



UNIVERSITY OF
LOUISVILLE[®]

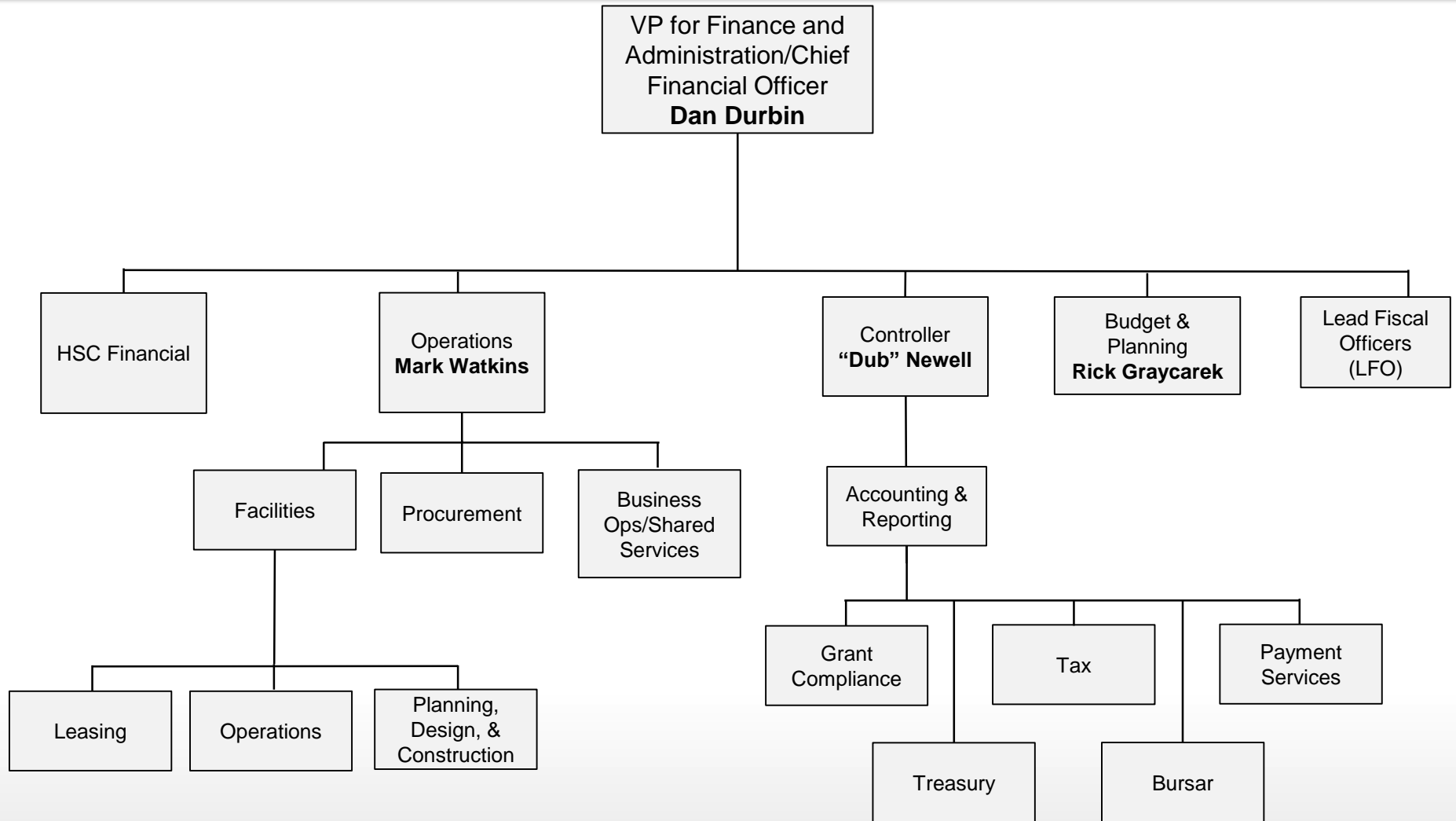
Informational Update For Faculty Senate Executive Committee

Dan Durbin, VP Finance/CFO

THE THINKER
BY AUGUSTE RODIN
A GIFT TO THE PEOPLE
OF LOUISVILLE BY THE

February 20, 2019

My Scope of Responsibility



My Priorities

Re-imagine the Budget , Planning, and Financial Management Function

- Staffing
- Long Term View (3-5 year)
- Mindset (Participatory & Entrepreneurial)

Engagement

- Finance Functions As One – Seamless Between Units
- Direct Engagement With Campus and Beyond
- Transparent

Drive Efficiencies & Value Into All We Do

- Current Assessment (Why we do it?)
- Values (Is it worth doing?)
- Opportunities (A better way?)

The University's Status

- **Enrollment:**
 - Headcount: 22,471
 - Full-time equivalent (FTE): 18,342
- **AY 2018 Degrees/Credentials Conferred: 5,177**
- **Budget (Direct): \$1.2 Billion**
- **Direct + Indirect: \$1.8 Billion**
 - University = \$1.2 Billion
 - Health Care Affiliates = \$ 600 million
- **Employment: 6,984**
 - Faculty: 2,540
 - Staff: 4,444
- **Externally Funded Research: \$138 million**
- **Health Care Enterprise**
 - Region's Level I Trauma Center
 - Our teaching hospital – 340 beds staffed
 - 700 providers performing nearly 1 million patient encounters

What is New ?

Enrollment:

- Largest incoming class in the history of the University of Louisville - 2932
- Most academically prepared as measured by the mean ACT - 25.6
- Highest out-of-state new student undergraduate enrollment in the history of the University of Louisville - 603 full time or 22.1%
- Overall enrollments for fall 2018 (22,471) is slightly greater than the overall enrollment for fall 2017 (22,459)

Accreditation:

- SACS COC Accreditation Reaffirmed For 10 Years

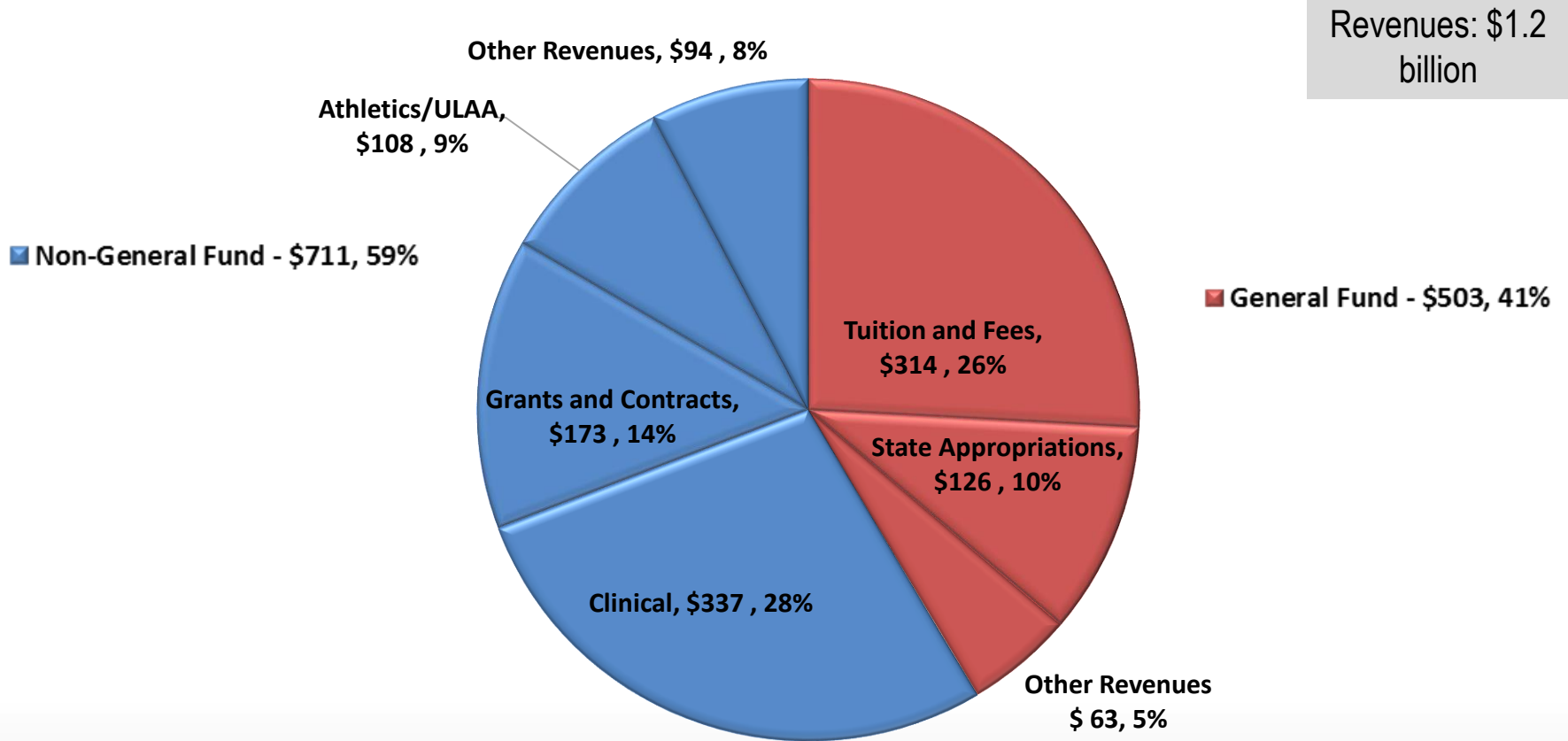
Research:

- R1 Status Re-Confirmed By Carnegie Foundation (Highest Research Class)

Financial (FY18 Results):

- **Unqualified Audit Reports**
 - Net position for FY 2018 was \$707.7 million and grew by \$3 million before GASB 75 and improved from prior year
 - Improved cash position

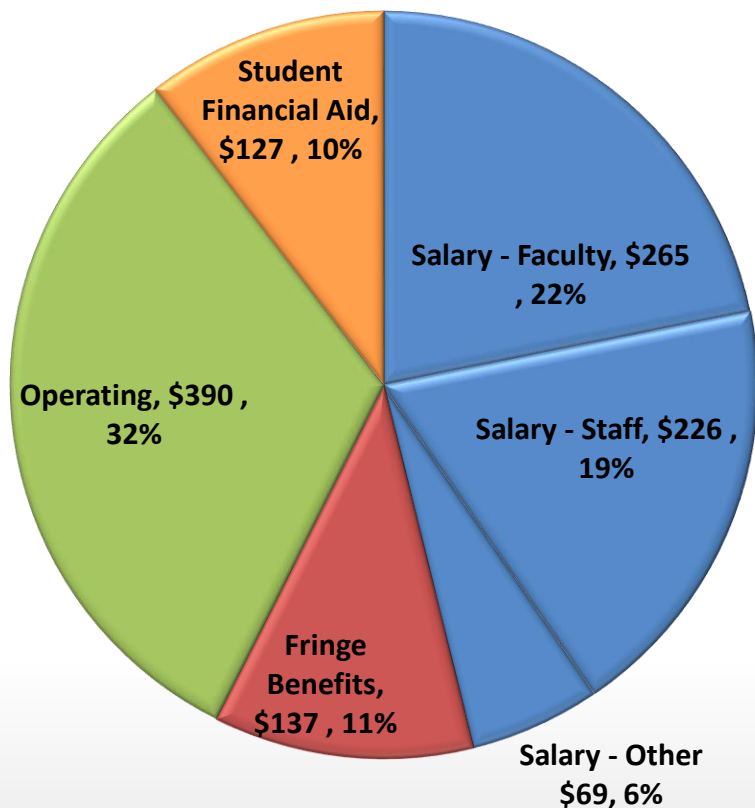
Our Sources Of Funding (In Millions)



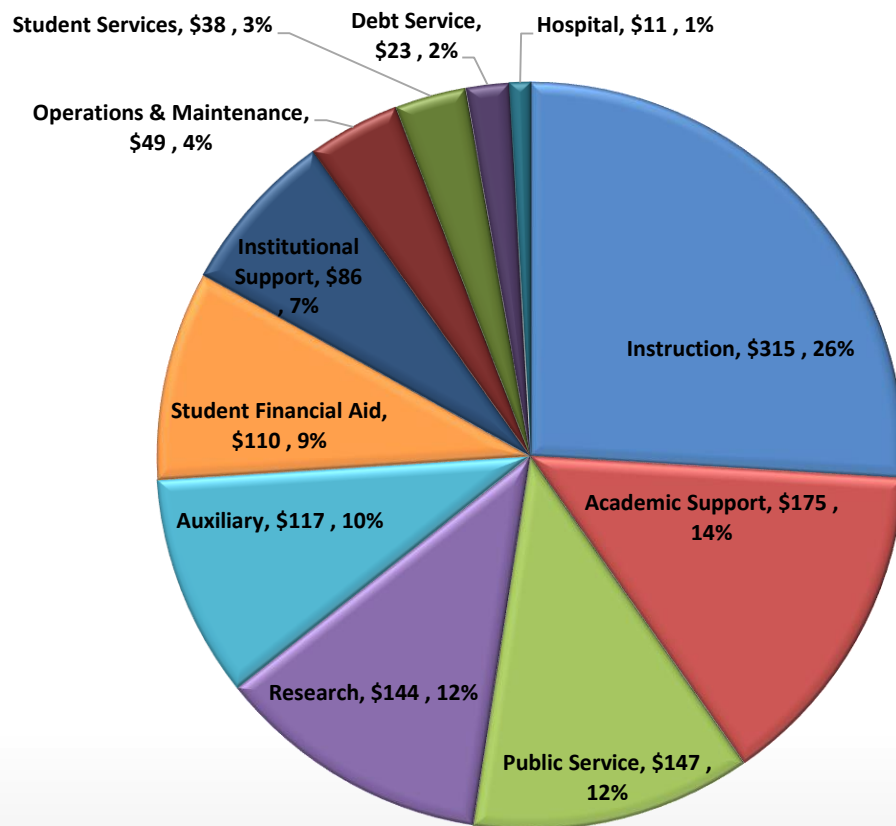
- Other Non-General Fund revenues include UMC support, gifts and endowment spend
- Other General Fund revenues include University Auxiliaries (housing, dining & parking)

How Do We Plan To Spend Our Dollars? (In Millions)

Category



Function



Accrual-Based Financial Statement Results **Through December 31, 2018**

Division of
Finance

Summary of Revenues, Expenses, and Changes in Net Position

Quarter Ended December 31, 2018 and 2017

	12/31/18	12/31/17	\$ Diff	% Diff
REVENUES				
Student tuition and fees, net	\$ 122,499	\$ 119,036	\$ 3,463	2.9%
State appropriations	71,059	74,027	(2,968)	(4.0%)
Clinical services and practice plans	127,010	124,667	2,343	1.9%
Grants and contracts	68,013	66,561	1,452	2.2%
Intercollegiate athletics	53,380	41,902	11,478	27.4%
Affiliate contributions, net	30,494	26,144	4,350	16.6%
Capital appropriations & gifts	23,325	12,028	11,297	93.9%
Other revenues	65,775	70,258	(4,483)	(6.4%)
Total Revenues	561,555	534,623	26,932	5.0%
EXPENSES				
Salary & wages	281,560	279,550	2,010	0.7%
Employee benefits	70,417	68,569	1,848	2.7%
Utilities	7,869	7,188	680	9.5%
Scholarships and fellowships	20,625	21,177	(552)	(2.6%)
Supplies & services	115,895	113,206	2,689	2.4%
Depreciation	23,326	22,337	989	4.4%
Interest on capital asset-related debt	5,111	5,465	(354)	(6.5%)
Total operating expenses	524,802	517,491	7,311	1.4%
Increase (Decrease) in Net Position	\$ 36,753	\$ 17,132	\$ 19,621	114.5%
Normalized incr/(decr) in Net Position	\$ 15,301	\$ 13,840	\$ 1,461	10.6%

Division of
Finance

Significant Revenue Fluctuations:

- Tuition rate increase (4%) for FY 2019 offset by decrease in UG Admission.
- State appropriations for FY2019 decreased (\$6.7 MM Reduction for Year)
- Clinical higher due to timing of revenue recognition in prior year.
- Athletics increased due primarily to \$11MM Adidas revenue (new contract)
- Affiliate contributions higher due to one-time transfer of Frazier Funds of \$10.6MM offset by timing of spend with Foundation.
- Capital Appropriations up due to receivable recorded for reimbursement of Belknap Building.

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Division of
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Significant Expense Fluctuations:

- Salary & wages increased \$2.0MM or 0.7% vs. prior year due primarily to former football coach accelerated buyout payment for taxes, partially offset by lower faculty and non-exempt labor costs
- Utilities increased due to new Academic building opening and expansion of SAC and Cardinal Stadium
- Supplies & services increased due primarily to tickets for staff, library subscriptions, and slight uptick in travel costs.

Net Position – Normalized for Capital and Other Non-Recurring Items

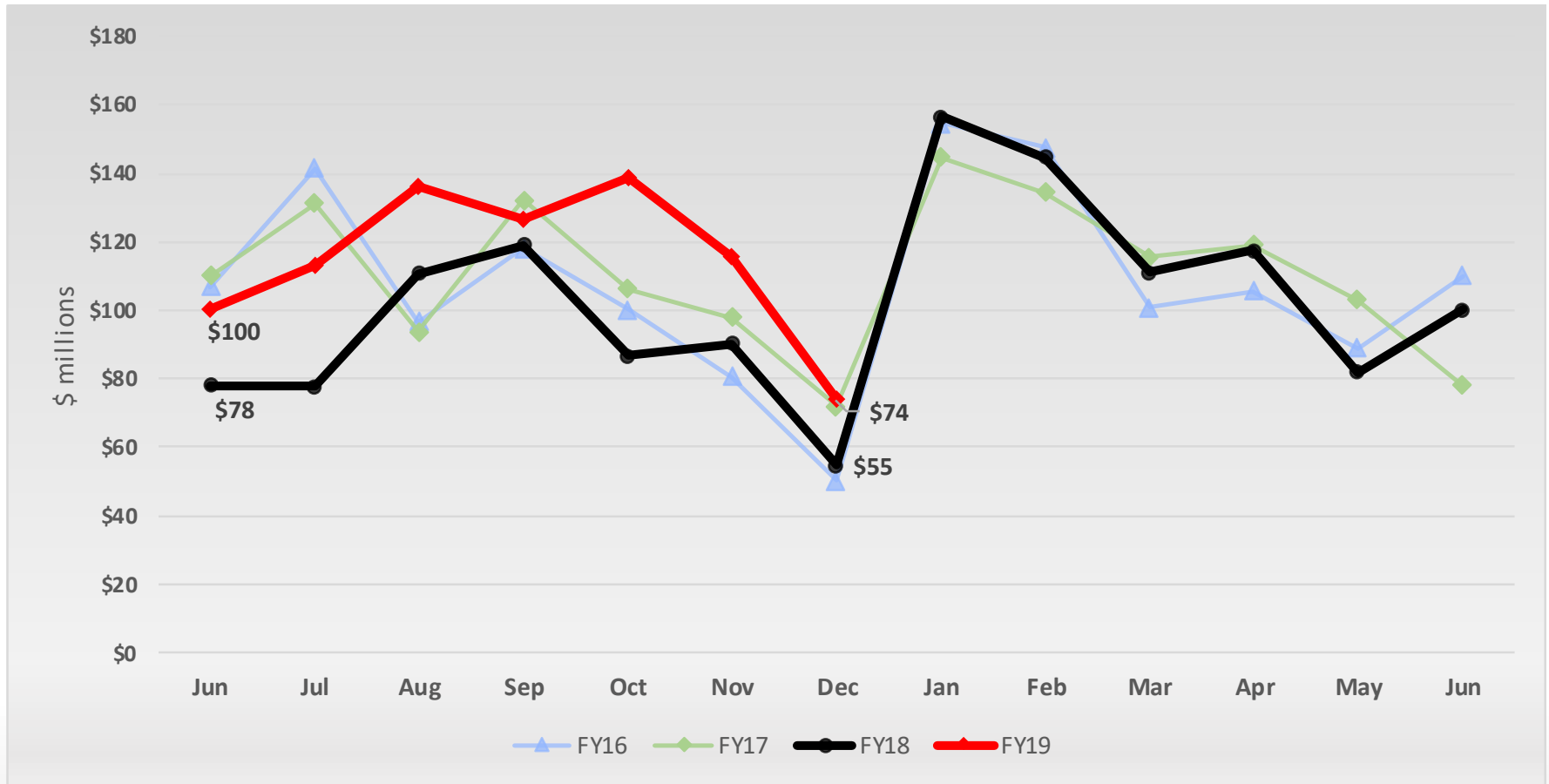
Quarter Ended December 31, 2018 and 2017

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<u>Non-Recurring One-Time Events:</u>				
Capital appropriations & gifts	\$ (23,325)	\$ (12,028)		
Frazier Funds	(10,600)	-		
KOH Strategic Funds, net	6,555	8,736		
Petrino Accelerated Buyout Pymt for Taxes	5,918	-		
Normalized incr/(decr) in Net Position	\$ 15,301	\$ 13,840	\$ 1,461	10.6%

Division of
Finance

Liquid Cash - FY 2016 to FY 2019

(Actuals Through December FY 2019)



Finance

Looking Ahead

Preparing for the Future



Tools To Impact Our Future

New Things:

- Budget App
- Academic Performance Solutions
- Visual Analytics

Other Changes:

- Policies
- Strategic Budgetary Considerations

The “Budget App” Tool

- Current PeopleSoft budget system is not meeting our strategic or operational needs
- Current and proven platform being used at HSC will be expanded across campus
- Inexpensive but effective with numerous advantages

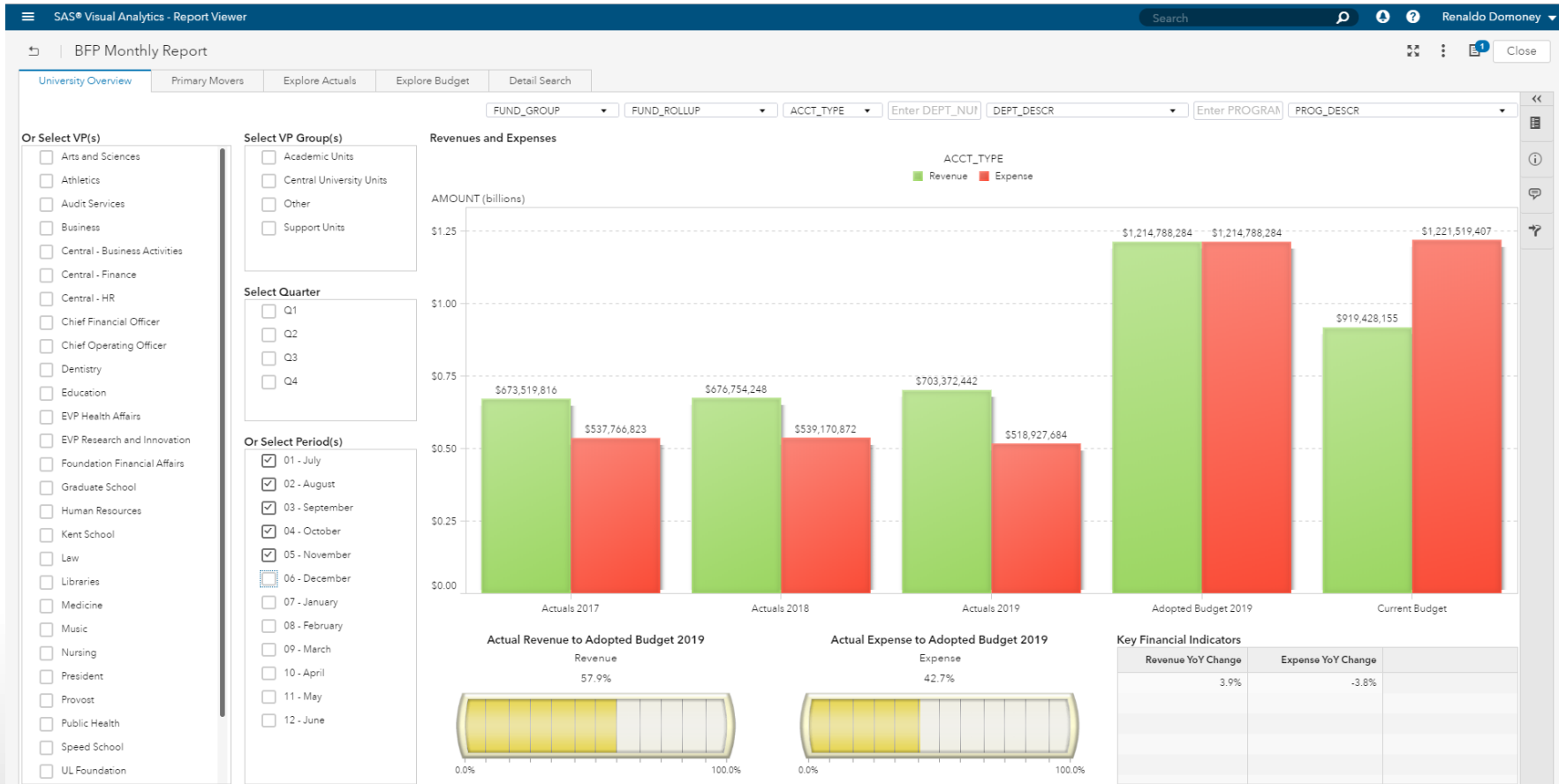
PeopleSoft vs. Budget App

	PeopleSoft	Budget App
Develop monthly budgets		✓
Efficiently create program budgets		✓
Set fringe benefit rates by position group		✓
Create different budget scenarios		✓
Easily control user access	✓	✓
User-friendly interface		✓
Intuitive reporting functions		✓
Broad reporting capabilities		✓
Enterprise support	✓	

Visual Analytics

Leveraging existing resources

– SAS Visual Analytics

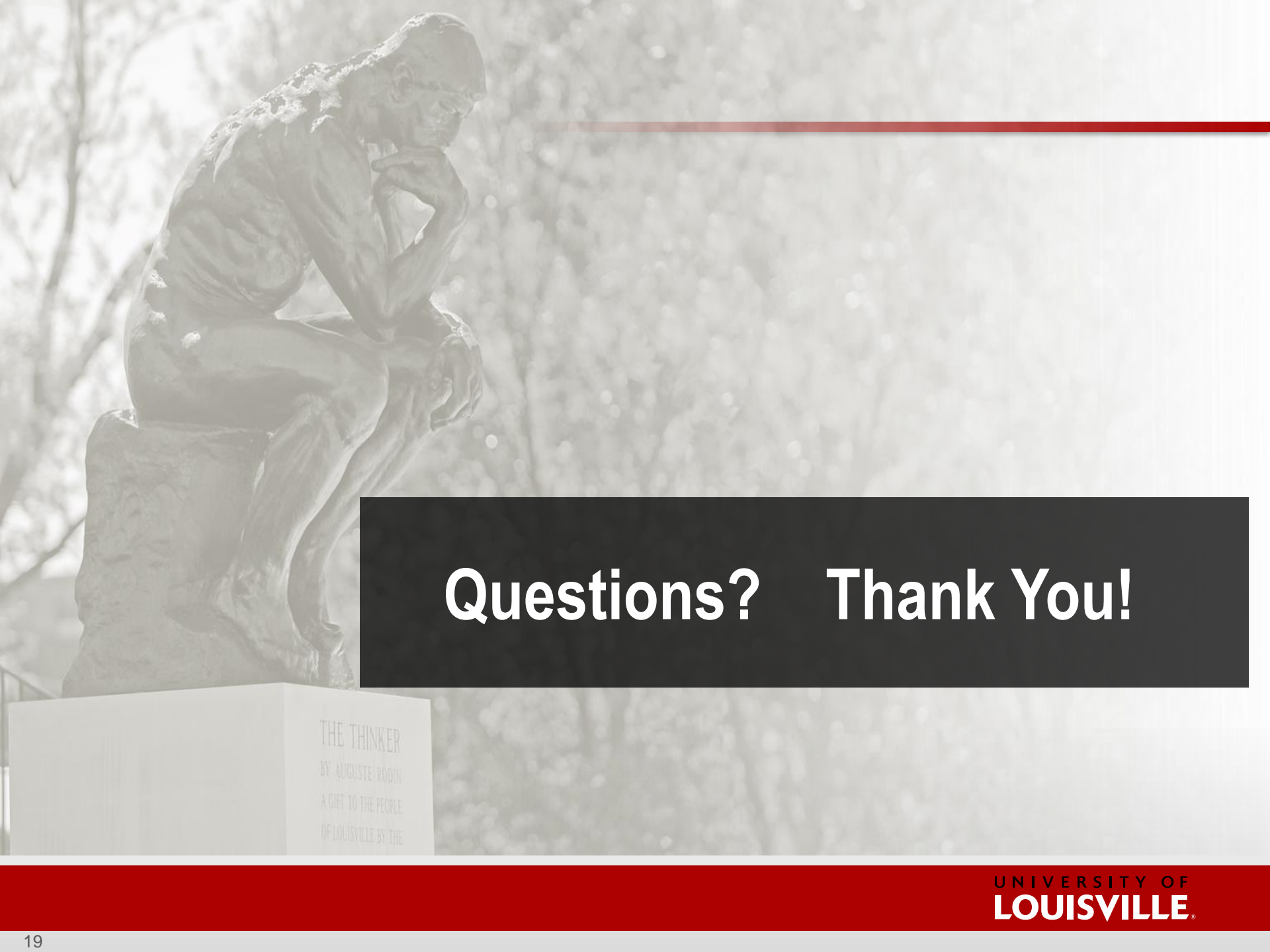


Institutional Policy Considerations

- True all funds approach- everything is budgeted (incl. plant funds, Zxxxx programs & Dxxxx programs)
- Multi-year budgets at college/major unit (e.g., Athletics) level (with entity roll-up)
- Required contingency reserve to be budgeted up-front. 100% of unused portions rolls into future years
- Year-end gain-share incentive program to encourage savings and enhancement of strategic reserves at all levels
- Enrollment incentive project still moving forward

Strategic Budget Considerations

- Tuition and Fees Discussion
- Budget Priorities: A Starting Point
 - Strategic plan funding
 - Reserves and contingencies
 - Compensation
 - Deferred maintenance and capital
 - Appropriate program support
 - Continued savings initiatives
 - State performance funding model (retention and success included)

The background of the slide features a faded, grayscale image of the famous bronze statue 'The Thinker' by Auguste Rodin. The statue is shown in a contemplative pose, sitting on a stone pedestal. A dark red horizontal line is positioned near the top of the image. A large, dark gray rectangular box is centered in the lower half of the image, containing the text 'Questions? Thank You!' in white. At the bottom of the slide, there is a solid red banner with the University of Louisville logo in white.

Questions? Thank You!

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