



Item: BF: I-1

BUDGET AND FINANCE COMMITTEE

Tuesday, January 30, 2024

SUBJECT: Budget Model Redesign Update

PROPOSED COMMITTEE ACTION

Information only.

BACKGROUND INFORMATION

The University will provide an update to the Board of Trustees on the Budget Model redesign initiative.

IMPLEMENTATION PLAN/DATE

N/A

FISCAL IMPLICATIONS

N/A

Supporting Documentation: Presentation

Presented by: Mr. Jayson Iroff, Vice President Financial Affairs and CFO

Budget Model Transformation

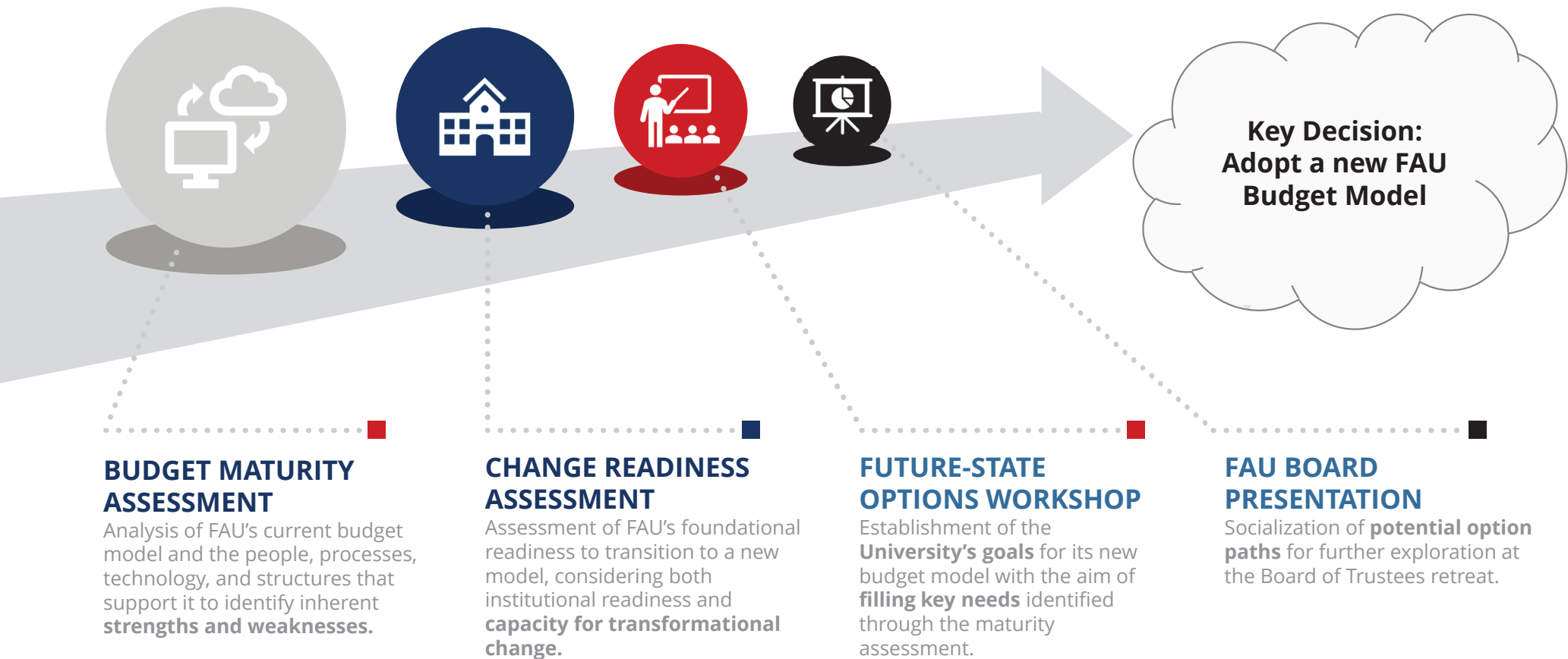
Board of Trustees Update

January 30, 2024



Prior Phase Accomplishments

Deloitte and FAU partnered on a collaborative process to assess FAU's current budget maturity and readiness for change, establish a university vision for the future-state FAU budget model, and socialize potential option paths for review.



Desired Outcomes of Budget Model Transformation

A new FAU budget model neither creates nor destroys wealth upon implementation, but it can promote behaviors at FAU that will drive innovation while maintaining quality.



- 1 | Link Funding to University Goals
- 2 | Incorporate SUS Metrics
- 3 | Develop Pathways for Innovation
- 4 | Enable Transparency of Sources and Uses
- 5 | Predict Financial Performance

Guiding Principles to Oversee Project Activities

The first activity FAU accomplished during this phase was to define budget model guiding principles which help foster alignment among university leaders on shared goals and aid in decision-making during this journey.

Guiding Principles



Advance FAU's Mission – Work together as a team to create a dynamic model that advances FAU's values and vision



Enable Transparency and Simplicity – Provide visibility into sources and uses of funds and the drivers behind financial decision-making while fostering accountability



Balance Predictability with Flexibility – Enable predictable, forward-looking financial planning, while balancing the whole with the sum of its parts



Reward Innovation – Promote investment in operational and entrepreneurial activities aligned to strategic priorities that advance student outcomes and success



Incentivize Growth / Improvement Commensurate with Quality – Incentivize enrollment, student credit hours, and other measures (e.g., research, state metrics) while advancing a culture that rewards performance

Key Project Activities

1

Establish Budget Model Vision

- Determine model scope of funds, organization scope, and unit funding approach options
- Establish allocation approach for E&G and other fund types
- Determine funding approach for colleges, academic and administrative support units, and auxiliary units

2

Analyze FAU Budget and Scenario Impacts

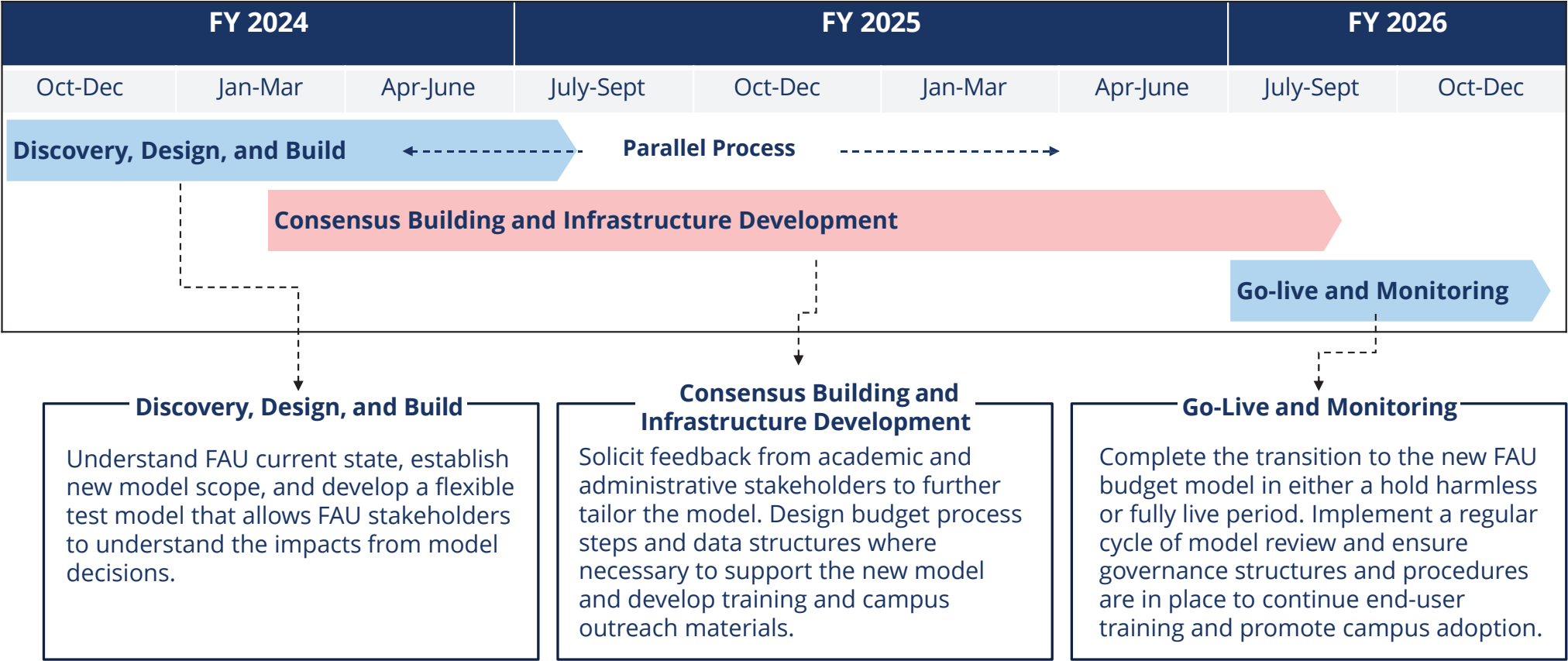
- Perform analysis of historical FAU unit budgets
- Produce an actuals model showing the current flow of funds
- Collect unit financial information and provide recommendations on future state funding level considerations

3

Develop Future State Test Model and Consensus Building

- Develop and finalize budget model scenario assumptions
- Recommend an organizational change management and communications engagement approach
- Complete and deliver the final budget model report

Long-Term Budget Transformation Roadmap



Budget Model Transformation Accomplishments

Established Governance Model

Established a governance structure comprised of faculty, deans, and administrators to guide model progress.

Identified Critical Path Timeline

Sequenced key model decisions into a critical path roadmap that outlines the timing of decisions needed to complete the redesign by the end of the fiscal year.

Constructed Funds Flow

Built a current state funds flow to gain common understanding of how and where revenues are sourced and used.

Designing College Funding Strategy

Continuing conversations to fund colleges through instructional activity, research productivity, and student success metrics in accordance with SUS metrics.

Designing Support Unit Funding Strategy

Continuing conversations with the Steering Committee to determine if support units (facilities, IT) will be funded through central administration, via chargebacks, or via an alternative method.

Designed Comms Strategy

Defined a plan to engage key stakeholder groups such as faculty senate, council of deans, and general town halls to facilitate feedback and socialize model inputs and outputs.