



## System Redesign Budget Team Final Report

*June 26, 2020*

The System Redesign Budget Team was established in February 2019 to:

1. Ensure the System's budget process results in consistent application of terms, guidelines and expectations by all universities to result in reliable, consistent, and realistic projections based on audited financial data and used to predict changes in financial position over the budget year(s).
2. Realign the System's allocation of state general fund and capital appropriations to the new strategic budget planning and investment process.

Its goals were met through the following objectives, as follows.

1. Short-term: Provide recommendations for changes to the System's budget guidelines, assumptions and tools for consistent application across the universities that will result in realistic budget projections that align with audited financial data.
2. Long-term: Develop a long-term budgeting process (3-5 years) aligned to the strategic planning and investment process that builds upon audited financial data and reporting capabilities housed within shared financial and information systems.
3. Allocation of Appropriations: Develop an allocation formula methodology for distribution of state appropriations that aligns with the new strategic planning, budgeting, and investment processes. Ensure strategic distribution of capital appropriations.

The Budget Team divided into two sub-teams: one to focus exclusively on activities associated with the new strategic budget process; the other to focus exclusively on how to allocate appropriations. The sub-teams reported out to the entire Budget Team on their progress. The budget team included subject matter experts in focused topic discussions as necessary. It also collaborated with the System Redesign Investment Team in the development of objectives 2 and 3, above.

### **Key Deliverables**

The following table identifies the deliverables produced by the Budget Team.

## Budget Team Key Deliverables

#	Fiscal Year	Deliverable Name	Key Components	Date
1	FY20-21	Framework for New Budget Process & Timeline; Standard Budget Definitions and Instructions	<ul style="list-style-type: none"> <li>New agreed-upon budget definitions and expectations for use in the FY20-21 budget cycle</li> <li>Budget reporting/crosswalk process, tools and templates for consistent communication</li> <li>Framework for new budget process that aligns with the goal-setting and tuition plan approval processes</li> </ul>	Distributed to universities August 2019
2	FY20-21	Amended System Procedure/Standard 2011-02: <i>Tuition and Mandatory Fees</i>	<ul style="list-style-type: none"> <li>Establish new process for development and approval of university-specific tuition plans</li> </ul>	Procedure/Standard finalized September 2019
3	FY20-21	Recommended <b>not</b> to pursue integrated budget software solutions	<ul style="list-style-type: none"> <li>Identify IT changes which may be necessary or helpful to align with new budget process</li> <li>Evaluate potential IT budget software solutions to automate intra-university budget process and System budget request process.</li> <li>Demonstration of SAP Budget software</li> </ul>	Recommendation finalized May 2020
4	FY20-21	Allocation Formula Recommendations	<ul style="list-style-type: none"> <li>Develop a new allocation formula for the Educational and General (E&amp;G) appropriation distribution</li> </ul>	Recommendation to freeze formula was shared with ELG November 2019
5	FY21-22	New Proposed Procedures/Standards: 2020-43: <i>Educational and General, Auxiliary Enterprise, and Associated Unrestricted Plant Fund Definitions and Guiding Principles</i> ; 2020-44: <i>Complement Management Definitions and Guiding Principles</i>	<ul style="list-style-type: none"> <li>The following deficiencies in the FY 20-21 budget request process were identified for refinement of definitions, guidance and expectations for the long-term budget process. <ul style="list-style-type: none"> <li>Enrollment projections</li> <li>Transfers/Plant fund</li> <li>Complement management</li> </ul> </li> </ul>	Recommendations finalized May 2020: Terminated work on enrollment projections due to impact of COVID-19; Procedure/Standard: 2020-43 finalized June 2020; Procedure/Standard 2020-44 under review.
6	FY21-22	Implement New Integrated Budget and Planning Process: New merged strategic financial planning documents and process.	<ul style="list-style-type: none"> <li>Implement changes in the current processes, procedures, definitions, data collection mechanisms, and instructions to align with sustainability planning, System goals process, and academic master planning.</li> </ul>	New merged workbook and narrative templates recommended June 2020 to be issued July 2020 for FY 2021-22 planning cycle.
7	FY21-22	Amended System Procedure/Standard 2011-01: <i>Capital Planning and Programming</i>	<ul style="list-style-type: none"> <li>Modified the process for allocation of state capital funds and System bond financing to incorporate university sustainability principles and review processes.</li> </ul>	Procedure/Standard finalized June 2020.