

ADMAN Executive Board Meeting

Minutes of the Meeting held
December 20, 2007

Present: Janet Brown-Simmons, Tracy Lade, Meshell Hays, Dee Madderra, Joan Learned

DISCUSSION

1. **New Member Review**

Joni Rippee: remains pending until more information received regarding her connection to the Davis campus (ANR employee).

Gladys Lopez: Approved.

The addition of a membership application module to the ADMAN website was discussed at the 11/5/07 meeting and remains pending. Janet will follow-up.

2. **Guests Kelly Ratliff, AVC, Budget & Resource Management**

Kelly presented an overview of the 2007-08 operating budget (see attached) and warned us to prepare for budget cuts in 2008-09. The Governor's budget will be issued January 10th and then UC will need to make policy choices that will affect what happens on campus. Each campus will be looking to identify areas of greatest need versus what can be cut.

Some other points highlighted by Kelly:

- ★ Indirect cost return funds are 19980 and can be used to support administrative staff supporting extramurally funded research activities (e.g., pre- and post-award administration). Benefits for permanently budgeted staff on 19980 funds are covered from the central benefits pool.
- ★ Funding the central benefits pool when creating new positions (see PPM 330): there are no automated processes in place at this time to capture those funds. The message from Kelly is to "keep doing what you're doing."
- ★ Summer Session Funds: Campus incentives to departments offering summer session courses, and for having ladder rank faculty teaching summer session courses, are likely to continue.
- ★ Range adjustment funds for TAs: Funds to cover the salary increases for both permanent and temporary TA FTE are to be provided by the campus.
- ★ The units of Architects & Engineers and Operations and Maintenance will be moved under the umbrella of the Vice Chancellor for Administration. A campus announcement will be made early in 2008.
- ★ The focus of the campus budget will shift from new buildings to building renovations.
- ★ The rate of faculty hiring has slowed from growth and replacement to just replacement.

- 3. TEV Pet Peeves**
Janet has prepared a draft memo to Mike Allred in response to his memo of November 26, 2007, Update on Travel & Entertainment Processing. ADMAN members are asked to provide Janet with feedback prior to the follow-up meeting with Mike Allred scheduled for January 25th.
- 4. Foreign/Out-of-State Travel Insurance**
UCOP has taken over administration of the travel insurance. There is no longer a charge to campus units. See <http://www.uctrips-insurance.org/>
- 5. CAT Invited to Participate on ADMAN**
Janet asked Iben Wilson if a member of CAT would like to sit on the ADMAN Executive Board.
- 6. People Admin**
New software for human resource management is to be launched in about 3 months.
- 7. Mid-Management Conference Update**
The theme is *Knowledge and Nourishment*. The meeting will be a one-day event this year at the Library Galleria at 8th and I in Sacramento. The committee is looking into organizing a social hour immediately following the conference. The committee's goal is to get out a "save-the-date" card to the campus in December using the Directives channel.
- 8. SADAAC Representative**
Leslie Young is retiring meaning a replacement is needed to take her place on the SADAAC committee. No update as yet; a replacement representative is still needed.
- 9. Presenters at Future Meetings**
December: Kelly Ratliff, ORMP
January: Sally Water, Organizational Development Services
February: Marion Randall
March: Graduate Studies (Jeff Gibeling, Annik Hirshen)?
April: ABOG meeting (no campus presenter)
May:
- 10. Next Meeting**
The next meeting will be held Thursday, January 17, at 3:00 PM in room 176 Hutchison.

Campus Budget Overview

PART I. ANNUAL FINANCIAL STATEMENT VIEW

A. OPERATING REVENUES

In 2006-07, total revenue generated by the campus was just under \$2.6 billion (Figure 1). Of this amount, the highest single revenue source is the Medical Center (\$938 million) as shown in Figure 3.

Figure 1. 2006-07 Campus Revenue
Totaling \$2.6 Billion

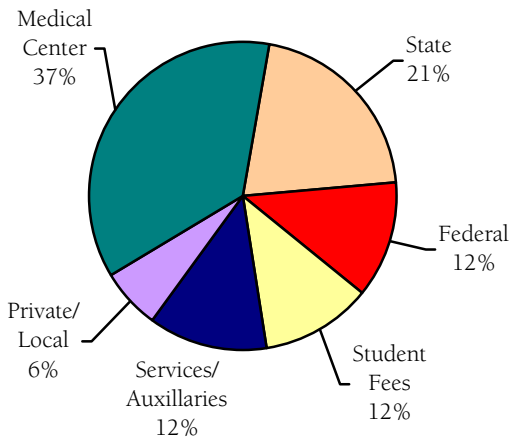
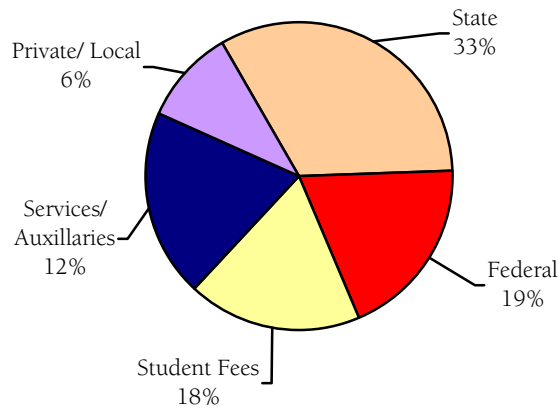


Figure 2. 2006-07 Campus Revenue
Totaling \$1.6 Billion
(excludes the Medical Center)



Over the last ten years, total revenues approximately doubled from \$1.3 billion in 1996-97 to just under \$2.6 billion in 2006-07 as shown in Figure 3a. During this time period, State funds increased by 58%; a rate of increase more than double the growth in the Consumer Price Index (CPI). However, other funds grew at a faster rate causing the state share to decline as a percent of total revenue.

Figure 3. Summary of Revenue Sources over last ten years

Revenue Source	1996-97		2006-07		Cumulative Percent increase
	Revenue (millions)	Percent of Total	Revenue (millions)	Percent of Total	
Medical Center	\$528	39%	\$938	37%	78%
State	\$339	25%	\$537	21%	58%
Federal	\$129	10%	\$310	12%	140%
Student Fees	\$127	9%	\$300	12%	136%
Services/Auxiliary	\$157	12%	\$321	12%	104%
Private/Local	\$65	5%	\$165	6%	154%
Total	\$1,345	100%	\$2,571	100%	91%
Consumer Price Index		2.3%		3.2%	26%

B. OPERATING EXPENDITURES

In 2006-07, operating expenses for the whole campus including the medical center totaled \$2.3 billion. Employee compensation (salary and wages, benefits) represents 71% of all expenditures. This distribution has been fairly consistent over time. For example, employee compensation was 67% of all expenditures in 1994-95.

The distribution of expenditures is somewhat different if the Medical Center is excluded as shown in Figure 5. Most notable is that salary and benefits account for an even higher percent of all expenses.

Figure 4. 2006-07 Operating Expenses (\$2.3 Billion)

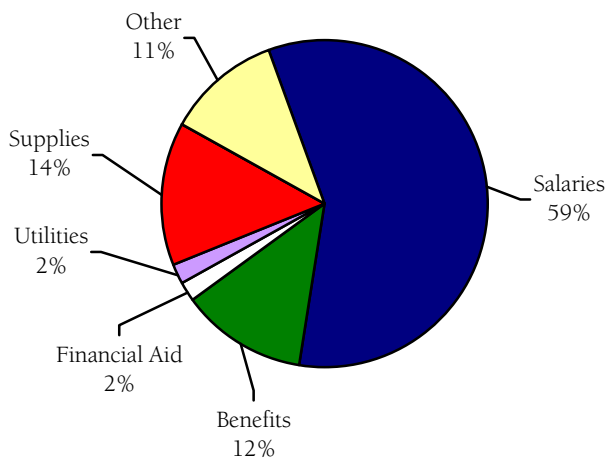
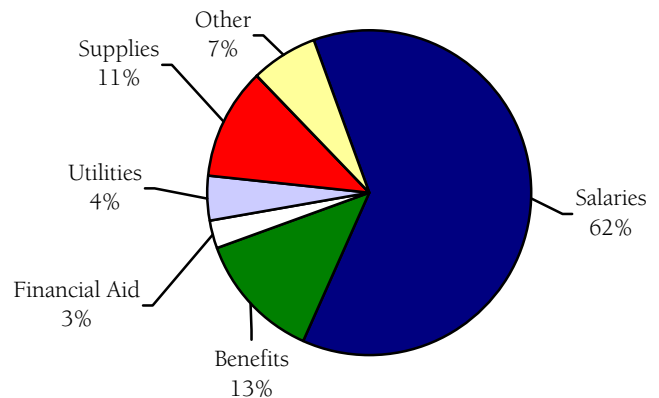


Figure 5. 2006-07 Operating Expenses (\$1.5 Billion) excludes Medical Center



PART II. BUDGETING CORE FUNDS

A. OVERVIEW OF CORE FUNDS (STATE GENERAL FUNDS, STUDENT FEE FUNDS, INDIRECT COST FUNDS)

The campus budget processes generally focus on a subset of fund sources including general funds, student fee funds, and indirect cost funds. Restricted funds such as sponsored research activities, clinical and recharge activities, auxiliary enterprises and the medical center are generally not included.

General funds (\$581 million base budget). General funds, also referred to as 19900 funds, represent the largest core fund source at the campus. The general fund appropriation to the campus is comprised of three parts: (1) funds appropriated to the University as part of the annual State Budget Act; (2) funds generated by the University (called University General Fund Income) such as application fee revenue, non-resident tuition and a portion of federal indirect costs; and (3) educational fees not used for financial aid. The campus receives a single general fund appropriation that does not distinguish the various components and does not easily correlate to annual operating revenue.

The budgeted uses of the General Fund as of July 1, 2007 are shown in figures 6 and 7. However, the budgeted use does not always match the actual use during a given year. For example, faculty salary savings generated during the year (e.g., unfilled positions, sabbatical leave or charging salary to a contract or grant) and can be used to cover departmental expenses, fund faculty start-up costs or cover the budgetary savings target. Similarly, salary savings from vacant staff positions are redirected to other uses during the year.

Figure 6: Budgeted Use of the General Fund for 2007-08 by Type of Expense (in millions)

	July 1, 2007	Percent of Total
Ladder-Rank Faculty Salaries	\$185.10	32%
Other Academic Salaries	\$41.70	7%
Staff Salaries	\$177.90	31%
Benefits	\$77.60	13%
Sub-Total	\$482.30	83%
Operating Expenses	\$98.70	17%
Total	\$581.00	100%

Figure 7: Budgeted Use of the General Fund for 2007-08 by Unit (in millions)

	July 1, 2007	Percent of Total
General Campus Colleges and Divisions	\$178.30	31%
Professional Schools	\$87.00	15%
Agriculture Experiment Station	\$34.10	6%
Academic Support – Graduate Studies, Information & Educational Technology, Library, Research	\$48.90	8%
Administrative Units – Administration, Chancellor & Provost, ORMP, Student Affairs, University Relations	\$53.50	9%
Operation and Maintenance of Plant	\$56.00	10%
Central Benefits	\$76.00	13%
Salary Provision and Other Central Funds	\$47.20	8%
Total	\$581.00	100%

Indirect cost recovery funds (\$61.5 million). Indirect cost recovery (ICR) funds are generated by the campus in accordance with University policy and are based on the Facilities and Administration (F&A) rate negotiated by the campus with the Department of Health and Human Services. For 2007-08, the F&A rate for sponsored research is 52%. There are separate rates for other sponsored activities or instruction or activities conducted in space not owned by the campus.

In 2006-07, research expenditures (direct costs) totaled \$384 million. The associated ICR funds generated were \$83.3 million or 22% of all direct costs and the actual ICR funds received by the campus were \$61.5 million or 16% of all direct costs. 2006-07 activity forms the basis for the campus allocation in 2007-08 from the Office of the President using various complex methodologies (therefore, the budget for 2007-08 is \$61.5 million). Additional information is provided in a stand-alone document and annual reports published annually by the ORMP (www.ormp.ucdavis.edu/budget/reports/).

Student tuition and fees (\$158.5 million base budget). Student fees and tuition include mandatory systemwide fees (educational fee, registration fee, professional school differential fees and non-resident tuition), campus-based fees, University Extension fees and summer session fees. Some student fees – registration fees, selected professional student fees, summer session fees and campus based fees – are retained and administered by the campus.

Other student fees and tuition are combined with State and university general funds to fund University Student Aid Programs and provide core budget for the University. Budgeted student fees do not equal student fee revenue because educational fees and non-resident tuition are budgeted and managed on a systemwide basis (i.e., revenue is collected and reported by the campus, but funds are not retained by the campus).

PART III. KEY BUDGET CONCEPTS

1. Not all money is green. Each fund carries certain restrictions complicating financial management and reporting. In addition, budgets must consider whether funds are on-going or one-time.
2. Budget authority. For most core funds, the budget appropriation in the financial system reflects the authority to spend. The accounting system automatically encumbers future salary and benefit expenses, but specific action must be taken to encumber other commitments such as faculty start-up packages or multiple year graduate student support commitments. For other self-supporting funds and campus based fees, budget authority is based on actual revenue generated.
3. Funds can be on-going or one-time. On-going funds (sometimes called base or permanent) are re-appropriated annually and are generally used for on-going expenditures such as faculty or staff salaries. The majority of the campus core fund budget is permanently distributed across campus units. One-time funds (special allocations or carryforward funds) are depleted once they are spent.

PART IV. CENTRAL CAMPUS RESOURCE ALLOCATIONS (selected examples)

1. Department operating budget. Department budgets from core funds are permanent (funds are automatically re-appropriated each year). Budgets are increased annually for approved salary actions for faculty and staff.
2. Benefits. The campus manages funds for benefits expenses centrally. At the department level, funds are automatically appropriated to fully fund benefit expenses including in-state fees for teaching assistants. Funds must be added to the central benefits pool to cover cost or fee increases and benefits costs for new positions.
3. Academic support. As enrollment growth resources permit, the campus provides funding to each general campus dean for academic support using a formula based on three-year growth in faculty FTE, student credit hours, research expenditures and majors. In 2004-05, the campus allocated \$1.0 million (college and division allocations ranged from \$108,000 to \$183,000).
4. Summer support. Annually, the campus allocates \$0.5 million to the deans for summer instructional support using a formula based on summer student credit hours (65%), courses and sections offered (17.5%) and ladder faculty participation (17.5%).
5. Graduate student support. The Dean of Graduate Studies allocates block grant funds (\$11.4 million in 2007-08) to graduate program chairs using a formula based on enrollment (2:1 doctoral vs. masters) and other campus and endowment funds for other uses such as fellowships, training grants matches. Campus funds are also allocated to buy-down fee and tuition remission for GSRs funded with extramural sources (new policy effective July 1, 2006). The campus also funds mandatory fee remission for teaching assistants. Total campus funds for graduate student support are estimated at \$35.1 million in 2007-08 (not including state funds for teaching assistant salaries).

CAMPUS BUDGET OVERVIEW
FALL 2007

6. Supplemental instruction. The Vice Provost for Undergraduate Studies allocates supplemental instructional funds to deans annually for teaching assistants and lecturers. Total campus funds for 2007-08 are \$16.8 million. Deans also hold base (permanent) budgets for teaching assistants that reflect historical allocations.
7. Indirect costs, equipment match, bridge funds. The Vice Chancellor for Research allocates a variety of funds to support campus research programs including indirect costs (separate section), equipment match (over \$3 million annually) and research bridge funds. A faculty research grant program is administered by the Academic Senate Committee on Research.
8. Faculty start-up costs. The Provost and Executive Vice Chancellor allocates funds annually to deans for high cost ladder faculty start-up packages (eligible costs include major equipment, renovations and research support) using a cost sharing formula.

PART V. OTHER ORMP DATA AND RESOURCES – www.ormp.ucdavis.edu

1. Information for Resource Management (InfoRM) – campus profiles, enrollment, instruction, faculty and staff <http://www.ormp.ucdavis.edu/budget/ipa/inform/index.html>
2. Student information decision support (Kerberos login required) – course, student and instructor data from Data Editing System for Instructional Information (DESII) <https://sisds.ucdavis.edu/>
3. Campus facts – general, students, faculty and staff, finance, research <http://facts.ucdavis.edu/>

ORMP file: t:\campus\budget and reports\campus budget overview fall2007.doc

APPENDIX 1. 2006-07 REVENUE SOURCE DETAILS

State funds (\$537 million) include permanent and one-time State general funds, categorical State appropriations such as lottery funds and contracts and grants from State agencies (direct costs and indirect costs).

Federal funds (\$310 million) include direct research expenditures and indirect costs for all federally funded activities. Revenue is generally allocated on a reimbursement basis. Research award data reported by the Office of Research includes is different because it includes total awards that often span multiple years.

Student fee funds (\$300 million) include mandatory systemwide fees (education, registration and non-resident tuition), summer session fees, campus based fees, university extension fees and self-supporting degree programs (e.g., GSM working professional program). Student fee funds reported on the campus audited financial statements are offset by GASB 35 financial aid adjustments of \$74 million. Since GASB 35 was implemented in 2001-02, the adjustment is not included in this document to assure comparability between the two years illustrated in Figure 3. Audited financial statements can be found at: <http://www.universityofcalifornia.edu/finreports/index.php?file=/06-07/finschd.html>.

Sales and service of educational activity funds (\$227 million) includes medical compensation plan income, Veterinary Medical Teaching Hospital income and other educational activities that are provided to the general public. This amount does not include internal recharges between university departments.

Auxiliary enterprise revenue (\$93 million) includes student housing (\$54.4 million), transportation and parking operations (\$12.1 million), ASUCD enterprises (\$9.0 million) and student union and bookstore activities (\$30.8 million). Auxiliary revenues are offset by GASB financial aid adjustments (\$13 million).

Private (\$126 million) includes cash gifts for university operations and endowment investment income and private research and foundation contracts and grants (direct and indirect costs). This total does not include gifts received by the UC Davis Foundation that are used to create or increase an endowment.

Local government (\$15 million) and other (\$24 million) includes contracts and grants with local government and other revenue sources such as income from the student health center or the veterinary diagnostic laboratory.

CAMPUS BUDGET OVERVIEW
FALL 2007

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