

Budget and Administrative Committee

Agenda for meeting of Wednesday, November 3, 2021, 2:30 p.m.

Zoom Virtual Meeting

Link: https://ucf.zoom.us/j/95198747776?pwd=T0Flbi9zaFRNWjBQb2l2R1dhdkZFZz09

- 1. Call to Order
- 2. Roll Call
- 3. Approval of minutes from October 6, 2021
- 4. Announcements and Recognition of Guests
- 5. Old Business
- 6. New Business
 - a. Monitor Enterprise Resource Planning system upgrade
 - b. Library Funding
- 7. Other Business
- 8. Adjournment

Budget and Administrative Committee

Wednesday, October 6, 2021, 2:30 p.m.

Zoom Virtual Meeting

Link: https://ucf.zoom.us/j/98646387559?pwd=SUxWT0lCQUtKdENxLzJSZExC0EhBZz09

- 1. Call to Order, 2:32
- 2. Roll Call: PRESENT: Pamela Baker, Tina Buck, Peder Hagglund, Gerald Hector, Bobby Hoffman, David Mitchell, Kausik Mukhopadhyay, Nina Orlovskaya, Rebeca Richards, Keri Watson, Adam Wells
- 3. Approval of minutes from March 17, 2021

Request minutes be amended with one spelling correction Motion to approve, seconded, minutes approved as corrected.

4. Announcements and Recognition of Guests

Sean Simmons, director of Financial Planning and Analysis (FP&A)

- 5. Old Business none
- 6. New Business

a. UCF's New Budget Model Presentation – *Gerald Hector, Senior Vice President, Administration and Finance*Dr. Hector shared his budget model presentation from the Board of Trustees meeting in September; the committee learned about the university's new budget model, which is based on the Responsibility Center Management (RCM) philosophy. This is a change from the incremental budget model that UCF has used in the past.

Attached are his October 15, 2021 "Dollars and \$ense" slides, which discuss the same budget model/philosophy presented on October 6. After the presentation, Hector addressed the following topics and questions:

- 80/20 allocations
- participation fee
- support for the library.
- does support (e.g., library) for new programs get addressed by the new model?
- Will there be efforts made to bring colleges posting a deficit in line? CAH keeps having departments with HIGH SCHs taken from them.
- How will individual colleges budget using SCHs?
 - o GH: SCH money will be college-wide, the dean allocates from there.
- Public Admin has doubled, many trying to take summer classes but it's hardly affordable. Will new model make it easier for colleges to offer/afford those summer classes?
 - o GH: up to the dean, they have the responsibility and accountability

We SHOULD be raising up to \$150M/yr, only now set a goal for 100M. Fundraising will be a priority for Deans going forward.

Dollars and Sense program will be launching soon to educate UCF about how our budget will work

Entertained a motion to extend 5 minutes, moved and seconded, extended 5 minutes.

7. Other Business

Request that committee members alternate taking minutes, so we don't have to appoint a secretary. David volunteered for the November meeting.

8. Nina moved to adjourn, Kausik 2nded. Meeting adjourned, 3:44pm.



Dollars and \$ense: The New University Budget Model

October 15, 2021

Gerald L. Hector

Senior Vice President for Administration and Finance



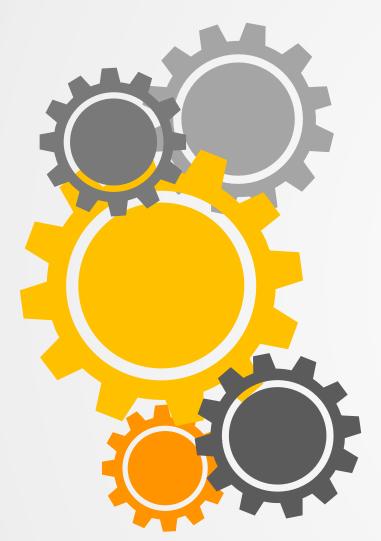


Workday Discussion

- Knight Vision
- Key Themes
- Dimensionality & Transparency
- Workday & Budget Model Alignment
- Workday is the Foundation
- One Institution with Many Pieces



Key Themes



Consistency across companies

One source system – Workday

Configuration not customization

- What's best for the university as a whole



Dimensionality & Transparency

Workday and the Foundation Data Model will give our data dimensionality allowing us to connect multiple data elements to cost centers and divisions.

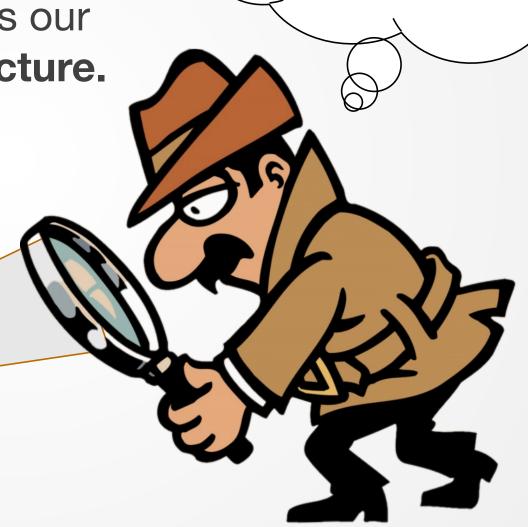
Using one system we can create transparency and view our data holistically.



Dimensionality gives our data depth and allows us to track and analyze at a detailed level.

Workday's worktag structure connects our data giving us visibility into the **big picture**.







Workday and Budget Model Alignment

Workday

Simplification

We will seek to make processes and technology **consistent** across units.

Transparency and Inclusivity

We will make decisions **transparently** and share information frequently and in numerous formats.

The Power of One

One shared foundation data model for the entire institution. One common data structure.

Budget Model

Methodology

Distribute resources using a **predictable** and **consistent** methodology that allows for multiyear planning.

Transparency and Accountability

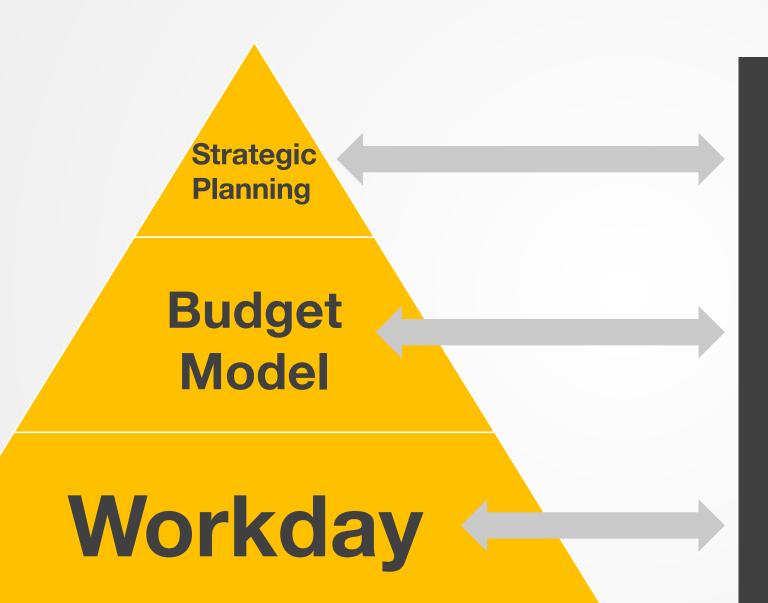
Ensure **transparency**, accountability, and fiscal responsibility by requiring that all aspects of resource management are supported by data-informed decisions.

Holistic View

Incorporation of an all-funds approach provides **one** holistic view of the institution's operations.



Workday is the Foundation



From the budget model we can inform our strategic planning decisions and better allocate University resources.

Through the lens of the budget model, we give our data context to tell the financial story of the institution.

Workday provides the foundation for our data management. It gives us the ability to connect and visualize our data in new and effective ways.



One Institution with Many Pieces

Strategic Unit Needs Planning One System Reporting flexibility/ Data autonomy Consistency

- The balancing act to support the unique needs of each unit while providing for the strategic planning of the entire institution requires new tools.
- Workday and the flexibility of the FDM gives units the autonomy to track and decide what information is important to them.
- Having everyone in one system under one unified chart of accounts allows for holistic and transparent analysis that is critical to strategic planning.



How to Get Involved



Keep up to date by visiting the Knight Vision website at knightvision.it.ucf.edu



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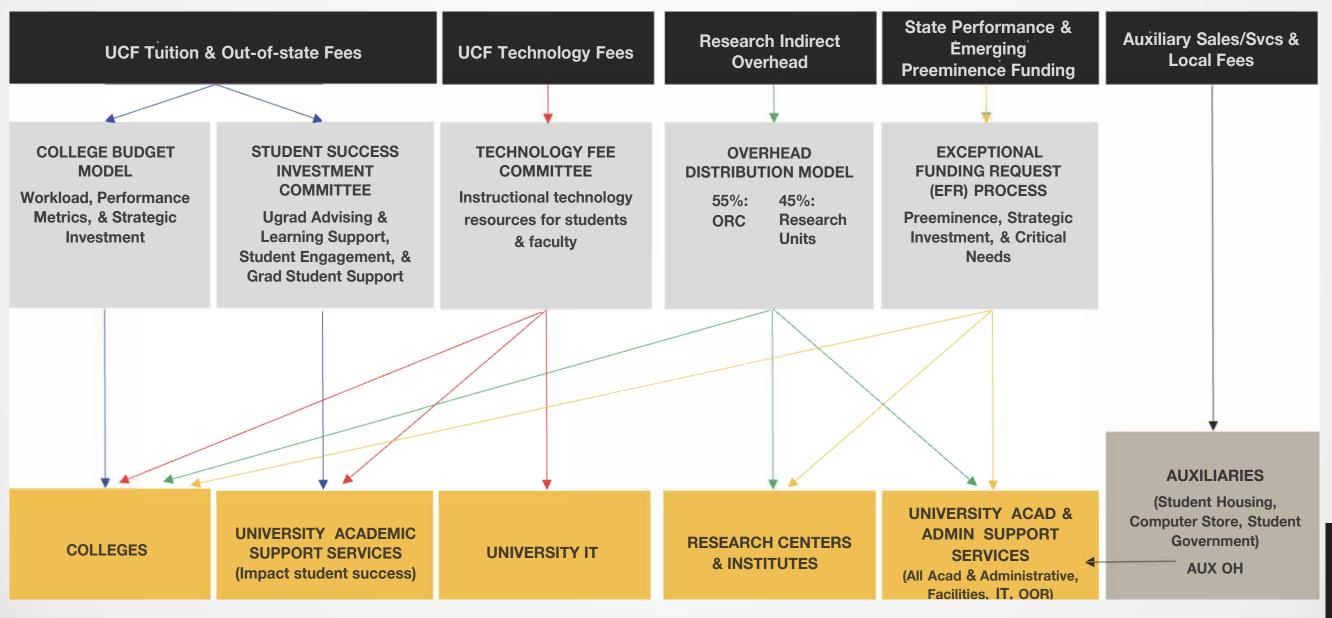
New University Budget Model

- Current Budget Model
- New Budget Model
- Financial Update
- SET Transformation



UCF College Budget Model

UCF's current resource allocation model is a hybrid approach based on incremental budgeting (rolling budgets forward from one year to the next—adding or subtracting a small percent) and performance funding to reward mission delivery.





UCF College Budget Model

An Incremental Budget Model:

- Utilizes historically-based incremental budgeting
 - Rolls forward academic and administrative budgets each year
 - Built on a base that has not been revisited in many years
- Requires leaders to compete for finite incremental resources as they aim to expand strategically
- Limits the leadership team's ability to direct significant resources to initiatives for the greatest impact or return
- Lacks sufficient mechanisms for strategic re-allocations
- Inadequately aligns revenues with costs or activity levels at a unit level
- Focuses on short-term allocations in lieu of long-term planning for all funds



Key Terms for Finance and Budgeting

Auxiliary	Revenues generated from self supporting activities (e.g., Business Services).
Concession Funds	Commission-based revenues from beverage and pouring, snack vending, and student housing laundry machines.
Contracts and Grants	Research and work study awards from federal, state, local, and private sponsors, as well as funds from Direct Support Organizations (DSO reimbursements for use of university resources).
Direct Support Organizations	Revenues generated on behalf of the university but not in its base operations (e.g., Foundation).

Key Terms for Finance and Budgeting

Local Funds

Funds including Student Activities, Financial Aid, Concessions, Technology Fee, other Board-Approved Fees, and university Self-Insurance Plans.

Education and General

General Revenue funds and Educational Enhancement funds (from the Florida Lottery) appropriated by the Legislature, student tuition and matriculation payments, and certain collected student fees.

Carryforward Funds

Unexpended E&G funds that roll forward for spending in the following fiscal year in support of operating activities. Interest or investment earnings on carryforward funds are also considered E&G and must only be used for operating activities.

New Budget Model

Responsibility Center Management (RCM) is perhaps closer to a management philosophy than a budgeting strategy. It is designed to support the achievement of academic priorities within an institution and allows for a budget which closely follows those priorities.

RCM delegates operational authority to schools, divisions, and other units within an institution, allowing them to prioritize their academic missions. Each unit receives all of its own revenues and income, including the tuition of its enrolled students. In this way, units effectively compete for students. Each unit is also assigned a portion of government support (where applicable). However, units are also responsible for their own expenses, as well as for a portion of expenses incurred by the university's general operations.

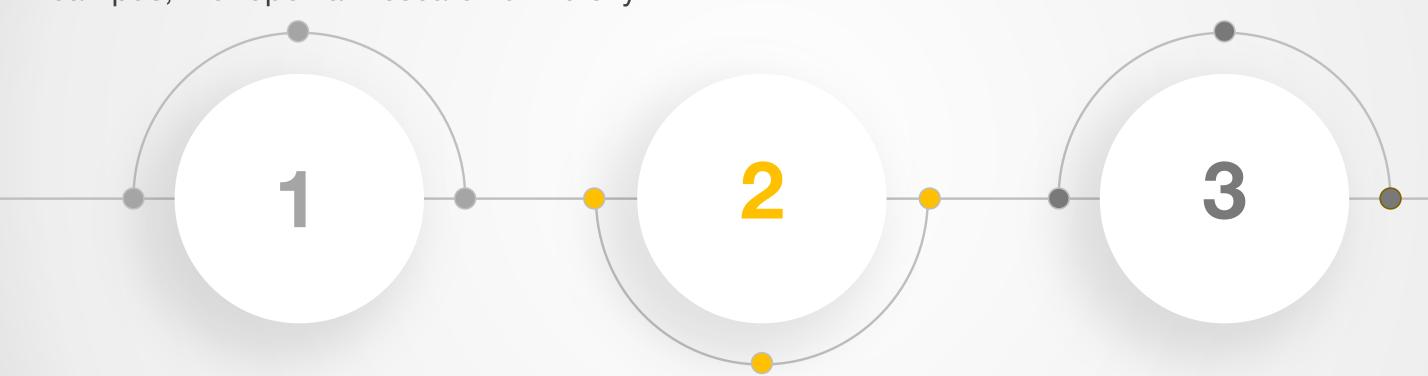




Guiding Principles

Ensure the resource management, planning, and allocation decisions are aligned with the institution's mission as a public multicampus, metropolitan research university.

Align budgetary authority with responsibility and accountability.



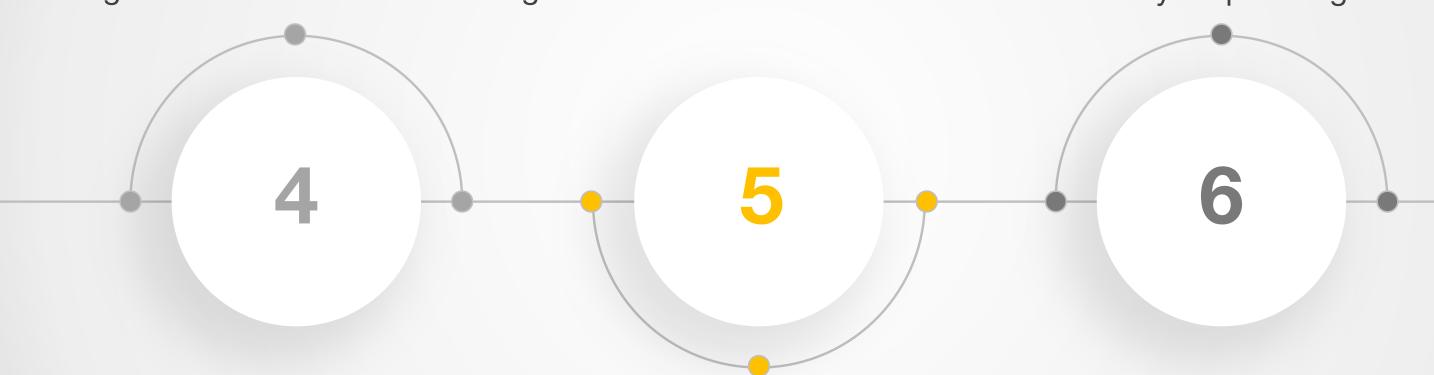
Ensure transparency, accountability, and fiscal responsibility by requiring that all aspects of resource management are supported by data-informed decisions



Guiding Principles

Provide significant incentives for promoting efficiency, innovation, responsiveness and entrepreneurship using data-based decision-making.

Distribute resources using a predictable and consistent methodology that allows for multiyear planning.



Balance complexities of the economic realities with a methodology that is financially viable and easy to understand.



Key Assumptions



18% Participation Fee

Charged to unrestricted revenues of academic units to create a pool for subvention and strategic priorities



State Appropriation

Instructional Effort - 42.5% Student Completion - 42.5% Research Activity - 15%



80% of SCH

To the school where students are instructed



20% of SCH

To "home" school for the student

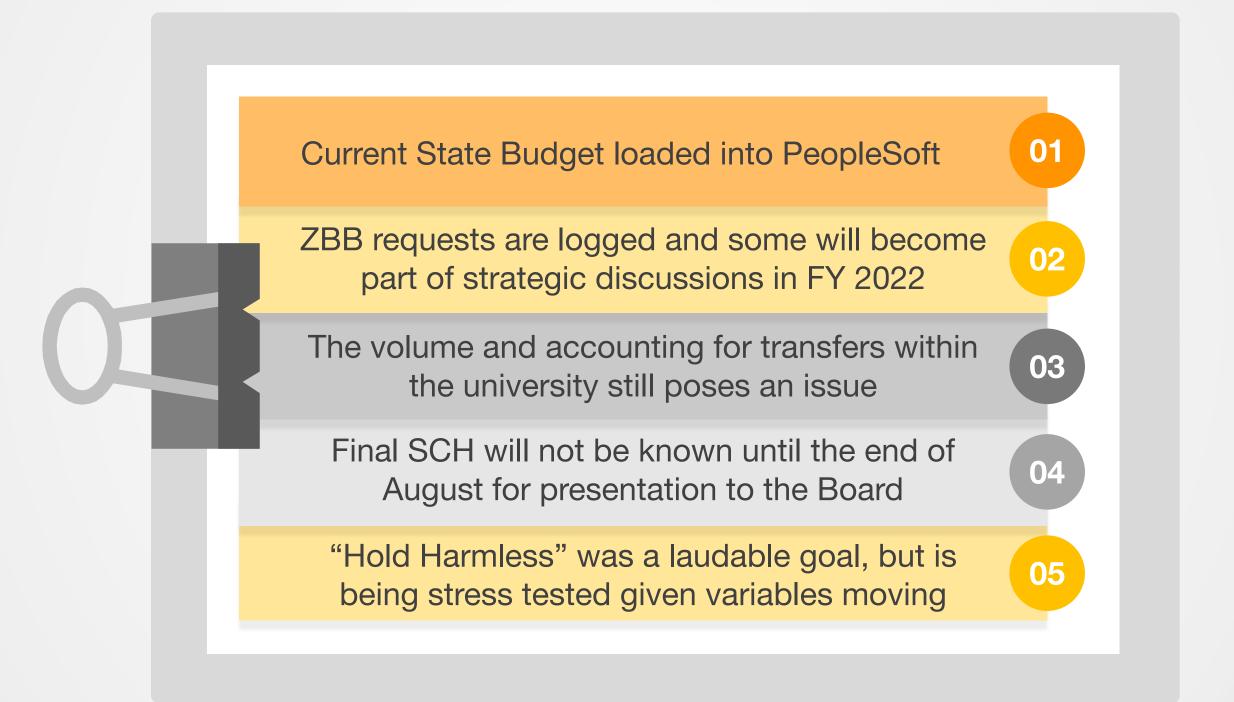


Central Support Unit Costs

Allocated on several bases that include faculty headcount, space, direct expense, employee headcount, etc.



Status of Budget and Model





Financial Update



University of Central Florida 2021-22 Proposed Operating Budget All Budget Entities

Education and General (E&G) Budget Entities ¹	2020-21 BOT Approved Operating Budget	2020-21 Final Operating Budget	2021-22 Proposed Operating Budget	% Increase (Decrease)	\$ Increase (Decrease)	
E&G, Main						
State Appropriations	\$ 336,391,302	\$ 329,001,670	\$ 335,794,312	2.1%	\$ 6,792,642	
Student Tuition and Fees	304,640,516	304,640,516	318,133,474	4.4%	\$ 13,492,958	
Interest and Other Revenue	3,070,000	3,070,000	3,070,000	0.0%	\$ -	
Total E&G Main	644,101,818	636,712,186	656,997,786	3.2%	20,285,600	
E&G, College of Medicine						
State Appropriations	30,773,894	30,995,142	30,781,275	-0.7%	(213,867)	
Student Tuition and Fees	15,708,657	15,708,657	16,024,899	2.0%	316,242	
Interest and Other Revenue	300,000	300,000	300,000	0.0%	-	
Total E&G, College of Medicine	46,782,551	47,003,799	47,106,174	0.2%	102,375	
E&G, Florida Center for Students with Uniq State Appropriations Total E&G, FCSUA	ue Abilities (FCSUA) 8,984,565 8,984,565	8,984,565 8,984,565	8,984,565 8,984,565	0.0%	-	
Total E&G Budget Entities	699,868,934	692,700,550	713,088,525	2.9%	20,387,975	
Non-E&G Budget Entities						
Auxiliary Enterprises	302,385,900	302,385,900	305,999,077	1.2%	3,613,177	
Contracts and Grants Local Funds	188,528,000	271,000,000	319,991,191	18.1%	48,991,191	
Student Financial Aid	659,877,204	659,877,204	727,540,204	10.3%	67,663,000	
Intercollegiate Athletics	68,086,641	65,781,150	74,209,459	12.8%	8,428,309	
Student Activities	24,760,828	24,760,828	24,197,328	-2.3%	(563,500)	
Technology Fee	10,028,400	10,028,400	11,863,810	18.3%	1,835,410	
Self-Insurance Plan	576,878	576,878	563,167	-2.4%	(13,711)	
Concessions	400,000	400,000	800,000	100.0%	400,000	
Total Local Funds	763,729,951	761,424,460	839,173,968	10.2%	77,749,508	
Faculty Practice Plan	9,603,362	9,603,362	8,246,368	-14.1%	(1,356,994)	
Total Non-E&G Budget Entities	1,264,247,213	1,344,413,722	1,473,410,604	9.60%	128,996,882	
Total Proposed FY 2021-22 Budget	1,964,116,147	2,037,114,272	2,186,499,129	7.3%	149,384,857	



Sources and Uses

	Rosen College o Hospitality Management	f College of Sciences	College Optics and Photonics	College of Health Professions and Sciences		College of Engineering and Computer Science	College of Nursing	College of Community Innovation and Education	College of Business	College of Medicine- MD Program	College of Medicir School of Biomedic Sciences		e Central Provost	Academic Self Supporting	Auxiliary Self Supporting	Financial Aid / HEERF	Central Support Units	Total University
Category																		
Resources:	472.500	2 504 474	27.000	4 076 475	500.046	2 204 244	400 400	267.205		47.470.004	004 750	24 545 202		247 477	20.672.224	45.074.000	55 455 400	442.055.722
Direct Tuition and Fees	472,600	2,681,471	27,000	1,076,475	533,346	2,301,214	108,408	267,205	6,114,400	17,172,334	891,750	31,646,203	-	217,477	39,673,221	15,974,332	56,455,489	143,966,722
Tuition in Excess of Spending Authority																	2,429,453	2,429,453
Market Rate Programs (All Inclusive)	10 270 690	05 752 556	800,000	25,357,510	49,836,146	44,797,708	11,681,400	49,955,099	39,393,088	59,933	11,536,899	348,460,119		1 610 183	13,358		-	350,092,659
Allocation of University Tuition Federal and State Student Financial Aid	19,279,689	95,753,556	809,090	6,800	45,630,140	44,737,708	-	45,533,055	-	1,750,244	-	1,757,044		1,619,183	13,336	636,553,510		638,310,554
State Appropriations - Operations	14,736,399	84,319,734	6,246,340	24,925,048	33,890,877	46,591,598	12,506,427	46,278,696	33,745,938	31,104,247	12,393,649	346,738,953		26,235,175	6,679	030,333,310		372,980,806
State Appropriations - Operations State Appropriations - Capital	14,730,393	64,313,734	0,240,340	24,323,048	33,630,677	40,331,338	12,300,427	40,278,030	33,743,336	31,104,247	12,333,043	-		20,233,173	0,073			372,980,800
Grants and Contracts	344,640	15,268,656	12,247,212	2,781,144	566,712	26,536,680	1,518,636	11,559,672	145,308	1,494,660	8,383,248	80,846,568	_	37,590,012	5,652	107,030,340	28,148,374	253,620,946
Foundation- Unrestricted Support	134,332	51,240	-	26,225	81,625	357,233	139,032	79,546	246,859	341,133	-	1,457,225	_	-	-	-	627,027	2,084,252
Foundation- Restricted Support	11,584,630	2,930,930	2,791,994	778,725	3,160,216	7,097,560	1,370,949	3,046,680	8,926,415	2,418,558	\ -	44,106,656			300,000	_	14,441,887	58,848,544
Sales and Services	355,000	8,200	-	727,928	386,800	38,000	15,500	746,294	282,000	43,873,697	20,000	46,453,420	_	1,160,312	44,876,238		55,777,272	148,267,242
Investment Income (Realized)	-	-	_	-	-	-	-	-	-	-5,075,057	-	-		-	455,000	1,799,240	1,928,273	4,182,513
Other Income	_	14,000	_	110	13,875	158,250	149,121	332,252	_	559,900	_	1,227,508		17,064	4,172,111	5,986,252	4,737,626	16,140,561
Total Sources	46,907,289	201,027,786	22,121,636	55,679,965	88,469,598	127,878,243	27,489,473	112,265,444	88,854,008	98,774,707	33,225,546	902,693,695	-	66,839,222	89,502,259	767,343,674	164,545,401	1,990,924,251
Use of Resources																		
Use of Resources:	11 014 721	80.366.300	14 497 746	18,308,383	40 722 752	60,364,808	12,569,845	46,088,480	36 605 004	76 002 700	16 012 271	415 226 100		21 750 662	20 257 911	2 104 176	247 220 472	725,867,922
Compensation and Benefits	11,814,721 922,316	80,366,300 8,353,368	14,487,746 4,145,846	2,251,461	40,723,752 2,827,709	11,148,370	1,161,654	5,800,457	36,695,994 2,248,364	76,902,700 8,996,866	16,913,371 4,898,424	415,236,100 52,754,834	-	31,759,662 14,113,878	29,357,811 21,954,081	2,184,176 219,003	247,330,172 122,606,973	211,648,770
Services and supplies Utilities	7,685	41,000	4,143,640	2,231,401	2,027,703	47,300	-	-	-	53,735	4,030,424	149,720		1,200	4,731,020	219,003	20,939,465	25,821,405
Communications	142,116	337,710	75,366	115,237	112,216	310,987	37,324	176,349	171,924	303,948	128,196	1,911,373		278,485	587,532	55,000	4,190,054	7,022,444
Scholarships, Fellowships and Waivers	4,698,082	22,069,495	981,303	4,192,778	10,994,483	11,903,482	1,674,769	8,759,453	8,721,018	5,951,663	3,015,409	82,961,934		4,967,947	159,356	653,717,060	2,096,810	743,903,107
Capital Assets	19,500	1,212,338	718,140	160,572	120,480	3,148,142	87,360	684,236	11,016	320,195	864,070	7,346,049	_	2,565,280	253,824	7,067	13,024,687	23,196,907
Debt Service	-	-	-	31,096	-	5,1 .0,1 .2	-	-	-	-	-	31,096	_	-	10,008,250	-	1,225,947	11,265,293
Other Expenses	48,400	193,080	_	93,914	194,728	279,931	85,000	913,928	697,330	542,953	21,334	3,070,598	_	4,226,617	3,933,370	111,282,910	7,533,060	130,046,555
Expenses Paid by Foundation	11,718,962	2,982,169	2,791,994	804,950	3,241,841	7,454,793	1,509,981	3,126,226	9,173,274	2,759,691	,	45,563,881	_	-	300,000	-	15,068,914	60,932,795
Central Support Unit Allocations	11,016,300	52,639,011	5,528,921	20,418,400	23,003,115	41,561,163	9,700,687	29,548,760	25,499,592	16,873,301	14,948,918	250,738,167	_	12,411,401	-	_	(263,149,568)	-
Provost Participation Fee	5,347,625	28,632,349	1,170,844	8,596,520	13,174,693	14,578,072	4,064,189	16,061,077	12,728,049	8,499,511	3,818,734	116,671,661	(120,219,368)	3,547,708		-	-	_
Central Provost Funded Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	31,297,752	-		-	_	31,297,752
Total Uses	45,735,706	196,826,819	29,900,160	54,973,311	94,393,017	150,797,048	30,890,808	111,158,965	95,946,561	121,204,563	44,608,456	976,435,413	(88,921,616)	73,872,178	71,285,244	767,465,216	170,866,515	1,971,002,950
Net from Operations - Before Transfers	1,171,583	4,200,967	(7,778,523)	706,653	(5,923,419)	(22,918,805)	(3,401,335)	1,106,479	(7,092,553)	(22,429,855)	(11,382,910)	(73,741,718)	88,921,616	(7,032,956)	18,217,015	(121,542)	(6,321,115)	19,921,301
Transfers (To)/From - General Transfers	(44,300)	(82,579)	(1,110,323)	(607,598)	49,293	90,068	-	(478,106)	95,000	145,766	4,600	(827,856)	-	1,396,841	5,644,456	-	(6,413,441)	(200,000)
Transfers (To)/From - University Construction	15,000	58,111	-	-	3,500	-	-	-	-	56,000	-	132,611	-	-	4,023,000	-	2,424,768	6,580,379
Net from Operations	1,200,883	4,225,435	(7,778,523)	1,314,251	(5,976,212)	(23,008,873)	(3,401,335)	1,584,585	(7,187,553)	(22,631,621)	(11,387,510)	(73,046,473)	88,921,616	(8,429,797)	8,549,559	(121,542)	(2,332,442)	13,540,922
the of New SOC Description	274 000	25.044	2.672		226.265	005.050	0.007	425.650	42.577	4 675 500	2.552	2.502.054				424.542	F 252 522	0.042.000
Use of Non-E&G Reserves	371,863	35,641	3,673	- 62 610	226,965	806,252	8,087	425,650	12,577	1,675,593	2,553	3,568,854	-	-	- 0 E40 EE0	121,542	5,252,532	8,942,928
Restricted Net Earnings Unbudgeted Use of Net Earnings	- 1,572,746	- 4,261,076	11,500	63,619 1,250,632	96,840		-	- 2,010,235	-	-	-	171,959 9,094,689	-	585 1,746,967	8,549,559 -	-	472,785 2,447,305	9,194,888 13,288,961
Net Earnings After Non-E&G Reserve Cash		-	(7,786,350)	-	(5,846,087)	(22,202,621)	(3,393,248)	-	(7,174,976)	(20,956,028)	(11,384,957)	(78,744,267)	88,921,616	(10,177,349)	-	-	-	-
Provost Subvention Annual Allocations	-	-	7,786,350	-	5,846,087	22,202,621	3,393,248	-	7,174,976	20,956,028	11,384,957	78,744,267	(88,921,616)	10,177,349	-/	-	-/-//	
Net Earnings After Subvention		-	-	-	-	-		-	-	-	-	-	-	-	-			

SET Transformation



Drivers of Transformation

Alignment with Workday

Professional Growth

Service Coverage

Budget Redesign





Functions Impacted by SET













SET Operating Model

The SET design for UCF will unify most of the finance and HR activity at the college and division level.

Central offices will be connected to the college and division staff for functional accountability and to provide the support, training, and development opportunities they will need to succeed.

College/Division
Finance Business Centers

HR Business Centers



The **College/Division** Finance
Business Centers and HR
Business Centers will

- unify the HR and Finance work being done in departments at the college/division level.
- provide specialized support to departments within the college or division.

Central Offices

- Finance
- Office of Research
- Human Resources

- Provost



The Administrative Service Center will provide

- customer support for employees and Workday self-service support.
- backup support for colleges and divisions.
- select high volume transactions for the institution.



SET Road Map

Design
Operating
Model

Aug

2021

Organizational structure reimagined to enhance our services

3 Determine Staffing

Roles and responsibilities outlined through job descriptions and staffing needs finalized

5 Fill New Roles

Some staff transitioned to new roles

7 Go Live

Campus transitioned to future state services and success monitored for continuous improvement

We Are Here

X

Jan 2022

Jul 2022

Define Services

Services to be provided by College and Division Business Centers and the Administrative Service Center defined and configured in Workday

Plan Workforce
Transition

Process for aligning staff with the new structure through the support of College/Division Transition Teams

6 Train and Onboard

Training and job aids provided to ensure success



How to Get Involved



Keep up to date by visiting the **SET page** on the Knight Vision website:

knightvision.it.ucf.edu/service-enhancement-transformation/



Email: knightvision@ucf.edu



Subscribe to our monthly newsletter:

knightvision.it.ucf.edu/get-involved



Provide feedback:

https://tinyurl.com/KnightVisionFeedback





