

University Budget Committee

Minutes of September 22, 2014

Members in attendance: Rajeev Bansal, Thomas Bontly (chair), Norma Bouchard, Michael Bradford, Angela Brightly, Janine Caira, Ellen Carillo, Erika Elechicon, Lisa Sanchez Gonzalez, Jeanne Martin, Suresh Nair, Katrina Spencer, Daniel Stolzenberg.

The meeting was called to order at 3:30pm and everyone introduced her- or himself.

1. The dates and times for future meetings were briefly discussed. It was agreed that the committee would continue to meet on a Monday at 3 or 3:30, with the next meeting in mid-October. Several future agenda items were proposed: enrollment, research/OSP, the GA tuition-on-grants policy, fellowship funding, the hiring plan, fundraising/the foundation.
2. Budget's representatives to other standing committees. Jeanne Martin volunteered to represent the UBC on Growth & Development. Michael Bradford volunteered to represent the UBC on Diversity. There were no other volunteers. A motion to put their names forward to the Nominating Committee was unanimously approved.
3. Katrina Spencer (Budget Director) provided a review of the FY 14 and an overview of the budget for FY 15. Here are the highlights.

In FY 14, June forecasted revenues exceeded budgeted revenues by \$15.4 million, however forecasted expenditures also exceeded budgeted amounts, by \$9.7 million. Overall, budgeted expenditures (\$1,126.7M) exceeded revenues (\$1,095.8M) by \$30.9M; however, the updated projected loss is \$25.2M. The university's structural deficit is due primarily to increases in the fringe rate, the decreased State appropriation, and commitment to students due to the tuition increase and the promise of the faculty hiring plan. For the second year in a row, fringe rates were much higher than expected, increasing by 3.56% in FY 13 and 4.44% in FY 14. Historically fringe rates have increased approximately 1% per year. The university has no control over the fringe rates, which are set by the State Comptroller in June, after the budget for the new fiscal year has been adopted by the Board of Trustees.

Faculty hiring plan update. The university has hired (the FTE equivalent of) 243 new faculty members under the Provost's hiring plan: 75 in FY 13, 112 in FY 14, and 56 in FY 15. The projected number for FY 16 is 45, although the actual number depends upon State funding for NextGen. Note: these numbers do not include hiring conducted by the schools and colleges to fill existing vacancies.

For FY 15, the university projects revenues of \$1,188.8M (an increase of 7% over FY 14) and expenditures of \$1,188.8M (an increase of 4.6%). State support is projected to increase by \$41M to \$348.7M. Revenues from tuition are projected to increase by \$22M to \$313.2M. On the expenditure side, personal services (payroll) are expected to increase by \$28.8M (due to faculty hiring and pay increases under collective bargaining agreements). Fringe benefits are projected to increase by 15.8M. Altogether, salaries and fringes are expected to account for almost 66% of operating budget expenditures in FY 15.

After falling for at least the last 20 years, State support is projected to increase from 27.4% of total revenues in FY 13 to 27.7% in FY 14 and 28.1% in FY 15. (If NextGen funding is included, the number for FY 15 is projected to be 29.3% of total revenues.) Total financial aid in the budget is projected to increase to \$139.2M in FY 15, up 18% since FY 11. Tuition funded aid is projected to be \$83.1M (up 32% since FY 11), whereas State aid is projected to fall to \$9.3M (down 29% since FY 11). Federal aid is down slightly (-2%), whereas private aid and other scholarships are up (by 9% and 115% respectively).

Looking to the future, there is much uncertainty owing to the unpredictability of fringe rates, the gubernatorial election, and the State's fiscal situation. It is unclear whether NextGen will be fully funded. In addition, there will be a new CBA in FY 17, and the BOT's 4 year tuition plan ends in FY 17. Discussion ensued.

4. Old business. The GA tuition-on-grants policy. After reporting to the Senate in spring 2013, the UBC was asked to monitor the effects of the policy for another 2 years and also to survey the faculty regarding the policy's impacts on research and graduate education. After some discussion, it was agreed that the committee would invite the Dean of the Graduate School, Dr Kent Holsinger, to join us in October to present the latest data on revenues collected by tuition charges and the use of those revenues. It was also agreed that Bontly would meet with other faculty members with knowledge of the policy and of survey research to design a questionnaire to further study the policy's effects.

5. Two items of new business were briefly discussed.

First, the deans have requested department heads to provide rescission plans. Apparently as a result, some contingent faculty have been notified that they will not be renewed for next year.

Second, in August the Auditors of Public Accounts (at <http://cga.ct.gov/apa/>) released an audit of the university's internal controls and compliance. The report was critical of the university's process in the selection of its new financial records system (Kuali). Among other things, it also recommends the university "establish maximum salaries for all professional employees, through the collective bargaining process if necessary. The maximum salaries should not be exceeded for new hires or existing employees without specific board approval." The full report is available here:

<http://cga.ct.gov/apa/reports/University%20of%20Connecticut%200 20140827 FY2010,2011.pdf>.

The meeting adjourned at 5pm.