

January 2017  
DFL Forum

# Budget Process Discussion

January 25, 2017



# Agenda

- HCM clean-up project update
- Recap of the principles and timeline of the budget process
- Updates on the development of key elements:
  - Strategic Plan
  - Budget Targets
  - Revenue Generation Plan
  - Budget Template
  - Communications
- Website hub of resources

# HCM clean-up project

**THANK YOU!**

As of January 25 - 40,000 HCM records have been corrected with the majority of units able to meet campus deadlines

- Very successful collaborative, campus-wide effort to ensure personnel records are as accurate as possible before the annual budget process kicks off and UC Path migration begins
- If we attempted this work the traditional way – one-by-one via Service Now ticket – each correction would have taken at least 10 minutes, that's over 6,500 hours (essentially the annual work of 3 FTE)

# OP expectations

- \$57M OP in-year deficit target
- OP has not dictated how the target will be met, but expects we will:
  - shift philanthropic dollars to core operations
  - grow academic and research revenue
  - improve teaching productivity
  - implement financial reform that equitably distributes central resources while fairly taxing units for common goods
  - manage organizational headcount
  - rightsize the Athletics program to an acceptable level of institutional support

# Funding not available at center

- The modest 2.5% increase in resident tuition and 8% increase in NRST will be offset with increases in OP and UCPath assessments
- Early projections reflect a \$50M central deficit
- We will identify critical capital needs for the FY2017-18 budget through a prioritizing process conducted by the Capital Projects Committee
- We will conduct a review of financial aid to vet tradeoffs between the Middle Class Access Program, income based self-help, the application of private gifts to financial aid, and the application of financial aid reserves
- We will offer education concerning:
  - system initiatives
  - debt service and depreciation
  - CSS funding model
  - SIS depreciation and ongoing support
  - recharge and internal assessments
  - Indirect Cost Recovery

# Communication will be challenging

- In the second year of our five-year fiscal turnaround, we will ultimately answer the question, *“What tough trade-offs can we make while preserving our academic excellence?”*
- Final decision-making must support principled decisions that consider our academic priorities
- An iterative and collaborative process will require careful coordination within our limited time period
- Active partnership with UDAR throughout the budget process will be necessary

# High-level process

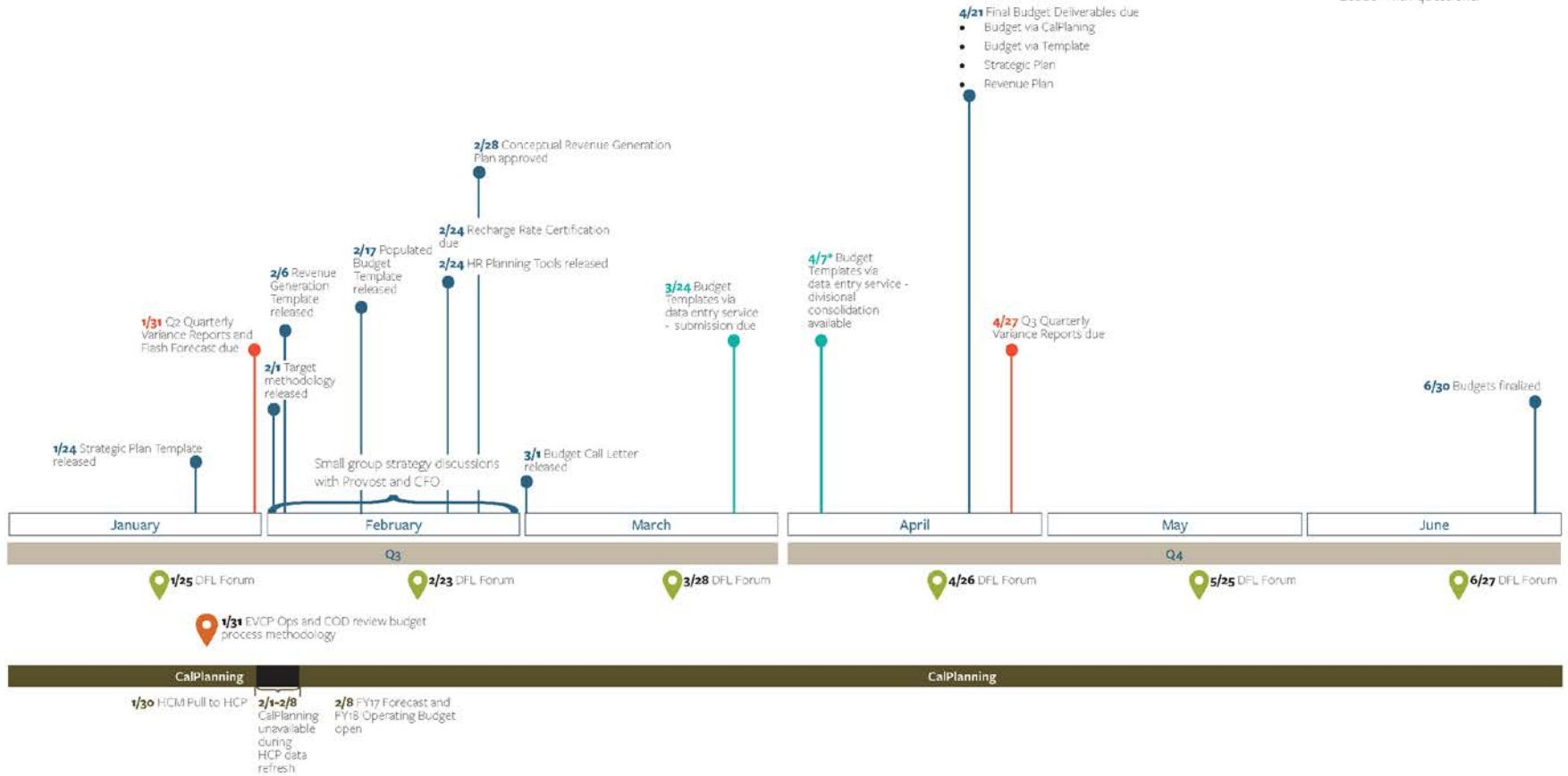


# Timeline

## FY2017-18 Budget Process Timeline

January 25, 2017

*There may be modifications to these processes and their timing throughout the year. Please contact your Divisional Financial Leader with questions.*



\*This date may fluctuate based on volume.



# Strategic plan

- Each unit will develop a one-page strategic plan to serve as a basis of discussion with the Chancellor and the Provost
- Plans due 48 hours before small group meetings scheduled by the Provost's Office
- The plan will highlight:
  - academic and operational priorities
  - revenue generation opportunities and seed funding
  - operational changes required to support revenue generation
  - trade-offs to consider as the division plans for some level of cuts while supporting academic priorities

# Division budget targets

- Development will be an iterative process
- FY2016-17 budgeted expenses will serve as the foundation for the “base” in the model; exclusions to the base will be considered
- Units can meet their targets through revenue generation or cost savings
- The Chancellor and Provost will reserve a pool of approximately \$10M for target waivers
- HR will develop a plan and tools to assist units in preparing for workforce reductions associated with budget cuts
- We will explore the use of an internal bank as a mechanism for revenue program seed funding

# Division Budget Target Workgroup update

Wanda Nieters

Maya Woodson Turman

Su-Lin Shum

Michael Ferencz

Grace Crvarich

David Secor

Babs Lane

Eric Leal

Suresh Bhat

Terence Phuong

- Leadership provided the framework/methodology and the team provided exclusions and established a baseline from which to make cuts
- The team has provided a list of exclusions (both general and unit-specific) for consideration by leadership and has incorporated them into a model
- The team has also asked leadership to convene a separate committee to work on a longer-term solution that incorporates strategy and metrics leveraging the work from Finance Reform

# Revenue generation plan

- Academic program revenue generation will be vetted through the submission of a revenue plan in advance of the budget submission
- We will develop processes, guidelines, and training for revenue generation
- A committee of faculty, UNEX, and financial staff will review revenue plan submissions
- Upon committee conceptual approval, revenue will be included in the division's budget
- We will monitor revenue generation plans throughout the fiscal year

# Revenue Generation Workgroup update

Suzanne Sutton	Seija Virtanen
Nicole Cernok	Dat Le
Linda Moran	Bill Reichle
Rick Russo	Linda Song
Heidi Wagner	

Over a two-week period during curtailment, the team created a revenue workbook for FY2017-18 that includes templates to calculate revenue for:

- concurrent enrollment
- summer sessions
- executive education and certificates
- sales and services
- private gifts
- SSGPDP
- PDST

# Budget Template Workgroup update

<b>Stephanie Metz</b>	<b>Kevin Mack</b>
Terrence Ireland	Merle Hancock
Roia Ferrazares	Drew Knab
Joacim Benitez	Alfred Alipio Jocson



- Standardized way to collect and consolidate budget data for your unit
- Summary tab helps you see if you're on target before entering data
- Built-in seasonality spread across months to help facilitate quarterly variance reporting
- Service available to input your budget data into CalPlanning

# Communication Workgroup update

Roia Ferrazares

Sandi Ketchpel

Terrence Ireland

Anna Weidman

- Currently reviewing , editing, and approving all Office of the CFO communications with DFL work deadlines
- Will be assisting with drafting all key budget process communications from the Office of the CFO, including:
  - Budget Cal Message
  - Budget dashboard
  - Call letter

## Budget Process

### FY2017-18 Budget Process Timeline

[Review the FY2017-18 Budget Process Timeline.](#)

### Divisional Financial Leaders

Divisional Financial Leaders (DFLs) develop and implement the budget process, advise leadership on key budgetary decisions, and serve as an advocate for the needs and priorities of their division. [Access the list of DFLs](#).

### Quarterly Variance Reports

Quarterly Variance Reports allow divisions to course correct throughout the year, deliver transparent reporting to divisional leaders, and improve the quality of financial actual, budget, and forecast data. [Read more.](#)

### Quarterly Flash Forecast

In conjunction with Quarterly Reporting, the Quarterly Forecast process helps campus more accurately assess if we're on track to meet our financial goals. [Read more.](#)

Instructions and Guidelines:

- [Quarterly Flash Forecast Submission Instructions](#)
- [Quarterly Flash Forecast Guidelines and Assumptions](#)

### Templates

#### Strategic Plan Template

The Strategic Plan Template is a one-page document where divisions document their strategies, plans, and goals for FY2017-18. [Read more.](#)

#### Revenue Plan Template

The Revenue Plan Template is an Excel workbook of templates to assist DFLs in determining revenue from new initiatives for FY2017-18. [Read more.](#)

#### Budget Template

As in past years the Budget Template is being offered as an alternative to CalPlanning for units to develop their budgets for FY2017-18. [Read more.](#)

### Budget Process Deliverables

CalPlanning

Training

Call Letter & Guidelines

Enhancements