

Senate Budget Committee Meeting Minutes
Thursday September 20, 2007
9:00 a.m.-10:30 a.m.
Senate Conference Room Hall Dorm Room 123

Members: Nancy Bull, Jeffrey Bernath, Tracie Borden, James Boster, David Clokey, Bruce DeTora, Jennifer Fontanella, Kent Holsinger, Jim Holzworth, Sue Lipsky, James Marsden, Winthrop Smith, Daniel Stolzenberg

Members excused: Sherri Olson, Nalini Ravishanker, Neil Facchinetti, Lucy Gilson, Philip Mannheim

Guest: Lysa Teal, Budget Director

Introductions were made around the table. Nancy announced that Tracie Borden offered to represent the University Budget Committee on Senate Growth and Development.

The University Budget was the main topic of discussion. Bruce DeTora introduced Lysa Teal as Budget Director. The PowerPoint presentation from the August 1, 2007 Board of Trustees meeting was distributed. Bruce showed the University Budget book that can be found on the web at <http://www.cfo.uconn.edu/BOT/BOT.html>.

Bruce distributed a handout on where we ended the FY07 year that reflects the close of books in September. All FY07 reports are still subject to audit. No two years are ever the same in regards to the budget. FY07 was a good financial year. The operating budget does not include capital dollars. The research fund is federally sponsored and F&A funds. Federal funds have been fairly flat so the FY08 budget was adjusted to be more realistic. Total current funds revenues came in 0.9% above budget. The research funds are sponsored grants. The goal is for the budgeted expenditures/transfers to come in at about the same as the actual revenue. 1% of revenue over expenditures does not sound like much but in real dollars this amount appears to be large to legislators when a budget increase is requested.

Not all dollars are flexible. Some funds such as room and board are designated and are typically not used for non-designated purposes. Sales and services include activities such as the dairy bar that use income to offset all expenditures. The expenditures side can be more volatile than the income side. Budgeted expenses for FY07 were a million more than revenue based on projected energy costs. Transfers are budgeted for debt service for revenue bonds sold by the University such as for residence halls as well as payment for cogeneration plant which is on a set pay back schedule. Dollars for deferred maintenance (repairs and maintenance), primarily for auxiliary services, are moved to plant funds until expended. Money for the project must be in hand before construction starts.

Personal services were less than budgeted due to additional funds for the Center for Entrepreneurship plus \$2 million for eminent faculty. The match has now been obtained for the fuel cell initiative. The vacancy management program is applied to vacant positions paid from unrestricted funds. The University recovers 30% of the salary and fringe of the incumbent as a

one-shot transaction. This past year, there was more personnel turnover than anticipated. The total amount per year is now budgeted for \$4 million. Vacancy management started when the University was no longer under position control by the state. A few years ago, when the University did not receive a current services budget from the state, vacancy management was used along with budget cuts to recover \$3-\$4 million. The other option would be to cut all 2 ledger budgets by a total of \$4 million. Vacancy management also applies to auxiliary services. The impact is random but each year, however, the Budget Office examines the contribution from each area and provides data to deans during their budget hearings. Bruce will provide that to the committee.

For FY08, the University will provide a 3% inflationary increase in all contractual and commodities paid under 2 ledger accounts. Typically, collective bargaining increases are provided for from the central pool. This year, the University had a 5% tuition increase and a current services budget. 4.99% was the typical collective bargaining increase for FY08 for AAUP and UCPEA. There is a tradeoff between vacancy management and increases in contractual budgets.

The cogeneration plant involved borrowing \$81.9 million to build. The FY07 budget is based on no historical data for the cogen plant as this is the first full year of operation. In FY07, costs opposed to budget were much lower than planned. The FY08 energy budget has already been restructured based on the predictability of a new contract with Connecticut Natural Gas. This contract does not include the regionals or Depot campus. The state reverse energy auction occurred the day prior to the meeting, with what looks like favorable rates for the next 20 months. Issue of energy audits to further reduce these costs was raised. All buildings are in the process, over a four year period, of being metered, through UCONN 2000, to assist in identifying ways to save and to determine cost structures of different types of buildings. The University has completed year 1 of 4 years and will meter for water, gas and/or electric. Facilities Operations is more actively working on energy issues now. Consumption of energy has not changed significantly.

In the spending plan for FY08, the University supported funds are those that get budgeted out for the needs of the University. All other funds includes such revenue sources as Continuing Studies, Executive MBA, and summer school fees. Of the University supported dollars, the percent that goes to all units reporting through the Provost Office is approximately 74% (excluding energy and financial aid). The philosophy is to set budget for the year in a manner that even if there are negative fluctuations, the impact on operating budgets across the institution is not negative. The carry forward dollars from FY07 for the units reporting to the Provost totaled \$6.1 million. Total debt payments each year are about \$22 million. The \$22 million in debt service is in each respective operating budget. The University has set aside 1.6 times the annual debt service in a reserve.

The contract settlements for UCPEA and AAUP occurred after the FY08 state budget request was finalized. It is anticipated that the University will receive those funds from the state. The goal is to fund 35 net new faculty positions each year, starting in FY08. At the end of October, the University freezes the files of data to be submitted to the federal government. Once this occurs, the net change in faculty numbers can be determined. Last year, the total number of

faculty members for the university was 1,264. Over the past few years, library acquisitions have been phased from capital expenditures to operating dollars. For FY08, all acquisitions are coming from the operating budget.

Potential Fall semester topics were discussed and included:

- Capital budget with Feldman, Bradley
- Provost Nicholls perhaps later in the year to include differential tuitions
- The balance of student enrollments and revenues to support-issue of adjuncts and TAs-Makowsky
- Unrestricted research fund-allocation-DeTora, Anderson, their budget person
- Growth of staff vs. faculty numbers and how to assess

Meeting dates will be Thursday October 18 from 11:00 a.m. -12:30 p.m. and Thursday November 15 from 9:00 a.m.-10:30 a.m. with Barry Feldman.