

Agenda Item: FL 101

USF Board of Trustees December 11, 2020

Issue: The University has benefited from the Board of Trustees development and approval of guiding principles to implement complex initiatives, such as with Consolidation. Similar governance level guiding principles are requested to inform the University's strategic budget realignment.

Proposed Action: Approve the Guiding Principles as presented on December 8, 2020 with the understanding that these are living principles that Board will revisit to make sure they remain relevant and useful for communicating the Board's expectations in the strategic budget realignment process.

Executive Summary: As part of the University of South Florida Consolidation, the Board of Trustees developed and approved guiding principles to serve as reference points for leadership in implementing the complexities of the consolidation process at the operational level. These guiding principles were tailored to Consolidation, but remained aligned with USF's mission, aspirations and strategic goals, which were also approved by the Board.

Consistent with this past governance practice and the deliberations of the Governance Committee on November 10, 2020, the Board is asked to develop and approve guiding principles to inform leadership's decisions regarding strategic budget realignment. The Board's approval of guiding principles is not intended to serve as approval of final decisions regarding strategic budget realignment, which will be presented to the Board separately through regular processes.

This is an informational item for Board consideration. Implementation of the guiding principles is contingent on Board approval on Friday.

Strategic Goal(s) Item Supports: USF Goal Nos. 2, 3 and 4
Committee Review Date: NA
Prepared by: Gerard D. Solis, General Counsel



**Guiding Principles for Strategic Budgeting
December 2020**

Strategic budgeting decisions should:

- Safeguard the health and safety of students, faculty, and staff.
- Sustain commitment to student success.
- Strengthen USF's stature as one of Florida's Preeminent research universities, USF's top-tier ranking on Florida's performance-based funding metrics, top-25 ranking (*USN&WR*), eligibility for membership in the Association of American Universities, and broad institutional excellence.
- Maintain compliance and accreditations (i.e., institutional and specialized).
- Honor shared governance by iteratively engaging faculty, staff, and students on all campuses.
- Emphasize USF's Principles of Community (e.g., transparency, respect, fairness, and equity) and campus identities.
- Prioritize investment by balancing USF's competitive advantages as a research university and support for the external communities we serve.
- Maximize service quality, as well as operational and financial efficiencies.
- Ensure financial stewardship to reach budget objectives (e.g., liquidity and a balanced budget), while minimizing the adverse impact on faculty, staff, and students.
- Embrace creative and innovative change.

BOT Budget Workshop

Our Vision, Our Challenges and a Path Ahead

President Steve Currall | 11 December 2020

Agenda

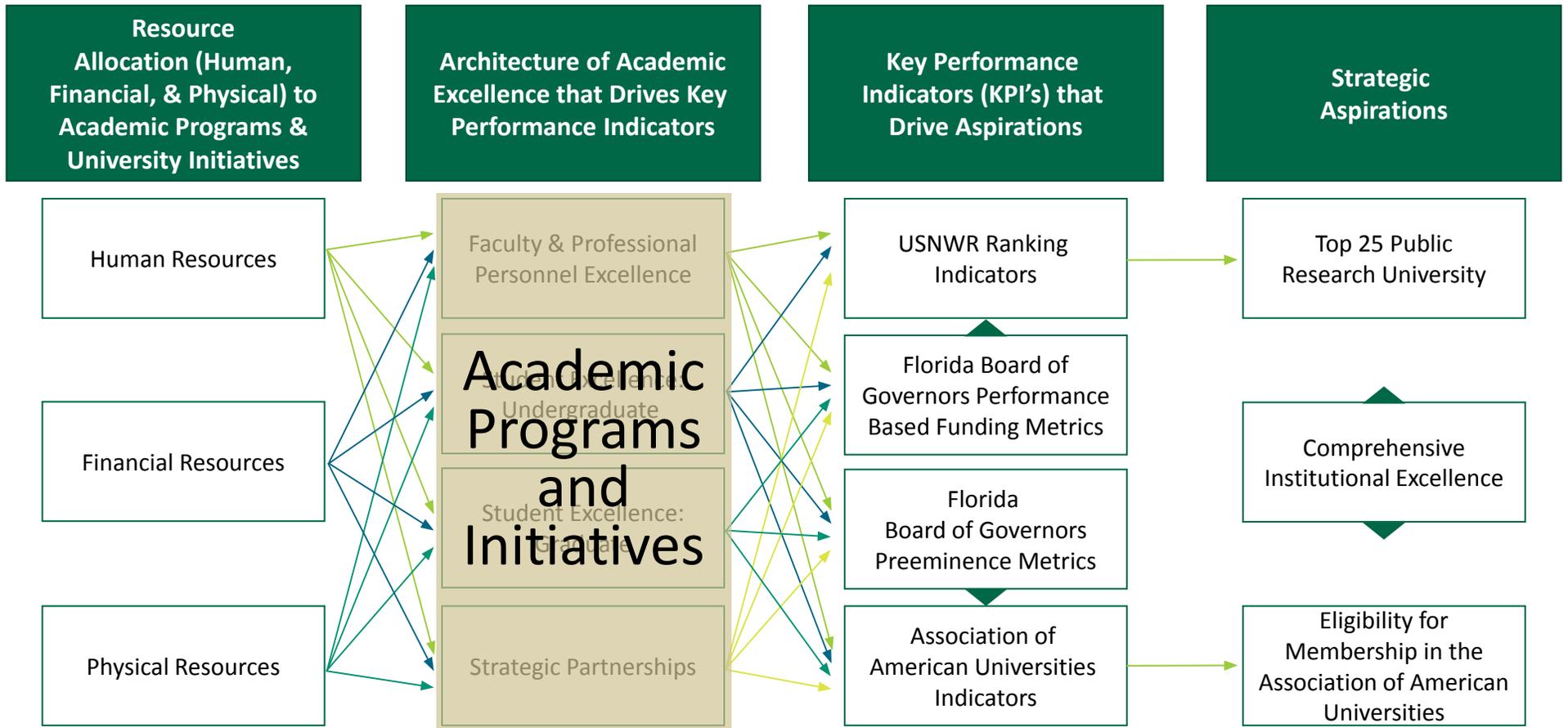
- Guiding Principles discussion (BoT)
- Budget planning background information
- Strategic Performance Framework and university priorities
- Strategic considerations in setting preliminary planning targets for colleges
- Recommended next steps

BOT Budget Workshop

Strategic Performance Framework and University Priorities

President Steve Currall | 11 December 2020

Strategic Performance Management Framework



Benchmarking Analyses Comparing USF Against Other Universities

Analyses contain benchmarking data on:

- ***U.S. News & World Report metrics***
- ***Association of American Universities (AAU) metrics***

Summary of Institution-Wide Priorities for Rankings and AAU Eligibility

- ***Maintain and strengthen:***
 - 6-yr graduation rate & Pell graduation rate comparisons
 - Class-size reduction initiative
 - Alumni giving
- ***To elevate rankings:***
 - Enhance 6-year and Pell graduation rates
 - Enhance incoming student profile (SAT, Top 10% in high school class)
 - Enhance freshman retention rates
 - Increase number of faculty who are members of National Academies
- ***Address deficiencies:***
 - Enhance reputation as reflected by peer assessment score
 - Increase average spending per student
 - Increase average faculty salary
 - Increase proportion of full-time faculty & with highest degree
 - Decrease student to faculty ratio

BOT Budget Workshop

Recommended Next Steps

President Steve Currall | 11 December 2020

Leadership recommendations

1. Require each academic or administrative unit to address the onetime 6% E&G holdback to be completed within the current fiscal year, ending June 30, 2021.
2. Propose a plan for BOT approval in January 2021 to address BOG-requested \$36.7M (8.5%) recurring E&G reduction. These reductions will be implemented no later than July 1, 2021.
3. Complete a consultative strategic plan no later than May 25, 2021. In December 2020, post the strategic planning process, timeline, and website. Schedule weekly dialogue with Faculty Senate and monthly USF community town halls.
4. The strategic plan will inform alignment of recurring revenues with investments in the university's mission. Following approval of the strategic plan, the revenue-alignment plan will be presented to the BOT by June 30, 2021 for approval. This revenue-alignment plan will be implemented between July 1, 2021 and June 30, 2022.

A strategic plan informs leadership decision making about prioritizing and deploying resources to achieve institutional aspirations.

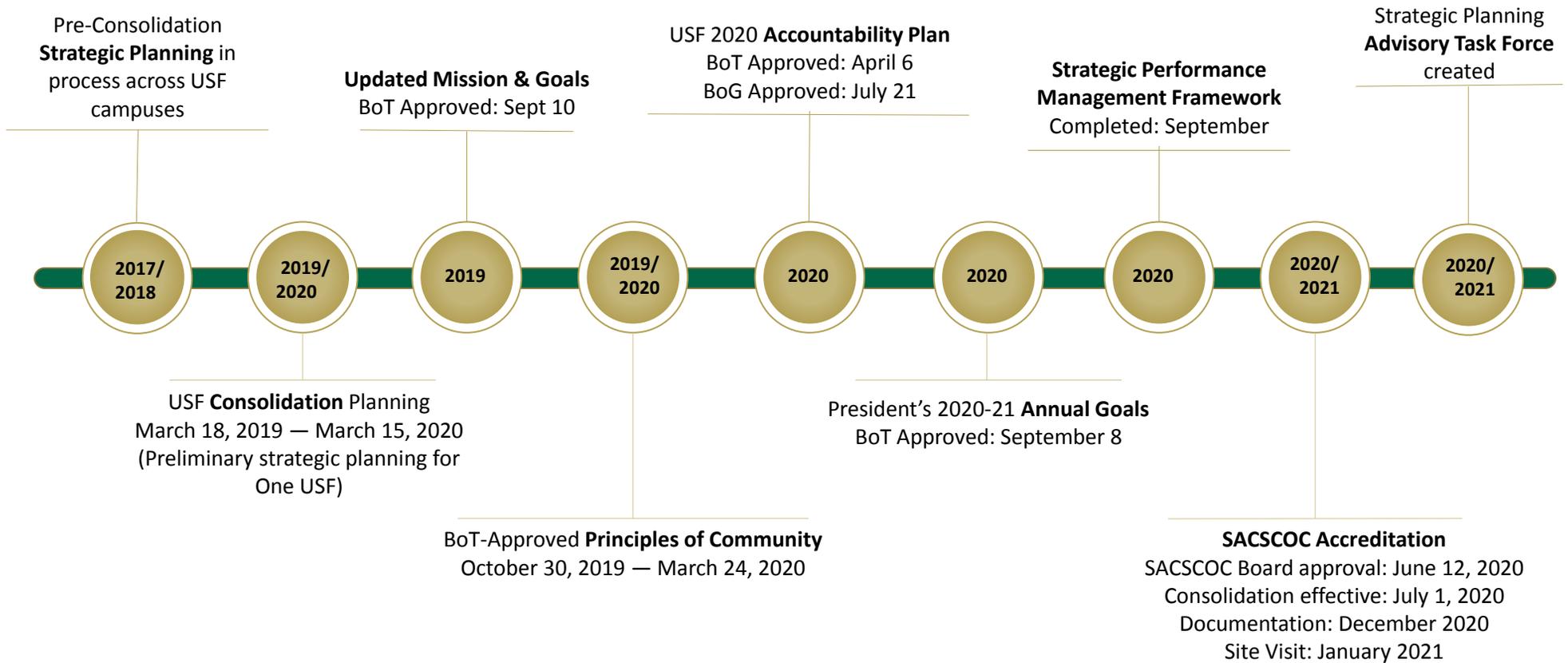
A Strategic Plan ...

- 1. ... describes USF's institutional-wide vision that considers the entire University**
- 2. ... captures USF mission, long-term aspirations, core commitments, and unique sources of differentiation**
- 3. ... should set expectations and standards for the colleges and administrative units**

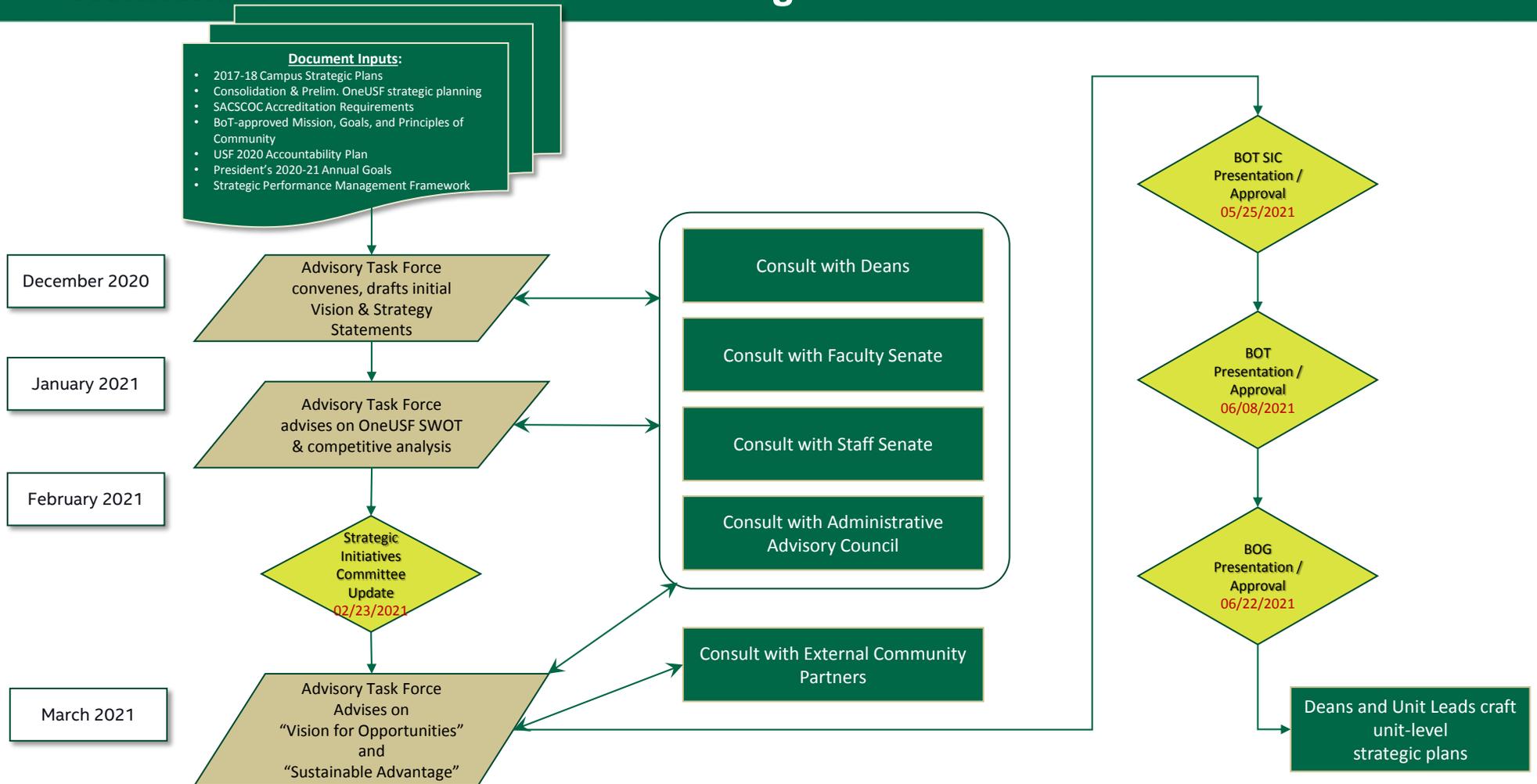
A Strategic Plan is not ...

- 1. ... a list of projects or initiatives that will receive preferential attention**
- 2. ... a tactical plan for colleges or administrative units**
- 3. ... a static document that will be presented to the Board and then shelved**

Strategic Renewal Process to Date



Strategic Renewal Process Flow



BOT BUDGET WORKSHOP

Strategic Considerations in Setting Preliminary Targets for Colleges

December 11, 2020



Step Process in Setting Strategic Budget Realignment Planning Targets

- Step 1:** Following extended dialogue Deans, RCs and VPs were asked to submit preliminary strategic E&G budget realignment plans at the 10%, 12.5%, and 15% levels in response to the BOG's request for an 8.5% reduction in FY 2021 and a 10% reduction in FY 2022,
- Step 2:** Senior leadership met with unit leaders (Deans, RCs and VPs) to thoroughly discuss and better understand their preliminary plans,
- Step 3:** Senior leadership reviewed each unit's current E&G base budget and considered other sources of available funding that might be strategically deployed to help achieve unit and institutional goals (e.g. auxiliary funds, unrestricted foundation funds, research F&A and RIA funds etc), and
- Step 4:** Senior leadership carefully analyzed and considered each unit's relative strategic contributions toward achieving USF's BOT- and BOG-approved goals for PBF, Preeminence, Top 25 *USN&WR*, and AAU eligibility prior to setting planning targets.

Strategic considerations for budget targets

BOT/BOG performance accountability metrics:

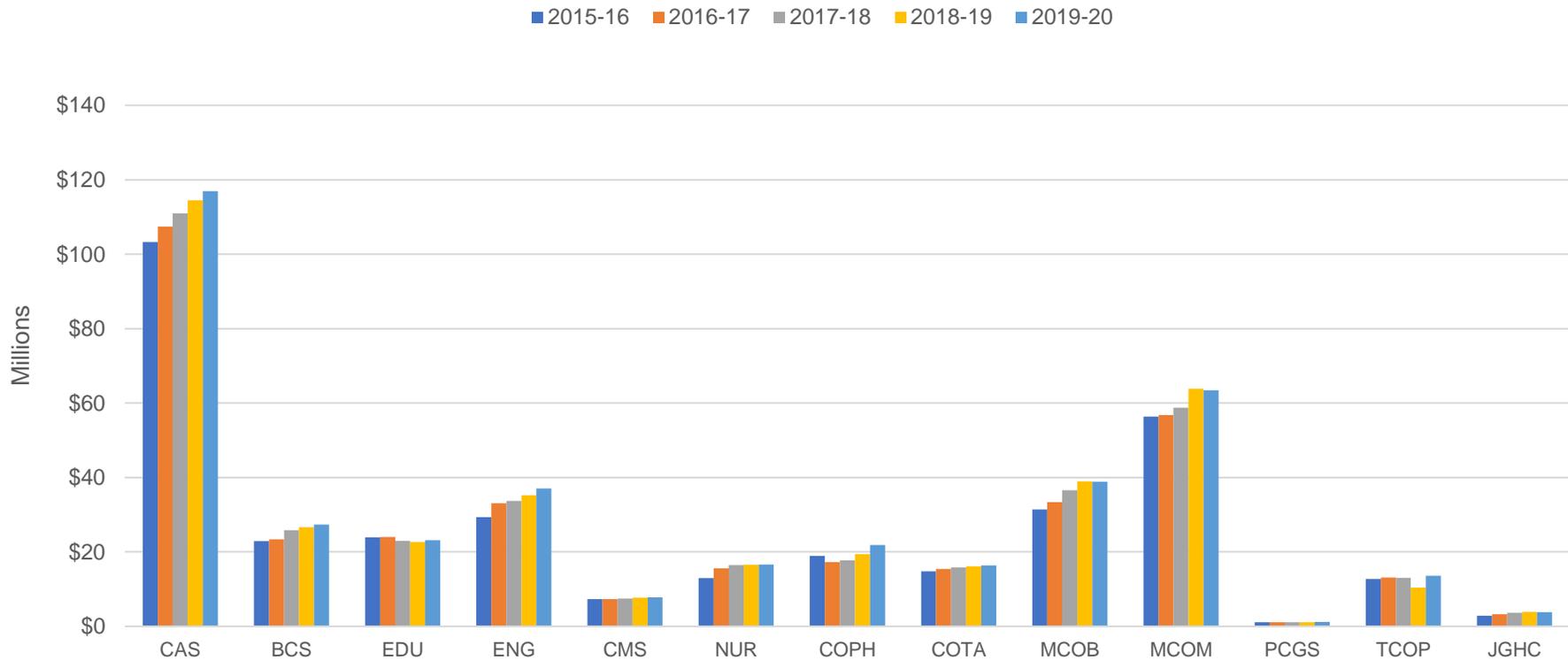
- Net tuition revenue
- Enrollment patterns
- Student-to-faculty ratios
- Degree productivity trends and areas of strategic emphasis
- Student retention and graduation rates
- Research and scholarly productivity
- Contribution to institutional rankings
- Faculty Awards
- National Academy members

College Legend

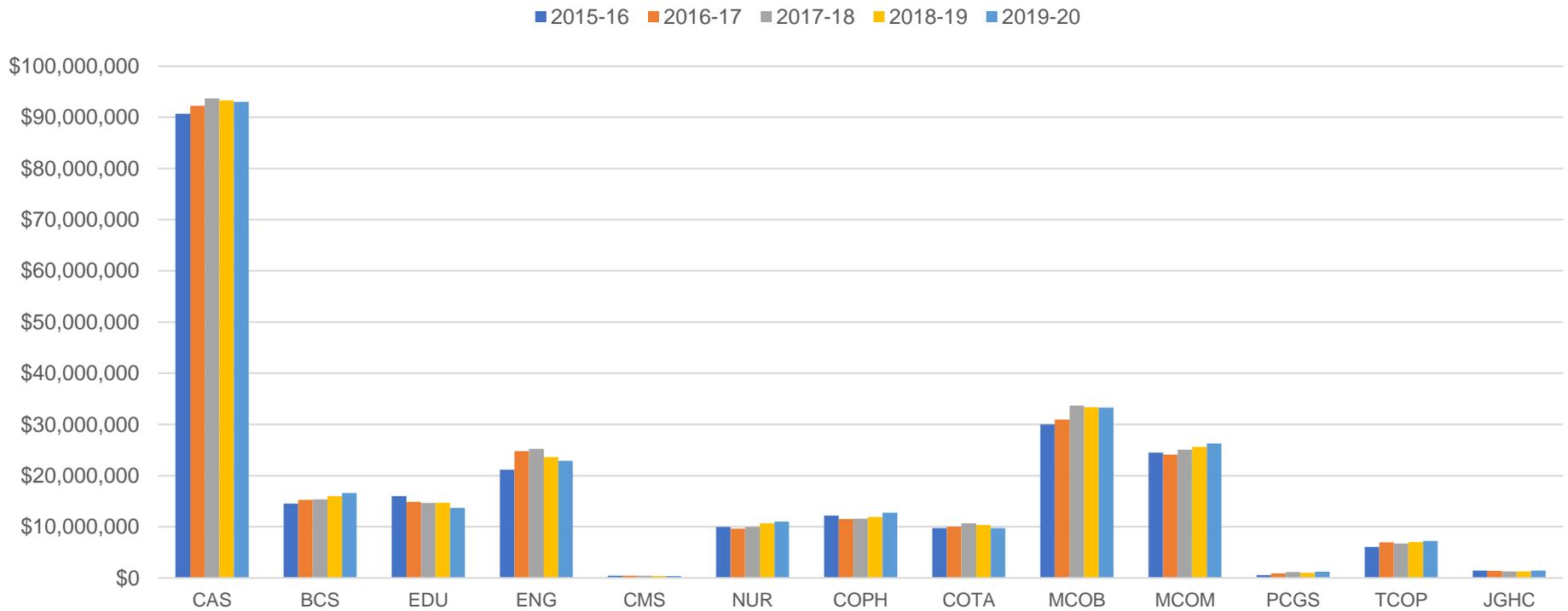
College of Arts & Sciences	CAS
College of Behavioral & Community Sciences	BCS
College of Education	EDU
College of Engineering	ENG
College of Marine Science	CMS
College of Nursing	NUR
College of Public Health	COPH
College of the Arts	COTA
Muma College of Business	MCOB
Morsani College of Medicine	MCOM
Patel College of Global Sustainability	PCGS
Taneja College of Pharmacy	TCOP
Judy Genshaft Honors College	JGHC

Net tuition revenue

Total E&G Base Budget (for 5 years by college)

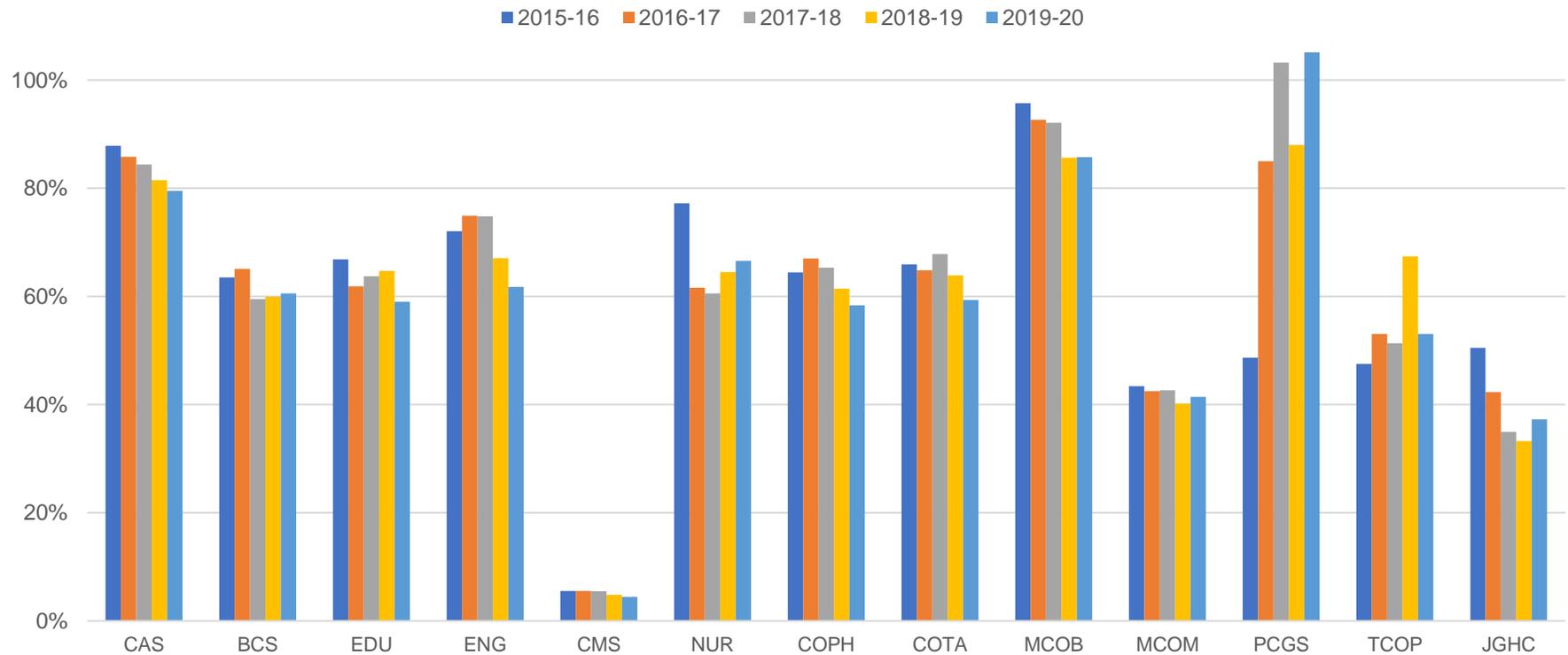


Net Tuition Generated (less Waivers and Financial Aid)



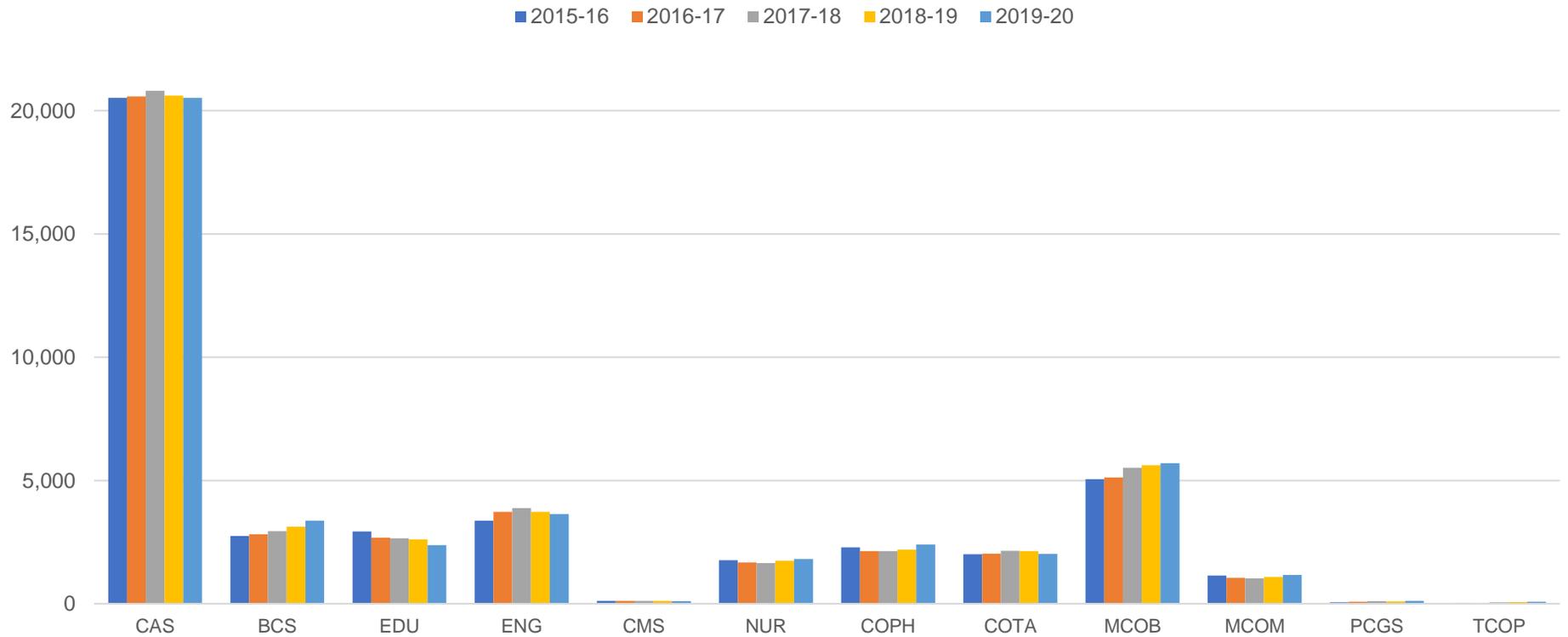
Net Tuition is the Gross Tuition collected less (A) Tuition Waivers and (B) the amount of Tuition Differential that is dedicated to Need-Based Financial Aid.

Percent of E&G Base Budget from Tuition



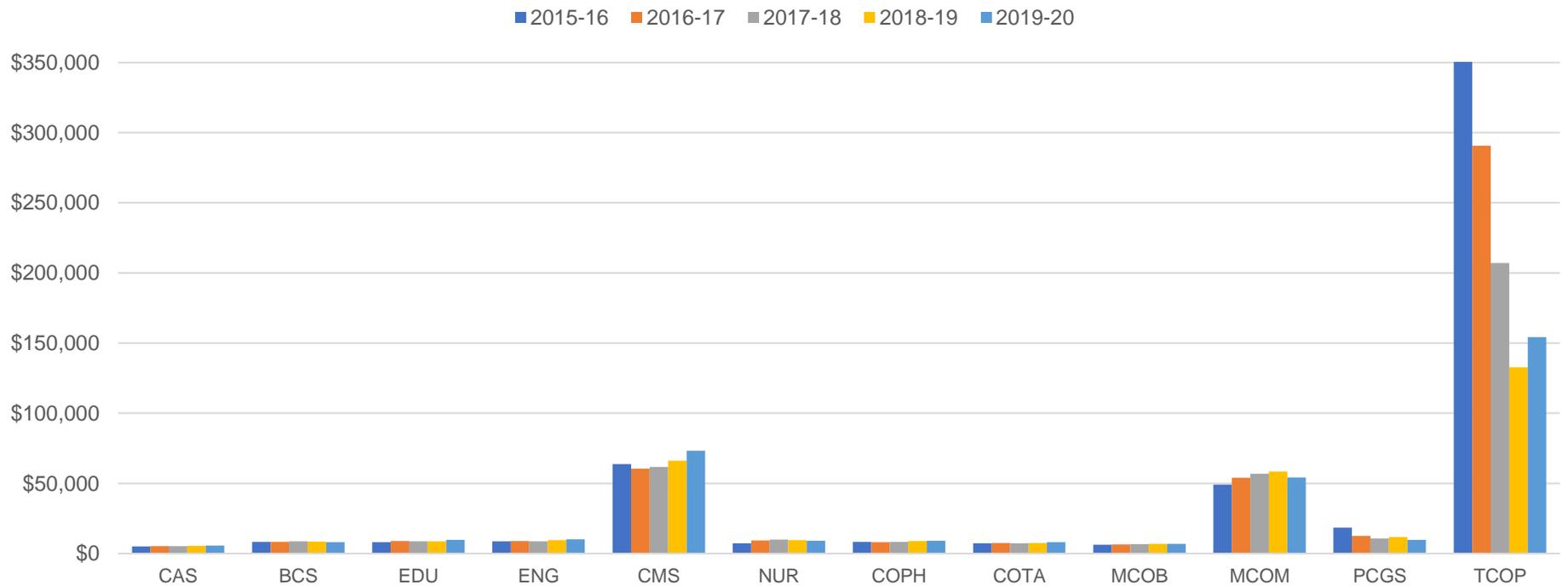
Enrollment patterns

Total Student FTE Enrollment (Academic Year)



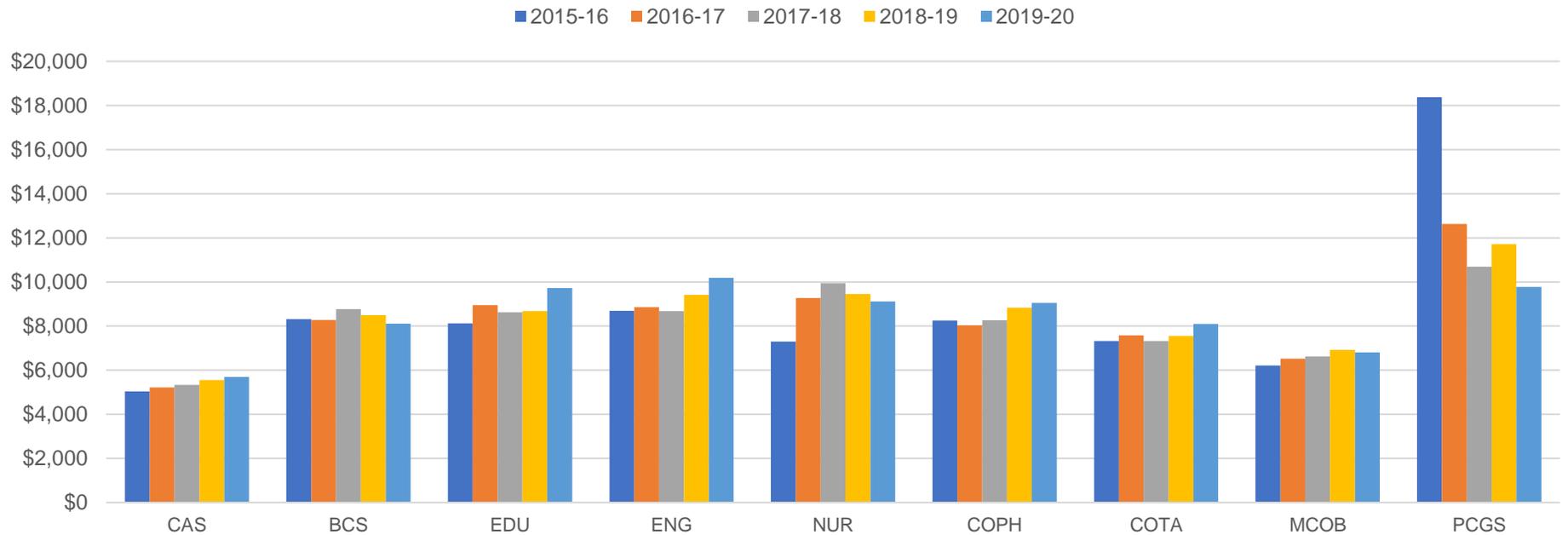
Judy Genshaft Honors College is excluded because counts are duplicated under colleges where the majors of honors students are located. Data are included in the underlying data tables provided. Lower numbers are more desirable.

Total E&G Funding per Student FTE (All Colleges; Base Budget and AY FTE, all levels)



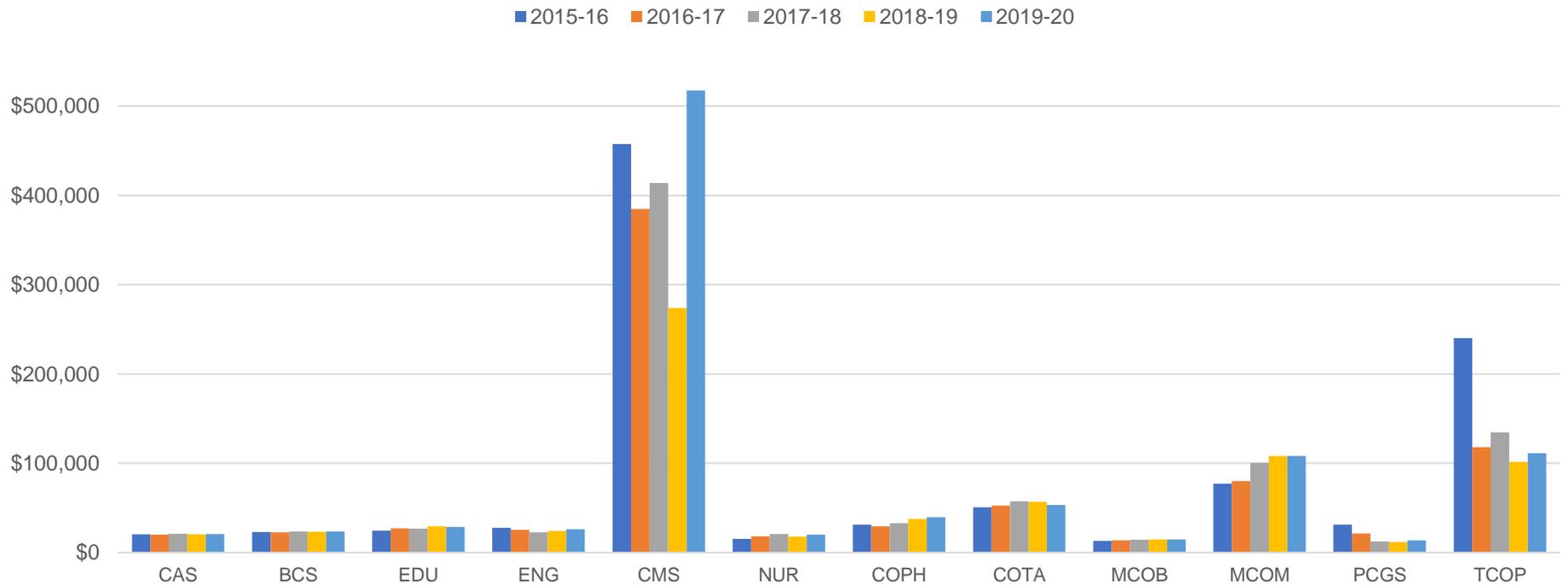
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Total E&G Funding per Student FTE (All Colleges, Base Budget and AY FTE, all levels, Excludes TCOP, MCOM & CMS)



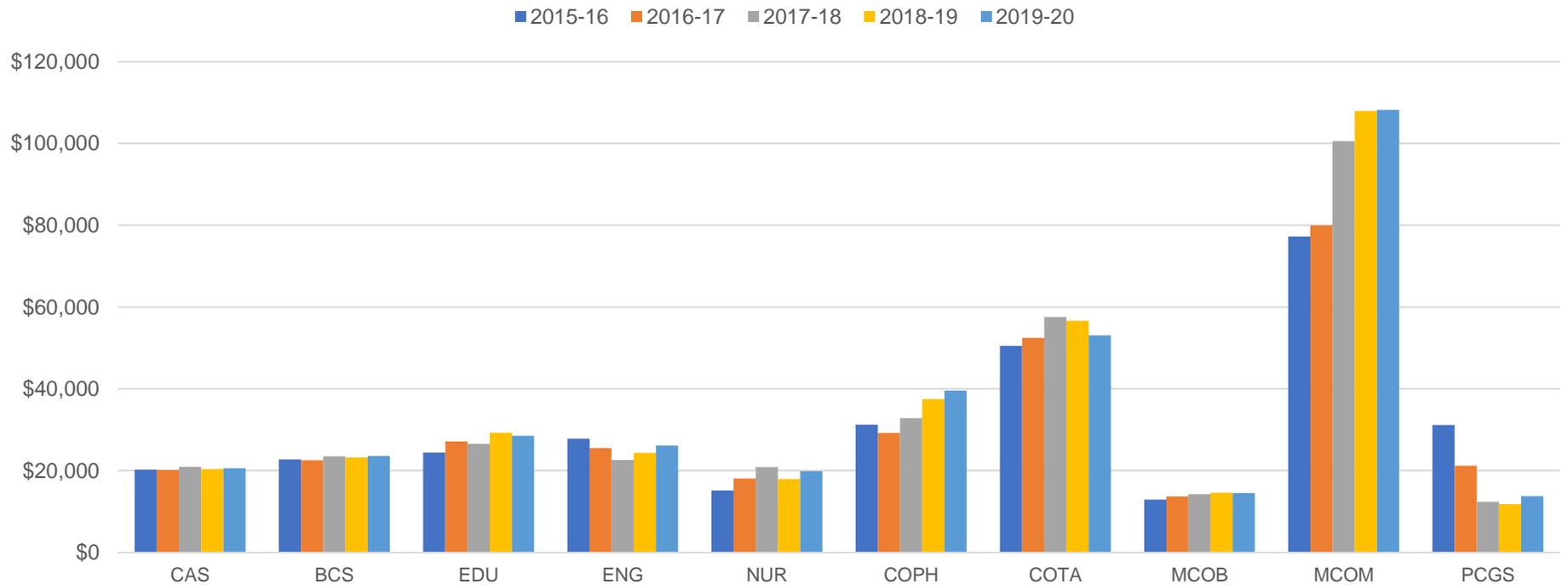
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E&G Funding per Total Degrees Awarded (Base Budget and AY Degrees, all levels)



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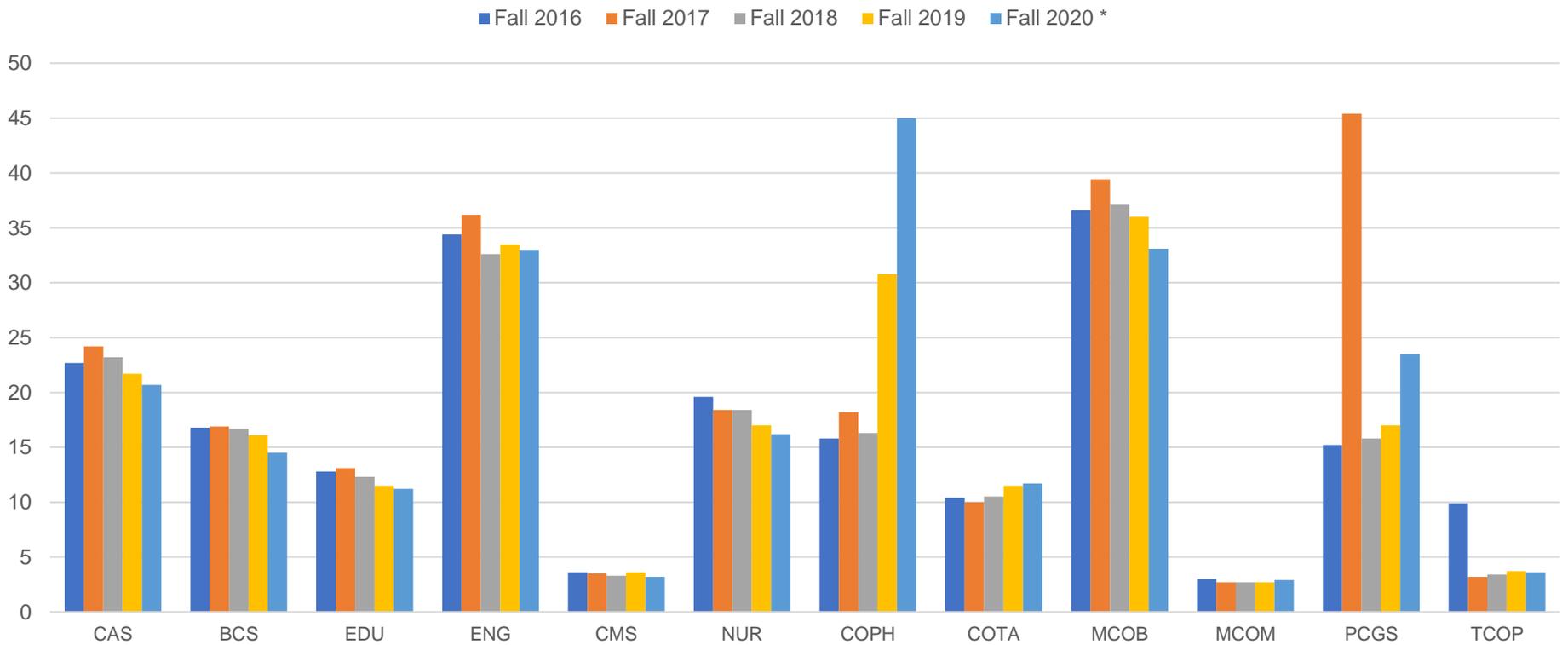
E&G Funding per Total Degrees Awarded (Base Budget and AY Degrees, all levels) (Excludes CMS & TCOP)



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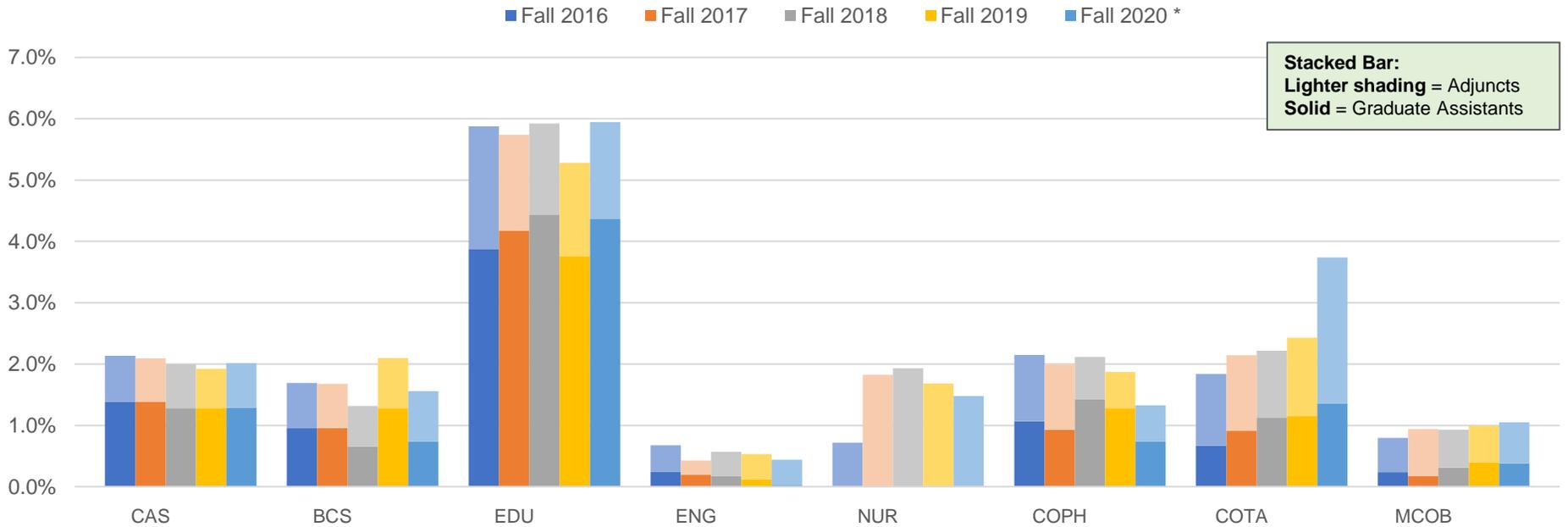
Student-to-faculty ratios

Student-to-Faculty Ratio (Fall)



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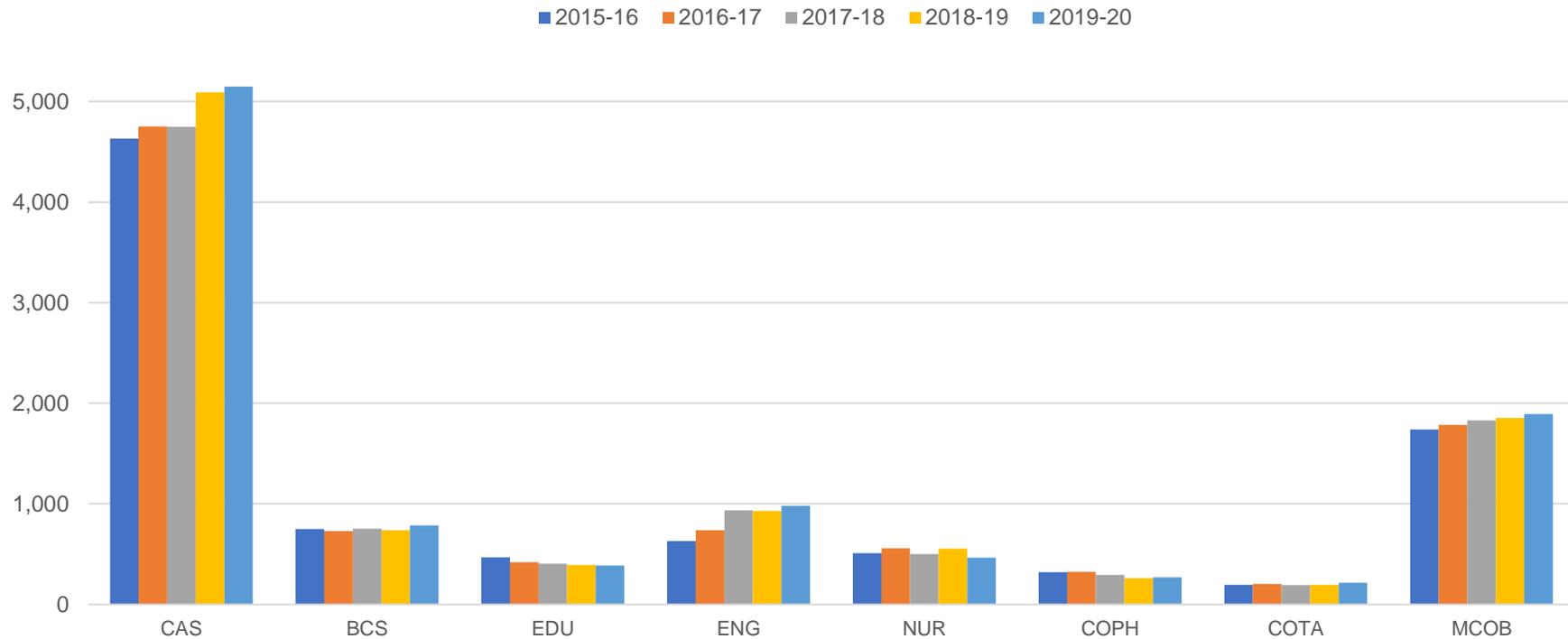
Percent of Undergraduate FTE Taught by Non-Full-Time Instructors (Fall)



*Based on preliminary data. College of Marine Science, Morsani College of Medicine, Taneja College of Pharmacy, and Patel College of Global Sustainability are excluded because they are primarily graduate; College of Nursing is excluded because it does not have any GA's as Instructors of Record; Judy Genshaft Honors College is excluded because counts are duplicated under colleges where the majors of honors students are located. Data are included in the underlying data tables provided.

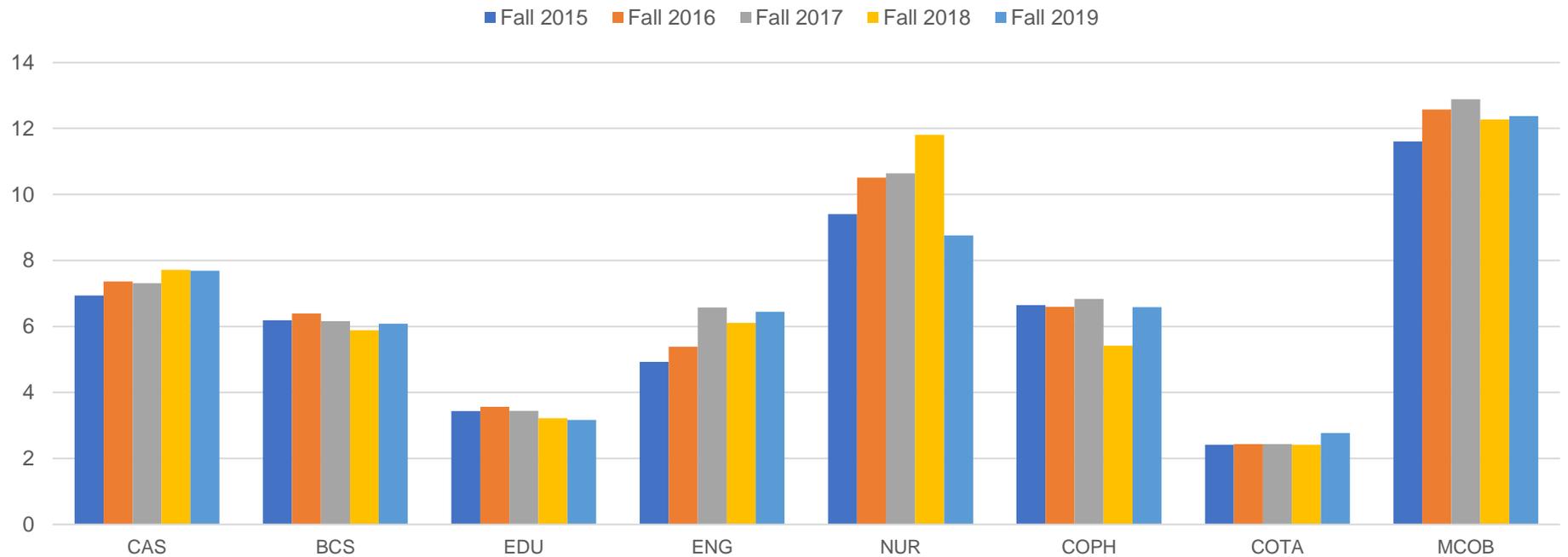
Degree productivity trends

Baccalaureate Degrees Awarded



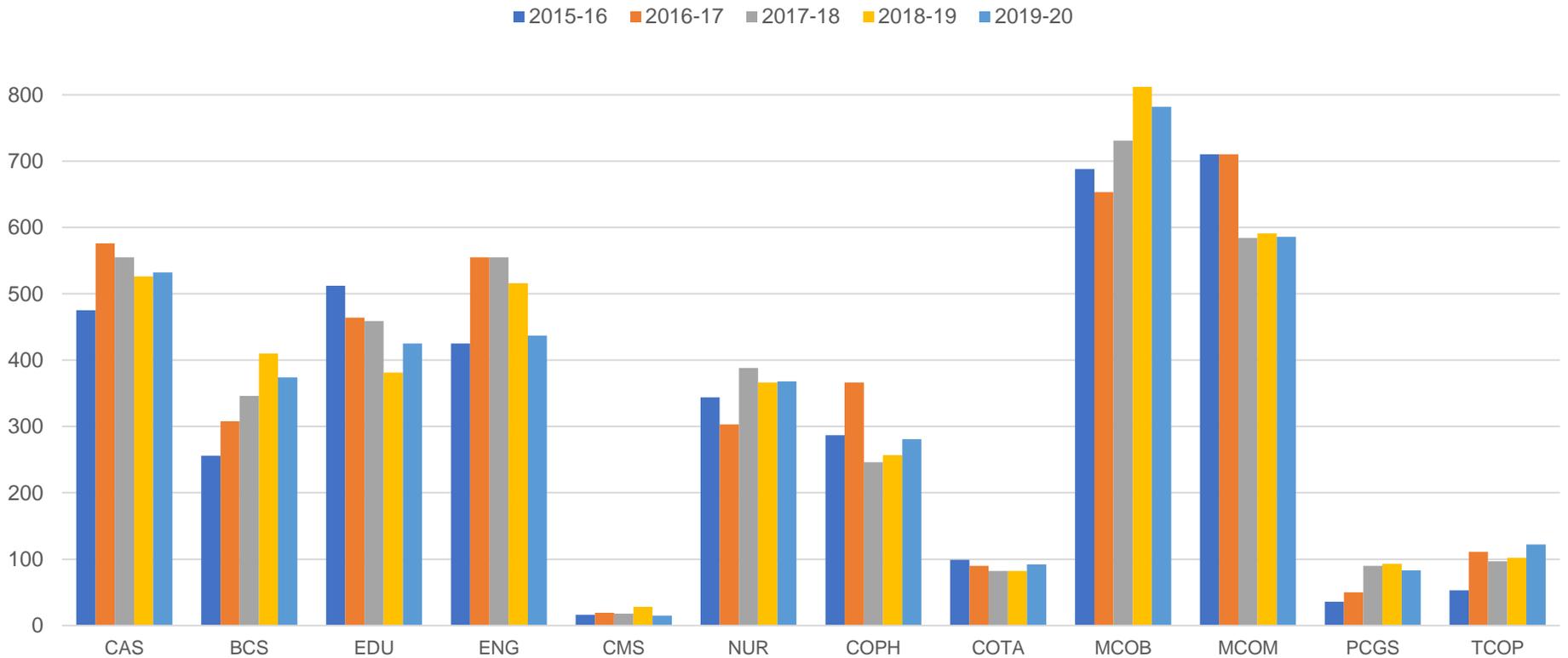
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Baccalaureate Degrees Awarded Per Full-Time Instructional Faculty FTE



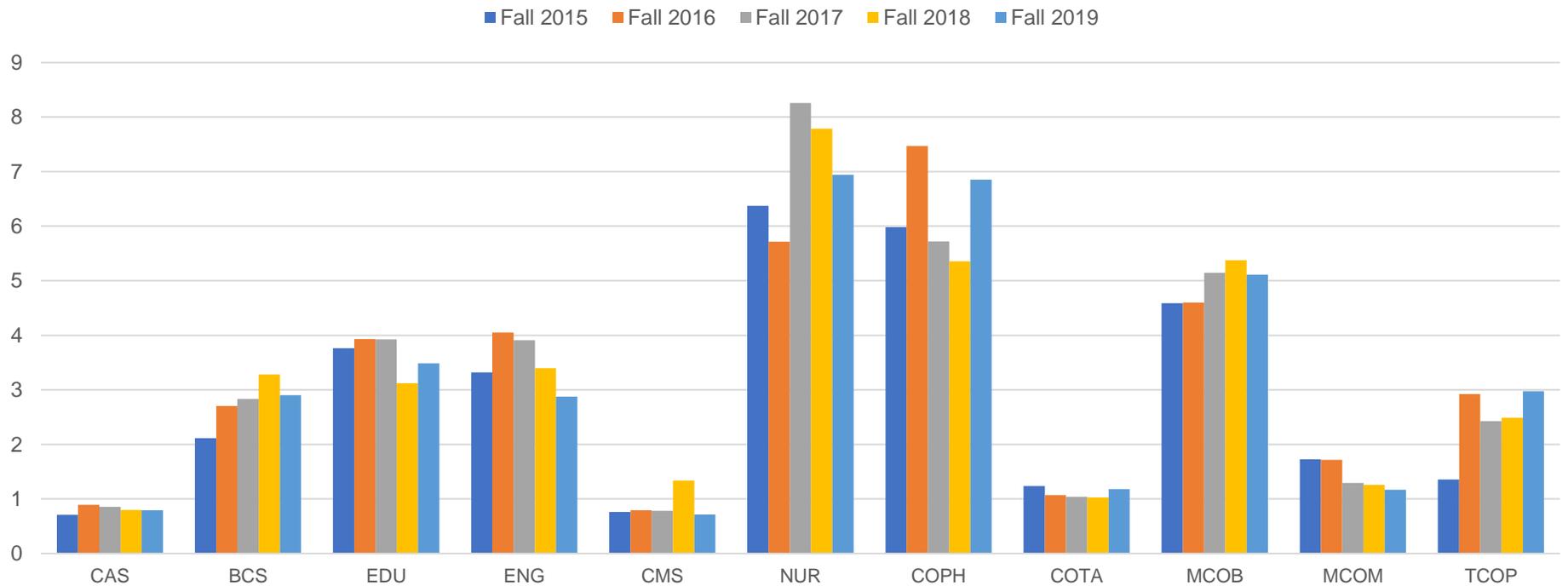
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Graduate Degrees Awarded



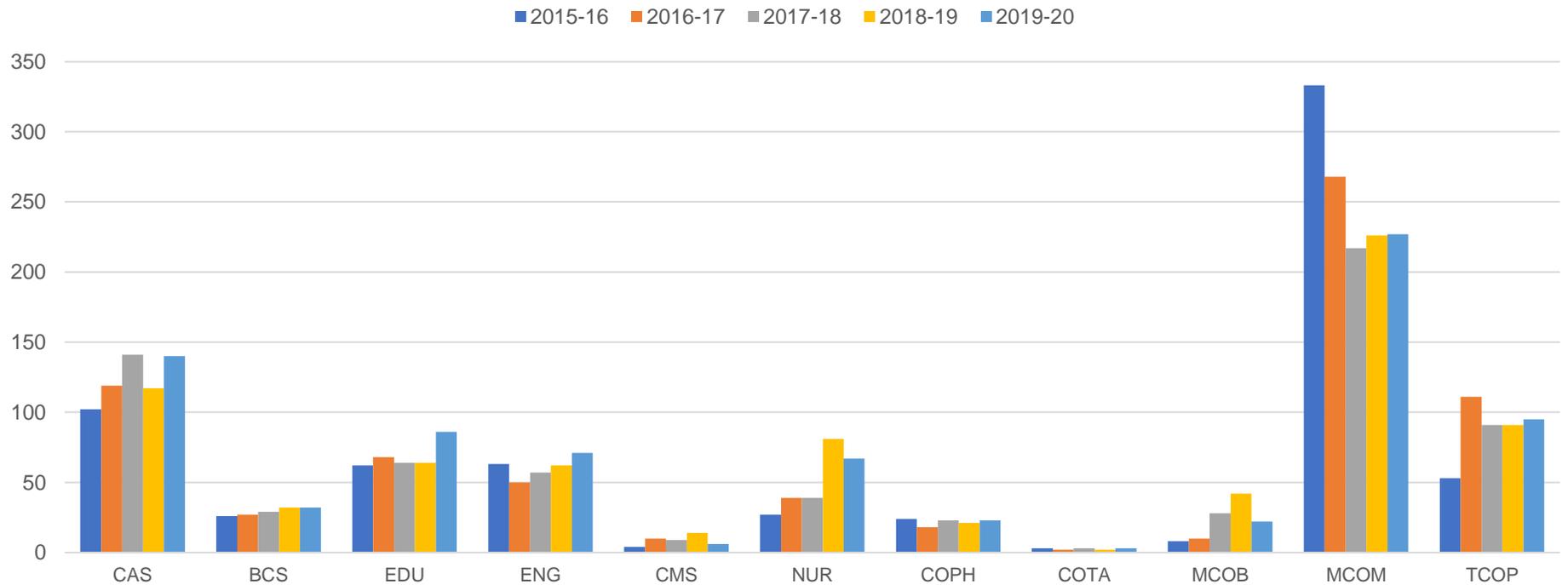
Judy Genshaft Honors College is removed because it is primarily undergraduate.

Graduate Degrees Awarded Per Full-Time Instructional Faculty FTE (Excludes PCGS)



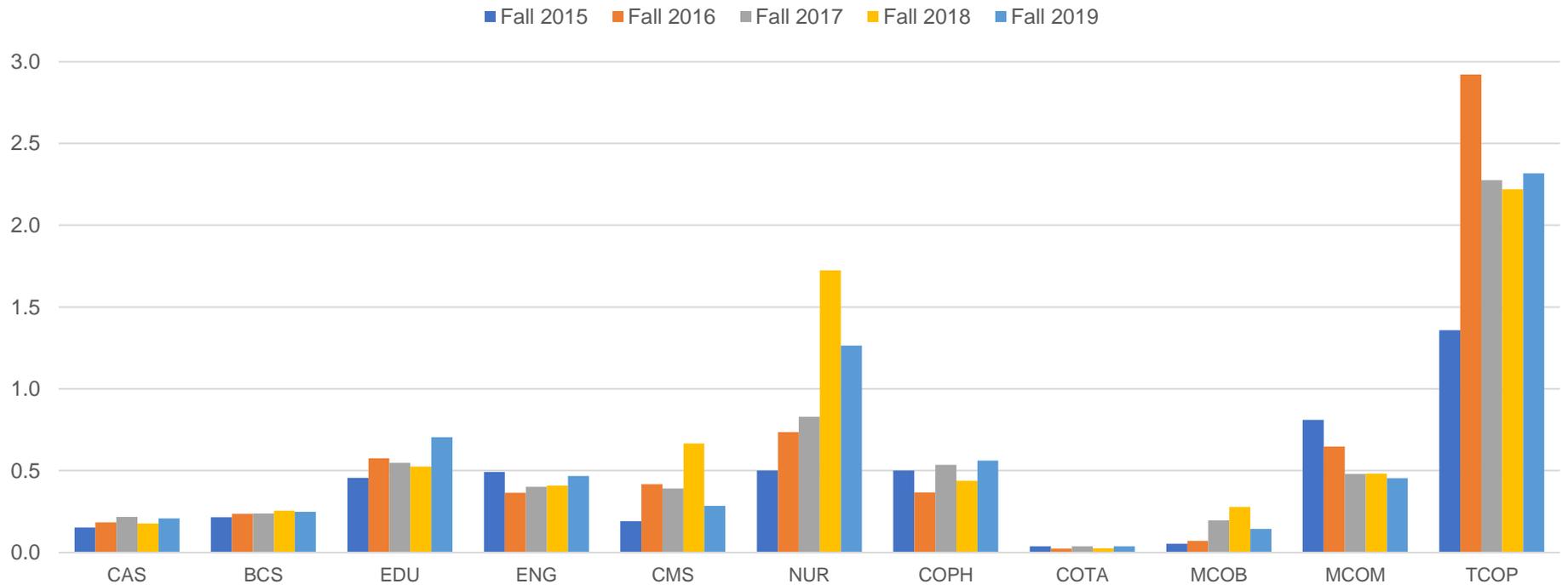
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Doctoral Degrees Awarded (Research and Professional)



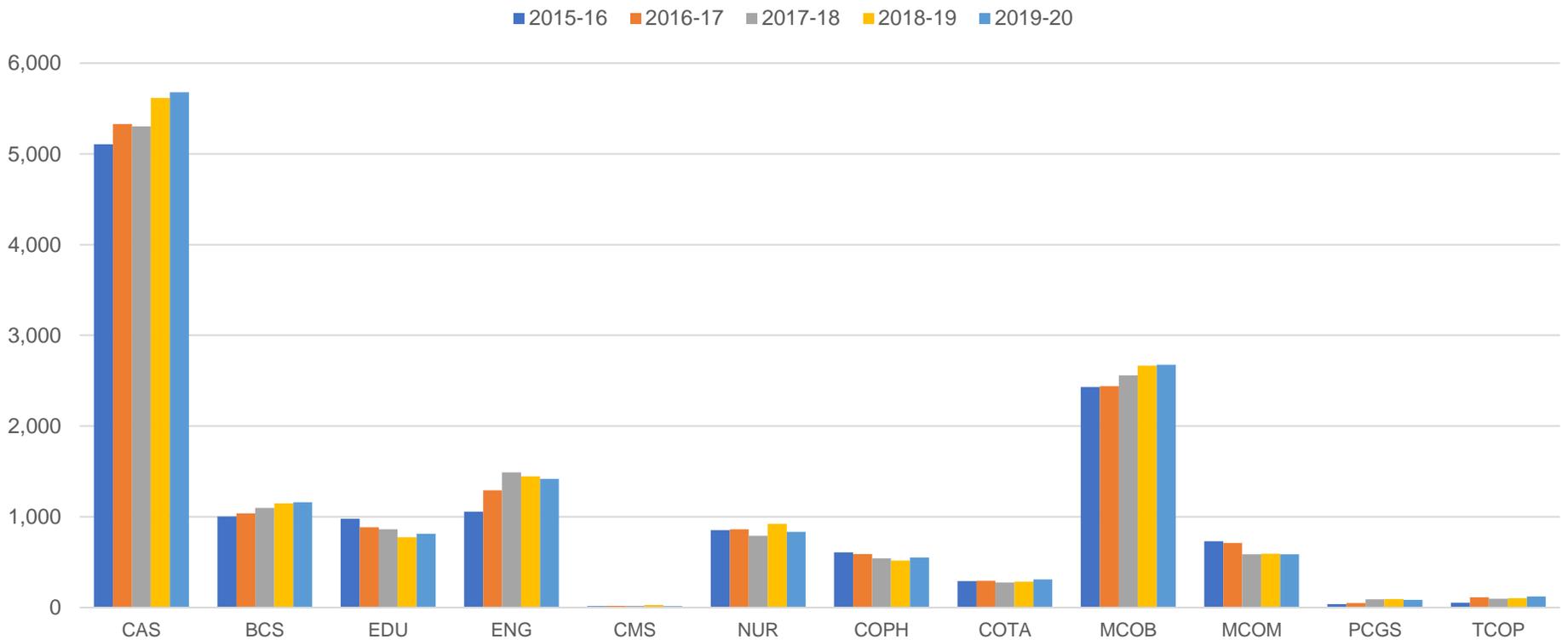
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Doctoral Degrees Awarded per Full-Time Instructional Faculty FTE (Research and Professional)



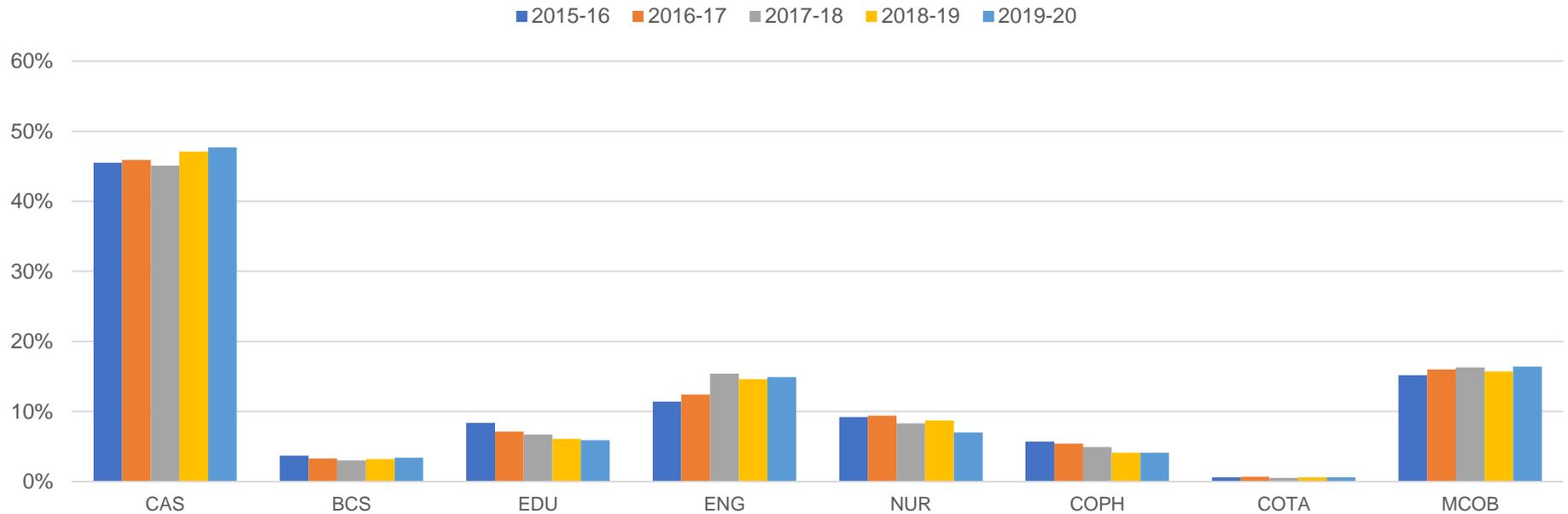
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Total Degrees Awarded



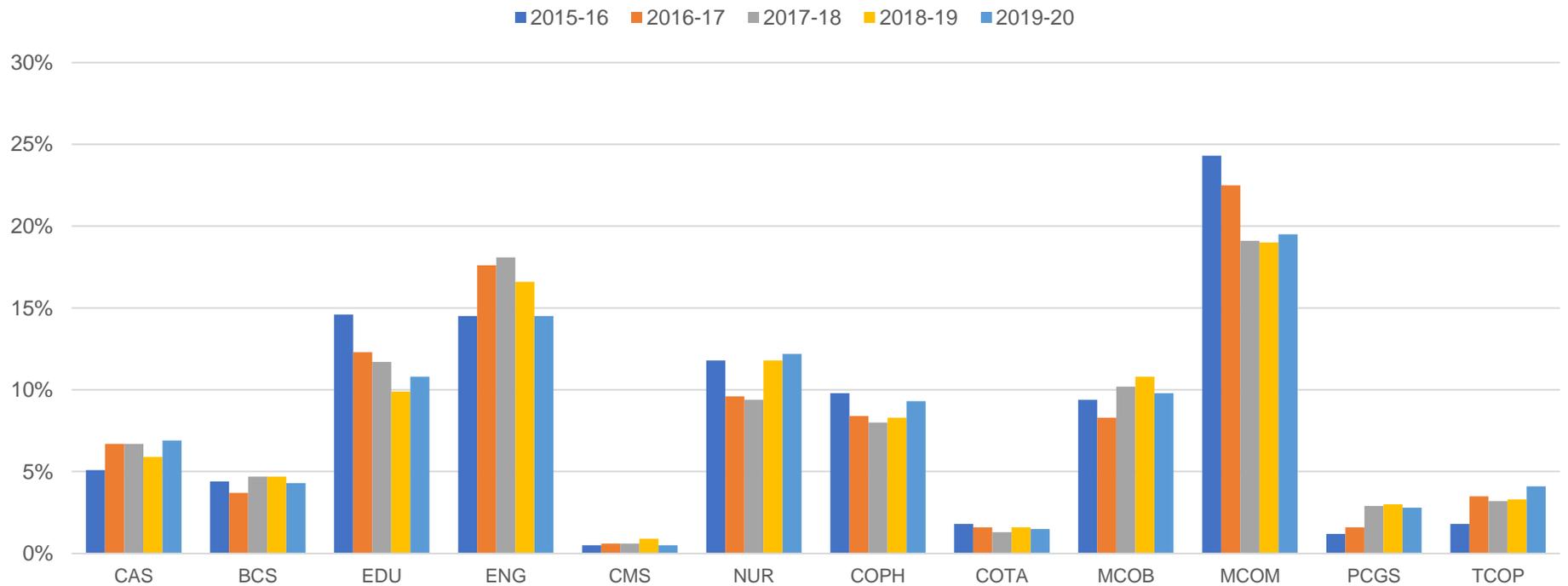
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Percent Baccalaureate Degrees Awarded in Areas of Strategic Emphasis (% is of total university baccalaureate degrees)



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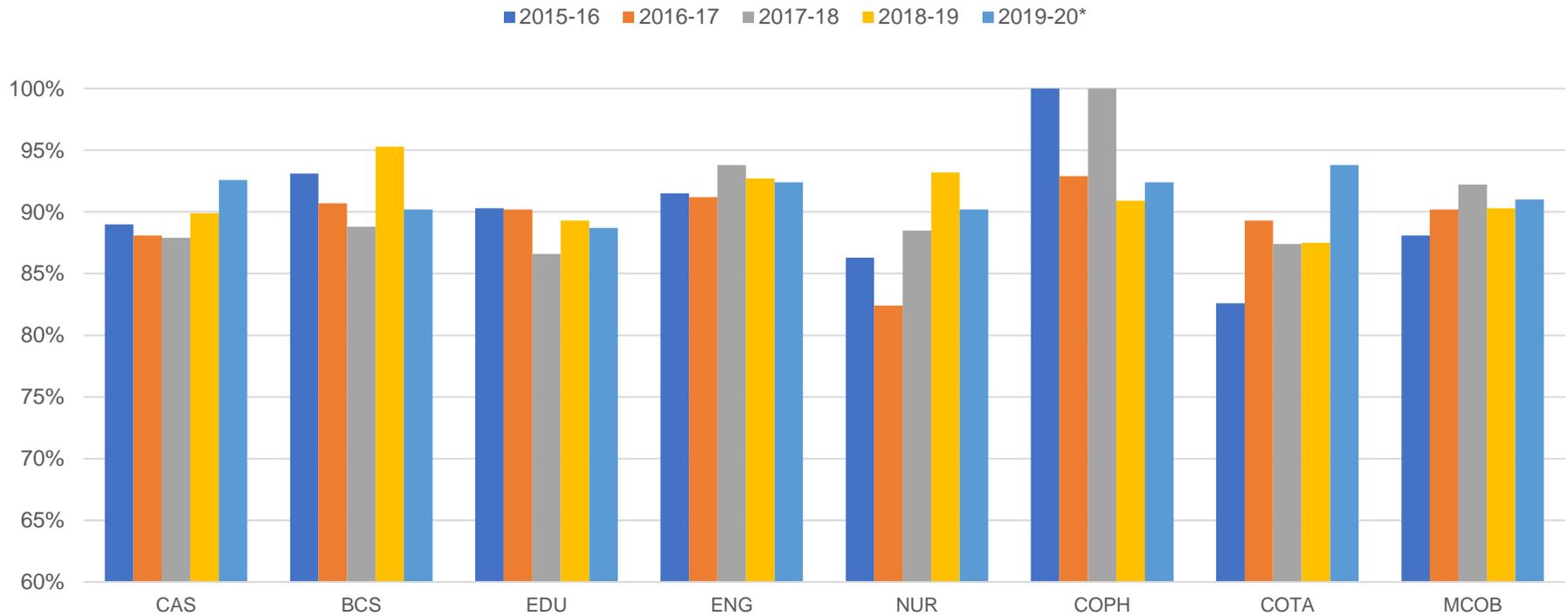
Percent Graduate Degrees Awarded in Areas of Strategic Emphasis (% is of total university graduate degrees)



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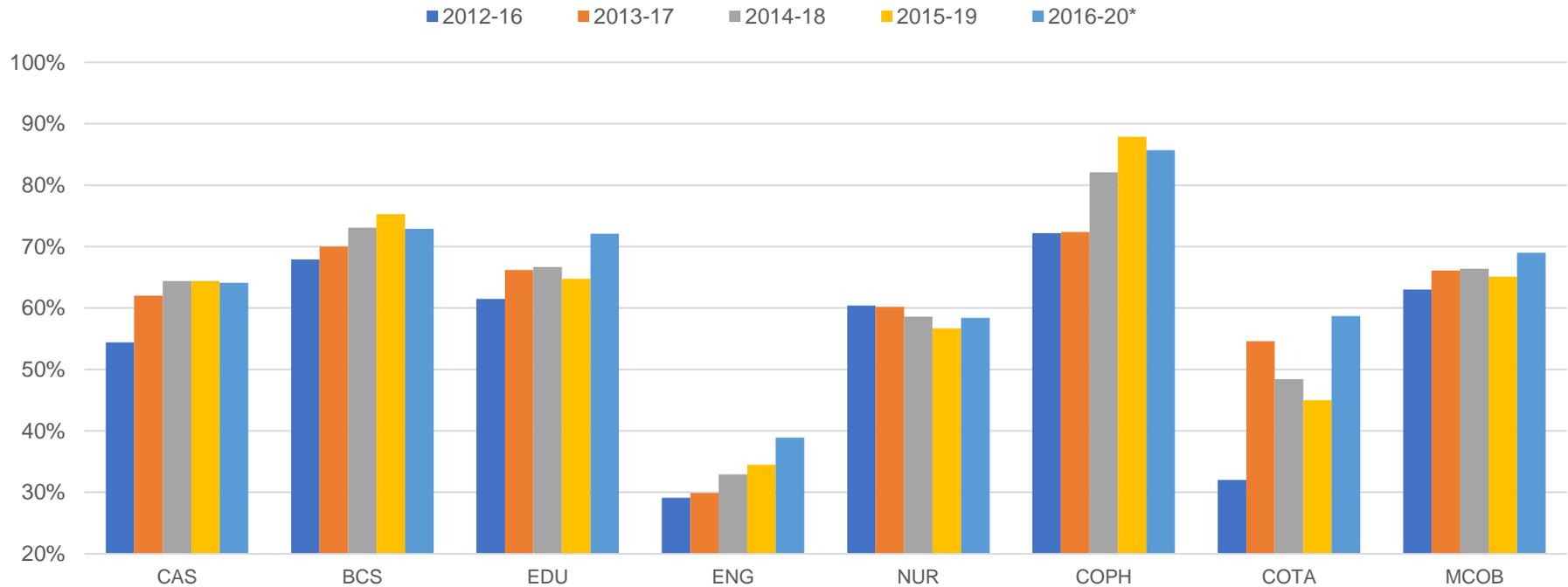
Student retention and graduation rates

Freshman Retention Rate (at USF)



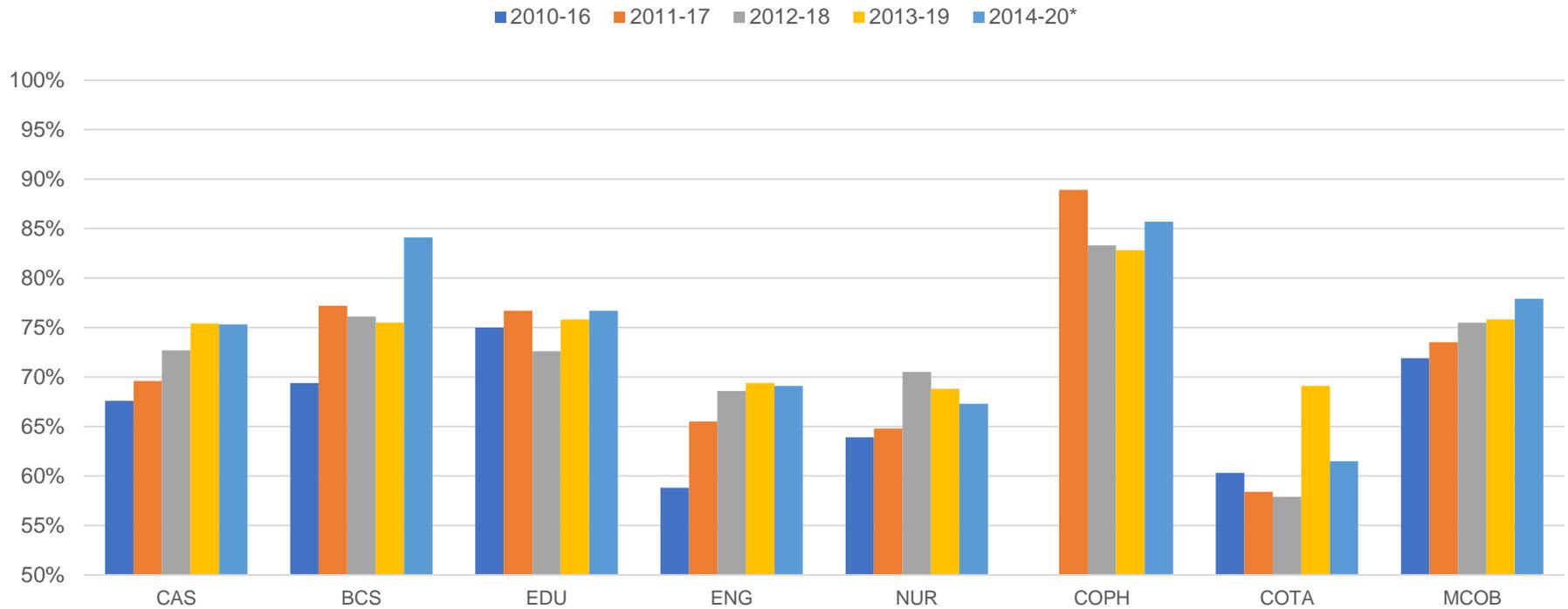
**Based on preliminary data (to be finalized January 2021). College of Marine Science, Patel College of Global Sustainability, Taneja College of Pharmacy, and Morsani College of Medicine are excluded because they are primarily graduate. Judy Genshaft Honors College is excluded because counts are duplicated under colleges where the majors of honors students are located. Data are included in the underlying data tables provided.*

4-year FTIC Graduation Rate (at USF)



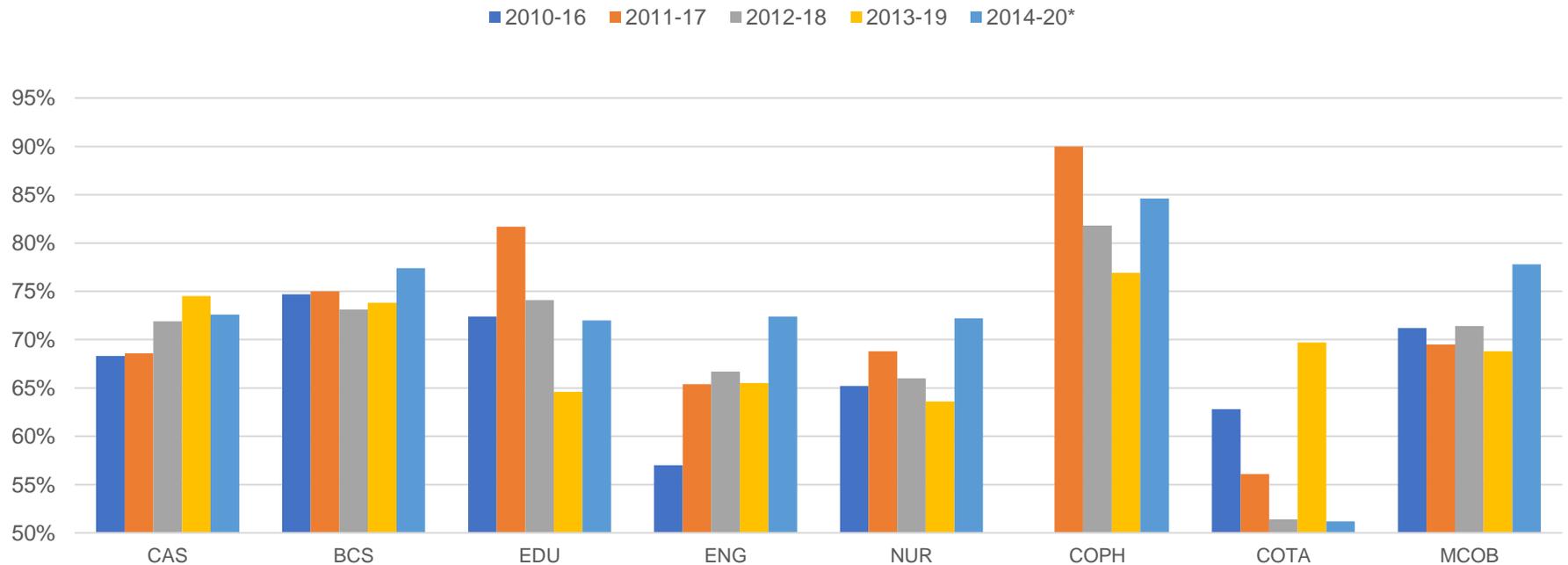
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6-year FTIC Graduation Rate (at USF)



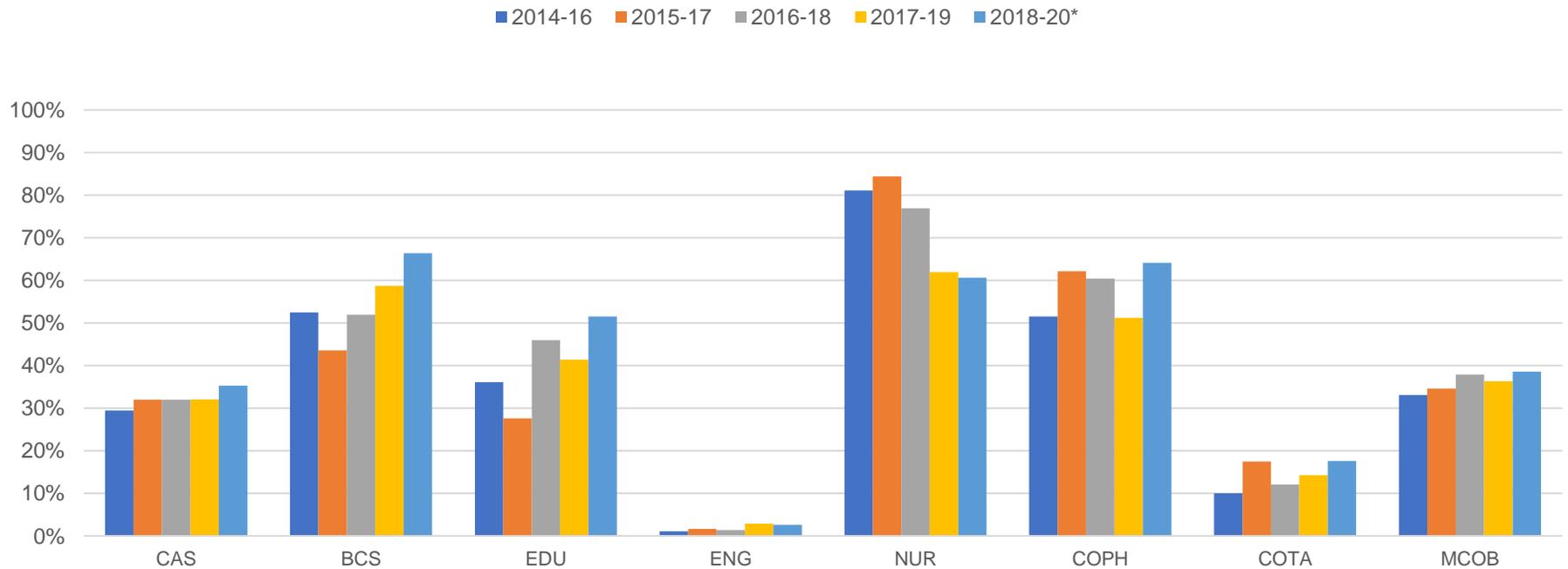
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6-year FTIC Graduation Rate - Pell Recipients (at USF)



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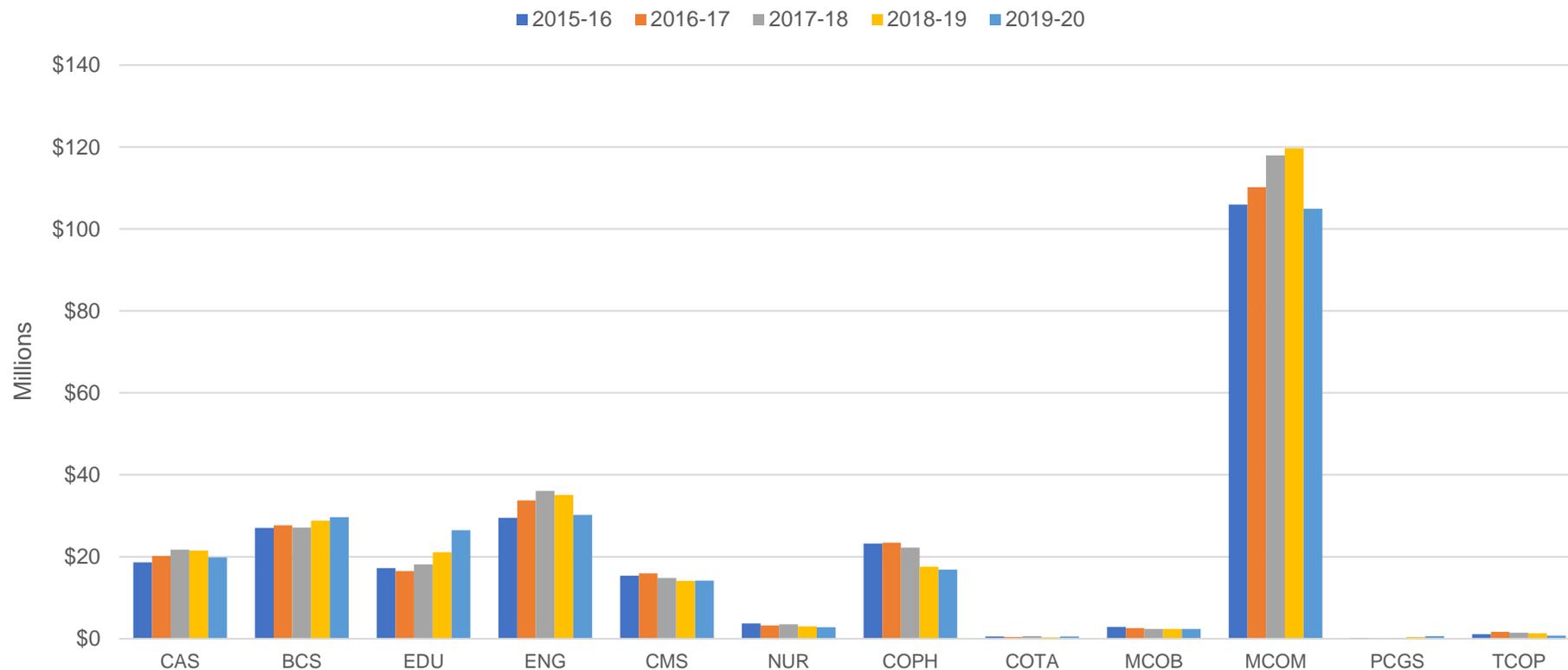
2-year Graduation Rate - FCS AA Transfers (at USF)



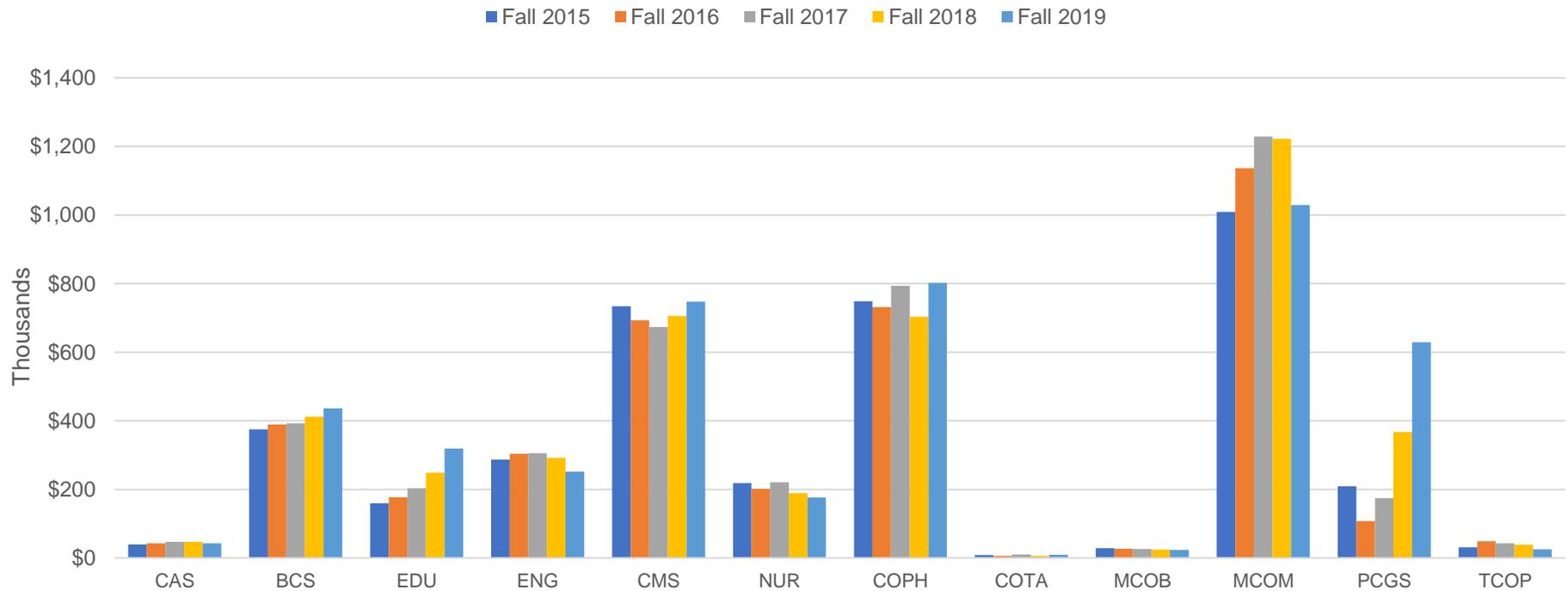
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Research productivity

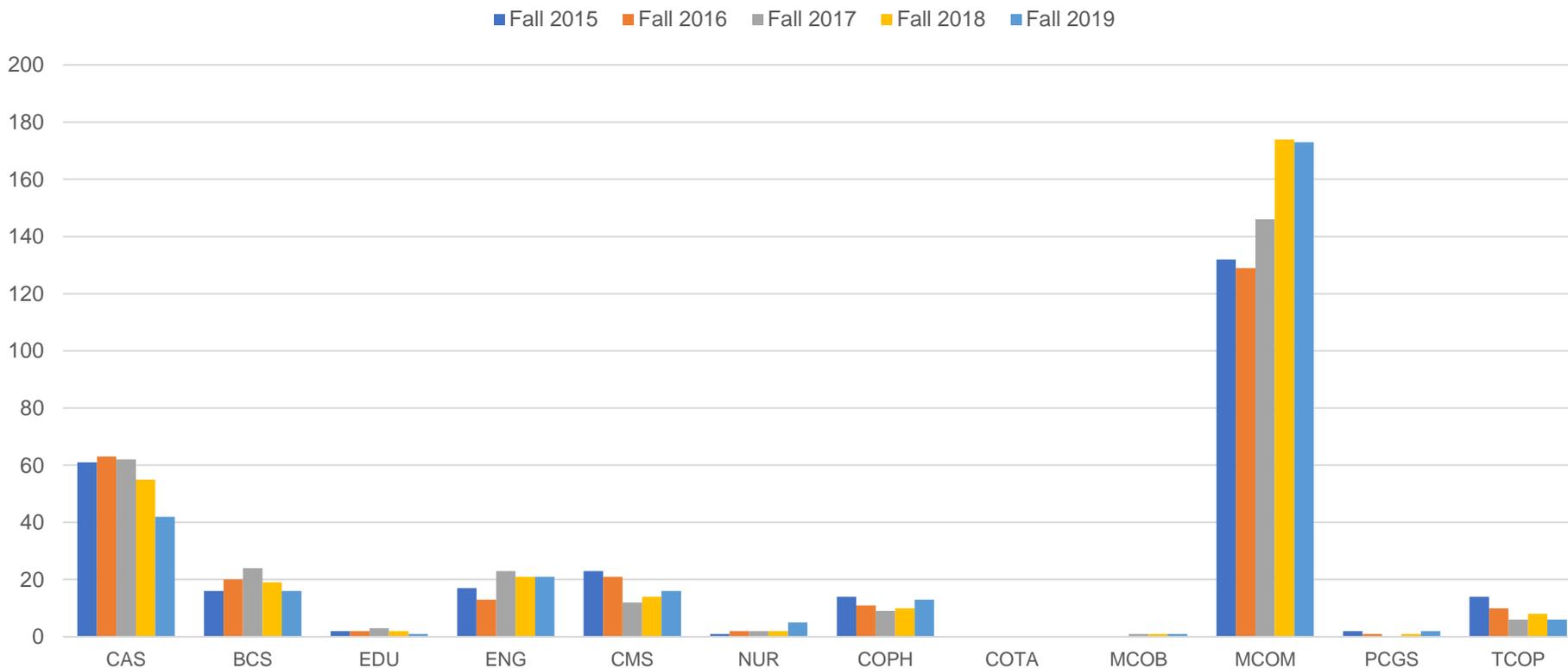
Total Research Expenditures



Total Research Expenditures Per Tenured/ Tenure-Track Faculty FTE



Postdoctoral Appointees



Judy Genshaft Honors College is excluded as student enrollment is by college major.

Other Strategic Considerations

National Academic Program Rankings (Top 50)

U.S. News & World Report **Best Graduate Programs**

- | | |
|--|--|
| 2 Psychology: Industrial and Organizational | 43 Health Care Management |
| 16 Public Health | 47 Nursing: Master's |
| 18 Audiology | 47 Medical: Research |
| 22 Criminology | 48 Nursing: Doctor of Nursing Practice |
| 27 Rehabilitation Counseling | 49 Engineering: Industrial/ Manufacturing |
| 28 Library and Information Studies | 49 Physical Therapy |
| 35 Engineering: Environmental/ Environmental Health | |

U.S. News & World Report **Best Online Graduate Programs**

- 10** Information Technology
- 23** Engineering

Military Times

- 5** Cybersecurity

National Academy Members

USF College / Unit	N=	NAS	NAE	NAM
CAS	1	1		
ENG	1		1	
MCOM	2			2
MCOB	1			1
Institute for Advanced Discovery & Innovation <i>(Office of the Sr. VP of Research)</i>	10		7	3
Total	15	1	8	6

Other “quality” measures:

By institution:

- Pell rate
- Freshman academic profile
- Top 10% of HS class
- Student loan %/\$
- Graduate employment rate and salary
- Endowment
- Alumni giving
- Peer Assessment
- National rankings

By college:

- Class sizes
- Percentage of faculty with highest degree
- Faculty salaries
- Faculty awards
- Citations
- Patents

Appendix

Additional slides

Strategic Priorities: Performance Based Funding

1. Percent of Bachelor's Graduates Enrolled or Employed (\$25,000+)
2. Median Wages of Bachelor's Graduates Employed Full-time
3. Average Cost to the Student
4. FTIC Four-Year Graduation Rate (Full-time FTIC Students)
5. Academic Progress Rate (Full-time FTIC Retention with 2.0 GPA)
6. Percent of Bachelor's Degrees Awarded with Programs of Strategic Emphasis
7. University Access Rate (Percent of Undergraduates with a Pell Grant)
8. Percentage of Graduate Degrees Awarded within Programs of Strategic Emphasis
9. BOG Choice: Percent of Baccalaureate Degrees Awarded Without Excess Hours (to be replaced, in 2021-2022, by (a) 2-year graduation rate for Associate in Arts Transfer students, from the Florida College System, and (b) 6-year graduation rate for FTIC students who are awarded a Pell Grant in their first year)
10. BOT Choice: 6-Year Graduation Rate (Full- and Part-time FTIC Students)

Strategic Priorities: Preeminence

- A. (1) Average GPA
- A. (2) Average SAT Score
- B. Public University National Ranking
- C. Freshman Retention Rate (Full-time FTIC Students)
- D. Four-year Graduation Rate (Full-time FTIC Students)
- E. National Academy Memberships
- F. Science & Engineering Research Expenditures (\$M)
- G. Non-Medical Science & Engineering Research Expenditures (\$M)
- H. Number of Broad Disciplines Ranked in Top 100 for Research Expenditures
- I. Utility Patents Awarded (Over Three Calendar Years)
- J. Doctoral Degrees Awarded Annually
- K. Number of Postdoctoral Appointees
- L. Endowment Size (\$M)

Strategic Priorities: Top 25 *USN&WR*

- SAT/ACT 25th Percentile
- SAT/ACT 75th Percentile
- Freshmen in Top 10% of High School Class
- Average First-year Retention Rate
- 6-year Graduation Rate
- Graduation Rate Performance (Actual Versus Predicted)
- Pell Graduation Rate
- Pell Graduation Comparison Rate
- Percent of Graduates Who Took Out Federal Loans
- Average Federal Loan Debt of Graduates
- % of Classes Under 20 Students
- % of Classes of 50 or More Students
- Student to Faculty Ratio
- Proportion of Full-time Faculty
- Proportion of Faculty with Highest Degree
- Average Faculty Salary
- Average Spend per Student
- Average Alumni Giving Rate
- Peer Assessment Score

Strategic Priorities: AAU Eligibility

Phase I Indicators:

Competitively Funded
Federal Research Support

Membership in the National Academies

Faculty Awards, Fellowships,
and Memberships

Citations

Phase II Indicators:

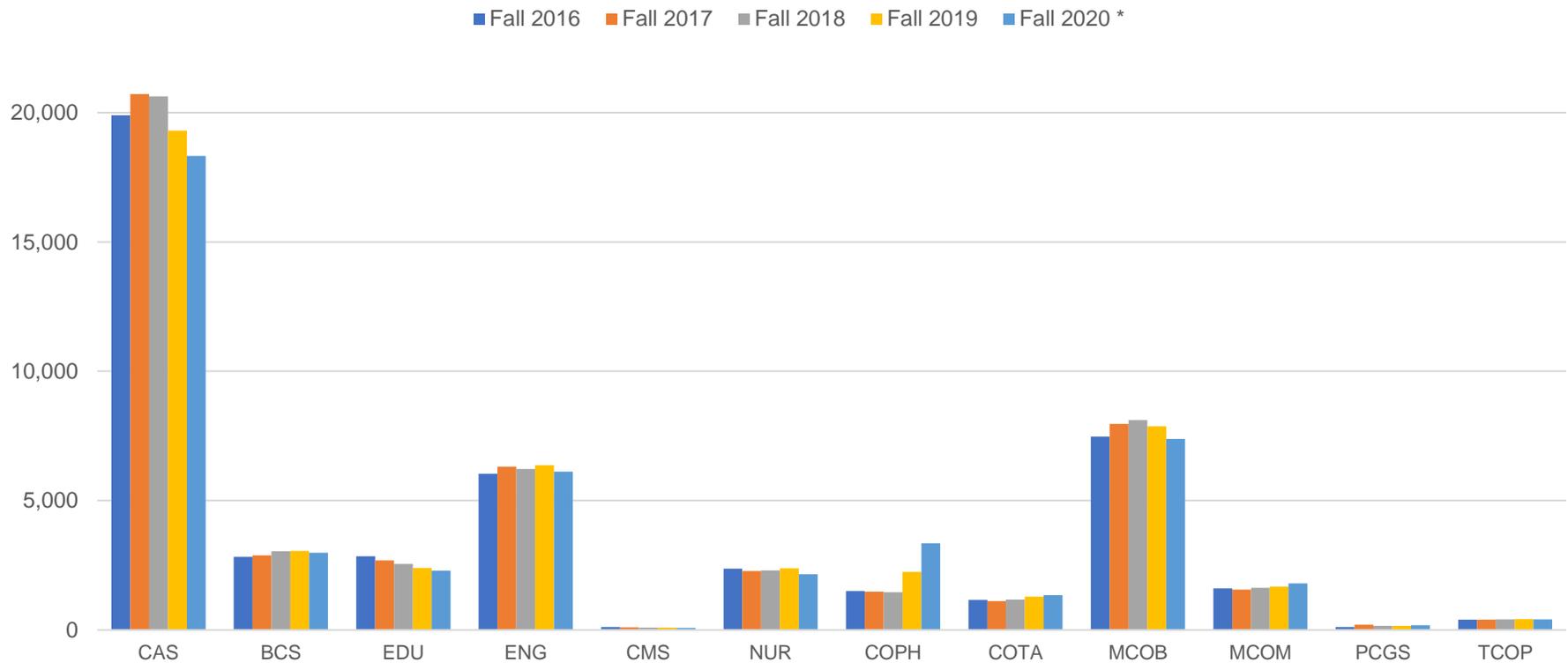
USDA, State, and Industrial
Research Funding

Doctoral Education

Number of Postdoctoral Appointees

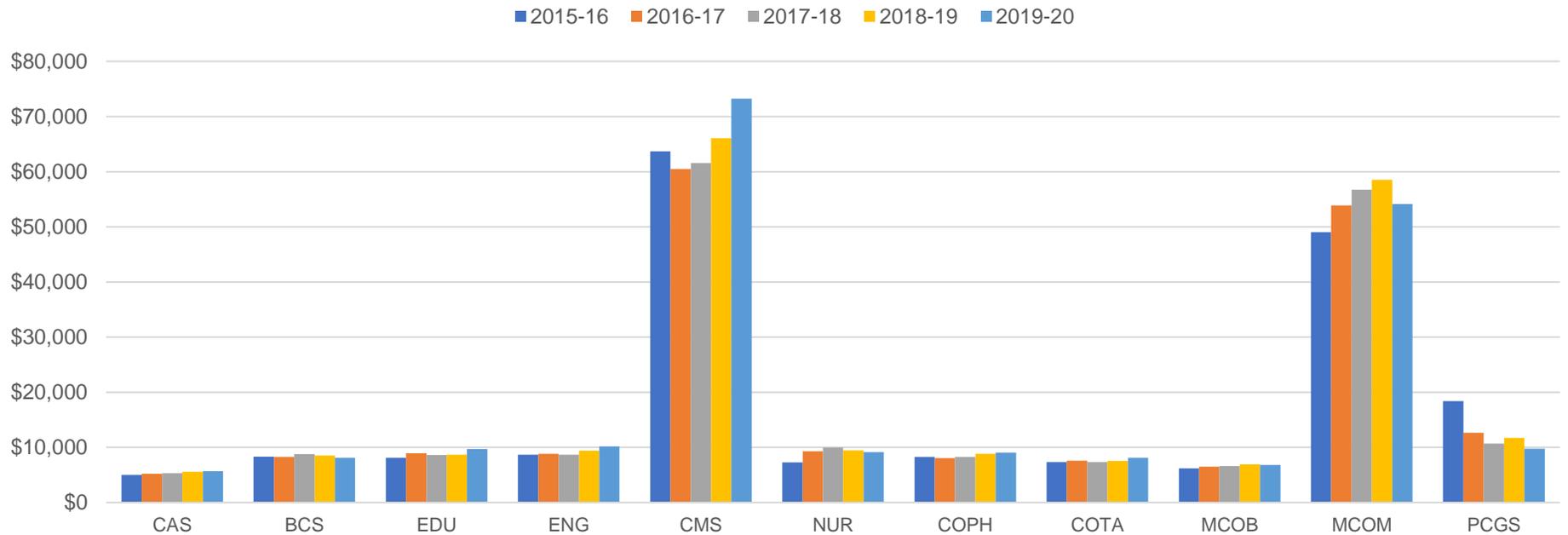
Undergraduate Education

Total Student Headcount (Fall only)



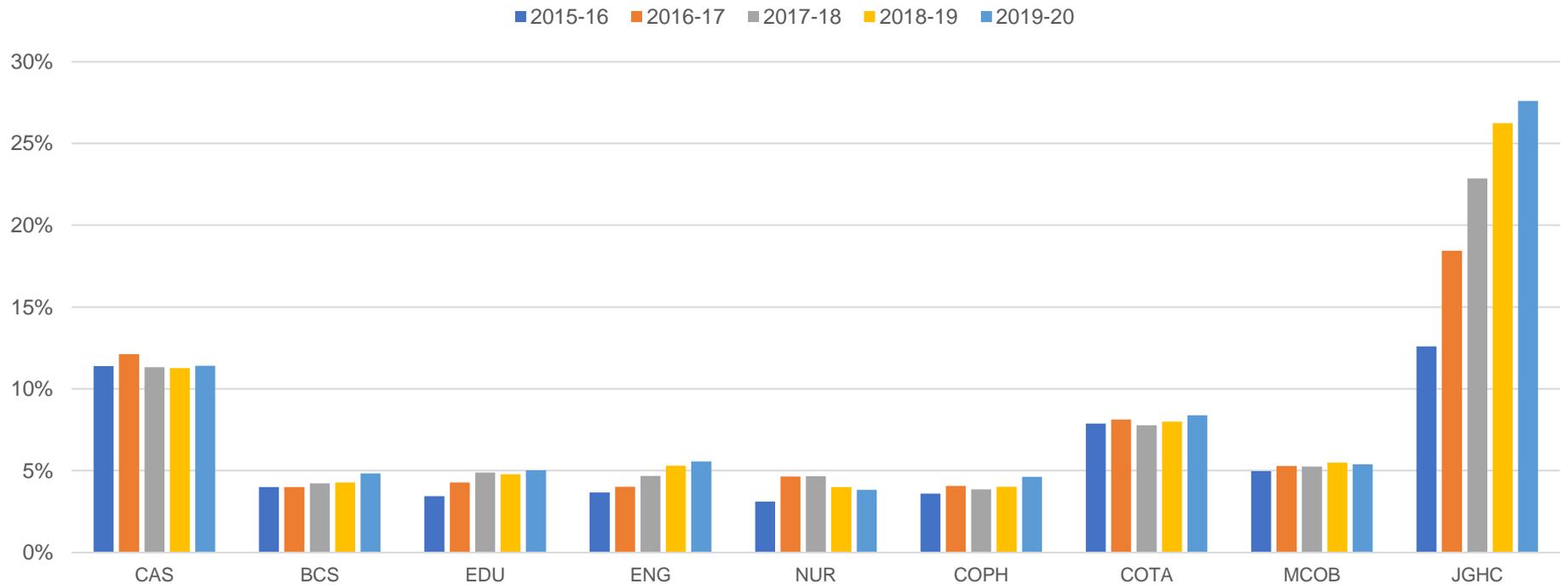
*Fall 2020 is based on preliminary data. Judy Genshaft Honors College is excluded because honors student headcount is included with college of degree major.

Total E&G Funding per Student FTE (All Colleges; Base Budget and AY FTE, all levels) (Excludes TCOP)



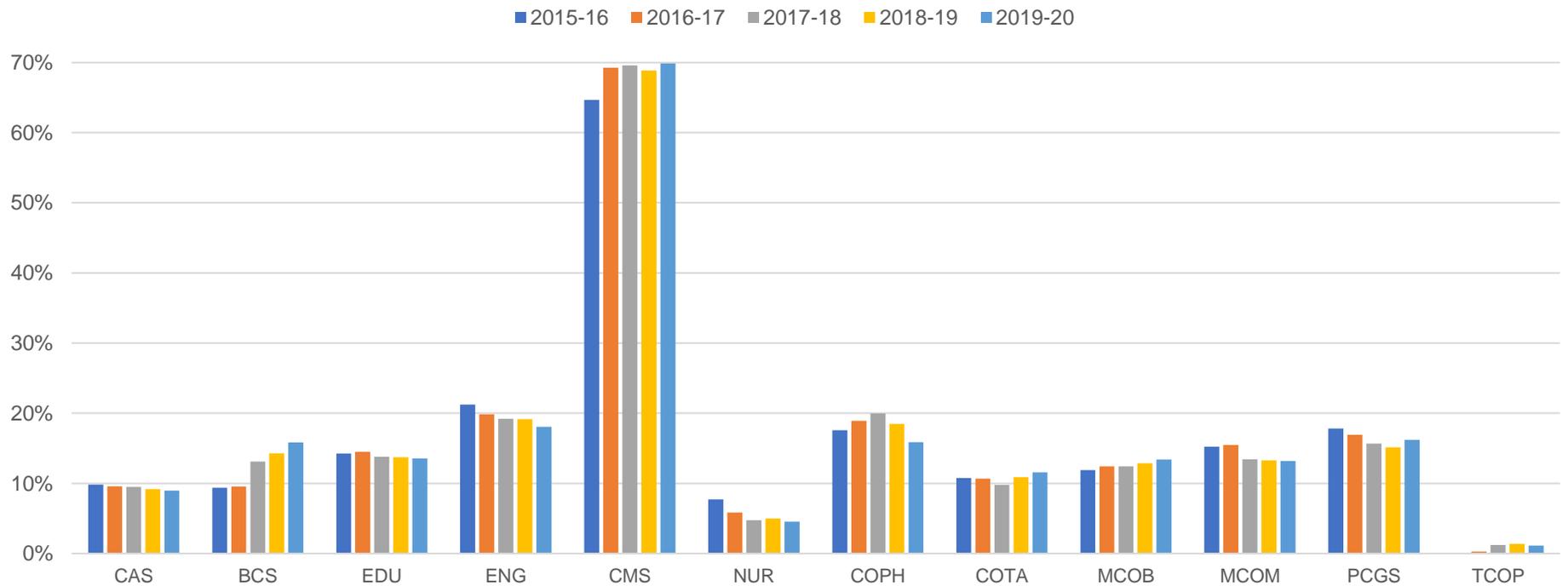
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Percent Undergraduate Tuition Waived (of Total Gross Tuition)

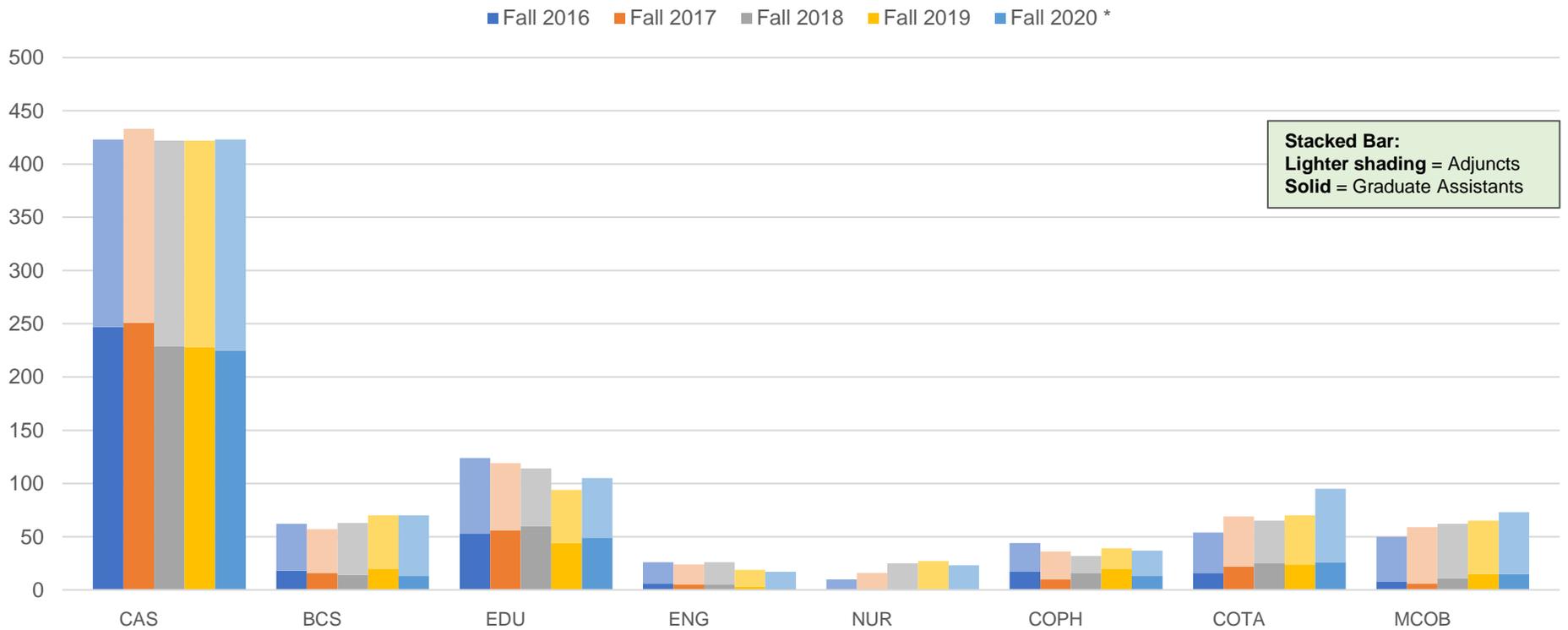


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Percent Graduate Tuition Waived (of Total Gross Tuition)

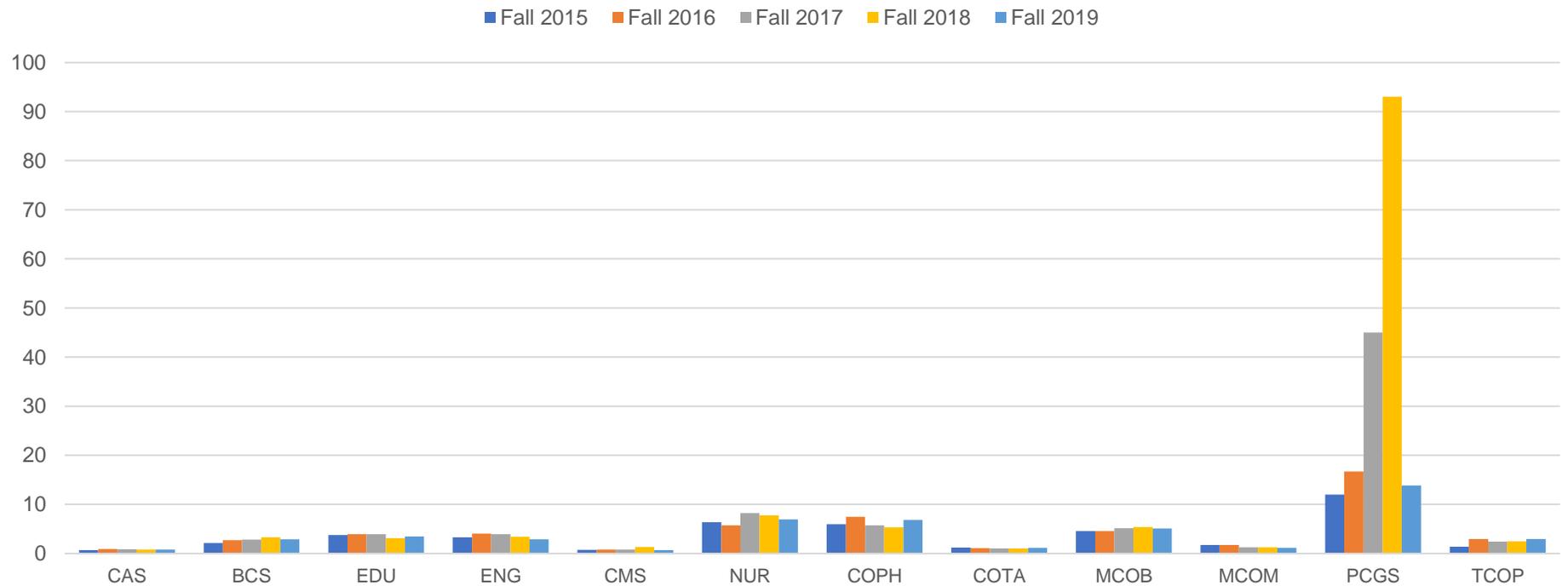


Non-Full-Time Instructional FTE (Fall)



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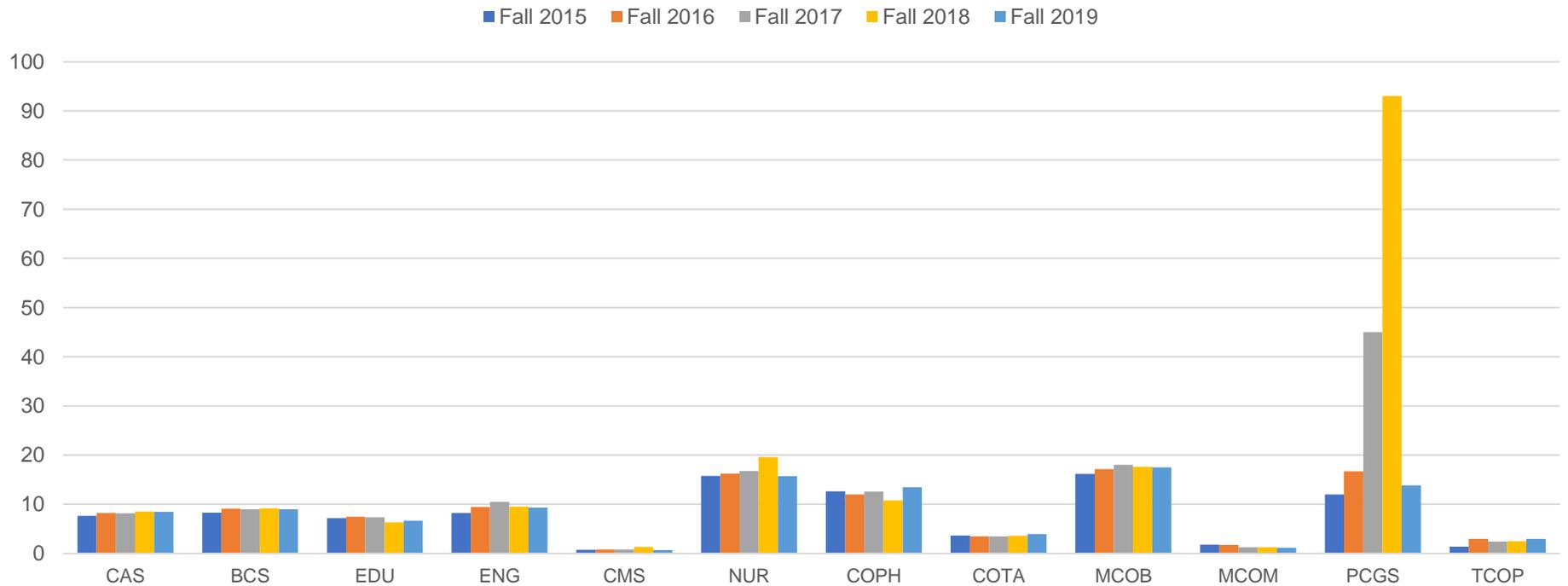
Graduate Degrees Awarded Per Full-Time Instructional Faculty FTE V1



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Total Degrees Awarded per Full-Time Instructional Faculty FTE

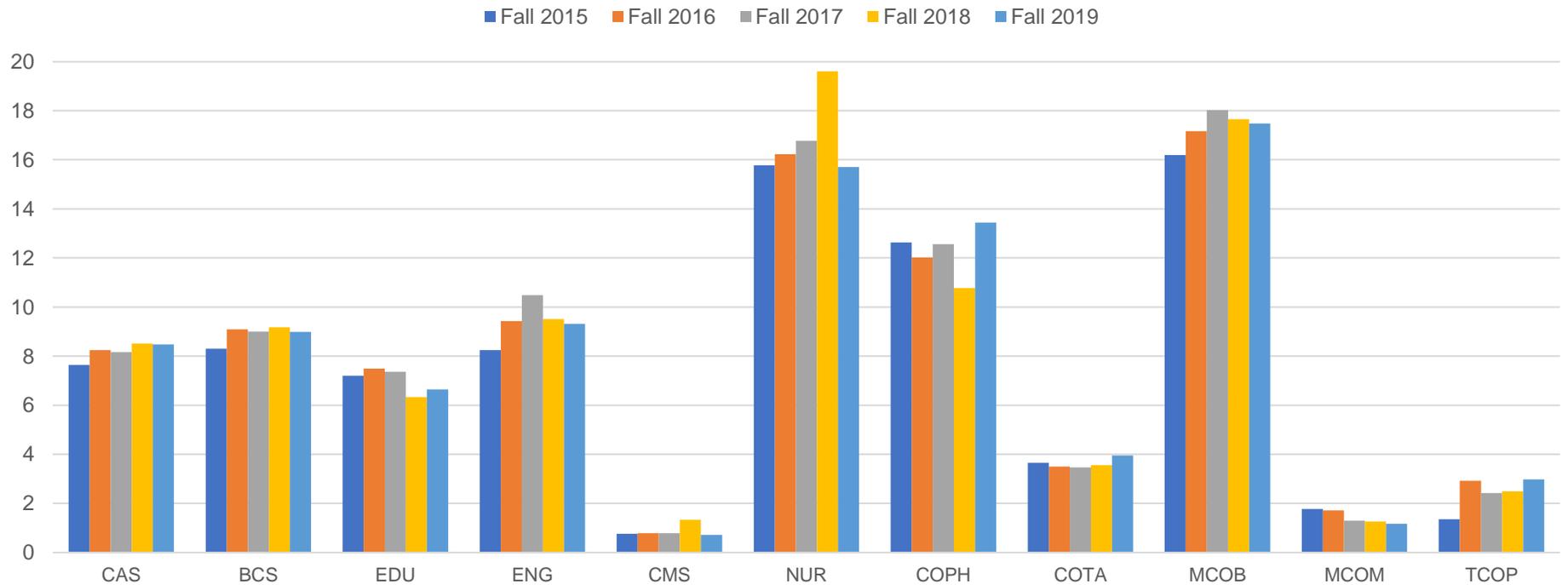
V1



Judy Genshaft Honors College is excluded because counts are duplicated under colleges where the majors of honors students are located. Data are included in the underlying data tables provided.

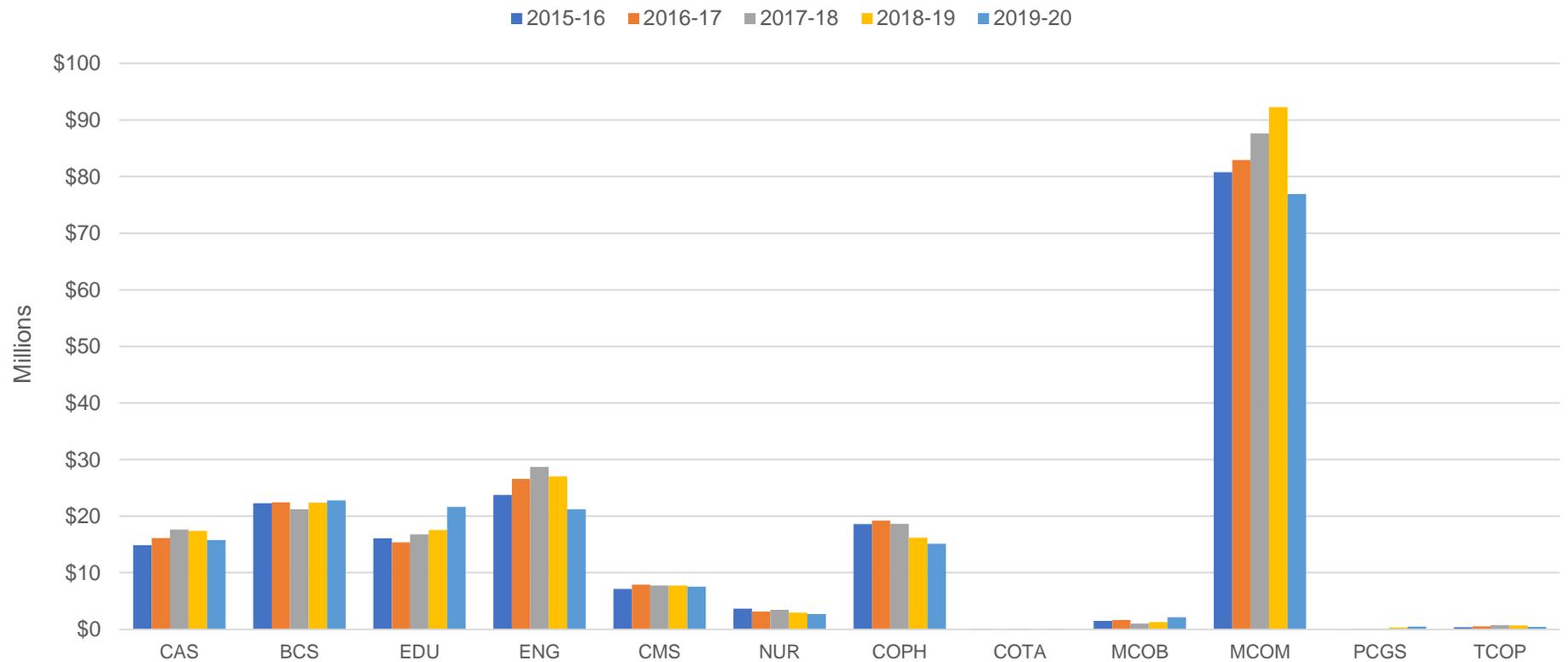
Total Degrees Awarded per Full-Time Instructional Faculty FTE (excludes PCGS)

V2

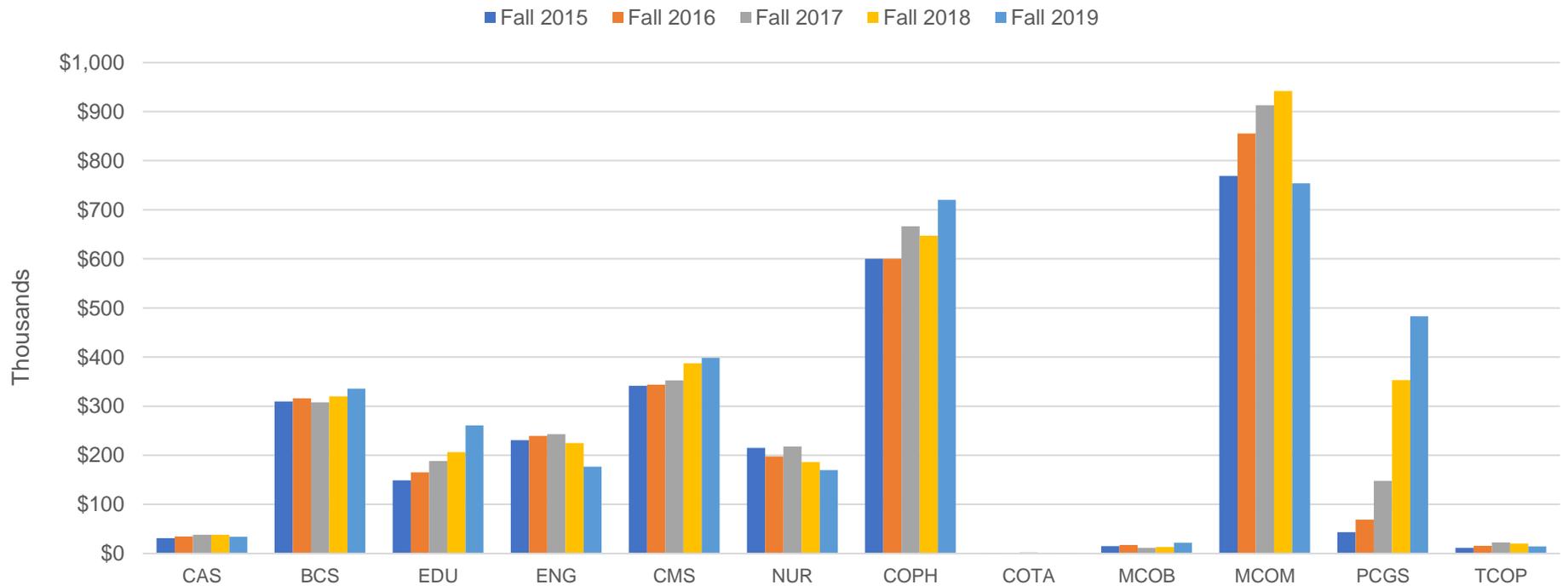


Judy Genshaft Honors College is excluded because counts are duplicated under colleges where the majors of honors students are located. Data are included in the underlying data tables provided.

Federal Research Expenditures



Federal Research Expenditures per Tenured/ Tenure-Track Faculty FTE



BOT Budget Workshop

Planning Background Information

David Lechner | Nick Trivunovich - December 11, 2020



Objectives

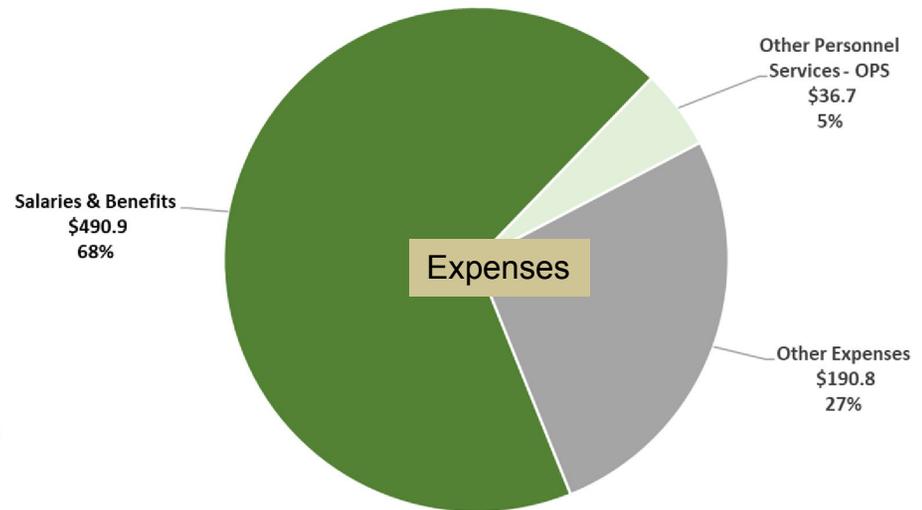
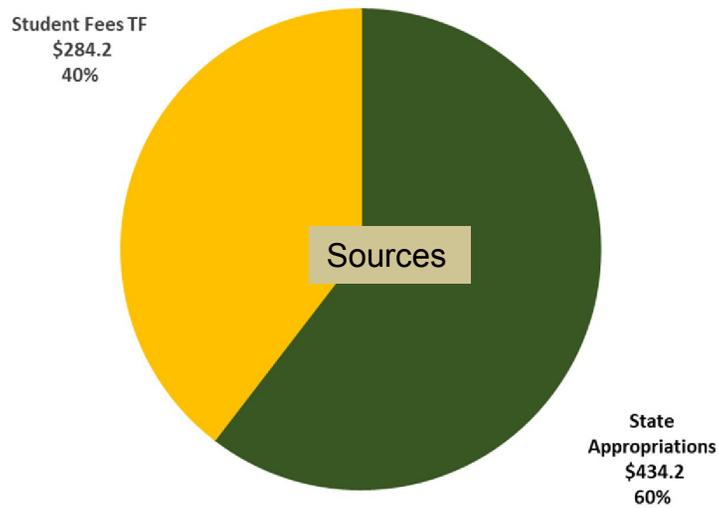
Provide additional transparency into the origins of the needed reductions

- Operating budget
- Investments needing recurring funding
- Sharing additional background
 - “Days of Cash”
 - Discretionary vs. Non-discretionary balances
 - Carryforward background
 - Timing
- Next steps in budget process

The Genesis of the Budget Reductions

Part 1: Operating Budget

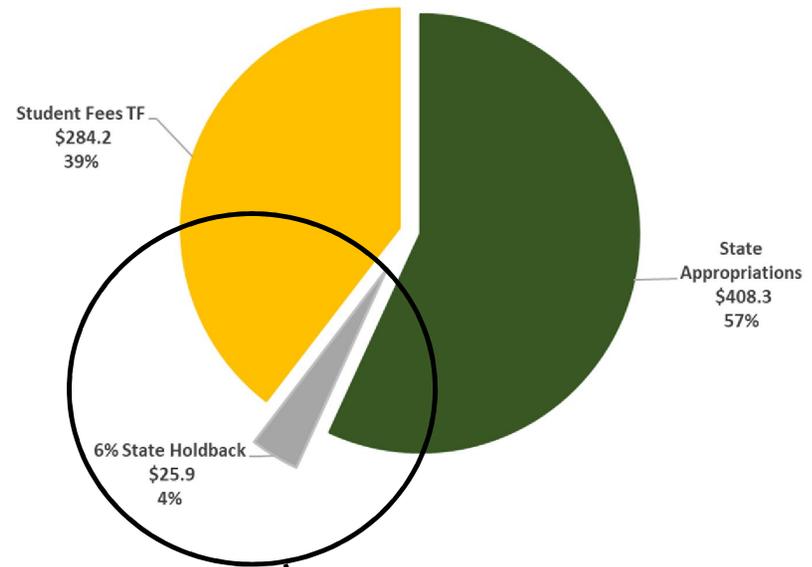
A Balanced 2020-21 E&G Operating Budget (in millions)



- Other Expenses include:**
- Financial Aid
 - Contractual Services
 - Utilities
 - Other Operating Expenses

**\$718 Million E&G Budget
Passed by the Board on August 19, 2020**

First Reduction – State Holdback



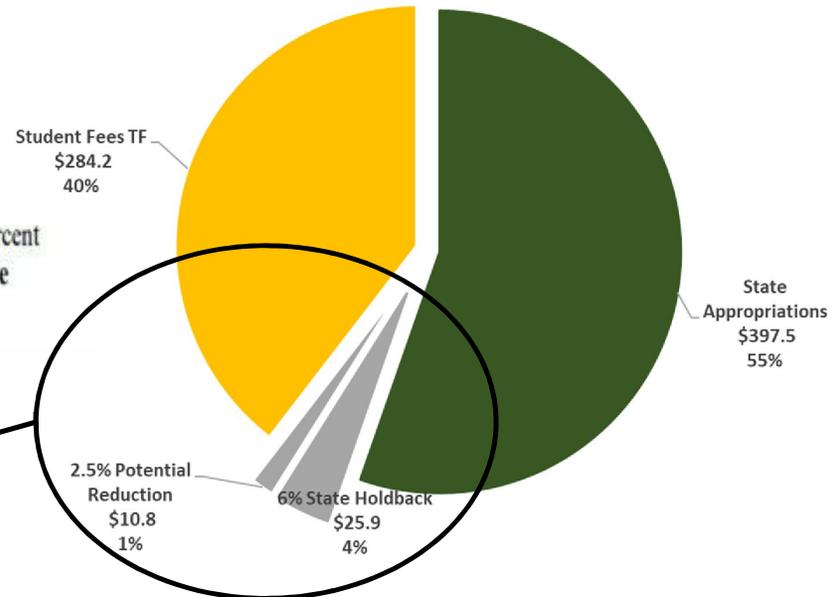
\$25.9 Million of Budgeted Funds - Gone

Additional Reduction – BOG LBR Request

Board of Governors LBR Instructions

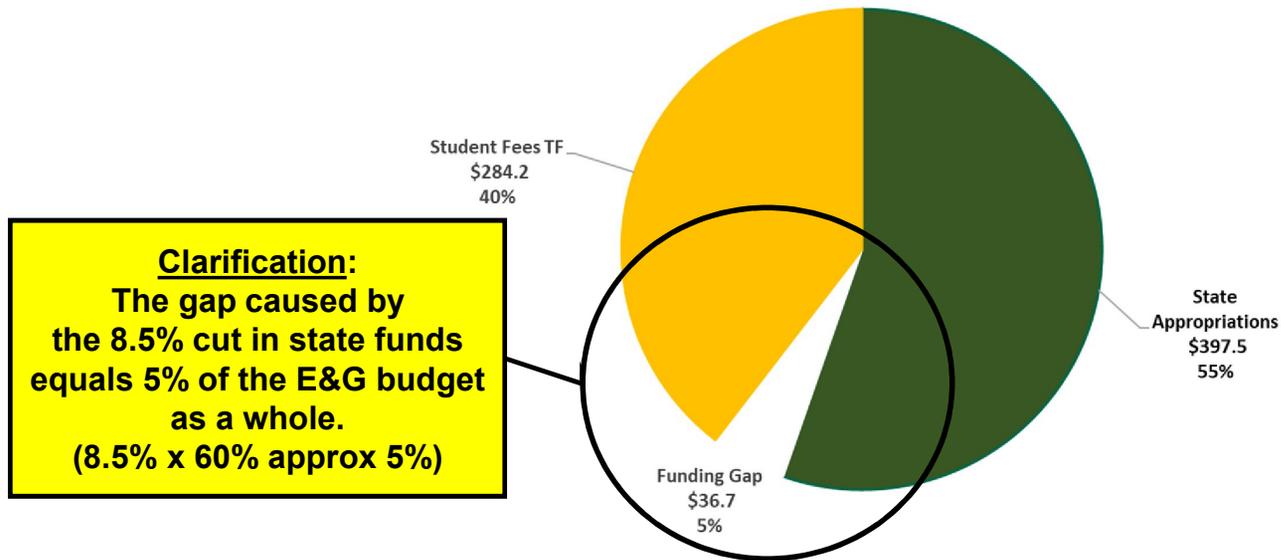
1. The total for reduction issues submitted in the Schedule VIII B-1 must total to the 8.5 percent target reduction amount provided by OPB (i.e., the annualization amount may NOT be counted toward the 8.5 percent target).

2.5% = Another 10.8 Million of Budgeted Funds - Gone



Source: [2021-22-LBR-Instructions_8.5-Reductions.pdf \(fbog.edu\)](#)

Our E&G Funding Picture



In essence, we have all the recurring obligations, but with \$36.7 million less funding.

Paying \$718 million of obligations this year with \$681 million dollars.

Summing Up the Reductions

Source of the Budget Shortfall	Amount
State of Florida – 6% holdback	\$25.9
Board of Governors – Additional 2.5%	<u>10.8</u>
Subtotal – Effect of 8.5% shortfall	<u>\$36.7</u>

This is how the total first year reduction target was set.

Part II: Investments Needing Recurring Funding

Investments Needing Recurring Source

Salary Support, T&P,
Budget Cut
\$10.7

GA Increases
\$2.1

Health, St Pete
Sarasota, Other Costs
\$15.3

Academic and
Student Support
\$5.1

Library Costs
\$1.1

Foundation, Alumni
Support
\$10.1

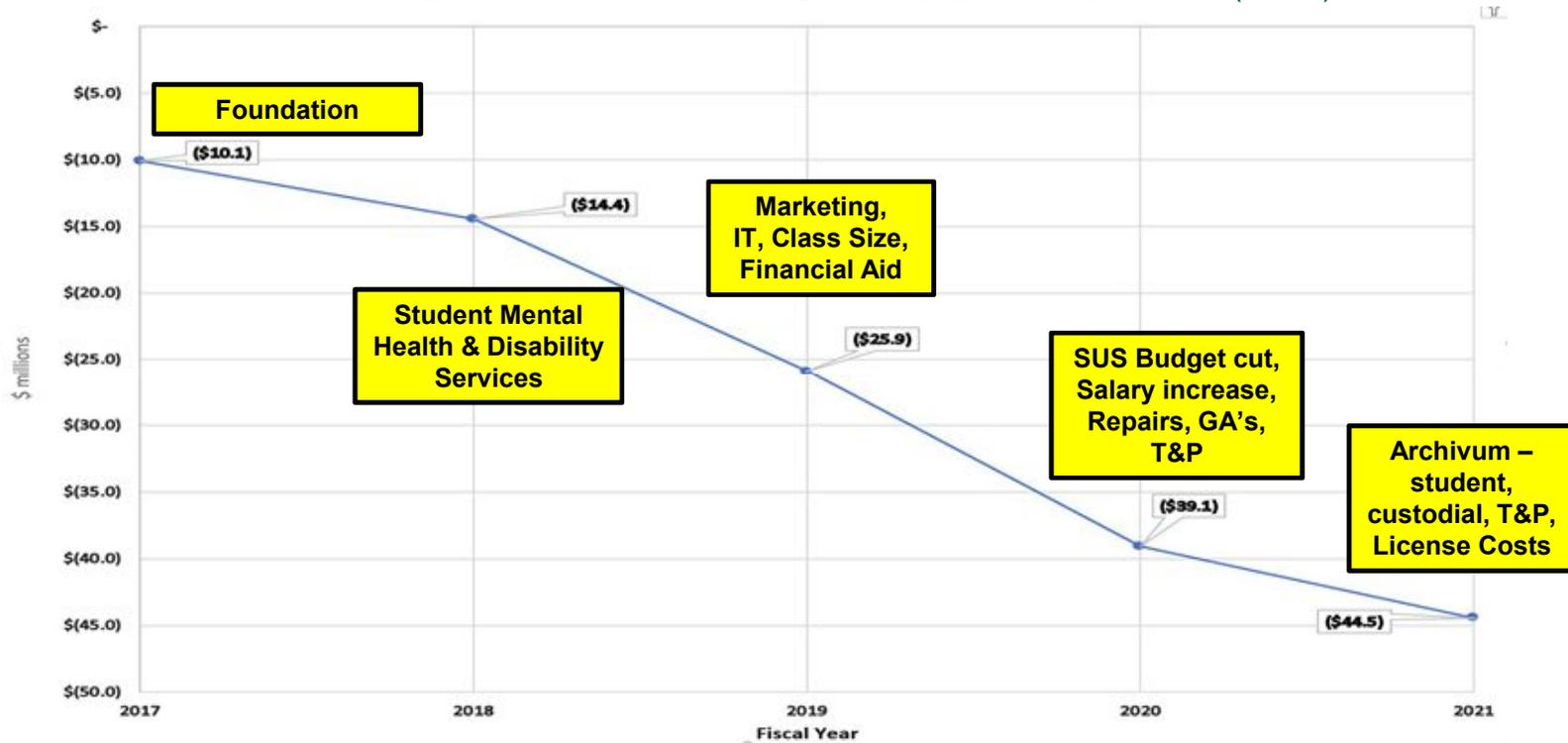
IT Costs and
Licensing
\$6.3

Branding, Marketing
\$2.4

Facilities Repairs
And Other
\$3.7

Total recurring expenses needing recurring sources = \$56.9 million

Timeline on the Investments (millions)



Recap includes Tampa Only. Tampa of \$44.6. plus health, SP, Sarasota and other of \$12.3 = \$56.9.

Summing Up the Reductions

Source of the Budget Shortfall	Amount
State of Florida – 6% holdback	\$25.9
Board of Governors – Additional 2.5%	<u>10.8</u>
Subtotal – Effect of 8.5% shortfall	<u>\$36.7</u>

Summing Up the Reductions

Source of the Budget Shortfall	Amount
State of Florida – 6% holdback	\$25.9
Board of Governors – Additional 2.5%	<u>10.8</u>
Subtotal – Effect of 8.5% shortfall	36.7
Investments needing recurring sources	<u>56.9</u>
Total reductions needed to balance budget	<u>\$93.6</u>

Part III: Progress

Investments Needing Recurring Source

**Salary Support, T&P,
Budget Cut
\$10.7**

**GA Increases
\$2.1**

**Health, St Pete
Sarasota, Other Costs
\$15.3**

**Academic and
Student Support
\$5.1**

**Library Costs
\$1.1**

**Foundation, Alumni
Support
\$10.1**

**IT Costs and
Licensing
\$6.3**

**Branding, Marketing
\$2.4**

**Facilities Repairs
And Other
\$3.7**

Total recurring expenses needing recurring sources = \$56.9 million

Summing Up the Reductions

Source of the Budget Shortfall	Amount
State of Florida – 6% holdback	\$25.9
Board of Governors – Additional 2.5%	<u>10.8</u>
Subtotal – Effect of 8.5% shortfall	36.7
Investments needing recurring sources	<u>56.9</u>
Total reductions needed to balance budget	\$93.6
Recurring sources identified	<u>(26.1)</u>
Net reductions remaining	<u>\$67.5</u>

Sharing More Background

Understanding Carryforwards

Hypothetical Creation of E&G Carryforwards

	Fiscal Year Budget	Year End Actual
Appropriation	\$100	\$100
Salaries	90	85
Expenses	<u>10</u>	<u>5</u>
Total Expenses	<u>100</u>	<u>90</u>
Net	<u>\$ 0</u>	<u>\$ 10</u>



Carryforward is the accumulation of many years!

Not all Carryforward is Centrally held!



Carryforward Requirements/Rules/Risks



Requirements:

- Required 7% Reserve
- Start-ups
- Direct appropriations

Rules:

- Annual Carryforward Budget
- Must be non-recurring (current law)

Risks:

- Viewed as excess and offset
- Business risks – lack of liquid reserves
- Bond ratings – days cash on hand



Carryforwards – Many Names and Purposes

Described As:

- Carryforwards
- Fund Balances
- Reserves
- In private sector, akin to retained earnings

Purposes:

- Statutory reserve
- Start-ups
- Emergencies
- Accumulation for major purchases (say ERP systems)
- Investment in initiatives
- Address timing issues

Additional Background

Topic 1: Days of Cash.....

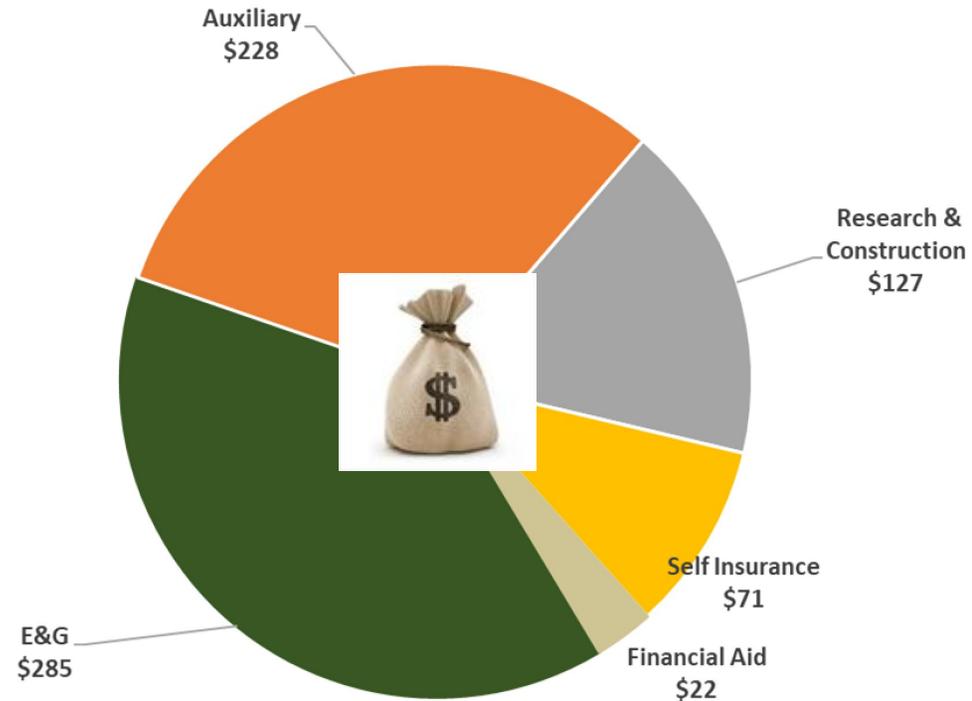
“Per Financial Statements - \$733 million of cash”

“Days of Cash”

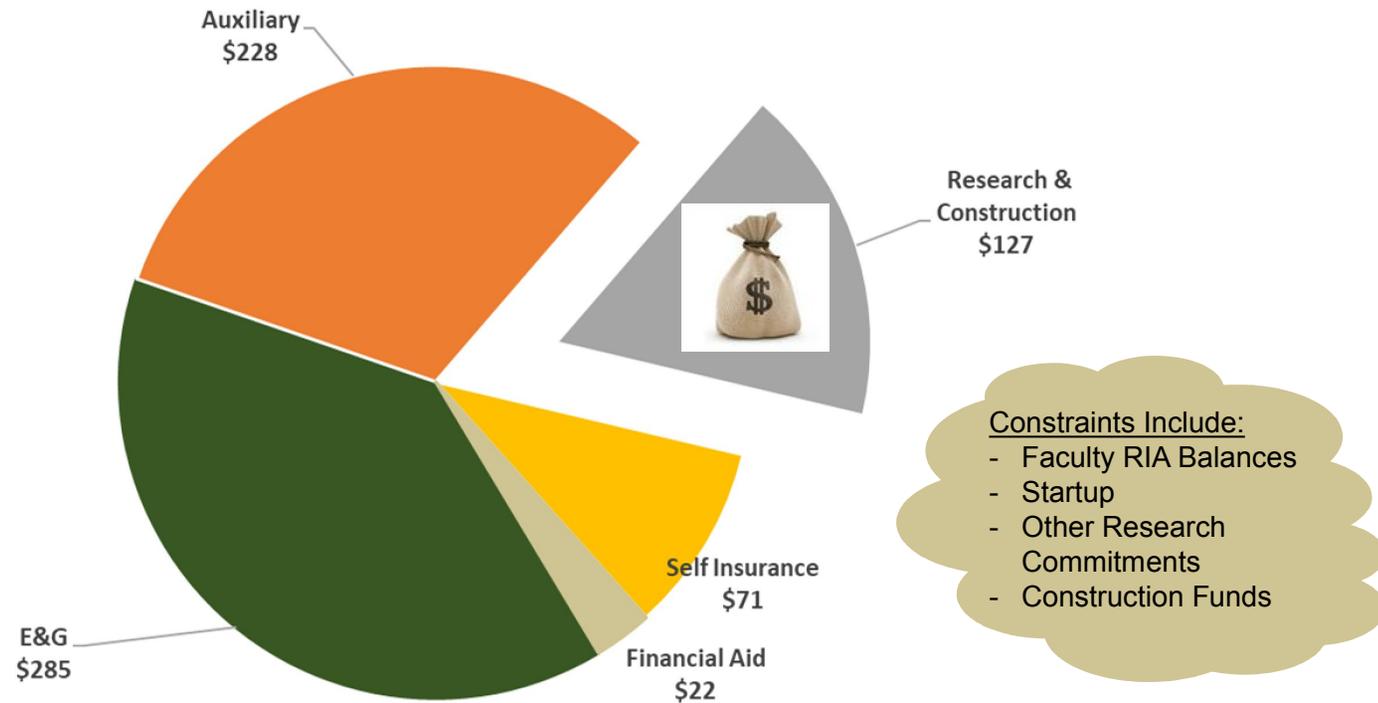
- Critical in maintaining our bond ratings
- Represents our only source of funds to meet unknowns
- Once used, it is gone.

BUT – ALL FUNDS ARE NOT DISCRETIONARY!!

But, All Funds are Not Discretionary



But, All Funds are Not Discretionary



But, All Funds are Not Discretionary

