

Reserve Analysis Workshop

December 17, 2021

January 12, 2021

10:00AM to 12:00PM

Budget and Financial Operation Team
Rita, Emily, and Rocio



Timeline

<u>Time</u>	Milestone	Activity
12/10	Templates included in Division Folders	Templates were distributed out to each of the DFLs
12/10 – 2/11	DFLs Distribute Templates to Departments and/or Collect Data from Departments to fill in Templates	DFLs will be responsible for either distributing the templates to each of their Department Managers for population and/or consulting with their Department Managers to populate the templates and then consolidate the data to return to the project team
2/11	DFLs Submit Completed Templates	DFLs return completed templates to the Financial Planning & Analysis Team via dfi_concierge@berkeley.edu
2/15 thru Budget Process	Review returned templates and make any necessary adjustments before including data in budget dashboards	Master Spreadsheet will include detail by Division, Department, Fund, CF1, CF2, Fund Category and Usage that can be pivoted and analyzed to provide transparency into campus' reserve balances
Budget Process	Include data in Division's Budget dashboard	Reserves data will be included in the budget dashboards and included as part of the budget discussion

Framing template completion exercise

- Purpose of exercise is to help campus understand existing balances
- Focus is on balances including FFEs as of June 30, 2021*
 - Excludes Contracts & Grants
 - Projected or anticipated funds should not be considered
- Fund category definitions are broken up into 3 distinct groupings: Unusable, Obligations and Available Funds.
 - We are also asking for the identification of usage by fund category.
- Perspective is at the department view in terms of management of funds and usage
- Obligations are based on commitments approved as of December 31, 2021
 - Projected/not yet approved commitments should not be considered as obligations

** Templates pull data from “Account 30000 - Prior Year Ending Balances” for FY22 which is equal to FY21 ending balances; FFEs are market values as of June 30, 2021.*

Fund buckets in scope via CalPlan hierarchy

Current Funds

Unrestricted

- Unrestricted Funds
 - Student Tuition and Fees
 - General Funds
 - Unrestricted Gifts
 - Unrestricted Endowments and FFEs
 - Sales, Services & Other
 - Auxiliary
- Designated

Restricted

- Restricted Gift Funds
- Restricted Endowments and FFEs Funds
- Contracts and Grants (Out of Scope)

Note: FFE balances held on the balance sheet will not be broken out into fund buckets and include both Restricted Gift Fund Endowments and Restricted FFEs

Fund category definitions

Ending Balance and FFEs as of June 30th						Future
Unusable	Approved Obligations				Available	Risks
“Unusable” Balances	Committed Obligations – External	Committed Obligations – Internal	Known Obligations	COVID-19 Funding Loss Mitigation Usage	Available Funds	Future Liabilities
<ul style="list-style-type: none"> ▪ Restricted fund balances that are not readily available for use by the university in the foreseeable future (within the next 5 years) because they are highly restrictive ▪ Funds that are difficult to spend due to administrative burdens (small payouts or existing balances) ▪ Campus can work with individual units to monitor and take steps to reduce these balances (review fund terms, if possible) 	<ul style="list-style-type: none"> ▪ Funding that has already been committed and set aside to cover planned operating and capital expenses associated with external vendors, another campus, an employee or a faculty member (startup & retention) ▪ Commitments that are legally binding and approved by the Chancellor/EVCP, Dean or Vice Chancellor, or equivalent, and is clearly documented 	<ul style="list-style-type: none"> ▪ Funding that has already been committed and set aside to cover an obligation of funding owed to an internal Department or Division of the campus for general use (not ultimately associated with a commitment to an external vendor) ▪ Commitments that have been approved by the Chancellor/EVCP, Dean or Vice Chancellor or equivalent and is clearly documented ▪ Obligations included in this category are not necessarily legally binding, but represent a commitment between units to provide funding to the other unit for general use 	<ul style="list-style-type: none"> ▪ Funds that have been set aside for future use for items that are estimated, but not yet final or funds that are being accumulated for a specific purpose ▪ Approval to accumulate or set aside these funds has been granted by the Chancellor/EVCP, Dean or Vice Chancellor or equivalent and is clearly documented ▪ Known obligations can be for external or internal recipients. 	<ul style="list-style-type: none"> ▪ Available funds that were used to mitigate funding losses due to COVID-19. ▪ Represents one-time use of funds above and beyond normal committed obligations. ▪ Approval to use these funds was granted by the EVCP during the budget process. ▪ Can be for external or internal recipients. 	<ul style="list-style-type: none"> ▪ Whatever “useable / spendable” balances are left are included here ▪ These balances are available to be spent on strategic projects, at the campus, division or department level or can be used to provide funding for ongoing operations in the event of disruptive revenue and/or expense “shocks” ▪ May include funds that are free to spend, but may be restricted by the type of spend by account like graduate student support (ability to free-up future unreserved funds) 	<ul style="list-style-type: none"> ▪ Future dated commitments for which funds have not yet been secured ▪ Includes commitments or capital projects expected to be covered by future fundraising efforts or future ongoing revenue streams

How fund buckets and fund categories intersect

Fund Buckets \ Fund Categories	Unrestricted	Designated	Restricted Gift	Restricted Endowments and FFEs	FFE Balances - Restricted
Unusable	n/a	Possible	Possible	Possible	Possible
Committed Obligations – External	Possible	Possible	Possible	Possible	Possible
Committed Obligations – Internal	Possible	Possible	Possible	Possible	Possible
Known Obligations	Possible	Possible	Possible	Possible	Possible
COVID-19 Funding Loss Mitigation Usage	Possible	Possible	Possible	Possible	Possible
Available Funds	Likely	Unlikely	Possible	Possible	Possible

Fund Restrictions do not determine the categorization. Categorization is determined by whether or not the funds have been approved to be spent on an identifiable recipient.

How fund categories and fund usages intersect

Fund Categories \ Usage (Proposed)	Unusable	Committed Obligations – External	Committed Obligations – Internal	Known Obligations	COVID-19 Funding Loss Mitigation Usage	Available Funds
Start-Up/Retention	Unlikely	Likely	Possible	Possible	Unlikely	Possible
Other Faculty Funds	Unlikely	Likely	Possible	Possible	Possible	Possible
Research	Possible	Likely	Possible	Likely	Possible	Possible
Capital Improvements	Possible	Possible	Possible	Likely	Unlikely	Possible
Student Support	Possible	Possible	Possible	Possible	Likely	Likely
Instructional Support	Possible	Possible	Possible	Possible	Likely	Likely
Non-Instructional Support	Possible	Possible	Possible	Likely	Likely	Likely
Other Unit Specific Initiatives	Possible	Likely	Likely	Likely	Likely	Likely
Unidentified	Unlikely	Unlikely	Possible	Unlikely	Unlikely	Likely

Usage identifies what the approved funds will be used for.

Template: SmartView Summary tab

FY2021-22 YearTotal Beginning Balances and FFEs

Sample Division

	FY2021-22 Beginning Balances					FY2021-22 Operating Budget	Beginning Balance % of Total Expenses	FY21 FFE Market Value*	Beginning Balance + FFEs	Beginning Balance + FFEs % of Expenses
	Unrestricted Funds	Designated	Restricted Gift Funds	Restricted Endowments and FFEs Funds	Current Funds Excluding C&G	Current Funds Excluding C&G				
2021-22	2,200,000	3,600,000	750,000	1,200,000	7,750,000	10,000,000	77.5%	7,500,000	15,250,000	152.5%
Unusable	-	-	-	-	-	-	0.0%	-	-	0.0%
Committed Obligations - External	-	-	-	-	-	-	0.0%	-	-	0.0%
Committed Obligations - Internal	-	-	-	-	-	-	0.0%	-	-	0.0%
Known Obligations	-	-	-	-	-	-	0.0%	-	-	0.0%
COVID-19 Funding Loss Mitigation Usage	-	-	-	-	-	-	0.0%	-	-	0.0%
Available Funds	2,200,000	3,600,000	750,000	1,200,000	7,750,000		77.5%	7,500,000	15,250,000	152.5%
Check Row - Do not override										
Future Liabilities - Risk	-	-	-	-	-	-		-	-	
Potential Impact of Future Liabilities on Avail:	2,200,000	3,600,000	750,000	1,200,000	7,750,000			7,500,000	15,250,000	

* Market Value of Funds Functioning as Endowments (FFE; both Regent and Foundation balances) as of June 30th.

Note: 5

1_CALPF_SmartView Summary

Sample_GL Data and FFEs Pivots

GL Data

FFE Balances

- SmartView Summary tab will be included for the L3 (division)
- High-level summary of the data by fund buckets and categories; includes FFE data
- Financial Statement (CalPlanning) signage
- For the L3, we will also include a sample pivot by fund category which can be used to populate the SmartView Summary tab.

Pivot Table Sheet in the Template

GL Data					FFEs	
Sum of 2022					Row Labels	Sum of June '21 MV
Row Labels	Unrestricted Funds	Designated	Restricted Gift Funds	Restricted Endowments and FFEs Funds	(blank)	7,500,000.00
(blank)	(2,200,000)	(3,600,000)	(750,000)	(1,200,000)	Grand Total	7,500,000.00
Grand Total	(2,200,000)	(3,600,000)	(750,000)	(1,200,000)		



Pivot Table Sheet in the Submission File

GL Data					FFEs	
Sum of 2022					Row Labels	Sum of June '21 MV
Row Labels	Unrestricted Funds	Designated	Restricted Gift Funds	Restricted Endowments and FFEs Funds	Available Funds	7,500,000.00
Unusable	-					
Committed Obligations - External	(810,000)	(1,800,000)	(300,000)	(200,000)		
Committed Obligations - Internal	(1,000,000)	(1,800,000)	(300,000)	(500,000)		
Known Obligations	(250,000)		(50,000)	(400,000)		
COVID-19 Funding Loss Mitigation Usag	(20,000)			(20,000)		
Available Funds	(120,000)		(100,000)	(80,000)		
Grand Total	(2,200,000)	(3,600,000)	(750,000)	(1,200,000)		



Template: GL Data support schedule by L3

- Where users will spend most of their time reviewing fund data for existing balances
- Includes pre-populated data and user defined fields
- GL Data support schedule can be parsed out for distribution by L4 (Department), but the final submission should include the summarized L3 (Division) GL Data; do not add rows or columns to the final submission
- Debit/(Credit) signage

Template: FFE Data support schedule by L3

- Includes detailed information related to Funds Functioning as Endowments (FFE) by Division and Department
- Includes pre-populated data and user defined fields; user defined fields are the same as the GL Data support schedule
- FFE Data support schedule can be parsed out for distribution by L4 (Department), but the final submission should include the summarized L3 (Division) GL Data; do not add rows or columns to the final submission
- Financial Statement signage

Categorization of FFE Market Value (Principal)

Categorizing of FFEs should be based on how you plan to use the principal **NOT** the **payout**.

- Normally the principal for FFEs should be listed as **Available** unless there is a specific commitment to liquidate the FFE in the next year (or five years for Known Obligations) to fulfill an obligation.
- Marking an FFE as Available does not mean that there is an expectation that you will invade the principal to cover budget shortfalls. *The categorization is so that we can understand what is committed and what is not.*
- In previous years we allowed some divisions to mark their FFEs as **Unusable** because the divisions relied on the payout from those FFEs to support their ongoing operations. If you feel strongly about not including these as Available, you have the option to include them as Unusable.

V-lookup for mapping Fund Categories from last year's file

- Step 1 – Create a Key for both years data
- Step 2 – Link the Data in the Fund Category and Usage Category columns from prior year file to current year by using V-lookup Formula

2022	Unit Defined			KEY for VLOOKUP
	Fund Category	Usage Category	Notes	
(30,520.67)	Available Funds	Unidentified		1139566360
(1,592.30)	Available Funds	Unidentified		1139513080
(7,301.40)	Available Funds	Unidentified		1139513466
(20,671.78)	Committed Obligations - Internal	structional Support		1139513654
(277.66)	Committed Obligations - Internal	structional Support		1139513923
(13,601.81)	Committed Obligations - Internal	structional Support		1139513978



Q & A

Resources

Reserve Analysis Website:

- <https://cfo.berkeley.edu/about-us/financial-planning-analysis/budget-and-financial-operations/reserve-analysis>

Office Hours:

https://docs.google.com/forms/d/e/1FAIpQLSdhr6N5rQxP5c3um36u8GMep_HALzT4765uZ2-3mf1hIMePEQ/viewform

January 5, 2022 Wed 11:00AM to 12:00PM

January 13, 2022 Thur 3:00PM to 4:00PM

January 20, 2022 Thur 3:00PM to 4:00PM

January 27, 2022 Thur 11:00AM to 12:00PM

February 3, 2022 Thur 3:00PM to 4:00PM

February 8, 2022 Tue 3:00PM to 4:00PM

Additional Questions:

- Email: dfi_concierge@berkeley.edu

Thank You !