



Budget Office



Agenda

- Announcements –
 - FY20 Calendar
 - Space Allocation
 - Other Items

- ARD Budget Overview– Suzanne Baker

- Financial Systems Modernization – Brian Schinker and Geethanath Marri

- Capital Budget Process – Jim Belshe

- Questions & Answers



Budget Office 2020 Schedule of Monthly Budget Items, Meetings & Deliverables

	2019						2020						
	July	August	September	October	November	December	January	February	March	April	May	June	
Monthly Forecast													
Prior month actuals available in Delphi		8-Aug	10-Sep	8-Oct	8-Nov	9-Dec	9-Jan	10-Feb	9-Mar	8-Apr	8-May	8-Jun	
Unit forecasts due to Budget Office		15-Aug	17-Sep	15-Oct	15-Nov	16-Dec	16-Jan	17-Feb	16-Mar	17-Apr	15-May	15-Jun	
Budget Manager Meetings													
10:00 - 11:00; location varies	16-Jul	No Mtg	17-Sep	15-Oct	19-Nov	No Mtg	21-Jan	18-Feb	17-Mar	21-Apr	19-May	16-Jun	
FY2021 Budget Due in Delphi (tentative)													
										10-Apr			
ARD Control Charts													
	2nd Friday of Month	12-Jul	9-Aug	13-Sep	11-Oct	8-Nov	13-Dec	10-Jan	14-Feb	13-Mar	10-Apr	8-May	12-Jun
Payroll and SSO Control Charts													
	Prior month actuals*	8-Aug	10-Sep	8-Oct	8-Nov	9-Dec	9-Jan	10-Feb	9-Mar	8-Apr	8-May	8-Jun	
Space Charges													
	During Monthly Close	5-Jul	7-Aug	6-Sep	7-Oct	7-Nov	6-Dec	7-Jan	7-Feb	6-Mar	7-Apr	7-May	5-Jun
Space Report													
	3rd Friday of Month	19-Jul	16-Aug	20-Sep	18-Oct	15-Nov	20-Dec	17-Jan	21-Feb	20-Mar	17-Apr	15-May	19-Jun

Other

Tuition Allocation												
Data sent to units for review					1-Nov		31-Jan				1-May	
Changes due to Budget Office	10 business days after data sent to units				15-Nov			14-Feb			15-May	
Allocation transactions	10 business days after changes due to Budget Office					3-Dec		28-Feb			29-May	30-Jun

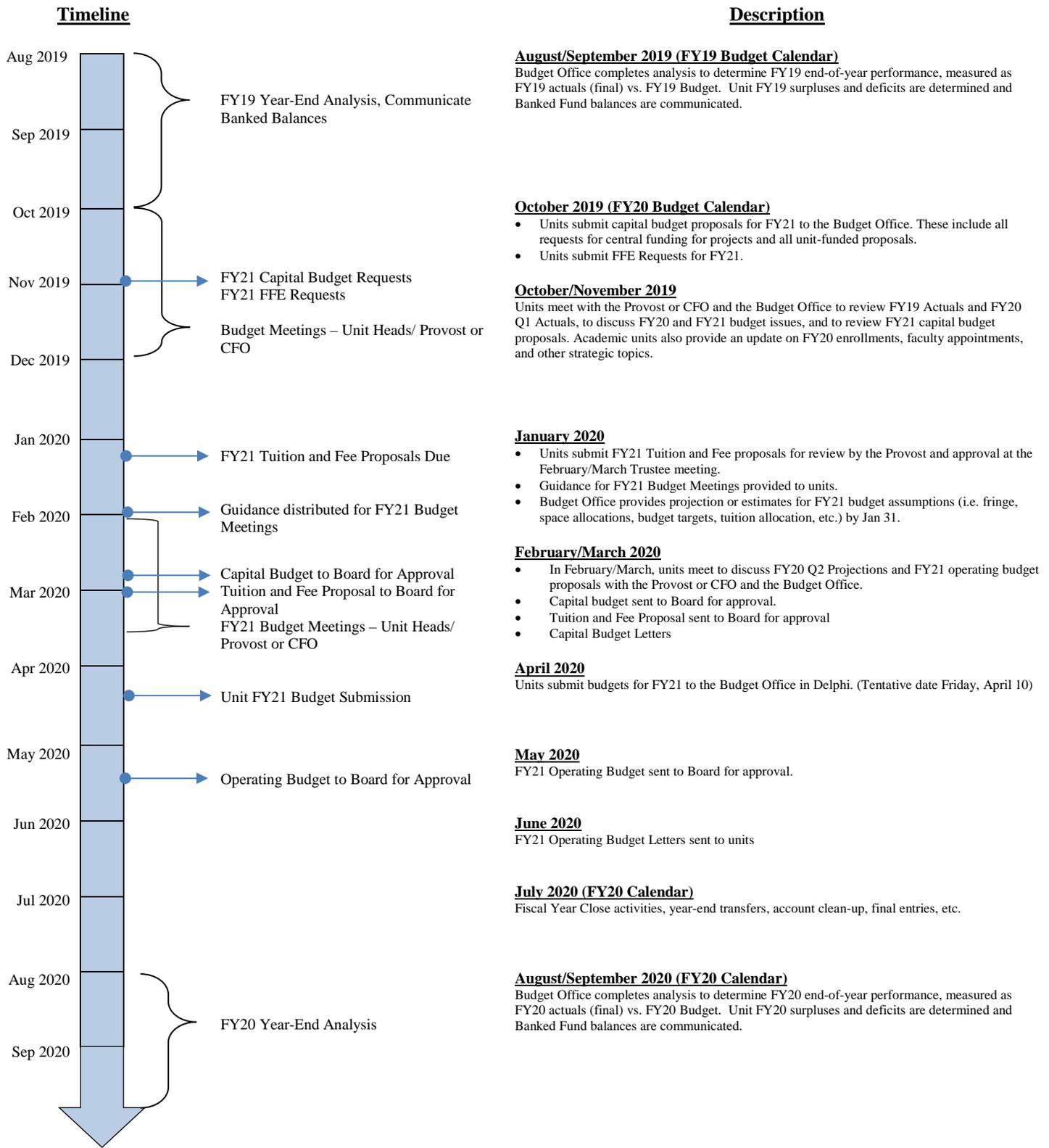
*Control charts will be distributed a week before unit forecasts are due to assist in the monthly forecasting process; they will be based on the prior month forecast and 2 months prior actuals (e.g. Sep control charts based on Aug forecast and July actuals)

Note:

Dates highlighted in yellow above are tentative and subject to change.

Dates highlighted in orange have been adjusted since the schedule was first issued.

**The University of Chicago
Annual Calendar – Budget Office Timeline
(Fiscal Year 2020)**



Notes:

- Dates for monthly items, deliverables and reports are provided in detail on the Budget Office FY2020 Schedule of Monthly Budget Items, Meetings & Deliverables



THE UNIVERSITY OF CHICAGO

ALUMNI RELATIONS & DEVELOPMENT

Suzanne Baker

Associate VP, Talent Management, Planning, and Administration

6.18.19

CAMPAIGN HISTORY

\$1M

1886: Founding Campaign

\$7.7M

1923-25: University Development Campaign

\$9M

1940-41: 50th Anniversary Campaign

\$22M

1955-57: University of Chicago Campaign

\$150M

1966-69: Campaign for Chicago, Part I

\$150M

1973-77: Campaign for Chicago, Part II

\$151M

1983-87: Campaign for Arts and Sciences

\$676M

1991-96: Campaign for the Next Century

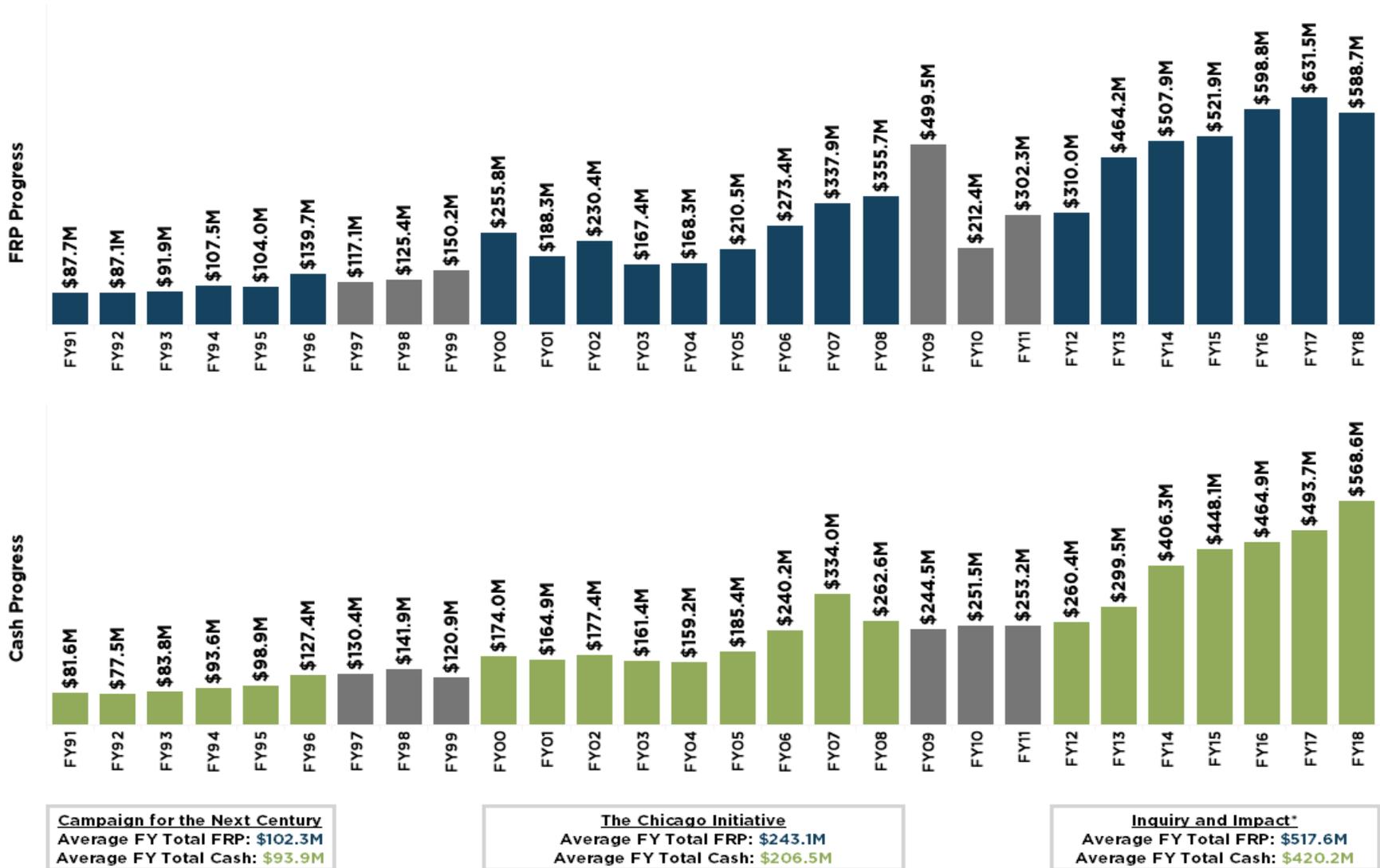
\$2.4B

2000-08: The Chicago Initiative

\$5.0B

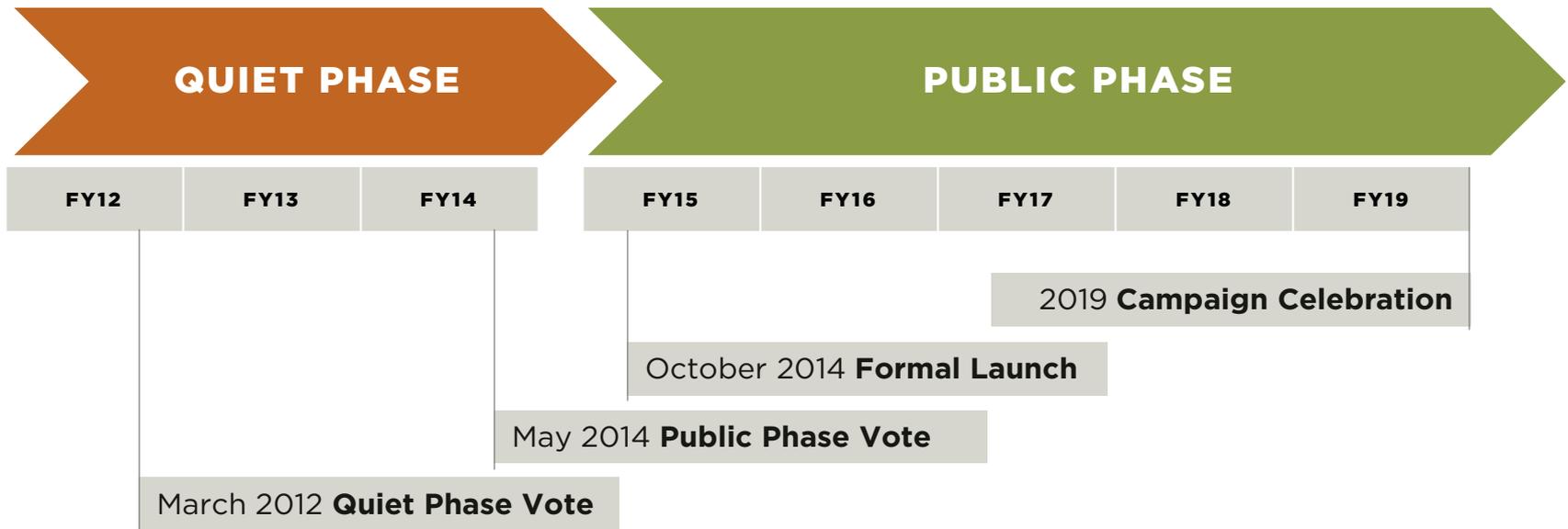
2012-2019: University of Chicago Campaign: Inquiry and Impact

Historical Cash/Fundraising Progress and Capital Campaigns



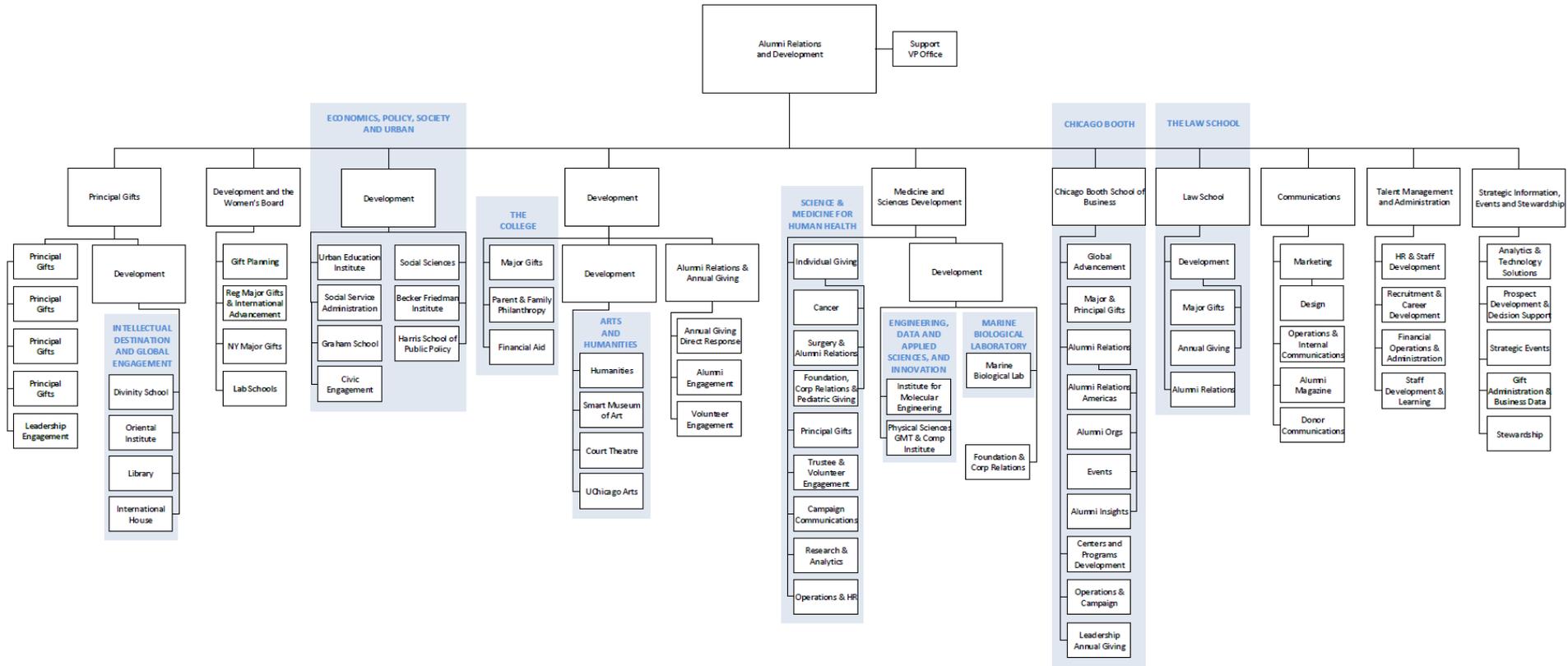
THE UNIVERSITY OF CHICAGO CAMPAIGN: INQUIRY AND IMPACT

CAMPAIGN TIMELINE



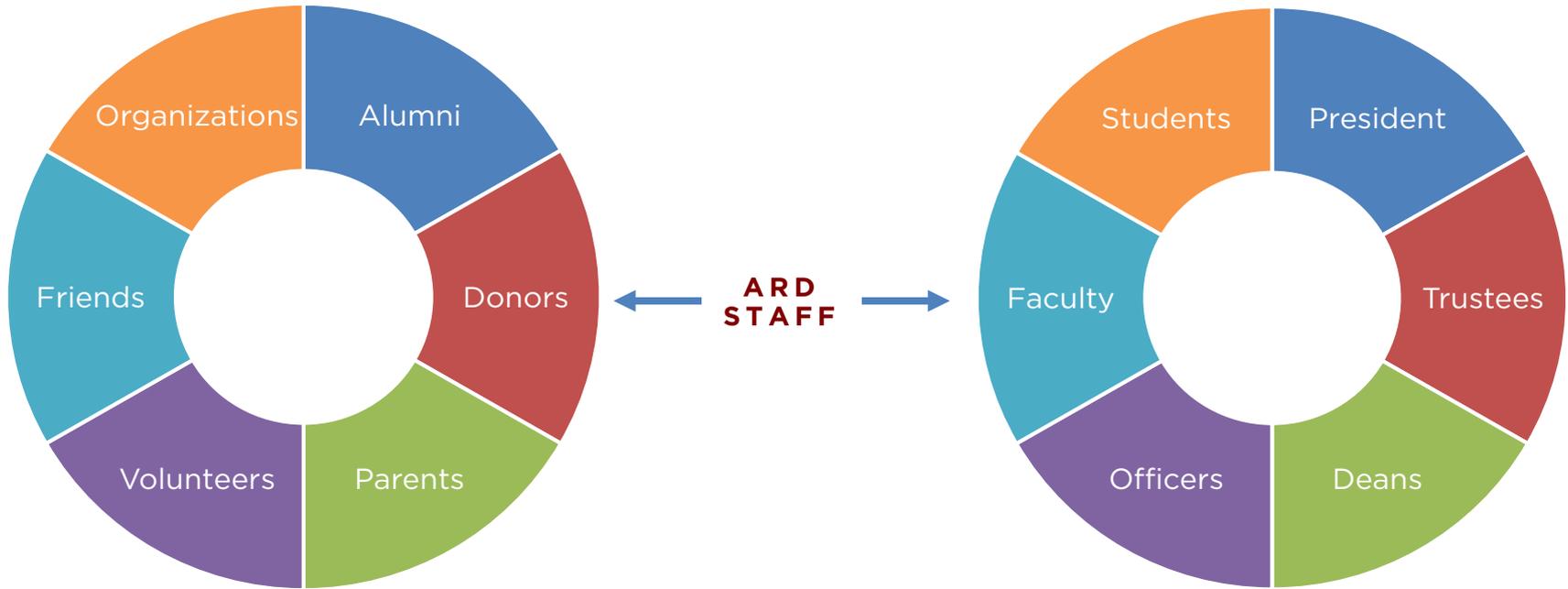
The University of Chicago Alumni Relations and Development

High-level functional organizational chart
June 2019



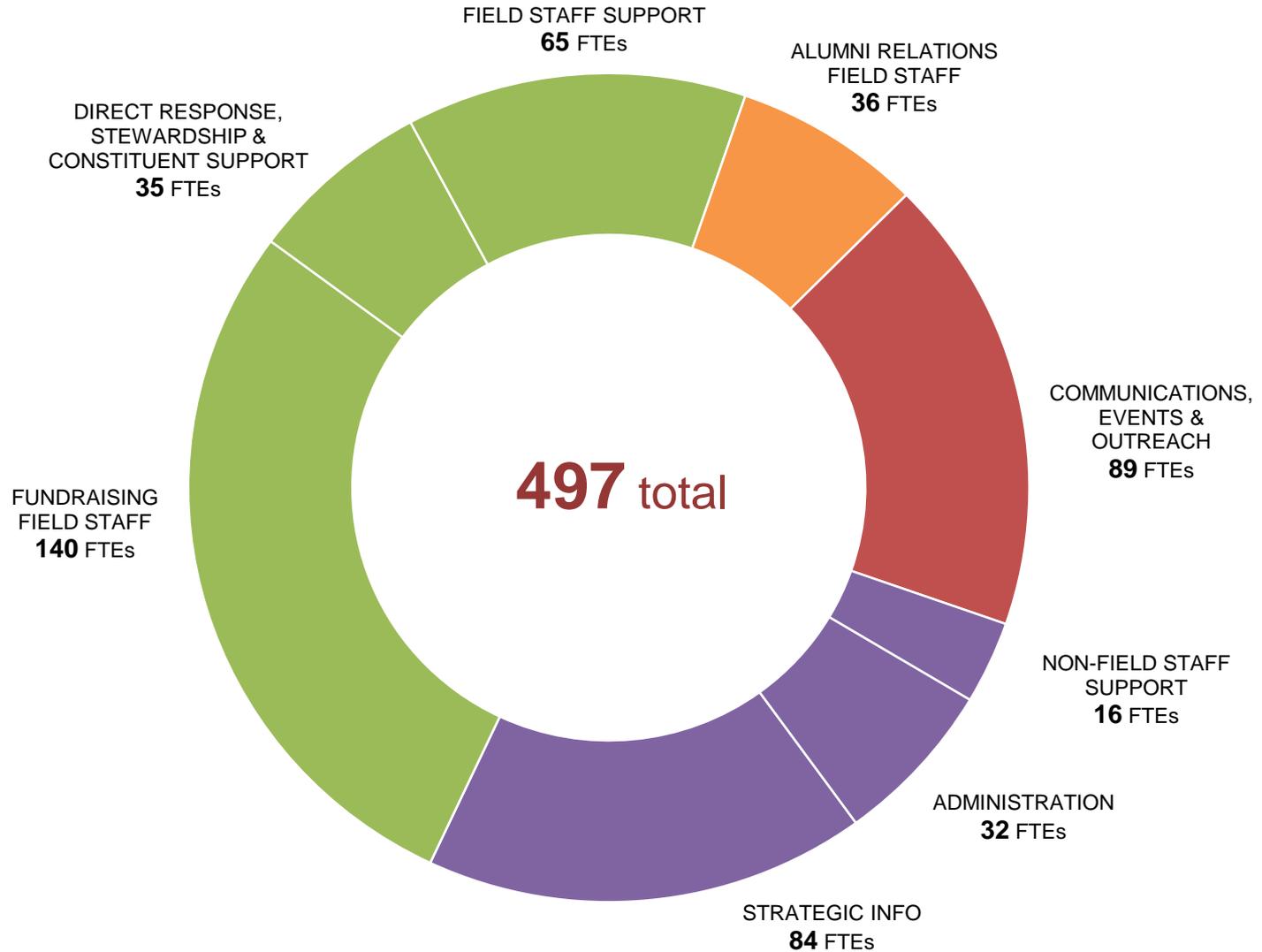
ARD STAKEHOLDERS

STAFF MAKING CONNECTIONS

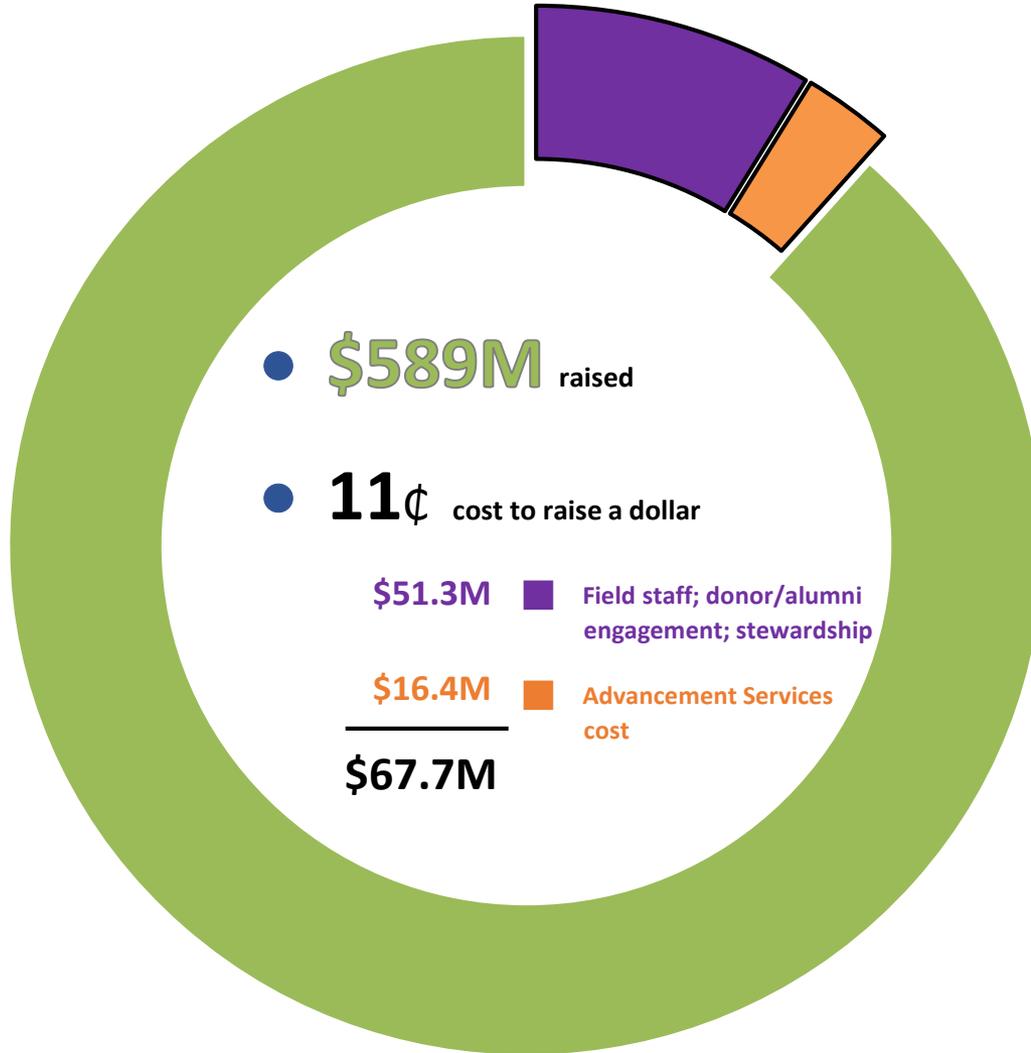


CAMPUS-WIDE ARD TEAM

FY19 FTEs by function



OUR EFFICIENCY FY18



FINANCIAL SYSTEMS MODERNIZATION



Current State

Current State

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01 *** APS MENU ***
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SCR  _  VEND  _____  PO  _____  INV  _____  LN  _  BNK  _  DATE  _____
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2 - NAME SEARCH                22 - REQUISITION NUMBER INQUIRY
3 - VENDOR CREATE/MODIFY        23 - REQUISITION - P.O. UPDATE
4 - PO HEADER CREATE/MODIFY     24 - REQUISITION/PO INQUIRY
5 - PO LINE ITEM SHORT DESC CR/MOD  26 - DEPARTMENT CODE CREATE/MODIFY
6 - PO LINE ITEM LONG DESC CR/MOD  31 - PO NUMBER/INVOICE CREATE/MODIFY
7 - INVOICE HEADER CREATE/MODIFY  44 - DEPARTMENT P.O. CREATE/MODIFY
8 - INVOICE LINE ITEM CREATE/MODIFY  47 - DEPT P.O. INVOICE CREATE/MODIFY
10 - RECEIVING REPORT LINE ITEMS  49 - DATA COLLECT MENU
11 - PAYMENT INQUIRY SCREEN      73 - GET VENDOR NUMBER
12 - P.O./DOCUMENT/VOUCHER INQUIRY  74 - GET PAYMENT RECORD
13 - VENDOR ANALYSIS            75 - RESEARCH PAYMENT PROBLEM
14 - OUTSTANDING CHECK LIST      76 - GET P.O. NUMBER
15 - OUTSTANDING VOUCHERS        77 - GET P.O. HEADER INFO
17 - INVOICE HEADER HOLD CODE DELETE  78 - GET P.O. LINE ITEM SHORT DESC
20 - REMIT TO VENDOR CREATE/MODIFY  79 - GET P.O. LINE ITEM LONG DESC
21 - PURCHASE VENDOR CREATE/MODIFY  84 - P.O. HEADER CASH TERMS MODIFY
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- The University is reliant on a 36-year old COBOL based mainframe system to manage the great majority of its financial accounting needs.
- To compensate for the antiquated nature of the core financial applications, the University has supplemented its technology with more modern systems or added “front end” applications to the older systems to improve their user interface and capabilities. Units have also adjusted to the system shortcomings by developing shadow systems. As a result of all these workarounds, we operate in a complex environment. One of the goals of this project is to become less complex by investing in fewer systems/applications with modern capabilities.
- Because we have skipped several generations of technology upgrades the University is not taking advantage of new capabilities that exist to better and more securely manage its operations.

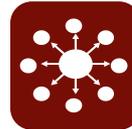


What is Financial Systems Modernization?

Once modernized, expected results will include:



- Offer an integrated system for financial and procurement information across the University



- Increase system flexibility to adapt to changes in policies, accounting design, and new reporting requirements



- Standardize administrative processes and procedures across the University



- Improve decision-making through better access to real-time transactional data



- Improve staff productivity, resource management, and security



- Improve accountability and eliminate duplicative data entry and multiple reconciliations between systems



Current State: Opportunities for Improvement

\$11.96B	\$600MM	\$1.07B	\$336MM	\$435MM	\$54MM
Financial assets consolidated via manual journal entries.	Payments processed without an electronic trail of goods and services received.	Grants and contracts administered via primitive post-award systems.	Government grants managed without real time access to expenditures.	Financial aid including stipends spread across 2,300 accounts reconciled manually.	Stipends disbursed using the student system posing compliance risk.
Streamlined consolidation	Improved auditability standards	Dashboard, transparency, and start-to-finish management	Real time access to financial data for Federal awards	Automated reconciliation	Comply with differing rules governing stipend eligibility
Multiple Closes	38+	Weekly	2,000	52,163	27,411
Financial close involves multiple iterations and weeks of manual effort.	Loosely integrated systems to support Financial Administration.	Data synchronization versus real time processes.	Undelivered checks manually cancelled and reissued annually due to vendor/address discrepancies.	Accounts used to track and manage the University's restricted and unrestricted funds.	Assets tracked within a poorly documented, home grown COBOL based system.
Accelerated close process	Facilitated seamless integration	Synchronized real time data	Advanced check void and reissue	Simplified chart of accounts	Improved asset tracking

Current State Limitations

Opportunities for Improvement



Budgeting Improvements through update Chart of Accounts

Current State (University Only)

52,163

Accounts used to track and manage the University's restricted and unrestricted funds.

\$11.96B

Financial Assets consolidated via manual journal entries.

Best Practice



- One global chart of accounts
- Global hierarchies
- Scalability for growth



Faster and consistent reporting



Streamline consolidation of financial statements



Centralized governance

Anticipated Benefits

- Drive consistency of reported information across business units and ensures compatibility
- Reduce the effort to consolidate information to satisfy management requests
- Reduce reconciliation procedures
- Provide easier benchmarking between different business units
- Provide scalability for growth with the ability for exponential values
- Reduce maintenance and eliminate unique segment hierarchies for business units

Where we are today – Value Study and Potential Outcomes

The first phase of this project will study the options available for the University to work jointly with the Medical Center. At the end of this study, the enterprise direction will likely be one of the following:



Fully Integrated – A single financial system for the University and Medical Center



Collaborative – the University and the Medical Center collaborate on a select few components like the Chart of Accounts design, Financial Reporting, joint procurement of software, etc.



Completely Separate – the University and Medical Center remain on two independent financial systems

This might facilitate intercompany settlements and financial statements consolidation, as well as common business analytics and reporting.

Pre-Implementation Phase 2 - Activities

University

45

Schools and Divisions

24,062

Faculty & Staff

Medical Center

\$1.7B

Operating Revenue

9,331

Employees

Marine Biological Laboratory

\$39.6M

Operating Revenue

250

Employees

Key Activities

- Current state business process documentation and review/re-engineering
- Future state business process (based on leading practices)
- Requirements Definition
- Disparate systems inventory and rationalization analysis (retire/replace/integrate)
- Software evaluation/selection, followed by implementation partner evaluation and selection
- Change management program design and business case definition
- Chart of Accounts redesign
- Outreach/engagement sessions with business partners across units listed



The University's approach aligns with the policies exhibited in several case studies as well as the Gartner strategic roadmap.

Pre-Implementation Phase 2 – Functions in Scope

Financial Management



General Ledger
Endowment Accounting
Payables
Fixed Assets
Receivables
Cash Management
Treasury

Projects & Grants Management



Project Costing
Project billing
Grants Accounting

Budgeting & Planning



Budgeting
Planning
Forecasting

Supply Chain Management



Procurement
Sourcing
Contracts
Inventory Management

Asset Management



Asset Management
Facilities Operations & Maintenance
Space Utilization & Planning
Property Management
Construction Program Management

At the end of Pre-Implementation, the University will have selected a product and implementation partner that will enable successful implementation of a modern financial system

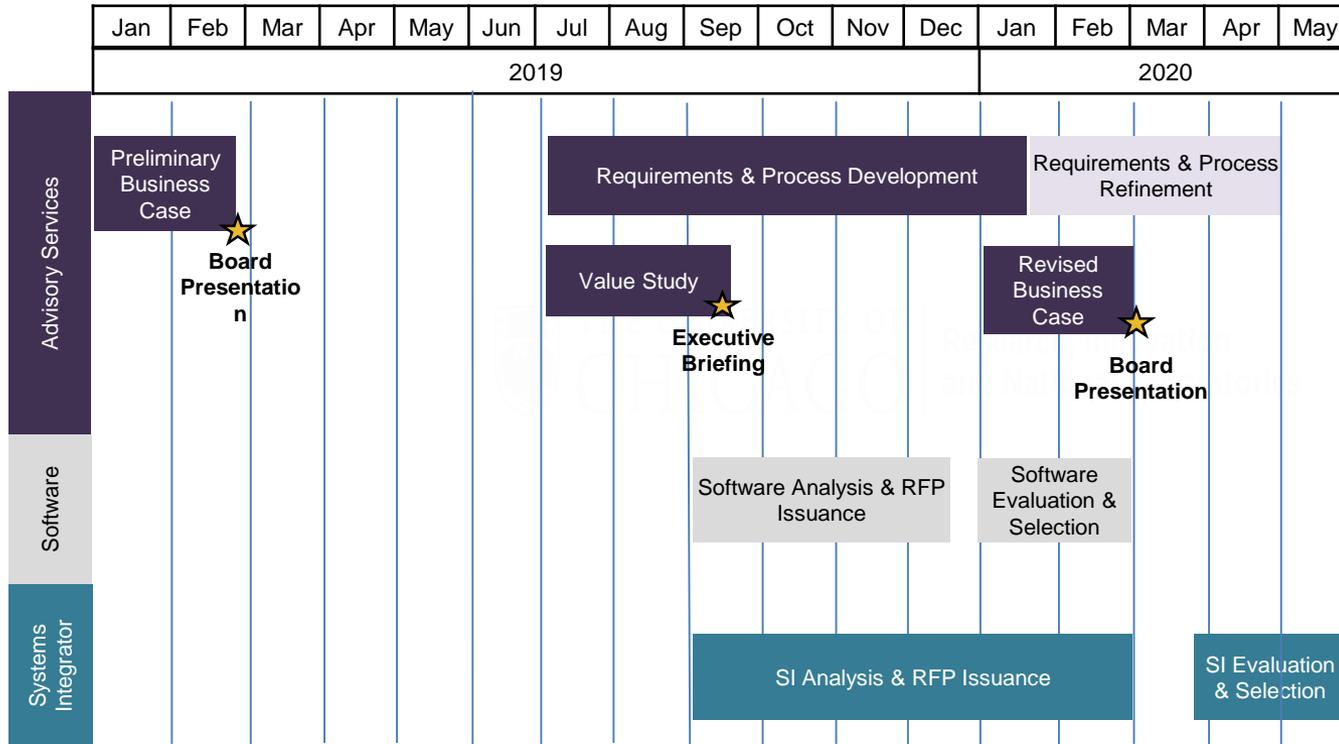


Involvement: Budget Planners and HR

- During the first phase of pre-implementation, there will be a concentrated effort involving the medical center and BSD to conduct a value study. In addition, commonly used systems will be reviewed at a very high level with the respective business process owners. Therefore, the first phase is not likely to directly involve the efforts of Budget or HR resources across schools or divisions.
- As the project moves to the second phase of pre-implementation, areas of potential involvement include the following:
 - Business process owners/leads will be required to review the current (and desired future) state of functions within their area(s) of expertise.
 - Budget / HR Managers (or their representatives) from schools and divisions are viewed as subject matter experts, and will be consulted for input regarding the complexities and concerns experienced today, and how those functions can be improved by modernization.
 - The schedule for the second phase of pre-implementation is likely to begin during the fall.
 - The project team has begun to identify business process owners and process leads who will be contacted in the near future to play a role later this calendar year.



Pre-Implementation: Projected Timeline



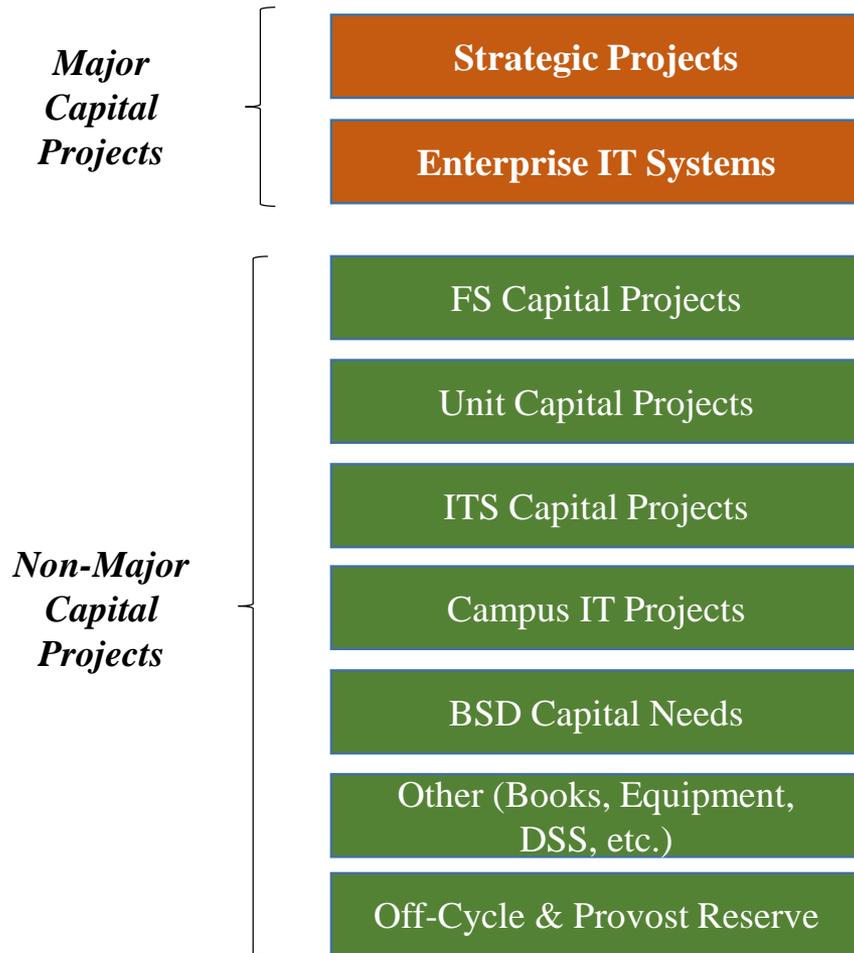
Capital Budget

Jim Belshe



Key Components of the Capital Budget

Components

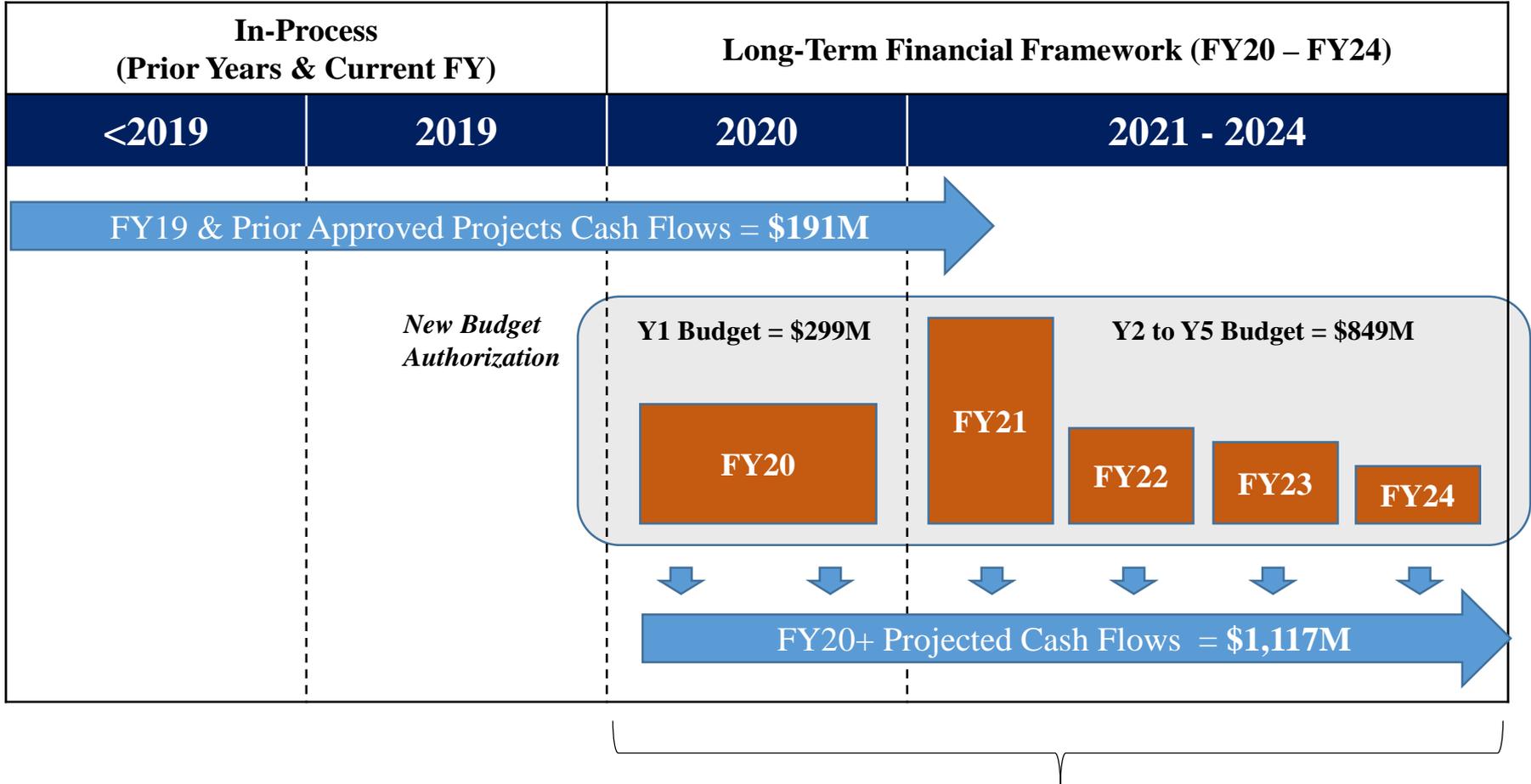


Overall Process

The Budget Office works in partnership with the Provost's Office, Facilities Services, ITS, other Academic and Administrative Units, Financial Services, and other key stakeholders to develop long-term capital budgeting strategies and to facilitate the annual process of sourcing, prioritizing, and recommending capital projects required to support the University's long-term strategic plans and to meet ongoing capital re-investment needs.



Capital Budget: 5-Year Planning Horizon



$$\sum \text{Cash Flows FY20 to FY24} \leq \underline{\$1.3B}$$

When \$1 spent (CF), \$1 available for new authorizations



Annual Capital Budget Cycle

Prior and Current Years --> July Through December -----> Jan/March -----> Jul 1 & Out ----->



- Capital Planning Committee (CPC)
- Campus Master Plans
- University Long-Term Financial Framework
- Other long-term strategic decisions and plans
- Budget Office and Provost Office monitor ongoing projects and develop long-term budget model
- Facilities Services provides cash flow forecasts on ongoing prior approved capital projects

- Provost Office, CPC, Facilities Services (FS), BSD, and Budget Office work closely to identify, scope, and cost non-major project candidates:
 - FS projects
 - Unit requests
 - IT projects (ITS and Campus)
 - Budget for off-cycle and other cap allowances
- CPC and Deal Team scope and cost new major projects
- Budget Office works with units for other requests (library, misc. equipment, etc.)
- All projects reviewed and prioritized within funding constraints

- Financial Services works with all constituencies to develop year-over-year cash flow estimates and develops financing plan
 - Balance debt and other instruments vs. free cash flow
 - Informed by University Long-Term Financial Framework

- Budget Office and Provost Office consolidate budget recommendation and package for Board
- Board of Trustees reviews and approves proposed capital budget at Feb meeting
- Capital Budget letters sent to units

- Units work with Capital Accounting to open project accounts
- Execute new projects
- Monitor progress and cash flows (ongoing)



FY21 Capital Budget Process Changes and Key Dates

Changes to Process in FY21

- Single annual request in approval cycle at February board meeting
- All FY20 capital requests will be submitted using a common online form
 - Facilities-related capital request form open **early July**
(Note: Will open to unit requests Aug 1)
 - IT-related capital request form open **Sep 1**
 - Off-cycle capital request form open **July 1**
- Budget Office will provide additional detail for new online form and request process at next Budget Managers meeting; training in July
- Budget Office revising L-8 Non-Capital Project accounting policies to align with new budget model

Key Dates

- Submit Facilities Project Requests: July 1 – late Fall
- Board Review and Approval: Feb/Mar
- Capital Budget Letters to Units: Mar/Apr



Questions?

