

Division of Student Affairs

Part 2: Budgeting and Finance in the Division of Student Affairs Presented by Lori Gordon, Executive Director of Business and Finance for Student Affairs

Thursday, March 25

Lori Gordon: Hey good afternoon everyone, my name is Lori Gordon and welcome to the Student Affairs Budget 101 series. This is part two and we apologize for a little bit of the technical difficulties that we had at the beginning of this so bear with us we're....we're still getting people in from the waiting rooms and we've had some you know does other challenges connecting but thank you very much for waiting for us.

And I wanted to give the Norris team a shout out for really working through some of the connectivity issues, and of course Regan and Ronnie who have worked effortlessly behind the scenes to get these sessions pulled together.

So, because we're a little short on time I'm going to go ahead and jump right in alright. So, if you remember we had part one of the budget series about a month ago and Jake Julia did some presentation

commencement it has a very specific budget each year, and so we monitor progress against those budgets for this specific programs.

So, we're going to jump off on to the next slide and I pulled this information from the Central Budget Office, and it is public and I invite you to take a look there. But this goes back to fiscal 2018 and if you remember Jake talked a little bit about the budget and what's included from a university perspective, and then a little bit about the size.

But for fiscal 18 the total university operating budget was about 2.37 billion, so this would have been actual expenses. And one of the interesting things if you look at the purple and blue slices and you combine salary wages and benefits, then the university operating budget about 54% of it goes to compensation, it goes to human resources and people.

So, universities are very people intensive places, and so you can see that, by the proportion of the total budget that's dedicated to supporting compensation. Some of the other items here just on an expense basis includes transfers, maintenance, equipment, utilities. And then service, supplies, travel, kind of that's where some of the programming events fall out and we'll talk a little bit more about that in the slides to come. Anthony if you can go to the revenue side.

So, here's the revenue budget from fiscal 18 and here you can see, the total actual operating result was 2.39 billion, a couple of interesting things here.

There was some question about grants and a little bit about financial aid and tuition during Jake's presentation and, if you look at this particular pie chart, you'll see that student revenues is really about 26% of the total revenue for the university and that's after financial aid. So really tuition is only funding about 26% of the total university operating budget. Grants which are either direct or indirect depending on where they're coming from, these are mostly federal research grants or state research grants, they are funding about 27% of the university's operating budget.

The yellow slice is endowment distribution, which we commonly refer to as endowment payout. And then there are gifts, which is the green slice at the bottom, which is about 11% of the total revenue sources. And then sales and other services is the gray slice and that's about 14%. So that's just a quick snapshot of the overall university budget, but one of the interesting things if you, if you remember the slide before this in 2018 expenses were \$2.37 billion compared to the revenue of 2.39 billion so that's where the university in 2018 actually had a surplus. So, if you connect that dot to what Morty had mentioned around fiscal 20 that there was a surplus that's where that amount of money comes from at a total university operating level, so it just wanted to kind of connect some numbers and then bring those forward to FY20.

So, rest assured, there is no pop quiz after this, so a couple of things about the budget vocabulary and some common terminology. When I was pulling this together, I realized, there are probably some terms that are relatively new to everyone, because there's been many changes to how budgets are created and how they're managed at the university level over the past two years, but we're going to start at the top and just take these, one by one, just again, this is a level set so we can continue to talk through some other slides.

I did want to mention that Irene Armas did pull together companion PowerPoint where this is all been translated into Spanish and I think the Norris team has that and they'll put that link into the chat so you can follow along.

Alright, so some common budget vocabulary. We're going to start at the top just go through these fairly quickly, so we've talked a little bit about something that might be recurring. So recurring means that you can have an expense or revenue that is going to repeat for the foreseeable future, so it recurs every year. Non-recurring is usually a one time or fixed short interval of expensive revenue.

So, a couple of good examples recurring revenue, for instance on the housing side would be room and board. On the Student Affairs side a large portion of our recurring revenue comes from the appropriation. Recurring expenses, as we touched upon earlier the biggest one for Student Affairs is compensation right?

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the university actually had budgets that they really didn't limit or control the spending, and I think this is something folks are wrestling with and I know I still am. So,

Then, once to get all that information and we get our final management budget, we go into budget preparation. And that's something that Sheila and David and I do behind the scenes in a different platform, and we build the budget in a software. Once we get that budget done, we

But in the case of Student Affairs we actually have a lot of fixed expense and that's where that five or 10% reduction goes sideways because we have a fixed expense you now have to focus your reductions on a much smaller piece of the pie, which is your variable expenses. So that five or 10% reduction now feels like really a 15 or 20% more reduction, so I wanted just to let you all see that within the Student Affairs, this is our fund 110 budget – Our expense, we are very people intensive is mostly compensation, but our next largest non-compensation item is really fixed expenses. I have a list of items there that we consider fixed that have to be included in our budget from year to year, and we have certain obligations or certain contracts in place.

I know I'm going through this quickly...Let's go to the next slide Anthony number 19 okay...so here, overall, this is the Student Affairs non auxiliary all funds expense budget, you can see the 42.4 million matches the revenue budgets, so the budget always has to be balanced overall.

So again, when you look at it across all of the Student Affairs funds, our salary wages and benefits or compensation expense is now about 62% but that's pretty close to where the university is overall about 54 or 55% so again illustrating that compensation is generally the largest part of the budget.

We can see that we have some, next biggest slices services and professional fees, most of that is usually for health services and for food service. We have transfers supplies and materials travel and promotions and utilities, equipment and other.

So wanted to quickly go through that and again just to give you the magnitude of the budget as well. Let me check the time, so we have about five minutes left I'm going to go back to my mission control colleagues and ask, should we take some questions or go through the last couple of slides for housing and dining?

Regan Lindsey: Yeah, Lori go ahead...it's Regan, hi everyone! Go ahead and run through those last few slides and then we'll get the Q&A started maybe about quarter to? So about 1:45.

Lori Gordon: Okay perfect. So, Anthony if you can go ahead and pop into the next section. We're going to talk a little bit about housing and dining. So, this is for everyone that's involved in dining and then in res life and housing operations. So, housing and dining this is combined and does include our vendor making \$335 million. It's a total of the 650,000 expenses Tw.

few students here in the fall, so we are carrying some pretty significant deficits in this year that will probably hit fund balance. We're hoping for a little bit of relief centrally.

I think the bigger question is looking forward, what will FY22 look like regarding revenues we're planning for the most part, for a mostly normal return but we'll have to see. Good question Kim. David did you want to add anything?

David Hartmann: Not really. The one thing I would add is that while there is some room revenue, we had about 560 students – normally if you think a normal quarter is about 3,900 undergrads in housing, we had 560 in housing during the fall and for winter we've had around 2,400 so think about those numbers and what that means in terms of revenue and because we could not sustain for meal plans our obligation to dining we've gone through to a contractual obligation with compass that we are making them whole, so we are getting zero dining revenue, while still incurring dining expense.

Lori Gordon: I see another question, thank you, David from Keith Garcia. So, where in the budget would the commitment to establishing a dedicated funding pool for retention and promotion of BIPOC staff come from?

And that is something we're working on, I, as I, as I think we get information Keith from everyone, we have working sessions already scheduled for mostly I think May and June – We're going to take a look at everyone's budget, and this is a priority for the division and we will figure out a way to build in a reserve or contingency that we can use to address these issues and to make sure that we're able to you know show some progress on that front. That is something that I'm happy to report back to everyone, as we get closer to FY22 and I think it is obviously an objective of Julie's were able to do that.

Regan Lindsey: Good question Keith, thank you for that. Lori, we have another question that came through kind of not in the chat but on a back channel that I'd like to pose to you. How do we handle as a division any anticipated expenses that we haven't budgeted for. So how do we handle that?

Lori Gordon: How do we handle that...it depends right? And I look at things again regarding....Is a compensation or is it non compensation right? So, in some areas where we've had unplanned compensation, again we've had a lot of temporary staff we've had some issues...not issues but we've had more departures than we expected so we've had to do some things on an interim basis, bringing interns and temps. We actually manage that, through what we call salary breakage so we try to manage that, right now, at a holistic level at the division to be able to address that.

A couple of the tricks that we have been doing on a non-recurring basis if there's unplanned non-compensation expense this year, it changes, a little bit based on the funding source. If it's actually coming in through a gift and we have some gift revenue that can also cover it. We can

work with the Budget Office on some budgeting, or we can look at trying now to spend against that revenue where that used to be a little more restrictive in the past couple of years.

One of the other things that we do, although it's not my favorite thing to do, if we have a little bit of access compensation budget in an area we can do a non-recurring budget adjustment and bring some of that down to non-compensation and give some relief if something's happened and or we find that we have a priority expense that's come through.

A couple of good examples are particularly students who have an unplanned need or go on medical leave. So, we try to work, we have to look at them on a one-off basis but the sooner we know there could be something unplanned, particularly if it's a very material amount on the sooner than we can plan for it and look at solutions.

Regan Lindsey: Thank you for that. Lori, we have Kelly Bankert, I think this was in regards to your response to Keith but she was asking will that be budget is as a reoccurring expense moving forward?

Lori Gordon: That's the plan Kelly. We will, I think consult you know, with everyone particularly there is a subcommittee with many folks from the Student Affairs Council also participated on how we're trying to move many of our racial equity objectives forward.

So, I think more to come on that, particularly as we start you know building the budgets and trying to get all of the moving pieces together, which will start to have more of an idea where we're going to land, probably by June...early July and again happy to report back on that. And Kelly, you know where to find me.

Regan Lindsey: We all do. All right, it is about five to two. We probably have time for one or two additional questions are there any out there from the group that you'd like...we have Lori in front of us now is the time.

Michael A. Youakim: Um, hey Lori I have a question for you.

Lori Gordon: Hey Michael Youakim!

Michael A. Youakim: How ya doin? I know that central appropriation was a large piece of the budget. So how does central get their funding to fund us? Like where does that come from?

Lori Gordon: Yeah, and good question so when, at the very beginning of the presentation, when we talked a little bit about some of the FY18 university operating budget, I actually have a hard copy I'm gonna flip back all the way. My paper notes...Going back in time.

The central budget also they have various revenue sources and so they...they it's interesting because one of the subtle differences, and Michael maybe this is where you're getting, at when you're at a state university there's very defined or designated streams of revenue that come

And then Lori of course you're brilliant and we just so appreciate your time and joining us, and I know Lori mentioned earlier, but this will...this event will be translated in Spanish and posted to our virtual gathering website, so we will push that out in an upcoming snapshot.

And then Julie Payne-Kirchmeier will be sharing the final part three series of this budget, 101. She'll be talking a little bit about stewardship and kind of priorities, how we align our priorities as a division so look for that Wednesday the 21st and you'll be seeing more communication in the snapshot and how to register for that as well.

So that is it, it is two o'clock on the nose and Ronnie, of course, thank you for all your hard work behind the scenes we couldn't do it without you as well, so you all have a great rest of the day, and thanks again for your time was wonderful seeing so many of you.

Lori Gordon: Thank you everyone.