

Faculty Budget Priority Committee 2019-20 Activity Report

Wright State University > Faculty Senate > Faculty Budget Priority Committee

Faculty Budget Priority Committee Charge: The Committee will be responsible for:

- a. Requesting information from the university budget director and the university administration regarding university income and expenditures and all other items of budgetary concern, including projected and actual budget reports.
- b. Examining all fiscal affairs of the university.
- c. Recommending fiscal priorities to the Faculty Senate and university administration.

The chair of the Budget Priority Committee shall attend the Board of Trustee's Finance and Audit Committee meetings.

Faculty Budget Priority Committee Membership: The Committee shall be comprised of the Faculty President, Faculty Vice President, and one (1) faculty member from each college or school with Faculty Senate constituency representation selected by the Senate Executive Committee.

Members

Faculty Budget Priority Committee	
Laura Luehrmann (Chair)	Faculty President
Brian Boyd (starting November 4, 2019)	Faculty Vice President
Eric Bennett	BSOM
Mateen Rizki	CECS
Nimisha Patel	CEHS
Lance Greene	COLA
Sherry Farra	CONH
Steve Gabbard	COSM
Weisong Wang (end Aug 2019)/ Megan Faragher (begin Sep 2019)	LAKE
Burhan Kawosa (Co-Chair)	RSCOB
Janeece Warfield	SOPP

2:30pm, Monday, August 26

Attendance:

Faculty Budget Priority Committee		
Laura Luehrmann (Chair)	Faculty President	Yes
TBD	Faculty Vice President	
Eric Bennett	BSOM	Yes
Mateen Rizki	CECS	
Nimisha Patel	CEHS	Yes
Lance Greene	COLA	Yes
Sherry Farra	CONH	Yes
Steve Gabbard	COSM	Yes
Weisong Wang	LAKE	
Burhan Kawosa (Co-Chair)	RSCOB	Yes
Janeece Warfield	SOPP	

Guest(s): Walt Branson

Business summary

- Received budget update from Walt Branson
 - Overall the net addition to reserves is expected to be \$8.2M for FY ending June 2019.
- Members were encouraged to attend Board of Trustees “Finance, Audit, and Infrastructure Committee” meetings.

Next meeting: September 16, 2019

2:30pm, Monday, September 16, 2019

Attendance:

Faculty Budget Priority Committee		
Laura Luehrmann (Chair)	Faculty President	Yes
TBD	Faculty Vice President	
Eric Bennett	BSOM	Yes
Mateen Rizki	CECS	Yes
Nimisha Patel	CEHS	Yes
Lance Greene	COLA	Yes
Sherry Farra	CONH	Yes
Steve Gabbard	COSM	Yes
Megan Faragher	LAKE	
Burhan Kawosa (Co-Chair)	RSCOB	Yes
Janece Warfield	SOPP	Yes

Sharon Wik, Department of Finance and Financial Services, RSCOB

Guests: Shari Mickey-Boggs, Associate Vice President and Chief Human Resources Officer
Monica Mack, Human Resources Benefits Manager

Business summary

Shari Mickey-Boggs presented healthcare cost & trends update and HR's cost containment strategy:

- WSU pays as a self-insured plan
- January 2019 thru June 2019, we are at 90.1% of expected costs forecasted for this time period, reflecting a 1.3M savings. So far, we are exceeding benchmarks with lower claim numbers.
- 2020 Increase to healthcare premiums will be 4.7%; projected estimate was budgeted for 5%. WSU will absorb increase.
- WSU's target is to pay 80% of employees' cost share and for employees to pay 20%
- WSU's Medical Advisory group formed with representatives from HR, CSAC, USAC, Business Mgrs., Faculty Senate, and AAUP
- Spouse costs are the most expensive (18.8% higher than employees) and showed the greatest increase; spousal surcharge is being considered
- A 4th premium tier is being considered for 2020.
- Life Insurance vendor change from Securian to UNUM for a decrease in premiums; no longer offering GUL
- Launched employee wellness incentives

Action Items

- Disseminate information to faculty through senate representatives.

Next meeting: September 23, 2019

2:30pm, Monday, September 23

Attendance:

Faculty Budget Priority Committee		
Laura Luehrmann (Chair)	Faculty President	Yes
TBD	Faculty Vice President	
Eric Bennett	BSOM	Yes
Mateen Rizki	CECS	No
Nimisha Patel	CEHS	Yes
Lance Greene	COLA	Yes
Sherry Farra	CONH	Yes
Steve Gabbard	COSM	Yes
Megan Faragher	LAKE	Yes
Burhan Kawosa (Co-Chair)	RSCOB	Yes
Janece Warfield	SOPP	Yes

Sharon Wik, Department of Finance and Financial Services, RSCOB

Guests:

John Shipley, Vice President and Controller

Walt Branson, Chief Business Officer

Business summary

- Vice President and Controller John Shipley provided an orientation about budgeting for public higher educational institutions in Ohio.
- Presentation attached.

Next meeting: September 30, 2019 – Guest is Dennis Andersh, CEO WSARC

Faculty Budget Priority Committee

2019-20 Activity Report

2:30pm, Monday, September 30, 2019

Members present:

Laura Luehrmann	Faculty President	YES
TBD	Faculty Vice President	
Eric Bennett	BSOM	YES
Mateen Rizki	CECS	YES
Nimisha Patel	CEHS	YES
Lance Greene	COLA	YES
Sherry Farra	CONH	YES
Steve Gabbard	COSM	YES
Megan Faragher	LAKE	YES
Burhan Kawosa	RSCOB	YES
Janeece Warfield	SOPP	YES

Guests:

Dennis Andersh, Director Wright State Research Institute & CEO Wright State Applied Research Corporation

Rufus Smith, Wright State Research Institute

Mike Pearsall, Wright State Research Institute

Walt Branson, Chief Business Officer

Business summary: Dennis Andersh, WSRI Director and WSARC CEO provided an annual update to the committee. Presentation attached.

The FBPC recommended that WSRI to reach out to individual colleges via the deans and chairs about upcoming grants and opportunities. Chairs to encourage timely response from faculty.

Next meeting: Hold dates for October 21 and October 28

**Faculty Budget Priority Committee
2019-20 Activity Report**

3:00 pm, Monday, October 28

Attendance:

Faculty Budget Priority Committee		
Laura Luehrmann (Chair)	Faculty President	Yes
Brian Boyd	Faculty Vice President	No
Eric Bennett	BSOM	Yes
Mateen Rizki	CECS	No
Nimisha Patel	CEHS	Yes
Lance Greene	COLA	Yes
Sherry Farra	CONH	Yes
Steve Gabbard	COSM	Yes
Megan Faragher	LAKE	Yes
Burhan Kawosa (Co-Chair)	RSCOB	Yes
Janeece Warfield	SOPP	Yes

Guests: There were no guests at today's meeting.

Business summary

- Graduate Employment Working Group

Members of this committee are Rob Boley (WSU Foundation), Jeff Giles (WSU Athletics), Sheryl Kent(CECS), Nimisha Patel (CEHS), Thomas Rooney (COSM), Greg Scharer (Alumni Relations/Advancement), Wayne Stark (COLA/CLASS), Craig This (Institutional Research & Effectiveness), Weisong Wang (Lake), Sean Wilson (COLA).

This group is tasked with identifying a means by which State Share of Instruction (SSI) can be allocated, at least in part, on the basis of the employability of a public university's graduates.

- Means by which WSU would measure employability of our graduates, both undergraduates and master's graduates.
- How recruitment and retention efforts affect enrollment (SSI measured) and what Wright State might do to increase its efforts with the very limited budget.

Action Items

- Read SSI Handbook (available online)
- Draft Proposal to WSU Administration to allocate a small budget (for which units can compete) in order to conduct low-cost, high-impact marketing or recruiting events, many of which have been curtailed or cancelled due to budget cuts.
- Identify recommendations for recruitment, retention, and marketing that that this FBPC can make to WSU Administration in order to increase enrollment, retention, and the tracking of graduates in the workforce.

Next meeting: Monday, November 4, 2019.

Faculty Budget Priorities Committee

Monday, September 16, 2019

Key points from HR presentation to FBPC

- Current plan expected plan performance (estimates based on actual performance through June):
 - Costs are estimated to be 90.1% of initial projections.
 - That is expected costs are approximately \$1.3m below initial projections.
- Health Management Initiative
 - Its voluntary - \$300 incentive contribution to HSA or FSA - to be paid in Feb 2020.
 - Required by law to maintain privacy of personally identifiable health information
 - On-site biometric screening: 157 scheduled appointments as of 9/19/2019
 - Health Risk Assessment: 102 completed as of 9/19/2019
- 2020 Renewal Process
 - Plan increase gap of \$1.2 million (4.7%). WSU has budgeted an increase of 5%.
 - Adding a higher 4th tier on the higher end of salary
 - Decision in process: Working with AAUP and Medical Advisory Group
- Medical Advisory Group has a representative appointed by Faculty Senate Executive Committee (Sherry Farra, CoNH)

Appendices

- Appendix A: Health Management Initiative
- Appendix B: Presentation by HR to FBPC on September 16, 2019

Appendix A



NOTICE REGARDING WELLNESS PROGRAM

The Health Management Initiative is a voluntary wellness program available to all employees. The program is administered according to federal rules permitting employer-sponsored wellness programs that seek to improve employee health or prevent disease, including the Americans with Disabilities Act of 1990, the Genetic Information Nondiscrimination Act of 2008, and the Health Insurance Portability and Accountability Act, as applicable, among others. If you choose to participate in the wellness program you will be asked to complete a voluntary health risk assessment or "HRA" that asks a series of questions about your health-related activities and behaviors and whether you have or had certain medical conditions (e.g., cancer, diabetes, or heart disease). You will also be asked to complete a biometric screening, which will include a blood chemistry profile and complete blood count (27 individual tests including cholesterol, A1C and glucose). You are not required to complete the HRA or to participate in the blood test or other medical examinations.

However, employees who choose to participate in the wellness program will receive an incentive of \$300 in an FSA or HSA for biometric screening and HRA completion. Although you are not required to complete the HRA or participate in the biometric screening, only employees who do so will receive an employer contribution of \$300 in to an FSA or HSA.

If you are unable to participate in any of the health-related activities required to earn an incentive, you may be entitled to a reasonable accommodation or an alternative standard. You may request a reasonable accommodation or an alternative standard by contacting Wright State University Human Resources.

The information from your HRA and the results from your biometric screening will be used to provide you with information to help you understand your current health and potential risks. You also are encouraged to share your results or concerns with your own doctor.

Protections from Disclosure of Medical Information

We are required by law to maintain the privacy and security of your personally identifiable health information. Although the wellness program and Wright State University may use aggregate information it collects to design a program based on identified health risks in the workplace, the Health Management Initiative will never disclose any of your personal information either publicly or to the employer, except as necessary to respond to a request from you for a reasonable accommodation needed to participate in the wellness program, or as expressly permitted by law. Medical information that personally identifies you that is provided in connection with the wellness program will not be provided to your





supervisors or managers and may never be used to make decisions regarding your employment.

Your health information will not be sold, exchanged, transferred, or otherwise disclosed except to the extent permitted by law to carry out specific activities related to the wellness program, and you will not be asked or required to waive the confidentiality of your health information as a condition of participating in the wellness program or receiving an incentive. In order to provide consulting and data aggregation services to the wellness program and health plan, your health information may be shared with the plan's health insurance consultant or other outside vendor. Anyone who receives your information will abide by the same confidentiality requirements.

In addition, all medical information obtained through the wellness program will be maintained separate from your personnel records, information stored electronically will be encrypted, and no information you provide as part of the wellness program will be used in making any employment decision. Appropriate precautions will be taken to avoid any data breach, and in the event a data breach occurs involving information you provide in connection with the wellness program, we will notify you immediately.

You may not be discriminated against in employment because of the medical information you provide as part of participating in the wellness program, nor may you be subjected to retaliation if you choose not to participate.

If you have questions or concerns regarding this notice, or about protections against discrimination and retaliation, please contact Wright State University Human Resources at (937) 775-2120 or HR-Benefits@wright.edu.



Appendix B



Medical Cost & Trends

Human Resources
Fall 2019

Update to Faculty Senate Budget
& Planning Committee



WRIGHT STATE
UNIVERSITY

WSU pays as a Self-Insured plan

■ Fixed Costs

- Administration Fees
- Stop Loss Insurance
- Healthcare Reform Fees

■ Variable Costs

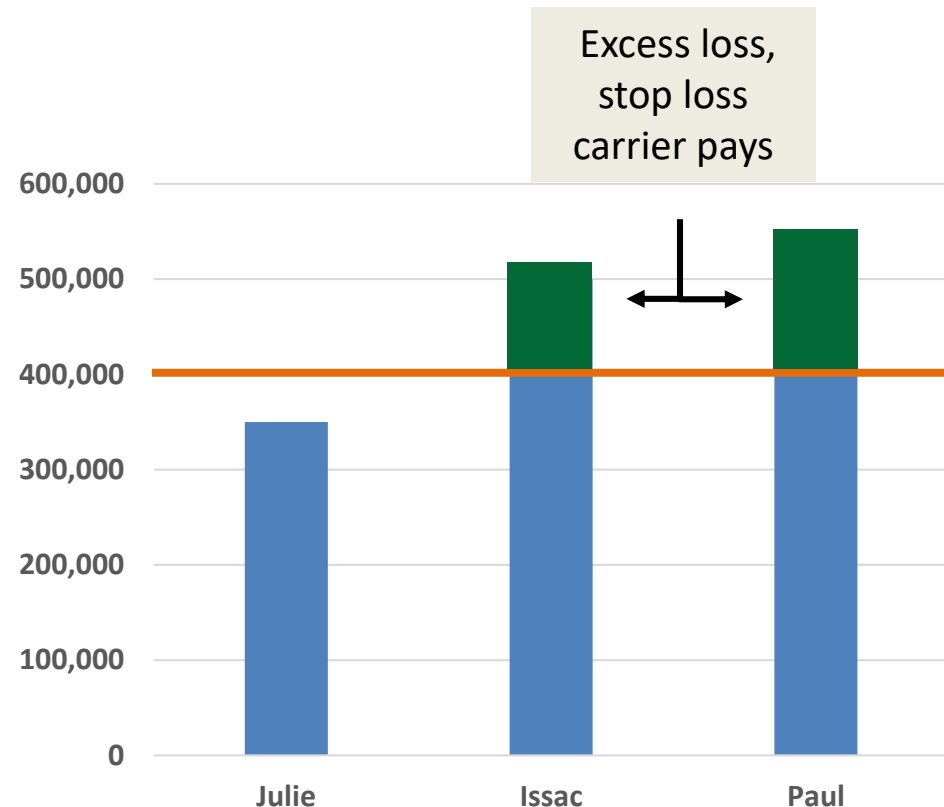
- Medical Claims
- Pharmacy Claims



Self-Funded PEPM Cost = \$1,100
Comparable Fully-Insured Cost = \$1,280

What is Stop Loss Insurance?

- Stop-loss insurance (also known as excess insurance) provides **protection against catastrophic claims**.
- Purchased by self-fund plans who do not want to assume 100% of the liability for full losses arising from the plan.
- The stop loss carrier becomes **liable for losses that exceed a certain limit**.
 - **WSU's stop loss: \$400k**



Historical Stop Loss Claims

	2015	2016	2017	2018	2019 (Jan-July)
Large Claims \$300K-\$350K	--	--	\$333,559		--
Large Claims \$350K-\$400K	\$353,967	--	--	\$383,245	--
Large Claims \$400K	--	\$552,080	\$403,358 \$405,343 \$413,032 \$452,872 \$475,154	\$694,580 \$759,655	--

- A stop loss analysis was performed during the 2018 medical ITN, reviewing stop loss options above and below the current \$400K
 - Given the cost, claims analysis, and risk the decision was made to remain at \$400K
- WSU's claims would need to reach \$40M+ before HORAN would recommend aggregate stop loss
- Added pharmacy to stop loss in 2017
- Added return of premium in 2019
 - Maximum refund 15% of total premium

Current Plan Year - (through June)

Performance

90.1%

of expected Costs

About

1.3M

under expected costs

Claims PEPM

\$1,019 vs. \$1,090

under expected costs

No claims exceeding

\$400k

2 this time last year

1 member exceeded

\$200k

3 this time last year

23 members have claims

\$75k - \$200k

18 this time last year

Last 24 Months

Claim Threshold	Prior	Current	Benchmark	% Change
\$25,000	234	201	148.3	-14.1%
\$50,000	112	91	57.9	-18.8%
\$75,000	63	58	34.5	-7.9%
\$100,000	40	36	21.7	-10.0%
\$125,000	31	28	15.5	-9.7%
\$150,000	24	19	11.0	-20.8%
\$175,000	18	13	8.7	-27.8%
\$200,000	12	10	7.0	-16.7%
\$250,000	5	6	4.3	20.0%
\$300,000	4	4	3.3	0.0%
\$500,000	0	0	1.0	-

- Claims PEPM have decreased 3.6%
 - Med Claims decreased 6.4%; Rx Claims increased 3.6%
- Claim activity >\$25K is decreasing at a rate similar to or better than enrollment
- Employee costs increased the most at 4.4% and Spouses are still the most expensive at \$7,808 PMPY (EE = \$6,854)

Spousal Costing

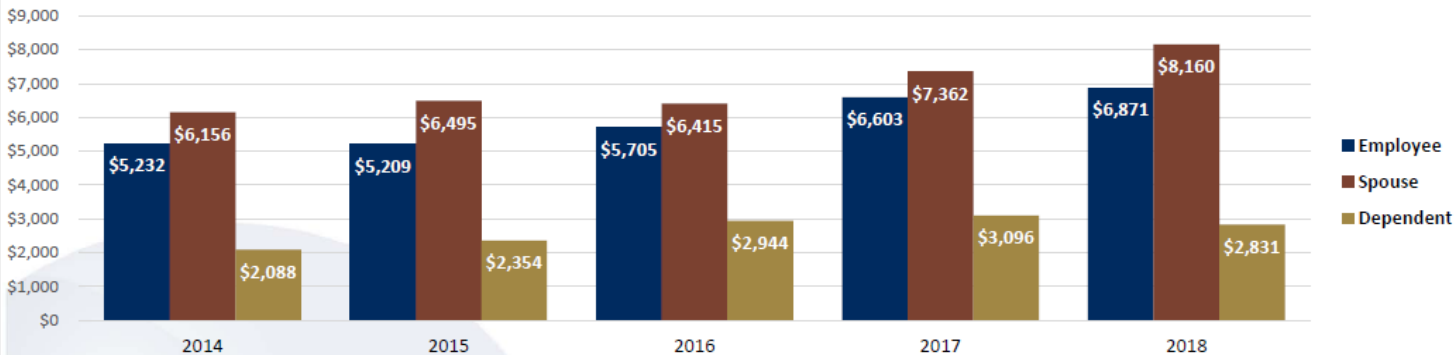
WSU data summarized by HORAN

Plan Performance – Financials EE&SP



Average spouse costs continue to be more expensive than employees and dependents:

Historical PMPY Claims Summary



- Spouse average costs increased 10.9% from 2017 to 2018 while Employee average cost increased 4.1% and Dependent average cost decreased 8.6%
- Current spouse cost versus employee cost is 18.8% higher and prior year is 11.5% so spousal claims are not only higher than employee claims but increasing at a faster rate

2018 Top 5 Drugs by Paid Amount

Drug	Drug Use/Indication	# of Scripts	Paid Claims
*HUMIRA PEN	Arthritis & Crohn's Disease	117	\$675,105
*GILENYA	Multiple Sclerosis Relapses	24	\$188,533
TASIGNA	Leukemia	13	\$169,878
*TECFIDERA	Multiple Sclerosis	21	\$156,331
IMPRUVICA	Leukemia	12	\$154,613
	TOTAL	187	\$1,344,460



- All are specialty drugs
- Benchmark: 3 are in top 10*

2018 Top 5 Prescribed Drugs

Drug	Drug Use/Indication	# of Scripts	Paid Claims
LEVOTHYROXINE SODIUM	Low Thyroid Hormone Levels	2,407	\$11,268
ATORVASTATIN CALCIUM	High Cholesterol	1,983	\$8,715
LISINOPRIL	High Blood Pressure	1,627	\$1,140
OMEPRAZOLE	Acid Reflux Disease	1,203	\$882
SERTRALINE HCL	Mental Health/Mood Disorder	1,194	\$1,044
	TOTAL	8,414	\$23,049



- All are generic drugs

University Spend Per Employee

CY 2017

Plan	Amt. Per Enrolled Employee
PPO 90/10	\$19,155
PPO 80/20	\$11,484
HDHP	\$13,434 w/HSA \$15,002
AVERAGE	\$14,912 w/HSA \$15,389

CY 2018

Plan	Amt. Per Enrolled Employee
PPO 90/10	\$19,857
PPO 80/20	\$13,675
HDHP	\$14,111 w/ HSA \$15,205
AVERAGE	\$14,559 w/HSA \$14,879

CY as of June 2019

Plan	Amt. Per Enrolled Employee
PPO 90/10	\$4,758
PPO 80/20	\$6,177
HDHP	\$7,027 w/HSA \$7,445
AVERAGE	\$6,624 w/HSA \$6,741


Medical Advisory Group

Shari Mickey-Boggs, Assoc VP & CHRO
Sylvia Brockman, Director, Total Rewards
Monica Mack, Benefits Mgr.
Erika Duncan, Benefits Analyst
Connie Bajek, CSAC (Development)
Donna Braswell, Academic Lead Business Mgr.
(COSM)
Jenn Attenweiler, USAC (Residence Life)
Sherry Farra, Faculty Senate (CONH)
John Martin, AAUP (Raj Soin COB)

Key Outcomes:

1. **Renewal**
2. **Cost Share**
3. **Wellness**
4. **Spousal Surcharge**

Anthem Renewal – Status Quo

<i>Status Quo</i> Renewing with Anthem with a \$400K Specific Deductible	Previous Meeting (data through April/ Illustrative renewal)	Current Projection (data through June/ Initial Stop Loss results)
Total Costs	\$26,510,187	\$26,110,096
Projected \$ Increase	\$1,632,161	\$1,174,598
Projected % Increase	6.6%	 4.7%

Renewals: 3 year Comparison

2.9M

CY 2018

3.0M

CY 2019

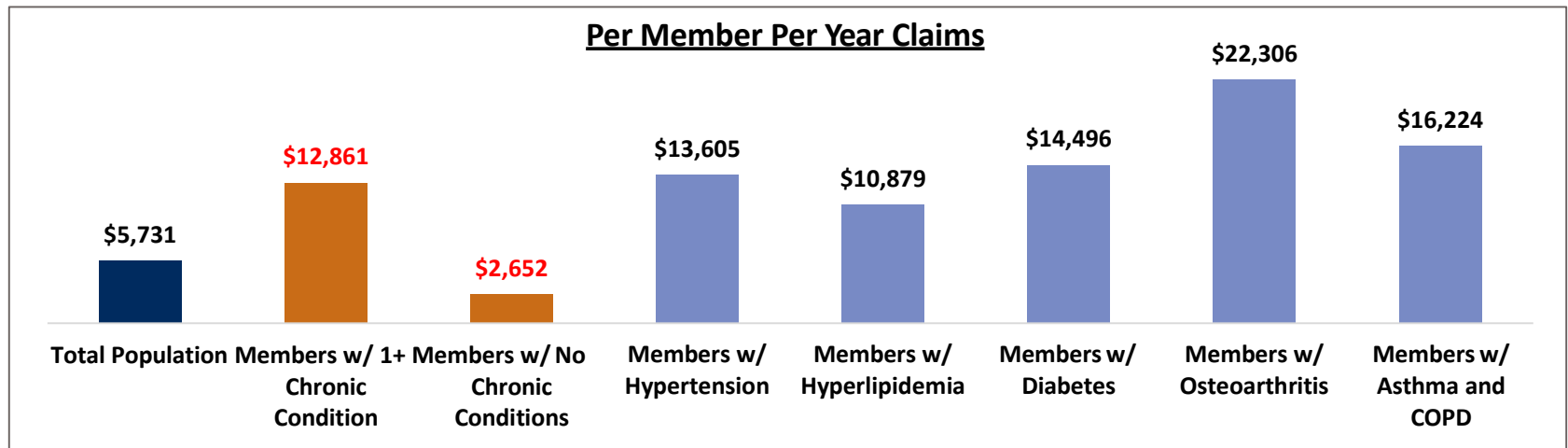
1.2M

CY 2020

2020 Renewal Process – Next Steps

- Plan increase gap of **\$1.2M** (4.7%)
 - University budgeted 5% and **will absorb increase for CY20**
 - Discussions occurring on adding a higher 4th salary range for employee premiums
 - *Decision in process*
 - Spousal Surcharge
 - *Decision in process*
- Employee Benefits Fair
 - Date: Oct. 23, 10am-2pm
- 2020 Open Enrollment
 - Dates: Oct. 30 – Nov. 13

Chronic Population



- WSU Members with chronic conditions are **4.9X more expensive** than members without chronic conditions:
- Chronic members represented **27%** of the population (norm = 22%) and **66% of the total claims** (norm = 60%)
- **47%** of Diabetics are not compliant with HBA1C tests
- **61%** of membership had a preventive visit

Health Management Strategy



Launch

Solera 9.2.2019

Anthem's Diabetes Prevention Program
28 Enrolled



Launch

HealthWorks 9.9.2019

On-site biometric screenings
157 scheduled appointments



Launch

HealthWorks 9.9.2019

Health Risk Assessment (HRA)
102 completed



\$300 incentive

- Contribution to HSA or FSA
- Paid Feb 2020

The goal is **keep healthy employees healthy**, **stabilize the chronic population**, promote preventive services for early detection to reduce large claims and improve health plan performance.



ON-SITE BIOMETRIC SCREENING

Date	Location	Time
September 9, 10, 13 , 19, 24 October 7, 11, 14, 15, 17, 21, 22, 23	Dayton Campus	8:00am-11:00am
October 7	Lake Campus	8:00am-9:45am
October 18	STEM School	8:00am-11:00am



Screenings Include:

- Blood Chemistry Profile & Complete Blood Count
- 27 Individual tests including cholesterol, A1C, and glucose.
- Blood Pressure, Body Mass Index (BMI), & Waist Circumference measurements
- Personal Report & Health Profile



Tests Available for Purchase:

Blood Type, C-Reactive Protein, CA-125, Colon Kit, PSA, Testosterone, Thyroid Profile (T3/T4 /TSH), & Vitamin D



ONLINE HEALTH
RISK
ASSESSMENT

Sept 9 - Oct 23

IUC Purchasing Group: Status of RFPs

Life Insurance

Status: Finalized

Disability Insurance (Long & Short-term) & Family Medical Leave

Status: Finalized

Dental Insurance

Status: Finalized

Employee Assistance Program

Status: RFP preparation / RFP released

IUC Purchasing Group: Finalized RFPs

Life Insurance

- Selected vendors: **Securian** and **UNUM**
- WSU's current vendor: Securian
- Renewal
 - Securian: **18.6% increase**
 - UNUM: **6.5% decrease** (life and disability)
- **New vendor: UNUM, effective Jan 1, 2020**
- **Impact Analysis:**
 - **Employer paid life insurance**
 - No change in death benefit
 - Requires new beneficiary forms
 - **Supplemental life insurance**
 - Current state: 2 supplemental plans offered (Term and GUL)
 - Effective Jan 1st: Offer Term supplemental plan only
 - UNUM does not offer GUL
 - GUL coverage is portable through Securian at the same rates
 - Eligible employees must elect Term coverage, requires new beneficiary form



IUC Purchasing Group: Finalized RFPs

Disability (Short & Long Term Disability)

- Selected vendor: **UNUM**
- WSU's current vendor: UNUM
- Renewal
 - **6.5% decrease** (life and disability)
- **New vendor: No change, continue with UNUM**
- **Impact Analysis:**
 - **Short-Term** (*employee paid*)
 - No change in benefit
 - Decrease in premiums for employees
 - **Long Term** (*employer paid*)
 - No change in benefit
 - Decrease in premiums for WSU



IUC Purchasing Group: Finalized RFPs

Family Medical Leave

- Selected vendor: **UNUM**
- WSU's current vendor: n/a, administered in-house
- **New vendor: UNUM**, first kick-off meeting 9/18



IUC Purchasing Group: Finalized RFPs

Dental

- Selected vendor: **Delta Dental**
- WSU's current vendor: Delta Dental
- Renewal
 - Increase admin rate PEPM

2019 (current)	2020	2021 – 2023
\$3.41	\$3.55	\$3.64

- Increase in admin rates driven by high claims volume per subscriber
- Combining admin rate and claims projection results in a total dental projection of -0.3%
 - Annual value = about \$3,600
- **New vendor: No change, continue with Delta Dental**
- **Impact Analysis:**
 - No change to **dental** or **vision premiums for CY20**





Faculty Budget Priority Committee

Accounting, Financial Reporting
and Budgeting in Higher
Education

September 23, 2019



WRIGHT STATE
UNIVERSITY

Topics

- Overview of the legal / regulatory structure
- Describe how the accounting structure is different in higher education and governmental entities vs. for profit companies
- Review structure and composition WSU's annual financial report
- Describe the composition and reporting of the annual budget

Legal / regulatory structure

- Wright State University (WSU) is organized as a 501(c)(3) tax exempt entity under IRS regulations and was created as an educational institution in ORC 3352 and as such is a political subdivision of the State of Ohio
- WSU is subject to the accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB)
 - GASB is an independent organization established in 1984, comprised of seven board members
 - Promulgates accounting standards for U.S. state and local governments, which includes state supported colleges and universities

Legal / regulatory structure

- The Financial Accounting Standards Boards (FASB) is responsible for for-profit accounting standards, which apply to private universities
- FASB standards are sometimes different than GASB standards on the same topic, and FASB has issued standards on topics not issued yet by GASB
 - Financial reports for public universities are different than private universities
- “Component units” of WSU, discussed later, are subject to FASB

Accounting Structure in Higher Education

All universities, as well as governments, use “fund accounting”

“Fund Accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes in accordance with activities or objectives as specified by donors, in accordance with regulations, restrictions, or limitations imposed by sources outside the institution, or in accordance with directions issued by the governing board.”*

- *AICPA Audit Guide, 1994

Accounting Structure in Higher Education

- Non-profit motive drives accounting for resources
 - Stewardship of funds vs. accounting for net income
- Account for revenue by source and expense by function
- Revenues and expenses are grouped into funds based on activities, restrictions, limitations or regulations placed on the funds by external parties
 - state appropriations
 - grants and contracts
 - donors

Accounting Structure in Higher Education

Funds with similar characteristics are grouped together

- Current funds
 - Unrestricted – general operating
 - Restricted – grants, contracts and gifts
- Auxiliary funds
- Loan funds
- Agency funds
- Plant funds

Accounting Structure in Higher Education

Funds at WSU

- 19x = General funds (multiple general funds – one for main campus, BSOM, Lake)
- 4xx = Auxiliary(separate funds for each auxiliary, athletics, residential services, etc.)
- 5xx = Foundation
- 6xx = Sponsored programs
- 8xx = Plant funds
- 9xx = Agency funds

Accounting Structure in Higher Education

- There are other accounting characteristics assigned to, or related with, funds to further define a transaction for accounting and reporting purposes (chart of accounts)
 - Organization – who is spending
 - Program - functional assignment like instruction, public service, O&M
 - Account – type of transaction, revenue, supplies, travel, etc.

Accounting Structure in Higher Education

- There are different methods of accounting used to record transactions
- Universities are generally on a cash basis of accounting throughout the year
 - Transactions are recorded when the activity occurs, not based on the benefiting accounting period
- Convert to full accrual accounting for year end financial report
 - Accrual accounting enables segregation of transactions by appropriate accounting period

Accounting Structure in Higher Education

- As transactions are recorded in the account structure throughout the year they are consolidated into periodic financial status reports at various levels within the University
 - Usually on a monthly basis
- There is a formal “month end closing” of the accounting system to facilitate accuracy of the financial data included in monthly reports

Financial Reporting

- At the end of the fiscal year WSU must produce an audited annual financial report in accordance with the GASB standards for inclusion in the consolidated annual financial report (CAFR) of the State of Ohio
- The financial report process takes about six weeks to convert from cash to accrual and compile entries done only once per year
- The financial report and audit must be complete by October 15

Financial Reporting

- Annual financial report consists of these major components
 - Management's Discussion and Analysis
 - The Statement of Net Position – or balance sheet
 - The Statement of Revenues, Expenses, and Changes in Net Position – or income statement
 - The Statement of Cash Flows
 - Notes to the financial statements
 - Detailed required disclosures

Financial Reporting

- Annual report also includes component units
- Currently two component units – WSARC and the WSU Foundation
- Each has separately audited financial reports, parts of which are included in WSU report
- Prepared under FASB standards
- The FY2018 Financial Report may be found at:
<http://www.wright.edu/sites/www.wright.edu/files/page/attachments/AnnualReport2018.pdf>

Senate Bill 6 Score

	<u>FY 2017</u>	<u>FY 2018</u>
Viability Ratio		
<u>Expendable Net Position</u>	16,907,992	31,245,930
Plant Debt	81,865,276	75,989,649
Ratio	0.207	0.411
Score	1.0	2.0
Weighting	30%	30%
Contribution to Composite Score	0.30	0.60
Primary Reserve Ratio		
<u>Expendable Net Position</u>	16,907,992	31,245,930
Expenses	392,570,472	344,544,504
Ratio	0.043	0.091
Score	1.0	2.0
Weighting	50%	50%
Contribution to Composite Score	0.50	1.00
Net Income Ratio		
Change in Total Net Position	-26,965,069	6,874,097
Total Revenues	365,710,390	350,660,980
Ratio	(0.074)	0.020
Score	-	3.0
Weighting	20%	20%
Contribution to Composite Score	-	0.60
Composite Score	0.80	2.20

Higher Learning Commission Composite Financial Index

	Fiscal Year					
	2018	2017	2016	2015	2014	2013
Primary Reserve Ratio	0.73	0.58	0.70	1.14	1.35	1.26
Net Operating Revenue Ratio	(0.01)	(0.40)	(0.40)	(0.40)	(0.32)	(0.18)
Return on Net Assets Ratio	0.14	-0.49	-0.73	-0.44	0.21	0.00
Viability Ratio	1.14	0.92	1.05	1.46	1.59	1.49
	2.00	0.6	0.6	1.8	2.8	2.6

*Calculated Including Component Units

Annual Operating Budget – FY2020

- The annual budget is the future operating plan for the unrestricted funds
- Unrestricted funds are a subset of the funds included in the annual report
 - General funds
 - Auxiliary funds-now budgeted separately
- Included in the \$245M budget
 - Dayton campus
 - Lake campus
 - BSOM

WRIGHT STATE UNIVERSITY

Proposed General Funds Budget (Excluding Auxiliaries) (in 000's)

Description	FY2019		FY2020
	Adopted 2019 Budget	Anticipated 2019 Actual	Preliminary 2020 Budget
Revenues:			
Tuition and Fees	\$ 164,825	\$ 163,119	\$ 144,319
State Appropriations	84,600	85,500	84,290
Facilities and Administrative	6,400	6,400	6,716
Sales and Service	3,793	3,180	3,409
Interest Income	1,300	1,700	1,300
Other Revenues	2,241	2,241	4,864
Total Revenues	\$ 263,159	\$ 262,140	\$ 244,898
Expenses:			
Compensation	\$ 175,415	\$ 171,301	\$ 171,319
Contracted Labor/Professional Services	3,326	5,921	4,502
Supplies	4,251	5,438	4,749
Travel	1,171	1,963	1,627
Information and Communications	3,150	4,572	4,194
Maintenance and Repairs and Utilities	13,735	13,961	13,088
Scholarships and Fellowships	30,557	28,957	24,209
Debt	8,970	8,970	7,647
Other Expenses	20,311	15,569	13,563
Total Expenses	\$ 260,886	\$ 256,652	\$ 244,898
Net	\$ 2,273	\$ 5,488	\$ -

Annual Operating Budget

- Key considerations
 - Estimation of revenue categories, esp. annual tuition and fees
 - Enrollment management
 - Financial aid
 - Tuition increases / tuition guarantee
 - Estimation and ability to control unavoidable costs
 - Medical insurance
 - Other benefits such as retirement
 - Utilities
 - State appropriations
 - Fixed amount of funding at the State level

Annual Operating Budget

- Key considerations (cont'd)
 - State budget
 - 2% tuition increases each year
 - Inflation adjustment for tuition guarantee 1.5% FY20 and 2.0% FY21
 - 2% increase in SSI pool at the State level - \$749K for WSU
 - Calculation of full time tuition rate from 11 to 12 credit hours not approved
 - WSU uses 11 credit hours instead of 12
 - Foregoing significant revenue, up to \$5M annually

Annual Operating Budget

- Process
 - Enrollment projection
 - Tuition revenue estimation
 - Budget hearings with provost / deans
 - Five year planning
 - New revenue opportunities
 - Budget requests
 - Expense plans set
 - Allocations distributed by college and operating unit

Annual Operating Budget

University Main Campus SSI Distributions



	2013	2014	2015*
Course Completions	~58.0%	28.0%	30.0%
Degrees	20.0%	50.0%	50.0%
Medical Set-Asides	8.6%	8.6%	7.9%
Doctoral Set-Asides	12.9%	12.9%	11.8%
Earmarks	< 1%	< 1%	< 1%
Stop-Loss	96% Stop-Loss	NO Stop-Loss	NO Stop-Loss

NOTE: In FY15 the allocations and distribution formula for university main and regional campuses are combined, and the apparent percentage differences in the Set-Asides are a reflection of that increased overall allocation. The allocation is combined in FY14 as well (with an earmark for the regional campuses) but this distribution shows the results separately because the formulas are still different.