



## University Budget Committee Meeting Minutes

<b>Date:</b>	April 8, 2021
<b>Time:</b>	9:00 a.m. – 11:00 a.m.
<b>Location:</b>	via Zoom
<b>In attendance:</b>	Michael Johnson, Gerald Hector, Edwanna Andrews, Theodorea Berry, Stephanie Blanco, Sissi Carroll, Reshawna Chapple, Steven Collins, Adrienne Frame, Deborah German, Cissy Glowth, Matt Hall, Joe Harrington, Paul Jarley, Mike Kilbride, Elizabeth Klonoff, Fernando Rivera, and Misty Shepherd
<b>Staff (non-voting members):</b>	Kristie Harris, Kathy Mitchell, Rebeca Richards, Tracy Slavik

### 1. Approval of the minutes from March 26, 2021 – Michael Johnson

The minutes were approved unanimously as submitted.

### 2. Florida Legislative Update – Janet Owen, Vice President for Government Relations

Owen informed the committee the House and Senate will pass their budget bills this week and begin conference negotiations. Their focus now shifts to how the \$10 billion in federal stimulus funds will be spent.

The system is lobbying to restore the recurring cuts to graduate programs of excellence (faculty or other enhancements in law, medicine, and upper-level business) and the cuts to world-class faculty and scholars and performance funding.

She has collected data on the effects of the three tuition waiver bills that would cause substantial revenue impacts (from either losing out-of-state tuition or having to provide programs for free) and is preparing a conference worksheet for legislative leadership, the Central Florida delegation, and alumni that shows the total impact on UCF from all proposed cuts.

She continues to work on items in the implementing bill (such as reducing the state share of retirement and other benefits and reducing state funds for public broadcasting) as well as carryforward flexibility.

### 3. Discuss potential E&G Carry-forward policy options – Michael Johnson & Gerald Hector

Johnson stated the focus for these policies is E&G carryforward, which becomes reserves for units.

He identified three options for how the university might develop a carryforward policy:

- Do not allow units to retain any carryforward; when the fiscal year ends, unspent E&G funds are returned to Central for reallocation.
- Allow units to retain a certain percentage of new carryforward generated from the prior fiscal year with the rest being returned to Central for reallocation.
- Allow units to retain a carryforward up to a certain percentage of their operating revenue as a reserve and capping what that reserve can be with the rest being returned to Central for reallocation.

He recommended that certain funds viewed by the state as committed carryforward should be viewed internally as encumbered, even if they are not contractually obligated or encumbered, such as faculty-designated items (start-up funds or seed funds, among others).

Hector added that certain critical expenses necessary to run the university are not included in the base budget, but rather are paid from carryforward. These key functions need to be moved to the base budget to ensure the carryforward policy is pure and the entire budget process covers all costs.

Robust discussion occurred around current carryforward practices and necessary changes, with an emphasis on recognizing that all regular recurring costs must come from recurring funds. The goal should be to spend annual budgets and not generate new carryforward.

Elizabeth Klonoff suggested having a lineup of strategic investments in place that can be funded with carryforward later in the fiscal year if it is known that carry-forward funds are still available.

Johnson highlighted that we are not growing carryforward, but rather the carryforward balance remains from past practices.

#### **4. University Financial Update – Gerald Hector**

Hector presented to the leadership council of the president, vice presidents, and deans on April 5th. Three areas generate 81 percent of revenue: tuition and fees, state appropriations, and state support through scholarships. Then, three areas account for 92 percent of spending: salary and benefits, service and supplies, and scholarships.

This leaves only 8 percent available for discretionary spending in the budget.

UCF needs to elevate fundraising and research and diversify revenue streams. We need to make UCF a destination to obtain more auxiliary revenues that can support what the state cannot (such as deferred maintenance).

Deferred maintenance issues will be brought to the committee soon.

Hector plans to educate the committee on all variables that go into financial operations as well as a new way of addressing internal loans.

## **5. Adjournment**

The meeting was adjourned at 10:30 a.m.