



## University Budget Committee Meeting Minutes

<b>Date:</b>	June 29, 2021
<b>Time:</b>	11:00 a.m. – 1:00 p.m.
<b>Location:</b>	via Zoom
<b>In attendance:</b>	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, and Austin Wilson
<b>Staff (non-voting members):</b>	Kristie Harris, Rebeca Richards, Kathy Mitchell, Tracy Slavik

### 1. Approval of the minutes from May 18, 2021 – Michael Johnson

The minutes were approved unanimously as submitted.

### 2. Strategic Investment Funding Process - Provost Johnson and SVP Gerald Hector

Johnson informed the committee decisions can now be made on how to disburse the Strategic Investment Funds. The president has defined a plan to invest the first tranche of funds, which includes two parts:

- 1) Recurring funds, which are a consequence of the state holding money on UCF's behalf and then returning it, of which \$20 million will be used on one-time expenditures toward strategic efforts.
- 2) The first half of the recurring funds (\$10 million) that were held back in the units.

Following assistance from the President's Office and Office of Research, the program has three components and will be announced to the campus community by the end of the week:

- 1) Major strategic investments (which will target about \$8.5 million of recurring money and \$15 million of non-recurring money). The president wants no more than three to five areas in this category and is looking for those that will impact the academic enterprise of the university in profound ways. The deadline to apply for these funds will be September 10.
- 2) Use of non-recurring money for non-recurring needs, such as repairs.

3) \$1.5 million in recurring funds for activities that improve student success.

Committees will be appointed to determine how to award funds in each of the three categories.

Discussion occurred on:

- The possibility of creating a sample proposal to assist with submitting requests
- Ensuring the review process is vetted to give confidence in results
- The possibility that little to none of the funds will be used to reduce the student-to-faculty ratio.
- Whether benchmarks have been determined to measure “student success”, or will committees determine those
- Ensuring student representatives will be part of the committees
- Whether these funds can be used to support the strategic initiatives listed in the 2021 University Accountability Plan
- Ensuring there is a formal communication plan to notify the campus
- Will diversity and inclusion initiatives be funded
- A process for proposals for areas that are currently underfunded by industry standards, such as the library

### **3. Level-Setting to Zero-Based Budgeting - SVP Hector and Provost Johnson**

Hector discussed the new zero-based budgeting approach to level set what it costs to run the university. He stressed that this approach was a measure adopted so that the Board of Trustees can see a full budget before the fiscal year got underway. He also shared that what the Board of Trustees voted on the past was a “spending authority” document that was mandated by the Board of Governors. While traditional budgeting occurs in Auxiliaries, the E&G side has been funded based on revenue allocations that are based on student credit hours and administrative strategy. However, it did not take into account the expenses of the university, nor how funds would be spent prior to Board of Trustees vote.

He shared parts of the presentation from the June 3 Board of Trustees Financial Workshop that highlighted current budget formats and processes and the future changes he envisions with the adaptation of an RCM (responsibility centered management) budget model. He reminded everyone that the RCM model is the chosen budget methodology for the university, and this “zero based budget” exercise was a transition move based on a budget needing to be shared with the Board of Trustees.

Currently he is inventorying all costs (restricted, unrestricted, E&G, Auxiliary, and Research) to try and understand what it takes for a unit to operate for 12 months.

Some units will spend carryforward on non-recurring items and save E&G funds, which we want to avoid, as this builds carryforward. He anticipates approximately \$78 million in new carryforward dollars as of July 1. He hopes moving forward carryforward will be a small amount only tied into the timing of when employees are hired or leave.

He previewed a sample monthly financial dashboard that he hopes can replace the current manual compiling of information and shared the new financial management framework (mission-based strategic plan, operating budget, financial model, and capital plan), budget realignment processes, and how the budget model links data driven decisions and administrative costs. He also emphasized the new Service Enhancement Transformation (SET) project is part of Knight Vision.

Discussion occurred on:

- The quote, “if your outflows exceed your intake, your downfall will be your upkeep, and your assets will be in a bind.”
- Where the UCF Downtown campus fits into the funding structure
- The legislature’s emphasis on STEM
- Differentiating between level-setting and zero-based budgeting
- Ensuring information disseminated to faculty is accurate and ideas on how to effectively communicate with the campus
- Change management
- Updates on HEERF spending

#### **4. Adjournment**

The meeting was adjourned at 12:47 p.m.