

Dollars and \$ense: Facilities and More

December 3, 2021

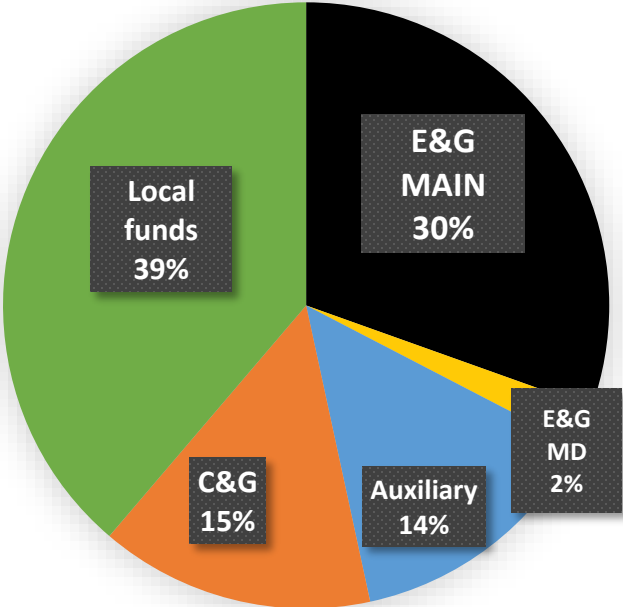
Gerald L. Hector
Senior Vice President for Administration and Finance



2021-22 Operating Budget

2021-22 Operating Budget

Budget Entity	2021-22	% of Total
Education & General – UCF Main	\$665,982,351	30.46%
College of Medicine (E&G)	47,106,174	2.15%
Auxiliary Enterprises	305,999,077	13.99%
Contracts and Grants	319,991,191	14.63%
Student Financial Aid	727,540,204	33.27%
Student Activities	24,197,328	1.11%
Technology Fee	11,863,810	0.54%
Concessions	800,000	0.04%
Intercollegiate Athletics	74,209,459	3.39%
Faculty Practice Plan	8,246,368	0.38%
Self Insurance Plan	563,167	0.03%
2021-22 Operating Budget	\$2,186,499,129	100%



University of Central Florida
2021-22 Proposed Operating Budget

All Budget Entities

<u>Education and General (E&G) Budget Entities¹</u>	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 Unique Abilities (FCSUA)					
State Appropriations	8,984,565	8,984,565	8,984,565	0.0%	-
Total E&G, FCSUA	8,984,565	8,984,565	8,984,565	-	-
Total E&G Budget Entities	699,868,934	692,700,550	713,088,525	2.9%	20,387,975
<u>Non-E&G Budget Entities</u>					
Auxiliary Enterprises	302,385,900	302,385,900	305,999,077	1.2%	3,613,177
Contracts and Grants	188,528,000	271,000,000	319,991,191	18.1%	48,991,191
Local Funds					
<i>Student Financial Aid</i>	659,877,204	659,877,204	727,540,204	10.3%	67,663,000
<i>Intercollegiate Athletics</i>	68,086,641	65,781,150	74,209,459	12.8%	8,428,309
<i>Student Activities</i>	24,760,828	24,760,828	24,197,328	-2.3%	(563,500)
<i>Technology Fee</i>	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)
<i>Concessions</i>	400,000	400,000	400,000	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



University Operating Budget – Funding Sources

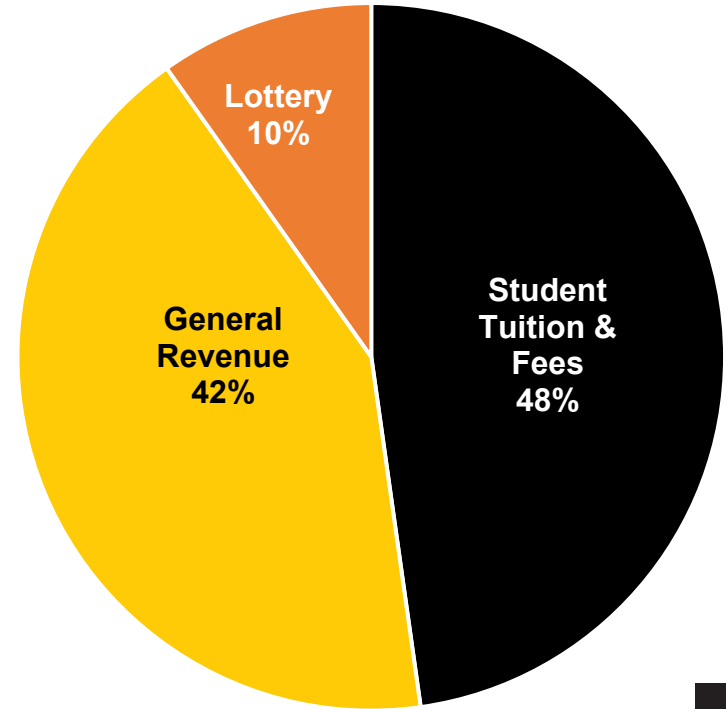
Budget	Activities, Constraints	Funding Source
Education & General	Must be spent on for general instruction, research, public service, plant operations and maintenance, furniture, fixtures, equipment, student services, libraries, administrative support, and other enrollment-related operations of the university.	General revenue (taxes), lottery, tuition, differential tuition, and out of state fees
Auxiliary Enterprises	Includes areas such as housing, parking services, bookstore, dining services, and computer store. These activities must be self-supporting. Revenue generated must cover all expenses, including salaries, utilities, and payments on debt (bonds).	Housing rent, transportation access fees, student health center income and fees, dining services, bookstore and computer store income, distance learning fees, other auxiliary income
Sponsored Research	Represents activity of grants provided for specific purposes. The funds must be spent for the intended purpose.	Federal, state, local grants
Student Financial Aid	Includes activity from loans, scholarships, grants, and financial aid fees collected from students. Funds must be spent on aid.	Federal, state, local funds; financial aid fees
Student Activities	Represents student government, clubs, and operation of the Recreation & Wellness Center and the Student Union. These activities must be self-supporting.	Activity & service fee paid by students, income from Student Union and Recreation & Wellness Center

University Operating Budget – Funding Sources

Budget	Activities, Constraints	Funding Source
Technology Fee	Includes expenditures of the technology fee paid by students. Expenditures are defined by Florida statute.	Technology fee paid by students
Concessions	Represents expenditure of funds from vending and the pouring rights contract.	Proceeds from vending machines and pouring rights contract
Intercollegiate-Athletics	Includes the revenues and expenditures associated with maintaining the UCF NCAA sports programs.	Athletics Fee, ticket sales, game guarantees, corporate sponsorships, NCAA distribution, private support and gifts
Faculty Practice Plan	Supports the clinical and education missions of the UCF Medical School. Clinical faculty must have a practice to remain current in the field of medicine, while simultaneously teaching medical students.	Clinical revenues for patient services
Self-Insurance Plan	The UCF College of Medicine program provides comprehensive professional and general liability protection in connection with delivery of health care services.	Fees billed to those covered by the self-insurance plan.

2021-22 E&G Revenue Sources

E&G Funding Source	2021-22 Budget
State Appropriations – General Revenue	\$ 282.5 M
State Appropriation – Lottery	65.4 M
Tuition & Fees	318.1 M
Total	\$ 666.0 M





Redesigned Budget Model Framework

Guiding Principles

1. Ensure the resource management, planning, and allocation **decisions are aligned with the institution's mission** as a public multi-campus, metropolitan research university.
2. **Ensure transparency, accountability, and fiscal responsibility** by requiring that all aspects of resource management are supported by data-informed decisions.
3. **Align** budgetary **authority** with **responsibility** and **accountability**.
4. Provide **significant incentives** for promoting efficiency, innovation, responsiveness and entrepreneurship using data-based decision-making.
5. **Balance** complexities of the **economic realities** with a methodology that is **financially viable** and easy to understand.
6. Distribute resources using a **predictable** and **consistent** methodology that allows for multiyear planning.

Redesign Element Overview

Element	Description
1. Organizational Framework	<ul style="list-style-type: none">▪ Categorization of organizational units-based role in model revenue management (Academic, Self-Supporting, and Central Support Units)▪ Identification of how hybrid units (e.g., units that have auxiliary and service-provider components) fall into organizational unit categories
2. Devolution of Revenue	<ul style="list-style-type: none">▪ Sources of revenues and methodology for allocation (formula vs. direct)▪ Specific incentives for: tuition and fee revenues, appropriations revenues, indirect (F&A) research revenues▪ Overall local vs. central management of revenue streams
3. Allocation of Costs	<ul style="list-style-type: none">▪ Approach to sharing indirect costs to units to reflect full costs of activities▪ Categorization of costs into cost pools and selection of allocation mechanism (i.e. driver) to share costs
4. Use of Subvention Pools	<ul style="list-style-type: none">▪ The provision of resources for strategic initiatives benefits the whole of the institution, including a “tax” on revenues or central retention of select revenue streams▪ Allocations from central sources to units called “subventions” to offset mission-critical units with high operating costs

Organizational Framework: Model Structure

Academic Units

- College of Arts & Humanities
- College of Business Administration
- College of Community Innovation & Education
- College of Engineering & Computer Science
- College of Health Professions and Sciences
- College of Medicine
- Biomedical Sciences
- College of Nursing
- College of Optics and Photonics
- College of Sciences
- Rosen College of Hospitality Management

Non-College Self-Supporting

Academic

- Florida Center for Students with Unique Abilities
- Florida Solar Energy Center
- Florida Space Institute
- Institute for Simulation and Training
- NanoScience Technology Center

Auxiliary

- Business Services
- Housing & Residence Life
- Parking Services
- Student Health Services
- Continuing Education

Devolution of Revenues

Historical Practice

Undergraduate, graduate tuition, and state appropriations were received centrally, then allocated to campus units as spending authority through a mostly incremental budgeting process

Budget Model Practice

Undergraduate, graduate, and online tuition would be allocated to the Colleges based on share of student credit hours (SCHs):

- **80%** to academic units based on instructed SCHs (i.e., College of Instruction)
- **20%** to academic units based on enrolled SCHs (i.e., College of Record)

State Appropriations would be divided into three pools for allocation to the Colleges in alignment with both the University's core strategic functions and the state's metrics utilized for allocations

- **42.5%** for instruction based on number of SCHs instructed
- **42.5%** as an incentive for student completion based upon degrees completed
- **15.0%** as an incentive for research based on 3-year average of total grants and contract revenue

Allocation of Support Unit Costs

Topic	Commentary
Allocation Metrics	<ul style="list-style-type: none">• Support unit net expenditures are allocated formulaically using allocation metrics.• While the allocation metrics are intended for alignment with service use to determine directional consumption, they are not expected to identify a precise cost for each activity based on actual consumption (e.g. tickets, direct bill, etc.).
Cost Allocation Transparency	<ul style="list-style-type: none">• The current cost pools provide transparency into the cost of each operation as well as component costs of the operation (e.g. Academic Support has five sub-units).
Validity	<ul style="list-style-type: none">• Figures are based on fiscal year activity to reframe the past activity within model to visualize and inform on past budgeting decisions.• Additional conversations are expected during the parallel year regarding potential budget alignment and service expectations.
Stakeholder Input / Governance	<ul style="list-style-type: none">• Committees are often formed to review the relationship of service levels and cost to the primary units.
Service Level Agreements/ Expectations	<ul style="list-style-type: none">• Central support units should consider developing service level agreements to clarify base level services associated with cost pool allocations.



Allocation of Costs: Allocation Methods

Central Support Unit	Allocation Metric
Academic Affairs	Faculty Headcount
Academic Support	Total Student FTE
Administration	Direct Expense
Facilities	Assignable Square Feet
Public Safety	Faculty, Staff, and Student Headcount
President and Government Relations	Direct Expense
Finance	Direct Expense
Compliance	Direct Expense
Communications and Marketing	Direct Expense
University Development	Direct Expense
Human Resources	Employee Headcount
UCF IT	Faculty, Staff, and Student Headcount
Office of Research	Grants & Contracts Distribution
Student Development & Enrollment Services	Undergraduate Headcount
University Libraries	Faculty, Staff, and Student FTE

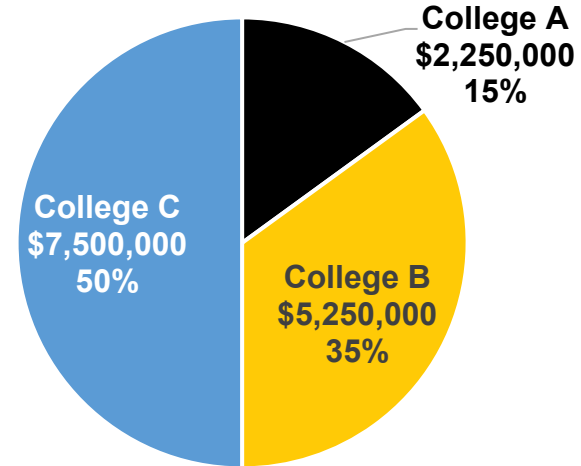
Allocation of Costs: Illustrative Example

Illustrative Student Development and Enrollment Services (“SDES”) Allocation

SDES Net Expenditures \$15 MM

College	Total Headcount (HC)	HC %
College A	300	15%
College B	700	35%
College C	1,000	50%
College Total	2,000	100%

Illustrative SDES Net Expenditures



- In this example, the SDES allocation would generate a \$7.5K per institutional headcount within the academic units

Note, in future years, this amount will vary depending on the approved budget of the SDES organization



Use of Subvention Pools: Central Funding Mechanism

One of the most critical elements of an incentive-based budget model is the creation of a Central Funding Pool, to address mission-subsidies, university priorities, and revenue growth strategies.

Central Funding Mechanism Overview	
Rationale	<ul style="list-style-type: none">The sum of the parts is not optimal for the whole therefore the university needs the ability and flexibility to act as one entity with respect to key initiatives
Funding Source	<ul style="list-style-type: none">Central funds are centrally retained and/or generated revenues purposed for mission and strategic investment
Fund Principles	<ul style="list-style-type: none">The Strategic Initiative Pool can be a useful management tool to help fund long-term initiatives by advancing capital, provide critical subsidies to kick-start initiativesFunding size should enable leadership to “steer,” which will ultimately benefit the university mission as a wholeFunds provided to any unit should never be viewed as an annual entitlement only as a way to kick-start initiativesThe model uses a participation fee to generate the central fund, applying a participation rate to selected revenues. Having a diverse revenue portfolio rather than a single source allows for stabilityParticipation fees need to ensure “neutral starting points” at implementation; thus the rate needs to be high enough to ensure surpluses are available to fill all Revenue Unit deficits



Example: Individual Unit Statement (1 of 2)

FY20 Model Pro-forma		FY20 Preliminary Baseline Model		
		College of XYZ		
		Unrestricted	Restricted	Total
1	Revenues			
2	Undergraduate Tuition	40,401,932	-	40,401,932
12	Graduate/Doctoral Tuition	3,655,600	-	3,655,600
24	Other Tuition	5,621,336	-	5,621,336
29	Scholarships, Fellowships, and Student Financial Aid	(7,649,719)	(10,630)	(7,660,334)
39	Waivers	(5,084,502)	(1,552)	(5,086,054)
47	Net Tuition	36,944,647	(12,166)	36,932,481
48	Other Fees	(1,650)	532,436	530,786
69	E&G Appropriation	34,627,348	-	34,627,348
70	E&G Appropriation_Student Credit Hours	16,708,494	-	16,708,494
71	E&G Appropriation_Research Activity	106,853	-	106,853
72	E&G Appropriation_Student Completion	17,812,002	-	17,812,002
76	Grants And Contracts	-	112,171	112,171
82	Indirect Cost Recovery Revenue	-	33,235	33,235
84	Auxiliary Revenue	32,081	-	32,081
89	Investment Revenue	-	-	-
93	Other Revenue	-	337,471	337,471
101	Revenue Adjustments	-	-	-
107	TOTAL REVENUE	71,602,425	1,003,148	72,605,573
110	Direct Expenses			
111	Salary, Wages, And Benefits	36,285,238	1,043,022	37,328,260
121	Supplies And Services	1,371,024	94,279	1,465,303
132	Repairs And Maintenance	5,304	-	5,304
134	Utilities	149,884	1,583	151,467
140	Rent	2,143	-	2,143
142	Debt Service	-	-	-
144	Furniture And Equipment	567,151	61,088	628,238
149	Insurance	179	-	179
151	Travel	303,226	37,241	340,467
156	Investment Expense	-	-	-
158	Other Expense	(10,061)	-	(10,061)
160	Indirect Cost Recovery Expense	-	34,302	34,302
162	Expense Adjustments	(440,911)	-	(440,911)
167	TOTAL EXPENSES	38,233,176	1,271,515	39,504,691
169	DIRECT MARGIN BEFORE TRANSFERS	33,369,250	(268,368)	33,100,882
171	Transfers Revenue	-	12,331	12,331
173	Transfers Expense	46,929	-	46,929
178	TOTAL TRANSFERS	(46,929)	12,331	(34,599)
180	DIRECT MARGIN AFTER TRANSFERS	33,322,321	(256,037)	33,066,284

Allocated Revenues

Direct Revenues

Direct Expenses

Net Transfer Activity



Example: Individual Unit Statement (2 of 2)

FY20 Model Pro-forma		FY20 Preliminary Baseline Model			
		College of XYZ			
		Unrestricted	Restricted	Total	
182	Central Support Unit Allocation	Allocation Method			
183	Academic Affairs	Faculty Headcount	697,535	-	697,535
185	Academic Support	Enrollment FTEs	6,331,194	-	6,331,194
186	Burnett Honors College	Enrollment FTEs	517,734	-	517,734
187	Division of Digital Learning	Enrollment FTEs	199,730	-	199,730
188	College of Graduate Studies	Enrollment FTEs	1,977,891	-	1,977,891
189	Division of Student Learning and Academic	Enrollment FTEs	3,210,898	-	3,210,898
190	UCF Global	Enrollment FTEs	424,940	-	424,940
191	Administration	Direct Expense	276,810	-	276,810
192	Communications and Marketing	Direct Expense	630,391	-	630,391
193	Facilities	Unweighted Space Assigned	3,183,978	-	3,183,978
194	Finance	Direct Expense	1,585,991	-	1,585,991
195	Compliance	Direct Expense	797,979	-	797,979
196	Human Resources	Employee Headcount	374,746	-	374,746
197	Information Technologies & Resources	Student and Employee Headcount	3,111,931	-	3,111,931
198	Office of Research	Grants and Contracts Revenue	36,475	-	36,475
199	President and Govt. Relations	Direct Expense	1,101,970	-	1,101,970
200	Public Safety	In-Person Student and Employee Headcount	2,607,940	-	2,607,940
201	Student Development & Enrollment Services	UG Enrollment Headcount	1,759,644	-	1,759,644
202	University Development	Direct Expense	849,659	-	849,659
203	University Libraries	Student and Employee FTE	2,303,257	-	2,303,257
204	University Financing	Direct Expense	931,166	-	931,166
205	Self-Supporting Central Charge	N/A	-	-	-
206	Total Central Support Allocations		26,580,666	-	26,580,666
208	TOTAL MARGIN POST CSU ALLOCATIONS		6,741,654	(256,037)	6,485,617
210	Participation Fee (Outflow)	18%	12,888,437	-	12,888,437
211	Margin Post Participation Fee		(6,146,782)	(256,037)	(6,402,819)
212	University Investment				
213	Subsidy Inflow (Subvention)		6,146,782	-	6,146,782
214	Strategic Funding		-	-	-
216	MARGIN POST SUBVENTION DISTRIBUTION		-	(256,037)	(256,037)

Central Support Unit Allocations

Participation Fee

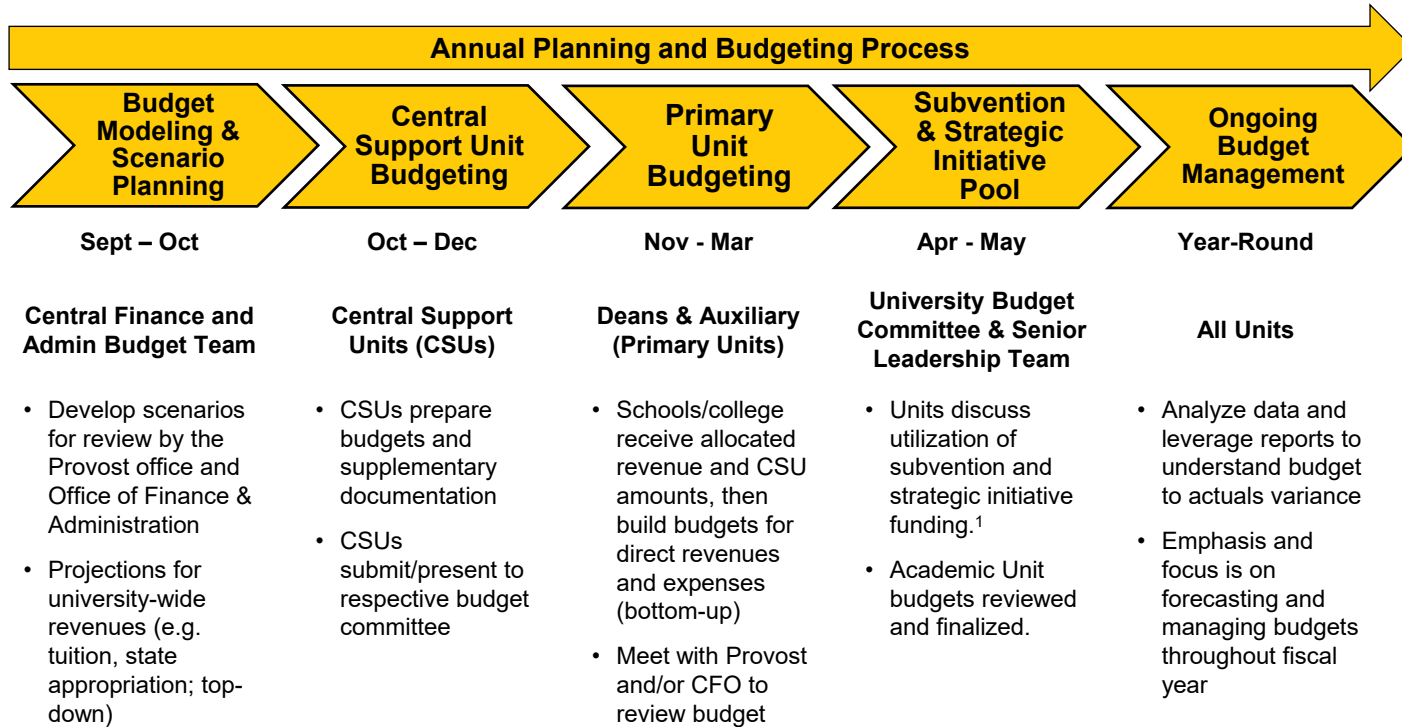
Subvention Distribution

Strategic Funding

Process and Timelines

FY23 Budget Development Process Overview

The illustration below outlines the budget development process milestones and the groups with primary accountability and responsibility for their completion.



¹The process for strategic initiative funding has not yet been determined

UCF Budget Model Redesign

The redesigned budget model implementation timeline featured stakeholder review and decision making throughout the design process and continues the momentum into the parallel year for providing time for additional engagement, infrastructure development, and training.

	FY20				FY21				FY22				FY23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Proposed Implementation Timeline			Budget Model Development		Parallel Year				"Live" Model Year 1 / Hold Harmless				"Live" Model Year 2			

- Budget Model Development in FY2020 provides foundation for next steps in Budget Redesign Roadmap
- Parallel Year allows time for any final tweaks to the model and additional stakeholder engagement
- Project momentum should be maintained to build key infrastructure (**governance**, processes, policies, **training, planning tool**)
- Implementation timeline allows benefits of the model to be realized sooner, while still allowing a Parallel Year



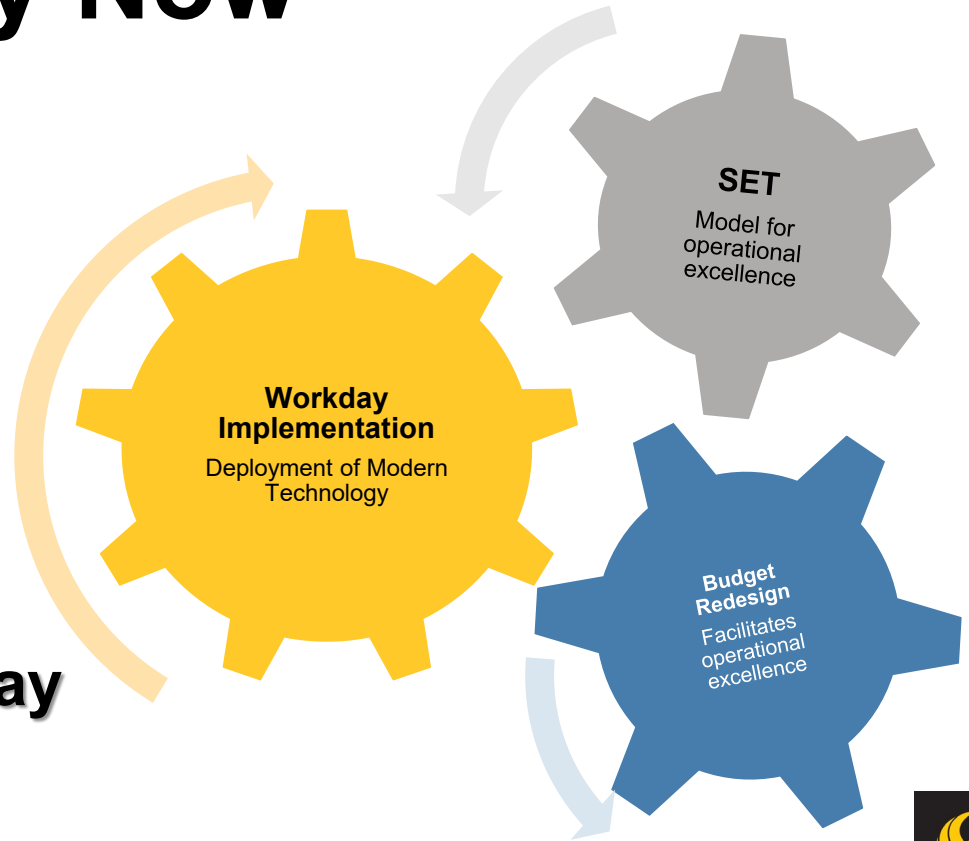
Service Enhancement Transformation (SET)



UCF

Why SET, Why Now

- **Professional Growth**
- **Service Coverage**
- **Budget Redesign**
- **Alignment with Workday**



SET Objectives

SET will align resources for new processes; SET is not designed to reduce staff.

Benefits to our People

1. Creating defined, uniform **roles, responsibilities** and **competencies** for staff and supervisors.
2. Providing staff with more effective **training opportunities**.
3. Providing **service coverage** so staff have specialist backup in their absence.
4. Reducing duplicative work by **simplifying** and **standardizing processes**.

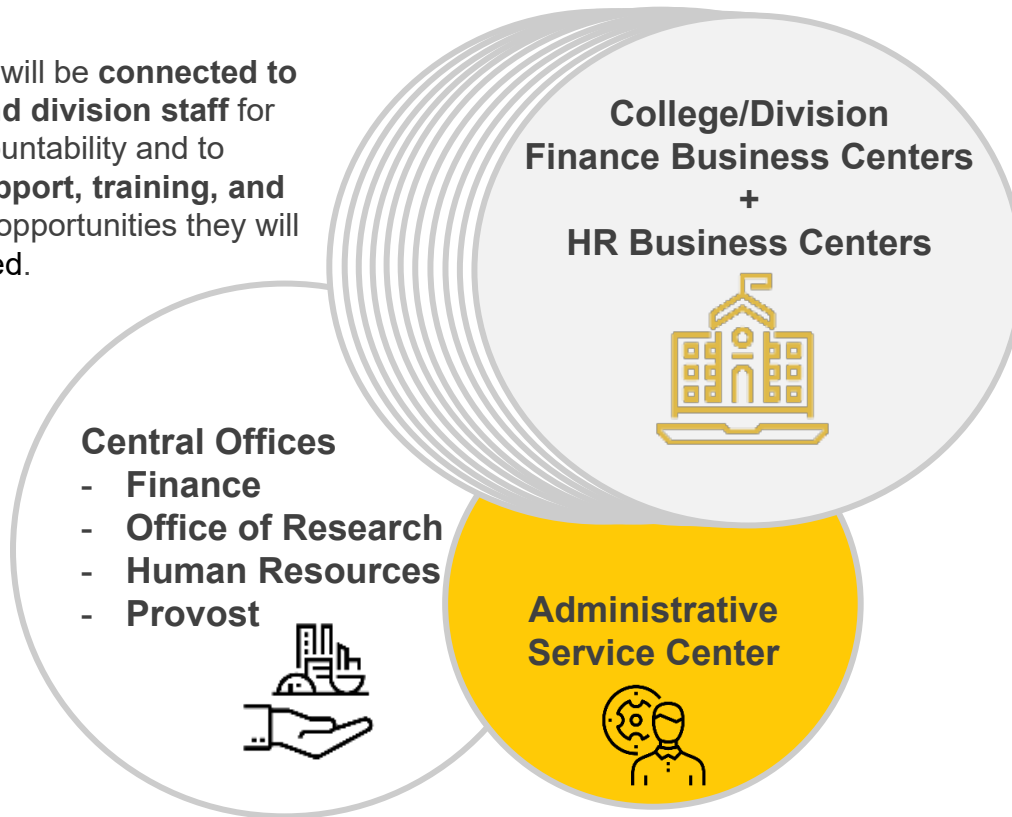
Benefits to our University

5. Increasing service **speed, quality and consistency**.
6. Reducing **risk** from non-compliant processes and practices.
7. Using **modern, state-of-the-art technology** to improve upon outdated processes, providing uniform, high-quality customer experience.
8. Aligning with **Workday** to simplify processes, reducing approvals and oversight.

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.



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.

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.

Where We've Been, Where We Are, Where We're Going

DECISIONS MADE

- Model structure
 - One Finance Business Center per college / division
 - 12 shared HR Business Centers
 - Central Administrative Service Center
 - Talent Acquisition Unit
- Specialization of roles in either finance or HR
- Dual reporting relationship for Finance/Budget & HR Director roles
- College or division will fund their finance & HR business centers

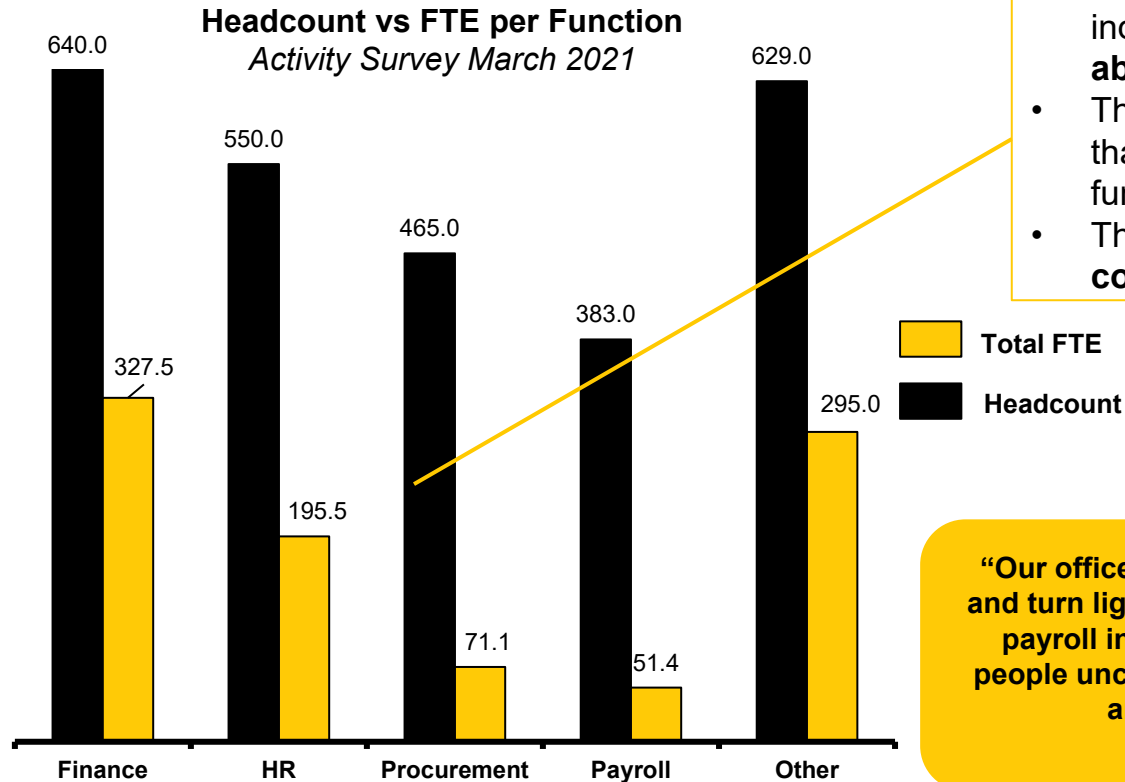
OPTIONS FOR DISCUSSION

- Identify the director roles for each business center
- Meet with Deans and Division Leaders to discuss the number of roles allocated to each business center
- Review job description
- Finalize the services provided within the Business Centers and Administrative Service Center
- Determine membership of the Transition Teams

ON OUR RADAR

- Refine the detailed Workforce Transition Plan
- Train the Transition Team members
- Outline a communications plan through next July
- Hold a job fair for employees and define approach to capturing their interest
- Form the Training Work Team and build a robust training plan
- Form the Logistics Work Team and start to identify space and equipment needs
- Continue configuring technology to support SET

Staff Lacking Specialization



- Difference between headcount and FTE indicates a **lack of specialization and ability to focus** on any given activity.
- The majority of distributed staff spend less than 25% of their time on any given function.
- The total FTE indicates **more than enough combined effort** to support the function.

“Our office manager gets called to move tables and turn lights on but is also required to process payroll in a timely manner. There are a lot of people unclogging toilets and approving payroll and it shouldn’t be like that.”

- College Interviewee

Finance Business Center

FINANCE BUSINESS CENTER

Finance/Budget Director



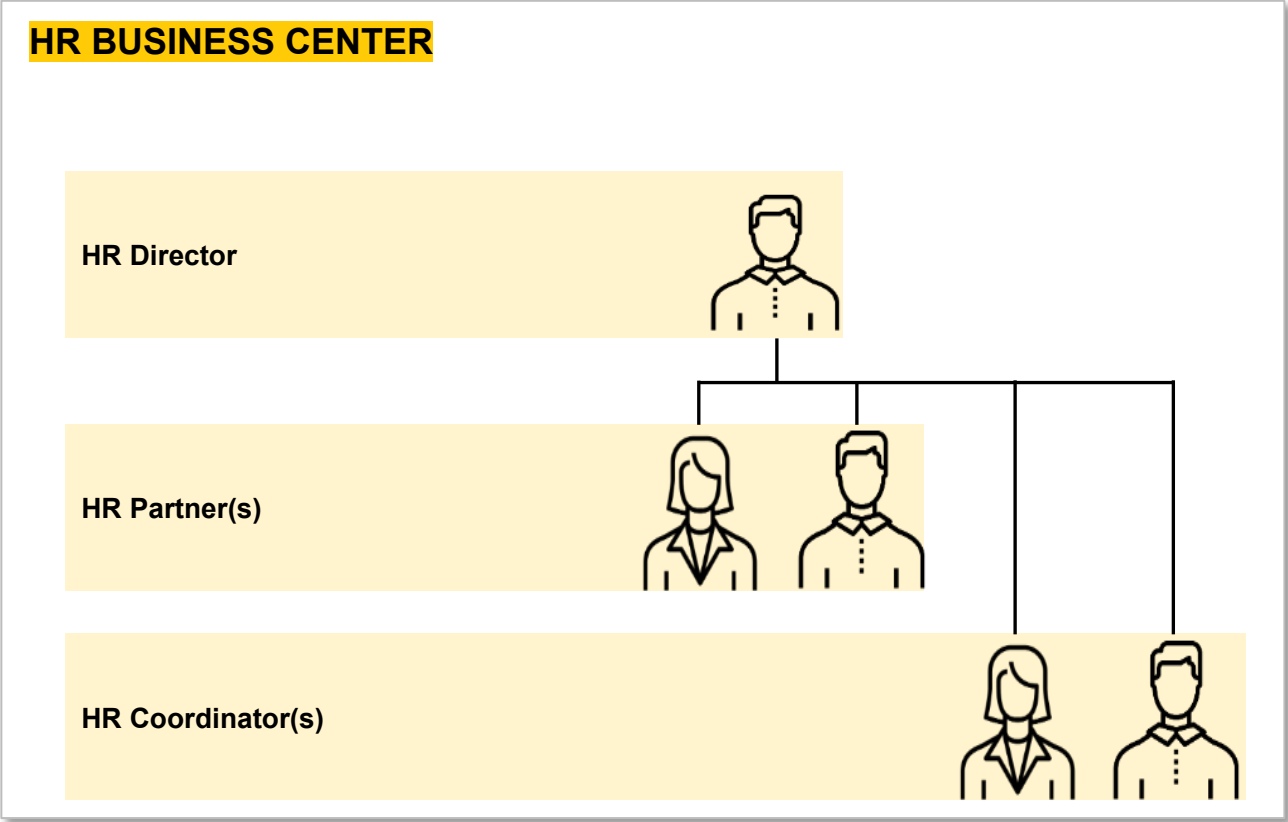
Finance/Budget Analyst(s)
Post Award Grant Specialist(s)



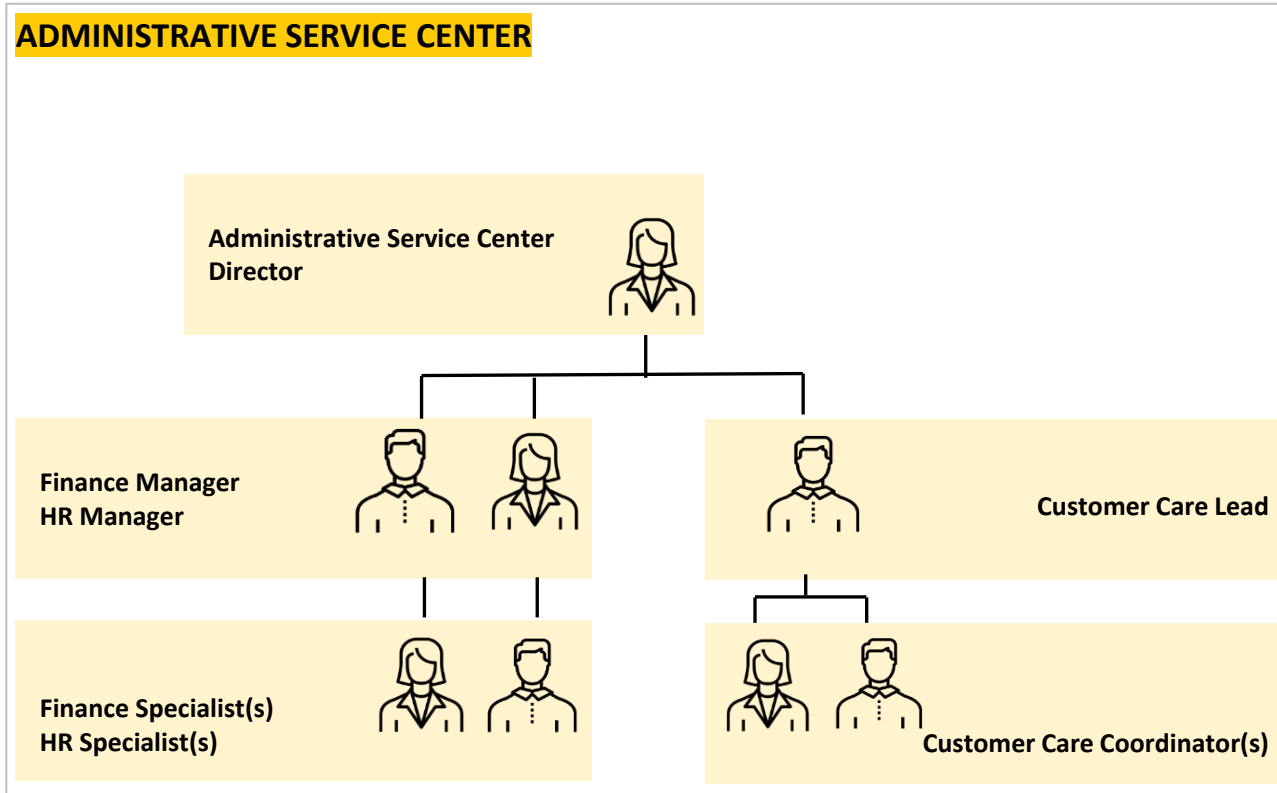
Travel Coordinator(s)
Procurement Coordinator(s)



HR Business Center

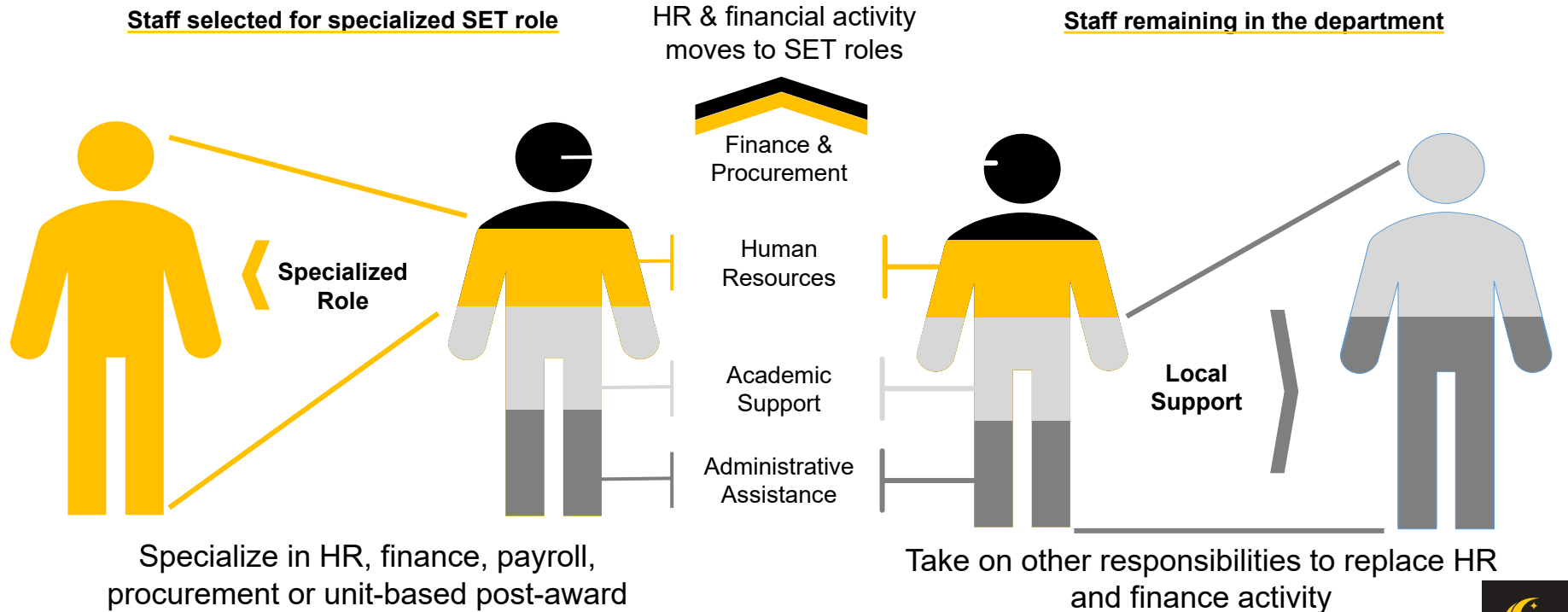


Administrative Service Center



Reorganizing work

The respective Business Center Directors will hire staff into the SET positions. However, the Transition Teams will support the reallocation of responsibilities for staff remaining in the departments.



1

Design Operating Model

Organizational structure reimaged 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.

Aug.
2021

We Are Here

Jan.
2022July
2022

2

Design Services

Services to be provided by college/division business centers and the Administrative Service Center defined and configured in Workday.

4

Design Services

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

6

Train and Onboard

Training, including job aids, provided to ensure success of role transitions and overall implementation.

How to Get Involved



Keep up to date by visiting the **Knight Vision SET** 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/KnightVisionFeedbackW>



UCF



Questions?

Thank you.

