



## University Budget Committee Meeting Minutes

<b>Date:</b>	October 14, 2021
<b>Time:</b>	1:00 p.m. – 3:00 p.m.
<b>Location:</b>	via Zoom
<b>In attendance:</b>	Michael Johnson, Gerald Hector, Edwanna Andrews, Theodorea Berry, Tina Buck, Sissi Carroll, Reshawna Chapple, Adrienne Frame, Deborah German, Cissy Glowth, Matt Hall, Joe Harrington, Paul Jarley, Mike Kilbride, Elizabeth Klonoff, Fernando Rivera, Mike Sink, Jonathan Varnell, Austin Wilson
<b>Staff (non-voting members):</b>	Misty Shepherd, Rebeca Richards, Kathy Mitchell, Theresa Stevens

### 1. Approval of the minutes from September 8, 2021 – Michael Johnson

The minutes were approved unanimously as submitted.

### 2. Discussion of Auxiliary Overhead – Gerald Hector, Misty Shepherd, and Rebeca Richards

Auxiliary overhead is assessed on auxiliary expenses to reimburse the E&G units that support the auxiliary units by processing payroll, paying expenditures, etc. for the auxiliary. The current rate is 11% (9.5% to reimburse E&G exp. plus 1.5% to pay for improperly funded capital projects), which is assessed to traditional auxiliaries (e.g., Housing, Parking, Continuing Education, Health Services), central support auxiliaries (e.g., utilities), and college auxiliaries (e.g., conferences and other college auxiliary activities).

There is great variability as to how auxiliary overhead is assessed at other state universities, with rates varying from 1% to 13%, including assessments on student fees (UCF does not currently charge auxiliary overhead on student fees).

One question moving forward is whether we should continue to charge the different types of auxiliaries the same rate in the new budget model. Huron had recommended excluding the college and central support units from the auxiliary overhead assessment and instead charging the colleges an 18% participation fee to the colleges (similar to what's happening for E&G in this model) and identifying a different rate for the traditional auxiliaries.

Another way to look at auxiliary overhead would be to assess the overhead on auxiliary revenue instead of expenses; by eliminating the complex exclusions we now allow on expenditures, we'd only need an assessment of approximately 4% of revenues to collect the approximately \$10 million that is currently being generated now on selected auxiliary expenditures (i.e., we'd widen the auxiliary base and lower the overhead rate). This would reduce the complexities of assessing the auxiliary overhead.

Michael Johnson stressed that the new budget model is not supposed to create a windfall or extra costs for any unit. Any changes to the overhead assessment process should not disincentivize auxiliaries from generating revenues; the changes should be clearly explainable. We should be charging the overhead against funding that is brought into the university from external parties, not from transferring funding from one UCF department to another.

Significant discussion followed about the details and complexities of the current auxiliary overhead assessment process and how it might change with the new budget model (e.g., Executive Development Center, College of Medicine, Theater, Flying Horse Big Band).

Recommended actions with associated budget/funding implications will be brought to a future UBC meeting for consideration.

### **3. Discussion of Budget Model Training & Resources – Gerald Hector**

Gerald Hector noted that the inaugural session of the Dollars and \$ense quarterly open forum presentations about the university's finances and administrative functions would be held tomorrow (October 15, 2021). These sessions will help explain the university's financial position, new budget model, and key strategic initiatives; they'll also include about 30-45 minutes for questions from the community. He encouraged UBC members to attend the open forum.

### **4. Adjournment**

The meeting was adjourned at 3:05 p.m.