

SARA Inst and Rev (Est. \$3,650 per inst)	FY 2015 Actual	FY 2016 YTD	FY 2016 Proj				
New SARA Institutions	278	469	629				
Institutional Renewals	0	209	284				
Total SARA Institutions * (SForce)	278	678	913				
Revenue, New Institutions	\$ 1,052,910	\$ 1,779,962	\$ 2,295,850				
Revenue, Renewals	\$ -	\$ 761,900	\$ 1,036,600				
TOTAL Revenue SARA	\$ 1,052,910	\$ 2,541,862	\$ 3,332,450				
NC-SARA Retained Revenue	\$ 379,048	\$ 915,070	\$ 1,199,682				
NC-SARA Expenses	FY 2015 Actual	FY 2016 YTD	FY 2016 Proj				
Salaries & Benefits	\$ 425,803	\$ 388,117	\$ 502,117				
Legal & Consulting	\$ 46,753	\$ (19,021)	\$ 13,478				
Rent & Utilities	\$ 56,257	\$ 58,202	\$ 70,202				
Travel, mtgs & conferences	\$ 78,017	\$ 5,400	\$ 33,400				
Communication	\$ 9,740	\$ (2,765)	\$ (765)				
Software Purch, Dev & IT User Fees	\$ 211,393	\$ 205,197	\$ 244,197				
Other (i.e., furniture)	\$ 65,085	\$ 105,138	\$ 158,052				
Total Expenses	\$ 893,048	\$ 740,268	\$ 1,020,681	Two year total**			
Projected Rev over/under Exp	\$ (514,000)	\$ 174,802	\$ 179,001	\$ (334,999)			
Observations and Assumptions							
FY2016 YTD data are through March 31, 2016.							
Total institutions YTD data are affected by the current transition of IT systems. NC-SARA estimates YTD institutions is closer to 850 institutions.							
**This spreadsheet only recognizes institutional fee revenue, NOT carryover grant funds (The \$514K NC-SARA deficit in FY2015 was covered by grant funds and WICHE loans).							
Budget Line-item Notes							
Projected new institutions based on historic trends, expected dates of state membership and expected date(s) state portal entities would begin approving institutions.							
Projected state renewals based on 100% institutional renewal rate.							
Accounting services included in "Legal & Consulting" line item.							
"Communication" includes postage, phones, advertising/marketing, printing/copying, etc.							
Software purchases, etc., costs include transition to independent IT managed services, Salesforce, and all relevant technology expenses.							
"Other" includes various overhead and indirect expenses.							

Proposed NC-SARA Budget for FY2017

Agenda Item V: ACTION

Background

The SARA initiative was developed and implemented with reliance on grant funding from Lumina Foundation (\$3 million) and the Bill & Melinda Gates Foundation (\$200,000). As institutions began to pay fees to participate in SARA, NC-SARA and the regional compacts went through a period of relying on both grant and fee income. NC-SARA has now spent its portion of those original grant funds and is completely reliant on institutional fees -- and funds loaned by WICHE.

In October of 2015, NC-SARA became an independent 501(c)(3) organization, necessitating numerous adjustments. Independent banking, accounting, auditing, payroll, IT and other services are needed, and they are provided for in the proposed budget.

Key points:

- Projections are based on the staff's conservative judgments about when additional states are likely to join, allowing their institutions to choose to participate. Estimates of average fees and renewal percentages are based on experience.
- As NC-SARA establishes itself as an independent entity, expenses will be incurred ahead of income; additional borrowing from WICHE will cover that.
- NC-SARA currently owes WICHE about \$180,000 (mostly for larger-than-anticipated IT expenses), an amount which will increase before it is fully repaid. The proposed budget provides for full repayment within FY 2017.
- NC-SARA has a current budgeted staffing level of 2.5 FTE. Without cost to NC-SARA, W-SARA staff have been doing NC-SARA work (an additional estimated 1.5 FTE). The proposed budget is based on an NC-SARA staffing level of 4.8 FTE. Details are provided on the second page of the attached proposed budget.
- Fee income will continue to increase through FY2017, and likely the first part of FY2018. The fee structure will remain the same through FY2018.
- As institutional fees are accumulated by NC-SARA, they would be disbursed quarterly to the regional compacts using the following allocation percentages: MHEC 16%; NEBHE 16%; SREB 16%; WICHE 16%; NC-SARA 36%. The proposed budget provides each regional compact \$425,000 to administer SARA in their region. (In future years that amount would be adjusted annually for inflation, if needed.) After the disbursement formula generates that amount for each compact, additional funds would be retained by NC-SARA.
- After NC-SARA has repaid its debt to WICHE and established a positive cash flow for its operation as an independent entity, remaining funds would be allocated to the five SARA partners to begin the establishment of reserves. Reserves would eventually total \$212,500 for each of the regional compacts and, for NC-SARA, 50 percent of NC-SARA's annual operating budget (as determined).

NC-SARA FY2017 Proposed Budget

April 19, 2016

A	B	C	D	Q						
	New Institutions			Total						
1	Act FY2014 New Institutions (by 6-30-2014)			6						
2	Act FY2015 New Institutions (by 6-30-2015)			278						
3	Proj FY2016 New Institutions (by 6-30-2016)			629						
4	Proj FY2017 New Institutions (by 6-30-2017)			200						
5	FY 2017 MHEC (WI)			25						
6	FY2017 NEBHE (CT, MA, NJ, NY)			50						
7	FY2017 SREB (DC, DE, FL, KY, PA, NC, SC)			100						
8	FY2017 WICHE (CA, HI, UT)			25						
				1,113						
	FY2017 Proj Rev (Est. \$3,650 per inst)	FY 2015 Actual	FY 2016 Proj	FY 2017 Proj						
9	New SARA Institutions	278	629	200						
10	Institutional Renewals	0	284	913						
11	Total SARA Institutions * (SForce)	278	913	1,113						
12	Revenue, New Institutions	\$ 1,052,910	\$ 2,295,850	\$ 730,000						
13	Revenue, Renewals	\$ -	\$ 1,036,600	\$ 3,332,450						
14	TOTAL Revenue SARA	\$ 1,052,910	\$ 3,332,450	\$ 4,062,450						
15	NC-SARA Retained Revenue	\$ 379,048	\$ 1,199,682	\$ 2,362,450						
	MHEC SARA Administration Fee	\$ 168,466	\$ 533,192	\$ 425,000						
	NEBHE SARA Administration Fee	\$ 157,937	\$ 499,868	\$ 425,000						
	SREB SARA Administration Fee	\$ 168,466	\$ 533,192	\$ 425,000						
	WICHE SARA Administration Fee	\$ 178,995	\$ 566,517	\$ 425,000						
	NC-SARA FY 2017 Proj Expenses	FY 2015 Actual	FY 2016 Proj	FY 2017 Proj						
16	Salaries & Benefits	\$ 425,803	\$ 502,117	\$ 609,156						
17	Legal & Consulting	\$ 46,753	\$ 13,478	\$ 36,000						
18	Rent & Utilities	\$ 56,257	\$ 70,202	\$ 60,000						
19	Travel, mtgs & conferences	\$ 78,017	\$ 33,400	\$ 111,000						
20	Communication	\$ 9,740	\$ (765)	\$ 12,000						
21	Software Purch, Dev & IT User Fees	\$ 211,393	\$ 244,197	\$ 210,000						
22	Other (i.e., furniture)	\$ 65,085	\$ 158,052	\$ 62,400						
23	WICHE Loan Repayment	\$ -		\$ 180,000						
	Total Expenses	\$ 893,048	\$ 1,020,681	\$ 1,280,556						
	FY 2017 Proj Rev over/under Exp (cap)	\$ (514,000)	\$ 179,001	\$ 1,081,894						
	Observations and Assumptions									
	Under the FY2016 allocation by percentages method, NC-SARA throughout FY2017 would experience a cash flow shortfall.									
	This spreadsheet only recognizes institutional fee revenue, NOT carryover grant funds (The \$514K NC-SARA deficit in FY2015 was covered by grant funds and WICHE loans.)									
	This budget assumes that by the end of FY2017, California, Connecticut, Florida and Massachusetts will be the only non-SARA states.									
	Budget Line-item Notes									
5	We anticipate Wisconsin will begin approving SARA institutions in FY2017.									
6	We anticipate New Jersey and New York will begin approving SARA institutions in FY2017.									
7	We anticipate DC, Delaware, Kentucky, Pennsylvania, North Carolina and South Carolina will begin approving SARA institutions in FY2017.									
8	We anticipate Hawaii and Utah will begin approving SARA institutions in FY2017.									
9	Projected new institutions based on historic trends, expected dates of state membership and expected date(s) state portal entities would begin approving institutions.									
10	Projected state renewals based on 100% institutional renewal rate.									
17	Accounting services included in "Legal & Consulting" line item.									
20	"Communication" includes postage, phones, advertising/marketing, printing/copying, etc.									
21	Costs include transition to independent IT managed services, Salesforce, and all relevant technology expenses.									
22	"Other" includes various overhead and indirect expenses.									
23	Amount to be repaid to WICHE likely will increase in the short-term.									