Council of Chairs

February 9, 2021

Present: Trisha Folds-Bennett, Amelia Harris, Robin Benke, John Cull, Amy Clark, Andy Cox, Ben Mays, Bryan Hoyt, Jacob Somervell, Nancy Haugen, Robin Woodard, Scott Bevins, Tom Costa

Also Present: Heather Wilson, Sim Ewing, Ron Floridia, Wally Smith, Joe Kiser

**Budget Process**

Note: We have the lowest classroom and lab utilization in the Commonwealth.

* July – New fiscal year
* August – Op 6 Meeting (6 year plan)
* Sept., Oct., Nov. – Prepare and submit decision packages, support packages
* Dec. – Governor’s Budget Announcement
* Jan. – Budget Addendum Requests/Budget Preparation Begins
* Feb. – General Assembly Modifies Governor’s Budget, Chancellor/Sr. Staff & Rep. from Faculty Senate Finance and Staff Senate Finalize Budget
* Feb./March – College Board & BOV Consider T&F Rates
* March/April – Budget Submitted & Reviewed by University
* May – Budget Presented to UVA Wise Board, Six Year Plan Development
* June – Budget Presented to University BOV, Six Year Plan Submitted

**Budget vs. Cash**

* The budget is the ultimate planning document.
* Budget is built based on projected tuition and fee collections, auxiliary revenue projections, and on the Governor’s initial budget proposal of general fund support for the college. All internal revenues are enrollment driven based on full-time students on the Wise campus.
* If tuition and fee collections do not meet the initial projections, if the Commonwealth doesn’t meet its revenue projections, or the General Assembly modifies the Governor’s initial budget, there is a possibility that the College’s budget may need to be modified.
* Other budget modifications are made monthly based on revenue collections and adjustments to state appropriations.
* Cash is monitored by the Comptroller’s Office and if the college does not have the cash on hand to support the budget and expenditures to date, early spending cutoff dates are implemented regardless of your current individual budget status.

**Types of Budget**

* Education and General (E&G)
* Auxiliary (self-generated)
* Gifts and Endowments (must work through the grants office)
* Grants (Managed by Comptroller’s Office)
* Budgets must stay within their specific areas.

**E&G Budgets SG00078**

* Funding Sources:
	+ State General Funds
	+ Tuition
	+ State Student Fees
		- Technology fee
		- Out of state capital fee
		- Academic credentialing fee

**Auxiliary Budgets SA & LA Awards**

* Funding Sources:
	+ Student Fees-Student Activity Fee, SIS Fee, Instructional Technology Fee
		- Athletics
		- Student Organizations (Ex. SGA & Intramurals, Outdoor Rec., & others)
		- Football Stadium Debt Serv.
		- Ely Health & Wellness Center
		- Cantrell Hall Operations
		- Utilities Cantrell/Slemp
		- Counseling & Career Services
		- Slemp Student Center Operations
		- Slemp Student Center Debt Serv.
		- Commencement
		- Physical Plant Aux.
		- Dining Hall Debt Serv.
		- Student Information System
		- Instructional Technology Project (Apple iPad Project)
* Funding Sources:
	+ Other Auxiliaries – Self Generating Funds
		- Bookstore
		- Cafeteria
		- Residence Life
		- Conferences & Events
		- Fleet
		- Print Shop
		- Ely Health & Wellness Center (Membership Dues)
		- Office of Economic Dev. Events
		- Parking Fines & Decals

**FY 2020-21 Revised Operating Budget**

* $48.9 million
* Budget Breakdown
	+ Tuition and fees -- 20%
	+ State Appropriations – 44%
	+ Externally Sponsored Research – 11%
	+ Endowment Distribution – 9%
	+ Expendable Gifts – 1%
	+ Sales, & Services, and Other – 14%
	+ Cross Funding (SIF) – 2%

**Total Operating Expenditure Allocation**

* Faculty Salaries & Fringe Benefits -- 27%
* Classified/University Staff Salaries & Fringe Benefits -- 23%
* Wages -- 4%
Recoveries -- -1%
* OTPS – 34%
* Undergraduate Financial Aid – 13%

**E&G Operating Budget**

$25,381,868

* From State – 71%
* From Tuition – 28%
* From Education and General Fees – 1%

**E&G Expenditure Allocation**

* Salaries, Fringe Benefits, & Wages –84%
* OTPS – 16%

**Auxiliary Operating Budget**

* $8,648,633
* Student Fees – 53%
* Self-Generating Auxiliaries -- 47%
* Expenditures
	+ Student fee Supported $4,570,426
	+ Self-Generated Supported $4,078,207

**Auxiliary Expenditure Allocation**

* Salaries -- 35%
* Debt Service -- 13%
* OTPS -- 52%

**E&G and Auxiliary Budgets by Area**

* Provost’s area is 63.6% (which is to be expected)

**Trends in Revenue Generation and Spending**

* Revenue Trends
	+ Decline in tuition and fees as a result of declining enrollment
	+ Loss in summer enrollment
	+ Decline in housing and dining due to enrollment loss
	+ State appropriations have not kept up with state requirements (VA is low in state appropriations compared to national trends)
	+ State appropriations have been targeted and performance driven
* Spending Trends
	+ Increased employment
	+ Increase in maintenance contracts on software and academic equip
	+ Significant fringe benefit increases but now show signs of stabilization
	+ Increase in state fund split
	+ New dollars invested in new initiatives

**Institutional Reserves**

* Reserve status
	+ State allow 2% E&G carryforward but does not guarantee re-appropriation of funds
	+ Auxiliary reserves have significantly declined due to enrollment loss
* Uses of reserves
	+ E&G used to cover operating deficits
	+ Aux. used to cover deficits and repair and maintenance
	+ Aux. has supplemented E&G deficits

**Auxiliary Indirect Cost**

* Definition – A mandated fee by the Code of VA that is charged to all auxiliaries. The fee is a fixed percentage of total auxiliary expenditures. The purpose of the fee is to reimburse the educational and general program operations of the college for services provided to auxiliary enterprises
* Per the code of VA, Chapter 56, Item 3-4.01 “The University of Virginia’s College at Wise is authorized to suspend the transfer of the recovery of the full indirect cost of auxiliary enterprise programs to the educational and general program for the 2020-2022 biennium.”
* Following our lead all other state institutions requested and were granted exemption due to revenue losses from COVID-19.

**Questions/Discussion**

* How does Charlottesville play into our budget?

We operate on all their administrative systems. We load out things and follow their guidelines. They set the fringe benefit rates. We look at their guidance as far as tuition and fees, but we don’t follow them. We don’t have the cost of the admin systems since we use theirs, but we do pay for our student system.

* To stay in compliance with Title IX we will have to add another sport soon. Our student-athletes make up about 26% of our student body. Athletics are minimally funded all things considered.
* The vitality of the auxiliary side is essential to the vitality of the institution.
* Early retirement: 26 staff; 6 faculty – savings of around $300,000 this year. Going into FY22 savings will be close to a few hundred thousand as well.
* Assuming all the positions will be filled. Considered pay rates
* Is there anything besides enrollment that can help us get out of this?

Enrollment gains have to be targeted.

* Sim suggests considering doing more conferences, etc. over the summers.
* What are our minimum break evens on 3 hr credit classes over the summer? 8. 10 would be better. 8 barely covers the cost with the courses.
* Trisha: we have to decide how we are going to prioritize our spending.
* What does the institution do to pay its bills over the summer?

Normally we have a small amount from the state and have other activities going on (camps, conferences, etc.), the rest would be from reserves.