

Memorandum

To: President White, Provost Baker, Vice President Dunn, Faculty Council
From: University Budget and Finance Committee
Jeffrey L. Young, Chair
Date: April 3, 2006
CC: Staff Affairs, GSA, ASUI, SBA

During the past two years since its inception, the University Budget and Finance Committee (UBFC) has been working closely with the University administration to understand the state of the University's finances and budget, to offer comments on the same, and to implement an open and accountable budget process. The UBFC is pleased to report that its meetings with the administration have been frank, collaborative and productive.

The University Budget and Finance Committee appreciated the opportunity to participate in the March 6th and 8th budget meetings, which were the first in a series of steps identified by the administration to reinvigorate an annual budget process. The UBFC was pleased to hear that a) additional efforts by the administration will be made over the next months to align FY07 budgets and to prepare the FY08 budget proposals closely to the aims of the Strategic Plan, and b) the administration is committed to engaging the University in revisiting and enhancing financial management processes at all levels.

The UBFC offers the following comments, which pertain primarily to the future budget processes, strategic financial problems, possible solutions and budgetary status. In many ways this report is also written, in part, to frame many of the macro-financial issues facing the university. Although there is a vast array of opinions on how the university should financially plan, spend and invest, the University of Idaho community is encouraged to use this report to investigate issues, challenge claims, debate the recommendations made herein, and offer constructive observations and solutions. (An overview of the FY06 budget and other documents are attached for reference.)

Budget Process

The UBFC commends the administration for initiating a budget process this year. To improve future budget processes, the UBFC recommends a continuous budget process that includes a meeting in the fall and in the spring semesters. The fall meeting would focus on past year expenditures, reallocation of existing funds, funding priorities and plans for any newly available funds. The spring semester meeting would assess the financial decisions from the Governor's office, state legislature and SBOE; from that assessment mid-year budget corrections and interventions would be decided. Other particulars include:

1. Before this semester ends, the administration should set dates for next year's meetings as a way of entrenching the process in the university's operating procedures.

2. The process should be open by inviting key stakeholders to the meetings. Such stakeholders include representatives from Faculty Council (i.e., UBFC), ASUI, GSA, SBA and Staff Affairs.
3. The meetings should commence with a report from the Budget Director and the VP of Finance as a way of providing a global context for the state of the university's budget and finances.
4. The budget process should focus mostly on the financials of key university units and less on program overview. Discussions on and changes to the university strategic plan should occur prior to the fall budget meeting. In this context the budget process would be seen as one step in implementing the strategic plan.
5. Each unit should present the previous year's consolidated budget and the current year's proposed budget. (Consolidated budgets used in this year's budget meeting, like that of WWAMI and Athletics, serve as good examples.) These year-to-year comparisons would serve to identify where funds have been added or subtracted from a unit's budget and to highlight increases or decreases in carry-forward funds. The previous year's consolidated expense report should also be presented to identify, in particular, cost overruns in any particular budget category.
6. Common templates that address broad-based themes, metrics and statistics should be used in each budget presentation. It is envisioned that a few templates should be designed to focus the discussions on key budget issues. The UBFC proposes to work closely with the Provost, VP of Finance, and Budget Director in developing these templates.
7. Each unit, where applicable, should outline their development plan and associated budget allocations for supporting strategic programs and operations.

Revenue Centers:

The University relies on state appropriations, external sponsored programs, fees and out-of-state tuition and development as its primary sources of revenue. Obviously, to meet the University's needs and aspirational goals, each of these revenue streams needs to be increased. Less than obvious are the reasons for doing so and the strategic priorities and expectations of increase.

State Appropriations: Total state appropriations (e.g., General Education, Agriculture Research and Extension, WOI Veterinary Medicine, WWAMI, Forest Utilization Research and Idaho Geological Survey) for FY06 to the university were \$116,477,900. If a 3% inflationary rate of increase is used as a benchmark for future increases, the university can expect about \$3,500,000 added to its base budget each year, for the next several years.

However, at this point in time and for the foreseeable future, there is little reason to believe that university revenues will increase significantly beyond the inflationary rate via state appropriations. Although the President should continue to press diplomatically the legislature, governor's office and SBOE for increases in general education funds, the university should view this effort as tactical and necessary, but far from sufficient. (Note:

there also exists a potential decrease in future state appropriations if further equity reallocations are mandated by the SBOE.)

External Sponsored Programs: The FY06 budget for grants and contracts is \$73,800,000. Sponsored research is a necessary component of higher education for funding research assistants, state-of-the-art laboratories, conference participation, necessary operating expenses, etc. Such research provides a wonderful educational environment for students and a stimulus for professional development of the faculty while enhancing the University's national and international scholarly reputation. For these reasons the UBFC fully supports efforts to grow the funded research base of the university. However, the growth in research revenues should not be viewed as a mechanism for improving the general financial base of the University, since there is strong reason to believe that the real cost of doing research exceeds the direct costs and actual F&A redistribution to the appropriate research cost centers. Revenue increase from grants can occur by buying faculty time as a direct cost on a contract, using those buyout funds to hire instructors at a lower rate of pay, and then "pocketing" the difference. However, the UBFC questions whether such practices will have negative ramifications on educational quality. The University is strongly encouraged to examine the current F&A incentive-based redistribution policy and see if instead a policy should be devised that funds the real indirect costs of doing sponsored research.

Tuition and Fees: The University's FY06 operating budget for student fees and out-of-state tuition is \$39,512,900. Like most universities across the country, the University of Idaho has raised and will probably continue to raise student fees. On a constant enrollment basis, an 8% increase in fees and tuition corresponds to an increase of about \$3,000,000 in tuition and fee revenue. The UBFC commends the University for working closely with the students and suggests that all fee increases be done in the context of a sound market analysis, lest the University price itself beyond the paying ability of its students. Moreover, the University must remember that today's students are tomorrow's alumni. The more debt the students take on today to fund their education, the less discretionary money they will have in the future for giving back to the University.

According to the Provost, the current University enrollment trends are decreasing, as are those of other Pacific Northwest institutions of higher learning. Since a typical Idaho resident will pay approximately \$3,968 in fees per year and a non-resident will pay approximately \$12,738 in tuition and fees per year, the loss or gain of 100 students decreases or increases revenues, respectively, anywhere from \$396,800 to \$1,273,800. UBFC recommends that the administration pay particular attention to student recruitment and retention issues.

There has also been some discussion of augmenting fees with professional fees, as is currently done with the Law and Architecture programs. The idea behind this discussion is that professional and non-professional programs have different cost structures and hence have different revenue needs. For example, it is well known to attract and retain talented faculty and staff, professional programs must compensate such faculty and staff at or above market rate. Yet, the revenues to these programs is limited, in part, by a

universal, one-size fits all fee structure. If these fee barriers are removed, it is believed that professional programs could compensate its employees at market rate via professional fees, thus relieving the financial stress on the university and allowing the non-professional programs a larger portion of future revenue increases. The obverse point of view is that a two-tiered fee structure could further divide the University between professional and non-professional programs, which could have an adverse impact on the culture of the University. Moreover, in an effort to garner more revenue, it should not surprise anyone if more programs seek to reclassify themselves as professional, thus blurring the important distinctions between professional and non-professional programs. The university needs to be circumspect before moving aggressively in the direction of professional fees.

Finally, there is concern about the current fee structure and the market perception of “nickel and diming” the students for various services. The administration is also encouraged to create a standardized fee structure for its online courses.

Development: It is not a new idea that development funds are the primary revenue stream to strengthen the University’s financial base. In fact, in today’s political and economic environment, it appears that development funds are to become the critical revenue stream for enhancing the financial base. It is not enough to say that the University needs to do more with development activities; instead, the University needs to invest heavily in its development activities in the context of its strategic vision. Although the return on this investment will not be seen for many years to come, no return will be seen if no investment is made. Hence, the UBFC strongly encourages the administration to fully fund the development office, even if such funding comes at the expense of other well-deserving programs. This investment in development should be regarded as a high, strategic priority of the administration. Note: The FY06 the estimated gifts and donations for non-budgeted accounts is \$3,739,200. If this amount could increase annually by 10% for next seven years, this amount would double to about \$7,500,000.

Other Appropriated Sources: For FY06 the University received about \$6,314,000 from the land grant endowment and \$4,599,500 in federal funds. There is little reason to believe that these revenue streams will increase significantly over the next several years.

Local Sales and Service Activities: The FY06 budget for local sales and service activities is \$47,841,200. The UBFC did not discuss this line item in its meetings

Cost Centers:

The cost structure of the University is difficult to comprehend due its multifaceted mission in teaching, research, service and outreach. However, there are several macro themes that deserve close scrutiny. The following, listed in alphabetical order, rather than by priority, need particular attention.

Academics: The central financial objective of the administration is to provide the infrastructure for the academic programs that the university deems central to its strategic

plan and state charter. Considering that most of these academic programs and/or departments are seriously under-funded, the university and college administrations must develop and implement a plan that will resolve this crisis in the next five years, lest the university find its scholarly competitive position beyond repair. The administration should fully fund every academic program supported by the faculty, but particularly those that are deemed strategic.

It is well known that most of the University's cash reserves are held in the academic colleges. The Provost is strongly encouraged to probe the state of these reserves and to see if past plans for these reserves fit with the future direction of the University. UBFC also wonders if more of these reserves should be held centrally to allow for dynamic allocation of funds, as needs arise. If some of these funds move back towards the center, however, an open and accountable budget process becomes all the more imperative.

The UI Core Curriculum was redesigned several years ago as a flagship program to improve learning outcomes, to address retention issues and to enhance the college experience of UI students. Although a large FIPSE grant provided the initial funding for Core, that funding stream is no longer available with no subsequent university funds allocated to fill the vacuum. As a result, there has been an erosion of many of the components of the original program and a large number of the faculty teaching Core courses have temporary appointments. Given that there is strong reason to believe that a well-funded, well-designed Core attracts and retains students whose tuition and fees are critical revenue components of the University's overall revenue stream, the administration should conduct an analysis of the current cost of Core, allocate resources, and restructure Core in light of the costs and available resources. Failure to act on this issue not only impacts the educational experience of the students, it also places an unnecessary financial burden on the colleges that traditionally bear the brunt of managing the Core, which in turn hampers those colleges from fully realizing their scholarly objectives.

Athletics: The UBFC is pleased to hear from the Athletic Director that funding caps are in place that would prevent any additional state and university funds being allocated to university athletics. However, the UBFC would like to see Athletics move from being a cost center to a revenue center for academics during the next several years by increasing ticket sales, etc. The idea of seeking \$30,000,000 in development funds to add 30,000 ft² of space to the Kibbie Dome has some merit, particularly for enhancing various athletic and non-athletic venues offered by the University, but the UBFC questions whether such development activities will compete for the same dollars from the same sources that traditionally fund academics. If so, the President is strongly encouraged to manage both the academic and athletic development campaigns to assure that academics have high priority. Finally, it must be recognized that a budget needs to be in place for the staffing, utilities and maintenance of any additional square feet added to the Kibbie Dome, prior to its construction.

Auxiliaries: Auxiliary Services has a \$42,637,100 FY06 budget. The UBFC commends the new Director of Auxiliaries for recognizing that Auxiliaries needs to restructure itself

from a cost center to a self-sustaining organization in which any generated surpluses are used to fund deferred maintenance of dormitories, etc. Based upon the presentation at the budget meeting there is optimistic reason for believing that this restructuring will take place in the near future. The University administration is encouraged to remove the necessary obstacles that impede this change and to provide the necessary support to expedite it.

Boise Place and the UI Foundation: The UBFC did make some inquiries regarding Boise Place and the UI Foundation. However, due to a lack of time, the UBFC was unable to give these topics much attention.

Capital Projects and Space Allocation: Over the past 15 years the University has funded many capital projects to increase or improve space. These projects include McClure Hall, Engineering-Physics Building, Albertson Building, Commons, Student Recreation Center, Agriculture Biotechnology Building, Facilities Complex, Library Addition and the Teaching & Learning Center. Although it could be argued that the campus is in need of more space, the UBFC questions whether the University has a real space crisis or simply a space allocation crisis. This question should be answered by the Provost in consultation with central unit administrators, academic deans and the Executive Space Management Committee before additional capital projects are initiated

The UBFC also notes that many past capital projects did not fully budget the real costs of the construction, the on-going maintenance of the building or the costs of the utilities. Before any new capital projects are authorized, the UBFC recommends that all real costs (capital and on-going) be fully budgeted to prevent further financial stress on the University.

Enrollment Management, Capacity and Scholarships: A detailed enrollment management plan and a capacity study should be implemented that gauge the impact of each enrolled student on the University's finances and resources. This plan should discuss:

- The compromise between the financial expediency of large, lower-division courses and the improved learning outcomes and retention in small, lower-division courses.
- The capacity and expense of laboratory and studio courses.
- The reality or myth of lower division courses as revenue centers, and upper division and graduate courses as cost centers.
- The impact of fee waivers on the university's finances.
- The use and source of scholarships at the lower division and upper division levels.

Facilities and Deferred Maintenance: The current deferred maintenance cost is approximately \$110,000,000 (General Education) plus \$90,000,000 (Auxiliaries) for a total of \$200,000,000. Using industry standards as a benchmark, Assistant VP Brian Johnson reported that the deferred maintenance figure places the University just above crisis status. Within any fiscal year, typical state appropriations for plant maintenance and repair falls short of minimum needs by at least \$10,000,000 for the non-auxiliary facilities; available funding serves only the most critical maintenance problems. Current

state maintenance and repair resources are inadequate, and the administration must develop a plan to appropriately fund maintenance and repair needs and to reduce the backlog of needs substantially within 10 years. It can do so by razing certain structures and replacing them with new capital projects. It can also pursue funding through increased student fees and/or enhanced private giving. Finally, it can also take on new debt to fund maintenance of those facilities that are deemed to be a) mission critical to fulfilling the University's strategic plan or b) of high historical value. However, this latter solution must be done in a way not to compromise the University's solid bond rating or to hamper its ability to raise and leverage funds in the future.

In an effort to reduce costs, the administration decided to eliminate positions associated with the maintenance and upkeep of its buildings and grounds. Although it could be argued that certain positions may have been unnecessary, it can also be argued that too many were eliminated. Poorly maintained grounds and buildings have an adverse effect on student, staff and faculty morale as well as on student recruitment. The VP of Finance is encouraged to revisit this staffing issue.

Future Costs in Health Care and Salaries: The University has made a conscious effort to improve its financial structure over the past few years. All involved, including the Vision and Resource Task Force and the Administration, should be commended. Unfortunately, the economic reality is that future costs associated with health benefits, salary increases and other fixed costs (e.g., utilities) will exceed the current and projected financial resources of the University. For this reason, the administration must be circumspect before launching any major project or program, lest the University find itself in another financial crisis.

Retention of employees continues to be a challenge in meeting the University's strategic goals. It should be continually stressed that the University's proximity to Washington State University, who compensates its employees at a much higher rate than the University, provides a particular faculty and staff retention challenge for the University. While the University's overall benefit package is still competitive, it does not compensate for the low base salaries and lack of funding for salary advancement. Even though the recent salary increases are a good start, and help morale in the short run, the University is still struggling with salary compression and key position turnover, particularly amongst the ranks of the highly-valued and experienced staff and faculty. The administration is strongly encouraged to compensate its entire faculty and staff at fair market value using both equity and merit based salary models. This compensation must take precedence to adding additional high-paying positions or increasing administrative salaries.

Once the university has adequately compensated its current faculty and staff, it also faces the problem of financing aggressive salary and start-up packages needed for the recruitment of new faculty.

The national health care cost escalation trend is projected to increase between 10% and 14% annually over the next five years. The State of Idaho is currently funding approximately 54% of the University's total health care cost of \$24,000,000. If a 10%

annual rate is assumed, five years from now that cost could exceed \$38,000,000; ten years from now it could exceed \$62,000,000.

UBFC strongly encourages the administration to devise, adopt and follow a plan that addresses these aforementioned concerns. A key component of this plan is a timetable for raising compensation to market levels. A second component of this plan is an outline of how the university will raise the much needed funds for health benefits and a schedule for the cost increases, if necessary, the employees should plan to cover.

Future Health Care Liability: A report from the Retirees Task Force on the proposed solution to the future health care accounting liability is due in September, 2006. Although there are many possible solutions with both immediate and long-term consequences, there is strong reason to believe that the cost to the University will not be small. Regardless of the amount, the administration must restrain from implementing any new significant programs or projects until this liability is fully reflected in the budget and balance sheet.

Information Technology: A common theme questioned by many units is the adequacy of the University's information technology (IT) for data reporting, monitoring and collection. The University should consider purchasing IT or upgrading its current IT if and only if such purchases lead to greater financial efficiencies, assist in data collection and reporting, or improve the University's ability to comply with various state and federal regulations. The University should also investigate whether it is using its current operational technologies to their fullest extent and whether the staff has received the necessary training to harness the efficiencies that come with technology purchases. The University should avoid purchasing technology for technology's sake.

Budgets:

There has been a common misperception about the state of the University's finances. Although the university has an *internal* consolidated deficit, the university as a whole has *never* incurred an *annual* operating deficit. In fact, the university has maintained a surplus (held in short-term, interest bearing investments) even during its most recent financial crisis. End of the year surpluses for the past fiscal years are tabulated below:

FY01	\$26,225,671
FY02	\$22,511,397
FY03	\$24,514,572
FY04	\$41,886,045
FY05	\$50,115,204
FY06	\$90,625,274 (As of February 28, 2006)

Most of these surplus or carry-forward funds are currently held in the academic colleges and ear-marked for various purposes (see also the comments under Cost Centers, Academics). The University manages its cash by spending all State General funds first, since such funds cannot be legally carried forward into subsequent fiscal years. Fees and out-of-state tuition are spent second and are carried forward when surpluses arise.

The aforementioned *internal* deficit has been consolidated into a single deficit pool with a current amount of \$16,567,027. Specific deficits and allocations to the deficit pool include:

Academics:	
Faculty Start-Up	(887,053)
Other Academic Programs	(939,008)
UI Press	(602,289)
Jazz Festival	(1,082,468)
Lionel Hampton Center	(855,393)
Division 1A Start-Up	(501,705)
Finance and Administration:	
Programs and Facilities	(1,310,449)
Central University Areas:	
Agency Account	(7,071,957)
Utility Deficits	(1,277,474)
FY03 State Holdback	(2,519,100)
Other Operating Deficits	<u>(2,606,131)</u>
Subtotal	(19,653,027)
Allocations to the deficit pool:	
FY00 to FY05 Allocations	1,090,000
FY06 Allocation	<u>1,996,000</u>
Subtotal	3,086,000
Account Balance	(16,576,027)

Additional reductions to the deficit pool are planned via future assessments on unrestricted, operational funds. If a \$2,000,000 assessment is raised each year, the deficit pool should be zeroed-out in about eight years -- and sooner if favorable legal settlements associated with Boise Place are negotiated.

The UBFC has been told that all *annual* operating deficits are to be closed at the end of a fiscal year to prevent future abuses. Further examination of these budgets reveals the following surplus (reported in millions) at the close of FY03, FY04 and FY05 (see next page):

	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>
Operating Budgets:			
General Education	12.7	11.6	17.0
Local Service	9.8	18.5	13.5
Gift Accounts	5.6	6.4	6.9
Auxiliary Services	1.6	0.8	3.0
ARES	1.0	1.4	3.1
Other Special Programs	0.2	0.2	0.3
Plant Funds, Repair and Renovation (R&R):			
Plant Accounts	20.9	6.4	4.4
R&R Accounts	3.2	3.9	3.8
Scholarship Accounts:			
Non-university	1.1	0.8	1.1
University	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>
Total	56.3	50.1	53.2

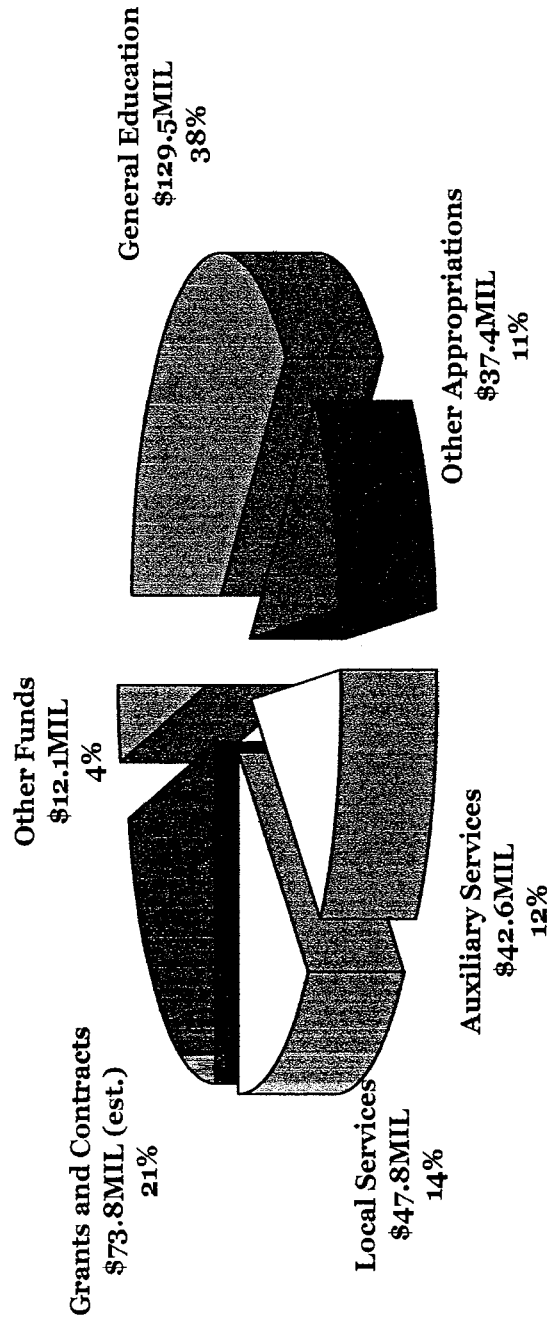
Note: The internal deficit pool is embedded in the Local Service account. More budgetary information can be found on the web at the address http://www.webs.uidaho.edu/ipb/Budget_Office/budgetoffice.htm.

Summary:

Given the large surpluses the university carries forward and its solid bond rating, the university is clearly a going concern, which raises the question about the gravity or myth of the past and current financial crisis. There are three important facts that should be concluded from this report that point to an answer to this question. First, to the extent that there is a crisis was due, in part, to gross mismanagement of university funds. Past internal deficit spending is clearly hampering current operations. Second, without some adjustments in revenues and expenses, there is cause to believe that the rate of future revenue growth may not keep pace with the rate of future expense growth. Added to this rate unbalance is a looming deferred maintenance, salary compression issues, under-funded academic programs, rising health care costs, etc. Third, even though the university has a sizeable surplus, the surplus is by and large ear-marked. Any attempts to reallocate these funds could impair future plans, made primarily at the college level, and could be perceived as a disincentive for units who have managed their funds well.

FY2006 Budgets by Fund Source

\$343.3MIL



General Education
 Other Appropriations
 Auxiliary Services
 Local Services
 Grants and Contracts
 Other Funds

Budget Overview

FY2006 UI Appropriations \$166.9MIL

- General Education \$129.5MIL
- Ag Research & Extension \$30.7MIL
- WOI Veterinary Medicine \$1.7MIL
- WWAMI Medical Education \$3.5MIL
- Forest Utilization Research \$601,400
- Idaho Geological Survey \$831,200

Budget Overview

FY2006 Budgeted Funds **\$257.3MIL**

- Appropriations \$166.9MIL
- Auxiliary Services \$42.6MIL
- Local Sales and Services \$47.8MIL

- Budgeted Positions 1,981 FTE

UNIVERSITY of IDAHO
 FY2006 OPERATING BUDGETS by FUND SOURCE

Updated
8/29/2005

Appropriated Funds	State	U of Idaho	Federal	(1)	Budgeted
	General	Land Grant		Student Fees,	
	Account (1)	Endowments	Funds	Tuition, & Misc	FTE
1. General Education	\$84,352,200	\$6,314,000		\$38,867,600	1,173.14
2. Ag Research & Extension Svc	25,796,700		4,599,500	318,000	375.47
3. WOI Veterinary Medicine	1,644,500			100,000	6.92
4. WWAMI Medical Education	3,251,900			227,300	6.57
5. Forest Utilization Research	601,400				5.75
6. Idaho Geological Survey	831,200				10.55
Total U of I Appropriations (6)	\$116,477,900	\$6,314,000	\$4,599,500	\$39,512,900	1,578.40
Note 1: Includes funding for the 27th payroll.					
Percentage by Fund Source	<u>69.79%</u>	<u>3.78%</u>	<u>2.76%</u>	<u>23.67%</u>	<u>100.00%</u>
Other Funds:					
Auxiliary Services (Board defined, including Kibbie Dome and Student Recr Center)				38,253,500	126.90
Other Auxiliary Services				4,383,600	34.52
Local Sales and Service Activities				47,841,200	227.22
Estimated Gifts and Donations (non-budgeted accounts)				3,739,200	4.12
Estimated Grants and Contracts (federal, state and private)				73,800,000	9.92
Capital Projects (Incl State DPW and Bond R&R projects; less General Education projects)				<u>8,383,400</u>	
Total Other Funds				\$176,400,900	402.68
Total Appropriations, Other Funds and Full-Time Equivalent Positions (FTE)				\$343,305,200	1,981.08

GENERAL EDUCATION
SUPPORT FUNDS CARRYOVER
FY2001, FY2002, FY2003, FY2004 & FY2005

	FY01	FY02	FY03	FY04	FY05
LETTERS, ART & SOCIAL SCIENCES	\$440,251.97	\$552,762.35	\$1,102,934.00	\$896,204.61	1,659,776.18
AGRICULTURE & LIFE SCIENCES	712,920.91	1,018,772.35	1,079,472.94	789,976.94	1,021,795.71
BUSINESS & ECONOMICS	321,475.56	228,242.84	330,098.82	174,159.50	315,623.91
EDUCATION	112,589.50	26,156.17	485,367.77	921,530.15	1,729,259.45
ENGINEERING	962,284.85	1,379,721.54	1,600,097.31	1,215,906.03	1,402,174.65
NATURAL RESOURCES	272,003.97	226,589.57	441,123.02	337,868.38	762,870.40
LAW	91,014.05	370,706.65	767,550.66	918,925.79	1,123,858.22
SCIENCE	559,877.98	450,204.09	701,188.76	617,861.22	1,193,941.75
UNIV. RESEARCH & GRAD COLLEGE	565,569.79	549,396.55	490,797.61	460,473.73	394,937.46
RESEARCH PROJECTS-IDAHO TECH INCENTIVE	1,093,300.31	950,932.87	680,414.79	652,896.26	802,752.07
GENERAL LIBRARY	436,399.87	404,479.47	836,807.46	680,468.22	593,468.23
TECHNOLOGY	617,183.80	866,041.79	880,058.45	939,176.85	1,111,654.67
OTHER ACADEMIC AREA	138,810.65	80,350.61	16,768.02	(12,312.58)	286,823.35
UNIVERSITY OUTREACH	94,896.32	253,396.71	585,199.85	625,989.03	888,907.41
VICE PROVOST FOR ACADEMIC AFFAIRS	821,032.53	642,590.99	1,143,394.39	1,297,852.58	1,087,134.85
STUDENT AFFAIRS	20,801.84	37,458.33	69,693.63	58,105.37	58,447.20
TOTAL ACADEMIC AREA	\$7,260,413.90	\$8,037,802.88	\$11,210,967.48	\$10,575,082.08	\$14,433,425.51
FINANCE & ADMINISTRATION	\$31,216.79	\$110,003.06	\$221,885.34	(\$714,797.17)	(371,268.50)
DFA FIXED COSTS	(\$1,136,317.30)	(\$1,355,412.34)	\$292,902.59	\$558,475.90	\$638,058.62
AUXILIARY SERVICES	816.70	(1,125.02)	146.85	(1,052.88)	9,366.40
UTILITY MANAGEMENT (Incl Utilities)	229,099.81	284,429.00	464,120.60	648,531.56	712,905.90
BUSINESS & ACCOUNTING SERVICES	(352.45)	(8,375.18)	28,009.47	57,344.00	129,978.73
HUMAN RESOURCES	64,251.77	6,685.24	80,323.03	78,911.99	108,575.62
DFA SYSTEM SERVICES	0.00	0.00	0.00	10,734.25	32,880.60
CAPITAL PLANNING & CAPITAL BUDGET	81,243.95	62,673.30	10,224.57	8,188.57	6,334.04
ADMIN AFFAIRS	30,700.16	26,365.18	12,267.14	67,965.17	105,965.10
BUDGET OFFICE	64,176.04	71,020.16	69,246.56	66,224.35	56,665.52
TOTAL FINANCE & ADMINISTRATION	(\$635,164.53)	(\$803,736.60)	\$1,179,126.15	\$780,525.74	\$1,429,462.03
CENTRAL ADMIN FIXED COSTS	35,720.24	32,206.53	145,552.07	497,437.97	579,420.88
CAPTURED BALANCES (2)	817,216.29	38,272.29	0.00	0.00	680,273.51
TOTAL CENTRAL ADMIN FIXED COSTS	\$852,936.53	\$70,478.82	\$145,552.07	\$497,437.97	\$1,259,694.39
PRESIDENT'S AREA (1)	\$122,767.67	\$101,818.07	\$109,681.34	(\$137,562.79)	(102,399.88)
UNIVERSITY ADVANCEMENT	206,139.00	224,133.84	0.00	(98,565.00)	(7,834.65)
INSTITUTIONAL PLANNING & BUDGET	7,611.50	14,435.45	22,320.89	7,733.10	0.00
TOTAL EXECUTIVE AREA	\$336,518.17	\$340,387.36	\$132,002.23	(\$228,394.69)	(\$110,234.53)
TOTAL	\$7,814,704.07	\$7,644,932.46	\$12,667,647.93	\$11,624,651.10	\$17,012,347.40

Note 1: Athletics are included in the President's Area. Annual expenditures for Athletics in the General Education appropriation equal the allocation for that year.

LOCAL SERVICE OPERATIONS

STATEMENT OF CHANGES FOR FISCAL YEAR 2005

	Beginning Balance 07/01/04	Receipts	Disbursements	Transfers	Encumbranced Balance 06/30/05	Unencumbered Balance 06/30/05	Percentage Change
LETTERS, ART & SOCIAL SCIENCES	\$737,293.03	\$1,508,021.10	\$1,926,963.31	\$656,394.56	\$8,000.00	\$966,745.38	31.12%
AGRICULTURE & LIFE SCIENCES	8,895,282.27	5,789,464.93	5,916,734.47	660,757.26	185,846.35	9,242,923.64	3.91%
WOI	421,188.45	355,426.49	274,641.22	48,851.41	2,152.31	548,672.82	30.27%
BUSINESS & ECONOMICS	331,393.22	922,174.09	1,046,810.96	74,980.45	0.00	281,736.80	-14.98%
EDUCATION	909,190.57	1,482,158.61	1,372,112.07	240,439.57	692.92	1,258,983.76	38.47%
ENGINEERING	2,502,304.74	990,960.92	1,311,795.62	444,791.71	4,790.20	2,621,471.55	4.76%
NATURAL RESOURCES	1,489,513.22	2,652,271.62	2,339,495.85	250,663.97	155,635.00	1,897,317.96	27.38%
LAW	164,680.13	129,446.96	149,064.57	32,232.44	1,550.00	175,744.96	6.72%
SCIENCE	1,366,758.26	863,311.39	1,948,876.96	1,620,579.77	2,496.97	1,899,275.49	38.96%
UNIV. RESEARCH & GRAD COLLEGE	1,528,914.73	1,129,687.33	3,650,108.92	2,646,568.41	53,572.73	1,601,488.82	4.75%
LIBRARY & TECHNOLOGY SERVICES	1,183,405.88	1,757,306.42	1,942,317.62	984,120.94	12,598.12	1,969,917.50	66.46%
UNIVERSITY OUTREACH	1,436,183.48	1,453,600.03	1,209,666.42	106,072.57	0.00	1,786,189.66	24.37%
VICE PROVOST FOR ACADEMIC & STUDENT AFFAIRS	1,363,922.60	2,848,053.88	3,144,268.12	377,237.74	6,202.46	1,438,743.64	5.49%
WWAMI	(79,101.00)	6,252.50	127,871.39	358,025.94	0.00	157,306.05	298.87%
TOTAL ACADEMIC AREA	22,250,929.58	21,888,136.27	26,360,727.50	8,501,716.74	433,537.06	25,846,518.03	16.16%
TOTAL UNIVERSITY ADVANCEMENT	\$44,290.40	\$232,627.06	\$2,586,057.34	\$2,309,615.38	\$475.50	0.00	-100.00%
TOTAL FINANCE & ADMINISTRATION	\$574,943.99	\$1,517,239.08	\$3,696,950.10	\$2,474,309.27	\$13,340.77	856,201.47	48.92%
TOTAL CENTRAL ADMINISTRATION	(\$5,593,396.50)	\$11,952,896.11	\$5,819,001.57	(\$11,790,742.69)	\$2,125.00	(11,252,369.65)	-101.17%
TOTAL EXECUTIVE AREA	\$252,099.17	\$46,651.37	\$1,555,204.51	\$1,386,082.00	\$0.00	129,628.03	-48.58%
GRAND TOTAL	\$17,528,866.64	\$35,637,549.89	\$40,017,941.02	\$2,880,980.70	\$449,478.33	\$15,579,977.88	-11.12%

Note: Each year there are reorganizational changes that affect the balances between mid-level codes.

The 7/1/04 beginning balance for the Central Administration included a FY04 transfer in of \$5,911,790, part of the multi-year plan. This was reversed in FY05. The Boise Property deficit of \$5,041,758.69 (recorded as an allowance for doubtful account on the FY04 audited financial statement) was moved from the agency organization to the Central Administration deficit account MQY098. Also affecting the balance was a transfer in of \$1,906,000, Action 2 of President White's Plan for Renewal.

GIFT ACCOUNTS

STATEMENT OF CHANGES

FOR FISCAL YEAR 2005

	Beginning Balance 07/01/03	Receipts	Disbursements	Transfers	Encumbered Balance 06/30/04	Unencumbered Balance 06/30/04	Percentage Change
LETTERS, ART & SOCIAL SCIENCES	\$796,674.34	\$692,397.34	\$555,528.63	\$221,796.54	\$6,500.00	\$1,148,839.59	44.20%
AGRICULTURE & LIFE SCIENCES	1,153,131.79	446,119.83	538,123.66	13,104.89	223.39	1,074,009.46	-6.86%
WOI	33,626.24	40,782.96	23,108.09	0.00	0.00	51,301.11	52.56%
BUSINESS & ECONOMICS	370,723.65	378,763.89	320,421.58	12,078.00	0.00	441,143.96	19.00%
EDUCATION	109,651.69	101,568.26	95,781.74	27,762.79	672.54	142,528.46	29.98%
ENGINEERING	1,052,538.06	436,051.64	365,286.20	(71,239.58)	10,195.00	1,041,868.92	-1.01%
NATURAL RESOURCES	435,084.83	302,688.90	281,474.53	(69,400.00)	0.00	386,899.20	-11.07%
LAW	300,530.20	354,618.93	288,483.17	15,294.98	329.03	381,631.91	26.99%
SCIENCE	474,249.07	244,485.79	292,177.82	121,781.98	0.00	548,339.02	15.62%
LIBRARY & TECHNOLOGY SERVICES	530,708.33	108,498.37	116,888.70	1,358.00	0.00	523,676.00	-1.33%
UNIV. RESEARCH & GRAD COLLEGE	88,049.88	30,498.85	5,589.46	(24,661.19)	0.00	88,298.08	0.28%
UNIVERSITY OUTREACH	43,513.36	1,432.01	23,667.99	0.00	0.00	21,287.38	-51.08%
VICE PROVOST FOR ACADEMIC & STDNT AFF	167,360.35	79,540.16	60,208.82	(6,305.80)	0.00	180,385.89	7.78%
WWAMI	12,608.71	10,590.01	5,763.12	(364.00)	0.00	17,071.60	35.40%
TOTAL ACADEMIC AREA	\$5,568,450.50	\$3,228,036.94	\$2,972,493.51	\$241,206.61	\$17,919.96	\$6,047,280.58	8.60%
TOTAL UNIVERSITY ADVANCEMENT	\$75,893.86	\$30,500.86	\$31,120.76	\$300.00	\$0.00	\$75,573.96	-0.42%
TOTAL FINANCE & ADMINISTRATION	\$138,434.34	\$172,708.07	\$22,164.93	(\$266,596.19)	\$0.00	\$22,381.29	-83.83%
TOTAL EXECUTIVE AREA	\$649,551.40	\$307,958.11	\$206,040.86	(\$16,226.72)	\$0.00	\$735,241.93	13.19%
TOTAL	\$6,432,330.10	\$3,739,203.98	\$3,231,820.06	(\$41,316.30)	\$17,919.96	\$6,880,477.76	6.97%

UI Cash Management Investments

	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
July	39,703,601	31,930,567	25,810,097	19,991,088	43,915,476	52,408,689	-
August	49,173,498	39,210,785	43,025,088	44,328,462	66,314,245	73,813,572	
September	50,741,175	41,067,962	41,246,630	45,437,968	65,174,711	68,539,659	
October	44,340,648	41,394,580	43,261,556	48,311,882	61,357,733	68,078,606	
November	41,693,457	45,059,161	38,635,984	45,694,985	58,975,081	69,238,859	
December	40,445,130	40,845,515	34,658,761	44,850,338	58,826,478	72,956,775	
January	51,023,271	54,732,012	51,358,325	60,217,265	77,337,507	93,814,823	
February	55,987,838	53,489,381	48,985,407	60,729,843	72,794,032	90,652,274	
March	41,921,905	43,267,879	44,050,388	47,155,235	68,678,063		
April	41,460,018	39,595,524	44,271,713	48,937,054	65,039,034		
May	39,744,913	30,879,539	32,702,298	48,005,967	62,406,253		
June	26,225,671	22,511,397	24,514,572	41,886,045	50,115,204		
Average	43,538,427	40,332,025	39,376,735	46,295,511	62,577,818	73,687,907	0

Note: The above are the investment balances at the end of each month.