



ANNUAL MEETING

Columbus, Ohio
October 1-3, 2017

EXPLORE. EMPOWER. ENRICH.

FINDING YOUR “SWEET SPOT” OF FINANCIAL SUSTAINABILITY GIVEN TODAY’S CHANGING DEMOGRAPHICS

Christine Smith, Principal, Baker Tilly

Beth Reissenweber, Ph.D. VP F&A, Augsburg College

David English, CFA CFO, Denison University,

**David Gingerella, VP Finance and Administration and
CFO, Rhode Island College**



INTRODUCTIONS & CONTEXT FOR THE CONVERSATION



YOUR COLLEAGUES

- Beth Reissenweber, Ph.D. VP F&A, Augsburg University
- David English, CFA CFO, Denison University,
- David Gingerella, VP Finance and Administration and CFO, Rhode Island College



BAKER TILLY – CHRISTINE SMITH

- Principal, over 19 years of consulting experience
- Over 330 Higher Education clients nationwide
- All shapes and sizes
- Continuum of fiscal health
- Uptick for requests relative to fiscal position assessment, development of financial dashboards and assistance with strategic budgeting and rightsizing initiatives
- Important questions – offering you perspectives from three institutions



QUESTIONS TO BE ASKED (WE ARE ASKING CLIENTS)

1. How do you effectively align budget with strategic priorities and market realities to ensure long term fiscal health?
2. How do you gauge overall fiscal position?
3. What specific data analytics approach is driving your current resource allocations and revenue expectations?
4. How do you ensure that programs align with identity and mission, are sustainable and play their intended financial role?
5. What stakeholder process has been used to ensure buy-in to the budgeting process and realistic strategy and priorities?



WHY ARE THESE QUESTIONS SO IMPORTANT?

- Public “business model” conversations warrant close examination of your fiscal health and what you are doing about it
- Balancing act - increased enrollment expectations, compounding student needs, and differentiation requirements within fiscal constraints
- Fiscal health determinants – clarity around your bell weather indicators is key; metrics are only the starting point



AUGSBURG UNIVERSITY

- Minneapolis, Rochester and St. Paul, Minnesota
- Independent, Coeducational Liberal Arts College
- Carnegie Classification: Master's Colleges and Universities





AUGSBURG UNIVERSITY

- Evangelical Lutheran Church in America affiliation
- Fall 2016 Enrollment: 2,060 Undergraduate Day; 490 Adult Undergraduate Degree-Completion; 987 Graduate
- 2017 entering class 56% students of color
- 2017-18 Tuition & Fees: \$37,615





How do you effectively align budget with strategic priorities and market realities to ensure long term fiscal health?



COLLECTIVE FOCUS ON MISSION

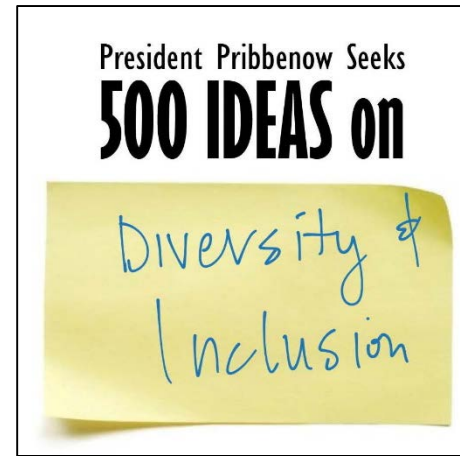
- Less is more
 - Never enough time or money
- Distinctions
 - Investments that make a difference
- Breaking down silos to build a shared understanding and vision
 - Listen
 - Share
 - Respond
 - Better together





SHARED GOVERNANCE

- President's Leadership Team
 - Monthly updates
- Board of Regents
 - Finance Committee
 - Faculty representatives
- University Council
 - Resource Committee
 - Co-Chairs, Provost and CFO
 - Five faculty
 - Five staff
 - Two students; Day, and Adult (undergrad/graduate)





STRATEGIC PLAN – AUGSBURG 2019

- 2017-18 Annual initiatives for University
 - Facilities – inclusive, multi-year planning focused on distinctive urban campus experience and design.
 - Financial management – multi-year budget planning, strategic prioritization of resources, forecasting and modeling.
- Focused Conversations
 - December – Financial management
 - March – Facilities focus





RESULTS

- Effectiveness and Efficiency
- Reputation
- Institutional Pride
- Momentum





DENISON UNIVERSITY

- David English, Vice President, Finance and Management
- Fall 2016 Enrollment: 2,186 Undergraduate
- 2016 entering class 35% students of color
- June 30, 2016 endowment \$789M
- 2017-18 Tuition and Fees \$50,440



How do you gauge overall fiscal position?



GAUGING FINANCIAL POSITION

- Broadest gauge is change in net unrestricted and temporarily restricted assets
- Other pertinent measures include liquidity, age of plant and the ubiquitous “budget”
- Liquidity - Dension utilizes Moody’s “monthly days cash” to gauge ability to withstand a shortfall in operating cash receipts
 - For internal analysis, Dension distinguishes between operating and quasi-endowment cash that is available with one month



GAUGING FINANCIAL POSITION

- Age of plant – Denison utilizes this as a long-term measure of capital reinvestment
- Budget results are a general measure of a year's results; can more quickly adjust
- Denison also has a Board Policy dictating a minimum rating level



What specific data analytics approach is driving your current resource allocations and revenue expectations?



RESOURCE ALLOCATION

- Denison recently added 5 new majors to our curriculum; blind polling of admitted students was used to gauge the major titles and impact of perceived value
- To a lesser extent, student demand (number of participants) is utilized to ration resources internally



How do you ensure that programs align with identity and mission, are sustainable and play their intended financial role?



RHODE ISLAND COLLEGE

- David Gingerella, Vice President, Administration and Finance, CFO
- Fall 2016 Enrollment: 8,512 (Undergraduate & Graduate)
- 2016 entering class 38.9% students of color
- June 30, 2016 endowment \$21,433,020
- 2017-18 Tuition and Fees:

(In-state)	\$8,776
(MTP)	\$12,595
(Out of State)	\$21,289



OLD RIC BUDGET PROCESS (PRIOR TO FY 2016) - RHODE ISLAND COLLEGE

- April: Budget Office sends email to Assistant Vice Presidents, Deans, Directors, Department Chairs; Asks departments to fill out form for operating budget requests
- May: Forms due back to Budget Office with Vice President's signature
- June-August: Budget requests reviewed and decisions made by President



NEW RIC BUDGET PROCESS (FY 2016 TO PRESENT)- RHODE ISLAND COLLEGE

- March to May: Budget Office and Controller meet with each Department, Review of historical expenditure data and trends; budget request templates completed by departments and submitted to Budget Office
- June to August: Budget Office meets with each Vice President to review and/or adjust their departmental requests
- August to September: Budget Office and each Vice President meets with President to review requests; President Cabinet review; final budget decisions by President and CFO.



KEY IMPROVEMENTS WITH NEW BUDGET PROCESS - RHODE ISLAND COLLEGE

- Face-to-face meetings with departments to discuss budget and issues (previously was just email exchange)
- Controller included in meetings to review operational and technical issues
- Improved expenditure and trend analysis
- Improved collaboration with Vice Presidents to make sure all key initiatives and issues are addressed in budgets
- Revenue and enrollment projections are reviewed by working group to ensure consensus among college community and improve accuracy



What stakeholder process has been used to ensure buy-in to the budgeting process and realistic strategy and priorities?



SUMMARY – SWEET SPOT

- Clarity of Fiscal Realities
 - Are we being honest with ourselves?
 - What gets measured gets paid attention to – are we looking at the right things, at the right time, through the right lens?
- Strategic Vision
 - Is it clear?
 - Is the path to a new strategy understood
 - How committed are we to our priorities?
- Champions and Advocates
 - Is the “right” level of transparency present?
 - Do we have the right leadership and stakeholder buy-across the campus community?



CONTACT INFORMATION

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