

New Financial Management Practices

Changes in Progress

- ▶ **Fund Balances**
- ▶ **Financial Management Tools**
- ▶ **Annual Budget Development**
- ▶ **Biennial Budget Request**

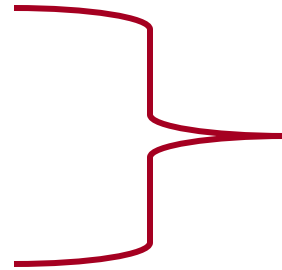
Fund Balances

▶ **What are our overall fund balances?**

- What balances exist in each FUND?
- What are the institutional fund balances?

▶ **What funds are ...**

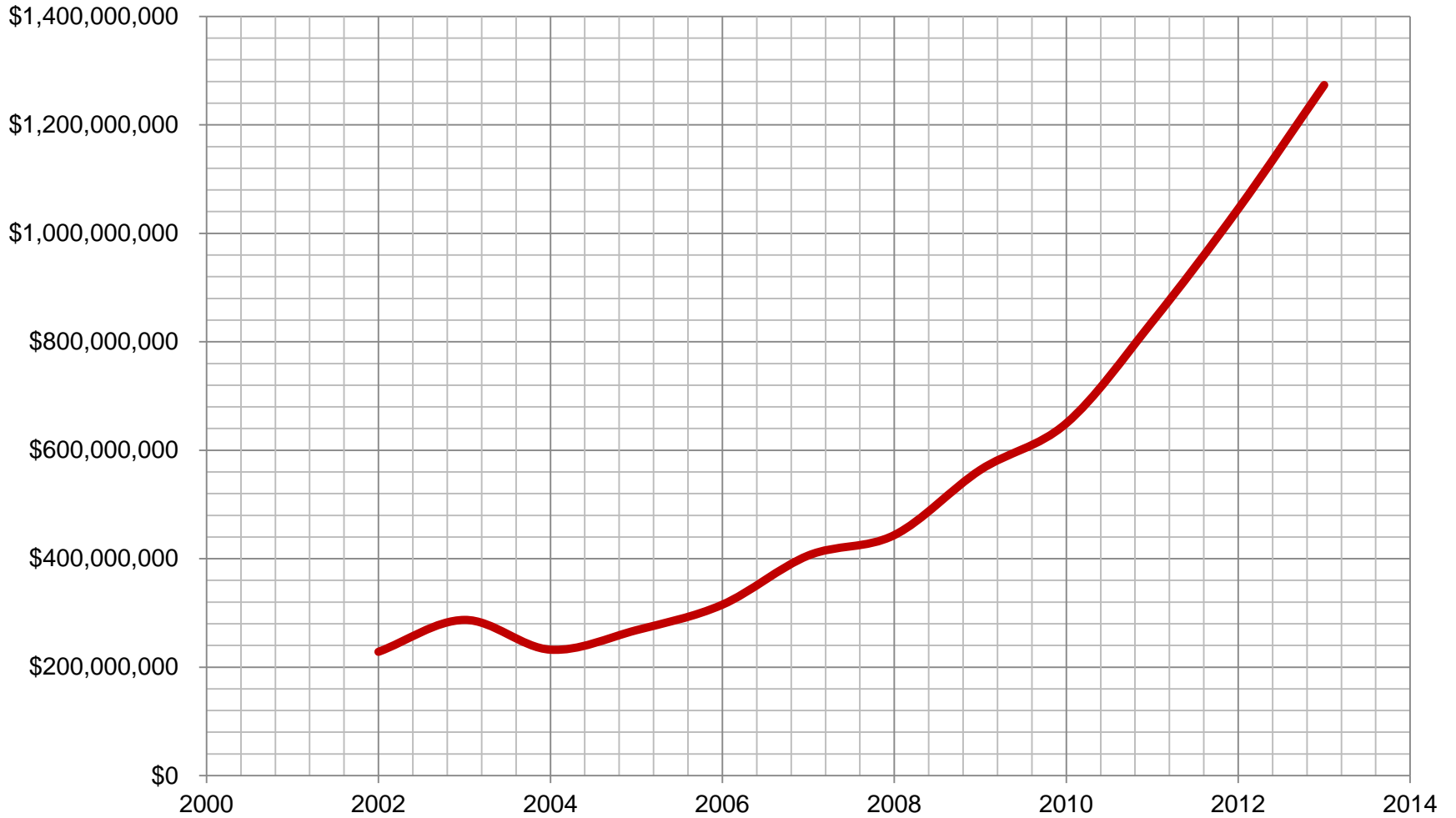
- Obligated
- Planned
- Designated
- In Reserves
- Undocumented



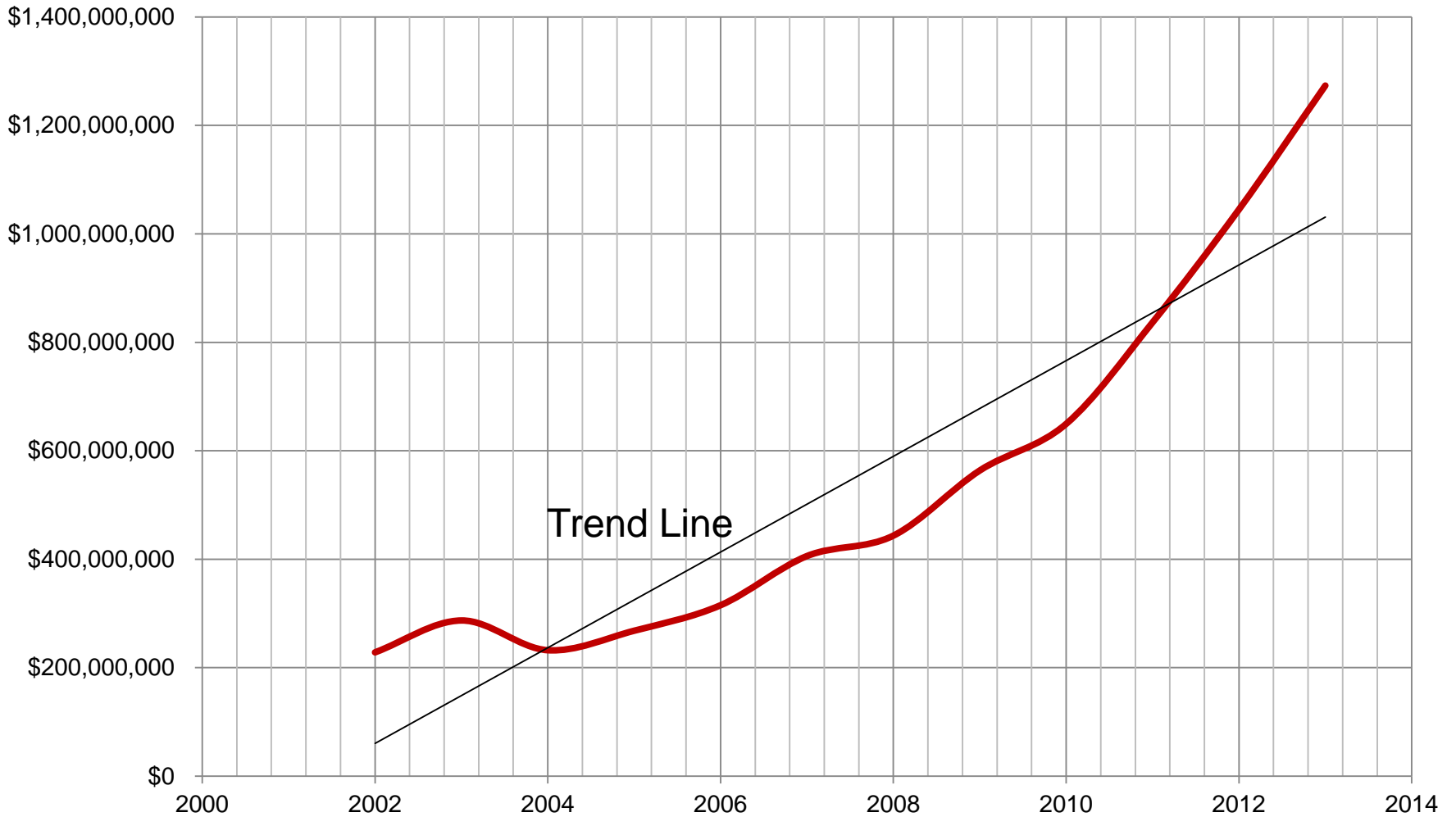
**Legislative Audit Bureau
Categories**

▶ **What is the TREND?**

▶ **What about the “System-Wide” fund balance?**



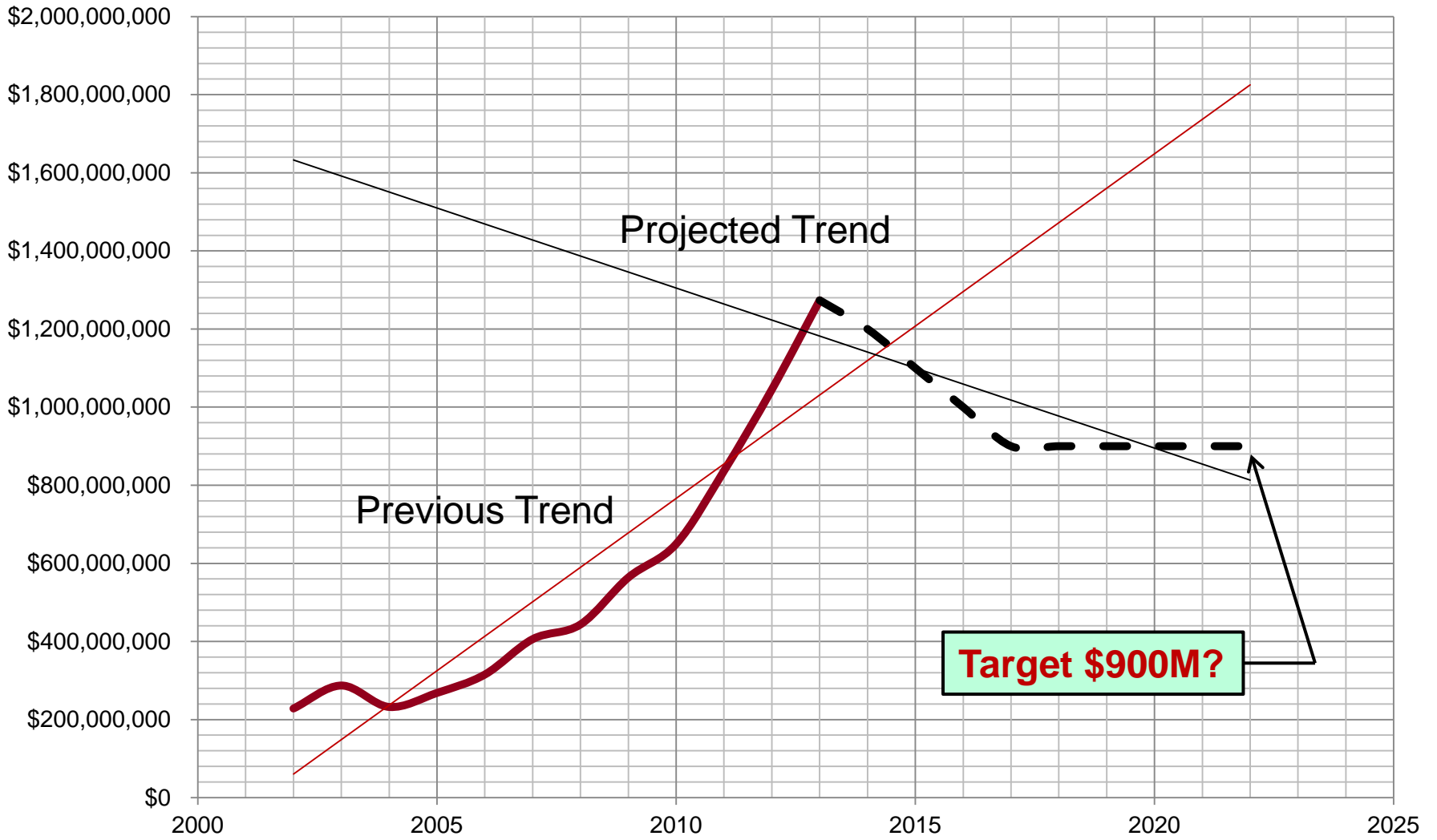
**Program Revenue Balances
2002 --2013**



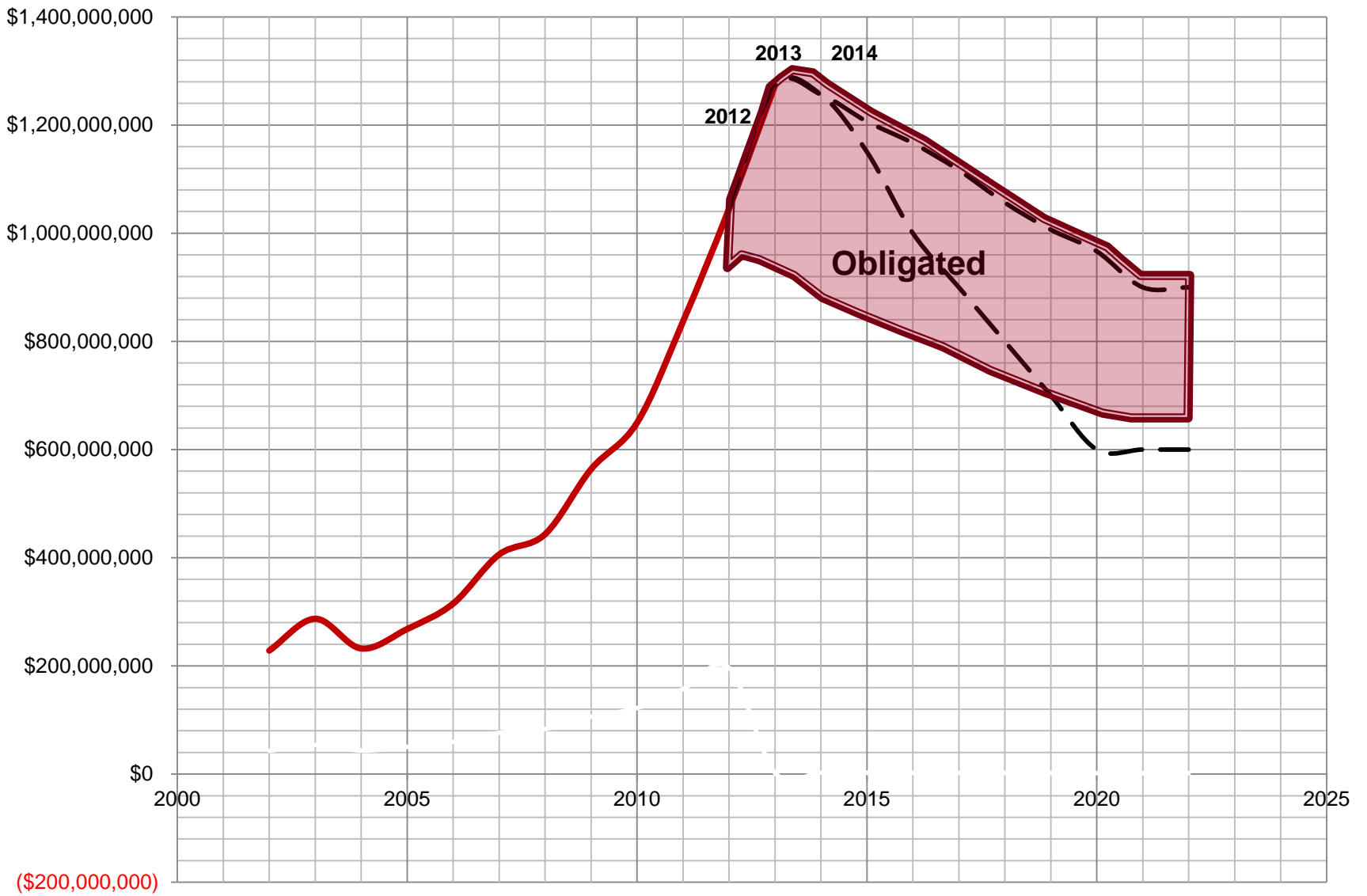
**Program Revenue Balances
2002 --2013**



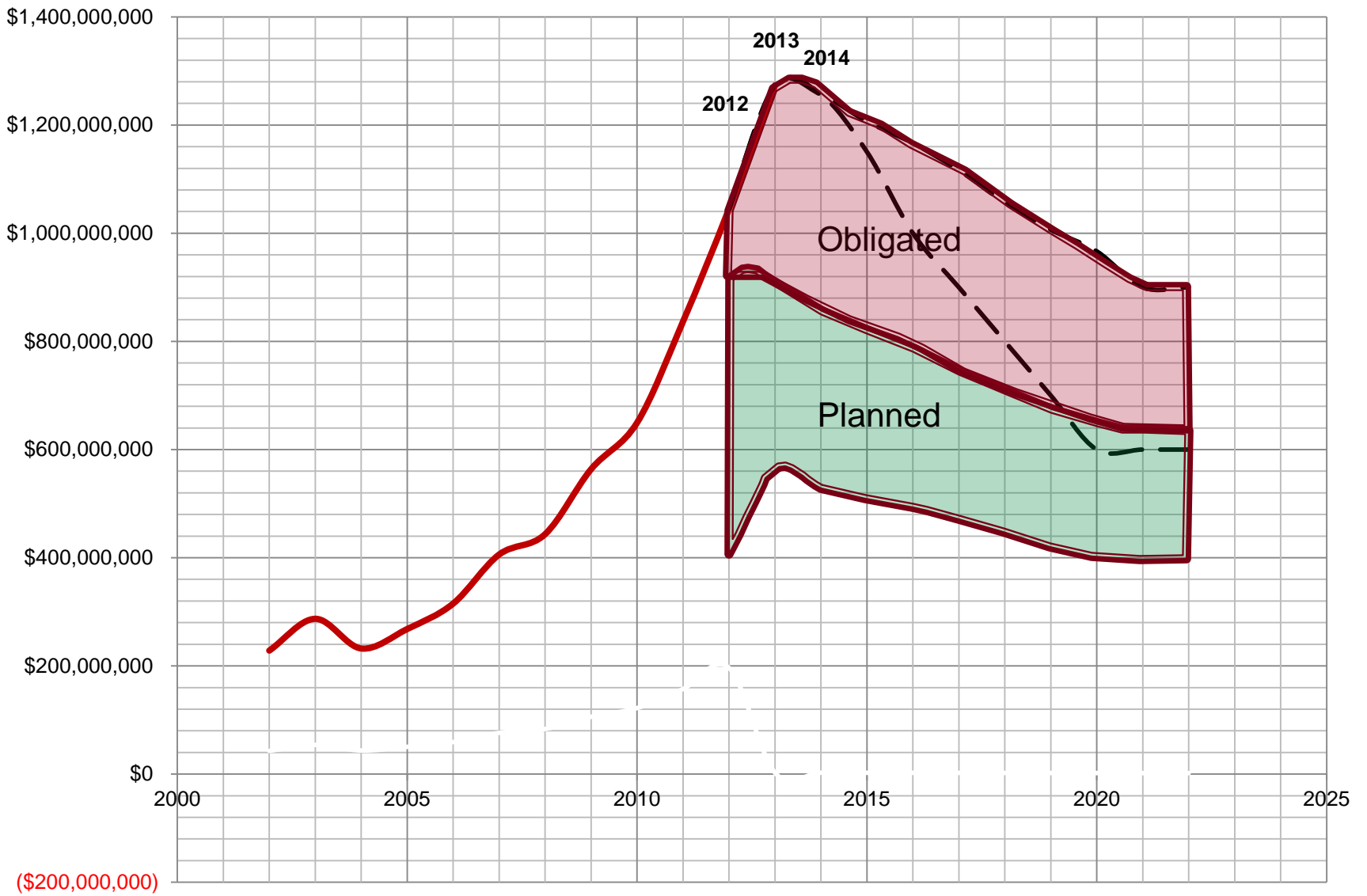
Target Balance?
\$600M -- \$900M



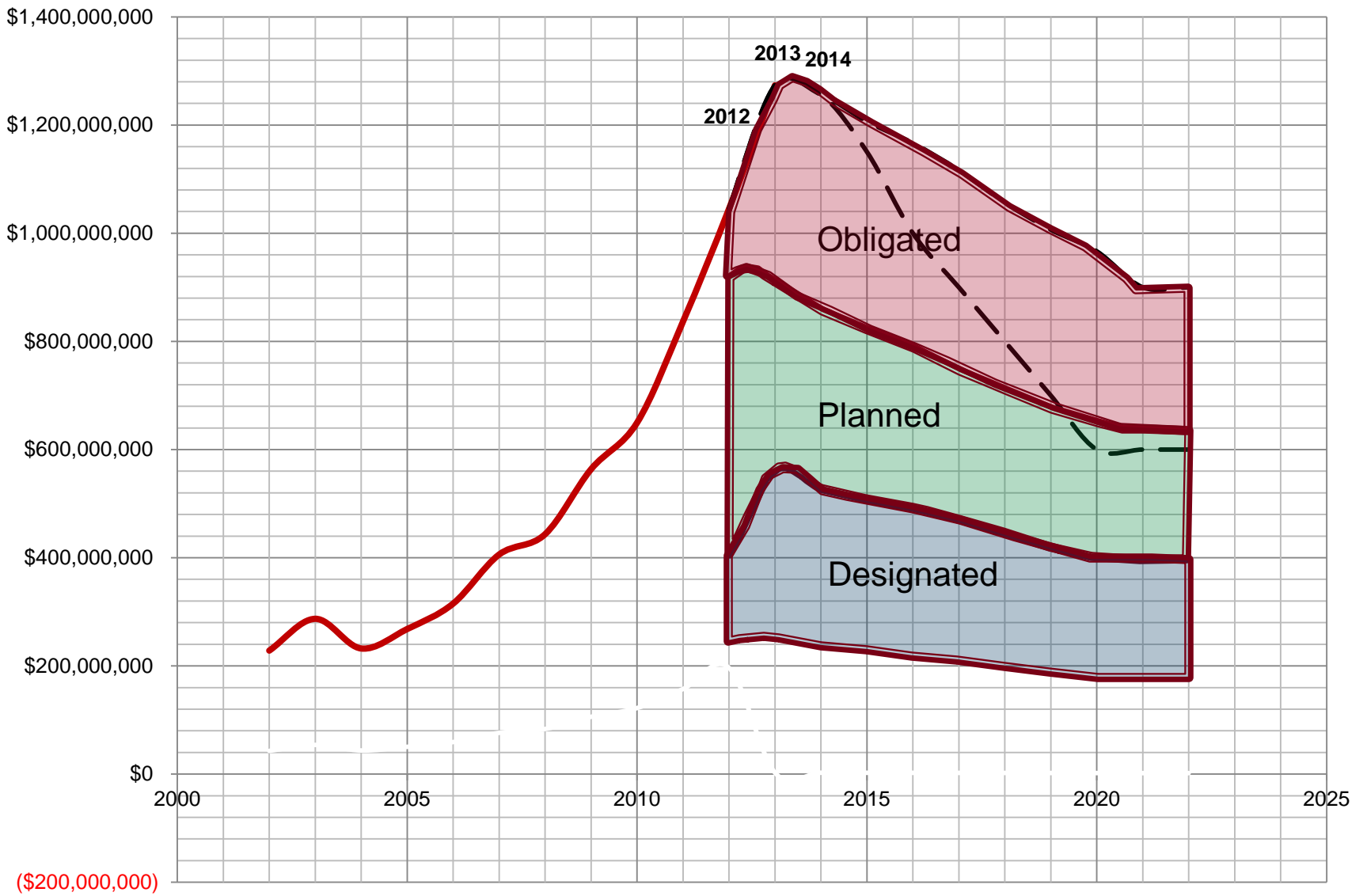
Target \$900M?



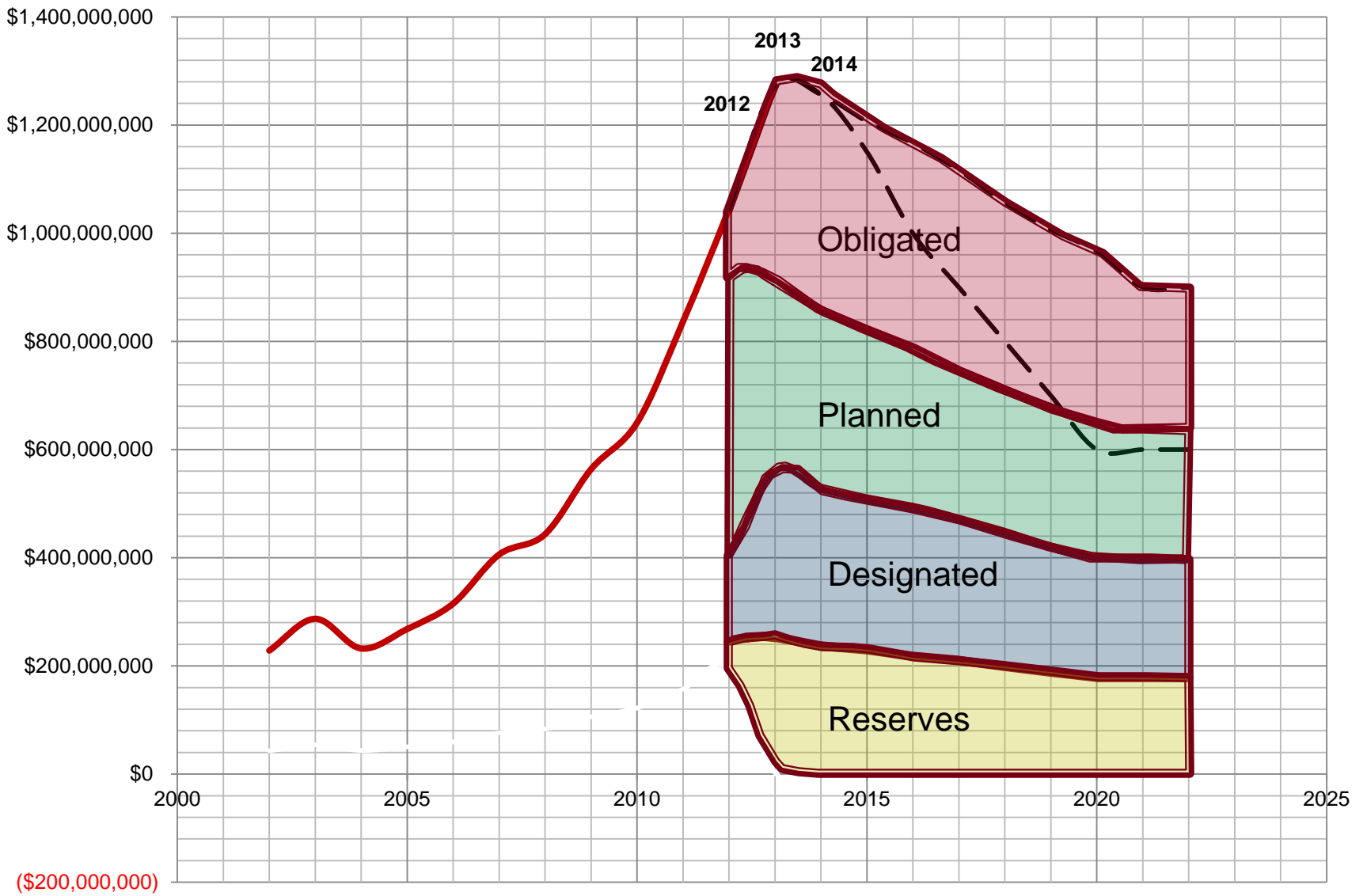
(\$200,000,000)



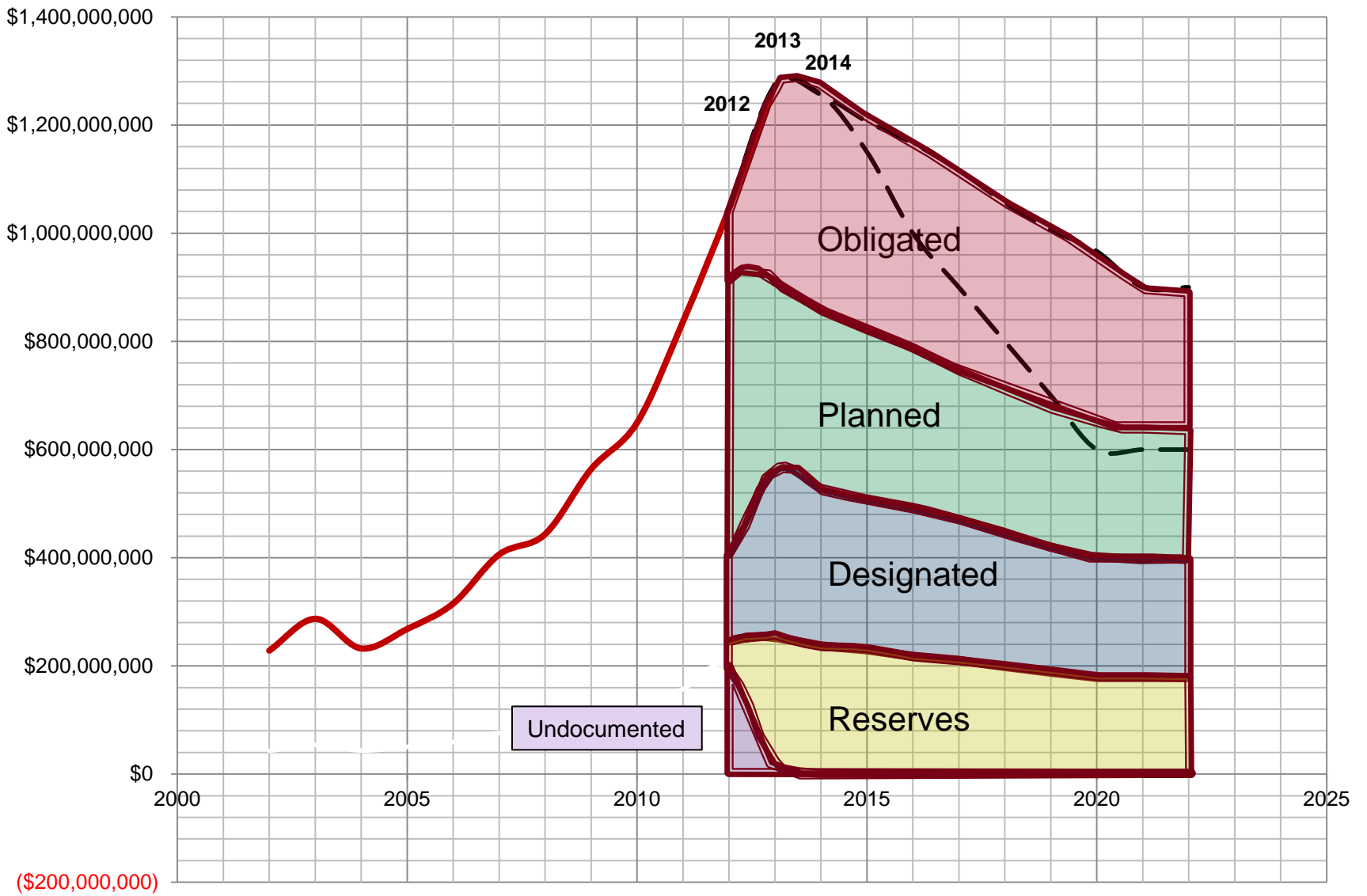
(\$200,000,000)



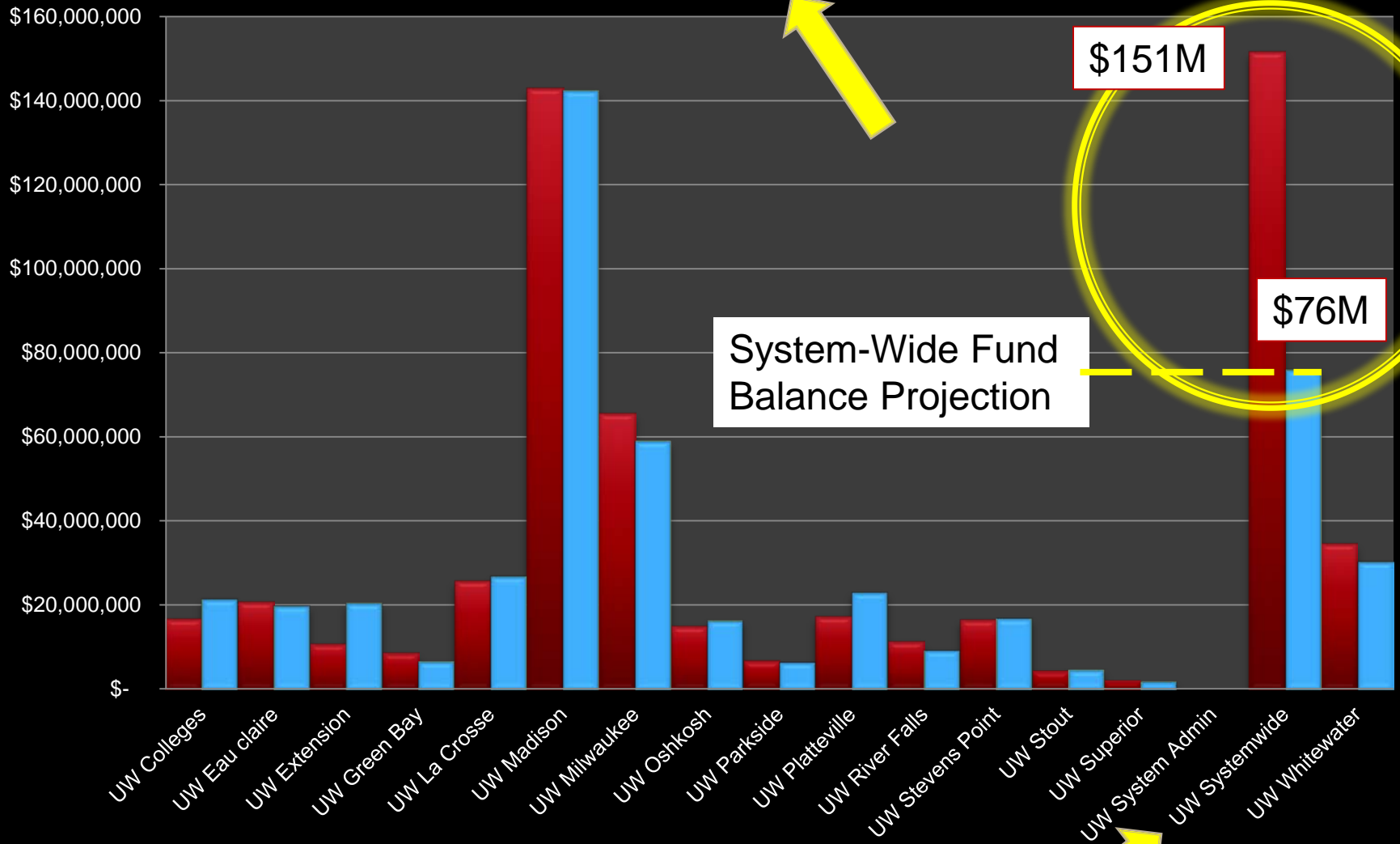
(\$200,000,000)



(\$200,000,000)



FY13 vs. FY14 (Projected) Tuition/GPR/Fee Fund Balances



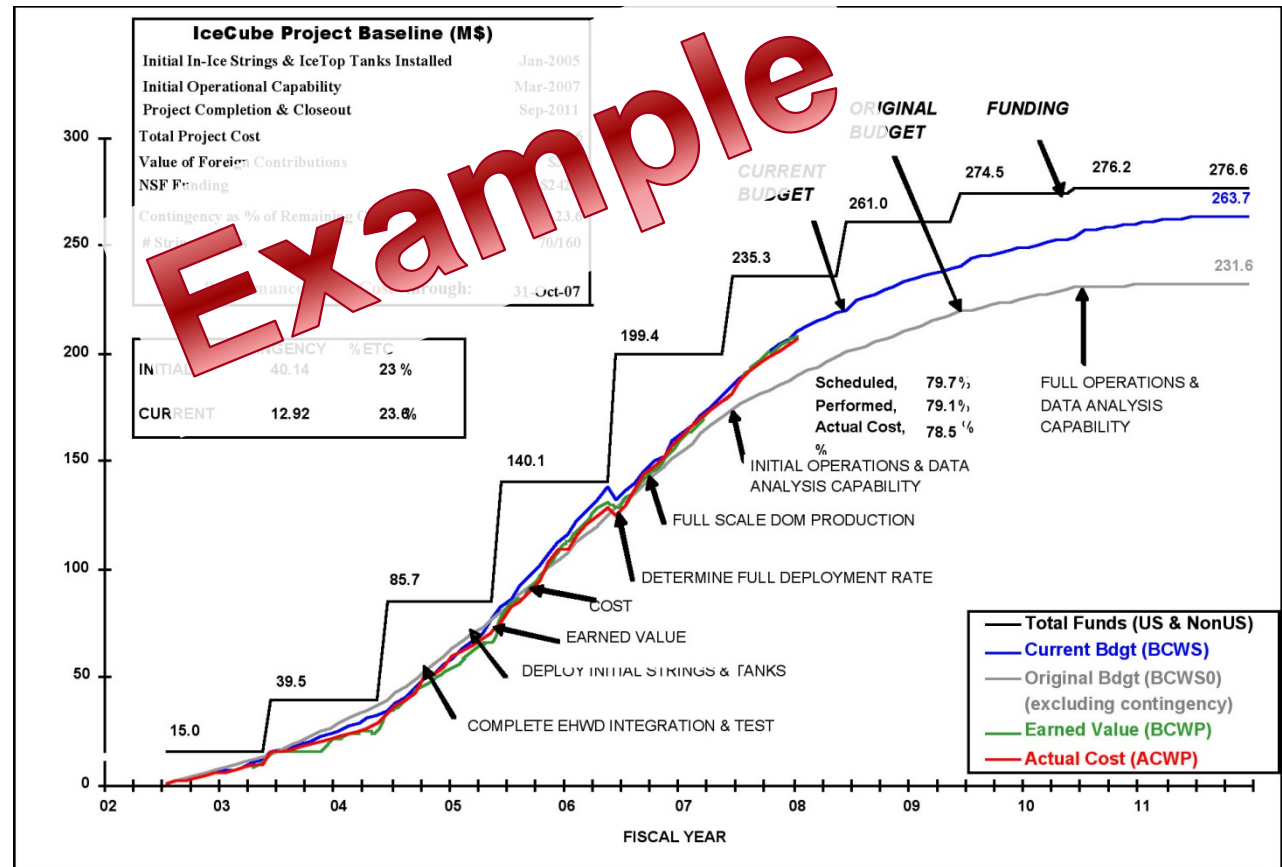
Financial Management Tools

Quarterly Budget vs. Actual Report

Fiscal Year 2014 Budget to Actual Summary (Through February 2014)											
Current Year: Budget to Actual				Tuition and Fees, GPR, and other	Projected Year End						
Budget	YTD	Variance	YTD%		Budget	Projected Total Year End	Variance	% of Budget			
\$2,559,849,600	\$2,443,378,216	(\$116,471,384)	95.5%	Revenue	\$2,559,849,600	\$2,514,449,208	(\$45,400,392)	98.2%			
\$2,559,849,600	\$1,565,831,269	(\$994,018,331)	61.2%	Expenses	\$2,559,849,600	\$2,566,554,265	\$6,704,665	100.3%			
				Net Year to Date			(\$52,105,057)	-2.04%			
Current Year: Budget to Actual				Auxiliary Operations	Projected Year End						
Budget	YTD	Variance	YTD%		Budget	Projected Total Year End	Variance	% of Budget			
\$685,519,062	\$652,812,839	(\$32,706,223)	95.2%	Revenue	\$685,519,062	\$688,839,896	\$13,320,834	101.9%			
\$685,519,062	\$426,129,602	(\$259,389,460)	62.2%	Expenses	\$685,519,062	\$638,948,223	(\$46,570,839)	93.2%			
				Net Year to Date			\$59,891,673	8.74%			
Current Year: Budget to Actual				Gifts, Grants, and Contracts	Projected Year End						
Budget	YTD	Variance	YTD%		Budget	Projected Total Year End	Variance	% of Budget			
\$1,397,350,654	\$1,021,010,860	(\$376,339,794)	73.1%	Revenue	\$1,397,350,654	\$1,457,150,519	\$59,799,865	104.3%			
\$1,397,350,654	\$938,335,141	(\$459,015,513)	67.2%	Expenses	\$1,397,350,654	\$1,331,922,612	(\$65,428,042)	95.3%			
				Net Year to Date			\$125,227,907	8.96%			
Current Year: Budget to Actual				General Operations	Projected Year End						
Budget	YTD	Variance	YTD%		Budget	Projected Total Year End	Variance	% of Budget			
\$206,670,258	\$165,403,395	(\$41,266,863)	80.0%	Revenue	\$206,670,258	\$216,712,550	\$10,042,292	104.9%			
\$206,670,258	\$180,081,964	(\$26,588,294)	87.1%	Expenses	\$206,670,258	\$340,806,855	\$134,136,597	164.9%			
				Net Year to Date			(\$124,094,305)	-60.04%			
Current Year: Budget to Actual				Other Funding	Projected Year End						
Budget	YTD	Variance	YTD%		Budget	Projected Total Year End	Variance	% of Budget			
\$1,132,686,678	\$822,657,716	(\$310,028,962)	72.6%	Revenue	\$1,132,686,678	\$1,108,535,072	(\$24,151,606)	97.9%			
\$1,132,686,678	\$896,015,945	(\$236,670,733)	79.1%	Expenses	\$1,132,686,678	\$1,091,634,894	(\$41,051,784)	96.4%			
				Net Year to Date			\$16,900,178	1.49%			
Current Year: Budget to Actual				Summary Totals	Projected Year End						
Budget	YTD	Variance	YTD%		Budget	Projected Total Year End	Variance	% of Budget			
\$5,982,076,252	\$5,105,263,026	(\$876,813,226)	85.3%	Revenue	\$5,982,076,252	\$5,995,687,245	\$13,610,993	100.2%			
\$5,982,076,252	\$4,006,393,921	(\$1,975,682,331)	67.0%	Expenses	\$5,982,076,252	\$5,969,866,849	(\$12,209,403)	99.8%			
				Net Year to Date			\$25,820,396	0.43%			

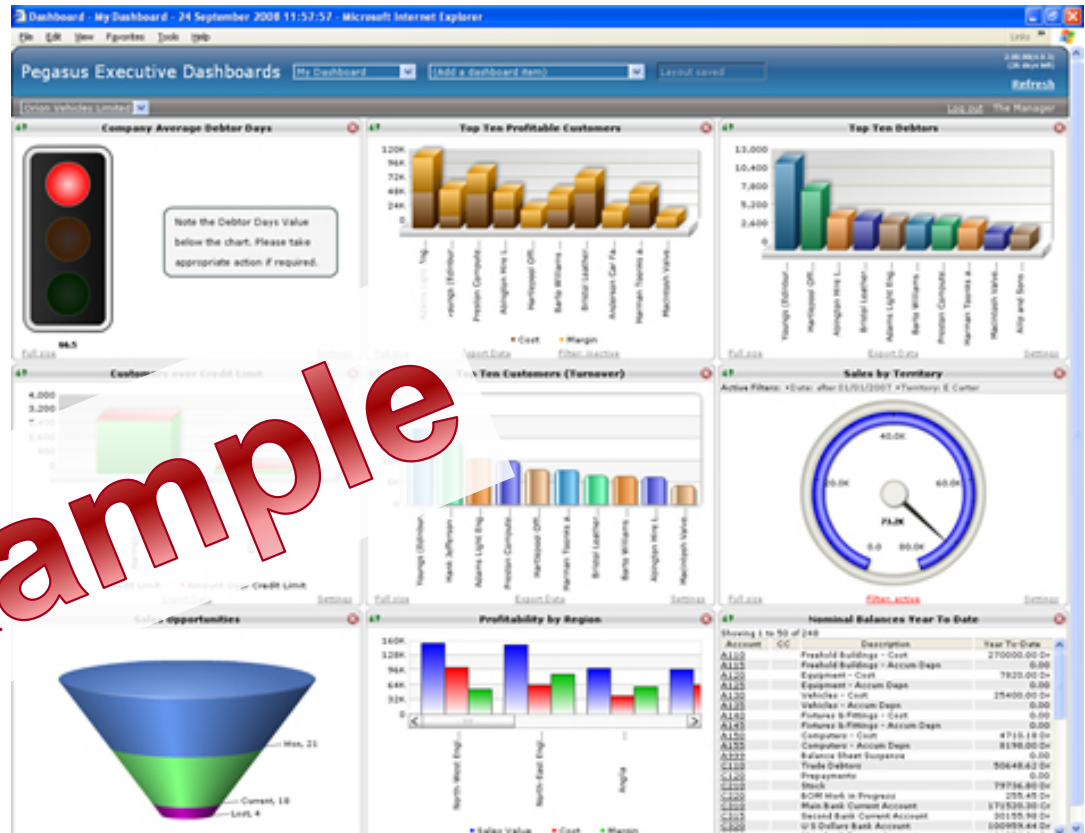
Financial Management Tools

Forecasting and Projection Tools



Financial Management Tools

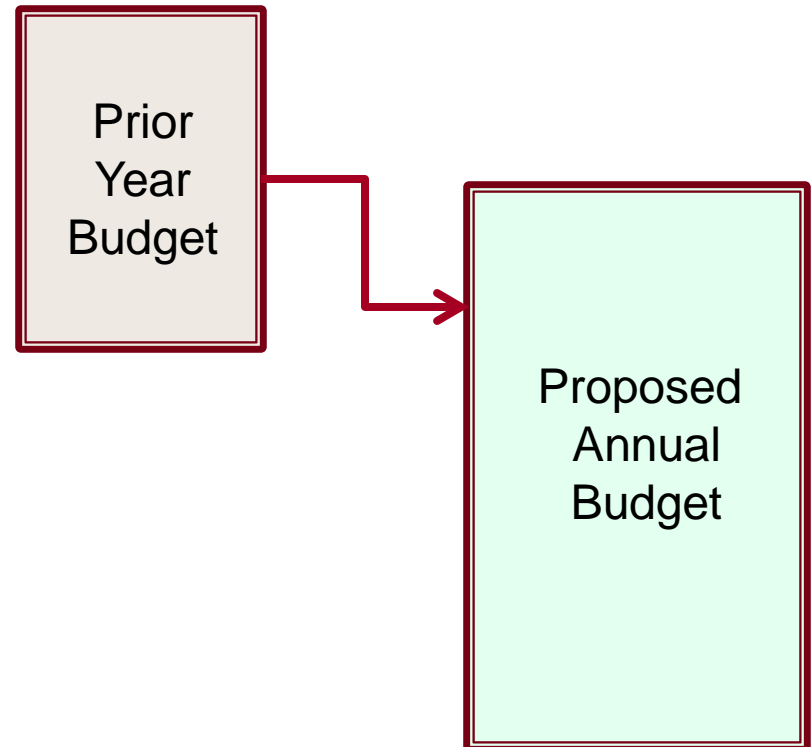
Dashboards



Example

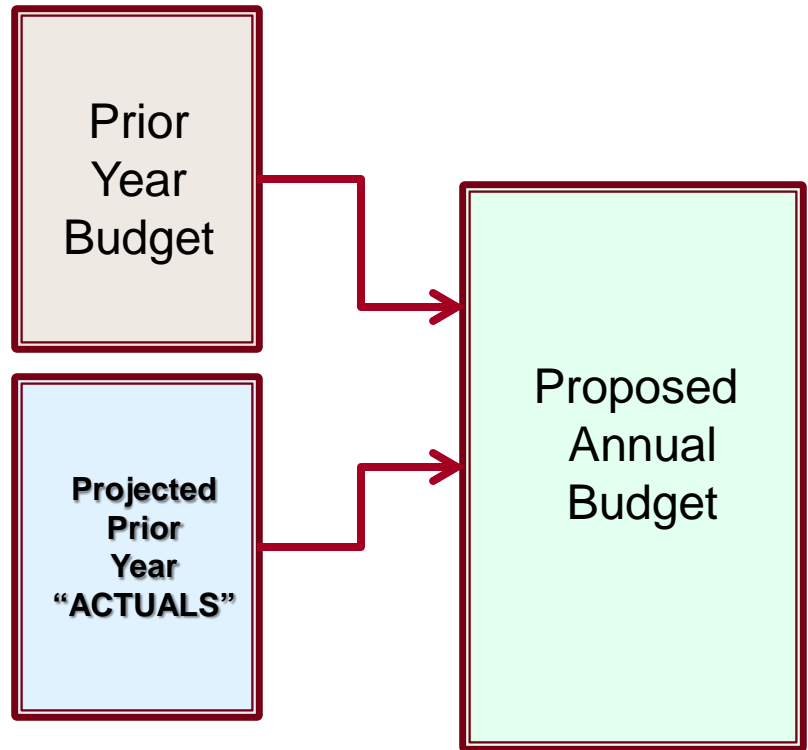
Annual Budget Development

- ▶ **Prior year budget**



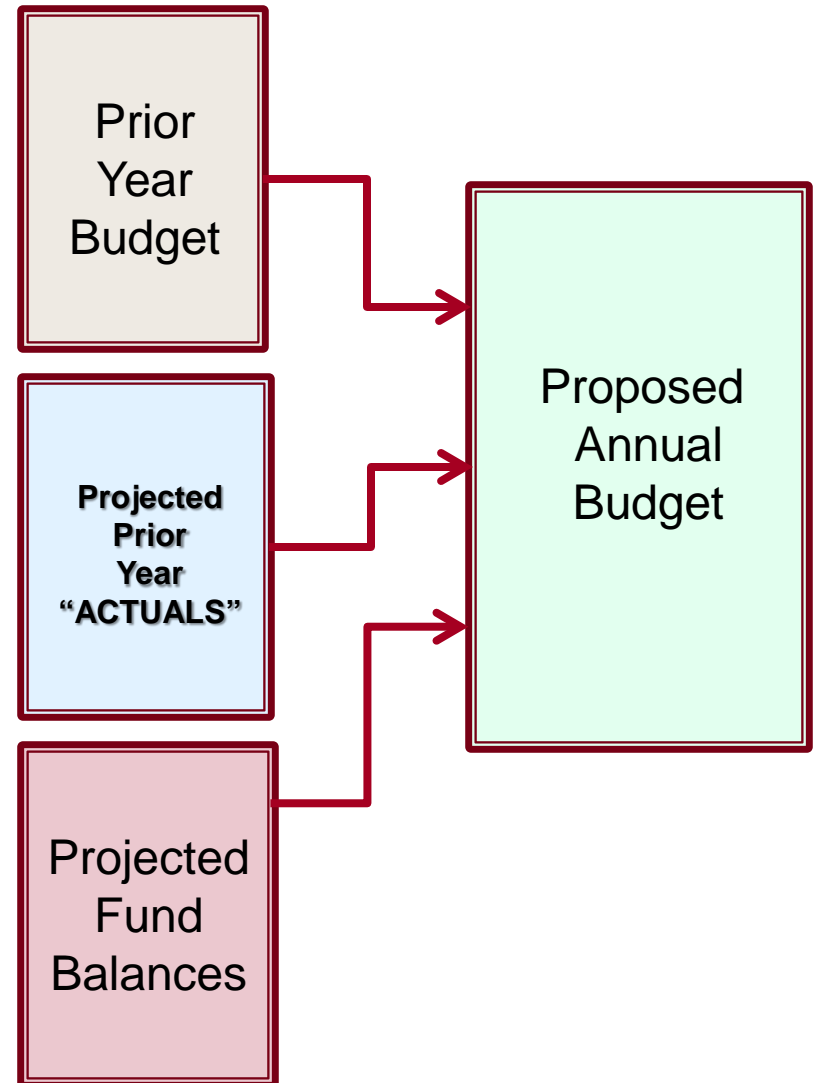
Annual Budget Development

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



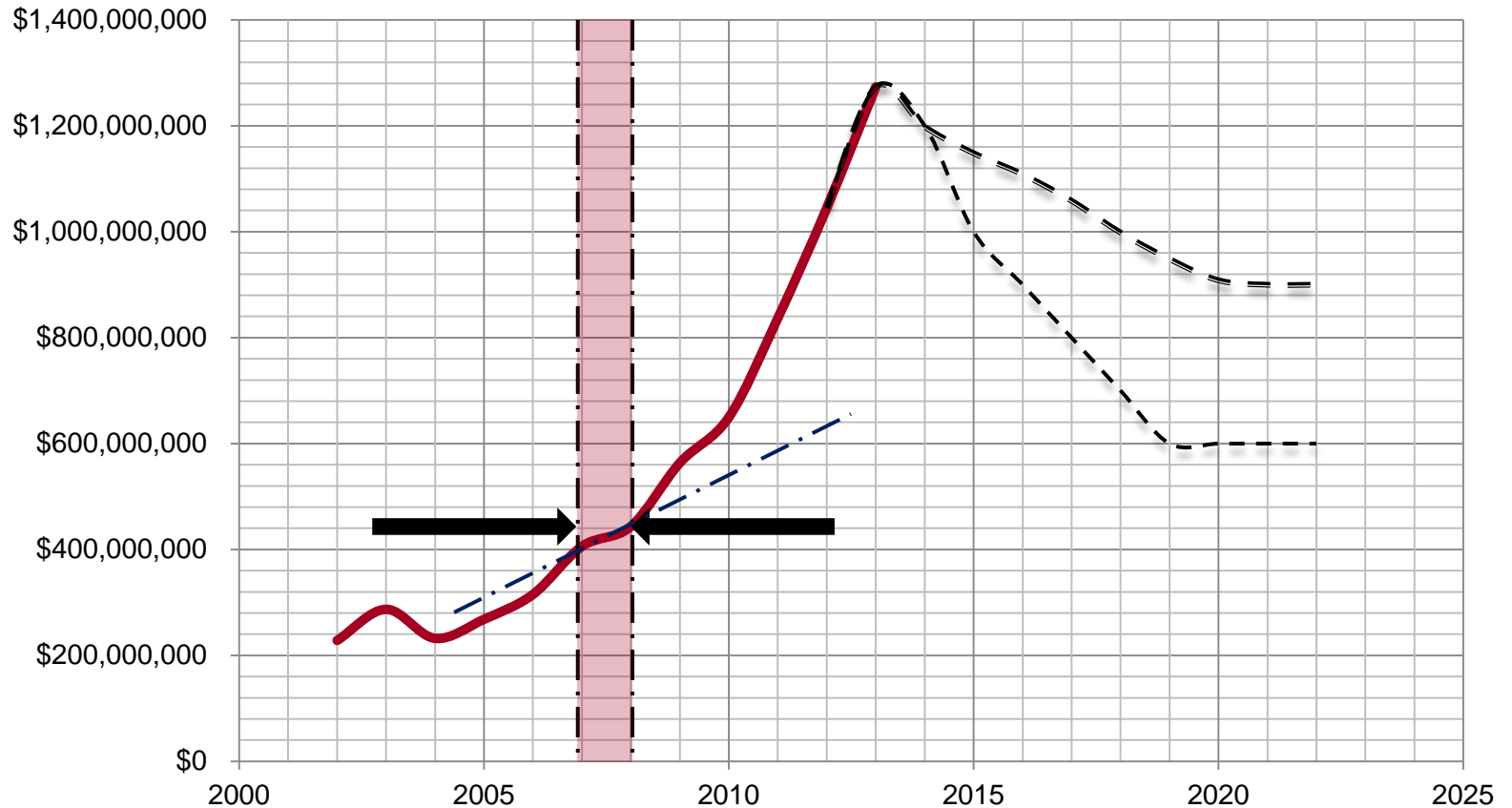
Annual Budget Development

- ▶ **Prior year budget**
- ▶ **Projected “ACTUALS” for prior year**
- ▶ **Projected “fund balances”**



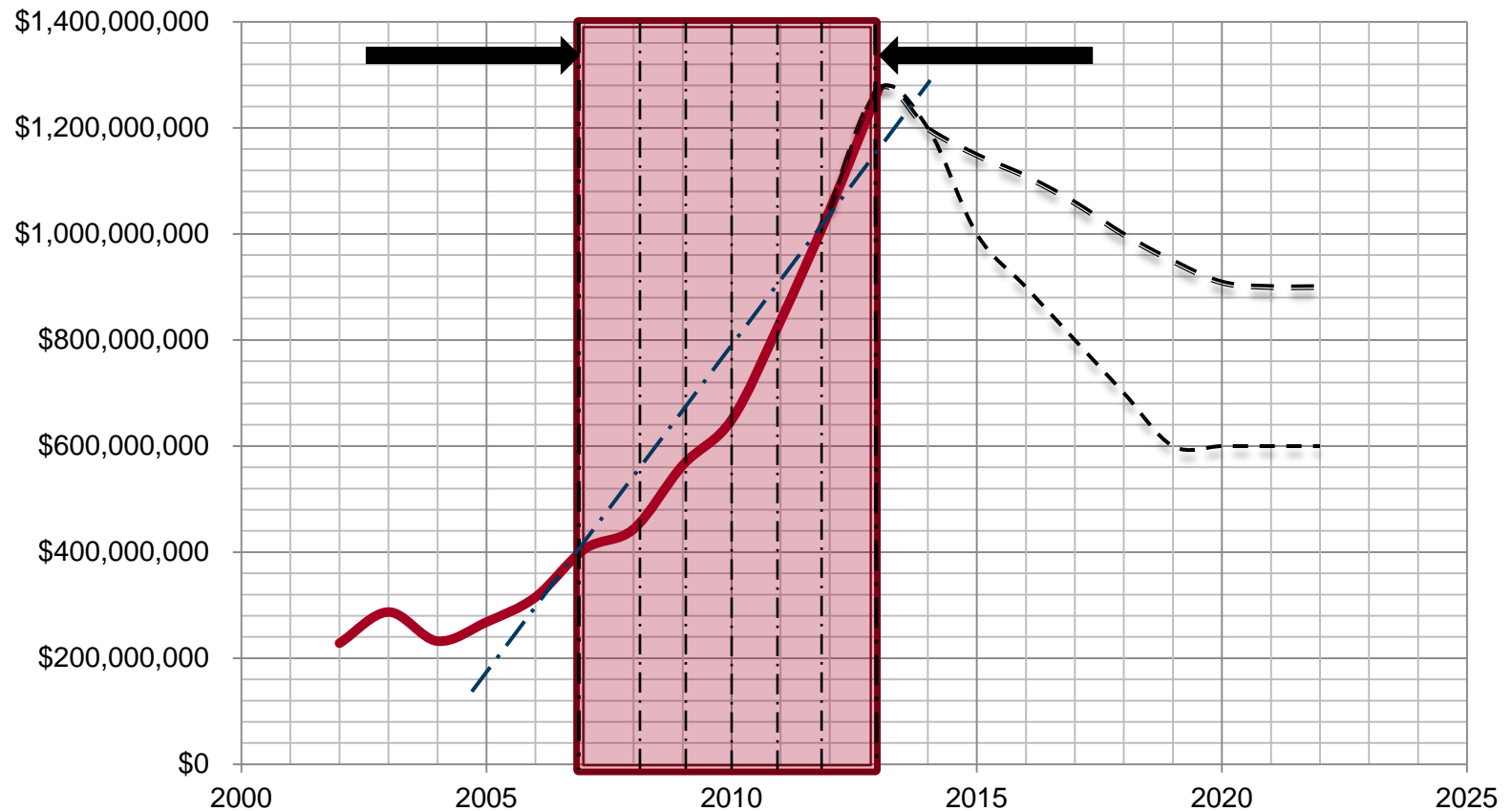
Biennial Budget Request

The danger of a short term perspective



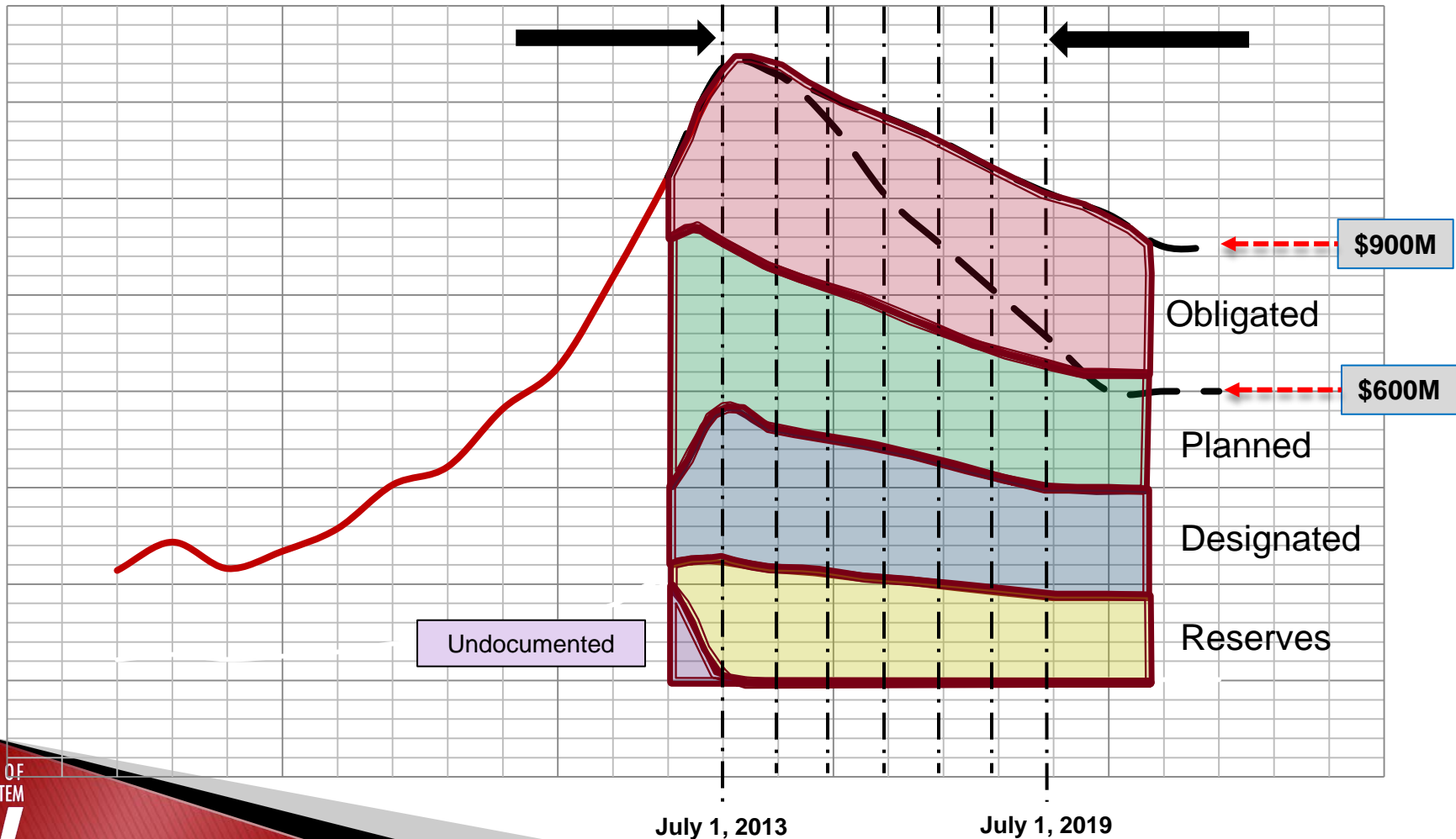
Biennial Budget Request

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**
- 3. New “Financial Management Tools”**
- 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