



University Finances

A Report on University Funding in FY 2014

November 20, 2014



University of Colorado
Boulder | Colorado Springs | Denver | Anschutz Medical Campus

Office of the Vice President for Budget and Finance

Today's Information

- Composite Financial Index measure of fiscal health.
- Overview of university funds and user-friendly fund category names.
- Broad fund categories: Obligated and unobligated.
- Where we ended up on budget and revenues last year.
- Campus plans for year-end balances and what transfers were made.

Background

Communication

- Board requested better communication regarding fund balances.
- Improved information will provide a deeper context for budget discussions.

Process

- A new reporting format and timeline was developed so the Board knows what information to expect and when.
- Campuses needed policies to institutionalize predictable reporting process.
- Reporting will highlight annual financial health measures and track them over time.

Improved Financial Reporting

- The university implemented an APS outlining the reporting requirements regarding variances, carryforwards, transfers, and fund balances.
- In addition to the items above, the Composite Financial Index (CFI) will be used to monitor the financial health of the system and campuses.
- Each campus developed fund balance policies that include information on the appropriate use of fund balances and transfers. Highlights include:
 - Fund Balances must have a spending plan in place.
 - Transfers of unspent operating funds to plant funds are held there until approved for spending.
- This year marks the first annual report to the Board of Regents under the new policy.
- Campuses and System Administration will continue to improve their fund monitoring and reporting at the Board's direction.

Budget and Net Position Reporting APS

- Each campus must develop and maintain a budget and net position reporting policy specific to the needs of the campus and including processes regarding unrestricted net position, appropriate transfers, and carry-forwards by July 1, 2014.
- Each year, at the last meeting of the Board of Regents prior to December 31, each campus must provide the Board with a report based on the prior fiscal year. The report will include final budget-to-actual variances, transfers, and carry-forwards for General and Auxiliary fund groups. Unrestricted net position will be reported for all fund groups.
- Each year, by April 1, if total General fund revenues are expected to vary more than 1.5% from the original budget, the campus must provide the Board of Regents with a report on its current fiscal-year budget variance. If the campus intends to spend revenues greater than 1.5% of the original budget, then the campus must submit a Regent resolution. If a revised budget is approved, it will replace the original fiscal-year budget, and future-year variance and carry-forward reports will be based on the revised budget.



Timeline for Board Presentations

- November Meeting
 - Budget to actual variance report by campus
 - Carry forward report by campus including Auxiliaries
 - Fund balance report by campus including changes
- February
 - Preliminary Budget Presentation for Next Fiscal Year
 - Current Fiscal Year Revised Budget Report (includes revenues and expenditures) by campus
 - List of Strategic Uses of Unobligated Revenues for Next Fiscal Year by campus

System-wide Categories

- Obligated Funds
 - Accounts Receivable
 - Inventory and Prepaid
 - Obligated Capital in Progress
 - Service Centers
 - Risk Financing Activities
 - Faculty Startup, Cost Shares, Matches and Aid
- Unobligated Funds
 - Auxiliary Facilities Non-pledged
 - Unobligated Capital
 - Campus Designated Capital (pending Regent approval if over \$2 million)
 - General Programmatic
 - Compensated Absences and Post-employment Benefits



Unobligated Funds and Obligated Capital

- Auxiliary Facilities Non-pledged
 - Example: Continuing Education
 - Auxiliaries operate like businesses
- Unobligated Capital
 - Funds held for future capital and deferred maintenance projects.
- General Programmatic
 - Available for shortfalls, leveraging grants and gifts, and strategic opportunities.
- Compensated Absences and Post-employment Benefits
 - Cost to pay out these benefits.
- Campus Designated Capital
 - Funds for projects under consideration by Regents Capital Sub-Committee (if over \$2 million).
- Capital in Progress (obligated)
 - Construction projects previously approved

Financial Health, CU System-wide

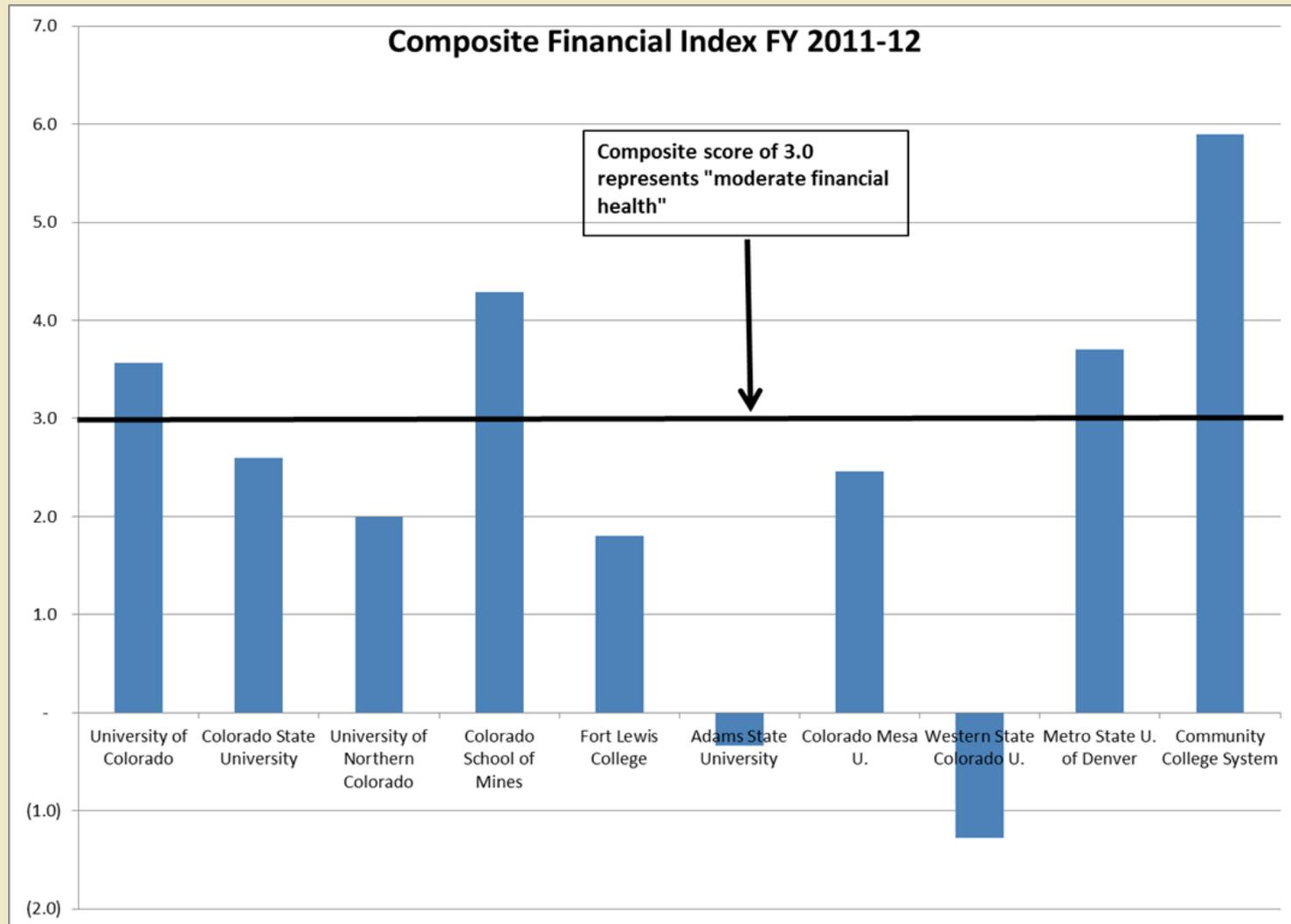
Composite Financial Index (CFI)

- Developed by KPMG Accounting Firm.
- Scale is from -4 to 10.
 - A CFI score of 3 is the threshold of institutional financial health.
 - A score of less than 3 indicates a need for attention.
 - A score of greater than 3 indicates acceptable fiscal health.
- CU targets a score between 3 and 4.



Includes the Foundation.

Financial Health, Comparisons State-Wide





Denver | Anschutz



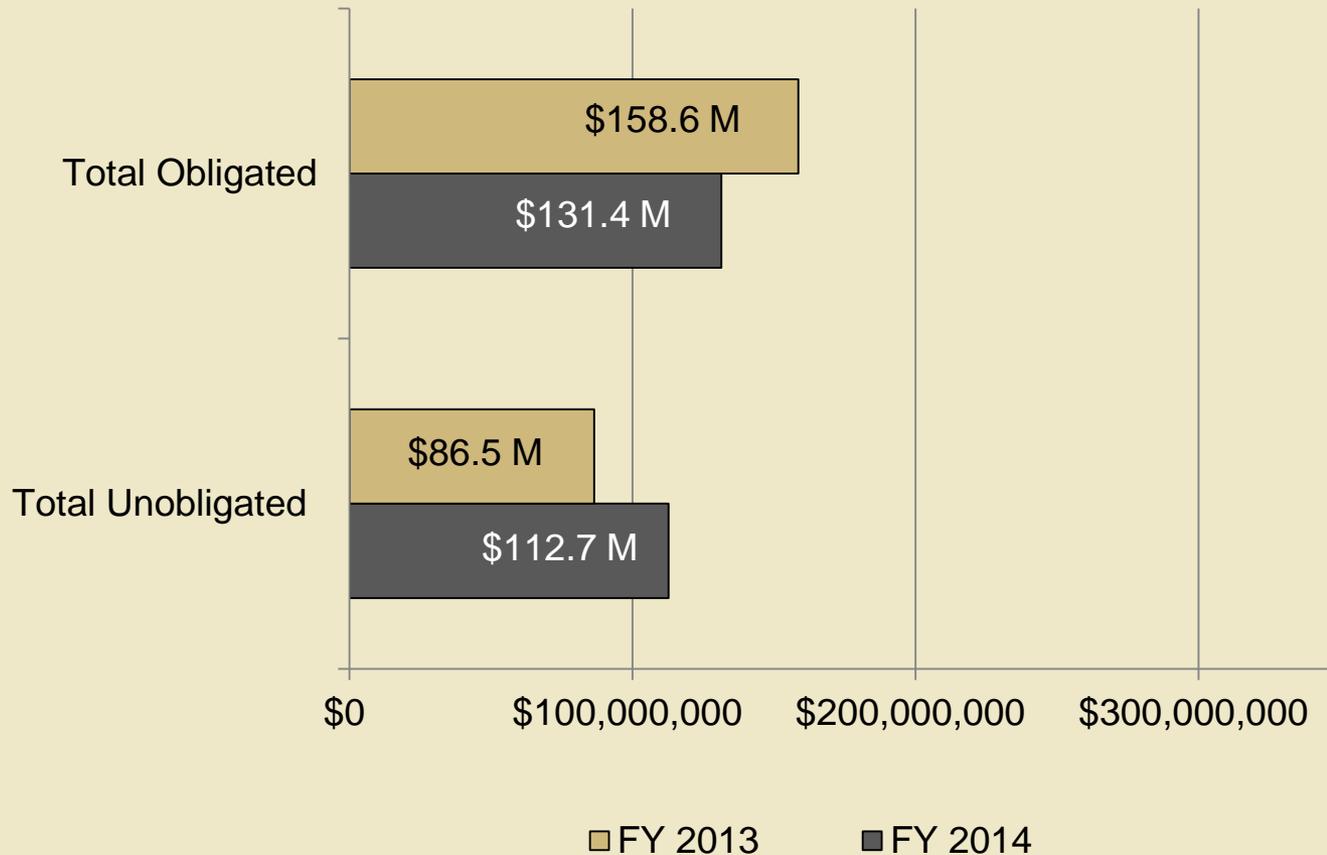
Fund Balances, Denver | Anschutz

- Obligated Fund Total: \$335.9 million
- Unobligated Fund Total: \$112.7 million (7.2% of CU Denver's operating budget)
 - Auxiliary Facilities Non-pledged: \$46.7 million
 - Unobligated Capital: \$48.0 million
 - General Programmatic: \$137.8 million
 - Campus Designated Capital: \$7.6 million
 - Compensated Absences and Post-Employment Benefits: -\$127.5 million



Fund Balances, Denver | Anschutz

Overall Fund Balances decreased by \$1.0 million in FY 2014

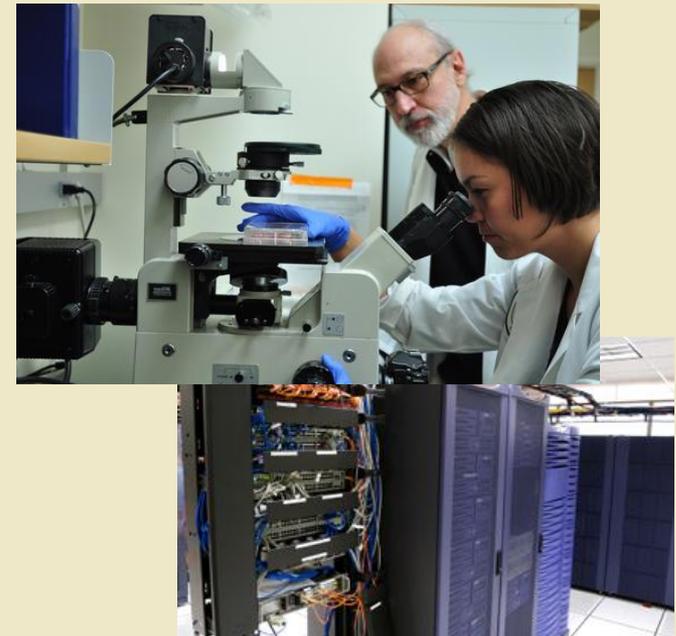


*Does not include UPI



Unobligated Capital, Denver | Anschutz

- Vice Chancellor Administration & Finance
 - Anschutz Interdisciplinary Building reserve
 - Renovation of North Classroom reserve
 - 9th and Colorado earnest money
 - IT equipment reserve
- Vice Chancellor Academic & Student Affairs
 - Anschutz library stacks removal
 - Denver renewal and replacement reserve
- School of Dental Medicine
 - Equipment replacement and maintenance
- School of Medicine
 - Equipment needs in 22 departments.
- School of Pharmacy
 - Equipment and renovation



General Programmatic, Denver | Anschutz

- Central Administration
 - Emergency repairs, renovations, recruitment, and program matching funds.
- School of Medicine
 - Operating reserve
 - Departmental research and technology initiatives from ICR
 - Rocky Mtn Lions Eye Institute program, staff and student support
- School of Pharmacy
 - Operating reserve
 - Start-up funds for vacant faculty positions
 - For faculty recruitments, research excellence incentives, bond payments and enrollment fluctuations.



Campus Designated Capital Denver | Anschutz

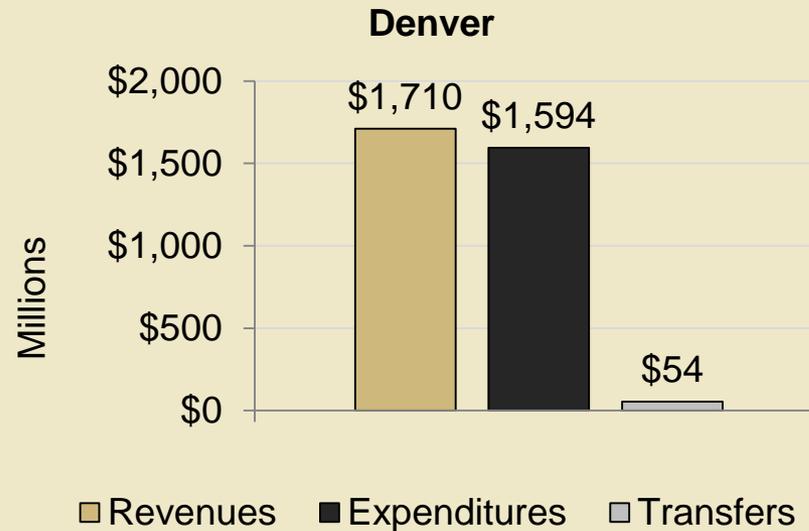
- Anschutz Smart Classrooms
- Denver student technology reserve



Capital In-Progress, Denver | Anschutz

Denver Anschutz Obligated Capital In-Progress (Approved by BOR/State)	
Anschutz BioScience II	\$4,500,000
Denver Student Commons	7,100,000
School of Medicine	5,000,000
School of Pharmacy	4,600,000
School of Dental Medicine	1,000,000
Debt Service Requirements and small projects	\$11,300,000
Total	\$33,500,000

Revenues vs. Expenditures, Denver | Anschutz



- Tuition revenues lower than budgeted. UPI revenues were higher than budgeted.
- Instruction and Research expenditures exceeded budget, and Institutional Support exceeded budget due to the assumption of the Advancement staff.

Transfers, Denver | Anschutz

- Mandatory transfers include
 - \$38.5 million principal and interest for Research 1, Research 2, School of Pharmacy, Student Commons, and Business School
- Voluntary transfers include
 - \$10 million transfer from Hemophilia operation to Treasury for quasi-endowment;
 - \$1.4 million transfer from Cancer Center to Treasury to accrue its Cancer Center Foundation endowment
 - \$3.4 million annual transfer to Chancellor's reserve for emergency repairs and needed space renovations, off-cycle expenditure needs, and to provide seed funding for new campus initiatives
 - School of Education and Human Development transferred 5 years' worth of their lease payments to a reserve
 - Schools transferred out funds for faculty startups and operating reserves



General Fund Carry-Forward FY 2013-14

Campus	Amount	% of General Fund Budget	Authority Threshold %	Exceed Threshold	Additional Authority Requested
Denver Anschutz	\$ 8,639,269	2.2%	3%	N	N/A

Budget Resolution Language: FURTHER RESOLVED that if revenue from the College Opportunity Fund, tuition, and fees exceeds the initial FY 2013-2014 budget by greater than 3 percent, the campuses shall seek approval from the president and the Board of Regents prior to spending the revenue.

FY 2013-14 Expected Use of General Fund Carry-Forward, Denver Campus

Description	Amount
Within Threshold	
Fee revenue to be spent on approved expenditures	\$692,093
Multi year cost share initiatives	114,834
Scholarships and financial aid	228,026
Business Faculty overloads	469,563
School of Education lecturer costs	712,737
Recruitment of faculty and staff positions	239,111
Purchase new faculty furniture and artifacts	45,318
Support for Faculty and staff development, training and travel	112,963
Summer camps for recruiting high school students and recruiting	117,173
Program evaluations and assessments	38,279
Computer and server replacements	41,482
New initiatives such as faculty ombuds model, student health center	384,961
Funding to be used for the Tivoli renovation - Starz Film Center	250,000
Total	\$3,446,540

FY 2013-14 Expected Use of the Auxiliary Carry-Forward, Denver Campus

Description	Amount
Chancellor and other campus leadership to pay for emergency repairs and needed space renovations, unplanned/unbudgeted expenditures that arise throughout the year, and to provide seed funding for new campus initiatives	\$1,094,056
Fund infrastructure and various projects for the Center of Practice Engaged Education Research	\$100,000
Fund active learning classrooms	\$300,000
Fund various schools/colleges initiatives including Tableau Digital Initiative, Customer Relationship Management (CRM) initiative	\$1,111,500
Funding for faculty recruitments, start up and equipment	\$102,000
Funding for lecturers to cover enrollment growth	\$66,894
Total	\$2,774,450

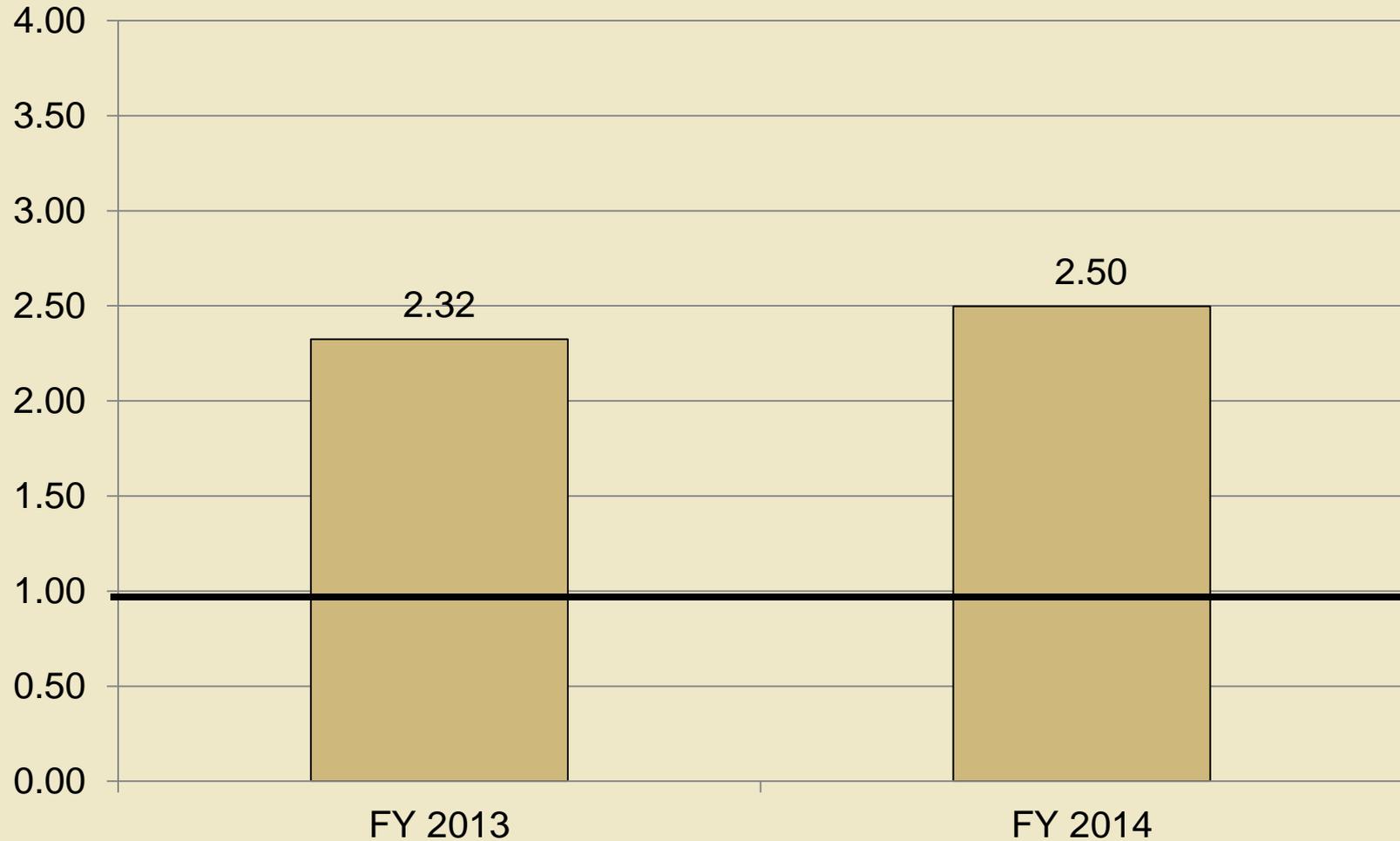
FY 2013-14 Expected Use of General Fund Carry-Forward, Anschutz Campus

Description	Amount
Within Threshold	
Facilities & Admin from Grants distributed at the end of the fiscal year	\$2,533,558
Faculty development	163,928
Fee revenue to be spent on approved expenditures	66,952
Temporary positions in Central Services & Administration staff	320,246
Colorado School of Public Health summer faculty compensation	56,205
Oncore initiative which is a clinical trial management system	112,041
One time operating expenditures to be used for clinical initiatives	237,000
Multi year cost share initiatives	137,657
Student Mental Health Initiative	24,921
One time expenditures for faculty startups	334,689
Renovations and partitions for the Bursar Call Center	158,375
School of Pharmacy renovations and remodel for new faculty	264,692
Central Services Data Center	500,000
One time funding for Central Administration computers/equipment	282,465
Total	\$5,192,729

FY 2013-14 Expected Use of the Auxiliary Carry-Forward, Anschutz Campus

Description	Amount
University Physicians Inc. (UPI)	\$67,905,645
GME provides placement (GME position commitments are typically 3-4 years and therefore must be honored regardless of annual budget fluctuations).	\$2,545,700
School of Dental Medicine international program support	\$779,997
School of Pharmacy program support	\$463,856
Total	\$71.695.198

Composite Financial Index, Denver | Anschutz





Boulder Campus



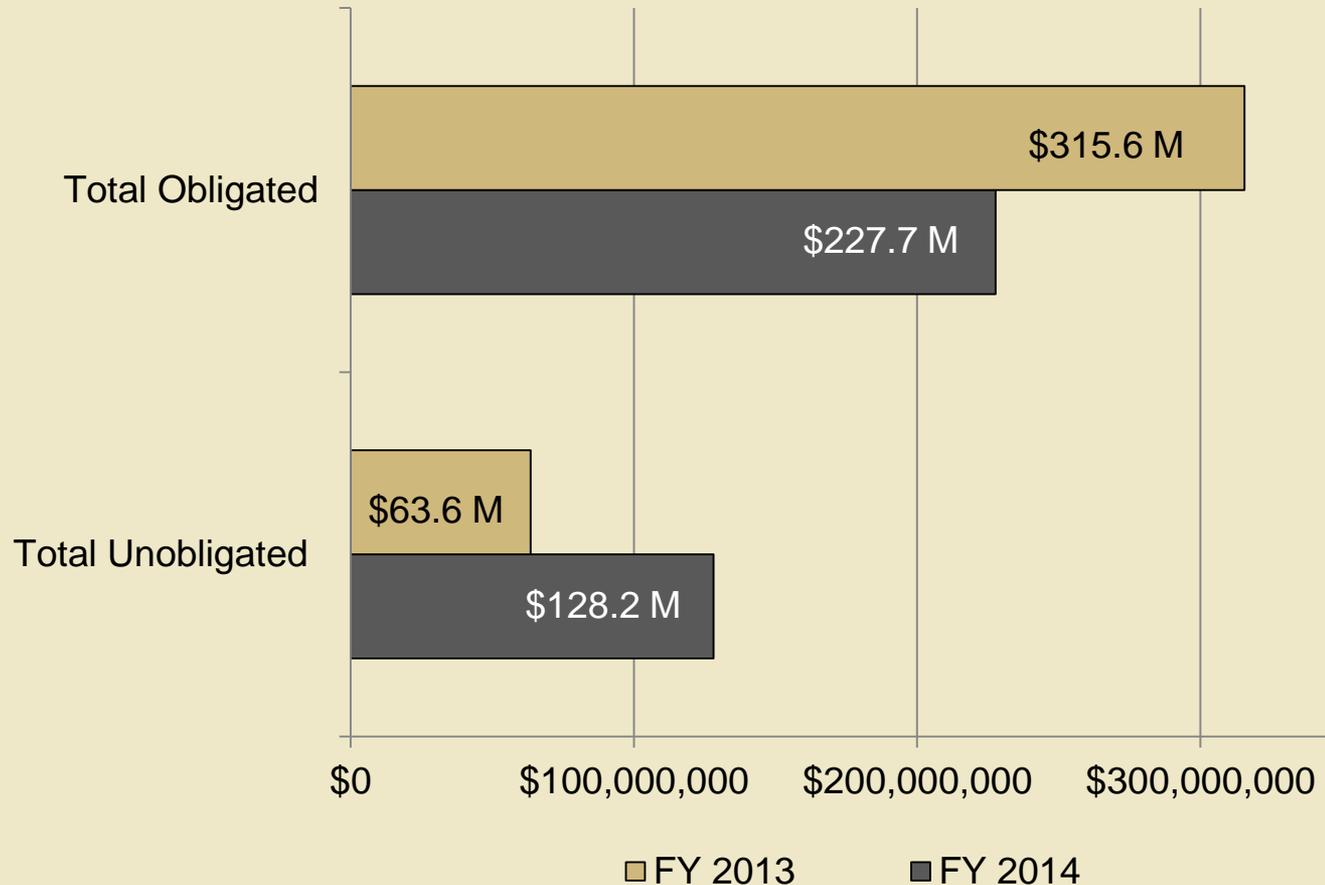
Fund Balances, Boulder

- Obligated Fund Total: \$227.7 million
- Unobligated Fund Total: \$128.2 million (9.9% of Boulder's operating budget)
 - Auxiliary Facilities Non-pledged: \$60.9 million
 - Unobligated Capital: \$77.6 million
 - General Programmatic: \$76.1 million
 - Campus Designated Capital: \$34.1 million
 - Compensated Absences and Post-Employment Benefits: -\$120.6 million



Fund Balances, Boulder

Overall Fund Balances decreased by \$23.3 million in FY 2014



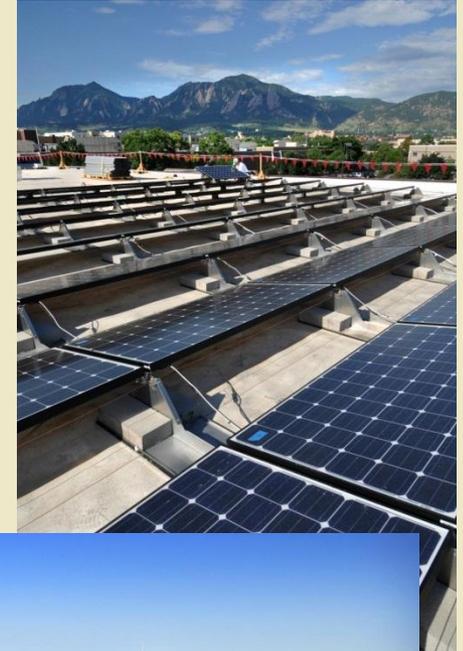
Auxiliary Facilities, Non-pledged, Boulder

- Continuing Education
- Insurance
- Campus Renewal and Replacement
- Cross-pledged reserves



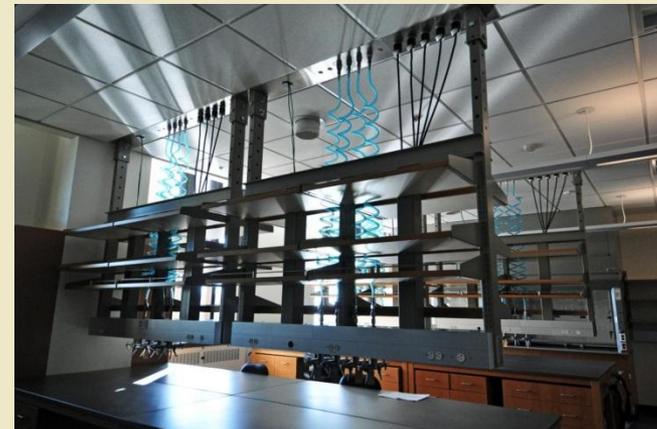
Unobligated Capital, Boulder

- Capital Asset Management Plan
- ESCO (Energy saving improvements)
- Indirect Cost Recoveries
 - For research infrastructure
- Capital Projects
 - Engineering & Applied Sciences
 - Small projects without other sources
- Pooled Investment Earnings
 - Campus infrastructure



General Programmatic, Boulder

- Academic/Technology Infrastructure
 - Student-centered investments
- Arts & Sciences Enhancements
- Centers and Institutes
 - Matching Funds
 - Leverage external donations and grants
- Student Services
- Deferred Maintenance
- School and College Projects
 - Business
 - Biofrontiers
 - Engineering



Campus Designated Capital, Boulder

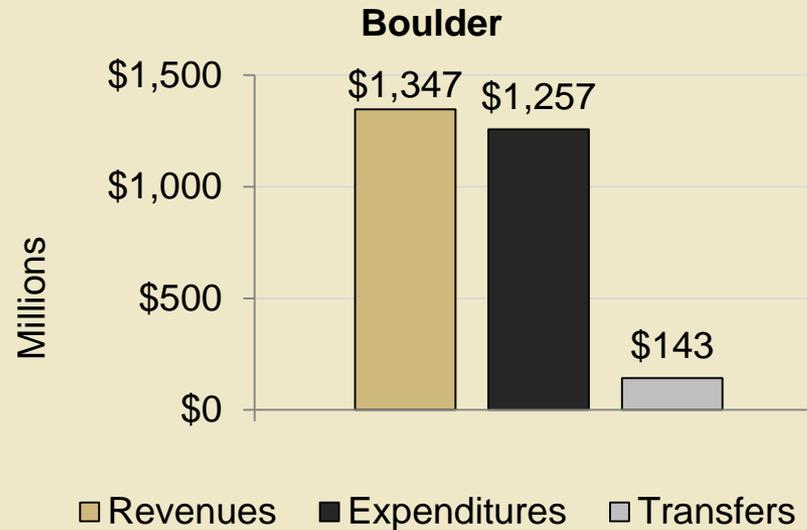
- Aerospace Engineering
- Caruthers Biotechnology
- Security Infrastructure



Capital In-Progress, Boulder

Boulder Obligated Capital In-Progress	
Construction in Progress	\$43,532,989
Debt Reserve	\$24,794,415
Animal Care Facility purchase/renovation	\$10,827,800
Distribution Center acquisition	\$10,000,000
Ketchum Capital project	\$9,200,000
Administrative Enterprise System	\$1,611,249
ATLAS Renewal & Replacement	\$96,343
Total	\$100,062,796

Revenues vs. Expenditures, Boulder



- Tuition, Research, and Auxiliary revenues were higher than budgeted.
- Expenditures, particularly Instruction related, were slightly lower than budgeted, but Research expenditures were higher.

Transfers, Boulder

- The campus adopted a new policy on unrestricted net position, which resulted in voluntary transfer activity for planned future expenses. These transfers do not reflect an increase in net assets but rather the amount of transfer activity throughout the year.
- Most common future expenditure needs identified are:
 - Minor renovation and repairs in department spaces, start-up package commitments, research infrastructure (seed, facility and lab upgrades, cost sharing), financial aid obligations, future capital investments both deferred maintenance and new capital, bond covenant reserves, Equipment replacement, Enrollment funding reserves and investments, and new technology investments



Transfers, Boulder

Mandatory transfers include:

- \$54 million of principal and interest bond payments for Housing, Parking Services, research facilities, UMC student union, Recreation Center, and student capital fee academic facilities

Voluntary transfers include:

- \$33 million Auxiliary Enterprises cash balances were move to plant fund, to cover repair and replacement costs in FY 2015 & FY 2016, information technology costs, cover CCHE reserve requirements, and planned expenditures for space.
- 39 areas, ranging from Accounting, Bursar, to Undergraduate Education had balances of \$1 million or less that was moved predominately to the plant fund with the majority of units with balances less than \$500,000.
- Engineering transferred \$6.1 million to address future aerospace building, faculty start-up packages, and equipment replacement.
- Arts & Sciences transferred \$3.8 million to address lab remodel costs and faculty start-up packages.

General Fund Carry-Forward FY 2013-14

Campus	Amount	% of General Fund Budget	Authority Threshold %	Exceed Threshold	Additional Authority Requested
UCB	\$990,244	0.2%	3%	N	N/A

Budget Resolution Language: FURTHER RESOLVED that if revenue from the College Opportunity Fund, tuition, and fees exceeds the initial FY 2013-2014 budget by greater than 3 percent, the campuses shall seek approval from the president and the Board of Regents prior to spending the revenue.

FY 2013-14 Expected Use of the Carry-Forward, Boulder

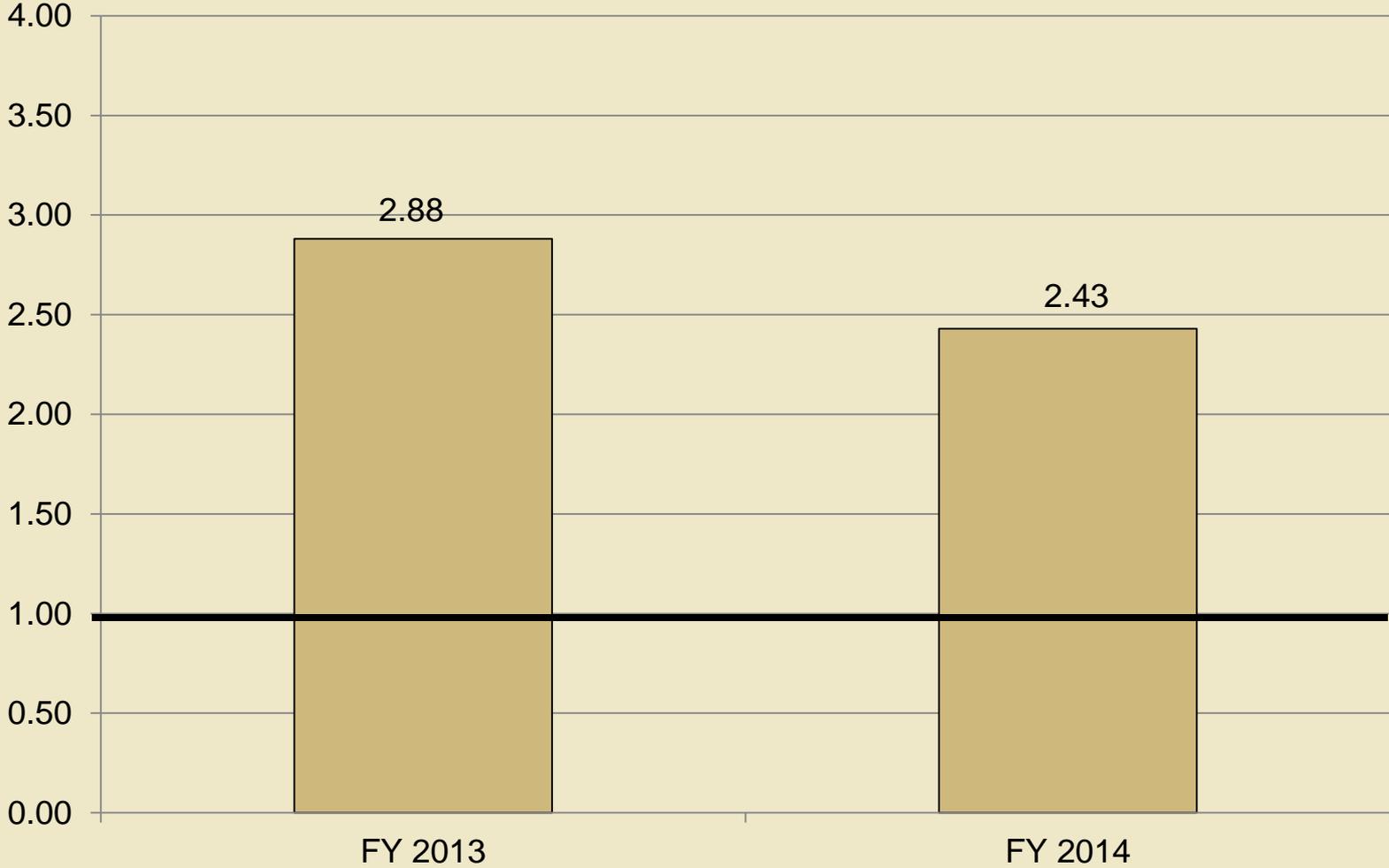
Description	Amount
Within Threshold	
Outstanding General Fund accounts payable	\$990,244
Total	\$990,244

Description	Amount
Beyond Threshold	
Not Applicable	

FY 2013-14 Expected Use of the Auxiliary Carry-Forward, Boulder Campus

Description	Amount
Housing and Dining Services	(\$2,990,445)
Wardenburg Student Health Center	(\$658,397)
Parking	(\$111,326)
Total (represents one-time uses of fund balance)	(\$3,760,168)

Composite Financial Index, Boulder





Colorado Springs Campus

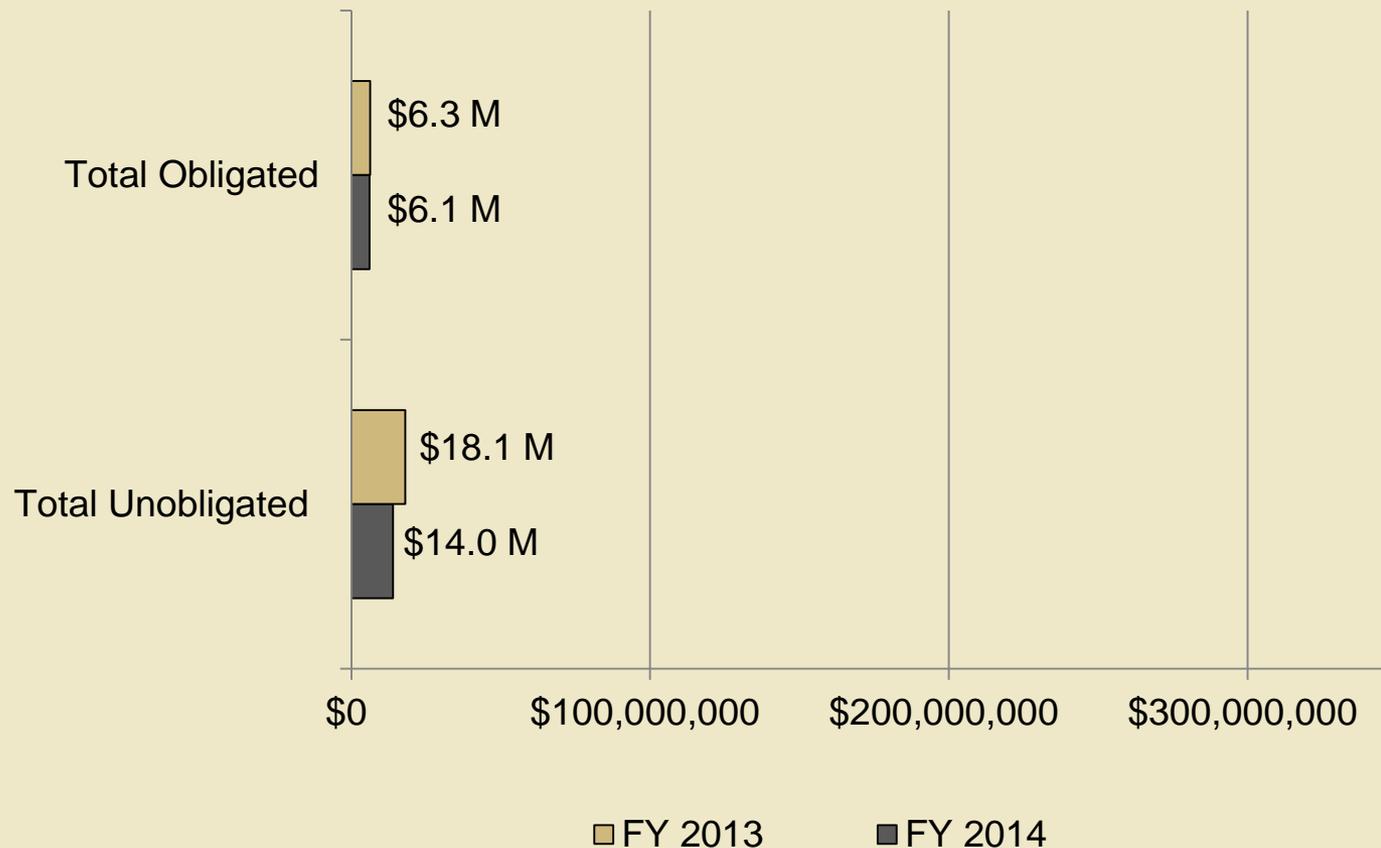


Fund Balances, UCCS

- Obligated Fund Total: \$6.1 million
- Unobligated Fund Total: \$14.0 million (7.5% of UCCS' operating budget)
 - Auxiliary Facilities Non-pledged: \$9.8 million
 - Unobligated Capital: \$2.9 million
 - General Programmatic: \$15.1 million
 - Campus Designated Capital: \$0.5 million
 - Compensated Absences and Post-Employment Benefits: -\$14.3 million

Fund Balances, Colorado Springs

Overall Fund Balances decreased by \$4.3 million in FY 2014



Auxiliary Facilities Non-pledged, UCCS

- Extended Studies
 - Business fluctuations
- IT Operations
 - Maintenance and service improvements



Unobligated Capital, UCCS

- Chancellor
 - Strategic Investments
- Information Technology
 - SAN upgrade
- Vice Chancellor Administration & Finance
 - Small remodeling projects, capital renewal, and other program support



General Programmatic, UCCS

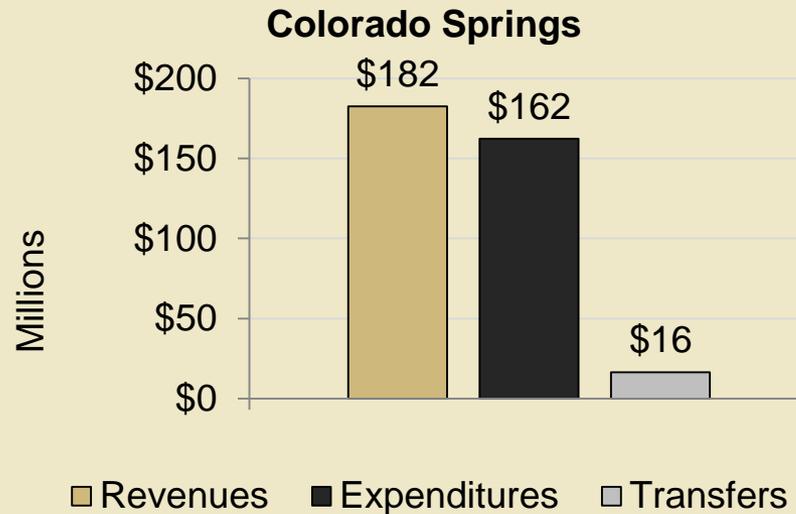
- Campus Reserves
 - Lane Center clinic startup
 - Weekend University funding
- Campus Emergency Reserve
- Academic Affairs
 - Strategic Investments
- IT Reserves
 - Student IT replacement



Capital In-Progress, UCCS

UCCS Obligated Capital In-Progress (Approved by BOR/State)	
Summit Village Housing	\$2,000,000
Stanton Garage	\$3,000,000
Lane Center	\$500,000
Internal financing	(\$800,000)
Total	\$4,700,000

Revenues vs. Expenditures, UCCS



- Tuition and fee revenue were above budget, Auxiliaries were below, while Grants and Contracts were in line with budget.
- Instruction and Institutional Support expenditures were higher than budgeted due to enrollment and the move of Advancement.

Transfers, UCCS

Mandatory transfers include

- All debt service payments: \$1.6 million for Osborn and \$977 thousand for the Lane Center; \$119 thousand for the Family Development Center, \$753 thousand for the University Center, \$657 thousand for Parking, \$3.4 million for Housing and \$742 thousand for the Recreation Center.

Voluntary transfers include

- General Funds: \$3.1 million for savings for planned future commitments to include program start-up and enrollment growth needs, \$138 thousand for professional development, research initiatives and faculty start-up packages, \$459 thousand for technology upgrades, and \$14 thousand for the new development office.
- Auxiliary Funds: \$379 thousand were to support academic activities to include extended studies and research, \$326 thousand for student activities, \$1.8 million for auxiliary shared support services model, and \$321 thousand for telecommunications reserves.



General Fund Carry-Forward FY 2013-14

Campus	Amount	% of General Fund Budget	Authority Threshold %	Exceed Threshold	Additional Authority Requested
UCCS	\$3,067,299	2.8%	3%	N	N/A

Budget Resolution Language: FURTHER RESOLVED that if revenue from the College Opportunity Fund, tuition, and fees exceeds the initial FY 2013-2014 budget by greater than 3 percent, the campuses shall seek approval from the president and the Board of Regents prior to spending the revenue.

FY 2013-14 Expected Use of the Carry-Forward, UCCS

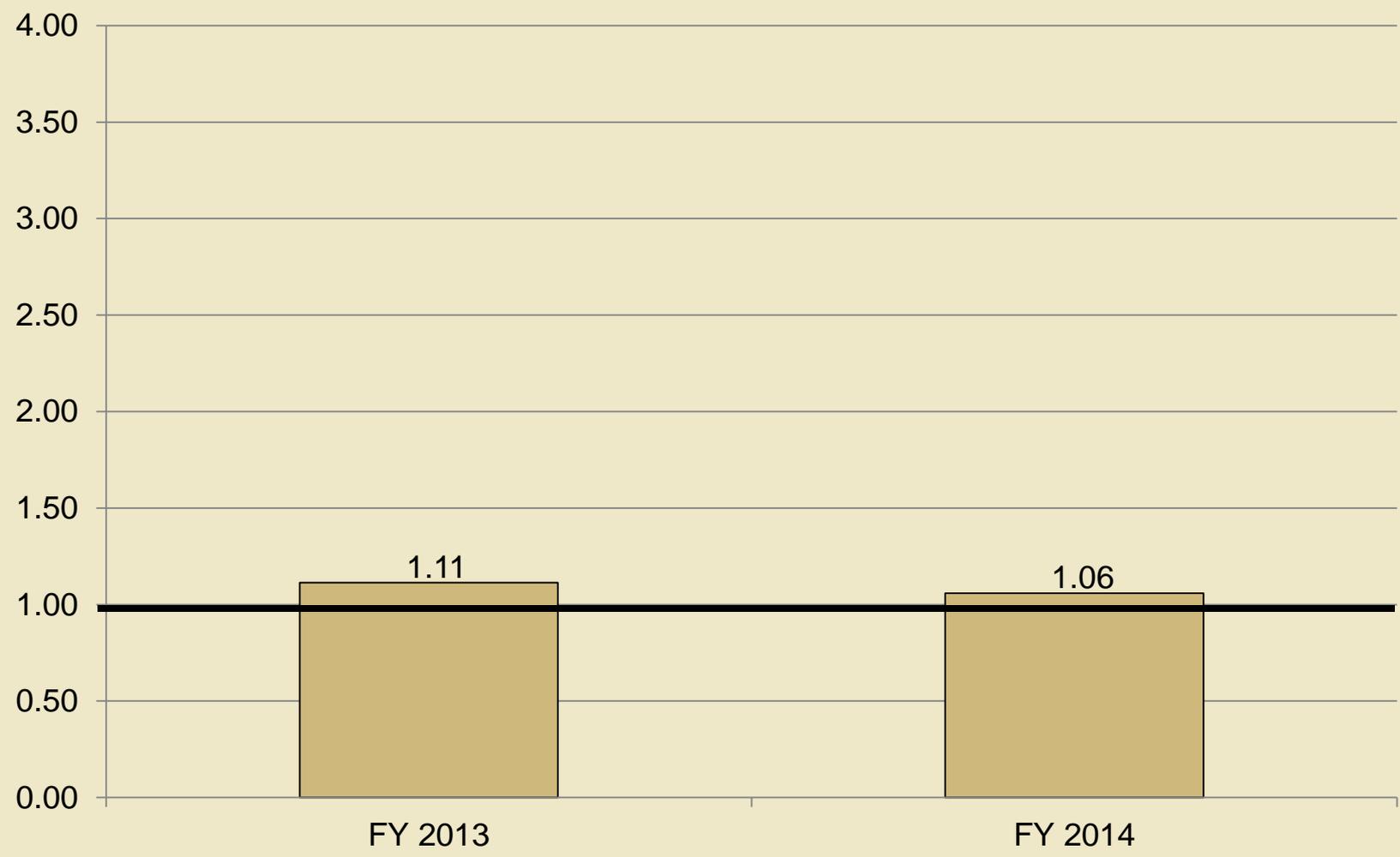
Description	Amount
Within Threshold	
Financial Aid	\$1,180,000
Research initiatives	255,000
Faculty start-ups,	848,000
Programmatic Operating	673,000
Awards	22,000
Professional Development	89,000
Total	\$3,067,000

Description	Amount
Beyond Threshold	
Not Applicable	

FY 2013-14 Expected Use of the Auxiliary Carry-Forward, Colorado Springs Campus

Description	Amount
Campus-wide Extended Studies reserves and support	\$97,848
Student Activities programming	\$679,681
Academic Research Fixed Price grant residuals to further research	\$40,518
Greenhouse operations	\$29,696
Auxiliary scholarships	\$13,085
Intercollegiate Athletics programming	\$81,739
Total	\$942,567

Composite Financial Index, Colorado Springs





System Administration



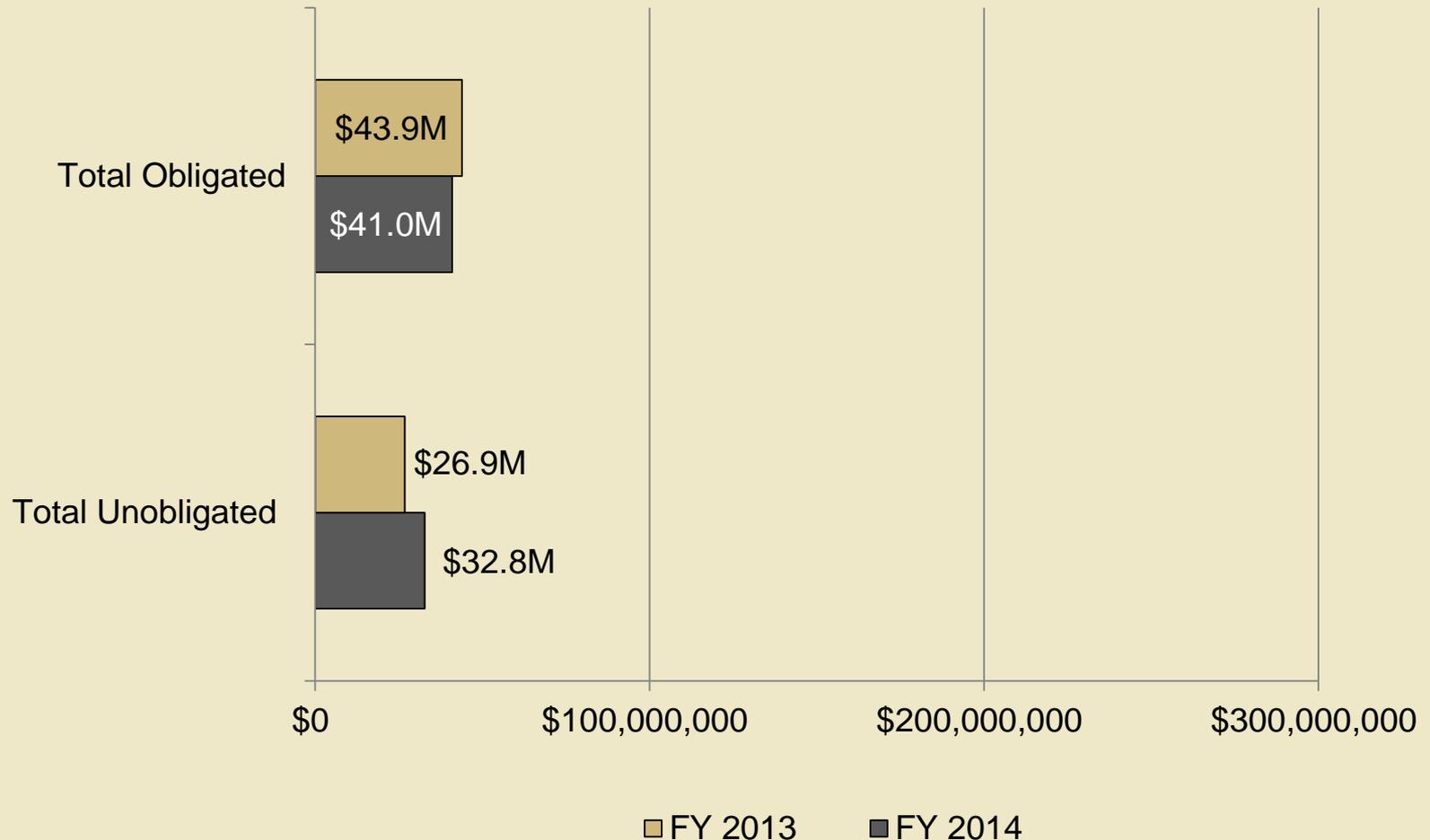
Fund Balances, System Administration

- Obligated Fund Total: \$40.9 million
- Unobligated Fund Total: \$32.8 million (35.5% of System's operating budget)
 - Auxiliary Facilities Non-pledged: \$4.0 million
 - Unobligated Capital: \$0
 - General Programmatic: \$28.4 million
 - Designated Capital: \$4.2 million
 - Compensated Absences and Post-Employment Benefits: -\$3.8 million

Fund Balances, System Administration

Overall Fund Balances increased by \$129.3* million in FY 2014

(*\$126.3 million is related to investments, including unrealized capital gains)



Auxiliary Facilities Non-pledged, System Administration

- Employee Services
- Procurement Service Center
- Legal Services



General Programmatic, System Administration

- President's Initiatives
- Emergency Reserve

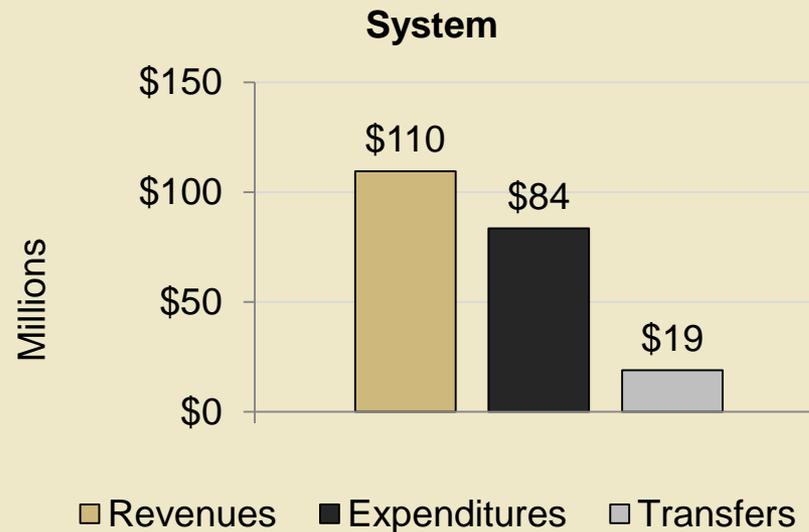


Campus Obligated Capital, System Administration

- Multiyear IT projects
- Campus Infrastructure Commitment



Revenues vs. Expenditures, System Administration



- Revenues were higher than budgeted due to higher than expected Investment Earnings.
- Expenditures were slightly lower than budgeted due to vacancy savings.

Transfers, System Administration

- Transfers include
 - \$15.0 million transfer from Treasury to campuses for Advancement operations
 - \$4.4 million transfer from Treasury to campuses for Pooled Investment Earnings distribution
 - \$0.1 million related to intercampus transfers for system coordinated payments for Liability Insurance, Research Partnerships, and the campus portion of University Counsel, Employee Services, and Outreach expenditures

FY 2013-14 Expected Use of the Carry-Forward, System Administration

Description	Amount
President's Initiatives (Treasury earnings)	
PeopleSoft Upgrade	\$6,100,000
Advancement	1,500,000
University Information Systems stabilization	1,683,000
Deep Reserve	1,000,000
UCCS North Nevada Project	2,000,000
Research Enterprise	570,000
Coordinated Marketing Program	3,000,000
Continued Athletic Support (all campuses)	5,241,000
Online Initiative	3,000,000
The Wildlife Experience Support	4,200,000
Total	\$28,294,000

Questions?