New Financial Management Practices
Changes in Progress

- Fund Balances
- Financial Management Tools
- Annual Budget Development
- Biennial Budget Request
What are our overall fund balances?
- What balances exist in each FUND?
- What are the institutional fund balances?

What funds are ...
- Obligated
- Planned
- Designated
- In Reserves
- Undocumented

What is the TREND?

What about the “System-Wide” fund balance?
Program Revenue Balances
2002 -- 2013
Program Revenue Balances
2002 --2013
Target Balance?
$600M -- $900M
Projected Trend

Previous Trend

Target $900M?
FY13 vs. FY14 (Projected) Tuition/GPR/ Fee Fund Balances

System-Wide Fund Balance Projection

- $151M
- $76M
# Financial Management Tools

## Quarterly Budget vs. Actual Report

### Fiscal Year 2014 Budget to Actual Summary

(Through February 2014)

<table>
<thead>
<tr>
<th>Current Year: Budget to Actual</th>
<th>Tuition and Fees, GPR, and other</th>
<th>Projected Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>YTD Variance</td>
<td>Budget Projected Total Year End</td>
</tr>
<tr>
<td>$2,559,849,600</td>
<td>$2,443,378,216 ($116,471,384) 95.5%</td>
<td>Revenue $2,559,849,600 $2,514,449,208 ($45,400,392) 98.2%</td>
</tr>
<tr>
<td>$2,559,849,600</td>
<td>$1,565,831,269 ($994,018,331) 61.2%</td>
<td>Expenses $2,559,849,600 $2,556,504,205 $6,345,395 100.3%</td>
</tr>
</tbody>
</table>

Net Year to Date $12,296,857 -2.04%

<table>
<thead>
<tr>
<th>Auxiliary Operations</th>
<th>Projected Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>YTD Variance</td>
</tr>
<tr>
<td>$685,519,062</td>
<td>$652,812,839 ($32,706,223) 95.2%</td>
</tr>
<tr>
<td>$685,519,062</td>
<td>$426,129,602 ($259,389,460) 62.2%</td>
</tr>
</tbody>
</table>

Net Year to Date $59,891,673 8.74%

<table>
<thead>
<tr>
<th>Gifts, Grants, and Contracts</th>
<th>Projected Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>YTD Variance</td>
</tr>
<tr>
<td>$1,397,350,654</td>
<td>$1,021,010,860 ($376,339,794) 73.1%</td>
</tr>
<tr>
<td>$1,397,350,654</td>
<td>$938,335,141 ($459,015,513) 67.2%</td>
</tr>
</tbody>
</table>

Net Year to Date $125,227,907 8.96%

<table>
<thead>
<tr>
<th>General Operations</th>
<th>Projected Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>YTD Variance</td>
</tr>
<tr>
<td>$206,670,258</td>
<td>$165,403,395 ($41,266,863) 80.0%</td>
</tr>
<tr>
<td>$206,670,258</td>
<td>$180,081,064 ($26,588,294) 87.1%</td>
</tr>
</tbody>
</table>

Net Year to Date ($124,094,305) -60.04%

<table>
<thead>
<tr>
<th>Other Funding</th>
<th>Projected Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>YTD Variance</td>
</tr>
<tr>
<td>$1,132,686,678</td>
<td>$896,301,945 ($236,384,733) 79.1%</td>
</tr>
<tr>
<td>$1,132,686,678</td>
<td>$1,031,634,894 ($101,051,784) 90.4%</td>
</tr>
</tbody>
</table>

Net Year to Date $16,900,178 1.49%

<table>
<thead>
<tr>
<th>Summary Totals</th>
<th>Projected Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>YTD Variance</td>
</tr>
<tr>
<td>$5,982,076,252</td>
<td>$5,105,031,025 ($876,045,227) 85.9%</td>
</tr>
<tr>
<td>$5,982,076,252</td>
<td>$4,030,393,311 ($1,951,682,941) 67.0%</td>
</tr>
</tbody>
</table>

Net Year to Date $27,421,856 0.43%
Financial Management Tools

Forecasting and Projection Tools

Example

IceCube Project Baseline (M$)

| Initial In-Ice Strings & IceTop Tanks Installed | Jun-2005 |
| Initial Operational Capability | Mar-2007 |
| Project Completion & Closeout | Sep-2011 |

Total Project Cost

Value of Foreign Contributions
NSF Funding
Contingency, 5% of Base funding

Final Cost: $276.6M

Original Budget
Funding
Current Budget

Scheduled, 78.7%
Performed, 78.1%
Actual Cost, 78.5%

Initial Operations & Data Analysis Capability
Full Scale DOM Production
Determine Full Deployment Rate

TOTAL FUNDS (US & NonUS)
Current Bdgt (BCWS)
Original Bdgt (BCWS0)
(excluding contingency)
Earned Value (BCWP)
Actual Cost (ACWP)

UNIVERSITY OF WISCONSIN SYSTEM
Financial Management Tools

Dashboards

Example
Annual Budget Development

- Prior year budget
Annual Budget Development

- Prior year budget
- Projected “ACTUALS” for prior year

Prior Year Budget

Projected Prior Year “ACTUALS”

Proposed Annual Budget
Annual Budget Development

- Prior year budget
- Projected "ACTUALS" for prior year
- Projected "fund balances"
The danger of a short term perspective
The benefits of a long term perspective
Biennial Budget Request

Six year projections by FUND and by INSTITUTION
Biennial Budget Request

- Interacting Components
  - Fund Balances
  - Enrollment Projections
  - Tuition Projections
  - Projected Expenditures
  - General Program Revenues (GPR)
  - Initiatives
Outcomes/Messages

1. Openness and transparency
2. Disaggregation of financial data
4. More inputs into Annual Budget Development
5. Longer view of financial trends
6. Better understanding of fiscal position
7. No “financial surprises”
Thank You

Questions/Discussion