



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees Retreat

May 21, 2020

Virtual Meeting

8:30 a.m. – 3 p.m.

Conference call in number 1-408-418-9388, access code 790 565 321 #

AGENDA

- | | | |
|----------------------------------|---------------------------|--|
| 1. Welcome | | Beverly Seay, <i>Chair, UCF Board of Trustees</i> |
| 2. Chair Remarks | | Chair Seay |
| 3. Reports (45 minutes) | | President Alexander Cartwright |
| | INFO – 1 Information | President's Action Report |
| 4. Planning Session (90 minutes) | | |
| | Discussion | COVID-19 and Re-opening UCF
<i>President Cartwright</i> |
| | Discussion | Fiscal Year 2021 Planning and Priorities
<i>Chair Seay and President Cartwright</i> |
| 5. Break (15 minutes) | | |
| 6. Presentations (90 minutes) | | |
| | INFO – 2 Information | Financial Overview
<i>Trustee: Beverly Seay</i>
<i>Presenters: Joseph Trubacz, Interim CFO</i>
<i>Kathy Mitchell, Associate Vice President for</i>
<i>Financial Initiatives</i>
<i>Kristie Harris, Associate Vice President for</i>
<i>Financial Affairs</i> |
| 7. Break (30 minutes) | | |

8. Presentations continued (*60 minutes each*)

INFO – 3

Information

Budget Model Redesign

Trustee: Alex Martins

Presenters: Michael Johnson, Interim Provost

Joseph Trubacz

Kristie Harris

Paul Jarley, Dean, College of Business

Administration

Huron Consultants

INFO – 4

Information

Enterprise ERP Upgrade

Trustee: Harold Mills

Presenters: Mike Sink, Associate Vice President

and IT Chief Operating Officer

9. Closing Remarks

Chair Seay



Planning for Repopulation of Campus

Focus on Safety Using a Phased Approach

Planning

- Planning for a phased repopulation of campus
- Moving forward consistent with the BOG plans and request for systemwide consistency
- Scenario planning continues for preparedness in case of the need to reverse course

Key Deadlines

- **June 12, 2020** – UCF plan due to BOG
- **June 18, 2020** – UCF plan presented to BOT for approval
- **June 23, 2020** – UCF plan presented at BOG meeting

Federal and State Guidance and Policy

- CDC and OSHA COVID-19 Guidance
- Safe. Smart. Step-by-Step. Plan for Florida's Recovery
- Governor's Executive Orders
- BOG Blueprint for Re-Opening the State University System of Florida Campuses

Task Force Groups

- BOG task force and workgroups
- EICRT task force groups
- Charged with developing specific plans across work, instruction, research, housing and testing

EICRT and EOC

- EICRT meets regularly to discuss plans for reopening
- Task force members provide weekly updates and obstacles are discussed
- EICRT lead provides regular updates to the president and cabinet
- EOC meets weekly to coordinate tactical implementation of pandemic plan

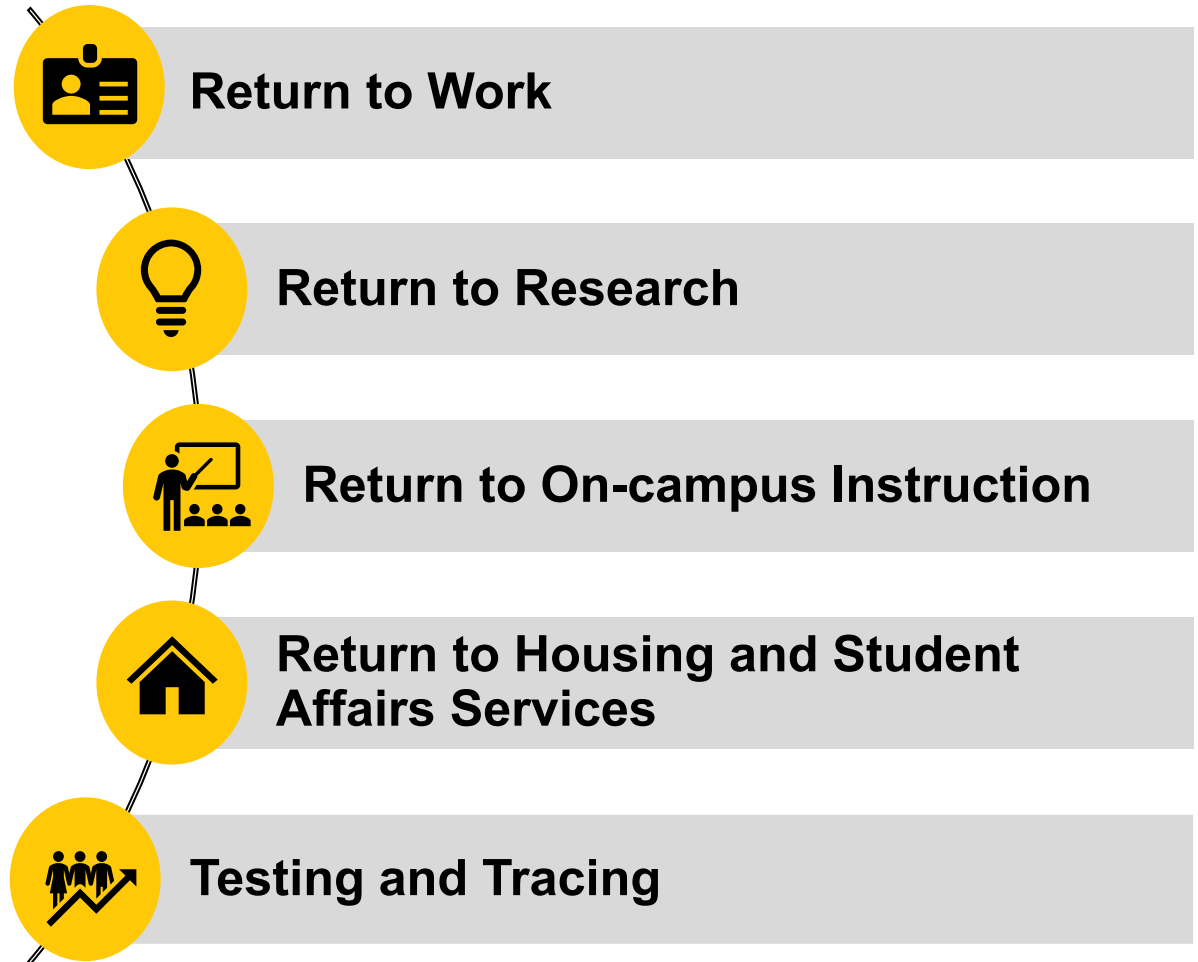
Board of Trustees and President

- President approval of EICRT policy recommendations and UCF's plan
- Participation in BOG task force
- Final approval of UCF's plan to repopulate campus

Guiding Principles

- **Focus on the health and well-being of our faculty, staff, students and visitors across all planning.**
- Design a phased approach that will allow us to hold steady, tighten restrictions or make changes to reflect new guidance.
- Do not force employees or students to return to campus if they are at risk, and where possible allow remote work and remote learning opportunities.
- Support work and course schedules that maintain social distancing and consider hybrid schedules that blend both on-campus and online options.
- Remain flexible and quickly adjust as new data become available or conditions in our region change.

Planning



Health and Well-being Measures

Following CDC and OSHA
COVID-19 Guidelines

Require face coverings

Practice 6-feet physical distancing

Encourage high-risk individuals to continue remote work and study

Require education for all faculty, staff and students

Increase cleaning of common touchpoints and bathrooms

Establish testing and tracing with a readiness to respond to possible cases

Promote good hygiene and personal responsibility



PROTECT OUR **UCF** COMMUNITY

PREVENT AND AVOID THE SPREAD OF COVID-19 WITH THESE TIPS



**Wash hands
often**



**Avoid touching
your face**



**Wear protective
mask**



**Disinfect
touched items**



**Keep 6ft physical
distance**

**STAY HOME
IF SICK**

EXCEPT TO GET MEDICAL CARE

ucf.edu/coronavirus

ARMOR UP, KNIGHTS

REPORT A CONCERN AT
bit.ly/ucf-integrity-line



Return to Work

Charge – Prepare the campus and employees for returning to in-person work through policy and protocol development, education and development of a phased approach for repopulation

- Provide flexibility for employees requesting to continue remote work
- Adhere scheduling to capacity limits and social distancing
- Prepare facilities with installation of touchless devices and hand sanitizer stations
- Identify resource needs and use central management of supply chain to purchase face coverings, hand sanitizer, disinfecting wipes and cleaning supplies
- Implement new cleaning protocols and testing and tracing practices
- Develop policies and appropriate procedures for enforcement and educate employees on expectations
- Provide ongoing communication regarding safety measures and expectations
- Install visual signage across campus
- Coordinate timeline for repopulation with local, state and federal guidelines

Return to Research

Charge – Develop a phased approach for returning faculty, staff and students to labs and other research areas

- Provided shared research principles
- Developed research tiers
- Established laboratory cleaning and disinfecting protocols
- Developed education specific to research laboratories
- Created laboratory ramp-up check list and daily health check questionnaire
- Approve occupancy plans prior to returning
- Distribute PPE and ethanol for cleaning

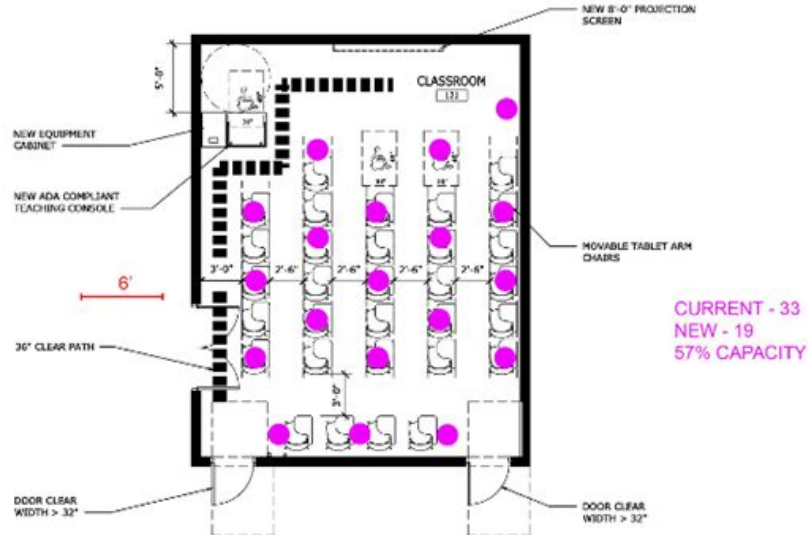
Return to On-campus Instruction

Charge – Develop a plan to resume face-to-face instruction and academic affairs services

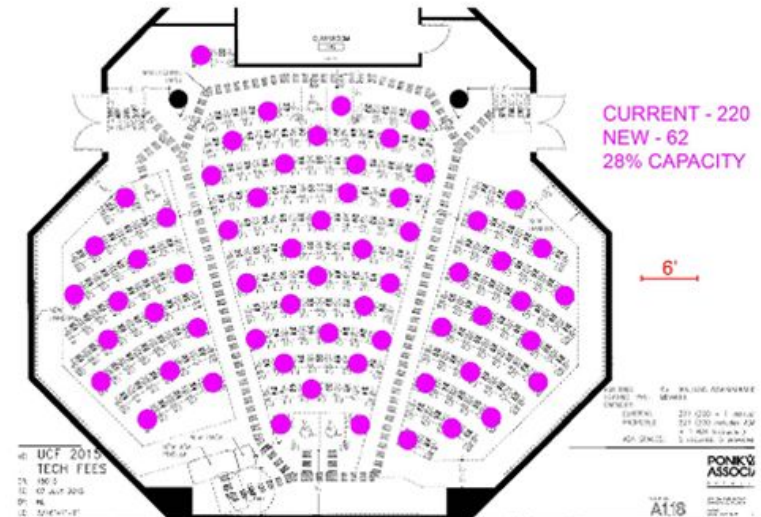
- Plan for a hybrid scenario with a mix of face-to-face, mixed mode and online courses
- Develop contingency plans in case a change occurs after fall plans are announced
- Prioritize experiential courses for face-to-face instruction
- Focus on in-person experiences and learning opportunities for FTICs
- Increase training for faculty on hybrid and online learning
- Identify what will move to online learning
- Establish capacity planning for classrooms
- Develop a plan for quarantined students to continue studies

Classrooms

Observe Distancing and Capacity Protocols



MATH SCIENCES — 121



BUSINESS ADMIN I — 119

Return to Housing and Student Affairs Services

Charge – Develop a plan for the operational, education and well-being needs for students and staff returning to all housing communities and provide a plan to safely engage and support returning and prospective students' campus experiences

- Develop occupancy guidelines
- Reserve residential space for quarantine use
- Prepare housing facilities for social distancing
- Adjust move-in time period to promote social distancing
- Develop communications for students and parents
- Reconfigure common areas and establish enhanced cleaning protocols
- Restrict social events and activities
- Develop online activities for residents
- Provide “welcome back” kits with face covering and hand sanitizer and share new safety protocols

Testing and Tracing

Charge – Develop a plan for testing, screening, contact tracing and surveillance in coordination with the Florida Department of Health, Orange County

- Include members from DOH on task force
- Develop testing and tracing protocols
- Create protocols for the care and quarantine of students in on-campus and managed housing
- Develop an application to promote illness detection and safety measures
- Establish Student Health triage line as the point of contact during initial phase of reopening



Financial Overview

May 21, 2020

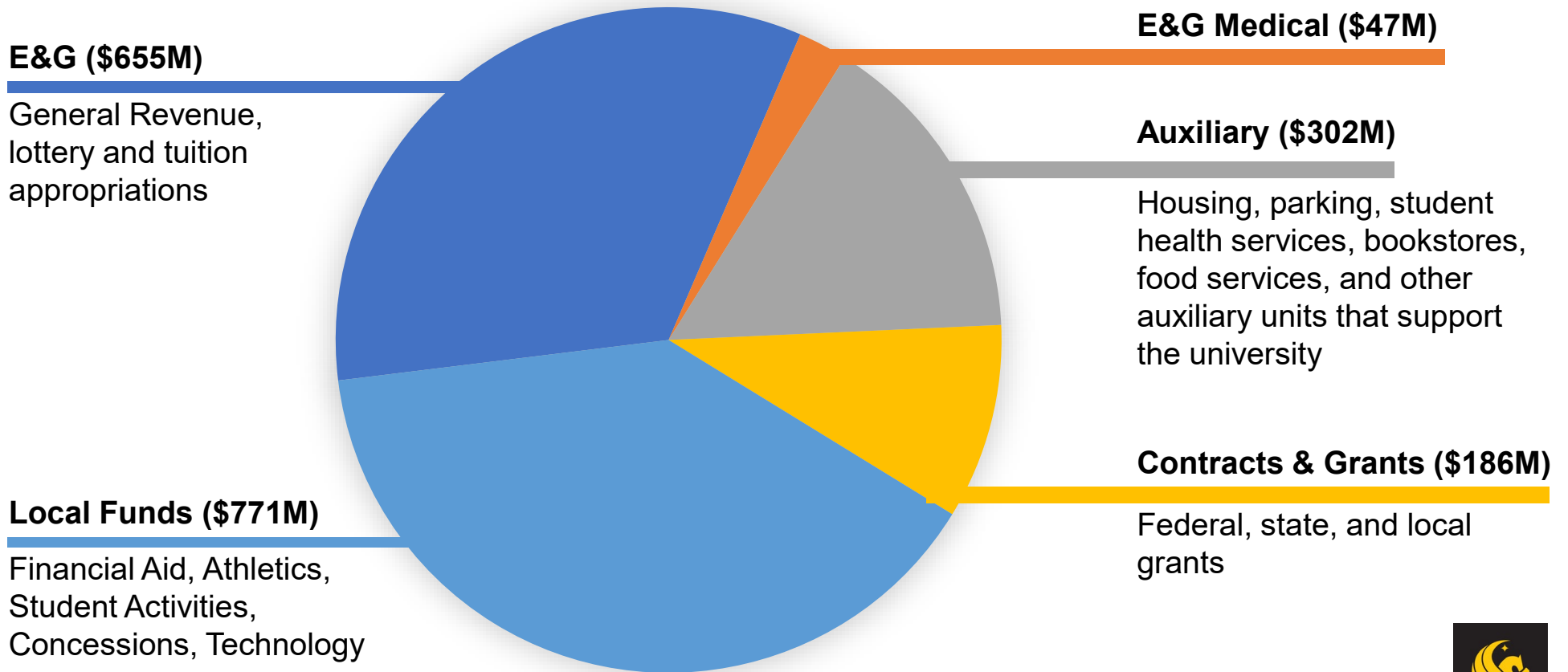
Joseph Trubacz, Interim Vice President & CFO
Kathy Mitchell, Associate Vice President for Finance
Kristie Harris, Associate Vice President for Finance



Agenda

- Education & General Funds
- Local Funds
- Contracts & Grants Funds
- Auxiliary Funds
- Internal Loan Update
- Direct Support Organization Funds

UCF FY20 Operating Budget



Education and General



What are Education & General Funds?

- Include general revenue funds and educational enhancement trust funds (from the Florida Lottery) appropriated by the Legislature, student tuition and matriculation payments, and certain student fees (e.g., out-of-state fees).
- E&G funds may be used for general instruction, research, public service, plant operations and maintenance, furniture, fixtures, equipment, student services, libraries, administrative support, and other enrollment-related operations of the university.

FY 20 Education and General Budget

E&G Funding Sources

State Appropriations 53%

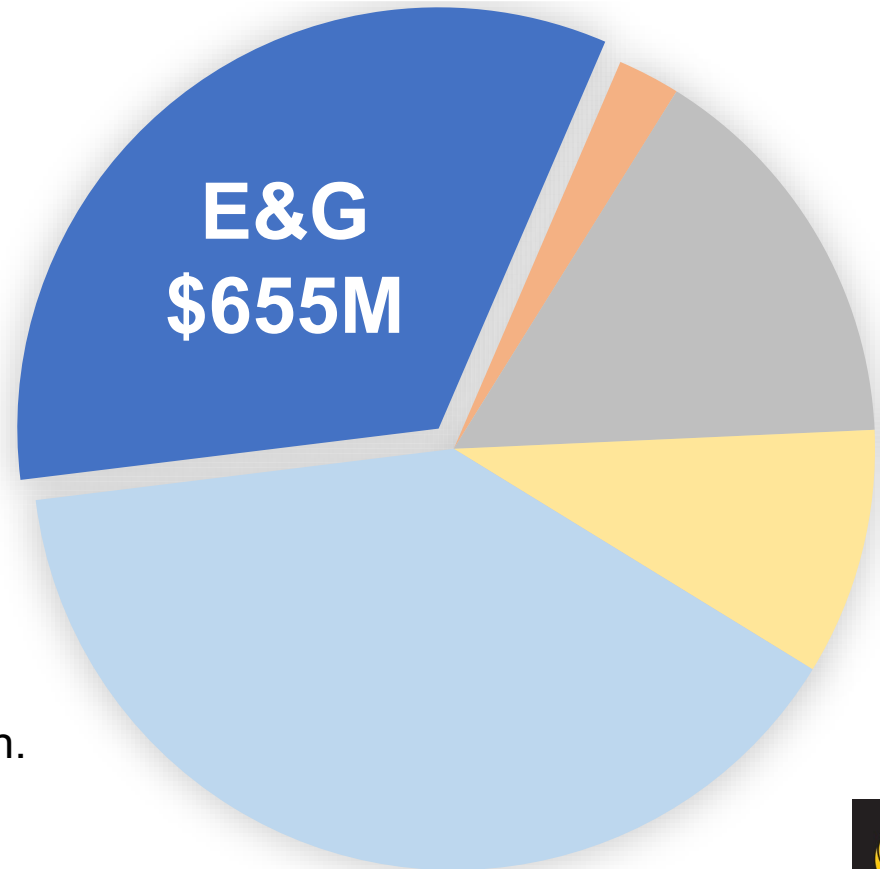
General Revenue 46%

Lottery 7%

Student Tuition and Fees 47%

Scenario Planning

Each 1% increase or decrease in State Appropriations is approximately \$3.5 million.



FY 20 Projected Student Tuition and Fee Revenue

Main and Online	Budget	Projected	Excess/(Deficit)
Base and Differential Tuition	\$ 262,339,981	\$ 265,702,609	\$ 3,362,628
Out of State Fees	\$ 63,901,635	\$ 67,708,317	\$ 3,806,682
Waivers	\$ (32,073,564)	\$ (32,115,055)	\$ (41,491)
Repeat Course, Late Registration, Excess Hour Fees	\$ 6,300,000	\$ 7,092,434	\$ 792,434
Total Collections, Net of Waivers	\$ 300,468,052	\$ 308,388,305	\$ 7,920,253

- UCF collected \$7.9 million (2.6%) more than was budgeted over Summer and Fall 2019 and Spring 2020.
- Each 1% increase or decrease in Tuition and Fees is approximately \$3.1 million.

FY 21 State Appropriation

Adjustments

\$7.3 million non-recurring cut due to excess carryforward

\$1.6 million recurring cut to state investment portion of performance-based funding

Funded Projects

Chron's & Colitis Research in College of Medicine	\$ 337,000
Advanced Manufacturing Sensor Project	\$ 5,000,000
Florida Center For Nursing (HB 4417)	\$ 500,000
WUCF-TV, Orlando - Replace Failing Studio to Transmitter Link	\$ 333,531
WUCF-TV, Orlando - Replace Studio Cameras and Teleprompter System	\$ 692,000
University of Central Florida Autism Center (CARD)	\$ 1,721,639

FY 21 Fiscal Impact of Enrollment Trends

	Summer 2020 Credit Hours				Rate per SCH		Financial Impact
	5/20/2019	5/18/2020	SCH Diff	% SCH Diff	FL Resident	Non-FL Resident	
FTIC	104,536	123,496	18,960	18.1%	\$ 149.27	\$ 660.33	\$ 3,799,129
Transfer	138,277	149,470	11,193	8.1%	\$ 149.27	\$ 660.33	2,243,816
Graduate	32,020	33,537	1,517	4.7%	\$ 288.16	\$ 785.15	512,532
	274,833	306,503	31,670	11.5%			\$ 6,555,477

	Fall 2020 Credit Hours				Rate per SCH		Financial Impact
	5/20/2019	5/18/2020	SCH Diff	% SCH Diff	FL Resident	Non-FL Resident	
FTIC	216,275	211,889	(4,386)	(2.0%)	\$ 149.27	\$ 660.33	\$ (878,849)
Transfer	174,605	151,084	(23,521)	(13.5%)	\$ 149.27	\$ 660.33	(4,715,161)
Graduate	18,323	19,069	746	4.1%	\$ 288.16	\$ 785.15	252,043
	409,203	382,042	(27,161)	(6.6%)			\$ (5,341,967)

FY 21 Additional Information

- Projected \$65.4 MM carryforward from prior years related to the two-year plans previously approved by the BOT and BOG (excluding statutory reserve and amounts restricted by appropriation)
- Projected \$47.8 million newly-generated carryforward from unspent FY20 operating funds
- Monitor revenues and consider continuation of freezes on hiring, travel, and spending
- Each division engaged in scenario planning for reopening

E&G Carryforward

Division	Projected New Carryforward*	Existing Carryforward less DLI and FY21 BOT Approved Commitments		Faculty DLI Carryforward **	FY21 BOT Approved Commitments
		Total Projected Carryforward			
President	2,494,451	822,961	3,317,412	-	332,000
Administration	3,305,503	20,805,757	24,111,260	-	21,800,000
Finance	-	821,541	821,541	-	25,000
Communications & Marketing	702,933	577,398	1,280,331	-	-
Academic Affairs	35,451,702	26,810,331	62,262,033	19,895,691	27,198,448
Central Reserve	5,886,269	15,519,142	21,405,411	-	10,186,760
Statutory Reserve	-	45,828,077	45,828,077	-	-
Total	47,840,857	111,185,207	159,026,064	19,895,691	59,542,208
Restricted by appropriation to the entity					
College of Medicine	3,500,000	1,257,318	4,757,318	2,727,693	585,350
College of Medicine-Statutory Reserve	-	3,280,769	3,280,769	-	-
Florida Center for Students with Unique Abilities	6,503,958	15,561,987	22,065,946	-	-

*The impact of Covid-19 was considered by comparing operating expenses incurred during periods 9 and 10 to the previous three years. Current year expenses fall in line with the previous three years in total and as a percentage of expenses incurred through period 8.

**Faculty DLI Funds have been awarded and contractually committed to faculty.

Local Funds



What are Local Funds?

- Local funds come from university operating units that, prior to devolution of the state universities from the State's central accounting system, were allowed to be deposited into the university's local bank account (i.e., the funds did not have to be sent to the State Treasury).
- These units include Financial Aid, Student Activities, Concessions, Technology Fee, other Board-Approved Fees, and university Self-Insurance Plans.

FY 20 Local Fund Budgets

Budgets (in millions)	Primary Source of Funds	2019-20
Student Financial Aid	Federal, State, Local Allocations Student Fee per Credit Hour	\$ 659.9
Athletics	Student Fee per Credit Hour Ticket Sales, Sponsorships	64.8
Student Activities	Student Fee per Credit Hour	24.8
Faculty Practice Plan	Patient Visits and Insurance Reimbursements	9.6
Technology Fee	Student Fee per Credit Hour	10.0
Concessions	Commissions on Vending	0.8
Self-Insurance Plan	Contributions from COM, Nursing, Student Health, & Psychology	0.6
Total Local Funds		\$ 770.5

FY 20 Financial Aid Detail

Student Financial Aid Budget		2019-20
Federal Student Aid	\$	447,829,362
State Grants primarily Bright Futures		98,304,006
Transfers		59,896,434
Miscellaneous Receipts		38,840,534
Student Financial Aid Fees (per Credit Hour)		14,837,144
Interest		169,724
Total Student Financial Aid Budget	\$	659,877,204

Contracts and Grants



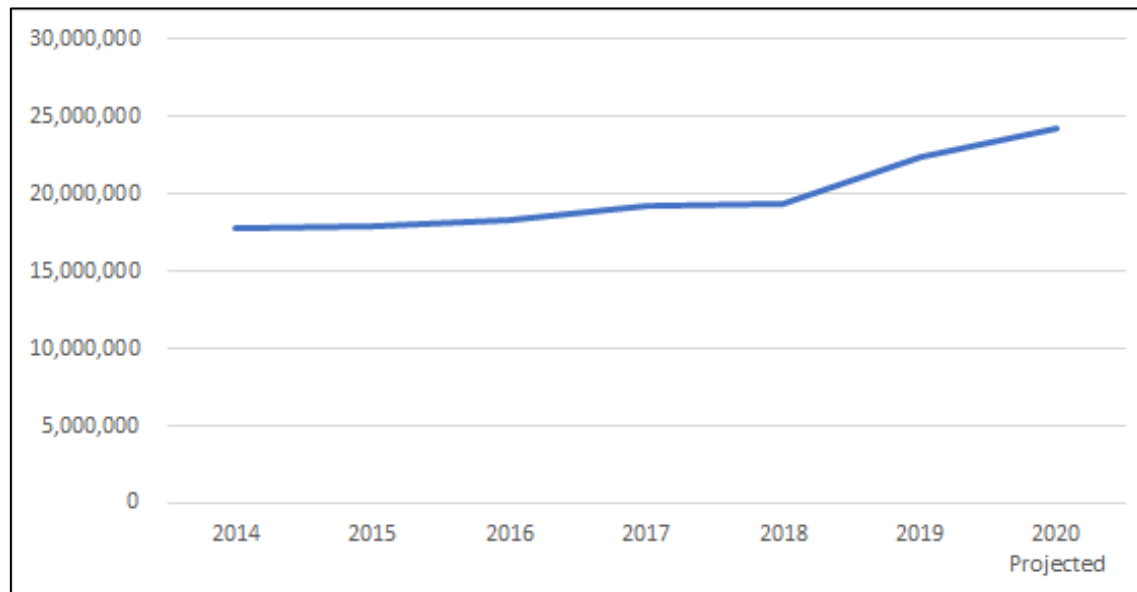
What are Contract and Grant (C&G) Funds?

- C&G funds consist of research and work study awards from federal, state, local, and private sponsors. Also includes Direct Support Organization (DSO) reimbursements for use of university resources.
- Research Overhead funds (Facilities and Administrative Costs) include funds received for overhead or indirect costs and other funds not required for the payment of direct research costs (residual funds at the end of fixed cost research project).
 - These funds are be applied to the cost of operating the division of sponsored research.
 - Any surplus funds are used to support other research or sponsored training programs in any area of the university.

FY 20 Contracts and Grants

**Historical Research Facilities and Administrative Costs
By Fiscal Year**

2014	2015	2016	2017	2018	2019	2020 Projected
17,765,521	17,955,527	18,235,493	19,193,535	19,416,841	22,359,594	24,207,274



Auxiliaries



What is an Auxiliary?

- Auxiliary revenue comes from university business operations that support the operation of the university
- These operations are **self-supporting** through user fees, payments, and charges, including housing, parking, student health, computer store, telecommunications, printing, dining, postal, office supply, and bookstore operations.
- They also include revenues from continuing education, participant fees, and market rate tuition programs.
- Each institution may determine whether its auxiliary operations will be self-supporting on an individual or collective basis, except for athletics, which shall be a self-supporting entity.
- No General Revenue funds may be used to support Auxiliary operations.

Enterprise Auxiliaries

- Parking & Transportation Services
- Business Services
- UCFIT
- Housing & Residence Life
- Student Health Services
- Distance Learning
- Energy Management & Sustainability
- Administrative Auxiliaries

Parking & Transportation Services

Administration

	FY18	FY19	FY20 (thru 4/30)
Beginning Cash	\$ 15,363,747.76	\$ 9,970,109.95	\$ 8,378,914.56
Revenue	\$ 22,724,759.37	\$ 23,509,499.07	\$ 22,907,441.70
Expense	\$ (23,443,615.34)	\$ (21,132,605.91)	\$ (14,680,703.10)
Debt Service	\$ (4,674,781.84)	\$ (3,968,088.55)	\$ (993,978.24)
Net Gain/(Loss)	\$ (5,393,637.81)	\$ (1,591,195.39)	\$ 7,232,760.36
Year End Cash	\$ 9,970,109.95	\$ 8,378,914.56	\$ 15,611,674.92

Overview

Parking services is responsible for the registration of vehicles for faculty, staff, students, and commercial organizations, as well as giving citations and parking tags. They are also responsible for the coordination and operation of the campus shuttle-bus system and parking accommodations (i.e. event parking, park and ride, and parking garages/lots).

Impacts of COVID-19

Revenue losses of \$3.4m in FY20 and potential FY21 losses of \$2.8m.

Response to COVID-19

Implemented cost reduction, such as shuttle service and other operating reductions, resulting in cost savings of \$2.4m in FY20. These cost reductions activities will potentially provide an additional savings of \$2.3m in FY21.



Business Services

Administration

	FY18	FY19	FY20 (thru 4/30)
Beginning Cash	\$ 6,203,712	\$ 4,178,326	\$ 5,514,754
Revenue	\$ 8,885,245	\$ 14,770,656	\$ 10,752,665
Expense	\$ (10,910,631)	\$ (13,434,228)	\$ (8,658,371)
Debt Service	\$ -	\$ -	\$ -
Net Gain/(Loss)	\$ (2,025,386)	\$ 1,336,428	\$ 2,094,294
Year End Cash	\$ 4,178,326	\$ 5,514,754	\$ 7,609,048

Overview

UCF Business Services includes UCF card services, The SPOT (printing and passport services), the Skate Shop, Office Plus, the Print Shop, copier services, food services, the bookstore, and the UCF trademark and licensing program.

Impacts of COVID-19

Revenue losses of \$1.4 million, which are offset by corresponding savings of \$340,000 as a result from not providing services in FY20. Potential loss revenues of \$840,000 offset by corresponding savings of \$291,000 in FY21.

Response to COVID-19

Identified and implemented costs reductions of \$435k, reduced OPS hours to zero, hiring freezes, and other operational expense reductions.

UCFIT

IT&R

	FY18	FY19	FY20 (thru 4/30)
Beginning Cash	\$ 12,659,344.83	\$ 16,740,934.44	\$ 17,400,441.98
Revenue	\$ 30,377,566.94	\$ 37,075,977.14	\$ 32,060,080.98
Expense	\$ (26,295,977.33)	\$ (36,416,469.60)	\$ (31,669,000.52)
Debt Service	\$ -	\$ -	\$ -
Net Gain/(Loss)	\$ 4,081,589.61	\$ 659,507.54	\$ 391,080.46
Year End Cash	\$ 16,740,934.44	\$ 17,400,441.98	\$ 17,791,522.44

Overview

UCF IT is the enterprise provider of core information technology services, resources, and policies that support the academic, research, and business functions of the university and its employees and students. The unit's auxiliary functions include network services, telephony, shared services, document imaging, and retail IT sales.

Impacts of COVID-19

The Technology Product Center is projecting to breakeven and anticipating increase in TPC sales of laptops and mobile devices due to the trend toward mobile work, and telecom orders in FY21. No financial impact to Telecommunications for FY20 and FY21

Response to COVID-19

Reduced OPS staff and hours, hiring freeze, travel restrictions and possible outsourcing.

Housing & Residence Life

SDS

	FY18	FY19	FY20 (thru 4/30)
Beginning Cash	\$ 15,410,191	\$ 12,206,349	\$ 8,660,026
Revenue	\$ 30,844,090	\$ 30,285,449	\$ 30,592,230
Expense	\$ (25,267,659)	\$ (25,205,769)	\$ (18,639,822)
Debt Service	\$ (8,780,273)	\$ (8,626,004)	\$ (8,344,704)
Net Gain/(Loss)	\$ (3,203,842)	\$ (3,546,324)	\$ 3,607,704
Year End Cash	\$ 12,206,349	\$ 8,660,026	\$ 12,267,730

Overview

Housing and Residence Life provides students living in university housing with safe, well-maintained facilities and programs that are conducive to student learning and success.

Impacts of COVID-19

Revenue losses of \$4.8m in FY20 due to lost spring and summer rent revenues, as well as, summer conferences.

Anticipating \$2.5m in revenue losses in FY21 due to lost summer rent revenue, conferences and other miscellaneous revenues.

Response to COVID-19

DHRL has generated costs savings in FY20 of \$421k in FY20. Additionally, identified potential savings of \$2.6m in FY21.

Student Health Services

Academic Health Sciences Center

	FY18	FY19	FY20 (thru 4/30)
Beginning Cash	\$ 13,853,458.08	\$ 14,841,748.08	\$ 15,694,870.22
Revenue	\$ 21,861,677.90	\$ 21,854,066.95	\$ 20,970,656.29
Expense	\$ (20,873,387.90)	\$ (21,000,944.81)	\$ (21,333,951.86)
Debt Service	\$ -	\$ -	\$ -
Net Gain/(Loss)	\$ 988,290.00	\$ 853,122.14	\$ (363,295.57)
Year End Cash	\$ 14,841,748.08	\$ 15,694,870.22	\$ 15,331,574.65

Overview

Student Health Services provides a variety of primary and specialty care services to students and employees. The operation is primarily funded from health fees charged to students, with additional revenues from ancillary services such as x-rays, laboratory services, prescriptions, and specialty visits.

Impacts of COVID-19

Student Health Services (SHS) is estimating a \$1.4m shortfall in sales in FY20. SHS is expecting a similar or worse impact in FY21 if there is a decrease in credit hours or delayed campus opening. Counseling and Psychological Services continues to provide services remotely.

Response to COVID-19

Costs savings by both SHS and CAPS from hiring and travel freeze. Additionally, SHS has managed the hours of 82 OPS staff members.

Distance Learning

Center for Distributed Learning

	FY18	FY19	FY20 (thru 4/30)
Beginning Cash	\$ 11,534,315.98	\$ 10,120,669.84	\$ 8,932,097.13
Revenue	\$ 8,594,053.99	\$ 9,623,872.71	\$ 8,442,941.46
Expense	\$ (10,007,700.13)	\$ (10,812,445.42)	\$ (8,162,428.85)
Debt Service	\$ -	\$ -	\$ -
Net Gain/(Loss)	\$ (1,413,646.14)	\$ (1,188,572.71)	\$ 280,512.61
Year End Cash	\$ 10,120,669.84	\$ 8,932,097.13	\$ 9,212,609.74

Overview

The Division of Digital Learning provides faculty training, support services, and resources in the delivery of online courses, in addition to support services and resources for online students. The use of these funds is restricted to the development and delivery of distance learning courses.

Impacts of COVID-19

DDL is not seeing a direct impact to revenue for FY20 based on university projections in summer SCH. However, due to direct support provided for online teaching and learning, DDL costs were increased.

Response to COVID-19

Planned costs savings through travel restrictions, purchasing restrictions, non-essential hiring restrictions, negotiation of vendor pricing and no-cost uplifts on multi-year contracts where applicable.



Energy Management & Sustainability

Administration

	FY18	FY19	FY20 (thru 4/30)
Beginning Cash	\$ 1,207,701.83	\$ 3,536,691.39	\$ (656,369.29)
Revenue	\$ 32,398,799.21	\$ 31,260,326.48	\$ 35,050,076.88
Expense	\$ (30,069,809.65)	\$ (35,453,387.16)	\$ (31,890,505.94)
Debt Service	\$ -	\$ -	\$ -
Net Gain/(Loss)	\$ 2,328,989.56	\$ (4,193,060.68)	\$ 3,159,570.94
Year End Cash	\$ 3,536,691.39	\$ (656,369.29)	\$ 2,503,201.65

Overview

UCF Energy Management and Sustainability is in charge of providing the utilities to the university and strengthening the university's ability to secure reliable, affordable, and sustainable energy.

Impacts of COVID-19

None stated

Response to COVID-19

Electric cost reduction due to setting higher temperatures in buildings.

Administrative Auxiliaries

Finance

	FY18	FY19	FY20 (thru 4/30)
Beginning Cash	\$ 9,820,200.65	\$ 27,624,863.30	\$ (34,918,765.24)
Revenue	\$ 61,756,002.28	\$ 22,825,697.56	\$ 18,761,368.43
Expense	\$ (43,951,339.63)	\$ (85,369,326.10)	\$ (21,831,913.72)
Debt Service	\$ -	\$ -	\$ -
Net Gain/(Loss)	\$ 17,804,662.65	\$ (62,543,628.54)	\$ (3,070,545.29)
Year End Cash	\$ 27,624,863.30	\$ (34,918,765.24)	\$ (37,989,310.53)

Overview

This activity primarily consists of auxiliary investments, central services funded from auxiliary overhead revenue, the university composite fringe benefit pool, late payment fees from students, and the athletic sponsorship program. Additionally, internal loans are included in these auxiliaries, causing the negative FY19 year-end cash.

Impacts of COVID-19

The Building Code Office who has seen a substantial reduction in permitted projects. Additionally, the Building Code Office is estimating a 15% reduction in permit fee revenue in FY21. The UCF Alumni Center experienced approximately \$106k in losses.

Response to COVID-19

Hiring freezes, reduced subscription fees, and elimination of non-essential expenses.



Internal Loans



Internal Loans Recap

- In FY 19, the university restored \$84.7 million in E&G carryforward funds back to the carryforward fund account from the capital projects account.
- Restoring \$84.7 million to carryforward caused a deficit in the capital projects account by that amount.
- An additional \$7.3 million in capital project cost overruns recognized and added to the \$84.7 million deficit, with a total deficit of \$92 million in capital projects.
- \$52.3 million in non-E&G unrestricted auxiliary funds transferred to the capital projects account
 - \$39.7 million internal loan established to support the remaining deficit; collateralized against non-E&G unrestricted auxiliary funds sitting in the bank
- In FY 20, the university anticipated an additional \$21.3 million in final invoices related to existing capital projects. Therefore, a second internal loan was established for this amount.
- Total amount of \$61 million in internal loans established to support the deficit.
- In FY 20, the university determined that \$17.3 million in E&G carryforward funds originally used to support furniture, fixtures, and equipment for the Downtown Academic Building needed to be restored back to the carryforward fund.
 - \$5 million of the \$17.3 million has been restored to the carryforward fund
 - The remaining \$12.3 million is expected to be restored within the next two years
- Total obligation to support the deficit AND to restore E&G carryforward funds is \$78.3 million.

Internal Loans Payback Schedule

	Year 1		Year 1	Year 2	Year 3
	Original Schedule 2020		Revised Schedule 2020	FISCAL 2021	FISCAL 2022
UNIVERSITY RESOURCES INTERNAL LOANS					
1 Beginning Balance	\$ 39,716,298		\$ 39,716,298	\$ 47,061,296	\$ 44,039,935
2 Second Internal Loan Established	21,360,231		21,360,231	-	-
3 Restoration of E&G carryforward funds for furniture, fixtures, and equipment/Downtown Academic Building	5,000,000		5,000,000	7,328,639	5,000,000
4 Less: Return of internal loan overfunding of Downtown Academic Building	(5,132,316)		(5,132,316)		
5 Less: Cost Savings Realized from Capital Projects			(3,532,917)		
6 Estimated non-E&G interest earnings	(2,500,000)		(2,500,000)	(2,500,000)	(2,500,000)
7 Estimated auxiliary contribution (1.5% auxiliary OH)	(1,250,000)		(1,250,000)	(1,250,000)	(1,250,000)
8 Estimated auxiliary late fees	(1,500,000)		(1,500,000)	(1,500,000)	(1,500,000)
9 Additional research overhead (E&G fund exchange)	(3,350,000)		(3,350,000)	(3,350,000)	(264,076)
10 Estimated research overhead for Research I & CREOL expansion (3% research OH)	(600,000)		(600,000)	(600,000)	(600,000)
11 Additional research overhead for Research I & CREOL expansion (E&G fund exchange)	(1,150,000)		(1,150,000)	(1,150,000)	
12 Ending Balance	\$ 50,594,213		\$ 47,061,296	\$ 44,039,935	\$ 42,925,859



UCF

Recognized Receipts as of May 2020

Year 1	Year 1	Year 1
Reimbursements	Receipts	Pending

UNIVERSITY RESOURCES INTERNAL LOANS

Estimated non-E&G interest earnings	(2,500,000)	2,500,000	-
Estimated auxiliary contribution	(1,250,000)	944,218	(305,782)
Estimated auxiliary late fees	(1,500,000)	1,500,000	-
Additional research overhead	(3,350,000)	3,350,000	-
Estimated research overhead for Research I & CREOL expansion	(600,000)	301,791	(298,209)
Additional research overhead for Research I & CREOL expansion	(1,150,000)	1,150,000	-
Total for FY 20	\$ (10,350,000)	\$ 9,746,009	\$ (603,991)

Internal Loans Dashboard

Current Unrestricted Cash Balance

\$62,193,553

Sum Total Amt

Current Auxiliary Loan Balance

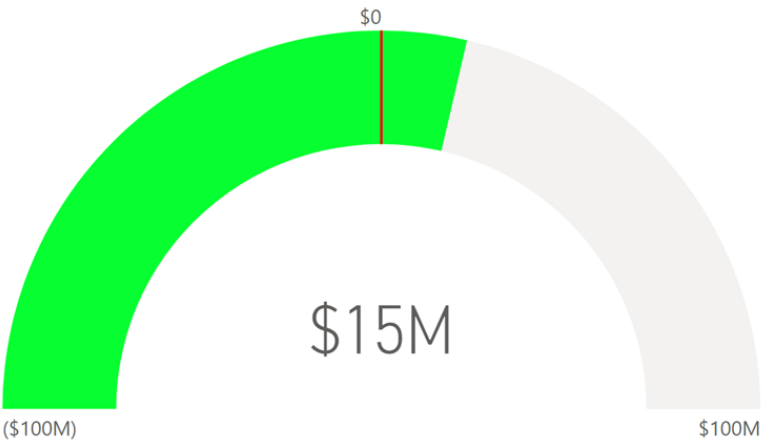
\$47,665,286

AUX Loan Amount

Unrestricted Cash in Excess of
Collateral

\$14,528,266

Unrestricted Cash in Excess of
Collateral



5/18/2020

Last Refresh Date

Direct Support Organizations



DSO Summary

Direct Support Organizations Financial Summary

		UCF Foundation	UCF Research Foundation	UCF Convocation Corporation	UCF Athletics Association	UCF Stadium Corporation	UCF Finance Corporation	Limbitless Solutions, Inc.	UCF Academic Health	Central Florida Clinical Practice Organization
FY 2019	Revenue	\$ 30,571,060	\$ 11,925,000	\$ 33,255,286	\$ 59,419,935	\$ 4,614,864	\$ 4,005,235	\$ 562,306	\$ -	\$ 7,262,469
	Expense	(25,373,348)	(11,708,201)	(19,630,990)	(60,171,165)	(778,757)	(16,595)	(127,807)	-	(10,846,437)
	Debt Service	(2,786,786)	-	(14,424,555)	(778,617)	(3,871,587)	(3,988,640)	-	-	-
	Net Gain/(Loss)	2,410,926	216,799	(800,259)	(1,529,847)	(35,480)	-	434,499	-	(3,583,968)
	Year End Cash ¹	\$ 8,472,573	\$ 12,634,664	\$ 4,106,194	\$ 161,536	\$ 2,093,816	\$ 1,967,559	\$ 190,518	\$ -	\$ 3,925,770
7/1/2020 thru 3/31/2020	Q3 Revenue	\$ 21,434,319	\$ 10,138,947	\$ 26,006,499	\$ 48,370,401	\$ 2,824,861	\$ 14,203,619	\$ 418,504	\$ 202,052	\$ 5,770,475
	Q3 Expense	(17,686,200)	(9,889,853)	(11,977,306)	(50,054,345)	419,993	(7,017,224)	(386,978)	(83,344)	(7,585,418)
	Q3 Debt Service	(1,888,931)	-	(10,964,387)	(546,594)	(3,625,888)	(6,961,559)	-	-	-
	Q3 Net Gain/(Loss)	1,859,188	249,094	3,064,806	(2,230,538)	(381,034)	224,836	31,526	118,708	(1,814,943)
FY 2020 Projections	Q4 Estimated Revenue	5,494,431	3,229,649	1,434,971	13,127,593	810,842	1,500,376	50,496	79,214	916,731
	Q4 Estimated Expense	(5,855,565)	(3,213,445)	(3,207,990)	(8,925,854)	(424,696)	(376)	(33,522)	(20,219)	(463,819)
	Q4 Estimated Debt Service	(1,191,147)	-	(3,087,459)	(828,378)	(5,112)	(1,500,000)	-	-	-
	Q4 Estimated Net Gain/(Loss)	(1,552,281)	16,204	(4,860,478)	3,373,361	381,034	-	16,974	58,995	452,912
	FY20 Estimated Revenue	26,928,750	13,368,596	27,441,470	61,497,994	3,635,703	15,703,995	469,000	281,266	6,687,206
	FY20 Estimated Expense	(23,541,765)	(13,103,298)	(15,185,296)	(58,980,199)	(4,703)	(7,017,600)	(420,500)	(103,563)	(8,049,237)
	FY20 Estimated Debt Service	(3,080,078)	-	(14,051,846)	(1,374,972)	(3,631,000)	(8,461,559)	-	-	-
	FY20 Estimated Net Gain/(Loss)	306,907	265,298	(1,795,672)	1,142,823	-	224,836	48,500	177,703	(1,362,031)
	Estimated Year End Cash ¹	\$ 8,779,480	\$ 12,899,962	\$ 2,310,522	\$ 1,304,359	\$ 2,093,816	\$ 2,192,395	\$ 239,018	\$ 177,703	\$ 2,563,739
	Estimated Revenue	\$ 29,771,300	\$ 11,925,000	\$ 24,636,327	\$ 67,466,247	\$ 3,973,709	\$ 7,466,896	\$ 480,000	\$ 1,164,779	\$ 6,837,356
FY 2021 Proposed Budget	Estimated Expense	(25,925,262)	(11,708,201)	(13,782,995)	(59,488,052)	(350,103)	(18,100)	(251,869)	(1,342,482)	(6,837,356)
	Estimated Debt Service	(4,080,078)	-	(14,067,140)	(2,834,440)	(3,623,606)	(7,538,796)	-	-	-
	Estimated Net Gain/(Loss)	(234,040)	216,799	(3,213,808)	5,143,755	-	(90,000)	228,131	(177,703)	-
	Estimated Year End Cash ^{1,2}	\$ 8,545,440	\$ 13,116,761	\$ (903,286)	\$ 6,448,114	\$ 2,093,816	\$ 2,102,395	\$ 467,149	\$ -	\$ 2,563,739

¹ Includes funds held by University on behalf of the DSOs and any funds available for current operations in trustee accounts. Excludes R&R reserves.

² UCF Athletics uses a \$5 million line of credit to manage cash flows needs at certain times of the year.

Summary

- Education & General Funds - at this point in time, tuition looks stable, we're closely monitoring; we're monitoring state revenue and planning at all levels
- Local Funds - looks stable, we're monitoring enrollment, Bright Futures
- Contracts & Grants Funds - trying to continue to grow research to increase OH funding
- Auxiliary Funds - Sales-driven auxiliaries at risk and **all auxiliaries require closer monitoring**
- Direct Support Organization Funds - Good oversight, with **some DSOs' financial position at risk**

Thank you.



Budget Redesign Initiative

Board Update

May 21, 2020

Mike Johnson, Interim Provost

Joe Trubacz, Interim CFO

Paul Jarley, Dean of the College of Business

Kristie Harris, Associate Vice President

Huron Consulting Group



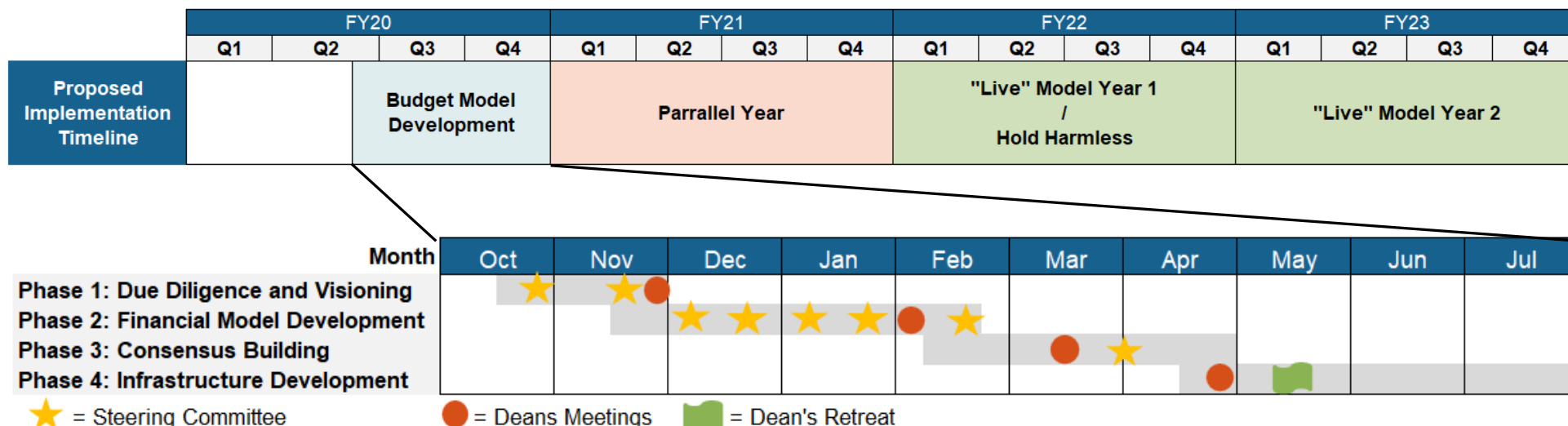
Understanding the New Budget Model

The new budget model provides transparent and clear financial information to empower university leadership to engage in meaningful conversations and enhance overall fiscal accountability. The model hopes to bring transformational change that, over time, will impact university culture and the way business is conducted.

Deans	Vice Presidents	Senior Leadership	Board of Trustees
<ul style="list-style-type: none"> Understands complete revenue generation and expense picture for own college, other colleges, and administrative support units Identifies opportunities to improve departmental financial margins, and balance educational and economic considerations Creates opportunities to partner with central support units to increase efficiency and quality of central services 	<ul style="list-style-type: none"> Helps identify and halt low-value activities and replace them with high-value results Pushes business process redesign with a focus on enhanced service delivery Creates a customer service mentality as recipients explicitly become customers; prompts discussions around needs and strategy for service delivery 	<ul style="list-style-type: none"> Manages finances of colleges and central support areas, supporting revenue growth, increased efficiencies, and priorities Improves financial oversight, including budget vs. actuals, the use of carry-forward and reserve funds, and planning Creates a pool of available resources to invest in strategically identified areas 	<ul style="list-style-type: none"> Helps provide transparency: all revenues and spending in the full breadth of activities occurring across the enterprise Provides insights in spending on colleges and central support areas and alignment with strategic priorities Permits clarity about soundness of financial practices, including budget vs. actuals, and the use of carry-forward and reserve funds

Budget Model Redesign Timeline

The Budget Model Redesign initiative was launched Fall 2019 at the request of Interim President Seymour. Dr. Paul Jarley and Kristie Harris have co-chaired the project, with sponsorship from Interim Provost Johnson and Interim CFO Trubacz, with support from Huron.



Learnings from the Budget Redesign Process

- This budget structure is designed to give transparency as to how money is spent – this helps (1) stakeholders understand our financial choices and (2) management make informed decisions about strategic and operational investments
- The new budget model structure permits strategic and operational decisions but does not in itself cause such decisions to happen—that is the role of leadership
- The Deans support this model—it puts the academic enterprise and student success first; this upends UCF's traditional view
- This framework is a necessary but not sufficient condition for success— it needs to be complemented by an effective ERP system, reasonable benchmarking, and a leadership team that will take accountability for it.

Benefits of the Budget Process Redesign Framework

The budget process redesign framework allows financial resources to more freely flow based on unit-activity levels compared to historical incremental budgeting practices.

FY19 Model Pro-forma														
Operating Units														
Funds														
Direct and Allocated Revenues														
Direct Expenses														
Central Support Unit Allocations														
Central Funding Mechanism														
MARGIN POST SUBVENTION DISTRIBUTION														
Academic Unit Total														
Academic Units														
Self-Supporting Units														
Total Revenue Units														
Central Units														
University Total														
1	Operating Units													
2	Undergraduate Tuition													
3	Graduate Tuition													
4	Other Tuition													
5	Scholarships, Fellowships, and Student Financial Aid													
6	Grants													
7	Net Tuition													
8	Other Fees													
9	BSA Appropriation													
10	Grants and Contracts													
11	Indirect Cost Recovery Revenue													
12	Auxiliary Revenue													
13	Investment Revenue													
14	Other Revenue													
15	Revenue Adjustments													
16	TOTAL REVENUE													
17	Direct Expenses													
18	Salary, Wages, and Benefits													
19	Supplies and Services													
20	Repairs and Maintenance													
21	Utilities													
22	Rent													
23	Post Service													
24	Equipment and Equipment													
25	Insurance													
26	Travel													
27	Information Expenses													
28	Other Expenses													
29	Indirect Cost Recovery Expenses													
30	Expense Adjustments													
31	TOTAL EXPENSES													
32	DIRECT MARGIN EXPENSE TRANSFER													
33	Transfers Revenue													
34	Transfers Expense													
35	TOTAL TRANSFERS													
36	DIRECT MARGIN AFTER TRANSFERS													
37	Direct Margins as a Percent of Total Revenues													
38	Central Support Unit Allocation													
39	Academic Affairs													
40	Academic Support													
41	Administration													
42	Communications and Marketing													
43	Facilities													
44	Finance													
45	Government Relations													
46	Human Resources													
47	Information Technologies & Services													
48	Office of Planning													
49	President													
50	Provost													
51	Student Affairs													
52	Student Development & Enrollment Services													
53	University Development													
54	University Counsel													
55	Self-Supporting Central Charge													
56	Total Central Support Allocations													
57	TOTAL MARGIN POST C&U ALLOCATIONS													
58	Subsidy (after Post-C&U)													
59	Subsidy (after Subvention)													
60	Strategy / Funding													
61	Net Impact of University Investment													
62	MARGIN POST SUBVENTION DISTRIBUTION													

Component		Benefit(s)
1	Operating Units	<ul style="list-style-type: none"> Creates transparency into the financial performance and expectations of the different units across campus
2	Funds	<ul style="list-style-type: none"> Helps understand full resource envelope available at unit budgetary disposal
3	Direct/Allocated Revenues	<ul style="list-style-type: none"> Promotes transparency in university-wide funds flow Allows dollars to flow to the revenue generating areas of campus before central administration Aligns resource allocation with performance funding metrics to help achieve preeminence
4	Direct Expenses	<ul style="list-style-type: none"> Provides continuity of previous reporting Expands to show restricted expenses and not just E&G
5	Central Support Unit Allocations	<ul style="list-style-type: none"> Provides transparency into central support unit expenses to help ensure services are meeting their desired level of service
6	Central Funding Mechanism	<ul style="list-style-type: none"> Provides discipline on the need to identify resources for strategic investment compared to year-end cobbling of limited resources

Understanding the New Model: A College's Viewpoint

Using the College of Business Administration as an example in FY19, the discussed model recognizes transparency in the revenue generated by the College and indirect costs of central support units.

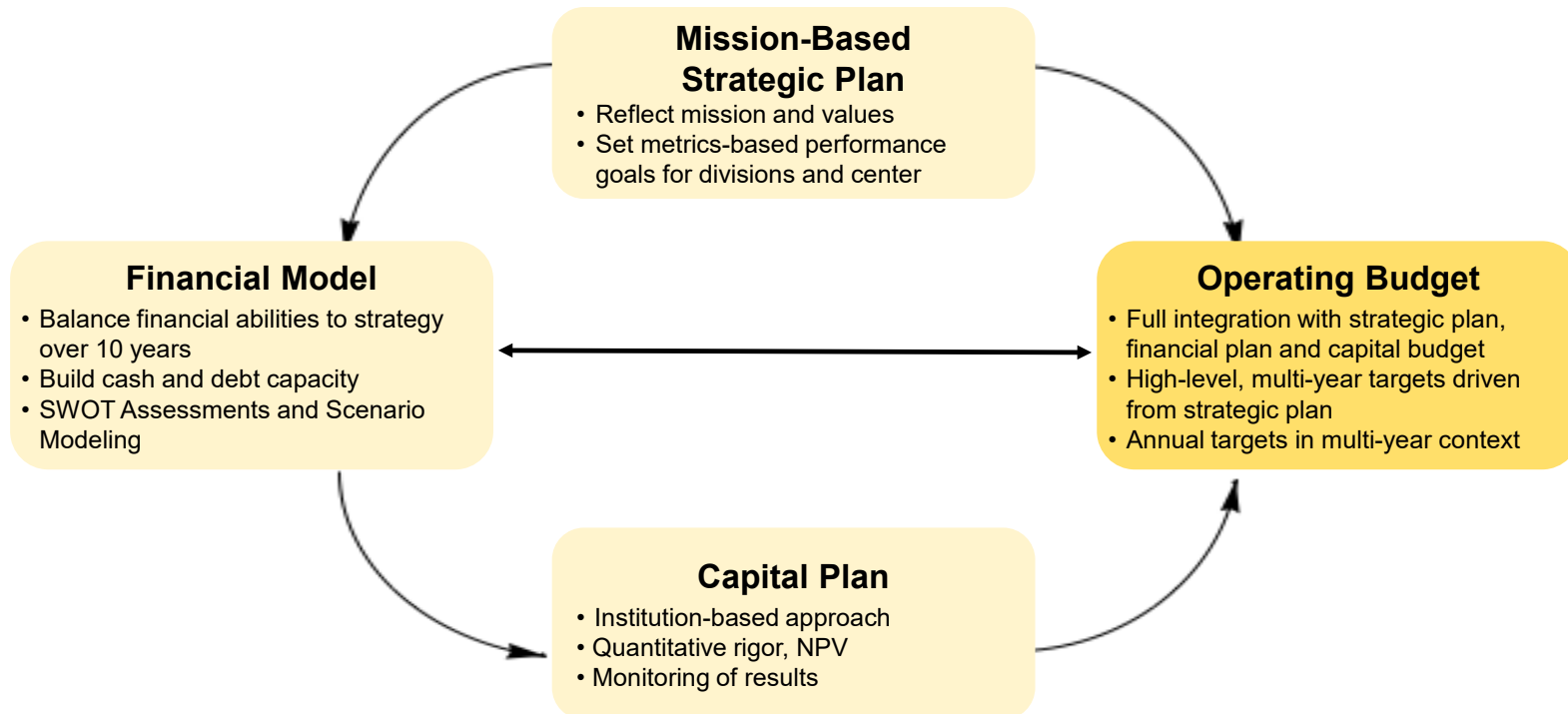
Component	Current Model	Proposed Model
Total Revenues	\$6.0 MM	\$74.3 MM
Direct Expenses	(\$37.9 MM)	(\$37.9 MM)
Direct Margin	(\$31.9 MM)	\$36.4 MM
Central Support Unit Allocations (e.g. Finance, HR, IT, etc.)	<i>(paid centrally)</i>	(\$25.6 MM)
Net University Contribution	(N/A)	(\$10.8 MM)
Margin Post Central Support & University Contribution	N/A	\$0

Implementation Considerations

The budget model redesign is the first step in a journey to build out a robust institutional financial management framework. The following set of considerations remains top of mind for continued financial systematic progress:

- Implement **effective** budget model **governance**
- Provide ongoing **education and communication** regarding the new budget model
- **Review historical spending levels** for administrative and academic units
- Identify opportunities to **increase revenues** (research, change in student mix, etc.), **reduce expenses** (duplicative expense, reallocations, etc.), and **enhance service delivery**
- **Leverage technology** to **increase data accuracy and availability** across campus (ERP)
- **Integrate budgeting** into the larger financial context (e.g. scenario planning, balance sheet, cash flows, etc.)

Looking at the Broader Picture: Financial Management Framework



Enhancing UCF's Financial Strategy

The new budget model serves as a critical foundation to support investment prioritization discussions.

Auxiliary Sustainability

Academic
Operational
Excellence

Administrative
Operational
Excellence

Management
Enablement Tools

Balance Sheet
Leveraging

FY19 Model Pro-forma										Academic Units		Self-Responsible		Non-Revenue Items		Central Units		University Totals	
	College of Arts & Humanities	College of Business Administration	College of Community Innovation & Education	College of Engineering & Computer Science	College of Health Professions and Sciences	College of Medicine	College of Sciences	College of Social Sciences	College of Veterinary Medicine	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
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Next Steps

The new model is nearing completion but will not be used for budgeting for FY21 during which it will run in parallel while being refined. Several key steps remain:

- Determine and socialize governance structure, roles, and responsibilities
- Deploy educational outreach for campus community including campus forums, departmental meetings, faculty senate, etc.
- Review and update budget process development to provide appropriate level of detail for financial forecasts and model alignment
- Identify opportunities for central support unit/administrative unit benchmarking and budget setting before hold-harmless year commences

Thank you.



Emerging Issues: ERP

Board of Trustees - May 21, 2020



Business Case for ERP

The Why & Why Now

Why?

TRANSPARENCY

We need to arm staff with data, allow for financial transparency, and hold our people accountable.

MODERNIZATION

Our systems are unsupported, disparate, and duplicative. They don't meet current and future needs of UCF.

PROCESS IMPROVEMENT

We need to move away from paper and inefficient processes. Staff should focus on activities that align with our mission.

Why now?

OPTIMAL TIMING

UCF has a need to move into more data-driven culture; external forces such as COVID-19 force UCF to change or be left behind.

FUTURE INVESTMENT

Shifting away from unsupported technology (i.e. Peoplesoft) and moving to modernized systems will allow UCF to prepare for growth and innovation.

CAMPUS ENGAGEMENT

Campus community has demonstrated strong participation and readiness for undergoing significant change needed.

LEADERSHIP SUPPORT

Executive and senior leadership recognizes the importance of undertaking this effort and has invested into moving ahead thoughtfully and strategically.

Business Case for ERP

Scope of Current State Analysis

Workshops

110

Core Workshops

5

Voice of the Campus
Sessions

6

Workstreams
(FIN, HCM, Reporting,
Student, Technical,
Communications)

356

Attendees

11

Weeks

Technical Scope

225

Applications
Identified

179

ERP Impacted
Applications

70

Replacement
Candidates

183

Interfaces
Identified

75

Conversion
Areas

1213

Current Reports



Business Case for ERP

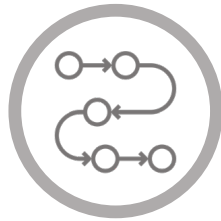
Our Current Landscape



Data-Driven Culture

Time spent on **data collection** is so great, there is **little time left for analysis**.

Robust analytics tools and training are needed to support a **focus on data analysis** and better decision-making.



Business Process

Manual and disparate processes across the university create **inefficiencies** and a lack of consistency.

There is a strong desire to develop **standard policies** and adhere to **best practices**.



Technology

Units have purchased or **custom-developed their own tools** due to a rapid need for technology.

There is a **redundancy** across tools, inflated spend, and inefficiencies that arise from lacking a **common toolset**.

Modernization is needed.



Single Source of Truth

Today's disparate systems and **lack of data governance** make it challenging to report on data in a timely fashion, and to **trust the accuracy** of the data.

A **single source of truth** with clear **Master Data Management** is critical for providing better service.



Chart of Accounts

The current Chart of Accounts structure does not **support all reporting needs** and is not shared by all UCF organizations, creating **reporting inefficiencies** and a lack of visibility.

Common chart of accounts is critical across all direct service organizations.



Governance

A lack of organization-wide oversight and accountability have resulted in **departmental autonomy**.

There is a need to shift to a **"university first"** mindset.

Business Case for ERP

Not Just a New Engine

The implementation of a modern ERP will focus on **people**, **process**, and **technology**. We will **transform** the way UCF does business.

Limit manual processes,
follow best practices

Refine enterprise-wide
policies and procedures

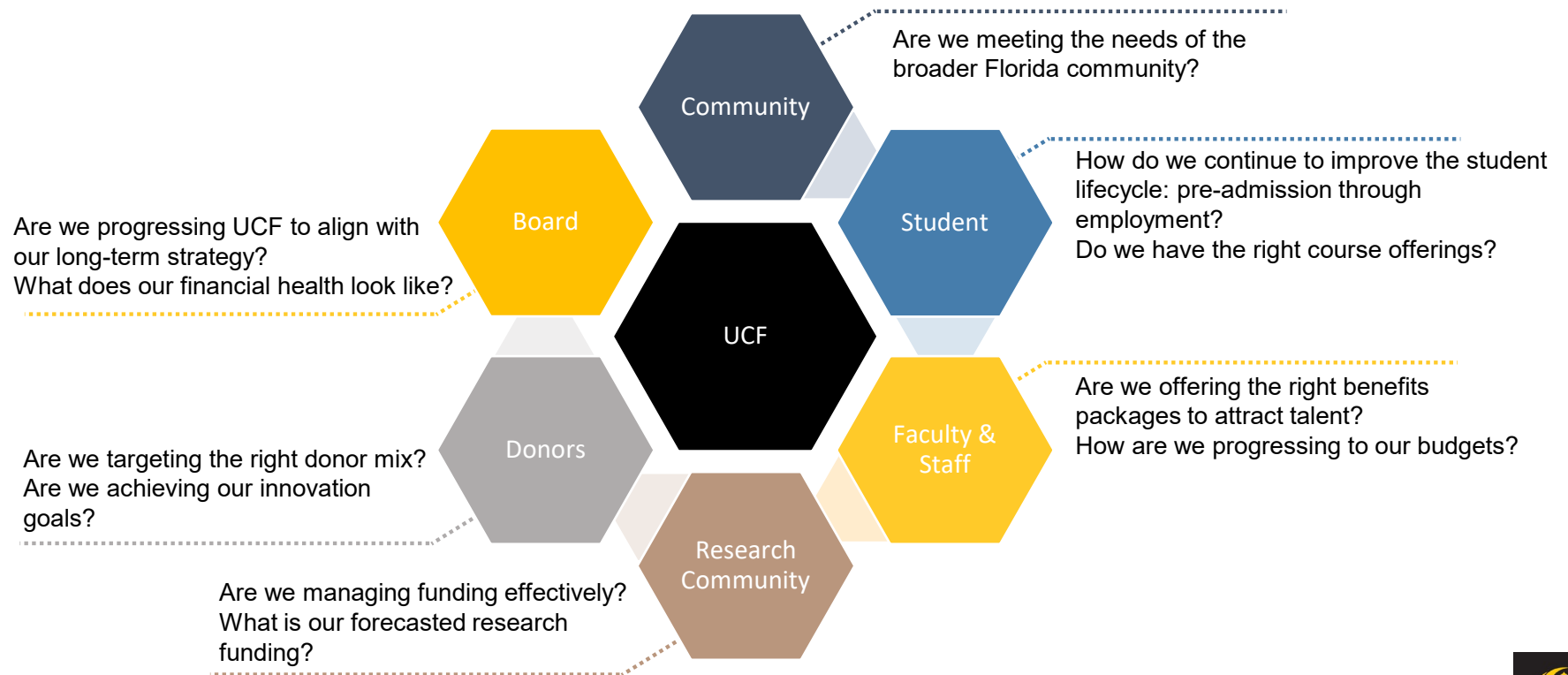
Use modern tools,
consolidate tools

Establish data
governance

Improve adherence to
compliance rules

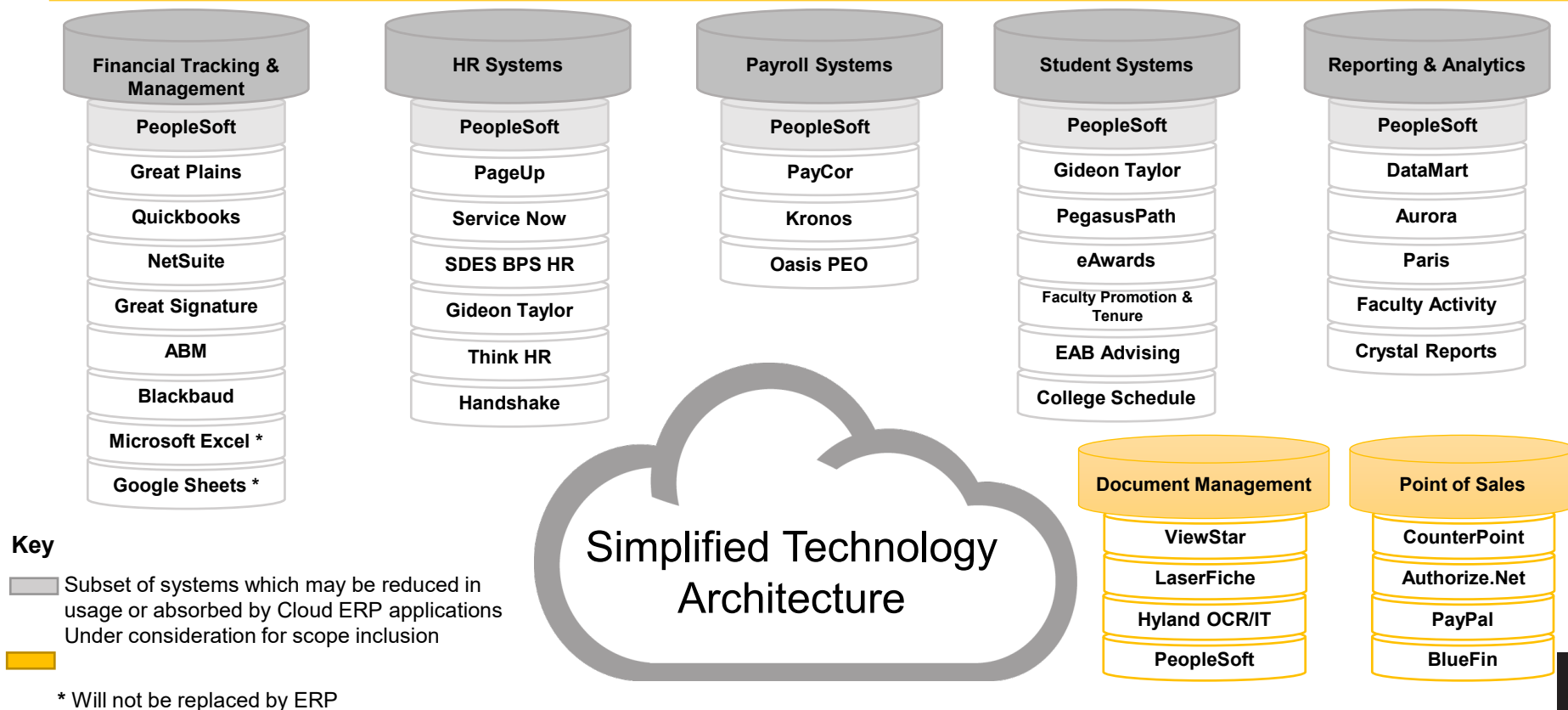
Business Case for ERP

Answering Our Critical Questions



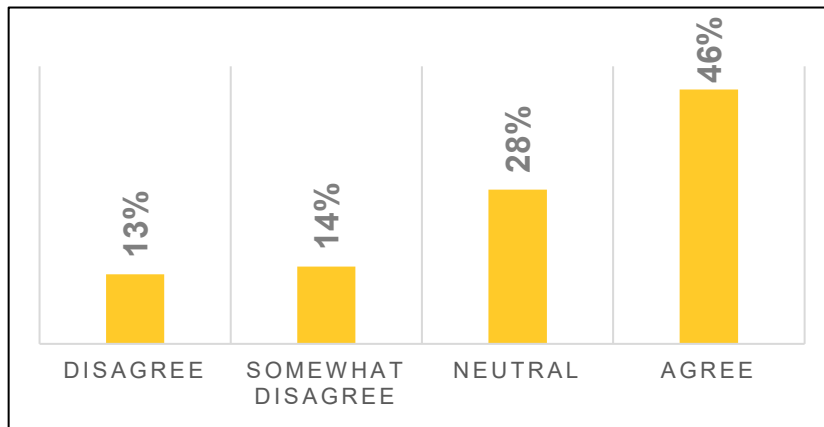
Business Case for ERP

Our Current Landscape (not all-inclusive)

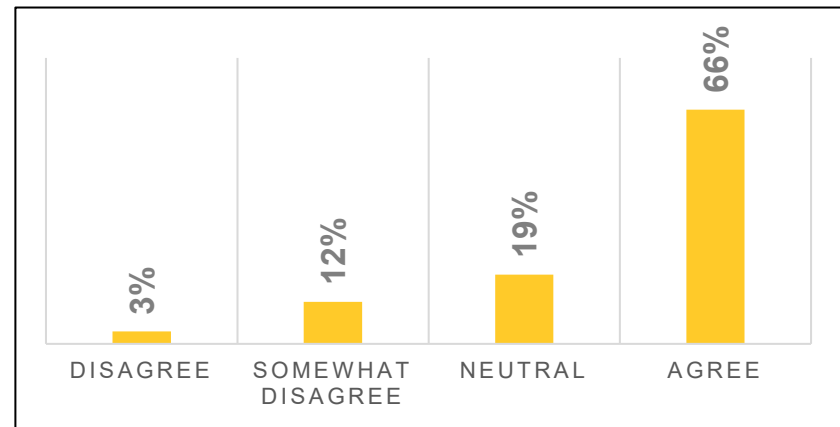


Business Case for ERP

Desire for Change



I personally believe that today there is a high probability of successfully implementing strategic change with our ERP system.

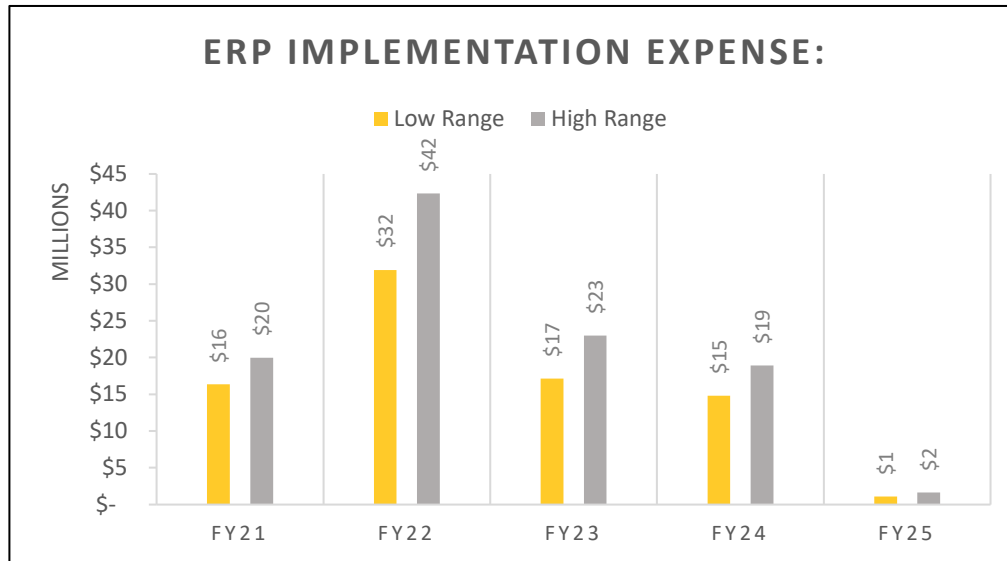
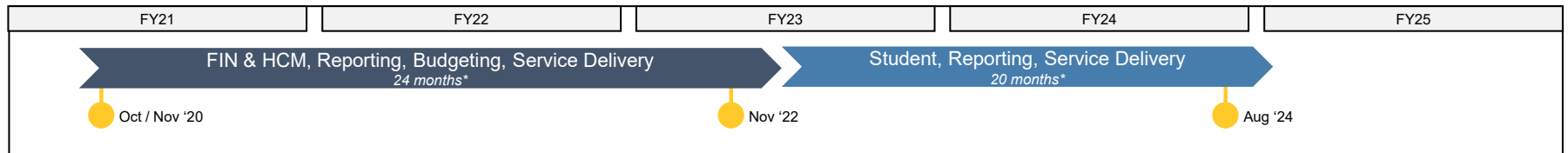


I view my peers and work colleagues as willing and able to embrace a move to the cloud.

University community strongly believes in the need for a new ERP system and willing to embrace the change.

Business Case for ERP

Financial Summary | Capital Required



IN SCOPE

- Finance (Core, Supply Chain, Research)
- Planning & Budgeting (new CoA)
- Human Capital Management
- Reporting & Analytics
- Service Delivery
- Student

COST LEVERS

- Implementation Partner Rate
- UCF Backfill %
- Contingency %

\$80 – 105M

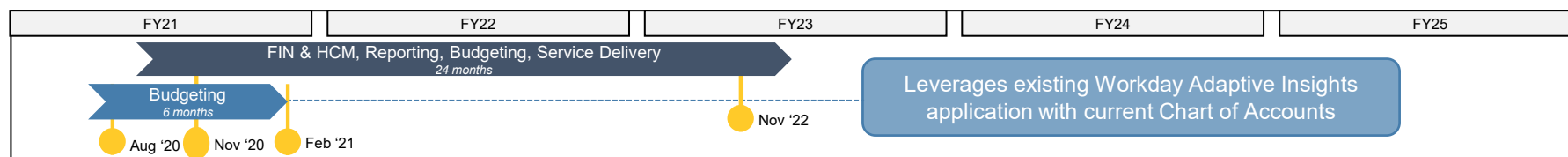
Total implementation expense across 5 years

* Immediate post go-live support not shown and included in estimate

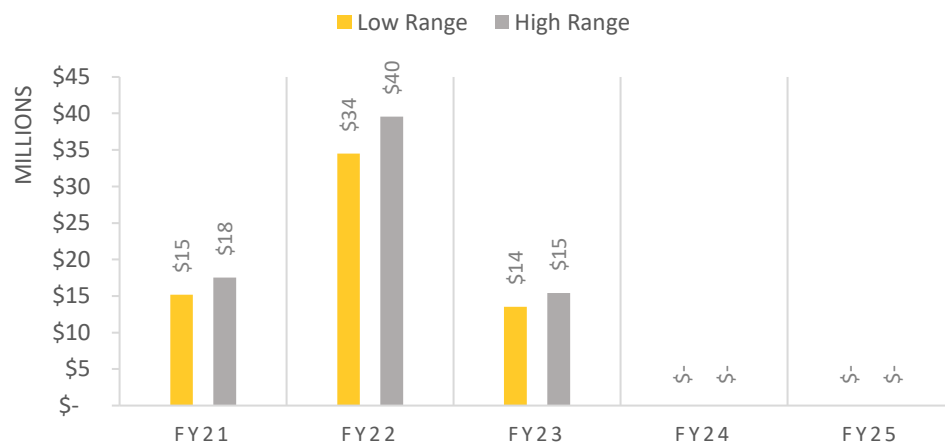
Phased Approach

Business Case for ERP

Financial Summary | Capital Required



ERP IMPLEMENTATION EXPENSE: PHASED



IN SCOPE

- Planning & Budgeting (current CoA)
- Finance (Core, Supply Chain, Research)
- Planning & Budgeting (new CoA)
- Human Capital Management
- Reporting & Analytics
- Service Delivery

OUT OF SCOPE

- Student
- 25% reduction in target business processes for Service Delivery
- 25% reduction in Data Governance scope

COST LEVERS

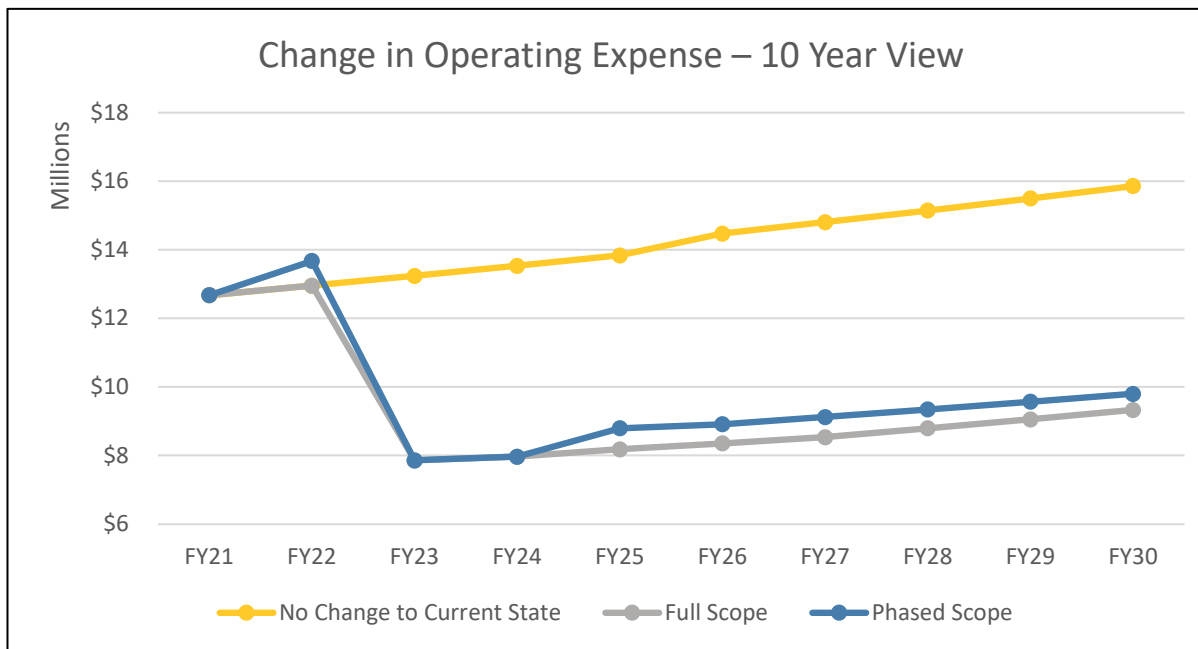
- Implementation Partner Rate
- Contingency %
- UCF Backfill %

\$63 – 73M

Total implementation expense across 5 years

Business Case for ERP

Financial Summary | Change in Operating Expense



KEY TAKEAWAYS

- Operating expenditures will reduce by ~5.4M as a result of Cloud implementation in FY23 regardless of option selected
- FY22 and FY25+ differences explained by Planning & Budgeting and Student differences

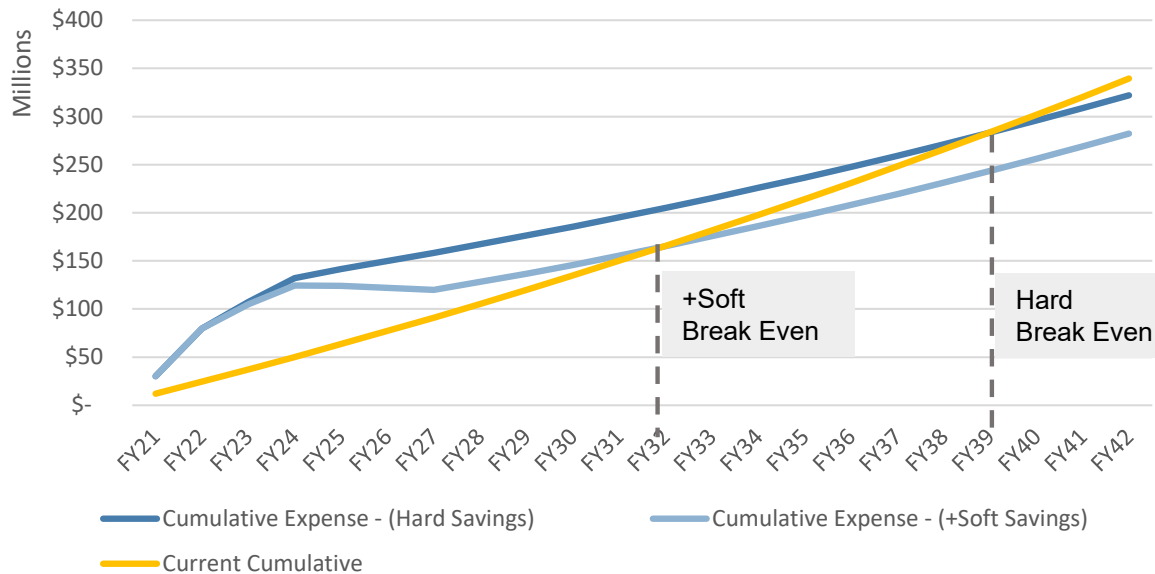
CONSIDERATIONS

- Expenses reflected are estimates and subject to change
- Hardware infrastructure will vary depending on on-premise app needs beyond FY25
- PeopleSoft Student paid for via bundle, potential negotiation may result in increased expense

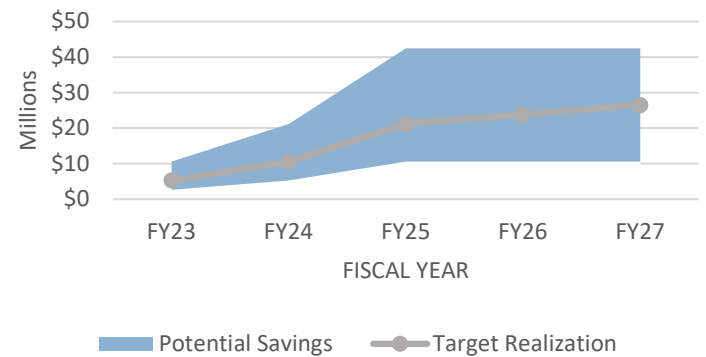
Business Case for ERP

Financial Summary | Break Even Analysis

Break Even Analysis



Potential Efficiency Realization



KEY TAKEAWAYS

- Soft break even achieved in 7 years via realization of efficiencies
- Hard break even achieved in 15 years due to reduction in operating expense
- Conservatively assumes only 20% realization of identified potential inefficiencies

Business Case for ERP

5 Year Vision



OLD WORLD

DATA COLLECTION

Time was spent downloading, translating, and formatting data across disparate systems.

MANUAL PROCESSES

100% paper timecards...100% AP invoices keyed manually...travel reimbursement in 8+ weeks...

DISJOINTED UNITS

We operated as many disjointed units, each with our own tools, processes, and policies (including several Chart of Account structures).



NEW WORLD

DATA ANALYSIS

Analytics are available at the fingertips of staff and faculty. Dashboards allow for immediate insights to support good decision-making.

INCREASED EFFICIENCY

100% electronic timecards, 90% automated invoice processing, travel reimbursements in ~2 weeks

ONE UCF

We operate as one UCF and share a common set of tools, a primary way of doing things, and a clear set of policies and procedures. We use one Chart of Accounts structure.

Business Case for ERP

Next Steps

- With feedback and concurrence from Board of Trustees and Senior Executive Leadership, move from pre-launch planning to drafting of the ITN.
- With support from Moran Consulting, complete detailed specifications for ITN to select ERP vendor and implementation partners. Initiate posting of the ITN no later than June 30.
- Confirm funding sources which may include carryforward dollars and savings from operational efficiencies. Funding plans will be submitted to the board for approval.

Discussion

