

Meeting of the Budget Advisory Committee

Draft Minutes

Tuesday, September 8, 2020 (via Webex)

Members Present: Joanna Hersey, Olivia Oxendine, Leah Fiorentino, Jamie Mize, Kirill Bumin, Chris Solano, Beverly Justice, Virginia Teachey (CFO, ex officio)

Guests: Leslie Bell, Ashley Allen, Amy Purser

- I. The meeting was called to order at 3:30 by Faculty Senate Chair Abby Mann. She announced that a permanent chair and secretary are to be determined with L. Fiorentino serving in the chair's role today (and B. Justice as secretary). She then turned the meeting over to L. Fiorentino.
- II. The agenda was adopted as distributed. *B. Justice noticed after meeting that committee still referenced as "Ad Hoc" and that wording should be deleted.
- III. A permanent chair and secretary was not decided as noted in item I. above.
- IV. New Business
 - a. Principles from Ad Hoc Budget Committee

CFO Teachey felt the principles were great guidelines in helping Provost Locklear as she works to create 2.5% budget reduction in AA. She feels principles are still valid in current environment (have not received restrictions/prescriptions from state with regard to budget cuts). No cuts to date have been in units associated with pedagogical or student support. The state has already issued some guidance with regard to travel.
 - b. Overview of current situation/anticipated scenarios (CFO Teachey)

CFO Teachey provided an overview of the university's funding model to ensure understanding by committee members. Enrollment growth and the buy-down (NC Promise) are the 2 sources of funding. For every undergrad who pays \$500 tuition, the state subsidizes each student. For every \$1000 paid by the student for the year, the state gives us \$2206 for each FTE. Neither enrollment growth nor buy-down monies were received last year because of the budget continuation.

The funding model for enrollment growth (referred to as the 12-cell matrix) is based on student credit hours and not FTE. Each instructional discipline is placed in one of four categories based on instructional costs (example: History in Category I-lowest cost, Engineering/Nursing in Category IV-highest cost. Instructional cost also varies by degree level (UG, M, D). The 4 categories for instructional costs by discipline and the 3 categories for degree level comprise the 12 cells. Funding based on calendar year and is distributed in arrears based on completed student credit hours. On campus summer hours are not included in the model. Faculty need is then determined based on instructional categories with more faculty needed for disciplines like Nursing. Four categories of funding: instructional salaries, other academic costs, library support, and general institutional support. Currently, our average instructional salary is \$79,014 (NC State avg. instructional salary about \$95K). While tuition receipts are included in total

funding number, we don't receive that money if university has any write-offs (for students don't pay bill). It is also possible that budget reductions mandated by the state don't match figure produced by matrix.

The university will be transitioning a revenue share model but it will take several years to get there. It will allow folks to anticipate intentional growth and increases as well as budget cuts for reduced credit hours. Thus, there will be a methodology to reward growth but also reduce budgets where enrollment benchmark not met.

Regarding the plan for the 2.5% cut, CFO Teachey explained the cut was to happen across the board. Provost Locklear is currently determining where the cuts will occur in AA, using the principles created by the summer work group. And each unit head will do the same. This cut will support COVID expenses/supplies. We received \$1.6 million for COVID initiatives but the figure was based outdated data that did not include our growth from NC Promise. The auxiliary units have been hit the hardest so far because the revenue is down about 15% in those units.

c. Define goals and foci

There was significant discussion about the function of the committee. The written charge for the committee is much broader than the academic focus from which the summer work operated. More clarity is needed on the charge to the committee specific to scope (AA vs all budget aspects, unilateral vs bilateral function).

With regard to transparency of funding, we are currently limited by our systems (CFO Teachey). There are plans for a new portal but the current system restricts what information can be seen and who can see it. This will be important with the transition to the revenue share model. Currently, Leslie Bell sends monthly reports to deans and directors in AA. She also does reports for non-state funds. The decision to share that information down to the department/faculty level lies with the individual who receives the report from Leslie.

One goal of the committee will be to have a comprehensive understanding of the funding model as well as the allocation and management of funds which relates back to the desire for transparency as noted in the Principles document.

V. NSM member needed
Item not discussed.

VI. Announcements
This committee will meet the second Tuesday of each month.

VII. Adjournment
Meeting adjourned at 4:54 pm.