

Warrington College of Business Administration
Hough Graduate School of Business
Undergraduate Programs in Business
Fisher School of Accounting

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September 25, 2007

Memorandum

To: Amelia Bell

From: W. Andrew McCollough

Re: Budget Processes and Resource Allocation Review

I. Budgeting Process:

1. In order to understand and appreciate the budgeting process in the College of Business Administration, one should be cognizant of the budget structure.
 - 95% of the College's state appropriations budget is dedicated to the salaries of staff and faculty.
 - 5% of this budget is the College's operating budget and 90% of that amount is dedicated to PhD program support (primarily stipends).
2. Budgeting process begins with the request by the College and allocation by the University of annual budget based on a "legacy" model.
3. The Dean and Associate Deans meet with each Academic Unit Head and Program Director individually and discuss current and future budget matters in detail. Each one is presented with a Unit Resource Statement which summarizes the financial standing of the unit to include all sources of funding. These are reviewed, discussed and modified where appropriate.
4. The Dean and Associate Deans meet with the tenured faculty in groups of ten for lunch during summer term. The faculty are provided with materials, including all of the Unit Resource Statements, which review in detail the present, past, and future budget possibilities. Discussion is encouraged and faculty input and comments are valued.
5. Annual budget information is distributed to the Academic Units and Programs before the Fall term commences. The limited uncommitted OPS/Exp is allocated to the faculty on a per capita basis in addition to \$6,300 per faculty from the Warrington endowment to support their research and teaching activities.
6. At the end of the academic year, actual expenditures are reviewed and compared with the budgeted amounts. Significant deviations require analysis and consultation.

II. Further Development:

The limited discretionary funds available in a no growth, steady state, environment suggests that further refinement would be cost inefficient.