

**University Budget Advisory Council**  
**October 8, 2020**  
**Detailed Minutes**  
**Zoom recording on Canvas**

**Members present:** Maggie Baker, Opinder Bawa, Michael Beseda, Sarah Blackburn, Shannon Burchard, Tyrone Cannon, Jeff Hamrick, Michael Harrington, Monika Hudson, Berkelee Jimenez, Dennis Miller, Brad Morrison, Spencer Rangitsch, Julia Schulte, Julia Terhaar, KT Waxman, Peter Wilch, Angie Vuong, Janet Yang, John Zarobell

**Members not present:** Charlie Cross, Father Paul Fitzgerald, Julie Orio, Gladys Perez, Theo Retos

**Recorder:** Linda Wong

**Call to order:** 12:00 pm

**Approval of 9/10 Minutes:** Hudson requested a motion to approve the September 10<sup>th</sup> action minutes

**Action:** Motion/second: approve September 10<sup>th</sup> minutes: Yang, Morrison. Vote: yes. Unanimous with request to correct the vote approving the August 27<sup>th</sup> action minutes.

**Member and Community Education:**

Terhaar proposed October 15 or 29 as the Capital Budgeting workshop date and will coordinate with Michael London, Charlie Cross, Michael Harrington, and Accounting Business Services. Hamrick suggested a later date to provide preparation time. He asked that UBAC provide workshop parameters, so that the distinction between facilities (London) and capital budgeting (Cross) can be made clear. Additional staff will be asked to present (Neva or Desmond).

**Action:** Set October 29 or November 5 as potential workshop dates. Terhaar will work with the Education Group and Charlie Cross to confirm the date.

**Enrollment, Tuition and Fees:** Terhaar thanked Beseda for the Tuition and Discounting workshop which provided a good overview and critical terminology. The focus today is on strategies for the upcoming academic year related to market and COVID-related impacts.

Beseda shared a draft of proposed new Fall 2021 undergraduate enrollment targets. Some fundamental questions include:

- What will the mode of instruction be?
- Will it be possible for students to live on campus?
- Will international students be able to obtain visas?"

The draft targets assume USF will offer in-person education in Fall 2021 and will have lower international student enrollments. Anticipated 2021 targets are projected to be lower than in USF's 2028 planning document. Rather, the new draft anticipates only 130 new first year

international students compared to the originally anticipated 200 new first year international students. The lower estimates take into account the current political environment and impacts of COVID19. Beseda indicated the draft assumes a slight increase in first year domestic and transfer students, similar to what USF experienced in Fall 2020.

Beseda stated that 265 students deferred in Fall 2020. The admissions team believes the majority will now extend their deferrals to fall 2021 with the announcement that Spring 2021 classes will now be remote. He stipulated that the bigger question is whether these students will ever come to USF as data indicates that only about a third of students who defer ever enroll. USF lost about 200 undergrads who deferred in 2019 and subsequently did not come to USF in Fall 2020. On the undergraduate side, the longer students defer coming, the higher the likelihood they will never come. This contrasts with graduate enrollments, which were strong in Fall 2020.

Beseda stated that, while it is early, 2021-22 tuition rates will probably need to increase.

### Questions

1. Yang heard Biology faculty are offering courses for deferred students to help retain them. Are there other ideas like this?

Response: A number of free, 2-unit courses for deferred students were created. Of the 265 students who deferred, 60 are currently registered and enrolled in these classes. This effort was modeled on a summer project to offer free courses to try to reduce enrollment melt. The challenge: if only 60 out of 265 students enrolled, that's close to the 25% yield on student deferrals USF typically sees. Great effort; too bad all 265 students did not sign up.

2. Miller asked if other colleges were instituting tuition freezes, could USF do the same?

Response: Hamrick noted that the leadership team is drafting scenarios related to the FY 22 base budget reallocation gap. \$8.9 million in base budget cuts were initiated in FY21, pre-COVID, supplemented by an additional \$60 million in one-time cuts post-COVID. There are three major levers that will determine the magnitude of the FY22 base budget reallocation pool.

- a. Whether or not USF restores salaries before implementing further salary reductions.
- b. Whether USF increases FY22 tuition.
- c. Whether previously negotiated FY21 and FY22 salary increases are implemented.

Based on the answers, USF may have a budget gap of \$2-3 million or as high as \$30 million. Beseda's enrollment targets will determine which scenarios are more likely; depending upon the scenario chosen, employee layoffs, etc. may result. Acceptable trade-offs will need to be discussed.

Beseda added that, in summer 2020, some criticized universities for having unrealistic expectations about their ability to bring students back to campus, house students, and claimed colleges were doing that for financial gain. The impacts of choices made are now being felt. Hamrick stated that USF's Cabinet is open to getting a sense from UBAC about its priorities including top ranked actions: tuition freeze, salary restorations, pay increases; salary restorations, tuition freeze, pay increases; or some other combination.

3. Zarobell inquired about the impact of residential revenues, and the impact of adding a new hall next fall 2021?

Response: Hamrick noted that if residential operations were restored to double occupancy, there would be little impact on university's revenues. It is not true that the new residential hall will bring in surplus revenue; rather, the additional revenues will pay for RAs, electricity, and principal payments. Once sunk costs are recovered, USF will generate about \$1 million per year. Benefits will come if USF improves its freshmen to sophomore retention rates. Tehaar added that it might be helpful to share the associated housing dashboard, when it becomes available.

4. Yang asked for clarification on debt related to housing construction.

Response: The total amount of debt is \$300 million, of which \$30 million is old debt and about \$110M is related to new construction.

5. Tehaar asked about the formal UBAC process for input into the AY22 budget priorities. She noted it would be helpful to have some summary or dashboard, enrollment projections, and tuition modeling.

Response: Hamrick indicated it might be too difficult to create a dashboard, given timelines and the fact that many requests/responses come in at the last minute prior to Trustee presentation. He indicated he would try to see what could be done to appropriately respond to the request. He also stated that the AY21 year deficit is primarily driven by a loss of students and that represented

6. Terhaar asked if there are budgetary decisions being made before the October 22<sup>nd</sup> UBAC meeting, requiring input?

Response: Hamrick suggested UBAC's feedback should be sent in prior to the end of October. The Leadership Team meets in the next week and will discuss potential tuition increases.

7. Yang asked about the 2020 tuition increase and noted that it was 4.4% at the undergraduate level. She verified that increases added about \$15 million to the budget (each percentage increase adds about \$3.6M of resources for the University's benefit). She inquired about comparative institutions' tuition increases?

Response: The university updates tuition comparisons annually and shares the information with UBAC and Leadership Team.

8. Bawa asked about higher discount levels?

Response: Beseda is not proposing big increases. The trend line from NACUBO is a year old but, given economic challenges, discounting will likely be higher in the coming year. The thing that will change is if the financial situation and state funding is reduced. Market pressure will drive students to independent institutions. Historically cuts to public sector increase market demands for independent schools.

Terhaar thanked everyone for their questions and comments regarding enrollment and tuition issues and their COVID-related impacts on the budget. She indicated that this topic bears continued review and should be calendared for future UBAC meetings.

**Strategic Budget Planning:** Hudson indicated UBAC would like to discuss Hamrick's February 2020 memo regarding strategic revenues and expense considerations. UBAC put together some framing questions including how to handle budget restoration and related issues; the question is the values that need to guide UBAC's evaluation of revenue increases or expense reductions. She asked to what extent should the student experience, campus climate, long term viability of USF or other issues guide the conversation around revenue increases. She noted that the UBAC needs to look at USF's vision and mission, understand that it is a business institution and needs to survive.

### Running Comments/Questions

1. Jimenez shared the student experience and reacted to potential tuition increases. She stated that all students probably prefer there is no tuition increase, but if there was to be an increase, students would appreciate if the University would be transparent about how the current academic experience is the same as pre-COVID. She said a lot of classes are mostly YouTube videos and she felt the university should make a statement and acknowledge that the post-COVID learning experience is different.
2. Morrison responded to Jimenez' comment and indicated that USF is in a transition and will not be able to do everything it previously did. He urged the group to focus on the student experience as a key metric.
3. Bawa added that the university has responded by making classroom modifications to allow for a HyFlex solution.
4. Miller indicated that human capital is important and our main customers and top priority is students. He noted that the February memo was a functional way of itemizing expenses, but USF should be taking a multi-year approach. The key question for him was how revenue streams can be enhanced to make up any shortfalls. He stated that academic programs cannot continue if cuts and reallocations are made annually, without harming USF's human capital.
5. Baker indicated that taking care of people first is important; we must understand what matters most to people. She also noted that there is value around sustainability.

6. Hamrick asked if revenues continue to be flat, does UBAC recommend that salaries should be cut or employee headcount reduced in response?
7. Bawa added that, with enrollments, there is a certain level of staff needed to enable enrollment to occur, raising another dynamic.
8. Cannon stated, when he came to USF, it had 7,000-8,000 students. He wondered what would USF look like after the pandemic? How will it change?
9. Rangitsch stated there is a willingness to have the discussion that Hamrick raised, but there also needs to be a nuanced discussion about which employees we need to elevate or keep above water. USF has praised itself on taking a progressive approach on these compensation related issues, however, there may be more work to be done regarding the assessment around impact of labor-related decisions on different groups of employees. How do we have that conversation within this body?
10. Waxman added that there is the talent at USF and the focus should be on what has been learned from teaching remotely and what needs to be repackaged as certificate programs where it is more affordable. Can this provide be incremental revenue? Hamrick responded certificate program revenue is mapped to the restricted side of house and currently does not provide relief to the operating fund, with the intent of creating incentives for new programs. CAS is about to launch a crisis communications certificate, SOM, one in sustainable urban planning. Other certificate programs include a data Institute and global environmental health. Only smaller amounts of revenue will be generated via these programs (under \$500,000) and only when they are larger, would the revenues be shifted to support general operations.
11. Zarobell stated he has been on cutting edge of online instruction and had the benefit of online training to face this situation. He stated there is a gap between what can be achieved and what is being achieved. Remote and HyFlex options add to faculty's workload. He also noted that, over the last five years in CAS, full-time faculty numbers have remained flat, while administration has grown including 21 vice presidents. He offered that a balancing act and transparency around staffing could help build confidence among employees.
12. Hamrick indicated that, while there are not 21 vice-presidents, it is fair to say mid-level administration has increased in the last five years. However, this increase is related to various external factors SDS, CAPS, and the Title IX Office. He noted that the firm working on the provost search indicated that there may need to be more, rather than less, support in that office.
13. Cannon added that HyFlex classrooms provide more student learning options. Zarobell responded that it requires more work to manage both online and in-person teaching.
14. Bawa added that there are pilot HyFlex classrooms being created and Zarobell should be asked to participate to help everyone understand how the concept would work for USF. Hudson suggested a number of faculty had experience working with HyFlex and should be added to the pilot.
15. Burchard suggested partnering with Berkeley and students to figure out what services are of greatest value rather than making that decision for them.

Hudson summarized this meeting segment by asking that UBAC consider how it will frame its budget planning recommendation and provide priority feedback on budget rankings. This subject will be on future UBAC agendas.

## General Questions

1. Yang asked Bawa about the student survey mentioned in chat. Who provided input for the survey and can the questions be reviewed?

Response: The survey involved a collaboration between the Provost's Office and ITS. Shirley McGuire received a lot of input from CTE, COI, and faculty groups and the survey questions will be shared.

2. Rangistch asked if the \$59 million of COVID19 related savings is still the current number and inclusive of any or all compensation or layoffs that have taken place.

Response: There are minor adjustments and a new document will be shared. No more than 20 employees were furloughed in September. Harrington is currently working on the new document.

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### Next steps:

- Solidify date for Capital Budgeting workshop
- Formalize ranking or list of priorities around tuition and enrollment targets, continue discussion around framing questions from February memo for next UBAC meeting.
- Consider the following question: "If we are going to have serious conversations about discounting, are we okay with changing our student profile?"

**Meeting adjourned 1:28 PM**