



Budget Process Overview

UNIVERSITY OF CALIFORNIA
MERCED





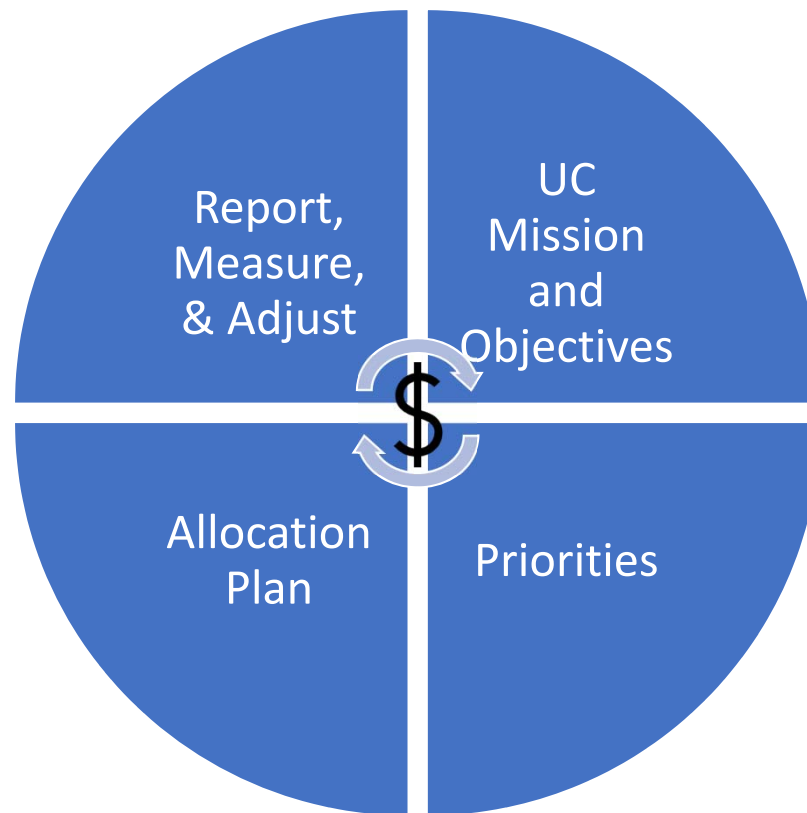
Agenda

- Budget overview
- Academic budgets – a new approach to budgeting
- Total operating budget
- How funds are spent



How does the budget process work?

- Budgeting is an ongoing, continuous process
- Tool for allocating resources
- A mechanism for managing current and future financial resources





How does the budget process work?

Developing the budget involves...

- Analyzing and determining future needs
- Predicting expected income
- Developing a spending plan for the future (aka the Budget)
- Providing sufficient resources for emergencies

More importantly, it involves

- Communication
- Accountability





Budget involves three major activities

Budget Development



Budget Discussion/Authorization



Budget Management



Two Types of Budgets

We will focus
here

Operating
Budget

Capital
Budget



Campus Fund Sources

We will focus here

Core Funds

- State General Funds
- Student Tuition and Fees
- UC General Funds

Other Budgeted Funds

- Auxiliary Revenue
- Sales & Services Revenue
- Medical Center Income

Extramural Funds

- Federal Contracts & Grants
- State and Local Contracts & Grants

Other Funds

- Private Gifts & Grants
- Investment Income



Academic budgeting

- 2017-18 AY Senate Administration Retreat identified three foci:
 - Academic planning
 - Academic budget
 - School restructuring
- 2017-18 AY – Budget Working Group
 - Advised on academic budget guidelines
- 2018-19 AY – Budget Development Team
 - Established base budgets for Schools/Divisions (Phase I)
 - Implemented budget process for the 2019-20 AY (FY20)
- Phase II – Three year “burn-in” phase
 - 2019-20 AY (FY20) ; 2020-21 AY (FY21); 202—22 (FY22)



Academic budgeting

- The principles of the academic budget process are to be:
 - Transparent – clear process
 - Predictable – reliably used for future needs
 - Integrated – connected with other campus processes
 - Adaptable – process is a “living” and adjustable
 - Accountable – can be used to measure progress
 - Fiscally Responsible – efficiently utilizes campus’ limited resources



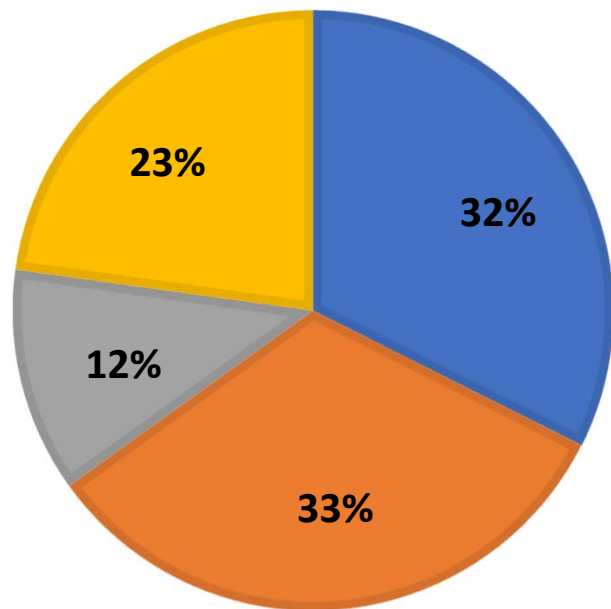
Academic budgeting

- The current academic budget process is:
 - Curriculum-driven
 - Focused on the meeting the campus' pedagogical needs
 - Addresses funding for temporary academic staffing (TAS) (i.e., TAs, lecturers)
 - Provided to the Deans to meet Divisional/School instructional needs
- Future Objectives:
 - Integrate with the Academic Planning Process
 - Integrated with Enrollment Strategy
 - Develop mission-aligned incentive structures



Academic budgeting

- Teaching Assistant and Lecturer Support for 2019-20 AY (FY20)
- Total: \$28.7M



PERCENTAGE OF SUPPORT

- SSHA
- SNS
- SoE
- VPDUE

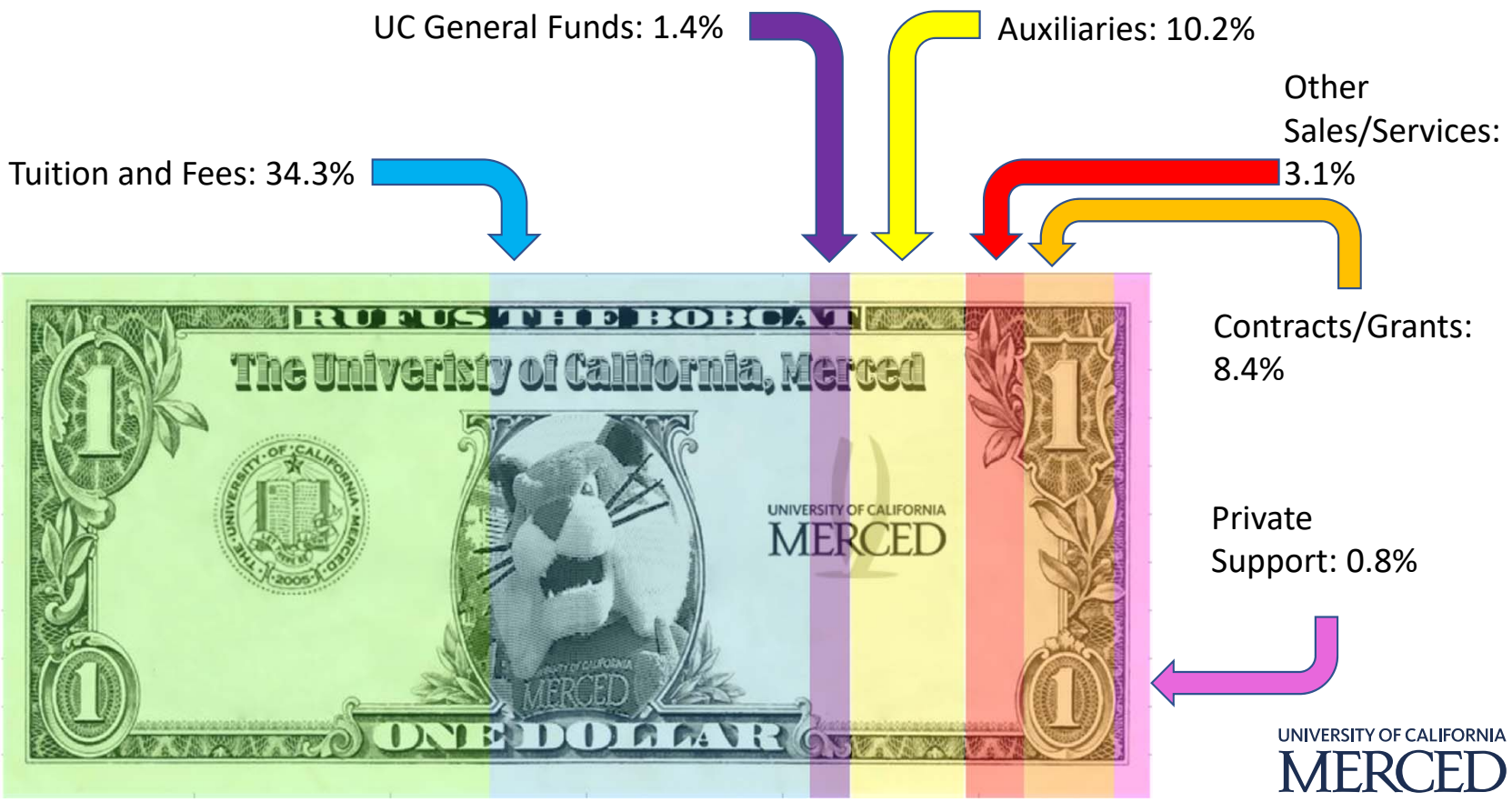
2018-19 AY (FY19):
\$26.6M

Increased by 8.07%
from the 2018-19 AY
(FY19)



Detailed Funding Sources (2018-19: FY19)

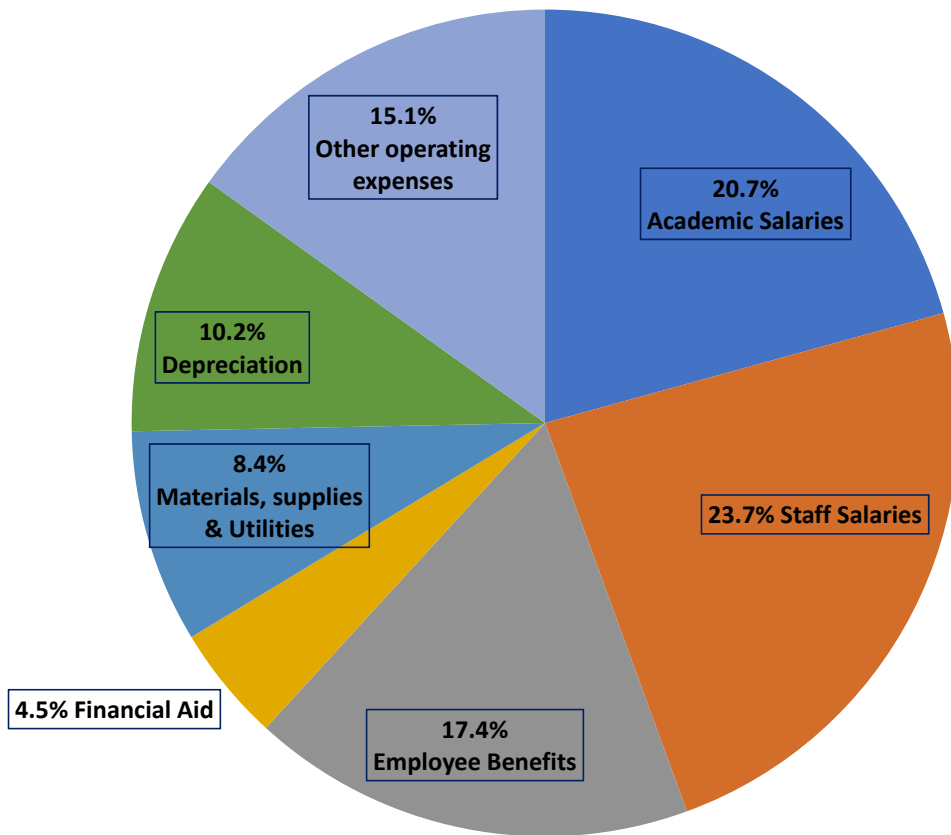
State General Funds: 41.8%





UC Merced's Operating Expenditures

This is how UC Merced spent the funds in FY 2018-19:



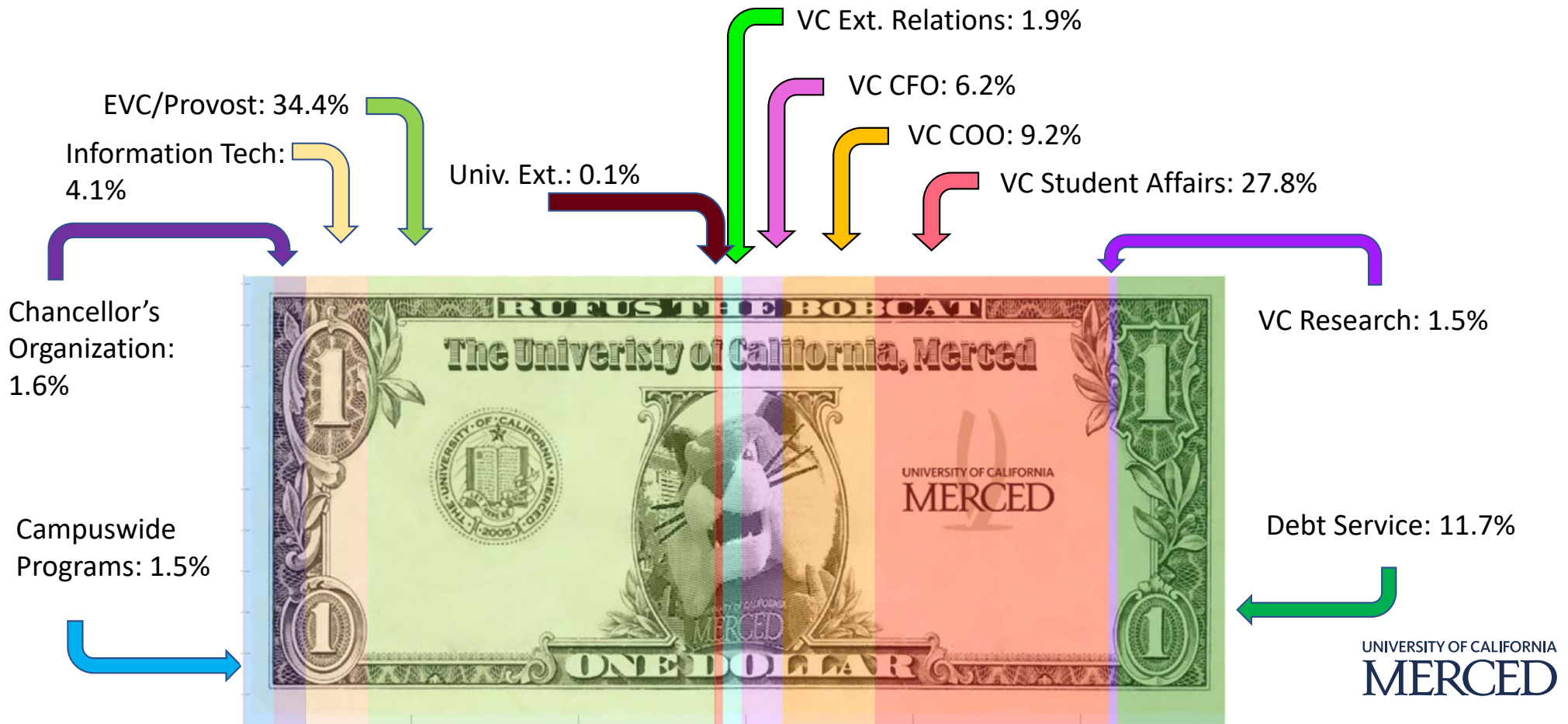
Excluding depreciation, **68%** of UC Merced's funds are spent on salaries and benefits

- Academic Salaries
- Staff Salaries
- Employee & Retiree Benefits
- Scholarships and Fellowships
- Materials, supplies, and utilities
- Depreciation
- Other operating expenses

Source: Financial Data from UCOP's CFR Database representing the official book of record for the University of California for UC Merced

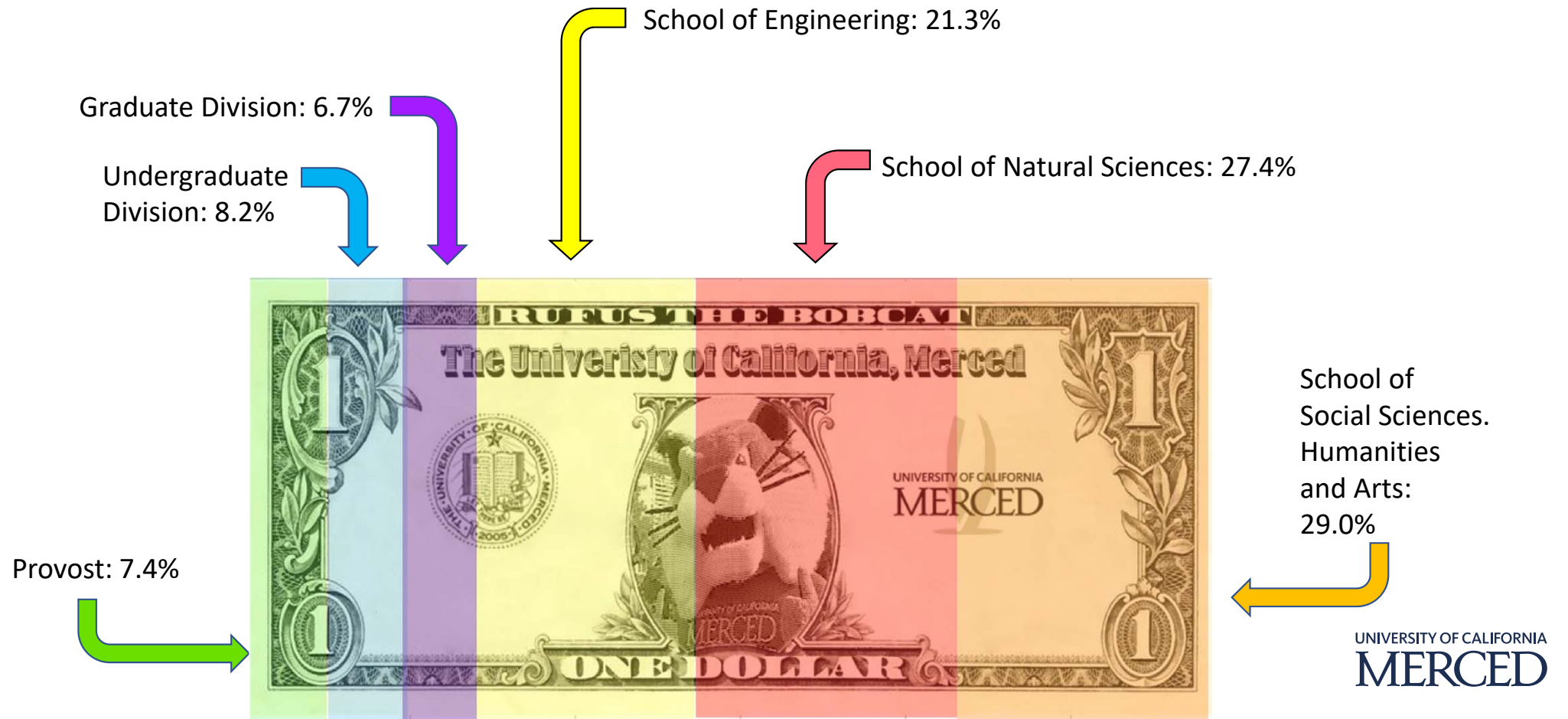


Detailed Expenditures (2018-19: FY19)





Detailed Academic Expenditures (2018-19: FY19)



Graduate Division: 6.7%

Undergraduate Division: 8.2%

School of Engineering: 21.3%

School of Natural Sciences: 27.4%

School of Social Sciences, Humanities and Arts: 29.0%

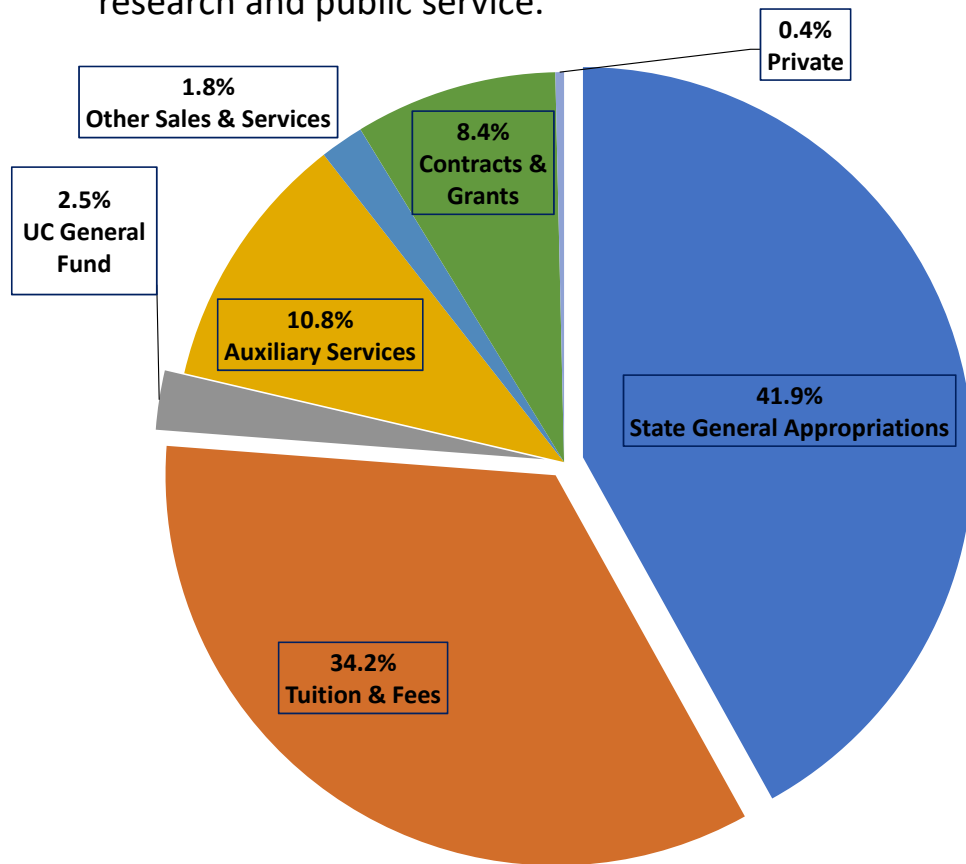
Provost: 7.4%





UC Merced's Total Operating Budget

UC Merced's operating budget for 2019-20 is approximately \$358.6 million to support the mission of teaching, research and public service.



Of the total UC Merced annual budget of \$358.6 million:

- 91% is unrestricted funding
- 9% is restricted funding



- State General Funds \$152.1M
- Tuition and Fees \$124.3M Core Funds
- UC General Funds \$8.9M

- Auxiliaries \$39.1M
- Other Sales & Services \$6.6M
- Contracts & Grants \$30.4M
- Private Support \$1.3M

Source: Budget for 2019-20 published on FP&A's website



Financial health – the Balance Sheet

- Excluding Pension and OPEB liabilities, the state of our financial health is good
- Balance Sheet statistics (assets, liabilities, equity/reserves)
- Campus debt
- Gifts and endowments (campus & foundation)
 - \$71,422M total or \$8,400 per student
- Working capital ratio
 - 2.88 compared to 2.17 systemwide average

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