

# University Budget Advisory Council (UBAC)

Date: Sept. 19, 2024

Members Present: Jeffrey Paris, Shannon Burchard, Sarah Blackburn, David Ferguson, Kurt Keilhacker, Michael Harrington, Angelica Martinez, Brian Young, Tim Redmond, Chibuike Nathan Nkemere, Ellen Ryder, Edgar Ryan Silva, Sonia Caamano, Will Vitagliano, Elisabeth Merkel

Members Absent & Excused: Otgo Erhemjants

## Opening and Introductions

- Welcome and Overview
  - New members welcomed for academic and fiscal year
  - Minutes from previous meeting approved
  - Discussion of potential educational sessions with University community representatives
- UBAC Purpose and Structure
  - Defined UBAC's role in ensuring:
    - Transparency in budget processes
    - Enhanced communication
    - Informed decision-making regarding university resource allocation
    - Emphasized UBAC's advisory (non-decision-making body) and communicative function; we are responsible for sharing information with the larger campus community
- Council & New Member Introductions
  - All council members introduced
  - Current vacancies noted:
    - USF faculty representative position
    - Graduate student representative position
- Office of Planning and Budget (OPB) role overview and [website](#) highlighted as resource for [UBAC information and bylaws](#)
  - Noted availability of office reports to university community including past tuition and fee recommendations and previous years operating budgets.

## Budget Development Timeline and Process

- [Fiscal Year Budget Timeline](#) (June 1 - May 31)
  - Outlined key Board of Trustees quarterly meetings for UBAC:
    - December meeting: Focus on tuition and fee recommendations
    - March meeting: Operating budget approval
  - Calendar highlights the work the OPB is engaged in to generate these reports for the Board.
  - Other important dates:
    - 9/2024 - Fall Census: Enrollment Input Reports have been generated
    - 10/2024 - October UBAC meeting will review various increase scenarios and put to a vote to share with leadership

- Quarterly forecasts for current fiscal year operating budget
  - 12/2024 - Discretionary budget assist (additional spending for strategic initiatives) review.
  - 2/2025 (tentative) - Savings allocation methodology discussion. Given current enrollments, we may need to consider reductions in spending. Savings target identified to balance future years budget. OPB works with the Cabinet to determine an equitable allocation approach for identifying savings within divisions. UBAC reviews and presents feedback to the Cabinet and President.
- Discussed importance of and addressed questions regarding:
  - **Feedback Timelines (W. Vitagliano):** The development of budget forecasts for the upcoming year, which are based on five-year enrollment projections from academic leadership for graduate and undergraduate programs. These projections are integrated into a net tuition model to determine revenue forecasts, with ongoing discussions between leadership regarding tuition scenarios. Final fall projections will be prepared by mid-November.
  - **Cash Flow Management (B. Young):** The distinction between budget planning and cash flow management was discussed, emphasizing that while revenues peak during registration periods, expenses such as payroll require consistent cash flow management throughout the year. University cash flows are work of the Treasury.
  - **Missed Yield Target Impact (S. Burchard):** Question raised about potential extra meetings to discuss reallocations for the current fiscal year (FY 2025) due to missed yield target, in contrast to planning for FY 2026. Michael Harrington confirmed no additional meeting has been communicated yet.
  - **Tuition Increase Impact on Yield and Retention (T. Redmond):** inquired whether tuition increases negatively affect yield and retention, referencing economic principles like price elasticity. Michael Harrington explained that the university works with consultants and strategic enrollment management to assess tuition impacts across 16 student groups. They balance academic quality and financial need to manage tuition costs. The financial aid strategy adjusts the price to make tuition manageable.

## Enrollment and Financial Updates

- Current Enrollment Status
  - Undergraduate enrollment:
    - 23.9% below target for new incoming students
    - 365 student shortfall in new undergraduate enrollments
    - 2.7% improvement in retention rate in FTFY
    - -0.8% below target discount rate for new incoming students
  - Addressed questions regarding:
    - **Enrollment and Financial Aid Impact (C. Nkemere):** A question was asked if unspent scholarship and financial aid funds, due to missed enrollment targets, are reallocated within the budget. M. Harrington explained that the unspent funds are not used elsewhere but instead help offset the university's revenue shortfall.
  - New Graduate enrollment:

- 8.8% shortfall reported
    - Anticipated improvement with October Andersen School of Management enrollments
  - Non-degree programs, while a current focus of the university, are a minimal component of university operating budget at this time.
- **Operating Forecast Revenue Projections Overview**
  - Gross tuition is presented by term, while the scholarship forecast covers the full fiscal year.
    - Net tuition is calculated by subtracting university-funded scholarships from gross tuition, with a projected net tuition shortfall of \$9.7 million.
    - Additional revenue sources include student and application fees, gifts for the annual fund, and investment returns from safe short-term investments like government treasuries.
    - Auxiliary revenue mainly comes from housing, with Koret memberships and programming contributing about \$2 million.
    - Food service revenue functions as a pass-through, and other revenues include commissions, non-room housing income, and public safety income.
    - The total projected revenue shortfall is \$16.5 million, factoring in self-funded scholarships.
- **Expense Forecast Overview**
  - With only two fiscal periods available, making a meaningful expense forecast is challenging, so the team is working mainly with budget estimates.
    - Payroll forecasts align with the budget, while general and capital facility expenses slightly exceed the board's budget due to transfers, though the variance is minor.
    - Food service expenses are down, reflecting lower enrollments and decreased revenue.
    - Debt service management caused minor overspending in its general operating budget, and debt service remains below projections.
    - The university has a contingency fund of approximately 1.5% of gross revenues, and reserves contribute \$9.4 million to offset the revenue shortfall.
    - Overall, expenses are \$11.1 million under budget, and a \$5.4 million bottom line deficit is projected.

### **Census and Forecasting Adjustments**

- The university must address the projected deficit, prompting questions about the timeline and its impact.
  - The Board meeting occurred before the census, so estimates were based on early data. However, net tuition is stable and unlikely to change until spring, with new student enrollment and retention rates potentially affecting the forecast.
  - A budget reallocation may be considered if overspending in contracts or employment becomes evident, with discussions likely tied to FY26 planning.
  - Although the spring census is crucial for net tuition forecasting, the university will continue to act based on historical patterns and ongoing analysis.

### **Tuition & Fee Comparison Reports**

- The University conducts two market surveys, undergraduate and graduate, to help academic leadership set tuition rates for the upcoming year, using data from competitor institutions identified by schools and colleges.
  - The College of Arts and Sciences also provided program-specific data collection requests for internal use.
  - The surveys review five years of tuition and fee trends, analyzing average tuition increases, USF's standing among competitors, and comparisons excluding USF. USF's market position has remained relatively stable.
  - The analysis includes comprehensive costs such as tuition, fees, and room and board, showing how USF ranks in total costs and yearly increases.
  - This year, USF's tuition increased by 3.9%, in line with competitors.
- **Comparison of Peer Institutions:** Concerns were raised about comparing USF to other Jesuit institutions due to geographical and contextual differences. *Response:* The peer institution list, last updated with Michael Beseda, can be adjusted when a new Vice Provost for Strategic Enrollment Management is appointed. Adding new institutions could pose data challenges but is manageable.
- **National Clearinghouse Data:** National Clearinghouse collects student registration data from 96% of U.S. universities. USF uses this data to track where admitted students who didn't enroll went as well as for students who transferred out or dropped out.
- **Competitor Set and Ranking:** Clearinghouse data helps compare USF's performance against competitors. Endowment size and U.S. News rankings are also included for comparison.
- **Graduate Programs and Total Cost:** Graduate program comparisons account for total cost, which varies based on required units, as overall cost estimates are critical.
- **Clearinghouse Data on Yields:** Clearinghouse doesn't provide enrollment yield data, but it can be obtained from other sources like the Department of Education or U.S. News.

### Close

- Educational Sessions Discussion: Suggested further discussion next time, including potentially inviting Torry Brouillard-Bruce to talk about the housing operations and the revenue implications for the university.
- **Next Meeting:** October 17, 2024