

University Budget Committee

Minutes

10.21.2022 | 9:00 am | Meeting called to order by Tim Bisping

In Attendance

<input checked="" type="checkbox"/> Angela Bacarisse	<input checked="" type="checkbox"/> Leslie Cecil	<input checked="" type="checkbox"/> Janet Jones	<input checked="" type="checkbox"/> Gina Oglesbee
<input checked="" type="checkbox"/> Erin Bailey	<input checked="" type="checkbox"/> Kim Childs	<input checked="" type="checkbox"/> Larry King	<input checked="" type="checkbox"/> Barbara Qualls
<input checked="" type="checkbox"/> Jessica Barrett	<input type="checkbox"/> Mike Coffee	<input checked="" type="checkbox"/> Judi Kruwell	<input checked="" type="checkbox"/> Stephanie Ross
<input checked="" type="checkbox"/> Todd Barrios	<input checked="" type="checkbox"/> Alisha Collins	<input checked="" type="checkbox"/> Michael Maurer	<input type="checkbox"/> Jeremy Stovall
<input checked="" type="checkbox"/> Veronica Beavers	<input checked="" type="checkbox"/> Mickey Diez	<input checked="" type="checkbox"/> Chris McKenna	<input checked="" type="checkbox"/> Laura Turner
<input type="checkbox"/> Ric Berry	<input type="checkbox"/> Keith Hubbard	<input type="checkbox"/> Rob Meyers	<input type="checkbox"/> Trey Turner
<input checked="" type="checkbox"/> Lesa Beverly	<input checked="" type="checkbox"/> Jason Johnstone	<input checked="" type="checkbox"/> Beverly Moorehouse	<input checked="" type="checkbox"/> Megan Weatherly
<input checked="" type="checkbox"/> Tim Bisping		<input checked="" type="checkbox"/> Kelly Noe	

Agenda:

- 1) Budget Update
- 2) FY23 Goals

Dr. Bisping welcomed the committee members and explained that Interim President Steve Westbrook had appointed VPFA Gina Oglesbee and him as co-chairs of the UBC.

Budget Update Presentation

Presentation by Gina Oglesbee

- In her role as Chief Audit Executive, Gina previously presented the University Budget Project by Audit Services and the external accountant review report in January 2022. The report from external accountant showed the university was over-reserved for the SACS calculation of reserves so we planned to use fund balance reserves in this year's budget.
- Review of budget of approximately \$274 million including all funds. This information is available on the university Budget Office website: <https://www.sfasu.edu/budget>
- Budgeted Revenue – not much change in tuition and fees or state appropriations or others. Grants and Contracts (due to including more funds), Student Housing (due to more students on campus), and Gifts (budgeting Athletic gifts into budget) increased.
- Budgeted Expenditures - Salaries and Wages increased due to one-time salary stipends and Academic Affairs salary expenses that the provost previously included in Operating but moved back to Salaries and Wages.
- Additions of Revenues for FY23 that were not previously included in budget:
 - HEF fund balance carry forward \$3 million. HEF funds not expended each year; those funds are held at the State Treasury so we have to carry those funds forward to use next year. This has never been reflected in our budget.
 - Hazlewood reimbursement \$600,000. We spend about \$5.7 million on Hazlewood exemptions.
 - 3 peat tuition and non-resident electronic fee tuition \$600,000
 - P-Card rebate \$100,000
 - Nursing shortage reduction funds \$60,000
 - Restricted gift funds \$3.5 million
 - Restricted grant funds \$3.8 million

- These changes reflect a push to make our budget look closer to what our annual financial reports look like.
- Additions of Expenditures for FY23 that were not previously included in budget:
 - HEF expenditures \$3 million
 - Housing allowances/scholarships \$996,000 from CARES funds to help increase students coming back to our residence halls
 - Restricted gift budgets \$1.5 million
 - Athletics expenditure budget \$2 million funded from restricted gifts
 - Restricted grant funds \$3.8 million
- VSIP was not included in budget. It was included in reserves analysis.
- Long-Term Debt as of August 2022, also available on the website
 - Outstanding bonds total of \$283 million
 - Long-term lease total of \$8 million
 - Schedule includes how we fund those bond debt services payments
- Breakdown of HEF Requests
 - Anything already paid was given a 0 priority
 - Software and IT applications need to be paid every year. \$6 million committed if we spend it like we have been in previous years.
 - Provost lumped all of his funds into one sum, had a priority one for both division and UBC. Almost \$1.6 million to fund equipment, renovations, classroom technology, etc.
 - Library materials consists of \$1.1 million
 - Continued review of FY23 HEF Budget, totaling \$11 million
 - This list will be posted on UBC Teams folder
- Question was asked regarding previous statement – The approximate \$5 million that is listed in Gifts and Grants, does that give you permission to sweep it to use it for something else? No, gifts and grants are restricted funds so they have to be used for restricted purpose. We included them to show that they have been approved by the Board of Regents, and we are reporting them on our annual financial report. If you expend grant funds, on the university's financial statements, it ends up showing up in our restricted net position. The expenditures just show as operating expenditures on our annual financial report, so it needs to be included to get the full picture of the University's operations.

Follow-up question: Is that somewhat misleading because those are restricted funds and can't be used toward university operations? No, because they are presented in the budget as restricted funds; categories are defined and we have to follow the governmental accounting standards so it has to be reported in our annual financial report. The Annual Financial Report is listed on Office of Financial Reporting website: <https://www.sfasu.edu/ofr/annual-financial-reports>. We have to show a schedule of our expenditures or federal awards.
- Legislative Appropriations Request (LAR)
 - First submission due on August 5; revision due on October 19.
 - Campus Capital Renewal and Modernization (\$130 million – To assist with deferred maintenance for building improvements - \$100 million to remove Miller Science and Kennedy Auditorium that has deferred maintenance of \$63.5 million and build a business and science building or buildings. Better to replace and modernize. Additionally, includes improvements on Rusk and Austin buildings.
 - Increase to Institutional Enhancement (\$22.8 million) – To provide funds for additional salaries to help with employee recruitment and retention for faculty, staff, and student wages. We used estimate on Coordinating Board data, but we are still working on more exact numbers since this was a sudden request. \$11.4 million each year with a two-year frame.

- Question: Are you going off the Hanover data and trying to close the gap? No, just came up last weeks and we decided to include this ask to the legislature. Estimated at least 10% of faculty/staff actual AFR salaries that will be needed in a pool.
- Question: What happens in year 3? We would hope it would become a special item and roll forward into continuous funding.
- First Generation Student Support (\$2 million) - To increase the GenJacks Program.
- STEM Teacher Preparation Program (\$1.7 million) - To support STEM secondary teacher preparation. This program is currently grant funded, but will run out soon.
- Center for Entrepreneurship (\$1.07) - Request to support operations for the entrepreneurship center for the College of Business.
- Q&A
 - Question: Have you closed out 21-22? Judi Kruwell - No, we are still in process and deadline is November 20. There are staggered deadlines that need to be met in between, still waiting for OPEB liability information from ERS, looking at accounting change in the way the we reserve for student accounts which would cause us to have an increase in our expense.
 - Question: Are we on budget with those big entries? OPEB, tuition discount entries and pension aren't included in budget. AFR is on an accrual basis, budget is on a cash basis.
 - Question: From November 20, 2021, how much did we move from reserves? We didn't on an accrual basis in the annual financial report, "unrestricted". Pension and OPEB show up against unrestricted.
 - Question: Would you agree with the statement that we should not be scared of a budgeted deficit? Yes, it was explained in the Board of Regents meeting regarding the use of fund balance. We received approximately \$1 million in comprehensive regional university funding and that is deposited into our fund balance in August. In order to get that out of your budget, you have to pull from your fund balance. We had \$996K of cares funds that were set aside for the Board of Regents to pay those housing scholarships for students. To pull the scholarships out, you have to use fund balance. It's like saving up to buy a house – you build up your funds, and make the down payment from your own balance in your personal cash savings.
 - Question: So, it's ok to have a budgeted deficit with reserves as long as we aren't always pulling emergency reserves? Yes, and understanding that you're funding that budget on a cash basis. Question: How did we go from being ok to being threatened with exigency to being great again? I can't speak to that since it was prior to my time.
 - Complaint from faculty about academic budget always being cut. Alisha confirmed that the overall academic affairs budget remains the same but there is an internal reallocation that was a \$2 million reduction in our operating because dean/chair positions were funded that were either frozen and lost funding in FY21, or VSIP and then previous administration chose not to replace from VSIP. Seems to be a disconnect of "we're over reserved and we're ok", but when requests come in for new position or to new funding for a program, academic affairs still has to reallocate internally. There is not increase to the budget to provide those things. With an enrollment decline, we don't have as much in our designated tuition and other resources.
 - Question: Why does there seem to be a fixed amount of money that academic affairs receives? We are trying to model of what our financial standing would look like if we had given those raises all those years. We have to realize the university is in good financial shape in our reserves because faculty and staff didn't receive raises each year. Without giving those, we would not be in the same financial reserve position we are in now.
 - Capital accounts are approved as a project budget and HEF capital accounts are separate budgets than the university budget

- Question: Are there excess funds in differential funds? Yes, differential tuition is one of the accounts included in our reserve calculation. Tuition accounts become part of the unrestricted net position.
- Alisha confirmed that there is enough funding for all colleges to receive the FY22 (differential only, not designated) ending balance in addition to the FY23 differential tuition that has already been allocated to them, while maintaining 40% reserves.
- It is a university policy-Institutional Reserves (<https://www.sfasu.edu/docs/policies/3.19.pdf>) that reserves consist of 40% of what's included in the university's unrestricted net position, which includes tuition accounts that result from tuition.
- Question: Is there a way for UBC to have a say to distinguish which funds should/should not be a part of the 40%? These are accounting policies and procedures, and the university follows the NACUBO calculation for how we determine our reserves.
- Alisha said the FY23 differential tuition has been allocated to each college, but each dean chooses to do things differently.

Goals Discussion

Led by Tim Bisping

- Goals for FY23
 - Fix process for new budget requests
 - Prepare processes for dealing with budget increases and budget decreases
- Revisit the UBC Charge
- Subcommittees will stay the same and meet between now and next meeting, then report in December

Next Meeting

No meeting as planned on November 4. Next meeting is scheduled for Friday, December 2, 2022.