Supervisory Building Blocks

HIGHER EDUCATION FINANCE

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Today’s Objectives

- Resources to know
- Funding for UNT
  - Where it comes from?
  - How to spend it right?
- Reporting/Decision Making
  - Why we do accounting?
- Additional Resources
UNT Policies

- University Policy Office: http://policy.unt.edu/
- Ethics 05.015
- Contracts and Agreements 10.4
- Cash Handling Controls 10.006
- Petty Cash... 10.017
- Asset Management 10.048
- Reported Suspected Wrongdoing 04.009
- Dual Employment and Other Activities 05.008
UNTS Rules & Regulations

- UNTS Regent Rules
  - http://www.untsystem.edu/leadership/board-regents/regents-rules
- UNTS Regulations
  - http://www.untsystem.edu/about-us/policies
Texas Compliance

- State Constitution, Statutes & Regulations
- Legislative Budget Board
- Comptroller of Public Accounts
- Granting Agencies
- General Compliance
Federal Compliance

- Federal Constitution, Statutes & Regulations
- Granting Agencies
  - Sponsored Projects
  - Financial Aid
- Federal Funding
- Vendor Rules
- General Compliance
Other Compliance

- Governmental Accounting Standards Board (GASB)
- Financial Accounting Standards Board (FASB)
- Payment Card Industry (PCI)
- Granting Agencies
- Lots of Others
Funding for UNT
UNT System Reports & Data

http://www.untsystem.edu/reports-and-data

Consolidated Operating Budget Summaries
(UNT begins on page 13)

• FY 2018 – UNT $705M Current Funds Budget
Revenues

<table>
<thead>
<tr>
<th>Highlighted Categories</th>
<th>FY2017 Budgeted</th>
<th>FY2018 Budgeted</th>
<th>Change $</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; Fees</td>
<td>$309.68</td>
<td>$318.83</td>
<td>9.15</td>
<td>3.0%</td>
</tr>
<tr>
<td>Sales of Goods &amp; Services</td>
<td>$94.53</td>
<td>$98.90</td>
<td>4.37</td>
<td>4.6%</td>
</tr>
<tr>
<td>Grants &amp; Contracts</td>
<td>$105.02</td>
<td>$98.78</td>
<td>(6.24)</td>
<td>(5.9%)</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$138.14</td>
<td>$136.20</td>
<td>(1.94)</td>
<td>(1.4%)</td>
</tr>
<tr>
<td>Gift Income</td>
<td>$7.36</td>
<td>$9.78</td>
<td>2.42</td>
<td>32.9%</td>
</tr>
<tr>
<td>Investment Income</td>
<td>$2.05</td>
<td>$3.83</td>
<td>1.78</td>
<td>86.8%</td>
</tr>
</tbody>
</table>

Key Drivers, Trends, & Initiatives

- **Tuition and Fees**: $9.15M
  - Student enrollment increase of 2.25%
  - Board approved total academic cost increase 3.9%

- **State appropriation**: $(1.94)M
  - Operations support decrease $(6.01)M
  - Tuition Revenue Bond increase $4.07M

Note: All dollars in tables are in millions.
## Expenditures & Transfers

### Key Drivers, Trends, & Initiatives

<table>
<thead>
<tr>
<th>Decreases in salaries</th>
<th>$6.95M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eliminated 7 staff positions</td>
<td></td>
</tr>
<tr>
<td>Salary savings from vacant positions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increases in salaries</th>
<th>$3.60M</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 new faculty positions</td>
<td></td>
</tr>
<tr>
<td>Moved all Assoc. Deans to 100% faculty from staff % time</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase in Shared &amp; Core Service cost transfers</th>
<th>$7.38M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding source changes (to current funds)</td>
<td>$2.37M</td>
</tr>
<tr>
<td>Increase in assessment</td>
<td>$5.01M</td>
</tr>
</tbody>
</table>

### Highlighted Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2017 Budgeted</th>
<th>FY2018 Budgeted</th>
<th>Change $</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages, &amp; Payroll Related</td>
<td>$380.16</td>
<td>$376.81</td>
<td>(3.35)</td>
<td>(0.9%)</td>
</tr>
<tr>
<td>Debt Service Principle &amp; Interest</td>
<td>$44.22</td>
<td>$44.90</td>
<td>0.68</td>
<td>1.5%</td>
</tr>
<tr>
<td>Scholarships &amp; Financial Aid</td>
<td>$67.77</td>
<td>$71.40</td>
<td>$3.63</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

Note: All dollars in tables are in millions.
# Reserves & Capital Expenditures

## New Projects Include

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.55 – AUX</td>
<td>Maple Hall and Clark Hall</td>
</tr>
<tr>
<td>$3.76 - HEF</td>
<td>Sage Hall Academic Success Center, Discovery Park, Music Building</td>
</tr>
<tr>
<td>$6.85 – RFS/CP</td>
<td>New Dining Hall, Fouts Field, Art Building Roof</td>
</tr>
</tbody>
</table>

## Previously-approved Projects Include

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$70.00 – TRB</td>
<td>College of Visual Arts and Design</td>
</tr>
<tr>
<td>$102.60 – RFS</td>
<td>New Residence Halls and Welcome Center</td>
</tr>
<tr>
<td>$38.00 - RFS</td>
<td>Discovery Park – MEP and Bio-Medical Addition</td>
</tr>
</tbody>
</table>

## Estimated Budget Impact on Fund Balance

<table>
<thead>
<tr>
<th>Impact</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6.15</td>
<td>Unrestricted Current Operating Funds ($6.15) for non-current projects in FY 18</td>
</tr>
</tbody>
</table>

### Estimated Budget Impact on Fund Balance

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Ending Reserves</th>
<th>Change FY2017 v. FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016 AFR</td>
<td>$182.24</td>
<td></td>
</tr>
<tr>
<td>FY2017 Proj</td>
<td>$192.01</td>
<td>$6.15 (3.2%)</td>
</tr>
<tr>
<td>FY2018 Est</td>
<td>$198.16</td>
<td></td>
</tr>
</tbody>
</table>

### Note

- All dollars in tables are in millions.
- AUX – Auxiliary Reserves
- TRB – Tuition Revenue Bond
- RFS – Revenue Financing System
- CP = Commercial Paper

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**Discovery Park – MEP and Bio-Medical Addition**

**New Residence Halls and Welcome Center**

**College of Visual Arts and Design**

**Maple Hall and Clark Hall**

**Sage Hall Academic Success Center, Discovery Park, Music Building**

**New Dining Hall, Fouts Field, Art Building Roof**

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**$8.9 AUX unrestricted current fund reserve is planned for non-current projects in FY 18**
Where The Money Comes From

Definitions (see Glossary of the 2018 Consolidated Operating Budget)

– Educational and General (E&G) fund – state

– Designated Operating – students tuition & fees

– Auxiliary – housing & dining

– Restricted – grants & contracts; many gifts
State Funding

GENERAL APPROPRIATIONS ACT
FOR THE 2018-19 BIENNium

State funds are allocated to public institutions and agencies of higher education in a number of ways:

- Direct appropriations through funding formulas and other direct appropriations based on identified needs;
- Indirect appropriations not made directly to an institution in its portion of the appropriations bill, but used to cover costs related to the institution’s staff for health insurance, retirement benefits, and social security; and other indirect appropriations, which are subsequently allocated to an institution.
State Funding

GENERAL APPROPRIATIONS ACT
FOR THE 2018-19 BIENNIAL

http://www.lbb.state.tx.us

Page III-134 – University of North Texas

Page III -262 – Formula Funding
Tuition & Fees
UNT Student Accounting
http://studentaccounting.unt.edu/tuition-and-fees

Statutory Tuition

• The statutory tuition rate is set by the Legislature in Texas Education Code. The rates for Texas residents ($50/sch) and non-residents ($465/sch) differ.

Designated Tuition

• Texas Education Code grants authority to governing boards to set an additional tuition charge. Governing board authority dates to 2003 (78th Leg. deregulated tuition). Undergraduates $230.11/sch for Fall 2017

Eagle Express - A fixed rate tuition plan which is available for 4 years
Reporting & Decision Making
Financial Cycle

1. Generate Revenue (including State Allocation based on external reporting)
2. Spend Revenue (Cost of doing business)
3. Track Revenue & Expenses
4. Create Budget
5. External Reporting
Chart of Accounts & Reports

- Fund Category
- Fund
- Organization Department
- Function (NACUBO)
- Account

- Program
- Purpose
- Project
- Site

http://fit.untsystem.edu/coa
The Enterprise Information System (EIS) is the primary administrative information system for UNTS, and is divided into distinct environments, one of those being Financials (FS):

• Serves as a revenue and expense report distribution platform;
• Contains data relating to institutional finances, purchasing and procurement, and budget departments.
By utilizing the reporting functions of Enterprise Information System (EIS) UNT is able to:

• Accurately review revenue and expenses.
• Accurately report financials to institution and external organizations in relation to our mission.
• New Chart of Accounts and Cognos reports allow for more detailed reporting and better overview of budgets daily/monthly/yearly.
Why Track Revenue & Expenses?

By utilizing the reporting functions of Enterprise Information System (EIS) UNT is able to:

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• Accurately report financials to institution and external organizations in relation to our mission.
• New Chart of Accounts and Cognos reports allow for more detailed reporting and better overview of budgets daily/monthly/yearly.
External Reports

• Annual Financial Report
  • CAFR Audit
  • PBC Preparation
• NCAA Agreed Upon Procedures
• SACSCOC Review
• IPEDS
• U.S. News
• IFRS
• Sources & Uses
  • Basis of Information in the THECB Almanac
Internal Reports

- Department Report Development
  - Cognos
  - SQL
- Offices Involved
  - Data, Analytics, & Institutional Research
    - Fact Book
      - https://institutionalresearch.unt.edu/facts-figures/fact-book
  - Budget budget.unt.edu
  - Controller
- Management Decision Making
Additional Resources - External

• Professional Organizations
  NACUBO, SACUBO, TASSCUBO, AICPA

• News Organizations

• Books
  Barr, Margaret & McClellan, George, Budgets and Financial Management in Higher Education
Additional Resources - Internal

- **First Fridays with the Budget Office**
  Monthly informational session covering upcoming changes, enhancements, and FAQs

- **FIT (Financial Improvement Transformation) Website**
  fit.untsystem.edu
  One-stop-shop for training materials, chart field lists, excel crosswalks, etc.

- **Budget Office**
  Budget.Office@unt.edu
  Help desk for budget and COA related questions

- **Additional Training Opportunities**
  Open Lab with the Budget Office (3rd Fridays)
  Budget Basics, Functions, Budget Reconciler Tools
  Cognos Reports-Departments; Cognos Reports – Projects
  Cash Handling
Questions and Discussion
Do ya wanna know?:

- Why & how is grant money different?
- How/why different money types can only be used on certain things
- The past issue with us using state benefit funds for local employee benefits
- Why do some departments seem to get “more” than others, possible reasons
- Tuition rates and differentials.
- Advice from internal audit
  - (for example: what are the common issues they have to investigate)
- Parking specifically - why so we have to pay to park?
- Tuition revenue bonds
- Common budget issues
- How our gifts and endowments compare to other schools like us