Welcome

Financial Administrator Development Program

October 24, 2016
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
Office of the Vice President for Finance and Treasurer

Stephen Hsu
Vice President for Research and Graduate Studies

Twila Reighley
Assistant Vice President for Research and Graduate Studies

Mark Haas
Vice President for Finance and Treasurer

Contract and Grant Administration
Dan Evon
Director

Controller
Greg Deppong
Controller

Treasury and Financial Management
Glen Klein
Director

Risk Management and Insurance
Matthew McCabe
Director

University Services
Kim Kokenakes
Director
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
- Procurement
- Advancement
- Planning
- Finance/Accounting/Budget
- Personal Development
# Financial Administrator Development Program

Another Step to Keeping MSU World-Class

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<td>Session 6</td>
<td>Session 7</td>
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<td>Welcome / University Strategic Planning</td>
<td>Communicating Institutional information</td>
<td>Registrar’s Office</td>
<td>Finding Funding, Budget Prep, Proposal</td>
<td>Research Outcomes</td>
<td>Total Compensation and Wellness</td>
<td>Facilities Planning and Space Management</td>
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<td>Success Strategies / Myers Briggs</td>
<td>Treasury, Financial Mgt and Investments</td>
<td>Student Financial Services</td>
<td>Award Process</td>
<td>Data Services</td>
<td>Talent Management</td>
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<td>Internal Controls and Ethics</td>
<td>Financial Aid</td>
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<td>Post Award Contract and Grant Admin</td>
<td>Advancing a Culture of High Performance</td>
<td>Employee Relations</td>
<td>MSU Construction</td>
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<td>Records Mgt</td>
<td>Travel</td>
<td>Facilities and Admin. Costs</td>
<td>Governmental Affairs</td>
<td>Payroll Policies</td>
<td>Know Your Niche</td>
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<td>Financial Statements and External Audits</td>
<td>Procurement Goods and Services</td>
<td>Clinical Research</td>
<td>Clinical Research</td>
<td>State Government Relations</td>
<td>Benefits and Benefit Cost Rate</td>
<td>Accounting Orgs, Charts of Accounts, &amp; Workflow</td>
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<td>Audits</td>
<td>Student Affairs and Services</td>
<td>Financial Data Analysis</td>
<td>Financial Data Analysis cont’d</td>
<td>University Advancement</td>
<td>Working with Gift Funds</td>
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<td>Legal Issues and Risk Assessment</td>
<td>KC Update</td>
<td>Athletics</td>
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<td>Risk Mgt and Ins.</td>
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<td>Admissions</td>
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<td>Budget Administration</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

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<th>Financial Administrator Development Program</th>
<th>Targeted Topics in Accounting</th>
<th>Accounting in EBS</th>
<th>EBS Financial System Orientation</th>
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<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>Using EBS to efficiently and effectively manage financial accounts at MSU</td>
<td>Introduction to resources available to be a successful Fiscal Officer and basic information on KFS.</td>
</tr>
<tr>
<td><strong>Length</strong></td>
<td>2-4 hours per session</td>
<td>1 day</td>
<td>2-3 hours</td>
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<tr>
<td><strong>Target Audience</strong></td>
<td>Deans, Assoc./Asst. Deans</td>
<td>Fiscal Officers</td>
<td>Fiscal Officers</td>
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<tr>
<td></td>
<td>Asst. Vice Presidents</td>
<td>Fiscal Officer Delegates</td>
<td>Fiscal Officer Delegates</td>
</tr>
<tr>
<td></td>
<td>Certain Faculty and Academic Staff</td>
<td>Financial Transaction Initiators</td>
<td>Financial Transaction Initiators</td>
</tr>
<tr>
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<td>College/MAU CFOs</td>
<td>Department/Unit Accountants</td>
<td>Department/Unit Accountants</td>
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<td>College/MAU CFOs</td>
<td>College/MAU CFOs</td>
</tr>
<tr>
<td><strong>Content</strong></td>
<td>30% EBS 70% Accounting</td>
<td>70% EBS 30% Accounting</td>
<td>75% EBS 25% Accounting</td>
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1,229 Attendees Have Completed Accounting in EBS Class

- Total:
  - Fiscal Officers: 505
  - Delegates: 394
  - Initiators: 2,482
  - Nonfinancial system users and former employees: 378

- Completed:
  - Fiscal Officers: 146
  - Delegates: 254
  - Initiators: 352

- Remainder:
  - Fiscal Officers: 359
  - Delegates: 140
  - Initiators: 2,130
## Schedule of Future Accounting Classes

<table>
<thead>
<tr>
<th>Date</th>
<th>Seats</th>
<th>Reserved</th>
<th>Openings</th>
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<tbody>
<tr>
<td>December 6, 2016</td>
<td>36</td>
<td>10</td>
<td>26</td>
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The World Has Changed

- Funding paradigm for higher education has shifted
- Educational delivery mechanism is evolving
- Public view of higher education moving
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: $1 B
- Average Institutional Support Projected: $300M
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
• Universities investing $100s of millions 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 and sexual assaults 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 Continuously 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 2016 Revenue Resources

In Millions

- Tuition and Fees: $830
- Research Grants & Contracts: $496
- Auxiliary Activities (Housing, Athletics): $340
- State Appropriations: $374
- Gifts and Grants: $245
- Departmental Income: $224
- Investment Income: -$103

Source: 2016 MSU Annual Financial Statements and Investments and Financial Management
Total Debt Payable by Fiscal Year

*Projections assume no change to non-General Revenue debt (including Federal Student Loan Deposits, lines of credit, lease obligations).

Future General Revenue debt is only projected for projects that have been approved by the BOT to use debt. Includes debt for $146M of projects the

Actual

Debt $1,239 M

$66.3 M
MSU Debt and Debt Capacity

As of June 2016

Debt Capacity Grows 2% a Year

Debt Capacity (no growth)

Possible Future Debt
Near Term Planning
Approved Debt
Current Debt

(actual | projection)
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/systems
- 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
- Bookkeeping to accounting basics training
- Financial administrator training
- HR administrator program being developed
- Executive Leadership Academy
Sharing New Knowledge and New Reports
Help Us Make Better Decisions

• You were hand-picked to participate and represent the 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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