

# Dollars and \$en\$ Budget Overview



LSE128

## ***Employee and Organizational Development (EOD) Vision***

Employee and Organizational Development (EOD) is the first choice for UNM and the surrounding communities in providing reliable, innovative organizational solutions that ensure excellence.

For information on other training classes, contact:

UNM Employee and Organizational Development

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<http://www.unm.edu/~hrinfo>

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## *Learning Objectives*

Following this class you will:

- Gain awareness of the UNM Budget Process
- Review the Budget Business Calendar
- Differentiate between Unrestricted and Restricted funds
- Review the Frequently Used Budget Reports
- Be Aware of Budget Resources

## *Budget – The Leader’s Role*

Every decision we make must take into account our institutional priorities -- student success, excellence in research, healthy communities, and economic and community development. To the extent possible, we will prioritize our resources to reflect our commitment to moving forward in these areas. We will work together as a unified UNM.

- UNM Budget Guiding Principles

### ***Responsible Fiscal Management –UNM Policy 7000***

#### *Expectations as Leader*

- UNM expects leaders to be involved in creating their budget; to think strategically, to guide and to understand how a budget works.
- Department heads are responsible for ensuring the most effective, efficient use of those funds.
- Department heads should review their budgets regularly to identify positive and negative variances between expected expenditures and actual costs.
- Variances help the department head determine if goals and objectives are being met and/or if unanticipated events are negatively impacting the department's ability to meet its goals and objectives.
- Leaders work closely with their Department Budget staff, Program Managers, Administrative staff, and/or Fiscal Agent during the budget process.

## *Budgeting at UNM*

### **Introduction**

Budgeting involves all segments of the University and is a continuous process designed to ensure the best use of available funding. Budget management requires short-term and long-range planning, and involves setting up program priorities, requesting funding, allocating available funds to various programs and projects, preparing and maintaining the budget, and reporting on the use of funds and intended use of any unexpended funds.

### **Office of Planning Budget and Analysis**

Website: <http://www.unm.edu/~budget/>

The mission of the Office of Planning, Budget and Analysis is to effectively plan and manage UNM's fiscal resources in support of the University's mission of teaching, research, patient care and community service.

The office works with UNM's academic and administrative departments to ensure accurate, efficient and successful budget planning, implementation and reporting practices across all campuses.

The Office of Planning, Budget and Analysis support central administration and departments priorities by identifying, projecting, allocating and managing resources available for operating and capital expenditures and work with state and local governments to ensure the effective management and use of appropriated resources to meet the stated goals of affordability and access for all New Mexicans.

### **HSC Budget Office**

Website: <http://hsc.unm.edu/about/budget/index.shtml>

The Health Sciences Center Budget & VP Finance Administration Office, in partnership with the University Community, strives to obtain, analyze, manage, and protect funding resources in support of UNM priorities.

## *Budget Principles and Processes*

What is a budget?

Budgets are valuable tools for measuring performance because they reflect planned activities.

"A budget is a map guiding an institution on its journey in pursuit of its mission. In most cases, the mission includes instruction, research, public service, and -- in some cases -- patient care."

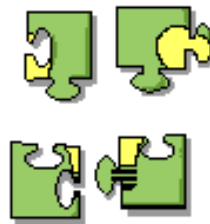
Larry Goldstein, College & University Budgeting; An Introduction for Faculty and Academic Administrators, 3rd edition, 2005.

It is common for a budget to have both a narrative and a quantitative component.

- It is fluid
- Conservative at the start of the year/front end
- Diligently monitor your units budgets

## *Budget Components*

- Allocations
- Transfers
- Revenue
- Balance
- Expenditures

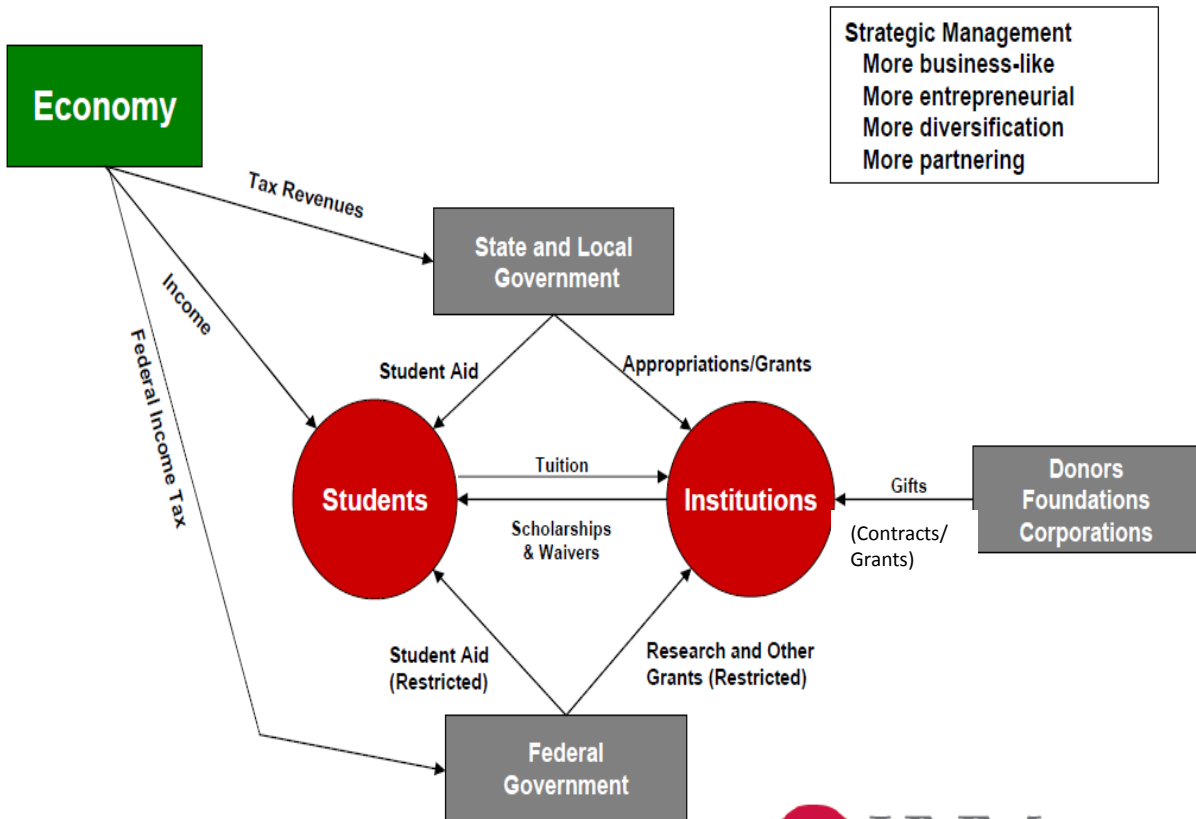


## Budget - External Factors

- National, State and Regional

### Sources of Money

To fulfill its mission of generating and transmitting knowledge, resources come to the university in many forms.



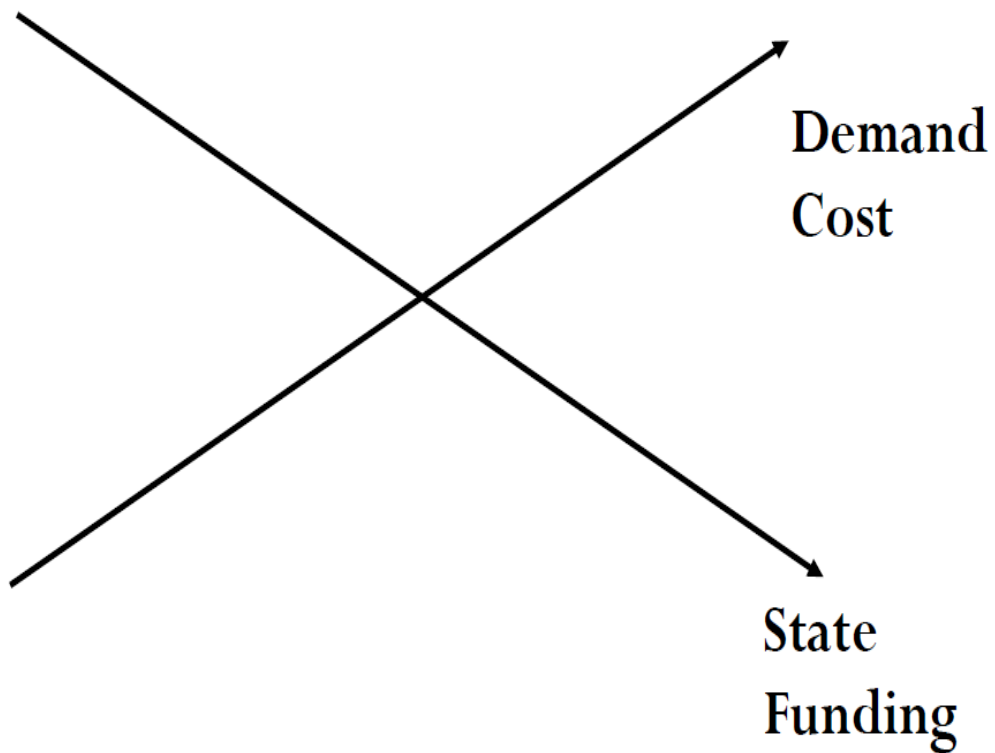
### Trends

Over the last few years student enrollment has increased and the % of funding from the state has decreased. This trend is expected to continue.

## Long-Term Trends

“If you think education is expensive, consider the cost of ignorance.”

~Ann Landers



## *UNM Financial Policies*

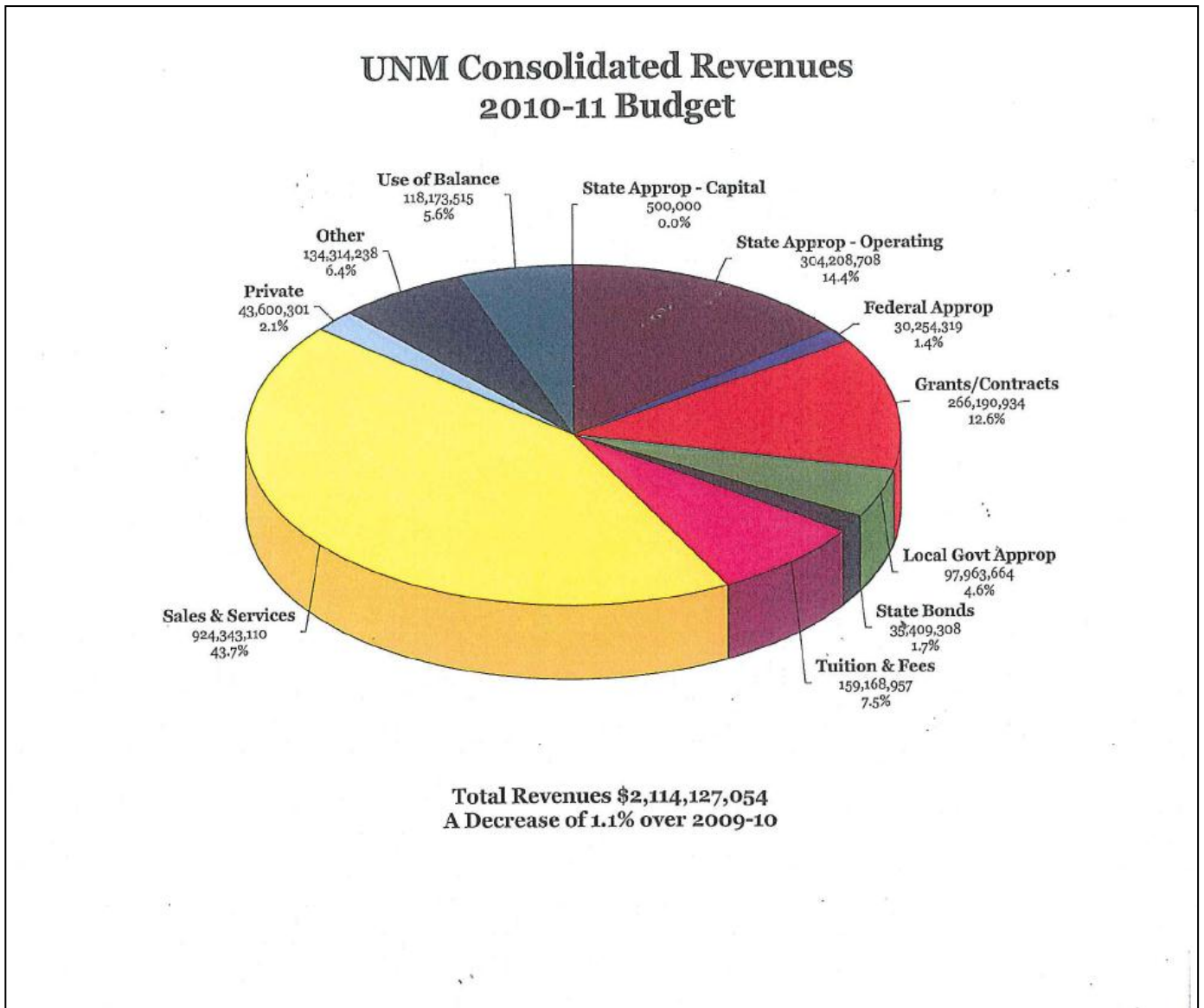
<http://www.unm.edu/~ubppm/>

- **Fiscal Management**
  - Institutional Budgeting 7000-7099
  
- **Financial Accounting**
  - Current Unrestricted Funds 8500-8599
  - Current Restricted Funds 8600-8699
  - Loan Funds 8700-8799
  - Endowment Funds 8800-8899
  - Plant Funds 8900-8999
  
- Higher Education Department (HED) Financial Reporting Manual

<http://hed.state.nm.us>

## Overall University Budget

- Consolidated – UNM Albuquerque, Health Sciences, Gallup, Los Alamos, Valencia and Taos



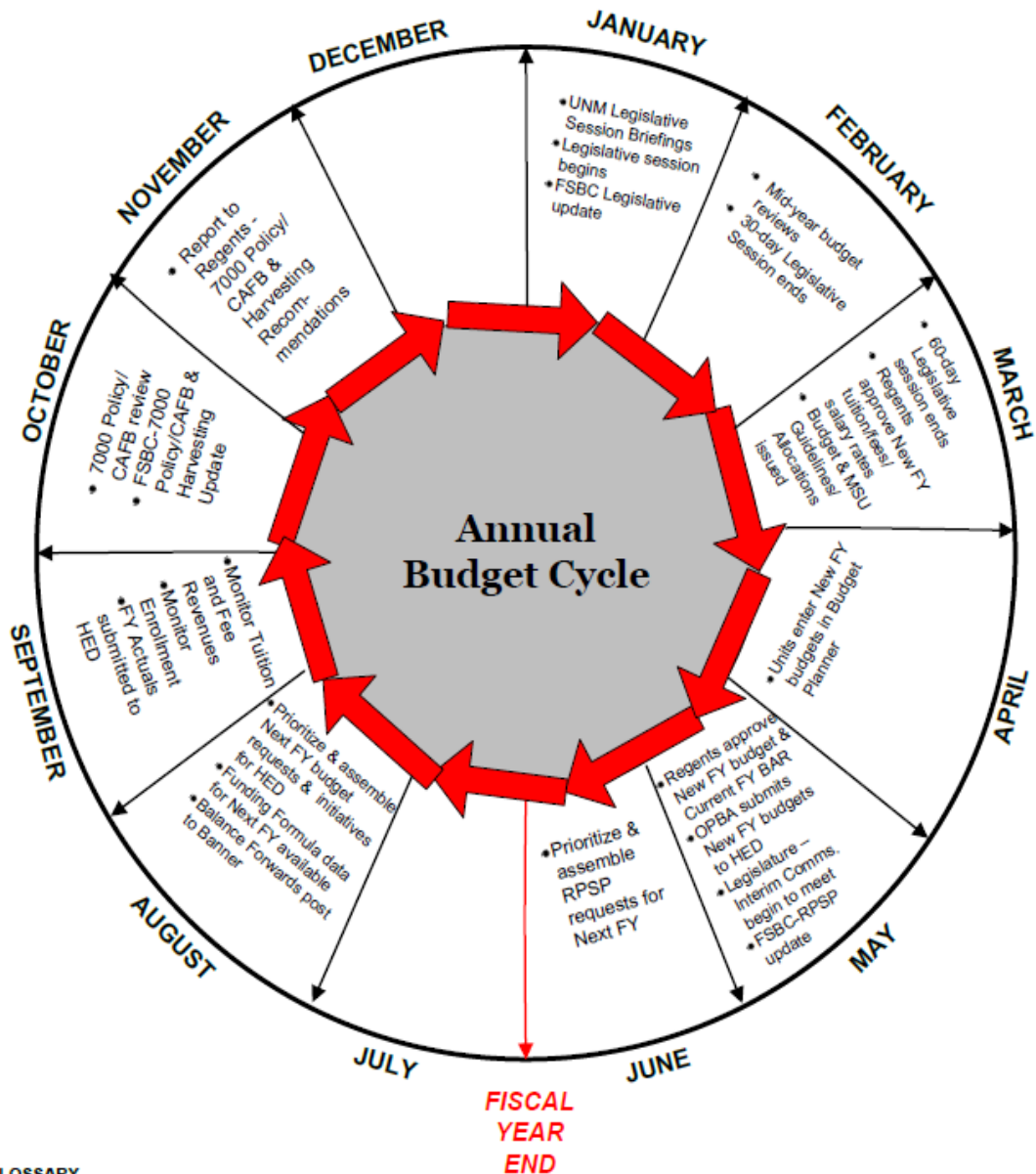
## *Operating Budgets*

An operating budget is a detailed projection of all estimated income and expenses during a given future period.

- Main Campus Operations  
Athletics, Popejoy
- HSC Operations  
Hospital, Patient care
- Branch Operations  
Gallup, Los Alamos, Taos, Valencia

UNM Budget Cycle  
6/22/2010

# UNM BUDGET CYCLE



**GLOSSARY**

- Current FY: Example: Fiscal year 2010
- New FY: Example: Fiscal year 2011
- Next FY: Example: Fiscal year 2012
- BAR: Budget Adjustment Request
- CAFB: Categorization of Fund Balances
- FSBC: Faculty Senate Budget Committee
- HED: Higher Education Department
- OPBA: Office of Planning, Budget & Analysis
- RPSP: Research & Public Service Projects

**NOTE:** Faculty Senate Budget Committee (FSBC) meets the 1<sup>st</sup> and 3<sup>rd</sup> Tuesday of each month.

## *Unrestricted Funds vs. Restricted*

- Unrestricted Funds

Include resources of the University that are currently expendable for specific purposes. These include all funds received for which no stipulation was made by the donor or other external agency as to the purpose for which they should be expended; however, may be restricted by administrative policies.

- Restricted Funds

Include resources of the University that are currently expendable for any purpose toward performing the primary objectives of the University. These include funds available for financing operations, but which are limited by donors and other external agencies to specific purpose, programs, departments or schools.

From UNM COA 2009 Request Application

## *I&G Formula Workload Funding*

### ***What are I&G funds?***

Instruction and General (I & G) appropriations are for student instruction and the support of instruction.

Other state appropriations or line items are for other, specific projects, and may have different guidelines.

As a general rule, state appropriations are considered unrestricted funds. Line items are for specific projects and are restricted based upon the direction of the Higher Education Department they are classified as unrestricted.

- Instruction/Academic Support/Institutional Support-Student Credit Hour (SCH) Generation
- Student Services-Student Headcount
- Operations and Maintenance-Square Footage generation
- Utilities-Square Footage generation
- 3% Scholarship – headcount



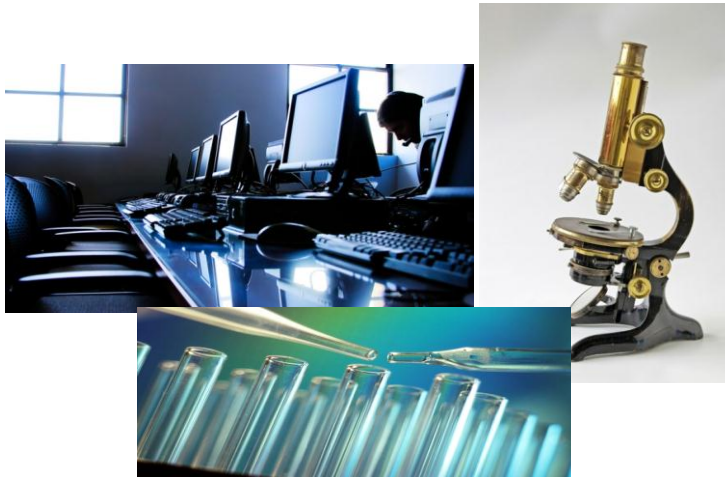
**Note:** The Funding Formula is constantly reviewed. The specific methodology for calculating formula components may change.

## *Equipment Renewal*

Budgeting for equipment purchases is one component of a unit's budget. It is incumbent upon each unit to plan for the all equipment purchases, both replacements and new equipment.

Each year a small amount of equipment renewal and replacement funding is provided to the University via the higher education funding formula.

Units may inquire as to availability of funds. As the amount is small, the I&G replacement needs far outweigh the available formula funding.



## *Building Budgets, Projections and Categorization of Fund Balance*

### ***Budget Planner***

The University begins to build budgets during the spring of each year. Budget Planner is comprised of two modules which combine to form one system.

The first module, Salary Planner, allows you to budget employee's salaries and completes the Mass Salary Update (MSU) process for employee compensation.



The second module is Budget Development. This module allows you to build your fiscal year budget index and account codes.

## ***Building Budgets, Projections and Categorization of Fund Balance (cont)***

### ***Budget Projections***

The budget project process begins in January of each year. Projections serve as a mid-year review for UNM units. The tool used to enter projections is online – LoboWeb.



### ***Fund Balances***

The fund balances process starts in August of each year. Funds are differentiated by category. As part of the UBPP 7000 Fiscal Management policy, during the end of the fiscal year fund balances are either within 'balance' or in deficit.

### ***Budget Calendar***

Each year a calendar of events is published by the Budget Office outlining the major tasks, actions and dates associated with the annual budget process.



### ***Annual Budget Cycle Training***

Training is offered during the annual budget cycle to communicate changes to the process, answer any questions, or assist individuals who are new to the budget process.

As main campus and the HSC have different budget deadlines, contact your campus budget office for specific information.

## Banner

Banner is the UNM administrative system used for various Finance, Budget, Student, Human Resources and Payroll transactions.

The following are examples of Banner budget transactions:

- Budget, Revisions and Transfers online
- Journal Voucher processing
- Non Sufficient Fund (NSF)

The NSF error message is a result of not enough expense budget recorded in Banner to cover Year-to-Date Actuals, Commitments and Pending Transactions



<http://www.unm.edu/~budget/NSF/>

### Banner Security

- Individuals who enter or approve any type of financial or budget information using Banner are required to complete the necessary training and be approved for Banner Security.
  - Banner Authorization Request or BAR
  - Roles – brief description of Banner access needed to enter or approve information in the system
- Examples of transaction which need Banner online approval are:
  - Budget

As a manager, you may be responsible for approving various types of finance or budget transactions

# Budget Reports

## University Frequently Used Budget Reports

<b>Report Name</b>	<b>Description</b>	<b>Type</b>
FBRHOZ01	Main and Branch Transfers Allocation	Hyperion
FOH0003&4	Budget Availability Detail & Summary Reports	Hyperion
FOH0007	Unrestricted Balances and Savings Summary for UBPP 7000	Hyperion
FORH0008	HSC Transfers Allocations	Hyperion
FOX008	Executive Summary Management Report	Hyperion
FOH0001&2	Operating Ledger Detail Summary Report	Hyperion
Budget Development and Salary Planner Reports		Self Service-Budget Planner
Projections System Reports		Self Service-Budget Planner
Fund Balance Categorization System Report		Self Service-Budget Planner



## *Budget Resources*

- Fiscal Agents  
<http://www.unm.edu/~fiscal/>
- Finance Services Support Center  
<http://www.unm.edu/~fssc/index.html>
- HSC Budget Office  
<http://hsc.unm.edu/about/budget/>
- Office of Planning, Budget and Analysis  
<http://www.unm.edu/~budget/>
- Additional Training
  - L.E.A.R.N. (Lunch Education and Review Network)  
<http://www.unm.edu/~fssc/LEARN.html>
- Budget Standard Operating Procedures (SOPs)  
<http://www.unm.edu/~budget/sop/>



## Glossary of Budget Terms

**\*Academic Support:** This category should include funds expended primarily to provide support services for the Institution's missions. Examples in Academic Support are libraries, deans' offices, museums, and instructional media. (Does not include self supporting museums)

**Auxiliary Enterprises:** These are entities that exist to furnish a service to students, faculty or staff and that charge a fee directly to the cost of the service. Auxiliary Enterprises are managed as essentially self-supporting operations. Examples include the Bookstore, Golf Course, Concessions, Dining Halls, Residence Halls, Student Union, Student Health Center, Parking Services, and others.

**Independent Operations:** These include all operations that are independent of or unrelated to the primary programs of the Institution. Examples of this are the Office of the Medical Investigator, Housestaff, Carrie Tingley Hospital and others.

**\*Institutional Support:** This includes expenditures for activities whose primary purpose is to provide operational support for the day-to-day functioning of the Institution, excluding expenditures for Physical Plant operations. Accounts included in this subcategory are the President, University Counsel, Accounting, Budget, Board of Regents, Auditing, Campus Police and others.

**\*Instruction:** This includes activities that are part of the Institution's instructional program. Faculty, instructional support staff, and other costs are included in the cost of Instruction.

**Intercollegiate Athletics:** The entire athletic function should be reported within this category.

**Internal Service Department:** This function includes activities which provide services mainly to internal institutional departments for a specific amount charged. Accounts included in this function are the Computer Center, Printing Plant, Surplus Property, Bookstore Supply Operation, Copy Center, and others.

**\*Operation and Maintenance of Plant:** This category includes all expenditures related to the operation and maintenance of the Physical Plant. Operation and Maintenance of Plant includes custodial, grounds, and utilities.

**Public Service:** This includes all activities established primarily to provide non-instructional services for individuals and groups external to the Institution. Accounts included in this function are KNME-TV, Institute of Public Law, University Press, Poison Control Center, and others.

**Research:** This includes all activities organized specifically to produce research outcomes. Included in this function are General Research, Energy Research, Bureau of Engineering

Research, Institute for Applied Research, Contract Archeology, Department of Research, and others.

**Restricted:** Restricted funds are limited by external donors or agencies to specific purposes.

**Student Aid Grants and Stipends:** This function includes all financial assistance provided to students in the form of outright grants, trainee stipends, and prizes, either awarded by and/or administered through the Institution. Included in this function would be tuition and fee waivers and remissions, and all gifts and prizes to students that are outright grants.

**\*Student Services:** The subcategories included here are the ones that relate directly to services provided to the students by the Institution. Financial Aid Administration, Dean of Students, Admissions and Records, College Enrichment, and Ethnic Student Services are included in Student Services.

**Student Social and Cultural Development Activities:** This includes all funds expended for activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellect, cultural, and social development outside the context of the formal instruction program. Activities included here are student government, student publications, entertainment series, student organizations, and others.

*\* Components of Instruction and General*

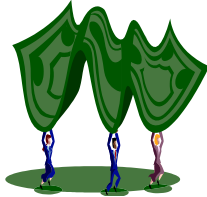
## Summary

Budgeting at UNM involves all segments of the University and is a continuous process designed to ensure the best use of available funding.

Budgets are valuable tools for measuring performance because they reflect planned activities.

Department heads are responsible for ensuring the most effective, efficient use of those funds.

- ✓ Stay within budget
- ✓ Do not overspend



Department heads should review their budgets regularly to identify positive and negative variances between expected expenditures and actual costs.

If you have budget questions contact the appropriate Budget Resources.

