**University Budget Advisory Council**
**October 12, 2021**
**Action Minutes**
**Zoom recording on Canvas**

**Members present**: Sarah Blackburn, Shannon Burchard, Johnathan Cromwell, Moritz Fath, Jeff Hamrick, Laura Hannemann, Michael Harrington, Berkelee Jimenez, Lindsey McClenahan, Brad Morrison, Julie Orio, Patricia Pearce, Gladys Perez, Spencer Rangitsch, Elisa Rodrigues, Julia Schulte, Nam Tran, Janet Yang

**Members absent:** Opinder Bawa**,** John Zarobell

**Recorder: Linda Wong**

**Welcome new members:** Johnathan Cromwell, USFFA appointed; Laura Hannemann, Staff elected; Elisa Rodrigues, OPE appointed

**Action: Approval of September 14, 2021 action minutes:**
**Motion/second:** Pearce/Morrison **Vote:** 13 **Abstain**: 4

**FY21 Unit-level Variance Report:** The question was raised on assessment and adjustments that are made yearly upon reviewing univ-level variance reports. In general, Hamrick will bring forward any patterns that may be of concern; however, some units (e.g., the Office of General Counsel) may have unfavorable variances from time to time (or even consistently) due to confidential legal settlements. There are no dedicated budgets set up for legal settlements with the understanding that this may happen; the general counsel's overage is effectively covered by unused university operating reserves.

Hamrick expressed a preference for units to make budget transfers within the fiscal year to cover emerging unfavorable variances. Unit managers are allowed to move budgets within their division and more complex areas often use one department to cover another department overage; e.g., Athletics versus Facilities within the Division of Business and Finance. There are no automatic budget adjustments if units do not spend all their budgets. Hamrick added that, historically, unit managers underspent student worker compensation pools and have, over time, reduced underspending with respect to those pools by using those pools to support their annual budget cuts.

**Action:** FY21 Unit-Level Variance Report received for file.

**Prospective Fiscal Year 2023 Undergraduate Enrollment Targets:** The draft enrollment targets received by Interim Vice Provost April Crabtree show mostly flat undergraduate enrollments. Crabtree indicated that we are still in a challenging environment and should expect a similar enrollment next year as we graduate a large senior class. Provost Oparah has asked the deans to launch 6-8 new programs in both undergraduate and graduate programs. The Office of

Market Research will support this effort with an upcoming market opportunities scan supported by Kennedy and Company.

The Koret Transfer Pathway Initiative goal may be to avoid losing prospective transfer students rather than adding new transfer students (though that is certainly the hope).

UBAC may want to consider inviting April Crabtree to a future meeting for further discussion. (Update: she is invited to the November 9th UBAC meeting.)

**FY23 Tuition Increase/Jamboard Activity:** Hamrick highlighted the tuition slide "Managing the hole for FY23." University leadership understands stakeholder dissatisfaction with ongoing budget cuts over the last eight years. Tuition increases are usually used to fund compensation increases and leadership understands that tuition increases will not resolve our budget gap.

Several items listed on "the Formula" will not be known prior to the tuition increase decision. We need to deliver the tuition increase to our financial aid consultants to enable them to finalize the financial aid packages. The Office of Strategic Enrollment Management also needs to report our expected gross tuition to the federal government to determine the United States dollar amounts that international students need to show in checking or savings accounts before they can receive their educational visas.

Historical trends of tuition increases can be categorized into three phases:

- 2000-2009, period of rapidly rate of tuition increases, abundance of resources
- 2009-2015, recession, caused the institution to reduce the tuition increase (1.9%-2.9%)
- 2015-pandemic, slightly higher until the pandemic

Institutional financial aid packages (both merit and need components) remain constant (in dollar terms) as tuition rate increases, though students can appeal their financial aid packages to the Office of Student Financial Services at any time. One can argue that we may lose students along the way as tuition increases, but the data suggests that there is not a real connection between particular rates of tuition increase and (for example) sophomore return rates. Students are informed that tuition rates increase each year when they matriculate at USF. The university's yield rate is lower than its competitors. USF generally has to admit 10 students to yield 1 student. Among our comparators, the university's historical strategy has been to be near the middle in terms of gross tuition price.

The student representatives and other UBAC members shared their experiences and voiced overall concern about the struggles students experience with any increase (e.g., additional hours they have to work to cover the increased tuition bill). Students want to know how the value of their USF education increases in proportion to any tuition increases or how the services/programming they receive is impacted by tuition increases.

An initial straw poll was conducted through Zoom on the group of scenarios presented for discussion.

**Action**: Tuition Increase survey will be sent to voting members. Results will be used to draft UBAC's recommendation to Cabinet (see attachment to these minutes).

**Parameters for Evaluation of Fiscal Year 2023 Budget Assist Submissions:** Budget Assist will open soon and this is an opportunity for UBAC to submit a recommendation to Cabinet. Two options were presented with a third option open to input.

**Action:** Tri-chairs to draft and sign off on recommendation based on Zoom poll (see attached memorandum to these minutes).

**Adjourned:** 1:30 pm

**MEMORANDUM**

**TO:** The President's Cabinet

**FROM:** University Budget Advisory Council
Jeff Hamrick, Administration Tri-Chair
Spencer Rangitsch, Staff Tri-Chair
Janet Yang, Faculty Tri-Chair

**SUBJECT:** October 14, 2021

**DATE:** Advice and recommendations concerning the FY23 Budget Assist process.

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The University Budget Advisory Council recently met and confirmed that it will continue to use the following criteria to evaluate Budget Assist initiatives:

- Supports student success;
- Enhances revenues or reduces future costs;
- Mitigates risk, broadly defined, but with a priority on human health & safety;
- Provides a needs assessment, action plan, or historical context with measurable outcomes;
- Includes a return-on-investment analysis; and
- Identifies alternative funding sources, above and beyond operating funds.

However, the entire membership also agreed that unit managers should first seek to "fund new initiatives by taking careful looks at their existing expense budgets and making difficult reallocation decisions" before submitting any fiscal year 2023 Budget Assist proposal.

In addition, the University Budget Advisory Council took a straw poll of its membership concerning the language that it recommends be used when opening up Budget Assist for new initiatives for fiscal year 2023.

Fifty-six percent (56%) of the membership supports strictly limiting fiscal year 2023 Budget initiatives to those initiatives classified as Existing Contract Increase or Non-Discretionary Increase.

An additional thirty-eight (38%) of the membership recommended opening Budget Assist a little more widely, so that discretionary initiatives "limited to stakeholder health, safety, and well-being, or essential university functions and operations" would be admissible.

Six percent of the membership abstained.

We thank the President's Cabinet for receiving this advice. Please feel free to let any of our tri-chairs know if you have questions or any follow-ups.

**MEMORANDUM**

**TO:** President's Cabinet

**FROM:** University Budget Advisory Council

**DATE:** October 29, 2021

**SUBJECT:** Advice and recommendations concerning FY23 tuition and fee increases.

Recently, the University Budget Advisory Council conducted straw polling of its voting members and asked them to identify their preferred tuition and fee increase scenarios from among the following:

- Scenario 1: Undergraduate 0%; Graduate 0%; aggregate delta to net tuition approximately $0
- Scenario 2: Undergraduate 0.9%; Graduate 0%; aggregate delta to net tuition approximately $1.7 million
- Scenario 3: Undergraduate 1.9%; Graduate 0.9%; aggregate delta to net tuition approximately $3.6 million
- Scenario 4: Undergraduate 2.9%; Graduate 1.9%; aggregate delta to net tuition approximately $5.5 million
- Scenario 5: Undergraduate 3.9%; Graduate 2.9%; aggregate delta to net tuition approximately $7.3 million
- Scenario 6: Undergraduate 4.9%; Graduate 3.9% (except for Law, School of Education, and selected former programs of the College of Professional Studies, which would be lower); aggregate delta to net tuition approximately $9.2 million

(Note: It was indicated to UBAC members that, consistent with long-standing practices, the President's Cabinet would most likely, but not necessarily, increase room and board by 2.5%.)

Thirteen out of nineteen of the current voting members of UBAC responded to the straw poll. The results were as follows:

| Scenario | Top-Ranked Choice | Second-Ranked Choice |
|---|---|---|
| 1 | 3 | 0 |
| 2 | 1 | 4 |
| 3 | 3 | 6 |
| 4 | 5 | 1 |
| 5 | 1 | 1 |
| 6 | 0 | 1 |

The scenario with the strongest level of support is the fourth one, which features an undergraduate tuition increase of 2.9%. The scenario with the second-largest number of votes for top ranking (and the most votes for second-choice ranking) is scenario three, which features an undergraduate tuition increase of 1.9%. Thus, a majority of participating UBAC members recommended an undergraduate increase between 1.9 and 2.9%.

In the open-ended comments, UBAC members shared observations, sentiments, or concerns including the following:

- An undergraduate tuition increase of 2.9% "seems the best overall decision, on balance" as the university "emerg[es] from the pandemic and maintain[s]…market position with a desirable entry-level sticker price."
- A theme accompanying this view was that we are still emerging from the pandemic, uncertainty remains, and the university ought not attempt a full return to normal practices too quickly.
- UBAC members want to do a deeper dive with SEM about the university's financial aid leveraging strategies to better understand "how sticker price increases affect…different income brackets [differently]."
- UBAC members felt "torn between the needs of the families and the needs of the university," comparing the question at hand to "being asked to split the baby."
- Another UBAC member said that the university needs to "have a thoughtful, deliberate multi-year plan to stop the cuts" and that they have the impression that we are "flying blind."
- Consistent with the previous comment, a UBAC member opined that that university should have made more base budget cuts as it stepped into fiscal year 2022 and that the third tranche of federal stimulus made it possible for the university to delay addressing its structural deficit.
- Another UBAC member noted that "a 2.9% increase represents a return to the lowest level of [historical] tuition increases before the pandemic and, therefore, a fair increase to impose upon students and their families." However, the same member felt the increase should not be higher than 2.9%, since "it would be too misaligned with our message to students about needing to tighten our belts and trying to help students…"
- Students "are still in a shock over the last year and would be best served by a lower increase" which might "improve retention and maybe tempt some transfer [students]."
- One UBAC member commented that "we need to tighten our belts somewhere other than in the academic programs and not add to…student burden[s]."
- Another UBAC member felt similarly, noting that students "are still working within the confines of a…global health and financial crisis."
- The higher (e.g., 4.9%) undergraduate tuition increase scenarios seem "untenable and impractical."
- Several members said that the university should consider making the rates of tuition increase equal across undergraduate and graduate programs, or allow for higher tuition increases from "for those tied to more lucrative, competitive, and popular fields of industry at present" as a means to generate revenue in lieu of higher tuition increase.
- At least one UBAC member felt that the President's Cabinet should consider room and board increases greater than 2.5%.
- Based on prior UBAC discussions, most members seem very aware of the current inflationary pressures on tuition pricing, so recommendations were made with this in mind.