

FY19 Budget and Financial Planning UW-W

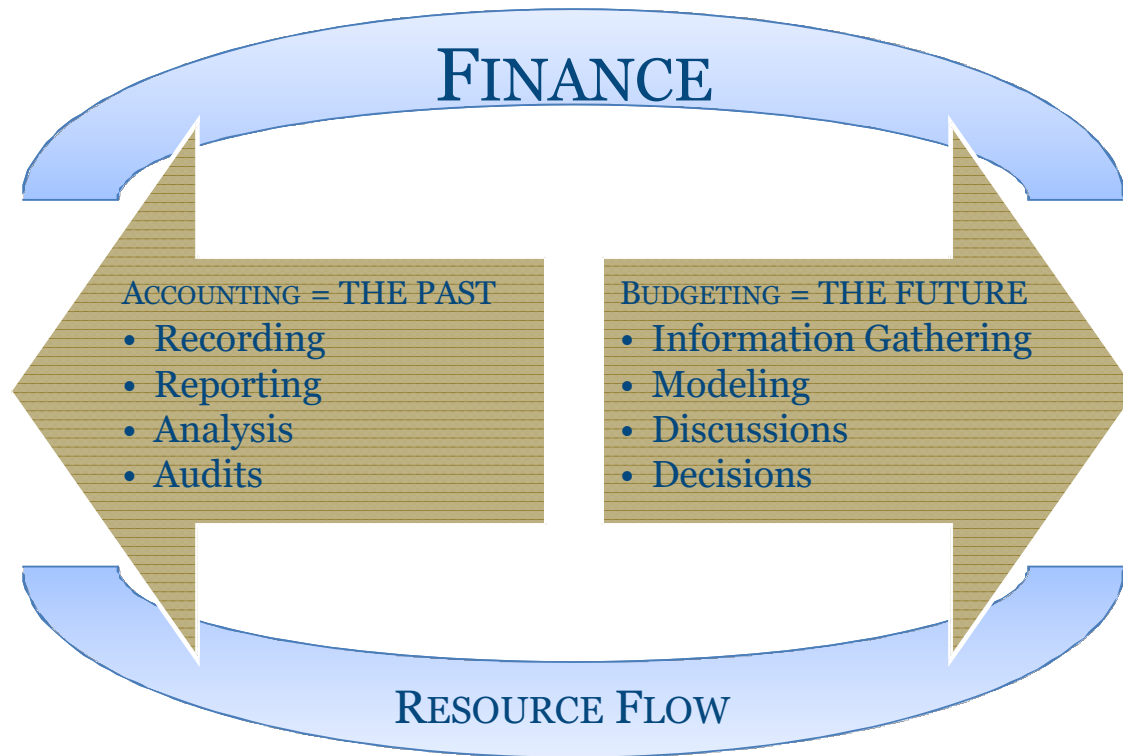
April 4, 2018

Budget Manager Meeting

VC Administration, CBO



What is the difference between accounting, budgeting, and finance?



WI Statute Ch. 36.09(3)(a)

- ▶ (3) THE CHANCELLORS.
- ▶ 36.09(3)(a)(a) The chancellors shall be the executive heads of their respective faculties and institutions and shall be vested with the responsibility of administering board policies under the coordinating direction of the president and be accountable and report to the president and the board on the operation and administration of their institutions. Subject to board policy the chancellors of the institutions in consultation with their faculties shall be responsible for designing curricula and setting degree requirements; determining academic standards and establishing grading systems; defining and administering institutional standards for faculty peer evaluation and screening candidates for appointment, promotion and tenure; recommending individual merit increases; administering associated auxiliary services; and administering all funds, from whatever source, allocated, generated or intended for use of their institutions.
- ▶ In addition, DOA has formally delegated to UW System Administration the responsibilities related to accounting processes and internal controls. UWSA then further delegates that authority to each CBO and controller.

Fiscal Practices

- ▶ **Authority:**
- ▶ Regent Policy Document: Internal Management Flexibility 21-1, Auxiliary Transfer Policy 21-2, Auxiliary Reserve Policy 21-3, Program Revenue calculation Methodology and Fund Balances Policy 21-6, policy on the Expenditure of Tuition Reserve and State General Purpose Revenue 21-7, Policy on the annual Distribution of Tuition and Fee Revenue and State General Purpose revenue 21-8
- ▶ WI Statute Ch. 36.09(3)(a)

Policies and State Law

- ▶ Budget Delegation from State directly to the Chancellor, which includes administration of all funds.
- ▶ UW- System policy and/or State or Federal regulations exists to ensure the financial health and stability of UW- Whitewater as a whole and to communicate an accurate fiscal condition more broadly and clearly. The procedures balance prudent fiscal management with adequate levels of resources to carry out the universities' missions, programs, strategic goals, and objectives in an effective and efficient manner.

Policies and State Law

- ▶ In keeping with UW- System policies and State Statutes:
 - ▶ UW- Whitewater has the necessary flexibility to manage program revenue accounts to meet cash flow needs throughout the year, financial commitments, plans and goals.
 - ▶ Reporting of program revenue cash balances is at a level that provides the Board of Regents, Legislature, and public with a complete, consistent and transparent understanding of end-of-year balances.
 - ▶ UW- Whitewater has the flexibility to continue to invest in and cultivate creative academic programs to reach all students seeking higher education.
 - ▶ UW- Whitewater has the flexibility to invest in facilities that provide a world-class education.
 - ▶ UW- Whitewater should not undertake unnecessary end-of-year spending in order to meet restrictive carry-forward caps.

Procedures - Program Revenue

- ▶ UW-W is required to have a procedure addresses program revenue account balances and appropriate reserve levels, and the methodology for calculating these levels, at UW System and UW System institutions.
- ▶ Program revenue balances shall be calculated subsequent to year-end reconciliation. Balances will be calculated starting with the prior year's ending cash balance, adding revenues received, and deducting expenditures made during the fiscal year. This produces the budgetary fund balance at the end of a given fiscal year. Balances will not reflect accruals for advance deposits received for future academic terms, accounts payable, or accounts receivable.
- ▶ UW- Whitewater will maintain an accurate record of program revenue funds are encumbered (meaning a PO is open), committed (meaning budgeted in WISDM), or available. Note: commit funding for initiatives, capital improvement projects or reserves for debt service (handout)

Procedures - Program Revenue

Year-end program revenue balances shall be calculated for:

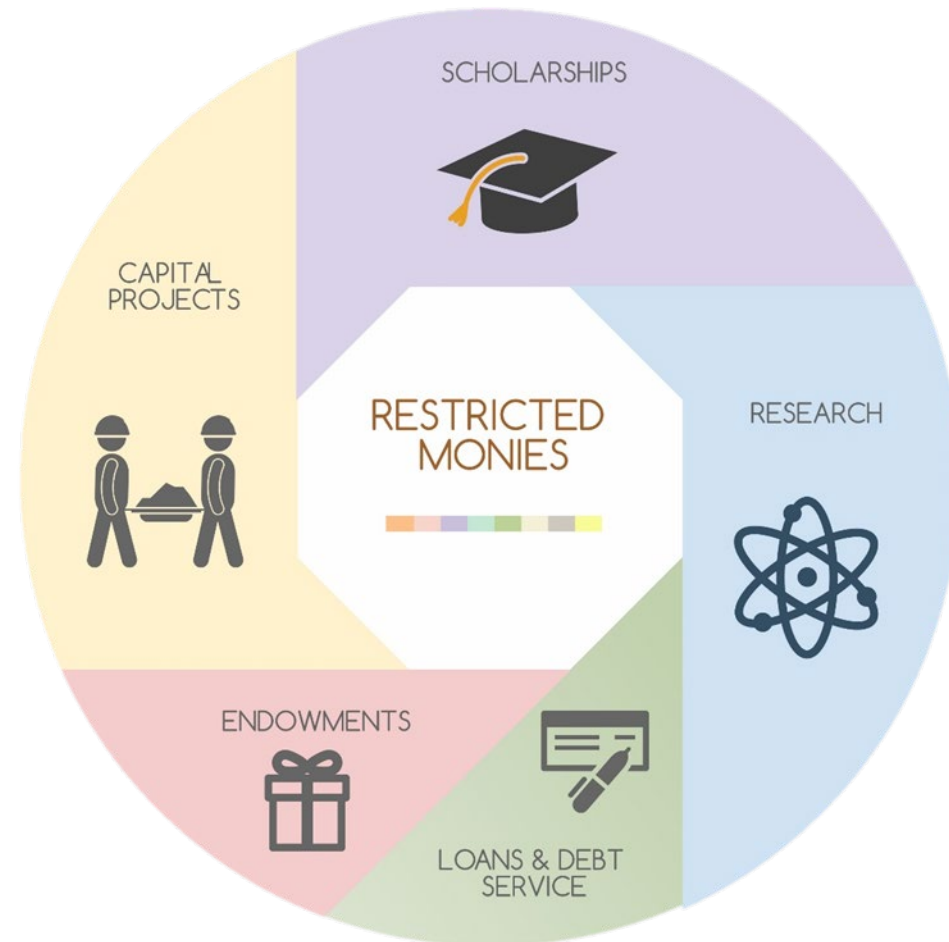
Unrestricted Funds	
1.	Tuition (Academic Student Fees and Extension Student Fees)
2.	Auxiliary Operations
3.	General Operations
4.	Other Unrestricted Program Revenue
5.	Federal Indirect Cost Reimbursement

Restricted Funds	
6.	Gifts
7.	Nonfederal Grants and Contracts
8.	Federal Grants and Contracts
9.	Other Restricted Program Revenue

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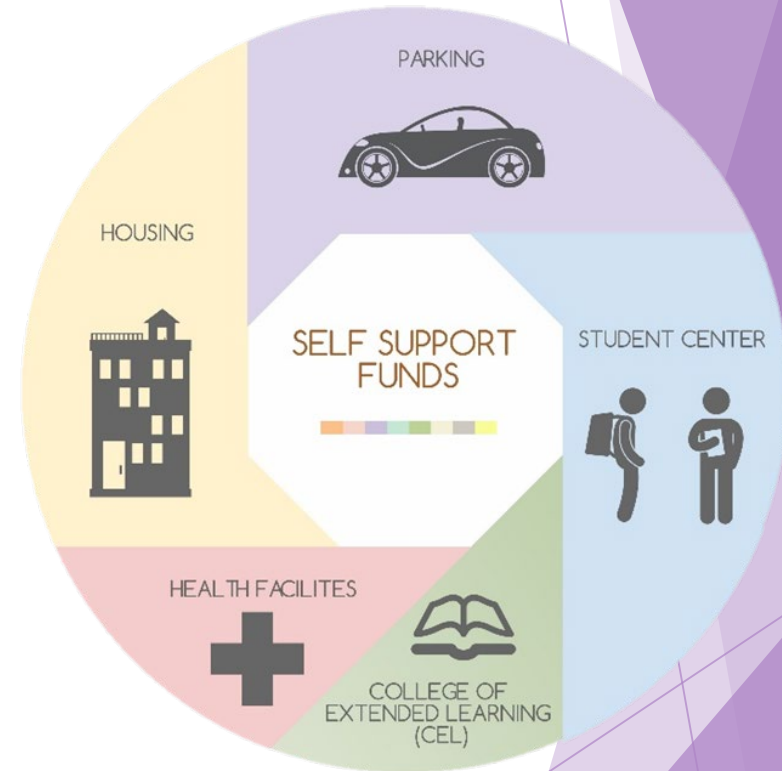
Restricted versus Unrestricted

- ▶ Restricted monies are resources that have constraints on its use either externally imposed by creditors or imposed by law through constitutional provisions



Restricted versus Unrestricted

- ▶ Unrestricted monies represent all other net resources available to the campus for general and educational obligations. Under U.S. generally accepted accounting principles, money that is not restricted are classified as unrestricted for financial reporting purposes.
- ▶ But...unrestricted monies are often restricted by system policy - For example, parking fees by policy must be used to fund the operation, debt service, maintenance and repair, and construction requirements of the parking program.



Procedure - Tuition Revenue and State GPR

- ▶ Our procedures in keeping with UW- System Policy addresses how expenditures will be allocated between tuition revenue and state general-purpose revenue by UW- Whitewater.
- ▶ Annually, the UW System receives a block allotment of expenditure authority from the state that reflects the amount of GPR appropriated by the legislature, modified by any adjustments made by the executive branch within its authority. This GPR block allotment is used to support core operating expenses within the UW System. Tuition revenue is also used to supplement GPR dollars to support core operations. For ease of administration, UW- Whitewater charges all core-operating expenses to GPR funds. Then, UW System must periodically transfer a certain amount of expense to the tuition fund.

Procedure - Tuition Revenue and State GPR

- ▶ It is further the policy of the Board of Regents that the UW System and UW-Whitewater will use both tuition revenue and state GPR for expenses related to core activities, including salaries, fringe benefits, utilities, supplies and expenses, and student technology costs. UW-Whitewater will charge these expenses directly to GPR funds.

Procedure - Tuition Revenue and State GPR

- ▶ In any given year, the actual tuition collected by UW- Whitewater may exceed its tuition revenue target because of fluctuations in enrollment level or student mix (part-time/full-time or resident/non-resident). Such tuition revenue remains at UW- Whitewater to cover any unbudgeted expenses, or if unexpended is added to the institution's year-end fund balance. If UW- Whitewater exceeds its tuition revenue target on a recurring basis, it may request additional budget authority. The additional authority will be added to UW- Whitewater's GPR/Fee allocation and to its revenue target.

Procedure - Tuition Revenue and State GPR

- ▶ Likewise, UW- Whitewater may also request additional budget authority for revenues from institution- specific programming/initiatives. These include tuition differentials, tuition from students in self-supported programs, tuition generated from enrollment growth, tuition above the regular graduate rate for students in professional schools, tuition from nonresident students enrolled via the Midwest Student Exchange, the Tri-State, or the Return to Wisconsin programs, and growth in application fee revenues. This additional authority will be added to the UW- Whitewater's GPR/Fee allocation and to its tuition revenue target.
- ▶ If the actual tuition collected by UW- Whitewater falls short of its tuition revenue target, UW- Whitewater will need to reduce expenditures or reallocate revenues from another appropriate source. If UW- Whitewater falls short of its tuition revenue target on a recurring basis, it may request a reduction in budget expenditure authority. The reduced authority will be removed from UW- Whitewater's GPR/Fee allocation and the tuition revenue target will be lowered.

Procedure - Tuition Revenue and State GPR

- ▶ If the actual tuition collected by UW- Whitewater falls short of its tuition revenue target, UW- Whitewater will need to reduce expenditures or reallocate revenues from another appropriate source. If UW- Whitewater falls short of its tuition revenue target on a recurring basis, it may request a reduction in budget expenditure authority. The reduced authority will be removed from UW- Whitewater's GPR/Fee allocation and the tuition revenue target will be lowered.

Procedure - Auxiliary

- ▶ UW- Whitewater has the flexibility to transfer surplus funding from one auxiliary activity to another. Transfer requests will be made to System Administration and will be considered at the time of the Board of Regents' deliberations on the annual operating budget.
- ▶ Upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the auxiliary transfer policy creating guidelines for transferring surplus moneys from auxiliary enterprises for the purpose of funding the one-time, fixed duration costs of any student related activity and for transferring surplus moneys from one auxiliary to another.

Procedure - Auxiliary

- ▶ Upon recommendation of the President of the University of Wisconsin System, the development of policies relating to the financial management of auxiliary operations is delegated to the Vice President for Finance, in consultation with UW- Whitewater.

Auxiliary Budget Procedure	
1.	Cost factors are distributed
2.	System Budget Office sends out auxiliary templates, timeline, and instructions
3.	Estimated Segregated Fees, Room, and Board rates submitted to System Budget Office
4.	Auxiliary transfer requests from Fund 128 are submitted to the System Budget Office
5.	Comprehensive institution budgets submitted to System Budget Office
6.	System Budget Office reviews budget submissions and completes the auxiliary budget tables that will be presented to the Board of Regents
7.	System Budget Office sends auxiliary budget tables that will go to the Board of Regents out for institutional review
8.	Board of Regents act on the Annual Operating Budget

Links

- ▶ [Internal Management Flexibility 21-1, Auxiliary Transfer Policy 21-2, Auxiliary Reserve Policy 21-3, Program Revenue calculation Methodology and Fund Balances Policy 21-6, policy on the Expenditure of Tuition Reserve and State General Purpose Revenue 21-7, Policy on the annual Distribution of Tuition and Fee Revenue and State General Purpose revenue 21-8](#)
- ▶ [WI Statute Ch. 36.09\(3\)\(a\)](#)