



University Budget Committee Retreat

Minutes

Date:	8/28/2020
Time:	10:00 a.m. – 12:00 p.m.
Location:	Virtual Meeting
Co-Chairs:	Interim Provost Michael Johnson & Interim VP and CFO Joseph Trubacz
Voting Members:	Mike Kilbride, Misty Shepherd, Michael Sink, Cissy Glowth, Maribeth Ehasz, Stephanie Blanco, Theodora Berry, Deborah German, Elizabeth Klonoff, Paul Jarley, Sissi Carroll, Joseph Harrington, Steven Collins, Fernando Rivera, Reshawna Chapple, Edwanna Andrews
Staff (non-voting members)	Derek Horton, Rebeca Richards, Kristie Harris
Absent:	Kathy Mitchell
Guests:	Bert Francis
Minutes:	Tracy Slavik

Retreat Agenda

1. Approval of the Minutes from August 5, 2020
2. Brief Recap of the Committee's Charge – Provost Johnson
3. Current State of Florida Fiscal Outlook – Interim CFO Trubacz and Associate VP Harris
4. Focus: Education and General – Harris, Assistant VP Richards, and Assistant VP Horton
 - General Revenue, Lottery, and Tuition
 - FY 21 University Carryforward Plan
 - Plan to Support Academic Excellence
 - Update on CARES Act Funding
5. Brief Discussion on Housing and Athletics – Trubacz and Assistant VP Francis
6. Next Steps – Johnson and Trubacz
7. Next Meeting Tentatively Scheduled for September 4, 2020
8. Meeting Adjourned

Approval of the Minutes from August 5, 2020

The minutes from the August 5, 2020, UBC meeting were approved as submitted.

Brief Recap of the Committee's Charge

Interim Provost Michael Johnson stated the committee's charge from UCF President Alexander Cartwright.

Current State of Florida Fiscal Outlook

Associate Vice President of Financial Affairs Kristie Harris informed the group for the first time since March 2020, overall collections for July 2020 moved into positive territory, posting a small gain of \$2.5 million for the month.

Focus on the UCF Financial Enterprise

UCF FY21 Operating Budget

Harris summarized the FY21 Operating Budget and the contributions from each of the budget entities, with specific attention to the Local Funds. Joseph Harrington requested that the operating budget chart format be redesigned in a more comprehensible format for the committee.

Education & General Funds

Harris described E&G funds and their permissible uses and provided a summary of operating appropriations and actual FTE, 2020-21 E&G revenue sources, and the 6 percent release holdback estimates for FY21.

2021 E&G Highlights

Assistant Vice President Rebeca Richards explained that as part of the Legislative Budget Request process, universities are asked to provide a budget reduction exercise for the upcoming fiscal year. This year universities have been asked how they would absorb an 8.5 percent reduction in the current fiscal year. Early information from the state indicates the percentage could be more, and the reduction could be permanent. If the state imposed an 8.5 percent decrease to UCF's base budget, the overall impact would be an estimated \$41.3M decrease in budget in the current year.

Richards also highlighted strategic changes made at the university to invest in the academic mission. Each college's and division's budget must reallocate 3 percent to a newly created Strategic Investment Fund. Administrative units will present plans to the UBC to show how they will identify an additional 3 percent contribution to the investment fund. If the State takes action to make the 6 percent or 8.5 percent reductions permanent, the strategic investment fund will be leveraged to offset the impact in the initial year.

E&G Carryforward

Assistant Vice President Derek Horton detailed Carryforward prior to July 1, 2019, and the changes made after that date as a result of Senate Bill 190. He also discussed the highlights of the FY21 Carryforward plan.

Tuition and Enrollment Trends

FY 21 Fiscal Impact of Enrollment Trends

Trubacz informed the committee that student credit hours for the Summer term increased 11.7 percent over the prior year, which provided an additional \$7 million dollars. Student credit hours for the Fall term are currently up 3.3 percent over the prior year, which will provide an additional \$5.3 million dollars.

Undergraduate Tuition and Fees by State

Trubacz highlighted that other than Wyoming, Florida has the lowest undergraduate tuition and fees in the nation.

E&G Student Tuition and Fees Approval Process

Harris explained that undergraduate tuition is set by the Legislature, but graduate tuition, block/market rate tuition, and fees (student financial aid, capital improvement, health, athletic, activity and service, technology, and differential) are set by UCF with approval by the university's Board of Trustees and then the Board of Governors. BOG regulation 7.003 "Fees, Fines, and Penalties" lists various other fees (application, library fines, orientation, housing, parking, etc.) that can be charged at the discretion of the local Board of Trustees.

CARES Funds

Richards informed the committee that UCF received \$25.5 million in Institutional Funds, \$3.8 million in Minority-Serving Funds, and \$25.5 million in Student Support Funds. About \$4 million remains in contingency.

Vice President and Dean of Medical Affairs Deborah German requested that \$250,000-\$500,000 of CARES funds be used to purchase four COVID rapid-testing machines and pay for the reagents and testing personnel. Steven Collins made the motion to approve, and German seconded. The committee unanimously approved the request.

University Housing Update

Assistant Vice President Bert Francis provided an update on University Housing. UCF Housing has been experiencing year over year declines in its operating cash reserves since the end of fiscal year 2016 due in part to rising compensation expenses, increasing repair and maintenance needs, increasing utility expenses, transfers to UCF Downtown projects, elimination of investment income, technology investments in a new StarRez system, and ResNet infrastructure. In addition, rental rates have not increased for eight years and counting.

UCF Housing experienced considerable financial impacts from COVID and had to issue \$3.4 million in refunds to students for the Spring term, \$1.9 million in refunds to UCF Rosen and UCF Convocation Corporation housing, \$3.9 million to the UCF Convocation Corporation as a result of breaching its management agreement by allowing students to terminate the 12-month housing agreements without penalty, \$1 million in student awards for those impacted at NorthView and UnionWest, and also lost \$2.4 million from a lack of Summer Housing rental revenues.

To mitigate those losses, the university provided \$4.5 million in E&G Carryforward funds to cover Spring refunds and student award payments. UCF Housing also received \$5.5 million in CARES funds, which paid for the breach of contract payment to the UCF Convocation Corporation and student awards for NorthView and UnionWest residents.

Several planned capital projects for FY 2020 including \$1.3 million for ResNet, \$800,000 in HVAC replacements and improvements, shower renovations, and stairwell repairs were deferred.

In addition, Residence Hall Auxiliary Patrols were eliminated, which saved \$417,000. Cable television service also was eliminated, saving \$556,000. Unfilled personnel vacancies saved \$466,000. Finally, reductions in travel, vehicle purchases, training, landscaping, marketing saved \$374,000.

UCF Housing is currently experiencing reduced occupancy because of double to single conversions (which created a 486-bed reduction) and the creation of isolation spaces (which created an 80-bed reduction). This is the first year in recent history without full occupancy.

Francis closed by discussing possible financial scenarios for FY 2021.

The retreat adjourned at 12 p.m.