



# **FAS Department Administrators Meeting**

**September 15<sup>th</sup>, 16<sup>th</sup>, 17<sup>th</sup>  
2009**



# Agenda

Introduction of Acting Dean of Administration	Deena Giacotti
Faculty Working Groups	Divisional Administrative Deans
Endowment Planning (Strategic Payout & UPMIFA)	Deena Giacotti
HUBS Update	Eric Kopstain/Katherine Buchan
Human Resource Updates	Mary Straub/Tracy Walden
<ul style="list-style-type: none"><li>▪ Independent Contractors</li><li>▪ H1N1</li></ul>	
FAS IT Updates	Dennis Sullivan
<ul style="list-style-type: none"><li>▪ Universal Desktop Program</li><li>▪ Email</li></ul>	
FAS Environmental Efforts Updates	Dara Olmsted
FY10 Exam Procedures	Barry Kane/Kara Turner



# Introduction

**Deena Giacotti**

FAS Office of Finance



# Faculty Working Groups

**Divisional Administrative Deans**

**CONFIDENTIAL**

# **Endowment Planning – Strategic Payout & Underwater Endowments**

*Department Administrator's Meetings  
September, 2009*

## Strategic Payout: Overview

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- In FY2006, the University established the “strategic payout” in order to maximize access to the extraordinary growth in the endowment and to fund priorities shared by the President and the Dean.
- Each year, the FAS selected on a fund-by-fund basis the endowments that would receive “strategic payout.” These funds received an *incremental distribution* (based on a distribution rate per unit), over and above the distribution generated from the annual base payout.
- Over the past few years, the FAS selectively implemented strategic payout on a number of endowments that support key initiatives or provide significant unrestricted budget relief.
- Effective this year, the FAS intends to activate the strategic payout on all remaining endowment funds.

## Strategic payout: What have we accomplished so far?

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- Today, the strategic payout provides over \$120M of income to our highest priority areas
  - helped pay for substantial investments in new buildings, faculty, and financial aid
  - focused on largest funds having flexible terms or terms that specifically matched Dean’s priorities (e.g., financial aid)
  - have activated 3,300 funds (58% of total), which represents over 85% of the total strategic payout available
- Funds remaining to access
  - ~2,300 funds left to activate
  - many are highly restrictive in nature
  - some offer the ability to relieve the unrestricted budget and/or directly support Dean’s priorities

# Why are we activating all of the strategic payout now?

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## 1. Need to establish a “uniform” payout rate

- Endowment “payout rate” (also known as “spend rate”) is the percentage we withdraw from the endowment each year.  
(Annual Distribution / Ending Endowment MV for prior year)
- Endowments that take strategic payout have a higher “payout rate” than those that do not (i.e., the “base payout” combines with the “strategic payout”)
- Our goal since the inception of the program has been to fully implement the strategic payout program over time so that we may re-establish a single, uniform “payout rate” across all endowments.
- Current and future declines in the endowment distribution (*-8% in FY10; -12% in FY11*) are derived from a target payout rate that assumes all strategic payout is activated.

## 2. We expect that the strategic payout will provide the FAS with additional opportunities to relieve the unrestricted budget

# Various strategies are used to direct the strategic payout

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Strategy	Example
<p><b>1. Endowment is directly aligned with priority</b> – Activate strategic payout on endowment funds whose terms are aligned with the Dean's priorities</p>	<ul style="list-style-type: none"><li>• Undergraduate and graduate financial aid</li><li>• Professorships</li></ul>
<p><b>2. Substitute unrestricted spending</b> - Use strategic payout to free up limited unrestricted dollars, which can then be redirected towards Dean's priorities.</p>	<ul style="list-style-type: none"><li>• Underfunded faculty endowments</li></ul>

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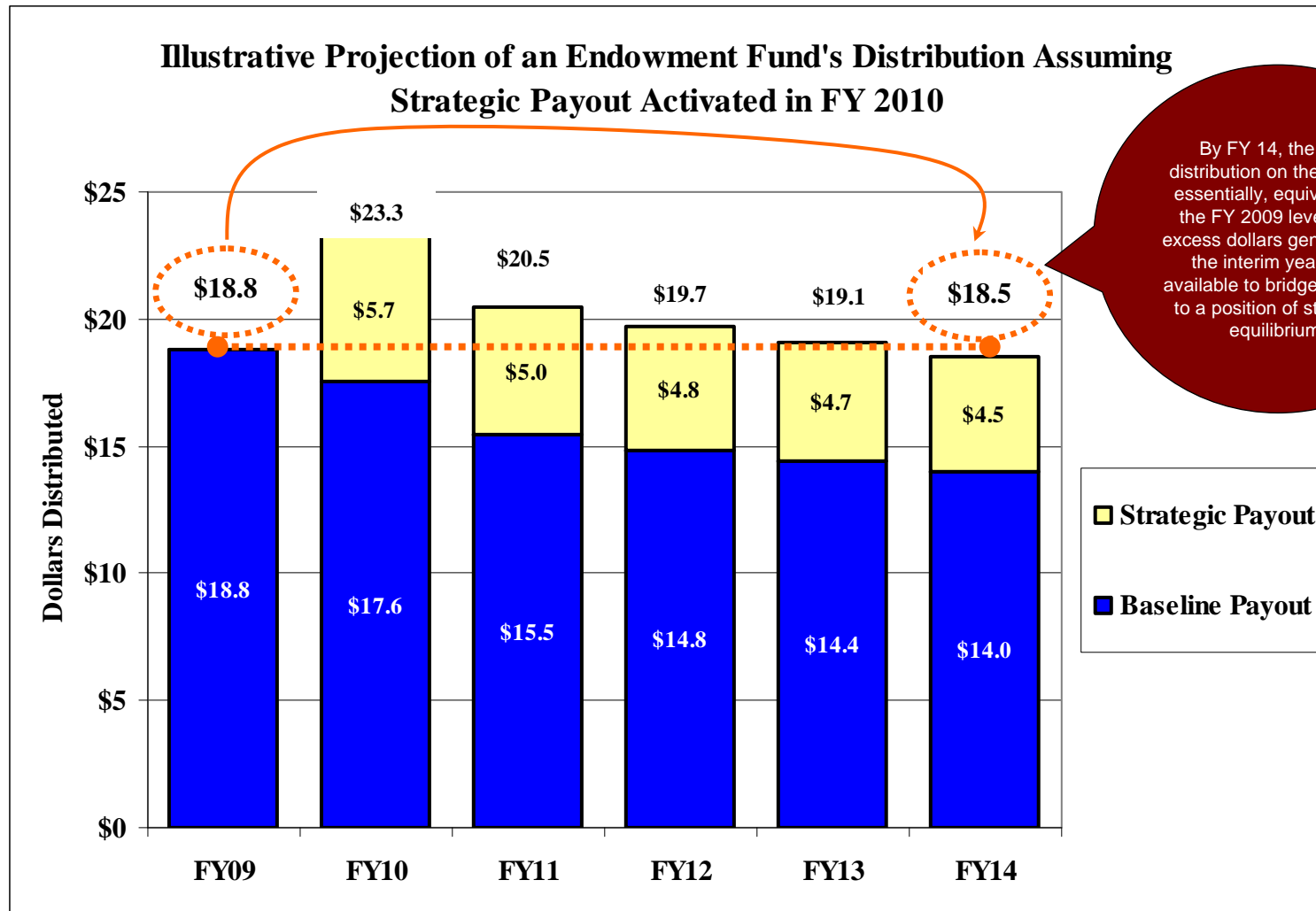
Important: The use of strategic payout must always be consistent with the terms of the endowment.

## How will strategic payout impact my endowment distribution in FY10 and beyond?

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- Like the normal distribution, the strategic payout for a given fund is calculated based on a (*distribution rate per unit*) \* (*the # of units held by the fund*).
- For endowments that have not already take strategic payout, the distribution will increase in the short term (FY10), and then will begin to decline with the reduction in payout rates.
- For illustrative purposes, we have created an example using the following assumptions:
  - Endowment Market Value (6/30/08) = \$600k
  - Distribution rate assumptions:
    - FY10 = (-8%); FY11= (-12%); FY12= (-4%); FY13= (-3%)

# How might this impact my endowment distribution?



## Will this help our financial problem?

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- While there are ~2,300 funds remaining to activate, many of the are highly restrictive and/or have relatively small market values.
- In cases where the payout will not be able to relieve our budget...
  - It might provide incremental support to a much needed area
  - Or, it may be too restrictive and hard to use
- However some endowments do offer opportunities! Using the “first dollar principle” we hope to achieve some additional budget relief by activating the strategic payout.
- While we hope this relief will be structural, and allow for the recurring displacement to endowment of unrestricted costs, the incremental dollars generated by the strategic payout, at the very least, provide us with additional time during which to evaluate and implement longer-term structural solutions.

## Next Steps

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- An adjusted endowment income budget has been uploaded and you can now see the FY10 increase in the endowment distribution due to the strategic payout (object code 4415) and a corresponding amount for the AEA (object 5931)
- The actual distribution will not occur until late fall/ early winter.
- The Administrative Dean and Financial Analyst for your Division / unit will be contacting you to establish a plan for the use of this income and its potential impact (if any) on your expense budget and your subvention (if you receive one).

# Underwater Endowments

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- In December 2008 the FAS Finance Office notified departments with endowments that were in danger of becoming “underwater”
- Recently, Massachusetts enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which gives institutions greater flexibility to cope with fluctuations in the value of their endowment.
- The University convened a working group who is looking at establishing an internal *prudence* standard. The specific question be asked is:

*Given that UPMIFA removes the limitation on spending underwater funds, to what extent should Harvard allow the use of principal to support a fund’s annual endowment distribution?*

- We expect to have more information in the upcoming months...



# HUBS Update

**Eric Kopstain / Katherine Buchan**

FAS Office of Finance



# Agenda

- **Status of University-Wide HUBS Implementation**
- **Status of FAS HUBS Implementation**
- **Implementation Timeline**



# Scope for Overall HUBS Implementation

## In Scope

- Web-enabled, automated way for tub financial offices to build budget data collection templates for each unit
- User-friendly interface by which department and tub users estimate, data-enter, annotate and submit their current year forecast and next fiscal year budget
- Interactive and dynamic tools for tub financial offices to work with local units and submit the consolidated tub budget to the University Budget Office
- Reporting capabilities for analyzing and understanding the budget, including comparisons of prior, current and future year budgets with closed period actuals, to validate and summarize submissions

## Out of Scope

- Budgeting for sponsored accounts
- Long-term or complex financial sub-models
- Capital projects budgeting
- Business Intelligence beyond those reports linked to the annual fiscal operating budget cycle



# Objectives for FAS HUBS Implementation

- **Implement a standardized budgeting business process across FAS that supports the divisional structure**
- **Develop and distribute a suite of reports for the following groups:**
  - **FAS Central Finance Staff**
  - **FAS Tub Finance Officers**
  - **FAS Planners**
  - **FAS Divisional and Academic Leadership**
- **Increase frequency of budgeting review process from annual to quarterly**



# Scope by FAS Implementation Phase

Phases	In Scope	Out of Scope
I – FAS Fin Office	<ul style="list-style-type: none"> <li>• Standard reports*</li> <li>• Smartview</li> <li>• Hyperion Training</li> </ul>	<ul style="list-style-type: none"> <li>• Customized reports</li> <li>• Budgeting functionality</li> <li>• Employee specific budgeting</li> </ul>
II – Business Process Redesign	<ul style="list-style-type: none"> <li>• Design &amp; implementation of customized reports</li> <li>• Design of standardized budgeting process in HUBS</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of standardized budgeting process in HUBS</li> <li>• Employee specific budgeting</li> </ul>
III – FAS TFO's and Planners	<ul style="list-style-type: none"> <li>• Rollout of standardized budgeting process in HUBS</li> <li>• Employee specific budgeting</li> <li>• Hyperion Training</li> </ul>	

\* Includes all object codes



# Phased Timeline for FAS HUBS Implementation

May	Jun	July	Aug	Sep	Oct	Nov	Dec
I - FAS Fin Office		II - Bus Process Redesign				III - FAS TFO's and Planners	



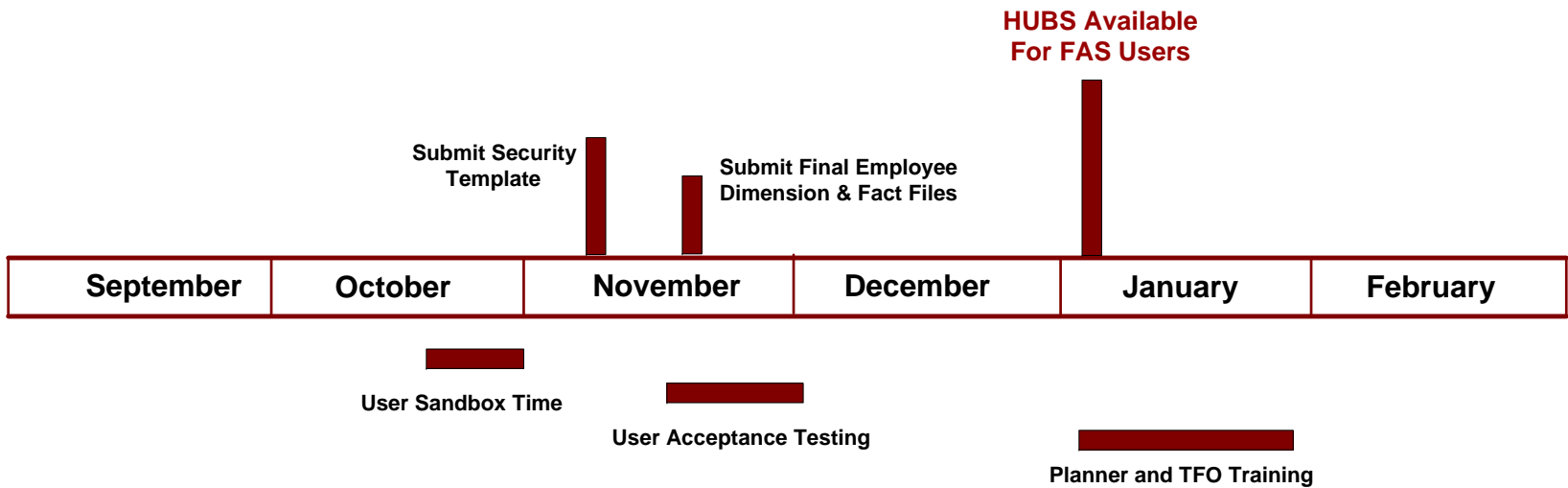
# FAS HUBS Working Group

An active group engaged in designing detailed aspects of the solution, including most tactical decisions including :

- Detailed design for webforms, reports, rules, etc.
- Task prioritization and scope trade-offs and concessions
- Issue review and resolution



# Implementation Timeline





# Independent Contractor Classifications

**Mary Straub / Tracy Walden**

FAS Human Resources



# H1N1 Update

**Mary Straub**

FAS Human Resources



# H1N1 Update

- Refer to the handout in packet
- If staff members exhibit any flu-like symptoms, they should not come to work until 24 hours after resolution of fever without the use of fever reducing medications
- H1N1 Symptoms include fever greater than 100 degrees F **and** at least one of the following:
  - Sore throat
  - Cough
  - Stuffy or runny nose
  - Body aches
  - Headache
  - Chills and fatigue

Latest University updates at <http://www.harvard.edu/H1N1>



# FAS Information Technology

**Dennis Sullivan**

FAS IT

*dennis\_sullivan@harvard.edu*



# Today's FAS IT Topics

- Universal Desktop – Presentation
- E-mail – IRIS Update



# Universal Desktop - Mission

- Improve service and support model across FAS
  - Timely service and problem resolution
  - Pro-active configuration
  - Software integrity and compliance
- Implement Asset Management across FAS
  - Configuration and tracking
  - Ordering and deployment
  - Obligations
- Manage Office IT spend across FAS
  - Total cost of ownership
  - IT spending & efficiency
  - Budget management
- Three Year Implementation
  - Upgrade approx. 1/3 of each department / year
  - Implementation determined by Ad Deans and FAS Finance



[universaldesktop.fas.harvard.edu](http://universaldesktop.fas.harvard.edu)



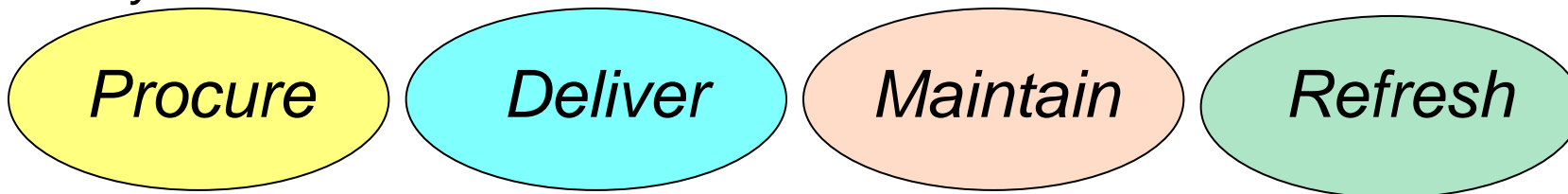
# Universal Desktop Life Cycle

## Department Administrator Role



[universaldesktop.fas.harvard.edu](http://universaldesktop.fas.harvard.edu)

### Life Cycle Phases...



### Life Cycle Activities...

- ✓ HUID
- ✓ Acct codes
- ✓ Policy
- Lease

(✓ = DA role)

- ✓ Track order
- Hardware
- Software
- Data
- Service

- ✓ Dept change
- ✓ Reporting
- Break-Fix
- SW config
- Service

- ✓ Notification
- ✓ Upgrade
- ✓ Clear SW
- ✓ Recycle HW
- ✓ 3 Yr Cycle

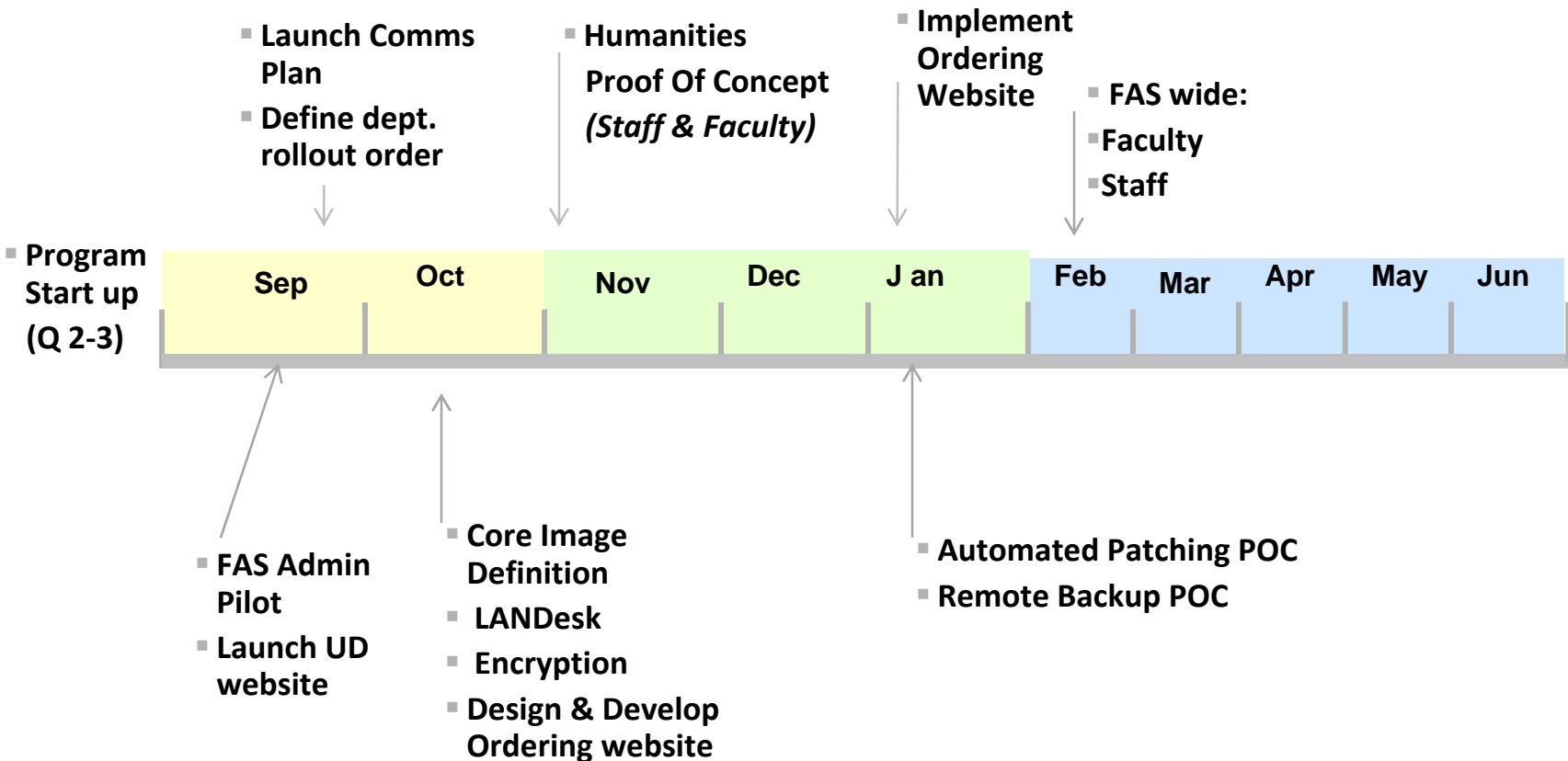
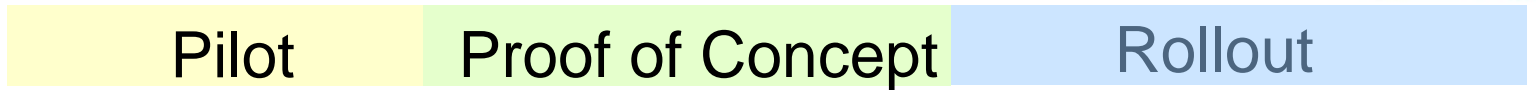
Contact: [udadmin@fas.harvard.edu](mailto:udadmin@fas.harvard.edu)



# UD Implementation - Current Focus



[universaldesktop.fas.harvard.edu](http://universaldesktop.fas.harvard.edu)



[universaldesktop.fas.harvard.edu](http://universaldesktop.fas.harvard.edu)



# Iris Program



[www.iris.fas.harvard.edu](http://www.iris.fas.harvard.edu)

FAS IT has officially launched an email & calendaring program for the Faculty of Arts and Sciences.

- Faculty and Staff Email – Microsoft Exchange 2007
  - Benefits: 2 GB quotas, integrated calendar, integration with mobile devices
  - Self Service password reset will be available
  - Rollout to begin November 2009 on a department by department basis
    - Technicians specifically trained to assist users with conversion
    - Training classes provided for Outlook/Entourage
  - Website available for program information, instructions, and FAQs - [www.iris.fas.harvard.edu](http://www.iris.fas.harvard.edu)
- Student Email
  - Benefits: Improved web interface, larger quota
  - Pilot with 2,000+ College students
  - Rollout to remainder of College students AY09
  - Self Service password reset



# FAS IT Update

Thank you.



# FAS GREEN PROGRAM

**A partnership between the Office for Sustainability and the FAS**

**[www.green.harvard.edu/fas](http://www.green.harvard.edu/fas)  
energy@fas**



# Upcoming Events and Resources

## Events

- Green Office training this Thursday, 10am, Barker Center, Thompson Room (no rsvp necessary)
- Freecycle event: Tuesday, Sept. 15, 11-1:30, outside Science Center
- Farmer's Market: Office focus: Sept.15, 12:30-6, outside Science Center

## New Programs:

- Harvard Reuse list ([www.green.harvard.edu/reuse-list](http://www.green.harvard.edu/reuse-list))
- FAS Green Program newsletter

## Sample Projects and Programs:

- Recycling, compost, waste reduction assistance
- Dual flush toilet and low flow aerator installation
- Lab sustainability assessments and certification
- Green office assessments and certification
- Green tips of the month
- Top ten & CERtoon displays
- Free timers





# Conservation Tip & Contact Information

## Resource conservation tip

### Water coolers vs. filtration

- Saves money (payback if buy about 6 bottles/month)
- Better for the environment
- Less resources
- Pilots: CCB, University Hall, etc
- Atlas, Poland Springs, etc.

Please send your comments and ideas to:

- [energy@fas](mailto:energy@fas)
- [www.green.harvard.edu/fas](http://www.green.harvard.edu/fas)





# FY10 Exam Procedures

**Kara Turner / Barry Kane**

Office of the Registrar