

UCR Budget Primer
 prepared for Senate Committee on Planning & Budget
 as of September 2016
 as understood by Christian Shelton
 with thanks to VC Maria Anguiano & former committee chair Ken Barish

Abstract

This document is to give an overview and rough budget numbers for the UCR campus. It is intended to bring academic senate members up to speed on the budget and the budget process. Numbers are taken from the FY2016-17 projected budget supplied by the Vice Chancellor for Planning & Budget.

1 Campus Budget

All numbers in this document has been rounded to a few significant digits. The goal is to give relative sizes, not precise details (which can change depending on the year and how the numbers are calculated).

The campus's total budget is roughly \$1 billion. This can be broken into revenues (money coming in) and expenses (money going out).

1.1 Revenues

The campus has four major types of revenue: State funding, Tuition, Grants/Contracts/Gifts, and Other.

State UCR is given money from the state according to a complex formula. The basics are that UCR is funded based on budgeted students (and excluding non-resident undergraduates), with PhD students counting for 2.5 times the amount and medical students counting five times the amount (except that until we have enough medical students, they are not counted and we get a fixed amount instead).

Current enrollments are 18 600 undergraduates and 3 000 graduates (850 masters, 1 900 PhD, 150 MD).

Tuition The state sets tuition and some fees. UCR has some added fees. Tuition is the same across all degrees (graduate and undergraduate). However, professional school degrees have a UC-wide supplemental tuition that greatly increases their cost. UC has some required fees and insurance premiums (which can be waived by proof of better insurance). UCR also has some campus fees. Non-resident tuition (NRT) does vary by degree type.

The graduate and professional program tuition revenue includes tuition paid from external grants or contracts (which is money paid by the university to itself). NRT makes up \$16 M (\$12 M of it from undergraduates).

The self-supporting programs include University extension (\$25 M). University extension also accounts for about half of the "other fees."

Category	Subcategory	Revenue
State		\$250 M
Tuition & Fees		\$360 M
	Undergraduate	\$210 M
	Grad/Prof	\$ 50 M
	Summer	\$ 13 M
	Self-Supp. Prog.	\$ 37 M
	Other Fees	\$ 50 M
Grants/Gifts		\$190 M
	Federal Grants, direct	\$ 70 M
	Federal Student Aid	\$ 55 M
	Private	\$ 31 M
	State	\$ 8 M
	Indirect	\$ 19 M
Other		\$190 M
	Housing, other auxiliary	\$130 M
	Sales/Services	\$ 36 M
	Clinical	\$ 27 M

Grants/Gifts All of the grants and gift sources are restricted (the use of the money is pre-specified) with the exception of the indirect cost recovery.

Financial aid A mandated portion of undergraduate tuition goes to financial aid (roughly 33%). This money is, of course, paid back as tuition. However, instead of reducing tuition by the amount of financial aid, we consider tuition revenue as the full revenue on all students, and take the amount paid in financial aid as an expense. \$87 M of tuition is reserved for financial aid. An additional \$65 M comes from external grants and gifts directed to financial aid.

1.2 Expenses

As with most service-oriented enterprises, salaries and benefits comprise most of UCR's expenses.

Non-salary support include graduate tuition payments from grants. GSRs are counted in the academic salary and benefits categories. Note that \$27 M of the debt payment is on dorms and similar auxiliary buildings (with their own income, see above).

Category	Subcategory	Expenses
Academic		\$290 M
	Salary	\$210 M
	Benefits	\$ 80 M
Staff		\$300 M
	Salary	\$210 M
	Benefits	\$ 90 M
Non-Salary Support		\$230 M
Equipment		\$ 23 M
Financial Aid		\$160 M
Fiscal		\$ 59 M
	Debt Payments	\$ 45 M
	Leases	\$ 3 M
	Other	\$ 11 M

2 Internal Budgeting

Internal budgeting is done by unit. There are three categories of units, as shown below.¹ BAS stands for Business & Administrative Services.

Academic Units			
BCOE	CHASS	CNAS	GSOE
SOBA	SOM	SPP	UWP
Summer Session			
Auxiliary & Self-Supporting			
Athletics	UNEX	Palm Desert	BAS: Bookstore
BAS: CDC	BAS: TAPS	BAS: Housing/Dining	BAS: UCR Card
Faculty Housing	HUB	Health Center	Rec Center
Cost Pools			
Infrastructure	Administration	Student Support	Acad. & Res. Support
C&C	BAS: HR	Grad. Division	Acad. Senate
BAS: Phys. Plant	BAS: Accounting	Student Affairs	Library
BAS: Police	BAS: Others		VCUA
	P&B		Research & Econ. Dev.
	Chancellor/EVC		VP Units

Expenses are generally directly attributable to units. Many of the revenue sources are also directly attributable to units: grants, gifts, and contracts, housing, sales, clinical, and self-supporting degree program tuition and fees all

¹Most of these are headed by a vice chancellor, vice provost, or dean.

go to the relevant unit.

However, student-generated revenues are not as easily attributable. Further, it is not necessarily desirable to force each unit's budget to balance when viewed in isolation. We might expect certain units to run a surplus and others to run a deficit as the units support each other in the common campus mission.

To that end, UCR's internal budget model attempts to attribute some revenues to particular units, provide subvention² to transfer money from some units to others, and place internal costs on many services provided.

2.1 Revenues

Revenues tied to students and research are attributed to the academic units as follows.

State Funding State funding for students is held centrally for use in subvention and SIF (see below).

Tuition Fees for self-supporting programs and professional degree supplemental tuition go directly to those programs (minus the mandated amounts to financial aid).

Other undergraduate tuition is allocated to academic units as follows.

Financial Aid: 33% A state-mandated fraction is reserved for financial aid.

Subvention: 20% This money is taken centrally to supplement the state money funding subvention.

Workload: 28% An academic unit receives a share of this, proportional to the number of undergraduate FTEs taught.

Headcount: 9% An academic unit receives a share of this, proportional to the number of undergraduate majors.

Performance: 9% An academic unit is allocated a (potential) share of this, proportional to the number of majors. A fraction of this share is earned, based on four-year graduation rates (graduation from any school counts). The fraction is proportional to how much the unit has closed the gap between their Fall 2010 freshman four-year graduate rate and 75%.³

30% of non-resident tuition (NRT) is held for subvention and the remainder is distributed proportional to headcount (essentially returned to the enrolled college or unit).

33% of graduate tuition is held for financial aid (as is required by the state). All of the remaining Ph.D. revenue goes to graduate student support (graduate division). All of the remaining MS, MA, and MFA revenue is returned to the relevant unit.

33% of professional degree program supplemental tuition is held for financial aid centrally (but may go to other programs). 17% is held centrally and goes to graduate student support. The remaining 50% goes to the unit who runs the program.

Summer tuition is held centrally.

Indirect 13% of indirect revenue is returned to UCOP (and not reported in any budget numbers here).⁴ Of the remainder, it is allocated as below (the numbers in parentheses are of the total, before UCOP's share).

Central: 50% (43.5%) Half is reserved centrally.

VCRED: 10% (8.7%) This is allocated as revenue to the VC for Research and Economic Development.

College: 40% (34.8%) This is provided to the college. 25% of this (10% of UCR's total) is earmarked for the department and 12.5% of this (5% of UCR's total) is earmarked for the PI. This is allocated based on the PI's primary affiliation and does not consider co-PIs.

²Merriam-Webster's best matching definition is "a subsidy from a government or foundation."

³If a school's most recent four-year graduation rate were r and its 2010 rate were r_0 , then its awarded fraction would be $\min\left(1, \frac{r-r_0}{0.75-r_0}\right)$

⁴It is not a fixed percentage. 13% is just the current fraction, based on current grant funding.

2.2 Internal Reallocation

Subvention As mentioned above, all of the state’s student support and 20% of tuition is pooled centrally. The amount of this pool allocated to each academic unit is (mostly) fixed based on the amount in the 2015-2016 budget on top of the other revenue sources needed to meet expenses. Salaries and benefits incurred through clustering hiring will also be offset by increases in subvention. This subvention amount will increase (subject to budget availability) to compensate for employee merits, promotions, and benefits and retirement cost changes.

SIF The Provost’s strategic initiative fund (SIF) is taken from central state funds (see above). Applications are accepted three times a year from the units for money to seed strategic initiatives. The total allocated amount is roughly \$3 M.

Internal Indirect Costs Service providers (like physical plant, grad division, HR, and the library) do not receive revenue directly. The budget for the service units is set by the Provost (see below) and is distributed as a cost to the academic units proportional to a “cost driver.” Below are the cost drivers used (academic FTE includes ladder rank faculty, instructional faculty, TAs and GSRs).

Cost pool	Service Units	Driver
Infrastructure	Police, ERM, C&C, IT cap. renew.	FTE: academics + staff + students (no double count)
	Physical plant, Debt Service	Total Sq. Ft. Utilized
	Utilities, Def. Maint., Lease	Total Sq. Ft. Utilized (if unit doesn’t pay directly)
Administration	Chancellor/Provost, P&B, HR, Equity Fund, Business/Financial Services, BAS: non-infrastructure	FTE: academics + staff
Student Support	UGrad Admissions, Financial aid	FTE: undergrad
	Grad Division	FTE: grad + prof
	Registrar, Health & Wellness	FTE: all students
Acad/Res Support	UGrad Education	FTE: undergrad
	Intern. Aff., U Adv., Library	FTE: academics + students
	Senate, VCRED	FTE: ladder rank faculty
	Academic Personnel	FTE: academics

The services delivered for these costs are detailed in service level agreements (SLAs). A campus committee reviews these agreements and units’ budget requests yearly to recommend changes to the Provost.

2.3 Expenses

Other than the financial aid and fiscal categories of the overall expenses (which are attributable only to the general campus), the first four categories of the campus budget (salaries, benefits, non-salary support, and equipment) can be attributed directly to particular units on campus.

Units are also charged for campus-wide services supplied by other units (see internal indirect costs, above). These large charges (and the associated service agreements) take the place of much of the recharge system used in the past.

2.4 Budget Numbers

Here are the rough high-level budget numbers for the academic units.

Revenues

Category	College / School							UWP/Sum.
	BCOE	CHASS	CNAS	GSOE	SOBA	SOM	SPP	
Tuition	\$ 11 M	\$ 49 M	\$ 25 M	\$ 1 M	\$ 8 M	\$ 1 M		\$ 3 M
Prof/Self-Sup Fees	\$ 1 M	\$ 2 M	\$ 1 M		\$ 10 M	\$ 3 M		\$ 1 M
Grants/Gifts	\$ 22 M	\$ 9 M	\$ 63 M	\$ 2 M	\$ 1 M	\$ 10 M	\$ 2 M	
Indirect	\$ 2 M		\$ 4 M			\$ 1 M		
Sales/Clinic/UCOP	\$ 1 M	\$ 1 M	\$ 4 M			\$ 29 M		
Subvention	\$ 40 M	\$ 83 M	\$116 M	\$ 8 M	\$ 11 M	\$ 26 M	\$ 4 M	\$ 5 M
Total	\$ 77 M	\$144 M	\$213 M	\$ 12 M	\$ 30 M	\$ 69 M	\$ 7 M	\$ 10 M

Expenses

Category	College / School							UWP/Sum.
	BCOE	CHASS	CNAS	GSOE	SOBA	SOM	SPP	
Acad Sal & Ben	\$ 40 M	\$ 72 M	\$ 94 M	\$ 6 M	\$ 13 M	\$ 34 M	\$ 3 M	\$ 12 M
Staff Sal & Ben	\$ 10 M	\$ 14 M	\$ 28 M	\$ 2 M	\$ 4 M	\$ 15 M	\$ 1 M	\$ 1 M
Non-Salary Support	\$ 12 M	\$ 11 M	\$ 43 M	\$ 1 M	\$ 2 M	\$ 14 M	\$ 2 M	
Equipment	\$ 3 M		\$ 11 M			\$ 3 M		
Recharge	\$ -2 M		\$ -2 M					
Indirect	\$ 17 M	\$ 48 M	\$ 50 M	\$ 3 M	\$ 7 M	\$ 4 M	\$ 0 M	\$ 5 M
Total	\$ 78 M	\$145 M	\$223 M	\$ 11 M	\$ 26 M	\$ 70 M	\$ 7 M	\$ 18 M

The similar breakdown for other groups of units is below. Auxiliary includes housing, extension, athletics, and other similar revenue generators.

Revenues

Category	Unit Group				
	Auxiliary	Infrastr.	Admin.	Student Supp.	Aca & Res Supp.
Self-Sup Fees	\$ 25 M				
Fees & Aux.	\$152 M	\$ 3 M		\$ 20 M	\$ 2 M
Grants/Gifts	\$ 2 M			\$ 1 M	\$ 1 M
Indirect					\$ 2 M
Sales/Clinic/UCOP	\$ 1 M	\$ 3 M	\$ 1 M	\$ 2 M	\$ 11 M
Subvention/Indirect	\$ 44 M	\$ 61 M	\$ 28 M	\$ 16 M	\$ 44 M
Total	\$223 M	\$ 67 M	\$ 29 M	\$ 40 M	\$ 60 M

Expenses

Category	Unit Group				
	Auxiliary	Infrastr.	Admin.	Student Supp.	Aca & Res Supp.
Acad Sal & Ben	\$ 6 M			\$ 1 M	\$ 7 M
Staff Sal & Ben	\$ 71 M	\$ 48 M	\$ 32 M	\$ 31 M	\$ 35 M
Non-Salary Support	\$ 77 M	\$ 33 M	\$ 5 M	\$ 10 M	\$ 13 M
Equipment	\$ 1 M				\$ 5 M
Debt Service	\$ 27 M				
Recharge	\$ -10 M	\$ -10 M	\$ -3 M		\$ -1 M
Indirect	\$ 27 M		\$ 1 M	\$ 6 M	\$ 9 M
Total	\$200 M	\$ 71 M	\$ 35 M	\$ 48 M	\$ 67 M

2.5 UCR Budget Process

During the year, the SLA governance committee reviews some (on a rotating basis) of the service level agreements between the service units and the rest of campus. The committee includes the Provost, the Vice Chancellor, VC for P&B, Associate Provost, a CFAO from at least one college, a Dean from at least one college, the head of at least one service unit, and the chair of the Senate's P&B committee (among others). The committee makes recommendations to the Provost and Chancellor regarding the budgets and SLAs for the service providers and auxiliary units.

Colleges and schools are free to hire faculty, staff, lecturers, and others, provided they stay within budget. There are no "faculty lines" or similar under this budget model. The budget model is intended to provide predictability in terms of revenues and expenses to allow deans this flexibility.

The SIF funds are distributed by the Provost in response to three calls per year for applications (September, January, and June).

The Senate's Planning & Budget Committee serves an advisory role to this process. It is free to address the aspects of planning or budget it sees most relevant. Typically, toward the end of the academic year, the committee meets with the heads of many units to learn more about their budgetary situation. Often, the committee issues a report (on general planning and budget issues) at the end of the academic year.