University of New Orleans

Fiscal Watch Discussion

June 27, 2014
Agenda

• Context
• FY 2013-2014 Closing  
  • Actions taken  
  • Utilization of reserves
• FY 2014-2015 Budget  
  • Additional Progress
• FY 2015-2016  
  • Turning the corner
• Summarize Action Items
Context

• Timing issue in responding to rapid decline in revenues
• More than 2/3 of our expenses are in personnel
• Range of options to reduce expenses is narrow
• Have been taking action
  • Most recently, reduction in force of 28 staff employees in February
  • 118 positions have been eliminated over past three years
  • Hiring Freeze
  • Spending Freeze
Unrestricted Operating Budget (initial)
FY2009-2010 thru FY2013-2014

Between FY2009-10 and FY2013-14, UNO’s unrestricted operating budget was reduced by $15,839,293 (13%)
# Financial Performance Expectation

<table>
<thead>
<tr>
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<th>13-14</th>
<th>14-15</th>
<th>15-16</th>
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<tbody>
<tr>
<td><strong>General Fund</strong> ($000,000)</td>
<td></td>
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<tr>
<td>Revenue</td>
<td>96.6</td>
<td>100</td>
<td>102</td>
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<tr>
<td>Expense</td>
<td>104.2</td>
<td>103</td>
<td>102</td>
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<tr>
<td>(6.6)</td>
<td>(3.0)</td>
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FY 2013-2014

- Revenues of $97.6 million, Expenses of $104.2 million
- Will make up difference of $6.6 million out of reserves
  - Restricted Fees Reserve: $1.3 million
    - Study Abroad and Lakefront Arena
  - Auxiliary Funds: $2.8 million
    - Housing, Bookstore, UC, Parking, Food Service, Vending, Copy Center
  - Grants and Contracts: $.8 million
    - Jefferson Center, DNR rental reserve
  - Indirect Costs Recovery: $.7 million
    - Research Start-up funds
    - Property Insurance reimbursement from R&T Foundation: $1.0 million
- Reserves are depleted: from $19.9 million in 2012 to $6.1 million
FY 2014-2015

• Revenues
  • Despite challenges to enrollment, the decline is abating
  • While optimistic that enrollment will begin to increase, next year’s revenue projection is based on a smaller enrollment decline, plus GRAD Act price increase and WISE funding

• Expenses
  • Saving of personnel costs from recent reductions in staff are offset by upward pressure in faculty areas due to accreditation issues and increased benefits cost
    • Specific actions include elimination of Executive Assistant to President, Executive Director of Graduate School, and transfer of External Affairs VP
  • Reduction in non-endowed scholarships
  • Reduction in expenses related to support of foundations
FY 2015-2016 Projection

• Revenues
  • Anticipated increase shown based on price, not volume, although optimistic

• Expenses
  • Actions to increase efficiency in academic operations will begin to impact this year
  • If funds available, investment in key faculty positions anticipated
    • Both number of positions and compensation levels
  • Expectation of refunding start-up and other research reserves
Two Key Solutions

• Repair the income statement
  • Return to Growth – increasing enrollment is critical
  • Anticipating and chasing declining revenues becomes self-fulfilling prophecy

• Repair the balance sheet
  • Our financial condition is somewhat artificially in crisis mode
    • R&T Foundation has assets
Additional Information on Expenses

• Work outside the general fund
  • Refinancing Ponchartrain Hall debt
  • Move Athletics out of general fund temporarily

• Work with R&T Foundation
  • Reduction in property insurance

• Committee met last year
  • Focus on reality of expenses by type
Expense by Type

Expenses

- Personnel
- Scholarships
- Campus Facilities
- Other
Actions by Type

• Scholarships an important focus – cabinet task force

• Campus Facilities
  • Utilities, property insurance, maintenance
  • Sale of Jefferson center as a mechanism to reduce excess space
  • Outsourcing effort

• Other includes everything else
  • Library acquisitions
  • Computer hardware and software
  • Travel, office supplies, etc.
  • Thus, a spending freeze
By Far, the Largest Expense is Personnel

- Benefits costs continue to increase
- Attrition is one approach
- 28 staff people were laid off in February
Expense by Function

• Mindful this is still mostly personnel
• Public Service includes Arena
• Academic Support includes Library
• Institutional Services includes all of UCC (other universities put in Academic Support)
• Plant Operation/Maintenance a function of a large physical campus
• Athletics is off of general fund temporarily