

# **University of Northern Iowa**

## **Budget Planning and Development**

### **Annual Budget Process**

The University of Northern Iowa is one of three public universities in the Board of Regents, State of Iowa Higher Education system. The system is coordinated by a nine-member board, which processes and approves operating and capital budget requests for each of the three public universities and two special schools. These operating budget requests contain detailed revenue and expenditure plans and cover the fiscal year beginning July 1 and ending June 30.

The annual budget planning and development process at the University of Northern Iowa (UNI) is a dynamic one; it is an ongoing and continuous cycle. It is not limited to a single fiscal year; before one budget cycle ends, University officials have begun planning for subsequent fiscal years. The budget process may likely include the review of prior year revenues and expenditures, revisions of the current year budget, preparation of the operating budget for the upcoming year, and preparation of needs requests and program budgets for future years.

It is important to define some important and often-used terms before describing the UNI budget development cycle.

### **Definitions**

#### **State General Fund**

The State General Fund is the amount derived from taxes levied for state general revenue purposes, and all other sources which are available for appropriations for general state purposes, and all other money in the state treasury which is not by law otherwise segregated. The State General Fund authorization process draws the most attention in the budget because it is the largest of the “uncommitted” revenue sources available to the state.

#### **General Education Fund**

The General Education Fund is comprised of unrestricted revenue that the State of Iowa Legislature reviews each year. General Education Fund accounts are comprised of those that are supported by:

- State Appropriations
- Unrestricted Tuition

- Indirect Cost Recoveries
- Unrestricted Interest Income
- Unrestricted Sales and Service Income
- University Reallocations

## **Restricted Funds**

Expendable Restricted Funds are net assets whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. The Restricted Fund includes the Organized Activities Fund, the Auxiliary Enterprise Fund, the Current Restricted Fund and the Plant Fund.

## **UNI Annual Budget Process**

### **Operating Budget Preparation**

The University operating budget is prepared in accordance with Board of Regents, State of Iowa guidelines. All General Education Fund budgets, as well as Restricted Fund budgets at the Regents universities and special schools are approved by the Regents.

The annual budget is influenced by many factors:

- state economic conditions,
- legislative actions,
- the University and Board of Regents strategic plan,
- bargaining agreements with staff and faculty unions,
- commitments made in previous years,
- changes in projected general fund revenue, either positive or negative,
- enrollment projections,
- mandated and unavoidable changes in utility expenses, health insurance, and salary and benefits,
- new or revised academic programs and strategic initiatives,
- Board of Regents actions,
- internal resource reallocation,
- and other factors.

The State Legislature influences the development of UNI's General Education Fund budget by authorizing state revenue that is appropriated to the Board of Regents and the University of Northern Iowa and enacting legislation that governs and influences UNI budgets.

The final University operating budget is heavily influenced by the tuition rates that are reviewed and approved by the Board of Regents each year and State Appropriations that are approved by the State Legislature each year. 98% of UNI's General Fund budget is comprised of State Appropriations and Tuition and Fees. The other revenue sources from grants and contracts indirect cost recovery, unrestricted interest income, and miscellaneous sales and service accounts comprise the remaining two percent.

The State Legislature governs the amount of funds, if any, that are appropriated to state agencies for salaries and benefits by introducing a salary bill and determining if and how much will be appropriated to employees funded in general funded accounts.

Guidelines for the development and implementation of the University's General Fund are impacted each year by the actions of the Board of Regents and the State Legislature.

### **Budget Planning and Calendar of Activities and Events**

The internal resource planning and allocation process occurs annually. The development of the General Fund budget for a specific fiscal year is a year round planning process. The Board of Regents appropriation process is influenced by its strategic plan and its long standing practice of seeking State Appropriations annually.

Based on established BOR criteria for operating and capital requests, UNI officials identify institutional funding requests that are closely tied to its strategic plan. The BOR office staff gathers institutional information, discusses priorities, and proposes funding plans that influence appropriation requests. Specific calendar of major budget activities are as follows;

July – August: UNI's funding request is prepared with input received from each University division, the University's strategic plan, and other planning factors.

September: At its September meeting, the Board of Regents approves its appropriations requests.

October: By October 1, the Board-approved appropriations requests are submitted to the Governor, as required by law.

December: The State's revenue estimating council releases their December revenue estimate that is used by the Governor and the State Legislature to derive their annual budgets.

January: The Governor releases his/her budget recommendations for the next fiscal year. The recommendations then proceed into the legislative deliberative process for

the next three months, with appropriation legislation eventually passing through both houses of the Legislature near the end of April.

February: The Board of Regents, at its February meeting usually approves the Tuition and Fee rates for the upcoming academic year. Legislative actions may influence when final tuition and fee approval is granted by the Regents.

April: The State Legislature usually approves Appropriations for state agencies by the end of April.

May: Once final Appropriations are known, the Budget Office staff calculates the fiscal impact to each budgetary unit for the new fiscal year. Central administration provides any new funding distributions that are to be included in the new fiscal year budget. Salary guidelines and worksheets are distributed to the vice presidents, deans, and directors. Funding allocations are prepared and distributed to each budgetary unit to assist departments in setting salaries and completing the operating budget for the next fiscal year that begins in July. During this process, each dean and director makes final salary decisions and decides how funding is to be allocated among each of his/her areas.

June: Budget information is received from colleges and non-academic areas and final budget information is compiled by Budget System Development office staff.

July: The annual budget document is completed and loaded into the University's accounting system as well as distributed to University officials, Board of Regents members, and selected external organizations.

Ongoing Budget Development Activities: The President communicates to the University community on budget matters by utilizing budget messages as well as conducting periodic meetings with important constituent groups on campus, including student government leadership, faculty senate leadership, Professional and Scientific Council leadership, Supervisory and Confidential membership, merit employees, and campus advisory group. The President and Provost will normally meet with each College and major non-academic units during the academic year to review the unit's activities, plans, and concerns. From these meetings, the Provost and the President develops a list of current and future budget items for University considerations. Vice Presidents in other major units on campus are also asked by the President for strategic initiatives, as well as unavoidable and mandated cost increases.

1/28/11 TGS