

University Budget Advisory Council
Action Minutes
Oct 19, 2023

Members present: Shannon Burchard, Sarah Blackburn, Johnathan Cromwell, Laura Hanneman, Michael Harrington, Lindsey McClenahan, Elisabeth Merkel, Julie Orio, Opinder Bawa, Angelica Martinez, Kurt Keilhacker, Brian Young, Isabelle Sholes, David Ferguson, Bhavesh Ram

Members absent and excused: Otgo Ehremjants, Max Amend

Announcements

- Welcome new members

Approval of Action Minutes: Sept 14, 2023

Motion/2nd: Blackburn/Burchard Vote: Y: 12 Abstain: 1

Review of Office of Planning and Budget Reports - Michael Harrington

- a. [Q1 Operating Forecast](#)
 - b. Tuition & Fee Comparison Reports: Undergrad & Grad
 - c. [Inflation Report](#)
- The Office of Planning and Budget generates reports throughout the fiscal year. Inflation report is updated quarterly.
 - The **Operating Forecast** contains a narrative and detailed table of university activity by category.
 - Table shows revenue and expenses for year end actual, board approved budget, YTD activity, year end forecast across various categories, as well as variance from both a dollar perspective and a percent.
 - UBAC viewed the August period close. 12 closes each year, one for each month.
 - Forecasting methodology includes review of past patterns in previous fiscal years - revenue / expense pattern in the variance notes. Category heads/management also provide analyses and forecasts, also seen in variance notes.
 - **Revenue Section Overview**
 - Tuition Net Scholarships: shows university has an estimated shortfall of \$8.3M
 - Gross Tuition: shows positive trends in summer, negative in fall and spring; forecast negative variance for entire fiscal year is (-) \$19.3M. Hoping for some relief from programs that make use of intercession.
 - Waivers & Exceptions: need to wait for more activity. Category is for hardship cases that students bring forward, agreements with Jesuit Institutions (contra tuition revenue)

- Scholarship: unrestricted operating scholarship, university provided aid to students. Highly impacted by enrollment. Not all students are equal in terms of tuition/aid. Positive variance (+) \$11M.
 - Fees - application and other university fees
 - Gifts & Contributions - donations to university earmarked for “greatest need” as deemed by university, no restrictions. Expected to meet the target. Forecast expected in a later period as activity is seen.
 - Investment Returns: interest on working capital. Rise in interest rates has helped increase the budget. Forecast expected in a later period.
 - Auxiliary Revenue: dorm occupancy is major component, highly impacted by enrollment which explains shortfall of \$2.9M
 - Food Service: also highly impacted by enrollment, expected \$1.2M below budget
 - Other Revenues: catch all for other activities across university
 - **Total Revenue Shortfall of \$12.5M**
 - **Expenses Section Overview**
 - Salary
 - Faculty Salary: make use of pattern forecast in three categories: 1) FT Faculty, 2) Overload, PT Faculty, NTA, and 3) FT Staff
 - Other Staff / Students: not that much activity as of yet so based on budget
 - Benefits: salary categories have different benefit rates attached
 - Total Compensation: under budget by \$3.8M
 - Gen Operating/Facilities/Capital Expense at available budget
 - Food Service: less food service, less expenses
 - Insurance/Collections/Loans:
 - University has major policies in a variety of areas, sizable premiums. Very little variance as policies are set.
 - Bad Debt: students enrolled in payment plans that do not follow through. Has increased for the university and budget has been increased.
 - Debt Service: well-established covenants and obligations. Money set aside for principal payments, little variance.
 - Reserves: balancing mechanism, supports contingencies moving forward. Contingency remaining of approximately \$300k against \$7.9M reserves. Capacity for \$318k for unforeseen expenses assuming accurate forecast.
- **Inflation Report**
 - Pg 1. Consumer Price Index (CPI) and Core CPI (takes out food and energy). Forecast provided by Wells Fargo. Government collects data on metro areas. CPI for SF, Oakland, and Hayward included.

- Pg 2: USF operates on a fiscal year that starts in June. Higher Ed Inflation Measure put together by the Common Fund.
- Pg 3: CPI-SF-OAK-Hayward, used for a variety of contracts (Dec-Dec). Example: CBA for USFFA, there is a per line support for faculty development which will increase by inflation indicated each year.
- **Tuition & Fee Comparison Reports: Undergrad & Grad**
 - Review of competitors: what has changed overtime, how have rates increased, our position relative to competitors wrt historic and recent tuition increases
 - Key takeaway: not much movement as to our placement relative to our competitors (undergrad and grad)
 - Includes endowment estimated support comparison. Unfortunately, we are at the low end compared to other competitors.
 - Includes review of US News & World Report.
 - Clearing House Competitors shows tuition rates of where students that applied to USF but went elsewhere.

Report out on Strategic Planning Advisory Council (SPAC) Meeting, Jonathan Cromwell

- Tri-chairs met with SPAC to better understand how our councils could work together
- SPAC is looking a lot at the operations of the university to determine areas of focus
- SPAC has a 5-year cycle.
 - Currently in Y2, “Refinement and Initial Implementation” they are looking for the quick wins which are things that can be done easily and at low cost.
 - In Y3, they intend to implement more challenging objectives building upon the wins in Y2.
 - Y4, the plan is to examine how things have matured and what efforts are sustainable
 - Y5, will be used to reflect on past 5 years in order to generate the next 5-year strategic plan
- SPAC is focused on short-term initiatives: rebuild enrollments, retention, graduate enrollment strategy, design high-demand programs; long-term initiatives: Masonic campus, core curriculum redesign, Getty Institute, Entrepreneurship and Innovation Initiative.
- SPAC is building a dashboard that will track, display, and communicate progress towards KPIs.
- Strong shared goals. SPAC was pleased to hear that budget assists requests are asked to align with elements of the strategic plan. Ability to spend new money is extremely limited but things can be done with existing resources. SPAC was interested in getting UBACs feedback on initiatives that were proposed as far as fulfilling strategic plan and which are budget sensitive.

Improving How We Share Information with USF Community, Johnathan Cromwell

Review of By-Laws and language that illustrates the work of UBAC. Some things we do well: advisory role to leadership and making recommendations on budget and financial plans, and

accounting for current and future needs. Examples are budget assists, recommendations for tuition increases; we have pretty strong mechanisms in place for these items.

Areas of potential improvement include: serving as vital link between leadership and the community, educating university community about budget process and communications, providing feedback from campus stakeholders, and making university financial decisions and processes more transparent and accessible, etc.

Under this context, how do we improve upon these functions? Many of us report out to different groups but there are likely inconsistencies in how we each package the information. Currently, information is shared via minutes on our website but not particularly well known.

- a. What is currently done → potential value of improvements?
- b. What information is more (vs less) important to share?
- c. What is a good format to share, and frequency?
- d. What should the process be for UBAC approval?

Ideas on how to address the above questions? See **Questions/Comments** below.

In summary, there is a need for more digestible content to be created. Hopefully there are people interested in creating that. Then, also a review and approval process for UBAC. We will follow up via email to identify people interested in helping with the creation of these materials.

Good of the Order

Adjourned 1:15 pm

Questions/Comments (Condensed)

Relevant to Agenda Item 1: Review of Office of Planning and Budget Reports

Are the [total compensation] salvages coming from natural attrition of freezing of positions and holding off hiring? No official hiring freeze at the university. Deans / individual managers may hold on filling positions. A big factor is positions that are funded but vacant and other natural gaps.

Reports are being produced on a monthly basis but presented to the Board of Trustees (BoT) on a quarterly basis. When numbers are reported, are there any actions taking place or is it purely an update of the information? Very much so. Management asks “what are we going to do in response?” For example, hiring freeze, budget adjustments, etc. It is for action purposes when action is called for.

Q1 Operating Forecast does not include the one-time cuts already made in the 2023 planning cycle. Is that correct? Board budget was approved by the BoT and captures all savings. **So that included all the one-time cuts that all the units made? So the remaining gap was not going to be bigger than \$12.5M?** This was the best estimate as of January when all savings, enrollment projections, tuition was set.

Relevant to Agenda Item 2: Report out on Strategic Planning Advisory Council (SPAC) Meeting

Julie Orio led an incredible set of work to align with some of the board guidelines. Can Julie comment? When working with all of the strategic planning working groups, a lot of recommendations came from that work. The Board was very invested in the work leadership was doing across the university, so there was an attempt to align strategic plans with board feedback. Three big buckets emerged: (1) student success (includes retention and stabilizing enrollment), (2) financial stability, (3) branding. These themes and deliverables were presented back to the board and then sent back out to the subcommittees that have been charged with some of this work.

Lindsey, can you speak to the long term success category here? We are always in a fundraising campaign. Right now, focused on fundraising for scholarships, key priorities associated with strategic plan, academic faculty research initiatives. Also, fundraising for the university as a whole. Over the last couple of years, averaged last year \$53M, which goes to endowment and current use. This is a long-term game, hoping to build out the endowment so we can compete with institutions who are competitors.

Diversifying revenue streams refers to development efforts but also corporate contracts. \$3-4B are spent each year by corporations in support of their employees going back to school. The goal is to try and participate more here. Future ready education means restructuring curriculum and adding additional elements to our programs. For example, AI is all the rage these days. How do we help faculty create a curriculum that is more compelling? Data analytics and a few other areas. How do we incorporate what employers/corporations will want today and in the future so our students are ready for employment.

In addition to budget assists and incorporating strategic goals, we've also been trying to close the loop on the things that were approved in previous cycles. For example, did you ever hire the person you asked for and was the hire a success? Important notes, most budget assists are requests to modify the baseline budget. There are also a lot of conversations that happen before the requests come into the budget assist process. Units evaluating their own needs before moving a request forward. There are some one-time budget requests and those are identified as such in the platform. In the request form, which has developed over time based on management and UBAC's feedback, we ask specifically "what internal reallocations, if any, are being made in support of this request." Some people reply with information on partial funding of initiatives. With respect to closing the loop, we could ask them

“how will you know if you’ve been successful?” and allow approved budget assists to provide commentary.

Asking because it becomes hard for us as we report out to the community because results of this process result in reallocations for the next year because these typically increase baseline. When there is an increase in baseline, there may be a gap or shortfall that the rest of the campus has to adjust to. It would be nice to know how money was used. Question is an interesting one because so much goes into the request process. Example of a position and it not being filled, where does the money go? Funds cannot be used for something else because of the structures in place.

The goal is transparency. Seeing the same types of requests each year, and, for example, development only receiving a portion of their request. Goal is to say, if the position was not filled, the money was used for this other thing. There is a lot of discipline, validation and scrutiny including full cabinet review, Fr. Paul, in particular, as well as board members. Then, if something does get approved, the responsibility is at the vice president level. VPs are responsible for making sure Fr. Paul is aware of any modifications to that request. There are a lot of checks and balances in place. For example, the \$14.3M closet upgrade project that was approved, I have to present every year to cabinet and board on exactly where that money went, how much of the project is completed, how vendors are doing, and allocations of the cost structure. There are lots of measures in place to assure funds are used for the purpose they were designed for or if Fr. Paul approved them for other use.

Relevant to Agenda Item 3: Improving How We Share Information with USF Community

Does UBAC ever do an advertised talk to the USF community where we invite all interested parties to attend? Not sure UBAC has ever done that but maybe it is something we could do. Perhaps some sort of open forum to the entire community. Other options could be more localized versions. For example, as a member of the Faculty Association, I could request time to share in that forum. Other UBAC members could share in their respective communities.

Excellent idea. Maybe once we have a concise view or update we could share, we all can communicate to relevant departments. Thank you.

Thank you for pointing out the educational workshops, also available to the community on our website. Is just having the info on our website the best way to communicate? Seems dry to have drop-in meetings where people drop in and talk about it. Potentially better to use a pyramid structure perhaps starting with the chairs of departments. Believe the term is “co-sec.” Allow for chairs to ask us questions about the information that comes out through emails from the cabinet, we are there to “co-sec” that information. Seems like a way to get people who comprehend information more readily as they have been around the university and would be able to communicate out to their departments.

Should we create an internal document to understand how many committees we touch?

There is a lot of representation here. Might be good to have a map of where we're covering and who we're meeting with. Educational workshops are a great resource. But perhaps developing some short, more digestible presentations that might be more accessible to people, especially around big decisions like budget assists.

Language and terms might be intimidating to some people. Perhaps we develop an infographic to make it easier to grasp. A step back from information seminars but perhaps easier and less time consuming for all. Would last for a long time.

A canvas course was mentioned. Yes, we have a whole Canvas course with historical documents. The UBAC Canvas site predates Google Drive which is what we are using now for sharing reports, minutes, etc. All minutes linked to UBAC website and Google Drive for reports needed for our meetings.

There were term sheets in there, articles, etc. We could have an articles folder. We can also review some of the historical reports and see which ones we want to migrate over, for instance, the terminology doc we put together.

Is there a reason we do not use Canvas anymore? No. Last year we began using Google Drive extensively.