



University Budget Committee Meeting Minutes

Date:	May 18, 2021
Time:	9:00 a.m. – 11:00 a.m.
Location:	via Zoom
In attendance:	Michael Johnson, Gerald Hector, Edwanna Andrews, Theodorea Berry, Sissi Carroll, Reshawna Chapple, Steven Collins, Adrienne Frame, Deborah German, Cissy Glowth, Matt Hall, Joe Harrington, Paul Jarley, Mike Kilbride, Elizabeth Klonoff, Fernando Rivera, Misty Shepherd, and Austin Wilson
Staff (non-voting members):	Kristie Harris, Rebeca Richards, Kathy Mitchell, Tracy Slavik

1. Approval of the minutes from May 5, 2021 – Michael Johnson

The minutes were approved unanimously as submitted.

2. Florida Legislative Update (as needed) - Gerald Hector

No updates have occurred since the previous meeting, and the appropriations bill is still working its way to the governor.

Hector alerted the committee that the state has established a \$350 million fund from federal stimulus funds for deferred maintenance for all state agencies, colleges, and universities (excluding K-12) for FY22. Applications must be submitted for consideration to potentially receive funds.

Discussion occurred around the ramifications of UCF having to secure funding sources for the portion of faculty salaries in excess of \$200,000 (the current limit for administrators), except for teaching faculty in certain instructional programs, and the legislature's reasoning behind the regulation.

3. Internal Loans Review Process and Next Steps - Gerald Hector

Johnson said UCF has inherited problems from the past, such as the BRIDG project in Osceola County and the misuse of E&G funds to build Trevor Colbourn Hall, the latter of which led to required repayment of the E&G Carryforward funds used for construction.

Internal loans were one of the payback methods. Along with those loans related to capital projects, additional older internal loans have been uncovered that put a burden

on the Office of Research and the entire university, tying down auxiliary and research overhead funds for over a decade.

Hector said he had two points to bring to the committee. One, UCF lacks consistent standards across the colleges. Two, he and his team identified \$143 million in internal loans (including the Trevor Colbourn Hall refunding). They used \$60 million in cash that was on hand to help replace it, but \$71 million still needs to be addressed.

They decided to look at auxiliaries and their operations into the future. He has met with the auxiliaries to inform them they cannot use the cash they have, as it is collateralized for an internal loan. The original repayment plan required the university to utilize future auxiliary resources for the next 13 years. This restricts the primary area of the university that can be entrepreneurial and can increase revenue outside of what the state provides.

The purpose of the meetings was not to sweep auxiliaries funds from the units but to investigate why these funds exist. While some of the auxiliaries keep the money as a safety net, others need the funds to operate student-facing activities on campus.

Hector shared that no official decisions have been made. They will have discussions with the deans, Provost, President, and impacted areas to discuss the findings. A major takeaway is that consistent university-wide standards and policies are needed so all areas have a point of reference.

Another concern is that \$23 million in Research overhead was moved to three other projects that are tangible assets but not liquid cash. This needs to be rectified with the cash restored to Research departments.

Hector said moving forward, people who are impacted must be part of a transparent decision process as funding decisions are made.

Discussion occurred on:

- The likelihood of a run on the bank and whether it is sensible to have money sitting if it will not be used within a reasonable period of time
- The mechanisms that are now in place so these internal loan practices will not reoccur
- Communication culture issues and possibly including budget directors in UBC meetings
- Creating a possible policy around auxiliaries to identify which can generate additional funding for university-wide strategic initiatives and which cannot
- Developing a Dollars and Sense educational series across campus

4. Transforming our Current Budgeting Practices - Michael Johnson and Gerald Hector

Hector informed the committee he is discovering critical university costs are not included in recurring base budgets and many times are being paid from carryforward funds.

In June Hector will present to the BOT the 2021-22 fiscal year budget. As in prior years, this will be a revenue-based, incremental budget, using state appropriations, tuition projections, and estimates from auxiliary and research units. Over the course of the 2021-22 fiscal year, Hector plans to work with the units to build a bottom-up budget for the 2022-23 fiscal year based on what it costs to run the units, and ultimately the entire university. UCF must modernize how it creates and monitors budgets, eventually developing rolling five-year forecasts.

Johnson said that colleges will receive an allocation for FY22, as in the past, but as soon as possible they will receive a document describing their budget in the framework of the new model (revenues, contributions to central support units, etc.).

Discussion occurred on how this will be implemented across the university and the culture shift this will require.

Hector also shared and reviewed a draft of the Sources and Uses Budget Detail document that he is creating.

5. Adjournment

The meeting was adjourned at 10:38 a.m.