



System Redesign Investment Team Final Report

August 2020

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

Establish a strategic investment strategy to improve System performance toward its goals for a sharing system whose hallmarks are student and university success.

Its scope was defined as follows.

1. Establish a strategic investment fund from a portion of state appropriations, grants, private giving, or other external support.
2. Establish a process and structure—to include an Investment Committee—to ensure investment recommendations are shared, investments are aligned with the achievement of System goals, and that specific expectations and measures are assigned to each investment.

The work of the Team immediately focused on the financial sustainability of the 14 System universities, given the financial challenges facing the System, resulting in the approval of Board of Governor's Policy [2019-01, *University Financial Sustainability*](#), and its companion System Procedure/Standard [2019-40-A, *University Financial Sustainability*](#). The Investment Team lead the first annual sustainability review process and developed a template for seeking investment funds for when an investment pool may be available. It also collaborated with the System Redesign Budget Team in the development of investment recommendations and consistent financial reporting.

Key Deliverables

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

Investment Team Key Deliverables

#	Date	Deliverable Name	Key Components
1	October 2019	New Board of Governors Policy: 2019-01, University Financial Sustainability	<ul style="list-style-type: none"> Creates a collaborative review process of specific conditions and financial indicators to determine the financial status of each university. Universities will be placed across a spectrum which will require varying levels of financial sustainability plans Provides for actions that may be required depending on the university's status.
2	October 2019	New System Procedure/Standard 2019-40: University Financial Sustainability	<ul style="list-style-type: none"> Establishes and defines four indicators that will be utilized to assess a university's financial health. Outlines the process by which a university's placement on the financial spectrum is determined. Identifies characteristics, triggers and actions associated with each of four potential financial sustainability categories.
3	November 2019- January 2020	Implementation of new financial sustainability policy and Procedures/ Standards	<ul style="list-style-type: none"> Oversaw inclusive review of each university's performance on the four sustainability metrics and recommendation of sustainability category placement. Created sustainability report template. Oversaw inclusive review of completed sustainability reports.
4	March 2020	Develop structure and requirements for access to capital—investment funds or loan funds	<p>Created one template for multiple purposes:</p> <ul style="list-style-type: none"> to provide periodic updates on sustainability progress, to apply for a grant from an investment pool, if and when such a pool may be created; or, to apply for a loan from the System's financial resources in the event of anticipated negative cash balances. <p>Clarified investment grant versus loan</p>
5	June 2020	Continued implementation of new financial sustainability policy and Procedures/ Standards	<ul style="list-style-type: none"> Oversaw inclusive review of second version of sustainability reports.
6	July 2020	Amended Procedure/Standard 2019-40-A: University Financial Sustainability	<ul style="list-style-type: none"> Investment Team reviewed documents and processes used to date. Based on lessons learned some revisions were made to the procedure/standard to better align the document with the process, clarify definitions of the sustainability metrics, and address monitoring expectations.