

 UNIVERSITY OF CENTRAL FLORIDA	UCF University Budget Committee Meeting Minutes
Date:	October 6, 2020
Time:	10:30 a.m.
Location:	via Zoom
Voting Members:	Michael Johnson, Joe Trubacz, Misty Shepherd, Maribeth Ehasz, Deborah German, Elizabeth Klonoff, Theodora Berry, Mike Kilbride, Mike Sink, Sissy Carroll, Paul Jarley, Joe Harrington, Steven Collins, Fernando Rivera, Reshawna Chapple, Cissy Glowth, Edwanna Andrews, Stephanie Blanco
Staff (non-voting members):	Kristie Harris, Rebeca Richards, Derek Horton, Kathy Mitchell, Tracy Slavik

UBC Budget Philosophy: An effective budgeting process transforms strategic goals into achievable operating plans, and:

- ***Properly and continuously aligns resources with universitywide strategic priorities***
- ***Employs an “all-funds” approach***
- ***Maintains fiscal responsibility with those closest to operational decisions***
- ***Provides a degree of predictability to promote multi-year planning on a universitywide basis***
- ***Increases communication, transparency, and accountability***
- ***Provides timely funding recommendations to the President***

- - - - Agenda Topics - - - -

1. Minutes of the September 22, 2020, meeting

Approved as submitted.

2. Update from recent Cabinet meetings

Joe Trubacz mentioned several topics that have come up recently in Cabinet meetings, including:

- US News and World Report rankings – Paige Borden told the Cabinet that UCF ranked 160th overall and 77th among public institutions. Areas for improvement include elements in faculty resources (e.g., percent of faculty full-time, faculty compensation, student/faculty ratio, class size), financial resources (i.e., educational expenditures per student), and alumni giving. Kathy Mitchell emailed the report to committee members during the meeting.

- Searches for Sr. VP Finance & Administration and the Chief Information Officer are in progress. Plans are to announce hires for these two positions in early November.
- ERP updates were provided to the Cabinet by Mike Sink, Interim CIO. Contracts are currently being negotiated with the recommended software vendor and implementation partner, with the goal of having final contracts this week to present to the Finance and Facilities Committee for approval next week and the BOT the following week.
- An update on UCF's planned retirement community, Legacy Pointe, was provided by Mike Morsberger from UCF Foundation. The project has an estimated cost of \$178 million and will be located at the intersection of McCulloch Road and Lockwood Blvd. in Oviedo, with first occupancy planned for Fall 2021.
- Michael Johnson led a discussion of Spring 2021 semester and how it will look for students, faculty, and staff.
- Maribeth Ehasz, VP for SDES, announced that she will retire in February after 46 years of dedicated service to students, including 26 years at UCF. Under her leadership, UCF has repeatedly set records for student retention and graduation rates. Her leadership, creativity, and caring for students will be greatly missed.

3. Budget reallocation discussion

Michael Johnson talked about the President's Strategic Investment Fund. He explained that while the UBC advises president on major budgetary decisions, this Fall there is a pressing need to pull money back from budget units. The first major advice from this group will be regarding budget cuts, not spending.

- President Cartwright intended to set up a strategic investment pool by pulling funds back from units and making decisions about how to reallocate those funds. When we get to a point in which UCF enrollment will stop growing, we'll need to reallocate funds rather than waiting for new funds to come in from increased enrollment. Because we don't currently have the tools centrally to make those reallocation decisions, the President decided to pull back 3% from all units and an additional 3% from administrative units to establish the strategic fund, recognizing that in some administrative units a 6% cut will significantly degrade services. However, we're also in a period of economic downturn due to COVID and the legislature's response to this is unknown beyond the current 6% that is "temporarily" withheld from state agencies, including universities. Because of this uncertainty, we've delayed utilizing those recurring strategic investment funds to help offset any potential reduction from the state.
- Carryforward reserves are over \$250 million at UCF. Some of these funds are encumbered or contractually obligated. Since it's possible the Legislature may consider sweeping these funds, it's logical that we should be prepared for this possibility, which is why a portion of units' carryforward funds were swept centrally.
- This committee needs to look seriously at the plans of the units and recommend to the President whether the across-the-board cuts to divisions should stand or be modified. We're not working towards any specific number in establishing the strategic investment fund; the immediate challenge is to be able to address any potential cuts from the state.

- Misty Shepherd asked whether we should be making these cuts at the same time we're implementing the new budget model. Johnson explained that the two processes are proceeding in parallel until more is known about the potential budget cuts. The new budget model won't be in effect until FY22; however, the budget cuts may be implemented for FY21. During the Great Recession, UCF went through program evaluations and eliminated several departments and programs.
 - Deborah German asked whether we should be cutting across the board or strategically. Johnson explained that's why we're asking the units to explain how any cuts would impact their ability to provide services. Joe Harrington suggested providing concrete goals for any budget cuts and directly lobbying the legislature to explain UCF's funding needs and efforts. Johnson said that the President agreed that cuts should not be across the board; the people closest to the units should be the people making the budget reallocation decisions.
 - Quality vs quantity issue – have we looked at what size we would need to be to be a well-funded institution? Can we fix ourselves next year by not accepting as many students? Johnson explained that we have only done the math qualitatively and this will be a strategic decision as we consider our enrollment strategy; however, this is a BOT and Presidential strategic decision, not the purview of this committee. Maribeth Ehasz added that we have done preliminary analysis of flat or reduced enrollment, which showed insufficient revenues to cover expenses within a few years, due to flat revenues and ever-increasing expenses.
 - Joe Harrington wrote in the chat box that Shafaq Chaudhry in Graduate and Research Information Technology (GRIT) did a chart of the top 10 public research universities, their budgets, faculty sizes, students, research budgets. See page 6 of: [http://facultysenate.ucf.edu/committees/IT/2019-2020/4-27-20/2020-04-27-cloud-computing-v2%20\(002\).pdf](http://facultysenate.ucf.edu/committees/IT/2019-2020/4-27-20/2020-04-27-cloud-computing-v2%20(002).pdf)
4. Discussion of administrative units' budget presentations at the October 28, 2020, UBC meeting
- Kristie Harris is planning to send out a template to divisions today that they will use to prepare their presentations about plans for absorbing a 6% reallocation.
 - All units have received their 3% budget cuts; the second 3% hasn't been taken yet.
 - However, Academic Affairs went a step further and requested their units to provide information about what they would do to meet an 8% cut, thinking that some units would not be able to absorb their share of the 6% cut. This extra 5% was for next fiscal year.
 - Harris provided the template that will be sent out today to division vice presidents in Academic Affairs, President's Office, Administration, Finance, and Communications & Marketing. The presentation is focused on a narrative explanation of impacts to services, not just a financial matrix.
 - Can we see budget to actual information for each division? Yes, we will ask the divisions to provide budget to actual information, separating recurring and non-recurring funds. Johnson explained that some units have other sources of funding (e.g., auxiliary, contract

and grant, concessions, and Foundation revenues) that complicate the picture. Also, units have discretion about whether to use recurring or non-recurring funds for certain expenses (e.g., GTAs).

5. Kathy Mitchell thanked committee members who attended the question and answer sessions held with staff over the last two weeks. The sessions were beneficial to all parties and will be continued periodically throughout the year.
6. Meeting adjourned at 11:31 a.m.