



BOT Budget Workshop

March 5, 2020

Presided by Trustee Kimberly Moore

Agenda

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|-------|---|--|
| I. | Welcome | Trustee Moore |
| II. | Roll Call | Dr. Lynn B. Turner |
| III. | Workshop Overview and Board Policy | Trustee Moore |
| IV. | University Funding | Dr. Alan Robertson |
| V. | State Budget Recommendations | Dr. Alan Robertson |
| VI. | Senate Bill 190 Summary and Impact | Dr. Alan Robertson |
| VII. | New Budget Process | Dr. Alan Robertson and
Dr. Maurice Edington |
| | a. 2020-2021 Budget Priorities | |
| | b. Performance-Based Funding and Metrics | |
| | c. Quarterly Reviews | |
| | d. Carry Forward Spending Plan / Campus Renovations vs Remodeling | |
| VIII. | Questions | |
| IX. | Adjournment | Trustee Moore |
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Workshop Overview and Board Policy

Presented by

Trustee Kimberly Moore

FAMU Board of Trustees Vice-Chair

BOT- Budget, Finance and Facilities Committee Chair



**Florida Agricultural & Mechanical University
Board of Trustees Policy**

Board of Trustees Policy Number: 2005-05

Date of Adoption/Revision: February 25, 2005,
August 20, 2009, December 3, 2009

Subject	PREPARATION AND SUBMISSION OF BUDGET
Authority	1011.40, Florida Statutes Section 7(d) Art. IX, Fla. Const.; 1011.40(2), Florida Statutes, Board of Governors Regulation 9.007; FAMU Regulation 1.021

I. Policy Statement and Purpose

The Board of Trustees desires to implement policies and procedures designed to fulfill requirements for budgeting pursuant to the Board of Governors Regulations, Board policies and regulations and provisions of the General Appropriations Act, to facilitate the effective discharge of its fiduciary responsibility to the University.

The June 17, 2004 action of the Board of Trustees delegating “to the President the authority to amend operating budgets as appropriate during the year, including amendments to provide spending authority for non E&G encumbrances and adjustments required after the 2003-04 fiscal year is closed in July 2004”, is hereby revoked.

II. Procedures, Approvals/Responsibilities

The University President shall prepare and submit to the Board of Trustees an annual operating budget for the University’s academic programs and support services within the limits of available resources. The budget submission shall include the budget entities outlined in Board of Governors Regulation 9.007 (State University Operating Budgets) and be in sufficient detail identifying the categories of expenditures and the sources and amounts of expected revenues for the fiscal year. The proposed annual budget shall be presented to the Board of Trustees within sixty (60) days prior to the end of the fiscal year.

III. Adjustments in Categories of Expenditures

The President is hereby granted the authority to adjust categories of expenditure of an operating budget approved for the university, provided that the adjustments conform to the approved budget limitations, and reductions in budget plans when resources are projected to be inadequate to support authorized expenditure levels.

IV. Amendments to the Operating Budgets

The President is hereby granted the authority to amend the approved operating budgets, provided that the amendments do not exceed 2% or \$100,000 per fund. A budget report will be provided at each Board of Trustees meeting. Amendments approved in the previous fiscal year will be continued in the subsequent fiscal year if the obligation was not met and cash is certified as available. Budgets for E&G certified forward or non E&G encumbrances do not require Board of Trustees re-approval as these expenditures were approved in the prior year’s budget. Changes in certified forward budget requirements will be reflected in the calculation of available carry forward monies.

University Funding

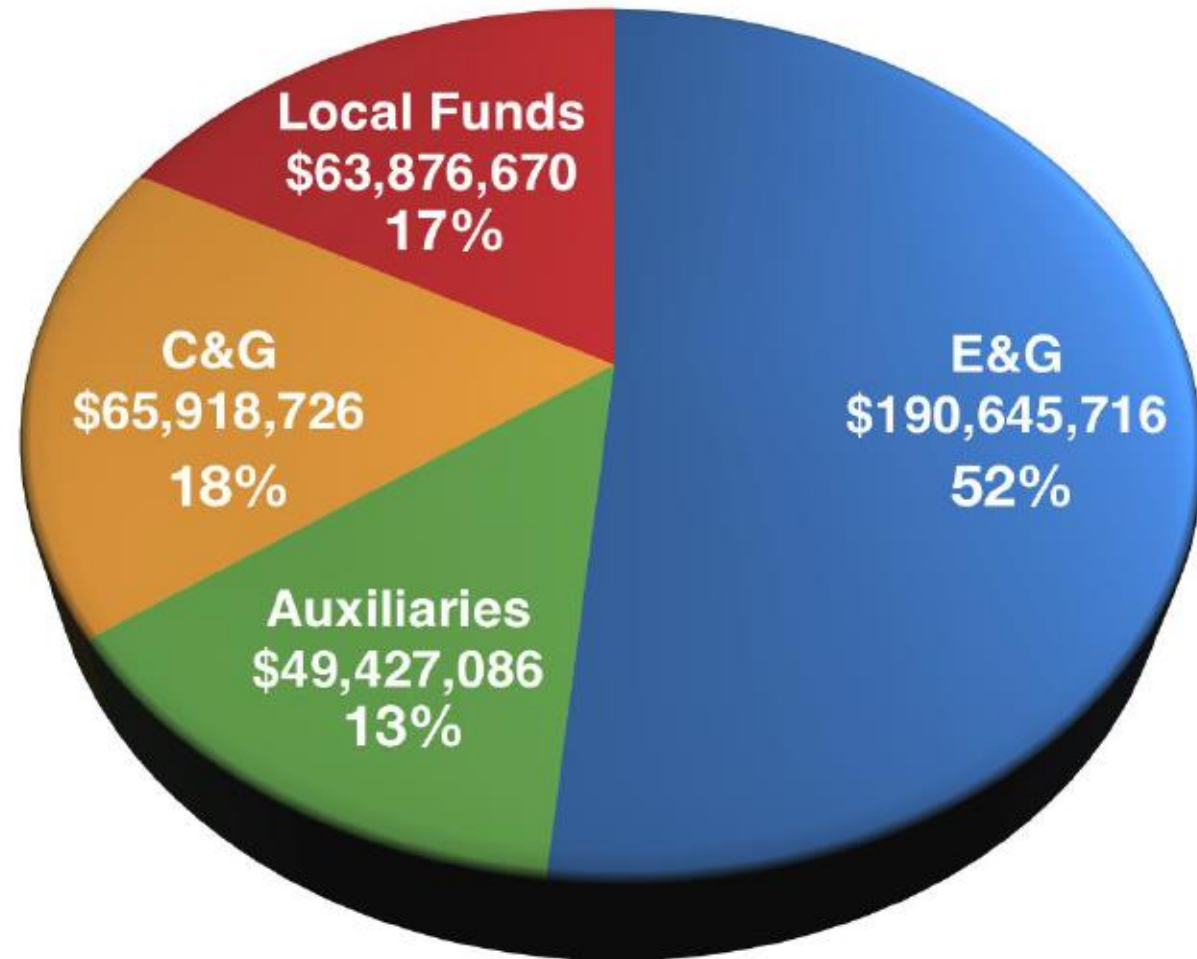
Presented by

Dr. Alan Robertson
Vice President for Finance & Administration / CFO

University Funding

- **Educational and General (E&G)**
- **Contracts and Grants (C&G)**
- **Local Funds**
- **Auxiliaries**

FY2020 Operating Budget (\$369.8M)



State Budget Recommendations

Presented by

Dr. Alan Robertson

Vice President for Finance & Administration / CFO

**FLORIDA A&M UNIVERSITY
2020-2021 E & G ALLOCATIONS**

	FY 2019-2020 FAMU Base Allocation	2020-21 Gov Recommend	Net Difference	2020-21 House Recommend	Net Difference	2020-21 Senate Recommend	Net Difference
General Revenue	\$ 72,028,521	\$ 64,033,902	\$ (7,994,619)	\$ 69,426,743	\$ (2,601,778)	\$ 70,150,543	\$ (1,877,978)
Lottery	19,948,565	19,881,878	(66,687)	22,988,221	3,039,656	22,664,419	2,715,854
Student Fees	67,801,614	67,801,614	-	67,801,614	-	67,801,614	-
Grand Total	\$ 159,778,700	\$ 151,717,394	\$ (8,061,306)	\$ 160,216,578	\$ 437,878	\$ 160,616,576	\$ 837,876

PRIORITY BUDGET ALLOCATIONS

Central Plant Improvements	-	-	-	-	-	2,000,000	2,000,000
Peaden Education Center (Crestview)	1,500,000	-	(1,500,000)	1,000,000	(500,000)	1,500,000	-
Need Based Financial Aid	624,417	624,417	-	624,417	-	624,417	-
Black Male Explorer's Program	164,701	164,701	-	164,701	-	164,701	-
Brooksville Research	-	-	-	100,000	100,000	-	-
*Additional Budget Information							
FAMU-FSU Engineering	14,541,522	14,541,522	-	14,541,522	-	14,541,522	-

Source: Governor's Recommendations, SB 2500, HB 5001 (As of February 26, 2020)

Senate Bill 190

Summary and Impact

Presented by

Dr. Alan Robertson
Vice President for Finance & Administration / CFO

Senate Bill 190 - Carryforward

- **Minimum carry forward balance of at least 7 percent of its state operating budget.**
- **Emergency spending approved by the university board of trustees (BOT) and the BOG.**
- **Annual spending of excess balances to its BOT for approval by September 1, and to the BOG for approval by October 1.**
- **Spending plan may include: capital project for which an appropriation has previously been provided that requires additional funds for completion.**
- **Spending plan shall include the estimated cost per planned expenditure and a timeline for completion of the expenditure.**

Senate Bill 190 – Carryforward continued

- Annual CFO certification of the unexpended amount of state funds remaining as of June 30 and audit by the Auditor General, to verify the accuracy.
- May include:
 - (a) Capital outlay project for which an appropriation has previously been provided that requires additional funds for completion;
 - (b) Completion of a renovation, repair, or maintenance project, up to \$5 million per project and replacement of a minor facility that does not exceed 10,000 gross square feet in size up to \$2 million;
 - (c) Completion of a remodeling or infrastructure project, including a project for a development research school, up to \$10 million per project, if such project is survey recommended;
 - (d) Completion of a repair or replacement projects due to a natural disaster;
 - (e) Operating expenditures that support the university mission and that are nonrecurring.

New Budget Process

Presented by

Dr. Alan Robertson, Vice President for Finance & Administration / CFO

Dr. Maurice Edington, Provost and Vice President of Academic Affairs

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- ☑ Increase Awareness of Institutional Budget & Planning Process**
 - ☑ Overview of Institutional Effectiveness Process**
 - ☑ Review of Institutional Goals & Strategic Priorities**
 - ☑ Overview of Budgeting Process**

Context

The University has made tremendous progress over the past few years towards achieving the goals outlined in the 2017-2022 Strategic Plan (FAMU Rising).

However, several significant changes have occurred within Florida's higher education landscape since 2017, which necessitate that we take more aggressive steps to accelerate the University's progress.

- Changes to Performance Funding Model
- BOT Mandate to Accelerate Progress
- Increased Emphasis on Institutional Accountability and Efficiency
- Potential Reductions in State Funding

Response:

- Refine institutional priorities
- Reengineer internal processes (e.g. Budget & Planning)

SACSCOC Accreditation Requirements

Core Requirement 7.1:

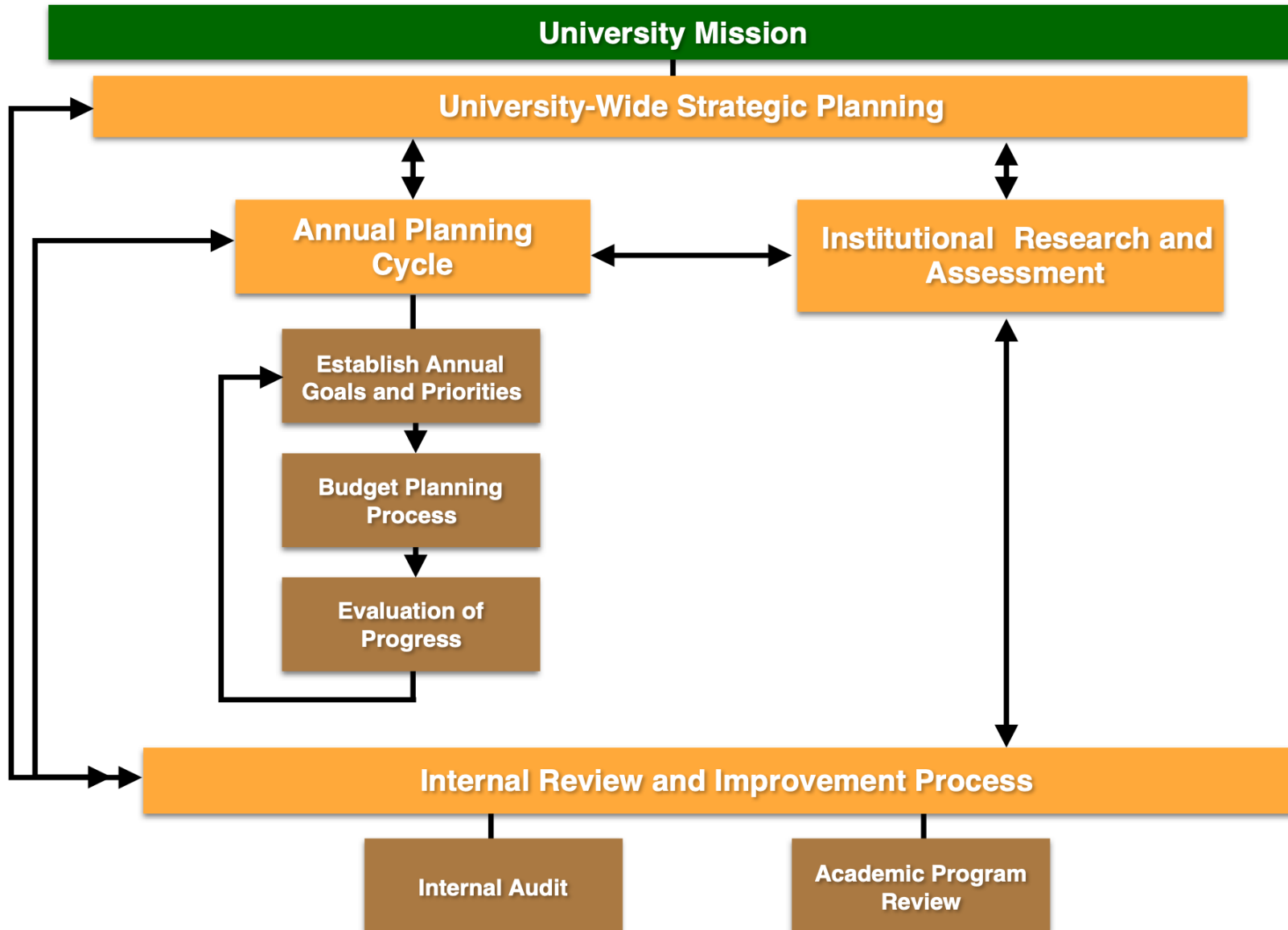
The institution engages in **ongoing**, **comprehensive**, and **integrated**, research-based planning and evaluation processes that:

- (1) Focus on institutional quality and effectiveness and
- (2) Incorporate a systematic review of institutional goals and outcomes consistent with its mission.

This Should Drive the Institutional Budget & Planning Process

Institutional Effectiveness

FAMU's Institutional Effectiveness Process



University Mission

Florida Agricultural and Mechanical University (FAMU) is an **1890 land-grant institution** dedicated to the advancement of knowledge, resolution of complex issues and the empowerment of citizens and communities.

The University provides a **student-centered** environment consistent with its core values.

The faculty is committed to educating students at the **undergraduate, graduate, doctoral** and **professional** levels, preparing graduates to apply their knowledge, critical thinking skills and creativity in their service to society.

FAMU's distinction as a **doctoral/research** institution will continue to provide mechanisms to address emerging issues through local and global **partnerships**.

Expanding upon the University's land-grant status, it will enhance the lives of constituents through innovative **research**, engaging cooperative **extension**, and **public service**.

While the University continues its historic mission of educating African Americans, FAMU embraces persons of all races, ethnic origins and nationalities as life-long members of the university community.

University-Wide Strategic Planning

Typically Occurs Every 5-10 Years at FAMU

- Should be appropriate for the current educational landscape

Comprehensive Planning Process

- Involves internal and external stakeholders

Includes Review of Mission and Vision

- Involves internal and external stakeholders

Provides a Roadmap for the University's Future

- Identifies strategic goals and objectives

Drives Resource Allocations

- Ensures appropriate resources are directed towards key institutional priorities

University-Wide Strategic Planning, cont

FAMU RISING | 6 Strategic Priorities



Exceptional Student Experience



Excellent and Renowned Faculty



High Impact Research, Commercialization, Outreach and Extension Services



Transformative Alumni, Community and Business Engagement



First-Class Business Infrastructure



Outstanding Customer Experiences

Focus

Increase student success

Strengthen academic degree programs

Increase student involvement in high-impact co-curricular activities

Strategically grow and diversify the student body

Enhance the living-learning environment

Outcomes

Increase in retention and graduation rates

Improved performance on licensure exams

Increase in employment outcomes for graduates

Increase in enrollment and degrees awarded

Enhanced residential and instructional facilities

Focus

Attract and retain world-class faculty

Improve faculty incentives

Invest in critical research facilities

Outcomes

Increase in faculty scholarship and notoriety

Reduction in faculty teaching loads

Expansion of faculty development resources

Enhanced facilities for faculty research and instruction

Focus

Establish institutional research priorities

Increase research productivity and commercialization

Build upon contributions in outreach and extension

Grow the University's reputation as a doctoral-research institution

Outcomes

Increase in R&D expenditures

Increase in faculty research productivity

Increase in revenue from commercialization efforts

Increase in graduate degrees awarded in areas of strategic emphasis

Increase in prestige of graduate programs

Broadened impact on the community

Focus

Increase engagement with
key external stakeholder
groups

Increase the University's
impact on the community

Grow financial support for
the University

Outcomes

More engaged and supportive
alumni base

Increased number of
corporate partnerships

Increased legislative support
for institutional priorities

Increase in annual dollars
raised

Enhanced perception of the
University

Focus

Recruitment and retainment of an excellent and diverse staff

Enhanced administrative services

Implementation of a more transparent and effective budgeting model

Leveraging technology to increase effectiveness and efficiency in university operations

Outcomes

Improved employee morale and satisfaction

Increased satisfaction rates with IT services

Reduction in audit findings

Increased on-time submissions of data files and reports to external agencies

Focus

Consistently provide high-quality customer service in all facets of University operations

Outcomes

Improved stakeholder satisfaction

Increased alumni giving

Increased enrollment

Enhanced University reputation

Assessment, Budgeting and Effectiveness

SACSCOC Accreditation Requirements

Section 13: Financial and Physical Resources

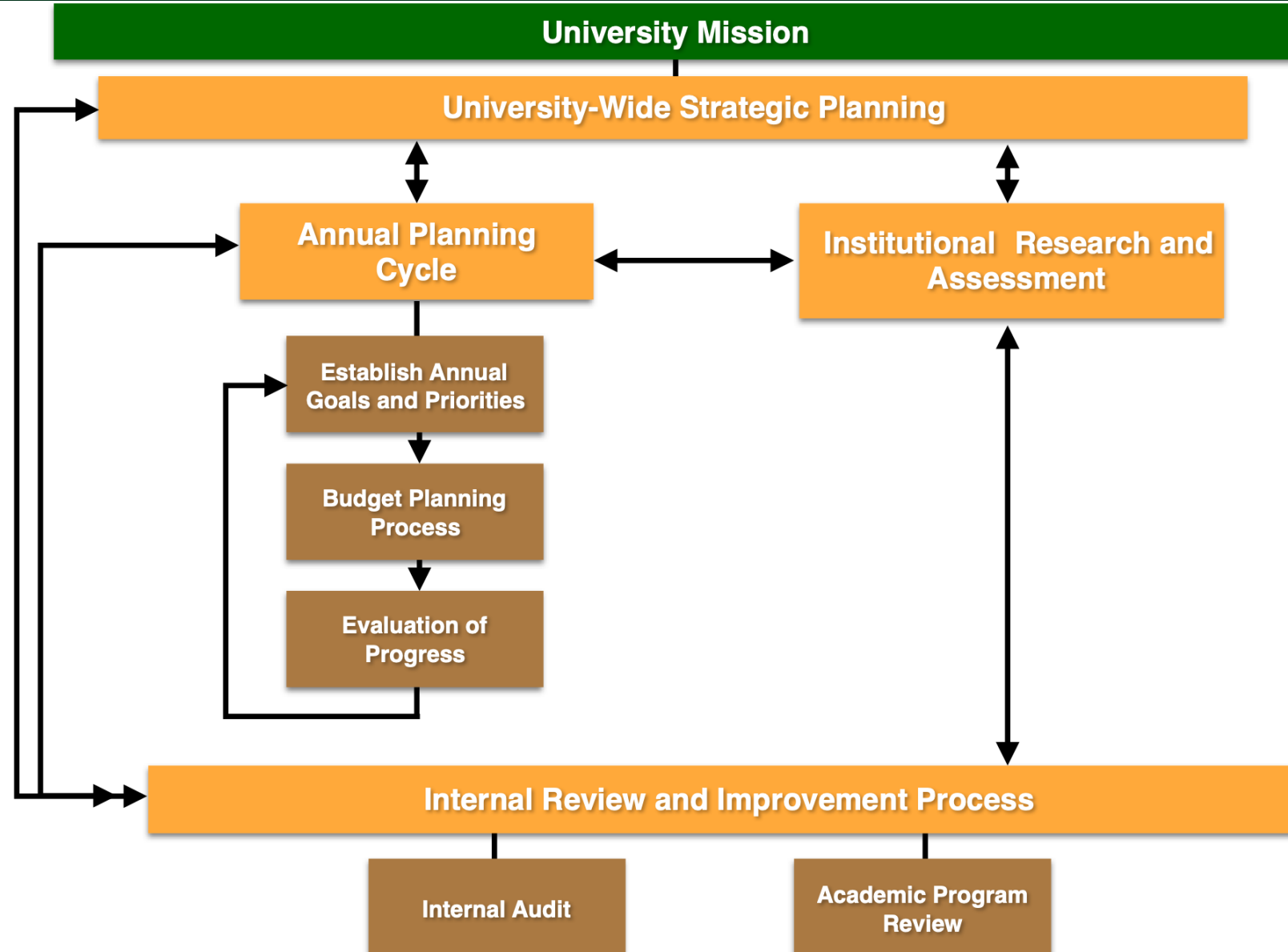
The institution has **sound financial resources** and a demonstrated, stable financial base to **support the mission** of the institution and the scope of **its programs and services**.
(Financial resources)

The institution **manages its financial resources** in a responsible manner. (Financial responsibility)

The institution **exercises appropriate control over all its financial resources**. (Control of finances)

An annual budget that is preceded by sound planning, is subject to sound fiscal procedures, and is approved by the governing board.

FAMU's Institutional Effectiveness Process



Annual Planning Cycle

University-Wide Strategic Planning



Annual Planning Cycle

Establish Annual Goals and Priorities

Develop Unit-Level Annual Plan with Goals that Support:

- University Strategic Plan Goals
- President's Annual Goals
- Accountability Plan Goals
- Other Priorities Identified by BOT/President

Budget Planning Process

Use Annual Plan to Form Basis for Annual Budget Requests

- Links unit-level planning with institutional budgeting

Evaluation of Progress

Evaluate Progress Towards Achieving Annual Goals

- Units should evaluate impact of prior year funding on goal achievement
- University Budget Council will use the unit-level evaluation to assist with funding recommendations

Institutional Research and Assessment

Office of University Assessment

Mission:

- Promote a culture of evidence at FAMU through the implementation of a manageable and sustainable process that leads to quality program and service improvement.

Example of Impact on Annual Planning Cycle:

- Unit assessment reports that highlight need for resources/focus (e.g. additional staffing or technology resources)

Update on Institutional Goals

Performance Based Funding Metrics

**Goal Established by BOT at August 2019 Retreat:
Accelerate Progress on PBF Outcomes to
Achieve Minimum Score of 80 Points in 2021**

Areas of Focus for Improvement:

- Four-Year Graduation Rate (PBF #4)**
- Academic Progress Rate (PBF #5)**
- Bachelor's and Graduate Degrees Awarded within PSEs (PBF #6/8)**
- Bachelor's Degrees Awarded w/o Excess Credit Hours (PBF #9)**
- Post-Graduate Outcomes (PBF #1/2)**
- Bachelor's Degrees Awarded to FCS AA Transfers (PBF #10)**

Performance Based Funding Metrics

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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1. Percent of Bachelor's Graduates Enrolled or Employed (\$25,000+) (One Year After Graduation)

FAMU	59.2 (2012-13)	61.8 (2013-14)	64.6 (2014-15)	66.7 (2015-16)	63.9 (2016-17)	70.5 (2017-18)	72.5 (2018-19)	74.0 (2019-20)	75.0 (2020-21)
SUS	64.9	65.7	67.4	68.4	68.3	70	71	72	.

2. Median Wages of Bachelor's Graduates Employed Full-time (One Year After Graduation)

FAMU	\$28,800 (2012-13)	\$32,000 (2013-14)	\$32,700 (2014-15)	\$33,000 (2015-16)	\$31,600 (2016-17)	\$34,700 (2017-18)	\$35,900 (2018-19)	\$37,400 (2019-20)	\$37,800 (2020-21)
SUS	\$34,700	\$36,400	\$38,000	\$38,100	\$38,300	\$39,800	\$40,500	\$41,200	.

3. Average Cost to the Student (Net Tuition & Fees per 120 Credit Hours for Resident Undergraduates)

FAMU	\$14,350 (2013-14)	\$13,830 (2014-15)	\$11,020 (2015-16)	\$9,410* (2016-17)	\$7,640 (2017-18)	\$7,600 (2018-19)	\$7,580 (2019-20)	\$7,560 (2020-21)	\$7,540 (2021-22)
SUS	\$15,100	\$14,840	\$14,840	\$13,760	\$9,400	\$10,300	\$10,150	\$9,960	\$9,790

4. FTIC Four-Year Graduation Rate (Full-time FTIC)

FAMU	12.7 (2013-14)	14.0 (2014-15)	19.2 (2015-16)	21.6 (2016-17)	22.5 (2017-18)	30 (2018-19)	35 (2019-20)	38 (2020-21)	40 (2021-22)
SUS	43.1	45.2	47.2	49.6	52.6	55	57	59	.

5. Academic Progress Rate (Second Year Retention Rate with At Least a 2.0 GPA)

FAMU	70.1 (2013-14)	75.4 (2014-15)	74.6 (2015-16)	70.0 (2016-17)	71.3 (2017-18)	85 (2018-19)	86 (2019-20)	88 (2020-21)	88 (2021-22)
SUS	83.3	84.0	85.1	85.9	86.2	89	90	91	91

Performance Based Funding Metrics

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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6. Percentage of Bachelor's Degrees Awarded within Programs of Strategic Emphasis

FAMU	51.1 (2013-14)	49.7 (2014-15)	48.0 (2015-16)	42.6 (2016-17)	43.7 (2017-18)	48 (2018-19)	52 (2019-20)	55 (2020-21)	55 (2021-22)
SUS	48.1	49.3	51.2	52.2	52.0	53	55	55	.

7. University Access Rate (Percent of Undergraduates with a Pell grant)

FAMU	61.6 FALL 2013	64.8 FALL 2014	65.4 FALL 2015	62.8 FALL 2016	65.6 FALL 2017	65 (2018-19)	65 (2019-20)	65 (2020-21)	65 (2021-22)
SUS	39.6	39.7	39.0	38.0	39.2	39	40	40	.

8. Percentage of Graduate Degrees Awarded within Programs of Strategic Emphasis

FAMU	43.3 (2013-14)	51.5 (2014-15)	58.2 (2015-16)	58.9 (2016-17)	55.2 (2017-18)	60 (2018-19)	60 (2019-20)	60 (2020-21)	60 (2021-22)
SUS	58.4	60.1	63.7	65.0	64.4	65	65	66	66

9. BOG Choice: Percent of Baccalaureate Degrees Awarded Without Excess Hours

FAMU	34.0 (2013-14)	29.0 (2014-15)	39.0 (2015-16)	41.6 (2016-17)	51.4 (2017-18)	52 (2018-19)	62 (2019-20)	72 (2020-21)	75 (2021-22)
SUS	68.8	71.1	72.4	76.7	78.8	79	80	81	82

10. BOT Choice: Number of Bachelor's Degrees Awarded to Transfers with AA from FCS

FAMU	188 (2013-14)	161 (2014-15)	208 (2015-16)	244 (2016-17)	277 (2017-18)	290 (2018-19)	310 (2019-20)	330 (2020-21)	350 (2021-22)
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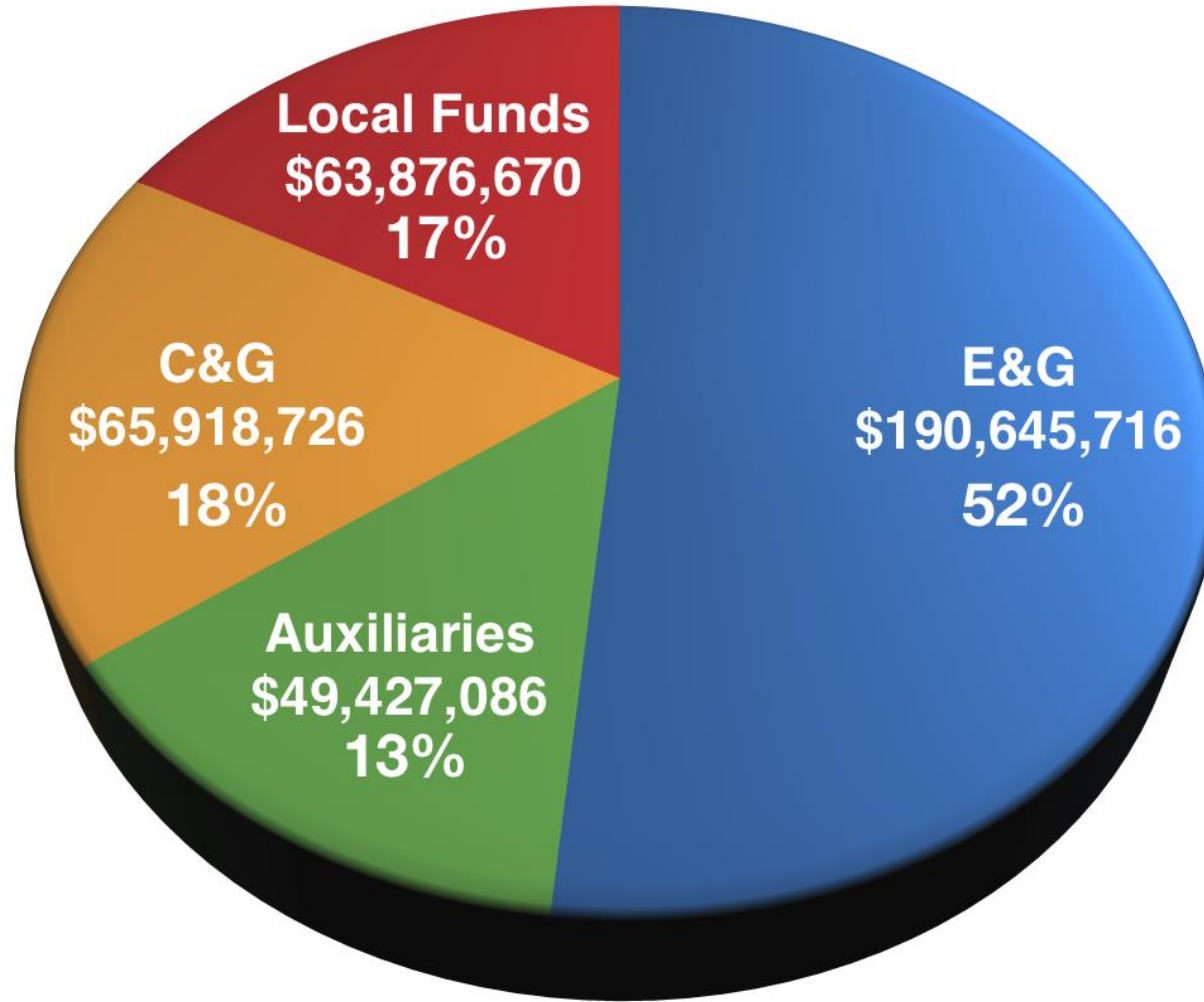
Performance Based Funding Metrics

Approach to Drive Improvement

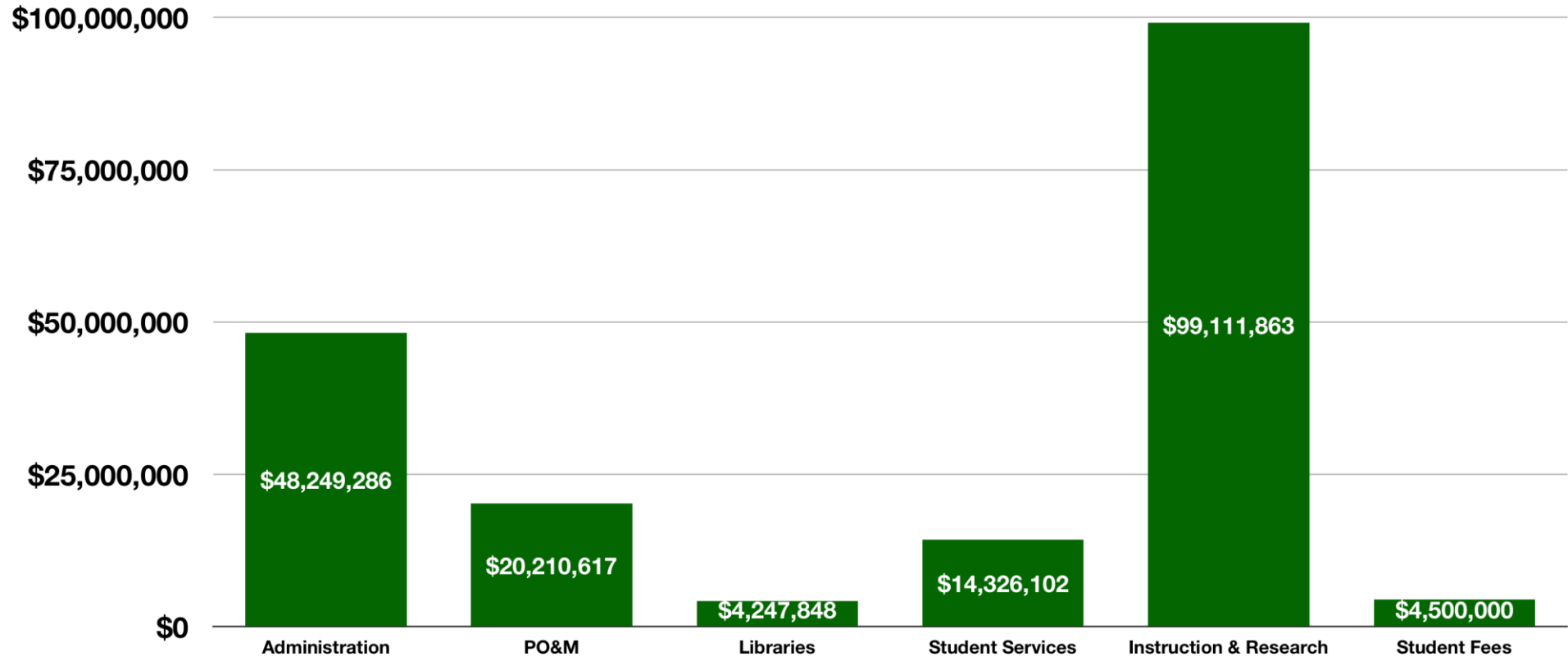
1. Pinpoint the student success metrics/outcomes that need the most attention
2. Evaluate data and historical trends to determine where strategic intervention is most needed
3. Identify and implement proven best practices for increasing student success
4. Allocate resources towards areas / initiatives that have the greatest impact on the outcomes, stop those that do not
5. Ensure that we have the appropriate organizational structure and staffing to foster student success

FY2020 Operational Budget

FY2020 Operating Budget (\$369.8M)



FY2020 E&G Budget (\$190.6M)



Overview of FAMU's Budget & Planning Process

FAMU's Current Budget Model

Incremental Budgeting

- Most common model used in higher education
- Allocations are based upon the funding levels of the previous year and possibly increased by a set percentage
- Involves making only limited changes in the organization's revenue levels and distribution of resources from one year to next

Incremental Budgeting

Advantages

- Easy to understand and the calculations required are relatively simple and straightforward
- Has the advantage of producing budgets that are relatively stable, with gradual changes from year to year

Incremental Budgeting

Disadvantages

- Allocation of resources is based on the existing pattern of activities and priorities
- Can create disincentives for developing new programs and no incentive to reduce costs
- Encourages managers to adopt a “use it or lose it” attitude, spending monies towards the end of a fiscal year simply because it is there
- Does not adequately incorporate multi-year planning

FAMU's Current Budget Model

We should be asking...

- ***What Process Do We Use to Ensure that Units are Appropriately Funded?***
- ***How Do We Ensure that Sufficient Funding is Allocated to Achieve Institutional Goals?***
- ***How Do We Stack up With Respect to Performance and Operational Efficiency in Comparison to Other SUS Institutions?***

Enhanced Annual Budget & Planning Process

Rationale for Change

To achieve the targeted performance goals, we will need to re-engineer internal processes to better position the University to make **rapid** improvements in outcomes:

- We typically only allocate **new** dollars towards priorities
- We do not consistently assess and reallocate funds if units are **underperforming**
- We have not been aggressive in identifying and **eliminating** inefficiencies

Enhanced Annual Budget & Planning Process

Goal

Implement an enhanced budgeting model that fosters better alignment of resource allocations with the University's strategic priorities:

- Adequately support institutional priorities
- Drive long-term sustainability and growth
- Promote operational efficiency and effectiveness

Enhanced Annual Budget & Planning Process

New Approach

☑ **Adopt a “Full Fund” Budgeting Model**

- Resource allocations are made with consideration of all available university funding sources

☑ **Evaluate all Vacant Positions for Potential Reallocation or Elimination**

- Generate savings for reinvestment

☑ **Modify Function and Role of Budget Council**

- Now co-chaired by CFO & Provost
- Council makes preliminary funding recommendations to CFO & Provost
- Includes representative from Deans' Council

☑ **Increase Operational Efficiency**

- Well-defined list of funding priorities
- Assessment and evaluation of existing resource allocations and expenditures for each unit

FY2021 Budget Priorities

FY2021 Budget Priorities

- 1. Increase Student Success**
- 2. Promote Accountability and Increase Efficiency**
- 3. Support Faculty Excellence**
- 4. First Class Business Infrastructure**

Increase Student Success

- 1. Academic Support and Retention Services**
- 2. Student Recruitment**
- 3. Curriculum Development**
- 4. Program Accreditation**
- 5. Instructional Technology**
- 6. Facility Upgrades/Enhancements**

Promote Accountability and Increase Efficiency

- 1. Operational Efficiency**
- 2. Enhance Internal Controls**
- 3. Faculty Workload and Productivity**
- 4. Customer Service**

Support Faculty Excellence

- 1. Faculty Recruitment and Retention**
- 2. Faculty Professional Development**
- 3. Faculty Salaries**

First Class Business Infrastructure

- 1. Staff Recruitment and Retention**
- 2. Staff Professional Development and Education**
- 3. Succession Planning**
- 4. Cybersecurity/Technology Infrastructure**
- 5. Facility Upgrades/Enhancements**

Budget Requests

- Involve unit stakeholders in the process
- Conduct critical analysis of unit, with a focus on increasing efficiency and improving performance
- Budget Hearings

Carryforward Spending Plan / Campus Renovations vs Remodeling

FLORIDA A&M UNIVERSITY
 Education and General
 Carryforward Spending Plan Summary
 Approved by University Board of Trustees
 September 1, 2019

	<u>Amount Encumbered & Expended</u>		
	<u>University E&G</u>	<u>as of 02/01/2020</u>	<u>Remaining Balance</u>
<u>Restricted / Contractual Obligations</u>			
Professional and Graduate Degree programs	\$ 687,720	\$ 462,135	\$ 225,585
World Class Faculty and Scholar Programs	\$ 683,453	\$ 675,694	\$ 7,759
Black Male College Explorers	\$ 23,119	\$ 10,948	\$ 12,171
Restricted by Appropriations	\$ 1,394,292	\$ 1,148,777	\$ 245,515
Restricted by Contractual Obligations :			
Student Services, Enrollment, and Retention Efforts (Oracle)	\$ 1,000,000	\$ 1,000,000	\$ -
Student Financial Aid	\$ 4,500,000	\$ -	\$ 4,500,000
Information Technology (BlackBoard)	\$ 630,000	\$ 630,000	\$ -
Total Restricted Funds :	\$ 7,524,292	\$ 2,778,777	\$ 4,745,515
<u>Commitments</u>			
Compliance, Audit, and Security			
Campus Security and Safety Enhancements (Fire Alarm Upgrades & Sidewalk Repair)	\$ 1,175,000	\$ -	\$ 1,175,000
Academic and Student Affairs			
Quality Enhancement Program	\$ 400,000	\$ 400,000	\$ -
Graduate Assistantships	\$ 2,100,000	\$ 825,147	\$ 1,274,853
Facilities, Infrastructure, and Information Technology			
Information Technology (Campus Wide Classrooms and PeopleSoft Upgrades)	\$ 1,025,000	\$ -	\$ 1,025,000
Completion of Renovation, Repair, or Maintenance Project up to \$5M (SB 190)	\$ 4,411,690	\$ 1,470,588	\$ 2,941,102
Other UBOT Approved Operating Requirements			
Contingency Funds	\$ 250,000	\$ 100,000	\$ 150,000
Total Commitments :	\$ 9,361,690	\$ 2,795,735	\$ 6,565,955
TOTAL	\$ 16,885,982	\$ 5,574,512	\$ 11,311,470



“At FAMU, Great Things are Happening Every

Day!”