BUDGET MANAGER MEETING

JANUARY 21, 2019
Agenda

- Announcements – Katrina Spencer
- Laboratory School - Carol Rubin
- Financial Systems Transformation – Geethanath Marri
- IT Allocation – Amy Koh
- Budget Training – Murad Goziev
Our Mission

• The Laboratory Schools are home to the youngest members of the University of Chicago's academic community. We ignite and nurture an enduring spirit of scholarships, curiosity, creativity, and confidence.

• We value learning experientially, exhibiting kindness, and honoring diversity.
Lab’s History

FOUNDING AND PHILOSOPHY

- Founded in 1896 by John Dewey and Alice Dewey
- Dewey was a University of Chicago philosopher "father" of the progressive education movement
- Lab="Educational Laboratory" to test new educational theories in real-world situations
Students

• 2,188 students across 15 grades
• 48% male; 52% female
• Students of color: 53%
• Over 60 languages spoken in students’ homes
• More than half of students live outside the Hyde Park/Kenwood community
• 60% of families associated with the University of Chicago
Teachers & Staff

• 282 teachers, 85% of whom hold advanced degrees
• 115 Staff
• 10 Lab teachers have won Chicago’s prestigious Golden Apple Award for Excellence in Teaching—more than any other school in the city
Class Offerings

- 150+ classes offered each year in U-High
- 21 U-High Advanced Placement and Advanced Topic classes
- SAT middle 50%; Critical reading/writing 665–750; Math 650–790
- ACT middle 50%; Composite 30–35
- Middle School offers more than 30 clubs and activities
- High School offers more than 60 clubs and activities
Historic Campus & Earl Shapiro Hall

Within our 615,000 square feet of space (that’s about 11 football fields of indoor space), students take full advantage of facilities, which include:

• On the Historic Campus, 100 classrooms located throughout five distinct (but connected) three- and four-story buildings and a gym complex
• At Earl Shapiro Hall, 35 classrooms and a gymnasium
• Thirteen wet science labs, renovated and wired for media presentations
• Six computer labs - computers in virtually every classroom
• More than 1,950 desk and laptop Macs and about 650 iPads available for in-school use
• Nearly 110,000 volumes held across four libraries:
  • Digital language lab with 35 stations
Gordon Parks Arts Hall

Gordon Parks Arts Hall, Lab has arts spaces that match the talent of the students and teachers who use them:

- 94,000 square feet on three stories
- The 250-seat Sherry Lansing Theater
- A 150-seat drama studio/screening room with 7.1 surround sound
- A 700-seat assembly hall (large enough to house an entire division)
- Spaces for music practice and performance
- Four art studios
- Scene and costume shops
- 2 Kilns
- Photography, filmmaking, and digital media facilities
- State-of-the-art electronic music studio
- Gallery and display spaces
- Recording studio
Athletics

• High School athletics: 36 teams, 19 different sports
• Middle School athletics: 20 teams, 11 different sports
• New fully-lit turf field with electronic scoreboard and track
• 5 gyms
• Dance studio
• Fully equipped training room
• Fully equipped gymnastics room
• 5 tennis courts

• Playing fields
• State-of-the-art fitness center (TriFIT system, treadmills, ellipticals, rowing machines, free weights)
• Ability to compete and train at University of Chicago facilities, most notably the award-winning Ratner Center for swimming and the Henry Crown Field House for track
Lab’s Growth (2013-2019)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2019</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Students</td>
<td>1,659</td>
<td>2,161</td>
<td>30.26%</td>
</tr>
<tr>
<td># of Employees</td>
<td>304 (220 teachers, 84 staff)</td>
<td>403 (285 teachers, 118 staff)</td>
<td>32.57%</td>
</tr>
</tbody>
</table>
Lab’s Endowment

- Lab’s endowment, an important source of financial aid, continues to grow
- Lab’s Total Expenses for FY19 were $76.6 Million
Vision for the 2020-2021 Strategic Framework: Educational Excellence

- Progressive Education for the 21st Century
- Building a Healthy and Inclusive Community
- Ensuring Lab’s Fiscal Soundness
- Governance and Decision Making
Questions?
Financial Systems Transformation (FST)

Program Update

January 21, 2020
**Problem Statement**

The University’s mainframe based financial system architecture is limiting performance, scalability, and responsiveness to dynamic business conditions.

**Approach**

Update our current financial system to an Enterprise Resource Planning (ERP) system.

- Complete a value study to determine scope of collaboration with UChicago Medicine (UCM).
- Document current and future state processes, define requirements, and select technology and SI partner.
- Execute a multi-phase implementation.

### Timeline

<table>
<thead>
<tr>
<th>2019</th>
<th>2020</th>
<th>2021 -</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct</td>
<td>Jan</td>
<td>Oct</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Pre-Implementation</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase 1</strong> Value Study</td>
<td><strong>Phase 2</strong> Requirements Definition &amp; ERP Software / SI Selection</td>
</tr>
</tbody>
</table>

### Governance

**Pre-Implementation Program Team**

- **Executive Sponsors**
  - CFO | Provost | UCM

- **Program Leadership**
  - CFO | Provost | UCM | FST | GT

- **Program Team**
  - Technical | Functional | OCM

### Functional Areas

- Financial Management
- Budgeting & Planning
- Projects & Grants
- Supply Chain
- Asset Management
Pre-Implementation Timeline

Phase II Kick-Off

- All Campus Forums
- Campus Engagement (TBD)

Start Selection Process: Software and SI Partner

- Prep
- Current State
- Future State
- Requirements
- Software and SI Selection

Working Group Sessions
(Core working group & Extended working group)
Working Group Approach

**Prep**
- Complete information request:
  - opportunities for improvement
  - existing pain points
  - metrics around current processes

**Develop**
- Core Working Group sessions
  - Identify current state gaps and pain points
  - Define future state design and requirements
  - 6-10 members

**Validate**
- Extended Working Group sessions
  - Validate and provide input on exceptions
  - Approx. 20 members

**Finalize**
- Deliberables confirmed
- Summary submitted

**Expected Time Commitment:**
- **Current state (February)** – 1-2 full days
- **Future state (March – May)** – 1-2 full days
- **Requirements (May)** – 1-2 full days
The redesign of the University and UCM COA is likely to have outsized impact on the enterprise going forward. This portion of FST will be a complex, multi-layered process, which will continue to evolve over the next 12-14 months:

- **Jan**
  - Review our current COA limitations and pain points in support of financial processes and reporting.

- **Feb - Mar**
  - Current State

- **Apr - May**
  - Future State
  - Analyze gaps and develop a holistic list of COA attributes (e.g., cost center, fund, object account, mission/program)

- **Jun - Jul - Oct**
  - Selection
  - Collaborate with the selected software vendor to further refine the COA attributes considering product capabilities

- **2021 Jan - Mar**
  - Implement
  - Implementation sessions will be staged to true up future state requirements. This will include reviewing the requirements for financial processes and reporting needs; which will then help us fine tune COA structure.
2020 Milestones

- Phase II Kickoff – February 2020
- Conduct working sessions to document current state processes/systems and develop future state requirements – February 2020 through June 2020
- Select cloud-based ERP system – July/August 2020
- Select implementation partner – October 2020
- Obtain board approval of implementation phase – November 2020
QUESTIONS?
FY21 IT ALLOCATION RECAP

JANUARY 21, 2020
Why are we allocating IT Services costs?

As IT Services works with partners across the University to consult on the use of technology, customize solutions to meet the needs of the community, and deliver services, it is essential that technology spending and decision-making reflect cross-functional thinking.

The IT allocation is a new funding model for Information Technology that will:

• increase transparency about the cost of delivering IT for the University;
• help structure better spending decisions at the business unit level; and
• serve to better align unit revenue and central expenses.
In order to establish the base for the IT allocation, IT Services conducted a review of its service lines to identify which services are widely provided and thus should be converted into the IT allocation and billed in a consistent manner to all University units. A few examples of services moving into the IT allocation base include*:

- Voice & Voice Circuits
- Zoom
- Data Center Hosting
- Audio Visual Services

Once the service lines to be converted into the IT allocation were identified, IT Services conducted an analysis of actual expenses incurred to deliver these services over a three-year period (FY17-FY19). An average of those three years of actual expenses establishes the base for the IT allocation.

*See the FAQ Addendum posted on the Budget Office’s site (https://budgetoffice.uchicago.edu/resources-reports/it-allocation/) for a complete list of services being converted into the IT allocation.
IT allocation method: considerations

Various allocation methodologies were considered to determine how best to distribute the IT allocation base to University units.

Here’s a snapshot of some of the metrics that were gathered and considered:

<table>
<thead>
<tr>
<th>Allocation Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FY19 Undergraduate Progress Units from SIA</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>350</td>
</tr>
<tr>
<td>14</td>
</tr>
<tr>
<td>86</td>
</tr>
<tr>
<td>1100</td>
</tr>
</tbody>
</table>

The Budget Office and IT Services had a goal of choosing an allocation methodology that was fair, transparent, sustainable and, at the same time, not overly complicated. Ultimately the group determined that a combination of the **total student number** and total employee full-time equivalent (FTE) was the optimal methodology, as these metrics were deemed to be the most significant and clearest drivers of total IT service costs and can reliably be obtained from existing University reports.
IT allocation method: FTE + student count

In order to apply this methodology of using both FTE and student count numbers, the following calculation was used.

**Calculation:**

1. The FTE per unit was based on data pulled from Workday in November 2019 (reflecting end of October 2019 FTEs). FTE numbers include *faculty, staff, academic, postdoc, temp and academic temp* employee types. Note that student worker and seasonal FTEs are excluded from the FTE count in this allocation.

2. The student count per unit reflects the sum of two data points:
   - **Autumn Quarter 2019 census data** was used to determine graduate and non-degree seeking student enrollment by unit; and
   - Student progress units from the College tuition allocation course details report from SIA was used to determine undergraduate student enrollment by unit.

3. Based on an analysis of the population served by all service lines falling under the IT allocation,
   - 87% of services serve a general population; total FTE counts will be weighed at this percentage;
   - 13% of services uniquely serve a student population; total student counts will be weighted at this percentage.
Unit financial impact

Each unit will be allocated the full cost of its calculated share of the IT allocation, based on the method described in the previous pages. However the actual financial impact of this cost will not exceed 1.5% of the unit’s base, as achieved through a budget target adjustment.

Below is an example of how this IT allocation method would be applied to a unit:

<table>
<thead>
<tr>
<th>Calculation of FY21 IT Allocation</th>
<th>%</th>
<th>Weight</th>
<th>Amount (%/$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Allocation Metrics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY20 unit total FTE as % of total University</td>
<td>2%</td>
<td>87%</td>
<td>2%</td>
</tr>
<tr>
<td>FY20 Autumn Quarter unit student count as % of total University</td>
<td>4%</td>
<td>13%</td>
<td>1%</td>
</tr>
<tr>
<td>II. Unit Impact of IT Allocation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit share of IT allocation base</td>
<td></td>
<td></td>
<td>$1,500,000</td>
</tr>
<tr>
<td>FY21 net impact of recharge changes</td>
<td></td>
<td></td>
<td>(150,000)</td>
</tr>
<tr>
<td>FY21 budget target adjustment</td>
<td></td>
<td></td>
<td>(350,000)</td>
</tr>
<tr>
<td>FY21 IT allocation (incremental costs) at 1.5% of FY20 budget</td>
<td></td>
<td></td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

The IT allocation total that will be billed to the unit in Q1 of FY21.
The recharge delta, described on page 9.
The unit’s budget target adjustment.
The incremental cost to the unit, equal to 1.5% of its base.
Resources

**Additional materials:**

- Refer to materials in your unit’s shared drive including your unit’s detailed schedule, FAQs, IT Services brochure, and IT Service Descriptions
- Budget Office website: [https://budgetoffice.uchicago.edu/resources-reports/it-allocation/](https://budgetoffice.uchicago.edu/resources-reports/it-allocation/)
- IT Services website: [https://its.uchicago.edu/](https://its.uchicago.edu/)
- Your budget analyst or email the Budget Office at [budgetoffice@uchicago.edu](mailto:budgetoffice@uchicago.edu)
- Questions for IT Services can be directed to [it-allocation@uchicago.edu](mailto:it-allocation@uchicago.edu)
FY21 BUDGET TRAINING
## FY21 Budget Training

<table>
<thead>
<tr>
<th>Delphi</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Session 1</td>
<td>February 19, 10:00 – 11:30 am</td>
<td>Crerar, Room 007</td>
</tr>
<tr>
<td>Session 2</td>
<td>February 20, 1:30 – 3:00 pm</td>
<td>Drexel, Room 146</td>
</tr>
<tr>
<td>Session 3</td>
<td>March 3, 1:30 – 3:00 pm</td>
<td>Crerar, Room 007</td>
</tr>
<tr>
<td>Session 4</td>
<td>March 4, 1:30 – 3:00 pm</td>
<td>Drexel, Room 146</td>
</tr>
<tr>
<td>Session 5</td>
<td>March 11, 10:00 – 11:30 am</td>
<td>Crerar, Room 007</td>
</tr>
<tr>
<td>Session 6</td>
<td>March 12, 10:00 – 11:30 am</td>
<td>Crerar, Room 007</td>
</tr>
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<table>
<thead>
<tr>
<th>Smartview</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Session 1</td>
<td>February 25, 10:00 – 11:30 am</td>
<td>Crerar, Room 007</td>
</tr>
<tr>
<td>Session 2</td>
<td>February 26, 10:00 – 11:30 am</td>
<td>Drexel, Room 146</td>
</tr>
<tr>
<td>Session 3</td>
<td>March 10, 1:30 – 3:00 pm</td>
<td>Drexel, Room 146</td>
</tr>
<tr>
<td>Session 4</td>
<td>March 18, 10:00 – 11:30 am</td>
<td>Drexel, Room 146</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Open Session</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Session 1</td>
<td>March 31, 10:00 – 11:30 am</td>
<td>Drexel, Room 146</td>
</tr>
<tr>
<td>Session 2</td>
<td>April 1, 2:00 – 3:30 am</td>
<td>Crerar, Room 007</td>
</tr>
<tr>
<td>Session 3</td>
<td>April 2, 2:00 – 3:30 pm</td>
<td>Crerar, Room 007</td>
</tr>
</tbody>
</table>
Sign Up

Training site
https://training.uchicago.edu/

Search for a Course
Search for a course by keyword: Budget FY21
Or search by quarter: Select Quarter
Or retrieve all upcoming courses in an offering department: Select Department

Search Results:
- Delphi - Budget FY21
- Open Session - Budget FY21
- Smartview - Budget FY21

Delphi Training
http://training.uchicago.edu/course_detail.php?course_id=1918

Smartview Training
http://training.uchicago.edu/course_detail.php?course_id=1919

Open Session
http://training.uchicago.edu/course_detail.php?course_id=1920