FISCAL ADVISORY COMMITTEE TO THE PRESIDENT
Minutes of January 24, 2007


Others Attending: Lauren Adamson, Ron Colarusso, Bill Fritz, Charlene Hurt, Beth Jones, Steve Kaminshine, Robert Moore, Edgar Torbert

The minutes of December 13 were approved.

Dr. Henry projected 293-295K SCHs spring semester after final fee reconciliations. He noted tuition revenues exceeded budgeted revenues by $700K in summer semester and $1.1M in fall semester. He estimated tuition revenues for spring semester would exceed budgeted revenues by $400K. He reminded that the budget had a built-in shortfall, which was covered by unexpended allocations, most notably fringe benefit savings, and the 1% hold-back already reclaimed this year.

Dr. Henry outlined potential new funding from the Board of Regents for FY2008 including $2M cut last year but due reinstatement for workload recovery plus $3M in additional new workload funds for a total of $5M unencumbered new funds. He added that an anticipated FY2008 enrollment increase of 300 more entering freshmen than this year would also increase tuition revenues. He indicated that applications and acceptances were up and on a trajectory to meet the goal of 300 more freshmen. Dr. Henry also noted the impact of improved retention and graduation rates. He projected that after reducing the built-in shortfall to avert another hold-back, the amount of unencumbered new funding would be in the range of $2-3M or approximately 1% of current budget. He pointed out that upfront allocations would be needed to address faculty and staff needs associated with the increase in entering freshmen.

Dr. Alberto asked about the impact of the guaranteed tuition rate for entering students. Dr. Rackliffe answered that the revenue models discussed at the previous meeting accounted for the guaranteed rates by assuming net increases of 2-3% per year rather than 6-8% as published rates would suggest. He added that Chancellor Davis had suggested tuition increases might exceed 8%.

Dr. Adamson asked about the status of the institutional request to use dollars outside the standard raise pool to address salary compression. Dr. Rackliffe replied that the presidents and chief business officers of the four research universities had asked the Board of Regents for flexibility to do so, but did not have a response to date.

Dr. Tai asked about the possibility of allocating the extra $2.2M in revenues this fiscal year. Dr. Rackliffe responded that these funds were needed in order to purchase an office building for the purpose of freeing up office space in Classroom South for conversion to classrooms. He noted a targeted property in the vicinity of University Commons, which would also provide additional parking. Ms. Collier voiced strong support for the additional parking. Dr. Henry pointed out that classroom space was a critical, limiting factor in the plan to grow to 32,000 students.
Dr. Hudson asked if the estimate of unencumbered new funds was conservative or wild-eyed. Dr. Henry replied that there was great uncertainty pending funding decisions by Chancellor Davis, but the projections were probably in the middle of the range. Dr. Hudson asked if a 3% cap would allow for a look at more long-range planning. Dr. Henry responded that approaching 3% in unencumbered new funds was too unrealistic. He reiterated the need to protect teaching capacity for anticipated enrollment growth.

Dr. Tai asked about the timetable for vacating office space in Classroom South. Dr. Henry answered that summer 2008 was likely the earliest for moving IS&T and converting the space to classrooms.

Dr. Moore asked about separating those budget requests which were Action Plan commitments. Dr. Henry stated that these should be included among the overall requests from the deans in order to ascertain their relative priorities. Dr. Adamson asked about a centralized request for graduate student funding and targets of opportunity faculty hires. Dr. Henry indicated the Provost Office would make requests for such items. Dr. Colarusso added concern about centralized services/infrastructure for research.

Dr. Kelley made a motion to set the cap for new funding requests at 2% of current budget. Dr. Huss seconded the motion. The motion passed.

Dr. Alberto asked about inclusion of graduate student enrollment increases in the budget projections. Dr. Henry indicated such increases were delayed in the funding models until FY2009 because of negative cash flow implications.

Dr. Hudson asked about rumors that a decision had been made to launch a football program. Dr. Henry responded that three criteria had been established as prerequisites for launching football: $10M in fundraising for facilities, $1M of demonstrated annual operations support, and student support for a $100 per semester increase in the athletics fee. Dr. Alberto expressed concern about the impact of football on FC10 dollars. Dr. Rackliffe replied that FC10 dollars would not be expended for football and that FC10 tuition and workload dollars would be increased through the addition of players, marching band members, etc. Dr. Alberto stated that there were conflicting figures for program costs, etc. and urged a thorough review by FACP.

Ms. Collier voiced appreciation for the openness of discussion about these matters and reported on-going debate among students about football.

Prepared by Edgar Torbert
Approved February 28, 2007