

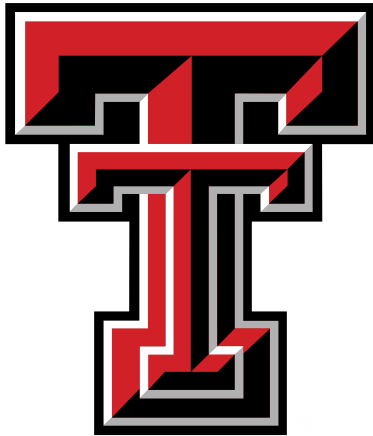
Texas Tech University



University Student Housing



“Implementing Change in Housing Finances”



Presented by:

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Sean Duggan, Managing Director

Learning Objectives



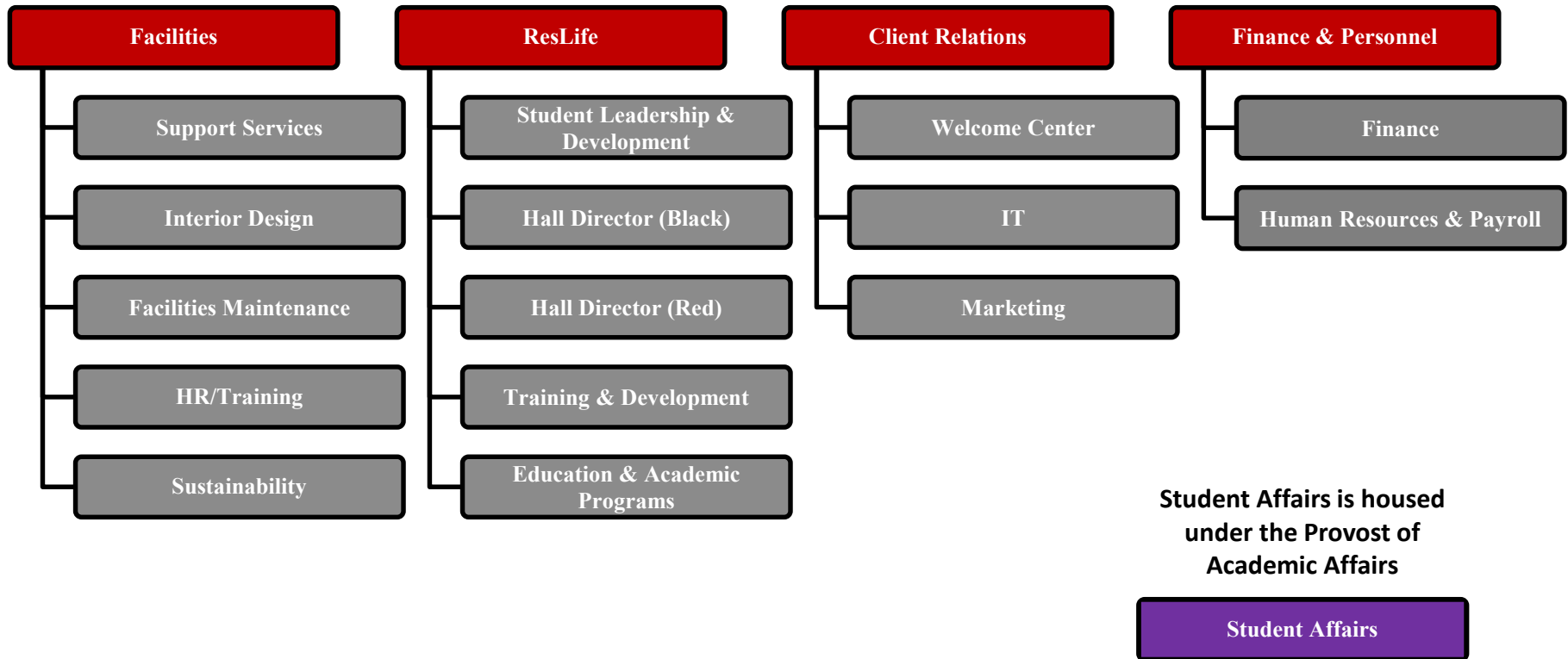
- Insight into TTU's University Student Housing Finance Operations
 - *Budget Prep*
 - *Budget Monitoring*
 - *Budget Communication*
- Opportunity to self-evaluate your current processes for improvement
- Gain knowledge and tools to implement needed change

University Student Housing

Organization



University Student Housing is housed under the CFO in the Administrations and Finance area along with other campus auxiliary services.



University Student Housing

One-Account

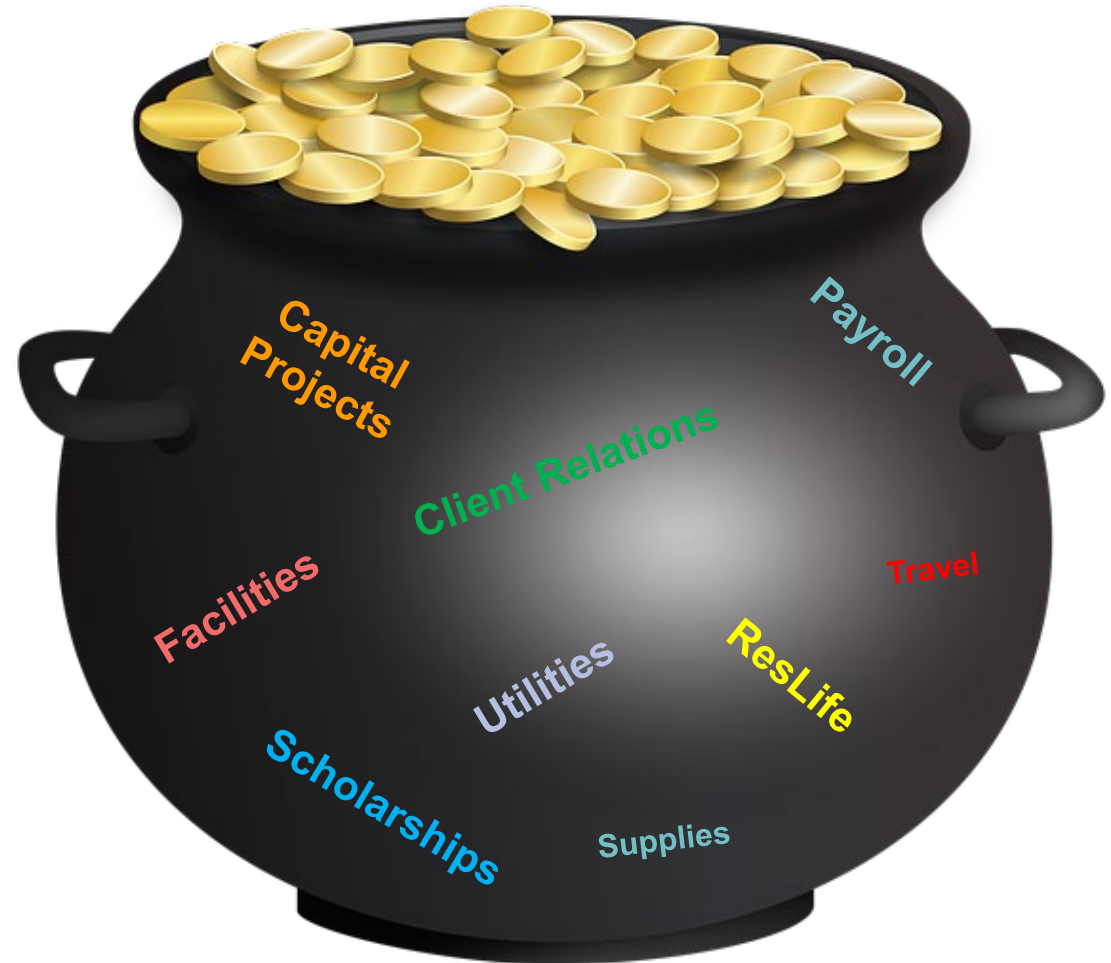


ADVANTAGES

- Less confusion regarding which account to charge
- Budget prep – all to one account

DISADVANTAGES

- Budget prep – no details
\$2m supplies (??)
- No budget accountability by area
- Encumbrances – hoarding budget
- Lack of knowledge on budget availability impeded productivity
- Dependency on Finance Director
"Do we have the budget for this?"
- Reporting Difficulty
"How much did we spend on flooring?"



University Student Housing

Multiple Accounts



ADVANTAGES

- **Autonomy – empower your staff**
 - ❖ No more relying on the finance director
- **Increased productivity**
 - ❖ If you budgeted \$10,000 to buy new vacuums, go buy new vacuums – no prior approval needed
- **Budget prep**
 - ❖ Info easily accessible through expense trackers
 - ❖ Accurate budgets (no more \$2m supply budgets)
- **Detailed budget monitoring**
 - ❖ Ensures accountability to budget
 - ❖ Reduces frivolous spending
- **Assist with financial reporting**
- **Encumbrance control**

DISADVANTAGES

- **Confusion regarding which account to charge**
 - ❖ Solution: Budget Guide
- **If money needs to be moved around, you must process a transfer**
- **My money vs. your money issues**



Budget Prep

How to make the transition?



1. Review prior year ledgers
2. Assign each expenses an area: Facilities, ResLife, Client Relations, Finance/Personnel (very time consuming)
3. Determine what budget unit and categories make sense to further breakdown each area's budget based on their unique function and needs:
 - **Facilities**
 - Housekeeping (equipment, supplies)
 - Interior Designers (furniture, décor)
 - Travel
 - Sustainability
 - Administrative (office supplies, licensing fees)
 - **Client Relations**
 - Marketing (promotional items, printing material)
 - IT (computers, equipment)
 - Welcome Center
 - Travel (recruitment)
4. Work closely with each area to build budget using prior year information and anticipation of future needs. (Budget Prep Meetings with leadership from each area)

Budget Prep

Challenges



Challenges during the process:

- Time-consuming – Gathering initial data, meeting with leadership teams/staff
- Confusion – Staff unable to see the end-goal of the new budget prep process
- Uncertainty – Staff unsure how this will effect their daily operations
- Inadequacy – Staff felt like they were doing something wrong
- “Because we’ve always done it his way” mentality – no actual justification for processes

Overcoming those challenges:

- Delegate ledger reviews to finance staff with knowledge/experience
- Obtain buy-in from leadership team
- Reassure staff and explain how this will benefit them – Communication is key!
- Ask for their input – if they feel included, they are more likely to support new ideas/change

Budget Prep

Capital Projects



How to budget for capital projects

| Anticipated Revenue | \$40,000,000 |
|---------------------------------|---------------------|
| Salary/Payroll | -\$10,000,000 |
| Scholarships | -\$500,000 |
| Debt Service | -\$10,000,000 |
| ResLife Annual Budget | -\$250,000 |
| Finance/Personnel Annual Budget | -\$1,000,000 |
| Client Relations Annual Budget | -\$500,000 |
| Utilities | -\$5,000,000 |
| Institutional Support | -\$3,000,000 |
| Leftover: | \$9,750,000 |

Allocate leftover between Capital Projects and Facilities annual budget needs

Budget Prep

Capital Projects



Approach #1

- Breakdown the Facilities annual budget based on items that are semi/permanent **(required)**:
 - Training/Travel
 - Memberships/License/Fees
 - Office Supplies
 - Uniforms
 - Warehouse Rental
- Add in annual maintenance projects **(optional)**
 - Washer/dryer replacement
 - Mattress replacement
 - CCTV upgrades
 - Replace carpet in residence hall
- With remaining funds, budget for capital project needs **(optional)**
- ❖ **Ensure daily operating needs are being met and put capital needs last**

Approach #2

- Review capital projects planned and budget high priority projects (typically \$1m+) **(required)**
- Breakdown the Facilities annual budget based on items that are semi/permanent **(required)**:
 - Training/Travel
 - Memberships/License/Fees
 - Office Supplies
 - Uniforms
 - Warehouse Rental
- Add in annual maintenance projects **(optional)**
 - Washer/dryer replacement
 - Mattress replacement
 - CCTV upgrades
 - Replace carpet in residence hall
- ❖ **Allows you to place importance on specific capital projects**

I recommend a combination of the two approaches weighing the importance of the capital projects with the additional annual maintenance projects.

Monitoring Plan

Year 1: The Learning Year



Monthly budget reports – sent to Directors for respective area

| Category | Budget | Expenses | Encumbrances | Available Budget |
|-----------------------|----------|----------|--------------|------------------|
| Travel | \$10,000 | \$2,000 | \$5,000 | \$3,000 |
| Professional Services | \$5,000 | \$1,000 | \$0 | \$4,000 |

Challenges:

- Confusing budget reports
- Reports not detailed enough
- Budget report information not shared with staff
- No accountability – easy to overspend

Solution:

- Expense Tracker worksheets

Monitoring Plan

Year 1: The Learning Year



Report: R000

Texas Tech University
Revenue Expense Budget Pools By FOP
For Period Beginning September 1, 2017 and Ending August 31, 2018

08/14/18

[Return to Prompt](#)

This will be your unique Orgn #



MOCK REPORT

Fund: 554500
University Student Housing

Orgn: 017070
0001 Facilities

Prog: A10

Fund Manager: Duggan, Sean P.
Orgn Manager: Duggan, Sean P.

Reductions

| Budget Pool | Budget Pool Description | Budget Original | Budget Adjustment | Budget Current | Rev/Exp Actual | Exp Encumbrance | Rev/Exp Total | Fee Under |
|---------------------------|------------------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|
| 740 | FF Print Fees and Svs Budget Pool | 10,000.00 | 0.00 | 10,000.00 | 0.00 | 2,000.00 | 2,000.00 | 8,000.00 |
| 700 | Mtl Materials/Supplies Budget Pool | 20,000.00 | 0.00 | 20,000.00 | 2,717.86 | 0.00 | 2,717.86 | 17,282.08 |
| 700 | CU Comm and Utilities Budget Pool | 5,000.00 | 0.00 | 5,000.00 | 2,276.50 | 2,189.90 | 4,466.40 | 553.60 |
| 701 | Rpt Repair/Maint Other Budget Pool | 75,000.00 | 0.00 | 75,000.00 | 28,156.23 | 0.00 | 28,156.23 | 46,843.77 |
| 700 | RL Rentals and Leases Budget Pool | 10,000.00 | 0.00 | 10,000.00 | 260.50 | 4,750.00 | 5,010.50 | 4,989.50 |
| 740 | OE Services Other Budget Pool | 2,500.00 | 0.00 | 2,500.00 | 1,000.00 | 1,800.00 | 2,800.00 | 0.00 |
| Reductions - Total | | 122,500.00 | 0.00 | 122,500.00 | 32,443.19 | 10,739.90 | 43,183.09 | 70,317.23 |
| Overall - Total | | | | | | | | |

Note: Budget Pool 520 has been programmed to show 0.00 in the Fee(Under) column

Created By: AFOM

- 1 -

Run By: Ashley Styles

The budget pool where you funds are budgeted. Funds can be moved around between your budget pools - just let Ruby or Ashley know what you need.

This is your original budget established during budget prep. Should not change.

These are any adjustments to your budget. For example, if you need to move \$2,000 from 700 to 701 for a purchase - just let Ruby or Ashley know and we can process these requests.

This is your current budget allocation.

These are actual expenses that have posted to your FOP.

These are any encumbrances you may have against your FOP. Releasing encumbrances that are no longer needed reduces this amount and increases your available budget.

This is your available budget (what you have left to spend).

This equals your actual expenses + your encumbrances.

Monitoring Plan

Year 2: Expense Tracker by area



- **Setup an expense tracker by area**
 - Excel document
 - Time consuming to setup, but easy to maintain
- **Reconciled monthly by finance staff**
 - Run reports by account (Facilities, ResLife, Client Relations, etc.)
 - Cut/paste directly from ledger (quick process)
 - Include encumbrance details
- **Finance staff assign each expense to a unit and expense category**
 - Requires finance staff to be familiar with budget categories
 - Can be tedious with over 1,000 transactions per month
- **Review with Directors AND staff monthly**
 - Update budgets on the spot (move \$20k from Bird Deterrent to CCTV upgrades)
 - Mid-Year Adjustments (\$1.9m debt service/ \$363k from closed capital project)
 - Negative budgets help us budget better next year

Monitoring Plan

Year 2: Expense Tracker by area



Detailed review for staff

- If something appears incorrect or miscategorized, staff can review with finance team during monthly budget meetings and adjust immediately.

Annual Maintenance

| Categories | Budget | Expenses | Encumbrances | Balance |
|----------------------------------|---------|------------|--------------|------------|
| Bird Deterrent | 45,000 | 0.00 | 0.00 | 45,000.00 |
| Contract Work | 225,000 | 124,444.91 | 92,715.02 | 7,840.07 |
| Building Filters | 40,000 | 12,176.28 | 25,205.68 | 2,618.04 |
| Hot Water Heater Replacement | 179,000 | 0.00 | 0.00 | 179,000.00 |
| HVAC Audits | 20,000 | 0.00 | 0.00 | 20,000.00 |
| Mattress Replacement | 137,000 | 0.00 | 137,161.00 | (161.00) |
| CCTV Upgrades | 70,000 | 0.00 | 0.00 | 70,000.00 |
| Hulen Door Strikes/Clement Locks | 128,000 | 65,000.00 | 62,000.00 | 1,000.00 |
| Washer/Dryer Replacement | 125,000 | 92,949.00 | 7,151.00 | 24,900.00 |
| | 969,000 | 294,337.55 | 324,764.74 | 349,897.71 |

Monitoring Plan

Year 2: Expense Tracker by area



High-level review for Leadership

| | Facilities Operations | | | |
|--------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Unit | Budget | Total Expenses | Encumbrances | Total Available Budget |
| Administrative | 1,404,675.00 | 327,809.08 | 626,965.47 | 449,900.45 |
| Travel | 30,800.00 | 8,282.66 | 3,338.00 | 19,179.34 |
| Annual Maintenance | 575,820.00 | 265,843.93 | 252,786.87 | 57,189.20 |
| Building/Ext Maintenance | 125,000.00 | 42,505.71 | 157,554.52 | (75,060.23) |
| Design Team | 383,500.00 | 93,450.48 | 35,210.83 | 254,838.69 |
| Fire | 95,000.00 | 14,624.61 | 25,169.02 | 55,206.37 |
| Housekeeping | 621,000.00 | 185,914.90 | 236,029.22 | 199,055.88 |
| Pest Control | 18,000.00 | 1,288.35 | 7,711.65 | 9,000.00 |
| Physical Plant | 326,000.00 | 161,423.52 | 0.00 | 164,576.48 |
| Vehicles | 109,750.00 | 36,675.86 | 16,985.98 | 56,088.16 |
| | \$3,689,545 | \$1,137,819.10 | \$1,361,751.56 | \$1,189,974.34 |

Vacancy Savings

Monitoring Plan



| Position | Status | Position Title | Annual Salary | Termed | Rehired | Days Vacant | Savings |
|----------|--------|------------------------|---------------|------------|-----------|-------------|-------------|
| T99347 | Vacant | Unit Manager | \$58,134.14 | 1/31/2020 | | 0 | \$0.00 |
| T99651 | Vacant | Tradesman | \$29,020.79 | 11/1/2019 | | 0 | \$0.00 |
| T99867 | Vacant | Custodian | \$22,880.88 | 1/8/2020 | | 0 | \$0.00 |
| T98820 | Filled | Custodian | \$22,880.88 | 11/11/2019 | 2/17/2020 | 98 | \$6,143.36 |
| T97843 | Filled | RLC | \$36,597.02 | 9/5/2019 | 2/17/2020 | 165 | \$16,543.86 |
| T94788 | Filled | Unit Manager | \$54,000.00 | 9/1/2019 | 1/1/2020 | 122 | \$18,049.32 |
| T99658 | Filled | Facilities Coordinator | \$28,413.89 | 9/1/2019 | 2/16/2020 | 168 | \$13,078.17 |
| T90745 | Filled | Tile Technician | \$24,960.96 | 10/25/2019 | 1/16/2020 | 83 | \$5,676.05 |

- Unspent salary funds can be used to ensure department is in the black at the end of the fiscal year (contribution to fund balance)
- Unspent salary funds can be used as backup/contingency for emergencies or needed projects
- As of 2/20/20, we have documented over \$260,000 in salary savings

Budget Guide



ADVANTAGES

- **Autonomy – empowers staff**
- **Increases accountability of staff**
- **Encourages staff to communicate with supervisor**
- **Transparency**
 - Knowledge regarding others work
- **Accurate billing/procurement**
- **Reduces stresses of crisis management**
- **Event Planning Management**
- **Effects are wide and deep**
 - Influences job satisfaction/retention

DISADVANTAGES

- **Transparency**
 - Staff inequity issues
- **Not all inclusive**
 - Confusion if expense not listed
- **Don't use it; you lose it fear**
- **Misinterpreted as static/unchanging**
- **Reluctance to spend**
- **Robust – can be overwhelming**

Process Improvements



How to identify opportunities

- Listen to your staff. They will unintentionally communicate inefficiencies.
 - Task is time consuming
 - Task is loathed
- Listen to your customers. When 5 students are missing refunds, something in the process is broken.
- Failed compliance review/audit



Process Improvements

Utilize available resources



Use reporting systems and software available

- **Cancellation Process:**

1) Enter into Mercury 2) Send email to finance team 3) Finance processes refunds as received

- Problem: Staff would forget to send email or finance staff would receive email but not process refund
- Solution: IT built report using info in Mercury which sent ONE daily report to finance team. Implemented double review system within finance team to ensure all cancellations were processed.

- **Reconciliation: Duplicate payments**

- Problem: Students were double paying their deposits in the credit card system, but only one payment would translate into Mercury. Staff were not able to verify the duplicate payments.
- Solution: Finance analyst reconciles a credit card system report and Mercury reports daily. Ensures duplicate payments are timely identified and refunded.

Process Improvements



Communication is key!

- Online payments go into a clearing account and then were manually being moved to revenue. Why can they not go directly to the revenue FOP. **Asked** accounting office if it was possible and the process was streamlined.
- Manually billing students who cancelled, but owed housing deposit:
 - Problem: Multi-step process for staff (often missing a step). Collection rate was low, staff effort was high.
 - Solution: **Asked** Student Business Service how they bill students who never show up. They have a collection process for the institution – so I **asked** if we could include our collections in their process.
- Staff were processing \$200 Fall deposit billing and then later \$200 Spring deposit billing:
 - Problem: Time-consuming to review 300+ students each semester to ensure billing was complete. Needed entries were confusing and difficult to reverse. Prior processes permanently effected liability reports.
 - Solution: **Asked** Student Business Services if they had any concerns with us billing the full \$400 upfront. They agreed billing the full amount upfront in the Fall was a viable solution with minimal impact on students.

Process Improvements



Things to remember

- When updating procedures, review Operating Policies and/or other guidance that may effect the new procedure
- Implement compliance checks when possible
- Document the new procedure:

Purpose: For students approved for deferred billing of their initial deposit. Instead of requiring this deposit upfront, we bill for their deposit through their Student Account at SBS so their financial aid covers the deposit expense.

Old Process: 1) Staff would using XYZ transaction. 2) Staff would post payment...

Problem: Second step is very time consuming for staff. If staff process step 2, but not step 1 we are unable to reverse the entries correctly.

New Process: Staff will place the full deposit charge on the students fall bill using the new ABC transaction. To reverse a transaction, use the JKL transaction.

Notes: Create new ABC and JKL transaction. Inactivate old XYZ transaction.

Educate! Educate! Educate!



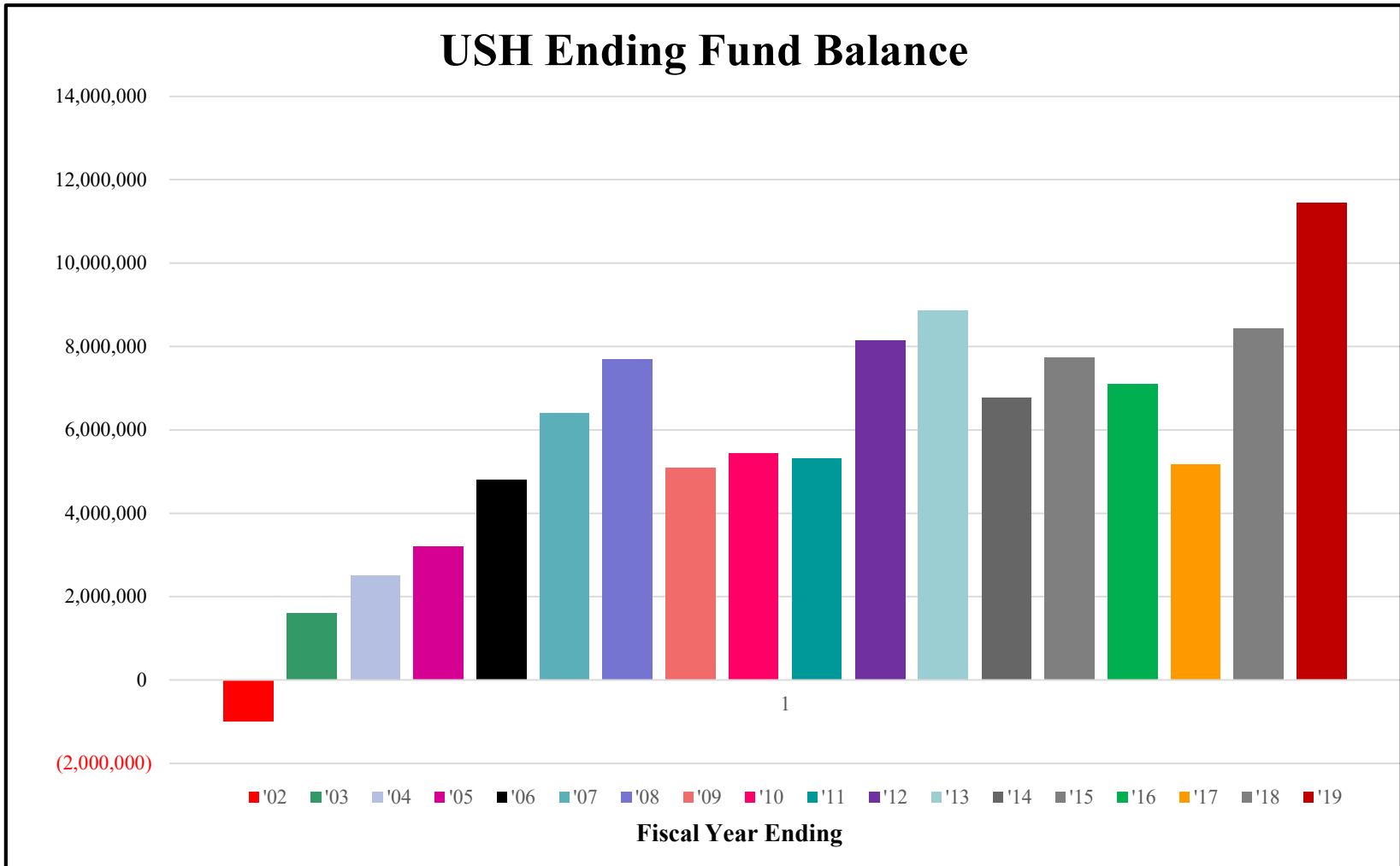
In my experience, people tend to shy away from finance issues because they do not understand them. ResLife staff are focused on their students, Facilities staff are focused on their buildings, but they are the ones spending the money. They should have a basic understanding.

Solutions:

- Talk about it – have leadership mention it during 1x1, staff meetings, etc.
- Share the information – print copies and mail out electronic copies
- Offer training (budget guide has resources)
- Monthly Budget Reviews
 - Review expense trackers WITH staff
 - Ask them for input
 - Allow them the opportunity to communicate areas of concern



Financial Success



Personnel



Identified lack of education on common HR and payroll topics. Solution: monthly flyers highlighting areas that effect the entire department.

- Communication Flyer
- Chain of Command Flyer
- Employee Assistance Program
- Family Medical Leave Assistance
- Sick Leave Pool
- Workers Compensation



Goal to change the image of a “payroll office” and turn us into a fully functional and capable Human Resources area.

Next year’s presentation!



Questions?

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Take the Survey!

<https://rb.gy/3rjd6t>

