

Budget Symposium Meeting Notes

September 9, 2019

Zero Based Budgeting PowerPoint Presentation – presented by Sim Ewing

Please don't be scared of zero based budgeting, we are doing more of a modified version. We are calling this a modified version because we are not zeroing out any full-time people. In this version only the wage and OTPS budget lines will be zeroed out.

Over the past few years we have had stagnation in resources partly due to the economic downturn. Another factor affecting the Commonwealth is the K-12 demographic has experienced, especially in the high schools, a downturn. The cost of living has increased 3%, with items such as utilities and health costs being even higher. By doing a modified zero based budgeting approach we will be able to find out where we need to be. We have decided to implement this with FY 21, which is the first year in new biennium. The biennium is two single year fiscal budgets. Therefore, we believe this would be a good opportunity to get right sided and know what priorities are needed going forward. Everything on campus and the budgets are linked. Students are paying tuition which puts money into E&G, in turn students are in housing, that in turn requires students to buy meal plans. Student then also purchased text books and items at the bookstore. In addition, the auxiliary projects, such as housing, the bookstore, and cafeteria, are required to pay an auxiliary tax each year at a rate of 18% which goes back to the E&G side. Since everything works together, the idea is to keep everything moving upward. What are the priorities going forward? With this new budget plan, the new strategic plan, and new marketing plan we can look and determine where the best places will in turn give the best investments.

The budget is the fiscal plan for the institution. If something has not been included in the budget, we consider it not important. We continue to put the Dashboard on the myuwawise website on the financial tab monthly so that everyone can see the financial status of the College.

As you will see later in the presentation, we will be sending out forms for each project that you reconcile. The forms will be sent out to the reconcilers, project managers, and Chancellor/Vice Chancellor for that area by September 20th so that everyone has the information. These forms will be due to the budget office from the Chancellor/Vice Chancellors on November 18th. Everyone will need to work within their area to establish an internal timeline to have the information to their Chancellor/Vice Chancellor. Once each Chancellor/Vice Chancellor receives information from their areas they will prioritize within their area, then it will go to the senior staff and representatives from the faculty and senate staff to be discussed and prioritized as a whole. Look within your areas and decide who you need to be involved as you are building this

from the base up. The more inclusive you can be the better product you will get. This is an opportunity to start from scratch. For example, Ronnie has been thinking of making campus police an accredited agency. If this is something Ronnie feels is necessary he would need build those items required into his budget request.

Please remember to include any special events you know will happen during the year. Also include any service contracts if you purchased something that requires a maintenance contract. Some things are considered mission critical to keep operating and there will be a justification section on the form for items.

Please note that the budget office is not going to prioritize. They will only be compiling the information together for the senior staff to discuss and prioritize with the faculty and staff representatives included.

Timeline

We are doing the overview today. The budget office will be sending out the budget justification forms by September 20th. You are going to receive a unique form for each project because some have revenue and are different. From September 23rd to October 18th you can set up individual meetings with the budget office for assistance. As mentioned earlier, please work with the Chancellor/Vice Chancellor in your area for a due date to submit your form for their review and approval. The forms will be due to the budget office by November 18th from the Chancellor/Vice Chancellor. By December 17th the Governor submits his budget and this should give an idea of what our state money should be, of course this will be modified by the House and Senate. We should also start to see what our projected enrollment will be for next year. The senior staff, with the faculty and staff representatives, will review and prioritize beginning in January 2020. By approximately March 1st the budget office must load the completed budget to the University. Therefore, we don't have large windows of time. They will also have to put the budget in the University's format, this is why we have a tight timeline.

Questions

- Q: You mentioned faculty and staff full-time salaries would be included, what if we have changing adjunct needs? (Brian Hoyt)
- A: Full-time faculty and staff will be budgeted centrally. Wages are included on the form and must be requested, which include adjunct faculty.
- Q: The library already does a broken-down budget, how detailed does it need to be? (Carolea Newsome)
- A: The form has the items listed that will need to be request and justified. (referred to slides 10 & 11).

- Q: Is the information to complete the form to come from your budget? Is this in addition to your budget? (Carolea Newsome)
- A: No, this is like a blank form. The information in the form on the slides is just an example of how to complete it. The budget will be built from the base up starting at zero for wage and OTPS. We do not know the day to day needs of departments. The more information you can put on the justification form the better-informed decisions we can make. Please note that fringes benefits will automatically calculate on the form.
- Q: Will internal housekeeping/maintenance charges be built in? (Julie Scott)
- A: This will not be built in, but you can look at historical charges to estimate the amount needed.
- Q: Summer conferences is totally revenue funded, is there a purpose in doing a budget for that? (Julie Scott)
- A: Yes, revenue can be projected based on your events to cover positions and expenses.
- Q: Do we need to build our budgets like we don't have ETF funds?
- A: You would include equipment needed from ETF and include in the justification that is can be paid for by ETF.
- Q: In the spring there has often been budget cuts, does this mean once we go to this it is far less likely? (Brian Hoyt)
- A: The budget is a planning document only and budget cuts are dependent upon the cash status. This is why we provide the Dashboard on the myuvawise website so that people can see where we are throughout the year. Tuition is a significant component of our cash status, therefore if we are below our projection there is a chance we will need to stop spending at some point because the budget is a fluid number.
- Q: We have a statistics program that comes due in April, can we expect money to be there for this expense? (Brian Hoyt)
- A: This would be something that would be included and justified on the budget form and this will give us a better idea of these items. If you have an item like this that is necessary let us know. Kristy tracks cash and can factor this type of expense into her calculation.
- Q: The ZBB approach is very labor intensive. Are we going to do this every year? (Chancellor)
- A: No, it is very time consuming. I expect we will revisit at an interval and be flexible.

Personal Services Slides

You will not need to worry about fringe benefits, they will automatically calculate on the justification form. Please keep in mind that the fringe benefit rates are subject to change and will most likely change sometime in February. There was a question earlier about faculty adjuncts, they will be included under faculty wages, along with any faculty wage payments that are in addition to their full-time salary. Please remember that temp employees are limited to 1500 hours a year and anything over that puts us on the hook for fringe benefits.

OTPS

When looking at travel, if you know there is a conference you must attend this year go ahead and include all the costs for this attendance.

This is an opportunity to find out what we need to go forward and be able to make a solid decision on things that will have the greatest impact on the College. Some think that hearing zero based budgeting means cuts, however we are not doing away with things. We are doing this so we know what we need going forward and to build a solid base with factual data.