2017-18
Operating Budget Guidelines

UCLA
Topics

• Planning Context
• Budget guidelines and assumptions
• CBIG Updates
• Budget input forms
• Questions
2017-18
Planning Context

UCLA
Recent Budget History:
How UCLA has done it has limited potential to solve current challenges

- Increased nonresident enrollment and tuition rates
- Expanded professional degree programs generating supplemental tuition
  - Established new self-supporting degree programs
- Slowed down replacement of ladder faculty
- Reduced costs in purchasing
- Consolidated IT systems
  - Launched Campaign
  - Commercialized intellectual property
  - Asked all campus units to find savings
2017-18 Budget Assumptions:
Future budget outlook makes acting responsibly now even more important

- Revenue Assumptions:
  - 4.0% state increase
  - 2.5% tuition rate increase with flat enrollment (less than 1% increase)
  - 5.0% supplemental tuition rate increase with flat nonresident enrollment

- Expense Assumptions (see next slide):
  - Average inflation on salaries and benefits, with units receiving general fund increases to cover these costs (for staff on GF funding)
  - Above-inflationary increases in UCOP assessment and TIF

- Budget Reserve:
  - Need to grow central reserve
  - Work with units to:
    - Reforecast current Chancellorial commitments to spread existing commitments over longer horizon
    - Fund the majority of 17-18 requests from department-held balances
### 2017-18 Budget Assumptions:
Mandated increases above our “ordinary” expenses are adding to the challenge

#### Increases in Mandatory and Other Costs
(General Funds)

<table>
<thead>
<tr>
<th>Feature</th>
<th>17-18 Increase</th>
<th>Covered by Chancellor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Salaries</td>
<td>$ 19M</td>
<td>100%</td>
</tr>
<tr>
<td>All Other Salaries</td>
<td>$ 7M</td>
<td>100%</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>$ 6M</td>
<td>100%</td>
</tr>
<tr>
<td><strong>UCOP Assessment (2-year increase):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base amount, excl. Systemwide Services</td>
<td>$2M</td>
<td>50%</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>$2M</td>
<td>50%</td>
</tr>
<tr>
<td>UCPath</td>
<td>$15M</td>
<td>50%</td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Infrastructure Fee</td>
<td>TBD</td>
<td>N/A</td>
</tr>
<tr>
<td>New Commitments/17-18</td>
<td>TBD</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### UCOP Assessment
30% increase as compared to 2015-16

**FY17-18 PROPOSED ALLOCATION**
($83M estimated)

- **Campus**: $42M
- **Chancellor**: $41M

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UCLA Academic Planning and Budget
Key Drivers of Current Challenges
Revenue Forecast for Core Funds

FY16-17 Components of General Funds (19900) (dollars in millions)

- State General Funds: $463
- Net Tuition, $290
- Nonresident Supplemental Tuition, $210

Baseline Assumptions for General Funds:
- State General Funds: +4%
- Student Services Fee: +5%
- Tuition: +2.5% beginning in 2017-18
- Nonresident Supplemental Tuition: +8% in 2016-17, then +5% thereafter.

Forecast Scenarios for Components of General Funds

- Best Case Scenario: CAGR = 3.8%
- Middle Case Scenario: CAGR = 2.1%
- Reasonable Worst Case Scenario: CAGR = 1.1%

Baseline Assumptions for General Funds:
- State General Funds: +4%
- Student Services Fee: +5%
- Tuition: +2.5% beginning in 2017-18
- Nonresident Supplemental Tuition: +8% in 2016-17, then +5% thereafter.
## General Funds Forecast: FY16-17 to FY19-20
(dollars in millions)

### REVENUES

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State General Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Permanent Budget</td>
<td>$455</td>
<td>$474</td>
<td>$494</td>
<td>$512</td>
</tr>
<tr>
<td>Other SGF - Temporary</td>
<td>23</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td><strong>Subtotal: State General Funds</strong></td>
<td>$478</td>
<td>$489</td>
<td>$509</td>
<td>$527</td>
</tr>
<tr>
<td><strong>Tuition Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Tuition</td>
<td>441</td>
<td>455</td>
<td>468</td>
<td>483</td>
</tr>
<tr>
<td>USAP</td>
<td>(153)</td>
<td>(156)</td>
<td>(156)</td>
<td>(156)</td>
</tr>
<tr>
<td><strong>Subtotal: Net Tuition Revenue</strong></td>
<td>$288</td>
<td>$299</td>
<td>$312</td>
<td>$327</td>
</tr>
<tr>
<td>Nonresident Supplemental Tuition Revenue</td>
<td>209</td>
<td>214</td>
<td>220</td>
<td>223</td>
</tr>
<tr>
<td><strong>UC General Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$1,019</td>
<td>$1,046</td>
<td>$1,085</td>
<td>$1,121</td>
</tr>
<tr>
<td>% change</td>
<td>2.6%</td>
<td>3.7%</td>
<td>3.3%</td>
<td></td>
</tr>
</tbody>
</table>

### EXPENDITURES

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department Permanent Operating Budgets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Salaries</td>
<td>$368</td>
<td>$387</td>
<td>$406</td>
<td>$427</td>
</tr>
<tr>
<td>All Other Salaries</td>
<td>215</td>
<td>222</td>
<td>231</td>
<td>238</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>162</td>
<td>168</td>
<td>174</td>
<td>181</td>
</tr>
<tr>
<td>Noncompensation Expenditures</td>
<td>135</td>
<td>138</td>
<td>143</td>
<td>144</td>
</tr>
<tr>
<td><strong>Subtotal: Department Perm Budgets</strong></td>
<td>$880</td>
<td>$915</td>
<td>$954</td>
<td>$990</td>
</tr>
<tr>
<td>% change</td>
<td>4.0%</td>
<td>4.3%</td>
<td>3.8%</td>
<td></td>
</tr>
</tbody>
</table>

| **Available for Commitment System** |         |         |         |         |
| Recurring Sources | $116 | $116 | $116 | $116 |
| Nonrecurring Sources | 23 | 15 | 15 | 15 |
| **Subtotal: Available for Commitment System** | $139 | $131 | $131 | $131 |
| **Total Expenditures** | $1,019 | $1,046 | $1,085 | $1,121 |
| % change | 2.6% | 3.7% | 3.3% |         |
2017-18
Budget Guidelines and Assumptions

UCLA
### Budget Input Changes
**UCLA Operating Budget**

<table>
<thead>
<tr>
<th>Category</th>
<th>2016-17 Budget</th>
<th>2017-18 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Funds to budget</td>
<td>Core funds</td>
<td>All funds (Plus one entry for C&amp;G and G&amp;E)</td>
</tr>
<tr>
<td>2. Budgeting expenses</td>
<td>One line for operating expenses</td>
<td>Detail for operating expenses</td>
</tr>
<tr>
<td>3. Staff salary increases</td>
<td>Non-represented: 3% increase covered by unit. Represented: Based on contract negotiations. Covered by unit.</td>
<td>Assume 3%, covered centrally, for individuals budgeted on 19500 on sub 01 &amp; sub 02.</td>
</tr>
<tr>
<td>4. Faculty Salary increases</td>
<td>3% COLA effective July 1 covered centrally. Also budget expenses for regular cycle of ladder faculty expense increases (tenure, step increases etc.)</td>
<td>Same</td>
</tr>
<tr>
<td>5. Benefits Rates</td>
<td>Based on individual rates</td>
<td>CBR</td>
</tr>
<tr>
<td>6. Benefits expense increases for faculty &amp; staff</td>
<td>Not covered</td>
<td>Increment on 19900 between FY17 and FY18 covered centrally. APB will provide number and pre-populate CBIG.</td>
</tr>
<tr>
<td>7. Campus insurance rates and premiums</td>
<td>Assume no change. Subject to additional guidance from Insurance and Risk Management</td>
<td>Same</td>
</tr>
<tr>
<td>8. Fee remissions</td>
<td>Reverse 19500 expense in June to make full year equal to zero</td>
<td>Same</td>
</tr>
<tr>
<td>9. UCOP Assessment (Tax)</td>
<td>Chancellor subsidy, unit tax as % of total expenditures</td>
<td>Assume increase. Waiting for final decision from UCOP. Actual amount will be based on 2015-16 expenditures. APB will send estimates late March.</td>
</tr>
<tr>
<td>11. Budget Submissions</td>
<td>Included written explanations</td>
<td>Same</td>
</tr>
</tbody>
</table>
Fee Remissions (19900 Funds)

- Work with your Dean’s Office to determine total amount of fee remissions.
- Budget July through May based on anticipated timing of fee remission expenses. Make sure quarters are accurate.
- **June:** Reverse all fee remission costs in fund 19900
  - Full-year total expense is zero.
  - APB transaction: In June, APB transfers expense to fund 20095.

*Do not use CBIG spread rules on fee remissions.*
Undergraduate Academic Incentive Funds (UAI F)

- Applies only to undergraduate instruction, helps to maintain undergraduate course offerings.
- Funding to support enrollment growth:
  - Temporary Faculty
  - Teaching Assistants
- Also covered academic benefits growth and non-ladder faculty academic salary growth

Looking at ways to update calculation for 2017-18
UCOP Assessment (Tax)

**Background:** UCOP decentralized all state funds used for its operating budget back to the campuses.

- In exchange, UCOP taxes campuses for services provided by the Office of the President.
- Tax is based on expenses from the previous fiscal year.
- 2011/12 was the first year of the funding streams tax, but central resources sheltered the campus from the tax for 2011/12.
- Deans / Vice Chancellors determine the distribution of the tax.

**Chancellor Subsidy:**

- The Chancellor will continue to subsidize a large portion of the tax assessment. Subsidy covers more than 50% of total tax.

**FY2017-18 Budget:** Assume increase in the assessment. APB will send estimate late March.
Contracts and Grants

- Budgeted in total, not by fund.
- Estimate increase in total revenue realized on ledger.
- Utilize spread based on last year.

Gift and Endowments

- Budgeted in total, not by fund.
- Need to estimate how much more or less in fund transfers from Foundation will be used in 2017-18.
- Review gift/endowment funds for untapped opportunities.
# 2017-18 Budget & Planning Calendar

## Key Dates

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan - March</td>
<td>Budget conferences with all Schools/Organizations</td>
</tr>
</tbody>
</table>
| March - May | Budget input **Monday, March 27 – Friday, May 12**  
  
  Budget written explanation due **Friday, May 19** |
| May/June | Review of submitted budgets  
  June 29: Staffing process - Balance sub 00, sub 01 & sub 06  
  Funds 19900, 20000-20399, ICR and 69996  
  June 30: Chancellor approval of all budgets |
| July | Announcement of approval of any Chancellorial requests  
  Carryforward updated to actual number  
  Budget opened by request to update any material changes |
Budget Submission Written Explanations
Tell Your Story

- Material impacts to an Organization’s FY2017-18 budget (by Organization)

- Deficit ending balances (by Org and Dept)

- Annual operating deficits that result in projected deficit ending balance by FY2018-19. (By Organization)

Due Date: Friday, May 19. (One week after budget submission)
2017-18
CBI G Updates & Resources

UCLA
Resources

www.apb.ucla.edu/cbig.aspx

Training Manuals Available!
- Budget Input via Smart View
- C-BIG Reports via Smart View
- Ad Hoc Reporting via Smart View

Registration for Training Sessions now closed.
Budget Input Reminders to be published soon.
What’s New in C-BIG?

• New, simple interface
• Previous (but updated) interface still available
• Core Funds available for reporting
• Google Chrome supported
  – Turn off pop-up blocker
• Report names updated (same reports)
  – Reports Directory available for reference
  – User Preference must be set before viewing reports - see C-BIG website
Demos

New version and reports

FY 2017-18 Budget Input Forms overview in Smart View
Submitting Budgets in C-BIG

- No C-BIG promotion process

- Each Organization responsible for creating their own internal approval process

- C-BIG budget input templates will close on Friday, May 12
Reminders

- Include temporary funding from Chancellor, Vice Chancellor, Dean, or Department Chair.

- Spread rules:
  - Be very careful using spread based on last year.
  - Avoid using spread rules on: salaries, benefits, fee remissions, adjustments to unexpended balance.
  - Non-compensation/operating costs may be good candidates for spread rules.

- Consider budgeting monthly (quarterly required).
Budget Updates after Submission

• July: APB will populate actual carryforward

• July/August: Organization can request to update budget to include any material changes.
  – Newly approved Chancellorial commitments
  – Faculty/Staff Hiring
  – Other significant change
Questions?