

**University Budget Advisory Council**  
**Action Minutes**  
**March 23, 2023**

**Members present:** Opinder Bawa, Shannon Burchard, Sarah Blackburn, Jonathan Cromwell, Michael Goldman, Lauran Hanneman, Michael Harrington, Ethan Lee-Bellows, Jeff Lefkoff, Lindsey McClenahan, Elizabeth Merkel, Spencer Rangitsch, Julia Schulte, John Zarobell

**Guests:** Sonia Caamano, representing Student Life

**Members absent and excused:** Otgo Erhemjamts, Thao Khuong, Julie Orio

**Announcements**

- Zarobell shared UBAC is looking for a new Educational Coordinator to support the Educational Workshops.
- Next UBAC meeting April 11<sup>th</sup>, decided to stay with the Tuesday date given the busy time and challenges in moving the meeting. If there are strong concerns, let us know.
- Welcome to Sonia Caamano who is sitting in for Julie Orio and Ethan Lee-Bellows, ASUSF President will join UBAC for the remainder of the academic year.

**Approval of Action Minutes:** February 2, 2023

**Motion/2<sup>nd</sup>:** Bawa/Blackburn

**Vote:** 12

**Abstain:** 1

**Budget Process**

Lefkoff shared his view of USF's budget process and the amount of work and effort that goes into the budget and considerations for where things can be streamlined.

Major components of budget process (refer to slides for details)

Establish *tuition & fees* in the fall. Information available at the time is based on external factors and preliminary in the budget cycle to know what the increases and expenses are. The best information we have are the market position and affordability.

Developing *revenue projections* – tuition rates, fluid enrollment targets, discounting for incoming students, different for undergraduate and graduate students, and multiple forecasting iterations.

Additional opportunities for producing new revenue:

SOE partnership with Holy Name graduate students 50 students,

SONHP's Kaiser relationship, MA in Nurse Practitioner 22 students,

Double Dons scholarship program, alumni 20% scholarship for graduate enrollment.

Bawa clarified that these additional revenues are an attempt to close the \$13M gap that has not been addressed. Lefkoff reiterated the gap \$39.5M will be addressed in two phases: Phase 1, \$26.5M and Phase 2, \$13M possibly coming from these additional revenues. There will be some improvements, but not yet firmed up.

*Does the Double Don apply to the SOL? Will the Double Dons message going out to seniors and alums?*

The communication should be shared soon, but don't have the specifics how it will be rolled out. SOL has different structure and will not a part of the Double Don.

Bawa added the deans are looking at draft language on programs that are excluded and hope to roll out in the next couple of months. 4+1 is not included.

Developing *expense forecasting* – through budget assist, we spend a lot of time on this and at the end of the day, the non-discretionary increases overwhelm the process. The actual numbers are estimates (\$23.3M) and are outside of our control, e.g., inflation, utilities, contracts.

Discretionary \$11.1M requests, \$741 approved for FY24; other requests approved using alternative funding or FY23 funds. In the past, there was more room for discretionary requests.

*Where can UBAC find the list of approved and non-approved spreadsheet?* This will be uploaded in canvas.

*Our budget assist process never quite had goals going into it. Understand we want to encourage and invest in revenue producing projects; it would be helpful to get a sense of the university's priorities or have a pool of money departments can apply to. If the decision is likely to be "no" why would someone want to submit a budget proposal?* The discretionary requests received are all good ideas and deserved to be funded, but money isn't available. Some proposals aren't completely off the table.

*There is never an expectation going in that you should try to manage some inflationary pressures within your unit. The default has been to submit BA even with a structural budget gap for many years. A clearer message may save time for the individual submitting and reviewers' time.*

*Agree, if you don't submit a BA, you're not throwing your hat in the process. If any of these proposals are approved, it comes out of a tight budget from all. A separate set of funds for BA would be more helpful instead of shifting money around. Hearing this needs to be integrated with incentives to reduce expenses.*

*The budget is already set and it's a matter of adjusting. With the structural gap, we still need to cut even if we don't add expenses.*

*What portion of the \$23M is compensation?* It is a large portion. The reality is that salary and benefits form the lion's share of expense budget.

*Could BA be factored into the budget in advance? Why haven't increases been estimated and set aside? Would multi-year budgeting process account for this, a target of the percentage of the budget could be built in?*

*Wasn't there a separate innovation pool for this fiscal year?* The Provost Innovation fund is for investing in new academic programs and opportunities. Some funds have already been committed for the new bachelors in nursing and health professions and the neuroscience major.

Lefkoff commented as an advisory body, UBAC might recommend developing an innovation reserve to be built up over time and become an alternative way of bringing in new investments rather than BA requests.

Zarobell added the BA requests pool, while the pool may not be significant at first, nevertheless, funds would be available for funding some proposals.

Burchard commented this would allow units to see how much funding is available and think they may need to look within.

*Bawa shared ITS used to have its own innovation fund and wondering how this is different if “innovation funds” are allocated across the university? Zarobell responded the Provost Innovation funds is within academic affairs. UBAC does not advise on the Provost Innovation funds. Lefkoff added the Provost Innovation fund is small, \$1.2M.*

*Having a distinct fund or pool of money that people could go to provides predictability. For example, if we knew 10% of everyone’s base will go back to this pool annually, we can build this in. Sometimes it takes a year to cancel, by the time a decision is made, it becomes too late to adjust in a thoughtful way; e.g., database subscriptions.*

*Bawa added one consistent issue is enrollment goes up and down, net tuition declining due to discount rate. Hamrick put together a 5-6 year plan for enrollments to climb with lower discount rate, but this never materialized. Part of this is a structural change on how we predict enrollment and net tuition. If we can’t make it predictable, unfortunately our reality is budget cuts.*

Lefkoff continued his presentation. Building the budget to balance expenses and revenues: new expenses \$24.1M, revenue decline -\$2.4M, carryover FY23 savings placeholder \$13.1M. Manage the gap – allocation process, two phases. Year to year decision by Cabinet after exclusions.

*Should a requirement for units proposing a budget assist be to first look to fund internally? Worried about assumption that if we want to do new stuff, we look for funds from the big pot vs what we should stop doing in order to do the new idea. Think this would increase awareness of spending on the right thing, not because we spent it last year, we repeat it.*

*We saw very few in budget assist proposals, “What is the benefit of doing this? What metric is important at this time? Would love to see a stronger emphasis on this data. Is it a higher ROI?”*

*Zarobell responded that he has heard all costs are human costs and wonder if one of the service units can speak to the challenge of reorganizations and reuse of resources that aren’t academic affairs? Blackburn shared it is difficult to do. The benefit serves the university; e.g., development, we don’t receive the financial benefit, the offset would have to come from somewhere else. We don’t keep the revenues, we do go through a hybrid zero base budgeting. Marketing \$600-700K (non-compensation), looking for savings. Do like the point of ROI. Both OMC and Development do assess internally, what reallocations have we done first?*

The LAW Library looks at every line item expense and estimate based on expenditures from previous year. It is a given that you should not have any expectations the bottom line will improve.

*If the vast majority of expenditure is people, can the existing people do different things?*

Bawa commented that we don’t have documentation of what units do. UBAC has not been informed what proposals have been declined before it gets to Cabinet, e.g., ITS declined six proposals and goes through a thorough review before any proposals make it up to Cabinet.

*The challenge is we are constantly having new needs, e.g., CAPS, technology.*

*Budget Assists and relationship between savings exclusions. A large portion of the rejected proposals come from units that are in the exclusion list.* Bawa responded Cabinet reviews the exclusion list annually. Typically what is included are things we have no control over, PG&E bill, network, have to pay that contract. The President identified categories, enrollment, public safety, things we do not want to reduce. Lefkoff added the exclusion process adjusts the allocations of the gap. The impact is not that much on the allocations. The biggest impact is on Academic Affairs, 51%, prior to adjustments it was 54-55%. Exclusions are only used for allocations of the gap, not used for how they fill the gap. One reason that adjustment occurs is 85% of all faculty salaries are excluded, and the deans are free to freeze one-year hiring.

### **Educational Workshop**

Zarobell shared it was a nice idea and good in principal to partner and do a big public event, but there has been a lot of townhalls this spring. Would like to get UBAC's input on when to offer the Retention Education Session. Should we go back to having it in a traditional way or wait to have this in a future semester. In addition, we need to replace the chair of the educational workshop and identify additional topics.

Possible topics:

- Innovation fund with the Provost
- Financial Aid/Discount Rate and business practices (Angelika Williams)

Master Plan Townhall scheduled next week.

### **Good of the order**

The last Ed Workshop included the Institutional Master Plan. We have a lot of information on the educational workshop.

**Adjourned** 1:31pm