Minnesota State Colleges and Universities

Financial Recovery Plan Requirements

Board procedure 7.3.16 requires a financial recovery plan to be prepared when certain financial health indicators have been triggered. A college/university Financial Recovery Plan (FRP) must include the specific steps that will be taken and expectations as to how these steps will improve the college or university’s financial health above the trigger level. Periodic progress reporting will be requested. FRP and FRP updates are to be submitted to the Finance Division in the system office no later than Monday, January 4, 2016.

The FRP is expected to take an “all funds” view and must include:

- Fund-level detailed, measurable steps and the projected impact of those steps at the fund and institutional level by fiscal year. The plan should tie the detailed steps to action dates.

- Analysis of mid-year budget plan and year-to-date performance and the degree to which actual results match expected results

**FRP Narrative**

All financial recovery plans must include a narrative that addresses the following:

- Identify the revenue and expense components that have the greatest impact on the institution’s financial health (e.g., enrollments, salaries, benefits).

- Summarize year-to-date performance on your current fiscal year budget (planned versus actual). Explain variances in actual vs. year-to-date performance.

- For the current and next fiscal year, identify the strategies and action steps that have been or will be implemented to re-establish financial health. Indicate how and when those strategies were/will be implemented, expected/achieved results, gaps in the results, and new strategies planned for continued improvement.

- For the current and next fiscal year, describe the risks associated with the key strategies and action steps, and contingency plans if planned performance results are not achieved.

**FRP Spreadsheet**

All financial recovery must include a spreadsheet with the following information included (template provided):

1. **Full year equivalent (FYE) enrollment**
   a. FY2015 FYE actual
   b. FY2016 FYE projected
   c. FY2017 FYE projected
2. **Full-time equivalent (FTE) employees**
   a. FY2015 FTE actual
   b. FY2016 FTE projected
   c. FY2017 FTE projected

3. **Fund balance**
   a. FY2015 actual
   b. FY2016 projected
   c. FY2017 projected

4. **CFI (without GASB 68)**
   a. FY2015 actual
   b. FY2016 projected
   c. FY2017 projected

5. **FY2016 original budget (All Funds and General Fund)**

6. **FY2016 revised budget (All Funds and General Fund)**
   a. Key assumptions (identify key assumptions and revenue and expenditure targets)
   b. Projected deficit/surplus before action taken

7. **FY2017 preliminary budget (All Funds and General Fund)**
   a. Key assumptions (identify key assumptions and revenue and expenditure targets)
   b. Projected deficit/surplus

8. **Other fund analysis**
   a. Summarize the same information above for specific funds (auxiliary and revenue funds)

**Notes:**

1. For purposes of calculating the financial health indicators based on the FY2015 audited financial statements, the CFI has been measured without the GASB 68-related adjustments to FY2015 results.

2. **Current triggers are based on accrual financials.** Your FRP should attempt to have excess revenue over expenses (on a budgetary basis) to accommodate the accrual adjustments related to depreciation and compensated absences.

3. If you have received an HLC request for financial review, provide the additional information requested by the HLC with your FRP.