



BROWN

Budget Open Forum

October 5, 2023

Agenda

1. **FY23 Results Preview and Financial Overview** - *Mike White, Vice President for Finance and Administrative Services & CFO*
2. **FY24/25 Financial Planning Timeline** - *Tim Fater, AVP for Financial Strategy and Planning*
3. **FY24 Fall Forecast Guidance** - *Rob Eaton, Director, Budget, Planning and Analysis*
 - a. *Gift & Endowment Balance Project – Maureen Moran, Director, Gifts & Endowments*
4. **Preliminary FY25 Budget Guidance** - *Rob Eaton, Director, Budget, Planning and Analysis*
 - a. *FY25 Technology Request Guidance – Amy Cracco - Director, IT Strategy, Project and Portfolio Management (OIT) and Don Rogers – Director, IT Support & Customer Experience (OIT)*
5. **OFSP Team Updates**
6. **Questions**

FY23 Results Preview (Budget) and Financial Overview

FY23 Results Preview (Budget)

- **FY23 resulted in a \$9.2M operating deficit vs. May forecast of \$10-12M deficit.**

All Funds (\$000s)	FY23 Budget	FY23 Forecast	FY23 Actuals	Budget vs. Actual \$ Change	Budget vs. Actual % Change
Revenue	\$1,546,594	\$1,545,044	\$1,553,293	\$6,699	0.4%
Expenses	\$1,548,614	\$1,555,773	\$1,562,457	\$13,843	0.9%
Operating Margin	(\$2,020)	(\$10,729)	(\$9,164)	(\$7,144)	

Favorable impacts:

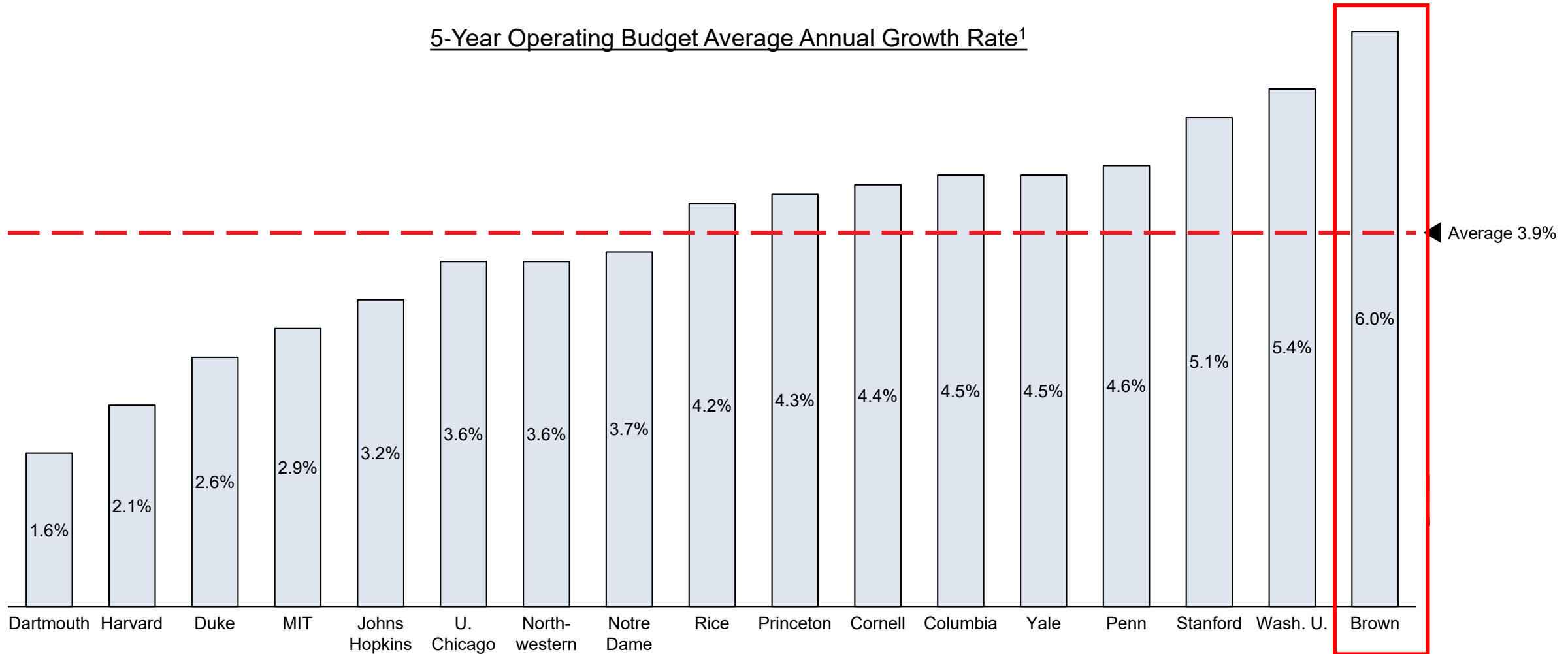
- Higher-than-expected FEMA reimbursements (\$10.4M total vs. \$4.4M budget) and working capital interest income (\$15.7M vs \$8.0M budget) due to current rate environment.

Unfavorable impacts:

- Lower-than-budgeted master's, professional and medical tuition (\$7.7M below budget).
- NOTE: Master's and professional tuition increased \$5.7M year-over-year, despite variance to budget. Medical tuition was down \$1.3M year-over-year.

FY23 GAAP Operating Results projected to be ~\$37M deficit, with final results available after the October Corporation meeting

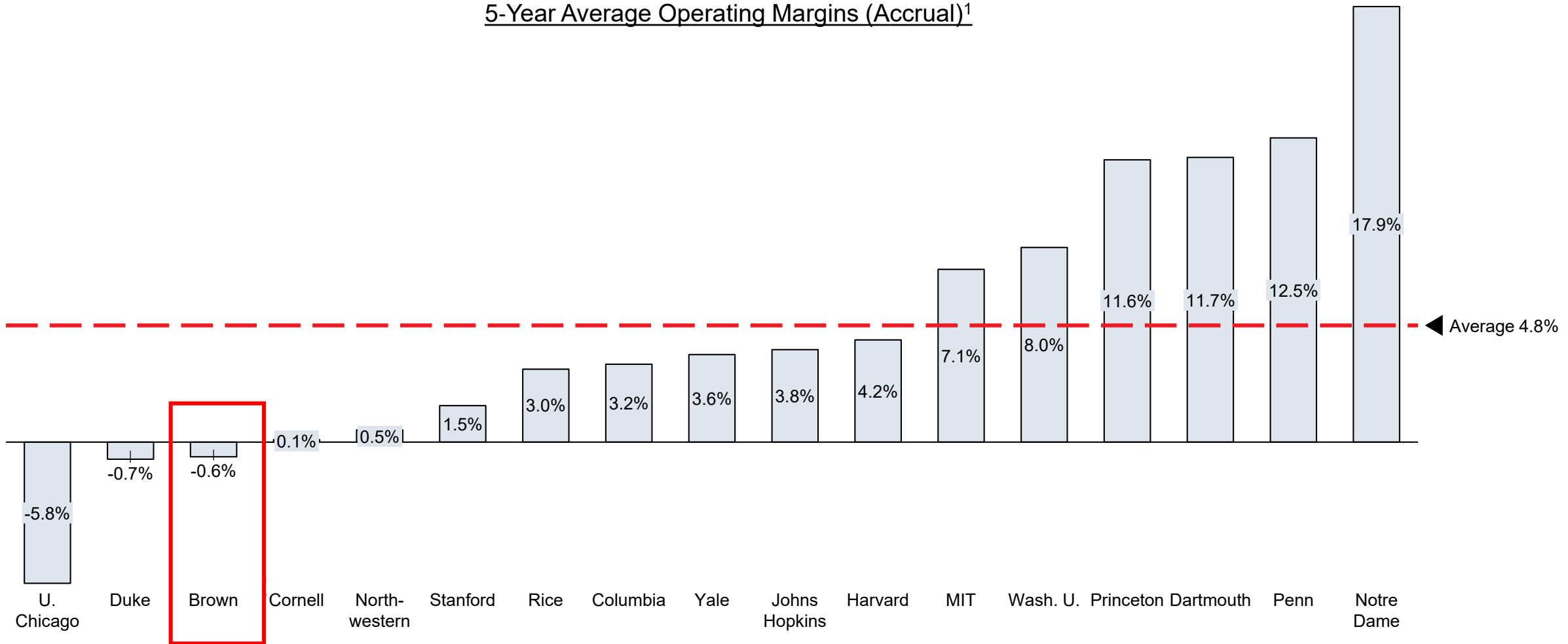
Brown and Peer Operating Budget Growth Rates



1. Data derived from Yuba Group 2023 5-Year Financial Performance Rankings.

Brown and Peer Operating Margins

5-Year Average Operating Margins (Accrual)¹

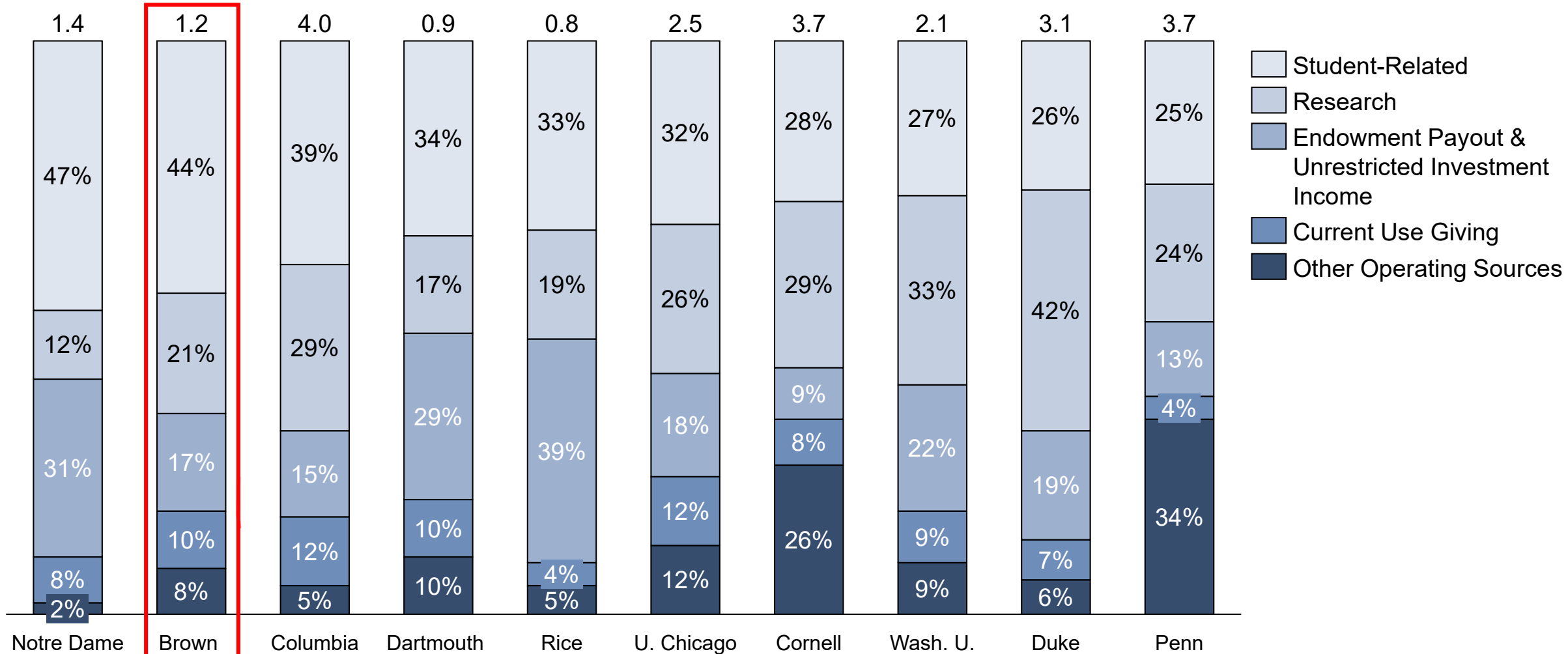


1. Data derived from Yuba Group 2023 5-Year Financial Performance Rankings.

Brown vs. Peer Revenue Profiles

(\$B)²

Fiscal Year 2022 Revenue Mix¹



1. Data derived from Yuba Group 2023 5-Year Financial Performance Rankings. Excludes patient care.
 2. Institution total represents 2022 Operating Expenditures to provide relative scale of the size of each institution.

FY24/25 Financial Planning Timeline (FY24 Forecast and FY25 Budget)

Key Dates and Deadlines

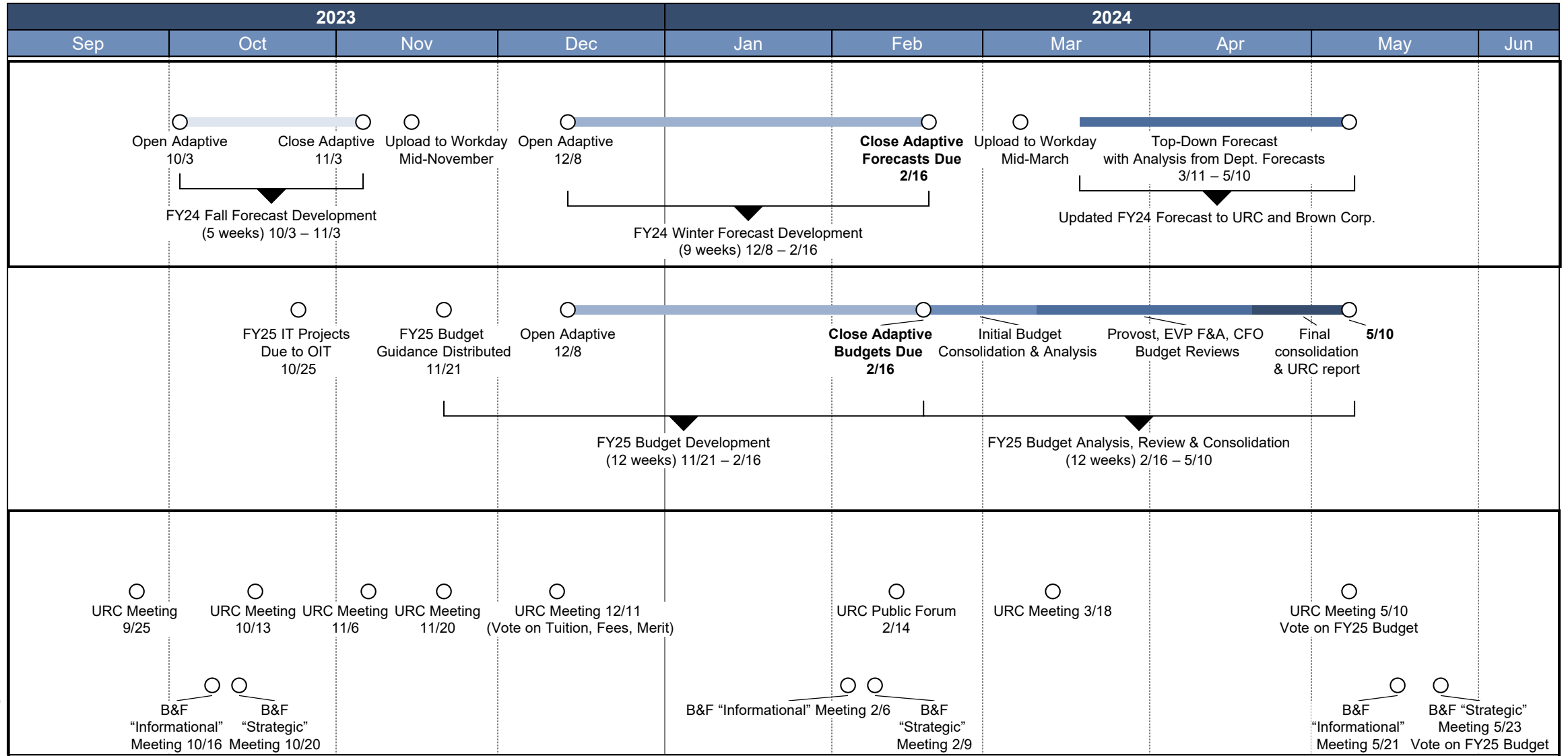
September 2023	October 2023	November 2023	Dec. 2023 - January 2024	February 2024	March – May 2024
<ul style="list-style-type: none"> • 9/28: FY25 Technology Request Process Guidance Issued (#1) • 9/29: FY24 Fall Forecast Guidance Issued (#2) 	<ul style="list-style-type: none"> • 10/2: Adaptive Opens for FY24 Fall Forecast • 10/5: Open Forum <ul style="list-style-type: none"> • FY24/25 Financial Planning Timeline • FY24 Fall Forecast • Preliminary FY25 Budget Guidance (incl. Technology Requests) • 10/25: FY25 Technology Requests Due (OIT) 	<ul style="list-style-type: none"> • 11/3: Adaptive Closes for FY24 Fall Forecast <ul style="list-style-type: none"> • EN & GFT balance responses due to Maureen Moran • 11/21: FY25 Budget Guidance Issued (#3) • 11/29: Open Forum <ul style="list-style-type: none"> • FY25 Budget Guidance 	<ul style="list-style-type: none"> • 12/8: Adaptive Opens for FY25 Budget & FY24 Winter Forecast • 12/11: URC votes on FY25 tuition and salary pools 	<ul style="list-style-type: none"> • 2/9: Corporation votes on FY25 tuition and salary pools • 2/16: Adaptive Closes for FY25 Budget <ul style="list-style-type: none"> • FY25 Budget and FY24 Winter Forecasts due, including Budget Narratives and Scenario Plan 	<ul style="list-style-type: none"> • March/April: Budget Review Meetings with Provost and EVP • May: URC and Corporation Review & Approval of FY25 Budget

* Dates are subject to change.

Departments will be notified by OFSP of their Approved FY25 Budget in June 2024.

Note: EN (Endowment), GFT (Spendable Gift), IT (Information Technology), OIT (Office of Information Technology), URC (University Resources Committee)

FY24/FY25 Financial Planning Timeline: FY24 Forecast and FY25 Budget



* DATES SUBJECT TO CHANGE

FY24 Fall Forecast Guidance

What is the “Forecast” Process?

Departments/units can make adjustments to their approved budget twice per year in Adaptive Planning

- FY24 Fall Forecast Period (October 2, 2023 through November 3, 2023).
- FY24 Winter Forecast Period (December 8, 2023 through February 16, 2023), which aligns with the FY25 Budget Request process.

Why is the Forecast Process important?

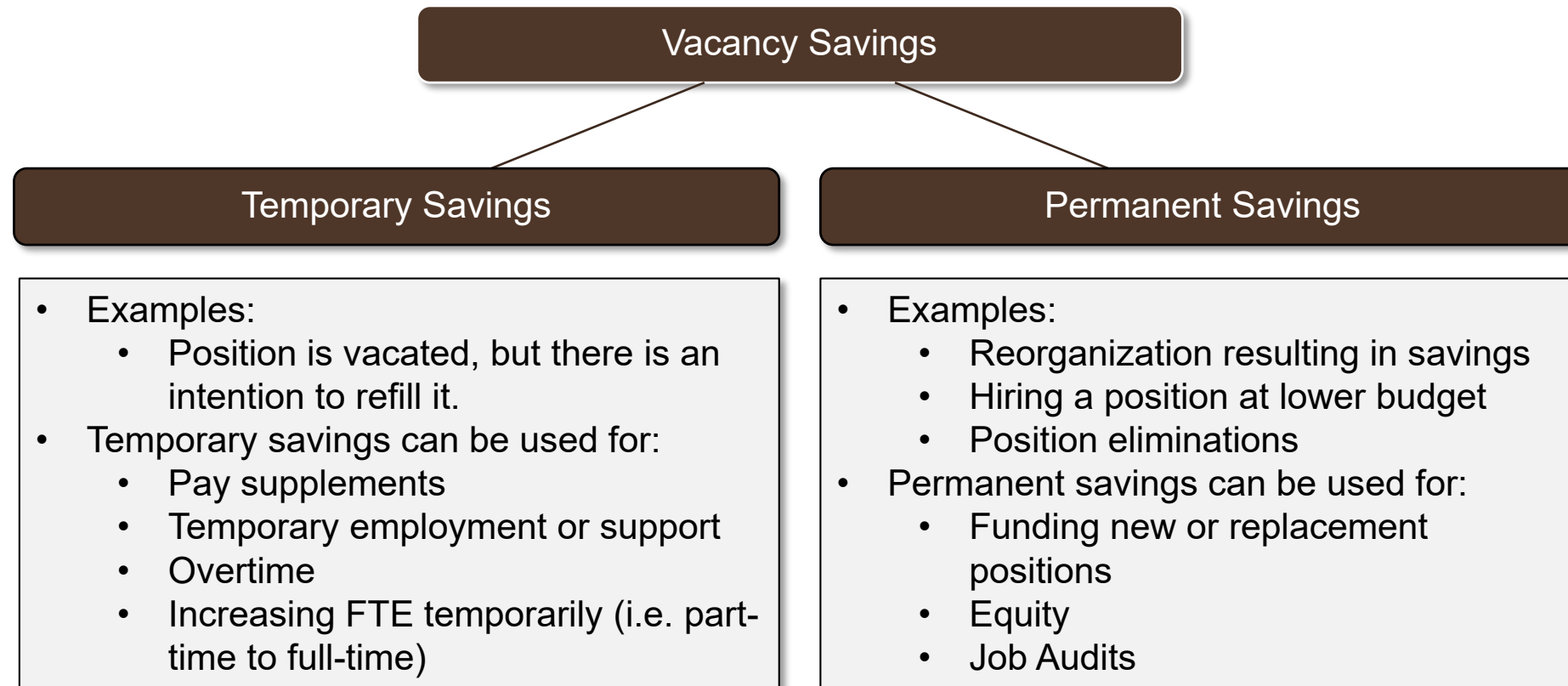
- Informs university-wide consolidated forecast presented to senior leadership and the Brown Corporation.
- Considered when reviewing FY25 Budget Requests.
- Seeds FY25 Budget values in Adaptive Planning.

How to effectively manage to your budget?

- ✓ Forecast expenses and revenues via trend analysis to identify items that are projected to be over or under budget.
- ✓ Use Workday and Adaptive reports and drill into detail to review year-to-date actuals and prior year actuals.
- ✓ Utilize the Staff Compensation Vacancy Savings Policy to address temporary and permanent personnel issues.
- ✓ Revisit non-compensation budget assumptions to determine if increased costs can be absorbed within your budget from other spend categories.
- ✓ Accountability check with budget and forecast vs. actuals completed by OFSP at year-end close.

Staff Compensation Vacancy Savings Policy

Throughout the fiscal year, departments may incur salary savings due to employee turnover, reorganizations, etc. The [Staff Compensation Vacancy Savings Policy](#) allows departments to reallocate salary savings to support temporary or permanent staffing needs. Savings from non-compensation budgets cannot be used to fund personnel-related requests (except for temp. services).



Overview of Restricted Gift Funds

Funds **established by donors** for “restricted” purposes. The University is **required** to spend based on donors’ restrictions.

Endowment Funds

- Permanently exist, principal is invested.
- The payout is the annual amount distributed from the endowment to support the designated purpose of each fund.
- Brown targets an annual payout between 4.5% and 5.5% of calculated value (FY24 Budget was 4.8%).
- Annual payout and prior year balances can be used (principal is not used).
- ~3,600 restricted endowed funds.

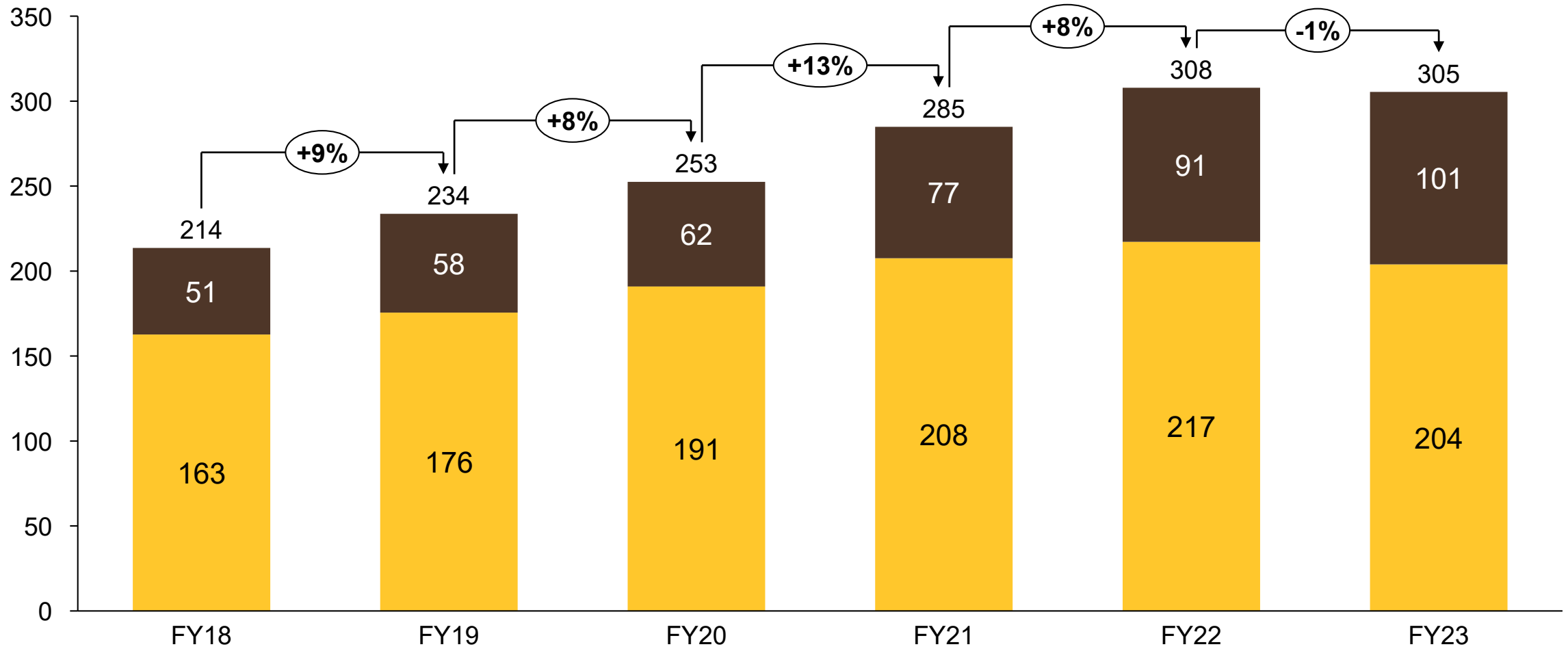
Current Use Spendable Gift Funds

- Intended for use within the fiscal year (some exceptions).
- Full amount should be used.
- ~1,700 current use spendable gift funds.

University Endowed and Spendable Gift Fund Balances FY18 to FY23



(\$M)



Endowed Fund Unspent Balance as of Year End
 Spendable Gift Unspent Balance as of Year End

New Process: Guidance for Utilizing Restricted Gift Funds & Spending Plans



“First Dollar Principle”

- Utilize restricted funding before unrestricted.
- Stewardship of philanthropic contributions.
- Creates financial flexibility.

No central approval is needed to spend restricted funds.

What can be utilized?

- Endowed funds: current payout AND prior year balance.
- Current Use Spendable Gift Funds: prior year balance AND new gifts as they are received.
- Expenses must align with gifts terms.

FY24 Fall Forecast Process: Identified EN & GFTs

- Maureen Moran (Director, Gifts and Endowments) will be reaching out to select departments/units for spending plans and responses due by November 3, 2023.
- Limited or no budgeted spending.
- ~110 funds with current or expected balances of ~\$100K or more.
- Collaborate with departments to develop appropriate spending plans.
- Review terms and donor intent.

Preliminary FY25 Budget Guidance

New Process: Technology Requests



The *new* **Technology Request** process will:

- Provide technology **consulting** if you have a need, but aren't sure what technology can solve it.
- Ensure **consideration** of existing technologies, data security needs, added integration costs and support requirements.
- Give your request more **detailed information** to provide the best chance for budget approval.
- Engage the **IT Strategic Governance Committee**, composed of members of the Brown community, in technology decision-making to add their **support** to your request.
- **Streamline** and **accelerate** your technology procurements and implementations that are approved through the budget process.

New Process: Technology Requests

What **should be** submitted as a Technology Request:

- *New* technology solutions
- *Replacement* of old technology
- Technology services that require *sharing of Brown's data*

What **should not** be submitted as a Technology Request:

- *Routine refresh of single-user devices*: computers, tablets, and mobile devices
- *Routine refresh of media technologies* in support of meeting spaces
- *Renewal* of software licenses
- *Addition* of video security camera, building panels, etc.
- Technologies procured through *research funds*

For FY25, any requests below \$25,000 in total costs (including the cumulative costs of a multi-year agreement) are exempt from this new Technology Request process. Requests below that total cost can be submitted via your standard FY25 budget process.

New Process: Technology Requests

Timeline for the new Technology Request Process for FY25:

- **September 2023** - Technology Request Guidance distributed
- **October 25, 2023** - *Due date for Technology Request submissions to OIT*
- **December 2023/January 2024** - Requests reviewed, prioritized and sequenced by senior leaders and the IT Strategic Governance Committee
- **February 2024** - Requests approved by the IT Strategic Governance Committee submitted for budget review
- **March/April 2024** - Technology Requests reviewed by Brown leadership and, if approved, allocated to OIT and/or department budget based on IT Strategic Governance Committee recommendation

For additional information: [Technology Request Process Guidance](#)
Please contact OIT-Technology-Requests@brown.edu if you have questions about the new process.

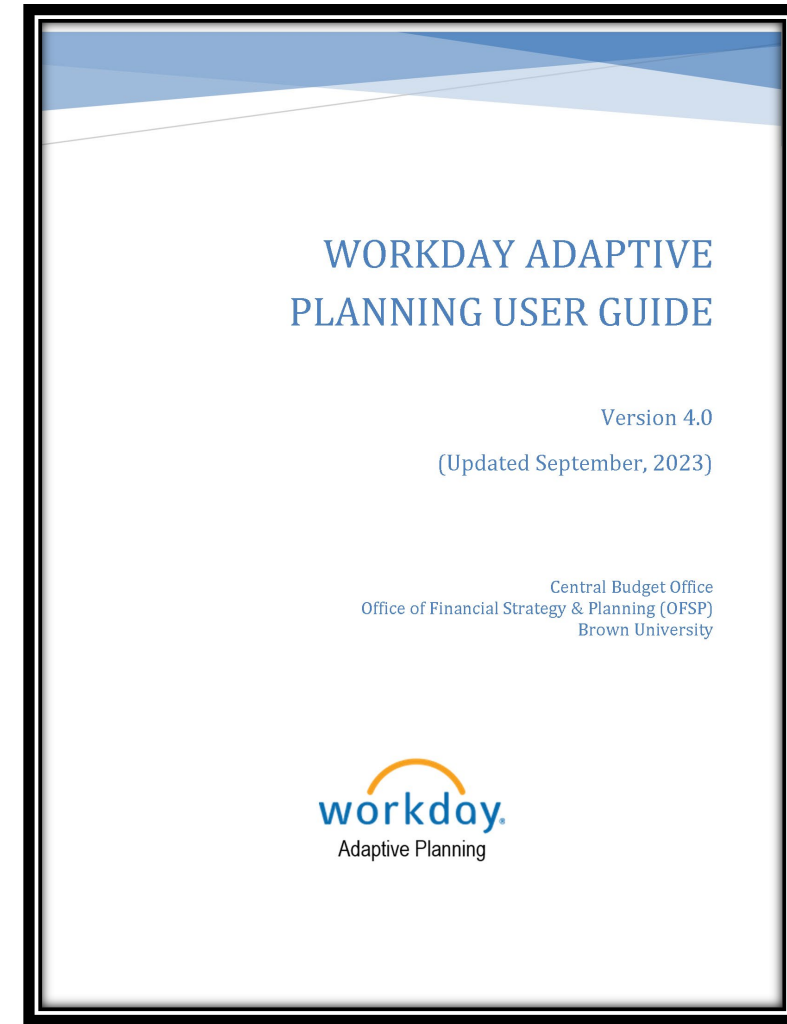
New Process: Scenario Planning Preview



- Best practice in higher education financial planning.
- Will become a regularized part of the annual budget process going forward.
- Due with FY25 Budgets on February 16, 2023.
- More information will be distributed in November with FY25 Budget Guidance.

Budget & Adaptive Planning Resources

- To request Adaptive Planning training for new or existing users, please complete the [Adaptive Planning Training Request Form](#). For more information, please reference our ‘Workday Adaptive Planning User Guide’.
- Please reference the [Office of Financial Strategy and Planning \(OFSP\) website](#) for communications and materials about the FY 2024 Forecast and FY 2025 Budget development process and deadlines.
- [University Resources Committee \(URC\) website](#) and reports for current (FY24) and historical budget reports.
- Brown Finance 101 Presentation to be posted online in immediate future.
- For additional inquiries about the budget, please direct questions to Tim Fater, Associate Vice President for Financial Strategy and Planning at tim.fater@brown.edu and Rob Eaton, Director, Budget, Planning and Analysis at robert.eaton1@brown.edu.



OFSP Team Updates

Office of Financial Strategy and Planning (September 2023)

