

EXECUTIVE SUMMARY

TO: Members of the Board of Regents

FROM: Larry Eardley, VC for Budget and Finance, NSHE

SUBJECT: Fiscal Year 2012-13 Accountability Report - Board of Regents' Approved Budget to Actual

This report is prepared to meet the reporting requirements outlined in a Legislative Letter of Intent on the issue of NSHE budgetary accountability.

The accountability reporting process is performed twice every fiscal year. At the beginning of a fiscal year a reconciliation of the Legislative Approved Budget to the Board of Regents' approved budget is submitted to the Legislative Counsel Bureau (LCB) and State Executive Budget Office for their review and comments, and at the end of the fiscal year a reconciliation of the Board of Regents' Approved Budget to Actual Revenues and Expenditures is submitted.

The State Accountability Report presented for your approval is the end of the year report for FY 2012-13.

This report compares the FY 2012-13 Board of Regents' approved Operating Budget revenues and expenditures, adjusted for Interim Finance Committee actions, to the fiscal year-end actual revenues collected and actual expenditures realized of the NSHE appropriation areas and includes explanations of significant differences between budgeted and actual amounts. Transfers of funds between functional areas, not previously outlined in the approved NSHE Operating Budget, are identified, including an explanation of the need for the transfer. Employee positions created or deleted are listed including a description of the position, salary level, functional area involved and funding source utilized to finance the position.

This report contains system-wide revenue and expenditure summary tables on pages 1 and 2 respectively comparing budgeted to actual revenues by source (page 1) and expenditures by budget function (page 2). Following the system-wide summary tables are the budget to actual revenue and expenditure comparisons for each NSHE appropriation area.

Funding of the NSHE Operating Budget is provided for by Legislative appropriation of state general funds and Legislative authorization to collect and expend with-in the budget non-appropriated revenues such as student fees, investment income and other NSHE revenue sources.

The system wide Revenues by Source table (page 1) shows NSHE appropriated and authorized revenues budgeted for FY 2012-2013 totaling \$735.4 million. The Board of Regents and Interim Finance Committee also authorized the NSHE institutions to collect and expend within their budgets additional student fee revenue projections totaling approximately \$12.1 million for a total adjusted budget of \$747.6 million. This compares to actual revenues received and expended of \$732.6 million for a difference between the adjusted revenue budget and actual revenues received and expended of <\$14.99> million.

As was reported in the FY 2012-13 State Budget to Actual Comparison, the differences between the adjusted revenue budget and actual revenues, of <\$14.99> million, consists mostly of student fee revenue collections being short of budget by approximately <\$14.1> million due to a decline in student enrollments over projected enrollments, actual investment income collections being short of projection by <\$482K>, and for a reversion to the State General Fund at year-end of unexpended General Fund revenues totaling approximately \$40K.

The System wide summary table (page 2) compares, by functional area, budgeted expenditures and full-time equivalent (FTE) employee positions to actual for the year. Actual expenditures for FY 2012-13 were \$14.99 million less than budget, adjusted by state and IFC actions, for the year. Most functional areas, i.e., Instruction, Student Services, Institutional Support, etc., with the exception of Scholarships and Academic Affairs, sustained budget reductions ranging from a high of <8.59%> in Student Services to a low of <0.06%> in Institutional Support. The functional percentage reductions are due in part to the distribution of the Reserves function to the appropriate functional areas of the budget totaling approximately <\$12.1> million, which consisted of the professional and classified employee furlough savings and mandated vacancy savings applied by the 2011 Legislature. The Scholarship function actual expenditures exceed budgeted expenditures by 5.58%. Approximately 24.00 FTE profession and classified employee positions were eliminated from the budget.

Each of the campus reports, beginning of page 3, provide explanations of significant differences between budget and actual revenues and expenditures, explanations of transfers between function, and a listing of positions created or deleted from the Board approved budget.

The accountability reports and supporting documentation are complete and accurate and meet the reporting requirements of the Letter of Intent.