

# Reserve Analysis Workshop

Zoom Presentation

January 25, 2021 9 – 11am

January 27, 2021 1 – 3pm

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# Ice Breaker

# Timeline

<u>Time</u>	Milestone	Activity
1/15	Templates included in Division Folders	Templates were distributed out to each of the DFLs
1/15 – 2/26	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
2/26	DFLs Submit Completed Templates	DFLs return completed templates to the Financial Planning & Analysis Team via <a href="mailto:dfi_concierge@berkeley.edu">dfi_concierge@berkeley.edu</a>
2/26 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, 2020\*
  - 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 30, 2020
  - Projected/not yet approved commitments should not be considered as obligations

*\* Templates pull data from “Account 30000 - Prior Year Ending Balances” for FY21 which is equal to FY20 ending balances; FFEs are market values as of June 30, 2020.*

# 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"> <li>▪ 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</li> <li>▪ Funds that are difficult to spend due to administrative burdens (small payouts or existing balances)</li> <li>▪ Campus can work with individual units to monitor and take steps to reduce these balances (review fund terms, if possible)</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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 &amp; retention)</li> <li>▪ Commitments that are legally binding and approved by the Chancellor/EVCP, Dean or Vice Chancellor, or equivalent, and is clearly documented</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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)</li> <li>▪ Commitments that have been approved by the Chancellor/EVCP, Dean or Vice Chancellor or equivalent and is clearly documented</li> <li>▪ 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</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ 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</li> <li>▪ Known obligations can be for external or internal recipients.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Available funds that were used to mitigate funding losses due to COVID-19.</li> <li>▪ Represents one-time use of funds above and beyond normal committed obligations.</li> <li>▪ Approval to use these funds was granted by the EVCP during the budget process.</li> <li>▪ Can be for external or internal recipients.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Whatever “useable / spendable” balances are left are included here</li> <li>▪ 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”</li> <li>▪ 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)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Future dated commitments for which funds have not yet been secured</li> <li>▪ Includes commitments or capital projects expected to be covered by future fundraising efforts or future ongoing revenue streams</li> </ul>



# 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.



## Reserve Trivia

# Template: SmartView Summary tab

FY2020-21 YearTotal Beginning Balances and FFEs										
Central Accounting Ledger (ACCTL)										
	FY2020-21 Beginning Balances					FY2020-21 Operating Budget Total Expenses	Beginning Balance % of Total Expenses	FY20 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				
<b>2020-21</b>	(235,085,222)	(4,231,670)	36,487,507	(764,699)	(203,594,084)	(291,831,617)	69.8%	6,605,842	(196,988,242)	67.5%
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%
<b>Available Funds</b>	<b>(235,085,222)</b>	<b>(4,231,670)</b>	<b>36,487,507</b>	<b>(764,699)</b>	<b>(203,594,084)</b>		<b>69.8%</b>	<b>6,605,842</b>	<b>(196,988,242)</b>	<b>67.5%</b>
<b>Check Row - Do not override</b>										
Future Liabilities - Risk	-	-	-	-	-	-		-	-	
<b>Potential Impact of Future Liabilities on Available Funds</b>	<b>(235,085,222)</b>	<b>(4,231,670)</b>	<b>36,487,507</b>	<b>(764,699)</b>	<b>(203,594,084)</b>			<b>6,605,842</b>	<b>(196,988,242)</b>	
* Market Value of Funds Functioning as Endowments (FFE; both Regent and Foundation balances) as of June 30th.										
Note: Signage is based on Financial Statement (CalPlanning) format										

- 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.

## 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.

# Check – In

# Resources

## Reserve Analysis Website:

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

## Office Hours:

- Monday February 1, 2021 11am – 12pm
- Wednesday, February 10, 2021 1 – 2pm
- Tuesday, February 16, 2021 10am – 11am
- Wednesday, February 24, 2021 1 – 2pm
- <https://www.signupgenius.com/go/60b0e49a8ac2fa2fe3-reserve1>

## Additional Questions:

- Email: [dfl\\_concierge@berkeley.edu](mailto:dfl_concierge@berkeley.edu)

Thank You