Campus Forums This Spring

Jan. 30   Making Efficient Use of Department Budgets

Feb. 18   Importance of Enrollment, Retention, & Student Success

Mar. 3    UCA’s Performance & Prospects with ADHE Productivity Model

Mar. 12   Drivers of Financial Planning: Taking Care of Our People

Apr. 2    Drivers of Financial Planning: Ensuring Success of Students

Apr. 16   Drivers of Financial Planning: Stewards of the Public Trust
ROI is an ongoing, data-informed, campus-wide effort to optimize our budget in face of unpredictable enrollment trends and limited state funding.

ROI will allow us to align existing resources to support student success, invest in strategic initiatives, build financial reserves, and retain employees at a competitive market salary.
Main Objectives in Annual Budget Process
• Cautious Optimism
• Focus on Student Success
• Maintain Stable Reserves
• Minimize the Financial Impact to Students

Top Leadership Priorities
• Focus on Enrollment & Student Success Initiatives
• Academic Program Improvements & Expansion
• Technology Refresh
• Maximize Scholarship Options & Responsiveness
• Salary Competitiveness & Operational Efficiencies
• Address Rising Facility Costs & Facility Needs
• Fundraising to a New Level
Zero Base Budget
- Applied the Zero Base Budget methodology to determine the need gap between what departments need (self reported) and the current budget resources.

Modified RCM
- Selected the Modified Revenue Center Management (M-RCM).
- Accounts for revenues/expenses (direct and indirect) by each of the six colleges.

Anaplan
- Selected a Budget and Analytical software providing data to be used for ROI and budget.
- Analytics help identify the true cost (direct & indirect) of instruction by department and college.

Optimization
- Communicate ROI to campus members
- Evaluate and implement opportunities to align resources with campus priorities.

Optimization (cont.)
- Measure results and continue to evaluate additional investments
  - Budget reserves
  - Market & Equity/COLA
  - Key initiatives/positions
Importance of Optimizing Resources

• Enrollment can be unpredictable and forecasted decline for high school graduates in the coming decade require multi-year planning.

• We cannot expect significant additional resources from the state.

• Take proactive measures in order to ensure we can best serve our students and invest in the strategic objectives and needs of the university.
Resource Optimization Initiative

- Zero Based Budget Initiative
- Revenue Centered Mgmt
- Voluntary Retirement Program
- Market & Equity Analysis
- Budget Reserve Maintenance
- Cost Evaluations
- Voluntary Retirement Program
- Revenue Centered Mgmt
- Market & Equity Analysis
- Budget Reserve Maintenance
- Zero Based Budget Initiative
ROI places UCA in a significantly better position than our peers in and out of state.
Annualized Full-Time Equivalent Enrollment (FTE)
FY09 to FY18
Regional 4-Year Institutions Must Brace for Impact

Slim Glimmer of Hope Across Nation For Regional Institutions

Projected Change in 4-Year Regional HEI-Going Students by State, 2017-2029

Regional HEIs Face Demographic Decline and Increasing Competition

-152K 2029 Projected Demand vs. 2017 Projected Demand

If appropriations fall, public national HEIs may recruit students from regional HEIs to boost revenues.

Sources: Graue, Nathan D., Demographics and the Demand for Higher Education (2017); EAB analysis.
An 18 Year Old Must Be Born 18 Years Ago

Public & Private AR HS Grads
Past Four Yrs, Next Four Yrs, and Next Decade

Public & Private AR HS Grads
Importance of Optimizing Resources

ROI is important to ensure that UCA remains a choice university and positioned to fulfill our mission and thrive during an era of uncertainty for public and private universities and colleges.
UCA Resource Optimization Initiative

Efficiencies

- Retirement Savings & Unfilled Positions $3,000,000
- Operational $2,300,000
- Attrition/Unfilled Positions $2,300,000

Investments

- Market & Equity/COLA $2,600,000
- Reserves $2,500,000
- Refilled & New Key Positions $1,500,000
- Key Initiatives $1,000,000
Making Efficient Use of Department Budgets
Main Objectives in Annual Budget Process

• Cautious Optimism
• Focus on Student Success
• Maintain Stable Reserves
• Minimize the Financial Impact to Students

Plan for a Changing Environment

• Assume flat base funding from the state
• Build and maintain appropriate level of reserves
• Acknowledge enrollment projections over the next decade
• Embrace resource optimization (ROI)
FY 21 Budget Process/Timeline

a) Process will be mostly the same as previous years
b) Budget forms have been sent out with a due date of Feb. 7
c) Budget presented at the May 8th Board of Trustees meeting

FY 21 and Beyond

a) Continue to apply ROI (Resource Optimization Initiative)
b) Move budget preparation from Spring to Fall
c) Adopt M-RCM (Modified Revenue Centered Mgmt)
d) Use Anaplan budgeting software
2019-2020
Total E&G Natural Classification Expenses
$152.7M

- Salaries & Wages: 78,648,481 (51.49%)
- Benefits: 23,720,516 (15.53%)
- M & O: 19,796,076 (12.96%)
- Scholarships & Waivers: 24,804,071 (16.24%)
- Debt Services: 4,891,272 (3.20%)
- Transfers: (1,234,645) (-0.81%)
- Purchased Utilities: 2,116,185 (1.39%)
Total E & G Operating Expenses, 2019-2020, $152.7M

- Instruction: $67,243,171, 44.03%
- Physical Plant: $14,265,300, 9.34%
- Institutional Support: $17,622,163, 11.54%
- Scholarships & Awards: $24,804,071, 16.24%
- Mandatory & Non-Mandatory Transfers: $9,666,627, 6.33%
- Student Services: $7,111,550, 4.66%
- Academic Support: $14,360,439, 9.40%
- Research: $946,497, 0.62%
- Public Service: $7,726,938, 1.79%
State Appropriations, FY11 - FY20
# Annual Full-Time UG Tuition and Mandatory Fees for Four-Year Institutions

## Resident

<table>
<thead>
<tr>
<th>Institution</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>1 YR Increase</th>
<th>5 YR Increase</th>
<th>5 YR Average Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASUJ</td>
<td>8,050</td>
<td>8,200</td>
<td>8,478</td>
<td>8,608</td>
<td>8,900</td>
<td>3.40%</td>
<td>10.56%</td>
<td>2.54%</td>
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<tr>
<td>ATU</td>
<td>7,740</td>
<td>8,280</td>
<td>8,880</td>
<td>9,068</td>
<td>9,255</td>
<td>2.10%</td>
<td>19.57%</td>
<td>4.60%</td>
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<td>HSU</td>
<td>7,809</td>
<td>8,116</td>
<td>8,311</td>
<td>8,436</td>
<td>8,811</td>
<td>4.40%</td>
<td>12.84%</td>
<td>3.07%</td>
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<tr>
<td>SAUM</td>
<td>7,896</td>
<td>8,181</td>
<td>8,346</td>
<td>8,676</td>
<td>8,980</td>
<td>3.50%</td>
<td>13.73%</td>
<td>3.27%</td>
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<tr>
<td>UAF</td>
<td>8,521</td>
<td>8,819</td>
<td>9,062</td>
<td>9,129</td>
<td>9,385</td>
<td>2.80%</td>
<td>10.14%</td>
<td>2.45%</td>
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<td>UAFS</td>
<td>6,322</td>
<td>6,701</td>
<td>6,935</td>
<td>7,128</td>
<td>7,339</td>
<td>3.00%</td>
<td>16.09%</td>
<td>3.81%</td>
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<tr>
<td>UALR</td>
<td>8,165</td>
<td>8,633</td>
<td>8,936</td>
<td>9,439</td>
<td>9,529</td>
<td>1.00%</td>
<td>16.71%</td>
<td>3.96%</td>
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<td>UAM</td>
<td>6,447</td>
<td>7,210</td>
<td>7,462</td>
<td>7,696</td>
<td>7,909</td>
<td>2.80%</td>
<td>22.69%</td>
<td>5.31%</td>
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<tr>
<td>UAPB</td>
<td>6,271</td>
<td>6,676</td>
<td>7,212</td>
<td>7,842</td>
<td>8,064</td>
<td>2.80%</td>
<td>28.59%</td>
<td>6.51%</td>
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<tr>
<td>UCA</td>
<td>7,889</td>
<td>8,224</td>
<td>8,524</td>
<td>8,751</td>
<td>9,188</td>
<td>5.00%</td>
<td>16.47%</td>
<td>3.89%</td>
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<tr>
<td><strong>Average</strong></td>
<td><strong>7,511</strong></td>
<td><strong>7,904</strong></td>
<td><strong>8,215</strong></td>
<td><strong>8,477</strong></td>
<td><strong>8,736</strong></td>
<td><strong>3.08%</strong></td>
<td><strong>16.74%</strong></td>
<td><strong>3.94%</strong></td>
</tr>
</tbody>
</table>

*Source: ADHE Form 18-1*
Cost Evaluation and Responsible Use of Resources

● Use of Data
  ○ Industry and professional standards in academic and non-academic staffing
  ○ Departmental structure
  ○ Scheduling-class size, number of sections
  ○ Energy costs (cost per sf **down** 6.3% since 2010)

● Technology
  ○ VOIP (phone system)
  ○ Webinars vs conference travel
  ○ Streaming vs cable (housing is saving over $700K annually)
Cost Evaluation and Responsible Use of Resources

- Use contract services (desktop printers/toner-$112K in 2019)
- Review purchase and maintenance costs of software
- Review institutional memberships
- Limit UCA provided cell phones ($164K spent in 2019)
- Evaluate existing furnishings vs new purchases
- Review purchases of promotional items ("swag")

Submit ideas at uca.edu/roi
Key Takeaways from Today

• ROI is a campus-wide effort for stakeholders to shape the future of the university.
• ROI is a multi-year process by which data-informed decisions are made for the most effective use of existing and expected resources.
• To ensure short-term and long-term vibrancy of the institution, ROI provides a platform for strategic planning and decision making.
• We ask departments and divisions to engage in discussions about their budgets in ways that we have not done in the past.
• Resources are available within Financial Services to assist departments and budget managers.
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Questions