Arts & Sciences: Budget Update

AUGUST 2022
Highlights

• Increase in permanent budget of A&S of more than $600K
• Increase in travel budget to $3000/faculty member
• Creation of a single faculty development (FD) account for each faculty member, and start-ups will no longer expire
• Restoration of COVID budget cuts to academic departmental budgets
• Creation of a school-wide equipment replacement model and allocation of resources to support that schedule of replacement
• Simplification
• Faculty concerns about operational resources have been heard; this exercise begins the work to address those

• Gather new folks around the table to begin with a collaborative relationship in mind; turnover in administrative roles over the past year

• Ensure a shared understanding of existing resources via joint review and analysis

• Position the new Dean to be able to implement new or transformative initiatives in the near-term and plan appropriately for the long-term needs of the school

• Most broadly, unlocking resources to support the academic mission
Who?

• Dan Palazzolo, Interim Dean of the School of Arts & Sciences
• Sarah Orr, A&S Budget and Operations Manager
• Jenny Cavenaugh, Dean of the School of Arts & Sciences (new)
• Cindy Glavas, A&S Director of Financial Planning and Operations (new)
• Tim Vest, Sr. Director of Finance and Operations, Office of Provost
• Meghan Coates, Assoc. Vice President, Financial Planning and Budget (new)
• Steve Walker, Senior Associate Controller
• Lori Schuyler, Vice President, Planning and Policy
A&S Budget Quick Facts

**FY22 Budget**
(Final)
$53.3M

**FY23 Budget**
(August)
$54.9M

*Both totals exclude grants.*
Budget Historically Balanced

- Highlighted cells demonstrate that, in a pre-COVID norm, A&S runs a balanced budget
- COVID created unusual budget savings in FY20 and FY21
- Turnover (not unique to A&S) and reduced travel left some funds underutilized in FY22; unlikely for this to recur with 11 faculty searches currently underway and travel normalizing

<table>
<thead>
<tr>
<th>FY</th>
<th>Unrestricted Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>22 $ 42,769,528</td>
<td>*FY22 unaudited data suggests a variance of ~$2.0M or ~5%</td>
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<tr>
<td>21 $ 41,180,092</td>
<td>$ 38,371,333</td>
<td>$ 2,808,759</td>
<td>6.8%</td>
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<tr>
<td>20 $ 40,628,073</td>
<td>$ 39,381,171</td>
<td>$ 1,246,902</td>
<td>3.1%</td>
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<tr>
<td>19 $ 39,330,285</td>
<td>$ 39,235,654</td>
<td>$ 94,631</td>
<td>0.2%</td>
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<tr>
<td>18 $ 38,309,080</td>
<td>$ 38,140,559</td>
<td>$ 168,521</td>
<td>0.4%</td>
<td></td>
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<tr>
<td>17 $ 36,985,064</td>
<td>$ 37,013,840</td>
<td>$ (28,776)</td>
<td>-0.1%</td>
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</table>
At end of each year, A&S retains certain unspent resources in its reserves to be deployed for future needs.

Historically reserves have been kept to cover expenses associated with Faculty Development and Start Up Accounts.

Figures represent the starting reserve balance for a given FY.

From FY16-FY20 reserve balances basically stable as A&S ran balanced budget.

Growing balances post-COVID signal the need to rethink reserves to maximize the use of available funds.
Now, What?

- Wherever possible, ensure that processes and financial structure are consistent and simple
- To the extent that every dollar is not being fully deployed towards the mission, evaluate ways to further unlock (restricted) resources
- Create a budget that accommodates averages and run-rates versus saving significant resources for one-time needs and rainy days
- Employ an enhanced budget partnership and framework with the Office of Planning and Budget
## Simplification

<table>
<thead>
<tr>
<th>Concept</th>
<th>Example/Action</th>
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<tbody>
<tr>
<td>Don't complicate departmental budget with universal charges</td>
<td>- Move telephone base charges to IT</td>
</tr>
<tr>
<td>Resources should be easy to identify and in as few accounts as possible</td>
<td>- Consolidation of orgs in Banner, one per department</td>
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<td>- Merge FD accounts and start-up accounts; eliminate expiration date on start-ups</td>
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<tr>
<td>Keep program specific funding in one place – don't do secondary budgets and transfers</td>
<td>- Put all resources for summer undergraduate research supplies in one org</td>
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<td>- School-wide travel and equipment funds</td>
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New Resources

A&S Reserves

- Investing reserves versus holding to produce spendable income of $270k per year

Endowments

- Unlocked certain endowment restrictions to enable the use of $250k annually

Unrestricted Support

- Additional funding added to increase travel allocations from $1,600 to $3,000 per faculty member
New Approach

• All-funds approach that spends the most restricted resources first
• Greater reliance on budget partners for budget administration
• Reduction in small-dollar expense tracking

...all intended to preserve time and flexibility for faculty.
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Next Steps

Implement changes to budget in Banner (Sept 2022)
Continued dialogue and discussion
Strategic Resource Planning in A&S
Easing admin burden on faculty
Efforts to maximize resources
Process improvement

Continuous Improvement