FY18 Spring Forecast Update
Calendar & Deliverables

Chris Basar
ALG
January 18, 2018
FY18 Spring Forecast – Highlights & Changes

- **Update FY18 Forecast and FY19 Budget**
  - FY19 forecast update is “official” budget
  - FY20 forecast and beyond not required

- **Decisions on Institutional Fund requests delivered by February 9**
  - Approved requests reflected in revised Allocation Sheets
  - Follow-up meetings / discussions with Dean’s and VP’s the following week

- **No Financial Reviews for Academic and Administrative Units**
  - Spring Forecast only
  - President / VP’s (Administrative Units)
  - Provost / Deans (Academic Units)

- **Finance Focus Reviews with Academic & Administrative Units**
  - Similar to Finance only discussion with Academic Units during Fall Forecast
  - CFO, Budget Office, Unit Business Managers and G. Giatras (Academic Units)
  - Questions provided in advance
FY18 Spring Forecast – Highlights & Changes

- No changes to Exhibits and Financial Schedules except as follows...
  - Change in Financial Schedule variance thresholds (< $1M)
  - Exhibit B (IT projects)
  - Graduate tuition schedule (Academic Units Only)
  - Exhibits and Schedules due the same day as the Oracle close

- Administrative Unit approved ITPM projects to follow new accounting and reporting for FY19 Budget Oracle submission
  - Budget Office to coordinate with Units subject to approved ITPM projects
  - Applies only to projects involving implementation of new functionality / technology

- FY19 Budget Process Improvement Focus on...
  - Reduction of errors
  - Capital Plan – Project Cash Flow & Funding (Exhibit B)
  - Tuition, Financial Aid and Housing Revenue Deferrals (Quarter Impact)
<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1</td>
<td>Budget Assumptions Released</td>
<td>Central Budget Office</td>
</tr>
<tr>
<td>February 9</td>
<td>Institutional Fund Request Decisions Released via Allocation Sheets</td>
<td>Central Budget Office</td>
</tr>
<tr>
<td>Week of February 12</td>
<td>President and Provost Institutional Request Follow-Up</td>
<td>President and Provost</td>
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<td>March 14</td>
<td>Exhibits and Financial Schedules Due to Academic &amp; Administrative Units</td>
<td>Academic &amp; Administrative Units</td>
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<td>March 14</td>
<td>Oracle Closed</td>
<td>Central Budget Office</td>
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<td>March 26</td>
<td>Financial Focus Questions Due to Academic &amp; Administrative Units</td>
<td>Central Budget Office</td>
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<td>March 28 – April 4</td>
<td>Academic &amp; Administrative Unit Finance Only Review</td>
<td>CFO, Central Budget Office &amp; Unit Business Managers</td>
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<td>April 6</td>
<td>Preliminary FY18 and FY19 Financials</td>
<td>Central Budget Office</td>
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<tr>
<td>April 13</td>
<td>President &amp; Provost Financial Review</td>
<td>CFO, Central Budget Office, President &amp; Provost</td>
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</table>

*Note: Oracle currently open for FY18 Spring Forecast*
Forecast Errors
Reduce Errors by Evaluating Financials Before the Oracle Close

- **Analyze**
  - Review Financial Schedule and Evaluate Variances
  - Prepare Exhibits

- **Fix Errors**
  - Error Identification?
  - Correct Errors in Oracle

- **Confirm Fix**
  - Re-run Financial Schedules, Evaluate Variances and Confirm Error Fix
  - Update Exhibits

- **Submit**
  - Oracle Closed
  - Submit Exhibits and Financial Schedules to Budget Office
Exhibit B: Capital Plan
Modified for FY19 Spring Forecast – “Read the Fine Print”

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Approved? (Yes or No)</th>
<th>Funding Secured? (Yes or No)</th>
<th>Funding Type</th>
<th>Project Cost by Year (in $ Thousands)</th>
<th>Forecasted? (Yes or No)</th>
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<tbody>
<tr>
<td></td>
<td>FY18</td>
<td>FY19</td>
<td>FY20</td>
<td>FY21</td>
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<td>Renovation &amp; Construction Projects Subtotal</td>
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<td>IT Projects</td>
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Renovation and Construction Projects Notes:
(a) List ALL capital plans for renovation and construction projects greater than $50K that will occur in the current or future years.
(b) Prior to the Capital Plan, the following costs should be excluded: (1) individual moveable capital (equipment, furniture, etc.) that is NOT part of a larger renovation or construction project; (2) capital renewal / maintenance projects (funded by PMD) and (3) large capital projects requiring Board of Trustees approval (>50K).

IT Projects Notes:
(a) List ALL IT project implementation costs greater than $50K that add new functionality and/or technology that will occur in current and future years. All IT implementation project costs should be reflected regardless of capital / expense classification or funding type.
(b) Prior to this Exhibit, the following costs should be excluded: (1) ongoing maintenance and support costs following the IT project implementation and (2) new costs to support existing IT functionality and/or technology (e.g., adding IT support personnel or purchasing additional licenses related to existing software applications). Costs listed under (1) and (2) above that require funding from institutional funds should be reflected on Exhibit C.

For each project, the following information should be included:
- Approved? (Yes or No)
  - Indicate “Yes” if project has been “officially” approved in accordance with the University / Unit approval requirements for the project in question.
- Funding Secured? (Yes or No)
  - Indicate “Yes” if the source of funding for the project has been identified and secured/approved (i.e., you know where the funding is coming from with certainty).
- Funding Type:
  1. Operations / Net Assets
  2. Internal Loan
  3. Gifts / Contributions
  4. Sponsored Research
  5. Institutional Funds
- Forecasted? (Yes or No)
  - Indicate “Yes” if the figures have been provided in your current UNIT forecast uploaded to Oracle. Indicate “No” if the figures have not been uploaded to Oracle.

Renovation, Construction and IT Projects listed on Exhibit B with the following classifications will be considered to be an Institutional Fund request and should not be listed again on Exhibit C:
- Approved: No
- Funding Secured: No
- Funding Type: Institutional Funds
Exhibit B: Capital Plan

- Exhibit B reflects your holistic Capital Plan for Renovation and IT Projects
  - All projects $50,000 and greater
  - Focus on current year (FY18) and next year (FY19)
  - Best efforts cash-based forecast phased across years - not a commitment
  - Provide planned funding source(s) – operations, gifts, internal loan, institutional, etc.
  - Capital projects requesting Institutional Funds should be provided only on this exhibit

- Holistic plan needed for CDFD resource planning and Treasury cash forecasting

<table>
<thead>
<tr>
<th>Renovation &amp; Construction Projects</th>
<th>IT Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Includes</td>
<td>IT related project implementation costs that add new functionality and/or technology</td>
</tr>
<tr>
<td>Direct hard and soft costs of renovation and construction</td>
<td></td>
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<tr>
<td>Excludes</td>
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<tr>
<td>• Large capital projects &gt; $5M (BoT Approval)&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>• Ongoing support and maintenance costs expected post IT project implementation&lt;sup&gt;(2)&lt;/sup&gt;</td>
</tr>
<tr>
<td>• Capital Renewal / Maintenance Projects (Funded by FMS)&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>• New ongoing costs to support existing IT functionality and/or technology (e.g. purchasing additional licenses or adding IT personnel)&lt;sup&gt;(2)&lt;/sup&gt;</td>
</tr>
<tr>
<td>• Moveable capital (e.g. equipment) not part of renovation project&lt;sup&gt;(1)&lt;/sup&gt;</td>
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(1) Capital plan related to these projects are captured through other sources
(2) Reflects non-implementation maintenance and support costs that are recurring; new spending for these costs that require funding from Institutional Funds should be reflected on Exhibit C (Institutional Funding Requests)
Tuition, Financial Aid and Housing Revenues
Deferral Methodology Overview

- Revenues received primarily in the 1\textsuperscript{st} quarter for the Fall Semester and the 3\textsuperscript{rd} quarter for the Spring Semester
- Accounting guidance dictates that the Revenue be “spread” across all four quarters to “match” the revenues to related operating expenses.
- In Actuals reporting, a portion of the Revenues incurred in the 1\textsuperscript{st} and 3\textsuperscript{rd} Quarters are automatically deferred to the next quarter (based on teaching days in each quarter)
- **Deferrals related to the Revenue must be forecasted in Oracle at the Unit level to match Actuals reporting**

<table>
<thead>
<tr>
<th>Recognition and Deferral Pattern</th>
<th>Fall Semester</th>
<th>Spring Semester</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1\textsuperscript{st} Quarter</td>
<td>2\textsuperscript{nd} Quarter</td>
</tr>
<tr>
<td>Revenue &amp; Aid Recognition</td>
<td>31.25%</td>
<td>68.75%</td>
</tr>
<tr>
<td>Revenue &amp; Aid Deferred to Next Quarter</td>
<td><strong>68.75%</strong></td>
<td>-</td>
</tr>
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</table>
Tuition, Financial Aid and Housing Revenues Deferral Example

$1M of Revenue Received in the Fall and Spring Semesters

- $1M of Revenue Received in the Fall and Spring Semesters, primarily in Q1 and Q3, respectively.
- 68.75% of Revenue Received in Q1 is Deferred to Q2 and
- 31.25% of Revenue Received in Q3 is Deferred to Q4.
- Net Revenue Recognized (after Deferrals) in the Financial Statements is as follows:
  - Q1: $312,500 (31.25%)
  - Q2: $687,500 (68.75%)
  - Q3: $687,500 (68.75%)
  - Q4: $312,500 (31.25%)
Tuition, Financial Aid and Housing Revenues
Deferral Accuracy for FY19 Budget Submission

- Quarterly analysis of financial results versus forecasts is difficult without accurate revenue deferrals and recognition

- Applies to:
  - Undergraduate Tuition Revenue
  - Graduate Tuition Revenue
  - Financial Aid Discount
  - Housing Revenue

- Focus on FY19 Budget accuracy for Spring Forecast

- Budget Office will provide support to drive accurate FY19 Budget submission (educate and review submission prior to Oracle close, if required)
FY18 Spring Forecast