

# Florida Atlantic University Steering Committee Financial Review Model (FRM) January 12, 2016

# Meeting Agenda



- Overview / Update on the Project
- Communication Plan Development / Status Update
- Key Decisions to be Made in the Model
  - What are the Reporting Units to Use in the Model?
  - What are the Margins to Use in the Model?
- Other Issues
- Next Meeting

# Project Governance Structure

## Steering Committee :

- Establish overall scope, expectations and objective(s)
- Provide guidance and support
- Guide the communication plan and the roll-out of reporting
- Approve recommendations/assumptions proposed by working committee
- Ensure that the model output and methodology is relevant and valued

## Working Committee :

- Provide input for the model leveraging data and university knowledge
- Assist in understanding the data and its linkage to colleges, students, etc
- Provide recommendations to the steering committee on assumptions, etc
- Review model output for reasonableness, completeness and accuracy
- Sign-off on final model before implementation

# Overview of the Model

- Not a Measure of Quality
- Tool to Provide Financial Insight Grounded in the Financial Statements of the University
- Some Other Schools Look at Information – Part of 5 Pillars
  - Mission
  - Demand
  - Quality
  - Service
  - Cost Effectiveness

# Transform Financial Data Into Information- Academic Example

A COMPONENT UNIT OF THE STATE OF FLORIDA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the Fiscal Year Ended June 30, 2013

	University	Component Units
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$96,797,580	\$ 251,226,703	\$
Federal Grants and Contracts	73,691,576	
State and Local Grants and Contracts	6,528,178	
Nongovernmental Grants and Contracts	11,053,453	
Sales and Services of Educational Departments	438,946	
Sales and Services of Auxiliary Enterprises	101,809,515	
Sales and Services of Component Units		2,578,877
Gifts and Donations		35,492,206
Interest on Loans and Notes Receivable	43,279	
Other Operating Revenues	17,716,973	7,175,108
<b>Total Operating Revenues</b>	<b>462,508,623</b>	<b>45,246,191</b>
<b>EXPENSES</b>		
Operating Expenses:		
Compensation and Employee Benefits	470,438,146	
Services and Supplies	159,132,639	17,791,925
Utilities and Communications	15,977,665	157,165
Scholarships, Fellowships, and Waivers	87,936,402	
Depreciation	39,586,091	665,505
Other Operating Expenses		6,911,738
<b>Total Operating Expenses</b>	<b>773,070,943</b>	<b>25,526,337</b>
<b>Operating Income (Loss)</b>	<b>(310,562,320)</b>	<b>19,719,854</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Noncapital Appropriations	173,819,413	
Federal and State Student Financial Aid Investment Income	107,919,392	
Other Nonoperating Revenues	13,314,091	21,617,493
Gain on Disposal of Capital Assets	10,557,659	
Interest on Capital Asset-Related Debt	180,464	
Other Nonoperating Expenses	(7,110,940)	(1,484,745)
	(240,477)	
<b>Net Nonoperating Revenues</b>	<b>298,439,602</b>	<b>20,132,748</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>	<b>(12,122,718)</b>	<b>39,852,602</b>
State Capital Appropriations	59,413,278	
Capital Grants, Contracts, Donations, and Fees	4,122,866	
Other Expenses		(860,408)
<b>Increase in Net Position</b>	<b>51,413,426</b>	<b>38,992,194</b>
Net Position, Beginning of Year	887,680,750	232,535,097
<b>Net Position, End of Year</b>	<b>\$ 939,094,176</b>	<b>\$ 271,527,291</b>

**Data Translation Engine**  
+  
**University**  
  
▪ Rules  
▪ Policies  
▪ Assumptions

**College  
Income Statement**

**Department  
Income Statement**

**Program  
Income Statement**

**Major  
Income Statement**

**Course  
Income Statement**

**Student  
Income Statement**

# Different Views of Information

## The Analysis is Done for Subjects and Student Majors

### Subject Summary

- Revenues and Expenses of the Subject - Regardless of the Major of the Student Who Takes Classes in that Particular Subject.
- *E.g., What are the Revenues and Expenses for teaching Undergraduate Accounting classes?*

### Major Summary

- Revenues and Expenses of the Major - Regardless of Where the Students Take Their Classes
- *E.g., What are the Revenues and Expenses for teaching Undergraduate Accounting Majors?*

# Communication Plan Development

- What is the communication plan around the project and the model?
  - Are there specific groups that we should be providing updates or information to throughout the project?
- How is information distributed or communicated?
- Other communication questions / issues?

# What are the Key Decisions to be Made in the Model?

- **What are the Reporting Units in the Model? (1/12/16)**
- **What are the Margins to be Reported in the Model? (1/12/16)**
- How are Faculty and Instructional Costs Allocated? (2/9/16)
- How are other Non-Instructional Costs Allocated? (2/9/16)
- How are Restricted Funds / Grants Handled? (2/9/16)
- How is Net Tuition Revenue Allocated in the Model? (3/8/16)
- How are Space Costs Allocated within the Model? (3/29/16)



# Proposed 4 Margins for Reporting

+ Direct Revenues
- Direct Expenses
= Direct Margin (CM1)
+ / - College Revenues and Expenses
= Unit / College Margin (CM2)
+ / - Academic Support Revenues and Expenses
= Academic Margin (CM3)
+ / University Overhead Revenues and Expenses
= Net Margin (CM4)

**Where do Allocated Space Costs Fit Within the Margins?**

# What Is A Reporting Unit in the Model?

Structure within the FRM Reporting Tool that accumulates revenues and expenses for purposes of measuring and reporting the net margin of an operating unit. **For example:**

## **Academic Units**

- ☐ College / Division
- ☐ Department
- ☐ Major
- ☐ Program
- ☐ Student
- ☐ Subject
- ☐ Course
- ☐ Section

## **Non-Academic Units**

- ☐ Dining
- ☐ Student Housing
- ☐ Conferences
- ☐ Development
- ☐ Bookstore
- ☐ Athletics
- ☐ Parking

# Examples of Sample Reporting Unit Summaries and Margins

# Other Issues

Next Meeting (2/9/16)