



<b>Date:</b>	12/18/2019
<b>Time:</b>	11:00 a.m. – 01:00 p.m.
<b>Location:</b>	Business Administration 1 (BA1), Room 230
<b>Executive Sponsors:</b>	Elizabeth Dooley and Dennis Crudele
<b>Facilitators:</b>	Committee Chair Kristie Harris, Paul Jarley, and Huron Consulting
<b>Attendees:</b>	Paige Borden, Danny Cavallo, Maribeth Ehasz, Lynn Gonzalez, Sheila Amin Guitiérrez de Piñeres (via telephone), Elizabeth Hamilton, Derek Horton, Chris Ingersoll, Michael Johnson, Jeff Jones, Elizabeth Klonoff, Rebeca Richards
<b>Invitees:</b>	Huron Consulting Group: Greg Bedell, Michael Lee, Adam Meyer, and Jaime Ontiveros (via telephone)
<b>Minutes:</b>	Debra Simon

### Meeting Agenda:

1. Discussion of budget model guiding principles based on steering committee input
2. Discussion of preliminary unit organization structure for new model to determine how units should be classified: academic or SCH-generating units, revenue-generating/self-supporting units, central units

### Old Business:

#### Meeting Minutes

Approval of the December 4, 2019 meeting minutes will be postponed until the next scheduled meeting of January 7, 2020.

### New Business:

#### Guiding Principles

Huron consultants presented a summary of preliminary Guiding Principles feedback provided individually by Steering Committee members in response to the 12/4/2019 request. The responses were aggregated by the following elements commonly found in a principles-based approach to ensure the model development process reflects institutional priorities: Mission, Strategy, Stakeholders, Future, Transparency, Authority/Responsibility, Balance, Rewards/Entrepreneurship, Matching, Simplicity.

The respondents most frequently cited elements were Strategy, Transparency, and Authority/Responsibility. Based on this preliminary input, the co-chairs worked with Huron consultants to synthesize a starting list of Guiding Principles that were presented to the committee for discussion.

The ensuing discussion centered principally around how to improve this wording to ensure the Guiding Principles align with the goals of the new budget model. This included the need to align the principles with the university's mission rather than strategies, and to identify UCF as a metropolitan university. Further discussion also encompassed the principles of accountability, authority, transparency and fiscal responsibility. The committee added a new principle to the list to provide better guidance on the issue of authority specifically.

A move to accept the guiding principles was put forward followed by a move clarifying acceptance was requested for the amended principles. A quorum was present and accepted the amended principles.

### **Preliminary Organizational Structure**

Huron consultants proposed a starting point for the development of a structure for the new budgeting model that focused on three overarching concepts:

1. Unit Organization (identifying units as revenue-generating vs. self-supporting; classifying centers and institutes; organizing support units)
2. Fund organization (what funds should be included and excluded)
3. Account organization (classifying and organizing expenses and revenues)

Regarding the Unit Organization, Huron presented a framework that focused on differentiating "primary units" from "support units" for the purpose of designing funds flows and incentives, as follows:

1. Revenue-generating units (typically include colleges, schools and auxiliaries)
2. Support units (limited ability to influence revenue generation)
3. Hybrid units (that do not cleanly fall in either category; for simplicity and consistency, this classification typically not recommended)

For UCF specifically, Huron recommended a Unit Organization structure that groups UCF's units into Revenue-generating Units, Academic, Revenue-generating, Non-Academic, and Central Units, and presented a preliminary list of units in each category for discussion. They recommended that the Committee not focus on where revenue is sitting currently, but rather about who should be able to materially increase their ability to generate additional revenue and who cannot. Additionally, they emphasized that this list is preliminary and fluid, and can be adjusted as the budget model develops.

The ensuing discussion focused on whether certain units need to be specifically added to the list or moved among categories, including Academic Health Sciences Center (AHSC), Center for Distributed Learning (CDL), Food Services, Graduate Studies, Honors College, Nicholson School of Communication, and UCF Global. There was also discussion about how auxiliary units should be shown, and whether strategic initiatives should be added to the list.

The discussion led to moving the Research Centers/Institutes to the Central category, separately listing the Research Foundation in the Revenue-generating, Non-academic category, and placing an asterisk on the AHSC for future discussion. It was also determined that more thorough review and discussion about auxiliary enterprises would be needed to determine how to separate or consolidate them for the purpose of classifying them. The committee also accorded that discussions should focus on desired future rather than current states.

### **Preliminary Fund Structure**

Next Huron consultants presented a preliminary all-funds structure without specific amounts. This process is meant to define all of the university's resource categories in order to ultimately allow stakeholders to have a comprehensive financial picture and enable more precision and better planning in the budgeting process.

Of the eight funding categories presented, only two categories will be considered for the new budget model: current unrestricted funds and current restricted funds. The definition of restricted funds is based on the UCF controller definition and can be adjusted as deemed appropriate as the process unfolds. The other six categories mainly consist of pass-through funds included for transparency. As the model is developed and input gathered, other funds may be identified as either budgetary or non-budgetary in nature. The two primary categories are still being reviewed, and items may be recategorized.

It was noted that discussions have centered around yearly revenue and expenses and has not yet considered upcoming balloon payments that need to be defined and planned for.

### **Preliminary Account Structure**

The account structure provides a managerial view of a unit's operations (the first level of detail that will appear in financial reporting). Huron consultants described two types of accounts: Revenue Accounts (Tuition and Fees; Non-Tuition and Fees) and Expense and Transfer Accounts (i.e. E&G state appropriations, Contracts and Grants).

A preliminary discussion regarding which types of fees and expenses belonged in each category. Among the discussed items were tuition fee waivers, UCF Foundation, market rate fees, and other revenues.

Huron will provide additional details so that the committee can separate accounts more accurately. The committee requested a list of auxiliaries so they can determine whether to put them under a broad category or keep them as individual categories.

### **Revenue**

During the next meeting, the Committee will discuss the devolution of revenue using actual numbers. This will include sources of revenue and methodology for allocation (formula vs. direct), and entail going through specific line items to determine if they are general or direct revenue, and what is available or committed. Classification of restricted and unrestricted categories will be refined based on these discussions. The appropriateness of specific incentives for tuition and fee revenue will be considered.

## Next Steps

Next time, the committee will discuss the following topics:

- Tuition distribution
- How activity and other fees are used now and how they should be used in the future
- How specific revenue line items should be allocated (Do any examples come immediately to mind?)
- The devolution of revenue (deep-dive as noted in the previous section)

The next meeting will be held at 11 a.m. Tuesday, January 7, 2020, in Millican Hall 395E.