

OFFICE OF THE CHIEF FINANCIAL OFFICER
System Budget Office
Major Activities

The System Budget office meets a variety of budgeting and reporting needs both internal and external to the University. This responsibility coincides with managing the University's budget information system which serves as a major resource for meeting reporting and analysis requirements. Nine functions within the System Budget Office which have been identified for discussion are: Annual Budget Cycle Reporting; Tennessee Higher Education Commission (THEC) Reporting; Budget System Processing and Control; State Appropriations; UWA budgeting and reporting; State Fiscal Notes; Systems Charge, Staffing the Board of Trustee's Effectiveness and Efficiency Committee and Financial Decision and Support. A description of each of the functions follows:

Annual Budget Cycle

The System Budget Office is responsible for the development and administration of the University's budget formation and planning process, resulting in a budget proposal for the university's Board of Trustees. The budget cycle for The University of Tennessee stretches over a three year period at any time. The previous year is being closed out; the current year is being monitored and revised; and the next year is being prepared. Close out of the previous year includes gathering the actual results of operations from the campuses and units for inclusion in the revised budget. Current year activities include sending original budget reports to THEC; preparing and presenting the revised budget to the university's board of trustees, monitoring the budget and actual expenditures and preparing the probable budget. The next year budget preparation begins in July as the university submits its appropriations requests to THEC, the university participates in the Governor's budget hearings, the campuses and institutes prepare their proposed budgets and the proposed budget is assembled by the system budget office staff and is presented to the university board of trustees for approval. The university annually publishes a proposed budget document in June and a revised budget document in February. Each of these documents is supported by a larger, comprehensive budget document. In addition, staff prepares power point presentations of the budget information for each board of trustee meeting.

Tennessee Higher Education Commission (THEC) Reporting

System budget office staff collects, assembles, analyses and prepares various required reports for THEC including unrestricted funds, restricted funds, transfers, auxiliary funds, E & G expenditures by category, average salary increases, student fee revenue, mandatory fees, maintenance and operations expenditures, athletics, student activity fee usage, senior staff salary data, faculty promotions, faculty teaching, admissions and research expenditures. These reports are submitted for both the proposed budget and the revised budget. In addition, in August and September of each year, THEC requires various other

reports including appropriation requests, credit hour distribution, student aid, research, utilities, equipment, rent, student and personnel data, medical resident enrollment data and Centers of Excellence reports.

Budget System Process and Control

The System Budget Office manages the university's budget system in IRIS. There are several diverse activities performed in the management of the system. The Budget Office maintains the financial integrity of the Funds Management module of IRIS as well as controlling when the budget versions are opened, closed and copied and when budget entries are allowed. At the end of April, the current budget is copied to version V04 (probable budget) and version V04 is closed to changes. In April, salary budget data is available for review and adjustments. After the salary budget data is finalized, the proposed budget, version X01 is closed for processing. In late May, the current budget, version X01, is copied to version V01 (proposed budget) and is closed to all revisions. This version becomes the document that is presented to and approved by the board of trustees.

State Appropriations

The System Budget Office is responsible for receiving, developing and implementing the annual state appropriations work program from the State of Tennessee Department of Finance and Administration (F&A). Each June, after the State of Tennessee budget is approved by the legislature, F&A prepares a work program consisting of last year's base budget along with any increases or decreases for the university. Staff reviews the work program and creates new spreadsheets so that the campuses can budget their appropriations revenues and so that the Controller's Office can draw the funds. During the year, F&A sends revisions to the work program which are incorporated into the universities worksheets and this information is relayed to the campuses.

UWA budgeting and reporting

The Budget Director serves as the chief business officer for the university wide administration offices. These responsibilities include oversight of the budgets and fiscal operations of UWA departments. Staff meets regularly with department heads of UWA departments to discuss their budgets requests, business operations, daily administrative tasks and current year budget to actuals reviews. These activities also include expense approvals, exception approvals and contract review and approvals. The UWA departments are funded by a variety of sources including a system charge to all other units. All of these various funding sources must be managed so that budgets and expenditures are adequate

and accurate. In addition, several significant year end entries and analysis are prepared by this office.

State Fiscal Notes

When the Tennessee General Assembly is in session and a bill is introduced to the legislature that impacts the university, the state Fiscal Review Office will create a fiscal note and send it to THEC so that both UT and the Tennessee Board of Regents (TBR) schools can comment on the cost impact. The Fiscal Review Office has established a standard form for submitting the notes and we always coordinate with TBR and through THEC. If the bill is for all of higher education, then we work in conjunction with TBR to prepare a single, joint note and then submit to THEC who in turn, sends to Fiscal Review. If the note only involves UT, then we respond to THEC who sends to Fiscal Review. We also copy the State Relations Office to be sure they saw what was being submitted to THEC. If the data needed to complete the note was general (FTE or general budget data), the budget office prepares the note and submits. If the note involved the need for campus input, staff would contact the campus Chief Business Officers. The turnaround is always quick.

Systems Charge

The UWA departments are funded by a variety of sources including a system charge to all other campuses and units. The system charge is determined annually and is announced as part of the annual budget process. The Controller's Office prepares a UWA cost distribution study as needed to be the foundation of this charge. A much smaller annual charge is also calculated for the operation of the UT Research Foundation.

Staffing the Board of Trustee's Effectiveness and Efficiency Committee

The Effectiveness & Efficiency for the Future committee of the Board of Trustees was formed in September 2008 to help determine savings initiatives for the University of Tennessee. The purpose of this committee is to: Identify savings initiatives through the feedback of UT's faculty and staff; Identify savings initiatives through examining those economic and operating models that have been extremely successful in other public higher education institutions; Monitor and report to the Board the financial and qualitative impact of the savings measures that are implemented and Articulate the importance of this committee, its goals, expectations and benchmarks.

System Budget Office staff members provide staff support and respond to information requests of the EEF committee members.

Financial Analysis and Decision Support

The System Budget Office is periodically called on to conduct special studies or ad hoc analyses to support UT decision makers or respond to external requests. Examples include long-term financial projections, financial reviews of specific operations, and scenario planning.