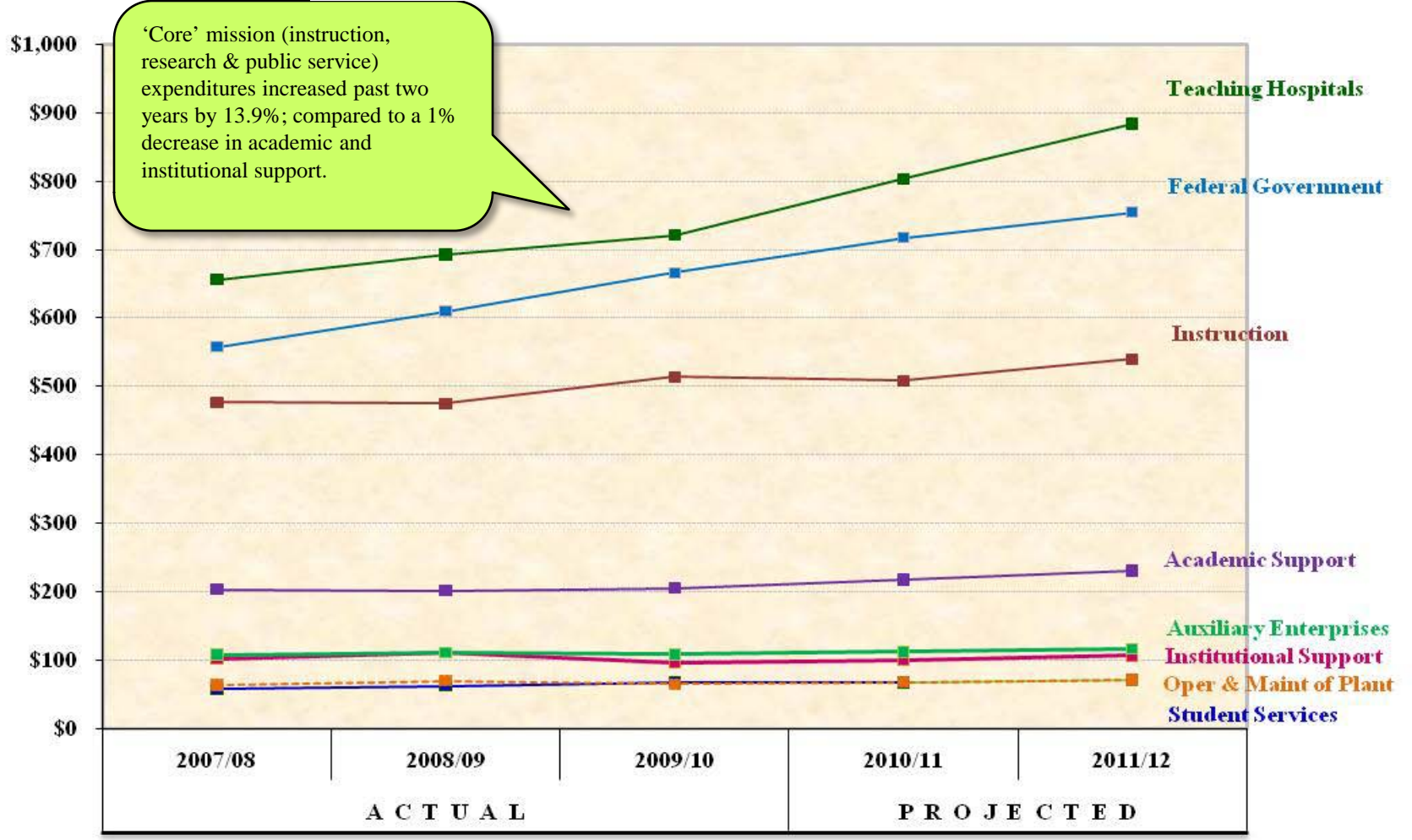


**% VC** includes funding for both OMP and Financial Aid

Data Source: Financial Ledger Data Model



# UCSD Expenditures Trend \$ Million



Data Source: UCSD Detailed Financial Schedules





# UCSD Budget Response

- Multi-year and multi-pronged strategic approach
- Continue to invest where possible
- Aggressive pursuit of alternate sources of revenues
  - Increase non-resident enrollment and income
  - Improved overhead recovery on outside sales and service
  - Expand self-supporting programs
  - Build and strengthen philanthropic relationships
  - Establish and expand partnerships
- Continue cost saving and cost avoidance initiatives
  - Expand efficiency and streamlining of operations
  - Restructure and consolidate where feasible
- Use of temporary bridging strategies to mitigate and allow time to plan
  - Debt restructuring programs
  - Use of carry-forward fund balances
- Shift personnel salaries onto non-state funds where feasible and appropriate



# UCSD Budget Response

- Consistent with guiding principle, campus budget reductions targeted larger cuts to Administrative and Student Service units
- Strategic priority investments
  - Faculty Recruitment and Retention
  - Graduate Student Support
  - Technology and Infrastructure
  - Employee Compensation



# UC Budget Outlook

- Core expenses will continue to increase, with pace accelerated by UCRP contributions
- UC needs steady and predictable revenue growth to address budget shortfalls and meet our future financial needs
- UC must reaffirm State support
- UC must secure other stable and predictable revenue streams



# UCSD Budget Outlook

- Like UC, budgetary outlook at UCSD remains a challenge
  - Employee Compensation costs alone are projected at ~\$27M/yr for next three years
- Irrespective of state investment, UCSD must secure its future
- In this budgetary context, the campus must prepare for Funding Streams Initiative
  - This initiative is both a challenge and an opportunity



# UCSD Budget Outlook

## Funding Streams Initiative

[http://www-cbo.ucsd.edu/planning\\_funds.aspx](http://www-cbo.ucsd.edu/planning_funds.aspx)

- Initiative changes how UC allocates funds across the system
- This new funding model is in effect 2011/12 fiscal year
- All campus-generated revenues will be retained at the source campus
- Current UC policies and practices which ‘*pooled*’ and differentially allocated share of Educational Fee, Application fee, Research Indirect Cost Recovery, STIPs, and other misc. revenues will be discontinued
- Campus funds used to fund the OP Central Budget will be returned to campuses
- OP will be funded via a single flat % rate assessed on campus annual expenditures, across all fund sources – *2011/12 charge = 1.6% of 2009/10*
- UC goals for UG-USAP will be maintained via modest fund redistribution to achieve equal loan/work levels across system



# UCSD Budget Outlook

## Funding Streams Initiative Impact

- Expected to be revenue neutral – ‘is \$6.8M short of neutrality’
- General fund cost increases for mandatory compensation costs, space maintenance and other inflationary needs will not be funded by OP
- Various ‘pooled’ funds sources previously administered allocated by OP as 1990 General Fund will be ‘decoupled’, resulting in changes to fund source of VC operating budgets
- Added transparency in source and use of core funds
- Campus incentive to generate and retain revenues
- Added complexity in managing multiple funds
- Potential impacts on centrally administered funds: salary and benefits – and future campus allocations to VC operating budgets



# Closing Comments

- Challenging Budgetary Outlook
- Must maintain firm course in generating additional revenues, reducing costs and operating more efficiently
- Continue campus interactions
- Monitor State and UC Budgets



# Appendix





# Revenue Classifications

Receipts are reported by “uniform classification categories” which were developed by the National Association of College and University Business Officers (NACUBO) for all higher education budgetary and financial reporting systems.

- **Tuition & Fees** – mandatory registration and educational fees for resident and non-resident students, as well as professional school fees, campus-based student fees, extension and summer session fees.
- **Federal Government** – federal contracts and grants for research and student aid programs. Specific examples include Department of Health & Human Services and National Science Foundation for research, and Pell grants for student aid program.
- **State Government** – state general appropriation to support core campus operations as well as funds associated with specific state research and student aid. Specific examples include state general funds, state capital lease-purchase funds, California Student Aid Commission revenue, and California Department of Transportation contracts.
- **Local Government** – contracts and grants with local governments. Specific examples include county funding for the Preuss School average-daily-attendance and funding for the County Immunization Program.
- **Private Gifts, Grants, & Contracts** – individual gifts or contracts from non-governmental agencies for specified purposes. Examples include clinical drug trial revenue, grants from private entities, current & endowed gifts, and funds received by the campus from the UC San Diego Foundation.
- **Sales & Services of Educational Activities** – sales of products or services to organizations outside the university in connection with training students. Some examples include medical school clinical compensation plan, Birch Aquarium, DHS Smoker’s Helpline services, and campus laboratory and machine shop external sales & services.
- **Sales & Services of Auxiliary Enterprises** – self-supporting operations as required by UC. Some examples include student housing and dining services, bookstore, parking, summer sports camps and day-care center revenue.
- **Sales & Services of Teaching Hospitals** – user fees for services provided at the Medical Centers.
- **Other Sources** – receipts that do not naturally fall into one of the other major classifications. Some examples include property rental, royalties on patents, and sales of surplus equipment.



# Expenditure Classifications

Expenditures are reported by “uniform classification categories” which were developed by the National Association of College and University Business Officers (NACUBO) for all higher education budgetary and financial reporting systems.

- **Instruction** – academic departments' classroom instruction and departmental research operations; also includes extension and summer session.
- **Research** – organized research, including institutes, research centers, and individual or project research, such as the Cancer Center and the Supercomputer Center.
- **Public Service** – community services such as lectures, art, work-study programs, and community health service projects.
- **Academic Support** – libraries, audio-visual services, academic computing support, course and curriculum development. Includes academic departmental admin. and medical school clinical compensation & practice plans.
- **Teaching Hospital** – operating costs related to the UCSD Medical Center and Thornton Hospital.
- **Student Services** – social and cultural activities, counseling and career guidance, student admissions and records, student health services and financial aid administration.
- **Institutional Support** – central executive-level activities, fiscal operations, human resources, contracts and grants, administrative computing, procurement, security, and community relations.
- **Operation and Maintenance of Plant** – buildings and grounds maintenance, janitorial, plant, and refuse disposal services, major repairs and alterations.
- **Student Financial Aid** – direct student aid expenditures excluding administrative costs.
- **Auxiliary Enterprises** – self-supporting operations such as housing and dining services, the bookstore and parking.



# Budget Overview Academic Affairs

ABA  
October 4, 2011

Debbie McGraw



# Recap of Budget Cuts and Current State of the Budget

# Four Years of Budget Cuts Academic Affairs & Libraries

	Budget Cut	%
2008/09	\$ -1.8 M	-0.7 %
2009/10	-9.5 M	-3.6 %
2010/11	-9.7 M	-3.7 %
2011/12	-12.8 M	-4.7 %
Cumulative Cut	\$ -33.8 M	-12.7%

# Recap of Budget Actions - 09/10

- Froze and suspended 90 faculty recruitments
- Froze staff recruitments
- Assigned fully loaded furlough cuts to units
- Cuts to Temp FTE budgets
- Eliminated TA guarantee
- No allocation of equipment renewal funding
- Cuts to administrative units of 6%
- Cut small instructional programs

# Recap of Budget Actions - 10/11

- Chancellor committed 68% of all Non-Resident Tuition and Fees to Academic Affairs (\$8.6M in 10/11)
- 40 Faculty searches
- Three year support budget cut (15% on average)
- Implementing administrative consolidation plans
- 5% cuts to Temp FTE and TA funding implemented
- New Campus tax on revenue sources (ASSA) to generate operating revenue

# 2011/12

## The Campus Budget

- Campus covered \$25M in cuts centrally
- Campus allocates \$26M in perm cuts to VCs including \$12.8M to AA/Libraries
- Non Resident enrollment fee funds to AA to enable faculty recruitment
- One time funding from over enrollments and indirect cost funds support faculty recruitments
- Mid-year perm cut possible



# 2011/12

## Directed Campus Support

- Funding for new Campus Priorities
  - Mitigate fee increases to Grad Students
  - Targeted allocation for Faculty Recruitment
  - Campus covers full cost of Faculty merits
  - Instructional Technology investments
  - Research Cyber-Infrastructure/ Co-Lo Support
  - Funds to develop eRap and HRIS
- 3% salary increase for eligible faculty
- 3% merit pool for non represented staff and funding for represented staff based on specific contract agreements

# 2011/12 Academic Affairs Budget

- New multi-year faculty recruitment plan
  - 90 FTE allocated to Divisions over 3 years
  - 40 recruitments authorized for 11/12
  - LSOE call for proposals forthcoming in the Fall
- No cuts to Temp and TA formula funding

\*\*\* \*\*

- Mid-year OP cut may require cuts to Divisions if not mitigated by fee increases

# Academic Affairs

## Budget Planning Principles

- Income
  - State cuts offset by tuition increases
  - Non-Resident enrollment growth and continued allocation of NRT to AA
  - Faculty Separations/Retirements average 30/year
  - Self-Supporting programs are incentives to Depts
- Expenditures
  - Faculty hires sufficient to increase filled/budget ratio from 62% to 70% in nine years
  - Maintain support for undergraduate instruction and graduate financial support
  - Increase investments for Research

**Stay tuned for ...**

HRIS

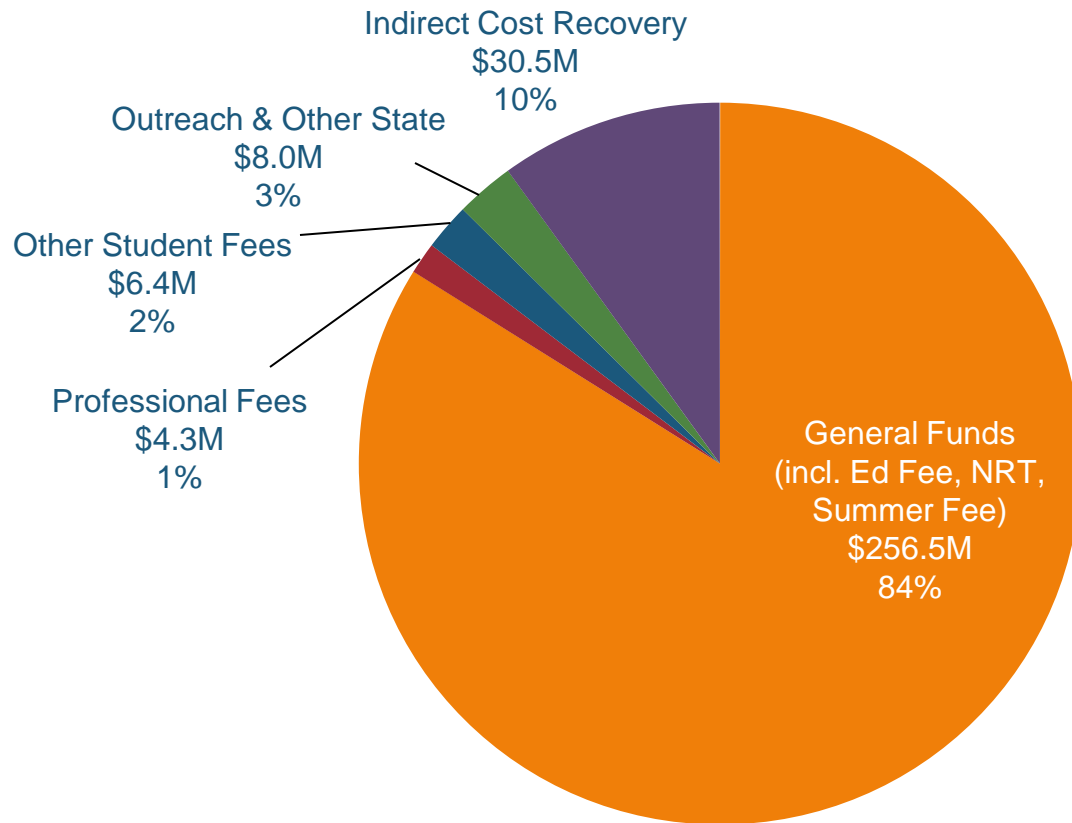
Funding Streams

Rebenching

# The Permanent Budget Big Picture

# Academic Affairs Permanent Budget -- 2011/12

## Sources of Funds (Millions)



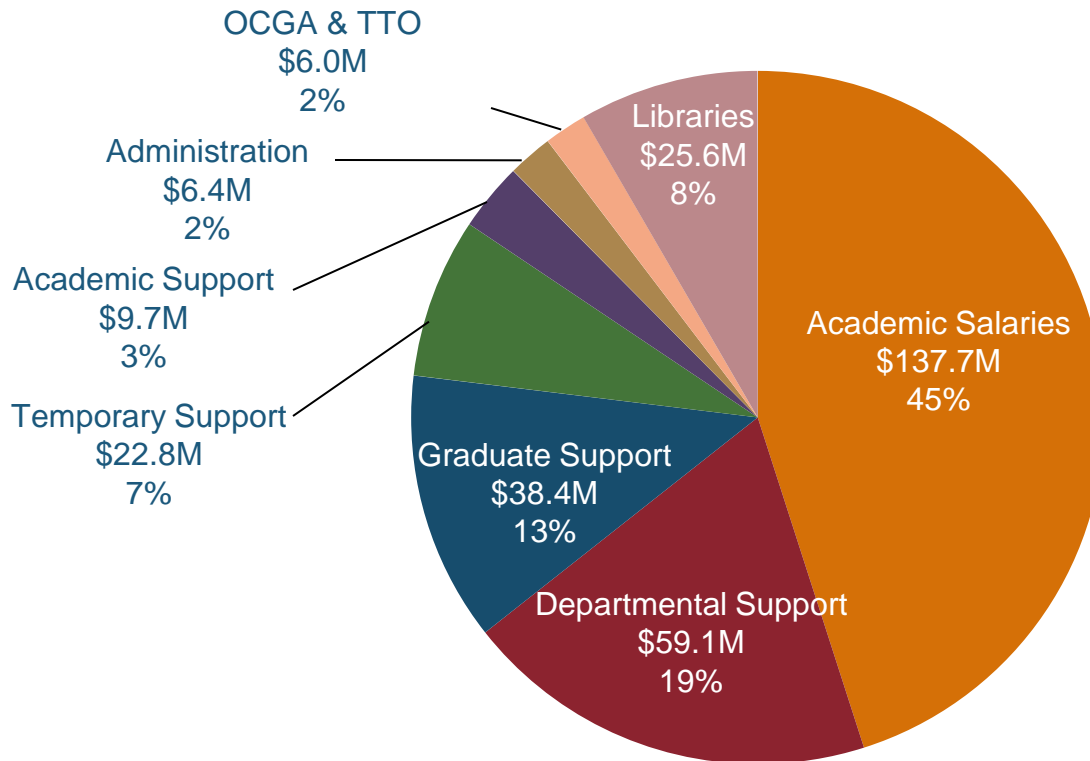
Fund	2011	2012
General Fund, Ed Fee, NRT	262.1	256.5
ICR	31.3	30.5
Outreach & Other State	8.0	8.0
Other Student Fees	6.4	6.4
Professional Fees	3.8	4.3
<b>TOTAL</b>	<b>311.6</b>	<b>305.7</b>

Total Budget: \$305.7M

Campus Total Perm Budget: ~\$ 880M

# Academic Affairs Permanent Budget -- 2011/12

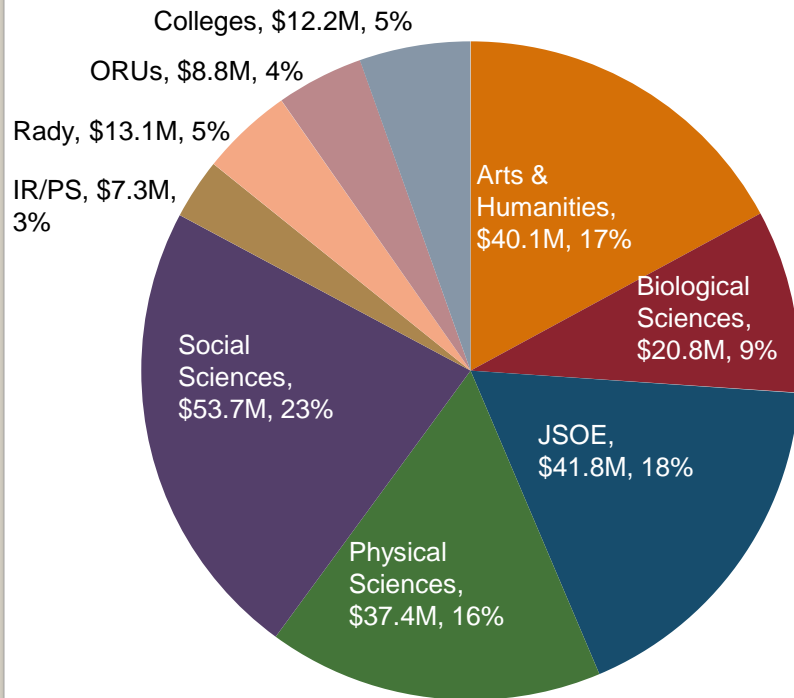
## Uses of Funds (Millions)



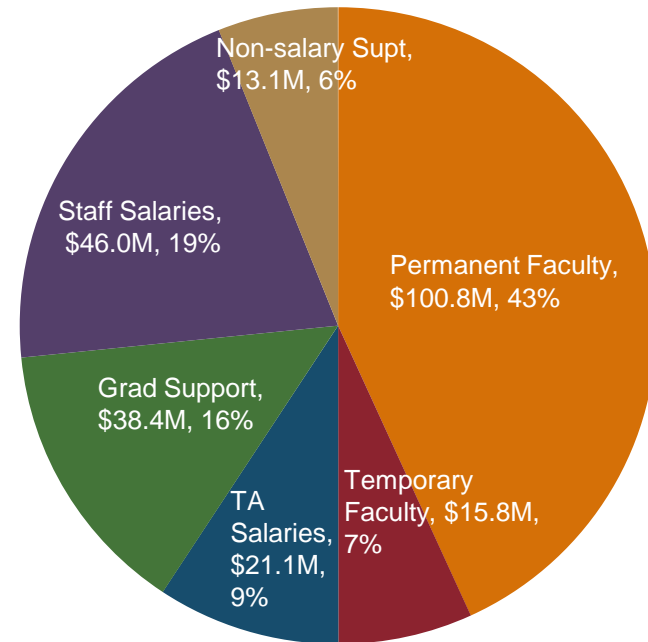
Use of Funds	2011	2012
Academic Salaries	135.4	137.7
Dept Support	58.9	59.1
Graduate Support	34.2	38.4
Temporary Support	35.4	22.8
Academic Support	10.0	9.7
Administration	6.2	6.4
OCGA & TTO	6.0	6.0
Libraries	25.6	25.6
<b>TOTAL</b>	<b>306.2</b>	<b>305.7</b>

Total Budget: \$305.7M

# Academic Divisions Permanent Budget 2011/12 (Millions)



By Division



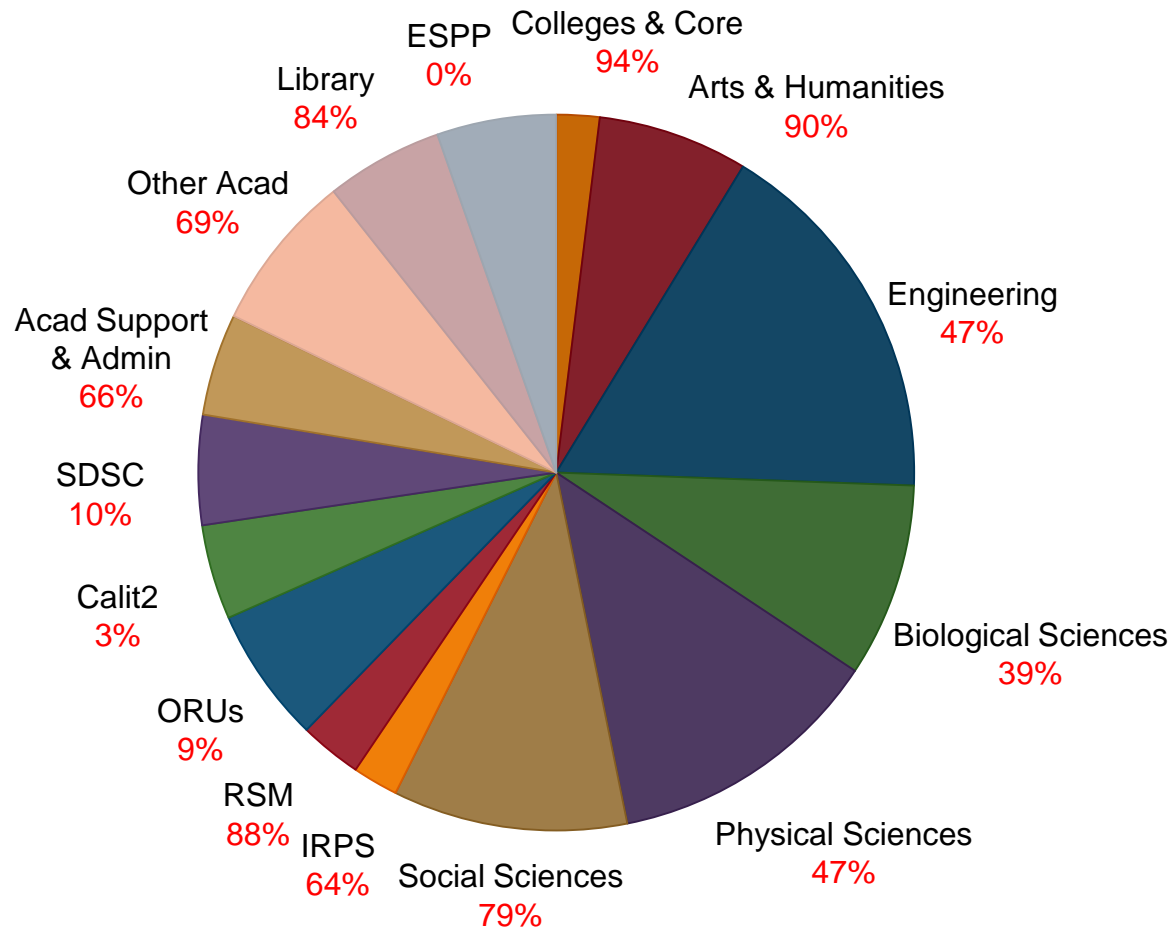
By Category of Expense

Total Budget: \$235.2M (77% total Perm Budget)



# 2010-2011 Expenditures by Unit

## Academic Affairs Reliance on State & Fee Funds by Division



Total Expenditures: \$632.9 M

Percentages show general funds and student fees funds expenditures as percent of total expenditures.

# Change in People (all Fund sources)

Headcount	1999	2010	2011	One year change
Ladder Rank Faculty	706	907	894	-1.43%
Temporary Faculty - Lecturers	396	567	568	-1.39%
Total Teaching Faculty	1,102	1,483	1,462	-1.42%
Other Academics: PGRs, Librarians, Academic Coordinators	961	1,187	1,316	10.87%
Staff – Career and Non Career	4,228	5,057	5,070	0.26%
TAs, Tutors & GSRs	3,341	4,510	4,669	3.53%
<b>All Employees</b>	<b>9,632</b>	<b>12,237</b>	<b>12,517</b>	<b>2.29%</b>
<b>Actual Student FTE (excl. SO)</b>	<b>17,179</b>	<b>28,143</b>	<b>28,435</b>	<b>1.0%</b>
<b>Ratios</b>				
Students per Ladder Rank Faculty	24.3	31.0	31.8	
Students per All Teaching Faculty	15.6	19.0	19.4	
Staff per All Academics	2.0	1.9	1.8	

# **A Department's Budget Primer info to new Chairs**

# Department Budget - Perm Funds

## Permanent Budget

- Faculty Salaries
- Staff Salaries
- Non-Salary Support funding (NGN, Supplies, Travel, etc)
- Benefits (managed at a campus-wide level)

## Increases (+) or Decreases (-) to the Perm Budget

- New Ladder Rank Faculty Hires (+)
- Faculty Separations/Retirements (-)
- Salary increases for Faculty/Staff (+)
- Support allocations/Budget cuts from Division or EVC (+/-)

# Department Budget – Temp Funds

## Annual Allocations

- Temp FTE and TA Allocation (EVC to Division to Department)
- Equipment Replacement Allocation (EVC to Division to Dept)
- Startup funding for faculty recruitments and retentions (EVC to Division to Department)
- Summer Session Allocations for TA and Department Support (EVC to Department)
- Graduate Student Support – Block Grant Allocation from OGS to Department

# Department Budget – Temp Funds

## Other Temporary Funds

- Faculty Salary Savings from LWOP – 60% Savings in first year of LWOP stays with Department
- Faculty Salary Exchange Programs – Each Division has one
- Staff Salary savings from vacant positions
- Concurrent Enrollment revenue
- Surplus Sales revenue

# Department Budget - Other

Some topics you may want to discuss with your Chair to raise his/her financial IQ

- Course Material Fees
- Recharge activities managed within your department
- Year-end balances of unrestricted funds
- “Advanced to Candidacy Status” of your graduate students