Fiscal Advisory Committee to the President
Minutes of August 29, 2001

Members Attending: John de Castro, Jerry Edwards, Sid Harris, Ron Henry, Fenwick Huss, Fred Jacobs, Katherine Johnston, Susan Kelley (for Ahmed Abdelal), Tom Lewis, P.C. Tai, Leslie Williams

Others Attending: Reid Christenberry, Tim Crimmins, Anne Emanuel, Bill Evans, Jerry Rackliffe, Edgar Torbert

Minutes of August 1, 2001 were approved with addition of Fred Jacobs to list of members attending.

Student Technology Fee

Dr. Evans presented the FY2002 funding recommendations from the Student Technology Fee Committee. He commented the committee would prefer to do its work in the spring semester rather than during the summer. He explained the recommendations were grouped in three categories: 1-recommended for funding; 2-recommended for funding if additional funds came available; and 3-not recommended for funding.

Dr. Tai inquired about the additional funds available due to the student headcount increase. Mr. Rackliffe responded the budgeted headcount (number of fee incidents) was based on the actual headcount of last year. Dr. Henry estimated 4,000 additional fee incidents for the year at $75 each for a total of $300K. He noted the extra funds would be slightly short of covering the category-1 allocations-over-budget recommended by the Student Technology Fee Committee. Ms. Johnston pointed out the extra funds would be reduced 10% by the added cost of the free printing allowance of $7.50 per semester per student. Dr. Evans stated the free printing allowance was a controversial recommendation, but strongly supported by the student members of the committee.

Dr. de Castro asked if the Student Technology Fee Committee had reached agreement on prioritization of items recommended for funding in case revenues fell short. Dr. Evans replied the committee had run out of time to address this part of its charge. He added the assumption was FACP would address this problem unless the shortfall was large. Dr. Henry commented that the problem was more likely to be related to cashflow and which items to fund first. Dr. de Castro asked if the technology fee funds were subject to lapsing. Mr. Rackliffe responded these funds were treated like FC10 funds in this regard, but could be flip-flopped between fiscal years as had been done to a limited extent this year.

Mr. Rackliffe stated technology fee funds of $1.8M would be available for spending prior to January 1, 2002. Dr. Crimmins suggested some items could be crucial to spring semester instruction and should be funded immediately. Dr. Henry pointed out some of the items were for on-going support of computing and needed to be funded throughout the year. Ms. Johnston proposed funding all the items immediately and applying a reverse flip-flop from the following year revenues if current year revenues were insufficient to cover these allocations. Mr. Rackliffe advised this approach was doable. Dr. Jacobs asked how such a reverse flip-flop would be accomplished. Mr. Rackliffe answered the funds available for allocation by the Student Technology Fee Committee would be
reduced. Dr. Crimmins injected there was only a slight chance revenues would fall short.

Dr. de Castro made a motion to recommend immediate funding of the student technology fee recommendations as presented. Dr. Tai seconded the motion. The motion passed.

Dr. Henry commended Dr. Evans, Mr. Christenberry, and the Student Technology Fee Committee for their work on the funding recommendations. He noted the presentation had been very thorough with no questions raised. Dr. de Castro encouraged follow-up to speed up the RFP and review processes. Dr. Henry responded the Senate, SGA, colleges, etc. would need to initiate appointment of committee members earlier. Dr. Evans noted the deans also want departments to have more time to write proposals.

**Fall Semester Enrollment/Tuition Revenues**

Dr. Henry distributed August 29, 2001 figures for headcount (25,446) and credit hour (269,342) enrollments following fee reconciliation removals. He pointed out a modest rebound would occur as students are reinstated following payment of fees. Mr. Rackliffe reminded that final figures (after refunds) would not be available until the October reporting date to the Board of Regents.

Dr. Henry explained the target for fall semester had been 251K credit hours based on adding 12.5K credit hours (1/2 of projected 10K+15K annual increase) to the fall 1999 base of 238.6K credit hours. He estimated the 18K credit hours over the target would yield $1.8M, and minus the $300K summer shortfall, a positive balance of $1.5M prior to spring semester.

Dr. de Castro suggested the positive balance would allow releasing the 1% hold on non-instructional expenditures. Dr. Henry responded there were several holds to be revisited including $1.22M non-instructional expenditures, $1.7M moves and renovations, $400K Quality Improvement Fund, and $625K instructional technology. He added one-time supplemental funding from the Governor and legislature was anticipated in February or March. He observed the college and vice presidential units had until December to accumulate savings equal to the 1% hold, while immediate release of $600K for moves and renovations would allow the relocation of Athletics to the Sports Arena to begin and make way for expansion of academic office space in One Park Place. He voiced confidence the 1% non-instructional expenditures hold would be released, but reiterated there were cashflow issues to be considered.

Dr. de Castro commented a repeat of the $1.8M above-budget revenues for spring semester would net a total of $3.3M, which would more than cover the release of the non-instructional expenditures hold and the relocation of Athletics. Mr. Rackliffe cautioned initial reports of actual fall semester tuition revenues had been considerably short of the $1.8M figure, which might reflect a higher percentage of the increased credit hours being “free” (above the 12-credit hour tuition plateau). Dr. Henry urged waiting until the September 12, 2001 meeting to see more exact figures of revenues.

Dr. Tai spoke in favor of sending word to units assuring the hold would be released. Dr. Henry advised another need for supplemental funding would be unmet demand for the spring semester ($300K) in order to sustain fall semester growth. Ms. Johnston urged early release of moves and renovations funds in order to avoid a one-year delay in completion of projects. Mr. Rackliffe commented release of the non-instructional expenditures hold had been agreed at the previous
meeting as the first use of supplemental funds from the Governor and legislature. Dr. Harris echoed preference for waiting until September 12, 2001, to make a recommendation. Dr. de Castro reiterated release of the non-instructional expenditures hold should be the first priority, with moves and renovations funding secondary in importance.

Dr. de Castro made a motion to recommend releasing $600K of the moves and renovations hold and one-half of the non-instructional expenditures hold and to communicate to units the probability of its full release. Dr. Kelley seconded the motion. The motion passed. [Subsequent to meeting, revenue figures appear below the initial estimates, hence this action has been delayed.]

**FY2003 Budget Calendar**

Mr. Rackliffe presented a draft calendar for the FY2003 budget process. Dr. de Castro asked for addition of a second June 2002 meeting to discuss sources and uses of end-of-year funds. He also suggested review of FY2003 student technology fee funding recommendations occur at the first June 2002 meeting. Dr. de Castro urged consideration of funding priorities in September 2002 so that units making FY2003 new funding requests would have this information prior to submission of their requests.

Dr. Crimmins inquired about FACP review of plans to expend the additional student fee revenues in the current year. Mr. Rackliffe replied these over-budget funds would go to the respective fund balances, and in the past proposals to expend such funds have come before FACP.

**Enrollment Incentives/Penalties**

Dr. Crimmins asked about continuation of enrollment incentives/penalties for colleges relative to production of credit hours. Dr. Henry indicated the Deans’ Group had opposed this scheme on the grounds, students arbitrarily elect which courses to take and the professional schools have little flexibility to increase enrollments. Dr. de Castro argued the Deans’ Group should not bypass FACP in abandoning enrollment incentives/penalties.

Ms. Johnston pointed to other areas of the university which influence enrollments and which require investment of funds in order to sustain their efforts. She cited examples of Admissions, Registrar, Student Accounts, and the physical appearance of campus. Dr. Crimmins responded credit hours are the means of growing the budget. Dr. de Castro pointed out the incentives pertained to only 1/8 of each new dollar with the rest available for allocation to other priorities.

Drs. Huss and Jacobs questioned whether the incentives/penalties scheme had been intended for more than one year. Dr. Henry commented on upcoming development of an enrollment management strategic plan to deal with issues of quality and credit hour generation. He noted the University Strategic Plan and Action Plans had driven funding decisions in his first four years, but the Board of Regents had turned to credit hours as the driver which forced the university to do the same. Dr. Crimmins added the Governor was holding the University System responsible for growing out of the semester conversion deficit. He urged further of associated costs with credit hour generation.

Mr. Edwards made a motion for FACP to review the incentives/penalties scheme and the Deans’
Group position at the next meeting. It was agreed Dr. Henry would discuss the matter again with the Deans’ Group. Dr. Kelley commented on the need to send a clear message to department chairs if this scheme is to be reinstated.

Prepared by Edgar Torbert
Approved September 12, 2001