



# Governance and Leadership Best Practices

**CACUBO 2011 Annual Meeting**

***Karen L. Sullivan - Sr. Assoc. VP for Budget & Financial Svcs***

# AGENDA

- University Profile
- Challenges
- Extreme Fiscal Stress
- Self-Assessment & Improvement Strategy
- The University Today
- Current Initiatives

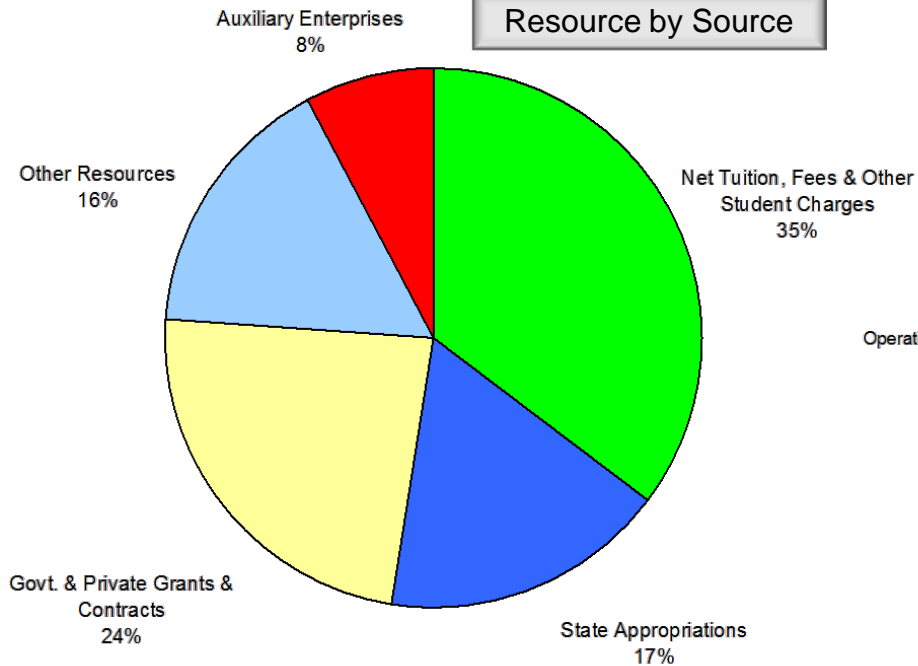
# UNIVERSITY OF CINCINNATI PROFILE

- Founded in 1819
- 13 Colleges and 1 Schools; 5 Campuses
- Projected 42,750 Total Enrollment in Fall 2011
- \$443M External Grants & Contracts *(as of 6/30/10)*
- \$1.053B Operating Budget in FY 2012
- \$1.004B Endowment *(as of 6/30/11)*

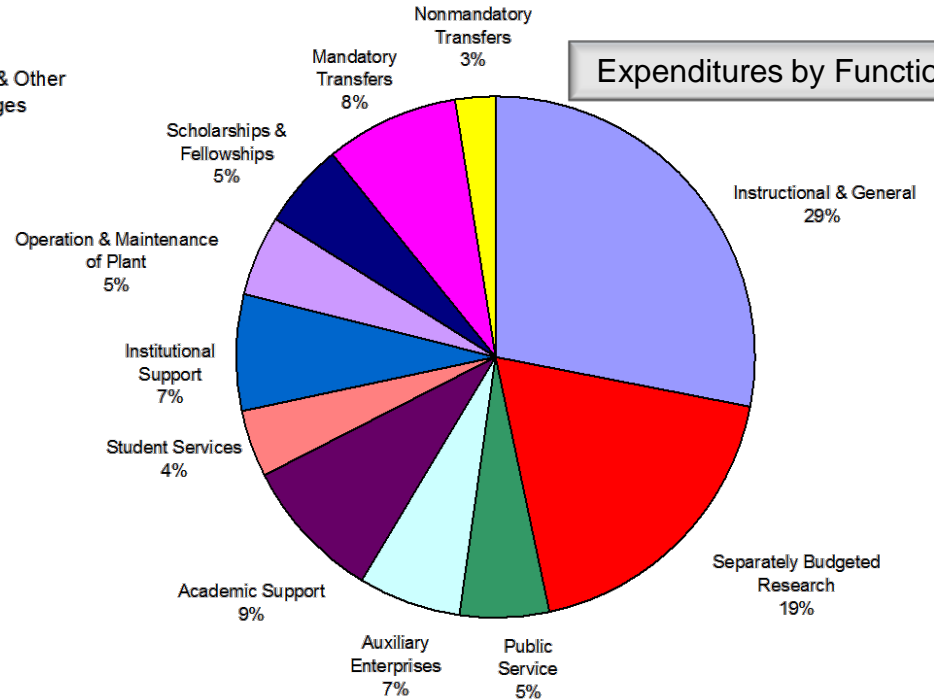


# Summary of Budgeted Resources And Expenditures – FY2012

Resource by Source



Expenditures by Function



# CHALLENGES

- Enrollment Slippage
- Declining State Support
- Weak Campus Governance
- Overspending Campus-Wide
  - Campus Master Plan
  - Lack of Policy Enforcement
- Inadequate Financial Reserves



# EXTREME FISCAL STRESS

- Negative Unrestricted Net Assets
- Operating Cash Decline
- High Debt Load
- Rating Agency Downgrades

# SELF-ASSESSMENT & IMPROVEMENT STRATEGY

## GOVERNANCE

- Reorganized Board of Trustees Committee Structure
- Established Integrated Decision-Making Process
  - Alphabet Committees (PBAC, FCC, ACC)
- Restructured Business/Administrative Divisions
- Appointed Sr. VP for Admin & Finance
- Strengthened Office of Internal Audit

# SELF-ASSESSMENT & IMPROVEMENT STRATEGY STRATEGIES & POLICIES

- UC|21 Academic Plan (7/06)
- Operating Cash Policy (11/06)
- BOT Authorized Use of Quasi-Endowment Funds (3/07)
- Implemented New Financial Policies (2/08)
- Debt Restructuring to Establish Liquidity Reserve (2/08)
- Structural Deficit Policy (11/08)
- Performance Based Budgeting BOT Rec (3/09)
- Debt Policy (9/09)
- Transparency and Accountability (*ongoing*)

# SELF-ASSESSMENT & IMPROVEMENT STRATEGY

## BUDGET & PLANNING

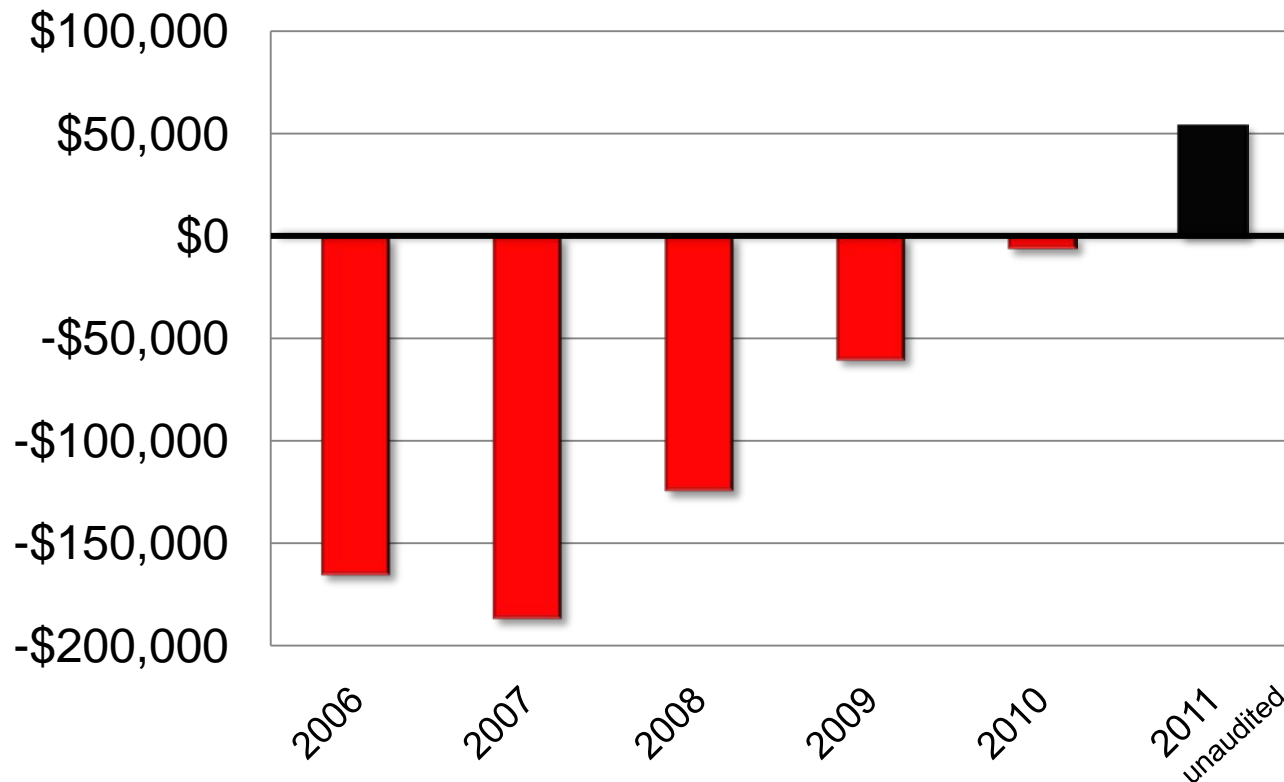
- FY 2007 Budget
  - Right-Sized Tuition Revenue
  - Right-Sized General Funds Expense Budgets
  - Took \$25 Million Budget Cut to Balance
  - Temporarily Increased Annual Endowment Distribution to Departments to Offset Cut

# THE UNIVERSITY TODAY

- Enrollment Growth – *25% since FY2002*
- Budgeting Reserves for Shortfalls
- Operating Expenses Reduced
- New Financial Policies & Processes
- Integrated Decision-Making
- Reserve Funds Growth
- Operating Cash Exceeding Target
  - Quasi-endowment funds returned (FY 2010)
- PBB Results

# Accumulated Negative Fund Balance Initiative

**Unrestricted Net Assets**  
*Dollars in Thousands*



# UNIVERSITY OF CINCINNATI

## DEBT PROFILE

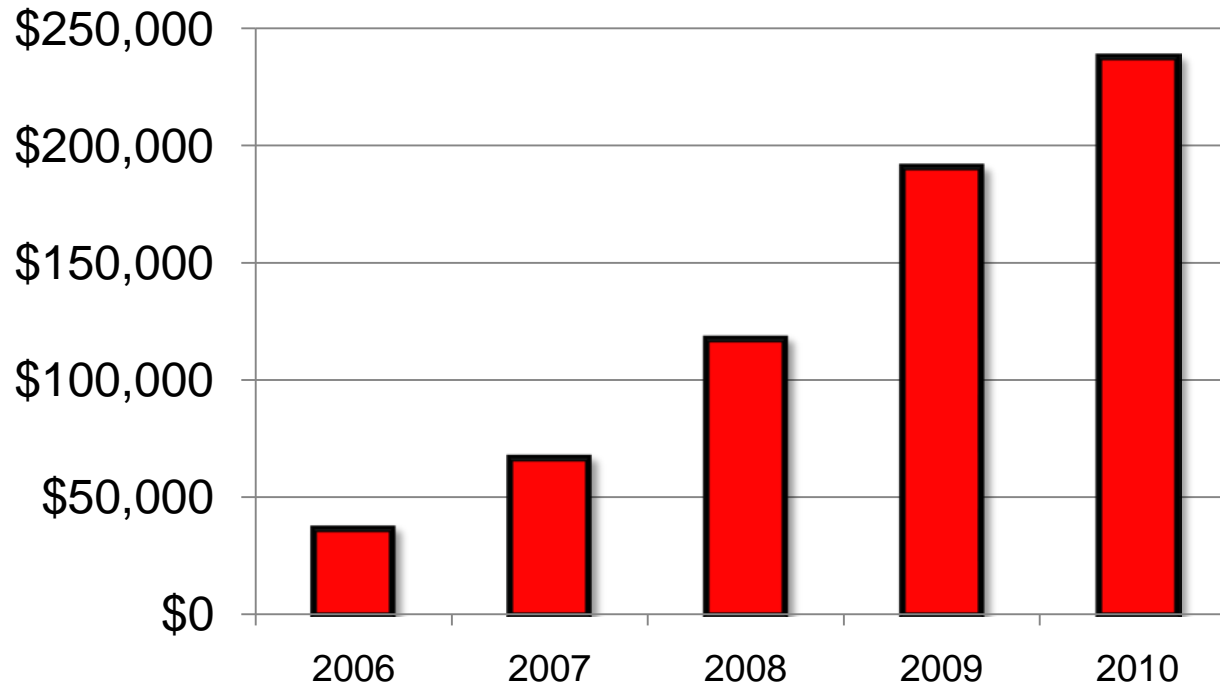
FY	Total Debt*	Moody's		S&P	
	Outstanding	Rating	Outlook	Rating	Outlook
2003	\$649,574,000	Aa3	Negative	AA-	Stable
2004	\$893,004,000	A1	Stable	AA-	Negative
2005	\$877,453,000	A1	Stable	AA-	Negative
2006	\$966,516,000	A1	Stable	A+	Stable
2007	\$1,082,473,000	A1	Negative	A+	Negative
2008	\$1,069,889,000	A2	Stable	A+	Negative
2009	\$1,082,473,000	A2	Stable	A+	Stable
2010	\$1,082,985,000	A1	Stable	A+	Stable
2011	\$1,043,755,000	A1	Postive	A+	Stable

\*Debt is a combination of Bonds, Bond Anticipation Notes, Certificates of Participation and Capital Leases.

# Operating Cash Growth

## Operating Cash Balances\*

*Dollars in Thousands*



\*Excludes Endowment Assets, Debt Proceeds

# CURRENT INITIATIVES

- Semester Conversion
- 2019 Strategic Plan
  - Academic Master Plan
- State Initiatives
  - Enterprise University
- Master Plan Update

Among the **top 200 World Universities.** — *Times of London, September 2010*

Ranked among the **top 25 public research universities** in the country.  
— *National Science Foundation, April 2010*

No. 11 on a list of **“up and coming”** universities. — *US News and World Report, August 2010*

Among the **Best National Universities.** — *US News and World Report, August 2010*

One of the world's **most beautiful college campuses.** — *Forbes, March 2010*

A **“research heavyweight.”** — *The Chronicle of Higher Education, April 2010*

One of the nation's **top “green universities.”**  
— *Princeton Review, April 2010*

Questions?