



Howard University

FY2011 Operating and Capital Plan

*As Approved by
Executive Committee
Board of Trustees
June 8, 2010*



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The FY2011 Planning Process

- ❑ **Targets, goals and metrics were set by OpCom for each major division and support function, following the four main strategic themes (*Early April*):**
 - Academic quality
 - Research expansion
 - Financial sustainability
 - Service effectiveness
 - ❑ **Targets and goals were reviewed with Budget Advisory Committee: threshold issues discussed = lender liquidity requirements, effect of healthcare reform, control over revenue, level of budget accountability. (*Mid-April*)**
 - ❑ **Templates for deliverables were designed by CFO office; content of deliverable was approved by OpCom and included: (*Mid-April*)**
 - Strategic overview
 - Accomplishments in FY2010
 - Objectives for FY2011
 - Revenue goals and initiatives
 - Cost and headcount budgets
 - Bridge from prior years to FY2011
 - Capital investments proposed
 - ❑ **Briefed Finance Committee of BOT on themes and approach (*Mid-April*)**
 - ❑ **Plans are based on year-to-date results through March plus projection of final quarter – called “FY2010 Outlook” (*Mid-May*)**
 - ❑ **Preliminary plan reviewed with BAC and with Faculty Senate (*Late-May and Early-June*)**
 - ❑ **OpCom reviewed and discussed detailed plans and capital requests by major operating segment and support function (*Late-May*)**
 - ❑ **Consolidated roll-up of FY2011 operating plan and capital budget for BOT Ex Com presentation (*Early June*)**
 - ❑ **Presentation to Executive Committee of Board of Trustees (*June 8, 2010*)**
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Operating Requests From The Campus

The Faculty Senate, Budget Advisory Committee, Cabinet, Provost's Council of Deans, and Health Sciences Enterprise Senior Management endorsed the following operating themes for FY2011:

- ❑ ***Focus on deferred maintenance*** – approximately \$50m included in the capital budget for deferred maintenance and facilities upgrades.
- ❑ ***Increase faculty and staff salaries*** – plan includes a 3% raise pool for faculty and staff; also examining incentive arrangements to drive strategic initiatives in research expansion, academic excellence and service quality.
- ❑ ***Improve customer service*** – plan includes initiatives from COO, CFO and other Cabinet functions to bring Howard's administrative processes to much higher levels.
- ❑ ***Use benchmark data to determine appropriate cost structure*** – benchmark data was used to set administrative cost targets.
- ❑ ***Invest in priority renovation projects*** – capital spending plan includes major renovations to improve the user experience, become more eco-friendly, and enhance security.
- ❑ ***Improve fund raising*** – President has launched major initiative to raise funds for need-based financial aid. Although no amounts are specifically included in the revenue plan, a target of \$25m for FY11 has been established.
- ❑ ***Enhance on-going effort to fix grants process*** – this is a continuing initiative with FY11 resource allocation focused on becoming grantor compliant and customer advocates.
- ❑ ***Break down the silos*** – this is a specific charge of the recently formed of the Operations Committee.
- ❑ ***Assess space utilization*** – being addressed as part of campus master planning process and academic renewal recommendations.



Major Planning Assumptions

❑ Operating Revenue:

- **Tuition** – assumed approved rate increases on flat enrollment, with a net financial aid rate comparable with FY2010.
- **Student Fees** – assumed approved rate increases and volumes comparable with FY 2010.
- **Patient Service Revenue** – assumed: 1) volume increases from Hospital (2% more admissions), after discontinuing both pediatrics and kidney transplant services for lack of volume; 2) higher volume from Faculty Practice Plan from added physicians and more stringent targets; 3) the institution of a Dental Practice Plan; 4) no significant rate changes; and 5) no new charity care required.
- **Auxiliary Services Revenue** – assumed approved rate increases for food and lodging plans, no changes in volumes, and TV and radio stations even with FY2010.
- **Grants and Contracts Revenue** – assumed significant new research grants keeping with strategic goals, intend to design compensation incentives and expectations to drive added grant volume.
- **Federal Appropriation and Public Support** – assumed amounts comparable with that realized in FY2010.

❑ Operating Expenses:

- **Employment Costs (Salaries, Wages and Benefits)** – intend to hold cost even with FY2010; assumed: 1) a 3% increase in direct compensation beginning July for HU and September for HUH; 2) the approved freeze of the pension plan; 3) the approved expansion of the savings plan; 4) the approved changes to Howard-sponsored health coverage; and 5) the reduction of at least 300 net positions (200 at HUH) from productivity initiatives.
- **Non-Employment Costs** – intend to lower costs by over \$20m (excluding new grants) by: 1) implementing a fewer but better personnel policy – reducing compliance and implementation costs; 2) consolidating, automating and standardizing functions – reducing redundancies; 3) monitoring spending monthly – avoiding surprises; and 4) improving service quality – minimizing rework and legal risks.

❑ **Capital Investments** – assumed approved projects plus critical deferred maintenance to improve security, appeal and functionality.

❑ **Cash and Liquidity** – assumed Howard will have to meet new lender liquidity requirements - equal to 50% of cash operating expenses - by end of FY2010 (a six month cushion).



Major Operational Initiatives

□ Academic and Clinical Quality:

- **Accreditation** – assure compliance of all programs up for renewal in FY11.
- **P-CAR** – complete process and begin implementing recommendations for Howard’s future academic plan.
- **Patient Safety** – address quality challenges in patient care delivery to raise the level of customer satisfaction and reduce the risk of malpractice claims.
- **Equipment and Facilities**– implement facilities plan to ensure exceptional support of cutting edge research, delivery of patient-centered care and outstanding educational programs; renovate and upgrade classrooms and general space of College of Nursing Pharmacy and Allied Health Sciences; implement improved technology platform for all academic facilities; renovate two general chemistry labs; renovate and increase the number of large classrooms;
- **Faculty Development** – implement programs and guidelines (in collaboration with the faculty) to better align faculty interests with strategic objectives of Howard – rewarding research, scholarship, student advisement and quality outcomes; hire new faculty in strategic areas; finalize the guidelines and process for evaluating faculty performance.

□ Research Expansion:

- **Administrative Support**– improve and align research development, pre-grant and post-grant administrative functions to reduce complexity, improve award rate and minimize and eliminate compliance errors; identify “go-to” people for high-volume researchers that will take personal responsibility for solving problems; fully implement the A-133 Corrective Action Plan for auditor review; reach out to grantor agencies to re-establish credibility; implement PeopleSoft functionality to enhance information flow and financial monitoring.
- **Facilities**– renovate research labs to accommodate current activity and to attract new faculty researchers; renovate two research labs to accommodate new faculty hires in physics and chemistry;
- **Faculty Engagement**– develop a culture of scholarship by increasing the number of peer reviewed publications and grant awards; hire research leaders for both Health Sciences and Academic Affairs; better support faculty research initiatives by pro-actively assisting their efforts and lowering their administrative requirements; in collaboration with faculty leaders, develop the model that will meet researchers expectations and facilitate more research activity.



Major Operational Initiatives *(continued)*

□ Financial Sustainability

- **Management Information**– continue to develop the capability to provide timely and actionable information to Howard decision makers – develop sophisticated financial reporting services, automated dissemination tools and staff with a customer orientation.
- **Cost Reduction** – create strategic alignment across the Health Sciences enterprise by completing the first phase of a strategic plan; begin to standardize, consolidate and automate administrative processes across all of Howard (HU and HUH); reduce the cost of outside services by implementing internal expert service models.
- **Enrollment Management** – identify, recruit and sustain a student population and profile that represents Howard’s mission and guiding principles; refine the undergraduate admission process; centralize donor and endowment awarding process; and provide equitable financing options to prospective and current students.
- **Fund Raising** – implement campaign to raise funds for need-based financial aid; increase routine contributions by \$1m; continue to develop alumni relations by strengthening partnerships with alumni organizations; implement donor recognition programs; provide timely donor reporting; and plan an annual giving campaign for the Health Sciences Enterprise – hiring key staff during FY11.

□ Service Effectiveness:

- **Talent Management**– improve on-boarding process by implementing web-based information exchange tools; reposition from a control model to a client-centric partnering model; develop a flexible benefits platform that allows for greater choice and value; begin implementing plan to be listed as a “best place to work” by FY14.
- **Campus Security**– enhance security operations with multiple technology solutions; secure all buildings before fall semester; develop a highly trained professional workforce; initiate process to become a nationally accredited police department; establish community oriented partnerships with students/faculty/staff/neighbors.
- **Facilities Management**– improve work request process so that 80% of work-orders are filled in 60 days or less.
- **Student Affairs** – initiate first phase of Bison One Card system.
- **Legal Administration** – streamline contract review process.



What's Not In The FY2011 Plan

- Any rationalization of programs or change in costs as a result of the President's academic renewal initiative – in process.
- Any change in tenure or retirement policies for faculty to address their heavily weighted senior status – under consideration.
- Any effect of the strategic plan for the Health Sciences Enterprise – in process.
- Any implications of the Walter Reed proposal – under evaluation by DC officials and community.
- Any new financing sources or changes in financial covenants – being evaluated.
- Any major change in organizational structure or leadership – new leaders being recruited.
- Any major change in investment policies – currently being examined by Investment Committee.
- Any new distance learning initiatives – under consideration.
- Any effect of new campus master plan – under development.
- Any change in the administration of research grants – under review.
- Any contributions that may come from the President's new initiative to raise money for need-based financial aid – under development.
- Any investments in properties or ventures other than those set out in Capital Budget – some under consideration.
- Any sale or development of real estate or other property – certain arrangements under consideration.



Strategic Overview

Strategic Mission

- ❑ **Programs of Exceptional Quality**
 - Emphasis on health sciences, STEM, humanities, social sciences and arts.
 - The preferred place to study, teach, research and work.
- ❑ **Top 50 Research University**
 - An international footprint in academic and research activity.
 - Leadership in areas of Howard's historic emphasis.
- ❑ **Financially Sustainable**
 - Sound stewardship over Howard's legacy assets.
 - Sophisticated financial management to support Howard's strategy and mission.
- ❑ **Support Traditional Communities**
 - Improving the quality of life for under-served communities.
 - Leader in the formation of national policies of particular relevance to African Americans.
- ❑ **Appealing Environment**
 - Continuously improving service and quality.
 - Foster an appealing experience.

FY2011 Strategic Themes

- ❑ **Improve Academic and Clinical Quality by:**
 - Enhancing student advisement to raise retention and graduation rates.
 - Supporting faculty/physician initiatives that have a high probability of increasing programmatic rankings and patient safety.
- ❑ **Expand Research Revenue by:**
 - Creating expectations for scholarly publications and research activity consistent with top tier research universities.
 - Investing in infrastructure to better support research activities.
- ❑ **Enhance Financial Flexibility by:**
 - Meeting all stakeholder expectations for financial information and analysis.
 - Pursuing financing alternatives to finance Howard's strategic transition.
- ❑ **Achieve Service Effectiveness by:**
 - Consolidating, standardizing and automating most functional support processes.
 - Creating a customer-service orientation and expectation for all faculty, physicians and staff.



Summary Results

Key Statistics

(\$ in millions)	FY2009 Actual	FY2010 Outlook	FY2011 Plan	Fav (Unfav) vs. FY2010
Academic Services	\$ 251	\$ 247	\$ 277	\$ 30
Health Services	299	295	305	10
Public Support	276	280	280	-
Operating Revenues	826	822	862	40
Academic Services	398	361	372	(11)
Health Services	290	298	300	(2)
Institutional Services	185	163	140	23
Operating Expenses	873	822	812	10
CFO Contingency	-	-	(20)	(20)
Operating Income (Loss)	\$ (47)	\$ -	\$ 30	\$ 30
Cash From Operations	\$ -	\$ 50	\$ 82	\$ 32
Capital Investments	\$ 51	\$ 35	\$ 100	\$ 65
Liquidity (for lender compliance)	\$ 330	\$ 335	\$ 380	\$ 45

Analysis

- ❑ **Academic Services Revenue - expected to be up over FY10 outlook by \$30m:**
 - Tuition and fees up from approved rate increases (\$23m); assuming flat enrollment and a comparable percentage of financial aid (34%) with FY10.
 - Auxiliary revenue up \$1m also based on approved new rates.
 - Research grant revenue up \$15m based on initiatives to drive Howard's research activity to next level.
- ❑ **Health Services Revenue - expected to be up over FY10 outlook by \$10m:**
 - Higher patient volumes at HUH, FPP and Dental Clinic driven by new initiatives within the Health Sciences Enterprise.
- ❑ **Operating Expenses - expected to be down from FY10 outlook by \$10m overall:**
 - Higher costs in academic units to support new research.
 - Higher costs in health units to support added volumes.
 - Lower functional support costs from headcount reductions and less reliance on outside contractors.
- ❑ **CFO Contingency – amount to compensate for stretch goals and unforeseen events.**
- ❑ **Capital Investments – amount based on balancing facilities improvements with liquidity needs.**
- ❑ **Liquidity - needs to be \$380m by December 2011**



Summary Cash Flow

Key Elements

(\$ in millions)	FY2009 Actual	FY2010 Outlook	FY2011 Plan	Variance vs. 2010
Net Operating Income (Expense)	\$ (47)	\$ -	\$ 30	\$ 30
Depreciation and amortization	47	50	52	2
Cash from operations	-	50	82	32
Purchases of property and equipment	(51)	(35)	(100)	(65)
Operating Free Cash Flow	(51)	15	(18)	(33)
Debt principal payments	(10)	(80)	(13)	67
Proceeds from new debt	26	70	51	(19)
Investment activity, net	(6)	10	10	-
Restricted contributions and other	15	5	5	-
Cash Flow After Financings and Investm	(26)	20	35	15
Working capital changes (AR/AP)	16	(30)	(19)	11
Changes in deferrals/trusts/other	-	30	11	(19)
Retirement expenses accrued	44	25	18	(7)
Retirement expenses paid	(21)	(21)	(35)	(14)
Restructuring costs paid	-	(17)	-	17
Net Changes In Cash	\$ 13	\$ 7	\$ 10	\$ 3
Cash - beginning	20	33	40	7
Cash - Ending	\$ 33	\$ 40	\$ 50	\$ 10
Operating marketable securities	60	15	40	25
Endowment marketable securities	237	280	290	10
Total Liquidity	\$ 330	\$ 335	\$ 380	\$ 45
Liquidity Required By Lenders	\$ 165	\$ 232	\$ 380	\$ 148

Analysis

- ❑ **Cash From Operations** – reflects operating profit before depreciation and after CFO Contingency.
- ❑ **Purchases of Property and Equipment** – reflects an amount that is targeted to be spent in each of the next three years – see Capital Investments analysis for details.
- ❑ **Debt Payments and Proceeds** - reflect normal principal payments, with new debt for approved projects: 1) chiller plant (\$23m), 2) energy upgrade (\$7m), 3) HUH equipment and electronic medical records (\$13m), and 4) technology equipment (\$8m).
- ❑ **Working Capital Items** – assumes improvement in receivables and payables management over FY11.
- ❑ **Retirement Expenses** – payments expected to exceed accruals as the need to make up a \$100m pension funding shortfall begins – assuming approximately \$17m catch-up contribution in FY11.
- ❑ **Liquidity Measures** - need to have \$380m of qualifying liquid assets by Dec 2011 which include cash and unencumbered marketable securities. Illiquid securities such as hedge funds and private equity interests do not qualify for this measure.



Operating Revenue by Type

(\$ in thousands)	FY2009 Actual	FY2010 Budget	FY2010 YTD March	FY2010 Outlook	FY2011 Plan	Inc (Dec) vs. 2010 Outlook
Gross Tuition	\$ 163,354	\$ 177,410	\$ 142,564	\$ 169,000	\$ 192,000	\$ 23,000
Less financial aid	(40,334)	(59,213)	(52,403)	(55,000)	(65,000)	(10,000)
<i>% of gross tuition</i>	25%	33%	37%	33%	34%	43%
Net Tuition	123,020	118,197	90,161	114,000	127,000	13,000
Student Fees	11,168	11,240	11,888	12,000	13,000	1,000
Net Tuition and Fees	134,188	129,437	102,049	126,000	140,000	14,000
Gross Patient Service	328,531	355,606	253,237	330,000	340,000	10,000
Less charity care	(29,775)	(30,000)	(31,407)	(35,000)	(35,000)	-
Net Patient Service	298,756	325,606	221,830	295,000	305,000	10,000
Auxiliary Services	56,934	64,102	48,818	61,000	62,000	1,000
Grants and Contracts	60,297	75,780	37,304	60,000	75,000	15,000
Federal Appropriation	234,545	235,000	177,117	235,000	235,000	-
Contributions and Other	40,877	37,317	42,155	45,000	45,000	-
Total Operating Revenue	\$ 825,597	\$ 867,242	\$ 629,273	\$ 822,000	\$ 862,000	\$ 40,000
<i>% Change over Prior Period</i>	3.4%	5.0%	NA	(0.4%)	4.9%	4.9%

Key Statistics

# of Students Enrolled (FTEs)	9,501	9,667	9,500	9,500	9,500	-
Total Faculty at Mid-Academic Year	1,300	1,378	1,260	1,260	1,200	(60)
Average Net Tuition per Student	\$ 14,124	\$ 13,390	\$ 14,319	\$ 13,263	\$ 14,737	1,474
Average Cost of Instruction per Student	\$ 48,059	\$ 43,318	\$ 43,403	\$ 42,737	\$ 38,947	(3,789)
Student to Faculty Ratio	7.3	7.0	7.5	7.5	7.9	0.4
Patients Served	250,572	280,400	202,622	270,000	278,000	8,000



Total Costs By Type

(\$ in thousands)	FY 2009 Actual	FY2010 Budget	FY2010 YTD March	FY 2010 Outlook	FY2011 Plan	Inc (Dec) vs. 2010 Outlook
Total Headcount at Mid-Year	6,250	6,200	5,896	5,900	5,600	(300)
Salaries & Wages	\$ 374,552	\$ 377,433	\$ 278,658	\$ 370,000	\$ 370,000	\$ -
Employee Benefits	111,724	106,268	78,027	110,000	110,000	-
<i>% of Direct Compensation</i>	<i>30%</i>	<i>28%</i>	<i>28%</i>	<i>30%</i>	<i>30%</i>	<i>0%</i>
Employment Costs	486,276	483,701	356,685	480,000	480,000	-
Utilities and Telecommunications	30,681	-	24,856	34,000	34,000	-
Medical and Office Supplies	46,713	271,003	33,971	40,000	40,000	-
Repairs and Maintenance	19,849	-	8,513	14,000	16,000	2,000
Food Service	9,041	-	5,618	10,000	10,000	-
Grant Subcontracts	11,915	-	9,200	13,000	24,000	11,000
Travel and Conferences	5,535	-	3,185	5,000	5,000	-
Insurance and Risk Management	24,596	-	20,363	27,000	25,000	(2,000)
Events and Ceremonies	2,238	-	2,000	3,000	3,000	-
Contracted Operational Services	48,798	-	30,000	40,000	38,000	(2,000)
Audit and Compliance	7,114	-	6,600	7,000	2,000	(5,000)
Technology Consulting	11,550	-	9,000	12,000	3,000	(9,000)
Professional and Purchased Services	35,243	-	25,000	30,000	25,000	(5,000)
Other Administrative	44,615	39,578	18,024	20,000	18,000	(2,000)
Provision for Bad Debts	35,931	35,000	19,801	28,000	28,000	-
Interest Expense	6,965	7,000	6,549	9,000	9,000	-
Depreciation and Amortization	45,812	48,000	37,265	50,000	52,000	2,000
Non-Employment Costs	386,596	400,581	259,945	342,000	332,000	(10,000)
Total Operating Costs	\$ 872,872	\$ 884,282	\$ 616,630	\$ 822,000	\$ 812,000	\$ (10,000)
Revenue Over (Under) Expenses	\$ (47,275)	\$ (17,040)	\$ 12,643	\$ -	\$ 50,000	\$ 50,000



Revenue and Cost by Cabinet Function

(\$ in millions)	FY2009		FY2010 Outlook		FY2011 Plan		Inc (Dec) vs. FY2010	
	Students/ Patients	Revenue	Students/ Patients	Revenue	Students/ Patients	Revenue	Students/ Patients	Revenue
Cabinet Departments:								
Health Sciences - Academic	1,764	\$ 81	1,750	\$ 78	1,750	\$ 99	-	\$ 21
Health Sciences - Clinical	100,962	35	126,000	35	131,000	\$ 40	5,000	5
Health Sciences - Hospital	129,610	264	144,000	260	147,000	265	3,000	5
Health Sciences Enterprise	232,336	380	271,750	373	279,750	404	8,000	31
Provost	7,737	123	7,600	123	7,600	134	-	11
COO	NA	65	NA	61	NA	64	NA	3
CFO	NA	20	NA	15	NA	15	NA	-
President and Other Admin	NA	228	NA	239	NA	233	NA	(6)
Development	NA	10	NA	11	NA	12	NA	1
Total Operating Revenue	240,073	\$ 826	279,350	\$ 822	287,350	\$ 862	8,000	\$ 40

(\$ in millions)	People		Costs		People		Costs		People		Costs	
	People	Costs	People	Costs	People	Costs	People	Costs	People	Costs		
Cabinet Departments:												
Health Sciences - Academic	1,189	\$ 151	1,140	\$ 144	1,120	\$ 149	(20)	\$ 5				
Health Sciences - Hospital	2,003	299	2,102	304	1,902	310	(200)	6				
Health Sciences Enterprise	3,192	450	3,242	448	3,022	459	(220)	11				
Provost	1,504	130	1,478	141	1,459	143	(19)	2				
COO	652	152	569	129	550	115	(19)	(14)				
Student Affairs	209	11	186	10	170	10	(16)	-				
CFO	103	52	83	31	80	26	(3)	(5)				
President	40	12	36	9	35	9	(1)	-				
Government Affairs, Strategy	80	16	73	18	70	16	(3)	(2)				
Development	48	5	55	5	53	6	(2)	1				
Communications/WHUR/WHU	81	27	104	21	90	19	(14)	(2)				
Sponsored Programs	22	12	34	4	30	3	(4)	(1)				
General Counsel	21	2	22	3	22	3	-	-				
Secretary	15	2	13	2	13	2	-	-				
Internal Audit	6	1	5	1	6	1	1	-				
Total Operating Expenses	5,973	\$ 872	5,900	\$ 822	5,600	\$ 812	(300)	\$ (10)				
Net Operating Result	NA	\$ (47)	NA	\$ -	NA	\$ 50	NA	\$ 50				



Capital Investments

(\$ in thousands)	FY 2010 Budget	FY 2010 Outlook	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	Funding Source
Major Projects University:						
Sprinkler/fire systems	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	Cash
HVAC renewal	-	-	5,750	11,750	4,250	Cash
COM multi-disciplinary teaching and research building	-	-	-	3,000	15,000	Cash
Computation science building	-	-	4,000	20,000	20,000	Cash
S of Communications building	-	-	3,000	15,000	18,000	Cash
Major ADA and other renovations	-	-	1,500	1,500	300	Cash
Camera surveillance and entry access systems	-	-	1,000	1,000	1,000	Cash
Replace Law School boilers	-	-	1,000	-	-	Cash
Renewal of campus laboratories	-	-	2,500	2,500	2,500	Cash
Renovate microbiology teaching lab	-	-	300	3,000	-	Cash
Major ADA renovations	-	-	1,500	5,500	-	Cash
Surgical skills training lab	-	-	4,000	-	-	Cash
Renewal of interior spaces - academic buildings	-	-	1,000	1,000	1,000	Cash
General repairs for fall opening-academic buildings	-	-	2,300	1,000	1,000	Cash
General repairs for fall opening-residence life	-	-	2,000	2,000	2,000	Cash
HVAC system upgrade - Baldwin Hall	-	-	1,500	1,000	1,000	Cash
Information systems upgrade	-	-	8,000	2,500	2,500	Approved capital lease facility for \$8m
Health Science labs	4,600	3,000	1,600	-	-	Cash
Town Center (utilities project)	4,000	1,200	-	-	-	Cash
Accreditation - CB Powell	2,000	2,600	-	-	-	Cash
Drew Hall	2,300	2,500	-	-	-	Cash
Laboratory renovations	1,500	-	1,500	-	-	Cash
Dormitory renovations	2,000	2,000	-	-	-	Cash
Research equipment (awarded via proposal process)	3,500	2,500	1,000	-	-	Cash
Honeywell Energy Contract for 10 campus buildings	10,000	4,000	6,000	-	-	Approved Public Bond Issue
Library materials	6,772	1,760	2,000	2,000	2,000	Cash
All projects under \$1m	10,500	5,500	3,950	1,050	11,250	Cash
Total University Capital Plan	47,172	25,060	60,400	78,800	86,800	
Major Projects Hospital:						
Chiller Plant	20,000	-	23,000	-	-	Approved Unit Purchase Contract
ER renovations/remodel	-	-	-	5,000	-	Cash
Linear Accelerator	4,200	4,200	-	-	-	Approved capital lease facility
Radiology/Cardiology shared interventional room	2,500	-	2,500	-	-	Approved capital lease facility
Radiology - PACS, ANGIO	4,800	-	4,800	-	-	Approved capital lease facility
Electronic Medical Records	-	-	7,000	3,000	-	Approved capital lease facility
All projects under \$1m	8,900	5,800	2,300	13,200	13,200	Cash
Total Hospital Capital Plan	40,400	10,000	39,600	21,200	13,200	
Total Howard Capital Plan	\$ 87,572	\$ 35,060	\$ 100,000	\$ 100,000	\$ 100,000	
Total cash required	\$ 66,072	\$ 26,860	\$ 48,700	\$ 94,500	\$ 97,500	



Summary

❑ **Strategy and Objectives**

- Investing in academic and clinical quality
- Investing in research support
- Driving toward financial sustainability
- Driving toward service effectiveness

❑ **Revenue Goals**

- Tuition increases need to drop to net revenue
- Patient volumes need to rise from service expansion initiatives
- Research needs to become part of academic fabric

❑ **Cost Budgets**

- Productivity needs to offset inflation in all major accountability portfolios
- Expert managers need to enhance service delivery
- “Quality is cheaper” needs to drive most decisions

❑ **Capital** – investing in research support and an appealing campus

❑ **Cash** – need to enhance, from operations and investments, to meet lender liquidity requirements

An Aggressive but Achievable Plan