UNTS Board of Regents

FY 2024 Q3 Financial Update

Susan Alanis, Deputy Chancellor for Finance & Operations
August 15, 2024
Enterprise Strategic Priority

• Continue to develop/update **financial policies and practices** to:
  • Manage risk (reserve policy; fiscal health ratios) and maintain appropriate liquidity
  • Support operations (effective/efficient resource management and forecasting)
  • Invest in capital renewal (deferred maintenance strategy and master planning of built environment)
  • Preserve credit rating and flexibility to pursue strategic initiatives

• Establish **financial strategies and objectives** for:
  • Philanthropy
  • Research and Other Grants
Key Financial Drivers
FY2024 Year-End Forecast as of Q3

• Projected revenue performing above budget with anticipated enterprise-wide contributions to fund balance of $24.3m
  • Tuition and Sales of Goods & Services revenue increases driven by UNT and UNTD’s enrollment growth
  • Increased Grants and Contracts from Pell, Texas Grants and AIM-AHEAD
FY 2024 Q3 Budget Performance
UNTS Consolidated

**REVENUES & TRANSFERS IN**

- **Operating**: Budget 97% Forecast 105%
- **Auxiliary**: Budget 95% Actual 108%
- **Restricted**: Budget 79% Actual 114%
- **Clinical**: Budget 81% Actual 97%

**EXPENSES & TRANSFERS OUT**

- **Operating**: Budget 80% Actual 103%
- **Auxiliary**: Budget 78% Actual 103%
- **Restricted**: Budget 73% Actual 113%
- **Clinical**: Budget 93% Actual 109%

**Forecasted Net Impact to Fund Balance**
Operating $21.3m + Auxiliary $5.7m + Restricted $1.8m + Clinical -$4.5m = $24.3m
FY 2024 Q3 Budget Performance

Revenues and Transfers-In Drivers (received 95% of budget, forecast 7% over budget):

- **Tuition and Fees** forecasted to be 1% over budget due to Fall and Spring enrollment; an increase of 6% year over year
- **Grants and Contracts** projected to be 25% over budget due to an increase in Texas Grants

Expenses and Transfers-Out Drivers (spent 79% of budget, forecast 5% over budget):

- **Personnel Costs** expended 81% of budget, on track to be 2% over budget at end of year due to enrollment growth
- **Scholarships and Financial Aid** projected 11% over budget due to increase in Grants and Contracts revenue

Forecasted impact to fund balance $24.5M; $18.3M operating, $6.2M auxiliary and $0M restricted.
FY 2024 Q3 Budget Performance

Revenues and Transfers-In Drivers (received 86% of budget, forecast 5% over budget):

- **Tuition and Fees** received 85% of budget, projecting to be 2% over budget
- **Grants and Contracts** forecasted to be $17m/22% over budget due to AIM-Ahead carryover revenue from FY23 and Texas Child Mental Health Care Consortium (TCMHCC) revenue

Expenses and Transfers-Out Drivers (spent 83% of budget, forecast 6% over budget):

- **Personnel Costs** expended 77% of budget
- **Other Expenses** projected to be $16m over budget because AIM-Ahead carryover expenses and TCMHCC payments

Forecasted impact to fund balance -$2.1M; $0.4M operating, $0M auxiliary, $2.0M restricted, and -$4.5M clinical.
FY 2024 Q3 Budget Performance

Revenues and Transfers In Drivers (received 94% of budget, forecast 4% over budget):
- **Tuition and Fees** forecasted to be 3% over budget because increased Fall and Spring enrollment
- **Grants and Contracts** projected to be 2% over budget due to an increase in Texas Grants and THECB Bilingual Education Grants

Expenses and Transfers Out Drivers (spent 81% of budget, forecast 4% over budget):
- **Personnel Costs** are 78% expended of budget
- **Maintenance & Operation Costs** forecasted to be 10% above budget related to STEM building equipment purchases

Forecasted impact to fund balance $0.6M; $1.2M operating, -$0.3M auxiliary and -$0.2M restricted.
FY 2024 Q3 Budget Performance

Revenues and Transfers-In Drivers (received 95% of budget, forecast 3% over budget):

• **Sales of Good and Services** expected to be higher than budget due to building related revenue not included in the FY24 Budget

Expenses and Transfers-Out Drivers (spent 72% of budget, forecast 3% over budget):

• **Personnel Costs** expended 74% of budget
• **Maintenance & Operation Costs** forecasted to be 12% above budget related to the delay in the sale of the System Building

Forecasted impact to fund balance $1.2M; $1.3M operating and -$0.1M auxiliary.
Net Position Q3 2024 over Q3 2023

Increased $119m due to:

- Increased enrollment ($12m)
- Increased State appropriation ($51m)
- Frisco Phase II Land ($33m)
- Increased research activity ($17m)
- Increase in Fair Market Value of Assets ($20m)
FY 2024 Q3 Operating Cash and Investments

Short-Term Pool (STP) and the Long-Term Pool (LTP)

- **Operating Liquidity Target**
- **CP Self-Liquidity Max Issued Target - 2X coverage**

**Operating Pool**

<table>
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<th>5/31/2023</th>
<th>5/31/2024</th>
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<tbody>
<tr>
<td>STP</td>
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<td>$160</td>
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<tr>
<td>LTP</td>
<td>$380</td>
<td>$469</td>
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- **$105 Increase or 21%**

**Operating Funds By Business Unit**

- UNT: 32%
- HSC: 3%
- DAL: 5%
- SYS: 61%

**5/31/2023 to 5/31/2024**
FY 2024 Q3 Investment Performance – Operating Funds

Short term and long term pool performance remains on trend with market rates.
Debt Program Cost

- **Next debt sale** planned in early Fall
- Watching upcoming peer credit rating to determine **impact of Texas University Fund**
- Commercial Paper Rate (short-term financing) is 3.69%
FY 2024 Q3 Long Term Pool and Foundations

Note: Excludes Private Equities and Credit performance
Questions