# Agenda

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<td>Trustee Moore</td>
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*Florida A&M University*
Workshop Overview and Board Policy

Presented by

Trustee Kimberly Moore
FAMU Board of Trustees Vice-Chair
BOT- Budget, Finance and Facilities Committee Chair
I. Policy Statement and Purpose

The Board of Trustees desires to implement policies and procedures designed to fulfill requirements for budgeting pursuant to the Board of Governors Regulations, Board policies and regulations and provisions of the General Appropriations Act, to facilitate the effective discharge of its fiduciary responsibility to the University.

The June 17, 2004 action of the Board of Trustees delegating “to the President the authority to amend operating budgets as appropriate during the year, including amendments to provide spending authority for non E&G encumbrances and adjustments required after the 2003-04 fiscal year is closed in July 2004”, is hereby revoked.

II. Procedures, Approvals/Responsibilities

The University President shall prepare and submit to the Board of Trustees an annual operating budget for the University’s academic programs and support services within the limits of available resources. The budget submission shall include the budget entities outlined in Board of Governors Regulation 9.007 (State University Operating Budgets) and be in sufficient detail identifying the categories of expenditures and the sources and amounts of expected revenues for the fiscal year. The proposed annual budget shall be presented to the Board of Trustees within sixty (60) days prior to the end of the fiscal year.

III. Adjustments in Categories of Expenditures

The President is hereby granted the authority to adjust categories of expenditure of an operating budget approved for the university, provided that the adjustments conform to the approved budget limitations, and reductions in budget plans when resources are projected to be inadequate to support authorized expenditure levels.

IV. Amendments to the Operating Budgets

The President is hereby granted the authority to amend the approved operating budgets, provided that the amendments do not exceed 2% or $100,000 per fund. A budget report will be provided at each Board of Trustees meeting. Amendments approved in the previous fiscal year will be continued in the subsequent fiscal year if the obligation was not met and cash is certified as available. Budgets for E&G certified forward or non E&G encumbrances do not require Board of Trustees re-approval as these expenditures were approved in the prior year’s budget. Changes in certified forward budget requirements will be reflected in the calculation of available carry forward moneys.
University Funding

Presented by

Dr. Alan Robertson
Vice President for Finance & Administration / CFO
University Funding

- Educational and General (E&G)
- Contracts and Grants (C&G)
- Local Funds
- Auxiliaries
FY2020 Operating Budget ($369.8M)

- **Local Funds**: $63,876,670 (17%)
- **C&G**: $65,918,726 (18%)
- **Auxiliaries**: $49,427,086 (13%)
- **E&G**: $190,645,716 (52%)
State Budget Recommendations

Presented by

Dr. Alan Robertson
Vice President for Finance & Administration / CFO
## FLORIDA A&M UNIVERSITY
### 2020-2021 E&G ALLOCATIONS

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<td>General Revenue</td>
<td>$72,028,521</td>
<td>$64,033,902</td>
<td>$(7,994,619)</td>
<td>$69,426,743</td>
<td>$(2,601,778)</td>
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<td>Lottery</td>
<td>19,948,565</td>
<td>19,881,878</td>
<td>$(66,687)</td>
<td>22,988,221</td>
<td>3,039,656</td>
<td>22,664,419</td>
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<td>Student Fees</td>
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<td>67,801,614</td>
<td>0</td>
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<td>Grand Total</td>
<td>$159,778,700</td>
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<td>$(8,061,306)</td>
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### PRIORITY BUDGET ALLOCATIONS

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<td>Central Plant Improvements</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>2,000,000</td>
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<td>Peaden Education Center (Crestview)</td>
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<td>-</td>
<td>$(1,500,000)</td>
<td>1,000,000</td>
<td>$(500,000)</td>
<td>1,500,000</td>
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<td>Need Based Financial Aid</td>
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<td>-</td>
<td>624,417</td>
<td>-</td>
<td>624,417</td>
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<td>Black Male Explorers Program</td>
<td>164,701</td>
<td>164,701</td>
<td>-</td>
<td>164,701</td>
<td>-</td>
<td>164,701</td>
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<tr>
<td>Brooksville Research</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100,000</td>
<td>100,000</td>
<td>-</td>
<td>-</td>
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</table>

*Additional Budget Information*

|                                | FAMU-FSU Engineering              | 14,541,522            | -              | 14,541,522              | -              | 14,541,522               | -              |

**Source:** Governor’s Recommendations, SB 2500, HB 5001 (As of February 26, 2020)
Senate Bill 190 - Carryforward

- Minimum carry forward balance of at least 7 percent of its state operating budget.

- Emergency spending approved by the university board of trustees (BOT) and the BOG.

- Annual spending of excess balances to its BOT for approval by September 1, and to the BOG for approval by October 1.

- Spending plan may include: capital project for which an appropriation has previously been provided that requires additional funds for completion.

- Spending plan shall include the estimated cost per planned expenditure and a timeline for completion of the expenditure.
Senate Bill 190 – Carryforward continued

- Annual CFO certification of the unexpended amount of state funds remaining as of June 30 and audit by the Auditor General, to verify the accuracy.

- May include:

  (a) Capital outlay project for which an appropriation has previously been provided that requires additional funds for completion;

  (b) Completion of a renovation, repair, or maintenance project, up to $5 million per project and replacement of a minor facility that does not exceed 10,000 gross square feet in size up to $2 million;

  (c) Completion of a remodeling or infrastructure project, including a project for a development research school, up to $10 million per project, if such project is survey recommended;

  (d) Completion of a repair or replacement projects due to a natural disaster;

  (e) Operating expenditures that support the university mission and that are nonrecurring.
New Budget Process

Presented by

Dr. Alan Robertson, Vice President for Finance & Administration / CFO
Dr. Maurice Edington, Provost and Vice President of Academic Affairs
Increase Awareness of Institutional Budget & Planning Process

Overview of Institutional Effectiveness Process

Review of Institutional Goals & Strategic Priorities

Overview of Budgeting Process
The University has made tremendous progress over the past few years towards achieving the goals outlined in the 2017-2022 Strategic Plan (FAMU Rising).

However, several significant changes have occurred within Florida’s higher education landscape since 2017, which necessitate that we take more aggressive steps to accelerate the University’s progress.

- Changes to Performance Funding Model
- BOT Mandate to Accelerate Progress
- Increased Emphasis on Institutional Accountability and Efficiency
- Potential Reductions in State Funding

**Response:**
- Refine institutional priorities
- Reengineer internal processes (e.g. Budget & Planning)
Core Requirement 7.1:
The institution engages in ongoing, comprehensive, and integrated, research-based planning and evaluation processes that:

(1) Focus on institutional quality and effectiveness and

(2) Incorporate a systematic review of institutional goals and outcomes consistent with its mission.

This Should Drive the Institutional Budget & Planning Process
Institutional Effectiveness
FAMU’s Institutional Effectiveness Process
Florida Agricultural and Mechanical University (FAMU) is an 1890 land-grant institution dedicated to the advancement of knowledge, resolution of complex issues and the empowerment of citizens and communities.

The University provides a student-centered environment consistent with its core values.

The faculty is committed to educating students at the undergraduate, graduate, doctoral and professional levels, preparing graduates to apply their knowledge, critical thinking skills and creativity in their service to society.

FAMU’s distinction as a doctoral/research institution will continue to provide mechanisms to address emerging issues through local and global partnerships.

Expanding upon the University’s land-grant status, it will enhance the lives of constituents through innovative research, engaging cooperative extension, and public service.

While the University continues its historic mission of educating African Americans, FAMU embraces persons of all races, ethnic origins and nationalities as life-long members of the university community.
University-Wide Strategic Planning

Typically Occurs Every 5-10 Years at FAMU
- Should be appropriate for the current educational landscape

Comprehensive Planning Process
- Involves internal and external stakeholders

Includes Review of Mission and Vision
- Involves internal and external stakeholders

Provides a Roadmap for the University’s Future
- Identifies strategic goals and objectives

Drives Resource Allocations
- Ensures appropriate resources are directed towards key institutional priorities
University-Wide Strategic Planning, cont

6 Strategic Priorities

- Exceptional Student Experience
- Excellent and Renowned Faculty
- High Impact Research, Commercialization, Outreach and Extension Services
- Transformative Alumni, Community and Business Engagement
- First-Class Business Infrastructure
- Outstanding Customer Experiences
<table>
<thead>
<tr>
<th>Focus</th>
<th>Outcomes</th>
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<tbody>
<tr>
<td>Increase student success</td>
<td>Increase in retention and graduation rates</td>
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<tr>
<td>Strengthen academic degree programs</td>
<td>Improved performance on licensure exams</td>
</tr>
<tr>
<td>Increase student involvement in high-impact co-curricular activities</td>
<td>Increase in employment outcomes for graduates</td>
</tr>
<tr>
<td>Strategically grow and diversify the student body</td>
<td>Increase in enrollment and degrees awarded</td>
</tr>
<tr>
<td>Enhance the living-learning environment</td>
<td>Enhanced residential and instructional facilities</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td><strong>Outcomes</strong></td>
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<tr>
<td>Attract and retain world-class faculty</td>
<td>Increase in faculty scholarship and notoriety</td>
</tr>
<tr>
<td>Improve faculty incentives</td>
<td>Reduction in faculty teaching loads</td>
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<tr>
<td>Invest in critical research facilities</td>
<td>Expansion of faculty development resources</td>
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<tr>
<td></td>
<td>Enhanced facilities for faculty research and instruction</td>
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</tbody>
</table>
High-Impact Research, Commercialization and Extension Services

**Focus**

Establish institutional research priorities

Increase research productivity and commercialization

Build upon contributions in outreach and extension

Grow the University’s reputation as a doctoral-research institution

**Outcomes**

Increase in R&D expenditures

Increase in faculty research productivity

Increase in revenue from commercialization efforts

Increase in graduate degrees awarded in areas of strategic emphasis

Increase in prestige of graduate programs

Broadened impact on the community
Focus
Increase engagement with key external stakeholder groups
Increase the University’s impact on the community
Grow financial support for the University

Outcomes
More engaged and supportive alumni base
Increased number of corporate partnerships
Increased legislative support for institutional priorities
Increase in annual dollars raised
Enhanced perception of the University
<table>
<thead>
<tr>
<th>Focus</th>
<th>Outcomes</th>
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<tbody>
<tr>
<td>Recruitment and retention of an excellent and diverse staff</td>
<td>Improved employee morale and satisfaction</td>
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<tr>
<td>Enhanced administrative services</td>
<td>Increased satisfaction rates with IT services</td>
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<tr>
<td>Implementation of a more transparent and effective budgeting model</td>
<td>Reduction in audit findings</td>
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<tr>
<td>Leveraging technology to increase effectiveness and efficiency in university operations</td>
<td>Increased on-time submissions of data files and reports to external agencies</td>
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Focus
Consistently provide high-quality customer service in all facets of University operations

Outcomes
Improved stakeholder satisfaction
Increased alumni giving
Increased enrollment
Enhanced University reputation
Assessment, Budgeting and Effectiveness
Section 13: Financial and Physical Resources

The institution has *sound financial resources* and a demonstrated, stable financial base to *support the mission* of the institution and the scope of its *programs and services*. (Financial resources)

The institution *manages its financial resources* in a responsible manner. (Financial responsibility)

The institution *exercises appropriate control over all its financial resources*. (Control of finances)

An annual budget that is preceded by sound planning, is subject to sound fiscal procedures, and is approved by the governing board.
FAMU’s Institutional Effectiveness Process

University Mission

University-Wide Strategic Planning

Annual Planning Cycle
- Establish Annual Goals and Priorities
- Budget Planning Process
- Evaluation of Progress

Institutional Research and Assessment

Internal Review and Improvement Process
- Internal Audit
- Academic Program Review
Annual Planning Cycle

University-Wide Strategic Planning

Annual Planning Cycle

Establish Annual Goals and Priorities

Develop Unit-Level Annual Plan with Goals that Support:
- University Strategic Plan Goals
- President’s Annual Goals
- Accountability Plan Goals
- Other Priorities Identified by BOT/President

Budget Planning Process

Use Annual Plan to Form Basis for Annual Budget Requests
- Links unit-level planning with institutional budgeting

Evaluation of Progress

Evaluate Progress Towards Achieving Annual Goals
- Units should evaluate impact of prior year funding on goal achievement
- University Budget Council will use the unit-level evaluation to assist with funding recommendations
Office of University Assessment

Mission:

• Promote a culture of evidence at FAMU through the implementation of a manageable and sustainable process that leads to quality program and service improvement.

Example of Impact on Annual Planning Cycle:

• Unit assessment reports that highlight need for resources/focus (e.g. additional staffing or technology resources)
Update on Institutional Goals
Goal Established by BOT at August 2019 Retreat:
Accelerate Progress on PBF Outcomes to
Achieve Minimum Score of 80 Points in 2021

Areas of Focus for Improvement:

- Four-Year Graduation Rate (PBF #4)
- Academic Progress Rate (PBF #5)
- Bachelor’s and Graduate Degrees Awarded within PSEs (PBF #6/8)
- Bachelor’s Degrees Awarded w/o Excess Credit Hours (PBF #9)
- Post-Graduate Outcomes (PBF #1/2)
- Bachelor’s Degrees Awarded to FCS AA Transfers (PBF #10)
## Performance Based Funding Metrics

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<tbody>
<tr>
<td><strong>1. Percent of Bachelor’s Graduates Enrolled or Employed ($25,000+) (One Year After Graduation)</strong></td>
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<tr>
<td>FAMU</td>
<td>59.2</td>
<td>61.8</td>
<td>64.6</td>
<td>66.7</td>
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<td><strong>2. Median Wages of Bachelor’s Graduates Employed Full-time (One Year After Graduation)</strong></td>
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<td>FAMU</td>
<td>$28,800</td>
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<td>$32,700</td>
<td>$33,000</td>
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<td><strong>3. Average Cost to the Student (Net Tuition &amp; Fees per 120 Credit Hours for Resident Undergraduates)</strong></td>
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<td>FAMU</td>
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<td>$9,410*</td>
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<td><strong>4. FTIC Four-Year Graduation Rate (Full-time FTIC)</strong></td>
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<td><strong>5. Academic Progress Rate (Second Year Retention Rate with At Least a 2.0 GPA)</strong></td>
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<tr>
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<tr>
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<td>84.0</td>
<td>85.1</td>
<td>85.9</td>
<td>86.2</td>
<td>89</td>
<td>90</td>
<td>91</td>
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## Performance Based Funding Metrics

| 6. Percentage of Bachelor’s Degrees Awarded within Programs of Strategic Emphasis |
|---|---|---|---|---|---|---|---|---|
| **SUS** | 48.1 | 49.3 | 51.2 | 52.2 | 52.0 | 53 (2018-19) | 55 (2019-20) | 55 (2020-21) | 55 (2021-22) |

| 7. University Access Rate (Percent of Undergraduates with a Pell grant) |
|---|---|---|---|---|---|
| **FAMU** | 61.6 FALL 2013 | 64.8 FALL 2014 | 65.4 FALL 2015 | 62.8 FALL 2016 | 65.6 FALL 2017 |
| **SUS** | 39.6 | 39.7 | 39.0 | 38.0 | 39.2 |

| 8. Percentage of Graduate Degrees Awarded within Programs of Strategic Emphasis |
|---|---|---|---|---|---|---|---|---|
| **SUS** | 58.4 | 60.1 | 63.7 | 65.0 | 64.4 | 65 (2018-19) | 65 (2019-20) | 66 (2020-21) | 66 (2021-22) |

| 9. BOG Choice: Percent of Baccalaureate Degrees Awarded Without Excess Hours |
|---|---|---|---|---|---|---|---|---|
| **SUS** | 68.8 | 71.1 | 72.4 | 76.7 | 78.8 | 79 (2018-19) | 80 (2019-20) | 81 (2020-21) | 82 (2021-22) |

| 10. BOT Choice: Number of Bachelor’s Degrees Awarded to Transfers with AA from FCS |
|---|---|---|---|
Performance Based Funding Metrics

Approach to Drive Improvement

1. Pinpoint the student success metrics/outcomes that need the most attention
2. Evaluate data and historical trends to determine where strategic intervention is most needed
3. Identify and implement proven best practices for increasing student success
4. Allocate resources towards areas / initiatives that have the greatest impact on the outcomes, stop those that do not
5. Ensure that we have the appropriate organizational structure and staffing to foster student success
FY2020 Operational Budget
FY2020 Operating Budget ($369.8M)

- **E&G**
  - $190,645,716
  - 52%

- **Auxiliaries**
  - $49,427,086
  - 13%

- **C&G**
  - $65,918,726
  - 18%

- **Local Funds**
  - $63,876,670
  - 17%
FY2020 E&G Budget ($190.6M)
Overview of FAMU’s Budget & Planning Process
FAMU’s Current Budget Model

Incremental Budgeting
- Most common model used in higher education
- Allocations are based upon the funding levels of the previous year and possibly increased by a set percentage
- Involves making only limited changes in the organization’s revenue levels and distribution of resources from one year to next
Advantages

- Easy to understand and the calculations required are relatively simple and straightforward
- Has the advantage of producing budgets that are relatively stable, with gradual changes from year to year
Disadvantages

- Allocation of resources is based on the existing pattern of activities and priorities
- Can create disincentives for developing new programs and no incentive to reduce costs
- Encourages managers to adopt a “use it or lose it” attitude, spending monies towards the end of a fiscal year simply because it is there
- Does not adequately incorporate multi-year planning
We should be asking…

- What Process Do We Use to Ensure that Units are Appropriately Funded?

- How Do We Ensure that Sufficient Funding is Allocated to Achieve Institutional Goals?

- How Do We Stack up With Respect to Performance and Operational Efficiency in Comparison to Other SUS Institutions?
Rationale for Change

To achieve the targeted performance goals, we will need to re-engineer internal processes to better position the University to make rapid improvements in outcomes:

- We typically only allocate new dollars towards priorities
- We do not consistently assess and reallocate funds if units are underperforming
- We have not been aggressive in identifying and eliminating inefficiencies
Enhanced Annual Budget & Planning Process

Goal

Implement an enhanced budgeting model that fosters better alignment of resource allocations with the University’s strategic priorities:

- Adequately support institutional priorities
- Drive long-term sustainability and growth
- Promote operational efficiency and effectiveness
Enhanced Annual Budget & Planning Process

New Approach

✔ Adopt a “Full Fund” Budgeting Model
  - Resource allocations are made with consideration of all available university funding sources

✔ Evaluate all Vacant Positions for Potential Reallocation or Elimination
  - Generate savings for reinvestment

✔ Modify Function and Role of Budget Council
  - Now co-chaired by CFO & Provost
  - Council makes preliminary funding recommendations to CFO & Provost
  - Includes representative from Deans’ Council

✔ Increase Operational Efficiency
  - Well-defined list of funding priorities
  - Assessment and evaluation of existing resource allocations and expenditures for each unit
FY2021 Budget Priorities
FY2021 Budget Priorities

1. Increase Student Success
2. Promote Accountability and Increase Efficiency
3. Support Faculty Excellence
4. First Class Business Infrastructure
Increase Student Success

1. Academic Support and Retention Services
2. Student Recruitment
3. Curriculum Development
4. Program Accreditation
5. Instructional Technology
6. Facility Upgrades/Enhancements
Promote Accountability and Increase Efficiency

1. Operational Efficiency
2. Enhance Internal Controls
3. Faculty Workload and Productivity
4. Customer Service
1. Faculty Recruitment and Retention
2. Faculty Professional Development
3. Faculty Salaries
First Class Business Infrastructure

1. Staff Recruitment and Retention
2. Staff Professional Development and Education
3. Succession Planning
4. Cybersecurity/Technology Infrastructure
5. Facility Upgrades/Enhancements
Next Steps

Budget Requests

- Involve unit stakeholders in the process
- Conduct critical analysis of unit, with a focus on increasing efficiency and improving performance
- Budget Hearings
Carryforward Spending Plan / Campus Renovations vs Remodeling
<table>
<thead>
<tr>
<th>Restricted/Contractual Obligations</th>
<th>University F&amp;G</th>
<th>Amount Encumbered &amp; Expended as of 02/01/2020</th>
<th>Remaining Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional and Graduate Degree Programs</td>
<td>$ 687,720</td>
<td>$ 462,135</td>
<td>$ 225,585</td>
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<td>World Class Faculty and Scholar Programs</td>
<td>$ 683,433</td>
<td>$ 675,694</td>
<td>$ 7,739</td>
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<td>Black Male College Explorers</td>
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<td>Restricted by Appropriations</td>
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<td>$ 1,148,777</td>
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</table>

**Restricted by Contractual Obligations:**

- Student Services, Enrollment, and Retention Efforts (Oracle): $1,000,000
- Student Financial Aid: $4,500,000
- Information Technology (Blackboard): $630,000

**Total Restricted Funds:** $7,524,292

<table>
<thead>
<tr>
<th>Commitments</th>
<th>University F&amp;G</th>
<th>Amount Encumbered &amp; Expended as of 02/01/2020</th>
<th>Remaining Balance</th>
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<tbody>
<tr>
<td>Compliance, Audit, and Security</td>
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<tr>
<td>Campus Security and Safety Enhancements (Fire Alarm Upgrades &amp; Sidewalk Repair)</td>
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<td>Quality Enhancement Program</td>
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<td>Facilities, Infrastructure and Information Technology</td>
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<td>Information Technology (Campus Wide Classrooms and PeopleSoft Upgrades)</td>
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<td>Other UBOT Approved Operating Requirements</td>
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<td>Contingency Funds</td>
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**Total Commitments:** $9,381,690

**TOTAL:** $16,885,982

$5,574,512 $11,311,470
“At FAMU, Great Things are Happening Every Day!”