



# Funds Flow Modeling and Assessment Steering Committee Meeting

March 7, 2013



# Executive Summary

DRAFT  
**Huron**Education

Huron Consulting Group is pleased to provide Auburn University with an update relating to efforts in conducting a funds flow assessment.

**The goal of today's meeting is to:**

- Review interview themes (5 minutes)
- Confirm developed guiding principles (5 minutes)
- Provide alignment analysis of funds flow, incentives, timeline, and reporting (40-50 minutes)
- Provide indicative recommendations (40-50 minutes)
- Provide a list of next steps (10-15 minutes)

# Interview Themes Review

DRAFT

HuronEducation

Additional References:  
Appendix A

Three primary themes were presented at the last meeting as a result of discussions with 45 stakeholders regarding resource management, allocation, and planning.

<u>Themes</u>		
3 Primary	7 Secondary	
Strategy	Mission	Stakeholders expressed a lack of clear connection between the budget function and Auburn's overall mission, due in part to a lack of clarity in the current vision and mission statement.
	Central Support	Nearly every stakeholder commented on the budget model's inability to allow for significant funding from central sources and the lack of a systematic allocation of resources based on priorities.
Fund Utilization	Accountability	The current model does not always promote accountability for resource utilization nor does it evaluate the return (qualitative and quantitative) on strategic investments.
	Incentives	Deans desire increased empowerment to make strategic decisions, which can be influenced by incentives and spending flexibility.
Infrastructure	Process & Structure	The current budget process for allocating funds is perceived to lack transparency, have unclear funding justifications, and be based on relationships rather than economics or strategy.
	Information	Limited information flows in the current budget model detract from strategic decision making and can create frustration and anxiety in academic units.
	Personnel	At college/school and unit levels, leaders are concerned about budget personnel staffing levels, skill sets, and a lack of involvement in the university-wide budget process.

# Proposed Guiding Principles

The following guiding principles were developed from input provided by Steering Committee members and discussions with a smaller work group.

## ***Auburn's Budget Model Should:***

- Prioritize funding of strategic initiatives aligned with Auburn's mission
- Deliver consistent, accurate, and realistic financial projections, while allowing flexibility to respond to future opportunities and unknowns
- Promote authority, responsibility, and accountability, both locally and university-wide
- Provide incentives for effective management of both revenues and expenses and reward creativity and innovation
- Be simple, transparent, and logical

Confirmation of the above guiding principles allows for an alignment analysis of budget model factors and will inform the selection of model variations in future efforts.

# Alignment Analysis

---

# Assessment (Alignment) Intent

Huron initiated the current engagement by conducting various interviews to determine how the budget needs of the University are currently addressed.

## **The Assessment:**

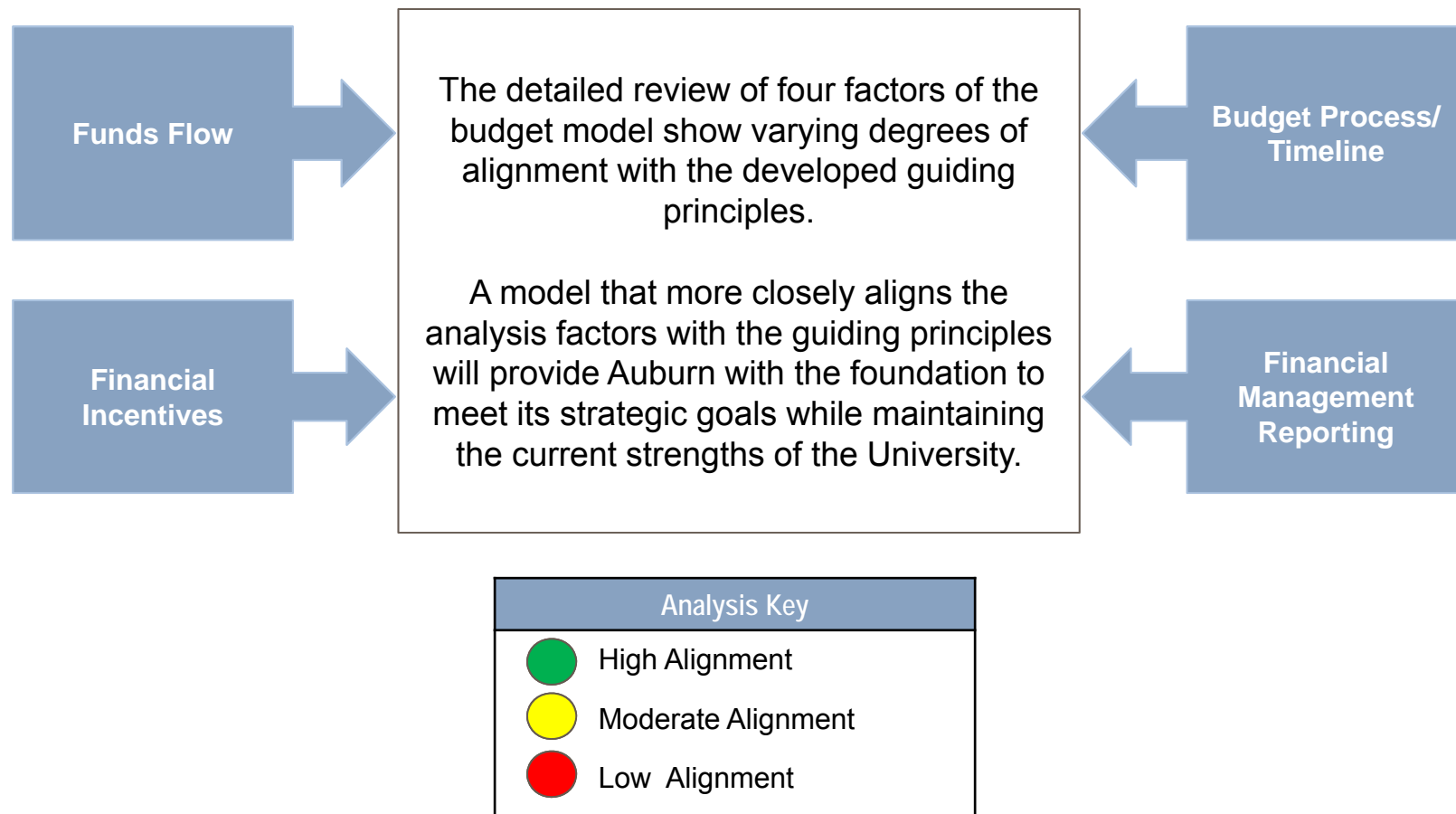
- Identifies current gaps by considering developed guiding principles and known best practices
- Captures pain points within current budget process as perceived by interviewees
- Dives into aspects of the budget function that are unclear or not well known

## **The Assessment Does Not:**

- Evaluate every aspect of the budget function at the same level of detail
- Focus on aspects of the budget function that are done well. Examples:
  - Comprehensive review of fund balances and reserves
  - Detailed information on year-to-date spend against budgets
  - Majority of industry known financial incentives implemented

# Alignment Analysis

An analysis of developed guiding principles and budget model factors resulted in the identification of alignments and gaps.



# Funds Flow (Division 1, All Revenue Sources)

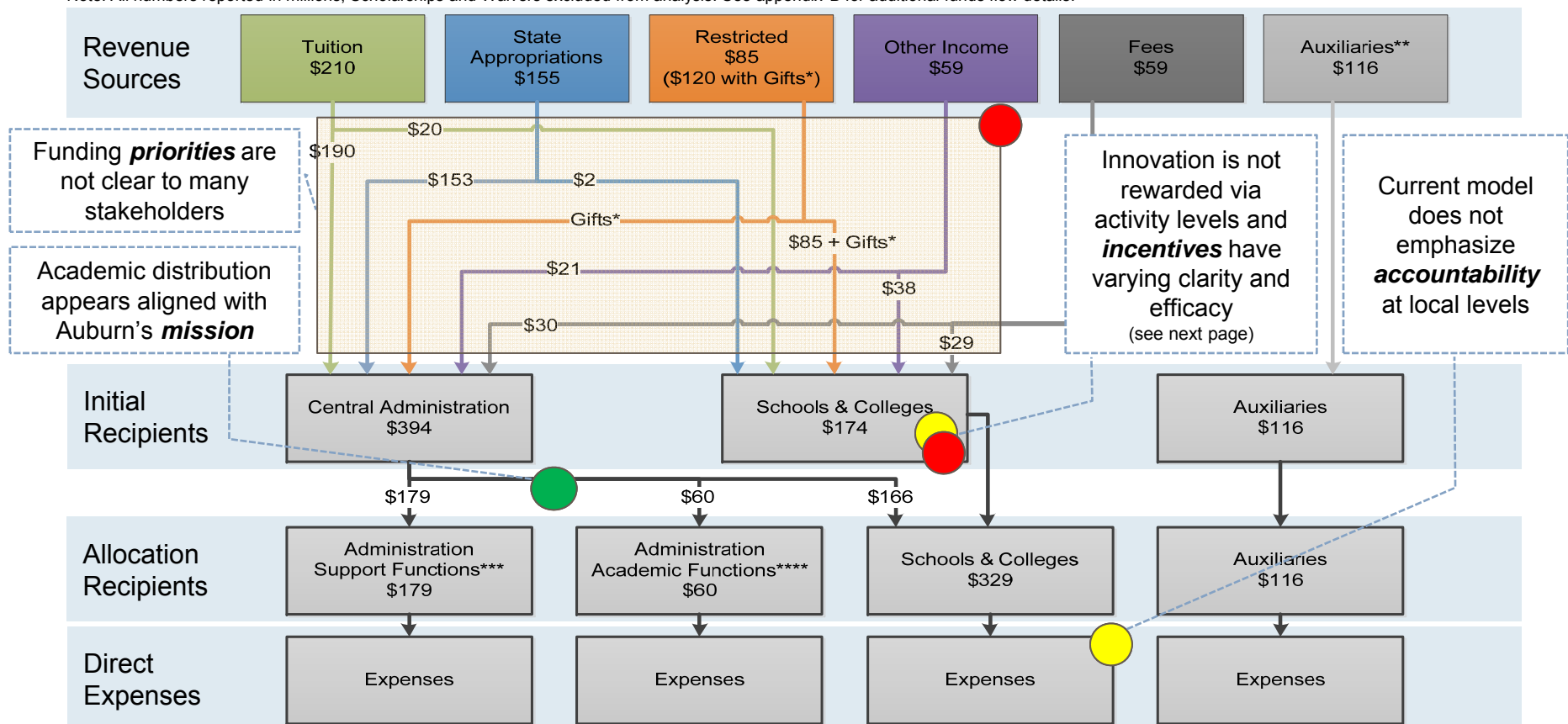
DRAFT

HuronEducation

Additional References:  
Appendix B

Based on feedback from budget stakeholders, opportunities exist to improve incentives, transparency, and accountability within the current funds flow.

Note: All numbers reported in millions; Scholarships and Waivers excluded from analysis. See appendix B for additional funds flow details.



\* Gifts = \$35MM; Split between Central Administration and Schools & Colleges is not readily available through the 2012-2013 Budget Book

\*\* Auxiliaries = Athletics, Aux. Business Development, Food Services, Housing, OIT, Other Aux. Activities, and University Bookstore

\*\*\* Support Functions = Alumni Affairs, Aux. Services, Business and Finance, Comm. & Marketing, Development, Enrollment Services, Facilities, HR, Misc., OADSS, President, Public Safety, Risk & Safety, Transfers, and Student Affairs

\*\*\*\* Academic Functions = Diversity & Multi. Affairs, Library, Museum, OIT, Outreach, Provost, Research, Transfers, and Undergraduate Studies








# Financial Incentives (1 of 3)

DRAFT





HuronEducation

Additional References:  
Appendix C


Auburn's current budget model offers various opportunities for financial incentives, but these incentives are often limited by a lack of clarity, consistency, and substantial value.

Incentive	Description		Limitations/Considerations	Alignment
Semester Credit Hour (SCH) Allocations	Portions of tuition revenue allocated to colleges and schools based on SCH calculations or other special agreements	Summer Allocation (FY13B = \$16.1MM)	<ul style="list-style-type: none"> <li>Summer allocation has fluctuated four times in previous four years: 69% of year-to-year changes have exceeded +/- 10% during the past three years (<i>Appendix C</i>)</li> <li>Lack of consistency hinders planning</li> </ul>	
		Course Allocations (FY13B = \$4.6MM)	<ul style="list-style-type: none"> <li>Course allocations are unclear and do not provide colleges or schools with full allocation of dollars generated</li> </ul>	
		Undergraduate Distance (FY13B = \$1.1MM)	<ul style="list-style-type: none"> <li>Portion of revenues returning to the colleges and schools is negotiated by program</li> <li>Dollars available/generated are small</li> </ul>	
Special Fees	Revenues that flow directly to colleges and schools are used to cover costs of operation	Professional Fees (FY13B = \$19.1MM)	<ul style="list-style-type: none"> <li>Only available to select colleges and schools</li> <li>Rates may not be aligned to peer rates</li> </ul>	
		Graduate Distance Education (FY13B = \$9.9MM)	<ul style="list-style-type: none"> <li>Minimal limitations impede this incentive</li> </ul>	

# Financial Incentives (2 of 3)

Incentive	Description	Limitations/Considerations	Alignment
<b>Fund Carry-Over</b>	Authority to retain unspent balances to provide additional flexibility and support long-term funding needs	<ul style="list-style-type: none"> <li>▪ Misperception between associated funds being an incentive versus necessary buffers</li> <li>▪ Clarity affected by lack of current policy</li> </ul>	
<b>Indirect Cost Recoveries</b>	F&A revenue from research grants shared with deans and departments across various units at rates ranging from 40% (Division 1) to 50% (Division 3 and 4) (FY13B = \$14.0MM)	<ul style="list-style-type: none"> <li>▪ Leaders may put proposals through a different division to maximize standard distributions</li> <li>▪ Central share is a disincentive to recovery</li> <li>▪ Limited funding is made available for strategic (central) stimulation</li> </ul>	
<b>Scholarship Incentive Program</b>	Salary payments allocated to individual faculty to promote the pursuit of new sponsored research <b>and</b> the charging of salaries against grants and contracts to create University savings	<ul style="list-style-type: none"> <li>▪ Incentive policy is under redevelopment</li> <li>▪ Opportunities for gaming exist in current state</li> </ul>	
<b>Provost One-Time Funding</b>	Funds allocated from the Office of the Provost for purposes of strategic initiatives	<ul style="list-style-type: none"> <li>▪ Allocated on a case-by-case basis</li> <li>▪ Perception of lack of transparency</li> <li>▪ Funds are limited</li> </ul>	

# Financial Incentives (3 of 3)

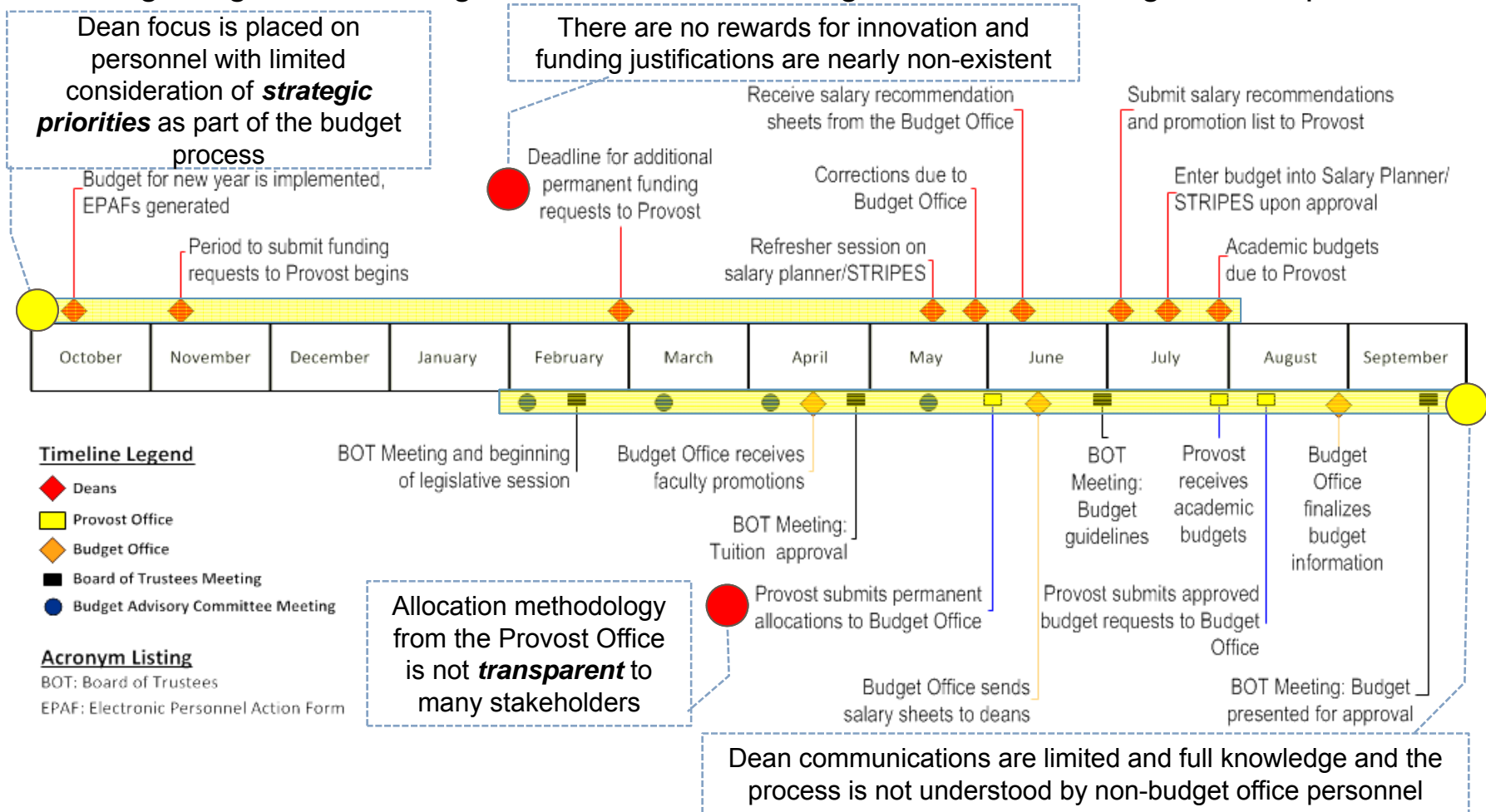
Incentive	Description	Limitations/Considerations	Alignment
Local Initiatives	Any non-instruction initiative that results in additional revenue generation with net revenues (revenues less expenses) being fully retained by a college or school (e.g. clinics, timber sales)	<ul style="list-style-type: none"><li>Amounts vary by opportunity</li></ul>	

**Note:** Programmatic incentives such as graduate student waivers are not captured herein. Assessment of those opportunities should be made to identify the intended results and unintended consequences being produced.

The majority of incentives have been in place for more than 10 years and consideration of outlined limitations could positively enhance perception and increase their use and understanding by academic leadership.

# Budget Process/Timeline

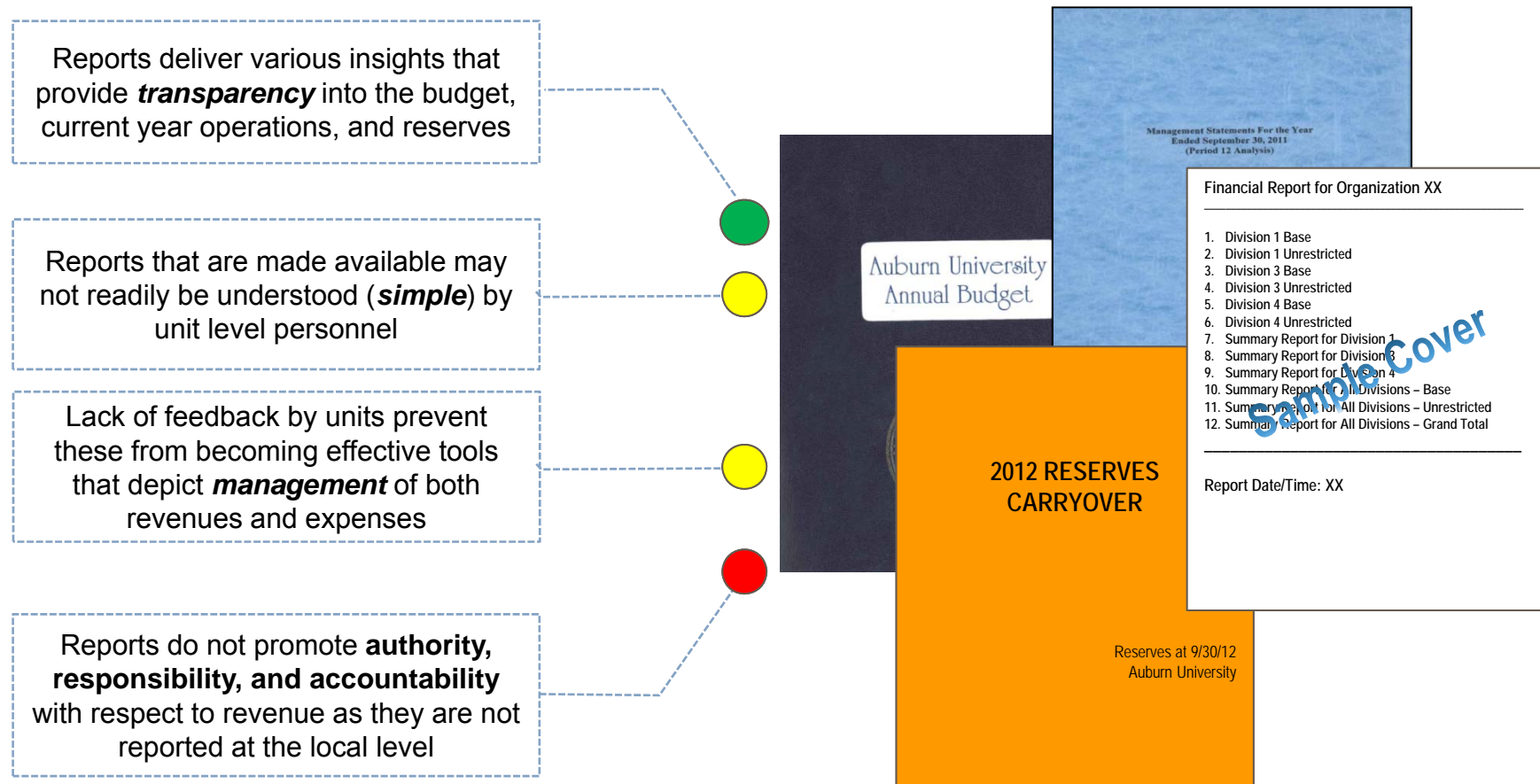
The current budget process focuses heavily on personnel related expenditures with no initiating budget-call or budget close-out letters being distributed to budget developers.



# Financial Management Reporting







DRAFT  
HuronEducation

Review of various management reports provided detailed information that may not be readily understood by or meet the needs of individual units.



# Financial Management Reporting

Auburn produces a variety of reports that contain comprehensive detail on revenues and expenses, but some are limited in how they can be utilized by stakeholders.

Report	Description	Limitations/Considerations	Alignment
Annual Budget	Provides a summary of expected revenues for the year and details how those revenues will be spent by each division and functional unit	<ul style="list-style-type: none"> <li>Revenue expense detail does not include future projections, limiting the ability of deans to plan for long-term strategic initiatives</li> </ul>	
Management Statements	Provide various reports with year over year performance data by activity	<ul style="list-style-type: none"> <li>Report provides detail into important activities and measures performance</li> </ul>	
		<ul style="list-style-type: none"> <li>Distribution is limited and currently no longer available quarterly</li> </ul>	
Reserves Carryover	Provides accounting of personnel and O&M funds and shows amounts retained at year end by college/school or major departmental unit	<ul style="list-style-type: none"> <li>Comprehensive carryover detail, but summary sheets could be more intuitively tied to detail sheets</li> </ul>	
College Financial Statement (detailed)	Provides detailed division funding reports for each unit by revenue, budget, and expense type against YTD actuals	<ul style="list-style-type: none"> <li>Report made available (pull) monthly</li> </ul>	
College Financial Statement (1-pg)	Provides high level summary of revenues, budget, and expenses along with corresponding pie chart illustrations	<ul style="list-style-type: none"> <li>Limited feedback from deans on how to make reports more effective for their operations</li> </ul>	

Current management reporting provides an impressive depth of information, however, enhancements are needed to render them useful and hold individuals accountable.

## Indicative Recommendations

---

# Overview

DRAFT

HuronEducation

Additional References:  
Appendix D

As a result of the conducted interviews, review of documents provided, and knowledge with best practices, a series of 16 theme-aligned recommendations were identified.

Primary Interview Theme:	Strategy		Fund Utilization		Infrastructure		
Secondary Interview Theme:	Mission	Central Support	Accountability	Incentives	Process & Structure	Information	Personnel
Identified Recommendations:	3		6		7		

A detailed workplan for each of the recommendations will need to be created if Auburn wishes to implement the identified items.



# Recommendations

Primary Interview Theme:	Strategy	
Secondary Interview Themes:	Mission	Central Support

DRAFT  
HuronEducation

Stakeholders expressed a lack of clear connection with the allocation of available funds and Auburn's overall mission.

## ***Recommendations:***

- Communication to deans and administrative leadership on how initiatives are directly correlated to the University's mission should be made on supplemental funds provided for strategic initiatives
  - Communications should incorporate numbers and funds flow analysis (quantifiable), such that stakeholders see how units are funded
- Education should be provided to increase understanding of costs to operate programs. Certain centrally-provided resources (such as space) are considered "free" and, thus, are not analyzed or considered as being part of an individual unit's operational expense (*expanded on next slide*)
- Additional focus needs to be placed on the identification of additional resources to fund strategic initiatives as part of the budget planning process

# Expansion

## Education on “Free” Costs

Administrative leaders generally have a comprehensive understanding of expense drivers for their respective institutions. However, certain expenses, such as the cost of owning space, are not always as well known.

### Model Facilities & Deferred Maintenance

HuronEducation

Facilities at an Institution have square footage data available for all Units within the system. For allocation purposes, total square footage was calculated as \$9.62/ft<sup>2</sup>. In addition, a \$16MM depreciation expense was also allocated as the proxy for deferred maintenance at a rate of \$12.09/ft<sup>2</sup>.

Illustrative

	School 1	School 2	School 3	School 4	School 5	School 6	AUX	TOTAL ACTUAL FY2010
<b>Square Footage</b>								
Square Footage	919,345	44,260	31,334	2,133	144,214	70,092	112,528	1,875,857
(Excluding Phys Plant & Pk Mgmt)								
								Excluding Other 1,323,906
<b>Plant Operations / Engineering &amp; Facilities</b>								
Net Plant Operations	\$ 12,740,903							
Cost per Square Foot	\$ 9.62							
<b>Allocable Cost Distribution</b>								
	\$ 8,847,520	\$ 425,946	\$ 301,560	\$ 20,527	\$ 1,387,875	\$ 674,546	\$ 1,082,939	\$ 12,740,903
<b>Depreciation</b>								
	\$ 16,004,839							
Cost per Square Foot	\$ 12.09							
<b>Allocable Cost Distribution</b>								
	\$ 11,114,058	\$ 535,064	\$ 378,800	\$ 25,786	\$ 1,743,418	\$ 847,349	\$ 1,360,364	\$ 16,004,839
								\$ 26,745,742

Illustrative

© 2012 Huron Consulting Group. All Rights Reserved. Proprietary & Confidential.

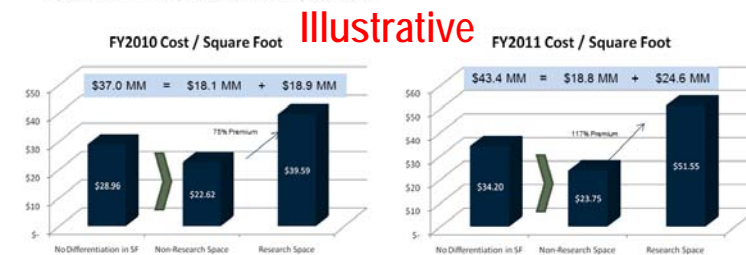
**Analysis of the costs** associated with space should be considered to learn how each college's and school's needs influences expenses incurred. In addition, budget planning should also take into consideration funding requirements for proper deferred maintenance.

### Square Footage Pricing

HuronEducation

Square footage was split between research and non-research space to identify the impact of differentiating between the two types of spaces.

- Asking rent rate is between \$27.50 and \$22.76 for downtown SC office space\*
- \$22.62/SF is the FY10 discounted market rate (\$23.75 in FY11) provided to incentivize Colleges to stay on campus\*\*
- This generates \$18.1 MM which covers 48.9% of total Plant Operations, Utilities, and Deferred Maintenance budgets
- The remaining budget of \$18.9 MM spread over clinical square feet stipulates a recharge fee of \$39.59 per clinical square foot in FY10, a premium of 75% to dry square feet



\* Source: © 2011 Charleston Regional Development Alliance  
\*\* Discount provided is 10% of average Class A (\$27.50) and Class B (\$22.76) asking rent price. For FY11, a discount of 5% was provided to account for an anticipated increase in market rates for 2011.

Complexity of space can also be considered as not all space requires the same amount of resources. Illustrated above is an **analysis that differentiates square footage pricing** between research and non-research space to properly capture the difference in resource requirements to inform decision making.

# Recommendations

Primary Interview Theme:	Fund Utilization	
Secondary Interview Themes:	Accountability	Incentives

DRAFT  
HuronEducation

The current budget model does not always promote accountability for resource utilization, and the existing incentives appear to have grown organically and are not fully effective.

## **Recommendations:**

- In contrast to centrally-controlled budgets focused on expenditures, Deans should be more involved as primary revenue generators with items such as the establishment of enrollment targets (*expanded on next slide*)
- Incentives should be strengthened, coordinated, and better communicated to promote desired outcomes (*expanded in two slides*)
- Budget planning and year-end fiscal performance should be more closely tied to performance management to assess deans, who should be leveraged to improve available resources
- Stakeholders should be more educated regarding the costs associated with research and the importance of charging salaries to sponsored grants
- Investments in strategic initiatives should be evaluated periodically to ensure resources are being spent as proposed and anticipated results are achieved
- Future uses of fund balances should be documented to facilitate discussions on the use of funds for appropriate purposes

# Expansion

## Conversations Focused on Expenditures

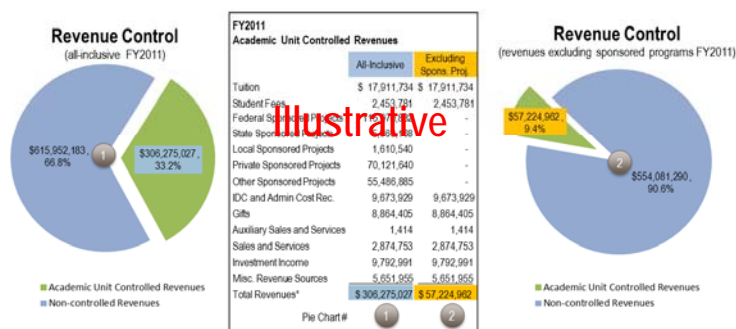
DRAFT  
HuronEducation

Current budget conversations are primarily focused on expenditures, omitting critical discussion points for deans and other revenue generating unit leaders to identify revenue growth opportunities.

### Revenue Control

DRAFT  
HuronEducation

When FY2011 revenues (actuals) are reviewed across the institution, only a fraction are truly "controlled" by Academic Deans.



Only 9% (\$57.2 MM) of revenues are directly allocated and in control by Deans when sponsored programs (\$249.1 MM) are excluded from review due to their restricted nature.

\*Adjustment made to tuition as FY2011 actuals provided did not include revenue distributions for spring/summer program, extension centers and online, and differential tuition.  
© 2012 Huron Consulting Group. All Rights Reserved. Proprietary & Confidential.

Through initial discussions, it appears a funds flow assessment of actuals within any given year would illustrate that only a small percentage of total college and school revenues are controlled by units capable of creating revenue generating impact.

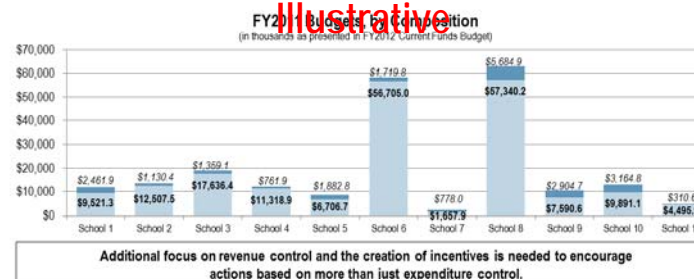
### Budget Composition

DRAFT  
HuronEducation

The FY 2011 Current Funds Budget book portrays an academic budget being created by evaluating expenditure requirements followed by making revenue item adjustments to develop a "final" budget.

#### Budget Composition:

- Expenditure Authority: Requirements related to compensation, fringe benefits, and general expenses
- Revenue Control: Supplementary budget adjustments for revenues, internal transfers, and indirect cost recovery line items; plus differential tuition and spring/summer distributions



© 2012 Huron Consulting Group. All Rights Reserved. Proprietary & Confidential.

If a detailed review of a unit basis was conducted, results would highlight that nearly all of a college's or school's budget is composed of expenditure authority that is "allocated" based on annual approval process based on operational needs.

# Expansion

## Importance of Incentives and Revenue Sharing

DRAFT

HuronEducation

Perhaps the most significant benefit a budget model can bring is the ability to incorporate revenue sharing opportunities that drive desired mission activities.

### ***A budget model that allows for this can:***

- Promote efficiencies in cost reduction
  - Model promotes bottom-up evaluation (review and rationalization)
  - Opportunity for unit leaders to develop and recommend solutions
  
- Spread risk (e.g. enrollment declines) across the entire University
  - Deans are often the best positioned individuals at the University to respond to market behaviors, given their day-to-day unit operations experience
  - An enhanced budget model can help deans take ownership of the University's exposure to external factors

Together, incentives shift the nature of the role played by deans, pulling them further into the fold with institutional leadership and providing them with more “skin in the game” with respect to decision-making.

# Recommendations

Primary Interview Theme:

Infrastructure

Secondary Interview Themes:

Process &  
Structure

Information

Personnel

DRAFT

HuronEducation

The current process for allocating funds is perceived to lack transparency, have unclear funding justifications, and be based on relationships rather than economics or strategy.

## **Recommendations:**

- Auburn should use a more transparent, data-informed approach to allocate resources rather than using historical allocations of base funding levels (*expanded on next slide*)
- Based on support for change by deans and administrative leadership, Auburn should change the current budget model and approach; however, the degree of change will require additional due diligence (*expanded in two slides*)
- The budget process, which is currently perceived as focusing only on personnel-related adjustments, should be more holistic
- Budget planning should extend beyond one year to facilitate higher-level and long-term strategic discussions

# Expansion

## Current Resource Allocations (Ex: College of Engineering)

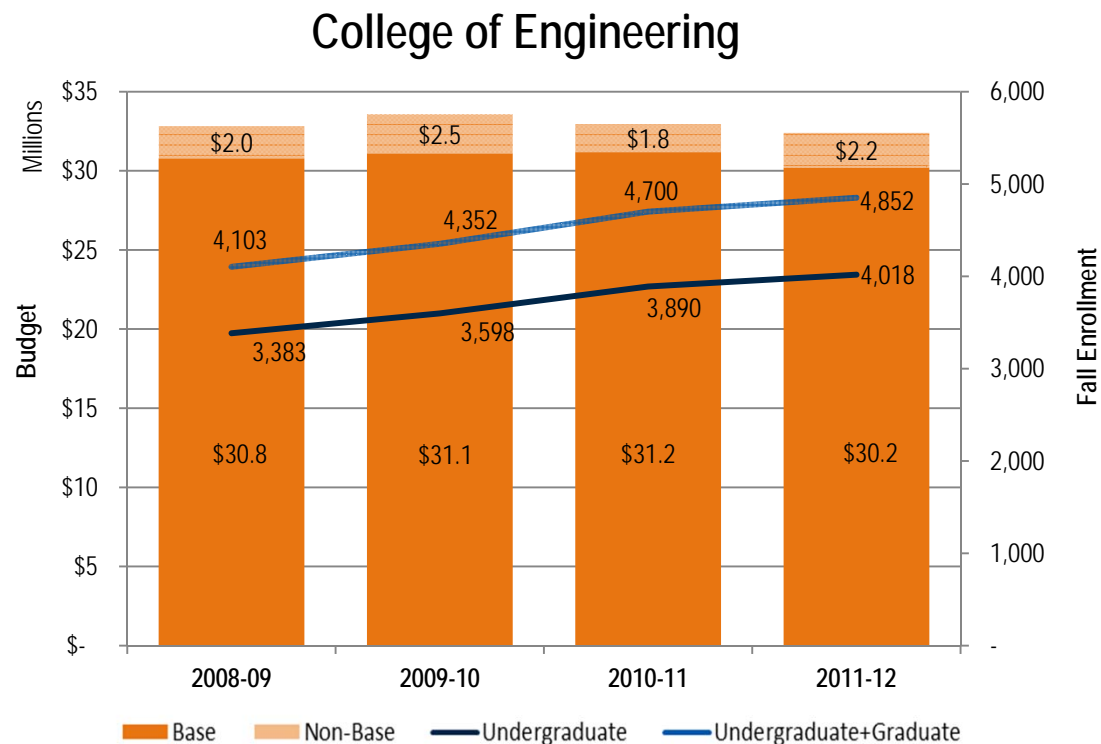
DRAFT

HuronEducation

Additional References:  
Appendix E

An illustration depicting base level funding against fall enrollment levels echoes the sentiment that resource allocation does not use a methodical, data-informed approach.

Note: College of Engineering is used as an example. All college and school bar charts are made available in Appendix E.



Over the past four year period, base funding has decreased nearly 2% while enrollment has increased +18%, depicting the result of a process that is not data driven

Overall, there appears to be 2 outliers who receive increased funding despite decreased enrollment and 3 outliers who receive decreased funding despite increased enrollment

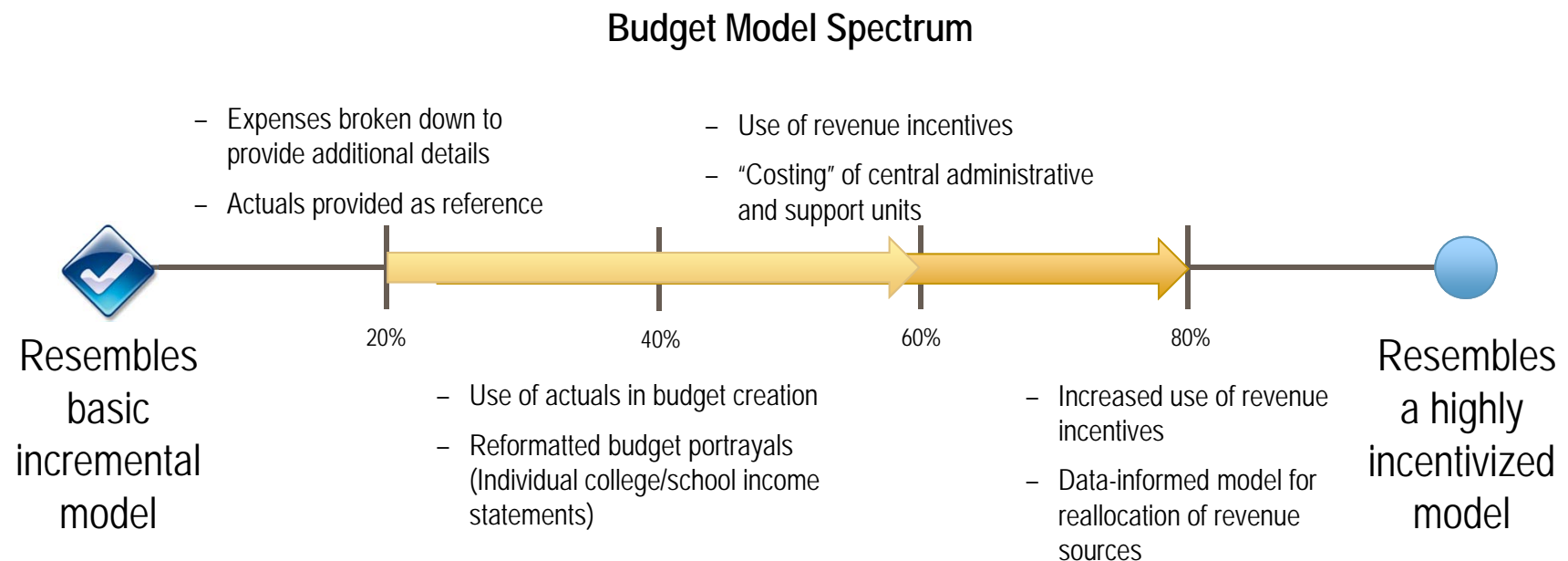
A review of historical allocations for each college and school along with respective fall enrollment levels illustrates the current need for a more methodical approach to resource allocation.

# Recommendation Expansion

## Budget Model Spectrum

DRAFT  
**Huron**Education

The graphic below illustrates the range of incremental and incentive-based budget models to demonstrate that Auburn University does not have to adopt one extreme over the other.



Based on feedback, Auburn resembles a basic incremental model and should strive to move along the budget spectrum in the range of 60-80% to reap in additional benefits and maintain its desired collaborative environment.



# Recommendations

Primary Interview Theme:

Infrastructure

Secondary Interview Themes:

Process &  
Structure

Information

Personnel

DRAFT

HuronEducation

Current management reporting practices and skill sets of local budget personnel inhibit long-term financial planning by colleges and schools.

## ***Recommendations:***

- Provide management reports and support services that can be utilized by all, not just those units who have the resources to “pay” for the support to do so at the local level (*expanded on next slide*)
- Encourage upward feedback from unit-level leadership so that centrally-produced management reports can better meet local needs
- Contact individuals currently tasked with budget responsibilities within colleges and schools to confirm their levels of involvement and expertise needed in conducting budget-related tasks

# Expansion Comprehensive Management Reporting

DRAFT  
**Huron**Education

Reporting that provides a detailed illustration on a school by school level as well as comprehensive University-wide reporting should be periodically reviewed and adjusted to ensure users are receiving the appropriate level of detail to inform decision making.

## Next Steps: Reformatted Budget Portrayals

DRAFT  
**Huron**Education

Efforts should attempt to create a P&L for each academic unit to align with detailed revenues, expenses and year-end fund balances currently portrayed with Auxiliary units during the budget process.

**1** Additional detail provided for revenues and expenditures

**2** Actuals provided along with approved budget for comparison

**3** Fund Balances provided where available

**4** Percent of Budget to Actuals provided for comparison

**5** FY2012 actuals (end of P6) and percentage comparisons to be added

**6** Analysis must be made to identify how to incorporate individual General Fund balances for academic units as a single trial balance is available for the entire fund.

**Illustrative**

PARKING AND TRANSPORTATION SERVICES					
	FY 2010 Actual	FY 2010 Proposed Budget	FY 2011 Proposed Budget	FY 2011 Proposed Budget	FY 2011 Proposed Budget
REVENUE					
Parking Fees	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
Other Fees	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
Total Revenue	\$2,000.0	\$2,000.0	\$2,000.0	\$2,000.0	\$2,000.0
EXPENSES					
Salaries and Wages	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
Other Expenses	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
Total Expenses	\$2,000.0	\$2,000.0	\$2,000.0	\$2,000.0	\$2,000.0
FUND BALANCE					
Beginning Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Fund Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

## Tangible Reports and Models

**Huron**Education

Stakeholders provide consistent feedback that they agree with general principles and concepts, but do not fully understand the implications until they have the opportunity to review the model in its full form.

**1** Additional detail provided for revenues and expenditures

**2** Actuals provided along with approved budget for comparison

**3** Fund Balances provided where available

**4** Percent of Budget to Actuals provided for comparison

**5** FY2012 actuals (end of P6) and percentage comparisons to be added

**6** Analysis must be made to identify how to incorporate individual General Fund balances for academic units as a single trial balance is available for the entire fund.

**Illustrative**

PARKING AND TRANSPORTATION SERVICES					
	FY 2010 Actual	FY 2010 Proposed Budget	FY 2011 Proposed Budget	FY 2011 Proposed Budget	FY 2011 Proposed Budget
REVENUE					
Parking Fees	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
Other Fees	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
Total Revenue	\$2,000.0	\$2,000.0	\$2,000.0	\$2,000.0	\$2,000.0
EXPENSES					
Salaries and Wages	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
Other Expenses	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
Total Expenses	\$2,000.0	\$2,000.0	\$2,000.0	\$2,000.0	\$2,000.0
FUND BALANCE					
Beginning Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Fund Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

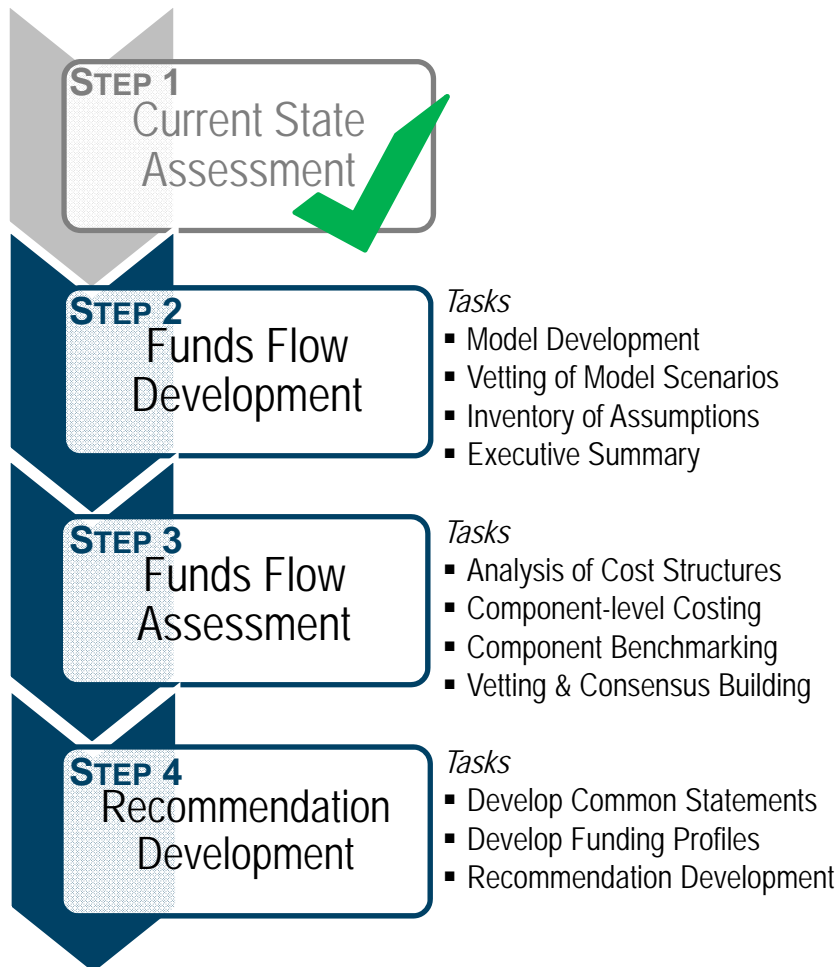
Current budget portrayals should be reviewed for potential improvements to further improve the amount of information being provided to leadership and to identify opportunities to decrease time required for compilation.

Financial reports should be comprehensive to the extent that a reader can easily obtain an understanding of Auburn by looking at a total and detailed enough to identify the role of each college and school as it impacts the University's bottom line.

# Next Steps

DRAFT  
**Huron**Education

Now that the current state assessment is complete, Huron recommends moving to the next steps in due diligence: Funds Flow Development and Assessment.



## Huron Next Steps

- Incorporate feedback from today's discussion
- Begin model development
- Schedule next series of Steering Committee meetings (and work sessions)
- Provide update to Deans Council

## Huron Schedule

- March 11 – 14: Off-site
- March 18 – 20: At Auburn
- March 26 – 28: At Auburn

## Auburn University Next Steps

- Schedule Deans Council update

# Appendix

---

- A. Interview Participants
- B. Funds Flow Supplement
- C. Summer Allocation Review
- D. Documents Reviewed
- E. Historical Funding Charts (Funding vs. Fall Enrollment by College/School)

# Appendix A: Interview Participants (Updated 3/6/2013)

DRAFT

**Huron**Education

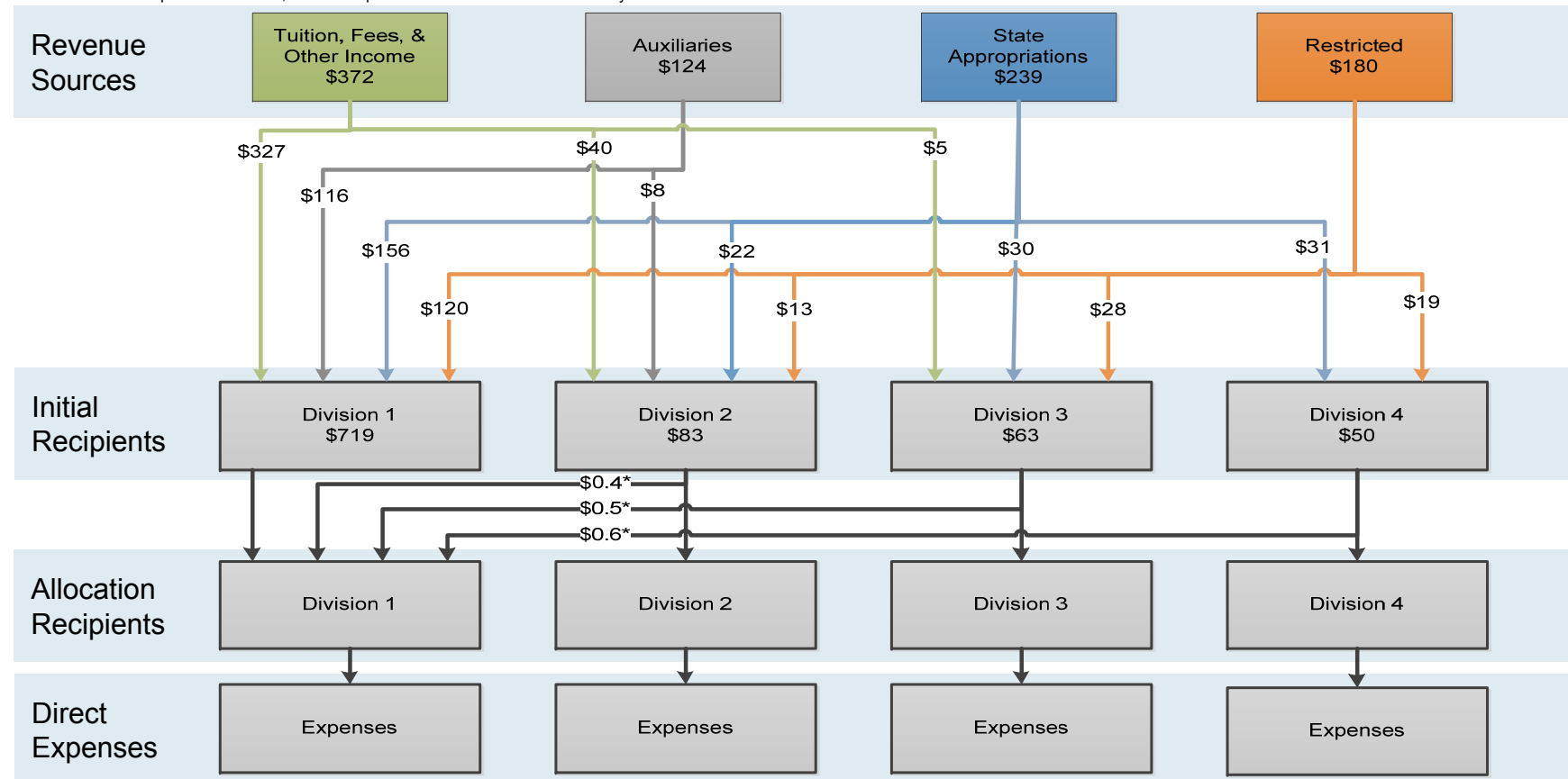
- Ainsley Carry, VP, Student Affairs
- Alicia Still, Business Administrator, College of Liberal Arts
- Amy Douglas, Controller
- Anne Gramberg, Dean, College of Liberal Arts
- Betty Lou Whitford, Dean, College of Education
- Beverly Marshall, Faculty Rep, Board Finance Committee
- Bill Batchelor, Dean, College of Agriculture
- Bill Hardgrave, Dean, College of Business
- Bob Moseley, Manager, Facilities Accounting
- Bob Ritenbaugh, Assistant VP, Auxiliary Services
- Bob Yerkey, Cord III, Building Operations, Library
- Bonnie MacEwan, Dean, Libraries
- Bryan Elmore, Interim Budget Director
- Calvin Johnson, Dean, College of Veterinary Medicine
- Carl Pinkert, Associate VP for Research
- Chuck Savrda, Interim Dean, College of Science and Math
- Charles Hunt, Manager, IT; Chair, A&P Assembly
- Charlotte Barnes, Business Manager, College of Education
- Chris Roberts, Dean, College of Engineering
- Dan King, Assistant. VP, Facilities
- Dan LaRocque, Associate Dean, College of Liberal Arts
- Don Large, Executive Vice President & CFO
- Fred Hoerr, Interim Dean, College of Veterinary Medicine
- Gary Lemme, Extension Director
- George Flowers, Dean, Graduate School
- Gregg Newschwander, Dean, School of Nursing
- Jack Lee, Director, Facilities Financial Services
- Jane Parker, VP for Development
- Jenny Barton, Special Assistant to Provost for Budget Mgmt
- Jim Shepard, Dean, School of Forestry & Wildlife Sciences
- John Mason, Vice President for Research
- John Schissler, Contracts and Grants Specialist
- June Henton, Dean, College of Human Sciences
- Karla Meadows, Business Manager
- Larry Hankins, Director, Contracts & Grants Accounting
- Laurie Newton, Accountant, School of Pharmacy
- Lee Evans, Dean, School of Pharmacy
- Linda Watkins, Business Manager, School of Nursing
- Marcia Boosinger, Associate Dean, Libraries
- Marcie Smith, Associate VP, Business & Finance
- Scott Parsons, Director Ag Bus & Fiscal Administrative
- Stacey Walker, Director, Financial Services, ACES
- Tim Boosinger, Provost & VP for Academic Affairs
- Vini Nathan, Dean, College of Architecture, Design, and Construction
- Wendy Bonner, CATS Director, College of Liberal Arts

# Appendix B: Funds Flow Supplement

## All Divisions, All Revenue Sources

A detailed review of the Auburn University Annual Budget (2012-2013) and numerous meetings with budget stakeholders resulted in the illustrated funds flow for all divisions.

Note: All numbers reported in millions; Scholarships and Waivers excluded from analysis



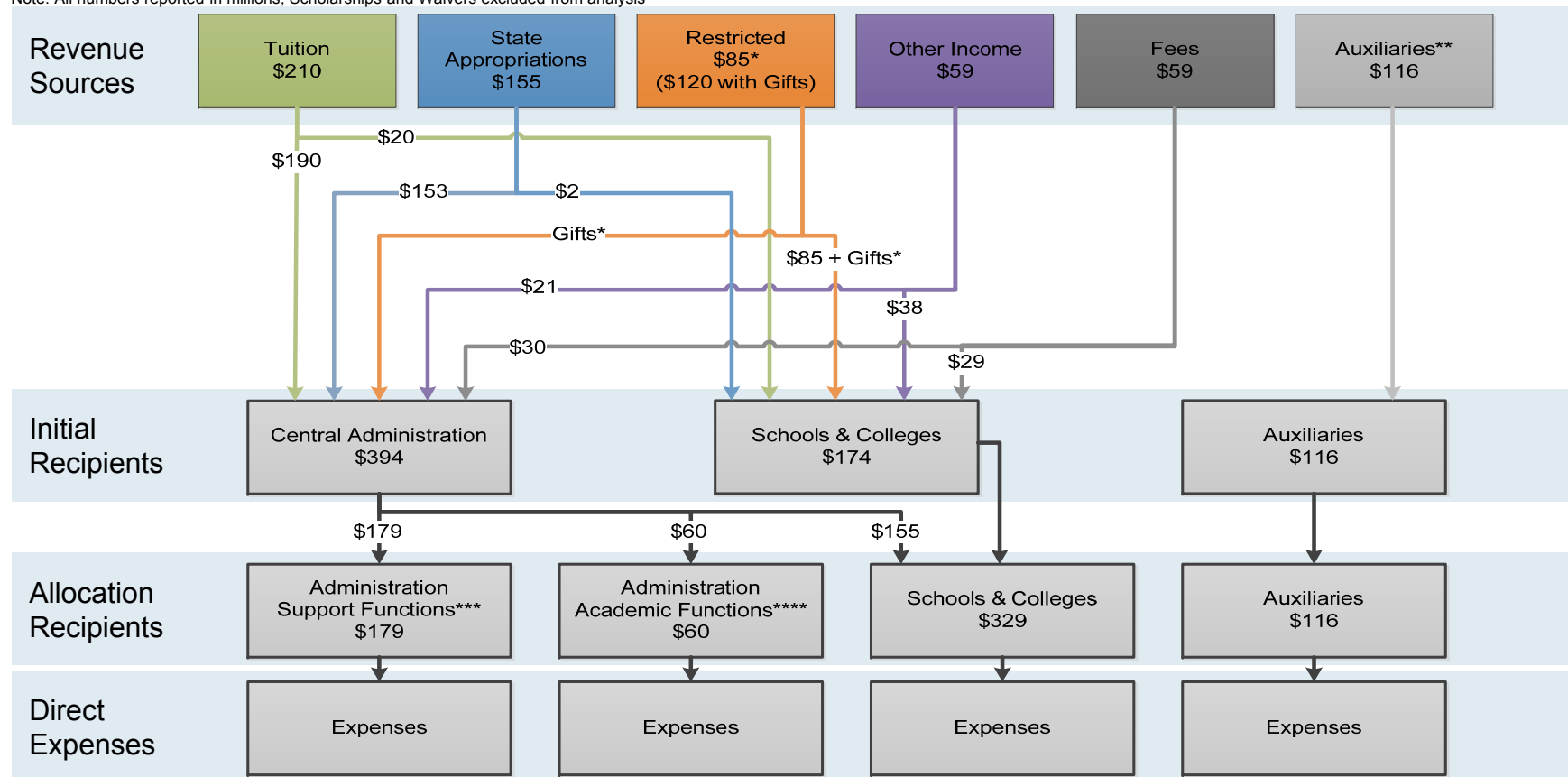
\* Allocations to Division 1 are for central services rendered

# Appendix B: Funds Flow Supplement

## Division 1, All Revenue Sources

Within Division 1, revenues can be organized into six categories, most of which have a portion of funds flowing directly to the colleges and schools.

Note: All numbers reported in millions; Scholarships and Waivers excluded from analysis



\* Gifts = \$35MM; Split between Central Administration and Schools & Colleges is not readily available through the 2012-2013 Budget Book

\*\* Auxiliaries = Athletics, Aux. Business Development, Food Services, Housing, OIT, Other Aux. Activities, and University Bookstore

\*\*\* Support Functions = Alumni Affairs, Aux. Services, Business and Finance, Comm. & Marketing, Development, Enrollment Services, Facilities, HR, Misc., OADSS, President, Public Safety, Risk & Safety, Transfers, and Student Affairs

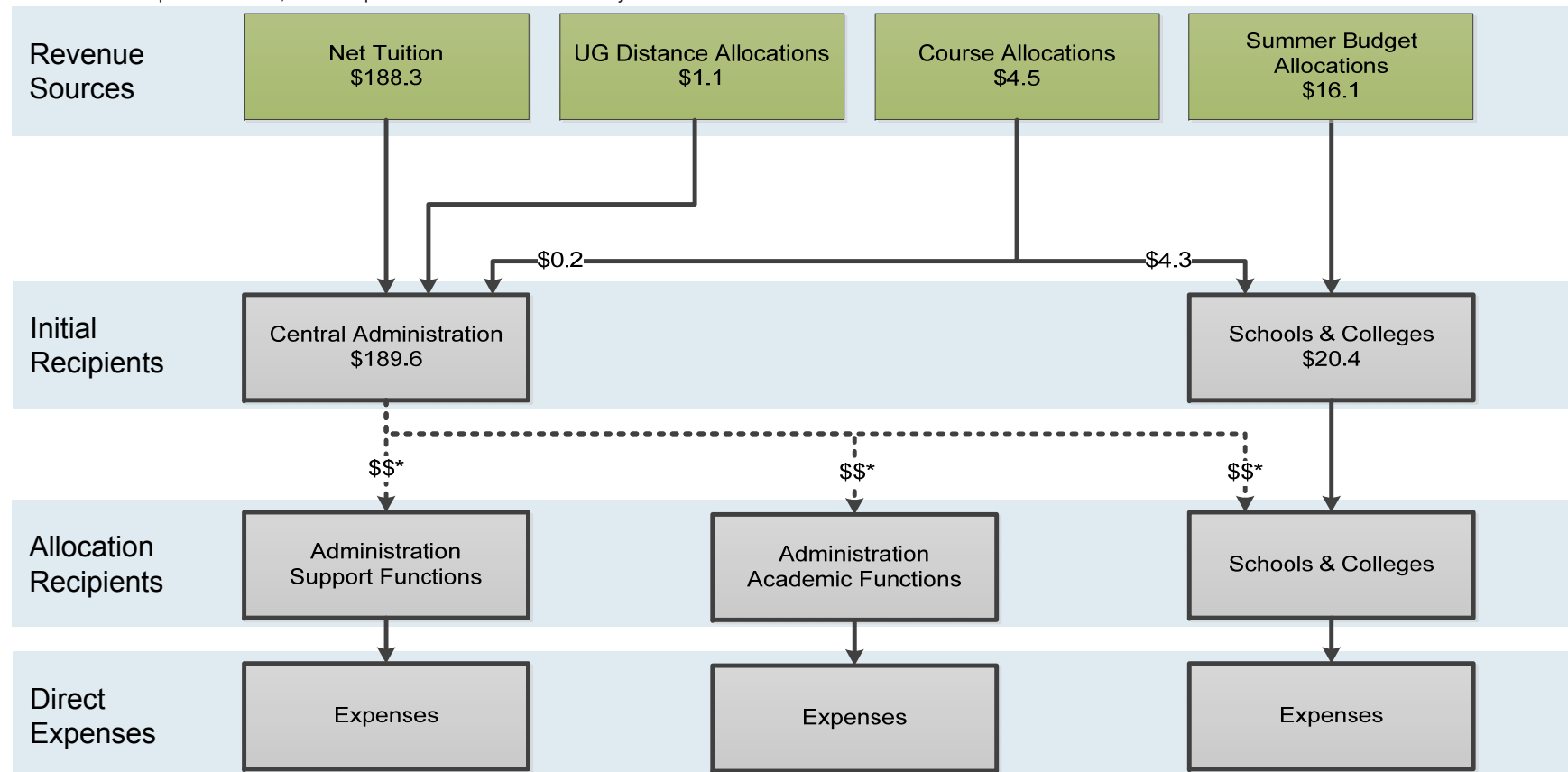
\*\*\*\* Academic Functions = Diversity & Multi. Affairs, Library, Museum, OIT, Outreach, Provost, Research, Transfers, and Undergraduate Studies

# Appendix B: Funds Flow Supplement

## Division 1, Tuition Revenues (\$210MM)

Division 1 Tuition Revenues are classified by net tuition, undergraduate distance allocations, credit-hour course allocations, and summer budget allocations.

Note: All numbers reported in millions; Scholarships and Waivers excluded from analysis



\* The 2012-2013 Budget book does not identify the amounts of tuition revenues that are allocated to the Schools & Colleges and Administrative Functions individually



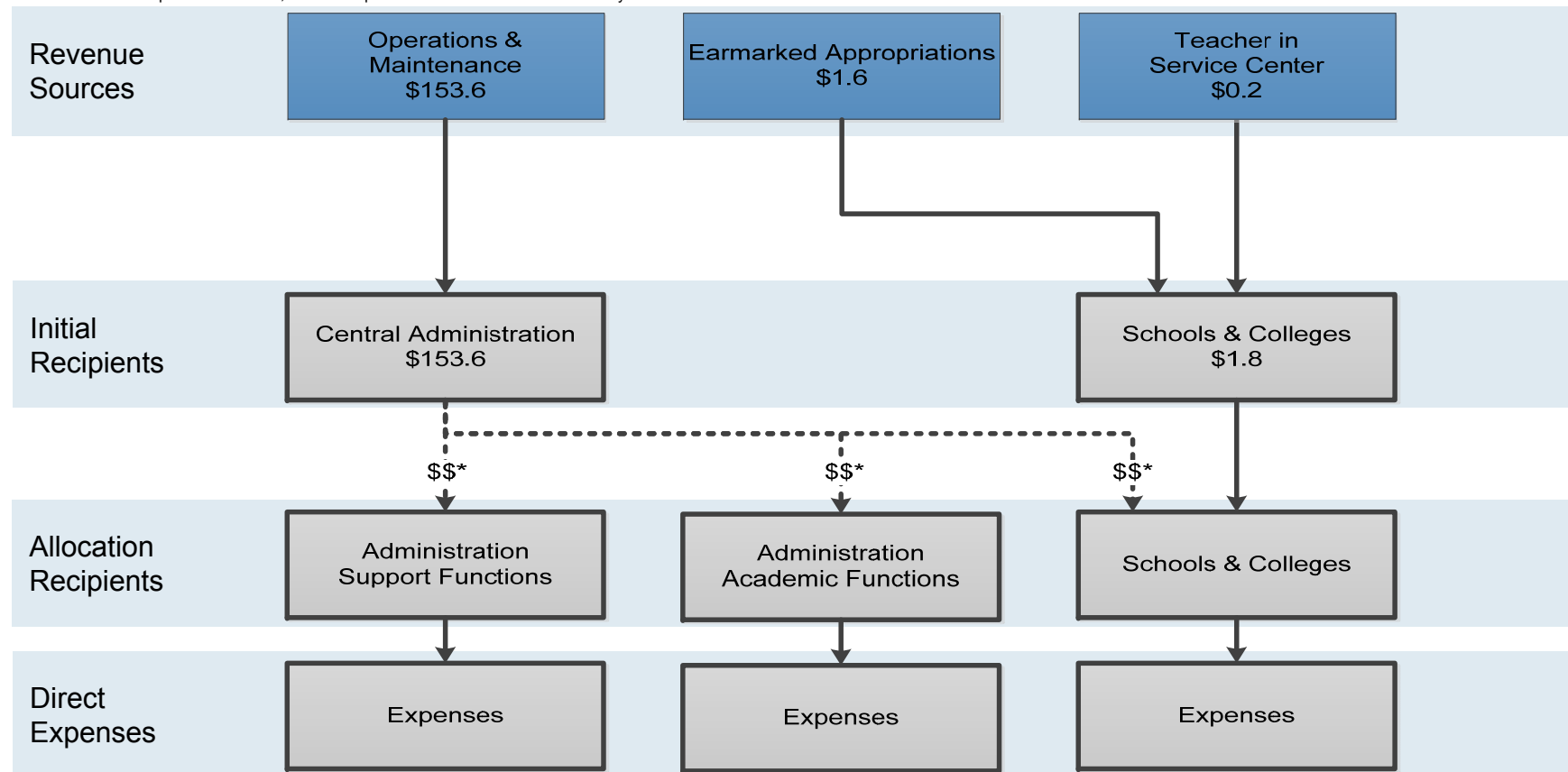
# Appendix B: Funds Flow Supplement

## Division 1, State Appropriations Revenues (\$155MM)

DRAFT  
HuronEducation

Division 1 State Appropriations Revenues include sum of operations and maintenance, earmarks, and specially funded programs.

Note: All numbers reported in millions; Scholarships and Waivers excluded from analysis



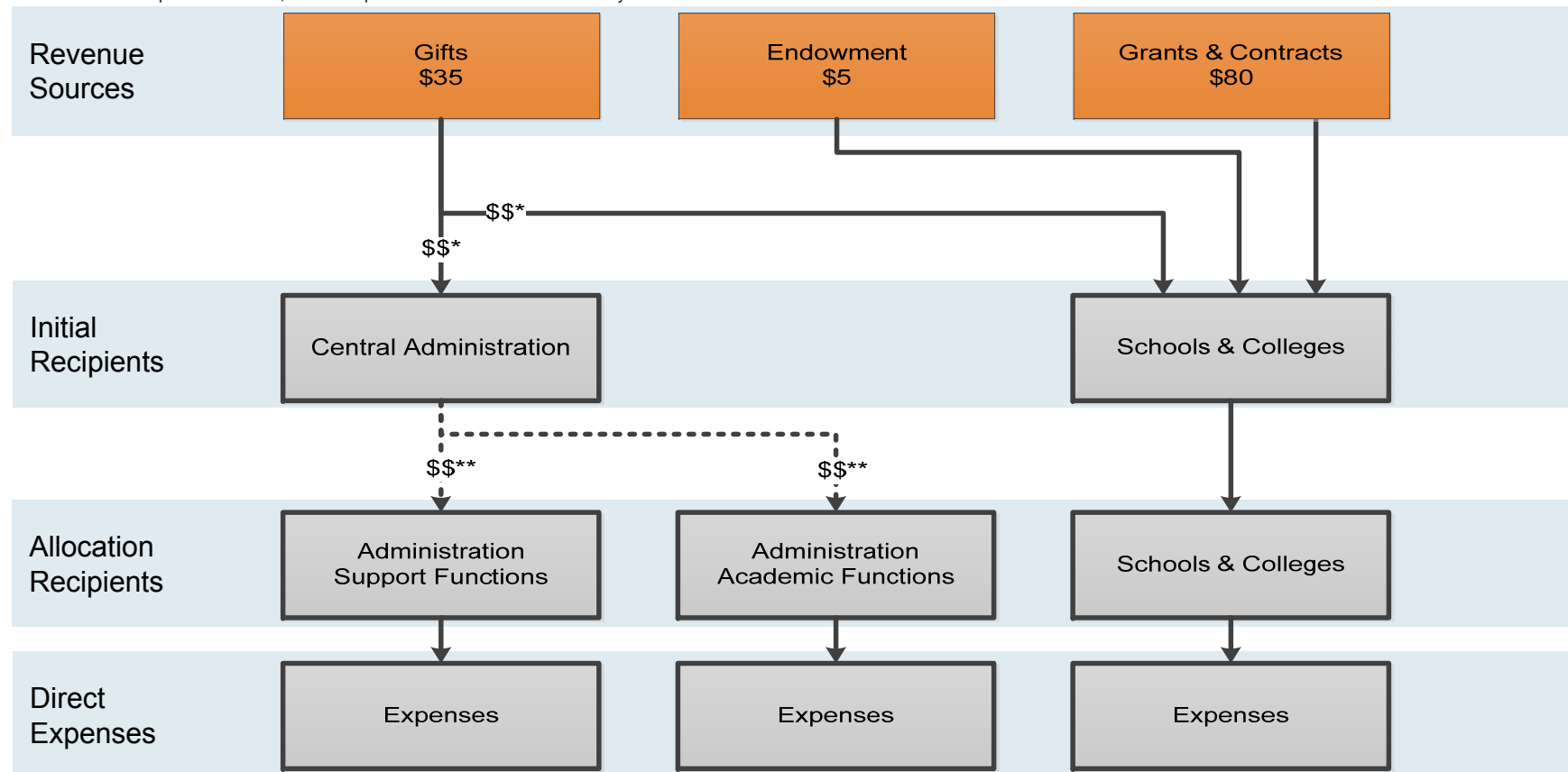
\* The 2012-2013 Budget Book does not identify the amounts of state appropriations revenues that are allocated to the Schools & Colleges and Administrative Functions individually

# Appendix B: Funds Flow Supplement

## Division 1, Restricted Revenues (\$120MM)

Division 1 Restricted Revenues include grants & contracts, gifts, and a portion of endowment revenue.

Note: All numbers reported in millions; Scholarships and Waivers excluded from analysis



\* Split between Central Administration and Schools & Colleges is not readily available through the 2012-2013 Budget Book

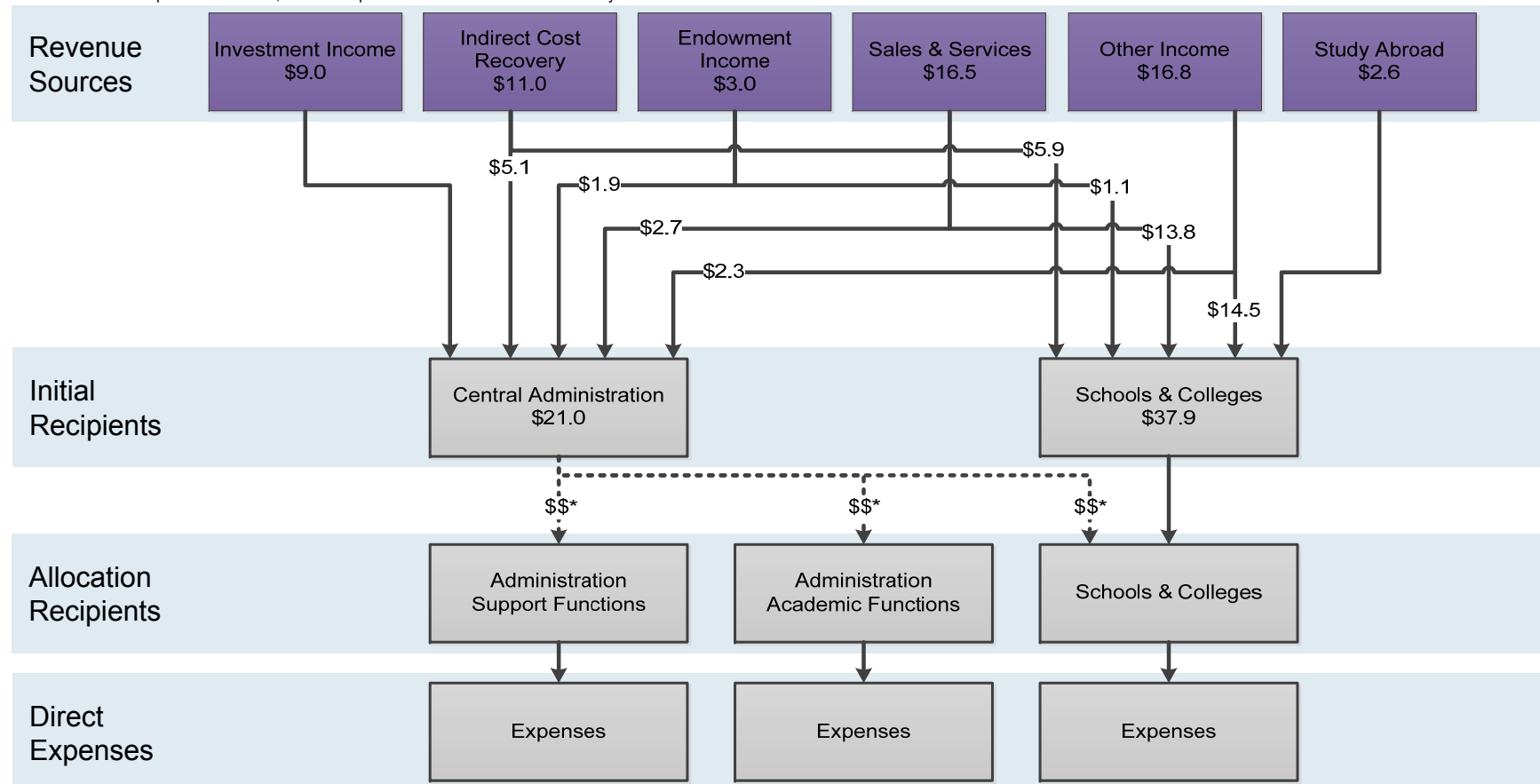
\*\* The 2012-2013 Budget Book does not identify the split of restricted gifts revenues between Administrative functions

# Appendix B: Funds Flow Supplement

## Division 1, Other Income (\$59MM)

Division 1 Other Income include investment income, indirect cost recovery, a portion of endowment income, sales & services, study abroad fees, and other additional revenues.

Note: All numbers reported in millions; Scholarships and Waivers excluded from analysis



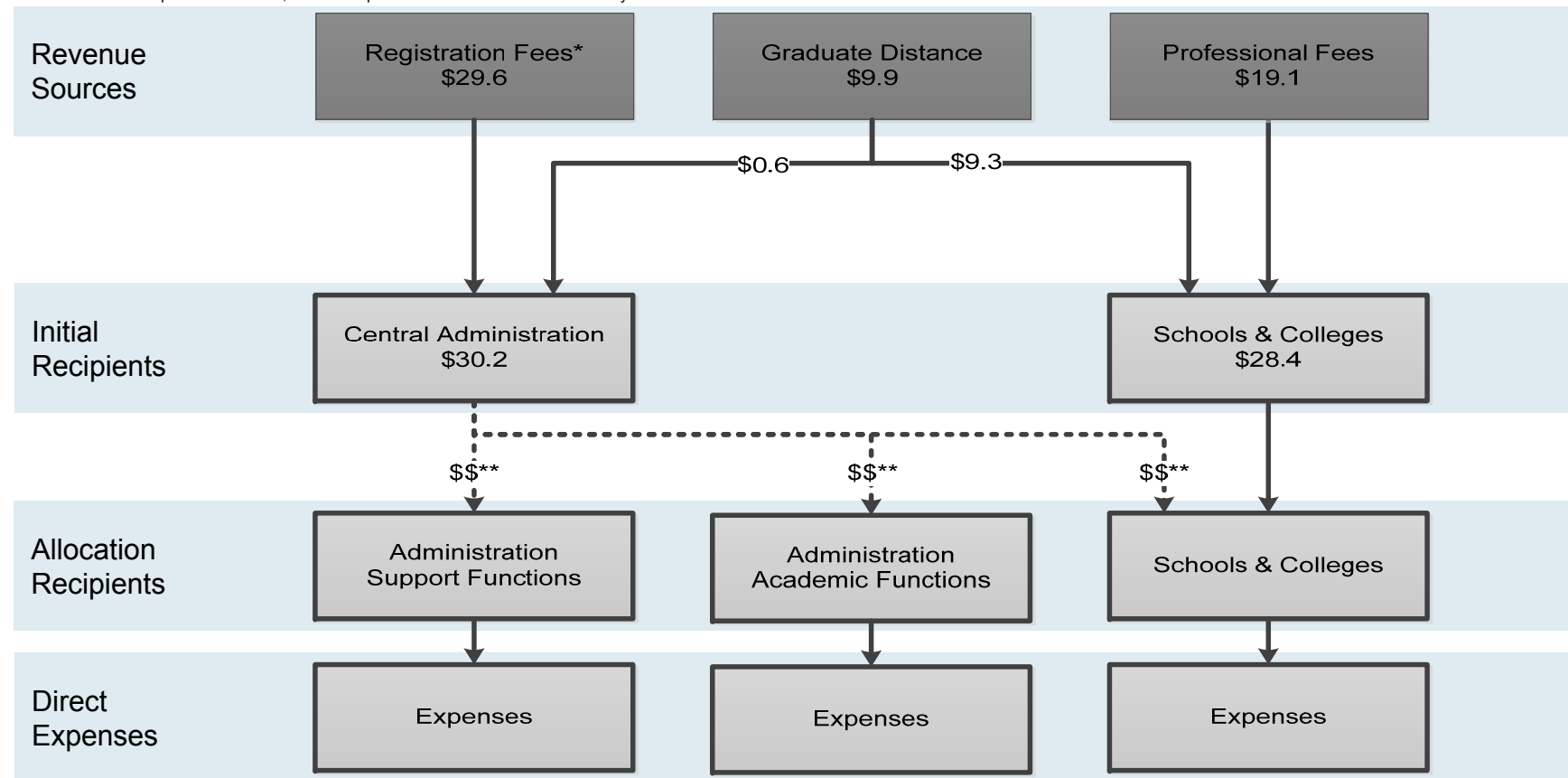
\* The 2012-2013 Budget Book does not identify the amounts of other revenues that are allocated to the Schools & Colleges and Administrative Functions individually

# Appendix B: Funds Flow Supplement

## Division 1, Fee Revenues (\$59MM)

Division 1 Fee Revenues include registration fees, graduate distance, and professional fees.

Note: All numbers reported in millions; Scholarships and Waivers excluded from analysis



\* Registration fees are specifically allocated for the following purposes: Athletic Fee, Special Building Fund, Student Activity/Wellness Center, Student Center, Swim Complex, Transit Fees

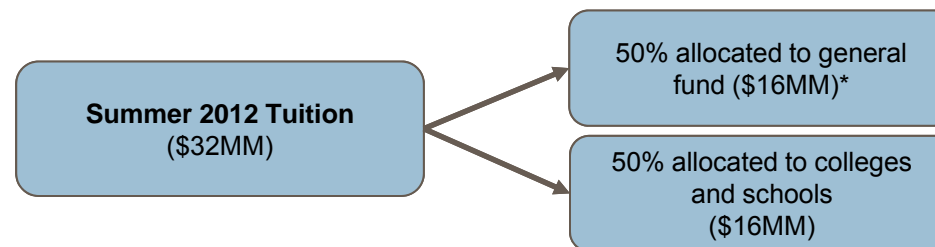
\*\* The 2012-2013 Budget Book does not identify the amounts of fee revenues that are allocated to the Schools & Colleges and Administrative Functions individually

# Appendix C: Summer Allocation Review

## Allocation Background

A detailed review of the summer allocation was conducted to understand the current process.

- Four different algorithms have been used in the past four years to allocate Auburn's total summer tuition charges. Allocations were based on:
  - Summer 2009: the shares of total weighted and standard credit hours in addition to a pre-allocation base for each college and school
  - Summer 2010: the shares of total weighted credit hours and an amount per hour in addition to a pre-allocation base for each college and school
  - Summer 2011: the average of weighted credit hours and standard credit hours by college and school, times an initial rate of \$150 per hour, plus a transfer adjustment from the Provost
  - Summer 2012: the pro rata share of gross tuition charges by college and school applied to the total allocable amount (50% of total gross tuition)
- Prior to summer 2012, a portion of the distribution was directly allocated to the Provost Office
- For summer 2012 (FY2013), the process involves a 50% split between the general fund and schools

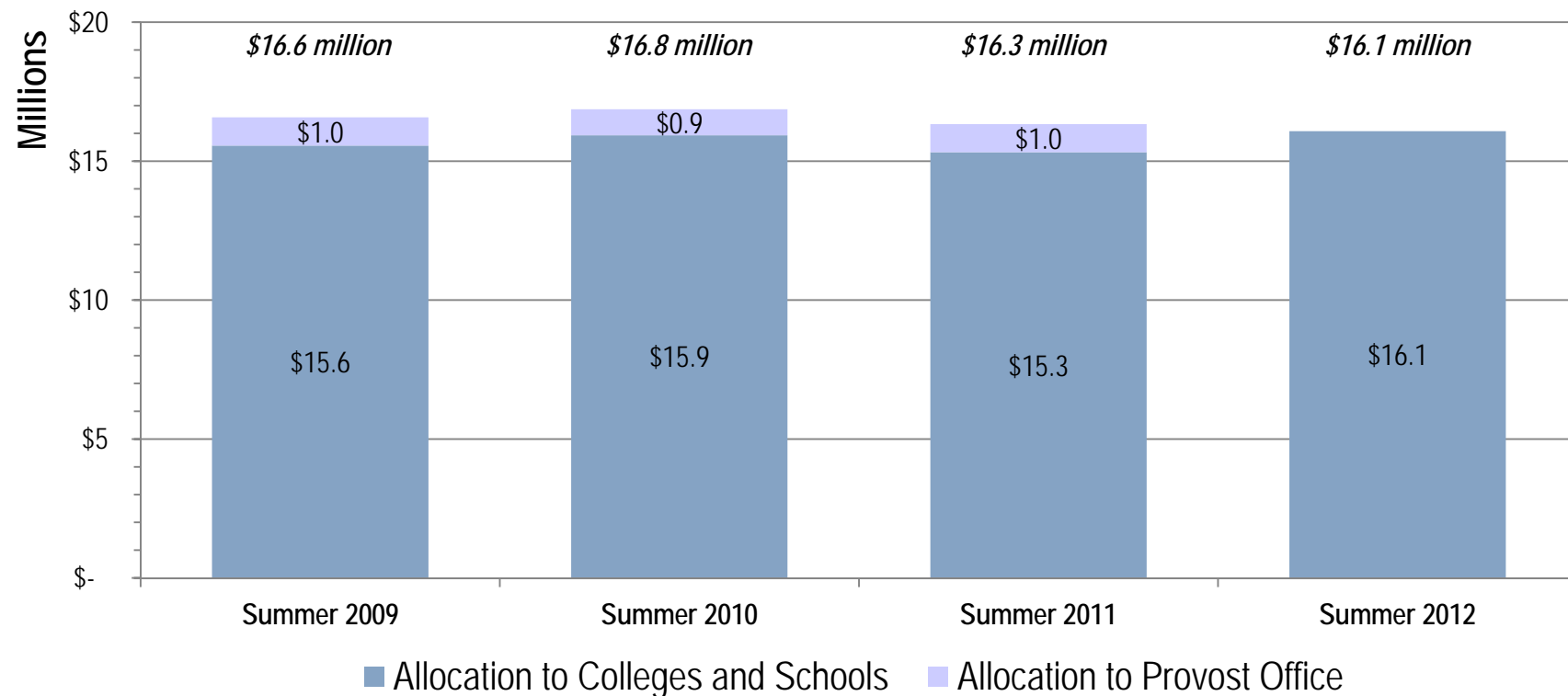


\* \$16MM allocation to general fund also served to cover approximately \$6MM in tuition waivers

# Appendix C: Summer Allocation Review

## Summer Tuition Distributions to Academic Units

Conversations with budget staff and a review of allocation workbooks resulted in an improved understanding of the overall allocations of summer tuition by year.

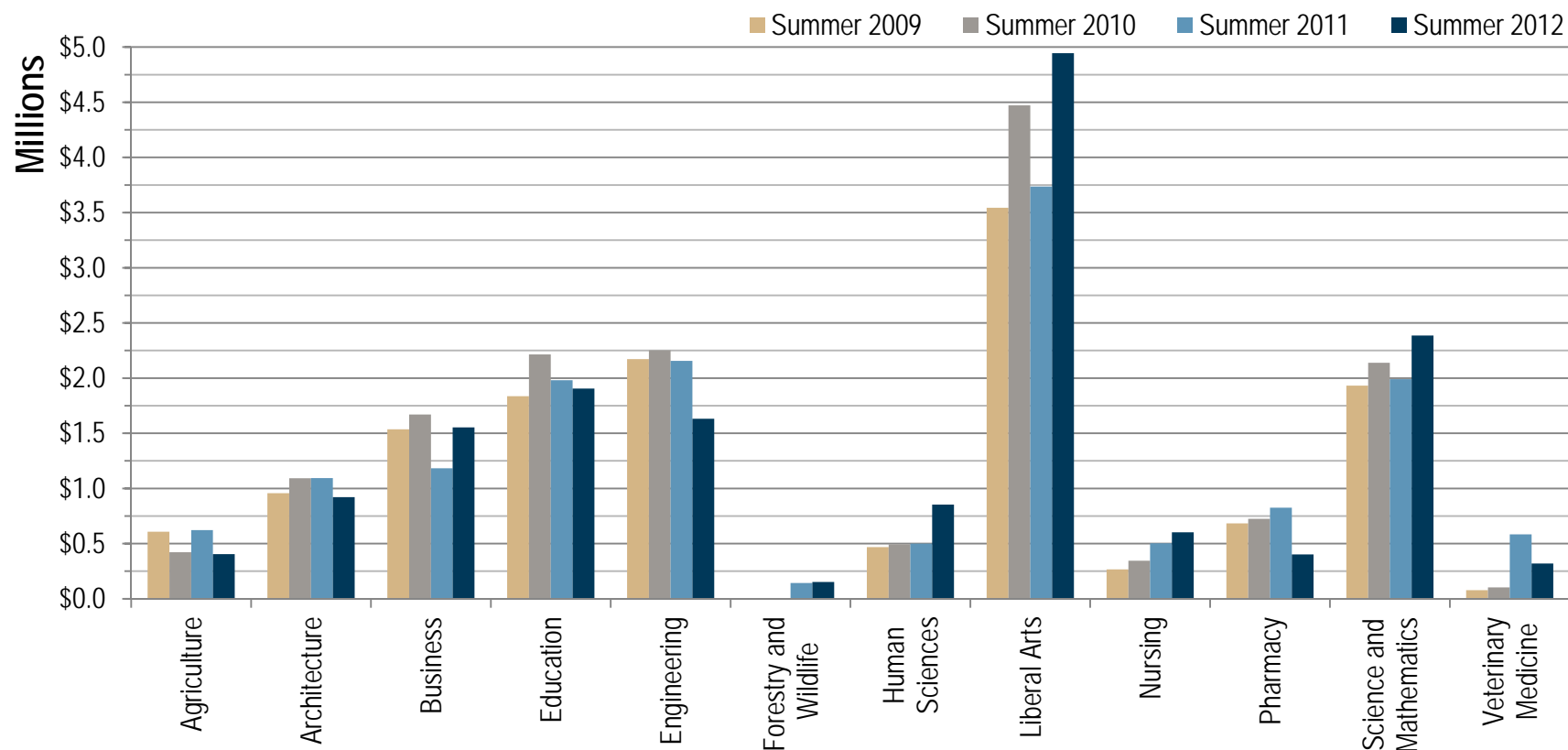


**Note:** Amounts illustrated above exclude summer tuition distributions to the general fund. In 2012, gross summer tuition was \$32.2MM, of which 50% (\$16.1MM) was allocated to the general fund (not shown above) and 50% (\$16.1MM) was distributed to colleges and schools (shown above). Summer allocation amounts are distributed in the fiscal year following the summer term (e.g., summer 2012 distributed in fiscal year 2013).

# Appendix C: Summer Allocation Review

## Summer Tuition Allocations, by College/School, by Year

A review of allocation workbooks provides a closer look at fluctuations through time for each college and school.

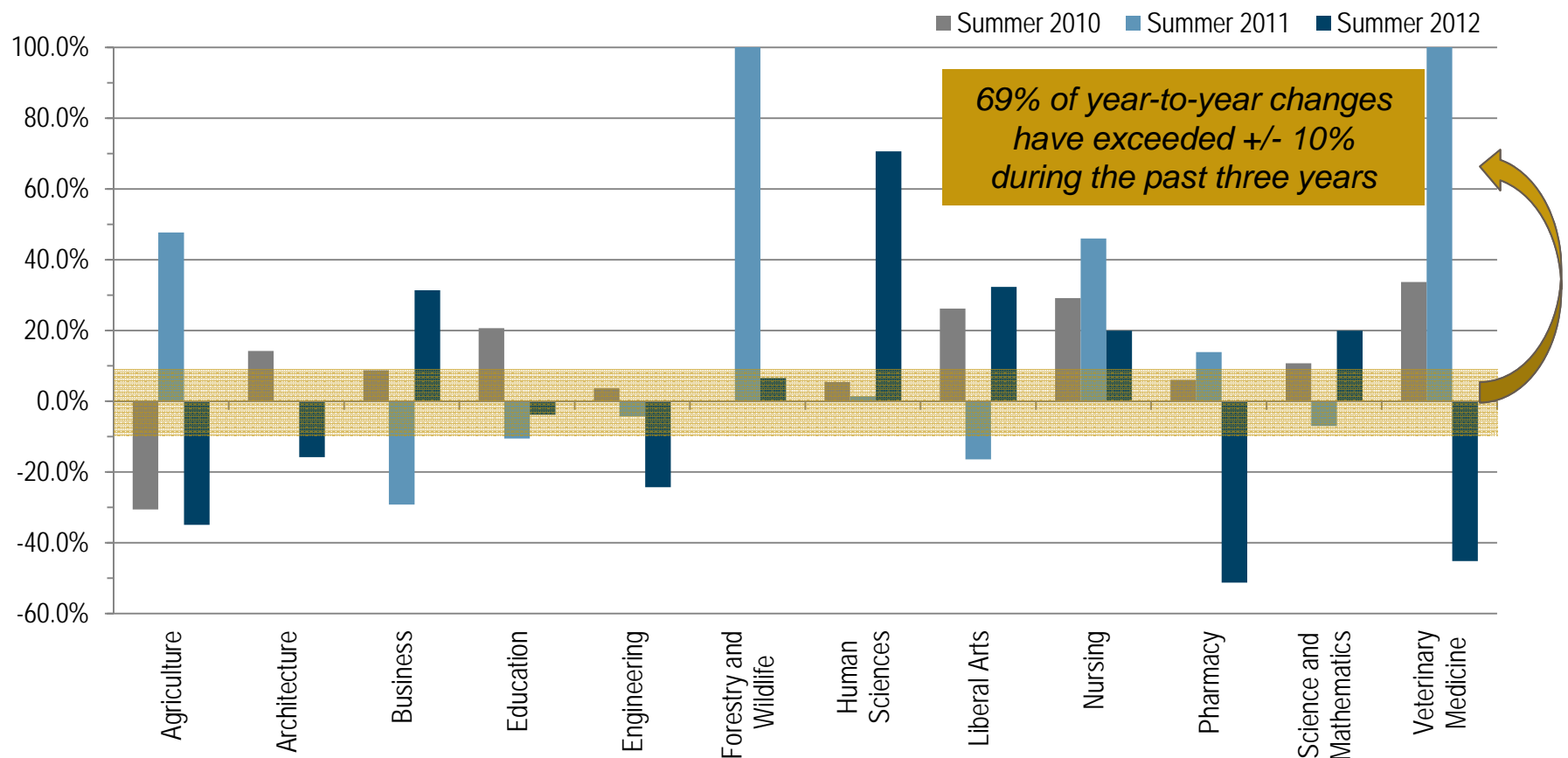


**Note:** Amounts illustrated above exclude summer tuition distributions to the general fund. In 2012, gross summer tuition was \$32.2MM, of which 50% (\$16.1MM) was allocated to the general fund (not shown above) and 50% (\$16.1MM) was distributed to colleges and schools (shown above). Summer allocation amounts are distributed in the fiscal year following the summer term (e.g., summer 2012 distributed in fiscal year 2013).

# Appendix C: Summer Allocation Review

## Allocation Percent Changes From Prior Year

By analyzing year over year changes as a percent of total summer allocations, the chart below illustrates the level of fluctuation being experienced by each college and school as a result of changing enrollments and allocation methodology.



Note: Changes in excess of 100% are only shown up to 100% above [applies to Forestry and Wildlife (no allocation prior to 2011) and Veterinary Medicine].



# Appendix D: Documents Reviewed

DRAFT

**Huron**Education

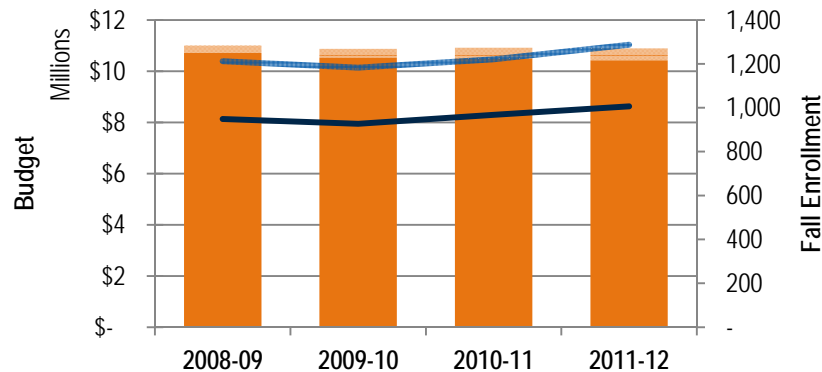
- 1<sup>st</sup> and 2<sup>nd</sup> Quarter Institutional Support Recovery
- 2009 Summer Budget
- 2012 Reserves Carryover
- 2012 Summer Budget Calculations FY13 Budget
- 2012-13 Estimated Expense Budgets
- 2012-13 Salary/Wage Guidelines
- 2012-13 Budget Deadlines
- 2012-13 Budget Timeline
- Association of Research Libraries Statistics: 2011
- Auburn School of Nursing funding request
- Auburn University Annual Budget 2012-2013
- College Financial Statement Report – Agriculture
- College Financial Statement Report – Graduate
- College of Veterinary Medicine Tuition matrix
- Combined Allocation Sheets file
- Division 1 and 2 Elimination Entry 2012
- Faculty Incentive Program Agreement
- Fall 2012 Tuition Structure
- Final Signed Institutional Recharge Agreements
- FY12 One Page FRFC Summaries
- FTE by Department
- Fund Hierarchy Report 1.29.2013
- Headcount and FTE files
- Huron Download file (GL download)
- IDC Recoveries file
- Indirect Cost Recovery and Expense Reclass Entry Backup
- Institutional Recharge Memo
- Legislative Literature for Divisions 3 and 4
- Organization Hierarchy Report 1.29.2013
- Program Hierarchy Report 1.29.2013
- Proposed New Summer Distribution Model
- Recoveries Rollup by College Dept\_2012
- Request for Additional Funds Procedure
- Request for One-Time Funds Form
- Request for Permanent Funds Form
- Restricted & Other Carryover Rules file
- Salary Planner screen shots
- Scholarship Incentive Policy
- SCRECNA ARGOS DBA RECON\_EXP
- SRECNA Combined Detail by Acct 9-30-2012 ran 1-14-2013
- SRECNA Combined Detail by Prgm 9-30-2012 ran 1-14-2013
- Stripes screen shots
- Space Data
- Summary for Elimination Entry FY 2012
- Tuition/Waivers/Financial Aid line items
- Unrestricted Carryover Rules file

# Appendix E: Historical Funding Charts

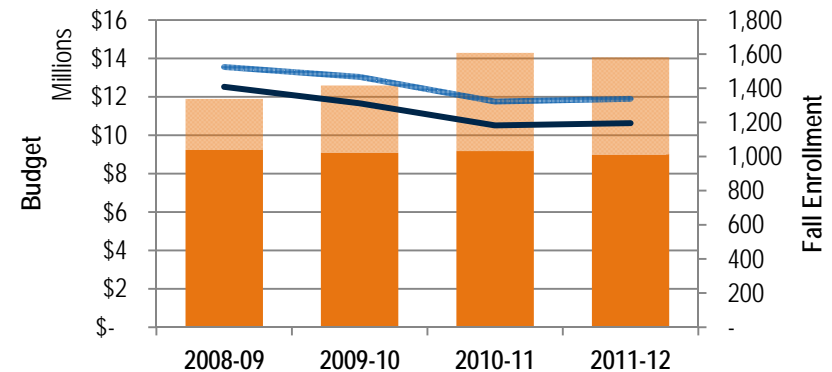
## College Profiles of Budgets vs. Fall Enrollments (1 of 6)

DRAFT  
HuronEducation

### College of Agriculture



### College of Architecture



Legend: Base Non-Base Undergraduate Undergraduate+Graduate

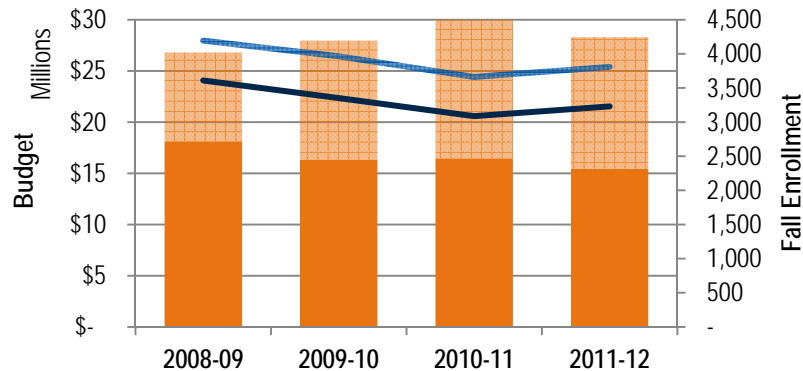
			2008-09	2009-10	2010-11	2011-12	4 Year Change
Agriculture	Budget	Base	\$ 10,708,725	\$ 10,529,879	\$ 10,499,537	\$ 10,421,125	-2.7%
		Non-Base	\$ 295,000	\$ 344,000	\$ 417,300	\$ 473,000	60.3%
		Total	\$ 11,003,725	\$ 10,873,879	\$ 10,916,837	\$ 10,894,125	-1.0%
	Enrollment	Undergraduate	949	927	968	1,006	6.0%
		Graduate	263	256	253	281	6.8%
		Total	1,212	1,183	1,221	1,287	6.2%
Architecture	Budget	Base	\$ 9,227,603	\$ 9,072,239	\$ 9,170,711	\$ 8,971,216	-2.8%
		Non-Base	\$ 2,660,000	\$ 3,515,000	\$ 5,126,970	\$ 5,085,350	91.2%
		Total	\$ 11,887,603	\$ 12,587,239	\$ 14,297,681	\$ 14,056,566	18.2%
	Enrollment	Undergraduate	1,408	1,312	1,182	1,195	-15.1%
		Graduate	116	154	140	143	23.3%
		Total	1,524	1,466	1,322	1,338	-12.2%

# Appendix E: Historical Funding Charts

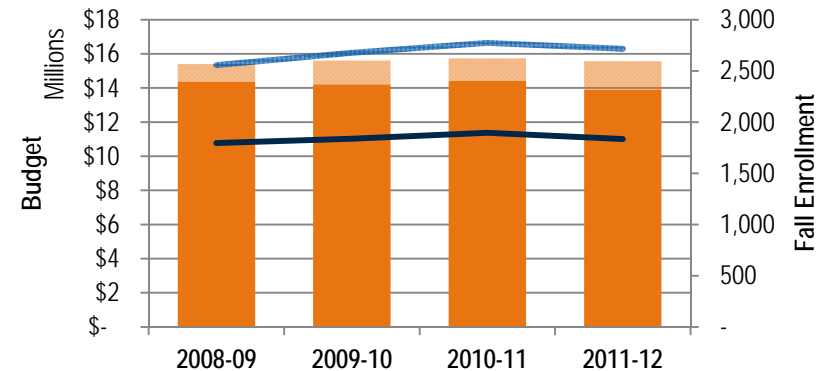
## College Profiles of Budgets vs. Fall Enrollments (2 of 6)

DRAFT  
HuronEducation

### College of Business



### College of Education



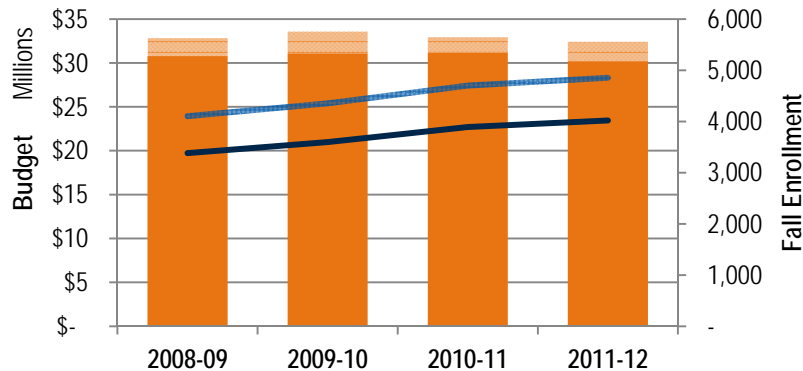
Legend: Base Non-Base Undergraduate Undergraduate+Graduate

			2008-09	2009-10	2010-11	2011-12	4 Year Change
Business	Budget	Base	\$ 18,111,305	\$ 16,324,393	\$ 16,409,526	\$ 15,434,510	-14.8%
		Non-Base	\$ 8,702,000	\$ 11,636,800	\$ 13,612,370	\$ 12,854,775	47.7%
		Total	\$ 26,813,305	\$ 27,961,193	\$ 30,021,896	\$ 28,289,285	5.5%
	Enrollment	Undergraduate	3,610	3,351	3,087	3,230	-10.5%
		Graduate	583	613	574	578	-0.9%
		Total	4,193	3,964	3,661	3,808	-9.2%
Education	Budget	Base	\$ 14,365,893	\$ 14,213,095	\$ 14,400,822	\$ 13,885,987	-3.3%
		Non-Base	\$ 1,037,000	\$ 1,397,000	\$ 1,340,500	\$ 1,685,000	62.5%
		Total	\$ 15,402,893	\$ 15,610,095	\$ 15,741,322	\$ 15,570,987	1.1%
	Enrollment	Undergraduate	1,796	1,837	1,896	1,834	2.1%
		Graduate	761	839	878	882	15.9%
		Total	2,557	2,676	2,774	2,716	6.2%

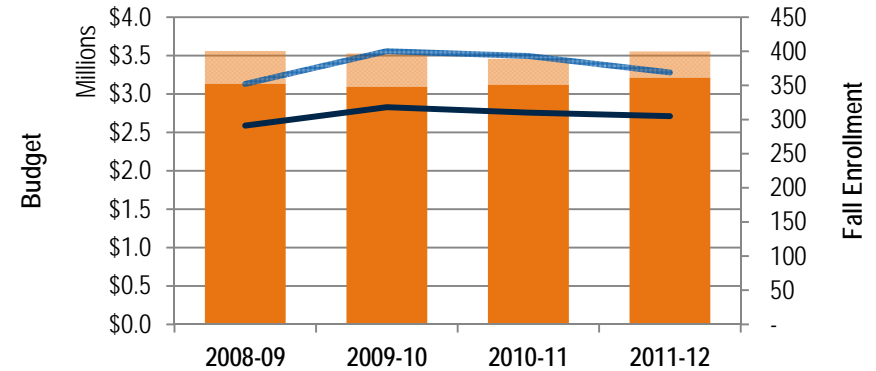
# Appendix E: Historical Funding Charts

## College Profiles of Budgets vs. Fall Enrollments (3 of 6)

### College of Engineering



### School of Forestry



Legend: Base Non-Base Undergraduate Undergraduate+Graduate

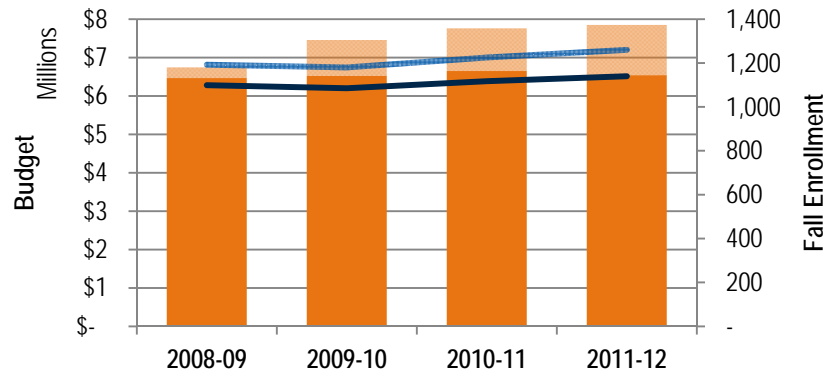
			2008-09	2009-10	2010-11	2011-12	4 Year Change
Engineering	Budget	Base	\$ 30,781,699	\$ 31,091,660	\$ 31,179,377	\$ 30,196,874	-1.9%
		Non-Base	\$ 2,038,000	\$ 2,474,740	\$ 1,757,500	\$ 2,204,300	8.2%
		Total	\$ 32,819,699	\$ 33,566,400	\$ 32,936,877	\$ 32,401,174	-1.3%
	Enrollment	Undergraduate	3,383	3,598	3,890	4,018	18.8%
		Graduate	720	754	810	834	15.8%
		Total	4,103	4,352	4,700	4,852	18.3%
Forestry	Budget	Base	\$ 3,132,369	\$ 3,092,510	\$ 3,120,762	\$ 3,211,847	2.5%
		Non-Base	\$ 427,000	\$ 434,000	\$ 337,500	\$ 341,000	-20.1%
		Total	\$ 3,559,369	\$ 3,526,510	\$ 3,458,262	\$ 3,552,847	-0.2%
	Enrollment	Undergraduate	291	318	310	305	4.8%
		Graduate	61	82	83	64	4.9%
		Total	352	400	393	369	4.8%

# Appendix E: Historical Funding Charts

## College Profiles of Budgets vs. Fall Enrollments (4 of 6)

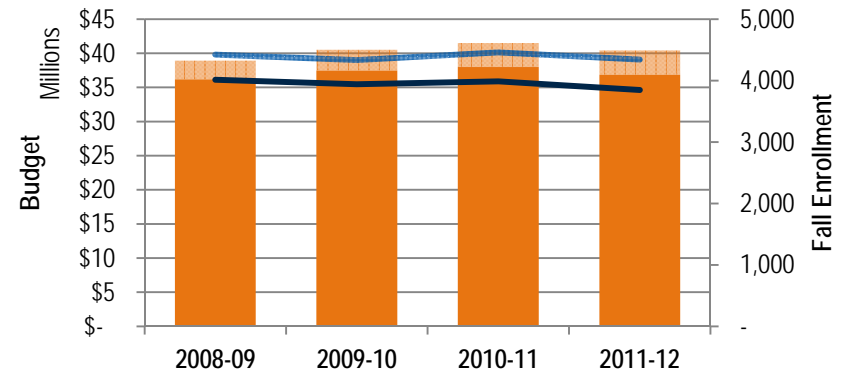
DRAFT  
HuronEducation

### College of Human Sciences



Legend: Base Non-Base Undergraduate Undergraduate+Graduate

### College of Liberal Arts



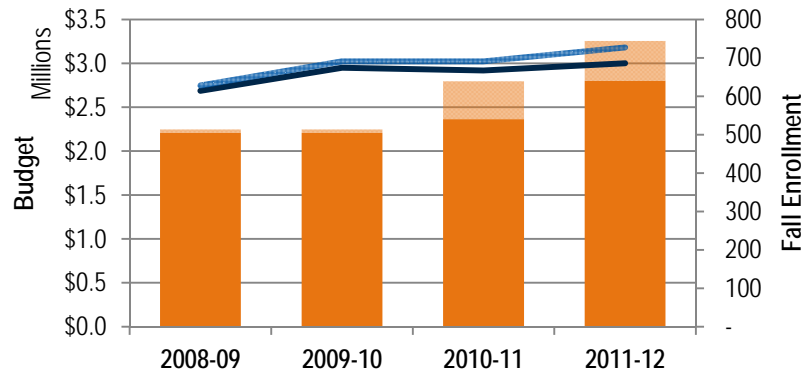
			2008-09	2009-10	2010-11	2011-12	4 Year Change
Human Sciences	Budget	Base	\$ 6,465,456	\$ 6,520,199	\$ 6,647,965	\$ 6,538,475	1.1%
		Non-Base	\$ 277,000	\$ 936,000	\$ 1,111,500	\$ 1,314,000	374.4%
		Total	\$ 6,742,456	\$ 7,456,199	\$ 7,759,465	\$ 7,852,475	16.5%
	Enrollment	Undergraduate	1,099	1,085	1,117	1,140	3.7%
		Graduate	93	95	108	120	29.0%
		Total	1,192	1,180	1,225	1,260	5.7%
Liberal Arts	Budget	Base	\$ 36,173,967	\$ 37,455,207	\$ 37,992,934	\$ 36,853,676	1.9%
		Non-Base	\$ 2,742,500	\$ 3,068,730	\$ 3,505,800	\$ 3,568,000	30.1%
		Total	\$ 38,916,467	\$ 40,523,937	\$ 41,498,734	\$ 40,421,676	3.9%
	Enrollment	Undergraduate	4,014	3,940	3,988	3,847	-4.2%
		Graduate	407	393	470	495	21.6%
		Total	4,421	4,333	4,458	4,342	-1.8%

# Appendix E: Historical Funding Charts

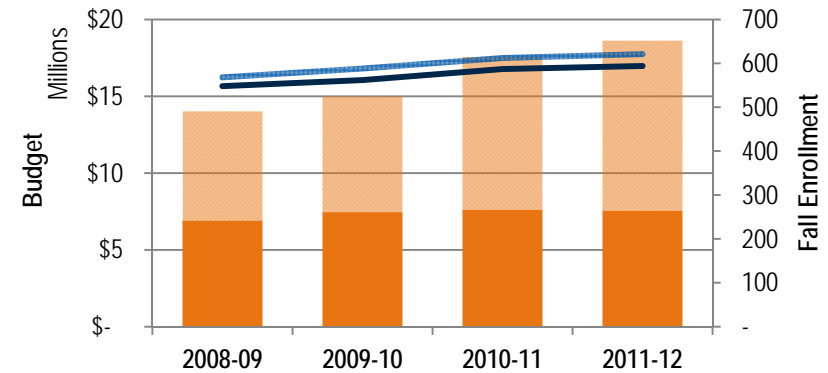
## College Profiles of Budgets vs. Fall Enrollments (5 of 6)

DRAFT  
HuronEducation

### School of Nursing



### School of Pharmacy



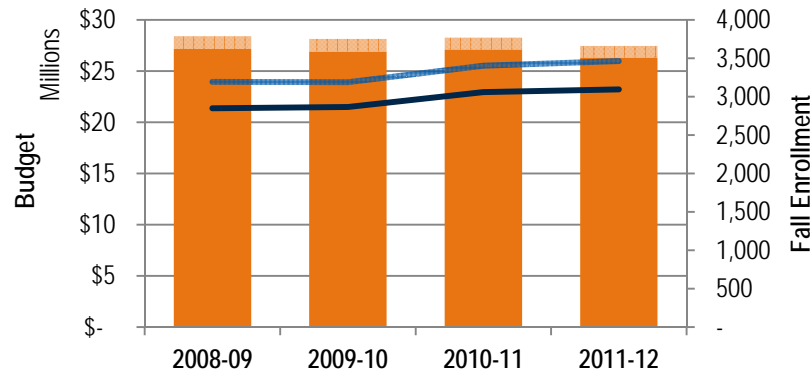
Legend: Base Non-Base Undergraduate Undergraduate+Graduate

			2008-09	2009-10	2010-11	2011-12	4 Year Change
Nursing	Budget	Base	\$ 2,207,538	\$ 2,206,988	\$ 2,363,577	\$ 2,799,317	26.8%
		Non-Base	\$ 40,000	\$ 40,000	\$ 432,000	\$ 456,350	1040.9%
		Total	\$ 2,247,538	\$ 2,246,988	\$ 2,795,577	\$ 3,255,667	44.9%
	Enrollment	Undergraduate	614	674	667	686	11.7%
		Graduate	14	17	24	41	192.9%
		Total	628	691	691	727	15.8%
Pharmacy	Budget	Base	\$ 6,902,413	\$ 7,455,781	\$ 7,600,054	\$ 7,550,354	9.4%
		Non-Base	\$ 7,110,000	\$ 7,425,000	\$ 9,957,105	\$ 11,099,400	56.1%
		Total	\$ 14,012,413	\$ 14,880,781	\$ 17,557,159	\$ 18,649,754	33.1%
	Enrollment	Undergraduate	548	562	587	594	8.4%
		Graduate	20	26	25	27	35.0%
		Total	568	588	612	621	9.3%

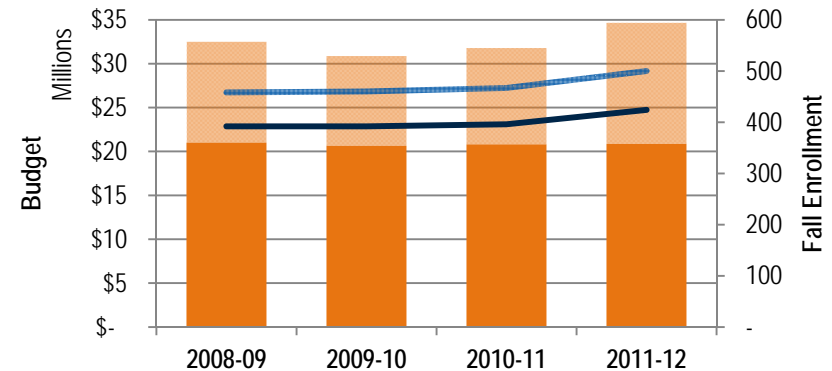
# Appendix E: Historical Funding Charts

## College Profiles of Budgets vs. Fall Enrollments (6 of 6)

### College of Sciences and Mathematics



### College of Veterinary Medicine



Legend: Base Non-Base Undergraduate Undergraduate+Graduate

			2008-09	2009-10	2010-11	2011-12	4 Year Change
COSAM	Budget	Base	\$ 27,142,974	\$ 26,882,515	\$ 27,092,924	\$ 26,295,439	-3.1%
		Non-Base	\$ 1,251,500	\$ 1,258,000	\$ 1,164,000	\$ 1,150,800	-8.0%
		Total	\$ 28,394,474	\$ 28,140,515	\$ 28,256,924	\$ 27,446,239	-3.3%
	Enrollment	Undergraduate	2,848	2,864	3,058	3,094	8.6%
		Graduate	344	323	345	368	7.0%
		Total	3,192	3,187	3,403	3,462	8.5%
Vet Med	Budget	Base	\$ 21,013,012	\$ 20,647,297	\$ 20,818,376	\$ 20,864,928	-0.7%
		Non-Base	\$ 11,487,730	\$ 10,231,650	\$ 10,965,430	\$ 13,810,040	20.2%
		Total	\$ 32,500,742	\$ 30,878,947	\$ 31,783,806	\$ 34,674,968	6.7%
	Enrollment	Undergraduate	392	392	396	424	8.2%
		Graduate	66	68	71	76	15.2%
		Total	458	460	467	500	9.2%

**Huron**Education