

University Budget Advisory Council
Action Minutes
October 20, 2022

Members Present: Opinda Bawa, Sarah Blackburn, Johnathan Cromwell, Otgo Erhemjamts, Michael Goldman, Laura Hannemann, Michael Harrington, Jeff Lefkoff, Lindsey McClenahan, Liz Merkel, Julie Orio, Spencer Rangitsch, Julia Schulte, John Zarobell

Absent and excused: Shannon Burchard, Thao Khuong, Esha Seth

Announcements:

Welcome new member Otgo Erhemjamts, SOM Dean

Zarobell thanked UBAC for being flexible with schedule changes to better align with the budget timeline.

Approval of Action Minutes: September 13, 2022

Motion/2nd: Goldman/Schulte **Vote:** 11 approve **Abstain:** 2

Tuition Adjustments: Lefkoff shared the big variables that go into budget planning includes tuition rates, enrollment targets, actual enrollments, and various parameters around retention rates and discount rates. Enrollment targets are set for incoming, new students and the retention rates track the number of students the cohort moves through their academic years.

The tuition rate is adopted at the December Board. It is important for UBAC and others to submit their recommendations before the Cabinet has their discussion. Following, the President submits his recommendation to the Board.

Lefkoff presented four different tuition rates starting at 3.9% for undergraduate tuition and fluctuating for the graduate programs. Each scenario increases by one percentage point up to 6.9% increase. Individual rates may be adjusted, but this model will be used in the analysis. These rates are still preliminary.

The net tuition model accounts for tuition at various programs, enrollments and differences in discount rates in the programs. In developing enrollment targets, we are looking at the four scenarios, assuming incoming enrollments for next fall is similar to what was budgeted for this fiscal year. Additional assumptions include retention rate for first year students. Over the last five years, the average has been 83.5% excluding the covid year, Fall 2020.

April Crabtree's model predicts how students respond to admit offers in combination with scholarships/financial aid offered. The behavior model says the more you increase tuition, the more you need to increase financial aid.

UBAC member commented the range is too wide and the tuition comparison report is missing the student outcomes. When our peers are holding the student outcomes stable and USF is declining, we cannot justify the inflation and increase when we don't keep the performance at the same level. We have to link our student outcomes with tuition increase.

Enrollment Updates: Guest April Crabtree, Vice Provost, Strategic Enrollment Management presented the current USF landscape and where we want to go.

While we had admitted a large class size, we still saw a general decline of students and lower retention. In Fall 2016, the new first year classes came in very large, several hundred over the goal. We had three years with large classes and in Spring 2020, we started graduating out one of the large classes.

Fall 2019, the goal was to bring in a class size at a lower discount rate. We did not meet targets, did not have market position to justify increases and students walked away from their offers. In addition, when we announced remote learning, students did not return. International enrollment and graduate enrollment also dropped. Now at post pandemic recovery, we are seeing aggressive discount practices from competitors.

Crabtree reviewed the enrollment landscape (refer to presentation). Crabtree highlighted the need to admit students to retain them.

Questions/comments

What are targets for graduate numbers for 2023-24? Lefkoff responded the information from the deans just came in and are still synthesizing the information. For the current year, there is a 310 gap between budgeted and actual. The new targets would make up around two-thirds of this gap, about 100 below what's currently budgeted.

UBAC member commented not every headcount contributes to same tuition dollars, e.g., tuition remission. For students who received scholarship, do we have their retention rate and can it be shared? Crabtree responded the retention dashboard is available. We are losing students to cheaper institutions, lose a good portion of higher performing students to more prestigious institution (USC). High academic ability and high ability to pay. We lose these students at a much higher rate.

Concerned about market conditions, has there been movement towards more discounting? Lefkoff responded discounting is different for graduate programs. Discussion is to let deans make the decisions based on their programs. Crabtree shared NACUBO's discounting slides.

Orio shared the first year student survey has been completed. 402 students responded "not likely to return". Number one reason is financial, still seeing impacts of covid, increase in basic needs; e.g., food pantry. Orio will share a summary of the New Student Success survey.

Lefkoff demonstrated the net tuition revenue model. The model combines enrollment with paying students and financial aid.

UBAC member commented when someone says something is expensive, they are not seeing the value. Concerned the peer schools are not through the student lens and picking the wrong peers. Bawa responded this information should be passed on to the retention committee. Orio added this conversation has come up. Everyone is using different sets of comparison reports.

If we were not to raise tuition, would we see a higher enrollment or rely to discounting to get enrollment? Lefkoff responded USF relies on discounting.

A comment was made that we have focused on the student experience, but what does a 3.9% increase mean for what we are doing? What are the impacts for the institution and members of the institution?

What does each percent increase mean? Lefkoff responded the nature of our process has been to set tuition first in the timeline.

Member commented the changes to combat inflation may lead to recession. The summer inflation report, usually 6.6% above regional (SF, Oakland, Hayward index) inflation rate. Harrington confirmed report reflects when it was generated.

A question was asked if USF had a year where we did not increase tuition and what impact there was? Orio responded that we did not increase during covid year and that it was virtual. We have not had consistency with enrollment, housing, which makes comparison challenging.

What would happen financially if we did not increase tuition and kept the same discount rate? Lefkoff responded it could be severe. Bawa added there are also additional expenses that are contractual.

A comment was made that the lowest scenario of 3.9% still results in a negative situation. In addition to the earlier comment that the range was too broad, would like to hear what range would be acceptable? Otgo responded going up half a percent would be acceptable, trying to increase in least possible amount. Bawa added once we have better handle on expenses, will help narrow down the range. Zarobell shared unfortunately the Cabinet timeline doesn't follow that path.

In previous years, Room & Board accompanied scenarios. Orio added there is concern for inflation of Board, and students want to see renovations.

In summary, we will take initial poll and follow up with a survey. What is helpful to Cabinet is qualitative feedback in addition to quantitative feedback.

Approval of UBAC Bylaws: Version 10

Action: Approved Vote: 11 Abstain: 1

Good of the Order

All presentations shared with UBAC to go out with survey
Report on surplus funds from FY22, FY23 Revenue Update, would like to have some space at next meeting
UBAC representative for ISEP/Enrollment Optimization Working Group is Michael Goldman

Meeting adjourned: 1:31 pm