Welcome

Financial Administrator Development Program

October 15, 2015
Program Introduction

Mark P. Haas
Vice President for Finance and Treasurer
Housekeeping Issues

- Sign in every session
- Complete daily feedback surveys
- Restroom locations
- Breaks/lunch
- Website:
  - http://foresource.msu.edu/fadp/index.html
MSU Organization Chart

Board of Trustees

President

Provost and Executive Vice President for Academic Affairs

Executive Vice President for Administrative Services

Other Vice Presidents

VP for Finance and Treasurer

Executive Officers

Other Executives
Program Goals and Purpose

• MSU went from a bookkeeping system to a full financial accounting system, we are providing you with:
  • Resources, technical tools, and organizational context
  • Skills to use financial information
  • Broader institutional perspective

• Program builds on previous training, with the intention of expanding the capacity and perspective of the leaders who have financial administration responsibilities
Expand Your Horizons

- Human Resources
- Research
- Risk/Legal
- Finance/Accounting/Budget
- Personal Development
- Procurement
- Advancement
- Planning
# Financial Administrator Development Program

Another Step to Keeping MSU World-Class

<table>
<thead>
<tr>
<th>Month</th>
<th>Session 1</th>
<th>Session 2</th>
<th>Session 3</th>
<th>Session 4</th>
<th>Session 5</th>
<th>Session 6</th>
<th>Session 7</th>
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</thead>
<tbody>
<tr>
<td>Oct 2015</td>
<td>Welcome</td>
<td>Success Strategies</td>
<td>University Strategic Planning</td>
<td>Financial Aid</td>
<td>Athletics</td>
<td>Talent Management</td>
<td>Facilities Planning and Space Management</td>
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<td></td>
<td></td>
<td>Strategies / Myers Briggs</td>
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<td>Travel</td>
<td>Governmental Affairs</td>
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<td>Secchia Center</td>
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<tr>
<td></td>
<td></td>
<td>and Tax Policies / Processes</td>
<td>Financial and Tax Policies and Services</td>
<td>Services</td>
<td>Relations</td>
<td>Employee Relations</td>
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<tr>
<td>Jan 2016</td>
<td></td>
<td></td>
<td>Student Affairs and Services</td>
<td>Legal Issues and Risk Assessment</td>
<td>Facilities and Admin. Costs</td>
<td>Data Services</td>
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<tr>
<td>Feb 2016</td>
<td></td>
<td></td>
<td>Budget Administration</td>
<td>Research Outcomes</td>
<td>Research Outcomes</td>
<td>Payroll Policies</td>
<td></td>
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<tr>
<td>Apr 2016</td>
<td></td>
<td></td>
<td>IT Services</td>
<td>Clinical Research</td>
<td>University Advancement</td>
<td>Benefits and Benefit Cost Rate</td>
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<tr>
<td>May 2016</td>
<td></td>
<td></td>
<td>Risk Management</td>
<td>Financial Data Analysis cont’d</td>
<td>Working with Gift Funds</td>
<td>Accounting Orgs, Charts of Accounts, &amp; Workflow</td>
<td></td>
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<tr>
<td>June 2016</td>
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Foundation of Financial Training Programs

- Financial Administrator Development Program
- Targeted Topics in Accounting
- Accounting in EBS I
- Financial System Orientation
# MSU Financial Training Programs

<table>
<thead>
<tr>
<th>Financial Administrator Development Program</th>
<th>Targeted Topics in Accounting</th>
<th>Accounting in EBS</th>
<th>EBS Financial System Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summary</strong></td>
<td>In-depth accounting issues by topic. Several sessions offered each semester. Each session has its own enrollment. Topics change regularly and focus on today's issues.</td>
<td></td>
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<tr>
<td><strong>Length</strong></td>
<td>2-4 hours per session</td>
<td>1 day</td>
<td>Introduction to resources available to be a successful Fiscal Officer and basic information on KFS.</td>
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<tr>
<td><strong>Target Audience</strong></td>
<td>Deans, Assoc./Asst. Deans Asst. Vice Presidents Certain Faculty and Academic Staff College/MAU CFOs</td>
<td>Fiscal Officers Fiscal Officer Delegates Financial Transaction Initiators Department/Unit Accountants College/MAU CFOs</td>
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</tr>
<tr>
<td><strong>Content</strong></td>
<td>Personal Growth General MSU Info/ History Economics, Ethics Financial Analysis, Budgeting Internal Controls Policies and Procedures</td>
<td>30% EBS 70% Accounting</td>
<td>70% EBS 30% Accounting</td>
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<tr>
<td></td>
<td></td>
<td>75% EBS 25% Accounting</td>
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**EBS Financial System Orientation**
- Introduction to resources available to be a successful Fiscal Officer and basic information on KFS.
1,238 Attendees Have Completed Accounting in EBS Class

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Completed</th>
<th>Remainder</th>
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</thead>
<tbody>
<tr>
<td>Fiscal Officers</td>
<td>483</td>
<td>133</td>
<td>350</td>
</tr>
<tr>
<td>Delegates</td>
<td>316</td>
<td>191</td>
<td>125</td>
</tr>
<tr>
<td>Initiators</td>
<td>2,440</td>
<td>586</td>
<td>1,654</td>
</tr>
<tr>
<td>Nonfinancial system users and former employees</td>
<td></td>
<td></td>
<td>177</td>
</tr>
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</table>
# Schedule of Future Accounting Classes

<table>
<thead>
<tr>
<th>Date</th>
<th>Seats</th>
<th>Reserved</th>
<th>Openings</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/07/15</td>
<td>30</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>12/08/15</td>
<td>30</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>Total:</td>
<td>60</td>
<td>0</td>
<td>60</td>
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</table>
The World Has Changed

- Funding paradigm for higher education has shifted
- Educational delivery mechanism is evolving
- Public view of higher education moving
10-Year Revenues Trend – Tuition and State Appropriations

- **Tuition and Fees**
  - $324
  - $797

- **State Appropriations**
  - $0
  - $100
  - $200
  - $300
  - $400
  - $500
  - $600
  - $700
  - $800
  - $900

10-Year Revenue Trends

- Total
- Tuition and Fees
- State and Federal Grants
- State Appropriations
- Auxiliary Activities
- Private Gifts and Grants
- Departmental Income

Year Revenue Trends

$0 $200 $400 $600 $800 $1,000 $1,200 $1,400 $1,600 $1,800 $2,000 $2,200

Research Requires Institutional Support

- Direct Cost from Grant: 55%
- Indirect Cost Recovery from Grants: 30%
- Institutional Support: 15%

*Effective Averages
Growing Research Requires Growing Institutional Support

Research Expense

Average Institutional Support Projected

In Millions

$386 $409 $425 $467 $514
$0 $200 $400 $600 $800 $1,000 $1,200

$58 M

$150 M

Educational Delivery Mechanism Evolving

On Campus → Mail Order → Online Learning

Original public universities land grants from states

- University of Phoenix mass produced mail order degrees
- Many weekend “Executive” MBA programs
- University of Phoenix invested $200 million to increase online learning capability
- MSU administered approximately 143,483 virtual school credit hour classes online in FY15, which represents approximately 10.5% of the total school credit hour at MSU (this is down from FY12 levels of 162,000 virtual school credit hour classes, representing 12% of total school credit hours)
- Future? Continued need for on-campus experience, but mix changing.
Public View of Higher Education Moving

- Institutes of higher learning revered
  - Sports scandals
    - Violence on campus
    - Cheating scandals – students and teachers
  - Tuition increases faster than inflation
  - Student debt skyrockets
    - College graduates cannot get jobs
  - Questioned value of higher ed
Tougher Competition

- MSU ranked in top 100 universities in the world
- Rankings based on:
  - Education
  - Research
  - Outreach
  - Cost / Value
- Funding affects all factors
- China’s national policy is to have 50 of top 100 universities in the world in China
MSU Needs to Improve to Remain in Top 100 Universities

- Other schools working hard to move up
- Need more revenue to support research
- Competition for funding intensifying
- Need to be more productive
  - More and better output per $ spent
- Need to cut costs
Improvements Require Change and Money

- Limited revenue options
  - Tuition
  - Appropriations
  - Research grants
  - Charitable gifts
  - Debt (pay now or later)
- Require changes to improve effectiveness
Components of 2015 Revenue Resources

In Millions

- Tuition and Fees: $797
- Research Grants & Contracts: $415
- Dept. Activities, Student Loan: $243
- Interest/Fees, Federal Pell Grant: $211
- Revenue, Other Revenue: $93
- Gifts and Capital Gifts: $324
- State Appropriations: $326
- Investment Income: $211
- Auxiliary Activities (Housing, Athletics): $93

Source: 2015 MSU Annual Financial Statements and Investments and Financial Management
Total Debt Payable by Fiscal Year

*Debt Payable per AFS, including federal student loan deposits, lines of credit, lease obligations and unamortized bond premiums. Future General Revenue debt is only projected for projects that have been approved by the BOT to use debt.
Includes debt for $139M of projects the BOT has authorized to June 2015.

Actual

*Projected

Debt $1,305 M →

$66.3 M
MSU Debt and Debt Capacity
As of June 2015

Debt Capacity Grows 2% a Year

Debt Capacity (no growth)

Possible Future Debt
Near Term Planning
Approved Debt
Current
World-Class Support for World-Class University

Mission

Actions

Support

Education
Research
Outreach

Colleges
Depts.
Institutes
Centers
Etc.

HR, Etc.
Finance
IT Infrastructure
Physical Infrastructure
Changing University Requires Changing Culture

World-Class Research University Needs World-Class Support Units

- Higher expectations and accountability
- More effective service delivery
- More cost-efficient operations
- Metric driven management decisions
- Self supporting financially
- Continuous drive to get better
- Encouraging collaboration
- Looking at the impact on the institution rather than the unit
- Willingness to take calculated risks for bigger rewards
Changing World => Changing Roles
Financial Administration = T-Shaped Leaders

• Broader perspective of how actions affect university
• Better understanding of financial situation (unit & university)
• Increased use of financial information to make better informed management decisions

• Deeper knowledge of cost structures
• Clearer view of impact current processes have on overall effectiveness and cost
Multiple Approaches to Increase MSU Knowledge and Understanding

- Process review (mapping) and revision
- Project management training
- Benchmarking performance and costs
- Financial Institute Program
- Bookkeeping to accounting basics training
- Financial administrator training
- HR administrator program being developed
Sharing New Knowledge and New Reports
Help Us Make Better Decisions

• You were hand-picked to participate and represent the largest and most important units on campus
• You each bring a variety of knowledge and skills
• I expect you to teach and mentor each other (and us), as well as learn
• We will succeed together – failure is not an option
Thank you for your participation!

Mark P. Haas
Vice President for Finance
and
Treasurer

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Phone: (517) 355-5014