

MINUTES
Budget Advisory Committee
April 1, 2019, 11:00 a.m.

MEMBERS PRESENT: Vice-President for Financial Affairs – Mike McCoy, Assistant VP for Financial Affairs – Jonathan Craft, College of Business – Diann Hammon, Staff Senate – Mark Gale (substitute for Chris Moss), Faculty Senate – Debra Vaughn, College of Arts & Sciences – Jeff Blankenship, College of Education – Wendy Cowan, Library – Jennifer Williams (substitute for Mary Aquila), and Barbara Ferguson, reporting.

Mr. McCoy called the meeting to order at 11:00. Mr. McCoy gave an update on how the starting point for the budget is developed. He informed the committee that the approved operational budget from last year has been carried over for each department. He is aware that some departments will request increases, however this is just a starting point.

Mr. McCoy next discussed the salary budget. He has already factored into the salary budget step raises, promotions, annual CUPA increases, and newly approved positions. The salary budget also contains some open, unfilled positions. Mr. McCoy has not been made aware of the expected increases for PEEHIP and RSA. These factors result in an increase to the salary budget of almost \$1,000,000.

He next discussed the projected revenue budget. As a starting point, he has used the same state appropriation as last year because he does not yet know the amount approved by the legislature. He did inform the committee that he is expecting an increase of approximately 11% based on a recommendation from ACHE. He also indicated that he expects to receive a one-time special appropriation of \$700,000-\$800,000 for technology expenditures. Next, he discussed the tuition increase that he has already factored into the revenue budget. He reminded the committee that last year the Board Finance and Facilities Committee established a practice of tying future tuition increases to the Consumer Price Index (CPI) for the prior year. The CPI for January-December 2018 was 1.9%. Additionally, the cabinet favors a plan to bring the traditional and non-traditional tuition rates closer together. The plan Mr. McCoy has factored into the starting revenue budget includes:

The committee discussed several options. The members pointed out that traditional classes use the exact same technology systems as non-traditional classes. They discussed applying a technology fee to both types of classes. Mr. McCoy will continue to look at options for applying the tuition increase based on the discussion.

Mr. McCoy next discussed the transfer out to the Unexpended Plant fund. He has budgeted \$875,000. This is the same amount as last year's transfer. He explained that guidelines recommend 6-8 months of reserves. The University is currently at 5.8 months of reserves. He would like to get closer to the top end of the recommended amount of 8 months. This brings the total budgeted expenses to \$34,980,095. Budgeted revenue of \$34,651,076 results in a starting deficit of (\$329,019).

Mr. McCoy discussed the recommendation process and explained that the committee will develop a recommended budget to submit to the President's Cabinet. If a tuition increase is proposed and approved by the Cabinet, it will be presented to the Board of Trustees for approval at the May 2019 meeting. The Cabinet will then submit a recommended budget for approval to the Board of Trustees at the July 2019 meeting.

The meeting was adjourned at 12:15 p.m.