



FOAC Knowledge Builder Series #1

Budget Basics

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Desired Training Outcomes



You understand the basic financial structure of Oregon Tech that informs the budget build process.



Agenda

- **Budget Basics**
 - Elements of the Budget
 - Primary Revenue Sources
- **Financial System Structure**
 - Fund Accounting
 - Oregon Tech Funds
 - Finance System Data





Budget Basics

What's a budget?

A budget is a spending **plan** based on revenue and expenses.



Elements of the Budget



- Revenue
 - Student Success and Completion Model (SSCM)
 - Tuition
 - Enrollment
 - Other
- Expenses
 - Salary
 - Salary Savings
 - Benefits
 - Service & Supplies (S&S)
 - Strategic Initiatives

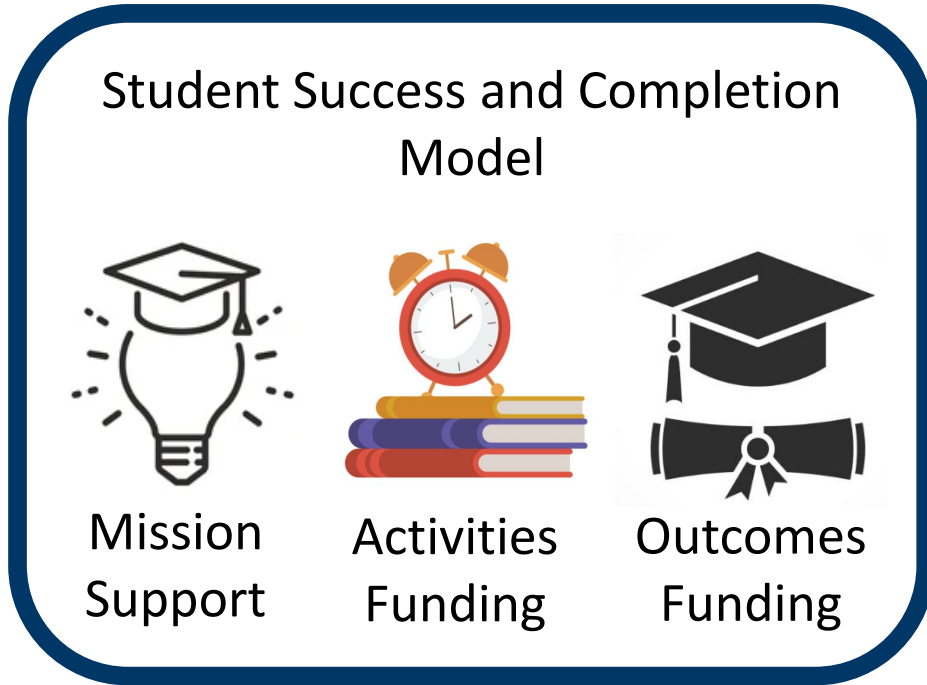
Revenue - Public University Support Fund



Oregon
Legislature



Public
University
Support
Fund



Student Success and Completion
Model



Mission
Support



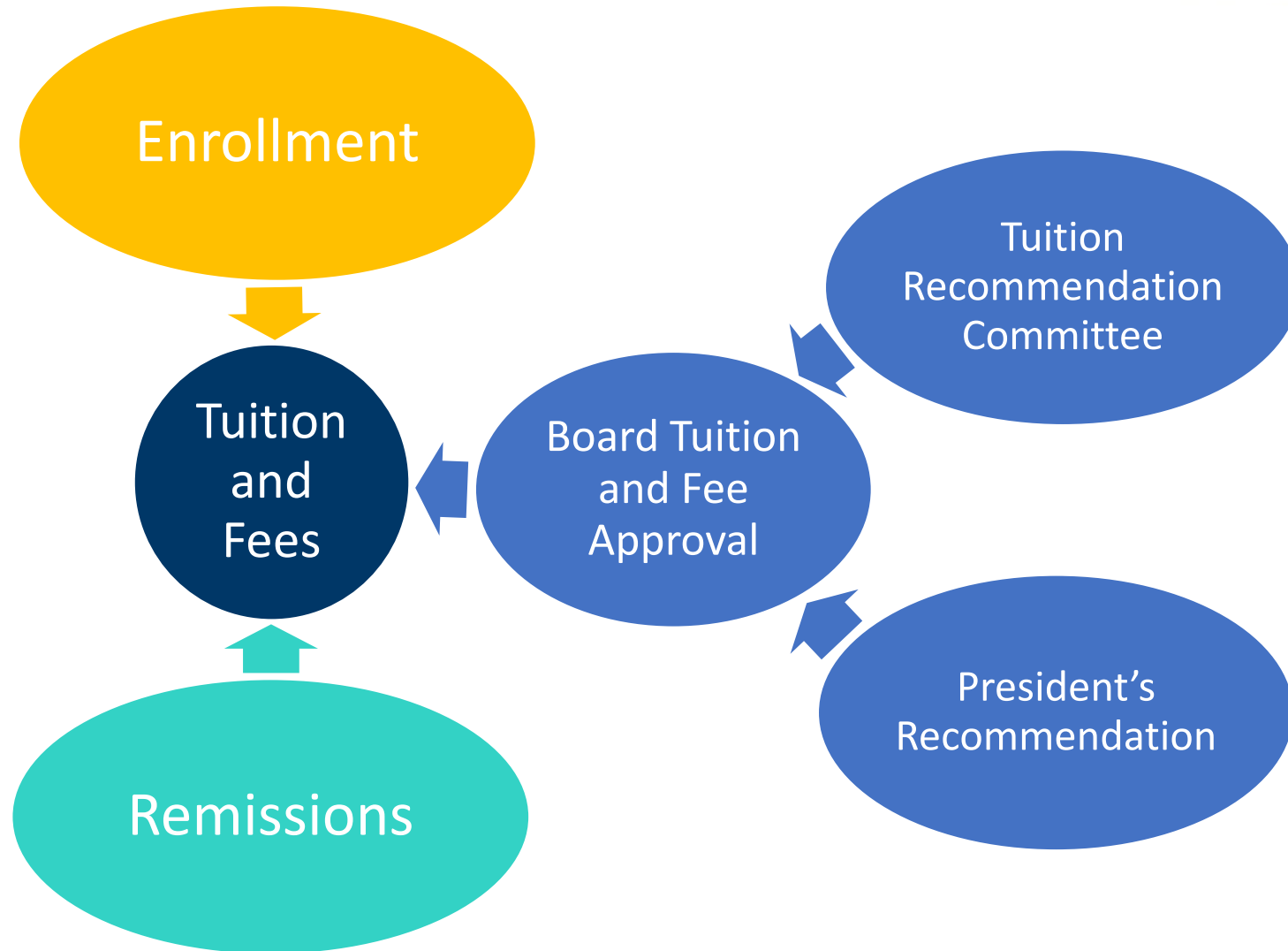
Activities
Funding



Outcomes
Funding



Revenue - Tuition & Fees



Expenses – Salary and Benefits



- Current and vacant employee salary
- Overtime
- Student Pay
- Other Personnel Expenses (OPE)
 - Retirement
 - Healthcare
 - State & Federal payroll taxes
- Salary Savings

Salary Savings ≠ Intentionally Held Vacancies

- Recognition of “normal” attrition
- Budgeted in lieu of deeper cuts

Expenses – Salary and Benefits



Salary Savings			Position Reduction		
	Budget	Salary Savings		Budget	Salary Savings
Position #1	\$50,000	\$25,000	Position #1	\$50,000	\$25,000
Position #2	\$50,000	\$25,000	Position #2	\$50,000	\$25,000
Position #3	\$50,000	\$25,000	Position #3	\$0	\$0
Total Position Budget	\$150,000	\$75,000	Total Position Budget	\$100,000	\$50,000

Salary Savings ≠ Intentionally Held Vacancies

For a position to generate salary savings, it must be a budgeted position available for recruitment.

Expenses – Salary and Benefits



Budget Example		
	Before Salary Savings	After Salary Savings
Revenue	\$ 72,000,000	\$ 72,000,000
Expenses		
Labor	\$ 55,000,000	\$ 55,000,000
Salary Savings	\$ -	\$ (3,000,000)
S&S	\$ 20,000,000	\$ 20,000,000
Total Expenses	\$ 75,000,000	\$ 72,000,000
Net	\$ (3,000,000)	\$ -

Expenses – Services & Supplies



- Supplies
- Software
- Professional services
- Travel
- Annual budget depends on budget conditions (more in next meeting)

Expenses – Strategic Investments



- Historically, there is some amount of budget set aside for strategic priorities
 - Surplus year? Strategically allocated
 - Deficit year? Overcut divisional budgets to redistribute existing budget to institutional priorities
- Process varies depending on budget conditions



Financial System Organization

What is Fund Accounting?



A system of accounting that focuses on managing financial resources by purpose/use and emphasizes accountability rather than profitability

ORGANIZATIONS THAT USE FUND ACCOUNTING



NONPROFITS

Nonprofits use fund accounting to keep track of revenue and to ensure effective allocations.



GOVERNMENTS

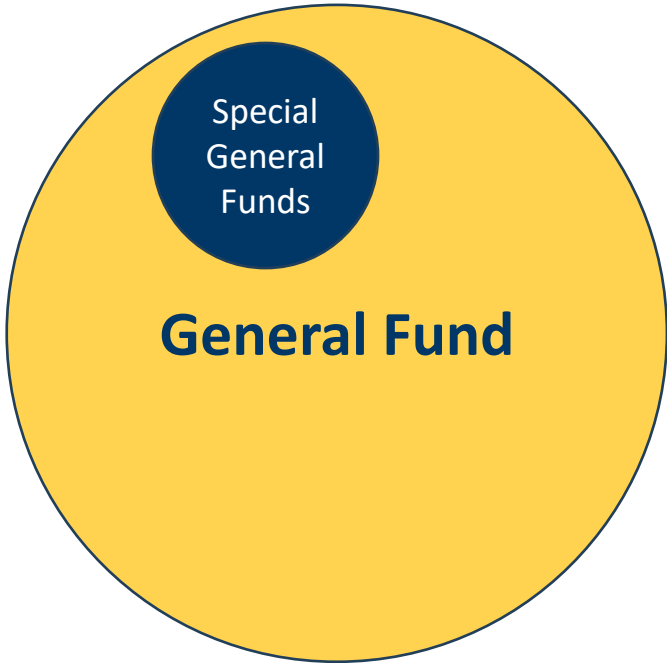
Governments use fund accounting to keep a tight grip on expenses and prevent overspending.



CHURCHES

Churches use fund accounting to remain accountable to generous funders and allocate funding appropriately.

Oregon Tech Fund Types (not comprehensive)



General Fund

Special
General
Funds



**Auxiliary
Funds**



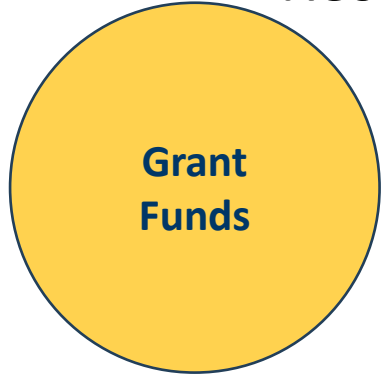
**Designated
Funds**



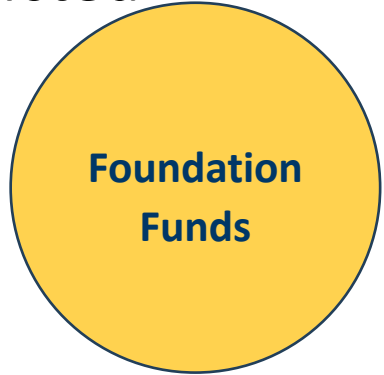
**Service
Funds**

Unrestricted

Restricted

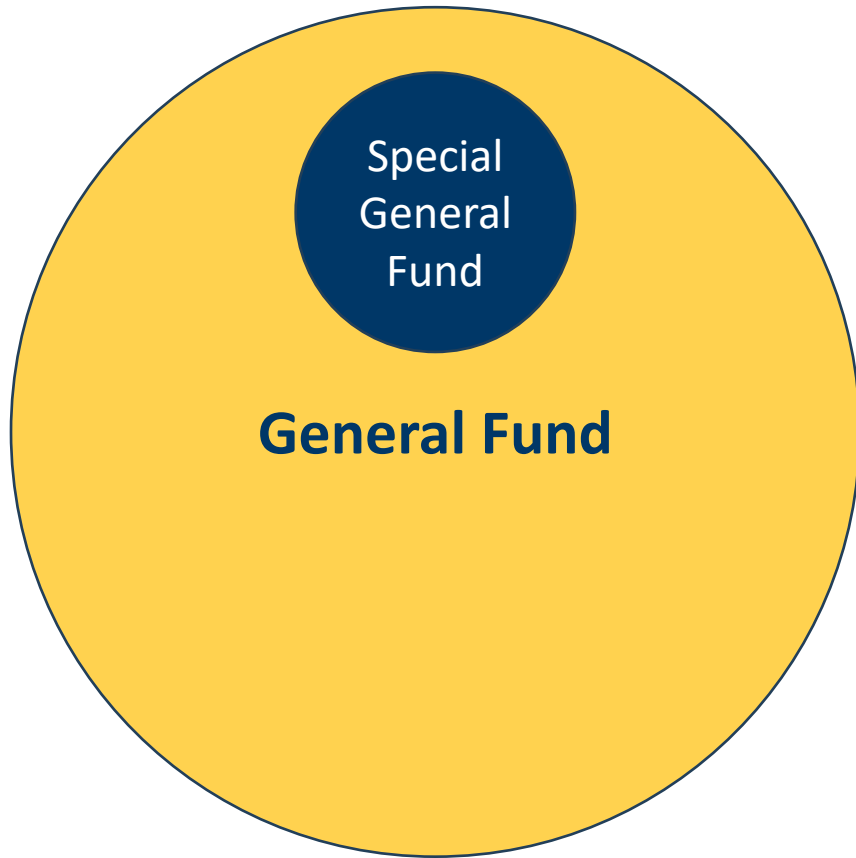


**Grant
Funds**



**Foundation
Funds**

Focus On - General Fund

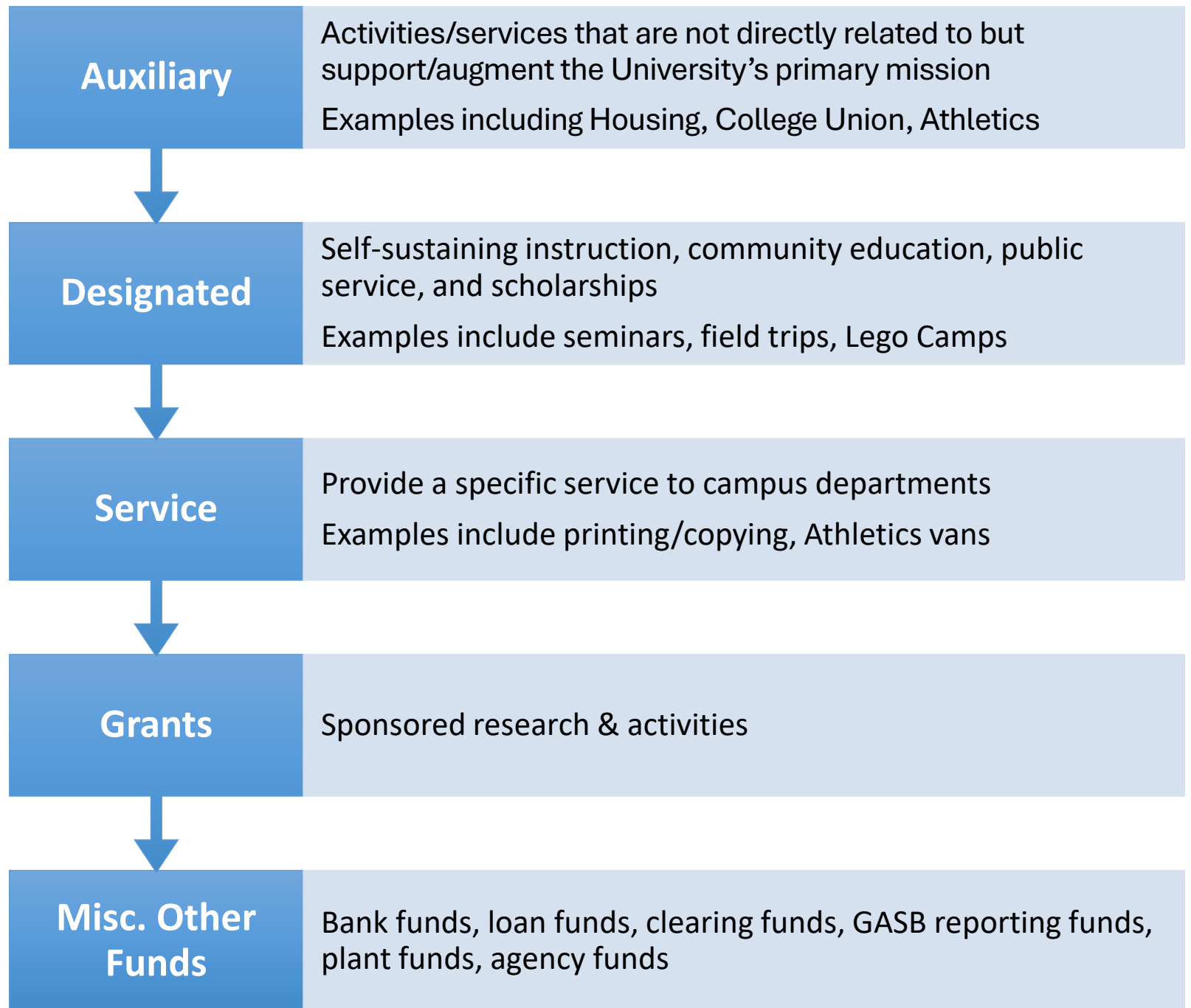


Regular General Fund: Main operating fund of the university; operations that are related to the primary mission of OT; shared revenue (i.e., all the same “bank account”).

Special General Funds: Related to the primary mission of the institution but have a specific revenue source.

- Academic Clinics
- Research Indirect Recovery
- “Self-supporting” activities

Oregon Tech Other Funds



Fund Budget Differences



Loosely conceptualize these funds as types of bank accounts

Regular General Fund
Index

Budget Only



Special General Fund
Index

Specific Revenue



Grant Index
Specific, Restricted
Revenue



Understanding Financial System Elements

Financial coding: “demographics” of
a transaction.

The Who, What, When, Where, Why



Division Structure (Budget Units)



The “who” of a transaction, at the highest level roll-up

- President
- Academic Affairs
- Student Affairs
- Strategic Enrollment Management
- Finance & Administration
- OMIC
- Institutional
- University Advancement

Financial Code Definitions



Index is simply a more intuitive shortcut to these three codes.

Fund	Source of Funding/Restriction (e.g., General Funds, Grants, Auxiliaries)
Organization (Org)	Responsible department or unit (e.g., Student Affairs, Provost, etc.)
Program	Type of function (e.g., instruction, public service, student services, etc.)
Account	Type of transaction (e.g., office supplies, payroll, accounts receivable)
Activity	Additional field available to further define the transaction
Location	Physical location (mostly used for capital asset transactions)

Ex.
BUD001,
DED050

We budget to each one of these codes except location and each one has a different “role” in budget build.



Questions and Discussion?

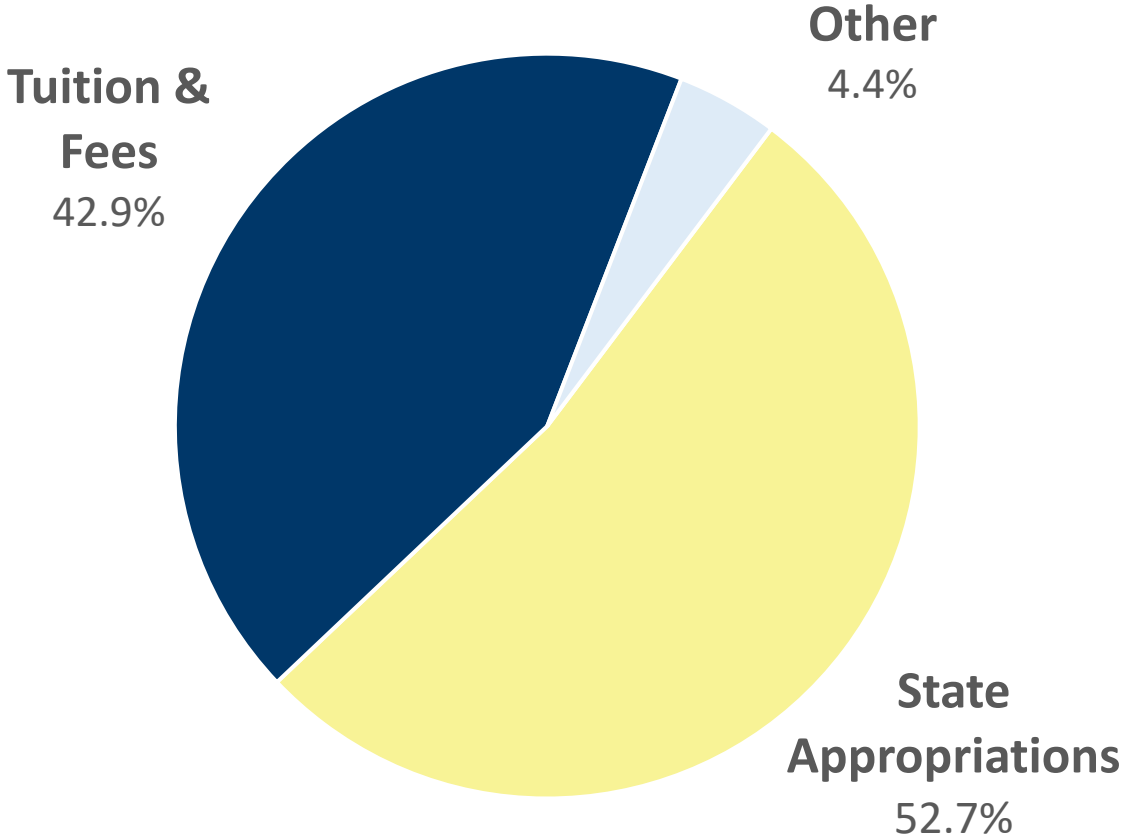
Thanks!



Major Components of FY2024-25 E&G Budget



E&G Budgeted Revenues



E&G Budgeted Expenses

