The University Budget Planning Process
University Annual Budget Planning Process

- The University fiscal year begins on July 1 and concludes on June 30.

- The University is divided into “Accountable Units” – each Accountable Unit is responsible for preparing and submitting an annual operating budget proposal. The Schools and Colleges are the most important Accountable Units but there are many others – e.g., the University Library, Athletics, Residence Life, Information Technology, Facilities Management, Public Safety, WHUR, and the Research Office. In all, there are over 60 Accountable Units.

- Because some significant revenue sources are not tied to any specific Accountable Unit (e.g., the Federal Appropriation), because many critical University offices and activities are not revenue-generating, and because many students take courses in Schools/Colleges other than the School/College in which they are enrolled, University budget planning for the forthcoming fiscal year begins with an estimation of the total amount of revenue that is expected to be available to the University in the coming year to support the operations of all of the University’s Accountable Units.

- Budget Targets are then set for each Accountable Unit, taking into consideration the strategic priorities of the University, known upward (or, more rarely, downward) pressures on costs, expected fluctuations in enrollment, and other factors. The Budget Target represents the maximum spending that an Accountable Unit is authorized to undertake in the coming fiscal year from the Unrestricted Fund and the Designated Funds. (Grants are not subject to the Budget Target.)
HOW BUDGET TARGETS ARE CREATED

- **Net tuition, Federal Appropriation, room & board, grants, net patient service revenue**
- **Who are the staff that we are obligated to pay this year (union members, contracts, tenured staff, etc.)**
- **Accreditations, Campus repairs, Commencement, Health & Safety compliance, etc.**
- **Increased incoming class sizes, unforeseen weather events, pandemic, social environment**
- **Remaining funds dictate spending levels and are used to determine budget targets**

- **Revenue Estimate**
- **University Fixed Costs**
- **Historical Trends/Non-Negotiables**
- **Variables**
- **Target**
Academic Units – Typical Budget Preparation / Review Timeline

January
- Budget Office pre-planning kickoff
- Deans and School/College staff attend annual Budget Development Training
- Jan

February
- Deans develop budgets, aligned with strategic initiatives, budget targets and other school specific factors; with support of Chairs, Dean’s staff and executive committees.
- Feb

March
- Budget Office develops revenue and expense scenarios for the coming year, based on mid-year forecasts, planned enrollment levels and other inputs. President and CFO review and approve “budget targets.” Budget templates distributed by first week of March.
- Mar

April
- Budget Submissions due to the Budget Office by April 1st. Submissions must tie to the planned budget targets.
- Apr

May
- President’s review and approval – overall budget presentation then prepared for Board of Trustees
- May

June
- Board of Trustees reviews and approves the budget
- Jun

July / August
- Deans implement approved budgets in coordination with Chairs and other School/College constituencies.
- July / Aug

* Note: Per the Faculty Handbook, section A 4.2.1 “Faculty Participation in Academic Planning”:

“Faculty and administrators are partners in the shared responsibility for the academic and educational enterprise at Howard University...Faculty shall be informed of decanal priorities, goals, and objectives at the start of the academic year, accompanied by budget summaries and resource allocations associated therewith.”
Faculty Participation in Academic Planning: from the Faculty Handbook

A4.2.1 Faculty Participation in Academic Planning
Faculty and administrators are partners in the shared responsibility for the academic and educational enterprise at Howard University. In this regard, there is joint responsibility to engage in ongoing processes that guide important decisions regarding academic priorities, academic restructuring, budget/resource allocation, and planning—including capital expenditures and allocation of physical facilities. Faculty shall participate in the planning process for their school/college to ensure the growth of the educational and scholarly potential of the University. The regular members of the faculty of a school/college shall have an opportunity to make recommendations on proposals concerning such matters. Where the creation, consolidation, or elimination of departments, institutes, or other academic or research units making up a part of that school/college concern primary faculty responsibility, such as curriculum, subject matter and methods of instruction, research, faculty status, and those aspects of student life which relate to the educational process, the governing board and president should consider faculty input and clearly communicate the basis for institutional decisions to the faculty. Deans shall consult with the faculty in matters relevant to the academic programs and administration of the unit and be guided by the principle of shared governance (see Sections A1.5.3 and A2.1).
Faculty shall be informed of decanal priorities, goals, and objectives at the start of the academic year, accompanied by budget summaries and resource allocations associated therewith. Faculty shall have an opportunity to offer advice and recommendations to the proposed plan to the extent that the proposed plan does not concern matters of primary faculty responsibility.
Administrative Units – Typical Budget Preparation / Review Timeline

- **Jan**: Budget Office pre-planning kickoff
- **Feb**: Administrative Units develop budgets, aligned with strategic initiatives, budget targets and other factors.
- **Mar**: Budget Submissions due to the Budget Office by April 1st. Submissions must tie to the planned budget targets.
- **Apr**: President’s review and approval – overall budget presentation then prepared for Board of Trustees
- **May**: Board of Trustees reviews and approves the budget
- **Jun**: Budget Office develops revenue and expense scenarios for the coming year, based on mid-year forecasts, planned enrollment levels and other inputs. President and CFO review and approve “budget targets.” Budget preparation templates are distributed by first week of March.
- **Jun**: Budget Office reviews the submitted budgets and schedules review meetings. COO, CFO and CHRO meet with Accountable Unit heads to discuss the proposed revenue and spending plans. CFO approves submissions for presentation to President
The “University Budget” (and the budgets of all Accountable Units that make up the University Budget) consist of three fund groupings:

• The Unrestricted Budget

• Grants and Sponsored Programs

• The “Designated Funds”: Gift Funds and Endowment Funds and other Special Project Funds
UNIVERSITY FUND MANAGEMENT

UNRESTRICTED
- Managed by the Budget Office
- Monitored by the Budget Office

NOTE: “Budget targets” apply to the combination of the Unrestricted Fund and the Designated Funds, but not Grants.

NOTE: All hiring for all funds must be approved by OHR. OHR will only fill positions in approved budgets.

DESIGNATED (RESTRICTED)
- Managed by the Controller’s Office (Director of Revenue and Contributions)
- Funds have specific conditions and uses
- Monitored by the Budget Office (for budget compliance) and Controller’s Office (for compliance with donor restrictions and fund availability)

GRANTS
- Managed by the Research Office and Grants Accounting in the Controller’s Office
- Funds have end dates
- Funds have grantor-approved budgets and allowable uses of funds
- Monitored by Grants Accounting
How to influence budget planning.

- Deans determine the amount of funds that are designated to each department
- Knowing the Personnel and Non-Personnel needs of your department is vital
- Knowing who in your department is grant funded and when that funding ends
- Being aware of teaching load for professors and the budget impact
- Knowing which R accounts (Designated funds) your departments has access to and what they may be used for

OPEN DIALOG

DEPT KNOWLEDGE

BUDGET KNOWLEDGE

ACCOUNT KNOWLEDGE
NOTE: Budget preparation and monitoring for Howard University Hospital is the responsibility of the HUH Finance Office.

- Develop, implement, monitor and manage the University’s operating budget
- Act as liaison between “Accountable Units” and the CFO’s office
- Provide advice and support regarding approved budgeted positions
- Execute position plan and reconcile versus the approved budget
- Assist Accountable Units to stay within budget by creating collaborative action plans
In addition to preparing the annual University budget and monitoring Accountable Unit budget compliance, the Budget Office is also in the “approval path” for a variety of University business processes. Above are the Budget Office review time goals.
Having an approved budget is the first step in managing School and Accountable Unit activity. Other University business offices have been established to assist Schools and Accountable Units with hiring and personnel management, payroll, purchasing and vendor payments, facilities management, grants management and other administrative functions.

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### Offices to know

- **Payroll** (Controller’s Office)
- **Budget Office**
- **General Accounting** (Controller’s Office)
- **Grants Accounting** (Controller’s Office)
- **Restricted Funds Accounting** (Controller’s Office)
- **Human Resources**
- **Procurement and Contracting**
- **Accounts Payable**
- **Research Admin Services**

### People to know

- **Chief Financial Officer** – Michael Masch
- **Chief Budget Officer** – Yvonne Towers
- **Budget Manager** – Kristina Sesay
- **Budget Officers** – Terrez Cooks, Chivonne Phillips

**Your Accountable Unit Business Leads**
- Budget Preparer
- Personnel Manager
- Purchasing Manager
- Facilities Manager
- Grants Manager
President’s Budget Advisory Committee

Mission

and

Composition
President Frederick has established a Budget Advisory Committee with representatives from Howard’s faculty, staff, students and Decanal leadership.

President Frederick’s Charge to the Budget Advisory Committee

The mission of the President’s Budget Advisory Committee is to:

- Serve as a common forum for members of the Howard community from a variety of constituencies – students, faculty, and staff – to discuss the University’s academic and institutional priorities and their relationship to the University’s current financial condition and potential future financial capacity.
- Receive detailed and up-to-date briefings from senior University leadership regarding the most critical financial issues facing the University and their implications for the University’s academic program and its operations.
- Provide advice to the President regarding academic and operational policies, strategies, and objectives.
<table>
<thead>
<tr>
<th>Position</th>
<th>Description</th>
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<tbody>
<tr>
<td>Provost</td>
<td>Chair</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>Ex officio</td>
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<tr>
<td>Chief Operating Officer</td>
<td>Ex officio</td>
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<tr>
<td>Faculty</td>
<td>Faculty Senate Appointee</td>
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<td>Faculty</td>
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<tr>
<td>Staff</td>
<td>Staff Organization Appointee</td>
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<tr>
<td>Dean</td>
<td>Appointed by the President</td>
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<td>Faculty</td>
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<tr>
<td>President’s Appointment</td>
<td>Staff</td>
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**President’s Budget Advisory Committee - Composition**
University Financial Sources and Uses

Fiscal Year 2020

Results are presently unaudited and are subject to change as of 9/29/20.
Where the Money Comes From: Howard University Operating Revenue FY2020

Three sources - Student Charges, the Federal Appropriation, and Grants & Contracts – represent 75% of all University operating revenues.

Does not include Howard University Hospital
Results are preliminary and unaudited

<table>
<thead>
<tr>
<th>Source</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>Federal Appropriation, $211.8M</td>
<td>37%</td>
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<tr>
<td>Grants &amp; Contracts</td>
<td>10%</td>
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<tr>
<td>Federal Appropriation (net)</td>
<td>28%</td>
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<tr>
<td>Real Estate Development</td>
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<td>Federal Emergency Assistance</td>
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<tr>
<td>Student Charges (net of Fin. A.)</td>
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<tr>
<td>Other Income</td>
<td>$4.4M</td>
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<tr>
<td>Contributions</td>
<td>$35.6M</td>
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<td>Endowment Transfer</td>
<td>$24.5M</td>
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<tr>
<td>Room</td>
<td>$5.8M</td>
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<tr>
<td>Board</td>
<td>$13.1M</td>
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<tr>
<td>Net Tuition, $143.9M, 25%</td>
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</tbody>
</table>
How the Money is Spent: Howard University FY20 Operating Expenditures

Schools and Colleges and Academic Support units constitute 60% of the HU Budget.

Facilities represents 10%.

Results are preliminary and unaudited