

# Budget & Funding Overview

## Introduction

UCR has an annual operating budget of close to \$700 million with funds coming from a variety of sources. Each of the fund sources has a set of agreements and practices associated with the acquisition, distribution and use of the funds. Some are codified into law; others represent agreements that have been made and modified over time. All agreements have an obligation to make good on the trust placed in the University to carry out certain agreed upon activities for the public good.

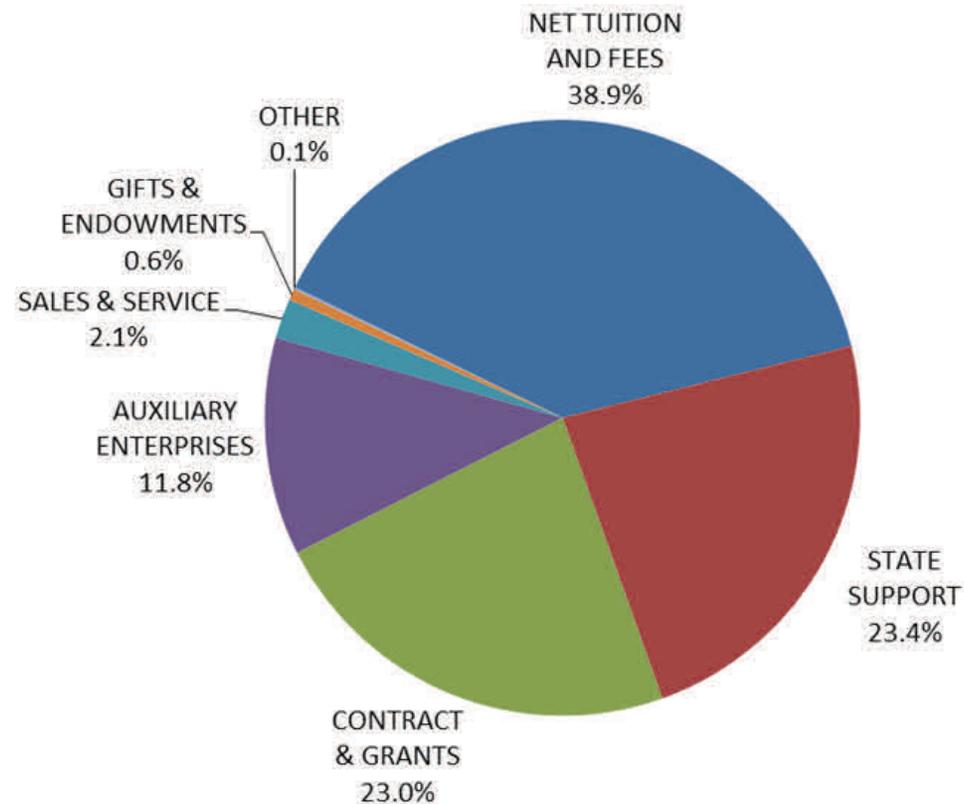
To aid in tracking the funding sources, UCR applies the fundamentals of fund accounting which emphasizes *accountability* rather than *profitability*. Fund Accounting is used primarily by non-profit and governmental organizations where it is more important to keep track of how money is spent as opposed to how it is earned. In this accounting method, a *fund* is a self-balancing set of accounts that are segregated for the specific purpose in accordance with their special restrictions.

The major revenue streams at UC Riverside include state support, student tuition and fees, contracts and grants, auxiliary services, and private sources.

The table to the right shows actual revenue for 2010-11 and 2011-12 along with the budgeted revenue for 2012-13.

UC Riverside Total Revenue						
Source	2010-11 Actuals	%	2011-12 Actuals	%	2012-13 Budget	%
STATE SUPPORT	219,995,846	33%	166,207,283	25%	163,404,255	23%
NET TUITION AND FEES	196,057,747	29%	239,164,067	36%	271,269,940	39%
CONTRACT & GRANTS	154,029,214	23%	146,016,664	22%	160,072,135	23%
GIFTS & ENDOWMENTS	13,072,210	2%	20,378,854	3%	4,340,634	1%
SALES & SERVICE	22,735,420	3%	32,032,924	5%	14,986,250	2%
AUXILIARY ENTERPRISES	58,032,067	9%	57,527,630	9%	82,476,282	12%
OTHER	7,885,917	0%	3,210,051	0%	767,797	0%
<b>UCR Total</b>	<b>666,808,421</b>	<b>100%</b>	<b>664,537,472</b>	<b>100%</b>	<b>697,317,588</b>	<b>100%</b>

## 2012-13 Budgeted Revenue: \$697 million



Above is a representation of the 2012-13 Budgeted Revenue. It should be noted that in some official budget documents, a category General/Core Funds may be used that includes state general funds, tuition paid by students, nonresident tuition paid by students who have not established residency in the State of California, and a portion of Federal Cost Recovery funds generated by the campus. Tuition, both from in-state and out-of-state students, and the Federal Cost Recovery funds are campus-originated "general" funds that, like state general funds, provide support for our core mission. In this document, State support is the subset of funds that originate from the State itself.

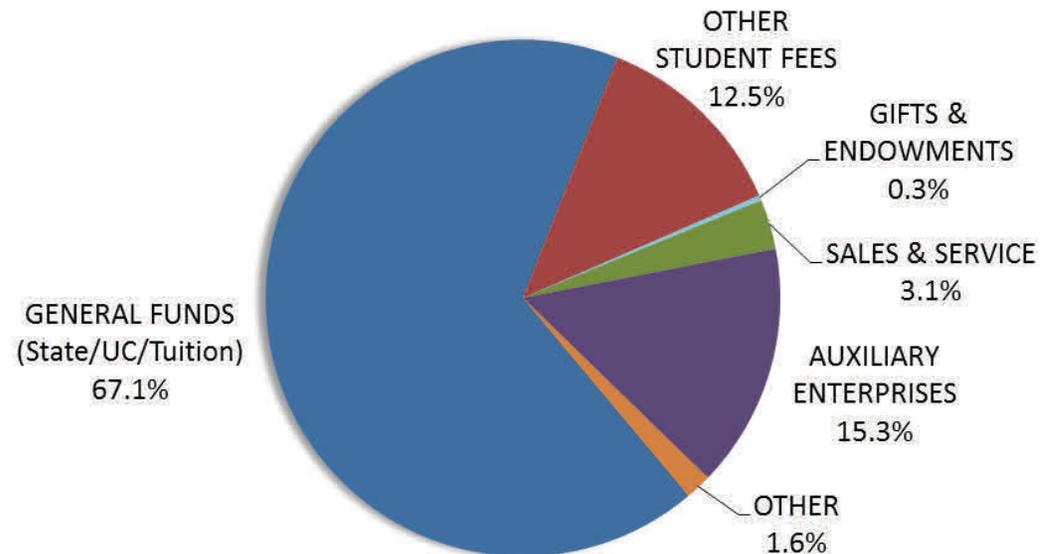
## The Permanent Budget

The Permanent Budget refers to the operating budget that is expected to recur on an annual basis. It is a representation of the operating budget in dollars and FTE, and is expected to support the ongoing activities of the campus from year to year. Therefore, the Permanent Budget is used as the primary source of funding for faculty positions, staff positions, and core operations.

In an effort to work efficiently and reduce the multi-faceted complexity of several different funds and financial accounting entries, fund 19900 was created years ago to encompass the State General Fund allocations and Tuition. These are the primary and purposefully analogous sources that support the core functions of the campus.

Therefore, when reporting on the operating budgets and corresponding actual expenditures, a single category is used called General/Core Funds. General/Core Funds includes State and UC general funds (such as non-resident tuition and student tuition), Specific and Special State Appropriations, and other miscellaneous funds that match the attributes of these funds.

### 2011-12 Permanent Operating Budget: \$500 Million (as of July 1)



### ***How does Revenue translate into UCR's Budget?***

Revenue does not directly translate into the Permanent Budget, but rather revenue projections are used to develop/adjust/maintain the Permanent Budget. UCR practices incremental budgeting, therefore changes in revenue projections will either increase or decrease the July 1 Permanent Budget. Adjustments to the Permanent Budget that occur after July 1 may be the result of updated revenue information, such as an increase in student enrollment, the State of California adjusting their revenue contribution after the fiscal year begins, or a business enterprise adjusting its ongoing revenue projection.

Not all revenue is included in the Permanent Budget. Revenue coming to UCR in the form of state general funds, multi-year contracts and/or grants, student tuition and fees, and endowment payouts is predictable and is included, as well as revenue from revenue-generating activities like housing or the campus store. If revenue-generating activities do not occur on an annual basis, then the revenue may not be included. Revenue, from sources such as gifts, single-year or limited contracts and/or grants (private and governmental), is not predictable from year to year and therefore is not included in the Permanent Budget.

In the past decade with the disinvestment of the State of California in higher education, however, there is the haunting question of whether state permanent funds can really be expected to occur on an annual basis. The UC system is grappling with how to continue to be one of the premiere university-systems in the world and at the same time having to devise different funding strategies that are vastly different than what we have relied on for the past 5 decades.

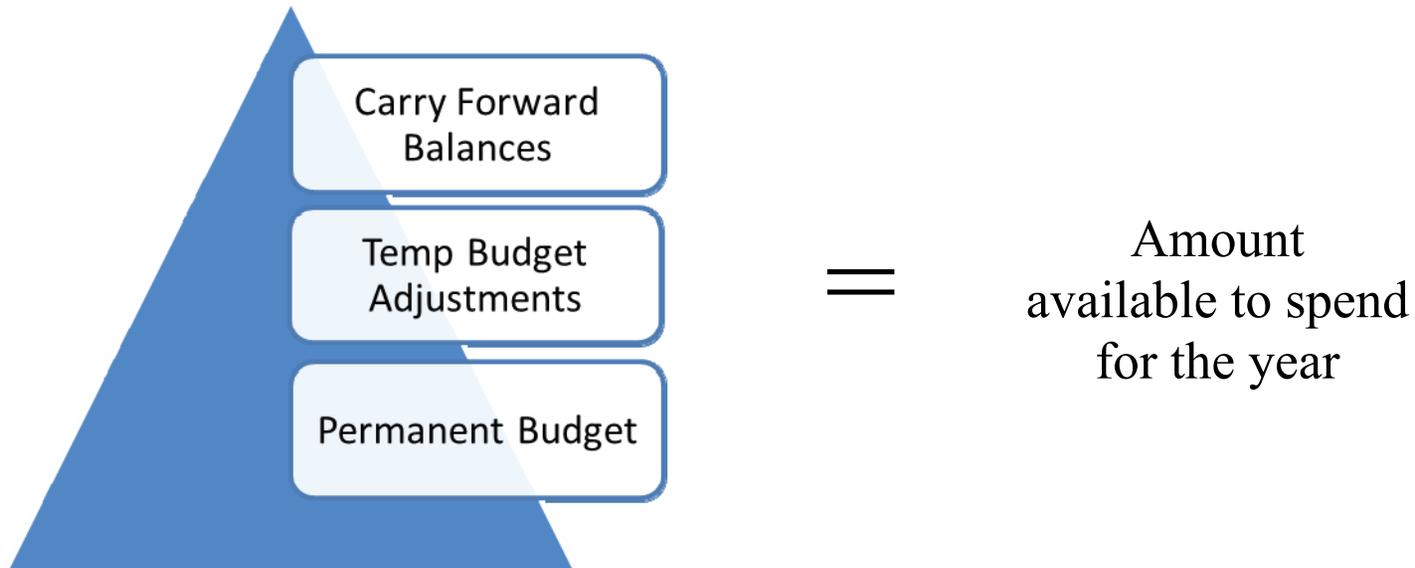
### ***Temporary vs. Permanent — What's the difference and how does it translate into our "budget"?***

Campus managers often refer to their budget as being either permanent or temporary. The term "Permanent Budget" merely labels the portion of the operating budget that is expected to occur on an annual basis. The temporary component of the budget is comprised of non-permanent sources of revenue such as contracts & grants, gifts and patent income. Approximately, \$500 million of the \$1billion available to be spent in UCR's 2011-12 Current Operating Budget was classified as Permanent funds.

All revenue is eventually budgeted; if revenue is not included in the Permanent Budget, then it is included in the Temporary Budget, because when it comes to budgeting, a break-even methodology is used wherein the budgeted expenditures equal the budgeted revenues.

## The Operating Budget

When talking about the UCR Operating Budget, it is important to understand a couple of things. First, there are two interrelated, yet distinct components of the Budget: **the Permanent Budget** and the **Temporary Budget**. Both the Permanent and Temporary Budgets represent the projected amount available to be expended by the campus. The Permanent Budget is “converted” into the Temporary Budget on the first day of each fiscal year and the Temporary Budget represents the cash that is available to be spent during the fiscal year. Second, there are adjustments made to the Temporary Budget throughout the fiscal year as new funding comes to the campus or estimated revenues change. Third, a majority of reporting and conversation involve the budget for expenditures and not necessarily of the revenue.



Together the **Permanent Budget**, the **Carry Forward Balances** from the previous year and **Temporary Budget Adjustments** that occur during the year make up the operating budget for the current year.