



**PLANNING, BUDGET AND
ASSESSMENT (PBA) MODEL**
BUDGET
WORKSHOP #2

Fiscal Review:

- Base budgets
- Tied to strategic initiatives
 - Performance Indicators – Benchmarks
- Reallocation primary means of funding
- Zero-base applies to
 - E & G
 - Designated tuition
- Designated self-supporting, designated gift, and auxiliary are all cost-based
- Not impossible to request additional funding

Budget Definition

A financial plan that sets forth the resources necessary to meet a set of goals (departmental, college, campus) for a certain period of time.

FUND ACCOUNTING 101

Educational & General (0010, 0018, 0090)

Sources of Funds: State Appropriations

Formula (Operations Support, E & G Space)

Special Items

Special Appropriations

Statutory Tuition

Statutory Fees

Miscellaneous Income as defined by Education
Code

Uses of Funds:

Operating budgets

Salaries

Maintenance and Operation Budgets

Utilities

Special Item budgets

Instruction

Research

Operations

Formula within appropriation supporting general operations:

- **Operations Support**
- **E & G Space Support**

Critical appropriations used for operating support:

- **Teaching Supplement**
- **Hold Harmless**
- **Institutional Enhancement**

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E & G Appropriation:	05-06	06-07	07-08	08-09
Operations Support	15,931,041	15,931,041	15,802,892	15,802,892
Teaching Experience Supp	949,339	949,339	908,919	908,919
Staff Group Insurance	575,451	608,194	855,065	863,616
TPEG	1,218,922	1,230,243	1,084,424	1,086,747
Formula Hold Harmless	195,432	295,432	370,856	370,856
Organized Activities	126,251	126,251	129,623	129,623
Excellence Funding	598,217	598,217	598,212	598,216
F & G Space Support	3,636,954	3,636,954	3,465,086	3,465,086
TRB	4,132,080	4,132,080	4,105,744	3,935,894
Skiles Act Bond	69,000	69,000	69,000	69,000
Special Item:				
School-based Clinics	46,550	46,550	46,550	46,550
Ctr for Academic Excellence	415,625	415,625	415,626	415,626
SBDC	122,064	122,064	122,065	122,065
Center for Fine Arts	53,427	53,427	53,426	53,426
MIR	245,813	245,813	245,992	245,992
WTTC	204,140	204,140		
Institutional Enhancement	4,673,538	4,761,456	4,660,493	4,773,712
Research Development	37,682	37,682	63,044	63,044
Total	33,231,526	33,363,508	32,997,017	32,951,264
Funding:				
General Revenue	24,959,737	25,016,765	24,726,357	24,663,498
Other E & G	8,271,789	8,346,743	8,270,660	8,287,766
Total	33,231,526	33,363,508	32,997,017	32,951,264

Designated Tuition (0100)

Sources of Funds: Designated tuition – set by Board of Regents

Uses of Funds: 20% set aside for financial aid
Operating budgets
Salaries
Benefits
Maintenance and Operation Budgets
Utilities

Expenditures must follow same guidelines as state funds. Viewed by State Auditors as E & G funds, therefore subject to same rules.

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Texas State University	\$ 6,516	\$ 7,004	7.49%
Lamar University	\$ 5,579	\$ 6,034	8.16%
Midwestern State University	\$ 5,375	\$ 5,918	10.10%
Sam Houston State University	\$ 5,566	\$ 5,910	6.18%
Texas A&M Corpus Christi	\$ 5,518	\$ 5,850	6.02%
Tarleton State University	\$ 5,242	\$ 5,642	7.63%
Texas A&M Kingsville	\$ 4,904	\$ 5,450	11.13%
The University of Texas Permian Basin	\$ 4,978	\$ 5,428	9.04%
West Texas A&M	\$ 4,992	\$ 5,384	7.85%
The University of Texas Pan American	\$ 4,922	\$ 5,224	6.14%
Texas A&M Commerce	\$ 5,170	\$ 5,170	0.00%
Angelo State University	\$ 5,111	5,411	5.87%

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DESIGNATED TUITION:

	05-06	06-07	07-08	08-09
Designated Tuition	9,748,869	10,606,135	13,307,172	14,511,657
20% Set Aside	(316,750)	(443,450)	(945,835)	(1,182,294)
Net Desg. Tuition	9,432,119	10,162,685	12,361,337	13,329,363
Net Change in Desg.		730,566	2,198,652	968,026
General Revenue				
Net Change	1,342,421	57,028	(290,408)	(62,859)
Net New Funds Available	320,372	787,594	1,908,244	905,167

<i>Increase in debt service (05-06)</i>	\$1,022,000
<i>3% Salary & Benefits Increase costs</i>	1,000,000
<i>Minimum Wage Increases</i>	500,000
<i>Avg Utility Increase (15% per year)</i>	400,000
<i>Faculty Equity Compensation Plan</i>	850,000

Self-supporting Designated (0102-0199)(0930-0991)

Sources of Funds:

Fees for services provided

Uses of Funds:

Operating budgets

Salaries

Benefits

Maintenance and Operation Budgets

Examples: Technology Fee
Advising Fee
Distance Education Fee
Library Fee

Designated Gift Funds (0200-0700)

Sources of Funds:

Unrestricted gifts

Uses of Funds:

Operating budgets

Salaries

Benefits

Maintenance and Operation Budgets

Auxiliary Enterprises (1200-1330)

Sources of Funds:

Fees for services provided

Uses of Funds:

Operating budgets

Salaries

Benefits

Maintenance and Operation Budgets

Facility Maintenance

Facility Repair and Replacement

Examples:

Bookstore

University Center

Residence Life

Recreation Center

Parking

Athletics

Health Clinic

Restricted Funds (2000)

Sources of Funds:

Donations, Contracts or Grants

Uses of Funds:

Based on donor requirements

Trust Funds (3500)

Sources of Funds:

Trust or Foundation Funds

Uses of Funds:

Based on donor requirements

Higher Education Assistance Funds (HEAF) (0075)

HEAF resources are allocated to the President and Vice Presidents. HEAF funds can only be spent on **E & G capital and E & G facilities**. HEAF expenditures are guided by state regulations. HEAF resources are allocated to institutions on an annual basis through a formula developed at the Coordinating Board. The formula is modified every 10 years and includes the following factors: program complexity, space utilization, and critical deferred maintenance.

Sources of Funds:

State Constitutional Appropriation
Formula allocation controlled by Coordinating Board

Uses of Funds:

Capital Equipment
Major Computing Projects
Facility Replacement and Renewal

Tuition Revenue Bonds (TRB)

Sources of Funds: Project approved and recommended by Coordinating Board
Bonds issued by Texas Tech University System
Debt service funded in appropriation bill

Uses of Funds: Capital projects
Facilities
Infrastructure

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PROJECTED FUND BALANCE AS OF 8/31/09

	Estimated FB 8/31/2008	FY 09 Budgeted Fund Balance	Estimated FB 8/31/2009
E & G	595,893	(352,782)	243,111
HEAF	1,231,346	0	1,231,346
Designated tuition	3,413,840	(3,290,383)	123,457
Advising Ctr Fee	94,172	(58,570)	35,602
Library Fee	68,462		68,462
Technology Fee	47,375	(39,515)	7,860
Misc. Designated	1,204,882	(282,386)	922,496
Unrestricted Donations	505,798	(181,200)	324,598
TPEG	888,141		888,141
RamGrants	90,770		90,770
Student Service Fee	714,421	(303,455)	410,966
Athletics	96,915	(82,850)	14,065
Recreation Sports	196,540	(14,294)	182,246
Parking	210,101	(150,599)	59,502
Ram Page	11,593		11,593
University Center Fee	104,982		104,982
Medical Services Fee	454,777	(137,206)	317,571
Residence Life	4,639,254		4,639,254
Food Service	1,154		1,154
Bookstore	929		929
Camps & Conferences	131,328	(119,832)	11,496
Program Office	93,681	(6,250)	87,431

MANAGING YOUR BUDGET

- Budget is a financial plan tied to the Strategic Plan
- Events may change plans resulting in budget transfers
- Budget transfers can only be done between accounts within the same fund group
- Budget transfers must contain a concise justification and must indicate one time or permanent change.
- To maintain the integrity of the budget, budgeted funds must be spent for the purpose for which they are budgeted.
- Funds, typically, do not automatically carry forward from one year to the next.

Determining Base Budget:

- **Includes all E & G funds (0010, 0018 and 0100)**
- **Includes allocated positions**
 - **Line item positions**
 - **Graduate Assistants**
 - **Teaching Assistants**
 - **Student Assistants**
- **Includes M & O**

The source of funds will periodically change but the bottom-line base budget should remain the same.

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EXAMPLE:

Account #	Position #	Description	Total \$	Total FTE
English				
0010-40030	999284			
	999321			
	999282			
	999318			
	999402			
	999397			
	999319			
	999398			
	999401			
	999396			
	999399			
	999400			
	999490	Teaching Assistants		
999862	Office Coordinator			
	Benefit Replacement Pay			
	Longevity			
			732,384	14.5
0010-40031		M & O	3,780	
0018-40030	999285			
	999283			
	999317			
	999224			
	999320			
		Benefit Replacement Pay	340,935	5.0
0100-60420	999691	Graduate Assistant	22,652	
	999690	Student Assistant	5,098	
		M & O	38,574	2.07
TOTAL BUDGET			1,143,423	21.57

EXAMPLE:

Justification of Existing Base Budget:

Performance Indicators:	FY 08	Benchmark
1) Number of Majors	15	25
2) SCH generated/semester	428	525
3) Graduation Rates/# degrees awarded	22	25

Other Justification:

Accreditation of program requires certain faculty/student ratio

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Department:

- 1) FY 09 Base Budget
Performance Indicators
Justification

UNDERSTANDING REALLOCATION

Dean

- 1) Measure all departments against institutional strategies
 - a) first-year experience
 - b) recruitment & retention
 - c) accreditations
 - d) honors programs
 - e) growing excellence programs
- 2) Determine reallocation of existing resources and how it will positively/negatively impact strategies
- 3) Submit proposed reallocations to Provost

Provost

- 1) Measure all colleges against institutional strategies
 - a) first-year experience
 - b) recruitment & retention
 - c) accreditations
 - d) honors programs
 - e) growing excellent programs
- 2) Determine reallocation of existing resources and how it will positively/negatively impact strategies
- 3) Submit proposed reallocations to Provost

President

- 1) Measure all divisions against institutional strategies
 - a) first-year experience
 - b) recruitment & retention
 - c) accreditations
 - d) honors programs
 - e) growing excellent program
- 2) Determine reallocation of existing resources and how it will positively/negatively impact strategies

What if sufficient funding can not be found after examining all available resources?

- Provide justification for request including how it addresses institutional priorities
- Complete Cost/Benefit Analysis
- Submit through hierarchy for review and prioritization

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8/21/08

COST/BENEFIT ANALYSIS

INITIATIVE:

REVIEWED BY:

AUTHOR:

PRIORITY:

DATE:

	FY 10	FY 11	FY 12	FY 13	FY 14
<u>COSTS</u>					
1. Staffing					
i. Full-time Faculty - FTE					
ii. Part-time Faculty - FTE					
iii. Full-time Staff - FTE					
iv. Part-time Staff - FTE					
Total Staff - FTE					

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2. Third-party Costs					
i. External Contractors					
ii. Maintenance & Support Services					
iii. IT Services					
iv. Other					
Third-party costs					
3. Infrastructure Costs					
i. IT					
ii. Space requirements (include any potential space modifications)					
iii. Hardware/software					
iv. other					
Infrastructure Costs					

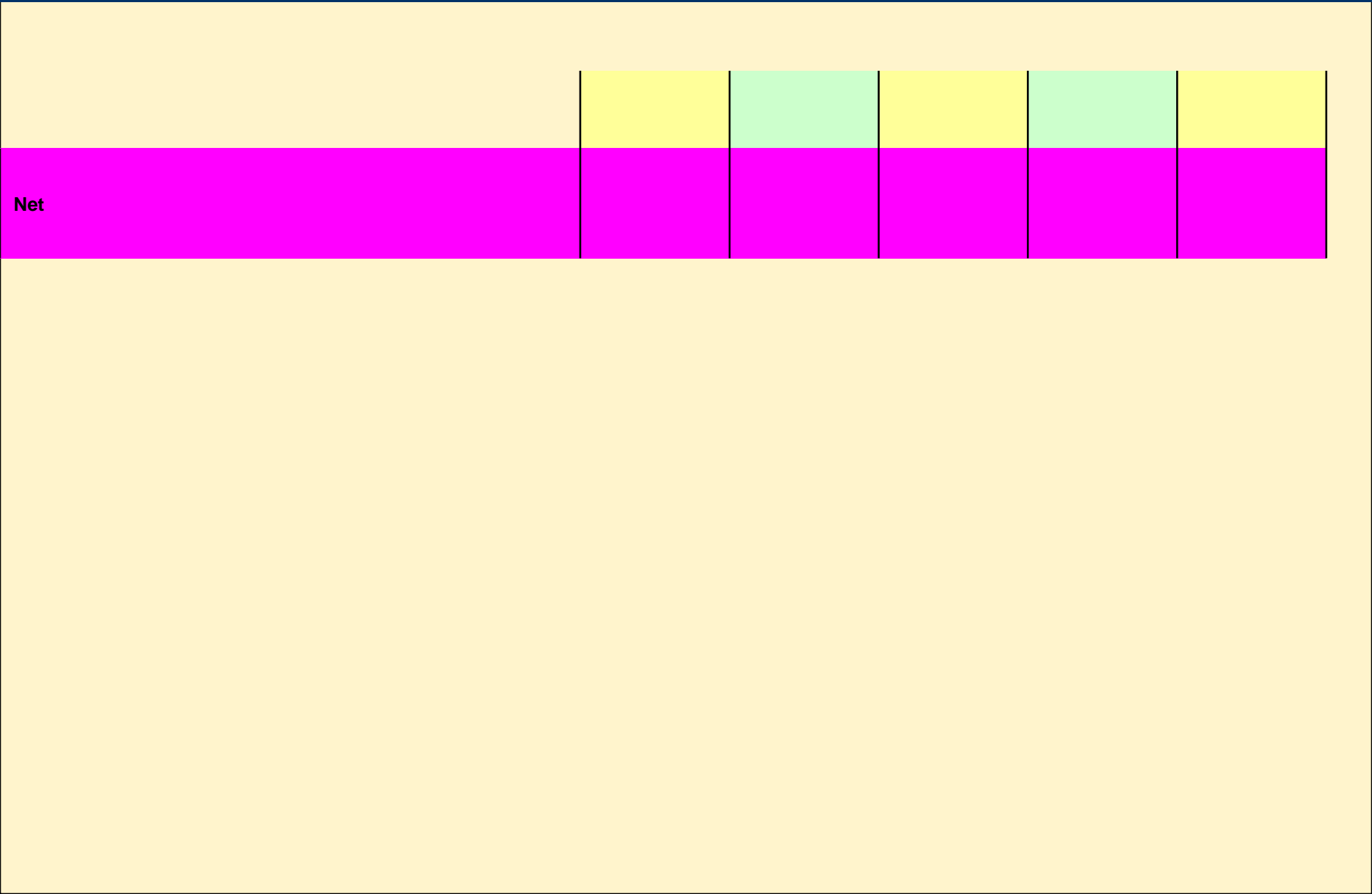
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4. Miscellaneous Costs					
i. Training					
ii. Travel					
iii. Supplies					
iv. Other					
v. Scholarships					
Miscellaneous Costs					
Total Costs					
<u>REVENUES</u>					
Tuition and Fees					
i. Incremental w/existing enrollments <i>Specify numbers & dollars</i>					
ii. Incremental due to enrollment growth <i>Specify numbers & dollars</i>					
Miscellaneous Revenue <i>Specify numbers & dollars</i>					
Total Revenues					

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STEPS OF PROCESS

EXAMPLE

- Step 1 Data workbook distributed for department including approved performance indicators and desired benchmarks
- Step 2 Department summarizes budgets for all E & G and Designated tuition accounts
- Step 3 Department looks at prioritized initiatives and estimates FY 10 cost to accomplish
- Step 4 Department examines available resources and reallocates in order to achieve priorities
- Step 5 If department wants to request new funding, must complete a cost/benefit analysis
- Step 6 Department submits to appropriate Dean/VP budgets, performance information, prioritized initiatives, estimated costs, recommended reallocations of existing resources, and cost/benefit analysis for new funding requests.

- Step 7 Dean/VP review all materials and set their own priorities, recommend reallocations, review and approve cost/benefit analysis and forward if appropriate.
- Step 8 Appropriate VP will review all materials and determine consistency with institutional priorities, recommend reallocations between departments based on performance indicators, review and approve cost/benefit analysis and requests for new funding to be forwarded to President.
- Step 9 The President will review requests for new funding in light of institutional priorities and cost/benefit analysis. The President will make the final decision of what and to what extent requests for new funding will be implemented.

- Planning and budgeting will be a top-down and bottom-up approach.
 - Top-down – setting institutional goals
 - Bottom-up – defining action plans and resource allocation recommendations
- Action planning and resource allocation recommendations start at department levels then on to the President/Vice President – who will represent the division in making recommendations to the President
- **New initiatives will be funded, first and foremost, through reallocation of existing resources.**
- **Requests for additional funding will be directly linked to a strategic initiative and will include a cost/benefit analysis.**
- The new PBA Model will be assessment driven and data rich.
- **The entire process will be transparent and will disseminate all presentations, actions, and information on the Strategic Planning website (transparency)**

**QUESTIONS, COMMENTS, OR
SUGGESTIONS**